



Australian Government



Services
Australia

Centrepay Reform

Consultation Paper

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CENTREPAY PROGRAM & MDT BRANCH | WORKING AGE AND PENSION PROGRAMS DIVISION

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1. Introduction

1.1 What is Centrepay?

First established in 1998, Centrepay is a voluntary free bill paying service offered by Services Australia (the **agency**) for Centrelink customers.

Through Centrepay, a customer can authorise the agency to arrange deductions from their Centrelink payments to pay a registered Centrepay business for authorised expenses. Deductions occur prior to the Centrelink payment being deposited into a customer's nominated bank account.

If customers are currently receiving an eligible Centrelink payment, they can use Centrepay for a range of goods and services, including all of the following:

- accommodation,
- education and employment,
- financial products,
- health,
- household-related costs,
- legal and professional services,
- travel and transport, and
- utilities.

Currently, Centrepay supports more than 600,000 customers to pay for goods and services across approximately 10,000 businesses.

1.2 Centrepay Reform

Centrepay has aimed to provide a seamless and supportive process for customers to self-manage their finances. The agency, however, recognises that for some customers Centrepay is not operating in line with its objective, and that the service requires further levels of support and protections for customers.

As part of the agency's reform of Centrepay, extensive community engagement and consultation was undertaken throughout 2024 to hear from customers, business and the broader community on how Centrepay could better meet the ongoing needs and expectations of customers.

On 2 December 2024, the agency announced several proposed reforms to Centrepay. These proposed reforms were developed based on what the agency has heard as part of its consultation processes and has been refined in partnership with peak advisory, community advocacy groups and regulators.

As the agency continues to progress reforms, we're undertaking further consultation on these proposed changes.

1.3 Consultation Paper

The purpose of this paper is to hear from key stakeholders, such as Centrepay customers and businesses, peak advisory and community advocacy groups about the proposed reforms. These include:

- realigning Centrepay to its original intent as a regular bill paying service by reducing the scope of the goods and services that customers can use Centrepay for,
- redefining the specific goods and services that Centrepay can and cannot be used for,
- placing limitations on how long deduction arrangements can be in place, or requiring set target amounts to be in place for any new deduction arrangement. Deduction arrangements will cease as soon as either requirement is achieved,
- strengthening the application process for businesses wanting to apply for Centrepay,

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- additional conditions and contractual requirements for businesses to improve customer protections, including robust and strengthened compliance settings,
- better defining and placing obligations on business to deal with incorrect payments,
- making it easier for customers to:
 - receive refunds,
 - set up, oversee and manage their deductions, and
 - provide feedback or complaints that are acted upon in a timely manner.

This paper is supported by the following draft documents:

- Centrepay Terms of Use (including a new mandatory Centrepay Deduction Authority form)
- Centrepay Policy for Business
- Centrepay Business Application form

For those businesses applying to use Centrepay from 1 July 2025, it is proposed that the **Centrepay Terms of Use**, and subsequent Business Approval Letter issued by the agency confirming their approval to offer Centrepay will form the contract between the agency and the business. These documents set out the obligations that businesses must adhere to as a registered Centrepay business. Existing businesses will need to accept the new Centrepay **Terms of Use**, to continue using Centrepay.

As part of this proposal, the **Centrepay Terms of Use** and **Centrepay Policy for Business** documents will replace the current Centrepay Policy and Terms and Centrepay Procedural Guide for Businesses.

For more information on contracts, see the **Centrepay Terms of Use, PART A** 'Your Centrepay Contract'.

1.4 Your feedback

We would like to hear from customers, business and the broader community on how these changes might affect you and seek any feedback on how they could be improved.

To assist you in providing your feedback, the agency has posed a series of questions throughout this consultation paper.

In addition, we encourage you to carefully consider the documents attached to this paper and provide any further feedback which relates to difficulties you may experience because of the proposed changes.

Your feedback on the proposed reforms will be considered before Services Australia finalises the reforms and commences the new arrangements.

Submissions can be made via the DSS Engage platform.

Submissions will close at 11.59pm AEST on 21 April 2025.

