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Just who is prospering?



Banks and big companies are often accused of being out of touch and not aware of their impacts in society. Because we know that a prosperous business goes hand-in-hand with a prosperous society, our social, environmental and economic performance is central to the way we operate.

Chairman's and CEO's foreword



This report marks an important step in our desire to be seen as responsible, ethical and trustworthy business.

After three years of separate reporting, we are now aligning our sustainability reporting with our annual financial reporting. This marks an important step in our journey to help ensure that the consideration of economic, social and environmental issues is built into all aspects of our business. From here on, we will be releasing our Stakeholder Impact Report shortly after the release of our Concise and Full Financial reports.

We believe that the alignment of our Concise and Full Financial report and our Stakeholder Impact Report, will provide a comprehensive and fully rounded perspective of our performance for our employees, our customers, our shareholders and the wider community.

We see our corporate responsibility practices as central to our long-term resilience and earnings sustainability. Perhaps it is because the value and loyalty of staff and customers is considered intangible and difficult to measure, perhaps it is because there has traditionally not been a great deal of transparency around them, but the fact remains that too little attention is paid to these critical performance drivers. We have seen them as critical to our success.

Our experience has shown us that corporate responsibility has to become a core part of our strategy if we are to deliver sustainable long-term shareholder value. As Australia's oldest company we know that we need to build organisational and individual competencies across the full governance and sustainability agenda to ensure the survival of our business well into the future.

We know that stakeholder engagement has to produce real learning and innovation in order to effectively drive changes in the way we operate. Which is why we are establishing a formal stakeholder engagement framework to ensure that this valuable source of feedback is built in to our core decision-making processes.

We have to provide real incentives for our people to pursue responsible and sustainable business outcomes through our performance planning and objective setting processes. We have done this by building corporate responsibility objectives into our balanced scorecard approach to performance management.

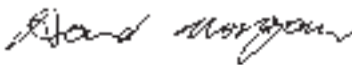
We have to be open and transparent in all our public disclosure statements and publications. We understand that the community expects, and in fact demands, truth and accountability in reporting on performance. And with trust in big business at an historical low, we owe it to ourselves to deliver on this.

We also believe that independent verification and assurance of reporting is crucial in building public confidence that what we say is the truth. Which is why we have always ensured that our social, environmental and financial reporting is verified by independent assurance providers across these dimensions.

By taking a multi-dimensional approach to the way we manage our business, we strongly believe that we can deliver value in such a way as to ensure that it is enduring, deep and focused for all our stakeholders. By doing so, we can deliver value to our employees, our customers, our shareholders and the wider community. And that is always good for business.



Leon A. Davis, AO, Chairman



David Morgan, CEO

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Performance Indicators Guide

This guide covers the indicators we are reporting on and where they are sourced from. The stakeholder impact reporting framework used is based on:

- the Global Reporting Initiative;
- EPI-Finance 2000;

- SPI-Finance 2002;
- Australian stakeholder indicators;
- the Global Compact.

A diverse group representing key Australian stakeholders contributed their valuable time in initially

developing the Australian indicators and providing feedback on reporting indicators. We acknowledge their valuable contribution.

| GENERAL | Indicator | Reporting Framework Reference | | | | | Page |
|--|---|-------------------------------|--------------------|--------------------|----------------------------------|----------------|----------|
| | | Global Reporting Initiative | SPI - Finance 2002 | EPI - Finance 2000 | Australian Stakeholder Indicator | Global Compact | |
| Vision & strategy | Chairman's & CEO's foreword | ✓ | | | | | 3 |
| | Vision and values | ✓ | | | ✓ | | 9-10 |
| | Strategy | ✓ | | | | | 9-10 |
| | Link to CSR & sustainability | ✓ | | | | | 10 |
| Westpac profile | Name of the reporting entity | ✓ | | | | | 8 |
| | Major products & services | ✓ | | | | | 8 |
| | Countries of operation and importance | ✓ | | | | | 8 |
| | Markets served | ✓ | | | | | 8 |
| | Organisational scale | ✓ | | | | | 8-9 |
| Report scope | Reporting period | ✓ | | | | | contents |
| | Date of most recent previous report | ✓ | | | | | 3 |
| | Boundaries of report | ✓ | | | | | contents |
| | Significant changes since previous report | ✓ | | | | | 3 |
| Governance | Governance practices | ✓ | | | | | 54-55 |
| | CSR governance structure | ✓ | | | | | 10-11 |
| | Market disclosure | ✓ | | | | | 55 |
| | Auditing and assurance | ✓ | ✓ | | ✓ | | 55 |
| | Independent assurance and verification | ✓ | | | | | 55,66 |
| Corporate Social Responsibility (CSR) Management | CSR policy | ✓ | ✓ | | ✓ | | 10 |
| | CSR organisation | ✓ | ✓ | | ✓ | | 10 |
| | Internal & external audits | ✓ | ✓ | | ✓ | | 66 |
| | Management of sensitive issues | ✓ | ✓ | | ✓ | | 11 |
| | Stakeholder dialogue | ✓ | ✓ | | ✓ | | 11 |
| | Performance screening of suppliers | ✓ | ✓ | ✓ | ✓ | | 48-49 |
| | Emerging issues | ✓ | ✓ | | ✓ | | 8-13 |
| | Verification statements | ✓ | | | ✓ | | 71-73 |
| | Glossary | ✓ | | | | | 74 |

Reporting Framework Reference

| SOCIAL | Indicator | Reporting Framework Reference | | | | | Page |
|--|--|-----------------------------------|--------------------|--------------------|----------------------------------|----------------|----------|
| | | Global Reporting Initiative | SPI - Finance 2002 | EPI - Finance 2000 | Australian Stakeholder Indicator | Global Compact | |
| Employee | Internal CSR policy | ✓ | ✓ | | ✓ | | 15-16 |
| | Employee turnover | ✓ | ✓ | | ✓ | | 16 |
| | Employee morale | ✓ | ✓ | | ✓ | | 16,59 |
| | Employee satisfaction | ✓ | ✓ | | ✓ | | 59,69-70 |
| | – work/life balance | ✓ | ✓ | | ✓ | | 59,69-70 |
| | – communication | ✓ | ✓ | | ✓ | | 59,69-70 |
| | – employee commitment | ✓ | ✓ | | ✓ | | 59,69-70 |
| | – training & development | ✓ | ✓ | | ✓ | | 59,69-70 |
| | – job security | ✓ | ✓ | | ✓ | | 59,69-70 |
| | Total salary & benefits | ✓ | | | | | 20-21,68 |
| | Executive remuneration practices | ✓ | ✓ | | ✓ | | 20-21 |
| | Executive remuneration fostering sustainable development | ✓ | ✓ | | ✓ | | 21 |
| | Female-male salary ratio | | ✓ | | ✓ | | 58 |
| | Workforce profile | ✓ | ✓ | | ✓ | ✓ | 58 |
| | Diversity & opportunity | ✓ | ✓ | | ✓ | ✓ | 16-18 |
| | Performance evaluation | | ✓ | | ✓ | | 20 |
| | Training & education | ✓ | ✓ | | ✓ | | 19-20 |
| | Non-work aspects of career management | | ✓ | | ✓ | | 19 |
| | Workloads & staffing levels | | | | ✓ | | 59-60 |
| | Staff selection & contract | | | | ✓ | | 20-21 |
| | Employee recruitment | ✓ | ✓ | | ✓ | | 15-16 |
| | Occupational health & safety | ✓ | | | ✓ | | 22 |
| | Retail banking | Retail banking policy & practices | ✓ | ✓ | | ✓ | |
| Customer Charter | | | | | ✓ | | 26-27 |
| Transparency of fees & charges | | | | | ✓ | | 61 |
| Responsible lending | | | | | ✓ | | 61 |
| Accessibility & availability of banking services | | ✓ | | | ✓ | | 27-29 |
| Regional infrastructure | | ✓ | | | ✓ | | 61 |
| Complaints resolution | | ✓ | | | ✓ | | 62 |
| Complaint types | | ✓ | | | ✓ | | 24-27 |
| Social safety net banking & affordability | | ✓ | ✓ | | ✓ | | 27-29 |

| SOCIAL | Indicator | Reporting Framework Reference | | | | | Page |
|------------------------|---|-------------------------------|--------------------|--------------------|----------------------------------|----------------|----------|
| | | Global Reporting Initiative | SPI - Finance 2002 | EPI - Finance 2000 | Australian Stakeholder Indicator | Global Compact | |
| Retail banking | Improving accessibility for the disabled | ✓ | | | ✓ | | 28 |
| | Consumer lending with a high social benefit | | ✓ | | ✓ | | 29 |
| Business banking | Lending policy | | ✓ | | ✓ | | 29-30 |
| | Lending profile | | ✓ | | ✓ | | 63 |
| | Lending with a high social benefit | | ✓ | | ✓ | | 31,63 |
| Institutional banking | Lending policy | | ✓ | | ✓ | | 31 |
| | Lending with a high social benefit | | ✓ | | ✓ | | 31,63 |
| | Third world debt | | | | ✓ | | 32 |
| | Global country profile | | ✓ | | ✓ | | 63 |
| Asset management | Socially Responsible Investment (SRI) | ✓ | ✓ | | ✓ | | 32-33 |
| | Assets under management with a high social benefit | ✓ | ✓ | | ✓ | | 33 |
| Insurance | Complaints – General insurance | ✓ | ✓ | | | | 62 |
| | Complaints – Life and risk | ✓ | ✓ | | | | 62 |
| Performance to society | Building social capital | ✓ | ✓ | | ✓ | | 40-44 |
| | Enhancing financial literacy | ✓ | ✓ | | ✓ | | 43-44 |
| | Aggregated contributions | ✓ | ✓ | | ✓ | | 66 |
| Human rights | Human rights policy | ✓ | | | | ✓ | 44-45 |
| | Indigenous rights | ✓ | | | ✓ | ✓ | 45-47 |
| | Supply chain | ✓ | | | | ✓ | 48-51 |
| | Non-discrimination | ✓ | | | ✓ | ✓ | 17,44-45 |
| | Freedom of association | ✓ | | | ✓ | ✓ | 44-45 |
| | Policy excluding child labour | ✓ | | | | ✓ | 44-45 |
| | Policy excluding forced labour | ✓ | | | | ✓ | 44-45 |
| Suppliers | Performance screening of suppliers | ✓ | ✓ | ✓ | ✓ | ✓ | 48-51 |
| | Cost of all goods, materials and services purchased | ✓ | ✓ | | | | 50 |
| | Environmental screening | ✓ | | ✓ | ✓ | | 48-51 |
| | Human rights in procurement decisions | ✓ | ✓ | | | ✓ | 48-51 |
| | Supplier feedback | | ✓ | ✓ | | | 48-51 |

Reporting Framework Reference

| ENVIRONMENT | Indicator | Reporting Framework Reference | | | | | Page |
|---|---|-------------------------------|--------------------|--------------------|----------------------------------|----------------|----------|
| | | Global Reporting Initiative | SPI - Finance 2002 | EPI - Finance 2000 | Australian Stakeholder Indicator | Global Compact | |
| Environmental performance | Environmental policy statement | ✓ | | ✓ | | ✓ | 36 |
| | Environmental governance | ✓ | | ✓ | | ✓ | 36-37 |
| | Environmental audits & reporting | ✓ | | ✓ | | ✓ | 37-38,66 |
| Environmental KPIs | Energy consumption | ✓ | | ✓ | | ✓ | 64 |
| | Paper consumption | ✓ | | ✓ | | ✓ | 64 |
| | Water consumption | ✓ | | ✓ | | ✓ | 38 |
| | Transport | ✓ | | ✓ | | ✓ | 65 |
| | Total greenhouse emissions | ✓ | | ✓ | | | 64 |
| | Biodiversity | ✓ | | ✓ | | ✓ | 37 |
| | Business banking | Total lendings | | | ✓ | | |
| Lending with a high environmental benefit | | | | ✓ | | | 65 |
| Institutional banking | Total lendings | | | ✓ | | | 65 |
| | Environmental screening | | | ✓ | ✓ | ✓ | 65 |
| | Lending with a high environmental benefit | | | ✓ | ✓ | ✓ | 65 |
| SRI policy | Policy statement | | | ✓ | ✓ | | 32-33 |
| | Assets under green management | | | ✓ | ✓ | ✓ | 39 |
| | Stakeholder engagement overlay | ✓ | | ✓ | ✓ | | 33 |
| Suppliers | Performance screening of key suppliers | ✓ | ✓ | ✓ | ✓ | ✓ | 48-51 |
| ECONOMIC | Profit | ✓ | | | | | 8,67 |
| | Earnings per share | ✓ | | | | | 67 |
| | Dividends | ✓ | | | | | 67 |
| | Return | ✓ | | | | | 67 |
| | Efficiency | ✓ | | | | | 67 |
| | Market price to NTA | ✓ | | | | | 68 |
| | Staff productivity | ✓ | | | | | 67 |
| | Profit by region | ✓ | | | | | 68 |
| | Assets by region | ✓ | | | | | 68 |
| | Operating income by key business unit | ✓ | | | | ✓ | 68 |
| | Value generation | ✓ | ✓ | | | | 68 |
| | Value distribution | ✓ | ✓ | | | | 68 |

Our business and the emerging agenda

We were founded in 1817 as the Bank of New South Wales and were the first company and the first bank to be established in Australia. In 1850, the bank was incorporated by an Act of the New South Wales Parliament and in 1982 we became Westpac Banking Corporation following a merger with the Commercial Bank of Australia.

Our footprint

We are one of the major banking organisations throughout Australia, New Zealand and the Pacific region, with offices in New York, London and Asia. We provide a broad range of banking and financial services in these markets, including retail, commercial and institutional banking and wealth management activities. As at 30 September 2004, our Group-wide footprint was:

Market capitalisation
(\$ billion)

~~30~~³²

Net profit
(\$ billion)

~~2.2~~^{2.5}

Total assets
(\$ billion)

~~221~~²⁴⁵

Our DNA – vision, mission and values

Our DNA defines what we stand for, where we're heading and how we're going to get there. It defines our vision, our mission, our values, our strategy and our key objectives.

Our vision is to be a great Australasian company, as judged by our customers, staff, shareholders and the broader community. Customer focus is our strategy and our mission is to be at the forefront for service in our industry by September 2005. Woven throughout everything we do are our values of teamwork, integrity and performance. A picture of how our DNA all fits together is set out on page 10.

Our management model is to ensure that openness, customer focus and participative management are promoted at all levels and across all boundaries. It is a values driven model with clear accountabilities and performance-linked rewards.

Our business strategy

Our business strategy is centred around superior execution and comes together around five elements:

- Creating a high performance culture for our people;
- Providing a superior customer experience by being open and honest and addressing the specific needs of customers;
- Balancing risk and reward throughout the business cycle;
- Ensuring efficient operations and infrastructure; and
- Maintaining a leadership position in corporate responsibility.

At the end of the day it's all about how the rubber hits the road. This is where the service-profit chain comes in – it establishes the relationship between our practices, employee commitment, customer satisfaction and loyalty, and profitability and value creation. We strongly believe that the only way to sustainably deliver value across our businesses is through the service-profit chain. One can draw a straight line between making superior service second nature and sustainable profit growth.

Key to achieving our superior execution strategy is a high performance culture built around quality people, effective people and performance management processes and strong values.

Our business principles

Our Social Charter sets out the principles against which we conduct our business across the areas of governance and responsibility, employee and customer practices, environment, community involvement, human rights, supply chain management and risk management. It sets out what our stakeholders can expect from us when it comes to corporate responsibility and sustainability.

It is the foundation of our responsibility practices and we expect to be judged against these policies and commitments.

All policies apply across the Westpac Group and we monitor their effectiveness in the context of society's changing expectations as well as specific issues raised by our stakeholders. Our social charter is available under the 'Westpac info' tab on our website, @ www.westpac.com.au

Customers (million)

8.2
~~7.7~~

Employees

27,013
~~26,780~~

Shareholders

225,646
~~212,587~~

Corporate responsibility and our business

For a number of years now, we have been on a journey to embed responsible, ethical, trustworthy business behaviour throughout the company. Why? Because, we believe that by fully integrating corporate responsibility into who we are and the way we operate, we will be a much better business and will be in a much stronger position to sustainably enhance shareholder value.

Our commitment to corporate responsibility is a simple one – it is about doing the right thing, behaving in a responsible, ethical, and trustworthy manner, while acknowledging our major impact on society and accountability to our diverse stakeholders.

It means conducting our business so that we meet our economic, social and environmental responsibilities in an aligned way through a set of values and behaviours that underpin the company's everyday activities.

Essentially, sustainable development is the goal we are working towards, development which meets the needs of the present without compromising the ability of future generations to meet their own needs. Corporate responsibility is how we apply this principle in action.

Our approach to sustainability reporting

We face the same issues that all companies face when putting together sustainability reports. What should we report on? Which of the many frameworks should we adopt, and how can we ensure that the performance measures we adopt best meet the concerns of our stakeholders?

First and foremost, we seek to ensure that the issues that matter most to our stakeholders are addressed. So we engage with community organisations, environmental groups, unions and government bodies, to help assess 'what criteria should Westpac be reporting on?'

We also seek to ensure that the key performance indicators we adopt are compatible with established reporting frameworks.

At this time, the Global Reporting Initiative (GRI) remains the framework with the widest global acceptance and hence provides the core framework for our reporting.

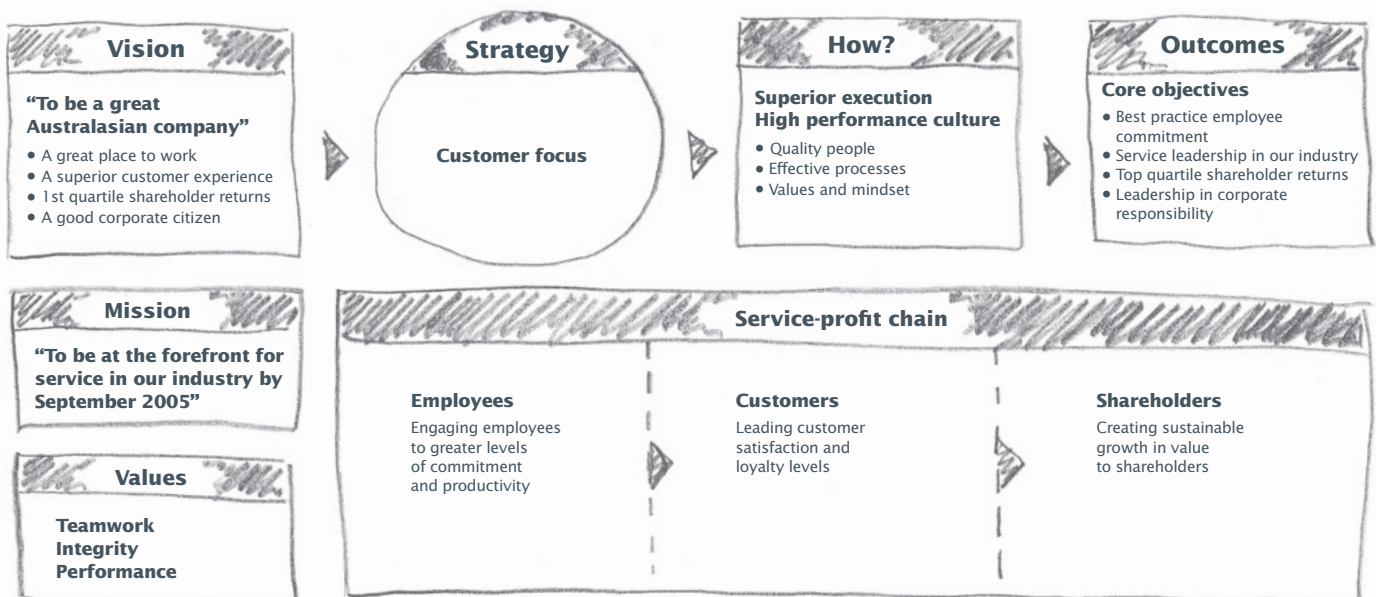
We continue to overlay the GRI with additional finance-specific reporting frameworks, namely EPI-Finance and SPI-Finance, and also use the VFU framework as a means of measuring and reporting on our direct environmental impacts. We also incorporate principle-based reporting from initiatives such as the Global Compact.

We believe the set of performance indicators we have adopted, as presented at the beginning of each of our reports, responds to our stakeholders' needs and allows us the flexibility to continue to expand and deepen our sustainability reporting.

This year, for the first time, we also aligned our non-financial reporting with our financial reporting. We believe that our Concise Annual Report, our Full Financial Report and this, our Stakeholder Impact Report, provide a comprehensive picture of all that we are doing on an annual basis to build value in our business for all our stakeholders.

Westpac DNA 2003

2004



Emerging issues in sustainability reporting

Nonetheless, there remain key challenges to reporting of this nature which we continually face. The fragmentation and proliferation of reporting codes and frameworks, the establishment of more robust measurement, reporting and assurance processes and, crucially, the materiality of what we are reporting on are all issues we continue to work on and respond to.

In particular, the overarching concern with all reporting continues to focus on how best to provide year-on-year non-financial information to demonstrate the effectiveness of the actions we are taking to build intangible value in our business and to simultaneously respond to the critical issues facing our industry.

We continue to work with our assurance providers each year to try and ensure that key issues for our business are identified and responded to – both within our business systems and processes and in our reporting.

Stakeholder dialogue

In our last report, we outlined a formal stakeholder dialogue framework we were putting in place to underscore our commitment to stakeholder dialogue. We sought more effective internal and external dialogue across our business on the key issues facing our business. Since then we have made significant progress in implementing this framework and in institutionalising stakeholder input into our decision-making processes.

We also believe that the formal stakeholder dialogue framework we have progressively built has helped us ensure that consideration of social, ethical and environmental issues becomes a standard part of the way we do business.

In March 2004, we held the first meeting of our Community Consultative Council, with representatives from government, community sectors, consumer advocacy, environmental, Indigenous and disability groups and trade unions. We intend for the Council to meet formally on an annual basis at the CEO level, with ongoing dialogue at the practitioner level on specific issues and programs.

As part of the Community Consultative Council meeting, we asked Council members to tell us what they considered to be the critical issues facing our business and the wider community, and we listened.

From this rich source of information, we have identified a number of areas where we need to respond more directly, and we are now seeking to do so. We have also sought to share some of the Council's feedback in other sustainability forums, both within Australia and internationally.

Our second high-level advisory group is the Internal Sustainability Council (ISC). This is a future-focused group of key internal influencers, charged with helping to build a responsible business. It has responsibility for monitoring, supporting and endorsing relevant policy development across the Group.

Our challenge is to engage with the ISC and make it more meaningful for contributing members. We continue to search for the right approach in engaging and delivering on the intent of the ISC. The difficulties we have faced include building the right membership base, making it a robust and productive forum and finding the right mechanism for feeding ISC outputs back into the business.



We face the same issues that all companies face when putting together sustainability reports. What should we report on? Which of the many frameworks should we adopt, and how can we ensure that the performance measures we adopt best meet the concerns of our stakeholders?

Four issue-specific groups focusing on the workplace, suppliers, social issues and the environment support the Internal Sustainability Council. In June 2004, we held the first meeting of the Social Advisory Group, with membership drawn from across our business. We quickly found there was great value in this group, with instant outcomes, great engagement from participants, building linkages and identifying future opportunities.

Our Environment Advisory Group was already in place, but we have taken some of the lessons learned from the Social Advisory Group and built them into this forum. More detail on this is contained within the Environment section of this report.

In December, we will hold the first meeting of the Supplier Forum. This will build on work undertaken in developing and implementing our Sustainable Supply Chain Management framework, but will also promote broader discussion of ongoing issues within our supplier relationships.

Similarly, the Employee Forum will be formalised on the foundation of dialogue currently underway in the negotiation of our Enterprise Development Agreement (EDA), as outlined in the Employees section of this report.

Sitting across this framework, the Board Social Responsibility Committee continues to maintain Board-level stewardship of the responsibility and sustainability agenda.

Global dialogue and participation

We participate in a number of international working groups, aimed at promoting and developing the responsibility and sustainability agenda internationally.

In 2004, we were voted on to the Interim Steering Committee of the United Nations Environment Program Finance Initiative (UNEP FI). UNEP FI is a unique partnership between the environmental arm of the United Nations and close to 300 financial institutions from around the world. UNEP FI aims to develop and promote linkages between the environment, sustainability and financial performance.

We were also voted Co-Chair of the UNEP FI-GRI Finance Sector Supplement (Environment Performance) working group, with CoreRatings voted Co-Chair representing non-financial institutions. This group is reviewing current environmental performance reporting frameworks for financial institutions, and developing key performance indicators to cover issues not covered by the current framework. This will replace the EPI-Finance framework which currently serves as the Finance Sector Supplement to the main GRI reporting framework.

This is a complicated and technical area, but we see real value in participating in the global development of measures to demonstrate how financial institutions are addressing both the direct and indirect environmental impacts of their day-to-day business.

We have also worked with other Australian financial institutions involved in this process to host a series of workshops to gather local stakeholder feedback. This both raised awareness in the financial industry within Australia on what was being proposed, and also allowed for Australian environmental groups and rating agencies to provide direct feedback on the draft indicators.

We are also participating in the review project for the VFU Indicator framework, which are internal environmental performance indicators for the financial industry. These indicators assist financial institutions in understanding, measuring and reporting on direct environmental impacts arising from our day-to-day business. We expect the revised framework to be finalised by early 2005.

