FINANCIAL REVIEW

ANZ, Macquarie bankers face July 1 super pay hit

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ANZ staff are upset with its decision to cut their take-home wages on July 1 to fund an increase in superannuation payments, putting them out of step with the rest of the big four banks and other professional services firms.

In an email circulated to staff last Tuesday, ANZ's group executive for talent and culture Kath van der Merwe told employees their take-home pay would fall next month – when the superannuation guarantee increases to 10 per cent – if their salary packages were inclusive of superannuation.

"While your [total package] will not change, you will see your gross take-home pay/salary reduced slightly by 0.5 per cent as a result of the increased SG rate, and being paid instead into your elected superannuation fund," the email said.

In an internal discussion thread for affected employees, seen by *The Australian Financial Review*, a handful of staff criticised the move, which one worker described as a "frustrating decision, made by highly paid execs who wont [sic] notice their pay cuts". The timing of the announcement was labelled "conniving", given it came after the completion of an internal survey.

Another employee said they had "presumed that 0.5 per cent would have been added to employees' packages to compensate them for the change" since ANZ staff were “coming off the back of 0 per cent increase the year prior”.

The mandated lift in the superannuation guarantee to 10 per cent comes into effect on July 1. Companies that use a “total package” structure for salaries to combine base pay and super are not legally obliged to lift pay in response to the change, unlike employers that pay staff a base amount plus super.

One worker said the cumulative impact of the decision could be significant were ANZ to repeat the move in subsequent years, given the superannuation guarantee is legislated to increase from 9.5 per cent to 12 per cent [in 0.5 percentage point increments until 2025.]

”So basically ANZ plans on saving itself 2.5 per cent of all group 1-4 salaries over the next five years of SGC increments. For the example used, that $100k employee will lose access to about $1500 a year of after-tax income, every year. That’s a mortgage payment, a full year of utility bills,” wrote the employee.

Macquarie employees

It is understood that workers at Macquarie Bank will also see their take-home pay fall on July 1, since their remuneration packages are inclusive of super. The bank declined to comment when contacted by the *Financial Review*.

The decision puts ANZ and Macquarie Bank staff on a worse footing than their colleagues at other major banks, who will be spared from a take-home pay cut next month.

A spokesman for Westpac told the *Financial Review* it paid superannuation on top of employees’ base salaries, meaning it did not have the option to fund the super increase by lowering take-home pay.

A spokeswoman for CBA said the bank will “fully fund the 0.5 per cent superannuation guarantee increase from 1 July 2021 for our employees in Australia, with contributions being on top of base salary”.

A NAB spokesman said the bank's staff already received 10 per cent of their salary in superannuation, meaning there will be no change to their packages on July 1.

ANZ and Macquarie Bank's decision also stands in contrast to some other professional services firms, which have committed to boosting employee packages on July 1 to shield their workers from a decline in take-home pay.

'Wage theft'

The Finance Sector Union launched a petition on Monday urging ANZ to reverse its decision, which it said was akin to the bank exploiting a loophole. The petition notes ING recently backtracked on a similar decision following pressure from staff and the union.

FSU national secretary Julia Angrisano accused ANZ of "wage theft" and said the bank was "subsidising their profits with worker's retirement savings".

"ANZ wouldn't dream of doing something like this to their customers, and they ought to urgently reconsider the decision to do it to staff," she said.

An ANZ spokesman said the staff affected were "more senior employees in head office roles".

The change would not impact the majority of the bank's branch staff and contact centre workers, since their superannuation was paid in addition to their base salary. The bank would consider the increase in the super guarantee at the next annual remuneration review, the spokesman said.

'Long-term pain'

Liberal backbencher Jason Falinski said the situation at companies such as ANZ and Macquarie Bank proved workers pay for higher superannuation out of their own pockets, and said the government should abandon the scheduled increase to 12 per cent.

"No one should be surprised that an increase in the superannuation guarantee is decreasing people's wages," Mr Falinski said.

“Every Australian economist not paid by industry super has said it for two decades.

“This is the start of long-term pain for employees and wage growth, with the guarantee set to move up to 12 per cent by 2025.”

The decision by ANZ and Macquarie Bank would seem to contradict the findings of a report by the Association of Superannuation Funds of Australia, released last week, arguing in favour of the legislated increase in the superannuation guarantee.

The report found businesses “can afford to pay the scheduled increase in full, without cutting take-home pay”.

But the Grattan Institute’s economic policy program director Brendan Coates said ASFA’s analysis was flawed.

“The argument being put here is because employers can ‘afford it’ they will pay it, but there’s nothing in the mechanism of superannuation that ensures that will occur,” he said.

“In fact, if worker bargaining power is weaker today, then we should expect the pass-through from super to wages growth to be stronger relative to history.”