WRITTEN QUESTION TO THE MINISTER FOR ECONOMIC DEVELOPMENT BY DEPUTY G.P. SOUTHERN OF ST. HELIER

ANSWER TO BE TABLED ON TUESDAY 16th SEPTEMBER 2008

Question

Will the Minister inform members whether he accepts that the conclusion of the DTZ report is that whilst the case for the introduction of a third supermarket retailer has not been made, a “deep-discount” supermarket operator such as Lidl or Aldi would be an appropriate addition to the retail mix in Jersey?

Can the Minister inform members why he considers that it is necessary to conduct an opinion poll over this issue? What additional information does he expect to produce from such a survey? Will he ensure that the public are clearly informed about the essential facts that emerge from the Experian and JCRA retail reports along with those from the Scrutiny and DTZ reports to ensure that any survey of opinion is properly informed?

Does the Minister accept that there has so far been little attention paid to the staffing requirement should a third competitor in the sector be accepted and will he agree to undertake such an assessment of where staff would be sourced under the Regulation of Undertakings and Development Law for such a move?

Answer

I would refer Deputy Southern to my answer to the oral and subsequent questions posed in the States on the 15th July relating to the JCRA report on the impact of new entry in the retail sector by a large supermarket. In particular, the importance of not relying on a sole source of information to guide policy and the need to take into account a wide range of information, for example, economic matters, inflation, allocation of scarce resources having regard to environmental and planning issues and the potential benefits of competition.

The DTZ Report is an interesting document that has been produced primarily for planning purposes and deals mainly with an assessment of quantitative need. DTZ recognises that its report “is not a study of retail competition on Jersey, and does not consider retail prices or the number of food store operators on the Island; since those are not material land use planning matters.”[1] It would not therefore be appropriate to rely solely on DTZ’s conclusion that “a case for a third supermarket operator has not been made.”

I would not endorse or contradict DTZ’s views on discount stores. An alternative view is that an additional general supermarket operator may exert a downward pressure on pricing across a wider range of goods than a discount operator, which carries fewer lines.

A great deal of work has been carried out on retail sector policy in recent years. The information available consists mainly of two technical capacity studies, advice from economics experts and the Competition Authority and commentary from industry bodies and retailers. It is felt that, there is still a need to understand the consumer’s view on supermarket and food shopping in Jersey and what consumers think about the impact of a third supermarket. The Statistics Unit has, therefore, been asked to carry out a survey on food and supermarket shopping in Jersey to provide information about what is important to consumers.

People do not need to be aware of the reports mentioned to give their opinion as the survey has been designed in such a way as to explore people's attitudes to food shopping in general, and what is important to them, before moving on to their opinion of the current 'market' for food shopping in the Island. I.e. the survey has been designed to lead people through a thought process beginning with what is important to them and what the current situation is now, before asking them to consider whether they would have any concerns if the current situation changes. We are not asking for people's comments or opinions on specific previous studies, and therefore would not want to point directly to those studies. These studies researched and analyzed aspects of the retail 'market', and were conducted by experts in these areas. These are separate issues to the way the public think or feel about the current food 'market', and this can only be objectively and robustly summarised through a *random* postal survey which ensures that all Jersey residents' views will be represented.

The additional information that will be produced will be a robust, objective and representative summary of what is important to the general public in terms of their food shopping experience, and how they rate the current food shopping experience in the Island. It will ask about their concerns or otherwise of having a third supermarket operator, before finally asking whether they think Jersey should have one. The survey will also be able to draw out if there are any differences between different sub-groups of the population.

One of the potential benefits of additional competition is that it may encourage firms to use labour more efficiently. A more efficient retail sector will require fewer people (including non-locals) to meet a given level of demand. The retail and wholesale sector employing over a 1,000 non-locals is the third largest employer of non-locals in the private sector. The nature of any licence granted to a supermarket operator will depend on the timing of the application and the conditions in the labour market, retail sector and wider economy at the time and will be assessed against the individual merits of any application, in the same way as past applications to employ people in the supermarket sector have been considered.

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[1] DTZ Jersey Retail Study 2008, page 3, paragraph 1.3