

Response to ACCC statement of preliminary
views on Queensland commitments

Both Suncorp Group and ANZ Banking Group have engaged with the State of Queensland to provide commitments that deliver outcomes to support the best interests of Queensland. For Suncorp Group, this has focused on skills relevant to the financial services sector (such as those skills directly relevant to Suncorp in insurance) and contributing to the further development of a strong financial ecosystem in Suncorp's home state of Queensland.

The commitments can be broadly grouped into Investment Commitments and Employment Commitments. These commitments would not have been made without the Proposed Transaction and offer benefits to both Queensland and the Nation.

The agreed commitments will be formalised in an Implementation Agreement between the State of Queensland and Suncorp Group. The Implementation Agreement will be enforceable, with reporting obligations. The commitments are also provided in the context of proposed amendments to be made to the Metway Merger Act to support the Proposed Transaction.

For the purpose of putting the Investment Commitments and Employment Commitments in context, this section sets out background on the Metway Merger Act, the detail of the commitments and how each of them gives rise to a public benefit which should be taken into account by the Commission in its weighing of the benefits and detriments arising from the Proposed Transaction.

1 The Metway Merger Act

1.1 The relevance of the Metway Merger Act

1. The *State Financial Institutions and Metway Merger Act 1996* (Qld) (the **Metway Merger Act**) was enacted to facilitate the restructure of certain Queensland state financial institutions (being Queensland Industry Development Corporation, Suncorp Building Society, Suncorp Finance Limited, Suncorp Insurance and Finance, as they were then known) to enable those institutions to merge with Metway Bank Limited (as it was then known) and ensure that they remained Queensland-based. The *Metway Merger Act* imposes requirements for each 'Metway group company' to remain headquartered in Queensland.
2. The Proposed Transaction is conditional on the Metway Merger Act being either repealed or amended so that the headquartering requirements in section 64 of the Metway Merger Act do not apply to ANZ following its acquisition of SBGH and its subsidiaries including Suncorp-Metway Limited (**SML**) (clause 2.1(c) and schedule 17 to the Share Sale and Purchase Agreement (**SSPA**)).
3. The issue of the Metway Merger Act applying upstream to an acquirer of a 'Metway group company' (defined in paragraph 6 below) would arise for any non-Queensland headquartered acquirer of Suncorp Bank. In addition, the extent of the public benefit commitments that Suncorp Group can make to Queensland and the Nation will be impacted by the purchase price, including cash, received for Suncorp Bank. Therefore, both critical elements need to be factored in when evaluating any alternative merger or sale options for Suncorp Bank.

1.2 The Current Headquartering Commitments

4. Section 64 of the Metway Merger Act currently requires the articles of association of each 'Metway group company' to contain provisions:
 - (a) requiring the head office of the company to be located in Queensland; and
 - (b) requiring the managing director to be ordinarily resident in Queensland.
5. In order to satisfy the requirement for the head office of the company to be located in Queensland, the articles of the company must require:
 - (a) **(executive)**: the principal operational offices of the chairperson, chief executive officer, chief financial officer and chief operating officer be situated in Queensland;
 - (b) **(company services)**: the principal operational offices for the treasury operations, information technology management, marketing management, credit control operations, human resource management, account processing, corporate services department and purchasing department be located in Queensland; and
 - (c) **(forum for board meetings)**: the usual location for the holding of company board meetings be in Queensland,(collectively, the **Headquartering Requirements**).
6. The Headquartering Requirements apply to 'Metway group companies', which includes:
 - (a) Metway Bank Limited ACN 010 831 722 (now known as SML);
 - (b) any holding company of SML (which includes SBGH and any holding company of SBGH, being Suncorp Group Limited); or
 - (c) a wholly-owned subsidiary of SML that is the principal operating, banking or insurance company in the group of companies consisting of SML and its Related Bodies Corporate.

1.3 Application of the Metway Merger Act post-completion

7. If the Proposed Transaction completes and the Metway Merger Act remains in its current form, Suncorp and its retained subsidiaries (i.e. excluding SBGH, SML and any of its subsidiaries being transferred pursuant to the SSPA) would no longer be a 'Metway group company' and would not be bound by the terms of the Metway Merger Act. However ANZ, as the purchaser of SBGH and its subsidiaries including SML, would be subject to the Headquartering Requirements under the Metway Merger Act following Completion.
8. As a result, the parties agreed in clause 2.6 of the SSPA to take certain steps to satisfy the condition precedent in clause 2.1(c). This includes obligations to work together in good faith to seek the approval of the Queensland Government to pursue legislative changes through Parliament by amending the application of the Headquartering Requirements under the Metway Merger Act and to offer to the Queensland Government certain agreed commitments or other commitments considered acceptable by the relevant party acting reasonably for the benefit of the State of Queensland. The agreed commitments as at signing of the SSPA are set out in Part B of Schedule 17 of the SSPA. Suncorp Group believes that the commitments being offered by Suncorp Group to the Queensland Government are significantly more extensive than those made when the sale of Suncorp Bank was announced.

