



MEDIA RELEASE

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GROCERY UNIT PRICING CAN HELP CONSUMERS DEAL WITH INFLATION, SAYS CONSUMER ACTION

Consumer Action Law Centre has called on the Federal Government to legislate for mandatory unit pricing in Australian supermarkets, in a bid to help consumers deal with the increasing cost of groceries.

Unit pricing, which is compulsory throughout Europe and in several parts of the United States, requires supermarkets to provide price information for pre-packaged grocery items as an amount per standard unit (ie, litre, kilogram), in addition to the total price. Unit pricing can improve competition in the grocery market by improving the ability of consumers to make decisions about price.

“Unit pricing not only promotes consumer welfare, but can help households influence prices” said Consumer Action Policy & Campaigns Director Gerard Brody. “Consumers can use clearer information about the price of goods to make better decisions about the products they buy – they can use the information to choose cheaper goods and package sizes”.

Mr Brody said that the Reserve Bank of Australia’s recent statement that inflationary pressures will continue in the economy for over a year meant that the Federal Government should do all that it can to reduce cost of living pressures for Australian consumers.

“The Federal Government needs to introduce a nationally consistent, mandatory unit pricing system to help tackle inflation” said Mr Brody. “Recent experiments demonstrate that consumers can save up to 37% on a basket of branded packaged groceries if they use the unit price to switch to the cheapest size and brand for those items. With increasing pressure on household budgets, this can boost household savings or stretch a budget further”.

“Even when unit pricing is not used by consumers to choose the cheapest items, they can use it to better assess value for money and the likely quality of goods”, he said.

Data from the OECD suggests that over the past few years, food price inflation has been higher in Australia than in many other industrialised countries.

“The larger price increases in Australia have been for milk, cheese, bread, fruit and vegetables”, said Mr Brody. “The grocery market is a \$58 billion per annum industry – this is a significant part of the Australian economy. Considering the impact of food inflation on household budgets, the Government needs to act.”

Mr Brody said that to have the most impact, unit pricing needs to be mandatory and regulated. Aldi supermarkets have introduced a voluntary system, which is commendable, however the system does not fully meet consumer requirements. For example, the font size is too small, there are too many units of measurement, and the unit price is not shown if it is the same as the selling price. Aldi has indicated its support for a national uniform system, Mr Brody said.

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