

STATES OF JERSEY



DRAFT BUDGET STATEMENT 2013 (P.102/2012): THIRD AMENDMENT (P.102/2012 Amd.(3)) – COMMENTS

**Presented to the States on 3rd December 2012
by the Minister for Treasury and Resources**

STATES GREFFE

COMMENTS

The Minister for Treasury and Resources opposes this amendment.

The Connétable of St. Helier is proposing not to implement the Minister's proposals for a 10% increase on all spirits and wines, an 8% increase on strong beer/cider (exceeding 4.9% abv) and a 5% increase on weaker beer/cider (not exceeding 4.9% abv). The Connétable is proposing a duty increase of 2.5% for all types of alcohol. The impact of this amendment, if successful, would be a reduction in income of £1,024,000.

The Connétable states that the increases cannot be justified as they will add to inflation. While this is correct, the effect on inflation is negligible. The proposed increases on wine/spirits will add 0.03% to the rate of inflation, whilst the increase on strong beer/cider and weak beer/cider would result in a 0.02% and 0.01% increase respectively.

It is accepted that these increases are more likely to have an impact on licensed sales as opposed to off-licence sales because of the latter's ability to advertise drink promotions. Nevertheless, it is worth keeping in mind that the 5% increase proposed on the working man's pint will result in an increase of duty of less than 2p.

Once taxes and duties are removed from the retail price in the Island, it is apparent that alcohol prices in Jersey continue to be high compared to those in the UK. As an example, a litre of whisky net of duty and GST in Jersey is typically £7.64 compared to as low as £2.61 in the UK; whilst a pint of beer is typically £2.92 in Jersey compared to an average of £2.42 in the UK. There are questions to be asked, therefore, regarding price margins.

In deciding the rates of duty increases, consultation takes place with the Ministers for Health and Social Services and Home Affairs. It is apparent from these consultations that alcohol is having a damaging effect on society.

In relation to a minimum unit price for alcohol, some initial work has been carried out on this subject in the Island. This work is ongoing, and will take into account developments regarding the issue in the UK and Scotland, as well as considering the views of the EU Commission. At the present time, therefore, it is too early to make any definite decisions regarding minimum unit pricing.

For all the above reasons, the Minister for Treasury and Resources opposes this amendment.