

# JERSEY HOSPITALITY ASSOCIATION

SINCE 1957

Deputy J.A.N Le Fondre  
Chairman  
Corporate Services Scrutiny Panel  
States of Jersey  
Via email to [s.spottiswoode2@gov.je](mailto:s.spottiswoode2@gov.je)

Friday 18<sup>th</sup> November 2016

Dear Deputy Le Fondre

**Re Corporate Services Scrutiny Panel – Review of the Budget 2017**  
**Proposed increased rates for Duty on alcohol products**

Thank you for the opportunity to provide feedback to the Corporate Services Scrutiny Panel and its review of the Budget 2017, regarding the proposed increase of duty rates on alcohol products.

I hope the following feedback will provide an insight in to the likely effect that increased rates will have on the Hospitality and Tourism Industry, at a time when after many years of managed decline is starting to show signs of renewed growth in what is a very competitive global marketplace.

**Who we are**

The Jersey Hospitality Association (JHA) champions the interests of the hospitality industry whilst delivering tangible results for its members. The main activities of the JHA are to represent, promote and enhance the Tourism, Hospitality, Leisure and Travel Industry in Jersey. The JHA endeavor to provide their Members with proper and reasonable assistance and encourage co-operation and an exchange of views amongst the Association's Membership. The Association is overseen by a Management Committee, made up of a cross section of the Hospitality Industry in Jersey, whilst the day to day running of the Association is undertaken by an Association Manager, currently there are 350 members from across all sectors of the Hospitality Sector.

**Proposed increases and effect**

The increased rates will not only effect the Jersey Hospitality/Tourism sector, with our visitors/guests but also ordinary responsible Jersey consumers, who are already being hit by other proposed increases. As an industry, we are already contributing a significantly large amount of income via Duty and GST to the States of Jersey and in return seem to be targeted and expected to pay more with little or nothing in return, apart from more red tape and challenge.

Operating a business in a sector that has and continues to work hard to survive, with 42-year Liquor licensing law, (that is still being reviewed) and does not seem to be moving forward as a priority anytime soon does not inspire the industry to keep investing in their product.

Often the States of Jersey seem to ignore the contribution that the industry makes to the island economy both via jobs (Social Security and Tax income) plus the significant investment made in the last decade with little or no Government support to achieve/improve the customer product or experience.

This is very noticeable when compared with other islands industries such as Finance and Digital which have had both investment and are viewed as the only way for the island to develop a sustainable economy.

It should also be acknowledged that the Hospitality industry contributes to the expectation of HNW individuals when looking to make the Island their home with the with provision of quality food and drink enjoyed both by Islanders and Visitors.

### **Alcohol harm v health improvement**

We noted with interest the comments from Senator Alan Maclean, Treasury and Resources Minister, at his Chamber of Commerce presentation on Friday 11<sup>th</sup> November 2016, where he quoted amounts that alcohol harm was costing the States of Jersey and comparing these amounts to the amount of impot duty raised. We are very unclear as to where the cost figures came from, and again by only highlighting the impot duty amounts he is forgetting all the jobs and investment that are created and that he is now putting at risk by the proposed excessive increase.

Often duty rises are talked about from a stance that they somehow improve the health of the Jersey population, however the actual reality is that a 5% duty increase will further raise prices driving any problems of alcohol misuse out of the legally controlled environment of the pub/wine bar or restaurant and into the completely unlicensed home environment where under age and excessive drinking could increase unchecked. Tax is not the way to educate sensible drinking, alcohol misuse or anti-social behaviour. As an industry, we would urge the Liquor law to be updated as a matter of urgency and then work with Industry to help provide more education to consumers that will continue to drink more at home in reaction to any price increases via extra duty.

The levels of impot duty from alcohol have been falling over the past few years as people in Jersey consume less alcohol, this is despite the ongoing duty increases, therefore the policy is not raising further revenue for the States, despite claims to the contrary.

It should also be noted that we have pretty much the highest duty rates in the whole of Europe and these inevitably are a brake on further jobs and investment for the hospitality sector. Without a vibrant and well invested hospitality sector, the finance sector along with the wider economy will also be impacted as people need places to eat, drink and socialise – something that is also good for Jersey society.

### **Investment past and future**

Some of our JHA Members that operate large hospitality establishments have invested considerably in the island during difficult periods of trading post recession. For some of these members they also have off island options for future investment opportunities so when this is weighed up against the backdrop of the excessively high Jersey alcohol duty rates, it will be easier to not make an investment which will then again impact against not just the industry and its offering to its visitors/customers but also the many associated businesses that benefit when an investment is made, meaning once again the island will become disadvantaged when completing as a destination on the global tourism marketplace.

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Hospitality provision via Pubs, bars and restaurants help to contribute to a vibrant high street along in some cases support rural communities. The proposed 5% increase is a real threat to this particularly at the current time when the economic back ground is so challenging.

To conclude this feedback and from working with one of our JHA members on this topic, I thought I would include a UK report that would be of interest to you and the rest of the Scrutiny Panel, regarding what has happened since beer duty was cut in in 2013 and then duty was frozen in the 2016 Budget in the UK.

Bearing in mind many of our visitors are from across the UK and at the current time with the uncertainty of Brexit and exit dates and sterling combined with security fears, Jersey should be an ideal destination of choice, but if cost's continue to be increased via a higher rate of duty and The States of Jersey also peruse a budget that has not had been thoroughly thought through (It is disappointing that as an industry we were not consulted by Senator Maclean and the Treasury Team when proposals were being drawn up) I am concerned that for some of our industry it will no longer be viable to operate their establishments and will provide then with no option than to shut up and leave the industry, further eroding our destination offer for visitors/guests.

Our Industry is already concerned that ideas can be agreed in principal with little or no evidence to back up the actual impact on any business especially one that is in the hospitality sector. We are currently bracing ourselves for wastage charges and continue to have to negotiate the unlevel playing field of work licenses approvals and applications, that are not applied in a fair or consistent manner and a liquor law that is not fit for the industry we operate in today with no clear indication when the new one will be introduced. It would be very much welcomed and appreciated if some common sense was applied to Duty increases and no increases were applied, we would then feel that the States of Jersey did want to support our industry that is slowing starting to get back on its feet after so many years of neglect, where there appears to be a light of opportunity with the work underway we are doing as an industry with Visit Jersey.

Thank you in advance for reviewing this feedback and I hope it helps the Scrutiny process for the 2017 Budget.

Regards

**Helen Hart**  
**Association Manager**  
**Jersey Hospitality Association**