



Restaurant
& Catering

16 April 2021

ACCC Merger Investigations Division

Consultation into proposed amalgamation of BPAY, eftpos and NPPA (Reference: MA1000020)

By Email: mergerauthorisations@acc.gov.au

To whom It may concern

I write to make a submission regarding the application for merger authorisation from Industry Committee Administration Pty Ltd (ICA) seeking to amalgamate ownership of BPAY Group Pty Ltd and BPAY Pty Ltd (together BPAY), eftpos Payments Australia Limited (eftpos) and NPP Australia Limited (NPPA) under a new entity (NewCo) by way of share acquisition.

Restaurant & Catering Australia (R&CA) is the national industry association representing the interests of over 48,000 restaurants, cafés and catering businesses across Australia. The café, restaurant and catering sector is vitally important to the national economy, generating nearly \$35 billion in retail turnover each year as well as employing 450,000 people. Critically, over 93 per cent of businesses in the café, restaurant and catering sector are small businesses, employing 19 people or less.

R&CA delivers tangible outcomes to small businesses within the hospitality industry by influencing the policy decisions and regulations that impact the sector's operating environment. R&CA is committed to ensuring the industry is recognised as one of excellence, professionalism, profitability and sustainability. This includes advocating the broader social and economic contribution of the sector to industry and government stakeholders, as well as highlighting the value of the restaurant experience to the public.

In our 2020 Benchmarking Survey, R&CA surveyed hundreds of member businesses across the country regarding issues relating to card payments and payment methods. The 2020 survey asked businesses for detailed responses relating to payment methods and payment platforms.

An overwhelming number of businesses indicated that card payment – either credit or debit card) – was the most common payment method (90 per cent). Phone or device touch payment e.g. Apple Pay significantly increased in 2020 to 5.4 per cent compared to just 0.9 percent in 2019. Cash continued to decrease in popularity, accounting for just 1.5 per cent of all respondents. When asked about payment processing methods, the most common form of card payment was PayPass or 'Tap & Go' with 77.7 per cent of respondents indicating it was the method of choice for customers. This was followed by payment requiring the entering of a pin (10.8 per cent). When asked about why businesses choose what payment methods to

adopt in their businesses, simplicity (46.7 per cent) and integration with existing software (24.1 per cent) and cost (20.3) were listed as the most common reasons.

Payment platforms and payment methods are important issues for R&CA and its members, and I thank you for the opportunity to provide comment on the proposed merger of BPAY, Eftpos & NPPA.

In short, R&CA has two key concerns we wish to raise with the ACCC in considering this merger:

1. Small business representation within the new merged organisation

With 93% of the businesses in the café, restaurant and catering sector are small businesses, employing 19 people or less, small business issues of of key importance to R&CA. R&CA is concerned that this proposed merger could disproportionately impact small businesses, and the proposed merger leaves little room for small business voices within the organisation. Whilst the small business subcommittee goes some way to remediating those concerns, we believes that small businesses should have a greater, if not equal, say to larger institutions such as banks within the amalgamation process.

2. Continuation of Least Cost Routing (LCR)

Given the dramatic drop in the use of cash across our member businesses as listed in the 2020 Benchmarking Report, the role of LCR becomes increasingly important. Merchant fees often operate with little or no transparency and are difficult to understand. In many instances they are part of a broader service package that is linked to other key measures such as sales volumes, making difficult for small business owner to understand, budget for and calculate. Any move towards not only lowering these merchant fees, but also making the process more transparent, is one that R&CA is in strong support of.

However, R&CA firmly believes the new organisation is in no way incentivised to continue pursuing LCR, which would dramatically impact our small businesses members and only serves to heighten fears around small business impacts listed above.

If you have any questions relating to this proposal, please do not hesitate to contact R&CA's Head of Policy, Government & Public Affairs, Tom Green at [REDACTED].

Regards



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Chief Executive Officer
Restaurant and Catering Australia