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**THIRD SUPPLEMENTARY PUBLIC SUBMISSION TO ACCC
INQUIRY INTO THE COMPETITIVENESS OF RETAIL PRICES
FOR STANDARD GROCERIES**

5 June 2008

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Recommendations

1. Introduction of a compulsory, national, uniform, high quality, unit pricing system for prepackaged grocery items sold at supermarkets, accompanied by effective consumer education programs.
2. Use of the minimum requirements in Attachment 1 to design and assess any proposed unit pricing system in Australia.
3. Introduction of a national system of unit pricing at least equal to that provided by the Unit Prices (Easy comparison of grocery prices) Bill 2008 introduced into the Senate on 15 May 2008 by Senator Fielding.
4. The federal government, as a matter of urgency, to convene a workshop involving consumers, retailers, state and federal bureaucrats, and other experts to consider the key features of a uniform high quality unit pricing system for Australia.

Background

The Association has made three prior submissions to the Inquiry – submissions no. 38, 142 and 196. All dealt only with unit pricing. This also deals only with unit pricing for the same reasons given in the first submission.

This submission mainly comments on very recent developments in the public debate on unit pricing.

The recent developments addressed in this submission are:

1. Consumer minimum requirements for unit pricing systems.
2. The Unit Prices (Easy comparison of grocery prices) Bill 2008 introduced into the Senate on 15 May 2008 by Senator Fielding.
3. Implications of Coles and Woolworths views on unit pricing presented at the inquiry's hearings in Melbourne.

As in previous submissions, we **recommend** the ACCC to recommend a compulsory, national, uniform, high quality, unit pricing system for prepackaged grocery items sold at supermarkets and that it be accompanied by effective consumer education programs.

Consumer minimum requirements for unit pricing systems

Attachment 2 of our initial submission dated 5 March 2008 contained ten minimum consumer requirements we have identified as essential for any unit pricing system.

These minimum requirements were based primarily on the results of the Churchill Fellowship to study unit pricing in the USA and Europe in 2007 and discussions with other Australian consumer advocates.

In our subsequent submissions we have further discussed and made specific recommendations on some of the minimum requirements.

We have focused primarily on requirements 1 and 2 which deal with presentation and units of measurement. These are of obvious major relevance to consumer use of unit price information.

We now recommend specifically that on shelf labels any unit price information must be printed in the larger of either 10mm or 50 percent of the size of the print showing the selling price. This recommendation is based on the current requirement in the Queensland Trade Measurement (Prepacked Articles) Regulation 1991 and provisions in several US states with compulsory provision of unit price information. The recommendation is designed to ensure that all consumers, including those with sight deficiencies, can easily read the unit price information on all shelves, including the lowest and highest.

We also note and strongly support the ACCC chair's interest in ensuring that unit prices on shelf labels are easily readable expressed at the Woolworths hearing in Melbourne.

Although we have not made any specific recommendations for the size of print for the display of unit prices on other signage, this is also essential. This occurs in US state legislation for other in-store signage. To ensure that consumers can easily compare unit prices shown in printed advertisements, we also consider it essential to ensure that this information is easy to read. Frequently, this is not the case in the UK and Ireland.

We have also specified in Requirement 2 that the unit of measure used to show the unit price of products sold by weight or volume should only be per kilogram and per litre. The reasons for this recommendation are provided in our submission dated 29 April 2008.

Also, although not specified in our requirements, we consider that for products sold by count, for example batteries and sheets of toilet and other tissues, the unit of measure used to show the unit price should be determined by the number of items in the pack. For example, for 1-9 items it could be per 1 item, for 10-99 it could be per 10 items, and for 100 and over it could be per 100 items.

A copy of our new list of consumer requirements is attached.

We **recommend** that they be used to design and assess any proposed unit pricing system in Australia.

Unit Prices (Easy comparison of grocery prices) Bill 2008 introduced into the Senate on 15 May 2008 by Senator Fielding.

We strongly welcome Senator Fielding's initiative in introducing this Bill into the Senate.

The Bill would achieve our objective of providing Australian consumers with a compulsory, national, uniform, high quality unit pricing system.

