

# A dignified existence

A minimum income standard that  
raises prospects for self-reliance

**MINIMUM INCOME  
STANDARD  
COMMITTEE  
OF THE  
CARIBBEAN  
NETHERLANDS**







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# Foreword

The report *A dignified existence: A minimum income standard that raises prospects for self-reliance* is the product of a short and intensive period of study and reflection by the Minimum Income Standard Committee of the Caribbean Netherlands. The study highlights the minimum income standard required for the public bodies of Bonaire, Sint Eustatius and Saba.

With this report, the Committee wishes to contribute to realising a dignified existence for households in the public bodies of Bonaire, Sint Eustatius and Saba. It has emerged that people are still not sufficiently able to be self-reliant there. Households that – when this report is published – still have to make ends meet with fewer resources than the minimum income standard set out in this report are living in conditions unworthy of the Netherlands.

The Committee strongly emphasises that setting the minimum income standard described in this report can no longer be delayed. Any more delay means accepting that some of the Netherlands' residents are living an undignified existence. It is therefore our hope that this report will soon be translated into decisions, regulations and policies that remove the perceived unworthiness.

The Caribbean Netherlands minimum income standard Committee was established on 1 March 2023. It consisted of Gerald Berkel, Paul Comenencia, Burney el Hage, Alida Heilbron, Cynthia Ortega Martijn, Willemijn Roozendaal, Arjan Vliegenthart and chairperson Glenn Thodé. The Committee was excellently assisted by the secretariat consisting of Aldrik in 't Hout, Felipe Leenaers, Valérie Plasmans and Maduvi Tikai. The secretariat also facilitated the Committee's contact with different ministries involved in the Caribbean part of the Netherlands.

Nibud researched what households in each of the public bodies need as a minimum to make ends meet and participate. With Marcel Warnaar in particular, the committee has exchanged views on this several times. Research firms SEO Economic Research, particularly Daniël van Vuuren, and Economic Bureau Amsterdam, particularly Koert van Buuren, assisted the Committee in reasoning and calculating the effects of both the previously established benchmark minimum income standard and the level of the minimum income standard proposed in this report. A deficient data landscape and the lack of a validated economic model for the three public bodies, both jointly and separately, did not make the researchers' work any easier. The Committee is very grateful to them for their achievements under these difficult circumstances.

We thank all the individuals and agencies who spoke with us during the research phase, informed us of the living conditions of households currently experiencing insufficient self-sufficiency, and all those who otherwise assisted us in producing this report.

On behalf of the Minimum Income Standard Committee of the Caribbean Netherlands,

Glenn Thodé

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# Reading guide

This report sets out how the Committee went about answering the central questions and the results of the mandate given to it at its inception. The reason, establishment and composition of the Committee are given in the first part of the report. That is followed by an account of what the Committee established during the survey on the living situations of residents of the Caribbean part of the Netherlands. This is described in the second part of the study. This section also describes the developments and measures introduced and implemented since 10 October 2010 to provide self-reliance support to residents of public bodies.

The third part of the report explains Nibud's research methodology. It also shows how the Committee used its results as a basis to set the minimum income standard by household type for each public body. Readers will also find a detailed explanation of using the minimum-sample budgets to determine the minimum income standard. This is at the heart of the central question: what do households need to make minimum ends meet and participate with dignity in the community?

Besides advising on the minimum income standard per household per public body, the Committee was asked to advise on the systematics and effects of introducing the minimum income standard. In the fourth section, besides a representation of the level of the minimum income standard, an outline of the systematic follows. Here, it takes the view that a single resident living on welfare as a source of income must reach the minimum income standard when income, supplements to it and provisions are added together. The Committee also takes the view that work must pay, and that the final result of someone living on the statutory minimum wage is higher (in a ratio of 1/0.85) than that of the person living on welfare.

The Committee ends its report with a conclusion setting out the most important findings. The Committee hopes that this report will facilitate an important step towards reducing poverty in the public bodies of Bonaire, St Eustatius and Saba. The Committee is convinced that a realistic level of the minimum income standard has been given in the report. This minimum reflects the actual circumstances in which household members surveyed live. The introduction and proper implementation of the proposed system can give perspective to households currently living in poverty. That then allows them to reach a dignified level of self-reliance. The Committee warmly commends this.

# Summary

This summary provides readers with a concise account of the key message of the report of the Minimum Income Standard Committee of the Caribbean Netherlands (the Committee). For the details that led to the key message, reference is made to the report and the attached reports of the surveys conducted by Nibud and SEO Economic Research and EBA.

The Minimum Income Standard Committee of the Caribbean Netherlands has faced a notable challenge because of two special factors: the short time span (seven months) in which it had to produce this report and the lack or absence of data and models with which to carry out calculations in the short term to support the search for answers to the research questions.

Briefly, the first research question was to determine what various household types in the three public bodies in the Caribbean part of the Netherlands need to make ends meet and participate in society. The Committee was also asked to shed light on a system to ensure that various household types can get what they need and what effect that system has or could have. The exact wording can be found in the establishing decree.<sup>1</sup>

Due to the short time span and complexity of the questions, there was not enough time to conduct lengthy surveys and analyses. Nevertheless, by visiting each of the public bodies, speaking to many individuals and organisations and 'mining' primary sources, a good foundation was laid for the analyses that led to the analyses and conclusions of this report. The Committee also made grateful use of the research results provided by Nibud, SEO Economic Research and EBA. These organisations collected data and made it available in a manageable way for the Committee with the best available data to answer the research questions. The research reports by Nibud and SEO Economic Research and EBA form part of this report. We have also gratefully drawn on the work of the Committee on the minimum income standard (European Netherlands) chaired by Prof. Godfried Engbersen.<sup>2</sup>

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1 Incorporated as Annex 1.

2 Minimum Income Standard Committee (2023). A secure existence. Report I and II

The Committee advocates two approaches that need to be elaborated in a number of measures to effectively address poverty among households living on welfare, AOV or the statutory minimum wage. One approach is short-term and the other is a (slightly) longer-term approach.

For the short-term approach, as shown below, the Committee recommends introducing a minimum income standard for each household type equal to the minimum income standard set by the Committee for each household type as soon as possible.

The Committee further recommends that single-person households living on welfare or AOV (disability benefits) be provided with an immediate sum of income and supplementary support to provide these households with a total package of resources equal to the minimum income standard applicable to their household type.

For the situation where these types of households have to make ends meet on the statutory minimum wage, the Committee recommends that the sum of the statutory minimum wage with additional support should be raised to a level that, in relation to the total sum for a welfare recipient, stands as 1: 0.85. Since the Committee also believes that "work should be in proportion to pay", a substantial increase in the statutory minimum wage is needed in the short term. This should be simultaneously and inseparably accompanied by a measure compensating for higher employer charges.

## **Core aspects of the minimum income standard: security of existence and distribution of wealth in the Netherlands**

In this report, the Committee briefly discusses key aspects relevant to its reflections on the minimum income standard. In keeping with the Decree establishing the Committee, it was to indicate what citizens of the Netherlands in the public bodies of Bonaire, Sint Eustatius and Saba really need to make ends meet and participate in Dutch society. After all, the public bodies are part of the Netherlands. The remoteness and isolation of the islands of Bonaire, Sint Eustatius and Saba and their distance from The Hague do not take away from the fact that the Constitution and the equality rules, anti-discrimination provisions and fundamental social rights set out therein apply in full to the residents of these parts of the Netherlands administered as public bodies. The Netherlands Institute for Human Rights pointed this out earlier. Its report looks at making these rights effective for residents of these parts of the Netherlands.

By setting what residents of the Caribbean part of the Netherlands actually need as a minimum to make ends meet and participate in society, the Committee indicates the level of the minimum income standard. This minimum income standard functions as a fundamental starting point in determining poverty policy. This contributes to combating poverty on an equal footing with residents of the European part of the Netherlands. The total elimination of poverty has not yet been achieved in any country in the world. Nevertheless, a responsibility rests with the wider community, the collective of all residents of our country, to assist persons in poverty to be dignified members of and participate in society and to have prospects of moving out of poverty. The part of the Netherlands where the resident's household is located should not be a ground to assert that the household needs less or more to make ends meet and participate. The Committee wants readers of its report to be aware of this and therefore advocates in this report for equal treatment regardless of geographical location within the Netherlands.

This report is based on what people actually need as a minimum to lead a dignified existence and participate in Dutch society. A lesser commitment leads to the conscious or unconscious abandonment or even exclusion of persons from that participation. Living a dignified existence is equally important for every person living in the Netherlands. How well you can make minimum ends meet should not depend on your geographical place of residence within the Netherlands. This should also be the basic attitude of the Dutch government. From this perspective, the government should care about people in the Caribbean part of the Netherlands as much as in the European part of the Netherlands. And this basic attitude should be present in the foundation of all government policies and regulations. Equality is a requirement for this. The current barriers to effectuating and exercising classic and social fundamental rights that still interfere with equality between the European and Caribbean parts of the Netherlands should be removed.

Equality in the effectuation and exercise of basic classical and social rights arising from the Dutch Constitution means that citizens in the Caribbean part of the Netherlands do not feel that they are treated as second-class citizens.<sup>3</sup> If that is the case, the first article of the Constitution is not being experienced by this part of the community. In principle, this is the case when the debate around the social safety net in Dutch society forgets the Caribbean parts of the Netherlands, and is held only for the European part of the Netherlands.

## The face of socioeconomic security in the Caribbean part of the Netherlands in 2023

The situation at the beginning of the study, in March 2023, is as follows. There is widespread poverty in the Caribbean Netherlands that barely decreases despite measures from the central government and public bodies. Socioeconomic developments on Bonaire, St Eustatius and Saba show a (partly) paradoxical picture. The welfare levels and purchasing power have risen. At the same time, the development of disposable incomes of different groups has fallen behind; there is no improvement in income distribution, and there has been little or no reduction in widespread poverty. It is clear that not everyone is reached by the measures already taken or that the measures do not yet sufficiently eliminate poverty-causing conditions. There could be several reasons for this, including limited use of available schemes and poverty among households and individuals that are (partly) outside the scope of the policy instruments deployed, such as (part-time) workers earning above the statutory minimum wage level and the self-employed.

Higher welfare can help against poverty, but higher welfare assistance alone does not prove adequate in practice. Effectiveness may be limited by non-utilisation and the complexities of how the assistance affects how different types of households make ends meet (e.g. due to high housing costs or incidental care costs). Non-use is caused by feelings of shame, lack of information and overly complicated procedures, among other things. Nor is a higher statutory minimum wage alone sufficient to reduce poverty. The poorest households are often not dependent on an income at the statutory minimum wage level, but are below it because they are not declaring some or all of their work. Maintaining the effective payment of the minimum wage is necessary to ensure that everyone who works is paid decently. Using the minimum sample budgets set by Nibud, the Committee finds in this report that households dependent on the current statutory minimum wage do not have enough disposable income to make ends meet. A higher statutory minimum wage is needed but, as a side effect, it could lead to price increases, especially in the hospitality and trade sectors (including retail), causing some of the buying power to drain.

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<sup>3</sup> See, in particular, article 20 of the Constitution, which states that the security of the population's existence and the spread of prosperity are the government's concern, that the law lays down rules regarding entitlements to social security and that Dutch nationals here in the countries that cannot provide for themselves have a right to government assistance, to be regulated by law.

The already high cost of living has several causes: small scale, lack of competition, inefficiencies in product supply, suboptimal trade and fiscal relations with surrounding islands, etc. These problems cannot (all) be solved by increasing the minimum income standard and continuing and expanding current flanking policies. A number of causes require a fundamental approach that sees Bonaire, Sint Eustatius and Saba as more part of the Netherlands and the (Caribbean part of the) Kingdom. Key areas in this are energy, telecommunications, taxation, competition policy, trade, and sea and air transport, where substantial economies of scale could potentially be realised with other ordinances contributing to lowering the cost of living.

A variety of temporary subsidies and concessions have been granted on the islands by the central government for many years. While the reduced costs are welcome for low-income households, these measures remain temporary and uncertain in the long term. Uncertainty about whether a measure will continue the following year creates stress and distrust in the measure. This stands in the way of major or significant but necessary adjustments, such as renting a more spacious house where parents and children sleep separately. In addition, citizens often cannot find their way through the multitude of temporary measures, resulting in high non-use. Therefore, the Committee advocates reducing one-off measures and promoting structural measures so that citizens have a predictable financial situation and long-term effects are visible.

Cooperation between the Public bodies, the State and other organisations is essential to achieve results for the inhabitants of the Caribbean Netherlands. The Spies Committee noted back in 2015 that results are lacking or limited when it comes to tasks that are partly the responsibility of the island government and partly that of the central government and therefore require close cooperation. Even where several ministries have joint or shared responsibility, performance appears inadequate. Efforts by different actors are often insufficiently coordinated; an integrated approach is needed, both in The Hague and on the islands. Also, Bonaire, St Eustatius and Saba do not (yet) always have sufficient financial resources, implementation power and appropriate instruments to fulfil their responsibilities.

The evaluation by the Spies Committee (2015) made it clear that, since 2010, tasks for which only one government organisation is responsible have fared relatively well, both island-wide and at the central government level. For the tasks where several authorities are in charge, it has been found that progress has often been limited. Tackling poverty is a good example where many different parties bear responsibility

"The international comparison shows that in several countries, the benefits system has been made easier for recipients by harmonising application processes and awarding automatically for people on low incomes where possible. Benefits can be further simplified by making implementing agencies work better with each other, for example, by better exchanging data to register and process changes in living situations automatically as much as possible."<sup>4</sup>

Automatic allocation and direct funding combined with the one-stop-shop function are aspects the Committee would like to see returned to Bonaire, St Eustatius and Saba. This reflects the government's confident approach to citizens. It also means that the government does not pass on the complexity of regulation to the citizen but takes care of this complexity in the back office. This makes government more reliable and predictable in the eyes of citizens. This is in line with the Association of Netherlands Municipalities (VNG)'s position in their essay on ensuring socioeconomic security: "As governments, we know we have treated residents with distrust over the past decades. In legislation and implementation, we adapt human images based on trust in people and act from compassion. To do this well, we ensure human contact with the government is possible. Residents do not have to apply for what they are entitled to, but the government will grant it in advance."<sup>5</sup>

## The minimum income standard: necessary expenses

Despite data scarcity and thanks to the research by NIBUD, SEO, EBA and its own explorations in the Caribbean part of the Netherlands, the Committee has been able to establish what is needed by a number of household types in the public bodies of Bonaire, Sint Eustatius and Saba to make ends meet and participate in social life as dignified members of the community. This is what the committee will refer to as the minimum income standard. As a basis for this, the committee adopted NIBUD's minimum sample budget by household type. These have been compiled and budgeted using NIBUD's tried-and-tested ratio-neutral and factual method. Because of the methodology used, the amounts in the minimum sample budgets are the absolute minimum set for each household type.

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<sup>4</sup> Minimum Income Standard Committee (2023). A secure existence, p. 197.

<sup>5</sup> VNG (2023). Socioeconomic security as a promise towards a local socioeconomic security agenda. This is also the spirit in which things are done in Flanders, where certain packages of measures are granted automatically if a person is found eligible after applying for one of the measures. See SEO 2023, Descriptive analysis for five European countries. Research for the Engbersen Committee.

The previous section outlines how Nibud has shown what a dozen households need as an absolute minimum to make ends meet and participate in society. As indicated, the Committee believes that this is still insufficient as a basis to speak of a minimum income standard: an amount that is so low that it is too low if anything goes wrong and does not provide a household with socioeconomic security.<sup>6</sup> In every household, something goes wrong regularly. Financial socioeconomic insecurity is a concern if there is not even the tiniest buffer against this. The Committee therefore concurs with the advice of the Minimum Income Standard Committee (European Netherlands)<sup>7</sup> to base a minimum income standard on the absolute minimum as shown by Nibud in the minimum sample budgets for different households with a 6% addition to absorb the cost of setbacks and thus experience some breathing space with all the benefits.

**As for the systematics on the expenditure side, this outlines the fundamentals of the minimum income standard system: for each household type, the minimum income standard is the amount of the minimum sample budget plus 6%.**

### Frequent updating of the minimum income standard

Besides formulating a solid foundation, it is also important for the Committee to propose a dynamic or agile system. This is necessary to address changing circumstances that may render the minimum income standard inadequate. Keeping the minimum income standard up to date requires an annual update of the amounts in the sample budgets. Both to accommodate general developments in the price level of necessary products and services, and also to do justice to the government efforts called for by the Committee in this report to bring down the cost of a number of items. The Committee therefore wants the minimum income standard to no longer anticipate cost savings yet to be realised, but strongly advises the government to incorporate cost savings into the minimum income standard after realisation. This also makes sense because it does justice to the effects those savings have on the minimum sample budgets for individual types of households. It is also good to periodically reassess the composition of the minimum sample budgets. This involves determining the cost of necessary products and services and reviewing which products and services are necessary to what extent for different households. It agrees with the advice of the minimum income standard Committee (European Netherlands) to do this once every four years.<sup>8</sup>

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<sup>6</sup> Minimum Income Standard Committee (2023). A secure existence. Report I, p. 79.

<sup>7</sup> Minimum Income Standard Committee (2023). A secure existence. Report I, p. 81ff.

<sup>8</sup> Minimum Income Standard Committee (2023). A secure existence. Report II, p. 18.

## **Government should provide socioeconomic security**

The Committee is of the view that now that the level of the minimum income standard for the Caribbean Netherlands can be set for different household types, it is the government's constitutional duty to ensure a social security system that provides the inhabitants of the Caribbean Netherlands with socioeconomic security and allows them to share in the country's prosperity. According to the Committee, there can be no misunderstanding that socioeconomic security can only be said to exist when that social security system guarantees members of the various households in the Caribbean Netherlands that they can have an income that is at least at the level of the minimum income standard, as it should be for that household in the Committee's view. The Committee thus examined whether the state guarantees households in the Caribbean Netherlands an adequate income.

The Committee finds that the current legal arrangements in the Caribbean Netherlands do not provide sufficient socioeconomic security for households. For only a few surveyed households, there are provisions that only in the most favourable scenarios ensure an adequate income against the cost of the necessary products and services the household needs to make ends meet and participate in society.

None of the households living on welfare currently receive an adequate income; that is, an income at least equal to the amount of the minimum income standard recommended by the Committee. Of the households making ends meet on AOV, in Bonaire, Sint Eustatius and Saba, only couples living in rented accommodation with a landlord subsidy receive a (just) adequate income if they both receive full AOV disability benefits. The likelihood of that situation arising is not that high, as less than half of that group is statistically likely to claim full AOV.

In addition to poverty among households with income from welfare and AOV, the largest group living in poverty in the Caribbean Netherlands appears to be the working poor. This makes it essential to check the adequacy of the income from the statutory minimum wage. The adequacy of the income of households living on the statutory minimum wage has been looked at in two ways. First, a comparison was made of the difference between, on the one hand, the income that households can currently accumulate if each of the adult members of the household works full-time at the current level of the statutory minimum wage and, on the other, the amount of the minimum income standard recommended by the Committee for the household in question. This takes into account a 10% own contribution to the rent costs (in accordance with the lowest step in the rent/income table applied on Bonaire for the landlord subsidy) on the level of income being compared here.

This yields the following table:

**Table S.1 Test of adequacy Saba (without work paying).**

	Welfare Single (AS)				Welfare Couple			
	man	woman	woman	woman	couple	couple	couple	3 adults.
Number of adults	1	1	1	1	2	2	2	3
Number of children	0	0	1	2	0	1	2	0
<b>Income from employment and national schemes</b>								
Income from work	1,434	1,434	1,434	1,434	2,868	2,868	2,868	4,302
Child benefit	0	0	129	258	0	129	258	0
<b>Total income</b>	<b>1,434</b>	<b>1,434</b>	<b>1,563</b>	<b>1,692</b>	<b>2,868</b>	<b>2,997</b>	<b>3,126</b>	<b>4,302</b>
<b>Expenditure</b>								
Total expenditure Nibud budget scenario 1*	1,830	1,852	2,477	3,126	2,571	3,185	4,006	3,723
Total expenditure Nibud budget scenario 2a*	2,054	2,076	2,962	3,984	2,783	3,632	4,656	3,903
Total expenditure Nibud budget scenario 2b*	2,254	2,276	3,462	4,784	2,983	4,132	5,456	4,403
6% addition scenario 1	110	111	149	188	154	191	240	223
6% addition scenario 2a	123	125	178	239	167	218	279	234
6% addition scenario 2b	135	137	208	287	179	248	327	264
Level of the minimum income standard scenario 1	1,940	1,963	2,626	3,314	2,725	3,376	4,246	3,946
Level of the minimum income standard scenario 2a	2,177	2,201	3,140	4,223	2,950	3,850	4,935	4,137
Level of the minimum income standard scenario 2b	2,389	2,413	3,670	5,071	3,162	4,380	5,783	4,667
<b>Balance per month scenario 1</b>	<b>-506</b>	<b>-529</b>	<b>-1,063</b>	<b>-1,622</b>	<b>143</b>	<b>-379</b>	<b>-1,120</b>	<b>356</b>
<b>Balance per month scenario 2a</b>	<b>-743</b>	<b>-767</b>	<b>-1,577</b>	<b>-2,531</b>	<b>-82</b>	<b>-853</b>	<b>-1,809</b>	<b>165</b>
<b>Balance per month scenario 2b</b>	<b>-955</b>	<b>-979</b>	<b>-2,107</b>	<b>-3,379</b>	<b>-294</b>	<b>-1,383</b>	<b>-2,657</b>	<b>-365</b>
Balance per month, in % income from work and national schemes scenario 1	-35%	-37%	-68%	-96%	5%	-13%	-36%	8%
Balance per month, in % income from employment and national schemes scenario 2a	-52%	-53%	-101%	-150%	-3%	-28%	-58%	4%
Balance per month, in % income from employment and national schemes scenario 2b	-67%	-68%	-135%	-200%	-10%	-46%	-85%	-8%

\* Without energy allowance

\*\* Without purchasing power measures

**Table S.2** Test of adequacy St Eustatius (without it paying to work)

	Welfare Single (AS)				Welfare Couple			
	man	woman	woman	woman	couple	couple	couple	3 adults.
Number of adults	1	1	1	1	2	2	2	3
Number of children	0	0	1	2	0	1	2	0
<b>Income from employment and national schemes</b>								
Income from work	1,446	1,446	1,446	1,446	2,892	2,892	2,892	4,338
Child benefit	0	0	131	262	0	131	262	0
<b>Total income</b>	<b>1,446</b>	<b>1,446</b>	<b>1,577</b>	<b>1,708</b>	<b>2,892</b>	<b>3,023</b>	<b>3,154</b>	<b>4,338</b>
<b>Expenditure</b>								
Total expenditure Nibud budget scenario 1*	1,673	1,679	2,216	2,754	2,853	3,518	4,191	3,697
Total expenditure Nibud budget scenario 2a*	2,207	2,213	2,908	3,406	2,852	3,518	4,190	3,697
Total expenditure Nibud budget scenario 2b*	2,407	2,413	3,108	3,606	3,052	3,718	4,390	3,897
6% addition scenario 1	100	101	133	165	171	211	251	222
6% addition scenario 2a	132	133	174	204	171	211	251	222
6% addition scenario 2b	144	145	186	216	183	223	263	234
Level of the minimum income standard scenario 1	1,773	1,780	2,349	2,919	3,024	3,729	4,442	3,919
Level of the minimum income standard scenario 2a	2,339	2,346	3,082	3,610	3,023	3,729	4,441	3,919
Level of the minimum income standard scenario 2b	2,551	2,558	3,294	3,822	3,235	3,941	4,653	4,131
<b>Balance per month scenario 1</b>	<b>-327</b>	<b>-334</b>	<b>-772</b>	<b>-1,211</b>	<b>-132</b>	<b>-706</b>	<b>-1,288</b>	<b>419</b>
<b>Balance per month scenario 2a</b>	<b>-893</b>	<b>-900</b>	<b>-1,505</b>	<b>-1,902</b>	<b>-131</b>	<b>-706</b>	<b>-1,287</b>	<b>419</b>
<b>Balance per month scenario 2b</b>	<b>-1,105</b>	<b>-1,112</b>	<b>-1,717</b>	<b>-2,114</b>	<b>-343</b>	<b>-918</b>	<b>-1,499</b>	<b>207</b>
Balance per month, in % income from work and national schemes scenario 1	-23%	-23%	-49%	-71%	-5%	-23%	-41%	10%
Balance per month, in % income from employment and national schemes scenario 2a	-62%	-62%	-95%	-111%	-5%	-23%	-41%	10%
Balance per month, in % income from employment and national schemes scenario 2b	-76%	-77%	-109%	-124%	-12%	-30%	-48%	5%

\* Without energy allowance

\*\* Without purchasing power measures

**Table S.3 Test of adequacy Bonaire (without work paying).**

	Welfare Single (AS)				Welfare Couple			
	man	woman	woman	woman	couple	couple	couple	3 adults
Number of adults	1	1	1	1	2	2	2	3
Number of children	0	0	1	2	0	1	2	0
<b>Income from employment and national schemes</b>								
Income from work	1,236	1,236	1,236	1,236	2,472	2,472	2,472	3,708
Child benefit	0	0	131	262	0	131	262	0
<b>Total income</b>	<b>1,236</b>	<b>1,236</b>	<b>1,367</b>	<b>1,498</b>	<b>2,472</b>	<b>2,603</b>	<b>2,734</b>	<b>3,708</b>
<b>Expenditure</b>								
Total expenditure Nibud budget scenario 1*	1,451	1,452	1,907	2,461	2,330	2,771	3,319	3,397
Total expenditure Nibud budget scenario 2a*	1,451	1,452	2,774	3,624	2,656	3,293	4,139	3,752
Total expenditure Nibud budget scenario 2b*	2,127	2,128	2,774	3,624	2,656	3,293	4,139	3,752
6% addition scenario 1	87	87	114	148	140	166	199	204
6% addition scenario 2a	87	87	166	217	159	198	248	225
6% addition scenario 2b	128	128	166	217	159	198	248	225
Level of the minimum income standard scenario 1	1,538	1,539	2,021	2,609	2,469	2,937	3,518	3,601
Level of the minimum income standard scenario 2a	1,538	1,539	2,940	3,841	2,815	3,491	4,387	3,977
Level of the minimum income standard scenario 2b	2,255	2,256	2,940	3,841	2,815	3,491	4,387	3,977
<b>Balance per month scenario 1</b>	<b>-302</b>	<b>-303</b>	<b>-654</b>	<b>-1,111</b>	<b>3</b>	<b>-334</b>	<b>-784</b>	<b>107</b>
<b>Balance per month scenario 2a</b>	<b>-302</b>	<b>-303</b>	<b>-1,573</b>	<b>-2,343</b>	<b>-343</b>	<b>-888</b>	<b>-1,653</b>	<b>-269</b>
<b>Balance per month scenario 2b</b>	<b>-1,019</b>	<b>-1,020</b>	<b>-1,573</b>	<b>-2,343</b>	<b>-343</b>	<b>-888</b>	<b>-1,653</b>	<b>-269</b>
Balance per month, in % income from work and national schemes scenario 1	-24%	-25%	-48%	-74%	0%	-13%	-29%	3%
Balance per month, in % income from employment and national schemes scenario 2a	-24%	-25%	-115%	-156%	-14%	-34%	-60%	-7%
Balance per month, in % income from employment and national schemes scenario 2b	-82%	-82%	-115%	-156%	-14%	-34%	-60%	-7%

\* Without energy allowance

\*\* Without purchasing power measures

Of the households that have to make ends meet on one or more incomes at the statutory minimum wage level, only those with several adults manage to make ends meet. In Bonaire, only the couple without children and the multi-person household succeed if the households concerned live in a public-sector rented home with landlord subsidy. Thus, each household member earns a full income at statutory minimum pay level. Only the multi-person household can make ends meet on St Eustatius in all three rental scenarios. On Saba, only the multi-person household can make ends meet, and that is the "public-sector rental" and "low private rent" rental scenarios. On multiperson households, it is worth noting that in practice the members of such households often live together because they cannot make ends meet otherwise.

Through this test, the report thus shows which households whose adult members are fully employed at the current legal minimum wage can make ends meet at the minimum income standard level. For those households unable to do so, the distance between the current income at statutory minimum wage level and the recommended minimum income standard for the household in question has been made visible.

However, where the Committee considers that "work must pay", it is more relevant to look at the difference between current income at statutory minimum wage level and 1/0.85 times the recommended minimum income standard for the household type in question, as that is the standard the Committee recommends as income at statutory minimum wage level. Otherwise, the test performed is similar to the one before.

This yields the following table:

**Table S.4 Testing adequacy Saba (with work paying).**

	Welfare Single (AS)				Welfare Couple			
	man	woman	woman	woman	couple	couple	couple	3 adults
Number of adults	1	1	1	1	2	2	2	3
Number of children	0	0	1	2	0	1	2	0
<b>Income from employment and national schemes</b>								
Income from work	1,434	1,434	1,434	1,434	2,868	2,868	2,868	4,302
Child benefit	0	0	129	258	0	129	258	0
<b>Total income</b>	<b>1,434</b>	<b>1,434</b>	<b>1,563</b>	<b>1,692</b>	<b>2,868</b>	<b>2,997</b>	<b>3,126</b>	<b>4,302</b>
<b>Expenditure</b>								
Total expenditure Nibud budget scenario 1*	1,830	1,852	2,477	3,126	2,571	3,185	4,006	3,723
Total expenditure Nibud budget scenario 2a*	2,054	2,076	2,962	3,984	2,783	3,632	4,656	3,903
Total expenditure Nibud budget scenario 2b*	2,254	2,276	3,462	4,784	2,983	4,132	5,456	4,403
6% addition scenario 1	110	111	149	188	154	191	240	223
6% addition scenario 2a	123	125	178	239	167	218	279	234
6% addition scenario 2b	135	137	208	287	179	248	327	264
Level of the minimum income standard scenario 1	2,282	2,310	3,089	3,898	3,206	3,972	4,996	4,643
Level of the minimum income standard scenario 2a	2,561	2,589	3,694	4,968	3,471	4,529	5,806	4,867
Level of the minimum income standard scenario 2b	2,811	2,838	4,317	5,966	3,720	5,153	6,804	5,491
<b>Balance per month scenario 1</b>	<b>-848</b>	<b>-876</b>	<b>-1,526</b>	<b>-2,206</b>	<b>-338</b>	<b>-975</b>	<b>-1,870</b>	<b>-341</b>
<b>Balance per month scenario 2a</b>	<b>-1,127</b>	<b>-1,155</b>	<b>-2,131</b>	<b>-3,276</b>	<b>-603</b>	<b>-1,532</b>	<b>-2,680</b>	<b>-565</b>
<b>Balance per month scenario 2b</b>	<b>-1,377</b>	<b>-1,404</b>	<b>-2,754</b>	<b>-4,274</b>	<b>-852</b>	<b>-2,156</b>	<b>-3,678</b>	<b>-1,189</b>
Balance per month, in % income from work and national schemes scenario 1	-59%	-61%	-98%	-130%	-12%	-33%	-60%	-8%
Balance per month, in % income from employment and national schemes scenario 2a	-79%	-81%	-136%	-194%	-21%	-51%	-86%	-13%
Balance per month, in % income from employment and national schemes scenario 2b	-96%	-98%	-176%	-253%	-30%	-72%	-118%	-28%

\* Without energy allowance

\*\* Without purchasing power measures

**Table S.5 Testing adequacy St Eustatius (with work paying).**

	Welfare Single (AS)				Welfare Couple			
	man	woman	woman	woman	couple	couple	couple	3 adults
Number of adults	1	1	1	1	2	2	2	3
Number of children	0	0	1	2	0	1	2	0
<b>Income from employment and national schemes</b>								
Income from work	1,446	1,446	1,446	1,446	2,892	2,892	2,892	4,338
Child benefit	0	0	131	262	0	131	262	0
<b>Total income</b>	<b>1,446</b>	<b>1,446</b>	<b>1,577</b>	<b>1,708</b>	<b>2,892</b>	<b>3,023</b>	<b>3,154</b>	<b>4,338</b>
<b>Expenditure</b>								
Total expenditure Nibud budget scenario 1*	1,673	1,679	2,216	2,754	2,853	3,518	4,191	3,697
Total expenditure Nibud budget scenario 2a*	2,207	2,213	2,908	3,406	2,852	3,518	4,190	3,697
Total expenditure Nibud budget scenario 2b*	2,407	2,413	3,108	3,606	3,052	3,718	4,390	3,897
6% addition scenario 1	100	101	133	165	171	211	251	222
6% addition scenario 2a	132	133	174	204	171	211	251	222
6% addition scenario 2b	144	145	186	216	183	223	263	234
Level of the minimum income standard scenario 1	2,086	2,094	2,763	3,434	3,558	4,387	5,226	4,610
Level of the minimum income standard scenario 2a	2,752	2,760	3,626	4,247	3,557	4,387	5,225	4,610
Level of the minimum income standard scenario 2b	3,002	3,009	3,876	4,497	3,806	4,637	5,475	4,860
<b>Balance per month scenario 1</b>	<b>-640</b>	<b>-648</b>	<b>-1,186</b>	<b>-1,726</b>	<b>-666</b>	<b>-1,364</b>	<b>-2,072</b>	<b>-272</b>
<b>Balance per month scenario 2a</b>	<b>-1,306</b>	<b>-1,314</b>	<b>-2,049</b>	<b>-2,539</b>	<b>-665</b>	<b>-1,364</b>	<b>-2,071</b>	<b>-272</b>
<b>Balance per month scenario 2b</b>	<b>-1,556</b>	<b>-1,563</b>	<b>-2,299</b>	<b>-2,789</b>	<b>-914</b>	<b>-1,614</b>	<b>-2,321</b>	<b>-522</b>
Balance per month, in % income from work and national schemes scenario 1	-44%	-45%	-75%	-101%	-23%	-45%	-66%	-6%
Balance per month, in % income from employment and national schemes scenario 2a	-90%	-91%	-130%	-149%	-23%	-45%	-66%	-6%
Balance per month, in % income from employment and national schemes scenario 2b	-108%	-108%	-146%	-163%	-32%	-53%	-74%	-12%

\* Without energy allowance

\*\* Without purchasing power measures

**Table S.6** Test of adequacy Bonaire (with work paying).

	Welfare Single (AS)				Welfare Couple			
	man	woman	woman	woman	couple	couple	couple	3 adults
Number of adults	1	1	1	1	2	2	2	3
Number of children	0	0	1	2	0	1	2	0
<b>Income from employment and national schemes</b>								
Income from work	1,236	1,236	1,236	1,236	2,472	2,472	2,472	3,708
Child benefit	0	0	131	262	0	131	262	0
<b>Total income</b>	<b>1,236</b>	<b>1,236</b>	<b>1,367</b>	<b>1,498</b>	<b>2,472</b>	<b>2,603</b>	<b>2,734</b>	<b>3,708</b>
<b>Expenditure</b>								
Total expenditure Nibud budget scenario 1*	1,451	1,452	1,907	2,461	2,330	2,771	3,319	3,397
Total expenditure Nibud budget scenario 2a*	1,451	1,452	2,774	3,624	2,656	3,293	4,139	3,752
Total expenditure Nibud budget scenario 2b*	2,127	2,128	2,774	3,624	2,656	3,293	4,139	3,752
6% addition scenario 1	87	87	114	148	140	166	199	204
6% addition scenario 2a	87	87	166	217	159	198	248	225
6% addition scenario 2b	128	128	166	217	159	198	248	225
Level of the minimum income standard scenario 1	1,809	1,811	2,378	3,069	2,905	3,455	4,139	4,236
Level of the minimum income standard scenario 2a	1,809	1,811	3,459	4,519	3,312	4,107	5,162	4,679
Level of the minimum income standard scenario 2b	2,652	2,654	3,459	4,519	3,312	4,107	5,162	4,679
<b>Balance per month scenario 1</b>	<b>-573</b>	<b>-575</b>	<b>-1,011</b>	<b>-1,571</b>	<b>-433</b>	<b>-852</b>	<b>-1,405</b>	<b>-528</b>
<b>Balance per month scenario 2a</b>	<b>-573</b>	<b>-575</b>	<b>-2,092</b>	<b>-3,021</b>	<b>-840</b>	<b>-1,504</b>	<b>-2,428</b>	<b>-971</b>
<b>Balance per month scenario 2b</b>	<b>-1,416</b>	<b>-1,418</b>	<b>-2,092</b>	<b>-3,021</b>	<b>-840</b>	<b>-1,504</b>	<b>-2,428</b>	<b>-971</b>
Balance per month, in % income from work and national schemes scenario 1	-46%	-46%	-74%	-105%	-18%	-33%	-51%	-14%
Balance per month, in % income from employment and national schemes scenario 2a	-46%	-46%	-153%	-202%	-34%	-58%	-89%	-26%
Balance per month, in % income from employment and national schemes scenario 2b	-115%	-115%	-153%	-202%	-34%	-58%	-89%	-26%

\* Without energy allowance

\*\* Without purchasing power measures

Testing by the same method, the report shows that the current income is insufficient for any household types. This applies to all three islands in all three rental scenarios. The distance between the current income at statutory minimum wage level and 1/0.85 times the recommended minimum income standard for the household in question was made visible for all households.

The Committee notes in the section on systematics that for most households, the income in 2023 is insufficient when looking at the difference between the income based on the current level of the statutory minimum wage and the amount needed for the recommended minimum income standard for the households in question. Looking at the deficit relative to what is needed to meet expenditures with a total amount 1/0.85 times higher than the adopted minimum income standard, no household is making ends meet, and this is true for all three islands in all three rental scenarios.

### **Consequences of systemic inadequacy**

The observed inadequacy need not in itself have systemic consequences. The current system would suffice on its own if it included the following:

- A statutory minimum wage that ensures that people who work can make ends meet on their income.
- The level of the welfare benefit ensures that people who do not work can make ends meet.
- The level of AOV ensures that people who no longer have to work because of their age can make ends meet.

These upper options would then need to be supplemented by child benefit for households with minor children and a landlord subsidy to ensure that low-income households spend a limited amount on rent. By increasing the amounts of the said provisions only just enough, it would theoretically be possible to ensure that every household could have an adequate income. There would then be a balance between the level of spending on necessities and income.

However, calculations commissioned by the Committee show these would be very large increases, which is particularly problematic for the statutory minimum wage level. After all, the increase has to be borne by employers, and then the question is whether the economy has enough capacity to bear it. While the Committee believes in principle that people should be able to make ends meet on one full-time salary, it also sees that the cost of living in the Caribbean Netherlands is high compared to the European part of the Netherlands. Both in absolute and relative terms, measured against the different levels of prosperity of the two parts of the Netherlands.

Concerning the systematics for the Caribbean Netherlands in terms of income, the Committee therefore considers the following.

**1. General picture for the system: policy aimed at cost-reduction is and remains essential, but incomes must equal actual costs**

Cost reductions reduce the amounts of the minimum sample budgets and thus in time, namely upon updates, the level of the minimum income standard. However, the Committee does not want this to be further anticipated where people with low incomes are concerned, which means that the problematic consequences of high costs will fall on the people with low incomes until such cost reductions are realised. The Committee's guiding principle is that citizens should be able to cover from their total income the total cost of necessary expenses to make ends meet and participate with dignity.

**2. Wage or business income and AOV are the main sources of income around the minimum income standard**

Wages from employment, or household income generated from the proceeds of one's own business, which on the islands often takes the form of a small self-employed person without staff or with at most a few employees, for people who are working, social assistance for people who do not or cannot work for a shorter or longer period and AOV for people who no longer need to work, are the main sources of income for households. Research shows that few residents in the Caribbean Netherlands claim welfare. Poverty in the Caribbean Netherlands is therefore mainly a problem of poor people who have insufficient income from the work they do and from pensioners who have inadequate old-age provision.

**3. Households dependent on welfare should receive an income equal to the minimum income standard for the respective household type**

Additional earnings up to the statutory minimum wage are now allowed in addition to the statutory minimum wage without affecting the benefit amount. If a person earns more on top of the statutory minimum wage, the excess will be deducted one-to-one from the benefit. The additional earnings scheme has just been evaluated. The Committee recommends retaining this option for the time being, at least until the minimum recommended by the Committee has been reached.

Once this principle has been realised, it would be reasonable to apply the same rules as in the Netherlands regarding additional earnings alongside social assistance to people receiving welfare benefits.

