



Australian Government



Services
Australia

Centrepay Reform Discussion Paper

Summary report

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CENTREPAY REFORM DISCUSSION PAPER – SUMMARY REPORT

Any statements or opinions expressed within this report are not those of Services Australia. They reflect submissions from respondents to the Centrepay Reform Discussion Paper.

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Executive summary

Responses to the Centrepay Reform Discussion Paper - published 20 May 2024 - highlight the need for customer autonomy and freedom of choice over which businesses they can set up deductions with, greater protections for customers and enforced business compliance, and accessibility of information and support.

Overarching insights

Below are three overarching insights which capture the broad themes which have emerged from responses to the paper.

Accessibility provides safeguards



Not all customers are empowered to self-manage their Centrepay deductions due to gaps in inclusive and accessible information and resources. Customers with diverse information needs are missing out on building knowledge that could help them stay informed and protected. Existing Centrepay contact options to get help or lodge a complaint are difficult to use. It was suggested that there needs to be a focus on non-digital channels to better support customers. The inclusion of information and processes designed to support specific customer needs such as language and accessible content, was considered to empower customers to self-manage Centrepay. This is an expectation of both Services Australia and registered businesses.

Protection through monitoring and action



In some cases, customers are not aware that their Centrepay arrangements are putting them at risk of financial vulnerability until their circumstances deteriorate. Respondents believe that Services Australia is a gatekeeper. Customers hold trust in the agency's business registration and compliance processes, assuming businesses are deemed safe and trustworthy to enter into agreements with. They expect that complaints and non-compliance will be acted on quickly and this perceived safety net will protect them from exploitation. Some respondents felt that without stricter business registration protocols and a proactive approach to monitoring compliance, customers are at risk of financial harm.

Improved autonomy over restrictions



A stronger focus on supporting customers to make informed choices is required to enable flexibility and better accommodate the needs of diverse customers and circumstances. Individuals prefer education over restrictions on how they use and manage Centrepay, viewing such limitations as interference that undermines their choice and autonomy. Advocates and regulators raise serious concerns about the scope of Centrepay and often suggest reducing service categories and business models. Respondents presented cases to illustrate circumstances where restrictions may result in unintended impacts. Feedback highlights the need to balance protection with informed choice.

Purpose

This report summarises the key findings from the Centrepay Reform Discussion Paper consultation (the paper, the discussion paper), providing insights into customer and stakeholder perspectives. The Centrepay Reform Discussion Paper consultation was held between 20 May 2024 to 10 July 2024.

The paper was designed to gather stakeholder input and assess various aspects of Centrepay, including its operational framework, user experience, and potential areas for improvement. It sought to identify the strengths and weaknesses of the current system, explore potential reforms and evaluate how changes could enhance the service for customers.

The feedback collected in this paper will be consolidated into a final report summarising insights, findings and recommendations from all stakeholder engagements. To address existing challenges, the final report will guide proposed reforms, so the Centrepay system better meets the needs of customers.

Background

Centrepay, first established in 1998, is a voluntary free bill paying service offered by Services Australia (the agency) for Centrelink customers. Customers who get an eligible income support payment can use Centrepay to pay for approved goods and services with Centrepay registered businesses.

Centrepay customers can authorise the agency to arrange deductions from their income support payments to pay expenses to registered Centrepay businesses. Deductions occur prior to the Centrelink payment being deposited into a customer's nominated bank account.

Centrepay has aimed to provide a seamless and supportive process for customers to self-manage their expenses for eligible goods and services. However, for some customers Centrepay is not operating in line with its objective. In addition, Centrepay requires further levels of support and protection for customers.

The agency has commenced reforming the Centrepay service guided by engagements with customers, consumer advocates and stakeholders. The aim of which is to understand both what the service should look like and what customer protections should exist into the future.

To do this, the agency has formed a number of advisory groups and undertaken extensive engagement with businesses, customers, consumer groups and government organisations.

Methodology

The paper consisted of 29 questions under six key topic areas of reform. The paper was made available on the DSS Engage website from 20 May 2024 until 10 July 2024.

Questions allowed for free text responses and were a guide only. Respondents could answer any questions of their choice. Submissions were also accepted externally to the DSS Engage platform via email.

Services Australia promoted the discussion paper via its website and social media channels, and directly with advocates, bilateral partners and Centrepay registered businesses.

All submissions were reviewed as part of synthesis and analysis. A thematic approach was used, involving:

- entering data into a master spreadsheet against the 29 questions
- coding responses against pre-determined themes
- deeper synthesis and analysis by the team to find emerging themes and key findings.

This allowed findings to emerge from each cohort, across cohorts, as well as for each question and holistically for each key topic area.

Limitations

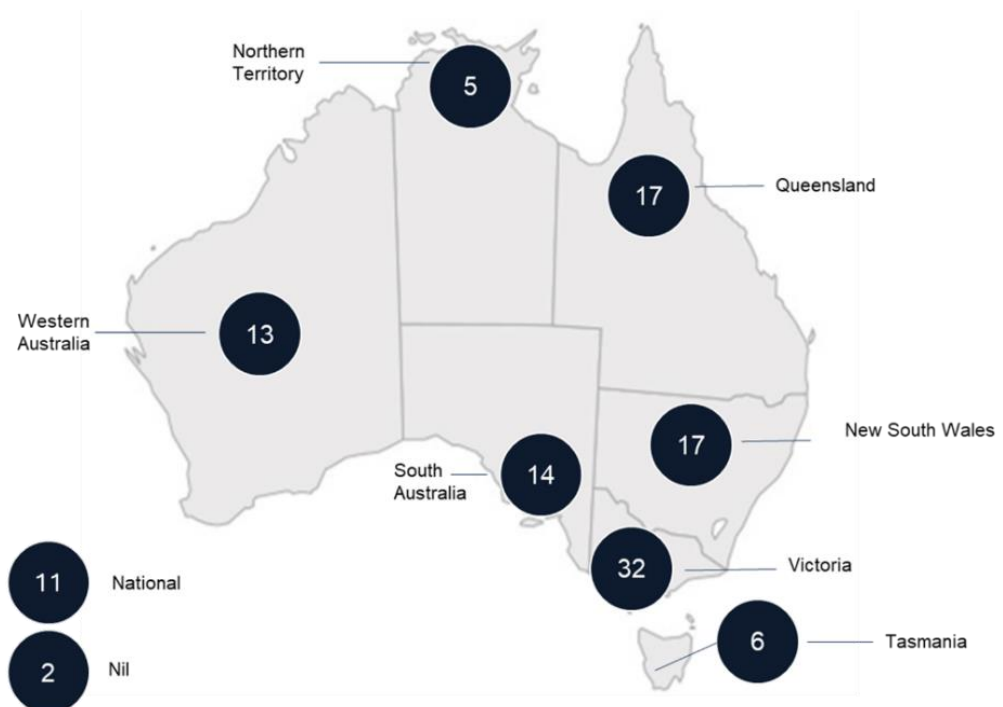
- Participation via the DSS Engage website required access to a computer, digital device and internet connection.
- The discussion paper and associated questionnaire were only available in English and therefore, responses are likely to be biased toward English speakers.
- There is an under representation of individuals in vulnerable populations. Experiences of these populations have been provided by advocate groups and regulators and is also captured in supplementary consultations via intercept surveys and remote community events.
- Respondents were not obliged to answer every question. This means comments for some questions were more thorough than others.
- Due to an unexpected error, the Customer Experience question set did not appear until 28 June 2024.

Respondent information

Breakdown of submissions by stakeholder group. Note, 1 respondent did not provide any demographic information and another provided no location.



Breakdown of submissions by state or territory



Centrepay reform topics

The paper consisted of 29 questions under six key topic areas of reform.

Below are summaries and findings for each of the reform topics.

Policy

Sentiment supports Centrepay reform and Services Australia's role in protecting and empowering vulnerable customers, yet calls for flexible, customer-focused approaches balancing regulation with access and choice.

Summary

The overarching sentiment in responses to the policy question set reflects a strong consensus on the need for reform to improve the protection and financial empowerment of Centrepay customers.

This is particularly important for at-risk populations including:

- First Nations people
- customers experiencing hardship
- customers with limited literacy and financial literacy.

Concerns were raised that, to date, Services Australia has not demonstrated:

- effective enforcement of the policy and terms
- robust and proactive compliance and action.

There is general support for increased regulation and targeted protections across all respondent categories, particularly around non-essential goods and services. Some respondents expressed concern about potential restrictions limiting access to goods and services deemed valuable.

Individuals in particular are concerned about their inability to manage deductions to suit their needs. This highlights a need for nuanced and customer-centric approaches that prioritise customer needs and context-specific solutions.

Findings

Q1: Do the critical areas for reform outlined above reflect the evolving needs of customers and stakeholders?

Most respondents across stakeholder groups agree that the critical areas for reform outlined in the discussion paper reflect the evolving needs of customers and stakeholders. Respondents note that Services Australia is not effectively demonstrating enforcement of the policy and terms, which are necessary to ensure robust compliance.

