

# STATES OF JERSEY



## **GOODS AND SERVICES TAX: EXEMPTION OR ZERO-RATING FOR FOODSTUFFS AND DOMESTIC ENERGY (P.28/2009) – AMENDMENT**

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**Lodged au Greffe on 24th March 2009  
by Deputy A.K.F. Green of St. Helier**

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**STATES GREFFE**



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*After the words “(ii) domestic energy;” add the words –*

- “ and
- (iii) catering services in “provided” and “registered non-provided” schools;”

DEPUTY A.K.F. GREEN OF ST. HELIER

## **REPORT**

I believe school meals should be zero-rated for GST. School meal providers are operating on very small margins. Before the introduction of GST, the margin (net) was on average 7.0%. The price for a meal (at Hautlieu School) is £2.20 and has been for 5 years; the cost of GST has been absorbed, thus reducing profit margins still further. The removal from sale of the more profitable but less healthy produce such as fizzy drinks and crisps, together with food inflation of 14% (2008) has eroded still further the profit margins.

Clearly this position is not sustainable in the long term and prices will need to be increased or contractors will withdraw from providing this service. Increasing prices is not a desirable option at the present time. Should contractors withdraw, this will not only leave some schools with no service, but will also reduce the job opportunities for less skilled or semi-skilled workers.

I have considered a number of different ways of exempting school meals, such as only exempting "healthy food", but this would be impossible to administer, therefore I have chosen to exempt the sale of any item sold in a school canteen.

### **Financial and manpower implications**

There are no manpower implications. The advice received from the States Treasury is that the financial implications would be minimal. In my opinion, the cost would be around £20,000 per annum.