

## **2.1 Deputy P.V.F. Le Claire of St. Helier of the Minister for Social Security regarding the criteria for receiving rent subsidy and rent rebate under the new Income Support system:**

May I ask the Minister for Social Security if the Minister would inform Members what the criteria for receiving payments to replace rent subsidy and rent rebate will be under the new Low Income Support system and at what stage will existing claimants who might no longer be eligible be informed before the current system ends?

### **Senator P.F. Routier (The Minister for Social Security):**

When the States approved the main Income Support Law we agreed to 3 basic criteria: residence, work and income. The detail of these eligibility criteria will be debated by the States in September and I will be proposing that claimants should be resident for 5 years; adults in the household must work, if possible; and the income of the household is below the levels set by the components in the Regulations. These criteria differ from the existing rental subsidy system. The existing claimants can only be informed of the effects on their current benefits once the Regulations and Orders detailing the systems are approved by the States. Existing claimants will be written to individually soon after the debate and will also be informed of any additional payments which may protect their existing benefits.

### **2.1.1 Deputy P.V.F. Le Claire:**

The Regulations have to come before the Assembly, I understand, but in trying to flag this issue - which is a major issue in relation to the ability for Islanders to afford the accommodation in the future - is the Minister able to answer whether he is saying that there will no longer be a requirement for those people to be 21 years of age and that there will only be a consideration that they have been resident for 5 years before that eligibility of rent abatement will fall into their overall assessment? May I also tag on to that question, although it is hard to say precisely, surely the department must have an indication at this time as to how many people will be losing rent rebate and what impact that will be having?

### **Senator P.F. Routier:**

Several questions rolled up into the one there. The States will be debating the Regulations and it will not be until that time that we will be able to definitely say what exactly the criteria will be because amendments may come from other Members within the House. As I said in my opening response, I will be proposing that people will be able to claim Income Support after being in the Island for 5 years. But with regard to the remaining parts of the Regulations, we are looking at that still and working closely with other people and we will be lodging the Regulations in July. It will be for the States to decide on whether they approve of those Regulations or not. We will only be able to inform the public and claimants with certainty once that debate has been had.

### **2.1.2 Deputy J.A. Martin of St. Helier:**

I am glad that the Minister has clarified that. Could he also clarify - because there seems to be some confusion; not on my part; I think I understand - 5 years for claiming any benefit, but if you leave the Island in 5 years, whether you are Jersey born, you have Jersey children, you have been here maybe 30 years, if you leave for more than 5 years, is it not true, Sir, that the claimant will then have to do another 5 years before they have any help? That includes any form of rent rebate which they do get now. I do know families, Sir, that have to leave with full intentions of staying away. Some catastrophe happens. They want to come back to their Island and family, and they are given help, maybe through housing and rebate. This is going to cease under the new system. It may be discretionary, but under the Law it is going to cease.

### **Senator P.F. Routier:**

The principles we have been working on - that people need to be on the Island and having contributed for the previous 5 years - is something which is being consulted upon, and with the public, quite widely in the building up of these Regulations. We are proposing to put in a provision that if people do leave the Island for a period, for a year for instance, they would need to be back in a year before they could claim Income Support again. But the Deputy does highlight a problem when she does suggest that once somebody has left for 5 years they would have to be back on the Island for 5 years to claim rent rebate. That is what is being proposed and it will be a decision this House will have to confirm whether they approve of that or not, but that certainly is the recommendation that has come from the consultation which we have had from a number of people.

**2.1.3 Deputy A. Breckon of St. Saviour:**

Could I ask the Minister if he can confirm that residents will qualify for rent subsidy after 5 years residency?

**Senator P.F. Routier:**

The whole of Income Support is not just about rent subsidy. Income Support covers various components, whether it be rental, living allowances, carers allowance and all the various components. The proposal we are putting forward is that people be in the Island for 5 years and they would be able to claim Income Support package, and that would include all of the components. It is recognised that the housing benefit currently is only claimable from 12 years when people have qualifications. A calculation has been made with the help of the Statistics Unit and others to ensure that if we do bring this forward - which we will be proposing - that it is affordable. We recognise from the calculations we have done, it will be affordable because the majority of the people who are in that bracket from 12 years to 5 years are either working within the Island currently and are coping with their circumstances. We believe that it is only right and proper that people who have contributed to this Island for at least 5 years do have the ability to be supported if they do fall on hard times. It is a matter of principle, really. How long should people be on the Island before they can claim?

**Deputy G.P. Southern of St. Helier:**

Will the Minister inform Members of the real reasons underlying his delay in bringing forward Income Support Regulations and state whether that delay has anything to do with problems in processing the 26-page Income Support application forms in time for August? Secondly, will he inform Members today when he will produce for the Income Support Sub-Panel definitive Regulations that we can seriously scrutinise? At the moment, even with the delay, he is unlikely to achieve proper scrutiny.

**The Deputy Bailiff:**

I think, Deputy, that is a little too far away from the original subject matter of the question. Deputy Le Hérissier.

**2.1.4 Deputy R.G. Le Hérissier of St. Saviour:**

With the Minister having been passing the parcel for 2 major budgets of the States - supplementation and rent rebate - would he not acknowledge, Sir, that the real problem is he is facing enormous budgetary pressure and, having expanded the eligibility criteria, he is going to have to spread the money much more thinly and, as a result, he will have to reduce the amount of rent rebate given to each individual?

