



## FREQUENTLY ASKED QUESTIONS

### 1. What will happen to my membership?

In the short-term, there will be no material change in how your membership operates. It is our intention to convert to a new retail banking computer system over the next 12 months and this will involve improvements to your membership with the Credit Union.

In the mean time, we will be able to offer an expanded range of products and services as a result of the merger. These offerings will benefit many members.

### 2. Will my membership number change?

There may be a duplication of some membership numbers between the two organisations which will require some changes. Such issues will not be decided until the merger has been put to the vote by members.

### 3. Will the BSB number change?

It has not yet been determined if there will be changes to our BSB, as this is determined by the main clearing house used by the Credit Union. We will endeavour to minimise disruptions, however there may be some unavoidable situations which we will work closely with members to solve.

Any changes will be advised well in advance to allow you sufficient time to make any changes for example, direct debits.

### 4. Will my fees increase?

Fees and charges have become a necessity for all financial institutions due to increasing external costs and aggressive competition in the market which have put pressure on day to day running costs and revenue.

Any previous fee increases have been due to these external pressures and not a desire to make more profits. These changes are passed on to members to ensure the organisation's viability.

While the fees of the respective organisations will remain in place for some time, there may be a need to align the two structures in the future. The revised structure would keep the above in mind and endeavour to deliver the best solution for members.

### 5. Is this a merger or a takeover?

This is a true merger, in that both organisations are combining into a new entity, Community CPS Australia Limited. Both organisations bring different benefits and strengths to the new entity, making it a mutually beneficial merger, not a takeover of one by the other.

### 6. Who is CPS (SA)?

CPS (SA) is an Adelaide-based credit union, with 11 Branches (Personal Financial Centres) in Adelaide and regional South Australia. It was established in 1958 and is now the 9th largest credit union in Australia, being some \$900 million in total assets and serving 90,000 members.

It employs 300 staff and offers a range of innovative financial products including financial planning, accounting and taxation services to its members. It is a strong values-based organisation and has a similar origin and history to that of Community CPS.

## **7. Why merge with a credit union based in Adelaide?**

The main reasons that we have chosen CPS (SA) are:

- For more than 30 years, Community CPS has had a strong and positive relationship with CPS (SA);
- Both organisations have strong links with the public sector;
- The business strategies of both organisations are similar;
- CPS (SA) has a variety of products and services that we wish to develop; and
- The retail banking computer system used by CPS (SA), is a viable option for Community CPS, which already has plans underway to convert to a new system.

For these reasons, a merger with CPS (SA) is a very attractive option for us.

## **8. What are the benefits for members?**

The benefits for Community CPS members are:

- Access to accounting and taxation services, through credit union owned businesses;
- Financial planning and advisory services;
- Access to funds nationally through Australia Post's giroPost<sup>1</sup> service;
- A new retail banking computer system, enabling more efficient delivery of products and services;
- Access to a larger range of award winning products and services; and
- Continued representation of five existing Directors, to be represented on the Board of Community CPS Australia Limited, which will have 10 Directors, with Board Meetings being shared between Adelaide and Canberra.

## **9. Will any existing Community CPS products and services become unavailable, as a result of the merger?**

Not at this time. As we work through alignment, there may be some changes. Ultimately, we will be offering a broader range of products and services, to our members.

## **10. Could our Credit Union continue on without merging?**

Community CPS is a respected, progressive and well performing credit union, with a strong market position and high member satisfaction. Financially, we are one of the better performing credit unions in Australia. However, there are some major issues confronting us, in the foreseeable future, including:

- Immense competitive pressure from larger institutions and new niche players in the market;
- Loan growth is challenging and it will not get easier;
- Our traditional public sector membership base is changing and becoming more mobile; and
- We need to invest in new services, such as financial planning, accounting and taxation services, which will place pressure on our resources.

Our long term plan is to remain a Credit Union that offers an increased distribution network for members to access the services of the new entity in an ever increasing number of outlets across Australia. In order to achieve our strategic objectives and initiatives, we need to grow and accrue benefits from economies of scale.

We are committed to maintaining the core values, culture and service levels enjoyed by members and staff alike.

