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Reference: Unit Pricing (Easy comparison of grocery prices) Bill 2008

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**SENATE STANDING COMMITTEE ON
ECONOMICS**

Monday, 11 August 2008

Members: Senator Hurley (*Chair*), Senator Eggleston (*Deputy Chair*), Senators Bishop, Bushby, Joyce, McEwen, Murray and Walker

Participating members: Senators Abetz, Adams, Allison, Barnett, Bartlett, Bernardi, Bilyk, Birmingham, Boswell, Boyce, Brandis, Bob Brown, Campbell, Carol Brown, Chapman, Colbeck, Jacinta Collins, Coonan, Cormann, Crossin, Ellison, Fielding, Fierravanti-Wells, Fifield, Fisher, Forshaw, Heffernan, Hogg, Humphries, Hutchins, Johnston, Kemp, Kirk, Lightfoot, Lundy, Ian Macdonald, Sandy Macdonald, McGauran, McLucas, Marshall, Mason, Milne, Minchin, Moore, Murray, Nash, Nettle, O'Brien, Parry, Patterson, Payne, Polley, Ronaldson, Scullion, Siewert, Stephens, Sterle, Stott Despoja, Troeth, Trood, Watson and Wortley

Senators in attendance: Senators Cameron, Bushby, Fielding, Furner, Hurley and Pratt

Terms of reference for the inquiry:

To inquire into and report on: Unit Pricing (Easy comparison of grocery prices) Bill 2008

WITNESSES

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Committee met at 11.48 am

HENRICK, Mr Kenneth Michael, Chief Executive Officer, National Association of Retail Grocers of Australia

van RIJSWIJK, Mr Gerard Anthony, Senior Policy Adviser, National Association of Retail Grocers of Australia

Evidence was taken via teleconference—

CHAIR (Senator Hurley)—Welcome. I have just read through the preliminaries for the Unit Pricing (Easy comparison of grocery prices) Bill 2008. Do you have an opening statement to make?

Mr Henrick—Yes, very briefly. We note that the ACCC has recommended that a unit-pricing scheme be introduced on a mandatory basis. We do not think that is the correct approach to it. Noting that the major supermarket chains have already announced that they are moving voluntarily that way, I think it would have been better to make the entire scheme voluntary. Unit pricing is not something which is widely demanded by the public, despite some of the propaganda, and the fact that the ACCC is recommending a public education campaign to explain what a unit-pricing program is is evidence to support that—

CHAIR—Mr Henrick, are you there?

Mr Henrick—Yes. Did you hear what I said?

CHAIR—No, I am sorry; I did not. Just the last little bit, I think—the sentence.

Mr Henrick—I said simply that the ACCC's recommendation that a public education program be put in place is evidence that there is no great public demand for unit pricing.

CHAIR—Is that it?

Mr Henrick—Yes, thank you.

Senator FIELDING—I know that you have argued that there is little public demand for unit pricing, but, if people do not know about the concept in the first place, how can they demand it? Do you agree?

Mr Henrick—Yes, that is true, but on the other hand it is a bit of a chicken-and-egg thing, isn't it? If people really needed that information and wanted that information, they would be demanding it. The fact is that they are not, and it does not really show up in the contacts that retailers have with their customers.

Senator FIELDING—Yes, but I still do not think it gets around the issue of people not really knowing that it is available. It cannot do any harm from that perspective. Your submission talks about people making savings by switching from branded products to generics, but wouldn't you also agree that families can make significant savings within a brand using unit pricing? For example, a survey that Family First did on supermarkets found that a 25-bag box of Lipton tea was 50 per cent more per bag than a 200-bag box; with Paul's milk, a three-litre container was actually more expensive per litre than a two-litre container. So wouldn't you think that people could also be empowered to make their decisions themselves on which products are actually cheaper?

Mr Henrick—Yes, you are right, of course. There may be individual product lines like that where there are advantages to knowing it, but at the end of the day that becomes a matter for a cost-benefit analysis, and is it worth doing it right across the industry or across a significant part of the industry when the actual benefits are perhaps very modest?

I might also point out that people generally buy product in quantities that they need for themselves. One of the growing sectors of the Australian community is single-person households or 'lone-person households', as the ABS refers to them. That is about 21 per cent of all households counted. People in that situation are not going to go out and buy three litres of milk because it is more economical than one litre of milk. The one litre of milk is all they need, because anything in excess of that will go off. It is the same with many other products, particularly fresh products but also canned and packaged products. The size of the pack determines the purchasing decision.

Senator FIELDING—Last week—as you may not be aware—we had some discussions on the font size or the size of the display for unit pricing. Do you have any comments at all on that?

Mr Henrick—There will be an impact, depending on what that font size is going to be set at, because the existing shelf edging and label strips would probably be too narrow and too small to cope with the additional information. So that could be a fairly significant refit, particularly for smaller businesses.

Senator FIELDING—One of the interesting things that I thought came out of that is that, when you had a very close look at the display that is actually provided to customers or consumers, it is interesting to note that the bulk of it seems to be tied up with bar coding and internal retailer information, which are not really of much help to the consumer. Aldi presented their displays, and only a small amount was chewed up with their own internal focus information. I just thought that a whole new concept may need to come from—when you are looking at unit pricing and the displaying of it, you may want to go back and look at the displays just to make sure that they are customer friendly and not focused more on the retailer than themselves.

Mr Henrick—Of course, Aldi's decision to do that is really a commercial decision because they are a private label business basically and it suits them to show that their private label price is considerably lower than a branded label price. The fact is that a private label is manufactured to a specification to allow the lower price, so it is not comparing like with like to compare Aldi prices with branded product prices.

Senator FIELDING—I am not sure about that part, but I am just saying about the focus of the actual display and how much of the display is being chewed up with internal retailer information versus information for consumers. That is something that maybe you need to look at. Have you done any research at all on what customers think of the current displays?

Mr Henrick—I am not aware of any that has been done; I am sorry. I take your point about the information on the label. Some of it is internally related, but that is about managing the stock efficiently so that you keep prices down and so that reordering is there at the right time to keep the shelves stacked.

CHAIR—If the system were voluntary, if there were encouragement and facilitation from the government and an industry wide expectation of better unit pricing—obviously Aldi are doing it voluntarily—would you expect other groups to take it up voluntarily?

