IN THE HIGH COURT OF NEW ZEALAND CHRISTCHURCH REGISTRY

I TE KŌTI MATUA O AOTEAROA ŌTAUTAHI ROHE

CRI-2022-009-8059 [2024] NZHC 3770

THE KING

V

BAILEY RICHARD GEORGE MESSERVY

Hearing: 11 December 2024

Appearances: D L Elsmore and M G McClenaghan for Crown

J R Rapley KC and S B Henry for Defendant

Judgment: 11 December 2024

SENTENCING NOTES OF DUNNINGHAM J

[1] Mr Messervy you are here for sentence today on the charge of murdering Mr Nigel Wilson. As your lawyer will have explained, I have to give detailed reasons for the end sentence, so I am afraid this will take some time. Until I get to the end of my explanation, you can remain seated.

Facts of the offending

- [2] I will start by describing the facts of your offending and I need to do this in some detail because they are relevant to sentence, and there is some difference between counsel as to what they are.
- [3] Early in the morning of 14 November 2022, the victim, Mr Nigel Wilson, went to Bexley Reserve with his pup, Jade. Shortly afterwards, you drove into the reserve

from Pages Road because your girlfriend, Ms Jazmyn Hopkinson, wanted to use the toilet facilities there. You had both been taking methamphetamine in the hours beforehand. You drove through the reserve at a speed which Ms Hopkinson recognised was much faster than reasonable in that environment. She said you "sped in there."

- [4] As you drove towards the toilet Mr Wilson clearly took issue with your speed and he jumped out on to the driveway as your vehicle went past, yelling out to you to "slow down, dogs walk in here".
- [5] When you returned from the toilet block to the Pages Road entrance, you saw Mr Wilson closing the park gates on you and wrapping a chain around them. Your passenger, Ms Hopkinson, sensed you would not handle this well.
- [6] Mr Wilson walked towards the vehicle to speak to you in the driver's seat. You kept opening your door and shutting it, saying to Mr Wilson "open the gate, bitch" and he was yelling angrily back at you. Ms Hopkinson tried to defuse the situation by getting out of her side of the car and apologising to Mr Wilson for speeding. When Mr Wilson got close to the door of the vehicle you grabbed the knife which you had inside the vehicle and in one swift move, as you left the car, you stabbed Mr Wilson in the abdomen, and nudged him with your shoulder, saying "Ay what bro". The two of you then launched straight into a fight.
- [7] A member of the public on the opposite side of the road observed you throwing what appeared to be aggressive punches, while he said the person being attacked looked as though he was trying to protect himself. He said he witnessed between five and 10 punches, and he considered they were thrown at full force. In fact, the postmortem showed that you had stabbed the victim at least eight, but probably 10, times in the abdomen, back and arm. I am satisfied it was this altercation that the witness saw and it showed you (being the person wearing the hi-vis vest) as the primary aggressor.
- [8] You allege that at some stage in the altercation, the victim grabbed you by the testicles. I consider that if Mr Wilson did so, it was indicative of the life and death

struggle he perceived himself to be in and it was his only means of responding in a way that might get your attention. I am satisfied that the stabbing had largely, if not entirely, occurred before this happened. Ms Hopkinson only reports you calling out to "let go" presumably in response to being grabbed, once the two of you were tussling on the ground, which was the very last phase of the altercation.

- [9] The victim then got up but dropped to his knees saying "I'm sorry, I'm done I'm done", while holding one hand on his stomach and one hand in the air. You then pushed him down saying he shouldn't have done it. You swung the gate open and Ms Hopkinson picked up Mr Wilson's cell-phone so that he could not call for help. The two of you then drove off at speed.
- [10] In my view, this is best viewed as a reckless killing, that is you did not intend to kill Mr Wilson but you attacked him with a knife knowing that you ran that risk and yet continued regardless. Had you intended to kill him I do not believe you would have left him alive.
- [11] Whatever your intention, the consequences of your actions that morning have been profound.

