

5. The Minister for Economic Development will make a statement regarding the Retail Framework policy 5

5.1 Senator A.J.H. Maclean (The Minister for Economic Development):

As Members will probably be aware, my department has been working on a policy document concerning issues of concentration in the food retail market in Jersey. This draft document was unfortunately leaked to the *Jersey Evening Post* and the resulting press coverage has been inaccurate, selective and therefore highly misleading. I would like to take this opportunity to clarify what the policy does and does not say. Members will find copies of the full document on their desks. The retail framework is aimed at ensuring that the Strategic Plan's economic objectives of economic growth with low inflation are delivered. I have listened to and balanced the views of Islanders, the economic advice and the views of businesses. As a result, this policy strikes a correct balance that creates a framework that is in the best interests of all Islanders. This framework will allow the flexibility to help address the issue of the high cost of food in Jersey. Members will appreciate that this is of critical importance to us all but has the greatest benefit to those less well off families and individuals in our Island. Today, Jersey's food retail market has 2 main supermarket operators, the structure that has the potential to inhibit competition and can, *in extremis*, result in an undesirable duopoly emerging. If this were to happen it would limit competitive pressure on retailers, contributing to higher prices and less choice for consumers. The policy takes full account of Islanders' views. Over 1,000 local households responded to a Statistics Unit survey with 84 per cent saying that they would like to see an additional supermarket operator in Jersey. The policy is intended to, and indeed does, create a level playing field, which treats any applicant for large retail development fairly and equally, regardless of whether they are an existing operator or a new entrant. To be absolutely clear, nowhere in the policy does it recommend scrapping countryside protection as reported in the press. The framework states that a sequential test should be conducted to allow suitable sites to be considered for a retail development. That means starting with the town centre sites. If no suitable sites are found, sites on the edge of centre or in other areas of town should be considered. If still no suitable sites are found, only then should edge of town or semi-rural sites be considered. But the final arbiter on any application would, of course, be the Minister for Planning and Environment. The economic advice attached to the policy is both objective and balanced. It was produced following a considerable amount of analysis from the economic adviser and includes the most up to date and appropriate research available. I would also like to add that my department is not, as some would have Members believe, actively encouraging any individual or new entrants into the supermarket sector. We will, of course, deal with any such inquiries as we do with any new business inquiry. This framework is intended to create a clear policy statement that seeks to remove barriers to entry. It clearly recognises that government intervention of any nature should be limited wherever possible in any market. I hope that Members will recognise that the detail of this retail framework document bears little resemblance to recent, emotive newspaper headlines and articles. In all cases, applications, whether from an existing or potential new entrant, will be treated on merit, balancing social, environmental and economic issues. I would be more than happy to answer Members' questions and would be delighted to arrange a more detailed briefing for any Member who would like additional information.

5.1.1 Deputy S. Power of St. Brelade:

I do thank the Minister for the clarity of the statement. The Minister would be aware of my interest in diversifying our retail for some time. Can the Minister give the Assembly an indication as to who might have had access to this retail framework document and that might then help Members to understand perhaps the source of the leak to the *Jersey Evening Post*?

Senator A.J.H. Maclean:

It is obviously difficult to speculate on such matters. All I can say is that as part of the consultation process, we obviously sent out a final draft of this particular document to the Chamber of Commerce and I was hoping, subject to a meeting planned for Monday, to have discussed in more detail and I would have hoped that the source of the leak was not from that particular body, but I cannot really comment much further.

5.1.2 The Connétable of St. Helier:

I welcome the Minister's reassurance that the first port of call, as it were, for a possible third supermarket would be a town centre site and, of course, the Minister is a noted and significant supporter of the Millennium Town Park. I would ask him whether he recognises in the vicinity of the town park the potential for this kind of operation. Secondly, there is very little said about the importance of the central markets in the report that we have been given. Will he agree with me that the central market is an extremely important asset in the retail framework of the Island and that it is possible to protect it without being protectionist?

Senator A.J.H. Maclean:

Yes, the Constable is absolutely right. My support for the Millennium Town Park is well recorded and my support for open spaces within town; I recognise the value of such facilities. It would be wrong for me to speculate on potential sites within the centre of town. Some have been mentioned in the media in recent times but, indeed, that is not for me to speculate on. What I can say is that the central market - I agree entirely with the Constable - is extremely important, very special and I would not expect to see any effect on the central market and, indeed, we should seek to protect where we possibly can without indeed, as the Constable says, any form of protectionism, that unique facility.

5.1.3 Deputy G.P. Southern:

Does the Minister not accept that it is a mistake to have an entire 35-page document printed at this time without any reference whatsoever to an extensive and well-balanced report on the retail sector in Jersey produced by the Economic Affairs Scrutiny Panel in recent times? Does he not accept that, in fact, what he has produced will be seen as a partial case for a new supermarket and not a balanced case?

Senator A.J.H. Maclean:

No, I am afraid I do not agree with the Deputy at all. I think it is a balanced case. I think since the original retail framework of 2006, considerable additional work has been put into this particular document. The Economic Adviser, for example, has considered 16 additional pieces of relevant data - both locally and externally - which is relevant to this particular debate. I believe that this particular document is certainly not promoting a third supermarket *per se*, as the Deputy is suggesting. All it is ensuring, whether it be to existing local operators or a potential new entrant, is that there is a level playing field. That is the key.

