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Dear Board Members

**Exposure Draft 2011/3 Mandatory Effective Date of IFRS 9**

Westpac is one of the four major Australian trading banks. At 30 September 2010 we had total assets of A\$618 billion and total liabilities of A\$578 billion. Our current market capitalisation is A\$63 billion.

Westpac welcomes this opportunity to respond to the Board in relation to the ED 2011/3 regarding the mandatory effective date of IFRS 9. We support the Board's proposal to amend the mandatory date. However, we would like to highlight for the Board's consideration some concerns regarding the requirement for comparatives if an entity was to early adopt.

Our detailed responses to each of the questions set out in the exposure draft are set out below.

**Question 1**

The Board proposes to amend IFRS 9 (2009) and IFRS 9 (2010) so that entities would be required to apply them for annual periods beginning on or after 1 January 2015. Do you agree? Why or why not? If not, what alternative do you propose?

We support the Board's proposal to amend the mandatory effective date for IFRS 9 to annual periods beginning on or after 1 January 2015. We agree with the Board's view that an entity should be given the opportunity to adopt all phases of IFRS 9 at the same time.

Given the delay in timelines for both phase 2 (impairment) and phase 3 (hedge accounting) of the IFRS 9 project we do not believe there would be sufficient time for an entity to appropriately consider and implement the complete final standard by the current mandatory effective date.

This would be particularly challenging in preparing the necessary comparatives especially for those entities which are required to lodge IFRS compliant financial statements in the US and as a result are required to prepare further years of comparative information in addition to the immediate prior period.

For example, Westpac is required to prepare comparative information for the prior two financial years for the income statement, statement of comprehensive income, statement of changes in equity and the statement of cash flows and also an average balance sheet.

**Question 2**

The Board proposes not to change the requirement in IFRS 9 for comparatives to be presented for entities that initially apply IFRS 9 for reporting periods beginning on or after 1 January 2012. Do you agree? Why or why not? If not, what alternative do you propose?

We propose that the requirement to present comparatives for entities initially adopting IFRS 9 be amended. We propose that the exemption from applying comparatives should be extended until the mandatory effective date. As such entities early adopting IFRS 9 would have relief from preparing comparatives.

We note the Board's comments in the Basis of Conclusions to the exposure draft that they acknowledge the importance of allowing entities to adopt all phases of the project to replace IAS 39 at the same time.

If the mandatory effective date is amended to annual periods beginning on or after 1 January 2015, the standard would be mandatorily adopted by Westpac for its 30 September 2016 year end. In preparing comparatives for the financial statements for the 30 September 2016 year end, as alluded to above, Westpac would be required to present information for 30 September 2015 and 30 September 2014.

For an entity with a December year end with similar requirements, its comparative periods would be 31 December 2014 and 31 December 2013.

Given that the phases of IFRS 9 dealing with impairment and hedge accounting (including macro hedge accounting) are not likely to be released until 2012, the ability to have considered the requirements and implemented the necessary changes including systems to enable the capture and reporting of data for comparative periods this close to the mandatory date for comparatives would preclude many entities from early adopting.

**Conclusion**

In summary, we support the Board's proposal to amend the mandatory effective date to annual periods beginning on or after 1 January 2015 however we would propose that the exemption from requiring comparatives for early adoption be extended until the mandatory effective date.

We would like to thank the Board for the opportunity to provide our comments on this exposure draft and trust that these comments will prove useful.

If you have any questions related to these comments, please contact me at [rgoudie@westpac.com.au](mailto:rgoudie@westpac.com.au).

Yours Sincerely

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