



Communications Department
Reserve Bank of Australia
SYDNEY, NSW
rbainfo@rba.gov.au

5 September 2025

Response to Review of Merchant Card Payment Costs and Surcharging

The Australian Meat Industry Council (AMIC) is the peak industry body representing post-farm gate red meat businesses. The post-farm gate red meat industry directly employs over 70,000 people across 6,200 businesses.

AMIC members include processors, small goods manufacturers, wholesalers, exporters, and — critically — independent local butchers. Butchers are deeply ingrained in their local communities and play an important role in feeding Australians, yet they face constant cost pressures and competition from larger retailers.

AMIC welcomes the opportunity to contribute to the RBA's Review of Merchant Card Payment Costs and Surcharging. We commend efforts to simplify payment systems, reduce costs, and improve transparency. However, we are concerned that an arbitrary ban on merchant surcharging would disproportionately harm small businesses, simply transfer fees into the cost of goods, and make it harder for businesses to trade.

The RBA's Consultation Paper (July 2025) recommended:

- Removing merchant surcharging across debit, credit and prepaid card networks,
- Lowering domestic interchange fee caps and introducing caps on foreign-issued card transactions, and
- Increasing transparency of merchant service fees, requiring providers to publish average acceptance costs and break down statements.

AMIC members have varying practises when it comes to surcharging and, hence, the draft recommendations would impact them in different ways. The diversity of AMIC member practises and views on the recommendations are summarised in the appendix to this submission.

In response to the RBA recommendations:

1. AMIC considers it essential that merchants retain the right to surcharge. Many independent butchers rely on surcharging to manage rising transaction costs. Banning surcharges would not remove these costs but would instead conceal them, forcing businesses to embed fees into product pricing. Banning surcharging would have a greater impact on small businesses who are less able to negotiate lower payment fees and absorb additional costs compared to the major retailers.

2. AMIC supports meaningful reductions in interchange fees. Lower caps on domestic and foreign card transactions are welcomed and would provide some relief to merchants. However, our member survey makes clear that interchange fee reductions will not fully offset the loss of surcharge revenue, particularly for small businesses already operating on thin margins.
3. AMIC supports reporting requirements on payment providers. Publication of average merchant service fees and clearer, itemised statements would empower butchers and other small businesses to make informed decisions, compare providers, and secure competitive rates.
4. AMIC strongly encourages the RBA to require least-cost routing across all debit and credit card payments. This reform would deliver direct and sustained benefits for small merchants, ensuring lower transaction costs are realised in practice and not eroded by system design or market power.

AMIC supports reforms that reduce costs and increase transparency, but opposes removing merchants' ability to surcharge. For many independent butchers, banning surcharges would hide costs as opposed to eliminating them, elevate prices across all products, reduce competitiveness against larger businesses, and limit consumer choice.

Of note, about half of AMIC butcher members surveyed indicated they currently surcharge on card payments. Of those who surcharge, 62% said they would be significantly worse off (and 27% somewhat worse off) if that right was removed and 69% said they would adjust pricing to recover costs. Hence, removing the right to surcharge will not assist in reducing inflation: it is either already built into pricing (for those that don't surcharge) or would be transferred into product pricing (if that option was removed by those who currently surcharge).

We therefore urge the RBA to:

- Retain surcharging rights for merchants,
- Deliver stronger interchange fee reductions,
- Oblige reporting of merchant service fees, and
- Require least-cost routing across all payment types.

These reforms, taken together, will deliver real benefits to small businesses, consumers, and the wider economy — while ensuring independent butchers remain viable in an increasingly competitive environment.

Any reforms should be implemented within a timeframe that accommodates the practical realities of small businesses in the current economic climate.

Regards,

Tim Ryan
Chief Executive Officer
Australian Meat Industry Council

Appendix: Survey Findings from AMIC Butcher Members

AMIC surveyed retail butcher members in August 2025. Key findings include:

- **Current practice:** Do you currently apply a surcharge on card payments in your shop?
 - 47% apply surcharges on all card types
 - 4% apply surcharges on credit only
 - 49% do not apply surcharges
- **Impact of a surcharge ban:** Overall, how would a ban on surcharging affect your business?
 - 33% said they would be significantly worse off
 - 16% somewhat worse off
 - 45% no impact
 - 6% better off
- **Likely responses if banned:** If surcharging is no longer allowed, what would you do?
 - 53% would increase product prices to recover costs
 - 6% would absorb costs
 - 29% said it would not affect them or they were unsure
- **Views on transparency:** Do you believe removing surcharges makes payment costs clearer and fairer for customers, or does it hide costs that businesses still have to pay?
 - 59% believe removing surcharges hides costs that businesses still pay
 - 25% believe it makes costs clearer/fairer
 - 16% unsure
- **On interchange fee reductions:** How would reductions in fees benefit your business?
 - 27% said significantly beneficial
 - 33% somewhat beneficial
 - 20% not much
 - 6% not at all
 - 14% unsure
- **On offsetting losses:** Would lower interchange fees offset the loss of surcharge revenue?
 - 4% said reduced interchange fees would fully offset
 - 47% partly
 - 20% not at all
 - 29% unsure
- **On transparency measures:** Would requiring payment providers to publish and break down costs help you make better choices?
 - 61% said mandatory fee breakdowns would help them choose better providers
 - 29% said it would not help them choose better providers
 - 10% unsure