5.1.4 Deputy G.P. Southern:

Can the Minister specifically say why there is no reference to an extensive and well-balanced Scrutiny report on it?

Senator A.J.H. Maclean:

Is the Deputy referring to the report that his Scrutiny Panel prepared some years ago when he was chairman of Economic Affairs, in which case that particular document, a good document, nevertheless is in the public domain. Members will be aware, I believe, that that document is in the public domain.

5.1.5 Deputy J.M. Maçon:

The Minister commented that nowhere in the report does it recommend scrapping countryside protection. However, has the Minister asked the Minister for Planning and Environment to make amendments that would reduce countryside protection to the Island Plan, formally or informally, and if not, does he intend to do so?

Senator A.J.H. Maclean:

Neither formally nor informally. The key to the policy is sequential testing and that is quite simply we believe that we should be looking at the centre of town first and moving through an increasing burden of proof requirement as you move to the outer centre and outer parts of town. I believe that the Minister for Planning and Environment and his department support that basis. What we are effectively saying is that what we should not be doing is limiting purely to the centre of town only and hence the sequential testing.

[12.30]

5.1.6 Deputy A.E. Jeune:

Will the Minister please give an assurance that if any new supermarket were to open, they will only be permitted to employ people who meet the 5-year residency rule?

Senator A.J.H. Maclean:

The assurance I can give to the Deputy is again with regard to a level playing field. That is quite simply that any new entrant, should there be one, will be treated in exactly the same way as existing operators within the Island and the determination of their Regulation of Undertakings application again will be treated in exactly the same way. I think I have mentioned in the Assembly recently that current policy is to be quite severe and strict with Regulation of Undertakings, rightly so. There are unemployed people in Jersey and I would hope to see more of those being taken up if there were a new operator and I think that is a positive thing from an employment perspective.

5.1.7 The Deputy of St. John:

Given that moving even new business out of town could cause the demise of St. Helier more than it is at the moment... because we have seen proposals to move things from the centre of town to the Waterfront in the future, which gives me concern, will the Minister give serious thought that if they are thinking of moving out of town, that it will not be greenfield sites but brownfield sites which there are many around the Island?

Senator A.J.H. Maclean:

I am not sure, I think the Deputy's question is wider based. Are you talking about businesses generally?

The Deputy of St. John:

Any new supermarket.

Senator A.J.H. Maclean:

There is no suggestion that as part of the sequential testing that sites other than those in the centre of town, out of centre, or indeed, at best, semi-rural would be considered, or worst, depending on one's perspective. There are economic reasons for that as well and I think the Deputy has alluded to them in part that clearly if you had on the edge of town a facility, a supermarket, that would be far more preferential to other surrounding businesses. The flow of traffic and the flow of potential consumers concentrated in a retail area is clearly preferential and I think that answers his question hopefully.

5.1.8 Deputy M. Tadier:

Does the Minister agree that food, rather than being too expensive, is too cheap and that the price paid for food does not reflect the labour and carbon footprint that has often gone into its production? Will he comment on how the introduction of a third operator and cheaper food would affect the promotion of local produce, which is already struggling to compete with cheap and often subsidised and low-quality imported food?

Senator A.J.H. Maclean:

With regard to the second question first, the Deputy asked about local produce and he is absolutely right. We are fortunate in the Island to have a range of high-quality local produce. We have seen, particularly through the farm shops, which have grown in number and size in recent years following a very successful model, an increase in the amount of local produce sold locally and I think that is something to be encouraged and welcomed. I would not suggest or think that should a further supermarket operator come to the Island, that that sort of high-end quality part of the market would be affected. I certainly would not want it to be affected. There is no reason at all to think that that would be the case. People like fresh food and they certainly like high-quality local produce so I think that is a positive aspect. Can I ask the Deputy to repeat his first question?

Deputy M. Tadier:

The first one was perhaps more philosophical but just about the idea that food, rather than being too expensive, is too cheap and it does not reflect the labour and the carbon footprint that has gone into making it.

Senator A.J.H. Maclean:

It is an interesting point that the Deputy raises. In many respects he is right, and farmers, in many respects, would agree that he is right as well. The cost of production and sustainability and profits for the farming industry, not just in Jersey but in the U.K., has come under increasing pressure. They have been pressurised by large supermarkets and multi-nationals to drive prices lower and lower, driven, of course, by demand by consumers who are ever seeking lower prices. Of course, we are now seeing risings of commodity prices, which is putting pressure in the other direction. But, yes, the Deputy does, of course, have an interesting point there.

5.1.9 Deputy J.B. Fox of St. Helier:

I totally agree that we should be looking for the centre part of St. Helier as opposed to greenfield sites but I am also very conscious that in parts of St. Helier, there are some very large sites, many of which have got some very important listed buildings for St. Helier in them. Can we make sure that we do not destroy our heritage when we are looking at large developments to replace and if these are, can we ensure that they come back to the States for full discussion so that at least it has had the most democratic process to achieve both end results?

Senator A.J.H. Maclean:

I absolutely agree with the Deputy and I have every confidence that the Minister for Planning and Environment will fiercely continue to protect significant buildings and our buildings of heritage, so I do not think the Deputy should have anything to be concerned about. Of course, it is ultimately a decision for the Minister for Planning and Environment.