

## UNEDITED TRANSCRIPT

**THE HOUSE OF ASSEMBLY SELECT COMMITTEE ON GROCERY MARKETS AND PRICES MET IN COMMITTEE ROOM 4, PARLIAMENT HOUSE, HOBART ON THURSDAY, 25 SEPTEMBER 1997.**

**Mr RALPH CACCAVO, RALPHS VALUE PLUS SUPERMARKET, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.**

**CHAIRMAN** (Mr Benneworth) - Thank you very much for making yourself available to speak to the committee. You are aware, or have read the terms of reference of the committee?

**Mr CACCAVO** - Not really; I have not.

**CHAIRMAN** - Okay. We will provide you with a copy of that. I do not think it is all that important that you have not read it.

The committee has met now for about twelve months and is coming towards the end of its witnesses, and indeed I would suggest to you that you may

well be the last of the witnesses before the committee hands down a report. The select committee is looking into grocery prices but it has much wider terms of reference than that, and therefore committee members may well like to ask you questions that do not actually relate to prices.

So with that, it is our normal practice to simply ask you to maybe talk to the committee on what you would like to talk about and then members will ask you questions.

**Mr CACCAVO** - No worries. What I did was I just made some notes very briefly in relation to some of the problems that I am experiencing. At the moment I am labelled as the number one independent in Tasmania. The problems that I am experiencing - and they are not necessarily in this order; I have sort of just jotted some notes down - as we are all aware, the transport and the freight costs are one problem that we are experiencing. Contrary to what some of the others are saying, they are up to 15, 20 and 25 per cent; I think that is really exaggerated. Our freight costs vary from 3 to 4 per cent depending on the products. And if I can explain why. If we get Pal dog food, for argument sake, because they are smaller boxes, but if you start talking toilet rolls, tissues, well then you might just push just above 12 per cent, but the average would be between 3 to 12 per cent -

**CHAIRMAN** - On top of what you pay for it.

**Mr CACCAVO** - Yes, on top of what we pay for it. The one area that is of great concern where it does put us at a little bit of - that we are not really competitive is the sales tax; on the way that the sales tax is structured. Currently if you take the major chains, they all deal direct with the actual manufacturer. So what in turn happens is they pay the sales tax ex-Melbourne, but for us, because we get all our stock from the warehouse - from TIW - with TIW being the last wholesaler, that is where the tax is charged. So on top of the freight and on top of everything else, on top of their normal running costs of the warehouse et cetera, we pay the sales tax on a large more higher margin. I could prove this but I estimate I reckon it is costing me around about \$48 000 per year more in extra tax that I am paid on my current turnover. Mind you, some of the other stores it probably would not be as much.

**CHAIRMAN** - Do you hand that straight on, Ralph?

**Mr CACCAVO** - Well, yes -

**CHAIRMAN** - Because you have to.

**Mr CACCAVO** - because what happens is, say you take a product that is \$1 Melbourne plus 22 per cent tax. For us what happens is it becomes \$1; then say there is a component of another 10 cents freight, it becomes \$1.10. By the time the warehouse put their charge - a service fee et cetera - that product might come to \$1.30. So we are actually paying the 22 per cent on the \$1.30; we are not paying the 22 per cent on the \$1. That is where the discrepancy falls in, and that is of course where the likes of Coles and Woolworths and some of the other ones, because they are direct from the manufacturer, they pay that on the lower price. I estimate I reckon I would be pretty well spot on if I said about \$48 000 per annum that is costing me more there.

The other thing of course which is a concern is the land tax that we are paying. That I suppose is not really the fault of the grocery prices, but the land tax has a lot of bearing on that.

The other issue that has really knocked a lot of the independents fairly heavily of course is still the issue of the Saturday trading. In my case I have been sort of partly lucky because overall I think I would have lost about 15 per cent since the Saturday trading came in. I know that some of the independents have lost as much as 40 or 45 per cent. But in all fairness a lot of it is their fault as well because they have not really got up and had a little bit of a go like I do. But the Saturday certainly has created a lot of problems.

Of course if ever they consider the Sunday there is going to be an absolute disaster. If that comes in, a lot of the independents would have to close down. In my position I could probably afford to lose another 10 or 15. I would not want to lose it but if it came to that, I would still be in there. But that has been disastrous.

Another avenue that a lot of the independents have lost a lot of business as well is the Salamanca Market because there are more and more groceries being introduced there every week. They are selling products which we normally probably would not touch because of the expiry date and a few other bits and pieces. But of course with them not having the overheads that we have - like we have our fridges, we have to have this - if you care to look through Salamanca they are selling margarine and butter straight off a stall - open sandwiches.

But on Saturday mornings if it is a wet day we trade fairly well. If it is a good day, well all my customers disappear, and I suppose you would have seen them. I am only looking for things that have deteriorated the percentage of the independents. So Salamanca has certainly had an effect on our Saturday trading as well, more so this year I think than the previous years. Now whether people are looking more for bargains or whether Salamanca has become more involved and they are introducing more products, I do not know, but it has certainly had an effect.

Then we have insurance of course; the insurance is costing us heaps. Workers comp is very, very expensive in the State.

Another one that I have found which is costing me very, very expensive - and through no fault of my own - as Fran might know we have been burgled four or five times. I have spent to the tune of probably \$55 000 in having some of the most sophisticated videocameras, burglar alarms et cetera. But to give you one incident, we had the same young fellow break in three nights in a row, creating \$10 500 worth of damage and taking \$300 worth of cigarettes. So much so that now the insurance company - I have an excess of \$1 200 on plate glass, which is not worth me even worrying about. If they break the window I just pay for it. But of course it is a cost that I have to bear every time that somebody decides to smash a window. That might

necessarily be -

**Mr GOODLUCK** - It has an effect though.

**Mr CACCAVO** - But it has an effect. With the workers comp, we are probably the only supermarket at the moment, apart from one junior, we have all seniors; we run all seniors. When you take the workers compensation on that sort of amount of money it does add up at the end of the year, which we have to find.

The other areas where the big boys have it over us in particular is the Eftpos. If you take Eftpos I am paying \$125 per month rental on each terminal.

**Mrs BLADEL** - How much was that?

**Mr CACCAVO** - \$125 rental on the terminal. That includes the dedicated line that you have to have. Also we pay a percentage; with American Express it is 4 per cent and most of the others it is 2 per cent. They reduced it about four months ago after TIW really put pressure and the ANZ Bank brought it back. So it is a minimal 15 cents a transaction - depending on whether it is a credit card or debit card - or it can be as high as 3 per cent. I have it on pretty good authority that Woolies in particular pay nothing, but also the ANZ Bank pay them 2 per cent for providing the service. It is a pretty big slice out of my turnover.

