

**Parliamentary Joint Committee on Corporations and Financial Services
Inquiry into the regulation of auditing in Australia**

EY Responses to Questions on Notice 21 May 2020

Question Number:	26-01
------------------	-------

Cuts to staff pay and hours: How many staff have had their hours and pay cut. Please answer by division, the number of staff that have had their pay cut, the total number of staff and the level of the cut.

Answer: EY's primary focus during the COVID-19 pandemic has been to protect the health of our 8,200 employees and the community, while ensuring that we preserve as many roles as possible given the associated economic downturn.

Where this economic downturn resulted in a decrease in demand for our services, in certain parts of our business some of our people were asked and agreed to reduce their hours (with a commensurate reduction in pay). A core commitment was made to ensure that none of our employees would be asked to work the same number of hours for less pay.

In addition, a commitment was made to all our employees, which is only appropriate and fair, that the partnership would take a bigger percentage reduction to their annual earnings than that of our employees.

An agreed three-month temporary 20 percent reduction in hours (and pay) impacted less than 25 per cent of EY's workforce, which equated to a 3.3 per cent reduction in their annual income for the financial year ended 30 June 2020.

About one per cent of the workforce agreed to their hours (and pay) being temporarily reduced by 40 per cent for a three-month period.

All employees that had modified working arrangements in financial year 2020 have been advised that they will receive a COVID-19 Recognition Bonus of one per cent of their annual income which will be paid in July 2020.

All EY employees, regardless of whether their work arrangements were modified as a result of COVID-19 have been advised that they are able to access two days of COVID-19 Recognition Leave between 1 July 2020 and 30 June 2021 to recognise the significant contribution they have made to providing outstanding service to our clients during this period and/or the sacrifice made in agreeing to reduce working hours.

No audit staff have had a reduction in work arrangements.

Question Number:	26-02
------------------	-------

Cuts to staff pay by more than 20%: Have you cut any hours or pay by more than 20%? Please detail.

Answer: Please refer to our response to question 26-01.

Question Number:	26-03
------------------	-------

Cuts to partners pay: What is the exact amount partners are having their pay cut?

Answer: EY's partners have been advised that monthly drawings will be reduced by up to 25 per cent between April and September 2020 in anticipation of a reduction in profitability and to ensure sufficient liquidity to cover debts of the business as and when they fall due.

While the financial year has not yet completed, the latest formal guidance to partners has been that their annual earnings will be reduced by approximately 10 per cent.

As referenced in the answer to question 26-01, EY has made two foundational commitments to our people:

1. no employees will be asked to work the same number of hours for less pay;
2. the partnership will take a bigger percentage hit to annual earnings than that of our employees.

Question Number:	26-04
------------------	-------

Cuts to pay by division: What is the exact percentage cut by division?

Answer: Please refer to our response to question 26-01.

Question Number:	26-05
------------------	-------

Income range for partners: What are the income ranges for partners?

Answer: This information is commercial-in-confidence.

Question Number:	26-06
------------------	-------

Staff pay cuts v equity partner cuts: Are the staff pay cuts being used to soften the equity partner cuts?

Answer: No.

As referenced in the answer to question 26-01, EY has made two foundational commitments committed to our people:

1. no employees will be asked to work the same number of hours for less pay;
2. the partnership will take a bigger percentage hit to annual earnings than that of our employees.

Question Number:	26-07
------------------	-------

Total savings from staff pay cuts: What amount are you planning to save through staff pay cuts?

Answer: This information is commercial-in-confidence.