

10 July 2024

About Economic Justice Australia

1. Economic Justice Australia (EJA) is the peak organisation for community legal centres providing specialist advice to people about their social security issues and rights. Our members across Australia have provided people with free and independent information, advice, education and representation in the area of social security for over 30 years.
2. EJA provides expert advice to government on social security reform to make it more effective and accessible. Our law and policy reform work:
 - strengthens the effectiveness and integrity of our social security system;
 - educates the community; and
 - improves people's lives by reducing poverty and inequality.

Overview

3. Economic Justice Australia (EJA) supports the Government's commitment to reforming Centrepay.
4. Centrepay has long been misused by businesses as a vehicle for economic abuse, diverting money away from people when they need it most. EJA, along with other key advocates, have over the years provided several submissions to government outlining Centrepay's systemic issues. These issues have been allowed to persist for years and genuine reform will have its challenges. We strongly urge the Government to fulfil its commitment to Centrepay reform and proactively execute its duty to protect the users of this government system.
5. Centrepay can be an excellent budgeting tool. Our members work with many clients who find Centrepay helpful and use it with limited issues. However, there are still far too many Centrepay users suffering harm as a result of being locked into unsuitable payment deductions – either due to unscrupulous business practices, or systemic flaws preventing clients stopping their deductions and leaving them unable to pay for essentials. Businesses continue to engage in predatory practices and exploitation using Centrepay. This is particularly prolific in regional, rural and remote communities where 'rent to buy' arrangements, often in breach of consumer credit laws, are still the norm rather than the exception.

6. Anne Buduls' 2013 Report of the Independent Review of Centrepay highlighted the need for an enhanced accreditation and auditing process for businesses, including strong and enforceable consumer protection standards. Ten years later, little has changed. We propose that Buduls' recommendations are revisited. Services Australia should consult with stakeholders with a view to urgently implement recommendations in the report as well as develop additional actions to address recent and emerging issues.

Recommendations

1. Payday loans and consumer leases must be heavily safeguarded. Centrepay should not be facilitating other fees/interest on top of the cost of goods. This should be done with appropriate consultation and transition arrangements to allow people to make alternative arrangements, particularly in remote communities with high Centrepay usage and lack of consumer choice.
2. Government should increase funding for No Interest Loans (NILS) and Services Australia should actively promote this scheme.
3. Reissue and make available in Centrelink service centres, agents and access points hard copies of Centrepay applications forms (the 'SA325').
4. Prohibit never-ending deductions, with the exception of accommodation and utilities by introducing an end date and a target amount for each arrangement. Deduction arrangements that will last longer than 12 months need a mechanism for Centrepay users to review and reconfirm them at least once each year. Consideration needs to be given for certain products to be reconfirmed at a certain point in time or after a certain amount of payment has been reached, for example whitegoods or clothing should be capped at \$250.
5. Introduce and implement a mechanism to alert Centrepay users if their proposed deduction will exceed a certain percentage of their social security payments, including a referral for support within Services Australia and to external support agencies.
6. Prohibit increases to deductions or changes to end dates without consultation and consent of the Centrepay user.
7. Introduce and implement a mechanism for Centrepay users to be notified when their account with a business is in credit over two bill cycles. There will need to be enforced regulation and information sharing of businesses for this to occur.
8. Twenty-five percent of a social security recipient's Centrelink payment should be protected so that this is unable to be accessed by any Centrepay business.
9. Provide Centrepay users the option for an opt-in (or upon request) itemised statement of deductions to be mailed to them. Require businesses to make this offer upon Centrepay users entering into an arrangement.
10. Require payee businesses to provide sufficiently detailed records of a purchase on receipts attached to Centrepay Agreements.

