

6. Deputy G.P. Southern (Chairman of the Economic Affairs Scrutiny Panel):

The Assembly will be aware that the Economic Affairs Scrutiny Panel has recently presented S.R.9 of 2007 - Retail Strategy Interim Review. The key findings of this report on the Economic Development Minister's retail framework point to its reliance on data in the *Experian Report* which we find to be so fundamentally flawed as to be unfit for purpose. It recommends that given the cumulative defects in the analysis, the Economic Development Minister should suspend any action based on his framework until he has fully re-examined the guidelines in the light of accurate data and reported his findings to the States. I am surprised by the Minister's refusal to take on this constructive criticism in such a vital and sensitive area of the economy. I bring to the attention of Members the words of the Chairman of the Retail Committee of the Jersey Chamber of Commerce who says: "The Minister does not seem to be taking a constructive view." Put simply, the Minister is just plain wrong because he is basing his policy on data which has been shown to be flawed. Furthermore, this fundamental misunderstanding of the retail market has found its way into the recently completed *EDAW Report* which on page 6 repeats the discredited recommendations of the retail framework and the *Experian Report* for additional retail space. In rejecting out of hand our key findings, while accusing the Panel of having misunderstood or misrepresented the aims of his strategy, the Minister has not only dismissed the function of Scrutiny but also risks putting the retail sector in danger for the sake of pursuing theoretical ends. His pursuit of increased competition in this sector of the economy, without due regard for the potential consequences already witnessed in every U.K. town and village which has been host to one of the large multiples, is mistaken. He puts at risk the future of the town centre. The justification he offers, namely, the pursuit of lower prices, has not been proven and the reference to the situation in the Isle of Man is relevant. Since Tesco entered there in 2001, the local multiple has been forced to the point of collapse along, no doubt, with its suppliers and numerous local shops. The real irony there is that the price of food in the Isle of Man has increased a total of 20 per cent more than in Jersey over the same period. My Panel will of course continue to progress this review concentrating in particular on a through examination of the cost base for retailing in the Island and the implications of retail expansion in the form of a U.K. multiple contained in the *EDAW Report* on the development of St. Helier and the Waterfront. In the Minister's own words: "I agree the need to ensure Island businesses are not unfairly threatened and that any change must be managed with the utmost sensitivity based on sound information." Our report clearly demonstrated that his policy is not based on sound information and I take this opportunity to ask the Minister to undertake a through review of his retail framework."

6.1 Deputy P.F.C. Ozouf:

In my initial remarks to the interim report, I said that the Panel appeared to have only focused on the views of a number of limited retailers in the Island. The Chairman's statement also in the third paragraph quotes from the Chairman of the Retail Committee of the Chamber of Commerce. Will he accept that the Economic Development Minister and his Panel have not only a responsibility for retailers but consumers and in the pursuance of the second part of his review, will he look into the interests of consumers, not only retailers?

Deputy G.P. Southern:

The Minister has, in his remit, the economic development of the Island and to safeguard that development and its future. The facts are that the people who know about retail were not consulted by Experian, it was a deskbound job. They have shown that the figures produced by Experian are extremely unreliable and no basis on which to base a retail framework. That framework, however moderated, still makes the fundamental mistake of going for expansion because of the figures Experian produced. I accept that the Minister is responsible to consumers, as indeed am I, and in the second half of our report, we will address those issues.

6.2 Deputy S.C. Ferguson:

Given the uncertainty that arises from this report and its findings, would the Chairman of the Economic Affairs Scrutiny Panel not consider that it would be prudent of the Minister to agree to reassess the policy in the light of the new information?

Deputy G.P. Southern:

I believe that that action is essential. I think the evidence we have produced would indicate that this is the very least the Minister can do.

6.3 Senator M.E. Vibert:

I was a bit concerned when I read the report and also the statement and even more concerned when I heard the Chairman refer to considering the consumer's point of view. I think there may be a danger in issuing an interim report which appears to be written by the shopkeeper's friend. I would like to ask though, particularly as reliance on data is referred to, that in the statement made the Chairman said: "Since Tesco entered in 2001 [it is to do with the Isle of Man in the seventh paragraph] the local multiple has been forced to the point of collapse along, no doubt, with its suppliers and numerous local shops." The insertion of the words "no doubt" makes me worried that this is not evidence-based or data-reliant that it is. simply conjecture or scare mongering. Could the Chairman provide the evidence for the suppliers in numerous local shops being pushed to the point of collapse which he claims?