I put Eftpos in about two and a half, three years ago. I did not really want to put it in but because of the demand. But now if you use \$100 000 as being a turnover, \$40 000 to \$45 000 of that is now done all in credit cards. So nearly half of my turnover is now done in credit cards. When you are talking those sort of transaction rates - that is all there; it is quicker - it is costing. As I said with all these, if you start to add them all up, all of a sudden there is not much left there.

The other areas that the big chains have a little bit over us, of course, is the advertising. As you all know, I am probably the only independent who does a fair amount of advertising - radio, television et cetera. But unfortunately my ad costs would be the same as it would probably have cost - I am assuming Woolworths or Coles do not get it any cheaper, but even if they said it was the same - of course one of their ads is probably reaching fifteen or sixteen of their stores, but in my case I am only reaching one - I always regard Tarooma as a half store. So really I am spending the same amount of money for one and a half stores. But of course there is not much you can do with that, but if I do not advertise well then I do not get them through the door. But it is costing a fair bit in the advertising.

I suppose now to get to the nitty-gritty - and this is only my view; this is only what has happened to me; I cannot speak about the other independents. The thing that I have noticed with the major chains, they really regard me, I suppose, as an opposition. I do not know why because their smaller store is doing three times the turnover that I am doing, but still they regard me as opposition. So much so that in the past - and it was not until two months or three months ago, when all of a sudden it came out that the price inquiry was on - but if you ever went into the K-Mart or if you ever went into Purity New Town and Purity North Hobart - and I think I might have mentioned this to you before, Fran - you used to see stickers, 'This price applies only to this store'. They matched me. We were on, if my memory is correct, it was either 625 products or 650 products, and they were all your better lines; they were not things you bought once a year. They matched every one of those prices only in those two stores, plus Coles. It was making it a bit hard for us but anyway. This is the problem I see with the majors.

Repeating what I said earlier, their smaller store would do three times more volume than what I am doing, but that is the thing that we have to be contented with. Ever since the thing came through that there was going to be a price inquiry, all the stickers were ripped off. Like traditionally I have run Betta Milk always at a discount price for the last four years. They actually matched me on Betta Milk, and then as soon as this thing came out with the price inquiry, their price is now back up to normal price.

But there was a lot of price discrepancies between each store. If Value Plus - Brett McKay at Lindisfarne - if he decided to have a couple of specials or a couple of letter-drops, straight away you would see Purity Lindisfarne drop the shelf price to meet his there. Just call it business competition or whatever, but it makes it a bit hard to swallow.

I find that one of the real major problems is that the industry is well overserviced. I think that is probably one of the real bad things about the grocery trade, that we have probably miles too many stores. If you take the big stores, I think all up they have 49 stores. If you divide that into a population of 470 000 - even 480 000 - that is only 10 000 customers for them a week. We are currently doing around about 5 000 to 5 500 customers, so it does not really leave a lot there for some of the smaller-type independents. I daresay these figures, you would know. At the moment Woolworths has 52 per cent and Coles 23 per cent of the market. They are disclosures as I can ascertain through the warehouse.

**Mr CHAIRMAN** - How much was Coles in your figures?

**Mr CACCAVO** - 23.

**Mrs BLADEL** - And Purity is what?

**Mr CACCAVO** - Purity is 52. So it does not leave a great deal there for the independents.

Of course another thing that has really knocked the independents around a bit, ever since the service station - and Bruce is going to love me now - decided to sell Pal and quite a few of the other grocery items. It is another avenue for them but, of course, it is eroding some of the smaller-type independents.

**CHAIRMAN** - I do not want to throw you off your notes, but how on earth do those service stations buy like that? Where do they buy?

**Mr CACCAVO** - Strange enough most of them - see what happened was that we used to own Caterers Market, which was a wholesaler, but basically more so for the food industry - motels et cetera. We were approached quite a few years ago to supply the service station, which we did not want. They said, 'If you don't do it, somebody else is going to do it', and so we started supplying them. Then I lost Dad about three years ago, then I lost my brother, and I started to sell Caterers Market. It was too much; we just could not cope.

We approached almost every Tasmanian that we knew but no one would buy. It came that I had to sell it to Woolworths, which is something I really did not like. That became part of No Frills. So what has happened is that now No Frills are the ones who are doing all the supplies to the service stations and anywhere else that you see. That is where their stocks are coming from. Of course, the service stations most of the time they probably buy Pal at about \$1.94 or \$1.95, and they put it out for \$1.99, because to them it is only a drawcard; they are only making 4 cents.

Coca Cola - I cannot actually buy as cheap as what the service stations because Coke have this thing - what they call the route trade. I am actually better off to buy my Coke off the service station than what I am buying direct from Coke. It does not make sense, but unfortunately that is the way it is. That is where the service stations are getting a lot the sweets and most of that they are getting straight from there.

The other thing is that for every dollar spent through the independents most of that dollar, if we are lucky to make a profit it, stops; it remains in here, whereas, of course, with a lot of the major chains we all know that the profit has gone straight out of the State.

I mentioned to Fran the other day that there are quite a few independents that have actually rang me and they really want to expand their business.



But the reason they are reluctant is because I guess we have been bitten once with the Saturday trade and, as we are all aware, every few months the Sunday trade comes in, and quite a few of them are not prepared to do it because there has not been a real directive from the Government saying, 'We will not look at Sunday trade for the next five years' or 'We've got to do it in two years or whatever' or 'Okay, we have the referendum, until next year'. A lot of them have said, 'Well, we're not prepared to do that'.

Since we have sold Caterers Market, the warehouse next to me has become vacant, which I want to put in a fairly large foodbarn - petbarn sorry, not foodbarn - but I am a little bit reluctant as well to spend the money to expand there just in case the Sunday trade does come in. That, I think, is stopping a lot of the locals from taking that next step into it. I just thought I would mention that because that is something else that probably needs to be addressed. If we all know that it is going to come in next year, then if you are smart enough you allow for it - you know, if the heat gets too hot in the kitchen, well you get out. But this way it is the uncertainty. That would be one thing that I think would help a lot of the independents.

**CHAIRMAN** - Do you not have a government guarantee until the year 2000?

**Mr CACCAVO** - No, I think it is next year; it was for either four or five years. I do not think it has got until the year 2000; I think it is some time next year.

