

2025.05.13

2.1 Deputy S.M. Ahier of St. Helier North of the Minister for Treasury and Resources regarding new consumption taxes (OQ.115/2025):

Given the predicted decline in revenue from fuel duty, relative to inflation, and the decrease in tobacco consumption, will the Minister advise whether she is considering any new consumption taxes, including a tax on sugar?

Deputy M.E. Millar of St. John, St. Lawrence and Trinity (The Minister for Treasury and Resources):

I thank the Deputy for his question. The latest analysis shows that revenue from fuel duty remains steady for the time being and is not declining at the rate that we might have anticipated. As described in Budget 2025, Ministers have been closely monitoring fuel duty levels and are ready, when needed, to propose alternative charges that will begin to make up the funding lost from declining fuel duty. Such alternatives are more likely to be paid by motorists rather than by consumers of other products, particularly those with a sweet tooth. Alternatives could include a form of vehicle ownership charge or a road user charge, but it is too early to comment on whether and when these proposals will be brought forward, but it appears unlikely with this Council of Minister's term of office.

2.1.1 Deputy S.M. Ahier:

The U.K. (United Kingdom) has a tax on sugary drinks, the S.D.I.L. (Soft Drinks Industry Levy), which led to manufacturers adjusting their recipes to reduce the sugar content. This levy equates to 24 pence per litre for drinks with 8 grams or more sugar per 100 millilitres. Will the Minister adopt the same levy in Jersey, since it has been widely accepted in the U.K. since April 2018?

Deputy M.E. Millar:

A sugar tax or soft drinks levy is not currently under proposal. The primary driver for the U.K.'s sugar tax is to change behaviour and reduce childhood obesity through a reduction in sugar consumption. The revenues raised by the levy are negligible in proportion to the U.K.'s overall tax take. As the Deputy pointed out, the U.K.'s sugar tax has spurred many makers of soft drinks to reduce their sugar content in their products to escape the higher rates of tax. Those products are, of course, now imported into Jersey with reduced sugar levels. It is not clear how a sugar tax would be implemented in Jersey. There would certainly be difficulties for Customs in administering in-scope beverages at the border. Crucially, the tax does not generate a huge amount of revenue and, even more particularly, the U.K. sugar tax appears to have had very little impact on obesity levels in the U.K.

2.1.2 Deputy H.L. Jeune of St. John, St. Lawrence and Trinity:

Will the Minister confirm whether she will maintain the commitment made by this current Council of Ministers to seek to resume above R.P.I. (retail price index) increases in fuel duty from 2026?

Deputy M.E. Millar:

That is a matter that will be considered when Council of Ministers formulate the Budget for 2026, and those discussions have not yet begun.

2.1.3 Deputy H.L. Jeune:

If the Government chooses not to reintroduce this increase in fuel duty from 2026, what alternative measures will be considered to fund Jersey's Carbon Neutral Roadmap and the Carbon Emergency Fund that is funded through R.P.I. increases in fuel duty?

Deputy M.E. Millar:

As I say, no decision has been made so I cannot really comment on hypotheticals of what might be. But I have met with the Minister for the Environment recently and we will be discussing in the coming months the future funding for the Carbon Neutral Roadmap.

2.1.4 Deputy I. Gardiner of St. Helier North:

The Jersey obesity rate with the adult population is about 50 per cent. With children we are looking into 30 per cent. It is really high overweight. Would the Minister look into other jurisdictions and other options to introduce tax on sweetened beverage?

Deputy M.E. Millar:

As I have just said, that is not on policy at the moment. The sugar tax, as we call it, has not had a significant impact in the U.K. I believe in Norway, for example, they have very high sugar taxes, and that has reduced the element on chocolate and sweets and all sorts, but it will not raise significant revenue, I do not believe. In terms of policy, I do not think that taxing goods is necessarily the best way to change behaviour. There are other ways of supporting that. Increasing the cost of unhealthy foods may have severely unintended consequences for the families who rely on those foods. It is a very big subject. I absolutely agree with the Deputy's concerns, but I am not totally convinced that the tax system is the place to deal with childhood obesity or adult obesity for that matter.

