

16th October 2008

Mr James Chisholm
Competition and Consumer Policy Division
The Treasury
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Dear Sir,

Re: Unit Pricing Issues Paper

The Retail Traders' Association of Western Australia (RTAWA), which has been in existence for 86 years, is the oldest and the most representative association of retailers in Western Australia.

The RTAWA appreciates the opportunity to comment on the Unit Pricing Issues Paper.

Discussion

The RTAWA has strong reservations about the need for government legislation and regulation in this matter. The Association supports government legislation that acts to provide a level playing field for business and facilitates industry development and investment. The RTAWA is concerned to ensure that existing regulations do not establish an unintended barrier to entry or to future industry investment and development.

The Association strongly believes that it is not Government's role to determine which marketing techniques should be adopted by industry. Businesses are better placed to make these decisions within the boundary of responsible free enterprise. We further believe that not all consumers act on price and in fact much research on this subject has clearly shown that the majority of consumers list other motives for their purchasing behaviour well above pure price. We understand that consumers consider many factors before choosing a product, such as convenience, health, life style, the shopping experience, quality, service, brand and value, while price is quite often the last consideration.

The Association considers that 'unit pricing' legislation may be discriminatory since under such a regime consumers will have to carry the cost of business investment, monitoring and enforcement of this legislation. We believe this could lead to higher purchase prices for consumers and deliver a benefit to a relatively small percentage of the market.

The Association notes that the Paper strongly associates 'unit pricing' with major or national corporations, utilising numerous examples from their ranks yet statistics confirm that small to medium enterprises (SME's) greatly outnumber the larger chain outlets throughout Australia. We also note that SME's have played a substantial and ever increasing part in our economic, as well as employment growth throughout Australia. SME's maintain their 'niche' or 'marketing edge' within their respective market in many ways, and many marketing strategies are not concerned with product pricing.

The Association maintains that SME's rarely compete with major retailers or national operations on price since they do not have the economies of scale to do so. The RTAWA is



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concerned that Government should consider legislation that could negatively impact on the critical SME sector.

The Association notes that the Paper does not define the range of goods that will be impacted by the propose legislation.

The Association is concerned about the functionality and practicality of unit pricing. We note that fresh fruit, fresh vegetables, fresh fish and fresh meats as well as fresh deli lines, including cheeses are already sold on a unit price basis. We consider that extending this pricing method to grocery lines could present challenges for retailers, however we understand that for a large proportion of products, container sizes are similar and can be easily price compared by consumers.

We note however that with the addition of variety, clothing, electrical and hardware items, and the like the proposed unit pricing is unlikely to provide any benefit to consumers. As an example developing unit pricing for toilet paper or tissues is problematic

The Association is concerned that the compliance cost for businesses, especially those in the SME category, will be significant as will the requirement to invest in both technology and manpower. . Further more, we note that the cost of implementing and enforcing the proposed legislation may be greater than any benefit derived

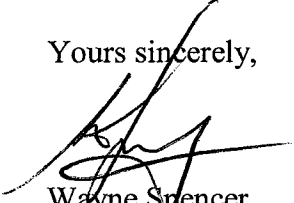
The Paper notes the example of Aldi as a business that is offering unit pricing to their customers. The Association considers that Aldi has developed this marketing strategy worldwide to promote a price advantage to their customers. We further consider that since this strategy was not mandated under any jurisdiction it should not be used as a case study for promoting legislative change. The Association maintains that other retailers should be free to choose their marketing strategies rather than have such functions mandated by legislation. .

Recommendation

The Association strongly recommends that Government should consider developing a voluntary code of practice that sets out guidelines for unit pricing rather than pursuing legislation that we consider will deliver limited consumer benefit and substantial cost to industry.

The Association's Director Mr Wayne Spencer would be pleased to provided further detail on this submission. Mr Spencer can be contacted on (08) 9365 7606 or email wayne.spencer@cciwa.com.

Yours sincerely,



Wayne Spencer
Executive Director