

2.7 Deputy G.P. Southern of the Minister for Social Security regarding proposals to extend the retirement age:

Would the Minister state whether the recently announced proposals to extend the retirement age will simply transfer the costs from the Pension Fund to Income Support or Long-Term Incapacity Allowance or other?

Deputy I.J. Gorst (The Minister for Social Security):

I can reassure Members that the proposals to extend pension age do not amount to a transfer of costs from one area of States' expenditure to another and I refer Members particular to written answers which I provided today. Briefly, extending the pension age has 2 main benefits. It helps with the long-term viability of the Social Security Fund, by increasing the value of contributions and decreasing the cost of benefits. The second important benefit is it creates a working environment which encourages the employment of older workers. This helps us to limit the amount of inward migration that would be needed and still maintain a healthy economy.

[10:30]

2.7.1 Deputy G.P. Southern:

Does the Minister not accept that by prioritising the extension of the pension age he is once again putting the cart before the horse when he ought to be examining the low contribution rate that we already have for Social Security contributions to contribute towards that pension?

Deputy I.J. Gorst:

I am not sure that was a question, was it? I do not believe that is the case. What I am doing with this proposition is asking the States to indicate that they agree some long-term or medium-term planning for the Fund. As I say in my proposition, other measures will need to be taken in the intervening period but we must give individuals time to plan for their own retirement and that is what I am asking the States to do, to recommend that we must look for the medium and long-term viability of the Fund and at the same time, in this proposal, allow those individuals time to plan. There will be other measures which need to be taken and which will be taken in the nearer and short-term.

2.7.2 Deputy G.P. Southern:

Will the Minister come to the House with figures which show, for example, the impact on his proposals of raising the contribution rate by say 0.5 per cent per annum for employers and employees over the next 5 years? Will he come to the House with definitive figures to show what the alternatives are before he brings to the House a decision to, in principle, extend the pension age?

Deputy I.J. Gorst:

I can of course provide those figures, I have them in front of me now but I do not think it is appropriate to get into detailed figures in an oral question. Perhaps the Deputy might like to ask a fuller written question, I know he has asked a written question, I did answer it despite what the Deputy says. If he would like the figures then of course I can provide them. Needless to say we can only spend money once, the Deputy earlier this year or last year, was it, wanted to raise contributions for some other purpose. We can only raise them once and we can only then use them once, not twice or 3 times as the Deputy appears to wish.

2.7.3 Senator S.C. Ferguson:

Will the Minister confirm that the current pension age of 65 was set in 1946 when the average life expectancy was about 65 and that this raising of pension age is quite reasonable considering that the average life expectancy is well into the 80s?

Deputy I.J. Gorst:

Of course I would agree. Everything that I bring before this Assembly, despite what some Members like to think, I believe is reasonable and appropriate for the protection of Islanders and our Island community. The Deputy is quite right, the life expectancy of someone retiring, I do not have the exact year but I believe in 1956 was 12 years. Now in 2010 a person retiring at 65's life expectancy is 21 years and a little bit. By the time my proposals come into play, 2031, someone retiring at 67 - which is what I am proposing - at that time will still have a life expectancy of over 21 years.

2.7.4 Deputy M. Tadier:

Very much following on from that question, does the Minister acknowledge that perhaps a one retirement age for all is not the best way forward? Does he also acknowledge that as certain jobs - particularly physically arduous jobs where workers start at a younger age statistically than those perhaps in clerical jobs and also tend to die younger and have more physical ailments - perhaps should be allowed to retire earlier than those in more affluent positions who have statistically longer life expectancies?

Deputy I.J. Gorst:

Of course if I had a magic wand and we were able to know when it were that each of us were going to leave this life then perhaps we could do something about it and work in a more coordinated approach with the Health Department. Having said that, the Deputy raises some very good points and he will know that I have covered them in my proposal where I say that work in those areas will need to be undertaken right across Government to ensure that we do have appropriate policies in place, particularly for those who undertake heavy manual work. Having said this, what we are talking about here is pensionable age and not necessarily retirement age, so one of the reasons for indicating that this is the direction in which we are going to go now is so that individuals and Government can prepare itself for these provisions, provisions made by Government and provisions made by the individual as well for their own retirement.

2.7.5 Deputy G.P. Southern:

Does the Minister accept that despite his protestations in the document he produced there has been no significant consultation on this specific issue, apart from a general question in the *Imagine Jersey 2035* which was responded to by a majority of people who are already retired?

Deputy I.J. Gorst:

I am a little surprised, in his written question of course the Deputy cast doubt about the questions in the *Jersey Annual Social Survey* as well, so we have had questions in the *Jersey Annual Social Survey*, we have had questions in *Imagine 2035*, so there has been some consultation. I have looked at this, I am bringing forward a proposal to protect the benefit of current pensioners and to protect the sustainability of the pension that we pay in Jersey in the medium and long-term and I wish to ensure that we do not leave a burden for our children and grandchildren. Sometimes it is not

always appropriate to go out to consultation on an issue where you believe that the evidence is straightforward, we must just make a decision. It would, in my opinion, be disingenuous for me to go out to consultation when I at this point believe that this is the best way forward in regard to this issue for the Fund and for protecting benefits of current pensioners and, as I say, ensuring we do not pass on an unacceptable burden to our children and grandchildren.