Since joining the Global Compact in 2001 we have both participated in project work being undertaken for financial institutions by the Global Compact and are currently reviewing our own performance to measure and report on how we meet the 10 principles of the Global Compact. In June 2004, Leon Davis, Chairman of Westpac, also attended the Global Compact Leaders' Summit, chaired by the United Nations Secretary-General, Kofi Annan.

In 2004, we were one of a group of financial institutions involved in the development of the Global Compact project which produced 'Who Cares Wins – Connecting Financial Markets to a Changing World'.



This report provided recommendations on how to better integrate environmental, social and governance issues into analysis, asset management and securities brokerage. Eighteen financial institutions from nine countries with total assets under management of over six trillion USD developed and endorsed these recommendations.

As part of our commitment to the Global Compact, we have also commissioned the Australian Centre for Corporate Social Responsibility to undertake a case study of Westpac's sustainability journey and the Global Compact Principles. We will be publishing the final report both through the Global Compact website and also @ www.westpac.com.au

During the reporting period, we participated in the World Business Council for Sustainable Development Annual Council Meeting and in the Caux Roundtable Global Dialogue.

We believe that Westpac gains from being involved in the development of environmental, social and governance reporting frameworks and initiatives. Performance in these areas is an important indication of a company's overall performance and total value and the insight gained positively impacts initiatives in our core business. It is also important to bring an Australian perspective to these issues and to represent critical concerns for our stakeholders.

More information on these, and other initiatives we are involved in, is available under the 'Westpac info' tab on our website @ www.westpac.com.au

Information security initiatives

We increasingly face many new security risks and threats to the integrity, confidentiality and availability of our information and systems. For our customers, fraudulent emails, computer viruses and trojan infections have also become quite a serious problem. Not only are these attacks increasing in volume, but fraudsters are also trying new ways to obtain the personal details of our online customers and are attempting to use this information to access funds. These attacks are aimed at customers and their computers rather than at Westpac but they potentially jeopardise our levels of service, the customer experience and our corporate reputation.

The key to managing these risks is to encourage and support better security practices, both for us and for our customers. Our response has been to establish a permanent security segment on our website to provide customers with ongoing tips and information sources for protecting their security. This includes security alerts, an Internet security checklist, information on how our customers can protect themselves and general banking safety tips.

In 2004, we conducted a staff communications campaign aimed at increasing awareness among our people on their role and responsibilities in maintaining Westpac's security. The campaign included the Information Security Brief, more comprehensive Information Security Guidelines, policy and Frequently Asked Questions (FAQs).

In Australia, we are supporting proposals for a new Cooperative Research Centre (CRC) for Security, Risk and Data Intelligence which will foster collaborative research into cyber threat prediction and defence.

We participate in a number of international working groups, aimed at promoting and developing the responsibility and sustainability agenda internationally.

In 2004, we were voted on to the Interim Steering Committee of the United Nations Environment Program Finance Initiative (UNEP FI). UNEP FI is a unique partnership between the environmental arm of the United Nations and close to 300 financial institutions from around the world.

UNEP FI aims to develop and promote linkages between the environment, sustainability and financial performance.



Employees

Are employees seen but not heard?



It's easy for companies like us to say that our people are our greatest asset and key to achieving our strategy. We are focused on putting the rhetoric into practice by building an open and inclusive environment where doing the right thing is recognised and rewarded.

Discussion:

What is it like to work at Westpac?

Unless our people fully trust our intentions and are given the freedom to do the right thing in their work, we'll have little chance of being a truly responsible company.

So how our people feel about working for Westpac and what motivates them in their work is a vital part of our corporate responsibility program. This has forced us to have a good look at how well our workplace practices stack up in promoting responsible social, ethical and environmental behaviours and outcomes.

So we began with two questions: What does it mean to work at Westpac; and what do our people need to do, day-in and day-out, to generate good social, ethical and environmental outcomes?

What are our organisational capabilities?

We knew we had many of the building blocks in place, but the next step was to look at this more systematically. Innovative research by Dr Leeora Black at the Australian Centre for Corporate Social Responsibility has told us that within Westpac, responsible business outcomes are mostly driven by the way we behave toward our stakeholders. This requires five core capabilities - stakeholder engagement, ethical business behaviour, social accountability, value-attuned public affairs and stakeholder dialogue.

We then measured the extent of these capabilities across our people managers, who are especially well placed to drive responsible business behaviour. We found that the two most critical elements are the extent to which our people understand how Westpac's fortunes and future are linked to our stakeholders, and more broadly our leadership and culture.

What are we like?

We did well on ethical business behaviour, stakeholder engagement, and social impact reporting. However, we are better at embedding responsibility through formal structures and processes than through our culture.

There are significant differences in the capabilities of our people both in terms of where they work, and seniority. Scores for all these capabilities are significantly lower in some business units than others, and our more senior people are typically more skilled.

Building leadership

Knowing that leadership and culture are critical to good business outcomes set the scene for two important initiatives. Firstly, we have a new leadership development strategy which has identified seven critical leadership development experiences for our managers: change management; customer-related activity; managing risk; managing diversity; leading across business units and functions; experience of non-Australian cultures and markets; and stakeholder dialogue.

Secondly, we have defined the Westpac 'employment experience' – what it's like to work here. We wanted to be able to describe what it's like to work at Westpac in a very realistic way that is true for people that work here and attractive to potential candidates.

When we look back, the big lesson we learnt was that it's not always obvious where the blockages are and one of the key things we have done is given people permission to do the right thing. By understanding how we behave, who we are and what capabilities we need to be building into our business, we are in a much better position to meet all of our responsibilities.

Employees

PROGRESS REPORT

PROGRESS AGAINST 2004 OBJECTIVES AND TARGETS

| OBJECTIVES | COMMENTS | |
|--|--|-------------|
| Undertake Childcare Survey of all staff to support initiatives for nationwide workplace child care facilities. | The survey was undertaken in February 2004. | ✓ |
| Development and rollout of Leadership at Westpac program. | The Leadership at Westpac program has been rolled out and as at 30 September 2004, approximately 100 sessions have been completed with 1,200 people leaders attending. | ✓ |
| Continue to embed Corporate Responsibility objectives through the balanced scorecard. | We will be working to help employees better understand the corporate responsibility component of the Balanced Scorecard. | ✓ |
| Review organisational OHS effectiveness, including targets and objectives for reducing injury occurrence and responding to staff OHS issues. | The review has been conducted and new initiatives are being implemented, including the establishment of a more comprehensive database for quarterly reporting. | ✓ |
| Recruit up to 900 mature age staff by 2005. | Within the year to 30 September 2004, 334 workers over the age of 45 have been recruited and retained, bringing the total to 711 mature age workers. | In progress |
| ASPIRATIONAL TARGET | COMMENTS | |
| Increase employee commitment by at least 5% by September 2004. | Employee commitment levels increased 5% (from 65 percentage points in 2003 to 68 percentage points in 2004). | ✓ |

Employment experience

Our people are crucial to our vision, mission and strategy, as articulated through the Westpac DNA. And we are committed to developing a high performance culture where all of our people are provided with the right incentives – and support – to achieve their goals.

We have also started to ‘get real’ about what it is really like to work at Westpac. In putting together our Employment Experience strategy, we wanted to be able to describe what it’s like to work at Westpac in a very candid and realistic way that is true for people that work here, as well as being authentic and attractive to potential candidates.

To develop this strategy, we ran focus groups across all areas of Westpac with a wide range of people and conducted a number of interviews with people leaders. What we came up with was a much clearer idea of who we are as an organisation, how we prefer to work, what we want to achieve and what we need to do to get there.

Our revised approach to the Westpac Employment Experience is building on much of the work undertaken in recent years around culture analysis and the systems and processes we needed to better support the growth and development of our people. This is by no means complete and we will continue to institute ongoing improvements to make Westpac a great place to work.

Employee commitment

Our Core Group Objective for people management in 2004 continues to be increasing employee commitment by 5%. Within the reporting period we were pleased to see that employee commitment has gone from 65 percentage points to 68 percentage points, thereby meeting our objective.

We measure our Group-wide employee commitment through our annual Staff Perspectives Survey.

The survey is undertaken by International Survey Research (ISR), an independent global survey firm specialising in customised employee opinion and attitude surveys. Some 83% of our people chose to respond to the 2004 survey, down from 84% in 2003, while around 59% of employees believe that management will directly act on issues identified, up from 55% last year.

Employee turnover

Within the reporting period, employee turnover has increased from 16% in 2003 to 17% as at 30 September 2004.

Last year, we noted that only 23% of employees resigning from Westpac participated in our exit interview process. We found that the critical factor contributing to this low participation rate was quite simple – the time it took from the Separation Form being processed to someone calling and commencing the process meant that many people were simply uncontactable.

Since then, we have taken steps to ensure that people leaving Westpac are contacted sooner and that Exit Interviews have a higher visibility in separation procedures.

In 2004, this figure decreased to 16%, possibly because this issue was not substantially addressed until the second half of the reporting period. We have expanded the team and made changes to the process and this has been reflected with the participation rate increasing to 30% in the last quarter.

Workforce profile

Within Australia, our total workforce is 21,895 employees. We employ 15,447 full-time and 6,259 part-time people, with 189 people in temporary and other positions.

Diversity

In 2004, we have added a number of additional questions to our annual Staff Perspectives Survey specifically aimed at understanding more of the age, ethnicity or cultural background, disability and work/life balance issues within our workforce.

From those who chose to respond, we found that our workforce is made up of a diverse mix of ages, backgrounds and abilities and responsibilities – all of which impact on the culture of our work environment.

We found that around 50% of our people come from a different ethnic or cultural background and around 30% of the respondents are fluent in a language other than English. Cantonese, followed by Italian and Mandarin were the most popular languages, but a significant number of respondents also identified the 'other' language category making it difficult to fully assess results.

Close to 5% of respondents identified themselves as having some type of disability with the category of 'sensory impairment', i.e. sight or hearing loss, being the most common.

Around 41% of respondents identified themselves as having carer responsibilities, with 76% looking after children and 8% looking after a family member with health-related problems.

We also found that people working part-time or in job share situations were happier overall than full-time employees, however, there was some indication that they did not always feel they were working to their full potential.

The most common working hours for people who chose to respond to the survey were between 25 and 40 hours a week. We also found that people working on average over 41 hours per week felt that it was difficult to balance work and personal responsibilities, whereas people working less hours did believe they have the appropriate balance.

From these results, we have developed two immediate areas of focus which we will be targeting in 2005.

- Understanding how to better engage employees from culturally diverse backgrounds; and
- Understanding the difficulties in balancing work and family responsibilities, and how they can be addressed.

For respondents in the under-30 age group, some ethnic and cultural groups and people with a disability, there were some negative perceptions on other issues. We will monitor these issues and develop appropriate strategies to address these concerns if trends continue.

Workforce demographics

Because we recognise that age management is a new and complex challenge we are facing as an organisation, we have developed an Age Balance Strategy. Our target is to recruit 900 mature age staff by 2005, and progress to date indicates that we are tracking well with 711 mature age people recruited since 1 October, 2002. We define mature age workers as people 45 years and over.

Recruitment initiatives such as the Open Day we held at our Cannon Hill contact centre in Queensland, as detailed in our last report, have been very successful in creating awareness amongst the community of our support for hiring older workers and in attracting older candidates. We have since reviewed the experience and interviewed people recruited through the Open Day and are now looking to incorporate this knowledge into our business-as-usual recruitment strategies across the organisation.



“GOOD MORNING WESTPAC!”
FOCUS GROUPS HAVE
HELPED US HAVE A
MUCH CLEARER IDEA
OF WHO WE ARE.....

We continue to focus on retention strategies, examining the factors which influence mature age workers, including how we can retain older workers in different roles to accommodate their changing needs.

We are now looking at incorporating age awareness training into our leadership training so that managing an intergenerational workforce becomes a key capability of our people. We also continue to work with government to further understand the challenges in this area and to develop innovative methods to attract and retain older workers.

Gender

The proportion of women in management positions has again increased this year, to 40.3% in the September 2004 quarter, up from 39.2% in the same quarter of 2003 and from 32% in 2002.

In March 2004, we piloted a women's development program called 'Westpac Women Achieving their Potential'. This program was held for around 30 participants, although interest from women across the bank was widespread indicating that women are looking for specialised development opportunities. In 2005, we will be integrating it into our mainstream suite of leadership programs.

Ethnicity and disability

As discussed earlier, following the incorporation of more diversity questions into our annual Staff Perspectives Survey, we will now be using this feedback to better engage with staff from a different ethnic or cultural background.

We have made significant progress in delivering on our first Disability Discrimination Action Plan (DDA). Since its launch in 2001, we have successfully completed 80% of the initiatives we committed to, and rolled ongoing monitoring and compliance into much of our business-as-usual systems and processes. While many of those initiatives that remain incomplete have been overtaken by developments in technology and within our business, there are still a number of complex and challenging issues which we need to address.

So, in August 2004, we lodged a new Disability Action Plan with the Human Rights and Equal Opportunity Commission, outlining the steps we will take over the next three years to ensure that our products and services are accessible to people with a disability. Progress will be monitored and evaluated on a six-monthly basis by our Diversity Manager, supported by a Working Party responsible for implementing each action item within the Plan.

Our 2004 Disability Discrimination Action Plan is available on our website @ www.westpac.com.au under the 'Westpac info' tab.

Recruitment

Now that we have defined the Employment Experience at Westpac we have put in place a number of initiatives around recruitment at Westpac. These include the launch of Careers@Westpac, changing our approach to recruitment advertising, and adapting our approach to welcoming people who join Westpac to better reflect the Westpac employment experience.

In November 2004, we launched Careers@Westpac, a new internal recruitment service aimed at making it easier for managers to find the right person to fill a vacancy from within Westpac – valuable people who already have the right values and the skills and experience for the role. Careers@Work was piloted during October 2004, and went live on 1 November 2004.



We have also updated our recruitment advertising guidelines to help our recruitment suppliers and Hiring Managers write advertisements where the tone and language are down to earth, friendly and in plain English.

More broadly, we also have a graduate recruitment program in place, providing opportunities for university graduates across the business. In 2004, we received 5,225 applications for our 2005 graduate program and provided positions for 91 new graduates. This follows on from the 91 positions we provided last year, from a total of 5,298 applications. Significantly, we are happy to see our retention figures remaining high, with 87% of graduates from 2002, 92% from 2003 and 97% from 2004 remaining with us.

Work and life balance

We recognise that our people have a wide range of family obligations and that these impact upon their ability to manage both their work and their personal responsibilities.

Our work and family policies and benefits include six weeks paid maternity, paternity and adoption leave; a process of mutual negotiation of work hours for part-time or job share arrangements; the Better Life and Work information service; and child care facilities and assistance across Australia for the use of Westpac employees.

In 2004, we conducted a national Child Care Survey, inviting our people to provide feedback on both existing services, and what their needs might be going into the future. Close to 4,000 people chose to respond to the survey, and the information obtained from this process has already led to the identification of critical sites requiring additional child care services.

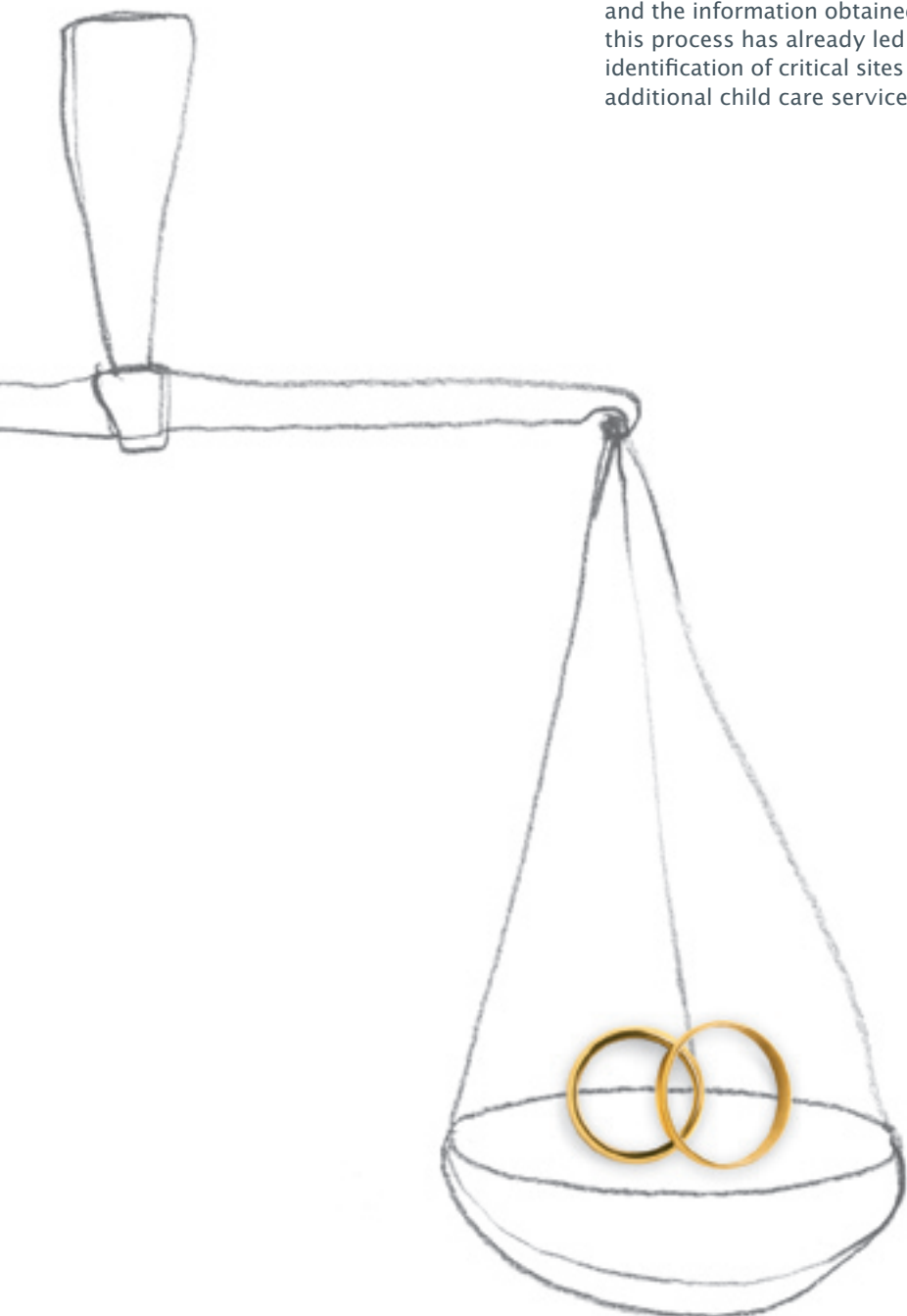
As a direct result of the survey, a new ABC Developmental Learning Centre with 105 places has been purpose built and located next door to Westpac's three contact centres in Kings Meadow, Tasmania. In 2005, we will continue to use the survey results to identify other priority areas.

Increasingly we recognise that either now or in the near future, many of our staff will also need to care for an older relative or close family member. So we provide an Elder Care Information Kit through Managing Work/Life Balance International, as a resource guide to help people understand the issues and access any services they need.

We also encourage our people to talk with their manager to discuss any concerns they have, and to pursue options such as flexible working hours, family leave or Staff Counselling Services to help better manage work/life obligations.

Training, learning and development

We provide training, learning and development to our people through the Westpac Academy. For the period 2003-2004, the Westpac Academy has been focused on three main areas: Customer Experience, Leadership and eLearning.



Since our last report, we have continued to roll out our Customer Experience program, which is a two-day learning event providing insight-based learning through the use of real life scenarios and customer experiences. Throughout this period, a further 3,900 people within our consumer banking area have participated in the program, bringing the total number of people who have completed the program to over 10,000.

We have developed a suite of leadership programs based on the core principles of leadership at Westpac, to help develop and support our People Leaders. These include Hire Right, Agree Objectives and Coaching for Growth, Live the Values, Create and Communicate Direction and Organise to Deliver, and Recognise and Reward. Since their launch in May 2004, 125 sessions have been run and 1,400 people have received training through these programs.

In November 2004, we will be launching Phase One of a multimedia network – eLearning. We believe that this will allow people to learn online at their own pace and towards qualifications related to their job, by providing a more flexible, engaging and interactive approach than has previously been delivered. We will be looking to gradually extend eLearning to around 14,000 employees across Westpac.

We also support our people in pursuing external qualifications through further study. Within the reporting period, 538 people undertook tertiary study to a total cost of \$1.4 million.

Performance and evaluation

Our approach to performance and evaluation is to try and ensure that all organisational, business unit and individual performance objectives are aligned and working towards the same short and longer-term goals. Our Performance Management Cycle includes three critical stages – Performance Planning, Performance Measurement and Performance Management.

Performance Planning ensures that we have identified clear organisational strategies and the means of achieving them. This occurs through the Board Strategy Review, employee objectives and target setting.

Performance Measurement ensures that informed decision-making occurs at all levels of the organisation through transparency around performance data and ongoing monitoring of progress against the business strategy.

Performance Management ensures that our people are motivated to achieve performance through appropriate recognition, reward and development systems and processes. This includes career management, development planning and remuneration and reward.

The Value Management Framework, which aims to reward people for creating long-term sustainable value, supports this process, and is based on understanding performance expectations and communicating performance and plans focused on key value drivers.

Balanced scorecard

We are committed to the balanced scorecard approach, where objectives set across the organisation must take into account the four quadrants – customers, employees, shareholders and corporate responsibility.

Within the Corporate Responsibility quadrant, we require objectives which target the social and environmental dimensions of both the internal work environment and our impact in the wider community. Across all quadrants, we provide guidance on the types of objectives and measures to be set within each section.

Having adapted the fourth quadrant from 'Community' to the broader 'Corporate Responsibility' in 2003, we are still finding that many people are more comfortable addressing social or community issues within this quadrant. Interestingly, many people have felt that critical issues which would usually appear under the Corporate Responsibility heading are already being detailed within the other three quadrants, and have found it difficult to separate out objectives from the 'business-as-usual' approach. Hopefully the more this is done the clearer the process will become.

We expect that awareness and organisational capabilities will gradually build across the organisation as the drivers, principles, beliefs and behaviours of the responsibility approach become more embedded.

Remuneration fostering sustainability

Westpac remuneration policy is structured to reflect the values and direction of the company and to be fair and consistent in the way it is delivered to all employees.

We regularly review and improve our remuneration and benefits practices to better reflect the needs of our staff and the workplace. Further information on our executive remuneration framework is reported in the Corporate Governance section of our Concise Annual Report, and is available on our website @ www.westpac.com.au under the 'Westpac info' tab.

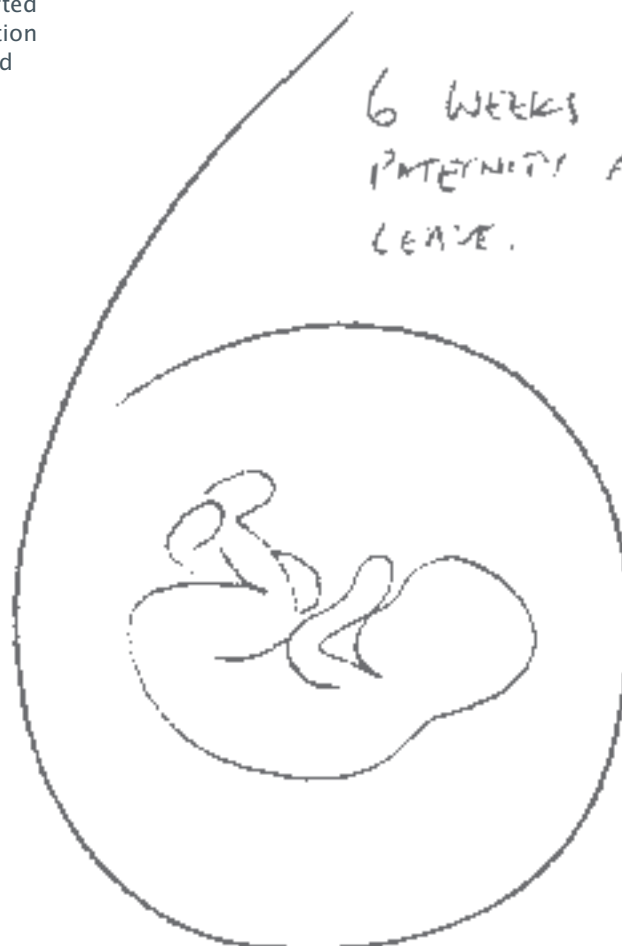
In addition to our Value Management Framework and our balanced scorecard system, the Employee Share Plan has been established to create a stronger link between employee performance and increased shareholder value. We believe that the underlying motivation in promoting a longer-term perspective of performance is consistent with fostering sustainability. It also enables employees to have a greater involvement with, and share in, the future growth and profitability of Westpac.

Westpac Enterprise Development Agreement

As at 30 September 2004, we are currently mid-way through the development and consultation cycle involved in the renegotiation of our Enterprise Development Agreement (EDA). The 'EDA' is actually 12 separate documents that cover our people in different businesses, states and individual worksites at Westpac. It covers all employees regardless of whether they are packaged, unpackaged or specialists and whether they are members of the Finance Sector Union (FSU) or not. As such, all employees are eligible to vote on the EDA which will cover them.

We recognise that our people have a wide range of family obligations and that these impact upon their ability to manage both their work and their personal responsibilities.