Mr Henrick—I understand that both Woolworths and Coles have indicated that they are moving in that direction, and I would expect the larger independent stores to probably move in the same direction. They see themselves as head-on competitors with the major chains and they would probably match any action that the major chains took. The difficulty I have with what the ACCC is recommending—that is, that there be some sort of cost benefit analysis to establish a floor level for mandatory unit pricing—is that, whatever level that floor is set at, the stores that are caught at or near that level—let us say it is 1,500 square metres; the stores at 1,500 square metres will still be disproportionately bearing additional costs compared with the large 4,000 square metre chain stores, but also they would be bearing additional cost compared with, say, the 1,000 square metre stores that are outside the system and are not required to do it. I think quite a number of problems are still to be resolved.

Senator PRATT—How are consumers supposed to go about comparing prices in the absence of such a scheme? I have tried to do it and I found it quite difficult. How do you suggest that people do it?

Mr Henrick—Many of the pack sizes are standard pack sizes and that system was introduced, from memory, back in the mid-nineties. It is easy enough to compare one pack size with another pack size of the same size. But I suppose where the difficulty might arise is where we get odd sizes within the same brand and, therefore, presumably the same quality.

Senator PRATT—I have the most difficulty when I am trying to compare different brands with different sized packages for what is a similar product. I have not found an easier way of doing it. I tried to use the Red Cross's food sense table. Are you familiar with that program?

Mr Henrick—No, I am not.

Senator PRATT—They provide a little table that you have to follow and reduce it down to the nearest 100 grams and then times it back up again. That was the easiest way they could come up with and it did not seem particularly viable to me. Do you concede that it is quite difficult for consumers to compare prices?

Mr Henrick—I can. Yes, in some circumstances it could be. But the fact is that a minority of customers actually shop on that basis. Most shop because of other things. For example, how do you unit price toilet paper? Are you talking about one roll? If so, how many sheets in the roll? What is the size of the sheet? Is it one ply, two ply, three ply or four ply? Is it scented or unscented? Is it printed or unprinted? There are many variables within what seems like a simple product. People do not shop for shampoo, for example, on the basis of per litre or per millilitre price; they buy it because they prefer that brand and that particular product.

Senator PRATT—I note that you have discounted considerably the demand from consumers for such a scheme. In my experience, particularly working with refugee groups, Indigenous communities, where people

are trying to improve their financial literacy skills and introduce some basic capacity to compare prices—if I find it difficult, how do you think we should be empowering the most disadvantaged consumers? It is quite difficult for them to be able to compare prices across products.

Mr Henrick—As I have already conceded, there may be some difficulty in comparing odd sizes, but by and large—and I take your point about minority groups—the great majority of Australian shoppers do not shop on that basis; they do not shop on the basis of price, in fact. Price is about the fifth consideration in their purchasing decision and it is much more likely to be made on some other basis like preferred brand or pack size or whatever.

Senator PRATT—In your view, what influence would such a scheme have on the way that retailers price products?

Mr Henrick—I would not imagine it would have any. I am not a retailer myself, but I cannot imagine why the retailers would be pricing it differently. As far as the independent sector goes, they get a price from their supplier and put a normal retail mark-up on that, and that is the price.

Senator BUSHBY—Thank you, Mr Henrick. Just following on from Senator Pratt's question about pricing, although it may not have, as you say, an effect on how retailers price their products, will it have an effect on the costs that retailers have when they are looking at their pricing?

Mr Henrick—The cost of introducing it will be at least a one-off cost. I have seen various estimates quoted from Woolworths and Coles ranging somewhere between \$4 million and \$20 million. I think for the independent sector, being mainly smaller stores, the cost would be disproportionately higher on a per shelf metre basis, because those stores probably cannot buy the stripping et cetera at the same prices that the major chains can buy them. They are all independently owned businesses and they would need to do that by themselves at their own cost. I acknowledge that the ACCC has recommended a cost benefit analysis and a cut-off level, but that still would bring some additional cost to those who are included.

Senator BUSHBY—I will get on to the cost-benefit analysis in a second; I just want to explore this a little further. So, if additional costs were imposed on independent grocers, what would that mean for pricing? Do you think they would pass them on, or would they be able to absorb them?

Mr Henrick—No, they would be passed on. There are just too many things happening lately to absorb any further costs—petrol pricing. If we are having an emissions trading scheme brought in, that will raise store running costs very substantially.

Senator BUSHBY—What effect would that then have on the ability of independent grocers to be competitive? I think the answer is pretty obvious, but—

Mr Henrick—Yes, it will make it more difficult for them to be competitive. From the customer's perspective, introducing unit pricing may simply have the effect of raising prices.

Senator BUSHBY—Given that the government has announced that it intends to introduce a unit-pricing scheme of some sort which may well adopt some of the measures of Senator Fielding's bill or otherwise, the ACCC, as you have mentioned, has said that a detailed cost-benefit analysis needs to be undertaken to ensure that the benefits to consumers are net positive. I think it is pretty clear that giving people more information, in itself, is a good thing, but you do want to make sure that there is a net positive to consumers. What would need to be incorporated into such a bill to ensure that the detriment of loss of competition and higher prices from that end of the market less able to absorb the costs are not passed on to consumers and so that consumers do receive a net benefit?

Mr Henrick—We do not have price control, so I am not quite sure how you could prevent the additional costs from being passed on.

Senator BUSHBY—I guess I am coming back to the issue of exemptions. How would you see that working so that the independent sector could continue to be an effective competitor to the major chains in a unit-pricing scenario?

Mr Henrick—I think the difficulty with the ACCC's proposal is that at whatever level you set the floor of that scheme for mandatory unit pricing—and I suggested 1,500 square metres before—the 1,500 square metre store is still going to have disproportionate costs compared with the 4,000 or 4½ thousand square metre store, but it will also bear costs that the 1,000 square metre store will not be required to cover. So the stores inside that scheme but close to the bottom level will have some difficulty, I would imagine.

Senator BUSHBY—We heard some evidence, I believe, from Metcash last week which suggested that some of the larger IGA stores, which already have computer labelling systems, could actually adjust relatively easily. Is that something that you would agree with?

Mr Henrick—Yes, it is. As I said before, I think the larger independent stores, who see themselves as direct competitors with Woolworths and Coles anyway, would probably voluntarily introduce a scheme if Woolworths and Coles did that.

Senator BUSHBY—But, for those smaller independents that do not necessarily have the same level of computerised systems, you see a greater problem?

Mr Henrick—Yes, I do, because at the very least they would need to replace all of the shelf, stripping it to make it larger so that it could handle the additional information.

Senator BUSHBY—Looking at those types of characteristics, would you see stores being an appropriate place to look at as part of the cost-benefit analysis to see where you might place exemptions?

