

STATES OF JERSEY

Economic Affairs Scrutiny Panel Rural Economy Strategy 2011-2015 Review

TUESDAY, 15th JUNE 2010

Panel:

Deputy C.F. Labey of Grouville (Chairman)
Deputy R.G. Le Hérisssier of St. Saviour
Deputy D.J.A. Wimberley of St. Mary

Witness:

Chief Executive, Channel Island Co-operative Society

Present:

Dr. J. Jones (Panel Adviser)
Mr. D. Scott (Scrutiny Officer)

[16:18]

Deputy C.F. Labey of Grouville (Chairman):

Right, okay. Thank you very much for attending this hearing.

Chief Executive, Channel Island Co-operative Society:

You are welcome.

The Deputy of Grouville:

You have a protocol in front of you.

Chief Executive, Channel Island Co-operative Society:

Yes, I have been in front of Scrutiny a few times before, yes.

The Deputy of Grouville:

You have been before. If you wanted to go into private session, if there are members of the public here that you felt inhibited by or objected to, we could go to it at the end of this session. We are going to start by introducing ourselves for the sake of Rebecca's tape, so I am Carolyn Labey, Deputy of Grouville, and I am chairing this panel.

Deputy R.G. Le Hérisier of St. Saviour:

Roy Le Hérisier, Deputy of St. Saviour.

Deputy D.J.A. Wimberley of St. Mary:

Daniel Wimberley, Deputy of St. Mary.

Dr. J. Jones:

James Jones, the Royal Agricultural College, adviser to the panel.

Mr. D. Scott:

Darren Scott, Scrutiny Officer.

Chief Executive, Channel Island Co-operative Society:

I am the Chief Executive of the Channel Island Co-operative Society.

The Deputy of Grouville:

Okay. So, we are interested in speaking to you as a retailer and, we gather, a retailer of quite a lot of local produce. So, if you could give us a background as to that?

Chief Executive, Channel Island Co-operative Society:

Okay. The Channel Island Co-op is what it is, it is an autonomous, independent, locally owned business. We are affiliated to the U.K. (United Kingdom) but that is all it is. It is not a direct ownership. We are involved in co-operative buying groups but nothing else. Our membership is global. We have a nominal roll of over 100,000 Channel Island members, probably 85 per cent of them are active, and we can track that through their purchasing schemes with our share number recognition. We have a board of directors, 4 elected in Jersey, 4 elected in Guernsey by our membership, so we are a mutual democratically controlled organisation. Our activity spans both Guernsey and Jersey. I have as much working knowledge of retailing as a by-product of agriculture across both Islands so I can speak for what occurs across the water just as much as I can for Jersey. Between the 2 Islands our food turnover is now well in excess of £150 million a year. We have probably got - do not tell the competition authority - something approaching high 30 per cent shares of the food industry, retail industry in the 2 Islands. We operate only in Jersey and Guernsey and I think our credence in terms of support for local production is impeccable. It is not a new policy. We did not certainly jump on board when Buy Local was invented a couple of years ago. We have been doing it for decades. Our declared policy is very, very simple. We will always buy locally produced product first and foremost providing the quality is acceptable and providing the price is reasonable. That does not mean the cheapest but it has to be sensibly priced. Perhaps the most important thing is that we are totally committed to building partnerships with the producers, real partnerships, not spurious promises and jumping ship at the first sort of sign of a problem. We would rather involve producers with us on a direct negotiating basis, help them with

their business plan, work with them to produce the desired result. That has been the philosophy that we have had in place for a considerable period of time.

The Deputy of Grouville:

Okay, thank you.

The Deputy of St. Mary:

Can I ask what the trend is at the moment in sales local and what it has been and how it is evolving?

Chief Executive, Channel Island Co-operative Society:

There has always been a reasonable degree of support for local production on the part of the consumer, but with an ever-rising perception of the advantages of reducing food miles and environmental concerns ... do not get me on my hobby horse, I could be talking for the rest of the day, but if you are free tomorrow come down to the Chamber of Commerce and hear me spout off about it. **[Laughter]** But essentially I think what we are seeing now is we are swimming with the tide because I think there is a rising appreciation on the part of the public that there are advantages in locally produced food products even if there is a marginal premium to pay. It is exactly the same as fair trade. We see it as the reverse of the same coin. If it is explained to people and people appreciate the provenance of products and the involvement right across the sector of production and retailing and why we are doing it, then there is definitely a rising trend to purchase local. Our problem at this moment in time in some areas is securing sufficient supplies to meet the demand.

The Deputy of Grouville:

Could more be done by Government to explain it to the public rather than just hammering the message?

Chief Executive, Channel Island Co-operative Society:

No, I will call it as it is. I mean, we were gob smacked when Government suddenly launched the Buy Local campaign which was predominantly orientated towards agriculture and agricultural production. They did not even bother to tell us they were doing it. We did not get involved or invited to the launch. With our market share, that is unbelievable but it is a fact of life.

Deputy R.G. Le Hérisier:

Has that been rectified since then?

