

Corporate Services GST Sub-Panel

THURSDAY, 20th JULY 2006

Review of GST

Panel

Deputy P.J.D. Ryan of St. Helier (Chairman)

Connétable D.J. Murphy of Grouville

Connétable J. Gallichan of Trinity

Connétable M.K. Jackson of St. Brelade

Mr. M. Haden (Scrutiny Officer)

Witnesses

Karen Huchet, Family Nursing and Homecare Services

Annette Jouault, Family Nursing and Homecare Services

Dr. G. Ince, Jersey Medical Society

Claire Morvan, Jersey Dental Association

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Senator S. Syvret

Deputy A. Breckon of St. Saviour

Dr. G. Llewelin, Jersey Cheshire Home

Family Nursing and Homecare Services

Deputy P.J.D. Ryan:

Okay. just one little formality I have to -- there are certain statutory things about these. This is an official hearing so there is a statutory thing that I just need to read out to you so that you are aware. It is important you fully understand -- it is fairly sort of formal English so I apologise. It is important that you fully understand the conditions under which you are appearing in this hearing. You will find a printed copy of the statement in front of you, I hope. Thank you. The proceedings of the Panel are covered by parliamentary privilege through Article 34 of the States of Jersey Law 2005 and the States of Jersey (Powers, Privileges and Immunities) (Scrutiny panels, PAC and PPC) (Jersey) Regulations 2006, and witnesses are protected from being sued or prosecuted for anything said during hearings unless they say something that they know to be untrue. This protection is given to witnesses to ensure that they can speak freely and openly to the Panel when giving evidence without fear of legal action, although the immunity should obviously not be abused by making unsubstantiated statements about third parties who have no right of reply. The Panel would like you to bear this in mind when answering questions. The proceedings are being recorded and transcriptions will be made available for yourself to look at and on

the Scrutiny website, and we will give you the opportunity to correct any minor details afterwards, if there are errors of interpretation and things like that, all right?

Ms. K. Huchet:

Okay, thank you

Deputy P.J.D. Ryan:

As you know, we are carrying out a Scrutiny review of the forthcoming Goods and Services Tax and one of the things that was mentioned in the consultation document by the Treasury and Resources Minister was it made reference to the question as to whether charities would be treated in any particularly different way. To start with, it has to be said, and I think it is probably true to say, that many charities then automatically assumed that they were going to get preferential treatment and they did not need to do much about it. In fact, we believe that that is not the case and charities do very definitely need to make their case known to the Treasury and Resources Minister and his department, and this is part of the process. We feel that it is our job to try and help charities to do that and to make representations as necessary on their behalf. So, that is where we are, and I am very glad that you have responded and are happy to come in front of us today. Our terms of reference; I do not know if you have seen them. So, they are fairly wide so we can cover pretty much anything to do with GST (Goods and Services Tax). I would like to ask you, first of all, what the Family Nursing and Homecare does, for the record, and how you do it, what services you provide, who you provide them to, and any other charities that may be involved with you as a sub-set almost, and also if there are private clients as well, do you know? So, shall we start with what in essence you do for them?

Ms. K. Huchet:

I've probably got not an hour to do all of that but I will do my best with it. What I have brought for the panel, you've actually got a copy of our 2005 annual report which gives us a background of the organisation. I have also submitted to Mike Haden and I have also got copies of almost a briefing paper on what the organisation does. At the moment we are the main provider of community care for the Island [**Interruption**]. Thank you, yes. We are the largest -- we believe the largest charity on the Island itself. Our current budget is £7 million for expenditure and we receive £5.5 million from the States of Jersey for what we are now calling outsourced services. So, it is not grant. It is for service delivery. To start with the organisation. We have approximately 250 staff. The service starts from birth -- from all new infants discharged from maternity unit who come into our service. We also employ school nurses who do the school health service. We then have family planning nurses who deliver family planning services. Then we go on to the bulk of the organisation which is around district nursing and homecare. So, basically it is an organisation quite different to the UK (United Kingdom). We provide not just nursing services but also social care in relation to home helps and care assistants. So, the range is quite broad. We deliver in a variety of settings; mainly in the home but also within child health clinics, with district nurse clinics, within Parish settings. We have seven satellite centres and we also have a range of

specialist nurses who also do their colostomy care, diabetic nursing, respite care and other aspects of nursing. Our service delivery at the moment is around 180,000 visits and at the moment we do from birth to end-of-life. So, we start with our youngest patient which is obviously newborn and going through to our oldest which is probably 103. So we hit every age range within the community.

