

### **3.11 Deputy G.C.L. Baudains of the Minister for Social Security regarding the future rent rebate policy:**

Would the Minister confirm whether the new scheme to replace rent rebate, for which his department has taken responsibility from the Housing Department, was due to be phased-out by that previous department? If so, would he advise whether it is his intention to continue with that policy?

#### **Senator F. du H. Le Gresley (The Minister for Social Security):**

The States endorsed the policy of continued support for rental costs in a series of votes taken in 2006 and 2007, as part of the wider approval of the income support system. The rent rebate scheme has not existed since 2008 when it was replaced by means-tested rental assistance given as a component as part of the income support benefit. If the Deputy is referring to the Income Support Regulations recently approved by this Assembly, the purpose of those Regulations was to allow my department to fulfil its obligations under the Housing Transformation Programme. This programme was agreed by Members and required the Minister for Social Security to make certain amendments to the Income Support Regulations in order to facilitate the change in the identity of the Housing Department. They also confirmed support for households renting in the private rental market. The approval of these measures continued the principles of support for qualifying low income households renting in both the public and private sector. I have no plans to change my current policy on this matter.

#### **3.11.1 Deputy G.C.L. Baudains:**

Is it not the case that support for rent in the private sector is unfortunate in that it interferes in market forces? If there was no support then tenants would only pay what they could afford. Landlords would not leave their properties empty and they certainly cannot move them to another country where receipts might be more favourable. Surely that would save the taxpayer a huge amount of money?

#### **Senator F. du H. Le Gresley:**

I am sure Deputy Baudains has a long memory. We have in this Assembly today the Constable of St. Clement who was the President of Housing at the time that the private sector rent rebate scheme was introduced, and it was introduced because of exactly the reasons the Deputy is claiming: market forces were making it very difficult for people who could not find social housing to secure decent housing. That is why the government at the time, the States of Jersey, decided that there should be a private sector rent rebate scheme. Those reasons still stand good today and I certainly would not wish to stop the scheme.

#### **3.11.2 Deputy G.C.L. Baudains:**

Yes, I do have a long memory. When I was on the Housing Committee, in I think it was 1998-99, we did believe that the rent rebate for the private sector was unfortunate and was inflationary. Would the Minister not agree that if rents were not supported in the way that they are - and we have just recently, of course, agreed to increase them yet more - then, in fact, rents across the Island and the public sector would come down as well? Because 90 per cent of a smaller figure is a smaller figure.

#### **Senator F. du H. Le Gresley:**

I think the Deputy is repeating the same argument that if we do not help people pay their rents then rents will come down. I just do not think that is reality in an Island where there is probably a net shortage of housing, as illustrated by the fact that the Gateway has some 780, I

think it is, families waiting to be housed in social housing. We are already supporting in excess of 2,000 households in the private sector, and that number is growing. There is no evidence that there is an oversupply of housing; in fact, quite the reverse.

**3.11.3 Deputy G.P. Southern:**

Does the Minister not agree that we are now locked into a high rent/low wage society? Is it not time, as is happening in the U.K. (United Kingdom), for a major review of the function, purpose and level of the minimum wage?

**Senator F. du H. Le Gresley:**

I thought we might stray on to the minimum wage, living wage; we always seem to go there when we discuss these matters. The Deputy will be well aware that my department and the Chief Minister's Department have agreed to carry out research into the proposal for a voluntary - I stress the word "voluntary" - living wage. That work will be focused around the income distribution survey, which has not been carried out for 4 years. It is now due to be carried out this year with the findings being reported in 2015. We need to have firm data which will be available through the Income Distribution Survey to arrive at any conclusions in the line of whether our minimum wage needs to start moving upwards. We have a target, as the Deputy is well aware, of 45 per cent of average earnings, and the Employment Forum are well aware that is a target that needs to be achieved within the next 10 years.

**The Deputy Bailiff:**

Minister, if I may say so, that was an extraordinarily tactful way of telling the Chair that I should have disallowed the question as being not related to the one which had been placed. [Laughter] I am not going to allow any further questions in relation to the minimum wage as supplementaries to this question. Are there any supplementary questions? Deputy Southern.

**3.11.4 Deputy G.P. Southern:**

Is it not the case, however, that the rent element of income support is being used to prop-up in-work poverty?

**Senator F. du H. Le Gresley:**

No.

**The Deputy Bailiff:**

Final supplementary, Deputy Baudains?

**3.11.5 Deputy G.C.L. Baudains:**

I get the impression that with this policy we are going down the U.K.'s failed benefit culture where one becomes reliant on benefits and the taxpayer pays more, and it becomes a catch-22 situation of more benefits followed by increased costs and yet more benefits to cover that. Will the Minister be carrying out an overarching review of this situation in the near future?

**Senator F. du H. Le Gresley:**

There are always calls to review the amount of money that the government is spending on supporting the less well off in our society. I do believe that income support benefit, which is the benefit which supports those who fall on hard times, through one way or another, is a very appropriate universal benefit, albeit means tested, which probably would be the envy of other countries in the way we have set it up. Certainly, Guernsey have tried and have not had the support of the States. I have no intention of carrying out a further review. We are

constantly reviewing income support, as evidenced by the Regulations that I frequently bring to the Assembly, and a full review, in my opinion, would be a complete waste of time.