Victim impact statements

- [12] Today we heard six victim impact statements from friends and family of Mr Wilson. I am left in no doubt as to the devastation your actions of that morning have caused.
- [13] Mr Steve Wood was a great friend of Mr Wilson and he spoke of Mr Wilson's outstanding generosity and his love of outdoor activities. He said Mr Wilson was the kind of person you just had to call, and he would turn up to help you out. The big plans that these two had for adventures together will now never eventuate. His friend's death has made Mr Wood more fearful and cautious.
- [14] Mr Wilson's sister, Ms Linda Wilson, spoke about him being part of a big family which had already lost one brother. She described Mr Wilson's generosity and his love of family and his pets. Importantly, she told us why he would have been so

concerned for his dog's safety in that area, having already lost another puppy that had been run over by a car. This clearly explains Mr Wilson's response to your speeding that morning. Finally, she urged you to turn your life around, a sentiment I wholeheartedly agree with.

- [15] We also heard from Jillian Arbuckle, Mr Wilson's former wife, who spoke of the devastating effect you have had on their four children and their grandchildren. She explained the enormous trauma you have inflicted on Mr Wilson's friends and family and the feeling it has given her of not being able to protect her children and grandchildren from pain and suffering.
- [16] Then there were the victim impact statements from Michael Wilson and Bethany O'Connor, Mr Wilson's son and daughter. Michael described his father as a good, honest, hardworking man who knew right from wrong and who stood up for people and helped anyone who needed it. He said his father would have just been trying to protect people like him who used the park to walk their dogs or bring their children to play. He also spoke of the shock and trauma of finding his father stabbed and bleeding to death and having his two children with him when he did so. He and his family have been in a constant state of turmoil and pain since your actions that day.
- [17] His sister, Bethany, spoke of the nine long days which followed your attack on her father in the park, during which he underwent numerous surgeries to try and save his life. Every day was touch and go until the difficult call had to be made to end his life support. She mourns the fact that there are grandchildren that he will never see and who will never be able to join their granddad on outdoor activities. Understandably, she says her family is forever changed.
- [18] Finally, I refer to the victim impact statement of Gaylene Edwards, Mr Wilson's partner. She spoke of the horror of finding him bleeding and stumbling and falling to the ground at the park gates, and of the nine days that followed in intensive care, hoping he would pull through, but eventually having to accept that he would not.

[19] She told us of the hardship of carrying on alone and the feelings of emptiness and loneliness. The stress of managing the estate and working out what Mr Wilson would have wanted for both her and his children. She has lost the hopes and dreams of what they would do when he retired. Understandably, particularly given the medical issues she is facing, there are times when she just feels overwhelmed and that there is nothing left to live for or look forward to.

[20] There is a theme in these victim impact statements that this family have not seen a sign of your remorse, but several of them are generous enough to wish that you use this event as a wakeup call and make something of yourself, having taken so much from them. I also acknowledge the sentiment that many of them have expressed, which is that whatever sentence you are given, it will not be enough for them and it will not bring Mr Wilson back.

Sentencing purposes and principles

[21] In sentencing you today, a number of purposes of sentencing are engaged. These include holding you accountable for the harm you have done to the victim and to the community, promoting in you a sense of responsibility for and acknowledgement of that harm, denouncing your conduct and deterring you from committing the same or a similar offence but also, to the extent reasonably possible, assisting in your rehabilitation and reintegration.

[22] No one sentence can serve all these purposes and I will explain why the sentence I have reached seeks to balance these sentencing purposes.

[23] By law, life imprisonment must be imposed for murder unless that sentence would be manifestly unjust.¹ However, where there is a combination of youth and other mitigating circumstances, the Court of Appeal has held it may be appropriate to impose a finite sentence instead.² This will be particularly so where an offender can point to both mitigating circumstances of the offending, and a combination of substantial mitigating factors which are personal to them.³

¹ Sentencing Act 2006, s 102(1).

² Dickey v R [2023] NZCA 2, [2023] 2 NZLR 405.

³ At [177].

[24] So, the first question I must answer is whether it would be manifestly unjust to sentence you to life imprisonment.

