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Mr Peter Saunders
Executive Director
Office of Best Practice Regulation
Department of the Prime Minister and Cabinet
1 National Circuit
BARTON ACT 2600

By Email – helpdesk@obpr.gov.au

Dear Mr Saunders

Regulation Impact Statement – final assessment second pass

I am writing in relation to the attached Regulation Impact Statement (RIS) prepared for the Reserve Bank's Review of Card Payments Regulation. The regulatory burden to business, community organisations and/or individuals has been quantified and offsets have been identified and quantified using the Regulatory Burden Measurement framework. These have been agreed with your office.

While the RBA has not yet established 2016 offsets, the Treasury portfolio has reported net compliance cost reductions for 2014 and 2015. There is no reason why the portfolio will not continue to deliver on its red tape reduction targets this year, in line with the Government's regulatory reform agenda.

I am satisfied that the RIS addresses the concerns raised in your letter of 2 May 2016. Specifically, we have provided the analysis supporting the level of the interchange benchmarks, empirical evidence of the distorting effect of interchange fees, and evidence of excessive surcharging, particularly in the airline industry. For your convenience we have attached a document detailing how we have addressed each one of your concerns.

Accordingly, I am satisfied that the RIS now meets best practice consistent with the *Australian Government Guide to Regulation*.

I submit the RIS to the Office of Best Practice Regulation for formal final assessment.

Yours sincerely

Tony Richards
Head of Payments Policy
Payments Policy Department