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# ***COST OF LIVING AND ECONOMICS COMMITTEE***

**Members present:**

Mr LP Power MP—Chair  
Mr RA Stevens MP  
Mr JM Krause MP  
Mr MJ Crandon MP  
Mrs MF McMahon MP  
Ms JC Pugh MP

**Staff present:**

Ms M Salisbury—Committee Secretary  
Ms K Longworth—Assistant Committee Secretary

## **PUBLIC BRIEFING—INQUIRY INTO THE STATE FINANCIAL INSTITUTIONS AND METWAY MERGER AMENDMENT BILL 2024**

### **TRANSCRIPT OF PROCEEDINGS**

**Monday, 29 April 2024**

**Brisbane**

## MONDAY, 29 APRIL 2024

### The committee met at 11.47 am.

**CHAIR:** Good morning. I declare open this public briefing. I would like to acknowledge the traditional custodians of the land on which we are participating here today. My name is Linus Power. I am the member for Logan and the chair of the committee. Other members of the committee are: Mr Ray Stevens, the member for Mermaid Beach and deputy chair; Mr Jon Krause, the member for Scenic Rim, who is a substitute today for Ms Amanda Camm, the member for Whitsunday; Mr Michael Crandon, the member for Coomera; Ms Melissa McMahon, the member for Macalister; and Ms Jess Pugh, the member for Mount Ommaney. Welcome all.

The purpose of today's briefing is to assist the committee with the examination of the State Financial Institutions and Metway Merger Amendment Bill 2024. The bill was introduced into parliament on 16 April 2024 by the Hon. Cameron Dick MP, Deputy Premier, Treasurer and Minister for Trade and Investment. The committee has been required by the parliament to report to the parliament on the bill by 31 May 2024. The briefing is a proceeding of the Queensland parliament and it is subject to the standing rules and orders of the parliament. Only the committee and invited witnesses may participate in the proceedings. Witnesses are not required to give evidence under oath or affirmation, but I remind you that witnesses intentionally misleading the committee is a serious offence under the standing orders. I also remind committee members that officers here today are to provide factual or technical information. Any questions seeking an opinion on policy should be directed to the minister or left to debate in the House or put as a rhetorical question that I will note.

These proceedings are being recorded and broadcast live on the parliament's website. Media may be present and are subject to the committee's media rules and the chair's direction at all times. You may be filmed or photographed during the proceedings and images may appear on the parliament's website or social media pages. Please ensure that any mobile phones are switched off or to silent mode.

### **KAHLER, Ms Carol, General Counsel, Queensland Treasury**

### **McLEOD, Mr Cameron, Head of Commercial, Queensland Treasury**

**CHAIR:** I welcome witnesses from the Queensland Treasury. Good morning to you both. Thank you for agreeing to brief the committee today. I now invite you to make an opening statement after which committee members will have some questions for you.

**Mr McLeod:** Firstly, thank you to the committee for the opportunity to come and speak to you on the bill today. On 18 July 2022 Suncorp Group announced its plan to sell its banking business to Australia and New Zealand Banking Group Ltd, or ANZ. As a condition of the transaction, ANZ and Suncorp sought amendments to the State Financial Institutions and Metway Merger Act 1996 to remove conditions on Suncorp Bank to retain its head office and certain functions and roles in Queensland. Other conditions stipulated by ANZ and Suncorp for the transaction to proceed included merger authorisation under Australian competition law and federal Treasurer approval.

The State Financial Institutions and Metway Merger Amendment Bill 2024 was, as the chair said, introduced into the parliament on 16 April 2024 by the Hon. Cameron Dick MP, Deputy Premier, Treasurer and Minister for Trade and Investment. The bill will amend the merger act and name Suncorp Group Ltd as the company required to maintain a Queensland head office. The bill will ensure that the operational headquarters of Suncorp Group Ltd as an insurer will remain in Queensland following the sale of Suncorp Bank to ANZ. The bill also amends the head office requirements and imposes new reporting requirements on Suncorp. This includes updating and modernising descriptions of head office company services.