Deputy P.J.D. Ryan:

Can I just ask you a quick question there? How is that service provided in the United Kingdom?

Ms. K. Huchet:

Right, the same services.

Deputy P.J.D. Ryan:

The same services?

Ms. K. Huchet:

Yes. Right. It is not usually charitable funded. That is the main thing. It is not usually a charity. It is usually a primary care trust so it belongs to part of the health sector. The big difference, and the reason why Family Nursing, we believe is unique is that in the UK the nursing element would be provided by community nursing and the social care aspect would be provided by Social Services. So, in fact, you have 2 budget holders providing the service and sometimes having debates regarding which budget holder provides the care.

Deputy P.J.D. Ryan:

Are they charities in the UK? No?

Ms. K. Huchet:

No.

Deputy P.J.D. Ryan:

So who --

Ms. K. Huchet:

They are just State Departments. It would be a primary care trust which would come within NHS and health sector provision and the social care element. The Home Helps would be within a Social Service's Department. But, the main issue for us is, because of the way the organisation is set up we do the care right across, both the health and social care elements and not just in one budget.

Deputy P.J.D. Ryan:

So, in the UK what you do would be very firmly public sector?

Ms. K. Huchet:

Some aspects of it would be public sector. I mean, we may have areas around -- say for example cancer care which in the UK could be MacMillan nurses.

Deputy P.J.D. Ryan:

Which?

Ms. K. Huchet:

MacMillan nurses.

Deputy P.J.D. Ryan:

Yes.

Ms. K. Huchet:

I mean, what a lot of people say is that Family Nursing Services it is very much like MacMillan Nurses, it is like hospices in the UK who do provide charitable nursing aspects.

Deputy P.J.D. Ryan:

Yes, all right. Okay. Fine. So, I am just trying to get an understanding of how it is handled in the UK because that has an impact on their GST treatment. If they are part of the public sector in the UK, for example, then they would be outside the scope of GST whereas here, of course, you are not; you are a charity and so therefore in the private sector, albeit as a charity. Correct? Yes.

Ms. K. Huchet:

Yes.

Deputy P.J.D. Ryan:

So, that is a fairly fundamental and basic difference to the way that your services are provided. Okay, that is clear, thank you.

Ms. K. Huchet:

The other thing in relation to service provision which is often forgotten is we also have a large stores department that does service delivery to, clients in relation to medical equipment which can be beds or hoists or other forms of assistance for nursing care. Then we also have stores' products which will be around dressings, dietary products, oxygen equipment and feeding equipment and other aspects that a patient needs to remain in their own home. So again that is in -- which is, which in fact I put in the paper, is another large element of the cost to the client.

Deputy P.J.D. Ryan:

Okay.

Ms. K. Huchet:

In the UK, I believe that the medical supplies element is free of charge because of the UK health service provision. Suppliers in the UK have their medical supplies on either prescription or they are provided free of charge by the community services. Here, Family Nursing charge the client for those products.

Deputy P.J.D. Ryan:

Okay, that is fine. So, that is -- I mean, I do not think that any of us are quite clear exactly at the moment what happens in the UK but what is interesting, and what you are doing, is you are highlighting areas that we do need to carry out more research on to compare exactly with the United Kingdom and its VAT (Value Added Tax) treatment perhaps. I do not know if you are aware of how it works in France, for example, or other European countries?

Ms. K. Huchet:

Normally the --

Deputy P.J.D. Ryan:

Just to save us some time on the research, that is all.

Ms. K. Huchet:

The normal way it works with the nursing services, within nursing in general, nursing services are usually free of charge whatever country anyone lives in. You have got your community nursing which is more costly. Then you have got a private element that there would be paying service for. But I think in most countries the medical supplies are built into the budget for the community nursing provision.

Deputy P.J.D. Ryan:

Well, we will carry out some research on that anyway.

Ms. K. Huchet:

I think it comes out of the health service. It would come out of the budget, literally, there would be a fund for GPs of primary care trusts. That would include that medical supplies element.

Deputy P.J.D. Ryan:

Okay. Just again on the same kind of subject, you are not aware of what happens in Guernsey are you?

Ms. K. Huchet:

Guernsey, obviously, is quite different. Well, no, they do not have -- I think it is incorporated into the

budget. I do know that they are -- it is Red Cross in Guernsey.

