

# ISSUE 7

September 2011

News from the CCC



# Accomplish

## Contents

A message from the Code Compliance Committee.....	1
A message from the Executive Manager.....	2
Current Projects.....	3
Future Projects .....	4
CCC staff .....	5
Contacting the CCC.....	5

### Committee members:

- Jeff Whalan (independent Chair)
- Patricia Langham (industry representative)
- Prof. Gail Pearson (consumer representative)

Dr June Smith as new Executive Manager of CCC.

Next CCC meeting dates (2011):

- 23 October (to be confirmed)
- 21 November

## A message from the Code Compliance Committee

The Code Compliance Committee (CCC) would like to welcome Dr June Smith in her role as new Executive Manager.

With a PhD in Law from Victoria University specializing in professional ethics and organizational decision making and with a strong background in the self-regulatory aspects of the financial services sector, Dr Smith will bring to the role significant experience in relation to industry Codes of Conduct and expertise in risk management and the development of compliance programs.

Dr Smith is also the current Chair of the Financial Planning Association of Australia Ltd, Disciplinary Appeals Tribunal, a member of Racing Victoria's Racing Appeals and Disciplinary Board and lectures in governance in the MBA program at Victoria University. Dr Smith was previously in private practice as a Principal with Argyle Lawyers Pty Ltd.

The CCC would like to thank Ralph Haller-Trost for his efficiency and dedication to keep the CCC operating in his position as acting Executive Manager prior to Dr Smith's appointment.

**Jeff Whalan, Chair**



[Click here to contact CCC via email.](#)

**ACS 2011 has been sent out and is due 30 September 2011.**

New review focuses on Code training.

## **A message from the Executive Manager**

I am looking forward to working together with the CCC and the dedicated Code team at FOS to ensure that credit unions and mutual building societies that have adopted the Code meet the standards of good industry practice set out in it and to promote the value of the Code with all stakeholders.

To this end, I welcome your comments or feedback regarding work undertaken by the CCC. Please email me on [jsmith@codecompliance.org.au](mailto:jsmith@codecompliance.org.au).

The CCC's current focus is on the collection and assessment of information received from Code Subscribers as part of the 2011 Annual Compliance Statement (ACS). This year's survey was forwarded to all Code subscribers in mid May 2011.

The due date for submission of your completed ACS is 30 September 2011. To date about 15% of Code subscribers have returned their completed surveys. I encourage you to complete and return the ACS at an early stage. This will enable the CCC to include all relevant data, subsequent findings and recommendations in this year's Annual Report.

The team has also commenced its program of site visits for the year. The CCC has set a target to visit the operations of 20% of Code subscribers in 2011/2012 both in capital cities and regional Australia.

If your organization is selected, you can expect the staff member to discuss your ACS results and provide feedback, verify and check information received from you as part of that process and to ask you about your operations generally.

This allows us to ensure that Code subscribers are meeting their self reporting obligations under the ACS, provides us with a clearer understanding of how your organization operates and interacts with its members and allows us to bring back and share examples of good industry practice with other stakeholders.

I encourage you to use the visit as an opportunity to discuss any queries you may have in relation to Code compliance or about the CCC work program in general. The CCC secretariat has a wealth of experience and expertise which can and should be accessed by Code subscribers as required.

Based on the information received from Code subscribers to date in their ACS returns, an area of concern identified is the adequacy of staff training in relation to Code obligations and requirements. The CCC may undertake a review into Code related training and communication across Code subscribers, to identify, amongst other things, how Code training is delivered, its content, which staff undertake the training and its regularity. See below for more details.

***Dr June Smith, Executive Manager***



## Current Projects

### The Annual Compliance Statement (ACS) 2011

#### Current Projects:

- ACS 2011
- Industry visits
- Compliance with KP5  
– Code training
- Compliance with  
Code part D, section  
12.3 - guarantees

The ACS is due on 30 September 2011. Please give this matter your urgent attention and complete and submit your ACS to [info@codecompliance.org.au](mailto:info@codecompliance.org.au).

If you have not received, have misplaced the original email containing the necessary information, or require assistance to complete the form, please do not hesitate to contact the CCC.

The CCC has received some comments from Mutuals querying why this year's ACS requests confirmation of compliance with each section of the Code. Section 4.4 of the Constitution which sets out the functions and responsibilities of the CCC, requires the CCC to monitor and report on the compliance of Code Subscribers with all Code obligations. The CCC wants to ensure that all Code subscribers are therefore complying with all aspects of the Code. Future ACS returns may focus on more specific areas of potential risk.

### Industry visits

As discussed previously, as part of the ACS program, the Code team continues to visit Mutuals to provide specific feedback on ACS results, amongst other things.

One of the current topics appears to be the diverse views of Mutuals regarding the use of the word 'bank' in their name.

### Compliance with KP5 – Code training

This is a proposed review examining Mutuals' compliance with Key Promise five (KP5) of the Code, in particular the section: *'We will make sure our staff and agents or representatives are well trained.'*

The proposed review will focus on how Mutuals train staff on the requirements of the Code. Training of staff in Code matters is important as it ensures that staff is aware of the Code and the benefits, rights and responsibilities of Mutuals towards their members.

