

STATES OF JERSEY



COST OF LIVING CRISIS – REMOVAL OF 5% GOODS AND SERVICES TAX (GST) FROM FOOD (EXCLUDING ALCOHOLIC DRINKS)

Lodged au Greffe on 11th October 2022
by Deputy R. S. Kovacs of St. Saviour
Earliest date for debate: 1st November 2022

STATES GREFFE

PROPOSITION

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

- a) to refer 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 that decision in order to exempt or zero rate the following items
 - food (excluding alcoholic drinks), to be based upon the zero-rating categorisation of food utilised by United Kingdom Value Added Tax arrangements, as set out in the Appendix A or such other categorisation identified by the Minister for Treasury and Resources that respects the principle of exempting or zero-rating these items; and
- b) to request the Minister of Treasury and Resources to bring forward for approval the necessary legislation to give effect to this decision at the earliest opportunity, but no later than 1st January 2024.

DEPUTY R. S. KOVACS OF ST. SAVIOUR

REPORT

Introduction

Goods and Services Tax (GST) has always been a contentious issue, even prior to its introduction in 2008 and subsequent rise from 3% to 5% in 2011. There have been a number of debates as to its implementation and the removal of essential items from its scope. It is telling that a previous Council of Ministers conceded that removing GST on food is an appropriate response to unprecedented global increases in food prices, this being stated in comments to P.103/2008.

The threat of the cost-of-living crisis to Islanders is clear. Some food suppliers have already increased their prices three times this year, when a once-a-year price increase would be the norm. Indeed, indications from organisations such as the Channel Island Co-Operative Society, Grace Trust Jersey, Salvation Army, and Society of St Vincent De Paul highlight the increasing numbers of Islanders needing help in obtaining basics such as food, the increased use in food banks, as well as the impact that GST has on charitable donations of food.

I am reliably informed that there is constant upwards price-pressure on thousands of everyday food items sold in Jersey and have seen real price increases in the last 6 months.

An overview in early October 2022 showed that in the previous week alone over 1,400 price increases were seen. In the period from April - September 2022 over 20,000 upward price changes were evident, which showed average increases of 12%, however some products have increased by over 30%, including bread! fresh chicken, pork, eggs, butter and dairy products. There is no sign of this inflationary price cycle slowing down.

Whilst recognising that the “Mini Budget” recently approved, as amended, by the Council of Ministers will give benefits to some people in the community, there are many others who are struggling with everyday living costs - like the ever-increasing price of food – who will not benefit at all.

The impact of increased costs is further supported by research undertaken in the Channel Islands in which half of people categorised themselves less than comfortable financially. This includes 11% of respondents from Jersey who stated that they cannot usually afford their living costs, and often have to go without essentials like food and heating.

This follows Government policies that have led to a move away from taxation of corporations, instead placing the tax burden onto individual Islanders. It is striking that income from GST will likely (once again) exceed forecasts due to inflation and it would seem that this windfall should be used to benefit all of our community, regardless of their means and circumstances. It is estimated that the full-year effect of removing GST from food will be in the order of £10 million. With 11%+ inflation predicted by the Bank of England and others in 2023, the actual amount raised in GST will still increase year-on-year, even if food is exempted.

Having discussed the implementation of my proposal with several of the Island’s leading retailers it has been indicated that changes to IT systems can be applied and run across numerous stores, with similar responses being received when discussing with smaller retailers. Additionally, clear criteria for exempted food items are preceded in the approach of the United Kingdom and its Value Added Tax categorisation.

Background Information

“The Council of Ministers is prepared to accept the Deputy of Grouville’s proposal to zero-rate food but is putting forward alternatives to zero-rating fuel which it believes are more appropriate and better targeted to those on lower incomes.

The Council of Ministers has always opposed the zero-GST rating of food because Ministers wanted a low, flat rate of tax that was as simple as possible to administer. That aim remains as relevant today as it has always been.

However, the economic climate has changed. In common with people throughout the world, Islanders have been hit by unprecedented global increases in food prices. Ministers now believe that a response is required and that removing GST on food is the appropriate response in the current circumstances.”

The above is a quote from the Comments of the Council of Ministers on the 8th of September 2008, in response to [P.103/2008](#) lodged by Deputy Carolyn Labey, for which the [voting](#) was 25 to 25 with 3 absent, and therefore lost.

The comments go on to state –

“It has also now been possible to update the estimate of GST income based on the receipt of the first returns. The initial estimate is that the annual yield from GST could be about £50 million, which is £5 million more than the original target.

Ministers have always maintained that they will only raise the taxes that are required, and it is clear that GST could be removed on food without having to increase the rate of 3%. Ministers are also proposing to maintain the current rates of income support, including the allowance for GST on food, and the scheme for people who do not receive income support but are below the tax threshold. This means that the full benefit of GST reductions on food will be passed on to people on lower incomes who have already received support to cover those costs.”

The emphasis is added to not only note that the rate is currently 5% but to highlight the fact that, despite statements that GST would not be increased from 3%, in 2011 it was increased to 5%.

The increase to 5% was agreed in 2010 as part of the terms of the [2011 Budget](#) – lodged by the Minister for Treasury and Resources. The same Minister who had categorically stated when he was appointed to the role, that he would NOT increase GST.

Whilst researching this Report, I have noticed that there is a common thread contained within a large number of the Reports relating to GST. They demonstrate a strong similarity to the comments mentioned above by the (then) Council of Ministers.¹

¹ Previous GST removal related propositions: [P.165/2005](#), [P.86/2006](#), [P.169/2007](#), [P.103/2008](#), [P.28/2009](#), [P.36/2011](#))

I believe those wise words above are indeed very relevant today, perhaps even more so, as we are once again facing unprecedented global increases in food prices and this situation, sadly, is here to stay for the foreseeable future.

I appreciate that since the introduction of a Goods and Services tax (GST) in 2008, there have been many attempts by different Members of this Assembly to vary the products on which it is levied and these attempts have mostly failed, albeit by narrow margins. However, I believe that now, in 2022, we face very different circumstances due to a number of significant factors that are having profound and damaging inflationary results and will continue to do so in the foreseeable future, certainly into 2023. Most economists don't believe an inflation target of 2% will be achieved in 2024 either.

In [P.103/2008](#), Deputy Carolyn Labey, stated –

“The Goods and Services Tax has now been introduced; after a great deal of debate, GST is now in place. So why revisit the subject of exemptions now?”

I have always supported exempting a range of essential items from GST. However, the Assembly did not support those proposals, which originally included such items as medical products and services, children's clothing, education fees, child care costs and books and newspapers.

Since the Assembly made those decisions however, the world's economy is in a very different state to that which it was – even 6 months ago.

Oil prices – and consequently all energy costs – have sky-rocketed.

And because the production of food is energy-intensive, the cost of food has likewise risen dramatically.

Because of the dramatic increases in energy and food costs, I believe it would be quite wrong, indeed foolhardy, to maintain a tax on food and domestic energy consumption. I am limiting the proposed exemptions or zero ratings to these 2 commodities because people have to eat – and they have to heat their homes.

There can be no arguing other than that people must avoid hypothermia and malnutrition.”

She also continued by saying-

The fact of huge increases in energy and food costs, places, in my opinion, a very different complexion on the issue of whether we should tax food and domestic energy. Whilst it may have seemed to some that not exempting these items would make GST a more “efficient” tax – we now face dramatically altered circumstances. And only people with their heads in the sand would stick with a decision which was no longer compatible with a significantly different set of issues.”

Her Report goes on to say:

“Basic foodstuffs and domestic energy are inescapable purchases. The cost of these two commodities is rising astronomically. The question we should ask ourselves as a responsible Government is should we, the States of Jersey, still be adding a new taxation burden on top of these huge price-rises, and thus be making an already deeply difficult situation even worse for ordinary people? The answer to that question has got to be ‘no’.”

Comments

With my current proposal I am asking States members to consider our present economic situation. I would consider that the present economic pressures on many people across our community is actually far worse than in 2008 and shows no sign of easing.

I believe it is now appropriate to give this matter full and careful consideration, because I believe it shows we all live in the real world and recognise when people in our community need assistance and support, without them having to beg for it.