In addition to the bill, the government has secured commitments from both ANZ and Suncorp to drive skilled employment and a strong financial sector in Queensland. These commitments are subject to completion of the transaction including federal Treasurer approval. The provisions of the bill will commence on a date fixed by proclamation subject to federal Treasurer approval and confirmation of the transaction completion date by ANZ and Suncorp.

**Mr STEVENS:** Mr McLeod, the ANZ bank is notorious for their cost cutting and staffing matters, and head office locations and all those things are of concern to Queenslanders. I do note that the ANZ have made some type of commitment to a tech hub of about 700 staff for the future. How would that be put in place and enforced in terms of the merger?

**CHAIR:** I take it you are not an ANZ customer.

**Mr STEVENS:** They are one of the ones I am not in. There is no conflict of interest.

**Mr McLeod:** The tech hub commitment was secured through contractual agreements between the state and ANZ. In terms of the timing and the mechanisms of how that will play out, that is probably a question better directed to ANZ. As I said, that has been secured through an agreement between ANZ and the state with the creation of up to 700 high-value technology jobs over five years, of which 450 will be new Queensland-based jobs. I also note that ANZ have publicly committed to no net job losses or changes to the total number of Suncorp Bank branches in Queensland for a period of three years as a result of the transaction.

**Mr STEVENS:** I get their contractual commitment. What guarantees are there in those contractual commitments other than 'we would like to' and that type of thing? What sort of penalties will be involved if the outcomes that were announced to the parliament in terms of staffing matters and the head office being located in Queensland are not achieved?

**Mr McLeod:** The specific provisions of those agreements are commercially sensitive. Like any contractual agreement, there are financial and reputational consequences and a process to be put in place should those commitments not be fulfilled. As I said, many of the commitments, as you have outlined, are publicly available, but the specific terms of those agreements are currently not. As I said, there are provisions around financial and reputational consequences associated with not meeting those commitments and a process will be in place.

**CHAIR:** Before I go to the member for Coomera, I want to ask a question building on what the deputy chair has asked. We have seen a really profound change in the nature of banking in the last 20 years and the level of staff required for banking and the continued strengthening of the big four or a consolidation, if you like. How would we react if at some point in the future with further change to the market they come back and say, 'The banking situation has changed and in order to stay competitive, these changes have to happen.' What recourse do we have?

**Mr McLeod:** Speaking to the agreement secured from Suncorp, there have been agreements that more people will be employed to perform group services activities in the insurance business. There will be more people employed by the Suncorp Group insurance business as a whole for a period of 10 years. Those are commitments that have been made. ANZ have publicly made statements around the no net job losses for a period of three years.

Referring to the earlier statement, there is a process to go through under those arrangements in relation to the non-fulfilment of commitments. In terms of specific instances, that is probably something we would need to assess at the time in the context of those agreements. It is difficult to give exactly the process that would be followed for every specific example because there is a very large number of commitments that have been made and we would need to assess what has been done at that time.

**CHAIR:** Do we have a process going forward to ascertain whether the commitments have been kept over time?

**Mr McLeod:** There are reporting obligations under those agreements.

**Mr CRANDON:** Before I go to my substantive question, I wish to clarify in relation to this matter that you have just been answering. Is the 10 years you mentioned like a sunset clause on that 700 staff provision?

**Mr McLeod:** No. Just to clarify, that was a Suncorp commitment in relation to Suncorp Group's insurance business.

**Mr CRANDON:** Is there a sunset clause on that 700 employee commitment?

**Mr McLeod:** I do not believe that there is a sunset clause, but I will endeavour to clarify that before the end of the hearing.

**Mr CRANDON:** If you could. I would imagine they would say, 'For the next 'blah' we will endeavour to give that commitment.'

**Mr McLeod:** The commitment was around, as I mentioned before, employment of at least 700 individuals as tech hub employees within five years from the completion date.