Chief Executive, Channel Island Co-operative Society:

We have a very patchy relationship with Economic Development. They took umbrage to the fact that because of the way they did it we were not particularly keen to attend their meet the buyer event. The reason for that was we had given them the idea some weeks before. We were in the process of setting our own up, which they were fully aware of, and we wanted to do it in a completely different way to the way they did it. We wanted to do it in a real sense, not a series of sound bites. We wanted to have a situation where we brought in a whole raft of our existing producers to explain that we are not a big nasty U.K. multiple that tramples all over people. We do develop partnerships and work very, very closely with producers to ensure that they succeed because there is nothing worse than putting a lot of time and effort into

creating something for it to fall at the first hurdle. I heard Andrew talking about profitability. That is the key. Unless the producer is making money out of what he is doing, it is not going to continue. So, we came at it from a completely different proposition. We had most of our major local producers there. Some of them actually did presentations to explain to any potential producers just how the Co-op works, what its ethos is and the fact that they are not going to be badly treated by us. It is the complete reverse, that what they will get is help and assistance to set up if they need it, advice. We will also point out to people that perhaps they are barking up the wrong tree because there is a limited amount of demand for any product that is produced in the Island. We have a classic example now. Government has financed a third major egg producer in the Island. They have now got over-production because they did not really consider the consequences of their action, and that is not good for anybody because now you have a situation where the only way that over-production is going to be cleared is through price reduction and promotional activity and it will have impact on the profitability of the previous producers plus the new producer. It is crazy, does not make any sense to me at all.

The Deputy of St. Mary:

When you say “financed”, what do you mean? They supported it with grants or ...?

Chief Executive, Channel Island Co-operative Society:

Yes, I believe so. I do not know the full details. I had an obscure phone call yesterday afternoon, a little bit of an inappropriate time, but I took the call and I am in the process of identifying exactly what has gone on so I can actually go to Economic

Development and give them the benefit of my advice. They might not want to hear it but they are going to get it. **[Laughter]**

The Deputy of Grouville:

Turning to the Green Paper, you made a submission, and I appreciate we have that submission here, but just for the record are there any areas that you are supportive of? Are you supportive of it broadly or do you have any concerns about different aspects of it?

Chief Executive, Channel Island Co-operative Society:

I think in essence we restricted our submission to the areas where we felt we were directly involved. I mean, I would not be presumptive enough to ... I can pass some informed comment on the generality of agriculture, but we are not agriculturalists. We are not directly involved in the industry; yes, we are a recipient of the by-product of the industry. So our submission was restricted to the areas where we felt we had something to bring to the table. Having said that, I mean, I did read the full thing and I think all the basics were covered but I did find it perhaps an element superficial in many ways. All the right sound bites were there but I was not quite sure that there was an awful lot of real substance in some of the commentary. As I said, I am a great believer in actually getting down to real nitty-gritty. There is no point in having a very nice wish list unless you are going to be able to deliver them, and I think if I have one criticism that is the element of how it was missing in some of the areas.

The Deputy of Grouville:

Yes. That is a criticism that we have had before and with regard to “cannot deliver them”, is this because there is nothing ... there is no mention of any finance or costings?

Chief Executive, Channel Island Co-operative Society:

Yes, I mean, you really have got to invest to accumulate. Certainly, I understand the economic constraints on the Island at this moment in time. I understand also that it is not a bottomless pit. I can understand that there are a lot of demands on available finance. I could witter on for hours probably about waste in government at this moment in time but this is not the right context to do it. But to give you an example of a parallel, I think investing to accumulate is the most important thing of all. I am quite happy to authorise capital expenditure within my business if it has a long-term beneficial advantage. Again, if anybody listens to what I have to say tomorrow, I am doing lots of things in an environmental sense at this moment in time, not only because it is the right thing to do but it makes commercial sense to do it.

[16:30]

By putting significant sums of capital into certain elements of what we do, we will get a payback period of probably 2 to 3 years and from there on in you are quids in pocket. It is a no-brainer when you face that sort of scenario. This is sort of an example of what I am talking about when it comes to finance. Strategically placed, rightly applied money can come back to the advantage of all very, very quickly if you do the research properly and you target it in the right areas.

The Deputy of Grouville:

Okay.

Deputy R.G. Le Hérisier:

In analysing this report, I know, Jim, quite rightly you have said in your submission your focus is on the parts that apply to you, and you made a general comment about the report. Could you elaborate further and tell us in terms of what you are trying to do in your company and the board are trying to do, what do you think are the strengths and weaknesses of this report as they apply to you?

Chief Executive, Channel Island Co-operative Society:

Okay. Well, I think the biggest thing that I find that was lacking in the report - I tried to give a couple of examples of it - we are highly concerned about environmental issues of all sorts. We also see that food production is going to become a real issue to the world over the coming decades. Whether you believe in climate change or you do not believe in climate change, we could debate that for ever more, but population is growing, you know, water resources, we are burning up all the available elements of production across the world at a fantastic rate. Daniel can tell you a lot more about that than me. But within the context of that, within the Island, I think food security is going to become a huge issue. I think there is very little recognition of just how serious that could become to a small jurisdiction like Jersey - Guernsey is exactly the same - as time goes on. You know, I had a very, very interesting conversation with Patrick Holden from the Soil Association. The Slow Food Group is fully aware. We brought him over, but he also went to Guernsey and I had a second conversation with him in Guernsey. You know, the essence there is, look, you know, when things start

to deteriorate - and he quoted some frightening figures - what is going to happen? The U.K. is going to look after itself first and the politicians, with respect, will probably make sure that the population of London is looked after before they will ... or whatever. We are a very, very small pimple on the backside of humanity in the Channel Islands and our food security at this moment in time is totally dependent on the U.K. In the context of that, I think it is incumbent on Government to recognise the vulnerability that is there. You know, I have attended sessions with the Minister for Planning and Environment and whatever and you do not get any real sort of sense that there is any urgency or there is joined-up government, that there is any thought being put into that. Sitting in my chair, at the end of a lengthy career where I have seen a lot of changes across all sorts of things, that terrifies me as a prospect.

