

Let's talk shop.

## Reforms to the Unit Pricing Code

May 2026

The Australian Retail Council (ARC) welcomes the opportunity to provide a submission to Treasury's targeted consultation on reforms to the Unit Pricing Code.

ARC represents Australia's \$444 billion retail sector, the nation's largest private sector employer. Retail employs more than 1.4 million Australians, representing one in ten workers, and is the single largest employer of young Australians aged 15 to 24.

ARC's membership spans the full breadth of Australian retail, from family-owned small and independent businesses, which comprise 95 per cent of our membership, through to large national and international retailers that support thousands of jobs and sustain communities across metropolitan and regional Australia. The sector operates more than 155,000 retail outlets nationwide, with the majority also maintaining an online or e-commerce presence. A significant portion of every dollar spent in retail flows back to employees, suppliers, superannuation funds, and local communities.

ARC is committed to supporting Australian retailers by collaborating and advocating for policy settings and reforms that drive growth, resilience, and long-term prosperity for the retail sector and the millions of Australians who rely on it.

### Executive Summary

ARC supports the objective of improving unit pricing transparency and helping consumers make informed purchasing decisions. Unit pricing plays an important role in allowing consumers to compare value across grocery products.

However, reforms must be practical, proportionate and workable in high-volume retail environments. Grocery retailers manage thousands of products across physical stores, online channels and third-party platforms. Requirements that appear simple in isolation can create significant complexity when applied across entire product ranges, store networks and digital systems.

ARC's key positions are:

- **Scope:** ARC supports the Code applying to large grocery retailers, including retailers covered by the Food and Grocery Code and retailers with annual grocery turnover above \$5 billion. Any expansion should avoid unintended impacts on small or independent operators, or businesses without comparable grocery scale or systems capability.
- **Display requirements:** ARC does not support fixed font-size ratios or prescribed label design rules. The existing requirement that unit prices be prominent, legible and unambiguous remains the right foundation, supported by practical guidance.



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- Measurement requirements: ARC supports greater consistency where this helps consumers compare like products, provided flexibility remains for product characteristics, packaging, method of sale and existing measurement laws.
- Shrinkflation: Disclosure must be supplier-led. Suppliers and manufacturers control product size, weight, volume and quantity decisions. Retailers are on-sellers and cannot reasonably be expected to identify, verify and communicate every supplier-driven change across tens of thousands of SKUs.
- Penalties and enforcement: Penalties must recognise the high-volume nature of grocery retail. The regime should avoid per-item or per-SKU multipliers, treat related breaches from one underlying failure as a single course of conduct, and include safe harbours for good-faith errors, IT failures, supplier-driven issues and prompt remediation.

ARC supports the Code continuing to apply to large grocery retailers with the scale, systems and market presence to comply effectively.

ARC supports coverage for retailers covered by the Food and Grocery Code and any large retailer with annual grocery turnover above \$5 billion. Treasury's proposed \$5 billion threshold is broadly consistent with this approach.

However, ARC urges caution in moving away from the existing large-format supermarket threshold. Store format and floor space remain relevant to implementation, particularly for smaller-format metro, local or convenience-style stores operated by larger groups. These stores may have different shelf layouts, ticketing constraints, product ranges and operating models, which should be recognised in guidance, transition periods and compliance expectations.

ARC does not oppose in principle the objective of ensuring comparable obligations apply to large online grocery retailers operating at scale. However, any threshold should be targeted to genuine large-scale grocery retailers.

For third-party delivery platforms, obligations should reflect control. Where a platform controls the display environment, formatting or customer interface, retailers should not be responsible for matters outside their direct control.

## Display requirements

ARC does not support the proposed display requirements in their current form.

ARC supports the objective of making unit pricing prominent, legible and unambiguous. However, fixed design rules, including a mandated font ratio and high-contrast background, are unlikely to work consistently across store formats, shelf-edge ticket sizes, product categories and electronic shelf label systems.

