

Mr John Hawkins
Committee Secretary
Senate Standing Committee on Economics
PO Box 6100
Parliament House
CANBERRA ACT 2600

Senate Economics
Committee

14 DEC 2010

Dear Mr Hawkins

Current Inquiry into Banking Competition

Thank you for speaking to me by phone the other day.

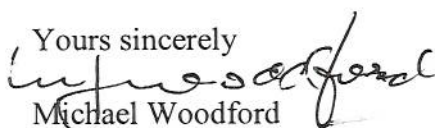
It is my view that ever since the so-called Labor Party privatised the Commonwealth Bank at the instigation of Paul (the Privatiser) Keating (who is now probably busy helping to flog off NSW energy assets) a government of whatever party (I hesitate to use the term "ideology" - especially in relation to Senator Mark Arbib), even if it has a desire to do so (and I very much doubt that), has no mechanism for ensuring the there is serious competition in the banking sector.

It would appear that even the so-called Labor Party insists on calling the big "Four" by that name when in fact those bank names and logos are only brand names for the 20 or so organisations that own them. You will note that cross-shareholdings and bank controlled funds are rampant. I wonder to what extent that affects their share prices. Even the economists (one should probably hesitate to identify oneself as one these days especially those of them that are employed in the banking sector) continue to play up the fiction about competition in the sector in their rhetorical discussions on bank competition.

So I draw your Committee's attention to the real facts about the Big "Four" by enclosing a page from each of the annual reports (available on Google, it's so public that Assange doesn't bother about it) to show them the real facts of bank ownership. They should note that in each case the 20 top shareholders control from 44% to 54% of the shares in the Big "Four" (so don't bother to put CEO remuneration to a shareholder vote). It is a wonder that they don't sack the employees especially the CEOs and merge themselves at least for the sake of obtaining economies of scale (something their economists won't like - I mean why would you need so many?) and even if that meant giving Ralph Norris or one of his counterparts a big rise in pay. By the way your, Committee should also look up the annual reports of Woolworths, Wesfarmers and Westfield Properties and they will find the usual suspects figure in a big way there too.

I am not at all optimistic that much will come of your inquiries and I am sure that all that will happen is that there will be more rhetoric and no meaningful results.

Yours sincerely


Michael Woodford
10 December 2010

Top 20 Holders of Fully Paid Ordinary Shares as at 6 August 2010

Rank	Name of Holder	Number of Shares	%
1	HSBC Custody Nominees (Australia) Limited	210,455,886	13.59
2	J P Morgan Nominees Australia Limited	154,853,734	10.00
3	National Nominees Limited	136,450,456	8.81
4	Citicorp Nominees Pty Limited	66,664,831	4.30
5	RBC Dexia Investor Services Australia Nominees Pty Limited	31,979,790	2.06
6	Cogent Nominees Pty Limited	24,434,228	1.58
7	ANZ Nominees Limited	15,756,788	1.02
8	AMP Life Limited	11,330,429	0.73
9	Australian Foundation Investment Company Limited	8,472,900	0.55
10	UBS Wealth Management Australia Nominees Pty Limited	7,462,650	0.48
11	Bond Street Custodians Limited	4,905,305	0.32
12	Queensland Investment Corporation	4,405,934	0.28
13	Australian Reward Investment Alliance	3,795,781	0.25
14	Perpetual Trustee Co Ltd (Hunter)	3,211,879	0.21
15	Invia Custodian Pty Limited	2,516,548	0.16
16	Tasman Asset Management Ltd	2,501,887	0.16
17	Argo Investments Limited	2,347,895	0.15
18	Milton Corporation Limited	2,250,879	0.15
19	Suncorp Custodian Services Pty Ltd	2,062,211	0.13
20	UBS Nominees Pty Ltd	2,008,282	0.13

The top 20 shareholders hold 697,868,293 shares which is equal to 45.06% of the total shares on issue.

Stock Exchange Listing

The shares of the Commonwealth Bank of Australia are listed on the Australian Securities Exchange under the trade symbol CBA, with Sydney being the home exchange.

Details of trading activity are published in most daily newspapers, generally under the abbreviation of CBA or C'wealth Bank. The Bank does not have a current on-market buy-back of its shares.

