

## Senate Standing Committee on Economics

### INQUIRY INTO NATIONAL CONSUMER CREDIT PROTECTION AMENDMENT (SMALL AMOUNT CREDIT CONTRACT AND CONSUMER LEASE REFORMS) BILL 2019 (NO. 2)

PUBLIC HEARING 13 March 2020

ANSWER TO QUESTION ON NOTICE

Services Australia

**Topic:** Centrepay Complaint Process

**Question reference number:** IQ20-000010

**Member:** Jenny McAllister

**Type of question:** Hansard page: 59

**Date set by the committee for the return of answer:** 16 April 2020

**Number of pages:** 2

#### **Question:**

ACTING CHAIR: If I made a complaint to you or someone made a complaint to you about a business that seemed to be exposing customers to unacceptable risks of financial stress or exploitation, how would you assess that? What would happen then?

Mr Stone: There are two avenues that we would progress. One is that we would commence our own internal investigation, as I talked about, as part of that compliance framework that we apply. If we are aware that there are questions that perhaps indicate some potential behaviour that we think is outside of that policy and those terms, we will investigate directly with that business as well. Also, where there are particular concerns that we feel need to be referred to the appropriate regulatory body—in this instance, it would be ASIC—we would absolutely do that.

ACTING CHAIR: I'm asking about your process, not the ASIC process at this point. If my complaint was about a business that exposed customers to unacceptable risks of financial stress or exploitation, do you have any documentation about how you'd go about assessing whether or not a business was doing that or not?

Mr Stone: We can certainly take that on notice to provide the specifics. If I may offer the panel examples of things that we would look at and consider, whether it's hardship arrangements, perhaps, that have been entered into, to make sure that—as we talked about—they are not facing undue financial stress or exploitation on customers. For example, we may request documentation that's relevant to the assessment process that that business has undertaken with that individual, so that we can make sure, again, that there hasn't been anything that would potentially place that person in financial hardship.

#### **Answer:**

Please refer to IQ20-000005 for the Agency's response regarding the complaints handling process.

The way Services Australia assesses whether a businesses is compliant with Centrepay Policy and Terms is part of the Centrepay Assurance Framework. Please refer to IQ20-000002 (part b).

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ANSWER TO QUESTION ON NOTICE

Services Australia

**Topic:** Centrepay – Examples of Breach of Policy

**Question reference number:** IQ20-000011

**Member:** Jenny McAllister

**Type of question:** Hansard page: 60

**Date set by the committee for the return of answer:** 16 April 2020

**Number of pages:** 2

#### Question:

- a) **ACTING CHAIR:** Can you provide an example of a business that's been suspended for providing goods, services or payment arrangements that in the agency's view expose customers to unacceptable risks of financial stress or exploitation?  
**Mr Stone:** I don't have that information with me. If it's okay, certainly we can take that on notice.
- b) **ACTING CHAIR:** Can you also provide me with an example of a business using Centrepay for 'goods, services or payment arrangements that, in the agency's view, have significant potential for high-cost but low-value goods or services' which has been sanctioned or removed from your platform as a consequence?  
**Mr Stone:** Can I just clarify the question, sorry?  
**ACTING CHAIR:** Your policy reads that they may not provide:  
Any goods, services or payment arrangements that, in the Agency's view:  
• have significant potential for high cost but low value goods or services  
I'm asking whether you can provide me with an example where you've identified a company that is in breach of this part of your policy and you've taken action and removed them from your platform or sanctioned them in some other way. I'm happy for you to take that on notice.  
**Mr Stone:** Okay.
- c) **ACTING CHAIR:** In fact, I'm looking at your policy at page 7 and it has a table. In the final row is a whole list of things that are prohibited as goods or services on the Centrepay platform. I'd be interested in any example you can provide where a Centrepay registered business has been in breach of that particular row in the table and you've taken action on it—any example of any kind.  
**Mr Stone:** Yes, we can definitely do that.

**Answer:**

a-b)

Services Australia (the Agency) does not further individually define each of the categories of goods, services and payment arrangements excluded for Centrepay deductions. These terms are not considered in isolation. This provides the Agency a broader scope to request additional information from businesses when assessing Business Applications and undertaking compliance audits.

c) The Agency has rejected a Business Application from a business that was seeking to utilise Centrepay for a continuing line of credit and non-traditional layby. These service reasons were inconsistent with the Centrepay Policy and Terms.

The Agency has rejected a Business Application where a business was undertaking unsolicited door-to-door sales in remote Indigenous communities.

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**ANSWER TO QUESTION ON NOTICE**

**Services Australia**

**Topic:** Centrepay – Enforcement of Policy and Terms

**Question reference number:** IQ20-000012

**Member:** Jenny McAllister

**Type of question:** Hansard page: 60

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**Number of pages:** 1

#### **Question:**

ACTING CHAIR: I might ask you to take this question on notice: please provide detail of the investigative capabilities of the department relevant to enforcement of the Centrepay policy and terms. I'm happy for you to provide that on notice to the committee, because it is a little difficult to communicate about it over the teleconference, to be honest. So perhaps you could just provide a short written explanation of how that works. I'd really appreciate it, Mr Stone.  
Mr Stone: Absolutely.

#### **Answer:**

Services Australia (the Agency) has a dedicated team that undertakes Centrepay programme management and compliance activities. This ensures that the Agency has a skilled team that assesses the business application, and undertakes assurance and compliance checks once businesses access Centrepay. These staff are trained to ensure any compliance related issues are reviewed effectively and compliance action taken is applied consistently.

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**ANSWER TO QUESTION ON NOTICE**

**Services Australia**

**Topic:** Centrepay – Participant Compliance

**Question reference number:** IQ20-000013

**Member:** Jenny McAllister

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#### **Question:**

ACTING CHAIR: No. I asked you about something else, but I'll put this on notice also. If you have an annualised program of assessing Centrepay participants for compliance with your policy, do you write down what you're going to do that year? Do have a plan?

Ms Faichney: I understand what you're saying. Yes, there is a plan, in that we have random assurance checks and we have targeted assurance checks. I would have to take a notice how that plan is laid out in doing random and targeted checks and the compliance audits associated with those.

#### **Answer:**

Services Australia has an Assurance Framework that outlines compliance activities each year. The document outlines:

- The number of businesses to be randomly selected,
- How these businesses will be targeted, and
- How compliance actions will be applied.

Please refer to IQ20-000002 (part b).