#### **4. Households whose income is mainly dependent on AOV receive an income at least equal to the minimum income standard**

More than half of all AOV beneficiaries living in the Caribbean Netherlands receive an incomplete AOV benefit. This section of the report also reveals that the lion's share of recipients of incomplete AOV benefits do not receive a supplement from the welfare benefit. Noting that single pensioners with AOV in particular face an inadequate income situation, the Committee proposes to raise AOV benefits for a single person to the level of the minimum income standard. If variation in the welfare remains, it suggests linking the level of the AOV benefit to the level of a welfare benefit for a fully and permanently disabled person, in line with the level to which the current supplement from the welfare leads. Supplementation up to this level for AOV beneficiaries with incomplete AOV benefits should remain possible from welfare and be actively offered to recipients of incomplete AOV benefits. In addition, the Committee recommends that it should be possible for any single AOV beneficiary to receive a supplement to their income from welfare up to the statutory minimum wage. The Committee considers this justified since although the pensioner can earn additional income, he cannot always do so (any longer) and, in the Committee's view, should not be obliged or compelled to do so. This also indicates that the level of (full) AOW benefits in the European Netherlands is higher than welfare benefits. In addition, the Committee recommends that the participation of older people in society be promoted more through targeted measures such as a 65+ discount pass and the organisation of activities for this target group to prevent their isolation now or later. Moreover, in this group, shame about poverty is above average, so they will often ask for help late or not at all. The Committee therefore recommends being extra alert to signs of people needing help and actively looking for them. Social networks such as church organisations and food banks are important feelers in society to pick up such signals.

#### **5. "Work must pay"**

The Committee endorses the principle that someone who works has a higher disposable income than someone who receives only a statutory minimum wage. In the Caribbean Netherlands, in the absence of a statutory minimum wage that reflects the maximum objectively/economically affordable wage for workers and the minimum acceptable wage for workers from the minimum income standard and welfare, it must be calculated what total income workers must receive to at least make ends meet, to be able to participate and to receive sufficient additional remuneration for their work. In the European Netherlands, a ratio between the level of social assistance for a single person and the statutory minimum wage of 70:100 was assumed for some time. The Committee proposes that the statutory minimum wage level be temporarily set at 1/0.85 times the minimum income standard for a single person. That means a ratio of welfare to statutory minimum wage of 85:100. This leaves sufficient reward for working compared to receiving a statutory minimum wage. At the same time, this avoids asking employers to make an even greater effort; after all, the gap between the welfare at the minimum income standard level and the statutory minimum wage can only be widened by increasing the statutory minimum wage and leaving the welfare unchanged. In addition, the

Committee recommends that citizens be granted supplements to the minimum wage and assistance in such a way that, for persons under 65, the total household income equals the minimum income standard for that household. First and foremost, the Committee is considering arrangements for households with children. Further explanations, details and nuances can be found in the report.

## **6. Ensure adequate child schemes**

"Child schemes" should ensure that people on low incomes can meet the cost of children. This can be done in the short term by increasing child benefits. The Committee is aware that increasing the child benefit is a measure that belongs to all families with children, not just lower-income families, and is therefore partly ineffective. It therefore recommends the introduction of a means-tested scheme like the European NL child-related budget. If the increase in child benefit is accompanied by the announcement of a (variant of the) child-related budget, all or part of that increase may be presented as temporary. If desired, the benefit for higher earners can be taxed away by revising the tax brackets and rates.

NB: the Committee is aware of the negative connotations currently attached to "allowances" in the European part of the Netherlands. It notes that the negative experiences are generally not about the child-related budget, partly because of the simple and stable basic eligibility condition, namely having one or more minor children who are part of the household in question. Of note here is that it is not necessary to opt for equal implementation in the Caribbean Netherlands as in the European Netherlands.

## **7. Provide some form of means-tested rent allowance**

The rent supplement is a second means-tested scheme available in the European Netherlands for minimum-income citizens - either because they are on welfare or because the income they accumulate from other sources is low. This instrument was implemented as an (income-dependent) rent subsidy before the introduction of the allowance system in the European Netherlands. In the Caribbean Netherlands, Bonaire has gained experience with a pilot landlord subsidy that has a similar effect: low-income citizens, pay a low amount of rent. In Bonaire, a good start has been made with the landlord subsidy, ensuring affordability has increased for stakeholders. On St Eustatius and Saba, this system does not yet exist.

The Committee recommends extending the landlord subsidy system to all islands and spearheading its use. In addition, agreements on significant growth in the number of public-sector rented homes should be made with the island governments and housing associations on the islands.

As long as the numbers of public-sector housing are not brought up to standard, low-income households will continue to rely on (private) rental housing with rents higher than the liberalisation threshold. Under the current scheme, no rental subsidy is available to the tenant of such a property. The Committee anticipates that the realisation of the required amount of public-sector rented housing will be several years away. It considers it undesirable for citizens with minimum incomes

to continue to face rental charges they cannot bear for years to come. The Committee therefore recommends adapting the landlord subsidy scheme to introduce appropriate instruments for the different housing cost scenarios depicted in the Nibud sample budgets so that, on balance, a price at the level of public sector rental can also be paid in scenarios currently outside the scheme.

## **8. Link the tax-free allowance to the level of the statutory minimum wage**

In the Caribbean Netherlands, the tax-free allowance is now de facto at the level of the highest statutory minimum wage level, namely that of St Eustatius. The Committee recommends making a direct link between the statutory minimum wage and the amount of the tax-free allowance so that improvements for people on low incomes are not partially taxed away.

## **9. Income-dependent component necessary**

The Committee is mindful of the criticism of the allowance system in the European Netherlands, for which simplification is being sought. At the same time, a system without income-dependent measures would be inefficient or call for compensatory measures to undo the ineffective provision in part by, for example, increasing taxes for higher incomes.

The Committee therefore considers the introduction of an income-related component a necessary element of a modern system. The current system is rather too simple and (therefore) inadequate, than that the proposed system would become too complicated. Of course, care must be taken to keep the rules as clear and simple as possible. This is important for both citizens and executive authorities. And target groups must be offered sufficient support so that the instruments are (or can be) actually used by those target groups.

The above mentions two forms of specific income-related government support. An income-dependent component that benefit recipients and employees with a low income from employment or business receive, such as the rent allowance and the child-related budget in the European Netherlands, is necessary to provide targeted and effective support to people on low incomes. Considering that not only households with children need income-related support, the Committee can envisage one general variable income-related support being offered to all low-income citizens in the Caribbean Netherlands.

That component should fill the gap between the minimum income standard on the one hand and the maximum statutory minimum wage that the market can raise on the other, plus income-independent measures such as child benefits. Specific policies like an energy allowance can then be incorporated into this. This is necessary in any case as long as the "maximum statutory minimum wage to be raised by employers" is below the Committee's recommended level of the minimum income standard times 1/0.85. Also, with the systematics in the European Netherlands serving as an outline, the Committee considers it plausible that the statutory minimum wage will also remain below the minimum income standard in the Caribbean Netherlands with the proposed increase of the statutory minimum wage.

## **10. Improve visibility on incomes**

The Committee found that the Caribbean Netherlands does not yet have the detailed understanding of income data as the European Netherlands. However, this has not always been the case in the European part of the Netherlands, either. The Committee sees the importance of sufficient (reliable) data for implementing policies and designing and maintaining them. Implementing income-dependent schemes will increase the completeness and reliability of income and other relevant data over time. The Committee therefore recommends that income-dependent schemes should not wait until there is a clearer view of incomes. The Committee notes with approval that a start has already been made on this in, for example, the implementation of the landlord subsidy. In the design and implementation of income-dependent schemes, the priority should be to ensure that in this way, targeted measures can be taken for those in need. The small scale of the islands allows for a different kind of supervision and enforcement than the large scale of UWV Employee Insurance Agency and Tax Administration applies to the European part of the Netherlands.

On this subject, the Committee points out that one or more income-related components should be phased out via a sliding scale as actual income increases to avoid a 'poverty trap'. One clustered variable income-dependent allowance per household can ensure that when income per dollar (e.g.) rises, a maximum of 25 cents is phased out so that working more also continues to pay off. The risk is higher the more co-existing schemes that each have their own phase-out regime. Prevention is better than cure, so alignment and coordination in income-dependent policies are essential.

## **11. In the short term, use existing measures and turn dials that already exist**

As long as there are no general means-tested income schemes (such as the general rent allowance and a child-related budget in the European Netherlands), the Committee recommends making maximum use of existing instruments to fill the described gap between the statutory minimum wage + existing facilities and 1/0.85 times the minimum income standard, such as, for example, the current energy allowance.

## **12. Formulate accompanying policies for persons with disabilities**

The Committee notes that in the Caribbean part of the Netherlands there are no specific income provisions for people with disabilities (other than illness or accidents) who, as a result of those disabilities, are (wholly or partly) unable to earn a living through employment or self-employment for a considerable period of time or permanently. About a quarter of welfare recipients are objectively unable to generate sufficient income on their own and receive the "totally and permanently incapacitated" supplement in welfare to that end. The recommended increase in the welfare benefit is all the more pressing for these people as they are also unlikely to be able to sufficiently increase income through additional earnings. For this target group, the theory of the work incentive in the form of a benefit below the statutory minimum wage level does not apply. The Committee recommends developing specific policies for this target group that take into account the higher healthcare costs<sup>9</sup> that these target groups often face, as well as the long duration or even structural dependence on benefits.

It also recommends prioritising the sustainability of instruments for working with a disability (sheltered workshops, wage subsidies and deployment of job coaches) and making structural funding available for this. Pending that specific policy, special assistance could be actively used by proactively approaching this group, identifying their specific resource needs, and further exploring what they need to make ends meet and participate in society.

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<sup>9</sup> Insofar as the WMO instrument developed by the Ministry of Health, Welfare and Sport does not cover this.

### **13. Ensure better conditions for a healthy labour market**

The Committee notes that many of the proposed measures are also needed to ensure a healthier labour market and society. First, there is a need for a labour market with a better work-life balance. People who have to make ends meet with multiple (part-time) jobs often do not have enough energy and time left over for their families and raising their children, let alone for sufficient participation and contribution to society through volunteering and similar activities.

The Committee notes that there is no provision like the European Dutch Unemployment Benefit in the Caribbean Netherlands. Unemployment benefit is not strictly part of a minimum social security system, but it prevents people from relying too quickly on a welfare benefit. This also applies, for example, to people in between jobs and, due to the lack of unemployment benefits, can quickly run into financial problems due to their ongoing fixed expenses and start to dip into their assets. It can also mean that people are too quick to accept the next job, even if it imperfectly matches their talents and development potential.

### **14. Provide an effective system of public or collective transport**

Transport costs are the second largest expense after housing costs (larger than utilities individually) that should be prioritised to reduce those costs. The high costs follow from the necessary use of a car (purchase, use and maintenance) in the absence of a sufficiently covering public transport system and because cycling is not a sufficiently suitable means of transport. Until there is sufficient public transport coverage, a car is necessary for all households. The Committee stresses that most people on low incomes have a job and therefore need a car to get to work on time. As long as there is no cost reduction for this necessary facility, citizens should be able to bear the high cost of transport with their benefits or the statutory minimum wage. The Committee does not consider this an ideal situation. It favours a sufficiently comprehensive system of public transport made available to citizens as a utility (see below) at (at most) the same fares as in the European part of the Netherlands. However, failure to do so should no longer be the citizens' problem. Shifting the financial problem to the central government - which after all is in charge of income policy - is a financial incentive to ensure that a covering public transport system is organised. The Committee thus aims to ensure that the financial incentive falls to the central government and does not remain with the public bodies currently responsible for public transport.

The Committee also notes that in the European part of the Netherlands, public transport is divided between local, regional and central government, with the latter as co-legislator responsible for organising the system. The Committee believes that the central government should take joint responsibility with the public bodies for establishing a sufficiently comprehensive public transport system on the three islands. Given the small scale of the islands, responsibility for maintaining the system can then be placed with the public body once a stable phase is reached.

To promote the use of public transport, consideration could be given to making it free - for target groups or for everyone. The Committee points to what it sees as good practices in some European Dutch municipalities such as Amsterdam and

Krimpen aan den IJssel. Entirely free public transport can also be attractive to tourists and thus also serve to spread the positive economic effects of tourism throughout the island.

Of course, this needs further elaboration. For example, the private transport sector, such as bus and taxi companies, will have to be taken into account. This elaboration is beyond the scope of the Committee's mandate. The Committee for now suffices with the recommendation to introduce a covering public transport system. Until then, it believes the minimum income standard should consider the high cost of private transport for all household types.

## **15. Organise cost limitations for utilities**

Costs of utilities (gas, electricity, drinking water, telecoms) can be influenced in several ways. The Committee believes those costs (per unit) should not be higher than for people in the European Netherlands. In the short term, such costs can be reduced by granting (more) subsidies to producers they use to reduce prices (for all) or by continuing a temporary instrument such as an energy allowance, reaching at least incomes up to and including the statutory minimum wage recommended by the Committee. Up to and including the statutory minimum wage to maintain the distance between welfare and statutory minimum wage (see below). And for incomes above the statutory minimum wage, this allowance should be phased out with a sliding scale. These two components are necessary to ensure that (more) work continues to pay.

### **15a. Transport as a utility**

As above under 14. Is indicated, public transport on the islands can also be viewed as a utility. The same applies to intra-island transport within the Kingdom, which is also necessary for making ends meet and participating. The latter is also in view of the family relationships between residents of the Caribbean part of the Netherlands and the countries of Curaçao, Aruba and Sint Maarten. But primarily because of additional facilities found on the big islands and not on Bonaire, St Eustatius and Saba. Think, for example, of banking and notarial services and necessary products or services unavailable on Bonaire, St Eustatius and Saba or only available at much higher prices. Consider, for example, clothing or supplementary care not covered by the basic package. The cost of intra-urban transport also requires attention where the transport of goods is concerned. Both transport costs between the CN islands and the autonomous countries and the lack of a customs union/free trade zone within the Kingdom cause cost increases for citizens in Bonaire, St Eustatius and Saba. Due to the isolated location of these three islands, for all supplies not available on the island itself, residents must de facto travel abroad or import goods from abroad with little or no regulation of such trade<sup>10</sup>.

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<sup>10</sup> EU law regulating the free market has generally been declared inapplicable, and consumer protection is thus virtually non-existent.

The Committee believes that alternative regulation of intra-island transport of persons and goods within the Kingdom is possible and will benefit all residents of at least the Caribbean part of the Kingdom. The Committee recommends that the Dutch government work on this with the other countries in the Kingdom to reduce the costs for residents. As long as this is not the case, the minimum income standard will have to consider the costs currently identified by Nibud.

## **16. Organise better participation opportunities for children**

The Committee wants to reduce costs for children (especially those for childcare, school and participation) by continuing and intensifying measures by public bodies such as "clothing and food for schoolchildren" and subsidies for associations that enable free sports, etc. To this end, it recommends introducing (general) cards such as in the European part of the Netherlands, the Rotterdampas or The Hague the Ooievaarspas. These passes allow people on low incomes to participate for free and other residents to get (small(er)) discounts so that such a pass does not stigmatise. In this way, it aims to promote a situation where children get what they need. After all, parents can also put the money to other uses.

### **16a. Childcare**

The Committee notes that child care - both in the form of day care for 0 to 4-year-olds and after-school care - is not free in CN. The Committee does not consider it desirable that low-income people must refrain from using childcare for financial reasons. Both from the perspective of the opportunities that childcare provides for parents to participate in the labour process and from the added value that (high-quality) childcare has for children's development. Especially for low-income households, the Committee considers it important to encourage the use of childcare.

The Committee calls on the public bodies and the central government, under both the current and future systems, to ensure that there is sufficient childcare for all children and that childcare is or remains de facto free for at least the people on low incomes and preferably to pursue a more generous policy where, at most, only those on higher incomes have to pay an (increasing) co-payment. The Committee is aware that a child placement subsidy is available for lower-income groups under the current system. However, such a system carries the risk of non-use. Free childcare for all children prevents non-use and saves the implementation burden of a fee system. The lost income of the higher income groups can, if desired, be compensated by tax increases for these higher incomes.

## **17. Organise competition instruments**

The Committee notes that market regulation in the Caribbean part of the Netherlands is virtually non-existent. Especially in the (very) small economies of Bonaire, St Eustatius and Saba, there are monopolies or oligopolies that necessitate market regulation by, for example, competition policy. The Committee points to inter-island transport for that, for example. It recommends introducing a general competition policy as enforced by the Consumer and Market Authority (ACM) in the European part of the Netherlands. Particularly for basic necessities, it should be monitored that the increased purchasing power for the people on low incomes resulting from the income increases recommended by the Committee is maintained by setting (binding) maximum prices. The Committee recommends that public bodies use this for basic necessities. Only Bonaire has a non-binding covenant with the food sector to set cap prices for a limited number of basic products. (Healthy) food should be the last to be cut, and regulating its prices can reduce the chances of that happening. Low prices for basic necessities benefit all island residents and prevent low-income people from cutting back on them.

## **A medium-term system model**

In the above, the Committee has stated several times that Bonaire, Sint Eustatius and Saba are part of the country of the Netherlands. Therefore, an approach to the minimum income standard in the Caribbean part of the Netherlands that is equivalent to the approach in the European part of the Netherlands is self-evident. After all, this is a fundamental right of all residents of the Netherlands. An international comparison conducted by SEO Economic Research on behalf of the minimum income standard Committee (European Netherlands) shows that different systems are conceivable. And that these different systems have advantages and disadvantages that are mutually instructive. However, the minimum income standard Committee (European Netherlands) concludes that none of these systems is superior to the others. The Committee believes that in the current socioeconomic circumstances of the islands, a social security system different from the European part of the Netherlands is defensible in parts. However, it believes there are no reasons to arrive at substantially different outcomes or detract from principles underlying the Dutch social security system with this different system.

Current circumstances preventing the introduction of the European Dutch social security system include the following:

1. The current level of costs identified by Nibud in the context of designing the minimum sample budgets shows a different picture from European Dutch costs in parts. Moreover, for a number of key cost items, in the Committee's view, mitigating measures can and should be taken in the short term.

2. The difference between the current level of the statutory minimum wage in the Caribbean Netherlands and that in the European Netherlands.
3. The instruments available in the Caribbean Netherlands to implement in the short term parts of the European Dutch system in the deviating context, of which the capacity of the implementing organisations present, the existing legal regulations as the current tax system and the deviating currencies in both parts of the country are salient elements.

The Committee does not rule out the possibility that, in time, the systems could converge to such an extent that they could eventually merge. However, this should then be done in the light of the entire socioeconomic framework for the Caribbean Netherlands. The Committee does not opt for a short- or medium-term approach based on such a vision. However, aligning with the European Dutch system's structure makes such a development possible. Moreover, it provides a recognisable system for all stakeholders. For both citizens and implementing authorities, the European Dutch system is familiar.

Given the Dutch government's equal duty of care for Dutch citizens in the European and Caribbean parts of the Netherlands, the Committee believes that the Caribbean Netherlands system should ensure that Caribbean Netherlands residents are also guaranteed a minimum income from which they can make ends meet in the context of the Caribbean Netherlands including dignified participation in society.

Compared to the current situation, that system should be realised in a period of several years, the Committee considers one full government period sufficient for this, with the following steps:

- a. Determination of the minimum income standard level using the updated Nibud sample budgets subject to a 6% addition.
- b. Significant decrease in the cost of housing, transport and utilities, resulting in a lower minimum public sector level than can currently be determined using the Nibud sample budgets prepared this year by Nibud.
- c. Control costs by monitoring overall price levels and the functioning of the economy through competition policies appropriate to the size and nature of the economies of the three islands.

- d. An income system that for working households consists of an income at least at the statutory minimum wage set by the government after coordination with social partners, income-independent supplements such as a child allowance and income-dependent support such as a child-related budget<sup>11</sup>, the landlord subsidy and any additional purchasing power measures. The whole ensures that the income of these households is (at least) at 1/0.85 times the level of the minimum income standard.

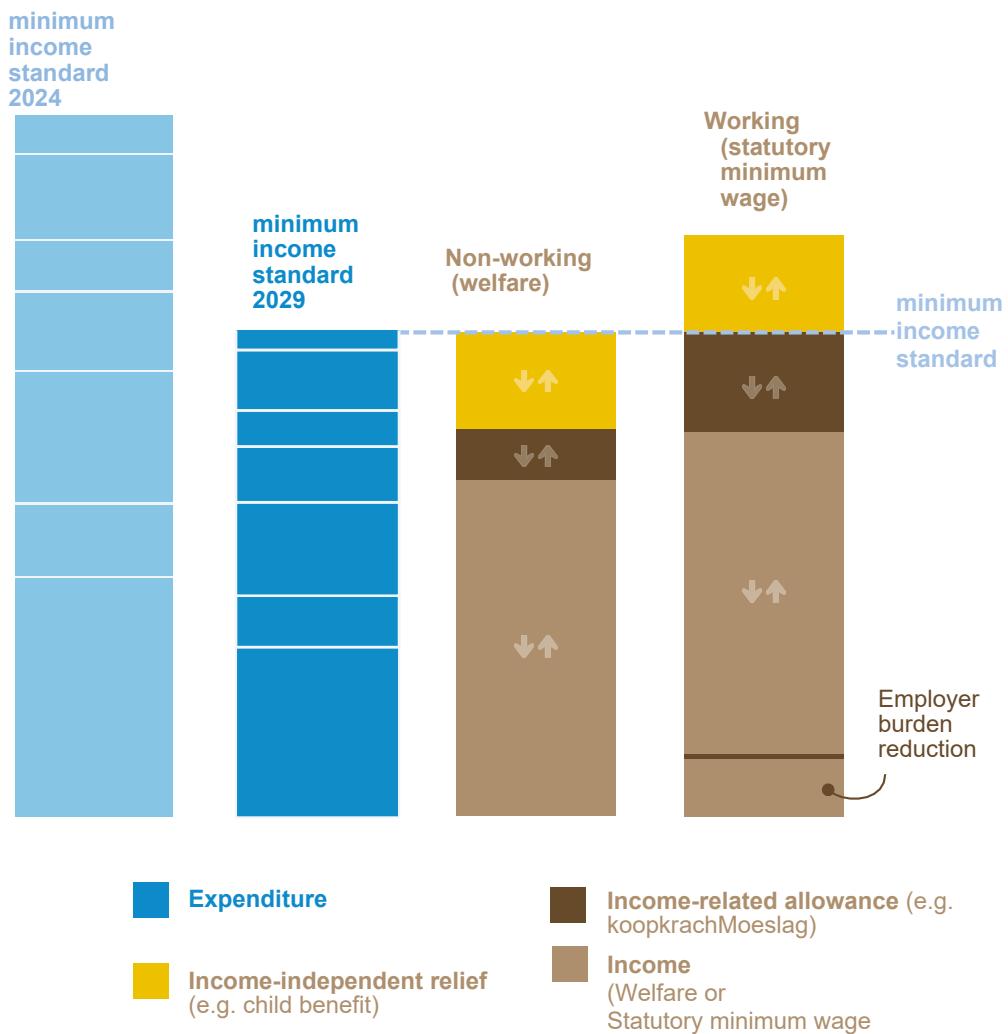
Given the chosen instrument of landlord subsidy, the introduction of a rental subsidy is not the way to go. Also, there is no need for a care supplement as the chosen health insurance fund approach is based on the model of a premium-free provision for the insured.

- e. People who, whether temporarily or not, do not (or cannot) work - and do not (or no longer) have a claim to a provision such as the European Dutch Unemployment Benefit (which does not exist in the Caribbean Netherlands), nor have sufficient other sources of income of their own, e.g. from assets - receive a welfare income amounting to 85% of the total income of a statutory minimum wage earner. These people also receive the non-means-tested and means-tested support that employees receive, proportionally or not. In addition, these people receive welfare benefits. The whole of the three components is thus equal to 85% of the total income of the comparable household with an income from work remunerated at the statutory minimum wage level. All households indicated for income from welfare receive a total income at the minimum income standard set for that household.
- f. People entitled to AOV receive an income at the level of the minimum income standard. Single AOV recipients can receive a supplement from welfare up to the level of the statutory minimum wage subject to the conditions for welfare. AOV recipients who form one household together will each receive an AOV benefit at the minimum income standard level. The sum of these two AOV benefits is more than enough to make ends meet due to the economies of scale realised.  
All AOV claimants who have built up an incomplete AOV claim can be given a supplement to the minimum income standard from the welfare benefit.

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<sup>11</sup> Calculations show that the proposed introduction of the minimum income standard with a statutory minimum wage for households consisting of 1 parent and 1 or more children is not possible without significant increases in eligibility for these households on "child schemes". The amounts involved are so high that if only increases in child benefits are used, there is a high degree of inefficiency in using resources available for combating poverty. Using an income-dependent allowance for children's expenses such as the child-related budget is more effective and should be considered for larger amounts. However, increasing child benefits need not be avoided for the shorter term. As stated in Report 1 of the Engbersen Committee, to some extent, increasing child benefits is not much less effective than a similar increase in the child-related budget.

The following figure visualises the medium-term model:



## The measures to start now

The Committee has sought a meaningful and responsible first step to implement the minimum social level it recommended for all households in the short term. In doing so, it arrived at a package of measures that will result in each of the islands' single statutory minimum wage-earner, welfare recipient and AOV-beneficiary receiving an income at or above the level of the minimum income standard recommended by the Committee.

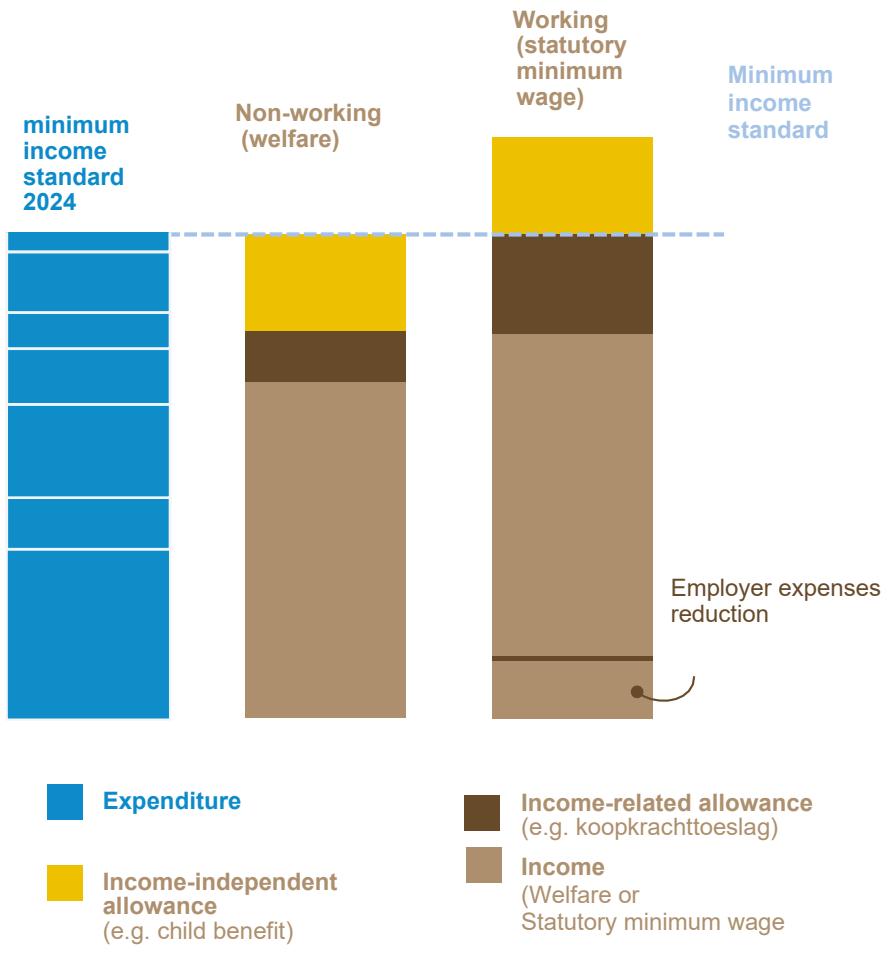
The first condition under which this is possible is that the necessary expenditure is determined taking into account a subsidised home, with the tenant's charges set at Bonaire's level if the home receives landlord subsidy. This means that also on St Eustatius and Saba, such subsidy is provided that the part of the rent burden to be borne by the household income is equal to the personal contribution to the rent on Bonaire for the relevant household type. For incomes up to and including the statutory minimum wage, a rent co-payment of 10% of income currently applies there. That is what this model assumes.

In addition, the second condition assumes the receipt of an income-dependent (purchasing power) supplement in the order of the energy purchasing power measures taken in 2022.

The third condition is that the employer is accommodated in labour costs by reducing employer charges. The extent of this may be determined by further consultation between the government and employers and may vary from island to island.

Finally, the Committee derives from its research the belief that the absorptive power of Bonaire's economy is greater for an increase in the statutory minimum wage than that of Saba and St Eustatius. The Committee does not infer from its research that the costs in Bonaire, Sint Eustatius and Saba are so different that a different level of the statutory minimum wage is justifiable. It thus concludes that an equal level of the statutory minimum wage is possible on all three islands, just as one statutory minimum wage applies throughout the Netherlands. The income-dependent (purchasing power) supplement mentioned as the second condition could vary in size to straighten out island differences.

In one model, the entry-level model looks as follows:



Single parent with two children

For each of the islands, an indicative calculation was made for the previous model to illustrate what this might look like based on the data gathered in the survey regarding the minimum necessary household expenditure of the single woman. In doing so, the Committee considers an immediate first step, say a leap forward, for raising the statutory minimum wage to USD 1,750 per month to be necessary, possible and appropriate. For detailed figures and substantiation, refer to the systematics section of the report.

After this initial leap forward, the statutory minimum wage can continue to undergo a moderated development, with cost reductions on the transport and utilities items to ensure a gradually shrinking level of the minimum sample budgets that will facilitate the moderate development of the statutory minimum wage and, moreover, benefit all island residents.

## Weighing economic impacts and conclusion

The Committee made the fill-in exercises for determining a possible first step in the above primarily as a preview to illustrate how the minimum income standard on the three islands with a statutory minimum wage of USD 1,750 per month can be reached for all single persons. It is of course up to the government to proceed with concrete measures and determine the final choices. Flanking policies to cushion the employers' expenses are explicitly advised.

Based on its calculations, the Committee asked research firms EBA and SEO Economic Research to study the economic effects of introducing such a statutory minimum wage on the three islands.<sup>12</sup>

The Committee derives the following insights from the study. First, according to the researchers, introducing the minimum income standard is impossible without significant cost reduction. On pages 47 and 48, they chart the effects of introducing the minimum income standard as proposed by the Committee without any cost reduction. The researchers indicate that this will be accompanied by substantial countervailing economic effects (poverty trap, increase in employers' costs, pass-through in prices).

The EBA and SEO Economic Research researchers state the following in this regard: "Reducing housing costs with the rental subsidy implies a significantly lesser increase in welfare and the statutory minimum wage to reach the minimum income standard. Although this increase is also significant, the adverse economic effects are estimated to be manageable."

That is not to say that employers will not be affected. Their costs will rise, and they may have to adjust their business processes. The employer premiums can be reduced to mitigate the effects on employer costs."<sup>13</sup>

<sup>12</sup> In the annex, EBA and SEO Economic Research's analysis can be found on page 46 onwards.

<sup>13</sup> EBA and SEO (2023). Minimum income standard in an economic perspective, p. 49.

Based on this analysis, the Committee considers the introduction of a statutory minimum wage at a level of USD 1,750, under the conditions outlined, to be a realistic option whose negative effects on the economy are expected to be acceptable in the light of the reduction in in-work poverty it can achieve. Given this goal, the Committee is therefore happy to recommend the implementation of the recommended system in the short term, envisaging a starting point for the statutory minimum wage of USD 1,750.

### **Further cost reduction is possible and necessary**

As indicated in No 14 above, the Committee recommends introducing a public transport system on the islands. Researchers subscribe to its positive effects:

"With free public transport for people on low incomes, such reductions in the cost of living can be achieved in the future that less steep increases in the welfare and statutory minimum wage are needed to reach and maintain the minimum income standard. This may also avoid the negative effects of future increases in the statutory minimum wage, such as higher employer charges."<sup>14</sup>

The Committee therefore advocates making an immediate start to prepare for the introduction of a covering public transport system on all three islands that lower-income people can use free of charge or for small fees. Since Nibud's analysis shows that this can save hundreds of dollars per month for each household, the social minimum for households with more members, especially those with children, can then be achieved with smaller increases in the statutory minimum wage or welfare.

That described here about reducing transport costs also applies to the other measures recommended by the Committee to reduce costs. The Committee is keen to point out that these measures will benefit lower-income households and all households on the islands. This will undoubtedly boost the entire socioeconomic development of the islands.

### **To conclude: Invest in the comprehensive approach to poverty in public bodies.**

The Committee believes the central government is responsible for coordinating actions coordinated by different ministries and public bodies to reduce poverty in public bodies. A comprehensive approach is needed as different measures affect the functioning of each other. Coordination is essential to avoid interactive negative influences on the effectiveness of measures.

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<sup>14</sup> EBA and SEO (2023). Minimum income standard in an economic perspective, p. 51.

Assist households in poverty in such a way that they make maximum use of the available schemes. The government's constitutional duty to provide socioeconomic security does not stop with providing aid and assistance, but must also result in the alternatives actually being used. Simplicity in implementation is indispensable here, as described by the Minimum Income Standard Committee (European Netherlands) in Part II of its report. In the public bodies, it is recommended that use be made of a one-stop shop in the form of a front office where the citizen in need of help has a single point of contact that relieves them of the burden of obtaining the necessary help. Behind the front office, the specifically tailored work is available from all organisations involved, both public bodies and the state and, if necessary, civil society organisations.

In conclusion, the Committee states that this is not to give the impression that citizens themselves have no responsibility for improving their position. On the contrary, the Committee sees many hard-working people in the Caribbean Netherlands who cannot make ends meet. People living below the subsistence minimum struggle to extricate themselves and constantly focus on survival. Therefore, the recommendations serve precisely to provide all citizens with sufficient financial socioeconomic security that enables them to maximise their potential.



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# 1 Core aspects of the minimum income standard: equality, equity and solidarity

The Committee's mandate, in line with the Decree establishing it, was to identify what citizens of the Netherlands in the public bodies of Bonaire, Sint Eustatius and Saba need in order to make ends meet and participate in Dutch society. After all, the public bodies are part of the Netherlands. The isolated location of the islands of Bonaire, St Eustatius and Saba and their distance from The Hague do not detract from the fact that the Constitution applies in full to the inhabitants of these parts of the Netherlands administered as public bodies. That includes the equality rules, anti-discrimination provisions and fundamental social rights defined in it. The Netherlands Institute for Human Rights pointed this out earlier. The Committee's report looks at making these rights effective for residents of these parts of the Netherlands.

Establishing what residents of the Caribbean part of the Netherlands actually need as a minimum indicates the level of the minimum income standard. This minimum income standard could function as a fundamental starting point in determining poverty policy. The Committee thus contributes to countering poverty in this part of the Netherlands that is so remote from The Hague. That way, this poverty reduction can come on par with that of the European part of the Netherlands' inhabitants. The total elimination of poverty has not yet been achieved in any country in the world. Nevertheless, the wider community, the collective of all residents of our country, has a responsibility to assist individuals who are in poverty. Everyone should be able to be a dignified member of and participate in the community and have prospects of moving out of poverty. Where the resident's household is located in the Netherlands should not be a ground to allocate that household less in these areas. In this report, the Committee advocates equal treatment regardless of geographical location in the Netherlands.

This report is based on what people realistically need as a minimum to lead a dignified existence and participate in the Dutch community. A lesser commitment leads to the deliberate or unconscious abandonment or even exclusion of individuals from that participation. Living a dignified existence is equally important for every person living in the Netherlands. How well you can make ends meet at a minimum should not depend on where you live. This should be the fundamental approach of the Dutch government.

The government should care about people in the Caribbean part of the Netherlands as much as in the European part of the Netherlands. And this attitude should be present in the foundation of all government policies and regulations. And this calls for equality. Those obstacles should be removed where the effectuation and exercise of fundamental classical and social rights currently impedes equality between the European and Caribbean parts of the Netherlands.

Equality in the effectuation and exercise of basic classical and social rights arising from the Dutch Constitution means that citizens in the Caribbean part of the Netherlands do not feel that they are treated as second-class citizens.<sup>15</sup> If that is the case, the first article of the Constitution is not being experienced by this part of the community. In principle, this is the case when the debate around the social safety net in Dutch society forgets the Caribbean parts of the Netherlands and is held only about the European part of the Netherlands.

## 1.1 Income equality

To ensure that poverty is reduced in the three public bodies, all departments concerned should take measures to increase disposable income as soon as possible. At the same time, they must offer facilities to people with incomes below the Committee's recommended level of the minimum income standard, determined based on minimum sample budgets established by Nibud. Reducing the cost of living is also vital for those in abject poverty. The report contains short- and long-term recommendations to increase income and reduce costs for these individuals. On balance, those adjustments will have to result in balancing the minimum necessary expenditure and income.

During the Covid19 pandemic, the government showed that it can implement quick and effective policies to prevent citizens from living below a certain lower limit. In times of crisis, the government ascribes to itself a broader framework for handling taxpayers' money. The importance of living above this lower limit prevailed over the risk of tax fraud. The investigations following the childcare allowance scandal have shown that policies with too strong a focus on preventing fraud can exacerbate poverty. Because there is then less focus on what people really need to make ends meet and what are accessible rules to provide for this socially. There is also now more awareness that wanting to design and implement virtually watertight fraud-proof policies and regulations takes a lot of time and money. And that is not to mention the incorrect view of humanity on which this has mostly been based so far.

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<sup>15</sup> For the Committee's remit, see also, in particular, article 20 of the Constitution, which states that the security of the population's existence and the spread of prosperity are the government's concern, that the law lays down rules regarding entitlements to social security and that Dutch nationals here in the countries that cannot provide for themselves have a right to government assistance, to be regulated by law.

The Council of Health and Society has described the undesirable influence of incorrect views of humanity on policy and regulation in its advisory document 'Powerful images of humanity'<sup>16</sup>. The Committee concludes that policies and regulations can indeed be designed and implemented quickly and effectively in times of pressing need and with the right view of humanity in mind.

## 1.2 An appropriate level of provision – solidarity

Besides guaranteeing sufficient income, there is an urgent need to pay attention to the level of facilities in public bodies. That way, these will be at a level, given the conditions on each island, as equal as possible to the European part of the Netherlands. Amenities that the Committee is talking about include publicly organised public transport, hospitals that provide quality care, being able to enjoy quality education and - very importantly - obtaining affordable water, energy and telecommunications. In addition, the study shows that the cost of housing in the Caribbean part of the Netherlands is significantly higher than in the European part of the Netherlands due to a limited supply of public-sector housing.

According to the Committee, an equivalent level of provision lends itself to the following interpretations of equality. First of all, the level of provision should show that the government realises that public services are a prerequisite for a proper standard of living for its citizens. In doing so, the government works to ensure that all its citizens have equal access to them. The government is responsible for creating opportunities and possibilities for a dignified existence for all its citizens in an equal manner. In pursuing an equally dignified level of amenities, the Committee understands that facilities in the Caribbean part of the Netherlands cannot be organised in exactly the same way as those in the European part of the Netherlands. But, as long as the accessibility of these amenities and the standard of living that results from them are so organised, there is an equivalent level of amenities. The pursuit of equal dignity in the level of provision for citizens in the Caribbean Netherlands is an example of equality of value, care and respect. One example is that providing affordable and accessible public transport helps reduce costs. Indeed, public transport is very expensive compared to the European part of the Netherlands. This is also the case for addition or subsidies in rental costs to reduce housing costs. These are again extremely high compared to the European part of the Netherlands and in relation to lower incomes in the Caribbean Netherlands.

The Netherlands is a democratic state based on the rule of law and is bound by its Constitution to treat its citizens equally. In such a constitutional state, the state's task is to set up conditions that ensure no citizen falls below a certain lower limit of a dignified existence. This lower limit has been set by society. For the Committee,

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<sup>16</sup> <https://www.raadrvs.nl/documenten/publicaties/2021/12/13/mensbeelden>

this is the minimum income standard. To ensure that household types in the Caribbean part of the Netherlands do not have to "make ends meet" below this lower limit, the Committee draws attention to two other variants of equality: equality of opportunity and equality of outcomes.

Equality of opportunity refers to accessibility for every separate citizen. Think of access to quality healthcare, access to quality education or access to adequate income support. Receiving quality care is not about achieving equal outcomes for every citizen. After all, every citizen and their diagnoses and treatments are different. It is access to this care that matters. This is an example of equality of opportunity without always leading to equal outcomes. This example immediately demonstrates the complexity of this issue and distinction because, in all these cases, what does matter is the promotion of health. When it comes to the likelihood of successfully applying for income support, e.g. a welfare benefit, it is difficult if the outcomes, or benefit levels, differ significantly in equal cases. The aim is for income support to help people (temporarily) make ends meet and participate equally. If income support in the European part of the Netherlands is sufficient to make ends meet and participate, but income support in the Caribbean part of the Netherlands is not, then mere equality of opportunity is not sufficient for this issue. A combination of equality of opportunity and equality of outcomes should be sought in this case.

When it comes to living standards, it is about equality of outcomes. A number of factors can be identified that lead to the living standards of some of the residents of the Caribbean part of the Netherlands being lower than those of residents in the European part of the Netherlands. Examples include the lack of Dutch competition laws and regulations, the lack of publicly organised public transport and lack of unemployment benefits. These are elements that, once they are up to standard within the Caribbean part of the Netherlands, contribute to living at the same standard as in the European part of the Netherlands. Because these and other factors are currently lacking, many inhabitants of the Caribbean part of the Netherlands have a lower standard of living than residents of the European part of the Netherlands. In fact, some of the citizens living in the Caribbean part of the Netherlands have an unacceptably low standard of living. This is an example of how a glaring and ongoing inequality of value, care and respect leads to inequality in outcomes and thus an unequal standard of living.

