

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

ANSWER TO BE TABLED ON TUESDAY 27th MARCH 2007

Question

What information on the growth of the job market, particularly any rise in the number of low paid jobs, through the Regulations of Undertaking and Development Law or other means, does the Minister have to add to the investigation conducted by Social Security, Treasury and Resources and the Economic Advisor into the increase in levels of Supplementation?

Answer

The full range of employment information gained from the six monthly manpower survey, more properly termed an employment census, together with the full range of other statistical data produced by the Statistics Unit, including the annual earnings survey, is available to the Social Security and Treasury and Resources Departments, and to the Economic Advisor. This information is also publicly available.

As noted by the Chief Minister in response to a related question tabled on 27th February 2007 “..Jersey has a complete measure of employment every 6 months and indeed the level of data we have on employment far exceeds that of other comparable jurisdictions.”

This is a solid foundation for further analysis, in which, the Economic Development Department and the Population Office, which includes the Regulation of Undertakings function, will be working closely with the Social Security and Treasury and Resources Departments, the Economic Advisor, and others.

Previous related questions and answers:

13th March, 2006

Social Security Question from Deputy Southern

Question 2

Would the Minister inform members what “*options for reducing or limiting expenditure on supplementation*” mentioned in his answer of 27th February 2007 are under consideration in the ongoing review of the underlying reasons for the unforeseen rise in these costs and, in particular, will these options include the removal of the one third division of funding between employer/employee/taxpayer or the abolition of the contributions ceiling altogether?

Does the Minister intend to report the total 2006 supplementation figure to members and will he also report the findings of the review to the States?

Answer

It would be a strange review if I were able to consider any options for supplementation before the detailed analysis was undertaken. Options will be put forward on the completion of the analysis. The fundamental question of Social Security funding, including the proportion of funding and the earnings ceiling will be part of the review of Social Security outlined in RC 49/2004 which is due to begin after the income support system is implemented and will also inform the Triennial Actuarial Review for the period ending December 2006 .

The 2006 Supplementation figure will be published in the report and accounts which is presented to the States each year. The review of supplementation will also be reported to the States as clearly this is a fundamental feature of the scheme driven by law.

27th February, 2006

Social Security Question from Deputy Southern

Question 3

Would the Minister inform members what progress, if any, has been made in assessing the causes of the unexpected large rises in supplementation predicted for coming years and state whether new estimates are available?

Answer

A larger than budgeted increase in supplementation is estimated for 2006. The final figure will not be known until the last quarter (October to December 2006) is processed in March 2007. The predicted figure is £56.56 million compared to a budgeted figure of £53.2 million. With the contributions collected from workers and employers estimated to be £123.155 million supplementation represents 31.5% of Social Security contributory income. This increase in supplementation follows on from a trend of relatively low increases in supplementation; 2002 £48.14million, 2003 £49.89 million (3.6% increase), 2004 £50.8 million (1.8%), 2005 £50.78 million (0.05% decrease) 2006 (estimate) £56.56 million (11.4%). By way of comparison increases in contribution income over the same period were; 2002 £103.99 million, 2003 £108.43 million (4.3% increase), 2004 £110.32 million (1.8%), 2005 £115.50 million (4.7%) and 2006 (estimate) £123.15 million (6.6%).

Table showing increases in contribution income and supplementation

	2002	2003	2004	2005	2006 (EST)
Contributions paid (£millions)	103.99	108.43	110.32	115.50	123.15
Percentage increase		+4.3%	+1.8%	+4.7%	+6.6%
Supplementation (£millions)	48.14	49.89	50.80	50.78	56.56
Percentage increase		+3.6%	+1.8%	-0.05%	+11.4%

The reason for this unexpected increase is that the average number of contributors attracting supplementation increased compared to the previous year and the average value of supplementation also increased. The average number of overall contributors also increased. In 2005, the average number of contributors was 55,180 of which 31,887 attracted supplementation with an average value of £132.70 a month. In 2006, the estimated figures are 56,169 (1.8% increase), 32,720 (2.6% increase) and £144.07 (8.6% increase). This trend appeared to begin in the last quarter of 2005, and continued throughout 2006. The Department is committed to analysing contribution data to determine the significant variables in the labour market that drive the total value of supplementation. This work will be undertaken with amongst others the Economic Adviser and the Treasury and Resources Department. The purpose will be to understand the sensitivities in the labour market so that even though supplementation is calculated in arrears and therefore reacts to changes in the labour market, better estimates and forecasts can be made in the future. This major review will also identify options for reducing or limiting expenditure on supplementation.