

STATES OF JERSEY

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SCHOOL MILK AND MILK AT A REDUCED RATE: CONTINUED PROVISION (P.45/2007) – AMENDMENT

**Lodged au Greffe on 3rd July 2007
by the Council of Ministers**

STATES GREFFE

SCHOOL MILK AND MILK AT A REDUCED RATE: CONTINUED PROVISION (P.45/2007) –
AMENDMENT

In paragraph (a) for the words '3 years' substitute the words 'one year' and for the words 'Annual Business Plans for 2008 to 2010' substitute the words 'Annual Business Plan for 2008'.

COUNCIL OF MINISTERS

REPORT

The Council of Ministers believes that its amendment to part (a) of the proposition will help to ensure that the best possible decisions can be taken with regard to the future funding and support of the dairy industry.

Members will be aware that provision is already made within the budget of the Economic Development Department for a range of support mechanisms, including Area Payments, Quality Milk Payments, and the School Milk Scheme.

Members will also be aware that a review of the dairy industry is currently being conducted by the Economic Development Department, and it is possible that funding arrangements may change as a result of that review. The review is now approaching completion, and it is anticipated that the results will be available before the end of the year. It would be unrealistic, however, to expect that any actions arising from the review could be implemented before 2008, and in these circumstances the Council considers that it would be appropriate for the funding for the school milk scheme to be extended for a further period of 12 months, i.e. for the year 2008. The additional annual cost of providing this support has been estimated at £180,000, and this would be met by the Economic Development Department from within its 2008 budget allocation.

The Council of Ministers believes that this is a more reasonable approach than that recommended in the proposition, as this would bind the States to provide funding for a further period of 3 years. A 12-month period will provide greater flexibility, and will not preclude additional funding from being provided in future years for the school milk scheme if this is considered appropriate. However, any decision to extend funding for school milk beyond 2008 would need to be considered in the light of the outcome of the dairy industry review.

Deputy Southern has noted in the report accompanying P.45/2007 that the dietary benefits of providing additional milk for children of primary school age have been questioned by a recent U.K. report. Although it is accepted that milk has nutritional value for children as it is high in calcium, it is also considered that the fat content of milk is likely to exacerbate the growing obesity problem for primary school children. It has been suggested that the funds currently devoted to school milk might be better spent on providing free fresh fruit to all primary schools. The Council notes that this possibility will be explored as part of the 'New Directions' strategy which is currently being developed by the Health and Social Services Department.

In relation to part (b) of the proposition, the Council notes that the cost to the Social Security Department of Milk at a Reduced Rate ('Welfare Milk') is estimated at £340,000/year. It should be pointed out, however, that this funding is no longer directly tied in with the purchase of milk. Following the abolition of doorstep deliveries, payments to beneficiaries have been made by cheque once every 6 months, with beneficiaries using the money to provide an adequate diet for their families, which may or may not include the purchase of milk.

The Council does not consider that it would be desirable to maintain the current arrangements for Milk at a Reduced Rate beyond 2007, as this would be inconsistent with the Income Support scheme that is scheduled for introduction next year. Income Support is intended to be a simpler and more comprehensive form of benefit system, and the current budget for the Milk at a Reduced Rate scheme will be subsumed within the budget for the Income Support, with provision being made in the scheme for beneficiaries to provide an adequate diet for their families.

In this connection the Council would like to point out that the States have already agreed on 2 separate occasions to discontinue the Milk at a Reduced Rate scheme, the first occasion being on 21st June 2005 when they approved the 'Income Support System' (P.86/2005), and the second on 10th October 2006 when they adopted the Draft Income Support (Jersey) Law 200- (P.102/2006). A decision to support part (b) of the proposition would therefore be in direct conflict with two previous States decisions.

In conclusion, therefore, the Council of Ministers opposes part (b) of the proposition.

Financial and manpower implications

This amendment does not have any additional financial or manpower implications for the States, and the

Economic Development Department will meet the cost of the school milk scheme in 2008 from within its 2008 budget allocation.