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<sup>1</sup> giroPost is available at over 2,800 Post Offices across Australia. giroPost allows you to make deposits and withdrawals, bill payment and funds transfers. Any fees that may apply to this service will be determined if and when members of both organisations approve the merger.

#### **11. What happens to staff?**

All staff will be employed by the new entity, Community CPS Australia Limited, from 1 October 2005. Members will continue to have contact with the same Community CPS Branch, Call Centre and Mobile Lending staff, as they used to dealing with now.

#### **12. Will I have increased access to my funds around Australia?**

Yes, one of the benefits of this amalgamation of business is that the increased distribution network will allow members to access the services of the new entity, in an ever-increasing number of outlets, across Australia.

#### **13. Do the members benefit financially?**

There is no direct payment to members. However, all of the benefits outlined in Question 7, will make the proposal attractive, for the majority of Community CPS members.

#### **14. What happens to the reserves of CPS?**

The reserves of Community CPS will remain intact within the new entity, to be combined with the reserves of CPS (SA). The reserves are not distributed to any party, but remain for the benefit of all members.

#### **15. Who will be directing and managing the merged entity?**

The new Board will consist of 10 Directors, with equal representation from Community CPS and CPS (SA). The current Chief Executive of CPS (SA), Mr Kevin Benger, will be Chief Executive of Community CPS Australia Limited and the current Chief Executive of Community CPS, Mr Robert Keogh, will be Deputy Chief Executive.

#### **16. What happens to the current Community CPS Board of Directors?**

As mentioned above, 5 current Directors of Community CPS will become Directors of the new combined entity, with the other 3 existing Directors, retiring from the Board.

#### **17. What say do members have in approving this merger?**

There are a number of stages both organisations need to go through before putting the proposal to members for voting. These include due diligence investigations, board approval of all merger documents and formal approval from the regulatory body, the Australian Prudential and Regulation Authority (APRA).

Once all this goes ahead we will be posting members advice of a Special General Meeting, details of the proposed merger, disclosure documents and proxy voting forms. It will be at this stage that we ask members to consider the merger proposal, as a special resolution at the Special General Meeting. For the special resolution to be passed, a 75% majority of members who elect to vote (by proxy or in person at each Special General Meeting) is required.

It is expected that the notice will be received by members at the end of July with the Special General Meeting due to be held late August.

#### **18. What if the members vote against the merger?**

Community CPS will continue to operate as it does now and the current Board of Directors will reconsider its options.

#### **19. What happens to branches and ATMs?**

The current Community CPS Branch and ATM network will remain in force. Indeed, there are expansion plans in place to increase the number of physical outlets, both in Canberra and the nearby region.

#### **20. Does this make Community CPS more like a bank?**

We are remaining a credit union, with traditional credit union member structures intact. However, in order to achieve our strategic objectives and initiatives, we need to achieve growth and accrue the benefits of economies of scale.

Therefore, we are essentially becoming a larger, member-based credit union, not a shareholder-driven bank. From 1 October 2005, it will be even easier to enjoy life without a bank, with Community CPS Australia Limited.

#### **21. What is the merger timetable?**

The key merger dates are as follows:

<b>DATE</b>	<b>ACTION</b>
14 March to 25 April 2005	Due Diligence period
28 May 2005	Community CPS Board to approve all merger documents
11 July 2005	Receive written approval from APRA
29 July 2005	Post Notice of Meeting / information document to members of both credit unions
23 August 2005	Special General Meeting of Community CPS (ACT)
24 August 2005	Special General Meeting of CPS (SA)
1 October 2005	Effective transfer date

#### **22. Where can I find more information about CPS (SA)?**

CPS (SA) website address is [www.cpscu.com.au](http://www.cpscu.com.au).

#### **23. How do I find out more information about the merger?**

You can call us on (02) 6286 0555 or email us at [merger@cpsact.com.au](mailto:merger@cpsact.com.au). Alternatively, you can write to us at Merger, Community CPS, Locked Bag 1000, Mawson ACT 2607, send a fax to (02) 6286 0504, or just drop in at any Branch and ask our staff.