Mr Henrick—Yes, I think that is the case. But, as I said before, whatever the floor for this mandatory scheme is, the stores inside the scheme but close to the floor will have cost disadvantages compared with their larger and smaller competitors.

Senator BUSHBY—I understand that. I note in your submission that you also suggest that, under proposed section 18ZZJ, the bill as it stands currently requires all retailers for the first time to provide pricing information and there are no exemptions on that as opposed to the exemptions on the unit-pricing information. I have not actually checked that proposed section of the bill—could you explain that to me?

Mr van Rijswijk—Yes. The very small stores—and I am talking more in terms of the mum and dad groceries or the convenience stores—in many cases do not have price information on the shelf at all. That is a cost that they try to avoid. They may still use manual stickers on the product itself as a way of identifying the product price. The legislation as it currently stands would suggest that these stores would have to introduce not just unit pricing but also a price per se on shelf, which is an additional cost to them.

Mr Henrick—I am not sure whether this applies to all states but, certainly the last time I asked, in New South Wales retailers are not required by the state legislation to put prices on products at all. So introducing unit pricing may impact fairly heavily on stores that have not priced in the past.

Mr van Rijswijk—There is just one other point. The reason that Aldi likes the unit-pricing approach, as Mr Henrick has said, is that it emphasises the relative low cost of a generic product or a home brand/private brand product. What may happen under a unit prices regime is a perverse impact in that the relatively low cost of a generic is emphasised, not just in the Aldi stores but also in the major chains—the Coles and Woolworths chains. That would result in two factors that impact on competitiveness. One is that, if you then have a store that is emphasising private label or generic products, as the majors are doing—they are extending their range all the time—they have a competitive advantage under a unit-pricing regime against the store that does not have access to generic products. The ultimate impact on that of course is an increasing shift from branded products to generic products, which effects local manufacturers, as many of these generic products are imported. So I do not think this whole unit-pricing thing has been examined in a broad context; it has only been looked at in the very narrow context that it supplies the shopper with some additional information. Nobody, I do not think, has ever looked at the unintended consequences.

Senator FURNER—We heard from one of your members, Metcash, last week in Melbourne about a view of extending the proposed exemption—and I think my memory is that it is currently 200 square metres—to 1,200. What is your view on that figure in relation to the other members that your organisation represents? Is that a fair and reasonable exemption size of a store?

Mr Henrick—Just a minor correction there. Metcash are not one of our members. We are a federation of state based small retailer organisations in the grocery sector mainly. The IGA retail network and the IGA brand is owned by Metcash—

Senator FURNER—That is correct.

Mr Henrick—but the individual stores are businesses independently owned by private families and small companies.

Senator FURNER—You represent them.

Mr Henrick—Yes, they are represented on our board. I think the setting of the level for exemptions will be a very difficult decision for the reasons I explained before. I think those stores that are just inside the scheme will face considerable difficulties because they will still have the disproportionate costs not borne by the very large retailers but they will also then be disadvantaged vis-a-vis those smaller stores which might be competitors in their local markets. We are talking, say, 1,200 to 1,500 square metres and I would imagine that is probably around the level at which the scheme would be introduced.

Senator FURNER—In your submission—and it confounds me—you reach the conclusion that unit pricing will disadvantage local farmers and manufacturers. You also briefly comment that stores like, I think, Aldi provide the home brand products that are not necessarily locally sourced. Aldi gave us evidence last week in Melbourne also in which they claimed that 70 per cent of their products are locally sourced. In that light, and also in light of your statement about disadvantaging local farmers and manufacturers, I would like to hear your opinion on that.

Mr Henrick—A couple of things can be said there, I guess. As Mr van Rijswijk mentioned before, if you are going to go effectively towards a private label offer, you are going to disadvantage local farmers and manufacturers because you will be forced in that competitive stream to start looking at imports. Aldi, in fact, phrase their definitions very, very carefully when they talk about branded products and what it is that they source. I am just looking at a letter here. What they have actually said is, ‘70 per cent of our core range being Australian made’. I do not know what their core range is, but that is something that needs to be investigated a bit further than just taking that 70 per cent at face value. They have an offer which is somewhere between 800 and 1,000 lines, depending on the store, I suppose; but also within that offer the grocery lines are probably 500 to 700 lines. So the core offer is something considerably less than that, I presume. These figures should not be taken at face value.

Senator FURNER—But, looking at your statement once again about the effect on manufacturers, there are food processing plants in this country that do supply home brand or no brand labelling to retailers. I am still struggling with your view on how that is going to affect them.

Mr Henrick—Because they are not price competitive with many imported products coming in from economies that do not carry the same levels of regulation for food safety and hygiene that Australian companies do. If you are bringing in imported products from some other countries—and I will not name any of them—that product is coming out of economies that do not bear the same cost structures and they will be landed here cheaper. It is happening now.

Senator FURNER—I understand that, but I still do not understand how that is going to impact on unit pricing.

Senator CAMERON—I am a little confused. You spoke about, it seemed to me, a survey. You said that shoppers do not shop on price; that comes in at No. 5.

Mr Henrick—Yes.

Senator CAMERON—Is that survey broadly based? Where was that survey done?

Mr Henrick—I was actually quoting that from a survey that was conducted by an organisation which does not exist any longer. It was the Australian Supermarket Institute, which was the organisation which used to represent the whole industry. That organisation closed down in 2000. But they did do some consumer research while they were in existence. The reasons why people make purchasing decisions are fairly complex, but price is not at the top of the list; it is down the list.

Senator CAMERON—That survey is eight years old.

Mr Henrick—Shopper behaviour does not change all that much.

Senator CAMERON—Except if you are really struggling as a working family, surely.

Mr Henrick—In that case, you would probably be buying generic, which is the cheapest product on the shelf.

Senator CAMERON—This is the other confusion I have about your submission. On the one hand, you are arguing that shoppers do not shop on price and, on the other hand, you say that unit pricing will benefit Aldi, who make price their competitive advantage. How do you justify these two different positions?

Mr Henrick—They are not different positions. Aldi is a company which makes a special offer based on price and private label. That is how they keep their prices down. Most people do not shop on price; most

people shop on other considerations. Not all customers in Australia have access to an Aldi store; they only operate in three states at the moment.

Senator PRATT—How do retailers work out whether they are buying products for a fair price? Do they break things down using their own unit-pricing model?

Mr Henrick—I would not imagine that it is a consideration at all. The retailers are supplied with product either from their wholesaler or from local suppliers. Insofar as they are looking at packaged product, which would be the subject of unit pricing, I think they would be looking at the overall price, where it fits within their range and then simply applying a normal retail margin on it.

