



Joint Consumer Submission

Services Australia: Centrepay Program & MDT Branch

Centrepay Reform - Consultation

April 2025

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Introduction

Consumer advocates strongly support the proposed reforms to Centrepay.

Thank you for the opportunity to give a final round of feedback on the Centrepay Reforms. The **Financial Rights Legal Centre** has written this submission with input and endorsement from the following consumer representative organisations:

- Australian Communications Consumer Action Network
- AnglicareNT
- Brotherhood of St Laurence
- Care
- CatholicCareNT
- CHOICE
- Consumer Action Law Centre
- Consumer Credit Legal Service WA
- Economic Justice Australia
- Financial Counselling Australia
- Financial Counselling Victoria
- Mob Strong Debt Help
- Money Mob Talkabout
- Redfern Legal Centre
- South Australian Financial Counselling Association
- Welfare Rights & Advocacy Service (WA)

We would first like to emphasise that we believe Centrepay is an invaluable service provided by Centrelink for people receiving social security payments. Financial counsellors, community lawyers and other front-line workers in our organisations agree that Centrepay is an important financial self-management tool for disadvantaged consumers, and we strongly support its continued operation.

For the last 15 months our organisations have been closely consulted by the Centrepay Reform team on all the reforms proposed in the Consultation Paper. We are pleased to see that since this reform process began in earnest the number of businesses registered to use Centrepay has already reduced from 15,000 to 10,000. This reduction is helping to ensure that Centrepay is fit for purpose and has appropriate safeguards in place to prevent financial harm to vulnerable Australians.

While this submission contains some comments and recommendations about the detail of the new Terms of Use, we strongly endorse all the overarching proposed reforms:

- 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,
- 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.

That being said, these reforms will only lead to improved customer outcomes if they are **robustly enforced**, and businesses understand that compliance with the new rules will be closely monitored by Services Australia (the **Agency**). The Agency is now more strongly engaged with ASIC, the ACCC and other regulators, which will greatly assist with compliance, and we strongly support this development. But future governments and leadership within the Department of Social Services will need to ensure the Agency continues to have the resources it needs to adequately oversee Centrepay businesses' compliance with their Centrepay obligations.

It is critical that these reforms help ensure that Centrepay is a tool that helps customers and builds financial capability and does not expose them to practices which undermine financial resilience. At its worst over the last several decades, Centrepay has been a vehicle for exploitation by unscrupulous businesses.

We have seen rogue businesses that have taken advantage of the current Centrepay system's loopholes and digital bureaucracy to exploit vulnerable customer, especially First Nations customer, with little oversight from the Agency. Additionally, poor business practices by large utilities companies have been allowed to undermine users' financial security by taking payments long after accounts were closed or in credit. There have been many publicly reported instances of businesses receiving payments for no service, sometimes for years.

After these reforms have been put in place, the Agency must be willing to act against these rogue traders to build deterrence against non-compliance. The Agency will need to support action taken by other regulators against businesses using Centrepay when there is evidence that a business is in breach of the Terms of Use. Finally, the Agency will need to provide more transparency and control to customers so they can effectively direct how their money is spent.

Consumer advocates are optimistic that going forward Centrepay will be a safer and more reliable tool for people receiving social security payments to build financial independence and empowerment. It is clear the Agency has listened to our concerns and has proposed genuine change.

Responses to Consultation Paper Questions

The numbering below aligns with the Consultation Paper.

2.1 Removal of Service Reasons

Consumer advocates strongly support the removal of the proposed Service Reasons. We particularly support removing the service reasons which have proven to carry the highest risk of financial harm to customers:

- Social and Recreational Commitments
- Household Goods Lease and Rental
- Basic Household Items
- Funeral Expenses
- most Food Provision businesses (excluding remote community stores, school nutrition programs and meals on wheels)

Consumer advocates have been calling on successive governments to remove consumer lease companies, household items and funeral expenses providers from Centrepay for over a decade. Until this review, repeated complaints made about consumer lessors demonstrating misconduct and non-compliance with the Centrepay Policy and Terms had not led to meaningful action by Services Australia. The continued presence of these service reasons and their abuse of Centrepay was an embarrassment to the government and a potential liability. It had proven to be too onerous to remove consumer lease businesses one-by-one from Centrepay under the existing administrative law arrangements but their continued access to the Centrepay program led to many people on very low incomes paying highly inflated prices for household goods. These reforms are a long time coming and have been

the result of years of consistent advocacy. They are a step in the right direction by Services Australia.

