



**WESTPAC BANKING CORPORATION
PUBLIC COMPLIANCE COMMITMENT TO THE AUSTRALIAN
COMPETITION & CONSUMER COMMISSION ("ACCC")**

Westpac Banking Corporation and subsidiary companies ("WBC") is committed to:

- Complying with the Trade Practices Act 1974, in particular Part VB of the Act;
- Not engaging in price exploitation in relation to the New Tax System (ANTS);
- Complying with the price exploitation guidelines as expanded in this commitment;
- To the maximum practicable extent passing on to our customers any net cost benefits realised as a result of the ANTS changes; and
- Advertising and displaying the GST inclusive price in a way that is not misleading or deceptive.

IMPLEMENTATION OF ANTS

WBC in late 1998 established a project team which is dedicated to the implementation of the ANTS legislation, following our standard project disciplines and which is required to report to WBC's Board Audit and Compliance Committee on a regular basis.

The project team has been tasked to review all of WBC's transactions, determine the impact of the ANTS legislation and make system changes to collect GST, where necessary. In addition, the project encompasses a review of WBC's contracts and leases and the pricing of all of WBC's products and services.

The project team is also responsible for the training of WBC's staff and communicating the impact of the ANTS legislation to customers.

Where necessary, WBC has obtained external legal and other professional advice and sought rulings from the Treasury and the Australian Taxation Office to ensure that WBC complies with the ANTS legislation. WBC also requested its auditors PricewaterhouseCoopers to undertake an examination of the pricing of its products and services arising from the introduction of ANTS.

COST CHANGES

WBC from 1 July 2000 will:

- Include in the price of its products and services which are taxable supplies, GST at the rate of 10 percent.
- In our determination of the cost of all products and services, WBC will reflect the estimated impact of the ANTS legislation, including the savings arising from the abolition of the Wholesales Sales Tax and other taxes.
- Review the costs of its products and services to ensure that all expected benefits arising from ANTS are achieved. If the anticipated benefits are not realised WBC will adjust its pricing to ensure that the profit impact of ANTS on WBC is neutral.

SUPPLIER PROGRAM

WBC is reviewing its contracts and leases that span 1 July 2000 to assess the impact of the ANTS legislation, in particular the transitional provisions, and has written to its major suppliers requesting confirmation of the tax treatment of these contracts.

WBC has commenced negotiations with its major suppliers regarding the ANTS changes, and will attempt to ensure that the direct benefit to the maximum practicable extent from the changes is obtained from our suppliers from 1 July 2000.

IMPLEMENTATION AND COMPLIANCE COSTS

WBC will recover, where appropriate, all reasonably incurred and directly attributable implementation and compliance costs associated with the introduction of the ANTS legislation over a three-year period.

The ANTS project has put in place a tracking mechanism to record all reasonable and directly attributable implementation and compliance costs in accordance with WBC's standard project disciplines.

IMPACT OF ANTS CHANGES

The impact of ANTS will vary across WBC;

A number of WBC's products and services particularly in the General Insurance, Funds Management and Australian Guarantee Corporation Limited businesses are taxable supplies. GST of 10 percent will be included in the price of these products and services from 1 July 2000.

The majority of WBC's products and services will be input taxed, resulting in WBC not generally being able to claim credits for GST paid. As a result, WBC will seek to recover the increased costs resulting from ANTS by an appropriate adjustment to the price of these products and services.

CUSTOMER INFORMATION

WBC will not mislead or deceive customers regarding the impact of ANTS on the products and services that it sells.

Any price adjustments arising from the introduction of ANTS will be clearly communicated to our customers in line with standard industry practice.

WBC has put in place a training package to ensure that its staff are adequately trained for the introduction of ANTS.

COMPLAINTS HANDLING

WBC has in place a national on line tracking system to handle customer complaints, with a service standard of five days, including a three-day follow-up for any open cases to be resolved. Each business unit in WBC has a dedicated customer relations unit for escalation of complex issues.

WBC will handle all customer queries and complaints relating to ANTS and resulting price changes through its normal channels. In the event that the customer remains unsatisfied with the complaint handling outcome, they will be entitled to have the matter reviewed by an independent party – the Australian Banking Industry Ombudsman.

PRICE DISPLAY

Where GST is applicable, prices will be shown:

- ◆ inclusive of GST, and
- ◆ in the case of some business customers the individual price will be shown exclusive of GST, with GST being charged on the value of the taxable supplies invoiced.

WBC will ensure that all advertised prices are not shown in a misleading or deceptive manner.

Customers will be provided with a tax invoice, where required.

PRICING POLICIES

For those products and services that WBC has assessed as being taxable supplies under the ANTS legislation, WBC will include GST in the price of these products and services at the rate of 10 percent from 1 July 2000, after taking into consideration the savings arising from ANTS.

For those products and services which are input taxed, WBC will make appropriate changes on an ongoing basis to prices to reflect the cost changes resulting from ANTS.

WBC will ensure that:

- ♦ no single price increase arising from the ANTS changes will exceed 10 per cent,
- ♦ it complies with "the constant dollar margin rule" at an aggregate product level, and
- ♦ overall net savings arising from the introduction of ANTS are passed onto customers.

LIAISON WITH THE COMMISSION

WBC will liaise with the Commission to ensure that complaints made and issues arising will be dealt with expeditiously. WBC has appointed a liaison officer, who will be responsible for providing information to the Commission and will be the Commission's first point of contact.

WBC is committed to complying with its obligations under the law and will cooperate fully with the Commission's representatives undertaking price monitoring and other activities in exercising its powers under the Act.

REPORTING AND INFORMATION PROVISION

WBC will advise, for information, the Commission before announcing and making any significant price changes that are, or could be perceived to be related to ANTS. Relevant information will be provided, on request, to the Commission to support these price changes.

WBC will provide to the Commission, in January 2001, details of actual cost savings arising from the introduction of ANTS. At that time, WBC will agree with the Commission the need for further reporting of cost savings.

Where necessary, WBC will arrange for the information provided to the Commission to be audited.



David Morgan
Managing Director & Chief Executive Officer

16 June 2000