

# Canterbury

District Health Board

Te Poari Hauora o Waitaha

## Submission on Mandatory Unit Pricing for Grocery Products

**To:** Ministry of Business, Innovation, and Employment (MBIE)

**Submitter:** Canterbury District Health Board

Attn: Name of contact person  
Community and Public Health  
C/- Canterbury District Health Board  
PO Box 1475  
Christchurch 8140

**Proposal:** MBIE is seeking feedback on the design and scope of mandatory unit pricing for grocery products in New Zealand. Unit pricing is the price per unit of measure for a product, such as the cost per kilogram or litre. Unit prices are usually displayed as a price per standard unit of measurement, together with the retail price of the product. For example, where a 1.5kg bag of flour is sold for \$3.00, the unit price displayed would be \$2.00 per kg. Unit pricing can help consumers more easily compare between the prices of different products, especially where products are sold in different sized packaging and by different brands.

## **SUBMISSION ON MANDATORY UNIT PRICING FOR GROCERY PRODUCTS**

### **Details of submitter**

1. Canterbury District Health Board (CDHB).
2. The submitter is responsible for promoting the reduction of adverse environmental effects on the health of people and communities and to improve, promote and protect their health pursuant to the New Zealand Public Health and Disability Act 2000 and the Health Act 1956. These statutory obligations are the responsibility of the Ministry of Health and, in the Canterbury District, are carried out under contract by Community and Public Health under Crown funding agreements on behalf of the Canterbury District Health Board.
3. The Ministry of Health requires the submitter to reduce potential health risks by such means as submissions to ensure the public health significance of potential adverse effects are adequately considered during policy development.

### **Details of submission**

4. We welcome the opportunity to comment on the *Discussion Paper: Mandatory Unit Pricing for Grocery Products*.
5. While health care services are an important determinant of health, health is also influenced by a wide range of factors beyond the health sector. These influences can be described as the conditions in which people are born, grow, live, work and age, and are impacted by environmental, social and behavioural factors. They are often referred to as the 'social determinants of health'<sup>1</sup>.
6. A critical determinant of health is easy access and affordability of nutritious food. The CDHB notes that the mandatory unit pricing of grocery products will support consumers to choose best value products and therefore support families in managing the cost of food.

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<sup>1</sup> Public Health Advisory Committee. 2004. *The Health of People and Communities. A Way Forward: Public Policy and the Economic Determinants of Health*. Public Health Advisory Committee: Wellington.

## General comments

7. The CDHB supports the proposal to implement unit pricing for grocery products and has a number of recommendations for consideration outlined below.

**8. Are there any other benefits or costs associated with mandatory unit pricing that are not mentioned above?**

As highlighted in the *Discussion Paper*, mandatory unit pricing will allow households and consumers in Aotearoa New Zealand to make more cost-effective decisions around their weekly groceries. The CDHB argues that this benefit is critical in an environment when the cost of living is high, and many families are increasingly relying on Food Banks to access food. The impacts of COVID-19 and the war in the Ukraine have increased the cost of food; for example, in the last 12 months, the cost of fruit and vegetables has increased by 9.4% and the cost of bread has increased by 15.3%<sup>2</sup>. Overall, in April this year, compared to April last year, food prices have increased by 6.4%<sup>3</sup>.

As also noted in the *Discussion Paper*, mandatory unit pricing will likely create more competition in brand pricing, which may result in lower prices for consumers. While this may only lower the prices of products marginally, this could be very helpful to families who are struggling with the increased cost of living.

**9. Should grocery retailers be required to educate consumers about unit pricing by providing in-store and online pamphlets, posters and/or other guidance?**

Yes, the CDHB recommends that consumers be educated about unit pricing as this will ensure that households and consumers are able to benefit from unit pricing. If households and consumers are unsure what unit pricing means, then they will not be able to be able to benefit from this transparency of pricing.

**10. How much do you estimate it will cost to implement unit pricing in grocery stores? Please explain how you have arrived at this estimate.**

No comment.

