

# STATES OF JERSEY



## **GOVERNMENT PLAN 2020–2023 (P.71/2019): THIRTEENTH AMENDMENT (P.71/2019 Amd.(13)) – COMMENTS**

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**Presented to the States on 22nd November 2019  
by the Council of Ministers**

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**STATES GREFFE**

## COMMENTS

The Deputy of St. Peter proposes the following in [P.71/2019 Amd.\(13\)](#) –

### **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”.

### **The Council of Ministers opposes this proposal and urges States Members to reject the amendment.**

There are 2 bases on which the Council of Ministers is rejecting this amendment.

#### **1. The amendment is not funded**

Alcohol impôts are an important source of revenue for the States, and this amendment would result in a significant loss of £1.05 million per annum to this revenue-stream, with no proposition for funding to replace it.

#### **2. The amendment is contrary to internationally recognised health policy**

The amendment is also contrary to Jersey’s longstanding policy of using duty as a lever in the management of alcohol consumption in the Island. Tax on alcohol is recognised internationally as an effective means of dealing with the management of alcohol consumption, and there is no reason to suggest that Jersey is different to other jurisdictions in this regard. Price affects both supply and demand – a basic law of economics.

Affordability, availability and advertising are identified as the 3 strongest policy levers that governments should consider in dealing with alcohol consumption. Wider programmes of public awareness building tend to have a lesser impact on drinking behaviour.

On reviewing the international evidence provided to them, the Corporate Services Scrutiny Panel concluded in their Report ‘Draft Budget 2018 Interim Report (Impôts Duties)’ ([S.R.10/2017](#)), that –

- There is clearly a significant weight of evidence linking alcohol tax increases and health benefits (however, they note that none of the evidence is based directly on experience in Jersey); and
- Guidance issued by some of the largest international policy forums also points to tax measures as one of the levers to reducing alcohol and tobacco consumption and misuse.

The report accompanying the amendment highlights that impôts are taxes disproportionately falling on the lowest earners in society, who would be the hardest hit by the increases. Whilst it is accepted that indirect taxes are mildly regressive, international population evidence shows that it is also those who are least well-off who bear the largest brunt of health harms from alcohol use.

In addition, the evidence shows that young people are particularly sensitive to price. This age-group is known to drink in a more hazardous way, and is also vulnerable to unique health harms associated with alcohol use while the adult brain has not yet fully developed. There is evidence from our school survey of a reducing trend of alcohol consumption over the previous decade.

The report accompanying the amendment refers to Jersey's "Liquor Licensing Policy". This is H.M. Attorney General's guidance on drinks promotions, which describes the type of promotional activity in on-licensed premises that could be expected to result in a referral of those premises to the Licensing Assembly of Governor, Bailiff and Jurats.

The [Government Plan 2020–2023](#) acknowledges that reform of the [Licensing \(Jersey\) Law 1974](#) has taken longer than originally anticipated, and committed to examining the potential lodging of a suitable in-principle proposition or inviting the Assembly to hold an in-committee debate on liquor and alcohol licensing in either 2019 or 2020. An initial review has been undertaken, and will be considered by the Council of Ministers by the end of the year.

The Council of Ministers also remains interested in minimum pricing policy for alcohol, and is following developments on the Scottish model of a statutory minimum price.

**Suggestions have been made for how the amendment might be funded, but these are not included in the amendment itself.**

#### Road Fuel Duty increase of 2p a litre

The Government believes its current proposal for a 6p increase is sufficient at this time, pending further work to determine the optimum policy responses to climate change.

#### Funding via Marine fuel duty of 20p

- The proposed increase is based only on petrol, not diesel.
- Two identical boats with different engines would be treated differently.
- Larger boats are typically diesel whilst smaller boats are typically petrol.
- Commercial users – some may be petrol whilst others are diesel. This proposal potentially affects fishermen, on top of the Brexit issues they face.
- Administration costs – the proposal will require development time, and it will not be possible to be developed, tested and delivered before 1st January 2020.
- No consultation has been undertaken with the Public or stakeholders (commercial operators, fishermen, fuel suppliers, tourism, Ports of Jersey).

Funding via temporary transfer from General Reserve, with repayment in 2021 from new tax charges

- There is no defined proposition.
- There is no indication of administration costs.
- Vehicle taxes are already being considered as part of the Government Plan.

- Page 84 of [Government Plan 2020–2023](#)

*“Fully design and propose changes to how we price and cost pollution, by looking at ways to use fiscal levers and charges to change behaviours. This will include bringing a range of proposals to the States Assembly in areas such as a revision of, or an alternative to, Vehicle Emissions Duty, that better signals the cost of vehicle ownership and pollution; the investment model for our waste management facilities; and incentives to reduce the production of plastic waste.”*