

STATES OF JERSEY



GOODS AND SERVICES TAX: EXEMPTION FOR FRUIT, VEGETABLES AND MILK

Lodged au Greffe on 17th June 2008
by Deputy S. Pitman of St. Helier

STATES GREFFE

PROPOSITION

THE STATES are asked to decide whether they are of opinion –

- (a) to refer to their Act dated 13th May 2005 in which they approved the introduction of a broad-based Goods and Services Tax (GST) at a rate of 3% fixed for 3 years and to their Act dated 18th April 2007 in which they approved the Draft Goods and Services Tax (Jersey) Law 200-, and to agree to vary those decisions in order to exempt from GST all fruit, vegetables and milk (but not related dairy products), in support of wider government initiatives encouraging a healthy lifestyle and diet; and
- (b) to request the Minister for Treasury and Resources to bring forward for approval the necessary legislation to give effect to the decision.

DEPUTY S. PITMAN OF ST. HELIER

REPORT

Uncomfortable questions

A question I have heard more than any other from members of the public since the final decision to implement GST was taken was starkly put into context for me recently by a mother of three within my constituency:

What has our government become when they can tax us on the food they know we have no choice but to purchase – not luxury items like cakes and desserts, or expensive meals out, but the very things doctors, schools and the government themselves tell us we really should be eating if we want to stay healthy!

As a States Deputy elected on a platform of social justice and ensuring that those in our society who genuinely need help the most are given it, the mother's question is one I find I have been asking myself with ever-increasing discomfort: Just what has this Assembly, so proudly proclaimed as the bright new era of Ministerial government, become when we can lecture the public on the need to protect not only their own health but that of their children – and then tax them for the privilege?

A majority of government lectures those whose hard work down the decades is the real reason for Jersey's success that they simply must play their part in remaining healthy to ease the strain on our over-stretched hospital and health services – then take the coin from their pocket to make doing just that ever more difficult by taxing the very food we recommend.

Isn't it finally time that Government listened, admitted that we have got this wrong?

Attempts to get basic foodstuffs exempt from this insidious and wholly regressive tax are nothing new. Senator Ben Shenton tried as recently as last October. Senator Stuart Syvret tried at length as long ago as 2006 to secure a wide range of exemptions. Yet still this government – or I should say, not *enough* of this government are willing to listen. Why, I ask myself?

Is it because the majority of this Assembly do not have the insight, the intelligence or wisdom to see that such taxation is wholly wrong and immoral? No, there are many intelligent men and women in this Assembly so I do not believe it can be that.

Is it because the fiscal management under this Council of Ministers and Minister for Treasury and Resources has been so staggeringly inept that we really have no choice, no other recourse than to tax the very basics of healthy nutrition to keep the wolf from the door? Some, I accept, may well believe this to be the case. I am not one of them, however. With predicted deficits of £3 million being miraculously transformed into surpluses of £38 million mismanagement seems a cold, hard fact. Yet this also clearly demonstrates to me just as it does to so many men and women in the street that we quite clearly do not yet need to tax the vegetables, fruit and pint of milk our doctors tell that very same man and woman they should endeavour to consume, as Senator Norman recently illustrated in a proposition.

But enough of this talk of morality – let's consider a few simple but telling facts...

As I have said, the whole concept of GST is undeniably regressive: this is not simply my view based on my own particular centre-left political values, it is fact. To try and deny this form of taxation is regressive is, quite frankly, as ridiculous as it is insulting to those who can least afford it yet are already being hardest hit.

In his attempt last October to have GST zero-rated on all basic foodstuffs – not the established essentials of just vegetables, fruit and milk to which I now seek to persuade members to see the light of medical reason and exempt, Senator Shenton quoted a most telling piece of statistical information from a survey undertaken in Australia. I quote –

'expenditure on food, excluding restaurant meals, is equal to about 35% of pre-tax income for the poorest 20% of households and to only 7% of the richest.'

When viewing such statistics, can this Assembly really be so comfortable in implementing legislation that transfers such harsh realities on to the very food stuffs (I repeat it once again without any shame or apology) that our doctors, schools and government are preaching at them to eat? No wonder so many people are disillusioned. No wonder so many people are so angry. No wonder so many people usually indifferent to politics say that this year, finally, they will vote because they have had enough.

Fruit and vegetables

Can there be any amongst us who are not yet familiar with the hammered-home message of the essentiality of consuming at least 5 pieces of fruit/vegetables each day of our lives to keep illhealth at bay? If there is, then I really recommend just 5 minutes spent on the Internet doing a little research. I have no desire to try and lecture colleagues and make no claim to be an 'expert', neither will I waste colleagues' time with endless data – but the medical facts are out there for all to see, which makes the Assembly's decision to undermine them with GST all the harder to accept.

The UK Government's own Department of Health state that –

'Increasing fruit and vegetable intake is a national priority. Current recommendations are that everyone should eat at least 5 portions of a variety of fruit and vegetables each day, to reduce the risks of cancer and coronary heart disease and many other chronic diseases. Yet average fruit and vegetable consumption among the population is less than 3 portions a day.'

Perhaps of most interest to us here within the stunningly ill-considered decision to place GST on basic foods, the Department of Health then goes on to highlight that –

'Consumption tends to be lower among children and people on low incomes'.

