

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

**ANSWER TO BE TABLED ON TUESDAY, 16th JANUARY 2007**

**Question 1**

- (a) Would the Minister agree to seek an explanation from the Employment Forum for its decision to base the 2007 minimum wage recommendation on the figure of 40% of the average wage and inform members of it and, in particular, would the Minister seek an explanation of why the recommendation is not referenced to the internationally accepted relative low income threshold of 60% of median income?
- (b) Would the Minister inform members of Jersey's current relative low income threshold for a 40-hour week, and state how the minimum wage recommendation relates to this weekly figure?
- (c) In the light of this information, what steps, if any, will the Minister take to lift the family types given in Table 13 of the 2002 Income Distribution Survey (appropriately updated) on the minimum wage out of relative poverty? In particular, will he consider raising the minimum wage above the recommendation?
- (d) Does the Minister support the Employment Forum's recommendation to introduce a "Youth Rate" at £4.05 for employees aged 16 to 18 in full-time education? Is the Minister aware of any such employees (in Saturday/holiday jobs) who are currently paid at a lower rate?

**Answer**

- (a) There is no need to ask the Employment Forum for an explanation because it is contained in the Forum's report, in particular, pages 11 to 15. I am aware that the Forum has not referenced its minimum wage recommendation to the median income poverty level because it is not generally accepted as a base for setting the minimum wage in other jurisdictions.
- (b) The recommendation cannot relate to the relative low income figure as the latter cannot be calculated accurately from current statistics. It can only be calculated from an up to date income distribution. The Statistics Unit have estimated a figure of £8.25 an hour based on a 40 hour week and calculated from updating data in the 2004/5 Household Expenditure Survey. This estimate is not based on the generally accepted "equivalised" income measure which would be the case with data from an Income Distribution Survey.
- (c) Minimum wages do not help those in relative poverty who do not work, for example pensioners, people with disabilities and some lone parents. The States is introducing an Income Support benefit for people in work and those that genuinely cannot work. I am currently considering the recommendations of the Forum.
- (d) I am considering the question of a Youth rate and I recognise that the States rejected a Youth rate in 2004. The point at issue is whether the minimum wage is a barrier to enter the work force and gain work experience opportunities for young workers. I am not aware of any employees aged 16 to 18 being paid at a lower rate, which of course would be a breach of the Law.

**Question 2**

Has the Minister received the final draft of the report he commissioned into the working of Long-Term Incapacity Allowance (LTIA) yet and, if so, will he –

- (a) inform members what the report has to say concerning the long-term impact of LTIA for non-contributory funding?

- (b) agree to release the full report to members?

If he has not yet received this report when does he expect to do so?

**Answer**

I have not received the final draft of Professor Stafford's report but I expect to do so within a month. As a commissioned independent report, it will be released to both the public and States' Members and will be posted on the website.

**Question 3**

In a written answer tabled on 5th December 2006 the Minister suggested that increases in supplementation in 2006 appeared "to be as a result of growth and change in employment rates at the lower to middle-income earning levels." Would the Minister inform members what progress, if any, has been made in investigating this increased demand on tax revenues?

**Answer**

The increase in supplementation is due to an increase in contributors whose earnings are below the earnings ceiling and an increase on the average supplementation per contributor attracting supplementation.

Comparing the first nine months of 2005 with the first nine months of 2006 shows that on average, the monthly number of overall contributors increased by 822 (55119 to 55941) whilst the number attracting supplementation increased on average by 1143 (31787 to 32930). On average the individual level of supplementation increased from £135.25 a month in the 2005 period to £142.55 in the 2006 period. This 5.3% increase reflects the increase in earnings ceiling in January 2006 based on the increase in the earnings index published in June 2005.

**Question 4**

- (a) Would the Minister detail for members whether consultation was undertaken with the Data Protection Commissioner over the questions asked in the application forms IS.01R and IS.01T relating to Income Support?
- (b) How many households have been asked to complete these application forms and how were they chosen?
- (c) Can the minister explain why a 27-page questionnaire of such complexity for benefit claimants is necessary and, in particular, justify, on data protection grounds or otherwise, why the following information is being requested –
- (i) details of any assets over the value of £1,000 held by the claimant or anyone in the household (section H, p.17).
  - (ii) The current value of any land or property and income received by any other household member (section H, p18).
  - (iii) Details of –
    - (1) benefits in kind;
    - (2) social security contributions;
    - (3) ITIS percentage;
    - (4) Contributory pension payments? (section G page 14)

- (iv) Three-month bank statements from the claimant and other members of the household.
  - (v) Details of income from benefits from therapeutic working and other benefits that hitherto have been disregarded for rent rebate or other purposes?
- (d) In section K it is revealed that information may be shared by up to eight departments or other parties. What safeguards, if any, are, or will be, put in place to ensure that data are not inappropriately shared? Will the Population Office be added to the list of those departments that can share the data and, if not, is the population register to be kept entirely separate?

**Answer**

- (a) Form IS.01T which was used for Housing subsidy claimants was sent to the Data Protection Commissioner for comments. Comments received were incorporated into the form. IS.01R which is used for claimants of other benefits is essentially the same as IS.01T apart from obvious small amendments to the accommodation section resulting in fewer questions.

- (b) Form IS.01T sent out by the Housing Department replaced the rent abatement/rebate review form which is normally sent out annually to households receiving rental subsidies. Those households expecting a review between November 2006 and April 2007 will receive form IS.01T (some 2750 households).

The remaining households receiving housing subsidies (2750) will receive IS.01R as will the 3000 households who do not receive rental subsidy but receive a non-contributory benefit from the Social Security Department.

- (c) The forms are necessary to obtain information from existing beneficiaries to avoid them being left with no money when Income Support goes live. Not every household has to complete every section and it effectively replaces 14 other application forms. The information asked for is necessary as the States have agreed that Income Support should be based on assessments of both income and capital.

In order to assess income accurately and fairly, benefits in kind must be included but in order to ensure that people are not penalised by regular work expenses, deductions for statutory payments such as social security contributions, income tax payments and potentially pension contributions need to be known.

Three month bank statements are requested as evidence of income and is a normal practice which already occurs in respect of rental subsidy, HIE and some welfare assessments.

The existing different disregard of benefit and earnings continues to be confusing and create disincentives in the current disjointed system. To avoid this under Income Support, it is proposed that all income be taken into account and certain deductions are to be allowed against earnings.

- (d) The declaration does not allow unrestricted sharing of information between Departments. The declaration allows the Department to verify information supplied by the applicant on the form with other Departments. There are no plans to add the Population Office to the list especially as the form will not be in use when Income Support goes live. When the population register is in place verification with the Population Office may be necessary but only with the consent of the applicant.