

# Australian Newsagents Federation

Media Release - March 22<sup>nd</sup>, 2011

## New “EFTPOS tax” to hurt Consumers and Small Business:

The Australian Newsagents Federation (ANF) is calling on the government and banks to reconsider what ANF Chief Executive Officer, Alf Maccioni has described as, “effectively an EFTPOS tax on consumers and small business.” He says, “The new fees announced recently by EFTPOS Payments Australia (EPAL) and proposed for October this year in the form of increased EFTPOS interchange fees will cost consumers and small business an estimated \$150+ million dollars annually. The fees are effectively a new EFTPOS tax on consumers and small business.” Mr Maccioni said.

EPAL’s shareholders are made up of the major banks and large retailers Coles & Woolworths who manage their own terminals. Through a transitional arrangement, Coles and Woolworths can opt out of the new charges while the banks will receive a big increase in their EFTPOS fees to add to their already very healthy profits.

Maccioni slammed the decision saying, “This completely removes the previous level playing field for Australia’s thousands of small businesses including our community newsagents. Consumers and small business are the ones who will pay for this, the big banks will get increased profits and Coles and Woolworths will continue to receive a rebate and get a further leg up to increase their market advantage over struggling small businesses many of whom are still recovering from recent natural disasters.

Maccioni says the government and banks must act to address this issue, “This is an awful time for the banks to be profiteering and the government shouldn’t be allowing any extra pressure to be put on mum and dad businesses and our customer’s. They need to have a good look at what is being proposed here before allowing small business and inevitably consumers to wear all of these new costs. Our customers are hurting from increased cost of living pressures, consumer confidence is dropping and retail trading figures are poor.” He said

The ANF opposes these new charges that EPAL state are to support investment in the EFTPOS network and disputes any claim that retailers just need to negotiate with their bank to absorb these new fees. “The investment will end up being on the retailer side in necessary upgrades to point of sale equipment to integrate the changes, adding further cost. The banks are on either side of the deal so they will not absorb any of the new fees and newsagents do not have the bargaining power of the major retailers to demand it.” Maccioni said.

Maccioni conceded that payments under \$15 will receive a 0 cent fee under the new regime but said, “People do not realise that even this is actually an increase of 4 to 5 cents on the previous rebate received and the major retailers will still benefit from the previous model.” He went on, “Newsagents will be disproportionately affected by these changes due to our small overall basket sizes and numbers of transactions. The government and banks need to reconsider this proposal that includes no equity or reasonable justification for the cost.”

### **ENDS**

For further comments:

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Other newsagent industry partners available for comment on this issue:

- Jost Stollmann - CEO Tyro Payments M: 0424 369 631
- Mark Fletcher - MD Tower Systems Int (Aust) Pty Ltd M: 0418 321 338
- Peter Cowley - CEO Victorian Association of Newsagents M: 0418 536 316

## Summary of EFTPOS Interchange fee changes

Changes	Previous EFTPOS Interchange Fee Model	New EFTPOS Interchange Fee Model
EFTPOS Interchange fee	-4 to -5 cents <b>(Rebate)</b>	+5 cents <b>(major retailers retain previous model)</b>
New EFTPOS Scheme Fee (began Jan 2011 +1c on both sides of each EFTPOS transaction to raise an additional \$40m for EPAL))	0 cents	+1 cent on either side of the transaction
Acquiring bank Margin on merchant rate <b>(Estimate)</b>	+15 cents est.	+ 15 cents est.
Cost to merchant	+10 cents	+21 cents (increase of +11c)

Other Changes	Previous EFTPOS Interchange Fee Model	New EFTPOS Interchange Fee Model
Cash out	-19 cents <b>(Rebate)</b>	-15 cents <b>(major retailers retain previous model)</b>
Transactions below \$15	-4 to -5 cents <b>(Rebate)</b>	0 cents <b>(major retailers retain previous model)</b>

The new fees will be payable from the 1<sup>st</sup> of October 2011