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<sup>2</sup> Hyde, C. (12 May 2022). The grocery gauge: The changing face of food prices and what's behind it. Stuff NZ: <https://www.stuff.co.nz/national/explained/300586183/the-grocery-gauge-the-changing-face-of-food-prices-and-whats-behind-it#:~:text=Grocery%20food%20prices%20were%206.4,poultry%20and%20fish%20up%208.1%25>.

<sup>3</sup> Hyde, C. (12 May 2022). The grocery gauge: The changing face of food prices and what's behind it. Stuff NZ: <https://www.stuff.co.nz/national/explained/300586183/the-grocery-gauge-the-changing-face-of-food-prices-and-whats-behind-it#:~:text=Grocery%20food%20prices%20were%206.4,poultry%20and%20fish%20up%208.1%25>.

**11. Which grocery retailers should a mandatory unit pricing standard apply to?**

The CDHB recommends that retailers who sell the grocery products listed in the *Discussion Paper*, such as fruit and vegetables, meat, eggs, dairy products, canned foods, and other household products like cleaning products, toilet paper, and pet food should be included in the mandatory unit pricing.

Additionally, the CDHB recommends that green grocers, that primarily sell fruit and vegetables be included in mandatory unit pricing, as fresh vegetables and fruit are a significant expense for householders and consumers. Unit pricing of fruit and vegetables will empower households and families in their purchasing, and also potentially encourage more purchases of these products, therefore improving diet quality and health outcomes.

**12. Which of the approaches to threshold requirements (store size, product range, annual revenue) should be used to set the threshold for mandatory unit pricing in New Zealand?**

The CDHB recommends that threshold requirements for the mandatory unit pricing be developed around product range. As discussed in response to question 11, the CDHB suggests that retailers selling products such as: fruit and vegetables, meat, dairy products, canned foods, and other household products be included in the mandatory unit pricing.

**13. If New Zealand adopts:**

**a) a floor size threshold, what should be the appropriate floor size (in square metres) for this threshold?**

**b) a product range threshold, what products should be included?**

**c) an annual revenue threshold, what is the appropriate dollar amount for this threshold, and should the threshold be set at group level or store level?**

The CDHB recommends that retailers that sell a selection of the following products: fruit and vegetables, meat, dairy products, canned goods, breakfast cereals, flour, sugar, and other baking products, rice, pasta, frozen foods, packaged foods, cleaning products, and pet food – be included in the mandatory unit pricing. The retailer does not need to sell all of these products but selling a number of these products would qualify them to be included in mandatory unit pricing. The only exception to this that the CDHB recommends is that retailers who are primarily only selling fruits and vegetable should also have mandatory unit pricing applied to them. This is primarily to support and encourage households and consumers in

purchasing more fruit and vegetables and making cost-effective decisions in their product choices.

**14. Where should retailers be required to display unit pricing, and why?**

The CDHB recommends that retailers be required to display unit pricing at the point of purchase, close to the product, so that consumers can see the product and the unit price at the same time, both in a physical store and in an online store. The CDHB also recommends that unit prices be included in all advertising that is discussing retail price including print advertising, television, radio, and digital advertising in print, audio, and video. The CDHB recommendations support the greatest transparency, ensuring that unit pricing is clear and consistent in advertising and at point of purchase is important to support and empower consumers.

**15. Should grocery retailers be required to have a “sort and/ or filter by unit price” option on their website?**

The CDHB supports requiring online grocery retailers to have a “sort and/or filter by unit price” in their online shop. As stated in the *Discussion Paper*, this will support the consumers to compare prices on products and make the most cost-effective decision.

**16. In which forms of advertising should retailers be required to display unit pricing?**

As stated above, the CDHB supports the requirement of retailers displaying unit pricing in all forms of advertising.

**17. What should be the standard and non-standard measurements for unit pricing in New Zealand? Should one litre or 100 millilitres be used as the standard measurement for volume? Should one kilogram or 100 grams be used as the standard measurement for weight?**

The CDHB recommends that Aotearoa New Zealand adopts the standard unit measures of products that are currently used in Australia, but suggests that litres and kilograms are used for products supplied by volume and by weight as noted in the *Discussion Paper*.