Deputy P.J.D. Ryan:

It is.

Ms. K. Huchet:

They do things like the beds and the hoists.

Deputy P.J.D. Ryan:

Similar things to what you do?

Ms. K. Huchet:

Yes.

Deputy P.J.D. Ryan:

Yes, so that -- so the Red Cross is obviously a charity so handling them as similar, perhaps, is a good way but that is another area of research for us.

Ms. K. Huchet:

The interesting thing about our services is that the vast majority of beds and, you know, technical equipment we fundraise for. So, they are very clearly ring-fenced for the organisation but many clients prefer, or their relatives prefer, if they are -- you know, if they are deceased, to give us a donation to buy a piece of equipment. So, I definitely think that the majority of technical equipment is from a fundraising element.

Deputy P.J.D. Ryan:

Okay. So, out of the ... So, you have a £7 million spending budget?

Ms. K. Huchet:

Yes.

Deputy P.J.D. Ryan:

Of that you get a £5.5 million, I think you mentioned --

Ms. K. Huchet:

£5.5 million from the States of Jersey.

Deputy P.J.D. Ryan:

£5.5 million from the States of Jersey and you raised the other through charitable donations of one kind

or another.

Ms. K. Huchet:

I have put it in the introduction because there are some queries here. What Family Nursing has is, because we are a charity, clients have to be members of the organisation so that they pay an annual membership if they need district nursing services or medical supplies.

Deputy P.J.D. Ryan:

I see.

Ms. K. Huchet:

Because our medical supplies are currently at a reduced rate compared to buying from a pharmacy somewhere else. So, on our membership route we then charge for homecare services which is --

Connétable M.K. Jackson of St. Brelade:

If you can just go back, Karen, because that is one point that we need to clarify is membership and is it chargeable membership.

Ms. K. Huchet:

I put that in my -- I put it in the submission you have got. The query is, what happens with membership because membership is an access route to services? So, is it in theory almost a charge?

Deputy P.J.D. Ryan:

Yes. I mean, because very -- I mean, if -- do your charges, for instance, are they more than £300,000 a year in total? They must be. I have not looked.

Ms. K. Huchet:

Yes, they will be. Our subscriptions are £297,000 and our income from patients, which will be our homecare charges on members' supplies, it is £500,000.

Deputy P.J.D. Ryan:

So you are well above the VAT de minimis. So you would have to register if -- I mean, however the treatment is. So, this is obviously a very important area for you to look at.

Ms. K. Huchet:

Yes.

Mr. R. Teather:

Is the membership fee a high amount or is it just a purely nominal amount?

Ms. K. Huchet:

It is either £40 or £60 a year and paid by obviously monthly or yearly or what anyone wants to do. But it is an access route to access cheaper cost medical supplies you cannot access without it.

Deputy P.J.D. Ryan:

What other charities are you connected with?

Ms. K. Huchet:

There was (...overspeaking) --

Deputy P.J.D. Ryan:

Lots.

Ms. K. Huchet:

Right. The query --

Deputy P.J.D. Ryan:

Not each one but lots.

Ms. K. Huchet:

The query I put in the paper is we provide outsource services for the States of Jersey and that is the first thing. So, there is Health, Education Department and also -- I am trying to think which other and probably Social Security. So, we do outsource services. We also employ staff on behalf of Cancer BACUP and on behalf of the Jersey Asthma Society who fund the staff post and then we employ the staff member on their behalf.

Deputy P.J.D. Ryan:

I see. Right. So you administrate it.

Ms. K. Huchet:

We administrate for them, yes.

Deputy P.J.D. Ryan:

Okay. Private client services? Is there much of a private client ...?

Ms. K. Huchet:

No, we do not do private services for clients at all. I have considered it but do not undertake it.

Deputy P.J.D. Ryan:

Okay everybody, I am now fairly clear.

Mr. R. Teather:

Yes, so there is just one little point. The £5.5 million from the States, is that a block grant or does it depend on -- is it payments for specific (...overspeaking) --

Ms. K. Huchet:

At the moment our services going through Health have not been finalised so it is not clarified in relation to what services it is located for. What happens is that the States Health and Social Services pay our salaries bill for us, Family Nursing and at the end of the year we pay them what is over and above the grant. So, if we do not -- we do not get a cheque at the start of the year from the States or the interest on that money. It is paid at the year end.