Crown submissions

- [25] In that regard, the Crown's starting point is that the circumstances of the offence and of you as the offender, mean a life sentence is available. Ms Elsmore, for the Crown, points out that you were 18 years old when you murdered Mr Wilson and you stabbed him 10 times in what she describes as a violent and sustained attack that you carried out simply because you were angry at him for shouting at you to slow down, for shutting the park gate and forcing you to stop your vehicle.
- [26] The Crown says that the number of stab wounds and your act of pushing Mr Wilson to the ground after the attack and leaving him to die, meant that it could be inferred that you intended his death, rather than were simply reckless. While the Crown accepts there was no significant pre-meditation, they say there was some callousness in your actions, particularly given you kicked him once he told you that he was done.
- [27] In terms of your personal issues, the Crown accepts your age is relevant and is a significant mitigating feature, although the Crown points out you are not as young as some other offenders who have come before this Court and received a finite sentence for murder. The Crown also accepts there appear to have been some issues in your childhood which must be taken into account in sentencing. In particular, there has been a history of violent men being involved with your mother and Dr Immelmann has provided a report that comments on the impact this may have had on your developing brain. These include his opinion that you suffer from severe PTSD which would have impacted on your response to Mr Wilson that day.
- [28] However, the Crown's starting point remains that this combination of matters, on its own, is not enough to make life imprisonment manifestly unjust.
- [29] Despite this, acknowledging the Court of Appeal's decision in *Dickey v R*, Ms Elsmore also makes submissions in the event that I find a finite sentence is appropriate.

[30] In particular, the Crown in its submission points to other sentencing decisions which Ms Elsmore says are helpful in setting a finite sentence should that be my approach. The first case is $R \ v \ TH$, where a 20 year old offender was convicted at trial of fatally stabbing the victim. The High Court after taking into account his youth and background factors imposed a sentence of 18 years' imprisonment with a minimum period of imprisonment of seven years and six months.⁴

[31] In *R v Huntley*, a 17 year old stabbed three people in a group street attack and one of the victims died as a result.⁵ He was charged with murder and two counts of wounding with intent to cause grievous bodily harm. Taking into account these other charges, but also his background, youth, rehabilitative prospects and guilty plea, he was sentenced to 16 years' imprisonment with an MPI of eight years.

[32] In *R v D and P*, a 17 year old, D, and his 14 year old co-offender, P, attacked a 28 year old man in his minivan, after the victim tooted his horn at the defendants when their car was blocking his way.⁶ The two defendants drove after the victim, overtook him and forced his vehicle to stop. They then each armed themselves with a knife and commenced an attack on the victim. Both defendants had been born into a gang environment with early exposure to drug use and gang violence. They had parents in prison from a young age and had been placed in state care. In the Judge's assessment the 17 year old defendant D warranted a discount of 45 per cent for the combination of his background, plus youth and rehabilitative prospects. An end sentence of 20 years and 10 months' imprisonment was imposed on him with a minimum period of imprisonment of 10 years. The 14 year old co-defendant, was sentenced to a shorter sentence of 14 years and five months with a minimum period of imprisonment of six years.

[33] The Crown notes that if a finite sentence is imposed, at 18 years old, a discount of 20 per cent would appropriately reflect your youth, being slightly less than was allowed for the 17 year old in *R v D and P*.

⁴ R v TH [2023] NZHC 630 at [38].

⁵ *R v Huntley* [2024] NZHC 182.

⁶ R v D and P [2024] NZHC 2118.

[34] The Crown also points out that in terms of your background factors, you at least have had the support of your mother and grandmother throughout and that this should be taken into account too.

[35] However, whatever end sentence is reached, the Crown submits that a minimum period of imprisonment of 10 years would be appropriate. This is the same MPI as must be imposed if a life sentence is imposed.

Defence submissions – the offending

[36] Your lawyer firmly advocates for a finite sentence in all the circumstances and he says in your case there are a large range of mitigating features.

[37] In terms of the offending itself, Mr Rapley KC has taken issue with the Crown's characterisation of the offending. He says first that you should be sentenced on the basis that this is a reckless killing and that is a factor I have already accepted.

[38] However, he also submits that the behaviour of Mr Wilson, or at least the way it was subjectively perceived by you and Ms Hopkinson, is a mitigating feature of the offending. While he accepts your response was disproportionate, he says I cannot exclude the possibility that Mr Wilson's provocation was an operative cause of your response. He says Mr Wilson initiated the confrontation by screaming and yelling at the two of you. This frightened Ms Hopkinson and she even thought Mr Wilson was on drugs because of the way he was behaving. However, more importantly, here, he says it was Mr Wilson who chose to shut the gates so that he could confront you and Ms Hopkinson said this made them feel trapped and scared.