Many respondents acknowledged the beneficial role Centrepay plays in helping customers budget and manage finances. To realise these benefits and prevent harm to customers, respondents made it clear to the agency that it needs to provide more effective gatekeeping to proactively protect Centrepay

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customers against financial abuse by delivering on effective compliance and regulation. Suggestions are provided to do this via existing Australian Consumer Law ¹.

A common theme is that reforms should focus on understanding the unique needs of customers and their varied circumstances to improve protections and avoid unintentional negative impacts.

Some advocates reported that financial empowerment is important to customers using Centrepay, however there is also a risk of customer financial mismanagement resulting in harm to customers and their families.

"[Financial empowerment] may be minimising protection for the customer to reduce financial harm - but it allows for customers to mismanage their income putting them self, their children and family members at risk in many factors including no shelter, no utilities and no food."

24DP73 – advocacy group

A small number of respondents are less favourable of reform.

Individual responses expressed concern that reform might restrict their use of or make it harder to access Centrepay for products and services they value.

Of the two responses from registered businesses less favourable to reform, one expressed disagreement with the potential to restrict services in its industry. The other hoped reform would not increase the administrative burden on its small business.

"Yes, it is important to ensure that my options are not restricted. While we require protective measures, I also seek continued availability of necessary goods. It is crucial to assess how alterations could inadvertently increase difficulty for me."

24DP80 – customer

Q2: Does the current list of authorised goods and services include what should be available through Centrepay?

Most respondents agree the list of authorised goods and services covers what should be included through Centrepay. In general, higher regulation of businesses is preferred over the restriction of products and services.

Respondents suggest amending the Centrepay hierarchy to reflect essential versus discretionary spending. Prioritising essentials such as accomodation, utilities, telecommunications and medical categories is suggested.

Individuals favoured education and support to understand risk rather than removing their access to the products and services they value.

"The existing list includes the majority of crucial items. I must exercise caution when considering the removal of any items from the list. While some products may appear risky, they hold importance for specific customers".

24DP80 – customer

¹ 24DP104 – Australian Competition and Consumer Commission

“Consideration be given to restricting the categories of goods or services that can be sold pursuant to a Centrepay arrangement where deductions are ongoing. Ongoing deductions could be limited to circumstances where a separate supply arrangement exists for the ongoing supply of a particular good or service including, but not limited to accommodation rental payments, utility payments or childcare payments.”

24DP104 – regulator

Q3: 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?

Responses from advocates about exclusions focused on goods and services perceived as high cost, low value. The most common goods and services category mentioned, is Household, specifically lease, hire or rent-to-buy.

There are strong views on whether consumer leases should remain. Arguments for removing consumer leases or imposing greater regulation are based on concerns of ongoing harm caused to vulnerable customers specifically:

- misleading and irresponsible conduct by some businesses
- regulatory non-compliance.

Regulators also noted that streamlining categories of approved goods and services may help to make compliance administration more achievable.

“Specific rules about which categories of approved goods and services can be paid for by Centrepay has the potential to provide clarity for businesses and simplify compliance processes.”

24DP111 – regulator

Multiple responses highlighted the amplified risk of harm for First Nations people in regional and remote areas, driven by lack of access to other alternatives and perceptions of inadequate consent and affordability processes. Respondents acknowledged that removal of this category would need a phased approach and alternative options provided for customers, with No Interest Loans (NILs) often being suggested.

“Consumer leases are problematic for all consumers, but particularly for Centrepay recipients. Eventually we hope consumer leases will be excluded...but safer alternatives to help people obtain white goods need to be more accessible before the leases can be removed, as many people in remote areas depend on the leases to acquire items. [While they remain], we would like to see greater protections for vulnerable customers.”

24DP115 – advocacy group

Counter arguments were received from businesses in the lease, hire or rent-to-buy category. The general consensus among these businesses is that the leasing industry is already highly regulated, with business practices undergoing recent improvements under the Financial Sector Reform Act.

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Business responses outlined a case that taking away this option should be carefully considered because it could:

- exclude low-income earners from access to household products
- create financial disadvantage from other payment options like direct debit, where customers pay a fee for failed payments.

"[Consumer leases for household goods] provide essential items under regulated conditions...instead of exclusions, a focus on rigorous monitoring and compliance...would be more beneficial."

24DP45 – registered business

Other responses suggested excluding:

- small, medium credit contracts and leases in the Household category which are regulated under the *National Consumer Credit Protection Act 2009*, due to imposing high costs on customers
- products under Utilities category that allow for the purchase of goods, for example, solar panels, phone handsets, portable devices
- quasi-insurance products under Financial Services category that are high value, low cost, for example, some consumer credit insurance, accident, or funeral insurance
- some one-off expensive goods and services under Legal and Professional Services category where alternate, free payment options are more suitable, for example, financial services, financial products, legal services.
- goods and services lacking regulation or visibility of approved licences.

Further suggestions include:

- creating more specific guidelines under the Social and Recreational category
- amending the Household category to differentiate food, cooking, and cleaning implements from other non-essential, low-value items.

Q4: What criteria should be used to consider whether to include or exclude any goods or services?

Collation and theming of 81 suggestions gives an indication of criteria for inclusion or exclusion of some goods and services under Centrepay. Note that submissions can suggest more than one.

Suggestions for criteria to consider whether to include or exclude any goods or services include:

- **meets customer needs:** the product or service ensures the basic needs of the customer are being met. it is essential to maintain a reasonable standard of living and supports their ability to avoid adverse circumstances.
- **risk of financial hardship:** whether the good or services has the potential to cause or exacerbate customer financial hardship or stress, such as inflated pricing, premiums, charging additional credit or fees, discriminatory pricing based on payment method choice. It is suggested this is assessed against metrics such as existing complaints, compliance actions, pricing structure and practices, capacity to service vulnerable customers.
- **alternate payment methods:** Are there alternative payment methods available which could better support the customer such as NILs, where Centrepay deductions may not be needed.
- **compliance:** Does the business adhere to the Centrepay policy and terms, and Centrepay procedural guide for businesses; are there suitable existing industry laws, standards and regulations.

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- **Centrepay objective:** Do the goods or services support the objectives of Centrepay's policy intent to budget for essential services, financial empowerment, and self-management.
- **transparency and accessible communication:** Costs and payments for goods and services are transparent; business provides accessible information about what is owed and why.
- **business sustainability:** Is the business reliant on Centrepay for sustainability where high-risk business practices may be more prevalent.
- **location and fair pricing:** Where the business is located or the customer bases they targets. For example, remote area providers who lack local competition and upon whom customers may be highly reliant, should be more highly scrutinised to ensure fair and competitive pricing and adherence to Australian Consumer Law.
- **cultural protocols and vulnerability servicing capability:** The business has good cultural protocols and a vulnerability framework. It has the skills and ability to conduct a robust assessment of the customer's capacity to pay.
- **business longevity:** How long a business has been established.

Q5: Are the current Centrepay deduction types sufficient and provide the appropriate flexibility to support customers in managing their own finances?

Most responses across stakeholder groups agree that the current Centrepay deduction types are sufficient and provide the appropriate flexibility to support customers in managing their own finances.

Maintaining control is important to Centrepay customers, and many respondents indicated that they possessed a strong capability to effectively manage their Centrepay deductions without additional restrictions.

Some customers suggested that additional restrictions, like the mandatory target amounts put in place from 1 May 2024, should not apply to them. This is one of the instances where customers expressed their preference for flexibility and control.

"Yes. Being able to select the amount payable and the frequency works well for most payees. Being able to edit or pause payments is also handy although this might cause some issues with people who have poor budgeting skills."

24DP51 – customer

"Why punish the rest not in this 1% category who are doing the right thing in using Centre pay to help them get through this tough time in life due to high charges in power etc."

24DP03 – customer

To better accommodate the dynamic nature of customer payments and prevent overpayments and debts there are notable calls for improvements, particularly automation that adjusts deductions in line with:

- Centrelink income changes
- fluctuating service use
- bills for industries like energy.

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Individuals and advocates identified challenges faced by customers to implement and manage their deduction arrangements, these include:

- the importance of education to support decision making
- difficulties faced by customers in regional, rural, and remote areas – notably First Nations customers
- how geographic and service access disparities can complicate managing deductions.

Case example²

A client told [Economic Justice Australia (EJA)] member centre that the business who signed the client onto Centrepay explained it 'like a credit system' where they could buy whatever they needed next time without needing to pay out of pocket. This client lived in the Kimberley and the business was based in Perth. More than 30% of this client's social security payment was being deducted for a business over 2300km away from their remote community and this client was unable to contact [the business].

Q6: Should there be restrictions on the types of deductions (i.e. ongoing, amounts) that can be established for specific goods and services?

Opinions on restricting deductions for specific goods and services vary across respondent cohorts. Most individuals and registered businesses are against further restrictions, favouring:

- continued flexibility
- customer education
- information about arrangements to support informed choice.

Responses from registered businesses in the consumer lease, rental and energy sectors expressed value in maintaining the ability to set and adjust deduction options with customer consent due to fluctuations in both Centrelink payments and payment amounts.

