

**20 DECEMBER 2000**  
**11/01**

## **STATEMENT OF REASONS**

### **APPLICATION A395**

#### **UNIT PRICING OF FOOD**

The Australia New Zealand Food Authority has before it an application received on 16 July 1999 from the Australian Consumers Association requesting an amendment to Standard A1 in the *Food Standards Code* to provide for mandatory unit pricing of food.

ANZFA recommends rejection of the application for the following reasons:

- Unit pricing is more properly a matter for trade measurement law rather than food law. Unit pricing is a generic retail issue that is relevant to all retail transactions not just food items;
- Mandatory unit pricing does not fit into the criteria for food industry reform by the Australian and New Zealand Governments and is not consistent with COAG Principles or the New Zealand Code of Good Regulatory Practice and is therefore outside the scope of the current Code and the proposed joint Code;
- The measure is not likely to be cost effective. Unit pricing would most likely lead to price increases which would not be distributed evenly throughout the industry. The effect on smaller retailers could be expected to be greater than on the larger supermarkets. Increased costs would outweigh the benefit to consumers of having a mechanism that may more easily allow them to compare the value of different sized and priced packages of food;
- Unit pricing is already an established method of pricing for a range of products. However, this is not of itself sufficient reason to make it mandatory as the sole medium for undertaking retail transactions. It would appear that where there is a demand for unit pricing it is being undertaken on a voluntary basis; and
- There is no similar provision regulating unit pricing in the Codex Alimentarius or in any other national or international food regulatory system.

## REGULATION IMPACT

ANZFA has undertaken a regulation impact assessment process which also fulfils the requirement in New Zealand for an assessment of compliance costs. That process concluded that requiring mandatory unit pricing of foods would offer no clear benefits to government, industry or consumers but would introduce costs to government, industry and consumers.

## WORLD TRADE ORGANIZATION (WTO) NOTIFICATION

Australia and New Zealand are members of the WTO and are bound as parties to WTO agreements. In Australia, an agreement developed by the Council of Australian Governments (COAG) requires States and Territories to be bound as parties to those WTO agreements to which the Commonwealth is a signatory. Under the agreement between the Governments of Australia and New Zealand on Uniform Food Standards, ANZFA is required to ensure that food standards are consistent with the obligations of both countries as members of the WTO.

In certain circumstances Australia and New Zealand have an obligation to notify the WTO of changes to food standards to enable other member countries of the WTO to make comment. Notification is required in the case of any new or changed standards which may have a significant trade effect and which depart from the relevant international standard (or where no international standard exists).

As ANZFA is recommending that no variation to food regulation be made as a result of this application, there is no need to make a notification to the WTO.

## FOOD STANDARDS SETTING IN AUSTRALIA AND NEW ZEALAND

The Governments of Australia and New Zealand entered an Agreement in December 1995 establishing a system for the development of joint food standards. The Australia New Zealand Food Authority is now developing a joint *Australia New Zealand Food Standards Code* which will provide compositional and labelling standards for food in both Australia and New Zealand.

Until the joint *Australia New Zealand Food Standards Code* is finalised the following arrangements for the two countries apply:

- **Food imported into New Zealand other than from Australia** must comply with either the Australian *Food Standards Code*, as gazetted in New Zealand, or the New Zealand *Food Regulations 1984*, but not a combination of both. However, in all cases maximum residue limits for agricultural and veterinary chemicals must comply solely with those limits specified in the New Zealand *Food Regulations 1984*.
- **Food imported into New Zealand from Australia** must comply with either the Australian *Food Standards Code* or the New Zealand *Food Regulations 1984*, but not a combination of both. However, in all cases maximum residue limits for agricultural and veterinary chemicals must comply solely with those limits

specified in the New Zealand (Maximum Residue Limits of Agricultural Compounds) Mandatory Food Standard 1999

- **Food imported into New Zealand from Australia** must comply with either the Australian *Food Standards Code* or the New Zealand *Food Regulations 1984*, but not a combination of both.
- **Food imported into Australia from New Zealand** must comply with the Australian *Food Standards Code*. However, under the provisions of the Trans-Tasman Mutual Recognition Arrangement, food may be imported into Australia from New Zealand if it complies with the New Zealand *Food Regulations 1984* or *Dietary Supplements Regulations 1985*.
- **Food manufactured in Australia and sold in Australia** must comply solely with the Australian *Food Standards Code*, except for exemptions granted in Standard T1.

In addition to the above, all food sold in New Zealand must comply with the New Zealand *Fair Trading Act 1986* and all food sold in Australia must comply with the Australian *Trade Practices Act 1974*, and the respective Australian State and Territory *Fair Trading Acts*.

Any person or organisation may apply to ANZFA to have the *Food Standards Code* amended. In addition, ANZFA may develop proposals to amend the Australian *Food Standards Code* or to develop joint Australia New Zealand food standards. ANZFA can provide advice on the requirements for applications to amend the *Food Standards Code*.

Any person or organisation may apply to the Authority to have the *Australian Food Standards Code* amended. In addition, the Authority may develop proposals to amend the *Australian Food Standards Code*. the Authority can provide advice on the requirements for applications to amend the *Australian Food Standards Code*.

## **FURTHER INFORMATION**

**Submissions:** No submissions on this matter are sought as the Authority has completed its assessment.

**Further information** on this and other matters should be addressed to the Standards Liaison Officer at the Australia New Zealand Food Authority at one of the following addresses:

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Requests for copies of the Full Assessment Report and other information papers should be addressed to the Authority's Information Officer at the above address, or Email [info@anzfa.gov.au](mailto:info@anzfa.gov.au) .