

Senate Community Affairs Legislation Committee

ADDITIONAL ESTIMATES - 27 FEBRUARY 2014 ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Centrepay – Independent Review

Question reference number: HS 119

Senator: Cameron

Type of question: Written

Date set by the committee for the return of answer: 24 April 2014

Number of pages: 2

Questions:

- a) I refer to HS78 concerning the independent review of Centrepay. Provide details of steps taken by DHS to better utilise existing regulatory mechanisms and other compliance mechanisms.
- b) Please provide the DHS response to each of the recommendations contained Chapter 11 Recommendations for future action of the Report.

Answer:

- a) The department has concluded agreements with the Australian Securities and Investments Commission, the Australian Competition and Consumer Commission and the Australian Energy Regulator. The department is working closely with these regulatory authorities to:
 - scrutinise and vet businesses' applications to use Centrepay;
 - identify and respond to non-compliance by participating businesses with consumer legislation, relevant licensing requirements and the department's contract; and
 - assist with investigations and the resolution of customer complaints about participating businesses.

The department is also reviewing the current business compliance processes to better support the Centrepay scheme. Initial steps have included providing additional resources to undertake more compliance reviews of participating businesses in 2013-14.

- b) The department's response to the Review is focused on the 10 key recommendations that encapsulate the detail provided in Chapter 11. The department has accepted, in principle, eight of these key recommendations and is implementing a number of financial, policy, operational and administrative enhancements aimed at improving the Centrepay service and strengthening its role in assisting customers. There are two recommendations for establishing voluntary codes of conduct for Centrepay which imply a regulatory role for the department and a significant change to current operations. The Department is of the view that

it is not in a position to be a regulator. Regulatory responsibilities are better overseen by organisations such as the Australian Securities and Investments Commission and the Australian Competition and Consumer Commission.

The department has selected a number of areas of first priority work which focus on reducing risk for the customer and positioning further improvements to Centrepay. Key areas of progress include:

- concluding agreements with the Australian Securities and Investments Commission, the Australian Competition and Consumer Commission and the Australian Energy Regulator for the exchange of information to support programme management and compliance (November 2013);
- improving the information provided to customers about their Centrepay deductions by developing a comprehensive deduction statement for customers, due for release in June 2014;
- improving customer complaint and feedback responsiveness by better connecting Centrepay into the department's customer feedback mechanisms;
- reviewing all policy elements and improving relevant business processes, including business application criteria, contract and compliance frameworks, to simplify and provide greater transparency for both customers and business and improve the way the scheme operates. Enhancements will be implemented from 1 July 2014; and
- strengthening communication and training packages to improve understanding and uptake, including for Indigenous customers.