Senator PRATT—Surely they would be working out, though, which product would be slightly cheaper so that, therefore, they might be able to work out which things they can put a greater or lesser retail margin on.

Mr Henrick—The retail margin is a fairly standard margin by category, as I understand it. I do not think that they actually do that sort of calculation, but I may be incorrect on that.

CHAIR—Thank you for giving evidence this morning and coming before the committee again today.

Mr Henrick—Thank you.

[12.21 pm]

JARRATT, Mr Ian, Vice President, Queensland Consumers Association

Evidence was taken via teleconference—

CHAIR—Welcome. Do you have any opening statement to make?

Mr Jarratt—As we have said in our submission, we are extremely supportive of this bill. We think, with the minor modifications which we indicate in our submission, it would give us in Australia a world-class system of unit pricing. We would therefore get the benefits that arise from a world-class system. We are very comfortable with the bill. We think it is going in the right direction. We think it sets a great standard and we are very supportive of it.

We are concerned, of course, that there are pressures from the retailers to have systems which perhaps are more to their advantage than to the consumers' advantage, and we think they should be resisted. It is particularly important that we have a system, as is provided for in this bill, which makes it very easy for consumers to see and also to use the unit price information. If we get that, we are confident there will be huge benefits achievable on a year-by-year basis which will make the costs of implementation, which will be largely one-off costs, appear extremely insignificant.

Senator FIELDING—Thank you, Mr Jarratt, for your submission and for giving evidence now. In your submission, you mention some research about some 25 pre-packaged grocery items and that by buying only brands and sizes with the lowest unit price consumers could reduce a \$95 grocery bill by almost 50 per cent, which is quite a substantial saving. Your feeling of the benefits from unit pricing—do you think that they are really there? The committee has just heard from NARGA, the National Association of Retail Grocers of Australia. It said that it is not really needed in Australia at all and that the savings will not benefit consumers. What is your comment in response to that?

Mr Jarratt—We do not agree, obviously. The extent to which consumers will get benefits from unit pricing will vary enormously between individual consumers and also in aggregate. There is obviously going to be some uncertainty about what the aggregate benefits are. But there is no doubt and there is plenty of evidence overseas to suggest that there will be significant benefits for consumers in achieving a total reduction in expenditure on groceries, where consumers want to do that, and obtaining a better value for the same amount of money, which many consumers might want to get. Some consumers actually get a benefit from being able to see that the differences in the price-quality relationship are not what they thought, and some of them actually do trade up.

We already have experience of this in Australia with the unit pricing that is compulsory for the fresh meats and some other products that we buy in both bulk and prepackaged form. Every time we go to look at the prepackaged meats, we are making these comparisons all the time and using the information to make price-quality and product relationships. So it is nothing new and it is not rocket science; it is expanding what we already do and what consumers use very well at the moment.

Senator FIELDING—There is the issue—and you raised some of it there—about unit pricing that, if you put it into the hands of probably the industry or the retailers, they could take advantage of it and minimise maybe the impacts for consumers. Is there a warning here for the Rudd government not to overly rely upon the major players to have a voluntary scheme that works for them and not the consumers? What are your concerns about retailers taking advantage of it?

Mr Jarratt—We have to remember that retailers are in business to make money for their shareholders. We also have to remember that the majority of retailers in Australia have vigorously opposed the introduction of unit pricing on either a voluntary or a compulsory basis for many years. So we have to recognise that they may not have the consumer's or the economy's interests at heart.

Evidence here and from overseas, including New Zealand, where Woolworths provide unit pricing in some of their stores, suggests that there is a definite tendency for retailers to make the unit price extremely small so that it is less noticeable to consumers and consumers do not use it as much.

Senator FIELDING—Do you mean small in font size?

Mr Jarratt—Very small in font size. In the supermarket close to where I am, I can crawl on my hands and knees on the floor of the supermarket and still cannot read the unit price information on the bottom shelf.

Senator FIELDING—So do you think shoppers may ditch their calculators and take a magnifying glass?

Mr Jarratt—Yes, that is right. There was a letter in one newspaper a few days ago which I thought was spot on. They said, ‘If the retailers are supporting this, maybe they should be giving us magnifying glasses instead of fridge magnets.’ Obviously, it would be a disaster for unit pricing in Australia if we came out with a system like that.

Senator FIELDING—Obviously font size is definitely a key concern. Are there any other concerns that you have seen?

Mr Jarratt—We believe that the units of measurement are extremely important, and that is why we are strongly supportive of the idea of having kilos and litres as the major units of measurement for products that are sold by weight and volume. We also need to cater for products that are sold by length, and there are some of them in the supermarket, and many products are sold by count, and we have to do a good job there because, again, there are more of those than we think. But we see that the advantages of kilos and litres for weight and volume are overwhelming, and they are the basis of the European systems.

Obviously, the imperial system is used in America, but there they tried very much to have the larger units of measurement rather than the smaller units of measurement. The reasons for that are pretty obvious really. First of all, we are extremely used to using kilos in particular in the supermarket at the moment, and kilos make it much easier for us to compare many of these prepackaged products with the bulk products that are available. You only have to think about things like cheese, bacon, salami and lots of other products, where we buy them per kilo; we also want the prepacked price to be per kilo.

I believe that the other big advantage is that, if you price per kilo, the differences in unit price to the consumer appear much more relevant and meaningful. It is much more meaningful to have a price difference in kilos of, say, \$2.34 per kilo rather than 23.4c per 100 grams. So, intuitively, our feeling is that that is the sort of unit that we need. Sure, we may have to tweak the system a little bit for some products, but we do not have much sympathy for Woolworths, who are batting for the millions of saffron buyers in Australia and demonstrating how difficult it will be for them. Let us have a system that is going to meet the needs of the majority for the majority of products rather than cater to the minority.

Senator FIELDING—Have you looked at what Woolworths is doing with its Australian trial of unit pricing in one of its Sydney shops, and what is your assessment of that trial?

Mr Jarratt—Yes, I have. I went to look at it when I was in Sydney. I was rather disappointed actually. Given that we have indicated quite clearly what we think a good unit-pricing system should be, I thought that their system was far from perfect. Would you like me to give you some details?

Senator FIELDING—Absolutely.

Mr Jarratt—There is a big question with the size of the font. I was extremely disappointed that the font size on the shelf labels where they were provided was down about two to 2½ millimetres. They may have increased it slightly since then but, even if they made it slightly larger, it is still insignificant and impossible to read on the bottom shelves. That is one problem.