**Senator P.F. Routier:**

The Deputy has unfortunately got the wrong impression of what Income Support is going to do. What it is going to do is to redirect funds which are currently being paid to people on higher incomes. It will provide perhaps even a greater level of support to people on lower incomes. That

is what is going to happen. The whole principle of Income Support is that the budget - it talks about budget pressures - is known. We have the existing budgets from the Housing Department, from the Parish Welfare. The States are already paying for Parish Welfare; our social security benefits; all those benefits are all being rolled into one budget and the system which is coming forward was from a clean sheet of paper, a new system which is being brought forward which will ensure that those who are most in need will receive the support they need. It will, as we all know, redirect funds which have currently been identified. But this House has been complaining about the generosity of the housing benefit system and to some people who are at the top end of the earnings scale, and that will be redirected. It will also redirect money for people who receive Disabled Transport Allowance. That will happen. That is what I have been asked to do by this House and I would be disappointed if Members are now going to say: "Do not redirect Disabled Transport Allowance and do not redirect generosity in the housing benefit." I hope that Members will, when we come forward with the exact proposition, be able to support it.

**2.1.5 Deputy R.G. Le Hérisier:**

Just a supplementary, Sir, if I may. Could the Minister tell us then, Sir, how does he intend to reduce the apparent inflationary impact of the rent rebate system?

**Senator P.F. Routier:**

The Deputy does not seem to understand what Income Support is going to do. The rentals are going to be charged by landlords. Landlords will be wanting to charge whatever rent they can but the Income Support system will have to support people to what the Income Support system can afford. That will be the break. We will be working on a similar system to the fair rental system which has been established and we will have to monitor that very carefully. The Income Support system will only be able to pay the amount of rent that it can afford. It will not be able to react to the demands of landlords. We will have to ensure that the rents that we pay - the subsidies we give - are what we can afford.

**2.1.6 Deputy J.A. Martin:**

I am glad to come in there, Sir. When the Minister accuses other Deputies and Members of the House that they do not understand Income Support, Sir, it rests on the Minister's head. I have been asking him as Chairman of the Sub-Panel to advertise this clearly for members of the public, let alone Members of this Chamber. If Members of the Chamber do not know what is going to be laid before them and quite clearly fundamental changes, how are members of the public? When will the Minister start advertising this in plain English and to take leadership of this new fundamental change? Secondly, Sir, on the inflation...

**The Deputy Bailiff:**

I think only one question.

**Senator P.F. Routier:**

I really thank the Deputy for that question because I would like the opportunity to confirm what is going to happen. The timetable, as I announced last Friday - it was after a meeting with the Council of Ministers - we agreed that it would be very useful to put back the introduction to early 2008, in January. That will be the introduction of Income Support. We recognise it is important to communicate with people and that is what we will be doing in this timescale. The view that I have - and it is shared by other Ministers - is that we should make full use of this time and that is exactly what we will do. So, I will be lodging Regulations which will be shared with Scrutiny as soon as we possibly can. It will be lodged in July for a debate in September, and existing claimants will obviously be notified straight after that debate. There will be about 3 months before the payments will be made in January. There is sufficient time there to communicate with not only States Members but the public and existing claimants, and it is going to be... the Deputy is shaking

her head, but I believe that that timescale is appropriate and we are very fortunate because the original timescale was set because of the introduction of G.S.T. (Goods and Services Tax) in January. That is why we now have the time to enable us to communicate with everybody in a longer period, and that is what we are going to do. I believe the timescale we have now set is going to be appropriate and we will be able to bring forward Income Support in a smooth and orderly fashion.

**The Deputy Bailiff:**

Final question, Deputy Le Claire.

**2.1.7 Deputy P.V.F. Le Claire:**

It is difficult to get a final question when there are so many questions. As succinctly as I can put it, people in Jersey who are receiving rent rebates are considerably concerned that they will fall away from that subsidy for their high rental responsibilities. Can the Minister, therefore, begin a process of assuring us and them that they will be looked after and, in particular, can he tell us today what he envisages as the maximum level of income a family can receive before it is entitled to low income support?

**Senator P.F. Routier:**

Two things there, Sir: people who are receiving existing benefits who will be assessed under the new system of receiving a lower benefit, the States have already agreed and put £20 million aside to protect those people in a transition payment. They will be protected for a number of years, which this House will decide when we decide on the Regulations and transition amounts. They will be protected. They are not going to have money taken away from them overnight. It will be over a phased period and they will be informed of that as soon as this House has decided on the transition arrangements which will be coming for debate here. The Deputy asks about the maximum amount of income people will need to have to qualify for rent rebate and rent subsidy. Again, he is missing the point of what Income Support will do. Income Support will top-up people's income up to a level...

**Deputy P.V.F. Le Claire:**

That was not my question. My question was what is the maximum amount of money a family will be able to receive before it will be qualified for low income support?

**Senator P.F. Routier:**

Income Support will not work that way, unfortunately. Income Support will assess people's needs or will assess their living needs, their housing needs, their care needs; all the various components which make up Income Support. If their own income does not match that, we will top it up, that is how the system will work. It is not the reverse of what the Deputy is saying. It is a totally different way of looking at supporting people. This is fully explained in the Income Support Law which the States have already approved, so I am a bit disappointed that the Deputy has not grasped that point.