Peter Lamy
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By Email

1 August 2023

Dear Mr Lamy,

Please find below our responses to your request for a submission to support the Supply Chain Resilience Review. Our responses are italicised.

1. In your view what are the key elements of Jersey's supply chain?

a. Who would you identify as key operators in Jersey's supply chain?

The key operators in respect of retail businesses are our UK partners (UK road transport), Ferryspeed (Freight Logistics – UK and Jersey) and Condor Ferries (Sea Transportation).

2. What do you believe are the key opportunities and threats to Jersey's supply chain. For example, how, in your opinion, might any of its processes be improved?

The end to end supply chain to get goods from suppliers to stores is characterised by multiple hand off points and service provision monopolies. The steps in the Jersey retail supply chain are broadly as follows:

1. *Goods travel from supplier to a UK retailers consolidating warehouse.*
2. *Goods are picked by destination store and travel from UK retailers and other suppliers warehouses to the freight logistics provider at the port.*
3. *Goods are decanted at UK port and marshalled into containers/units for sea travel.*
4. *Goods in sea travel containers/units travel by road to the ferry dock.*
5. *Goods travel across the sea.*
6. *Goods are decanted from sea containers and marshalled into trucks suitable for Jersey roads.*
7. *Goods travel to their final destination.*

This is very much more complicated than a UK based retailer would experience and as a result very costly. However, most of this is unavoidable. The bigger issue is the lack of competition at each step in the process with only a single supplier providing temperature controlled and ambient freight logistics services and also a single ferry provider.

3. What do you believe are the impacts of competition and diversification in the Island's supply chain?

a. What threats and benefits do you believe single market operators present?

As noted above the supply chain lacks any true competition across its entire length. There are natural limitations to the amount of competition given the market size, but it is undoubted that further options regarding service provision would and do provide a better service and lower costs, as proven in *other markets. The wider issue is whether the amount of business available can sustain more than a single provider.*

4. Are there any barriers to entry regarding the arrangement of the Island's supply chain of which you are aware?

Access to space/warehousing etc at the port (Jersey) and the high capital cost of entering the market.

5. What are your experiences of supply chain disruptions and how have they impacted upon your organisation?

a. In your view what contingencies are required in order to continue provision of products to businesses and are these needs currently met?

Supply chain disruption is predominantly weather related and has become more frequent as the climate has changed with an increasing number of missed sailings in recent years. These delays are usually explained as either sea condition or safe docking related. However, these disruptions rarely last more than 24 hours. This creates some short term issues for fresh foods, and associated costs (smaller window to sell through before out of date). In general other goods, from ambient and frozen foods through to clothing and general merchandise etc can easily cope with such short term disruption. However longer term delays(4/5 days or more) can start to impact across the entire food offering as islanders start to panic buy and exacerbate the underlying situation.

As the key issue here is the sea condition it is difficult to provide any insight as to how this could be improved. As the biggest impact is fresh food (which cannot be 'contingency' stocked because of shelf life limitations) the best solution would be more local production albeit costs to produce and the lack of economies of scale would always make it more expensive than sourcing from larger markets with bigger buying power. A case in point is the only commercial bakery in the island which Sandpiper had to close in 2014 due to lack of state support, which now necessitates that all volume bread is imported.

6. Do delays in receiving your products, supplies or equipment impact your ability to provide a suitable offering to your clients? How common are these and for what main reasons?

See 5 above.

7. What is your experience of receiving/storing your product, supplies or equipment, for example in a warehouse in Jersey?

Only certain types of foods would be feasible to warehouse (ambient and Frozen). These categories are less affected than fresh food from short term disruption and coupled with the additional costs associated from adding another (expensive) step to an already complicated supply chain this does not make commercial sense and if required would add to food inflation.

There is no commercial argument to be made to stock other types of goods in the island

10. Does choice of operators within the Island's supply chain impact your ability to provide products for sale or their pricing?

It doesn't affect the type of product but the service provider monopolies undoubtedly add to costs and therefore pricing to the consumer.

11. Have you had the opportunity to share your business' views on Jersey's policies related to supply chain, contingency planning and competition in this area with the Government of Jersey or others and, if so, how?

a. Are you satisfied with the manner in which any consultation with you was conducted?

Recently, we have not been involved in any formal supply chain reviews albeit we have had limited meetings with ministers where this subject has been discussed (and largely ignored), with a clear focus from ED Minister on trying to open up the 'southern supply route'. Whilst we are not against that, we fail to see why a rigorous assessment of how the northern route could be improved has not taken place concurrently.

Historically, we campaigned strongly against the decision to allow Ferryspeed to takeover Condors chilled distribution (giving them a monopoly position). We have continually highlighted the high cost of freight but government seems to be preoccupied with the food retail market rather than the logistics market.

We also warned Ministers of the risks to the islands food self- sustainability if they allowed the commercial bakeries to close. All of our entreaties to date have been singularly ignored. Government consultations are generally seen as going through the motions with the decisions already taken behind closed doors.

11. Do you have any views regarding volumes and economies of scale with respect to the provision of services within the Island's supply chain?

The states commissioned a study of the freight market in 2021, which made several recommendations, none of which have been actioned upon to date. It would seem that a natural starting point would be to revisit this study and understand why it was not acted upon and review the recommendations.

12. What in your view are the practical implications of the Jersey Competition Regulatory Authority Freight Logistics Market Study recommendations?

As above

13. How, in your opinion, will the Elizabeth Harbour plans and Harbour Master Plan impact the island's supply chain

We don't feel qualified to comment as in spite of our position as the major retailer in the island we have not been consulted.

Please do not hesitate to contact me if you require any further information.

Yours Sincerely

M J Rutter

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