11. Require payee businesses to abide by a returns policy to ensure the returned amount is deducted from the debt.
12. Require payee businesses to collect and provide complaints data to Services Australia on a regular basis – this would make business compliance and auditing easier.
13. Implement and enforce requirements for regular, independent audits. This should be supported by publishing information related to the outcomes of these audits – Centrepay users should be able to make informed choices about who they give priority over their social security payments to.
14. Develop and publish fact sheets about Centrepay, specifically designed to assist First Nations and culturally and linguistically diverse communities. Distribute and display hardcopy versions of these factsheets in businesses and services working within these communities.
15. Introduce and implement an alert system to notify Centrepay users when a Centrepay arrangement has commenced. This should be opt-in and provide for a text message, myGov or letter notification based on user preference. The confirmation must include clear details of the arrangement include total amount, duration and goods/services purchased.
16. Establish a Digital Allowance (i.e. reworking and expanding Telephone Allowance) to assist all people receiving income support to afford mobile phones and data.
17. Establish and adequately resource a consumer interface for Centrepay including customer support and a dedicated Centrepay channel to take feedback and complaints. This is separate from general Centrelink complaints, and accounts for the complexity in operation of Centrepay including interaction with businesses and private sector as detailed in Buduls' 2013 Independent Review.
18. Ensure complainants, and their advocates, are informed about the progress and outcome of complaints, and reasons for decisions.
19. Increase training and support for frontline staff to be proactive and responsive when assisting people with Centrepay issues. This includes assisting Centrepay users to check, vary and stop their arrangements, explaining Centrepay rights and responsibilities, making referrals to support services including legal services and financial counsellors, and facilitating complaints against payee businesses.
20. Increase funding and training for community organisations providing the NAAP (National Agent and Access Point) Program to mentor people at agents and access points in the use online services, including checking their Centrepay arrangements.
21. Increase in-person and telephone language interpreters available for people engaging with Services Australia, including Aboriginal and Torres Strait Islander interpreters.
22. A Memorandum of Understanding should be developed between Services Australia and Government agencies and government funded services who use Centrepay, which stipulates a

proactive role in ensuring that Centrepay is being used for the best interests of the social security recipient.

Centrepay Objective

Question: Do the critical areas for reform outlined below reflect the evolving needs of customers and stakeholders?

7. The Centrepay policy reform process will address several critical areas, including:

Services Australia proposal	EJA comments
Safeguards and protections for customers to reduce financial harm.	This needs to include active referral to external financial and legal services including financial counsellors and community legal services specialising in social security.
Ensuring the right products and services are available through Centrepay.	Ensuring that only the right products and services are available through Centrepay.
Identifying high-risk products, services and business practices that do not align with the intent of the program.	This needs to include Services Australia's duty to proactively remove/enforce change to these products and practices, and to permanently remove businesses that do not comply.
Centrepay as a tool for customer financial empowerment and self-management.	This needs to include a positive obligation on Services Australia staff to ensure that people using Centrepay have access to details about their Centrepay deductions, understand them and are able to change them with ease.
Requirements and obligations for businesses using Centrepay.	Including a mechanism for enforcement if business breach these requirements and obligations.
Centrepay assurance framework.	This must be transparent and accessible and must have a clear purpose.
Complaint and escalation pathways for customers and third parties.	This must be transparent and accessible.

Additional comments

8. Services Australia is responsible for ensuring that people using Centrepay understand their rights and responsibilities and what deductions are being taken from their payment. EJA and our members have direct experience with Centrepay users who don't know what their

regular deductions are. These clients are vulnerable to exploitation from the Centrepay system.

9. Services Australia has an obligation to explain Centrepay in simple language and make information about the scheme easy to access and navigate. Centrepay users must be able to have control over their arrangements and understand how to check, vary and cancel their arrangements. This includes allowing a person to see the receipt of the goods that has been purchased, which should be attached and available in real time to the Centrepay deduction. Centrepay users must be able to easily share this information with third parties, such as advocates, lawyers and financial counsellors when necessary.

Case Example

Client contacted an EJA member centre thinking their income support payments had been stopped. A lawyer enquired through the Advocates Channel and discovered that over \$600 per fortnight was being deducted from their payments including amounts of \$100, \$100 and \$50 to 3 different private businesses with the deduction type 'basic household items' and no target amount meaning the deductions continue indefinitely. The client did not know what they were paying for.

10. It is essential that systemic complaints and compliance failures of businesses are publicly available and transparent to ensure Centrepay users can make informed choices.
11. There is no mention of the consequences for financial harm caused or if incorrect products and services are made available by businesses through Centrepay. This includes high risk products that do not align with the intent of the program. Services Australia's has a duty and action to enforce its own policies. Services Australia must proactively protect Centrepay users against financial abuse. This should be front and centre of the Centrepay objectives.

Approved Good and Services

Questions

- **Does the current list of authorised goods and services include what should be available through Centrepay?**
 - **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?**
 - **What criteria should be used to consider whether to include or exclude any goods or services?**
12. People of all ages are in Centrepay arrangements to repay high interest consumer leases or second-hand good payment plans to payday lenders. People are servicing high interest loans and/or fees directly from their social security payment.
 13. EJAs members report that people regularly seek legal advice because they are struggling to afford the basics due to Centrepay deductions to payday lenders.