2. Service Reasons

2.1 Eligible Service Reasons

As part of the agency's consultation and engagement activities, feedback suggested that some Service Reasons represent discretionary purchases and / or were more prone to misuse. For example: unauthorised use by family members or businesses creating deductions without customer consent. The highest risk of financial harm to customers resulted from deductions under the below Service Reasons, and are proposed for removal:

- Social and Recreational Commitments
- Household Goods Lease and Rental
- Basic Household Items
- Funeral Expenses
- parts of Food Provision*

*Food Provision: It is proposed the Food Provision service reason be renamed: 'Provision of Food: remote and very remote community stores'. This revised Service Reason would be open to existing and new businesses to access Centrepay if they:

- are a retail community store,
- do not primarily provide meat or meat products (such as butchers), and
- are in a remote or very remote area (as defined at clause 38.1 of the Terms of Use).

Food provision businesses located in areas meeting the Australian Bureau of Statistics (ABS) definition of 'remote' or 'very remote' using the Accessibility and Remoteness Index of Australia (ARIA+) in population centres with less than 10,000 people are proposed to **remain as is**. Post 1 July 2025, the agency will undertake further community consultation to better understand how this arrangement best supports customers living in remote or very remote areas.

It is proposed that businesses currently providing Meals on Wheels services under the Food Provision service reason be moved to the Home Care Services service reason. It is also proposed that any businesses currently providing a School Nutrition Program in the Food Provision service reason be moved to the School Nutrition Program service reason.

Therefore, we are proposing to **remove all businesses** that are currently approved under the existing Food Provision service reason other than Meals on Wheels businesses and **remote and very remote** retail community stores.

The following Service Reasons were identified as being underutilised and as such are proposed to be removed under Centrepay reform:

- Motor Vehicle Registration
- Employment Expenses
- Savings

A full list of the Service Reasons proposed for inclusion in the reformed Centrepay program has been set out at **Schedule 1** (Kinds of payments you can use Centrepay for) within the **Centrepay Terms of Use**.

Question:

1. Would the removal of one or more of these Service Reasons impact you, or your business?

[Yes / No]

2. If so, which Service Reason/s?

[Motor Vehicle Registration]
[Social and Recreational Commitments]
[Household Goods Lease and Rental]
[Basic Household Items]
[Employment Expenses]
[Funeral Expenses]
[Savings]
[Food Provision (non-remote)]

3. How would the removal of the Service Reason/s affect you, or your business?

2.2 Service Reasons - Conditions

Throughout consultation activities in 2024, the agency heard that some customers using Centrepay were continuing to make payments to businesses after their amount owing was reached, or after their contract with a business was finished (for example after a fine is paid off, or after a school year ends). As a result, some customers accrued unused credit with businesses.

As part of Centrepay Reform, we are proposing that all businesses operating within their respective Service Category and Reason will be required to comply with a number of mandatory conditions. These requirements may include:

- target amounts (deductions arrangements cease once a pre-set dollar amount / target is reached), or
- end dates (deduction arrangements cease at the pre-set date).

For more information on the specific conditions which are being proposed against each Service Category / Reason, refer to **Schedule 1** (Kinds of payments you can use Centrepay for) within the **Centrepay Terms of Use**.

Questions:

1. Would the introduction of proposed mandatory conditions (such as target amounts or end dates), set out in **Schedule 1** of the draft **Centrepay Terms of Use**, impact you, or your business?

[Yes / No]

2. If so, which Service Reason/s?

[Child Care services]

[Education expenses]

[School nutrition programs]

[Community group loans]

[No interest loans]

[General community housing loans]

[Ambulance services]

[Medical services and equipment]

[Disability and community services]

[Veterinary Services]

[Home care and trade services]

[Court fines]

[Infringements]

[Legal services]

[Transport services]

[Provision of Food: remote and very remote community stores]

3. How would the introduction of mandatory conditions affect you, or your business?

4. Are there any other conditions or suggestions to further support customers using Centrepay?

2.3 Redefined Service Reasons - Excluded expenses

Under the current Centrepay arrangements, businesses are not permitted to accept deductions for specific expenses. As part of the proposals being put forward by the agency, we are considering the expansion of this list of excluded additional expenses. For example, the agency is proposing to add mobile phone devices as an excluded expense.

The expanded list of deductions that the agency is proposing (against each Service Reason) can be found at **Schedule 2** (Kinds of Payments you cannot use Centrepay for) within the **Centrepay Terms of Use**.