**CHAIRMAN** - Have you written to the Government?

**Mr CACCAVO** - Not really, no, because I got burnt once. I went to see them when I bought Taroona because I really felt that Taroona could be upgraded a little bit anyway. Then I was promised, 'Look, Saturday trade, forget about it'. Anyway I spent a small fortune in buying Taroona and doing all the renovation. I had only been there a bit over twelve months and bang, the Saturday trade came in and really - one thing about it, you have to be truthful. The one thing is it has not affected Taroona - the Saturday

trading - because it is more of a village. So you have your local customers and they really do not - Taroom between a bad week and good week they will buy something like \$200; you are there. But I was a little bit disappointed after being told, 'There's no way in the world that the Saturday trade will even be considered. You've got it and we don't want it' and then bang, in twelve or thirteen months. I am just glad it happened at Taroom and did not happen at - that I had expanded Campbell Street or somewhere else, because that would have cost me very dearly.

**CHAIRMAN** - I am sure this committee will take that up with the Government for you.

**Mr CACCAVO** - Yes. As I said, I have had quite a few independents ring me. I think they need some sort of assurance. If it is going to come in next year, well then they will gear up for it, and if it does not or you have got until the year 2000 or whatever, then they know.

The other thing of course is the current advertising with all the give-aways like Frequent Shopper, Fly Buys - what is the last one they got, some bargain thing or whatever. That unfortunately in real terms is costing the consumer around about 2 to 3 per cent. That is what it is costing. That really was highlighted when the price inquiry started because there was a difference in price between north and south, even though they are being controlled by the same chain, and the prices apparently now have changed; they do not have statewide prices. But now it depends for how long they are going to keep them because I know that they have dropped 2 per cent basically in southern Tasmania. Now that the Frequent Shopper and quite a few of the Coles Fly Buys et cetera have been introduced, I think it is only a matter of time before you will find the prices will gradually start coming back up, because it costing them a minimum of 2 per cent to service it.

We originally looked at - and I was the first one with Frequent Shopper; I still have it in my computer - but when I looked at the cost of service I said, 'No, forget it', because at the end of the day, what are you really giving the customer? You are not giving them really anything; \$20 in \$2 000, and it is probably costing me \$40 to service. So I said, 'No'. It is still sitting there; it is still one of those programs that I bought. But it sounded good at the time.

It is expensive and the consumer is paying for it; there is no risk. I said about the 40-odd stores that they have got.

The other thing - and really this is not, I do not think you can price anything that is going to do it - for some reason the consumer still has this - and I suppose up to a point rightfully so - thing in their mind that the small shops are expensive. If it was not for the fact that we are trying to take Woolies or Coles head on, I would like to be able to do a price comparison. The only thing I was a little bit disappointed with was Duncan Kerr when he was doing it, that he never ever did my store because he would be in one hell of a shock if he did. But the consumer still sees the small or the medium-sized supermarket as being expensive. I know they have every right to because in the past - and I am not racist by the way - I know the Greeks, because they used to control a lot of the small stores, I know that their prices were absolutely exorbitant, and I guess up to a point they are probably more to blame for the current situation than the two major chains who have such a dominance; it really was because of some of the prices they were charging. But if you take, like Festival, we would have to be around about 1 to 1.5 per cent cheaper - we are talking shelf prices.

**Mrs BLADEL** - That is across the range?

**Mr CACCAVO** - Yes, we are talking shelf prices. And Value Plus, their price file is almost identical with about probably 0.5 per cent maximum - either a bit cheaper or a bit dearer than the big boys. That is, of course, providing the independent who is running Value Plus is sticking with those prices because that final is based on the Vos final up north, whereas the Festival is based on the Vos but less certain percentages. But to try to get that message across to the consumer that we are cheaper, man, it is not easy. I do not know how you do it, but if you take Ralphs with the specials I run, we know for a fact that we would be anything up to 6 or 7 per cent on a total grocery buy - especially if you buy the specials with it. But to get that to the consumer it is almost -

**CHAIRMAN** - Ralph, can I just clarify one point that you made then. You are talking Festival at 1 to 1.5 per cent cheaper than the majors, provided that they stick to a recommended retail price.

**Mr CACCAVO** - Yes, I am talking - because unfortunately with any industry you will get the odd person that either gets a bit greedy - I am here, you have to be fair, you have to speak the truth - either he gets a bit greedy or otherwise he is having a few problems making the bottom line, and what he will do - because most of the Festivals - our price file is done by TIW and then it is down-lined. But I can still change a price if I want to change it. So, if all of a sudden he feels that, 'Gee, we're only making 6 per cent on Nescafe; that's not enough, I am going to make 9', of course if he bumps that price a bit then the 1.5 per cent I have quoted might vary slightly.

But if they do the right thing by the group - and I think there would be very few people that are doing it; I think most of the Festivals - you might get a few of the smaller-type Value Plus I think that might go to the old computer and say, 'Just give them an extra 1 per cent on this, and 2 per cent on that'. But I can only speak for myself. As I said, we certainly do not touch any prices; we work on the straight file.

**CHAIRMAN** - Would it be an unfair question of me to ask - and it may well be and if it is do not answer it - what sort of margin do you need to operate a good successful grocery store? Maybe if I could just take that an inch further, what do you presume Coles-Myer is working on or Woolies, and what do you presume the average grocer is working on? You do not have to answer it -

**Mr CACCAVO** - No, I will answer it because I have nothing to hide. In our case the perfect margin - what I would regard as the perfect margin, in order for me to show a return on my investment et cetera - would have to be around about 22 per cent. On some of the other Festivals perhaps it could be fractionally less because they do not do advertising. We spend something in the vicinity of about \$80 000 a year on advertising, and that has to be funded from somewhere. Mind you, I am not achieving 22 per cent; I am saying that is what I would love to see. The smaller-type operators could work on fractionally less than this because their overheads are not as great as mine.

Your other question was the majors. I think you will find that the majors would be getting in excess of 22 per cent - that is, if everything was brought in. For me to ask a rep, say 'I want to run that flask on special' and he says, 'All right; we'll give you \$100 towards the effort'. But with Purity, a Red Spot is \$5 000. If you look at their invoice, you might say, 'What's Ralph on about; they're paying almost the same price'. But, no, it is all the add-ons that you normally do not see, like advertising. They charge x amount just to get your product displayed on the shelf. Coles at the moment for every new product I think it is about \$10 000 to get it even on the shelf before you even start, and no guarantee whether they are going to order one carton or a hundred cartons. Of course it is all the rebates and it is all business where they make it. They would certainly be well over 22 per cent.

**CHAIRMAN** - Okay. Thank you for that; I appreciate that.

**Mr CACCAVO** - Then of course we always have the Government departments. I approached the Hobart City Council. I went down with Monty East from Drafting Services about three weeks ago and we were looking at trying to open the whole shemozzle up at Ralphs - expand it and everything else. Then the question came up - we have got that brick house at the front, which to me has to be the most ugly looking thing you have ever seen. But with that being old the National Trust decided to list it. Do not ask me why, because it is just a square box and the bricks you can still buy today. If they said Werndee I would have said, 'Okay, fair enough'. Here is Werndee that has got a lot of history and everything, and it is not even listed, and yet they go and list this thing.