Ms. A. Jouault (Family Nursing and Homecare Services):

But we are in the process of finalising a service level agreement which, in the future, will be identifying what services they will be paying for, but at the moment it is a block at the moment. But, we are going to move towards saying what amount that they are paying for.

Deputy P.J.D. Ryan:

What the money is for?

Ms. A. Jouault:

Yes.

Deputy P.J.D. Ryan:

Okay. Well, we could probably see a draft, I am sure we could get from Health, a draft service level agreement even if it is not agreed to refer to it, if we needed it.

Ms. K. Huchet:

We are on a draft 7 agreement. **[Laughter]** my eleventh year and draft 7 service level agreement -- but we are getting -- I mean, it is moving, you know, again.

The Connétable of St. Brelade:

Could I ask what the obstacles are?

Ms. K. Huchet:

To the service level agreement? I think some of it has been changing personalities in relation to -- I think within the State people are put on projects sometimes and then moved or transferred, so there has

been that issue. We do find in relation to the performer and to getting obviously costs identified. One of our difficulties is we do not obviously have the IT (Information Technology) systems and the support for some of the issues that we need to adjust the costings but our main issue is negotiation for commissioning for what services we are talking about. That tends to be where it slows down on each occasion, but it will not this year. So ...

The Connétable of St. Brelade:

So, sorry if I misunderstand you, so it's down to what identification of what services you are providing from the perception of Health and Social Services

Ms. K. Huchet:

Yes. We have identified all of our core services in the document and we have clarified again what they are. Where we are, as an organisation is, is that we believe obviously –Health or whoever has to identify the services they want to purchase from us and then we have to look at exactly how that is going to work in relation to the £5.5 million. Obviously that is not covered but that seems to be -- this is where we are heading again in September, it is the negotiations for services and what the costs are for.

The Connétable of St. Brelade:

So, effectively there is a bit of a bargaining situation and there probably has to be from your end. Can I ask who you deal with, whose responsibility is it at Health and Social Services to deal with Family Nursing --

Ms. K. Huchet:

I understand from --

The Connétable of St. Brelade:

Who is the latest incumbent

Ms. K. Huchet:

Yes. From Senator Syvret it is the Chief Executive's responsibility so it will be Mike Pollard and Jason Turner the new Director of Finance is now picking up obviously the project again. So ...

The Connétable of St. Brelade:

That is good.

Deputy P.J.D. Ryan:

So, that is -- is everybody happy then?

Ms. K. Huchet:

Yes.

Deputy P.J.D. Ryan:

So, what we would like to do now is to ask you -- you have obviously looked at, I think, a little bit of GST. How do you think it will impact on you if there is no special treatment? Imagine a world where there -- you are just like anybody else. Do you see how it will impact -- would impact on you? Could you tell us how that -- you feel that that would impact?

Ms. K. Huchet:

Again, I have worked through the document. I mean, we have obviously done the best, you know, we can, again on the paper I thought they are easier to submit. What I did is concentrate on the evidence of the impact of GST on operations, which I think was the first question from the Panel. The first issue for Family Nursing was that in relation to care in the community we presume GST will be charged on service provision and medical supplies. What we have said is there will be an impact on our clients but also on other charities because, the examples I have given, Cancer Relief, a lot of the cancer charities, and Multiple Sclerosis fundraise for their organisations and then will pay Family Nursing for members who cannot afford to pay for their care. So, as well as the charge to the client, we believe that some charities will be paying us on behalf of clients who will -- so we get the charges twice --

Deputy P.J.D. Ryan:

So, you invoice a charity in your --

Ms. K. Huchet:

Yes, we do now.

Deputy P.J.D. Ryan:

So you would have to add GST?

Ms. K. Huchet:

Yes. That could be around membership and they often pay membership, they would often pay for dressings for clients who perhaps are not on HIE (Health Insurance Exception) and obviously below the threshold but who have got, you know, no -- who have got capital but they have not got income. So, that was the first issue and whilst we saw income support report as a positive step forward in the document - I mean, income support was meant to address some of the GST issues - we do not believe it will cover all vulnerable groups. So, there are groups we believe within the Island who would still have difficulties in paying the added GST. I have emphasised here medical supplies, dressings are free of charge to clients in the UK on prescription basis which is different to Jersey. I have also indicated there Family Nursing already experience some difficulties of clients refusing to supply necessary items for nurses. So often if we say to the patient you know, you have to pay, it is a low cost for, say, dressings

and some clients will debate why they are having to first of all pay. They do not want the quantity of dressings. Probably the biggest example would be around leg ulcers where you are looking at probably high cost material. The clients will say: "Sorry, we do not want that treatment and will decline."

