



# Jon Stanhope MLA

CHIEF MINISTER

ATTORNEY GENERAL MINISTER FOR THE ENVIRONMENT  
MINISTER FOR COMMUNITY AFFAIRS

MEMBER FOR GINNINDERRA

Mr John Veale  
Head  
Payments Policy Department  
Reserve Bank of Australia  
GPO Box 3947  
Sydney NSW 2001

Dear Mr Veale

Thank you for your letter of 11 June 2004 regarding the possible designation of the EFTPOS and ATM systems as payment systems.

On 10 March 2004, the ACT Treasurer, Mr Ted Quinlan, wrote to you noting that the study into electronic payments systems undertaken by the Reserve Bank and Australian Competition and Consumer Commission concluded that the activities of large financial institutions were distorting the effectiveness of price signals in the operation of the network and restricting access to entry. On that basis, he advised that he supported the Reserve Bank exercising its powers under Section 11 of the *Payment Systems (Regulation) Act 1998* ("the Act") to ensure the public interest was served through making the payments system as efficient and competitive as possible.

I understand that designation of the payments systems under the Act will place the Reserve Bank in a position to determine standards and/or impose an access regime if it concludes that insufficient competition is not delivering benefits to consumers and that, despite consultation among industry participants, voluntary reforms to address anti-competitive concerns have not been forthcoming.

Accordingly, designation, and the potential it creates for subsequent imposition of standards or access regimes, may provide an incentive for industry to agree on meaningful reform to the two systems and I reiterate Mr Quinlan's position and support the Reserve Bank exercising its designation powers under the Act.

Yours sincerely

Jon Stanhope MLA  
Chief Minister

- 6 JUL 2004

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