Case Example

A homelessness service in rural Queensland reported to EJA that they have a client with intellectual disabilities who regularly accesses their emergency relief program so she can afford food. This client has outstanding loan arrangements with 8 separate payday lenders. Some of these repayments are taken through Centrepay and others are through direct debit from her bank account. This service previously assisted this client with her finances, but she then reattended some months later in a similar situation with payday lenders. The service stated 'it feels like one step forward, but then we go completely backwards. She is just existing one payday loan to the next.'

14. EJA has direct observation of large well-known payday lenders travelling to remote NSW in a brightly painted bus to sign people up for payday loans and/or to purchase second-hand goods, including through Centrepay deductions. This observation coupled with direct experience of our member centres and consultations with communities in regional, rural and remote areas, highlights the predatory and targeted behaviour by businesses co-opting the Centrepay system for profit.

Recommendations

- ➔ 1. Payday loans and consumer leases must be heavily safeguarded. Centrepay should not be facilitating other fees/interest on top of the cost of goods. This should be done with appropriate consultation and transition arrangements to allow people to make alternative arrangements, particularly in remote communities with high Centrepay usage and lack of consumer choice.

- ➔ 2. Government should increase funding for No Interest Loans (NILS) and Services Australia should actively promote this scheme.

Deduction Arrangements

Question: Are the current Centrepay deduction types sufficient and provide the appropriate flexibility to support customers in managing their own finances?

15. The options available to set up Centrepay deductions can pose problems for people in regional, rural and remote areas, for people who have limited phone and/or internet access, difficulties with transport, and limited or no access to a support service such as financial counselling, legal help and other advocacy.
16. The hard copy of Centrepay application forms (the 'SA325') previously could be used to set up deductions. The SA325 is no longer in use, and there is no alternative downloadable PDF form on the Services Australia website. Financial counsellors report that the SA325 provided a way to assist clients with limited phone/internet access to set up manageable deductions. The clients were able to take the form away, complete it and hand it into their local Centrelink office, or email it to Services Australia when they had access. Without a hard copy form, the alternative now is to wait on the phone for extended periods.
17. One of EJA's members was advised by Services Australia that the best option for clients with limited phone/internet access was to approach the business they want to pay and ask

the business to set up the deductions. Indeed, the first option on the Services Australia webpage for setting up deductions is 'by asking the business you want to pay, to set it up for you'. This avenue exposes vulnerable clients with limited financial literacy to the risk of exploitation by predatory businesses – or reputable business to make an ill-informed decision as they may have no idea of the customer's financial situation.

18. We note that although clients no longer have the option of using a paper form to set up Centrepay deductions, businesses applying for Centrepay participation still have the option of completing a paper form and returning it by email or post.

Case Example

A client told EJA member centre that the business who signed the client onto Centrepay explained it 'like a credit system' where they could buy whatever they needed next time without needing to pay out of pocket. This client lived in the Kimberley and the business was based in Perth. More than 30% of this client's social security payment was being deducted for a business over 2300km away from their remote community and this client was unable to contact.

Recommendations

- ➔ 3. Reissue and make available in Centrelink service centres, agents and access points hard copies of Centrepay applications forms (the 'SA325').

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

19. People frequently have Centrepay arrangements with retailers such as grocers, furniture stores and other basics providers. It is not uncommon for the people seeking legal and financial assistance to be unsure what their Centrepay arrangements are. One legal service reported to EJA that she regularly saw issues with people's Centrepay deductions continuing indefinitely without that person's knowledge. The legal service reported needing to assist people to unravel lengthy legal disputes when Centrepay had continued after the person moved away years previously and when they didn't remember agreeing to the deduction.

Case Example

A women's legal service in remote Australia reported to EJA that they had recently assisted a client in dealing with their relative's estate after their death. The deceased relative's Centrepay deductions continued for months after they had passed away. When the legal service advocated on behalf of their client to end these Centrepay arrangements, the payee business refused to acknowledge they had received the money after the client's relative's death. The legal service engaged in lengthy advocacy including letters of demand to the business. It was months until the business agreed to refund the overpayment.

