

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

ANSWER TO BE TABLED ON TUESDAY 26th FEBRUARY 2008

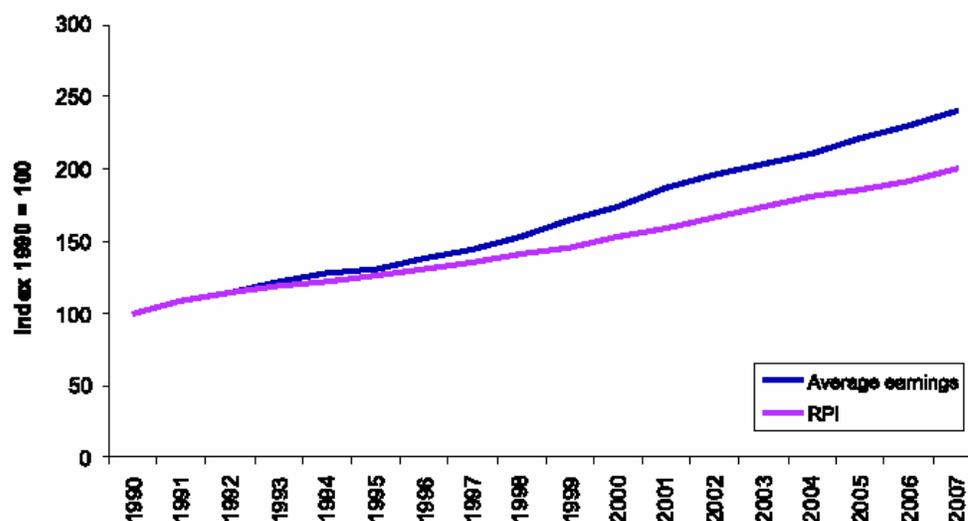
Question

1. Does the Minister have any plans to amend the current statutory provisions linking increases in pensions to the Average Earnings Index and will he undertake to review the position if the Average Earnings Index falls behind the Retail Prices Index, to ensure that pensioners are not made worse off relative to RPI, or RPI (pensioner), in 2008 or 2009?

Answer

There are no plans to alter the statutory provisions set out at Article 13 of the Social Security (Jersey) Law 1974 which provides for the automatic uprating of all contributory benefits by the Jersey Earnings Index annually. Since 1990, the Average Earnings Index has increased at an average annual rate about 1 percentage point greater than that of the RPI. The graph below plots the two indices since 1990.

Figure 3.4: Index of Average Earnings and the RPI



Source, Jersey Economic Digest 2007

The members will be aware that the UK government, as part of their pension reform programme, have introduced the Pensions Act 2007 which includes a commitment to link the annual increases in state pension with earnings rather than prices, as has been the case in Jersey for many years. The UK government hope to achieve this by 2012.

From time to time, the increase in RPI is above that of average earnings – this has happened 4 times in the last 17 years. These occasional anomalies do not detract from the general principle that contributory benefits should be linked to wages, and that this automatic link has been of great benefit to pensioners since it was introduced.

Question

2. What are the Minister's intentions with regard to other benefits which unlike pensions are not linked to the Average Earnings Index?

Answer

Members will be aware that under the Income Support (Jersey) Law 2007 an annual review of rates has to be carried out. In reviewing these rates statutory provision provides that regard shall be given to changes in the cost of living and in the general standards of living of the community together with other factors that the Minister considers relevant. The component rates in Income Support are set under Regulations and the Minister will provide full details to the Assembly of the basis for any amendments to rates when the Minister brings forward a proposition on the annual review.