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28<sup>th</sup> September 2023

Dear States Member

### **Proposed Alcohol Duty Increase**

I write with the sincere hope and heartfelt plea you will read this with the genuine concern I share, and indeed our fragile hospitality industry shares, in relation to the recent news of a proposed alcohol duty increase of 8.9% planned for the 2024 budget. I arrived in the island in 1989 and have been working in hospitality ever since, so I have seen and appreciated the great times we once had, however as I am sure most people will testify who enjoyed that period, we now find ourselves in complete contrast.

There has been a predisposition over many years to increase alcohol duty with the justification that our elected Governments are addressing a serious health issue within our island. I would seriously question how much of that money over the years has been ring-fenced and set aside to directly focus and assist the issues of alcohol abuse and how it may be tackled in a more proactive way?

The simple effect of your intention of driving up prices in on-licensed premises will be to further drive the problem underground where consumers will drink at home in an unregulated environment. On-licensed premises, by virtue of the responsibilities we have to uphold under our Licensing Law (1974) allow us to regulate safe consumption in a controlled environment, rather than allowing for the last few measures of Gin, in the bottle on the kitchen counter to be emptied and go unchallenged!

A quick look at on-line Excise Duty statistics which go back to 1995, show that dutiable beer imported into Jersey has dropped from 14 million litres to just 8.3 million litres as at the end of 2022, a decrease of nearly 41%. Other than looking around the island and seeing the continual closure of hotels, restaurants and pubs, surely this is sufficient indication to suggest that if you continue in the same fashion by raising duty, and significantly biting the hand that feeds your fiscal purse, you are also further decimating what was once a healthy and prosperous hospitality sector. You don't need a costly consultant to evidence this. I am offering you this factual information for free, someone who is at the coal face, dealing and experiencing the impact and consequences of these past decisions on a daily basis.

I reference the destroying of our industry with first hand knowledge, with Randalls being forced to close outlets this year as they were no longer financially viable. Couple that with the uncertainty of our future, questions are now quite rightly being asked if any future investment will be cost effective. Randalls have always been a progressive company and I would like to hope with the recent significant investments and additions to our estate such as The Beach Club and indeed new ventures planned for early 2024, that we have maintained a fighting spirit whilst many other operators are sadly falling. There is only so far you can go before you have to concede you have been beaten. We have been struggling for far too long and very sadly I would suggest if this persistence to keep punishing the hospitality sector with further financial burdens continues, then you will have only have yourselves to blame. A happy and healthy economy is balanced by all sectors, and indeed our Finance Industry relies on a vibrant hospitality sector to retain and attract personnel. We have endured a torturous 3 years in dealing with Covid, a staffing crisis and an increase in the minimum wage of over 26% since 2021. We now find ourselves with the challenge of a cost of living crisis and the proposed approach is to drive our offering further out of reach of our consumers. To believe we can continue to attract customers to our outlets and remain financially viable by having to pass on further duty increases will just see our industry deplete even further.

I urge you seriously to change the strategy you or your predecessors have previously taken, and not leave a damaging legacy for your future Government to deal with. The general feeling amongst the many operators I have spoken with is unfortunately there will be no second chance!

Yours faithfully

A handwritten signature in black ink, appearing to read 'Gavin Reid', written in a cursive style.

Gavin Reid  
Managing Director.