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#### **4.7 Deputy S.Y. Mézec of St. Helier of the Chief Minister regarding social inclusion and tackling relative low income:**

Given the Chief Minister's commitment to the Strategic Priority of "promoting social inclusion and tackling relative low income" what specific measures, if any, does he have under consideration to reducing the 90-10 shares ratio from its current peak of 19 and, in particular, to lifting one in 3 children and pensioners out of relative low income in the period of the current Medium Term Financial Plan?

#### **Senator I.J. Gorst (The Chief Minister):**

The plan for Jersey will benefit all Islanders. We are investing in priority areas of health, education, infrastructure and economic growth. An extra £168 million for capital projects over the next 4 years, that is £96 million for Health, £27 million for Education and £20 million to boost economic and productivity growth. We of course recognise that housing affordability is a major challenge, and that was highlighted by the income distribution survey. We want to ensure a consistent supply of good quality housing, that is why we have revised the Island Plan and are investing £250 million in improving and building more social housing. These are the measures we are putting in place to improve the life chances of all Islanders, especially those in need of extra help at school.

#### **4.7.1 Deputy S.Y. Mézec:**

I made specific reference in the question to the actual numbers we have that define what levels of relative low income we have here. Can we take it from the Chief Minister's answer that by the end of this period of the Medium Term Financial Plan those numbers will not be as bad as they are and that the proposals he is suggesting will have a tangible effect on what is recognised as being the appropriate way of measuring relative low income and making sure that people's incomes are improving and that housing costs are not having such a detrimental effect as they are on levels of poverty in the Island?

#### **Senator I.J. Gorst:**

That is our plan. Of course we are from time to time directed off our plan, sometimes by this Assembly that refuses to rezone sites to improve the supply. The supply element is absolutely critical in dealing with affordable housing. We will continue to push and bring forward the policies that we think are going to deal with these issues, as I think the Deputy would wish us to. The income distribution survey in 5 years' time will show whether we have been successful or not.

#### **4.7.2 Deputy M. Tadier:**

Even the Tory party in the U.K. have made moves towards recognising the need for a living wage moving towards that, and to tackle some of the similar housing shortages they have got by suggesting a tax in buy to lets over there so that more houses become available either to purchase or for affordable renting. Are there any such plans for the Jersey Tory party to do the same?

#### **Senator I.J. Gorst:**

I am not sure whether the Deputy has asked the Jersey Tory party whether they are going to do the same.

#### **4.7.3 Deputy M. Tadier:**

Obviously that is just a little bit of levity. But is there any plans [Laughter] ... I look forward to the day when they finally come out. In the meantime, are there any plans for the Council of Ministers to introduce a living wage into the Island where people can afford to live off that without relying on Government handouts, and is there any plan to introduce buy to let taxes on second, third and tenth and twentieth homes?

**Senator I.J. Gorst:**

The Deputy knows the position when it comes to the living wage and the States has before them a recommendation to update the minimum wage in line with the Employment Forum's recommendation. The Minister for Social Security has asked the Employment Forum in their review of the coming year to consider a living wage. The Deputy also knows the report that was recently published, that brings together the minimum wage, together with benefits, that shows favourable comparison with elsewhere. But I equally accept that that is a work in progress and we will see what the Employment Forum recommends. The Minister for Housing, of course, has only recently published the draft housing strategy and there is a lot more work to do on what policy levers might be able to deliver on that strategy.

**4.7.4 Deputy J.A. Martin of St. Helier:**

Could the Minister please explain, and this goes back to a couple of weeks ago ... the cost to most people on low incomes are the percentage of their rents and the Minister has locked all new social tenants into 90 per cent of the market. That, in some cases, is a third or more of their income. So can he explain how even with some more supply he thinks this will help that part of the market, which in his own words, in the last answer, said was the biggest chunk of outgoing.

