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Tuesday, 16 May 2006

Dear Mr Baird.

Once again we would like to thank you for the opportunity to appear before the Committee.

During questioning yesterday we committed to examining a suggestion by the Committee more thoroughly that concerned setting credit card interchange fees at zero.

On consideration we believe this proposal has the potential to benefit consumers considerably provided the *effects* of this move were largely (or completely) passed onto consumers.

We note that the Merchant Payments Forum would reconsider surcharging. But we also note that surcharging is not widespread and limited to a few companies with significant market power. The savings from the new interchange fee would therefore need to be felt in some net change in the prices consumers pay for goods and services.

If your committee requires any further information from us on this issue or other issues raised before the Committee please contact myself or my staff member, Nick Coates on 02 9577 3349.

Yours sincerely,

Peter Kell.
CEO