**Mr CRANDON:** That is the take-up. I am talking about the end of term, end of contract or end of requirement to maintain that staffing level.

**Mr McLeod:** To maintain that level? I will endeavour to get that answered by the end of the committee if that is okay with the committee.

**CHAIR:** Member for Coomera, you had a substantive question?

**Mr CRANDON:** Yes. In terms of the process that we have gone through, the ACCC said no, it is not going to happen. Obviously that has been overturned. Now it is going to happen. Now we see ourselves looking at legislation to go through. Of course, there is a drop-dead thing at the end of it all that if the federal Treasurer does not agree, then all of this has been done for naught. Have we got any feedback? Are we likely to see the whole thing come to nothing at the end of this with the federal Treasurer? Do you have support from the federal Treasurer?

**Ms Kahler:** I can speak to that. Obviously there is an issue around making sure that we have the act in place until such time as the transaction completes so that the requirements remain applicable to the banking business until it is no longer part of Suncorp Group Ltd. In order to achieve that, effectively the intent is that we will pass the bill; the bill will not commence. It will commence by proclamation and that proclamation is intended to be timed to occur after the federal Treasurer's approval and only after we have certainty from Suncorp and ANZ regarding their proposed transaction completion date. That will mean up to the last minute the bank remains bound and after the transaction completes, then the amendments will apply to the insurance business.

**Mr CRANDON:** I understand that and that was in the briefing we received. My question is around the federal Treasurer. Was the federal Treasurer supportive before the ACCC knocked it on the head? Is the federal Treasurer likely to give it the tick and move forward from there? It has been happening over a long period.

**Ms Kahler:** I appreciate the question, member. Unfortunately, we do not have information regarding the federal Treasurer's deliberations. That remains within his core jurisdiction and discretion to make that determination. We have consulted on parts of the bill that apply to the Corporations Act regarding constitutional changes and we have been aware that the Commonwealth is going through their process, but unfortunately we do not have any confirmation from the Commonwealth government regarding the federal Treasurer's proposed timing for a decision, which does make it a little tricky.

**Mr CRANDON:** I have just seen a note passed to you, Mr McLeod. I thought there might be some follow-up.

**CHAIR:** This might be information about the previous question. Did you want to do that now or do you want to do it at some later point?

**Mr McLeod:** I am happy to do it now. Information I am receiving is that there is not a sunset clause, as such, and their commitment remains as I described it earlier in the question.

**Mr CRANDON:** Okay, so no certainty. Thank you.

**CHAIR:** We obviously still have a process in mergers in the banking sector and the role of the federal Treasurer. The fast passage of this act gives financial and regulatory certainty to whichever decision is made at the federal level; would that be fair to say?

**Ms Kahler:** That would be fair to say.

**CHAIR:** If we had not done it there would be a level of uncertainty about how this would proceed and it could be damaging to financial interests within Queensland?

**Ms Kahler:** As to that—

**Mr KRAUSE:** That is a hypothetical question, Chair.

**Ms Kahler:** Hypothetical, however, it is important. As the merger transaction itself is conditional on the amendments to this act being passed, in addition to the federal Treasurer's approval, it makes sense for the state to pass the bill to ensure that its intention to actually engage on the satisfaction of that condition is evident without that passing and commencing, in effect, until such time as a transaction takes place. That has required us to take this path where a date will be fixed by proclamation for the bill to actually commence.

**CHAIR:** Understood. Member for Scenic Rim, did you have a question?

**Mr KRAUSE:** I do, but before I do I just want to note what is on my register of interests. I am a small shareholder in ANZ and Suncorp so I have a bob each way on this bill. My question revolves around the three-year commitment to no closure of branches or no net job losses—you can clarify when you get the chance to answer if you could. Could I clarify: that commitment is contractual between the parties to the transaction, is it not?

**Mr McLeod:** That commitment, and I will restate it just so it is clear, is a public commitment from ANZ to no net job losses or changes to the total number of Suncorp Bank branches in Queensland for Suncorp Bank for three years as a result of the transaction. There are, as I said, a number of matters that are commercially sensitive within those agreements.