The agency is proposing the expansion of the excluded expenses list to better support customers use of Centrepay as a regular bill-paying service.

Questions:

1. Would the proposed changes to the excluded expenses impact you or your business?

[Yes / No]

2. If yes, how would the proposed changes to excluded expenses impact you, or your business?

3. Business Registration

3.1 Business approval and ongoing requirements

As part of the 2024 consultation and engagement activities, the agency heard that some customers considered that any business registered to accept Centrepay deductions had been vetted and deemed safe to use by Government. Services Australia is not a consumer regulator outside of considering a registered Centrepay businesses' compliance with their Centrepay obligations. The agency generally does not intervene in the commercial relationship between customers and businesses, however, the agency actively supports customers and cooperates with other parties in its role as the administrator of Centrepay.

Similarly, the agency also heard from customers and advocate groups that there is a general expectation that businesses offering Centrepay as a payment option are deemed as more secure, with appropriate protections in place to best support their customers.

While the use of Centrepay does not constitute agency endorsement of a particular business, it is proposed both the business application and onboarding process will be strengthened to provide an additional layer of protection for customers.

As part of the proposed new business application process, the agency will be asking businesses a new range of questions. Businesses will be required to provide more information and evidence to the agency to support their business applications.

For more information on the proposed business approval requirements and business onboarding, refer to **Schedule 1** (Kinds of payments you can use Centrepay for) within the **Centrepay Terms of Use**.

Additionally, see the **Business application form** and **Centrepay Policy for Business** for more information about business approval processes and ongoing requirements.

Questions:

1. Having reviewed the new Business application form and Centrepay Policy for Business, will the additional requirements proposed by the agency have an impact on you, or your business?

[Yes / No]

2. If yes, how will the new business approval process affect you, or your business?
3. Are there any other changes that could help better protect customers?

3.2 Centrepay transaction fees

Centrepay currently charges most businesses a transaction fee of \$0.99 (\$0.90 fee + \$0.09 GST) per transaction. It is proposed that for all Centrepay businesses that are required to pay a fee for their usage of the Centrepay service, the fee will be standardised. These businesses will be charged a nominal/standard rate of \$0.99 (\$0.90 fee + \$0.09 GST) per transaction unless a fee waiver is approved by the agency. It is

proposed that fee waivers will generally apply only in limited circumstances, for example No Interest Loans Scheme.

Review the **Centrepay Terms of Use, PART D - Fees**.

Questions:

1. Would you like to provide any feedback on the proposed fees?

[Yes / No]

2. If yes, how would the changes to fees affect you or your business?

4. Deduction authority

4.1 Mandatory deduction authority form

As part of the agency's consultation and engagement activities during 2024, we heard:

- businesses were asking for different information from customers in their current deduction forms,
- sometimes customers were not aware of what they were signing for (costs, duration),
- businesses suggested it would help to have a standardised deduction form, and
- the form should include additional information to ensure customers understand what they are signing

To remove the need for businesses to develop their own forms, and to capture customer consent and all necessary details when deductions are established by a business on behalf of a customer, the agency is proposing to introduce a mandatory Deduction Authority form to be used by all registered Centrepay businesses.

The new Deduction Authority form will include information for customers, including what Centrepay is and how it can be used, which business must provide to their customers. The proposed new Deduction Authority form can be found in the **Centrepay Terms of Use** at **Schedule 3** 'Form of deduction authority'. Requirements in relation to deduction authorities are contained in **PART B** 'Deduction Authorities' within the **Centrepay Terms of Use**.

Customers can still start, change or cancel a Centrepay deduction at any time, in any of the following ways:

- using myGov,
- using the Express Plus Centrelink App,
- by calling us on a regular payment line,
- completing and signing a new deduction form with the business, or
- at a service centre with help from our staff.

Questions:

1. Would the introduction of a mandatory Deduction Authority form, set out at **Centrepay Terms of Use** at **Schedule 3** 'Form of deduction authority' impact you, or your business?

[Yes / No]

2. If so, how would the introduction of the mandatory Deduction Authority form affect you, or your business?

3. Do you have any feedback on the draft mandatory Deduction Authority form?

[Yes / No]

4. If yes, what content do you suggest is contained within the form?

5. Accommodation arrears and final utilities bills

5.1 Accommodation arrears

Feedback suggested that customers may be disadvantaged when they cannot use Centrepay to pay for accommodation arrears, leading to a poor payment record and increasing the possibility of homelessness.