Over the last 6 months or so, numerous candidates in the recent elections have been in direct contact with many Island residents who have expressed their concerns about the REAL cost of living in Jersey.

This is having a very tangible impact on people’s day-to-day lives, as the rise in costs is significant and is having an increasingly demoralising effect on daily lives. Many people are making difficult, life-changing decisions, including leaving the Island to find a cheaper place to live.

In doing research for this Report, I was reliably informed that by the end of July (2022) some food suppliers and processors had already increased their prices three times this year because of the pressures they were under, because of shortage of product and labour and because of significant increases in processing costs such as energy and packing materials.

This is an unprecedented situation as the normal trade practice is for once-a-year price increases, with seasonal and fresh product variations, being the exception.

Indications are that there will be further and more significant food price increases and related costs during the remainder of 2022, and the whole of 2023, due to ongoing supply price and processing cost increases filtering into the food supply-chain. The bad news is that there does not appear to be any indications of a levelling of prices or any downward trend.

For example, asked on how many price increases they had this year, Mark Cox, the CEO form Co-Op said:

“We have received over 20,000 price changes in the last six months alone, this has seen the costs of products to us increase an average of 12%, we have not been able to pass on all increases with our own internal retail price inflation running at 10% in some categories such as bread, fresh chicken, pork, eggs, butter, dairy the increases have been far greater - an average of 30%

The level of price increases shows no sign of slowing with 1400 cost price increases received last week alone. Some products have now increased in price four times this year as the impact of the war in the Ukraine has added to already high inflationary impacts coming through following the pandemic and Brexit.”

If you check social media on local groups these days, there is almost no discussion related to cost of living where members of the public do not suggest that the GST should be taken off food to help reducing the cost of their food shopping basket.

It is also an early opportunity for those candidates in the recent elections, who are now States Members, to show that they meant what they said: -firstly that they were concerned about the cost of living on the people of Jersey; -and secondly, that they were prepared to do something about it if elected. Now is that opportunity to show that you meant what you said during the election campaign.

A bit of history

GST was first introduced within the Fiscal Strategy (P.106/2004) (the “Fiscal Strategy”) of the Finance and Economics Committee, lodged on 1st June 2004.

Contained within were a number of proposals which were debated on 7th July 2004. The section relating to GST is as follows –

(d) in connection with introducing a package of new tax measures which will be broadly progressive to balance the States’ income and expenditure

–

(iii) to charge the Finance and Economics Committee to undertake further research into a goods and services tax, a payroll tax, environmental taxes, development levies and further tax enforcement measures in order to investigate the feasibility of their introduction, and to bring forward details to the States with recommendations for approval by February 2005

A few pertinent sections of the Report to P.106/2004 are set out below –

- The Committee is, therefore, recommending a broadly based goods and services tax as a further mechanism to meet the projected shortfall. The gross yield is estimated to be in the region of £8 – £9 million per 1% point and the Committee would recommend generating a net revenue of up to £40 – £45 million from this tax source. This would mean a tax set at 5% and achieve the goal of raising the significant sums required. The Committee also recommends earmarking a proportion of this revenue to protect the poorest from its impact by increasing benefits.
- The Committee appreciates that more information and further research is needed before the States approves the introduction of a GST. The States are asked to approve this further research and instruct the Committee to bring forward details by February 2005 with recommendations for approval for the type of tax, its scope and administration.

We know that some of the matters in the Fiscal Strategy did happen, like ITIS and GST, but others were not progressed.

However, the really significant factor which has produced a difference to the many ordinary working tax-payers - “middle Jersey” - was the introduction of **zero/ten** as detailed in part (a) of the Fiscal Strategy

This, in effect, took any tax burden away from companies and moved it onto individual taxpayers and the relatively new Goods and Services Tax.

I have included, in the [Appendix B](#), Treasury data for your reference, which shows the impact of the changes (available on [Open Data](#)).

It then becomes obvious, looking through the Appendix A chart, why many people across our community are struggling, not just those on Income Support.

[Government of Jersey tax receipts](#)

Goods and Services Tax (GST)

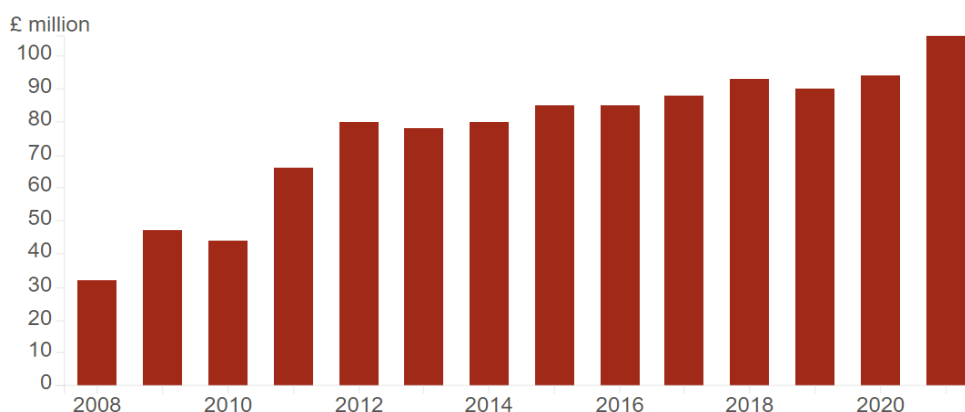
The States agreed in July 2005 to introduce a 3% broad-based GST effective from May 2008. The standard rate of GST was increased from 3% to 5%, effective June 2011. The full year effect on GST receipts at the new rate of 5% was first seen in 2012.

In 2021, income from GST was £106 million, an increase of £12 million from 2020, £18.5 million higher than the estimate in the Government Plan 2021.

Income tax receipts

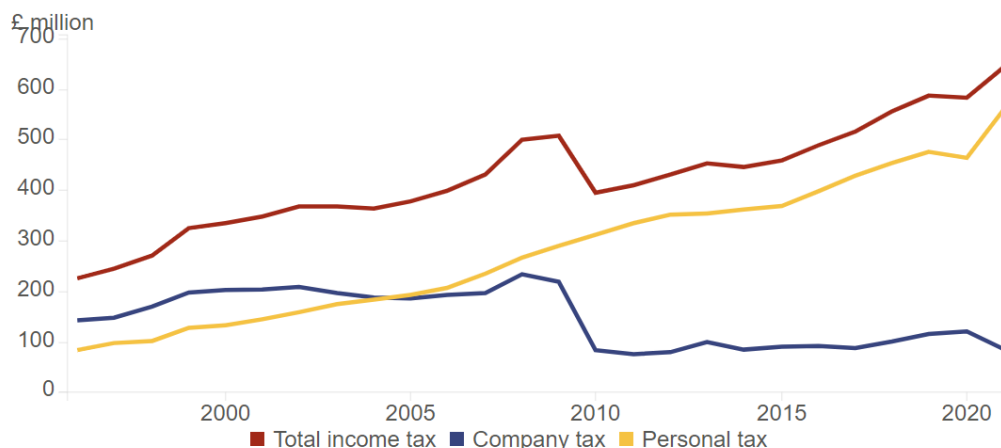
In 2021, income tax receipts were £643 million. This was £60 million higher than 2020 receipts, primarily due to a £95 million increase in personal income tax. This was partially offset by a £34 million decrease in company income tax.

Goods and Services Tax receipts (£ millions)



Source: Treasury and Exchequer, [download the chart data](#)

Income tax received (£ millions)



Source: Treasury and Exchequer, [download the chart data](#)

The above charts demonstrate how much has been raised in each year to date, since GST was introduced.

This can't be done-it's too complicated/difficult to implement

This is simply not the case. I have spoken with several Island's leading retailers and am told that excluding items from GST is a basic IT system change where alterations to the IT system can be actioned across numerous stores. Similar responses concerning the relative ease with which this could be actioned have been received from speaking with a few small shops/retailers.

The States recently agreed to remove GST from menstrual sanitary products ([P.66/2022](#)) brought by (then) Senator Kristina Moore. Interestingly, looking at the record of that debate no one mentioned whether or not retailers would have any issues with implementing the removal of GST from specific items from the many thousands of items they stock.