20. It is essential that businesses using Centrepay provide details of the goods and services purchased through the scheme. This ensures customers can control and track where their money is going and what they are receiving in return. These records must be sufficiently detailed to identify the specific items purchased, and state how much the Centrepay user has paid in total to a specific business for a specific item. For example, a refrigerator

purchased through Centrepay should be identified by model number, retail price, Centrepay repayments, duration of these payments, and a total amount paid to the business. Centrepay customers must have the right to return goods if defective.

Recommendations

- ➔ 4. Prohibit never-ending deductions, with the exception of accommodation and utilities by introducing an end date and a target amount for each arrangement. Deduction arrangements that will last longer than 12 months need a mechanism for Centrepay users to review and reconfirm them at least once each year. Consideration needs to be given for certain products to be reconfirmed at a certain point in time or after a certain amount of payment has been reached, for example whitegoods or clothing should be capped at \$250.
- ➔ 5. Introduce and implement a mechanism to alert Centrepay users if their proposed deduction will exceed a certain percentage of their social security payments, including a referral for support within Services Australia and to external support agencies.
- ➔ 6. Prohibit increases to deductions or changes to end dates without consultation and consent of the Centrepay user.
- ➔ 7. Introduce and implement a mechanism for Centrepay users to be notified when their account with a business is in credit over two bill cycles. There will need to be enforced regulation and information sharing of businesses for this to occur.

Question: Should there be a maximum percentage limit on the amount customers can allocate from their Centrelink payment to their Centrepay deductions?

21. Controls should be implemented to ensure that a percentage of a social security recipient's payments are quarantined for exclusive use by the recipient. Centrepay businesses should be unable to access this amount. The permissions granted by the recipient when they sign up for Centrepay should never give permission for an organisation reduce a person's payment to less than what is needed to pay for food and other necessities.
22. In recent consultations with service providers in remote Australia, EJA received input that they regularly saw people with Centrepay arrangements taking more than 30% of their payments before it reached their bank accounts. One financial counsellor in remote Australia stated that a large part of their job was just assisting people to understand what their Centrepay arrangements were before delving into the myriad of issues they were experiencing. This financial counsellor stated they often assisted mothers unravelling huge Centrepay deductions leaving them unable to care for their children. This financial counsellor reported that this was not a quick and simple task – it was common for their clients to be provided emergency relief and food vouchers as they were left unable to afford the essentials.

Recommendation

- 8. Twenty-five percent of a social security recipient's Centrelink payment should be protected so that this is unable to be accessed by any Centrepay business.

Question: Should this percentage apply to all Centrepay service reasons or to a selection of service reasons?

23. Yes, the only exception being for supported accommodation where shelter, food, support services, and other utilities are included – and only with the approval of the social security recipient.

Question: Should businesses retain the ability to establish Centrepay deduction arrangements on behalf of customers?

24. Ideally Centrepay deductions should only be established through Services Australia. However, the reality is that in many regional, rural and remote areas there are significant barriers to engaging with Services Australia – these include, but are not limited to, digital exclusion, phone line congestion and wait times, geographical isolation, lack of transport options and cultural and linguistic factors.
25. Services Australia must develop a mechanism for reviewing Centrepay arrangements. The onus to identify exploitation should not be placed on the potentially exploited party – the Centrepay user. Centrepay is government-run scheme and the Government has a responsibility to ensure that users are not being exploited.

Question: Should certain businesses have conditions imposed limiting the access they have to manage deductions on behalf of customers?

26. Access to Centrepay is a privilege for businesses and should be treated as such. Centrepay gives businesses a priority payment from people in the most need and removes a level of external credit risk. On this basis, there should be a significantly high bar for businesses to be included and a low bar for exclusion.
27. Payee businesses that cannot put safeguard mechanisms in place, for example proof of expressed, informed consent from the Centrepay user, should not be allowed to manage deductions on behalf of customers. This should be included in the Centrepay terms and conditions.

Case Example

An EJA member centre assisted an elderly client who had an ongoing Centrepay arrangement at a clothing store. This client was being taken into the store by her grandchildren who would purchase large amounts of clothing that would be assigned to her store Centrepay account. She had paid in excess of \$20,000 to this clothing store over the course of 3 years. The store was not open to discussing the prospect of elder abuse or setting up procedures to stop this occurring.

28. Payee businesses should be prohibited from making never-ending deduction arrangements, with exceptions for housing costs and energy, by introducing an end date and a target amount for each contract. These businesses should also be prohibited from increasing deductions or changing end dates without consultation and consent of the customer.