These concepts of equality are not ends in themselves but instruments that help determine how government should provide its citizens with the conditions for a dignified existence. This encourages ministries to include equality of value, care and respect, equality of opportunity and equality of outcomes in the exercise when drafting policies and regulations. This report will make several references to equality and underline its importance in various topics. In doing so, it considers the small scale and specific context of each island. The instances of inequality cited are so undesirable, even unjust, that they cannot be reconciled with the principle of equality. Correcting this should be a top priority.



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# **2 Analysis of the situation of people on low incomes in the Caribbean part of the Netherlands**

## **2.1 Introduction**

For many Dutch people, the Caribbean part of the Netherlands is an unfamiliar part of their country. Unknown often makes unloved. So before the Committee discusses the level of the minimum income standard and its system in the islands, what follows is an analysis of the situation of low-income people. This chapter begins by describing the islands' characteristics, socioeconomic context and poverty problems. It also considers letters and other reports written by organisations on poverty in Bonaire, St Eustatius and Saba. This is followed by an analysis of the costs and incomes currently faced by residents of the islands. Part II ends with a conclusion on this chapter.

## **2.2 Characteristics of Bonaire, Sint Eustatius and Saba**

Since 10 October 2010, the Caribbean islands of Bonaire, Sint Eustatius and Saba have been part of the Dutch state system as public bodies.<sup>1</sup> These islands are special municipalities or public bodies of the country of the Netherlands. As autonomous countries, Aruba, Curaçao and Sint Maarten are part of the Kingdom of the Netherlands. The three countries and the three public bodies comprise the Caribbean part of the Kingdom of the Netherlands. The three public bodies are integral parts of the country of the Netherlands.

The three public bodies, or Caribbean Netherlands, differ significantly on several fronts. On Bonaire, the most commonly spoken language is Papiamentu. On Saba and St Eustatius, the spoken language is generally English. The distance between Bonaire and neighbouring islands St Eustatius and Saba is about 800 kilometres, comparable to the distance between Amsterdam and Milan. As a result, the islands

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<sup>1</sup> Before 10 October 2010, Bonaire, Sint Eustatius and Saba were part of the Netherlands Antilles, Aruba, Curaçao and Sint Maarten. Aruba has had separate status since 1986.

also differ physically and geographically. Saba consists of a dormant volcano (Mount Scenery), steep slopes and a rock-like coast. St Eustatius also consists of a dormant volcano (The Quill) and a rocky coast, but is otherwise relatively flat. In contrast, Bonaire has no volcano, is about 70 kilometres from Venezuela, has a coast with beaches, diving and snorkelling locations, and has a hilly and relatively flat part. Moreover, the islands differ in terms of historical development and the structure and composition of the population.

The three public bodies have in common that all three islands use the US dollar as their currency. Apart from that, they have an isolated location<sup>2</sup> and are of extremely small-scale. Bonaire has a population of 24,090 (2023)<sup>3</sup> and an area of about 288 km<sup>2</sup>. Most people live in the capital Kralendijk on the island's south coast and the old capital Rincon in the north. St Eustatius, locally called Statia, is about 21 km<sup>2</sup> in size and has a population of about 3,293 (2023). Oranjestad is the island's main city and the only 'town'. With a surface area of 13 km<sup>2</sup>, Saba is the smallest island in the Caribbean part of the Netherlands. Saba has a population of about 2,035 (2023), with the majority living in the capital The Bottom and the village of Windwardside.

Due to their small population size, the public bodies - and Saba and Sint Eustatius in particular - are heavily dependent on nearby, larger islands for a number of things. For Bonaire, these are mainly Aruba and Curaçao. For Saba and St Eustatius, it is St Maarten. Public bodies also rely on nearby mainland South America, countries such as Venezuela and Colombia. But the geographically more distant United States are also important for essential living needs. For example, all three islands house a clinic or small hospital, but people have to go off-island for more complex care. Regarding the supply of goods, the public bodies mostly depend on Curaçao (Bonaire) and Sint Maarten (Sint Eustatius and Saba), which transit the goods. Buying goods and services on a nearby larger island is possible, but leaving the island is expensive, laborious and time-consuming. Therefore, for almost everyone - and especially people on low incomes - daily life is by necessity entirely on the island, where people live, work, go to school, play sports, go out, do their daily shopping and much more.

The isolated location of Bonaire, St Eustatius and Saba means that these small islands must also have all kinds of vital facilities. They include a seaport, an airport, a fuel and electricity supply, a drinking water supply and a telecom network. Being self-sufficient in this area is typical of 'small island states'. But in the case of Bonaire, St Eustatius and Saba, on a small or very small scale. While the three islands are also referred to as 'special municipalities' of the Netherlands, they cannot be compared to any European Dutch municipality and, with their small scale, they face considerable challenges.

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<sup>2</sup> They are isolated from other islands and from the mainland.

<sup>3</sup> Central Bureau of Statistics (2023). CBS Statline.

## 2.3 Socioeconomic context

To achieve a minimum income standard, the Committee considers it important to study the socioeconomic context carefully and describe it as factually as possible.<sup>4</sup> By socioeconomic context, the Committee means five aspects: the economy; demography and migration; labour market, employment and joblessness; incomes, income distribution and purchasing power; and poverty. The Committee further compares Bonaire, St Eustatius and Saba to the European Netherlands where possible.

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<sup>4</sup> For this purpose, the research carried out by Economic Bureau Amsterdam and SEO Economic Research at the Committee's request was used: EBA and SEO (2023). Minimum income standard in an economic perspective.

## Economy

### Prosperity

The wealth level of Bonaire, St Eustatius and Saba, expressed as gross domestic product (GDP) per capita, is less than half that of the European Netherlands in 2019. This makes the three islands relatively poor compared to the European Netherlands.<sup>5</sup>

**Table 2.1** Key economic figures of Bonaire, St Eustatius and Saba in perspective.

	GDP per capita, 2019 (pre-covid)	Average real GDP growth, 2013-2019 (pre-covid)	Unemployment, 2020	Employment (gross)
NETHERLANDS	\$57.700	2.4%	3.80%	75%
Bonaire	\$23.700	2.6%	4.60%	73%
St Eustatius	\$28.200	-2.5%	2.30%	73%
Saba	\$22.800	-1.2%	3.10%	76%
Curaçao	\$19.000	-0.9%	19.00%	56%
Aruba	\$31.600	1.6%	8.60%	67%
Saint Martin	\$29.700	0.3%	17%	71%
Caribbean region <sup>6</sup>	\$9.900	0.7%	15.00%	62%

### Favourable economic performance

Bonaire's real economy<sup>7</sup> grew at an average annual rate of 2.4 per cent in the period before Covid-19. St Eustatius' real economy shrank. This is due to the shrinking population and hurricane damage; GDP per capita did grow between 2012 and 2019. The economy also contracted on Saba, but GDP per capita grew.

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- 5 The GDPs of Bonaire, Sint Eustatius and Saba are lower than the per capita GDPs of all 40 COROP areas (clusters of municipalities) in the European Netherlands. In the Committee, the GDP methodology to describe the economy has been questioned because of extraordinary circumstances such as the extreme smallness and isolation of the islands.
  - 6 The Caribbean region includes the following countries: Aruba, Bahamas, Barbados, Belize, Bonaire, Cuba, Curaçao, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, Puerto Rico, Saba, St Eustatius, St Maarten (Dutch part), St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Suriname, Trinidad and Tobago, Turks and Caicos Islands.
  - 7 The term real economy refers to all economic activities outside the financial sector, i.e. the production, trade and distribution of tangible goods and non-financial services.

## Virtually no exports

Apart from tourism, Bonaire, St Eustatius and Saba hardly export at all. What Bonaire and St Eustatius export in goods (oil, salt, machinery) is labour-intensive in production. In addition, the role of labour costs in the price of the tourism product is limited. The labour cost as a percentage of the total production cost of the tourism product is about 20 per cent.<sup>8</sup> Higher labour costs thus have a limited effect on the price.

## Demography and migration

### Differences in population trends, immigration from the Kingdom

Between 2011 and 2023, Bonaire's population grew by 54 per cent. Saba's grew by 13 per cent. Bonaire's population growth concerns mainly European Dutch, Bonaireans<sup>9</sup> and Curaçaoans. Saba's population growth is mainly due to immigration from Sint Maarten and the European Netherlands. The population of St Eustatius shrank by 9 per cent between 2011 and 2023. It was mainly North Americans who left the island. During the period when public services improved substantially - minimum wages rose by 76, 151 and 131 per cent in Bonaire, St Eustatius and Saba respectively - there was limited immigration from outside the Kingdom. Immigration mainly involved Kingdom residents.<sup>10</sup>

**Table 2.2 Population on 1 January.**

	2011	2015	2020	2021	2022	2023
Caribbean Netherlands	21,087	24,593	25,987	26,805	27,726	29,418
Bonaire	15,679	18,905	20,915	21,745	22,573	24,090
St Eustatius	3,611	3,877	3,139	3,142	3,242	3,293
Saba	1,797	1,811	1,933	1,918	1,911	2,035

<sup>8</sup> EBA/SEO (2023). Minimum income standard in an economic perspective, p. 23.

<sup>9</sup> This concerns remigrating Bonaireans and births.

<sup>10</sup> EBA and SEO (2023). Minimum income standard in an economic perspective, p. 24.

<sup>11</sup>

## Labour market, employment and unemployment

### Low unemployment, high participation

Unemployment<sup>11</sup> in Bonaire, St Eustatius and Saba in 2022 is 3, 3.9 and 2.5 per cent, respectively.<sup>12</sup> These rates are close to natural unemployment. The net employment rates<sup>13</sup> in the same year are 72.5, 72.9 and 67 per cent respectively.<sup>14</sup> The worklessness and participation rates of the three islands are comparable to European Netherlands. Compared to the Caribbean region and the sister islands of Curaçao, Aruba and Sint Maarten, unemployment and participation rates are lower. Also noteworthy is the more than double number of self-employed in Bonaire, which includes both self-employed and self-employed entrepreneurs.<sup>15</sup>

### Work in the (semi)public sector, tourism and transport

Employment in Bonaire mainly involves trade and hospitality (driven by tourism), business services, government and healthcare. The doubling of employment in trade and hospitality between 2011 and 2021 is notable. On St Eustatius, employment is mainly in transport (oil terminal), government and healthcare. It should be noted that the financial situation of oil terminal GTI Statia is precarious.<sup>16</sup> Bankruptcy of the terminal would have a major impact on employment on the island. For Saba, employment is mainly in the (semi)public sector. Government and education are the two largest sectors, providing 27 and 16 per cent of all jobs on the island, respectively. However, employment in the market sector increased sharply between 2011 and 2021. Particularly in construction, trade, hospitality and relevant services.

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<sup>12</sup> This definition refers to persons residing in the Caribbean Netherlands (excluding the institutional population). Persons without paid employment who have recently looked for work and are readily available. Data is usually presented for the population aged 15 to 75 years. Paid work refers to work regardless of working hours (CBS, 2023).

<sup>13</sup> EBA and SEO (2023). Minimum income standard in an economic perspective, p. 25.

<sup>14</sup> The share of the employed labour force in the population (working- and non-working-age population). This definition refers to persons residing in the Caribbean Netherlands (excluding the institutional population). Data is usually presented for the population aged 15 to 75 years (CBS, 2023).

<sup>15</sup> EBA and SEO (2023). Minimum income standard in an economic perspective, p. 25.

<sup>16</sup> Self-employed people generally work for business clients; self-employed people generally work for private clients.

<sup>17</sup> Letter from Financial Supervision Board Bonaire, St Eustatius and Saba to the Government Commissioner of the Public Entity of St Eustatius, date 10 May 2023.

## **Wage growth**

The minimum wage rose sharply between 2011 and 2021. But average wages in Bonaire's business services, trade and hospitality sectors barely rose.<sup>17</sup> By contrast, wages in financial services, government, education and healthcare rose sharply. The figures thus present an image of job growth, but hardly any wage growth in the private sector. On St Eustatius, the wages of jobs related to the oil terminal rise far above those of other sectors. Wages in government and education are also higher than the average. Wages in the hospitality industry have fallen sharply since 2015. On Saba, wages in the market sector are relatively low compared to the public sector.

## **Income, income distribution and purchasing power**

### **Minimum wage well below European Netherlands level**

Minimum wages in Bonaire, St Eustatius and Saba increased by 77, 151 and 131 per cent, respectively, between 2010 and 2023. Inflation was 28, 32 and 29 per cent over the same period, implying a sharp increase in the purchasing power of the minimum wage, especially in St Eustatius and Saba. Yet despite the sharp increases, minimum wages are still well below the level in the European Netherlands. Equalisation to the European Dutch level would imply a further increase of 69 per cent for Bonaire, 45 per cent for St Eustatius and 46 per cent for Saba. At the same time, minimum wages are well above those of sister islands Aruba, Curaçao and Sint Maarten and those of other Caribbean islands. The exception is Saint Martin in France, where the French statutory minimum wage applies as in other French overseas territories.

### **Number of employed on minimum wage**

It is unknown how many residents earn the statutory minimum wage (statutory minimum wage) in Bonaire, St Eustatius and Saba. The lack of this data is a major omission. As a result, the exact size of the minimum wage earners among the working poor is unclear. The nature of the island's poverty problem is not clearly understood. This also means that the effectiveness of increasing the minimum wage in reducing poverty cannot be accurately assessed. These figures must become available to assess the effectiveness of future policies (ex ante and ex-post). A rough estimate of the number of statutory minimum wage earners on Bonaire is 1,655 (18 per cent), on St Eustatius 235 (16 per cent) and on Saba 107 (11 per cent) Saba.<sup>18</sup>

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<sup>18</sup> Since figures on wages cannot account for how many employees work part-time, it is not known whether an increase in part-time work in these sectors causes this low wage growth.

<sup>19</sup> EBA and SEO (2023). Minimum income standard in an economic perspective, p. 29.

Based on available statistics on the number of residents with a primary income below the minimum wage, the number of workers working part-time, the number of residents on welfare benefits, the number of self-employed workers and with some assumptions, a rough estimate of the number of workers earning minimum wage can be made. The results of this estimate are shown in the table below. The high scenario assumes all part-time and self-employed workers earn above the statutory minimum wage. The low scenario assumes that all part-time and self-employed workers earn below the statutory minimum wage.<sup>19</sup>

**Table 2.3** Estimated numbers of employees at statutory minimum wage level.

	low		middle		high	
	number	percentage	number	percentage	number	percentage
Bonaire	0	0%	1,655	18%	2,439	26.1%
St Eustatius	0	0%	235	16%	352	23.6%
Saba	0	0%	107	11%	172	18.1%

Source: EBA and SEO calculations based on CBS (2023).

### Purchasing power increase on all three islands

The median purchasing power development<sup>20</sup> between 2012 and 2020 is substantially higher than in the European Netherlands. Purchasing power on Bonaire, St Eustatius and Saba increased by 23, 27 and 30 per cent respectively during this period. In the European Netherlands, purchasing power rose by 11 per cent. The increase in purchasing power applies to all income groups.

### Moderate inflation

Above-average prices of basic necessities rose especially fast on the three islands between 2010 and 2022. Such as food, clothing, housing, water and energy, household appliances and healthcare. Hotel and restaurant prices also rose above average. Communication prices fell on all three islands. The average increase in the consumer price index in Bonaire, St Eustatius and Saba was 2.1, 2.4 and 2.2 per cent per year between 2010 and 2022, respectively. Overall, inflation for the three islands was 28, 32 and 29 per cent during this period.

<sup>20</sup> Purchasing power development is the change in purchasing power over two consecutive years. The median purchasing power trend is the middle of the changes in the purchasing power of individuals ranked by size (CBS, 2023).

<sup>21</sup> The net income households can use for their consumption expenditure (CBS, 023).

## Erosion of purchasing power for Bonaire and St Eustatius

Average disposable incomes<sup>21</sup> in Bonaire, St Eustatius and Saba between 2011 and 2020 show moderate to reasonable increases of 8.5 per cent, 10 per cent and 27 per cent, respectively. However, in the same period, inflation was 14, 23 and 17 per cent, respectively. For Bonaire and St Eustatius, this implies an erosion of the buying power of average disposable income.

There are also differences between households on islands and between islands. In Bonaire, the average disposable income of single-parent households increased by 32 per cent, while that of households dependent on income transfers<sup>22</sup> decreased by 3 per cent. On St Eustatius, the average disposable income of households dependent on income transfers actually increased the fastest at 36 per cent respectively. On Saba, the picture is that there are no major differences. It is not immediately clear how these differences can be explained.

## Skewed income distribution

Despite sharp increases in the minimum wage, welfare and AOV (old-age pension), income distribution<sup>23</sup> on Bonaire and Sint Eustatius did not become more equal between 2011 and 2021. On Saba, this is the case. Furthermore, income distribution remains skewed in all three public bodies compared to the European Netherlands. No statistics of wealth distribution are known for all three islands.

## Conclusion socioeconomic context<sup>24</sup>

There is extensive poverty in Bonaire, St Eustatius and Saba. A substantial proportion of households, individuals and children have to live on an income below the current minimum income standard benchmark. Poverty is barely falling, if at all, despite the various measures taken by the government. The high and increased prosperity since 2010 and much improved social services have also done little or nothing to reduce poverty. Income distribution is skewed compared to the European Netherlands and - despite increases in the statutory minimum wage and welfare - has not improved since 2010, except for Saba. In addition, inflation was above average in spending categories for basic necessities.

Wage levels and trends lag behind public sector wage growth in key parts of the market sector, where employment is high. Yet unemployment in Bonaire, St Eustatius and Saba is low and participation rates high. The increases in the minimum wage and welfare that have taken place since 2010 have not led to higher

22 All payments for which there is no direct quid pro quo and which do not encumber the payer's assets and do not serve to finance the long-term expenses of the recipient. Examples of income transfers are donations, taxes, contributions, benefits, and remittances to the European Union (CBS, 2023)

23 Income distribution refers to the distribution of national income among individuals or households.

24 EBA and SEO (2023). Minimum income standard in an economic perspective, p. 4 ff

unemployment. To understand the extent of the poverty problem and the effects of poverty policies, it is essential that to know how many workers earn an income at or around the statutory minimum wage.

The lack of this data is a major omission. Sectors where minimum wage payments are likely to be relatively frequent (hospitality, trade, construction, business services) are not subject to international competition or are subject to limited international competition. As a result, a change in the statutory minimum wage has limited impact on competitiveness. Tourism-related sectors (trade, hospitality) do compete internationally, but the share of labour costs in the cost of the tourism product is generally limited.

To the extent that migration was associated with improved public services between 2010 and now, this mainly concerned Kingdom residents and, to a lesser extent, residents from other Caribbean countries.

Socioeconomic developments on Bonaire, St Eustatius and Saba show a (partly) paradoxical picture. The welfare levels and purchasing power have risen. At the same time, the development of disposable incomes of different groups lags behind. Apart from that, there is no improvement in income distribution and there is little or no reduction in widespread poverty. Clearly, not everyone is being reached by the measures already in place.

## 2.4 The severity of poverty problems

The above information paints a picture of the socioeconomic context of the islands, mostly expressed in figures. As far as the Committee is concerned, poverty deserves an explanation beyond figures. The next section looks at what living in poverty means for citizens in the Caribbean part of the Netherlands and what consequences it has for them. But also how it is possible that 13 years after Bonaire, St Eustatius and Saba became an integral part of the country of the Netherlands, there is still staggering poverty on these islands.

Chapter 1 describes that socioeconomic security covers many aspects. Including good education, accessible healthcare, affordable housing, work that pays, and social security. This is also clearly evident in *Gezichten van een onzeker bestaan* ('Faces of an Insecure Existence') (2021) by the Council for Public Health and Society.<sup>25</sup> This report outlines recurring elements of an insecure such as debt, lack of money, health problems, unsafe home situation, unstable living situation, social exclusion and lack of job prospects. The stress people experience spills over into health problems, relationship problems, reduced learning and reduced functioning.<sup>26</sup>

<sup>25</sup> RVS (2021). *Gezichten van een onzeker bestaan*.

<sup>26</sup> Minimum Income Standard Committee (2023). *A secure existence. Report I*, p. 31ff

The figures in the previous section show that poverty is high in the Caribbean part of the Netherlands. In the European Netherlands, it is estimated that 1 in 17 people live in poverty.<sup>27</sup> In the Caribbean part of the Netherlands, it is estimated that 1 in 3 people live in poverty.<sup>28</sup> Socioeconomic security is at stake for a large proportion of residents of Bonaire, Sint Eustatius and Saba, including many children. The number of residents dependent on the food bank continues to rise and too many residents are forced to work multiple jobs with which they try to keep their heads above water. These are developments that suggest the government is not doing enough justice to Article 20 of the Constitution and Article 25 of the Universal Declaration of Human Rights, which enshrines the right to socioeconomic security (see Box 1).<sup>29</sup>

### Socioeconomic security as a public concern: legal framework (box 1)

#### Constitution

Socioeconomic security is enshrined as an obligation of effort for the government in the Constitution. Article 20 of the Constitution states that the population's livelihood and wealth distribution are "matters of concern to the government". The Constitution also requires the law to regulate social security entitlements. Dutch nationals who cannot support themselves in the Netherlands have a right to government assistance to be regulated by law. Article 20 is a fundamental social right for which the state must make efforts, but it leaves it to the legislator to define who has the right to assistance under what circumstances.

#### Universal Declaration of Human Rights

The UDHR provides a more concrete description of the right to socioeconomic security: "Everyone has the right to a standard of living adequate for the health and well-being of himself and his family, including food, clothing, housing and medical care and necessary social services, as well as the right to provision in case of unemployment, sickness, disability, death of the spouse, old age or other lack of livelihood."

27 CPB. Estimate August 2023 (draft Macro Economic Outlook 2024).

28 Estimate is based on income data from CBS showing that 1 in 3 residents currently has an income below the benchmark minimum income standard. Source: CBS (2023). StatLine - Caribbean NL; income up to benchmark for minimum income standard (cbs.nl).

29 Also for European Netherlands, the minimum income standard Committee finds that the government is insufficiently able to do justice to these articles (minimum income standard Committee (2023). A secure existence. Report I, p. 27).

## Impact of poverty on the individual

The impact of poverty on individuals is huge. VNG says the following about this: "The promise of socioeconomic security is important (...). Without the basic security of income, work and a government to support you, any change becomes a threat. "<sup>30</sup> Financial socioeconomic insecurity due to inadequate income takes a toll on how people function. The minimum income standard Committee (European Netherlands) discusses this in detail in its first report.<sup>31</sup> Livelihood insecurity has a major personal impact on people's lives in many areas:

- *Self-esteem*: Not making ends meet reduces the quality of life and self-esteem as many people become permanently dependent on (local) government facilities and private facilities such as food banks, charitable aid, etc.
- *Making wise choices*: Money stress reduces people's ability to do what is financially prudent.
- *Debts*: People on benefits or low income are more likely to be in debt.
- *Social isolation*: Low socioeconomic security increases the likelihood of loneliness, less sustainable partner relationships and other social relations. People withdraw from social situations and relationships because of shame and stress. Having to live on a low income for a long time reinforces social exclusion.
- *Reduced health and lower (healthy) life expectancy*: People with lower socioeconomic status live on average between four and seven years shorter depending on income, education and gender, and they live 15 to 18 years in poorer perceived health than those with higher socioeconomic status. Moreover, socioeconomic health inequalities have increased rather than decreased in recent years. Poverty also lacks resources for healthy eating, participation in sports or other social- aal activities.
- *Mental problems*: Financial socioeconomic insecurity increases the risk of depression, psychosis, mood disorders, suicide, alcohol and drug addiction.
- *Non-use of rights*: Socioeconomic insecurity can also lead to people being unable to take advantage of the benefits they are entitled to.

30 VNG (2023), Socioeconomic security as a promise, towards a local socioeconomic security agenda.

31 Minimum Income Standard Committee (2023). A secure existence. Report I, p. 49 ff.

For many children, growing up in poverty adversely affects their development.

- Financial socioeconomic insecurity worsens learning performance.
- Children growing up in long-term poverty are more likely to be insecurely attached, i.e. their trusting relationship with their parents and others is damaged, which can cause them to develop behavioural problems.
- Children and adolescents from families with low socioeconomic status are almost twice as likely to develop a psychosocial problem than peers from higher classes, according to the JGZ guideline Psychosocial Problems.
- Growing up in poverty can adversely affect the development of executive functions, such as planning and organising. This can lead to poorer emotional regulation and a lack of flexibility.
- Poverty increases the likelihood of leaving school without a start qualification.
- The longer a family lives in poverty, the more feelings of anxiety, dependency and unhappiness children experience.

\* Extracted from minimum income standard Committee report, 'A secure life. Towards a future-proof minimum income standard system- report 1: page 49ff.

## Impact of poverty on society

Socioeconomic insecurity also affects society. The Minimum Income Standard Committee (European Netherlands) cites higher healthcare costs, underutilisation of human capital, and the social costs of problematic debt. The negative impact on the functioning of *civil* society and the relationship between socioeconomic insecurity and security issues are also mentioned. It is also noted that low-income groups have lower trust in politics and governments. Finally, the minimum income standard Committee (European Netherlands) addresses the negative spiral in poverty: "*The effects of poverty reinforce poverty or make it harder to get out of poverty. With a negative spiral, situations of human suffering persist, and social costs also remain high.*"

## Signals of various investigations

In recent years, several agencies have called attention to the poverty problem in the Caribbean part of the Netherlands in several reports and letters.<sup>32</sup>

When constitutional relations changed in 2010, it was agreed that, for a period of five years, the central government would give the society in Bonaire, St Eustatius and Saba the opportunity to get used to the new situation. One way the central government would do this is by introducing as few new policies and related legislation as possible on the islands. This was called 'legislative restraint'. The 2015 Spies Committee report says that there is a perception that "*invoking legislative restraint keeps draft legislation on the shelf, even in cases where it might be considered undesirable to wait with new legislation.*"<sup>33</sup>

On poverty, this report says: "*Residents of Bonaire, St Eustatius and Saba had the hope and expectation that their (economic) situation would improve after the transition. That expectation has not come about for many of them. On the contrary, a sizeable proportion of the population experiences poverty on a daily basis, partly due to lagging purchasing power and the relatively low level of social services.*"<sup>34</sup>

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32 National Ombudsman (2019). *Oog voor ouderen in Caribisch Nederland*, ('Focus on the elderly in the Caribbean Netherlands'); National Ombudsman (2020). *Het maakt uit waar je wieg heeft gestaan* ('It matters where your cradle was'); National Ombudsman (2022). *Caribbean children footing the bill*.

33 Spies Committee (2015). *Five years connected. Bonaire, Sint Eustatius, Saba and the European Netherlands. Report of the committee for the evaluation of the elaboration of the new constitutional structure of the Caribbean Netherlands*, p. 31

34 Spies Committee 2015, p. 51

The report also examines what people see as the main sticking points. First mentioned is: "*The weak economic situation and poverty in many households have varied social consequences, according to the population. There is a lot of discontent among them, which manifests itself, among other things, in anger at European Netherlands, which leaves them out in the cold and does not want to acknowledge the poverty among a good part of the population. The level of benefits and minimum wage is low, looking at the cost of living in the Caribbean Netherlands and comparing it with the European Netherlands; the level of benefits and minimum wage is higher and the cost of living is mostly lower there, is the impression. The general view is that one salary is often impossible to live on because of the high cost of living.*"<sup>35</sup>

In recent years, the Netherlands Institute for Human Rights has also drawn much attention to poverty issues in the Caribbean part of the Netherlands. The Institute signalled in the 2016 Annual Report that poverty and its (social) consequences visible on all three islands. "The increase in the cost of living since the transition in 2010 has not been offset by increased income in the form of wage rises or benefit increases. The assistance is set based on the statutory minimum wage and not on the cost of living. The Institute recommends basing the assistance standard on the cost of living locally."<sup>36</sup>

The cost of living in the Caribbean part of the Netherlands is an ongoing challenge for local people. The insularity, small scale and isolated location of Bonaire, St Eustatius and Saba means that the cost of life support is high compared to the European part of the Netherlands. The Institute is still concerned about citizens' standard of living in the Caribbean part of the Netherlands in 2022 and stresses the importance of cost reductions. In its letter of 16 December 2022, the Institution therefore calls on ministerial departments to take concrete measures to reduce costs as soon as possible.<sup>37</sup>

### **The elderly**

*"Almost all elderly people the Ombudsman's investigators spoke to told us - sometimes after robust questioning - that they could make ends meet financially with only an AOV benefit.<sup>38</sup> Some elderly people receive a supplementary pension, but even then the elderly struggle financially on the islands. Particularly because the daily and monthly expenses are so high. Life on the islands is expensive."*<sup>39</sup>

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<sup>35</sup> Spies Committee 2015, p. 81

<sup>36</sup> <https://publicaties.mensenrechten.nl/publicatie/6dab1ad8-5fdd-4a4d-9fcc-b446f429ff6e>, p. 114.

<sup>37</sup> Letter from the Netherlands Institute for Human Rights to State Secretary Van Huffelen on minimum income standard Caribbean Netherlands, date 16 December 2022

<sup>38</sup> AOV stands for *Algemene Ouderdomsverzekering* and is the Caribbean Dutch equivalent of the Old-age pensions Act (AOW).

<sup>39</sup> National Ombudsman (2019). *Oog voor ouderen in Caribisch Nederland*, p. 26.

*"The solution to poverty-related problems among vulnerable older people on the islands does not lie only in increasing incomes and reducing the cost of living. More is needed to ensure that elderly people can live a dignified existence. Consider the availability of public transport, affordable housing with sanitary facilities, a place in day care, home care or a meal service."*<sup>40</sup>

### **Young adults**

*"As a result of poverty, these young people often lack healthy food. In addition, the stress of living in poverty can lead to results in parents being less able to properly care for their children. The risk of domestic violence and child abuse is increasing. And that can lead to mental problems. Poverty further impacts development opportunities for young people, as it is associated with poor housing and reduced participation in social activities. Poverty often means that children already start school at a disadvantage, putting them at greater risk of leaving school without a qualification. This makes it more difficult to find a job that offers sufficient income. They can hardly catch up with the backlog of young people in different areas. The consequence is often that when they have children of their own, they pass on poverty and lack of opportunities to the next generation."*<sup>41</sup>

The report further explains that Caribbean Dutch youth who grow up in poverty often end up in a vicious cycle of problems. *"An urgent comprehensive approach to poverty among these young people is necessary to break it. The study, which focuses on poverty among Caribbean Dutch youth, shows that many young people experience serious sticking points that prevent them from getting out of poverty."*<sup>42</sup> This complicates the transition to adulthood.

*Whereas European Dutch youth in poverty can rely on various protective facilities, these are mostly lacking for Caribbean Dutch youth. The poverty is distressing and demands urgent action."*<sup>43</sup>

40 National Ombudsman (2019). *Oog voor ouderen in Caribisch Nederland*, p. 36.

41 National Ombudsman (2020). *Het maakt uit waar je wieg heeft gestaan*, p. 18.

42 National Ombudsman (2020). *Het maakt uit waar je wieg heeft gestaan*, p. 55.

43 National Ombudsman (2020). *Het maakt uit waar je wieg heeft gestaan*, p. 55.

## **Single parents**

*"Poverty greatly impacts children's education, especially if their parents are single. In interviews with parents and children and from previous research, it appears that single parents have insufficient space to give their children care, love and attention. Parents are under pressure and stressed by all the (financial) problems. They are also generally away from home a lot to work. This means ensures that there can be less structure, rules, support and interest for the children."*<sup>44</sup>

*"Children growing up in poverty, like adults, have to deal with poverty and its consequences. Unchallenged child poverty becomes the poverty of the next generation. This is precisely why breaking the vicious cycle of poverty is so important. To achieve this, relevant agencies must take a comprehensive view of the poverty-related issues in the Caribbean Netherlands*

*- with an eye for parents and children - and act on them jointly, also proactively. It is important to include the views of parents and children in this. This should be tightly controlled by the Ministry of the Interior and Kingdom Relations"*<sup>45</sup> [...]

*"By extension, the ombudsmen still point to legal and financial issues surrounding alimony and debt relief loans- , which the group of single parents in the Caribbean Netherlands face. Apart from a few pilots, almost no facilities on the islands support single parents in this regard. A comprehensive debt approach also requires a commitment to prevention and early signalling. One example is budgeting. There is much to be gained by using training in this area, not only for professionals but also for parents themselves and for children through education. From the islands, in addition, more cooperation can be sought with each other, both in prevention, early signalling and implementation."*<sup>46</sup>

## **Other vulnerable groups**

In addition to the above groups, the Committee also wants to draw attention to (temporarily and/or partially) disabled people. Think of citizens with physical and/or mental disabilities, with an illness or (severe) psychological complaints. In the European Netherlands, there are several schemes, such as the WIA, Wajong and Participation Act, to which these target groups can apply. In the Caribbean part of the Netherlands, these target groups are often condemned to welfare. As the next chapters show, a statutory minimum wage is not enough to make ends meet and participate in society. Extra income is therefore often necessary. But this is usually impossible for this target group due to limited working capacity. They cannot join the workforce, or can only do so in sheltered employment.

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<sup>44</sup> National Ombudsman (2022). Caribische kinderen van de rekening, p. 44.

<sup>45</sup> National Ombudsman (2022). Caribische kinderen van de rekening, p. 44.

However, this group can receive a supplement to the welfare benefit capped at the statutory minimum wage. However, this supplement is only available for fully and permanently disabled persons<sup>47</sup>. This does not include an incapacitated person with limited working capacity. In addition, sheltered employment is currently only present on Saba and Bonaire. There are a limited number of places for people with a distance to the labour market. The Committee calls attention to the fact that this target group cannot fall back on schemes and facilities to promote their participation in society, such as special transport for the occupationally disabled, appliances and home care. Because of this, they are often socially isolated.

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46 National Ombudsman (2022). Caribische kinderen van de rekening, p. 46.

47 Section 17(1), BES Welfare Assistance Decree

## 2.5 Income analysis

### Introduction

In the previous paragraphs, the Committee provided an insight into the characteristics of Bonaire, Sint Eustatius and Saba and the socioeconomic context on the islands. The severity of the poverty problem has also been made clear. The following paragraphs analyse incomes and costs in Bonaire Sint Eustatius and Saba.

### Influence on incomes from central government

The government has set a benchmark for the minimum income standard in 2019. The benchmark aims to reduce the cost of living for residents of the Caribbean part of the Netherlands to a reasonable level and increase incomes. So that all residents of the Caribbean part of the Netherlands can meet the welfare minimum.<sup>48</sup> Following the introduction of this benchmark, several measures have been taken by the central government to increase incomes. The main measures are:

- Welfare increases
- AOV increases
- AWW increases<sup>49</sup>
- Child benefit increases
- Statutory minimum wage increases
- Tax-free allowance increases.

### Welfare

Citizens can apply for income support from the implementing organisation of the Ministry of Social Affairs and Employment, the RCN unit SZW. Think of the welfare (known in the European Netherlands as social assistance), General Old-age insurance (known in the European Netherlands as the AOW) and child benefits.

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<sup>48</sup> <https://www.tweede kamer.nl/kamerleden-en-commissies/commissies/koninkrijksrelaties/ijkpunt-socioeconomic security-caribbean>

<sup>49</sup> Due to the limited size of the group of AWW (General Widows' and Orphans' Benefits recipients, the Committee does not consider this group separately.

The welfare benefit is intended for citizens who have no income from work and have lived in the Caribbean part of the Netherlands for at least five years. A successful claim for a welfare benefit is also subject to an asset limit. When receiving welfare benefits, it is possible to earn up to the level of the statutory minimum wage.

## **General old-age insurance**

The AOV is intended for pensioners who have worked on Bonaire, Sint Eustatius or Saba for one or more years. AOV beneficiaries receive an AOV benefit depending on the years they have been employed on Bonaire, Sint Eustatius or Saba. Some of the AOV beneficiaries receive incomplete AOV benefits. This is because the right to AOV is only built up over the years you worked in the Caribbean part of the Netherlands. If you have worked abroad for a number of years, you will receive an incomplete AOV.

If you have worked in another country, you may receive an accrued old-age benefit from that country, similar to the AOV. However, some countries have no such old-age scheme. It is possible for AOV beneficiaries with an incomplete AOV that is not supplemented from other countries to receive an AOV assistance allowance through the RCN unit SZW.

## **Child benefit**

Anyone with children can claim child benefit. The amount of child benefit is not income-dependent and there is no differentiation according to the child's age. In the European Netherlands, the amount of child benefit depends on the child's age. The islands have no child-related budget for families with lower disposable income. European Netherlands does have a child-related budget for families with lower disposable income.

## Statutory minimum wage and tax-free allowance

The statutory minimum wage level is set once a year, on 1 January, by the Minister of Social Affairs and Employment. These wages are obviously paid by Bonaire, St Eustatius and Saba employers. The tax-free sum<sup>50</sup> has increased every year since 2018 (except for 2022).

If the statutory minimum wage rises but the tax-free allowance remains the same, part of the increase in the new legal mini minimum wage goes to the Tax Administration and the disposable income of citizens earning around the statutory minimum wage hardly rises at all. Along with the increase in the statutory minimum wage, the tax-free allowance is often adjusted.

The statutory minimum wage has also risen sharply. Yet this has had little impact on poverty on the islands, partly because the cost of living has also risen. Minimum wages in Bonaire, St Eustatius and Saba have increased by 77, 151 and 131 per cent, respectively, since 2010. Inflation was 28, 32 and 29 per cent during the same period. Inflation was above average in spending categories belonging to basic necessities. This aligns with stories the Committee heard during its working visit to Bonaire, St Eustatius and Saba. It was told that the cost of food rises once the statutory minimum wage rises.

The tables below for Bonaire, Sint Eustatius and Saba show that there have been substantial increases from the central government in recent years regarding income support and the tax-free allowance. The statutory minimum wage paid by employers has also risen sharply.

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50 The tax-free allowance means that part of taxable income is not taxed.

**Table 2.4 Measures to improve household incomes in Bonaire for the period 2018-2023.**

Bonaire (amounts in \$)		2018	2019	2020	2021	2022	2023	'18-'23
Statutory minimum wage per month		825	895	951	951	1,046	1,236	+50%
Tax-free sum per year		11,920	12,242	12,475	12,575	12,198	17,353	+46%
AOV	Monthly benefit	593	644	684	684	752	1,047	+77%
	Supplement: married to someone under 65 years of age	406	441	468	468	515	578	+42%
	Income limit partner allowance	12,999	14,103	14,978	14,978	16,476	18,486	+42%
<b>Monthly child benefit</b>		<b>40</b>	<b>62</b>	<b>83</b>	<b>85</b>	<b>89 (99)</b>	<b>131</b>	<b>+228%</b>
Welfare	Basic amount per 2 weeks	152	165	175	175	193	216	+42%
	Supplements per 2 weeks:							
	-Independent living	22	62	66	66	73 (109)	197 (260)	+795%
	-Married/cohabiting	54	59	63	63	69 (109)	158	+193%
	-First child	27	29	31	31	34	41	+52%
	-Second and third child	14	15	16	16	18	21	+50%
	-Completely and permanently incapacitated for work	101	109	197	197	217	265	+162%
	-AOV allowance	-	-	197	263	290	326	+65%
AWW	Monthly benefit							
	Widows/widowers up to 39 years of age	274	298	316	316	348	425 (476)	+55%
	Widows/widowers 40-48 years old	360	390	414	414	456	557 (624)	+55%
	Widows/widowers 49-57 years old	450	488	518	518	570	697 (782)	+55%
	Widows/widowers aged 58 and above	593	644	684	684	752	919 (1,030)	+55%
	Disabled widows/widowers or with 1 or more children	593	644	684	684	752	919 (1,030)	+55%
	Half orphans 0 to 9 years	199	216	229	229	252	308 (345)	+55%
	Half-orphans 10 to 14 years	217	235	249	249	274	335 (376)	+54%
	Orphans aged 15 to 24 who are school-going and/or disabled	237	257	273	273	301	368 (412)	+55%

Bonaire (amounts in \$)	2018	2019	2020	2021	2022	2023	'18-'23
Orphans 0 to 9 years	217	235	249	249	274	335 (376)	+54%
Orphans 10 to 14 years	237	257	273	273	301	368 (412)	+55%
Orphans 15 to 24 years old who are school-going and/or disabled	274	297	315	315	347	424 (475)	+55%

Source: Economic Bureau Amsterdam (2023) based on Government Gazette.

- a. In 2022, the child benefit, independent living allowance (welfare) and joint household allowance (welfare) were increased in the interim from 1 July. These increments are shown in brackets.
- b. In 2023, the independent living allowance (welfare) and AWW amounts will be increased on 1 October. These increments are shown in brackets.
- c. Refers to the increase between 1 January 2018 and 1 January 2023. This does not include the increases from 1 October 2023 (see note b).

