

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS (SECOND REPORT)

Australia and New Zealand Banking Group Limited

ANZ43QW: Sedgwick Review

For each of the following examples in the Sedgwick Review please state whether or not they come from your bank:

- (a) One plan awards the individual \$45 for every percentage point achieved above the sales target and \$30 for every product that is cross sold above a cross-selling target
- (b) An individual can receive up to \$500 per quarter solely by meeting cross-selling targets for Consumer Credit Insurance (CCI) and General Insurance (GI) products
- (c) One Manager scorecard entirely comprises financial targets. A weight of 50% is assigned to state sales, with the remainder related to the performance of the Manager's own team. In relation to the Manager's own team, the bonus is unavailable unless 60% of the team achieve or exceed their personal sales target with a further 20% achieving at least 80% of their personal target.
- (d) One customer-facing role can receive up to \$1,600 per quarter if their branch achieves two of the branch's product sales targets and cross-selling targets. Unless the branch meets its targets, however, each individual will be denied the reward they would otherwise receive for having met their individual sales targets (that includes cross-selling targets). The relevant Manager also receives a reward payment if the branch's product sales and cross-selling targets are met.

Answer: Example (a) relates to one of our Business Unit Incentive Plans (Home & Investment Lending Manager Incentive Plan).

This incentive plan is being replaced by a new discretionary balanced scorecard incentive plan from April 2017. We are introducing the new balanced scorecard incentive plan for Retail Banking frontline sales staff in our branches and contact centres from this date.

The plan focuses on customer, team work and 'well managed' metrics (~70%), as well as staff sales performance relative to target (~30%).

Examples (b), (c) and (d) do not relate to our bank.