

**WRITTEN QUESTION TO THE MINISTER FOR SOCIAL SECURITY
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 2nd NOVEMBER 2010**

Question

“Will the Minister explain to members how he will protect vulnerable recipients of Income Support and other benefits from the impact of the recession and the imposition of a 2% increase in GST whilst the Department’s spending is cut by a further £4 million as part of the CSR?

In what way will his proposals contribute to the Strategic Plan aim of creating a more equal society?”

Answer

Income Support provides comprehensive financial support to working age families both in and out of work. The single benefit ensures that individuals affected by the recession by the loss of a job or restricted working hours can be compensated for their reduced earning capacity by an increase in their Income Support benefit.

Members will remember that Income Support rates were adjusted in line with the introduction of the 3% rate of GST in early May 2008 and the GST Bonus was introduced in July 2008. The Treasury proposal to increase the rate to 5% in June 2011 includes a similar increase in the Income Support budget and the budget for the GST bonus. This will ensure that lower income families that do not pay income tax will be protected from the full impact of the increase in GST.

The spending cuts of £4 million are to be achieved by the end of 2013 and it is anticipated that Jersey will be recovering from the recession by that time and the need to support working age families will have decreased as they find jobs in a more buoyant labour market. The department will be providing additional support to jobseekers in the next few months to ensure that they are well prepared to take up employment as soon as possible.

The increased protection in respect of the raised GST will contribute to the Strategic Plan aim of creating a more equal society by ensuring that the imposition of extra taxes on the population as a whole is balanced by additional support for lower income families. The department will continue working with jobseekers to encourage individuals to become financially independent. Great care will be taken to ensure that additional funding is allocated so as to ensure that incentives to work within the Income Support system are maintained.