**Mr KRAUSE:** It may or may not be in the contract, but it is a public commitment by ANZ. That commitment is not reflected in the bill in any way though, is it?

**Mr McLeod:** The bill itself deals with the head office requirements of Suncorp and removing Suncorp Bank whilst maintaining the requirement for Suncorp Group Ltd as insurer to have those head office requirements.

**Mr KRAUSE:** Mr McLeod and Ms Kahler, branch closures, agency closures, are a matter of concern for many in the community and I can certainly attest to that. NAB has closed branches in Boonah and Tamborine Mountain. ANZ has closed a branch in Beaudesert. BOQ has closed a branch in Beaudesert. Westpac has closed a branch in Beaudesert in recent years. Has Treasury any information or done any analysis of how many branches or agencies may close notwithstanding or even after the three-year commitment that you have noted here this morning made by ANZ?

**CHAIR:** Those in Beaudesert cannot even come to the NAB in Browns Plains anymore because that one has closed.

**Mr CRANDON:** They are closing ATMs.

**CHAIR:** They are closing ATMs, yes.

**Mr McLeod:** Do you mind if I clarify the question?

**Mr KRAUSE:** Has Treasury any information to hand or have they done any analysis about the number of agencies or branches that may be closed, notwithstanding or even after the three-year commitment made by ANZ?

**CHAIR:** It is not necessarily to do with the bill, but I guess the relevance to the bill is that in forming our opinion we give consideration to the changes in the banking sector. Would that be the question?

**Mr KRAUSE:** No, that is not the question.

**CHAIR:** I was trying to give it relevance.

**Mr KRAUSE:** It is relevant to the bill in that Mr McLeod has noted the public commitment of ANZ and this is in relation to the acquisition of the banking operations of Suncorp. I just want to know if Treasury has any information or if they have done any analysis along the lines of what I asked.

**CHAIR:** And in good order, member for Scenic Rim. I was not changing the question, I was ruling it in by illustrating to the public servants some of the relevance that it might have in our consideration. I in no way changed the question, but I thank you for your feedback and restating of the question.

**Mr McLeod:** I will perhaps restate some of my earlier comments around the amendments to the act and what it is trying to achieve, which is removing Suncorp Bank from those provisions and having them apply to Suncorp Group Ltd. Information in relation to ANZ branches is as I have said before. I do not know whether it is an analytical exercise as such, but I can only speak to the comments I made earlier and the public commitments that have been made. I also note the existing bill does not speak to bank branches at all as well. The implementation agreements I have referred to earlier have been developed to secure jobs for Queenslanders, they have not been developed to address operational matters beyond which is currently in the act.

**Ms PUGH:** Going back to the reporting that ANZ will be required to do, what will that look like? Is that verbal reporting? Is it a written report? How often will that reporting be undertaken?

**Mr McLeod:** The expectation is it will not be verbal reporting. If it is okay with the committee and the chair, I might get that specific information in terms of those requirements. There are reporting requirements for Suncorp in the act as it applies to the act and that is made clear around a 12-month reporting requirement. If it is okay with the committee, I will seek to clarify specific timing requirements of those reporting obligations.

**Ms PUGH:** Absolutely. My follow-up question, and you may want to also take this on notice, is would that reporting be made public in some way? I am not necessarily talking about the document itself made public, but perhaps a statement afterwards, for example?

**Mr McLeod:** I think in terms of a public statement it probably is one I would look to take on notice and perhaps a question more directed to the Deputy Premier or executive government in terms of release of information of that nature.

**CHAIR:** I am assuming though in the briefs there would be some kind of public statement or else a process of rectification with the company if there was a breach of the contractual obligations?

**Mr McLeod:** Were they to breach contractual obligations there would be a process to follow. I will take on notice specific questions in relation to how that might be applied, if that is okay.

