

Impact of the police reform on social security

Following the implementation of the police reform in 2001 staff regulations were made the same for the federal police and for the local police. This reform was coupled with the transfer of 7.539 national police officers to local police. The Government issued two types of subsidies to ensure that this reform would have a neutral fiscal impact. "Subsidy I" covers the social contribution cost linked to the remuneration of the former national police officers and "subsidy II" finances the additional cost linked to various benefits, bonuses and allowances provided for in the new staff regulations.

These special financing facilities introduced by the Government to make up for the increased cost resulting from the police reform have a detrimental impact on the budget of the workers' social security scheme which eventually sustains part of the cost associated with the Government's commitment.

As things stand the Government financed a part of subsidy I by decreasing the general subsidy granted to the National Office for Social Security under the so-called workers' Global management'. This decrease amounts to about 18 million euros a year. Moreover the Government is responsible for the late payment of subsidy I to the National office for Social Security 'Global management' thereby increasing the drain on the financial resources.

Subsidy II was also deducted from the general subsidy granted to the workers' Global Management. This leads in turn to a yearly shortfall of 12 million euros of social security revenue.

Moreover, the fixed amount for subsidy II paid by the Government was largely underestimated so that the national office for Social Security is deprived of a part of the social contributions payable on police staff benefits, bonuses and allowances (the amount each year is about 13 to 19 million euros for the period 2002-2004).

Finally, the financing modalities of subsidies I and II do not meet the standards of budget transparency for these subsidy payments, which by nature are subsidies allocated to the police zones, are not shown in the Government budget as such.

The ministers concerned with the exception of the minister for Budget expressed their views to the Court. The minister for Social Affairs and Public Health stressed the fact that the Government maintained the social security structural balance by increasing the so-called alternative funding. He proposed, however, to set up a special fund which would be used to pay the additional contributions resulting from the police reform.

The Interior minister suggested examining the issue of the local police federal funding in the frame of the new local police funding law.