

STATES OF JERSEY



PROPOSED BUDGET (GOVERNMENT PLAN) 2025-2028 (P.51/2024) – EIGHTH AMENDMENT

INDEXATION OF ALCOHOL DUTY

Lodged au Greffe on 8th November 2024
by Deputy H.M. Miles of St. Brelade
Earliest date for debate: 26th November 2024

STATES GREFFE

PROPOSED BUDGET (GOVERNMENT PLAN) 2025-2028 (P.51/2024) –
EIGHTH AMENDMENT

1 PAGE 4, PARAGRAPH (o) –

After the words “as set out in the Appendix of the accompanying Report” insert the words –

“, except that on page 32 under the section “Alcohol”, after the words “living pressures of Islanders.” there should be inserted the words “However, the Government commits to the reinstatement of the indexation of alcohol duty in line with RPI from 2026.”

DEPUTY H.M. MILES OF ST. BRELADE

Note: After this amendment, the proposition would read as follows –

THE STATES are asked to decide whether they are of opinion –

to receive the Government Plan 2025 – 2028 (entitled “Budget 2025-2028”) specified in Article 9(1) of the Public Finances (Jersey) Law 2019 (“the Law”) and specifically –

- (a) to approve the estimate of total States income to be paid into the Consolidated Fund in 2025 as set out in Appendix 2 – Summary Table 1 to the Report, which is inclusive of the proposed taxation and impôts duties changes outlined in the Government Plan, in line with Article 9(2)(a) of the Law.
- (b) to approve the proposed Changes to Approval for financing/borrowing for 2025, as shown in Appendix 2 – Summary Table 2 to the Report, which may be obtained by the Minister for Treasury and Resources, as and when required, in line with Article 9 (2)(c) of the Law, of up to those revised approval amounts.
- (c) to approve the transfers from one States fund to another for 2025 of up to and including the amounts set in Appendix 2 – Summary Table 3 in line with Article 9(2)(b) of the Law.
- (d) to approve a transfer from the Consolidated Fund to the Stabilisation Fund in 2025 of up to £25 million, subject to a decision of the Minister for Treasury and Resources based on the availability of funds in the Consolidated Fund as at 31st December 2024 in excess of the estimates provided in this plan, or from budgeted underspends identified before 31st December 2025.
- (e) to approve a transfer from the Consolidated Fund to the Agricultural Loans Fund in 2025 of up to £2 million, subject to a decision of the Minister for Treasury and Resources based on availability of funds in the Consolidated Fund as at 31st December 2024 in excess of estimates provided in this plan, or from budgeted underspends identified before 31st December 2025;
- (f) to approve each major project that is to be started or continued in 2025 and the total cost of each such project and any amendments to the proposed total cost

of a major project under a previously approved Government Plan, in line with Article 9(2)(d), (e) and (f) of the Law and as set out in Appendix 2 – Summary Table 4 to the Report.

- (g) to approve the proposed amount to be appropriated from the Consolidated Fund for 2025, for each head of expenditure, being gross expenditure less estimated income (if any), in line with Articles 9(2)(g), 10(1) and 10(2) of the Law, and set out in Appendix 2 – Summary Tables 5(i) and (ii) of the Report.
- (h) to approve the estimated income, being estimated gross income less expenditure, that each States trading operation will pay into its trading fund in 2025 in line with Article 9(2)(h) of the Law and set out in Appendix 2 – Summary Table 6 to the Report.
- (i) to approve the proposed amount to be appropriated from each States trading operation’s trading fund for 2025 for each head of expenditure in line with Article 9(2)(i) of the Law and set out in Appendix 2 – Summary Table 7 to the Report.
- (j) to approve the estimated income and expenditure proposals for the Climate Emergency Fund for 2025 as set out in Appendix 2 – Summary Table 8 to the Report.
- (k) to approve an updated and consolidated policy of the Strategic Reserve Fund as follows:

“The Strategic Reserve Fund, established in accordance with the provisions of Article 4 of the Public Finances (Jersey) Law 2005, is a permanent reserve only to be used:

