

STATES OF JERSEY



PROPOSED GOVERNMENT PLAN 2024- 2027 (P.72/2023): TWENTY-FIFTH AMENDMENT (P.72/2023 AMD.(25)) – AMENDMENT

ALCOHOL DUTY

**Lodged au Greffe on 5th December 2023
by the Council of Ministers**

STATES GREFFE

PROPOSED GOVERNMENT PLAN 2024-2027 (P.72/2023): TWENTY-FIFTH AMENDMENT (P.72/2023 AMD.(25)) – AMENDMENT

1 PAGE 2, PARAGRAPH (1) –

In paragraph (1), substitute the sum “£2,090,000” with “£1,033,000”, substitute the word “freezing” with “reducing”, delete the words “ and subsequent figures updated accordingly” and substitute the table as follows –

	2024 Estimate (£000)	2025 Estimate (£000)	2026 Estimate (£000)	2027 Estimate (£000)
Impot Duties Spirits	7,655	8,171	8,327	8,522
Impot Duties Wine	9,158	9,673	9,755	9,878
Impot Duties Cider	1,036	1,083	1,081	1,083
Impot Duties Beer	6,686	7,060	7,120	7,211

2 PAGE 2, PARAGRAPH (2) –

In paragraph (2), substitute the word “freezing” with “reducing”, substitute the sum “£1,045,000” with “£1,033,000” and delete the subsequent sub-paragraphs (b) and (c).

3 PAGE 2, PARAGRAPH (3) –

In paragraph (3) substitute the new paragraph (l) and with the following -

“(l) to agree that the Government of Jersey should publish a broader review of alcohol policy and consider what additional support could be provided for the hospitality sector and the Island’s small spirits producers.”.

COUNCIL OF MINISTERS

Note: After this amendment, the amendment would read as follows –

1 PAGE 2, PARAGRAPH (a) –

After the words “Article 9(2)(a) of the Law” insert the words –

“,except that total estimate for 2024 Impôt Duties shall be decreased by **£1,033,000** by **reducing** the Impôt Duties for Spirits, Wine, Cider and Beer, with the relevant figures in Appendix 2 – Summary Table 1 updated in line with the following table –

	2024 Estimate (£000)	2025 Estimate (£000)	2026 Estimate (£000)	2027 Estimate £000)
Impot Duties Spirits	7,655	8,171	8,327	8,522
Impot Duties Wine	9,158	9,673	9,755	9,878
Impot Duties Cider	1,036	1,083	1,081	1,083
Impot Duties Beer	6,686	7,060	7,120	7,211

2 PAGE 2, PARAGRAPH (h) –

After the words “of the Report” insert the words –

“, except that, to accommodate a drop in States income caused by **reducing** the Impôt Duties for Spirits, Wine, Cider and Beer –

(a) the Head of Expenditure for the Central Reserve shall be reduced by **£1,033,000**;

3 PAGE 2, PARAGRAPH (l) –

Replace the new paragraph (l) with the following paragraph –

“(l) to agree that the Government of Jersey should publish a broader review of alcohol policy and consider what additional support could be provided for the hospitality sector and the Island’s small spirits producers.”

Note: After this amendment, the proposition would read as follows –

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

to receive the Government Plan 2024 – 2027 specified in Article 9(1) of the Public Finances (Jersey) Law 2019 (“the Law”) and specifically –

- (a) to approve the estimate of total States income to be paid into the Consolidated Fund in 2024 as set out in Appendix 2 – Summary Table 1 to the Report, which is inclusive of the proposed taxation and impôts duties changes outlined in the Government Plan, in line with Article 9(2)(a) of the Law, except that total estimate for 2024 Impôt Duties shall be decreased by £1,033,000 by reducing the Impôt Duties for wine and containers of beer, cider, and ready-to-drink mixed cocktails that are 20 litres or bigger, with the relevant figures in Appendix 2 – Summary Table 1 updated in line with the following table, and subsequent figures updated accordingly –

	2024 Estimate (£000)	2025 Estimate (£000)	2026 Estimate (£000)	2027 Estimate (£000)
Impot Duties Spirits	7,655	8,171	8,327	8,522
Impot Duties Wine	9,158	9,673	9,755	9,878
Impot Duties Cider	1,036	1,083	1,081	1,083
Impot Duties Beer	6,686	7,060	7,120	7,211

- (b) to refer to their Act dated 30th September 2016 and to approve the application of existing resources for work on the development of ‘user pays’ charges in relation to all aspects of waste, including commercial and domestic liquid and solid waste;
- (c) to approve the proposed Changes to Approval for financing/borrowing for 2024, as shown in Appendix 2 – Summary Table 2 to the Report, which may be obtained by the Minister for Treasury and Resources, as and when required, in line with Article 9 (2)(c) of the Law, of up to those revised approvals;
- (d) to approve the extension of the use of the existing Revolving Credit Facility to include the provision of funds that would otherwise be implemented through bank overdraft or bank overdraft facilities under Article 26 (1)(a) of the Law, should they be needed, subject to the limits outlined in that article;
- (e) to approve the transfers from one States fund to another for 2024 of up to and including the amounts set in Appendix 2 – Summary Table 3 in line with Article 9(2)(b) of the Law;
- (f) to approve a transfer from the Consolidated Fund to the Stabilisation Fund in 2024 of up to £25 million, subject to a decision of the Minister for Treasury and Resources based on the availability of funds in the Consolidated Fund as at 31 December 2023 in excess of the estimates provided in this plan, or from budgeted underspends identified before 31 December 2024;