**Table 2.5 Measures to improve household incomes in St Eustatius for the period 2018-2023.**

St. Eustatius (amounts in \$)	2018	2019	2020	2021	2022	2023	'18-'23	
Statutory minimum wage per month	1,055	1,119	1,150	1,150	1,265	1,446	+37%	
Tax-free sum per year	11,920	12,242	12,475	12,575	12,198	17,353	+46%	
AOV	Monthly benefit	801	850	875	875	962	1,113	+39%
	Supplement: married to someone under 65 years of age	520	551	566	566	623	679	+31%
	Income limit partner allowance	16,619	17,633	18,109	18,109	19,920	21,713	+31%
<b>Monthly child benefit</b>		<b>42</b>	<b>64</b>	<b>85</b>	<b>87</b>	<b>89 (99)</b>	<b>128</b>	<b>+205%</b>
Welfare	Basic amount per 2 weeks	194	206	212	212	233	254	+31%
	Supplements per 2 weeks:							
	-Independent living	28	78	80	80	88 (132)	233 (255)	+732%
	-Married/cohabiting	69	74	76	76	83 (132)	181	+162%
	-First child	34	36	37	37	41	48	+41%
	-Second and third child	18	19	19	19	21	25	+39%
	-Completely and permanently incapacitated for work	128	136	238	238	262	312	+144%
	-AOV allowance	-	-	238	318	351	382	+61%

St. Eustatius (amounts in \$)		2018	2019	2020	2021	2022	2023	'18-'23
AWW	Monthly benefit							
	Widows/widowers up to 39 years of age	351	372	382	382	421	500 (509)	+42%
	Widows/widowers 40-48 years old	460	488	501	501	551	656 (667)	+43%
	Widows/widowers 49-57 years old	576	611	627	627	690	821 (835)	+43%
	Widows/widowers aged 58 and above	759	805	827	827	909	1,082 (1,101)	+43%
	Disabled widows/widowers or with 1 or more children	759	805	827	827	909	1,082 (1,101)	+43%
	Half orphans 0 to 9 years	254	270	277	277	305	363 (369)	+43%
	Half-orphans 10 to 14 years	277	294	302	302	332	395 (402)	+43%
	Orphans aged 15 to 24 who are school-going and/or disabled	303	322	331	331	364	433 (440)	+43%
	Orphans 0 to 9 years	277	294	302	302	332	395 (402)	+43%
	Orphans 10 to 14 years	303	322	331	331	364	433 (440)	+43%
	Orphans 15 to 24 years old who are school-going and/or disabled	350	371	381	381	419	499 (508)	+43%

Source: Economic Bureau Amsterdam (2023 based on the Government Gazette.

- a. In 2022, the child benefit, independent living allowance (welfare) and joint household allowance (welfare) were increased in the interim from 1 July. These increments are shown in brackets.
- b. In 2023, the independent living allowance (welfare) and AWW amounts will be increased on 1 October. These increments are shown in brackets.
- c. Refers to the increase between 1 January 2018 and 1 January 2023. This does not include the increases from 1 October 2023 (see note b).

**Table 2.6 Measures to improve household incomes in Saba for the period 2018-2023.**

Saba (amounts in \$)		2018	2019	2020	2021	2022	2023	'18-'23
Statutory minimum wage per month		984	1,076	1,133	1,133	1,247	1,434	+46%
Tax-free sum per year		11,920	12,242	12,475	12,575	12,198	17,353	+46%
AOV	Monthly benefit	776	838	883	883	971	1,175	+51%
	Supplement: married to someone under 65 years of age	485	530	558	558	614	674	+39%
	Income limit partner allowance	15,503	16,960	17,859	17,859	19,645	21,551	+39%

Monthly child benefit		42	64	84	86	(89) 99	129	+207%
Saba (amounts in \$)		2018	2019	2020	2021	2022	2023	'18-'23
Welfare	Basic amount per 2 weeks	181	198	209	209	230	252	+39%
	Supplements per 2 weeks:							
	-Independent living	26	75	79	79	(87) 130	231 (289)	+788%
	-Married/cohabiting	65	71	75	75	(82) 130	179	+175%
	-First child	32	35	36	36	40	48	+50%
	-Second and third child	17	18	19	19	21	25	+47%
	-Completely and permanently incapacitated for work	120	131	235	235	259	309	+158%
AWW	-AOV allowance	-	-	235	314	346	380	+62%
	Monthly benefit							
	Widows/widowers up to 39 years of age	327	358	377	377	415	496 (542)	+52%
	Widows/widowers 40-48 years old	429	469	494	494	543	650 (710)	+52%
	Widows/widowers 49-57 years old	537	587	618	618	680	814 (888)	+52%
	Widows/widowers aged 58 and above	707	774	815	815	896	1,073 (1,171)	+52%
	Disabled widows/widowers or with 1 or more children	707	774	815	815	896	1,073 (1,171)	+52%
	Half orphans 0 to 9 years	237	259	273	273	300	359 (392)	+51%
	Half-orphans 10 to 14 years	258	282	297	297	327	392 (427)	+52%
	Orphans aged 15 to 24 who are school-going and/or disabled	283	310	326	326	359	429 (468)	+52%
	Orphans 0 to 9 years	258	282	297	297	327	392 (427)	+52%
	Orphans 10 to 14 years	283	310	326	326	359	429 (468)	+52%
	Orphans 15 to 24 years old who are school-going and/or disabled	326	357	376	376	413	495 (540)	+52%

Source: Economic Bureau Amsterdam (2023) based on the Government Gazette.

- a. In 2022, the child benefit, independent living allowance (welfare) and joint household allowance (welfare) were increased in the interim from 1 July. These increments are shown in brackets.
- b. In 2023, the independent living allowance (welfare) and AWW amounts will be increased on 1 October. These increments are shown in brackets.
- c. Refers to the increase between 1 January 2018 and 1 January 2023. This does not include the increases from 1 October 2023 (see note b).

## 2.6 Cost analysis

### High cost

Life on Bonaire, St Eustatius and Saba is expensive. In part, this can be explained by its geographical location, extreme small scale and local climate. These factors result in a limited supply of local food production, shops and services. Many supplies have to be imported as a result. The Committee calls attention to this high cost of living in the Caribbean part of the Netherlands.

It focuses on the biggest costs<sup>51</sup> facing residents. These cost items are:

- Accommodation
- Transport (on and between the islands)
- Energy, drinking water, telecoms
- Food
- Childcare

### Accommodation

The cost of living is high on all three islands. This is partly driven by a limited supply of housing. Together with the high demand for housing, this is driving up house prices. The consequences of high housing costs are especially problematic for people with low disposable income. A roof over your head is one of the most important aspects of a dignified existence.

For residents with low disposable income, public sector housing is usually not available. They are therefore condemned to renting in the private rental sector and/or living together by necessity in so-called multigenerational households. Several generations are then forced to live in housing that is often too small. There is little living space, little or no privacy, and bedrooms have to be shared. Living in a multigenerational household can be stressful and even lead to domestic violence. Living in a multigenerational household also affects in addition, the claim to income support of individuals, while the income of the individuals of these households is often not enjoyed collectively.

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<sup>51</sup> Nibud prepared a report for the Committee: "Nibud (2023): Minimum sample budgets for the Caribbean Netherlands." This report will be published simultaneously with the Committee's report.

## Accommodation on Bonaire

There are 565 public sector housing units available on Bonaire. Around 1,000 households are on the waiting list for public sector housing. Rents in the private sector are alarmingly high. The shortage of rental housing naturally drives up prices. But the arrival of European Dutch interns, entrepreneurs and retirees with deep(er) pockets is also affecting rents. Bonaire is currently running a pilot Private Rental Subsidy from the Ministry of Interior and Kingdom Relations. This is a subsidy that residents with low disposable income can claim when they pay a higher rent than is proportional to their income. Residents renting in the private and social sectors can qualify for the grant.

As this is a pilot, citizens may be reluctant to rent a better but more expensive property with the help of this subsidy. From the fear of not being able to afford that house any longer it was decided not to continue the subsidy. Moreover, the previous, cheaper property will probably have been rented out to someone else by then. In short, people find themselves between a rock and a hard place.

A mid-term evaluation showed that this landlord subsidy resulted in an average reduction in rental costs of about \$300<sup>52</sup>.

**Table 2.7** The rental income table for the Private Rental Contribution in Bonaire. Source: Economic Bureau Amsterdam (2023) based on public body Bonaire and Nibud

Gross income	Gross income (\$)	% personal contribution	Personal contribution (\$)
=< 1x statutory minimum wage	0 - 1,048	10%	0 - 105
> 1x - 1.5x statutory minimum wage	1,049 - 1,572	14%	147 - 220
> 1.5 - 2x statutory minimum wage	1,573 - 2,096	17%	267 - 356
> 2x - 2.5x statutory minimum wage	2,097 - 2,621	20%	419 - 524
> 2.5x - 3x statutory minimum wage	2,622 - 3,144	24%	629 - 755

Source: Economic Bureau Amsterdam (2023) based on public body Bonaire and Nibud.

A landlord subsidy is also provided in the public rental sector. Unlike the private rental subsidy pilot, this rental subsidy is also available on St Eustatius and Saba. However, this rental subsidy is only available for public rented housing, of which there is currently a severe shortage. In 2023, a total of \$2.3 million was spent on this rental subsidy. On Bonaire, the landlord subsidy in the public rental sector provides an average rent cost relief of about \$170 to \$190 per household per month.<sup>53</sup>

52 Ministry of Social Affairs and Employment. (2022). Annex 1. Fourth progress report calibration point minimum income standard Caribbean Netherlands 2022.

53 Ministry of Social Affairs and Employment. (2022). Annex 1. Fourth progress report calibration point minimum income standard Caribbean Netherlands 2022.

Bonaire is home to a housing foundation, Fundashon Cas Bonairiano (FCB). "The goal is to build 2,124 affordable homes by 2030 in Bonaire. (...) From 2025, construction of the first 600 houses will be possible, including infrastructure. Currently, there is already plenty of construction in Bonaire by FCB. Up to 2025, 444 social rented and affordable owner-occupied houses will be added. The go-ahead for the construction of 600 homes from 2025 has now been given, and the final tranches of the housing deal will add to that another 1,100 homes. This adds up to 2,124 more affordable homes through 2030."<sup>54</sup>

### Living on St Eustatius

There are about 100 public sector housing units available on St Eustatius and there are about 120 households on the waiting list for public sector housing. Households renting in the social rented sector can claim a landlord subsidy. St Eustatius does not currently run a pilot private rental subsidy or other similar scheme.

### Accommodation on Saba

About 50 public sector housing units are available on Saba and about 60 households are on the waiting list for public sector housing. Households renting in the social rented sector can claim a landlord subsidy. No pilot private rental subsidy or comparable scheme is running on Saba.

### Transport

There is no structural public transport on all three islands.<sup>55</sup> The roads are not equipped with cycle lanes. In addition, the climate and the - especially on Saba - mountainous landscape are also factors that make cycling unsuitable. Residents from all income brackets are forced to transport themselves by car. Residents with low disposable income usually do not have sufficient savings to purchase a car. Therefore, they rely on buying a car through a loan through the bank. However, the conditions of a loan for purchasing a used car on the islands are difficult to meet for residents with low disposable income.<sup>56</sup> The conditions of a loan for purchasing a new car, despite the higher amount to be borrowed, are often more easily met by people with low disposable income.<sup>57</sup> Typically, these loans have high interest rates due to the lack of legislation on capping interest rates. This produces a remarkable street image, with citizens with low disposable income driving new cars.

54 <https://www.fcb.live/news/nl/fcb-tekent-'woondeal-bonaire-2023-2030'-on-28-June-2023>

55 On Saba, a pilot was recently launched whereby one bus travels across the island during regular working hours.

56 For example: Curacao and Bonaire - Loans ([rbccroyalbank.com](http://rbccroyalbank.com))

57 For example: Curacao and Bonaire - Loans ([rbccroyalbank.com](http://rbccroyalbank.com))

Transport to get to and from work is essential for many citizens. Citizens who do not have a car hitchhike or ride with friends or acquaintances to work. The children of these citizens often lack transport options to play sports, pursue hobbies or meet up with friends.

Inter-island transport is possible by plane. A ferry also runs between Saba and St Eustatius. Transport between the Kingdom's different Caribbean islands is essential for shopping, banking or visiting family. For a large proportion of low-income residents, this transport is too expensive.

### Energy and water

One energy supplier and one water supplier are on each of the three islands. As a result, no competition is possible. Extracting energy and drinking water is a costly process. These costs are spread over the number of users. Despite temporary subsidies, the cost of energy and water is quite high compared to the European Netherlands.

In 2022, the temporary energy allowance was introduced from the purchase power package of USD 1,300 per year per household. This allowance was continued in 2023 and will be continued in a different form in 2024. A temporary energy cap was also introduced in 2023, where half of the variable tariff above USD 0.38 per KWh was subsidised. In addition, there is a temporary reduction in the fixed costs of grid management from USD 390 per year to USD 0 until the end of 2023. Finally, a structural reduction of the fixed rate for drinking water to USD 7.30 on Bonaire and USD 6.85 on Sint Eustatius has been achieved.

For Saba, there is no standing charge for drinking water. Here, the Ministry of I&W invested \$120,000 to support the public body in constructing a drinking water production and bottling plant. This plant opened in late 2021 and the island now produces its own bottled drinking water.<sup>58</sup>

### Telecom

Internet costs are high on Bonaire, St Eustatius and Saba. Internet speed and quality is often low. Since 2020, there has been a temporary subsidy reduction for fixed internet of USD 25 per connection on Bonaire and of USD 35 on Sint Eustatius and Saba. In 2020, the ACM investigated the cost of fixed internet on Saba and St Eustatius. This showed that the high cost of building and maintaining a telecommunications network on the islands is mainly driven by the small scale, geography, topography and weather conditions. In the ACM's estimation, these costs mean that tariffs will always remain structurally higher than those in the European Netherlands, even if some cost-saving measures were taken. Partly as a result, the Ministry of Economic Affairs decided to convert the temporary subsidy scheme into a structural subsidy scheme by 2023.<sup>59</sup>

<sup>58</sup> Ministry of Social Affairs and Employment. (2022). Annex 1. Fourth progress report calibration point minimum income standard Caribbean Netherlands 2022.

<sup>59</sup> EBA and SEO (2023). Minimum income standard in an economic perspective, p. 19

## **Food**

Because virtually all food and drink has to be imported, food costs are high. That there are costs associated with imports is unavoidable. But these costs are avoidably high because of the monopoly position of importer/carriers. This monopoly position can continue because of the lack of competition law and supervision and enforcement from the Consumer and Market Authority (ACM). The Committee pays more attention to the absence of competition law in Chapter 3 of the report.

## **Childcare**

It is unfathomable to the Committee that the cost of childcare in the Caribbean Netherlands is not reduced to zero. The parental contribution is already quite low, so collecting it is very likely to incur higher costs than income. Free childcare in the Caribbean Netherlands could set a precedent for European Netherlands. But the Committee does not consider that argument to be in line with the fact that there has also been no precedent for schemes in the public bodies in the past 13 years. Nor in terms of the lack of a decent minimum income standard in the Caribbean Netherlands towards the European Netherlands. In addition, the Committee stresses that free childcare could break the vicious cycle of poverty. With childcare, children are given structure, proper nutrition and care so they do not start out with a societal disadvantage.

In July 2020, the temporary childcare subsidy scheme went into effect to reduce childcare costs in the Caribbean Netherlands. Parents pay a fixed parental contribution. Childcare organisations receive a subsidy for each half-day a child attends care (see table 5). The parental contribution has been gradually reduced to a minimum of US\$75 and a maximum of US\$100 per month for daycare on Bonaire by 1 January 2023. For out-of-school care, the contribution is a minimum \$40 and a maximum \$100 per month. Childcare organisations can choose whether to charge the minimum or maximum rate (or a rate in between). Generally, organisations apply the maximum rate. On St Eustatius and Saba, the parental contribution for daycare and out-of-school care is USD 75 and USD 40 per month, respectively<sup>60</sup>

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<sup>60</sup> EBA and SEO (2023). Minimum income standard in an economic perspective, p. 16ff.

**Table 2.8** The monthly parental contribution for childcare has been gradually reduced in recent years.

Monthly parental contribution childcare in \$	From 1 July 2021	From 1 July 2021	From 1 Jan 2023
<b>Bonaire</b>			
Day care			
<i>Minimum</i>	150	100	75
<i>Maximum</i>	200	125	100
Extracurricular care			
<i>Minimum</i>	100	50	40
<i>Maximum</i>	200	125	100
<b>St Eustatius</b>			
Day care	150	100	75
Extracurricular care	75	50	40
<b>Saba</b>			
Day care	75	75	75
Extracurricular care	40	40	40

Source: Economic Bureau Amsterdam (2023) based on Temporary childcare funding scheme Caribbean Netherlands.

## Conclusion analysis incomes and costs

The largest income effects can be attributed to AOV, welfare and tax-free allowance increases. It can be seen that increasing the AOV and welfare are the measures that have the most significant effects. But among households receiving AOV and welfare, part of the effect is also determined by increasing the tax-free allowance. Increasing the tax-free allowance is the main driver of the income effect for households with earned income. The effects of measures on the expenditure side, except for the rental subsidy, are smaller than the effects of measures taken on the income side.

## 2.7 Island poverty policy analysis

### Introduction

The previous sections have illustrated the types of income support available from the state. The subsequent tables show the steps taken in recent years to raise incomes for residents on Bonaire, St Eustatius and Saba. This also clarified the costs faced by residents and the measures available by the state to temporarily or structurally reduce these costs. The public bodies each also pursue poverty policies. The following outlines the basis of this poverty policy and how it is shaped. It also reflects on the importance of fruitful cooperation between the state and public bodies in tackling poverty.

During the constitutional transition on 10 October 2010, agreements were made on dividing tasks between the central government and the public bodies. Both the generic income policy and the implementation of special assistance were then assigned to the central government.<sup>61</sup> Responsibility for poverty policy - both financial and policy-related - was then assigned to the public bodies. In other words, the state will ensure that all residents of the Caribbean part of the Netherlands have an income from work (statutory minimum wage) or benefits sufficient to make ends meet. In doing so, the state also has a duty, through special assistance, to help the individual facing unexpectedly large necessary expenses that cannot be paid.

Public bodies are responsible for providing support and customisation for residents who nevertheless cannot make ends meet. Examples include setting maximum prices. As was recently done on Bonaire for a 'basic basket' of 38 supermarket products<sup>62</sup> and the reimbursement of certain costs for a precisely defined group (such as primary school pupils and MBO students).<sup>63</sup> A means test should precede each provision.<sup>64</sup> The structural/periodic reimbursement of food, clothing, water, electricity and gas costs is excluded from the poverty policy. This is also the case in municipalities in the European part of the Netherlands. However, an occasional fee for these purposes is allowed in principle. Public bodies can, however, reduce costs for previously mentioned (and other) items through subsidies. This can be done, for example, by subsidising a food bank or introducing and implementing a temporary scheme. To implement the agreed division of tasks, it was agreed that the public bodies will receive funding through the free allocation from the BES fund.<sup>65</sup> The public bodies themselves may determine which tasks and activities they

61 From 1 June, the State transferred the provision of special assistance to the Public Entity of Saba.

62 <https://bonairegov.com/inwoners/bon-kompra-plus>

63 In the case of reimbursement for school supplies for primary school and book fees for secondary school, primary school students must be enrolled at a primary school and secondary school students at their study programmes. There are also limits on the income a person may have to receive the compensation: <https://bonairegov.com/news-review/article/apply-for-reimbursement-school-money-basic-and-book-charges-MBO-possible> and Cultural Planning Office (2015). 'Five years of the Caribbean Netherlands:

64 Impact on population', p. 193.

65 Article 1. BES fund; Article 88 FINBES.

will pay for from the general resources of the free allocation, such as subsidising a food bank. This principle does not affect the fact that the public bodies must carry out the statutory tasks and activities entrusted to them, whereby they also rely on general resources for funding. For example, the legally required tasks arising from the BES Burial Act (reimbursement of funeral expenses) and the BES Primary Education Act (school breakfast, school uniforms and school transport). The public bodies decide what share of the free allowance is spent on tackling poverty.

The 2022 administrative agreements provide for an increase in the free allowance.<sup>66</sup> Island governments will receive a structural €13 million more for island tasks.<sup>67</sup> In addition, €10 million is available for incidental arrears. This is deployed in areas such as improvements in physical infrastructure, implementation of local poverty policies and strengthening implementation capacity.<sup>68</sup>

## Poverty policy on paper

A closer analysis of how the public bodies implement poverty policy individually yields the following picture.

### Bonaire

The Public Entity of Bonaire (OLB) is expected to present its poverty policy for the coming years in 2024. Empowerment of the individual (and the collective) is central. The policy will focus on improving low-income residents' income, strengthening their empowerment and self-reliance, and active support for work and participation. Concrete actions have yet to be formulated. However, these can already be divided into three categories: preventing poverty (think of learning to budget), combating poverty (think of debt relief) and alleviating poverty (think of existing and new minimum schemes).

For effective implementation of actions, the OLB intends to be task-oriented, with inter-governmental teams. The OLB experiences that tackling poverty is a complex task where different government organisations<sup>69</sup> bear responsibility for it. The result will not be achieved if these do not work together and coordinate their activities. Other key preconditions for success, according to the OLB, are attention to the development and diversification of the economy, further lowering the cost of living and increasing minimum wages and benefits.

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<sup>66</sup> Parliamentary Papers II, 2021-2022, 35 925 IV, no 69.

<sup>67</sup> Parliamentary Papers II, 2021-2022, 35 925 IV, no 69.

<sup>68</sup> Parliamentary Papers II, 2021-2022, 35 925 IV, no 69.

<sup>69</sup> Including Sentro Akseso Boneiru, the RCN Unit SZW and the ministries of BZK, EZK, LenW, JenV, LenV, OCW, SZW and VWS.

Until the new poverty policy takes effect, the OLB - in cooperation with various (government) organisations<sup>70</sup> - will continue to flesh out the approach to poverty in various ways. Furthermore, food parcels are provided, working parents receive subsidies so their child can attend childcare and tenants participating in the Private Rental Contribution pilot project pay less rent. Also in 2022, the organisation Sento Akseso Boneiru was set up to assist people with budget management, among other things, and to implement OLB income schemes.

### St Eustatius

St Eustatius' poverty policy for 2022-2026 focuses on countering poverty and social exclusion. This is to be done by focusing on employment for and self-reliance among the island's residents. The Public Entity of Sint Eustatius (OLE) offers various facilities for this in cooperation with various (public policy)organisations<sup>71</sup>. Examples include apprenticeships, school meals, debt relief and food passes. The OLE distinguishes between households in absolute, relative and social poverty to provide targeted support. Persons and households in absolute poverty primarily benefit from decent housing and support for basic living needs. The groups falling under social and relative poverty benefit greatly from job placement and (outpatient) assistance. Every year, roughly between 50 and 60 households that need support are helped. An average of 35 people per year are assisted to work.<sup>72</sup>

By 2024, the Public Entity of St Eustatius (OLE) aims to achieve mini nine per cent poverty reduction. The OLE intends to broaden its existing tools rather than develop new ones to achieve this goal. Efforts will be concentrated on four themes: labour participation and economic prospects (think of learning-work processes and employer subsidies), housing and living (think of affordable and (adapted) housing), tailored assistance (think of care and guidance for the low-literate and further development of debt assistance), and young people aged 0-18 (think of care and programming).

To realise these ambitions, the OLE considers an integrated approach necessary, in which government organisations involved have a clear division of roles. The OLE also seeks structural funding for the approach, supplemented by incidental funds. Other peripheral conditions for success that the OLE identifies include strengthening economic prospects, increasing incomes, lowering the cost of living, and increasing the supply of public sector housing for rent.

<sup>70</sup> These organisations include: Plenchi di Trabou, Sento Akseso Boneiru, Forma, RCN Unit OCW, RCN Unit SZW, Fundashon Mariadal, Raad Onderwijs Arbeidsmarkt Caribisch Nederland, Scholengemeenschap Bonaire, Fundashon Cas Bonairiano, the ministries of BZK, EZK, IenW, JenV, LenV, OCW, SZW and VWS, the IND.

<sup>71</sup> Including the ministries of BZK, EZK, IenW, JenV, LenV, OCW, SZW and VWS, the Statia Housing Foundation, schools, childcare and healthcare organisations.

## Saba

Saba's 2022 poverty policy aims to lead residents living below the poverty line out of poverty step by step, with the ultimate goal of social inclusion and financial independence. To this end, the Public Body of Saba (OLS) offers various tailor-made services in cooperation with various (government)organisations<sup>73</sup>. Consider job placement through Saba Works. But also occasional financial help to clear payment arrears and practical help with tax returns. The OLS distinguishes between the "working poor" and the "poorest poor" to provide targeted support. The former generally needs help to break the vicious cycle of living from paycheck to paycheck. The latter are more likely to need help to meet basic needs and are more likely to depend on support for long periods. As of March 2023, 71 active clients were being assisted and, of this group, 25 were receiving long-term support.<sup>74</sup>

The OLS has ambitions to continue, expand and improve its facilities in the coming years. For example, plans are in place to draw up a policy on debt relief, enable socially isolated residents to participate more in activities and provide one-off financial support to pay for rent, groceries and/or water, for example. To realise these ambitions, the OLS indicates it needs structural funding. Costs for staff and projects are now funded on a temporary and/or incidental basis, wasting a lot of time applying for funding each time. This is apart from the uncertainty it brings. Better - and by preference integral - cooperation with chain partners also deserves attention.

## Common denominator

The issue of poverty is not isolated, but is linked to issues such as employment, education and the housing situation. The public bodies each indicate in their (plans for) poverty policies that they cannot tackle poverty alone. For that, the task is too complex and the finances and implementation power too limited. A strong cooperative relationship with the state, with an integral character, is needed. Across boundaries of government organisations and with a clear division of roles. In this collaborative relationship, equality and mutual understanding should prevail. Public bodies are the obvious party to provide locally low-threshold support that is tailor-made. But if progress falls short of developing and diversifying the economy, further reducing the cost of living maintenance and raising minimum wages and benefits, support will never be sufficient. Finally, there is no lack of ambition among public bodies to step up their approach to tackling poverty. Structural funding, decisive governance and sufficient implementation capacity are needed to turn that ambition into actions with results.

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<sup>72</sup> Poverty policy St. Eustatius 2022-2026: Together against Poverty & Social Exclusion.

<sup>73</sup> These organisations include: Zorg en Jeugd Caribisch Nederland, Saba Cares, Mental Health Caribbean, Own Your Own Home Foundation, Saba Reach Foundation, Expertise Center Education Care, Saba Lion's Club, the ministries of BZK, EZK, LenW, JenV, LenV, OCW, SZW and VWS, the IND, Saba Red Cross.

<sup>74</sup> CD social work assistance in numbers by march 2023.

## Local governance

On the part of local administrators of public bodies, a great need for autonomy, fuelled in part by history, is often noted. Due to limited available administrative power and implementation capacity on the islands, this may result in important (island) tasks, such as realising public transport, not being sufficiently implemented. This puts the pressure (particularly financial) of the lack of public transport, for example, on poor Caribbean Dutch citizens.

Despite complex and sometimes strained relations between the State and the Public bodies, the Committee strongly advises both the State and the Public bodies to seek cooperation with each other on those issues that need improvement. Equality and mutual understanding are keywords for this mutual cooperation to be successful. The Committee here refers to a quote from the Spies Committee's evaluation that deals with cooperation between the state and public bodies: "(...) it is important to use the space and deploy and implement the necessary improvements. This requires the administrative will to step over one's own shadow, give space to self-development, take one's own responsibility and invest, also in mutual trust. It also requires a real answer per island on what people can do themselves, where they need to do better themselves and where support and help are needed. Together, a higher level of provision and economic development can be achieved in dialogue with the population." <sup>75</sup>

## Special assistance

The division of labour regarding the implementation of special assistance deserves special attention. Special assistance is a provision designed to help individuals with unexpected necessary major expenses that they cannot afford.<sup>76</sup> Eligibility is assessed on a case-by-case basis by the RCN Unit SZW on the basis of policy rules.<sup>77</sup> The Minister for Poverty, Participation and Pensions has financial and policy responsibility for granting special assistance. Thus, this does not include special assistance in the poverty policy of public bodies.

In practice, however, the central government and public bodies find that the separation between special assistance and island poverty policy is not always targeted and can even be counterproductive. A telling example is the reimbursement of the cost of school uniforms. This is an island task under the BES Primary Education Act for primary education. Pupils or parents of secondary school students should apply to the RCN unit SSW for this. Then they can get an allowance through the special assistance.

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<sup>75</sup> Spies Committee (2015), p. 108.

<sup>76</sup> Special assistance is provided *inter alia* for costs of a medical diet, a school uniform and school supplies for secondary school pupils, durable consumer goods, a baby kit and baby bed, a bed mattress, dental costs, a funeral and water supply costs.

<sup>77</sup> Policy rules on application of BES Welfare Decree 2019, Government Gazette 2019.

Something similar applies to funeral costs. Underprivileged people may be eligible for reimbursement of funeral expenses through special assistance. The minister only reimburses funeral expenses through the special assistance for the benefit of persons receiving general assistance at the time of death. The same applies to funeral costs of dependent children of the person entitled to benefits.<sup>78</sup> In all other cases, the responsibility for any reimbursement of funeral costs under Section 11 Begrafeniswet BES lies with the public body. To be eligible, blood relatives submit a certificate of insolvency issued by the governor.<sup>79</sup> In comparison, special assistance is politically and financially invested in municipalities in the European Netherlands.

This separation is inconvenient from an implementation point of view and not very customer-friendly in connection with double counters. This problem has already been highlighted in a 2015 review (Spies Committee). This outlined ongoing situation has created a lot of ambiguity among professionals and citizens about to whom a request for financial support should be submitted. In the implementation of general assistance, the above issues do not arise. Therefore, there is no reason and need to change the existing division of responsibilities.

<sup>78</sup> Section 14 Policy Rules BES Welfare Decree 2019.

See further also Decree implementing Articles 11 and 13 Burial Act BES.

## 2.8 One-stop shop function

The one-stop shop function makes complex and fragmented implementation of regulations more accessible to citizens. This can be done by introducing one-stop shops where all matters can be arranged. The one-stop shop function was initially used for disasters and crises<sup>80</sup>, but now the Association of Netherlands Municipalities (VNG) considers the one-stop shop idea as necessary to ensure long-term socioeconomic security. "The challenge is to make the social security system simpler, enforceable and explainable. Both for residents and municipalities.

<sup>81</sup> The social security system in the Caribbean Netherlands cannot be compared to the social security system in European Netherlands in terms of complexity. A large number of regulations are missing in the Caribbean Netherlands and regulations present are often dated and therefore less complex. Nevertheless, the islands struggle with the non-use of schemes and concessions. This is partly driven by distrust in the government, shame and inability to find their way to the right agency. Because of the small scale of the islands, the Committee strongly advises the central government and the public bodies to join forces and open one desk where citizens can apply for all available income support. The citizen going to this desk should be welcomed by an official who is solution-oriented and human-centred. In doing so, citizens must be actively made aware at the desk of all the schemes and concessions to which they are entitled.

## 2.9 International comparison

In an international comparison, the Committee focuses on European Netherlands neighbouring countries. The Caribbean Netherlands is an integral part of the Netherlands and is a comparison with the Caribbean region. Therefore, according to the Committee, it is less relevant for the effectuation of constitutional socioeconomic security.

In their report, the Minimum Income Standard for European Netherlands examined the social security systems of European Netherlands surrounding countries. They conclude that none of these countries has found the gold standard in terms of income policies for people on low incomes. However, certain aspects of the social security systems can be learned from. In particular, the Committee wants to quote the automatic payout aspect of the Belgian scheme and the direct funding aspect of the German, Danish and UK schemes. Because these aspects promote the accessibility and clarity of social security systems.

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80 In 1999, the Parliamentary Committee of Inquiry into the Bijlmermeer air disaster formulated the recommendation: 'Bring together the wide diversity of information and services for those affected with all kinds of questions and problems in the aftermath of a disaster at a single point as much as possible.' This 'one-stop shop' idea was later applied in disasters such as the Enschede firework disaster, the Volendam pub fire and the Tripoli and Ukraine air disasters. (<https://www.nivel.nl/nieuws/gemeenten-kunnen-hulpgebruiken-bij-realisation-a-counter-function-after-a-disaster>).

81 <https://vng.nl/nieuws/bestaanszekerheid-borgen-eenvoudiger-stelsel-noodzakelijk>.

"An important aspect of the Belgian benefits system is that some of the benefits apply automatically when there is an entitlement to welfare. This is the case for care allowance and credits on gas, electricity, water and telecoms in the form of a so-called social tariff. The social tariffs are designed so that executive agencies in Belgium receive direct financial compensation from the government for the difference between the social and market rate.

Direct funding through lower tariffs or free services is also part of the toolkit in Germany (energy), Denmark and the UK (healthcare). In addition, Germany also has a system in which specific allowances are paid automatically by incorporating them into an existing scheme, such as child allowance built into welfare.

Constructs with automatic payout or direct funding are user-friendly as they require little or nothing of the recipient. Although the extent to which the recipient is relieved depends on the design of the implementation process.<sup>82</sup>

## 2.10 Conclusion

There is widespread poverty in the Caribbean Netherlands that barely decreases despite measures from the central government and public bodies. Socioeconomic developments on Bonaire, St Eustatius and Saba show a (partly) paradoxical picture. The welfare levels and purchasing power have risen. At the same time, the development of disposable incomes of different groups has fallen behind; there is no improvement in income distribution, and there is little or no reduction in widespread poverty. It is clear that not everyone is reached by the measures already taken or that the measures do not yet sufficiently eliminate poverty-causing conditions. There could be several reasons for this. Including limited use of the available schemes and poverty among households and individuals who are (partly) outside the scope of the policy instruments deployed, such as (part-time) workers above the statutory minimum wage level and the self-employed.<sup>83</sup>

Higher welfare can help against poverty, but higher welfare assistance alone does not prove adequate in practice. Effectiveness may be limited by non-utilisation and the complexities of how the assistance affects how different types of households make ends meet (e.g. due to high housing costs or incidental care costs). Non-use is caused by feelings of shame, lack of information and overly complicated procedures, among other things. A higher statutory minimum wage can also have limited effectiveness on its own in reducing poverty for the poorest households. The poorest households are often not dependent on an income at the statutory minimum wage level, but are below it. There are also indications that households that depend on the current statutory minimum wage have insufficient disposable

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<sup>82</sup> minimum income standard Committee (2023, Part II). A secure existence, p. 108.

<sup>83</sup> EBA and SEO (2023). Minimum income standard in an economic perspective, p. 5.

income to make ends meet. Unfortunately, however, no reliable figures are available for this in the Caribbean Netherlands. A higher statutory minimum wage seems necessary, but could also increase prices. Particularly in the hospitality and trade sectors (which includes retail). As a result, part of the purchasing power improvement leaks away.<sup>84</sup>

The already high cost of living has several causes: small scale, lack of competition, inefficiencies in product supply, suboptimal trade and fiscal relations with surrounding islands, etc. These problems cannot (all) be solved by increasing the minimum income standard and with the continuation and expansion of current flanking policies. A number of causes require a fundamental approach that sees Bonaire, Sint Eustatius and Saba as more part of the Netherlands and the (Caribbean part of the) Kingdom. Key areas in this are energy, telecommunications, taxation, competition policy, trade, and sea and air transport, where substantial economies of scale could potentially be realised with other ordinances contributing to lowering the cost of living.

A variety of temporary subsidies and concessions have been granted on the islands by the central government for many years. While the reduced costs are welcome for low-income households, these measures remain temporary and uncertain in the long term. Uncertainty about whether a measure will continue the following year creates stress and distrust in the measure. This stands in the way of major or significant but necessary adjustments. Such as renting a more spacious house where parents and children sleep separately. In addition, citizens often cannot find their way through the multitude of temporary measures, resulting in high non-use. The Committee therefore advocates reducing occasional measures and promoting structural ones. So that citizens have a predictable financial situation and the long-term effects of these measures become visible. The Committee notes that structural grants are also of a temporary nature. After the end of a government's term or fall, a different political wind may blow, leading to structural subsidies being adjusted or discontinued.

Cooperation between the public bodies, the central government and other organisations is needed to achieve results for the inhabitants of the Caribbean Netherlands. The Spies Committee noted back in 2015 that results are lacking or limited when it comes to tasks that are partly the responsibility of the island government and partly that of the central government. Consequently, they require close cooperation. Even where several ministries have joint or shared responsibility, performance appears inadequate. Efforts by different actors are often insufficiently coordinated. An integrated approach is needed in The Hague

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84 EBA and SEO (2023). Minimum income standard in an economic perspective, p. 5 ff.

85 EBA and SEO (2023). Minimum income standard in an economic perspective, p. 8.

and on the islands. Also, Bonaire, St Eustatius and Saba do not (yet) always have sufficient financial resources, implementation power and appropriate instruments to fulfil their responsibilities.<sup>86</sup>

The evaluation by the Spies Committee (2015) made it clear that, since 2010, tasks for which only one government organisation is responsible have fared relatively well, both island-wide and at the central government level. For the tasks where several authorities are in charge, it has been found that progress has often been limited. Tackling poverty is a good example where many different parties bear responsibility.

"The international comparison shows that in several countries, the benefits system has been made easier for recipients by harmonising application processes and awarding automatically for people on low incomes where possible. Benefits can be further simplified by making implementing agencies work better with each other, for example, by better exchanging data to register and process changes in living situations automatically as much as possible."<sup>87</sup>

Automatic allocation and direct funding combined with the one-stop-shop function are aspects the Committee would like to see returned to Bonaire, St Eustatius and Saba. This reflects the government's confident approach to citizens. It also means that the government does not pass on the complexity of regulation to the citizen but takes care of this complexity in the back office. This makes government more reliable and predictable in the eyes of citizens. This is in line with the Association of Netherlands Municipalities (VNG)'s position in their essay on ensuring socioeconomic security: "As governments, we know we have treated residents with distrust over the past decades. In legislation and implementation, we adapt human images based on trust in people and act from compassion. To do this well, we ensure human contact with the government is possible. Residents do not have to apply for what they are entitled to, but the government will grant it in advance."<sup>88</sup>

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86 Minimum Income Standard Committee (2023). A secure existence, Report II, p. 197.

87 Minimum Income Standard Committee (2023). A secure existence, p. 109.

88 VNG (2023). Socioeconomic security as a promise towards a local socioeconomic security agenda.







# 3 Norms for the minimum income standard

## 3.1 Introduction

The Committee examines for households in Bonaire, Sint Eustatius and Saba what they need to make ends meet and participate in society. This chapter explains why Nibud's minimum sample budgets are suitable for determining what households need as a minimum for this (section 3.2). The Nibud budgets for ten household compositions in each public body are then described (section 3.3). The minimum sample budgets are then translated into standards for the level of the minimum income standard (section 3.4). Finally, the last part of this chapter tests household income against minimum income standard standards to show what income at the minimum income standard level is needed to make ends meet and participate (section 3.5).

## 3.2 The method of minimum sample budgets

### Nibud budget as a method for understanding minimum necessary expenditure

Nibud has been preparing minimum sample budgets for the European part of the Netherlands for 40 years. For Bonaire, Nibud produced one-off budgets in 2014.<sup>1</sup> In essence, the minimum sample budget identifies the minimum necessary expenditure - and thus the cost of living - for different household compositions. To do so, Nibud uses empirical data (such as energy consumption figures and CBS price information), expert judgements<sup>2</sup> and focus groups with experts and residents. Using these sources, Nibud determines - together with experts and focus groups - which goods and facilities are minimally needed, how much of them are needed (what quantity), how long they last (what quality) and how much they may cost (what price).<sup>3</sup>

<sup>1</sup> Nibud (2014). Minimum sample budgets for Bonaire.

<sup>2</sup> Nibud spoke to dieticians, estate agents, housing association employees, energy suppliers, and public bodies, among others.

<sup>3</sup> Whereas much empirical data is available in the European Netherlands, this is much less the case on the islands. Nibud has therefore - compared to the European Netherlands - used expert opinions and focus groups with experts and residents more often to prepare the budgets. Until a decade ago, this method of price collection was the standard for the European Netherlands. Many other EU countries also use the price collection method used by Nibud for the Caribbean part of the Netherlands.

Nibud links assumptions about these households - such as size, living conditions and needs - to expenditure figures and price information. The outcome is summarised in a monthly sample budget. In doing so, Nibud aims to create the most realistic representation possible of what a household needs as a minimum to make ends meet and participate.

Working with minimum sample budgets is an internationally proven method used by academics and research centres for various purposes, such as setting limits for consumer credit and mortgage standards.<sup>4</sup> In early 2023, the Minimum Income Standard Committee (for the European part of the Netherlands, hereafter also referred to as the European Netherlands) set standards for the level of the minimum income standard in the European Netherlands based on recalibrated Nibud budgets.<sup>5</sup> For the preparation of Nibud budgets for Bonaire, Sint Eustatius and Saba (collectively also referred to as the Caribbean part of the Netherlands), Nibud applied the methods and assumptions of this recalibration as much as possible.<sup>6</sup> Where necessary, the methods and assumptions were deviated from to do justice to the local situation. These deviations are named in the text of this chapter.