Deputy P.J.D. Ryan:

So, this is the aged primarily -- aged is it, leg ulcers?

Ms. K. Huchet:

It could be aged or awkward. It is across the board. I mean, you just get some people who believe the State should cover the cost, or they do not see the necessity, or they think that an old fashioned route of something fairly basic will actually do the same treatment and it won't.

Deputy P.J.D. Ryan:

So if you have to add GST to that it is only going to exacerbate it.

Ms. K. Huchet:

It is going to exacerbate it, yes. As I said, there are some clients again -- we do have clients, not many, who query or, in fact, do not pay invoices. I mean, we have instances where they are aware of the conditions that they --

Deputy P.J.D. Ryan:

So, if you have got a bad debt situation there, how do you resolve bad debts?

Ms. K. Huchet:

Well, we could have a bad debt situation but we have a positive situation because we have one of our committee members who personally goes to see clients, often with a nurse attached or one of our care assistants, to ensure that they are all covered and they can be supported and would find a route for them to pay, whether it is on a weekly basis or an income basis, or as director I can waive -- I have discretion to waive costs.

Deputy P.J.D. Ryan:

If you waive that cost, then you do genuinely have a bad debt?

Ms. K. Huchet:

Yes, but in fact it is low. We tend to get them coming in not understanding and being very anxious. If someone goes out to see the client and explains, we can usually find a way around the payment.

Deputy P.J.D. Ryan:

The reason that I am asking this around bad debts, if you have a relatively large -- if it is a significant

problem for you, in this area, you will have invoiced out a dressing with GST and you will be liable to pay that GST to the Government. If it turns out to be a bad debt, it can be quite administratively cumbersome unless you -- it depends on how you are working. If you are working your GST on a cash basis, if you were, there is a difference in treatment in the way that the Government is intending to ... you know, do you pay your GST when you receive the cash or do you -- is it payable on invoice? There are 2 differences there. So, that is an area for you to just have a -- I mean, not that I -- you know, it depends on, obviously, in the end as to whether you are paying GST or incurring GST at all. It depends on the treatment.

Ms. A. Jouault:

The most often though that we'd ever waive the debt is when someone has died and we have problems with the estate. That is really when it occurs.

Deputy P.J.D. Ryan:

Is this a significant part of your (...overspeaking) --

Ms. K. Huchet:

No.

Ms. A. Jouault:

No, it is immaterial.

Deputy P.J.D. Ryan:

It is fairly immaterial.

Ms. K. Huchet:

Yes. It is probably -- I mean, at the moment I think we have got one. We probably have one every couple of years. You know, it is not a regular ... If it is, our honorary salaries officer does go out in support and we ensure that client's are not left in a position they are without care or support and will find a way to pay. So ...

Deputy P.J.D. Ryan:

So, you are a little bit between a rock and a hard place there are you not? If you have to supply the -- you know, the ...

Connétable J.L. Gallichan of Trinity:

Do you -- like we do now, the Parishes help you out sometimes, we'll get GST as well on those accounts as well?

Ms. K. Huchet:

Yes.

The Connétable of Trinity:

That is sort of on the actual Parishes do pay Family Nursing on people who have not got the assets to -- have assets but maybe no cash to pay so we get billed. Obviously they talk to us first. I mean **[Interruption]**. So the parish will pick up the GST as well because we pay, if they are not on HIE and they need some sort of help and maybe a chair or something like that, and we pay for it. So, we will get billed GST as well.

Ms. K. Huchet:

I also didn't mention apologies for this but we also have a -- I mean, we also have a responsibility to provide care to residential homes so our nurses actually provide care to all the residential homes on the Island. They do advice and support, not nursing to nursing homes. But we also cover holiday makers. So, for example, if someone is coming into Maison les Landes or we have someone come into a hotel, Family Nursing have a responsibility to deliver the care to (...overspeaking) --

The Connétable of Trinity:

Would you charge -- you know, do you charge, you know if you are a member of Family Nursing, you do not charge if someone goes into either -- is it a nursing home or retirement -- or a residential home?

Ms. K. Huchet:

Nursing.

The Connétable of Trinity:

Nursing.

Ms. K. Huchet:

Nursing home is -- if the residential home is classed as their own home, so we have a responsibility to deliver care. If it is a nursing home the nursing home does the whole element and does the supplies. So, we will only give advice if they've got need for specialist expertise.

