

Statement regarding
Global Outsourcing
received from
shareholders pursuant
to section 249P of
the Corporations Act
2001 (Cth)

ANZ has received a Statement (the Statement) from a number of shareholders pursuant to section 249P of the Corporations Act 2001, with the request that the Statement be considered at the 2006 Annual General Meeting. The Statement is contained within this notice of meeting, and concerns the issue of Global Outsourcing, sometimes known as Offshoring.

The Statement was provided to ANZ by the Finance Sector Union (FSU) on behalf of a number of shareholders and we welcome their input into this issue.

In order to advance discussion, the following outlines ANZ's perspective on offshoring and its response to the Statement provided by the FSU.

Already, many of our international financial services competitors operating in Australia have offshore operations support for their Australian businesses.

In order to compete against these larger global competitors, Australian companies need to be able to utilise the full range of competitive tools, including offshoring.

At the same time we understand the concern offshoring causes amongst some Australians. We believe offshoring can be balanced with the interests of our stakeholders including customers, staff and the community.

For example, in 2005 we issued a policy that no Australian customer facing roles would be moved offshore. At the same time, we are increasing employment in Australia, and since 2002 we have added around 3,000 full-time employees.

WHAT IS ANZ DOING IN INDIA?

ANZ has owned a technology business in Bangalore, India since 1989.

During the past 17 years, it has established a specialist capability in developing and managing software and technology for many of ANZ's systems. In recent years it has also developed a capability to support ANZ's operations functions.

Today, ANZ employs about 1,400 people in Bangalore most of whom are in information technology development roles (about 1,100 people).

This reflects Bangalore's development as a global technology centre with many of the world's largest companies including IBM and Microsoft, basing key parts of their technology and operations support functions there.

ANZ is approaching the development of our facility in Bangalore differently to some other Australian companies.

- **ANZ operated and controlled.** We operate the facility ourselves. Functions are undertaken by ANZ staff, in ANZ premises, operating under ANZ's rules and procedures.

- **Call centres to remain in Australia.** ANZ understands Australian customers want to be able to talk to staff in Australia about their banking and financial services needs. All customer contact roles including call centre roles will remain in Australia. Our Australian Customer Call Centre has been independently recognised as the best call centre in Australia for three years in a row.

- **Customer records remain in Australia.** Central records for our Australian customers are located in Australia and will remain located in Australia. They are subject to Australian law and privacy standards and where there is a need to access data by ANZ staff in other countries, that access accords with ANZ's global information security and privacy policies.

- **High standards for privacy and security.** Staff in Bangalore operate under the same ANZ policies and controls that we have in place in Australia, including high standards of privacy and confidentiality. ANZ invests in comprehensive information security systems, staff training and compliance monitoring. We have a specific promise in our Customer Charter to keep customer information private and secure.

- **Increasing opportunities at ANZ.** Where we do transfer roles to Bangalore, our focus is on redeployment and internal mobility to ensure we retain as many people as possible in roles within ANZ in Australia.

For example, many of the 300 staff affected by last year's decision to base information technology roles in Bangalore have found other roles within ANZ.

- **Increasing Australian jobs.** Over the last four years we have added about 3,000 extra staff in Australia and in 2006 we have employed almost 700 additional Australian staff. We are investing in new branches, expanding our ATM network, and increasing the number of people in our branches.

- **Supporting our staff.** ANZ has made commitments to its staff to help those affected by change. This includes retraining staff who wish to continue their careers at ANZ and giving them priority for vacant roles within the Bank; and career counselling and support services to help others identify opportunities outside ANZ.

ENGAGING WITH THE FSU

- ANZ has engaged constructively with the FSU on issues affecting its members through regular briefings, information sharing and dialogue at all levels. ANZ has created a forum in which FSU representatives meet regularly with ANZ to deal with project implementation issues and broader initiatives.

OTHER CONCERNS RAISED IN THE STATEMENT

Australian Workforce Skills

ANZ recognises our people are our most important asset. The quality of our people is ANZ's main source of competitive advantage over our peers, and we will continue to invest in their development.

For example:

- ANZ strongly encourages staff to pursue further education and learning. In 2006 we invested more than \$50 million in the education of our people. In Australia, our investment in education grew 23% to \$41 million.

- More than 19,300 self-paced study courses, 22,800 facilitated courses and 245,000 e-learning courses were completed by our staff last year.

- ANZ is investing heavily in learning facilities. In 2007 we plan to launch the ANZ Learning and Innovation Centre in Melbourne. This facility will be a world-class centre for learning and innovation which will see more than 100 people receive learning programs each day.

We invite you to read the Statement on the next page.