Nibud distinguishes four types of expenditure items:

- Fixed expenses consist of expenditure on rent, energy, water, local charges, telephone, television and internet, insurance, education, membership fees and subscriptions, transport, loan commitments and repayments.
- Reserve expenditure are expenses for buying clothes, household contents, spending on home and garden maintenance, spending on self-care equipment and leisure activities.
- Household expenditure includes shopping for food, laundry and cleaning items and personal care, including menstrual products, among others.
- Expenditure on social participation include the costs of social participation in society. These include membership of a sport, hobby or music club or the library, recreational expenses, visiting others and receiving visitors.

The total of all expenditure items equals the minimum necessary business expenditure.

<sup>4</sup> CBS, Nibud and SCP (2023). Towards a new poverty line.

<sup>5</sup> Minimum Income Standard Committee (2023). A secure existence.

<sup>6</sup> Nibud prepared a report for the Committee: "Nibud (2023): Minimum sample budgets for the Caribbean Netherlands." This report will be published at the same time as the Committee report and is the main source of this chapter, without being explicitly referred to repeatedly in the Committee report.

## Household composition assumptions

Nibud has created customised minimum example budgets for each public body, for ten different household compositions. These are:

- Single men, single women and couples, all without children (3)
- Single persons and couples above retirement age (2)
- Single women<sup>7</sup> and couples with one and two children (4)
- Multi-person households consisting of three adults (1)

There are differences in costs between men and women. For instance, men need more food on average and women necessarily spend more on clothes and personal care, according to Nibud. In the budgets, Nibud assumes the average of these two genders. The exception is the single parent, where Nibud calculates with the cost for a woman. This is consistent with the methodology used for European Netherlands. The household composition 'multi-person households', where three adults live together in one household, is a form of cohabitation that occurs specifically on the islands (often by necessity). A household composition with more than three adults also occurs in practice, but is not included in the Nibud budgets.

## Assumptions on expenditure items

To arrive at ideal-typical households, Nibud makes a number of assumptions. For example, Nibud assumes that households have no equity and do not take out loans to meet certain major expenses (and therefore do not have debt). Nibud also makes a number of assumptions for each expenditure item. These assumptions generally correspond to those for European Netherlands, but there are also differences. For example, where in the European Netherlands gas (and increasingly electricity) is needed to heat the home, in the Caribbean part of the Netherlands, electricity is needed (via air conditioning and fans) to cool the home. Or, where Nibud in the European Netherlands assumes a medium supplementary health insurance and minimum dental insurance, Nibud in the Caribbean part of the Netherlands assumes a self-established minimum package because no supplementary health insurance is offered.<sup>8</sup> Also - unlike in the European Netherlands - Nibud does not consider economies of scale in the purchase of food. In the Caribbean part of the Netherlands, pack size has almost no effect on price. There are also little to no price offers, such as in the form of three for the price of two.

7 Although infrequent in the Caribbean part of the Netherlands, single men with children may also be read here; the cost of expenses of a single man and a single woman do not differ much on balance.

8 Residents in the Caribbean part of the Netherlands have to pay for supplementary care themselves and therefore do not pay a premium for it. Basic care will be reimbursed collectively through a system similar to the "sickness fund model" previously in place in the European Netherlands. Households do not pay individual insurance premiums and deductibles for this and do not receive care allowance. It may be more complicated to get parts of basic care because not all care is present on all islands.

## Assumptions on housing and transport

The biggest differences in assumptions for expenditure items between Euro pees and Caribbean Netherlands are in the items housing and transport. In the minimum sample budget for the European Netherlands, Nibud assumes that all households on the minimum income standard live in a public-sector rented home.<sup>9</sup> In the budgets for the Caribbean part of the Netherlands, Nibud works with scenarios for housing costs<sup>10</sup>, because there are not enough public-sector rented homes available on each island for the number of people who have indicated that they would like to qualify for them.<sup>11</sup> As a result, some households are forced to rent in the private sector, where rents are generally much higher than for public-sector rented homes. As a result, housing costs for households can differ considerably. Using scenarios, Nibud does justice to this lack of clarity.

For the expenditure item transport, the Nibud budgets for European Netherlands calculate the cost of a bicycle in combination with public transport. The situation is different for the Caribbean part of the Netherlands. The islands lack infrastructure for safe cycling, and the climate and landscape (hills and mountains) also make cycling not a suitable mode of transport. In addition, there is no structural covering system of public transport on each of the islands. This forces people to rely on their own motorised transport. The Nibud budget therefore includes the cost of buying, using and maintaining a private car on all three islands. Other assumptions for each expenditure item are explained in detail in Nibud's report.<sup>12</sup>

## Assumptions about behaviour

When preparing its budgets, Nibud also makes assumptions about people's behaviour, assuming ideal-typical behaviour. In doing so, Nibud is aware that these assumptions do not always match reality. Nevertheless, Nibud considers making these assumptions necessary to determine the minimum necessary expenditure. The first assumption is that households are very good with money. This means that households have the knowledge, skills and motivation to keep a grip on their housekeeping budget. Households do not incur non-emergency expenses and set aside money for irregularly large expenses, such as replacing a washing machine. The second assumption is that households apply for all income support they are entitled to. Non-usage thus equals zero per cent. The method thus clarifies the extent to which the available purchase support schemes would be sufficient to make ends meet.

9 CBS, Nibud and SCP (2023). Towards a new poverty line.

10 Housing costs refer only to the monthly amount a household spends on renting a property. This does not include other housing costs, such as insurance and local taxes.

11 After completion of the ongoing public sector housing projects, it is estimated that about 625 households remain on the waiting list on Bonaire, about 70 on St Eustatius and about 40 on Saba. Waiting lists are not current on every island, so this is an estimate. Source: Ministry of the Interior and Kingdom Relations (2023). Public Housing and Spatial Planning Policy Agenda for the Caribbean Netherlands.

12 Nibud (2023). Minimum sample budgets for the Caribbean Netherlands.

The third assumption is that households do not have large personally unavoidable expenditures. This means that households do not have structurally high expenditures, such as on care or energy, or incidentally high spending, such as an air conditioner that does not reach its technical life span.

### 3.3 Minimum sample budgets as a basis for the minimum income standard

#### Minimum sample budgets including housing cost scenarios

Tables 3.1, 3.2 and 3.3 show separately the minimum sample budgets for Bonaire, Sint Eustatius and Saba for ten household compositions. An amount is included for each expenditure item.<sup>13</sup> As housing costs can vary considerably for households, Nibud presents a budget with a total expenditure excluding housing costs and a total spending including housing costs.

For housing costs, Nibud has worked out three scenarios:

- Scenario 1 (social rented housing with landlord subsidy): In this scenario, a household rents a public-sector rented home. The housing cost of renting this property has been reduced by rental subsidy.<sup>14</sup> On Bonaire, a public sector rental home refers to a housing association house with an initial rent below the liberalisation threshold<sup>15</sup> of USD 937 per month. There is no liberalisation limit on Saba and St Eustatius. All housing owned by the housing foundation and/or public body present on the island are public sector housing there.

<sup>13</sup> In setting the amounts, Nibud has stayed as close as possible to the amount households will actually spend on the expenditure items on 1 July 2023. This means that the price-depressing effect of a number of purchasing power measures has been taken into account in setting the amounts. These are 1) the reduction of fixed costs for grid management to zero; 2) the covering of 50% of the variable tariff from end-users to the extent that this tariff exceeds USD 0.38 per kWh; and 3) the reduction of excise duty on petrol.

<sup>14</sup> Landlord subsidy refers to the difference between the initial rent and the rent the tenant can bear based on their income. The central government reimburses the subsidy to public sector (and, in Bonaire, also to certain commercial private) landlords. This report means public sector landlords when referring to the non-commercial landlords and private landlords when referring to the "non-public sector"/commercial landlords. Public sector renting without landlord subsidy is absent on all three islands.

<sup>15</sup> Above the liberalisation threshold, rent determination is left to the market.

- Scenario 2a (private rental house bottom): In this scenario, a household rents a house in the private sector. The residential charges for renting this property have been reduced on Bonaire by landlord subsidies.<sup>16</sup> Not on St Eustatius and Saba, as there is no landlord subsidy in the private sector there.<sup>17</sup> Nibud distinguishes between private rent 'bottom' and 'top' for St Eustatius and Saba to do justice to the difference between housing costs in the private sector. This scenario represents a rent at the lower end of the range for St Eustatius and Saba.
- Scenario 2b (private rented house top): In this scenario, a household rents a house in the private sector. The cost of living for renting this property has not been reduced by landlord subsidy. This scenario represents a rent at the upper end of the range.

The tenant's income determines the final housing cost (own contribution) in social or private rent with landlord subsidy. This is because the personal contribution is determined based on a rent ratio: the ratio of income to rent. For people with the lowest incomes in Bonaire, the rent ratio is 10 per cent, meaning that a household's contribution is USD 100 on an income of USD 1,000. Thus, with an increase in income, such as with the recent increase in welfare from 1 October 2023<sup>18</sup>, the personal contribution increases nominally. In setting the living expenses amounts, Nibud calculated the poverty level of 1 October 2023. The further establishment of the exact amounts for each scenario are explained for each island in the Nibud report.<sup>19</sup>

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<sup>16</sup> Bonaire's private sector landlord subsidy - also known as Private Rental Contribution - is a pilot. This is a subsidy private landlords receive for the difference between the rent and the maximum amount the tenant can afford based on their income. Only properties with an initial rent below the liberalisation threshold are eligible for the pilot.

<sup>17</sup> The Ministry of the Interior and Kingdom Relations is exploring what measures can be introduced on these islands in the short term to financially support low-income households forced to rent privately.

<sup>18</sup> Rijksdienst Caribisch Nederland (News release 15-09-2023). Increase in welfare benefits for single persons and AWW from 1 October 2023.

<sup>19</sup> Nibud (2023). Minimum sample budgets for the Caribbean Netherlands.

## Minimum sample budgets Bonaire

Table 3.1 shows the minimum sample budgets for Bonaire for ten household compositions. Private sector rent, transport, food and utilities<sup>20</sup> are the largest expenditure items. The housing cost scenarios show that private renting including landlord subsidy for household compositions with one or two adults without children is as expensive as social renting: between USD 103 and 420 per month. For household compositions with children or more than two adults, private renting, including landlord subsidy, does however cost more than public sector renting. This is because these household compositions require more living space, which means the initial rent of the property is generally above the liberalisation threshold, and the property is not eligible for landlord subsidy. For example, for a single woman with one child, this saves USD 888 a month. For a couple with two children USD 1,176.

In terms of transport, expenditure - in the absence of a structural public transport coverage system - includes purchasing a second-hand car, road tax, limited car insurance and 300 monthly kilometres driven at a consumption rate of 1 in 10 l/km.<sup>21</sup> In terms of expenditure on food, the table clearly reveals the effect of the lack of benefits of scale. A single man spends USD 229 per month, a single woman with two children USD 531 and a couple with children USD 739.<sup>22</sup> With regard to expenditure on utilities, for electricity and drinking water, the subsidised rate<sup>23</sup> has been multiplied by a household composition-adjusted consumption. This includes the consumption of appliances that some households do not have (through lack of money) but which Nibud believes are necessary, such as an air conditioning unit. For telecommunications, a basic television and internet subscription and USD 3 call credit are included in the package.

20 Utilities in the Caribbean part of the Netherlands cover electricity, gas, drinking water and telecommunications (telephone, television and internet).

21 This assumes a household living in Kralendijk. Households living in Rincon and working in Kralendijk drive more kilometres per month.

22 Spending on food for a household in the Caribbean part of the Netherlands has increased sharply in recent years. The reasons include price developments in the global and currency markets, individual business operations, and pricing of the various chain parties. The Caribbean Netherlands also highly depends on the supply of products and supplies from elsewhere and the absence of any substantial 'market volume' (especially Saba and St Eustatius). Source: Ecorys (2017). Research on prices in the Caribbean Netherlands.

23 Tariff regulation and subsidies determine electricity and drinking water tariffs for households. Despite efforts by the central government to arrive at affordable tariffs, tariffs for electricity have increased on all islands since 2016 and have remained broadly the same for drinking water. Source: Beyonder B.V. and Matribu B.V. (2023). BES Electricity and Drinking Water Act Evaluation Report.

**Table 3.1 Minimum sample budgets Bonaire for  
10 household compositions. Dollar amounts per month (2023).**

	Assistance Single (AS)				Support Couple				AOV AS   Couple	
	man	woman	woman	woman	couple	couple	couple	3 adults	only	couple
Number of adults	1	1	1	1	2	2	2	3	1	2
Number of children	0	0	1	2	0	1	2	0	0	0
<b>Expenditure</b>										
Gas	4	4	4	7	4	7	7	4	4	4
Electricity	102	102	153	178	153	178	204	178	102	153
Water	51	51	56	62	56	62	67	62	51	56
Telephone, television and internet	104	104	107	110	107	110	113	107	104	107
Local charges and services (e.g. passport)	3	3	5	7	6	8	10	10	3	6
Insurance	10	10	10	10	10	10	10	10	10	10
School and study fees	0	0	4	13	0	4	13	0	0	0
Bank charges	7	7	7	7	14	14	14	21	7	14
Transport costs	253	253	275	275	275	297	297	297	253	275
<b>Total fixed costs</b>	<b>534</b>	<b>534</b>	<b>622</b>	<b>668</b>	<b>626</b>	<b>691</b>	<b>735</b>	<b>690</b>	<b>534</b>	<b>626</b>
Clothing	72	75	133	213	148	205	285	221	74	148
house contents and maintenance	140	140	159	178	153	173	192	175	140	153
Additional medical expenses	27	27	31	35	52	56	59	76	27	52
<b>Total reserve expenditure</b>	<b>238</b>	<b>242</b>	<b>323</b>	<b>426</b>	<b>352</b>	<b>433</b>	<b>537</b>	<b>473</b>	<b>240</b>	<b>352</b>
Food	229	218	331	531	407	539	739	611	213	388
Washing and cleaning products	7	7	8	8	8	8	9	8	7	8
Personal care	62	72	107	174	124	159	226	200	60	118
<b>Total household money</b>	<b>298</b>	<b>297</b>	<b>445</b>	<b>712</b>	<b>539</b>	<b>707</b>	<b>974</b>	<b>819</b>	<b>281</b>	<b>513</b>
<b>Social participation</b>	<b>207</b>	<b>207</b>	<b>331</b>	<b>462</b>	<b>339</b>	<b>462</b>	<b>593</b>	<b>470</b>	<b>207</b>	<b>337</b>
<b>Total expenditure excl. Rent/mortgage</b>	<b>1,279</b>	<b>1,280</b>	<b>1,721</b>	<b>2,269</b>	<b>1,856</b>	<b>2,293</b>	<b>2,839</b>	<b>2,452</b>	<b>1,262</b>	<b>1,829</b>
Public sector rental including rental subsidy	103	103	112	117	124	124	124	209	105	420
<b>Total expenditure scenario 1</b>	<b>1,382</b>	<b>1,383</b>	<b>1,833</b>	<b>2,385</b>	<b>1,980</b>	<b>2,417</b>	<b>2,963</b>	<b>2,661</b>	<b>1,366</b>	<b>2,249</b>
Private rent excluding rental subsidy bottom end	103	103	1,000	1,300	124	1,000	1,300	1,300	105	420
<b>Total expenditure scenario 2a</b>	<b>1,382</b>	<b>1,383</b>	<b>2,721</b>	<b>3,569</b>	<b>1,980</b>	<b>3,293</b>	<b>4,139</b>	<b>3,752</b>	<b>1,366</b>	<b>2,249</b>
Private rent excluding rental subsidy top end	800	800	1,000	1,300	800	1,000	1,300	1,300	800	800
<b>Total expenditure scenario 2b</b>	<b>2,079</b>	<b>2,080</b>	<b>2,721</b>	<b>3,569</b>	<b>2,656</b>	<b>3,293</b>	<b>4,139</b>	<b>3,752</b>	<b>2,062</b>	<b>2,629</b>

## Minimum sample budgets St Eustatius

Table 3.2 shows the minimum sample budgets for 10 household compositions for St Eustatius. Also on St Eustatius, private sector rent, transport, food and utilities are the largest expenditure items. The housing cost scenarios show that renting in the private sector is more expensive for all household compositions than social renting. The difference between public sector and private renting at the bottom is USD 645 per month for a single person. The difference between social and private renting at the 'top end' is USD 845. That difference for a couple with two children is USD 730 and USD 930, respectively. The differences in housing costs between social and private rents are for household compositions with one or two adults without children significantly higher than in Bonaire, where there is no difference. This is due to the absence of a landlord subsidy in the private sector, which does not depress rents in the private sector as in Bonaire.

Transport expenses include purchasing a second-hand car on Sint Maarten, transporting the car to St Eustatius, road tax, car insurance and 300 monthly kilometres driven at a consumption rate of 1 to 10 l/km. Furthermore, in this item, Nibud includes costs for a subscription to an online ordering service and one annual boat trip to St Maarten for purchases and/or medical visits. Nor do households on St Eustatius benefit from economies of scale in food. A single man spends USD 311 per month, a single woman with two children USD 542 and a couple with children USD 1,002.<sup>24</sup> For utilities, for electricity and drinking water<sup>25</sup>, the subsidised rate has been multiplied by a household composition-adjusted consumption. This also includes the consumption of appliances that some households do not have (through lack of money) but which Nibud believes are necessary, such as an air conditioner. The amount for telecommunications comprises basic mobile telephony, television and internet subscriptions.<sup>26</sup>

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<sup>24</sup> Hardly any food is produced on the island, and the supply of fresh food is relatively limited. Fresh food is also of only moderate quality and expensive compared to frozen or processed food.

<sup>25</sup> Nibud labels the average water consumption on St Eustatius as 'quite low' because people do not always use tap water as drinking water.

<sup>26</sup> A number of uncontrollable circumstances partly determine the cost of telecommunications on St Eustatius and Saba. For example, building and maintaining a telecom network on the islands entails high costs given the geography, topography and weather conditions, and the scale of the enterprises is relatively limited given the limited number of inhabitants. Source: ACM (2020). Fixed internet Saba and St Eustatius cost assessment report.

**Table 3.2** Minimum sample budgets St. Eustatius for 10 household compositions.  
Dollar amounts per month (2023).

	Assistance Single (AS)					Support Couple				AOV AS Couple	
	man	woman	woman	woman	couple	couple	couple	3 adults	only	couple	
Number of adults	1	1	1	1	2	2	2	3	1	2	
Number of children	0	0	1	2	0	1	2	0	0	0	
<b>Expenditure</b>											
Gas	11	11	11	16	11	16	16	16	11	11	
Electricity	110	110	165	193	165	193	220	193	110	165	
Water	54	54	63	72	63	72	81	72	54	63	
Telephone, television and internet	78	78	78	93	93	93	108	108	78	93	
Local charges and services (e.g. passport)	2	2	3	5	4	6	7	7	2	4	
Insurance	0	0	0	0	0	0	0	0	0	0	
School and study fees	0	0	4	27	0	4	27	0	0	0	
Bank charges	7	7	7	7	10	10	10	20	7	10	
Transport costs	276	276	309	323	317	319	336	328	276	314	
<b>Total fixed costs</b>	<b>537</b>	<b>537</b>	<b>640</b>	<b>735</b>	<b>664</b>	<b>713</b>	<b>806</b>	<b>743</b>	<b>537</b>	<b>661</b>	
Clothing	82	88	170	279	170	252	361	255	85	170	
house contents and maintenance	160	160	192	224	165	197	229	177	160	165	
Additional medical expenses	16	16	20	24	30	34	38	44	16	30	
<b>Total reserve expenditure</b>	<b>258</b>	<b>263</b>	<b>382</b>	<b>527</b>	<b>364</b>	<b>483</b>	<b>628</b>	<b>475</b>	<b>261</b>	<b>364</b>	
Food	311	300	450	542	556	733	1,002	833	285	519	
Washing and cleaning products	8	8	9	10	9	10	11	10	8	9	
Personal care	62	74	110	178	126	163	231	204	60	118	
<b>Total household money</b>	<b>382</b>	<b>382</b>	<b>569</b>	<b>730</b>	<b>691</b>	<b>905</b>	<b>1,244</b>	<b>1,047</b>	<b>353</b>	<b>646</b>	
<b>Social participation</b>	<b>168</b>	<b>168</b>	<b>245</b>	<b>338</b>	<b>261</b>	<b>338</b>	<b>430</b>	<b>353</b>	<b>168</b>	<b>260</b>	
<b>Total expenditure excl. Rent/mortgage</b>	<b>1,345</b>	<b>1,351</b>	<b>1,836</b>	<b>2,330</b>	<b>1,980</b>	<b>2,439</b>	<b>3,108</b>	<b>2,618</b>	<b>1,319</b>	<b>1,931</b>	
Public sector rental including rental subsidy	155	155	171	187	270	270	270	270	164	450	
<b>Total expenditure scenario 1</b>	<b>1,500</b>	<b>1,506</b>	<b>2,007</b>	<b>2,516</b>	<b>2,250</b>	<b>2,709</b>	<b>3,378</b>	<b>2,888</b>	<b>1,483</b>	<b>2,381</b>	
Private rent excluding rental subsidy bottom end	800	800	1,000	1,000	800	1,000	1,000	1,000	800	800	
<b>Total expenditure scenario 2a</b>	<b>2,145</b>	<b>2,151</b>	<b>2,836</b>	<b>3,330</b>	<b>2,780</b>	<b>3,439</b>	<b>4,108</b>	<b>3,618</b>	<b>2,119</b>	<b>2,731</b>	
Private rent excluding rental subsidy top end	1,000	1,000	1,200	1,200	1,000	1,200	1,200	1,200	1,000	1,000	
<b>Total expenditure scenario 2b</b>	<b>2,345</b>	<b>2,351</b>	<b>3,036</b>	<b>3,530</b>	<b>2,980</b>	<b>3,639</b>	<b>4,308</b>	<b>3,818</b>	<b>2,319</b>	<b>2,931</b>	

**Table 3.3 Minimum sample Saba budgets for 10 household compositions. Dollar amounts per month (2023).**

	Assistance Single (AS)				Support Couple				AO V AS Couple	
	man	woman	woman	woman	couple	couple	couple	3 adults.		
Number of adults	1	1	1	1	2	2	2	3	1	2
Number of children	0	0	1	2	0	1	2	0	0	0
<b>Expenditure</b>										
Gas	10	10	10	15	10	15	15	15	10	10
Electricity	102	102	152	178	152	178	203	178	102	152
Water	56	56	84	119	84	119	154	119	56	84
Telephone, television and internet	68	68	108	113	118	118	123	128	68	118
Local charges and services (e.g. passport)	11	11	21	23	13	33	34	42	11	13
Insurance	0	0	0	0	0	0	0	0	0	0
School and study fees	0	0	4	21	0	4	21	0	0	0
Bank charges	33	33	33	33	62	62	62	91	33	62
Transport costs	278	278	316	339	321	332	361	339	278	318
<b>Total fixed costs</b>	<b>557</b>	<b>557</b>	<b>729</b>	<b>841</b>	<b>761</b>	<b>860</b>	<b>974</b>	<b>912</b>	<b>557</b>	<b>757</b>
Clothing	73	96	179	292	170	253	365	254	85	170
house contents and maintenance	49	49	56	64	50	58	66	52	49	50
Additional medical expenses	16	16	20	24	30	34	38	44	16	30
<b>Total reserve expenditure</b>	<b>138</b>	<b>161</b>	<b>256</b>	<b>380</b>	<b>250</b>	<b>345</b>	<b>469</b>	<b>350</b>	<b>149</b>	<b>250</b>
Food	335	323	443	680	598	747	985	896	309	562
Washing and cleaning products	11	11	13	15	13	15	17	15	11	13
Personal care	64	75	112	182	130	167	237	208	66	123
<b>Total household money</b>	<b>410</b>	<b>409</b>	<b>568</b>	<b>878</b>	<b>741</b>	<b>930</b>	<b>1,239</b>	<b>1,120</b>	<b>387</b>	<b>698</b>
<b>Social participation</b>	<b>160</b>	<b>160</b>	<b>221</b>	<b>297</b>	<b>244</b>	<b>305</b>	<b>381</b>	<b>329</b>	<b>159</b>	<b>243</b>
<b>Total expenditure excl. Rent/mortgage</b>	<b>1,265</b>	<b>1,287</b>	<b>1,774</b>	<b>2,394</b>	<b>1,995</b>	<b>2,440</b>	<b>3,062</b>	<b>2,711</b>	<b>1,252</b>	<b>1,948</b>
Public sector rental including rental subsidy	349	349	383	401	366	478	478	478	366	366
Additional furnishing costs	111	111	137	163	121	148	174	132	111	121
<b>Total expenditure scenario 1</b>	<b>1,724</b>	<b>1,746</b>	<b>2,294</b>	<b>2,959</b>	<b>2,483</b>	<b>3,065</b>	<b>3,714</b>	<b>3,321</b>	<b>1,729</b>	<b>2,436</b>
Private rent excluding rental subsidy bottom end	700	700	1,100	1,500	700	1,100	1,500	1,100	700	700
<b>Total expenditure scenario 2a</b>	<b>1,965</b>	<b>1,987</b>	<b>2,874</b>	<b>3,894</b>	<b>2,695</b>	<b>3,540</b>	<b>4,562</b>	<b>3,811</b>	<b>1,952</b>	<b>2,648</b>
Private rent excluding rental subsidy top end	900	900	1,600	2,300	900	1,600	2,300	1,600	900	900
<b>Total expenditure scenario 2b</b>	<b>2,165</b>	<b>2,187</b>	<b>3,374</b>	<b>4,694</b>	<b>2,895</b>	<b>4,040</b>	<b>5,362</b>	<b>4,311</b>	<b>2,152</b>	<b>2,848</b>

## Minimum sample budgets Saba

Table 3.3 shows the minimum sample budgets for Saba for ten household compositions. Also in Saba, private sector rent, transport, food and utilities are the largest expenditure items. The housing cost scenarios show that renting in the private sector is more expensive for all household compositions than social renting. This difference increases rapidly for larger households. The difference between public sector and private renting at the bottom is USD 240 per month for a single person. The difference between social and private renting at the 'top end' is USD 440. That difference for a couple with two children is USD 848 and USD 1,648, respectively. Also lacking - as on St Eustatius – is a landlord subsidy in the private sector. As a result, the differences in housing costs between social and private renting for household compositions with one or two adults without children are significantly larger than in Bonaire. Finally, the cost of living in itself is high compared to St Eustatius and Bonaire. This is because homes in the private sector are generally rented out furnished, so in the budget the cost of contents is part of housing costs rather than a separate expenditure item.

The expenditure item transport includes the purchase of a second-hand car on Sint Maarten, the transport costs of the car to Saba, road tax, car insurance and 300 monthly kilometres driven at a consumption rate of 1 to 10 l/km. Because of the steep slopes, additional costs have been included for brake replacement. Also considered were costs for a subscription to an online delivery service and the possibility of going down the island twice a year<sup>27</sup> to take care of banking matters, for example. For food, the impact of a lack of economies of scale is also reflected in the budget. A single man costs USD 335 per month, a single woman with two children USD 680 and a couple with children USD 985.<sup>28</sup> In terms of utilities, for electricity and drinking water the subsidised rate is multiplied by a consumption adjusted to the household composition. Spending on drinking water increases rapidly in larger households: USD 56 per month for a single person versus USD 203 for a couple with two children. When setting an amount for electricity, the consumption of appliances that some households do not have (due to lack of money) but which are necessary according to Nibud, such as an air conditioner, is also included. For telecommunications, the amount is made up of basic mobile phone and internet subscriptions, including extra balance as Wi-Fi is not available everywhere on the island. In the absence of television packages, a streaming subscription has been included.

<sup>27</sup> For Sint Eustatius, Nibud's expenditure item transport assumed one trip off the island as the minimum necessary. For Saba, twice. Nibud came to this conclusion based on focus groups and interviews with experts on both islands.

<sup>28</sup> As on St Eustatius, hardly any local food is produced. The supply of fresh food is relatively limited and therefore relatively expensive.

## Private sector rent, transport, food and utilities are the main expenditure items

Tables 3.1, 3.2 and 3.3 taken together make it clear that on all three islands, private sector rent, transport, food and utilities are the main expenditure items.<sup>29</sup> The tables also show that the more members a household has, the higher the expenditure is. This effect is exacerbated in the Caribbean part of the Netherlands by a lack of economies of scale and the presence or absence of a landlord subsidy in the private sector. Presence reduces housing costs for households who are forced to rent privately because there is no public sector rented housing available for them. The substance of a landlord subsidy determines which household compositions are entitled to it. In Bonaire, the liberalisation limit of USD 937 now prevents households with children from claiming landlord subsidies in the private sector because their initial rent is higher than the liberalisation limit.

## Social participation is also necessary and a major expenditure item

The Nibud budgets also include the minimum necessary expenditure required for all household members to be able to participate in society, or socially participate. For the Caribbean part of the Netherlands, Nibud understands social participation to include receiving visits or visiting others, participation in sports and culture, being able to celebrate birthdays and collective celebrations, and being able to get off the island twice a year. In Bonaire, this assumes a visit to Aruba or Curaçao. On Saba and St Eustatius a visit to St Maarten. For Bonaire, Sint Eustatius and Saba, social participation has been calculated at between USD 159 and USD 593 per month, depending on household composition. Spending on social participation is thus an important part of a housekeeping budget.

## Minimum sample budgets as a starting point for a minimum income standard

Nibud's method, which accurately identifies the minimum goods and facilities needed, how much of them are needed, how long they will last and how much they may cost, makes it clear what a household needs as a minimum to make ends meet and participate. The method thus offers the most realistic possible representation of the living situation of the inhabitants of Bonaire, Sint Eustatius and Saba. Connecting to that reality is of paramount importance in the Committee's view. The Committee therefore takes the Nibud budgets as a starting point for setting a standard for the minimum income standard. By doing so, the Committee sets a standard based on expenditure and not on a certain income level, as has been the starting point in the European Netherlands to date (see Box 3.1). It does so deliberately because a certain income level does not guarantee an income sufficient to make ends meet and participate. It thereby shares the opinion of the Minimum Income Standard Committee (European Netherlands), which also

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<sup>29</sup> The exact percentage of total expenditure depends on household composition.

advocates this approach for the European Netherlands. This report shows further on in this and the next chapter that the current incomes of households at the level of the statutory minimum wage, the maximum welfare or the full<sup>30</sup> General Old Age Insurance (AOV) benefit are deficient. The Committee believes that a minimum income standard does need to provide the guarantee to make ends meet and participate.

### **Box 3.1 Expenditure as a starting point for a minimum income standard in European Netherlands**

In the European Netherlands, since the 1970s, the standard amounts for the minimum income standard have been based on an income standard, namely the statutory minimum wage. Every six months, the standard amounts - in the European Netherlands, the level of social assistance benefits - are set based on the development of the statutory minimum wage. A fixed ratio is used for this purpose: welfare for a single person is equal to 70 per cent of the net reference minimum wage<sup>31</sup>, and for a couple 100 per cent. The idea behind this is that the move from benefits to work remains equally rewarding over the years. However, from the perspective of income protection, the minimum income standard Committee (European Netherlands) notes that this fixed ratio is less obvious. After all, a certain income level does not guarantee an income sufficient to make ends meet. The Committee therefore suggests setting a standard based on minimum necessary expenditure. In doing so, it argues that the Nibud budget as a benchmark best meets the desire to identify the minimum necessary expenditure. Other approaches, such as CBS's low-income threshold or the European poverty line, focus too much on the income level and leave limited scope for new insights on what is minimally necessary.<sup>32</sup>

30 That includes supplements from the welfare.

31 Net reference minimum wage is a calculation rule used in the European Netherlands to determine the level of benefit amounts. The net reference minimum wage is the net amount remaining when the tax regime of a non-worker is applied to the gross statutory minimum wage. The Caribbean part of the Netherlands has no distinction between net and gross minimum wages; the tax-free allowance is currently as high as the highest statutory minimum wage (that of St Eustatius).

32 Minimum Income Standard Committee (2023). A secure existence.

### **3.4 Translating minimum sample budgets into a minimum income standard**

#### **The Committee does not include the effect of incidental purchasing power measures in spending**

The Committee takes the Nibud budgets as a starting point for setting a norm for the minimum income standard. As mentioned in the previous section, when preparing these budgets, Nibud included the price-depressing effect of three purchasing powermeasures<sup>33</sup> to stay as close as possible to the amount that households actually spend. However, these measures only temporarily reduce the burden as they are incidental in nature. Whether or not these measures will be enforced before 2024 and what form they will take is not yet (fully) clear. Tables 3.4, 3.5 and 3.6 show for Bonaire, Sint Eustatius and Saba that not extending these measures will cause a burden increase for all household compositions of between USD 48 and 94 per month. This uncertainty - inherent in occasional measures - increases turmoil in the lives of low-income earners when precisely this group benefits from stability. The Committee therefore opts not to include the impact of the incidental measures listed in the tables when setting a future-proof standard for the minimum income standard. This puts the spending standard higher than the amount in the Nibud budgets.

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<sup>33</sup> These are (1) the reduction of fixed costs for grid management to zero; (2) covering 50% of the variable tariff with end-users to the extent it exceeds USD 0.38 per kWh; and (3) the reduction of excise duty on petrol.

**Table 3.5** Expenditure norms St Eustatius with and without effect of purchasing power measures (in dollars per month).

	Welfare Single (AS)				Welfare Couple				AOV	
	man	woman	woman	woman	couple	couple	couple	3 adults	only	couple
Number of adults	1	1	1	1	2	2	2	3	1	2
Number of children	0	0	1	2	0	1	2	0	0	0
<b>Expenditure</b>										
Total expenditure Nibud budget scenario 1	1,500	1,506	2,007	2,516	2,250	2,709	3,378	2,888	1,483	2,381
Total expenditure Nibud budget scenario 2a	2,145	2,151	2,836	3,330	2,780	3,439	4,108	3,618	2,119	2,731
Total expenditure Nibud budget scenario 2b	2,345	2,351	3,036	3,530	2,980	3,639	4,308	3,818	2,319	2,931
Effect of expired purchasing power measures	62	62	72	76	72	79	82	79	62	72
<b>Total expenditure Nibud budget without purchasing power measures scenario 1</b>	<b>1,562</b>	<b>1,568</b>	<b>2,079</b>	<b>2,592</b>	<b>2,322</b>	<b>2,788</b>	<b>3,460</b>	<b>2,967</b>	<b>1,545</b>	<b>2,453</b>
<b>Total expenditure Nibud budget without purchasing power measures scenario 2a</b>	<b>2,207</b>	<b>2,213</b>	<b>2,908</b>	<b>3,406</b>	<b>2,852</b>	<b>3,518</b>	<b>4,190</b>	<b>3,697</b>	<b>2,181</b>	<b>2,803</b>
<b>Total expenditure Nibud budget without purchasing power measures scenario 2b</b>	<b>2,407</b>	<b>2,413</b>	<b>3,108</b>	<b>3,606</b>	<b>3,052</b>	<b>3,718</b>	<b>4,390</b>	<b>3,897</b>	<b>2,381</b>	<b>3,003</b>

**Table 3.6** Expenditure norms Saba with and without effect of purchasing power measures (in dollars per month).

	Welfare Single (AS)				Welfare Couple				AOV	
	man	woman	woman	woman	couple	couple	couple	3 adults	only	Couple
Number of adults	1	1	1	1	2	2	2	3	1	2
Number of children	0	0	1	2	0	1	2	0	0	0
<b>Expenditure</b>										
Total expenditure Nibud budget scenario 1	1,724	1,746	2,294	2,959	2,483	3,065	3,714	3,321	1,729	2,436
Total expenditure Nibud budget scenario 2a	1,965	1,987	2,874	3,894	2,695	3,540	4,562	3,811	1,952	2,648
Total expenditure Nibud budget scenario 2b	2,165	2,187	3,374	4,694	2,895	4,040	5,362	4,311	2,152	2,848
Effect of expired purchasing power measures	83	83	88	89	88	92	94	92	83	88
<b>Total expenditure Nibud budget without purchasing power measures scenario 1</b>	<b>1,807</b>	<b>1,829</b>	<b>2,382</b>	<b>3,048</b>	<b>2,571</b>	<b>3,157</b>	<b>3,808</b>	<b>3,413</b>	<b>1,812</b>	<b>2,524</b>
<b>Total expenditure Nibud budget without purchasing power measures scenario 2a</b>	<b>2,048</b>	<b>2,070</b>	<b>2,962</b>	<b>3,983</b>	<b>2,783</b>	<b>3,632</b>	<b>4,656</b>	<b>3,903</b>	<b>2,035</b>	<b>2,736</b>
<b>Total expenditure Nibud budget without purchasing power measures scenario 2b</b>	<b>2,248</b>	<b>2,270</b>	<b>3,462</b>	<b>4,783</b>	<b>2,983</b>	<b>4,132</b>	<b>5,456</b>	<b>4,403</b>	<b>2,235</b>	<b>2,936</b>

## Minimum sample budgets assume ideal-typical households and circumstances

Nibud assumes ideal-typical households acting rationally under ideal-typical circumstances. In other words, households spend their money only on the essentials, save for irregularly large expenses, apply for all income support they are entitled to and do not have large personally unavoidable expenses. It assumes that practice looks different for people and that setbacks inevitably occur. The Minimum Income Standard Committee (European Netherlands) distinguishes between three types of setbacks<sup>34</sup>:

1. **One-off unavoidable expenses and expenses that are higher or sooner than anticipated:** these are one-off expenses that do not recur every month. This includes expenditure that was not foreseen (dental visits due to acute dental problems), expenditures that were foreseen but are higher than foreseen (food resources are more expensive due to import problems) and expenditure that occurs at a different time than foreseen (air conditioning does not reach technical lifespan).
2. **Structural unavoidable expenditure that is unforeseen or higher than anticipated:** these are expenditure items that are structurally higher than average. An example is structurally higher care spending due to a chronic condition, where not all additional care costs are covered by basic care. Or housing costs that are structurally higher than average because someone cannot find public sector housing.
3. **Sudden price increases:** large and small price shocks can cause prices to rise faster than the minimum wage and benefits, creating a gap in household budgets.<sup>35</sup>

The Committee adopts the above principles.

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<sup>34</sup> See p. 76-79 of the first interim report of the minimum income standard Committee (2023) for a more comprehensive explanation.

<sup>35</sup> In the event of a major shock, it is reasonable for the government to make additional policies, as was done for the Caribbean part of the Netherlands in response to rising energy prices in 2022.

## Basing a minimum income standard on windfall profits is not realistic

At the same time, there may also be windfalls for an individual household compared to the Nibud model. In windfalls, a household spends less money on certain expenditure items than the amount budgeted for it by Nibud, as the minimal necessary expenditure is also average. For example, a household may live in an insulated home that stays well cool, requiring less electricity to cool the home and therefore structurally lower electricity bills. In practice, each individual household will have an above-average or below-average need for each necessary product or service. However, these are in a narrow range and the pluses and minuses can be expected to cancel each other out. The Committee assumes that given Nibud's assumptions about ideal-typical households and circumstances - it is not realistic to include windfall assumptions in the minimum income standard.

## A minimum income standard must also be able to absorb limited shocks

Given that setbacks occur in practice and that the minimum sample budgets do not take this into account, the Committee notes that - with a minimum income standard based solely on Nibud budgets - people can quickly run into problems even with a small setback. Like the minimum income standard Committee (European Netherlands), the Committee believes that a future-proof minimum income standard should also enable residents of Bonaire, Sint Eustatius and Saba to absorb limited shocks or setbacks themselves for three reasons<sup>36</sup>:

1. **Customisation should be limited to exceptional cases:** the closer the minimum income standard is to the lower limit of what is needed, the sooner people have to rely on additional safety nets such as the special assistance and local schemes. However, additional safety nets should be used exceptionally and customisation should not be the norm. The primary safety net of social security from the state, welfare, should therefore make people as financially able as possible to make ends meet and participate. This contributes to the oversight and feasibility of the social security system.
2. **Ad hoc measures should be limited to exceptional cases:** the government can step in and support households, but it is important for the clarity and practicability of the social security system that this is limited to exceptional situations. Because here again, the closer the minimum income standard is to the lower limit of what is needed, the sooner people will have to rely on incidental support from the government, as they will not be able to cope with regular shocks.

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<sup>36</sup> See p. 79-81 of the first interim report of the minimum income standard Committee (2023) for a more comprehensive explanation.

### **3. Large groups of people should not live on the edge of the financial abyss:**

One miscalculation or incurring an expense that does not fit the household budget afterwards should not immediately lead to money problems. The closer the minimum income standard is to the lower limit of what is needed, the sooner people are forced to rely on one of social security safety nets. But not everyone is eligible for this or - for a variety of reasons – uses it. People get into money problems faster when facing a setback or making an irrational choice. The consequences of money problems are great for individuals and society and often not quickly resolved. The Committee therefore believes that people should not be teetering on the edge of the financial abyss, as there is a high likelihood of falling into it, with all adverse consequences that entails.

