

# STATES OF JERSEY

## Economic Affairs Panel Retail Strategy Review

WEDNESDAY, 21st FEBRUARY 2007

**Panel:**

Deputy G.P. Southern of St. Helier (Chairman)

Connétable M.K. Jackson of St. Brelade

Deputy J.A. Martin of St. Helier

Deputy K.C. Lewis of St. Saviour

**Witnesses:**

Deputy A. Breckon of St. Saviour (Chairman, Jersey Consumer Council)

**Deputy G.P. Southern of St. Helier (Chairman):**

So, welcome everyone here, especially a few members of the public. It is nice to see some interest being generated in the scrutiny process. I am Deputy Southern, as many of you will know, Chairman of the Economic Affairs Scrutiny Panel, and we are inquiring into the retail strategy review tonight of the Economic Development Department. I hope you can hear me. Towards the end of the evening I intend to ask for questions from the floor if anybody would like to contribute and to ask their specific questions either of Alan tonight or Allan Smith from the Co-operative Society later on. Alan Breckon is Chairman of the Jersey Consumer Council. He is also a member of this particular panel but has decided to step down because of this dual role and give evidence rather than receive evidence. Fellow members here tonight are Constable Mike Jackson of St. Brelade, Deputy Judy Martin and Deputy Kevin Lewis. Without further ado, I think if we start you off with a soft question, Alan. If you would like to talk about the role of the Jersey Consumer Council and your role within it, particularly the position of the Jersey Consumer Council on retail trade and competition in the Island.

**Deputy A Breckon of St. Saviour:**

Thank you very much, Chairman. You have mentioned that I am a member of the main panel so I should just declare that interest and that I felt that I was conflicted, also because I had expressed earlier views and opinions. I should also declare an interest that I am a shareholder in the Channel Island Co-operative Society and do receive dividends from it and I do shop there. So I should perhaps declare that interest at the start, as I would expect anybody else to do of any links to pecuniary interests. The Consumer Council was set up in 1995 by the States. The theme then, I think, was that there was going to be some consumer legislation and unfortunately it has never followed so, in some instances, we have

been left high and dry, making excuses for the Government of Jersey that there is no adequate consumer protection. The main thing that we have used to publicise the work that we do has been a newsletter and that has not been straightforward either. We had some problems with the Post Office. So, generally speaking, it has been an uphill battle but we have been supported by an active group of members who have made it happen and taken an interest in their fellow beings in the community and try and represent their interests. We have a wide membership: Chamber of Commerce, legal profession, Standing Conference of Women's Organisation, Citizens Advice, Transport and General Workers and we have 4 members of the public and we are looking at terms of reference at the moment. I have been the Chairman since 1995, which probably means I am well past my sell-by date by now but, for the moment, I am still there. My term of office runs out in June this year. Generally speaking we have looked at all sorts of issues apart from retail; about travel and transport, local and off-Island, and all sorts of issues. So there has been a multitude of things that we have covered and it has been community stuff. It has not necessarily just been shop end and moaning about everything and generally I think it has been well received. So that is the background to it. We were set up by the States by the then Policy and Resources Committee and we are now funded through Economic Development. So that is really where we are.

**Deputy G.P. Southern:**

And your position on the retail strategy for the Island and the way forward in terms of competition?

**Deputy A. Breckon:**

With regard to retail strategy, I must confess the Consumer Council was not really aware that we had one and we discussed, probably about 3 or 4 years ago, about retail capacity, which is slightly different to strategy, and where the Island's spend was. I was asked to look into what was then the back of the Chief Advisor's Officer, Colin Powell's office, to see what we could find out and to get some robust information about what money was spent in the economy in the various sectors, and I must say that was not easy. More recently I found out that a report was being done, this was the *Experian Report*, which was being done in secret. I was surprised to find out it was going on and it was being done by the now Economic Advisor and a policy officer from Economic Development. I could not find out what the terms of reference were, and when the report came out I think it was a mistake. There are a lot of mistakes in it and I will refer to that in a moment if you wish. But the fact was that Trade and Industry itself was not consulted about the report and neither were the report -- and the report was done in secrecy. It was published. There were a lot of inaccuracies in it. It was done by people from outside the Island who did not have, in my opinion, a great deal of experience about Jersey and they made some very, very fundamental mistakes. That was countered by a report from the Chamber of Commerce. Again, to me, that was not the best report I have ever seen and then there was Experian Mark 2 but I think then the whole process had been discredited because it bungled in the first place.

**Deputy G.P. Southern:**

When you say “secret” what exactly do you mean?

**Deputy A. Breckon:**

Well, I was seeking information about retail capacity and what was Colin Powell’s office, which has now been subsumed into what was Policy and Resources and now the Chief Minister’s, I spoke to the Chief Executive and said: “Could you tell me?” He said: “The report is underway.” I said: “Who by?” He said it was then the Economic Development Committee. I said: “What is their terms of reference?” He said: “I do not know. You will need to speak to somebody.” I had a dickens of a job finding out. The officer said, you know: “We are conducting this. It is not in the public domain and we cannot discuss it with you. What exactly is it you want to know?” It was an absolute nonsense and what I was seeking to find out really was the retail capacity, as I say, not necessarily what they produced and it was a bit like pulling teeth. They were difficult. The officers were difficult and even when I did get some information it was difficult to get, and I think that view was expressed at one of the presentations I attended at the Société. Members who were present there from the Chamber of Commerce said why were we not consulted because they rubbished some of the content saying that it was inaccurate, some of the calculations that had been used and made, and the outcomes were not robust.

**Deputy G.P. Southern:**

Would you like to tell us something about your take on pricing in Jersey, especially in the food retail market? We will take you on to the *Experian Report* later.

**Deputy A. Breckon:**

Yes.

**Deputy G.P. Southern:**

Could I ask you to move a bit closer to the microphone? You are not being picked up very well.

