

2020.01.21

15 Deputy M.R. Higgins of the Minister for Treasury and Resources regarding the consequences of the removal of Low Value Consignment Relief: (OQ. 22/2020)

Will the Minister advise Members what the consequences were of the removal of low value consignment relief for the postal services between the Island and the United Kingdom; and what action, if any, does she propose to take to address those consequences?

Deputy S.J. Pinel (The Minister for Treasury and Resources):

The Assistant Minister will answer this question.

Deputy L.B.E. Ash of St. Clement (Assistant Minister for Treasury and Resources - *rapporteur*):

The removal of the L.V.C.R. (Low Value Consignment Relief), which was back in 2012 ... it is probably worth pointing out to Members that Jersey had no say over the operation of L.V.C.R., it was commonly known by most people on the Island as the fulfilment industry, which employed quite a few people. As for the financial loss, Jersey Post, as the shareholder representative - which I am - advised me that the company lost £30 million revenue in 2 years following the removal of the L.V.C.R. This was a result of mail volumes falling from a peak of 91 million in 2010 to 39 million in 2014. As I am sure the Deputy will appreciate, Jersey Post have made strategic changes to its business model to ensure that alternate sources of revenue are identified and these are clearly detailed in the company's annual reports.

2.15.1 Deputy M.R. Higgins:

The Assistant Minister has not mentioned one of the consequences that affects a large number of people in the Island and that is, because the Jersey Government, although it spent £1 million fighting the L.V.C.R. - which was a total waste of money because it did not stand a chance anyway - because they have lost that action means that all mail going from Jersey to the U.K. is sent to one centre and is processed and V.A.T. (Value Added Tax) is being charged on items from Jersey, including items that were bought in the U.K. and V.A.T. was paid, including items that do not fall within the H.M.R.C. (Her Majesty's Revenue and Customs) categories. Sorry, I will come back to that, it is wrong. So, in other words, what I am trying to say is people are having their mail delayed because of this consequence and, secondly, many people are paying V.A.T. when they should not be paying V.A.T. on the goods. The V.A.T. is collected by Jersey Post, who, when you speak to the assistants, try to say: "Would you like to pay the V.A.T. on these items?" and many people not knowing that V.A.T. is not payable on them are paying it, and secondly some of the staff are so ill-prepared they are even trying to charge V.A.T. on items that have gone to the United States and Australia. I can say this from personal experience. I have to tell them that V.A.T. is not applicable in those cases. So what I am trying to say is there have been some serious ...

The Deputy Bailiff:

Can you please move to a question, Deputy?

Deputy M.R. Higgins:

I am coming to it. There are serious consequences to individuals and I would like to know what the Treasury people do to try to stop the U.K. charging V.A.T. on items or Jersey Post charging V.A.T. on items that are not subject to V.A.T.

Deputy L.B.E. Ash:

Obviously the actions of the U.K. Government are out of my control, but I will assure the Deputy that I will speak with Jersey Post to try to ensure that all staff are aware of the V.A.T. implications.

2.15.2 Deputy M. Tadier:

Would the Minister comment on whether the recent regulatory change, which means that a parcel, which is perhaps the same size and weight as a letter, but can no longer be posted for the same tariff as a letter, so for example the differential between 125 gram letter would be £1.15 to the U.K. whereas it is £3.71 for the same format and weight to be sent if it is not a letter, has that had also a negative effect on industries, which might have also been hit by Low-Value Consignment Relief?

Deputy L.B.E. Ash:

I am unable to provide any statistics for that. I really would not know so it would be wrong of me to comment.

2.15.3 Deputy M. Tadier:

Would the Assistant Minister raise that issue with Jersey Post because that is another factor which is affecting people who in the past would have either run commercial or private businesses through eBay, for example, needing to post small weight and small value items to the U.K., which has perhaps been entirely or mostly eradicated now?

Deputy L.B.E. Ash:

I would of course be happy to raise that with Jersey Post. I am happy to raise any issues with any of the shareholder companies should people have concerns.

2.15.4 Deputy M.R. Higgins:

I would also ask the Assistant Minister to rectify lack of information, not only on the part of Jersey Post, but also the public. In a written answer today from the Minister for Treasury and Resources they have said at the end: "The Minister is unable to provide guidance on the application of U.K. import V.A.T. outside the scheme. Instead inquiries relating to U.K. import V.A.T. should be directed at Her Majesty's Revenue and Customs." I can tell you it is a minefield. Why can Jersey Post not produce a guide and tell people, and have it available for people in post offices, telling them what is and what is not subject to V.A.T. so they are not paying this unnecessarily? Will the Minister take that up with Jersey Post?

Deputy L.B.E. Ash:

As I previously stated, I will be happy to take these issues up with Jersey Post. Some of this could be down to staffing and manpower levels, but I will take it up with them.