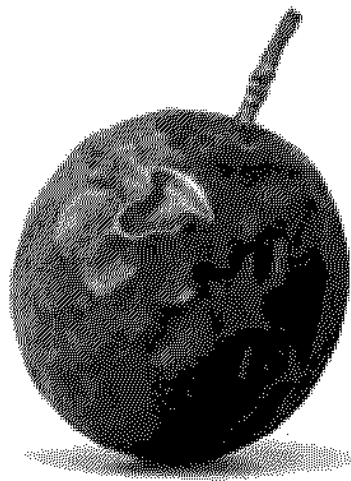


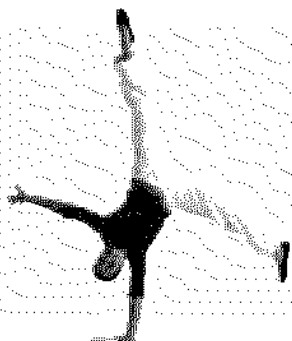


Great Value...

... because of

Passion, after all, comes from within.

What really matters is the confidence and commitment of the people within a business and their love for the product. In this year's Annual Report we're taking the time to remind everyone that being passionate about helping customers achieve their financial aspirations is a crucial part of our plan.

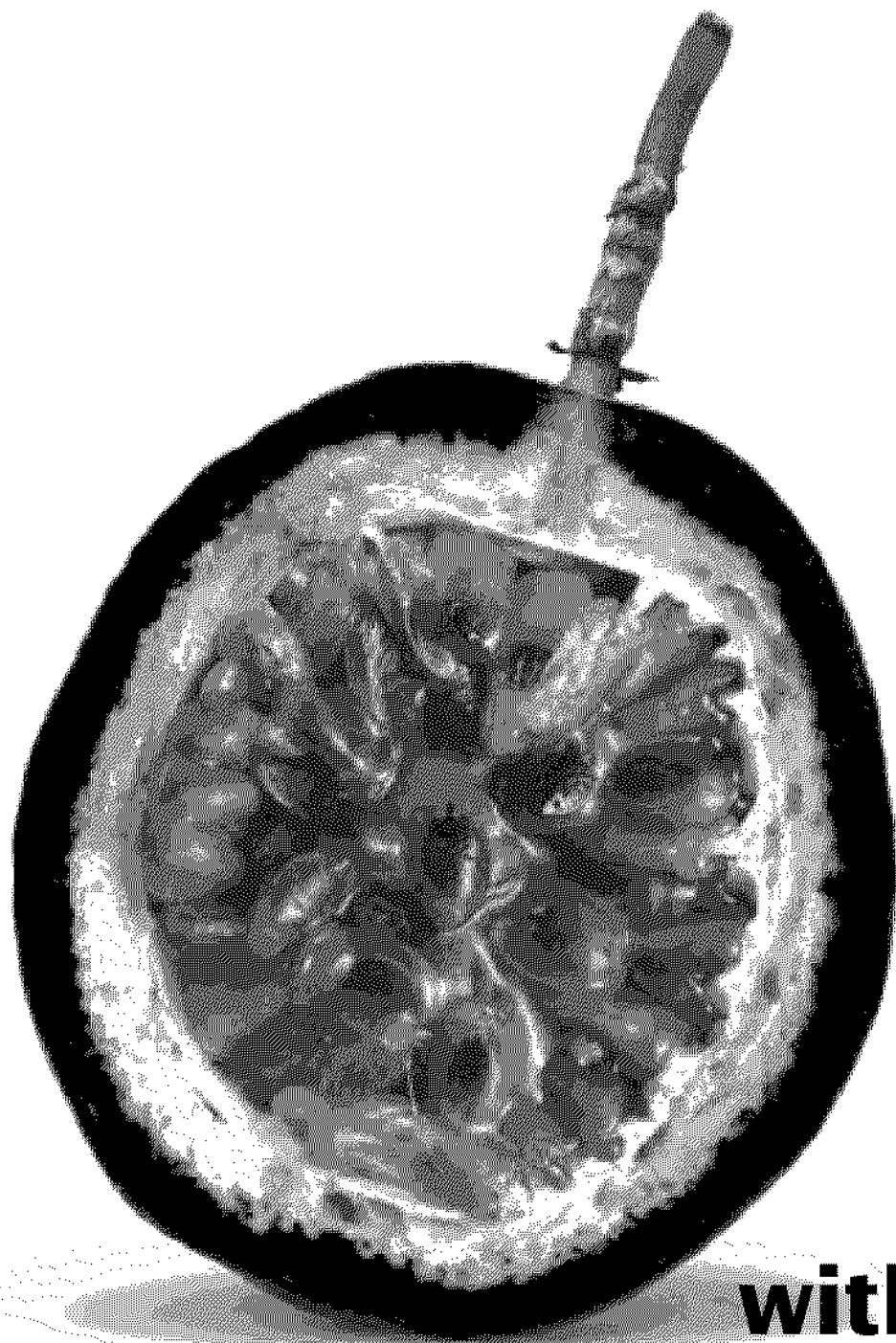


Westpac Banking Corporation ABN 33 007 457 141

Information contained in or otherwise accessible through the websites mentioned in this concise annual report does not form part of the report.

Additionally, all references in this report to websites are inactive textual references and are for information only.

what's inside.



What makes the difference?

The keys to a sustainable growth path.
Leon Davis.
Page 2.

The essential passion.

What gives us confidence in our growth prospects.
David Morgan.
Page 6.

Being responsible.

Taking account of stakeholder interests.
Pages 22-23.

Westpac people with passion.

The answer to improving service is the belief we can do it. **Pages 10-23.**

From the Chairman	2	New Zealand and Pacific Banking	16	Board of Directors	44
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The difference is confidence.

Leon Davis shares another year of record results and explains how paying attention to the three pillars of sustainability – financial, social and environmental – makes Westpac more responsive to stakeholder interests and has been key to putting us on a more resilient and contemporary long term growth path.

My first five years as Chairman have been an exciting and rewarding journey. Westpac has certainly come a long way since our 2001 Annual Report when we acknowledged the demands of our customers, and the broader community, to take greater account of their interests and treat it as a business basic.

Fresh thinking was required and we've been relentless in building the confidence of our people in responding to the needs of our stakeholders.

All of this has paid off and Westpac has continued to prosper as a result. At the same time, we've become widely recognised as a global leader in creating value through business practices that are sensitive to our stakeholders' interests. I'll say more on this later.

Clear evidence of real progress

But firstly to our results, which in my view provide the clearest evidence of the real progress we have made.

On any measure, 2005 was another exceptional year for Westpac. Our net profit after tax was another record and up 11% on last year, to \$2,818 million. Earnings per share (EPS) was up 12% to 145 cents per share.

Cash earnings were also up 12% to \$2,874 million, coming in above market expectations for the year.

2005 was another exceptional year for Westpac. Our net profit after tax was another record and up **11%** on last year, to \$2,818 million.

This result has been built on our ability to deliver 10% income growth while holding expense growth to just 4%. This has translated into a very strong 16% lift in underlying performance.

As a result, we've successfully lowered our cost to income ratio again this year to 46.6% from 49.2% last year. We now keep 53.4 cents in every dollar of income, compared to just 39.5 cents ten years ago.

Added to this, all of our businesses turned in strong performances with good earnings growth.

Importantly, our Australian retail banking franchise delivered 15% cash earnings growth, which gives us confidence that we're on the right track.

Shareholders benefiting

These results and our confidence in our future have allowed your Board to declare a final dividend of 51 cents per ordinary share, fully franked. Together with our first half fully franked dividend of 49 cents, the total dividend for 2005 is 100 cents, an increase of 16% on 2004. As a result, our dividend payout ratio rose to 64%, up from 62% in 2004.

Returns also remained strong with our cash return on equity coming in at 21%, and our reported return on equity at 20%.

Overall, the gain in our net worth in the past year, in terms of market capitalisation, was \$7.0 billion, or 22%. And taking into account share price movements and dividends, we've been able to deliver total shareholder returns averaging 15% compound over the past five years.

Soundly positioned

Undoubtedly, these results have benefited from continued sound economic conditions in both Australia and New Zealand, with low inflation, low unemployment and continued low company gearing.

These conditions have also benefited asset quality. In fact, our net impaired assets have again fallen this year to 1.6%, as a proportion of our equity and general provisions, which compares to 5.4% five years ago. At the same time we have continued to prudently provision our book against possible risks, thereby maintaining our total provisions at 0.9% as a proportion of our total loans and acceptances.

Importantly, Westpac's capital position remains very strong. Changes to Australian tax rules that impacted the tax treatment of the NZ Class share structure, led us to exercise our right to exchange the NZ Class shares for Westpac ordinary shares. This exchange took place and 52.5 million new Westpac ordinary shares were listed on the New Zealand Stock Market on 11 July 2005.

As at 30 September, our Tier 1 ratio stood at 7.2%, materially above our target range of 6.0% to 6.75%. At the same time, our Adjusted Common Equity Ratio stood at 5.4%, also above our stated target range of 4.5% to 5.0%.

In light of this strong capital position and further clarification of the capital treatment related to the move to International Financial Reporting Standards (IFRS) by the Australian Prudential Regulation Authority (APRA), we announced on 2 November 2005 our intention to buy back approximately \$700 million of capital. Details of the off-market buy-back will be sent to eligible shareholders in late November, with targeted completion on 19 December 2005.

Whichever way you look at it, these are strong results. Nevertheless, they are results that still leave considerable upside for Westpac against our potential and our aspirations.

Unlocking true value

Let me return to my point on creating value through business practices that are responsive to stakeholder interests. Put simply, approximately 70% of Westpac's market value is made up of so called intangible assets – things like the value of our customer relationships, our employee loyalty and commitment, and our governance and risk management capabilities.

Our challenge is to demonstrate to the market the full value of these intangibles and to encourage the adoption of new metrics to more accurately capture our sustainable value.

One problem is that financial accounting frameworks and principles do not recognise the value of these intangible assets. But in service-based companies like Westpac, it's intangibles like our human and intellectual capital that are most important. Fortunately, we are seeing initiatives to develop extended performance management accounts that attempt to capture this intangible value.

In this respect, we have produced our annual Stakeholder Impact Report for four years. In these reports we give detailed performance information on our key intangible value drivers. For example, we provide indicators of how well we are leading our people for now and the future and how engaged they are in helping our customers achieve their financial aspirations. Recruiting and training our people costs tens of millions of dollars a year. So being a preferred employer and having relatively low employee turnover is an important driver of increased earnings and sustainability.

We also regularly put our performance to the test through independent assessment and ratings. I'm pleased to report that Westpac has been rated as the world's leading bank in the Dow Jones Sustainability Index, for the fourth year in a row. This is an outstanding achievement from which we draw much confidence.

A brief snapshot of our sustainability performance is included on pages 22 to 23 of this report.

People and changes

As I stated in my letter to you last year, we were sorry to say goodbye to the services of Sir Llew Edwards following his retirement at the 2004 Annual General Meeting. Apart from Sir Llew's retirement, your Board has remained unchanged during the year. The only change of note amongst our activities has been Helen Lynch assuming the role of Chair of the Board Corporate Responsibility and Sustainability Committee last November. We were very fortunate to have someone with Helen's experience and ability to take over this key role from Sir Llew.

On the executive front, Rob Coombe took over the role of Group Executive BT Financial Group in February following the resignation of David Clarke. Rob previously held the important position of heading up BT's distribution functions. Also, to broaden experience across the Group, Philip Chronican, our Chief Financial Officer, is moving to Group Executive for the Westpac Institutional Bank and Phil Coffey, our Group Executive Westpac Institutional Bank, is taking over as Chief Financial Officer, on 1 December this year. We have also decided that Rob Whitfield should join the Executive Team in his position as Chief Risk Officer for the Group.

In terms of the company structure, we are in the process of completing the acquisition of the remaining 49% interest in Hastings Funds Management Ltd not previously held by us. It is anticipated that the completion process will conclude during the quarter ending 31 December 2005.

We also continue to progress arrangements for the incorporation of the systemically important parts of our business in New Zealand, as announced to you last year. We anticipate that the incorporation will be completed in the next 12 to 18 months.

Looking forward

While the global expansion has largely remained on track this year, the negative fallout from a growing list of natural disasters, related higher levels of oil prices, and periodic terrorist attacks, all point to a moderate slowing of global growth.

In Australia, export growth, continued high levels of business investment, and the benefits from structural reforms, however, should see GDP growth rise to around 3.4% in 2006, from an expected 2.5% in 2005. The unemployment rate should remain around 5%.

The outlook for New Zealand economic growth looks somewhat less positive, with the business cycle well past its highs – net migration continues to slow, the housing market is off recent highs and confidence is down. Consequently, we expect the deceleration in economic momentum to be more prominent in calendar 2006, with sub 2% GDP growth expected following anticipated growth of 2.4% in 2005.

Within the banking and finance sector, competitive intensity will continue with further downward pressure on margins. At the same time, compliance costs will remain significant in relation to the Basel II bank accord, the Sarbanes-Oxley Act, Westpac's New Zealand incorporation, and anti-money-laundering requirements.

Confident prospects

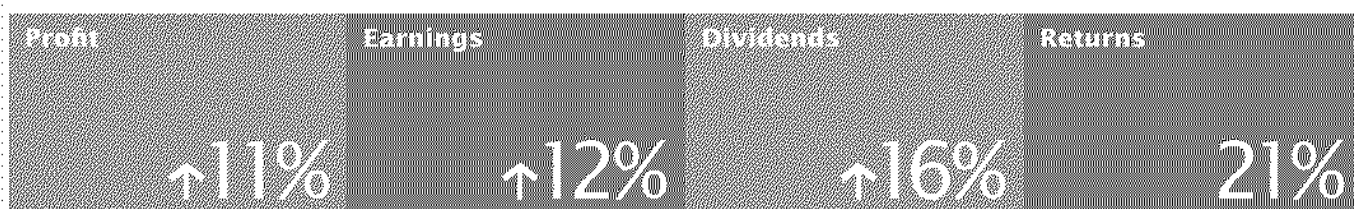
While these conditions are mixed, we anticipate continuing earnings momentum will come from our many growth and productivity initiatives that have been underway right across the Group.

As a result your Board is again confident that Westpac is positioned to continue to deliver strong outcomes for all its stakeholders into the coming year.

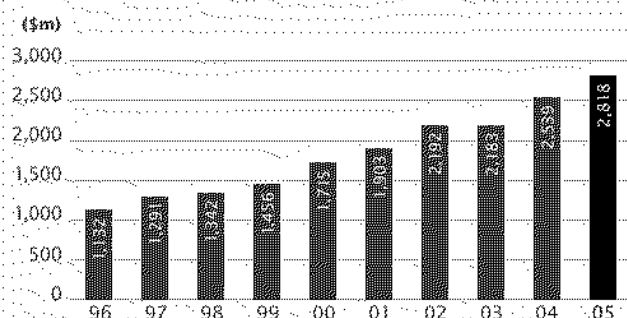
This confidence is built on the strength and diversity of the great people that make up the Westpac community. It is an honour to serve with them and to share their dedication and advocacy on behalf of our customers. I again thank them sincerely for their tireless efforts throughout the year.



Leon A. Davis AO
Chairman

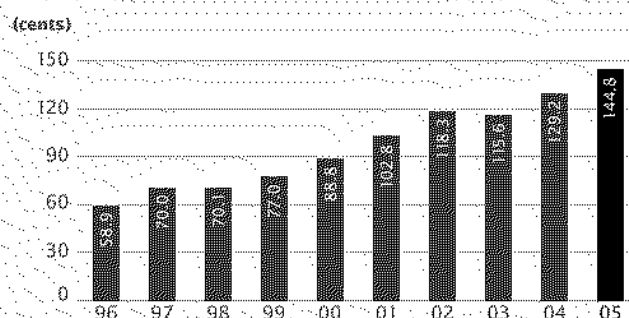


Our performance.



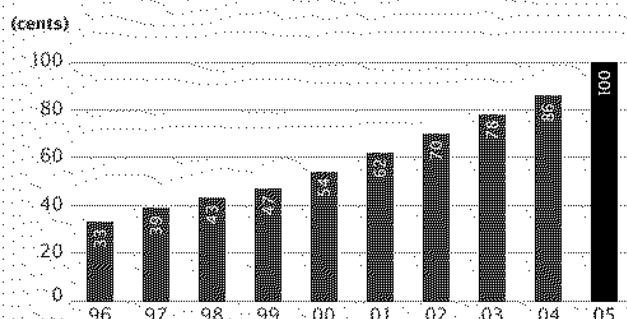
Profit

Operating profit after tax attributable to shareholders (before abnormal items).



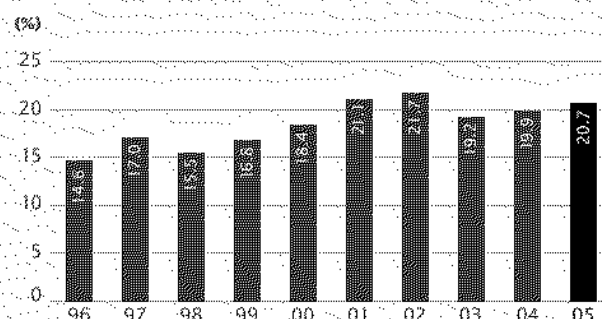
Earnings

Earnings per ordinary share (before abnormal items).



Dividends

Dividends per ordinary share.



Returns⁷

Return on average ordinary equity (before abnormal items).

	2005	2004	% change 2005/2004
Reported earnings			
Net profit ¹ (\$m)	2,818	2,539	11
Earnings per share (cents)	144.8	129.2	12
Dividends per share (cents)	100	86	16
Economic profit ² (\$m)	1,875	1,603	17
Return on equity ³ (%)	20.7	19.9	4
Expense to income ratio ⁴ (%)	46.6	49.2	(5)
Tier 1 capital ratio (%)	7.2	6.9	4
Asset quality ratio ⁵ (%)	1.6	2.5	(36)
Cash basis			
Cash earnings ⁶ (\$m)	2,874	2,559	12
Cash earnings per share (cents)	155.3	138.6	12
Cash return on equity (%)	21.4	20.7	3

¹ Net profit attributable to equity holders.

² Economic profit represents the excess of adjusted profit over a minimum required rate of return on equity invested. For this purpose, adjusted profit is defined as net profit after income tax but before amortisation of goodwill, plus a proportion (70%) of the face value of franking credits paid to equity holders.

³ Return on average ordinary equity.

⁴ Expenses excluding goodwill amortisation.

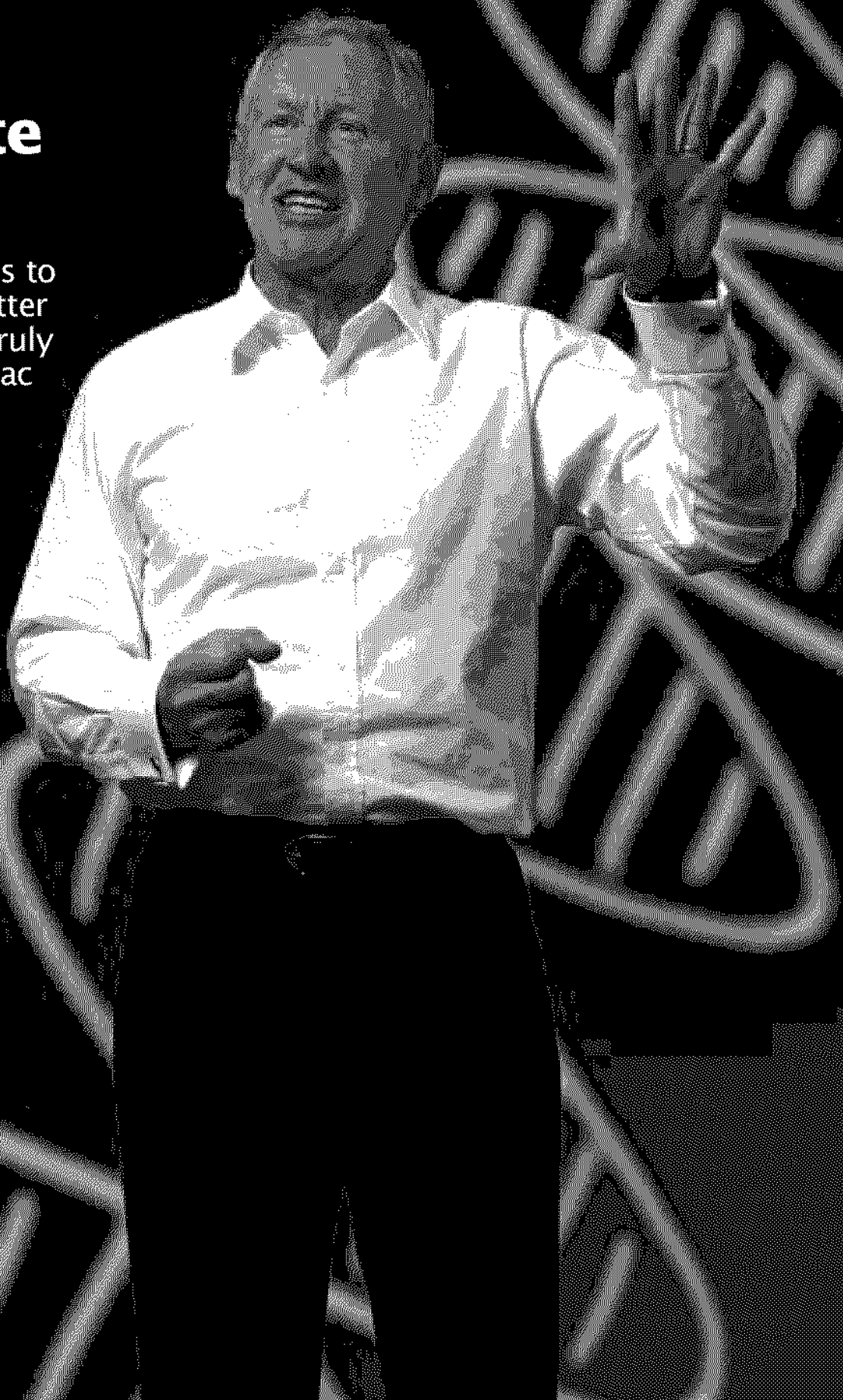
⁵ Net impaired assets to equity and general provisions.

⁶ Net profit attributable to equity holders plus goodwill amortisation minus distributions paid on hybrid equity instruments.

⁷ Reported return on average adjusted ordinary equity for 2005 was 20.0%.

Passionate DNA.

David Morgan gets to the heart of the matter and looks at what truly differentiates Westpac from the rest.



I'd like to tell you about Horace Walker. Horace was working at our Croydon branch in far north Queensland when he was told he was urgently needed at the Georgetown branch some 120 kilometres away. At the time the Gulf Savannah region was heavily flooded. Not to be daunted, Horace headed off on horseback, swimming five flooded creeks and two rivers on the way. Horace also suffered a nasty kick by his horse, halfway into the trip, which fractured his leg. Horace still made it in under five days.

That was in 1893 and the area was in the midst of a gold rush. Conditions were tough and serving our customers and the community called for people with extraordinary dedication to their work.

Our people may no longer have to travel for days on horseback or swim flooded creeks to serve customers, but the same passionate commitment continues to be alive in Westpac today. And what better way to describe it than through the actions of our people featured throughout the following pages.

Passion for our customers

For those that don't know Westpac well, this same passion for the customer and service has been interwoven throughout our 188-year history.

As Australia's first bank and its first company, our people have never been afraid to go the extra mile in serving our customers.

Just as we haven't been afraid in committing to the highest standards for business conduct and responsibility in seeking to aggressively and sustainably grow our business.

And just as we haven't been afraid to set ourselves apart in the way we work together as a team and the way we've shared the benefits of our success across all our stakeholders.

Make no mistake, this approach is working for our shareholders. Over the last six years, we've delivered 13% compound annual growth in profit and our returns on equity have been at or above 20% per annum.

In simple terms, we've been enjoying success

right across our business. But Westpac certainly doesn't have a monopoly on success and, in all probability, there is more than one successful approach out there.

But the Westpac model is unique. We've built it on three key cornerstones: having a deep understanding of our customers and their needs, providing value-adding solutions, and building long term relationships with our customers. The three cornerstones require a passionate belief and advocacy by everyone involved.

Six years ago, we set about creating a true sales and service culture within our business – modernising the layout of our 'shops'; introducing daily sales performance measurement and tightly managed performance incentives; and breaking down the barriers between consumer and business banking, institutional banking and our wealth management businesses.

But most importantly, we've encouraged every one of our people to become a passionate advocate for customers through our Ask Once promise.

When we introduced Ask Once in our Annual Report in 2002, it was unique for us and for the marketplace. It still is, and no other bank is out there offering the same 'the customer should only have to Ask Once' promise.

That is the Westpac model. Simple in concept... but not something that is easily executed.

It only works because each component fits together neatly and is woven into our DNA. It works because it is built on our strong values of teamwork, integrity and achievement; it works because it's taken time to build; and it works because we're religious about protecting it and investing in it.

In isolation, each advantage may not stand out as being much different to those of our competitors... but in aggregate it makes for a way of doing business that is hard to match.

Digging deeper

But what really makes our operating model truly distinctive is the quality of our people and their passion for the company and its business. With the commitment of our people at an all time high of 69%, and in line with global best practice, their passion flows directly into customer satisfaction and loyalty, and hence into earnings quality.

Like the passion shown by our colleagues in our consumer and business banking business, which proved they could deliver strong returns while undergoing wide ranging and innovative change around our Ask Once promise. Or our colleagues in our institutional banking, whose skills have made them the number one lead bank in Australia; or our colleagues in our funds management and investment business whose skills have re-established a market leading position while delivering on promised merger synergies; or our technology team who have successfully delivered global best practice advanced customer relationship management systems.

Our DNA has at its heart an absolute determination to be a clear number 1 in helping people achieve their financial aspirations.

Our ethos is to embrace the realities of the market, adopt the highest standards for corporate behaviour and to passionately go after the competition. Month after month we set tough performance targets to stretch ourselves in these goals.

Which is why we have great confidence in our strategy because we know that over the long term it is more about gaining the trust and confidence of our people and our customers than about simply being out there competing on product and price.

What gives us
confidence in our
growth prospects is
our great progress
in our aspiration to
deliver 'Ask Once'

100%

of the time.

Our DNA has
at its heart
an absolute
determination to
be a clear
NO.1
in helping
people achieve
their financial
aspirations.

At the same time, we know we run a complex business and that it requires us to make a series of tough choices.

How important is growth?

Yes, we want growth, but the right growth at the right time. What we don't want is growth that ultimately proves value destroying.

This is why we are determined never to forget that ours is a cyclical business and we must remain extraordinarily disciplined if we are going to sustainably create value in Westpac.

But what gives us the most confidence in our growth prospects is our progress in our aspiration to deliver Ask Once 100% of the time.

Three years on since we made what some thought was an impossible promise, and thanks to the passion of our people, only having to ask once is what our customers can now expect. We're not fully there yet but we are well on the way in setting new standards in the marketplace.

Importantly, we've turned the talk into action through things like our new Queue Management Toolkit that allows our branch employees to identify queue issues and take prompt action, or Service Online, which helps ensure our branch people can action most customer requests on the spot – what Ask Once is all about.

But even more importantly we've gone and listened to what our customers really want from us. They didn't hold back. So we've reshaped our Personal Customer Charter around the voice of our customers and called it Our Ask Once Commitments (see the table below).

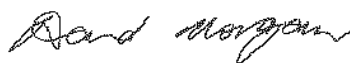
These are our commitments to our customers and we want to be judged by them. We'll be asking our customers how we are doing and we'll get independent external experts to review our performance each year. And we will publish these results each year so everyone can judge for themselves on how well we live up to these commitments.

Results through commitment

All of this gives us a distinctive approach that I believe will be genuinely self-sustaining and robust. Which is why I am excited about our organic growth prospects as we aggressively compete using our substantial scale and market position.

What gives me most confidence is the passionate commitment of our 27,000 people for our customers. Through their efforts and dedication we have delivered another outstanding result for shareholders, and I thank them.

If you share my confidence in my colleagues' ability to deliver for customers, you will share my belief in Westpac's continued ability to convert this strategy into superior earnings growth.



David Morgan
Chief Executive Officer

Our 'Ask Once' commitments

what you said

what we do

Don't give me the runaround!

The first person you talk to will take full ownership of your request until it is met.

Be available for me

Always give you the option to speak to a real person when you call Westpac. We also open our busiest branches for longer hours, including Saturdays.

Don't make me wait

Look for and make changes to reduce waiting times in branches and on the phone.

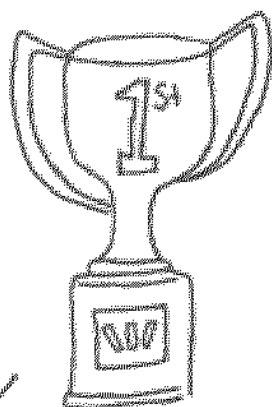
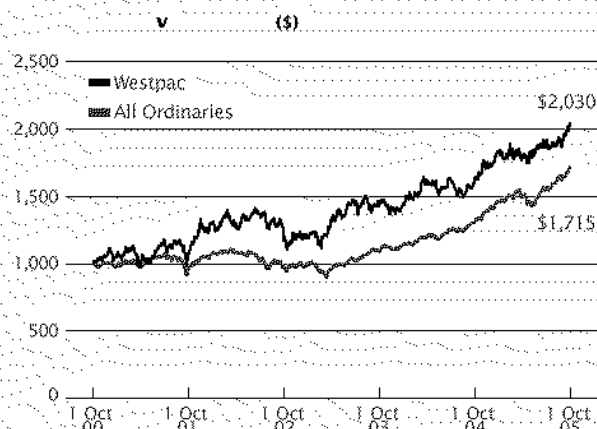
Value me

Provide solutions that positively recognise your loyalty and value to us.

Solve issues quickly & fairly

Acknowledge issues when we first know about them and keep you informed of the progress to resolve them.

Did you know... one thousand dollars invested in Westpac on 1 October 2000 would have grown in value to \$2,030 (assuming dividends were reinvested) as at 30 September 2005, which represents a compound annual return of 15%. The same investment in the All Ordinaries Accumulation Index (which adjusts for all dividends paid on stocks in the index) would have grown to \$1,715, representing a compound annual return of 11%.



In November Westpac was the first bank in the world to become a Certified Customer Service Organisation under the International Customer Service Standard.



The numbers

CFO Philip Chronican provides a snapshot of business unit and Group business performance.

\$2,818m

Operating profit after tax.

Business unit performance^{1,2}

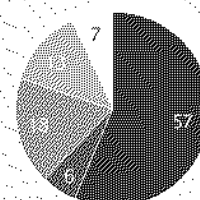
\$m	2005	2004	% Mov't 2005/04
Business unit cash earnings			
Business and Consumer Banking	1,537	1,337	15%
Westpac Institutional Banking	518	493	5%
New Zealand Banking	424	406	4%
BT Financial Group	276	187	48%
Pacific Banking	63	56	13%
Group Business Unit ³	56	80	(30%)
Reported cash earnings	2,874	2,559	12%
Deduct goodwill amortisation	(168)	(164)	2%
Add back distribution on hybrid equity	137	154	(11%)
TPS 2004 revaluation ⁴	(25)	(10)	150%
Net profit attributable to equity holders	2,818	2,539	11%

1. Internal charges and transfer pricing adjustments have been reflected in the net profit reported for each of our business units.
2. Due to changes in our management reporting structure, or due to accounting reclassifications, comparatives have been restated and therefore may differ from results previously reported.
3. This segment includes the results of Group Treasury and the Corporate Centre, as well as certain accounting entries to facilitate the presentation of our business unit results.
4. TPS are Trust Preferred Securities.

Credit ratings	Short term	Long term
Moody's Investor Services	P-1	Aa3
Standard and Poor's	A-1+	AA-
Fitch Ratings	F1+	AA-

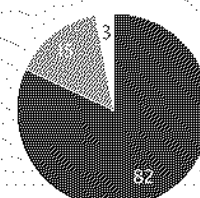
Assets by key business unit (%)

Business and Consumer Banking	57
BT Financial Group	13
Institutional Bank	7
New Zealand	6
Other	17



Operating revenue by region (%)

Australia	82
New Zealand	13
Other	5

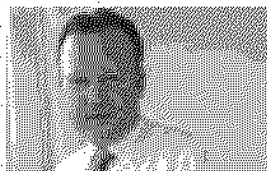


Seeingred.

Believing 110% in the Westpac brand means **Anne Stronach** sees potential customers everywhere.

Anne is always in Westpac mode, she networks whenever and wherever she is, shopping, playing netball or at school functions. She's introduced friends, family and neighbours to Westpac. Her last big win was when she was purchasing a suit – she signed up the store manager! Taking long service leave in January, she is already planning ahead for her return. With the help of her local school she intends to promote herself as the Westpac lady, putting packs together for kids with money boxes in them. And, through her inimitable ability in the art of conversation she will get to know the parents and see if anyone needs financing.





Business and Consumer Banking. “Across Business and Consumer Banking our driving passion is to play our part in helping customers achieve their financial dreams and aspirations. We want to be their bank of first choice so we’re putting our customers at the centre of everything we do.”

GROUP EXECUTIVE MIKE PRATT

What is BCB?

Business and Consumer Banking (BCB) operates across Australia and has responsibility for sales, service and product development for consumer banking, and small and medium sized businesses.

Activities are conducted through a network of 813 branches and in-store branches, call centres, 1,653 ATMs, e-channel banking services and a strong mobile sales force including Home Finance and Business Finance Managers.

What have we done this year?

Across BCB we continued to make strategic investments in both our resources and systems to drive innovation and improvements in customer experience and sales.

These included the further roll out of Pinnacle, our new credit and lending originations platform, which through automated credit decisioning and online access to imaged security and loan documentation, will deliver speedier loan approvals and a breakaway customer experience.

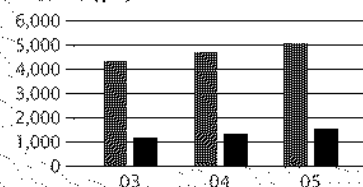
Roll out of our Reach customer relationship management system also continued, with over 76% of our branches and 5,000 users now having access to the platform. This has generated an uplift of more than double the number of leads generated from key product sets since October 2004. Reach provides our branch and call centre staff with a single view of each customer's relationship, including real-time balances, and the ability to send referrals and service requests to specialist sales areas. All of this allows a continuing conversation with the customer.

continued on page 12

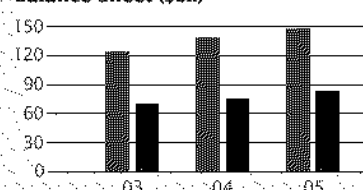
Business and Consumer Banking

Business and Consumer Banking	2005	2004	% Mov't 2005/04
Operating income (\$m)	5,073	4,705	8
Operating expenses (\$m)	(2,570)	(2,465)	(4)
Cash earnings (\$m)	1,537	1,337	15
Economic profit (\$m)	1,228	1,051	17
Total assets (\$bn)	148.3	138.1	7
Deposits (\$bn)	83.1	74.7	11
Net loans and acceptances (\$bn)	145.4	135.2	7
Expense to income ratio (%)	50.7	52.4	(3)
Employee numbers	12,403	12,312	1

Income (\$m)



Balance sheet (\$bn)



In the year we added some 213 new frontline employees across our network. We also created 82 new regional manager roles to enhance the support of our sales staff and to further embed our 'Ask Once' initiatives into our way of doing things. This has resulted in improvements in dealing with customer enquiries, problems and complaints, where more than 85% are resolved at the first point of contact in our branches.