**CHAIR:** I imagine you have a large number of these types of commercial undertakings and processes for following breaches?

**Mr McLeod:** Yes.

**Mr KRAUSE:** I have another question on the previous line of questioning. I take the response from Mr McLeod about there maybe not being a matter of analysis by Treasury about branch closures or agency closures, but the other part of the question was does Treasury have any information about the prospects for branch closures or agency closures? You can say yes or no, as simply as that, if you like.

**Mr McLeod:** These are commercial matters for the company.

**CHAIR:** I want to clarify: just in banking in general?

**Mr KRAUSE:** No, branch closures, agency closures in the banking business.

**CHAIR:** Banking in general across Queensland or across Australia?

**Mr KRAUSE:** No, Suncorp post acquisition. I think Mr McLeod understands where I am coming from.

**CHAIR:** I did not, but Mr McLeod might.

**Mr McLeod:** No, we do not have any further information than what I have relayed today, other than I note, as I am sure the members of the committee are aware, that there is a current federal Senate inquiry underway into bank closures in regional Australia.

**Mr STEVENS:** We are talking about branch closures. It is annoying to the public to find out that nearly all the banks are taking away all their ATMs. Cash is apparently not a very good thing. They are better off with credit card transactions, making more money for the banks. We understand that. When they say they are not changing anything for three years, does that include taking away all the ATMs? I am sure I have seen Suncorp ATMs around the place. Are they going to take those away?

**CHAIR:** We may be verballing both the company and Mr McLeod on no changes for three years.

**Mr STEVENS:** I just want to find out if branches includes ATMs and those types of things.

**CHAIR:** I do not know that we got to the point of branches even.

**Mr STEVENS:** They said no closures of branches for three years.

**Mr McLeod:** Thank you for the question. I do not have a definition as to what that applies to.

**Mr STEVENS:** For ATMs?

**Mr McLeod:** That is right. I do not know whether it is covered. It is perhaps a question better directed to Suncorp or ANZ.

**Mr KRAUSE:** When is completion scheduled for—30 June, 1 July or something like that?

**Mr McLeod:** Of the transaction?

**CHAIR:** This is in relation to the federal process?

**Mr KRAUSE:** No, in relation to this completion date.

**Mr McLeod:** My understanding is we are waiting on the final completion date. As I said in my opening remarks, we are waiting on the decision of the federal Treasurer and confirmation of the completion date to time the proclamation of the bill, but if it is okay with the committee—

**CHAIR:** Ms Kahler, I think you made reference to this before. Is there anything you want to add to this?

**Ms Kahler:** We do not have any certain timing at this stage. Again, I think the proposed timing for the completion of the merger transaction is something that is pretty much known I think only to ANZ and Suncorp at this stage. It would not appear to us to be that far off though—in the future, in the near-ish future.

**CHAIR:** There being no further questions, I thank you very much for your appearance here today. My understanding is that the questions taken on notice have been answered so there are no questions taken on notice in that sense. Is there anything that you wish to comment on before we wrap up proceedings that may be relevant to some of the questions asked? I might start with Ms Kahler.

**Ms Kahler:** If I may, Chair, I have just been informed, to better complete my answer in respect to the final question from the member for Scenic Rim, we understand that the banks have publicly stated that they are aiming for completion toward the middle of this year. Your 30 June or 1 July timing is probably not far off, but it is not yet confirmed.

**CHAIR:** That is their aim, of course, that they have made as a public statement as listed companies. Mr McLeod, did you have anything you wanted to add before we finish the proceedings?

**Mr McLeod:** I wanted to say in the agreements there are requirements around reporting. Those requirements are not publicly known at this time and I would need to seek guidance from the Under Treasurer to release that information, if that was okay with the committee.

**CHAIR:** Understood. Thank you for the information you have provided here today. Thank you to our Hansard reporters and broadcast staff for their assistance. A transcript of the proceedings will be available on the committee's parliamentary webpage in due course. I declare this public briefing closed.

**The committee adjourned at 12.13 pm.**