- i. in exceptional circumstances to insulate the Island’s economy from severe structural decline such as the sudden collapse of a major Island industry or from major natural disaster.
- ii. if necessary, for the purposes of providing funding (up to £100 million) for the Bank Depositors Compensation Scheme established under the Banking Business (Depositors Compensation) (Jersey) Regulations 2009, including to meet the States contribution to the Scheme and/or to meet any temporary cash flow funding requirements of the Scheme.
- iii. to support the development of future healthcare facilities and the borrowing costs for such work, in line with a financing strategy agreed by the Assembly;
- iv. as a holding fund for any or all monies raised through external financing until required, and for any monies related to the repayment of debt raised through external financing used to offset the repayment of debt, as and when required; and
- v. in accordance with Article 24 of the Public Finances (Jersey) Law 2019, where the Minister for Treasury and Resources is satisfied that there exists an immediate threat to the health or safety of any of the inhabitants of Jersey, to the stability of the economy in Jersey or to the environment, for which no other suitable funding is available.”

- (l) to approve the transfer to the Strategic Reserve of the amounts due as a result of the move from prior-year basis taxation after 31st December 2025, as and when these payments are received (estimated at £280 million).
- (m) in relation to the new Government Headquarters (office), to approve;
- i. the exercising of the option to acquire the new Government Headquarters (estimated at £91 million), by the Public of the Island, in line with the pre-agreed terms; and
 - ii. the acquisition of the new Government Headquarters as an investment of the Social Security (Reserve) Fund (including authorising the meeting of expenses incurred in connection with the acquisition); and
 - iii. the subsequent leasing of the new Government Headquarters by the Public of the Island from the Social Security (Reserve) Fund, with commercial terms to be agreed between the Minister for Infrastructure (on behalf of the Public) and Minister for Social Security and the Minister for Treasury and Resources (both on behalf of the Fund); and
- (n) in relation to the new Government Headquarters, to authorise H.M. Attorney General, the Greffier of the States, the Ministers for Infrastructure, Social Security and Treasury and Resources, and the Public of the Island, to enter into such arrangements, including financing, and pass any contracts as are necessary to put into effect paragraph (m).
- (o) to approve, in accordance with Article 9(1) of the Law, the Government Plan 2025-2028, as set out in the Appendix to the accompanying Report, **except that on page 32 under the section “Alcohol”, after the words “living pressures of Islanders.” there should be inserted the words “However, the Government commits to the reinstatement of the indexation of alcohol duty in line with RPI from 2026.”.**

REPORT

The rationale for this narrative amendment to the budget is to ensure that the Government remain focused on their commitment to improve the public health of the island.

There is a plethora of local, national and global research that reinforces the need to reduce alcohol consumption to improve health outcomes. These are listed in the Appendix to this amendment.

The public health burden of alcohol use is wide-ranging, relating to health, social and economic harm. There are tangible costs to our health, criminal justice and welfare systems and some intangible costs of lost productivity due to absenteeism in the workplace, unemployment, decreased output or lost working years due to ill health pension or death. Some harms impact upon vulnerable groups, in particular children in families where alcohol consumption impacts emotional and economic wellbeing.

However, the economic burden of alcohol consumption is under-estimated, the financial burden that alcohol -related harm causes to our health and criminal justice system is not reflected in its market price, and therefore taxpayers are responsible for a larger amount of the overall cost compared to individual drinkers.

We know that Jersey already has a high rate of alcohol consumption at 12.0 litres of pure alcohol per person per year, well above the European average of 9 litres.

The impact on our Health Service is significant:

- 10 alcohol-specific deaths a year (10.9 per 100,000 people) over the period 2019-2021);
- 3 alcohol-related deaths a year (32.4 per 100,000 in 2021);
- 2 adult hospital admissions each day for alcohol-specific conditions (725 per 100,000 people);
- 1 ½ under 18 hospital admissions per month for alcohol-specific conditions (51 admissions between the 2019-2021 period);
- 1 referral a day to the Alcohol & Drug Service for alcohol (420 referrals in 2022).

