

State Financial Institutions and Metway Merger Amendment Bill 2024

Submission No: 1
Submitted by: Australia and New Zealand Banking Group
Publication:
Attachments:
Submitter Comments:

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Mr Linus Power MP
Chair
Cost of Living and Economics Committee
Queensland Parliament
Corner of George and Alice Streets
BRISBANE QLD 4000

By email: colec@parliament.qld.gov.au and Logan@parliament.qld.gov.au

2 May 2024

Dear Mr Power

Cost of Living and Economics Committee – State Financial Institutions and Metway Merger Amendment Bill 2024

Thank you for the opportunity to provide the attached submission on the State Financial Institutions and Metway Merger Amendment Bill 2024 (**Bill**) introduced by the Hon Cameron Dick MP, Deputy Premier, Treasurer and Minister for Trade and Investment on 16 April 2024.

ANZ strongly supports the passage of the Bill. This would help satisfy the conditions to the announced sale by Suncorp Group of Suncorp Bank to ANZ. If the sale completes, we look forward to playing a bigger role in the growing Queensland economy, including through our banking services and our commitment to establish a tech hub in Brisbane.

We would welcome the opportunity to contribute to the public hearing on 17 May 2024 if the Committee would find further information useful.

Unfortunately, ANZ's will announce its half-year results on Tuesday 7 May. Following that, I will be attending meetings overseas with our investors. This means that I would be unable to appear before the Committee at its public hearing on the Bill.

I would like to apologise to the Committee for this.

However, should the Committee like ANZ to attend, Ms Maile Carnegie Group Executive, Australia Retail and Mr Daniel King, Managing Director Suncorp Integration are available to assist you.

If you would like to discuss these matters further, please contact Martin Joy, Head of Government Relations and Policy, on [REDACTED] or [REDACTED].

Your sincerely,

[REDACTED]

Shayne Elliott
Chief Executive Officer

Attached

STATE FINANCIAL INSTITUTIONS AND METWAY MERGER AMENDMENT BILL 2024

SUBMISSION TO THE COST OF LIVING AND ECONOMICS COMMITTEE

MAY 2024

Introduction

1. Australia and New Zealand Banking Group Limited (**ANZ**) thanks the Cost of Living and Economics Committee (**Committee**) for the opportunity to provide a submission on the *State Financial Institutions and Metway Merger Amendment Bill 2024* (**Bill**). We welcome the introduction of the Bill into the Queensland Parliament and strongly support its passage.
2. ANZ is excited about the prospect of playing a bigger role in Queensland's economy if the Bill passes. We are seeking to acquire Suncorp-Metway Limited (**Suncorp Bank**) from Suncorp Group Limited (**Suncorp**) to allow us to participate in the Queensland growth story. The acquisition is a vote of confidence in the future of the state. It will allow us to serve our customers and shareholders by accelerating the growth of our Retail and Commercial businesses, while also improving the geographic balance of our business across Australia.
3. We look forward to providing Suncorp Bank's ~1.2 million customers with access to the benefits of the significant investment we are making in banking technology. Serving these customers well through innovative, fair and safe services will be our key focus if the Bill passes and we acquire Suncorp Bank.
4. Through constructive engagement with the Queensland Government and the signing of an Implementation Agreement with it in June 2023, we also look forward to establishing a major tech hub in Brisbane (among delivering other commitments). This will see us hire or place 700 people into the hub over a five-year period, and seek to work with Google to deliver cloud training to tech hub employees. We want to see this hub providing high-end employment opportunities for Queenslanders, as well as continuing to attract talented people to the state. Economic modelling indicates that the hub could contribute \$621 million in economic activity, including through growing the skill base of Queensland's economy to the benefit of firms beyond ANZ.
5. Our submission sets out:
 - The purpose of the Bill
 - The reasons why ANZ wants to buy Suncorp Bank
 - Our commitments for Queensland

Purpose of Bill

6. In July 2022, ANZ and Suncorp announced that they had entered into a Share Sale and Purchase Agreement (**Sale Agreement**). Under the Sale Agreement, ANZ proposes to acquire Suncorp Bank through the acquisition of Suncorp Bank's immediate holding company SBGH Limited (**SBGH**) from Suncorp (**Proposed Transaction**). If the Proposed Transaction

completes, each of SBGH and Suncorp Bank will become wholly owned members of the ANZ Group and wholly owned subsidiaries of ANZ.

7. The Proposed Transaction remains conditional upon:

- Approval by the Federal Treasurer under the *Financial Sector (Shareholding) Act 1998* (Cth) (**FSSA Condition**); and
- the *State Financial Institutions and Metway Merger Act 1996 (Qld)* (**Metway Merger Act**) being either repealed or amended such that it does not apply to any holding company of Suncorp Bank nor to ANZ or any of its related bodies corporate (excluding Suncorp Bank and its subsidiaries) (the **Metway Merger Act Condition**).