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

29. When Centrepay users are digitally excluded, i.e. they do not have reliable and accessible use of digital technology including a phone and devices to access myGov, they are unable readily check, vary and stop their Centrepay arrangements. In circumstances where Centrepay arrangements are entered to in times of trauma and out of desperation, such as fleeing domestic violence, it can be near impossible to track and manage these arrangements when there is no accessible record.

Case Example

A First Nations women's legal service in remote Australia reported to EJA that they regularly assisted women who had entered Centrepay arrangements with a transport company to access a bus to flee domestic violence. The legal service explained that their clients entered the arrangement at the suggestion of the transport company and were not explained that these arrangements would continue indefinitely. The clients couldn't check, change or stop these arrangements – they didn't have the phone, access to phone credit to call and wait on hold to check their Centrepay. These arrangements led their clients to not having enough money to afford essentials. The service also explained that their clients felt shameful about calling Centrelink and couldn't understand the Centrelink workers on the phone.

Recommendations

- ➔ 9. Provide Centrepay users the option for an opt-in (or upon request) itemised statement of deductions to be mailed to them. Require businesses to make this offer upon Centrepay users entering into an arrangement.
- ➔ 10. Require payee businesses to provide sufficiently detailed records of a purchase on receipts attached to Centrepay Agreements.
- ➔ 11. Require payee businesses to abide by a returns policy to ensure the returned amount is deducted from the debt.
- ➔ 12. Require payee businesses to collect and provide complaints data to Services Australia on a regular basis – this would make business compliance and auditing easier.
- ➔ 13. Implement and enforce requirements for regular, independent audits. This should be supported by publishing information related to the outcomes of these audits – Centrepay users should be able to make informed choices about who they give priority over their social security payments to.

Question: Does the agency's existing Centrepay resources and information available to customers clearly outline the customer authority process and customer's ongoing requirement to manage their deductions?

30. The only information Centrepay users and advocates have access to is the information on the website. This information assumes a level of financial and digital literacy that many Centrepay users may not have.
31. There needs to be lists of support services and contact details that people can contact if they are struggling to self-manage their social security including Centrepay. These support services should be both within Services Australia and external supports including legal services, financial counselling and community services. The information needs to be provided in languages other than English. There needs to be targeted, culturally appropriate information for First Nations communities, particularly those that have a high use of Centrepay.
32. The information held by businesses needs to be tailored to the community within which the business operates. This needs to include clear information about their rights around cancelling or amending deductions, the obligations of the business and Services Australia, and how to make a complaint.

Recommendations

- ➔ 14. Develop and publish fact sheets specifically designed to assist First Nations and culturally and linguistically diverse communities. Distribute and display hardcopy versions of these factsheets to these communities and services working with these communities.

Customer Experience

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

33. Currently people often do not have the ability to readily check, vary or cancel their Centrepay deductions.
34. The barriers posed by digital exclusion cannot be understated. During EJA's consultations with services in regional, rural and remote Australia, all services reported that clients facing digital exclusion was frequent and prolific. Services reported to EJA that their clients experienced digital exclusion from Services Australia in many ways including –
 - they did often not have internet or phone reception at their home or in their community;
 - they did not own digital equipment with internet capabilities;

- they shared digital equipment amongst their family and community and were unable to retain a privacy and two-factor authentication processes required a personal phone number;
- community computers and smartphones were inaccessible as they did not have reliable and affordable transport; and
- when they had access to digital technology, they struggled to use technology and couldn't access assistance.

35. These services reported that alternatives to accessing Services Australia online platforms also provided challenging due to the large distances to Centrelink offices and commonly experienced transportation issues. With these barriers it makes it impossible or at best very difficult to check, vary or cancel their Centrepay deductions. Deductions need to be visible to Centrepay users and they need to be able to add/cancel them easily. Real time connection with deductions would increase financial capability and alert people if Centrepay deductions are incorrect or have been setup/changed without consent. For example: "Dear Sarah, thank for the monthly centrepay deduction of \$65 to Telstra dated 15 June 2024."

36. Detailed, accessible information should be included on the Services Australia website for people needing assistance with Centrepay issues – both issues regarding how to make a complaint about business practices (such as refusal to refund overpayments), and the right and process on how to cancel or amend deductions. Accessible factsheets should also be developed by Services Australia including factsheets targeting people among First Nations communities, and in appropriate languages for CALD communities. These should be made available in Centrelink service centres, agents and access points.

