

Are you an individual or responding on behalf of an organisation?

Organisation

Are you an:

Centrepay Registered Business

What is the name of your business or organisation?

Rent4keeps

Where are you located?

VIC

Are you urban (major city) / regional (city or town) / rural / remote?

Urban

Are you a person with disability?

No

Are you an Aboriginal or Torres Strait Islander Australian?

No

Are you from a Culturally and Linguistically Diverse (CALD) background?

Yes

Are you a Centrepay customer?

No

POLICY INTENT

Do the critical areas for reform outlined above reflect the evolving needs of customers and stakeholders?

Executive Summary: Centrepay Reform Submission

Rent4Keeps is an Australian company providing essential household goods through flexible payment arrangements. We provide access to essential household goods for those who might otherwise be unable to obtain them, taking this role very seriously. We maintain high standards of professionalism and adhere to strict processes that go beyond regulatory and legal requirements to ensure the best outcomes for our clients.

This submission responds to the Centrepay Reform Discussion Paper, addressing key areas of reform while balancing client protection with maintaining access to essential products and services.

Our Approach:

We exceed industry code of conduct standards, designed to ensure the highest quality of service.

We recognise our clients as key assets and prioritise their financial empowerment and self-management.

We provide access to essential household goods for those who might otherwise be unable to obtain them, taking this role very seriously.

We value our constructive relationship with the Centrepay team at Services Australia and provide our feedback in this spirit of partnership.

Key Recommendations:

1. Policy Intent:

- Enhance client access to essential goods and services
- Implement safeguards without unduly limiting client choices
- Introduce a Recipient Flagging System (RFS) to protect clients
- Align Centrepay objectives with NCCP guidelines

2. Approved Goods and Services:

- Maintain a comprehensive list of essential categories
- Implement risk-based assessments rather than blanket exclusions
- Enhance client education for higher-risk products

3. Deduction Arrangements:

- Maintain flexibility in deduction arrangements
- Implement a reasonable maximum deduction limit with exceptions for essential services
- Enhance client resources with clear guides in multiple formats and languages

4. Client Experience:

- Develop comprehensive, multilingual guides and visual aids
- Establish dedicated support channels for resolving issues
- Implement outreach programs to address geographic and cultural barriers

5. Business Compliance:

- Implement regular compliance reviews and increased transparency
- Develop a comprehensive risk assessment framework for evaluating businesses
- Require businesses to demonstrate how they will support clients

6. Overpayments:

- Develop a multi-channel overpayment notification and resolution system
- Create user-friendly tools for clients to manage their Centrepay arrangements
- Implement additional safeguards for flagged clients

7. Consultation and Engagement:

- Establish a Centrepay Reform Advisory Group with diverse stakeholder representation
- Implement a structured, multi-phase consultation process
- Regularly publish consultation outcomes and conduct post-implementation reviews

We believe Centrepay needs to maintain robust and strict requirements to protect its users and ensure the highest standards of practice. In the spirit of partnership, we have provided detailed responses and recommendations to each question from the discussion paper. This reform

process is critical for a vital government service, and our commentary aims to help Centrepay maintain and enhance outcomes for the communities it serves.

The submission underlines the importance of balancing client protection with maintaining access to essential services. It proposes the implementation of a Recipient Flagging System and alignment with NCCP guidelines to enhance client support and protection. The recommendations aim to create a more inclusive, supportive, and effective Centrepay service that benefits both clients and businesses while meeting regulatory compliance standards.

Business Organisation Response to Centrepay Reform Discussion Paper

As an organisation committed to meeting client needs and promoting social inclusivity, we recognise the importance of the Centrepay service in supporting disadvantaged populations to manage their expenses. Our responses aim to ensure that reforms enhance client protection while maintaining access to essential products and services by providing a sufficient margin for providers to justify offering those products and services.

Response to Q2.1:

While the critical areas for reform address important aspects of the Centrepay service, they must be carefully balanced to avoid unintended consequences, such as closing down an 85 plus year industry that provides services at no cost to the government. Safeguards are necessary, but overly restrictive measures could limit client choices and negatively impact their ability to manage their finances effectively and could lead to social and financial exclusion.

