

Features Extra:

Andrew Denton goes blah, blah, blah

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Only memories left of the people's bank

Quickly and quietly Victoria has lost an important piece of its history with the merging of the State Bank with the Commonwealth Bank, writes **Peter Schumpeter**.

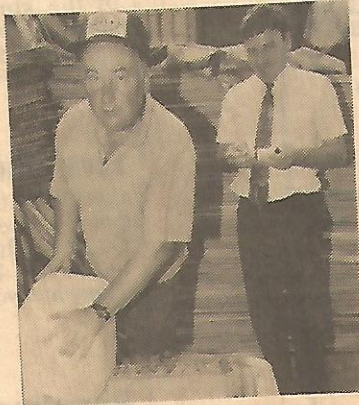
IT HAS taken little more than three years for the Commonwealth Bank of Australia to completely swallow and digest that venerated institution, the State Bank of Victoria, with seemingly only a burp here and a hiccup there.

Any evidence that the State Bank had existed in Victoria for nearly 150 years has been relegated to the history books. All four million or so of the State Bank accounts have been converted. The signs or logos have gone. The whole operation has even been achieved a year ahead of time.

Since the merger on 1 January 1991, nearly one-quarter of the former State Bank's 526 branches have been closed in Melbourne and country areas. The Commonwealth's staff numbers in Victoria have been cut by 4800. The figure includes 1858 people who chose to be retrenched and 467 who did not.

The Commonwealth says there has been no bloodletting of State Bank staff: about 60 per cent of its Victorian staff are ex-State Bank employees, the same proportion as at the start of the merger. But the Commonwealth Bank Officers Association says about 80 per cent of the retrenchments have been from the ranks of the State Bank.

The union's state secretary, Mr Steve McKenna, says the merger has made life difficult for both staff and customers. State Bank staff have needed to learn the Commonwealth way of doing things, which in some instances, as in the area of teller services, has been well behind the State Bank way. For customers, the changeover has meant waiting longer in queues and generally poorer service, Mr McKenna says. The Commonwealth Bank's Victorian general manager, Mr Alf Long, acknowledges all this.



Matt Dillon at work for a one-time customer, Stephen Wyles.

‘THE State Bank was like a big family. Now the family's gone, finished’. Matt Dillon, 45, took voluntary redundancy as a suburban State Bank branch manager last year. It was the only job he had known.

“At the State Bank customer service was number one,” says Mr Dillon. “But since the takeover the management of the Commonwealth has shown utter contempt for the people of Victoria . . . You can't go into a Commonwealth Bank branch nowadays without standing in a slow-moving queue.

Mr Dillon now works three days a week as a business consultant and the other two days laboring at a Bayswater factory run by a former long-time customer, Mr Stephen Wyles.

“I once saw myself staying at the State Bank until my retirement age,” he says. “But I'm glad I got out when I did.”

“There has been a bit of heartache,” Mr Long says. “But any merger involves drawbacks. When you look at the magnitude of the task we had, it's gone reasonably well.” The bank is now working hard, he says, at rectifying the problems.

Mr Long makes no apology for moving quickly to wipe away the State Bank. “We wanted to make (the takeover) a very successful commercial exercise. To that end we produced a plan that required we complete the integration of the two banks in about 12 months' time from now — we have already achieved that. The cost savings we projected we're achieving, staff numbers have been reduced and we're rationalising the branch network.”

It was never an option for the Commonwealth to retain the State Bank name and network in Victoria after the sale. Apart from anything else, federal banking laws would prohibit this.

Like it or not, the sale of the State Bank made its extinction inevitable. But the question remains whether the former Kirner Government needed to sell the bank in the first place. A Melbourne University professor of finance, Kevin Davis, doesn't think so.

Professor Davis says the Government did not adequately explore the option of keeping the bank. He be-

lieves the Tricontinental debt could have been paid back in 10 years without any need to sell the bank. “The State Bank could have been retained, there's no question of that,” says the professor, whose arguments were dismissed by the State Government at the time of the sale.

“Even by selling the bank, we are still saddled with the Tricontinental debt as the sale did not include Tricontinental (which the State Government took over). In terms of the State Government's balance sheet, all that selling the bank did was that we gave up one asset — the State Bank without the Tricontinental debt — and we used the proceeds of that sale to reduce some Government borrowings.

“That's really a balance sheet transaction and one has to ask is that necessarily a good thing. It's like saying that BHP should sell off some of its businesses to reduce some of its outstanding borrowings. But we don't say that. Instead we ask are the businesses worth having and do they justify the financing costs of owning them.

“The State Bank was worth holding on to because what was sold was essentially the good part of the bank, the part that could generate future income for the State Government,” Professor Davis says.

Vale, the people's bank.