

2.16 Deputy J.A. Martin of the Minister for Social Security regarding assessment of recipients of income support for additional funds to cover extra living costs following the introduction of G.S.T:

Will the Minister inform Members how people receiving income support will be assessed as to their need for additional funds to cover extra living costs following the introduction of G.S.T (Goods and Services Tax)?

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

Before G.S.T is introduced the basic component rates of income support will be increased by 3 per cent which will protect those in receipt of income support from the impact of G.S.T.

2.16.1 Deputy J.A. Martin:

Could the Minister confirm that this is nowhere in the law, in the regulations or in the orders and does he not have any concern that this could be just: "Trust me, I am a concerned Minister and that this time it will go up 3 per cent." I think we have had this debate on -- I have concerns because we had a similar debate on the Island Plan when we got assurances from an Assistant Minister, nothing written in the law, no regulations and we all know what happened about the Island Plan debate. Can the Minister not go away, Sir, and make sure that G.S.T is written somewhere in the law, in the regulations, that are now coming out?

Senator P.F. Routier:

The States will debate the States' Business Plan prior to debating the Income Support Regulations, and within the Business Plan there is an amount of money to cover the increase in G.S.T. I believe that that is an appropriate mechanism to use and the States will be making that decision at that stage, and then obviously I would be held to account if that did not happen. But the mechanism we have in place is that the States will make that formal decision in the Business Plan.

2.16.2 Senator B.E. Shenton:

Is the Minister saying that any subsequent increases in G.S.T, income support will not be automatically adjusted?

Senator P.F. Routier:

I am not saying that, no.

2.16.3 Deputy G.P. Southern:

Will the Minister build into the regulations some sort of assurance that his descendants in his position will ensure that G.S.T is covered in income support?

Senator P.F. Routier:

It is not something I previously considered. I was relying on the fact that the States will be making a conscious decision in the Business Plan to increase the income support budget to cover the G.S.T and I was relying on that. I will consider the matter but, as I say, I believe that the mechanism the States have to ensure that the G.S.T is covered is sufficient.

2.16.4 Deputy G.P. Southern:

Supplementary on that, Sir? The Minister appears not to distinguish between that which binds him and him alone for this year and that which then binds future Ministers. Will he reassure the House that he will build in these actions for future Ministers?

Senator P.F. Routier:

I will consider the matter, Sir.

2.16.5 The Connétable of St. Helier:

Will the Minister give his latest date for the implementation of income support and can he say whether he believes that that gives him enough time to adjust his systems before the introduction of G.S.T?

Senator P.F. Routier:

I was a little bit taken aback this morning when the Treasury Minister, the words “February” came out of his mouth. There is certainly no intention in my mind to have a February implementation date. The date is January, it will be a Monday in January, because it needs to be a Monday because that is when benefits are paid from, and that will be when it happens. Was there a second part to the question, Sir?

2.16.6 The Connétable of St. Helier:

Does the Minister believe that that gives him sufficient time to adjust his systems before the introduction of G.S.T?

Senator P.F. Routier:

Yes, certainly, Sir. Everything is on track to ensure that once the States’ debate is had on 26th September it gives us a good period of time to ensure that everything is in place and everything is working. As soon as the debate is had the computers will be live and the information will be put into it and everybody will be informed of what their rates for income support will be. So they will have good notice prior to the January start date.

2.16.7 Deputy G.P. Southern:

Is the Minister aware of plans to charge G.S.T on the cost of residential care in residential care homes and will he come to the House with proper regulation in place to administer income support as far as residential care is concerned?

Senator P.F. Routier:

Residential care, as Members will be aware, is something which is not dealt with within the regulations which are being lodged at this present time. Because of the very wide range of residential care costs which there are across the Island it is something that we are going to be addressing as the second piece of work next year to ensure that we have an appropriate negotiation with the residential homes, that we can come to an agreed contract with them to ensure that we are paying a fair and proper price for residential care. With regard to the aspect of G.S.T, I am not aware that there is an indication that G.S.T is going to be implemented on residential care. In fact, the Minister for Health and Social Services has been campaigning to ensure that that is not the case and he has just indicated to me, as I was on my feet, that that is still the position. That it is anticipated that residential care will be exempted from G.S.T.

2.16.8 Deputy G.P. Southern:

If I may, Sir, additional supplementary. The Minister must surely be aware that residential care is not healthcare. Healthcare is exempt from G.S.T, residential care we need a ruling. When are we going to see a ruling on whether G.S.T will be applied to residential care?

Senator P.F. Routier:

That is a question I think probably appropriate to ask the Treasury Minister, and it is the Treasury Minister who is bringing forward the regulations regarding G.S.T. What I can say to Members is that whatever G.S.T is applied to people on low incomes, they will be protected.

2.16.9 Senator S. Syvret:

Is the Minister aware that I have had in recent months discussions and correspondence with the Treasury Minister and the Chief Minister, and as part of those discussions certainly it was my

understanding that he is in agreement to finally accede that the health exemption for G.S.T did, in fact, extend to residential and nursing home care accommodation?

Senator P.F. Routier:

I have not had sight of the communications that have been taking place between the Chief Minister and the Treasury Minister but I take the word of the Minister for Health and I look forward to the outcome of those Ministers' deliberations and obviously the outcome of the debate that will be held in this House when the regulations for G.S.T are debated.

2.16.10 Deputy J.A. Martin:

Final supplementary. I am glad to hear that the Minister is considering looking at the regulations and hopefully putting in a part for G.S.T. I will give him warning, Sir, of course not wanting to -- they will be ready for the debate in September, if he does not do it, his department, the Sub-Panel will, Sir, be bringing amendments because I think this is fundamental that G.S.T. is written into the Income Support Regulations so they are ongoing and not just reliable on this Social Security Minister and a good hearted Chief Minister and Treasury Minister, and any other Tom, Dick or Harry. They must be in the regulations, Sir, and as I say I would like the Minister to confirm how quickly he can get back to the Sub-Panel to let me know if he is going to deal with it or shall we start writing the amendment?

Senator P.F. Routier:

I thank the Deputy and the Chairman of the Income Support Sub-Panel for our close co-operation and work we have had over the last 18 months and it is evident that we can still work on that basis. The suggestion has been made, I will consider it, I will consider it obviously with my department and the Treasury Minister, and we will make a positive response to ensure that people are protected from G.S.T.