

**THE STATES OF DELIBERATION**  
**of the**  
**ISLAND OF GUERNSEY**

**5<sup>th</sup> November 2024**

**Proposition No. P.2024/91**

**Policy & Resources Committee**

**The States of Guernsey Annual Budget for 2025**

**AMENDMENT**

Proposed by: Deputy R Prow

Seconded by: Deputy N Inder

At the end of proposition 10, add "subject to the following amendments:

(a) after section 1(c), insert the following subsection:

"(d) ""independent small distiller of spirits" means a distiller of spirits, wherever located, in respect of which the Chief Officer of Customs and Excise is satisfied that -

(a) it does not manufacture or produce more than 20,000 litres of pure alcohol per year,

(b) it is legally and economically independent of any other distiller of spirits,

(c) it uses premises physically separate from those of any other distiller of spirits, and

(d) it does not operate under licence,

provided that where two or more distillers co-operate and their combined annual production of spirits does not exceed 20,000 litres of pure alcohol, those distillers may be treated as a single independent small distiller of spirits, and for these purposes a "distiller of spirits" means a person who manufactures spirits by the distillation of a fermented liquor or a person who produces spirits by the redistillation of a distilled spirit, "", and

(b) in section 3, for paragraph 5, substitute the following paragraph:

"5. Spirits -

(a) Spirits produced by an independent small distiller	£23.62 per litre of alcohol contained in the liquor, calculated in accordance with section 23D
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(b) Spirits, other than spirits produced by an independent small distiller	£47.24 per litre of alcohol contained in the liquor, calculated in accordance with section 23D"
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#### **Rule 4(1) Information**

- a) This proposition contributes to the States objectives and policy plans and is in line with the Government Work Plan priorities.
- b) In preparing the proposition there has been consultation with some industry stakeholders and with Treasury officers.
- c) The proposition has been submitted to His Majesty's Procureur for advice on any legal or constitutional implications.
- d) This proposition would likely reduce budgeted revenues for 2025, however there is not sufficient data to quantify the revenue impact.

#### **Explanatory note**

This amendment aims to support and develop Independent Small Distillers by applying the same duty reduction mechanism already available to independent small brewers and cider makers. Independent small distillers experience the same challenge concerning the greater economies of scale achievable by much larger international

brands which distil at high volume. The aim of this amendment is not to dramatically reduce the retail price of spirits on the island but instead to enable independent small distillers to compete more effectively within the market. For on-island producers, the amendment would enhance the viability of continued production and potential business growth.

Paragraph 5.54 of the full budget proposals notes the absence of a definition for a “small” distiller, and the rate at which the discount would apply, calling for further work on the matter. This amendment addresses these concerns by providing a definition for independent small distillers and recommending a 50% duty discount rate. Only independent distillers producing less than 20,000 litres of pure alcohol per year would be eligible for the discount rate, a volume which limits duty revenue reduction while still providing opportunities for independent small distillers.

Paragraph 5.55 of the full budget proposals queries the potential health concerns which could be caused by a lower rate for duty for small distillers. Despite the duty reduction, it is expected that the sale price for spirits from small producers eligible for the discount would remain higher than that of products from large-scale distillers, making it unlikely that the amendment will encourage greater consumption. The Proposer believes that a more effective method of managing the health concerns surrounding low-cost alcohol would be through a ‘minimum pricing regime’ and is supportive of further research by the Committee *for* Health & Social Care in this area.