

STATES OF JERSEY



DRAFT BUDGET STATEMENT 2019 (P.114/2018): SIXTH AMENDMENT

Lodged au Greffe on 20th November 2018
by Deputy S.M. Wickenden of St. Helier

STATES GREFFE

PAGE 2, PARAGRAPH (a) –

At the end of paragraph (a), insert the words “, except that impôt levels for (i) spirits, (ii) wine, (iii) cider, and (iv) beer are unchanged, reducing estimated income by £743,000”.

DEPUTY S.M. WICKENDEN OF ST. HELIER

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

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

- (a) to approve, in accordance with the provisions of Article 10(3)(a) of the Public Finances (Jersey) Law 2005, the estimates of income from taxation and duties during 2019 of £757,812,000 as set out in Summary Table A of the Budget Statement, with the sum to be raised through existing taxation measures and the proposed changes to income tax, impôts duty, goods and services tax, stamp duty and land transactions tax, as set out in the Budget Statement, except that impôt levels for (i) spirits, (ii) wine, (iii) cider, and (iv) beer are unchanged, reducing estimated income by £743,000;
- (b) to approve, in accordance with the provisions of Article 10(3)(c) of the Public Finances (Jersey) Law 2005, the appropriation of £20,533,000 in 2019 from the amount appropriated to growth in the Medium Term Financial Plan Addition for 2017 – 2019 (P.68/2016 as amended) to the revenue heads of expenditure of those States funded bodies as set out in Summary Table B, noting that these sums incorporate the £9,400,000 growth funding approved by the States in their Act dated 30th November 2017 (as detailed in paragraph (b) of P.90/2017 as amended);
- (c) to approve, in accordance with the provisions of Article 10(3)(d) of the Public Finances (Jersey) Law 2005, a capital head of expenditure for each of the capital projects for States funded bodies to be started or continued in 2019 (other than States trading operations), as set out in the proposed programme of capital projects in Summary Table D, with the net allocation from the Consolidated Fund totalling £32,975,000;

- (d) to approve, in accordance with the provisions of Article 10(3)(e) of the Public Finances (Jersey) Law 2005, each of the capital projects that are scheduled to start during 2019 in the recommended programme of capital projects for each States trading operation, as set out in Summary Table E, that require funds to be drawn from the trading funds in 2019;
- (e) to refer to their Act dated 8th October 2015¹ in which they agreed in accordance with Article 4(2) of the Public Finances (Jersey) Law 2005, that in 2019 a transfer of £50,000,000 would be made from the Consolidated Fund to the Strategic Reserve Fund; and to vary that decision and instead transfer that same amount from the Consolidated Fund to the Stabilisation Fund in 2019, in line with the requirements of Article 4A(1) of the aforementioned Law.

¹ The decision to transfer monies between the Consolidated Fund and the Strategic Reserve Fund was approved in paragraph (b)(iii) of P.76/2015 as amended (see <https://statesassembly.gov.je/assemblypropositions/2015/p.76-2015.pdf>).

REPORT

I, like many Islanders, am tired of being seen as a cash-cow by government, as a way to raise revenue with little or no evidence in the justification.

On page 9 of the Minister's Foreword to [P.114/2018](#) it states that –

Jersey has traditionally taxed alcohol, tobacco and road fuel largely for revenue raising purposes, but like governments around the world, we have increasingly recognised that these products are damaging to health, to wellbeing and to the environment. Price affects both the supply of - and demand for - these products. It is therefore right that we use taxation to incentivise people to change behaviour in line with existing strategies and also that we seek to recover some of the costs of dealing with the harm that alcohol, tobacco and car usage creates for our society.

Health arguments have regularly been used in the past, and as we see again, they are being used to justify the rises in alcohol duty proposed in this Budget.

Using the Health Department as an excuse to raise levels of duty on alcohol is not acceptable. It is an old hobbyhorse. Direct experience of attitudes to alcohol abuse are that those that drink alcohol normally and moderately are sensitive to the price of alcohol. They are sensible about how they buy alcohol, spend their disposable income in the local hospitality industry, and have budgets for their entertainment and enjoyment.

