

# A tale of two takeovers

## Westpac slays the dragon

All it took was a secret deal done over one weekend, and Westpac had slayed the dragon after the St. George board, without regard for staff or customers, agreed to fall at the feet of its larger rival.

While all the usual media spin oozes from both CEO's about how wonderful the takeover will be, the fact is in accepting Westpac's offer, the two boards have put at risk the jobs of up to 5000 people, the pay and conditions of thousands more and risked alienating loyal customers.

While the individual board members at St. George are estimated to have made a combined \$3.4 million personal profit when they decided to sell out, it's a disaster for jobs in NSW as both employers are based here with both having head offices and large processing centres in Sydney. That level of duplication is not sustainable after the takeover. There is also a large duplication of branches in towns across NSW and the ACT with 90% of towns and suburbs with a St. George branch also having a Westpac outlet. Both banks have been exploring offshoring non-customer facing jobs in recent times and if the merger goes ahead these plans are likely to pick up speed.

In an article in the Australian dated 27 May, Westpac says it will quickly make annual savings of 20-25% of St. George's current cost base. Westpac won't make that level of savings without radically cutting jobs, closing branches and removing duplicate head office and processing functions.

Interestingly, WBC staff are being told all the job losses will come from St. George and St. George staff are being told they'll have new opportunities in Westpac. One thing's for sure, jobs will go and workloads will increase.

Under current laws, St. George conditions of employment need only be kept for a period of 12 months after a takeover is finalised. St. George staff could then be on inferior Westpac conditions.

St. George and Westpac have very different cultures and have each been strong competitors in NSW and ACT since St. George took out its banking license in 1995. The St. George board is putting St. George to the sword in the name of short term profits on shareholdings to the detriment of its staff and customers.



## IAG - '...no thanks QBE!'

20 May - Sydney... IAG announce they have rejected QBE's takeover in a move heralded by some as courageous and in the best interests of an undervalued IAG, the customers and the staff, and by others as madness as they see their share price and individual wealth dip.

The fact is, IAG is currently undervalued for a number of reasons and QBE's bid was too low. Something former CEO Mike Hawker believed before he fell on his sword and left IAG reportedly because he had lost the confidence of certain shareholders.

However, the share price has fallen and now it seems some change is inevitable.

One of two things will happen. IAG will accept a bid from a rival player or it will undertake a program of cost cutting to improve the share price. Either way, staff will be affected.

The key question then becomes, will staff get a say in the process that affects them? The board's decision not to sell out was the right one, but now the management of IAG needs to ensure that in saving the independence of the company they do not destroy it from within by imposing impossible demands on the workforce.

The way forward for the IAG board and management must be in partnership with the staff because their fates are joined. This is a great opportunity now for IAG staff to speak up and have their say collectively to become genuine stakeholders in the future success of the company rather than being left powerless as IAG either accepts an offer of takeover from another company or starts a program of slash and burn cost cutting.

IAG staff can call FSU or visit our website and find out how you can be involved!

NO MORE JOBS LOST  
**NOTAKEOVER**  
NO MORE SERVICE CUTS

Join the *stop the takeover*  
group today!

**1300 366 378**

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## Secretary's Report

### Mergers, Takeovers – Winners & Losers



**Geoff Derrick**  
State Secretary

Westpac, St George, IAG and QBE are all in the news because of corporate takeover activity. When these things happen, there is always a list of winners and losers.

#### Senior Execs – Winners

They either get fat bonuses and higher salaries for pushing through rapid change or they receive golden parachutes to move on in the corporate world. Either way, they win

#### Shareholders – wait and see

They can either get an immediate gain or suffer a setback in capital value. Longer term results are not assured; look at the disastrous AMP takeover of GIO and the ill-fated NAB takeover of Homeside (USA).

#### Customers – Losers

Reduced competition leads to fewer choices, higher prices and lost services. Look at the impact on groceries and petrol prices since the concentration of market power by Woolworths and Coles.

#### Staff – Losers

Whether the takeover bid is accepted (Westpac and St George) or not (QBE and IAG) there will be serious job losses to shore up the share price in the short term. Back office is cut back or outsourced, off-shoring plans are accelerated, head office is reduced and the frontline sees closures and lower staff levels.

While jobs are declared redundant, not everyone gets a package. Many are forced to take new jobs, often many kilometres from

their home or current workplace. In the case of Westpac / St George, Westpac has promised to keep all ATMs and “a corporate presence in Kogarah”; there are no promises about the future of St George call centres, the two CBD Head Offices, the Westpac Concord service centre, or Westpac’s Epping Cards operation. The promises about branches seem hollow considering the previous disappearance of Westpac takeover targets Bank of Melbourne (Vic) and Challenge Bank (WA) and given the 90% overlap in branches in NSW and ACT between Westpac and St George.

In IAG, the CEO has already been replaced and a “full review of operations” is underway with a view to cutting costs and jobs.

Finally those who survive the changes in a takeover then face the prospect of losing their current terms and conditions of employment with current laws that say the new employer is only required to honour these conditions for the first twelve months and then is free to change them unilaterally.

More losers than winners – that’s why we need to work together to stop takeovers that are not in the national interest.

## FSU Contact Details

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### NSW/ACT Executive

The NSW/ACT Executive is made up of finance industry workers and is the governing body of FSU in NSW & the ACT.