Most advocates support further restrictions, such as end dates and target amounts for non-essential services, as well as prohibiting contracts with indefinite deductions. In addition, advocates favour periodic reviews by customers to re-confirm for example, quarterly or monthly arrangements for ongoing deductions such as housing, utilities and transport. They also stress the need for customers to receive:

- itemised statements from businesses
- notifications when deductions exceed a certain percentage of their Centrelink income
- alerts to review, re-confirm and re-consent to deductions.

² 24DP113 – Economic Justice Australia

"While the need for transport services is critical in remote areas where public transport is not available, we have seen many examples of ongoing deductions being set up which result in large customer overpayments. Customers might move, get access to a private vehicle, or cease needing access to the same transport routes and don't realise that their Centrelink income is still being deducted. We have also seen unethical conduct such as taxis taking multiple passengers on one trip to the same location and charging every member of the group for the full fare for the journey through Centrepay. We recommend that deductions for transport services need to be re-confirmed quarterly or every six months. Customers should have the opportunity to sign a new agreement and consider the affordability of the deductions going forward."

24DP117 – advocacy group

Q7: 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?

A common theme across responses reflected the need for flexibility.

Some suggestions for a maximum percentage limit amount ranged from 20-60%, often with an exclusion for essential goods and services.

Individuals and advocates emphasised the need for support to be provided to customers who need help budgeting.

Other individual respondents opposed any mandatory limits, arguing for flexibility based on individual circumstances. There is a perception from individuals that a maximum percentage limit is too restrictive and not reflective of the realities felt in the current cost-of-living climate.

"One financial counsellor in remote Australia stated that a large part of their job was just assisting people to understand what their Centrepay arrangements were before delving into the myriad of issues they were experiencing. This financial counsellor stated they often assisted mothers unravelling huge Centrepay deductions leaving them unable to care for their children. This financial counsellor reported that this was not a quick and simple task – it was common for their clients to be provided emergency relief and food vouchers as they were left unable to afford the essentials.

Recommendation

→ 8. Twenty-five percent of a social security recipient's Centrelink payment should be protected so that this is unable to be accessed by any Centrepay business."

24DP113 – advocacy group

"A maximum above 25% is unreasonable considering the welfare payments is intended to support the recipient for the next fortnight, [usually], notwithstanding a stable loving genuinely co-operative couple may be able to sacrifice a higher rate, say 50% of just ONE of the couple's payments, however this is fraught with possible domestic power sharing difficulties."

24DP07 – customer

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Registered businesses are split, with some supporting the idea to support better budgeting, while consumer lease respondents highlighted the sufficiency of existing caps mandated in their industry, currently at 10% of the customer's total gross income.

Advocates largely supported a cap to protect customers Centrelink income for day-to-day expenses. They suggested that solutions to re-validate arrangements and support informed customer decisions are needed to support self-management.

Q8: Should businesses retain the ability to establish Centrepay deduction arrangements on behalf of customers?

Submissions from advocates and regulators report that the set-up of deductions by businesses is often where failures happen leading to customer issues and financial harm.

Errors with amounts, end dates, contact details, affordability assessments and a lack of cost transparency are mentioned. This has been true for big and small organisations, private and government, in sectors like energy and water, and consumer leases.

It is reported that this ability can be the source of targeted exploitation of First Nations communities.

"The use of Centrepay for these non-essential goods and services that allow no target amount or target date keep those vulnerable people on a merry-go-round of poverty."

24DP115 – advocacy group

The existing Centrepay policy and terms and procedural guide place the onus on businesses to safeguard customers from risks, for example, explaining options, arrangements and affordability checks. Advocates suggest that this can create situations where commercial interests can overshadow customer interests.

Respondents noted that not all businesses appear to have systems and processes in place to monitor compliance with the Centrepay framework.

"Developing minimum standards for Centrepay registered business representatives who are responsible for signing customers to Centrepay arrangements, including Centrepay deduction authorities (Centrepay Business Representatives), might further assist Services Australia in ensuring business' compliance with their Centrepay obligations. Such a standard could be designed to ensure consumers are making informed decisions around their use of Centrepay and, that businesses are not misusing the Centrepay system and causing financial harm to consumers."

24DP104 – regulator

More respondents agree that businesses should retain this function, than those who disagree. However, opinion suggests it is critical to balance the convenience of business-set deductions against the need for stricter regulations. This would in turn prevent abuse and ensure transparency.

Common themes across all respondent cohorts' favour business retaining this function, on the condition that customers maintain control, and are supported by transparent and ethical business practices. Respondants suggested that this should involve gaining and reporting customer informed consent and assessing customer capacity to pay.

Customers and registered businesses note the convenience of businesses establishing deductions, particularly for those with accessibility needs and customers who appreciate business assistance with the process.

Registered business outlined several benefits with their ability to set up Centrepay deductions on behalf of customers, including obtaining accurate customer data, and ensuring correct deductions to reduce risks of overpayments or debt.

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Mitigating customer risk is the key theme for those disagreeing that business should retain this function, suggesting that limiting this function to essential services may come with less risk of predatory business behaviour.

Respondants recommended that if the function is retained across all goods and services, stricter regulations, and compliance activities are needed to prevent abuse. Cases of predatory practices in rural areas are highlighted, including abuse of Customer Reference Numbers and unauthorised debts, putting forward a case to restrict business ability to set up Centrepay deductions based on geographical areas and non-essential service types

Q9: Should certain businesses have conditions imposed limiting the access they have to manage deductions on behalf of customers?

Respondents often referred to their response to the previous question. Most responses favoured all business including essential services, only being required to adjust deductions, end dates and target amounts with customer knowledge, consent, and confidence that the customer can afford ongoing payments.

Respondents note that currently, businesses can make decisions about a customers vulnerability or financial stability without visibility of their holistic circumstances, putting customers at financial risk.

Some registered businesses held a different view, believing restrictions should only be applied to a business following an instance of non-compliance. Broad conditions are seen to disadvantage businesses who do the right thing. It is suggested a tiered access system based on regulatory compliance and customer satisfaction could incentivise responsible business practices and place restrictions on non-compliance.

Favour is given towards fewer restrictions for essential services such as accommodation and utilities. However, what is deemed 'essential' and how restrictions are applied in remote areas, must consider context, behaviour and challenges surrounding Centrepay use. A recommendation³ is put forward suggesting stores in these areas be funded, trained, and held accountable for protecting vulnerable customers.

³ 24DP99 – MoneyMob Talkabout Ltd

“Payee businesses that cannot put safeguard mechanisms in place, for example proof of expressed, informed consent from the Centrepay user, should not be allowed to manage deductions on behalf of customers. This should be included in the Centrepay terms and conditions.”

24DP113 – advocate

Case Example⁴

An EJA member centre assisted an elderly client who had an ongoing Centrepay arrangement at a clothing store. This client was being taken into the store by her grandchildren who would purchase large amounts of clothing that would be assigned to her store Centrepay account. She had paid in excess of \$20 000 to this clothing store over the course of 3 years. The store was not open to discussing the prospect of elder abuse or setting up procedures to stop this occurring.

Q10: What are the further conditions that should be applied to deduction arrangements to further strengthen customer protections?

The 61 suggestions have been themed and ordered from conditions mentioned the most to the least, to give an indication of the types of conditions that could be applied to deduction arrangements to further strengthen customer protections:

- **Ability to provide transparent communication:** clear, accessible customer information, including printed contracts, receipts, statements, and notifications.
- **Proof of consent:** consent required to increase or change deductions, documented and attached to forms.
- **Collection of ongoing consent:** regular customer check-ins and reminders for customers about deductions. This would ensure they are still appropriate and the customer re-consents to the deduction arrangement. Check-in periods might be at 6 or 12 months, end of financial year, or end of contract periods.
- **Restrictions on arrangements:**
 - ‘No end date’ only for essentials for example accommodation and utilities and subject to conditions. Target amounts for some services.
 - Specific conditions for consumer leases. For example:
 - provide recommended retail prices and base price
 - offer multiple product options
 - mandate target amounts

⁴ 24DP113 – Economic Justice Australia

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- introduce a 2% per month fee cap for Centrepay eligibility⁵
- limit arrangements only to the most essential items within this category.
- Repayments are limited in quantity of the value and the number of arrangements, for example customers are restricted to only 6 instalments of a capped value. The store should not be able to receive Centrepay deductions from the customers again for 6 weeks after the conclusion of the payment.
- **Fair conditions and processes:**
 - Australian Consumer Law applied equally, including ability for a refund and easy cancellation
 - ability to suspend payments temporarily without financial disadvantage
 - allowing Centrepay use for debts even when customers are no longer receiving a service.
- **Reporting:** Must collect and report complaints data to Services Australia.

Q11: 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?

Respondents note that knowledge and understanding are critical for customers to feel empowered to manage Centrepay requirements and deductions.

Most suggestions presented opportunities to improve how people find, consume and comprehend information and resources to better meet diverse customer needs.