The second problem, which I guess they have done deliberately, is to give the unit price information all in 100 grams or 100 millilitres, which, as I have explained earlier, is not proconsumer in our view. They are also not giving the unit prices for many of the products in their shop that we think they should. For instance, when I was there, they were not giving any unit prices for the small continental cheeses that were in one area of the store but they were giving unit prices for cheeses in another part of the store. That makes it difficult for consumers to make comparisons. They were not giving any unit prices at all for prepackaged fruit and vegetables, and they were not giving any unit prices for the wide range of paper products that there are in the store. As I say, I went there expecting a really good system and I was terribly disappointed.

Senator FIELDING—So obviously a mandatory system in the bill that Family First have put up here is a sound basis to start from?

Mr Jarratt—Absolutely.

Senator BUSHBY—Thank you, Mr Jarratt. Do you agree with the ACCC’s recommendation in their report to conduct a cost-benefit analysis to see which stores a mandatory unit-pricing scheme should apply to?

Mr Jarratt—Yes, I cannot see anything wrong with that. I do not see much point in having a cost-benefit analysis as to whether we should have compulsory unit pricing. I think that has been dealt with well by the ACCC. Yes, that is what happened in other countries in determining whether there should be exemptions for

certain stores and, if so, what the exemptions should be. So I do not have any problems with that. But, to be able to do that, they need a good handle on what the unit-pricing system is actually going to be, because you cannot do a cost-benefit analysis as to whether it is going to be excessively expensive for a certain size of store to put in unit pricing unless you have made some big decisions about what the unit-pricing system is going to be.

Senator BUSHBY—That sounds reasonable. But you do concede that there would be stores providing grocery products for which it would be uneconomical to impose a mandatory unit-pricing scheme?

Mr Jarratt—It could be. A lot depends upon how the stores are set up. The Irish approach to this is a quite interesting one. They did not set an exemption based upon area, turnover or any size measure; they gave exemptions if stores were not set up in terms of computers and printed equipment to be able to easily and cheaply produce the labels. So that is another approach to it. I think stores will vary enormously as to how well they are set up to be able to do this, how computerised they are, because the only costs really for a well-run store are the initial set-up costs and the initial changes to signage and to the computerised equipment and the programs.

Senator BUSHBY—Provided they have the ability to go to a computerised program.

Mr Jarratt—That is correct.

Senator BUSHBY—There may well be ongoing costs if you do not have a computerised system and you have to do it manually.

Mr Jarratt—I agree entirely. That is the basis of the UK exemption. There were very, very many, very small corner stores in the UK that were still sticking labels on products on shelves and were not computerised at all. I have no problem at all with exemptions for stores where it is going to be a burden.

Senator BUSHBY—You would agree that imposing costs on stores that are disproportionate to their turnover reduces their ability to compete and to provide effective outcomes for consumers in other ways.

Mr Jarratt—Yes, indeed.

Senator BUSHBY—On the measure of unit price, which we were discussing earlier, and what people are comfortable with, being per kilogram et cetera, you might be able to clear up some confusion I have. Why do you believe the major chains are so opposed to it being—you used the saffron example as an extreme example. For example, herbs: what would the advantage be for supermarkets or their shareholders in pricing herbs per 100 grams rather than one kilogram? I do not really understand where their motivation is. Can you give us any insight into that?

Mr Jarratt—Yes. I think in relation to a specific product they would not have that motivation. I think their motivation is more into the broader line of products to make sure that the unit price always seems very low and that the differences in unit price appear to consumers to be very low. It is interesting that in other countries there are things like, for instance, the Aldi system, which they say is based on the UK system and is actually quite significantly different from the UK system in terms of the units of measurement. The basic starting point of the UK system is kilos and litres and then they have exemptions for certain products, including spices. They specify, for instance, that 10 grams is the unit for herbs and 10 grams is the unit for spices.

Senator BUSHBY—Do you think that looking at exceptions like that is an appropriate way to proceed in this case?

Mr Jarratt—It is. The Irish did not take that approach. The Irish approach was, ‘Well, let’s make everything like that and then give some complete exemptions.’ These are details really that just need to be worked through. But the principle has to be that we should have a system of measurements that are going to make this system work and maximise the benefits for consumers and the economy. As I said earlier in response to Senator Fielding, we have to remember that consumers do buy a lot of products in kilos at the moment, and we have to maximise the extent to which we get comparability between products as well as within products.

Senator BUSHBY—You mention that these factors need to be worked through. I notice also in the recommendations from your Churchill Fellowship report:

... unit pricing arrangements should:

- Be developed in consultation with all stakeholders (including consumers).

How do you see that the government could go about that in terms of ensuring that all stakeholders have had an appropriate say?

Mr Jarratt—We are going to be very interested to see what the government comes up with in terms of a consultation process. Obviously, what is occurring with this bill is very valuable; whether it is enough, I do not know. But we certainly think that everybody needs to get together on this and have a good hard look at what the best system should be. But the overriding driver must be that we get a consumer focused and benefits oriented system and not a retailer and cost minimisation focused system. If we have the latter, we will not get the benefits. Experience overseas is quite clear on that.

Senator PRATT—Do you have any concerns about the long-term interests of consumers, as some retail brands could potentially seek to use unit pricing to steer consumers towards their own branded products? Also, do you have concerns that this might in the long term affect diversity and choice of products available and eventually, I suppose, possibly the price as well?

Mr Jarratt—I do not really have any concerns. It was never mentioned to me, when I was overseas, as being a flow-on effect from unit pricing. I have never seen it mentioned in any of the research that I have seen undertaken on unit pricing. It certainly is not evident if you go to the shelves of the supermarkets in the UK and the USA and the other places that I have visited. There is a wide diversity of brands and sizes and products around. On that basis, I have to say that I do not have too much fear about it happening in Australia.

Senator PRATT—I can certainly see it happening on supermarket shelves here in Australia already, but would you consider that is an issue independent of unit pricing and that it does not really intersect with it?

Mr Jarratt—You could regard it as independent. If unit pricing is used by consumers to make choices, which is what it is all about, then, yes, they are linked together. But I do not have any problems about that. You could take the argument a little bit further. I think you are saying, for instance, that Woolworths and Coles are reducing the number of their home brands. Is that what you are saying?

Senator PRATT—A good recent example might be the fact that the Coles branded milk on the shelf at home in my local supermarket is a \$1.67 a litre whereas the local dairy's, Brown's, is \$2.04 a litre. They are really driving home a differential in price to steer consumers towards their brands.

