

## Bankwest on track to cut legal ties with WA

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A looming Senate inquiry into Commonwealth Bank of Australia's 2008 takeover of Bankwest will not deter the West Australian government from changing legislation governing the Perth-based bank's independence.

It is understood that WA Attorney-General Christian Porter may take the matter to cabinet as soon as this month, cutting one of the few remaining ties between Bankwest and its home state.

State legislation dictates that the bank maintain its own licence, but federal regulations require it to hand that back and operate under parent CBA's licence.

The Australian Prudential Regulation Authority has set a May deadline for the switch.

Bankwest has been lobbying the state government to change the legislation, designed to keep the bank in WA when it was privatised in the 1990s.

"We expect to be able to finalise these frameworks in the near future," said a Bankwest spokeswoman, noting that the licence change was needed to allow it to "grow through CBA's ownership".

"We would also be able to access the [CBA] funding we need to grow and to make funding available to WA customers," the spokeswoman said.

Under the current legislation, Bankwest must have its own board and retain WA as its headquarters.

An aggressive eastern states expansion under former owner HBOS left many West Australians feeling the bank had lost its local identity. Since the CBA takeover, Bankwest has moved to reassure customers it is still WA's own bank.

CBA bought Bankwest for a fire sale price during the credit crisis after HBOS could no longer support the local business.

But Bankwest's risky lending practices in the commercial property sector soon undermined the quality of its loan book.

*The Australian Financial Review* reported last week that Nationals senator John Williams was pushing for a Senate inquiry into Bankwest's actions after the acquisition.

He said he had been approached by a number of customers who felt their debts had been called in unfairly as CBA tried to rein in Bankwest's loan book.

Opposition finance spokesman Mathias Cormann and Greens leader Bob Brown said they were open to Senate scrutiny of the bank.

Mr Porter said a potential inquiry would not affect a decision about the licence.

"I am not aware of any customer complaints coming to my office but in any event this is a matter for the Commonwealth," he said.

The Australian Financial Review

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