

APPROVED

**WRITTEN QUESTION TO THE CHIEF MINISTER
BY DEPUTY S.Y. MÉZEC OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 18TH APRIL 2017**

Question

With reference to the answers given by the Assistant Chief Minister to oral questions about relative low income at the sitting on 28th March 2017, does the Chief Minister stand by the claim made in Written Question 1(160) that relative low income is reducing in Jersey?

What assessment has the Chief Minister made of the effect of cuts to support for pensioners, single parents and those claiming Short or Long Term Incapacity Allowance on the number of such people entering relative low income?

Answer

Until we have another income distribution survey, we cannot be definitive about the impact of the complex interacting factors that influence and effect income distribution. The last survey was conducted in 2014/15, and we are working to bring forward the next survey.

It is the case that the number of individuals living in households in relative low income before housing costs was 16% in 2002; 13% in 2009/10; and 13% in 2014/15. However, headline rates before housing costs should not detract from the fact that, after housing costs in particular, the position deteriorated between 2009/10 and 2014/15 as our economy fared less well. In particular, employment earnings fell after the financial crisis; and low interest rates reduced mortgage costs for some while rents rose for others.

Our economy is now improving: Average earnings have risen by more than inflation for the last four years; unemployment was most recently reported as having fallen further and remains at a six year low; and economic growth took place of 5% in 2014 and a further 2.2% in 2015, more than double the forecast.

As to those at the lower end of the income distribution, benefit budgets we proposed by the Council of Ministers and approved by the Assembly, and as far as possible, changes were designed to support moves towards financial independence, to target benefits more carefully, and to minimise the impact on individual households. The Minister for Social Security has answered a similar question (208, 18th April, 2017) on this topic.

Indeed, the number of working age households in receipt of income support with no other income has reduced from 60% in 2011 to 49% in 2015; with this improvement mirrored in the number of children living in working age households in which no parent works, which reduced from 60% to 49% over the same period.

As to pensioners, the pension is directly linked to the level of earnings, so improvements in the economy and earnings does benefit pensioners, and most pensioners receiving income support at the end of 2015 have not been effected by the changes to the disregard rules.

In all this, while relative income is important, so is absolute income: In Jersey, median incomes are 50% higher than the United Kingdom, and while costs may be higher too, this is more than compensated by higher incomes.

This is not to say that there are not pressures and costs which bear down on incomes, or that Ministers do not wish to reduce relative low income, or improve standards of living.