**Deputy A. Breckon:**

Yes. Supermarkets and convenience stores are one element of retail and there is a view that says it is around 10 per cent of the retail price index but the counter argument to that is, is that it is something we need. It is not something like travel abroad where you can be exempt from it if you do not travel. I would just like to comment, Chairman, about the market, how it has changed. We used to have butchers and bakers and greengrocers and things like that and that market has changed. We have corner shops but they are not as they were. We have SPAR, we have Co-op Locale, we have C.I. Traders, we have Checkers Express. So the corner shop market has changed and they are convenience stores that operate virtually 24/7, not all of them but some of them. With that, if we look at supermarkets, it is not quite as simple with supermarkets because some of them incorporate Post Offices. They have newspapers and

magazines, greeting cards, stationery, DVDs and CDs. They have small electricals, kettles, irons, toasters; sell alcohol; phone and electric top-ups; pet requisites; personal hygiene; cleaning materials and they sell foodstuffs as well. So supermarkets have become different animals to what they were perhaps 15 years ago. So I think if anybody talks about supermarkets they need to address that. It is not just about going and getting your groceries. It is whatever is convenient that will fit under the roof and, of course, in the UK the big players do the same and, if we look at bakers; shops and butchers and greengrocers, perhaps they are not there. We have a growth maybe of farm shops that are picking up some of this business again but the actual market has changed. I think where we are sadly lacking is transparency. If you look at the UK supermarkets it is relatively easy to find out pricing policies. You can use a postcode. You can get different areas of the country. In the main they are the same but there are regional variations but unfortunately we do not have that opportunity in Jersey and I think that is sad really because it does not give that transparency. But it is also an advertising opportunity that the local supermarkets are missing. Much of business now is transacted via the internet, not so much food and provisions at the moment but it does happen. People could make informed choices if they knew what the prices were and they knew what the goods were, as well as other things like travel and sports. There are opportunities there for the local operator. So that is generally the market and the market has changed and is still changing and I think, you know, there is room for improvement in Jersey in the way that supermarkets market themselves.

**Connétable M.K. Jackson of St. Brelade:**

Alan, can I take you back to the *Experian Report*? You mentioned earlier that you were concerned about its inaccuracies. Can you highlight the particular inaccuracies on it that you felt were inappropriate and perhaps refer to the timing of the report as well?

**Deputy A. Breckon:**

Again, as I say, it was certainly conducted under a cloud of secrecy but there were some major flaws in it as I said earlier. I was seeking to find out retail capacity and I do not think Experian have proven that at all and I think they ignored the trade. One of the things that they did do they used a household expenditure survey that went back to 1998/1999 and this report was produced in June 2005. So, in effect, the statistics were 6 years old and they used some remarkable process. Chairman, I would just like to read you some of this. This is the first draft of the *Experian Report* at page 13: "In 1988/9 the household expenditure survey that underpins our expenditure analysis was conducted by the States of Jersey Statistics Unit. The purpose of the survey was to provide an accurate and representative analysis of household expenditure patterns, primarily to update the basket of goods used in the calculation of the retail price index. The sample size of the survey was 2,211, around 2.5 per cent of the total population. The survey outputs were collated and produced as weekly spend per household across all the product categories." What Experian did then in auditing this - that is the household expenditure survey: "We have undertaken a number of cleansing steps to bring it into line with the requirements of this study." It

goes on to say what they did: they filtered off any non-retail spend, e.g. housing, power, education, et cetera. They cross-referenced the individual product categories against their counterparts in our retail planner system to ensure congruency - I am not sure what that means exactly. They allocated all categories into the appropriate sub-category, i.e. convenience, comparison, bulky goods. They extrapolated the 1990 data forward to reflect current - that is to say 2004 - prices. They annualised the figure and then, ingeniously, they multiplied the figures by household numbers to derive actual market sizes. So there are some fairly broad assumptions there and what they said is: "Cleansing the data, excluding non-retail spend and cross-referencing to retail, condensed the spend categories to 13 listed in table 1." What they had done, in effect, they sort of took out everything they did not want and made assumptions, in my opinion, about the other stuff. The other thing that they did do, as they have said here, is that they included the inflation trend over the 5 years of the retail price index June 1999 to June 2004, and that was 24 per cent. Then, to arrive at market size, they used 2 further steps, the household expenditure figure for a weekly spend - so they annualised that; in other words multiplied by 52 - and then the total market is then calculated by the number of households in the Island according to the 2001 census. So they are using some dubious data to start with and then putting something and assuming all households are the same, which they are not. So, again, I think you have a dangerous multiplier there and they have said that no further adjustment is needed to factor in non-store-based retailing channels, e.g. mail order and internet shopping. Well, there is growth there and, again, they have made some assumptions there which, in my opinion, are wrong. The other thing they have done which I think is fairly stupid, they have then tried to show how the levels of spend available are distributed across the Island. What they have done is these figures have been calculated by simply multiplying the household spend by the number of households in each Parish. So they made an assumption that St. Clement's will be the same as Trinity per household or St. Mary and that is probably, you know, factually dangerous and not robust at all. They said: "In doing so we have not applied any weightings, therefore assuming that average spend per household is uniform across the Island." So I think this whole thing is flawed. I think they paid around £60,000 for it and I can well understand people in the trade and the Chamber of Commerce challenging this because to me it is absolutely utter nonsense. Further on in this, at page 31, they have a map of the Island with various numbers of households in and, again, they have used this as some form of reference.

**The Connétable of St. Brelade:**

It has been asserted that the calculations of floor space were considerably flawed. Are you aware of that?

**Deputy A. Breckon:**

Again, you see, they have made assumptions that every Parish ... Well, they have looked at the retail floor space and made assumptions but I do not remember St. Mary looking for a B&Q or Trinity, so how is this relevant? We are not counties of the UK and they have floor spaces of little shops and the whole

thing is not Jersey recorded. I think it is very dangerous and it does not stack up at all. Although there is some floor space, again some of this was questioned because, again, people in the trade were not asked how big the shop was and they had made assumptions which were wrong which were in there.

**Deputy G.P. Southern:**

I think we will probably go on to develop that with the next witness. Are you aware that the Statistics Department has taken a look at this in the light of the use that has been made of their own statistics from the Household Expenditure Survey. Are you aware of any ... Have they been contacted? Have you contacted them, for example?

**Deputy A. Breckon:**

No. Well, when they were produced at the time, as the recent ones have done, they would be as accurate as they could be but the danger is if somebody takes your statistics and mucks about with them like they have then, you know, they say their statistics are in line, and I think that is in that category, because I think it is a dangerous use of government statistics when somebody makes assumptions as they have done with that.

**The Connétable of St. Brelade:**

How would you think the introduction of a UK chain store would affect Jersey?

**Deputy A. Breckon:**

It depends what you mean by "chain store". We do have chain stores. We have Boots and we have Woolworths and we have B&Q and WH Smith.

**The Connétable of St. Brelade:**

You might say a Tesco or something like that.