Recommendations:

- 1.Ensure reforms enhance, rather than restrict, client access to essential goods and services.
- 2.Implement safeguards that protect clients without imposing undue limitations on their choices.
- 3.Conduct thorough impact assessments for each proposed reform to identify potential unintended consequences.
- 4.Include "Maintaining product availability and choice" as a critical area to ensure reforms don't inadvertently reduce access to needed goods and services.
- 5.The Agency should implement a Recipient Flagging System (RFS) to enhance protection for clients while providing businesses with crucial information to offer appropriate support.
- 6.Ideally the RFS would set out the parameters and criteria that businesses must meet when dealing with certain types of clients.
- 7.Provide an easy-to-use serviceability model to ensure clients can afford the goods and services they need.
- 8.Ensure that the Centrepay objective aligns with NCCP guidelines to promote responsible lending practices.

APPROVED GOODS AND SERVICES

Does the current list of authorised goods and services include what should be available through Centrepay?

1. The current list is comprehensive and covers many essential categories. However, we should carefully consider any potential removals to avoid unintentionally excluding products some clients depend on.

Are there any specific goods and services, including those already approved on the program as per the listing above, that should be excluded from Centrepay?

2. Rather than outright exclusions, which could have unintended consequences, we suggest implementing stronger safeguards and education around potentially high-risk products. This maintains social inclusivity while still addressing concerns.

What criteria should be used to consider whether to include or exclude any goods or services?

3. Criteria for inclusion/exclusion should focus on:

- Essential nature of the product/service
- Potential for financial harm
- Availability of alternatives
- Impact on disadvantaged groups
- Client demand and usage data

Recommendations:

1. Conduct thorough impact assessments before excluding any goods or services.
2. Implement a risk-based assessment approach rather than blanket exclusions.
3. Enhance client education and consent processes for higher-risk products or services.
4. Regularly review the list of approved goods and services to ensure it meets evolving client needs.
5. Develop guidelines for businesses on how to appropriately assist clients based on their flagged vulnerability status, ensuring that approved goods and services are delivered in a manner sensitive to client needs.
6. Require businesses to demonstrate compliance with NCCP guidelines for any credit-related products or services offered through Centrepay.

DEDUCTION ARRANGEMENTS

Are the current Centrepay deduction types sufficient and provide the appropriate flexibility to support customers in managing their own finances?

1. The current deduction types offer good flexibility. However, we could consider adding options like percentage-based deductions or sliding scales based on payment amounts to provide even more customisation.

Should there be restrictions on the types of deductions (i.e. ongoing, amounts) that can be established for specific goods and services?

2. While some restrictions may be well-intentioned, blanket restrictions could limit client choice and flexibility. Instead, we suggest implementing better education and consent processes for higher-risk deduction types.

Should there be a maximum percentage limit on the amount customers can allocate from their Centrelink payment to their Centrepay deductions? Should this percentage apply to all Centrepay service reasons or to a selection of service reasons?

3. A maximum percentage could protect clients from overextending themselves. If implemented, we suggest a high percentage (e.g., 70-80%) with exceptions for critical categories like housing and utilities. This balances protection with maintaining access to necessities.

Should businesses retain the ability to establish Centrepay deduction arrangements on behalf of customers?

4. Businesses should retain this ability, as it can be convenient for clients, especially those with limited digital access or literacy. However, we should strengthen the consent and verification processes to ensure client understanding and agreement.

Should certain businesses have conditions imposed limiting the access they have to manage deductions on behalf of customers?

5. Yes, a tiered system based on business type and risk assessment, with corresponding levels of oversight, could be implemented. This maintains flexibility while addressing potential concerns.

What are the further conditions that should be applied to deduction arrangements to further strengthen customer protections?

6. Suggested conditions:

- Regular client confirmations for ongoing deductions
- Clear, simple explanations of terms in plain language
- Cool-off periods for new arrangements
- Easy cancellation processes

Does the agency's existing Centrepay resources and information available to customers clearly outline the customer authority process and customer's ongoing requirements to manage their deductions?