**Mr GOODLUCK** - It does not make sense.

**Mr CACCAVO** - I am arguing with them at the moment but it is just all the frustrations I am having to go through. But I guess that is not -

**Mr GOODLUCK** - You wanted to expand out the front.

**Mr CACCAVO** - Yes, I wanted to expand it.

I have talked about profit.

**CHAIRMAN** - Can I just go back and check on profit while we are on it, because I just want to get this perfectly clear in my head. When you say 22 per cent or greater, is that 22 per cent on your buying price out of the warehouse, so that you buy a packet of Fab out of the warehouse at \$1 and you would be looking to sell it at \$1.22?

**Mr CACCAVO** - Yes, \$1.22. I can give you roughly the break-up. Out of 22 per cent, even if you look at the majors, 2 per cent of that is rent because most of the properties they do not own, so therefore that is what they pay; they pay 2 per cent in rent. Most of the independents are probably paying a fraction more because of our turnover. If you own a property that is worth \$1.5 million and you are paying \$50 000 a year, you are going to laugh at me. So the independents are probably paying a bit more. So if we say 3 to 4 per cent being the rental. My wages currently are running at 9 per cent, so we have 13. I would probably spend nearly 2 per cent in advertising. And then of course you have all the other things - insurance et cetera. So at 22 per cent I would hope to try and achieve a 2 or 3 per cent bottom line. It is hard.

**CHAIRMAN** - That is what I was keen to get.

**Mr CACCAVO** - In our case it becomes even harder because I trade that extra hour. My wage component is greater because from 8 to 4.36 or whatever time they have to knock off, I have to bring somebody else in just because I am there until 7. It was not until recently we had to even pay overtime from 6 o'clock to 7 o'clock because the award stated that 6 o'clock was - but now I have been lucky; I have got an enterprise agreement through which has helped us. It has reduced, but I am still around about 9 per cent of turnover in wages.

**CHAIRMAN** - Actually you have hit the figure that I am now looking for. So your bottom line is around 2 to 3 per cent.

**Mr CACCAVO** - Yes.

**CHAIRMAN** - It is the bottom-line figure I am looking for from Coles and Woolies. This committee has been told - and it is only hearsay - that they would probably be looking to pull around 5 per cent bottom line.

**Mr CACCAVO** - I reckon they are pulling more.

**CHAIRMAN** - Do you?

**Mr CACCAVO** - I think so.

**CHAIRMAN** - And in your knowledge of this industry, would they be pulling more or less than that in Melbourne?

**Mr CACCAVO** - In Melbourne they would probably be pulling fractionally less because - and this is where the real problem comes. In Melbourne you do have a lot of other very, very large stores. A store the size of mine - I went through that grocery, the IGA seminar on the Gold Coast three weeks ago. A store in Queensland roughly the same size in area as mine was doing three times the turnover that I am doing. That is the difference; we come back to the lack of population. But also what happens in Victoria or any - apart from, I guess, Perth - what happens is that you do have a tremendous lot of other wholesalers, so you do not necessarily have to buy just through one; you have other avenues.

The manufacturers are there; they are going to offer you the deal. You do not have the freight component. You say, 'Oh, geez, we've got to send 20 pallets to Hobart; it's a pain in the neck', where they can go and sell 20 pallets to an independent. That is why the majors are not allowed - well, I will not say not allowed - but if they want to compete, the market is a lot more competitive, whereas down here they basically can put a price and that is it.

**CHAIRMAN** - Ralph, another million people, what would that do to your bottom line? It is incredibly hypothetical, but I am really looking for the economies of scale.

**Mr CACCAVO** - Providing that you left everything as is, because it would be no good bringing another million people; you would go and whack another 90 stores because then you would be back in the same - my bottom line -

**CHAIRMAN** - You would triple it.

**Mr CACCAVO** - I would triple it.

**CHAIRMAN** - So that is the real economy of scale, isn't it.

**Mr CACCAVO** - Yes.

**CHAIRMAN** - It is the lack of people coming through the door is the big factor on the bottom line.



**Mr CACCAVO** - That is right. I could show you a graph on my computer, like between 8 and 9 - don't quote me as being spot on, but they would be pretty close - my checkout operator might be busy for 3 per cent of the time. The only time it goes up to around about 35 or 40 per cent is between the hours of 5 and 7. Now, the rest of the day I am paying two or three check-out operators to stand there, and of course as soon as you say, 'I'll put one off', sure enough you will get a rush. You are damned if you do, and you are damned if you do not. That is the way - we really are lacking population.

**CHAIRMAN** - You are really geared up to service four people per checkout per minute, aren't you?

**Mr CACCAVO** - Yes, basically.

**CHAIRMAN** - And if they are not coming through, you still have to have the same gearing there.

**Mr CACCAVO** - You still have to have the same there. It is the same with the butcher shop. I mean, the butcher shop is the most expensive part of my operation. But it is the same; I have to have a butcher there. Now, Fran might come in and want this, and all of a sudden he has got nothing to do for an hour. But I am still paying him; he is still costing me money. I cannot say to him, 'Look, I'll pay on what you sell' because I would not have him. It is the lack of population that is really killing us.

**CHAIRMAN** - Are there any other external factors like that that are directly playing around with bottom lines in Hobart or throughout Tasmania?

**Mr CACCAVO** - In what respect, sorry.

**CHAIRMAN** - Well, the lack of population or the economies of scale, I think, certainly in my mind, are starting to really add up to a fair proportion of why costs are a little bit higher in Tasmania. I think you identified a few of them. You identified such things as Saturday trading, land tax, sales tax.

**Mr CACCAVO** - They all add up because you have to pay them - like the Hydro. You see, I run a cold store and people come in and say, 'It's too cold; I'm not coming in here again'. I put my heaters on and it costs me \$38 000 a year to run the electrical heaters. It is all lease. The heaters run regardless of whether you have one customer or whether you have 100. Of course, if you had 100 customers every time I would be laughing my head off.

Certainly the bottom line is suffering; I am feeling the pinch. I mean, I do not make any ifs or buts. It is just that the overheads keep escalating and, as I said, with that 15 or 20 per cent that I lost with the Saturday trading, I am still feeling it a bit.

