



Deputy John Le Fondre,
Scrutiny Office,
States Greff,
Morier House,
St Helier,
JE11DD.

14th November 2016,

Dear Deputy Le Fondre,

Reference proposed increase in Impot Duty.

I write in regards to the letter of 28th October inviting response to the proposed annual above inflation increases to Impot duty.

It would seem from recent statements made by the Treasury Minister that the driving factor behind a hefty 5% increase is once again health.

We believe that the majority of drinkers do so with moderation, hence penalising all because of the few who are alcohol dependent seems to be unfair, particularly those on limited incomes who enjoy the occasional pint and the social atmosphere associated with public houses.

It is worth noting that our duty bands here in Jersey are totally different to those of the UK where a sliding scale is applied to ales, lagers etc. Here in Jersey we have a misguided belief that any ale, lager, over 4.9% should attract a quantum leap in impot duty.

Putting this into figures; A pint of say 4.8% lager carries presently .35p duty proposed to increase to .37p duty, whereas a pint at 4.9% carries .60p duty proposed to increase to .63p duty.

As the concerns regarding health are the mainstay of the proposed increase one wonders why this anomaly is maintained. From visual evidence of the many that are alcohol dependent and can be seen in both Parade Park and Peoples Park their drink of choice seems to be cans of lager at 8.6% and above, which carry the same duty as a pint of 5% beer or lager Heineken for example.

One suggestion would be, if health is the major factor in raising duty, to raise the lower band to say 5.2% as opposed to 4.9%, and implement larger or progressive duty rates on product above 5.2%.

This would deter, if price is the deciding factor as health tell us it is, the alcohol dependent person from imbibing in super strength product. Which incidentally we do not sell in On Licensed premises.

Looking at the proposed increase on a litre of 40% spirits our current duty is £13.81 and is proposed to increase to £14.53 whereas in the U.K duty is £11.87 for the comparative product.

As I often travel out of the Island, it is noticeable when returning that almost every passenger, be it by sea or air is bringing duty free spirit back into Jersey.

Impot figures show a decline in spirit importation of 11.3% since 2013, I would imagine if one looked at the figures since 1993 the decline would be many times that number.

If the proposed rise goes ahead we will have claim to being Europe's second highest duty on spirits as our strap line.

As an industry we are already facing higher costs due to increasing legislation, wages, freight charges, overheads, not forgetting the weak GBP and its effect on imports.

As Impot duty is paid within 10 days of landing goods, the charges levied form part of our base cost, hence as a business we have, on say a single line of spirits £165.72 tied up in one case of a dozen bottles.

Buying and shipping is generally on a pallet basis, with an average 50 cases on each pallet we have £8,286 tied up on just one line, the proposed increase will add further another £432. All of this will in turn be passed on to the consumer.

Over the past two decades Jersey has lost over 60 inns, pubs and bars, we forecast that over the next two decades the same amount will probably fail and close.

The choice of; in particular younger drinkers is to drink at home, pre loading etc. Our estimate is that 65/70% of all alcohol consumed in Jersey derives from the off trade and duty free importation, where measures and consumption are neither monitored nor controlled.

The Island will be a strange place without the vibrancy of Public houses, of which the majority in many cases in order to stay afloat now serve food. The night time economy, which currently is having a poor time, due in part to the habit of pre-loading all go hand in hand to enhance the appeal of the Island.

Over the decades Jersey has changed from a once vibrant and busy tourism industry to one dominated by finance. Seasonal workers are now coming from Eastern Europe and as opposed to those of yesterday who now save and send money home. The market is shrinking organically, as we live on an Island of 100,000 people we have no catchment area apart from fish. We really do believe that current duty rates are too high and any increase will further damage what is becoming a very fragile industry.

In closing we ask that maybe this year duty rates are put on hold in order that there can be meaningful and genuine consultation with the industry over the many issues that are of concern including those we have raised above.

Kind regards,

David Le Quesne,
CEO Randalls Limited.