7. While existing resources are helpful, there's always room for improvement. We suggest developing more accessible formats and providing information in multiple languages to ensure social inclusivity.

Recommendations:

- 1.Maintain flexibility in deduction arrangements to cater to diverse client needs.
- 2.Implement a reasonable maximum deduction limit to ensure financial stability, with exceptions for essential services.
- 3.Allow businesses to assist with deductions under strict regulations and oversight.
- 4.Enhance client resources with clear, detailed guides and regular updates in multiple formats and languages.
- 5.Implement a tiered oversight system for businesses based on risk assessment.
- 6.Regularly review and update deduction processes to ensure they meet evolving client needs and protection standards.
- 7.Integrate the RFS into the deduction arrangement process to ensure clients are offered appropriate protections and support.
- 8.We encourage ongoing engagement between Centrepay and the registered businesses around the day-to-day processes which provide mutual benefit to the clients they both support.
- 9.Develop specific guidelines for managing deductions for flagged clients, potentially including lower maximum limits or additional verification steps.
- 10.Ensure that deduction arrangements for credit products align with NCCP responsible lending obligations.

CUSTOMER EXPERIENCE

What types of information would better support customers to understand and manage their own Centrepay arrangements?

1. To better support clients, we suggest Centrepay could provide:

- Interactive budgeting tools
- Personalised notifications about upcoming deductions
- Easy-to-understand summaries of active arrangements
- Comparison tools for similar products/services
- Video tutorials and infographics explaining Centrepay processes

How can the agency, and registered Centrepay businesses, better support customers when things go wrong?

2. To improve support when issues arise:

- Implement more balanced and streamlined dispute resolution processes
- Create dedicated support teams for Centrepay issues
- Provide clear, step-by-step guidance for common problems to be resolved more quickly
- Facilitate collaborative problem-solving between businesses and the agency

What are the specific cultural, geographic and language barriers impact customers' ability to use Centrepay?

3. Potential barriers include:

- Limited translations of materials
- Lack of culturally specific examples or guidance
- Uneven digital access specifically in remote areas
- Complex language in terms and conditions

Recommendations:

1. Review and simplify, multilingual guides and visual aids.
2. Establish dedicated support channels for resolving issues, including phone, online, and in-person options with quick outcomes being a key objective.
3. Review outreach programs to address geographic and cultural barriers.
4. Partner with community organisations to provide localised support and education.
5. Regularly assess and update information and support systems based on client feedback.
6. Implement a clear consent process for clients to opt-in or opt-out of the RFS.
7. Ensure that the RFS respects client privacy while providing necessary information to businesses for better support.
8. Develop tailored communication strategies for flagged clients to ensure they fully understand their Centrepay arrangements.
9. Provide clients with easy access to records of their Centrepay arrangements, aligning with NCCP requirements for transparency in credit arrangements.

What improvements could be made to the complaints management process for Centrepay customers?

1. Suggested improvements to complaints:

- Simplify the complaint submission process

- Provide clear timelines for resolution
- Offer regular status updates
- Allow for third-party advocacy support
- Implement a user-friendly online complaint portal
- Identify frivolous complaints and dismiss them quickly

How can we better advertise and communicate the channels and avenues through which complaints can be made?

2. To better communicate complaint channels:

- Include complaint information on all Centrepay communications
- Partner with community organisations for outreach
- Use social media and targeted advertising
- Provide information in multiple languages and formats

Are there any known barriers or perceived issues that are impacting on a customer's ability or willingness to raise concerns with the agency in relation to their Centrepay arrangements?

3. Potential barriers:

- Fear of service disruption
- Lack of confidence in the process
- Previous negative experiences
- Language or cultural barriers
- Limited awareness of rights and complaint procedures

Recommendations:

1. Simplify and streamline the complaints process, ensuring it's accessible through multiple channels with quick outcomes.
2. Launch targeted campaigns to raise awareness of complaint channels, focusing on diverse community outreach.
3. Clearly communicate that lodging a complaint will not result in negative consequences for the client.
4. Provide cultural sensitivity training for complaint handlers to address cultural barriers.
5. Regularly review and improve the complaint process based on client feedback and resolution outcomes.
6. Create a specialised complaint handling process for flagged clients, ensuring their unique needs are addressed.
7. Train complaint handlers on the RFS to provide more informed and sensitive responses.
8. Ensure the complaint process aligns with NCCP guidelines for dispute resolution in credit arrangements.

