

Submission by OurProperty.com.au Pty Ltd (incorporating OurProperty Payments (SA) Pty Ltd)

Particular note is brought to point 12 of your published Discussion Paper 'Third Party Payments'.

For Comment

- *Should the RTA prohibit landlords or land agents charging tenants an additional fee to make rental payments, whether this is directly or indirectly by passing on costs from third parties engaged by the landlord or land agent to facilitate payment?*

By way of background OurProperty is a software platform that assists Real Estate Agents to manage portfolios of rental properties on behalf of the landlords. In each state we operate in we are licensed as a Real Estate Agent, so all funds are settled and dispersed from a regulated Trust Account.

Our platform (and others like ours) are much more than a simple rent collection mechanism.

We offer tenants a way to lodge and manage their maintenance needs, manage all their tenancy documents including all notices and the lease, manage all their tenancy financials with on demand 24/7 access to their ledger and all payments information, manage all their property inspections including routines, and of course manage their payments including rent and invoices such as water.

The financial modelling of platforms such as ours is a user pays model that is triggered from tasks that bear a cost (to us). In regards to rental payments this occurs from the transaction.

We have a process that complies with all states in Australia in that we have a minimum of 3 options available to tenants to pay and one of these is completely free of any transaction charge.

At present tenants can pay by;

- **Direct Debit** that is pre-set into their app. They can preload multiple accounts and select the one they wish to use and change it whenever they wish. The rental payment is then fully automated, and they don't need to action anything, they receive a pre draw warning notice and a post payment receipt confirmation. Their ledger is updated in real time. There is a charge for this processing that is charged as a bank fee at the time the payment is processed. There is a 'legacy' setting that offices can use to cover this charge for tenants who are on existing leases.
- **Card Payment** – this is best seen as being the same as the Uber app or similar performs, the user can place card details for multiple cards (credit and or debit) into their app and select from time to time which card they choose to use (or change to a different payment method), the card details are held and the payment processed by a PCI compliant processor with a charge levied by this processor.
- **Payment in Person** – this option is for those tenants who wish to be 'off line' or pay in cash. They are provided a bar code that allows them to pay at any of the 4,330 Australia Post outlets and at no charge. Tenants can either pay in cash or they can use the Post Office point of sale system to do an EFTPOS transaction. The \$3.56 fee that Australia Post charge for each transaction is borne by the office and our platform, it is free to the tenant/user.
- **Payment into a Wallet** – this is a new option that allows a tenant or any 3rd party (employer, charity etc) to pay into a virtual unique account that belongs to the tenant. There is no limit on when and how much can be transferred in, and the transfer in is a 'push' payment rather than a 'pull' payment, there is no charge on the pay in transaction. When rent is due it is pulled from this wallet. The transaction of the standard pull payment incurs a bank charge.
- **CentrePay** – we also manage CentrePay payments at no charge to the tenant.

All tenants who pay by any method that incurs a charge of any sort are enrolled into a user reward program that gives them access to a virtual card entitling them to discount of a minimum 5% of most daily consumption spending (Coles, Woolworths, Dan Murphy's, fuel, Bunnings etc). If a tenant chooses to use this card they can save a minimum of \$140 per week (based on ABS figures) so there is an offset available that is vastly higher than any costs that are incurred.

In early 2023 we will be shifting from Direct Debit to Pay To via the NPP (New Payment Platform), this is being done for convenience of all users and will facilitate 24/7 processing and immediate notification of unsuccessful payments. We will be leaving our charging rates 'as is' but this will significantly raise our costs of processing. Fintech is an evolving area where payment types are changing all the time.

The current legislation in most states covers the following issues:

1. Having multiple payment methods (min 3)
2. Having at least one (reasonably accessible) method that is free

Our experience after having processed over \$2billion in rental payments is that the tenant user is happy to pay a small user charge if they are getting value from the tool they are using. The majority of tenants want to be able to use current technology that delivers convenience and transparency to them. They understand that financial transactions carry a small user charge in most cases, and they further understand that to have access to this sort of high quality technology there are costs involved.

The tenant users who demand a free and/or cash solution are firstly a very small (but vocal) minority and they are very well catered for in our processes. We have

- a legacy feature for existing tenants on a Direct Debit
- plus we have a separate free payment option that also enables cash payment
- plus we have a full offset of costs.

OUR RECOMENDATIONS

We would suggest to you that your legislation should not have blanket no charge provisions as this will;

- Take options away from tenants
- Push the costs through a more convoluted process that will add to the end cost impact for all tenants.

This is effectively the opposite of what you wish to achieve.

The legislation in South Australia as it stands gives a free option to tenants as well as allowing for tenants who prefer to have access to new technology and pay a small fee to do so. **Your existing regulations offers choice and provide the protections to tenants who need them.**

Blanket charging policy has the effect of increasing costs and decreasing efficiencies.