Those that have a problem with alcohol, drink to excessive or dangerous levels and are a cost to the Health Department, do not care about the price of alcohol. They are insensitive to the cost of alcohol. Alcohol abuse and drinking to dangerous levels is largely a sad hidden affliction. It carries on behind closed doors. The unfortunates that are seen most often in parks and adjacent to the Hospital are but a small representation of alcohol abuse in Jersey. People that drink strong lager and wine at 07:00 in the morning are not doing it for pleasure. They are ill and are doing it because they are slowly dying. If the price of alcohol goes up, they will still drink excessively and will find the means to fuel their habit, similar to drug addiction.

The attempt to reduce the *per capita* consumption of alcohol within the Island by simply raising the price of alcoholic drinks is not a strategy that will have any significant impact on the minority of the local population, who will suffer, either directly or indirectly, from the well-documented problems associated with alcoholism. It is a blanket approach that fails completely to target those with the greatest problem.

A determination to steadily price alcohol out of the consumer market will unfairly penalise the thousands of local drinkers who take a responsible approach to drinking.

For the majority of people who drink alcohol, it is a pleasant adjunct to a wide range of recreational activities. The examples are extensive, ranging from the working man buying a pint at the pub after a day's work, to a couple or family group enjoying a bottle of wine with a restaurant meal, an outdoor picnic or a domestic dinner.

There are simply no serious grounds nor evidence for introducing a health-based policy that will hit these alcohol consumer groups financially.

Last year, the Corporate Services Scrutiny Panel published their [Draft Budget 2018 Interim Report \(Impôts Duties\)](#).

The findings of the report stated –

- There is a lack of clear statistical evidence showing the impact that rises in impôts duties have on consumption of alcohol and tobacco.
- None of the evidence presented is based on actual experience or research conducted in Jersey (which perhaps reflects the size and scale of institutions that usually undertake this type of research).

I have spent some time going through 12 years of previous budgets, financial accounts and reports, and Jersey Customs and Immigration Service (“JCIS”) annual reports statistics, to see if I can find a direct correlation in Jersey between increase in prices and reduction in consumption.

To help show the trends in Jersey, I have listed all of following –

- The import volumes from statistics given in the JCIS annual reports from 2006 to 2017 (in **Appendix B**).
- The average retail prices given in the yearly Budgets from 2006 to 2018 (in **Appendix C**).
- The Revenue Actuals and Estimates from the States of Jersey Financial Accounts and Reports 2006 – 2017 (in **Appendix D**).

In **Appendix A**, I have worked out the percentage changes year on year alongside the duty increase percentages.

I have been unable to find any consistent evidence that shows that the increase in duties reduces the level of consumption.

Many of the reductions and increases in revenue, imported volumes and retail prices could have many other reasons for the changes, such as the reduction of our tourism industry, global markets and economic downturns, introductions of new products in to the market, cars being more fuel-efficient, and the invention of ‘vaping’ e-cigarettes.

There have been multiple debates regarding the annual increase in impôts during the yearly budgets; many times the argument has been made that the Treasury and Health Departments need to do a full and proper review into the effect of price vs consumption, but to date, the review has never happened.

I am asking that we hold off on increasing the duty on alcohol in 2019 while a full assessment is made into how prices affect drinking habits in Jersey.

Financial and manpower implications

	2019 Proposed Duty (£)	0% Duty increase (£)	Income loss (£)
Spirits	6,195,000	5,986,000	209,000
Wine	8,835,000	8,537,000	298,000
Cider	732,000	707,000	25,000
Beer	6,257,000	6,046,000	211,000

The Treasury estimates that the total loss of income from not increasing alcohol impôts would be £743,000 in 2019.