Coupled with Westpac Way, our sales coaching program, these investments have lifted our front line salesforce effectiveness, a key focus for BCB during the year. This has delivered salesforce productivity gains, with significant improvements in the second half across all our key portfolios, including a 25% uplift in our first party channel.

Through our workplace and people leadership initiatives, the commitment of our people is in the first quartile relative to other major Australian companies, and our employee turnover levels at 14% are below industry averages.

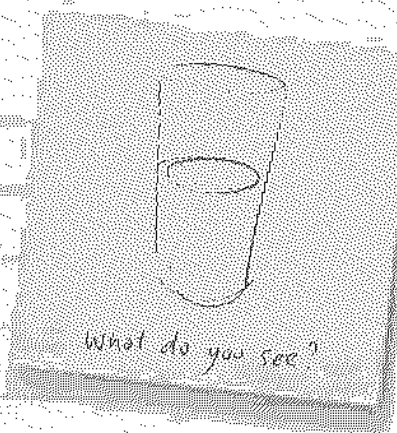
This has clearly assisted in an improved customer experience, with a 2 percentage point lift in consumer customer satisfaction to 71%, an 8 percentage point lift in small and medium size business satisfaction to 68%, with middle market business customers satisfaction remaining high at 73%.

Following disappointing volume growth in the first half, we have addressed productivity improvement and made a number of changes across our product set. These include changes to our mortgage product enhancing our offering to the market and our utilisation of the Broker channel to drive new lending for the Bank through an improved service offering. We also launched a new online high rate deposit product Max-i Direct for both consumer and business to drive strong deposit growth and retention. The launch helped grow cash management type account balances by \$5 billion for the year.

Overall, these changes contributed towards an 8% top line revenue growth for the year. Expense growth was contained to 4%, despite absorbing the significant investments in frontline resources and systems and the income ratio fell to a record low of 50.7%. This is an excellent result for shareholders. Cash earnings were up 15%, an outstanding performance given the competitive environment. **W**

Positive thinkers rule!!

- ✦ Positive thinkers realise that it is not about whether the glass is half full or half empty. Rather, it is about how to fill the glass. They're action oriented and tend to be people who get things done.
- ✦ Positive thinkers don't run away from challenges. They face them and learn from the experience. They have strong values and beliefs and these guide their behaviours.
- ✦ Positive thinkers are passionate about what they do. In banking, they're passionate advocates for their customers and they love to see them achieve their financial aspirations and dreams.

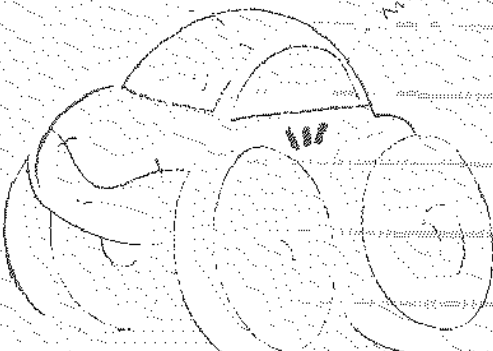


Speedy banking.

We know that our customers hate waiting in line at the bank as they typically have little time to spare. That's why we're rolling out a new Queue Management Toolkit for our people. It helps our branch teams deal with their specific queue issues and get customers served as fast as possible. Believe it or not, we're finding many ways to help serve our customers faster and with a more satisfying experience. Soon all of our branches will be using the toolkit and our customers will be able to fit more into their day.

Turbo-charging sales.

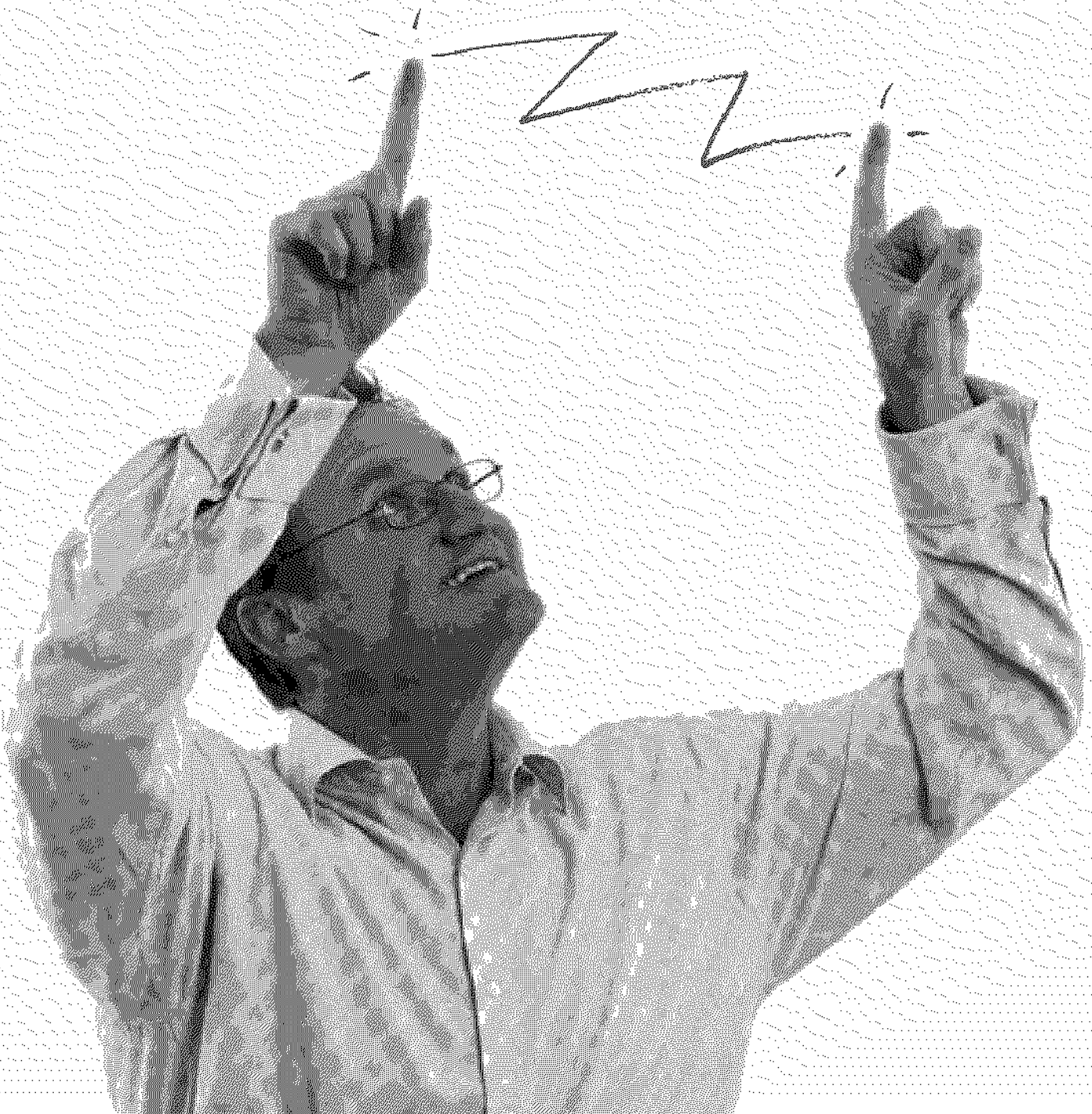
We've begun a journey called Westpac Way to turbo-charge our sales teams. We're not looking for a quick fix. We're working to create a whole new sales experience for our customers by getting greater performance, discipline and consistency into the way we manage sales. We're doing a lot more training and coaching of our sales people, providing them with better sales tools, and making sure we have good two-way communication flow. This is all part of our determination to provide our customers with the best sales and service experience possible.



Goodcontacts.

A passionate advocate and leader. While many talk about teamwork and commitment, **Robert Giles** truly walks the talk.

He regularly shares many of his best business leads with his colleagues, so that he can free himself up to get back out there and win even more business. Rob's reputation has spread and he regularly is asked to speak at public and customer functions, including in distinguished places like Queensland's Parliament House.

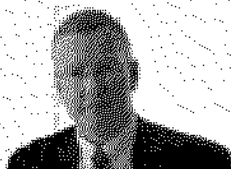


A black and white photograph of a man standing with his hands in his pockets, looking upwards. He is wearing a light-colored button-down shirt and dark trousers. Behind him, a large, faint outline of a pair of wings is visible against a background of a city skyline. The overall image has a halftone or dotted texture.

I'm free!

Refusing to be pigeon-holed, **Andrew Hector** finds innovative solutions that differentiate Westpac from the pack.

A 19-year association with Westpac has taught Andrew that there is a fantastic pool of people across the bank. He knows that the real trick is to build a network of contacts that you can rely on for their expertise and then give them the freedom to do their job. That means, with clear lines of communication and shared objectives, he is able to free up time to think more strategically about his clients' needs. It obviously works for Andrew, who looks after some of Australia's largest companies.



Institutional Banking. "We've had a long held ambition in the Institutional Bank to be the outright bank of first choice for corporations in the Australian market. Now that we have achieved it, we're determined to continue to earn the right of our customers to stay there."

GROUP EXECUTIVE PHILIP COFFEY

What is WIB?

Westpac Institutional Bank (WIB) serves the financial needs of corporations, institutions and government customers. WIB operates through dedicated industry teams supported by specialised expertise in financial markets, capital markets, transactional banking, specialised capital and alternative investments. Customers are supported through branches and subsidiaries located in Australia, New Zealand, New York, London and Asia.

What have we done this year?

This year saw WIB reclaim the position as the lead institutional bank in Australia. Our position reflects an intense focus on servicing the needs of our clients and concentrating on the division's core strengths of transactional banking, financial markets and debt capital markets.

The success of that client-focussed strategy was recognised externally in the Peter Lee and Associates survey, where we saw the proportion of Australian corporations choosing us as their lead bank rise from 37% to 42%. This score places us as clear first in the lead bank rankings.

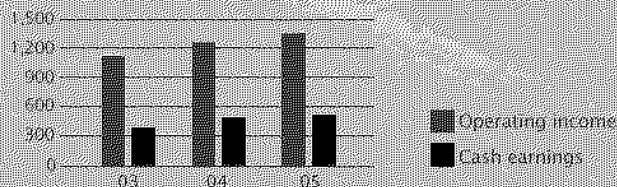
We also completed the full acquisition of Hastings Funds Management during the year, and we continue to build on our specialised capital skills. Hastings has been a major contributor in enabling our Specialised Capital Group (SCG) to double its Funds Under Management (FUM) from \$2 billion to \$5.3 billion in just under three years.

Successful execution across all areas has driven an 8% increase in operating income and a 15% increase in economic profit over the year. **W**

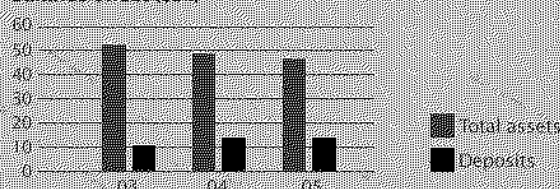
Institutional Banking

Westpac Institutional Bank	2005	2004	% Mov't 2005/04
Operating income (\$m)	1,360	1,264	8
Operating expenses (\$m)	(578)	(362)	(3)
Cash earnings (\$m)	518	493	5
Economic profit (\$m)	325	293	11
Total assets (\$bn)	46.7	48.8	(4)
Deposits (\$bn)	14.0	13.9	0
Net loans and acceptances (\$bn)	24.9	25.5	(2)
Expense to income ratio (%)	42.5	44.5	(4)
Employee numbers	1,283	1,457	(12)

Income (\$m)



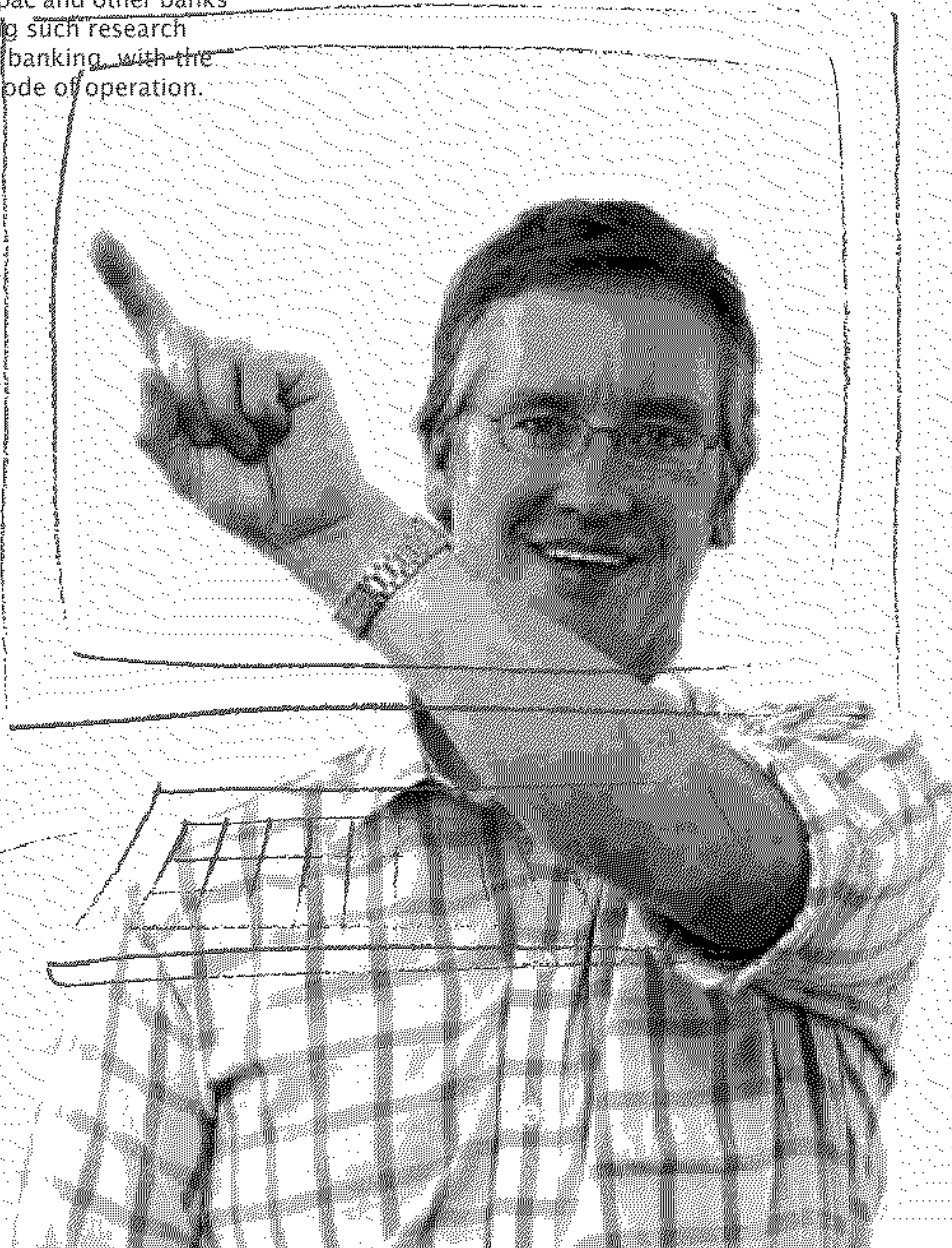
Balance sheet (\$bn)



Missioncontrol.

Becoming aware that our customers' online security could be compromised, **Stu Woollett** acted swiftly and decisively.

Earlier this year Stu Woollett from our E business team became aware of a US-based company that had created a form of research software, which enabled the company to have access to users' internet surfing activities including online banking passwords and financial information. Stu took the high road and made a decision to act on the information, rapidly pulling together a team and doing what needed to be done to protect customers. As a result, Westpac and other banks in New Zealand joined in challenging such research companies on the privacy of online banking, with the company eventually changing its mode of operation.





New Zealand and Pacific Banking. "We are passionate about two things: doing it right for customers and investing in our people. Our people are our real competitive advantage and it is only through them and their commitment to service that we can be the number one bank in NZ and the Pacific."

GROUP EXECUTIVE ANN SHERRY

How do we fit in?

Westpac New Zealand, since 1861, and Pacific Banking, since 1901, have provided banking and wealth management products and services to consumers and businesses.

In New Zealand we reach our 1.4 million customers through a nationwide network of 195 branches, call centres and 471 ATMs, with more than 460,000 registered online banking users. Our Pacific region operations include Cook Islands, Fiji, Papua New Guinea, Samoa, Solomon Islands, Tonga and Vanuatu, spanning 43 branches, 42 ATMs, an extensive EFTPOS network and 5,500 registered online banking users.

What have we done this year?

New Zealand Business Bank had a stand-out performance, with a 19% increase in business lending. Agri-business, Property Finance and Corporate and Transactional Banking were particularly strong, with this diversity assisting us to withstand some of the housing market margin pressure.

Growth in the NZ mortgage book was very robust, up 13%, and our deposit growth of 7% was assisted by the launch of our Online Saver account. Given the strength of our franchise, we remain well positioned for sustainable growth in our business, despite evidence of slowing economic growth in New Zealand. Both employee commitment and our people leadership improved and are now comparable with global high performing companies. Customer satisfaction also improved, with a 5% lift in customers rating us 'very good' or 'excellent'.

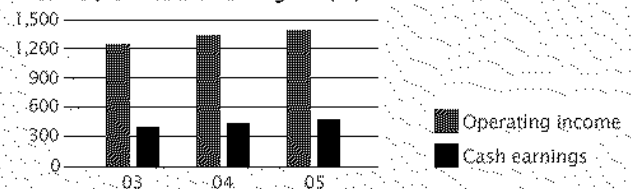
Pacific Banking had a very successful year delivering a 13% increase in cash earnings. Employee commitment and staff morale both rose by 8% to 77% and 84% respectively.

The final location for the standard banking platform rollout, Solomon Islands, was completed. Internet banking has also now been fully rolled out, along with the capability to support other financial institutions in the provision of electronic banking services. **W**

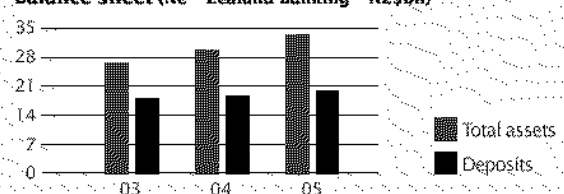
New Zealand and Pacific Banking

	New Zealand (NZD)			Pacific Banking (AUD)		
	2005	2004	% Mov't 05/04	2005	2004	% Mov't 05/04
Operating income (\$m)	1,406	1,355	4	148	139	6
Operating expenses (\$m)	(661)	(653)	(1)	(53)	(51)	(4)
Cash earnings (\$m)	484	451	7	63	56	13
Economic profit (\$m)	228	234	(3)	51	44	16
Total assets (\$bn)	33.3	29.8	12	1.3	1.2	8
Deposits (\$bn)	19.9	18.6	7	1.2	1.1	5
Net loans and acceptances (\$bn)	32.2	28.2	14	0.8	0.8	0
Expense to income ratio (%)	47.0	48.2	(3)	35.8	36.7	(2)
Employee numbers	5,000	4,917	2	1,075	1,108	(3)

Income (NZ\$) Zealand Banking - NZ\$m



Balance sheet (NZ\$) Zealand Banking - NZ\$bn



Dreamteam.

Passionately believing that people are our biggest asset, **Sharon McCaffery** has thrown herself heart and soul into building a team of high achievers.

Sharon is a driving force in BT's call centre, listening to her staff, taking ownership of all issues that are brought to her attention, understanding the needs of both business and staff and delivering on her promises. She understands that a team that does well on the outside is a team that feels good on the inside, so she ensures that all achievements are shared with the rest of the business to provide inspiration to others.





BT Financial Group. "At BT, earning trust is a big part of our business. Building trust by growing and protecting the wealth of our customers through good advice and sound insurance, while helping people to achieve their financial goals through delivering sustained great investment results, is what drives us every day."

CHIEF EXECUTIVE OFFICER ROB COOMBE

What is BT?

BT Financial Group (BT) manages Westpac's wealth management operations in Australia. BT has more than \$72 billion in assets under management and administration. Our core business is investment management, margin lending, life insurance, superannuation and wealth administration platforms, as well as alliances with global investment managers.

What have we done this year?

BT continued to build momentum in the year on the back of an enhanced market position and renewed confidence. We're enjoying consistent strong results in investment performance – reflected in top quartile rankings over three years in our Core Australian, Small Companies, Imputation and Ethical Funds, our Active Balanced and Enhanced Cash Funds.

In Wrap and Corporate Super we are growing above our market share in one of the fastest growing segments in the market and are consistently ranked in the top three for net inflows. Wrap funds under management (FUA) increased

to \$20 billion this year and Corporate Super FUA grew by 27 per cent. Margin Lending continued its outstanding growth with the loan book increasing by 38 per cent to \$2.4 billion, capturing a 23 per cent share of new business, and taking BT's market share from 13.8 per cent to 14.3 per cent.

Our strategy to increase our financial advice footprint moved to implementation when we launched our new independent financial advice business, Magnitude, in July, and when the Westpac Financial Planners joined BT's Advice team during the year.

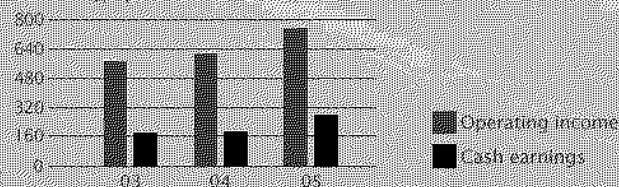
In October this year, our Life Insurance team and the Westpac General Insurance team were also brought together to form a new Insurance Division within BT.

Importantly, on leadership, our People Leader Index increased from 71% to 75%, placing us above the benchmark for global high performing companies. **W**

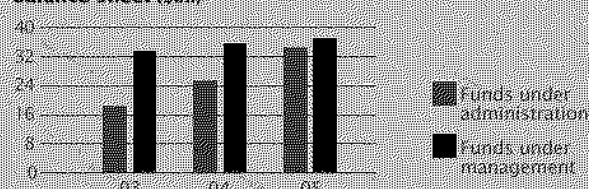
BT Financial Group

BT Financial Group	2005	2004	% Mov't 2005/04
Operating income (\$m)	756	614	23
Operating expenses (\$m)	(391)	(377)	(4)
Cash earnings (\$m)	276	187	48
Economic profit (\$m)	97	(18)	639
Funds under administration (\$bn)	34.5	24.9	39
Funds under management (\$bn)	37.1	35.4	5
Expense to income ratio (%)	51.7	61.4	(16)
Employee numbers	1,762	1,898	(7)

Income (\$m)



Balance sheet (\$bn)





People and Performance. "Success depends on our passionate commitment to our customers. That commitment is a product of working together towards our common goal, constantly developing great leaders, building an inclusive and diverse workplace, and an unrelenting focus on our core values of achievement, integrity and teamwork."

GROUP EXECUTIVE ILANA ATLAS

How do we fit in?

People and Performance supports our businesses in achieving their goals through a range of enterprise or business-focussed people initiatives.

These include leadership and succession, recruitment and retention, workforce planning and policy, remuneration advice, learning and development, employment policy and communication and performance management.

What have we done this year?

In 2005, we built on the initiatives from last year to develop outstanding leaders. An Enterprise Leadership Program for our top leaders was successfully launched, focussing on cross business collaboration, effective decision making, and driving achievement at the individual, team and company level.

A new Leadership Model was also introduced to better align behaviours to our corporate DNA and to our values of integrity, teamwork and achievement. This was reinforced through changes to our assessment and reward processes.

Careers@Westpac, our new innovative recruitment system, was delivered ahead of schedule. We are now well positioned to attract and retain the best people, and to build a workforce reflecting the rich diversity of the community.

As a result, 77% of our employees are positive on the performance and effectiveness of their leaders, as measured through our annual employee survey, up from 74% last year. Importantly, the commitment of our employees remains in the top quartile of Australian large companies and in line with global best practice. 

People and Performance

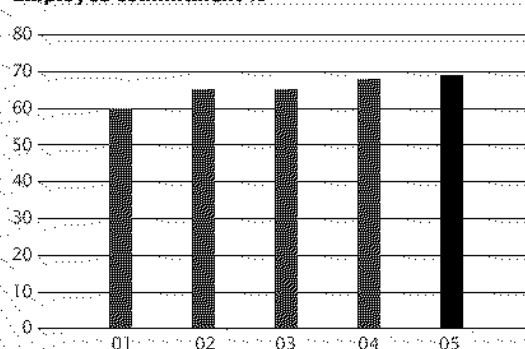
Personnel by business unit¹

	2005	2004 ²
Business and Consumer Banking	12,403	12,312
Institutional Bank	1,283	1,457
New Zealand Banking	5,000	4,917
BT Financial Group	1,762	1,898
Business and Technology Solutions and Services	4,393	4,347
Pacific Banking	1,075	1,108
Head Office Functions & other	1,222	974
Total	27,138	27,013

¹ The number of employees includes core full time equivalent, overtime, temporary and contractors.

² The 2004 numbers have been restated for inter-business movements.

Employee commitment %





Business and Technology Solutions and Services.

"The task for BTSS is to simplify things for our people and our customers by taking the hassle out of using our systems and processes. We are determined to deliver technology that personalises services and promotes simplicity and convenience."

GROUP EXECUTIVE MICHAEL COOMER

How do we fit in?

Business and Technology Solutions and Services (BTSS) people perform the back office functions for our products, define our overall information technology (IT) architecture, support and enhance software systems, and manage and implement major projects.

In addition, BTSS provides infrastructure support for cash management, fraud, physical security, business services and records management. The division also manages our property portfolio and outsourcing contracts.

What have we done this year?

BTSS successfully facilitated Westpac's strategic change agenda during the year, including the new corporate head

office development, operational efficiency and platform enhancements, and ensuring business continuity and disaster recovery capabilities are best in class.

The development of Westpac's new corporate head office is approaching completion and employees will start occupying the building in March of 2006.

In terms of Voice Over Internet Protocol (VOIP) Westpac now has the No. 1 capability of any Australian corporation.

During the year we were able to significantly increase our defences against electronic crime, resulting in low levels of fraud, without significantly reducing the convenience and access of our online banking service. **W**

Business and Technology Solutions and Services

Branch representation

Branches	2005	2004
Australia	813	812
New Zealand	195	196
Other	48	57
Total	1,056	1,065

Online banking customers

Million	2005	2004
Australia	1.9	1.5
New Zealand	0.5	0.4
Total	2.4	1.9

ATM distribution

	2005	2004
Australia	1,653	1,642
New Zealand	471	470
Other	42	41
Total	2,166	2,153

Customers

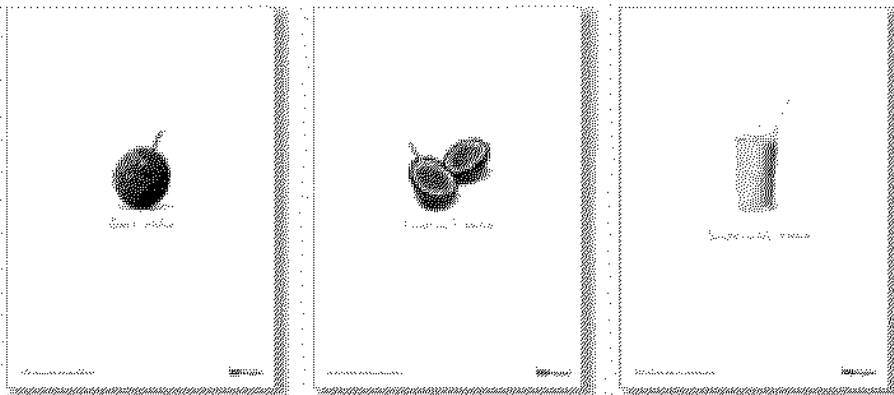
Million	2005	2004
Australia	6.7	6.6
New Zealand	1.4	1.4
Other	0.2	0.2
Total	8.3	8.2

Triplestrength.

Driven by a fundamental belief that business can only prosper in communities that prosper, **Noel Purcell** became a driving force in changing the way Westpac responds to stakeholders and conducts its business.

A 20 year career at Westpac, working right across the Group, has provided Noel with the know how to guide Westpac on its journey in becoming a world leader in responsible business practices. His passion for the cause has led to innovations such as Our Principles for Doing Business and adopting best practice measurement and reporting through our Stakeholder Impact Reports.





Ensuring that our practices are sensitive and responsive to stakeholder interests has become a business basic for us.

Why? Because we know that the successful management of social, ethical, environmental and other non-financial performance drivers is fundamental to the creation of sustainable shareholder value.

And that's why we continue to align our financial and non-financial reporting. We believe our stakeholders need the complete picture if they are to fully assess and value our performance.

Our Stakeholder Impact Report measures and reports on our performance against more than 100 financial and non-financial drivers of value covering the marketplace, workplace, community, environmental and economic dimensions.

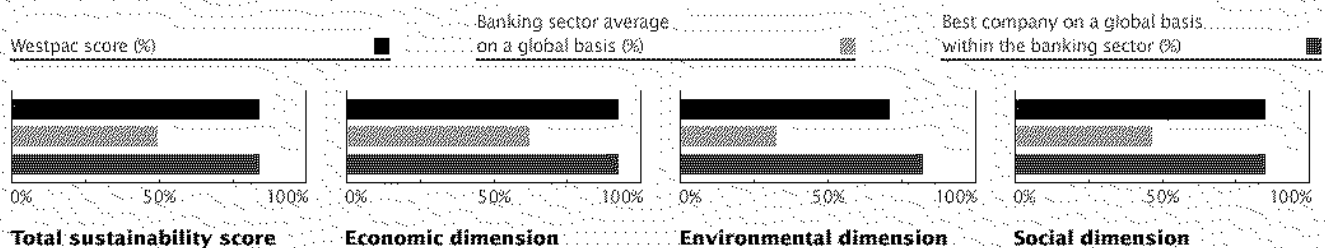
@ Our Stakeholder Impact Report is available at <http://www.westpac.com.au/internet/publish.nsf/Content/WI+Corporate+responsibility>

Our sustainability report card



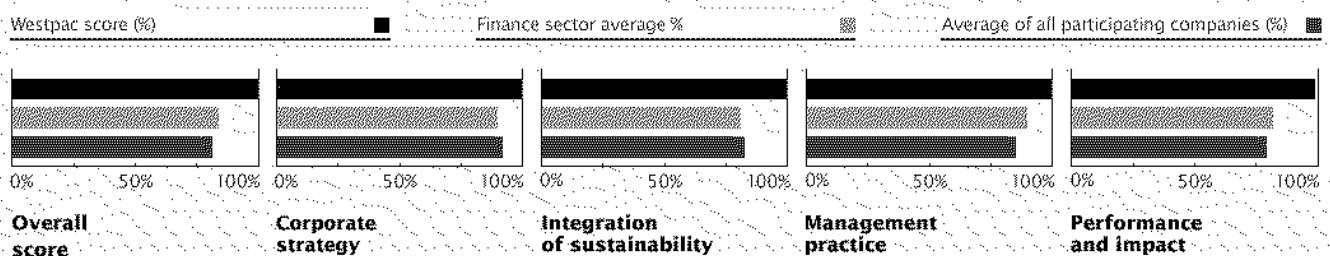
Westpac has been assessed as the global sustainability leader for the banking sector in the 2005/2006 Dow Jones Sustainability Index, for the fourth year in a row.

The charts below summarise Westpac's performance. Detail on the index and assessment process is available at www.sustainability-indexes.com



Westpac has been rated the number one company in the Corporate Responsibility Index in both Australia and the UK. The Index was developed by the UK-based Business in the Community. It operates in

Australia via the St James Ethics Centre. The charts below summarise Westpac's performance. More information on the index is available at: www.corporate-responsibility.com.au



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1. Westpac's approach to corporate governance

a) Framework and approach to corporate governance

Westpac's approach to corporate governance is to have a set of values and behaviours that underpin everyday activities, ensure transparency and fair dealing, and protect stakeholder interests.

This approach includes a commitment to best practice governance standards, which the Westpac Board (the "Board") sees as fundamental to the sustainability of Westpac's business and performance.

In pursuing this commitment, the Board continues to:

- monitor global developments in best practice corporate governance;
- contribute to Australian and international debates on what represents best corporate governance practice; and
- review and improve its governance practices.

In Australia, Westpac has taken into account the "Principles of Good Corporate Governance and Best Practice Recommendations" published in March 2003

("Best Practice Recommendations") by the Australian Stock Exchange Limited's Corporate Governance Council ("ASXCGC") and the Australian Standard AS8000 Good Governance Principles.

In addition, in June 2004, the Australian Parliament enacted the Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Act 2004 (CLERP 9) that applies for financial years beginning on or after 1 July 2004. Westpac complies with these requirements.

In the international arena, Westpac has responded to a range of relevant corporate governance principles and practices, including the US Sarbanes-Oxley Act of 2002 and consequential Securities and Exchange Commission ("SEC") rules, the New York Stock Exchange ("NYSE") listing rules on corporate governance, the New Zealand Exchange Limited ("NZX") listing rules, and the New Zealand Corporate Governance Best Practice Code.

The Board's approach has been to adopt the principles and practices that are in the stakeholders' best interests while ensuring full compliance with legal requirements.

Where Australian and international guidelines are not consistent, the Best Practice Recommendations established by the ASXCGC with the endorsement of the Australian Stock Exchange Limited ("ASX"), Westpac's home exchange, have been adopted as the minimum baseline for its governance practices.

While Westpac's governance practices are in compliance with NYSE listing rules in all material respects, any significant variation to the governance requirements followed by US companies are disclosed, consistent with NYSE listing rules, and are set out in section 12 of this Corporate Governance Statement.

Additionally, in accordance with the ASXCGC Best Practice Recommendations, Westpac has posted copies of its corporate governance practices on its website.

@ Westpac's Corporate Governance Statement is available in the corporate governance section on its website at www.westpac.com.au/investorcentre

b) Compliance with the ASXCGC's Best Practice Recommendations

The ASX listing rules require listed entities to include a statement in their annual report disclosing the extent to which they have followed the 28 ASXCGC Best Practice Recommendations during the reporting period, identifying any recommendations that have not been followed and providing reasons for that variance.