Alongside the removal of these services categories, we urge the Federal Government to ensure that people on very low incomes, particularly in remote areas have access to culturally appropriate No Interest Loans Schemes to support the purchase of household goods and other larger-ticket items.

Food provision concerns

While we still have some concerns about financial harm caused to Centrelink customers by some community food stores through Centrepay, we think food insecurity concerns in remote and very remote locations is a bigger risk. We support the Agency's decision to carve out the *Provision of Food: remote and very remote community stores* as a service reason to remain in place for now. Consumer advocates want to be closely consulted after 1 July 2025 when the Agency undertakes further community consultation to better understand how this arrangement can best support customers living in remote or very remote areas. Engaging with local financial wellbeing services to locate and consult with these customers will help ensure this a successful consultation.

In the meantime, we recommend regular monitoring this new service reason closely to identify how many customers these businesses have that use Centrepay, what percentage of their business relies on Centrepay deductions, and how many options customers have to buy food elsewhere. We support this category having mandatory target amounts included in deduction authorities.

2.2 Introduction of mandatory conditions

Consumer advocates strongly support the new mandatory conditions being applied to businesses operating within their respective Service Category and Reason.

One of the most important concerns our organisations expressed at the beginning of these reforms was the ability for businesses to set up never-ending deductions with customers. We saw many examples of customers that had been paying for services they were no longer receiving or being signed up for more purchases than they intended to buy due to unfair retail tactics. Mandatory target amounts and end dates for most service reasons will eliminate this problem in most categories. We also strongly support the change to the Terms of Use which require businesses to cancel deductions when they are no longer supplying goods or services to a Centrepay user.

However, these mandatory conditions will only be as powerful as the regular oversight and enforcement that come with them. How is the Agency planning to ensure relevant Deduction Authorities include mandatory target amounts and end dates? What steps is the Agency taking to ensure businesses are aware of these mandatory conditions and will be setting them appropriately when deductions are arranged? What are the consequences if a business repeatedly breaks the rules? How will the Agency know if a business is no longer supplying a good or service and should have cancelled deductions?

All of these questions will need to have a clear solution and consumer advocates look forward to continued engagement with the Agency on these issues.

Below we recommend a number of other changes to further support customers using Centrepay.

General community housing loans

- This service reason includes the condition that *"The rate of interest on the loan (including in the case of default) must be 0%."* But general community housing loans are **low** interest loans therefore only allowing payment of loans that have 0% interest excludes all current businesses and will impact the people paying their mortgages this way. Column 3.3.1(b) should include payments of "interest" as well as charges and costs.

Special Interest Loans

- Schedule 1 in the Terms of Use says that Centrepay must approve the term of the loan and the rate of interest allowed. How is the Agency planning to do that? Will the Agency be making responsible lending assessments?

Council services

- The specific conditions should include restrictions on debt collection practices and restrictions on collecting fees and interest on rates arrears to limit these to those statutorily required to be imposed, and only after the relevant authority or Administration has fully considered applying its hardship policy in relation to the write-off, waiver, deduction or deferral of any interest or fees.

2.3 Expanded list of excluded expenses

Consumer advocates support the expanded list of deductions that the Agency is proposing to disallow, including excluding the purchase of mobile phone devices. Advocates have seen countless examples of high-cost and unaffordable devices being sold to Centrelink customers through high-pressure sales tactics. Removing device sales from permitted

Centrepay expenses will support the goals of these reforms to ensure that Centrepay is used as a tool for financial empowerment, not abuse.

3.1 Business approval and ongoing requirements

Consumer advocates strongly support strengthening the business application and onboarding process for Centrepay.

While we note the Agency says the use of Centrepay does not constitute Agency endorsement of a particular business, we know from our work with vulnerable customers that they often perceive businesses listed on the Centrepay register as having been vetted and approved by the Government. These customers put their trust in Services Australia and assume that an organisation would not be able to access their Centrelink payments if it had not met some reasonable level of good business practice.

Access to Centrepay should be regarded as a privilege for businesses. There should not be an assumption that a business has a right to use Centrepay until proven unfit. The onus should be the other way around. Access to the Centrepay system gives a business direct access to the income of some of Australia's most vulnerable cohorts before they receive it and priority over their other expenses. To date, the system has been used by some providers to extract millions of dollars in profits for poor value services that people could ill afford. This is a privilege that should not be afforded lightly. Where the privilege is abused, swift action should be taken to remove that business.

