



**Australian Lottery
and Newsagents
Association**

www.alna.net.au

16th of April 2021

Mr. Rod Sims
Chairman Australian Competition and Consumer Commission
23 Marcus Clarke Street
Canberra ACT 2601
CC: Mr. Mick Keogh – ACCC Deputy Chairman

By email: mergerauthorisations@acc.gov.au

Dear Rod,

Re: ACCC assessment of proposed amalgamation of BPAY, eftpos, and NPPA.

About ALNA

The Australian Lottery and Newsagents' Association (ALNA) is the national industry body representing Lottery Agents and Newsagents' who represents small businesses in almost every rural town, regional centre, urban and metropolitan shopping centre in Australia.

There are over 4000+ Lottery Agents and Newsagents in Australia. They are an important and trusted part of Australian communities and approximately 35% of the Australian population visit them at least once a week. Our members therefore make a significant contribution to the Australian economy, employing over 20,000 people and generating an estimated annual turnover of \$6 Billion.

Agencies have commercial relationships with over 25,000 other businesses, further demonstrating their valuable contribution. We are one of the largest independent retail channels in our community.

Our Submission

ALNA appreciates the opportunity to provide insights in our submission on the proposed merger and how it may impact our members.

There has been rapid shift in our member businesses from cash to card payments during COVID-19, and contactless payments have grown substantially at the same time. ALNA has worked hard to manage the costs of debit and credit transactions for members through promoting least cost routing and by accessing competitive pricing to address this. Nonetheless, the cost of payments for these small businesses continues to rise substantially and is a key pain point for many small businesses, especially lottery agents where lottery commissions range between 7-10.3% of turnover, so the cost of accepting payments can be a substantial impost on their margin.



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We recognise the importance of having a competitive and cost-effective domestic debit system in Australia as debit transactions are the lubricant that keeps efficiently run small businesses going.

Nonetheless, ALNA is very concerned that the proposed merger of BPAY, eftpos, and NPPA may lessen competition and potentially hamper innovation in the payments sector, and this may lead to stagnation of effective payment cost reductions in the marketplace and would provide no discernible public benefit. It may also derail constructive work in relation to least cost routing for small business that remains poorly adopted and endorsed.

ALNA members use payments systems extensively and are in fact beholden to them. Almost all ALNA members have had bad experiences with payment systems at times. In recent years more competitors have entered the market and many of these are being utilised by small business.

The Applicant (Industry Committee Administration) submits that the Commission should authorise the Conduct because: (a) the Conduct will not be likely to have the effect of substantially lessening competition in any market and/or (b) the Conduct will be likely to give rise to a net benefit to the Australian public.

It is not believable that the conduct seeking authorisation does not substantially lessen competition, the conduct involves three active competitors, mostly supported by major banks, coming under common control. So those that previously competed will no longer do so, even if they will have the fiction of operating separately, an old anti-competitive ploy.

In any case, the fact that there is an application indicates that the Applicant is of the view that there is a likely substantial lessening of competition.

That leaves the public benefit issue. The Applicants have submitted a long list of claimed public benefits, in our view these are either illusory or private benefits. There is no hard evidence of public benefits, just wishful thinking.

The Applicants promise to support small business but again have provided no real substance. If the Applicant wishes to support small business, and promote that as a public benefit, it should look to issues that matter such as fees charged to small business. For instance, fully adopt “least or real cost routing” as the default option or some similar cost-based initiative.

There is also much said about increasing transparency, ALNA agrees with that and if we are to have a sector that is largely managed by the ICA then the SME sector should be involved with ICA, and not just some minor role but part of the decision-making process. ICA seems to us to be some kind of cartel, even the ACCC seems not to trust ICA as it has extracted an enforceable undertaking to stop the ICA engaging in the conduct sought to be authorised until such time as the ACCC decides the authorisation.

The Australian Lottery & Newsagents Association (ALNA) realises that the ACCC has limited time in relation to this form of authorisation, and this is unfortunate in this instance as it deserves a longer



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consultation process. We hope as a result that the ACCC issues a discussion paper on its initial thinking and/or has a round table on the Application.

We are happy to discuss this submission further with the commission.

Sincerely



Ben Kearney

Chief Executive Officer

Australian Lottery and Newsagents Association

Suite 1.9, 56 Delhi Road, North Ryde, NSW 2113

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