

# Centrepay Submission

## The Social Policy Group

21 April 2025

The Social Policy Group welcomes the opportunity to provide insights and feedback to inform improvements and enhancements to Centrepay.

The Social Policy Group recognises that Services Australia is seeking feedback for a set of proposed reforms, which have been developed following consultations in 2024. Because the Social Policy Group – a peak body for migrants and refugees – did not make a submission in the first stage of consultations, but believes this submission would help strengthen the overall reform process, this submission is being made as part of the review of proposed reforms and the provision of feedback (outside of the DSS Engage platform form).

This submission focuses on the implications of proposed reforms for Australian migrants and refugees, who are among the most vulnerable Centrepay users.

### The Social Policy Group

The Social Policy Group (SPG) strives to make Australia's policies and systems better serve the diverse people and communities of Australia. As a trusted partner of government, community leaders, and service providers around Australia, SPG is a recognised leader in best practice and thought leadership across critical areas such as social cohesion, gender equality, economic modelling and analysis, access to justice, and community capacity building. As a peak body in the settlement sector, SPG welcomes the opportunity to make a submission to Services Australia on its proposed reforms to Centrepay with regard to Australian migrants and refugees.

### The Importance of Centrepay for migrants and refugees

Vulnerable migrants and refugees experience a host of challenges upon their arrival to Australia, including:

- Visa-based restrictions on social services and healthcare
- Limitations on working rights or employment types

- Unrecognised qualifications
- Physical and mental traumas
- Unfamiliarity with local cultures and systems
- Social isolation
- Discrimination and racism
- Insecure housing arrangements

Some barriers make it particularly difficult for migrants and refugees to access suitable work, and to build economic independence. In such cases, Centrelink can be an essential income source and safety-net for vulnerable migrants and refugees at different stages of their settlement journey.

Centrepay offers additional supports. Centrepay is a voluntary, free financial support service provided by Services Australia to Centrelink recipients. Centrepay supports users to self-manage their finances by paying essential goods and services bills on their behalf; deductions for essential goods and services are made directly from customers' income support payments, and the remaining balance is then paid into customers' bank accounts. This lessens Centrepay customers' financial administrative load, and helps them to avoid the financial risks associated with missed or late bills. This service is particularly important for some migrants and refugees who are vulnerable to financial mismanagement due to:

- Limited financial literacy
- Low English language proficiency
- Limited digital access and proficiency

### **Support for proposed reforms**

Services Australia has itself recognised that Centrepay is not operating in line with its objective, and requires greater supports and protections for users. Serious problems have included, but are not limited to:

- Predatory business activities
- Centrelink balances being drained by incorrect deductions, non-essential expenses, and high-risk expenses
- Misplaced consent for misunderstood deduction agreements
- Complex and unresolved complaint processes
- Non-transparent or non-existent deduction records

For vulnerable migrants and refugees who face complex barriers along their settlement journeys in Australia, the consequences of these problems are serious. SPG welcomes

the reforms proposed by Services Australia, which offer additional types of support and extra levels of protection for Centrepay users.

SPG recognises the importance of the following proposed reforms to Centrepay:

- Revised eligible service reasons to remove high-risk reasons (for example, the removal of lease and rentals for household goods which can lead to high interest rates)
- An extended excluded expenses list to remove high-risk expenses
- The introduction of mandatory conditions for each service reason category (such as end-dates or target amounts) to address the risk of over-deduction
- The strengthening of business application and onboarding processes to address the risks of low-value services or exploitative business practices
- The introduction of a mandatory and standardised deduction form to ensure customers understand what they are providing consent for
- The removal of high-risk rules that cancel deductions for accommodation arrears or final utility bills
- The strengthening of business compliance obligations, for example:
  - Obligating businesses to provide customers with itemised account statements
  - Obligating businesses to keep accessible, legible, auditable records
  - Obligating businesses to ensure transactions and deduction records match
  - Obligating businesses to report breaches of contract or business changes
  - Obligating businesses to establish procedures for incorrect payments, including:
    - Procedures to identify and rectify
    - Timeframes for notifying customers
    - A requirement to notify Services Australia if customers cannot be reached
  - Obligating businesses to establish accessible complaint procedures for their customers

These reforms will strengthen protections for all Centrepay users. However, these reforms should be introduced in combination with additional reforms to ensure Centrepay's services effectively support and protect migrants, refugees and other culturally and linguistically diverse (CALD) community members.

## **Addressing accessibility gaps in proposed reforms**

As seen in the Centrepay Reform Discussion Paper, stakeholders have identified accessibility as a key Centrepay issue. Services Australia was advised during consultations that many users—especially CALD clients—are unable to access Centrepay effectively due to:

- A lack of inclusive and accessible information and resources
- A lack of inclusive and accessible support services, such as supports for those seeking help with deductions or complaints
- Insufficient supports for users who cannot effectively engage through digital platforms

This submission supports these concerns, which do not appear to be sufficiently addressed by proposed reforms. Migrants, refugees, and other CALD clients, will continue to face structural barriers to understanding, navigating, and managing their Centrepay arrangements if reforms do not address accessibility concerns.

## **Recommendations**

To ensure proposed reforms are inclusive and responsive to the needs of culturally and linguistically diverse (CALD) communities, SPG recommends the following:

### **1. Enhancements to in-language services**

Services Australia should establish and promote dedicated multilingual Centrepay support options.

### **2. Provide translated information and resources**

Services Australia should offer translation services for all key Centrepay documents.

### **3. Provide simplified, plain-English resources**

Services Australia should ensure resources are written according to plain language principles which are designed for users with low financial literacy or low English proficiency.

### **4. Expand non-digital access**

Services Australia should expand its non-digital service options, including over-the-phone, face-to-face and hard-copy supports. Many vulnerable migrants and refugees lack strong digital literacy skills and rely on non-digital supports.

#### **5. Collecting and publishing disaggregated data**

Services Australia should collect and publish disaggregated data capturing who is using Centrepay. Services Australia should monitor how migrants, refugees and other CALD communities are engaging with Centrepay reforms. This would assist both Services Australia and the settlement sector in better understanding the number of migrants and refugees accessing Centrepay.

#### **6. Partnering with the migrant and refugee settlement sector**

Services Australia should consider partnerships with settlement and multicultural organisations to deliver culturally and linguistically sensitive community education for CALD communities on how to safely and effectively use Centrepay.

#### **7. Community education: Centrepay and financial literacy**

The migrant and refugee settlement service sector works with clients to improve their agency, capacity, and system navigation skills. This includes educating and empowering migrants and refugees to be able to manage paid services and lessen their reliance on settlement supports over time. Services Australia should consider incorporating similar Centrepay-adjacent support programs focussed on system navigation and financial literacy education into Centrepay services for all customers. This would have the aim of building long-term capacity for some customers, who could reduce their reliance on Centrepay and eventually exit the program.

### **Concluding remarks**

The Social Policy Group would like to acknowledge the considerable efforts of Services Australia to improve Centrepay. The Social Policy Group recognises the value of proposed reforms. In combination with the additional recommendations outlined in this submission, proposed reforms can effectively address accessibility concerns, and ensure Centrepay's services and supports effectively respond to the needs of migrants, refugees and CALD communities.