Recommendations

- ➔ 15. Introduce and implement an alert system to notify Centrepay users when a Centrepay arrangement has commenced. This should be opt-in and provide for a text message, myGov or letter notification based on user preference. The confirmation must include clear details of the arrangement include total amount, duration and goods/services purchased.
- ➔ 16. Establish a Digital Allowance (i.e. reworking and expanding Telephone Allowance) to assist all people receiving income support to afford mobile phones and data.

Question: How can the agency, and registered Centrepay businesses, better support customers when things go wrong?

37. Centrepay and associated customer-facing interfaces do not appear to have been designed with social security recipients in mind. This makes it extremely difficult for customers to understand their rights and responsibilities, and lodge complaints.

38. It is essential that Services Australia fix the Centrepay complaints system and provide a clear response to complaints. Currently the onus is on the Centrepay user to fix issues when

things go wrong. If a Centrepay user contacts the agency because they are having issues, there must be a proactive response from Services Australia. Services Australia should assist the Centrepay user their issue, but also identify potential breaches of the payee business, and subsequently investigating and enforcing Centrepay's terms and conditions.

39. Services Australia should establish a consumer interface for Centrepay including customer support and a dedicated Centrepay channel to take feedback and complaints.
40. Services Australia should proactively assess the need for, and facilitate referral to financial counsellors, legal services, the National Debt Helpline and other support services where a person is unable to advocate for themselves.

Recommendations

- ➔ 17. Establish and adequately resource a consumer interface for Centrepay including customer support and a dedicated Centrepay channel to take feedback and complaints. This is separate from general Centrelink complaints, and accounts for the complexity in operation of Centrepay including interaction with businesses and private sector as detailed in Buduls' 2013 Independent Review.
- ➔ 18. Ensure complainants, and their advocates, are informed about the progress and outcome of complaints, and reasons for decisions.

Question: What are the specific cultural, geographic and language barriers impact customers' ability to use Centrepay?

41. The Digital Inclusion Index¹ reveals that more than a quarter of the population are digitally excluded . Among them, one in ten are highly excluded, including many elderly individuals, those with limited education, people living outside capital cities, and First Nations communities. Further, a recent myGov review² found that 37% of Australians have difficulties navigating digital government services, with only 44% able to find help when needed. There must be alternatives to online digital services for Centrepay that are easy to access and understand.
42. During EJA's recent consultation with services in regional, rural, remote and very remote Australia, services consistently ranked access to face-to-face Services Australia services as essential. Reasons included that many people:

¹ <https://www.digitalinclusionindex.org.au/>

² <https://my.gov.au/content/dam/mygov/documents/audit/mygov-useraudit-jan2023-volume2.pdf>

- lack alternative methods to access Services Australia, including phone, digital equipment and infrastructure;
- struggle with language, cultural, literacy and communication requirements when not face-to-face;
- find it difficult to engage with the sensitive nature of dealings with Services Australia when not face-to-face, including disclosing financial information, family and domestic violence, homelessness, employment and unemployment, caring for children and adults, and medical conditions;
- are affected by previous negative dealings with digital and telephone Services Australia services;
- find it impossible to negotiate the complexity of the Services Australia system.

43. The Robodebt Royal Commission was strong in their recommendation 10.1 that Services Australia facilitate in-person communication which is sensitive to particular circumstances of the customer cohort, including itinerant lifestyles, lack of access to technology, lack of digital literacy and the particular difficulties rural and remote living. It is essential that culturally appropriate services and information are developed for First Nations people in consultation with First Nations people. Similarly this is needed for culturally and linguistically diverse communities.

44. Additional outreach needs to be provided to high volume usage community on a regular basis to monitor and receive any complaints or issues Centrepay users may be experiencing.

Recommendations

- ➔ 19. Increase training and support for frontline staff to be proactive and responsive when assisting people with Centrepay issues. This includes assisting Centrepay users to check, vary and stop their arrangements, explaining Centrepay rights and responsibilities, making referrals to support services including legal services and financial counsellors, and facilitating complaints against payee businesses.
- ➔ 20. Increase funding and training for community organisations providing the NAAP (National Agent and Access Point) Program to mentor people at agents and access points in the use online services, including checking their Centrepay arrangements.
- ➔ 21. Increase in-person and telephone language interpreters available for people engaging with Services Australia, including Aboriginal and Torres Strait Islander interpreters.

