

Summary report *A dignified existence: A social minimum that provides increasing prospects for self-reliance*

What do the residents of the public bodies of Bonaire, Sint Eustatius and Saba need as a minimum to make ends meet and participate with dignity in these parts of Dutch society? This is one of the central questions considered by the Caribbean Netherlands Social Minimum Commission (the Commission) in this report. In answering this question, the Commission gratefully made use of research conducted by Nibud. The research method used provides a robust picture of what different household types need and how much it will cost monthly and annually. Based on this, a minimum income can be determined. This income must be enough to meet basic needs so the people who receive it can make ends meet and participate in society with dignity.

The report explains in detail, and in this summary in broad terms, how the Commission went about answering this central question and what the result was. But before that, it is important to briefly discuss the Commission itself and the context of the social minimum in the public bodies of Bonaire, Sint Eustatius and Saba.

The reason, institution and composition of the Commission are shown in the first part of the report. Shortly after its establishment, the Commission oriented itself. It then sought information about the living conditions and social context in the public bodies. This provides a picture of the living situations of residents who had to survive on minimum incomes at the time of the study. The description of this can be found in the second part of the study.

This summary focuses on the fact that the residents of the public bodies are members of island communities that are very small to exceptionally small in size. These islands are located in the Caribbean Sea. Bonaire is approximately 7,800 kilometres away from The Hague and Sint Eustatius and Saba are approximately 7,000 kilometres away. The distance between the leeward island of Bonaire and the leeward islands of Sint Eustatius and Saba is approximately 800 kilometres. Due to the population size, we have a micro-economy (Bonaire) or even nano-economies (Sint Eustatius and Saba). This means that the residents of these parts of the Netherlands live in communities with very special economic circumstances compared to the European part of the Netherlands. Nevertheless, the Commission would like to emphatically emphasise that these islands are part of the country of the Netherlands, and that the responsible government is in The Hague. The Commission's starting point, therefore, is that the social minimum leads to the acceptable level of social security in the Netherlands. Section 20 of the Constitution, which stipulates that the social security of the population and the distribution of prosperity are matters of security concern, applies without clauses to these parts of the Netherlands. Once again we draw attention to Nibud, which also determines the minimum sample budgets for the other parts of the Netherlands. These form the basis for the new social minimum in the Netherlands.

In The Hague, policy has been formulated and implemented since 10 October 2010 to offer residents of the public bodies support in self-reliance. This is described in the second part of the report. This sets out what has been done so far, both by the central government and the various public bodies. It concludes with a brief analysis of the lessons we can learn from this policy. The study shows that many measures have been taken to increase or support purchasing power and disposable income. At the same time, it appears paradoxically that not all measures ensure the number of people living in poverty has decreased. There are lessons to be learned from this, which have been made visible thanks to the study. In principle, it appears the policy was based on a benchmark social minimum that was insufficient to close the gap between what is needed and what people have.

The third part of the report explains Nibud's study method. It also shows how the results have been used by the Commission as a basis for determining the social minimum per household type per public body. There is an important difference between Nibud and the Commission. Nibud makes ideal assumptions and the Commission bases itself on everyday reality when determining the social minimum. It focuses on the lives of people who have to survive on minimum incomes. The Commission is therefore seeking to join an instrument that has also been proposed by the Social Minimum Committee (for the European part of the Netherlands) chaired by Professor Godfried Engbersen. Namely, that a 6% resilience contribution or surcharge is required, on top of the minimum sample budget as calculated by Nibud. It is important to draw attention to a special feature: the Commission consciously chooses to present three standard scenarios, because the housing costs between the scenarios differ too much to be based on one standard. This way, the Commission aims to do justice to the diverse realities of residents in the Caribbean part of the Netherlands.

In addition to the advice on what the social minimum per household per public body should be, the Commission has been asked to provide advice on the system and effects of introducing the social minimum. The fourth part contains an outline of a system. The Commission takes the position that a single resident who has to survive on social assistance as a source of income, must reach the social minimum when income, supplements and provisions are added together. In addition, the Commission takes the position that work should pay off, and that the end result of someone who has to survive on the statutory minimum wage is higher (in a ratio of 1/0.85) than that of a person who has to survive on social assistance.

The Nibud study shows that in addition to a significant increase in income, supplements are and will remain urgently needed. This includes an energy allowance and allowances for water and telecommunications costs. The costs of housing and transport are also points of attention. The Commission recommends using or initiating social policy for this purpose. The high costs are related to the isolation, insular character and small scale of these communities. This means that by definition, suppliers of services have relatively high costs per inhabitant. They also have to deal with very special circumstances, such as a lack of sectoral bundling of supply and demand and other phenomena that can lead to benefits through economies of scale and market forces. Here, an opportunity for the social minimum system presents itself. The central government and

the local authorities of the public bodies can take measures to reduce costs without disrupting the market. There is support for both people on minimum incomes and other social parties, such as employers. Consider, for example, measures in which transport is designed as a utility. These are essential elements in the recommended increase of social assistance to the social minimum. The significant increase in social assistance to make the social minimum accessible to those who use it means the statutory minimum wage must also be increased significantly. The Commission therefore advises this, but at the same time and inextricably linked to accompanying policy to soften the shock effects in the local economies in the short term.

## **The Commission's advice at a glance**

### **Sufficient income**

- Increase social assistance and the minimum wage in the short term. Ensure a sufficient supply of social housing and introduce a system to reduce the rent on the private rented housing market for the tenant, as has been successfully done in Bonaire. Set up public transport on the islands and between the islands as a utility.
- Increase child benefit in the short term and introduce a child-related budget in the long term, especially with higher amounts for older children.
- Ensure that the energy allowance and other forms of support that are currently non-recurring are structurally offered to households that are financially close to the social minimum.
- Enshrine in law that the government will reassess the social minimum every four years and will request advice on this from a committee of experts. Ensure that the amounts in the minimum sample budgets are adjusted annually.
- Accept that labour market incentives may deteriorate in the event of a higher income for people on the social minimum.

### **A system that is feasible and fair**

- Set up a 'one-stop shop' function. Ensure that the schemes set up by the central government are sufficient for the majority of people on the social minimum. Centralise local schemes where possible and harmonise the conditions for other local schemes. Consider the energy allowance and the landlord subsidy. Improve coordination between policy & implementation and the public bodies.
- Offer and utilise space for tailor-made solutions to solve distressing cases for the public bodies. Guarantee the protected earnings level and prevent costs from rising in debt situations. Ensure that income support is better aligned with the times when households have to incur their expenses. Provide adequate debt assistance and training opportunities for effective budgeting.
- Strengthen the legal position of children if parents do not meet their maintenance obligations, including by arranging a statutory right to basic services (water and energy).
- Develop supporting and supplementary policies with regard to housing, transport, water, energy and communication. Ensure more social housing and protect low-income households against high energy expenditure and against an accumulation of costs.

Provide tailor-made solutions if system adjustments have not yet been implemented.  
Introduce interest rate-limiting measures to protect these households.

- Work on a more fundamental adjustment of the social minimum system to provide more adequacy, predictability and transparency. Apply four guiding principles: (1) focus on providing income protection and security in advance; (2) coordinate the efforts and responsibilities of all departments involved and provide political guidance to the process; (3) look beyond just financial efficiency; and (4) ensure that the preconditions for a system change are in order.