Deputy R.G. Le Hérissier:

So that is not emphasised sufficiently in the report ...?

Chief Executive, Channel Island Co-operative Society:

I do not think so. I do not think there is any real recognition for ...

Deputy R.G. Le Hérissier:

The urgency of the situation?

Chief Executive, Channel Island Co-operative Society:

Well, I mean, I do not want to over-egg the pudding, I do not think we are all going to starve tomorrow, but I can see a deteriorating situation coming and certainly as ... I have been a food retailer most of my life and certainly the vagaries of what has

happened to international pricing over the last few years, where prices sort of hit the situation ... prices go through the roof and here we all saw this huge spike in food costs a little ago. It has disappeared to a degree. It could very easily come back with rising populations and aspirations in China and India and whatever. With the problems inherent in the world at the moment, another ash cloud could cause us all sorts of problems and nobody is really recognising just how vulnerable we are at the moment in time. There is only a limited amount we can do in the Island. There is no way under the sun we will ever feed ourselves but we could do a damn sight better than we are now provided we are sensible about it, we target it and we do the right things. I think the catalyst of that is recognising that, at the moment in time, there is a lot of good agricultural land in the Island that is now being converted to alternative uses. That is not necessarily housing but, you know, there seems to be an awful lot of horses knocking around in the Island. **[Laughter]** I have got nothing against horses. My dear wife ... well, you know, she sponsors about 5 million donkeys, and whatever, but I have got no problem with that at all but there has got to be a question of balance, is there not? I think it is a little bit of problem with good quality land, in particular, which is turned over to that sort of use. It is going to be very difficult to reclaim it if we ever need to.

The Deputy of Grouville:

Yes, okay, we will move on to your question.

The Deputy of St. Mary:

Yes, okay. Please outline how you feel the strategy should go further in respect of policy documents 11, 12, 13(a) and (b) so we have to look at what those ... where is your letter?

Chief Executive, Channel Islands Co-operative Society:

Yes, I think it is the first page of ...

The Deputy of St. Mary:

I think we have probably covered that.

Chief Executive, Channel Islands Co-operative Society:

Yes, I mean ...

The Deputy of St. Mary:

We have had people here ... sitting there being really sceptical about our justification: "You know, it does not really work because you have to have a different machine for ... different machine to do this, and what have you, so it cannot be done." You are saying: "Well, it can be done." Other people have said it can be done, so ...

Chief Executive, Channel Islands Co-operative Society:

Well, just let me give you a classic example, okay?

The Deputy of St. Mary:

Yes.

Chief Executive, Channel Islands Co-operative Society:

I am trying to resurrect the Jersey tomato export business at the moment. It might work but that is another story. Roy is laughing because he knows who is involved, but this is true. But, effectively, I will give you an example, major, major, major producer for us in terms of tomato, salads, cucumbers and whatever and whatever and a huge export market with Sainsbury's. They produce tomatoes for Sainsbury's year after year after year. He had a contract with Sainsbury's which, you know, he felt he was reasonably secure with. He produced the product. Sainsbury's logistics in the U.K. fell apart so they tore the contract up and forced him to clear his crop that he had produced specifically for them on a wholesale market in the U.K. which cost him a lot of money.

The Deputy of St. Mary:

Yes.

Chief Executive, Channel Islands Co-operative Society:

That is not the point of the story. He was brave enough when Sainsbury's came back the next year and said to him: "Well, we are sorry about last year. We cocked it up but, you know, it will be different this year and we will contract for the same amount of tomatoes" et cetera, et cetera and he said: "Well, yes, you can do that but not with me because I am not going to grow you tomatoes any more and be treated the way that you treated me." He then had a problem with fairly significant, reasonably good quality and fairly modern greenhouses: "What do I do with them?" So he wandered into my office one day, he came up and said to me: "Can I have a word with you and Annie King?" Annie King is my supply manageress on produce. I said: "Yes, of

course you can, David.” He sat down and he said: “Can I grow you a few strawberries, Jim?” I said: “Well, yeah.” I said: “We have got an outdoor strawberry producer that supplies us. As long as it complements what he is doing, you can grow us a few strawberries.” This was probably in the autumn in October time or something like that. He phoned me up just before Easter and he said: “Do you want to come up and see your strawberries?” **[Laughter]** So this is not joined up, as it should have been but: “Yes, okay, David.” So we set aside an R.S.O. (Rural Sales Officer)(?) and we went up to his greenhouses at the back of Maufant, my hypermarket on the north of the Island, and he had 2 greenhouses there the size of football pitches full of strawberry plants. I think he had 85,000 to 90,000 strawberry plants in there: “What the hell have you done? I mean, you have cornered the world strawberry jam market. There is no way under the sun we are going to clear all these strawberries.” But we did. The lesson in that is that, you know, that was a crop where, previously, we had probably bought about 10 per cent of our annual demand locally. He now supplies probably 70 per cent of our total annual demand. We exported strawberries to Guernsey. We bring mushrooms, for instance, in from Guernsey to Jersey so it is a 2-way traffic. It could have been thought out a little better because I think he could have given me a business plan and talked about the volumes and so forth and so forth but it is a classic example of finding the right product in the right area and using a facility that was there. He had to invest some capital and he also had to invest a lot of time and effort to learn how to grow strawberries because he had never done it before but we sell the best and the freshest strawberries in the world now and we sell them in vast quantities. He makes a good profit out of it and my customers get a first class deal. They buy a local product, they know the providence, they know it is not laced with chemicals, it is not a cheap