**Deputy A. Breckon:**

Tesco. Slightly different to a chain store, more a chain gang some might say, but ...

**Deputy G.P. Southern:**

No need to whisper that.

**Deputy A. Breckon:**

The UK supermarkets certainly have some clout and Tesco are worldwide. I mean they are marching into China. They are very aggressive and they do not take prisoners and it might be in your interest to look at the Isle of Man and see what has happened there. There are various stories about how smaller shops and trades were taken out by Tesco but, having said that, that has happened locally when, sort of,

a SPAR or a Checkers have set up on a bigger scale. They have taken out the local florist or they have taken out the local bakers and that has happened here. So it is a bit dog-eat-dog, but where I think we have missed something is that we did have a number of operators in Jersey. We do not have that and that is because, as I said before, circumstances have changed and we did have Benest(?) and we had Co-op and we had Safeways for a time and we have had Morrisons. I think there is perhaps desire from consumers to have an outside interest with a supermarket because it gives them perhaps a UK link that they might be used to from their past or a visit to the UK and I think it gives them choice of own brand as well. I think that is where, not so much the Co-op, but where C.I. Traders are lacking. They are floundering a bit for an own brand. They have tried a number and Safeway have done the same without too much success but, of course, the Co-op are linked to a bigger organisation that have their own farms and production and are linked in. So we are probably well served with our own brands but, again, it does not touch the likes of Tesco or an ASDA and things in the UK. So it is not just about a Tesco. It is about, if somebody else comes from outside, it is what they have to offer but also there are barriers to entry. You cannot just come and set up. You need premises. You need staff. You need Regulation of Undertakings licence. So there are barriers to entry from somebody from outside and I am not quite sure what the policy is. There are rumours of sites for other supermarkets but no firm commitment from anybody from outside.

**The Connétable of St. Brelade:**

Would you say that consumers generally are aware of the implications of a UK company coming over here and setting up and the effect on staffing, the effect on other retailers in the Jersey scenario?

**Deputy A. Breckon:**

It is a double-edged sword really. I mean it depends what you want. If you want competition then there is some competition. How focused that is, is probably a matter of debate. If you have restrictions to other traders in whatever that may be then perhaps that could lead to a degree of complacency by existing traders, but that would not necessarily just apply to supermarkets. It could apply to shoe shops and clothes shops and whatever else. It is a case of capacity but I think in general terms there is curiosity by consumers, let us say, about what would happen, and it has been proven in the past that it is not just about price either. It is about people's attitude to supermarket operators as well as pricing and price, if you look at consumer analysis, is not always top of the list when people make choices. It is about quality. It is about their comfort and it is about convenience. It is about how they feel and there is a loyalty to UK and to Jersey supermarkets. So there are all sorts of issues there, which I do not think we have debated.

**Deputy J.A. Martin of St. Helier:**

Can I just come in there, Alan, please? Would you explain the difference? I understand the consumer - as you say, it is not always about price, it is sometimes about choice - but the difference of building a

new say Experian 2, 50,000 square foot supermarket and a UK retailer coming in and maybe taking over an existing operator? That would give people a choice but it would not add retail space. Are you convinced that we need extra -- you know, a complete outside, new venture?

**Deputy A. Breckon:**

Well, as I said earlier, you know, if you look at the supermarket element let us call it. Because it is not just about food, there are all sorts of other things in the supermarkets, it is probably about 10 per cent, but in there, in this report, it highlighted then - and it had been sold to them from Safeway to Morrison to C.I. Traders - but the some of the scientific calculations on spend per square foot on the Safeway at Vallée des Vaux, at the bottom of Trinity Hill, was some of the highest in the UK and that is because there was a healthy Jersey interest in a UK supermarket. Now, that could have been because of branding, it could have been value, different products and all sorts of things and, if you look there, their shelving was sort of fairly high. They did cram stuff in. But, of course, that went pear-shaped when C.I. Traders took over because they misjudged their 30th April buying. But in general terms, I know what you are saying, do you need more space or do you need more competition? Well, there is probably evidence that says that C.I. Traders at Quennevais under-shopped. They knocked it down and rebuilt it. It is operating, I believe as well, under their expected capacity and C.I. Traders are in play. If somebody wants to buy that, the retailing part of the company, then it is probably up for sale if somebody offers enough. Having said that, what that will do to the local market will depend on who bought it and it would be attractive to somebody outside now because you have the space for them to do it to make the importation practical. But there have been sites rumoured for a new supermarket including the airport, Green Street on the corner near the roundabout and the West Mount Quarry and probably another 2 or 3 that people would care to think of if they thought about it. But a new build could happen at Rue du Pres because there is permission for that as well. So that could happen. So there is capacity but the thing is, having said all of that, we can only eat so much stuff.

**Deputy J.A. Martin:**

That is my question.

**Deputy A. Breckon:**

Yes.

**Deputy J.A. Martin:**

In the Consumer Council's opinion, you know, and the people out there, do you think there is capacity for another supermarket or if, as you say, Channel Island Traders are up for sale, could be outside and we would get the choice and we would get competition and, if there is margin in the price market, it may bring everybody up to the --



**Deputy A. Breckon:**

Well, in view of what I said earlier you see, because the supermarket is not just about, you know, tinned stuff and bread and whatever else, it is about other things. If you looked at somebody like ASDA, I mean they are one of the biggest clothing markets in the UK. Now, if they come in, if they were doing that sort of thing, then part of their capacity could be taken among clothing. So it is not just about food and drink and perishables and things like that. It is about the supermarket market, which is slightly different to what it was 15 years ago. So in that context there probably is capacity for another build. They have done a range of things. I mean they sell holidays, insurance, they sell phone services and all sorts of things. So, you know, there is the possibility that can come in from outside and do all of that as well as that, and then it could sharpen the pencil as regarding competition but it is not proven. If they come here and they felt more comfortable in just going at the same price level then there is no point. So the test would be when somebody came in.

**Deputy J.A. Martin:**

Our supermarket, let us say the biggest, the town Co-op and Checkers and Safeway they call it, still are not the size of where you are talking about, Tesco's Extra or ASDA, where, I agree, they have a whole floor or a half of a floor with clothing. But we only have the retail space that we have at the moment. As you say, the Checkers at St. Saviour have got planning permission, I think, to double in space but still would not bring up to most of the supermarket sizes that they do ... I mean Tesco's in England, certain size just with food. You have to go an extra 4 or 5 miles to get the Tesco's Extra where they do everything and they might have 2 or 3 floors. But what we have at the moment in Jersey is not that. What I am asking is do we need the extra space or can we -- for the consumers that are around, and you obviously have some concerns about the report that says we do need the extra, we can take the retail space. We are going to get more shoppers, I do not know where from. That is the question.

