

3.11 Deputy D.J. Warr of the Minister for Sustainable Economic Development regarding the potential impact of an out-of-town French supermarket (OQ.112/2024)

Further to a recent report in the local media regarding the prospective opening of a French supermarket in Jersey, what consideration, if any, has been given to the impact an out-of-town location for such a shop would have on the town centre?

Deputy K.F. Morel (The Minister for Sustainable Economic Development):

My engagement with French supermarket groups has been driven by Islanders' desire to see greater competition and greater choice in the supermarket sector and that choice, including hopefully lower prices. It is also being driven by the need to have a more resilient food supply chain into this Island. The appropriate time for the retail impact assessment that the Deputy seeks information about in his question is during any planning application. The Bridging Island Plan speaks specifically to the fact that any application for retail space over 200 square metres does require a retail impact assessment and that impact assessment would include impact on the town centre, et cetera. Although I have to say that given supermarkets principally supply groceries and other household products, my own feeling is that the town centre retail area is not the most common place for people to go for their groceries and household products of that nature, although I do appreciate there are some shops in that area which do supply them.

3.11.1 Deputy D.J. Warr:

I appreciate the need for an impact assessment but inevitably in an Island of 100,000 people it goes without saying, it is not rocket science, that footfall would inevitably be affected by out-of-town shopping development taking place. With regard to food offers, obviously we have the Central Market, we have a number of other multiple stores in the centre of town, so we already see holes on our High Street. Surely this exercise is inevitably going to say footfall will be reduced in town and I would like to understand the Minister's rationale for pursuing this exercise.

Deputy K.F. Morel:

I believe the explanation or the analysis that has just been provided by the Deputy is overly-simplistic. I do not believe such an assessment is guaranteed to be what is said, though it may be of course. It is my belief that Islanders wish to see greater competition in the supermarket sector, they wish to see greater choice, and they wish to see greater price competition in the supermarket sector. It is that that I am responding to, as well as the need to have a more resilient supply chain that brings in food from the south as well as the north, because at the moment Jersey is entirely resilient on one food supply route and that is a very dangerous place for us to be. There are many other factors; effect on footfall in St. Helier is a factor. The appropriate place to analyse that is through the planning process, it is not appropriate to do it in advance of that. I believe that we should let the process play out, if at all it happens. No planning application has been brought, no supermarket has set up, so I just do believe that rather than working in the world of theory and trying to put up barriers to competition, we should seek the interesting competitive practice and then analyse it appropriately when that is brought forward in the form of concrete proposals. It is not right, in my opinion, to start setting up barriers because if we do so then that would give absolutely the wrong impression of Jersey as a place that ... I want to be open to business, I want to be far more competitive than it currently is.

3.11.2 Deputy J. Renouf:

Has the Minister had any conversations with retail groups in the Island about their views on the possible arrival of a competitor from France?

Deputy K.F. Morel:

I have had some informal conversations. I have not gone out to seek specifically their views; they are the competitors. I have a funny feeling I know what their views may be but I have had basically informal conversations. I think it is very important, and it is always the difficulty with the States Assembly, and it is understandable, people want the information before it is the appropriate time to bring that information. I have engaged with a group that is very interested in coming to Jersey, they are seeking a site. That is the situation we are in at the moment. That site may never be found, in which case that group would never come to the Island. I do think we do need to let a process play out and have some concrete movement in this area before getting too concerned about possible impacts because we may never get to the point where those impacts could happen because it all depends whether any group does wish to come to the Island and can find a site to do so.

[11:00]

3.11.3 Deputy J. Renouf:

I guess the question though is this, does the Minister regard the market for large grocery stores in the Island as saturated? In which case the arrival of a newcomer would inevitably displace an existing business rather than add competition; that seems to me to be the nub of the question.

Deputy K.F. Morel:

I believe that having a single-line supply chain reduces competition and means that we pay higher prices in the Island. I believe that, as the recent J.C.R.A. (Jersey Competition Regulatory Authority) review found, the approximate additional cost of operating on Jersey for grocery retailers is 10 per cent. The increase in food prices in the year to June 2023 was 15 per cent and the price difference of a shopping basket between Jersey and the cheapest U.K. grocery retailers was 33 per cent. I believe that we do need to try to find ways to challenge that significant increase or that significant overpayment that Islanders are making for their food. I believe we need to do that in a variety of ways and one of those ways is about seeing whether it is possible to set up a food supply chain from the south and whether that will bring us greater benefits. The most likely way to make such a supply chain stick is for the supermarket that uses such a supply chain.

3.11.4 Deputy D.J. Warr:

It is around sustainability. The Minister talks about improving resilience of supply chains from off the Island into Jersey, is there not a danger that ... and I appreciate the idea behind competition, I am a market economy person myself, but my concern is that by introducing additional competition from potentially very powerful operators that what you do is you destabilise the market in such a way that you make other businesses unsustainable. In your attempt to become more resilient in one area you destabilise the market and become more unsustainable. Would the Minister not agree that that is a real danger?

Deputy K.F. Morel:

Again I could point to Standing Order 10 in terms of my opinion but I start because I think that what the Deputy has outlined there is effectively the argument for the status quo, for never changing, for maintaining Jersey's reliance on higher prices, for maintaining Jersey's lack of resilience in its food supply chain. I just will not stand for that status quo. I will push and prod

and test that status quo as long as I believe that there may be better options that will serve Islanders better than they are.