

STATES OF JERSEY



PROPOSED BUDGET (GOVERNMENT PLAN) 2025-2028 (P.51/2024): EIGHTH AMENDMENT (P.51/2024 AMD.(8)) – COMMENTS

**Presented to the States on 22nd November 2024
by the Council of Ministers**

STATES GREFFE

COMMENTS

Summary

The amendment, if passed, would add to the Budget an explicit commitment by the Government to uprate alcohol duties by RPI inflation in 2026 and beyond. This would simply add additional and unnecessary formality to the long-standing Government policy and budget planning practices of assuming that such duties will be revalorised annually by RPI inflation. While this has been the implicit planning approach to future policy, it is uncommon for the Government to make an explicit commitment before the corresponding Budget debate—in this instance, the Budget 2026 debate scheduled for winter 2025.

The additional text will not have a consequence, as the reinstatement of the indexation of alcohol duty with the growth rate of RPI is assumed in the policy baseline of the Budget's medium-term planning framework.

The Council of Ministers does not support the amendment. While the intent of the amendment is understood, the Council advises against its adoption because it is unnecessary and would not be binding for future decisions. It would also set a precedent that could encourage amendments that have no effect other than political signalling.

The amendment is unnecessary

The reinstatement of the indexation of alcohol duty in line with RPI beginning in 2026 is the baseline assumption that has already been factored into budget planning. The proposed amendment seeks only to emphasise a policy that is a matter of record.

The amendment would not and should not bind future decisions of the Assembly

Under the Public Finances (Jersey) Law 2019, each annual budget and variations of a tax or duty within must be approved independently by the States Assembly. Annual budgets cannot bind future Assemblies or Councils of Ministers to specific fiscal policies.

While the Council of Ministers can signal policy intentions for future years, these are inherently subject to reconsideration based on the prevailing economic, fiscal, and social circumstances at the time. The current wording within the Budget strikes a balance between clarity and flexibility, enabling the Government to address future economic conditions without unnecessary constraints.

The amendment risks setting a precedent for future unnecessary amendments

Accepting amendments that reiterate existing policy could encourage further unnecessary proposals for the sake of public attention and political signalling, complicating the budget and planning process unnecessarily. The Assembly's and officers' time and resources are better spent addressing substantive changes or additions.

Conclusion

The proposed amendment simply confirms the current baseline while contributing to a misleading impression of a future guarantee, when in fact duties remain subject to the annual approval process and may need to be reconsidered to respond to future economic conditions. The Council of Ministers reiterates its baseline planning assumption of reinstating alcohol duty indexation from 2026, as already articulated, and asks the Assembly to reject this unnecessary amendment.