

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON MONDAY 26TH SEPTEMBER 2016**

Question

Will the Minister explain what link, if any, there will be between liability for the proposed 'health charge' and usage of the services it will fund and, if there is no discernible link, will he commit to referring henceforth to the 'charge' as a 'tax'?

Answer

As outlined in the MTFP Addition 2017-2019 the Minister will bring forward in the 2017 Budget arrangements for control over the use of the additional revenue raised from the health charge. Although unlikely to have a contributory principle (i.e. certain health services will not be restricted to those individuals who have contributed through the health charge); the intention is that the revenues raised will be ring fenced and specifically used for health purposes, rather than general revenues, with tight controls over the health care services that can be met from those revenues.

This hypothecation of the monies raised through the health charge is one of the primary reason why the Treasury has determined that the measure should be described as a charge. The monies raised from the Island's taxes (income tax, GST, land transactions tax, Island-wide rates, etc.) are all paid into general revenues and used to fund the range of public services provided by the States; whilst social security contributions and long term care contributions are paid into separate ring-fenced funds which can only be used for specific purposes. From a Treasury perspective, particular in terms of managing the consolidated fund, the health charge is more akin to those contributions rather than a tax measures.

The Treasury's decision is further supported by the existence of the cap on the income that is taken into account for the purposes of calculating an individual's liability under the health charge. This limitation of liability, rather than an open-ended liability, is more consistent with the principles underlying social security contributions and long term care contributions than the Island's taxes and hence it is appropriate to describe it in the same way.