The Connétable of Trinity:

But does the residential home cover the cost of Family Nursing or is it the person who just -- it is the person in the residential home that pays for it?

Ms. K. Huchet:

Yes, it is the client. It is the client.

The Connétable of Trinity:

Client. So, they will get billed above the residential home fees?

Ms. K. Huchet:

Yes. They already do. They already do but they would be -- they would obviously get GST as well because we also provide homecare into residential homes too. So ...

Deputy P.J.D. Ryan:

In the case of the parishes you are likely, as not, be registered with GST?

The Connétable of St. Brelade:

It is a point we were discussing earlier on before you came. It is referred to as: "Requiring further research."

Deputy P.J.D. Ryan:

Because if you were then you would reclaim that GST.

The Connétable of St. Brelade:

Can I just ask how much analysis are you able to do on low income? Because clearly there is a low income support system coming in but I would not think you would have access to the sort of information that Social Security has. So, am I right in deducing that really it is a bit of a guess whether somebody can afford it?

Ms. K. Huchet:

The Social Security, we now have arrangements in relation to the normal HIE clients. So we have got that but others outside that that element, no. We do not do a means test system because we do not have the staff in house to actually do ... That element of it is quite administrative to do it.

Deputy P.J.D. Ryan:

Do you see GST causing you problems administratively? I mean, in -- will it add to your costs? I mean, do you see that if you were you would have to employ anybody new or where do you (...several inaudible words)?

Ms. K. Huchet:

I think there is a possibility. I have obviously put in the impact of the GST but obviously there are things around the organisation in relation to stationary and other items that we are going to have to obviously pay for, premises we have.

Deputy P.J.D. Ryan:

If you were registered though you would reclaim anything that is --

Ms. K. Huchet:

Reclaim it, yes.

Deputy P.J.D. Ryan:

I am just thinking purely of the administration costs. Do you run computer systems?

Ms. K. Huchet:

We have computer systems, yes. Which are networked to the States but obviously could improve.

Deputy P.J.D. Ryan:

But you do have, I mean obviously, an IT -- proper IT system, properly supported, would have the ability to run GST as part of its software package?

Ms. K. Huchet:

We are looking to implement in conjunction with the States; J.D. Edwards.

Deputy P.J.D. Ryan:

That will -- that will obviously cover that element?

Ms. K. Huchet:

Yes.

Deputy P.J.D. Ryan:

Bearing in mind though -- I am just still trying to --

Ms. A. Jouault:

Well, no, because we are going to have the J.D. Edwards' system from the Treasury but the States' departments, they are exempt from GST.

Deputy P.J.D. Ryan:

Yes, but the software it -- yes, but the software itself will be capable of running the GST.

I mean, it would be a ...

Ms. A. Jouault:

Well, I would have to clarify because J.D. Edwards was written for the States. It is for the States' network; it is their accounting system. So, I would have to clarify that with Treasury.

Deputy P.J.D. Ryan:

So you think that that would -- that might be a problem? That is something that needs looking into, yes. I mean, I am sort of making the assumption that a software package as professional as J.D. Edwards would have a VAT pack that I am making the assumption. I could be wrong.

Ms. K. Huchet:

I think the issue is whereas Family Nursing are fairly well supported because we have the goodwill of obviously Health in relation to providing estates management sometimes and IT. The smaller charities that we link with -- definitely will not have that. They do not have the access to the support that we do on IT systems.

Deputy P.J.D. Ryan:

Right.

Ms. K. Huchet:

I know we have just moved to premises at the Bridge in conjunction with other organisations and I know the Autism Society have been trying to get support from the States for IT and have not been able to access it. So, there are quite a lot of other charities, smaller charities, who would not have the benefits that we --

Deputy P.J.D. Ryan:

IT benefits?

Ms. K. Huchet:

IT benefits; definitely not, yes. and ours are linked to Health are fairly limited in relation to networking and other areas of it.

Deputy P.J.D. Ryan:

Okay.

