

30 August 2024

Mr Nathan Milthorpe
A/g Assistant Director
Financial Capability & Procurement
Customer Financial Capability Branch, Working Age & Pension Program Division
Services Australia

By email: financialcapability.procurement@servicesaustralia.gov.au

Dear Mr Milthorpe

Response to the Consultation on the Code of Operation

COBA appreciates the opportunity to provide feedback on Services Australia's draft Code of Operation (the Code) which is due for renewal in October 2024.

COBA represents Australia's customer owned banks (mutual banks, credit unions and building societies). Collectively, our sector has over \$178 billion in assets and is the fifth largest holder of household deposits. Customer owned banking institutions account for around two-thirds of the total number of domestic Authorised Deposit-taking Institutions (ADIs).

Key points

Following consultation with our members, COBA is generally supportive of the proposed minor amendments to the Code.

COBA suggests clarifying the existing scope of the Code of Operation in the preamble to reflect part 4 of the Code.

COBA also recommends creating accessible lists of non-income support payments which banks are required to apply the Code to, and lists of payment types which banks are recommended to apply the Code to, for completeness and ease of reference.

Overall, we are supportive of the proposed minor amendments.

Following consultation with our members, COBA suggests clarifying the existing scope of the Code of Operation. We propose including the phrase 'arising from the account being overdrawn' in the following sentence "The protection of Services Australia income support payments or Department of Veterans' Affairs (DVA) payments made to customer-nominated bank accounts, where the customer has a recoverable debt *arising from the account being overdrawn*." This addition provides clarity and completeness by explicitly referencing the scope application at the start of the document to ensure that it is clear that it addresses situations where customers have a recoverable debt due to their accounts being overdrawn. This clarification is in line with Part 4: Application of the Code. COBA

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notes that this will prevent any ambiguity on application and ensure that the protection of these critical payments is not compromised, thereby safeguarding the financial wellbeing of vulnerable individuals who rely on these payments.

Our members raised another concern regarding the absence of non-income support payments such as redress payments in the Code (i.e. Youpla Support Program payments) despite these payments potentially being in scope of its practical application. As advised in an email from Services Australia to COBA on 2 August 2024 these payments are out of the code scope as they are not income support payments. However, COBA supports treating these payments under the Code given their importance as consumer redress payments.

COBA suggests Services Australia maintains a complete record with a list of all payments where banks are expected to apply the Code and a separate list of payments where banks are recommended to apply the Code e.g. Youpla Support Payments, for completeness and ease of use and reference. Where new payments may arise in between reviews of the Code, COBA suggests including an appendix which can be updated at short notice on the Services Australia website and email communication to all co-owners of the Code.

Thank you for taking the time to consider our feedback.

Please do not hesitate to contact Neha Chopra, Policy Manager (nchopra@coba.asn.au) if you have any questions about our submission.

Yours sincerely



MICHAEL LAWRENCE
Chief Executive Officer