



Centrepay Reform

Submission to Services Australia

July 2024

Note: These responses were provided via an online survey form with pre-set questions. A link to the consultation page can be found here: <https://engage.dss.gov.au/centrepay-reform/>

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

The Brotherhood of St. Laurence (BSL) commends Services Australia on its commitment to reforming Centrepay and on improvements made to date to strengthen customer protections and to deliver on the policy intent of Centrepay.

Feedback from our program participants indicates that Centrepay is generally considered to be a useful tool for financial management. However, without active stewardship, Centrepay has become an avenue for exploitation.

Many of the recommendations made throughout this submission are drawn from and align with those provided to Minister Shorten and Services Australia by advocates (now members of the Peak Advisory Reference Group) in March 2023.

BSL recommends an additional area for reform to meet the needs of customers be to maximise the potential of Centrepay to support economic security. The agency can do this by:

- Regularly publishing data on the number of customers using Centrepay, the number and category of Centrepay complaints, the percentage of deductions within service categories by region, and how many customers have deductions greater than 75% of their Centrelink payment.
- Regularly analysing data to support broader reforms of the social security system. For example, where analysis of Centrepay data indicates that the base rate of income support payments is insufficient to achieve an adequate standard of living, this could be provided to the Department of Social Services to inform policy change.

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?

BSL recommends that Services Australia:

- Institute a process (with transition arrangements) to remove all non-essential and potentially harmful products from Centrepay access, including consumer leases.

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

To improve customer safeguards, we recommend that Services Australia:

- Prohibit never-ending deductions – with exceptions for housing costs and essential utilities – by introducing an end date and a target amount for each contract.

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

To deliver Centrepay in line with its objectives and strengthen customer protections, we recommend that Services Australia:

- Amend the Centrepay payment hierarchy to prioritise the following deductions: payments for housing (shelter), payments for access to utilities (energy, water, telecommunications usage – excluding the purchase of devices), and medical treatment and supplies approved by a licensed practitioner.

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

To better support customers to understand and manage their own Centrepay arrangements, BSL recommends that Services Australia:

- In consultation with customers and advocates, design an alert to inform the customer if a new deduction will mean that total deductions will exceed a certain percentage of their Centrelink payments (for example 75%) and include referral information about the National Debt Helpline and Mob Strong Debt Help with the alert.
- Strengthen support for Centrepay customers by using customer contacts as an opportunity to proactively review Centrepay arrangements and to provide information about other financial management tools and programs that could provide support such as the No Interest Loan Scheme (NILS), Saver Plus, financial counselling and others.
- Provide customers with regular prompts (for example, annually) to check and review their Centrepay arrangements to encourage and support the proactive management of deductions by customers.
- Improve visibility for customers who are digitally excluded by providing the option for an opt-in (or upon request) hard-copy itemised statement of deductions to be mailed at regular intervals.

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

BSL recommends that the agency improve the complaints process by:

- Regularly and systemically reviewing all complaints relating to Centrepay over a specified period to identify trends and systemic issues that require attention.

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

In line with community expectations regarding business accountability and conduct, BSL recommends that Services Australia:

- Increase oversight and regular monitoring of businesses and introduce clear criteria that would trigger an investigation and/or suspension of businesses, including a threshold number of customer complaints relating to a business.

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?

BSL recommends that Services Australia:

- Require businesses using Centrepay to include details of what was purchased as an attachment to the Centrepay Agreement so that consumers can track what they have bought. Customers must also have the right to return defective goods.

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

Services Australia can better support customers to avoid overpayments with businesses by:

- Requiring businesses to notify customers when their account with the business is in credit over two bill cycles.

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

Services Australia can achieve meaningful reform by:

- Establishing a Centrepay-specific lived experience/customer advisory board with representation of First Nations, culturally and linguistically diverse, and disability communities, attended by Services Australia decision-makers and reporting to the Minister.