

23.06.13

11 Deputy S.Y. Mézec of the Minister for Social Security regarding the contribution rates for Long-Term Care (OQ.122/2023)

Will the Minister commit to ensuring that before any consideration is given to raising the basic contribution rate for long-term care, full consideration is given to raising the upper earnings limit in order to ensure equity between all income levels?

Deputy E. Millar (The Minister for Social Security):

I thank the Deputy for his question. Members will be aware that last week I published the latest actuary review of the long-term care fund. This shows the positive impact of the increase in contribution rate from 1 per cent to 1.5 per cent in 2020, however, we cannot be complacent. Our population is ageing and the demands on the fund will increase in coming years. Increasing then come into the fund will be necessary at some point in time to meet this increase in demand. A decision will have to be taken in terms of what is the right time to start increasing that funding? Clearly, we are all aware at the moment of cost-of-living pressures on our community. When the decision is made to look at increasing contributions into the fund I can assure the Deputy that all aspects of the way in which long-term care contributions are calculated will be considered before any proposal is put to the States Assembly for approval.

3.11.1 Deputy S.Y. Mézec:

Does the Minister agree with me that the prospect of asking working people to pay more in tax is unconscionable if there is no consideration given to ending the tax loopholes which currently exist for the super wealthy in Jersey and that we should unequivocally say that the long-term care tax rate should not be increased until we scrap the regressive cap that shelters the super wealthy from paying the same rates as the rest of us?

Deputy E. Millar:

I cannot agree with the Deputy's statement in the way in which it is being framed. I do not think that there are tax loopholes to protect the super-rich and possibly the super-rich are the very people who will never claim under this scheme because they have no need to do so. Funding of long-term care is different from funding elsewhere. It operates the same way as the tax system. There are rates, I have a vast amount of information as to how long-term care is funded, which I cannot hope to explain sensibly. I take the Deputy's point and any amendment to the way in which the scheme is contributed will be considered carefully, as will all elements, including upper earnings levels.

3.11.2 The Connétable of St. Brelade:

Would the Minister not agree that increasing the contribution levels at 2 per cent should be done sooner than later?

Deputy E. Millar:

As I say, we have to recognise right at the moment there is a cost-of-living pressure and adding to anybody's costs at this point is difficult. There will have to be time. As I say, the information that we have from the actuaries is very clear that the fund will not exist for ever. We do have to make some decisions. I do not think those decisions necessarily need to be made right now but they will need to be made. We will need to have a plan and we will be thinking about that very soon in terms of the timing. Going up to 2 per cent would be a 0.5 per cent increase, depending on how it is funded but there are lots of other ways of making smaller increases over a period of time. But I am pre-empting

a discussion that has yet to take place but it is a discussion that absolutely will happen in the relatively near future.

The Connétable of St. Brelade:

I thank the Minister for her answer.

3.11.3 Deputy S.Y. Mézec:

I guess I just want one final attempt to get the Minister on record to say that she is prepared to countenance the prospect of raising tax on working people in Jersey without abolishing the upper earnings limit which shelters the super-rich from paying the same as the rest of us and that she considers that to be an acceptable thing, does she not?

Deputy E. Millar:

Again, I find it difficult to accept the Deputy's use of language in terms of shouting "super-rich" and I can only repeat again that all options will be considered at the time we come to look at how funding into the scheme can be increased in future.