Range of Shares (Fully Paid Ordinary Shares and Employee Shares): 6 August 2010

Range	Number of Shareholders	Percentage Shareholders	Number of Shares	Percentage Issued Capital
1 – 1,000	583,890	74.25	194,747,354	12.57
1,001 – 5,000	178,891	22.75	366,828,549	23.69
5,001 – 10,000	16,469	2.09	112,842,109	7.29
10,001 – 100,000	6,896	0.88	129,735,672	8.38
100,001 and over	245	0.03	744,623,690	48.08
Total	786,391	100.00	1,548,777,374	100.00
Less than marketable parcel of \$500	13,890	1.80	59,082	0.00

Voting Rights

Under the Bank's Constitution, each person who is a voting Equity holder and who is present at a general meeting of the Bank in person or by proxy, attorney or official representative is entitled:

- On a show of hands – to one vote; and
- On a poll – to one vote for each share held or represented.

If a person present at a general meeting represents personally or by proxy, attorney or official representative more than one Equity holder, on a show of hands the person is entitled to one vote even though he or she represents more than one Equity holder.

If an Equity holder is present in person and votes on a resolution, any proxy or attorney of that Equity holder is not entitled to vote.

If more than one official representative or attorney is present for an Equity holder:

- None of them is entitled to vote on a show of hands; and
- On a poll only one official representative may exercise the Equity holders voting rights and the vote of each attorney shall be of no effect unless each is appointed to represent a specified proportion of the Equity holders voting rights, not exceeding in aggregate 100%.

If an Equity holder appoints two proxies and both are present at the meeting:

- If the appointment does not specify the proportion or number of the Equity holder's votes each proxy may exercise, then on a poll each proxy may exercise one half of the Equity holder's votes;
- Neither proxy shall be entitled to vote on a show of hands; and
- On a poll each proxy may only exercise votes in respect of those shares or voting rights the proxy represents.

NAB

Shareholder information

Twenty largest registered fully paid ordinary shareholders of the company as at 30 October 2009

	Number of shares	%
HKBA Nominees Limited	347,777,731	16.60
J P Morgan Nominees Australia Limited	254,158,485	12.13
National Nominees Limited	244,701,348	11.68
Citicorp Nominees Pty Limited	62,378,274	2.98
ANZ Nominees Limited, Cash Income A/C	42,774,174	2.04
Cogent Nominees Pty Limited	35,956,656	1.72
National Australia Trustees, SSAP & SSOP Control A/Cs	23,639,880	1.13
AMP Group	21,966,984	1.05
Queensland Investment Corporation	20,952,556	1.00
RBC Dexia Investor Services Australia Nominees Pty Limited, PIPOOLED A/C	20,600,868	0.98
Citicorp Nominees Pty Limited, CFS WSLE Geared SHR Fund A/C	11,436,146	0.55
UBS Nominees Pty Limited	10,822,871	0.52
UBS Wealth Management Australia Nominees Pty Limited	9,542,292	0.46
Australia Foundation Investment Company Limited	8,723,569	0.42
RBC Dexia Investor Services Australia Nominees Pty Limited, BKCust A/C	7,143,294	0.34
Cogent Nominees Pty Limited, SMP A/C	6,752,668	0.32
Citicorp Nominees Pty Limited, CFS WSLE Imputation Fund A/C	6,686,032	0.32
ANZ Nominees Limited, Income Reinvest Plan A/C	6,249,725	0.30
Australian Reward Investment Alliance	6,019,723	0.29
Argo Investments Limited	4,982,301	0.24
	1,153,265,577	55.07

Substantial shareholders

As at 30 October 2009 there were no persons with a substantial shareholding in the Company.

Distribution of fully paid ordinary shareholdings

Range (number)	Number of Shareholders	% of Holders	Number of Shares	% of Shares
1 - 1,000	275,622	61.2	107,952,608	5.2
1,001 - 5,000	144,572	32.1	306,149,527	14.6
5,001 - 10,000	18,991	4.2	129,844,725	6.2
10,001 - 100,000	10,852	2.4	219,722,809	10.5
100,001 and over	407	0.1	1,331,939,068	63.5
	450,444	100.0	2,095,608,737	100.0
Less than marketable parcel of \$500	10,743		79,619	

Voting rights

Each ordinary shareholder present at a general meeting (whether in person or by proxy or representative) is entitled to one vote on a show of hands or, on a poll, one vote for each fully paid ordinary share held. Holders of partly paid shares voting on a poll are entitled to a number of votes based upon the proportion that the amount of capital call and paid up on the shares bears to the total issue price of the shares.