Complaints

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

45. Centrepay complaints should not go through the general Centrelink complaints and feedback process. As noted in Buduls' 2013 Independent Review, 'the implementation and operation of Centrepay requires different skill sets and competencies to those required to carry out the income distribution services more generally provided by Centrelink.' This includes interaction with the private sector and the negotiations between businesses and the Services Australia around the terms and conditions of a business' participation in Centrepay, contract administration and auditing and compliance activities, as well as enforcement and termination of contract for non-compliance.

Case Example

A financial counselling service reported to EJA that the process for making a Centrepay complaint is 'difficult' and 'dysfunctional'. The service explains that the first step is trying to find out if you can make complaint about Centrepay is confusing on the Services Australia website. Secondly, the complaint is not a Centrepay complaint but a general Centrelink complaint, and there is no feedback process. There is no acknowledgement that your complaint is received, pathway of the complaint or outcome of the complaint. It is unclear whether that complaint ever even gets to the Centrepay division of Services Australia because nothing is ever heard of it again.

46. It is particularly important that all complaints are referred to the Centrepay program team during the implementation of changes in response to this review. This is crucial to ensure that systemic issues are being identified including such as common issues around access of information regarding deductions, unscrupulous businesses continuing exploit the Centrepay system, potential scams or targeting of vulnerable people.
47. There needs to be a nominated contact point for lawyers and advocates where significant and systemic problems can be raised as they are identified, similar to the Advocates Channel for specialist social security legal centres established in 2023 in line with recommendation 12.1 of the Robodebt Royal Commission.
48. Centrepay users and their advocates need to be clearly informed about the outcome of complaints.
49. The current guidance on the Services Australia website is to take any Centrepay complaints to the business first. In line this, businesses need to collect and report all complaints to Services Australia. This should be a condition of the contract.

Question: How can we better advertise and communicate the channels and avenues through which complaints can be made?

50. A specific complaints mechanism for people using Centrepay should be available both online and over the phone with language interpreters if required. Centrepay users should be able to clearly understand the complaints process from freely available information about the Centrepay complaints pathway and their rights and responsibilities in relation to complaints.

51. Factsheets, as outlined in Recommendation 14 of this submission, should be provided to Centrepay users when they enter into an arrangement, including when they sign up directly through businesses. This must include details of relevant support services if they have financial, social security and Centrepay specific free legal services and financial counsellors.

Questions: Are there any known barriers or perceived issues that are impacting on a customer's ability or willingness to raise concerns with the agency in relation to their Centrepay arrangements?

52. There is still a fear in the community that they will be punished for making a complaint, or that by complaining it may result in a debt being raised against them.

53. Digital access issues as identified above. People also give up due to long wait times on the phone or after they have been hung up on repeatedly.

54. Telling people to first go speak to the business before making a complaint is a deterrent. For some people this is too confronting and intimidating.

Business

55. The lack of contractual requirement for providers to adhere to the policy and terms of Centrepay is a core problem. Issues are also driven by the disconnected arrangements with no nexus between the contractual relationship between the Agency and the business and the contractual arrangement between the service provider and Centrepay customers.

Question - Having regard to the Centrepay Procedural Guide for Businesses, are there any further obligations that businesses should be required to comply with in order to become or remain an eligible registered Centrepay business?

56. It must be clearly displayed in store what a person's rights are and who to contact if the business is doing the wrong thing.

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

57. There is an expectation by community that if a business has been approved by Government as a centrepay registered business then it is a trustworthy business that will provide quality and well-priced goods and services. Services Australia needs to undertake an audit of all existing registered businesses to ensure that the goods and services they provide to Centrepay customers are in line with the purpose of Centrepay and community expectations.

58. As noted in the 2013 independent review "the implementation and operation of Centrepay requires different skill sets and competencies to those required to carry out the income distribution services more generally provided by Centrelink". The review specifies the interaction with the private sector and the negotiations between businesses and the Agency around the terms and conditions of a businesses participation in Centrepay,

contract administration and auditing and compliance activities, as well as enforcement and termination of contract for non-compliance are included in this.

Question - What risk factors should the agency consider in assessing a business for Centrepay registration?

59. EJA supports the recommendations of Financial Rights Legal Centre and the Consumer Action Law Centre.

Question - 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?

