



Speech by

Mr. R. CONNOR

MEMBER FOR NERANG

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Committee (Cognate Debate)

Estimates Committee A

Report No. 2

Mr CONNOR (Nerang—LP) (2.46 p.m.): I rise to speak in this debate, and to speak particularly about Suncorp-Metway, which is most appropriate since the previous speaker spoke about duds. In relation to this issue, one only has to look closely at his performance and his previous comments compared to what he says now to be reminded of duds.

One may recall that, on 28 June 1996 in an article in the Courier-Mail, Mr Hamill stated that the merger and then sell off of Suncorp-Metway would result in 1,600 job losses and force the closure of 120 branches. It would seem that Labor has had a conversion on the road to Damascus. Why has it now decided to sell off fully the Government's stake and not retain the 10% to 15% stake that the previous coalition Government intended to retain?

I will try to come to some understanding of what is motivating Labor to go down this path. I refer to some of the comments that have been made. The former coalition Government wanted to keep that shareholding so that at least the Government would have a director on the board so that there would be some channels of communication to be able to try to stave off any sort of takeover. This sell off has left Suncorp exposed. Members should not take my word for that; I refer to an article in the Courier-Mail business section on 14 September this year titled "Suncorp exposed to \$4b takeover". It states—

"Suncorp-Metway was likely to face a \$4 billion takeover bid from Westpac next year as a result of the Beattie Government's decision to sell down the state's interest to zero, according to a leading investment house.

...

Macquarie Equities has issued a report on the decision, rating the chance of a takeover at 75 per cent and singling out Westpac Banking Corporation as the most likely predator."

However, maybe Westpac will not go down that path. The article goes on to state—

"Other potential bidders would include the three remaining big banks as well."

So even if Westpac is not interested, there are plenty of other banks that may be. The article also goes on to state—and this may explain Labor's conversion on the road to Damascus—

"Macquarie Equities analysts ... estimate a takeover of Suncorp-Metway would cost Westpac around \$4 billion.

This assumed a share price of \$9.30, which equates to a 30 per cent premium above the current 1-for-2 offer adjusted price of \$7.20."

The article is saying that this one act will increase the value of the shares from \$7.20 to \$9.30—a 30% increase. What would motivate the Labor Party to look for that increase? One only has to look at Labor Holdings which, as of February this year, had 800,000 shares and, not only that, is still buying shares. As I understand it, as of late February, Labor Holdings had purchased an additional 10,000 exchanging instalment notes—EINs. With 800,000 shares, Labor Holdings is likely to make a

\$1.68m profit as a result of a takeover bid. That is what is behind this whole process. Why is Labor Holdings buying shares on the one hand when the Government is selling shares on the other hand? The motivation is quite clear.

Mr Hamill: We are not selling shares; we are selling instalment notes.

Mr CONNOR: I know what is being sold: EINs, which convert to shares. When it is Labor Party money, the Labor Party is buying shares. Why? It wants to make a profit because it knows that a takeover bid is coming. The Labor Party wants to ensure that it makes a profit at the expense of the taxpayers; that is the motivation behind this.

Members do not need to take our word for that. One needs to look only at a news release issued by Suncorp-Metway, which states, "The Government legislation which requires the Group's head office and 'nuts and bolts' operations remain in Queensland ... is prohibitive." Suncorp-Metway is in the process of trying to get rid of the requirement to have its head office in Queensland. Why? Because if Westpac or one of the big four wants to buy it, they will want the head office to be where their head office is, and that is certainly not in Brisbane. The motivation comes from the fact that a takeover bid is coming, the Labor Party knows it and Labor Holdings wants to make a profit.

Time expired.