Mr Jarratt—Yes. I was looking at it from another point, and that was the possible decline in the number of home brands or generic brands that there are in the supermarket. I was coming at it from a different angle. My experience overseas where I saw unit pricing in operation—remember, it has been in operation in Massachusetts in the USA, would you believe, since 1970? We are slightly behind them. I saw no shortage of variety of products and sizes et cetera on the shelves there, none whatsoever. Consumers just use this information to make better and more sophisticated choices, and of course consumers vary enormously in what they are looking for.

Senator PRATT—Do you have any particular comments to make about particularly disadvantaged consumers in terms of improving people's shopping literacy?

Mr Jarratt—Yes. I think that is a really, really important argument. I was really pleased in a radio interview a few months ago when people started to phone in and talk a bit about the benefits of unit pricing that someone that was involved with people that had mental impairments phoned in and said how much easier it would be for their people to be able to budget and to shop. If we get the units of measurement correct and we get the presentation really prominent on the shelf labels, we will make it easier for an awful lot of people. We do not want people to have to do what I have to do here, for instance, at the local supermarket. For instance, I went out to buy salami the other day. You can buy your salami sliced in the deli, and they will give you the price per kilo, or you can buy it in a lovely prepack and they will give you the unit price there per 100 grams. So I have got to do the conversion. Similarly with the salami in the solid tubes, they give you it in per 100 grams. That is a good example where some consumers would not be able or would not want to make that conversion from the price per 100 grams to the price per kilo. In my case I was able to use it very profitably and save myself about \$6 a kilo.

Senator PRATT—You are smarter than me!

CHAIR—On that note, we thank you for your evidence and for participating here this morning.

Mr Jarratt—Thank you.

[12.44 pm]

DIMASI, Mr Joe, Executive General Manager, Regulatory Affairs Division, Australian Competition and Consumer Commission

CHAIR—Welcome. Would you like to make an opening statement?

Mr Dimasi—No. I am happy to proceed straight to questions.

CHAIR—I guess the most direct question is: how do you see this bill as fulfilling the recommendations that you made into unit pricing?

Mr Dimasi—We have not examined the bill in great detail. We have made some recommendation on unit pricing and we certainly want to talk about those. But the bill goes through a whole range of issues which we have not examined and we do not have any particular comments or views on.

Senator FIELDING—I do not want to be negative to start with, but that surprises me a little, considering the amount of work that the ACCC have done on the grocery report. Given that this bill has been around for some time and given particularly your recommendation for a mandatory unit pricing system, I find it strange that you have not gone through the bill that Family First has put up. Can you just explain that to me? Given the amount of work that you have done, I would have thought that you would have gone a bit further and said: 'Look, we're going to recommend a mandatory system. We've got a fair idea of what it probably should entail.' Given that the bill has been around for a while, I am surprised you have not looked at it in further detail. I know you have looked at it—but in detail.

Mr Dimasi—It is not the ACCC's role to examine the bills of parliament and to make observations on them. I guess that is what policy departments are there for. Our job was to do an inquiry into groceries, which we have done. As part of that, unit pricing was an important issue and we have made a recommendation and we are happy to talk about that. We of course look with interest at legislation that deals with matters that involve us, but we do not go through and assess the proposed legislation. We did not propose to do that.

Senator FIELDING—Why did you recommend a mandatory system?

Mr Dimasi—We recommended a mandatory system because we thought that it was important that, if you had unit pricing, that unit pricing system be applied consistently and be applied with certainty. I guess, if you do not have a consistent system, a voluntary system can perhaps lead to people doing different things. That could lead to a number of things. One is that it could create some confusion for consumers and a second is that, if there was a prospect of perhaps a mandatory system down the track, it could impose additional costs, if you move from a voluntary to a mandatory system where people would then have to make changes. Indeed, that was one of the issues raised by some of the submitters to our inquiry. In fact, a number of them said that it should be a consistent compulsory system if you are going to have it.

Senator FIELDING—What would be some of the elements of a good mandatory system? Can you help us there? Obviously, you have looked at quite a few of the issues.

Mr Dimasi—Yes.

Senator FIELDING—What would make the elements of a good mandatory system?

Mr Dimasi—A good mandatory system we think would have a number of relevant parts to it. First of all, I think that the unit of measurement has to be clear and I think it has to be appropriate for the products that it measures. As I said, there has to be consistency, so you certainly do not want variation across the country. That imposes costs and confusion for consumers. I guess, in terms of some of the other features of a good system, you also have to ensure that there is a reasonable period of time for the implementation of the system. I think that reduces the costs—and it came through very clearly to us that that was something that concerned submitters to us. They are some of the issues. There are obviously quite a number of matters that are relevant to it.

Senator FIELDING—Things like the font size? Is that something that you think would need to be consistent and mandatory in some way?

Mr Dimasi—Yes. I think you do want to have consistency and you do want to have clarity about those sorts of things. To take font size as an example, there are a couple of issues there, if I can go into those, which came through from a number of submitters. One is that you do want to ensure that people understand, so it has to be clear, it has to be legible, but it would not want to be confused with the actual price for the product as a whole.

There is a prospect for some confusion there if it is not clear. There is a question of then ensuring that people have the ability to change over a period of time so that you have reduced costs.

There is a question in that the size of the font might mean that you need to change some of the shelf stripping, as the supermarkets describe it. That was an area where there could be some significant costs. You would need to weigh up the balance of how big you want that font size to be. Clearly, you want it big enough to do the job that we are recommending it should do, but then you have to trade off the possibility that, if you do end up—if it is big enough and it exists within the existing framework they have within their shelves and they can advertise their prices within that, the costs are clearly going to be significantly less than if they have to go and do their shelf stripping. The major supermarket chains in particular—Coles, Woolworths and Metcash—all suggested there would be significant costs involved if they needed to do that.

Senator FIELDING—Could you take on notice to have a more detailed look at the proposed mandatory system that the committee is looking at now and come back with some written comments specifically about those items? Given your experience and the amount of analysis that you have been doing on it, it would be insightful for this committee to have that.

Mr Dimasi—On what specific issues?

Senator FIELDING—On the bill that is before this committee. That is what we are looking at. We are looking at a proposed mandatory system; you are recommending a mandatory system.

Mr Dimasi—We are happy to answer any questions you have on it. If you are saying ‘evaluate the value of this bill’, that is not what we do. We are happy to answer a particular question on the particular bill.

Senator FIELDING—This committee is looking into a proposed mandatory system. Your agency has recommended a mandatory system.