The answer is that they do not have a problem, and similarly, if it is agreed to remove GST from food, the items will be readily identifiable on IT systems and compliance will be relatively easy.

Point-of-sale systems, for most of our supermarkets, will be a copy of the UK systems and are very adept at adding and removing tax on each item on sale or from which GST would be removed.

Therefore the old argument that removing GST from food is too complicated and can't be easily done no longer exists.

Within the report for [P.28/2009](#) Deputy Carolyn Labey stated –

“Originally I had thought of lodging a proposition exempting all basic foodstuffs. However, as I discovered the last time I lodged a similar proposition, major food retailers who have explained that they would find it complex and challenging to work with an exemption that only

encompassed basic foodstuffs. It would also appear that the Treasury has difficulty in alighting on a ready workable set of definitions.

It is plain that if we are to exempt food – by far the simplest and least bureaucratic method would be to use the definitions already established in the United Kingdom VAT system. Whilst it will be claimed that VAT is an unusual and complex system, the fact remains that the definitions have been established and refined in the UK.

It is also plain that food retailers in Jersey could use, with minimal difficulty, the business systems and coding which handle VAT food exemptions, as these are already established in till and stock systems.”

I believe this approach makes clear sense – and if you look at Appendix A you will see the clear criteria applied by the UK, which I propose be used as a starting point on categorising the food items to which a 0% GST rate would apply for our own legislation.

Treasury office has also confirmed that copying this categorisation will make it easier to apply the changes to our related law drafting and systems than make a different categorisation.

Related to the GST return for companies, they usually file (and pay) quarterly and the returns require the following information –

Box number		£
1	Total Sales excluding GST	
2	Total zero rated and remitted supplies included in box 1.	
3	Total sales subject to GST (i.e. 1 less 2)	
4	Total purchases and expenses (excluding imports)	
5	Total value of imports	
6	GST on sales	
7	GST on purchases (boxes 4 and 5)	

The GST process of recording and claiming refunds for retail businesses can be found here [GST retail scheme \(gov.uk\)](https://www.gov.uk/guidance/gst-retail-scheme) and here [How GST works for businesses \(gov.uk\)](https://www.gov.uk/guidance/how-gst-works-for-businesses) .

Retailers usually calculate the imports by supplier and the ones I’ve discussed this with said they see no reason why this would have to change after GST removal, so the same process should work.

The reporting would just see an increase in zero rated items sold and should not create any additional work. The process would be the same for wholesalers.

At the same time, the Treasury office said an even easier way to administer from both sides could be to consider making zero rate at the entry point as well, which will remove the need for return filing.

In addition, as specified in the proposed Government Plan, there is also the requirement for offshore retailers to register for GST from 1st July 2023. With this change to the de-minimis requirements, the Government has stated might also consider that Goods and Services Tax (GST) is charged at the point of sale in all cases, regardless of the GST

status of the purchaser. This change is intended to ensure there are no additional complexities, for retailers or for Customs, in implementing the new regime.

This could also help retailers/wholesalers with an easier process on import purchases where GST on food would be removed.

It is also important to note that small businesses with a turnover under £300k in the previous 12 months (which the majority of small food retailers are) are not required to pay GST, so won't be affected by this change and the few small businesses that are above this threshold usually have a sufficient advance system in place to be able to add or remove GST on the items selected with no problems.

More information on GST registration requirements for small businesses can be found here [When a business must register for GST \(gov.je\)](#).

Can we afford to remove 5% GST tax on food?

The windfall returns on GST show that in the figures there is no reduction in income - there could be a decrease in collection, however that collection will still exceed predictions due to the impact of inflation.

During the [States debate on 31st March 2022](#) (pg. 63-65), former Senator Kristina Moore, now Chief Minister, stated –

“It is of course an evolving situation, and it is one from which the Government benefits, as higher prices increase their receipts from GST.”

My contention is that the windfall being enjoyed by the Treasury should be reduced to benefit all of our community, regardless of their means and circumstances.

GST

2021	£106m
2020	£94m
2019	£90m

The above GST windfall returns are evidenced in the [States of Jersey 2021 Annual Report and Accounts \(pg.196\)](#), where it also states –

“Increased by £12.5 million (13%) compared to 2020. The outturn was £18.5 million higher than the estimate in the Government Plan 2021 and £6.9 million higher than the forecast included in the Government Plan 2022-25 which was developed based on a number of uncertain assumptions around the impact of the Covid-19 pandemic on economic conditions and the performance of various market sectors.

£4.1 million of income recognised in 2020 related to 2019 as the final returns were higher than the estimated amounts recognised in 2019. Adjusting for this, the increase to 2021 would be £16.6 million (18%).”

Goods & Services Tax : Petition (P.125/2007 -Petition)

With 19,209 signatures the Report accompanying the Petition was Lodged au Greffe on 18th September 2007, by the Connetable of St Helier.

The Proposition read as follows –

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

to request the Minister for Treasury and Resources to take no further steps to introduce a Goods and Services Tax in Jersey until public finances have been examined independently to identify potential savings and until alternative methods of raising funds have been investigated.”

The corresponding Report begins with -

“The implementation of a Goods and Services Tax from May 2008 will have significant effects on the local economy and on the people of Jersey. Despite an extensive consultation process carried out on the overall Fiscal Strategy adopted by the States in July 2004, and further consultation leading to the approval of GST a year later, public confidence in the States’ powers of ‘good housekeeping’ has fallen in recent years. It is not surprising, therefore, that the public is calling in significant numbers for further consideration to be given to alternatives to GST – 19,209 members of the public, to be precise, a number exceeding the previous highest total collected on a petition, which was for the Millennium Town Park (P.190/97) presented to the States on 2nd December 1997 with 16,404 signatures.”

Although the wording of the Petition is nearly 15 years old, some of this has still not been done.

The report of the Constable of St Helier continues as follows:

“GST and the cost of living - various external factors have significant impact on domestic inflation – U.K. interest rates and oil prices being the biggest influences. Reliable indications show that with an introductory rate of 3% GST would have very significant related costs to businesses with set up, technology, administration and red tape etc and will translate to a figure closer to, or above, 5% in reality, which will be passed to consumers in price rises.

Furthermore, if GST is introduced and when the effect of this filters through into the Retail Price Index the consequences are that it will exceed 3% and the outcome will have serious medium-term inflationary pressures as it feeds into fuel, transport deliveries, domestic and retail rents.

Many leases include an annual review linked to the RPI – without exclusions for the GST element it will become a very real cost added to residential and commercial rents. Most rents have a review clause that increases rents annually. Virtually without exception the “guide” of how much to raise these rents is the Retail Price Index. Therefore, it follows that

if the RPI increases to 7% or 8% the rents will also rise accordingly and have to be paid.

This of course will be passed onto the consumers as higher prices for goods and services – there is no other option as business will not absorb this extra cost.

It is well known that the cost of living is already higher than in the U.K. Since 2000 the Statistics Unit has carried out basic price comparisons between Jersey and the U.K. across a range of goods and essential items.

The latest comparators of June 2007 show substantial price differences to include meat, fish, fresh vegetables, bread and milk (all VAT-free in the U.K.) In Jersey, prices in some areas of basic essential consumer goods are already significantly higher – adding GST will add to this – a very real issue and one that people are angry about.”

There was indeed a spike in the Retail Price Index (RPI) following both the introduction of GST and when it was increased in 2011. Very little mention was made on either occasion by the supporters of GST about the consequences on residential and commercial leases and rents which did increase with further inflationary effects.

So my proposal to remove GST on food I believe will have a beneficial and “calming” effect on the Retail Price Index.

PETITION		
TO THE PRESIDENT AND MEMBERS OF THE STATES OF JERSEY		
Name of person(s) or body responsible for this petition – JERSEY CONSUMER COUNCIL		
The background to this petition is as follows – The imposition of a Goods and Services Tax in Jersey will lead to higher inflation, increased red-tape and considerable extra cost to consumers and local businesses alike.		
We, the undersigned, petition the States of Jersey as follows – The Minister for Treasury and Resources is requested to take no further steps to introduce a Goods and Services Tax in Jersey until public finances have been examined independently to identify potential savings and until alternative methods of raising funds have been investigated.		
Full name (please print)	Full postal address	Signature

How will we know about price reductions from removing GST are passed to the consumer?

