

# ANZ National Negotiations - 24 July 2008

Thank you for resuming negotiations this week. When we last met, we said that a 4% pay rise would not be well received by members. The outcome of the indicative vote is 85% of those who voted, rejected the bank's offer. The main reasons given by members were that a 4% salary increase is not enough and that red circling is inherently unfair.

We would like to present you with 1,025 "Fair Pay Invoices" which endorse the reasons why the bank needs to improve its offer from 4% to 5%. Many refer to the very real 'income crunch' members are experiencing and many express what they believe the bank's current offer says about their relationship with the bank.

We would like to be very clear that both parties need to find a settlement today that delivers 'real' pay rises. We have come to the table with an ability to negotiate toward that end and hope the bank has too. Let's look at a number of issues central to the debate on the size of the pay increase as follows:-

## **Affordability**

It is beyond debate that the bank can afford to increase its pay offer. By our calculations, moving from a 4% to a 5% pay rise for our members would cost the bank no more than \$1.4 million or 0.12% of the bank's profit after tax in the 2006 / 2007 financial year.

## **Costs of living for Staff**

The bank is aware that costs of living are increasing. We all know that petrol has increased by more than 25% in one year, dairy products have risen dramatically, power and gas costs are up, food prices are up, interest rates are up etc. Perhaps the most significant point about these increases is the impact they have on people on low to medium fixed incomes - our members. The impact is disproportionately felt because it is in core areas of expenditure that people simply can't do without meaning that many are having to make real changes in their lifestyle simply to pay

for the basics of food, shelter and transport. The bank should and must recognise this is a reality for most of their employees.

In addition we know that most commentators are expecting CPI to continue rising in the short term with many expecting it to hit 5% in the year ending September 08. In this context, our claim for a 5% pay rise is very reasonable.

### **Pay Fairness and Relativity**

Over recent years, banking industry negotiated pay rises have generally seen 'real' wage increases being delivered to workers. Such outcomes reflect a number of key factors such as continued high levels of profitability increases, recognition of work intensification, reductions in cost to income ratio's, and so on.

The expectation that this should continue in our industry is not an unreasonable one and yet under the bank's current offer, the opposite will occur - 'real' cuts in income will result. Staff rightly ask, in this environment, given the bank's good financial position, given our hard work and contribution, is this fair?

The main justification the bank has presented for its low offer is that you are the pay leader in the industry so can afford to offer less and still retain that position. Whilst we refute this view (a comparison of pay ranges for similar jobs across other banks shows otherwise) our members rightly question the values behind it.

Members ask why when the bank is striving to be the best and they are constantly told that this is what it takes to maintain 'competitive advantage', is the bank then prepared to repudiate such values when it comes to pay rises?

Your current offer (were it accepted) would mean that ANZ National has offered smaller annualised percentage pay increases than its competitors for more three years. The bank is now running the real risk of further damaging its reputation with its staff which can only be detrimental.

Given the issues outlined, the fact that your competitors will or have paid 4.5%, 4.75% and 5% pay increases this year, members clearly expect you to offer 5%.