**Deputy A. Breckon:**

Well, the other thing as well you see, again with the supermarket spend, it is a changed beast to what it was years ago. Now, the other things I mentioned before about retail capacity. How much money goes out of the Island? People leave the Island. You know they might go to wherever for a couple of weeks and come back and bring loads of stuff with them, including their kids' clothes and the rest of it. For years people have used catalogue shopping with Littlewoods and others, probably 3 or 4 big companies. We now have the internet, so some of the questions really are how much money goes out of the Island? Now, if we had retailers on the Island providing competitive goods and services in the same areas, then perhaps some of that money would stay here. But the competition really on whatever it might be, you can send away for bikes and sports goods as well as services like holidays and travel and the rest of it, you can buy this stuff in your own living room on a Saturday night if you have access to a computer. So the supermarket market probably could stand somebody who was providing a range of services which are not just about perishables. Having said that, the market test would be does somebody come in, to get

established to either buy and build or buy into or whatever, that would be the test, but is the capacity there, then the answer is probably yes. The question that does not answer is what does that do to existing traders, and that is the question that needs to be addressed as well.

**Deputy K.C. Lewis of St. Saviour:**

Further to that, Alan, if a UK major retailer moved into St. Helier, what effect do you think that would have on local retailers, small shops, store holders in central markets and very small retailers?

**Deputy A. Breckon:**

Well, you say a major retailer, you are talking about a supermarket rather than a ... Again, it is not necessarily known but just to give you an example of how the market moves itself. When HSBC (Hong Kong and Shanghai Banking Corporation) set up their headquarters at the end of Gloucester Street and moved about 700 people down there who were in 3 depots round the 3 office blocks around the town, you then took the foot traffic away from the central market because people are not going to walk up from Gloucester Street to the central market and that had an effect there. So the further you take things that way then the more damage you will do to Columbrie and the market and wherever else. But, having said that, if there is going to be a policy then we have to have a debate about the policy, if there is something where it goes, not just on planning issues but organisations like the Chamber of Commerce need to get involved. Obviously they represent their interests but they need to take a broader view. If we are looking for economic growth, where does it come from? Do we all spend more money in the Island than we do outside? Where is this market? I do not think that is proven either. So I think some of what you say is true and I know we should do an advert saying: "Do we need another supermarket in St. Peter? Do we need another supermarket in St. Saviour? Do we need one in the Island?" I do not think it has been proven either way but it has not been tested either. So I know what you are saying about existing traders and big UK supermarkets will mop up small shops. They will do.

**Deputy K.C. Lewis:**

I was thinking along the lines of there could be a negative and a positive with that, in drawing people into a given area. But you think the negative is higher?

**Deputy A. Breckon:**

Yes. The other thing of course is nobody will come to the Island because you have a UK supermarket here, because people have 3 or 4 on their doorstep competing against each other, where we have not. Perhaps there is a feeling that maybe we should have one and there has also been mention of a French operator. That has gone pretty quiet at the moment but that was another option as well, somebody coming from across the water, and there is evidence to say that if people do go backwards and forwards with cars they do bring grocery shopping back with them. You know, they might have preferences and that applies to the UK and France.

**The Connétable of St. Brelade:**

Given that, shall we say, a UK operator turned up in Jersey, would you anticipate their pricing structure to be much the same as the UK?

**Deputy A. Breckon:**

Depends who it was. Morrisons gave that promise but of course they did not last many weeks and then it was sold, and so it went and there was a great deal of hope pinned on that. Interestingly, the Consumer Council ... I must at this point thank C.I. Traders and the Co-op and SPAR. We do go to the shops on a monthly basis and collate the prices and we were picking up some interesting things from Safeway at the time because things disappeared from the shelves and there were all sorts of things went on which will come out in the fullness of time. But, in general terms, with the Safeway thing it was difficult because people had an expectation that Morrisons would maintain the same price, which they said they would do. They said they had a nearly national policy but most of the UK supermarkets have some regional differences and that applies to products as well as prices. But in the main they do try, because they are buying in bulk, serious bulk, to have some consistency.

**The Connétable of St. Brelade:**

What do you think dictates those regional differences?

**Deputy A. Breckon:**

Well, one of the reasons we have had, or excuses, in Jersey is the stretch of water but you will get operators like Heinz or Kellogg who will deliver it on to the docks for nothing. So they will do that. Whereas some things have a short shelf life, say 5 days. You lose a day at sea then there can be quite a bit of waste so there are reasons why prices are different. We all appreciate that. But, having said that, I have there a survey that was done in Ireland and they asked some of the operators: "Why are your prices different? What is this about?" It was about insurance costs or rents or wages or waste disposal. There was a whole list of things and I think perhaps where we failed in pricing is we perhaps should have a commercial price index which shows the price of operating. Where, you know, you would include in that wage differentials, rates, utilities and a whole raft of things that are part of your commercial operation which are comparable with somewhere else. So I think there is a whole range of issues which I do not think -- I think this report has probably upset more people but, having said that, it has maybe caused some debate because it was pretty bad I think really, generally.

**Deputy K.C. Lewis:**

Following on from that, Alan. It is my understanding that in the Republic of Ireland, Tesco Republic of Ireland are approximately 12 per cent more expensive than Tesco UK.

**Deputy A. Breckon:**

Yes.

**Deputy K.C. Lewis:**

Do you think that would be echoed in Jersey?

**Deputy A. Breckon:**

Quite possibly. I think the percentage was about 9, I am not sure. But this report goes back to March 2005 but they were asked, I think Mulcahey(?) is their chief, he was asked why was that and he did give evidence to say that they paid extra for things like insurance and they had to pay towards waste disposal, they could not leave it out for the parish to pick up and there were other issues - there is some transport. And what the Irish Government did, they put some planning restrictions on something that you were saying earlier, is that they stopped them building too big so that they did not take out some of what they called the convenience factor, Dunns(?) and others. So we do not have the scale either really to do some of these things and that is really where we have a problem because even when we cross the water, things still need to be broken down, and the other thing I think that is worth saying is that some stores are difficult to service. You cannot have, you know, a big store at the back, it has to come in computerised, more deliveries per day, especially small sites, convenience stores and things like that. So there is a lot of operational difficulties but I do not think we have shared the information and perhaps if we did people might be more sympathetic. They probably would not be happy about paying more but they would be more sympathetic.

