



Jersey Hospitality Association

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13 December 2021

Dear States Member,

I am writing to you to ask for your support for the [amendment to the Government Plan](#) by the Corporate Services Scrutiny Panel which seeks a lower excise duty increase on alcohol in 2022. As you will already have seen, the Council of Ministers has proposed a 5% increase in excise duty for wines and spirits with no increase for beer and cider.

Our reasons are simple. The last 20 months have had a devastating effect on the hospitality industry, and while many, but not all, in the industry have received financial support from the Government, that has served to keep them in business rather than allowed them to make any profit.

Ours is a seasonal industry that needs to make a profit in the summer months in order to survive the winter and with two summers of Covid, many businesses will not have been able to make what they need to feel confident going into 2022.

Christmas is normally one of the busiest times of the year in our venues but with uncertainty over rising cases and a new variant in the UK, planned Christmas parties are being cancelled as islanders want to avoid the risk of getting Covid over the festive break. We conducted a survey of members last month and of those that responded, 80% said they were receiving cancellations over Christmas.

With the exception of last year, the hospitality industry has endured damaging duty rises for a number of years including just before the pandemic hit our shores. That was despite a presentation my predecessor made to States Members ahead of that Government Plan debate in 2019.



That is why we were pleased when the Corporate Services Scrutiny Panel put forward an amendment that did not seek to freeze import duty on alcohol, but instead suggested a below inflation rise across the board. That seemed to us like a sensible compromise that considered the Government objectives of promoting health while raising revenue to pay for services.

The Council of Ministers is urging States Members not to support this amendment, and while that is, once again, extremely disappointing, there are a number of reasons why we are hoping you will support our industry.

In a post-Covid and post-Brexit world, we have seen costs escalate across the board, not only in the transport of goods, but also in attracting staff to the island.

That is a significant concern because the variety and excellent service provided by our industry gives visitors a reason to choose our beautiful island as a destination. Our members also serve local people, provide employment to thousands of islanders and help to guarantee the excellent connections with the outside world we all enjoy.

Ours is not an industry that relies on handouts but when costs are put up it will make some question whether they can remain in the industry and creates a much more difficult environment for businesses to flourish.

It needs to be understood that as businesses they must make a profit so I am sure you will appreciate the worry that many of them have when faced with the choice, thanks to higher duties, of either absorbing more costs or increasing prices in an already expensive island. If businesses are forced to put their prices above RPI, it just creates inflation.

In the [Comments](#) published by the Council of Ministers last week, it is stated that Import Duties remain an important source of Government Revenue, and we believe this is the underlying reason for maintaining the above inflation increase rather than as a way of deterring overconsumption.

As they acknowledge in their comments, the approach of freezing duty on beer and cider, while increasing it by 5% on wine and spirits, may be viewed as inconsistent in terms of the Government's policy objectives on health and wellbeing.

That inconsistent approach was further demonstrated last year when the States Assembly supported [a proposal](#) from an Assistant Treasury Minister to encourage an increase in the consumption of alcohol. That proposal went against the clear [Guidance from the Attorney General](#) which warned against allowing licensees who are *'pursuing*



*advertising practices or drinks promotions which are intended to or may have the effect of encouraging consumers to increase their consumption of alcohol.'*

As we said at the time, all that drinks promotions will achieve is an increase in government revenue as it will receive the same impot duty from each drink sold while the business selling it will receive less in return.

I hope that you will carefully consider the points made in this letter and give the hospitality sector some breathing space in 2022.

Kind Regards,

A handwritten signature in black ink that reads "BOSCQ" with a horizontal line extending to the right and a vertical line below it.

Claire Boscq  
Chief Executive