STATES OF JERSEY

GOVERNMENT PLAN 2020–2023 (P.71/2019): THIRTEENTH AMENDMENT

Lodged au Greffe on 11th November 2019
by the Deputy of St. Peter

STATES GREFFE

PAGE 2, PARAGRAPH (a) –

After the words "Article 9(2)(a) of the Law" insert the words ", except that the 2020 Estimate for "Impôt Duties" shall be decreased by £1.05 million, by restricting increases in impôt duties on alcohol to RPI (2.7%) across the board".

DEPUTY OF ST. PETER

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 2020–2023 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 2020 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, except that the 2020 Estimate for "Impôt Duties" shall be decreased by £1.05 million, by restricting increases in impôt duties on alcohol to RPI (2.7%) across the board; and

(b) to approve each major project that is to be started or continued in 2020 and the total cost of each such project, in line with Article 9(2)(d), (e) and (f) of the Law and as set out in Appendix 2 – Summary Table 2 to the Report; and

(c) to approve the proposed amount to be appropriated from the Consolidated Fund for 2020, 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 3(i) and (ii) of the Report; and

(d) to approve the estimated income, being estimated gross income less expenditure, that each States trading operation will pay into its trading fund in 2020 in line with Article 9(2)(h) of the Law and set out in Appendix 2 – Summary Table 4 to the Report; and

(e) to approve the proposed amount to be appropriated from each States trading operation's trading fund for 2020 for each head of expenditure in line with Article 9(2)(i) of the Law and set out in Appendix 2 – Summary Table 5 to the Report; and

(f) to approve –

(i) the establishment of a “Climate Emergency Fund”, in accordance with the provisions of Article 6 of the Law, as set out at Appendix 3 to the Report; and

(ii) the estimated income and expenditure proposals for the Climate Emergency Fund for 2020 as set out in Appendix 2 – Summary Table 6 to the Report; and

(g) to approve the amounts to be transferred from one States fund to another for 2020 in line with Article 9(2)(b) as set out in Appendix 2 – Summary Table 7 to the Report; and

(h) to approve the estimated income and expenditure of the Social Security, Health Insurance and Long-Term Care Funds for 2020 set out in Appendix 2 – Summary Tables 8(i), (ii) and (iii) to the Report, with –

(i) the estimated income to be raised from existing social security contributions defined in the Social Security Law and the proposed changes to contribution liability; and

(ii) the estimated expenditure to be paid to support the existing benefits and functions defined in the Social Security Law, the Health Insurance Law and the Long-Term Care Funds and new benefits, if any, to be paid from the Funds; and

(i) to approve, in accordance with Article 9(1) of the Law, the Government Plan 2020–2023, as set out at Appendix 4 to the Report.

REPORT

Health has been used by many governments over the last few decades as the reason to increase duty on alcohol. However, has this strategy really worked, or is it just taxing the soft underbelly of the majority of Islanders?

What is clear is: alcohol has been consistently taxed heavily over the last 19 years.

RPI has been 78% in last 19 years. If you compare this with the increase of duty against –

Beer (4.9% or less)	204%
Strong beer (over 5%)	299%
Table wine	125%
Spirits	144%.

The Treasurer has done well financially, as these are easy pickings.

But has health improved?

The only statistical health evidence in the whole Government Plan 2020–2023 (P.71/2019) to support this argument is on page 44 –

> 'In addition, 23% of Jersey adults who drink alcohol do so at potentially hazardous or harmful levels (Alcohol Profile, 2018)'.

If there was evidence that increasing taxes on alcohol worked and improved the health of Islanders, an argument used for many decades, do you not think it would be made clear to us with facts?

Every other comment comprises assumptions and rhetoric!

There is one example of alcohol price controls being successful, and that is Scotland. Scotland have introduced minimum pricing per unit. However, before introduction, you could buy in Scotland your 14 units (acceptable weekly amount) for £2.50. That is the equivalent of 7 pints of medium-strength lager, which will cost you about £25 in a Jersey pub. The cheapest I could find in Jersey was a heavily-discounted Stella from the Co-op for just under £7! The point is, the base level from which Scotland started doesn't compare with Jersey.

Scotland also has the highest drug-related deaths in the EU:
https://www.bbc.co.uk/news/uk-scotland-48938509

I would therefore suggest that Scotland has wider cultural challenges to face, which distorts the above claim.

What happens if people change their way of buying alcohol?

This is just one example of a change in behaviour:

Bar-owners in Jersey report young people 'pre-loading' on cheaper supermarket drinks, or they meet at someone's home for a 'PRE-LASH'!

They, the young, have developed a culture of loading their systems up on alcohol before going out for the evening. The licensing unit report frequently seeing youths buying cheap wine to consume in a very short time, before entering licensed premises before the effects have taken hold.

They are subsequently drunk on licensed premises, spend no money, and are a social and financial liability to the licensee.

Why is it unfair?

The Liquor Licensing Policy in Jersey allows a special deal for off-licence trade, including discounts, or 'buy 3 for the price of 2', etc. at our local supermarkets. So those who plan, and have means, can save money. If you have the time to shop, the cashflow to bulk-buy, and the storage space in your home, discounts in excess of 25% are easily achievable. However, the people hit most by constant increases in alcohol duty are those who can least afford it and do not have the time to spot bargains and go to the supermarket to benefit from them. In summary, this is a tax on the lowest earners in our society.

However, on-licence establishments (pubs, restaurants and clubs) are NOT allowed to offer promotions or 'happy hours'. Not only is this an unfair playing-field, but it drives people away from socialising in the company of friends in the local community.

Again, the increases affect the lower earning members of our community, who would like the occasional drink after work with colleagues, or to meet friends at the weekend. The occasional drinker relaxing from the stresses of everyday life is penalised the most.

Summary

To change people's drinking habits, you must change the culture of drinking. Pricing hasn't, doesn't, and won't work. Drinking and driving didn't, quite rightly, become taboo because of increasing drink prices. It was sustained hard-hitting advertising campaigns over a generation. Let's be clever, try something different, and not just tax those who can't afford it!

So how to make up the shortfall?

If this amendment is supported, the shortfall, according to the Treasury, will be approximately £1.05 million.

2020

Either, by continuing our carbon-neutral theme –

- 1p on the price of diesel will generate £197k. 1p on unleaded will be £264k. Therefore, 2p on both would recover £922k. A tax that is aimed to support our carbon-neutral policy.

- This could be supplemented by putting 20p on Boat fuel = £168k. This would increase the price from about 55p a litre to 75p. Again, a duty aimed to support our carbon-neutral policy.

Or –

- Take £1.05 million of the £8 million from the General Reserve (Table 56) and repay from the car tax charges as proposed for 2021 below.

2021

In order to support our carbon-neutral policy, I plan next year to look at taxing large engine high-emission non-commercial vehicles (excluding Hybrids and LPG conversions). The DVS database is not accurate enough to implement this for 2020, and will need work over the next year. However, the best information available says there are 27,325 cars with an engine capacity greater than 2,000. For example, a 2,000 cc. Ford Mondeo in the UK pays £205 tax per year. As this is the minimum suggested criteria, with many cars having larger engines and greater emissions, this would bring in at least £5.6 million per annum. I am not advocating this as a definite proposal, merely an indicative comparison.

Financial and manpower implications

Providing the Minister for Treasury and Resources will accept the recommendations above to make up the £1.05 million shortfall in 2020, and look at car tax for subsequent years, or increase duty on fuel, there should be no budgetary shortfall.