We particularly welcome the following features of the proposed system:

- specific minimum standards for the display of the unit price information on shelf labels
- the units of measure used to indicate the unit price of products sold by weight must be per kg and if sold by volume must be per litre
- a unit price must be shown for products sold by count
- a unit price must be shown for products selling on special as well as at regular prices,
- the unit price must be shown in adverts showing selling price and for internet sales
- retailers must provide information to assist consumers to use unit price information
- penalties etc for non-compliance by retailers and setting of standards for retailer performance
- exemptions for some retailers.

Naturally, some aspects of the Bill require clarification and possible modification. (If required, we can provide detailed views on the Bill.)

Nevertheless, we consider that the Bill includes the best features of unit pricing systems overseas and would give Australia a world best practice system of huge benefit to consumers and the economy.

The Bill sets a benchmark for the assessment of any other unit pricing proposals or legislative initiatives.

The ACCC grocery pricing inquiry should **recommend** to the federal government a system at least equal to that provided by the Bill.

Implications of Coles and Woolworths views on unit pricing presented at the inquiry's hearings in Melbourne.

We welcome the acknowledgement by Coles and Woolworths at the Melbourne hearings that providing the unit price of prepackaged grocery items, in addition to the selling price, will benefit consumers.

We also welcome their support for compulsory unit pricing.

However, it is not clear whether Woolworths also support, or expect, compulsory quality standards. We note also that Woolworths is undertaking a trial at one store and at the hearing seemed to favour the use only of per 100g and per 100mL as the units of measure

with no provision for other units of measure, including per item for products sold by count.

In contrast, Coles seems to be assuming that compulsory provision will be accompanied by compulsory minimum quality standards. And, understandably they want to avoid investing in a voluntary system then having to make further investments to comply with later mandatory standards.

We are very conscious that supermarkets may want to introduce voluntary unit pricing before the ACCC reports or before decisions are finalised on national unit pricing.

However, we consider that further and uncoordinated voluntary provision by supermarkets in the short term (Aldi began voluntary provision in November 2007), could have major negative effects on the implementation costs of a uniform national unit pricing system (compulsory or voluntary) and on consumer awareness, understanding and use of unit pricing. It may also have an undue and disproportionate effect on the key features of any future national arrangements.

We identified and addressed these issues in our first submission in which we recommended that:

“the federal government should as a matter of urgency convene a workshop involving consumers, retailers, state and federal bureaucrats, and other experts to consider the key features of a uniform high quality unit pricing system for Australia. The workshop should not address the issues of compulsory versus voluntary provision or possible exemptions for some stores. The focus should be on if unit pricing is provided how this can be best done to ensure that the nation gets the maximum benefits and to ensure that retailers considering voluntary provision in the short term, are aware of the views of all stakeholders on minimum requirements”.

Therefore, we **recommend** again that the ACCC recommend to the federal government that as a matter of urgency it should convene a workshop involving consumers, retailers, state and federal bureaucrats, and other experts to consider the key features of a uniform high quality unit pricing system for Australia.

Attachment 1: Minimum standards* for unit pricing of prepackaged grocery items by Australian supermarkets

Queensland Consumers Association

3 June 2008

(Based on results of Churchill Fellowship undertaken in 2007 to study unit pricing in the USA and Europe and discussions with other Australian consumer advocates)

1. Unit prices must be displayed prominently and clearly on all in-store price signs. On shelf labels the font must be the greatest of either 10 mm or 50 per cent of the font of the selling price. Minimum standards should also apply to the presentation of unit price information on other in-store price signs.
2. The measurements used to indicate the unit price must be either per kg, litre, metre, sq metre, cubic metre, or (for products sold by count) per item. (However, the unit used for products sold by count, for example toilet and facial tissues, must be relative to the number of items in the package).
3. The same unit of measure must be used for all sizes of the same product.
4. The unit price must be shown even if the unit price and the selling price are identical.
5. Unit prices must be provided for the maximum possible number of grocery products.
6. Unit prices must be shown for products sold on “special” or other “promotions” as well as at regular prices.
7. Unit prices must be shown clearly on printed advertisements showing the price of a product sold by measurement
8. Unit prices must be provided for groceries ordered on the internet as well as those purchased in-store.
9. Minimum standards must be set and monitored.
10. Initial and on-going consumer education programs must be undertaken.

*To apply to compulsory or voluntary provision.