

**Mr THISTLETHWAITE:** *This structure of incentivising through payments and commissions and the like, is this sort of behaviour suspended when an area might be in a natural disaster? I am told that the FSU wrote to you recently and asked you to suspend this payment system, this measuring of performance, in the wake of the floods that have occurred in south-west New South Wales but the bank refused to do so. You will not suspend these remuneration structures that incentive people to sell products at the Forbes branch of the CBA, where you cannot get into the bank because it is flooded.*

**Mr Narev:** *I can tell you that one area I feel very proud about is the Commonwealth Bank's reaction in its community with its own people wherever there is a natural disaster. That is where you see the bank acting at its best. I am not privy to the specific correspondence you are talking about. I am happy to have a look at it. But I absolutely stand behind the principles we have: when there are natural disasters, the bank is a criteria I part of the community. Some of the most consistent, positive feedback I always get- and it has happened again over the last week-is how the bank was there for the community where it needed to be and how people have acted, and we do everything we can to support them now and-*

**Mr THISTLETHWAITE:** *Did you suspend that system in the case of Forbes?*

**Mr Narev:** *I would need to check that in the specific case [ ... ]*

**Mr THISTLETHWAITE:** *Thank you. I have just got one more thing. I mentioned earlier a letter from the FSU about floods. I may have misled you. It did not relate to the current floods. It relates to floods in 2013, but I will table that letter and provide it to you-*

**Mr Narev:** *And we will still respond to it on notice.*

**Mr THISTLETHWAITE:** *and if you could come back to us on whether or not you responded to it.*

#### ANSWER

In circumstances like natural disasters, discretion can be applied if it is considered that incentives have been unfairly impacted. The Executive General Manager Retail Sales oversees such adjustments. Requests that incentives be adjusted can be raised either by line management or by the employee themselves.

The letter from the FSU which has been provided to Commonwealth Bank by Mr Thistlethwaite's office was dated 30 January 2013 and does not refer to Forbes. Commonwealth Bank responded to this letter on 5 February 2013.

The town of Forbes flooded in March 2012. The CBD was evacuated on 7 and 8 March and as a result the branch was closed for two days. The branch reopened on 9 March as it was not impacted directly by flood waters. The incentive system for Forbes was not suspended, but in any event the incentive calculations in that year were in line with those of subsequent years.