

# STATES OF JERSEY



## PROPOSED BUDGET (GOVERNMENT PLAN) 2025-2028 (P.51/2024): TWENTY- NINTH AMENDMENT

### SMALL DISTILLERS RELIEF

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Lodged au Greffe on 12th November 2024  
by the Council of Ministers  
Earliest date for debate: 26th November 2024

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STATES GREFFE

PROPOSED BUDGET (GOVERNMENT PLAN) 2025-2028 (P.51/2024):  
TWENTY-NINTH AMENDMENT

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**1 PAGE 4, PARAGRAPH (o) –**

After the words “as set out in the Appendix to the accompanying Report” insert the words –

“, except that on page 33 for the figure “40,000” should be substituted “20,000””.

COUNCIL OF MINISTERS

**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 2025 – 2028 (entitled “Budget 2025-2028”) 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 2025 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.
- (b) to approve the proposed Changes to Approval for financing/borrowing for 2025, 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 approval amounts.
- (c) to approve the transfers from one States fund to another for 2025 of up to and including the amounts set in Appendix 2 – Summary Table 3 in line with Article 9(2)(b) of the Law.
- (d) to approve a transfer from the Consolidated Fund to the Stabilisation Fund in 2025 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 31st December 2024 in excess of the estimates provided in this plan, or from budgeted underspends identified before 31st December 2025.
- (e) to approve a transfer from the Consolidated Fund to the Agricultural Loans Fund in 2025 of up to £2 million, subject to a decision of the Minister for Treasury and Resources based on availability of funds in the Consolidated Fund as at 31st December 2024 in excess of estimates provided in this plan, or from budgeted underspends identified before 31st December 2025;
- (f) to approve each major project that is to be started or continued in 2025 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.

- (g) to approve the proposed amount to be appropriated from the Consolidated Fund for 2025, 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.
- (h) to approve the estimated income, being estimated gross income less expenditure, that each States trading operation will pay into its trading fund in 2025 in line with Article 9(2)(h) of the Law and set out in Appendix 2 – Summary Table 6 to the Report.
- (i) to approve the proposed amount to be appropriated from each States trading operation’s trading fund for 2025 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.
- (j) to approve the estimated income and expenditure proposals for the Climate Emergency Fund for 2025 as set out in Appendix 2 – Summary Table 8 to the Report.
- (k) to approve an updated and consolidated policy of the Strategic Reserve Fund as follows:

“The Strategic Reserve Fund, established in accordance with the provisions of Article 4 of the Public Finances (Jersey) Law 2005, is a permanent reserve only to be used:

- i. in exceptional circumstances to insulate the Island’s economy from severe structural decline such as the sudden collapse of a major Island industry or from major natural disaster.
- ii. if necessary, for the purposes of providing funding (up to £100 million) for the Bank Depositors Compensation Scheme established under the Banking Business (Depositors Compensation) (Jersey) Regulations 2009, including to meet the States contribution to the Scheme and/or to meet any temporary cash flow funding requirements of the Scheme.
- iii. to support the development of future healthcare facilities and the borrowing costs for such work, in line with a financing strategy agreed by the Assembly;
- iv. as a holding fund for any or all monies raised through external financing until required, and for any monies related to the repayment of debt raised through external financing used to offset the repayment of debt, as and when required; and
- v. in accordance with Article 24 of the Public Finances (Jersey) Law 2019, where the Minister for Treasury and Resources is satisfied that there exists an immediate threat to the health or safety of any of the inhabitants of Jersey, to the stability of the economy in Jersey or to the environment, for which no other suitable funding is available.”

- (l) to approve the transfer to the Strategic Reserve of the amounts due as a result of the move from prior-year basis taxation after 31st December 2025, as and when these payments are received (estimated at £280 million).
- (m) in relation to the new Government Headquarters (office), to approve;
- i. the exercising of the option to acquire the new Government Headquarters (estimated at £91 million), by the Public of the Island, in line with the pre-agreed terms; and
  - ii. the acquisition of the new Government Headquarters as an investment of the Social Security (Reserve) Fund (including authorising the meeting of expenses incurred in connection with the acquisition); and
  - iii. the subsequent leasing of the new Government Headquarters by the Public of the Island from the Social Security (Reserve) Fund, with commercial terms to be agreed between the Minister for Infrastructure (on behalf of the Public) and Minister for Social Security and the Minister for Treasury and Resources (both on behalf of the Fund); and
- (n) in relation to the new Government Headquarters, to authorise H.M. Attorney General, the Greffier of the States, the Ministers for Infrastructure, Social Security and Treasury and Resources, and the Public of the Island, to enter into such arrangements, including financing, and pass any contracts as are necessary to put into effect paragraph (m).
- (o) to approve, in accordance with Article 9(1) of the Law, the Government Plan 2025-2028, as set out in the Appendix to the accompanying Report, except that on page 33 for the figure “40,000” should be substituted “20,000”.

## **REPORT**

This amendment underscores the Government of Jersey's commitment to supporting a competitive environment for the Island's emerging craft distillery industry.

Considering recent policy developments in the Crown Dependencies and additional consultations with industry stakeholders, this amendment extends relief for small distillers beyond the original proposal. Proposed Budget (Government Plan) 2025-2028 offered a tiered relief system consisting of a 50% rate of duty for distillers producing grain-to-glass spirits from raw agricultural products and a 75% rate of duty (that is, a 25% rate of relief) for distillers redistilling purchased base spirits. After additional consideration of industry dynamics and Jersey's competitive positioning in the Channel Islands, this amendment proposes a unified 50% relief rate for all eligible small distillers, both those distilling from raw agricultural products and those distilling purchased spirits. At the same time, the production ceiling for distillers eligible for the relief will be reduced from 40,000 litres a year to 20,000 litres, aligning with the Government's objective to focus on genuinely small producers and an equal playing field across the Channel Islands.

This change is expected to further enhance Jersey's appeal as a hub for craft distillation, bolster the Island's hospitality sector, and promote alignment in excise policy across the Channel Islands.

### **Financial and staffing implications**

This amendment is not anticipated to have significant financial or staffing impacts. The reduced ceiling to be considered a small producer is expected to restrict eligibility for foreign distillers exporting to Jersey, offsetting the fiscal effect of expanding the 50% relief rate. Additionally, the initial financial planning for the small distillers' relief included a margin to account for evolving policy discussions, ensuring prudent planning assumptions.

### **Children's Rights Impact Assessment**

A Children's Rights Impact Assessment has been completed for this proposition and can be reviewed on the States Assembly website.