#### **Welfare is needed for a future-proof minimum income standard**

In view of the above, the Committee believes that a minimum income standard based only on the norm of minimum necessary business expenses is not future-proof. A future-proof minimum income standard should also enable households to absorb limited shocks or setbacks themselves. It therefore subscribes to the conclusion of the Minimum Income Standard Committee (European Netherlands) that an addition is needed in the form of a 'flex budget'.<sup>37</sup> This addition is added to the minimum necessary business expenditure, increasing the minimum necessary expenditure. Objectively determining how high this addition should be is extremely complex, if not impossible, as shocks and setbacks are difficult to absorb monthly on a household budget. The Committee therefore believes that setting the welfare level is ultimately a political choice. In line with the minimum income standard Committee (European Netherlands), the Committee considers a three per cent addition too low.<sup>38</sup> After all, setbacks occur in many different ways. Too low an addition leads to people not being sufficiently empowered to absorb limited shocks and setbacks. That situation is considered undesirable by the Committee. With regard to the level of the addition percentage, the Committee looks forward with interest to the opinion of the Minimum Income Standard Committee (European Netherlands) being followed up. It recommends that the same addition percentage be chosen for the Caribbean part of the Netherlands when setting a norm for the minimum income standard. For the sake of readability, the Committee henceforth calculates with the middle level of an addition, namely six per cent.

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<sup>37</sup> An addition is not the solution to all problems, such as the shortage of capacity to do things. See p. 104 of the minimum income standard Committee's first interim report for an explanation of why.

<sup>38</sup> How high the addition should be is a political choice, according to the Minimum Income Standard Committee (European Netherlands). Therefore, it calculates scenarios of 3, 6 and 9 per cent in its report. For the sake of readability, the minimum income standard Committee (European Netherlands) exclusively calculates a 6 per cent addition in a number of places.

## Multiple standards for the level of minimum income standard

Making a six per cent addition to the minimum necessary business expenditure leads to a higher standard of expenditure. Tables 3.7, 3.8 and 3.9 show minimum income standard standards for Bonaire, Sint Eustatius and Saba for ten household compositions. The Committee deliberately chooses to present not one minimum income standard per household composition but three. The reason is that housing costs differ too widely to assume one scenario. Housing costs on Bonaire, St Eustatius and Saba can differ by as much as USD 1,183, 1,013 and 1,736 per month, depending on household composition. With the knowledge that there is a shortage of public sector housing on every public body and that landlord subsidy in The private sector is absent (St Eustatius and Saba) or of limited availability (Bonaire), high housing costs are also the reality for many low-income people. The Committee therefore opts to present multiple standards for the level of the minimum income standard. In doing so, it aims to do justice to the diverse realities of residents in the Caribbean part of the Netherlands.

**Table 3.7 Expenditure standards Bonaire for a future-proof minimum income standard (in dollars per month).**

	Welfare Single (AS)				Welfare Couple				AOV	
	man	woman	woman	woman	couple	couple	couple	3 adults	only	Couple
Number of adults	1	1	1	1	2	2	2	3	1	2
Number of children	0	0	1	2	0	1	2	0	0	0
<b>Expenditure</b>										
Total expenditure Nibud budget scenario 1*	1,430	1,431	1,886	2,440	2,033	2,475	3,023	2,719	1,414	2,302
Total expenditure Nibud budget scenario 2a*	1,430	1,431	2,774	3,624	2,033	3,351	4,199	3,810	1,414	2,302
Total expenditure Nibud budget scenario 2b*	2,127	2,128	2,774	3,624	2,709	3,351	4,199	3,810	2,110	2,682
6% addition scenario 1	86	86	113	146	122	149	181	163	85	138
6% addition scenario 2a	86	86	166	217	122	201	252	229	85	138
6% addition scenario 2b	128	128	166	217	163	201	252	229	127	161
Level of the minimum income standard scenario 1	1,516	1,517	1,999	2,586	2,155	2,624	3,204	2,882	1,499	2,440
Level of the minimum income standard scenario 2a	1,516	1,517	2,940	3,841	2,155	3,552	4,451	4,039	1,499	2,440
Level of the minimum income standard scenario 2b	2,255	2,256	2,940	3,841	2,872	3,552	4,451	4,039	2,237	2,843

**Table 3.8** Expenditure standards St Eustatius for a future-proof minimum income standard (in dollars per month).

	Welfare Single (AS)				Welfare Couple				AOV	
	man	woman	woman	woman	couple	couple	couple	3 adults	only	Couple
Number of adults	1	1	1	1	2	2	2	3	1	2
Number of children	0	0	1	2	0	1	2	0	0	0
<b>Expenditure</b>										
Total expenditure Nibud budget scenario 1*	1,562	1,568	2,079	2,592	2,322	2,788	3,460	2,967	1,545	2,453
Total expenditure Nibud budget scenario 2a*	2,207	2,213	2,908	3,406	2,852	3,518	4,190	3,697	2,181	2,803
Total expenditure Nibud budget scenario 2b*	2,407	2,413	3,108	3,606	3,052	3,718	4,390	3,897	2,381	3,003
6% addition scenario 1	94	94	125	156	139	167	208	178	93	147
6% addition scenario 2a	132	133	174	204	171	211	251	222	131	168
6% addition scenario 2b	144	145	186	216	183	223	263	234	143	180
Level of the minimum income standard scenario 1	1,656	1,662	2,204	2,748	2,461	2,955	3,668	3,145	1,638	2,600
Level of the minimum income standard scenario 2a	2,339	2,346	3,082	3,610	3,023	3,729	4,441	3,919	2,312	2,971
Level of the minimum income standard scenario 2b	2,551	2,558	3,294	3,822	3,235	3,941	4,653	4,131	2,524	3,183

**Table 3.9** Expenditure norms Saba for a future-proof minimum income standard (in dollars per month).

	Welfare Single (AS)				Welfare Couple				AOV	
	man	woman	woman	woman	couple	couple	couple	3 adults	only	Couple
Number of adults	1	1	1	1	2	2	2	3	1	2
Number of children	0	0	1	2	0	1	2	0	0	0
<b>Expenditure</b>										
Total expenditure Nibud budget scenario 1*	1,807	1,829	2,382	3,048	2,571	3,157	3,808	3,413	1,812	2,524
Total expenditure Nibud budget scenario 2a*	2,048	2,070	2,962	3,983	2,783	3,632	4,656	3,903	2,035	2,736
Total expenditure Nibud budget scenario 2b*	2,248	2,270	3,462	4,783	2,983	4,132	5,456	4,403	2,235	2,936
6% addition scenario 1	108	110	143	183	154	189	228	205	109	151
6% addition scenario 2a	123	124	178	239	167	218	279	234	122	164
6% addition scenario 2b	135	136	208	287	179	248	327	264	134	176
Level of the minimum income standard scenario 1	1,915	1,939	2,525	3,231	2,725	3,346	4,036	3,618	1,921	2,675
Level of the minimum income standard scenario 2a	2,171	2,194	3,140	4,222	2,950	3,850	4,935	4,137	2,157	2,900
Level of the minimum income standard scenario 2b	2,383	2,406	3,670	5,070	3,162	4,380	5,783	4,667	2,369	3,112

### 3.5 Income sufficient to make ends meet and participate

The minimum income norm standards presented in the previous section show what households in the Caribbean part of the Netherlands need to make ends meet and participate. The question the Committee answers in this section is to what extent income at the minimum income standard is actually sufficient to make ends meet and participate. For this, it tests the income level against the expenditure norms for the minimum income standard. The test results in a balance for each household composition per scenario indicating the extent to which income is sufficient to make ends meet and participate.

#### Level of income as of 1 October 2023

Tables 3.10, 3.11 and 3.12 show for Bonaire, Sint Eustatius and Saba the total income at the minimum income standard level received by ten household compositions. To determine this, the Committee first looks at income from national schemes, the child benefit and, in the case of people of retirement age, the AOV benefit.<sup>40 41</sup> In doing so, the Committee uses the price level that is as close as possible to that of expenditure in the Nibud budgets. Initially, this was 1 July 2023, but in view of the announced increase in the welfare benefits as of 1 October 2023<sup>42</sup> as well as the consideration that the Committee wants to present the most up-to-date image of income as possible when presenting this report, income levels as of 1 October 2023 were chosen. The recently announced increase in child benefit of \$90 per child per month from 1 January 2024, and other anticipated income measures as of 1 January<sup>43</sup>, are not included for the latter reason. Especially since this is a policy proposal in a budget that has yet to be discussed in and with the Senate and House of Representatives. As a result, these announced measures are not yet definite.

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- 39 The Caribbean part of the Netherlands has supplements in welfare. The joint household allowance and/or child allowances for the first and second child are included depending on the household composition. For all household compositions, the supplement independent living is included.
- 40 The AOV supplement is included on all three islands. In Saba and St Eustatius, the duration allowance is also included.
- 41 The Caribbean part of the Netherlands has no healthcare allowance, rent allowance or child-related budget. The Committee therefore does not include these sources of income in the assessment, unlike the minimum income standard Committee (European Netherlands).
- 42 Rijksdienst Caribisch Nederland (News release 15-09-2023). Increase in welfare benefits for single persons and AWW from 1 October 2023.
- 43 Central government (News release 19-09-2023). More purchasing power in the Caribbean Netherlands.

## The Committee does not include the impact of the energy allowance in the review

As mentioned, Nibud included the price-depressing effect of three incidental purchasing power measures when setting the spending standards. This is to stay as close as possible to the amount households actually spend. The Committee then deducted the impact of these measures when setting standards for the minimum income standard (see para 3.4). In identifying the level of income, the Committee uses the same methodology. For this reason, the energy allowance of USD 1,300 per year has been added to the table of income sources.<sup>44</sup> Insight has also been provided into the effect of dropping this measure, as the measure is incidental in nature.<sup>45</sup> For the purposes of the review, the Committee uses the situation without the energy allowance. This will lower the income standard: households will save between USD 102 and 108 per month.

## Value of local schemes not expressed in monetary terms

Low-income people may receive income from local schemes in addition to income from national schemes. The public bodies each offer support to this group in their own way. In Bonaire, for example, primary school students and MBO students can receive reimbursement for school articles and book fees. Incidental reimbursement is also possible for food, clothing and water. The Committee subscribes the importance of this local poverty policy, especially in the light of inadequate minimum incomes. Ideally, it would express the value of these local schemes in one separate amount of money for each island. However, this did not prove to be a feasible task, because the local schemes are small-scale, differ too much in form (cash or in-kind), size and conditions, and because there are no people on low incomes impactassessments<sup>46</sup>. The value of local schemes is therefore not included in determining income. The Committee recommends exploring whether minimum impact assessments could also help the Caribbean part of the Netherlands monetise local schemes' value. In this, it also endorses the view of the Minimum Income Standard Committee (European Netherlands) that uniform schemes from the state should guarantee an adequate income and thus a solid basis.

<sup>44</sup> The energy allowance is an income-dependent measure. Each public body varies up to what income a household is entitled to. In Bonaire, the maximum is USD 3,817 in income. Households must apply for the allowance themselves. The allowance is transferred to the power company, which charges only when the balance is exhausted. As such, the allowance is a form of tied income and is also approached that way in this report.

<sup>45</sup> It has recently become clear that the energy allowance will be "retained", but it is not yet clear in what form and for how long.

<sup>46</sup> Nibud prepares reports on the impact on low-income people, containing detailed descriptions of all local schemes that a particular municipality has in the European Netherlands. The Minimum Income Standard Committee (European Netherlands) has used these reports to determine the value of local schemes.

**Table 3.10** Income from rural schemes Bonaire as of 1 October 2023 (in dollars per month).

	Welfare Single (AS)				Welfare Couple				AOV	
	man	woman	woman	woman	couple	couple	couple	3 adults	AS	Couple
Number of adults	1	1	1	1	2	2	2	3	1	2
Number of children	0	0	1	2	0	1	2	0	0	0
<b>Income from national schemes</b>										
Minimum benefits incl. supplements	1,031	1,031	1,120	1,165	1,236	1,236	1,236	1,236	1,236	2,472
Child benefit	0	0	131	262	0	131	262	0	0	0
Energy surcharge	102	102	108	108	108	108	108	108	102	108
Total income from national schemes	1,133	1,133	1,359	1,535	1,344	1,475	1,606	1,344	1,338	2,580
Effect of expired energy allowance	-102	-102	-108	-108	-108	-108	-108	-108	-102	-108
Total income from national adequacy review schemes	1,031	1,031	1,251	1,427	1,236	1,367	1,498	1,236	1,236	2,472

**Table 3.11** Income from rural schemes St Eustatius as of 1 October 2023 (in dollars per month).

	Welfare Single (AS)				Welfare Couple				AOV	
	man	woman	woman	woman	couple	couple	couple	3 adults	AS	Couple
Number of adults	1	1	1	1	2	2	2	3	1	2
Number of children	0	0	1	2	0	1	2	0	0	0
<b>Income from national schemes</b>										
Minimum benefits incl. supplements	1,102	1,102	1,206	1,261	1,446	1,446	1,446	1,446	1,446	2,892
Child benefit	0	0	128	256	0	128	256	0	0	0
Energy surcharge	108	108	108	108	108	108	108	108	108	108
Total income from national schemes	1,210	1,210	1,442	1,625	1,554	1,682	1,810	1,554	1,554	3,000
Effect of expired energy allowance	-108	-108	-108	-108	-108	-108	-108	-108	-108	-108
Total income from national adequacy review schemes	1,102	1,102	1,334	1,517	1,446	1,574	1,702	1,446	1,446	2,892

**Table 3.12** Income from national schemes Saba as of 1 October 2023 (in dollars per month).

	Welfare Single (AS)				Welfare Couple				AOV	
	man	woman	woman	woman	couple	couple	couple	3 adults	only	Couple
Number of adults	1	1	1	1	2	2	2	3	1	2
Number of children	0	0	1	2	0	1	2	0	0	0
<b>Income from national schemes</b>										
Minimum benefits incl. supplements	1,172	1,172	1,276	1,330	1,434	1,434	1,434	1,434	1,434	2,868
Child benefit	0	0	129	258	0	129	258	0	0	0
Energy surcharge	102	102	108	108	108	108	108	108	102	108
Total income from national schemes	1,274	1,274	1,513	1,696	1,542	1,671	1,800	1,542	1,536	2,976
Effect of expired energy allowance	-102	-102	-108	-108	-108	-108	-108	-108	-102	-108
Total income from national adequacy review schemes	1,172	1,172	1,405	1,588	1,434	1,563	1,692	1,434	1,434	2,868

## **Balance of income and expenditure**

With expenditure norms and income levels set at the minimum income standard level, it is now possible to test the extent to which income is adequate for expenditure. For this purpose, income from national schemes (Tables 3.10 to 3.12) has been set off against expenditure norms for the minimum income standard (Tables 3.7 to 3.9). From this follows a balance, which indicates by household composition the extent to which it has enough income to make ends meet and participate. Each household composition has three scenarios for balances to do justice to the varying housing costs of households. The impact of incidental purchasing power measures is not included in the amounts of income and expenditure.

**Table 3.13 Balance of income and expenditure Bonaire (in dollars per month).**

	Welfare Single (AS)					Welfare Couple				AOV	
	man	woman	woman	woman	couple	couple	couple	3 adults	only	couple	
Number of adults	1	1	1	1	2	2	2	3	1	2	
Number of children	0	0	1	2	0	1	2	0	0	0	
<b>Balance of income and expenditure</b>											
<b>Income*</b>											
Minimum benefits incl. supplements	1,031	1,031	1,120	1,165	1,236	1,236	1,236	1,236	1,236	2,472	
Child benefit	0	0	131	262	0	131	262	0	0	0	
<b>Total income</b>	<b>1,031</b>	<b>1,031</b>	<b>1,251</b>	<b>1,427</b>	<b>1,236</b>	<b>1,367</b>	<b>1,498</b>	<b>1,236</b>	<b>1,236</b>	<b>2,472</b>	
<b>Expenditure</b>											
Total expenditure Nibud budget scenario 1**	1,430	1,431	1,886	2,440	2,033	2,475	3,023	2,719	1,414	2,302	
Total expenditure Nibud budget scenario 2a**	1,430	1,431	2,774	3,624	2,033	3,351	4,199	3,810	1,414	2,302	
Total expenditure Nibud budget scenario 2b**	2,127	2,128	2,774	3,624	2,709	3,351	4,199	3,810	2,110	2,682	
6% addition scenario 1	86	86	113	146	122	149	181	163	85	138	
6% addition scenario 2a	86	86	166	217	122	201	252	229	85	138	
6% addition scenario 2b	128	128	166	217	163	201	252	229	127	161	
Level of the minimum income standard scenario 1	1,516	1,517	1,999	2,586	2,155	2,624	3,204	2,882	1,499	2,440	
Level of the minimum income standard scenario 2a	1,516	1,517	2,940	3,841	2,155	3,552	4,451	4,039	1,499	2,440	
Level of the minimum income standard scenario 2b	2,255	2,256	2,940	3,841	2,872	3,552	4,451	4,039	2,237	2,843	
<b>Balance per month scenario 1</b>	<b>-485</b>	<b>-486</b>	<b>-748</b>	<b>-1,159</b>	<b>-919</b>	<b>-1,257</b>	<b>-1,706</b>	<b>-1,646</b>	<b>-263</b>	<b>32</b>	
<b>Balance per month scenario 2a</b>	<b>-485</b>	<b>-486</b>	<b>-1,689</b>	<b>-2,414</b>	<b>-919</b>	<b>-2,185</b>	<b>-2,953</b>	<b>-2,803</b>	<b>-263</b>	<b>32</b>	
<b>Balance per month scenario 2b</b>	<b>-1,224</b>	<b>-1,225</b>	<b>-1,689</b>	<b>-2,414</b>	<b>-1,636</b>	<b>-2,185</b>	<b>-2,953</b>	<b>-2,803</b>	<b>-1,001</b>	<b>-371</b>	
Balance per month, in % income national schemes scenario 1	-47%	-47%	-60%	-81%	-74%	-92%	-114%	-133%	-21%	1%	
Balance per month, in % income national schemes scenario 2a	-47%	-47%	-135%	-169%	-74%	-160%	-197%	-227%	-21%	1%	
Balance per month, in % income national schemes scenario 2b	-119%	-119%	-135%	-169%	-132%	-160%	-197%	-227%	-81%	-15%	

\* Without energy allowance

\*\* Without purchasing power measures

**Table 3.14 Balance of income and expenditure St Eustatius (in dollars per month).**

	Welfare Single (AS)				Welfare Couple				AOV	
	man	woman	woman	woman	couple	couple	couple	3 adults.	only	couple
Number of adults	1	1	1	1	2	2	2	3	1	2
Number of children	0	0	1	2	0	1	2	0	0	0
<b>Balance of income and expenditure</b>										
<b>Income*</b>										
Minimum benefits incl. supplements	1,102	1,102	1,206	1,261	1,446	1,446	1,446	1,446	1,446	2,892
Child benefit	0	0	128	256	0	128	256	0	0	0
<b>Total income</b>	<b>1,102</b>	<b>1,102</b>	<b>1,334</b>	<b>1,517</b>	<b>1,446</b>	<b>1,574</b>	<b>1,702</b>	<b>1,446</b>	<b>1,446</b>	<b>2,892</b>
<b>Expenditure</b>										
Total expenditure Nibud budget scenario 1**	1,562	1,568	2,079	2,592	2,322	2,788	3,460	2,967	1,545	2,453
Total expenditure Nibud budget scenario 2a**	2,207	2,213	2,908	3,406	2,852	3,518	4,190	3,697	2,181	2,803
Total expenditure Nibud budget scenario 2b**	2,407	2,413	3,108	3,606	3,052	3,718	4,390	3,897	2,381	3,003
6% addition scenario 1	94	94	125	156	139	167	208	178	93	147
6% addition scenario 2a	132	133	174	204	171	211	251	222	131	168
6% addition scenario 2b	144	145	186	216	183	223	263	234	143	180
Level of the minimum income standard scenario 1	1,656	1,662	2,204	2,748	2,461	2,955	3,668	3,145	1,638	2,600
Level of the minimum income standard scenario 2a	2,339	2,346	3,082	3,610	3,023	3,729	4,441	3,919	2,312	2,971
Level of the minimum income standard scenario 2b	2,551	2,558	3,294	3,822	3,235	3,941	4,653	4,131	2,524	3,183
<b>Balance per month scenario 1</b>	<b>-554</b>	<b>-560</b>	<b>-870</b>	<b>-1,231</b>	<b>-1,015</b>	<b>-1,381</b>	<b>-1,966</b>	<b>-1,699</b>	<b>-192</b>	<b>292</b>
<b>Balance per month scenario 2a</b>	<b>-1,237</b>	<b>-1,244</b>	<b>-1,748</b>	<b>-2,093</b>	<b>-1,577</b>	<b>-2,155</b>	<b>-2,739</b>	<b>-2,473</b>	<b>-866</b>	<b>-79</b>
<b>Balance per month scenario 2b</b>	<b>-1,449</b>	<b>-1,456</b>	<b>-1,960</b>	<b>-2,305</b>	<b>-1,789</b>	<b>-2,367</b>	<b>-2,951</b>	<b>-2,685</b>	<b>-1,078</b>	<b>-291</b>
Balance per month, in % income national schemes scenario 1	-50%	-51%	-65%	-81%	-70%	-88%	-115%	-117%	-13%	10%
Balance per month, in % income national schemes scenario 2a	-112%	-113%	-131%	-138%	-109%	-137%	-161%	-171%	-60%	-3%
Balance per month, in % income national schemes scenario 2b	-132%	-132%	-147%	-152%	-124%	-150%	-173%	-186%	-75%	-10%

\* Without energy allowance

\*\* Without purchasing power measures

**Table 3.15 Balance of income and expenditure Saba (in dollars per month).**

	Welfare Single (AS)				Welfare Couple				AOV	
	man	woman	woman	woman	couple	couple	couple	3 adults.	only	Couple
Number of adults	1	1	1	1	2	2	2	3	1	2
Number of children	0	0	1	2	0	1	2	0	0	0
<b>Balance of income and expenditure</b>										
<b>Income*</b>										
Minimum benefits incl. supplements	1,172	1,172	1,276	1,330	1,434	1,434	1,434	1,434	1,434	2,868
Child benefit	0	0	129	258	0	129	258	0	0	0
<b>Total income</b>	<b>1,172</b>	<b>1,172</b>	<b>1,405</b>	<b>1,588</b>	<b>1,434</b>	<b>1,563</b>	<b>1,692</b>	<b>1,434</b>	<b>1,434</b>	<b>2,868</b>
<b>Expenditure</b>										
Total expenditure Nibud budget scenario 1**	1,807	1,829	2,382	3,048	2,571	3,157	3,808	3,413	1,812	2,524
Total expenditure Nibud budget scenario 2a**	2,048	2,070	2,962	3,983	2,783	3,632	4,656	3,903	2,035	2,736
Total expenditure Nibud budget scenario 2b**	2,248	2,270	3,462	4,783	2,983	4,132	5,456	4,403	2,235	2,936
6% addition scenario 1	108	110	143	183	154	189	228	205	109	151
6% addition scenario 2a	123	124	178	239	167	218	279	234	122	164
6% addition scenario 2b	135	136	208	287	179	248	327	264	134	176
Level of the minimum income standard scenario 1	1,915	1,939	2,525	3,231	2,725	3,346	4,036	3,618	1,921	2,675
Level of the minimum income standard scenario 2a	2,171	2,194	3,140	4,222	2,950	3,850	4,935	4,137	2,157	2,900
Level of the minimum income standard scenario 2b	2,383	2,406	3,670	5,070	3,162	4,380	5,783	4,667	2,369	3,112
<b>Balance per month scenario 1</b>	<b>-743</b>	<b>-767</b>	<b>-1,120</b>	<b>-1,643</b>	<b>-1,291</b>	<b>-1,783</b>	<b>-2,344</b>	<b>-2,184</b>	<b>-487</b>	<b>193</b>
<b>Balance per month scenario 2a</b>	<b>-999</b>	<b>-1,022</b>	<b>-1,735</b>	<b>-2,634</b>	<b>-1,516</b>	<b>-2,287</b>	<b>-3,243</b>	<b>-2,703</b>	<b>-723</b>	<b>-32</b>
<b>Balance per month scenario 2b</b>	<b>-1,211</b>	<b>-1,234</b>	<b>-2,265</b>	<b>-3,482</b>	<b>-1,728</b>	<b>-2,817</b>	<b>-4,091</b>	<b>-3,233</b>	<b>-935</b>	<b>-244</b>
Balance per month, in % income national schemes scenario 1	-63%	-65%	-80%	-103%	-90%	-114%	-139%	-152%	-34%	7%
Balance per month, in % income national schemes scenario 2a	-85%	-87%	-123%	-166%	-106%	-146%	-192%	-189%	-50%	-1%
Balance per month, in % income national schemes scenario 2b	-103%	-105%	-161%	-219%	-121%	-180%	-242%	-225%	-65%	-9%

\* Without energy allowance

\*\* Without purchasing power measures

## Nine out of ten household compositions cannot make ends meet and participate

Tables 3.13, 3.14 and 3.15 show that the balances of almost all household compositions are negative for all three public bodies in each scenario. A negative balance means that a household does not have enough income to make ends meet and participate. In other words, their disposable income<sup>47</sup> is insufficient. At the same time, the negative balance also represents the additional amount of money needed to make ends meet and participate. The negative balance thus expresses the task of bringing the disposable income of residents of the Caribbean part of the Netherlands to the level of the minimum income standard. Besides the balance in dollars, the tables also show the balance as a percentage of income. Balances expressed in dollars are not directly comparable across household compositions because the income level differs between household compositions. Expressing the balance as a percentage of income makes balances more comparable.

## Households with children have relatively large deficits

The negative balance - or deficit - varies by household composition. The deficit increases with each additional household member: expenditure increases more than income. Households with children, in particular, see large deficits despite supplementing income through child benefits. For example, a single mother with two children in Bonaire, St Eustatius and Saba has a deficit of USD 1,159, 1,231 and 1,643 per month, respectively, in the scenario where she lives in public sector housing. If she rents in the private sector, she has a deficit of USD 2,414, 2,305 and 3,482 per month, respectively. For a couple with two children, these amounts increase even further. When renting in the private sector, the deficit of this household composition at the 'top end' on Bonaire, St Eustatius and Saba is USD 2,953, 2,951 and 4,091 per month, respectively. Furthermore, the tables show that couples with one or two children on all three islands have larger deficits than the single mother with one or two children.

## Couples receiving AOV are the only household composition with a positive balance, but the practice may be different

The only household composition with a positive balance is the couple receiving AOV as well as living in public-sector housing. The surplus for this group in Bonaire, St Eustatius and Saba is USD 32, 292 and 193 per month respectively. In Bonaire, a couple receiving AOV and renting privately with a landlord subsidy also has a positive balance: USD 32 per month. Furthermore, the deficits in the other scenarios are the smallest compared to those of the other household compositions. There are two explanations for this. For example, someone applying for AOV may be eligible for a supplement from the unemployment benefit if they have lived or worked outside the Caribbean part of the Netherlands (and was not insured for AOV during that period). The AOV benefit including the supplement is capped at the statutory minimum wage level, which is higher than the welfare level.

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<sup>47</sup> Disposable income is the net income that households can use for their consumption expenditure.

In addition, couples in the AOV receive two full AOV benefits (one per person), resulting in a (maximum) income of two times the minimum wage in the calculations for this report. However, the Committee wants to stress that this household composition is often different in practice. Older people often have incomplete pension accrual, having lived and worked in other parts of the Caribbean Netherlands or countries of the Kingdom. As a result, there is often incomplete AOV, but to receive the welfare supplement, elderly people have to take action themselves, and that is where things often go wrong. The National Ombudsman points out that older people do not always know what they are entitled to and do not use existing schemes.<sup>48</sup> The Committee therefore calls attention to the under-utilisation of facilities for older people.

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<sup>48</sup> National Ombudsman (2019). Attention to the elderly in the Caribbean Netherlands.

### 3.6 Conclusion

This chapter explains why Nibud's minimum sample budgets are suitable as a method for understanding minimum necessary expenses. It then sets out the Nibud budgets for Bonaire, Sint Eustatius and Saba. Each budget shows three expenditure scenarios, as housing costs for households can vary considerably depending on whether a household rents in the public sector or privately. The budgets show that private sector rental, transport, food and utilities are the main expenditure items. Social participation is also an important expenditure item, with the Committee stressing that the minimum necessary expenditure should ensure that citizens can make ends meet and participate in society. Next, this chapter explains that the Nibud budgets are used as a starting point for setting norms for a minimum income standard. In setting a standard, the Committee does not include the effect of some purchasing power measures in spending, as they provide only temporary relief from the burden. In addition, it argues that a future-proof minimum income standard should also enable people to cope with limited shocks and setbacks. The Commission therefore proposes an addition similar in level to the one ultimately chosen in the European Netherlands. This chapter calculates a six per cent addition and then presents several standards for the level of the minimum income standard. The Committee deliberately chooses to present three standards, as housing costs differ too widely to assume one scenario. In doing so, it aims to do justice to the diverse realities of inhabitants of the Caribbean part of the Netherlands. This chapter concludes by testing the level of people's income at the minimum income standard level against the expenditure norms for the minimum income standard. It looks at income from national schemes, excluding the effect of the energy allowance because it is incidental. The Committee does not express the value of local schemes in monetary terms, because local schemes are small-scale, vary too much in form (cash or in-kind), size and values, and there are no minimum impact assessments available. The Committee recommends exploring whether minimum impact assessments could also help the Caribbean part of the Netherlands monetise the value of local schemes.

The review shows that nine out of 10 household compositions cannot make ends meet and participate at the minimum income standard level. In particular, households with children have large deficits, with couples having relatively larger deficits than a single parent. The only household composition with a positive balance is the couple receiving AOV as well as living in public sector housing. However, the Committee wants to stress that this household composition is often different in practice. Older people do not always know what they are entitled to and often do not apply for or use existing schemes. The Committee therefore calls attention to the underutilisation of facilities among the elderly.

Taking the above together, the Committee concludes that the disposable income of residents of the Caribbean part of the Netherlands on minimum benefits needs to be substantially increased. In addition, the cost of living has to come down. In particular, the housing costs of households forced to rent privately but cannot get a landlord subsidy (Saba and St Eustatius) or qualify for it (households with children in Bonaire).





# 4 Systematics of the minimum income standard in the Caribbean Netherlands

## 4.1 Introduction

This chapter first recapitulates how the minimum income standard system might be shaped in the Caribbean Netherlands. This is done on the side of necessary household spending. A review of the adequacy of the statutory minimum wage is made using the expenditure data relative to the minimum income standard recommended by the Committee. It then sets out the Committee's insights from the research conducted. These relate to the further design of the system and its future developments. Finally, it suggests how the Committee's recommendations can be implemented in concrete terms. It also discusses the economic effects of the proposal.

## 4.2 Minimum income standard Necessary expenditure

In the above, Nibud has shown what a dozen households need as an absolute minimum. This minimum is used to make ends meet and participate in society. As indicated, the Committee believes that this is still insufficient as a basis for a minimum income standard. An amount that is so low that it is too low if anything goes wrong does not provide a household with socioeconomic security.<sup>1</sup> In every household, something goes wrong with some regularity. Financial socioeconomic insecurity is a concern if there is not even the tiniest buffer against this. The Thodé Committee therefore shares the Engbersen Committee's<sup>2</sup> base a minimum income standard on the absolute minimum. The advice is to base the absolute minimum shown by Nibud in the minimum sample budgets for different households. It includes a 6% addition to absorb the cost of (any) setback and thus experience some room for manoeuvre, with all its benefits.

As for the systematics on the expenditure side, this outlines the systematics of the minimum income standard. For each household, the amount of the minimum income standard is the amount of the minimum sample budget plus 6%.

<sup>1</sup> Similarly, Engbersen 1, page 79

<sup>2</sup> See Engbersen 1, page 81ff.

### 4.3 Updating level of minimum income standard

Keeping the minimum income standard up to date requires an annual update of the amounts in the sample budgets. This incorporates general developments in the price level of necessary products and services. It also does justice to the government's efforts. That is where this report calls on them to bring down the cost of some items. The Committee therefore wants the minimum income standard to no longer anticipate cost savings yet to be realised. It advises the government to incorporate cost savings into the minimum income standard after realisation. This also makes sense because it does justice to the effects those savings have on the minimum sample budgets for individual types of households. It is also good to periodically reassess the composition of the minimum sample budgets. This involves determining the cost of necessary products and services and reviewing which products and services are necessary to what extent for different households. The Committee agrees with the Engbersen Committee's advice to do this once every four years.

#### **The level of the minimum income standard:**

- for each household is the amount of the minimum sample budget set for that household, plus 6%;
- is updated annually by updating the amounts in the minimum sample budgets;
- is recalibrated once every four years by updating the composition of the minimum sample budgets.

### 4.4 Government should provide socioeconomic security

The Committee believes that the level of the minimum income standard for the Caribbean Netherlands can now be set for different household types. And that it is the constitutional duty of the government<sup>3</sup> to ensure a social security system that provides socioeconomic security for the inhabitants of the Caribbean Netherlands. According to the Committee, there can be no misunderstanding that socioeconomic security only exists when that social security system guarantees to the members of the various households in the Caribbean Netherlands an income that is at least at the level of the minimum income standard, as should apply to the household in the Committee's view. The Committee thus examined whether the government in the Caribbean Netherlands guarantees households an adequate income.

<sup>3</sup> Article 20 Constitution consists of three paragraphs that read as follows:

1. The population's socioeconomic security and distribution of wealth are the government's concern.
2. The law sets rules on social security entitlements.
3. Dutch nationals here in the country who cannot provide for themselves have a right to government assistance to be regulated by law.

## 4.5 An adequate income? In the Caribbean Netherlands, usually not.

The Committee has established that the current legal arrangements in the Caribbean Netherlands do not provide sufficient socioeconomic security for households. Provisions are in place for only a few of the surveyed households. These ensure only in the most favourable scenarios that there is adequate income against the cost of the necessary products and services that the household needs to make ends meet and participate in society:

None of the households that have to make ends meet on welfare currently receive adequate income. That is, an income at least equal to the amount of the minimum income standard recommended by the Committee.<sup>4</sup>

Of the households on Bonaire, St Eustatius and Saba that have to make ends meet on AOV, only couples living in rented accommodation with a landlord subsidy receive a (just about) sufficient income. This only applies if they both receive full AOV benefits.<sup>5</sup> The chances of that situation occurring, however, are not very high:

- In Bonaire, only 45% of the approximately 2,700 recipients of AOV receive the full amount. Statistically, therefore, the probability of both receiving full AOV is only 20%. A supplement to an incomplete AOV benefit can be received from welfare, but this is currently only the case in over 200 cases.
- Only 33% of less than 400 AOV recipients receive the full amount on St Eustatius. Statistically, therefore, the probability of both receiving full AOV is only 11%. A supplement to an incomplete AOV benefit can be received from welfare, but this is only the case in under 40 cases.
- On Saba, only 51% of the 250 or so AOV recipients receive the full amount. Statistically, therefore, the probability of both receiving full AOV is only 26%. A supplement to an incomplete AOV benefit can be received from welfare, but this is currently only the case in about 20 cases.<sup>6</sup>

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4. See the adequacy test explained in the previous section.

5. See also the adequacy test explained in the previous section.

6. The figures used regarding the numbers of AOV beneficiaries and the supplements they received are based on a statement by the data team of the Unit SZW in the Rijksdienst Caribisch Nederland. The Committee thanks the data team for their efforts. The use of these figures in this report is, of course, the Committee's responsibility

## **4.6 Income adequacy in case of income from statutory minimum wage**

The adequacy of the income of households living on the statutory minimum wage has been looked at in two ways. The first is a comparison of the difference between two amounts. On the one hand, the income that households can currently accumulate if each adult member of the household works full-time, at the current level of the statutory minimum wage. And on the other, the amount of the minimum income standard recommended by the Committee for the household in question. This takes into account a personal contribution at the level of income being compared. This yields the following table:

**Table 4.1 Test of adequacy Saba (without work paying).**

	Welfare Single (AS)				Welfare Couple			
	man	woman	woman	woman	couple	couple	couple	3 adults.
Number of adults	1	1	1	1	2	2	2	3
Number of children	0	0	1	2	0	1	2	0
<b>Income from employment and national schemes</b>								
Income from work	1,434	1,434	1,434	1,434	2,868	2,868	2,868	4,302
Child benefit	0	0	129	258	0	129	258	0
<b>Total income</b>	<b>1,434</b>	<b>1,434</b>	<b>1,563</b>	<b>1,692</b>	<b>2,868</b>	<b>2,997</b>	<b>3,126</b>	<b>4,302</b>
<b>Expenditure</b>								
Total expenditure Nibud budget scenario 1*	1,830	1,852	2,477	3,126	2,571	3,185	4,006	3,723
Total expenditure Nibud budget scenario 2a*	2,054	2,076	2,962	3,984	2,783	3,632	4,656	3,903
Total expenditure Nibud budget scenario 2b*	2,254	2,276	3,462	4,784	2,983	4,132	5,456	4,403
6% addition scenario 1	110	111	149	188	154	191	240	223
6% addition scenario 2a	123	125	178	239	167	218	279	234
6% addition scenario 2b	135	137	208	287	179	248	327	264
Level of the minimum income standard scenario 1	1,940	1,963	2,626	3,314	2,725	3,376	4,246	3,946
Level of the minimum income standard scenario 2a	2,177	2,201	3,140	4,223	2,950	3,850	4,935	4,137
Level of the minimum income standard scenario 2b	2,389	2,413	3,670	5,071	3,162	4,380	5,783	4,667
<b>Balance per month scenario 1</b>	<b>-506</b>	<b>-529</b>	<b>-1,063</b>	<b>-1,622</b>	<b>143</b>	<b>-379</b>	<b>-1,120</b>	<b>356</b>
<b>Balance per month scenario 2a</b>	<b>-743</b>	<b>-767</b>	<b>-1,577</b>	<b>-2,531</b>	<b>-82</b>	<b>-853</b>	<b>-1,809</b>	<b>165</b>
<b>Balance per month scenario 2b</b>	<b>-955</b>	<b>-979</b>	<b>-2,107</b>	<b>-3,379</b>	<b>-294</b>	<b>-1,383</b>	<b>-2,657</b>	<b>-365</b>
Balance per month, in % income from work and national schemes scenario 1	-35%	-37%	-68%	-96%	5%	-13%	-36%	8%
Balance per month, in % income from employment and national schemes scenario 2a	-52%	-53%	-101%	-150%	-3%	-28%	-58%	4%
Balance per month, in % income from employment and national schemes scenario 2b	-67%	-68%	-135%	-200%	-10%	-46%	-85%	-8%

\* Without energy allowance

\*\* Without purchasing power measures

**Table 4.2 Test of adequacy St Eustatius (without it paying to work)**

	Welfare Single (AS)				Welfare Couple			
	man	woman	woman	woman	couple	couple	couple	3 adults
Number of adults	1	1	1	1	2	2	2	3
Number of children	0	0	1	2	0	1	2	0
<b>Income from employment and national schemes</b>								
Income from work	1,446	1,446	1,446	1,446	2,892	2,892	2,892	4,338
Child benefit	0	0	131	262	0	131	262	0
<b>Total income</b>	<b>1,446</b>	<b>1,446</b>	<b>1,577</b>	<b>1,708</b>	<b>2,892</b>	<b>3,023</b>	<b>3,154</b>	<b>4,338</b>
<b>Expenditure</b>								
Total expenditure Nibud budget scenario 1*	1,673	1,679	2,216	2,754	2,853	3,518	4,191	3,697
Total expenditure Nibud budget scenario 2a*	2,207	2,213	2,908	3,406	2,852	3,518	4,190	3,697
Total expenditure Nibud budget scenario 2b*	2,407	2,413	3,108	3,606	3,052	3,718	4,390	3,897
6% addition scenario 1	100	101	133	165	171	211	251	222
6% addition scenario 2a	132	133	174	204	171	211	251	222
6% addition scenario 2b	144	145	186	216	183	223	263	234
Level of the minimum income standard scenario 1	1,773	1,780	2,349	2,919	3,024	3,729	4,442	3,919
Level of the minimum income standard scenario 2a	2,339	2,346	3,082	3,610	3,023	3,729	4,441	3,919
Level of the minimum income standard scenario 2b	2,551	2,558	3,294	3,822	3,235	3,941	4,653	4,131
<b>Balance per month scenario 1</b>	<b>-327</b>	<b>-334</b>	<b>-772</b>	<b>-1,211</b>	<b>-132</b>	<b>-706</b>	<b>-1,288</b>	<b>419</b>
<b>Balance per month scenario 2a</b>	<b>-893</b>	<b>-900</b>	<b>-1,505</b>	<b>-1,902</b>	<b>-131</b>	<b>-706</b>	<b>-1,287</b>	<b>419</b>
<b>Balance per month scenario 2b</b>	<b>-1,105</b>	<b>-1,112</b>	<b>-1,717</b>	<b>-2,114</b>	<b>-343</b>	<b>-918</b>	<b>-1,499</b>	<b>207</b>
Balance per month, in % income from work and national schemes scenario 1	-23%	-23%	-49%	-71%	-5%	-23%	-41%	10%
Balance per month, in % income from employment and national schemes scenario 2a	-62%	-62%	-95%	-111%	-5%	-23%	-41%	10%
Balance per month, in % income from employment and national schemes scenario 2b	-76%	-77%	-109%	-124%	-12%	-30%	-48%	5%

\* Without energy allowance

\*\* Without purchasing power measures

**Table 4.3 Test of adequacy Bonaire (without work paying).**

	Welfare Single (AS)				Welfare Couple			
	man	woman	woman	woman	couple	couple	couple	3 adults.
Number of adults	1	1	1	1	2	2	2	3
Number of children	0	0	1	2	0	1	2	0
<b>Income from employment and national schemes</b>								
Income from work	1,236	1,236	1,236	1,236	2,472	2,472	2,472	3,708
Child benefit	0	0	131	262	0	131	262	0
<b>Total income</b>	<b>1,236</b>	<b>1,236</b>	<b>1,367</b>	<b>1,498</b>	<b>2,472</b>	<b>2,603</b>	<b>2,734</b>	<b>3,708</b>
<b>Expenditure</b>								
Total expenditure Nibud budget scenario 1*	1,451	1,452	1,907	2,461	2,330	2,771	3,319	3,397
Total expenditure Nibud budget scenario 2a*	1,451	1,452	2,774	3,624	2,656	3,293	4,139	3,752
Total expenditure Nibud budget scenario 2b*	2,127	2,128	2,774	3,624	2,656	3,293	4,139	3,752
6% addition scenario 1	87	87	114	148	140	166	199	204
6% addition scenario 2a	87	87	166	217	159	198	248	225
6% addition scenario 2b	128	128	166	217	159	198	248	225
Level of the minimum income standard scenario 1	1,538	1,539	2,021	2,609	2,469	2,937	3,518	3,601
Level of the minimum income standard scenario 2a	1,538	1,539	2,940	3,841	2,815	3,491	4,387	3,977
Level of the minimum income standard scenario 2b	2,255	2,256	2,940	3,841	2,815	3,491	4,387	3,977
<b>Balance per month scenario 1</b>	<b>-302</b>	<b>-303</b>	<b>-654</b>	<b>-1,111</b>	<b>3</b>	<b>-334</b>	<b>-784</b>	<b>107</b>
<b>Balance per month scenario 2a</b>	<b>-302</b>	<b>-303</b>	<b>-1,573</b>	<b>-2,343</b>	<b>-343</b>	<b>-888</b>	<b>-1,653</b>	<b>-269</b>
<b>Balance per month scenario 2b</b>	<b>-1,019</b>	<b>-1,020</b>	<b>-1,573</b>	<b>-2,343</b>	<b>-343</b>	<b>-888</b>	<b>-1,653</b>	<b>-269</b>
Balance per month, in % income from work and national schemes scenario 1	-24%	-25%	-48%	-74%	0%	-13%	-29%	3%
Balance per month, in % income from employment and national schemes scenario 2a	-24%	-25%	-115%	-156%	-14%	-34%	-60%	-7%
Balance per month, in % income from employment and national schemes scenario 2b	-82%	-82%	-115%	-156%	-14%	-34%	-60%	-7%

\* Without energy allowance

\*\* Without purchasing power measures

Of the households that have to make ends meet on one or more incomes from work at the statutory minimum wage level, only those with several adults manage to make ends meet.