2 The Investment and Employment Commitments

2.1 Consultation with the Queensland Government

9. The Queensland Government has made it clear that its focus is on ensuring that the sale of Suncorp Bank to ANZ delivers outcomes that are in the best interests of Queensland, if the Proposed Transaction proceeds. This focus aligns with Suncorp's rationale for selling and ANZ's rationale for acquiring Suncorp Bank.
10. The Queensland Government also stated publicly¹ at the time the sale of Suncorp Bank was announced that the transaction must be a good deal for Queenslanders. Suncorp Group has worked constructively with the Government to meet this expectation and establish a clear benchmark of public benefits. While the focus of consultation with the Queensland Government was on benefits for Queensland, these commitments will also translate to public benefits at a national level as outlined below.
11. ANZ and Suncorp are engaging separately with the Queensland Government through Queensland Treasury (**Treasury**) about possible amendments to the Metway Merger Act. [REDACTED] Following extended negotiations, Suncorp and Treasury agreed in late April 2023, in principle, and subject to final approvals, the terms of an Implementation Agreement, which sets out Suncorp's legal commitments to the Queensland Government in connection with the Proposed Transaction, [REDACTED].
12. The commitments contained in the Implementation Agreement are designed to demonstrate how Suncorp will:
 - (a) add value to Queensland and Australia by growing skilled employment opportunities, in particular opportunities which support the growth in skills relevant to the financial services sector (such as those skills directly relevant to Suncorp in insurance); and
 - (b) contribute to the growth of the finance and insurance industry after completion of the Proposed Transaction.

2.2 Public Benefits and Commitments

Investment commitments

13. Suncorp has **offered** to implement a series of investment commitments [REDACTED]

¹ InQLD, '[Suncorp tips a \\$4 billion windfall for shareholders as it exits banking, sells to ANZ](#)' (18 July 2022); SMH, '[ANZ Bank to buy Suncorp Bank for \\$4.9 billion](#)' (18 July 2022).

14. An outline of each **commitment** and the associated public benefits follows.

Disaster Response Centre of Excellence (DRC):

15. A key focus of Suncorp's commitments is to improve community resilience and lessen the physical, economic and emotional impacts of extreme weather. Recent research² outlines that direct costs from extreme weather events are estimated to grow by 5.13 per cent each year (before inflation) and reach \$35.24 billion (in 2022 dollars) by 2050. In 2050 Australian households will be paying an average of \$2,509.16 (in 2022 dollars) every year for the direct costs of extreme weather events. The wider economic costs will be even greater.
16. Queensland is the most disaster impacted state in Australia³ and it is in the national interest for the Queensland and Commonwealth governments to encourage private sector investment in disaster response and disaster readiness activity. For every \$1 that is spent in resilience, between \$4-11 is saved in response and recovery.⁴
17. The challenge of insurance affordability as an industry, business or a community has never been greater. To support Suncorp in obtaining the required approvals for the Proposed Transaction, including from the Queensland Government, Suncorp has committed to the Queensland Government to develop a Disaster Response Centre of Excellence (**DRC**) in Brisbane.
18. The DRC is the first of its kind in Australia and will provide leadership, best practices, research, support and training for insurance disaster recovery and resilience.
19. As part of the commitment offered to the Queensland Government in relation to the DRC, Suncorp will invest in a new market-leading technology platform and will leverage that platform, together with existing partnerships, to share learnings and data with all three levels of government, and key stakeholders such as the National Emergency Management Agency, Queensland Reconstruction Authority and State Emergency Services (**SES**) in Queensland, New South Wales and Victoria. The intention is also to share the insights and data derived from the DRC with partners, academics, industry, emergency services and community groups.

The public benefit of a faster Suncorp Disaster response

20. In 2020, Suncorp outlined a program of work known as "best in class claims" as part of a three-year strategy for the insurance business. A key element of the plan revolved around improving the way that Suncorp responds to the increasing frequency and severity of natural hazard events given the impact this has on all Australians. The series of weather-related disasters over recent years highlighted the urgent need for the private sector to support all levels of government and the wider community during these critical times. However, no funding for the technology and infrastructure required to drive this additional support had

² The McKell Institute, '[The Cost of Extreme Weather](#)' (Report, September 2022);

³ Queensland Government, 'Queensland Strategy for Disaster Resilience 2022-2027'.