As detailed in this Corporate Governance Statement, Westpac considers that its governance practices comply with the ASXCGC's Best Practice Recommendations, subject to the qualification below relating to ASXCGC Best Practice Recommendation 9.4. A checklist summarising our compliance is set out in section 14 of this Corporate Governance Statement.

Recommendation 9.4 advocates that entities seek shareholder approval of equity-based reward schemes for executives. Westpac complies with recommendation 9.4 for some of its current long term incentive plans. Each of the Chief Executive Officer's three separate agreements: the 1999 Chief Executive Share Option Agreement (as amended), the Chief Executive Share Option Agreement 2001, and the Chief Executive Securities Agreement 2003, have shareholder approval.

Westpac's other current equity-based reward plans were introduced in 2002, prior to the release of the ASXCGC's Best Practice Recommendations. As the plans did not require shareholder approval under the Corporations Act 2001 (Cth) ("Corporations Act") and ASX listing rules, they were not put to shareholders for approval. The 2002 equity-based reward plans were extensively disclosed to shareholders in the 2002, 2003 and 2004 Annual Reports and are set out in detail in the Remuneration Report on pages 48 to 65 of the Concise Annual Report and on pages 124 to 131 in the Annual Financial Report.

The 2002 equity-based reward plans were designed around stricter performance hurdles than existed in previous plans, and structured so that rewards are only paid if shareholders have benefited from Westpac's performance.

2. Date of this statement

This statement reflects Westpac's corporate governance policies and procedures as at 2 November 2005.

3. The Board of Directors

a) Membership and expertise of the Board

The Board has a broad range of relevant financial and other skills, experience and expertise to meet its objectives. The current Board composition, with details of each Director's background, is set out in the Directors' Report on pages 44 to 45 of the Concise Annual Report. The Board considers that between them, the Non-executive Directors bring the range of skills, knowledge and experience necessary to govern Westpac. Of the eight Directors, six have financial experience, three have specific banking experience and three have international business experience. All Directors have extensive experience of the social and environmental context in which the business operates.

The Board's approach to selection, performance evaluation and tenure of Directors is described on pages 27 to 28 of this Corporate Governance Statement.

ASXCGC's Best Practice Recommendation 2.1, 2.5

b) Board role and responsibility

The roles and responsibilities of the Board are formalised in the Board Charter. The Charter also defines the matters that are reserved for the Board and its Committees, and those that the Board has delegated to management.

In summary, the Board is accountable to shareholders for Westpac's performance and its responsibilities include:

- strategy – providing strategic direction and approving corporate strategic initiatives;
- board performance and composition – evaluating the performance of Non-executive Directors, and determining the size and composition of the Westpac Board as well as making recommendations to shareholders for the appointment and removal of Directors;
- leadership selection – evaluating the performance of and selecting the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO");
- succession planning – planning for Board and executive succession;
- remuneration – setting CEO remuneration, and setting Non-executive Director remuneration within shareholder approved limits;
- financial performance – approving Westpac's budget, monitoring management and financial performance;
- financial reporting – considering and approving Westpac's half-yearly and annual financial statements;
- audit – selecting and recommending to shareholders the appointment of the external auditor. Determining the duration, remuneration and terms of appointment of the external auditor and evaluating their performance and ongoing independence. Maintaining a direct and ongoing dialogue with the external auditor;
- risk management – approving Westpac's risk management strategy and monitoring its effectiveness;
- corporate responsibility – considering the social, ethical and environmental impact of Westpac's activities, setting standards and monitoring compliance with Westpac's social responsibility policies and practices; and

- relationship with the exchanges and regulators, and continuous disclosure – maintaining a direct and ongoing dialogue with the ASX and other exchanges where Westpac's securities are listed, ensuring that the market and Westpac's shareholders are continuously informed of material developments. The Board also maintains dialogue with the Australian Securities and Investments Commission ("ASIC"), the Australian Prudential Regulation Authority ("APRA") and other regulators.

The Board has delegated a number of these responsibilities to its Committees. The responsibilities of these Committees are detailed in section 4 of this Corporate Governance Statement.

The Board has delegated to management, responsibility for:

- strategy – developing and implementing corporate strategies and making recommendations on significant corporate strategic initiatives;
- senior management selection – making recommendations for the appointment of senior management, determining terms of appointment, evaluating performance, and developing and maintaining succession plans for senior management roles;
- financial performance – developing Westpac's annual budget and managing day-to-day operations within the budget;
- risk management – maintaining an effective risk management framework;
- continuous disclosure – keeping the Board and market fully informed about material developments; and
- corporate responsibility – managing day-to-day operations in accordance with standards for social, ethical and environmental practices, which have been set by the Board.

@ Westpac's Board Charter is available in the corporate governance section at www.westpac.com.au/investorcentre

ASXCGC's Best Practice Recommendation 1.1

c) Board size and composition

As at the date of this Corporate Governance Statement there are seven independent Non-executive Directors and one Executive Director on the Board. The Constitution requires a minimum of seven and a maximum of fifteen Non-executive Directors. In addition, up to three members of the Board may be Executive Directors.

The Board considers that the optimum number of Non-executive Directors is between seven and nine, with Independent Directors comprising the majority of the Board. A proposal is being submitted to the 2005 Annual General Meeting to amend the Constitution to remove the minimum number of Non-executive Directors that may be appointed so as to provide the flexibility to appoint a smaller number of Directors in future should circumstances warrant this. This will mean the minimum number of Directors will be in line with the requirements of the Corporations Act and other regulations.

The Nominations Committee develops policy, assesses the Board composition and size from time to time and recommends to the Board changes to the Board composition and size. The Nominations Committee also assesses the skills required to discharge the Board's duties, having regard to Westpac's business mix, financial position and strategic direction, including specific qualities or skills that the

Nominations Committee believes are necessary for one or more of the Directors to possess.

@ Westpac's Constitution is available in the corporate governance section at www.westpac.com.au/investorcentre

d) The selection and role of the Chairman

The Directors elect one of the independent Non-executive Directors to be Chairman.

The Chairman's role includes:

- ensuring that, when all Board members take office, they undertake appropriate induction covering the terms of their appointment, their duties and responsibilities;
- providing effective leadership on formulating the Board's strategy;
- representing the views of the Board to the public;
- ensuring the Board meets at regular intervals throughout the year, and that minutes of meetings accurately record decisions taken and, where appropriate, the views of individual Directors;
- guiding the agenda and conduct of all Board meetings; and
- reviewing the performance of Non-executive Directors.

The current Chairman, Leon Davis, is an independent Non-executive Director. He has been a Director of Westpac since November 1999 and Chairman since December 2000. The Chairman is a member of each Board Committee and Chairman of the Nominations Committee.

ASXCGC's Best Practice Recommendation 2.2, 2.3

e) Director independence

The Board assesses each Director against a range of criteria to decide whether they are in a position to exercise independent judgement.

Directors are considered to be independent if they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement. Materiality is assessed on a case-by-case basis by reference to each Director's individual circumstances rather than by applying general materiality thresholds.

In assessing independence, the Board considers whether the Director has a business or other relationship with Westpac, directly or as a partner, shareholder or officer of a company or other entity that has an interest, or a business or other relationship, with Westpac or another Westpac Group member.

Information about any such interests or relationships, including any related financial or other details, is assessed by the Board to determine whether the relationship could, or could reasonably be perceived to, materially interfere with the exercise of a Director's unfettered and independent judgement. The specific criteria the Board takes into account in assessing independence is included in the Director Independence definition available on the Westpac website.

On appointment, each Director is required to provide information for the Board to assess and confirm their independence as part of their consent to act as a Director. Directors re-affirm their independence annually.

In addition, the Nominations Committee is responsible for reviewing the definition of Director independence periodically and for assessing the independence of each newly appointed Non-executive Director and any other Non-executive Director whose circumstances change. The Board has determined that all Non-executive Directors are independent.

@ Board criteria for assessing independence are available in the corporate governance section at www.westpac.com.au/investorcentre

ASXCGC's Best Practice Recommendation 2.1, 2.5

Highlights in 2005

- The Board completed a full assessment of the independence of each Non-executive Director in 2005 against the Board approved definitions, New York Stock Exchange Standards and ASXCGC recommendations. Following this review, the Board has determined that all Non-executive Directors are independent.

f) Avoidance of conflicts of interest by a Director

The Board is conscious of its obligations to ensure that Directors avoid conflicts of interest (both real and apparent) between their duty to Westpac and their own interests. The Board has adopted a procedure to ensure that conflicts and potential conflicts of interest of Directors are disclosed to the Board.

Any Director with a material personal interest in a matter being considered by the Board must declare their interest and, unless the Board resolves otherwise, they may not participate in boardroom discussions or vote on matters on which they face a conflict.

In addition, the Director is required to disclose any actual or potential conflict of interest on appointment as a Director and is required to keep these disclosures up to date.

There are a range of policies within Westpac relating to the management of conflicts of interest, such as the Conflicts of Interest and the Insider Trading Policies (see section 7(e)). Where these types of conflicts apply to the Board, there is a consistent approach adopted. The Directors are subject to policies that restrict trading in Westpac shares except in specified trading window periods. The Directors are also subject to restrictions on participating in new offers initiated by Westpac (New Issues Policy).

Highlights in 2005

- A policy on "Employees and Contractors Investing in Group-related New Issues" was approved by the Board Risk Management Committee in 2005. This policy applies to all employees including Directors and places restrictions on participating in new offers (such as IPOs) initiated by Westpac.

g) Meetings of the Board and their conduct

The Board has ten scheduled meetings each year and meets whenever necessary between scheduled meetings to deal with specific matters needing attention. The Board meets for two days each July to discuss Westpac's strategic plan and set the overall strategic direction of the organisation. From 2006, the Board will also have a half-year review of the organisation's strategic direction.

The Chairman and the CEO establish meeting agendas, for assessing Westpac's coverage of financial, strategic and major risk areas, throughout the year. The Directors have the opportunity to review meeting materials in advance. Directors are always encouraged to participate with a robust exchange of views and to bring their independent judgements to bear on the issues and decisions at hand.

In addition to its formal meetings, the Board undertakes regular development workshops to enhance the Directors' knowledge of key issues facing Westpac. Over the past year these included workshops on Westpac's succession planning, International Financial Reporting Standards, Basel II, organisational strategy, technology and IT strategy, Australian economic conditions, treasury operations and the implementation of Section 404 of the US Sarbanes-Oxley Act.

Members of the executive management are regularly invited to attend Board meetings and are also available to be contacted by Directors between meetings. The Board, however, meets without executive management (other than the CEO) at the commencement of each meeting.

The Board meets without the CEO or any other members of executive management at least once a year or as required and, as with all other Board meetings, this is presided over by the Chairman. The Audit Committee meets with Westpac's auditor without executive management being present at the commencement of each Audit Committee meeting. Meetings attended by Directors for the past financial year are reported in the Directors' Report on page 47 of the Concise Annual Report.

h) Succession planning

The Board plans succession of its own members in conjunction with the Nominations Committee. The Nominations Committee is responsible for developing and implementing succession planning for Non-executive Directors, taking into account the challenges and opportunities facing Westpac and the skills and expertise which are therefore needed on the Board in the future.

The Board is responsible for CEO and CFO succession planning.

i) Review of Board performance

The Board undertakes ongoing self-assessment and review of performance of the Board, Committees and individual Directors annually. This is to ensure that the Board and Board Committees are working effectively.

The performance review process is facilitated externally and includes written surveys of Directors, Group Executives and the Group Secretary and General Counsel. These reviews are wide-ranging and include, amongst other things, each Director's contributions to Board discussions. The survey results are independently collated and the Chairman formally discusses the results with individual Directors and Committee chairs.

Also, the Board has delegated to the Chairman of the Audit Committee the responsibility for reviewing the results of the annual performance review of the Board Chairman. Following this review, the Chairman of the Audit Committee reports to the Board without the Board Chairman being present.

ASXCGC's Best Practice Recommendation 8.1

j) Nomination and appointment of new Directors

Recommendations for nominations of new Directors are made by the Nominations Committee and considered by the Board as a whole.

The Nominations Committee reviews Director appointments from time to time, with eligibility criteria having regard to a proposed candidate's broad commercial experience and other qualities. External consultants may be used to access a wide base of potential Directors. Those nominated are assessed by the Board against a range of criteria including background, experience, professional skills, personal qualities, whether their skills and experience will complement the existing Board and their availability to commit themselves to the Board's activities.

New Directors receive a Letter of Appointment, which sets out their duties, their terms and conditions of appointment including expected term of appointment, and the expectations of the role and remuneration.

If the Board appoints a new Director during the year, that person will stand for election by shareholders at the next annual general meeting. Shareholders are provided with relevant information on the candidates for election. The Nominations Committee reviews appointment criteria from time to time and makes recommendations concerning the re-election of any Director by shareholders. As part of the process of considering whether to support the re-election of a Director, the Nominations Committee conducts a peer review of those Directors during the year in which that Director will become eligible for re-election.

ASXCGC's Best Practice Recommendation 2.5

k) Term in office and retirement and re-election of Directors

Westpac's Constitution states that at each annual general meeting one-third of its Directors, excluding the CEO and any Director who has held office for three or more years since their last election must retire. The maximum time that each Director can serve in any single term is three years. The Constitution also states that any Director who has been appointed during the year must stand for election at the next annual general meeting.

Eligible Directors who retire as required may offer themselves for re-election by shareholders at the next annual general meeting. The Nominations Committee evaluates the contribution of retiring Directors through a peer review process.

The Board has a policy to limit the number of terms of office that any Director may serve. Directors (other than the Chairman) should not hold office as a Director for more than three consecutive terms. The Board's policy is that the maximum tenure of the Chairman is to be no more than four terms or twelve years (inclusive of any term as a Director prior to being elected as Chairman), from the date of first election by shareholders.

l) Director education

When appointed to the Board, all new Directors undergo an induction program appropriate to their experience to familiarise them with matters relating to Westpac's business, strategy and any current issues before the Board.

The induction program is conducted over three months and includes meetings with the Chairman, the CEO, each Chairman of the respective Board Committees, each Group Executive and the Group Secretary and General Counsel.

The Board ensures Directors continue their education by participating in formal workshops (generally held four times a year) and attending relevant site visits. A formal program was adopted in 2005, which includes a program of continuing education for Non-executive Directors based on the current induction program. This allows existing Directors time in each business area to gain a greater understanding of key issues.

Westpac's Group Secretary and General Counsel provides Directors with ongoing guidance on matters such as corporate governance, Westpac's Constitution and the law.

Highlights in 2005

- A formal education program for all Non-executive Directors was adopted by the Nominations Committee in 2005.

m) Board access to information and advice

All Directors have unrestricted access to company records and information and receive regular detailed financial and operational reports from executive management to enable them to carry out their duties. Each Director enters into an Access and Indemnity Deed with Westpac to ensure seven-year access to documents after retirement as a Director.

The Chairman and other Non-executive Directors regularly consult with the CEO, the CFO, the Group Secretary and General Counsel, the General Manager Group Assurance, the Chief Compliance Officer, the Chief Risk Officer, and the Group General Manager Stakeholder Communications, and may consult with, and request additional information from, any Westpac employee.

The Board collectively, and each Director individually, has the right to seek independent professional advice, at Westpac's expense, to help them carry out their responsibilities. While the Chairman's prior approval is needed, it may not be unreasonably withheld and, in the Chairman's absence, Board approval may be sought.

ASXCGC's Best Practice Recommendation 2.5

n) Company Secretary

The company secretaries of Westpac are Richard Willcock and Emma Lawler. Richard Willcock is Westpac's Group Secretary and General Counsel. Emma Lawler is Head of Group Secretariat.

Mr Willcock joined Westpac in 1997 and was appointed to his present role in February 2003 with responsibility for the management and delivery of company secretarial, legal and compliance services to the Westpac Board, executive and business. Richard's qualifications include LLB, BA (Hons), MBA and FCIS.

Prior to Richard's current appointment he was General Manager Risk for BT Financial Group. Richard previously practised law in private practice from 1982 and was a partner at law firm Abbot Tout.

Ms Lawler has a Bachelor of Business and Graduate Diploma in Company Secretarial Practice. She has eight years experience as a company secretary in both the public and private sectors.

Responsibilities for the secretarial function include providing advice to Directors and officers on corporate governance and regulatory matters, developing and implementing Westpac's governance framework and giving practical effect to the Board's decisions.

All Directors have access to advice from the Group Secretary and General Counsel.

4. Board Committees

a) Board Committees and membership

There are currently five Board Committees whose powers and procedures are governed by Westpac's Constitution and the relevant Committee's Charter, as approved by the Board. The five Board Committees and their membership at 2 November 2005 are set out in the table below.

b) Committee Charters

The roles and responsibilities of each Committee are set out in the respective Committee Charters which are reviewed at least annually.

@ Copies of the Committee Charters are available in the corporate governance section at www.westpac.com.au/investorcentre

Highlights in 2005

- All Committee Charters were updated in 2005 to take into account the changes to the respective areas.

c) Committee procedures

Operation of the Committees and reporting to the Board
The Board Committees meet quarterly and at other times as necessary. Each Committee is entitled to the resources and information it requires, including direct access to employees and advisers as well as appropriate funding. The CEO, senior executives and other selected employees are invited to attend Committee meetings as necessary. All Directors receive all Committee papers and can attend all Committee meetings, subject to there not being any conflict of interest.

Composition and independence of the Committees

Committee members are chosen for the skills, experience and other qualities they bring to the Committees. The Audit Committee is required to have a minimum of three members. Four of the five Committees are required to be, and are currently, composed of only independent Non-executive Directors. The CEO is a member of the Corporate Responsibility and Sustainability Committee.

How the Committees report to the Board

Following each Committee meeting, generally at the next Board meeting, the Board is given a verbal report by the Chairperson of each Committee. All Committee minutes are tabled at Board meetings.

How Committees' performance is evaluated

The performance of Committees is discussed and reviewed initially within each Committee and then reviewed as part of the Board's performance review.

The performance of each Committee member (other than the CEO) is evaluated as part of the performance review of each Director.

ASXCGC's Best Practice Recommendation 4.5, 7.3, 8.1, 9.5

Membership of Board Committees as at 2 November 2005

	Audit Committee	Risk Management Committee	Nominations Committee	Remuneration Committee	Corporate Responsibility and Sustainability Committee
Leon Davis	●	●	Chair ●	●	●
David Morgan					●
Gordon Cairns	●			●	
David Crawford	Chair ●	●	●		
Ted Evans	●	Chair ●	●		
Carolyn Hewson		●	●	Chair ●	
Helen Lynch ¹	●	●	●		Chair ●
Peter Wilson	●	●			●

Attendances of Directors at Committee meetings are set out in the Directors' Report on page 47 of the Concise Annual Report.

Unless otherwise stated, each Director has been a member, or the Chair, of the relevant Committee for the whole of the period from 1 October 2004.

¹ Chair of the Corporate Responsibility and Sustainability Committee from 4 November 2004. Member of the Nominations Committee from 4 November 2004.

Other Committees of the Board may be established from time to time to consider matters of special importance or to exercise the delegated authority of the Board.

d) Audit Committee

Role of the Committee

The Westpac Board shares oversight responsibility for risk management between the Audit Committee and the Risk Management Committee.

The Audit Committee, as delegated by the Board, oversees all matters concerning:

- integrity of the financial statements and financial reporting systems;
- making recommendations to the Board for the appointment of the external auditor;
- external auditor's qualifications, performance and independence;
- performance of the internal audit function; and
- compliance with financial reporting and related regulatory requirements.

The Board approves the internal audit plan on the recommendations from the Board Audit Committee.

Integrity of the financial statements

The Audit Committee considers whether the accounting methods applied by management are consistent and comply with applicable accounting standards and concepts.

The Committee reviews and assesses:

- any significant estimates and judgements in financial reports and monitors the methods used to account for unusual transactions;
- the processes used to monitor and ensure compliance with laws, regulations and other requirements relating to external reporting of financial and non-financial information; and
- the major financial risk exposures and the process surrounding the disclosures made by the CEO and CFO in connection with their personal certifications of the half-year and annual financial statements.

External audit

The Audit Committee is responsible for making recommendations to the Board concerning the appointment of Westpac's external auditor and the terms of engagement. The Committee reviews the performance of the external auditor and regularly reviews its policy on the independence of the external auditor. This evaluation includes an annual review of the external auditor's internal quality control procedures and consideration of any inquiry or investigation by governmental or professional authorities, within the preceding five years in respect of assignments carried out by the external auditor. As well, the capabilities of the lead audit engagement staff are reviewed. The independent external auditor reports on their findings to this Committee and to the Board.

For permitted non-audit services, use of the external audit firm must be assessed in accordance with Westpac's pre-approval policy, which requires that all non-audit services be pre-approved by the Audit Committee, by delegated authority to a sub-committee consisting of one or more members where appropriate.

The external auditor receives all Audit Committee papers and attends all meetings. The Committee also meets with the external auditor without management being present, and also meets management without the external auditor being present. Committee members are able to contact the external auditor directly at any time.

Internal audit

The Audit Committee approves the appointment and replacement of the General Manager Group Assurance (Head of Internal Audit) and reviews the internal audit responsibilities, budget and staffing. The Audit Committee Chairman meets separately with the General Manager Group Assurance.

Compliance with financial reporting and related regulatory requirements

The Audit Committee is responsible for ensuring compliance with applicable financial reporting and related regulatory requirements.

The Committee, amongst other things:

- discusses with the members of the Risk Management Committee, the Chief Compliance Officer, management and the external auditor, Westpac's major financial risk exposures and the steps management has taken to monitor and control such exposures, including Westpac's risk assessment and risk management policies;
- discusses with the external auditor their report regarding significant findings in the conduct of their audit and the adequacy of management's response;
- discusses with management and the external auditor the half-yearly and annual financial statements, including disclosures in the "operating and financial review and prospects" of the Annual Report on Form 20-F;
- discusses the earnings press releases, as well as financial information and earnings guidance provided to analysts and ratings agencies;
- discusses with management and the external auditor correspondence with regulators or government agencies and reports which raise issues of a material nature;
- discusses with the Group Secretary and General Counsel, legal matters that may have a material impact on the financial statements and/or Westpac's compliance with financial reporting and related regulatory policies; and
- establishes procedures for the receipt, retention and treatment of financial complaints, including accounting, internal accounting controls or auditing matters and the confidential or anonymous submission by employees of concerns regarding accounting or auditing matters.

Financial knowledge of Committee members

The Audit Committee includes members who have appropriate financial experience and an understanding of the industry in which Westpac operates. All members of the Audit Committee satisfy the independence requirements that Westpac is currently required to comply with under the ASXCGC Best Practice Recommendations, the United States Securities Exchange Act of 1934 and the rules of the NYSE.

The Board has determined that David Crawford is an "audit committee financial expert" and is independent as defined in the Listing Standards of the New York Stock Exchange.

He is not an auditor or an accountant with respect to Westpac, does not perform "field work" and is not a full-time employee. Under the US laws, an audit committee member who is designated as an "audit committee financial expert" will not be deemed to be an "expert" for any purpose other than as a result of being identified as an "audit committee financial expert". Although the Board has determined that David Crawford has the requisite "financial expert" attributes defined under the rules of the SEC, his responsibilities are the same as those of other Audit Committee members.

The Audit Committee relies on the information provided by management and the external auditor. Management determines that Westpac's financial statements and disclosures are complete and accurate. The external auditor has the duty to plan and conduct audits.

Further information on audit governance and independence is included in section 5 of this Corporate Governance Statement.

ASXCGC's Best Practice Recommendation 4.2, 4.3, 4.4, 4.5

Highlights in 2005

- Reviewed International Financial Reporting Standards readiness and impacts.
- Ongoing status updates on the US Sarbanes-Oxley Act compliance project.
- Board Audit Committee self assessment.

e) Risk Management Committee

Role of the Committee

The Risk Management Committee oversees the risk profile of Westpac within the context of the risk-reward strategy determined by the Board. The determination of this strategy includes recommendations from the Risk Management Committee, CEO and senior management on the parameters of the Group's risk-reward profile and appropriate strategy.

The Risk Management Committee, as delegated by the Board, monitors the alignment of risk profile with current and future capital requirements and oversees the risks inherent in the Group's operations. For all risk types this includes:

- reviewing and approving the frameworks for managing Westpac's credit, market, liquidity, operational and compliance risk;
- ensuring effective monitoring of the risk profile, performance, capital levels, exposures against limits and management and control of Westpac's risks;
- ensuring the development and ongoing review of appropriate policies that support the Group frameworks for managing risk;
- determining, approving and reviewing the limits and conditions that apply to the taking of risk, including the authority delegated by the Board to the Chief Executive Officer, Chief Financial Officer and Chief Risk Officer;
- The Board Risk Management Committee reviews significant issues that may be raised by internal audit as well as the length of time and action taken to resolve such issues.

At an individual risk type level the following are included:

- credit risk – reviewing Westpac's bad debt performance and reviewing and approving the Group's provisioning methodology;
- market and liquidity risk – reviewing structural interest rate risk positions, reviewing and approving Westpac's funding plan and ensuring appropriate monitoring of the Group's funding and liquidity requirements;
- Operational risk – reviewing the risk that arises from inadequate or failed internal processes, people and systems or from external events; and
- compliance risk – ensuring processes are in place to anticipate and effectively manage the impact of regulatory change on the Group's operations, overseeing Westpac's compliance with applicable laws, regulations and regulatory requirements, reviewing and discussing with management and the external auditor any correspondence with regulators or government agencies and any published reports that raise material issues for the Group, and ensuring procedures exist for appropriately managing complaints and whistleblower concerns.

The Committee regularly updates the Board about its activities and refers to the Audit Committee any matters that have come to the attention of the Committee that are relevant to the Audit Committee, and provides relevant periodical assurances to the Audit Committee.

The Committee also regularly monitors changes anticipated for the economic and business environment and other factors considered relevant to the Group's risk profile.

The Committee met on five occasions during the financial year. The Committee's charter was subject to an annual review in May 2005, with one amendment to include responsibility for aligning the risk profile with capital requirements.

ASXCGC's Best Practice Recommendation 7.1, 7.3

Highlights in 2005

- Reviewed risk management frameworks – in particular, the Operational Risk Framework and policies.
- Policy review and development including outsourcing and business continuity management.
- Consideration and enhancements to the way Westpac manages industry concentration risk.
- Ongoing consideration of the requirements and changes under Basel II and International Financial Reporting Standards.

f) Nominations Committee

Role of the Committee

The primary function of the Nominations Committee is performing review procedures to assist the Board in fulfilling its oversight responsibility to shareholders by ensuring that the Board comprises individuals best able to discharge the responsibilities of Directors, having regard to the law and the highest standards of governance.

The Committee, as delegated by the Board, is responsible for:

- developing and reviewing policies on Board composition, strategic function and size;
- performance review process of the Board, its Committees and individual Directors;

- developing and implementing induction programs for new Directors and ongoing education for existing Directors;
- developing eligibility criteria for nominating Directors;
- recommending appointment of Directors to the Board;
- reviewing Director independence;
- succession planning for the Board;
- reviewing Westpac's corporate governance policies to ensure they meet international corporate governance standards; and
- considering whether Westpac meets relevant corporate governance standards from legislation and various regulatory bodies including ASX, ASIC, APRA and overseas regulators.

ASXCGC's Best Practice Recommendation 2.4, 2.5

Highlights in 2005

- Reviewed time committed to Westpac by Non-executive Directors.
- Reviewed Non-executive Directors' participation on key subsidiary boards.
- A formal education program for all Non-executive Directors was adopted by the Nominations Committee in 2005.

g) Remuneration Committee

Role of the Committee

The Remuneration Committee assists the Board by working to ensure that Westpac has remuneration policies and practices that fairly and responsibly reward executives. The Committee's decision on reward structures are based on business performance, legal obligations and high standards of corporate governance.

The Committee's purpose, as delegated by the Board, is to:

- review and approve executive remuneration policy;
- review and recommend to the Board on corporate goals and objectives relevant to the CEO, and the performance of the CEO in light of these objectives;
- recommend to the Board on the remuneration of the CEO;
- recommend to the Board on the remuneration of Non-executive Directors, taking into account the shareholder approved fee pool;
- approve contracts and remuneration packages for positions reporting directly to the CEO;
- review and approve equity-based plans and highlight to the Board where equity-based plans require shareholder approval;
- approve all performance recognition expenditure; and
- oversee general remuneration practices across the Westpac Group.

The Committee also reviews and recommends to the Board on the recruitment, retention, termination, and succession planning policies and procedures for the CEO and senior positions reporting directly to the CEO.

Independent remuneration consultants are engaged by the Committee to ensure that Westpac's reward practices and levels are consistent with market practice.

ASXCGC's Best Practice Recommendation 8.1, 9.2, 9.5

Highlights in 2005

- Implementation of Super Choice for all eligible Westpac Group employees.
- Reviewed and approved management's key policies, including enhancements to executive short term incentive scheme, improvement to the management of the equity linked long term incentive scheme and establishment of competitive incentive arrangements for specialised business units.
- Reviewed Non-executive Director remuneration resulting in the freezing of retiring allowances for all the Non-executive Directors who are presently entitled to them.

h) Corporate Responsibility and Sustainability Committee

Role of the Committee

The Committee's purpose is to oversee and drive Westpac's commitment to operate its business ethically, responsibly and sustainably, consistent with the evolving expectations of society.

The Committee, as delegated by the Board, is responsible for:

- reviewing the direct and indirect social, environmental and ethical impacts of Westpac's activities;
- overseeing initiatives to enhance Westpac's sustainability;
- setting standards for Westpac's corporate responsibility and sustainability policies and practices and monitoring compliance with these policies and practices;
- monitoring and oversight of Westpac's reputation risks;
- reviewing compliance with corporate governance requirements; and
- reviewing and approving the independent assurance of Westpac's corporate responsibility systems and external reporting including the annual Stakeholder Impact Report.

Further information on Westpac's approach to corporate responsibility and sustainability is included in section 9 of this Corporate Governance Statement.

Highlights in 2005

- Revised Westpac's "Principles for Doing Business" (previously Westpac's Social Charter).
- Reviewed Westpac's Customer Charter.
- Assessed implications of demographic trends on workplace management and practices.
- Reviewed performance against key indicators in the occupational health and safety, environmental management and sustainable chain management areas.

5. Audit governance and independence

a) Approach to audit governance

The Board is committed to three basic principles:

- that Westpac's financial reports present a true and fair view;
- that Westpac's accounting methods are comprehensive and relevant and comply with applicable accounting rules and policies; and
- that the external auditor is independent and serves shareholder interests.

Australian and international developments are monitored and practices reviewed accordingly.

b) Engagement and rotation of the external auditor

Westpac's independent external auditor is PricewaterhouseCoopers ("PwC"). PwC was appointed by shareholders at the 2002 annual general meeting in accordance with the provisions of the Corporations Act.

The Board has adopted a policy that the responsibilities of the lead audit partner and review audit partner cannot be performed by the same people for longer than five years. The present PwC lead audit partner for Westpac's audit is David Armstrong, who assumed this responsibility in 2003. The present PwC review audit partner is David Prothero, who assumed responsibility during the year. The Board requires a minimum five-year 'cooling off' period before an audit partner is allowed back onto the audit team.

ASXCGC's Best Practice Recommendation 4.5

c) Certification and discussions with the external auditor on independence

The Audit Committee requires the external auditor to confirm quarterly to the Committee that they have maintained their independence and have complied with the independence standards as promulgated by Australian and international regulators and professional bodies. Periodically, the Audit Committee meets separately with the external auditor without executive management being present. Certification is provided in the Non-Audit Services and Independence declaration in the Directors' Report on page 66.

d) Relationship with the external auditor

Westpac's current policies on employment and other relationships with its external auditor include the following:

- the audit partners and any employee of the external audit firm on the Westpac audit are prohibited from being an officer of Westpac;
- an immediate family member of an audit partner or any employee of the external audit firm on the Westpac audit is prohibited from being a Director or an officer in a significant position at Westpac;
- any former external audit partner or external audit firm's former employees who have participated on Westpac audits are prohibited from becoming a Director or officer in a significant position at Westpac for at least five years, and after the five years can have no continuing financial relationship with the audit firm;
- members of the audit team and audit firm are prohibited from having a business relationship with Westpac or any officer of Westpac unless the relationship is clearly insignificant to both parties;
- the external audit firm, its partners and its employees who are members of the audit team on the Westpac audit and their immediate family members are prohibited from having loans or guarantees with Westpac or from having a direct or material indirect investment in Westpac;
- officers of Westpac are prohibited from receiving any remuneration from the external audit firm;
- the external audit firm is prohibited from having a financial interest in any entity with a controlling interest in Westpac; and
- the audit team in any given year cannot include a person who had been an officer of Westpac during that year.

e) Restrictions on non-audit services by the external auditor

To avoid possible independence or conflict issues, the external auditor is not permitted to carry out certain types of non-audit services for Westpac, including:

- preparation of accounting records and financial statements;
- financial information systems design and implementation;
- appraisal or valuation services and other corporate finance activities;
- internal audit services;
- temporary or permanent staff assignments, or performing any decision-making or ongoing monitoring or management functions;
- broker or dealer, investment adviser or investment banking;
- legal, litigation or other expert services;
- actuarial services;
- recruitment services for managerial, executive or Director positions; and
- certain taxation services to individual employees involved in a financial reporting oversight role of the preparation of the financial statements.

For all other non-audit services, use of the external audit firm must be assessed in accordance with Westpac's pre-approval policy, which requires that all non-audit services be pre-approved by the Audit Committee, by delegated authority to a sub-committee consisting of one or more members where appropriate.

The breakdown of the aggregate fees billed by the external auditor in respect of each of the two most recent financial years for audit, audit-related, tax and other services is provided in the 2005 Annual Financial Report.

The SEC, through its Division of Enforcement, is currently conducting an investigation of certain Australian registrants and public accounting firms in relation to aspects of compliance with the SEC's auditor independence requirements. As a part of this investigation, Westpac is furnishing information to the SEC regarding the services rendered by PwC, the external auditor of Westpac since 1 October 2000, including information regarding services that the SEC staff may view as the secondment of PwC personnel to entities in the Westpac Group. Westpac is continuing to examine the matters covered by the SEC's investigation.

Westpac cannot predict the nature of any action the SEC might take as a result of the SEC's ongoing investigation. If the SEC determines that any of the other services provided by PwC to the Westpac Group did not comply with applicable rules, the SEC could impose or negotiate a range of possible sanctions, such as fines, the entry of cease-and-desist orders or injunctions, or a requirement to engage a different accounting firm to perform procedures and report on aspects of the relevant accounts or financial statements that may have been impacted by auditor independence concerns. However, based on the information currently available, Westpac considers that it is unlikely that the outcome of the SEC's investigation will have a material adverse financial effect on the Westpac Group.

f) Attendance at the Annual General Meeting

Westpac's external auditor attends the annual general meeting and is available to answer questions from shareholders on:

- the conduct of the audit;
- the preparation and content of the audit report;
- the accounting policies adopted by Westpac in relation to the preparation of the financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

ASXCGC's Best Practice Recommendation 6.2

g) Internal audit

Group Assurance includes an independent and objective internal audit review function charged with evaluating, testing and reporting on the adequacy and effectiveness of management's control of operational risk. Group Assurance has access to all entities in the Westpac Group and conducts audits and reviews following a risk-based planning approach.