- On Bonaire, only the couple without children and the multi-person household succeed if the households in question live in public sector housing with landlord subsidy. And thus, each of the household members contributes a full income at statutory minimum wage level.
- Only the multi-person household can make ends meet on St Eustatius in all three rental scenarios.
- On Saba, only the multi-person household can make ends meet in the "public sector rental" and "low commercial/private rent" rental scenarios.

On multiperson households, it is worth noting that in practice the members of such households often live together because they cannot make ends meet otherwise.

This first report thus shows which households whose adult members are fully employed at the current legal minimum wage can make ends meet at the minimum income standard level. For those households unable to do so, the distance between the current income at statutory minimum wage level and the recommended minimum income standard for the household in question has been made visible.

However, where the Committee considers that "work must pay", it is more relevant to look at the difference between current income at statutory minimum wage level and 1/0.85 times the recommended minimum income standard for the household in question. Indeed, that is the standard recommended by the Committee as income at statutory minimum wage level. Otherwise, the test performed is similar to the one before.

This yields the following table:

**Table 4.4 Testing adequacy Saba (with work paying).**

	Welfare Single (AS)				Welfare Couple			
	man	woman	woman	woman	couple	couple	couple	3 adults.
Number of adults	1	1	1	1	2	2	2	3
Number of children	0	0	1	2	0	1	2	0
<b>Income from employment and national schemes</b>								
Income from work	1,434	1,434	1,434	1,434	2,868	2,868	2,868	4,302
Child benefit	0	0	129	258	0	129	258	0
<b>Total income</b>	<b>1,434</b>	<b>1,434</b>	<b>1,563</b>	<b>1,692</b>	<b>2,868</b>	<b>2,997</b>	<b>3,126</b>	<b>4,302</b>
<b>Expenditure</b>								
Total expenditure Nibud budget scenario 1*	1,830	1,852	2,477	3,126	2,571	3,185	4,006	3,723
Total expenditure Nibud budget scenario 2a*	2,054	2,076	2,962	3,984	2,783	3,632	4,656	3,903
Total expenditure Nibud budget scenario 2b*	2,254	2,276	3,462	4,784	2,983	4,132	5,456	4,403
6% addition scenario 1	110	111	149	188	154	191	240	223
6% addition scenario 2a	123	125	178	239	167	218	279	234
6% addition scenario 2b	135	137	208	287	179	248	327	264
Level of the minimum income standard scenario 1	2,282	2,310	3,089	3,898	3,206	3,972	4,996	4,643
Level of the minimum income standard scenario 2a	2,561	2,589	3,694	4,968	3,471	4,529	5,806	4,867
Level of the minimum income standard scenario 2b	2,811	2,838	4,317	5,966	3,720	5,153	6,804	5,491
<b>Balance per month scenario 1</b>	<b>-848</b>	<b>-876</b>	<b>-1,526</b>	<b>-2,206</b>	<b>-338</b>	<b>-975</b>	<b>-1,870</b>	<b>-341</b>
<b>Balance per month scenario 2a</b>	<b>-1,127</b>	<b>-1,155</b>	<b>-2,131</b>	<b>-3,276</b>	<b>-603</b>	<b>-1,532</b>	<b>-2,680</b>	<b>-565</b>
<b>Balance per month scenario 2b</b>	<b>-1,377</b>	<b>-1,404</b>	<b>-2,754</b>	<b>-4,274</b>	<b>-852</b>	<b>-2,156</b>	<b>-3,678</b>	<b>-1,189</b>
Balance per month, in % income from work and national schemes scenario 1	-59%	-61%	-98%	-130%	-12%	-33%	-60%	-8%
Balance per month, in % income from employment and national schemes scenario 2a	-79%	-81%	-136%	-194%	-21%	-51%	-86%	-13%
Balance per month, in % income from employment and national schemes scenario 2b	-96%	-98%	-176%	-253%	-30%	-72%	-118%	-28%

\* Without energy allowance

\*\* Without purchasing power measures

**Table 4.5 Testing adequacy St Eustatius (with work paying).**

	Welfare Single (AS)				Welfare Couple			
	man	woman	woman	woman	couple	couple	couple	3 adults.
Number of adults	1	1	1	1	2	2	2	3
Number of children	0	0	1	2	0	1	2	0
<b>Income from employment and national schemes</b>								
Income from work	1,446	1,446	1,446	1,446	2,892	2,892	2,892	4,338
Child benefit	0	0	131	262	0	131	262	0
<b>Total income</b>	<b>1,446</b>	<b>1,446</b>	<b>1,577</b>	<b>1,708</b>	<b>2,892</b>	<b>3,023</b>	<b>3,154</b>	<b>4,338</b>
<b>Expenditure</b>								
Total expenditure Nibud budget scenario 1*	1,673	1,679	2,216	2,754	2,853	3,518	4,191	3,697
Total expenditure Nibud budget scenario 2a*	2,207	2,213	2,908	3,406	2,852	3,518	4,190	3,697
Total expenditure Nibud budget scenario 2b*	2,407	2,413	3,108	3,606	3,052	3,718	4,390	3,897
6% addition scenario 1	100	101	133	165	171	211	251	222
6% addition scenario 2a	132	133	174	204	171	211	251	222
6% addition scenario 2b	144	145	186	216	183	223	263	234
Level of the minimum income standard scenario 1	2,086	2,094	2,763	3,434	3,558	4,387	5,226	4,610
Level of the minimum income standard scenario 2a	2,752	2,760	3,626	4,247	3,557	4,387	5,225	4,610
Level of the minimum income standard scenario 2b	3,002	3,009	3,876	4,497	3,806	4,637	5,475	4,860
<b>Balance per month scenario 1</b>	<b>-640</b>	<b>-648</b>	<b>-1,186</b>	<b>-1,726</b>	<b>-666</b>	<b>-1,364</b>	<b>-2,072</b>	<b>-272</b>
<b>Balance per month scenario 2a</b>	<b>-1,306</b>	<b>-1,314</b>	<b>-2,049</b>	<b>-2,539</b>	<b>-665</b>	<b>-1,364</b>	<b>-2,071</b>	<b>-272</b>
<b>Balance per month scenario 2b</b>	<b>-1,556</b>	<b>-1,563</b>	<b>-2,299</b>	<b>-2,789</b>	<b>-914</b>	<b>-1,614</b>	<b>-2,321</b>	<b>-522</b>
Balance per month, in % income from work and national schemes scenario 1	-44%	-45%	-75%	-101%	-23%	-45%	-66%	-6%
Balance per month, in % income from employment and national schemes scenario 2a	-90%	-91%	-130%	-149%	-23%	-45%	-66%	-6%
Balance per month, in % income from employment and national schemes scenario 2b	-108%	-108%	-146%	-163%	-32%	-53%	-74%	-12%

\* Without energy allowance

\*\* Without purchasing power measures

**Table 4.6** Test of adequacy Bonaire (with work paying).

	Welfare Single (AS)				Welfare Couple			
	man	woman	woman	woman	couple	couple	couple	3 adults.
Number of adults	1	1	1	1	2	2	2	3
Number of children	0	0	1	2	0	1	2	0
<b>Income from employment and national schemes</b>								
Income from work	1,236	1,236	1,236	1,236	2,472	2,472	2,472	3,708
Child benefit	0	0	131	262	0	131	262	0
<b>Total income</b>	<b>1,236</b>	<b>1,236</b>	<b>1,367</b>	<b>1,498</b>	<b>2,472</b>	<b>2,603</b>	<b>2,734</b>	<b>3,708</b>
<b>Expenditure</b>								
Total expenditure Nibud budget scenario 1*	1,451	1,452	1,907	2,461	2,330	2,771	3,319	3,397
Total expenditure Nibud budget scenario 2a*	1,451	1,452	2,774	3,624	2,656	3,293	4,139	3,752
Total expenditure Nibud budget scenario 2b*	2,127	2,128	2,774	3,624	2,656	3,293	4,139	3,752
6% addition scenario 1	87	87	114	148	140	166	199	204
6% addition scenario 2a	87	87	166	217	159	198	248	225
6% addition scenario 2b	128	128	166	217	159	198	248	225
Level of the minimum income standard scenario 1	1,809	1,811	2,378	3,069	2,905	3,455	4,139	4,236
Level of the minimum income standard scenario 2a	1,809	1,811	3,459	4,519	3,312	4,107	5,162	4,679
Level of the minimum income standard scenario 2b	2,652	2,654	3,459	4,519	3,312	4,107	5,162	4,679
<b>Balance per month scenario 1</b>	<b>-573</b>	<b>-575</b>	<b>-1,011</b>	<b>-1,571</b>	<b>-433</b>	<b>-852</b>	<b>-1,405</b>	<b>-528</b>
<b>Balance per month scenario 2a</b>	<b>-573</b>	<b>-575</b>	<b>-2,092</b>	<b>-3,021</b>	<b>-840</b>	<b>-1,504</b>	<b>-2,428</b>	<b>-971</b>
<b>Balance per month scenario 2b</b>	<b>-1,416</b>	<b>-1,418</b>	<b>-2,092</b>	<b>-3,021</b>	<b>-840</b>	<b>-1,504</b>	<b>-2,428</b>	<b>-971</b>
Balance per month, in % income from work and national schemes scenario 1	-46%	-46%	-74%	-105%	-18%	-33%	-51%	-14%
Balance per month, in % income from employment and national schemes scenario 2a	-46%	-46%	-153%	-202%	-34%	-58%	-89%	-26%
Balance per month, in % income from employment and national schemes scenario 2b	-115%	-115%	-153%	-202%	-34%	-58%	-89%	-26%

\* Without energy allowance

\*\* Without purchasing power measures

In this test, in none of the households is the current income sufficient. This applies to all three islands in all three rental scenarios. The distance between the current income at statutory minimum wage level and 1/0.85 times the recommended minimum income standard for the household in question was made visible for all households.

## 4.7 To summarise

In most households and their applicable situations, the income is insufficient when looking at the difference between the income based on the current statutory minimum wage level and the amount needed for the advised minimum income standard for the respective households.

When looking at the deficit relative to what is needed to meet expenses with a total amount of 1/0.85 times higher than the recommended minimum income standard, no home makes ends meet. This is true for all three islands in all three rental scenarios.

## 4.8 Consequences of systemic inadequacy

The observed inadequacy need not in itself have systemic consequences. The current system consists of:

- A statutory minimum wage that ensures that people who work can make ends meet on their income.
- A welfare benefit that ensures that even people who do not work can make ends meet.
- An AOV that ensures that even people who no longer need to work because of their age can make ends meet.
- A child allowance, for households with minor children.
- A landlord subsidy to ensure low-income households spend a limited amount on rent.

The systematics described above would suffice. Sufficiently increasing the amounts of the said provisions would theoretically make it possible to ensure that every household could have an adequate income.

However, the Committee's calculations show these would be substantial increases. This is particularly problematic for the level of the statutory minimum wage. After all, the increase must be borne by employers. That gives rise to the question of whether the economy has sufficient bearing capacity.

While the Committee believes in principle that people should be able to make ends meet on one full-time salary, it also sees that the cost of living in the Caribbean Netherlands is high compared to the European part of the Netherlands. Both in absolute and relative terms, measured against the different levels of prosperity of the two parts of the Netherlands.

Moreover, even in the European Netherlands, it is not the case that someone earning the statutory minimum wage has enough to make ends meet. Through a number of income-dependent allowances and income-independent child benefits, the income in European Netherlands is supplemented to such an extent that they approach the minimum income standard. It only comes close, as the Engbersen Committee has shown that with unchanged policies in European Netherlands, this would no longer be the case for some groups of people on low incomes as of 2024. Concerning the systematics for the Caribbean Netherlands in terms of income, the Committee therefore considers the following.

1. Cost reductions reduce the amounts of the minimum sample budget and thus, when updated, the level of the minimum income standard. However, the Committee does not want any further wait for this concerning people on low incomes. As a result, the problems will continue to fall on the people on low incomes until those cost reductions are realised. The Committee's guiding principle is that citizens should be able to cover from their total income the total cost of necessary expenses to make ends meet and participate with dignity.
2. The main sources of income for households are: wages from salaried employment, income from the proceeds of a private business, welfare assistance for working people who do not or cannot work for a shorter or longer period of time and AOV for people who no longer need to work.

Few residents in the Caribbean Netherlands apply for welfare. Of the less than 900 recipients of underinsurance, about 200 receive a supplement to their AOV. There are also nearly 200 who receive the "totally and permanently incapacitated for work" supplement in welfare. So these people cannot work. This means that fewer than 500 residents of the Caribbean Netherlands receive welfare in a way that is comparable to welfare in the European Netherlands. Poverty in the Caribbean Netherlands is mainly a problem of poor people who do not accumulate sufficient income from their work. And of pensioners who have inadequate old-age provision.

3. Households dependent on welfare should receive an income equal to the minimum income standard for the respective household type.

Additional earnings are now allowed in addition to the welfare, with no effect on the benefit level up to the statutory minimum wage. Thereafter, the excess will be deducted directly from the benefit. The additional earning scheme has just been evaluated.<sup>7</sup> The Committee recommends that this option be left in place for the time being until the minimum income standard such as the Committee recommends this is achieved. Once this principle has been realised, it would be reasonable to apply the same rules as in the Netherlands regarding additional earnings alongside social assistance to people receiving welfare benefits.

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7. The recent evaluation of the top-up earnings scheme (<https://open.overheid.nl/documenten/ronl-3bdd39e473561a25315c4c79398d33a671e63bc7/pdf>): "Welfare beneficiaries are free to earn on top of their benefits. This is subject to the conditions that they report this to the RCN unit SZW and that the welfare and additional earnings together do not exceed the minimum wage. Any additional earnings will be offset against the benefit. (...) Currently, the additional earnings scheme allows people on welfare to supplement their benefits with income from work. The recent and future increases in the welfare level to the minimum income standard benchmark level provide grounds for reconsidering the role and design of the supplementary earning scheme. In the envisaged situation where the welfare is sufficient to meet the necessary living expenses, the supplementary income scheme should mainly contribute to labour participation and, in the long run, full economic independence and exit from welfare. The question is whether the current set-up, in which one can supplement the welfare benefit with additional earnings up to the minimum wage, serves that policy goal. Previously, therefore, it was announced by the government that the aim is to phase out the top-up allowance over time."

4. Households whose income is mainly dependent on AOV receive an income at least equal to the minimum income standard.

More than half of all AOV beneficiaries living in the Caribbean Netherlands receive an incomplete AOV benefit. And if AOV recipients living outside the Caribbean Netherlands are included, even 70 per cent of them receive incomplete AOV benefits. Of the latter group, it is in itself not surprising that they have an incomplete entitlement to AOV: after all, they live outside the Caribbean Netherlands. Presumably, they did so for part of their working lives. Conversely, nor is it surprising that some of the AOV beneficiaries living in the Caribbean Netherlands have spent part of their working life outside the Caribbean Netherlands. People outside the Caribbean Netherlands may also have accrued rights to a (partial) old-age pension. Facilities in the region are sparser rather than more generous than in the Caribbean Netherlands. However, it is likely that a significant proportion of AOV beneficiaries live in the Caribbean Netherlands. And that taking into account the redemption of entitlements accrued elsewhere, they will not reach a monthly income equal to the full AOV. A supplement to the AOV benefit (whether full or not) is possible from welfare up to a maximum of the statutory minimum wage. For a single person, for example, that supplement from the welfare is possible. As long as the AOV benefit and any other income - e.g. a pension accrued through the employer - do not exceed the level of welfare, for an independently living single person who is completely and permanently unfit for work. Overall, only about 8 per cent of AOV benefit recipients receive such a supplement from welfare. Around 60% of cases involve incomplete AOV benefits. In about 40 per cent of cases, it is a supplement to a full AOV benefit. The lion's share of recipients of an incomplete AOV benefit therefore do not receive a supplement from the welfare.

The Committee notes that single pensioners with AOV in particular face an inadequate income situation. It therefore proposes raising AOV benefits for a single person to the level of the minimum income standard. If variation remains in the welfare, the level of the AOV benefit is linked to the level of a welfare benefit for a fully and permanently disabled person. This is in line with the level to which the current replenishment from the welfare level leads. Supplementation should continue to be possible for AOV beneficiaries with incomplete AOV benefits from welfare up to this level. And this should be actively offered to recipients of incomplete AOV benefits. In addition, the Committee recommends making it possible for any single AOV beneficiary to receive a supplement from welfare to income up to the statutory minimum wage. The Committee considers this justified since although the pensioner can earn additional income, he cannot always do so (any longer) and, in the Committee's view, should not be obliged or compelled to do so. This also indicates that the level of (full) AOW benefits in the European Netherlands is higher than welfare benefits.

For couples with both claiming AOV benefits, the situation is more favourable.

An increase in AOV entitlement has been described for them as for single AOV beneficiaries. This should make it possible for each member to have adequate provision to make ends meet and participate in society to the level of the advised minimum income standard. A supplement from welfare is only needed for them if at least one of them has incomplete AOV benefits. In total, the Committee thus recommends supplementing the income of AOV couples to a maximum of twice the minimum income standard.

In addition, the Committee recommends that the participation of older people be promoted more through targeted measures such as a 65+ discount pass and the organisation of activities for this target group to prevent their isolation now or later. Moreover, in this group, feelings of shame about poverty are above average. So they will often be slow to ask for help. The Committee therefore recommends being extra vigilant for signs of people needing help. And to actively seek them out. Social networks such as church organisations and food banks are important social antennae to pick up such signals.

5. "Work must pay" The Committee endorses the principle that someone who works has a higher disposable income than someone who receives only a statutory minimum wage. The lack of statutory minimum wage reflects the maximum objectively/economically affordable wage for employers and the minimum acceptable wage for employees. In the Caribbean Netherlands, in the absence of a statutory minimum wage, the total income that employees must receive to make ends meet as a minimum, to be able to participate and to receive sufficient extra remuneration for their work must be calculated on the basis of the minimum income standard and the minimum wage.

In the European Netherlands, a ratio between the level of social assistance for a single person and the statutory minimum wage of 70:100 was assumed for some time. The Committee can imagine that the statutory minimum wage level be temporarily set at 1/0.85 times the minimum income standard for a single person. Therefore, a ratio between welfare and statutory minimum wage of 85:100. This leaves sufficient reward for working compared to receiving welfare benefits. At the same time, this prevents a greater effort from being required of employers. After all, the gap between the welfare level and the statutory minimum wage can only be widened by increasing the statutory minimum wage and leaving the welfare level the same.

After reaching the minimum income standard for all households, the Committee recommends that the distance between welfare and statutory minimum wage should be in line with the European Dutch fixed ratios in force at that time. A fixed ratio provides clarity and stability for citizens, ensuring that the step from benefit to work remains equally rewarding over the years (assuming tax rules also remain the same).

6. In theory, people on welfare benefits receive a welfare benefit at the minimum income standard level and thus have one source of income. People in paid work could receive their entire income at the level of 1/0.85 times the minimum income standard from the labour wage. However, that would lead to a statutory minimum wage at such a high level compared to the current statutory minimum wage that it is not realistic to introduce that increase in one fell swoop. It is also conceivable that in some industries, employers will never be able to sustain incomes at the level of the required statutory minimum wage level in a profitable business model. Looking at the European part of the Netherlands, this is also unnecessary: redistributive instruments such as income-independent and income-dependent schemes ensure in the European Netherlands that part of the costs of households are covered collectively.

In addition, the Committee recommends that citizens be granted supplements to the minimum wage and assistance in such a way that, for persons under 65, the total household income equals the minimum income standard for that household. First and foremost, the Committee is considering arrangements for households with children.

7. "Child schemes" should ensure that people on low incomes can meet the cost of children. This can be done in the short term by increasing child benefits. The Committee is aware that increasing the child benefit is a measure that belongs to all families with children, not just lower-income families. As a result, it is partly inefficient. It therefore recommends the introduction of a means-tested scheme like the European Netherlands child-related budget. If the increase in child benefit is accompanied by the announcement of a (variant of the) child-related budget, all or part of that increase may be presented as temporary. If desired, the benefit for higher earners can be taxed away by revising the tax brackets and rates.

NOTE: The Committee is aware of the negative connotations currently attached to "allowances" in the European part of the Netherlands.

The Committee notes that the negative experiences are generally not about the child-related budget. This is partly due to the simple and stable basic eligibility condition of having one or more minor children in the household in question. It should also be noted that it is not necessary to opt for equal implementation in the Caribbean Netherlands as in the European Netherlands. See below.

- 8.** The rent supplement is a second means-tested scheme available to minimum-income citizens in the European Netherlands. This instrument was implemented as an (income-dependent) rent subsidy before the introduction of the allowance system in the European Netherlands. In the Caribbean Netherlands, Bonaire has experience with a landlord subsidy, which has a similar effect: low-income citizens pay a low amount of rent.

Living in the Caribbean Netherlands is expensive, partly due to the limited availability of public sector housing. For many people, finding affordable housing is impossible. Despite efforts in recent years, it has not yet been possible to build significant numbers of new public sector housing units. In Bonaire, a good start has been made with the landlord subsidy, ensuring affordability has increased for stakeholders. On St Eustatius and Saba, this system does not yet exist.

The Committee recommends extending the landlord subsidy system to all islands and spearheading its use. In addition, agreements on significant growth in the number of public-sector rented homes should be made with the island governments and housing associations on the islands.

As long as the numbers of public-sector housing are not brought up to standard, low-income households will continue to rely on (private) rental housing with rents higher than the liberalisation threshold. Under the current scheme, no rental subsidy is available to the tenant of such a property. The Committee anticipates that the realisation of the required amount of social rented housing is still several years away. It considers it undesirable for minimum-income citizens to continue to face rental charges they cannot bear for years to come. The Committee therefore recommends adapting the landlord subsidy scheme to introduce appropriate instruments for the different housing cost scenarios depicted in the Nibud sample budgets so that, on balance, a price at the level of public sector rental can also be paid in scenarios currently outside the scheme.

- 9.** In the Caribbean Netherlands, the tax-free allowance is now de facto at the level of the highest statutory minimum wage level, which is that of St Eustatius. The Committee recommends making a direct link between the statutory minimum wage and the amount of the tax-free allowance so that improvements for people on low incomes are not partially taxed away.

**10.** The above mentions two forms of specific income-related government support.

An income-dependent component that both recipients of benefits and employees with a low income from work or business can receive, such as the rent supplement and the child-related budget in the European Netherlands, is necessary to provide targeted and effective support to people on a low income. Considering that not only households with children need income-related support, the Committee recommends one general variable income-related support being offered to all low-income citizens in the Caribbean Netherlands.

That component should fill the gap between the minimum income standard. With the maximum statutory minimum wage that the market can raise, plus income-independent measures such as child benefits. Specific policies like an energy allowance can be incorporated into this. This is necessary in any case as long as the "maximum statutory minimum wage to be raised by employers" is below the Committee's recommended level of the minimum income standard times 1/0.85. With the system in the European Netherlands serving as an outline example, the Committee considers it plausible that the statutory minimum wage will also remain below the level of the minimum income standard in the Caribbean Netherlands.

### **Income-dependent component necessary**

The Committee is mindful of the criticism of the allowance system in the European Netherlands, for which simplification is being sought. At the same time, a system without income-dependent measures would be inefficient. Or it would call for compensatory measures to undo the ineffectively provided benefit through, for example, tax increases for higher incomes. The Committee therefore considers the introduction of an income-related component a necessary element of a modern system. The current system is rather too simple and (therefore) inadequate, than that the proposed system would become too complicated. Of course, care must be taken to ensure that the rules remain as clear and simple as possible for both citizens and executive authorities of interest. Target groups should also be offered sufficient support to ensure that the instruments are (or can be) actually used by them.

### **Improve visibility on incomes**

The Committee found that the Caribbean Netherlands does not yet have the detailed understanding of income data as the European Netherlands. However, this has not always been the case in the European part of the Netherlands, either. The Committee sees the importance of sufficient (reliable) data for implementing policies and designing and maintaining them. Implementing income-dependent schemes will increase the completeness and reliability of income and other relevant data over time. The same happened with the Benefit Entitlement (Residence Status) Act (Koppelingswet) in the European Netherlands at the time. The Committee therefore recommends that income-dependent schemes should not wait until there is a clearer view of incomes. The Committee notes with approval that a start has already been made on this in, for example, the implementation of the landlord subsidy. In designing and implementing income-dependent schemes, the priority should be that measures can be taken to target those in need. The small scale of the islands allows for a different kind of supervision and enforcement than the large scale of UWV Employee Insurance Agency and Tax Administration applies to the European part of the Netherlands.

### Phasing out income-dependent schemes

Finally, it noted that one or more income-dependent components should be phased out via a sliding scale as actual income increases, to avoid 'poverty traps'. One combined variable income-dependent allowance per household can ensure that a maximum of 25 cents of allowance is phased out when income per euro increases. So that more work also continues to pay off. The risk is higher the more co-existing schemes that each have their own phase-out regime. Prevention is better than cure, so alignment and coordination in purchasing-dependent policies is needed.

- 11.** For as long as there are no general income-dependent schemes (such as the general rent allowance and a child-related budget in the European Netherlands), the Committee recommends making maximum use of existing instruments to fill the described gap between the statutory minimum wage + existing facilities and 1/0.85 times the minimum income standard, such as the current energy allowance.
- 12.** The Committee notes that there are no specific income provisions in the Caribbean part of the Netherlands for people with disabilities (other than due to illness or accident) who, as a result, are wholly or partially unable to provide for themselves through employment or self-employment, for a considerable time or permanently. About a quarter of welfare recipients are objectively unable to generate sufficient income on their own and receive the "totally and permanently incapacitated" supplement in welfare to that end. The recommended increase in the welfare benefit is all the more pressing for these people as they are also unlikely to be able to sufficiently increase income through additional earnings. For this target group, the theory of the work incentive in the form of a benefit below the statutory minimum wage level does not apply. The Committee recommends developing specific policies for this target group that take into account the higher care costs that these target groups often face (to the extent that the Wmo instrument developed by VWS does not cover them). And with the long duration or even structural dependence on benefits.

The Committee also recommends prioritising the sustainability of instruments for working with a disability, such as social workplaces, wage subsidies and the use of job coaches, and making structural funding available for this.<sup>8</sup> Pending that specific policy, the special assistance could be actively used by proactively approaching this group, identifying what they need in terms of specific resources and further exploring what they need to make ends meet and participate.

- 13.** The Committee notes that many of the proposed measures are also needed to ensure a healthier labour market and society. Firstly, through a labour market that can better balance work and private life. People who have to make ends meet with multiple (part-time) jobs often do not have enough energy left over for their families and raising their children, let alone for adequate participation and contributing to society through voluntary work and so on.

The Committee also notes that there is no provision like the European Dutch unemployment benefit in the Caribbean Netherlands to date. Unemployment benefit is not strictly part of a minimum social security system, but it prevents people from relying too quickly on an welfare benefit. This also applies, for example, to people in between jobs and, due to the lack of unemployment benefits, can quickly run into financial problems due to their ongoing fixed expenses and start to dip into their assets. It can also mean that people are too quick to accept the next job, even if it imperfectly matches their talents and development potential.

#### Cost reduction

The Committee consciously chooses to seek the solution to shortfalls in the income of residents of the Caribbean Netherlands relative to the minimum income standard, primarily in the purchasing measures as presented above. The Committee does this because poverty alleviation for large groups of residents of the Caribbean Netherlands will no longer tolerate any delay. However, this is not to say that the Committee does not believe that many costs in the Caribbean Netherlands are high or could not be reduced.

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8. <https://open.overheid.nl/documenten/29bc4b07-7780-4316-8d4a-9e197c2b5547/file>. Page 8, economy and labour market section.

On the contrary, the Committee sees good opportunities to, if not reduce, at least control costs for residents of the Caribbean Netherlands, thus avoiding unnecessary cost increases in the future. However, as mentioned above, these cost reductions may no longer be awaited. Only when cost reduction is actually achieved should the minimum income standard be adjusted accordingly and income measures, which have then proved temporarily necessary, can be phased out again. The annual update of the minimum income standard as proposed by the Committee automatically ensures that cost reductions can be absorbed into the provision as a whole.

14. After housing costs, transport costs are the second largest cost item (larger than utilities - gas, electricity, drinking water and telecoms - separately) that should be prioritised to reduce costs. The high costs follow from the necessary use of a car (purchase, use and maintenance) in the absence of a sufficiently covering public transport system and because cycling is not a sufficiently suitable means of transport. The Committee stresses that most people on low incomes have a job and therefore need a car to get to work on time.

As long as there is no cost reduction for this necessary facility, citizens should be able to bear the high cost of transport with their benefits or the statutory minimum wage. The Committee does not consider this an ideal situation. It favours a sufficiently comprehensive system of public transport made available to citizens as a utility (see below) at (at most) the same fares as in the European part of the Netherlands. However, failure to do so should no longer be the citizens' problem.

Shifting the financial problem to the central government - which after all is in charge of income policy - is a financial incentive to ensure that a covering public transport system is organised. However, the Committee notes that the financial incentive thus falls to the central government and not to the public body now responsible for public transport. The Committee also notes that in the European part of the Netherlands, public transport is divided between local, regional and central government, with the latter as co-legislator responsible for organising the system. The Committee believes that the central government should set up a sufficiently comprehensive public transport system on the three islands in conjunction with the public bodies. Given the small scale of the islands, responsibility for maintaining the system can then be placed with the public body once a stable phase is reached.

To promote the use of public transport, consideration could be given to making it free - for target groups or for everyone. The Committee points to what it sees as good practices in some European Dutch municipalities such as Amsterdam and Krimpen aan den IJssel. Entirely free public transport can also be attractive to tourists and thus also serve to spread the positive economic effects of tourism throughout the island.

Of course, this needs further elaboration. For example, the private transport sector, such as taxi companies, will have to be taken into account. The elaboration is beyond the scope of the Committee's mandate. The Committee for now suffices with the recommendation to introduce a covering public transport system. Until then, it believes the minimum income standard should consider the much higher cost of private transport for all household types.

15. Utility costs can be influenced in several ways. The Committee believes those costs (per unit) should not be higher than for people in the European Netherlands. In the short term, such costs can be reduced by granting (more) subsidies to producers to reduce prices. Or by continuing a temporary instrument such as an energy allowance, reaching at least incomes up to and including the statutory minimum wage recommended by the Committee to maintain the distance between welfare and statutory minimum wage (see below). This supplement should be phased out with a sliding scale for incomes above the statutory minimum wage. These two components are necessary to ensure that (more) work continues to pay.

#### Transport as a utility

As indicated above under 14., public transport on the islands can also be seen as a utility. The same applies to intra-island transport within the Kingdom, which is also necessary for making ends meet and participating. The latter is also in view of the family relationships between residents of the Caribbean part of the Netherlands and the countries of Curaçao, Aruba and Sint Maarten.

But primarily because of additional facilities found on the big islands and not on Bonaire, St Eustatius and Saba. Think of banking and notarial services and necessary products or services unavailable on Bonaire, St Eustatius and Saba or only available at much higher prices. Consider, for example, clothing or supplementary care not covered by the basic package. The cost of intra-island transport also requires attention where the transport of goods is concerned. Both transport costs between the Caribbean Netherlands islands and the autonomous countries and the lack of a customs union/free trade zone within the Kingdom cause cost increases for citizens in Bonaire, St Eustatius and Saba. Due to the isolated location of these three islands, residents have to de facto travel abroad or import goods from abroad for all amenities not available on the island itself. There is little or no regulation of trade. EU law regulating free markets has generally been declared inapplicable. And consumer protection is thus virtually non-existent. The Committee believes that alternative regulation of intra-island transport of persons and goods within the Kingdom is possible and will benefit all residents of at least the Caribbean part of the Kingdom. And the Committee recommends that the Dutch government, together with the other countries in the Kingdom work to reduce the cost for the resident population. As long as this is not the case, the minimum income standard will have to consider the costs currently identified by Nibud.

16. The Committee wants to reduce costs for children, especially those for childcare, school and participation, through action by public bodies. For example, "clothing and food for school children" and subsidies for associations that enable free sports will continue and intensify. For this purpose, the Committee recommends introducing (general) cards such as in the European part of the Netherlands, the Rotterdampas or The Hague the Ooievaarspas. These passes allow people on low incomes to participate for free and other residents to get (small(er)) discounts so that such a pass does not stigmatise. In this way, it aims to promote a situation where children get what they need. After all, parents can also put the money to other uses.

### Childcare

The Committee notes that child care - both in the form of day care for 0 to 4-year-olds and after-school care - is not free in the Caribbean Netherlands. The Committee does not consider it desirable that low-income people must refrain from using childcare for financial reasons. Both from the perspective of the opportunities that childcare provides for parents to participate in the labour process and from the added value that (high-quality) childcare has for children's development. Especially for low-income households, the Committee considers it important to encourage the use of childcare.

The Committee calls on public bodies and the central government, under both the current and future systems, to ensure that there is sufficient childcare for all children. And that childcare is or remains de facto free for at least the people on low incomes. And preferably adopt a more generous policy, where at most only higher-income earners have to pay a (rising) co-payment. The Committee is aware that a child placement subsidy is available for lower-income groups under the current system. However, such a system carries the risk of non-use. Free childcare for all children prevents non-use and saves the implementation burden of a fee system. The lost income of the higher-income groups can be compensated, if desired, by increasing taxes on higher-income earners.

NOTE: In the minimum sample budgets, Nibud works with children aged 8 and 13 in Caribbean Netherlands and with children aged 8, 11, 13 and 15 in European Netherlands. The cost of day care therefore does not appear in the cost structure. Costs of after-school care are not included in the cost breakdown, as Nibud assumes that these facilities need not incur any costs for users due to the possibility of a cost-covering subsidy for people on low incomes. Given the high number of single-parent families and the early end of school hours, the Committee recommends that a generous policy should also be adopted regarding after-school care. And making them free at least for the lower income groups.

17. The Committee notes that market regulation in the Caribbean part of the Netherlands is virtually non-existent. Especially in the (very) small economies of Bonaire, St Eustatius and Saba, there are monopolies or oligopolies that necessitate market regulation by, for example, competition policy. The Committee points to inter-island transport for that, for example.

It recommends introducing a general competition policy as enforced by the Consumer and Market Authority (ACM) in the European part of the Netherlands. Particularly for basic necessities, it should be monitored that the increased purchasing power for the people on low incomes resulting from the income increases recommended by the Committee is maintained by setting (binding) maximum prices. The Committee recommends that public bodies use this for basic necessities. Only Bonaire has a non-binding covenant with the food sector to set cap prices for a limited number of basic products. (Healthy) food should be the last to be cut, and regulating its prices can reduce the chances of that happening. Low prices for basic necessities benefit all island residents and prevent low-income people from cutting back on them.

## 4.9 Medium-term model

In the above, the Committee has stated several times that Bonaire, Sint Eustatius and Saba are part of the country of the Netherlands. And that a similar approach to the minimum income standard in the Caribbean part of the Netherlands is obvious. An international comparison by SEO Economic Research on behalf of the Engbersen Committee<sup>9</sup> also shows that various systems are conceivable. But that each has its pros and cons that are instructive back and forth, which on balance lead to the conclusion that none of these systems is superior to the others. The Committee believes that in the current socioeconomic circumstances of the islands, a social security system different from the European part of the Netherlands is defensible in parts. However, it believes there are no reasons to arrive at substantially different outcomes or detract from principles underlying the Dutch social security system with this different system. Current circumstances preventing the introduction of the Dutch social security system include the following:

1. The current level of costs set by Nibud as part of designing the minimum sample budgets. In parts, this shows a different picture from Dutch costs. Moreover, for a number of key cost items, in the Committee's view, mitigating measures can and should be taken in the short term.
2. The difference between the current level of the statutory minimum wage in the Caribbean Netherlands and that in the European Netherlands.
3. The tools available in the Caribbean Netherlands to implement elements of the European Dutch system in the deviant context in the short term. Of these, the capacity of the existing implementing organisations, the existing legal arrangements like the current tax system and the different currencies in both parts of the country are salient elements.

The Committee does not rule out the possibility that, in time, the systems could converge to such an extent that they could eventually merge. However, this should then be done in the light of the entire socioeconomic framework for the Caribbean Netherlands. The Committee does not opt for a short- or medium-term approach based on such a vision. Aligning with the European Dutch system's structure makes such a development possible. Moreover, it provides a recognisable system for all stakeholders. The European Netherlands system is familiar to both citizens and implementing authorities. Like many systems applied in the Caribbean part of the Kingdom, the social security system of the Caribbean Netherlands shows "family traits" of (predecessors of) systems from the European Netherlands. Similarly, until the mid-1960s, the European Netherlands had a welfare system that served as a model for the scheme in the Netherlands Antilles. That arrangement is evolved into the current welfare arrangements in the Caribbean Netherlands.

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9. Minimum income standard, descriptive analysis for five European countries, Kim van Berkel et al. September 2023.

Given the Dutch government's equal duty of care for Dutch citizens in the European and Caribbean parts of the Kingdom, the Committee believes that the Caribbean Netherlands system should ensure that Caribbean Netherlands residents are also guaranteed a minimum income from which they can make ends meet in the Caribbean Netherlands including dignified participation in society.

Compared to the current situation, that system should be realised in a timeframe of a few years. The Committee considers one full cabinet term sufficient for this, with the following steps:

1. Determination of the minimum income standard level using the updated Nibud sample budgets subject to a 6% addition.
2. Significant decrease in the cost of housing, transport and utilities, resulting in a lower minimum public sector level than can currently be determined using the Nibud sample budgets prepared this year by Nibud.
3. Control costs by monitoring overall price levels and the functioning of the economy through competition policies appropriate to the size and nature of the economies of the three islands.
4. An income system that for working households consists of an income at least at the statutory minimum wage set by the government after coordination with social partners, income-independent supplements such as a child allowance and income-dependent support such as a child-related budget<sup>11</sup>, the landlord subsidy and any additional purchasing power measures. The whole ensures that the income of these households is (at least) at 1/0.85 times the level of the minimum income standard.