Questions about business approval processes

Consumer advocates continue to have some concerns about the Business Application Form and approval process. It is critical that after these reforms the Agency takes on a more robust gatekeeping role compared to the role it has played in the past. Extensive compliance resources can be saved if we make sure only compliant businesses get approved to use the Centrepay program.

Will the Agency have a risk matrix that will sit alongside the Business Application Form? Will there be certain responses to questions which lead to a business being automatically excluded? What are the specific criteria the Agency is planning to verify or assess from these applications? Would the Agency be able to identify if a business has had compliance action taken by a regulator like ASIC or the ACCC before approving their application?

Consumer advocates would like to continue working closely with the Agency to ensure the new business approval procedures do not become the same rubber-stamping procedures that were seen in the past. We strongly urge that future governments and the Department of

Social Services continue to ensure the Agency has sufficient resources to be able to assess new business applications critically.

Additional changes we believe could help better protect customers

- Business application form – consumer advocates recommend adding some additional questions at the end (around Q 75)
 - Is the applicant eligible to belong to any industry complaint or dispute resolution scheme in relation to the services for which it seeks approval to take Centrepay deductions?
 - Does the applicant belong to any industry complaints or dispute resolution scheme?
 - If the applicant is eligible to belong to an industry complaint or dispute resolution scheme but does not so belong, why not?
 - Has the applicant been taken to a tribunal or court or had complaints made about them in an external dispute resolution scheme regarding the services for which they are intending to take Centrepay deductions? If yes, please describe and provide evidence of the outcome.
 - Does the applicant engage in debt collection activities for unpaid services? If yes, please describe the process.

3.2 Centrepay transaction fees

Consumer advocates support the ongoing charge of \$0.99 per transaction with the restriction on businesses that the fee cannot be passed on to customers.

However, we believe there should be an exemption for culturally appropriate no interest and community loans. Currently only organisations offering NILS under the Good Shepherd banner are automatically entitled to a fee exemption. Other community organisations offering independent no interest loans must apply for an exemption and can be turned down.

4.1 Mandatory deduction authority form

Consumer advocates strongly support the new standardised mandatory deduction authority form. We welcome the addition of the new mandatory target amount or end date. Part B regarding the customer's representative is also a useful addition.

There will be many vulnerable customers who will need support to fill out these forms and without a clear indication that they can have a representative to assist them, many will ask the business to fill out the form for them. Part B will encourage customers to find another person (family, case worker, financial counsellor, etc.) to assist and provide contact details in case there is a dispute in the future. There should also be a field around official authority so Financial Counsellors can attach their Authority Form. Alternatively, there could be a field where financial counsellors can add their FC registration number alongside the customer's CRN as an identifier.

Deduction Authority Forms should be easily downloadable from the Centrepay website to allow clients or their support workers to partially complete before attending a business in person. This would make it easier for customers to get support from their preferred human.

Additional changes we believe could help better protect customers

Detailed description of goods and services

We recommend a box in Part C where the customer is asked **what the deduction is for**. While most customers will be able to answer this completing this box should not be mandatory. Consideration will need to be made for the literacy of the customer and the potential to feel shame or embarrassment at not being able to understand and/or fill out the form.

There should also be information about how the customer can get a **receipt or proof of purchase** on the Information for customers document if they are authorising a deduction for goods and not an ongoing service.

The form should also include a requirement for the business to upload a copy of the detailed receipt of the transaction and declare that this has been done. Centrepay customers should be able to access a proof of purchase or itemised receipt for things like pharmacy purchases or the purchase of medical equipment. This will allow customers to raise complaints about goods that are not working as they should. The ability to access the receipt from their Centrelink account would empower Centrepay users to exercise their consumer rights.

Protection from fraud

Use of this form should also include a requirement for the business to keep a record of proof that the CRN entered onto the form belongs to the individual who will be receiving the goods or services. Businesses should be able to record a traditional form of ID or ID in line with AUSTRAC guidelines.

All records will need to be stored securely.

Communicating with customers

The requirement that customers agree to tell the business 'within 2 weeks' if their contact details change is unreasonable, particularly for those in rural and remote locations. Consumer advocates suggest this be amended to 'as soon as possible' to be in line with the customer information sheet.

The Deduction Authority Form should include a tick box option for customers to include their phone number to receive an SMS confirmation of the payment arrangement after the deduction has been completed. In addition, there could be an email or notification to a customer's MyGov account to flag this. There could also be a plain English notification posted to the customer. For some cohorts of Centrelink recipients, mobile numbers change frequently.