8. An application has been made to the Federal Treasurer to seek his approval for the Proposed Transaction. If this is granted, then the FSSA Condition will be satisfied.

9. The Bill, if passed and promulgated in its current form, would satisfy the Metway Merger Act Condition. Without the Bill's passage, the Proposed Transaction cannot complete in accordance with the terms of the Sale Agreement.

10. The Proposed Transaction was also conditional upon approval by the Australian Competition & Consumer Commission or the Australian Competition Tribunal, or a declaration by the Federal Court of Australia under section 50 of the *Competition & Consumer Act 2010* (Cth) (CCA). As has been widely publicised, this condition was satisfied on 20 February 2024 when the Australian Competition Tribunal determined that ANZ had been granted authorisation pursuant to sections 88(1) and 102(1) of the CCA to acquire SBGH. The Tribunal concluded that the Proposed Transaction would not be likely to substantially lessen competition and that a net public benefit would be likely to result from the Proposed Transaction. No party has lodged an appeal against the Tribunal's determination, and the statutory time limit for a third party to file an application for judicial review of the Tribunal decision under section 5(1) of the *Administrative Decisions (Judicial Review) Act 1977* (Cth) has now passed.

Reasons for the Proposed Transaction

11. We believe that the Proposed Transaction will benefit ANZ and customers of both ANZ and Suncorp Bank. The decision to acquire Suncorp Bank reflects our confidence that combination of ANZ and Suncorp Bank will be better placed than the two banks separately to compete effectively. Buying Suncorp Bank will enable ANZ to continue to invest in meeting evolving customer needs and play a bigger role in the continuing growth of the Queensland economy.

12. We look forward to serving Suncorp Bank's customers well if the Proposed Transaction completes. Because we are acquiring Suncorp Bank to grow our customer base, we are

planning carefully how we can keep Suncorp Bank customers happy if and when they join ANZ. We are aware of the importance of Suncorp Bank to its customers, particularly those in Queensland, and are taking this into account as we plan how we can serve them if the Proposed Transaction is successful.

Commitments for Queensland

13. ANZ has made certain commitments to the State of Queensland that will come into effect if the Proposed Transaction completes. These are set out in an Implementation Agreement that has been negotiated with Queensland Treasury on behalf of the State.

Tech hub

14. The key commitment that we have made to the State concerns the establishment of a tech hub in Brisbane. This will see us hire or place 700 individuals over a five-year period into technology orientated roles. At least 450 individuals need to be 'new tech hub employees' meaning that they be either new to ANZ or Suncorp or located outside of Queensland before they are allocated to the tech hub. The remaining 250 tech hub employees could be existing Queensland-based ANZ employees or Suncorp employees. At the end of the five-year period, the tech hub needs to have at least 450 tech hub employees.

15. As part of the tech hub, we will also seek to partner with Google and two Queensland universities. The partnership with Google will seek to provide ANZ tech hub employees with technology skills. The partnerships with the two Queensland universities would see us offer them \$2,500,000 each to enhance industry-based learning and fund professorial chairs in technology.

16. Modelling undertaken on ANZ's behalf in 2023 by Mandala, an economic consultant, indicates the tech hub is expected to contribute:

- ~\$621 million in economic activity, comprising ~\$239 million in direct impact, ~\$151 million in indirect impact and ~\$230 million in induced impact. This means, for every \$1 of value-added by the Tech Hub, it also generates an additional ~\$1.70 in economic benefits;
- ~2925 jobs in Queensland, comprising 450 jobs through direct economic activity, ~945 jobs through indirect economic activity and ~1530 jobs through induced economic activity of the Tech Hub; and
- to the capability of Queensland's workforce and provide a pipeline of tech talent for the future, including through ANZ's proposed partnerships with Google and universities.

17. The tech hub could also assist Queensland retain more of its IT students. Mandala's work indicated that Queensland had 19% of IT students nationally, but only 13% of the tech workforce. The tech hub could help more Queensland IT students get jobs in Queensland.

Lending

18. We have also committed to allocate \$35 billion in lending to help the Queensland economy. This includes \$15 billion of lending over 10 years to help Green Olympic Games infrastructure and renewable projects, and \$10 billion over 10 years to support energy projects. It also includes \$10 billion to help small to medium enterprises over a three-year period. Further, to help provide Queenslanders with homes, we have set house lending targets of 3,000 homes and \$350 million in housing-related lending.
19. The lending commitments are subject to certain qualifications including ANZ's credit and risk assessment of applicants, prudential and regulatory requirements, and general economic and commercial factors.

Branches

20. Separately, when we announced the Proposed Transaction, we also committed that there would be no changes to the total number of Suncorp Bank branches as a result of the Proposed Transaction in Queensland for at least three years from completion.

ENDS