

5.9 Deputy J.A.N. Le Fondré of the Chief Minister regarding measures to be taken following the Assembly's rejection of the proposed Health Charge:

What steps, if any, does the Chief Minister propose to take in order to address the financial impact of the Assembly's rejection of the Health Charge?

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

The Medium Term Financial Plan sets the direction of the Island's public finances for the next 3 years and provides a comprehensive financial planning structure for this Assembly. Ministers are committed to investment in health and social care, but we are also committed to ensuring we can afford that investment and do not undermine our progression towards sustainable finances. We will take time to explore the options for replacing the Health Charge, we will engage with Members as we develop these options and we will be arranging a number of workshops in the New Year to do so.

5.9.1 Deputy J.A.N. Le Fondré:

A 30-second question; please bear with me. Would the Chief Minister agree that during the debate on vacancies brought by the Corporate Services Scrutiny Panel, the net financial impact of which was, broadly speaking, the removal of the Health Charge, Ministers claimed that the following would occur: the world would end for the most vulnerable in society, care in the community was going to be affected, as would mental health and children's services? It would equate to the entire funding for mental health services, the entire funding for the youth service, the careers services and early years provision. The I.T. (information technology) was not going to have the funds to enter into contracts with suppliers, Community and Constitutional Affairs would not have been able to meet their duties with regards to the prison, and would have shut the police and crime intelligence unit, impacted on drugs investigations, counter-terrorism and border control as well as shutting down health P.82. It would also necessitate the closure of 8 one-form primary schools.

The Deputy Bailiff:

The question was ...

Deputy J.A.N. Le Fondré:

The question was at the very beginning, Sir, which was: would the Chief Minister agree that during the debate that is what Ministers claimed?

Senator I.J. Gorst:

Absolutely not. I was very clear in my summing up, Ministers were clear, about what potential impacts on their departments might be, but I was absolutely clear: that in that M.T.F.P. (Medium Term Financial Plan) debate there was not project fear, as members of the Corporate Services Scrutiny Panel try to suggest and they try to confuse the Assembly about what they were proposing. They were taking £35 million out of the budgets from departments, reallocating £20 million so they did not have to do the Health Charge. We know what the result of the debate was: overwhelmingly, around £2 billion worth of expenditure into improving citizens' lives in our community was approved. On balance, this Assembly, finely balanced, said that they did not want us to introduce, in principle, the Health Charge, they wanted us to do more work. We have listened, we believe in democracy and we are going to work with Members to do that further work.

5.9.2 Senator S.C. Ferguson:

Has the Chief Minister not considered the fact, when he is reviewing the concept of the Health Charge, that this is, in effect, a highly regressive charge?

Senator I.J. Gorst:

We will be undertaking that review. I would, however, point the Senator to the work that the Economics Unit did looking at the implication of all the measures in the Medium Term Financial Plan. I have got no doubt that some people, because they said so in the debate, felt that they wanted more detail on the Health Charge because they were not satisfied where the cap currently sat. We are going to engage Members, we are going to ask Members for their opinions. There are no easy answers. Health needs that extra money. We are committed to providing those services, but we are going to work with Members to make sure there is a sustainable mechanism into the future so that we can provide that care that the community needs.

5.9.3 Deputy M.R. Higgins:

Does the Chief Minister agree with the statements made by the Minister for Treasury and Resources and the Minister for Health and Social Services, immediately after the loss of the proposition for the charges, in criticising States Members, saying that they were going to undermine the provision of care for children, social work and so on?

The Deputy Bailiff:

I am sorry, Deputy, I do not think that is within the tenor of the question. The question asked the Chief Minister what he proposes to do to deal with the financial impact, not whether he agrees with what Ministers might have said afterwards, unless that is to do with the financial impact.

Deputy M.R. Higgins:

They were criticising the States for their own failures of providing a commission, Sir.

The Deputy Bailiff:

That is not a question that can be asked in this context.

Senator I.J. Gorst:

I would happily like to answer that question, because accusations have been made about Ministers and would just hang in the air.