Other than the reference to training in KP5 and in Part E.2 of the Code, the issue of training generally is not addressed elsewhere in the Code. By law, staff involved in the distribution of financial products, as defined in the Corporations Act 2001, must receive training consistent with the requirements set out in ASIC Regulatory Guide 146 (RG 146).

Whilst the CCC does not seek to duplicate ASIC's role in monitoring compliance with RG146 in undertaking this review, it does seek to engage in discussions with the Association and Abacus to ensure that all training materials for Mutuals staff, irrespective of subject matter contain relevant references to particular aspects of the Code and that relevant staff undertake full Code training at regular intervals.



## **Compliance with Code part D, section 12.3 - Guarantees**

Following a self reported breach of Clause D 12.3 by a Mutual, the CCC included a review of Mutuals' compliance with the obligations under section D 12 relating to guarantees in the 2011 ACS and undertook an Own Motion Inquiry for the first time. The Inquiry process was a learning process for both the CCC and the relevant Code Subscriber.

The CCC would like to congratulate the Mutual for its professional engagement with the CCC during the Inquiry and its diligent review of, and resulting changes to, internal processes and operations in its rectification of the alleged breach.

The CCC will review the data received from Part III of the ACS 2011 to determine whether it should undertake a more detailed industry review in this area.

## **Future Projects**

**In the coming months, the Code Compliance Committee (CCC) will:**

**In relation to the 2011 ACS:**

- consult with the industry, with particular emphasis on the ACS 2011 review;
- focus on breach management and assessment of breach registers as part of that review;
- address individual concerns with Mutuals as and when they arise through the ACS process; and
- review information received regarding potential Code breaches and/or systemic issues as a result of ACS data received from Code subscribers.

**In relation to previous CCC recommendations to industry:**

- review the extent to which Mutuals have incorporated the CCC's recommendations regarding visibility and access of Code, IDR and EDR information on their websites;
- review the extent to which Mutuals have considered and implemented the CCC's recommendations regarding incorporation of the Code into the written terms and conditions of those products and facilities to which the Code applies (as required under part B of the Code);
- review the extent to which Mutuals have considered and implemented the CCC's recommendations about stopping direct debit and recurring payment arrangements (as required under part C, section 20. Of the Code); and
- review the extent to which Mutuals comply with the requirements under part D, section 12.3 of the Code – no unlimited liability in guarantees.

### **Future Projects:**

- Verification process ACS 2011
- Ongoing visits to Mutuals
- Review Mutuals' consideration of recommendations issued by CCC
- Compliance review on guarantee requirements of the Code
- Develop ongoing communication plan



## In relation to other activities:

- publish the CCC bulletin *Accomplish* and post regular updates and the results of investigations on the CCC's website;
- publish the CCC's Annual Report;
- maintain and develop the CCC's engagement with key stakeholders;
- consult with industry regarding areas for improvement highlighted by the ACS;
- consult with industry regarding best practice guidelines and implementation of written policies and procedures; and
- continue the CCC's information sharing visits to Mutuals.

## CCC staff

The CCC has recently appointed two new staff members: Justine Percey and Robert McGregor, to assist it in its work.

Justine has an extensive background in business relationship banking in Australia and will be working as a part time compliance analyst.

Robert has an extensive background in compliance and retail banking in the UK. He is a part time compliance analyst who will also work on a number of compliance projects for the

## Contacting the CCC

### If you have a complaint -

If you believe a Mutual has breached the Code (and that Mutual has subscribed to the Code), you can:

- telephone CCC General Enquiries on 1300 780 808 between 9am and 5pm (Melbourne time);
- write to the Code Compliance Committee, PO Box 14240, Melbourne VIC 8001; or
- lodge a complaint online at [www.cccmutuals.org.au](http://www.cccmutuals.org.au)

### If you have a general enquiry or want to provide feedback -

You can write to CCC or call CCC using the details above.

You can also email your enquiry to [info@codecompliance.org.au](mailto:info@codecompliance.org.au).

### If you want to know more about the Code -

Copies of the Code and information about the Code are available on the CCC's website ([www.cccmutuals.org.au](http://www.cccmutuals.org.au)) and the Abacus Australian Mutuals website ([www.abacus.org.au](http://www.abacus.org.au)).

### If you have a media enquiry -

All media inquiries regarding the CCC should be referred to Dr June Smith, Executive Manager, at [jsmith@codecompliance.org.au](mailto:jsmith@codecompliance.org.au).

Newly appointed staff:

- Justine Percey
- Robert McGregor

**Email:**

[info@codecompliance.org.au](mailto:info@codecompliance.org.au)

**Phone:** 1300 780 808

**Address:**

PO Box 14240  
Melbourne Vic 8001

**Website:**

[www.cccmutuals.org.au](http://www.cccmutuals.org.au)