APPENDIX A

Percentage changes in revenue volumes and prices in comparisson to the Duty increases 2007 - 2017																				
	2007				2008				2009				2010				2011			
	Duty	Revenue	Volumes	Prices	Duty	Revenue	Volumes	Prices	Duty	Revenue	Volumes	Prices	Duty	Revenue	Volumes	Prices	Duty	Revenue	Volumes	Prices
Impots Duites Spirits	3.50%	-7.71%	-9.70%	-10.67%	4.00%	2.00%	-2.84%	19.10%	5.60%	3.93%	-4.61%	-6.56%	6.20%	-3.32%	0.35%	8.43%	6.20%	-0.50%	-6.83%	5.38%
Impots Duites Wine	3.50%	4.64%	3.08%		4.00%	3.45%	-4.52%		5.60%	7.52%	5.23%		6.20%	-2.96%	-2.40%		6.20%	4.75%	-2.08%	
Impots Duites Beer	4%	-2.54%	-5.56%	6.55%	4.00%	2.61%	0.13%	-1.78%	5.60%	4.32%	-4.13%	22.41%	6.20%	-2.70%	-0.62%	-8.21%	6.20%	3.61%	-3.14%	22.32%
Impots Duites Cider	4%	10.03%	8.39%		4.00%	4.44%	-7.60%		5.60%	14.60%	11.93%		6.20%	-6.88%	-1.89%		6.20%	11.23%	5.97%	
Impots Duites Cigarettes	4.50%	-3.12%	-5.56%	4.33%	4.50%	0.34%	-5.89%	6.37%	6.00%	8.23%	-1.83%	4.78%	9.70%	-9.64%	-3.27%	-4.02%	4.90%	-1.27%	-13.04%	12.10%
Impots Duites Fuel	3.50%	-3.43%	1.97%	0.00%	4.00%	2.90%	0.00%	18.35%	0.00%	1.04%	2.73%	-37.97%	9.80%	-2.15%	-0.90%	24.76%	11.10%	2.95%	-8.49%	16.67%
	2012				2013				2014				2015				2016			
	Duty	Revenue	Volumes	Prices	Duty	Revenue	Volumes	Prices	Duty	Revenue	Volumes	Prices	Duty	Revenue	Volumes	Prices	Duty	Revenue	Volumes	Prices
Impots Duites Spirits	5.00%	1.78%	-0.25%	-5.69%	10.00%	9.29%	-2.16%	5.90%	11.00%	6.06%	-2.95%	2.89%	1.70%	-6.01%	-9.53%	0.48%	6.60%	14.96%	9.88%	-4.40%
Impots Duites Wine	5.00%	4.69%	2.51%		10.00%	6.20%	-5.73%	0	5.00%	5.04%	3.06%		1.70%	0.30%	-1.40%		1.30%	7.14%	4.70%	
Impots Duites Beer	5.00%	-6.56%	-5.06%	-1.47%	8.00%	0.79%	-4.43%	10.29%	11.00%	3.75%	1.02%	-13.81%	6.90%	-4.08%	-4.75%	5.93%	4.90%	11.93%	6.82%	0.28%
Impots Duites Cider	5.00%	1.08%	1.56%		8.00%	5.98%	0.19%		11.00%	0.20%	-5.05%		6.90%	1.50%	-4.88%		4.90%	3.00%	-3.41%	
Impots Duites Cigarettes	10.00%	21.14%	15.46%	7.61%	10.00%	-5.16%	-21.60%	5.29%	11.00%	-9.14%	-18.76%	5.69%	4.70%	-1.34%	-6.31%	5.63%	6.70%	6.87%	-1.80%	4.02%
Impots Duites Fuel	0.00%	-2.30%	2.47%	-1.61%	6.90%	-0.05%	-4.19%	-0.81%	2.00%	1.54%	3.83%	-1.65%	2.10%	3.28%	1.01%	-8.04%	2.10%	2.05%	-4.49%	-8.74%
	2017																			
	Duty	Revenue	Volumes	Prices																
Impots Duites Spirits	1.50%	5.75%	3.34%	4.58%																
Impots Duites Wine	1.30%	-0.19%	-1.89%																	
Impots Duites Beer	2.72%	2.09%	-1.03%	0.28%																
Impots Duites Cider	2.72%	-36.05%	-36.79%																	
Impots Duites Cigarettes	8.10%	2.73%	-4.66%	5.01%																
Impots Duites Fuel	4.23%	3.98%	1.00%	7.21%																

*The figures in red represent a percentage increase above the percentage rate of duty for the year.