Discussions have been held with some of Jersey's largest retailers who have said that their finance and IT department would work together to implement changes and demonstrate this in a transparent manner.

The Jersey Consumer Council (JCC) has a history of quality price monitoring across a range of goods and services. It is willing and able, with appropriate funding, to monitor the situation and, more importantly, inform the public through social media, its website and its printed newsletter, delivered to over 40,000 letter boxes.

Until they have the capacity and funding to undertake this, JCC confirmed they would

–

“be in favour of introducing, supporting or backing, some form of commitment or official undertaking from retailers, backed up by spot-checking, that any GST savings will immediately be passed on to Islanders.”

Financial and manpower implications

If adopted, my proposals would not have a full-year effect in 2023 depending on when they were introduced. So the first year effect would lead to an estimated loss of revenue of around £5 to £6 million.

It is estimated that full-year effect of removing GST from food will be in the order of £10 million².

Previous GST results included in the Report and Accounts for 2021 show that –

“Increased by £12.5 million (13%) compared to 2020. The outturn was £18.5 million higher than the estimate in the Government Plan 2021 and £6.9 million higher than the forecast included in the Government Plan 2022-25 which was developed based on a number of uncertain assumptions around the impact of the Covid-19 pandemic on economic conditions and the performance of various market sectors.

£4.1 million of income recognised in 2020 related to 2019 as the final returns were higher than the estimated amounts recognised in 2019. Adjusting for this, the increase to 2021 would be £16.6 million (18%).”

With 11%+ inflation predicted by the Bank of England and others in 2023, the actual amount raised in GST will still increase year-on-year, even with it removed on food.

Referring to manpower, as with any tax changes, policy, administration, and law drafting time will be required. This has been estimated by the Tax department and the Law Drafting Office at combined costs of approximately £360k, to include the necessary changes to the Law and internal systems, and related additional staffing requirements.

² [WQ.153-2022- R. Kovacs](#)

Further reference material

Foodbanks and Community Trusts

A few examples of how GST impacts those working for struggling islanders –

[C.I. Co-Op Jersey](#)

The C.I. Co-Op have advised me that any food that they and customers donate through their in-store donation points are “taxed”, as GST is taken on charitable donations.

[Grace Trust Jersey](#)

The Grace Trust is a registered charity, set up in 1999

They offer two course lunch meals every Saturday to about 50 people, they support people in need through foodbanks, with basic goods donated, which they say are “not a huge amount” compared with the public need, and they deliver each month 3 bags of groceries to around 60 households struggling across the Island, items purchased by Grace Trust and when possible through specific grants they manage to secure.

Deputy General Manager Mark Watson has commented in a [Jersey Evening Post article on 8.08.22](#), saying: “Our client base often comments on the rising costs within the Island and we know that clients, for example pensioners, face the challenge of rental increases while their pension income remains static. Our clients will face the challenge of potentially choosing less nutritious foodstuffs because of cost, and that could be the impact of rising prices.”

[The Salvation Army](#) officer Richard Nunn said: “It’s a perfect storm. The demand has doubled already since last year and we are only half way through the year. My big fear is what happens in October, November and December when the costs suddenly go up again.”

[Society of St Vincent De Paul \(Jersey\) \(SVP\)](#)

In their July publication the Society highlighted that demand for food outweighs the amount of food donated, with 875 bags of food issued from 1st March until the end of June 2022. This initiative is supported in association with Beaulieu Convent School, whose students and parents are very supportive and therefore very aware of a sadly growing need in the Jersey community, for help with food and basic essentials.

In the [SVP July Newsletter](#), the President said:

“By making a conscious decision to support and get involved with your community foodbank operations, we can make Jersey a more pleasurable place to live for everyone.”

Donated Food v Demand



Only 1 bag of food is donated for every, approx 42 bags of food we give out.

These statistics cover the period of 1st March 2022 to the end of June 2022. This is the period since SVP moved to a computer based Foodbank Management system to allow us to audit our work. What is key to note is that demand far outweighs the amount of food donated.

BAGS OF FOOD ISSUED: 875
HYGIENE PACKS ISSUED: 62
ELECTRICITY VOUCHERS: 320

[Data from SVP Newsletter July 2022]

All of the donations received are “taxed”, because GST is payable on everything.

I would ask “Is this how the Government should operate, taxing charitable food donations?”

[Cost of Living Survey Results 2022 by Island Global Research](#)

Findings from a survey done between 5th May-4th June 2022 were recently published.

Across Jersey, the Bailiwick of Guernsey and the Isle of Man, 3,914 residents completed the survey, with 1,443 being Jersey residents.

“The survey was undertaken to gain high-level insights into experiences and perceptions of the cost of living in each island. It asked about respondents’ financial position, recent changes to their cost of living, and their opinion more generally on inequality in living standards today and in the future.”

The report goes on to say –

“Changes to the cost of living are a global issue, but one that impacts each and every one of us in our day-to-day lives. It is perhaps of greater concern now than at any time in over a decade, with frequent coverage in the local and national media.

This cost of living survey is part of our equality series. It sought to understand the impact of recent changes to the cost of living amongst islanders and examine the extent to which there is a divide between those who can comfortably afford their living costs and those who are currently struggling to do so.

We found it striking that across the three islands, half of people categorised themselves less than comfortable, including 8% who say they cannot usually afford their [living] costs, and often have to go without essentials like food and heating. The remaining 50% comprises 42% who are ‘relatively comfortable’ and 8% who are ‘very comfortable’

Those less able to afford their costs appear to include a greater proportion of under 40s, families with children, and women. However, we plan to do further analysis to understand where there are statistically significant differences between different demographic groups, which we will release in due course.”

The report also states –

“In all three islands, respondents were often concerned by what they believe to be a widening of the gap between the richest and the poorest in our communities, with calls for more support to be made available to those who are financially vulnerable. There is concern about young people moving away, and indeed, one impact of rising costs reported by respondents is that they are looking to move away from our islands in order to afford a better standard of living. This appears to already be affecting some of those less able to afford their costs, while several ‘relatively comfortable’ respondents also indicated this is something they would be prepared to consider in the future.”

Some of the highlights from the findings for Jersey are:

- 11% cannot afford costs and often go without essentials
- 2 in 5 would struggle to afford a £100 per month increase in living expenses
- Over 50% have recently
 - found it difficult to meet living costs
 - noticed a major increase in the cost of living
- 63% think inequality in living standards will get a lot bigger in the future

More details are contained within the report and some of it can make pretty uncomfortable reading.

Living costs and the Jersey Household Income Survey

This survey is carried out every five years by Statistics Jersey.

The survey was done in 2014/2015 and the 2019/2020 survey had to be postponed due to Covid-19 pandemic in March 2020.

The work restarted in September 2021 and runs for nearly a whole year.

Statistics Jersey use the results of the survey to measure households incomes and income inequality and show trends and how things are changing over time.

This also ensures that the Jersey cost of living (Retail price Index) reflects the goods and services that Islanders actually buy.

The process followed is very robust, with trained interviewers from Jersey Statistics regularly visiting each household to answer any questions and give any assistance and guidance households may require, so that they can keep a spending diary over a given period.

All information given by households is strictly confidential and not shared with anyone outside of Statistics Jersey.

Details from [Jersey Household spending report 2014/15 \(pg.3\)](#) mentions –

“average total weekly expenditure of households in Jersey was 43% greater than in the UK”

The [Household income distribution report 2019/2020 \(gov.je\)](#) published on 6th May 2022 outlined some relevant matters from a shortened version that was carried out by Statistics Jersey, because access was restricted due to the pandemic for a full survey to be carried out.

One of the "Key Themes" highlighted is –

“the benefits and tax system improve income inequality; housing costs removes this improvement”

In other words, until something positive is done about the availability and affordability of housing in Jersey improvements in benefits and tax allowances will be swallowed up - taken away - from those who need support - by their housing costs.