Increasingly more complex issues arise in the case of online retail, where "labels" may be read on different devices, screens or browsers and in different resolutions that may be adjusted by users. Even if online font sizes are defined in relation to others (eg unit pricing displayed at half the size of package prices), the display in different online contexts may not replicate a "real life" proportion, as different browsers, operating systems or devices may



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scale or render different font sizes differently. These adjustments will generally improve readability but may not allow simple translation into ratios or measurements.

The existing requirement that unit prices be prominent, legible and unambiguous remains the right foundation. This is consistent with our earlier position, which supported practical guidance on prominence and legibility, but opposed prescriptive rules on font size, typeface or placement.

Shelf-edge labels already carry selling price, unit price and other product information in limited physical space. In high-density categories, such as personal care, household goods and similar product ranges, fixed font ratios and contrast requirements may make labels more cluttered, less flexible and harder for consumers to use. The cumulative effect risks reducing clarity rather than improving it.

Electronic shelf labels should also be considered carefully. They can improve pricing accuracy and efficiency, but operate within fixed screen sizes and system templates. Requirements that assume flexible ticket formats may not be compatible with these systems and could require costly system changes without clear consumer benefit.

Treasury should retain the prominent, legible and unambiguous standard and develop practical guidance with retailers, rather than mandating fixed design rules.

## Measurement requirements

ARC supports greater consistency in units of measurement where this helps consumers compare like products. This is consistent with the previous ARA and NRA position, which supported standardisation within and across categories, provided flexibility remains where packaging or product characteristics require it.

Treasury's proposed base-10 measurement increments may assist in some categories. However, any mandated approach should be tested carefully and provide flexibility where a different unit better reflects how a product is supplied, sold or understood by consumers. A single mandated unit may not suit products sold through different formats, including loose, packaged, per-item and weight-based methods of sale.

ARC urges caution on mandating only per-weight unit pricing for fresh produce. Treasury itself notes the interaction with the National Measurement Act 1960 and the National Trade Measurement Regulations 2009, which allow certain products, including fresh produce, to be sold either by weight or by item.

Any change in this area should be subject to further testing with retailers, suppliers, regulators and consumer groups. The Code should not require unit pricing practices that cut across established methods of sale or existing measurement laws.

## Shrinkflation

ARC strongly submits that shrinkflation disclosure must be supplier-led.

Shrinkflation is a consumer transparency issue, but it is not a retailer-controlled issue. Decisions to reduce product size, weight, volume, quantity, formulation or packaging are made by manufacturers and suppliers. Retailers are on-sellers and do not control the timing or substance of these changes.



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That concern is amplified in the case of marketplaces, where the operator may be neither the manufacturer/supplier nor the seller of record. It would be inefficient, unfair and impractical to impose an obligation on marketplaces to monitor and administer compliance with shrinkflation rules, particularly given the large number of low-volume products that can be offered on marketplaces.

Treasury is proposing that large store-based and large online grocery retailers display a shrinkflation notice where a product is replaced by a “substantially similar product” with a decreased size and higher unit price. The notice would need to be displayed near the selling price, include the previous product size and unit price, and remain displayed for at least 30 days.

ARC does not support this as a retailer-led obligation.

Retailers cannot reasonably be expected to identify and verify every relevant supplier-driven change across tens of thousands of SKUs. Without a mandatory supplier notification requirement, retailers would need to determine whether a product has changed size, whether the replacement product is “substantially similar”, whether the unit price has increased, and whether a compliant notice is required. That is not a practical or proportionate obligation.

In practice, retailers may not know a product has changed size until it enters the supply chain or arrives in store. A packaging change may not be obvious to store teams, particularly where the supplier has also changed the shape, design or presentation of the product. The “substantially similar product” test also depends on information primarily held by suppliers, including formulation, ingredients, packaging changes, product line changes and quantity decisions. Here too, the complexities increase in the case of online marketplaces, where the operator may not have physical access to the product upon listing (or ever) and will be informed only by the relevant seller of record.