This option should confirm that the customer's mobile number will not be used for marketing purposes and will not be shared with anyone other than Services Australia

Information for customers

The attached customer information sheet needs to be in a bigger font even if it means it will need to be longer than one page. It does not meet accessibility standards in its current state. Consumer advocates are happy to continue to work closely with the Agency to ensure this and any other information being drafted to give to customers is accessible and in plain language.

Changing, suspending and cancelling deduction authorities

It is a little confusing why 9.2 (b) and 9.3(b) of the draft Terms of Business state "If you agree to the customer's request". Why should a business have discretion to agree/refuse a request where it is a deduction change or cancellation?

There might need to be a note in this section which states that a business shouldn't have discretion where a request for changes or a cancellation to a deduction is properly made and there are no alarm bells for customer capacity. Deductions are coming out of the customer's money, and it should be entirely their decision whether or not to cancel or suspend payments. Financial counsellors commonly assist clients to reduce a deduction when they are being left with no funds for necessities.

Finally, it is not clear on the Deduction Authority that this form is how the customer also changes or cancels a deduction (customer info sheet states this form is required for this purpose). Consumer advocates suggest including a tick-box for customers wishing to change or cancel a deduction.

5.1 & 5.2 Accommodation arrears & final utilities bills

Consumer advocates support the proposed rule change which will allow the use of Centrepay to make payments toward accommodation and utilities arrears. We know that energy and housing debts can be a barrier to getting access to services in a new location. However, we believe this use of Centrepay should be voluntary and should have some restrictions and safeguards for vulnerable customers.

Additional restrictions and safeguards

Separate and clearly signposted deduction form

The details set out in the Terms of Use are a little confusing as to whether ongoing deductions for accommodation and utilities must be ended before a new arrears deduction authority form can begin. To be clear, we support cancelling deductions once a business is no longer supplying goods or services to which the deduction authority relates. Clause 9.6(b) says that businesses are not required to cancel deduction authorities that cover payments in arrears for accommodations and utilities, but we think arrears deductions should be a new authority form. Customers need to know that they do not have to set up Centrepay deductions for arrears.

Deduction authority forms for arrears payments should be separate and clearly sign-posted for customers. There should be a section in Part C which asks, "is this deduction being set up to repay arrears (debts) for accommodation or utilities?" and arrears deductions must have a target amount or end date.

Referrals to financial counsellors or support workers

Any customers who are setting up a new Deduction Authority Form for the purpose of paying arrears should be referred to speak to a free financial counsellor or trusted local support service. There are many instances where arrears should not be repaid (i.e. debts are the result of family violence, debts are not owed by the customer, debts should be waived for compassionate reasons). Customers should have the opportunity to obtain independent legal advice or financial counselling support to negotiate or dispute arrears before setting up a new deduction to repay them.

Businesses should also be required to give their customers information about ongoing hardship support before the customer can sever the service relationship. Utilities providers are legally required to provide hardship support to customers but once a customer closes their ongoing account those debts are no longer overseen by the hardship teams and instead go to collections teams who offer limited support. Consideration should be given to requiring utilities providers and housing authorities to ensure customers have accessed all

available grants and concessions before setting up a Deduction Authority for the purpose of paying off arrears.

The option for customers to pay arrears via Centrepay should not mean that collections teams default to encouraging debtors to use Centrepay to pay off arrears. Customers with arrears need to be given every option to deal with a debt including payment plans, hardship arrangements and dispute options.

Mandatory conditions

While we support the intent of helping customers avoid being blacklisted by utilities companies or accommodation providers, Centrepay customers should not be expected to set up Deduction Authorities for arrears that are unmanageable or will go on for years. Advocates have seen many examples of utilities customers who have ended up with thousands of dollars in arrears due to poor hardship practices or circumstances beyond the customer's control. Mandatory conditions like **end dates** and **target amounts** for this type of deduction can help prevent ongoing financial harm to customers that will otherwise never recover from debt.

Businesses using Centrepay to pay off arrears should also be restricted from adding further fees, charges or interest to debts if a payment plan is maintained.

5.3 Business Obligations

Consumer advocates strongly support the change in language in the Centrepay Terms of Use and Policy for Business to emphasise that access to Centrepay is a privileged position for businesses.

In addition to a fit and proper test (which is largely based on serious criminal offences/civil penalty convictions and insolvency), we support that the evaluation criteria for assessing whether to grant access to Centrepay is quite broad. We believe these criteria will give the Agency the tools it needs to deny access for businesses that might pose a risk of unethical or unfair practices towards customers or in any way pose unreasonable financial risks for customers.

