

Senate Community Affairs Legislation Committee

SUPPLEMENTARY BUDGET ESTIMATES – 22 OCTOBER 2015 ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Promotion of No and Low Interest Loans

Question reference number: HS 44

Senator: Cameron

Type of question: Written

Date set by the committee for the return of answer: 11 December 2015

Number of pages: 2

Question:

- a) How much has DHS spent on promoting alternative options to consumer leases, such as no and low interest loans?
- b) Does every Centrelink front line service have information regarding low and no interest loans available at it?
- c) Do all of the 350 Centrelink Agent offices have information regarding low and no interest loans available?
- d) What training has 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) 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?
- f) Has DHS provided information to Centrepay users who were paying companies that are now excluded from Centrepay that the company that they are paying is going to be excluded from Centrepay, and the reasons for this?
- g) What training has 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?

Answer:

- a) See the answer to HS 28.
- b) All staff have access to Operational Blueprint which is the Department's central source of reference material. It contains information and referrals to financial wellbeing and capability activities, including no and low interest loans.

In June 2015 the Department promoted the release of ASIC's Rent vs Buy calculator to front line service staff including No Interest Loans Scheme (NILS) and StepUp (low interest loans) as alternatives to consumer leasing.

In July 2015 the Department released a Front Of House video (played as part of rotating programming on monitors in waiting areas of service centres) on information on consumer leasing demonstrating ASIC's Rent vs Buy calculator. The video includes information about the costs of consumer leases and alternatives to consumer leases, including the No Interest Loans Scheme. The video has also been published to the Department's YouTube channel.

c) Centrelink Agents have access to general Centrelink information and can respond to customer enquiries and provide customer assistance, guidance or referral, as appropriate. Agents have knowledge of programmes available within their community and can refer a customer directly to a provider, where available and appropriate. Agents can also refer customers to the Department for further assistance about their financial situation, including information on low and no interest loans.

d) In relation to the first part of this question, see the answer to HS 29.

In relation to cost, all relevant information that has been made available to staff is provided under business as usual funding for Centrepay.

e) In July 2015, the Department sent a letter to all customers with Centrepay deductions in place that may have been impacted by the 1 July 2015 changes to Centrepay, which excluded funeral insurance and unregulated consumer leases. In this letter, the Department took the opportunity to draw attention to alternatives to consumer leases. See the answer to HS 30, which includes a sample copy of this letter.

An article about the recent changes to Centrepay is available on the Department's customer webpages. This article explains the exclusions of funeral insurance and unregulated consumer leasing. It includes contacts for customers who may want to check their legal rights in respect to leasing contracts or seek assistance. There are links to contacts for the Financial Ombudsman Service Australia, Credit and Investment Ombudsman, Financial Counselling Australia, and Legal Aid.

See also the answer to HS 105, which outlines initiatives that the Department has undertaken to educate citizens, including customers, about costs of rent to buy and alternatives to consumer leasing.

There has been no increased cost for provision of this information, above the funding already provided under business as usual funding for Centrepay.

f) See the answer to HS 30.

g) See the answer to part (d) above.