BUSINESS

Having regard to the Centrepay Procedural Guide for Businesses, are there any further obligations that businesses should be required to comply with in order to become or remain an eligible registered Centrepay business?

1. Additional obligations could include:

- Regular compliance reviews

- Evidence of client support practices
- Transparency in operations and fee structures
- Ongoing staff training on Centrepay policies and procedures

What community expectations could be incorporated into assessing Centrepay registered businesses?

2. Community expectations could include:

- Ethical business practices
- Fair pricing
- Clear communication with clients
- Responsive client service
- Commitment to financial and social inclusion

What risk factors should the agency consider in assessing a business for Centrepay registration?

3. Risk factors to consider:

- Financial stability of the business
- History of client complaints
- Nature of products/services offered
- Pricing practices
- Data security measures
- Compliance history with other regulatory bodies

Recommendations:

- 1.Continue with regular compliance reviews and require increased transparency from businesses.
- 2.Incorporate community expectations such as ethical practices and client support into the assessment criteria.
- 3.Develop a comprehensive risk assessment framework for evaluating businesses.
- 4.Provide clear guidelines and support for businesses to meet and maintain compliance standards.
- 5.Establish a system for ongoing monitoring and periodic re-assessment of registered businesses.
- 6.Require businesses to demonstrate how they will use the RFS to better support clients as part of their registration process.
- 7.Implement training programs for businesses on how to interpret and act on vulnerability flags in an ethical and supportive manner.
- 8.Mandate that businesses maintain enhanced systems and records that comply with NCCP guidelines, particularly for credit-related products and services.
- 9.Require businesses to demonstrate robust record-keeping systems that can withstand NCCP compliance audits.

What, if any, additional conditions should be placed on businesses to ensure increased flexibility and protections for customers when considering the use of Centrepay as a payment method?

1. Additional conditions should include:

- Offering alternative payment methods
- Regular client satisfaction surveys
- Transparent fee structures

- Proactive client communication about account status and changes
- Demonstrating capability to appropriately handle clients identified through the RFS
- Implementing tailored assistance programs for different types of clients
- Regular reporting on how vulnerability flags are being used to support clients
- Maintaining enhanced systems and records that comply with NCCP guidelines, especially for credit-related services

What flags would you expect the agency to be monitoring to trigger engagement with businesses in relation to their compliance with Centrepay policies?

2. Flags to monitor:

- Unusual spikes in deduction amounts
- High rates of client cancellations
- Frequent client complaints
- Inconsistent reporting or communication
- Sudden changes in business practices or offerings
- Disproportionate cancellations or complaints from flagged clients
- Patterns of inappropriate upselling or over-servicing to flagged clients
- Inconsistencies in record-keeping or reporting that may indicate non-compliance with NCCP guidelines

Are there any business models that should be excluded from Centrepay and if so, what criteria should be used to consider their inclusion or exclusion?

3. Rather than outright exclusions, we suggest a risk-based assessment approach. Criteria could include:

- Potential for client financial harm
- Transparency of terms and conditions
- Essential nature of the product/service
- Availability of alternatives
- Historical performance and compliance within Centrepay
- How well the model accommodates the needs of clients
- Flexibility in adapting services or payment arrangements for flagged clients
- Alignment with NCCP responsible lending obligations and record-keeping requirements

Recommendations:

1. Implement a balanced set of additional conditions that enhance client protection without overly restricting business operations.
2. Develop a comprehensive monitoring system with clear triggers for agency engagement.
3. Establish a risk-based assessment framework for evaluating business models, focusing on client protection and service necessity.
4. Regularly review and update criteria for business participation in Centrepay to adapt to changing market conditions and client needs.
5. Develop a secure portal for transparent information exchange between Centrepay and registered businesses regarding client vulnerability status.
6. Establish clear guidelines on how businesses should adapt their practices for flagged clients.
7. Implement a monitoring system to ensure businesses are using vulnerability information appropriately and not for discriminatory purposes.