**The Connétable of St. Brelade:**

How much do you think government should interfere in the retail sector?

**Deputy A. Breckon:**

If you are talking about Ozouf, probably not at all because a little knowledge is dangerous but, in general terms, government should set the scene for business to prosper and there should be rules and regulations but they should really step back on occasion and, in a case like this, maybe let the market decide. But, having said that, it cannot happen without planning permission. If we do want another operator then it cannot happen without a licence. It cannot happen without consultation with the existing operators who have served the community well, who employ thousands of people. We have to give that more consideration as well because they are consumers and they spend money as well. So we need to move forward together on this I think. There are lots of issues there but I think government can play a part but not necessarily the leading part; with the trade organisations and the trade itself, then I think things can happen and they can move forward.

**Deputy G.P. Southern:**

Can I move you on from government to the role of the JCRA (Jersey Competition Regulatory Authority)? What do you see as the role of the JCRA in this particular sector, if any?

**Deputy A. Breckon:**

For a regulator, I think I have some sympathy with the JCRA because, to some extent, I think they were seen as the knights on white charger riding into town and everything from competition on the price of a can of beans to British Airways and everything in between they would be investigating. But I should say the Consumer Council have co-operated. We have shared a database of information with the JCRA but, again, it is a difficult area in which to prove whether somebody is profiteering from a situation. We do have peculiar circumstances in the Channel Islands and I think the JCRA are still getting to grips with some of those. But they have looked - and I know because we have supplied them with information at Jersey/UK price comparisons and for the moment I would say that they are content. They are not looking at anything else that I know of but, having said that, we are in touch and we have a database that we share with them.

**Deputy G.P. Southern:**

Can I take that a stage further? I mean to what extent would you agree or disagree with the label of “Rip off Jersey” in terms of profiteering or unnecessary profiteering in the Island?

**Deputy A. Breckon:**

It seems a bit emotive but when people are convinced that, you know, something is some price somewhere else and it is this price here, then they are not always convinced about the validity of the differential. In some instances we have transparency. We have the Channel Island Co-op which people can go into a general meeting and raise questions, it is open to shareholders, and the same with C.I. Traders. You know, there is a considerable number of Channel Island shareholders who, if there were issues of concern, could raise it but the rip off bit has been used on a number of occasions, not just for this but to ferries and to airlines and all sorts of things. But without the transparency, and that is probably where the debate needs to be heard about the transparency, how much information can you share without becoming a target from somebody from outside. If, for example, C.I. Traders and the Co-op had their heart on their sleeve and told us everything they did, then it could make them a target for somebody else who might see Jersey as being fairly profitable on margins as opposed to elsewhere. But, having said that, others have looked at Jersey and then, because of operating costs, have walked away, so we still have not arrived at that stage yet, I do not think.

**Deputy G.P. Southern:**

Can I ask you to explore the concept of transparency? How would you see that working? In what sort of areas would you be looking for greater transparency and through which body? Again, I think I come back to JCRA.

**Deputy A. Breckon:**

Well, not necessarily. I mean the use of technology on pricing ... I mean C.I. Traders, for example, sell a lot of electrical goods which are on their website but their grocery prices are not. C.I. Co-op sell a lot of holidays. Their holidays are on their website but their supermarket groceries are not. Now, although at the moment there might not be a big market for home delivery, there might be a market for home curiosity where people want to have a look at how much a tin of soup is and whatever else, and the other thing that is proven is that people cannot remember the price of 10 items in a supermarket and that could be an advantage to the retailers, whoever they may be. But, having said that, if you have access by technology then at least you could check it. At the moment the only thing you could do is buy something, go back in the shop and have a look to see if it is what it said it was because it does not have a sticky label on anymore. So there is a great deal of trust in that. Now, if there was transparency in the areas then I would argue that, say, with the Co-op ... I understand the Co-op have the biggest sports shop in the Channel Island, or in Jersey anyway, and I do not know what they sell. If I do know then I might buy something but I do not go in there. If it was on the website and they were advertising through emails, and the same with C.I. Traders, if they had "buy one get one free", then I think it is an advertising medium. It does not use paper. It is fairly effective and, as a shareholder, I would not mind receiving that. I am not a shareholder in C.I. Traders but I am in the Co-op.

**Deputy G.P. Southern:**

In terms of either takeover of local companies or a new foreign-owned company coming into the Island, do you see that as a problem under Zero/Ten with the tax base of the Island?

**Deputy A. Breckon:**

It could well be but, having said that, we have a TV station that is controlled from outside. We have a newspaper that is controlled from outside. In general terms the supermarket operators here provide a lot of employment. They pay social security and they pay taxes, so we must be mindful that if somebody did set up then you do have money that would go out of the Island and that is not maintaining the economy. So the taxation on that is something that would have to be considered against the perceived benefits of somebody coming from outside. Again, that is test the water, if it is a new build, if it is an existing build, and then the other thing is I understand the JCRA would have an opinion if somebody wished to take over - it would not be the Co-op, it would be C.I. Traders - their retail element. They would have an opinion on that.

**Deputy G.P. Southern:**

That would probably only apply if there was a reduction in competition, I would have thought. If it was a straightforward swapping in ownership, with no reduction in competition, I do not think they could necessarily interfere.

**Deputy A. Breckon:**

They might be able to express an opinion if it affected the market, depending where it was and how dominant it could be, from outside as opposed to in.

**Deputy G.P. Southern:**

The Consumer Council often performs price comparisons between here and the UK. How happy are you that the methods that you use yourself to conduct your price comparisons are rigorous? We are talking about whether or not that includes brand names or other or whether it includes special offers. Are you happy that, when you do do a price comparison, you have a pretty rigorous system of doing it?