imported product from other parts of the world that tastes like water and that is to the benefit of all. Now, that is a classic example of what can be done. It is very difficult to find the niches at times, to find the areas, to find what you can do but they do exist and it has got to be a 2-way traffic and that is what governments should be trying to sustain and support. I mean, we have got a lot of frustration at the moment, not over horticultural products, but over protein and meat. There are lots of vegetarians about. Fine, that is their choice but there are an awful lot of meat eaters. At the moment in time, we cannot get enough locally produced meat.

The Deputy of Grouville:

Really?

Chief Executive, Channel Islands Co-operative Society:

Of any sort. Now, there are problems in doing that because you heard Andrew Le Gallais just now making reference to the cost of bringing feed in and so forth and so forth. So, in terms of local meat production, there are issues but, from our perspective, you have got to be producing the right sort of product in the right sort of manner. We have been fortunate recently to strike a deal with a local sheep producer and we put our toe in the water last year and we did okay. This year the volumes will double but it is a fairly short season. They will only be able to provide us with the product from, you know, probably now until ... I do not know, August or whenever it might be.

The Deputy of Grouville:

What percentage are we short?

Chief Executive, Channel Islands Co-operative Society:

It is a very small proportion of our total lamb sales but it is a start. I mean, we have had discussions with the Agricultural Department on how we could assist with utilising ex-milking cows because the bulk of them were being shipped off to Belgium for pet food. Okay, they were being used but it was very, very marginal in terms of any return that was being gained on them because the transport costs to get them to Belgium was probably more than the price you paid for them in the first place. Believe it or not, in Guernsey, they incinerate them because they have got nothing else to do with them. It is crazy. Now, Jersey beef is not everybody's cup of tea. I mean, it is an acquired taste but the industry is now beginning to realise that you can take milking cows. By treating them right and feeding them right, you can convert them into acceptable beef cattle at the end of their lives in whatever or whatever but it is a very, very ad hoc situation. We get called in and asked if we will support it. Yes, we will support it and we have an input into it, you know. We then had issues that the abattoir was only working once a fortnight and the rules were what they were or whatever, so they set up an abattoir help group or whatever. I made reference to that in my submission. They did not come and say: "Look, have you got any views on this?" You know, at the end of the day, we are going to be one of the mass markets for anything that is produced and I think this is where the issue is that, at times, the interested parties there are not all singing from the same hymn sheet and it really needs some sort of catalyst that pulls them together so that we do all move forward together. It is no good coming up with some harebrained scheme, you know, where one would support an egg producer to set up and produce another load of eggs and then say: "Well, where is the market for them?" It does not make any sense.

Somebody should have done their homework a damn sight better and identified what the potential was before it was started and made sure that the money was targeted in the area that would give the Island some cost benefits.

The Deputy of St. Mary:

I was going to ask whether you could list any obstacles the Government could help with in the road to diversification and you being able to sell more produce, conversely anyway, with the Government's help. It seems that the main issue is to listen and bring people onboard at the right time but are there other ways that the Government can help?

Chief Executive, Channel Islands Co-operative Society:

Yes, I think, really, you know, we really do need to get down to basics in whatever. I mean, a couple of things have passed across my desk semi-agriculturally orientated recently where schemes that have been promulgated or whatever. Now, they are nice to have but, at the end of the day, they could be quite costly with very, very, very little return and, essentially, where I think I am coming from is I have not got all the answers. You know, I certainly have not got all the answers but where I am coming from is that if you get the disciplines together, the producers, certainly under the auspices of government, and you start talking about where the potential markets are, where the gaps are and where the opportunities are, with a multi-discipline approach people do eventually start to recognise the big opportunities. It is not about big money at times. It is about putting the appropriate people together. We get a lot of support for Jersey Fresh. It is a new operation from what it used to be now. It is much more market orientated and it targets the limited amount of capital it has got to

generate some real activity rather than, you know, having a high falluting chef cooking a few Jersey Royals in a major exhibition. Now, there is nothing wrong with lifting the profile. I mean, if you are supporting tourism, it is probably a good way of doing it but is it really doing anything for what it is intended to do, which is increasing local production? Probably not in a major way. With the local people, you are talking to the converted and unless the multiples in the U.K. have got a route for the market for the product, it is no good talking about locally produced fish if there is no way you could export it and sell it. You have not got the volumes to do it anyhow, so, you know, there are huge opportunities across a whole raft of production sources within the Island, not only in terms of fruit and veg but, I mean, there are huge opportunities across the sector. I mean, flowers used to be quite a big business in Guernsey and there is very little done now though. You know, I mean, you have obviously got to consider it and it is crazy when you fly roses in from Kenya, for god's sake. Do you know what I mean? We have got greenhouses here which are totally capable of producing that sort of product. I mean, I do it. I supply all sorts of imported products.