The Deputy Bailiff:

Chief Minister, the Deputy has asked his question. If you really want to answer a question that is not on topic then it is going to be quite difficult to keep questions on topic.

Senator I.J. Gorst:

In that case, Sir, I bow to your ruling.

The Deputy Bailiff:

Thank you. Deputy Southern.

5.9.4 Deputy G.P. Southern:

I would just like to remind the Chief Minister that he has a microphone. Does he accept that the rejection by this House of his proposals for a health tax were about the regressive nature of it and the fact that it focused almost entirely on middle earners? Has he learnt the lesson and will he be bringing back something with that in mind?

Senator I.J. Gorst:

I have spoken to a number of Members over the course of the last week and they had various reasons for their finely-balanced vote, and those reasons will be explored. Ministers respect the decision of this Assembly and we will work together. The important thing is that Health have got the funding in the short term for the period of this M.T.F.P., and I will be making a statement about this later, and that there is a long-term sustainable mechanism to ensure that Health have got the funding that they require to provide the services (a) that we need today, but (b) we know we are going to need more of into the future.

Deputy G.P. Southern:

Do I detect a yes or a no in that answer?

Senator I.J. Gorst:

If the Deputy was listening to the earlier answer I gave: for some Members I acknowledge that was the reason why they did not support the in-principle decision, because they were concerned about where the cap was being proposed.

5.9.5 Deputy M. Tadier:

Does the Minister not think that this kind of consultation, talking to Members about why they voted against it, would have been done better before the actual debate, saying: “What would you likely support?” as P.P.C. (Privileges and Procedures Committee) has done with its multiple push-button approach? But, more fundamentally, does the Chief Minister agree that this is not just about political pragmatism: “What can I get through this Assembly, no matter what it looks like or whether it is fair?” That fundamental principle of fairness. Because we all use health services potentially, they are all important to us, and if we are going to have a rate of tax which is going to be applied, it should be done at least across the board, if not progressively. Is that not the starting point that the Minister should have? Because it is certainly there within his own strategic plan when it talks about fairness in the tax system.

Senator I.J. Gorst:

Can I just say I look forward to P.P.C.’s proposal that is going to get the support of this Assembly to change the way that we vote for Members, if that model has been so successful, but let us wait and see? It is quite clear that there is no doubt this Assembly has asked Ministers in the past to come forward with a sustainable funding mechanism. Members have spoken to me and said one of the reasons that some of them did not support the in-principle decision, the details were still to be agreed, of course, let us not forget that, was around where the cap was set. Others have quite clearly said that they did not want such a charge; what they would have preferred was a simple increase to the basic rate of tax. All these issues are going to have to be considered before we come forward with a new proposal. The Assembly has spoken, finely-balanced as it was, 23, 23 with one abstention; we will now work with Members in order to ensure that in the future Health has the funding that it requires to provide the services that our community needs and expects that we will provide.

5.9.6 Deputy M. Tadier:

Does the Chief Minister accept that in most other jurisdictions or parliaments, such a defeat of government’s key planks of one of their fiscal policies would have resulted, not simply in calls for votes of no confidence, but in a resignation?

The Deputy Bailiff:

I am sorry, Deputy, I cannot allow ...

Deputy M. Tadier:

It is to do with the impact of the health charge not being ...

The Deputy Bailiff:

No. The question relates to what the Chief Minister is going to do to address the financial impact, and that is where I am trying to focus the questions. Deputy of St. John then final supplementary.

5.9.7 The Deputy of St. John:

The Health Charge was first mooted in P.82 4 years ago. Since that time there have been no reviews on the actual Health Charge, and it is the first time, this year, that we have been asked for an in-principle vote. Why does the Chief Minister find it difficult to accept that health services should be provided through the tax base and not through some anonymous charge which does not mean anything?

Senator I. J. Gorst:

I think the Deputy knows there have been reviews looking at potential ways to fund the growth in health services, I think KPMG undertook one. It is quite clear, I believe, that members of the public want to see a link, if we are going to ask for them to be paying more, between what we are asking them to pay and the service that they are going to be receiving. That is what takes me away from automatically thinking, which some Members I acknowledged earlier do think, that we should just simply change our basic rate of income tax. I think it is far better to have a proposal where we can link what we are asking the public for in extra money to them being able to see the service that they receive, as happens in the Health Insurance Fund, for example.

