

**WRITTEN QUESTION TO THE MINISTER FOR SOCIAL SECURITY
BY DEPUTY G.P. SOUTHERN OF ST. HELIER**

ANSWER TO BE TABLED ON TUESDAY, 7th NOVEMBER 2006

Question

Following his statement, on 24th October 2006, during the debate on proposed exemptions to the new Goods and Services Tax that Income Support would not only cater for those in the bottom income quintile but might even extend to assist those in the second and third quintiles, would the Minister inform members –

- (a) what evidence he has in terms of numbers of recipients and income levels, based on current calculations, to support his statement?
- (b) whether he has yet considered the figures set out in Section 5 of the Interim Scrutiny Report on Goods and Services Tax (SR 6/2006 presented to the States on 18th October 2006) showing the impact on GST on different quintiles and, if so, whether he concurs with the Sub-Panel's conclusions?
- (c) whether income support will require additional funding if it extends across the quintiles as indicated above?
- (d) why he chose to introduce this information on 'quintile spread' of income support in the debate and did not provide this information in prior discussions with the Income Support scrutiny Sub-Panel?

Answer

- (a) The precise number of recipients of Income Support and their spread across the income quintiles is unknown at the moment but my Department is currently collecting data which will provide the information to allow this to be determined.

The evidence on income levels is available from the Household Expenditure Survey, which sets out the income bands for the quintiles and it is these that I quoted. Beneficiaries of the existing benefit schemes can be found in the bottom three quintiles of this income distribution, and on this basis, Income Support, can conceivably, extend similarly.

- (b) I have not analysed the figures in section 5 of the interim Scrutiny Report fully, however I do concur with the Scrutiny Panel's conclusion that "Clearly Income Support will be far more significant for low-income families than zero-rating."
- (c) For the avoidance of doubt, the spread across the income distribution only occurs because of the differing circumstances and therefore different costs of different families. Not every household in the lower quintile will receive income support, but a large number will. Similarly only a small number of households in the third quintile are likely to qualify for Income Support. I am not sure whether this question concerns the whole cost of Income Support or the support given against the introduction of GST.

In the case of the effects of GST, I have the assurance of the Minister for Treasury and Resources that those on Income Support will be insulated from the effects of GST by funds being made available equivalent to those effects.

In the case of the Income Support system itself, given the inequities and disincentives of the existing benefits, it is clear that the system will allow those in greatest need to receive greater support.

- (d) The quintile spread was published in the Household Expenditure Survey and all I have simply done is equate

the quintile boundaries to existing and likely potential beneficiary incomes. My statement was merely an effort to show how income support can provide support for households depending on household circumstances.