

Media Release

Wednesday 1st September 2021

MGATMA welcomes Treasurer Josh Frydenberg's commitment to mandate Least Cost Routing as a default for family and private businesses in Australia.

MGATMA and its 2,600 family and privately owned grocery, supermarket, bottleshop and timber and hardware businesses around Australia, welcomes and strongly supports the announcement from Treasurer Josh Frydenberg this morning stating that the Morrison Government is committed to engaging with the RBA to lowering costs for small business through the implementation of default least-cost routing, in the debit card market, as well as opposing single network cards that only offer Visa or Mastercard options

MGATMA CEO Jos de Bruin said, "we have been advocating for Least Cost Routing to be implemented by the big four banks, as a default mechanism and the ability to access a more economical eftpos debit card payment gateway, for more than 10 years. Finally, the government has listened to small businesses, who, with the advent of tap and go and contactless payments, particularly during Covid, have experienced unsustainable and exponential cost increases to transact their customers debit card payments."

This Least Cost Routing facility must be made available in all forms of payment including via mobile and digital wallets, online and any form of E Commerce."

Jos de Bruin said, "Our members conduct almost 600 million transactions per annum and pay in excess \$88m in card payment fees. Any savings achieved with least cost routing, away from the higher fees charged by the international schemes, will be reflected by our members providing additional employment opportunities and reinvestment back into their businesses and most importantly, be able to compete with the large corporate chains who do not have to pay these exorbitant debit card payment fees."

We thank Treasurer Frydenberg, as this is a much needed change required to enable family and private businesses to not be "over charged" for card transactions and to compete with their larger counter parts.

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About MGA/TMA

MGA/TMA is a National Employer Industry Association that is registered with the Registered Organisations Commission, representing family and private businesses which operate independent grocery, liquor, and other retail outlets including timber and hardware, in all States and Territories of Australia.

MGA's 2,600 members include branded independent grocery stores, trading under brand names such as: Drakes, Farmer Jacks, FoodWorks, Foodland, Friendly Grocers, IGA, IGA Xpress, Supa IGA and SPAR. In addition, there are numerous independent liquor stores operating throughout Australia and trading under names such as: Cellarbrations, The Bottle O and Local Liquor, which are either single or multi-store owners.

Our members also own independent hardware stores that include brand names such as Mitre 10, Home Timber and Hardware, Thrifty Link and True Value Hardware.

These businesses are the hubs of the communities in which they trade and make a significant contribution to the retail industry, employing 125,000 people and accounting for approximately \$19 billion in retail sales.