



11 April 2024

Supermarkets inquiry 2024-25
Australian Competition and Consumer Commission
By email: supermarkets@acc.gov.au.

Dear Commissioners

Joint consumer group submission to ACCC Supermarkets Inquiry.

Thank you for the opportunity to make a submission to this inquiry.

The Consumers Federation of Australia (CFA) is the peak body for consumer organisations in Australia and represents a diverse range of consumer organisations including most major national consumer organisations. In this submission, we are joined by CFA members CHOICE, Combined Pensioners & Superannuants Association (CPSA), Consumers SA, Financial Counselling Australia, Indigenous Consumer Assistance Network (ICAN), Queensland Consumers Association.

CFA's vision is a thriving Australian consumer movement that advances the diverse interests of consumers. As the peak body for the consumer movement, our purpose is to enable our members to connect and be more impactful.

General

CFA and supporting consumer groups are very supportive of measures that:

- Ensure that the prices consumers pay for products and services are not higher than they need to be;
- Protect consumers and assist them to understand and compare prices and to make informed choices; and
- Facilitate competition between businesses.

Unit pricing

Most consumers spend a substantial proportion of their income on groceries and are extremely concerned about cost-of-living pressures and declining standards of living.

Effective unit pricing (pricing per standardised unit of measure) makes it much easier for consumers to compare product values and thus find the best value for money. It also increases competition along the supply chain.

Therefore, over recent years, CFA has prioritised advocacy to improve the effectiveness of the grocery unit pricing system, especially of the mandatory Grocery Unit Pricing Code administered by the ACCC which applies to packaged products sold by most very large instore, and some online, grocery retailers.

Our advocacy has included making complaints to retailers about unit pricing failures and also raising systemic concerns with the ACCC. Issues about non-compliance with unit pricing requirements, have also been raised with the ACCC by CFA member organisations.

Consumers and CFA are particularly concerned that:

- The unit price is often difficult to notice and read, is not always displayed, and is often obstructed or covered up by other labels.
- Different units of measure are used to indicate the unit price of different items of the same product or of substitute/alternative products.
- Consumer education is important and few consumer awareness campaigns to promote the use of unit pricing have been conducted by government, ACCC or retailers.

These problems significantly reduce consumer use of unit pricing and their ability to make well informed decisions about what to purchase and to significantly reduce the amount spent on grocery items or to get more for the same expenditure. They also significantly reduce competition along the grocery supply chain.

While the ACCC has considered our specific complaints and raised some of them with retailers, it has only taken limited compliance and enforcement action to promote compliance with the requirements of the Grocery Unit Pricing Code.

In 2022, CFA recommended that the ACCC issue media releases about its unit pricing compliance work, and also undertake a national sweep of audits, to promote greater compliance with the requirements. However, the ACCC informed us that the costs of a national sweep of in-store compliance with the Grocery Unit Pricing Code would be significant, and that it was unable to prioritise this activity.

An additional barrier to ACCC prioritising this compliance work is that the current Grocery Unit Pricing Code is largely principles-based, for example, it only requires unit prices to be 'prominent' and 'legible'. These terms create ambiguities about what is required and also inconsistency in implementation.

The ACCC has informed us that improvements in this area is a policy issue for Government, and it cannot provide clear guidance or advice to ensure good standards in compliance. For example, the ACCC has indicated that it lacks legal basis to assess the prominence and legibility requirements of the Code through the prism of whether unit prices can be easily read by consumers with low mobility or even low vision. Also, there are no penalty provisions for noncompliance with the Code.

International standard *ISO 21041:2018 Guidance on unit pricing* provides a basis to improve constancy and clarity across retailers or products, giving consumers a significantly greater ability to process price information. Few Australian supermarkets meet the requirements of ISO 21041:2018.

Furthermore, there are major problems due to inconsistencies in the units of measure used for unit pricing. These problems need to be addressed in relation to both the Code and the national measurement legislation.

Given the above, and that an ACCC priority for 2024-25 is “Competition, consumer, fair trading and pricing concerns in the supermarket sector”, we **recommend that the inquiry undertake a detailed investigation into, and make recommendations on, grocery retailer compliance with the Grocery Unit Pricing Code and the opportunities to increase the effectiveness of the grocery unit pricing system for consumers through changes to the:**

- **current compliance monitoring and enforcement arrangements**
- **Code’s provisions and associated guidance documents**
- **national measurement legislation.**

Furthermore, there is great potential to increase consumer use of unit pricing when buying packaged products instore or online from **non-grocery retailers** such as pet supplies stores, chemists, hardware stores, and stationers. These retailers sell many packaged products, some of which are also sold by grocery retailers covered by the Code, and consumers spend large amounts with these retailers. However, these retailers are not required to provide unit prices, rarely do so voluntarily, and voluntary provision is usually inadequate. In several EU countries and the UK, these types of retailers are required to provide unit prices for packaged products.

Therefore, we also recommend that the inquiry recommends that the scope of the national unit pricing system be expanded to include the provision of unit prices for packaged products sold by relevant non-grocery retailers such as pet supplies stores, chemists, hardware stores, and stationers.

We would be happy to provide further input into the inquiry’s activities.

Yours sincerely



Gerard Brody
Chair, Consumers’ Federation of Australia