

Ms Joanna Abhayaratna
Executive Director
Office of Impact Analysis
Department of the Prime Minister and Cabinet
1 National Circuit
BARTON ACT 2600

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Dear Ms Abhayaratna

Impact Analysis – Excessive Pricing Prohibition for Supermarkets – Second Pass Final Assessment

I am writing in relation to the attached Impact Analysis (IA) prepared for the proposal to introduce an excessive pricing prohibition for supermarkets.

I am satisfied that the IA addresses the concerns raised in your letter of 16 November 2025. Specifically, the revised IA now clearly establishes in Question 4 the status quo as the baseline with no impacts from change, provides additional discussion in Question 4 of potential costs for affected supermarkets, and clarifies throughout that while Option 2 addresses the risk of excessive pricing where pricing is significantly in excess of the cost of supply and reasonable margin, it is not expected to result in fully competitive prices across the sector.

The IA has also been updated to describe why the government is well placed to address this policy problem and how it can do so, as well as the analytical method used to identify the option with the highest net benefit, including the rationale for this approach. These changes strengthen the overall transparency of the analysis and ensure the assessment of costs, benefits, and distributional impacts better aligns with OIA guidance.

The regulatory burden to business, community organisations or individuals is quantified using the Australian Government's *Regulatory Burden Measurement* framework and is provided below.

Regulatory burden estimate table

Total regulatory costs - \$ million in present value over 10 years				
	Business	Community organisations	Individuals	Total change in costs
Total, by sector	\$7.2 million	\$0	\$0	\$7.2 million

Accordingly, I am satisfied that the IA is consistent with the six principles for Australian Government policy makers as specified in the *Australian Government Guide to Policy Impact Analysis*.

I submit the IA to the Office of Impact Analysis for formal final assessment.

Yours sincerely



James Kelly
Deputy Secretary
Treasury
17 November 2025