The agency is proposing to change the rules that currently prevent the use of Centrepay for making payments toward accommodation arrears. This will improve housing security and assist customers to manage arrears, for example rental arrears after a customer moves out. The changes would also allow individuals to voluntarily establish new Centrepay deductions to pay for accommodation arrears, to ensure easier management of these payments.

For more information on accommodation arrears, refer to **Clause 9.6** (You must cancel customers' deduction authorities in some cases) within the **Centrepay Terms of Use**.

Questions:

1. Having reviewed **Clause 9.6** (You must cancel customers' deduction authorities in some cases) within the **Centrepay Terms of Use** (with respect to accommodation arrears), will this have an impact on you or your business?

[Yes / No]

2. If yes, how will the proposed changes to accommodation arrears impact you or your business?
3. Are there any other changes that could help better protect and support customers?

5.2 Final utilities bills

Similar to accommodation arrears, the agency also heard that the restriction on customers to pay final utility bills via Centrepay arrangements was resulting in the potential blacklisting of some customers by utility companies. In these circumstances, the agency heard that this sometimes impacted customers, notably their ability to connect to new utilities in the future.

The agency is proposing to allow the use of Centrepay for final utilities bills, which may be issued after a customer has moved out and has stopped receiving services. To ensure easier management of these payments, the changes would also allow individuals to voluntarily establish new Centrepay deductions to pay for utilities arrears.

For more information about the changes to final utilities payment, refer to **Clause 9.6** (You must cancel customers' deduction authorities in some cases) within the **Centrepay Terms of Use**.

Questions:

1. Having reviewed **Clause 9.6** (You must cancel customers' deduction authorities in some cases) within the **Centrepay Terms of Use**, (with respect to final utilities bills), will this have an impact on you or your business?

[Yes / No]

2. If yes, how will the proposed changes to payments for final utilities bills impact you or your business?
3. Are there any other changes that could help better protect and support customers?

5.3 Business obligations

Feedback from our 2024 consultations, indicated that the agency should strengthen existing compliance obligations, and make it clearer to businesses what those compliance obligations are.

To increase customer protections and provide further clarity for businesses, the proposed reforms outlined below enable businesses to demonstrate how they are complying with their obligations.

Access to Centrepay is a privileged position for businesses and business obligations should reflect this.

Businesses must be able to demonstrate that they are meeting their Centrepay obligations by:

- abiding by all relevant laws and acting with integrity,
- keeping itemised transaction records and ensuring appropriate reconciliation of Centrepay deductions,
- providing customers with account statements showing Centrepay transactions and amounts,
- retaining accessible, legible and auditable records, including the mandated deduction authority form showing customer consent and how they were identified,
- complying with reasonable directions relating to the provision of information,
- reporting to the agency any breach of contract, or business changes,
- agreeing to and acting in accordance with any sanctions imposed by the agency in the event of non-compliance,
- reading and disseminating any relevant communications from the agency,
- acknowledging that the agency will share information with or obtain information from other parties in relation to the business,
- understanding that the agency will actively cooperate with other parties in the administration of Centrepay,
- undertaking any reasonable activities with the agency and/or at the request of the agency,
- acknowledging that the agency can conduct a compliance audit at any time,
- acknowledging the agency may suspend or terminate your contract and that we may not always give notice where this involves significant or urgent risks to customers.

For more information about business obligations, refer to:

- **PART E** (General obligations),

- **PART G** (Compliance),
- **PART H** (Change, suspension and termination) in the **Centrepay Terms of Use**.

Questions:

1. Would the proposed business obligations and compliance requirements set out in the **Centrepay Terms of Use** have an impact on you or your business?

[Yes / No]

2. If yes, how would these impact you or your business?
3. Do you have any suggestions in relation to business obligations?
4. Are there any other changes that could help better protect customers?

6. Incorrect payments

6.1 Dealing with incorrect payments

Extensive consultation feedback has highlighted that some customers have accrued large positive account balances under the current Centrepay program. In addition, some businesses have found it difficult to return incorrect payments to customers. For example, when customers change address or contact details, businesses may not be able to contact them for a refund.