- i. Supplied by volume: Per 1 litre
- ii. Supplied by weight: Per 1 kilogram
- iii. Supplied by length: Per metre

- iv. Supplied by area: Per square metre
- v. Supplied by number: Per item.

**18. Should the same unit of measurement be used for all products within the same product category?**

The CDHB recommends that the same unit of measurement does need to be applied to products in the same category, this will mean that consumers can easily compare prices of the same product.

**19. Is the Australian approach to product exemptions appropriate for New Zealand?**

The CDHB supports the Australian approach to product exemption.

**20. Should mandatory unit pricing apply to tobacco products in New Zealand?**

No, the CDHB does not support mandatory unit pricing to tobacco products in Aotearoa New Zealand, as unit pricing may further encourage consumers to buy these products.

**21. Should mandatory unit pricing apply to alcohol products in New Zealand?**

Similarly, the CDHB does not support mandatory unit pricing for alcohol products in Aotearoa New Zealand, as this may further encourage consumers to buy these products.

**22. Are there any other products for which unit pricing may not be workable or appropriate? What are these products?**

The CDHB recommends that products included in unit pricing are primarily the everyday food and household need products, already discussed. The products excluded from the unit pricing scheme will be products such as tobacco and alcohol, that we do not want to encourage further consumption of, and additionally products such as clothing items, hair accessories, or jewellery sold in grocery stores would not fit the purpose of unit pricing.

**23. Should New Zealand adopt a principle-based approach to the display of unit pricing, or should there be more prescriptive requirements around font size, font, contrast, and location?**

The CDHB supports developing a more prescriptive approach to unit pricing, as this will ensure clarity for retailers and also mean that consumers can rely on clearly being able to read the unit price. However, the CDHB does not support that all unit pricing necessarily needs to be a specific font or font size, as in some instances, for

example in green grocers, they may choose to write their unit price information rather than print that information.

**24. In your view, what are the most important principles or requirements for the display of unit pricing?**

The CDHB suggests that visibility and prominence of unit pricing are key principles; if the unit price is not clearly visible, accessible, and easily read by consumers then it is not serving the primary purpose of unit pricing which is to allow consumers to make easy comparisons between products.

**25. What should officials keep in mind when considering a more prescriptive option that specifies minimum requirements for the display of unit pricing?**

In a more prescriptive approach for unit pricing, the CDHB recommends that font size and type be considered – noting that some font is easier to read than others and that the prominence of the unit price requires an adequate font size.

Additionally, the CDHB recommends that the location of unit prices on the price display is consistent so consumers will always know where to find this information, regardless of which retailer they visit.

**26. Do you have any views on whether mandatory unit pricing should be implemented through a consumer information standard under the Fair Trading Act 1986, or through amendment of the Weights and Measures Act 1987?**

The CDHB does not have a strong preference for the implementation of unit pricing, the Fair Trading Act 1986 and the Weights and Measures Act 1987 would both be appropriate.

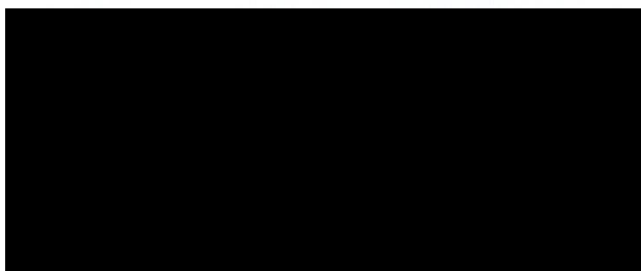
## **Conclusion**

27. The CDHB does not wish to be heard in support of this submission.

28. If others make a similar submission, the submitter will not consider presenting a joint case with them at the hearing.

29. Thank you for the opportunity to submit on the Discussion Paper: Mandatory unit pricing for grocery products.

## Person making the submission



Dr Anna Stevenson  
Medical Officer of Health

Date: 17/06/2022

### Contact details

Cassie Welch  
For and on behalf of  
Community and Public Health  
C/- Canterbury District Health Board  
PO Box 1475  
Christchurch 8140

P +64 3 364 1777  
F +64 3 379 6488

[submissions@cdhb.health.nz](mailto:submissions@cdhb.health.nz)