Ms. K. Huchet:

Okay. We itemised in part 2.31. I think you are also asking what the possible impact would be to Family Nursing in relation to figures on GST. We have identified on medical supplies. That would mean the price being an extra £6,000. On homecare fees we have added about -- it will be an extra £10,144. We do have the query still regarding our membership, whether membership will be an element that we need to consider. I have also put the query in 2.4 that Family Nursing currently provide outsource services on behalf of States' departments in relation to service provision, that the States' departments are exempt from GST. Family Nursing would query their position as an outsourced service because of we are going to get greater anomalies and confusion in the current ... We already have

confusion in the current health system in relation to, you know, GPs being private, Family Nursing being a charity, Health being free. But I think it will cause even further inequities in relation to the fact that people will be querying why they should be paying funds to a charity when the States side is free of charge. I have also identified in 2.5 that our accounts -- our 2005 accounts already indicate the difficulties experienced by Family Nursing in relation to current service delivery in view of the fundamental spending review decisions for 2005. I have emphasised that the majority of charities including ourselves have reduced infrastructure costs compared to public sector bodies. In theory we deliver value added benefit to tax payments. The question is that, you know, obviously, should charitable associations be exempt from the GST.

Deputy P.J.D. Ryan:

Exempt or zero rated or whichever?

Ms. K. Huchet:

Zero rated.

Deputy P.J.D. Ryan:

You need to be able to recover your costs but you do not want to have to charge. So, if there is -- exactly how they are treated, whether they are exempt or zero rated or whatever.

Ms. K. Huchet:

I have also identified in 2.51 and I think other charities would support this. Charitable associations, I believe, are already experiencing difficulties in reductions and donations due to the implementation of the new tax laws. There are definitely less funds available for the public to donate. Many charitable associations are already in a fragile position regarding income generation and that public view of charities maybe affected further by this perception of not donating funds and also then paying GST to us. You will see from our Treasurer's report in the 2005 accounts that our donations for 2005 reduced from £174,000 in 2004 down to £143,000. So, while our membership went up, I think most charities are seeing that the donation side is reducing, partly because of the number of charities but also because, I think, people have not got the money in their pockets and in relation to, you know, obviously ITIS. I have emphasised there will be -- already support to small other key charities in employment and HR issues. The implementation of GST will place an additional administrative cost on ourselves. Lastly, while commercial firms have more flexibility to adjust their business costs, this is against the whole ethos of the charitable sector who are mainly non-profit, and we deliver with a totally different culture to businesses in the public sector. So again, I think this issue is about the public perception; how they will see charities in the future. I think that was as far as I got on trying to get around the GST in the document.

Deputy P.J.D. Ryan:

Right. That is very interesting.

The Connétable of Trinity:

What is the income of your shop?

Ms. K. Huchet:

£14,000 profit at the moment.

Deputy P.J.D. Ryan:

Turnover?

Ms. K. Huchet:

Turnover .

Deputy P.J.D. Ryan:

Profit.

The Connétable of Trinity:

What is the turnover?

Ms. A. Jouault:

I do not know that off the top of my head.

The Connétable of Trinity:

No, it is just because it -- you know, that will have GST as well.

Ms. K. Huchet:

Yes.

The Connétable of Trinity:

Well, yes, because it gives -- it is retail. **[Interruption]**. Retail sales.

Deputy P.J.D. Ryan:

What are you doing in your shop? **[Interruption]**.

Ms. K. Huchet:

Clothes, bric-a-brac.

Deputy P.J.D. Ryan:

Donated free of charge?

Ms. K. Huchet:

Yes.

Deputy P.J.D. Ryan:

Okay. So, therefore, your £14,000 profit is just after the costs of running the shop?

Ms. A. Jouault:

Yes.

Ms. K. Huchet:

Yes.

Deputy P.J.D. Ryan:

The costs of running shop are staff costs?

Ms. A. Jouault:

No, all volunteers.

Ms. K. Huchet:

Volunteers.

Deputy P.J.D. Ryan:

All volunteers, fine.

Ms. A. Jouault:

All we do is pay rent.

Deputy P.J.D. Ryan:

So, rent?

Ms. A. Jouault:

Electricity, that is it.

Ms. K. Huchet:

The rent is about -- well it's minimum, it's about £140.00 a month rent because it is not in the main sector. So, you are talking about -- what is that about?

Deputy P.J.D. Ryan:

Turnover you will probably might add £3,000 or £4,000?

Ms. K. Huchet:

Yes.

Ms. A. Jouault:

Yes.

Ms. K. Huchet:

But a lot of it is on goodwill

Deputy P.J.D. Ryan:

So, you are well below the £300,000 -- I mean, if it was treated separately. But, if it was part of your -- you know [**Interruption**] you would be registered because it would be part of your overall registration. I do not know whether it will be treated separately, as a separate item, but I doubt it. So, therefore, you would have to, under the current -- if nothing else changes, you would have to charge GST on that?