The proposed **Centrepay Terms of Use** seeks to better define what an incorrect payment is, and how businesses should go about returning incorrect payments to customers.

For example, an incorrect payment could be described as:

- an amount paid to you under your Centrepay contract, which relates to goods or services that it is reasonable to conclude are unlikely to be provided within the required timeframe as outlined in **Centrepay Terms of Use - Clause 38** 'Interpretation of your Centrepay contract', or
- an amount paid to you under your Centrepay contract, to extent that:
 - it is not covered by a deduction authority
 - it is paid in respect of goods or services that are not covered by your Centrepay contract, including because the payment is an excluded payment, or
 - it is an incorrect payment because of clause 12.2, and
 - an amount paid to you by us as a result of an error.

Review **Centrepay Terms of Use - Clause 38** 'Interpretation of your Centrepay contract' for the full definition of incorrect payments.

The proposed **Centrepay Terms of Use** outlines processes that businesses must follow regarding incorrect payments. Some of these include:

- businesses need processes in place to identify and rectify incorrect payments,
- timeframes for notifying the customer of incorrect payments and for remedial action,
- notifying the agency of any incorrect payment where the refund cannot be processed, or the customer cannot be contacted.

Please review **Centrepay Terms of Use – PART C** 'Payments to you' for business obligations regarding incorrect payments.

Questions:

1. Having reviewed **PART C** 'Payments to you' and **Clause 38** of the **Centrepay Terms of Use**, do you understand your obligations and rights with respect to incorrect payments?

[Yes / No]

2. Will this have an impact on you or your business?

[Yes / No]

3. If yes, how will you be affected?

4. Do you have any suggested improvements you would like to provide about your obligations and rights with respect to incorrect payments?

7. Complaint resolution

7.1 Feedback policy/procedure

The agency has received feedback that highlighted difficulties for customers seeking to lodge a complaint with a registered Centrepay business when things go wrong, and uncertainty when a complaint is lodged as to whether it has been addressed or resolved.

In response to this feedback, the agency proposes all Centrepay registered businesses must be able to demonstrate that they have minimum Centrepay complaint policy and/or procedure in place to support customers when things go wrong.

Review the **Centrepay Terms of Use at PART F - Complaints**.

Questions:

1. Having read **Centrepay Terms of Use at PART F - Complaints**, does this impact you or your business?

[Yes / No]

2. If yes, how would this impact you or your business?

3. With regards to **Centrepay Terms of Use at PART F - Complaints**, do you have any additional feedback you would like to provide the agency?

8. Transition

8.1 Transition plan for implementing Centrepay reforms

Following the public consultation period, the agency will work through the feedback and further develop or refine the proposed reforms.

Once a final decision is made on the proposed Centrepay Terms of Use, the agency will support businesses to begin a phased transition to the new contractual arrangements which are proposed to commence from 1 July 2025. Businesses currently registered to use Centrepay will not need to reapply.

The agency will also support those businesses that are proposed for removal from the program by 30 June 2026. Refer to **Schedule 4 'Transition'** of the proposed **Centrepay Terms of Use** for specific transition arrangements relating to each relevant Service Reasons.

For businesses currently approved to offer Centrepay within Service Reasons proposed for removal, businesses will have a maximum of 12 months to transition off Centrepay. During this time existing deductions will continue, however deductions cannot be increased in value, or new deduction arrangements established.

Please review the **Centrepay Terms of Use at Schedule 4 'Transition'**

Questions:

1. Does the proposed transition plan outlined in **Centrepay Terms of Use at Schedule 4 'Transition'** impact you or your business?

[Yes / No]
2. If yes, how does it impact you or your business?
3. Are there any other considerations or suggestions you would like to put forward to better support customers?

9. Further feedback

In addition to the questions we've asked, we understand that you may have further feedback regarding the proposed reforms. We invite you to consider the attachments as listed below against your circumstances.

Should you consider that any aspects of the proposed reforms will affect you or your business, you can outline these concerns below.

Question:

1. Do you have any further feedback on the proposed reforms?

10. Attachments

The documents below have been referenced throughout this paper:

1. Centrepay Terms of Use (including new, mandatory Centrepay Deduction Authority form) – draft
2. Centrepay Policy for Business – draft
3. Centrepay Business Application form - draft