The General Manager Group Assurance has a direct reporting line to the Chairman of the Audit Committee. Group Assurance provides reports to both the Audit Committee and the Risk Management Committee. Audit and review reports are discussed widely in the Group and significant issues are reviewed at the Audit Committee and the Risk Management Committee.

6. Controlling and managing risk

a) Approach to risk management

Westpac approaches risk management by identifying, assessing and managing the risks that affect its business in accordance with a set of core risk management values. This approach enables the risks to be balanced against appropriate rewards and reflects Westpac's vision and values, objectives and strategies, and procedures and training.

Westpac distinguishes four main types of risk:

- credit risk – the risk of financial loss from the failure of customers to fully honour the terms of their contract;
- market risk – the risk to earnings from changes in market factors, such as foreign exchange rates, interest rates, commodity prices and equity prices;
- operational risk – the risk that arises from inadequate or failed internal processes, people and systems or from external events; and
- compliance risk – the risk of failing to comply with all applicable legal and regulatory requirements and industry codes of practice, and to meet Westpac's ethical standards.

In addition to and linked to these four main types of risk, Westpac allocates resources to manage the following risks:

- equity risk – the potential for financial loss arising from movements in the value of Westpac's direct and indirect equity investments;
- insurance risk – the risk of not being able to meet insurance claims (related to insurance subsidiaries);
- interest rate risk – the risk associated with being forced to liquidate or unwind the balance sheet hedge portfolio;
- liquidity risk – the risk of failing to adequately fund cash demand in the short term;

- reputation risk – the risk of negative experiences and perceptions impacting Westpac's standing with stakeholders; and
- strategic risk – the risk associated with the vulnerability of a line of business to changes in the strategic environment.

As these risks are interlinked, Westpac takes an integrated approach to managing them.

Westpac aspires to the advanced internal-ratings based approach for managing credit risk and advanced management approach for operational risk under Basel II.

Westpac has a Basel II program in place and considerable work has been carried out during the year to develop the required capabilities to achieve accreditation for these approaches. Our accreditation submission was lodged with APRA in September 2005.

ASXCGC's Best Practice Recommendation 7.1, 7.3

b) Risk management roles and responsibilities

The Board is responsible for reviewing and approving Westpac's risk management strategy, frameworks and key risk parameters, including determination of Westpac's appetite for risk. Westpac's risk management governance structure is set out in the table in this section.

Approval of Westpac's risk management framework and significant policies resides with the Board Risk Management Committee under powers delegated by the Board. These frameworks and policies for managing risk are reviewed and discussed by the relevant Executive Risk Committee and submitted for discussion and approval to the Board Risk Management Committee.

Executive management is responsible for implementing the Board-approved risk management strategy and developing policies, controls, processes and procedures to identify and manage risks in all of Westpac's activities.

Westpac's business model recognises that the responsibility for managing risks inherent in its business lies with the business units. This responsibility includes developing business unit specific policies, controls, procedures and monitoring and reporting capability, and is aligned with the Group Risk frameworks approved by the Board Risk Management Committee and Group policies developed by the Group Risk function.

c) CEO and CFO assurance

The Board receives regular reports about the financial condition and operational results of Westpac and its controlled entities. The CEO and the CFO annually provide formal statements to the Board that in all material respects:

- the financial records of the company for the financial year have been properly maintained in that they:
 - correctly record and explain its transactions and financial position and performance;
 - enable true and fair financial statements to be prepared and audited; and
 - are retained for seven years after the transactions covered by the records are completed.

- the financial statements, and notes required by the accounting standards for the financial year comply with the accounting standards;
- the financial statements and notes for the financial year give a true and fair view of the company's and consolidated entity's financial position and of their performance;
- any other matters that are prescribed by the Corporations regulations as they relate to the financial statements and notes for the financial year are satisfied; and
- the risk management and internal compliance and control systems are sound, appropriate and operating efficiently and effectively.

ASXCGC's Best Practice Recommendation 4.1, 7.2

Westpac's risk management governance structure

Board

Considers and approves the risk-reward strategy of the Group

Board Committees

Risk Management Committee	Audit Committee	Corporate Responsibility and Sustainability Committee	Nominations Committee	Remuneration Committee
Risk profile and risk management	Integrity of financial statements and systems	Social, environmental and ethical responsibility and reputation risk	Board skills, succession and governance	Responsible reward practices in line with performance

Independent Internal Review

Group Assurance

Adequacy and effectiveness of management controls for risk

Executive Risk Committees

Westpac Group Risk Reward Committee

- Sets and leads the risk optimisation agenda for the Group
- Recommends to the Board Risk Management Committee the appropriate risk-reward positioning and integrates decisions on overall capital levels and earnings profile
- 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 risk governance framework, including the performance, role and membership of the executive risk committees

Westpac Group Credit Risk Committee

- Optimises credit risk-reward
- Oversees portfolio performance
- Determines limits and authority levels within Board-approved parameters

Westpac Group Market Risk Committee

- Optimises market risk-reward for traded and non-traded market risk
- Oversees portfolio performance
- Determines limits within Board-approved parameters

Westpac Group Operational Risk and Compliance Committee

- Optimises operational risk-reward and compliance
- Oversees the governance of operational risk and compliance, including the framework and policies
- Oversees the operational and reputation risk profile

Group Risk

- Drives enterprise-wide risk management culture, frameworks and decisioning for maximum performance in line with risk appetite
- Ensures risk management is a competitive advantage, delivers better solutions for customers, protects and grows earnings, and builds shareholder value
- Forges a partnership with the business, which shares the vision and the responsibility for superior risk management

Business Units

- Manage risks inherent in the business including the development of business-specific policies, controls, procedures and reporting in respect of the risk classes

d) Internal review and risk evaluation

Group Assurance provides independent assurance to the Board, executive management and external auditor on the adequacy and effectiveness of management controls for risk. The compliance function also carries out activities that measure the effectiveness of compliance risk management as provided in more detail below.

@ A description of Westpac's approach to risk management is available in the corporate governance section at www.westpac.com.au/investorcentre

e) Compliance framework

Westpac's compliance framework is driven by a series of principles and practices:

- compliance is the responsibility of every staff member;
- complying with both the letter and spirit of regulatory standards;
- embedding compliance in how Westpac conducts its businesses;
- visibility and accountability of senior management to ensure a strong compliance culture;
- advice and assistance is provided by a dedicated compliance function; and
- active engagement in meetings to ensure high standards for the industry in which Westpac operates.

Primary responsibility for managing compliance risk resides with business line management, who are required to demonstrate that they have effective processes in place consistent with Westpac's compliance principles and practices. Within each major business area there is a dedicated compliance function, with specific responsibilities designed to guide compliance within that business as part of the business unit risk management team.

The compliance framework utilises a range of mechanisms, including audit, file reviews, shadow shopping, customer surveys and operational risk assessments to measure the effectiveness of Westpac's compliance program. There is also a Group compliance function, led by the Chief Compliance and Operational Risk Officer, which is responsible for ensuring that Westpac's compliance principles are consistently applied and providing an independent oversight of compliance.

The compliance framework is established and maintained by the Westpac Group Operational Risk and Compliance Committee and overseen by the Board Risk Management Committee, which receives regular reports from the Chief Compliance and Operational Risk Officer on the status of compliance across the Westpac Group.

Key components of the framework established to support these principles include:

- environment – board and management oversight and accountability, culture and independence;
- identification – identifying obligations, compliance plans and implementing change;
- controls – policies, processes, procedures, communications and training, documentation; and
- monitoring and reporting – monitoring, incident and breach escalation, reporting, issue management and managing regulatory relationships.

@ Westpac's compliance principles and practices are available in the corporate governance section at www.westpac.com.au/investorcentre

7. Promoting ethical and responsible behaviour**a) Westpac's Principles for Doing Business and Code of Conduct**

Westpac's "Principles for Doing Business" set out the principles that govern Westpac's conduct and the behaviours that stakeholders can expect from Westpac.

Westpac's "Principles for Doing Business" apply without exception to all Directors, executives, management and employees, and are aligned to Westpac's core values of teamwork, integrity and achievement. Westpac's Code of Conduct sets out the foundation principles and operates under the following key principles:

- act with honesty and integrity;
- respect the law and act accordingly;
- respect confidentiality and not misuse information;
- value and maintain professionalism;
- avoid conflicts of interest; and
- strive to be a good corporate citizen and achieve community respect.

@ Westpac's "Principles for Doing Business" and other responsibility policies and codes are available in the corporate governance section at www.westpac.com.au/investorcentre

ASXCGC's Best Practice Recommendation 3.1, 3.3, 10.1

b) Code of ethics for senior finance officers

Due to the nature of their function within Westpac, the CEO and principal financial officers are subject to Westpac's Code of Accounting Practice and Financial Reporting. This Code addresses the specific responsibilities that are borne by such officers in addition to their general responsibilities under the Westpac Code of Conduct. Westpac's Code of Accounting Practice and Financial Reporting is in accordance with the requirements of the US Sarbanes-Oxley Act.

@ The Code of Accounting Practice and Financial Reporting is available in the corporate governance section at www.westpac.com.au/investorcentre

ASXCGC's Best Practice Recommendation 3.1, 3.3

c) Internal policies and procedures

Beyond Westpac's "Principles for Doing Business", Westpac complies with a range of external industry codes, such as the Code of Banking Practice and the Electronic Funds Transfer Code of Conduct.

In addition, Westpac has a number of key policies to manage its compliance and human resource requirements. There are a range of guidelines, communications and training processes and tools to support these policies. These tools include the Compliance Handbook "Doing the Right Thing" (revised 2004) which forms part of the staff induction process and the online compliance test that staff undertake. Individual business units also have systems and procedures in place to support Group policies.

ASXCGC's Best Practice Recommendation 3.1, 3.3

d) Concern reporting and whistleblowing

Employees are actively encouraged to bring any problems to the attention of management, the human resources team (People and Performance) or the compliance team. This includes activities or behaviour that may not be in accord with the Code of Conduct, Code of Accounting Practice and Financial Reporting, Insider Trading Policy, other Westpac policies, or other regulatory requirements or laws.

Westpac provides a range of mechanisms to raise issues, including:

- raising issues concerning fraud directly with Westpac's Financial Crimes Control team;
- making suggestions for more efficient processes via the online Ask Once program; and
- raising concerns about "people issues" such as harassment or discrimination directly with People and Performance through P&P Connect.

Concerns about breaches of our regulatory obligations or internal policies or procedures can be raised anonymously with the Chief Compliance and Operational Risk Officer through Westpac's internet-based whistleblowing reporting system, Concern Online, or by telephone through the Concern Hotline, which is a service provided by an external service provider. Westpac has a Whistleblower Protection Policy to protect individuals who make reports about suspected breaches of Westpac's policies through these channels. The concern reporting system complies with the whistleblower provisions of all relevant legislative requirements and the Australian Standard AS 8004 (Whistleblower Protection Programs for Entities).

@ The concern reporting and whistleblower policy is available in the corporate governance section at www.westpac.com.au/investorcentre

ASXCGC's Best Practice Recommendation 3.1, 3.3, 10.1

e) Insider trading policy and trading in Westpac shares

Directors and employees are restricted under the law from dealing in certain financial products (company securities, including Westpac's, and related derivatives or other financial products), if they are in possession of inside information. Inside information is information that is not generally available and, if it were generally available, a reasonable person would expect it to have a material effect on the price or value of the financial product.

To ensure compliance with these legal requirements and to ensure high standards of conduct, Westpac has an Insider Trading Policy applicable to all employees, and additional policies that restrict the periods in which Directors and "Prescribed Employees" can trade in Westpac's securities and derivatives. Prescribed Employees are designated employees who, because of their seniority or the nature of their position, come into contact with key financial or strategic information about Westpac all or most of the time. A register of Prescribed Employees is maintained by the Compliance team and regularly updated and notified to the relevant staff.

The periods in which Directors and Prescribed Employees can trade (Trading Windows) commence two days after the release of Westpac's half yearly and yearly results. The windows are normally 56 days in length.

However, the Chief Compliance Officer has the discretion to extend each window by up to seven days if having a 56 day window would unreasonably restrict the exercise of employee scheme entitlements. Directors and Prescribed Employees must also notify Compliance of their intention to trade during those periods. Any trading remains subject to legal obligations to not trade while in the possession of price sensitive information.

Under the Conflicts of Interest Policy introduced during 2005 there are specific rules applying to employee personal investments that may give rise to a conflict of interest, including personal investments held prior to employment with Westpac. The policy prohibits investment by risk management employees in corporations about which they make credit decisions and employees who provide advisory services to corporations on behalf of Westpac.

In addition, employees in Westpac Institutional Bank (including WIB New Zealand), and BT Financial Group are subject to comprehensive restrictions and procedures applicable to buying or selling other securities and financial products. These include, though are not necessarily restricted to, seeking consent before dealing in Australian or New Zealand securities listed on the ASX and/or NZX, and a restriction on dealing in securities in which employees have close working relationships with specific companies. In addition to these employees, the restrictions apply to their immediate family members and entities in which the employees and/or their spouse have a beneficial interest or control or investment influence. Further, Westpac Institutional Bank employees are prohibited from personal account trading in securities issued by customers if they advise, originate, structure, trade, distribute, sell or research the securities.

Hastings Funds Management Limited is also subject to an Insider Trading Policy. In addition to that policy, Hastings maintains a prescribed financial products list and employee trading is confined to securities that do not appear on the list except during a four week trading window following the announcement of half and full year results and the annual general meeting of the named company.

@ A copy of Westpac's insider trading policy is available in the corporate governance section at www.westpac.com.au/investorcentre

ASXCGC's Best Practice Recommendation 3.2, 3.3

8. Remuneration framework

Details of Westpac's remuneration framework are included in the Remuneration Report at pages 48 to 65.

ASXCGC's Best Practice Recommendation 8.1, 9.1, 9.3, 9.4, 9.5

9. Corporate responsibility and sustainability

a) Approach to corporate responsibility and sustainability

Westpac aims to produce positive outcomes for all stakeholders in managing its business and to maximise financial as well as social and environmental value from our activities.

In practice this means having a commitment to transparency, fair dealing, responsible treatment of employees and customers, and positive links into the community.

Sustainable and responsible business practices within Westpac are integrated into and viewed as an important long term driver of capacity, performance and shareholder value. Through such practices Westpac seeks to reduce operational and reputation risk, and enhance operational efficiency, while contributing to a more sustainable society.

Westpac accepts that the responsibilities on the Board and management, which flow from this approach, go beyond strict legal and financial obligations. In particular, the Westpac Board seek to take a practical and broad view of Directors' fiduciary duties, in line with societal expectations.

Westpac's corporate responsibility and sustainability approach goes beyond ASXCGC's Best Practice Recommendations 3.1 and 10.1.

ASXCGC's Best Practice Recommendation 3.1, 3.3, 10.1

b) Reporting on our corporate responsibility and sustainability performance

Westpac has been reporting on its social, ethical and environmental performance through its annual Stakeholder Impact Report for over four years. Westpac also seeks to ensure that transparent and comprehensive reporting on all dimensions of our performance is central to Westpac's approach to governance and responsibility management.

First and foremost the reports seek to address the issues that matter most to customers, employees, shareholders and the community. Importantly, reporting frameworks adopted for the reports, such as the Global Reporting Initiative (GRI), are widely used and well established.

Specialist social and environmental auditors independently verify and assure the Stakeholder Impact Report against the AA1000 Assurance Standard. This goes beyond testing the integrity of data, to examining the effectiveness of Westpac's underlying systems and processes more broadly, and the extent that corporate responsibility and sustainability policies and practices are embedded across the organisation.

Similarly, Westpac actively participates in a number of independent external assessments by authoritative sustainability and governance ratings organisations. These assessments play an important role in Westpac's sustainability program by allowing performance to be benchmarked against best practice.

@ Westpac's Stakeholder Impact Report and performance in external sustainability assessments are available in the corporate responsibility section at www.westpac.com.au/investorcentre

ASXCGC's Best Practice Recommendation 3.1, 3.3

Highlights in 2005

Westpac's recent external sustainability and governance ratings include:

- Number one rating for banks globally in the Dow Jones Sustainability Index for 2005/2006 – for the fourth year running.

- Number one in the 2004 Business in the Community Corporate Responsibility Index (CRI) in both Australia and the full UK index.
- One of only 32 companies and the only bank out of approximately 3,200 companies assessed globally to be awarded the maximum score for corporate governance by Governance Metrics International in September 2005. Westpac has achieved the maximum score in four consecutive ratings during 2004-2005.
- The number one company and only AAA rated organisation in the RepuTex Social Responsibility Ratings for 2004, for the second year running.

10. Market disclosure

Westpac is committed to maintaining a level of disclosure that meets the highest standards and ensures that investors have equality of access to information. In achieving these standards Westpac maintains a Board-approved market disclosure policy, governing how Westpac communicates with its shareholders and the investment community.

The policy is designed to ensure compliance with ASX continuous disclosure requirements and the requirements of other exchanges where Westpac's securities are listed. The policy ensures that information a reasonable person would expect to have a material effect on the price of Westpac's securities, is immediately disclosed.

The Disclosure Committee is chaired by the CFO and involves the CEO, senior executives, Group Secretary and General Counsel and Group General Manager Stakeholder Communications. The Disclosure Committee is responsible for making decisions on what should be disclosed publicly under the market disclosure policy, and for developing and maintaining relevant guidelines, including guidelines on information that may be price sensitive.

The Group Secretary and General Counsel has responsibility for ensuring compliance with the continuous disclosure requirements of the listing rules of the ASX, NZX, NYSE and other exchanges, relevant securities and corporations legislation, and overseeing and coordinating information disclosure to regulators, analysts, brokers, shareholders, the media and the public. All market announcements are released to each stock exchange where Westpac has ordinary shares or debt securities listed – ASX, NYSE, NZX, Tokyo Stock Exchange Inc., the London and Singapore Stock Exchanges.

Westpac also publishes on its website the Concise Annual and the Annual Financial Reports, profit announcements, CEO and executive briefings (including webcasts), economic updates, notices of meetings, media releases and meeting transcripts.

@ Westpac's market disclosure policy is available in the corporate governance section at www.westpac.com.au/investorcentre

ASXCGC's Best Practice Recommendation 5.1, 5.2, 6.1

11. Shareholder communications and participation

Westpac is committed to giving all shareholders comprehensive, timely and equal access to information about its activities so that they can make informed investment decisions.

A wide range of communication approaches are employed to facilitate access by all shareholders, regardless of the size of their holding or location. These include direct communications with shareholders, publication of all relevant company information in the Investor Centre section of the Westpac website, and access to all market briefings and shareholder meetings via webcasting and teleconferencing facilities. Shareholders are also given the option to receive company information in print or electronically.

A Shareholder Newsletter is also sent to all shareholders with the half and full year dividend notices, which provides information on Westpac's performance and developments plus details on where to access further information. In addition, all shareholders are provided with contact numbers for both the Investor Relations Unit and the share registries, Link Market Services Limited for the main registry in Australia and for the branch registry in New Zealand, should they require any information.

Full participation of shareholders at the annual general meeting ("AGM") is encouraged to ensure a high level of involvement and to deepen understanding of Westpac's strategy and goals.

Proceedings of the AGM are also webcast live to maximise communication with shareholders. The proceedings can also be viewed on demand at a later time from Westpac's website.

At the time of receipt of the Notice of Meeting, shareholders are invited to put forward issues that they would like addressed at the AGM.

@ All relevant shareholder information can be accessed at www.westpac.com.au/investorcentre

ASXCGC's Best Practice Recommendation 6.1

Highlights in 2005

- Electronic proxy voting will be introduced for the 2005 Annual General Meeting.

12. Comparison of Westpac's corporate governance practices with NYSE listing rules

The NYSE recently enhanced the corporate governance requirements for NYSE-listed companies, including foreign private issuers such as Westpac, that have American Depositary Shares (ADS) traded on the NYSE. Foreign private issuers are permitted to follow home country practice in lieu of the NYSE listing rules, however from 31 July 2005 Westpac is required to comply with and is in compliance with certain audit committee and additional notification requirements.

Westpac is in compliance with the NYSE listing rules in all material respects.

Under the NYSE listing rules foreign private issuers are required to disclose any significant ways in which their corporate governance practices differ from those followed by domestic U.S. companies. Westpac has compared its corporate governance practices to the corporate governance requirements of the NYSE listing rules and notes the following potential significant difference:

- Equity compensation

The NYSE listing rule requires shareholders be given the opportunity to vote on equity-compensation plans and material revisions thereto, with limited exemptions.

Westpac complies with the equivalent domestic requirements in that Westpac is not required under Australian law to provide shareholders with the opportunity to vote on new equity-compensation plans or material revisions to existing plans such as the 2002 equity-based reward plans. However, these plans were extensively disclosed to shareholders in prior Corporate Governance Statements since 2002 and are this year set out in detail in the Remuneration Report.

In the future, Westpac will be seeking shareholder approval of the establishment of new equity compensation, or major changes to all equity-compensation plans. It should be noted that the three agreements under which the CEO has received options and share rights have received shareholder approval.

13. NZX corporate governance rules and principles

The NZX introduced a number of corporate governance amendments to the NZX listing rules in October 2003, with further amendments made in May 2004.

As an overseas listed issuer, Westpac is deemed to satisfy and comply with the NZX listing rules, so long as it remains listed on the ASX. The ASX, through ASXCGC Best Practice Recommendations, and the NZX have adopted a similar "comply or explain" general approach to corporate governance, but each have some mandatory provisions. The corporate governance rules and principles of each exchange are predominantly the same, but they do differ in some material respects. These include:

- The Australian equivalent of a number of the NZX Corporate Governance rules are contained in the Corporations Act 2001 (Cth) rather than the ASX listing rules.
- ASXCGC recommends that a majority of all directors be independent, and requires disclosure if they are not, whereas the NZX requires that one third of the directors and at least two directors be independent. Both exchanges have similar definitions of independence, however there are differences, with the ASXCGC definition of independence being more exclusive in some respects and less so in others. Westpac has a majority of independent directors, as set out in sections 3a) and 3e) of this Corporate Governance Statement.
- The Best Practice Recommendations require disclosure of directors' independence in the annual report only. The NZX listing rules require the board to make determinations periodically as to the independence of directors and to make appropriate market releases.

- The ASX listing rules do not necessarily require shareholder approval of major transactions to the extent required by the NZX listing rules.
- Certain matters covered by the NZX listing rules are not addressed in the ASX listing rules, but are covered in the Australian Corporations Act, including restrictions on buy-backs and financial assistance, and the rules governing auditors.
- The ASX related party transaction provisions require shareholder approval only for related party acquisitions or dispositions of assets exceeding 5% of shareholders' equity. Whereas the NZX related party transaction provisions require shareholder approval for related party acquisitions, dispositions and other transactions exceeding 5% of the issuer's average market capitalisation, and for an additional category of service arrangements where the threshold is an annual gross cost of 0.5% of the issuer's average market capitalisation.
- The ASX principles and rules specifically address additional corporate governance matters in relation to risk management, internal controls and stakeholder interests. The NZX principles and rules do not specifically address these matters.

14. ASX Corporate Governance Council Best Practice Recommendations

	ASXCGC's Best Practice Recommendations	Reference ¹	Compliance
Principle 1:	Lay solid foundations for management and oversight		
1.1	Formalise and disclose the functions reserved to the Board and those delegated to management.	3b)	Comply
Principle 2:	Structure the Board to add value		
2.1	A majority of the Board should be independent directors.	3a), 3e)	Comply
2.2	The chairperson should be an independent director.	3d)	Comply
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	3d)	Comply
2.4	The Board should establish a nomination committee.	4f)	Comply
2.5	Provide the information indicated in Guide to reporting on Principle 2.	3a), 3e), 3j), 3n), 4f), Directors' Report	Comply
Principle 3:	Promote ethical and responsible decision-making		
3.1	Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to:	7a), 7b), 7c), 7d), 9a), 9b)	Comply
	3.1.1 the practices necessary to maintain confidence in the company's integrity.		
	3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.		
3.2	Disclose the policy concerning trading in company securities by directors, officers and employees.	7e)	Comply
3.3	Provide the information indicated in Guide to reporting on Principle 3.	7a), 7b), 7c), 7d), 7e), 9a), 9b)	Comply
Principle 4:	Safeguard integrity in financial reporting		
4.1	Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the Board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.	6c)	Comply
4.2	The Board should establish an audit committee.	4d)	Comply
4.3	Structure the audit committee so that it consists of:	4d)	Comply
	▪ only non-executive directors	4d)	Comply
	▪ a majority of independent directors	4d)	Comply
	▪ an independent chairperson, who is not chairperson of the Board	4d)	Comply
	▪ at least three members.	4d)	Comply
4.4	The audit committee should have a formal charter.	4d)	Comply
4.5	Provide the information indicated in Guide to reporting on Principle 4.	4c), 4d), 5b), Directors' Report	Comply

Principle 5: Make timely and balanced disclosure			
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior management level for that compliance.	10	Comply
5.2	Provide the information indicated in Guide to reporting on Principle 5.	10	Comply
Principle 6: Respect the rights of shareholders			
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	10, 11	Comply
6.2	Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.	5f)	Comply
Principle 7: Recognise and manage risk			
7.1	The Board or appropriate Board committee should establish policies on risk oversight and management.	4e), 6a)	Comply
7.2	The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the Board in writing that:		
	7.2.1 the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.	6c)	Comply
	7.2.2 the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.	6c)	Comply
7.3	Provide the information indicated in Guide to reporting on Principle 7.	4c), 4e), 6a)	Comply
Principle 8: Encourage enhanced performance			
8.1	Disclose the process for performance evaluation of the Board, its committees and individual directors, and key executives.	3i), 4c), 4g), Remuneration Report	Comply
Principle 9: Remunerate fairly and responsibly			
9.1	Provide disclosure in relation to the company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance.	Remuneration Report	Comply
9.2	The Board should establish a remuneration committee.	4g)	Comply
9.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	Remuneration Report	Comply
9.4	Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders:	1b), Remuneration Report	Comply ²
	• CEO Agreements	1b), Remuneration Report	Qualified compliance ²
	• 2002 Equity-based plans	Report	
9.5	Provide the information indicated in Guide to reporting on Principle 9.	4c), 4g), Remuneration Report, Directors' Report	Comply
Principle 10: Recognise the legitimate interests of stakeholders			
10.1	Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.	7a), 7d), 9a)	Comply

¹ Reference refers to the relevant sections of this Corporate Governance Statement, the Remuneration Report or to the Directors' Report.

² Each of the Chief Executive Officer's three separate agreements: the 1999 Chief Executive Share Option Agreement (as amended), the Chief Executive Share Option Agreement 2001 and the Chief Executive Securities Agreement 2003 have shareholder approval. Westpac's other current equity-based reward plans were introduced in 2002, prior to the release of the ASXCGC's Best Practice Recommendations. As the plans did not require shareholder approval under the Corporations Act and ASX Listing Rules, they were not put to shareholders for approval. The 2002 equity-based reward plans were extensively disclosed to shareholders in the 2002, 2003 and 2004 Annual Reports and are set out in detail in the Remuneration Report on pages 48 to 65.

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The Directors of Westpac Banking Corporation (Westpac) present their report together with the financial statements of the consolidated group, being Westpac and its controlled entities (collectively referred to as the "Group"), for the financial year ended 30 September 2005.

1. Directors

The names of the persons who have been Directors of Westpac during the period since 1 October 2004 are: Leonard Andrew Davis (Chairman), David Raymond Morgan (Managing Director and Chief Executive Officer), Gordon McKellar Cairns, David Alexander Crawford, the Hon. Sir Llewellyn Edwards (retired 16 December 2004), Edward Alfred Evans, Carolyn Judith Hewson, Helen Ann Lynch and Peter David Wilson. Particulars of the skills, experience, expertise and responsibilities of the Directors at the date of this report, including all directorships of other listed companies held by a Director at any time in the past three years, are set out on pages 44 to 45.

2. Report on the business

2.1. Principal activities

The principal activities of the Group during the financial year ended 30 September 2005 were the provision of

financial services including lending, deposit taking, payments services, investment portfolio management and advice, unit trust and superannuation fund management, nominee and custodian facilities, insurance services, leasing, general finance, foreign exchange and money market services.

2.2. Management discussion and analysis

Management discussion and analysis of the Group for the financial year ended 30 September 2005 is set out on pages 70 to 72 and forms part of this report.

2.3. Review and results of operations

A review of the operations of the Group for the financial year ended 30 September 2005 is set out on pages 70 to 80 and forms part of this report.

The operating result of the Group attributable to shareholders for the financial year ended 30 September 2005 was a profit of \$2,818 million after tax.

2.4. Dividends

Since 30 September 2005, the Directors have proposed a final dividend of \$0.51 per fully paid ordinary share, totalling approximately \$955 million, for the year ended 30 September 2005 (2004: final dividend of \$0.44 per fully paid ordinary share, totalling \$784 million).

The final dividend will be fully franked and will be paid on 14 December 2005.

An interim dividend for the current financial year of \$0.49 per fully paid ordinary share, totalling \$883 million, was paid as a fully franked dividend on 1 July 2005 (2004: interim dividend of \$0.42 per fully paid ordinary share, totalling \$758 million).

2.5. Significant changes in state of affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

On 4 February 2005, Westpac, in conjunction with the National Australia Bank and the Commonwealth Bank of Australia, entered into a 12 year arrangement with Fiserv Solutions Australia Pty Limited for the provision of voucher (cheque) processing services. As a result of this "utility" style arrangement, Westpac's existing agreement with Unisys Payment Services Limited for cheque processing will be terminated progressively as services are transitioned to the new provider. Westpac expects to incur costs of approximately \$217 million in acquiring services from Fiserv under the new contract, over a period of approximately 12 years.

On 11 July 2005, Westpac exercised its right to exchange the New Zealand Class shares (NZ Class shares) for ordinary shares. Westpac's right to exchange the shares arose as a result of changes to Australian tax rules applying to the NZ Class share structure which would have made Westpac subject to Australian franking debits from 1 July 2005. The NZ Class shareholders received one Westpac ordinary share for each of the 2,567,131 NZ Class shares held on 11 July 2005. Ordinary share capital increased by \$451 million, the recorded amount of the NZ Class shares at the date of exchange.

On 2 June 2004, Westpac acquired via a trust structure a 100% holding in a group of companies that own and operate three strategically placed natural gas transmission pipeline assets. As at 30 September 2004 these assets remained, valued at \$712 million, in the statement of financial position of the Group. The assets were sold to investors by initial public offering and derecognised by the Group on 14 December 2004.

Westpac is in the process of completing the acquisition of the remaining 49% interest in Hastings Funds Management

Limited not previously held by us. It is anticipated that the completion process will conclude during the first quarter of the 2005/06 financial year.

2.6. Events after end of financial year

On 3 November 2005, Westpac announced an off-market buy-back¹ of approximately \$700 million of Westpac ordinary shares. The results of the buy-back are expected to be announced on 19 December 2005.

The Directors are not aware of any other matter or circumstance that has arisen since 30 September 2005 which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

2.7. Likely developments and expected results

Likely major developments in the operations of the Group in future financial years and the expected results of those operations are referred to in pages 2 to 23 and form part of this report.

Further information on likely developments in the operations of Westpac and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to Westpac.

3. Directors' interests

3.1. Directors' interests in securities

The following particulars for each Director of Westpac are set out on page 43 and page 46:

1. their relevant interests in shares of Westpac or any of its related bodies corporate;
2. their relevant interests in debentures of, or interests in, any registered managed investment scheme made available by Westpac or any of its related bodies corporate;
3. their rights or options over shares in, debentures of, or interests in, any registered managed investment scheme made available by Westpac or any of its related bodies corporate; and
4. any contracts:
 - (a) to which the Director is a party or under which they are entitled to a benefit; and
 - (b) that confer a right to call for or deliver shares in, debentures of, or interests in, any registered managed investment scheme made available by Westpac or any of its related bodies corporate.

Directors' holdings of Westpac shares and options as at 2 November 2005

Director	Number of Westpac ordinary fully paid shares	Number of share options	Number of share rights	Non-beneficial
Leon Davis	48,122			88,474 ¹
David Morgan	2,227,580	2,526,000 ²	436,000 ³	
Gordon Cairns	8,506			
David Crawford	13,125			
Ted Evans	6,529			
Carolyn Hewson	7,582			
Helen Lynch	22,610			88,474 ¹
Peter Wilson	10,322			

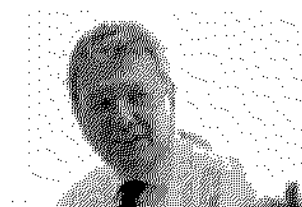
¹ Certain Directors have relevant interests (non-beneficial) in shares, and shares subject to warrants, held beneficially by a staff/community related fund of which those Directors are trustees.

² Options issued under the Chief Executive Share Option Agreement 2001 and the Chief Executive Securities Agreement 2003.

³ Performance share rights issued under the Chief Executive Securities Agreement 2003.

⁴ The buy-back is not available to any person who is in the United States, Canada or Japan or any United States person or a resident of Canada or Japan. In addition, American Depositary Receipts and restricted shares may not be tendered into the buy-back.

Board of Directors



Name: Leon Davis,
AQ, ASAIT, DSc (h.c.),
FRACI, FAustIMM

Age: 66

Term of office: Director since November 1999. Chairman since December 2000.

Independent: Yes

Current Directorships:

Director of each of Huysmans Pty Limited and Trouin Pty Limited, President of the Walter and Eliza Hall Institute of Medical Research; Member of Temasek International Panel, and Member of the South Australian Mineral & Petroleum Group.

Other Westpac related entities Directorships:

Director of Westpac General Insurance Limited and Trustee of the Westpac Foundation.

Skills, experience and expertise:

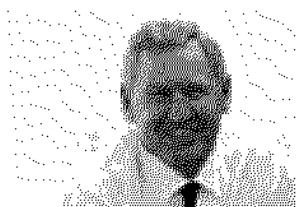
Leon has been Chairman of Westpac since December 2000. He has had many years of experience in resource management, both in Australia and overseas. He has lived and worked in senior positions in Australia, Papua New Guinea, Singapore and the United Kingdom. He was formerly Chief Executive of CRA Ltd and then Rio Tinto in the United Kingdom.

Westpac Board Committee membership:

Chairman of the Nominations Committee and Member of each of the Audit, Risk Management, Remuneration, and Corporate Responsibility and Sustainability Committees.

Directorships of other listed entities over the past three years:

Deputy Chairman of Rio Tinto, and a Director of Codan Limited.



