

3.19 Deputy G.P. Southern of the Minister for Housing regarding the expenditure of the rental income estimated for the years 2014 to 2018:

Will the Minister give a breakdown of how the £240 million rental income estimated for the years 2014 to 2018 in the business case, which accompanied the proposition entitled *The Reform of Social Housing*, P.33/2013, is to be spent and, in particular, how much is to be returned to the Treasury?

3.18.9 Deputy A.K.F. Green of St. Helier (The Minister for Housing):

Of course, as Deputy Southern said, this was all laid out in P.33 on page 45. However, of the projected rental income of £240 million in the years 2014 to 2018, £64 million will be spent on maintenance, £30 million on net overhead expenditure, £20 million on finance costs and £153 million in that area will be returned to the Treasury. This results in a net loss of £27 million due to the additional costs associated with bringing our stock up to decent homes standard and the cost of borrowing. This loss is projected to be recovered by year 10 of the plan as a result of the additional rents generated from the rent policies and the new properties built. During the period 2014 to 2018 the housing company, Andium Homes, will be undertaking a major programme of refurbishment and new-build projects costing £175 million. Andium Homes will be utilising proceeds from existing property sales and borrowing from the States of Jersey to deliver homes standard and provide the much-needed additional housing as all laid out in P.33.

3.18.10 Deputy G.P. Southern:

Can the Minister point out how the return of such a large proportion of rental income is not replicating the system we had before whereby the priority given to the Treasury to claim rental income took over from the ability to maintain housing? Is he not in danger of making the same process again?

Deputy A.K.F. Green:

No, I am not in danger of making that mistake again at all. That is why we have a very clear 30-year business plan which shows the money that will be paid to the Treasury and how the other monies will be spent and where the sources of money will come from. This is a very robust, properly-checked business plan. I might say that the company will be in receipt of £1 billion worth of assets free of charge - at no cost - and it is not unreasonable, therefore, that they make a return this time.

3.18.11 Deputy T.A. Vallois:

Could the Minister for Housing confirm whether the dividend return from the company to Treasury has been included in a Memorandum of Understanding and whether that will be included in the transfer regulations that are due to be debated by the Assembly in July, I believe?

Deputy A.K.F. Green:

Yes, that is under discussion at the moment but it certainly will be very clearly either in the Memorandum of Understanding or in the Regulations. It will be very clear. We are discussing that at the present time.

Deputy T.A. Vallois:

Can the Minister just confirm then that the Memorandum of Understanding has not yet been agreed?

Deputy A.K.F. Green:

It is under discussion at the present time.

3.18.12 Deputy G.P. Southern:

I will put it a different way then. Does the Minister not agree that, in ploughing such a large portion of the rental income of Andium into return to Treasury, he is effectively making his tenants pay additional rents in order to support the income support scheme?

Deputy A.K.F. Green:

That case may have been existing in the past. The way I see it now we are getting £1 billion worth of assets at no charge from the Treasury and we are making a very modest return in place of that.

The Bailiff:

That brings questions on notice to an end. We come now to questions without notice, although before we do that can I just inform Members of a lodging: P.45 Chief Minister election: Island-wide vote, lodged by Deputy Mézec, and a report, R.43 Land transactions under Standing Order 168(3) - Apartment No. 8, Block A Les Quennevais Park - transfer of the Public's flying freehold ownership and cancellation of existing 99 year lease, presented by the Minister for Treasury and Resources.