



Government of Bermuda

Ministry of Community, Culture and Sports

Amendments to the Financial Assistance Regulations 2015

MINISTERIAL STATEMENT

To the House of Assembly

By

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Minister of Community, Culture and Sports

June 19th 2015

Mr. Speaker, I take this opportunity to lay before this Honorable House, the Amendments to the Financial Assistance Regulations 2015.

Mr. Speaker, before addressing these Amendments to the Regulations, I consider that it is prudent to point out that these Amendments are subject to approval via the negative resolution process. As such, Mr. Speaker, Honorable Members of the House will be aware that I am not required to table these Amendments for debate. Instead, in the interests of transparency and access to information, I have elected to lay these Regulations before this Honorable House and have them shared in an open forum.

Mr. Speaker, The Department of Financial Assistance is an arm of the Ministry of Community, Culture and Sports and currently administers two programs: the Financial Assistance Programme, which includes Grant Administration and the Child Day Care Allowance Programme.

Mr. Speaker, The Department of Financial Assistance is mandated to ensure that all Bermudians have the financial and social means to gain, regain and maintain a minimum standard of living while encouraging personal and economic independence. The services also

encourage the development of personal skills, resources and to ultimately foster financial independence from receiving assistance.

Mr. Speaker, The Department provides income maintenance for Bermuda's neediest individuals and families and does so in the most effective and efficient manner. This continues to be achieved through the commitment and diligence of the staff of the Department of Financial Assistance.

Mr. Speaker, it is important to note here, that financial assistance is *not* an entitlement, but a privilege.

Mr. Speaker, statistics revealed that over the last fiscal year, approximately over 1,678 persons have been pre-screened through the Department as new applicants seeking a financial award. This averaged about 140 persons monthly, or approximately seven (7) people per day.

Mr. Speaker, there continued to be a sustained demand for overall financial assistance throughout the last fiscal year. During that period the total number of clients serviced fluctuated monthly; and the numbers ranged from a low of 2,462 persons, to a high of 2,727 persons.

Mr. Speaker, expenditure over the last two to three years has increased from \$9.7 million per quarter in the first quarter of 2012-13 to over \$12 million in quarter 4 of this last fiscal year. This remains unsustainable.

Mr. Speaker, the actual spending and numbers of persons in receipt of financial awards for the last ten (10) year period, has progressed as follows:

Fiscal Year	Actual Budget	Average# of Clients
2005-06	\$16,150	679
2006-07	\$17,774	800
2007-08	\$18,403	1100
2008-09	\$24,496	1363
2009-10	\$33,013	1498
2010-11	\$37,375	1576
2011-12	\$38,681	1652

2012-13	\$43,086	2217
2013-14	\$49,500	2680
2014-15	\$52,548	2727

Mr. Speaker, in essence over the last ten (10) years, the actual budget has increased over 300% and the number of recipients has increased by almost 400%.

Mr. Speaker, Financial assistance clients are divided into four categories as follows: able-bodied unemployed; persons who are employed, but receive low earnings; the disabled and our seniors' population.

Mr. Speaker, payout per category, as at the end of May 2015, was as follows:

Category	Approximate # of persons receiving	Amount of Payout (Monthly)
Able-bodied unemployed	567	\$ 808,144
Disabled	797	\$1,343,716
Earnings Low	442	\$ 423,058
Pensioners/Seniors	859	\$1,791 ,377
TOTAL MONTHLY PAYOUT	2665	\$4,366,295

Mr. Speaker, you will notice that the highest payouts are paid for persons who are either *pensioners/seniors* or *disabled*; persons who are more vulnerable. Such persons are also the largest numbers of our overall client base. Once clients either age into the seniors' category or are approved as new clients in this category, they tend to stay on for life. Persons in the disabled category may be clients as a result of mental or physical disabilities; which could also be short or long term.

Mr. Speaker, it is important to note here, that the other two categories of *able-bodied unemployed* and *earnings low persons* have more than doubled over the last 2-4 years. This equates to a payout of over \$1.2 to \$1.5 million, monthly. In some cases persons in these

categories, especially those able-bodied and unemployed have been on assistance for many years.