Current information and resources are seen as too technical and wordy, and unhelpful in supporting customers to self-manage. This affects people who have limited to no English, limited numeracy and commercial literacy. Therefore, respondents want appropriate and targeted information to be provided by the agency and registered businesses at point of interaction, and throughout payment periods.

"Resources and information should be available in plain English and community languages, and in ways that are accessible to consumers with diverse communication needs, such as Easy Read resources, to ensure that consumers understand ongoing requirements. This will assist in achieving the objectives of self-management and financial empowerment."

24DP116 – advocacy group

⁵ The Financial Rights Legal Centre explains this further: "Introduce a 2% per month fee cap for Centrepay eligibility. Lessors may charge 4% per month under the new legislation, however a credit product on Centrepay should be materially better value than the commercial lease market as it is sanctioned by the Australian welfare system. This would still allow an interest rate over that charged by most credit cards. Any higher rate will entrench financial hardship."

Customer experience

Creating a positive customer experience is hindered by a lack of accessible and simple information across all areas of the program. Customers are not provided with easy access to resources that suit their needs and support their understanding of Centrepay processes or their own deductions.

Summary

All stakeholder cohorts in general agreed that the customer experience is complex and inaccessible for many customers particularly those experiencing vulnerability. This inaccessibility exists for a range of reasons:

- a lack of non-English communications
- complex terminology
- complex digital processes which are also inaccessible via non-digital channels
- communications and processes which assume financial literacy
- distrust of institutions and Services Australia
- geographical remoteness
- an inability to find information about their deduction.

This lack of information creates issues for customers during the set-up process of their deduction, during the management of their deductions, when ending or adjusting deductions, when an issue occurs, and when complaints need to be made. Recommendations to improve this deficit of knowledge could include:

- providing widely available image based or video tutorials in multiple languages
- increasing the frequency of notifications and reminders at various triggers
- improving options to make a complaint
- finding support from the agency through all avenues
- addressing digital exclusion impacts.

Respondents also asked for agency-based changes to help identify issues for customers ahead of time, these changes could be identified through the implementation of ongoing systemic reviews of Centrepay.

Findings

Q12: What types of information would better support customers to understand and manage their own Centrepay arrangements?

The consistent theme across responses from all cohorts is that Services Australia must increase in quantity and variety of information made available to customers. This should include both personalised information about a customer's deductions and generalised information about Centrepay. All cohorts note that decisions must consider the digital exclusion barriers some customers face. Some specific suggestions include:

- reminders, in a channel of a customer's choosing, to Centrepay customers at various frequencies and triggers. Customers, advocates and registered businesses all suggested this change.

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- simple video and image tutorials available to customers describing common Centrepay processes.
- develop a Centrepay specific budgeting tool for customers. This could consider a customer's total income and relevant restrictions on Centrepay deductions.

Respondents in general suggest the agency must make tools and information widely available, and in multiple languages. In addition, they state the agency needs to refer customers more frequently to these resources. It should be noted that on the Services Australia website there are image tutorials available that indicate to customers how to add, cancel, update or suspend a deduction. But the frequent request for these tutorials suggests customers are unaware of or have difficulty locating these resources.

"The [Australian Financial Complaints Authority]'s comments on this matter are limited to: ensuring that no customer is left behind due to digital exclusion, whether by reason of socioeconomic status, geographical location, digital illiteracy, or otherwise; and that any process must have accessibility imbedded into the service design."

24DP114 – regulator

"The Centrepay system provides very limited information to customers about their deductions which prevents people using Centrepay from having a clear and full picture of their financial position, or financial control."

24DP95 – advocacy group

Suggestions from respondents about how to address digital exclusion barriers include:

- the provision of on-the-ground support and engagement, including remote servicing teams, regional, rural, and remote service centres, and agency outreach staff in remote location. This is particularly important for remote or First Nation communities, who may face compounding experiences of digital exclusion, limited access to services and language differences.
- adapting telephone allowance in a variety of ways to better support payment for phones, phone plans, internet plans and other technologies.
- reducing the complexity of accessing MyGov and the processes to make common Centrepay adjustments or complaints.
- encouraging service and smart centre staff to support customers on the phone and in-person rather than pushing for online use.
- referring customers in need to local counsellors.

Q13: How can the agency, and registered Centrepay businesses, better support customers when things go wrong?

Many respondents had a strong focus on proactive support to customers rather than suggestions to support customers during and after an issue.

There is a recurring theme that contacting the agency is challenging for example, online, by phone or in person. Customers highlight long call wait times, the complexity of identifying where to complain, and a lack of after-hours support.

Once again, this cohort requested simplicity of process and language including improved guides for customers and communication from staff.

“By offering more ways to get support and or assistance, live chat, phone, or in person. Making it more simple to contact both the business and the agency for help.”

24DP79 – non-Centrepay customer

Digital exclusion is a recurring issue highlighted primarily by advocate groups. They believe customers are asking for complaints and problems processes to be made easier and clearer, no matter the method of contact.

Providing access, to physical forms, deduction statements and information, is a key suggestion from advocacy groups. Advocates also noted issues with accessing deduction statements on MyGov and at service centres.

“The hard copy of Centrepay application forms (the ‘SA325’) previously could be used to set up deductions. The SA325 is no longer in use, and there is no alternative downloadable PDF form on the Services Australia website. Financial counsellors report that the SA325 provided a way to assist clients with limited phone/internet access to set up manageable deductions. The clients were able to take the form away, complete it and hand it into their local Centrelink office, or email it to Services Australia when they had access. Without a hard copy form, the alternative now is to wait on the phone for extended periods.

We note that although clients no longer have the option of using a paper form to set up Centrepay deductions, businesses applying for Centrepay participation still have the option of completing a paper form and returning it by email or post.”

24DP113 – advocacy group

Additional suggestions from regulatory bodies, registered businesses and respondents include:

- implementing a dedicated Centrepay support team
- increasing training in cultural sensitivity
- implementing a communication strategy that outlines:
 - how deductions affect income
 - how customers can access and understand their arrangement
 - what consumer rights are available
 - how customers can advocate for their consumer rights.

Q14: What are the specific cultural, geographic and language barriers that impact customers' ability to use Centrepay?

Respondents highlighted the following barriers affecting customers usage of Centrepay as:

- lack of English comprehension or literacy
- digital exclusion
- complex language in agency materials
- financial illiteracy
- individual or cultural beliefs about institutions, authority, or Services Australia which in turn affect customer trust and confidence in using Centrepay
- geographical remoteness
- situational vulnerability or disadvantage, such as experiencing or escaping family or domestic violence

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- lack of contextual cultural knowledge.

Advocacy groups emphasise that some of these barriers can hinder financial counsellors' ability to assist customers. This is seen to be due to processes being digitally complex or containing overly complex and technical language. It is noted that financial counsellors and other advocates are often time poor and require access to information quickly for customers.

Case study⁶

Liam is a young First Nations man from East Arnhem land in Northern Territory with low literacy and living on Centrelink benefits. Liam heard from family members that a new shop opened up in town and they were giving away free clothing and household goods. All he had to do was provide his Centrelink Customer Reference Number (CRN).

Liam goes to the store and provides his CRN to the store clerk. The store clerk tells Liam to sign something without explaining it to get clothing and he does. Liam picks out a few shirts, shorts and some pants and takes them home. After a few weeks, Liam finds out he has a debt that is hundreds of dollars he can't afford but is coming out of his Centrelink before it gets in his account. An SMS notice would have informed Liam that the goods he had just acquired were not free while he still had the opportunity to return them.

Q15: What improvements could be made to the complaints management process for Centrepay customers?

Most cohorts identify the pain points of the complaints management process as a lack of information and difficulty in accessing currently available information.

Customers want easily available, simple, and accessible information such as how to:

- make a complaint
- track their complaint
- get support
- find other avenues to lodge a complaint.

Individuals and advocates identified several pain points throughout the process, including:

- long telephone wait times
- unclear online user interface that prevents customers from understanding where to complain
- a lack of clarity that can cause hesitancy to complain, from either fear of retribution or uncertainty of potential outcomes.

Advocacy groups also emphasised a need for a shift in internal procedure that:

- directs customers towards a team specifically trained in Centrepay
- allows for regular systemic review of complaints
- implements a direct advocates line to Services Australia.

⁶ 24DP117 – Financial Rights Legal Centre

"It is particularly important that all complaints are referred to the Centrepay program team during the implementation of changes in response to this review. This is crucial to ensure that systemic issues are being identified including such as common issues around access of information regarding deductions, unscrupulous businesses continuing exploit the Centrepay system, potential scams or targeting of vulnerable people."

24DP113 – advocacy group

Similarly, regulatory bodies identified a lack of information provided to customers, specifically requesting that customers be made aware of support and alternative complaints pathways available to them, for example ombudsmen and financial counsellors.

"...we consider it is appropriate for Services Australia to inform consumers that if they cannot resolve their complaint with the energy or water business, they can seek assistance from the relevant Ombudsman. We consider this will assist more consumers to resolve their complaints in a fair and reasonable way. It may also help to help to increase consumer confidence and trust in dispute resolution processes related to Centrepay."