APPENDIX B

Jersey Customs and Immigration Service (JCIS) annual reports												
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Impots Duites Spirits (in Litres of Alcohol)	202,400	184,500	179,400	171,500	172,100	161,100	160,700	157,300	152,800	139,500	154,800	160,145
Impots Duites Wine (in Litres)	4,059,000	4,188,000	4,007,000	4,228,000	4,129,000	4,045,000	4,149,000	3,924,000	4,048,000	3,992,000	4,189,000	4,111,254
Impots Duites Beer (in Litres)	10,411,000	9,863,000	9,876,000	9,484,000	9,426,000	9,139,000	8,699,000	8,330,000	8,416,000	8,034,000	8,622,000	8,534,235
Impots Duites Cider (in Litres)	1,310,000	1,430,000	1,329,000	1,509,000	1,481,000	1,575,000	1,600,000	1,603,000	1,526,000	1,455,000	1,407,000	1,028,573
Impots Duites Cigarettes (in kg)	68,300	64,700	61,100	60,000	58,100	51,400	60,800	50,000	42,100	39,600	38,900	37,167
Impots Duites Fuel (in Litres)	49,033,000	50,016,000	50,016,000	51,420,000	50,960,000	46,970,000	48,160,000	46,225,000	48,064,000	48,555,000	46,467,000	46,934,329

APPENDIX C

Average Retail Prices taken from the Budgets 2006 - 2018																				
	2006				2007				2008				2009				2010			
	Retail £	Duty	GST	% of Price	Retail £	Duty	GST	% of Price	Retail £	Duty	GST	% of Price	Retail £	Duty	GST	% of Price	Retail £	Duty	GST	% of Price
Impots Duites Spirits	£16.59	£8.25	£0.00	50%	£14.99	£8.54	£0.00	57%	£18.53	£8.88	£0.54	51%	£17.39	£9.37	£0.51	57%	£18.99	£9.37	£0.55	52%
Impots Duites Beer	£2.14	£0.25	£0.00	12%	£2.29	£0.26	£0.00	11%	£2.25	£0.27	£0.07	14%	£2.90	£0.28	£0.08	12%	£2.68	£0.28	£0.08	13%
Impots Duites Cigarettes	£4.64	£2.83	£0.00	61%	£4.85	£2.96	£0.00	61%	£5.18	£2.97	£0.15	60%	£5.44	£3.15	£0.16	61%	£5.23	£3.15	£0.15	63%
Impots Duites Fuel	£0.89	£0.38	£0.00	43%	£0.89	£0.39	£0.00	44%	£1.09	£0.41	£0.03	41%	£0.79	£0.41	£0.02	54%	£1.05	£0.41	£0.03	42%
	2011				2012				2013				2014				2015			
	Retail £	Duty	GST	% of Price	Retail £	Duty	GST	% of Price	Retail £	Duty	GST	% of Price	Retail £	Duty	GST	% of Price	Retail £	Duty	GST	% of Price
Impots Duites Spirits	£20.07	£9.95	£0.96	54%	£18.99	£10.45	£0.90	60%	£20.18	£11.49	£0.96	62%	£20.78	£12.76	£0.99	66%	£20.88	£12.97	£0.99	67%
Impots Duites Beer	£3.45	£0.30	£0.16	13%	£3.40	£0.32	£0.16	14%	£3.79	£0.33	£0.18	13%	£3.33	£0.34	£0.16	15%	£3.54	£0.34	£0.17	14%
Impots Duites Cigarettes	£5.95	£3.50	£0.28	64%	£6.44	£3.79	£0.31	64%	£6.80	£4.29	£0.32	68%	£7.21	£4.76	£0.34	71%	£7.64	£4.99	£0.36	70%
Impots Duites Fuel	£1.26	£0.43	£0.06	39%	£1.24	£0.43	£0.06	39%	£1.23	£0.43	£0.06	40%	£1.21	£0.44	£0.06	41%	£1.12	£0.45	£0.05	45%
	2016				2017				2018											
	Retail £	Duty	GST	% of Price	Retail £	Duty	GST	% of Price	Retail £	Duty	GST	% of Price								
Impots Duites Spirits	£20.00	£13.83	£0.95	74%	£20.96	£14.04	£1.00	72%	£21.26	£10.07	£1.01	52%								
Impots Duites Beer	£3.55	£0.35	£0.17	15%	£3.56	£0.36	£0.17	15%	£3.72	£0.37	£0.18	15%								
Impots Duites Cigarettes	£7.96	£5.32	£0.38	72%	£8.38	£5.75	£0.40	73%	£8.87	£6.18	£0.42	74%								
Impots Duites Fuel	£1.03	£0.45	£0.05	48%	£1.11	£0.47	£0.05	48%	£1.23	£0.49	£0.06	45%								