Deputy G.P. Southern:

When the Minister reads the second half of the report he will no doubt see that there is already evidence coming to the fore that Tesco in fact do not use local suppliers for much of their business and have a very damaging effect all over the country on smaller local suppliers and service suppliers. I am particularly impressed that the Minister should consider that a person with my reputation should be in the pocket of the Chamber of Commerce. Such is not the case and to hint that I might be is absurd.

6.4 Deputy P.V.F. Le Claire:

The rhetoric in the interim report describing the *Experian Report* as "so fundamentally flawed as to be unfit for purpose" draws into the arena the question of value for money of States' reports and also the accountability where that value for money is demonstrably unachieved. Is the Chairman of the Panel able to produce evidence to back up the words "unfit for purpose" and if he is what are the procedures for reports of that nature, how much have they cost and where is the recourse?

Deputy G.P. Southern:

The evidence is in the report. A fundamental overestimation of the size of the market, underestimation of size of floor space which combined produce something like a 45 per cent error in the figures produced by Experian; £62,500 in our opinion thrown away.

6.5 Senator F.H. Walker:

I think we are all intrigued and interested in the Deputy's supported position of the Chamber of Commerce position. I would like to ask him how he feels his protectionist - which it is - and anti-competitive stance will benefit consumers in Jersey and secondly, where does the evidence he has put forward in the statement from the Isle of Man come from and can he furnish the House please with full proper statistical evidence produced from official sources?

Deputy G.P. Southern:

The data are available and will be made available to all Members in due course. The evidence that lies behind the graph that appears on page 28 which is there so people can understand what

has happened to inflation in the 2 comparable places, I would argue, is available and will be made available to Members.

Senator F.H. Walker:

Can you confirm what source that information comes from?

Deputy G.P. Southern:

No, I cannot at the moment but I will do. That information will be made available.

Senator F.H. Walker:

Is it official government data?

Deputy G.P. Southern:

I do not know at this stage but I will inform Members exactly where the data has come from. It will be made available to Members. Could the Chief Minister please repeat the rest of his question?

Senator F.H. Walker:

I think we have dealt with the Isle of Man. The Deputy does not have a clue where his information comes from. My first question was how he thinks his protectionist anti-competitive stance will benefit the consumers of Jersey?

Deputy G.P. Southern:

There is no anti-competitive stance in this document. What there is is a promotion of competition *per se*, I believe, on the part of the Minister with no evidence that such a competitive input into this particular area will produce lower prices and indeed evidence to the contrary from elsewhere.

6.6 Deputy J.J. Huet of St. Helier:

Is the Chairman aware that there was an excellent television programme on exactly this thing about Tesco and if so, might it not be a good idea if maybe all the Members watched this and maybe they could learn from it?

Deputy G.P. Southern:

I understand one of the members of my Panel has a tape of it. It can be made available if the Member so wishes.

6.7 Senator P.F.C. Ozouf:

Am I to understand that the Economic Affairs Panel has not had any regard to consumers? The Chairman said that he is going to consider consumers in the second part of the report. Is he actually saying that he has not done anything on consumers? Secondly, will he accept that I do not accept the conclusion that the retail strategy is based on the *Experian Report*?

Deputy G.P. Southern:

In answer to the latter question, no, I do not accept that. The evidence is that the final retail strategy, despite being phased or what ever the term is, is still over-reliant, dependent on the basic premise that results from the figures which are completely inaccurate and not to be relied on. Secondly, no, it is not that we have not considered the consumer. We are looking at the evidence on the possibility of lowering prices, of course we are, but this interim report does not cover those particular aspects and is waiting for the second half.

6.8 Senator J.L. Perchard:

Can I congratulate the Chairman of the Economic Affairs Scrutiny Panel for recognising that it is a worthy subject for his Panel to scrutinise but can I suggest to him that he has shot his bolt a

little early with making this statement? I particularly want to echo the point made by the Chief Minister about paragraph 7. Can I ask the Chairman of the Scrutiny Panel before he makes insinuations as he has done in paragraph 7 about large multiples using their muscle to squeeze out smaller suppliers and retailers then putting prices up, that he supplies evidence at the same time. This is a very powerful statement to make in government and without evidence I think it has to be a discredited statement.

Deputy G.P. Southern:

I stand by paragraph 7 completely. There is evidence that the prices in the Isle of Man following the arrival of Tesco have increased by 20 per cent more than they have here. There is also evidence that the main competitor is being squeezed, possibly out of the market.

The Bailiff:

I am afraid we have now exhausted the time available for questioning the Chairman of the Scrutiny Panel