So while financial improvements, as outlined in the Mini-Budget are welcome, although some of these are very temporary, there is absolutely nothing to stop private sector rent increases, which have RPI reviews from taking away any, indeed all of the benefits.

Information from Treasury

Full RPI data are available here: [Inflation \(RPI, RPIX, RPI pensioners, RPI low income\) - Datasets - Government of Jersey Open Data](#)

The average earnings index is available here: [Average Earnings Index - Datasets - Government of Jersey Open Data](#)

Tax allowances back to 2011 are available here: [2011 to 2018 tax allowances and reliefs \(gov.je\)](#) Individual years 2019 onwards are also linked from that page.

2010 was the final year of the phasing out of reliefs at the standard rate of tax, more information is available on page 16 to 22 of the Budget statement here: [STATES OF JERSEY \(gov.je\)](#)

The table below shows the threshold % increase from 2010

Year	Single Threshold	Increase
2010	12,650	
2011	12,790	1.1%
2012	13,370	4.5%
2013	13,780	3.1%
2014	14,000	1.6%
2015	14,200	1.4%
2016	14,350	1.1%
2017	14,550	1.4%
2018	14,900	2.4%
2019	15,400	3.4%
2020	15,900	3.2%
2021	16,000	0.6%
2022	16,550	3.4%

(The allowances are rounded so the % increase may not directly match RPI or Average Earnings. Recent years have also seen the second earners allowance increased to ensure 2 x single threshold = 1 x married threshold + second earners)

Office for National Statistics (ONS) UK

[The cost of living, current and upcoming survey work from ONS](#) has shown that more than a third of people across England, Wales and Scotland are cutting back on food and essentials in order to help them cope with the cost of living.

The research, carried out by the ONS between the end of March and 19th June 2022, found that figure was even higher for some groups, including disabled people, those renting and those with lower incomes.

In Jersey I have been reliably informed that Jersey shoppers are being much more selective and price conscious in their food shopping, discounted items and other offers are quickly taken up by consumers looking for answers to ever increasing food prices.

Most recently there were couple of posts on a Jersey Facebook group (i.e. <https://www.facebook.com/groups/Jerseyask/permalink/1103776133536078/>) from members of the public enquiring where are the best prices to shop food these days with a lot of participation in the discussion from Islanders, showing that there's a genuine concern on food prices and affordability within our community.

The ONS survey shows that 36% are shopping around more for food and 35% are spending less on food shopping and essentials and there are indications that could be very similar to Jersey.

Also those renting are being harder hit, with 46% more likely to reduce their spending when hit with other increases in their basic cost of living – like food.

An updated ONS survey on living costs between 20th and 31st July 2022 showed that the most common reason reported by those questioned – a staggering 94% - was the increases in prices in their food shop (bearing in mind that UK food prices are lower than the ones in Jersey for the same items!).

What about Jersey?

The above, I believe strengthens my view, and that of others, that across-the-board support is needed to remove tax on food, as it's not just those on low income who are in need of support already.

Modestly better off people do very badly from means-testing and benefits, but the rationale for additional help for these middle-income groups is compelling.

It is interesting that many of the surveys do not highlight or distinguish between those that are in receipt of benefits, yet some in Jersey seem to think it is positive. We recognise the less well-off and compare them with the slightly better off; others see this as very patronising.

Interestingly the Bank of England are predicting that real household income – after inflation – is set to fall in both 2022 and 2023.

A quote from Citizens Advise Bureau (CAB)'s CEO, used in [P.39/2022](#) (pg.4), states:

“We cannot see an equivalent provision or area of support for those who do not qualify for Income Support. This may be due their income being slightly above the means tested entitlement or due to having a mortgage, which is being affected by the increasing Bank of England base rate. These households can struggle just as much as Income Support households without having access to other support. Income Support is increased annually as a buffer against the increasing cost of living, but those who are not in receipt of Income Support have to make ends meet with stagnating wages. Many of these Islanders also need access to food banks, provisions, dry goods and toiletries. This is a vulnerable group that deserves more focus.”

Comment

To conclude, there are many individuals and families who do not and will never qualify for assistance or benefits, however, in these difficult and inflationary times, I believe it is an appropriate measure for us as Government to help all in our community, through this very difficult period and not just on temporary basis.

Appendix A

Value Added Tax Act 1994 Schedule 8 [as at 6 October 2022]

Group 1— Food

The supply of anything comprised in the general items set out below, except—

- (a) a supply in the course of catering; and
- (b) a supply of anything comprised in any of the excepted items set out below, unless it is also comprised in any of the items overriding the exceptions set out below which relates to that excepted item.

General items

Item No.

1. Food of a kind used for human consumption.
2. Animal feeding stuffs.
3. Seeds or other means of propagation of plants comprised in item 1 or 2.
4. Live animals of a kind generally used as, or yielding or producing, food for human consumption.

Excepted items

Item No.

1. Ice cream, ice lollies, frozen yogurt, water ices and similar frozen products, and prepared mixes and powders for making such products.
2. Confectionery, not including cakes or biscuits other than biscuits wholly or partly covered with chocolate or some product similar in taste and appearance.
3. Beverages chargeable with any duty of excise specifically charged on spirits, beer, wine or made-wine and preparations thereof.
4. Other beverages (including fruit juices and bottled waters and syrups, concentrates, essences, powders, crystals or other products for the preparation of beverages.
- 4A Sports drinks that are advertised or marketed as products designed to enhance physical performance, accelerate recovery after exercise or build bulk, and other similar drinks, including (in either case) syrups, concentrates, essences, powders, crystals or other products for the preparation of such drinks.
5. Any of the following when packaged for human consumption without further preparation, namely, potato crisps, potato sticks, potato puffs, and similar products made from the potato, or from potato flour, or from potato starch, and

savoury food products obtained by the swelling of cereals or cereal products; and salted or roasted nuts other than nuts in shell.

6. Pet foods, canned, packaged or prepared; packaged foods (not being pet foods) for birds other than poultry or game; and biscuits and meal for cats and dogs.
7. Goods described in items 1, 2 and 3 of the general items which are canned, bottled, packaged or prepared for use—
 - (a) in the domestic brewing of any beer;
 - (b) in the domestic making of any cider or perry;
 - (c) in the domestic production of any wine or made-wine.

Items overriding the exceptions

Item No.

1. Yoghurt unsuitable for immediate consumption when frozen.
2. Drained cherries.
3. Candied peels.
4. Tea, maté, herbal teas and similar products, and preparations and extracts thereof.
5. Cocoa, coffee and chicory and other roasted coffee substitutes, and preparations and extracts thereof.
6. Milk and preparations and extracts thereof.
7. Preparations and extracts of meat, yeast or egg.

Notes:

- (1) "Food" includes drink.
 - (2) "Animal" includes bird, fish, crustacean and mollusc.
 - (3) A supply of anything in the course of catering includes—
 - (a) any supply of it for consumption on the premises on which it is supplied; and
 - (b) any supply of hot food for consumption off those premises;
- (3A) For the purposes of Note (3), in the case of any supplier, the premises on which food is supplied include any area set aside for the consumption of food by that supplier's customers, whether or not the area may also be used by the customers of other suppliers.
- (3B) "Hot food" means food which (or any part of which) is hot at the time it is provided to the customer and—
 - (a) has been heated for the purposes of enabling it to be consumed hot,
 - (b) has been heated to order,
 - (c) has been kept hot after being heated,

(d) is provided to a customer in packaging that retains heat (whether or not the packaging was primarily designed for that purpose) or in any other packaging that is specifically designed for hot food, or
(e) is advertised or marketed in a way that indicates that it is supplied hot.

(3C) For the purposes of Note (3B)—

- (a) something is “hot” if it is at a temperature above the ambient air temperature, and
- (b) something is “kept hot” after being heated if the supplier stores it in an environment which provides, applies or retains heat, or takes other steps to ensure it remains hot or to slow down the natural cooling process.

(3D) In Notes (3B) and (3C), references to food being heated include references to it being cooked or reheated.

(4) Item 1 of the items overriding the exceptions relates to item 1 of the excepted items.

