

The Chairman Senate Inquiry into Easy Comparison of Grocery Prices.

A.P.H

Canberra

Dear Sir,

Grocery Inquiry

I have just recently returned to Australia and would appreciate an opportunity to make some comments as input to your enquiry.

The major problem facing consumers in Australia is the lack of informed choice and decision making. The business community demands transparency in Government. I would contend that this is central to informed decision making on the part of the consumer when making decisions as to which product they will purchase. In effect what is required is transparency in pricing.

To this end I would argue that pricing of all consumer goods, including all fruit and groceries should be transparent. This would be achieved if retail outlets are required to include at the point of the sale the following information:

- 1 The farm gate, Factory or manufactures price;**
- 2 The wholesale price and**
- 3 The retail price.**

Such a system would then enable the individual consumer to ascertain the levels of markup for each individual item and then make their purchase decision based on those items which are priced at the lowest total markup.

A further factor grocery pricing is the practice of stating discounts which do not reflect the true prices. For example one of the major chains recently on television indicated that prime rump steak had been reduced by \$14 per kg from \$24 to \$10. In fact I have been unable to locate any outlet where the price of rump steak exceeded \$12 per kg. This is a wide spread practice covering a wide variety of grocery and fruit items. At best this can only be categorized as misleading advertising.

This system should be extended across all areas of retail pricing. Following are just two examples to demonstrate the point. This applies, in the main, to imported goods.

- 1 The price of a 20mm plastic electrical conduit elbow is 27c in china. The exactly same item is priced at Miter 10 at \$7.99.**
- 2 I purchased a 250l solar hot water system in china for \$680 the price of the same item, an item which has an Australian standards certificate is priced at \$4850.**

These are just two of a countless number of examples I could provide. This is just profit gouging and highlights the fact that those Australian manufacturer who go offshore do not pass on to consumers any savings. I would reject totally the statement that shipping costs are very high. It costs \$US 2500 to have a 60m3 container shipped from China to Australia.

I would again stress that full transparency is required on all staples of life such as groceries, fruit and vegetables. The only way such transparency can be achieved is if the above mentioned procedure is followed. I would note that the Commonwealth Government has the constitutional power to enact such procedures. The most important point that I would wish to make is that the consumer would be able to make informed and educated choice where to purchase these necessities of life. In closing I would contend that such a procedure would lead to a fall in prices and thus take the pressure off those on low and fixed incomes, including pensioners, this, of course would place less pressure for the government to raise pensions etc.

I trust that the brief comments I have made will be given some consideration.

Yours faithfully

Dr Robert Maher