

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

1 June – 3 June 2010

Question: BET 297

Topic: Global Financial Crisis

Hansard Page: Written

Senator Eggleston asked:

Is there concern at the level of mergers acquisitions following the global financial crisis? In what industries is there more concern? What about in the banking industry?

Answer:

The number of mergers or acquisitions notified to the ACCC over the last three financial years has been as follows:

2007–08	397
2008-09	412
2009-10	321

The ACCC is not aware to what extent the level of mergers and acquisitions over this period have been driven by the global financial crisis, as such information is not always provided to the ACCC. Changes in the level of mergers notified to the ACCC may be impacted by a range of factors other than the effects of the global financial crisis.

The ACCC believes that section 50 of the *Trade Practices Act 1974* has continued to operate effectively throughout the global financial crisis, preventing mergers and acquisitions that result in, or are likely to result in a substantial lessening of competition in a market in Australia.

The ACCC would be concerned about mergers in any industry if it considered that the transaction was likely to substantially lessen competition in a market.

In relation to the banking sector, the ACCC has examined several significant merger proposals in recent years. In particular, the ACCC assessed Westpac's acquisition of St George, and Commonwealth Bank of Australia's acquisition of BankWest. More recently, the ACCC examined National Australia Bank's proposed acquisition of AXA. The ACCC is aware that during the global financial crisis, some competitors exited markets or scaled back their operations and accordingly, the ACCC continues to closely scrutinise mergers in this sector.