




Speech by

Ray Stevens

MEMBER FOR MERMAID BEACH

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CREDIT CARD CHARGES

 **Mr STEVENS** (Mermaid Beach—LNP) (12.34 pm): I rise in the House today to highlight an important matter of public interest that is of great concern to my community and that is the additional charges that are being enforced by companies using credit card facilities on top of the price of the consumer goods when paying by credit card. I understand completely that this is a federal government issue, but it is one that affects us greatly. The constituents of Mermaid Beach have been complaining to me about the ongoing rise in costs of goods and services that are provided by major retailers of all things, from fuel right through to energy, and then they are copping the credit card charge on top of what they have consumed. It is just another nail in the coffin of affordability. These percentages can be from one to three per cent.

The business community, under legislation changes of the Howard government—which disappointed me greatly—have been afforded the opportunity to gouge another little percentage point out of the consumer. Currently there is an investigation underway by the Reserve Bank into these charges. These charges were facilitated by the Howard government in changes to the legislation, but I do not believe it was ever envisaged that those changes being made to assist business to recover costs of credit card charges were ever intended to be passed on as another cost to consumers who are suffering left, right and centre. There is an exploitation of consumers with this process. It does not matter whether you are paying for food, fuel, services, utilities, including water, electricity, rates and everyday bills, there is an extra charge that is being passed on to the retailer for using a credit card.

According to the Reserve Bank of Australia, as of November 2011 there were 15 million credit cards in circulation in Australia. At that time Australians had spent \$21 billion on credit and charge cards with an average credit balance of \$3,333 each. Australia's credit card and charge card balance is over \$50 billion. On the transactions of \$21 billion, with an average of 0.2 per cent charge, the consumer is paying an extra \$420 million on the goods they are purchasing. These credit card charges are being passed on from the retailer to the consumer to cover the merchant's cost of using their credit card. These charges are passed on unfairly and are increasing the cost of the item significantly.

I personally have written to the governor of the Reserve Bank of Australia and have highlighted the need to have these charges reviewed. As a former retailer, I have seen the usage of credit cards increase and believe that quite clearly the benefits were to the business operator, the retailer. It was originally called a Bankcard and was introduced primarily to help businesses. The credit card charges passed on from retailers to consumers to cover the merchant's cost of using credit cards are being passed onto the consumer unfairly, increasing the item that they are purchasing significantly.

Bank charges were introduced to protect the retailer and to obviate the need for a cash economy. Their benefits were marketed to retailers as increasing the safety of payment, as opposed to cheques. They were introduced to increase spontaneous spending decision making, thereby increasing turnover for businesspeople and retailers. There were to absolutely negate the need for consumers to have cash on hand. The ill-considered and, unfortunately, big business interest decision of allowing the passing on of credit card charges to the consumer places a further unnecessary and unfair financial burden on the

consuming public. It is a clear financial decision and I cannot fathom how consumers can be duped into suffering the burden of a business cost that benefits the business entirely. I urge the Reserve Bank of Australia and the federal government to review the passing on of credit card charges that merchants and retailers are inflicting on consumers for the so-called privilege of paying by credit card. Quite clearly, consumers cannot afford a further burden on their purchases. This increases the costs and, again, it is a detriment to the growing economy right throughout Australia, particularly Queensland and, more importantly, Mermaid Beach.