5.9.8 The Deputy of St. John:

In the answer the Chief Minister has just given he has explained there has already been a review, so why another review? Also if there is a linkage, why has that never been suggested before? A linkage has never been suggested directly to a specific part of the health service for this Health Charge, so why was that not discussed before?

Senator I. J. Gorst:

I was quite clear when I attended Scrutiny and they questioned me about it, that the proposal was that there would be a fund in Treasury that the money would go into, but I think that the Scrutiny Panel felt, again, that they wanted more detail, and to see how that would work and what the connection was between the fund and the services being provided. That extra work can now be undertaken.

5.9.9 Deputy J.A.N. Le Fondré:

I will pick up on the comments of the Chief Minister earlier: the only difference between the corporate amendment and where we are now is that the department would have had to justify posts above a certain percentage level. Therefore, in terms of cash, there is no difference to where we are now.

[11:15]

Therefore, in relation to the list of effects read out by me earlier, which were summarised directly from speeches by Ministers, in particular the Minister for Health and Social Security, that is the Deputy Chief Minister, the Minister for Education, could the Chief Minister clarify why those Ministers making those claims were not inadvertently misleading the Assembly through exaggeration and hyperbole?

The Deputy Bailiff:

Sorry, Deputy, that falls down for exactly the same principle: that it is not a question dealing with what the proposal is to address the financial impact of the Assembly's decision.

Deputy J.A.N. Le Fondré:

If I can just clarify that, Sir. Because obviously the impacts that were held out were financial impacts. The point was that it was going to be mental health, entire funding for the Youth Service ...

The Deputy Bailiff:

Yes, you read those out.

Deputy J.A.N. Le Fondré:

So now the Chief Minister is suggesting that those are not going to happen.

The Deputy Bailiff:

I think that is a legitimate question. Yes, Chief Minister.

Senator I.J. Gorst:

Forgive me, I am not quite sure what the Deputy was asking.

The Deputy Bailiff:

I think the Deputy from the list that he has given out, particularly those relating to health, is asking is it now the case that those are not going to happen.

Deputy J.A.N. Le Fondré:

Shall I just repeat the question?

The Deputy Bailiff:

Very well.

Deputy J.A.N. Le Fondré:

The point I was making, Chief Minister, was that the only difference between where we are now and the amendment of the Corporate Services Scrutiny Panel of the day is there is no difference in cash if it meant that at the time departments would have had to justify posts above a certain percentage level. In other words, the arguments around everything being different, we are no different in cash terms where we are now where we were on that amendment. Therefore, could the Chief Minister determine why the various examples I cited, which were directly summarised from the speeches by, for example, the Deputy Chief Minister, the Minister for Health and Social Services, and the Minister for Education were not inadvertently misleading the Assembly through exaggeration and hyperbole, in other words, were they genuine options being offered in terms of financial impacts for the loss of the health charge?

The Deputy Bailiff:

All right, were they genuine options being suggested for impact for the loss of the health charge?

Senator I.J. Gorst:

I do not want to rerun the M.T.F.P. debate in questions in this Assembly. Members supported the Medium Term Financial Plan but, as I have said, on a finely-balanced vote they said that they did not support the health charge. To go back to another question that you felt was slightly out of order, £2 billion worth of expenditure was approved at the last States sitting to provide the services that this community needs but Members decided that £15 million worth of what

was being proposed, they wanted us to go and review and consider in more detail. Ministers during that debate spoke on many occasions about the potential implications on their individual departments if they were made to make those changes. Let us not forget, Corporate Services' own Scrutiny Panel adviser said that if you are going to make the changes to vacancy management, then the health service should not be subject to such a change. They are not my words; they are the adviser to Corporate Services Scrutiny Panel. We are now respecting the decision of this Assembly and we are going to work with Members to ensure that the services that the community needs are provided and that we work on a sustainable mechanism for the future that Members feel in a position to support.