

### **5.3 Deputy S.Y. Mézec of St. Helier of the Chief Minister regarding user-pays charges:**

Does the Chief Minister consider that new user-pays charges are taxes, and if so, will he acknowledge that under his leadership taxes for ordinary Islanders will rise, and advise how this reconciles with statements made before, during and after the election that a government led by him would only raise taxes as a last resort?

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

The O.E.C.D. (Organisation for Economic Co-operation and Development) defines taxes as: “Compulsory unrequited payments to general government.” A payment is considered unrequited if the benefits provided by the government are not in proportion to the payments made, so if someone pays a fee that is clearly related to the cost of providing a service, then under the O.E.C.D definition, that would not be considered a tax.

#### **5.3.1 Deputy S.Y. Mézec:**

Notwithstanding the O.E.C.D.’s definition, does he agree with the definition of his own Minister for Health and Social Services, who says: “If it quacks, it is duck” and does he believe that that definition will have some resonance with the public, who are going to see what they are paying over the next few years rising under his leadership, when he promised it would not?

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

The Deputy, when he is trying to attribute words to myself, it would be quite useful, I think, if in the first instance he at least tried to find some words that I would normally use, because then perhaps I would be able to respond to it. It is quite clear, and I have been quite clear for a number of elections, that if we want the health service that we think is suitable for our citizens, then we are going to have to have a conversation about paying more for it and how we fund it and how we make it sustainable into the future. I have got to say, with the greatest of respect, I would look to the O.E.C.D. for definitions of tax and contributions because they are the experts in that regard, so it is quite simple: if we want the health service that we believe is necessary into the future, then all of us are going to have to pay a little bit more for that service.

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

Does the Chief Minister accept that the fairest way of distributing taxes is the income tax system, if it is progressive, and does he accept that any other mechanism, whether it is charges at the point of delivery or user-pays charges, will unfairly impact those at the lowest end of our society and not those of the wealthiest?

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

During the Strategic Plan debate, we had a debate in this Assembly about taxation and charges measures being low, broad, simple and fair, and those were the measures that we were going to move. I did not hear what the Minister for Health and Social Services said in the comments that are attributed to him, but I assume he said that we have not yet decided on the mechanism and that we would engage this Assembly and we would engage the public with deciding what was the best mechanism for delivering health services into the future, rather than having preconditions about what that best mechanism should be.

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

Nonetheless, does the Chief Minister accept that income tax is the fairest way of distributing taxes?

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

It is, certainly with regard to raising taxes, but there is also the thought around how contributions can be made fairer than perhaps they might be in some cases currently.

### **5.3.3 Deputy M. Tadier:**

Does the Minister pursue a policy which essentially says that words do not have to make any logical sense, so long as they sound good and get us elected? Indeed, they can even be mutually exclusive, like low, fair, broad and simple, when in reality we know that service charges will affect those who are unable to pay most, and those with the most money, who would perhaps be able to contribute through a progressive tax system, will essentially be let off the hook. At the end of the day, most people are paying more and that is not what they voted for.

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

The Deputy seems to have a model in mind of what he thinks might be the choice for helping to pay towards health services into the future. All sorts of models can be changed to offset the effects on the lowest-earning and the poorest members of our community.

[10:00]

Ministers will consider that, together with distributional analysis, when they make a decision about the methodologies that they are going to use or suggest be used in due course.

### **5.3.4 Deputy M. Tadier:**

Does the Minister not think there is a risk that we are moving away from a health service, for example, system which is based on universal taxation to one which is based more on user pays? We are moving away from a system adopted by North European countries, which have very good models of health, to an American system, where we know we have a very costly system of health, which is one of the most ineffective in the world. Is that not something that concerns the Chief Minister?

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

We already, as the Deputy knows, have a co-payment system for primary care and other European countries have that model as well. We have got to consider how we manage the income that we are going to need to raise to pay for healthcare into the future, but it has got to be sustainable. There are many systems around Europe where they are not sustainable, where they are considering what the cost effects are going to be of an ageing demographic. We are doing that, and this Assembly will ultimately decide.

### **5.3.5 Deputy S.Y. Mézec:**

I would like to ask questions on the specific details of these new user-pays charges and taxes, but here we are, 8 months and one day since Senator Gorst was elected, and we do not have one iota of detail of how he wants to extract this money from public wallets to provide these services he says he wants to provide. Does he agree with me that it is the cause of cynicism among the public of politics, when we have governments which proceed to do things that they never, ever said before the election that they were planning on doing?

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

Once again, I cannot concur with the Deputy's accusations. We have to engage with the public and we have been quite clear about that. If the Deputy refers to issue documents from the previous government about paying for healthcare in the future, I would have thought they were quite clear. We have had lots of consultation sessions. The previous Minister for Health and Social Services was extremely clear when she spoke about funding of health care into the future. It just seems that now, for political purposes, the Deputy is choosing to forget those public statements.

### **5.3.6 Deputy S.Y. Mézec:**

A final supplementary, if I can. Could he point out where on his election manifesto he said he would introduce health charges, rather than accusing me of playing politics?

**Senator I.J. Gorst:**

Sadly, I do not have a copy with me this morning, which is most unusual, but I shall endeavour to review it.