[16:45]

Beans from Kenya or whatever it might be. I have got to fulfil my members. They own the business. At the end of the day, if they have got a demand for the product, I have got to fulfil it but I would much, much, much prefer to do it with local production. But it has got to be sensibly thought out. I mean, the worst thing in your thing is that we talk about, we try to walk the talk but if somebody comes in off the street and says: "I have got, you know, 3 cases of windfall apples, can you sell them

for me?”, I mean, that is not what we are talking about. It has got to be scaled and it has got to be sensible and it has got to be well planned. We do help people. We really, really genuinely do. If people come to us with: “Well, we are worried about supplying big brother” because you are going to want bar code labels, you are going to want this and you are going to want that, we set it up for them. We give them the labels, we tell them how to do it, et cetera. We do not expect them to have all the answers but, you know, that sort of thing then multiples because they talk to other people or whatever. It is a great proponent of the co-operative setup and, you know, we are well-organised here with vegetable production because it is done on a co-operative type basis and one major packaging sort of situation that does the marketing job for a whole raft of producers. You can do that with the meat side if you could get some ... I mean, I sat down with a Guernsey farmer the other day and, you know, they really want to boot up their production of protein in Guernsey. It was not on the basis of: “You know, will you do this, Jim, will you do that?” He said: “Can you tell me how, as an industry, we can get together and move this forward?” The problem with farmers, with respect to agricultural abilities ... but they do not talk to each other in that sort of sense in trying to get them together to do it and this guy is saying to me: “Yes, but the capital of course is with the equipment” and I said: “Yes, but if you are sharing it with 10 farmers, you know ... I know that will have time issues because you all want it at the same point in time but if you sit around the table and work it out, there is so much you can do.” It is trying to get that message across. Jersey and Guernsey farmers are a very, very independent, self-reliant breed, you know. There is strength in that of course but there is also an awful lot of advantage. I mean, the Milk Marketing Board is a classic, classic example. They are finally all pulling together, singing from the same hymn sheet as to survival or otherwise, and that is totally

critical. The other thing I would throw into the hat I think, you know, there is an awful lot of validity in intensifying this cross-island discussion. I run a 2-island business and I cannot stop talking for 2 islands. It is very difficult just to concentrate on one but, you know, there are good reasons for considering how it works with 2 islands. I mean, there was a mushroom farm in Jersey; there was a mushroom farm in Guernsey. Neither of them were totally viable because all they were doing was supplying the internal, single island market and the capital investment needed to bring them up to scratch to keep them going was beyond the means of both parties. The Jersey farm went bust and basically closed down. That gave Guernsey to use the opportunity to seize the volume and produce sufficient product for the 2 islands. Now, the reverse of that is the case. Tomatoes in Guernsey are going down and down and down. There is very limited production, particularly either side of the main season, and we fill that gap now by taking product from Jersey to Guernsey, you know. Tomatoes, carrot, even, you know, Jersey Royals sell quite well in Guernsey at the moment, so it is that sort of approach, but trying to get farmers and marketing organisations talking to each other and thinking about it logically is a real problem. Government has got a part to play in that but not on a sound bite basis, you know. Clever gimmicks are not what this is about. It is real nuts and bolts and get down to the nitty gritty.

The Deputy of Grouville:

How do you think the farmers should do that? Is it through an organisation like the Farmers Union?

Chief Executive, Channel Islands Co-operative Society:

Yes, I think that could be a little bit more proactive and certainly ... I mean, we have created a “Guernsey Grown” logo and my Design Department came up with it in Guernsey but it was all sort of slanted towards the flower end of the business rather than anything else. Trying to get the other producers there was very difficult. You have got to find the right mechanism. I am sure the Farmers Union would be quite supportive of that in many ways but they need just that little bit of pushing and they have got to start trusting other disciplines in some ways, you know. We are not out to take advantage of the situation. We are a not for profit organisation, for God’s sake and that is not what it is about. But, at the end of the day, we could bring a lot to the table. I am sure an organisation like the Farmers Union could and then you would beat the fighting troops in line and you move forward together.

The Deputy of St. Mary:

When you talk about the packaging, you said - did I get it right - that there is a packaging outfit in Jersey ...

Chief Executive, Channel Islands Co-operative Society:

In Jersey ...

The Deputy of St. Mary:

... that packages for outside farmers?

Chief Executive, Channel Islands Co-operative Society:

Yes, Amogrow(?) in Jersey act as a co-operative packer. I mean, they have got a whole range of producers scattered across the Island growing different crops. They

all go into the one packing situation and they pack and then do the distribution and marketing job for those producers.

The Deputy of St. Mary:

But how was that .. what is the genesis for that?

Chief Executive, Channel Islands Co-operative Society:

Well, it is a private company and I think they came up with the idea and they were able to sell it to the producers.

The Deputy of St. Mary:

They were selling their packaging ability.