24DP109 – regulator

Q16: How can we better advertise and communicate the channels and avenues through which complaints can be made?

Respondents provided suggestions about how the agency can communicate and advertise its' complaints channels and avenues:

- increasing the distribution of communications resources that detail information about complaints processes and avenues for lodging grievances.
- including simple contact details, such as relevant phone numbers and the complaints portal at the bottom of all Centrepay communications.
- simple and accessible written, video, and image-based tutorials that step customers through the complaints process.
- written correspondence to myGov and Centrelink online accounts, to be sent during the complaint process.
- if customers are eligible for free access to legal services and financial counsellors due to qualifying for income support payments, they should be made aware of fact sheets that include details for accessing these support services.
- providing complaint information at the time of establishing or adjusting a deduction.
- encouraging staff to routinely advise of complaint options to customers, where relevant.
- making existing information on Services Australia's website more widely available.
- providing alternative language communication in all circumstances.

Q17: 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?

Across stakeholder cohorts, there are a variety of barriers seen to prevent customers from raising issues with the agency.

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The primary issue is fear of retribution and a consequence of making complaints ranging from:

- having payments or deductions disrupted
- having a debt raised due to perceived wrongdoing
- being prevented from making future purchases at that retailer.

“Vulnerable customers might also have fears that they will be found to have done the wrong thing or that a debt may be raised against them.”

24DP62 – advocacy group

Customers and advocates advise that the overwhelming nature of government processes is a major barrier to customers' willingness to submit complaints. This includes complaining about long wait times, and incomprehensible technical jargon.

“People also give up due to long wait times on the phone or after they have been hung up on repeatedly.”

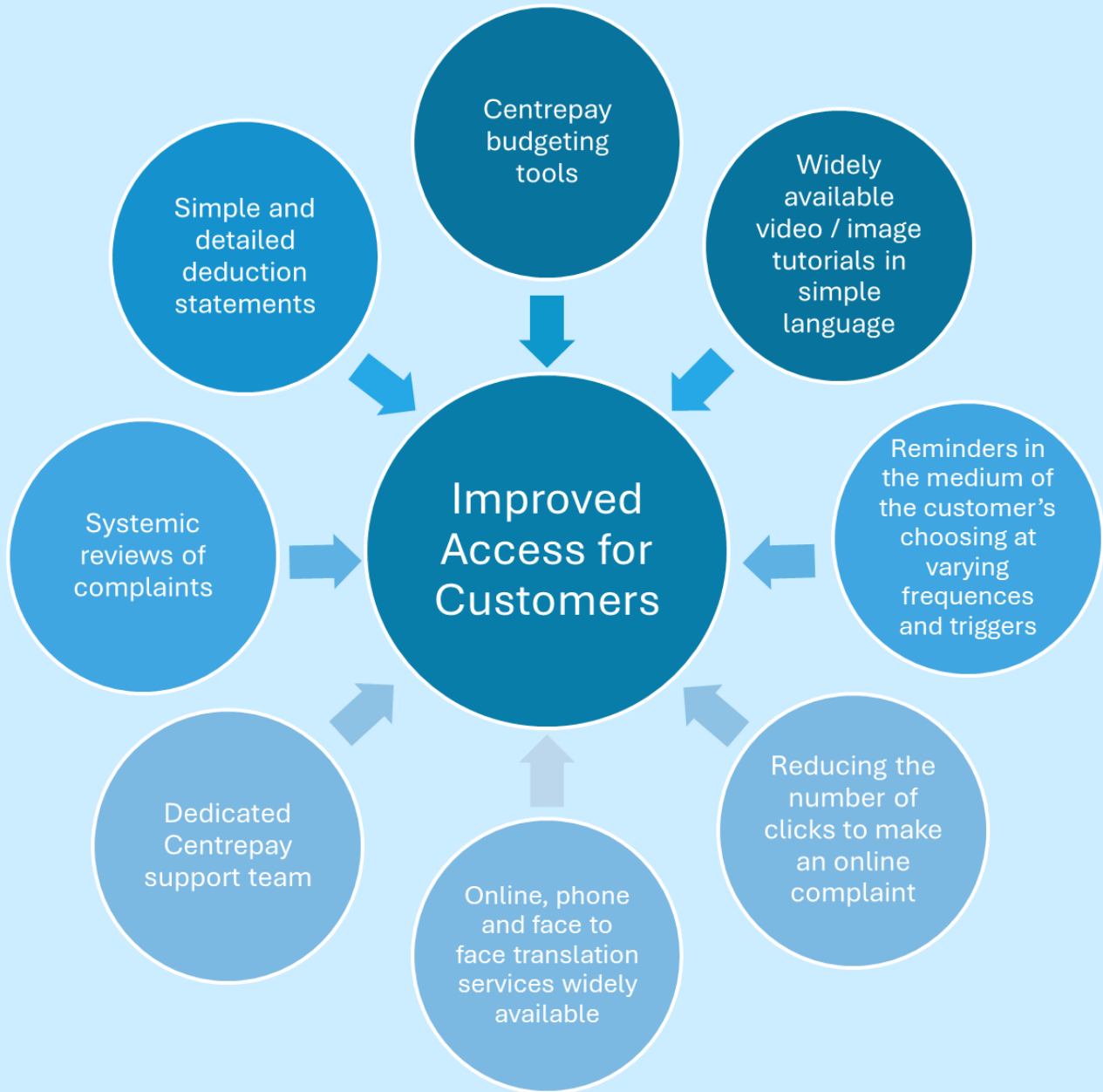
24DP113 – advocacy group

Lastly, respondents note that customers are unwilling to make a report due a belief that nothing will be accomplished. It was claimed that this is exacerbated by a lack of transparency for customers, over the complaints process, and the significant effort they believe is needed to make a complaint only to accomplish little.

“Not knowing what we can and cannot complain about, what is a valid complaint. The process being too long and drawn out and being unsure if / when we would receive an answer.”

24DP83 – customer

Summary of the main findings relating to customer experience



Business

Centrepay reform should preserve freedom of choice for customers in deciding which businesses they set up deductions with, but also implement controls to protect customers from exploitation and promote their agency.

Summary

The main message addressing business participation in Centrepay, is that customers do not want to lose their options regarding which businesses they use and how they use them. Instead, they want greater protection from financial harm and greater visibility of their arrangements, as well as the option to easily alter these arrangements as circumstances change.

Across stakeholder groups, Services Australia's processes around initiating and maintaining business registration are deemed insufficient. Rather they require a more formal agreement between parties, strict requirements for initial registration, and greater powers to enforce compliance.

There are also calls for more controls on business from across stakeholder groups, though some respondents are satisfied with the existing Centrepay policies and procedures, providing assurance processes are strengthened.

Findings

Q18: 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?

There is a consistent view that changes to the Centrepay Procedural Guide for Businesses are necessary and should be enforceable. This view is common amongst all responding regulators, most advocate groups, individuals, and around half of registered businesses.

Common suggestions across groups included:

- strengthening procedures around sign-up of businesses including probity checks and vetting
- implementing formal and enforceable contracts between the agency and business
- regular auditing of ongoing compliance
- formal training for business owners and staff
- making cost and fee structures, and terms and conditions transparent and publicly available.

"Improvements to the application and qualification process for businesses to become a Centrepay registered business are a key opportunity for reform, to reduce the number predatory businesses accessing Centrepay and drive good consumer outcomes..."

24DP111 – regulator

Customers are concerned about the safety and security of their personal information and have privacy concerns. Whereas advocates are concerned about the visibility and integrity of complaints procedures. Several submissions cited all these concerns as important additional business obligations.

“Businesses should be required to display information in store about customer rights to make a complaint about a deduction. Businesses should have effective internal dispute resolution procedures and customers should have access to free and independent external dispute resolution.”

24DP117 – advocacy group

Those expressing views against the need for additional obligations for registered businesses have concerns around increased workload and effects on sector-specific regulatory obligations. For example, the requirement for the energy sector to include Centrepay as a payment option.

“No - Centrepay Procedure Guide is very clear and provides good guidances for businesses.”

24DP73 – advocacy group

Q19: What community expectations could be incorporated into assessing Centrepay registered businesses?

Individuals express a strong interest in ensuring businesses are reputable and ethical, calling for:

- compliance checks to determine legitimacy of businesses
- fair pricing of goods and services
- transparency relating to costs and fees
- transparency relating to and terms and conditions
- obligations around customer communication.

Trustworthiness is a common theme and is clearly important to individuals who want assurance they are protected from exploitation while retaining the right to choose.

“Businesses should treat customers equally and with respect. They should offer competitive prices for their products or services and be honest and clear in their communication.”

24DP90 – customer

Advocates echo these views with some suggesting that their communities also expected:

- fair and accessible complaints and hardship procedures
- validation of customer identification
- evidence of accurate record-keeping
- effective information security.

