

Senate Community Affairs Legislation Committee

SUPPLEMENTARY ESTIMATES - 18 OCTOBER 2012 ANSWER TO QUESTION ON NOTICE

Human Services Portfolio

Topic: Centrepay – stakeholder eligibility

Question reference number: HS 42

Senator: Siewert

Type of question: Written question

Date set by the committee for the return of answer: 7 December 2012

Number of pages: 2

Question:

- a) What consultation does DHS undertake into the operation of Centrepay with stakeholders?
- b) What about compliance auditing?
- c) Have any companies been removed from the system in the last three financial years, or denied access to the system?
- d) How were their operations and why were their applications to join the Centrepay network rejected?

Answer:

- a) Centrepay has 42 separate 'service reasons' (areas of business) against which providers of goods and services can be registered.
Each one of these service reasons has its own range of stakeholders. The stakeholders can include: relevant regulatory bodies; licensing and accreditation agencies; customer advocacy groups; welfare organisations; peak bodies; housing and other associations; and Local, State and Territory Government agencies.
For example, when considering the policy underpinning the 'Basic Household Items' service reason which allows customers to purchase whitegoods on time payment arrangements, the Department consulted with the Australian Securities and Investments Authority (ASIC). ASIC has regulatory control over these providers and the terms of the consumer leases they have customers sign. It is Centrepay policy that these providers will not be registered to participate in Centrepay if they are not registered with ASIC as 'Financial Service Providers' and provide access to external disputes resolution services. The Department also has had stakeholder engagement with the Australian Competition and Consumer Commission, The Good Shepherd and the Brotherhood of St Lawrence organisations in respect of this service reason.

b) The Department conducts random compliance reviews of organisations with a Centrepay contract. This is via an automated random selection process. The Department can also initiate compliance reviews of specific organisations. These reviews may be initiated because of complaints received from customers or because there have been allegations from customers or organisations that a participant maybe in breach of the Centrepay terms and conditions contract. The Department always follows up on complaints and denunciations made about Centrepay organisations.

c) The following table shows the number of terminated Centrepay contracts and rejected Centrepay applications.

Financial year	Terminated	Rejected
2010-11	466	72
2011-12	955	54
2012-13 (to 30 September 2012)	325	29
Total	1,746	155

d) To be approved to participate in the Centrepay Scheme, the organisation applying must meet certain eligibility and approval criteria as set out in the Centrepay policy. The two most common reasons for rejecting applications are:

- the organisation is not in scope. That is, it does not provide goods and services that fall within the 'service reasons' listed in the Centrepay Policy. For example, a liquor store would not be in scope for Centrepay.
- in the Department's opinion, allowing the applicant to participate in the Centrepay Scheme would adversely affect the Department's reputation. For example, the business has recently been the subject of unfavourable media reports and/or the findings of an investigation by a relevant regulatory body and approval would be seen as damaging to the Department's reputation.

On 12 November 2012, the Minister announced an independent review would commence into the operations of Centrepay and should be completed in time to inform changes for the 2013-14 financial year.