60. As suggested in the 2013 Independent Review of Centrepay, certain business categories such as clothing and household goods should have additional specific sub Codes of Conduct developed for them to which those service providers would need to subscribe to in order to be a Centrepay registered business. This should include additional compliance monitoring around those contracts.

61. Government businesses should have a proactive role in ensuring that Centrepay is being used correctly by services provided. There must be a clear demonstration of this through mutual agreements with the agency.

Case Example

Revenue NSW uses Centrepay often to repay fines. However advocates have raised concerns that this method is used without sufficiently exploring other available options, and that people are not referred to independent advocates for advice about the best method for them. For example, a person may be eligible to reduce their fine by up to \$1000 per month by doing unpaid work, courses, counselling or treatment programs through a Work and Development Order, or a person may be eligible for a write off of some or all of their fine debt where a WDO is not available or suitable.

Recommendation

- ➔ 22. A Memorandum of Understanding should be developed between Services Australia and Government agencies and government funded services who use Centrepay, which stipulates a proactive role in ensuring that Centrepay is being used for the best interests of the social security recipient.

Question - What flags would you expect the agency to be monitoring to trigger engagement with businesses in relation to their compliance with Centrepay policies?

62. If businesses predominant income (over thirty per cent) is generated from Centrepay then this should trigger an audit by Services Australia to check compliance.

63. There must be clear criteria for all businesses, requiring suspension of businesses who do the wrong thing. The existing principles-based requirements should be supported with specific detailed obligations, expectations or indicia to flag a business for investigation and possible suspension. These could include:

- If the percentage of a business' revenue earned via Centrepay deductions reaches a prescribed level (businesses would be required to report this percentage on an ongoing basis);
- a significant increase in the number of consumers with a deduction for a specific business;
- failing to promptly and actively refund overpayments to consumers;
- failing to promptly respond to complaints;
- a threshold number of complaints is reached;
- reactivating a deduction without the customer's consent after cancellation;
- a breach of the terms and conditions;
- a breach of the law;
- exceeding a threshold of alerts where clients are exceeding limits;
- Australian Financial Complaints Authority (AFCA) or Australian Securities & Investments Commission (ASIC) complaints and other regulatory or non-regulatory compliance issues.

Question - Are there any business models that should be excluded from Centrepay and if so, what criteria should be used to consider their inclusion or exclusion?

64. EJA supports the recommendations of Financial Rights Legal Centre and the Consumer Action Law Centre.

Compliance

65. EJA supports the recommendations of Financial Rights Legal Centre and the Consumer Action Law Centre.

66. Customers should be notified if a business they have a registered Centrepay deduction with is being investigated. It may bring additional complaints forward.

Overpayments

Question - What information and further assistance would be useful to customers when an overpayment has occurred?

Question - How would customers prefer to be notified about overpayments?

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

67. Notification of overpayment should be a priority as it can significantly impact people's livelihood. This should be done via text, email and hard copy letter.

68. The onus should be on Services Australia to retrieve the overpayments, or at the very least proactively assist the person to do so.

Case Example

A client contacted an EJA member centre seeking help recovering Centrepay overpayments to her bank account. The member centre encouraged her to first try and go to the business to ask for a refund. The client returned with an iPad and advised the member centre that the store person told her she couldn't have a refund, but she could buy something in store. The store person then encouraged her to buy the iPad. This client was actually happy with the iPad as she would use it to talk to her daughter on Facetime. When the client realised that this iPad did not have a SIM card and her community did not have wifi, she wanted to return the item. The member centre and client went into the store together where she was advised she could not get a refund of cash but could exchange the item.

Case Example

A client contacted an EJA member centre about a Centrepay arrangement that had resulted in an overpayment of more than \$1500. The client had already asked the provider for a refund which was refused. Our member centre also asked (by telephone) for a refund on behalf of this customer and was told it was not within their policy to provide refunds for overpayments. The business advised the customer should spend that money in store. The member centre wrote a letter of demand outlining the Centrepay policies that direct a business to provide a refund in cases where there is an overpayment, and a refund was issued.

7. Consultations and Engagement

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

69. The current Centrepay working group is a good model and engages in genuine consultation.
70. Services Australia also needs to be working with Centrepay users, particularly in regards to their ability to access and understanding how Centrepay works.
71. Services Australia should review included stakeholders after receiving submissions to this discussion paper to determine to ensure there are no voices missing from consultation and engagement.