**Deputy A. Breckon:**

Yes. When this surfaced in 2003/2004 what was happening in the retail price index there were some trends that were being picked up that were moving strongly in a slightly different direction to the UK, which were aligned. So there were 2 areas, one was a lot of items under the supermarket banner and the other one was motor goods and services. There was no evidence to say where this was going because the retail price index is not specific enough. It was into categories. Following on from that Gerald Voisin was President of Economic Development then and Terry Le Sueur was Finance and Economics and Frank Walker was Policy Resources, we had a joint meeting and they asked if the Consumer Council would look at this to try to get some robust information. We drew together a plan to do this and we employ a contractor to do it so it is arm's length. So there is no political interference if you like. To do this we had to draw up a number of lists and what we have done is we have 4 lists that we do in supermarkets and we rotate them. So we do them 1st, 4th, 7th and 10th; 2nd, 5th, 8th and 11th month and then 3, 6, 9, 12. So we have a number of things that we rotate and we have been doing that now since January 2005. The idea then is you build up, not the full product range because something like Grand Marché would stock about 14,000 not products, but lines. So say Nescafé could have 40 variations of Nescafé from powder to granules to decaf to whatever else, but the idea is ... With branded products there is no argument if you say: "How much was this shirt? How much was that one?" It is about style, colour, material and the rest of it. But if it is Heinz tomato sauce or Heinz tomato soup and it is a certain size and variety then there is no argument about the quality. So that is the sort of database we built up and there was some pressure. You must release the information. Of course we started from blank paper and the thing is what is in the list; what is a single pensioner? What is family stuff? What do people buy? And it is a whole range of things from freezer things to tins and then if you get into meat it gets scientific about bone and water and reared and frozen and all sorts. It is an argument in itself. So we were keen to include some things that might be challengeable but in the main to get most of the stuff that was robust, and the methodology, is that we have a service level agreement with a contractor who employs about 8 to 10 people on a part-time basis. They go out to certain stores, to convenience stores one day a month and to supermarkets another day a month, with clipboards and lists

and they rotate the lists and all this stuff is analysed. We do a double check on at least 25 per cent to make sure of accuracy and the stuff is collated. On the 18th and 19th October last year we did an actual physical thing in the UK. We did 3 supermarkets in the UK. We did Tescos, ASDA and Morrisons, physically checking a list, and at the same time we checked the same lists in Jersey supermarkets. We doubled that up by somebody doing a web check and we doubled that up again by somebody doing a mystery shopper on the web. So we are content that the information we collect is robust but a lot of it is Gordon's gin or Heinz sauce of a certain size.

**The Connétable of St. Brelade:**

Can I go back? You alluded earlier on to the fact that you considered it might be appropriate to put a weighting on in view of the perhaps costs over here, given that we have higher wages here. For supermarket staff it is some 40 per cent higher. We have not got access to the cheaper staff that the UK have. Ought your figures to be weighted to reflect that?

**Deputy A. Breckon:**

It is difficult to do that and I will say why. Because if you take a jar of mustard it probably has a shelf life of, say, 15 months and if you look at the transportation you can probably get a lot of them, I do not know how many, in a container. So therefore the freight on a jar of mustard might be a penny or something like that, whereas on something like kitchen rollers, which are cheaper in Jersey than the UK on some, do not ask me why, but you would not get as many kitchen rolls in a container and yet they are cheaper here than in some of the big supermarkets in the UK. So something does not have an explanation either. We did that and, as I say, it has been analysed by independent research. It is not a case of the dice were loaded and we said: "Well, everything is more expensive but it just was not explainable." I know it is sad, but if you take say a packet of Angel Delight, which is a packet of powder not much bigger than that, it is 12 pence more expensive, which is about 25 per cent more expensive, on the Channel Islands than it is in UK supermarkets, and there is no rhyme or reason for that, because again it has a long shelf life and it is about that size. So, again, you can probably get 2 million in a container. So there is no reason for that. But, having said that, the idea should be to share the information with the public and let them make informed choices about purchasing things. But, having said that, we are in a restricted market. They cannot drive to a hypermarket 30 mile down the road. Well, they can, but it is in France.

**Deputy G.P. Southern:**

Which brings me to the cost on and off the Island in a different manner. You mentioned there the fact that OAP (Old Age Pension) spend is different to perhaps your average and the weighting is different. Is there a place for an OAP's RPI (Retail Price Index) in particular?

**Deputy A. Breckon:**



Yes. The Statistics Unit have improved tremendously over the last year but I think where we are lacking, seriously lacking, is providing, especially for senior citizens, which shows pound price parity. So if you look at a pensioner, say in the UK, their actual pension could be, say, £60 a week less at base but then what does their pension buy? It is not just about a supermarket shop. Most pensioners in the UK would not pay prescription charges, they would not pay doctors, they would not pay eye care, foot care and a whole range of things, depending on their circumstances. Now, the other thing that comes in is what can they buy, their utilities as well, gas and electric, and I think, you know, the erosion between the £60 more in general terms is quickly whittled away when you do that. The other thing of course is people on low and fixed incomes rely on the utilities, they rely on their basic housing stuff and they rely on their food and things like that really. So it is slightly different to somebody else who might go skiing twice a year, and the fact that skiing trips has not gone up means it is great for them but it does nothing for pensions. So, again, when you get a retail price index it is skewed and it does not apply to everybody but I think we could benefit if we did have something that showed the true cost of pension living in Jersey.

**Deputy G.P. Southern:**

And finally, I could not let you go without coming back to the 2 staples. When we start talking about RPI in Jersey and prices in Jersey, there are 2 staples that come up, one is bread and one is milk. Would you like to offer us a comment on the price of bread and the price of milk?

**Deputy A. Breckon:**

If I had £10 for every time I had been asked that I would not be sitting here. I would probably be skiing or something like that. Milk - I should declare an interest - I have just chaired a review looking at the dairy so I do know that there are 3,216 cows in Jersey and I can tell you how much milk is produced annually and whatever you want. You can ask me quite a few questions about that. The Consumer Council had done a survey a number of years ago and had a terrific response to the question about Jersey milk. We have over 3,000 responses and in general terms consumers have said in that survey that they are willing to pay a premium price for Jersey milk but that, I should add, has never been tested. If somebody was selling a litre of milk for 30 pence more, 40 pence more, then it could be tested but, again, it is a government decision to support the Jersey cows, the Jersey dairy, and is moving on. Prices have been held for a while. There is a move that says prices will reduce with a modern processing plant and they will, in fact, come down and that is part of the plan because the challenge comes from outside. Because, something that has not been mentioned, if an operator came in from the UK then they might want to bring in their own bread and bring in their own milk or set up something or put pressure on. Because the other thing with the big player supermarkets, they do put pressure on producers, not just farmers but also food processors that pack things and whatever else. They do squeeze the margins and we have not really seen that with Jersey milk and we are trying to get geared up for that particular challenge. But at the moment people are willing to pay but it is something that has been quoted to me