Shareholding information

Westpac ordinary shares

Top 20 ordinary shareholders at 5 October 2010

	Number of Fully Paid Ordinary Shares	% Held
HSBC Custody Nominees (Australia) Limited	444,695,642	14.88
JP Morgan Nominees Australia Limited	379,805,564	12.71
National Nominees Limited	312,929,618	10.47
Citicorp Nominees Pty Limited	143,271,824	4.79
RBC Global Services Australia Nominees Pty Limited	73,948,625	2.47
Cogent Nominees Pty Limited	57,815,915	1.93
AMP Life Limited	26,481,210	0.89
Australian Foundation Investment Company Limited	18,236,232	0.61
UBS Private Clients Australia Nominees Pty Limited	15,635,906	0.52
Australian Reward Investment Alliance	13,802,315	0.46
ANZ Nominees Limited	12,492,571	0.42
Bond Street Custodians Limited	11,410,755	0.38
Queensland Investment Corporation	10,371,346	0.35
UBS Nominees Pty Limited	9,951,463	0.33
Milton Corporation Limited	9,000,750	0.30
Argo Investments Limited	8,646,851	0.29
Perpetual Trustee Company Limited	8,222,131	0.28
Invia Custodian Pty Limited	7,557,952	0.25
Tasman Asset Management Limited	4,408,952	0.15
Questor Financial Services Limited	4,201,956	0.14
Total of Top 20 registered shareholders	1,572,887,578	52.62

As at 5 October 2010 there were 561,023 holders of our ordinary shares compared to 538,953 in 2009 and 376,813 in 2008. Ordinary shareholders with a registered address in Australia held approximately 98% of our fully paid share capital at 5 October 2010 (approximately 98% in 2009 and 97% in 2008).

Substantial shareholders as at 5 October 2010

As at 5 October 2010 there were no shareholders which met the Corporations Act's definition of being a 'substantial shareholder'. A person will have a substantial holding of our shares if the voting rights attaching to our shares in which that person or their associates have relevant interests is 5% or more of the total number of votes attached to all our voting shares. The above table of the Top 20 ordinary shareholders includes shareholders that may hold shares for the benefit of third parties.

Significant changes in ordinary share ownership of substantial shareholders

On 15 October 2009, Barclays Group became a substantial shareholder having relevant interests in 171,119,392 ordinary shares (5.82% of total votes outstanding). They ceased to be a substantial shareholder on 16 November 2009.

On 2 December 2009, BlackRock Investment Management (Australia) Limited became a substantial shareholder having relevant interests in 159,356,967 ordinary shares (5.35% of total votes outstanding). They ceased to be a substantial shareholder on 18 May 2010.

Control of registrant

We are not directly or indirectly owned or controlled by any other corporation(s) or by any foreign government. Refer to the section 'Exchange controls and other limitations affecting security holders' which provides information on the *Foreign Acquisitions and Takeovers Act 1975*, *Corporations Act 2001* and *Financial Sector (Shareholdings) Act 1998* which impose limits on equity holdings.

At 30 September 2010, our Directors and Executive Officers owned beneficially, directly or indirectly, an aggregate of 3,470,839 (0.12%) of the fully paid ordinary shares outstanding.

Shareholding information

Analysis by range of holdings of ordinary shares as at 5 October 2010

Number of Shares	Number of Holders of Fully Paid Ordinary Shares		Number of Fully Paid Ordinary Shares		Number of holders of Share Options and Rights
	Ordinary Shares	%	Ordinary Shares	%	
1 - 1,000	311,621	55.54	130,029,690	4.35	77
1,001 - 5,000	193,739	34.53	439,430,587	14.70	209
5,001 - 10,000	33,138	5.91	232,665,576	7.78	70
10,001 - 100,000	21,852	3.90	465,129,403	15.56	99
100,001 and over	673	0.12	1,721,952,263	57.61	41
Totals	561,023	100.00	2,989,207,519	100.00	496

There were 10,119 shareholders holding less than a marketable parcel (\$500) based on a market price of \$23.11 at the close of trading on 5 October 2010.

