

SOCIAL SECURITY REGISTRATION CARDS - PROOF OF IDENTITY (P.113/2000): REPORT

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by the Employment and Social Security Committee**



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REPORT

Introduction

The Employment and Social Security Committee, in considering this report and proposition, remains unclear as to the purpose of the proposition, what it is trying to achieve and what problem it is seeking to remedy. On the one hand, the Senator's concern seems to relate to the prevention of fraud, though the nature of the fraud and how it is perpetrated is not fully explained in his report. As far as Social Security administration is concerned, seeking proof of identity at the point of registration would not prevent Social Security fraud. On the other hand, the report specifically refers to the evasion of income tax although the extent to which this is a problem, or how, and by how much, obtaining proof of identity would help the Income Tax Department tackle the problem is not defined.

The effect of the proposition, in simple terms however, would require the Department to undertake an additional process that is not necessary for the purposes of Social Security administration and does not increase the efficiency of, nor is it part of, the Department's core business. The Social Security Registration Card system is a simple mechanism of allocating a unique number to an individual. It is not a system that can be easily turned into a form of identity validation system, as the following report will outline and as the States have already recognised.

The Social Security registration process

The sole purpose of the registration process is to inform an employer of a unique Social Security number that has been allocated to a new employee. It is important to recognise that the number has been allocated *after employment* has been found on the assumption that the employer has complied with all other laws including Regulation of Undertakings. The system is simple - employers are not allowed to employ anyone without a Social Security number and they are required to hold the registration cards of all their employees for inspection at any time by Departmental investigators. *The individual, therefore, does not retain the card and is not able to produce it to anyone for any other purpose.* It is only released when the employee leaves his employment and has to be presented to any new employer.

Registration cards are only issued to people for whom there is a liability to pay Social Security contributions to Jersey. Not everyone living or working in Jersey is required to hold a registration card. For instance youngsters under the age of 16, pensioners, non-working married women and people over pension age who arrive in the Island, people on secondment and people who reside in Jersey and commute to work in another country.

Under the various Social Security reciprocal agreements with other countries, people who are seconded to work in Jersey continue to pay contributions to the country they come from, and are not liable to pay contributions to Jersey. The reverse is also true. People seconded from Jersey to another country are liable to pay contributions to Jersey for the period of secondment. There are also a number of people who live in Jersey but work in another country, for instance, airline personnel.

In essence the Registration Card has no inherent value but the allocated number acts as the identifier by which the Social Security system is driven. It is the number that ties contribution payments, compliance and benefit payments with the name given at registration. The administration system is geared to identifying mismatches between the number and the registered name. As far as Social Security pensions are concerned, a person who may have paid contributions, but not under his official identity, will have difficulty in claiming the benefit under his assumed name.

The system makes it easy to take up employment and register without introducing any barriers, but asks for the validation which the Senator appears to be seeking when benefits are paid.

The policing of the system

The Department actively polices the system. Inspectors periodically call in on employers, unannounced, to check compliance, and here the Social Security cards in the possession of the employer play a key role in detecting any abuses. In addition, fraud officers have been employed to identify and pursue areas of fraud and abuse of the system, using other strategies. Over the years, various loopholes have been closed, including the requirement of employers to hold cards and pay contributions for all their sub-contractors.

Recent evidence suggests that compliance rates are good and there is little evidence of social security fraud or contribution non-compliance because of insufficient proof of identity.

The Common Travel Area

Jersey is in the Common Travel Area (British Isles and Ireland) and, as such, passports are not required to be carried by people travelling within that area. It is the Department's experience that people from the United Kingdom (and particularly seasonal and itinerant workers) bring very little in the way of identification with them, whilst Continental workers tend to bring passports and ID cards. Workers from outside the European Union require a work permit from the Immigration Department before being registered for Social Security purposes. All workers have to provide details of their employer details before being registered for the first time. Employers may well require proof of identity or other validation before confirming an offer of employment.

Given that a new employee has already been seen and recruited, a refusal or even a delay in registration for lack of documentary proof will be an inconvenience for both employee and employer and may cause financial difficulties.