The grounds for suspending, restricting access and terminating access under the Centrepay terms of use are also very robust. We particularly support that the Agency can act to protect customers when they consider that:

- you have carried on your business (whether or not it relates to approved goods or services) in a way that is unethical or takes unfair advantage of your customers, or are likely to do so
- without limiting this, you have carried on your business (whether or not it relates to approved goods or services) in a way that poses unreasonable financial risks for customers or are likely to do so.

Enforcement is key

As commented above, the strength of these criteria will depend on their use by the Agency. If the Agency is – and seen to be being - robust and consistent with its enforcement of the new Terms of Use, we are confident that customers will be much better protected by these reforms. If however, the Agency does not exercise its enforcement powers often, it is less likely that all businesses will comply.

The language in the Terms of Use gives the Agency great flexibility, but it might create a stronger compliance culture if there were some automatic termination or automatic restriction of access factors. The factors listed in the evaluation criteria are “to be considered” and the clause about termination talks about “can terminate”. This discretion in practice might make things difficult (i.e. in other areas, we have seen government authorities not make certain decisions). Ideally, consumer advocates would prefer to have firmer additional clauses.

6. Dealing with incorrect payments

Incorrect payments, particularly overpayments have been a big source of customer harm in recent years for Centrepay users. While we believe mandatory target amounts and end dates will assist in reducing the incidence of overpayments, it is good that the new Terms of Use have a procedure for remediation when they do occur.

Consumer advocates support requiring businesses to have a process to identify, prevent, manage and rectify incorrect payments. We also support the clear instructions around refunds, that providing replacement goods or services or other goods or services do not count as re-paying the customer.

Level of overpayment

Consumer advocates know from our work with vulnerable customers that many prefer to have a positive balance on their account for some goods and services. Utilities and transport services are two types of payments where we know customers are happy to carry a positive balance. These accrued funds are very useful in dealing with seasonal fluctuation in energy

bills, unexpected travel needs and even having a savings buffer of a sort for the end of the year.

Nevertheless, we think 12 months accrual for a utilities account is too big. Consumer advocates think if an amount paid to a business under a Centrepay contract is unlikely to be used:

- Within 6 months for a utilities contract, or
- Within 3 months for any other type of good or service,

then that amount should be considered an incorrect payment and should trigger remediation. This would mean that energy customers could accrue overpayments for 2 quarterly bill cycles and other types of goods or services can accrue up to 3 months of overpayments.

Notice to customers

Unfortunately, the way the Terms of Use have designed the rules for businesses around incorrect payments, customers will only be notified about a utilities overpayment after it has accrued for over 12 months. This is too long. Customers should be notified as soon as a positive balance has accrued for no more than 3 months. Customers may choose to leave a positive balance in place for their utilities account, but they should be given the option to have those funds applied to their next bill or refunded.

7. Complaints – Feedback policy/procedure

Consumer advocates strongly support the revised Centrepay complaints policies as set out in the Terms of Use and Policy for Businesses. We also strongly support Centrepay having a new dedicated Centrepay Complaint Specialist team. Finally, we strongly support the new record keeping requirements for businesses including what information they must retain about the complaint details, what actions were taken including remedies and the timeframes for responses and complaint outcomes.

Improvements we believe could be made to the new complaints policy

Complaints timeframes

In reference to clause 18.1(c) - 20 business days to respond to a complaint where practicable is too long, considering these payments are coming out of a customer's Centrelink income before it reaches their bank account. Consumer advocates think either the response timeframe should be shorter given the impact that Centrepay deductions can have on vulnerable customers or ongoing deductions are suspended when a complaint is lodged

until the complaint is resolved so the customer doesn't suffer further financial detriment while the complaint is being investigated. We acknowledge there needs to be a balance between ensuring complaints are handled properly and are thoroughly investigated without causing additional harm.

Centrepay Complaints vs Complaints from Centrepay Customers

The Terms of Use should contain some guidance for businesses on how to identify when Centrepay is a part of a complaint even if the customer does not identify it as such. The Terms of Use in several places say that businesses need a process in place for "customers to complain to you about your use of Centrepay." Customers will not always complain about Centrepay specifically. They might complain about their bill, or the quality of a good or service provided. All of these complaints, when made by a Centrepay customer, should be captured.