⁶ APRA, '[Executive Board Member Geoff Summerhayes - Speech to Australian Business Roundtable for Disaster Resilience and Safer Communities webinar](#)' (14 October 2020).

been allocated or even contemplated in the Suncorp Group's three-year funding plan. Suncorp made the decision to fund this as part of the series of commitments that it was willing to make to the Queensland Government in order to demonstrate the benefits of the Proposed Transaction for the State of Queensland (and more broadly) and to obtain the required approvals for the Proposed Transaction.

21. The key benefits arising for Suncorp Group customers (who make up a significant part of the Australian community) as well as more broadly for other local and state governments and communities, arise from the DRC's ability to significantly speed up Suncorp's and other parties' with whom information is shared, disaster response.
22. The 2022 East Coast Floods event was the first major event where Suncorp trialed a prototype of the DRC's technology platform (**ECC**). While the prototype's functionality was limited compared to what is proposed under the new investment to be made as a result of the Proposed Transaction, it resulted in 'claims finalisation' that was approximately 9 per cent ahead of target. While the full public benefits of the DRC will not be known until the investment and enhancements are completed, this gives Suncorp confidence that its ability to respond faster to extreme weather will be significantly enhanced as will its ability to support government and other organisations which play a critical role in the response.
23. Two reports commissioned by Suncorp Group from SGS Economics and Planning, titled *Economic Recovery After Disaster Strikes*⁵ and a follow up *Economic Recovery After Disaster Strikes: Volume Two*⁶, outline the public benefit of a faster insurance disaster response. These benefits can be summarised as follows:
 - (a) The speed of the disaster response, and injection of insurance funds, are critical to the strength of the community's long-term recovery. The impact of a major natural disaster to a regional city or town is like a factory or mine closing – this has a range of flow on effects with widespread and long-term impacts across the whole economy and community. If people see recovery occurring quickly after a natural disaster, it boosts confidence and encourages people to stay in a community. Once people leave it is very hard to get them back, forever changing the community.
 - (b) Insurance provides a way to mitigate the adverse economic impact of natural disasters. The income from insurance payments helps to stabilise the economy following the initial shock from the disaster, and the economic stimulus from claims payments and recovery activity promotes a quicker return to normal economic activity. This is especially important in regional Australia, where there is increased risk of disasters and communities have a narrower economic base.
 - (c) Economic stress often extends beyond the locations hit by natural disasters. The 2019 Townsville floods caused a \$2.5 billion reduction in the region's Gross Domestic Product, with the ripple effect impacting surrounding regions including Ayr, Charters Towers, Cairns, Whitsundays, Mackay and outback Queensland. Ellen Witte, Partner at SGS Economics & Planning said: "*The insurance payouts have not only given the local economies a softer landing, but they also drive a rapid economic recovery. The benefits will be felt for years. Rapid recovery is not only important for*

⁵ Suncorp, ['Regional Australia at risk of economic ruin following natural disasters'](#) (Article, 13 May 2019).

⁶ Suncorp, ['Regional Australia at risk of economic ruin following natural disasters'](#) (Article, 13 May 2019).

the economy. We know that the health and wellbeing impacts of disasters on our communities often outweigh the economic issues.”

24. Suncorp’s ability to respond faster to a natural disaster will also have benefits in relation to the cost of insurance premiums for all Australians, by putting downward pressure on the average cost of a claim. The average cost of a claim is inflated the longer it takes to resolve, with additional issues such as mould, worsening damage, inflationary impacts on the cost of parts, materials and labour, etc. occurring. Claims costs account for ~47% of a home insurance premium⁷ – so a faster, more efficient disaster response will put downward pressure on this significant input cost to all insurance policies. This has flow-on benefits to Suncorp’s reinsurance arrangements that, as outlined above, are under significant pressure and impacting all insurance premiums in Australia.
25. As noted above, it is as a result of the Proposed Transaction that the development of the DRC with the extended operational capability (including the ECC, Disaster Response Team and Mobile Hub – all described below) will become a reality. The specific DRC commitment to Queensland is to spend no less than \$2.5 million by the end of financial year 2023-2024 in developing and constructing a DRC which is to be located in Suncorp’s headquarters at Heritage Lanes, Brisbane. This is in addition to the amounts to be invested in the ECC, Disaster Response Team and Mobile Hub described below. These commitments were approved outside of the usual Suncorp business planning process and on the basis that the transaction would support achieving the necessary regulatory and Governmental approvals for the Proposed Transaction.

26. 

