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Dear Mr Chisholm

Stakeholder Response to the Australian Government Unit Pricing Issues Paper

Thank you for the opportunity to comment on the Issues Paper. The Department of Agriculture and Food Western Australia (DAFWA) is the lead agency for food industry development in the State and provides services and policy input on issues affecting stakeholders throughout the food supply chain.

For DAFWA's industry development perspective, the implementation of the proposed mandatory unit pricing scheme is not supported. It is not considered that such a scheme would provide consumers with significant benefits beyond simple comparative pricing mechanisms for the segments of the population who are significantly price sensitive. As noted in the issues paper, price is an important factor in consumer decision making but DAFWA research has shown that purchase decisions involve a complex array of other factors, including place of origin, quality and brand preferences. The compliance costs involved in the implementation of a mandatory scheme are likely to be carried by those players within the food chain with the least market power and would also likely be transferred to consumers.

The fact that unit pricing does not capture differences in quality and focuses on lowest unit cost is of concern, as it has the potential to disadvantage local manufacturers and suppliers who frequently are not the lowest cost producers and trade on other differentiating attributes.

A voluntary scheme, which is DAFWA's preferred option, would enable retailers to adopt unit pricing at their discretion while factoring in their consumer demographic and the retail level competitive advantage or otherwise that such participation would provide.

In the event that a unit pricing scheme is implemented, whether mandatory or voluntary, a nationally standardised format would be preferred to ensure standard units of measure and consistency for businesses. For packaged food, it is recommended that the same units of measure be utilised as required under the Australia and New Zealand Food Standards Code for nutritional panel labelling.

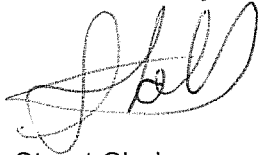
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If a mandatory scheme is implemented, it is recommended that it operate via an industry Code under Part IV of the Trade Practices Act 1974 (TPA) rather than new legislation as this may increase levels of complexity and associated compliance costs.

Should you have any queries about these views, I would be happy to discuss them on phone (08) 9368 3199.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Stuart Clarke', with a stylized flourish at the end.

Stuart Clarke
A/EXECUTIVE DIRECTOR
FOOD AND TRADE DEVELOPMENT

27 October 2008