- (g) to approve each major project that is to be started or continued in 2024 and the total cost of each such project and any amendments to the proposed total cost of a major project under a previously approved Government Plan, in line with Article 9(2)(d), (e) and (f) of the Law and as set out in Appendix 2 - Summary Table 4 to the Report;
- (h) to approve the proposed amount to be appropriated from the Consolidated Fund for 2024, for each Head of Expenditure, being gross expenditure less estimated income (if any), in line with Articles 9(2)(g), 10(1) and 10(2) of the Law, and set out in Appendix 2 – Summary Tables 5(i) and (ii) of the Report, **except that, to accommodate a drop in States income caused by reducing the Impôt Duties for Spirits, Wine, Cider and Beer –**
- (a) the Head of Expenditure for the Central Reserve shall be reduced by £1,033,000;**
- (i) to approve the estimated income, being estimated gross income less expenditure, that each States trading operation will pay into its trading fund in 2024 in line with Article 9(2)(h) of the Law and set out in Appendix 2 – Summary Table 6 to the Report;
- (j) to approve the proposed amount to be appropriated from each States trading operation’s trading fund for 2024 for each head of expenditure in line with Article 9(2)(i) of the Law and set out in Appendix 2 – Summary Table 7 to the Report;
- (k) to approve the estimated income and expenditure proposals for the Climate Emergency Fund for 2024 as set out in Appendix 2 – Summary Table 8 to the Report; and
- (l) to agree that the Government of Jersey should publish a broader review of alcohol policy and consider what additional support could be provided for the hospitality sector and the Island’s small spirits producers.**
- (m) to approve, in accordance with Article 9(1) of the Law, the Government Plan 2024-2027, as set out at Appendix 3 to the Report.

REPORT

The Council of Ministers recognises the challenges being faced by the hospitality sector and seeks to achieve a compromise that balances the support for the industry through reduced alcohol duties, with the health consequences of alcohol consumption and impact of public finances of real terms cut in alcohol duty.

This amendment to the EIA Panel's amendment seeks to uprate duties by 4.5%.

Ministers believe this moderate approach is more fiscally prudent than an across-the-board freeze, which does not take into consideration the known concerns associated with alcohol consumption in Jersey.

Health perspective

Alcohol consumption is particularly high in Jersey, with average consumption per adult in 2022 reaching 12 litres of pure alcohol.¹ The evidence for the impact of the price of alcohol on consumption, alongside its availability within a population, is abundant and extremely robust.² Price regulation through measures such as taxation is advocated by the World Health Organisation as one of the most effective tools governments can employ to reduce alcohol-related harm in populations with high consumption levels such as Jersey.³

Duty freezes in 2020 and 2022 have left alcohol taxes lower in real terms than other goods and services, with the Alcohol Price Index increasing by 8 percentage points less than inflation during this period.⁴ Given the effectiveness of increasing alcohol taxes in reducing consumption, it is imperative that these duties increase this year to ensure that prices do not fall even further in real terms.

Ministers are mindful of the impact of duty increases on the hospitality association. With that in mind, a proposed increase of 4.5%, 6.4 percentage points below June RPI, is a moderate increase that will limit the impact on the hospitality industry while still ensuring that the real terms reduction in alcohol duties is not worsened.

This amendment will add 2 pence to a standard pint of beer, glass of wine, or single pour of spirits.

Rebate administration

Impôts duties are currently charged upon import or manufacture, with no ability to differentiate whether the destination is retail shelves or pubs and restaurants. This allows for administrative ease for both businesses and the Government and minimising the risk of evasion or fraud. Introducing a bespoke rate of duty for the hospitality industry, or a rebate system, would require creating an additional, complex bureaucratic process. A bespoke rate would require these businesses to maintain detailed accounts of purchases and sales, submit regular claims for the rebate and allow access for routine audit by Government officers. A new administrative system, as well as officer support, would

¹ Alcohol Profile 2022, *Government of Jersey: Public Health Intelligence*, available [here](#).

² Wagenaar, A., Salois, M., Komro, K. (2009), 'Effects of beverage alcohol price and tax levels on drinking: a meta-analysis of 1003 estimates from 112 studies', *Society for the study of addiction*, 104:2, available [here](#).

³ World Health Organisation (2022) 'Alcohol pricing in the WHO European Region: update report', available [here](#).

⁴ Alcohol Profile 2022.

also be required within Government to facilitate this process for Jersey's 730 licenced premises.

A moderate increase across the board while ensuring that duty is still charged at the point of importation or production minimise the administrative burden and risks associated with a bespoke rate while still providing support to the hospitality sector.

Financial and staffing implications

The estimated cost of indexing alcohol duties by 4.5% instead of 8.9% is an additional £1,033,000.

The amendment is funded through a reduction to the Central Reserve, being mindful of the additional savings targets already proposed to departments (particularly Cabinet Office and the Department for the Economy) through amendment 26 on fuel duty and amendment 33 on agriculture and fisheries funding.