Technology Platform (ECC)

27. This is an additional investment to further develop Suncorp’s technology platform from its current prototype status. The investment is a minimum of \$12 million over five years from the date of the announcement of the Proposed Transaction. The investment is in the development of a modular technology platform to address extreme events such as cyclones, bush fires and earthquakes, in addition to its existing capability in respect of hail and flood events. A technical squad will be established to carry out this further development. This squad, along with additional support roles, will make up 20 new roles.
28. Public benefits arise from:
- (a) With the further development of the ECC technology platform, it will be utilised to monitor weather alerts to better understand weather impacts, to privately communicate with customers and impacted communities and improve responses before during and after major weather events.
 - (b) Importantly, one of the first proposed upgrades to be made to the technology platform under the investment would be the functionality to analyse data by Local Government Areas (**LGAs**) nationally. While this is not required for Suncorp to service customers, this key functionality will be critical to ensure Suncorp can share localised insights, which is a major public benefit. All three levels of government, partners, academics and other stakeholders can benefit from the technology platform’s localised data and insights to understand the scale and to help prioritise resources during disaster

⁷ Suncorp, [‘Where do Home Premiums go? | Suncorp Insurance’](#).

response and recovery. Suncorp is currently exploring establishing trial data-sharing arrangements with local Councils in anticipation of the investment being made in the ECC as part of this Proposed Transaction.

29. [REDACTED]

Disaster Response Team

30. The Disaster Response Team will be headquartered in the DRC and within 12 months from the Legislative Commencement Date, 20 new full-time positions (as referred to in paragraph 27 above) will be created and filled. The value of this commitment is \$3 million. [REDACTED]

31. Public benefits arise from the enhanced Disaster Response Team which will enable Suncorp to attract and retain talent and capability with leading edge roles associated with weather monitoring, climate change, geospatial technology, artificial intelligence, digital transportation and supporting functions to develop the technology platform. This supports the Queensland Government's objective of adding value to Queensland by growing skilled employment opportunities, while also benefitting communities nationally through the deployment of specialist knowledge and skills when disaster strikes elsewhere.

32. [REDACTED]

Mobile Hub

33. Suncorp Group will commit to investing \$1.5 million by the end of the 2024-2025 financial year to design and fit-out a fully functional 'mobile hub', being a semi-trailer truck or caravan capable of being deployed to communities impacted by natural disasters or weather events to assist those communities' recover from such events and promptly process insurance claims. It is expected this Mobile Hub will be stored in South East Queensland and able to be deployed into communities hit by disasters.

34. Public benefits arise from the Mobile Hub supporting the important role Suncorp plays for the whole community within recovery centres in the immediate aftermath of an event – helping triage other insurance customers, providing general insurance information, as well as having employees available that are trained to detect community members experiencing vulnerability so that we can take action and connect them with support services. This was an investment that was not contemplated or provided for in Suncorp Group's three-year funding plan and was put forward on the same basis as the DRC in connection with the Proposed Transaction.

35. [REDACTED]

Suncorp Regional Hub

36. Suncorp Group will commit to establishing a regional employment hub in Townsville and employ 120 people (100 full-time employee equivalent roles) within two years from the Legislative Commencement Date, should the proposed amendments to the Metway Merger Act progress. While this may not increase Suncorp's overall Australian FTE workforce numbers, external benefits arise from the creation of the employment hub and the jobs being located in Townsville, a regional centre of national importance given its key defence, green energy, academic and research capabilities. With quality jobs come better income, better

infrastructure, better services, more resilience and greater opportunities to establish new enterprises.

37. Public benefits arise from:

- (a) The development of a dedicated centre in Townsville. Suncorp will invest between \$2.1 million and \$3 million over five years in leased premises, fit out and infrastructure in the Suncorp Regional Hub to be located in Townsville. The site work will be undertaken by local workers to maximise the retention of investment within the local community. These amounts do not include salary and on-costs of the workforce.
- (b) The ability to use the Regional Hub as a pop-up centre for disaster recovery coordination post an extreme weather event at a time when the local community is most in need of assistance. Townsville is well located as a key regional hub in a high-risk weather zone.
- (c) The opportunity to recruit a higher proportion of First Nations people given the location of the Regional Hub in Townsville. This provides an opportunity to improve First Nations employment prospects and helps to build social and economic inclusion.

38. 

Vocational training and educational institutions support

39. Suncorp will commit to invest a minimum of \$3 million within three years from the Legislative Commencement Date to community or educational initiatives as specified by the State of Queensland. This is a new investment arising specifically from the Proposed Transaction. The funding will be directed at:

- (a) providing funding to Queensland educational institutions to fund vocational training for trades to support disaster resilience as well as trades for the construction of housing in Queensland;
- (b) supporting First Nations employment pathways through partnering with one or more community organisations to fund education and other services to grow participation within this group; and
- (c) providing funding to Queensland educational institutions to fund research, courses, internships or scholarships in respect of disaster resilience, emergency management and electronic vehicle repair.

40. These initiatives will be achieved by supporting and partnering with Queensland training and educational institutions. These initiatives will assist in growing the financial ecosystem by providing career pathways for graduates in both direct and indirect jobs in the finance sector and in sectors necessary to grow vibrant communities.

41. 