Name: David Morgan,
BEC, MSc, PhD

Age: 58

Term of office: Appointed Managing Director and Chief Executive Officer in March 1999. Executive Director since November 1997.

Independent: No

Current External Directorships:

Chairman of the Australian Bankers' Association.

Other Westpac related entities Directorships:

Director of Westpac General Insurance Limited.

Skills, experience and expertise:

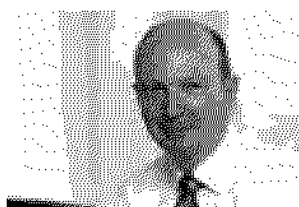
David was appointed Managing Director and Chief Executive Officer in March 1999. He has extensive experience in the financial sector, having worked in the International Monetary Fund in Washington D.C. in the 1970s and the Federal Treasury in the 1980s where he headed all major areas before being appointed Senior Deputy Secretary. Since joining Westpac in 1990, he has had responsibility for all major operating divisions including Westpac Financial Services, Retail Banking, Commercial Banking, Corporate and Institutional Banking and International Banking.

Westpac Board Committee membership:

Member of the Corporate Responsibility and Sustainability Committee.

Directorships of other listed entities over the past three years:

Nil



Name: Gordon Cairns,
MA (Hons.)

Age: 55

Term of office: Director since July 2004.

Independent: Yes

Current Directorships:

Director of Seven Network Limited, Director of Opera Australia, Member of the Asia Pacific Advisory Board of CVC Capital Partners and Callburn Partnership.

Other Westpac related entities Directorships:

Nil

Skills, experience and expertise:

Gordon has extensive Australian and international experience as a senior executive, most recently as Chief Executive Officer of Lion Nathan Limited. Gordon has also held a wide range of senior management positions in marketing and finance with Pepsico, Cadbury Schweppes and Nestlé (Spillers).

Westpac Board Committee membership:

Member of each of the Audit and Remuneration Committees.

Directorships of other listed entities over the past three years:

Director and Chief Executive Officer of Lion Nathan Limited.



Name: David Crawford,
BCom, LLB, FCA, FCPA

Age: 61

Term of office: Director since May 2002.

Independent: Yes

Current Directorships:

Chairman of Lend Lease Corporation Limited, Director of each BHP Billiton Limited, and Foster's Group Limited, Chairman of the Australian Ballet and Treasurer of the Melbourne Cricket Club.

Other Westpac related entities Directorships:

Nil

Skills, experience and expertise:

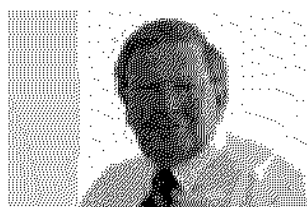
David was National Chairman of KPMG from 1998 until 2001, a member of KPMG's International Board and, prior to that, Chairman of KPMG's Southern Regional Practice (1996 to 1998). He was Chief Executive Officer of the Rural Finance Corporation in Victoria managing the integration and merger of the activities of the Victorian Economic Development Corporation with the Rural Finance Corporation.

Westpac Board Committee membership:

Chairman of the Audit Committee and Member of each of the Risk Management and Nominations Committees.

Directorships of other listed entities over the past three years:

Chairman of National Foods Limited.



Name: Ted Evans,
AC, BEcon, DUni(Grif)

Age: 64

Term of office: Director
since November 2001.

Independent: Yes

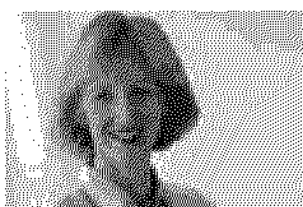
Current Directorships:
Director of IBT Education
Limited.

**Other Westpac related
entities Directorships:**
Director of Westpac General
Insurance Limited.

**Skills, experience and
expertise:** Ted has extensive
experience in the financial
sector, having joined the
Australian Treasury in 1969.
From 1984 to 1989 he held
the position of Deputy
Secretary and was Secretary
to the Treasury from 1993 to
2001. From 1976 to 1979 he
was a member of the Australian
Permanent Delegation to the
OECD in Paris and, from 1989
to 1993, executive director on
the Board of the International
Monetary Fund, representing
Australia and a number of
other countries, mainly in the
Asia Pacific region. He was a
Director of the Reserve Bank
of Australia from 1993 to 2001
and the Commonwealth Bank
of Australia from 1993 to 1996.

**Westpac Board Committee
membership:** Chairman of the
Risk Management Committee
and Member of each of the Audit
and Nominations Committees.

**Directorships of other
listed entities over the
past three years:** Nil



Name: Carolyn Hewson,
BEc (Hons.), MA (Econ.)

Age: 50

Term of office: Director
since February 2003.

Independent: Yes

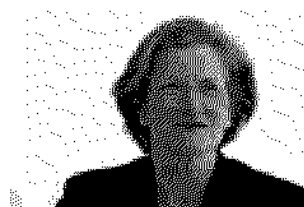
Current Directorships:
Director of the Australian
Gaslight Company, Board and
advisory roles with the Royal
Humane Society, YWCA NSW,
the Australian Charities
Fund and The Neurosurgical
Research Foundation.

**Other Westpac related
entities Directorships:** Nil

**Skills, experience and
expertise:** Carolyn has had
16 years experience in the
finance sector and was an
Executive Director of Schroders
Australia Limited between
1989 and 1995.

**Westpac Board Committee
membership:** Chairman of
the Remuneration Committee
and Member of each of
the Risk Management and
Nominations Committees.

**Directorships of other
listed entities over the
past three years:** Director
of CSR Limited.



Name: Helen Lynch, AM

Age: 62

Term of office: Director
since November 1997.

Independent: Yes

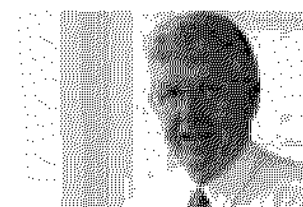
Current Directorships:
Director of Pacific Brands Limited
and a Director of the Institute
of Molecular Bioscience.

**Other Westpac related
entities Directorships:**
Chairman of the Westpac Staff
Superannuation Plan Pty Limited,
Director of Westpac General
Insurance Limited and a Trustee
of the Westpac Foundation.

**Skills, experience and
expertise:** Helen has had
36 years experience in
Westpac including membership
of Westpac's executive team
before retiring in 1994.

**Westpac Board Committee
membership:** Chairman of
the Corporate Responsibility
and Sustainability Committee
and Member of each of the
Audit, Risk Management and
Nominations Committees.

**Directorships of other
listed entities over the
past three years:** Director
of Southcorp Limited, a
Director of Coles Myer Limited
and Chairman of OPSM Group.



Name: Peter Wilson, CA

Age: 64

Term of office: Director
since October 2003.

Independent: Yes

Current Directorships:
Chairman of each of Port
of Napier Limited, Evergreen
Forests Limited and Global
Equities Market Securities
Limited. He is a Director of
each of The Colonial Motor
Company Limited, and Hill
Country Corporation Limited
and Member of the New
Zealand Exchange Limited
Discipline body.

**Other Westpac related
entities Directorships:** Nil

**Skills, experience and
expertise:** Peter is a chartered
accountant and formerly
a partner with Ernst & Young,
with extensive experience in
banking, business establishment,
problem resolution, asset sale
and management of change
functions. Peter was a Director
and (from 1991) Chairman of
Trust Bank New Zealand Limited
which Westpac acquired in 1996.

**Westpac Board Committee
membership:** Member of each
of the Audit, Risk Management
and Corporate Responsibility
and Sustainability Committees.

**Directorships of other listed
entities over the past three
years:** Director of Westpac (NZ)
Investments Limited (previously
listed in New Zealand) and a
Director of Urbus Properties Ltd.

3.2. Other disclosable interests as at 2 November 2005

Hastings Funds Management Limited and a number of Westpac subsidiaries within the BT Financial Group offer a range of registered schemes. Westpac's Directors from time to time invest in these schemes and are required to provide a statement to the Australian Stock Exchange (ASX) when any of their interests in these schemes (except interests in a number of cash management trusts)¹ change. The level of interest held by Directors is set out at the foot of this page.

3.3. Indemnities and insurance

Under Westpac's Constitution Westpac must indemnify, unless the indemnity is forbidden or made void by statute, each Director and Secretary of Westpac and of each of its related bodies corporate and each employee of Westpac against:

- (a) every liability incurred by each such person in their capacity as Director, secretary or employee, as the case may be; and
- (b) all legal costs incurred in defending or resisting (or otherwise in connection with) proceedings, whether civil or criminal or of an administrative or investigatory nature, in which the person becomes involved because of that capacity.

Each of the Directors named on pages 44 and 45 of this report, and each of the Secretaries of Westpac, has the benefit of this indemnity which extends to all Directors, Secretaries of Westpac and each of its related bodies corporate and to all employees of Westpac.

Following shareholder approval at the 2000 Annual General Meeting, Westpac entered into a Deed of Access and Indemnity with each of the Directors, which includes indemnification in identical terms to that provided in Westpac's Constitution.

Following shareholder approval at the 2003 Annual General Meeting, Westpac has entered into Deeds of Indemnity with serving directors Leon Davis, Helen Lynch and with former director Barry Capp in each case in their capacity as trustees of The Westpac Foundation, on identical terms to those set out in the 2003 Notice of Meeting.

On 24 July 2004, in accordance with the terms of the delegated authority granted to the Chief Executive Officer on 11 December 2002, the Chief Executive Officer approved the provision of an indemnity to:

- (a) those employees of the Group who act from time to time as Responsible Officers under the Australian Financial Services licences of a number of the Group companies; and
- (b) employees from time to time of Westpac subsidiaries.

A deed poll of indemnity, in terms equivalent to that provided under Westpac's Constitution, has been put in place.

The Chief Executive Officer, from time to time, in accordance with his delegated authority approves the provision of an indemnity to certain employees of the Group serving as directors of non-Group companies at Westpac's request. These indemnities are in terms equivalent to those provided under Westpac's Constitution.

On a similar basis the Board of Directors has approved an indemnity provided to David Morgan with respect to his position as Chairman of the Australian Bankers' Association, a role he has assumed at Westpac's request.

No amount has been paid under any of these indemnities during the financial year ended 30 September 2005 or since that date.

The Westpac Constitution permits Westpac to the extent permitted by applicable laws to pay or agree to pay premiums in respect of any contract of insurance, which insures any person who is or has been a Director or Secretary of Westpac or any of its related bodies corporate against any liability incurred by that person in that capacity, including a liability for legal costs, unless:

- (a) Westpac is forbidden by statute to pay or agree to pay the premium; or
- (b) the contract would, if Westpac paid the premium, be made void by statute.

Westpac, on behalf of the Westpac Group, for the year ended 30 September 2005 arranged insurance cover in respect of the amounts which Westpac may have to pay under any of the indemnities set out above. The insurance policy prohibits disclosure of the premium payable and the nature of the liabilities covered.

The level of interest held directly and indirectly by Directors as at 2 November 2005

Director	Relevant interests in cash management trusts (units) ¹	Other relevant interests in registered schemes (units)	Date of last notification to the ASX
Leon Davis	—	741,913	6 October 2005
David Morgan	10,000	10,915,997	21 October 2005
Helen Lynch	55,000	597,000	7 October 2005
Gordon Cairns	—	81,967	11 April 2005

¹ The Australian Securities and Investments Commission (ASIC) has exempted each Director of Westpac from time to time from the obligation to notify the ASX of a relevant interest in a security that is an interest in BT Cash Management Trust (ARSN 087 531 539), BT Premium Cash Fund (ARSN 089 299 730), Westpac Cash Management Trust (ARSN 088 187 928), BT Cash Investment Fund (ARSN 090 656 545), BT Institutional Managed Cash Fund (ARSN 088 832 491) or BT Institutional Enhanced Cash Fund (ARSN 088 863 469).

4. Environmental disclosure

The operations of Westpac are 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 may, however, become subject to environmental regulation in enforcing securities over land for the recovery of loans.

Westpac has not incurred any liability (including for rectification costs) under any environmental legislation.

5. Rounding of amounts

Westpac is an entity to which ASIC Class Order 98/0100 dated 10 July 1998, relating to the rounding of amounts in directors' reports and financial reports, applies. Amounts in this report and the accompanying financial report have been rounded to the nearest million dollars, unless indicated to the contrary.

6. Political donations

The donations and other contributions made to political parties in Australia and New Zealand during the financial year ended 30 September 2005 are set out opposite.

Political donations, year ending 30 Sept 2005

Australia

Party	Amount (\$) ¹
Australian Labor Party	98,430
Liberal Party of Australia	117,350
National Party of Australia	17,150
Total	232,930

¹ Represents aggregate amounts at both Federal and State/Territory levels and includes contributions made to political functions and events.

New Zealand

Party	Amount (NZ\$)
New Zealand Labour Party	30,000
New Zealand National Party	30,000
New Zealand First	10,000
Green Party of Aotearoa New Zealand	10,000
ACT New Zealand	10,000
United Future New Zealand	10,000
Jim Anderton's Progressive Coalition	3,000
Maori Party	3,000
Total	106,000

7. Directors' meetings

Each Director attended the following meetings of the Board of Directors and Committees of the Board during the financial year, which ended on 30 September 2005:

Director	Notes	Regular Board meetings		Special Board meetings		Audit Committee		Corporate Responsibility and Sustainability Committee		Nominations Committee		Remuneration Committee		Risk Management Committee	
Number of meetings held during the year		10		2		4		4		2		5		5	
Director		A	B	A	B	A	B	A	B	A	B	A	B	A	B
Leon Davis	1	10	10	2	2	4	4	4	4	2	2	5	5	5	5
David Morgan	2	10	10	2	2	—	—	4	4	—	—	—	—	—	—
Gordon Cairns	3	10	10	2	2	4	4	—	—	—	—	5	5	—	—
David Crawford	4	10	10	2	2	4	4	—	—	2	2	—	—	5	4
Sir Llewellyn Edwards	5	3	3	1	1	—	—	1	1	—	—	2	1	—	—
Ted Evans	6	10	10	2	2	4	4	—	—	2	2	—	—	5	5
Carolyn Hewson	7	10	10	2	2	—	—	—	—	2	2	5	5	5	5
Helen Lynch	8	10	9	2	2	4	4	4	4	2	1	—	—	5	5
Peter Wilson	9	10	10	2	2	4	4	4	4	—	—	—	—	5	5

A – Meetings eligible to attend as a member. B – Meetings attended as a member.

Unless otherwise stated, each Director has been a member, or the Chairman, of the relevant Committee for the whole of the period from 1 October 2004.

1 Chairman of the Nominations Committee. Member of all other Board Committees.

2 Member of the Corporate Responsibility and Sustainability Committee.

3 Member of the Audit Committee and the Remuneration Committee.

4 Chairman of the Audit Committee. Member of the Nominations Committee and the Risk Management Committee.

5 Sir Llew Edwards resigned from the Board with effect 16 December 2004. Was Chairman of the Corporate Responsibility and Sustainability Committee until 4 November 2004. Was a member of the Nominations Committee and the Remuneration Committee until 4 November 2004.

6 Chairman of the Risk Management Committee. Member of the Audit Committee and the Nominations Committee.

7 Chairman of the Remuneration Committee. Member of the Risk Management Committee and the Nominations Committee.

8 Chairman of the Corporate Responsibility and Sustainability Committee from 4 November 2004. Member of the Audit Committee. Member of the Risk Management Committee. Member of the Nominations Committee from 4 November 2004.

9 Member of the Audit Committee, the Risk Management Committee and the Corporate Responsibility and Sustainability Committee.

While not shown above, the Chief Executive Officer and many Non-executive Directors who are not Committee members also participated in scheduled Board Committee meetings and special Board Committee meetings throughout the year.

8. Remuneration report

8.1. Introduction

The Board of Directors is pleased to present the 2005 Remuneration Report to shareholders. The report summarises key remuneration policies for the reporting period, highlights the link between pay and corporate performance, and provides detailed information on the pay practices for senior executives and directors.

8.2. Remuneration Committee

Westpac's Board is responsible for evaluating the performance of the Chief Executive Officer (CEO) and monitoring the performance of key executives. The Board also determines the remuneration of the CEO and approves the remuneration for key senior executives.

The Board Remuneration Committee (the Committee) works to ensure that Westpac has remuneration policies and practices that fairly, responsibly and competitively reward executives. The Committee's decisions on reward structures are based on business performance, legal obligations, and high standards of corporate governance. The Committee's purpose is documented in the Corporate Governance Statement, commencing on page 24 of this Concise Annual Report, and also available in the Annual Financial Report, with the full Charter, including responsibilities and activities, available at www.westpac.com.au/investorcentre. The Charter was reviewed and updated in May 2005, to reflect changing corporate governance requirements.

All members of the Committee are independent Non-executive Directors. Independent remuneration consultants are engaged to assist the Committee as necessary, providing specialist market information and technical advice.

8.3. Executive remuneration policy

8.3.1. Principles

Westpac's executive remuneration policy sets the framework for rewarding Westpac's CEO, Group Executives (who are the direct reports of the CEO), and General Managers (who are the direct reports of the Group Executives, including the Group Secretary and General Counsel). The structure and approval process for the CEO's total remuneration differ to those of all other executives, and details of the CEO's remuneration are contained in section 8.6 of this report.

The main principles underlying Westpac's executive remuneration policy are:

- rewards are performance focussed, with the majority of rewards explicitly linked to rigorous financial and non-financial performance targets. The setting of the performance targets supports the creation of shareholder value, with the proportion of "at risk" performance-based remuneration increasing with seniority;

- the design of rewards programs recognises shareholder interests, with measures of Economic Profit and relative Total Shareholder Return emphasising sustained growth;
- measures of total reward (fixed plus variable reward) are externally focussed, being competitive against companies and sectors in which Westpac competes for talent; and
- remuneration takes into account Westpac's comparative success against companies with which Westpac competes for customers and/or capital.

The remuneration for the Head of Group Secretariat, who reports to the Group Secretary and General Counsel and who is a company secretary of Westpac, is covered by Westpac's general remuneration policy. Under the policy, fixed remuneration is market aligned, with variable "at risk" pay determined by performance against objectives.

8.3.2. Approval

Westpac follows a process of "two-up" approval for all individual remuneration decisions. The CEO approves the performance and remuneration plans and outcomes for all General Managers, on the recommendations of the Group Executives. Plans and outcomes for Group Executives are approved by the Board Remuneration Committee, on the recommendation of the CEO.

The Board Remuneration Committee is also responsible for approving any significant remuneration arrangements outside of general policy guidelines.

8.4. Executive remuneration structure

Westpac's executive remuneration structure is comprised of four components – fixed remuneration (base salary and any salary sacrifice components), two variable "at risk" components which are directly performance related (short term and long term incentives), and other remuneration such as superannuation.

Group Executives and General Managers have individually tailored objectives against which their performance is rated, with the outcome used in remuneration decision-making. Group and Line of Business results in the areas of financial performance, corporate responsibility, and outcomes for employees, customers and shareholders are considered in rating performance against objectives. Performance against objectives directly impacts short term incentive outcomes, and is one of the considerations in determining the level of long term incentive granted. The metrics used to measure performance are considered to be the most appropriate to assess Westpac's business and executive achievements.

Typically, financial objectives are measured in terms of Economic Profit and/or cash earnings. As the Board believes that Economic Profit best reflects the factors that drive shareholder value, this measure commands substantial weighting in the overall performance outcome.

The Board also recognises the value of Total Shareholder Return (TSR) for longer term performance. Consequently, the TSR metric is used in the primary long term incentive scheme.

Inclusion of non-financial performance measures, such as business efficiency, customer satisfaction, employee commitment and corporate responsibility, provides a balanced approach to performance review and remuneration determination. Non-financial measures offer insight into immediate corporate health and are powerful indicators of future, sustainable shareholder value.

Westpac uses a target based approach for incentives, with targets for short and long term incentives approved annually for individuals. Actual incentives paid may be lower or higher than the targets depending on individual, Line of Business, and Group performance.

8.4.1. Fixed remuneration

Fixed remuneration is reviewed annually, taking into account the nature of the role, pay position relative to comparable market pay levels, and individual and business performance.

8.4.2. Short term incentives

Annual, dollar-based, short term incentive targets are set for all Group Executives and General Managers, with specific reference to the role, and to market competitiveness. For all senior executives, there is a combination of both Group wide and Line of Business results in the short term incentive calculation. Performance is assessed relative to the executive's objectives.

In 2004, Westpac undertook a review of the short term incentive scheme, with amendments implemented for 2005. The desired aims of the amended scheme are to increase consistency in the treatment of executive short term incentives and to reinforce appropriate behaviours and values. Also, a new component of the scheme recognises cross business cooperation through shared performance indicators.

The incentive scheme allows for a range of payment, from 0% to 200% of short term incentive target, depending on achievement against individual and business performance objectives. Under the "two-up" approval process, management discretion of up to 33% (plus or minus) may be applied to modify the payment. This discretion provides the opportunity to consider matters such as performance consistency, the effect of extraneous market conditions, and necessary but unforeseen amendments to performance objectives. The potential to apply discretion also provides an opportunity to recognise the executive's demonstration of the Westpac values, through quality of leadership, personal integrity, and contribution to the achievement of the executive team.

As the performance outcome for executives includes a weighting on financial achievement, overall short term incentive spend is linked to Group profitability.

8.4.3. Long term incentives

8.4.3.1. Policy

Westpac's long term incentives balance executive retention and corporate performance, providing executives with a long term financial incentive to deliver sustained growth in value for shareholders. The current plan is the Westpac Performance Plan (WPP). Each key executive has a pre-determined long term incentive target, although the actual opportunity granted is wholly discretionary. The actual amount earned through the WPP is performance dependent.

Invitations to receive long term incentive allocations are based upon each executive's annual performance, potential, and the business need to retain critical skills. TSR has been selected as the basis for performance hurdles within the WPP as TSR ensures a link to shareholder value creation. TSR is considered to be the appropriate measure of the creation of shareholder value over the long term. If the TSR hurdle is not met, performance options and performance share rights are forfeited.

Relative, rather than absolute, TSR is used to ensure Westpac executives are not rewarded for the windfall benefits of a buoyant market. External consultants measure Westpac's TSR performance relative to the comparator group, using established parameters and adjusting for any capital events. The use of an external consultant ensures objectivity in assessing Westpac's TSR performance relative to the comparator group.

Further, the Board Remuneration Committee approves the aggregate long term incentive opportunity granted each year, with Economic Profit performance influencing the overall grant level.

Westpac also provides long term incentive plans for small, specialised parts of the business. The payments under these plans are directly linked to growth of the relevant part of the business and are each capped at an appropriate proportion of the value and/or profitability of the relevant part of the business.

8.4.3.2. Westpac Performance Plan

The WPP was introduced in December 2002 and complied with the Investment and Financial Services Association (IFSA) Guidance Note on Executive Share and Option Schemes. The WPP reflects an increased focus on robust performance hurdles.

An overview of the WPP, including the amendment to the performance hurdle to apply from 2005/06, is provided in the table below:

Types of security	Performance options and performance share rights.
Shareholder approval	Not required under the ASX Listing Rules at the time the Plan was introduced.
Performance measurement: grants prior to 2005/06	Relative TSR compared to a ranking group comprising the 50 largest listed companies on the ASX by market capitalisation at the commencement of the performance period (excluding Westpac, property trusts and specified resource companies) – refer to Glossary for relative TSR company list.
Performance measurement: grants from 2005/06	50% of grant: relative TSR compared to ranking group of the 50 largest companies on the ASX by market capitalisation at the commencement of the performance period (excluding Westpac, property trusts, specified resource companies, and companies in the second ranking group). 50% of grant: relative TSR compared to ranking group of the 10 largest companies by market capitalisation of a group of 13 specified Australian banks and financial institutions.
Vesting	Relative TSR must be at median of ranking group for vesting to occur. Full vesting occurs if relative TSR is in top quartile of ranking group, scaling down to 50% vesting for median performance.
Initial performance testing period	Two years or three years.*
Maximum performance testing period	Four years or five years.*
Performance election	Relative TSRs are calculated at the initial performance testing period, with executives able to elect to vest based on results, or opt to test 12 months later using the relative TSR for the longer performance period. At each test date, if the executive chooses to vest the grant based on the TSR test result, any performance options or performance share rights not vested at that time are forfeited.
History of performance election	Where performance has been above the median but below 75th percentile, an average of 77% of participants have chosen to vest their securities and not extend the performance period.
Minimum vesting schedule	Less than the median equals nil vesting.
Maximum vesting schedule	More than or equal to 75th percentile equals 100% of grant vesting.
TSR measurements to date	Three allocations of Performance Options and Performance Share Rights have reached their first test date. Performance of the first allocation was at the 52nd percentile, while performance for the second and third allocations was below the median.

* Westpac issues a mix of performance share rights, of which those with a performance period of two to four years must not exceed 50% of a long term incentive award.

The change to comparing performance against two separate ranking groups from 2005/06 reflects a shift in focus to encompass both companies against which Westpac competes for capital and companies against which Westpac competes for customers. The change also brings the WPP more into line with similar plans operated by other large Australian banks and financial institutions.

A condition of participation in the WPP is that executives do not enter into any hedging transaction, whether directly or indirectly, in relation to any unvested options or share rights awarded. Hedging of options and/or share rights awarded under the WPP and subsequently realising value prior to performance hurdles being met is contrary to the long term incentive philosophy. Failure to comply will render the options or share rights subject to forfeiture under the WPP rules.

8.4.3.3. General Management Share Option Plan

The General Management Share Option Plan (GMSOP) is a legacy equity-linked plan, approved by shareholders in December 1998. Although awards are no longer made under the GMSOP, it is still in operation as outstanding grants continue to run their course. The last of the grants made under this plan will expire in 2012.

8.4.4. Other benefits – superannuation

Executives are generally provided with superannuation at 9% of eligible salary through one of Westpac's staff superannuation funds, or from 1 July 2005 for some executives through an eligible fund of their choice. Several executives receive defined benefit superannuation through a legacy fund.

8.4.5. Remuneration mix

Within the application of executive remuneration principles, market practice guides the remuneration targets established for the executive team. This results in a managed level of variability within the remuneration mix for Westpac's CEO and Group Executives. The 2005 target mix of components was:

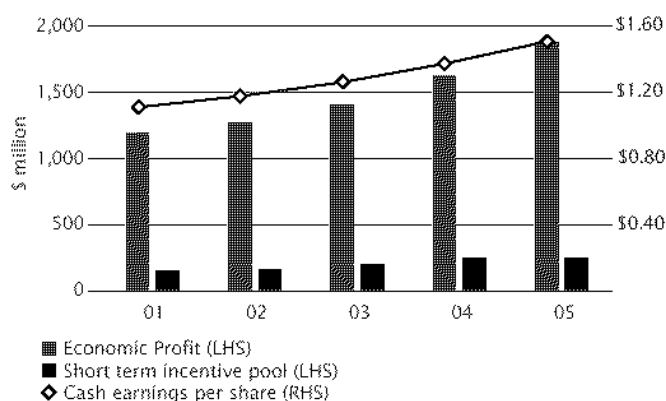
Role title	Fixed remuneration	Short term incentives	Long term incentives
Chief Executive Officer	25%	27%	48%
Group Executive, People and Performance	36%	18%	46%
Group Executive, New Zealand and Pacific Banking	31%	21%	48%
Group Executive, Business and Technology Solutions and Services	31%	21%	48%
Group Executive, Westpac Institutional Banking	29%	24%	47%
Group Executive, BT Financial Group	28%	31%	41%
Chief Financial Officer	26%	18%	56%
Group Executive, Business and Consumer Banking	24%	19%	57%

8.4.6. Relationship of reward to performance

Westpac's remuneration policy links the remuneration of all executives, as well as the broader employee population, with Westpac's short term and long term performance.

Company performance and short term incentives

The following graph illustrates Westpac's Economic Profit performance for the last five years against total short term incentive expenditure. In determining the size of the Group short term incentive pool, the Board Remuneration Committee gives consideration to the Economic Profit outcome for the Group.



Company performance and long term incentives

At each test date for Westpac's primary long term incentive plan, the WPP, a TSR calculation is made based upon share price and dividend data. Westpac's share price and dividend performance for the past five fiscal years is shown below.

	2001*	2002	2003	2004	2005
Share price – high	\$14.55	\$17.01	\$17.14	\$18.28	\$21.40
Share price – low	\$11.87	\$13.11	\$12.83	\$15.00	\$17.52
Share price – close	\$13.29	\$13.85	\$16.20	\$17.73	\$21.10
Dividends per share	62¢	70¢	78¢	86¢	100¢
Earning per share (cash) (\$)	\$1.06	\$1.14	\$1.25	\$1.39	\$1.55

* The share price as at 2 October 2000 (closing) was \$12.80.

The three year Westpac TSR to 30 September 2005 is 48.8%. For example, a \$100 investment in Westpac three years ago would have returned \$148.80 to the investor. Further information on Westpac's primary long term incentive scheme, the WPP, and specifically the history of performance election and TSR measurements to date, can be found in the table in section 8.4.3.2.

In recent years, the aggregate total of long term incentive granted each year has been approximately 3.4% of Economic Profit.

8.5. Remuneration policies across Westpac

The principles underlying Westpac's executive remuneration structures are generally consistent with those underlying the design and application of all remuneration practices across the Group, acknowledging the complexity and diversity of Westpac's businesses.

Fixed remuneration is market aligned, and subject to either industrial instruments or annual review.

All employees participate in short term incentive schemes, with specific reference to the nature of the role and to market competitiveness. A range of short term incentive schemes has been designed in recognition of business needs – from highly formulaic incentive schemes for roles with a strong sales focus, to discretionary arrangements, based on performance against individual and business objectives, for roles such as corporate support.

Awards of long term performance incentives are available to select employees who are regarded as business critical or of high potential.

A highlight for 2005 was the implementation of superannuation choice for all Westpac employees in eligible accumulation funds. 2006 will see the introduction of an enhanced performance management framework, more completely integrating Westpac's values of teamwork, integrity and achievement into remuneration outcomes.

The Board Remuneration Committee oversees general remuneration practices across the Westpac Group, and approves total expenditure for performance recognition.

Westpac also operates two broad-based share plans for the benefit of Australian-based employees.

8.5.1. The Deferral Share Plan

The Deferral Share Plan (DSP) was introduced in September 2002 so that eligible employees have the opportunity to elect to receive any prospective short term incentive bonus as Westpac shares. Participants pay the current market price and acquisition costs, and the shares are acquired "on-market". Shares must generally remain in the DSP for 12 months, and can remain for up to 10 years.

Eligibility for the DSP includes the CEO. Australian-based Non-executive Directors may opt each year to receive a percentage of their fees in Westpac shares in accordance with this Plan.

8.5.2. The Employee Share Plan

The Employee Share Plan (ESP) was introduced in 2002. Under the Plan, Westpac shares may be allocated to eligible employees at no cost, to recognise their contribution to Westpac's performance over the previous financial year. The plan operates as a tax-exempt scheme, with a maximum \$1,000 value allocation per employee each year. The actual allocation depends on the performance of Westpac's share price and includes a performance hurdle before any allocation is made, based on the Westpac share price performance over the twelve month period. Dealing in the shares is restricted for three years, unless the employee leaves Westpac.

All Australian-based full time and part time employees who have been in six months continuous employment as at 30 September each year are eligible, although they must register for the plan each year – allocation is not automatic. Executives who participate in the WPP are not eligible to participate in the ESP.

8.6. Chief Executive Officer's remuneration contract

David Morgan's contract (Chief Executive Employment Agreement) was renewed effective 1 March 2004 and is for a fixed term ending on 31 December 2007. The contract covers fixed remuneration, as well as short and long term incentives. As noted in the contract, key elements of the CEO's remuneration are linked to Westpac's performance and a major portion of the total potential remuneration is at risk and subject to strict performance criteria.

The contract also covers other benefits payable to David Morgan such as superannuation and his termination benefits. A summary of the key terms of the CEO's contract was lodged with the Australian Stock Exchange (ASX) on 14 August 2003.

8.6.1. Fixed remuneration

David Morgan's fixed remuneration is set at \$1.7 million per annum, for the term of the contract.

8.6.2. Short term incentive

David Morgan is entitled to annual short term incentive payments if performance criteria determined by the Board are met. The 2005 performance criteria are summarised below. The dollar-based short term incentive payment target is the following percentage of fixed remuneration for each year of David Morgan's employment contract:

- * 12 month period ended 30 September 2004 – 100%
- * 12 month period ended 30 September 2005 – 110%
- * 12 month period ending 30 September 2006 – 120%
- * 12 month period ending 30 September 2007 – 130%

The actual short term incentive paid to the CEO for each year is determined by the Board based on performance against financial and non-financial objectives, within a range of 0% to 200% of target.

The CEO's performance was measured against a range of financial performance indicators, including Economic Profit and other financial measures such as cash earnings, cash earnings per share growth, cash return on equity and Westpac's expense to income ratio. Performance was also measured against non-financial measures including employee commitment, customer satisfaction, and corporate and social responsibility. The Board takes into account performance in such areas as risk management and compliance, and occupational health and safety, when determining the CEO's short term incentive payment. The indicators chosen are considered to be the best measures of critical financial and non-financial Group achievement.

For the period ended 30 September 2005, the Board determined that the CEO's short term incentive payment would be \$2.1 million, which is 112% of the payment base specified in his employment agreement. This payment was calculated based on performance against objectives and the Board's exercise of discretion.

8.6.3. Long term incentive

David Morgan is entitled to long term incentives in accordance with the Chief Executive Securities Agreement 2003, which was approved by shareholders in December 2003.

The agreement only results in rewards if shareholders have benefited from Westpac's performance, and was designed to comply with the Investment and Financial Services Association (IFSA) Guidance Notes on Executive Share and Options Schemes.

The agreement provides for:

- the grant of performance options in three allocations of 713,000 performance options each, on 1 March 2004, 1 March 2005, and 1 March 2006, and a fourth allocation of 594,167 performance options on 1 December 2006; and

- the grant of performance share rights in three allocations of 218,000 performance share rights each on 1 March 2004, 1 March 2005, and 1 March 2006, and a fourth allocation of 181,667 performance share rights on 1 December 2006.

David Morgan currently holds share options and performance share rights under two separate agreements: the Chief Executive Securities Option Agreement 2001, and the Chief Executive Securities Agreement 2003. Full copies of these documents are available from Westpac's share registry, Link Market Services Limited (formerly ASX Perpetual Registrars Limited), by telephoning 1800 804 255. Shareholders approved the terms of each agreement at general meetings on 13 December 2001, and 11 December 2003 respectively.