A short Note with a Case Study will help with this guidance to businesses. For Example: A complaint might be about Accommodation services that are inadequate, tenants are evicted unfairly, rooms are unsafe or poorly provisioned. The complaint might not reference Centrepay at all, but if the customer is a Centrepay user, and the accommodation provider is a Centrepay approved business - then the complaints process should apply.

Complaints channels

Businesses should proactively identify complaints. A customer complaint should include any indication of dissatisfaction, whether in person, over phone/email, or on social media. Complaints from customers should not need to be in any specific format or in writing for a business to respond appropriately.

Customers should be given alternative ways of making complaints if they are hearing or vision impaired or face a language barrier.

Communicating with customers about complaints processes

Clause 18.1(i) states "If you become aware that a customer is not satisfied with the outcome of a complaint that the customer has made, you must tell us within 5 business days."

Consumer advocates believe "if you become aware" is vague and will be difficult for the Agency to enforce. All business complaints processes must include information for the customer about how to escalate a dispute if they are not satisfied with the outcome, and that the business is required to report their dissatisfaction to the Agency.

All customers who have made a complaint to a business should also be given information about how to call the National Debt Helpline or a local community support service and how

to make a complaint directly to the Agency. Information about a business's complaints process needs to be accessible for customers that are not literate, not digitally literate or are vision impaired.

8. Transition Plan for Centrepay Reforms

Consumer advocates support the proposed Transition Plan.

9. Further feedback

While consumer advocates have been closely consulted throughout this reform process and we are very supportive of the proposed changes to Centrepay, there are a number of additional reforms to the program that we believe should stay on the Agency's long-term reform agenda.

Changes which will empower greater financial capability in Centrepay customers

The Agency should investigate the introduction of processes to empower financial capability and reduce the opportunities for abuse by businesses by introducing enhanced controls on the use of Centrepay deductions through:

- Quarantining some percentage of a Social Security recipient's Centrelink payments so that it can't be accessed by any Centrepay business. The only exception should be for forms of supported accommodation where all needs for shelter, food and drink, energy and communication are included. This would need to be designed in a way that did not disadvantage customers who live in very remote areas where essential goods might use a greater percentage of income than in other areas.
- Introducing an alert to the customer if a proposed deduction will mean that total deductions will exceed a certain percentage of their Centrelink payments (for example 50%), telling them their deductions exceed that percentage and including referral information about their local financial counselling agency or other trusted local support services.
- Revisiting the payment hierarchy to ensure that the following deductions are always prioritised – payments for housing (shelter), payments for access to utilities (energy, water, telecommunications usage - not devices), food for remote and very remote areas, medical treatment and supplies approved by a licensed practitioner.

These changes would need to be publicly consulted before being implemented, but consumer advocates believe they have the potential to support financial empowerment for Centrepay users. Having funds left over after Centrepay deductions are taken out allows Centrepay users to build stronger money management skills.

Embedding reforms in legislation

While consumer advocates support the actions that the Agency has taken to strengthen the compliance and contractual frameworks within the existing legal frameworks, we believe that in the long run these reforms should be strengthened and embedded through legislative changes.

Consumer advocates would support specifically legislating the collection, use and disclosure of information, imposing sanctions and penalties for non-compliance and strengthening the Agency's administrative and investigative powers.

We recognise this would have been a more complex proposition and would have delayed reforms, which is why we have strongly supported the Agency's work to strengthen existing frameworks. Nevertheless, the Agency might not always have the same support and resourcing it has today, and embedding these protections in legislation will ensure they are ongoing.

Enhanced communication with customers

Centrepay transactions and deductions need to be much more transparent and accessible for customers. Centrepay cannot be a tool for customer financial empowerment or self-management if customers cannot easily access and understand their transaction data. There needs to be greater transaction detail showing payments and the initial amount charged for a good. Customers should be able to see a receipt for the goods that have been purchased attached to the Centrepay deduction. This information should be accessible from a Centrelink Office or via MyGov or with the assistance of a Financial Counsellor.

We recommend either developing a separate standalone Centrepay app or adding a simple and accessible channel in the existing Express Plus app which provides customers with view only access to their ongoing and past deductions. An app would only allow customers to monitor deductions or report issues and make complaints. Customers would not be able to commence new deductions, cancel deductions or affirm deduction changes through the app. While these additional functions could be useful, they would need to be subject to more friction than viewing transaction to minimise the risk of abuse and fraud by other parties.

Concluding Remarks

Thank you again for the opportunity to comment. If you have any questions or concerns regarding this submission, please do not hesitate to contact Financial Rights on (02) 9212 4216.