8. Require businesses to regularly demonstrate compliance with NCCP guidelines through audits and reporting.

COMPLIANCE

What should a business be monitored against to remain registered as a Centrepay business?

1. Businesses should be monitored against:

- Adherence to Centrepay policies and procedures
- Client complaint rates and resolution
- Accuracy of deductions and reporting
- Responsiveness to agency inquiries
- Client satisfaction metrics
- Transparency in operations and pricing
- Ongoing staff training and awareness of Centrepay requirements
- Appropriate use of the RFS
- Effectiveness in providing tailored support to flagged clients
- Compliance with guidelines for handling client information
- Adherence to NCCP guidelines, particularly in record-keeping and responsible lending practices

What information should be made available, to Centrepay customers and the public, regarding any compliance action taken by Services Australia against a Centrepay registered business?

2. Information made available should include:

- General statistics on compliance actions
- Anonymised case studies of resolved issues
- Clear explanations of the compliance process
- Information on how clients can report concerns
- Updates on any restrictions or conditions placed on businesses
- Outcomes of major compliance investigations (with appropriate privacy considerations)
- Aggregated data on how businesses are supporting flagged clients
- Best practices in using the RFS to improve client outcomes
- Compliance rates with NCCP guidelines among Centrepay-registered businesses

Recommendations:

1. Develop a comprehensive compliance monitoring framework that covers all aspects of business participation in Centrepay.
2. Implement a tiered system of compliance reporting, balancing transparency with fair treatment of businesses.
3. Establish a public-facing compliance dashboard that provides up-to-date information on Centrepay business compliance.
4. Regularly review and update compliance processes to address emerging issues and best practices.
5. Provide clear guidance to businesses on compliance requirements and improvement processes.
6. Implement regular audits of how businesses are using the RFS.
7. Develop a specific compliance framework for the handling of client information and provision of appropriate support.
8. Create a reporting mechanism for clients to provide feedback on how their flagged status is

being handled by businesses.

9. Establish a robust audit process to ensure businesses are maintaining enhanced systems and records in compliance with NCCP guidelines.

10. Implement a tiered compliance system where businesses handling credit products are subject to more stringent oversight aligned with NCCP requirements.

OVERPAYMENTS

What information and further assistance would be useful to customers when an overpayment has occurred?

1. Useful information and assistance:

- Clear explanation of how the overpayment occurred
- Step-by-step guide for obtaining a refund
- Options for future deduction adjustments
- Contact information for further support
- Timeframes for resolution
- Information on client rights and protections

How would customers prefer to be notified about overpayments?

2. Notification preferences:

- SMS alerts
- Email notifications
- Letters for those without digital access
- In-app notifications for those using digital services
- Option for clients to choose their preferred notification method

What factors are contributing to customers accumulating credit with businesses? And how can the agency better support customers to avoid overpayments with businesses?

3. Factors contributing to credit accumulation:

- Lack of regular review of deduction amounts
- Changes in usage patterns not reflected in deductions
- Complicated billing structures
- Insufficient client understanding of their arrangements

To better support clients:

- Provide regular reminders to review arrangements
- Offer tools to analyse usage and suggest adjustments
- Work with businesses to simplify billing and credit processes
- Implement predictive analytics to identify potential overpayment situations

Recommendations:

1. Develop a comprehensive, multi-channel overpayment notification and resolution system.
2. Create user-friendly tools for clients to monitor and manage their Centrepay arrangements proactively.
3. Collaborate with businesses to implement real-time deduction adjustments based on usage

patterns.

4.Enhance client education on managing Centrepay arrangements and preventing overpayments.

5.Regularly review and refine overpayment prevention and resolution processes based on data and client feedback.

6.Develop specialised overpayment prevention and resolution processes for flagged clients.

7.Implement additional safeguards in the system to prevent overpayments for flagged clients, such as lower thresholds for automatic reviews.

8.Provide enhanced support and guidance for clients in managing their Centrepay arrangements to prevent overpayments.