*Given the chosen instrument of landlord subsidy, the introduction of a rental subsidy is not the way to go. Similarly, there is no need for a care supplement as the chosen health fund approach has the model of a premium-less provision for the insured.*

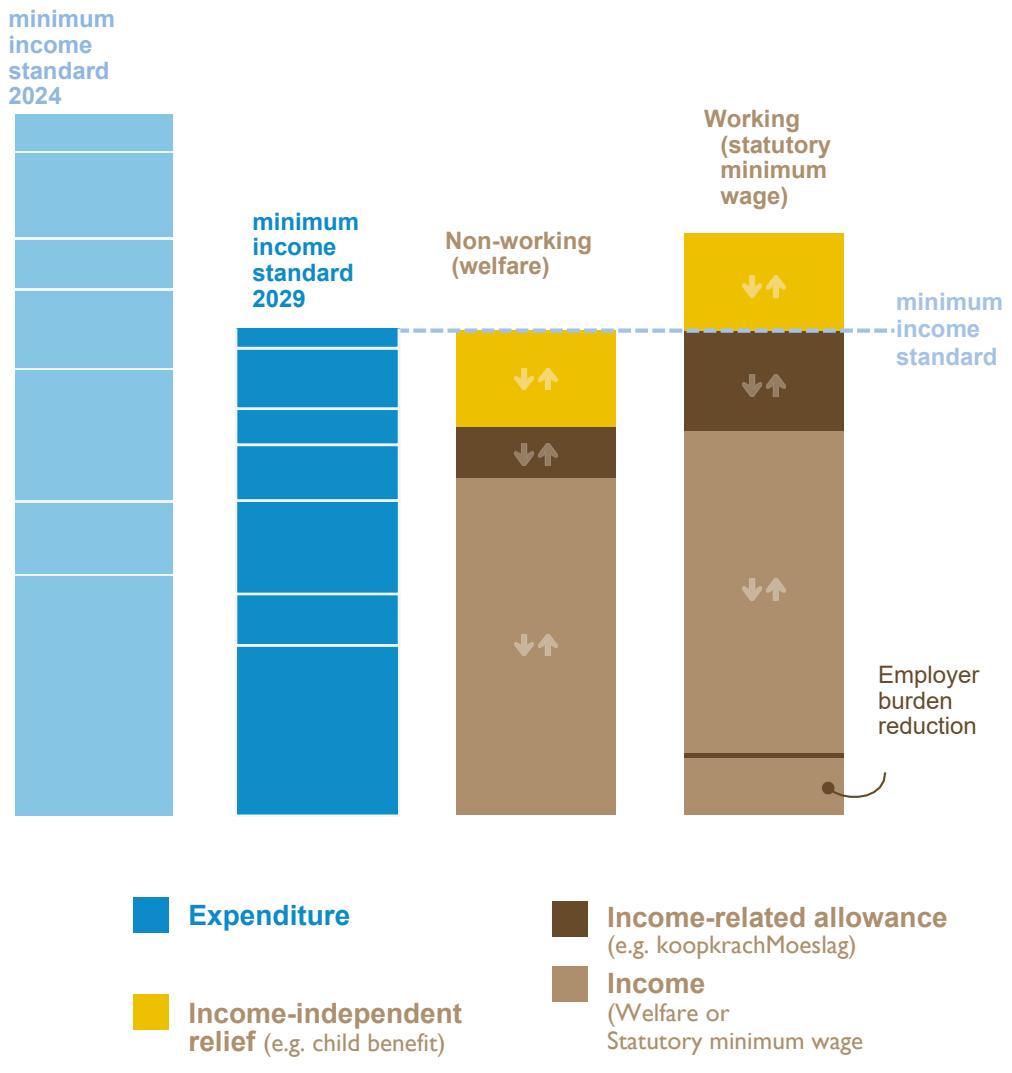
5. A number of people cannot work, temporarily or otherwise, and do not (or no longer) have a claim to a provision such as the European Dutch Unemployment Act (WW) (of which there is currently no counterpart in the Caribbean Netherlands), nor sufficient other own sources of income, e.g. from assets. They receive a welfare income of 85% of the total income of the employee's income remunerated at the statutory minimum wage level. These people also receive the non-means-tested and means-tested support that employees receive, proportionally or not. In addition, these people receive welfare benefits. The whole of the three components thus equals 85% of the total income of the comparable household, which has income from work remunerated at statutory minimum wage level. All households relying on income from welfare receive a total income at the level of the minimum income standard.

6. People entitled to AOV receive an income at the level of the minimum income standard. Single people receiving AOV can receive a supplement from welfare up to the maximum statutory minimum wage level, subject to the conditions for welfare.

*AOV recipients who form one household together will each receive an AOV benefit at the minimum income standard level. The sum of these two AOV benefits is more than enough to make ends meet due to the economies of scale realised.*

*All AOV claimants who have built up an incomplete AOV claim can be given a supplement to the minimum income standard from the welfare benefit.*

The following figure visualises the medium-term model:



Single parent with two children

## 4.10 The first step to start with

The Committee has sought a meaningful and responsible first step to implement the minimum social level it recommended in the short term. The Committee thus arrived at what it believes to be a realistic model that results in the single person on each of the islands (as a worker with an income at the level of the statutory minimum wage), as the recipient of social assistance and/or an AOV benefit, receiving an income at or above the level of the minimum income standard recommended by the Committee.

The first condition under which this is possible is that the necessary expenditure is determined taking into account a subsidised house. The burden on the tenant was set at Bonaire's level if a landlord subsidy was received for the property. This means that even if such a subsidy is provided on Saba and Sint Eustatius, the part of the rent costs to be borne by the household income is equal to the personal contribution to rent on Bonaire for the household type in question. For incomes up to and including the statutory minimum wage, a rent co-payment of 10% of income currently applies there.

That is what this model assumes.

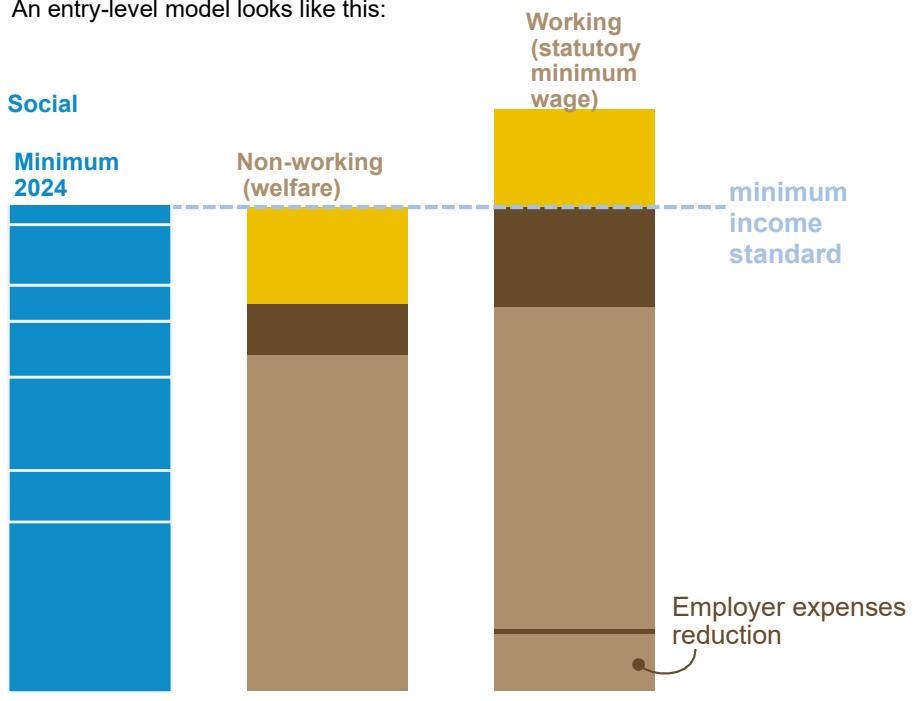
In addition, the second condition assumes the receipt of an income-dependent (purchasing power) supplement in the order of the energy purchasing power measures taken in 2023.

The third condition is that the employer is accommodated in labour costs by reducing employer charges. The extent of this may be determined by further consultation between the government and employers and may vary from island to island.

Finally, the Committee derives from its research the belief that the absorptive power of Bonaire's economy is greater for an increase in the statutory minimum wage than that of Saba and St Eustatius. The Committee does not infer from its investigation that the costs in Bonaire, Sint Eustatius and Saba are so different that a different level of the statutory minimum wage is justifiable. It thus concludes that an equal level of the statutory minimum wage is possible on all three islands, just as one statutory minimum wage applies throughout the Netherlands.

The income-dependent (purchasing power) supplement described in the second condition mentioned above may vary in size to straighten out island differences.

An entry-level model looks like this:



Expenditure

Income-independent relief (e.g. child benefit)

Income-related allowance (e.g. koopkrachMoeslag)

Income (Welfare or Statutory minimum wage)



Single parent with two children

An indicative calculation was made for each of the islands for the previous model. This illustrates what this might look like based on the data gathered in the study, with regard to the minimum necessary household expenditure of the single woman. Here, the Committee considers a first step for increasing the statutory minimum wage to USD 1,750 per month possible and appropriate.

For Bonaire, the calculation is as follows:

The Nibud noted in the minimum sample budget that the minimal necessary expenses of a single woman under 65 on Bonaire, excluding rent costs, are USD 1,280. However, that cost includes price reductions of USD 48 per month. To correct for this, the minimum necessary expenditure, excluding rent charges, is set at  $1,280+48 = \text{USD } 1,328$ . On top of this, a personal contribution of 10 per cent of income should be counted as a personal contribution to rent, as a total for the minimum sample budget for the single woman in a public-sector rented home. The calculation leads to a total income of USD 1,892 per month being required for an employee at the statutory minimum wage level. The personal contribution to the rent will then be USD 189 per month.

The desired total income of USD 1,892 per month can therefore be structured as follows:

$1.280+48+189 = 1,517$  USD. In the Committee's view, this minimum necessary expenditure should be multiplied by 1.06% to arrive at the minimum income standard for this person in this situation. To arrive at the desired level of income for a working person, it is multiplied by  $1/0.85$ :  $1.517*1.06*(1/0.85) = 1.892$ .

Thus, on a statutory minimum wage of USD 1,750 per month, a means-tested allowance of USD 142 per month should be provided. The total purchasing power-strengthening measures in Bonaire in 2,023 amounted to USD 156 per month. In parallel, a reduction in employer charges should be provided to the employer to reduce its labour costs.

The calculation for St Eustatius is as follows:

The minimum necessary expenditure for the single woman on St Eustatius is USD 1,351 per month. Price-lowering measures on St Eustatius this year amounted to USD 62 per month. The calculation there is then as follows: the minimum necessary expenditure amounts to:  $1.351+62+10\%$  of income, bringing the total income to USD 201 per month.

$$(1,351+62+201)*1.06*(1/0.85) = \text{USD } 2,013 \text{ per month.}$$

In addition to a statutory minimum wage of USD 1,750, an income-related supplement of USD 263 per month is then required. The total of buying power measures in St Eustatius in 2023 were US\$170 per month.

The level of assistance can also be carried out on the basis of these calculations. The multiplication by  $1/0.85$  should then be omitted, thus realising a lower total income and also requiring a smaller rent co-payment.

In Bonaire, the calculation of the welfare income is as follows:

$$(1,280+48+157)*1.06 = \text{USD } 1,574 \text{ per month.}$$

In Saba, the calculation of welfare income will be as follows:  $(1,287+83+162)*1.06 = \text{USD } 1,624$  per month.

In St Eustatius, the calculation of the welfare income will be as follows:

$$(1,351+62+168)*1.06 = \text{USD } 1,676 \text{ per month.}$$

For AOV beneficiaries, based on the foregoing, the amounts at the level of welfare apply as AOV benefits. On top of that, a supplement can be obtained up to the statutory minimum wage for single AOVs in welfare.

Based on this first step, the statutory minimum wage may further develop moderately. Here, cost reductions in the items of transport and utilities should ensure progressively shrinking minimum sample budgets, facilitating the moderate development of the statutory minimum wage and benefiting all residents on the islands.

## For households with children, more is needed

The following description serves to illustrate that with the introduction of a statutory minimum wage of USD 1,750, not all households can yet have an income at the matching level of the minimum income standard.

A household consisting of a single parent with two children on Bonaire who rents a house in the "high-end private rent" rental scenario, applying the Committee's assumption that it needs 1.06 times the minimum sample budget amount determined by Nibud for this household: 1.06 times 3,569 = USD 3,783 per month needed as budget.

This includes USD 1,300 in rent. That could go down by about USD 1,140 if the "1,750 statutory minimum wage model" is the starting point. The assistance corresponding to 1,750 statutory minimum wage is calculated above at USD 1,574. Rounded off is USD 157 personal contribution rent, and the landlord subsidy is USD 1,143. A budget of USD 2,640 remains to be covered by income.

With that welfare level of 1,574, there is still a gap of 1,066.

The current child allowance is 131 per child; so another 262 can be taken off the deficit: the gap is still USD 804.

Furthermore, a purchasing power supplement of USD 142 per month was still provided in Bonaire. Still \$662 to go. That is where it ends now if only the measures foreseen so far are taken.

Therefore, to achieve the minimum income standard for this single parent with two children as well, additional income of 662 will be needed. This could be done "immediately" by increasing child benefit by USD 331 per child. That is not a realistic measure because it costs a lot of money that will not reach poor households. Part of it could be through an increase in child benefits: e.g. an additional USD 100 per child. Incomes are up USD 200, and the gap is down to USD 462. This could (technically) be regulated in the welfare by raising the child component in it. 231 USD per child added and that solves it. However, this is not possible because it still does not help the working single parent with two children. In fact, they would then be working for less than the welfare income and will have a financial incentive to move to the welfare level, because by working they will earn only USD 318 more per month than the welfare level without the proposed USD 462 increase.

Thus, that last gap of USD 462 can only realistically be solved by making an income-dependent scheme so that both the single recipient of a statutory minimum wage with two children and the single working person with two children receive a similar child allowance. Such an amount is easily imaginable, as the single parent with two children on welfare receives over €600 in child-related budget in European Netherlands.

Therefore, it is possible to provide a single person with two children with an income at the minimum income standard within the "1,750 model", but only after introducing a child-related budget that serves both the underemployed and the employed at statutory minimum wage level.

## 4.11 Weighing economic impacts and conclusion

The Committee made the fill-in exercises for determining a possible first step in the above primarily as a preview to illustrate how the minimum income standard on the three islands with a statutory minimum wage of USD 1,750 per month can be reached for all single persons. It is of course up to the government to proceed with concrete measures and determine the final choices. Flanking policies to cushion the employers' expenses are explicitly advised.

Based on its calculations, the Committee asked research firms EBA and SEO Economic Research to study the economic effects of introducing such a statutory minimum wage on the three islands.<sup>10</sup>

The Committee derives the following insights from the study. First, according to the researchers, introducing the minimum income standard is impossible without significant cost reduction. On pages 47 and 48, they chart the effects of introducing the minimum income standard as proposed by the Committee without any cost reduction. The researchers indicate that this will be accompanied by substantial countervailing economic effects (poverty trap, increase in employers' costs, pass-through in prices).

The largest cost item in the budgets surveyed by Nibud, which is also easily influenced by the government, concerns housing costs. As indicated, the Committee recommends that the landlord subsidy accompany the introduction of the minimum income standard recommended by it as it is currently operating as a pilot on Bonaire on all three islands. This should then be done in such a way that it allows all types of households to rent suitable housing at the social rental costs as they already apply in Bonaire. However, a widening of the policy is also needed on Bonaire, as Nibud's research has shown that there is little or no suitable housing available at a rent below the liberalisation threshold for larger households.

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10. In the annex, EBA and SEO Economic Research's analysis can be found on page 46 onwards.

The EBA and SEO Economic Research researchers state the following in this regard: "Reducing housing costs with the rental subsidy implies a significantly lesser increase in welfare and the statutory minimum wage to reach the minimum income standard. Although this increase is also significant, the adverse economic effects are estimated to be manageable. That is not to say that employers will not be affected. Their costs will rise, and they may have to adjust their business processes. The employer premiums can be reduced to mitigate the effects on employer costs."<sup>11</sup>

Based on this analysis, the Committee considers the introduction of a statutory minimum wage at a level of USD 1,750, under the conditions outlined, to be a realistic option whose negative effects on the economy are expected to be acceptable in the light of the reduction in in-work poverty it can achieve. Given this goal, the Committee is therefore happy to recommend the implementation of the recommended system in the short term, envisaging a starting point for the statutory minimum wage of USD 1,750.

By applying the recommended systematics, the level of other social security benefits can be fleshed out in the proposed or similar manner. In addition to the stated adjustment of the statutory minimum wage and the reduction of employers' contributions, this involves the adjustment of welfare benefits, the AOV benefit as well as the supplement to it in the welfare and continuation of a purchasing power supplement similar to the energy supplement. For households with children, an increase in the child allowance is the only measure that can provide immediate relief specifically targeting households with children. Given the high value that the Committee also attaches to reducing child poverty, the Committee recommends an increase in the child allowance and, at the same time, to start working immediately on the introduction of an income-related scheme similar to the child-related budget so that all households with children and lower incomes can be supported in a targeted way. With a measure such as the child-related budget providing income support in the same order of magnitude as in the European part of the Netherlands, it is the Committee's belief that all households can be brought to an income at the matching level of the minimum income standard within the timeframe of one term of government.

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EBA and SEO (2023). Minimum income standard in an economic

## **Other measures**

By applying the recommended systematics, the level of other social security benefits can be fleshed out in the proposed or similar manner. In addition to the stated adjustment of the statutory minimum wage and the reduction of employers' charges, this involves the adjustment of the welfare benefits, the AOV benefit as well as its supplement in the welfare and the continuation of a purchasing power supplement similar to the energy supplement. For households with children, an increase in the child allowance is the only measure that can provide immediate relief specifically targeting households with children. Given the high value that the Committee also attaches to reducing child poverty, the Committee recommends an increase in the child allowance and, at the same time, to start working immediately on the introduction of an income-related scheme similar to the child-related budget so that all households with children and lower incomes can be supported in a targeted way. With a measure such as the child-related budget providing income support in the same order of magnitude as in the European part of the Netherlands, it is the Committee's belief that all households can be brought to an income at the matching level of the minimum income standard within the timeframe of one term of government.

## **Further cost reduction is possible and necessary**

As indicated in No 14 above, the Committee recommends introducing a public transport system on the islands. The researchers endorse its positive effects:

"With free public transport for people on low incomes, such reductions in the cost of living can be achieved in the future that less steep increases in the welfare and statutory minimum wage are needed to reach and maintain the minimum income standard. This may also avoid the negative effects of future increases in the statutory minimum wage, such as higher employer charges."<sup>12</sup>

The Committee therefore advocates immediately preparing to introduce a covering public transport system on all three islands that can be used by those on lower incomes for free or at low fees. Since Nibud's analysis shows that this can save hundreds of dollars per month for each household, the social minimum for households with more members, especially those households with children, can then be achieved with smaller increases in the legal minimum wage or welfare.

That described here about reducing transport costs also applies to the other measures recommended by the Committee to reduce costs. The Committee is keen to point out that these measures will benefit lower-income households and all households on the islands. This will undoubtedly boost the entire socioeconomic development of the islands.

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EBA and SEO (2023). Minimum income standard in an economic

# Conclusion

The Caribbean Netherlands Minimum Income Standard Committee faced a challenge because of two particular factors. First, the short time span (seven months) in which we had to produce this report. The second was the absence of data and models to perform short-term calculations to support the search for answers to the research questions.

The first research question was to determine what various household types in the three public bodies in the Caribbean part of the Netherlands need to make ends meet and participate in society. The Committee was also asked to shed light on a systemic approach. This system should ensure that household types get what they need. The Committee also had to show the impact that systemisation has or can have. For the exact wording, they refer to the establishment decision. Due to the tight deadline and complexity of the questions, there was not enough time to conduct lengthy surveys and analyses. Nevertheless, by visiting each of the public bodies, speaking to many individuals and organisations and 'mining' primary sources, a good foundation was laid for the analyses that led to the analyses and conclusions of this report. The Committee also made grateful use of the research results provided by Nibud, SEO and EBA. These organisations collected data and made it available to the Committee in a manageable way. Therefore, they could use the best available data to answer the research question. The research reports by Nibud and SEO and EBA form part of this report. We have also gratefully drawn on the work of the minimum income standard European Netherlands Committee under the chairpersonship of Prof. Godfried Engbersen.

The Committee advocates the elaboration of two approaches in a number of measures. This is to effectively address poverty among households living on welfare and of the statutory minimum wage. This involves a short-term and a long-term approach. For the short-term approach, the Committee recommends introducing a minimum income standard for each household type equal to the minimum income standard set by the Committee for each household type as soon as possible. It also recommends that households of the single woman or man and the single parent with children living on welfare or AOV be immediately provided with a sum of income and additional support. These households can thus be given a total resource package equal to the minimum income standard applicable to their household type. For the situation where these types of households have to make ends meet on the statutory minimum wage, the Committee recommends that the sum of the statutory minimum wage with additional support should be comparable with the total sum in the case of a welfare recipient as 1 : 0.85. With the adage 'work must pay' and the relationship indicated above with the sharp increase in the

statutory minimum wage in the short term, measures should be taken simultaneously that compensate for the higher employer charges.

### **The minimum income standard**

Despite data scarcity and thanks to the research by Nibud, SEO, EBA and its own explorations in the Caribbean part of the Netherlands, the Committee has been able to establish what a number of household types in the public bodies of Bonaire, St Eustatius and Saba need as a minimum to make ends meet. And in addition, to participate in social life as true worthy members of the community. This is what the committee refers to as the minimum income standard. As a basis for this, the committee adopted NIBUD's minimum sample budget by household type. These have been compiled and budgeted using the tried-and-tested Nibud method that is rational and factual. Because of the methodology used, the amounts in the minimum sample budgets are the absolute minimum set for each household type.

The Committee considers setting the minimum income standard at the same amount as the minimum sample budgets for picture households unrealistic. This would only be right in an ideal society with a (non-existent) target group that always makes flawless trade-offs and decisions. The Nibud method assumes an ideal type of person who always makes rational and wise choices when spending money and using facilities. Nowhere in the Netherlands does that ideal situation exist, and so too in the Caribbean Netherlands. Therefore, like the Engbersen Committee, the Committee sets the level of the minimum income standard of each household type at an amount that is the sum of the minimum sample budget for that household type with a 6% increase. For amounts lower than this minimum income standard, making a decent living and participating within the public bodies without high risks is impossible. Due to these high risks, households living on just the amounts set in the minimum sample budgets can quickly fall into severe financial and socioeconomic poverty because, lacking financial reserves, they are unable to cope with setbacks and unexpected financial shocks. Households unable to build up and maintain small reserves are financially very vulnerable and easily fall below the minimum income standard.

### **The task and the system**

SEO and EBA research has given the Committee a picture of the effects and effectiveness of different measures. Based on this, the committee considers itself in a position to make some system recommendations, following a description of the social task.

The Committee has visualised the minimum income standard by household type based on the various minimum sample budgets. Between the minimum income standard per household type and the sum of the income level, the supplements to it through, for example, an energy allowance and the utility level, the Committee notes a large financial gap. This shows a situation of great deprivation for those household types who have to make ends meet on welfare or AOV or the currently applicable statutory minimum wage.

The studies show that the combination of the high price level for basic needs per household, expensive rental housing, the absence of public transport and the absence of scale benefits causes and perpetuates this situation. In these circumstances, many basic necessities for a dignified existence are considerably more expensive on the three islands than in the European part of the Netherlands. Achieving a viable and sustainable prospect of a dignified existence in this context will require major and long-term efforts from all stakeholders. The committee calls for a number of decisions, measures and administrative acts that could ensure a sustained, systematic and sustainable reduction of poverty on the three islands.

The main recommendations the Committee makes in this report and therefore wishes to highlight here are the following. They contain the main thrust of the opinion. However, the other recommendations are also important to consider when implementing them.

1. Provide a sufficient income to make ends meet and participate with dignity in Dutch society in the public bodies. Also ensure that people eligible for support measures, such as welfare, can use the system set up to offer the support measures in a predictable, accessible and sustainable manner. In addition, ensure that this system is designed to be as simple and workable as possible for its implementers.
2.
  - a. Set the minimum income standard at the level indicated by the committee. This is the level of the minimum sample budgets supplemented by 6%.
  - b. Bring total welfare and social benefits for the single person in public bodies to the same level as the minimum income standard.
  - c. Ensure that the position of single working people is at least a 0.85:1.00 ratio between welfare and statutory minimum wage.
  - d. Recalibrate the minimum income standard every four years using the minimum sample budget system as followed by this Committee, or supplemented or replaced by improvements based on advancing insight.

3.
  - a. Bring the minimum wage in public bodies to a higher level as soon as possible so that work pays and the working poor are given prospects.

The study shows that a stepped development can achieve a natural progression to a higher level of the statutory minimum wage over time. Public bodies are characterised by high employment rates and low use of social security. At the same time, many working people find that the wages they earn at the time writing this report are insufficient to meet their basic needs. The 'working poor' phenomenon is the most significant manifestation of poverty in the three Caribbean public bodies.

- b. The committee recommends agreeing on a clear path and timetable with social partners on the islands in which the minimum wage offers better prospects of self-reliance for the working poor, and refers to the report by researchers SEO and EBA for this.
  - c. The committee recommends a five-year timeline, with the committee keen to envisage a minimum wage of \$1,750 with flanking policies by 1 January 2024 as a starting point. This gives the opportunity to achieve substantial improvement in the income situation of all household types. An income at the level of the minimum income standard as envisaged by the committee can thus be achieved on all three islands for single people without children. This applies if they earn their income mainly by working, enjoying AOV benefits, or living on welfare.
  - d. The first flanking measure is designed to reduce the impact that the increase in the statutory minimum wage will have on the burden on employers. This also reduces the burden on the economy. Action needs to be taken for this.

These measures can be phased out as the bearing capacity in society increases.

- e. Link the tax-free base to the statutory minimum wage level so that the proposed income improvement is not partly taxed away.
4. a. The second flanking measure concerns the reduction of the rent burden of lower income groups. The Committee's research has shown that at the time of publication of this report, housing costs in the three public bodies are at a level that makes it impossible for a majority of those living on minimum wage or welfare to cover housing costs from their own income.

Therefore, extend the landlord subsidy system to all three public bodies as soon as possible and make its use a spearhead policy. The study shows the committee that implementation can be quick if the public body and the central government work well together. It therefore calls on both tiers of government to do so to improve the situation of all lower income groups as soon as possible.

On Bonaire, a good start has been made with the landlord subsidy, ensuring affordability has increased for stakeholders. On St Eustatius and Saba, this system does not yet exist. The committee urges the government to operationalise this system in all three public bodies as soon as possible.

When introducing the landlord subsidy on St Eustatius and Saba, efforts should be made to bring the rent for lower-income households in these public bodies to the same level as currently applies on Bonaire. Achieving lower rental charges can also be pursued with a different system if it yields the same result, if desired. Consider a rent subsidy. In the minimum income standard system, this subsidy is the counterpart of the rent allowance as it applies in the European Netherlands.

- b.** In addition, make agreements with the island governments, housing corporations and participating private housing owners on the islands for significant growth in the number of social or serialised private rental housing.

Living in the Caribbean part of the Netherlands is expensive, partly due to the limited availability of social, or otherwise low-priced, housing. For many people, finding affordable housing is impossible. Despite many efforts in recent years to increase the supply of public sector housing, it has not been possible to build significant numbers of new public sector housing units.

5. Continue purchasing power-enhancing measures such as the current energy allowance. As long as there are no (other) income-dependent measures, in terms of the extent of income support for lower incomes, this is a necessary component to reach the minimum income standard in the short term.

For the slightly longer term, the committee recommends the following:

6. Invest in (the expansion of) child schemes in the shortest possible time. The committee explicitly recommends considering the introduction of a child-related budget in the three public bodies. The data from the survey shows unequivocally that households with children are at a visibly higher risk of poverty. This is partly due to the multiplication of very high costs and limited economies of scale faced by multi-person households in the Caribbean Netherlands. Preventing a poverty trap requires even more targeted investment in these household types. In this respect, a purchase-dependent scheme similar to the child-related budget would be most effective in the long run. As long as no child-related budget is in place, alleviating the cost of having children in these household types should be done through the existing instruments, in particular child benefit is eligible.

7. A major cost for households is transport. These costs account for a much larger share of necessary expenditure in the Caribbean Netherlands than in the European Netherlands. This is due to the lack of accessible public transport on the islands. Therefore, invest in establishing a working and easily scalable public transport system on all three islands. This reduces the dependency on owning a passenger car and hence the burden its ownership places on household finances. On Saba, a bus service has been running for some time and on Bonaire the basic public transport infrastructure is already in place. What is still lacking there are the buses. The government, in consultation with the public bodies, should see to a rapid introduction of a Public Transport System on each island. This could significantly reduce transport costs for many of the islanders within a few years. As a result, the purchasing power of people on low incomes increases faster and benefits and wages do not have to rise as fast in later years.
8. Strengthen (market) supervision and integrate the islands more into the Dutch economic infrastructure. Part of the higher cost of living is inevitable and determined by the islands' small-scale nature and isolated location. Very often in the European part of the Netherlands, public bodies are compared to "small Dutch municipalities" or the Wadden islands. But unlike a small Dutch municipality or a Wadden Island, a resident of one of the public bodies in the Caribbean part of the Netherlands cannot get into the car to drive to the nearest big city. As a result, even the comparison with the Wadden Islands does not hold. Nevertheless, there is much to be gained in supervision when it comes to controlling prices and promoting modest market forces, as with small municipalities or Wadden Islands. Integrating utilities, for example telecommunications or water supplies into the Dutch market system could help lower prices in this area. This calls for a different form of market effect than the one chosen so far. Reference could also be made to the French experience for this, where this policy has been standing practice for some time. This category of measures makes existing utility purchasing power measures redundant in the long run.

9. Invest in flanking policies, especially for the most vulnerable, such as children, the structurally disabled and those above retirement age. Growing up in families with little money has so far had too great an impact on becoming fully mature and participating with dignity in society. Lack of money irrevocably leads to reduced participation and, especially for children, this is obviously undesirable. Ensure that programmes in the three public bodies are accessible to the target group in the context of debt relief and learning budgeting. Policies on capping interest rates on loans are indispensable.
10. Invest in the comprehensive approach to poverty in public bodies. The Committee believes the central government is responsible for coordinating actions coordinated by different ministries and public bodies to reduce poverty in public bodies. The comprehensive approach is needed as different measures affect the functioning of each other. Coordination is essential to avoid interactive negative influences on the effectiveness of measures.

Assist households in poverty in such a way that they make maximum use of the available schemes. The government's constitutional duty to provide socioeconomic security does not stop with providing aid and assistance, but must also result in the alternatives actually being used.

Simplicity in implementation is a must here, as the Engbersen Committee described in its second report. In the public bodies, this report recommends the use of one-stop shops in the form of a front office. There, the needy citizen has a single point of contact that helps them to get the needed help. Behind the front office, customisation is available from all the organisations involved, both public bodies and the civil society organisations.

In conclusion, the Committee states that this is not to give the impression that citizens themselves have no responsibility for improving their position. On the contrary, the Committee sees in the Caribbean Netherlands many hardworking people who nevertheless cannot make ends meet. People living below the subsistence minimum struggle to extricate themselves and constantly focus on survival. Therefore, The recommendations provide all citizens with sufficient financial security that enables them to maximise their potential.

## Annexes



# **Annex 1**

## **Establishment decision**

### **Minimum Income Standard Committee of the Caribbean Netherlands**

Decision of the Minister for Poverty Policy, Participation and Pensions dated 17 February 2023, no 2023-0000070265, to establish the Caribisch Nederland minimum income standard Committee (Institution Decision Caribisch Nederland minimum income standard Committee)

#### **The Minister for Poverty, Participation and Pensions**

Acting in accordance with the views of the Council of Ministers;

Having regard to Article 2(1) of the Advisory Bodies and Committees Remuneration Act;

#### **Decision:**

##### **Article 1. Definitions**

In this decision, the following definitions apply:

- a. *the Minister*: the Minister for Poverty, Participation and Pensions;
- b. *the Committee*: the Committee referred to in Article 2.

##### **Article 2. Institution and task**

1. There is a Minimum Income Standard Committee of the Caribbean Netherlands.
2. The Committee is tasked with investigating
  - a. what a number of household types need to make ends meet and participate in society on Bonaire, Saba and Sint Eustatius respectively, and
  - b. the systematics of the minimum income standard, including possible scenarios on how the systematics can better reflect what a number of household types need to make ends meet and participate in society.
3. The Committee is also tasked with reflecting on the implications of the outcomes for the wider economic context.
4. The Committee reports on its findings.

##### **Article 3. Institution time**

1. The Committee shall be established with effect from 1 March 2023 and shall submit its final report to the Minister by 1 October 2023.
2. If, in the opinion of the Committee, unforeseen circumstances prevent the timely delivery of the report, it shall inform the Minister without delay.
3. The minister may extend the Committee's term of office.
4. After the release of the final report, the Committee will be dissolved.

5. After the Committee is dissolved, the chairperson may still be asked to comment on the final report on behalf of the Committee.

**Article 4. Composition and appointment**

1. The Committee consists of a chairperson and up to seven other members.
2. The chairperson and other members are appointed by the minister.
3. The appointment is for the duration of the Committee.
4. In case of interim departure of the chairperson or a member, the minister may appoint another chairperson or another member.
5. The chairperson and other members may be suspended and dismissed by the minister at their own request or for unsuitability, incapacity or other serious grounds.

**Article 5. Secretariat**

1. The Committee is supported by a secretariat.
2. The Secretariat shall be solely responsible to the Chairperson of the Committee for the substantive performance of its duties.
3. The secretariat will be provided by the minister.

**Article 6. Remuneration**

Members of the Committee receive remuneration in accordance with the Advisory Bodies and Committees Compensation Act.

**Article 7. Working method**

1. The Committee shall determine its own working methods.
2. The Committee may be assisted in parts by persons from both inside and outside the government, whose expert contribution may be relevant to the investigation.
3. The Committee justifies its approach in the final report.

**Article 8. Research committee costs**

1. Where approved, the Committee's costs will be funded by the Minister.
2. Costs are in any case understood as:
  - a. the cost of meeting facilities and secretarial support,
  - b. the costs of engaging external expertise and Committeeing research, and
  - c. the cost of delivering the report.

**Article 9. Archiving**

The archive documents of the Committee will be transferred to the archives of the Ministry of Social Affairs and Employment after its dissolution.

**Article 10. Entry into force**

This decree takes effect from the day after the date of issue of the Government Gazette in which it is posted.

**Article 11. Citation title**

This decision shall be cited as: Decree establishing a Minimum Income Standard Committee of the Caribbean Netherlands.

This decision will be published in the Official Gazette with the explanatory notes.

The Hague, 17 February 2023  
Poverty Policy Minister,  
Participation and Pensions,

C.J. Schouten

## APPENDIX

### *Introduction*

This decision aims to establish an independent Committee to investigate the level and system of a minimum income standard in the Caribbean Netherlands.

The reason for the establishment of this Committee is an adopted motion Wuite et al., which requests the government to include the recalibration of the minimum income standard of the Caribbean Netherlands in the already ongoing Committee for the recalibration of the minimum income standard in the European Netherlands or to establish a new Committee for this purpose. In response, the government opted to set up a separate Committee.

### *Mission and working method*

The Committee is mandated to investigate (1) what a number of household types need to make ends meet and participate socially on Bonaire, Saba and Sint Eustatius, respectively, and (2) the system of the minimum income standard, including possible scenarios on how the system can better align with what a number of household types need to make ends meet and participate socially. The Committee is also asked to reflect on the implications of the outcomes for the broader economic context. The Committee will deliver a report on this.

In its investigation, the Committee considers the specific Caribbean Dutch context and the specific context on the three islands separately.

The Committee may include insights on the recalibration of the minimum income standard for the European part of the Netherlands in the analysis.

The first part of the study focuses on the level of the minimum income standard. This goes to the question of what different household types on Bonaire, Saba and Sint Eustatius need to make ends meet and participate socially. The Committee does not only look at what households theoretically need. The task also includes understanding the factors determining the cost of living and their influenceability. It also examines whether what people need to make ends meet and participate socially is available and affordable in practice. The Committee is also asked to identify what buffers different household types need to absorb shocks (such as the current price shock) and what households need to build and maintain these buffers. The Committee is further asked to describe what households in the Caribbean Netherlands need for social participation and by extension, what this means for the minimum income standard if it also enables social participation. If necessary, additional external research can be outsourced for this first part.

The second part of the study focuses on the minimum income standard system. Based on the insights from the first part, scenarios are mapped out on how the system can be better aligned to what different household types need.

<sup>1</sup> The Committee is asked to arrive at a substantiated selection of household types, for example: single people with and without children, couples with and without children, extra adult, young adults and elderly people who have reached AOV entitlement age.

This section also provides insight into the results of measures taken by the state and public bodies to reduce the cost of living since the benchmark minimum income standard was set in 2019.

Based on the above, the Committee addresses at least the following questions in its investigation:

- What is meant by minimum income standard? What should the minimum income standard facilitate (in terms of making ends meet and social participation)?
- How can the minimum income standard system ensure that the minimum wage and benefits are and remain sufficient for the minimum income standard?
- How can the minimum income standard system fit with policies to reduce the necessary cost of living?
- What is the relationship between earned income and income support from the state or public bodies?
- What are the trade-offs and side-effects of setting a minimum income standard for the labour market and the broader economic context?

The Committee will have until 1 October 2023 to deliver a report. The report produced by the Committee will serve as a foundation for a political debate on setting (the level) of a minimum income standard for the Caribbean Netherlands in 2024 and the systematics behind it.

*Reasons for setting up a new Committee*

The government opts to set up a new Committee because of the heterogeneity of the expertise needed, combined with the finite nature of the mandate. In addition, the government consciously opts for an external Committee, as the government considers it very important that the Committee that will investigate the minimum income standard for the Caribbean Netherlands be independent.

As the Committee is an independent external fact-finding committee, the Advisory Bodies Framework Act does not apply.

The Minister for Poverty, Participation and Pensions,

C.J. Schouten

## **Annex 2**

### **Appointment and remuneration decision**

### **Minimum Income Standard Committee**

### **of the Caribbean Netherlands**

Decision of the Minister for Poverty Policy, Participation and Pensions of 17 February 2023 , no 2023-0000064688, appointing the members of the Caribbean Netherlands minimum income standard Committee and fixing the remuneration (Appointment and Remuneration Decision Caribbean Netherlands minimum income standard Committee)

#### **The Minister for Poverty, Participation and Pensions,**

Having regard to Article 2, first paragraph, of the Advisory Bodies and Committees Remuneration Act, Articles 2 and 4 of the Advisory Bodies and Committees Remuneration Decree and Articles 4 and 6 of the Caribbean Netherlands Minimum Income Standard Committee Institution Decree;

#### **Decision:**

##### **Article 1. Appointment of members**

Members of the Caribbean Netherlands Minimum Income Standard Committee, referred to in Article 2 of the Decree establishing the Caribbean Netherlands Minimum Income Standard Committee, are appointed:

- a. Mr. Dr. G. A. E. Thodé (also chairperson)
- b. G. Berkel BSc
- c. P.R.J. Comenencia MA
- d. B. F. El Hage
- e. S.A. Heilbron
- f. C.A. Ortega-Martijn BSc
- g. Prof. Dr. W.L. Rozendaal
- h. Dr. A. Vliegenthart

##### **Article 2. Remuneration**

1. The chairperson is granted a fixed monthly allowance, with the salary scale set at the maximum of salary scale 18 of the Appendix to Agreement on CLA Rijk (1 April 2022 to 30 June 2024) and the working hour factor at 8/36.
2. If they wish to use it, the other members shall be granted a fixed remuneration per meeting if they do not fall under the exception of Article 2, third paragraph, of the Advisory Bodies and Committees Remuneration Act.
3. The remuneration per meeting is 3% of the maximum of salary scale 18 of the Appendix to Agreement on CLA Rijk (1 April 2022 to 30 June 2024).
4. The chairperson and the other members receive a reimbursement of travel and accommodation expenses in accordance with Article 2, second paragraph, of the Advisory Bodies and Committees Remuneration Act.

**Article 3. Entry into force**

This decision takes effect from the day on which the Decree establishing the Minimum Income Standard Committee of the Caribbean Netherlands enters into force.

**Article 4. Citation title**

This decision shall be cited as: Appointment and remuneration decree Minimum Income Standard Committee of the Caribbean Netherlands.

This decision will be published in the Official Gazette. The

Hague,  
The Minister for Poverty, Participation and  
Pensions,

C.J. Schouten