Chief Executive, Channel Islands Co-operative Society:

It is not a co-operative per se. They were selling the mechanism and it is now ... it is now well-established and it is a tremendous advantage to us because what you do not want is 45 producers doing a little bit and you can let one organisation take the responsibility for the whole thing. They do it professionally, you know, they have got quality standards, we can send our technical people in to have it audited if we wish to, give them advice on how they can improve what they are doing and, you know, in these days of health and safety and IT concerns, it is a huge opportunity.

The Deputy of St. Mary:

They are centrally situated as well.

Chief Executive, Channel Islands Co-operative Society:

They are centrally situated but you could have exactly the same situation with meat production if you could persuade people to co-operate on that basis. That was the message I was trying to deliver in Guernsey. Whether they take it up or not, I have no idea but it is ... it is an opportunity.

The Deputy of St. Mary:

How does the abattoir ... it is controlled by T.T.S. (Transport and Technical Services), is it not?

Chief Executive, Channel Islands Co-operative Society:

Yes.

The Deputy of St. Mary:

T.T.S. run it direct ... run it. Is there a way forward to get people in on some kind of permanent basis to ...

Chief Executive, Channel Islands Co-operative Society:

Pass. I mean, all I know is that they were only getting carriers twice a week and whatever or once a fortnight. It was an issue with some of the ... whatever.

The Deputy of St. Mary:

Now it is better.

Chief Executive, Channel Islands Co-operative Society:

Well, they are working on it but, as I said, they set up a group to talk about it but they did not come and ask us to get involved, so I do not know too much about exactly what they are doing because I have not participated.

The Deputy of St. Mary:

Right, you mentioned organic farming. You were sceptical about it in your ...

Chief Executive, Channel Islands Co-operative Society:

No, I am not particularly sceptical about organic ... no.

The Deputy of St. Mary:

No, but you were saying it was just limited.

Chief Executive, Channel Islands Co-operative Society:

I am not particularly sceptical about organic farming. What I would ... well, I mean, I think there is a bit of a misnomer with organic farming. I think I was talking about our tomato producer and our strawberry grower. He is not organic but he is near as damn it organic, I mean, so it really depends what you are talking about. If you are talking fully accredited and fully registered organic production, it is a very limited market, it is a quite sensitive market and I think ... I mean, I am not telling you anything that is not totally evident from all the research across the U.K. at the moment, and the major casualty of the economic slump is organics. Now, the logic in that I think is that the consumer really thinks it is a nice to have but not at any price and, unfortunately, the presentation ... there is nothing wrong with the quality of it. The taste is normally very good but the presentation of organics is not the best at

times and, at the moment in time, I am afraid it is all about value out there as far as the consumer is concerned. That makes organic vulnerable because, you know, if that is going to occur every time there is an economic downturn, then the big concern is if you convert and convert and convert to organics, then your market disappears and it becomes a huge issue. I know a major organic producer in Guernsey at the moment has just sold her business and you can either sell it to somebody who is going to run it part-time when it is a full-time business or it would have collapsed and that is quite sad.

Deputy R.G. Le Hérisier:

You mention in your submission about farm shops and that, while you generally have got no problem with them, you clearly have got some reservations.

Chief Executive, Channel Islands Co-operative Society:

I think you have got to be very careful ... well, I suppose I have to be cautious, so I will say it anyhow and it does not really matter. **[Laughter]** Farm shops in the Island are a little bit emotive in many ways because I think the concept of selling what you produce on a farm or on neighbouring farms is a foreign concept and I have got no issue with that at all but I think, too often at the moment in time, they have become much more substantial businesses and the element to proportion of product produced in the Island, let alone on the farm, is quite minute. I think there is an element there where the ... I would not say the consumer is being conned because I think people are a little more sensible than that, but I do not see many bananas or pineapples being grown in Jersey and marketed as local production. So I would just ask for a little bit more honesty there, if you get my meaning. I think they are an essential part of the

mix. But then, you know, it gets a little confusing when Government is talking about Buy Local and then they are supporting Normandy farmers to come over here and sell in the square down the road. I mean, I have got no real issue with that. The impact on my business in doing that is marginal but the market traders tell me that the weekends that Normandy market is here is the worst weekends from their perspective in selling products. Now, you know, what do we do, for God's sake? It is a nice tourist attraction but ...

The Deputy of St. Mary:

It is a tourist thing. Yes, it seems ...

Chief Executive, Channel Islands Co-operative Society:

Yes, but what it is doing is having some impact on local retailing certainly but it also has some impact on local production and that really does not make an awful lot of sense. Now Government will say they are not really subsidising it, I mean, whatever, whatever but, you know ...

The Deputy of Grouville:

I think they are.

Chief Executive, Channel Islands Co-operative Society:

Well, you are probably better ...

The Deputy of Grouville:

Profits are made and they go back to France.

Chief Executive, Channel Islands Co-operative Society:

Profits are made which go out the Island and whatever, whatever and the French are great, you know.

The Deputy of Grouville:

Yes.

Chief Executive, Channel Islands Co-operative Society:

They will do anything, they will support anything but, you know, it is always France and the French first, unfortunately, and that is the truth of it. I mean, we sell a lot of French products. I have got no problem with that at all, you know, but I think if I tried to take locally produced cider to France and tried to sell it there, I would probably get lynched. **[Laughter]**

The Deputy of St. Mary:

Can I ask you about ... no, it is not a detail. It is your last paragraph about processing and added value for food waste and, again, we have people sitting where you are sitting totally rubbishing the idea and I am very sensitive to, obviously, the thinking behind it. Again, you have come up with good examples of lots of things. Have you got any ideas on that particular ... you know, food processing once upon a time, there was Jersey Royals in tins so ...

