

Westpac's Response to Statement to Shareholders on Global Sourcing

Enclosed with the Notice of Meeting pursuant to Section 249P of the Corporations Act 2001

The Board and management believe that global sourcing, or "offshoring" (as it is sometimes called), is an important subject which is being considered by many Australian and New Zealand businesses. Westpac's Board and management believe that it is helpful for shareholders to understand how Westpac approaches offshoring.

Processes that have been sourced through specialised offshore providers by banks and other companies include information technology (IT), business back office processes, and customer call centres. While Westpac will not consider offshoring Australian or New Zealand call centre, we will consider the business case for offshoring some IT and other back office processes to ensure that we remain fully competitive, access the best skills, and deliver the best possible services to customers.

The following simple principles will guide our consideration of offshoring.

- 1. We will not move call centres in Australia or New Zealand offshore.**
 - Only staff based in Australia or New Zealand will talk to Australian or New Zealand customers.
- 2. We will do always the right thing for affected employees.**
 - We will support every affected person to find a role at Westpac or assist with other career options.
 - We will protect salary levels for any redeployed people as a result of offshoring.
 - We will provide relocation assistance if a person accepts an available role in another state or regional centre.
 - We won't require people to take roles that are fundamentally different.
- 3. We will always protect our customers' privacy.**
 - We will insist that offshoring suppliers fully adhere to the privacy laws which apply to Westpac and to Westpac's privacy policies.
- 4. We will keep Australia or New Zealand critical customer data and related computer systems and servers in Australia and New Zealand.**
- 5. We will insist that security and access controls in offshore suppliers are as good as or better than Westpac's internal security and access controls.**
 - We will monitor security standards in all offshore supplier locations.
- 6. We will insist that all of our offshoring suppliers respect and support international conventions on human rights and labour standards.**
- 7. We will keep our employees informed of our decisions.**

Offshoring of activities is a sensitive issue for all shareholders, for our employees and for many Australian and New Zealand businesses. The Board and management believe that if Westpac is to remain competitive, offshoring requires thoughtful consideration and evaluation. Where offshoring proves to be in long-term best interests of our company, then we will take this step. However, shareholders and our people can rest assured that we will be guided by the principles which are described above.

2 November 2006