The key terms of each agreement are summarised below:

	2003 Agreement	2001 Agreement*
Type of security	Performance options and performance share rights.	Performance options
Date introduced	March 2004	March 2002
Performance measurement	Relative TSR compared to the 50 largest listed companies on the ASX by market capitalisation at the commencement of the performance period (excluding Westpac itself, property trusts, and specified resources companies) – refer to Glossary for relative TSR company list.	Relative TSR compared to the 50 largest listed companies on the ASX by market capitalisation at the commencement of the performance period (excluding Westpac itself, property trusts, and specified resources companies) – refer to Glossary for relative TSR company list.
Initial performance testing period	Three years	Three years
Maximum performance testing period	Three years	Five years
History of performance election	Performance election rights not available	Performance election rights not used in respect of first allocation.
Minimum vesting schedule	Less than median = nil vests	First allocation: Less than 25th percentile = nil vests* Second allocation: Less than median = nil vests*
Maximum vesting schedule	More than or equal to 75th percentile = 100% of grant vests.	More than or equal to 75th percentile = 100% of grant vests.
TSR measurements to date	First performance measurement due March 2007.	Performance of the first allocation was at median. Performance measurement for next allocation due 2006.
Plan status	Current plan, grants still to take place in March 2006 and December 2006.	Legacy plan, last grant took place in March 2003.

* Shareholders approved a minimum performance hurdle requiring Westpac's TSR to be at or above the 25th percentile performance of the peer group. However, in February 2003, the Board determined, with the agreement of the CEO, that the minimum performance hurdle applying to the second allocation would require Westpac's TSR to be at or above the median performance of the peer group.

Prior to his appointment to the role of CEO, David Morgan was awarded 500,000 stock appreciation rights. These rights were granted on 2 September 1997 at a nominal price of \$7.89 per right (the issue price), vested in September 2000, and have an expiry date of 1 September 2007. Under these rights, the holder receives a cash payment equal to the amount by which the closing price of Westpac's ordinary shares exceeds the issue price as at close of business on the ASX on the date the rights are exercised.

8.6.4. Other benefits – superannuation

David Morgan is a member of the defined benefit section of Westpac's primary staff superannuation fund. Under the terms of his contract, he is required to make a 5% contribution each year towards his superannuation benefits and Westpac meets the remainder of the cost. David Morgan's superannuation benefits increase at a rate of 18% of final average salary for each year of service.

On leaving employment, David Morgan's final average salary will take into account his three year average annual fixed remuneration and short term incentive paid, and in accordance with the provisions of his contract, up to one third of any eventual cash payment associated with the stock appreciation rights.

8.6.5. Termination benefit

As well as the payment of statutory entitlements and superannuation, the contract provides for the payment of awarded but unpaid short term incentive payments and the reimbursement of reasonable business expenses in the event of David Morgan's employment ceasing. An insured benefit is payable in the event of death or total and permanent disablement. In the event of resignation with Board consent, without cause or for poor performance, the contract also provides for payment of up to an additional 12 months' fixed remuneration.

The Board has discretion to pay an additional amount in the event of disablement and a pro-rated short term incentive payment may also be payable in the event of resignation with Board consent or termination without cause.

The contract also provides full details of the rights that accrue in relation to pre-existing benefits (superannuation benefits and stock appreciation rights granted in 1997) and rights accruing for long term incentives under the Chief Executive Securities Agreement 2003 if David Morgan's employment ceases.

The rights accruing under the Chief Executive Securities Agreement 2003 on termination were disclosed to the market on 14 August 2003 in an ASX announcement in respect of David Morgan's reappointment as CEO, in the 2003 Notice of Meeting, and on 2 March 2004 in an ASX announcement in respect of the grant of securities under the Agreement to the CEO.

Under the Chief Executive Share Option Agreement 2001, the Board has discretion to permit the exercise of options, in whole or in part, (and to impose conditions) notwithstanding that performance requirements or other conditions have not been met, if employment ceases due to death, disablement, sickness, or resignation.

8.7. Group Executives and highest paid senior executives employment arrangements

All Westpac Group Executives (Ilana Atlas – People and Performance, Philip Coffey – Institutional Bank, Rob Coombe – BT Financial Group, Michael Coomer – Business and Technology Solutions and Services, Philip Chronican – Chief Financial Officer, Mike Pratt – Business and Consumer Banking, Ann Sherry – New Zealand and Pacific Banking) have been included as specified executives for whom the amount and nature of remuneration is disclosed. Details are also included for former Group Executive David Clarke, who resigned from the position of Group Executive, BT Financial Group effective 28 February 2005.

For the 2005 year, Chris Hadley, Managing Director of Westpac Private Equity Pty Limited, George Penklis, Investment Director of Westpac Private Equity Pty Limited, and Curt Zuber, Group Treasurer, have also been included in this report as their total remuneration placed them among the five most highly paid senior executives of the Westpac Group.

8.7.1. Employment contracts

It is Group policy that any new Group Executive employment contracts (this excludes the CEO) are unlimited in term but capable of termination on up to 12 months notice. The Group retains the right to terminate the contract immediately by making a payment in lieu of notice.

Remuneration and other terms of employment for the Group Executives are formalised in the employment contracts. The contracts include provision for performance-related short term incentives, death and total and permanent disablement cover, an annual health check, and participation, when eligible, in the WPP.

Generally, agreements contain the following termination and notice provisions:

- Termination and Change of Control: if employment is terminated without cause up to six months after change of control, payment in lieu based on 1.5 times fixed remuneration package.
- Termination and Notice Period: 12 months notice. Payment in lieu based on fixed remuneration package.

Certain Group Executives, because of grandfathered contractual benefits or due to individual circumstances, have different provisions in their agreements relating to remuneration and notice periods. These are set out below:

Executive	Description
Philip Chronican	Superannuation salary includes annual short term incentive payments (if any).
David Clarke	Resigned in February 2005 having provided six months notice in accordance with the terms of his contract.
Philip Coffey	6 months notice period.
Michael Coomer	6 months notice period. Living, travel and accommodation expenses whilst the executive is required to live away from his normal place of residence.
Mike Pratt	6 months notice period. Provisions relating to permanent relocation from Melbourne to Sydney at Westpac's instigation, including housing payments, relocation payments, and moving expenses.
Ann Sherry	Provisions relating to current secondment to New Zealand, including relocation, travel, living and accommodation expenses and taxation services. Superannuation salary includes annual short term incentive payments (if any).

The key terms of the employment contracts for the highest paid senior executives, Chris Hadley, George Penklis and Curt Zuber are also set out below.

For the 2005 financial year Westpac Private Equity Pty Limited as manager of three Quadrant Capital funds received management and performance fees in accordance with the trust deeds of those funds. The management team is entitled to a share of the pre-tax profits of Westpac Private Equity Pty Limited and a direct share of pre-tax profits of Quadrant Capital Fund No. 3. Members of the management team receive a fixed percentage of this profit share based on their respective employment contracts. The pool of profit available to the management team for Westpac Private Equity Pty

Limited excludes profits and distributions received from Quadrant Capital Fund No. 3 because the management team receives direct distributions from that fund. The share by the management team of pre-tax profits of Westpac Private Equity Pty Limited, or its underlying funds is consistent with typical market practice for private equity funds.

The earnings from Westpac Private Equity Pty Limited and the three Quadrant Capital funds are excluded from the Westpac Group and relevant Business Unit Economic Profit results for the purposes of assessing financial performance for short term incentives and for setting the appropriate variable reward pools for the broader Westpac employee population.

Executive	Description
Chris Hadley	4 weeks notice period. Fixed percentage profit share determined at the beginning of each year (28.8% for 2004/05) of the pre-tax profit of Westpac Private Equity Pty Limited. Fixed percentage profit share (4.94%) of the pre-tax profit of Quadrant Capital Fund No. 3 (a fund managed by Westpac Private Equity Pty Limited) once a performance hurdle rate of 10% p.a. has been achieved. Not entitled to any termination payment other than payment of accrued salaries and outstanding leave, except that a proportion of the fixed percentage profit share calculated on a pro-rata basis will be payable on retrenchment or retirement.
George Penklis	4 weeks notice period. Fixed percentage profit share determined at the beginning of each year (16.8% for 2004/05) of the pre-tax profit of Westpac Private Equity Pty Limited. Fixed percentage profit share (4.43%) of the pre-tax profit of Quadrant Capital Fund No. 3 (a fund managed by Westpac Private Equity Pty Limited) once a performance hurdle rate of 10% p.a. has been achieved. Not entitled to any termination payment other than payment of accrued salaries and outstanding leave, except that a proportion of the fixed percentage profit share calculated on a pro-rata basis will be payable on retrenchment or retirement.
Curt Zuber	6 months notice period.

8.7.2. Short term and long term incentives

Short term incentives are paid based on assessment of performance against financial and non-financial objectives. For Group Executives with Line of Business responsibilities, financial performance is split with 25% on Group outcomes and 75% on Line of Business results. Group Executives with functional responsibilities have 25% of their short term incentive calculated based upon Group financial outcomes, and the Chief Financial Officer has a 50% weighting on Group financial outcomes.

For senior employees in funds management businesses, remuneration structures are not based on target incentives, but rather are directly dependent on fund performance through the year. For such specialists, a higher proportion of total remuneration tends to be provided as short term incentive.

The table below shows the components of remuneration for the 2005 year for the disclosed senior employees with the data drawn from the remuneration disclosure in section 8.8.

Senior executive	Fixed remuneration	Short term incentives	Long term incentives
Chris Hadley	10%	90%	Nil
George Penklis	8%	92%	Nil
Curt Zuber	18%	68%	14%

For 2005, the proportion of remuneration in equity-based instruments received for the year for each of the CEO, Group Executives and highest paid senior executives, is summarised below:

Name	Proportion of remuneration for the year in equity-based instruments ¹
	%
David Morgan	41
Ilana Atlas	45
Philip Chronican	56
Philip Coffey	51
Rob Coombe	35
Michael Coomer	47
Mike Pratt	45
Ann Sherry	41
David Clarke	64
Chris Hadley	—
George Penklis	—
Curt Zuber	14

¹ Calculated based on long term incentive amounts as disclosed in tables in section 8.8.

For 2005, Group Economic Profit target performance levels were exceeded with better than expected improvements on the 2004 outcome. Market share losses experienced in the first half of the year have been significantly reduced in the second half. Customer satisfaction has increased. There was substantial improvement in employee commitment and leadership ratings from employee surveys, and Westpac continues to lead the market, both nationally and internationally, in terms of the corporate sustainability agenda and community activity.

8.8. Remuneration details for the 2005 year

The total remuneration for Westpac's Chief Executive Officer for the year ended 30 September 2005 was \$7,448,730. This consisted of cash and benefits of \$4,426,878, comprising fixed remuneration, short term incentive, non-monetary benefits and superannuation; and equity based remuneration valued at \$3,021,852, comprising share options and performance share rights.

Details of the remuneration of Westpac's Chief Executive Officer in relation to the year ended 30 September 2005 are as follows:

	Primary benefits			Post employment	Equity remuneration		Total
	Fixed remuneration \$	Short term Incentive ¹ \$	Non-monetary benefits ² \$	Super-annuation ³ \$	Share options ⁴ \$	Performance share rights ⁴ \$	Total \$
David Morgan							
2005	1,700,000	2,100,000	847	626,031	2,035,223	986,629	7,448,730
2004	1,675,000	3,000,000	44,435	708,087	2,398,698	354,934	8,181,154

1 100% of the short term incentive for the year ended 30 September 2005 is paid on the relevant payment date. Accordingly, 0% of the short term incentive payment is deferred.

2 Non-monetary benefits are determined on the basis of the cost to Westpac (including associated fringe benefits tax, where applicable) and include annual health checks, death and total and permanent disability insurance, relocation and living away from home expenses and allowances, where relevant.

3 Superannuation benefits are calculated based on notional surchargeable superannuation contributions.

4 Equity remuneration is based on the amortisation over the vesting period (normally three years) of the fair value at grant date of options, performance options and performance share rights that were granted during the four years ended 30 September 2005. Details of grants in prior years have been disclosed in previous annual reports and the assumptions used in valuing securities granted during 2005 are summarised in the notes to the table in section 8.8.2.

As required by accounting standard AASB1046, the Chief Executive Officer's remuneration disclosure also includes an amount relating to stock appreciation rights, calculated as the movement in the value in 2005 of the stock appreciation rights awarded to David Morgan in 1997 before he was appointed as Westpac's CEO. The amount does not relate to the remuneration awarded to the CEO in 2005. The amount is directly linked to the increase in Westpac's share price over the year to 30 September 2005.

Allowing for this amount, the total remuneration for Westpac's CEO for the year ended 30 September 2005 is as follows:

	Remuneration relating to current year \$	Remuneration relating to stock appreciation rights issued in 1997 ¹ \$	Total \$
David Morgan			
2005	7,448,730	1,685,000	9,133,730
2004	8,181,154	765,000	8,946,154

1 Australian Accounting Standard AASB 1046 provides for different disclosure requirements when an equity linked long term incentive is cash settled, as the stock appreciation rights will be on eventual exercise, from the disclosure requirements when there is a right to acquire a share. As a result, whilst the stock appreciation rights vested in 2000, Westpac will continue to disclose the movement in value each year until the stock appreciation rights are exercised, although their issuance formed part of David Morgan's remuneration awarded in 1997, rather than current year remuneration.

Details of the nature and amount of each element of the emoluments of Westpac's Group Executives and highest paid senior executives for the year ended 30 September 2005 are as follows:

		Primary benefits			Post employment	Equity remuneration		Total
Name	Notes	Fixed remuneration ¹ \$	Short term incentive \$	Non-monetary benefits \$	Super-annuation \$	Share options ⁵ \$	Performance share rights ⁵ \$	Total \$
Ilana Atlas, Group Executive, People and Performance								
2005	2,4	590,975	330,000	3,207	52,972	310,632	473,652	1,761,438
2004	2,4	554,175	405,000	3,123	51,508	366,802	287,959	1,668,567
Philip Chronican, Chief Financial Officer								
2005	2,3,4	587,365	550,000	4,096	154,875	659,788	968,567	2,924,691
2004	2,3,4	543,750	765,000	3,090	134,010	855,808	608,789	2,910,447
David Clarke, Group Executive, BT Financial Group – resigned 28 February 2005								
2005	4	354,167	–	836	–	84,564	534,531	974,098
2004	2,4	825,000	935,000	6,801	–	1,379,208	844,440	3,990,449
Philip Coffey, Group Executive, Institutional Bank								
2005	2,4	655,050	507,000	4,015	58,703	516,207	752,167	2,493,142
2004	2,4	587,500	750,000	3,090	54,586	494,581	477,437	2,367,194
Rob Coombe, Group Executive, BT Financial Group – appointed 20 January 2005								
2005	2,4,6	519,066	810,000	–	36,885	272,246	470,609	2,108,806
Michael Coomer, Group Executive, Business and Technology Solutions and Services								
2005	2,4	691,307	475,000	133,190	61,979	505,141	680,080	2,546,697
2004	2,4	624,737	600,000	169,481	58,211	536,859	424,800	2,414,088
Mike Pratt, Group Executive, Business and Consumer Banking								
2005	2,4	751,000	620,000	474,314	–	568,891	933,353	3,347,558
2004	2,4	738,250	955,000	28,844	–	392,801	531,055	2,645,950
Ann Sherry, Group Executive, New Zealand and Pacific Banking								
2005	2,3,4	550,000	605,000	224,255	162,461	423,879	632,234	2,597,829
2004	2,3,4,7	550,000	600,000	234,664	127,400	527,293	394,294	2,433,651
Chris Hadley, Managing Director, Westpac Private Equity Pty Limited								
2005	8,9	488,277	4,374,673	5,950	11,723	–	–	4,880,623
2004	8,9	488,853	7,395,201	5,432	11,147	–	–	7,900,633
George Penklis, Investment Director, Westpac Private Equity Pty Limited								
2005	8,9	288,277	3,649,239	6,013	11,723	–	–	3,955,252
2004	8,9	288,853	4,313,867	5,637	11,147	–	–	4,619,504
Curt Zuber, Group Treasurer								
2005	2,3	434,132	1,807,000	8,580	24,045	60,316	311,507	2,645,580
TOTALS	2005	5,909,616	13,727,912	864,456	575,366	3,401,664	5,756,700	30,235,714
	2004 ¹⁰	5,201,118	16,719,068	460,162	448,009	4,553,352	3,568,774	30,950,483

1 Fixed Remuneration is the total cost of salary and salary sacrificed benefits (including motor vehicles, parking, etc. and associated fringe benefits tax).

2 Short term incentive (STI) figures reflect annual performance awards accrued but not yet paid in respect of the specified year ended 30 September. The amount above is the entire STI relating to performance for the year. 100% of the short term incentive for the year ended 30 September 2005 is paid on the relevant payment date. Accordingly, 0% of the short term incentive payment is deferred.

3 Superannuation benefits are calculated based on notional surchargeable superannuation contributions.

4 Non-monetary benefits are determined on the basis of the cost to Westpac (including associated fringe benefits tax, where applicable) and include annual health checks, death and total and permanent disability insurance, relocation at Westpac's instigation and living away from home expenses and allowances, where relevant.

5 Equity remuneration is based on the amortisation over the vesting period (normally two or three years) of the fair value at grant date of options, performance options and performance share rights that were granted during the four years ended 30 September 2005. Details of grants in prior years have been disclosed in previous annual reports and the assumptions used in valuing securities granted in 2005 are summarised in the notes to the table in section 8.8.2.

6 Prior to his appointment as a Group Executive in January 2005, Rob Coombe was General Manager, Distribution, BT Financial Group. We have opted to show his remuneration for the full performance year.

7 2004 disclosure included loan benefit. Since increases to the interest rate in May 2004, the loan has been on commercial terms.

8 Westpac Private Equity Pty Limited received fee income of \$11 million for 2004/05 and \$28 million for 2003/04 from the Quadrant Capital funds. Extra performance fees were received during 2004/05 and 2003/04 by Westpac Private Equity Pty Limited due to capital gains made as a result of the disposal of a number of long term investments by Quadrant Capital Fund No. 2 (2003/04) and Quadrant Capital Fund No. 3 (2004/05). Chris Hadley and George Penklis are entitled to a fixed percentage of the pre-tax profit of Westpac Private Equity Pty Limited and Quadrant Capital Fund No. 3 in accordance with their respective employment contracts.

9 Non-monetary benefits relate to the cost of salary continuance insurance.

10 The 2004 numbers disclosed here differ to those published in the 2004 Concise Annual Report due to changes in the list of executives' details required to be disclosed in 2005.

8.8.1. Cash deferred short term incentive payments

Up to September 2004, a cash deferral scheme for short term incentive payments was in place for Group Executives as a form of retention. Under that scheme, the portion of actual short term incentive that exceeded target was deferred for up to three years, with annual payments being due as long as employment with Westpac was maintained. Interest rates are updated each year based on the 365 day mid market swap rates and currently range between 5.70% and 5.86% over the remaining deferral periods.

Short term incentive deferral was discontinued for the current reporting year. Market analysis revealed that Westpac already had an overweighting toward longer term arrangements within the remuneration mix, and the amounts that were being deferred were not sufficient to result in the deferred short term incentive being an effective retention mechanism.

The amount and time of payment of the cash deferred short term incentive payments for the Group Executives were disclosed in the 2004 Remuneration Report. These payments will still be made on the dates set out in the 2004 Remuneration Report. As a result of the discontinuation of the scheme, the full short term incentive payments for the 2005 financial year will be paid to the Group Executives on the relevant payment date.

8.8.2. Equity-based remuneration granted during the year

The details of equity-based remuneration granted and vested during the year for the CEO, each of the Group Executives and highest paid senior executives are summarised in the table below. Where no equity-based remuneration was granted or vested during the year for an executive, the individual is not reported.

Name	Type of equity-based instrument	Number vested during the year (No.)	Number granted during the year ¹ (No.)	Grant date	First possible vesting date	Exercise price \$	Expiry Date	Fair value per instrument ² \$	Total fair value granted during the year \$
David Morgan	Share option	550,000	713,000	1 Mar 05	1 Mar 08	19.17	28 Feb 15	1.86	1,326,180
	Performance share right	—	218,000	1 Mar 05	1 Mar 08	—	28 Feb 15	8.89	1,938,020
									3,264,200
Ilana Atlas	Share option	172,340	143,728	20 Jan 05	20 Jan 08	18.98	20 Jan 15	1.87	268,771
	Performance share right	18,944	36,764	20 Jan 05	20 Jan 07	—	20 Jan 15	9.92	364,699
									633,470
Philip Chronican	Share option	430,850	278,745	20 Jan 05	20 Jan 08	18.98	20 Jan 15	1.87	521,253
	Performance share right	42,982	71,301	20 Jan 05	20 Jan 07	—	20 Jan 15	9.92	707,306
									1,228,559
David Clarke	Share option	858,800	—	—	—	—	—	—	—
	Performance share right	65,270	—	—	—	—	—	—	—
Philip Coffey	Share option	176,064	209,059	20 Jan 05	20 Jan 08	18.98	20 Jan 15	1.87	390,940
	Performance share right	33,431	53,475	20 Jan 05	20 Jan 07	—	20 Jan 15	9.92	530,472
									921,412
Rob Coombe	Share option	—	121,951	20 Jan 05	20 Jan 08	18.98	20 Jan 15	1.87	228,048
	Performance share right	31,839	31,194	20 Jan 05	20 Jan 07	—	20 Jan 15	9.92	309,444
									537,492
Michael Coomer	Share option	194,682	200,348	20 Jan 05	20 Jan 08	18.98	20 Jan 15	1.87	374,651
	Performance share right	30,247	51,247	20 Jan 05	20 Jan 07	—	20 Jan 15	9.92	508,370
									883,021
Mike Pratt	Share option	62,500	313,588	20 Jan 05	20 Jan 08	18.98	20 Jan 15	1.87	586,410
	Performance share right	30,247	80,213	20 Jan 05	20 Jan 07	—	20 Jan 15	9.92	795,713
									1,382,123
Ann Sherry	Share option	258,510	182,926	20 Jan 05	20 Jan 08	18.98	20 Jan 15	1.87	342,072
	Performance share right	27,063	46,791	20 Jan 05	20 Jan 07	—	20 Jan 15	9.92	464,167
									806,239
Curt Zuber	Share option	125,000	60,975	20 Jan 05	20 Jan 08	18.98	20 Jan 15	1.87	114,023
	Performance share right	9,552	15,597	20 Jan 05	20 Jan 07	—	20 Jan 15	9.92	154,722
									268,745

¹ Performance options and performance share rights granted during the year have been granted to David Morgan under the Chief Executive Securities Agreement 2003 and to Group Executives and highest paid senior executives under the Westpac Performance Plan.

² The fair value of performance options and performance share rights included in the tables above have been independently calculated at grant date using a Binomial/Monte Carlo simulation pricing model. The assumptions included in the valuation of the 1 March 2005 awards to the CEO include a risk free interest rate of 5.5%, a dividend yield on Westpac shares of 4.6% and a volatility in the Westpac share price of 15.0%. The assumptions included in the valuation of the 20 January 2005 awards under the Westpac Performance Plan include a risk free interest rate of 5.2% in relation to performance options and performance share rights with a 3 to 5 year performance period, a risk free interest rate of 5.1% in relation to performance share rights with a 2 to 4 year performance period, a dividend yield on Westpac shares of 4.6% and a volatility in the Westpac share price of 15.0%. Other assumptions include volatilities of, and correlation factors between, share price movements of the ranking group members and Westpac, which are used to assess the impact of performance hurdles. Performance options and performance share rights have been valued assuming an expected life after the vesting date of up to 1.3 years. The amounts, when aggregated in this table, do not reconcile with the amounts shown in other tables in section 8.8 which show amortised totals of long term incentive awards over their vesting period in accordance with revised guidelines issued by the Australian Securities and Investments Commission (ASIC) issued on 28 June 2004.

8.8.3. Value of equity-based remuneration exercised and lapsed

The details of equity-based remuneration that has been exercised or lapsed during the period ended 30 September 2005 are provided in the table below. The grants relate to remuneration provided prior to the 2005 performance year.

Lapses during the year relate to performance options and performance share rights where performance hurdles have not met the level required for full payment or where the executive resigned employment. The performance levels achieved during the year where performance was tested resulted in lapse rates of between 10% and 53%.

Executives who held these performances options and performance share rights received between 90% and 47% of the original grant with no further payments to be made.

The values in excess of exercise price have been calculated by taking the difference between the exercise price of the share option or performance share right and the 5 day weighted average Westpac share price on the date the transaction (exercise or lapse) occurred. This methodology differs to the method for calculating the fair value of performance options and performance share rights included in other tables in this report and care should be taken in interpreting the following amounts, especially if seeking to aggregate them with other remuneration amounts disclosed.

Name	Date of grant	Date of exercise/lapse	Number (No.)	Exercise price \$	Value (in excess of exercise price) \$	Value exercised during the year from previous grants (\$)	Value lapsed during the year from previous grants (\$)
David Morgan	1 Mar 99	15 Nov 04	523,580	10.829	7.81	4,089,160	–
	1 Mar 99	15 Nov 04	954,000	10.829	7.81	7,450,740	–
	1 Mar 02	6 Jun 05	550,000	16.710	2.79	1,534,500	–
	1 Mar 02	4 Mar 05	550,000	16.710	2.46	–	1,353,000
Ilana Atlas	9 Jan 02	10 Jan 05	27,660	14.70	4.65	–	128,619
	20 Jan 03	8 Mar 05	16,137	–	19.34	–	312,090
Philip Chronican	9 Jan 02	10 Jan 05	69,150	14.70	4.67	–	322,931
	9 Jan 02	1 Jun 05	321,000	14.70	4.99	1,601,790	–
	9 Jan 02	1 Jul 05	109,850	14.70	4.98	547,053	–
	20 Jan 03	21 Mar 05	36,615	–	19.59	–	717,288
	20 Jan 03	1 Jul 05	42,982	–	19.68	845,886	–
David Clarke	4 Sep 00	16 Aug 05	354,540	12.39	7.39	2,620,051	–
	8 Jan 01	2 Aug 05	90,910	13.32	6.39	580,915	–
	5 Nov 01	11 Nov 04	91,200	12.75	5.92	–	539,904
	5 Nov 01	23 Aug 05	400,000	12.75	7.28	2,912,000	–
	20 Jan 03	2 Feb 05	55,600	–	19.16	–	1,065,296
	20 Jan 03	28 Feb 05	428,540	13.59	5.54	–	2,374,112
	20 Jan 03	26 Apr 05	65,270	–	18.58	1,212,717	–
	21 Jan 04	28 Feb 05	320,512	16.34	2.79	–	894,228
Philip Coffey	21 Jan 04	28 Feb 05	88,832	–	19.13	–	1,699,356
	8 Jan 01	6 Jan 05	90,910	13.32	6.04	549,096	–
	9 Jan 02	10 Jan 05	20,745	14.70	4.67	–	96,879
	6 Aug 02	2 Sep 05	53,191	16.03	3.72	–	197,871
	20 Jan 03	23 Mar 05	28,478	–	19.47	–	554,467
Rob Coombe	20 Jan 03	21 Mar 05	27,122	–	19.59	–	531,320
Michael Coomer	7 Mar 02	3 Jun 05	194,682	15.73	3.86	751,473	–
	7 Mar 02	3 Jun 05	105,318	15.73	3.86	–	406,527
	20 Jan 03	23 Mar 05	25,766	–	19.47	–	501,664
	20 Jan 03	5 Jul 05	30,247	–	19.84	600,100	–
Mike Pratt	27 May 02	27 May 05	37,500	16.21	3.55	–	133,125
	27 May 02	31 May 05	62,500	16.21	3.65	228,125	–
	20 Jan 03	21 Feb 05	25,766	–	19.41	–	500,118
	20 Jan 03	26 May 05	30,247	–	19.69	595,563	–
Ann Sherry	8 Jan 01	14 Dec 04	227,275	13.32	5.25	1,193,194	–
	9 Jan 02	10 Jan 05	41,490	14.70	4.67	–	193,758
	9 Jan 02	26 May 05	50,000	14.70	4.99	249,500	–
	9 Jan 02	31 May 05	20,000	14.70	5.16	103,200	–
	9 Jan 02	2 Jun 05	188,510	14.70	4.94	931,239	–
	20 Jan 03	10 Feb 05	23,053	–	19.52	–	449,995
	20 Jan 03	26 May 05	27,063	–	19.69	532,870	–
Curt Zuber	9 Jan 02	12 Jul 05	125,000	14.65	4.70	587,500	–
	20 Jan 03	22 Feb 05	8,136	–	19.38	–	157,676
	20 Jan 03	8 Sep 05	9,552	–	20.23	193,237	–

^a The following information is required to be disclosed under the Corporations Act. However, the Board of Westpac considers that the information does not reflect any actual remuneration received by named executives. The aggregate of value exercised, value lapsed, and value granted during the year for the specified executives is: David Morgan \$17,691,600; Ilana Atlas \$1,074,179; Philip Chronican \$5,263,507; David Clarke \$13,898,579; Philip Coffey \$2,319,725; Rob Coombe \$1,068,812; Michael Coomer \$3,142,785; Mike Pratt \$2,839,054; Ann Sherry \$4,459,995; Curt Zuber \$1,207,158.

8.8.4. Share options and performance share rights holdings

The following table sets out details of share options and performance share rights held during the year by the CEO and each of the Group Executives and highest paid senior executives. The share options and performance share rights held do not include performance options and performance share rights in respect of the 2005 remuneration review that had not been issued at 30 September 2005.

Name	Type of equity-based instrument	Number held at start of year (No.)	Number granted during the year as remuneration (No.)	Number exercised during the year (No.)	Number lapsed during the year (No.)	Number held at end of year (No.)	Number vested and exercisable at end of year (No.)
David Morgan	Share option	4,390,580	713,000	2,027,580	550,000	2,526,000	—
	Performance share right	218,000	218,000	—	—	436,000	—
Ilana Atlas	Share option	646,839	143,728	—	27,660	762,907	357,436
	Performance share right	73,152	36,764	—	16,137	93,779	18,944
Philip Chronican	Share option	1,047,776	278,745	430,850	69,150	826,521	—
	Performance share right	153,201	71,301	42,982	36,615	144,905	—
David Clarke	Share option	2,144,502	—	845,450	840,252	458,800	458,800
	Performance share right	209,702	—	65,270	144,432	—	—
Philip Coffey	Share option	771,028	209,059	90,910	73,936	815,241	176,064
	Performance share right	120,284	53,475	—	28,478	145,281	33,431
Rob Coombe	Share option	282,304	121,951	—	—	404,255	—
	Performance share right	79,265	31,194	—	27,122	83,337	31,839
Michael Coomer	Share option	681,741	200,348	194,682	105,318	582,089	—
	Performance share right	106,774	51,247	30,247	25,766	102,008	—
Mike Pratt	Share option	591,631	313,588	62,500	37,500	805,219	—
	Performance share right	137,231	80,213	30,247	25,766	161,431	—
Ann Sherry	Share option	883,533	182,926	485,785	41,490	539,184	—
	Performance share right	99,608	46,791	27,063	23,053	96,283	—
Curt Zuber	Share option	125,000	60,975	125,000	—	60,975	—
	Performance share right	66,959	15,597	9,552	8,136	64,868	—

8.8.5. Ordinary share holdings

The details of Westpac ordinary shares held by the CEO and each of the Group Executives and highest paid senior executives during the year are summarised in the table below:

Name	Number held at start of year (No.)	Number received on exercise of equity instruments (No.)	Other changes during the year (No.)	Numbers held at end of year (No.)	Number held non-beneficially at start of year (No.)	Number held non-beneficially at end of year (No.)
David Morgan	984,732	2,027,580	(784,732)	2,227,580	—	—
Ilana Atlas	11,893	—	591	12,484	2,000	2,000
Philip Chronican	508,809	473,832	(473,641)	509,000	—	—
Philip Coffey	240,593	90,910	(92,698)	238,805	—	—
Rob Coombe	—	—	—	—	—	—
Michael Coomer	35,311	224,929	10,104	270,344	—	105,318
Mike Pratt	—	92,747	(84,902)	7,845	—	—
Ann Sherry	83,032	512,848	(317,917)	277,963	—	—
Curt Zuber	133	134,552	(125,000)	9,685	—	—

^a David Clarke resigned as a Group Executive on 28 February 2005. Number of ordinary share holdings at the beginning of the year was 63,449. During the year, the number received on exercise was 910,720.

8.9. Share options and performance share rights issued

During the year ended 30 September 2005, there were 5,018,360 performance options granted (excluding performance share rights) under the WPP and the Chief Executive Securities Agreement 2003, to 67 participating officers for nil consideration, with possible exercise dates between January 2008 and August 2015 and a weighted average exercise price of \$19.01.

During the same period, there were 3,886,577 performance share rights granted (excluding performance options) under the WPP and the Chief Executive Securities Agreement 2003, to 592 participating officers (59 of whom also received grants of performance options) for nil consideration, with possible exercise dates between November 2006 and August 2015.

In certain circumstances such as retrenchment, providing performance hurdles have been satisfied, a proportion of performance options or performance share rights can be exercised earlier than the above dates.

There were 14,840,843 shares issued during the year due to the exercise of share options and performance share rights, which resulted in total consideration of \$190,576,421 being paid to Westpac.

Currently there are 21,363,023 share options outstanding and 8,639,321 performance share rights outstanding. The latest dates for exercise of share options range between December 2009 and August 2015 and the weighted average exercise price is \$15.39. The latest dates for exercise of performance share rights range between January 2013 and November 2015.

All performance options and performance share rights granted during the year ended 30 September 2005 are subject to performance hurdles that will determine the particular proportion which may be exercised, if any, following the end of the performance period.

The performance hurdles compare the total shareholder returns received by Westpac shareholders against those received by shareholders of a group of companies over the performance period.

No person holding a share option or a performance share right has or had, by virtue of the share option or performance share right, a right to participate in any share issue of any other body corporate.

8.10. Cost of long term incentives as part of remuneration

Westpac has estimated that based on recognising the cost of long term incentives over their expected vesting period a charge of \$44 million would have been recorded for the year ended 30 September 2005.

Total salaries and other staff expenses do not include a charge for options, performance options and performance share rights granted during the year or for performance options and performance share rights to be granted under the WPP and the Chief Executive Officer's Securities Agreement 2003. Westpac will include the cost of these incentives as an expense in its financial statements from 1 October 2005 when new Australian accounting standards equivalent to international financial reporting standards will apply to Westpac.

8.11. Non-executive Director remuneration

The Board's focus is on long term strategic direction and overall corporate performance. As a consequence, Non-executive Director remuneration is not directly related to short term results. Non-executive Directors do not participate in any incentive plans.

8.11.1. Policy

The structure of fees and payments for Non-executive Directors recognises the competitive pressures of the market place and the need to attract and retain appropriately experienced and qualified Board members. The remuneration policy has a fixed component only. The Board accepts that Non-executive Directors' fees and associated costs must not place an inappropriate burden on Westpac's finances. However Westpac operates in a complex market, and the duties and obligations of the Directors are increasingly onerous.

