

STATES OF JERSEY



GOODS AND SERVICES TAX: EXEMPTION OR ZERO-RATING FOR HEALTH FOODS

Lodged au Greffe on 23rd May 2011
by Deputy S. Pitman of St. Helier

STATES GREFFE

PROPOSITION

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

- (a) to request the Minister for Health and Social Services to present to the Assembly within 3 months a report listing those foodstuffs that can be defined as ‘healthy foods’;
- (b) to agree that the healthy foods as listed by the Minister for Health and Social Services should be exempted or zero-rated for the purposes of Goods and Services Tax (GST) from 1st January 2012, and to request the Minister for Treasury and Resources to bring forward for approval the necessary legislation as part of the Budget 2012 proposals to give effect to the decision.

DEPUTY S. PITMAN OF ST. HELIER

REPORT

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 B.E. Shenton tried as recently as October 2007 and Senator S. 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 the Minister for Treasury and Resources, since the implementation of the 0/10 tax, we still find year on year huge surpluses, the latest being £21 million. Yet this also clearly demonstrates to me just as it does to so many men and women in the street that we did not need to put GST on food let alone healthy foods.

Why healthy food

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 ill-health 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.

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. By helping make affordable the healthiest foods to all islanders, we will not only rectify this mistake but also, seriously contribute to the good health of islanders and save significant long-term costs to our health service.

Financial and manpower implications

There are two costs to take into account if this proposition proves to be successful. The first would be the cost of research that the Health and Social Services department would have to undertake, either themselves or to commission the work. I believe that this cost could be met by the £21 million underspend of 2010.

The second would obviously be, when the list of healthy foods to be exempted from GST is put as a proposition to the States by the Department's Minister, and if successful, there will be a cost to the States.

The closest 'guide' cost that I have in regard to this cost, can be found in P.94/2008 (a proposition of the Deputy of Grouville). In it, the then Treasury Department provided the following information –

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 other healthy 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 Members will know, there are several other forms of progressive taxes measures that the Minister for Treasury and Resources could implement. These are, for example: reviewing 1(1)(k) residents tax policy; land development tax and not exempting non-local non-finance companies based in Jersey from GST. One of these options would cover the above basic foodstuffs of £2.9 million.