(5) Items 2 and 3 of the items overriding the exceptions relate to item 2 of the excepted items; and for the purposes of item 2 of the excepted items “confectionery” includes chocolates, sweets and biscuits; drained, glacé or crystallised fruits; and any item of sweetened prepared food which is normally eaten with the fingers.

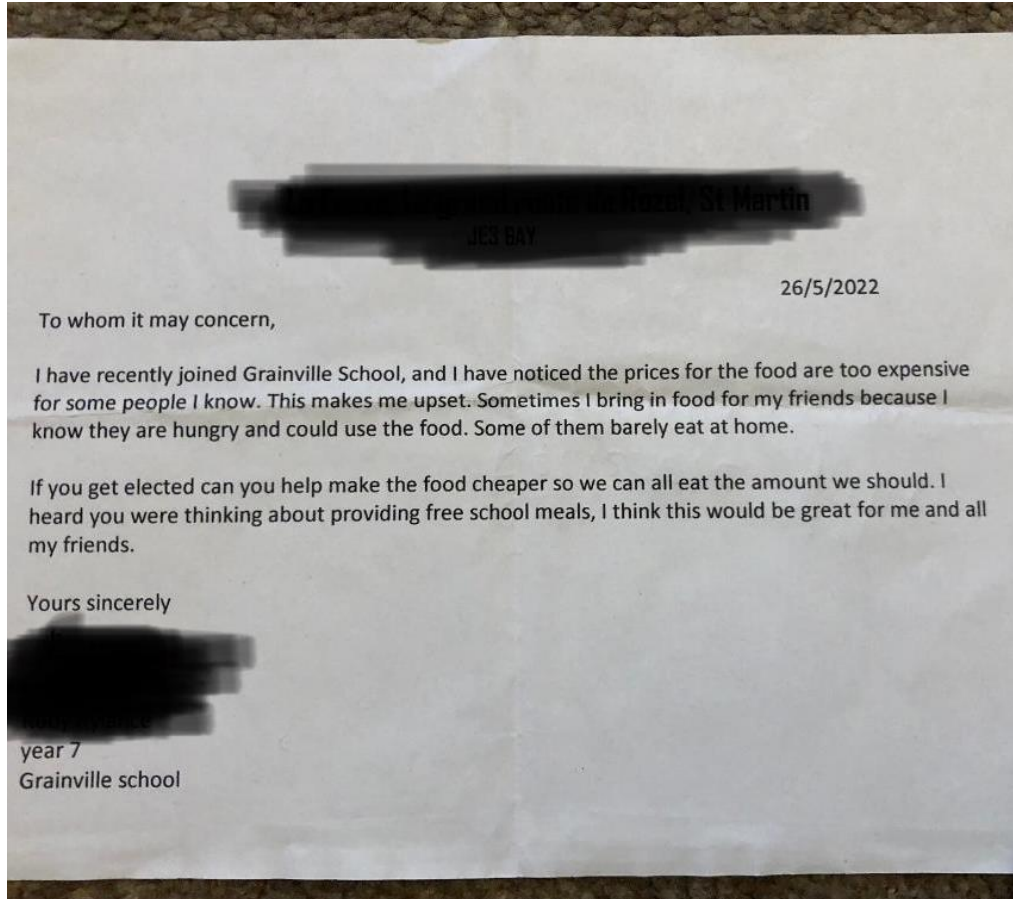
(6) Items 4 to 7 of the items overriding the exceptions relate to item 4 of the excepted items.

(7) Any supply described in this Group shall include a supply of services described in paragraph 1(1) of Schedule 4.

Appendix B

Year	Company tax	% Total income tax	% Total income	Personal tax	% Total income tax	% Total income	Total income tax	GST	Impots	Stamp duty	Island rates	Other income	Total income
2000	202	60%		132	40%		334	0	34		0		
2001	203	59%		144	41%		347	0	35		0		
2002	208	57%	48%	158	43%	37%	367	0	39	12	0	14	432
2003	196	53%	45%	174	47%	40%	367	0	47	13	0	12	440
2004	187	52%	43%	183	50%	42%	363	0	50	15	0	11	440
2005	185	49%	41%	192	51%	43%	377	0	50	15	0	18	446
2006	192	48%	37%	206	52%	39%	398	0	53	23	9	43	526
2007	196	46%	35%	234	54%	42%	430	0	54	29	10	36	559
2008	233	47%	35%	266	53%	40%	499	32	50	24	10	45	660
2009	218	43%	32%	289	57%	43%	507	47	51	24	10	35	674
2010	83	21%	15%	311	79%	57%	394	44	49	20	11	28	546
2011	75	18%	13%	334	82%	57%	409	66	51	23	11	27	587
2012	79	18%	13%	351	82%	56%	430	80	54	21	11	31	628
2013	99	22%	16%	353	78%	56%	452	78	54	17	12	24	636
2014	84	19%	13%	361	81%	55%	445	80	54	26	12	40	657
2015	90	20%	13%	368	80%	53%	458	85	54	29	12	54	692
2016	91	19%	12%	397	81%	54%	488	85	58	30	12	63	737
2017	87	17%	11%	428	83%	56%	515	88	60	33	12	59	767
2018	100	18%	12%	453	82%	56%	555	93	62	35	13	52	810
2019	115	20%	14%	475	81%	56%	586	90	63	35	14	58	845
2020	120	21%	14%	463	80%	54%	582	94	74	37	13	51	852
2021	85	13%	9%	558	87%	56%	642	106	80	61	14	95	998

Appendix C



Deputy L. Kovacs
4. Bel...

Saturday 1st October 2022.

Dear Deputy Kovacs,

I am writing to you because I do not have a computer or other gadget, so when people go online, (as they say), I tend to go on the bus. I do not ~~down~~ any shopping out of the Island and get parcels delivered.

- I am now retired and after working hard over 50 years I have managed to reduced my housing costs and I don't owe anyone any money.

Most of my retirement income comes from my Social Security Pension and I have a small income from a UK pension and some other small income from an occupational pension, having said that the total does not add up to much and I need to be

- careful how I spend my money as I don't ^{go very} far. I, and others like me paid into the Social Security scheme all our working lives and it is not there for States Members to do as they please it is for workers who sometimes don't have other income to fall back on when sick or in retirement. So States Members should leave it alone and not raid it and pretend they are giving the rest of us something - they are not - it's ours to start with.

Apart from the income I have mentioned I do not get any money from anywhere else and I do not pay tax - I do not & will not claim any benefits, and I never have.

It is getting more and more expensive to eat out, even for snacks, so when I look after my grandchildren, I buy food from the shops and we have fun, games and enjoyment sitting round the table, eating and chatting - a simple but enjoyable pleasure, with no phones or gadgets in sight.

They like pizzas, it is their favourite. Since the start of the year the pizzas I buy ^{them} have gone up from just under £4 each to 26.66pence each, so for three that is a very big increase.

Also the ice creams I buy them have gone up by 30pence each, so this all mounts up, however I will continue to treat them, even if it means I have to be more careful when they are not around.

Although your idea of taking GST off food will not be life changing, it will make a difference to people like me who are finding prices have gone up every time we go to the shops for basic foodstuffs & not just by a few pence but by some significant amounts.

3

I know of many other elderly people like myself, who get on with life & never complain - we make do - we show respect - it's how we were brought up, however, we don't want States Members, past & present telling us how well off we are or how we should be grateful for this that & the other, we can live without being patronised.

So finally I hope States Members will support your proposals to remove GST from food because it will help people like me and also help many growing families who's teenagers are well-able to empty the fridge by stealth.

So I wish you well and hope others will support you.

An elderly constituent.

Appendix D

Questions and Answers in summary

Q1) Taking GST off food will benefit the better-off in our community and the higher income households?

A1) It is proven that people on lower incomes spend a greater percentage of their income on food and basic essentials and that's why will benefit the most.

Jim Hopley MBE, well known to be actively involved with many organisations, said:

"I find the justification for not actioning cuts in GST on basic foods ...simply because it would benefit higher income households as well as the poor and add complexity as something of a fig leaf to prevent action. It is true that as an absolute amount the weekly savings to richer households would be higher but as a proportion of weekly expenditure this falls as income rises. The poorer you are especially those just above the margin for income support the proportion of disposable income you'll spend on food ... will rise dramatically and exceptional benefits to the wealthy can be clawed back through other fiscal methods. If variable rates were introduced as in most other jurisdictions (as a lifelong retailer I don't believe this is anything like as complicated as made out) this could be targeted to provide most benefit to those in most need."