Mr Dimasi—Correct.

Senator FIELDING—Couldn’t you look at that proposed bill and get back to this committee with some comments on that bill, other than just saying you have not looked at it? I think it is more than reasonable for this committee to ask the ACCC to look into the bill and come back with some written comments.

Mr Dimasi—If there are any comments that we feel we have to offer, we are happy to give them in writing just as we are happy to give them to you here. I guess what we do not usually do is give a pro and con assessment of a particular piece of legislation.

Senator FIELDING—For example, take Fuelwatch: the ACCC is quite happy to specify exactly what it wants Fuelwatch to look like; but with unit pricing, you seem to be saying, ‘Look, we want unit pricing but we don’t want to go into the detail.’ It seems to me that you are happy to go into one area but not another.

Mr Dimasi—If you look at Fuelwatch, the legislation has been prepared by the Treasury and they are the ones who prepare all the details. We have made a recommendation there and we have been happy to support that recommendation.

Senator FIELDING—I do not want to frustrate you or the committee. I am certainly feeling frustrated here. Obviously we want to start unit pricing as soon as possible, so the quicker we come up with the mandatory system, the quicker the retailers can start to implement it. But at the moment we are saying that we want a mandatory system, we have a proposed legislative framework to make that mandatory system happen and it would be helpful for all Australians if the ACCC could come back and look at the bill. If you are refusing to come back, I am happy for you to say that, but I want to know whether you are going to come back and look at the bill and provide something written—and not just a glib thing saying, ‘Well, this is one way of doing it.’ You have the nous and the knowledge and the experience of going through a fairly lengthy process and making some insightful comments on a bill that is before the Senate and this committee.

Mr Dimasi—I am happy to take that comment away. If there are additional comments that we feel we can offer that might be of value, we are more than happy to do that. But I guess I just do not want to mislead you, promising you that we will do an analysis of the bill, which is not typically what we would do.

Senator FIELDING—Maybe the ACCC chair should come next time.

Mr Dimasi—I doubt whether you would get a very different response, but you can ask him.

Senator FIELDING—Can you help Australians understand why the two major players, Coles and Woolworths, would resist unit pricing for so long? Given that you have found that there are substantial

benefits to Australian consumers, why would two of the largest retailers in Australia, say, for many years withhold such benefits from consumers? Why would they do that if it would benefit their own shoppers?

Mr Dimasi—That is a very good question. We asked them for their views and both have indicated that they could see that it would benefit consumers, and we provide that in our report. I think, by the end of the inquiry report, both Woolworths and Coles were on the record as providing some support for unit pricing. Indeed, if my recollection is right, Woolies have indicated that they will move to introduce it. Likewise, Coles, while pointing out some of the costs, have also indicated that they can see the benefits for consumers. So, why they have not moved to do that in the past, I could only speculate that clearly they did not consider it was in their interests to do so.

Senator FIELDING—My concern and I think most Australians' concern with your findings from the grocery inquiry is that you come back and say that we have workable competition—and this is just so typical of how Australia is held captive by two players who have stopped unit pricing coming in for many years. When they are literally about to be forced to make it happen, they are both saying that it is a great idea. Doesn't this show you that this workable competition in Australia—in fact, only since Aldi came in, which is an overseas player, have we at least got to have a workable competition. Before this overseas player we were not able to grow our own. I am not convinced that the ACCC has enough teeth or even the laws have enough teeth to make sure that we have competition happening and this is just typical. Do you have any comments on that at all?

Mr Dimasi—Your observation that Aldi's entry into the market may have changed the two majors' interest in Fuelwatch—I am sorry; you have me on the wrong track now—unit pricing may well be correct; that may well be right. As for the broader question of workable competition, we go to great lengths in our report to explain exactly what we mean in the state of play, so I think we have dealt in detail with it in the report. I do not think I need to add anything else to what is already there.

Senator FIELDING—All I will say on that issue is that workable competition is not satisfactory competition in Australia. I think a heck of a lot more needs to be done. I think it was a slap in the face to Australians saying that it was workable competition in Australia. That is my view on it. I am sorry but it seems to me that they have been forced now into unit pricing and they should have done it years ago. You can tell I am pretty annoyed about it. Thank you.

CHAIR—Your recommendation was that unit pricing should be mandatory.

Mr Dimasi—Yes.

CHAIR—We have just heard from the National Association of Retail Grocers that they are calling for a voluntary system. Is there any room for something in between, where, if a retailer chooses to and does opt in, a prescribed system is mandated?

Mr Dimasi—Our recommendation is for a mandatory system. The reason it is for a mandatory system is as I explained before—that is, you want to make sure that it is offered by all of the major relevant supermarket chains and you want to make sure that there is a consistent approach taken. One of the recommendations we made was that there be a cost benefit done to see where it should and should not apply. For example, with small stores, single traders and the like, there might be issues with whether the costs justify the benefits, so we did not specify exactly where that cut-off should be. But we did say that, if they choose to have a voluntary approach, that approach should be the mandated approach. Otherwise, you are going to end up with inconsistent unit pricing where some are mandated and have to apply the required regulated approach and others can then come in and say, 'This is our version of unit pricing,' or they might have a different unit of measurement, different approaches, and it would confuse consumers. So consistency is imperative in this, however it is done and wherever the cut-off might be.

CHAIR—That cut-off point is what NARGA were very concerned about. They were saying that at the lower end those retailers are going to have costs that are much higher than a much larger store. So I guess the argument was that if it was voluntary the retailer could determine for themselves whether there was enough demand from customers and enough benefits to go in and take that up.

Mr Dimasi—Yes, that is a fair point. I guess we were not prepared to specify where that cut-off should be simply because we recognised in principle the benefits and some of the costs that were being raised. In the time available, we were not able to go and make an assessment of those costs and benefits at the particular cut-off point to say, 'This is the appropriate level.' So I think that still needs to be done. But what we do point

out is that some independents can be quite substantial; others, of course, can be small traders with one or two firms and the arguments could be quite different in each case. It is those issues that need to be examined.

Senator BUSHBY—Thank you to the ACCC for appearing today. Just as an aside and following on from Senator Fielding, you note that there is workable competition. If grocery choice and unit pricing is the only hope for consumers—and I do not know that there is a lot of hope, although I concede that unit pricing will inform consumers to a sufficient extent in a way that they are not informed at the moment—I just want to follow on from what Senator Hurley was asking about your cost benefit analysis. What concerns did you have that led you to recommend that we need to do a cost benefit analysis to establish what the appropriate criteria would be?

