

# STATES OF JERSEY



## **PROPOSED GOVERNMENT PLAN 2022- 2025 (P.90/2021): TWENTY-FOURTH AMENDMENT (P.90/2021 AMD.(24)) – COMMENTS**

### **LOWER INCREASE TO ALCOHOL DUTIES**

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**Presented to the States on 9th December 2021  
by the Council of Ministers**

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**STATES GREFFE**

## COMMENTS

### Summary

Government Plan 2022 proposes freezing duty on beer and cider (i.e. 0%) and increasing the duty on wine and spirits by 5%. Amendment 24 proposes an across-the-board increase in alcohol duty of 1% below RPI – this is an across-the-board increase of 2.5%. Its financial impact is a reduction in forecast duty revenues of £231,000.

The Council of Ministers does not support Amendment 24 and ask States Members not to accept it.

### Comments

More needs to be done to promote better health and less alcohol consumption on the island. The 2020 Jersey Opinion and Lifestyle survey (“JOLS Data”) reported 21% (2018: 16%) of adults responding to the survey said they drank alcohol four or more times a week. It was also reported 23% (2018: 19%) of adults said they drank more than 15 units of alcohol when drinking, though the recommended weekly alcohol limit is 14 units. The report is evidence too many adults are drinking at potentially hazardous levels.

The Alcohol and Licensing Strategy for Jersey published in 2014 (“the Jersey Alcohol Strategy”) noted there is widespread misunderstanding about what constitutes a unit of alcohol. It is therefore likely the JOLS Data underestimates the number of people drinking at a level which is potentially harmful to their health.

The Jersey Alcohol Strategy also says – unsurprisingly – that alcohol pricing is an important tool for discouraging the consumption of alcohol. The report notes alcohol pricing is more effective in discouraging consumption in some key target groups, in particular, young people and problem drinkers.

Health officers also identify spirits as being the type of alcohol consumed most by younger people. Given the increased harm of alcohol to the developing adolescent brain and risks of developing dependence into adulthood, there are significant public health gains in ensuring duty reflects harm and reduces consumption among this vulnerable group.

Amendment 24 proposes an across the board increase of 2.5%. This a 1% below RPI increase – and therefore an erosion in real terms of the duty on alcohol for the current period. Since alcohol duty was frozen last year in order to assist the hospitality industry, Amendment 24 represents a 1.5% below RPI increase over the two year period.

In contrast to what is proposed by Amendment 24, Ministers want to preserve the real value of Impôt duty applicable to the strongest alcoholic products. Generally speaking, wines and spirits are a higher strength by volume than beer and cider and present greater risks for over-consumption. The slightly higher than inflation increase applied to these products is to ensure duties continue to impact islanders’ consumption of these higher-percentage alcoholic drinks.

Furthermore, duty rates for wine are now much lower than both Guernsey and the UK. However in Jersey, wine is the type of alcohol most often consumed in a hazardous and harmful way and by a much larger number of people.

As well as the Government's health and wellbeing agenda (where concerns remain over the levels of alcohol consumption in Jersey), Ministers have also sought to take account of the competing needs of the hospitality sector (post-Lockdown) by freezing Impôt duty on beers and ciders. This approach could be seen as inconsistent; however, beer and cider are relatively lower-strength by volume and less susceptible to abuse.

Impôts remain an important source of Government revenue and, being specific duties levied on liquid volumes, it is important to maintain their real value, both to maintain Government revenues and to maintain the impact that duty-inclusive pricing has in affecting consumption levels.

### **Financial Implications**

The amendment as proposed decreases Consolidated Fund income by £231,000 in 2022.

In total it decreases income by £924,000 over the period of the Plan. If accepted this amendment will result in lower surpluses in latter years of the plan, preventing them being able to be applied to reduce borrowing for Covid.

### **Statement under Standing Order 37A [Presentation of comment relating to a proposition]:**

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These comments were submitted to the States Greffe after the noon deadline as set out in Standing Order 37A due to time constraints from the States Meeting being moved forward to Monday 13th December, which in turn affected the final deadline for Comments, and the requirement to undertake final due diligence and review processes.

### **Re- issue Note**

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This projet was reissued to remove the final two paragraphs of the financial implications section of the proposition.

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