



Media Release

Corporate Communications

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ACCC proceedings against ANZ ill-conceived

ANZ today stated that the decision by the Australian Competition and Consumer Commission (ACCC) to initiate Federal Court proceedings alleging price fixing behaviour by ANZ in relation to Mortgage Refunds Pty Ltd was ill-conceived and misplaced in law.

The ACCC proceedings are about the way ANZ interacted with a Queensland mortgage broker, Mortgage Refunds (MR), which offered what the broker referred to as a "refund" in relation to ANZ products. ANZ considered the "refund" breached its accreditation agreement by offering inducements to prospective borrowers in relation to ANZ products and withdrew MR's accreditation in March 2004. Following an agreement with MR in April 2004 that "refunds" applying to ANZ products would be capped, the broker's accreditation was reinstated. Prior to the withdrawal of accreditation, MR introduced four home loans to ANZ and a further 19 following reinstatement.

ANZ Managing Director Mortgages, Mr Michael Rowland said: "ANZ denies any price fixing behaviour and has not breached Section 45 of the Trade Practices Act. We will vigorously defend the ACCC proceedings. We believe the proceedings are ill-conceived and misplaced in law."

ANZ has obtained separate advice from two leading Queen's Counsel, both of whom are among Australia's leading competition lawyers. ANZ's position is:

- ANZ as a lender and Mortgage Refunds as a broker are not competitors. The ACCC proceedings are based on a lack of understanding of the nature of relationships between lenders and the broking industry. Brokers are an important and valued "channel" for ANZ. The provisions in the Trade Practices Act relied upon by the ACCC are not applicable - ANZ's conduct is "vertical" in nature, not "horizontal" between competitors.

Mr Rowland commented: "ANZ has fully cooperated with the ACCC on this matter since 2004. It is disappointing following three years of discussion, and with extensive involvement of legal advisors, that we have reached this point. We fully expect our position to be vindicated in the Courts."

ANZ will not comment further on the ACCC proceedings while they are before the Federal Court.

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