

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

Organisation

What is the name of your business or organisation?

Registered Accommodation Association of Victoria

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?

No

Are you a Centrepay customer?

No

POLICY INTENT

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

yes

APPROVED GOODS AND SERVICES

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

yes

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?

DEDUCTION ARRANGEMENTS

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

Introduction

RAAV appreciates the opportunity to respond to the questions raised in the Centre Pay discussion paper. We have provided comment and information below to assist you in understanding our position on the questions posed.

In general, given the diverse nature of the cohort of residents that exist in rooming houses we see it as not desirable to implement inflexible directives on how rooming houses should be operated with regards to Centre pay payments. While certain requirements may be advantageous to residents in one situation it may not be in another. The main issue for RAAV and its members is the on-going procedure of rental payments made directly to the rooming house operator on behalf of the residents. It is important for residents to retain a roof over their head whilst being able to pay for the other essentials in their life from their centre pay payments.

Who is RAAV?

RAAV is an industry association that brings together privately owned and operated rooming houses (RH) in the registered accommodation sector. RAAV members meet the needs of low-income residents who require medium and longer term accommodation in addition to the growing number of professional and semi-professionals who are seeking this type of accommodation. RAAV represents the views of this cohort and creates a stronger, more cohesive and respected industry.

RAAV is an active voice on behalf of its members. The organisation's core activity is to ensure minimum and acceptable standards in operating registered accommodation and promote application of best practice to raise the image and performance of all privately owned rooming houses. RAAV encourages private rooming house owners and operators to adopt Best Practice Guidelines to assist in the good conduct of business, to meeting their obligations and the wellbeing of residents in rooming houses and other registered accommodation. This activity is partially funded and approved by Consumer Affairs Victoria.

RAAV'S other core activities include:

- Making RAAV's members aware of the legislative requirements as promulgated by the Victorian Government in operating registered accommodation;
- Providing training and networking opportunities for members;
- Making available a website for information and resources;
- Creating a members Facebook facility for sharing information and answering members questions;
- Providing information and assistance to the Government and Local Government in the operation of rooming houses;
- Encouraging un-registered and un-licensed rooming house operators to adopt best Practice in their rooming houses and to seek registration and licensing.

Rooming House Industry Overview:

The importance of the Rooming House sector

The Rooming House sector plays a pivotal role in providing affordable accommodation in the state of Victoria. It is one of the few remaining affordable private accommodation options left for people who are financially vulnerable or on lower incomes. They allow people to live in areas where normally they would be priced out of the market. Rooming Houses have traditionally housed the more vulnerable of our community but in the last twenty years there has been a major shift in who resides in them. Residents now include nurses, trades persons and office workers. They are also an important form of accommodation to the Universities for both their interstate, rural and international students who seek practical and affordable lodging.

The affordability of the industry is borne out by a comparison of the September 2015 Department of Human Services (DHS) Rental Report where it shows that the average cost of a one-bedroom flat in Metropolitan Melbourne costs \$330 per week plus utilities. This compared with a rooming house where individuals can generally rent a fully furnished room, share a kitchen, bathroom and living room for between \$150 to \$200 per week including utilities depending on factors such as the size of the room and location.

This represents accommodation that is 40% to 55% cheaper than the normal residential market for single occupancy. Without this housing, the current 10,000 low-income people who are being provided accommodation would struggle to find an affordable roof over their heads.

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

Rooming House Industry Explained:

Operational Model:

Very broadly speaking there are two types of operating models - the "shared model" and the "self-contained" model. The shared model operates with many more shared facilities such as toilets and showers while the self-contained model (also referred to as "New Generation or New Model", see below comments) has more facilities in the rooms such as ensuites and/or kitchenettes.

