

2022.04.29

## **2.1 Senator S.Y. Mézec of the Minister for Treasury and Resources regarding ...**

Given the Assembly adopted the first amendment to the Government Plan 2022 to 2025, which agreed to reduce the social housing rental cap from 90 per cent of the market rate to 80 per cent from 1st January this year, why does the new Memorandum of Understanding published in R.56/2022 state that the rent policy is still to charge 90 per cent of the market rate?

### **Deputy S.J. Pinel of St. Clement (The Minister for Treasury and Resources):**

As my report notes, the Memorandums of Understanding were the subject of a thorough review, which required engagement with the States-owned entities themselves and other stakeholders, including the Economic and International Affairs Scrutiny Panel. This process took in excess of 2 years and the outcome is that we have M.O.U.s (memorandums of understanding) that will ensure the S.O.E.s (States-owned entities) will continue to operate to modern standards of corporate governance. The Senator refers in his question to the Andium Homes M.O.U. and the policy was 90 per cent when originally drafted, and this was the version that the Andium Home board approved in principle ahead of adoption of the Government Plan 2022 - 2025. While this is an oversight in the final draft attached to my report, the clause prior to the one referred to by the Senator does have the effect of capturing the States recent amendment to 80 per cent. Under the rent policy section, the M.O.U. reads in section 1.6: "Andium Homes shall comply with such policy or policies as the States and/or any future regulator shall adopt in relation to the rents payable by Andium Homes tenants." This clause effectively future proofs the M.O.U. so that if a new rent policy is adopted by the States in the future Andium are obliged to comply with the new policy. I can assure Members that the final version the Andium board are to approve and sign will reflect the 80 per cent policy but, let me stress again, section 1.6 requires compliance with any rent policy adopted by the States Assembly from time to time.

#### **2.1.1 Senator S.Y. Mézec:**

I am pleased to hear at least some of that. Does the Minister accept that it does look absolutely absurd that 4 months after a new rent policy which was agreed by this Assembly comes into force that a document is presented to the Assembly, which provides what will appear to at least be an inaccurate historic record of what the situation actually is and would she not agree that reissuing this report with the correct rent policy in it from the outset would have been a much better thing to do?

#### **Deputy S.J. Pinel:**

It has already been amended. As I said, there was a missing part in the paragraph that the Senator is questioning and it will have to be approved by the board, and the next sitting of the board is 25th May, so a new report will be issued after that.

[9:45]

#### **2.1.2 Deputy G.P. Southern of St. Helier:**

Does the Minister have the up-to-date figures of how much this change will affect the income and finances of Andium Homes and how much impact will it have on those tenants who pay ...

#### **The Bailiff:**

I am sorry, Deputy, the urgent oral question was to deal with the disparity specifically between one percentage in one document and one percentage in another. It is not intended, and it would

not be fair, to make it a more general exploration of rent effects on members of the public. It is just not within the ambit of the oral question, which was urgent.

### **2.1.3 Deputy M. Tadier of St. Brelade:**

I would just like to ask the Minister for Treasury and Resources, first of all, does she recognise that this did cause alarm for some social housing tenants who saw this and there were lots of questions being asked, for example, to us how come the 80 per cent policy is no longer being effected? Does she think that if it was a different stakeholder and that, for example, a States decision had been made in a different field that, for example, affected businesses and we had made a policy that affected them one way or the other, that 3 or 4 months later this kind of error would have been made?

### **Deputy S.J. Pinel:**

No, I do not. The M.O.U.s, and there are a considerable amount of them, it is not just Andium, were published on 22nd April, that is a few days ago, and it has already been amended, as I said in answer to the previous question, and will be approved by the board on 25th May.

### **Senator L.J. Farnham:**

May I raise the *défaut* on the Chief Minister please?

### **The Bailiff:**

Do Members agree to raise the *défaut*? The *défaut* is raised.

### **2.1.4 Deputy M. Tadier:**

Supplementary. I do not think the Minister for Treasury and Resources necessarily understood my question but I will ask the first part. Does she recognise the concern and the alarm that this caused to many social housing tenants when they thought that their rents were going to be retained at 90 per cent and would she like to apologise for that error on behalf of whoever made that error?

### **Deputy S.J. Pinel:**

As I said, the M.O.U.s were only published a week ago so I do not think there can be considerable alarm and the preceding, as I have said several times, Article to the 90 per cent said, as I said in my opening remarks, that it can be debated or renewed or whatever by the States at any time. I have already said that, yes, a new report will be published after the board meeting on the 25th so that everybody will know that at the moment it stands at 80 per cent.

### **2.1.5 Deputy D. Johnson of St. Mary:**

The Minister made reference to the Economic and International Affairs Scrutiny Panel being involved in respect of the M.O.U. ...

### **The Bailiff:**

Sorry, this does have to be a question, Deputy.

### **The Deputy of St. Mary:**

Could the Minister please clarify as to whether the necessary Ministerial Decisions approving the M.O.U.s have yet been passed because the R. does not actually confirm that, I do not think?

### **Deputy S.J. Pinel:**

No, they have not been signed yet.

### **2.1.6 Deputy K.G. Pamplin of St. Saviour:**

I would like to thank the Minister for her answer. It was really clear. Can I ask the Minister what communication plans are ahead to put forward what comes through these M.O.U.s and what the discussion has been about the question this morning?

#### **Deputy S.J. Pinel:**

The M.O.U.s were established a long time ago and when I first took office as the Minister for Treasury and Resources they had not been reviewed for a very long time, hence the time it has taken to produce the recent review and they will now be reviewed, the M.O.U.s, every 3 years.

#### **The Bailiff:**

Very well, no other questions then that draws question time ... you would like a final supplementary? I apologise, Senator.

#### **Deputy R.J. Ward of St. Helier:**

Sir, I ...

#### **The Bailiff:**

Sorry, did you light your ...

#### **Deputy R.J. Ward:**

I did, Sir.

#### **The Bailiff:**

I did not see you, I am afraid, Deputy Ward, but that is all right. We still have time.

#### **Deputy R.J. Ward:**

I usually blame the Mace for not being seen but it is not there today.

#### **The Bailiff:**

No, there is a different reason this time. I really do not know what it is.

### **2.1.7 Deputy R.J. Ward:**

That is what I expected. Can I ask the Minister, just for clarity then, the document will be republished with the 80 per cent on it and that is what the Andium tenants can expect to go ahead from now?

#### **Deputy S.J. Pinel:**

Yes. As I said, it will be after the board meeting, which will agree the 80 per cent and it will then be republished.

### **2.1.8 Senator S.Y. Mézec:**

The first page of the report in its conclusion says: "The new M.O.U.s will come into effect on 1st May 2022", if you then go to the rent section for the Andium M.O.U. it says: "The rent policy at the coming into effect of this M.O.U. is as follows" and then goes on to stipulate the 90 per cent rate. So the wording in this report could not be clearer. Either the report is wrong or the Minister is wrong. They cannot both be right, so can the Minister confirm without any doubt whatsoever that the strict wording of this report is to be disregarded because it is false and that as of now she regards it as inapplicable and will be withdrawn as a matter of urgency since this strict wording of it is false?

#### **Deputy S.J. Pinel:**

It is not false. As I have already said - I do not like repetition but it seems to be that I have to repeat - it has taken 2 years to produce this report or these M.O.U.s and it will be re-evaluated, the M.O.U. and the Article within it, to say that the rents at the present time are 80 per cent.