Mr. Speaker, the Department's Financial Assistance Programme, operates under the Financial Assistance Act 2001 and Financial Assistance Regulations 2004 and subsequent amendments made in 2004, 2008, 2011, 2012, 2013 and 2014. The most recent amendments affecting the Financial Assistance Act 2001, the Financial Assistance Regulations 2004, were made in 2013 and 2014 with a view to revamping current criteria and to impose additional conditions, in order to increase client responsibility and accountability and to stay within the desired budgetary constraints.

Mr. Speaker, notably, these changes included amendments to the Financial Assistance Act 2001 and the Financial Assistance Regulations 2004 to make it *mandatory* for:

- financial assistance clients, who are otherwise eligible to receive benefits, to undertake specific life skills courses such as money management courses and parenting skills courses;
- amendments to the Financial Assistance Act 2001 to make community service a condition of compliance for unemployed, able-bodied clients;
- amendments to the Financial Assistance Act 2001 to mandate that persons with substance use/abuse issues undergo assessment through the Bermuda Assessment and Referral Centre (BARC) and treatment, if recommended;
- amendments to the Financial Assistance Regulations 2004 to only pay rental amounts required for the individual/families needs;
- amendments to the Financial Assistance Regulations to allow seniors, who are homeowners, with only one property, to apply for assistance;
- amendments to the Financial Assistance Regulations 2004 to amend the Schedule Table of Allowable Expenses - lowering the payouts for rents but still within the 'rental band' with the office of the Rent Commissioner.

Mr. Speaker, while the aforementioned amendments have been implemented and monitored over the last year and for the most part, benefiting our client base, additional amendments were

made to further extend and increase client responsibility and accountability while they remain in receipt of financial awards from government.

Mr. Speaker, the following amendments will be enacted and include:

- an amendment to the Financial Assistance Regulations 2004, that for the first time, establishes time limits for able-bodied recipients to be in receipt of assistance on a sliding fee scale. These time limits are comparable to other jurisdictions and specify that:
 - Payment of an award to an able-bodied recipient shall be limited to:
 - a maximum period of *five (5) years*, whether that period is continuous; or a period made up of two or more awards.
 - Payment of an award to an able-bodied recipient shall be paid at:
 - the full eligible amount for a maximum period of one year *only*,
 - and during each of the remaining four years (continuous or aggregate) at a reduced rate of 10% of the full amount they are eligible to receive, i.e.,
 - ❖ during the second year, at 90o/o of the full amount;
 - ❖ during the third year, at 80o/o of the full amount;
 - ❖ during the fourth year, at 70o/o of the full amount; and
 - ❖ during the final year, at 60% of the full amount.
- an amendment to the Financial Assistance Regulations 2004 that may require a second medical opinion;
 - In order to investigate and verify statements of a medical nature relating to an application by a person who has been in receipt of an award for a period in excess of three months, the Director may refer the applicant's case to the Chief Medical Officer, or a doctor nominated by the Chief Medical Officer, for review.
- an amendment the Financial Assistance Regulations Act 2004 requiring single parents to attempt to secure court ordered child support payments, if they are not already in receipt

of court ordered child support payments or if they are not already receiving voluntary child support payments, *prior* to being approved for a financial award.

- Where the applicant is a single, separated or divorced parent with one or more dependent children, the applicant must indicate what steps have been taken to apply to the court for an order in relation to the dependent children under whichever one or more of the following enactments apply:
 - Part IV B of the Children Act 1998 (order for support);
 - Part IV of the Matrimonial Causes Act 1974 (financial provision for child of family);
 - section 3(1) (g) of the Matrimonial Proceedings (Magistrates 'Courts) Act 1974 (maintenance of a child of the family);
 - section 12(2) of the Minors Act 1950 (maintenance of a minor);
 - sections 2 and 3 of the Maintenance Orders (Reciprocal Enforcement) Act 1974 (transmission of maintenance orders and provisional maintenance orders)

Mr. Speaker, you will note that these amendments do not impact the level of care or service to our most vulnerable populations, but rather are encouraging our younger able-bodied population to be more self sufficient and reliant.

Mr. Speaker, these Amendments are to commence and come into operation on the 1st day of July, 2015.

Thank You.