



The Pharmacy  
Guild of Australia

## SUBMISSION

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### Proposed amalgamation of BPAY, Eftpos and NPPA – ACCC Submission

Date 16 April 2021  
Contact Scott Harris  
Workplace Relations & Business Policy, National Manager  
E:

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#### National Secretariat

Level 2, 15 National Circuit, Barton ACT 2600  
PO Box 310, Fyshwick ACT 2609  
P: +61 2 6270 1888 • F: +61 2 6270 1800 • E: [guild.nat@guild.org.au](mailto:guild.nat@guild.org.au)  
[www.guild.org.au](http://www.guild.org.au)



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## INTRODUCTION

1. The Pharmacy Guild of Australia (the '**Guild**') welcomes the opportunity to respond to the Australian Competition and Consumer Commission (ACCC) invitation to provide a submission on the proposed amalgamate ownership of BPAY Group Pty Ltd and BPAY Pty Ltd, eftpos Payments Australia Limited and NPP Australia Limited under a new entity (NewCo) by way of share acquisition.
2. It is our intention to focus on points that are relevant to the community pharmacy sector, small business operations and the experiences of our members in their businesses.

## ABOUT PHARMACY GUILD OF AUSTRALIA

3. The Guild is a national employer industry association representing the owners of community pharmacies which are primarily small businesses providing a range of professional health services and associated products to all Australians.
4. These owners of Australia's 5,800-plus community pharmacies need to strike a balance between running a viable small business and providing primary and preventive health care to their patients.
5. Many of the Guild's members are small businesses that employ 15 or fewer employees, these community businesses together account for the employment of more than 70,000 full time, part time and casual employees directly.
6. As a federally registered industrial organisation, the Guild develops workplace and business policy and participates with other organisations to shape public debate on major workplace relations and business issues.

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### National Secretariat



## **GUILD'S POSITION**

7. Across the world cash payments are becoming increasingly less common and Australia is no exception. It is further noted that the COVID pandemic has accelerated this trend.
8. Electronic transactions have certainly provided benefits including offering greater convenience to consumers to make payments, which in turn has benefited businesses from more transactions taking place. Nevertheless, these payment methods have also come with a cost - a literal one - in the form of merchant fees including routing costs.
9. The proposed amalgamation is under the premise, it will innovate the payments space and foster greater collaboration.
10. The Guild is of the view that this merger would not be beneficial overall especially for small business and if it fails to address the key issue of Least Cost Routing. It is for this reasons that the Guild submission urges the ACCC to give significant consideration to the amalgamation application.

## **Small Business Position**

11. With over 80% of Guild members being classed as a small business, particularly as they do not associate with any particular pharmacy brand or have highly technical operations capability similar to a large business, they are more vulnerable to business costs and economical challenges.
12. The Guild is very concerned over the impact this merger could have on our smaller members especially where it appears there is no desire to give small business a meaningful voice on how this amalgamation would operate and ensure that businesses of all sizes are heard. If the entity is approved, it may lack the incentive needed to help small business in reducing costs to assist business viability.
13. It is noted that there is a proposal for a small business subcommittee, however, the Guild believes the voice of the small business community should be at the top table and not a subcommittee.

14. Small business should be afforded equal representation to that of the major banks and in the absence of that certainty, we are unable to support the proposed amalgamation as it currently stands.

## **Least Cost Routing**

15. With Australia becoming an increasingly cashless society, the access to Least Cost Routing (LCR) is of significant importance, particularly to a small business operation. The Guild supports in principle any move to make LCR readily available to small business to assist in reducing transaction costs. Not only does high merchant fees pose an added expense to business, but these costs are difficult to pass on to the consumer or to be absorbed by the business without ultimately affecting the services provided.
16. The way merchant fees operate often lacks transparency and they are difficult to calculate. In some instances, they are part of a service bundle that is linked to other metrics such as sales volumes, making it close to impossible for a small business owner to reliably calculate the cost to their business.
17. Any move towards not only lowering these merchant fees, but also making the process more transparent, is one that community pharmacy as a small business can absolutely support.
18. The Guild is of the view that the proposed merger does little to nothing to pursue an increase in the availability of LCR without small business representation on the new entity Board. Small business representation would vigorously pursue reform that provides cheaper merchant fees for small business.
19. The reality is that the path to lower prices almost always involves enhanced competition. The idea that a merger involving the banks and large payment providers would lead to a more competitive environment is counter intuitive and lacking in basis.
20. Furthermore, it is our belief that the proposed merger would make it more difficult for new players to enter the market and therefore would be unlikely to put downward pressure on merchant fees.
21. Less competition between payment providers not only potentially hurts small business via higher fees but ultimately consumers as well who may pay more at the checkout.

22. It is for these reasons that we do not believe that this proposed amalgamation would adequately advance the cause of LCR for small businesses generally and specifically for our members.