Discussion

[39] I accept you told Mr Wilson to open the gate several times, and it was only when Mr Wilson came directly to the car and reached for your door handle that you got out and the attack happened and an unplanned fight then ensued. But, as I have already said, I do not accept that this was an equal fight or that the grabbing of your

⁷ Wairau v R [2015] NZCA 215 at [28]–[32].

testicles was the cause of the flurry of blows and the stab wounds, but rather, it was the victim's reaction to them.

[40] Although you were approached by an angry person who had shut the gates blocking your exit, nothing he did warranted your reaction. It was you who struck an unarmed man with a knife and this was a knife you regularly carried and had presented in public on two prior occasions, which increases your culpability.

[41] I do accept, however, that your PTSD may have meant you perceived Mr Wilson to be more of a threat than he in fact was, but there was no objective evidence to suggest that the threat posed by Mr Wilson was anything more than a verbal dressing down.

[42] In summary, I accept there are some mitigating factors evident in the facts of the offending, but they are nowhere sufficient on their own to warrant a finite sentence.

Defence submissions – personal mitigating factors

[43] Mr Rapley has pointed to the following personal mitigating factors relevant to you which he says, in combination with the mitigating factors relating to the offending, justify a finite sentence. These include your youth, your methamphetamine addiction, your childhood exposure to violence and abuse, and your subsequent PTSD. He also says you have displayed remorse and demonstrate potential for rehabilitation. I deal with each of these factors in turn.

Discussion

[44] The Courts have for some time recognised that youth is a mitigating factor.⁸ This is because there are age related neurological differences between young people and adults, because the effect of imprisonment can be greater on young people and because young people can have greater capacity for rehabilitation, particularly given the character of a young person is not as well formed as that of an adult.⁹ The effect of youth as identified by the Courts was reinforced by Dr Immelmann's evidence at

⁸ Churchward v R [2011] NZCA 531, (2011) 25 CRNZ 446 at [76].

⁹ At [77].

trial who explained how your age would have affected your ability to make a well-reasoned decision in a high pressure and fast moving situation such as occurred that morning. I accept that your youth is a mitigating factor.

[45] In terms of your methamphetamine addiction the law prevents me from taking into account your voluntary consumption of methamphetamine at the time of the offending as a mitigating factor.¹⁰ I also do not accept that there is a causal relationship between your addiction and the offending other than those caused by the immediate effects of consuming methamphetamine. You were able to hold down a job and generally function despite your regular methamphetamine use.

[46] The next factor is your childhood exposure to violence and subsequent diagnosis of PTSD. There is credible evidence of you suffering physical violence and abuse as a young child, particularly from your stepfather, and regularly witnessing physical abuse of your mother. I do not need to describe this in detail. It was covered in evidence during the trial and I have made a suppression order in relation to this evidence and submissions on it. It is also referenced in the pre-sentence report.

[47] I accept that, as a consequence, you have been diagnosed with severe PTSD. As a consequence, you experience nightmares, flashbacks, intrusive thoughts, and emotional numbing. You also exhibit a heightened state of arousal and an exaggerated startle response and a sense of disconnection from others, making it difficult for you to relax and feel safe. Dr Immelmann also said that your PTSD is exacerbated by your ADHD.

[48] I accept that people like you who have been subject to trauma may be triggered in stressful circumstances and are much more likely to act impulsively without considering the consequences, and to use aggressive behaviour as a proactive form of defence to try to exert control over a threatening environment. I accept that this background did causatively contribute to your offending, and I take this into account in sentencing.

¹⁰ Sentencing Act 2002, s 9(3).