Our work and family policies and benefits include six weeks paid maternity, paternity and adoption leave; a process of mutual negotiation of work hours for part-time or job share arrangements; the Better Life and Work information service; and child care facilities and assistance across Australia for the use of Westpac employees.



6 WEEKS MATERNITY,
PATERNITY AND ADOPTION
LEAVE.

Because this process affects all of our people, we also believe that it is very important that everyone has the opportunity to get involved in the EDA process and have their say about the proposed changes which may affect them.

To date, we have completed several stages of the EDA process, including having developed the main themes for discussion with business leaders, two rounds of consultation with our people, and all the subsequent amendments to the proposed EDA as a result of employee feedback. We have also fully communicated the bargaining proposal internally to ensure everyone is aware of what is being put forward. We are now in formal discussions with the FSU.

Next steps include the employee vote on the final EDA proposal and, once it has the genuine approval of the majority of employees who would be covered by it (50% of employees plus one), it then goes to the Australian Industrial Relations Commission for certification. We will be in a better position to outline some of the key initiatives to emerge from this process in our next report.

Occupational health and safety (OHS)

We review our OHS performance against a number of interlinked performance measures. This helps us to understand the full range of issues affecting our people, and to better ensure their physical and emotional well-being.

Our Critical Incident Management Program provides assistance to employees requiring counselling after a traumatic event. We define a critical incident as any event that exposes our people to a life threatening situation or severe victimisation. This can include hold-ups, personal threats in the workplace, assaults or even significant external events where they impact on our staff such as floods or bushfires. From September 2003 to August 2004, the number of employees affected by a trauma and requiring debriefing dropped from approximately 1.7% in 2003 to 1.3%.

Significant events which occurred throughout the year in addition to armed hold-ups, included the accidental disturbance of asbestos in a couple of branches and offensive behaviour from a member of the public in a branch in Sydney.

While over the period, more of our people have been affected by incidents that are not related to hold-ups, our OHS team in Australia is nonetheless working with Physical Security Services to review the risk assessment procedures for branches to further reduce the likelihood of hold-ups in our branches.

During the period, the Lost Time Injury Frequency Rate (LTIFR) has risen from 6.54 to 7.07. The three most common causes for lost time injuries included body stressing, mental stress and slips and trips in the workplace. In response, we are investigating the causes of these issues in the workplace.

In particular, we will complete a National Workers' Compensation and OHS database in October 2004. This will enable us to conduct a more detailed analysis of trends for workplace incidents, injuries and hazards, and implement more effective preventative measures. The database will also facilitate an improved reporting framework on OHS performance, including quarterly reporting to the Board Social Responsibility Committee.

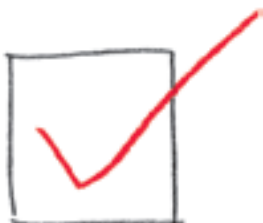
Our Employee Assistance Program (EAP) provides confidential counseling services for our people and their immediate families. The number of people utilising the program rose from 6.7% last year to 7.1% in 2004. Of those people who chose to access the service, around 25% were associated with work-related concerns, well within industry norms.

Employee satisfaction that OHS issues were effectively managed rose from 78% to 80% in the 2004 Staff Perspectives Survey.



We will complete a National Workers' Compensation and OHS database in October 2004. This will enable us to conduct a more detailed analysis of trends for workplace incidents, injuries and hazards, and implement more effective preventative measures.

From September 2003 to August 2004, the number of employees affected by a trauma and requiring debriefing dropped from approximately 1.7% in 2003 to 1.3%.



To do - 2005

OBJECTIVES

- Recruit up to 900 mature age workers by 2005.
- Respond to key findings from the diversity component of the 2004 Staff Perspectives Survey.
- Implement phase one of eLearning.
- Reduce the average time away from work due to a compensable work-related injury or disease by 5%.

ASPIRATION TARGET

- Increase employee commitment by a further 3%.

Customers

Do we really want to know?



A few years ago, we found that we were falling well short of our customers' expectations for better service. Our people shared our customers' frustration and felt that they wanted to help but lacked the tools or training. So we've spent the last few years listening and responding to what our customers really want.

Discussion:

How do our customers think about us?

Deliberately setting out to increase the number of complaints we receive may seem like the opposite of what most companies are trying to do, but that is exactly what we have been seeking to do since 1998.

Back then, our approach to complaints management was ad hoc and reactive at best. It's no accident that, at the time, many people joked that joining Westpac was like being sent to serve in the battlefield trenches, because we had no real idea what our customers really felt about us!

Customer expectations

We found that we were falling well short of our customers' expectations for better service. In particular, we found that some 40% of our customers had to approach us four or more times before their issue was fully acknowledged – let alone satisfactorily resolved! Moreover, we found that our people shared our customers' frustration, and often felt that they wanted to help but lacked the tools or training they needed.

So in response, we sought to undertake a cultural revolution in our customer service and acknowledged in our 2002 Concise Annual Report that our 'Customers should only have to ask once'. Our 'Ask Once' promise, as it has become known, was the genesis of a whole new way of looking at complaints and customer service.

We wanted to make it easier for customers to complain. We wanted to change the Westpac culture to welcome complaints and we wanted to increase individual ownership of complaints once they had been made. Importantly – we wanted to resolve 80% of complaints the first time customers contacted us, 80% of complaints within five business days, or as agreed with the customer, and achieve customer satisfaction levels of 80% with the way complaints are managed.

Supporting our people

We set out to achieve these aims by supporting our frontline staff in making commonsense decisions. We needed to provide our people with the systems and processes they needed to be able to deal with an issue the very first time it is raised.

Now, if we cannot answer a customer's question on the spot, staff give the customer their name and contact number as well as an agreed follow-up date. We are now finding that 88% of complaints are being resolved at the first point of contact in our branch network.

We also needed to understand what kind of a complaint culture we had. How do we as an organisation deal with complaints, what the common and enduring traits are in how we respond to customer concerns, and what organisational behaviours we needed to encourage and support in our people. We also wanted to build a leadership group accountable for driving cultural change, able to monitor, reinforce and embed new ways of responding to customers.

Changing course

We are beginning to see real results. The average percentage of complaints resolved within five days has increased from 75% in 2001 to 81% in 2004. As at September, it was 85%. Significantly, we have seen the spread of complaint types move, particularly over the last year where we are beginning to see real change. Complaints on Staff Service Quality have dropped from 27% to 17% of all complaints and Information and Advice has dropped from 23% to 14% of complaints, reflecting our focus on customer service. A greater proportion of complaints are now about Fees, Charges and Interest Rates, which increased from 17% to 27%, and we are now looking to understand and address this area. We are also now resolving 91% of all complaints referred to the Banking and Financial Services Ombudsman (BFSO) with our customers, before they require a BFSO recommendation.

We also see some of the biggest challenges, and opportunities, in improving our complaint management process within Contact Centres, specifically reconciling traditional call centre efficiency models to one based on total customer service. We also know we need to develop a deeper understanding of the kinds of ongoing and systemic issues within our organisation and ways of resolving them.

Which is why we are currently piloting a Customer Feedback System, designed to encompass all forms of customer feedback such as compliments, suggestions and complaints. Our Systemic Issues Register will also help us to develop a more sophisticated understanding of the major areas of customer dissatisfaction and determine how we can best resolve these issues.

Customers

PROGRESS REPORT

PROGRESS AGAINST 2004 OBJECTIVES AND TARGETS

| OBJECTIVES | COMMENTS | |
|---|--|-------------|
| Review and update the Personal Customer Charter. | The reshaped Customer Committee will review and update the Personal Customer Charter. | In progress |
| Expand the role and resources of the Customer Advocate. | We have appointed a new Customer Advocate. | ✓ |
| Undertake an audit of the branch network to identify works needed to improve disability access for customers and staff. | Westpac's 2004 Disability Discrimination Action Plan (DDA) includes measures for improving physical access for customers and staff at priority locations identified through the audit. | ✓ |
| Investigate potential actions arising from Global Entrepreneurship Monitor Australia Report for our business. | Launched the 'Five-for five' new business operators' product which allows for existing personal customers to attain a business card through the completion of a five point checklist only. Other initiatives are also planned. | ✓ |
| Rollout the financial hardship workshop developed by our Collections Team to schools and other community organisations. | The Debt Collections team in Adelaide has delivered six workshops to year 11 and 12 students. | ✓ |
| ASPIRATIONAL TARGET | COMMENTS | |
| Increase customer satisfaction by 5% by September 2004. | Customer satisfaction figures were positive with consumer satisfaction up 6.4% and Small to Medium Enterprises (SME) satisfaction up 7.7%. | ✓ |

Customer service mission

Since announcing our Customer Service Mission to be number one for service in our industry by 2005, we have implemented a range of initiatives to improve the customer experience.

We have introduced Ask Once Coordinators to support our people on the front line in resolving customer enquiries faster. We now have 54 Ask Once Coordinators and 37 Ask Once Contacts supporting our people across the business.

We have introduced Commitment Forms to provide customers with the contact details of the person looking after their enquiry. The number of enquiries resolved at the first point of contact in branches was 88% in June 2004, up from 61% in July 2003.

In October 2003, we launched our new brand positioning, using proof-based advertising. This has seen a positive shift in the number of our customers who perceive us as open and honest and working to improve the customer experience.

We have provided our customers with more face-to-face specialist advice by rolling out Business Finance Managers and Banking Service Representatives across our branch network.

We have improved online tools for our people in branches, for example allowing them to provide on the spot statements in response to customer requests.

We have also increased our continuous survey of the experience of our customers to now cover more of our channels through 120,000 interviews annually. The results of these surveys are communicated to all relevant people across the organisation ranging from Branch Managers through to Senior Relationship Managers to help improve their ability to directly influence customer experience.

This approach to improving the customer experience is delivering tangible results. Since our last report, consumer satisfaction has risen from 65.5% to 69.7%, and SME satisfaction had risen from 58.7% to 63.1%.

Customer experience

There is still much more that we can and should be doing to improve customer experience. In continuing our journey towards our mission we have several initiatives planned to continue to drive improvements in the experience we deliver.

Crucially, we continue to embed our Customer Advocacy team as a critical aspect of Customer Experience through our Customer Committee and our Customer Advocate.

Our Customer Committee was established in 2001 as an impartial Complaints Review Committee chaired by Dr Simon Longstaff of the St James Ethics Centre. We believe that there is a need, and an opportunity, for us to refine the role of the Committee and increase its linkages to our mission to improve the customer experience as well as enable the Committee to respond to all customer issues, as well as complaint management.

The newly expanded Customer Committee will meet on a quarterly basis to assess our performance against external customer service standards and review our complaints processes in relation to external benchmarks. The Committee will also provide advice on situations where a resolution approach needs to be agreed across the organisation on a systemic issue affecting our customers. One of the first priorities of the Customer Committee will be to review and re-launch our Customer Charter. This is an overdue objective. The process has now commenced and we will be reporting on progress in our next report.

Membership of the Committee will continue to include the valuable input of external and independent members, as well as key positions from across the organisation such as our Group Executive for Business and Consumer Banking, our Customer Advocate and General Managers for Customer Experience and Stakeholder Communications. The Committee will report externally on initiatives undertaken through our Stakeholder Impact Report.

We have also appointed a new Customer Advocate within the organisation. She will now be the custodian of our complaint resolution process and will have final authority for any decisions regarding systemic issues which cannot be handled through normal processes. The Customer Advocate has also been appointed to our internal Social Advisory Group.

Customer complaints

As detailed in our case study, putting in place the systems, processes, and crucially the right culture which supports complaint resolution, has been a major undertaking of the last few years.

Our aim is to resolve 80% of all customer complaints within five working days. Our average over the reporting period was 81%, however, as at 30 September 2004, 85% of all complaints were being resolved within that timeframe.

Significantly, we have also halved the percentage of complaints requiring a Banking and Financial Services Ombudsman (BFSO) resolution and increased the percentage of complaints resolved with our customers to 91%.

We are also a member of the following external dispute resolution schemes:

- Banking and Financial Services Ombudsman;
- Financial Industry Complaints Service;
- Insurance Enquiries and Complaints Limited; and
- Superannuation Complaints Tribunal.

Equity and access

We have maintained our total number of branches at 812 since our last report, and also maintain an additional 14 Business Centres. Our network is spread across Australia, in the rural and metro areas of all States and Territories.

We continue to provide increased accessibility and availability of our banking services. At the end of the reporting period we had 199 branches and In-stores open on a Saturday, 16 branches open on a Thursday evening and 18 branches opening early on pension days, to reduce the wait times for those customers looking to collect their pensions.

We are also planning to further increase our availability by opening an additional 27 branches on a Saturday from November 2004. Five of these branches are in Western Australia where we actively pursued legislation changes to enable Westpac to trade on Saturdays.

Following a pilot of extended opening hours at a number of locations on Thursday evenings, we have reviewed customer feedback and from November 2004 will have 16 branches open until 5.00pm only.

Information on which branches are open for extended hours is available on our website @ www.westpac.com.au under the 'Westpac info' tab.



Improving access for people with a disability

As part of our obligations under our 2004 Disability Discrimination Action Plan (DDA), we have undertaken a full audit of our branch network, specifically to identify what we need to do to further improve disability access for customers and staff.

We have developed a strategy to progressively undertake works at priority sites identified through the audit. This will involve upgrading all metro sites close to accessibility compliant public transport, ensuring fully accessible customer access for sites in regional areas and full accessibility for our Business Centres. We are aiming to have this completed by September 2005.

Financial inclusion

We provide a number of products for low income and vulnerable members of the community and community organisations.

Community Solutions

In May 2004, we released a new package of discounted banking solutions for non-profit organisations called Community Solutions. Developed in partnership with Our Community, a company that provides products and services to the community sector, Community Solutions includes a fee free cheque account, discounted business credit cards and merchant services.

In developing Community Solutions, we recognise that running a successful community organisation requires the same day-to-day ability to efficiently balance the time and financial resources of the organisation. This is something that we are in a position to support, both through our products and services, as well as through the various capacity building activities we undertake. So to complement this suite of products, we also developed a free Guide for Community Treasures.

The guide, as detailed within the Social section of this report, provides crucial advice for community treasurers on how to run an efficient and financially successful community organisation.

More information on Community Solutions is available on our website @ www.westpac.com.au

Deeming Statement Account

The Deeming Statement Account is an account that offers eight free withdrawals per month, unlimited free deposits, no monthly service fees, and credit interest based on the Government's Deeming rates. Customers need to hold a valid Pensioner Concession Card or Health Care Card to open the account. Customers aged 55 and over and retired from the workforce are also eligible to open Deeming Statement accounts.

Basic Banking Account

The Basic Banking account is a social safety net account that offers a number of free withdrawals per month, unlimited free deposits, and pays no credit interest. There is also no cheque book or periodical payment access on the account. Customers need to hold a valid Pensioner Concession Card or Health Care Card to open such an account and their pensions or benefit also need to be paid into the account.

In 2004, we reviewed the conditions we offer on our Basic Banking Account to determine whether it was still meeting community expectations. As a result, in October 2004, we have increased the number of fee free transactions from six to 20 per month.

Disability Benefits

We make it easier for customers on a disability pension to transact in our branches by charging a reduced fee of \$0.65 (normally \$2.50) on excess staff assisted withdrawals. This benefit applies to our Basic, Deeming Statement and Classic accounts.

Youth and Student Benefits

We understand that students coming straight out of school need a little support to get themselves up and running financially. This is why we offer a range of benefits to high school and tertiary students, workers under 21 and university graduates via our youth segment packages. Central to all the packages is a monthly service fee free transaction account and additional benefits apply to savings accounts, credit cards and personal loans.

Dealing with financial hardship

We recognise that for many of our customers, financial hardship is sometimes due to circumstances beyond the control of individual customers. Which is why we have a special team within our Collections area who assist customers in difficult circumstances by negotiating altered payment terms and extending the time customers have to pay, for example.

We also allow for the impact of sudden and unexpected events. Our Natural Disaster Relief Pack provides a package of financial assistance and concessions for customers affected by a natural disaster. The relief package offers customers practical solutions such as the ability to defer home loan payments for up to three months or for a reduced interest rate for 12 months, loan restructuring for affected businesses, and the waiving of early withdrawal penalties for affected customers wishing to withdraw term deposits.

In October 2004, a disaster relief package was announced for customers affected by storm damage and flooding on the North Coast of New South Wales.

Within our Collections team in Adelaide, the Corporate Responsibility Group has been working to help educate the community on how to avoid financial hardship and what to do if it happens. Inspired by the Financial First Steps program, they have implemented a Financial Awareness Workshop program tailored to senior secondary school students.

The Financial Awareness workshop provides students with tools to apply critical thinking to their own financial decisions and consists of a presentation, role playing games and other activities. A video on teenage debt provided by a local current affairs program is also shown.

The first workshop was delivered in late August 2004 and to date the group has visited three schools and delivered seven workshops. Positive feedback from students and teachers has been encouraging and the group has been invited back to deliver the program again in 2005. The Corporate Responsibility Group is currently in discussion with other schools and they are now aiming to deliver a minimum of twenty workshops to schools in the next year.

In 2005, the group is also aiming to reshape the current workshop to include community organisations. This has proved challenging as most community organisations have suggested that the workshops should be offering advice and solutions to people already in a debt cycle, focusing specifically on debt settlements and bankruptcies.

This has raised concerns around regulatory requirements in the provision of financial advice and the group has had to rethink the program in order to try and meet community needs without contravening any regulatory frameworks. They now hope to deliver a structured program with the emphasis on how to seek financial advice once in financial difficulty, for example through seminars on budgeting and how to resource financial advice.

Consumer lending with a high social benefit

We consider that the provision of housing through home mortgage lending typically delivers positive social benefits to the community. As at 30 September 2004, our home mortgage lending totalled \$91.7 billion.

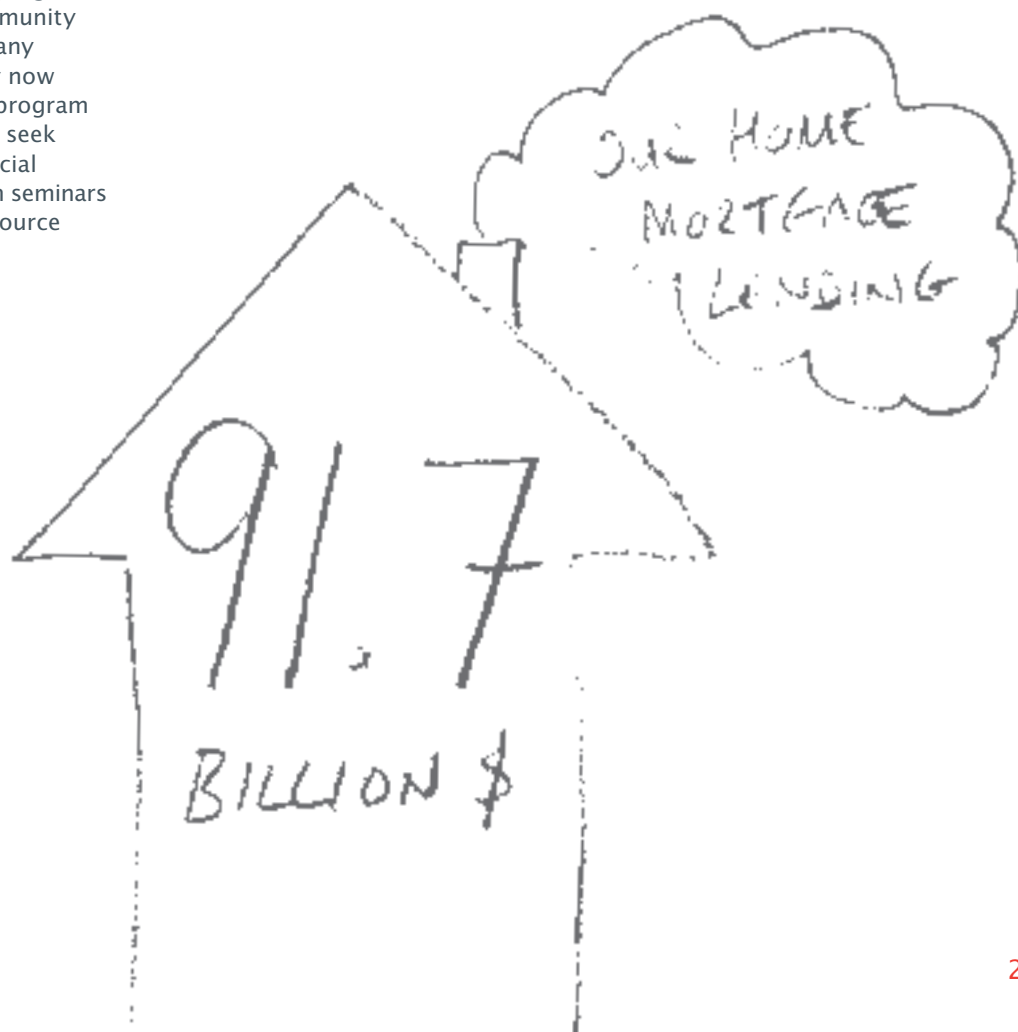
We are also involved in the No Interest Loans Scheme (NILS) in Tasmania. NILS provides interest-free loans between \$300 and \$1,000 to people who can't afford to buy personal or household goods. NILS was launched by the Tasmanian Government and Anglicare and is administered by the NILS network of Tasmania. Aurora Energy, a Government-owned electricity company, underwrites a Business Options Overdraft provided by Westpac.

Small and medium size banking

We believe in supporting the development and growth of small business in Australia by providing the right tools, the right products and the right services. In particular, we support capacity building in Australian business by pairing our on the ground skills and experience with the specialised knowledge of experts in the field.

We provide a number of products for low income and vulnerable members of the community.

In May 2004, we released a new package of discounted banking solutions for non-profit organisations called **Community Solutions**. Developed in partnership with **Our Community**, a company that provides products and services to the community sector, **Community Solutions** includes a fee free cheque account, discounted business credit cards and merchant services.



Business lending risk policies

Within Business Banking we manage a continuum of risk including transactional, credit and environmental risks.

Two distinct approaches are applied in the risk assessment and approval process. Larger and more complex transactions, including those with high social or environmental benefit or risk, undergo detailed analysis of customer and facility risk on a transaction basis. Volume-oriented and more routine transactions undergo varying levels of analysis as determined by the nature of the request and the level of assessed risk involved.

We also insist on a separation of the credit approval process from frontline management.

Assisting small business in Australia

We continue to adapt and extend the reach of our popular Beyond Survival business workshops to better meet the varying circumstances of small business. Within the reporting period, 1,221 people participated in these financial management workshops for small business, with 317 participants in metro areas, 125 in regional areas, 728 Westpac people and 51 in third party workshops. In New Zealand, where we run the workshop as Business Success, 184 people attended.

We continue to adapt the course content to meet different needs. Within the period we ran customised workshops for Bakers Delight, Kwik Kopy, Australia Post and the Department of State and Regional Development (DSRD). We have also continued to run customised workshops in drought affected areas. This year the DSRD provided financial support for workshops in Broken Hill, Albury and Lake Macquarie.

This year, we also ran a pilot of a new innovative forum for Beyond Survival, in partnership with SKY Breakfast TV. This involved modularised one and a half-hour sessions using the SKY channel network. It was piloted in regional Victoria in March 2004, and we had 267 people attend across nine sites. Survey feedback gathered after the session found 96% of respondents felt that the concept was a good idea.

Women in business

As part of our initiative to be a banker of choice for women business owners and operators, we have also adapted the Beyond Survival workshop to appeal to a female audience. In July 2004, we ran a workshop exclusively for women business owners and managers. Following a successful pilot in Melbourne, we are now aiming to run Beyond Survival workshops exclusively for women business owners and managers across Australia.

In doing so, we recognise that the uptake of these workshops tends to depend heavily on the enthusiasm and support of relationship managers, branch staff and regional executives on the ground. For Women in Business in particular, we also acknowledge that this initiative will require significant word of mouth promotion through women's networking circles in order to succeed.

Overall, Beyond Survival for Women in Business is another important step in our ongoing commitment to this market. We remain the only major bank in Australia with a dedicated Women in Business team, which provides business development opportunities and advice, ongoing assistance in deepening customer relations as well as a dedicated Investment Advisory Service specialising in investment planning, education and risk management for women. More information is available on our website @ www.westpac.com.au under the 'Business Banking' tab.

Australian entrepreneurship

As we stated in our last report, in 2003 we were the principal sponsor of the Global Entrepreneurship Monitor (GEM) Australia Report, an annual measure of entrepreneurial activity in Australia and part of an annual global study on entrepreneurial activity worldwide. Since then, we have responded to some of the main findings of the report, principally the difficulties that Australian entrepreneurs face in accessing capital for new ventures.

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First, we acknowledged that our credit checks for business finance were making it difficult for start-up ventures to access credit, as we have traditionally required two years worth of financial records before approving applications. So in June 2004 we developed 'Five-for-Five' – a simplified credit policy which allows for existing personal customers to attain a business card with a \$5,000 limit through the completion of a five point checklist only. This uses the customer's personal history as a proxy for their expected business behaviour, thereby removing one of the main barriers for start-up ventures in Australia.

We also released a Business Start-up Guide in May, containing information and advice on establishing and running a business. The guide includes advice from respected financial adviser Noel Whittaker, business recovery specialist Des Knight and further information from EzyBusiness, Entrepreneur Business Centre and accounting specialists Hayes Knight.

We are now looking at addressing the issue of succession planning for small enterprises at the bottom end of the market, including developing guidance for small business on managing succession issues, as well as looking at how entrepreneurial activity can be used to improve trade sales for business owners.

