

16th January 2017

Competition and Consumer Policy
Building, Resources and Markets
Ministry of Business, Innovation & Employment
PO Box 1473
Wellington 6140
New Zealand

via - competition.policy@mbie.govt.nz

To whom it may concern

Thank you for the opportunity to provide comment on the Issues Paper considering New Zealand's retail payment systems.

I am the owner of Parkwood Super value, Hamilton a small-medium sized grocery store that employs 5 people.

As outlined in the Paper, the issues around retail payments are significant and it is timely that they are being considered in a comprehensive way. I appreciate that the Government is taking the time to get the views of a wide range of New Zealanders before deciding how it will proceed in terms of potential policy or regulatory change.

Over the last several years, New Zealand has witnessed significant changes to the way consumers purchase and pay for goods and services. Further developments in this area are likely, with new technologies already in the pipeline. Consumer appetite for easy payments and access to card reward scheme incentives are on the rise.

As people move away from cash and cheques, and with EFTPOS use on the decline, the cost of alternative payment methods such as contactless debit cards and credit cards has become an increasingly significant issue for my business. My business is facing increasing fees from accepting these cards, the use of which is increasing. To provide customer convenience, I must accept a range of payment forms and must essentially suffer these additional costs.

Large merchants, with strong negotiating power, are in a better position to negotiate discounted merchant service fees. However, smaller retailers such as myself are unable to access more competitive rates. We have little option but to accept card fees as a cost of doing business. The increased costs of doing business increase the pressure on us to put up the prices of groceries for consumers.

I am also concerned that as consumers increase their use of these cards and new technologies, promoted by the credit/debit card companies, their market power and ability to set pricing increases further. This ultimately risks higher scheme and transaction costs.

In light of the important issues outlined in the MBIE Paper, I would encourage the Government to formalise its intent to have greater oversight of the retail payment system. One way of doing this may be to establish a governance entity tasked with development and implementation of an equitable and efficient retail payment system in New Zealand. I note that other comparable jurisdictions have successfully established similar entities to oversee retail payment systems whilst ensuring the cost of these systems is competitive and justifiable whilst retaining the key principles of ease of access and security.

An oversight group, as mentioned above, would need to have full transparency in order to make an assessment about the future of retail payments in New Zealand. This transparency does not currently exist.

Finally, my business is a franchise, part of the Progressive Enterprises business. I am aware that Countdown has also provided a submission to the Issues Paper which we also support. I endorse the key issues that they note the Government must act on – a transparency framework, and the establishment of an empowered and independent regulatory body.

I wish you well with your deliberations.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Manish Thakkar', is written over a light blue horizontal line.

Manish Thakkar
Director
Thakkar Holdings Limited

Submission No.	Owner/Operator	Supermarket	Date Received
8*	Veronica Hippolite-A'Court	Fresh Choice Nelson	13/01/2017
9*	Ron Bakker	Plaza SuperValue Invercargill	13/01/2017
10*	Keith Cullen	Fresh Choice Te Anau	13/01/2017
11*	Pranil Ranchhod	Fresh Choice Glen Eden	13/01/2017
12*	Tony and Julie Bruce	SuperValue Pyes Pa	15/01/2017
13*	Brad Meikle	Bell Block SuperValue	15/01/2017
14*	Craig Chirnside	Fresh Choice Roslyn	16/01/2017
15*	Gary Watson	Fresh Choice Richmond	16/01/2017
16*	Manish Thakkar	SuperValue Parkwood	16/01/2017
17*	Steve Ling	Fresh Choice Omokoroa	17/01/2017
18*	Randall Miller	Fresh Choice Leeston	18/01/2017
19*	Julian Brown	Fresh Choice Parklands	18/01/2017
20*	Fransien Yntema	Fresh Choice Merivale	18/01/2017
21*	Kevin Kamat	SuperValue Seddon	18/01/2017
23*	Vallabh Hari	SuperValue Flatbush	19/01/2017
34*	John Moyle	Fresh Choice Green Island Dunedin	24/01/2017
36*	Stephen Anderson	SuperValue Edgware	26/01/2017
39*	Simon Doole	SuperValue Woburn	27/01/2017
42*	Purdey Wild	Fresh Choice Queenstown	30/01/2017