

STATES OF JERSEY



TELEVISION LICENCE FEES: REBATE FOR SENIOR CITIZENS

Lodged au Greffe on 4th November 2003
by Deputy G.P. Southern of St. Helier

STATES GREFFE

PROPOSITION

THE STATES are asked to decide whether they are of opinion –

- (a) to agree that senior citizens aged 65 years and over, resident in Jersey and living in domestic accommodation, should be entitled, on request, to receive a 20 per cent rebate on the cost of the television licence fee; and
- (b) to charge the Finance and Economics Committee, in consultation with the appropriate Committees, to make arrangements to finance the scheme and for the administrative procedures necessary for the rebate to be effective from 1st January 2004.

DEPUTY G.P. SOUTHERN OF ST. HELIER

Note: The Finance and Economics Committee's comments are to follow.

REPORT

I bring this proposition to the States at this time because a commitment of support to senior citizens of £680,000, made in 2001, has not been fully delivered hitherto, and is at risk of being lost by default, unless members take action to support its full implementation. This proposition suggests a way in which this commitment can be honoured.

In response to repeated attempts to introduce a rebate on the TV licence for senior citizens (P.180/1999 by Senator Shenton; P.53 and P.187/2000 by Senator Stein), and in order to comply with a commitment given to the States by the then President, Senator Walker, the Finance and Economics Committee drafted a report and proposition for concessionary television licences for the over-75s in the autumn of 2000.

The circumstances under which that proposition did not come to the States for debate at the time will be known to many members. When the President of the Finance and Economics Committee informed the Senior Citizens Association of the proposition at the Association's meeting on 28th September 2000, the members present voted that the earmarked funds should instead be directed towards improving basic health care for the elderly in the form of improved dental eye and chiropody services.

As a result, the Finance and Economics Committee allocated a further £530,000 (provisionally set aside for the TV licence rebate) to add to the sum of £150,000 transferred from the Health budget to set up a scheme for financial assistance for ophthalmic and dental care for senior citizens. At the time of the debate on Senator Stein's proposition P.187/2000, the Finance and Economics Committee were successfully able to argue that to provide 'blanket' coverage of free TV licences to those over 75 would deprive poor pensioners of basic health care.

As set out below, the health scheme has failed to deliver benefits to the full extent of its funding. At the time of writing, the pilot scheme is under evaluation and in due course a report and proposition will be brought to the States for a decision on its continuation. It could be that when it comes before the Chamber, members may decide that the scheme should be wound up, although that seems unlikely. Should the decision be to continue the scheme, the realistic costs would appear to be of the order of £425,000 and not £680,000 previously allocated.

I propose that the additional £255,000 not required for the Westfield scheme is used nevertheless for the benefit of senior citizens. I propose that this sum is redirected to its original target, namely, the provision of concessionary television licences for senior citizens.

In deciding who should be targeted for concessionary rate of licence, one faces the choice between selecting for age (i.e. over 75s), or by need (some form of means-testing) or simply to give a smaller discount to all senior citizens. I have opted for simplicity of administration as my watchword. Any form of means-testing will have administration costs attached and is likely to reduce take-up of the benefit. Selection of those over 75 also seems to me an arbitrary process; the concession should apply to all pensioners.

On this basis, according to the 2001 census, there are some 8,000 (7,982) pensioner households which will be eligible to claim the concessionary rate. The allocation of £255,000, originally allocated to pensioners but not currently being spent on them, would allow a rebate of 20% on the cost of the TV licence (£23 on the current cost of £116).

The Westfield Scheme

The health scheme initiated in the autumn of 2000 came to the States as proposition P.49/2001. The health scheme, administration of which was finally vested with U.K. company, Westfield, was funded as a 2-year pilot scheme at £680,000 per year from July 2001.

Under the Westfield scheme, for an annual premium of £109, individual members were provided with up to £60 of ophthalmic benefit over 2 years and up to £172 dental benefit annually. Those senior citizens whose income was above HIE level but below the threshold for Jersey Income Tax were initially targeted. There was also a savings bar.

Initial take-up was very slow, with the result that, by April 2002, less than 600 people had joined the scheme, out of an estimated 3 to 5,000 thought to be eligible. In their review of the scheme in July 2002, this low take-up rate was addressed. In particular, the low levels of benefit available were raised, as follows –

Dental	from	£150 (+£22)	to	£250 (+£22)
Optical	from	£45	to	£90
Chiropody	from	zero	to	£90

The cost of these additional benefits raised annual premiums from £109 by £96 to a total of £205. The Employment and Social Security Committee also agreed to widen the scheme to those below the HIE limit.

As a result of these changes, the numbers of senior citizens joining the scheme have substantially increased. Although many would say that coverage remains relatively disappointing, there are now some 2,000 senior citizens covered by the scheme.

The consistently low membership of the scheme has shown that the level of funding set aside (£680,000 annually) for the pilot scheme was an overestimate. The actual amounts spent on premiums and estimates for current expenditure are as follows –

Table 1

2001	2002	2003 (E)	2004 (E)
£52,865	£164,782	£325,000	£425,000

Given the track record of the scheme, it is extremely unlikely that the full estimated sums in 2003 or 2004 will be achieved, let alone exceeded. The effect of this proposal is to ensure that the States delivers the full value of its 2001 commitment to senior citizens.

Financial and Manpower considerations

This proposal, if accepted, proposes that the States forego possible savings of £255,000, which might have been made by cutting back on its commitment to pensioners of £680,000 of support made in the year 2000. I envisage that the simplest form of rebate will be instituted, whereby any pensioner who submits a receipt for payment of the TV licence, will be refunded by the Social Security Department. This will have a minimal impact on staffing requirements.