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#### Insurance Member Council

To be filled 3 June

# ▶ VOX POPS

FSUBites asked members what they think of the proposed Westpac/St George merger...



"At the end of the day, do I want to be put in the position where a Westpac employee is compared to a St George employee and only one of us gets a job?"

- Tony Blaney, Westpac



"What's left for the future? What jobs will be left? Where will these jobs be? What rights are we going to have?"

- Samar Chami, St George



"I don't want to lose our guaranteed pay increases to unfair performance based pay systems."

- Lou Ellul, St George



"I'm worried for myself as well as my peers for all of the hard work we have put into getting our conditions."

- Nissrine Hallak, St George



"The biggest concern for me is the security of our jobs. It worries me that a lot of people in Westpac think it's going to be ok and that there's nothing to worry about but I fear that we may not like what the future brings us and then it's too late."

- Annette Glandian, Westpac



"I don't want to lose our enterprise agreement."

- Sue Lazenby, St George



"In the not too distant future I see the inevitable downsizing after they figure out how to integrate the computer systems making it that much easier for Westpac to go ahead and offshore jobs. It's dangerous to assume only St George jobs are at risk from a Westpac employee perspective."

- Carolyn Blackburn, Westpac



"We Need to keep our rights at work. Westpac do not offer the same conditions."

- Pat Cash, St George



"Lost jobs, lost identity for gain in corporate greed."

- Greg Owens, St George



"Will we loose all of our hard earned conditions and rights? Once St George is gone it will be gone forever, part of history gone!"

- Lorraine Morrell, St George

## Before a takeover of this size can go ahead the following must happen;

- **APRA approval** (will they be able to pay their bills after the merger?)  
comment: don't expect many fireworks here
- **ACCC approval** (is the takeover anti-competitive?)  
comment: of course it's anti-competitive; we just have to prove it.
- **Federal Treasurer approval** (is it in the national interest?)  
comment: up to 5000 jobs to go, 25+% market share in NSW/ACT – if jobs and competition are the test the answer seems simple.
- **Shareholder approval** (will a majority of both groups approve the arrangement?)  
comment: the test is by share numbers not individuals – expect the big end of town to swing in behind the board here.

# QBE offer rejected for now... Watch this space!

On May 20, the IAG Board rejected QBE's revised informal offer to take-over IAG.

QBE told the market that this offer was final so many employees at IAG sighed with relief.

Industry analysts suggest that, however, this may not be the end of matters. QBE or another competitor could still try to take over or merge with IAG in the future.

Now that the IAG Board has rejected QBE's offer, IAG will be under enormous pressure to improve bottom line results.

Already IAG's Chairman James Strong has indicated that they will review all operations and structures. Mike Hawker has been replaced as CEO by former Promina boss Mike Wilkins.

From past experience, FSU members know all too well that operational reviews inevitably lead to job losses, changes in reporting lines and cost-cutting exercises. What follows is disruption to working lives and often increasing demands for even higher performance from staff, always under the threat that failure to reach new goals will jeopardise job security.

"Whether we're bought by someone



FSU IAG Rep Kim Bryant

else or the company starts reviewing operations change is already underway", said FSU IAG Rep Kim Bryant.

"We need to get on the front foot now by joining our Union, being active and supporting each other as we work to look after the interests of staff as IAG seeks to look after its bottom line", she said.

Part 7 of the IAG Enterprise Agreement sets out conditions for employees in the event of redundancy, redeployment and retrenchment.

If you have any questions about restructuring that is occurring in your workplace, call the FSU Member Rights Centre on 1300 366 378 or go to [www.fsunion.org.au](http://www.fsunion.org.au) for information, advice and support.



## Gossip!

### The merger hits facebook!

A group of concerned St. George staff have started a group on facebook against the proposed merger of Westpac and St. George called *If we wanted to work for Westpac we would have!* The group has grown rapidly and has hundreds of members already. Check it out, and some of the comments people are leaving for yourself at: <http://www.facebook.com/group.php?gid=13933669607>

### Payout... What payout?

According to media reports IAG's Mike Hawker fell on his sword and resigned as CEO of the IAG group citing a loss of support from key shareholders. Normally when these things happen the media is very keen to report on the huge payout the CEO gets as they depart but this time it's all quiet on that front. Is Mike the first CEO in corporate history to leave without a golden parachute?

### The clock is ticking....

A company that provides back office processing functions is so keen on micro-management that with each batch of work staff are given, an alarm clock is also provided that physically sits on top of that pile - set for twenty minutes. When the alarm goes off, the supervisor walks over and expects to take away the completed work, regardless of any problems or complexities associated with that particular batch!

## Vale Chris Wright

FSU Insurance Member Council President Chris Wright lost his battle with cancer and passed at his home among family last month.

Chris was a union member all his life and served in elected positions twice; first as a Branch Committee member in the Australian Insurance Employees Union NSW Branch in the early 1980's and more recently as Insurance Member Council President for NSW/ACT.

Chris was a great advocate for working people everywhere but especially in the insurance industry and in particular IAG.

He had a keen interest in politics and was an avid cricket fan, being very active in the Blacktown District Cricket Association as an administrator.

Chris your dedication, good humour, hard work and commitment will be sorely missed by all who knew you.

RIP Chris Wright.