Yes, the very people most likely to suffer because of this Assembly's actions in not exempting these food stuffs from GST. Do we really need to reflect any further? Our current position is both morally wrong and, if we are serious about promoting health in the Island's population actively undermines everything we would seek to achieve.

Milk

Incredibly there are those – even within this Assembly as I recall – who would take out of context information to claim milk, the staple of so many decades has suddenly become bad for us *per se*! Some even claim that milk is responsible for making present generations obese.

Strange then, I have to observe, how my father's generation and, indeed, my grandfather's, were not also stricken with obesity, but were in fact generally far leaner. The fact is that the benefit of milk is essentially in the form and quantity it is consumed in. This is why this proposition focuses on milk alone and not its many related dairy products such as cheese and sugar/additive loaded deserts.

To quote the Dairy Council of the UK –

'Contrary to popular belief, research has shown that children who consume milk ...are likely to be slimmer than those who do not. Milk is not a high fat product. Whole milk contains 4% fat, semi-skimmed milk contains 1.7% fat and skimmed milk contains 0.3% fat.'

Focusing particularly on children, most at risk from suffering nutritionally as a consequence of GST should their parents be on lower incomes the Dairy Council goes on to add –

'School milk together with a piece of fruit provides a more complete package than fruit alone.'

Being fully aware of my colleague, Deputy Southern's proposition to safeguard local provision of school milk, I will not labour the facts here. Suffice to say that while the debate between the preference of school milk or

fruit/vegetable portions may sway Members either way, the established benefits of making milk as easily affordable as possible to the Island's population, particularly children, is surely inarguable: it helps build strong bones, is good for teeth and provides important nutrients into otherwise poor diets.

Conclusion

Put quite simply, this proposition begs all States Members to reflect upon the absurdity of placing a tax – let us be quite honest, a *deterrent* – on the most basic essentials of healthy nutrition, whilst at the same time spending time and further monies, *taxpayers'* monies, stressing to them the need to look after their health and that of their children. As a consequence I would add only this. All governments make mistakes: this is a fact of political life. The mark of a caring government over a callous one, however, is that the former acts to rectify those mistakes. Let Members now move to exempt fruit, vegetables and milk from GST and rectify one of our own mistakes. A mistake that if not rectified may have long-term consequences of real detriment to our children's health.

Financial and manpower implications

On 3rd June 2008, I wrote to the Minister for Treasury and Resources to ask his Department to furnish me with the following information: the loss in tax to the Treasury by exempting GST on fruit, vegetables and milk. At the time of writing (15th June 2008), I have yet to receive this information.

Having requested this kind of information from the Minister for another proposition, I initially waited approximately 3 weeks. It was only then that when I emailed the Department, that I received the requested details. Following this, I put a further query to the Department and waited for 2 months – again, it was only upon an e-mail I sent that I received the details.

As time is pushing on and the first Session of States Sittings is coming to an end, space for submitting propositions is increasingly limited. With this in mind and my experience of trying to get information from the Treasury (though I appreciate that officers of the Department are very busy), I have now chosen to lodge this proposition.

Without this information I have endeavoured to find the necessary figures elsewhere; this has proven a fruitless task. However, the closest 'guide' cost that I have found is published in the Deputy of Grouville's proposition, P.94/2008. In it, the Treasury have provided the Deputy with the following figure –

Basic foodstuffs – £2.9 million

I do not know what the Deputy's definition of 'basic' foodstuffs is, however, it is widely acknowledged that fruit, vegetables and milk are indeed basic foodstuffs. I therefore make the assertion that to exempt these items of food from GST would cost the States Treasury no more than £2.9 million.

- As to the States recovering these costs, may I suggest that the Treasury legislate for the additions of GST on: the building of conservatories and swimming pool maintenance.
- The Treasury and Housing Department (now Property Holdings) should stop entering into agreements where they sell off States properties or land for peanuts to Housing Trusts and lose millions in the process, e.g.: in 2003, the notorious sale of Le Coie Flats for £12 million (approx.) to the Jersey Homes Trust; it was bought and developed for £20 million (approx.).

In addition and even more shocking, the States (in formal agreements) pays substantial amounts of interest on loans that these Trusts have taken out with private companies to re-develop these sites. For the years 1998 to 2006, these payments have totalled –

1998	£556,744
1999	£557,312
2000	£777,125

2001	£917,656
2002	£522,609
2003	£475,275
2004	£1,224,117
2005	£1,351,483
2006	£1,489,220

No more of these agreements please Senator Le Sueur – we could save a few pounds here!

- The negotiation between the Treasury and 1(1)(k) residents (900 – 1,000) should cease and their proportion of tax should become equal in real terms, to that of all taxpaying citizens in Jersey.
- Finally, I would like Members to also bear in mind when considering whether or not they should vote for this proposition, the words of Senator Shenton in his proposition of 26th October 2007 (GST: Zero-rating for Foodstuffs, Books, Newspapers and Magazines): ‘remember a forecast deficit of £3 million has, in fact, turned into a £38 million surplus! Do not rely too much on figures produced by a Department with such a poor forecasting record. What happens if we produce £41 million more than expected again next year?’

Any one of these options for the Treasury to gain lost tax revenue, would, I’m sure, cover the additional administrative costs of exempting GST on these very basic food items that are essential for the good health of our community!