Specific comments on the report

"A foreign worker with a number of cards"

The Committee notes reference in the report to people having a number of cards. This may be legitimate and indeed necessary when a person has more than one job, and is not unique to "foreign" workers. That person needs several cards in order to provide one card for each employer and to safeguard against over and under payment of contributions. Where a person uses different names and registrations it simply means that contribution payments are sought on each record. There is, therefore, no advantage for Social Security purposes, for a person to register under different names because contributions are demanded under each record which could lead to an over payment of contributions.

In addition, it should not affect the collection of income tax because all employers must declare this information to Income Tax separately. Transfer of information is currently possible between the different Departments under the relevant laws governing Social Security and Income Tax but only on the basis that the flow of confidential information should be restricted as far as possible to protect the interests of the individual and the general body of tax payers and contributors.

"No contributions have to be paid if you work for less than 8 hours per week"

This rule was originally introduced to allow those working just a few hours a week to be excluded from the Social Security System, on the basis that the contribution payment would be disproportionate to the amount earned and also their need for insurance cover to tied them over periods of sickness etc. was not likely to be essential. Those using this rule to avoid paying contributions (and the Committee has no evidence that it is a large problem as implied in the Senator's report) would need to work for a series of different employers, each willing to employ a person for less than 8 hours a week, and would, at the end of the day, lose out on benefits and pension.

The Committee has already decided to revisit the 8 hour rule in the light of changing work patterns and will look to see what law changes can be made without penalising those who simply want to do a little work.

Human rights implications

The Committee has taken advice from the Attorney General on this proposition. He advises that a person denied registration as a result of this proposition, might claim that the obligation on a person to prove identity in order to get a Social Security registration and therefore, enable that person to engage in employment, could interfere with his established family life in the Island under Article 8 of the European Convention on Human Rights. It is the Attorney General's view that this is a remote possibility.

The Attorney General also advises that to avoid any risk of falling foul of Article 14 of the Convention (non-discrimination) in relation to the Article 8 rights and indeed in relation to the Island's obligations under the equal treatment provision with the European Communities, it would be necessary to apply whatever requirements were introduced to all categories and nationalities of a potential employees, including established local residents.

Clearly, this would have considerable resource implications for the Department and provoke some irritation amongst the majority of Islanders who have already registered in accordance with Jersey laws. In addition, the Committee's priority is to maximise collection of contributions whilst getting people into work quickly. Adding further unjustifiable demands without additional staffing could compromise these core functions.

The way forward

Various Social Security Committees have considered the identity issue in relation to employment over the years and have concluded that it is best addressed as an Island wide issue. The States recognised the wider implications during the 1997

Strategic Policy debate and agreed that;

*“The Policy and Resources Committee be requested to investigate and report to the States on the introduction of an identity card scheme, with the object of monitoring the residential and **employment** status of all members of the Island’s population.”.*

In the discussions at the time, it was envisaged that smart card technology could be used to include information on the card which would be of relevance to a number of States Committees, such as proof of eligibility for social benefits, medical information and tax status.

A working group has been set up by the Policy and Resources Committee, and after initial research, the Group is currently overseeing a feasibility study into an identity card system which would also be effective in monitoring population and employment levels. Any system would have to comply with Human Rights and Data Protection legislation and, of course, work within the existing immigration agreements.

Conclusion

The Employment and Social Security Committee is fully supportive of the approach already taken by the States which, in its view, will achieve the overall objectives of the States and support the Department’s work and that of other Departments. The context is one in which the vast majority of the workforce (of around 49,000) and their employers (numbering around 5,000) pay their contributions. Whilst there are a minority who will always try to get round any system, it is important that, if checks are to be made, they are stringent ones designed to guarantee the bona fides of any identity type card. It is likely that someone intent on avoiding the payment of contributions and tax will also go to the trouble of obtaining false or forged documents.

The Senator mentions in his report that those who pay their way are justifiably right in complaining about those who do not. That is why the Committee and its Department pursue non-compliance and fraud vigorously and will continue to do so. Any allegations referred to the Department are always followed up and if the Senator knows of specific cases, then the officers concerned would be very happy to investigate them. If there are any loopholes then the States can be assured that the Committee will continue to do all in its power to close them.

In view of the above, and especially of the current arrangements for the review and possible early implementation of some form of identity (smart) card system, the Employment and Social Security Committee does not recommend any alteration to existing arrangements at the present time.