Mr Dimasi—Sure. I am sorry; on your observation, there are a number of other recommendations in the report as well. But to move on to the specific question: the concerns are the ones that I think have been raised—that with small stores that may not have sophisticated IT systems and the size there could be some significant costs imposed and that we should examine those costs against the benefits that we believe unit pricing does offer. In the time available to us, we were not able to go and exactly look at what the costs might be.

Senator BUSHBY—Presumably, if there were additional costs imposed on operators at that end of the market, it would have an impact on their ability to compete?

Mr Dimasi—It would obviously affect their costs. We describe it as ‘workably competitive’. But, even in a workably competitive system, the costs are likely to be passed on to consumers one way or another. So we wanted to be sure that, in implementing this, we were not burdening businesses with costs that might—

Senator BUSHBY—Which might have the potential to upset the balance of the workable competition, in a sense.

Mr Dimasi—Sure.

Senator BUSHBY—We have heard evidence from a previous witness—and I think you might have been in the room at the time—of the Irish situation where they looked at criteria other than floor size as a way of determining what might be an appropriate way of deciding which store should be subject to the regime or not. Would you look at other criteria, such as the computer systems to be able to do it, as part of your cost benefit analysis, or would you just look at floor size? Would it be a broad net?

Mr Dimasi—Floor size is just an indicator. Turnover and the size of the business are generally good indicators of their ability to do some of these things and to minimise the costs and to spread especially some of the fixed costs that you might incur with the IT system over a greater range of products and revenue. So turnover is generally a good size that you would start from, and floor size is an indicator of—

Senator BUSHBY—It is an indicator, but it could be quite deceptive in some cases as well.

Mr Dimasi—You have to look at a number of other indicators as well.

Senator BUSHBY—I am glad to hear that your view is that that should be the case. That probably is all I need to ask you. Thank you.

Senator PRATT—I think you would have heard our deliberations with the previous witness. In regard to the pricing policies of retailers and their impact on producers and, I suppose, growing monopolies across certain retail lines in relation to imported versus locally produced products, do you think that a unit pricing scheme will influence one way or another growing trends where retailers are trying to become the dominant brand across any line of products?

Mr Dimasi—We thought about unit pricing and the impact it might have in terms of home brands versus other brands and the like and we could not really see how unit pricing itself would exacerbate in any way any of the problems that you are alluding to. Unit pricing puts the consumer in a position where they can better compare the price of the products. I do not need to tell you this, I am sure, but where you have different sizes the mental arithmetic can be quite difficult. It certainly is for me! I do the shopping and sometimes it is challenging. That is what it does. I think the conclusion of the report was that we could not see it leading in any way to some of the concerns that you might be raising.

Senator PRATT—In your view, do you think that the introduction of unit pricing will result in a translation of existing prices, or do you think that the way retailers, wholesalers and producers price their product will be influenced and therefore change as a result of unit pricing?

Mr Dimasi—That is a very good question. To the extent that retailers are concerned about the greater transparency of their price and how that might affect their pricing, so be it. We are not expecting a significant change in their pricing one way or another, but certainly we are expecting there to be a greater ease for consumers in comparing their prices. To the extent that that makes competitors more aware of each other's prices, I think that is a good thing.

CHAIR—Do you have a view about the unit size; should it be in kilos and litres? Also, what kind and how many exemptions should be allowed?

Mr Dimasi—We thought about that issue. We are not weights and measurements specialists, so I guess the important thing is that the unit should be appropriate for the product that is used and we felt that, for the agency that implements such an arrangement—rather than to set out up-front all of the details—there should be some scope to adjust because no doubt issues will be thrown up as this thing is implemented. So we suggested that there should be some room for adjustment as the scheme is implemented. I guess that was really our main view.

In terms of how many exemptions you should have, we think it is important that, if you are going to have unit price, you have it as widely as possible and you minimise the exemptions because otherwise you undermine the scheme. However, there clearly will be issues from time to time. I was interested to hear saffron mentioned. We were discussing saffron as an example on the way to this hearing. That is the sort of thing where you want to make sure you use a meaningful unit and that you do give the agency that is administering the scheme the room to make an exemption where appropriate. But we also would urge that these exemptions should be where they are genuinely justified and not be too widespread.

CHAIR—By the way, it is often quite hard to find saffron in supermarkets; it is not usual for them to sell it.

Mr Dimasi—And, if it resulted in greater quantities, I certainly could not afford it.

CHAIR—That is right. We have concentrated on costs to retailers, but it will also obviously be a bit of a cost to government to set this up. Have you had a look at those costs and which agency might be involved and how those costs might be minimised if it was mandatory?

Mr Dimasi—We have not had a look at that. In fact, we recommend that that work needs to be done. Again, we did not make any comments in that report about which agency should be involved. There is a department, of course, that has responsibility for weights and measurements and the like and I notice, as I am sure you are more than well aware, the COAG direction to move to a national approach on all of this. I guess that is probably where we would suggest you start.

Senator FIELDING—I assume the ACCC needs to know the detail of the mandatory system in order to assess the cost-benefit analysis of which stores it should apply to. I assume that that would be a fairly significant parameter; otherwise, you cannot do a cost-benefit analysis. Would that be right?

Mr Dimasi—Absolutely. In fact, when you say the ACCC needs it, it is the agency that does it that needs it. We did not recommend that the ACCC do this cost-benefit analysis; we recommend that it should be done. Whoever does it I think absolutely needs to know what it is. If you are doing a cost-benefit analysis, it has to be very clear that you know what it is that you are comparing the costs and the benefits against. So you would need to have that sort of information.

Senator FIELDING—So it would follow then that, the longer it takes to get to defining the detail of the mandatory unit-pricing system, there will be a delay before we can do that cost-benefit analysis, which will therefore delay the implementation of the system.

Mr Dimasi—The sooner you can specify exactly the scheme that you want to implement and on which you want to base your cost-benefit analysis, the sooner you can come up with an assessment and move to implementation. I completely agree, yes.

Senator FIELDING—That leads me back to my first thing. I would really appreciate it if the ACCC could help the Senate with what that would look like. There is a proposal before the Senate, which is the unit-pricing bill that Family First has put forward, and I think your views on that would be extremely useful to help us define that detail as fast as possible.

Mr Dimasi—I did know where your question was leading. We will have a look at it and, to the extent that we can, will offer any comments. We will try to be as helpful as we can, but I cannot promise any more than that.

CHAIR—Thank you for appearing here today.

Mr Dimasi—Thank you.

Committee adjourned at 1.13 pm