

Maxotech

Currently, we offer direct debit payments as the only option for our customers, covering all associated costs without charging any transaction fees. As a small company, introducing additional payment methods, such as direct deposit or BPAY, would significantly increase our administrative workload, requiring daily follow-ups on payments. Unfortunately, we are not in a position to hire additional staff to manage this.

We would like to outline several significant challenges the new proposed requirements present for us.

Challenges with Manual Payments:

Operational Burden & Cost – Manual payment processing requires daily monitoring of bank accounts to identify payments, reconcile them, and apply them to customer accounts within 48 hours. Given our current operational structure, this would necessitate hiring additional staff solely for this purpose, which is not cost-effective.

The cost of hiring an extra person to handle manual payment processing depends on several factors, including salary, overhead costs, and employment type (full-time, part-time, or outsourced). Here's a rough breakdown:

Salary Estimate (Australia)

Entry-level Accounts/Payments Officer: \$55,000 - \$65,000 per year

Mid-level Finance/Admin Staff: \$65,000 - \$80,000 per year

Casual/Part-time Staff: \$30 - \$40 per hour

Additional Costs

Superannuation (10.5%): \$5,775 - \$8,400 per year

Payroll Tax (varies by state): ~5% of salary if applicable

Workplace Costs: Training, office space, software, equipment (~\$5,000 - \$10,000 one-time or annual cost)

Total Estimated Cost Per Year

Full-time employee: ~\$70,000 - \$100,000

Part-time/casual (20 hours/week): ~\$35,000 - \$50,000

As a small entity with approximately 350 customers this is not affordable.

Customer Payment Behaviour

A substantial portion of our customers already struggle to make payments on time*. This leads to ongoing follow-ups via multiple channels (calls, emails, SMS, and customer portal tickets), which requires significant resources. Many customers do not respond promptly, making collections a time-consuming process. If we give customers, the option to decide when to pay they will most definitely have the excuse that they forgot or they do not have any funds available.

* Main reason for customers struggling to make payments is 'Insufficient Funds'. The customers are on direct debit payment, but the payments are rejected/unsuccessful. If we had to rely on payments being made direct transfer to our bank account, customers will forget to do it, that is why a direct debit on the same date every month works the best. Customers know this and they can plan their finances around this date. (This is separate to customers in financial hardship with payment plans.) Note: just to get hold of any customer and to get a reaction to a text or email and get some kind of understanding of when payment will be made takes a couple of weeks.

Financial Risk

Our business model requires us to pay our upstream providers regardless of whether we receive payments from our customers. However, we are not permitted to suspend services immediately when payments are overdue, as we must first exhaust multiple contact attempts. This increases our financial exposure and limits our ability to mitigate bad debt.

To maintain compliance while ensuring financial and operational sustainability, we propose to keep the requirement to two fee-free options, such as Direct Debit and Automated Credit Card Payments, and allow businesses to choose if they can afford to add any additional payment methods. Currently using Ezidebit as a payment system we cover all transaction fees, totalling approximately \$800 per month, ensuring automated reconciliation without unnecessary manual labor.

We believe this would achieve the intended goal of ensuring accessible payment methods while mitigating unnecessary costs and financial risks.

Comparison to Hiring a Full-Time Employee (~\$70,000 - \$100,000/year)

- ✔ Automated reconciliation is significantly cheaper than hiring a full-time staff member
- ✔ Eliminates human error and reduces manual labour
- ✔ Faster processing, ensuring compliance with the 48-hour requirement

customers and service providers alike.

Hope this sheds a bit of light on our situation.