

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS (THIRD REPORT)

Commonwealth Bank of Australia

CBA06QON: [67]

Ms MADELEINE KING: On another staffing matter, the Finance Sector Union started raising in 2009 the underpayment of superannuation to CBA employees. They thought it was a figure of 7,000. You said that was inflated. Then in August this year—on the same day, I think, that your resignation was announced, Mr Narev—CBA confirmed that, following a review, the number of CBA staff who had been underpaid had in fact risen to 36,000. That's a long step, and the ABC would be feeling a bit righteous about their position. They had been told 7,000, as with the FSU, and you'd complained about that, and here we are; it's 36,000. Given this issue was raised in 2009, why did it take till March 2017 to acknowledge that you'd been underpaying so many of your staff?

Mr Narev: The short answer to the question is: in 2009, at the time of a particular change in the legislation, a decision was made inside the organisation about the interpretation of that decision. Later—and I would need to check the timing; I think it was 2011-12—concerns were raised. They were looked at again in the context of that view that was taken at the time, and the claims were decided not to have merit. We looked at that again—and, again, I would need to check the dates but, from memory, it was the early part of this calendar year—and said—

Answer: This particular issue relates to a 'Superannuation Guarantee Ruling' made in 2009 by the Australian Taxation Office regarding superannuation payable to employees. In interpreting this ruling, Commonwealth Bank decided in 2009 that, while superannuation was payable on ordinary hours worked by part-time employees, it was not payable on additional hours or overtime worked by them.

In 2013, the FSU raised a specific claim for superannuation to be paid on an employee's additional hours. Commonwealth Bank responded consistent with its position that superannuation was not required to be paid on additional hours, over and above ordinary rostered hours. The FSU raised the issue again with us earlier this year at which time we looked at it again in detail. While there had been no change in the law, after this review we agreed that these additional hours should have superannuation applied to them.