Chief Executive, Channel Islands Co-operative Society:

Yes, it was a galley factory down at ...

The Deputy of St. Mary:

Is there any mileage in this?

Chief Executive, Channel Islands Co-operative Society:

Well, yes, there are things that could be done. I mean, I have got to be a bit careful I suppose because some of what I am talking about, in terms of processing and adding value to food, does not necessarily totally depend on local production. You know, we import vast quantities now of pre-packaged, pre-prepared food and whatever, whatever, most of which obviously is imported into the U.K. let alone anything else but, you know, if we could find the right niches, there is no reason at all why certain things could not be done here. Let me give you an example. I was invited ... one of my swan songs - I am retiring in January - was about a long-term relationship with a French company, in fact, with Soleco Florette, which is a farmers' co-operative in Normandy who produce bagged salads. Vast quantities of bagged salads. We sold vast quantities of bagged salads from that company long before they ever went into the U.K. market when it was in French packaging. Now it is probably illegal now under the Trade Descriptions Law and whatever, but they have taken the production to the U.K. now and we are still selling very significant quantities of them. There are one or 2 other companies in the marketplace now. Now there would be no reason under the sun why people could not expand on that. We do a little bit with Fauvic who produce the herbs and so forth and so on, but I was just looking at some figures because I promised Florettes I would dig some figures out for them, and I suppose probably about 3 to 5 per cent of all bagged salads and herbs and whatever in that sector are produced on the Island. That would be a huge opportunity to step that up and, you

know, certainly with something like ... or tomato production that still does exist for the internal market and the export market may come but, you know, producing tomato related products of various descriptions, even soup in the winter, for God's sake. It is not beyond the realms of possibility now. It does need consideration and it does need research. You have got to identify the market size. You do not want an egg situation where you invest a lot of money when there is no market for it but there are things that could be done. You would have to give it a lot more thought and I have really had no time over the last couple of weeks to do it ... to come up with answers but there are opportunities there, I am certain of that. This is where I was coming from about the joint discipline approach, everybody sitting around the table and let us talk about it. What are the waste products available in the Island and what can we do with them? Maybe that is the starting point rather than me saying: "Grow more tomatoes and turn it into soup." I mean, if we have got a whole ... I mean, the beef cattle was a classic example. I mean, you know, taking them to Belgium for pet food. You know, where is the logic in that, for God's sake? So, I mean, that is the starting point. I mean, we are working hard at the moment. It is not very good for sales in terms of ... you know, we have stopped doing quite a number of "Buy one, get one free" and multi-buys as we used to because that is for economic times. So we are intrinsically at the moment working hard with our consumer base to ensure they do not waste food like they used to and, you know, there is opportunity there because, I mean, the anaerobic digestion is going downhill. When we get that right, I mean, there is a by-product there that, if we are sensible how we use it - we have got to be careful of the water courses - you know, we can produce a lot of our own in-Island fertiliser, for instance. So, you know, these are not pipedreams any more.

[17:00]

The situation is moving and it is moving slowly and, you know, there were some false starts and whatever, whatever but it needs that sort of joined up thinking to move it forward. When you get the Deputy Environment Minister sitting in front of you and you ask him about the policy on climate change and all this sort of issue is, you do not get much response. You know, that is the missing element because, beyond agriculture, it spins into all the by-products. You were asking Andrew Le Gallais about environmental concerns in agriculture and, you know, that is a classic example of where you can turn an opportunity into something quite significant if you handle it right. You could then market it and, as I said, you are swimming with the tide because consumer attitudes are changing.

The Deputy of Grouville:

You mentioned that the Jersey Farmers Union could play a role. Is there anybody else you feel should sit around that table to co-ordinate and proactively look for niche markets?

Chief Executive, Channel Islands Co-operative Society:

Yes, I mean, I think one of the problems we have had to a degree is we get this sort of scattergun approach from Guernsey where there has been a ... when a new issue comes up - and the environment is a classic - everyone jumps on the bandwagon and there are about 5 million different organisations all doing the same thing and it really needed ... it really needs somebody to shake it up and get it together and you need a focal point, and I think perhaps that is the role of government to provide that focal

point because government really should coerce - if that is the right word - the approach of interested parties to literally sit around the table and do it. It needs somebody pulling it together. Occasionally, it can happen without government but it is so much easier to do it with government.

The Deputy of Grouville:

Okay, right, does anybody else have any more questions?

Dr. J. Jones:

Yes, I mean, obviously, you have got a big share of the market but do you think you are focused on a particular part of the demographic in Jersey? After comments that you have made about local food, the demand for it and that sort of thing, are you particularly focused on a certain type of consumer or is it more general?

