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HD **Restaurant rort or fair play?**
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Credit card fees Hefty surcharges are a big controversy around the dinner table.

It's the little sting at the end of your restaurant meal: calculated to get more money out of you and a hot topic among restaurateurs today. Should you be charged for the ease of using your credit card? And how much will you bear?

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John Kanis, general manager for The Lucas **Group**'s hit Melbourne restaurants **Chin Chin**, Baby and Kong, said credit card surcharges are currently one of the most debated issues across the restaurant industry.

"It's been a massive topic of controversy for us," Mr Kanis said.

For years, only American Express and Diners Club cards attracted surcharges. Now the practice is spreading to Visa and MasterCard purchases, and thousands more diners are incurring fees on everything from a cup of coffee to expensive restaurant meals.

Says Mr Kanis of the temptation: "We at one stage pulled the trigger and we were going to do it. In the end, we didn't. We didn't think our guests would like it."

But Perth's hip American whiskey bar and restaurant, Varnish on King, began charging consumers a 1 per cent surcharge for MasterCard and Visa payments about six months ago.

Owner Andy Freeman said it was an equitable way to recoup transaction costs, which add up to tens of thousands of dollars a year. Customers paying cash, or using debit cards, are not hit with the fee.

"I don't think it's unfair," Mr Freeman said. "Costs for our industry keep going up. We never have the luxury of things going south. We are not making money on it [surcharges]."

In Sydney, Biaggio Cafe charges customers using tap-and-go credit card payments for coffee purchases.

Manager Francis Nastasi said consumers are charged a 20¢ surcharge when they spend less than \$10 and use a credit card. "A lot of people have **business** credit cards. They have meetings here and **buy** two coffees and use the credit card to pay for them. We incur the fees," he said.

The trend for increasing numbers of restaurants to charge credit card fees comes amid attempts by government regulators to clamp down on excessive surcharges which are often applied in industries with little competition such as airlines, taxis and utilities companies. Customers are regularly charged much more than the transaction cost.

Merchants themselves can be charged fees by payment providers and banks, ranging from about 0.82 per cent of the transaction's value for Visa and MasterCard and 1.5 per cent for American Express, to a 12¢ flat fee for eftpos.

Mr Freeman, who also owns Luxe Bar and Darlings Supper Club, said he could put food or alcohol prices up but felt the surcharge, which is advertised on Varnish's menus, was the fairer way.

"I guess I could hide it," he said. "I know other restaurants do that. I guess I'm damned if I do and damned if I don't. I think I'm doing it in an honest way."

MWE Consulting director Mike Ebstein said restaurateurs may be short-sighted in applying surcharges as it could prompt more consumers to switch to cash. "Credit card customers typically spend more than other customers," he said. "If they don't have the exact dollars in their wallet they are more likely to splash out on a more expensive bottle of wine because they're putting it on the card."

Mr Ebstein said transaction costs were simply a cost of doing business. "Do you apply a surcharge for advertising? For staff overtime?"

CO lcsrxs : Lucas Group

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