**Mr GOODLUCK** - Was Caterers Market a good proposition, Ralph?

**Mr CACCAVO** - Well, Caterers Market was entirely different, Bruce, because there you dealt more with volume - it was more volume. An order to a restaurant would always be \$400 or \$500. To service that \$400 or \$500, it cost less than what it cost me to service a customer who spends \$20 at Ralphs.

**Mr GOODLUCK** - So it was a good adjunct to your business.

**Mr CACCAVO** - Mm. But in most cases where the real - the pressing thing is, if every customer came to my shop and decided to spend an extra \$2 or \$3 per week, it would be good. Like Tarooma, you know, it is on the border-line: 'Do I close it or do I keep it going'. Honestly, if every shop at Tarooma spent \$5 extra for the whole centre, not just at Ralphs, it would be viable for everyone in there. But at the moment they are all screaming; the butcher is

screaming, and I say, 'Look, what do you want from me? I'm advertising; there's only so much I can do.' But in most cases, as always, only a \$2 or \$3 extra purchase per customer. Like my spend rate per customer is \$18, I think it is, the last time I checked. If I could get that around the \$20 to \$21, you would make life a lot, lot easier for me. But how do you tell the customer, 'Look, I want you to spend an extra \$3?'

**Mr GOODLUCK** - You cannot.

**Mr CACCAVO** - You cannot do it.

**CHAIRMAN** - You would not, by any chance, know what Coles and Woolies' spend rate is?

**Mr CACCAVO** - I could find out, but it would be a lot greater than that.

**CHAIRMAN** - It would be?

**Mr CACCAVO** - Yes, it would be a lot, lot greater than that.

**CHAIRMAN** - Could I just go back a little bit; I just want to really make sure that the committee is fully understanding the percentage markets. When you are talking your margins or your mark-ups are about 22 per cent, is that including the transport?

**Mr CACCAVO** - Oh yes, that is everything.

**CHAIRMAN** - That is including the transport.

**Mr CACCAVO** - Yes.

**CHAIRMAN** - So your rent is 2 per cent; wages 9 per cent; advertising approximately 2; insurance da-de-da, and freight make up the rest.

**Mr CACCAVO** - Yes, but I think we should get one thing clear on freight. What happens in our situation because probably - I had better rephrase that. Every independent runs a bit different than what I run. I would say 99.9 per cent of the independents do not run their business like I do. I do a lot of what we call direct buys. I will approach them in a factory in Melbourne and say, 'Look, it's just me; for a price I'll take 40 pallets'. I buy that direct; I buy it outside the warehouse. But 99.9 of the other independents, they all get it from the warehouse. So your freight component and everything is through there; it has already been added on. So they do not really pay any freight because it is already included in their price in the maintenance.

**CHAIRMAN** - And you are positively sure that you are better off doing it that way?

**Mr CACCAVO** - In a lot of cases I am. What happens is that if you take the TIW -

**CHAIRMAN** - TIW being the Tasmanian Independent Warehouse - the Launceston warehouse - you are buying out of there?

**Mr CACCAVO** - Yes, the Launceston warehouse; we buy it out of there. What happens is they run Statewide warehouse, which is the body that supplies all the independents, but also supplies Vos. Now, 60 per cent of that warehouse is owned by Woolworths and 40 per cent is owned by

Statewide.

They purchase the products, so the products come into the warehouse. Then depending on the volume that you buy, you pay a service fee. For what I was led to believe originally the service fee should have been sufficient to run the warehouse, but I do not think that is the case. I think what happens is they put a percentage - it might be 4 or 5 per cent - already on that cost, already on the cost of this pen. Then on top the shopkeeper pays the service fee, which can be as high as 5 per cent. In my case, I think I am paying 2.8 because of my volume. Vos I think is paying 0.75 per cent. So that is how the price is based. But when I do it on my own, I save that 2.8 service fee, but I can normally do a side deal with the manufacturer and say, 'Look, for me to buy 40 pallets', so he might give me a \$1.20 per carton off; he might give me \$2.40 off, and that is why with my specials and a lot of my prices most of the others cannot compete.

**Mr GOODLUCK** - The group do not mind you doing that, Ralph?

**Mr CACCAVO** - Well, they do not like it but, I mean, they do not have any other choice because they do not want to keep doing it because it is my only - see, what I have done; I have sort of gone out on a ledge, Bruce, not like the others. I mean, I advertise under the Ralphs banner, I do everything under the Ralphs banner, and I have to keep doing it because for me to stop now, I do not know whether the Festival would be strong enough for me to maintain my custom. It would be nice if it was because it would save that \$80 000 advertising and probably \$400 000, \$500 000 worth of stock which I am currently holding. It would be beautiful to do it but I cannot take the risk, if all of a sudden I start coming back.

**CHAIRMAN** - So when you go over to Mr Kellogs in Melbourne and say, 'I'd like to buy 20 pallets of Kellogs Cornflakes because I want to run them on special', Mr Kellogs sells them to you at \$1 a packet plus freight, or \$1 a packet free into store?

**Mr CACCAVO** - No, it is always plus freight. Like, I gave you an example this morning: I have been offered some Pal dog food. I rang Tas Freight Service, I rang Holymans, and I rang Peter Baraca from Stokes and Hammond because he has a little bit of a freighting company as well. The best price I have been able to come up with to date is 16 cents per can to bring them down. The price they have asked me for the Pal is hardly worth me buying it because there is only about probably 6 cents difference from the warehouse price to what I can land it, and when I have taken an outlay of \$25 000 to get it, well, it is not worth my while.

**CHAIRMAN** - If Mr Geskus goes to Melbourne and buys that 25 cartons of Kellogs Cornflakes, he gets free into store, does he not?

**Mr CACCAVO** - He would, yes.

**CHAIRMAN** - But you do not?

**Mr CACCAVO** - No, because they do not recognise me as a wholesaler. Also the problem that you have - and this will never be proven - with most of the major companies their fear is always of upsetting the big boys, because if they upset Ralph, terrific. You might have lost 20 cartons a week, but with them you have probably lost 20 000, if you take the whole lot of Australia.

**CHAIRMAN** - What about some of your brothers operating in Victoria, for example?

**Mr CACCAVO** - I do not have any.

**CHAIRMAN** - You haven't.

**Mr CACCAVO** - No.

**CHAIRMAN** - So there are no little independents - strong little independents - like you running anywhere else?

**Mr CACCAVO** - Oh, there are on the mainland. Over there, as I said earlier, they really give the big boys a bit of a touch up because over there, first of all, you have your fresh market where you can go and buy your fruit, whereas even the fruit juice - we are talking groceries - but even the fruit here is basically almost a monopoly. You have Baraca's, you have Stokes and Hammond, you have Purity themselves doing a bit of wholesale, and you have Launceston Market Supplies. They are the three major players. There you have Best and Fresh, but very small. Chung Sing buy most of their stuff from Stokes; he buys from Purity so you do not really have the competition, whereas if you are in Melbourne, you can go to the market yourself. Say you have three cases of tomatoes and you pick them at the right price, or you can go to a manufacturer. Then you do have a lot of other distributors there where you can normally get a fairly good deal. But down here -

**Mr GOODLUCK** - It comes back to population again, Ralph.

**Mr CACCAVO** - Mm. That is what it really comes back to.

**CHAIRMAN** - Were you a member of the Tasmanian Independent Wholesale group prior to Woolworths buying in - when it was the old Statewide?

