



Mark Dreyfus MP

FEDERAL MEMBER FOR ISAACS



PARLIAMENT OF AUSTRALIA
HOUSE OF REPRESENTATIVES

Ref: c-john-ph (db)

Mr Phillip Johnson
Parkmore Newsagency
Shop A1 Parkmore Shopping Centre
317 Cheltenham Road
KEYSBOROUGH VIC 3173

Dear Phillip,

EFTPOS Charges

Thank you for contacting me regarding the imposition of unfair EFTPOS charges on small business by EFTPOS Payments Australia Limited (EPAL).

I have contacted the Treasurer, the Hon. Wayne Swan MP, to inform him of the situation faced by your newsagency and other small businesses across Australia who are unrepresented on the EPAL Board and unable to voice their concerns about the effect of the charges on small business.

I have asked Mr Swan to refer the decision of the EPAL Board to increase interchange fees to 5 cents for transactions over \$15 to the Australian Competition and Consumer Commission to determine if it is anti-competitive.

I have also asked Mr Swan to advise me on the ability of the Reserve Bank of Australia to prevent the imposition of these unfair charges and ensure that in the future small businesses are represented in decisions concerning the EFTPOS Network.

I enclose a copy of my letter to Mr Swan. I will contact you when I receive a response.

Yours sincerely,

Mark Dreyfus QC MP
FEDERAL MEMBER FOR ISAACS

14/4/11



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Ref: c-john-ph (db)

The Hon. Wayne Swan MP
Treasurer
Parliament House
CANBERRA ACT 2600

Dear Treasurer,

EFTPOS Charges

I have been contacted by Phillip Johnson regarding the new EFTPOS fees announced by EFTPOS Payments Australia Limited (EPAL), the company established by the Reserve Bank of Australia to manage the EFTPOS Network.

Mr Johnson runs a newsagent in my electorate of Isaacs. He is concerned that EPAL, Australia's largest EFTPOS provider, has announced it will increase interchange fees to 5 cents for transactions over \$15 from 1 October 2011. The decision of the EPAL board has the approval of the Reserve Bank of Australia and is estimated to impose a collective cost of up to \$200 million per year on small to medium enterprises.

The justification for the new fees is that they support investment in enhancing the EFTPOS Network. However, Mr Johnson feels that \$200 million, approximately \$285 per terminal per year, is excessive and places an unfair burden on small business.

Through a transitional arrangement designed by EPAL, a number of its shareholders are exempted from the new fee regime. These include large retailers such as Coles and Woolworths, who will not be charged under the new arrangements. Mr Johnson feels that it is unfair that an oligarchy of banks and large retailers who control EPAL are able to design a fee regime that places the burden of upgrading the EFTPOS Network directly on their competitors, who are not represented on the EPAL Board.

This decision by EPAL will have a significant effect on small businesses in my electorate. The new charges will give an unfair competitive advantage to large retailers and force small businesses to pass the cost of the fees onto consumers.

Can you advise me on the powers of the Australian Competition and Consumer Commission to investigate whether the decision by EPAL is anti-competitive?

In addition, can you advise me on the ability of the Reserve Bank of Australia to prevent the imposition of these unfair charges and ensure that small business is represented in decisions concerning the EFTPOS Network in the future?

Yours sincerely,

Mark Dreyfus QC MP
FEDERAL MEMBER FOR ISAACS

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