Ms. K. Huchet:

Yes.

Deputy P.J.D. Ryan:

It is interesting to note that the UK treatment of shops where everything is donated free of charge is exempt or something. One of them. Yes, as I understand, one of them. But there is a special treatment in the UK for charity shops of that nature.

Ms. K. Huchet:

Right.

The Connétable St. Brelade:

How do you establish your prices in the shop? Is it pretty arbitrary? It was obviously donated. pricing structure arbitrary.

Ms. K. Huchet:

They have an idea of the value and it would not -- it would be based on what is being sold elsewhere, with other charity shops and doing a benchmark.

The Connétable of St. Brelade:

Right, okay.

The Connétable of Trinity:

Is it negotiable? A lot of people if it was like the old jumble sales years ago. They come in and say: "I will give you 60 pence instead of £1."

Ms. K. Huchet:

We try to do that, yes. But I think they are quite good in the shop in relation to --

The Connétable of St. Brelade:

So, in relation to potentially having to charge VAT, you would put the GST into the price or add it at the till. These are 2 aspects from an administration point of view. I do not think it will affect sales at the shop terribly.

Ms. K. Huchet:

No.

Ms. A. Jouault:

But it will be from the administrating side of it that is the problem. We know the shop is great because it is staffed by volunteers. It is cash taken at the till. **[Interruption]** When you start putting in GST --

The Connétable of St. Brelade:

Do you have a till analysis or anything like that or is it purely a draw, you know?

Ms. A. Jouault:

No. Yes, so, you know, there is not really the infrastructure there to support collecting GST and we really would have to look closely at whether it would be worth continuing with the shop if we are having to start putting those kind of things into it.

Deputy P.J.D. Ryan:

Okay. Have you had any advice from the Treasury or Crown agents?

Ms. K. Huchet:

Not as yet.

Deputy P.J.D. Ryan:

Not as yet, okay. So, have you done any work on what form of relief -- I mean, I am talking about the taxing side of it. Have you done any work on -- have you received any advice from your accountants or professional advice?

Ms. K. Huchet:

Our Treasurer -- yes, our Treasurer is working with our accountants in relation to that.

Deputy P.J.D. Ryan:

At the moment?

Ms. K. Huchet:

At the moment, yes.

Deputy P.J.D. Ryan:

Okay. Well, could I ask you then if we could have a copy of that as quickly as you could, of how you see it?

Ms. K. Huchet:

Yes, okay.

Deputy P.J.D. Ryan:

You obviously have good professional advisers on that score (...several inaudible words)?

Ms. K. Huchet:

Yes, we have that. Yes, we have Alex Picot and then we have our investment advisers which are Quilter and Co.

Deputy P.J.D. Ryan:

I am sure they will be more than capable.

Ms. K. Huchet:

Yes.

Deputy P.J.D. Ryan:

Well, that is very good. Thank you very much. Are there any more new questions that we meant to ask?

Mr. R. Teather:

I just have one. Do you use a lot of agency staff?

Ms. K. Huchet:

In relation to nursing?

Mr. R. Teather:

Yes.

Ms. K. Huchet:

We do not they are all employees

Mr. R. Teather:

No, it is all employees?

Ms. K. Huchet:

Yes, we tend -- because of governance issues we would tend not to -- because it is (...inaudible) we tend not to go to agencies. The only time we will use the agencies and not us personally clients themselves, because of the level of care some clients need, we will often pair up with agencies in a package. So, a client may have Family Nursing delivering one aspect of care and they may have an agency delivering the 24 hour side of it. Our current funds only allow us to do care from 7.30 a.m. until midnight. So, anyone who needs what we would call a care package; assist spinal injuries or very elderly patients, will buy an agency work.

The Connétable of Trinity:

Does that go through your accounting system?

Ms. K. Huchet:

No, it would not go. No.

The Connétable of Trinity:

It is all right. Because there is an aggregate cost having it (...inaudible) both because that is the expensive part. Midnight to 7.00 a.m. is the expensive part.

Ms. K. Huchet:

Yes. But, it would not go through us. a lot of the care packages are then negotiated by the Social Services by social workers. So, it would be the States' social workers who will negotiate that private agency support.

Deputy P.J.D. Ryan of St. Helier:

Well, thank you very much.