9.Registered businesses should have proven conduct policies for a variety of scenarios that must be approved by the agency. This would ensure businesses have robust processes in place to handle different situations responsibly, while still allowing flexibility to meet diverse client needs.

10.Ensure overpayment processes align with NCCP guidelines on handling of credit balances and financial hardship provisions.

CONSULTATION AND ENGAGEMENT

What does meaningful consultation and engagement look like to you with respect to reforming the Centrepay service?

In our view, meaningful consultation and engagement in reforming the Centrepay service should:

- Provide sufficient time for all parties to engage fully and conduct multi-dimensional analyses, including social, economic, physical, and emotional impacts of proposed reforms.
- Ensure a diverse range of stakeholders are involved, including clients, businesses, and Centrepay, to capture a wide spectrum of perspectives.
- Focus on identifying general trends and common needs rather than overemphasising exceptional cases. While individual experiences are valuable, reforms should primarily address the needs of the broader user base to ensure the widest possible benefit.
- Implement a phased approach to consultation, allowing for:
 - 1.Initial information gathering and problem identification
 - 2.Development of proposed solutions
 - 3.Feedback on proposed solutions
 - 4.Refinement and finalisation of reforms
- Use a variety of engagement methods to ensure accessibility for all stakeholders, but especially Centrepay users, such as surveys, focus groups, public forums, and online platforms.
- Clearly communicate how feedback is being used to shape reforms, providing transparency in the decision-making process.
- Allow for continuous feedback as reforms are developed and implemented, ensuring that unintended consequences can be identified, addressed and avoided.
- Provide regular updates on the progress of reforms to keep all stakeholders informed and engaged throughout the process.

Recommendations:

- 1.Establish a dedicated Centrepay Reform Advisory Group with representation from various stakeholder groups, focusing on those who can speak to broad user experiences.
- 2.Implement a structured, multi-phase consultation process that allows for thorough analysis and reflection at each stage.
- 3.Develop clear criteria for weighing and incorporating feedback, prioritising insights that reflect widespread needs or concerns.
- 4.Create accessible consultation methods to ensure all affected groups can participate

meaningfully, with particular attention to reaching typically underrepresented populations.

5. Regularly publish consultation outcomes, highlighting how general trends and common needs are influencing reform decisions.

6. Conduct post-implementation reviews to assess the effectiveness of reforms for the majority of users, while also monitoring for any significant unintended consequences.

7. Ensure that the consultation process itself is subject to review and refinement, allowing for improvements in how stakeholder input is gathered and incorporated.

8. By focusing on thorough, well-paced consultation that prioritises general trends over exceptions, we can develop reforms that benefit the widest possible range of Centrepay users while still maintaining a system that is flexible enough to accommodate diverse needs.

Conclusion

This comprehensive response aims to ensure that Centrepay reforms are balanced, considerate of the needs of all stakeholders, and maintain the integrity and effectiveness of the service while promoting social inclusivity. By incorporating the RFS, improved information sharing, and NCCP compliance requirements throughout our recommendations, our response aims to assist Centrepay in creating an even more inclusive, supportive, and effective Centrepay service.

This approach balances the need for enhanced protection of clients with the provision of necessary information to businesses, enabling them to offer more appropriate and tailored support.

Additionally, by aligning Centrepay practices with NCCP guidelines, we ensure that the service meets the highest standards of consumer protection, especially in credit-related transactions.

We believe the implementation of these recommendations will significantly strengthen the Centrepay service, ensuring it better serves all users, particularly those who are most disadvantaged. This comprehensive approach will enhance the integrity, effectiveness, and regulatory compliance of the Centrepay system, benefiting both clients and businesses.

We look forward to collaborating with Services Australia to achieve these goals and create a more robust and beneficial Centrepay system for all users.

Are you an individual or responding on behalf of an organisation?

Organisation

Are you an:

Advocate

What is the name of your business or organisation?

The Justice and Equity Centre

POLICY INTENT

Do the critical areas for reform outlined above reflect the evolving needs of customers and stakeholders?

The Justice and Equity Centre provides free legal advice and assistance to people experiencing or at risk of homelessness through the Homeless Persons Legal Service (HPLS). Our policy and advocacy work is informed by the experiences of HPLS clients and the advice of advocates with diverse experiences of homelessness who are members of the group StreetCare.