Building Class:

From the building code perspective, the rooming house sector can be broken down into class 1B rooming houses (predominately "Shared model", "New Model" and "New Generation") and class three rooming house ("Traditional"). Each of the two types of rooming houses have these characteristics:

Class 1B Rooming House - They are normally residential houses that have been converted to rooming houses. They tend to be in the middle to outer suburbs. Based on surveys of our members the average number of residents in these rooming houses is eight but can be up to twelve or as little as four. There is no on-site manager who attends the rooming house daily or has an office on site. To have an onsite manager would simply make the operation of these rooming houses financially unviable. Most members report attending their 1B rooming house on average twice a week (weekdays and weekends) and taking phone calls and other communications from residents three to five times a week. The management structure of 1B

rooming houses, as opposed to class 3's, is that the 1Bs don't have dedicated staff managing the rooming house. The smaller 1B rooming houses are often owner operated by a husband and wife or other proprietary partner arrangements. Most 1B rooming house operators only have one rooming house.

Class 3 Rooming House: A class 3 Rooming House tends to be a purpose-built multi-level residential building located traditionally in the inner-city areas. They house many more people than 1B rooming houses and often have various configurations of accommodation. These rooming houses are run on a much more commercial basis such as having dedicated office areas and often a manager who will attend the office daily. The economics of this sort of rooming house makes it feasible to have a manager. Over the past twenty years a number of these larger class 3 rooming houses have been sold and not replaced. Examples of this are the Oslo and the Gatwick in St Kilda both of which were sold to the Block Television show.

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

Section 2.3.:

A roof over the resident's head is considered a priority especially given the rental crisis we are currently in. Our request is that Accommodation be given a priority standing of #1 and paid first prior to other Centrepay deductions.

Deduction types for Centrepay is sufficient.

Restrictions on goods and services? - No

Maximum % limit of pension to be allocated to a specific Centrepay deduction: - No

Further conditions to strengthen customer protection: Have accommodation as priority #1.

Business should retain the ability to establish Centrepay deductions

Further conditions- No. However should make agreements binding as this protects renters by ensuring they have a roof over their head

CUSTOMER EXPERIENCE

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

Section 3.1 & 3.2:

Access to Centrepay and complaints: Keep as is. If low complaints then it shows Centrepay is doing a good job.

The more complexity the harder it will be to manage Centrepay for all parties.

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?

Section 4.1:

RTA says Centrepay must be accepted as a form of payment, therefore access to a Centrepay business should be open to all businesses. Risk factor around business: Financial probity: make sure directors of Centrepay businesses are not bankrupt or of ill repute. ie: a bankrupt could be registered to act on behalf of a real estate agent, but not of a rooming house operator. A reduced risk of licenced operators so it should be easier for those businesses to become a registered Centrepay business.

Although Centrepay should be open to business to use it should be restricted to essential services with the priority being housing and in particular registered and licensed rooming house operators.

By giving renters to many options on “businesses to use” you risk diluting the priority given to housing

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?

Section 4.2:

Credit banking: Can residents use credit banking for future rent? Existing conditions are sufficient. Businesses to be excluded from Centrepay? As it is seems fine.

Again I think if you introduce credit banking want to make sure housing is a priority

COMPLIANCE

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

Section 5.1:

OK to publish the details of a business if the business has been in breach of Centrepay compliance.

Compliance process for the rental provider, having previously participated in the compliance review process, I have observed the shift from signature-based compliance to voice agreements. I believe it is essential to provide feedback that the current compliance procedures are already effective and do not require this change. Transitioning to voice agreements represents a significant alteration that may not be necessary.

OVERPAYMENTS

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

Section 6:

Over payments: Businesses could refund a Centrepay client within 30 days which would be

considered normal business practice. Businesses can still recover unpaid rent in arrears, even if the renter is no longer living there

Over payments in one rent payment can be offset to a future payment of rent in a subsequent payment. Info to Customer: Customer should be notified by the business which has overcharged them in the first place.

Customers should have some form of protection so they don't spend more than their Centrelink payments.

Proposal: Businesses to have an overview on what customers have already allocated via Centrepay to avoid customer over commitment. (eg: real estate agents suggest no more than 30% of someone's income be allocated to rent.). This will help customers to make financially savvy decisions, and help improve the financial literacy of the customers.

CONSULTATION AND ENGAGEMENT

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

Section 7:

Meaningful consultation: Ask the business what they want from Centrepay. Customers would be grateful this exists in order to assist in their financial circumstances.

Business to have visibility of customers other deductions