Carl Walker at Consumer Council said:

"The Jersey Consumer Council recognises that, proportionately, the less well- off spend more of their income on food than those in our community who are better off. Therefore, any reduction in food costs will inevitably benefit those Islanders that need the help the most and should be supported at this time, either permanently or temporarily."

Q2) If 5% GST is taken off food, will the Government need to increase GST on other goods and services, and how would the £10m estimated loss in States revenue from implementing this change be covered?

A2) There would be no need to increase GST on other items, and this change should not generate other price increases.

Because of inflation, which is now heading towards 10%, a greater amount of GST will be collected on other Goods and Services, without any increase in GST percentage applied. If implemented, people will then need to spend slightly less on food and be able to spend this elsewhere in the economy.

The windfall returns on GST show that in the annual reported figures there has been a steady increase in income.



2021	£106m
2020	£94m
2019	£90m

With this change there could be a decrease in collection, however that collection will still exceed predicted income due to the impact of inflation.

The above GST windfall returns are evidenced in the [States of Jersey 2021 Annual Report and Accounts \(pg.196\)](#), where it also states –

“Increased by £12.5 million (13%) compared to 2020. The outturn was £18.5 million higher than the estimate in the Government Plan 2021 and £6.9 million higher than the forecast included in the Government Plan 2022-25 which was developed based on a number of uncertain assumptions around the impact of the Covid-19 pandemic on economic conditions and the performance of various market sectors.

£4.1 million of income recognised in 2020 related to 2019 as the final returns were higher than the estimated amounts recognised in 2019. Adjusting for this, the increase to 2021 would be £16.6 million (18%).”

During the [States debate on 31st March 2022](#) (pg. 63-65), former Senator Kristina Moore, now Chief Minister, stated –

“It is of course an evolving situation and it is one from which the Government benefits, as higher prices increase their receipts from GST.”

Q3) Why are you asking for this to be implemented no later than 1st January 2024 and not sooner?

A3) I’ve been advised by the Treasury office that the necessary legislative changes would realistically require about a year to be finalised. Therefore, I’m allowing sufficient time for this to be put in place, but the proposition is asking for this to be done as soon as possible up to that deadline, so the sooner the better.

Q4) If 5% GST is taken off food, how do we know the reduction will be passed on to consumers?

A4) Discussions have been held with some of Jersey's largest retailers who have said that their finance and IT department would work together to implement changes and demonstrate this in a transparent manner.

Mark Cox -CEO from CI Co-Op said:

“The Channel Islands Co-operative have always believed that the Government should not tax basic food items. GST is a consumption tax that hits those that are less affluent more than others in the community, as they spend a larger proportion of their income on food. Removing GST from basic foods at a time of rising food prices would be welcomed and we would commit to ensuring the reduction was passed on to consumers.”

The Jersey Consumer Council (JCC) has a history of quality price monitoring across a range of goods and services. It is willing and able, with appropriate funding, to monitor the situation and, more importantly, inform the public through social media, its website and its printed newsletter, delivered to over 40,000 letter boxes.

Until they have the capacity and funding to undertake this, JCC confirmed they would *“be in favour of introducing, supporting or backing, some form of commitment or official undertaking from retailers, backed up by spot-checking, that any GST savings will immediately be passed on to Islanders.”*

Q5) Taking GST off food is considered to be difficult and would be an additional administrative burden.

A5) Advanced computer systems can now undertake a multitude of complex tasks which will deal with most of the issues.

I have spoken with several Island’s leading retailers and I’m told that excluding items from GST is an IT/Computer exercise. Changes to an IT system can run across numerous stores and are a tick-box exercise. Similar responses have been received from speaking with small shops/retailers.

Carl Walker, Chair of JCC said:

“We think serious consideration should now be given to removing GST from food, as this would provide support to all islanders. It is accepted this may not be possible to do immediately, but the pandemic proved that where there is a will and immediate need, laws and systems can be changed quickly.”

Q6) Would this change require increased manpower for businesses which could affect the cost of selling food?

A6) From speaking with businesses representatives in the industry, I do not believe that it would impact any manpower requirements, or should affect the cost of food, as it’s not seen of being any more complex than what retailers/wholesalers have to do now.

I’ve been informed by the industry that there would be the need for some of them of up to a month transition period, to allow the changes to the pricing systems to be properly put in place, but the reporting process would just see an increase in zero rated items sold and should not create any additional work, therefore no reason for increase in the cost of selling food.

More related information available on page 10 of the Report.

Q7) Why just 5% GST off food why not other goods and services?

A7) Food is something we all need to sustain us on a daily basis and therefore it is not an optional purchase.

The proposition will include just food items to reduce the additional complexity mentioned before when other types of products were previously proposed and make it an easier process to be implemented.

If this is approved and shows it works well, more essential items could be added in the future if considered appropriate by the States Assembly.

Q8) Will any reduction in GST be absorbed into price increases of food?

A8) There is no doubt that due to supply and other external factors food prices have increased in the past year and will continue to do so; however, by removing GST, the increases will be countered slow and perhaps prices will decrease on some foodstuffs.

Q9) Why not apply GST removal on just local food and or healthier/organic food to also address global food access?

A9) Basic local food would also be included in the GST removal if approved, but the locally produced food is not sufficient to cover the needs of the population in Jersey on its own.

The aspect of healthier/organic food and the issue of global food access are important points to be considered and I would be interested to also look into this aspect going forward.

However, my GST proposition addresses a different problem, which is a more stringent issue during a period of ongoing increase in cost of living, which is for people to better afford the food necessary to survive.

Also, by targeting with GST removal just the organic food would make the change much more complicated to implement.

Q10) Proposals in the Mini budget will mean that everyone will be better off so why the need to remove 5% GST from food?

A10) Not everyone will benefit from the measures proposed in the Mini Budget. Those on lower to middle incomes will benefit the least. It should also be noted that most of the proposals are either temporary or would be radiated by inflation or by increases in accommodation costs. This change is about long term assistance that will benefit people on lower incomes the most.

For more information see my related speech on page 33/34 of the report on the [Mini-Budget debate 21.09.22 \(gov.je\)](#)

Appendix E

Child Right Impact Assessment

Impact Assessment by Deputy R Kovacs

STAGE 1: SCREENING

Question 1: Name the measure / proposal and briefly describe its overall aim
Proposition to agree that food (excluding alcoholic drinks) should be exempt or zero rated for Goods and Services Tax.
Question 2: What children's rights does it impact upon?
<i>Article 3</i> The best interests of the child must be a top priority in all things that affect children. <i>Article 4</i> Governments must do all they can to make sure every child can enjoy their rights. <i>Article 6</i> Every child has the right to life. Governments must do all they can to ensure that children survive and develop to their full potential. <i>Article 24</i> Every child has the right to the best possible health. Governments must provide good quality health care, clean water, nutritious food, and a clean environment and education on health and well-being so that children can stay healthy. Richer countries must help poorer countries achieve this. <i>Article 27</i> Every child has the right to a standard of living that is good enough to meet their physical, social and mental needs. Governments must help families who cannot afford to provide this.
Question 3: What children and young people will be affected?
All children in Jersey, especially those in lower income families.
Question 4: What is the likely impact of the proposal / measure on children?
Potential to improved quality of life, health and wellbeing.
Question 5: Is a full child rights impact assessment required? Explain your reasons
Yes: this proposition has the potential to impact upon children

If a full child rights impact assessment is required proceed to stage 2

STAGE 2: SCOPING (Background and Rights Framework)

Question 6: Name the measure / proposal being assessed and describe the overall aim
Proposition to agree that food (excluding alcoholic drinks) should be exempt or zero rated for Goods and Services Tax.