**Mr CACCAVO** - No, I was not.

**CHAIRMAN** - Do we have any evidence, or anecdotal evidence, that things tightened up when Woolworths bought in there?

**Mr CACCAVO** - Well, there is only one guy who would know that, and that is John Fiotakis from Jim's Oasis up in Davey Street. He was involved when initially Purity was doing the supplies. I am not sure if you are aware, but a few years ago Purity was supplying all the stores here, then Sam Richardson - I do not know what all the political thing was - and then we started getting our supplies from up north. But John Fiotakis was involved right from - and he is also a director of Statewide; he would be the best one. He is currently in Cairns; he is not due back before Wednesday, but I could find out if that is important.

**CHAIRMAN** - No, it is all right. Can I just take you back again - I am sorry to keep going back over old ground, and I am aware of time too, if anyone else wants to ask a question - I was not referring to your real brother; I was just really trying to get the picture in my mind of an aggressive little independent like you are sitting in Ballarat in Victoria. The advantages that he would have over you are that he has more places to buy -

**Mr CACCAVO** - Yes.

**CHAIRMAN** - more warehouses to buy from.

**Mr CACCAVO** - Right.

**CHAIRMAN** - Would his freight costs be a lot different?



**Mr CACCAVO** - No. I do not think they would be anywhere as much as what -

**CHAIRMAN** - As yours, because your freight is -

**Mr CACCAVO** - Unfortunately that stretch of water is most expensive; it is a killer. I will give you an example. When we had Caterers Market, I ordered some Italian peeled tomatoes, because tomatoes were very, very short and we need it for the catering. It cost me \$1 800. The peeled tomatoes left Naples, they went to Amsterdam to Port of Melbourne, and it cost me \$1 800 for freight. To get the same container from Melbourne to Hobart cost me \$1 600.

**Mr GOODLUCK** - Nearly as much.

**Mr CACCAVO** - Nearly as much. I argued with them, but that was it. Then on top of it I had \$100 between customs and everything else to clear it. I said I wished they would clear them in Melbourne. That is unfortunate when you talk 20 pallets and you start putting \$1 600, you are virtually putting another \$100 per pallet, and somewhere along the line the consumer is paying for that. It is a lot of these hidden costs - sorry, the costs are not hidden - but that is really what is pushing the prices up.

**Mr GOODLUCK** - We need waterfront reform in Australia.

**CHAIRMAN** - We do.

**Mrs BLADEL** - We need big bridges.

**Mr CACCAVO** - Mm.

**CHAIRMAN** - How much shoplifting goes on in grocery markets?

**Mr CACCAVO** - Heaps. I reckon Sam Richardson always batters around the figure of about 2 per cent, and I think he would be pretty well spot-on. Judging by what we have bought and -

**Mr GOODLUCK** - Do you have much up there, Ralph?

**Mr CACCAVO** - Heaps. If I showed you some of the tapes and some of the people, you would be absolutely astonished. You would say, 'Oh, come on, Ralph', but the tape does not lie. And the abuse. I have got to the stage where if I catch them I say, 'I don't want you back here'. I do not even bother charging them because the amount of time -

**Mr GOODLUCK** - You pick them up on camera, can you?

**Mr CACCAVO** - Oh yes, we pick them up on the camera. The amount of time it takes me to go to court, and I have been threatened; I have been threatened to have my head punched in, and I will not use some of the language because of the ladies here. A guy pulled a screwdriver on me; a young kid really freaked us out - he would only have been about sixteen - and we caught him with a can of Coke. I said, 'Next time you want one, ask me', and oh, the language. He pulled out a handful of razorblades out of his -

**Mr GOODLUCK** - Oh, yes -

**Mr CACCAVO** - Did you remember that one?

**Mr GOODLUCK** - Yes, I do.

**Mr CACCAVO** - Unbelievable; it is unbelievable - sixteen years old. 'Life's not good living'. I said, 'I couldn't care less'. I took him upstairs and gave him one hell of a lecture and thought at least I had done some good. I do not know whether he listened to it. It is unbelievable some of the things you hear.

**CHAIRMAN** - It is very sad, is it not.

I am really starting to harp, I know. But can I just take you back again to the \$48 000 a year that sales tax is costing you. Again, it is a rude question, I guess. Are you passing that on to customers? Is that affecting your prices to consumers?

**Mr CACCAVO** - Yes, it is.

**CHAIRMAN** - So you have to pass that straight on.

**Mr CACCAVO** - Well, it is passed on; it is not actually passed on by me, but it is passed on when I buy from TIW, because the price already has got the sales tax component in it. The sales tax is paid at the last -

**CHAIRMAN** - It is affecting your price-buying price, is it not?

**Mr CACCAVO** - Yes, it is affecting it. In other words, when you really look at it, if you take that on my turnover, if you take that against the chains, you are talking millions. With a turnover of, say, \$100 000 per week, that is what I based that \$48 000 on. Imagine if you take Purity, Sandy Bay; I think he is doing about nearly \$800 000 a week, and if you start multiplying, that is a lot of money that he is saving.

**CHAIRMAN** - Have you pushed Eftpos hard with your own bank?

**Mr CACCAVO** - Well, we have. It was not until Sam formed basically a group that we all joined that the charges have come right down. But at the beginning it was costing a lot more than some of those figures.

**Mrs BLADEL** - But are you still disadvantaged with the charges?

**Mr CACCAVO** - We are, because we are doing the bank's job. Up to a point we do take a risk because if the girl happens to zap and does not look - cancels - and gives you the groceries, well, I have lost that. It might be a \$100 order but because the girl has forgot to look - approved or whatever - well, I have lost it. We are paying for the lines, we are paying for the rental on the machine, and the others are actually getting - they are getting everything free plus they are getting 2 per cent of it.

**Mr GOODLUCK** - Yes, a discount on it.

**Mr CACCAVO** - They get a discount on it.

**CHAIRMAN** - About half your turnover of \$40 000-odd is going -

**Mr CACCAVO** - Yes, it is surprising.

**CHAIRMAN** - You said it was going on credit cards. Do you actually mean debit cards or both?

**Mr CACCAVO** - Yes, both, because you have to debit all the credit cards now. I do not really understand fully how they work.