When reviewing Non-executive Directors' fees, the Board considers the performance of Westpac and seeks the advice of independent remuneration consultants to ensure market alignment. The Chairman's fees are determined by the Board on the recommendation of the Board Remuneration Committee and are assessed independently to those of other Directors. The Chairman is not present at any discussions relating to his own remuneration.

8.11.2. Fee pool

Non-executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically approved by shareholders. Shareholders last approved a pool of \$2.5 million in December 2003. During the year ended 30 September 2005, \$1,525,104 (61%) of the fee pool was utilised.

8.11.3. Review of fees and framework

The Board reviewed fees during the year with fee increases becoming effective 3 May 2005. These changes were the first to take place since January 2003 and reflect significantly increased workload and time commitment, a heightened regulatory environment, and movements in market practice. The updated schedule is:

- \$189,063 (from \$171,998) for Directors appointed after 3 July 2003. In addition, superannuation contributions in accordance with the Superannuation Guarantee legislation are paid.
- \$137,500 (from \$125,000) for Directors first appointed on or before 3 July 2003. In addition, these Directors are entitled to retiring allowances and the Superannuation Guarantee Charge.
- \$484,000 (from \$440,000) for the Chairman, inclusive of Committee fees. The Chairman is also entitled to a retiring allowance.
- An additional \$35,000 (from \$20,000) for the Chairs of the Board Audit Committee and the Board Risk Management Committee.
- An additional \$25,000 (from \$20,000) for the Chairs of the Board Remuneration Committee and the Board Corporate Responsibility & Sustainability Committee.
- Additional fees for two Non-executive Directors are payable for membership of boards of subsidiaries or related entities, and are included in the table in section 8.11.5.

At the same time as reviewing fees, the Board reassessed the remuneration framework.

Following the Board decision in July 2003 that Non-executive Directors appointed after that time would not receive retiring allowances, the Board has now resolved to freeze retiring allowances for all of those Non-executive Directors who are presently entitled to them. The changes will come into effect during the 2005/06 reporting period and the details of the revisions are:

- The frozen retiring allowances will be indexed to Average Weekly Ordinary Time Earnings. The indexed amount will be paid at retirement.
- Commencing December 2005 (February 2006 for Carolyn Hewson), Non-executive Directors with frozen retiring allowances will move to the base fee of \$189,063, adjusted to recognise the benefit to the Director of the retiring allowance. The adjusted fees will reflect the lower actuarial value of the forgone retiring allowances to Non-executive Directors who have accrued retiring allowances in the past, compared to the actuarial fee premium applied to Non-executive Directors who have never accrued retiring allowances. The adjustments will reduce the base fee by between 5.5% and 12.7%.

- Commencing December 2005, the Chairman's fee will be \$547,888, inclusive of Committee fees. This adjusted fee reflects the actuarial value to the Chairman of his forgone retiring allowance.
- Westpac will pay superannuation contributions in accordance with the Superannuation Guarantee legislation for all Non-executive Directors from the date of freezing the retiring allowance, except those who have withdrawn from superannuation guarantee coverage.

As a complete package, the new arrangements will enhance transparency of fees. The updated structure is more consistent with emerging market practice and the ASX Corporate Governance Guidelines that indicate that Non-executive Directors should normally be remunerated by way of fees, rather than retirement benefits other than statutory superannuation.

8.11.3.1. Retiring allowance

For the six Non-executive Directors appointed prior to July 2003 the retiring allowance is a lump sum defined benefit entitlement linked to emoluments received in the period leading up to retirement. The allowance is determined as a multiple of average total emoluments over the three years prior to retirement, and is paid directly by Westpac on retirement. The multiple is determined based on the period of completed service as a Non-executive Director.

An amount equal to the annual increase in retiring allowance for each Non-executive Director is disclosed to ensure shareholders are aware of the full cost of employing their Board.

8.11.3.2. Superannuation

Westpac currently pays the Superannuation Guarantee charge for Non-executive Directors appointed on or before July 2003. For Directors appointed after this date, Westpac pays superannuation contributions in accordance with the Superannuation Guarantee legislation.

8.11.4. Equity participation

Non-executive Directors do not receive share options or performance share rights, although Australian-based Directors may opt each year to receive a percentage of their fees in Westpac shares acquired in accordance with the Deferral Share Plan. Non-executive Directors have voluntarily agreed to build up their shareholding in Westpac, equal in value to at least 100% of their annual base fees, generally over the course of their tenure, to align their interests with the long term interests of shareholders.

8.11.5. Remuneration details for the 2005 year

Details of the nature and amount of each element of the emoluments of Westpac's Non-executive Directors for the year ended 30 September 2005 are as follows:

Name	Notes	Primary	Post-employment		Total	Total retiring allowance accrued	Retiring allowance paid during the year
		Fees \$	Super-annuation guarantee \$	Retiring allowance accrued during the year \$ ¹			
Leon Davis							
2005		460,138	–	168,437	628,575	1,389,124	–
2004		443,385	–	360,971	804,356	1,220,687	–
Gordon Cairns							
2005	2,3	179,742	11,730	–	191,472	–	–
2004	2,3,4	40,325	2,718	–	43,043	–	–
David Crawford							
2005	5,6	157,087	12,159	144,729	313,975	302,447	–
2004	5,6,7	146,115	11,147	106,749	264,011	157,718	–
Sir Llewellyn Edwards							
2005	5,6,8	28,769	2,888	15,916	47,573	–	656,858
2004	5,6	146,115	11,147	107,996	265,258	640,942	–
Ted Evans							
2005	5,6	157,087	12,159	126,519	295,765	350,424	–
2004	5,6,7	146,115	11,147	132,892	290,154	223,905	–
Carolyn Hewson							
2005	5,6,7	152,894	12,159	128,054	293,107	201,379	–
2004	5,6,7	141,038	11,147	62,811	214,996	73,325	–
Helen Lynch							
2005	5,6,9	186,185	12,159	74,508	272,852	595,058	–
2004	6,9	161,231	11,147	87,004	259,382	520,550	–
Peter Wilson							
2005	2,3,10	212,012	11,730	–	223,742	–	–
2004	2,3,10,11	189,701	10,313	–	200,014	–	–
Total 2005		1,533,914	74,984	658,163	2,267,061	2,838,432	656,858
Total 2004 ¹²		1,414,025	68,766	858,423	2,341,214	2,837,127	–

¹ Retiring allowances are not included in calculations for the Non-executive Director fee pool.

² Westpac pays the statutory superannuation guarantee contribution for any Non-executive Directors appointed after July 2003.

³ Not entitled to retiring benefits.

⁴ Appointed effective 8 July 2004.

⁵ Includes fees paid to Chairpersons of Board Committees.

⁶ Westpac pays the superannuation guarantee contribution in relation to its eligible Non-executive Directors appointed prior to July 2003. This amount is not included in calculations for the Non-executive Director fee pool, as it is a government charge.

⁷ Not entitled to retiring benefit as less than three years of service completed at reporting year.

⁸ Retired effective 16 December 2004.

⁹ Includes fees for services provided as Chairman of Westpac Staff Superannuation Plan.

¹⁰ Includes fees of \$32,270 as a director of Westpac (NZ) Investment Limited. This amount is not included in calculations for the Non-executive Directors' fee pool as it is paid by a related entity.

¹¹ Appointed effective 31 October 2003.

¹² The 2004 numbers disclosed here differ to those published in the 2004 Concise Annual Report due to changes in Directors between 2004 and 2005.

8.12. Glossary of remuneration terms

A number of abbreviations and technical terms are used throughout this report. To assist readers, the terms used are set out below:

Term	Description
Economic Profit (EP)	For the Westpac Group, Economic Profit is defined as cash earning less a capital charge currently calculated at 11.6% of average adjusted ordinary equity plus the estimated value of franking credits paid to shareholders.
Line of Business	Line of Business identifies the functional structure within Westpac. Below CEO, the Bank is divided into Business and Consumer Banking, BT Financial Group Australia, Westpac Institutional Bank, New Zealand and Pacific Banking, and Business and Technology Solutions and Services. These Lines of Business are supported by corporate units including People and Performance, and Strategy, Risk and Finance.
Options	Refers to securities held under the General Management Share Option Plan (GMSOP); Senior Officers' Share Purchase Scheme (SOSPS); and the Chief Executive Share Option Agreements 1999 and 2001.
Performance options ¹	Eligible executives are given the opportunity to buy Westpac shares, subject to meeting the agreed performance hurdles. The price to be paid by the executive, or the exercise price of the Performance option, is equal to the average market price of Westpac ordinary shares over the five trading days up to the date the offer is made. At any time after vesting, up to a maximum of 10 years from the date of grant, the executive may pay the issue price of the Performance options to receive the shares (ie exercise the Performance options). Performance options do not carry dividend or voting rights.
Performance share rights ¹	Eligible executives are given the opportunity to receive Westpac shares, subject to meeting the agreed performance hurdles. There is no exercise price payable by eligible executives in respect of vested Performance share rights. Once the Performance share rights vest, the executive may receive the shares (ie exercise the Performance share rights) at any time after vesting, up to a maximum of 10 years from the date of grant. Performance share rights do not carry dividend or voting rights.
Share options	Share options refers collectively to options and performance options – see separate definitions.
Total shareholder return (TSR)	TSR measures a company's share price movement and accumulated dividend yields over the relevant measurement period (ie the change in value achieved by an investment in that company's shares).
Relative total shareholder return (relative TSR)	Relative TSR involves ranking a company's TSR over the relevant measurement period against the TSRs of a defined group of companies over the same period. Westpac's current ranking group comprises the 50 largest listed companies on the ASX by market capitalisation at the commencement of the performance period (excluding Westpac, property trusts and specified resource companies). As the top 50 companies by market capitalisation will change over time, the ranking group will change accordingly. The ranking group most recently determined was Amcor Limited, AMP Limited, Aristocrat Leisure Limited, Australia and New Zealand Banking Group Limited, Australian Gas Light Company (The), AXA Asia Pacific Holdings Limited, Billabong International Limited, Boral Limited, Brambles Industries Limited, Coca-Cola Amatil Limited, Coles Myer Limited, Commonwealth Bank of Australia, Computershare Limited, CSL Limited, CSR Limited, Fairfax (John) Holdings Limited, Foodland Associated Limited, Foster's Group Limited, Harvey Norman Holdings Limited, Henderson Group PLC, Insurance Australia Group Limited, James Hardie Industries NV, Leighton Holdings Limited, Lend Lease Corporation Limited, Lion Nathan Limited, Macquarie Airports, Macquarie Bank Limited, Macquarie Infrastructure Group, Mayne Group Limited, Metcash Limited, National Australia Bank Limited, News Corporation, Orica Limited, Patrick Corporation Limited, Perpetual Trustees Australia Limited, Promina Group Limited, Qantas Airways Limited, QBE Insurance Group Limited, Publishing & Broadcasting Limited, Rinker Group Limited, Sonic Healthcare Limited, St George Bank Limited, Suncorp Metway Limited, Tabcorp Holdings Limited, Telecom Corporation of New Zealand Limited, Telstra Corporation Limited, Toll Holdings Limited, Transurban Group, Wesfarmers Limited, Woolworths Limited.
Westpac Performance Plan	The Westpac Performance Plan (WPP) is a long term incentive scheme designed as a retention and reward program for employees who have been identified as key members within the Westpac Group. Reward is delivered to participants when future high-level performance targets are met. Awards under the WPP include Performance Share rights and Performance options.

¹ Refers to securities held under the Westpac Performance Plan or the Chief Executive Securities Agreement 2003

9. Auditor

9.1. Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is below.



Auditor's independence declaration

As lead auditor for the audit of Westpac Banking Corporation for the year ended 30 September 2005, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Westpac Banking Corporation and the entities it controlled during the year.


DH Armstrong
Partner
PricewaterhouseCoopers

Sydney, Australia
2 November 2005

Liability limited by a scheme approved under Professional Standards Legislation

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DX 77 Sydney
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Facsimile +61 2 8266 9999

9.2. Non-audit services and independence

Westpac may decide to engage PricewaterhouseCoopers on assignments additional to their statutory audit duties where their expertise or experience with Westpac or a controlled entity is important.

Details of the non-audit service amounts paid or payable to PricewaterhouseCoopers for non-audit services provided during the year are set out in the table below.

	\$'000
Remuneration for audit related services	2,068
Remuneration for taxation services	483
Remuneration for other services	297
Total remuneration for non-audit services	2,848

The external auditor, PricewaterhouseCoopers, also provides audit and non-audit services to non-consolidated entities including non-consolidated securitisation vehicles sponsored by the Westpac Group, non-consolidated trusts of which a Westpac Group entity is trustee, manager or responsible entity and non-consolidated superannuation funds or pension funds. The fees in respect of these services were approximately \$3.6 million in total. PricewaterhouseCoopers may also provide audit and non-audit services to other entities in which Westpac holds a minority interest and which are not consolidated. Westpac is not aware of the amount of any fees paid by those entities.

The Bank has a policy on engaging PricewaterhouseCoopers, details of which are set out in the Corporate Governance statement, Audit Governance and Independence section on pages 32 to 33 and which forms part of this report.

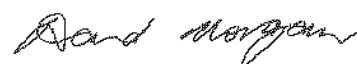
The Board of Directors has considered the position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by PricewaterhouseCoopers, as set out above, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- * all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- * none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Signed in accordance with a resolution of the Board of Directors.



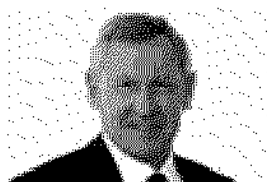
Leon A. Davis AO
Chairman
2 November 2005



David Morgan
Managing Director
& Chief Executive Officer
2 November 2005

Executive team

As at 30 September 2005 our Group Executives and the Group Secretary and General Counsel were:



David Morgan, Managing Director and Chief Executive Officer, BEc, MSc, PhD. Age 58

David has extensive experience in the financial sector, having worked in the International Monetary Fund in Washington D.C. in the 1970s and the Federal Treasury in the 1980s where he headed all major areas before being appointed Senior Deputy Secretary. Since joining Westpac in 1990, he has had responsibility for all major operating divisions including our Financial Services, Retail Banking, Commercial Banking, Corporate and Institutional Banking and International Banking. He was appointed to the Board in November 1997, prior to being appointed CEO in March 1999.



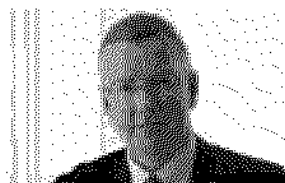
Ilana Atlas, Group Executive, People and Performance, BJur (Hons.), LLB (Hons.) LLM. Age 50

Ilana joined Westpac in 2000 as Group Secretary and General Counsel. In October 2002 she was appointed to her present role, and is accountable for people strategy and management. She was previously a partner of Mallesons Stephen Jaques, where she worked extensively as a corporate lawyer and in managerial roles including human resources and as managing partner.



Philip Chronican, Chief Financial Officer, BCom (Hons.), MBA, FAIBF. Age 49

Phil was appointed Chief Financial Officer (CFO) in February 2001 with responsibility for Westpac finance, tax, treasury, risk management, legal, strategy, and investor relations functions. He was previously Deputy CFO and has held business group CFO roles in both retail and institutional banking. Phil has been with Westpac in a variety of positions in Australia and in New Zealand since 1982.



Philip Coffey, Group Executive, Westpac Institutional Bank, BEc (Hons). Age 47

Phil joined Westpac in 1996, and since 2002 has led the Institutional Bank, responsible for Westpac's relationships with corporate, institutional and government clients in Australia and worldwide, as well as the business areas of financial markets, debt capital markets, specialised capital, structured investments and transactional banking. Previously with AIDC and Citicorp, he had over ten years experience in funds management and financial markets, including roles in the UK and New Zealand. He began his career with the Reserve Bank of Australia.



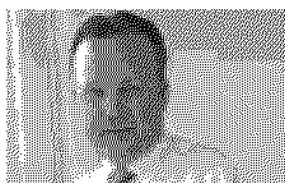
Rob Coombe, Group Executive Officer Wealth, Chief Executive Officer BT Financial Group. Age 42

Rob joined Westpac with the acquisition of the BT Financial Group in 2002 and has over 23 years experience in banking and financial services. He was appointed CEO of BT in January 2005 and leads a team of over 2,500 people. He started with BT in 1991 and has held a number of positions, including Senior Legal Counsel, Head of BT's International Funds Management and CEO of BT's Funds Management business in Malaysia. Rob is a board member of the Investment and Financial Services Association Limited (IFSA).



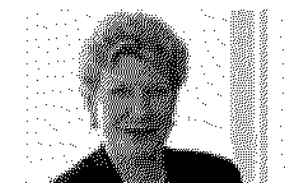
Michael Coomer, Group Executive, Business and Technology Solutions and Services, C Eng, Grad Dip Digital Comms, AMP (Harvard), FAIBF, FAIM, ATS, MAICD. Age 52

Michael joined Westpac in January 2002 and is responsible for information technology, outsourcing governance, banking operations and back office functions and corporate services (including fraud, anti-money laundering and security). Michael has over 30 years of experience at the forefront of information technology, having had associations in the telecommunications, financial services, aerospace and defence industries, primarily in senior executive roles.



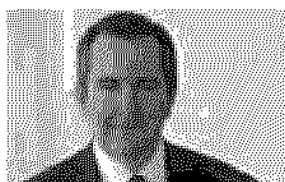
Michael Pratt, Group Executive, Business and Consumer Banking, C Bkg, Grad Dip Org Beh, FAIBF, FAIM, FAHRI. Age 52

Mike joined the Westpac executive team in April 2002 as Group Executive for New Zealand and Pacific Banking. In August 2002, he was appointed Group Executive, Business and Consumer Banking for Australia and also CEO for Bank of Melbourne. Mike has had an extensive career in retail banking and was previously CEO, Australian Financial Services, National Australia Bank and CEO Bank of New Zealand. He is also a director of MasterCard International.



Ann Sherry AO, Group Executive, New Zealand and Pacific Banking, BA, Grad Dip IR, MAICD, FAIBF, FIPAA. Age 51

After joining Westpac in 1994, Ann headed Human Resources for our institutional and international bank and subsequently led a team driving the merger with the Bank of Melbourne. She later became CEO, Bank of Melbourne. Ann was appointed Group Executive, Human Resources in 2000. In October 2002, she was appointed CEO of Westpac New Zealand and Group Executive, New Zealand and Pacific Banking. Ann also has had extensive experience in government at a senior level.



Richard Willcock, Group Secretary and General Counsel, LLB, BA (Hons.), MBA, FCIS. Age 46

Richard joined Westpac in 1997 as Senior Counsel, Institutional and International Banking Group and was appointed to his present role in February 2003 with responsibility for the management and delivery of company secretarial, legal and compliance services to the Westpac Board, executive and business. Prior to his current appointment he was General Manager Risk for BT Financial Group. Richard previously practised law in private practice from 1982 and was a partner at law firm Abbott Tout.

Changes in Group Executives from 1 December 2005:

- Rob Whitfield, currently Chief Risk Officer has been elevated to the Group Executive, no change to core responsibilities.
- Philip Chronican will assume the role of Group Executive Westpac Institutional Bank.
- Philip Coffey will assume the role of Chief Financial Officer.

Ten year summary

\$m (unless otherwise indicated)	2005	2004	2003	2002	2001
Statement of financial performance – year ended 30 September¹					
Net interest income	5,245	4,755	4,326	4,205	4,051
Non-interest income	3,560	3,255	3,004	2,919	2,537
Net operating income	8,805	8,010	7,330	7,124	6,588
Operating expenses	(4,105)	(3,940)	(3,763)	(3,895)	(3,472)
Amortisation of goodwill	(168)	(164)	(163)	(100)	(98)
Bad and doubtful debts	(382)	(414)	(485)	(461)	(433)
Profit from ordinary activities before income tax expense and abnormal items	4,150	3,492	2,919	2,668	2,585
Income tax expense	(1,222)	(913)	(728)	(471)	(677)
Net profit attributable to outside equity interests	(110)	(40)	(8)	(5)	(5)
Net profit attributable to equity holders before abnormal items	2,818	2,539	2,183	2,192	1,903
Abnormal items (net of tax) ²	–	–	–	–	–
Net profit attributable to equity holders	2,818	2,539	2,183	2,192	1,903
Goodwill amortisation	168	164	163	100	98
Distributions on other equity instruments	(137)	(154)	(75)	(48)	(51)
2004 TPS revaluation	25	10	–	–	–
Cash earnings	2,874	2,559	2,271	2,244	1,950
Statement of financial position at 30 September¹					
Total assets	259,753	245,079	221,339	191,037	189,845
Loans	195,589	182,471	160,473	135,870	122,250
Acceptances	4,864	5,534	3,788	4,788	15,700
Deposits and public borrowings ³	149,454	146,533	129,071	110,763	96,157
Loan capital	4,214	4,431	4,544	4,512	4,838
Total equity	17,212	16,317	13,996	10,468	9,705
Total risk weighted assets	170,369	158,489	142,909	128,651	127,242
Share information					
Earnings per share (cents):					
Before abnormals	144.8	129.2	115.6	118.3	102.8
After abnormals	144.8	129.2	115.6	118.3	102.8
Dividends per ordinary share (cents)	100	86	78	70	62
Net tangible assets per ordinary share (\$) ⁴	6.21	5.47	4.97	4.56	4.28
Share price (\$):					
High	21.40	18.28	17.14	17.01	14.55
Low	17.52	15.00	12.83	13.11	11.87
Close	21.10	17.73	16.20	13.85	13.29
Ratios					
Total equity to total assets (%)	6.6	6.7	6.3	5.5	5.1
Total equity to total average assets (%)	6.8	6.9	6.7	5.6	5.4
Tier 1 ratio (%) ⁵	7.2	6.9	7.2	6.5	6.3
Adjusted common equity (ACE) (%) ⁶	5.4	4.8	5.0	–	–
Total capital ratio (%) ⁷	9.7	9.7	10.5	9.6	9.9
Dividend payout ratio (%)	69.0	66.6	67.5	59.2	60.3
Dividend payout ratio – cash earnings (%)	64.4	62.0	62.6	56.5	57.3
Return on average ordinary equity before abnormals (%)	20.7	19.9	19.2	21.7	21.1
Cash earnings to average adjusted ordinary equity (%)	20.2	20.7	20.3	21.9	21.4
Productivity ratio ⁸	4.13	4.03	3.99	3.90	3.60
Operating expenses to operating income ratio (%)	46.6	49.2	51.3	54.7	52.7
Net interest margin (%)	2.50	2.53	2.62	2.81	3.11
Other information					
Points of bank representation (number at financial year end) ⁹	1,146	1,065	1,069	1,371	1,347
Core full-time equivalent staff (number at financial year end) ¹⁰	25,583	25,683	25,013	23,637	27,088

1 The above statements of financial performance extracts for 2005, 2004 and 2003 and statements of financial position extract for 2005 and 2004 are derived from the consolidated financial statements included in this report, and for prior years are derived from financial statements previously published, each of which have been presented in accordance with Australian GAAP.

2 For reporting periods ending on or after 30 June 2001, we are no longer permitted (under Australian GAAP) to disclose abnormal items on the face of the statement of financial performance. Where a revenue or expense is of such a size, nature or incidence that its disclosure is relevant in explaining our financial performance, we are required to disclose its nature and amount on the face of the statement of financial performance or in the notes to the financial statements.

3 Public borrowing balances were only held until 2002. They related to Australian Guarantee Corporation Limited and Augusta (1962) Limited (formerly Australian Guarantee Corporation (NZ) Limited).

4 After deducting preference equity and goodwill.

\$m (unless otherwise indicated)	2000	1999	1998	1997	1996
Statement of financial performance – year ended 30 September¹					
Net interest income	3,669	3,476	3,492	3,353	3,254
Non-interest income	2,414	2,155	2,003	1,739	1,472
Net operating income	6,083	5,631	5,495	5,092	4,726
Operating expenses	(3,405)	(3,334)	(3,286)	(3,166)	(3,015)
Amortisation of goodwill	(98)	(100)	(106)	(62)	(34)
Bad and doubtful debts	(202)	(171)	(168)	(78)	(121)
Profit from ordinary activities before income tax expense and abnormal items	2,378	2,026	1,935	1,786	1,556
Income tax expense	(660)	(567)	(589)	(493)	(421)
Net profit attributable to outside equity interests	(3)	(3)	(4)	(2)	(3)
Net profit attributable to equity holders before abnormal items	1,715	1,456	1,342	1,291	1,132
Abnormal items (net of tax) ²	–	–	(70)	–	–
Net profit attributable to our equity holders	1,715	1,456	1,272	1,291	1,132
Goodwill amortisation	98	100	106	62	34
Distributions on other equity instruments	(43)	(8)	(24)	(39)	(39)
2004 TPS revaluation	–	–	–	–	–
Cash earnings	1,770	1,548	1,354	1,314	1,127
Statement of financial position at 30 September¹					
Total assets	167,618	140,220	137,319	118,963	121,513
Loans	107,533	97,716	91,738	77,874	81,201
Acceptances	15,665	10,249	10,325	11,242	11,197
Deposits and public borrowings ³	89,994	85,546	83,164	72,636	74,886
Loan capital	4,892	2,692	2,523	1,895	2,199
Total equity	9,262	8,997	8,611	8,206	7,891
Total risk weighted assets	114,816	102,592	97,430	87,133	86,503
Share information					
Earnings per share (cents):					
Before abnormals	88.8	77.0	70.1	70.0	58.9
After abnormals	88.8	77.0	66.4	70.0	58.9
Dividends per ordinary share (cents)	54	47	43	39	33
Net tangible assets per ordinary share (\$) ⁴	3.96	3.71	3.59	3.69	3.39
Share price (\$):					
High	12.97	12.06	11.45	9.10	6.59
Low	9.16	8.36	7.10	6.43	5.20
Close	12.75	9.45	9.28	8.70	6.54
Ratios					
Total equity to total assets (%)	5.5	6.4	6.3	6.9	6.5
Total equity to total average assets (%)	5.8	6.4	6.2	6.6	6.8
Tier 1 ratio (%) ⁵	6.6	7.0	6.8	8.0	7.4
Adjusted common equity (ACE) (%) ⁶	–	–	–	–	–
Total capital ratio (%) ⁷	9.9	9.2	9.3	10.5	10.8
Dividend payout ratio (%)	60.8	61.0	61.3	55.7	56.0
Dividend payout ratio – cash earnings (%)	57.4	57.1	59.7	53.1	54.3
Return on average ordinary equity before abnormals (%)	18.4	16.8	15.5	17.0	14.6
Cash earnings to average adjusted ordinary equity (%)	19.0	17.6	15.8	17.6	15.0
Productivity ratio ⁸	3.35	3.30	3.22	2.90	2.63
Operating expenses to operating income ratio (%)	56.0	59.2	59.8	62.2	63.8
Net interest margin (%)	3.10	3.25	3.44	3.59	3.72
Other information					
Points of bank representation (number at financial year end) ⁹	1,375	1,625	1,832	1,547	1,788
Core full-time equivalent staff (number at financial year end) ¹⁰	29,510	31,731	33,222	31,608	33,832

⁵ The Tier 1 ratio has not been restated for changes in methodology over the ten year period.

⁶ ACE has only been calculated since 2003.

⁷ For details on the calculation of this ratio refer to note 42 to the financial statements in the Annual Financial Report.

⁸ Net operating income/salaries and other staff expenses.

⁹ As of 2003, business banking, agribusiness, private bank and financial planning centres all operate from our branch network and as such are no longer counted as separate points of representation.

¹⁰ Core full-time equivalent staff includes overtime and pro-rata part-time staff. It excludes staff on unpaid absences (e.g. maternity leave), temporary and contract staff.

Concise financial report

The financial statements and specific disclosures included in this Concise Financial Report have been derived from the Annual Financial Report of Westpac Banking Corporation and its controlled entities (the Group) and do not, and cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the Annual Financial Report for the year ended 30 September 2005.

A copy of the 2005 Annual Financial Report including the independent audit report is available and will be sent to any shareholder without charge upon request.

@ The Annual Financial Report can be requested by phoning Australia on (612) 9293 9270 and can be accessed via the internet at www.westpac.com.au

Management discussion and analysis of the statement of financial performance

Net interest income was \$5,245 million in 2005, an increase of \$490 million on 2004, which was an increase of \$429 million on 2003. The increase in 2005 was driven by strong growth in deposits and lending, offset in part by a small decline in margins. The increase in 2004 reflected a continuation of strong growth in lending balances, an increase in deposit balances, partially offset by a decline in net interest margins. In 2005, average interest earning assets increased by 10% and average interest bearing liabilities increased 11%, while net interest margins decreased 3 basis points to 2.5%. Growth in household lending slowed from the high levels experienced in 2003 as growth in the housing property market eased, while market competition increased from both new entrants and existing market participants.

Non-interest income was \$3,560 million in 2005, an increase of \$305 million on 2004, which was an increase of \$251 million on 2003. Growth in 2005 was driven by strong fee growth in our wealth management businesses, with increases in our Institutional and Australian retail banking franchise also assisting growth. The increase in the Institutional Bank's non-interest income was driven by sales of high yielding securities, and increased contributions from transactional fees and the Specialised Capital Group.

The increase from our Australian retail banking franchise was driven by a growing balance sheet and changes to the pricing structure of some products. The increase in 2004 was due to growth in fees from our wealth management and Institutional Banking businesses. In 2004, fee income from our Australian retail banking franchise was flat on 2003, reflecting reduced credit card interchange income following the implementation of the Reserve Bank of Australia credit card reforms in November 2003. The decline in interchange income was offset by strong fee growth across the rest of the balance sheet and active product management. Non-interest income growth was also constrained by a weaker performance from our financial markets business.

Operating expenses were \$4,105 million in 2005, an increase of \$165 million on 2004, which was an increase of \$177 million on 2003. The increase in 2005 is largely due to increased personnel costs from market driven pay increases and higher FTE. Increases in compliance costs and software amortisation also increased in 2005. The increase in 2004 is primarily due to higher personnel costs including the 4% Enterprise Development Agreement increase in October 2003; increased short term incentives; additional FTE staff as we grew the number of customer facing positions to help capitalise on market opportunities; and in-sourcing of certain functions.

Bad and doubtful debts were \$382 million in 2005, a decrease of \$32 million on 2004, which was a decrease of \$71 million over 2003. The decrease in the bad debts charge in 2005 was a result of lower stressed loans requiring a lower level of specific provisioning partially offset by a higher general provision from loan growth. The lower bad and doubtful debts charge in 2004 was due to a lower level of stressed loans and a benign credit environment. This was partially offset by the increase in general provisions resulting from the growth in our loan book.

Basic earnings per share (EPS) for 2005 was 144.8 cents compared with 129.2 cents in 2004 and 115.6 cents in 2003. Diluted earnings per share for 2005 was 143.3 cents compared with 127.7 cents in 2004 and 115.3 cents in 2003.

Statement of financial performance for the years ended 30 September

Westpac Banking Corporation and its controlled entities

		Consolidated		
	Note	2005 \$m	2004 \$m	2003 \$m
Interest income		15,113	12,939	10,885
Interest expense		(9,868)	(8,184)	(6,559)
Net interest income		5,245	4,755	4,326
Non-interest income		3,560	3,255	3,004
Net operating income		8,805	8,010	7,330
Operating expenses		(4,105)	(3,940)	(3,763)
Amortisation of goodwill		(168)	(164)	(163)
Bad and doubtful debts		(382)	(414)	(485)
Profit from ordinary activities before income tax expense		4,150	3,492	2,919
Income tax expense		(1,222)	(913)	(728)
Net profit		2,928	2,579	2,191
Net profit attributable to outside equity interests:				
Managed investment schemes		(90)	(30)	–
Other		(20)	(10)	(8)
Net profit attributable to equity holders of Westpac Banking Corporation		2,818	2,539	2,183
Foreign currency translation reserve adjustment		(98)	(11)	(156)
Total revenues, expenses and valuation adjustments attributable to equity holders of Westpac Banking Corporation recognised directly in equity		(98)	(11)	(156)
Total changes in equity other than those resulting from transactions with owners as owners		2,720	2,528	2,027
Earnings per ordinary share (in cents) after deducting distributions on other equity instruments				
Basic	4	144.8	129.2	115.6
Fully diluted	4	143.3	127.7	115.3

The above statement of financial performance should be read in conjunction with the accompanying notes and management discussion and analysis.

Assets

During the financial year ended 30 September 2005, total assets increased by \$14.7 billion or 6% to \$259.8 billion. The key drivers of this increase included the following:

Amounts due from financial institutions have increased by \$1.4 billion to \$10.9 billion as our holdings in placements and securities grew.

Loans and acceptances increased by \$12.4 billion or 7% to \$200.5 billion in 2005. The major areas of increase were:

- continued growth in housing loans of \$6.9 billion or 7% in Australia and New Zealand; and
- non-housing loans in Australia which grew by \$3.5 billion, particularly in equity access and term money market loans.

Other assets increased by \$1.6 billion or 8% to \$21 billion, the majority of which was due to financial market assets which are influenced by market movements in major currencies and interest rates. Financial market assets primarily represent the positive fair value of our trading derivative financial instruments.

These increases were partly offset by a decrease of \$1.6 billion or 12% in trading and investment securities. This decrease was primarily driven by a fall of \$1.3 billion in investment securities which matured during the year.

Liabilities and equity

Total liabilities as at 30 September 2005 were \$242.5 billion which was an increase of \$13.8 billion or 6% compared with the prior year. The key movements in liabilities were as follows:

Amounts due to financial institutions grew by \$3.6 billion or 51% compared with 2004. Debt issues grew by \$5.6 billion or 15% during 2005. These movements reflect the funding growth required to support the increase in assets.

Deposits increased by \$2.9 billion or 2% during 2005. The movement in deposits was primarily due to an increase in the online savings accounts (\$9.0 billion) which was offset by a decrease of \$4.8 billion in certificates of deposit in Australian and overseas markets.

All other liabilities increased by \$1.6 billion primarily due to an increase in financial market liabilities. Other financial market liabilities primarily represents the negative fair value of our trading derivative financial instruments.

Equity has increased by \$0.9 billion or 5% during 2005 to \$17.2 billion.

Major movements in equity included the following:

- retained profits (net of dividends and other equity distributions) increased by \$1.0 billion;
- increase of \$0.6 billion in shares issued via the dividend reinvestment plan and employee share purchase and option schemes; and
- outside equity interests decreased by \$0.6 billion due to a reduction in consolidated managed investment schemes.