**Senator I.J. Gorst:**

Supply is about encouraging home ownership as well as ensuring the supply of social or affordable housing for rent. I have provided a written answer to the Deputy of St. John today about the change to 90 per cent of the market, and the questioner will see from that, that currently I think there is only around 20 per cent of those in social rented who have moved up to the 90 per cent. That was a change which delivered an affordable investment into housing into the future. Some people who are paying that will be supported by income support and others, who do not qualify because their family income is higher than the qualification amounts for income support, it is right that they pay more but they are still not paying the same as in the private sector. We also see from that question that the rents in the public social sector have risen more slowly than those in the private sector.

**4.7.5 Deputy M.R. Higgins of St. Helier:**

The Chief Minister in his earlier answer said that we will find out in 5 years' time if he has been successful in bringing down the income inequality. Will the Chief Minister instead undertake to produce an annual survey so we can see how effective his measures are, because the truth of the matter is a lot of the capital projects he mentioned are going to take many years to come in. I would like to see what he is doing in the interim, so I think the Chief Minister needs to speak with the Statistics Office and get up-to-date figures for Members. Does the Chief Minister agree to getting a revised, updated version of the income distribution survey in less than the 5 years?

**Senator I.J. Gorst:**

There are no plans for that. There is no budget for it and there are other reports that if we had extra funding that we might wish to branch out into prior to changing the timing of the income distribution survey.

#### **4.7.6 Deputy G.P. Southern:**

The Chief Minister, as is his wont, has used the word “affordable” very flexibly there when he refers to affordable housing for the Government funding. The truth is that the word “affordable” refers to affordable to the person that attends who lives in particular housing. Is that not the case? When will the Chief Minister come to this House with an impact assessment of the measures that he has taken over benefit levels, £10 million of cuts, on top of the damage that was done by the recession of which he knew little until recently? When will he come to the House with that impact assessment to show the impact of the £10 million cuts on the standard of living currently endured by many in our society?

#### **Senator I.J. Gorst:**

It is not directly connected with this question but if my memory serves, so this is about the income distribution survey that looks at the past. The changes to benefits will have effect in the future. The Deputy said in his question that he acknowledged that the results that we see in the income distribution survey are as a result of the economic downturn. Having said that, it is my recollection that that impact assessment will be produced either just before or at the same time as the M.T.F.P. (Medium Term Financial Plan) 2 addition; so by the middle of next year.

#### **4.7.7 Deputy G.P. Southern:**

Can the Minister explain why he is not able to produce information on what is a major change of funding for those on low income in a shorter time period than waiting until the middle of next year?

#### **Senator I.J. Gorst:**

It is not a matter of waiting. It is a matter of that is the timetable that we set and that is the commitment that I recall we gave to the Assembly at the time. If it is available earlier then of course it could be published earlier.

#### **4.7.8 Deputy S.Y. Mézec:**

In some of the Chief Minister’s answers he rightfully identified the fact that it is housing costs which are having the most drastic impact on the figures for relative low income and he also talked about trying to alleviate that problem by improving supply in the market for housing. Does he not accept that that is a contradictory position when you consider the facts that the Government, as it stands currently, has no control whatsoever over population levels in the Island and the amount of people coming in, and does he not therefore accept that relying on the supply element of the housing market is increasingly difficult when the population is going up as a result of people coming into the Island, not just of a high birth rate? Would he therefore undertake to take other assessments about what can be done, aside from just improving supply when that is clearly not going to be an option because of his failed population policy or lack of until now?

#### **Senator I.J. Gorst:**

I am not quite sure where the question was there, but I stand by the policy that supply is important. We might argue about the work that the Housing and Work Advisory Group do in limiting job applications in the economy, and that is a difficult work that they do week in week out, but if the Deputy were to look at Dame Kate Barker’s excellent piece of work, looking at housing in the United Kingdom, it is absolutely clear that the same in Jersey is the same in the U.K.; that Governments have not provided the supply and not removed the blockages to providing housing supply for all sorts of perfectly understandable reasons. But unless we start to do that the problems that we

experience, the statistics that we see in the income distribution survey, will remain. I for one do not want to be associated with that.