Business lending with a high social benefit

As at 30 September 2004, 14% of our total business lending in Australia directly supports small business, supporting localised economic development. As detailed within the Factpac, this percentage has been revised since our last report, and previous years restated, owing to changes in the way we calculate the figure.

Institutional banking

Institutional banking lending policy

Our institutional lending and investment criteria include detailed analysis of customer, industry, country and facility risk. We take into account the quality of management, including perceptions of their integrity and ethics.

We scrutinise funding requests for potential conflicts of interest, including requests from parties related to a director of the bank or political parties. We also apply additional approval thresholds for sensitive transactions such as tax driven schemes or hostile takeovers.

Institutional lending with a high social benefit

In total, institutional lending with a high social benefit for this period was \$3.5 billion, comprising 21% of our total institutional lending and up from \$2.6 billion in 2003. Following the audit and assurance process undertaken for our last report, we have put in place a framework and set of guidelines for defining High Social or High Environmental Benefit for institutional lending. This is also supplemented with guidance on justification for inclusion and general points of consideration.

We continue to adapt and extend the reach of our popular Beyond Survival business workshops to better meet the varying circumstances of small business.

In July 2004, we ran a workshop exclusively for women business owners and managers.

Following a successful pilot in Melbourne, we are now aiming to run Beyond Survival workshops exclusively for women business owners and managers across Australia.

Third world debt

Westpac does not have any physical or direct banking operations in Third World countries outside of the Pacific Islands. As a result, we do not have any material involvement in third world debt nor do we deal in it as a commodity.

Wealth management

The new BT is a successful integration of three businesses – BT Financial Group, Rothschild Australia Asset Management and Westpac Financial Services – into one organisation.

We have developed and launched the new BT vision, mission and working principles. During this time we identified the cultural values we wanted to embrace and those we wanted to leave behind. We have aligned our people management practices and communicated the values we now stand for.

The result is that we now have a shared vision – “to be recognised as the leading financial partner”. “Partnership and Trust” has been identified as a key business priority and a focus for us across our relationships with customers, advisers, institutions and employers.

Building the best

During the last year, we have undertaken a review of the Westpac financial planning network. Called Project Sunrise, this review is part of our journey towards building the best quality financial planning business in Australia.

We wanted to build a model that is not just about sales. We want to ensure that we have quality sales in a compliant framework.

Our focus is on improving the customer experience and on building a long-term career path for financial planners. So it is important that we attract, motivate and retain the best people to our team and help our planners build and retain relationships with their clients.

We want to ensure that our people have the right tools, the right training and the right product set that suit customer needs.

This is our chance to reshape the business by not only building on our past successes and experience, but also by embracing change in order to better meet our customers’ needs to create a strong sustainable business.

Alternative Forms of Remuneration

BT is implementing the IFSA/FPA Industry Code of Practice on Alternative Forms of Remuneration in the Wealth Management Industry in both spirit and practice.

This year 60 of the leading advisers from across the country recently attended our Premier Business Forum.

The theme of the forum, hosted by BT, was 2020 Vision, a look to the future. The objective of the program was to clearly demonstrate BT’s commitment to partnership with leading external advisers by providing access to intensive education sessions that directly benefit advisers in how they run their businesses.

The BT Premier Forum this year replaced the Premier Adviser Service (PAS) Conference, a key part of the loyalty program initially designed to recognise and reward BT’s top external supporters. Recognising industry changes regarding soft dollar and alternative forms of remuneration, the BT Premier Business Forum was developed with a focus on adviser education and development.

Education

Building understanding of superannuation and retirement products will be a key initiative for BT going forward. Our customers give us their money on trust and we need to ensure they understand what they are investing in.

Asset management with a high social benefit

We offer investors two types of Socially Responsible Investment (SRI) products. The first uses a ‘Best of Sector’ approach, supporting the most sustainable company within each industry sector as determined independently by Monash Sustainability Enterprises (MSE). The second involves a screening approach, both positive and negative, which allows investors to either actively avoid or support certain industries or areas of investment.

3
INTO
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Our SRI investments and products include the following:

- BT Institutional International Sustainability Share Fund;
- BT Institutional Australian Sustainability Fund;
- BT Wholesale Ethical Conservative Fund;
- BT Wholesale Ethical Share Fund;
- BT Ethical Share Fund;
- BT Allocated Pension Plan – Ethical Share;
- BT Super and Rollover Plan – Ethical Share; and
- CFS Ethical.

BT is also a leading provider of superannuation products, both to the retail and institutional markets. These products deliver high social benefits in helping Australians manage their retirement incomes and needs.

As at 30 September 2004, assets under management with a high social benefit totaled \$14 billion and comprised 53% of our total assets under management.

Governance advisory service

The Governance Advisory Service (GAS), within BT, our wealth management business, is an overlay research and advisory service offered to institutional investors who want to address potential exposure to social, environmental and corporate governance risk in their Australian equities portfolios.

On behalf of their superannuation fund clients, GAS undertakes research and dialogue on governance issues. Issues engaged on in 2004 included environmental risk management, workplace health and safety, executive remuneration and risks in the supply chain. As at September 2004, GAS advised on over \$4.7 billion of Australian equities investments.

To do – 2005

OBJECTIVES

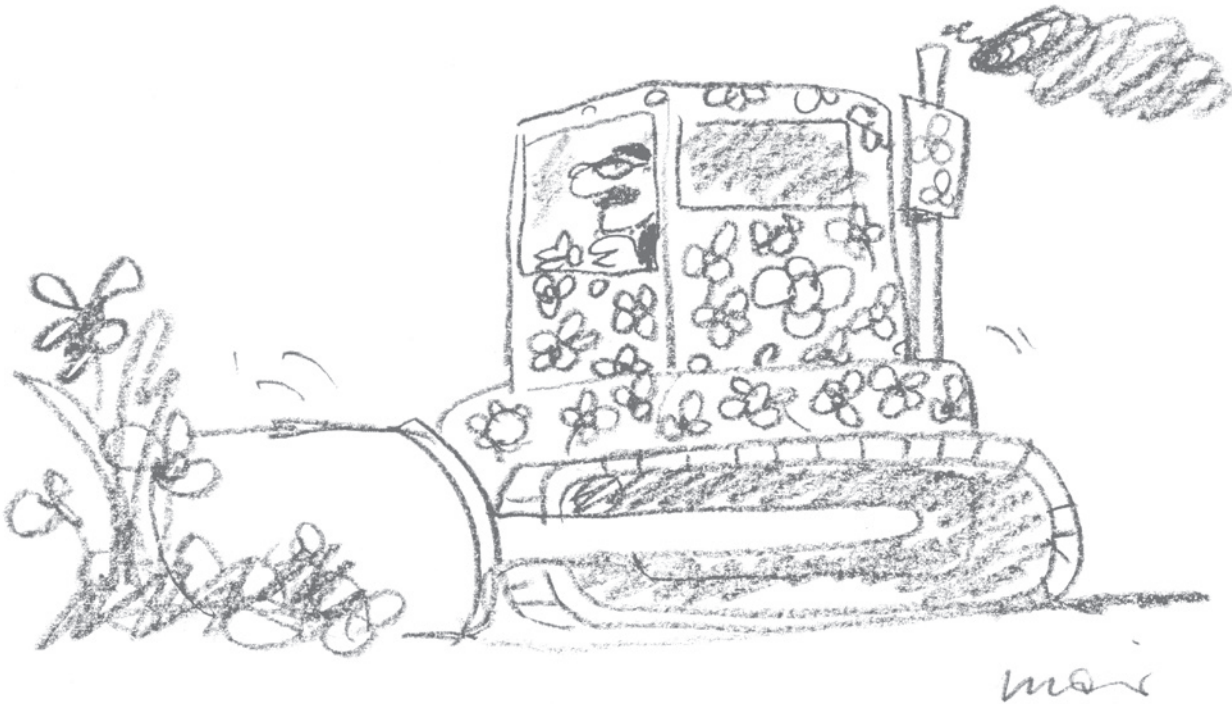
- Complete the review and update of our Personal Customer Charter.
- Implement strategy to increase accessibility for people with a disability at priority sites identified through audit.
- Explore opportunities to run Beyond Survival workshops exclusively for women business owners and managers across Australia.
- Restructure our Financial Awareness Workshop for community organisations, as delivered through our Debt Collections team, with an emphasis on how to seek financial advice once a person is in financial difficulty.

ASPIRATION TARGET

- Increase customer satisfaction by 5% by September 2005.

Environment

What does green really mean?



Being green is about more than appearances. It is about running your business in a way which minimises the risks and grabs the opportunities. For a bank, this means reducing our environmental footprint and embracing our role as a catalyst for change.

Discussion:

Are we on the right side of the equator?

Since signing up to the Equator Principles, we have been asked a number of critical questions around how we are embedding the Principles into our policies and practices and what impact they have had on our day-to-day business.

We felt it was important to support this initiative so that standards such as these are adopted by all banks in the marketplace and the likelihood of competition between banks on environmental and social grounds is minimised.

Embedding the Equator Principles

Following the decision to adopt the Equator Principles, Westpac Group Risk, under the oversight of the Board Social Responsibility Committee, undertook a broad review of how we incorporate social, environmental and ethical considerations in all of our risk policies and procedures. Following this review, a number of steps were proposed:

- *documenting policies and procedures in alignment with the Equator Principles;*
- *communicating the policy framework internally and externally;*
- *training on application of the Principles; and*
- *the establishment of a reference group of senior executives to which difficult proposals can be directed for decision.*

Progress

We have drafted an Equator Principles policy which is now being finalised and have engaged an external environmental consulting firm to review and assist with its implementation. Specific Equator procedures have been embedded within the Project and Structured Debt procedural manual and the Equator Principles are being applied to all project finance transactions being considered by the bank.

A Director within the Project and Structured Debt Team has responsibility for all Equator matters. We have held internal briefings for all members of the Project and Structured Debt team, focusing specifically on new or revised procedures to be adopted. Equator briefings are also being rolled out to a number of other areas within the bank, including credit officers, relationship management teams and our specialised capital group.

The application of specialised training on the Equator Principles has been challenging for us, in that the majority of external training is limited to the Northern Hemisphere, and is very expensive to bring out to Australia.

We have reached agreement with a local organisation to provide appropriate training within the Australasian context in late 2004/early 2005.

The impact

We apply the Equator Principles to all project finance transactions with which we are involved, whether or not they proceed to a financial close. We are usually involved in transactions as either an arranging bank or as a member of a syndicate and our focus is on projects in Australia and New Zealand and, in rare instances, in the Pacific Islands. Examples of asset classes may include tollroads, power generation, oil and gas and mining.

Since implementing the Equator Principles, all projects which we have been involved in have been classified as Category B. There have also been several transactions that we have rejected for reasons which include non-compliance with environmental risk considerations. In those cases, we advised the borrower that they would need to make changes to the scope of their project.

In terms of lending to projects alongside non-equator banks, we require compliance with the Principles irrespective of the position of non-signatory banks. When administering the loan, documentation usually includes various undertakings relating to social and environmental compliance pertaining to all banks, and during the drafting process for loan documentation we ensure that appropriate clauses are incorporated to meet the requirements of the Equator Principles.

The response of our clients

Clients in our markets have been generally supportive and understand the merits of meeting the Equator Principles. We have even had one client select us for a transaction specifically because we have signed up to the Equator Principles and support the green values of their project.

Overall, using a common framework and approach which transparently sets out the social and environmental considerations within all Project Finance, has helped to standardise and simplify the consideration of often complex issues.

Environment

PROGRESS REPORT

PROGRESS AGAINST 2004 OBJECTIVES AND TARGETS

| OBJECTIVES | COMMENTS | |
|---|--|-------------|
| Review and update our Environmental Management System. | Some preliminary scoping has been done against potential certification of the EMS against ISO14001. | In progress |
| Broaden the structure and scope of our internal Environment Advisory Group. | The EAG has met with the new membership base, and has begun scoping key environmental issues as a starting point for the review of the EMS. | ✓ |
| Reduce paper consumption by 7.5% and increase paper recycling by 5% by September 2004. | This target is being pursued through our Great Paper Challenge program. | ✓ |
| Implement Awareness and Management plan as part of our 'Every Drop Counts' water conservation strategy. | Pilot programs have been run at both Concord and Epping Contact Centres, in conjunction with Sydney Water. Feedback on the Plan is now being gathered. | ✓ |
| ASPIRATIONAL TARGET | COMMENTS | |
| Reduce our total greenhouse gas emissions by 5%. | We reduced our greenhouse gas emissions from 137,000 tonnes to 136,400 tonnes. | X |

Environmental policy

We first published our Environmental Policy Statement in 1992. It was subsequently reviewed and re-released in 2001 and is publicly available under the 'Westpac info' tab of our website @ www.westpac.com.au

Our Environmental Policy and management system covers areas such as managing our ecological footprint, measuring and reporting on our performance and the incorporation of environmental considerations into our risk management framework.

Also included in the policy is a commitment to meet or exceed relative standards in all countries where we operate and to respond to community expectations in environmental responsibility.

Environmental governance

Our approach to managing our environmental impacts is founded on our Environmental Management System (EMS). Our EMS includes specific environmental objectives and targets and is based on ISO14001.

Our Environmental Advisory Group (EAG) has been in operation since mid 2001, meeting on a regular basis to oversee any initiatives required to improve Westpac's environmental efficiency. It was originally established following the implementation of Westpac's Environmental Management System (EMS).

In 2003, the Board Social Responsibility Committee approved the implementation of a new Stakeholder Engagement Framework, designed to strategically coordinate both the external and internal approach to stakeholder dialogue across the organisation.

Within the context of this new structure, we have broadened the scope and membership base of the Environmental Advisory Group, to more strategically address indirect environmental impacts arising from our core business activities, and to shift the strategic focus from risk minimisation to the identification of new business opportunities.

The EAG will also continue to play a vital role in managing our direct environmental impacts through our utilities, consumables, water use, business travel and supply chain risks.

Under the auspices of the revised EAG, we are now looking to complete a thorough review of our EMS, including the setting of new short and longer-term objectives. Significantly, we envisage the EAG playing a crucial role in determining what the key environmental issues are for Westpac across each Business Unit and appropriate action for responding to these issues. The Board Social Responsibility Committee will oversee all amendments to the EMS and will approve new targets and objectives.

During the reporting period, the operations of Westpac were not subject to any particular and significant environmental regulation under any law of the Commonwealth of Australia or of any State or Territory of Australia. Westpac has not incurred any liability (including rectification over land for the recovery of loans) under any environmental legislation.

Environmental reporting

To improve efficiency in the way we gather and manage data for our environmental reporting, we have in place a Quarterly Procedures, Definitions and Responsibilities Manual for our greenhouse gas reporting. Originally written in 2002, we are now reviewing and updating the Manual to reflect changes in the scope of our reporting and to incorporate recommendations arising from our environmental audit. This will be finalised in late 2004.

More broadly, we continue to be closely involved in a number of international forums, aimed at improving current environmental reporting frameworks for financial institutions.

This year for the first time in our own environmental reporting, we are including figures on our air travel, as well as performance figures from our Plastics Recycling Project.

Environmental performance

We report on our greenhouse gas emissions using the methodologies and approach of the Australian Greenhouse Challenge, and have been since 1997.

Within the reporting period our total greenhouse gas emissions were 136,400 tonnes of CO₂ emissions, down from 137,200 tonnes last year

There are a number of factors contributing to our performance, and we were not entirely surprised to see our emissions reductions stabilise, despite ongoing initiatives across the organisation.

The inclusion of our wealth management business BT, continues to result in increased electricity consumption, particularly in New South Wales. In addition, a number of energy efficiency projects have been postponed due to the imminent consolidation of a significant number of our properties in Sydney.

In 2006, we will relocate from our current 11 Sydney CBD corporate office locations to two sites – our new corporate headquarters – ‘Our Great Place’ – and our current headquarters at 60 Martin Place.

‘Our Great Place’ is the largest corporate construction currently in progress in Australia and aims to be at the forefront of ecological building design and management. We are targeting a four-star Australian Building Greenhouse Rating (ABGR), including energy efficiency in our building design and management, internal fit-out and through the provision of environmentally friendly technology support for our people.

We have also conducted a comprehensive review of our Martin Place building to better understand how we currently operate in the building and to identify various initiatives to reduce energy consumption. We expect this consolidation will have a significant effect on our current energy performance, but will continue to identify new opportunities in other areas of our business through the review of our EMS.

We continue to improve our paper consumption performance through the Great Paper Challenge, with total paper consumed down from 5,230 tonnes in 2003 to 4,700 tonnes in 2004.

We continue to transfer our car fleet over from petrol to LPG gas, however this year we did see our people travelling more kilometres, resulting in an increase in greenhouse gas emissions of 16%.

The Equator Principles and environmental risk

Following our adoption of the Equator Principles in June 2003, we have been working to implement the necessary policies and practices required to ensure that we are adhering to both the spirit and intent of the Principles.

More information is detailed in the case study at the start of this section.

More broadly, environmental risk is addressed within our credit policy, where environmental risk considerations are taken into account when evaluating lending proposals. We also aim to avoid involvement in assets or businesses which pose or might pose a material risk to health, the environment or the community or which are likely to have a diminished value when environmental clean-up costs are taken into account. Training on evaluating environmental risk is included in the risk assessment component of credit training.

More information on our overall risk management framework is available within the Finance and Governance section of this report, and further detail on Westpac’s adoption of the Equator Principles can be found under the ‘Westpac info’ tab of our website @ www.westpac.com.au

Biodiversity

We strongly support initiatives to maintain and restore Australia’s unique biodiversity, both through our day-to-day risk and lending policies and practices and through our employee involvement program Operation Backyard.



Operation Backyard was established in partnership with Landcare Australia, and provides funding for the protection of our biodiversity through habitat restoration projects. Whether it is fishing European Carp out of waterways in Moree New South Wales or re-vegetating sand banks and fencing off protected areas in Victor Harbour South Australia, this program provides our people with great opportunities to address environmental issues in their local community.

Since it began in October 1998, over \$880,000 has been provided to more than 200 projects in local communities across Australia. In addition, over the reporting period, approximately 23,610 trees were planted to restore damaged vegetation, up from 21,720 last year.

More detail on the specific projects we are involved in is published in our annual community involvement booklet, available in the community section of our website under the 'Westpac info' tab @ www.westpac.com.au

Water consumption

There is open acknowledgment that water, namely water scarcity, water reform and in particular increasing levels of salinity, is the biggest issue facing Australia now and into the foreseeable future. It affects everything from access to clean potable drinking water for our major cities, viable farming, irrigation and food supply, natural resource management, continuing economic prosperity as a whole and, inevitably, financial institutions.

We are actively participating in the debate on water management currently taking place in Australia, to help facilitate changes arising from State-based water reform initiatives, involving the unbundling of water security from land title. This has necessitated ongoing work with our customers in managing affected mortgages.

We have also been involved in the debate currently taking place around the 'over allocation' of water within Australia's key catchment areas. One of the common themes to emerge has been the possibility of a 'market-based' water rights trading environment. Through our environmental markets team within Westpac Institutional Bank, we are also monitoring and contributing to this debate where we can.

Within our own operations, we are members of the Sydney Water 'Every Drop Counts' program. Since our last report, pilot programs of our Awareness and Management Plan have been run at both Concord and Epping Contact Centres, and included education and awareness raising material to encourage water conservation both at home and in the office. Feedback on the Plan is now being gathered.

We have withdrawn our reporting on water consumption for this report, as we are not completely confident that the figures we are collecting are as comprehensive as they should be. In 2005, we will be reviewing and strengthening our processes for the collection of water consumption data and will be publishing figures in our next report.

We have also worked with our environmental community partner, Landcare Australia, to promote water conservation awareness.

Climate change

We believe that climate change, and the need to cut global greenhouse gas emissions, is universally acknowledged as posing various risks to business. In a carbon-constrained marketplace, greenhouse gas emissions will become financial liabilities on many companies' balance sheets.

At the same time, carbon is becoming a tradeable commodity, allowing companies to hedge their risks, profit from emissions assets and turn this new discipline into a competitive advantage.

In 2004, the Carbon Disclosure Project, on behalf of 95 institutional investors representing assets in excess of US\$10 trillion, gathered investment-relevant information on how companies perceived the risks and opportunities presented by climate change and how they were responding. Within their resulting report, Westpac was one of 50 companies globally selected for the 2004 Climate Leadership Index.

More information on the Carbon Disclosure Project, including our full response to the survey, is available @ www.cdproject.net

Market-based instruments and environmental outcomes

Our Environmental Markets Group focuses specifically on trading in environmental mechanisms, including carbon credits. This includes participation in Australia's only national environmental market, the Renewable Energy Certificate (REC) market. Our business focuses on providing risk management solutions for customers and our products are specifically tailored to meet individual requirements.



Over 25% of our REC customers have not participated in a trading market before and we assist them in managing their exposure to fluctuations in REC prices. The REC market was designed with the ability to bank RECs for surrender in future years. What is becoming clear to those who have contracted to buy the entire output of projects under long-term agreements, is the high capital cost of holding RECs as inventory for forward requirements.

So we have been assisting our customers to minimise this holding cost by buying excess RECs in the early years and selling them back in the later years of the scheme where they are needed for compliance. As a bank, we have one of the lowest costs of capital in the market so it is possible for us to hold the RECs for a cheaper rate. This saves the customer thousands of dollars in holding costs, frees up cash for them to use in the interim and adds much needed liquidity to the market.

More information is available in the environmental section of our website under the 'Westpac info' tab @ www.westpac.com.au

Assets under green management

Within our total range of Socially Responsible Investment (SRI) products detailed in the Customers section of this report, we also offer the BT Institutional Australian Eco Share Fund. This product applies a 'Best of Sector' approach and only invests in those companies which operate in a more environmentally responsible manner. As at 30 September 2004, we had \$31.4 million under green management.

We select companies for inclusion in this fund on the basis of eco ratings, which are undertaken by Monash Sustainability Enterprises and which rank the environmental performance of companies within each Australian Stock Exchange (ASX) industry sector. The Westpac-Monash Eco Index is Australia's first index of share price performance for leading eco-related listed companies. Results are updated monthly, and available on our website @ www.westpac.com.au

To do – 2005

OBJECTIVES

- Complete review of our Environmental Management System.
- Finalise review of our Quarterly Procedures, Definitions and Responsibilities Manual for greenhouse gas reporting.
- Reduce paper consumption by 5% and increase paper recycling by 2.5%.
- Improve and strengthen our water consumption reporting.

ASPIRATION TARGET

- Reduce our total greenhouse gas emissions by 5%.

Social

Do we know what we're doing?



To achieve real outcomes, social investment has to be well-planned and skilfully delivered. More and more we are focused on applying our skills, resources and networks to areas where we can really make a difference.

Discussion:

How are we making a difference?

To get ahead in today's society, access to technology and the skills needed to use it are important, and a large number of disadvantaged families can't afford their own computers.

Research indicates that 75% of Australian households earning under \$25,000 a year do not have access to a computer and 90% lack Internet access. This means 1.45 million households lack access to a computer – a basic necessity in today's technology centric world.

This 'digital divide' is effectively forming a barrier to sustainable employment and access to basic services such as online banking. On the other hand, we are continually upgrading our IT equipment and have become increasingly conscious of the need to re-use and recycle what equipment we can to minimise our environmental impact.

The sustainable solution

For the last couple of years, we have been donating our superseded computer equipment to WorkVentures, a non-profit organisation seeking to create affordable access to technology for disadvantaged families and community groups. Our donated computers are stripped to parts, then reassembled into refurbished units that are sold to the general public with an Internet starter kit, modem and other equipment.

We recognise that it would be counterproductive to provide affordable hardware without the software to run the machine. So an important component of making the computers useful is the software licences donated by Microsoft.

No longer are we looking at the procurement and installation of PCs alone, we are also considering the future impacts of our systems on the community and the environment.

Where do Westpac's computers end up?

During the reporting period, we donated 8,500 PCs to WorkVentures. These have been distributed to a number of organisations and individuals, including non-profit organisations, schools, disadvantaged students, unemployed people and low-income families.

WorkVentures makes a concerted effort to find a use for all donated equipment, regardless of how old it is. Semi-modern computers are reconfigured for reuse by community groups and disadvantaged families, while older equipment is sent overseas to developing countries.

The reach of the program is ever increasing, with computers being deployed to disadvantaged families and community groups with the help of new Community Technology Centres in Macquarie Fields, Waterloo, Claymore and Woolloomooloo in Sydney. The next stage of the program aims to replicate these centres on up to 50 public housing estates in New South Wales and throughout Australia.

Broadening the support – involving other areas of the bank

We have also been directly involved in an intensive marketing pilot in the Liverpool and Campbelltown areas. We assisted WorkVentures in the development of marketing collateral including brochures and posters to raise awareness of its services in the local community.

Using our expertise in the area, Westpac was also involved in the development of a call centre to take enquiries and process computer orders. The result? Over 420 PCs were sold during the pilot period. This is an impressive result when around 800 PCs were sold in the whole of last year.

Environmental benefits

It's not only the community that benefits from this initiative. The environmental benefits are also huge.

Despite the obvious reuse benefits of the process, items that cannot be used in Australia are still fully utilised. LCD screens are sent overseas to a specialised buyer and metals and hard plastics are separated and recycled.

Around 50% of the computers we donated could not be refurbished, so instead they have been recycled to ensure that no part of our old computers went to landfill. In fact, of everything that is sent to WorkVentures, only the plastic wrap around the pallets is considered rubbish!

