



Senator S C Ferguson
Chairman - Corporate Services Scrutiny Panel
States Greffe
Morier House
St. Helier
JE1 1DD

25th October 2013

Dear Senator Ferguson,

Review of the Draft 2014 Budget Statement

Thank you for your letter dated 8th October 2013 inviting the JHA to make a written submission regarding the Draft 2014 Budget proposals. Our submission relates to the planned duty increases of tobacco +11%, Beer (5%abv+) and spirits +11% and Beer below 5%abv and wine +5%. If applied we will see more duty being paid on a pint of 5% beer in Jersey than in the UK, whilst spirits will see Jersey third in the European duty league behind Finland & Sweden. Conversely, Guernsey is seeking increases of Tobacco +5.7% (3% above RPI) and Alcohol +5%.

Our Committee have reviewed various statistics and updates regarding market conditions, the local and UK trading position and various other details relating to the detrimental impact these increases would have on the licensed trade, the tourism industry and the public of Jersey. In this regard, a more detailed industry response will be completed to enable the lodging of an amendment to these proposals within the appropriate timeframe.

Trading wise, the Tourism Industry in 2013 had a very difficult winter and spring. We experienced improved trading through the key summer months; however, this improvement will be affected if these increases are adopted by the States. The hospitality industry in Jersey faces high operating costs compared to our competitor markets so it is important that our sector of the economy is not constrained further through excessive above inflation duty increases (RPI in June was 1.5%) and we are allowed to remain competitive particularly as we expect significant challenges again in our core UK market in 2014.

The Jersey Hospitality Association believes that raising alcohol duty will not tackle the underlying issue of alcohol consumption. In fact, as the gap grows between the on and off-license sector it simply encourages people to move away from the regulated environment of licensed premises and drink cheaper 'off-licence' alcohol at home.

Recently, the importance of Tourism to our society has been highlighted when faced with rising unemployment. Collectively and diligently, businesses large and small have rallied to assist where possible by encouraging and accommodating more locally qualified people to seek gainful employment in the sector – a policy which will continue until it is entwined in our culture provided the industry is appropriately supported at times like these.

Thank you for taking the time to consider our position.

Yours sincerely,

Gerald Fletcher

Gerald Fletcher
Chief Executive Officer