Some registered businesses agree that it is important to check customer service procedures such as:

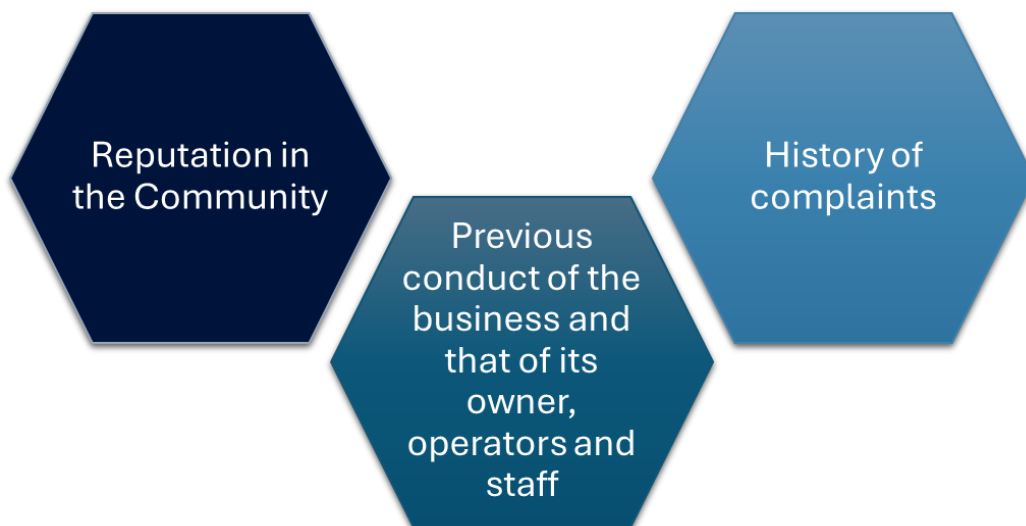
- communication with customers and the agency
- competitiveness of pricing
- whether business practices are ethical.

"Community expectations are vital in shaping the standards for Centrepay registered businesses. These might include stronger commitments to customer service, such as responsiveness to inquiries and disputes, transparency in contractual terms, and clear communication about deduction arrangements. Furthermore, the community might expect businesses to demonstrate social responsibility, such as engaging in fair trading practices and contributing to community welfare. Incorporating these expectations into the assessment criteria would not only align business practices with community values but also enhance trust and reliability in the Centrepay service."

24DP45 – registered business

Q20: What risk factors should the agency consider in assessing a business for Centrepay registration?

There are a variety of responses to this question. However, across groups there are reasonably consistent views about which risk factors should be considered when assessing a business for Centrepay registration. Most groups noted that it is important to consider the following:



"Compliance History: Checking the business's history with respect to regulatory compliance, including any past violations or consumer complaints."

24DP45 – registered business

Transparency and fairness of costs is an important consideration across responses. It is suggested that, when being assessed for Centrepay registration, the following areas should be under increased scrutiny:

- service categories deemed more likely to harm customers
- non-essential service categories or reasons.

"Businesses with high mark up on their goods or services is a risk factor."

24DP53 – non-Centrepay customer

"Does the business fall into a category where the likelihood of customer harm is high? For example, consumer leases, private taxi services, community loans, or household goods."

24DP117 – advocacy group

Information security and financial stability are important concerns for both individuals and businesses.

Business legitimacy alongside the possibility of overcommitting consumers, are important concerns for individuals.

The remainder of responses primarily concerned checking policies and procedures, specifically:

- dispute resolution
- risk management
- contingency planning
- complaints handling
- staff training.

"Review how they handle customer information and privacy"

24DP82 – customer

Q21: 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?

The agency received a wealth of suggestions for improving flexibility and customer protections. Advocate groups and individuals focused on strengthening communication with customers. Suggestions include:

- the provision of statements
- clear cost breakdowns detailed on invoices
- clear and understandable terms and conditions.

"...Requiring businesses to provide customers with detailed invoices..."

24DP95 – advocacy group

There is consensus from respondents that vetting and auditing of businesses will enhance protections for customers.

Individuals emphasised the importance of choice in payment methods and fair policies surrounding financial hardship or missed payments. They also want greater flexibility to adjust payments when circumstances change.

"...A business needs to also offer other forms for the customer to make payment. Not just through centrepay."

24DP81 – non-Centrepay customer

Around half of registered businesses and a small portion of individuals see no need for additional conditions.

"None extra that would impact the Consumer Lease/Rental business and the agreements we have with our customers or the process we follow."

24DP52 – registered business

Q22: What flags would you expect the agency to be monitoring to trigger engagement with businesses in relation to their compliance with Centrepay policies?

There is consensus from respondents around the flags that should prompt the agency to trigger compliance engagement. The main flag noted across stakeholder groups and by many respondents, is the number of complaints relating to a business. Several respondents suggest a threshold number of complaints should trigger the agency to engage with a business.

"Numerous complaints. % of complaints vs customer satisfaction"

24DP17 – customer

Many advocate groups and some individuals also suggest flagging businesses that either:

- derive a large portion of their revenue via Centrepay
- consume large portions of a customer's payments.

"One red flag that the agency should be monitoring for is the percentage of profit that a business makes through Centrepay. A business's profit and loss statement should be part of its annual review with the agency and if more than 50% of its income comes from Centrepay customers then on-site audit should be triggered."

24DP117 – advocacy group

"Percentage of customers using Centrepay - given how rare it is for people to want income management, it should be a red flag if a business has dozens of customers using it."

24DP27 – customer

Sudden changes in business practices, are noted as flags to trigger engagement, including:

- a change in the types of goods and services provided by a business
- a change in number or pattern of customers or deductions such as:
 - new agreements and customers
 - cancellations
 - new agreements per customer.

Breaches in law, regulations, or any evidence of criminal or regulatory investigations are noted as flags by most groups. Issues surrounding overpayments, either a large proportion of overpayments or failure to promptly re-imburse these are also seen as important triggers.

"...Any referrals of misconduct from regulators, regulator investigations or regulatory/enforcement action, including any licence conditions imposed, on the business, related businesses or individuals... Any criminal investigations into the business, related businesses or individuals."

24DP112 – advocacy group

Lack of communication and transparency by businesses regarding fees and terms is seen as a uniquely important flag for individuals.

"Red flags would be businesses that are unclear about the amount we will be paying and any possible fee's, termination charges etc and businesses that are targeting vulnerable people who may not understand what they are signing up for."

24DP83 – customer

Regulators additionally expressed that a customer cohort comprising largely vulnerable individuals should warrant closer monitoring.

Q23: 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?

Advocate groups have the strongest views about business categories that should be excluded from Centrepay, with consumer lease providers, wage advance services and previously non-compliant businesses all mentioned more than once.

Advocates are also concerned about business models that exist solely to profit from Centrepay arrangements.

"We believe business models set up solely and specifically to target income support recipients using Centrepay should be banned, because this is a predatory model of operating. Particularly where the business sells largely non-essential goods. There is an inherently unequal power relationship between vulnerable low income customers and businesses. There is a real risk that customers will become reliant on that model of purchasing, exacerbating the power imbalance and potential for exploitation even further."

24DP99 – advocacy group

Case Example⁷

A student volunteer with our organisation noted in 2022, when she accompanied some First Nations clients to [Business name redacted], that:

"A [Business name redacted] worker was moving through the long checkout line and asking customers for DOB [date of birth], ID and Centrelink CRN [Centrelink customer reference number] and then asking how much the customer wants to book up at the shop with Centrepay; '\$150? \$300?'. A majority of customers would reply ""\$300"" (the maximum). There didn't seem to be any informed consent obtained or proper explanation provided about this payment option or how it operates at the store. This is concerning as there is a significant amount of diversity in financial literacy, English language skills and cognitive functioning among the clientele shopping at [Business name redacted]. When customers would arrive at the cashier, if the customer had only \$250 worth of items but had put \$300 down at the store on Centrepay with the previous worker, the cashier would say ""you still have \$50 left, do you want to buy a wallet? or a neck chain?"" and point to various items behind the counter. The customers I observed agreed to whatever was being offered."

Individuals are in general, hesitant to support whole-category exclusion and are more likely to suggest that businesses are assessed on a case-by-case basis.

Some individuals suggested excluding loan providers, businesses with previous regulation breaches, and non-essential services.

"Case by case scenario, all businesses should be given the opportunity based on the products and services they are providing. Check if the business might cause financial problems for customers and see if their products or services are really necessary."

24DP90 – customer

Registered businesses themselves lean towards advocating a risk-based approach governed by strict criteria. Some noted that businesses relying on Centrepay posed significant risk to customers and should be excluded.

⁷ 24DP99 – MoneyMob Talkabout Ltd

"...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..."

24DP97 – registered business

Responses from regulators highlight business models targeting vulnerable populations as a criterion to exclude them from Centrepay usage. The Centrepay policy and terms currently prohibit businesses using these practices from utilising Centrepay, but these comments highlight the need to enforce such policies.

"It is the ACCC's experience that unsolicited sales practices, namely door-to-door and telemarketing, can lead to misconduct due to the fact that businesses are usually in a stronger bargaining position. This can be the case for a number of reasons including that sale agents can be very persistent and may take advantage of the tendency of consumers to be polite and non-confrontational. This can result in financial harm to the consumer where the consumer agrees to purchase goods or services they don't need, want or cannot afford. For these reasons the ACCC recommends that unsolicited sales models should not be permitted."