Our submission draws on the experiences of HPLS clients and StreetCare's lived experience advocates.

We support the critical areas of reform identified in the Centrepay Reform Discussion Paper. Our response addresses:

- safeguards and protections for customers to reduce financial harm; and
- Centrepay as a tool for customer financial empowerment and self-management.

Safeguards and protections for customers to reduce financial harm

We are pleased to see the Department acknowledge the need for improved safeguards and protection for Centrepay customers. Many HPLS clients and StreetCare members have experienced financial harm as a result of the service, which exacerbates social and economic disadvantage.

Exploitation

While many businesses use Centrepay fairly, we are concerned that some use the bill-paying service to exploit customers.

For example, there is a locksmith business which bases itself in a Sydney public housing community with the knowledge that some tenants frequently forget their keys. The business charges an exorbitant fee for a locksmith service, knowing the tenants are anxious to access their home and are unlikely to be able to pay this fee upfront. The business then sets up a Centrepay deduction for the tenant to pay off the locksmith service fee. Some vulnerable tenants in this community have relied on the locksmith service on multiple occasions and the total amount for Centrepay deductions now constitute a significant portion of their income support payments – leaving them in financial hardship.

This is an example of a business which targets vulnerable people. The people being targeted may not be aware that this activity is a breach of Centrepay policy and may not make a complaint.

This is particularly true where the business may be making deductions which are a higher price than a customer would pay through a method other than Centrepay. A customer may not realise this is a breach of Centrepay policy.

Improved safeguards and protections are needed to ensure customers are protected from exploitation by unethical businesses. If exploitation does occur, Centrepay must ensure that the customer is supported to make a complaint and seek remedy.

Overpayments

Financial harm also arises where overpayments are made to businesses. While Centrepay policy requires that business should refund overpaid amounts to their customers, StreetCare members report that many businesses refuse to provide a refund. The business will often keep the overpayment as credit, even where the customer does not owe any debt.

Overpayments cause significant financial distress. For example, one StreetCare member had their entire Centrelink payment deducted due to a rental payment miscalculation. The business refused to refund them and kept the additional deduction as credit. This meant that the person had no money for food and other essentials for themselves or their family until their next payment. It is unacceptable that people are left without enough funds to support themselves and this directly contravenes the purpose of Centrepay to financially empower customers.

Centrepay must do more to prevent overpayments. It must also ensure that if overpayments do occur, businesses have the proper procedures in place and take swift action to rectify them. Without the proper safeguards, the customers are at risk of serious financial harm.

Poor Communication

Customers must be at the centre of any decision around their use of Centrepay and be kept fully informed about any changes to their deductions. We note that Centrepay policies do require the customer to be notified where the deductions are decreased, suspended, or cancelled. However, there are communication gaps between Centrelink and the business using Centrepay which must be addressed.

Multiple HPLS clients have had their deductions reduced as a result of a Centrelink error and not been notified of the change, either by Centrelink or the Centrepay business. This has serious consequences as clients can be failing to make important payments without realising. For example, HPLS clients have unintentionally gone into rental arrears as they believed they were meeting rental payments through Centrepay. The client is only made aware of the error by their landlord issuing a termination notice. This places the client at risk of eviction and homelessness.

Customers can be better protected from this financial harm by improving the communication between Centrelink, Centrepay and the customer.

Centrepay as a tool for customer financial empowerment and self-management

We acknowledge that Centrepay can be a valuable tool for financial self-management. It can provide people with certainty and peace of mind in knowing that essential living costs are automatically paid. For example, one StreetCare member expressed how they appreciate that their rent is taken care of, which means their housing will be sustained.

However, we suggest that safeguards and protections for customers can be improved during the sign-up process for Centrepay. Although Centrepay is a voluntary service, customers are sometimes coerced into signing up.

StreetCare members have had both private businesses and government agencies refuse to provide a service if they do not agree to pay through Centrepay. The prospect of not receiving the service means that many customers agree to Centrepay when they may not have otherwise signed up, especially for essential services like housing.