Chief Executive, Channel Islands Co-operative Society:

No, no, no. I mean, do not paint us with the same brush as some of our co-operative colleagues in the U.K. We are much more like a national multiple in terms of our customer profile. Our socio-economic mix of customers is extremely broad. I mean, we would be a Sainsbury type mix in the U.K. I suppose. Within the context of that, yes, economic pressures on certain consumers always will go out towards the cheapest, perhaps irrespective of the quality, but we do very, very detailed and very significant and very regular market research to make sure that we are focusing, in our case, on the demands of the people who own the business or members. So it is totally relevant to us and what we are increasingly discovering is that people's appreciation has changed. People will ... and I am classic example of being 2 and a half stone

lighter than I was for other reasons a little while ago. People now are beginning to consider what they are eating and perhaps what they are recognising is if they buy the right quality and correctly produced food, they perhaps do not eat quite so much of it, so it is not quite so expensive if they are paying a premium. Some people will pay a little bit more for quality, a little bit more for good, wholesome, well-produced food and consume a little bit less of it for the benefit of our waistlines, and I think it is as simple as that in many ways. People now do consider what they are buying in a lot more detail than they have ever done in the past I think.

Dr. J. Jones:

So that is across the full spectrum?

Chief Executive, Channel Islands Co-operative Society:

Yes, you get fairly ... you know, all these pensioners without a lot of cash which will support local products because they do recognise the quality, so instead of having a kilo of potatoes at 49 pence, they will buy a limited quantity of Royals and consume slightly less of them but, yes, I am sure that is very, very evident in what is going on at the moment. We are preaching the gospel of healthy eating in whatever constantly and I think the messages are getting out. In all our research, you know, we ask our customers if they think we are doing the right things. I mean, are we driving the business down the right road? Some people say: "No, we want a Tesco and we want lower prices" and whatever, whatever, whatever. It is a bit like chickens for Christmas, is it not, or turkeys for Christmas? I mean, if somebody says to you: "Do you want cheaper food and it will be half the price?", they are going to say: "Yes." But, at the end of the day, when people are faced with the detail and the consequences

of all of that, they are not fools and they do understand the dynamics of what is going on and you get a completely different answer if you phrase the questions in a slightly different way.

The Deputy of Grouville:

Yes.

The Deputy of St. Mary:

Another additional question has just come into head. Because of all your talking about people thinking cross-silos and making connections, if there was some kind of dissuasion on the part of Government of packaging because it all ends at Bellozanne and we pay for it to be sifted or whatever, then that would have an impact on the rural economy because if you made packaged goods less attractive, then it pushes people towards unpackaged, i.e. you know, the produce is then minimally packaged, so I wonder ...

Chief Executive, Channel Islands Co-operative Society:

Yes, packaging is a very emotive issue, you know. I mean, there have been lots of thrown stones on packaging. I mean, you know I was at the guts of the carrier bag initiative in the Island and we always saw that as the first step down a long road and that the next thing would be that we would convert most of our other packaging to a more ecologically soundly produced product. But what we go to ... you know, there is a case to be made for putting everything in cardboard and maybe even start to phase trays and so forth and so forth, but then you discover that the carbon footprint in producing them is higher than the plastic and if you could recycle the plastic, then it is

better to be using recyclable plastic than it is to be using the other type of packaging in the first place so ...

The Deputy of St. Mary:

If you recycle it.

Chief Executive, Channel Islands Co-operative Society:

If you recycle it.

The Deputy of St. Mary:

And do not just chuck it in the bin.

Chief Executive, Channel Islands Co-operative Society:

So the huge gap here in Jersey compared to our sister island across the water is the recycling aspect and we have been quite slow in many ways of getting a real grip on that and I know it has got its problems. We have now invested significant money in a new incinerator ...

The Deputy of St. Mary:

It is a typical scenario.

Chief Executive, Channel Islands Co-operative Society:

Which is completely capable of handling both islands' waste, I might add, so there is an opportunity but I think, you know, that is still incumbent with the Government here and it is still incumbent ... and I think the public were forcing them down that route in

the end. You know, they are eco warriors in Guernsey. I was terrified when they called me over there and were talking to me about packaging. It is a fearsome bunch.

The Deputy of St. Mary:

It sounds like you have been forced into the wrong answer.

Chief Executive, Channel Islands Co-operative Society:

Yes, you know, they are a fearsome bunch over there when it comes to packaging and I am sure, eventually, that will become much more of a thing and the solution to recycling, it is ... it is not simply necessary. Yes, there will be an increase perhaps in terms of product made available without packaging and the nature of some of the packing will change but, unfortunately, at the inconvenience to lots and lots of the public out there. It is what they want and they will always pick up the tomatoes in a tray rather than buying them loose. Again, I have got to be commercial at the end of the day. I like to do the right thing but just occasionally I have got to do the sensible thing because, otherwise, I will lose the customer base.

The Deputy of Grouville:

Okay, do you have any more questions?

The Deputy of St. Mary:

No, that is fine.

The Deputy of Grouville:

Okay. Is there anything you would like to add that we have not touched on?

Chief Executive, Channel Islands Co-operative Society:

No, I am quite comfortable I think. I would not like to say anything.

The Deputy of Grouville:

Okay.

Chief Executive, Channel Islands Co-operative Society:

Thanks for the opportunity. I was not quite sure what I was doing here but no ...

The Deputy of Grouville:

Well, thank you very much. That has been very, very useful to us. Thank you very much.

Chief Executive, Channel Islands Co-operative Society:

Well, you know where to find me if you need anything.

[17:08]