



A Job for All

Proposals to retain ANZ National staff affected by offshoring of work

Background

In April 2008 ANZ National announced its intentions to send around 5% of its work to Bangalore, India. We estimated this would equate to between 420-500 back office jobs.

At the time of the announcements the bank briefed Finsec on its plans to provide a job to all staff that wanted one. Work could be provided either through reconfirmation into a fewer number of back office roles that would not be offshored or through redeployment into another area of the bank. Affected staff were told transition support would be introduced to assist them into another area of the business should staff want to move there.

The bank's media release of 17 April 2008 *stated*:

"Our goal is to redeploy ALL our people who may be affected by this initiative, and we are confident in achieving this goal because with normal staff turnover we employ around 800 new people in Wellington and Auckland each year. The staged shift of work over the next 18 months will also help staff, who wish to be re-deployed, find a suitable alternative role within the bank. As a result none of our staff need to lose their job."

Then General Manager of People Capital Andrew McSweeney restated this point on National Radio, saying:

"No one in the bank will need to lose their job at all as a result of this process."

Staff were also advised in no uncertain terms that anyone who wanted a job could get one. In bank presentations to all potentially affected staff and presentations to staff specifically affected in the CTSC and the LSC at the time offshoring was confirmed this point was reaffirmed.

For example, a communication to affected staff in May 2008 said:

"We're not able to provide any guarantees for your successful redeployment as it is in no-one's interest to put people into roles where

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they may not be suited, and staff will be required to go through a selection process for roles. But with the levels of attrition the bank experiences, and more than 800 roles available in Auckland and Wellington each year, we're confident that redeployment will be possible."

In a presentation to staff in July, ANZ National said they would be

"Maintaining staff at about our present levels but with a higher percentage in customer facing roles."

The bank's position

ANZ National's profits continue to hold up well despite the global financial crisis. The year to September 2008 profit announcement of \$1.163 billion came after a more than 25% increase in profit over the previous two years.

At the same time the bank's relative costs have been steadily decreasing. Their cost to income ratio fell by 5% in 2007 alone.

ANZ National is also benefiting from the drop in the New Zealand company tax rate. Based on their 2007 tax bill, Finsec estimates that this tax cut is likely to deliver the bank an extra \$53 million this financial year. In addition, ANZ National will also benefit from Indian tax exemptions to companies like ANZ that establish businesses in Bangalore.

Senior executive salary packages continue to be lavish, with the New Zealand CEO's total remuneration package totalling NZD\$2.4 million in the last financial year. The total for all disclosed executives was over AUD\$15 million. These salary packages could keep 300 New Zealand bank staff on a wage of \$50,000 in work.

The position of affected staff

Staff who lose their jobs as a result of this offshoring will enter a difficult job market. The unemployment rate jumped to a five-year high of 4.6 per cent in December, up from 4.2 per cent in September and 3.4 per cent a year ago. At 105,000, unemployment was up 11,000 on September and 29,000 on December 2007. In Auckland the rise was steeper, to 5.2 per cent from 4.4 per cent in September and 3.5 per cent a year ago.

Economists are predicting that unemployment will rise to 7% or higher over the course of this year.

While household debt fell by 0.1% at the end of last year, it should be noted that it has dropped slightly from an all time high brought on by consistent increases since records began in 1992. Many mortgage holders are locked into high interest rates, and property prices have dropped by 8.3% in the last year.

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Current problem

The bank has now advised Finsec that there may not be a job for all affected staff. The bank is also seeking to downplay redeployment opportunities. This information is consistent with feedback we have received from Finsec members in affected sites that many of them, despite applying for other roles, have been unsuccessful in securing another job.

In addition the bank has advised Finsec that the current economic environment is a new factor to be considered and the cause of fewer jobs being available.

This paper sets out a range of options that Finsec believes can contribute to the bank making work available to all staff that seek employment.

Recommendation 1: *Allow those who want to leave the bank to leave*

Once an announcement of offshoring has been made staff generally fall into one of three categories:

1. Those who want redundancy and to leave the bank
2. Those who want to stay working at the bank.
3. Those who are unsure what they want to do and need more information in order to make a decision.

We believe providing a job for all will be made easier by more precise segmentation of staff preferences.

We submit that any person who states they wish to be made redundant should have that wish agreed to and be taken out of the redeployment pool.

Acceptance of this recommendation would assist in narrowing down the number of staff seeking redeployment into a remaining role or an alternative role.

Recommendation 2: *Freeze external appointments until all staff have an alternative job*

We are aware that some staff who have sought alternative work in the bank have been unsuccessful in obtaining it, and that the bank continues to appoint externally to vacant roles.

We believe the bank's primary obligation is to staff affected by offshoring. As such we request that the bank does not make external appointments into roles that affected staff have placed an expression of interest in.

Furthermore, any back office role that becomes vacant during the timeframe of the offshoring process that is either directly comparable or similar should be offered to staff affected by offshoring in the first instance and should not be advertised either internally or externally until affected staff have considered it.

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Recommendation 3: *Extend the redeployment timeline by only sending work to India when all affected staff have an alternative job*

Extending the redeployment timeline creates more opportunities for people to find alternative work, either inside or outside the bank.

We propose that the bank slows down the transition of work to Bangalore in order to keep more of the work in New Zealand in the medium term. We believe one way to do this is to only transition work once all staff in a particular team affected by the offshoring either have taken redundancy, been redeployed into a remaining role, been redeployed elsewhere in the bank or are in some form of agreed training.

While this will slow down the transition of work to Bangalore, at this time we believe the bank has a greater obligation to its local staff and the New Zealand economy by keeping people in work.

Recommendation 4: *Create an 18 month window for people to return to work in the bank*

In the event that a role cannot be found for someone we propose that the bank pay redundancy, but provide preferential reemployment for 18 months in order to facilitate an affected staff member returning to work with the bank.

We propose that affected staff should have first right of refusal into directly comparable roles and be given preferential treatment in relation to roles that are similar in skills and tasks to the job they previously performed.

This is a variation on the leave without pay model being proposed by Rio Tinto at the Tiwai smelter in Bluff.

Recommendation 5: *Create a bank upskilling and retraining academy*

In order to transition staff to alternative areas in the bank we believe significantly more resource and support needs to be offered to incentivise staff looking at alternative non-comparable roles. Changing career paths is not easy and we do not believe that the upfront programme (no longer advertised anyway) is sufficient.

A skills academy would:

- Provide in depth skills training in the different roles available in the bank.
- Provide other skills training where appropriate to support someone into a new role, i.e. literacy, numeracy, customer service skills etc.
- Provide full pay for staff while the training is being undertaken.
- Provide career change support and mentoring.
- Employ specialised trainers.
- In the longer term be NZQA recognised so as to provide transferability of skills.

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Recommendation 6: ANZ National pay for staff to undertake alternative skills training

Investment in skills is critical during economic slowdowns.

We propose the bank offer staff who want work within the bank but cannot be redeployed into another job the option of fully funded retraining through an approved external tertiary education provider.

This scheme would cover the course fees and associated course costs for up to four years of tertiary education study (within the same course). Such a programme would assist those made redundant to find alternative work by developing their skills in a different area.

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