Voting rights of ordinary shares

Holders of our fully paid ordinary shares have, at general meetings (including special general meetings), one vote on a show of hands and, upon a poll, one vote for each fully paid ordinary share held by them.

Westpac Stapled Preferred Securities**Westpac SPS***Top 20 holders of Westpac SPS at 5 October 2010*

	Number of Westpac SPS	% Held
BT Portfolio Services Limited	638,010	6.16
RBC Dexia Investor Services Australia Nominees Pty Limited	302,803	2.92
UBS Wealth Management Australia Nominees Pty Limited	297,046	2.87
HSBC Custody Nominees (Australia) Limited	266,289	2.57
Bond Street Custodians Limited	246,588	2.38
Invia Custodian Pty Limited	234,871	2.27
JP Morgan Nominees Australia Limited	162,600	1.57
Avanteos Investments Limited	106,288	1.03
JMB Pty Limited	80,800	0.78
Eastcote Pty Limited	80,000	0.77
Wiser Equity Pty Limited	80,000	0.77
Netwealth Investments Limited	76,985	0.74
Hayson Super Investment Pty Limited	70,000	0.68
Namrog Investments Pty Ltd	60,000	0.58
Perpetual Trustee Company Limited	58,561	0.57
National Nominees Limited	57,017	0.55
Equity Trustees Limited	54,082	0.52
Burrawong Investments Pty Limited	50,000	0.48
Country Employment Services Pty Limited	50,000	0.48
Domer Mining Company Pty Limited	50,000	0.48
Total of top 20 registered holders	3,021,940	29.17

Shareholders Information

Ordinary Shares

At 8 October 2010, the twenty largest holders of ordinary shares held 1,491,400,485 ordinary shares, equal to 58.26% of the total issued ordinary capital.

Name	Number of shares	%	Name	Number of shares	%
1. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	446,984,331	17.46	12. ANZEST PTY LTD <DEFERRED SHARE PLAN A/C>	9,451,047	0.37
2. J P MORGAN NOMINEES AUSTRALIA LIMITED	371,451,021	14.51	13. COGENT NOMINEES PTY LIMITED <SMP ACCOUNTS>	8,626,014	0.34
3. NATIONAL NOMINEES LIMITED	343,611,753	13.42	14. AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	6,865,377	0.27
4. CITICORP NOMINEES PTY LIMITED	98,249,488	3.84	15. PERPETUAL TRUSTEE COMPANY LIMITED	6,790,350	0.26
5. COGENT NOMINEES PTY LIMITED	42,380,166	1.66	16. AUSTRALIAN REWARD INVESTMENT ALLIANCE	6,639,870	0.26
6. JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	29,710,001	1.16	17. UBS NOMINEES PTY LTD	6,638,326	0.26
7. RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <PIPOOLED A/C>	29,388,568	1.15	18. RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <MLCI A/C>	5,904,807	0.23
8. AMP LIFE LIMITED	25,265,475	0.99	19. ANZEST PTY LTD <ESAP SHARE PLAN A/C>	5,842,797	0.23
9. CITICORP NOMINEES PTY LIMITED <CFS WSLE GEARED SHR FND A/C>	16,013,808	0.62	20. CITICORP NOMINEES PTY LIMITED <CFSIL CFS WS AUST SHRE A/C>	5,795,609	0.23
10. UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	13,149,540	0.51			
11. QUEENSLAND INVESTMENT CORPORATION	12,642,137	0.49			
Total				1,491,400,485	58.26

Distribution of shareholdings

At 8 October 2010 Range of shares	Number of holders	% of holders	Number of shares	% of shares
1 to 1,000	211,496	51.33	87,379,102	3.41
1,001 to 5,000	163,252	39.62	364,005,569	14.22
5,001 to 10,000	23,998	5.82	165,287,732	6.46
10,001 to 100,000	12,832	3.12	261,495,851	10.22
Over 100,000	457	0.11	1,681,549,304	65.69
Total	412,035	100.00	2,559,717,558	100.00

At 8 October 2010:

- there were no persons with a substantial shareholding in the Company;
- the average size of holdings of ordinary shares was 6,212 (2009: 6,292) shares; and
- there were 8,537 holdings (2009: 7,370 holdings) of less than a marketable parcel (less than \$500 in value or 21 shares based on the market price of \$24.07), which is less than 2.07% of the total holdings of ordinary shares.