- [49] The next issue is remorse. In that regard, Mr Rapley says I should take into account your willingness to accept responsibility for Mr Wilson's death and plead guilty to manslaughter. However, there was overwhelming evidence that you were responsible for killing Mr Wilson, particularly given the contemporaneous statement made by Ms Hopkinson, and I put little weight on this factor.
- [50] Mr Rapley also relies on your letter of remorse. However, your description of immediately breaking down in tears as soon as you left the park that morning is not consistent with Ms Hopkinson's description of what happened on that car ride. At most, she describes you driving off, then parking and trying to figure out what to do and saying that you looked "lost and scared". However, you then simply went to work while she and a friend disposed of your clothing and other items. Given her detailed account of everything that happened, the fact that she does not speak of you breaking down in tears and feeling immense guilt, strikes me as somewhat inconsistent with your current narrative. While the pre-sentence report also says you showed limited remorse although it says this may be done to your youth and reduced capacity for this type of reflection. I consider overall I have very limited evidence of remorse.
- [51] The final factor is your potential for rehabilitation. Pleasingly, as a result of being imprisoned, you have broken your lengthy methamphetamine addiction. Furthermore, you have actively engaged in courses to gain qualifications. These include completing NCEA credits in literacy and numeracy, various NZQA unit standards and other courses as described by your lawyer. I also have the report from Community Youth and Child Services which describes your progress in counselling. You are said to have engaged well in counselling, and you present as motivated, reflective, and curious. While the report I have also notes that you can still communicate in an aggressive manner, you are building self-awareness around when this happens and how it is perceived. Overall, I am encouraged by the use you have made of your time in custody, and I consider you do demonstrate rehabilitative potential.

Conclusion on whether a life sentence would be manifestly unjust

[52] So when I look at the totality of circumstances, including your impulsive and unexplained response to the circumstances you have found yourself in at Bexley Park that morning, your youth and your background of abuse and resulting PTSD, along with your significant potential for rehabilitation, and place that against the potential harm of a life sentence, I find that a life sentence would be manifestly unjust in this case.

Finite sentence

[53] So I turn to what finite sentence is appropriate. The case law for this is still developing and does not yet provide a particularly helpful framework for calculating a finite sentence. In *R v Dickey*, this Court has gone through a formula for arriving at an end sentence in a relatively conventional way.¹¹ However, in the case of each defendant in that case, the Court then simply adjusted the sentence reached upwards to arrive at a sentence that it considered reflected the gravity of the offending.

[54] I prefer to take the approach adopted in the sentencing in *R v D and P*, where the Judge looked at what the starting point would have been in previous cases by working from the end sentence and adding back in the percentage discounts that were allowed.¹² Looking at sentencing decisions to date, the implied starting point based on the end sentence imposed, has ranged from 21 to 43 years.

[55] In the circumstances of your case, I consider an appropriate starting point is 35 years. I would then deduct 25 per cent as suggested by your lawyer for the combination of youth and rehabilitative potential. However, I also consider that this discount adequately covers any remorse. The evidence I have on remorse is too limited and equivocal to give a separate discount.

[56] I also accept your lawyer's submission that a discount of 25 per cent should be afforded for background factors, including the abuse you suffered and observed during your childhood and your consequent diagnosis of severe PTSD. There is a clear causal

¹¹ R v Dickey, above n 2.

R v D and P, above n 6.

nexus between the way you were brought up and the experiences you had, and your inclination to act with fear and aggression to any perceived threat. That is exactly what happened in the circumstances at Bexley Park that morning. I consider your methamphetamine addiction, however, is more likely a consequence of the trauma you have experienced, rather than a mitigating factor in its own right.

[57] Taking into account those discounts, your sentence of 35 years would become a sentence of 17 and a half years' imprisonment.

[58] That then leaves the question of a minimum period of imprisonment. In all the circumstances, I consider that should be seven years, which is three years less than the minimum period of imprisonment which would have been imposed if you received a life sentence.

[59] I consider this is a proportionate sentence when I compare it with the finite sentences imposed in a number of other recent cases and which I will set out in a table which accompanies these sentencing notes.

[60] By way of example, I consider your offending is less serious than that of D in $R \ v \ D \ and \ P$, where a 20 year and 10 month sentence and a 10 year MPI were imposed on the 17 year old, because your offending was less premeditated. While the other offender in that case got a lesser sentence than I am imposing here, he was significantly younger at 14 years of age.

[61] Similarly, the offender in M (CA434/22) v R was also only 14, much younger than you, and this is a critical factor in his sentence being only 13 years with a five year two month MPI.¹⁴

[62] There are some similarities between this case and the sentencing of Ms Epiha in $Dickey \ v \ R.^{15}$ She stabbed another young woman to death at a party, in what was agreed to be a reckless killing, and a sentence of 13 years' imprisonment and an MPI of seven years and six months was imposed. However, that sentence also reflected a

¹⁴ *M(CA434/22) v R* [2023] NZCA 319.

R v D and P, above n 6.

Dickey v R, above n 2.

20 per cent discount for guilty plea and the defendant had a far more traumatic and

deprived upbringing than in your case.