Pressure to use Centrepay negates genuine and voluntary consent, contrary to Centrepay policy, and undermines the customer's financial self-management.

Are you an individual or responding on behalf of an organisation?

Organisation

Are you an:

Centrepay Registered Business

Where are you located?

QLD

Are you urban (major city) / regional (city or town) / rural / remote?

Regional

Are you a person with disability?

Prefer not to say

Are you an Aboriginal or Torres Strait Islander Australian?

Prefer not to say

Are you from a Culturally and Linguistically Diverse (CALD) background?

Prefer not to say

Are you a Centrepay customer?

No

APPROVED GOODS AND SERVICES

Does the current list of authorised goods and services include what should be available through Centrepay?

yes

DEDUCTION ARRANGEMENTS

Should there be restrictions on the types of deductions (i.e. ongoing, amounts) that can be established for specific goods and services?

Services Australia should take more accountability to ensure customers are not contributing more than the cost of goods and services, thus utilizing the Centrepay programme to 'bank' money. E.g - average rental cost in Regional NSW = \$x/week or average cost of gas supply is \$x/month. Cap the Centrepay at that

Should there be a maximum percentage limit on the amount customers can allocate from their Centrelink payment to their Centrepay deductions? Should this percentage apply to all Centrepay service reasons or to a selection of service reasons?

Absolutely and Services Australia should provide a dedicated support service for Customers so that their specific percentage allocation can be discussed to ensure customers are budgeting adequately.

Should businesses retain the ability to establish Centrepay deduction arrangements on behalf of customers?

The onus of establishing, maintaining and cancelling Centrepay deductions should be solely managed by the Customer and Services Australia.

Should certain businesses have conditions imposed limiting the access they have to manage deductions on behalf of customers?

Access should be limited to customers and Services Australia only. Businesses have no insight as to 'why' customers may be wanting to contribute more than reasonably required for goods or services. They could be trying to save to flee a DV situation or are being financially controlled by others - Businesses contacting these customers forcing return of excess credits could be putting them at harm. Customers should be able to do what they want with their money and any discussions should be between the customer and Services Australia only.

What are the further conditions that should be applied to deduction arrangements to further strengthen customer protections?

As above. Don't allow business to make financial decisions for customers, they don't know the circumstances.

BUSINESS

What, if any, additional conditions should be placed on businesses to ensure increased flexibility and protections for customers when considering the use of Centrepay as a payment method?

Ensure that Services Australia take full responsibility for the complete centrepay deduction scheme. Any changes should be made by Services Australia or the customer to ensure they are rightfully protected at all times.

What flags would you expect the agency to be monitoring to trigger engagement with businesses in relation to their compliance with Centrepay policies?

The agency should set up holistic monitoring regimes and work with the businesses for regular reporting, after which the agency should take responsibility to ensuring customers are making Centrepay contributions within the required guidelines.

COMPLIANCE

What should a business be monitored against to remain registered as a Centrepay business?

To ensure that the customer is still receiving the goods and services

Businesses should not be monitored against how much a customer chooses to contribute.

All excess credits and refunds should be directed back to Services Australia for remittance to the customer if required.

What information should be made available, to Centrepay customers and the public, regarding any compliance action taken by Services Australia against a Centrepay registered business?

If it is proven that a business fraudulently obtains credits

OVERPAYMENTS

What information and further assistance would be useful to customers when an overpayment has occurred?

Overpayments should be returned to Services Australia for return to customers. Businesses are not in a position to determine the reasons customers may elect to continue overpaying for goods and services and returning funds to a joint bank account in DV situation could have detrimental impacts for the customer.

How would customers prefer to be notified about overpayments?

Discreetly via Services Australia

What factors are contributing to customers accumulating credit with businesses? And how can the agency better support customers to avoid overpayments with businesses?

Set up a robust framework for customers to report data and take responsibility to reunite customers with the funds issued to them via a benefit scheme.

CONSULTATION AND ENGAGEMENT

What does meaningful consultation and engagement look like to you with respect to reforming the Centrepay service?

Set up a forum with like minded businesses to ensure all learnings and insights are shared without redaction