

Tim Oyler - Inquiry Secretary (Groceries market inquiry)
Competition Commission
Victoria House
Southampton Row
LONDON
WC1B 4AD

30th May 2006

Dear Tim Oyler

The National Group on Homeworking has worked for many years with homeworkers in the supply chains of major UK retailers. We were pleased to hear the Competition Commission is to investigate supermarket practices and we hope you will take our concerns into account as you draw together plans for the inquiry.

The National Group on Homeworking is an NGO working entirely on homeworking issues. We offer support and advice to homeworkers, and campaign for improved employment terms and conditions. NGH estimates that there are around 1 million homeworkers in the UK. The vast majority are women and many are from ethnic minority backgrounds. Many homeworkers work in the packing and manufacturing sectors, and low pay and poor employment conditions are common.

NGH is a member of the Ethical Trading Initiative. We are also members of the Tescopoly alliance. In 2004 the National Group on Homeworking launched our 'Bang Out of Order' campaign which called on the 'Big Four' supermarkets to improve the conditions of homeworkers in their supply chains. We are currently campaigning for a legal change to grant employment rights to all UK homeworkers.

We would urge the Competition Commission to take the following into account when drawing up the terms of reference for the supermarkets investigation:

All products sold by supermarkets should be considered. We understand that, at present the Competition Commission is minded to only investigate food groceries. As supermarkets are continually expanding their sphere of influence, into, for example, clothes retailing we feel all elements of their business should be investigated. Supermarkets promote their brand on the basis that it is able to provide a vast range of products and services under one roof, it is therefore essential that any investigation into supermarket trading practices is able to examine all of these goods and services.

Pressures on suppliers and those working in supply chains. This is directly related to the issues of competition the Competition Commission is charged with investigating. It is intense competition focussing exclusively on price which is forcing down standards in UK and international supply chains. Such is the dominance of supermarkets that they have the power to demand ever lower prices and shorter order times from their suppliers. Inevitably the pressure of these demands is brought to bear most heavily on those at the bottom of the chain – be these small scale producers or workers, including homeworkers, working for subcontractors. It would be useful to investigate how the dominance of a small number of vast supermarket chains has impacted upon labour standards and the prices paid to producers in supermarket supply chains. In addition, many major retailers are committed to codes of conduct, be these their own corporate social responsibility policies or wider codes such as the Ethical Trading Initiative Base Code. How far supermarkets comply with the codes they profess to follow would also be a relevant line of inquiry.

I hope these issues will be incorporated into the terms of reference. If you would like any further information and think that NGH could be of use please do not hesitate to get in touch.

Yours sincerely

Nesta Holden
Campaigns and Policy Worker – National Group on Homeworking

