

# HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

## REVIEW OF THE FOUR MAJOR BANKS (THIRD REPORT)

### Commonwealth Bank of Australia

#### **CBA26QW:**

As part of the review Commonwealth Bank expanded the scope to include all employee records from 2009. Commonwealth Bank identified approximately 36 000 employees who were owed some form of back payment totalling approximately \$16.7 million plus interest.

Your media release relating to this outlines that the total owed is \$16.7 million plus interest.

- a. How much is the interest component of the payment?
- b. Why have you not disclosed the interest component?
- c. Do you not think shareholders deserve to know how much in total this error has cost the business?

#### **Answer:**

- a. The total interest for the period from 1 July 2009 to 30 June 2017 is \$6.22m (\$5.60m of this relates to superannuation payments). This amounts to a rate of 10 per cent simple interest per annum on outstanding superannuation contributions and cash payments for impacted current and former employees, calculated to 31 December 2017. The rate of 10 per cent per annum aligns with ATO requirements.
- b. We disclosed that the payment would include a 10 per cent interest component in our communications to impacted current and former employees and the Financial Sector Union in August 2017.
- c. In an announcement to the market on 14 August 2017, Commonwealth Bank provided a detailed explanation of the underpayment and the impact on our current and former employees, including disclosing that interest would be paid and that the expected total payments and program costs have been provided for in previous financial years.