APPENDIX D

Revenue Actuals and Estimates from the States of Jersey Financial Accounts and Reports 2006 - 2017												
	2006		2007		2008		2009		2010		2011	
	Estimated	Actual										
Impots Duites Spirits	£3,900,000	£4,230,904	£3,830,000	£3,928,000	£3,740,000	£4,008,000	£4,120,000	£4,172,000	£3,964,000	£4,038,000	£4,087,000	£4,018,000
Impots Duites Wine	£5,300,000	£5,398,061	£5,410,000	£5,661,000	£5,730,000	£5,863,000	£6,330,000	£6,340,000	£6,309,000	£6,158,000	£6,528,000	£6,465,000
Impots Duites Beer	£5,020,000	£5,086,874	£4,870,000	£4,961,000	£5,100,000	£5,094,000	£5,340,000	£5,324,000	£5,234,000	£5,184,000	£5,373,000	£5,378,000
Impots Duites Cider	£630,000	£638,758	£680,000	£710,000	£690,000	£743,000	£800,000	£870,000	£828,000	£814,000	£846,000	£917,000
Impots Duites Cigarettes	£12,130,000	£13,067,078	£12,720,000	£12,672,000	£13,230,000	£12,715,000	£13,780,000	£13,856,000	£12,944,000	£12,638,000	£13,303,000	£12,479,000
Impots Duites Fuel	£19,070,000	£20,557,085	£19,760,000	£19,876,000	£20,880,000	£20,470,000	£20,700,000	£20,685,000	£20,254,000	£20,250,000	£21,952,000	£20,866,000
	2012		2013		2014		2015		2016		2017	
	Estimated	Actual										
Impots Duites Spirits	£4,066,000	£4,091,000	£4,399,000	£4,510,000	£4,747,000	£4,801,000	£4,621,000	£4,529,000	£4,899,000	£5,326,000	£4,774,000	£5,651,000
Impots Duites Wine	£6,809,000	£6,783,000	£7,329,000	£7,231,000	£7,626,000	£7,615,000	£7,610,000	£7,638,000	£7,876,000	£8,225,000	£7,979,000	£8,209,000
Impots Duites Beer	£5,549,000	£5,047,000	£5,375,000	£5,087,000	£5,548,000	£5,285,000	£5,375,000	£5,078,000	£5,376,000	£5,766,000	£5,343,000	£5,889,000
Impots Duites Cider	£948	£927,000	£842,000	£986,000	£856,000	£988,000	£1,130,000	£1,003,000	£1,082,000	£1,034,000	£1,127,000	£760,000
Impots Duites Cigarettes	£12,642,000	£15,825,000	£14,024,000	£15,048,000	£14,789,000	£13,788,000	£14,730,000	£13,606,000	£13,915,000	£14,609,000	£15,019,000	£15,019,000
Impots Duites Fuel	£20,014,000	£20,396,000	£20,623,000	£20,385,000	£20,263,000	£20,704,000	£21,570,000	£21,406,000	£22,045,000	£21,855,000	£22,761,000	£22,761,000