

**WRITTEN QUESTION TO THE MINISTER FOR SOCIAL SECURITY BY  
DEPUTY G.P. SOUTHERN OF ST. HELIER**

**ANSWER TO BE TABLED ON TUESDAY 11th MARCH 2008**

**Question**

“Further to his previous answers on the disproportionate growth of Social Security supplementation, will the Minister inform members of the latest estimates for supplementation, and the results of the promised investigation into the causes of the unexpected growth, and if not, will he tell members when he will be in a position to report to them on this issue?”

**Answer**

The principle behind the funding of the Social Security Fund is that the cost is shared equally between taxpayers, employers and employees. On that basis, supplementation, the contribution by taxpayers, should be one third of the total cost. At present supplementation represents approximately 30% of the contributions made into the fund and I would challenge the Deputy’s assertion that there has been a “disproportionate” growth in supplementation.

The additional cost of supplementation in 2007 was a result of unusual labour market conditions in 2006. Yet, at the end of 2006, supplementation still only represented 31% of the total contributions made into the fund. If anything, supplementation is contributing at a level somewhat below the long established principle.

An interim report on supplementation has already been issued and we are continuing to explore options to contain supplementation within existing cash limits.

The principles of funding the Social Security Fund will be included as part of the review of the Social Security and Health Insurance schemes. This work has been planned for some time and will be started during 2008.

The predicted spend on supplementation for 2007 is £58.6 million. This is an increase of 4% over 2006. The final figure will not be known until the last quarter (October to December 2007) is processed in March 2008 and then audited. Of the additional funding request of up to £2.65 million for 2007, in the proposition from the Treasury & Resources Minister and approved by the States in September 2007, only £1.17 million has been needed, based upon draft figures.

The Business Planning timetable requires forecasts to be made in May each year which use estimates on the average earnings increase, the changes to average earnings and the impact of the changes to the labour market. Actual data is unavailable within this time frame which can result in outturn costs exceeding forecasts. For 2008, the current forecasts show that the level of supplementation will remain within the amount voted of £61.2 million, yet the Minister stresses again that this forecast will be further reviewed once the final quarter for 2007 is finally closed and the Accounts are audited.