24DP104 – regulator

Compliance

Compliance monitoring must focus on customer experience by ensuring business practices are ethical, fair and transparent. Complaints should be heard and acted on, and users informed of compliance actions affecting them.

Summary

The lack of enforcement of the Centrepay Procedural Guide has led to claims of regulatory and compliance failures by the agency, and a failed duty of care.

Across the board, responses suggest the existing Centrepay Framework provides good criteria for monitoring business compliance, with a few additional inclusions.

Customer feedback in the form of complaints and customer satisfaction surveys are suggested to complement existing procedures. Business processes around dispute resolution and financial hardship provisions are also considered key metrics.

Transparent and fair pricing and terms are also important criteria for many respondents. When compliance action is taken against a business, customers want to be informed of the reasons for this action, what restrictions are imposed, and how they are affected. They also want to be able to provide their experiences with affected businesses to inform the proceedings and other Centrepay users.

Findings

Q24: What should a business be monitored against to remain registered as a Centrepay business?

Across the board compliance with the existing Centrepay Framework is the most common suggestion for business monitoring.

"Centrepay businesses should be required to demonstrate how they are complying with the procedural guide. Failure to do so should lead to de-registration as a Centrepay business, with the potential for a permanent ban."

24DP116 – advocacy group

Many responses suggest that customer satisfaction be considered and potentially comprise of:

- external dispute resolution outcomes
- customer complaints
- client satisfaction surveys.

"The criteria listed on page 11 appear comprehensive. However, considering concerns about unreported complaints due to customer apprehensions (as noted on page 8), including customer feedback in the assessment criteria could enhance compliance. Any compliance measures should be targeted and measured to ensure they address specific issues effectively without imposing undue burdens on compliant businesses."

24DP59 – registered business

Transparency and fairness of costs, fees and terms are of particular importance to individuals.

"Watching for high mark ups - being able to justify their charges to clients."

24DP53 – non-Centrepay customer

Regulators highlight the current Centrepay Procedural Guide as thorough but not enforced. They suggest monitoring internal business policies and processes via independent audit.

Regulators also noted the provision of clear and easy complaints and feedback procedures to ensure customer experience is monitored.

"AFCA supports enhanced monitoring and oversight of the Centrepay service, including greater public transparency about consumer outcomes and firms' use of Centrepay, to ensure consumers are benefiting in line with the policy objective set out in Part 2. For businesses to continue to be accredited by Centrepay, we support consideration of the following measures:

- appropriate due diligence of firms and their product or service offering prior to registration with Centrepay and ongoing monitoring of firm compliance over time.
- enhanced transparency in public reporting of consumer use and firm behaviour, and changes over time.
- requirements such as disclosure to the agency by registered Centrepay businesses of their complaints experience at IDR and AFCA.
- effective action for registered Centrepay businesses subject to regulatory action.
- clear, easily accessed complaints/feedback process to the agency and Centrelink about Centrepay providers (and consideration of anonymous feedback options for customers, to ensure greater oversight of conduct/consumer experiences)."

24DP114 – regulator

Q25: 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?

Customer and advocate groups support full disclosure of businesses that are facing compliance actions and want the following information made publicly available:

- the business and proprietor names
- the reasons for compliance actions
- what remedial actions are imposed
- how customers are affected
- how customers can share their feedback and contribute to the proceedings

Advocates in particular suggest various ways in which information could be distributed, particularly to affected customers. They considered it appropriate to notify affected customers and others with active deductions to the business in question via:

- direct communications to the affected individuals and financial advisors
- the agency's website and app
- notifications on the customer contact line.

"Proactive notification to customers with deductions to that business, including information about how they can stop a deduction and seek a refund. Businesses should also be required by Services Australia to audit and repay any money not legitimately received (and report compliance with this requirement after repayment). Public reporting on Services Australia website and direct communications to services that regularly assist Centrepay customers."

24DP95 – advocacy group

Some businesses are more hesitant than other stakeholder cohorts to support a name and shame approach. They suggest alternative ways to monitor and educate affected businesses, including those who may inadvertently be non-compliant. Fewer businesses support full disclosure.

"Perhaps customers using the Business Online Service should be emailed a de-identified newsletter of recent issues with the system just as Worksafe Australia alerts us to Industrial accidents they are investigating - as this alerts would alert us to issues and we could review our practices in a more ongoing way to ensure our practices are not similarly if perhaps unintentionally creating these same issues - rather than waiting until a big review like this. Or as you log on to use the service these case studies could be presented for reading??"

24DP42 – registered business

"It should be full disclosure, if Centrepay expects that all customers are to independently decide whether to commit to a certain service or business, they customer must first know all risks and passed breaches."

24DP66 – registered business

Overpayments

Fluctuating bills and arrangements without end dates are some of the main reasons for overpayments occurring. When credit accumulates, customers want notification, and choice over whether and how refunds are issued.

Summary

Overpayments occur for a variety of reasons with the most cited causes being:

- lack of customer oversight of their own account and credit status
- fluctuating bills
- payments without end-dates and target amounts.

Several possible fixes are suggested:

- increasing customer's ability to view and edit their deductions
- imposing mandatory targets and end-dates to all payments, or with the exception of accommodation and utilities.

There are a few suggestions to address overpayments due to fluctuating bills:

- allow credit to bank for future bill increases and to cover seasonal fluctuations
- allow utilities providers to adjust deductions in line with actual bill amounts
- send out annual statements which give customers the option to select a refund.

Overall, it is clear that customers want notification if they begin to accumulate credit and options around if and how they get their overpayments refunded.

Many responses outlined reasons why some customers want to be in credit on their accounts. As such, blanket rules around refunding these amounts could potentially be detrimental.

Findings

Q26: What information and further assistance would be useful to customers when an overpayment has occurred?

Two major themes raised in responses to this question are, the importance of:

1. notifying the customer of the overpayment
2. providing customers with choice about whether or not to refund, and if so, how.

Individuals want information and support about seeking refunds. Some called for automatic refunds. However others argued against getting refunds automatically, as they prefer to choose if and how the refunds are returned.

"Notification of the business, the amount overpaid and any ongoing centrepay deduction with the business."

24DP02 – non-Centrepay customer

“Options for how we want the overpayment handled (refund, credit, etc.)”

24DP96 – customer

Registered businesses provide reasons that some customers prefer to accumulate credit, particularly with utilities providers to account for seasonal fluctuations and bill increases. Other businesses suggest that refunds could be more safely handled by the agency, citing domestic violence considerations.

Advocates support the call for customer choice in how refunds are handled, noting that for certain customers, a blanket approach may cause further disadvantage.

Case Example⁸

Katie is an Aboriginal woman who is in long term receipt of the Disability Support Pension. She is in serious financial hardship and is struggling to meet her day to day needs. She is reliant on a number of support services to ensure that she is able to eat every day. We are assisting her to negotiate with creditors for reasonable payment arrangements in the circumstances. She reports that her electricity provider has recently provided her with a reimbursement on her account obtained through Centrepay deductions; however, this will happen by way of a cheque posted to her address. This limits her ability to pay for her regular needs and requires her to travel to her bank to cash the cheque, as well as delaying her access to funds that are rightfully hers.

Q27: How would customers prefer to be notified about overpayments?

Respondents generally agree that a combination of communication channels should be used to contact customers in the event of overpayment, with most responses suggesting:

- phone calls
- SMS
- email
- mailed-out letter.

Some individuals specified that a phone call or SMS would alert them immediately and could be followed up with an email or letter providing more details.

Respondents noted one-off notifications tend to be ignored because of suspicions around scam and phishing attempts, a combination of messages are more likely to be taken seriously. Many suggested letting customers select their preferred method when signing up for deductions.

“ Please send a brief text message to alert us about the overpayment. Subsequently, follow up with an email containing further information. Provide the choice for me to select my preferred notification method.”

24DP80 – customer

⁸ 24DP116 – Redfern Legal Centre

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A few respondents mentioned alerts via:

- Centrepay app
- myGov
- regular statements.

Advocates pointed out that communications should consider:

- non-digital and linguistically diverse customers
- be sent out more than once or over a number of weeks, to ensure they are received.

"If the business is a utility or accommodation provider the customer should be notified of the overpayment after it has surpassed two billing cycles. At this point the customer should be notified by text, email and written snail mail (in-language if appropriate). Contact attempts should be repeated in another 2 bill cycles and every cycle after including phone calls to client."

24DP117 – advocacy group

Q28: What factors are contributing to customers accumulating credit with businesses? And how can the agency better support customers to avoid overpayments with businesses?

Respondents identified two main primary causes for overpayments occurring:

- lack of customer oversight of account and payment status
- fluctuating bills.

To improve customer visibility of their accounts and prevent overpayments occurring, individuals, advocates and regulators strongly expressed a need for:

- customers to have oversight of their own account status including access to all current deductions
- regular statements to be sent out to customers regarding payment status
- notification when payments are complete, targets are reached, or accounts are in credit.

