

Shape the future of Centrepay consultation

Services Australia

Submission by the Commonwealth Ombudsman,
Iain Anderson

April 2025

Introduction and summary

As explained in my submission¹ to Services Australia's community consultation on its Centrepay in July 2024, my Office has raised concerns with Services Australia and its predecessors about Centrepay over many years.

I welcome the opportunity to comment on the proposed reforms to the Centrepay program and the draft documents.

Overall, I consider the proposed reforms are positive and are likely to help safeguard customers from some of the risks my Office has identified in the past.

For example, requiring businesses to use a mandatory deduction authority form will ensure businesses provide relevant information to support customers make informed decisions about using Centrepay.

However, further consideration should be given to helping customers with literacy and language barriers make informed decisions about using Centrepay.

While it is pleasing to see the proposed reforms will require businesses to establish complaint handling process and provide additional information to support their Centrepay applications, I consider there are opportunities to further improve these proposed reforms.

¹ [Centrepay community consultation, Services Australia, Submission by the Commonwealth Ombudsman, Iain Anderson 10 July 2024](#) (page 3 of 7)



Background

The Office of the Commonwealth Ombudsman (the Office) purpose is to:

- provide assurance that the agencies and entities we oversee act with integrity and treat people fairly; and
- influence systemic improvement in government administration.

We aim to achieve our purpose by:

- considering complaints and disclosures about government administrative action independently and impartially
- influencing government agencies to be accountable, lawful, fair, transparent, and responsive, and
- providing a level of assurance that law enforcement, integrity and regulatory agencies are complying with legal requirements when using covert, intrusive and coercive powers.

Business registration and ongoing requirements

My submission to the community consultation in July 2024 outlined my concerns about the apparent lack of requirements on businesses to provide adequate evidence to Services Australia to demonstrate they have established the processes required by the Centrepay policy and terms.²

Services Australia's proposed Centrepay reforms include asking businesses new questions and requiring them to provide more information and evidence to support their application to use Centrepay.

I note that clause 3.2 of the draft *Centrepay: Policy for Businesses* (the draft policy) specifies the eligibility requirements, which includes the requirement to have a clear, simple and easy to use complaint handling process which includes the elements specified in clause 4.6. Clause 3.3 specifies the criteria businesses must meet to be considered fit and proper. Clause 3.4 outlined the evaluation criteria Services Australia proposes to use to assess business applications.

² [Centrepay community consultation, Services Australia, Submission by the Commonwealth Ombudsman, Iain Anderson 10 July 2024](#) (page 5 of 7)



While these reforms seem to go some way to addressing my concerns, it is unclear how the information requested on the new draft *Business Application Form* will obtain sufficient evidence for Services Australia to make a meaningful assessment of whether businesses are equipped to meet their Centrepay obligations.

I note that question 61 of the draft application form asks if the applicant has a clear, simple and easy to use written complaints process. The form has two tick boxes for the applicant to answer yes or no but does not ask the applicant to provide a copy of the policy or explain why it does not have a complaints policy if that is the answer. I also note that clause 13.1 of the draft *Centrepay Contracts: Terms of Use* (the draft terms of use) states businesses 'must have and implement a written process to identify, prevent, manage and rectify incorrect payments.' However, the draft business application form does not ask the applicant how it would handle incorrect payments or when a written policy will be implemented.

In my view, Services Australia should require businesses to provide copies of the written policies and procedures they are required to implement in order to be a Centrepay registered business when lodging their application for Centrepay approval. While it may be open to Services Australia to request copies of those processes when handling complaints or undertaking compliance activities after the approval process, I consider that this information is essential to assessing whether a business has or is likely to have, suitable arrangements in place to safeguard customers using Centrepay.

I have previously stated that requiring businesses to provide copies of their policies and procedures would also enable Services Australia to provide feedback and gain assurance that businesses have actually designed and established adequate processes to satisfy their Centrepay obligations.³ In my view, this is consistent with the critical and non-passive role I believe Services Australia has in enabling interaction between customers and Centrepay businesses.

Services Australia could also consider including a check list of supporting evidence that businesses are required to provide in its new business application form to ensure that all required information is provided from the outset.

³ [Centrepay community consultation, Services Australia, Submission by the Commonwealth Ombudsman, Iain Anderson 10 July 2024](#) (page 5 of 7)



Enhancing complaint handling

Requiring Centrepay registered businesses to have appropriate complaint handling and resolution processes in place is a positive step.

It is pleasing to see the draft policy sets out the minimum requirements for business complaint handling processes, including timeframes, notifying complainants, record keeping, regular staff training on handling complaints and reporting to Services Australia.⁴

I suggest this eligibility requirement would be strengthened if businesses are also required to notify complainants that they can complain to Services Australia if the business does not resolve their complaint.

This will improve Centrepay customer's awareness of Services Australia's complaints service and improve the agency's visibility of issues its customers are experiencing with Centrepay, which may identify opportunities for further improvement. It would also be open to customers to complain to my Office if Services Australia is not able to resolve their concerns.

I have previously stated it is essential that Services Australia staff handling complaints about Centrepay have adequate guidance to support them to consider whether a business is complying with its obligations or not.⁵

Staff must be adequately supported to identify and assess information which indicates that a business may not be acting in accordance with its Centrepay obligations or to the detriment of the customer and to exercise judgement about the appropriate action to take in response to identified issues.

⁴ [Centrepay Terms of Use](#) (Part F) (s 18.1(a)-(j)). [Centrepay Policy for Business](#) 3.2 and 4.6

⁵ [Centrepay community consultation, Services Australia, Submission by the Commonwealth Ombudsman, Iain Anderson 10 July 2024](#) (page 6 of 7)



Ongoing monitoring and evaluation

Given the barriers faced by customers who use Centrepay and evidence that some business operators have taken advantage of those customers in the past, it is essential that Services Australia regularly reviews the Centrepay policy, terms of use and other relevant documentation to identify issues and implement improvements.

This should be done in light of lessons learned from complaints and Services Australia's compliance activities.

My Office is monitoring Services Australia's Centrepay reforms and will engage with Services Australia to provide feedback directly on any further issues we may identify.