PROGRESS REPORT

PROGRESS AGAINST 2004 OBJECTIVES AND TARGETS

| OBJECTIVES | COMMENTS | |
|--|--|-------------|
| Review and report on our human rights performance against 'Just Business' and the OECD Guidelines for Multinational Enterprises. | Preliminary scoping has begun. | In progress |
| Review our involvement in the Cape York Indigenous Partnership program using the AA1000 Assurance Standard. | Our Assurance provider for the Stakeholder Impact Report has conducted this review. | ✓ |
| Continue to seek out new volunteering and capacity building opportunities that enable us to utilise our skills for the benefit of the community. | Community Involvement continues to create linkages between technical skills within the Business Units and partner community organisations. | ✓ |
| ASPIRATIONAL TARGET | COMMENTS | |
| Maintain total community contributions above 1% of pre-tax profits. | Total community contributions were 1.3% of pre-tax profits. | ✓ |

Community involvement

As Australia's oldest and first bank, Westpac has always played a crucial role in both the social and economic development of the communities in which we work and live. As such, strong and consistent community involvement has always been one of the key foundations of how we operate.

Within the reporting period, our community contributions totalled 1.3% of pre-tax profits. The various ways in which Westpac is active within the community continue to deepen and broaden and in many ways the possibilities are endless. Which is why it is so important to ensure that our efforts are directed where we can make the most difference.

Our community involvement strategy is comprised of three main streams – staff involvement, partnerships and capacity building.

Staff involvement

Over the years, we have put in place the infrastructure and programs to encourage and support the contributions our staff choose to make in the community. These tools are popular because they are accessible regardless of which cause our staff choose to support. It also allows our people to direct their efforts towards what they see as the biggest issues affecting their local community.

Through the Westpac Matching Gifts program we match staff payroll deductions, one-off staff donations and internal team fundraising dollar for dollar. Within the period March 2003 to March 2004 a total of \$748,975 was donated by our staff to 305 different charities through the program, which brings the total amount distributed since the program's inception in December 1998 to \$6.7 million.

Through our Community Volunteering Days, we recognise that often time and effort can make just as much difference as dollars and cents. We provide an annual entitlement of a paid day's leave for volunteering, which helps many people to meet their community volunteering commitments and also inspires business units to organise team volunteering events. Within the reporting period, around 3,600 Community Volunteering Days were logged.

We also recognise and reward outstanding contributions by staff to the community through the CEO's Community Volunteering Awards, where we provide financial support to their preferred community organisation. Through these awards, an additional \$41,000 was donated to community organisations in Australia with \$9,000 distributed to organisations in the Pacific.

We also maintain a network of around 300 Community Champions across the country. Community Champions are a group of enthusiastic and passionate staff who volunteer to provide guidance, support and encouragement to fellow staff members in relation to Westpac's Community Involvement program and activities. They are supported with bi-monthly newsletters, and Community Champion Forums which are run in all capital cities every six months.

This year, our Business and Consumer Banking group also ran the 'Go for Gold' campaign, aiming to raise money to support the Australian Paralympic team competing at the 2004 Athens Paralympic Games. Launched in March 2004, this initiative raised over \$800,000 for our Paralympic team and demonstrated a focused teamwork approach.

Community partnerships

Working in partnership with community organisations has been a tradition of ours for more than three decades. Working in partnership ensures that our approach to community involvement is grounded and has the potential to add real value to the community. We have the privilege of sharing in long-term partnerships with a number of leading community organisations. These include The Salvation Army, Mission Australia, The Smith Family, Landcare Australia, Juvenile Diabetes Research Foundation (JDRF), Australian Mathematics Trust, Indigenous Enterprise Partnership, Westpac Life Saver Rescue Helicopter Services (NSW), Surf Life Saving Queensland and Life Saving Victoria.

Throughout the year, we run campaigns to help our partners raise public awareness of their programs and appeals, for example, Helicopter Awareness Week, National Landcare Week, The Salvation Army's Red Shield Appeal, and the Walk to Cure Diabetes, supporting JDRF.

We also work with our partners to identify opportunities where our people can transfer their skills and expertise to meet community needs. One such project, for example, includes the Young Achievement Australia (YAA) Business Skills Program, where groups of high school and tertiary students essentially research, design, and market a product, while going through all the stages of a concentrated business cycle. We have supported YAA since 1980 with fee free bank accounts for the student companies, and by providing mentors/advisers for the student groups involved with the Business Skills Program.

While all of our community partnerships are different, we have increasingly come to believe that the biggest social value we can add comes primarily through utilising our networks, expertise and resources, in addition to providing ongoing financial support.

Capacity building

As a bank, we have identified many opportunities to use our skills and financial knowledge to help build capacity within the community. In particular, we are often able to have the biggest impact by providing training tools for community organisations to enhance their effectiveness.

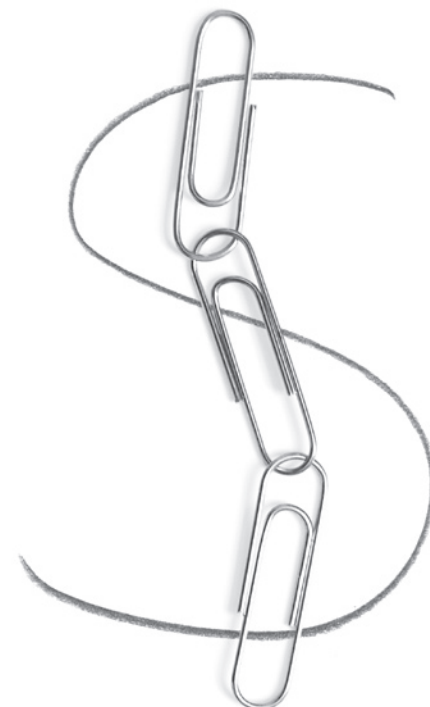
This year, we have launched a free 'Guide for Community Treasurers' specifically to help community organisations in managing their finances. The guide was written in partnership with Our Community, a company that provides products and services to the community sector, and includes advice on keeping books, asset registers, cash flow, tax and tips on how to manage the accounts more efficiently.

As detailed within the Customers section of this report, this year we also released Community Solutions, a new banking package of discounted banking products for non-profit organisations. The special pricing for community groups includes a fee-free cheque account, discounted business credit cards and merchant services.

Within the period March 2003 to March 2004 a total of \$748,975 was donated by our staff to 305 different charities through the program, which brings the total amount distributed since the program's inception in December 1998 to \$6.7 million.

We are often able to have the biggest impact by providing training tools for community organisations to enhance their effectiveness.

This year, we have launched a free 'Guide for Community Treasurers' specifically to help community organisations in managing their finances.



More broadly, we run two key capacity building courses.

The first is a financial training workshop conducted by Macquarie Graduate School of Management. This course is tailored to suit non-profit business leaders and provides a forum for discussion around issues facing the community sector. To date, 110 community organisations have benefited from this popular program.

Secondly, we also offer a 20% discount on Westpac's popular Beyond Survival small business course for representatives of community organisations, and within the reporting period, 19 representatives from six community organisations undertook the course at no cost.

We have established an internal Financial Literacy Working Group and continue to rollout our Financial First Steps program to help build basic money management skills in both our employee base and the wider community.

Within the reporting period, 40 external workshops have been run by our people in their local communities, involving 1,210 participants, and an additional 462 of our staff have been trained to run the course.

We have also partnered with a number of other companies to run the program in conjunction with programs they are running themselves. For example, we have piloted the course with new apprentices in partnership with a major Australian airline. We continue to explore new ways to apply the course to build money management skills within the wider community, as well as within our own people.

We further build capacity for the community sector by sharing our knowledge and expertise with other companies that want to develop or improve their own community involvement programs. As a leader in corporate responsibility, we are increasingly being approached for advice, and we take the opportunity to raise awareness of best practices as well as link other corporates with our community partners where there is a mutual interest.

For more detailed information on our specific community involvement programs, partnerships and local outreach initiatives, please refer to our annual community involvement booklet, available @ www.westpac.com.au

Human rights

We consider Westpac's community involvement strategy as a significant foundation stone in our broader commitment to being a responsible and ethical organisation. For this reason, we explicitly state our support for a number of human rights instruments in our Social Charter, and are working to ensure that these principles are embedded within all our business operations.

As such we have formally signed or publicly declared support for a number of critical human rights instruments, including the UN Global Compact, the OECD Guidelines for Multinational Enterprises, and The United Nations Universal Declaration of Human Rights among others. These are all listed in our Social Charter, which is currently being reviewed and is set for re-release in the next few months.

We see our main responsibilities with regard to human rights to lie in a number of critical areas such as employee rights, the right to access finance for vulnerable and disadvantaged members of the community, indigenous rights, effective corporate governance and the risk of human rights violations within our supply chain.

We seek to address human rights throughout the core aspects of our day-to-day business and work to ensure that active consideration of the risks associated with the violation of human rights are embedded within standard workplace practice.

Information on the management of these considerations is detailed throughout this report, within the Employees, Customers, Suppliers and Environment sections of this report – basically in the everyday running of this company as an ethical, trustworthy and responsible organisation.

To ensure that we are meeting all of our obligations, we are conducting a number of reviews on our performance against public charters. As part of our commitment to the Global Compact, we have commissioned the Australian Centre for Corporate Social Responsibility to undertake a detailed case study of our performance against the 10 principles of the Global Compact. This is due for finalisation by the end of the year, whereupon we will make the findings public.

In our last report, we included the objective to review our performance against both the OECD Guidelines for Multinational Enterprises and the Amnesty International 'Just Business' framework. Although preliminary work has begun, we are yet to complete this review and will again set it as an objective for the next reporting period.

We recognise that in addition to the land rights enshrined in law, Indigenous people may have other traditional and customary claims to ownership of land. Accordingly, we fully respect and accommodate local laws and customs and are working with Indigenous communities to better understand and address any unique financial requirements. These issues are also considered in New Zealand and the Pacific as well as in Australia.

Indigenous assistance

Our Indigenous assistance program revolves around a range of initiatives to address the educational, financial and employment disadvantage of Indigenous Australians and to better address their specific banking and financial needs.

Although this remains an extremely challenging area with no quick or easy solutions, we feel that the work being undertaken through our various Indigenous partnerships is beginning to create ongoing and sustainable development.

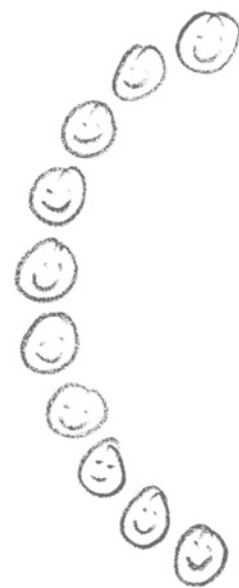
We are committed to numerous initiatives and activities in this area, and more emerge every year. As such, our involvement is coordinated by our Head of Regional Community Partnerships and is overseen by our internal Westpac Indigenous Working Group.

Our main commitment comes through our involvement with the Cape York Indigenous Enterprise Partnership and through the Indigenous Capital Assistance Scheme, as detailed below. However, we are also involved in a wide-ranging variety of initiatives to support and promote Indigenous economic and social development.

In October 2003, we sponsored a member of the Yothu Yindi Foundation to attend a Macquarie Graduate School of Management course in Brisbane. We have been a key sponsor of the Garma Festival in the Northern Territory, promoting Indigenous culture, since 2000.

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For this reason, we explicitly state our support for a number of human rights instruments in our Social Charter, and are working to ensure that these principles are embedded within all our business operations.



We have attended the inaugural and subsequent meetings of the 'Indigenous Stock Exchange', aiming to create 1,000 new, strong and viable Indigenous businesses by 2008. At the invitation of The Smith Family, we are also participating in the Council of Australian Governments (COAG) Indigenous Taskforce. We were also invited as a keynote speaker at the 2004 Sustainable Economic Growth for Regional Australia (SEGRA) conference, and also provided full sponsorship for two emerging Indigenous leaders to attend the conference in Alice Springs, in the Northern Territory.

We acknowledge that many of the problems with financial literacy and education present in the wider community are particularly acute in Indigenous communities, and are currently developing an Indigenous version of our Financial First Steps program. A draft version has been developed by secondment staff in Coen from our Cape York program, and the program is intended to be delivered in remote Indigenous communities, using appropriate case studies.

Cape York Indigenous Partnership

Our main commitment to Indigenous assistance is our partnership with Indigenous Enterprise Partnerships, aimed at developing financial literacy and economic self-sufficiency through our two primary programs, the Family Income Management (FIM) Scheme and Business Hubs.

Our commitment to the Indigenous communities of Cape York was to provide 150 employees over a three-year period, to work in the Cape region for one-month periods. As at 30 September 2004, we have supported 143 one-month secondees, three four-month secondees, six one-year fellowships and one Project Manager since November 2001.

As this initial three-year commitment is drawing to a close, we have commissioned our assurance provider to independently review our involvement to date using the AA1000 Assurance Standard and a number of other standards as a framework for understanding what has worked, what could have worked better and what additional opportunities exist. This report, and our response, is due for completion at the end of 2004, but we are in a position to share some of the key findings.

While the review did not look specifically at the community benefits arising from the program, anecdotal evidence collected during the review strongly suggested that there have been significant benefits to the communities themselves, coming from both Financial Income Management (FIM) and the Business Hubs initiatives.

For our staff, there were very strong views that the program delivers significant personal and professional development, particularly in terms of having the confidence to take risks, and increased resourcefulness through being able to do more with less. However, there was also a sense that we are not yet able to fully harness this aspect of the program, particularly when secondees return to their day job.

The review indicated that by mixing a large volume of short-term secondments with a smaller number of long-term fellowships, we have been able to respond to a range of needs within the partner organisations and within the communities. But also that even more flexibility is required to best meet the needs of the local communities and the types of projects Westpac secondees are involved in.

Overall, the top three benefits were found to lie in the fact that the program is highly valued with proven community and partner benefits; it serves as an excellent personal development program for our staff and provides direct reputational benefits for the organisation as a whole.

The top three weaknesses were around partner preparation and capacity, namely the ability of partners to articulate clearly their needs when matching up Westpac resources; the fellowship program lagging behind the secondment program and the concentration of direct responsibility in one position, and one person as Project Manager.

We will now be reviewing the identified opportunities and recommendations which have emerged from this review, and will be mapping out a way forward which we will detail in our next report. There is no doubt, however, that we will be recommitting to the Cape.



More information on the Cape York Indigenous Enterprise Partnership is available @ www.westpac.com.au under the 'Westpac info' tab.

Indigenous Capital Assistance Scheme (ICAS)

As detailed in our last report, in December 2003, we were awarded the tender for the Indigenous Capital Assistance Scheme (ICAS), an Australian Government initiative under the Indigenous Employment Policy, as administered by the Federal Department of Employment and Workplace Relations (DEWR).

The scheme aims to support eligible Indigenous businesses with finance from \$50,000 to \$500,000 and subsidised interest for the first three years. In addition, eligible businesses are entitled to free business advisory services and the reimbursement of fees for Professional Services purchased from accredited and registered accountants, lawyers, tax advisers and training supplied by a Registered Training Organisation.

Following an initial pilot commencing in March 2003, national roll out of the scheme was completed in September through a network of 23 business specialist managers who have all completed cross-cultural training as part of their accreditation. To date, there have been over 60 enquiries with some businesses now financed and more in the pipeline.

A key component of our support is the provision of business mentor services through another ICAS partner Indigenous Community Volunteers (ICV). ICV assists indigenous businesses by providing access to business planning, management and technical advice. We are now also encouraging our people to volunteer as mentors with ICV.

To do – 2005

OBJECTIVES

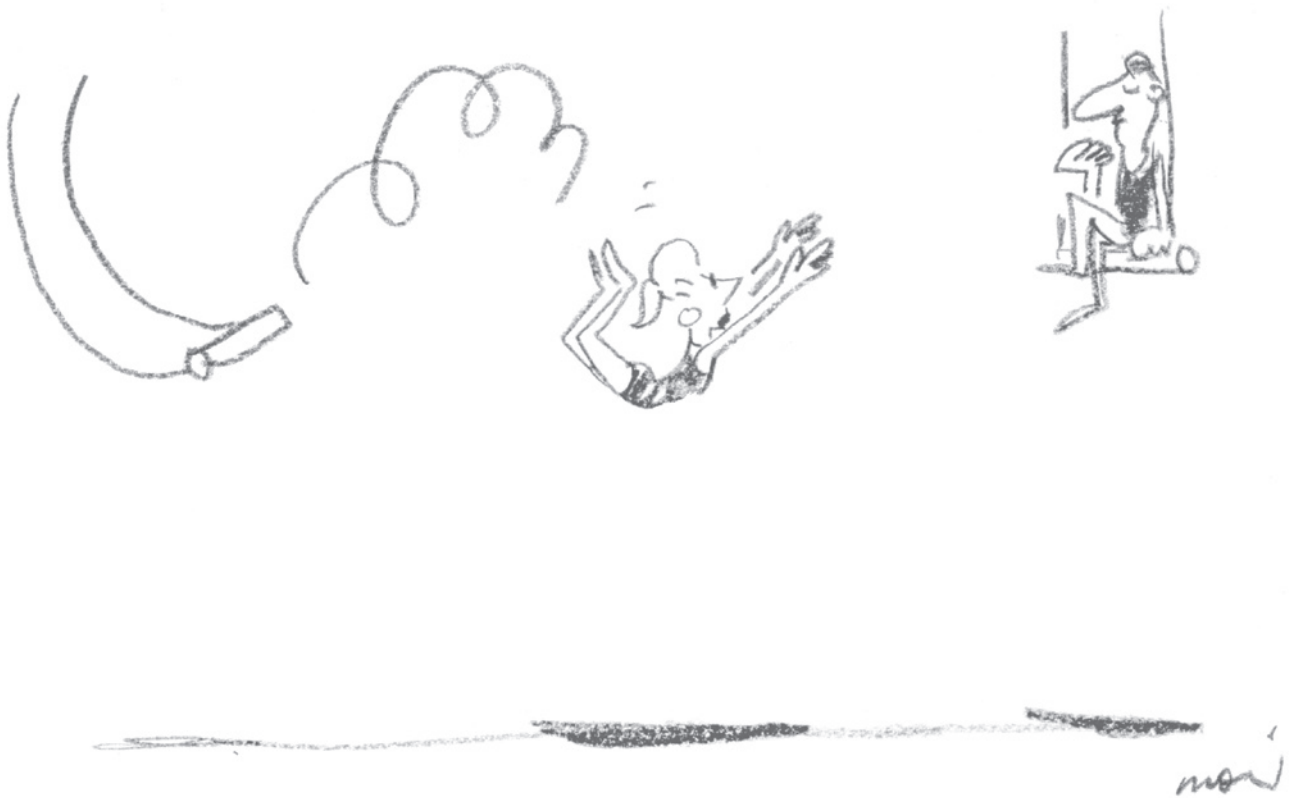
- Provide value to our community partners utilising our networks, resources and expertise and engage staff to support their efforts in the community.
- Finalise and publish case study on Westpac's performance against the principles of the Global Compact.
- Review and report on our human rights performance against 'Just Business' and the OECD Guidelines for Multinational Enterprises.
- Respond to key findings from the review of our Cape York partnership.

ASPIRATION TARGET

- Maintain total community contributions above 1% of pre-tax profits.

Suppliers

Who's at the end of the chain?



The fact is we are only as good as our weakest link. So we want to get a lot better in recognising and managing the many social, ethical and environmental impacts that sit within our supply chain. We've discovered that we are not on this journey alone and there is much we can learn from our suppliers.

Discussion:

How well do we know our suppliers?

In the 2003 Social Impact Report, we said “In some respects designing the framework and initiating the first screening report was the easy part”. It was true.

Over the past year we've overwhelmingly found our suppliers to be interested in sustainability issues and wanting to engage in our Sustainable Supply Chain Management (SSCM) process, but many have struggled to understand the detail of the requirements, some have been shocked at the results of their own assessments and a few have found it difficult to accept the relevance of sustainable practices to their own operations.

Early stages of the process

Engaging our suppliers in dialogue and debate has been essential to this early stage of implementing sustainable supply chain management across our organisation. We intend our approach to be a collaborative, not punitive, process. But building such a process takes time, skill and resources – more perhaps than we originally anticipated.

To supplement our Sustainable Supply Chain Management Policy, Guidance Notes, questionnaire and evaluation method, we focused in 2004 on developing tools, templates and repeatable processes. These resources assist both our suppliers and our own people as they embark on the sometimes challenging process of opening up a positive channel of communication with the 'right' individuals in each organisation, setting the context for the supplier screening processing, reviewing the details of a supplier's response to the SSCM questionnaire, providing guidance and clarification, and helping our supplier contacts engage their own organisations.

This work has paid dividends

Our tools and templates have enabled us to screen all potential vendors with relative ease, and over the past nine months over 100 organisations have been assessed under the SSCM process, with this data then used in selection processes. We are now equipped to exclude vendors based on unacceptable sustainability practices but – more often – their lack of willingness to implement improvements. Most times this clear assessment data has allowed us to open a productive dialogue with vendors keen to improve their performance.

Detailed research has gone into the development of our Self-Help Tools for suppliers. While Westpac does not want to set ourselves up as a 'sustainability consultancy', we have found it necessary to embrace this aspect of leadership in sustainability practices. It is not enough to point out the gaps and call for change – we've found it essential to also offer practical support and guidance. These resources will soon be available on our website, under the 'Westpac info' tab @ www.westpac.com.au

Surprising outcomes

Perhaps one surprising outcome of our growing dialogue with suppliers and vendors has been the interest shown in Westpac's own sustainability journey – from our first hard look at ourselves in the late-90's through to our current sustainability policies and practices, and our goals for the future. We have found that vendors with their own long journey ahead – considerable gaps in sustainability performance to rectify – have taken heart in our experience. We understand and accept that change is a journey, and that willingness to look inside the company is the important first step – not the last.

We have also discovered that there is much to learn from others. We are not alone in venturing into the screening of vendors and applaud our suppliers and corporate peers for their own innovation and willingness to share their experiences with us. Dialogue in this space is growing and the latter part of this year in particular has been very rewarding.

So while we may not yet have formed as many 'hard and fast' action plans with our suppliers as we once anticipated, we are already far better placed – both within our own organisation and in terms of engagement with our suppliers and peers – to produce tangible and positive changes of benefit to the communities in which we operate.

Suppliers

PROGRESS REPORT

PROGRESS AGAINST 2004 OBJECTIVES AND TARGETS

| OBJECTIVES | COMMENTS |
|---|---|
| Develop a resource guide for suppliers looking to improve their performance. | The resource guide has been developed by Strategic Sourcing and Worthwhile Projects. ✓ |
| Embed SSCM within all RFP and RFI procedures. | Embedding continues within the Sustainable Supply Chain Management framework project. <i>In progress</i> |
| Formalise a Supplier Forum to strengthen the relationship with, and between, our key suppliers. | The first Supplier Forum will be held in December 2004. ✓ |
| ASPIRATION TARGETS | COMMENTS |
| Increase the survey response rate within our top 100 suppliers to 100%. | 86% of suppliers have completed the survey. Since the initial survey was distributed, the emphasis has been on working collaboratively with suppliers around addressing any reputational issues which have arisen through this process. X |

Our supply chain

Our supply chain involves approximately 10,000 suppliers, covering a broad spectrum of companies in all industries, from large multinational firms to small locally operated businesses. Our supply chain delivers goods and services with an annual value of around \$2 billion. It is also highly concentrated, with around 80% of the annual spending absorbed by the top 100 suppliers.

Sustainable Supply Chain Management (SSCM)

Many of our social, ethical and environmental impacts reside as much in our supply chain as within our business. We look for suppliers who demonstrate a commitment to take account of their responsibilities, and work with our suppliers to promote mutually improved social, ethical and environmental performance.

Our Sustainable Supply Chain Management (SSCM) Policy and Guidance Notes were developed in 2003, through a consultative process involving our suppliers and key community and environmental groups. Our approach is to ensure that our suppliers are aware of the specific environmental, social and ethical risks and opportunities of relevance to their operations and products, and are working to address them.

Our full Sustainable Supply Chain Management policy and Guidance Notes are available on our website @ www.westpac.com.au under the 'Westpac info' tab.

Accounting for supplier performance

In 2003, and the first part of 2004, we focused on surveying our top 104 suppliers (by spend) for their social, ethical and environmental performance. As 84% of the top 104 responded, this means that 62% of our total supplier spending has been assessed against social, ethical and environmental criteria.

This year we have focused on two specific requirements for embedding our SSCM policy into daily practice:

- Addressing the outcomes of those assessments (and our own learnings about the assessment process); and
- Engaging, and then assessing, potential suppliers from their point of earliest contact with Westpac – the RFP process.

The policy in practice

Our original 'Top 100' assessments – and those undertaken in the RFP process – have proved more resource intensive than originally anticipated.

We met unexpected resistance, confusion and anxiety, both internally and externally, and a huge diversity in the quality of responses.

Our timelines for providing SSCM feedback have extended far beyond any predictions. We found that discussions based on a keen interest in seeking improvements are often difficult to finalise. Our staff and suppliers want, and need, dialogue, the ability to question and challenge, and clearer answers than we could always provide.

But taking on a leadership role requires skill, knowledge and the ability to change and grow. So we have developed resources, reviewed our internal procedures, dedicated staff to SSCM tasks, sought out and responded to our corporate peers on similar journeys, and listened and learnt.

