STATES OF JERSEY

DRAFT BUDGET STATEMENT 2013 (P.102/2012): THIRD AMENDMENT

Lodged au Greffe on 20th November 2012
by the Connétable of St. Helier

STATES GREFFE

PAGE 2, PARAGRAPH (a) –

After the words “as set out in the Budget Statement” insert the words –

> “except that the estimate of income from taxation during 2013 shall be decreased by £1,024,000 by limiting the proposed duty increases on alcohol to 2.5% for all classes of alcohol.”

CONNÉTABLE OF ST. HELIER

REPORT

The Budget proposals on alcohol are –

> **"Alcohol**
>
> Following consultation with the Council of Ministers, it is proposed to increase alcohol duty rates above the most recent rate of inflation.
>
> Accordingly, the Minister proposes the following:
> A 10% increase on all spirits and wines.
> An 8% increase on strong beer and cider (exceeding 4.9% abv).
> A 5% increase on weaker beer and cider (not exceeding 4.9% abv)."

I believe that such large increases in the cost of alcohol cannot be justified, as they will add to inflation and continue to put pressure on licensed premises, where the consumption of alcohol can be controlled far better than home consumption. The liquor trade has long argued that higher than inflation increases in alcohol impact on licensed premises sales far more than off-licence sales, where drinks promotions are common (whereas they are not allowed in pubs and clubs).

For several years, a 2.5% increase in States charges was assumed to be the correct level as part of the Island's efforts to stem increases in the cost of living.

Health arguments have been used in the past, and will no doubt be used to justify the significant rises in alcohol duty proposed in this Budget. However, I believe that the Council of Ministers needs to focus its efforts on reducing the impact of alcohol abuse through educational measures. Attention should also be paid to moves in other jurisdictions to tax alcohol in a way that does not encourage drinking at home, i.e. by investigating the minimum pricing of alcohol. This would ensure a level playing field between off-licences and licensed premises in the Island.

Financial and manpower implications

The effect of only having a 2.5% increase on alcohol would be a reduction in forecasted income for 2013 of £1,024,000. The total decrease in impôts revenue would be from £55,574,000 to £54,550,000. The decrease in Total States Income would be from £647,044,000 to £646,020,000.

The Draft Budget Statement 2013 shows total alcohol income of £18,195,000, and this would be reduced to £17,171,000. The movement for each commodity would be –

- Spirits from £4,335,000 to £4,038,000
- Wine from £7,350,000 to £6,848,000
- Cider from £1,043,000 to £1,005,000
- Beer from £5,467,000 to £5,280,000.

There are no manpower requirements arising.