

2015.10.20

3.1 Deputy G.P. Southern of St. Helier of the Minister for Social Security regarding the impact of benefit cuts on income support households:

Given the average yearly cost of new taxes per household, estimated at £1,000 per year, can the Minister advise the amount by which benefit cuts, including the removal of the disregards and the freeze on benefits, will reduce income for income support households per annum, and if not, why not?

Deputy S.J. Pinel of St. Clement (The Minister for Social Security):

The Deputy is asking me to speculate about the possibility of new taxes in the future. I cannot do this, as he well knows. What I can say is that the majority of people who are reliant on benefits as a form of income do not pay income tax and it has been the consistent policy of my department to target its tax-funded benefits to support those households who do not earn enough to pay income tax. The impact of benefit changes on individual households are clearly spelt out in the previous propositions I have brought before this Assembly, which were mostly approved in a lengthy session only a fortnight ago. My decision to keep benefit expenditure more or less flat over the next 4 years rather than cutting it is the best possible solution to make necessary savings while minimising impact on individual households. Detailed information on each of the benefit changes in respect of each household type is contained in the detailed written reports that accompanied each proposition. Information has also been provided in response to the 4 written questions submitted by the Deputy on this topic and Members will have copies on their desks.

3.1.1 Deputy G.P. Southern:

There is no question of speculating about new taxes, we know they are going to raise up to £45 million and cost £1,000 per household on average. Could the Minister confirm that over the 4-year period of the Medium Term Financial Plan she will be taking on average £1,500 from each and every household on income support; and that is a very simple calculation, she is raising £10 million, or saving £10 million by her measures, and there are 6,500 households on income support. Doing the division, it is quite simple, reveals it is going to cost households £1,500 each per year by 2019.

Deputy S.J. Pinel:

I disagree with the statement the Deputy has made. Firstly, about £1 million of the savings of the £10 million relates to the Christmas Bonus that will no longer be paid to thousands of households outside of income support from 2016.

[9:45]

Secondly, the majority of the remaining £9 million worth of savings takes place by not increasing the overall income support budget and instead keeping it broadly flat; this is not the same as taking £9 million from income support households.

3.1.2 Deputy G.P. Southern:

If one freezes the components of income support is it not the case that inflation will eat away into the value of those awards and that inflation is estimated to be 3.1 per cent for each of the 2 years of the cuts, which leaves households on average around £9 a week worse off?

Deputy S.J. Pinel:

The inflation numbers that the Deputy has mentioned are forecasts - we do not know whether they are going to be 3.1 per cent - and the whole idea of all these savings is to invest in health and education.

3.1.3 Deputy M. Tadier of St. Brelade:

The problem is the Minister is not the Minister for Health or Education, she is the Minister for Social Security and she is presiding over some of the most savage cuts we have seen in social benefit in recent years. Can the Minister confirm that those with a disability will be, on average, £800 a year worse off. If she does not agree with that figure, could she give us the actual figure?

Deputy S.J. Pinel:

No, I cannot confirm that because the Deputy said "cuts". We broadly levelled-off, we are not increasing rather than cutting. The lone parent package is a reduction, which is going to be gradually phased in over 4 years, compensated for by a 23 per cent disregard of the maintenance, should they pursue the absent partner. So a disability is a separate situation altogether; that is cared for by the personal care components, PC1, 2 and 3.

3.1.4 Deputy M. Tadier:

On average disabled people will be between £7 and £12 worse off a week under this Minister. How does she square that with a statement given in her manifesto that we must do more to support the estimated 18,000 Islanders with some form of disability and improve their quality of life? Do we improve their quality of life by hitting them hard when it comes to their income support claims?

Deputy S.J. Pinel:

I think the Deputy is referring to the Long-Term Incapacity Allowance where the disregards are being reduced gradually again over a period of time purely because that was seen to be as a double disregard that was not necessary. The disability side of the equation, we are starting with age discrimination now and then disability discrimination, which I very much expect to see in place in the law by 2018; so sticking to my manifesto that, yes, we are going to very much look after the disabled in our society.

3.1.5 Deputy A.D. Lewis of St. Helier:

During the process of the M.T.F.P. (Medium Term Financial Plan) and other debates there have been claims and counterclaims about benefits lost or gained. Would the Minister be prepared to put together some kind of simple ready reckoner so that all Members fully understand what exactly has changed, who the beneficiaries are, who the losers are - if there are any - so that it can be very, very clear to all Members exactly what has happened with the changes to benefits. At the moment I think there is a degree of confusion and it may help.

Deputy S.J. Pinel:

A letter has gone out this week to all households who will be affected by any of the changes. If the Deputy wants a summary or precis then that can be given to him, but certainly everybody on income support who are affected by these changes have been notified this week.

3.1.6 Deputy G.P. Southern:

Does the Minister at least admit that her cuts are more harsh than those enacted by George Osborne in the U.K. (United Kingdom) where it is estimated that the average is £1,300 per household reduced income or loss of benefit compared to the Jersey system, which is £1,500 on average to each and every household on income support, and that is indeed draconian measures?

Deputy S.J. Pinel:

The Deputy keeps referring to this sum of £1,500. It is not anything that has come up in our equations and, as I said in my previous answer, that the income support levels have been held stable. They have not been cut. They are just being held flat so this mythical £1,500 is not correct.

3.1.7 Deputy G.P. Southern:

Would the Minister, at the very least, consider delaying the onset of her measures in order that we may examine the new data, which is coming forward by December in the income distribution survey, and recalculate the impact on each of these groups that I have been mentioning? Would she consider delaying the implementation of her cuts?

Deputy S.J. Pinel:

No.