2.1.5 Deputy I. Gardiner:

I do believe that to start somewhere we need to change the behaviour and we could see some payment changing behaviour. Would the Minister look into our neighbours' results because France introduced tax of all sweetened beverage since 2012, and it is 12 years and probably we will see if it is working or does not work in France.

[9:45]

Deputy M.E. Millar:

As I say, we do have results from the U.K. The U.K.'s tax ... sorry I cannot remember when it came in, but it has not had a significant impact on obesity. Excess weight and obesity in the U.K. have continued to increase. There is more to it. I know the U.K. are considering now extending the tax to milk-based drinks; for example, milkshakes. I imagine that would not go down particularly well in Jersey with our dairy industry. There are lots and lots of things you can do to try to reduce sugar consumption. I think there are parts of South America where, rather than using the traffic light system, they put a big black sticker on everything saying: "This is high in sugar, fat" and whatever else that is unhealthy. It is a huge question and I am just not sure, as I say, that the tax system is a place to address it.

2.1.6 Deputy J. Renouf of St. Brelade:

The Minister for Health and Social Services has spoken frequently about the need to address public health through preventative measures. Does the Minister not accept that, as the Minister for Health and Social Services is asking for money for this, that this is at least one way that some of the money could be raised to help tackle some of those issues that he has raised?

Deputy M.E. Millar:

Yes, I accept that, in principle. But the U.K. experience has been that it has not been effective. The sugar tax in the U.K. raises ... total revenue between 2021 and 2022 was £330 million. That is a population ... I do not know what the U.K. population is, but I think it is about 60 million or 70 million. We are a population of 100,000. The amount of money that I would guess would be raised on taxing bars of chocolate or cans of fizzy drink would not come close to meeting any of our health challenges. While we could do it, I think we are already in a position where, with soft drinks, we are already seeing products being imported that are already responding to the U.K. levy and which have reduced sugar, so they would already pay less tax. There would be a huge amount of work and it would be very controversial in some areas. For a small population, the work, the effort and the financial outcome would not outweigh the benefits. Personally, I think we should be doing whatever we can to reduce obesity, but I do not think taxing sugar is the answer. There are many other things, ultra-processed food, hamburgers, chips; there are lots of things that contribute to weight and to limit it solely to sugar is difficult. It is a huge subject and we need to do something that works for Jersey. I am open, but it is not on my policy agenda at the moment. I do not think that it would be an effective thing to do, but I think that there are things we could do that would be more effective.

2.1.7 Deputy J. Renouf:

The reason why we tax things like alcohol and tobacco and so on is partly to help pay for the damages caused, and that principle is well-established in taxation. Listening to the Minister speak, she is saying on the one hand she is open, on the other hand she has deep scepticism. I wonder if she could provide some clarity on whether she, in the end, has an in-principle objection to this kind of tax on sugar or, indeed, ultra-processed foods. In other words, using the taxation system in this way. Or is she open to the possibility that it might be a viable solution?

Deputy M.E. Millar:

On balance, I do not think that we should put any more taxes on food or sweeties because we would be effectively penalising children and possibly penalising the very low-income families that are most troubled and most at risk of obesity. I heard a piece on TV this morning; a clinic in the U.K. that is working on childhood obesity and the vast number of children they are seeing are from disadvantaged backgrounds. What we have to do is support those families with education. There are things like the Early Start vouchers, which provide free fruit to families with children under 5 on income support. Initiatives like that are more likely to be beneficial to the population than putting tax. Tax is a blunt instrument. On balance, as I said earlier, the amount of work and the implications in terms of cost I think are disproportionate and will not help either the tax take or the reduction of obesity. So no, I do not support tax on sugar or ultra-processed food. I have now formulated my thinking during the process of this discussion.

2.1.8 Deputy M.B. Andrews of St. Helier North:

Does the Minister agree with me that the Government should prioritise nutrition education over that of imposing a sugar tax?

Deputy M.E. Millar:

Yes, absolutely.