Voting rights of ordinary shares

The Constitution provides for votes to be cast as follows:

- on show of hands, 1 vote for each shareholder; and
- on a poll, 1 vote for each fully paid ordinary share.

ANZ Convertible Preference Shares (ANZ CPS) ANZ CPS1

On 30 September 2008 ANZ issued convertible preference shares (ANZ CPS1) which were offered pursuant to a prospectus dated 4 September 2008.

At 8 October 2010, the twenty largest holders of ANZ CPS1 held 2,508,608 securities, equal to 23.20% of the total issued securities.

Name	Number of securities	%	Name	Number of securities	%
1. UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	493,730	4.57	11. RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <NMSMT A/C>	59,137	0.55
2. RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <MLCI A/C>	333,865	3.09	12. THE AUSTRALIAN NATIONAL UNIVERSITY	57,940	0.53
3. UCA CASH MANAGEMENT FUND LTD	239,791	2.22	13. BALLARD BAY PTY LTD <BALLARD BAY DISCRETIONARY AC>	50,000	0.46
4. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	236,899	2.19	14. JMB PTY LIMITED	50,000	0.46
5. J P MORGAN NOMINEES AUSTRALIA LIMITED	203,560	1.88	15. SPINETTA PTY LTD	45,000	0.42
6. QUESTOR FINANCIAL SERVICES LIMITED <TPS RF A/C>	176,005	1.63	16. AUSTRALIAN EXECUTOR TRUSTEES LIMITED <NO 1 ACCOUNT>	42,077	0.39
7. HARMAN NOMINEES PTY LTD <HARMAN FAMILY A/C>	104,794	0.97	17. KOLL PTY LTD	40,000	0.37
8. NATIONAL NOMINEES LIMITED	102,819	0.95	18. UBS NOMINEES PTY LTD	38,478	0.36
9. NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	91,738	0.85	19. MUTUAL TRUST PTY LTD	38,307	0.35
10. COGENT NOMINEES PTY LIMITED	69,468	0.64	20. RJT FAMILY HOLDINGS PTY LIMITED <THE ROBERT TOPFER FAMILY A/C>	35,000	0.32
Total				2,508,608	23.20

Distribution of ANZ CPS1 holdings

At 8 October 2010 Range of shares	Number of holders	% of holders	Number of securities	% of securities
1 to 1,000	15,571	92.76	4,610,153	42.64
1,001 to 5,000	1,072	6.39	2,279,619	21.09
5,001 to 10,000	84	0.50	686,532	6.35
10,001 to 100,000	51	0.30	1,344,357	12.43
Over 100,000	8	0.05	1,891,463	17.49
Total	16,786	100.00	10,812,124	100.00

At 8 October 2010: There was no holding (2009: 1 holding) of less than a marketable parcel (less than \$500 in value or 5 securities based on the market price of \$102.00).

Voting rights of ANZ CPS1

An ANZ CPS1 does not entitle its holder to vote at any general meeting of ANZ except in the following circumstances:

- on any proposal to reduce ANZ's share capital, other than a resolution to approve a Redemption of the ANZ CPS1;
- on a proposal that affects the rights attached to the ANZ CPS1;
- on any resolution to approve the terms of a buy-back agreement, other than a resolution to approve a Redemption of ANZ CPS1;
- on a proposal to wind up ANZ;
- on a proposal for the disposal of the whole of ANZ's property, business and undertaking;
- on any matter during a winding up of ANZ; and
- on any matter during a period in which a Dividend remains unpaid.

On a resolution or proposal on which an ANZ CPS1 holder is entitled to vote, the ANZ CPS1 holder has:

- on a show of hands, one vote; and
- on a poll, one vote for each ANZ CPS1 held.