

2.5 Deputy S.C. Ferguson of the Minister for Economic Development regarding the impact of the J.C.R.A.'s report on a 3rd supermarket in the Island:

Will the Minister explain what level of importance he is attaching to the report on the third supermarket by the J.C.R.A. (Jersey Competition Regulatory Authority) in view of the criticism by the Jersey Chamber of Commerce?

Senator P.F.C. Ozouf (The Minister for Economic Development):

The J.C.R.A. was set up to perform the important duties of the role of a Competition Commission and Office of Fair Trading, outlawing for the first time price-fixing and anti-competitive behaviour. Their reports are published, transparent and evidence based. Their report on a third supermarket operator or rather a retail issue focused on consumer welfare and economic considerations. The original retail strategy underpinning that was promoted by the former committee. I think there is a misnomer, Sir, that the reason was that we were seeking out a third supermarket operator. That is not the case. We have had applications under Regulation of Undertakings and Development for a new supermarket and they must be determined under the law. J.C.R.A. advice is one issue which we factor into our considerations. Others are economic matters, inflation, allocation of scarce resources having regard to environmental and planning issues, competition. I would say that the Chamber of Commerce, while being respectful of them, are a business lobby. They are promoting the interests of their shareholders. This Assembly and I need to have regard to that but also consumer welfare too.

2.5.1 Deputy S.C. Ferguson:

Is the Minister aware of the flaws in the J.C.R.A. report? They have based their comparison on the results of a local company - and I have the accounts - showing that company is losing money, has been for some years, does not pay a dividend, is geared up to the hilt and is trading on a gross margin of 0.6 per cent. Does the Minister still consider that this is a valid successful company that is a useful comparison for Jersey?

Senator P.F.C. Ozouf:

I am not going to comment on the accounts of a company in the Isle of Man but certainly I have reviewed that situation and I will repeat to the Deputy that the J.C.R.A. report is one factor that shall be taken into account. The Isle of Man market is a relevant market but I would repeat to the Deputy; where is she getting her information from? Is she getting it from the lobby business community within Jersey who are going to be arguing naturally against competition? We need to balance the issues of our economy and consumers. Is there an issue with food and grocery prices in Jersey? Yes, there is and I hope she would agree.

2.5.2 Deputy C.J. Scott Warren:

Does the Minister still favour a third major supermarket and, if so, could he give Members his reasons?

Senator P.F.C. Ozouf:

That is an incredibly important question. I would remind the Deputy that I am faced with needing to discharge my duty as an Economic Development Minister in determining applications for new supermarkets in the Island. I have confirmed to the Assembly we have had applications from French supermarkets and interest from the U.K. too. I must determine those but what I believe is that we need a competitive marketplace. I do think that we need a discount supermarket. There is much talk in the U.K. with rising food costs about the need for buying cheaper groceries, *et cetera*. That is the one that I particularly favour. There is still an ongoing debate to be had about the benefits of a big third supermarket on an existing site or otherwise.

2.5.3 Deputy G.P. Southern:

Does the Minister not accept that the narrowness of the terms of reference that he set the J.C.R.A. rendered their report virtually useless?

Senator P.F.C. Ozouf:

I am astonished by Deputy Southern's comments in this regard. Deputy Southern purports to stand in this Assembly and represent the less well off and those people less fortunate than others.

Deputy G.P. Southern:

Will he answer the question?

Senator P.F.C. Ozouf:

Those members of the community are currently suffering, as other people around the world, rising food prices. Does he not want to join with me in trying to find a policy to ensure that our community can make their money go as far as possible by buying affordable household goods and food? Would he not want to agree in a constructive debate about this with me?

2.5.4 Deputy R.G. Le Hérissier:

On a scale of one to 10 **[Laughter]** - with 10 being very enthusiastic - would the Minister lay his cards on the table and tell us what his degree of enthusiasm is for a third supermarket?

Senator P.F.C. Ozouf:

It depends on the definition of a third supermarket operator. Competition authorities across the world have determined in other markets, large and small, that you need 3 players in order to have effective competition. There are a number of ways that you can do that. I note with interest that Sandpiper has recently set up Iceland, a discount food retailer. They are providing value to consumers. I welcome that. There are a number of ways we can deal with this issue, but I want a competitive marketplace in which Jersey families can allow their money to go as far as possible in a rising food price economy. That is what I want. If it is a third supermarket operator in some way or form and that will deliver it then, yes, I am in favour.

Deputy R.G. Le Hérissier:

Is it a 10?

Senator P.F.C. Ozouf:

I cannot really answer that. In terms I have explained the background of what we are trying to achieve.

2.5.5 Deputy G.P. Southern:

The Minister seemed to imply that the Chamber of Commerce were in some way misleading people by the information they were putting in the market. Can the Minister confirm that in fact he has faith in the goodwill of the Chamber of Commerce to bring proper, relevant facts to this debate?

Senator P.F.C. Ozouf:

It is an interesting world in which I am on this side of the Assembly arguing for consumers and Deputy Southern is arguing for the interest of the Chamber of Commerce. **[Laughter]** **[Approbation]**. We cannot both be wrong then. Of course I listen to the interests of the Chamber of Commerce but it is important to know where they are coming from. Is the Chamber of Commerce wanting more competition? Probably not. Do I want to listen carefully to the views of the Consumer Council, the Women's Institute and other consumer organisations? Yes, I do too.

Deputy G.P. Southern:

Is the Minister saying that he does not wish to listen to the Chamber of Commerce?

Senator P.F.C. Ozouf:

I did not say that, Sir. I said the Chamber of Commerce are an important organisation but one has to remember that they are a business lobby organisation and know where they come from and that is fine. That is a researched and properly good situation to have but you have to know where your directions are coming from.

2.5.6 Deputy S.C. Ferguson:

The Minister seems to think that I am merely a mouthpiece for the Chamber of Commerce. I do happen to have the accounts of the underlying company that is mentioned in the paper and I have done my own research. But does he not pay attention to the work of people like Lady Cranbrook who has found that preserving the small shops means that the elderly remain independent and it is also essential for food tourism because it keeps the essential significant different things? Also a third supermarket will not pay local tax and will reduce the local tax base because it will kill off local businesses.

Senator P.F.C. Ozouf:

I recently was away for a week and I read a number of books on the whole supermarket issue and the arguments for in favour. I certainly understood that there is a paralysed debate. I want a vigorously competitive retail environment in which small shops ... I congratulate the Co-Op on taking the Maufant store back to provide local community. **[Approbation]** We want farm shops. We want local shops. We also want households and families in Jersey to be able to buy competitive groceries and household goods. There is an evolving debate about how to achieve that. I would urge the Deputy if she wishes to come into my department to discuss the issue of the Isle of Man report, all is not clear from a set of accounts of a private company which do not necessarily give the whole picture. But I am happy to have her into the department to discuss that so that we can move forward on the common agenda.

Deputy S.C. Ferguson:

As a matter of fact, Sir, it was not a private company. It was quoted on A.I.M.