



The Manager  
Consumer Policy Framework Unit  
The Treasury  
Langton Crescent  
PARKES ACT 2600

Dear Sir/Madam

### **CHC Submission: Unit Pricing – Draft Industry Code**

Thank you for the opportunity to provide a submission on the Draft Industry Code for Mandatory Unit Pricing.

The Complementary Healthcare Council (CHC) is the leading expert association exclusively committed to a vital and sustainable complementary healthcare products industry. We are unique in representing all stakeholder groups in the industry. Our members include importers, exporters, marketers, manufacturers, raw material suppliers, wholesalers, distributors, retailers, practitioners, consultants, direct marketers and consumers.

The CHC has previously commented on the Unit Pricing Issues Paper to the Competition and Consumer Policy Division within The Treasury. At that time, we raised concern with the inclusion of complementary healthcare products, including medicines, in the original proposal. The CHC does not support the inclusion of complementary medicines in the mandatory unit pricing scheme; the Draft Industry Code is not clear as to whether such products are included in the unit pricing requirement.

### **Recommendation**

Although complementary medicines are not specifically referenced in the list of ***minimum range of food-based grocery items*** or in the items that will be exempt, the CHC recommends they be excluded from mandatory unit pricing requirements and included into the list ***grocery categories exempt from unit pricing*** for clarification.

The CHC does not consider it appropriate for complementary medicines to be compared by unit pricing alone. There is a large range of formulations for complementary medicines which have many different therapeutic indications and claims; comparing the price of complementary medicine products is not a useful guide for assessing the suitability of a product for a desired health outcome. As an example, multivitamins manufactured by different companies will contain a variety of different vitamins and minerals of varying strengths and possibly be marketed towards different subsets of the population i.e. females, pregnant women, children, men, athletes. This means that one multivitamin product may have quite a different therapeutic benefit to another and therefore, cannot be compared to each other nor should be substituted for price considerations as this is not relevant. The CHC is concerned about the quality use of medicines if consumers only select their medicines based on the unit pricing value.

### **Additional comments**

The CHC commends and supports the Treasury in amending the scheme to exclude stores from unit pricing where there is less than 1000 square metres of floor space, noting that the

average size of a health food retail store is approximately 83.5m<sup>2</sup> in floor space. The likely impact to health food stores if unit pricing was mandatory, would have been significant from a number of aspects:

- 1) additional shelf talkers would appear cluttered when information to assist in product choice is often already displayed on the tags;
- 2) for those stores that don't have shelf talkers and price products individually, the initial setup cost to these stores would require modification of shelving to accommodate shelf talkers as well as amending the current store protocol for pricing of products;
- 3) many health food stores have purposely created a store model which is not based on shelf talkers – this is fundamental to the consultative nature of the stores and encourages conversation and interaction with customers and staff to help assist in recommending the most appropriate product.

In addition, the CHC points out that many complementary medicine products are sold in supermarkets which would be included by definition as a store requiring unit pricing of items. For this reason, the CHC does not consider it appropriate that any complementary medicine product, no matter where being sold, should be required to display unit pricing.

The CHC strongly recommends that clarity is provided in the Draft Industry Code as outlined above and would welcome the opportunity to discuss any matters relating to the submission if needed.

If you require any further information please do not hesitate in contacting me.

Yours sincerely



Kristy Roberts  
Acting Technical Director

20 April 2009