



FAMILY FIRST



Steve Fielding **Family First** Senator for Victoria

Senator Steve Fielding
Family First Leader

Second Reading Speech

Unit Pricing (Easy Comparison of Grocery Prices) Bill 2008

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Family First is today introducing the *Unit Pricing (Easy Comparison of Grocery Prices) Bill 2008* to enable Australian families to cut their grocery bills by easily comparing grocery items on a per unit basis, then choosing the cheapest.

Families are spending hundreds of dollars every fortnight on groceries, and with prices skyrocketing a saving of even a few per cent on the supermarket docket can make a big difference to a family's budget.

Using comparative pricing, also known as unit pricing, families could save thousands of dollars a year on their grocery bills. With the cost of food soaring by nearly 6% over the past year, introducing unit pricing is a no brainer.

A Queensland Consumers' Association (QCA) survey of 25 items in a Brisbane supermarket found that consumers could save up to 47 per cent by using unit pricing to compare prices and buy the cheapest product. This reduced the grocery bill by \$44 from \$94 to \$49.

Families would jump at the chance of saving more than 40 per cent on the fortnightly grocery bill and Family First's bill will help them do that.

The cost of food is a big part of every family's budget and the fact that food prices have been increasing faster than the inflation rate for more than a decade means that families are really having a hard time making ends meet.

www.stevefielding.com.au

The introduction of unit pricing can also lead to a one-off offset to the effects of inflation as families cut their grocery bills, followed by ongoing savings for families.

Unit pricing or comparative pricing is all about displaying the prices of grocery items in a per unit form. This allows shoppers to quickly compare items to select the cheapest product on a per unit basis like the price per kilogram, per litre or per item.

It is often hard to calculate which items are cheapest, with different sizing making quick and easy comparison difficult on a busy shopping day. For example, buying a simple can of salmon presents you with a multitude of sizes and prices.

Just take a quick look at the supermarket shelves for tinned salmon and you can easily get confused – tinned salmon is sold in 95g, 100g, 105g, 180g, 215g, 390g and 415g size tins.

How do you choose between a John West 185g can of salmon at \$3.35 and a Greenseas 170g can of salmon at \$2.99 without a calculator in your pocket?

Unit pricing also exposes supermarket sales tactics that would have us believe that buying in bulk saves money. How many of us choose a three litre container of milk over a smaller container thinking we are saving money?

How frustrated and cheated would you feel if you knew a recent Family First survey uncovered that in one supermarket Pauls 3 litre milk container was actually more expensive per litre than Pauls 2 litre milk container, In another example Coles 1kg tin of fruit salad was 32% more expensive than the smaller 825g tin per kilogram, and Kleenex toilet tissues are cheaper if bought in a six roll pack as opposed to the eight or 12 roll pack.

Displaying the price per kilogram, per litre or per unit would expose these realities. Unit pricing would make the real cost of a grocery item obvious and allow families to save thousands of dollars a year on their grocery bills. A number of studies have shown that families pay less at the supermarket where unit pricing is in place for all groceries.

Supermarkets and grocery retailers should provide families with fair and transparent pricing, so they can get the best value for their dollar.

Unit pricing is already a familiar feature displayed for the sale of fruit, vegetables, meat and deli products where price is displayed per kilogram.

Families can save money either by choosing a package size within the same brand that costs less per measure, or by switching to a cheaper brand or home brand. For example, as part of the same survey, a 600g jar of Vegemite was found to cost 50% more per kilogram than the 150g jar.

Easy comparison of grocery prices can also alert families to reductions in the size of products, where a manufacturer may make a small cut in the number of items in a package but continues to sell it for the same price.

Unit pricing also helps to increase the focus on price and value for money and those families who focus on getting good prices can make big savings on their grocery bills.

Studies looking at the take up of unit pricing in Sweden, Britain and the United States found that between 50 and 70 per cent of people used the system to compare prices.

The Consumer Action Law Centre, Choice and the Queensland Consumers' Association have long campaigned for unit pricing to be mandated in Australia.

Ten years ago a European Union directive was issued that means all the 27 member countries of the EU have unit pricing. Many states in the United States require unit pricing, while in others it is observed voluntarily.

Even though there are some set up costs for unit pricing, these are small compared to the turnover of supermarkets, and there is little ongoing cost once systems are in place. The bill allows an exemption for small corner shops.

Government action is needed to mandate unit pricing in supermarkets because consumers want to, and in fact with today's inflation, need to pay the lowest possible prices, while retailers have a strong incentive to maximise their profits.

The Aldi supermarket chain has already voluntarily implemented a system of unit pricing in their shops. Woolworths has been quoted as saying it is looking to introduce unit pricing into Australia for what it calls "appropriate" products. And whilst Coles offers unit pricing online it has no intention of offering it in its supermarkets where the majority of families shop.

A compulsory unit pricing system produces a better result than a voluntary system as overseas experience shows that under voluntary systems there can be a lot of goods offered without unit pricing information.

Without a strong and consistent system, grocery retailers can pick and choose the products they include in the scheme, they can make the display of unit prices

quite small, not offer unit pricing for specials and vary the measurement used. For example, if a retailer switches the quoted unit price for a particular packaged good from per kilogram to per 100 grams, it can make the price look cheaper.

Without consistent rules, unit pricing may be dropped for promotions, may not be accurate, may not be used consistently, not be displayed prominently or not printed in advertisements. The prominence of the display of unit prices has been shown to be a key factor in consumer awareness.

It is also important to have a regulator with a monitoring system in place, so that the success of unit pricing does not rely on complaints from customers, but that good practice is reinforced with retailers.

Families must also be told about unit pricing and how it works, so they can be informed as to how to use the scheme to their best advantage.

The cost of food is a big part of every family's budget and families continue to be slugged at the supermarket checkout by soaring inflation.

Implementing unit pricing for grocery products will therefore not only help Australians save money but it will also help counter the effects of inflation that is eating a big hole in families' budgets.