There is an impact on community safety:

- 1.3 crimes a day involve alcohol. Alcohol played a role in almost one in six of all crimes recorded in Jersey in 2022. Around 3 in 10 (32%) assaults and serious assaults, one in nine (11%) of domestic assaults;
- 3 crimes a week in the St Helier Nighttime Economy involve alcohol, with alcohol playing a role in almost one in four (23%) offences in the St Helier NTE;
- 2 drink driving offences are recorded each week. Unfortunately, road traffic collisions resulting in death or serious injury per 1,000 people have been increasing over the past five years.

Raising prices on alcohol through excise taxes and other pricing policies is one of five key policy interventions deemed effective and cost-effective by the World Health Organisation in reducing alcohol related harms.

Together the five key interventions in reducing alcohol-related harms effectively and cost-effectively are:

- Strengthening restrictions on alcohol availability
- Advancing and enforcing drink-drive countermeasures
- Facilitate access to screening, brief interventions, and treatment.
- Enforce bans or comprehensive restrictions on alcohol advertising, sponsorship, and promotion.
- Raise prices on alcohol through excise taxes and other pricing policies.

The latest World Health Organisation report also notes that countries like Russia, Ukraine and Türkiye have achieved the WHO's alcohol reduction targets by increasing taxes on alcohol and reducing its accessibility.

Alcohol duty in Jersey has been frozen for the last five years – as a response to difficult economic circumstances for hospitality business and cost of living pressure for the public (although alcohol is not a necessity product). This equates to lost revenue of £868,000 in 2025 and a total of £3,472,000 over the period of the budget.

There is a balance between economic concerns and health related imperatives which must be carefully considered. We should also remember the £20 million package of support being proposed by the Minster for Sustainable Economic Development, some of which will assist the hospitality industry with rising costs.

Given the level of funding we are told will need to be injected into Health Services in the future, it seems counter-intuitive to further reduce the revenue available through taxation to fund these services by continuing to freeze duty on alcohol beyond next year.

Financial and staffing implications

There is no further impact to the forecast for alcohol duty which already assumes indexation increases in future years from 2026.

Children's Rights Impact Assessment

A Children's Rights Impact Assessment (CRIA) has been prepared in relation to this proposition and is available to read on the States Assembly website.

Re-issue Note

This amendment has been re-issued to correct the wording of the Financial and staffing implications.

APPENDIX

Jersey Alcohol Profile:

<https://www.gov.je/SiteCollectionDocuments/Government%20and%20administration/Alcohol%20Profile%202022.pdf>

The Jersey Public Health Data Explorer:

<https://app.powerbi.com/view?r=eyJrIjoiODc2N2EyZTgtZjMyMC00NmU2LWFiNW-MtNTJiN2Y2NzNkYzlhIiwidCI6IjJiNTYxNTEyLTdkZGYtNDk1Yy04MTY0LWY1NmFINzc2YzU0YSIsImMiOjh9>

Public Health England: *The Public Health Burden of Alcohol and the Effectiveness and Cost-Effectiveness of Alcohol Control Policies An evidence*

review https://assets.publishing.service.gov.uk/media/5b6c5703ed915d3119112af6/alcohol_public_health_burden_evidence_review_update_2018.pdf

Public Health Scotland: *Evaluating the Impact of Minimum Unit Pricing for Alcohol in Scotland* <https://publichealthscotland.scot/news/2023/june/minimum-unit-pricing-reduces-alcohol-related-harm-to-health/>

WHO's SAFER initiative (<https://www.who.int/initiatives/SAFER>

WHO's https://www.who.int/health-topics/alcohol#tab=tab_1

Alcohol No Ordinary Commodity

https://pnsd.sanidad.gob.es/profesionales/publicaciones/catalogo/bibliotecaDigital/publicaciones/pdf/2023/Babor_TF_Alcohol_No_Ordinary_Commodity_2023.pdf