Question 7: Which human rights instruments and articles are relevant to the measure / proposal?		
Human Rights Instrument	Article	Further analysis on the expected / actual effect
UNCRC	Article 3	<i>The best interests of the child must be a top priority in all things that affect children.</i> The Government has indicated that it wishes to include the need to involve young people in policy formulation and decision making.
UNCRC	Article 4	<i>Governments must do all they can to make sure every child can enjoy their rights.</i> The Government imposes Goods and Services Tax.
UNCRC	Article 6	<i>Every child has the right to life. Governments must do all they can to ensure that children survive and develop to their full potential.</i> Child's diet can impact their health and development.
UNCRC	Article 24	<i>Every child has the right to the best possible health. Governments must provide good quality health care, clean water, nutritious food, and a clean environment and education on health and well-being so that children can stay healthy. Richer countries must help poorer countries achieve this.</i> Government must help children have access to nutritious food

UNCRC	Article 27	<p><i>Every child has the right to a standard of living that is good enough to meet their physical, social and mental needs. Governments must help families who cannot afford to provide this.</i></p> <p>The Government imposes Goods and Services Tax which may impact a child's diet and physical needs, the Government must help families unable to provide an appropriate diet.</p>
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STAGE 3: EVIDENCE

Question 8a: What quantitative evidence have you used to inform your assessment? What does it tell you?			
Evidence collected	Evidence source	Explanation of the importance	What are the data gaps, if any?
22% of children aged 4 to 5 years do not have a healthy Body Mass Index (BMI) (2019)	Jersey Performance Framework: https://embed.cl earimpact.com/S corecard/Embed /64688	Nearly a quarter of 4- to 5-year-olds do not have a healthy BMI, access to healthy food may be an impacting factor	Up to date figure – connection with cost of food
31% of children aged 10 to 11 years do not have a healthy BMI (2019)	Jersey Performance Framework: https://embed.cl earimpact.com/S corecard/Embed /64689	Nearly a third of 10- to 11-year-olds do not have a healthy BMI, access to healthy food may be an impacting factor	Up to date figure - connection with cost of food
30% of children eating at least five portions of fruit or vegetables each day (2021)	Jersey Performance Framework: https://embed.cl earimpact.com/S corecard/Embed /64689	Over two thirds (70%) of children do not eat at least five portions of fruit or vegetables each day, understood to be recommendation as part of a healthy diet	Proportion of children with access to at least five portions of fruit or vegetables each day (choosing not to eat them)
40.2% of households with children who	Jersey Performance Framework:	A large proportion of households with children	Up to date figure – impact of

find it quite difficult or very difficult to cope financially (2019)	https://embed.cl earimpact.com/S corecard/Embed /64675	find it quite difficult or very difficult to cope financially.	food spend upon ability to cope financially.
23% of children living in households below the relative low-income threshold after housing costs (2019)	Jersey Household Income Distribution – preliminary 2021/2022 (Statistics Jersey) https://embed.cl earimpact.com/S corecard/Embed /64675	Nearly a quarter of children living in households below the relative low-income threshold after housing	Proportion of food spend in households below the relative low-income threshold after housing with children
Households in the lowest income quintile spent higher proportions on Food and non-alcoholic drinks than those in the highest income quintile (14% and 9% respectively). (2014/15)	Jersey Household Spending 2014/15 (Statistics Unit): https://www.gov.je/SiteCollectionDocuments/Government%20and%20administration/R%20Spending%20survey%20report%202015%2020160526%20SU.pdf	Lower income families spending a higher proportion of disposable income on food.	Up to date figure
“young people who had high self-esteem, were lacking fewer than 2 items and lived in rural parishes were also more likely to have eaten their 5-a-day”	Jersey Children and Young People's Survey 2021 (Statistics Jersey) https://www.gov.je/SiteCollectionDocuments/Government%20and%20administration/R%20Jersey%20Children%20and%20Youn	Potential correlation of self-esteem to eating fruit and vegetables	

	g%20People%27s%20Survey%2020220309%20SJ.pdf		
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Question 8b: What key missing information / evidence would have been beneficial to your analysis?
Number of children who believe price of food is too high
Number of children who believe GST should be removed from food
Impact of food spend upon ability to cope financially
Proportion of food spend in households below the relative low-income threshold after housing with children
Proportion of children with access to at least five portions of fruit or vegetables each day (choosing not to eat them)
Connection between children’s BMI and food costs

Question 9a: What qualitative evidence have you used to inform your assessment? What does it tell you?		
Evidence collected	Evidence source	Explanation of the importance
Lunch and break times as well as snacks were mentioned by more than 20 children in “thing that they liked about school or nursery”	Children’s Commissioner Island wide consultation findings full report	Indication of the importance of food to children
What would be the first thing you would do to make things better for children in Jersey? “Make sure they all had a home with food and drink.” “Young families with limited	Children’s Commissioner Island wide consultation findings full report	Desire that all children have a home with food and drink

<p>money giving them a safe environment plenty of food and drink and a warm home.”</p>		
<p>What would be the first thing you would do to make things better for children in Jersey? “Make sure families have enough money to buy good food for their children. I’ve heard some children have had less food in their lunch boxes nearer the end of the month.”</p>	<p>Children’s Commissioner Island wide consultation findings full report</p>	<p>Recognition of family’s finances and food provision</p>
<p>“Ensuring proper nutrition to support their health, both mentally and physiologically.”</p>	<p>Children’s Commissioner Island wide consultation findings full report</p>	<p>Recognition of link between nutrition and health</p>
<p>Nutritional deficiencies or feeling hungry can affect children’s educational performance, already hampered by the closure of schools during lockdown. Their mental health may also be affected, and yet more problems can unfold from that.</p>	<p>The BMJ 2020; Fears grow of nutritional crisis in lockdown UK; (370:m3193) (Published 20 August 2020): https://doi.org/10.1136/bmj.m3193</p>	<p>Evidence of nutrition’s impact on children</p>

Question 9b: What key missing information / evidence would have been beneficial to your analysis?

Discussion of imposed GST on food with children in Jersey.

STAGE 4: SCRUTINISING CHILDREN'S INVOLVEMENT

Question 10: Has evidence from third party consultations with children and young people been considered in the development of the proposal or measure?

Groups consulted	Source of Information	Please provide a brief description of process	What were the findings?
Children's Commissioner	Online report	Survey of Islands Children undertaken in 2018	See Q9 for relevant findings

Question 11: What groups of children and young people have been directly involved in developing the proposal or measure?

Groups involved [<input type="checkbox"/> if those affected by the proposal]	<input type="checkbox"/>	How were they involved	What were the findings
No children have been directly involved in developing this proposition.			

STAGE 5: ASSESSING THE IMPACT

Question 12: What impact will (or does) the proposal or measure have on children and young people's rights

Type of impact <i>[please highlight]</i>	Justification for Argument	likely or actual short/medium/long-term outcomes
Positive	Lower cost of food, reducing financial burden on families.	- 5% reduction in food cost
Positive	Lower cost of food, enabling spending on healthier foods.	- 5% reduction in food cost
Negative	Lower government revenue, with impact upon spending potential on children.	- Minimal impact or alternative revenue streams to be identified

Question 13: Will there be (or are there) different impacts on different groups of children and young people?		
Group of children affected	Initial analysis of the positive impact on rights	Initial analysis of the negative impact on rights
Children living in low-income families	Potential to improve health and wellbeing	Potential lower government spending

Question 14: If a negative impact is identified for any area of rights or any group of children and young people, what options are there to modify the proposal or measure to mitigate the impact?	
Negative impact	What options are there to modify the measure(s) or mitigate the impact?
Lower government revenue	Identify alternative revenue streams

STAGE 6: CONCLUSIONS AND RECOMMENDATIONS

Question 15: In summary, what are your key findings on the impact of the measure or proposal on children and young people's rights?
This proposition will have broadly positive implications to the Rights of those children living within low-income families. It is recommended that any loss in government revenue not impact upon spending on children.

STAGE 7: PUBLISH CRIA

Question 16: Should the full assessment or a summary be published? Will a child-friendly version be produced?
Yes, this CRIA will be published.

STAGE 8: MONITOR & REVIEW

Question 17: Have the recommendations made in Stage 6 been acted upon?
- Will not be known at time of publication

Question 18: Where recommendations have not been acted upon, is further action required?
- Monitor government spending on children