

Senate Community Affairs Legislation Committee

ADDITIONAL ESTIMATES – 11 FEBRUARY 2016 ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Promotion of no and low interest loans

Question reference number: HS 128

Senator: Cameron

Type of question: Written

Date set by the committee for the return of answer: 4 April 2016

Number of pages: 2

Question:

- a) DHS in answer to October 2015 QN 28 said “There has been no increased cost above that already provided under business as usual funding for Centrepay for conducting activities to promote, advise and inform customers on the alternatives to using consumer leases.” Since October, how much has DHS spent on promoting alternative options to consumer leases, such as no and low interest loans? Referring to QON 28, 29, 30 from October Estimates, is 'business as usual' sufficient to increase the number of customers accessing alternatives to consumer leases?
- b) What analysis has DHS done to ascertain the effectiveness of providing information on alternatives to consumer leases, compared to banning them altogether? Has there been an analysis of the impact of the May 2015 changes and what it would mean if a complete ban on consumer leases were introduced?
- c) Please provide details of all consultations or discussions with consumer lease companies, NGOs, or consumer advocates in relation to consumer leases.
- d) Since October Estimates, has any specific training been provided to telephony and face to face staff regarding offering low and no interest loans information to Centrelink clients who are looking at buying consumer items with loans? At what cost?
- e) Since October Estimates, has DHS provided any information to Centrepay users about the dangers of commercial consumer loans? Have you provided any information on how to get out of these exploitative arrangements, where they can get help if they wish to? In what form is that information? How much does it cost DHS to provide it?
In answer to October 2015 QN 28: “There has been no increased cost above that already provided under business as usual funding for Centrepay for conducting activities to promote, advise and inform customers on the alternatives to using consumer leases.”
- f) What training has been provided to telephony and face to face staff since October 2015 regarding offering low and no interest loans information to Centrelink clients who are looking at buying consumer items? At what cost?
- g) How many complaints has DHS received in relation to consumer leases each year since July 2013?

Answer:

- a) To separate the cost of activities to promote, advise and inform customers on alternatives to using consumer leases, from other business as usual activities would require an unreasonable diversion of departmental resources.
- b) The department has been tracking some impacts of the changes announced in May 2015, particularly with regard to the grandfathering period for unregulated consumer leases which ends on 30 June 2016. The department has given some consideration to impacts if a complete ban on consumer leases under Centrepay was introduced. The department expects to re-examine its approach to use of Centrepay for consumer leases in light of the report of the Small Amount Credit Contracts Review.
- c) The department has undertaken a range of consultations and discussions with a range of individual businesses, business organisations and consumer/welfare representatives, in relation to responding to the Independent Review of Centrepay and the implementation of changes to Centrepay. To provide details on all consultations and discussions relating to consumer leases would require an unreasonable diversion of departmental resources, given the number and range of discussions.
- d) Since October 2015, eLearning packages on Centrepay have continued to be available to all staff of the department, which include reference to the No Interest Loans Scheme. All relevant information that has been made available to staff is provided under business as usual funding for Centrepay.
- e) The department's "Managing Your Money" webpage provides financial information and online tools to help with money management. It includes information about budgeting, borrowing and credit, and managing debt. The website includes a range of existing resources from organisations and links to the "MoneySmart" website of the Australian Securities and Investments Commission (ASIC) and to Financial Counselling Australia and Good Shepherd Microfinance. ASIC's Rent vs Buy calculator has been made available along with cautions on the costs of renting household goods and information about alternatives to consumer leases. This information is provided under business as usual funding. Money management tools and links are promoted to customers on all customer payment webpages within the Department's website, allowing users to easily access the resources and information they need.
- f) See the answer to part (d) above.
- g) Data is not available on the number of complaints received by the department in relation to consumer leases.