

**WRITTEN QUESTION TO THE MINISTER FOR SOCIAL SECURITY
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 20th OCTOBER 2015**

Question

In the absence of a new Income Distribution Survey (I.D.S.) due by the end of 2015, does the Minister accept that the low income (poverty) threshold of 60% of median income after housing costs derived from the 2009/2010 I.D.S., today stands at £348 (£522 x 60% x 11.1% AEI growth) and if not, what figure does she have for this threshold?

Will the Minister also explain to members why changes to benefit rates were not held over until the results of the I.D.S. 2015 were available in order to assess what their impact would be?

Answer

The “low income (poverty) threshold” that the Deputy refers to is the ‘relative low income threshold’ published in the 2009/2010 Income Distribution Survey¹.

The relative low income threshold indicates how many households, and what types of households, have a relatively low household income by Jersey’s standards.

In this case, ‘relatively low’ has been defined as 60% of the median average household income in Jersey. Household income is standardised to allow fairer comparisons to be made across different sized households.

The relative low income threshold does not measure the proportion of households that have an income level below that which is necessary to maintain a certain standard of living.

This estimate of relative low income can be adjusted by five years of average earnings growth. Adjusting the relative low income threshold provides an estimate of about £445 per week before housing costs and about £350 per week after housing costs. The next survey will provide an up to date income distribution for Jersey and is scheduled to be published towards the end of 2015.

The proposals to change benefits were required for the Medium Term Financial Plan (MTFP) for approval in 2015 to allow changes to be phased in over the full four years of the MTFP. The benefit changes of £10 million are a small part of the overall total of the £145 million measures required by 2019. The MTFP aims to balance the budget by 2019 and includes more resources for all the strategic priorities, including economic growth, health and education, which will benefit all households in Jersey. The impact of the proposals in the MTFP needs to be judged as a whole. For example, the level of economic growth and the availability of good health and education services can all have a significant impact on the overall well-being of lower income families.

¹ <http://www.gov.je/Government/Pages/StatesReports.aspx?ReportID=457>