

## **2.1 Senator B.E. Shenton of the Minister for Social Security regarding means testing of the States' pension:**

Can the Minister confirm that he has no plans to means test the States' pension and outline what policies his department has in place to encourage people to work hard and save for their retirement?

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

I am amazed and somewhat disheartened that any member of the States would even think that it would be considered an option to alter the States' pension in such a way. I remind Members that the Social Security Fund, which pays for the States' pensions is rightly a separate fund outside of other States' expenditure and should not, and will not, be targeted while I have any influence over it. I do hope that makes it clear. With regard to encouraging people to work hard and save for retirement, I remind Members that the States' pension is an age pension, which is not a barrier to work for those that are able to, and is not reduced by any other pensions or income or indeed any earnings that anybody may have. This is a major incentive compared to other jurisdictions that do have means tested States' pensions. Compared to other jurisdictions that are now recognising the importance of upraising pensions by the earnings index, Jersey has been and, as far as I am concerned, will be protecting the States' pension by indexing it to the community's earning index, and is therefore the main pillar of social financial protection for pensioners.

### **2.1.1 Senator B.E. Shenton:**

I am amazed and somewhat disheartened that the Minister decided to means-test the Christmas bonus. Can he just explain how a unanimous decision of the Council of Ministers was turned around to a unanimous decision not to means-test it and what his thinking was when he proposed such a ridiculous measure?

### **Senator P.F. Routier:**

I would remind the Senator that the States voted 3 to 1 in 2004 to introduce an income bar to Christmas bonus. This is a States' decision. The Council of Ministers was challenged with the problem of finding money to fund the winter fuel allowance, which the Senator brought forward, and it was considered that the mechanism which the States had already approved would be the way forward because there was no other way that we could find any money. But on reflection, and with the knowledge that the States have now found themselves in a far better financial position than we thought at the time that we set out making the decision about introducing funding the winter fuel allowance in such a way, we have now found ourselves in a better financial position and I thought it was appropriate to ask the Council of Ministers to reconsider that matter, and I am pleased to say that they have found favour with that thought and, as Members will be aware, the States are now going to be asked to increase the overall spending within the States' Business Plan.

### **2.1.2 Deputy P.V.F. Le Claire of St. Helier:**

The Minister, in response to the first question, outlined the fact that the Jersey pension is an aged pension and does not bar somebody from receiving a pension and going on to work if they are able. He also made the point, although I do not have the exact words in front of me, that that is not inhibited in any way. Would the Minister explain then whether or not he could look into the fact that people who work once they are in receipt of pension have those earnings and those pensions and amalgamated to produce an income that is taxed and thereby having the original pension taxed once again by the Tax Department, and is that not an unfair penalty on people at that age?

### **Senator P.F. Routier:**

I think the question probably would be better answered by the Treasury Minister or the Income Tax -- who is responsible for income tax rules, but when someone does have a pension or other income from other sources it would be, I believe, appropriate to continue applying an income tax to that. It is the total income of someone which is taxed by the Island authorities, and I believe that is probably the right measure.

**2.1.3 Deputy G.P. Southern of St. Helier:**

Does the Minister not agree that rather than look on his about turn as a mistake, which has now been corrected in the light of financial circumstances, it reveals a deep and fundamental flaw in the philosophy of the Minister's actual politics that suggests that he intends not to help pensioners in the future but to punish pensioners?

**Senator P.F. Routier:**

I honestly do not follow the thinking of the Deputy with regard to suggesting that I have flawed political views on helping pensioners. I think my record has shown that I do support pensioners in an appropriate manner.

**2.1.4 Deputy F.J. Hill of St. Martin:**

Could I just ask the Minister how many other options were considered or looked at prior to making the decision to reduce or take away the Christmas bonus fund to make for the winter fuel?

**Senator P.F. Routier:**

The Council of Ministers asked every department to come forward with options for finding savings to fund the winter fuel payment, and they all required cutbacks in every department, and I cannot recall the actual number of options that came forward from the various departments but they were considerable, and one that jumps to mind, which was turn the Christmas lights off in the town, and things like that. There were loads and loads of options which came forward, but the Council of Ministers decided that it was appropriate to focus on within the Social Security budget.

**2.1.5 Deputy P.V.F. Le Claire:**

I would like to press the Minister on a previous question. The fact that the elderly residents of the Island who are in receipt of pension go on possibly to seek work because of the increase in the cost of living may be put off entering the workplace when they find that their pension is once again being calculated into their income, and once again receiving taxation. Is this human rights compliant, and would the Minister look into this issue to see whether or not it is debarring some people from re-entering the workplace or staying in the workplace because they suddenly find that money that they have paid tax on, and they are in receipt of as part of a pension, is suddenly being paid tax on again?

**Senator P.F. Routier:**

I can assure the Deputy that it is human rights compliant for the Income Tax Department to charge tax on all income, and it is an appropriate mechanism to carry forward with. I have no other comments.

**2.1.6 Deputy A.D. Lewis of St. John:**

The second part of the question that Senator Shenton asked the Minister was whether he was going to encourage his department to, or put policies in place that would encourage people to work to save harder while working. He did not answer that piece of the question, and I just wondered if you will continue to lend support to the Treasury Minister's current policy of allowing income tax relief on private pensions, and is that, in your mind, sacrosanct and will you continue to support the Treasury Minister on that front?

**Senator P.F. Routier:**

I tend to support the Treasury Minister on most things, but if it is felt appropriate for that to continue, certainly I do feel that is an appropriate mechanism. There is obviously, once Income Support has been included, there is a major piece of work which I will be carrying out with my department to look at other options with regard to savings for pensions, possibly secondary pensions and those sort of things. There is a major piece of work which will be carried out at a later stage.

**Deputy G.P. Southern:**

I would like to ask a point of procedure from you, Sir? My understanding was that priority was to be given in question time to those who were not members of the Executive. I just noticed there were lights flashing and one of the Assistant Ministers got to ask a fairly friendly question at that stage?

**The Deputy Bailiff:**

The ruling is that we certainly discourage Ministers asking questions of Ministers but we do not discriminate in any way against Assistant Ministers unless they are the Assistant Minister of the relevant Minister. In other words, on other areas they are free to ask such questions along with other Members.

**Deputy G.P. Southern:**

Thank you, Sir, I believe that is probably human rights complaint.