"Sometimes payments can continue after you have completed paying the stipulated amount. Give us easy ways to check our remaining balances with any business. Send alert messages if we have made an over payment. Offer assistance on setting up the right amounts "

24DP28 – customer

Advocates and individuals stated that ongoing payments without an end date are a particular risk for accumulating credit and some suggest that target amounts and end dates be compulsory. Others suggest arrangements without end dates only be allowed for essential services such as accommodation and utilities.

"...The Agency could help customer avoid overpayments by:

- Making the target amount and target date fields on the Centrepay application form compulsory"

24DP115 – advocacy group

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There are two main suggestions put forward by advocate groups and regulators to address credit accumulation due to fluctuating bills:

- the provider could adjust payments with oversight from customers, under certain circumstances and for certain bill types such as utilities. This would prevent credit building up, limit underpayments and prevent customers from falling into arrears.
- it is noted by many groups that overpayments on utilities bills are often intentional. Overpayments serve as a protective buffer to cover seasonal variations in costs or rate increases. Many therefore called for choice about whether or not to reimburse, or to allow credit to build up.

"We note that some clients are comfortable with overpaid accounts to a small amount for certain services, typically housing and utilities. In the latter case, overpayment in certain months can compensate where usage is higher in e.g. winter due to heating costs. It may suit some customers to leave the funds sitting with the business for future essential costs—but this has to be the consumer's choice."

24DP112 – advocacy group

Other possible solutions put forward are:

- provide customers with an annual statement from registered businesses or Services Australia
- offer the choice to claim a refund or keep the amount as credit.

Complexity of billing and lack of clarity regarding the deductions process are listed as factors underpinning accumulating credit. Streamlining and simplifying the billing process and providing information to help customers understand complex billing set-ups are mentioned as practical solutions. These views featured in responses from various groups.

Some businesses expressed difficulties with cancelling or adjusting payments. They think better integration between the agency and business will help to prevent these issues.

Businesses also expressed a key pain point for them is when customers change address and contact details without providing notification, or became otherwise uncontactable, not having this information affects their ability to issue refunds or cancel payments.

"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."

24DP97 – registered business

Consultation and engagement

Consultation needs to be inclusive and representative of the full diversity of Centrepay stakeholders to allow meaningful engagement. The agency must make communications understandable, allow time for response and provide feedback around how the information is used.

Summary

The key message from respondents expressed the value of diversity and inclusivity to ensure all stakeholder are given equal opportunity to have their say, regardless of:

- limitations imposed by geographical region or remoteness
- digital exclusion
- literacy or language barriers
- physical or intellectual disability
- socioeconomic, or cultural background.

Respondents noted that consultation should be culturally appropriate particularly for First Nations people. It should also be accessible, transparent, and comprise two-way communications. Specifically, whereby the agency provides adequate background information and indicates how stakeholder input has been utilised. A clear message is that plain and straightforward language should always be used.

Findings

Q29: What does meaningful consultation and engagement look like to you with respect to reforming the Centrepay service?

Individuals are happy that they had been consulted with as part of the current reform process. They also indicated that online forums and surveys are suitable ways to gauge input from customers.

"[things] like this [questionnaire] and having multiple different [sectors] being represented in discussions"

24DP19 – customer

Many individuals advise that the wording of questions and language used in consultations needs to be simple and clear so it is understood.

"Questions that are actually clear and easy to answer, not like these."

24DP20 – customer

Some individuals emphasise a need for consultations with a focus on diversity and inclusivity. They also want to be notified of these opportunities in a variety of ways to ensure all perspectives are included.

Advocates and business noted that meaningful engagement is underpinned by inclusivity and diversity. They want to ensure that both advocate groups and customers are given the chance to provide input face-to-face. Forums emerged as the preferred format.

“I hope you are doing some face to face with mob with a bbq.”

24DP42 – registered business

Advocates and regulators suggest the formation of paid advisory groups or advisory boards to allow ongoing engagement with the agency.

Regulators want to ensure the inclusion of First Nations perspectives in all consultation, as well as a wide variety of stakeholders. They also want a transparent and collaborative approach.

“We welcome a transparent and consultative approach to the Centrepay review and encourage Services Australia to continue this approach— particularly with First Nations consumers and their representatives— throughout the implementation of the recommendations that arise out of this consultation. We note the establishment of Services Australia’s Indigenous Advisory Group, comprising First Nations peoples who provide invaluable insight into the matters facing their communities and guidance on how our work can help improve the financial wellbeing of First Nations peoples. We consider these firsthand insights to be important to the success of the Centrepay reform process and ensuring positive financial outcomes for First Nations peoples and communities.”

24DP111 – regulator

Businesses had specific and detailed ideas about how the process should proceed, with a focus on:

- inclusion of both small and large businesses
- consultation via a variety of formats
- iterative interactions, where updates are provided, and input sought at each stage of the reform process
- feedback, and assurance that their input is being considered in the decision-making process.

All groups noted that adequate time should be allowed for responses to be formulated.

Next steps

The insights presented in this summary are part of a wider collection of stakeholder views that will be used to guide Centrepay reform.

The Centrepay Reform Discussion Paper responses summarised in this report form part of a larger series of consultations with Centrepay stakeholders which will be used to inform and guide the details of reform process.

These include:

- a series of 111 customer intercept interviews which were completed in June 2024
- a series of public, face-to-face Community Events in urban, regional, remote, and rural locations which are currently being undertaken throughout July to October 2024
- a series of stakeholder reference groups, committees, and forums which support the integration of stakeholder insights throughout the reform process. These groups include:
 - The Centrepay Reform Peak Advisory Reference Group
 - The Centrepay Reform Internal Governance Committee
 - The Peak Industry Bodies Reference Group
 - The Centrepay Compliance and Regulatory Advisory Forum
- market research with Centrepay Registered Businesses
- bilateral engagement with Regulatory Bodies

The insights gathered during this consultation phase and other engagement activities will be synthesised in an overarching summary report. Services Australia will use these valuable insights to guide decision making, and reform Centrepay with the customer at the centre of the program.

The question set

The Centrepay Reform Discussion Paper consisted of 29 questions under six key topic areas of reform.

Reform topic	Questions
Policy intent	<p>Centrepay objective:</p> <ol style="list-style-type: none"> 1. Do the critical areas for reform outlined above reflect the evolving needs of customers and stakeholders? <p>Approved goods and services:</p> <ol style="list-style-type: none"> 2. Does the current list of authorised goods and services include what should be available through Centrepay? 3. 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? 4. What criteria should be used to consider whether to include or exclude any goods or services? <p>Deduction arrangements</p> <ol style="list-style-type: none"> 5. Are the current Centrepay deduction types sufficient and provide the appropriate flexibility to support customers in managing their own finances? 6. Should there be restrictions on the types of deductions (i.e. ongoing, amounts) that can be established for specific goods and services? 7. 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? 8. Should businesses retain the ability to establish Centrepay deduction arrangements on behalf of customers? 9. Should certain businesses have conditions imposed limiting the access they have to manage deductions on behalf of customers? 10. What are the further conditions that should be applied to deduction arrangements to further strengthen customer protections? 11. 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?

Reform topic	Questions
Customer experience	<p>Access to Centrepay</p> <p>12. What types of information would better support customers to understand and manage their own Centrepay arrangements?</p> <p>13. How can the agency, and registered Centrepay businesses, better support customers when things go wrong?</p> <p>14. What are the specific cultural, geographic and language barriers impact customers' ability to use Centrepay?</p> <p>Complaints</p> <p>15. What improvements could be made to the complaints management process for Centrepay customers?</p> <p>16. How can we better advertise and communicate the channels and avenues through which complaints can be made?</p> <p>17. 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?</p>
Business	<p>Becoming a Centrepay Registered Business</p> <p>18. 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?</p> <p>19. What community expectations could be incorporated into assessing Centrepay registered businesses?</p> <p>20. What risk factors should the agency consider in assessing a business for Centrepay registration?</p> <p>Business models</p> <p>21. 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?</p> <p>22. What flags would you expect the agency to be monitoring to trigger engagement with businesses in relation to their compliance with Centrepay policies?</p> <p>23. 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?</p>

Reform topic	Questions
Compliance	<p>Current compliance processes</p> <p>24. What should a business be monitored against to remain registered as a Centrepay business?</p> <p>25. 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?</p>
Overpayments	<p>26. What information and further assistance would be useful to customers when an overpayment has occurred?</p> <p>27. How would customers prefer to be notified about overpayments?</p> <p>28. What factors are contributing to customers accumulating credit with businesses? And how can the agency better support customers to avoid overpayments with businesses?</p>
Consultation and engagement	<p>29. What does meaningful consultation and engagement look like to you with respect to reforming the Centrepay service?</p>

Appendix

Attached Separately.

Attachment A – Discussion Paper

Attachment B – Policy and Terms

Attachment C – Procedural Guide

Attachment D – Submissions

Attachment E – Glossary

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