probably thousands of times is: “Why is it so much cheaper in the UK?” But, again, it is not Jersey milk, it is black and white, it is Friesian milk, so it is slightly different and one of the reasons is that farmers in the UK get 19 pence per litre at the farm gate and Jersey farmers get 33 pence, which translates into production and again, we do not have economies of scale. A dairy in the UK would be producing just liquid milk and not other products and we have a dairy here that is all singing and all dancing and does butter and yoghurts and crème freche and ice cream and other stuff. Again, that is part of their business plan. They are looking at that but for the moment Jersey consumers are tolerating the milk price. There are some challenges to that, including through the JCRA. So that can develop. As to bread, again there is some technical stuff. The Tescos and ASDA would sell an 800-gram sliced loaf at under 30 pence. You have to walk right through the shop to get it and it is fairly basic. They do have a quick reduction technique. It takes 24 minutes from starting to putting it on the shelf, near enough, as it is cooling. We do not have that sort of scale to do that in Jersey and therefore, if the baker produced bread at that, we would not be able to eat it all. So then it is a case of what is the level -- and the other thing that they do is the bakers in Jersey produce all sorts of other products apart from basic bread. Really it is, again, a question of transparency and how people feel about that; if they do feel they are being ripped off or if they think it is good value. Again, we do have some smaller bakers, specialist bakers, as well as the main bakery and some shops have set up bakeries in store. But it has been challenged from outside before with imported bread but, of course, you are reliant, and again it is 48-hour stuff. You need to turn it over quickly but it may be that people would like that opportunity if somebody would care to try it but we can only eat so much bread as well.

**Deputy G.P. Southern:**

Thank you. Kevin?

**Deputy K.C. Lewis:**

A final one from me, Alan, and I want to put you on the spot here. A major UK retailer, in your opinion, does Jersey need it?

**Deputy A. Breckon:**

Are you talking about a supermarket?

**Deputy K.C. Lewis:**

Yes.

**Deputy A. Breckon:**

Supermarket, does Jersey need it? The answer is probably yes. Of course, it would be a wake-up call but in what shape or form, I am not sure what it would be. But it would be up to the market to decide how that was accepted.

**Deputy G.P. Southern:**

Okay, anybody else? And if I could open it to the floor, if anybody does want to ask their own question, if they want to follow up something that has been said or something that has not been said please do. But please make sure it is a question and please allow me to translate the question to Alan because we do not have a roving microphone tonight. So to make sure it is picked up on the record I will translate the question if I may.

**Ms. E. Perchard:**

I want to ask; you say that we need another supermarket, that it is advisable. Can I ask you then that there is one at Red Houses, it is a Checkers, and 9 out of 10 times when you go in there -- the place is enormous and there are very, very few people going there, so can I ask if you are going to weigh up the amount of people on the Island and the amount of the supermarkets that we need, why then do we have one massive great supermarket that is almost in a sort of practically empty with almost, at times, only 20 people going into that supermarket? So can I ask why do we need another supermarket?

**Deputy G.P. Southern:**

Okay, in the light of supermarkets under used at the moment, it is suggested, are you sure we really need another supermarket?

**Deputy A. Breckon:**

Well, when I said yes - I was aware of what you have just said, Eve - and I would say that there is a rumour, unconfirmed, that that particular premises will become Waitrose and they would add a 5 per cent premium which they have done with Marks & Spencer's. So, in effect, whether that would be classed as another supermarket I do not know but that is a rumour that is unsubstantiated.

**Deputy G.P. Southern:**

Okay. At the back, if I could have your name, Sir.

**Mr. N. Le Couteur:**

Nick Le Couteur. Alan intimated that he had carried out a price check on UK mainland. Would it not be - perhaps as it has been done - more appropriate to have done that on the Isle of Man, i.e. a comparable island?

**Deputy G.P. Southern:**

Comparisons with the Isle of Man?

**Deputy A. Breckon:**

Yes, we could still be doing that. We have not done that at the moment and it would be interesting, I did say to the panel earlier, to look at not just the pricing there but what has happened with Tesco's presence to the other operators and there are some rumours. The other thing with that, I mean if we were having, as we do, have some contacts through organisations like the Commonwealth Parliamentary Association, with colleagues in the Isle of Man then I am sure that that information will be obtainable.

**Deputy G.P. Southern:**

Peter Tabb.

**Mr. P. Tabb:**

Can we just have Genuine Jersey and others? Alan made a comment, Mr. Chairman, that probably yes to Eve's question, we do need another supermarket because it would be a wake-up call - a wake-up call for what?

**Deputy A. Breckon:**

A wake-up call for maybe, with respect, some complacency because we are in a comfort zone perhaps sometimes and maybe we do need a wake-up call. We need something that will stir the blood a bit and perhaps get people to sharpen their pencils again and get a bit more aggressive and go head to head. It does happen elsewhere and we all live and work together. It is not a nasty thing I do not think; it is a competitive thing and I think it can be good and healthy and we could incorporate Genuine Jersey. I mean that is a sales pitch on its own.

**Mr. J. Hopley:**

Or do what I wanted at the beginning of the meeting. Jim Hopley from the Co-op, although you know exactly who I am. Let me congratulate you, Alan, if I could Mr. Chairman, on an excellent, well-balanced set of comments. It has been very, very refreshing to get a perspective from a non-retailer. Congratulations on that. Just to clear up one little point for the ground, if I could, and the reason that kitchen towels are cheaper in the Channel Islands, there is no VAT (value added tax) and we are not ripping people off. We pass on the benefit of VAT to the consumers. But I have got one little question. If I could just pick up one thing that you touched on and I do not think you really got to the bottom of it and that is this issue of whether we need another supermarket or whether we need a replacement in the existing square footage. I mean our argument is that there is more than adequate square footage in the Island already. What you need perhaps - and we would not be afraid of the competition - is another operator within the existing footprint if you take my meaning. Perhaps you could give us a comment on that if you could?

**Deputy G.P. Southern:**

Right, so it is new, fresh square footage or a replacement operator?

