

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS

NAB

NAB51QON:

CHAIR: How many staff just default to the fund versus how many actually check or choose an alternative option?

CHAIR: I don't have that detail here with me. We will have to come back to you on that.

CHAIR: Okay. I'd appreciate that very much.

Mr McEwan: Just so we can get the right details to you, what are you—

CHAIR: I'm happy to put these further questions on notice, but the principal thing I'm interested in across the entire super system is the extent to which money that Australian workers are owed is paid into their superannuation accounts and the delay that's occurring. Is it going straight in? We heard yesterday that Cbus has a clearing house. It isn't clear how long money sits in that clearing house, what happens to the money that isn't allocated to an account and whether that money is used and then accrues interest at that point. I want to make sure that money is going straight into people's accounts and it's being used for that purpose and the interest that's accruing is going to the people whose money it is. That is the primary interest. You have your own systems, so I'm interested in yours as well.

Answer:

NAB's Enterprise Agreement (EA) facilitates a full choice of superannuation funds to employees for their superannuation contributions. The EA also contains a clause which stipulates that if an employee does not choose a superannuation fund, the default fund to which their superannuation contributions will be made by NAB is the MLC Super Fund (or successor). As at 11 September 2020 19,508 or approximately two-thirds of employees are paid their superannuation into the MLC Super Fund (Plum) and 9,754 or approximately one-third of employees are paid into their superannuation fund of choice.

NAB Payroll utilises a clearing house provided by SuperChoice, an external company. The clearing house is offered by Plum (a division of the MLC Super Fund), which administers our default NAB Group Super Fund. The clearing house will transfer the funds to all super funds, including to Plum within one banking day if paid by Direct Credit, and within three banking days if paid by Direct Debit.

In relation to the default NAB Group Super Fund administered by Plum, the funds are credited to the members' accounts effective the date the funds are received by Plum, and sufficient information provided to allocate the funds. The administrator, in line with SuperStream regulatory standards may take up to three business days to process the funds to the account, but they will be applied effective the date of receipt. The members are considered to be effectively invested from the date the funds are received by Plum.

We cannot comment on how efficiently other super funds apply the funds to their respective members' accounts. As outlined above the external clearing house will transfer the funds to Plum and other funds that employees choose within three banking days. Plum have robust controls and obligations in relation to allocation of funds to members' accounts. Any funds allocated outside three business days from receipt are reported via our breach obligation channels and Breach Review Committee. This is not a common occurrence.