

3.9 Deputy G.P. Southern of the Minister for Social Security regarding the Social Security low income threshold:

Would the Minister advise Members whether a working mother employed 5 hours a day, between the hours of 9.00 a.m. and 3.00 p.m. 5 days a week, on the minimum wage currently falls below the social security low income threshold rendering her ineligible to claim sickness and other benefits?

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

There are many factors which affect entitlement to benefits but in broad terms anyone whose monthly earnings fall below £663 is not currently entitled to short-term social insurance benefits. Any contributions that they do make, help to build up a pension entitlement. It does not preclude entitlement to non-contributory benefits - such as family allowance - which have their own criteria and are not dependent on contributions. The intent behind the lower thresholds was to leave out of the system those who have insubstantial - usually part-time - earnings. The benefit levels are also set to reflect the general situation where a person works and earns above those levels. So, a person on a minimum wage would therefore need to work about 30 hours a week or 132 hours over a month to qualify.

3.9.1 Deputy G.P. Southern:

What consideration will the Minister give to revising the levels at which the low income threshold is set because it seems to me unreasonable to expect a woman, who is taking care perhaps of her children, to work 9.00 until 3.00 and to be losing her pension right at the end. Are we not building up pensioner poverty for the future?

Senator P.F. Routier:

Members may recall that there was a document "Continuity and Change" and what follows on was R.C.49/2005 which I would recommend to Members that they read because within that there is the recognition that the issues regarding contributions for part-timers and also for self-employed will be addressed when that is looked at. Obviously, the high priority at the present time is the income support system which we are working on and once that is debated and finalised, the next piece of work will be to ensure that we do look at the whole insurance system. It is possible that people on a low income could be better supported by the income support system as opposed to the social security system. So, it is something that we will have to look at when we make that judgment but I think the Deputy also mentions the issue about there not being a build-up of contributions for pensions. That is not the case. People, when they are paying contributions even below the level rate, are building-up contributions to their pension entitlement.