As a first step, we have reduced our jurisdiction of assessment for the time being, to 'all jurisdictions from which goods and services – in whole or part – are provided to Westpac'. This has enabled our suppliers and us to target our efforts to best effect for the communities in which we operate.

We have approached our suppliers collaboratively, appreciating more fully that each organisation has to take its own journey towards full sustainability.

There are significant costs for any organisation seeking substantial changes to its policy, practice and reporting frameworks, and common sense tells us these tasks must be approached progressively. It is more important – and often more cost effective – for a few high-risk gaps in performance to be addressed than for many small changes of less value to be made.

Alongside these discussions with our current suppliers we have embarked on screening and engaging potential new suppliers through the Request for Proposal (RFP) and Request for Information (RFI) processes. This is the point at which vendors first become aware of the special requirements of providing services to Westpac – in many ways. It is appropriate that SSCM is embedded here.

All vendors expressing an interest in supplying to Westpac are now provided with our Policy and Guidance Notes, and made aware of their importance to the selection of new suppliers. All vendors responding to tenders and requests for proposals are screened for their sustainability policies, practices and public reporting, and these results are used in the selection process.

Our marketplace still won't enable us to always select a supplier with excellent sustainability practices – often there is simply no one who meets the criteria we seek. However, we are now equipped to better know and appreciate who the best are and to work with the rest to ensure a better outcome in the longer-term.

Next steps

Throughout 2005 we will be focusing our efforts on getting real depth in the SSCM space:

- depth in supplier engagement, with individual dialogue and supplier forums designed to assist in the important process of “cross-pollination of good ideas”;
- depth in how we work collaboratively with our existing suppliers to tackle identified gaps in performance;
- depth in our knowledge of what has and can be done; both the tried and true methods and new ideas; and
- depth in our own understanding and the skills of our people.

To do – 2005

OBJECTIVES

- Strengthen our supplier forums, and our supplier inter-relationships.
- Successfully engage those of our top 100 suppliers with sustainability performance gaps by agreeing SSCM action plans.
- Grow our own knowledge and skill base, and that of our peers, by contributing to, and where appropriate leading, discussion and debate on sustainable procurement policy and process.
- Begin identifying those areas of our supply chain that pose the greatest risk to Westpac's sustainability, and target our efforts proportionately.

ASPIRATION TARGET

- To ensure that our top 100 suppliers are screened at all times for their social, ethical and environmental performance.

New Zealand and Pacific Banking

New Zealand banking

Westpac has been operating in New Zealand since 1861. We provide banking and wealth management products and services to 1.4 million customers through a nationwide network of 196 branches and 470 ATMs. Our online banking service has 0.4 million customers. Our priority in New Zealand is to be the number one bank in the market through quality of customer service and effective distribution channels, as judged by our stakeholders.

In November 2003 we published a book called 'I Never Knew You Cared', in which we documented the expectations that people in New Zealand and the Pacific have of banks, and discussed the economic, environmental and social issues surrounding these expectations. We also made some formal commitments towards addressing these issues.

In 2004, we followed this with Westpac New Zealand's first Social Impact Report, 'How We Measure Up', the first for any bank in New Zealand and the Pacific. This report will become part of an ongoing dialogue, measuring and reporting on our economic, social and environmental performance. What follows is a snapshot of some of the key issues we sought to respond to. The complete report 'How We Measure Up' is available @ www.westpac.co.nz

A measure of loyalty for our people

We aim to create an integrated, inclusive culture reflecting the diversity of the New Zealand environment. Our 4,917 people in New Zealand come from a diverse range of ages, cultures, abilities, religions, life stages and thinking styles. Of those staff who voluntarily record their details on our diversity register, 82% are New Zealand born, 7% claim Maori descent and 20% are over 45 years old.

We focus not only on what work/life policies we can implement to benefit our people, but also what systemic issues – such as work processes and time management – we can address within our business.

Our executive level remuneration packages include a Value Management Framework, which uses a balanced scorecard to ensure that their remuneration is linked not just to financial objectives, but also to delivering outcomes for staff, customers and the broader community. We have also incorporated specific corporate responsibility objectives into our objective setting and performance review processes in New Zealand.

A measure of respect for our customers

Our mission is to be the number one for service in the New Zealand financial services industry by 2005. As such, in September 2004 we made a public commitment to five standards of customer service, to provide our customers with a clear idea of what they can and should expect whenever they engage with us.

In support of promoting a 'savings culture' in young New Zealanders, we have launched two new accounts aimed at trying to make financial literacy fun. One is a savings account to help parents put some money away for their child's future and the second is a savings account designed to bring parents and kids together to learn about saving and increase financial literacy in the community.

Westpac and the New Zealand Business Council for Sustainable Development (NZBCSD) saw an opportunity to develop a blueprint for Maori enterprises to follow in the post-settlement phase of a Treaty of Waitangi claim, with benefits for both Maori self-determination and the wider New Zealand economy. The blueprint was based on case studies and information available from iwi and hapu people already in post-settlement mode. The aim is that we will be able to help iwi and hapu currently in the claim pipeline, or about to enter it, to develop their policies and governance practices to ensure they manage the proceeds of settlement for the best long-term advantage of their people.

A measure of support for the community

We have a long history of community commitment and contribution in New Zealand. We are very active in providing sponsorships nationally with the Rescue Helicopter Services, Life Education Trust, the Fred Hollows Foundation and numerous regional initiatives.

In 2004, we announced a new community involvement strategy, aimed at providing more support for our people when volunteering in their local community. This will principally include the introduction of a Matching Gifts program and Community Volunteering leave days for our staff, similar to the programs we have in operation in Australia. We will report on progress in our next Westpac New Zealand Social Impact Report.

A measure of harmony with the environment

We are currently putting together a New Zealand specific environmental policy under the guidance of our environmental committee. The expectations and concerns of our key stakeholders will determine the main aspects of this policy. This includes ensuring a strategic, long-term approach to mitigating environmental impacts.

Full details on our direct environmental impact, as well as further information on what initiatives we are undertaking to promote improved environmental outcomes for the New Zealand community, are detailed within the full Westpac New Zealand Social Impact Report.

Pacific Banking

The Pacific is our neighbourhood and Westpac is committed to the health of its economies and the wealth of its people through the provision of superior financial services. Since 1901 when we first commenced operations in Fiji, we have opened in Papua New Guinea, the Cook Islands, Vanuatu, Niue, Tonga, Samoa and the Solomon Islands.

We are very conscious that in many locations throughout the Pacific, not only are we one of the most significant employers but we are also an integral part of the national economy. As you would expect, this is a responsibility we take very seriously.

More information on our presence in the Pacific is available @ www.westpac.com.au/pacific

Our people in the Pacific

We have consciously worked towards ensuring that when our Pacific customers come into our branches, they can see that they are run by local people. This makes sense not only for business reasons, but also provides important employment opportunities for local residents. As at 31 March 2004, we had 1,105 people in Pacific Banking, with 59% of our employees female and 41% male.

Our High Potential Officer (HiPO) Program is open to all local employees. It aims to reduce our reliance on expatriates by enabling highly skilled and motivated local employees to reach their full potential. We are actively working to develop senior managers of the future and therefore the longer-term capacity of the communities and economies of where they live.

Our customers in the Pacific

We have around 0.2 million customers in the Pacific region, and support individual consumers, as well as small and big business through our operations. We operate through a network of around 43 branches and 38 ATMs, and currently provide internet banking services in a small number of locations.

We promote best practice on money laundering and are aware and supportive of the Australian Tax Office and Inland Revenue Department's efforts to secure Tax Information Exchange Agreements relating to tax shelters in the Pacific. Currently only two of our locations are required by local legislation to report on transactions. However, all locations follow 'know your customer' principles including those where local legislation does not exist.

We are also currently evaluating the introduction of micro finance projects in association with the Asian Development Bank and the World Bank.

Our community in the Pacific

We take the same approach in the Pacific as we do elsewhere, in encouraging our staff to become actively involved in the local communities in which they work and live. With Government and private organisational resources being limited, community involvement takes on a different emphasis and importance in the Pacific Islands. It can have deep and lasting socio-economic effects. So the range of sponsorships and partnerships which have been established is as diverse as the Pacific Islands themselves.

Since 1993, Westpac Samoa has had in place a School Scholarships program, providing financial support to talented students who come from disadvantaged families. Fiji is a Gold Sponsor of the National Anti Litter Campaign, while the Solomon Islands has also donated to the Roundabout clean up in Honiara. Tonga supports numerous initiatives through fundraising, including for the environment, schools, sports and churches. Westpac Vanuatu is a sponsor of the annual Independence Day Celebrations and contributes to a school competition. Among other initiatives, Papua New Guinea also supports the annual Women in Business awards.

In 2004, the Suva branch from Westpac Fiji won the Gold Team award at our annual Group-wide CEO's Community Volunteering Awards, for their work in supporting the Fiji Prison Fellowship. Over the year they have provided food and stationery to 30 prisoners' families and established a deep and ongoing relationship with this program. Their work has been outstanding in providing emotional and financial assistance to such an important local initiative.

Our environment in the Pacific

Environmental issues in the Pacific region vary between islands and we are in the very early stages of considering our environmental impacts in the region.

We see this as an opportunity to register potential issues with local Governments and to generate greater environmental awareness throughout the Pacific region.

All investment and lending to projects in the Pacific region through our Institutional Bank are covered by the Group-wide policies and processes – including adherence to the Equator Principles.



Finance and Governance

Financial performance

Our strategy is delivering consistent year on year financial performance. In the year to 30 September 2004, our net profit attributable to equity holders was \$2,539 million, with cash earnings of \$2,559 million.

Key financial features of our 2004 results, compared to the 2003 results, were:

- Net profit attributable to equity holders of \$2,539 million, up 16%;
- Cash earnings of \$2,559 million, up 13%;
- Cash earnings per share of 138.6 cents, up 11%;
- Cash earnings return on equity of 20.7%;
- Economic profit up 15%; and
- Strong capital position with Tier 1 at 6.9% and Adjusted Common Equity (ACE) at 4.8%.

Directors declared a final dividend of 44 cents per ordinary share (fully franked) taking our full year dividend to 86 cents (fully franked), an increase of 10% on 2003 dividends. The dividend payout ratio was 62% of cash earnings.

This strong result in 2004 was delivered against a backdrop of intensifying competition from both new entrants and established market participants. Our businesses have good momentum and strong competitive positions, supported by sound economic fundamentals. The result leaves us well positioned to meet our financial goals in 2005. More information on our full year financial results are available under the 'Westpac info' tab @ www.westpac.com.au

Our approach to corporate governance

We consider corporate governance within the broader framework of corporate responsibility and regulatory oversight. Corporate governance is the system by which the company is directed and managed; objectives are set and achieved; risk is monitored and assessed; and performance optimised. There is no doubt that the quality of governance is a significant indicator of our overall health as a business.

We fully disclose our corporate governance practices through our primary governance framework – the Australian Stock Exchange Principles of Good Corporate Governance and Best Practice Recommendations. In line with this framework we set out an 18 page corporate governance statement within the 2004 Concise Annual Report. This also includes disclosure on the extent to which we have followed the 28 best practice recommendations, where we consider our governance practices to comply with all recommendations but one. The full corporate governance statement is also available on the Corporate Governance section of the website, along with relevant policies and charters.

Following the release of our 2003 governance statement, Westpac was one of six companies in Australia to be recognised by the ASX for special recognition in reporting against the Corporate Governance Council's Principles. In the latest 2004 GovernanceMetrics International corporate governance review of 2,600 companies worldwide, Westpac retained its score of 10.0 – the highest possible rating and one of only 26 companies globally.

In the international arena, we have responded to the US Sarbanes-Oxley Act of 2002 and the Securities and Exchange Commission rules which followed, the New York Stock Exchange listing rules on corporate governance, the New Zealand Exchange Limited listing rules and Corporate Governance Best Practice Code.

We are closely watching the UK Government's proposals for a new statutory Operating and Financial Review which straddles the governance and broader sustainability agendas.

Locally we have accommodated the Australian Government's Corporations Act amendments - known as CLERP 9, and have adopted some of these disclosure requirements ahead of time, in particular including a separate Remuneration Report within the 2004 Concise Annual Report.

We will also be reviewing our performance against the recently revised Investment and Financial Services Association (IFSA) 'Blue Book' released shortly after the reporting period.

Controlling and managing risk

In 2004, we modified our approach to risk management and the specific roles and responsibilities across the Group. We now recognise four main types of risk to the business: credit, market, operational, and compliance. Beyond this we allocate resources to manage specific risks around reputation, liquidity, operating leverage, insurance, interest rates and goodwill. As these risks are interlinked we take an integrated approach to managing them.

New whistleblower protection policy

We encourage our people to bring any issues or concerns they may have to our attention. This can include activities or behaviour not in accord with our Code of Conduct, Code of Accounting Practice and Financial Reporting, Insider Trading Policy, or any other Westpac policies, regulatory requirements or laws.

Whilst anonymous concern reporting has been in place for some time, in 2004 we have supplemented these systems with a new Whistleblower Protection Policy to formally protect the individuals who use these channels. Our concern reporting system now complies with the whistleblower provisions of all relevant legislative requirements and the Australian Standard AS8004 (Whistleblower Protection Programs for Entities).

New code of ethics for senior finance officers

Our Code of Conduct applies without exception to all Directors, executives, management and employees. In accordance with the requirements of the US Sarbanes-Oxley Act we also have in place an additional code for the CEO and senior finance officers, the Code of Accounting Practice and Financial Reporting.

Political donations

We strongly believe that, as an element of our broader social responsibilities, we should support the democratic process and democratic institutions that serve the Australian community. We believe that the most direct and transparent way to do this is to provide financial assistance to major political parties with significant federal parliamentary representation.

Whilst there will be some variation year to year, this process is conducted on an even-handed basis.

More information can be found in our Concise Annual Report, and all our political donations are fully disclosed through the Australian Electoral Commission on an annual basis, publicly available @ www.aec.gov.au

| | | | |
|------------------------------------|--|--|---|
| BOARD | Considers and approves the risk/reward strategy of the Group <ul style="list-style-type: none"> Reviews and approves Westpac's risk management strategy, policies and key risk parameters relating to the four main types of risk - Credit risk, Market risk, Operational risk and Compliance risk Considers whether appropriate internal control mechanisms are in place and being implemented Monitors the effectiveness of the execution of risk strategies Maintains a direct and ongoing dialogue with Westpac's external auditor and, where appropriate, principal regulators | | |
| BOARD COMMITTEES | The Board Committees, by delegated authority, assist the Board in fulfilling its oversight responsibilities for: | | |
| | Risk Management Committee <ul style="list-style-type: none"> Reviewing and approving the framework, policies, limits and conditions for the taking and managing of risk Considers the risk profile and monitors the performance and management of risks | Audit Committee <ul style="list-style-type: none"> Overseeing the integrity of the financial statements and financial reporting systems, compliance with related regulatory requirements, reviewing the performance of internal and external audit, and assessing the independence of the external auditor | Social Responsibility Committee <ul style="list-style-type: none"> Maximising the economic, social, environmental and ethical value of activities Monitoring, oversight and management of reputation risk |
| INDEPENDENT INTERNAL REVIEW | Group Assurance Independent and objective internal audit review function evaluating, testing and reporting on the adequacy and effectiveness of management's control of operational risk. Also provides independent evaluation of credit risk activities and portfolios, the quality of credit management and compliance with credit policies | | |
| EXECUTIVE RISK COMMITTEES | Group Risk Reward Committee <ul style="list-style-type: none"> Develops and leads the risk optimisation agenda for the Group Recommends to the Risk Management Committee the appropriate risk-reward positioning and links this to decisions on overall capital levels and composition Initiates and oversees strategies of the Group's risk-reward profile and boundaries for risk appetite and earnings volatility within parameters set by the Board Oversees the performance, role and membership of the executive risk committees | | |
| | Group Credit Risk Committee <ul style="list-style-type: none"> Optimises credit risk-reward Oversees portfolio performance Determines limits and authority levels within Board approved parameters | Group Market Risk Committee <ul style="list-style-type: none"> Optimises market risk/reward for traded and non-traded market risk Oversees portfolio performance Determines limits within Board approved parameters | Group Operational Risk and Compliance Committee <ul style="list-style-type: none"> Oversees the governance of operational risk and compliance, including the framework and policies Oversees the operational and reputation risk profile |
| GROUP RISK | <ul style="list-style-type: none"> Enterprise-wide view of risk and its impact on performance Development of management's strategy, framework and policies for the management of all major risk classes Defines and promotes risk management culture | | |
| BUSINESS UNITS | <ul style="list-style-type: none"> Management of risks inherent in the business including the development of business-specific policies, controls, procedures and reporting in respect of the risk classes | | |

04

Factpac for 2004

Factpac index

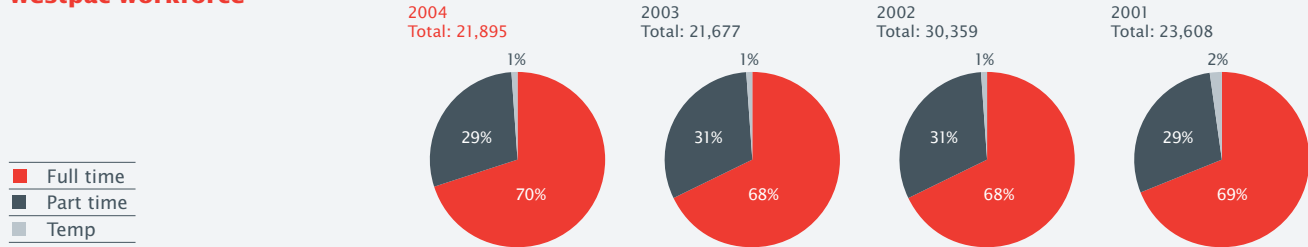
| | |
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| Employees | 58 |
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In order to make our report more accessible and easier to navigate, we have consolidated much of our key performance data within this factpac. It includes data on our performance against key performance indicators from the Global Reporting Initiative 2002 Guidelines, SPI-Finance, EPI-Finance, the Global Compact and as requested by our key Australian and New Zealand stakeholders. Further information is available in our annual report, and policies and practices are published on our website@www.westpac.com.au

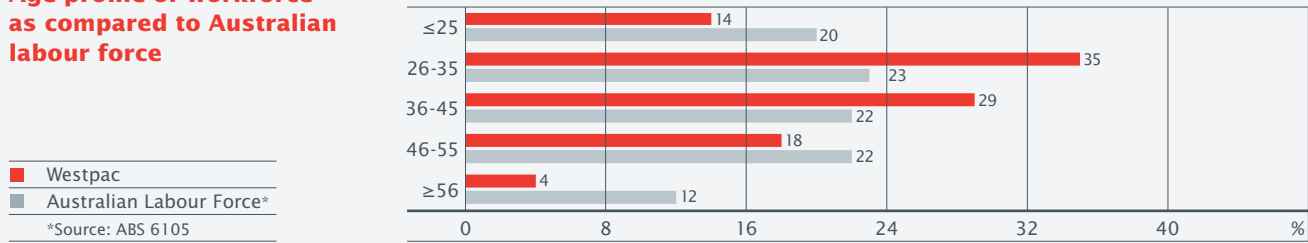
Employees

Westpac Australia, year to 30 September 2004, unless otherwise stated.

Westpac workforce



Age profile of workforce as compared to Australian labour force



Gender and age profile

Group-wide workforce.

| | 2004 | | 2003 | | 2002 | | 2001 | |
|-------|----------|--------|----------|--------|----------|--------|----------|--------|
| | Female % | Male % | Female % | Male % | Female % | Male % | Female % | Male % |
| ≤25 | 14 | 15 | 11 | 11 | 15 | 14 | 13 | 12 |
| 26-35 | 35 | 36 | 37 | 37 | 35 | 35 | 39 | 38 |
| 36-45 | 28 | 30 | 29 | 31 | 28 | 30 | 28 | 30 |
| 46-55 | 19 | 16 | 19 | 17 | 19 | 17 | 18 | 17 |
| ≥56 | 4 | 4 | 4 | 4 | 3 | 4 | 3 | 4 |

Male/Female salary comparisons

| Management level | Average salary \$AU | | | | | |
|------------------|---------------------|-----------|-----------|-----------|-----------|-----------|
| | Male | | | Female | | |
| | 2004 | 2003 | 2002 | 2004 | 2003 | 2002 |
| Executive | \$290,885 | \$288,964 | \$323,640 | \$290,957 | \$303,260 | \$321,688 |
| Management | \$88,179 | \$85,880 | \$89,120 | \$73,640 | \$76,299 | \$75,363 |
| Non-management | \$40,454 | \$39,444 | \$37,645 | \$32,544* | \$36,592 | \$34,896 |

*This figure has decreased owing to a number of retrenchments in the lower levels of non-management, a band still dominated by women.

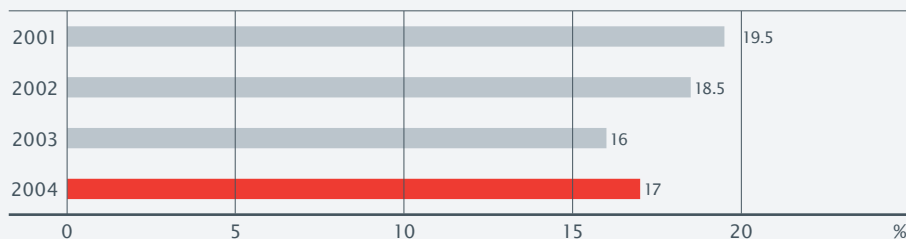
Women in management

As at September Quarter, 2004.



Employee turnover

Figures include resignations, retrenchments, retirements and dismissals.



Employee morale



■ Westpac
■ Global Financial Services Norm

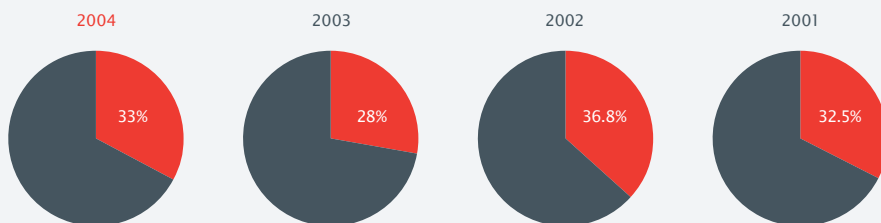
Employee satisfaction

Westpac Group-wide figures.

| | % favourable | | | |
|-------------------------|--------------|------|------|------|
| | 2004 | 2003 | 2002 | 2001 |
| Community/Social | 87* | 86 | 93 | 90 |
| Work life balance | 61 | 60 | 65 | 68 |
| Communication culture | 67* | 60 | 55 | 65 |
| Training & development | 69 | 64 | 68 | 63 |
| Job security | 72 | 66 | 64 | 54 |
| Remuneration & benefits | 37 | 37 | 40 | 44 |
| Employee commitment | 68 | 65 | 65 | 61 |

*Survey questions modified slightly since 2003.

Staff doing overtime (non-packaged staff)



■ Working overtime

Average overtime worked as % of standard hours

| Staff group | Overtime as % of standard hours | | | |
|--------------------------|---------------------------------|------|------|------|
| | 2004 | 2003 | 2002 | 2001 |
| Employees doing overtime | 23* | 8.6 | 8.5 | 11.8 |
| All employees | 2.5 | 1.5 | 1.1 | 1.4 |

*This figure has increased in 2004, because of the introduction of Saturday Trading in our branches in NSW

Employees continued

Westpac Australia, year to 30 September 2004, unless otherwise stated.

Accumulated annual leave

| | 2004 [^] | | 2003 | | 2002 | | 2001 | |
|---------------|-------------------|------------|---------------|------------|---------------|------------|---------------|------------|
| | No. | % | No. | % | No. | % | No. | % |
| ≤4 weeks | 14,843 | 67 | 13,167 | 63 | 12,885 | 64 | 14,638 | 61 |
| >4 & <8 weeks | 6,702 | 30 | 5,863 | 28 | 5,476 | 27 | 7,737 | 32 |
| ≥8 weeks | 736 | 3 | 1,764 | 8 | 1,721 | 9 | 1,744 | 7 |
| Total | 22,281 | 100 | 20,794 | 100 | 20,082 | 100 | 24,119 | 100 |

[^]Include BT Financial Group for the first time.

Number of employees accessing paid parental leave

| | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 |
|--------|-------|-------|-------|-------|-------|-------|
| Number | 1,097 | 1,077 | 1,050 | 1,026 | 1,101 | 1,146 |

Utilisation of Westpac child care centres

| | No. of families | | | | No. of children | | | |
|-------------------------------------|-----------------|------------------------|------------|-----------|-----------------|------------|------------|------------|
| | 2004 | 2003 | 2002 | 2001 | 2004 | 2003 | 2002 | 2001 |
| Kids on Bond (Sydney CBD) | 35 | 21 | 19 | 33 | 44 | 25 | 23 | 38 |
| Kids @ Kent (Sydney CBD) | 62 | 40 | 34 | | 71 | 49 | 44 | |
| Little Gantry (Concord West) | 74 | 90 | 92 | | 80 | 105 | 108 | |
| Bank of Melbourne (South Melbourne) | 62 | 63 | 59 | 49 | 71 | 76 | 71 | 62 |
| Science Park (Bedford Park, SA) | 58 | 32 | 29 | | 60 | 41 | 37 | |
| Kings Meadow (Tasmania)* | 11 | | | | 12 | | | |
| Total | 302 | 246[^] | 233 | 82 | 388 | 296 | 283 | 100 |

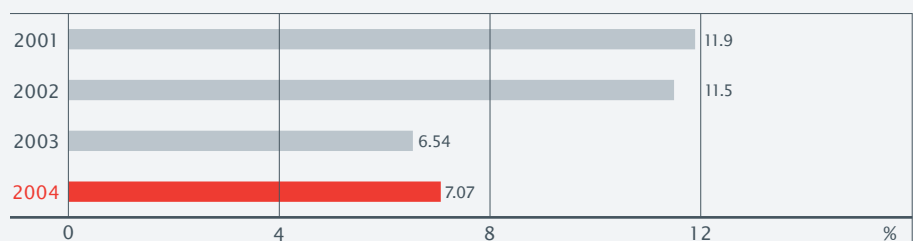
*New ABC Developmental Learning Centre opened at Kings Meadow in July 2004.