**Mr GOODLUCK** - A credit card they have got the money there, and the debit card they do not have it.

**Mr CACCAVO** - Yes. All I know is the customer says, 'Saving, credit or cheque' and I just push the button and say, 'Yes, there you are' and let the machine worry about the rest.

**CHAIRMAN** - My final question - and then I will shut up, I promise you - what sort of service are you getting these days from your rep? Is he of value? Is he passing on the deals? Are they honest?

**Mr CACCAVO** - Well, that was the next thing I was going to actually bring up. One of the greatest tragedies of all time really is being with the three groups - and this is TIW as well, of course - having got that amount of market share. If I recall back fifteen years ago - well, I have been in business a bit more than that, but say fifteen years ago, even as much as six years ago - almost every major manufacturer had a little depot; they had a manager or a State rep; they had a merchandiser; they had a little delivery guy, and they had a store. So almost for every manufacturer there were five jobs. What is happening now - and one of them, Pat Beswick, has been with Kellogs now I do not know how many years; he finishes at the end of next month. They do not have a State rep any more.

Sanitarium, Kellogs - there have been heaps where they have closed down and now they find - and I do not blame the companies - it is cheaper every six weeks to put a guy on a plane, send him down here. He only has got three major accounts. What they do, they either work through a broker down here, or they will work with a merchandiser. The merchandiser just comes around and makes sure the product is still there. But that has created a tremendous loss of jobs, and of course money in the State.

At the moment, Mike Colrain with Bowater Scott, he has been with them 22 or 23 years. He says, 'Look, if it's not this month, it's next month. They're not going to have a rep in the State any more because they can't justify my wages' - and I do not blame them, because it comes back that there are only three accounts, whereas before it was not quite as condensed as this. Fran or Ralph could easily justify, 'I went to see Rob, and I went to see this, and I went to that', but at the moment they are just bang, bang; they are all price cutting, they are all cutting off there.

Of course the reps some time - a lot of the deals are certainly not passed on fully, and this includes TIW. A lot of course is put down, 'Well, we have to advertise the product'. So if a rep gives a \$2.40 deal, they might only pass \$1.20, and the other \$1.20 their justification is advertising. Of course once we take \$1.20 we are not as competitive as - and that is probably where the success of Ralphs has been, because it will always ask the rep for a bit more - call it double dipping, or whatever you call it; touch wood. Up until now it has worked, it does not always work. But sometimes because of the quantities, they are inclined to give me a little bit more.

**CHAIRMAN** - Did you know Jimmy Tsinoglou before he went out of business?

**Mr CACCAVO** - I only met Jimmy once. I met him probably, I think, about three or four months before he sold the business to Coles.

**CHAIRMAN** - I think he is obviously running a business very similar to what you are doing.

**Mr CACCAVO** - Yes, he was doing a similar job.

**CHAIRMAN** - And good on you for what you are doing, incidentally.

**Mr GOODLUCK** - Can I ask a question while you are thinking? Do you have much to do with Chickenfeed? Do they worry you at all?

**Mr CACCAVO** - Well, Rudi is going to definitely be a big worry.

**Mr GOODLUCK** - He is going to be a worry, is he?

**Mr CACCAVO** - He is definitely going to be a major, major worry. Whilst I have a lot of time for Rudi - we have been good friends and have lunch quite often - he is going to be a real worry for the grocery trade. Once again, you see, you have a situation like him where I guess if I really provoked Coles or Woolworths, all they have to do is to run North Hobart at a dead loss, do letter drops in that area. He has killed it. I do not have \$500 000 or \$1 million to fight him.

**Mrs BLADEL** - And do it for a month, too.

**Mr CACCAVO** - He could do it for as long because he has these other stores which are trading profitably.

**Mr GOODLUCK** - Do they ever put the pressure on you - like the big ones, say - for the deals that you might get from your manufacturers?

**Mr CACCAVO** - Not really. Many years ago when George Strickland was there - little George - he always used to.

**Mr GOODLUCK** - Yes, I remember him.

**Mr CACCAVO** - But he sort of changed - nowhere as much as before.

**Mr GOODLUCK** - Is he out at Purity now in the warehouse?

**Mr CACCAVO** - George is now the Manager of Four Roses.

**Mr GOODLUCK** - That is right, yes. I see all your employees out at -

**Mr CACCAVO** - No Frills.

**Mr GOODLUCK** - Yes.

**Mr CACCAVO** - But coming back to Chickenfeed, what will happen with Rudi is he is certainly trying to get more grocery products. Okay, it is a free market, but he is going to put a lot of pressure on everyone. The situation we have is like as if I had another business alongside mine where I am achieving 100, 200 per cent markups, well then I could afford to sell some of it at even 5 per cent. I think that is Rudi's tack. What he will do is he will probably get 1 000 to 1 100 of the best volume lines - that is, in the grocery trade. He will probably put them out at, say, 5 per cent on cost and then when the customers go in of course they are getting a bargain. But at the



same time, all they have to do is pick up a chair, and the chair he has made \$200 profit. So what does he care if he has only made 5 cents? That is really going to put a lot of pressure on me. I know there is not much we can do about it. But he will create not only for us, but he will create problems for the main -

**Mr GOODLUCK** - It is expanding into the grocery side all the time, is it not.

**Mr CACCAVO** - That is why these budget buys have come in, and that is why even if you notice Coles today - I thought it was a bit cheeky their ad, what they had on there - and you do not even have to have a membership card. I do not know if you noticed -

**Mr GOODLUCK** - I saw that.

**Mr CACCAVO** - You saw it? First time ever.

**Mr GOODLUCK** - Yes, and I watched Purity with the \$2 one. I think I remarked to Fran that they had \$2 specials now.

**Mr CACCAVO** - Yes, because Purity started it with their \$2 dazzlers.

**Mr GOODLUCK** - The \$2 soup and toothpaste to match Chickenfeed.

**Mr CACCAVO** - Which is terrible. The toothpaste they currently sell is made in China which, once again, is the Australian market or the Australian manufacturer that is going to cop it. But anyway.

**CHAIRMAN** - Mrs Hollister.

**Mrs HOLLISTER** - Just one question, Ralph. Thanks very much for today, I have found it very interesting. You talked about our economies of scale and obviously our small population base. It has been put to us by another witness that we had probably a much greater number of your competitors' stores here per head of population than they would find in Victoria and New South Wales. Is that a fair comment?