**Deputy A. Breckon:**

Well, some of that would depend on how long you stand waiting at the checkout, I suppose, because if you have to wait half an hour you think: "Well, hang on. It is too busy here. Why cannot I go somewhere else?" But having said that if you are waiting that long then you have probably made a conscious decision why you want to shop there or why you do not want to shop somewhere else. But I think there was an anti-C.I. Traders thing which has, sort of, probably enhanced our specification so I think he has Mr. Scott(?) to thank for that, but at the same time maybe there is something that people would like that just gave them that little bit more choice on another player in the market for branded goods and for offers from time to time. I mean they do do offers, all of them do, which is not widely known unless you go in. Advertising is expensive in the Channel Islands. That is another thing. There are other ways of doing things and I think there is a whole host of things that could come together to make it better for Jersey consumers, including the existing operators. But I know what you are saying about the square footage. It is a question really of, is it best utilised? Now, having said that, if I was in business and I was in expensive premises and it was not turning over I would be thinking of doing something else with it and maybe others are but, you know, that is a commercial decision for them to make and they probably will do in the next 12 months or so.

**Deputy G.P. Southern:**

Any more for any more? Yes, one more over there.

**Mr. D. Dodge:**

Chairman, you clearly stated that you want questions rather than answers and one tries very hard. David Dodge of Vienna Bakery. I also have a role in the Chamber of Commerce which I am not representing this evening. Specifically to your question about the staples of bread and milk, and specifically bread, I will try to explain why there might be some difficulties for your committee of inquiry. But also for the Consumer Council I have on many occasions made the offer of a visit to them to try and explain how the bread market is very, very different. I think Alan tried to reflect some of the differences there very accurately and in his previous life as an employee of the Gas Board he has seen one or 2 bakeries in his time as well. But the industries are very different between UK and Jersey and indeed the Continent and I would like to see benchmarking carried out a lot more thoroughly, but with one very specific hit there on the under 30 pence loaf of bread that appears in very few supermarket shelves. It exists for only -- it would be illegal to offer that product at that price in just about any other European country because it is predatory pricing. So, one of my questions, Alan, is we are ready to come and talk to you, Alan, at any time you want us to come and see you.

**Deputy A. Breckon:**

No. I must declare an interest. I do eat bread from Vienna Bakery as well so [Laughter]. But I do

know David's problems. We have had not quite as many conversations about bread and milk combined but I do know the problems of operating on a small scale in a difficult market, the importation of raw materials and things like that, and again there are economies of scale and I am aware of what you say about the predatory pricing but with the big players they do cut it fine to them. If that is a loss to them they are prepared to take that risk and run the challenge of the competition authorities wherever they may be.

**Deputy G.P. Southern:**

Thank you for that. I will look forward to reading the paper and back to Eve again.

**Ms. E. Perchard:**

Yes. I just wanted to ask this question. What guarantee have you got if you have another supermarket that they are not going to price everything at the same price as every other supermarket and they are not going to bring their prices down because, as a housewife -- you know the majority of the shopping is done by women and women will go to wherever they will say, for instance: "Get one, get one free." They will go for the lowest pricing that they can get so what guarantee if you bring another supermarket here that they are not going to see the other supermarkets, how much they charge, and they are going to charge exactly the same thing. So what was the point of bringing them here in the first place?

**Deputy G.P. Southern:**

Any guarantees on not pricing the market with competition reducing prices?

**Deputy A. Breckon:**

Well, I think there might have been that suspicion with Safeway and Morrisons but what they did is they offered some different goods products: meat, some of their own brand stuff and things like that. So I think there is that possibility, but regarding the pricing there is a suspicion that whoever it was would only charge where they would fit in the market and if they did not need to undercut too much then they would not. But there is a solution to that in that with the Regulation of Undertakings license a condition could be attached that would say to somebody: "You must be able to demonstrate a pricing equivalent to what you charge elsewhere." I remember a number of years ago there was a clothing company who wanted to come into Jersey and I was Chairman of the Consumer Council at the time and I was asked for an opinion, because we have still got this thing about VAT and UK price equivalents, and I suggested that - this was a long time ago, this was in Colin Powell's time - that perhaps under the license that they should be able to attach a condition that said that they must demonstrate a 10 per cent price differential from the UK. They put it to the company and they never came. So there was a suspicion that they were looking to maximise profits, albeit in a more expensive jurisdiction to operate. So something could be in a license if - and I do not know if they are, I have not been involved with any discussions - but if operators from the UK or France were interested in operating in Jersey then maybe that could be a

condition that could be attached because there is an assumption that supermarket goods do not attract VAT. Many of them do because they are not food; they are hygiene; they are chemicals; they are all sorts of things that do attract VAT. If, for example, the condition was attached that they must remove it then they might not come, so there is a possibility here in what you say to say at the outset if somebody was expressing interest to lay down conditions that would ensure that there was a price difference. Now, whether they would come under those conditions or whether they would see Jersey for making lots of money and exploiting the situation I do not know. The market would have to decide.

**Ms. E. Perchard:**

I would just like to say the proof is in the pudding but when it happened to Safeway's, that they started to move prices up, the public went in droves and left Safeway's and went to the Co-op. Now you know how much damage that did to that supermarket. People want to be looked after. They do not care about how much money the supermarkets are making. They want a fair deal and the actual proof was in the Safeway's when they, sort of, left there and then went over to the Co-op.

**Deputy G.P. Southern:**

Thank you, Eve. At which point I think we will give you the last word and come to a close. I think we will take a little comfort break and come back with the cup, apart from to ask Alan if there is anything that he still wants to say and that we missed.

**Deputy A. Breckon:**

There were a couple of points. In retail, in general terms, what has happened is the UK operators are getting fairly slick as well and attaching -- I have just got something on there which is they operate in Jersey. That is next and it is about a refund policy and there are no arguments about the refunds. Happy to exchange or refund any item in a saleable condition returned to us with a receipt within 28 days. Now, there are other companies that have similar policies and I think that is where perhaps, in general terms, in retail where somebody does not necessarily want a credit note and they do not want an argument and whatever else it is. So where people fly this as their sort of trade flag then it is, I think, of benefit to them when they are trading. I do not think I have missed anything else. The only thing I would say is that if we do have transparency in pricing then I think it is an advert for the retailers themselves. If they are open and honest, they are saying: "This is what we charge" and if people want to question that then I think they can do that and I think that is good and healthy and it should be a part of their advertising. I said before that we used to have La Riche, the Co-op, Benest, Safeway and Morrison, and there was some, perhaps, UK link there and I think there is some benefit in own brand, and perhaps all could survive if we did have a third bigger operator. I do not think it is the end of the world. I do not think it is an Armageddon. I think it is positive. It is good and healthy and it might get people out of their comfort zone.

**Deputy G.P. Southern:**

Thank you, Alan.

**ADJOURNMENT**