[^] Corrected from last report.

Lost time injury frequency rate

Injuries per one million hours worked.

All OHS figures calculated using different total headcount.



Rate calculated using Australian Standard 1885.1.

Employees accessing external tertiary training

| | 2004 | 2003 | 2002 |
|------------------|--------|--------|--------|
| No. of employees | 538 | 654 | 697 |
| \$ value | \$1.4m | \$1.7m | \$1.7m |

Customers

Westpac Australia, year to 30 September 2004, unless otherwise stated.

Customers

| | Customers (million) | | |
|--------------|---------------------|----------|------------|
| | 2004 | 2003* | 2002 |
| Australia | 6.6 | 6.3 | 6 |
| New Zealand | 1.4 | 1.4 | 1.3 |
| Other | 0.2 | 0.3 | 0.2 |
| Total | 8.2 | 8 | 7.5 |

*2003 numbers restated to better reflect capture of expanded BTFG customer base.

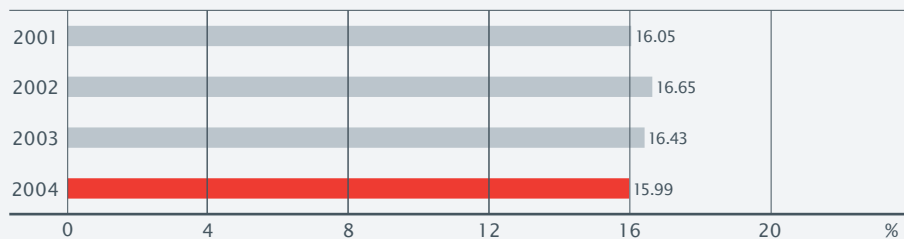
Distribution points

| | Branches | | | Online customers (million) | | | ATMs | | |
|--------------|--------------|--------------|--------------|----------------------------|------------|------------|--------------|--------------|--------------|
| | 2004 | 2003 | 2002 | 2004* | 2003 | 2002 | 2004 | 2003 | 2002 |
| Australia | 812 | 812 | 806 | 1.5 | 1.8 | 1.5 | 1,642 | 1,587 | 1,552 |
| New Zealand | 196 | 200 | 200 | 0.4 | 0.3 | 0.2 | 470 | 480 | 484 |
| Other | 57 | 57 | 51 | 1.9 | 2.1 | 1.7 | 41 | 38 | 13 |
| Total | 1,065 | 1,069 | 1,057 | 3.8 | 4.2 | 3.4 | 2,153 | 2,105 | 2,049 |

*Figures revised downwards to reflect active registered customers.

Low income access

% of customers receiving pension or welfare payment.



Affordability of transactional services

Average fees paid as a % of pension.

| Pension status | Basic account | | | | Deeming Statement Account | | | |
|----------------|---------------|------|------|------|---------------------------|------|------|------|
| | 2004 | 2003 | 2002 | 2001 | 2004 | 2003 | 2002 | 2001 |
| Single | 0.10 | 0.08 | 0.09 | 0.1 | 0.08 | 0.07 | 0.08 | 0.11 |
| Couple | 0.06 | 0.05 | 0.05 | 0.06 | 0.05 | 0.04 | 0.05 | 0.07 |

Credit over – commitment

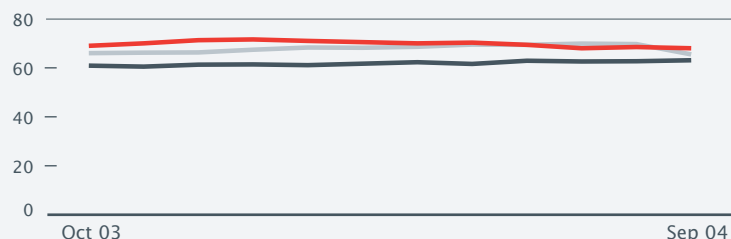
| | Proportion of accounts overdue >90 days (%) | | | |
|-----------|---|------|------|------|
| | 2004 | 2003 | 2002 | 2001 |
| Mortgages | 0.15 | 0.17 | 0.23 | 0.27 |
| Cards | 0.45 | 0.4 | 0.42 | 0.4 |

Customers continued

Westpac Australia, year to 30 September 2004, unless otherwise stated.

Customer satisfaction

Data shows 12 monthly moving average.

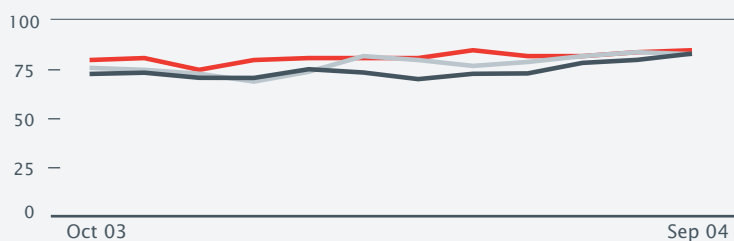


- Consumer*
- SME**
- Priority & middle markets***

* Consumer Satisfaction year to August 2004.
 ** SME defined as businesses with annual turnover <\$2m.
 *** Priority defined as business with annual turnover of \$2m to \$10m. Middle market defined as businesses with annual turnover of >\$10m.

Complaints resolution rates

% of complaints resolved within 5 days.



- 2004
- 2003
- 2002

Complaints type[^]

| | % | | | |
|--------------------------------|------|------|------|------|
| | 2004 | 2003 | 2002 | 2001 |
| Commercial & business | 9 | 6 | 6 | 7 |
| Information & advice | 14 | 23 | 16 | 16 |
| Fees, charges & interest rates | 27 | 17 | 17 | 14 |
| Process & procedure | 33 | 29 | 34 | 35 |
| Staff service quality | 17 | 27 | 27 | 28 |

[^]2001 figures from October 2001 – March 2002.

Banking and Financial Services Ombudsman (BFSO) dispute resolution

| | % | | | |
|---|------|------|------|------|
| | 2004 | 2003 | 2002 | 2001 |
| Resolved with customer | 91 | 84 | 85 | 84 |
| BFSO investigation but resolved with customer | 8 | 14 | 13 | 14 |
| Required BFSO recommendation | 1 | 2 | 2 | 2 |

Insurance complaints

| | General insurance | | Life & risk insurance | |
|----------------------|-------------------|--------|-----------------------|---------|
| | 2004 | 2003 | 2004 | 2003 |
| Number of claims | 29,957 | 32,578 | 336,981 | 281,866 |
| Number of complaints | 168 | 186 | 453 | 1,570 |
| % of complaints | 0.56% | 0.57% | 0.13% | 0.56% |

*Small portion of complaints for one quarter are excluded from the total figure.

Business lending profile

| | % of business lending | | |
|--|-----------------------|------|------|
| | 2004 | 2003 | 2002 |
| Transport | 4 | 4 | 2 |
| Travel and tourism | 5.4 | 6 | 8 |
| Forestry and agriculture | 10.5 | 11 | 11 |
| Finance | 9.4 | 9 | 8 |
| Housing, education welfare and leisure | 5 | 5 | 6 |
| Construction | 4.8 | 4 | 3 |
| Retail | 16 | 16 | 14 |
| Wholesale | 5.7 | 6 | 5 |
| Chemical, minerals and machinery | <1 | <1 | <1 |
| Professional services | 9.2 | 9 | 1 |
| Real estate | 23 | 23 | 28 |
| Other | 6.4 | 7 | 14 |

Business lending with a high social benefit

| | % | | |
|--|------|------|------|
| | 2004 | 2003 | 2002 |
| Small business lending as % of total business lending* | 14 | 12 | 11 |
| Lending to businesses with outstandings <\$5m | 72 | 75 | 75 |

*Business Lending ratio was previously a percentage of Total Australian Lending to Business and Consumers (excluding corporates). This has been corrected to report lending to businesses where the exposure is less than \$500k as a percentage of Total Australian Business Lending.

Country profile of institutional banking activities

| Country income classification* | % of total Customers | | | | % of total Exposures | | | |
|--------------------------------|----------------------|-------|-------|-------|----------------------|-------|-------|------|
| | 2004 | 2003 | 2002 | 2001 | 2004 | 2003 | 2002 | 2001 |
| Low | 0.35 | 0.37 | 0.76 | 0.21 | 0.15 | 0.15 | 0.5 | 0.14 |
| Low-middle | 0.18 | 0.37 | 0.76 | 0.07 | 0.08 | 0.2 | 0.47 | 0.04 |
| Middle-upper | 0.18 | 0.19 | 1.02 | 0.21 | 0.1 | 0.12 | 0.44 | 0.13 |
| High | 99.3 | 99.07 | 97.46 | 99.51 | 99.67 | 99.53 | 99.59 | 99.7 |

*World Bank Classification.

Asset management with a high social benefit

| | \$m | | | |
|-------------------------------------|----------|----------|----------|-----------|
| | 2004 | 2003 | 2002 | 2001 |
| Assets under management | \$26,460 | \$36,953 | \$35,392 | \$22,441m |
| Superannuation funds (ex-SRI funds) | \$13,900 | \$13,804 | \$15,617 | \$11,172m |
| SRI | \$217 | \$197 | \$231.60 | \$84m |
| % of total with HSB | 52.50% | 37.40% | 44.10% | 50% |

Institutional lending with a high social benefit

From 2003, figures calculated using different methodology.

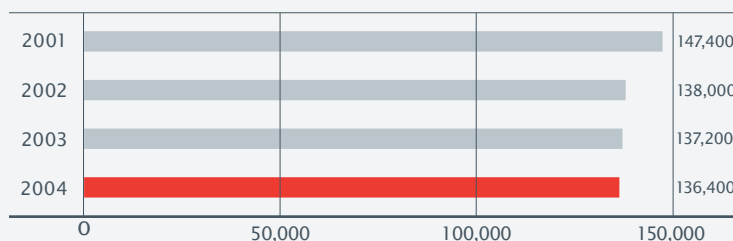
| | \$bn | | | |
|---------------------|------|------|------|------|
| | 2004 | 2003 | 2002 | 2001 |
| High social benefit | 3.5 | 2.7 | 2.4 | 3.8 |
| Total exposures | 16.9 | 15.2 | 16.3 | 16.7 |
| HSB as % of total | 21 | 18 | 15 | 22.6 |

Environment

Westpac Australia, year to 30 September 2004, unless otherwise stated.

Total greenhouse gas emissions

Equivalent tonnes of CO₂ emissions.



Emissions source

Equivalent tonnes of CO₂ emissions.

| Emissions source | Equivalent tonnes of CO ₂ emissions | | | |
|------------------|--|----------------|----------------|----------------|
| | 2004 | 2003 | 2002 | 2001 |
| Energy | 126,000 | 127,200 | 119,200 | 126,500 |
| Car fleet | 4,100 | 3,600 | 6,400 | 4,200 |
| Paper | 5,920 | 2,300 | 12,400 | 16,700 |
| Total | 136,000 | 137,200 | 138,000 | 147,400 |

Eco performance ratios

Equivalent tonnes of CO₂ emissions.

| Emissions ratios | Equivalent tonnes of CO ₂ emissions | | | |
|-----------------------------------|--|------|------|------|
| | 2004 | 2003 | 2002 | 2001 |
| CO ₂ /person | 6.2 | 6.6 | 7.4 | 6.7 |
| CO ₂ /M ² | 0.2 | 0.2 | 0.2 | 0.2 |
| CO ₂ paper/employee | 0.3 | 0.3 | 0.7 | 0.8 |
| CO ₂ car fleet/vehicle | 4.9 | 4.1 | 6.3 | 5.4 |

Energy usage

Gas and electricity data based on some extrapolated data for the last quarter.

| | Unit | 2004 | 2003 | 2002 | 2001 |
|----------------------|------|---------|---------|---------|---------|
| Energy – electricity | MWh | 117,700 | 117,400 | 112,300 | 118,700 |
| MWh/person | MWh | 5.4 | 5.6 | 6 | 5.4 |
| Energy – gas | GJ | 22,800 | 31,200 | 34,800 | 34,400 |

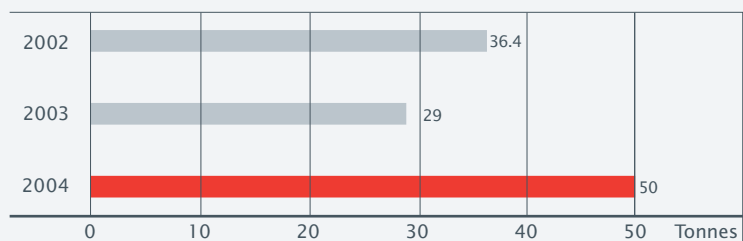
Paper usage

| | Unit | 2004 | 2003 | 2002 | 2001 |
|-------------------|---------------|-------|-------|--------|--------|
| Paper consumption | tonnes | 4,700 | 5,230 | 5,500 | 7,000 |
| Paper consumption | t/person | 0.21 | 0.25 | 0.29 | 0.32 |
| Recycled paper | tonnes | 2,570 | 2,890 | 1,100 | 1,000 |
| Copying paper | sheets/person | 9,500 | 9,300 | 12,000 | 11,400 |

Business travel

| Car fleet usage | | Unit | 2004 | 2003 | 2002 | 2001 |
|---------------------------|-------------------|------|-----------|-----------|-----------|-------|
| Fuel consumption – LPG | kL | | 2,031 | 1,349 | 1,000 | 28 |
| Fuel consumption | kL/vehicle | | 3.2 | 2.4 | 3.1 | 0.2 |
| Fuel consumption – petrol | kL | | 356 | 434 | 1,600 | 1,850 |
| Fuel consumption | kL/vehicle | | 1.7 | 1.3 | 2.3 | 2.6 |
| Km travelled | million km | | 16 | 13 | 16 | 35 |
| Air travel | | | | | | |
| Domestic | million km | | 38 | 48 | 48 | |
| International | million km | | 17 | 34 | 23 | |
| Total | million km | | 55 | 82 | 71 | |

Plastics recycling

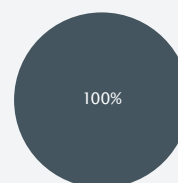


Lending with a high environmental benefit (HEB)

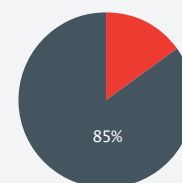
| | Business banking | | | | Institutional bank | | |
|--------------------|------------------|------|------|------|--------------------|-------|------|
| | 2004 | 2003 | 2002 | 2001 | 2004 | 2003 | 2002 |
| Total lending \$bn | 37 | 32 | 27 | 26 | 16.9 | 15.2 | 16.3 |
| HEB \$bn | 0.23 | 0.15 | 0.13 | 0.06 | 2.3 | 2.2 | 1.41 |
| HEB % of total | 0.6 | 0.5 | 0.5 | 0.2 | 13.60 | 14.60 | 8.60 |

Environmental screening of institutional lending

1st level screening



2nd level screening



Assets under green management

| | 2004 | 2003 |
|------------------------------------|--------|-----------|
| Assets under management \$m | 26,460 | 41,367.27 |
| Assets under green management \$m | 31.4 | 28.4 |
| % of assets under green management | 0.12 | 0.07 |

Community involvement

Westpac Australia, year to 30 September 2004, unless otherwise stated.

Community contributions as a percentage of pre-tax profits

| | % of pre-tax profits | | | |
|---|----------------------|------|------|------|
| | 2004 | 2003 | 2002 | 2001 |
| Total excluding Commercial sponsorships | 1.09 | 1.3 | 1.17 | 1.1 |
| Total community involvement | 1.34 | 1.6 | 1.43 | 1.5 |

Community contributions by %

| Area of involvement | % | | | |
|-------------------------|------------|------------|------------|------------|
| | 2004 | 2003 | 2002 | 2001 |
| Charitable gifts | 6 | 3 | 5 | 5 |
| Community investment | 66 | 71 | 66 | 56 |
| Eco projects | 1 | 1 | 1 | 1 |
| In-kind | 4 | 4 | 6 | 8 |
| Management costs | 4 | 4 | 4 | 4 |
| Commercial sponsorships | 19 | 17 | 18 | 26 |
| Total | 100 | 100 | 100 | 100 |

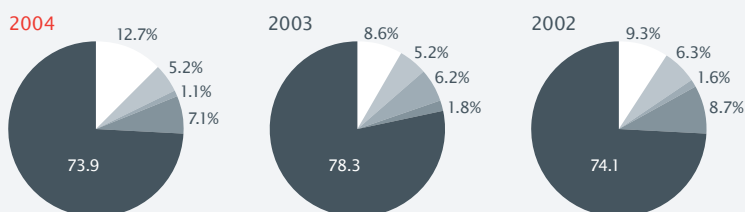
Charitable gifts = philanthropy ■ Community investment = social and community investment + financial inclusion ■ In-kind = employee time + in-kind giving

Community contributions by \$AU

| Area of involvement | \$m | | | |
|-------------------------|-----------|-------------|--------------|-------------|
| | 2004 | 2003 | 2002 | 2001 |
| Charitable gifts | 2.1 | 1.2 | 1.6 | 1.3 |
| Community investment | 21.8 | 25.9 | 19.8 | 15.1 |
| Eco projects | 0.3 | 0.3 | 0.3 | 0.3 |
| In-kind | 1.2 | 1.6 | 1.7 | 2.05 |
| Management costs | 1.3 | 1.5 | 1.3 | 1.05 |
| Commercial sponsorships | 6.3 | 6.1 | 5.5 | 7.1 |
| Total | 33 | 36.6 | 30.18 | 26.9 |

Breakdown of community investment

| | |
|---|---------------------------|
| □ | Rescue services |
| ■ | Indigenous services |
| ■ | Education and life skills |
| ■ | Numeracy and money skills |
| ■ | Financial inclusion |



% of Community investment = % of social and community investment + financial inclusion

Independent assurance and verification

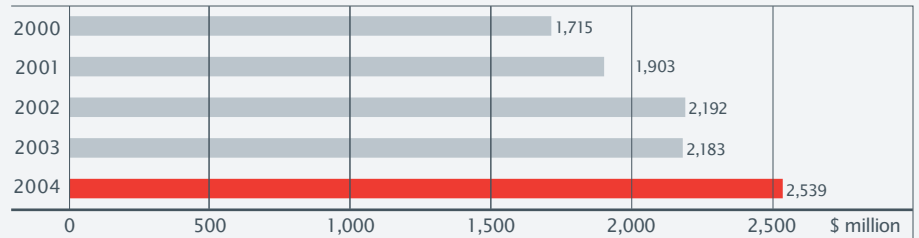
| Type | 2004 | | 2003 | | 2002 | |
|---------------|------|--------|------|--------|------|-------|
| | No. | Hours | No. | Hours | No. | Hours |
| Environmental | 1 | 121 | 1 | 87 | 1 | 97 |
| Financial | 128 | 24,450 | 129 | 23,303 | 121 | n/a |
| Social | 3 | 441 | 1 | 145 | 1 | 220 |

Financial

Westpac Australia, year to 30 September 2004, unless otherwise stated.

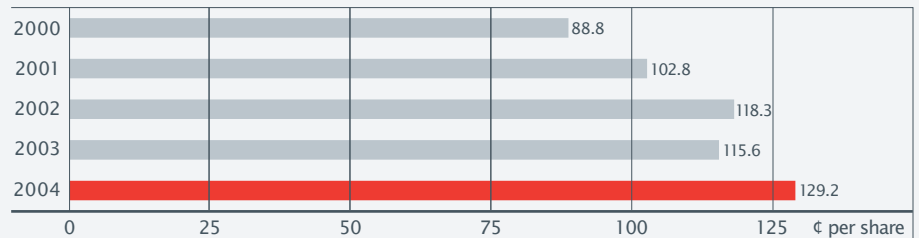
Profit

Operating profit after tax attributable to shareholders.



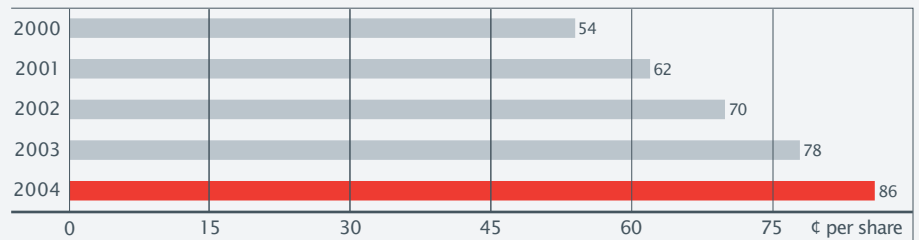
Earnings

Earnings per share.



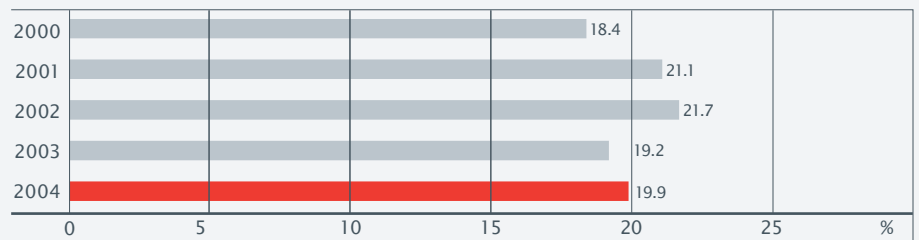
Dividends

Dividends per ordinary share.



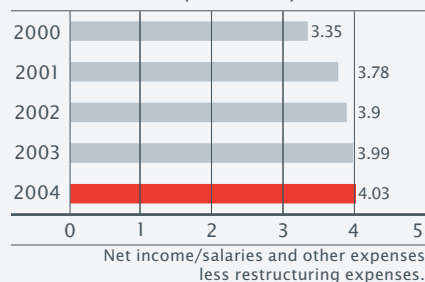
Return

Return on average ordinary equity.

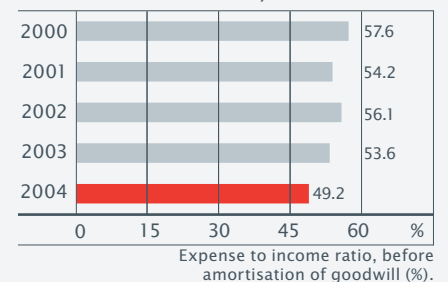


Staff productivity & efficiency*

Staff productivity



Efficiency



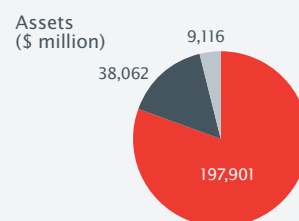
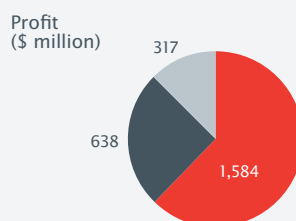
*Efficiency ratio restated from last year.

Financial continued

Westpac Australia, year to 30 September 2004, unless otherwise stated.

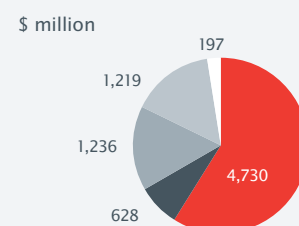
Profit and Assets by region

| | |
|---|-------------|
| ■ | Australia |
| ■ | New Zealand |
| ■ | Other |



Operating income by key business unit

| | |
|---|-----------------------------|
| □ | Other |
| ■ | New Zealand banking |
| ■ | Institutional banking |
| ■ | BT Financial Group |
| ■ | Business & Consumer banking |



Market price to net tangible assets

| | 2004 | 2003 | 2002 | 2001 | 2000 |
|------------------------|-------|------|-------|-------|-------|
| Share price \$ | 17.73 | 16.2 | 13.85 | 13.29 | 12.75 |
| Net tangible assets \$ | 5.47 | 4.97 | 4.56 | 4.28 | 3.96 |
| Ratio | 3.24 | 3.26 | 3.04 | 3.11 | 3.22 |

Value generation

| | \$m | | | |
|---|--------------|--------------|--------------|--------------|
| | 2004 | 2003* | 2002 | 2001 |
| Gross value added | 4,755 | 4,326 | 4,285 | 4,200 |
| Net interest income | 1,742 | 1,697 | 1,706 | 1,605 |
| Commissions & services net income | 399 | 409 | 223 | 274 |
| Trading operations net income | 869 | 761 | 330 | 524 |
| Life insurance & fund management net income | 245 | 137 | 719 | 134 |
| Other income | 8,010 | 7,330 | 7,263 | 6,737 |
| Net operating income | (2,061) | (2,005) | (2,076) | (1,771) |
| Suppliers & non-salary input costs | 5,949 | 5,325 | 5,187 | 4,966 |
| Gross value add | | | | |

*2003 figures restated.

