

File Note

Date: 24 March 2003

Contact: Chris Field - Consumer Law Centre of Victoria
David Tennant - Consumers Federation of Australia

Matter: Applications for authorisation A30224, A30225 in relation to EFTPOS interchange fees

Public Register file: C2003/239

1.30pm

ACCC attendees – Joanne Palisi, Susan Sullivan, Danielle Staltari

David Tennant ('DT') and Chris Field ('CF') commenced the meeting with a brief discussion of the authorisation consultation process, in particular in relation to the constraints sometimes experienced by areas of the consumer movement, and how the facilitation of oral submissions by the Commission had gone some way to addressing this.

CF then stated that he wished to offer broad support to the proposed arrangements and the granting of authorisation to them by the Commission and noted that he also anticipated supporting the submissions made by the Australian Consumers Association and the Financial Services Consumer Policy Centre.

CF then stated that in assessing the public benefits and anticompetitive detriments likely to arise from the proposed arrangements it was his view that three critical areas must be taken into account by the Commission, being:

1. The need for a formal and independent pricing oversight function.

CF expressed strong reservations with respect to both the capacity of the banking industry and the ability of competitive pressures to ensure the pass through of the lasting benefits of the proposed arrangements to consumers.

In particular CF was concerned that the majority of the benefits of the deregulation and general micro economic reforms of the financial sector have tended to be passed on to high income high asset consumers and that the low income and more vulnerable consumers have not experienced these benefits to the same degree. It was CF's concern that without appropriate pricing oversight the benefits of the proposed arrangements may not be distributed to all consumers.

2. A requirement that the applicants provide a formal undertaking with respect to the pass through of the benefits of the proposed arrangements and

moreover that this undertaking provide that the pass through of benefits will not be predominately provided to one group of consumers to the detriment of another.

3. Provision for the formal review and audit of these undertakings and authorisation by the Commission to ensure ongoing compliance with the undertakings provided.

It was CF's view that when considering issues of public benefit and anti-competitive detriment it was appropriate to consider whether the public benefits merely countered the potential anti-competitive detriment or whether they in fact over balanced this detriment. It was CF's view that public benefit test under the Act would not be met if the requirements discussed above were not in place.

DT then stated that he also wished to provide broad support for the proposed arrangements and that he agreed with the comments that had been made by CF. DT also anticipated supporting the submissions to be made by the Australian Consumers Association and the Financial Services Consumer Policy Centre.

DT stated that in addition to the concerns outlined by CF, it was his concern that there were further issues of consumer disadvantage that needed to be considered and that these were not only economic in nature but were also consumer disadvantage stemming from geographic isolation. In particular it was DT's concern that it was necessary for the pass through of the benefits of the proposed arrangements to be reflective of access restraints often experienced by rural and remote consumers. It was DT's concern that rural and remote consumers were often limited in their capacity to benefit from such reforms given the limitations of the banking services provided to them.

Susan Sullivan then thanked CF and DT for their time and explained that Commission staff would prepare a record of the meeting which would be provided to them for their comment.

Meeting ended 1.50pm.