**Mr CACCAVO** - Yes, I think I would have to agree with that, because every time I am over there, even if you want to go and buy a packet of cigarettes, it takes you half an hour to find a shop. I think what has happened here is we have a series of very small ones, and let us not fool ourselves; even though I even said to Sam Richardson when he was barking on with the Sunday trade; I said, 'Look, in all honesty Sam, some of these stores are going to go broke regardless of whether Sunday trading comes in or not'. And okay, a lot of them went, but I still think that we are over-serviced.

I think for the size market - you can take restaurants - this is where some time, even the councils - at the moment they have granted seven year licences on the wharf. I mean, somebody has got to suffer; we do not have that many tourists. Another seven restaurants and one of them is going to be a 200-plus seater. What will happen is they will take 5 per cent from Fran, they will take 10 per cent from me, 6 per cent from there, and what will happen is it will weaken everybody and the next minute you are going to have such a flow-on of bankruptcies. They have not proved anything at all.

**Mrs BLADEL** - That is right.

**Mr CACCAVO** - They have not proved anything at all.

**Mrs HOLLISTER** - They have just moved their market share.

**Mr CACCAVO** - It was identical to the Saturday trading. When they asked me to go up to the Legislative Council that was my argument - 'Where are you going to get the extra people?'

**Mrs HOLLISTER** - Exactly.

**Mr CACCAVO** - Oh, no, we are not. I said, 'What, are you telling me that if you are used to consuming one can of baked beans a week, what are you going to tell them? Because they are up they're going to use two. He said, 'No'. I said, 'All you're doing, you're taking a bit from me, a bit from there; you're disbursing it. It's no different'. But to answer your question, yes, I think we are too overserviced.

**Mrs HOLLISTER** - The other thing I wanted to ask you, this business of changing the public perception that smaller stores are more expensive, because I really think you get better service in small stores. You get to know the people -

**Mr CACCAVO** - There is no risk about that.

**Mrs HOLLISTER** - you do not get your cars bashed in when you park in the big car parks. These are the things we should be advertising; park in some of the big car parks you get marks; there are damages that come out of that; there are all those little bits and pieces. But my question is: do you have any idea how this education process takes place -

**Mr CACCAVO** - I really do not know.

**Mrs HOLLISTER** - that you break this nexus that people believe that small stores are more expensive.

**Mr CACCAVO** - To be quite honest, I have not. The only way you could possibly do it, and it would have to be done more or less from your department; no way in the world could you possibly get a shopkeeper or anyone involved, and it would have to be done very similar to what Duncan Kerr was doing, but only done - that the product that he picked was definitely shelf price, forget the specials; you could have a separate issue with the specials - it would have to be done on regular shelf prices and on the same item. It is no good comparing a Home brand with the Rosella brand because one is a generic and one is a premium brand. I guess that is the only way you could do it; there you are bound to keep everybody honest.

**Mrs HOLLISTER** - So Ralph, that is something this committee could probably do, to keep people honest, is an ongoing monitoring - our monitoring - of where we go from here.

**Mr CACCAVO** - That is right. But providing that is done fairly and you pick your Coles, you pick your Purity, you pick your Festival, you pick your Ralph, you pick this, then if all of a sudden you think, 'Geez, I've got to do something because that guy has beaten me for the last three weeks' well then my alternative is to look at reducing part of my overheads or whatever or be a little bit more competitive or perhaps I have been getting too slack; I am not getting the deals that he is getting. So it makes it competitive for everyone, but at the moment it is not.

As I said before, really the price comparisons - a lot of time I used to cry and say, 'Geez, what's going on? \$2.50 and my normal shelf price is \$2.30. How come I don't even get a mention'. Like with *Choice* magazine, they turned around and they found some little store up woop woop. I mean, how in the hell could they have the cheapest supermarket in town. This guy is only doing about \$10 000 a week. It is like saying, 'Well, a shop this big became the cheapest supermarket in Hobart - in Tasmania'. That was unbelievable. If it is going to be done it has to be done -

**Mr GOODLUCK** - On a fair basis.

**Mr CACCAVO** - on a fair basis so that you could run your major groups, you could run your Festival et cetera and say, 'Right, these are the products' and list the name products, not generics because generics they change.

**Mrs HOLLISTER** - Thanks for that.

**Mrs BLADEL** - Can I just say in fairness to Duncan, he took over - you see I started -

**Mr CACCAVO** - No, I was not blaming Duncan.

**Mrs BLADEL** - No, I know you were not.

**Mr GOODLUCK** - Shame on you, Ralph.

**Mr CACCAVO** - No, no, I am not that type. I am just saying -

**Mrs BLADEL** - I started off with that price-watch thing so I know how it works, and it is so hard to run. You have to have a lot of people out there doing the pricing and you have to rely on volunteers because you cannot pay a dozen people.

**Mr CACCAVO** - If I can interrupt, the easiest way for you - if you intend to introduce it again - it would probably cost you I reckon about \$10 000. I can give you the system that I have on my computer with the micronic and

all you do, you go up -

**Mrs BLADEL** - So you actually have a program?

**Mr CACCAVO** - Yes. And what you do, you just go up to any supermarket and you pick up on the way and you zap it. It just goes 'bip' and you put \$2.50. You do all your stores, you come back and you feed it into the computer, and it says what the difference is. It will tell you that this one was \$2.30, this one was \$2.35 -

**Mrs BLADEL** - Yes, but you have to have the bodies that go out at the same time every week to go to  $x$  number of stores.

**Mr CACCAVO** - Yes. But what I am saying is you would not need too many bodies because I can do - say, I want to do a price check with Purity in North Hobart - not that I have ever done it, but if I wanted to do it - in five hours I have done the whole store. That is every single product and that is talking 15 000 products.

**Mrs BLADEL** - But you would not be able to do Bridgewater, Sandy Bay and New Town and Coles.

**Mr CACCAVO** - Oh no, you could not do every single item.

**Mrs BLADEL** - No, that is right.

**Mr CACCAVO** - What you would do, you would pick - like Festival, you might pick Ralph this week; next week you do the one in Glenorchy, then you turn around and you might do Coles in Kingston. No, you would not

want to do every one; geez, it would cost you too much.

**Mr GOODLUCK** - I think it would be a futile exercise.

**CHAIRMAN** - I have to pull it up there, Bruce, I am sorry to say. Ralph, I want to thank you sincerely on behalf of the committee for a very nice -

**Mr CACCAVO** - Well, I just hope I have been some sort of help anyway.

**CHAIRMAN** - It has been very helpful and I really do appreciate it. Thank you, it was lovely to meet you.

**Mr CACCAVO** -No worries, likewise.

**THE WITNESS WITHDREW.**