

2019.10.22

15 Deputy G.P. Southern of the Minister for Social Security regarding employer contribution rates: (OQ.266/2019)

Is it the Minister's assessment that figure 40 of the Government Plan indicates that effective employer contribution rates will remain regressive after the changes proposed in the Plan have been implemented? Will she advise what consideration, if any, was given to introducing proportionate contributions for higher earners?

Deputy J.A. Martin (The Minister for Social Security):

As Members may not have a copy of the Government Plan to hand, I will briefly explain. Figure 40 shows the effective percentage rates of social security employer contributions before and after the proposed increases in employer contributions. In both cases, the effective rate of contribution reduces in respect of earnings above the standard earning limit. Under the current system, the effective rate goes down more quickly and is more regressive. Under the proposed changes, the effective rate goes down more slowly and is less regressive. The final part that was given there was a conversation all around C.O.M. (Council of Ministers) about different ceilings, how to set this, whether or not any of them went as far as the Deputy I think is asking about, proportionate contributions for higher earners, I do not remember that conversation. We did have conversations about where we could push the ceiling. I hope that helps the Deputy.

3.15.1 Deputy G.P. Southern:

A supplementary, Sir. Is it the Minister's opinion that to have those earning £250,000 a year pay a rate of just over 3 per cent, compared with those on normal wages of under £50,000 paying 6.5 per cent, does she believe that is fair and equitable?

Deputy J.A. Martin:

Again, I think this is a bigger picture. We do have some very high earners on the Island. We do have some very high taxpayers on the Island. To me, that is more ... the Deputy is right asking, it is his political philosophy to make it proportional tax. As he asks for my opinion, I like things to be as fair as possible, but I am also realistic and I know we have to be very careful. We need to maintain collecting contributions and we need to maintain the higher earners on this Island, so that is my opinion, which the Deputy just asked. It is not all of C.O.M.'s and it is certainly not all of the Assembly's.

The Bailiff:

I can give you a final supplementary, Deputy, if you want.

3.15.2 Deputy G.P. Southern:

Does the Minister consider that now, as we engage with the Government Plan to cover the next 4 years, is the right time to be examining social security rates and, if necessary, if required, putting them up in order to meet our demands?

Deputy J.A. Martin:

Well, I worked very hard on the Government Plan and I have proposals in the Government Plan to put up the rates for employers over the standard earnings limit. So I have looked. There is time and obviously, again, it is the Government Plan and it is up for Amendments. I am sure the Deputy is

working very hard - and I would expect no less of him - to bring an Amendment to where he wants the social security contributions to be in the future.