2.1.9 Deputy M.B. Andrews:

Is the Minister in agreement with me that such a tax would be impacting the low and middle income who are already the burden of personal income taxation?

Deputy M.E. Millar:

Yes. As I have previously said, additional taxes on food will have a greater impact on those on low incomes than it will do on others who have higher incomes.

2.1.10 Deputy P.F.C. Ozouf of St. Saviour:

While I understand the reasons for the Minister for Treasury and Resources being asked those questions, I wonder whether the Minister for Treasury and Resources would agree that taxation decisions are best taken within the context of a long-term policy and in the context of working towards the Budget for this year. Would she perhaps invite Members to take part in a refresh of the last long-term tax policy given, which I think was done in 2014, in order to anchor down the fall-off in revenue that she is having to deal with? It is a helpful suggestion. I think she agrees that long-term taxes are best dealt with anchored into long-term policies, not short-termism. Would she agree?

Deputy M.E. Millar:

Yes, I think I have said that already. I absolutely agree that tax decisions need to be taken in the context of our Budget. They need to be considered carefully to make sure that they work in the long term, as the Deputy says, and that there are no unintended consequences that impact those who are least able to bear them. I am not quite sure what the Deputy meant in terms of the tax briefing, but that is something we can consider in the future. As we are about to start the Budget, and we have a number of other very big projects, it is possibly not something that is at the top of my list just yet. I thank the Deputy for his suggestion.

2.1.11 Deputy G.P. Southern of St. Helier Central:

The Minister's attitude seems to be that there are plenty of things that we could do, but she proposes to do nothing. Is that not an accurate description of her policy?

Deputy M.E. Millar:

No, I do not think it is. It is an accurate description of my views as regards using the tax system to deal with issues about public health and childhood obesity. I do not think that is the place, generally speaking, particularly not where food is concerned. I am sure there are things that could be done that would be more effective, but those sit within other policy areas such as health and public health and possibly education.

2.1.12 Deputy L.M.C. Doublet of St. Saviour:

Does the Minister acknowledge that families might be choosing sugary foods and drinks over healthier foods because of the high cost of food at the moment? Does the Minister not think that if there were some kind of tax on these unhealthier foods we could use it to subsidise the healthier foods, perhaps along the lines of a healthy start scheme, which they have in the U.K.?

Deputy M.E. Millar:

As I have said, we do have a healthy start scheme here as well. That is a question that the Minister for Social Security could perhaps comment on, on another occasion. We have a healthy start scheme, which I believe gives vouchers for fresh fruit and vegetables to income-support households with children under 5. We already have that scheme. But I do not believe that taxing unhealthy food, which many people do rely on, will generate the amount of money that we need to subsidise other foodstuffs or to support income support.

2.1.13 Deputy L.M.C. Doublet:

This healthy start scheme, are the public aware of this? What is the take-up of this scheme?

Deputy M.E. Millar:

As I say, that question is outside my remit. Although I know about the high levels of this scheme, I cannot comment with any certainty on the operational aspects. That is a matter for the Minister for Social Security.

2.1.14 Deputy R.S. Kovacs of St. Saviour:

Does the Minister think that G.S.T. (goods and services tax) as a blanket tax makes it harder for low-income people to afford healthy food?

Deputy M.E. Millar:

The subject of G.S.T. on food has been debated at length during the sitting. G.S.T. relies on being, applying to everything, the more complexity ... reducing G.S.T. may actually have the unintended consequence of reducing costs, so I do not propose to do anything with G.S.T. on food.

2.1.15 Deputy S.M. Ahier:

The Minister has mentioned clearly that sugar tax is not on her policy agenda. Can the Minister report on any progress on taxing vaping products as a form of consumption tax?

Deputy M.E. Millar:

Yes, I can. I should have mentioned that earlier. We are continuing with work on a vaping tax and it will be coming forward in the Budget for 2026. I cannot quite remember the start date. We just have some systems issues in Customs about what the actual start date will be, but I anticipate a form of vaping tax being in place next year.