[63] I also consider there are some parallels with R v Huntley, which involved the

defendant arming himself with a knife and joining in a fight where one victim died,

and two others were wounded. His sentence was 16 years with an MPI of

eight years. Although that offending was more serious, Mr Huntley pleaded guilty to

the charges which is not the case here.

[64] In summary, having regard to the aggravating and mitigating features of the

offending and the mitigating factors personal to you, and comparing the sentence I am

imposing with those in other cases, I am satisfied that the finite sentence I am imposing

is consistent with the cases decided to date. Furthermore, this sentence allows you the

hope of being released as a young man if your rehabilitative potential is realised but

will continue to hold you accountable for a lengthy period of time if it is not.

[65] Finally, I simply note Mr Rapley has sought that I remit your outstanding fines.

While that appears sensible, I do not consider I have jurisdiction to do so. A separate

application must be made to the District Court under s 88 of the Summary Proceedings

Act 1957.17

[66] Mr Messervy, would you now please stand.

[67] Mr Messervy, for the murder of Nigel Wilson, I sentence you to 17 years and

six months' imprisonment with a minimum period of imprisonment of seven years.

[68] You may stand down.

Solicitors:

Crown Solicitor, Christchurch

Copy to:

J R Rapley KC, Barrister, Christchurch

R v Huntley, above n 5.

17 R v Grace [2013] NZHC 116 at [38] citing R v Feauai [2012] NZHC 171 and R v Crawford HC Rotorua CRI-2006-070-5847, 27 June 2008.

Appendix 1

Table demonstrating the implied starting points in *Dickey* and youth murder sentencings since *Dickey* where a determinate sentence was imposed.¹⁸

	Age	Stated starting point	Deductions	Provisional determinate sentence	Final determinate sentence	MPI	Implied starting point
Dickey v R [2023] NZCA 2 (Ms Dickey)	16 years old	22 years	Youth and rehabilitation prospects: 30% Guilty plea: 25% Assistance to authorities: 10% Total: 65%	"Slightly less than eight years"	15 years	7 years, 6 months	42 years, 10 months
Dickey v R (Mr Brown)	19 years old	18 years	Profound social deprivation: 2 years Mental health, low IQ: 25% Youth: 20% Challenges of prison: 10% Total: 55% and 2 years (11% of 18 years)	6.1 years (described by the Court as "close to six years")	12 years	6 years	28 years, 8 months OR 36 years**
Dickey v R (Ms Epiha)*	18 years old	20 years	Extreme social and cultural deprivation: 25% Youth: 25% Guilty plea: 20% Total: 70%	6 years	13 years	7 years	43 years, 4 months
R v TH [2023] NZHC 630*	20 years old	20 years	Background: 15% Youth: 20% Total: 35%	13 years	18 years	7 years, 6 months	27 years, 8 months

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Dickey v R, above n 2.

M (CA434/22) v R [2023] NZCA 319	14 years old	21 years	Youth, rehabilitation and remorse: 40%	12 years, 7 months	13 years	5 years, 2 months	21 years, 8 months
R v Faiers [2023] NZHC 3368	24 years old	20 years	Background: 15% Youth: 10% Remorse and rehabilitation: 8% Total: 33%	13 years, 6 months (after "approximately 33 per cent" total discount)	17 years	7 years	25 years, 4 months
R v Huntley [2024] NZHC 182*	17 years old	22 years (20 years with an uplift of two years for two counts of wounding with intent to cause GBH)	Background: 15% Youth and rehabilitation: 25% Guilty plea: 20% Total: 60%	8 years, 10 months	16 years	8 years	40 years
R v D and P [2024] NZHC 2118 (D)	17 years old	38 years (implied provided)	Background: 20% Youth and rehabilitative prospects: 25% Total: 45%	20 years, 10 months	20 years, 10 months	10 years	38 years
R v D and P (P)	14 years old	32 years (implied provided)	Background: 20% Youth, rehabilitative prospects and remorse: 35% Total: "just a fraction less than 55%"	14 years, 5 months	14 years, 5 months	6 years	32 years

^{*}Cases where additional serious assaults were undertaken, or a threat to kill another was issued, <u>in the course of</u> the murder.

**Depending on whether two-year deduction from implied starting point is maintained as a <u>two year</u> deduction or should be treated as an 11% deduction.