If government considers shrinkflation disclosure necessary, the obligation should sit with the supplier or manufacturer responsible for the product change. This could occur through on-pack disclosure or through standardised, timely supplier notifications that flow through to all retailers and channels supplied by that manufacturer. This would provide more consistent information for consumers, with the same product change disclosed across all retailers.

Member feedback reinforces the practical difficulty of a retailer-led model. Shelf-edge labels and online detail pages (particularly in mobile apps) are already constrained, and Treasury is also proposing larger unit price display requirements and high-contrast formatting. Adding a shrinkflation notice, previous product size and previous unit price would add another layer of information to labels that are already space-constrained.

If any retailer-facing notice obligation proceeds, it must be conditional on suppliers providing accurate, standardised and timely notification of relevant changes. Retailers should not be exposed to penalties where supplier-driven changes were not notified, or where the retailer has acted in good faith based on supplier-provided information.

At a minimum, any retailer-facing obligation should be:

- triggered only by mandatory supplier notification;
- supported by a standard supplier data format;
- strictly time-limited;



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- limited to large grocery retailers with the systems and scale to implement it;
- confined to circumstances where signage can be displayed without undermining consumer clarity; and
- subject to safe harbours for supplier omissions, supplier errors, good-faith reliance and prompt remediation.

Shrinkflation is a supplier and manufacturer issue. The regulatory framework should reflect that.

### Civil penalties and enforcement

ARC supports proportionate and effective compliance arrangements.

Treasury appropriately recognises that grocery retailers sell large numbers of products and that a single IT error could lead to thousands of technical breaches. ARC strongly supports Treasury's view that the underlying cause of non-compliance should be identified so retailers are not penalised multiple times for a single error.

Penalties should not be calculated on a per-item, per-label or per-SKU basis. This would expose retailers to disproportionate liability for technical errors or systems issues arising from a single cause.

Consistent with the earlier ARA and NRA submission, any penalty regime should:

- focus first on education, guidance and corrective action;
- distinguish deliberate or systemic non-compliance from good-faith technical errors;
- avoid per-item, per-label and per-SKU multipliers;
- treat related breaches from a single underlying failure as one course of conduct;
- include per-store or per-period caps;
- provide safe harbours for good-faith errors, IT failures, supplier-driven issues and prompt remediation; and
- include an appropriate transition period before penalties apply to new obligations.

These safeguards are especially important if new display and shrinkflation obligations proceed. Retailers should not be penalised for matters outside their direct control, including supplier data errors, supplier omissions or third-party delivery platform display limitations.

Retailers should also not be exposed to penalties for failing to display a shrinkflation notice where the relevant supplier has not provided accurate, timely and standardised notification of the change.

ARC recommends a minimum implementation period of two years for material changes to the Code, given the need to update ticketing systems, electronic shelf labels, online platforms, supplier data processes, staff training and compliance systems, which in both physical and online contexts can involve receiving, formatting and processing labels for thousands of products.

### Conclusion



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ARC supports practical reforms that improve unit pricing transparency and help consumers compare value. However, the current proposals risk moving too far toward prescriptive, retailer-led compliance obligations that may make pricing information more cluttered rather than clearer.

Treasury should retain a principles-based approach to display requirements, preserve flexibility in measurement requirements, and ensure the Code remains targeted to large grocery retailers with appropriate scale and systems.

Most importantly, shrinkflation disclosure should be supplier-led. Any retailer-facing obligation should be conditional on mandatory supplier notification, supported by safe harbours for supplier errors, omissions and good-faith reliance.

Penalties should be proportionate, avoid per-item or per-SKU multipliers, and recognise that a single systems issue can create multiple technical breaches. ARC also recommends a minimum two-year implementation period for material changes to the Code.

ARC welcomes continued engagement with Treasury as these reforms progress. Any queries in relation to this submission can be directed to our policy team at [policy@retail.org.au](mailto:policy@retail.org.au).

