

## ACCC DECISION ON THE PROPOSED COMMONWEALTH BANK'S ACQUISITION OF BANKWEST

### Headline Statement

- The ACCC announced today (10 December 2008) its decision not to oppose the proposed acquisition of BankWest and St Andrew's by the Commonwealth Bank. The proposed acquisition still has other regulatory approvals that need to be obtained. The ACCC's decision is only part of the regulatory consideration process.

### Key Points

- The ACCC announced that will not oppose the proposed acquisition of BankWest and St Andrew's by the Commonwealth Bank, after concluding that the acquisition is unlikely to substantially lessen competition in the markets in which they compete.
  - The ACCC considers that BankWest would not continue to be in the same position to provide strong competition going forward.
  - The ACCC examined whether alternative buyers for BankWest would be likely to continue with BankWest's expansion strategy and aggressive price competition. The ACCC concluded that an alternative buyer was unlikely in the current funding environment.
- The proposal still has other regulatory approvals that need to be obtained from APRA and the Treasurer before it can proceed.
  - We expect to receive APRA's advice on the proposal tomorrow. This will be incorporated into Treasury's advice to the Treasurer.
- The proposal will be assessed on national interest grounds by the Treasurer.
  - In making this assessment, the Treasurer will consider the impacts on competition, prudential issues, financial system stability and broader community interests.
- CBA has indicated that it would like to see all approval processes finalised before 29 December 2008.
  - This timetable will depend on when APRA's advice is received and the complexity of the issues raised.

#### Contact Officer:

Name: s 22  
Adviser: s 22

Telephone: s 22

Date: 10/12/2008

## **Policy Commitments**

- N/A

## **Background**

- CBA has agreed to acquire all the issued share capital of BankWest and St Andrew's Australia Pty Ltd through the execution of a Share Sale Deed dated 8 October 2008 with HBOS Australia Pty Ltd (HBOSA) and its UK based parent HBOS plc (as guarantor for HBOSA).
- The purchase is conditional on the receipt of all necessary competition, regulatory and government approvals.
- The initial purchase price for the transaction will be \$2.1 billion. To fund this acquisition CBA has successfully completed the accelerated institutional placement of new equity.
- In addition, under the Share Sale Deed, CBA is obliged to re-finance BankWest's and the St Andrew's group's existing indebtedness (and other financial arrangements). CBA is obliged to fund up to \$14.5 billion at completion of the proposed transaction with any excess amount to be re-financed six months after completion.

## Talking Points

- Today, the ACCC announced that it will not oppose the proposed acquisition of BankWest and St Andrew's by the Commonwealth Bank, after concluding that the acquisition is unlikely to substantially lessen competition in the markets in which they compete.
- However, the proposal still has other regulatory approvals that need to be obtained before it can proceed.
  - The proposal needs to be shown to be in the national interest.
    - : In making this assessment, I will take into account the advice from APRA, Treasury, as well as the ACCC's advice.
    - : Issues relevant to this assessment include the impacts on competition, prudential stability, financial system stability and broader community interests.