Value distribution

| | \$m | | | |
|---------------------------|--------------|--------------|--------------|--------------|
| | 2004 | 2003 | 2002 | 2001 |
| Dividends* | 2,109 | 1,428 | 1,319 | 1,162 |
| Retained Profit | 470 | 763 | 878 | 746 |
| Taxes | 913 | 728 | 610 | 826 |
| Salaries & bonuses | 1,588 | 1,471 | 1,516 | 1,379 |
| Social charge | 33 | 37 | 30 | 27 |
| Depreciation & write-offs | 836 | 898 | 834 | 826 |
| Gross value distributed | 5,949 | 5,325 | 5,187 | 4,966 |

*2003 figures re-stated. The 2003 and 2004 dividend figures used in this report reflect: the amount of dividends that have been paid or declared, determined or publicly recommended by the Directors on or before the end of the financial year; plus the net profit attributable to outside equity interests; the distributions on other equity instruments; and, the deemed dividend component of the Share Buy-Back program.

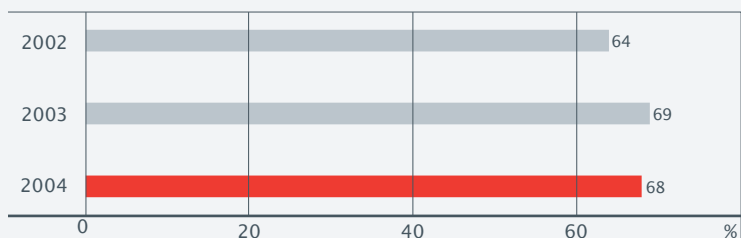
New Zealand and Pacific Banking

Year to 30 September 2004, unless otherwise stated.

Points of access

| | 2004 | 2003 | 2002 |
|--------------------|---------|---------|---------|
| Branches | 196 | 200 | 200 |
| ATMs | 470 | 480 | 500 |
| Internet customers | 400,000 | 325,756 | 258,545 |

Employee commitment

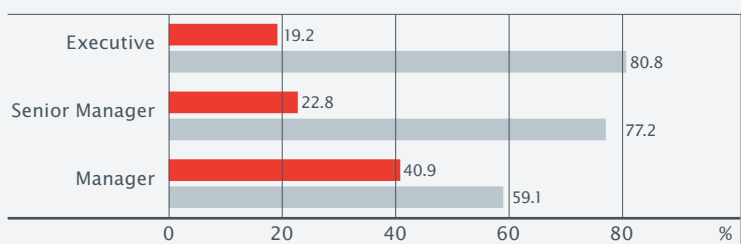


Employee satisfaction

| | % favourable | | |
|-------------------------|--------------|------|------|
| | 2004 | 2003 | 2002 |
| Community/Social | 86 | 91 | 93 |
| Work life balance | 68 | 70 | 69 |
| Communication culture | 73 | 64 | 64 |
| Training & development | 65 | 60 | 66 |
| Job security | 77 | 71 | 65 |
| Remuneration & benefits | 52 | 50 | 52 |

Women in management

■ Female
■ Male



Occupational health and safety

| | 2004* | 2003 | 2002 | 2001 |
|----------------------------------|-------|------|------|------|
| Number of lost time injuries | 46 | 103 | 167 | 203 |
| Lost Time Injury Frequency Rates | 0.09 | 0.04 | 0.09 | 0.16 |
| EAP utilisation rate (%)** | n/a | 8.3 | 9.2 | 7.9 |
| Employee satisfaction (%)^ | 79 | 80 | 78 | 79 |

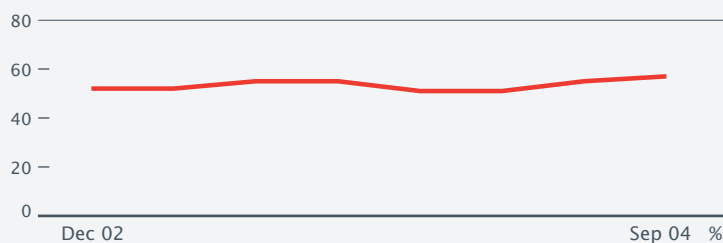
*Six months to June 2004.
**Employee Assistance Program (EAP).
^Results from annual Staff Perspectives Survey.

New Zealand and Pacific Banking continued

Year to 30 September 2004, unless otherwise stated.

Customer satisfaction

Data shows 12 monthly moving average.



Key financials

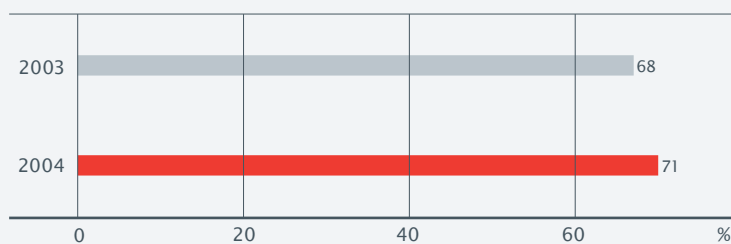
| | New Zealand* | | Pacific banking | |
|--------------------------|--------------|-------|-----------------|------|
| | 2004 | 2003 | 2004 | 2003 |
| Operating income (\$m) | 1,355 | 1,260 | 139 | 132 |
| Operating expenses (\$m) | (653) | (620) | (51) | (51) |
| Cash earnings (\$m) | 451 | 409 | 56 | 58 |
| Economic profit (\$m) | 234 | 200 | 45 | 47 |
| Total assets (\$bn) | 29.8 | 25.8 | 1.2 | 1 |

*New Zealand figures are in New Zealand dollars.

Pacific Banking Key data

| | 2004 | 2003 |
|---------------------|---------|---------|
| Branches | 43 | 57 |
| ATMs | 38 | 38 |
| Customers | 200,000 | 200,000 |
| Employees | 1,108 | 1,123 |
| Total assets (\$bn) | 1.20 | 1.00 |

Pacific Banking Employee commitment



Pacific Banking Employee satisfaction

% favourable.

| | 2004 | 2003 |
|-------------------------|------|------|
| Community/Social | 91 | 91 |
| Work life balance | 69 | 72 |
| Communication culture | 79 | 79 |
| Training & development | 69 | 65 |
| Job security | 68 | 66 |
| Remuneration & benefits | 47 | 47 |

Social Assurance Statement for 2004

To Westpac Stakeholders

Our assurance process provides an opinion on Westpac's Stakeholder Impact Report (SIR) 2004. This statement should be read in conjunction with our earlier statement available at www.westpac.com.au

Westpac is responsible for the SIR's content and commissioned Banarra Sustainability and Social Assurance to conduct this assurance. Our opinion results from a methodology based on the AA1000 Assurance Standard and principles.

Objectives and scope

Our objectives were twofold and included:

- Given the short timeframe of this report, subject the SIR to a limited assurance process, including verification of data and claims; and
- If relevant identify opportunities for improvements.

Given the wide scope assurance used for Westpac's previous SIR, published less than six months ago, we believe this narrower scope is appropriate.

We tested the following SIR sections: Our business and the emerging agenda, Employees, Customers, Social, Suppliers, Finance and Governance; and the related Australian data charts in the Factpac. We did not test information relevant to New Zealand and Pacific Banking.

Summary of approach

To reach our conclusions on the SIR we risk-ranked all claims and data and tested them against the AA1000 Assurance Standard principles by creating evidential audit trails, investigating assumptions and procedures for generating data, and interviewing people responsible for originating the claims and data.

Key findings

Below are our findings against the three AA1000 principles of materiality, completeness and responsiveness and our final conclusions.

Materiality

A number of global initiatives inform Westpac's use of indicators and issues reporting. These include the Global Reporting Initiative, SPI-Finance 2002, EPI-Finance 2000 and the Global Compact. This report continues to use specific indicators developed with Australian stakeholders in 2002.

Stakeholder feedback on the previous SIR has been partially responded to in this report and Westpac has stated its intention to respond more fully in its next reporting cycle.

While business units took a more proactive role in drafting this report, the Stakeholder Communications department was again the primary driver. However, Westpac demonstrated a commitment to developing a more internally inclusive process in future years.

There is also an opportunity to review the Australian stakeholder identified indicators during the next reporting cycle.

Completeness

Discussion within the Suppliers section demonstrates completeness, largely through the exploration of learnings and challenges. We encourage Westpac to apply this approach in other sections in future reporting cycles.

The assurance process only identified two material areas where Westpac recognised issues but chose not to fully report on them. Firstly, the most recent Staff Perspective Survey included questions relating to diversity and work life balance for the first time and some key findings appear in this report. There were other findings that Westpac has yet to understand and identify root causes for and as a result it has chosen to not report on these issues until this process is complete. Secondly, in the Customer Experience area Westpac chose not to report on certain initiatives until implementation is complete due to commercial and in confidence considerations.

Our two-person assurance team assured 187 claims and 33 data charts. The total time spent on this narrow scope assurance process was 100 hours. Where data was verified, the assumptions made in producing the data were tested to ensure completeness.

Westpac's accounting processes continue to mature. However, some processes and assumptions behind certain indicators still need refinement. Where material changes have resulted, they are footnoted and previous reporting data has been recalculated.

There are also significant opportunities for Westpac to further formalise accounting processes to ensure year-on-year consistency.

Responsiveness

We believe this SIR accounts for Westpac's most significant responses to stakeholder issues during the reporting period except for the issues identified during the previous 2004 assurance assignment. Report users are directed to the assurance statement included in the 2004 Social Impact Report published in August 2004.

We also note that the production of this SIR shortly after the publication of the 2004 Annual Financial Report is Westpac's response to our assurance statement recommendation that its non-financial report should be produced closer to the end of its reporting year.

Summary

We believe this SIR demonstrates a thoughtful approach to accounting for Westpac's responsibility performance. Based on our work it proved to be fair and accurate.



Richard Boele
Lead Social Auditor
Banarra Sustainability and Social Assurance
Sydney, Australia, November 29, 2004



Deanna Kemp
Social Auditor

Environment Assurance Statement for 2004

To Westpac Stakeholders

GHD was commissioned by Westpac to conduct an independent assurance of the environmental section of the 2003-2004 Social Impact Report (Report). The data and statements covered the period 1 October 2003 to 30 September 2004.

Scope of Work

Verification of the 2002-03 Social Impact Report was completed in July 2004. The production of the 2003-2004 Social Impact Report was brought forward to coincide with the Concise Annual Report (financial). The verification was conducted over a one week period in November 2004.

The scope of our assessment was to provide limited verification of the environmental data and any new or revised claims in the Report and identify areas for future improvement. The verification of data, checking of implementation of procedures, and interviews with Westpac staff and suppliers were not as extensive as previous years due to the limited time frame. The verification did not assess the Report against the AA 1000 principles of materiality, completeness and responsiveness.

We examined the following sections of the Report: Environment Case Study, Environment section and Factpac for 2004. We did not review sections on Supply Chain Management or general environmental claims made elsewhere in the report.

The assessment was limited to data and claims made for Westpac's Australian operations. New Zealand and Pacific Banking information was not reviewed.

The findings of the verification audit are summarised below.

Verification of environmental claims

The environmental statements and claims reviewed in the Report were verified as correct.

Data collection procedures

Westpac's procedures for collecting environmental data and deriving environmental performance indicators were generally acceptable and the assumptions made in deriving indicators were reasonable. The following improvements have been made for the 2003-2004 period:

- Improved monthly data collection and sign off on data from suppliers;
- Closer scrutiny of data from suppliers, early recognition of anomalies and evaluation on a more regular (monthly or quarterly) basis;
- Improved paper usage data from suppliers;
- Procedures and reporting manuals have been recently revised to more fully describe how data is obtained and used; and
- Increased use of preferred suppliers to ensure a higher level of data capture.

Areas requiring improvement include:

- Detailed reporting for paper recycling;
- Internal checking of data; and
- Establishment of more rigorous document quality control processes.

Data verification

The data, data presentation, methodology, calculations and assumptions were correct, based on information available for the reporting period and limited auditing procedures. Any data errors detected have been corrected in the final report. No misrepresentations were noted. We did not verify greenhouse emissions per m² as supporting information was not available.

At the time of the verification, data for gas and electricity use for the last quarter was not complete, due to not all invoices having been received. Reasonable estimations of gas and electricity use were included based on the previous year's data. The data included was the best available at the time of the audit. However, it must be recognised that this data, and corresponding greenhouse gas emissions, will change once all the data has been captured. Revised values should be included and verified in next year's Report.

Much of the numerical environmental information is derived by Westpac suppliers. We have relied on baseline information from third party suppliers. We have not independently audited the suppliers' data collection procedures. However, this is recommended as part of the sustainable supply chain management supplier performance assessment for future years.

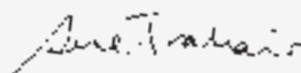
Further context to numerical data is required to allow stakeholders to obtain a balanced view of how Westpac is performing compared to its peers/competitors.

Summary

Based on our findings, the environmental statements made and environmental indicators shown in the Report, present a fair and reasonable view of Westpac's environmental performance over the past year.

Independence

GHD confirms that the audit team is independent from Westpac Banking Corporation.



Sue Trahair
Lead Environmental Auditor,
GHD Pty Ltd, Sydney, November 2004

Financial Assurance Statement for 2004

Audit opinion

In our opinion the numeric data, set out on pages 67 and 68 of the Financial Section of the Westpac Stakeholder Impact Report for the year ended 30 September 2004, is consistent with the following information from which it has been extracted:

- the Group's (defined below) audited financial statements for the year ended 30 September 2004
- US Securities & Exchange Commission Form 20-F for the year ended 30 September 2004
- unaudited Australian Stock Exchange (ASX) announcement for the year ended 30 September 2004
- information contained in unaudited reports prepared by Westpac Banking Corporation management.

This opinion must be read in conjunction with the following explanation of the scope and summary of our role as auditor.

Scope and summary of our role

The numeric data in the Report – responsibility and content

The inclusion of the numeric data on pages 67 and 68 of the Financial Section of the Westpac Stakeholder Impact Report (the Report) for the financial year ended 30 September 2004 is the responsibility of, and has been approved by, the Directors of Westpac Banking Corporation. The Report covers the policies, practices and performance of Westpac Banking Corporation and the entities it controlled (the Group) during the financial year ended 30 September 2004.

The auditor's role and work

We conducted an independent audit of the numeric data contained within pages 67 and 68 of the Report (the Numeric Data) in order to express an opinion on it to the members of Westpac Banking Corporation. Our role was to conduct an audit of the Numeric Data, in accordance with Australian Auditing Standards, to ensure the Numeric Data is consistent with the Group's audited financial statements for the year ended 30 September 2004, US Securities & Exchange Commission Form 20-F for the year ended 30 September 2004, unaudited ASX announcement for the year ended 30 September 2004 and information contained in unaudited reports prepared by Westpac Banking Corporation management. We disclaim any assumption of responsibility for any reliance on this opinion, or on the Numeric Data to which it relates, to any person other than the members, or for any purpose other than that for which it was prepared.

In conducting the audit we carried out procedures to assess whether, in all material respects, the Numeric Data presents a view which is consistent with our understanding of the Group's financial position, and its performance as represented by the results of its operations and cash flows. The audit procedures included:

- examining evidence to support amounts of the Numeric Data to the Group's audited financial statements for the year ended 30 September 2004, US Securities & Exchange Commission Form 20-F for the year ended 30 September 2004, unaudited ASX announcement for the year ended 30 September 2004 and unaudited reports prepared by Westpac Banking Corporation management
- evaluating the accounting policies applied and significant accounting estimates made by the directors in their preparation of the numeric data.

Our audit opinion was formed on the basis of these procedures.



PricewaterhouseCoopers



SA Scoular
Sydney, Australia
Partner
3 December 2004

Glossary

Westpac terminology

Business banking: Westpac business unit serving small and medium sized enterprise (SME) customers.

Concern reporting: Westpac program for internally reporting issues of concern in regard to the behaviour of employees that is in conflict with our Code of Conduct or the law. Commonly referred to as 'whistle blowing'.

Deeming Statement Account: An Australian banking account that offers customers an easy way to deal with Australian Government (pensioner income) Deeming Rules. Such accounts are only available to individuals holding Pension Concession or Healthcare Cards.

Diversity: Acknowledgement and respect for a range and balance of people, ideas and practices.

Environmental screening: Considering a proposal or business against a series of environmental criteria based in law or good environmental management practices.

Executive remuneration fostering sustainable development: Incorporation of social and environmental performance objectives of the company into its executive remuneration practices.

FTE: Employment term used to express full-time and part-time staff on an equivalent full-time basis.

GAS: Governance Advisory Service. An overlay research and advisory service offered to institutional investors wanting to address potential exposure to corporate, social and environmental governance risk in their portfolios.

In-store branch: A Westpac branch that is operated by an in-store business partner and physically located within their business. Provides personal and business customer banking services and access to mobile lending and investment specialists.

Institutional banking: Westpac business unit providing financial services to corporate and institutional customers.

Lending with a high environmental benefit: Lending to customers or businesses where the outcome contributes to the management of environmental issues for the individual or the community.

Lending with high social benefit: Lending to customers or businesses where the outcome contributes to the standard of living for either the individual or the community.

Social screening: Considering a proposal or business against a series of social criteria based in law or management practices for employment, labour standards and human rights.

Social safety net banking: Fee-free banking accounts for low income and vulnerable customers.

Work/life balance: The ability for an employee to balance the demands of work and family responsibilities.

Market terminology

ATM: Automatic Teller Machine.

Australian Greenhouse Challenge: A joint voluntary initiative between the Federal Government and industry to abate greenhouse gas emissions. www.greenhouse.gov.au

CR: Corporate Responsibility – the responsibility of corporations to achieve a balance in responding to the social, environmental and economic interests of all its stakeholders including employees, customers, community groups, shareholders and governments.

GRI: Global Reporting Initiative – global voluntary guidelines for companies to report transparently their performance on economic, environmental and social issues, such as human rights and workplace practices.

ICAS: Indigenous Capital Assistance Scheme.

An Australian Government initiative under the Indigenous Employment Policy, which is administered by the Federal Department of Employment and Workplace Relations (DEWR).

ISO14001: International Standard for Environmental Management.

EFTPOS: Electronic Funds Transfer at Point of Sale.

NTA: Net Tangible Asset per Share – total assets of the company less any intangible assets, such as goodwill, and less all liabilities, divided by total number of shares on issue.

KPI: Key Performance Indicator. A unit of measurement, either text or numerical, that is used to assess a company's performance against specific criteria.

EPI-Finance 2000 and SPI-Finance 2002: Environmental and Social Performance Indicators developed for the global finance industry in conjunction with the GRI, through a multi-stakeholder process. www.spifinance.com

SRI: Socially Responsible Investment. An investment product that invests in companies screened against performance criteria for environment and social management.

Stakeholder dialogue: Consultation programs designed to seek the views of all interested parties on a particular issue. The objective is to reach, to the extent possible, a consensus view of the appropriate management of that issue.

UNEP FI: United Nations Environment Program.

A voluntary global program for Financial Services companies. 'Statement by Banks on the Environment and Sustainable Development'. www.unepfi.com

United Nations Global Compact: A group of worldwide companies and interest groups that have publicly committed to support 10 principles governing behaviour in regard to the environment, labour standards and human rights. www.globalcompact.org

VFU: Widely adopted environmental indicators for measuring the in-house ecological performance of financial institutions. www.vfu.de

Contact us



For further information please phone +61 2 9216 0922, visit www.westpac.com.au or contact:

Corporate responsibility and sustainability

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Socially Responsible Investment (SRI)

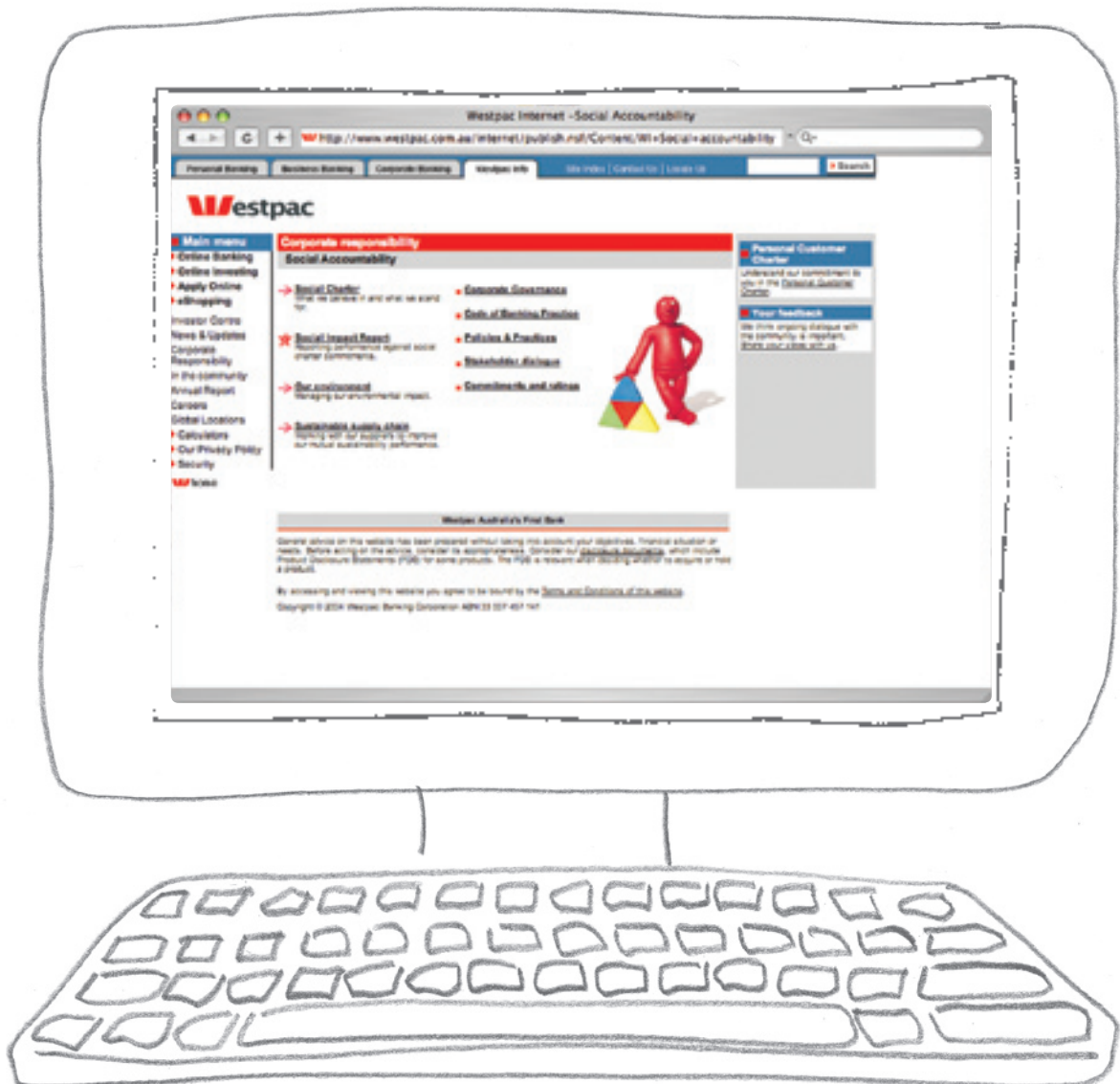
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European representation

Martin Hancock

Chief Operating Officer – Europe
Email: mhancock@westpac.com.au



Your opinion counts

Please fax to +61 2 9226 3533 or complete online at www.westpac.com.au

1. Please indicate which group(s) you belong to:

| | |
|----------------------|--------------------------|
| Employee | <input type="checkbox"/> |
| Customer | <input type="checkbox"/> |
| Community | <input type="checkbox"/> |
| Environment | <input type="checkbox"/> |
| Shareholder | <input type="checkbox"/> |
| Supplier | <input type="checkbox"/> |
| Other (Please state) | <input type="checkbox"/> |
| _____ | |
| _____ | |

2. Which sections of the report did you find the most useful:

| | |
|------------------------|--------------------------|
| Our business | <input type="checkbox"/> |
| Employees | <input type="checkbox"/> |
| Customers | <input type="checkbox"/> |
| Environment | <input type="checkbox"/> |
| Social | <input type="checkbox"/> |
| Suppliers | <input type="checkbox"/> |
| Finance and governance | <input type="checkbox"/> |
| NZ and Pacific Banking | <input type="checkbox"/> |
| Factpac | <input type="checkbox"/> |

3. What issues or areas of our performance would you like Westpac to focus on or provide more information on?

4. Overall, how would you rate our report in terms of:

Detail and content

good fair poor

Comprehension and readability

good fair poor

5. Any questions or comments?

Sustainability Ratings



Ranked number 1 in the global banking sector, for the third year in a row.



Ranked number 1 against Australia's top 100 companies and the only company to receive a AAA rating, for the second year in a row.



One of 22 companies to score 10.0 (the highest rating) for the seasonal year and only Australian company to do so.



Awarded BEST IN CLASS status by Storebrand Investments and ranked number 1 overall out of the 94 global banks rated.

CORP RATE

Top rated amongst the ASX top 50 companies by Corp Rate, a joint assessment by the Australian Consumers' Association, Oxfam Community Aid Abroad and the Australian Conservation Foundation.



Ranked number 1 in the inaugural Australia Corporate Responsibility Index.



FTSE4Good
Included in the international ethical index FTSE4Good.

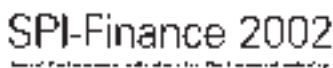


Ranked 3rd globally in the banking sector by Oekom Corporate Responsibility Rating.



On a scale ranging from C to AAA Westpac received an AA in the sustainability assessment of Zürcher Kantonalbank.

We support





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