

**BANK OF WESTERN AUSTRALIA AMENDMENT BILL 2012**

*Third Reading*

Resumed from an earlier stage of the sitting.

**HON SIMON O'BRIEN (South Metropolitan — Minister for Finance)** [5.07 pm] — in reply: Hon Ken Travers raised a question just before question time, which I have contemplated in the period since. I am not sure that the way he expressed it was exactly the way Hon Matt Benson-Lidholm was referring to matters; nonetheless, I will touch on it briefly and provide a response. The essence of Hon Ken Travers' question was: what provision is in the bill to stop a future merging in a particular locality of a Bankwest, and CBA branch, for example, with the consequences, perhaps, of reducing the staff in that particular town or wherever it might take place? I think that was the gist of his question. The bill contains a number of protections; firstly, some long-term or enduring obligations to carry on in Western Australia a banking business using the Bankwest name to ensure that the Bankwest businesses of substantially the same type as, and conducted on, a scale not significantly less than the BWA business in Western Australia as at 30 June 2011. I think I pointed out during my reply to the second reading debate that it is substantially greater than it was when the benchmark was first set in 1995. An improvement is therefore guaranteed. There are some further relevant protections contained in division 3, part 2, which we have been referring to in this debate as the five-year obligations. Proposed section 42J contains a requirement as follows —

... at all times during the relevant period, the number of points of presence in Western Australia is equal to or greater than the points of presence threshold except to the extent that the Minister approves in writing.

In effect, the same or a similar number of branches have to be retained for that relevant period, which is five years from the time of transfer, though there is the capacity for the minister to give approval for some variation on that, having regard to market trends and the financial services industry. Of particular concern to Hon Matt Benson-Lidholm, and indeed all of us I am sure though, is the protection in proposed section 42K(1), which requires that —

The Bankwest owner must not, at any time during the relevant period, close a point of presence that —

- (a) is not in the metropolitan region as defined in the Planning and Development Act 200 section 4(1); and
- (b) is not in the Mandurah local government district.

In other words, any country branch. There is the capacity in proposed 42K(2) for the closure of a point of presence, however, if the closure results from —

- (a) the relocation of the point of presence to a place within 5 km of its previous location; or

In other words, if the move is from one part of the regional location to another part of the same regional location, and there is no net loss of a point of presence. It continues —

- (b) the amalgamation of the point of presence with another point of presence within 5km of its previous location.

“Previous location” means the place where the point of presence was located immediately before the closure. In those circumstances as described, and I believe only in those circumstances, could such an amalgamation occur. But another dimension to the question Hon Ken Travers asked was: what if it is an amalgamation of a Bankwest and Commonwealth Bank of Australia branch in the same area? This bill before us now clearly sets out the requirements for retaining points of presence of the Bankwest operation and what degree of presence in terms of scale, number of staff and what have you must be maintained. Conversely, could a Commonwealth Bank branch be closed and the local Bankwest branch, which is required to remain, become an agent for the Commonwealth Bank branch that is closed? I think that is technically possible. Certainly this bill does not canvass anything, but, in any case, if the Commonwealth Bank of Australia, which is certainly not subject to our direction, decides to close a branch, it can do that anyway. Of course, this bill is silent on that particular matter.

I guess I am coming back to my closing remarks in the second reading speech when I say that the bill we are now dealing with represents the best guarantees that we are able to influence or extract to ensure that the Bankwest business endures in its minimum scales, its minimum presence and a range of other requirements for the foreseeable future that we are able to influence. In many ways that means that we will have more guarantees than we have now. All in all, it is of net benefit insofar as we can contemplate or project what might happen in the years ahead in an increasingly dynamic commercial environment. This bill represents an essential part of the evolution of Bankwest to the extent that we can guarantee that Bankwest will continue to be a major feature of the bank scene in Western Australia.

**Hon Matt Benson-Lidholm:** One of the issues that I am particularly concerned about—this does happen in some country towns—is you tend to have a scaling town of operations, so a branch will become a part-time branch. Is that entertained in any of the literature you may have there? Does that require any attention, because it does happen?

**Hon SIMON O'BRIEN:** That is the key point. These things do happen. Matters are always evolving. It is not for us to tell a private organisation how it should run its affairs and whether it can open something here or shut something there or adopt a new logo or whatever the case may be. However, on this rare occasion, because we are a stakeholder and the banks have asked us to engage with them, we have the opportunity to influence some things. We have attempted to preserve or enhance the levels of service that are available everywhere; that is the spirit of the bill.

In relation to the member's further question, I would again go back to proposed section 42E, which requires that —

The Bankwest owner must ensure that the Bankwest business is of substantially the same type as, and is conducted on a scale not significantly less than, the BWA business in Western Australia as at 30 June 2011.

That is an improvement on what is in the current act. It is on a much bigger scale, therefore, it has more services available to Western Australians. This bill also provides for a minimum number of points of presence for the ensuing five years. That is something we do not have now and a reason for passing the bill. This bill provides the capacity for the minister to monitor compliance adequately, which does not exist now. It provides the capacity for a certificate of compliance to be presented at the end of every financial year. It also provides the power for a minister to require information and for remedies, whether by notices and potentially penalties or injunctions upon application by the minister to the Supreme Court if the court believes that the Bankwest owner “has done or omitted to do or is proposing or attempting to do or omit to do any thing that amounts to, or would amount to, a contravention” of the provisions that we are bringing in by way of this new bill. In the process of negotiating these matters with the banks, the government believes that it has achieved the best of the sorts of guarantees that the member is seeking that it can insofar as it can influence these futures.

**Hon Matt Benson-Lidholm:** I can certainly understand that. The point I would make, though, is that in this day and age of international banking that did not exist, say, 15 or 20 years ago, there tends to be—I know that the Commonwealth is Australia's largest—a sense of urgency or necessity about putting something like what the government plans to put in place, because international banks possibly have the capacity to take over even a bank such as the Commonwealth. I can understand the need to have that in there. I think it is just the logical outcome of the fact that the banking system we now operate under is very much an international one, not a national or even a local domestic style. I can understand that.

**Hon SIMON O'BRIEN:** Mr President, I am sure both I and Hon Matt Benson-Lidholm appreciate your indulgence to conclude this matter by interjection, but the government is indeed cognisant of the matters that he raised. It is a dynamic environment and ever-evolving. Bankwest owners, whether the CBA or someone else, will be bound by this bill. That is probably a suitable note of concord to conclude on.

Question put and passed.

Bill read a third time and transmitted to the Assembly.