Statement of financial position as at 30 September

Westpac Banking Corporation and its controlled entities

		Consolidated	
	Note	2005 \$m	2004 \$m
Assets			
Cash and balances with central banks		1,844	1,800
Due from other financial institutions		10,896	9,538
Trading securities		9,399	9,698
Investment securities (Group market value: \$2,586 million; 2004 \$3,846 million)		2,428	3,714
Loans		195,589	182,471
Acceptances of customers		4,864	5,534
Life insurance assets		13,740	12,957
Regulatory deposits with central banks overseas		347	523
Goodwill		2,290	2,394
Fixed assets		839	1,445
Deferred tax assets		945	838
Other assets		16,572	14,167
Total assets		259,753	245,079
Liabilities			
Due to other financial institutions		10,654	7,071
Deposits		149,454	146,533
Debt issues		41,771	36,188
Acceptances		4,864	5,534
Current tax liabilities		317	1
Deferred tax liabilities		267	110
Life insurance policy liabilities		11,722	10,782
Provisions		415	427
Other liabilities		18,863	17,685
Total liabilities excluding loan capital		238,327	224,331
Loan capital			
Subordinated bonds, notes and debentures		3,702	3,885
Subordinated perpetual notes		512	546
Total loan capital		4,214	4,431
Total liabilities		242,541	228,762
Net assets		17,212	16,317
Equity			
Parent entity interest:			
Ordinary shares		5,296	4,234
Reserves		(181)	(83)
Retained profits	3	8,777	7,812
Total parent entity interest		13,892	11,963
Other equity interests:			
New Zealand Class shares			453
Fixed Interest Resettable Trust Securities (FIRsTS)		655	655
Trust Preferred Securities (2003 TPS)		1,132	1,132
Trust Preferred Securities (2004 TPS)		685	685
Total other equity interests		2,472	2,925
Total equity attributable to equity holders of Westpac Banking Corporation		16,364	14,888
Outside equity interests in controlled entities:			
Managed investment schemes		826	1,408
Other		22	21
Total equity		17,212	16,317

The above statement of financial position should be read in conjunction with the accompanying notes and management discussion and analysis.

Statement of cash flows for the years ended 30 September

Westpac Banking Corporation and its controlled entities

	Consolidated		
	2005 \$m	2004 \$m	2003 \$m
Cash flows from operating activities			
Interest received	15,050	12,835	10,809
Interest paid	(9,613)	(7,929)	(6,603)
Dividends received excluding life business	33	34	36
Other non-interest income received	3,322	4,648	4,169
Operating expenses paid	(3,982)	(3,593)	(3,318)
Net (increase)/decrease in trading securities	(334)	(135)	1,759
Income tax paid excluding life business	(751)	(1,106)	(1,131)
Life business:			
Receipts from policyholders and customers	2,670	2,895	2,958
Interest and other items of similar nature	119	95	119
Dividends received	706	320	379
Payments to policyholders and suppliers	(2,563)	(2,390)	(3,025)
Income tax received/(paid)	94	(180)	(60)
Net cash provided by operating activities	4,563	5,494	6,092
Cash flows from investing activities			
Proceeds from sale of investment securities	130	73	189
Proceeds from matured investment securities	1,564	639	1,260
Purchase of investment securities	(598)	(655)	(2,114)
Proceeds from securitised loans	2,209	241	247
Net (increase)/decrease in:			
Due from other financial institutions	(1,151)	(3,486)	(698)
Loans	(14,492)	(24,505)	(25,942)
Life insurance assets	(37)	(61)	(186)
Regulatory deposits with central banks overseas	209	(74)	(58)
Other assets	(655)	(1,994)	(1,497)
Purchase of fixed assets	(338)	(284)	(323)
Proceeds from disposal of fixed assets	25	90	85
Proceeds from disposal of other investments	41	22	8
Controlled entities acquired, net of cash acquired	—	(547)	(823)
Controlled entities and businesses disposed, net of cash held	545	165	360
Net cash used in investing activities	(12,548)	(30,376)	(29,492)
Cash flows from financing activities			
Issue of loan capital	1,401	500	1,679
Redemption of loan capital	(1,396)	(485)	(978)
Proceeds from issue of ordinary shares	191	110	87
Proceeds from issue of FIRsTS (net of issue costs \$12 million)	—	—	655
Proceeds from issue of 2003 TPS (net of issue costs \$13 million)	—	—	1,132
Proceeds from issue of 2004 TPS (net of issue costs \$8 million)	—	685	—
Buy-back of ordinary shares	—	(559)	—
Buy-back of NZ Class shares	(1)	(18)	—
Redemption of Trust Originated Preferred Securities (TOPrS SM)	—	(446)	—
Net increase/(decrease) in:			
Due to other financial institutions	3,293	3,182	(695)
Deposits	1,587	18,451	19,384
Debt issues	3,719	5,178	3,658
Other liabilities	(664)	(330)	(368)
Payment of distributions and dividends	(1,433)	(1,362)	(1,038)
Payment of dividends to outside equity interests	(3)	(6)	(2)
Net cash provided by financing activities	8,022	24,900	23,514
Net increase/(decrease) in cash and cash equivalents	37	18	114
Effect of exchange rate changes on cash and cash equivalents	7	(4)	3
Cash and cash equivalents at beginning of year	1,800	1,786	1,669
Cash and cash equivalents at year end	1,844	1,800	1,786

The above statement of cash flows should be read in conjunction with the accompanying notes.

Financial notes

Note 1. Summary of significant accounting policies

This Concise Financial Report has been derived from or is consistent with the Annual Financial Report of Westpac Banking Corporation (Westpac) and its controlled entities (the Group), for the year ended 30 September 2005, which has been prepared in accordance with the requirements for an authorised deposit-taking institution under the Banking Act 1959 (as amended), Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

This Concise Financial Report has been prepared in accordance with Accounting Standard AASB 1039: Concise Financial Reports and the relevant provisions of the Corporations Act 2001.

A full description of the accounting policies adopted by the Group is provided in the 2005 Annual Financial Report.

Comparative information is restated where appropriate to enhance comparability.

Change in accounting policy – 2003

Providing for dividends

A provision is only made for any dividends declared, determined or publicly recommended by the Directors on or before the end of the financial year, but not distributed as at balance date.

The above policy was adopted with effect from 1 October 2002 to comply with the new Australian Accounting Standard AASB 1044: Provisions, Contingent Liabilities and Contingent Assets. In previous reporting periods, in addition to providing for any dividends declared, determined or publicly recommended by the Directors on or before the end of the financial year but not distributed at balance date, a provision was made for dividends to be paid out of retained profits at the end of the financial year where the dividend was proposed, recommended or declared between the end of the financial year and the completion of the financial report.

An adjustment of \$651 million was made against the consolidated retained profits at the beginning of the 2003 financial year to reverse the amount provided as at 30 September 2002 for the proposed final dividend for the year ended on that date. This adjustment reduced consolidated provisions and total liabilities at the beginning of the financial year by \$651 million with corresponding increases in consolidated net assets, retained profits, total equity and the total dividends provided for or paid during the 2003 financial year.

The impacts of adopting Australian equivalents to International Financial Reporting Standards (A-IFRS)

In July 2002, the Financial Reporting Council of Australia announced its formal support for Australia to adopt standards based on International Financial Reporting Standards (IFRS) for financial years beginning on or after 1 January 2005. As a result the accounting standards that apply to Australian reporting companies under the Corporations Act will be based on IFRS issued by the International Accounting Standards Board for accounting periods beginning on or after 1 January 2005. We will adopt the Australian equivalents of IFRS from 1 October 2005 and certain comparatives will be required to be restated on initial adoption.

The Board established a formal project, monitored by a steering committee to achieve transition to IFRS reporting. The implementation project consisted of three phases.

1. Assessment and Planning

In the assessment and planning phase a high level overview of the impacts of conversion to A-IFRS reporting on existing accounting and reporting policies, procedures, systems and processes, business structures and staff was developed.

2. Design phase

In the design phase changes required to existing accounting policies and procedures' systems and processes in order to transition to A-IFRS were formulated. The design phase is substantially complete.

3. Implementation phase

The implementation phase included implementation of identified changes to accounting and business procedures, processes and systems and operational training for staff. It enabled Westpac to generate the disclosures required as part of the transition to A-IFRS.

A more comprehensive discussion, including details about the expected impacts of adopting A-IFRS, is contained in note 1 of the 2005 Annual Financial Report.

Note 2. Dividends and distributions

	2005 \$m	Consolidated 2004 \$m	2003 \$m
Ordinary dividends¹			
Interim ordinary dividend paid:			
Ordinary shares 49 cents per share (2004: 42 cents per share, 2003: 38 cents per share) all fully franked	883	758	673
New Zealand Class shares 49 cents per share (2004: 42 cents per share, 2003: 38 cents per share) all fully imputed	26	23	20
Final ordinary dividend provided for or paid:			
Ordinary shares 44 cents per share (2003: 40 cents per share) all fully franked	784	716	632
New Zealand Class shares 44 cents per share (2003: 40 cents per share) all fully imputed	23	21	20
Total ordinary dividends provided for or paid	1,716	1,518	1,345
Distributions on other equity instruments			
Distributions provided for or paid:			
TOPrS ²	–	24	41
FIRsTS	44	44	34
2003 TPS	57	67	–
2004 TPS	36	19	–
Total distributions on other equity instruments	137	154	75
Dividends not recognised at year end¹			
Since year end the Directors have recommended the payment of the following ordinary final dividend:			
Ordinary shares 51 cents per share fully franked	955	782	716
New Zealand Class shares ³	–	23	21
	955	805	737
Franking account balance			
Franking account balance at year end	826	894	617
Franking credits arising from payment of current income tax payable	166	13	303
Adjusted franking account balance at year end	992	907	920
Franking credits utilised for payment of proposed final dividend	(409)	(336)	(308)
Adjusted franking account balance after proposed final dividend	583	571	612

1 Following the change in accounting policy for providing for dividends, a liability has not been recognised for the recommended final dividend payable on 14 December 2005 out of retained profits.

2 TOPrS were redeemed for cash on 16 July 2004. Accordingly, no distributions were provided for or paid in 2005.

3 As of 11 July 2005 no further New Zealand Class share dividends arose as a result of Westpac exercising its right to exchange the New Zealand Class shares for ordinary shares.

Note 3. Retained profits

	2005 \$m	Consolidated 2004 \$m	2003 \$m
Retained profits			
Reported balance at previous year end	7,812	7,343	5,930
Change in accounting policy for providing for dividends	–	–	651
Balance at beginning of year	7,812	7,343	6,581
Aggregate of amounts transferred to other reserves	–	(1)	(1)
Net profit attributable to equity holders of Westpac Banking Corporation	2,818	2,539	2,183
Ordinary dividends provided for or paid	(1,716)	(1,518)	(1,345)
Distributions on other equity instruments	(137)	(154)	(75)
Deemed dividend – shares bought back	–	(404)	–
Realised gain on redemption of TOPrS	–	7	–
Balance at year end	8,777	7,812	7,343

Note 4. Earnings per ordinary share

	2005		Consolidated 2004		2003	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
Reconciliation of earnings used in the calculation of earnings per ordinary share (\$million)						
Net profit	2,928	2,928	2,579	2,579	2,191	2,191
Net profit attributable to outside equity interests	(110)	(110)	(40)	(40)	(8)	(8)
TOPRS distribution	—	—	(24)	(24)	(41)	(41)
FIRSTS distribution	(44)	—	(44)	—	(34)	(34)
2003 TPS distribution	(57)	(57)	(67)	(67)	—	—
2004 TPS distribution	(36)	—	(19)	—	—	—
Earnings	2,681	2,761	2,385	2,448	2,108	2,108
Weighted average number of ordinary shares (millions)						
Weighted average number of ordinary shares	1,851	1,851	1,846	1,846	1,824	1,824
Potential dilutive adjustment:						
Exercise of options	—	4	—	8	—	4
Conversion of 2004 TPS	—	36	—	22	—	—
Other ¹	—	1	—	—	—	—
Conversion of FIRSTS	—	35	—	41	—	—
Total weighted average number of ordinary shares	1,851	1,927	1,846	1,917	1,824	1,828
Earnings per ordinary share (cents)	144.8	143.3	129.2	127.7	115.6	115.3

¹ Diluted earnings per share impact of shares issued in October 2005 as consideration for the acquisition of minority interest in Hastings Funds Management Limited (Hastings).

During the year ended 30 September 2005, 14,840,843 (2004: 9,181,919, 2003: 8,540,979) options and performance share rights were converted to ordinary shares. The diluted earnings per share calculation included that portion of these options and performance share rights assumed to be issued for nil consideration, weighted with reference to the date of conversion. The estimated weighted average number included was 1,518,964 (2004: 1,248,982, 2003: 1,516,098). In determining diluted earnings per share, options with an exercise price greater than the average market price of Westpac shares for the year have not been included, as these were not considered dilutive.

Subsequent to 30 September 2005:

- nil options and 15,931 performance share rights were granted to employees (2004: 21,710 performance share rights, 2003: nil) to employees under the Westpac Performance Plan;
- 222,326 number of ordinary shares were issued to employees due to the exercise of options (2004: 953,127, 2003: 640,615); and
- 10,319 number of ordinary shares were issued to employees due to the exercise of performance share rights (2004: 9,728, 2003: nil).

Note 5. Group segment information

The basis of segment reporting reflects the management of the business within the Group, rather than the legal structure of the Group. The business segment results have been presented on a management reporting basis and consequently, internal charges and transfer pricing adjustments have been reflected in the performance of each business segment. Intersegment pricing is determined on an arm's length basis.

Primary reporting – business segments

The business segments are defined by the customers they service and the services they provide. The Business and Consumer Banking segment is responsible for servicing and product development for consumer and smaller to medium-sized business customers within Australia. The BT Financial Group designs, manufactures and services financial products that enable customers to achieve their financial goals through the accumulation, management and protection of personal wealth.

The Institutional Banking segment represents primarily corporations and institutional customers either based in, or with interests in, Australia and New Zealand, and also provides certain services to middle-market business banking customers in Australia and New Zealand.

The New Zealand Banking segment provides banking and wealth management services to consumer and retail business customers. Other includes the results of Business and Technology Solutions and Services, Group Treasury, Pacific Banking and Head Office functions. The majority of the direct operating expenses of Other are recharged back to the business segments as indicated in the internal charges line within operating expenses.

Note 5. Group segment information (continued)

	Consolidated 2005					
	Business and Consumer Banking \$m	BT Financial Group Australia \$m	Institutional Banking \$m	New Zealand Banking \$m	Other \$m	Total \$m
Revenue from external customers	10,531	2,946	3,293	2,737	1,753	21,260
Internal revenue ¹	320	18	4,267	1,807	(6,412)	—
Total segment revenue	10,851	2,964	7,560	4,544	(4,659)	21,260
Interest income	9,267	165	2,321	2,055	1,305	15,113
Interest expense	(3,052)	—	(1,271)	(945)	(4,600)	(9,868)
Internal charges ¹	(2,515)	(129)	(545)	(290)	3,479	—
Net interest income	3,700	36	505	820	184	5,245
Non-interest income	1,304	865	398	410	583	3,560
Internal charges ¹	69	(145)	457	1	(382)	—
Operating income	5,073	756	1,360	1,231	385	8,805
Depreciation and goodwill amortisation	(143)	(70)	(26)	(102)	(109)	(450)
Other non-cash expenses	(81)	(14)	(14)	(5)	(103)	(217)
Other operating expenses	(1,559)	(318)	(378)	(491)	(860)	(3,606)
Bad and doubtful debts	(309)	—	(40)	(33)	—	(382)
Internal charges ¹	(845)	(52)	(163)	(21)	1,081	—
Profit from ordinary activities before income tax expense	2,136	302	739	579	394	4,150
Income tax expense	(657)	(89)	(212)	(192)	(72)	(1,222)
Net profit	1,479	213	527	387	322	2,928
Net profit attributable to outside equity interests	—	—	(12)	(4)	(94)	(110)
Net profit attributable to equity holders of Westpac Banking Corporation	1,479	213	515	383	228	2,818
Total assets	148,308	16,865	46,656	30,300	17,624	259,753
Total liabilities	101,429	12,092	32,804	26,039	70,176	252,541
Acquisition of fixed assets and goodwill	1	7	78	65	264	415

¹ Internal revenue and charges are eliminated on consolidation.

	Consolidated 2004					
	Business and Consumer Banking \$m	BT Financial Group Australia \$m	Institutional Banking \$m	New Zealand Banking \$m	Other \$m	Total \$m
Revenue from external customers	9,484	1,849	2,605	2,225	1,301	17,464
Internal revenue ¹	264	41	2,634	1,612	(4,551)	—
Total segment revenue	9,748	1,890	5,239	3,837	(3,250)	17,464
Interest income	8,315	129	1,569	1,835	1,091	12,939
Interest expense	(2,647)	—	(572)	(823)	(4,142)	(8,184)
Internal charges ¹	(2,253)	(71)	(536)	(208)	3,068	—
Net interest income	3,415	58	461	804	17	4,755
Non-interest income	1,204	729	760	413	149	3,255
Internal charges ¹	86	(173)	43	2	42	—
Operating income	4,705	614	1,264	1,219	208	8,010
Depreciation and goodwill amortisation	(103)	(70)	(8)	(104)	(142)	(427)
Other non-cash expenses	(78)	(10)	(16)	(2)	(120)	(226)
Other operating expenses	(1,545)	(314)	(393)	(509)	(690)	(3,451)
Bad and doubtful debts	(340)	—	5	(37)	(42)	(414)
Internal charges ¹	(797)	(44)	(147)	(16)	1,004	—
Profit from ordinary activities before income tax expense	1,842	176	705	551	218	3,492
Income tax expense	(563)	(50)	(211)	(185)	96	(913)
Net profit	1,279	126	494	366	314	2,579
Net profit attributable to outside equity interests	—	—	(3)	(3)	(34)	(40)
Net profit attributable to equity holders of Westpac Banking Corporation	1,279	126	491	363	280	2,539
Total assets	138,093	14,956	48,803	27,908	15,319	245,079
Total liabilities	92,306	11,122	33,617	25,069	66,648	228,762
Acquisition of fixed assets and goodwill	160	17	57	32	18	284

¹ Internal revenue and charges are eliminated on consolidation.

Note 5. Group segment information (continued)

	Consolidated 2003					
	Business and Consumer Banking \$m	BT Financial Group Australia \$m	Institutional Banking \$m	New Zealand Banking \$m	Other \$m	Total \$m
Revenue from external customers	8,109	1,410	2,721	2,115	706	15,061
Internal revenue ¹	241	52	1,313	(423)	(1,183)	—
Total segment revenue	8,350	1,462	4,034	1,692	(477)	15,061
Interest income	6,901	94	1,330	1,521	1,039	10,885
Interest expense	(2,129)	(1)	(535)	(750)	(3,144)	(6,559)
Internal charges ¹	(1,729)	(59)	(372)	(70)	2,230	—
Net interest income	3,043	34	423	701	125	4,326
Non-interest income	1,191	726	665	352	70	3,004
Internal charges ¹	114	(189)	33	—	42	—
Operating income	4,348	571	1,121	1,053	237	7,330
Depreciation and goodwill amortisation	(98)	(78)	(4)	(70)	(163)	(413)
Other non-cash expenses	(74)	(10)	(14)	(3)	(118)	(219)
Other operating expenses	(1,636)	(298)	(328)	(466)	(566)	(3,294)
Bad and doubtful debts	(321)	—	(107)	(45)	(12)	(485)
Internal charges ¹	(618)	(28)	(127)	(19)	792	—
Profit from ordinary activities before income tax expense	1,601	157	541	450	170	2,919
Income tax expense	(493)	(47)	(157)	(146)	115	(728)
Net profit	1,108	110	384	304	285	2,191
Net profit attributable to outside equity interests	—	—	(2)	(2)	(4)	(8)
Net profit attributable to equity holders of Westpac Banking Corporation	1,108	110	382	302	281	2,183
Total assets	123,313	13,922	52,235	22,471	9,398	221,339
Total liabilities	85,078	10,343	36,376	22,727	52,819	207,343
Acquisition of fixed assets and goodwill	177	888	113	92	17	1,287

¹ Internal revenue and charges are eliminated on consolidation.

Secondary reporting – geographic segments

Geographic segmentation of revenue, net profit, assets and acquisition of fixed assets and goodwill is based on the location of the office in which these items are booked. Intersegment pricing is determined on an arm's length basis.

	Consolidated					
	2005		2004		2003	
	\$m	%	\$m	%	\$m	%
Operating revenue						
Australia	17,356	81.7	14,838	81.9	12,750	81.0
New Zealand	3,288	15.4	2,808	15.5	2,623	16.7
Other ¹	616	2.9	480	2.6	367	2.3
Total	21,260	100.0	18,126	100.0	15,740	100.0
Profit from ordinary activities before income tax expense						
Australia	3,035	73.2	2,464	70.5	2,267	77.7
New Zealand	749	18.1	718	20.6	430	14.7
Other ¹	365	8.7	310	8.9	222	7.6
Total	4,149	100.0	3,492	100.0	2,919	100.0
Net profit attributable to equity holders of Westpac Banking Corporation						
Australia	1,841	65.3	1,584	62.4	1,604	73.5
New Zealand	592	21.0	638	25.1	386	17.7
Other ¹	385	13.7	317	12.5	193	8.8
Total	2,818	100.0	2,539	100.0	2,183	100.0
Assets						
Australia	210,687	81.1	197,901	80.8	179,908	81.3
New Zealand	40,053	15.4	38,062	15.5	32,945	14.9
Other ¹	9,013	3.5	9,116	3.7	8,486	3.8
Total	259,753	100.0	245,079	100.0	221,339	100.0
Acquisition of fixed assets and goodwill						
Australia	338	81.4	229	80.6	1,168	90.8
New Zealand	65	15.7	44	15.5	107	8.3
Other ¹	12	2.9	11	3.9	12	0.9
Total	415	100.0	284	100.0	1,287	100.0

¹ Other includes Pacific Islands, Asia, Americas and Europe.

Note 6. Events occurring after reporting date**Directors' declaration**

In accordance with a resolution of the Directors of Westpac Banking Corporation (Westpac), the Directors declare that the accompanying Concise Financial Report of the consolidated entity, for the year ended 30 September 2005 set out on pages 70 to 79:

- (a) has been derived from or is consistent with the Annual Financial Report for the financial year; and
- (b) complies with Accounting Standard AASB 1039: Concise Financial Reports.

Dated at Sydney this 2nd day of November 2005

For and on behalf of the Board.

Leon A. Davis AO
Chairman

David Morgan
Chief Executive Officer

PRICEWATERHOUSECOOPERS

Independent Audit Report to the Members of Westpac Banking Corporation**Audit opinion**

In our opinion, the concise financial report of Westpac Banking Corporation (Westpac) for the year ended 30 September 2005 complies with Australian Accounting Standard AASB 1039: Concise Financial Reports. This opinion must be read in conjunction with the rest of our audit report.

Scope

The concise financial report and directors' responsibility

The concise financial report comprises the consolidated statement of financial position, consolidated statement of financial performance, consolidated statement of cash flows, discussion and analysis of and notes to the financial statements, and the directors' declaration for Westpac for the year ended 30 September 2005.

The directors of Westpac are responsible for the preparation and presentation of the financial report in accordance with Australian Accounting Standard AASB 1039: Concise Financial Reports.

Audit approach

We conducted an independent audit of the concise financial report in order to express an opinion on it to the members of Westpac. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the concise financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

We also performed an independent audit of the full financial report of Westpac for the financial year ended 30 September 2005. Our audit report on the full financial report was signed on 2 November 2005, and was not subject to any qualification.

In conducting our audit of the concise financial report, we performed procedures to assess whether in all material respects the concise financial report is presented fairly in accordance with Australian Accounting Standard AASB 1039: Concise Financial Reports.

We formed our audit opinion on the basis of these procedures, which included:

- testing that the information included in the concise financial report is consistent with the information in the full financial report; and
- examining, on a test basis, information to provide evidence supporting the amounts, discussion and analysis, and other disclosures in the concise financial report which were not directly derived from the full financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the concise financial report.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

PricewaterhouseCoopers

DH Armstrong
Partner
Sydney, 2 November 2005

PricewaterhouseCoopers
ABN 52 780 433 757
Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
www.pwc.com/au
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Information for shareholders

Shareholders' calendar

Record Date for final dividend	23 November 2005
Record Date for final dividend (New York)	22 November 2005
Final dividend payable	14 December 2005
Annual General Meeting	15 December 2005
Half year end	31 March 2006
Interim results and dividend announcement	4 May 2006
Record Date for interim dividend	7 June 2006*
Record Date for interim dividend (New York)	6 June 2006*
Interim dividend payable	3 July 2006*
Year end	30 September 2006
Final results and dividend announcement	2 November 2006
Record Date for final dividend	22 November 2006**
Record Date for final dividend (New York)	21 November 2006**
Final dividend payable	13 December 2006**
Annual General Meeting	14 December 2006#

* Dates will be confirmed at the time of announcing the 2006 interim results.

** Dates will be confirmed at the time of announcing the 2006 final results.

Details regarding the date of this meeting and the business to be dealt with will be contained in the separate Notice of Meeting sent to shareholders in November 2006.

Annual general meeting

The Westpac Annual General Meeting (AGM) will be held in the Grand Ballroom, Level 3 of the Hilton Sydney, 488 George Street, Sydney NSW on Thursday 15 December 2005, commencing at 1.30pm.

The AGM will be webcast live on the internet at www.westpac.com.au/investorcentre and an archive version will be placed on the website to enable the AGM proceedings to be viewed at a later time.

Voting rights

Ordinary Shares

On a show of hands, each shareholder present in person, each proxy who is not a shareholder and each duly appointed corporate representative who is not a shareholder, shall have one vote.

On a poll, each shareholder shall have one vote for each fully paid share held, each person present as a proxy and each duly appointed corporate representative shall have one vote for each fully paid share held by the shareholder that the person represents.

Dividends payment

Westpac Banking Corporation Main Register

Holders of Westpac ordinary shares, listed on the main Westpac share register and traded on Australian Stock Exchange Limited (ASX), may elect:

- to receive their Westpac ordinary share dividends by **direct credit** to an account with Westpac or any other bank in Australia, New Zealand, or the United Kingdom, or with any building society or credit union in Australia;

or

- if they are resident in, or their address on the main register of shareholders is in, Australia or New Zealand, to have the dividends on some or all of their ordinary shares automatically reinvested in additional shares by participating in the **Dividend Reinvestment Plan (DRP)**. Details of the DRP can be obtained at www.westpac.com.au/investorcentre;

or

- to receive a **cheque** by mail.

Westpac Banking Corporation New Zealand Branch Register

Holders of Westpac ordinary shares, listed on the Westpac New Zealand branch share register and traded on New Zealand Exchange Limited (NZX), may elect:

- to receive their Westpac ordinary share dividends by **direct credit** in New Zealand dollars to an account with Westpac or any other bank in New Zealand, or in Australian dollars to an account with any bank, building society or credit union in Australia;

or

- if they are resident in, or their address on the branch register of shareholders is in, New Zealand, to have the dividends on some or all of their ordinary shares automatically reinvested in additional shares by participating in the **Dividend Reinvestment Plan (DRP)**;

or

- to receive a **cheque** by mail in New Zealand dollars.

Stock exchange listings

Westpac Ordinary Shares are listed on:

- Australian Stock Exchange Limited, (code WBC);
- New York Stock Exchange (NYSE), as American Depositary Shares, (code WBK);
- Tokyo Stock Exchange, Inc., (code 8641); and
- New Zealand Exchange Limited (NZX), (code WBC).

For registry contact details see page 84.

Limit on size of shareholdings

There are limits on the acquisition of a shareholding in a bank under the Financial Sector (Shareholdings) Act 1998. Under this Act, a person (including a company) must not acquire an interest in an Australian financial sector company (which includes banks) where the acquisition would take that person's voting power (which includes the voting power of the person's associates) in the financial sector company to more than 15% of the voting power of the financial sector company, without first obtaining the Federal Treasurer's approval. Even if a person has less than 15% of the voting power, the Federal Treasurer has the power to declare that a person has practical control of that company and, by applying for an order from the Federal Court of Australia, may require the person to relinquish that control.

Shareholder communications

Annual Report

We provide our report to shareholders, in November yearly, in two parts:

- a Concise Annual Report; and
- an Annual Financial Report.

Both parts are lodged with the ASX and the Australian Securities and Investments Commission (ASIC) and other exchanges and regulators as required. They are available on www.westpac.com.au under the "Westpac Info" tab at "Annual Report" in "Main Menu".

In addition we produce an annual Stakeholder Impact Report, which is available in December yearly.

Westpac, being very mindful of the environmental impact of printing hard copies of the Annual Report, also places a user-friendly version of the Concise Annual Report on our website.

Electronic communications

Shareholders can now elect to receive the following communications electronically:

- Concise Annual Report and Annual Financial Report;
- dividend statements when paid by direct credit or via DRP;

- Notices of Meetings and proxy forms; and
- Shareholder Newsletters and major company announcements.

Shareholders who wish to register their email address should go to www.westpac.com.au/investorcentre and click on register your email under "Shareholder News", or contact the Westpac share registry.

Other information

Other sources of information produced during the year include:

- a newsletter containing a review of performance, issued at the time of dividend payments in July and December;
- an annual Summary of Performance published in Japanese for shareholders in Japan;
- documents lodged with the ASX and the NZX;
- documents lodged from time to time in the USA, at the NYSE and the Securities and Exchange Commission, to comply with that country's regulatory requirements; and
- annual reports and information booklets produced by controlled entities and businesses of Westpac Banking Corporation.

Top twenty ordinary shareholders at 5 October 2005

	No. of fully paid ordinary shares	% held
JP Morgan Nominees Australia Ltd	298,979,108	16.00
National Nominees Limited	216,413,217	11.58
Westpac Custodian Nominees Ltd	216,120,860	11.57
Citicorp Nominees Pty Limited	101,099,221	5.41
RBC Global Services Australia Nominees Pty Limited	68,745,428	3.68
ANZ Nominees Limited	61,192,086	3.27
Cogent Nominees Pty Limited	51,017,578	2.73
Queensland Investment Corporation	32,671,562	1.75
AMP Life Limited	23,200,562	1.24
HSBC Custody Nominees (Australia) Limited	15,175,223	0.81
Australian Foundation Investment Company Limited	12,811,616	0.69
Government Superannuation Office	9,722,411	0.52
Bond Street Custodians Limited	8,612,123	0.46
Permanent Trustee Australia Limited	8,335,507	0.45
Victorian Workcover Authority	6,250,168	0.33
PSS Board	6,229,647	0.33
New Zealand Central Securities Depository Limited	5,396,453	0.29
Milton Corporation Limited	5,196,639	0.28
Invia Custodian Pty Limited	5,152,120	0.28
UBS Private Clients Australia Nominees Pty Ltd	5,136,210	0.27
	1,157,457,739	61.94

Top twenty shareholders hold 61.94 per cent of total ordinary shares issued.

Substantial shareholders as at 5 October 2005

There are no shareholders appearing on the Register of Substantial Shareholders as at 5 October 2005.

Analysis of holdings at 5 October 2005

By range:	No. of holders of ordinary fully paid shares	%	No. of Ordinary Shares	%	No. of holders of options and rights to subscribe for ordinary shares ^a
1 – 1,000	150,167	56.42	67,369,914	3.61	6
1,001 – 5,000	91,114	34.24	206,244,236	11.03	286
5,001 – 10,000	14,848	5.58	105,839,829	5.66	223
10,001 – 100,000	9,590	3.60	208,308,400	11.15	425
100,001 and over	432	0.16	1,280,892,974	68.55	47
Totals	266,151	100.00	1,868,655,353	100.00	987

^a Issued under Senior Officers' Share Purchase Scheme, General Management Share Option Plan, Chief Executive Share Option Agreement and Westpac Performance Plan.

Percentage of total securities held by Top 20 holders in each class 61.94 41.24

Holdings of less than a marketable parcel 5,660

By domicile:	No. of holdings ¹	% of holdings	No. of issued shares and options	% of issued shares and options
Australia	232,640	87.11	1,833,205,171	96.61
New Zealand	31,216	11.66	39,674,507	2.09
United Kingdom	1,564	0.59	4,254,012	0.22
United States	369	0.14	1,982,655	0.10
Singapore	224	0.08	1,707,157	0.09
Other overseas	1,125	0.42	16,801,234	0.89
Totals	267,138	100.00	1,897,624,736	100.00

¹ Some registered holders own more than one class of security.

Useful information

Online

Australia

Westpac's internet site www.westpac.com.au provides information for shareholders and customers, including:

- access to internet banking and broking services;
- details on Westpac's products and services;
- company history and results, and economic updates, market releases and news; and
- corporate responsibility and Westpac in the community activities.

Investors can short cut to the Investor Centre at www.westpac.com.au/investorcentre. The Centre includes the current Westpac share price and charting, and links to the latest ASX announcements and the Westpac share registries.

New Zealand

Westpac New Zealand's site www.westpac.co.nz provides:

- access to internet banking services;
- details on products and services, including a comprehensive home buying guide;
- economic updates, news and information, key financial results; and
- sponsorships and other community activities.

Pacific

Westpac Pacific Banking's site www.westpac.com.au/pacific is the gateway to internet banking for Westpac's seven Pacific locations. It provides information on products and services that are available to personal and business customers. You can also search for a branch, ATM or service location anywhere in the South Pacific using the "Locate Us" facility.

Westpac investor relations

Information other than that relating to your shareholdings can be obtained from:

Westpac Investor Relations

Level 25, 60 Martin Place Sydney NSW 2000 Australia

Telephone: (61 2) 8253 3143

Facsimile: (61 2) 9226 1539

Email: investorrelations@westpac.com.au

Share registries

For information about your shareholding or to notify a change of address etc., you should contact the appropriate share registry.

Australia – Ordinary shares on the main register

Link Market Services Limited

Level 8, 580 George Street

Sydney NSW 2000

Postal address: Locked Bag A6015,

Sydney South NSW 1235 Australia

Website www.linkmarketservices.com.au

Telephone: 1800 804 255 (toll free in Australia)

International: (61 2) 8280 7070

Facsimile: (61 2) 9287 0303

Email: westpac@linkmarketservices.com.au

New Zealand – Ordinary shares on the New Zealand branch register

Note: The Westpac New Zealand Class Shares ceased trading on the NZX on 1 July 2005 and were exchanged for Westpac ordinary shares. On 11 July 2005, the ordinary shares were allotted and listed on the Westpac New Zealand branch register with trading on the NZX commencing.

Link Market Services Limited

Level 12, 120 Albert Street

Auckland, New Zealand

Postal address: PO Box 91976, Auckland 1030

New Zealand

www.linkmarketservices.com

Telephone: 0800 002 727 (toll free in New Zealand)

International: (64 9) 375 5998

Facsimile: (64 9) 375 5990

Email: lsenquiries@linkmarketservices.com

Links to the Link Market Services Limited, Australian and New Zealand, websites are available at www.westpac.com.au/investorcentre at "Shareholder Services" and then into "Share Registries". The www.linkmarketservices.com.au and www.linkmarketservices.com sites, for the Australian and New Zealand registries respectively, allow you to view and in some instances amend your holding details, obtain historical information and under "FAQs" find answers to the most frequently asked questions, including how to make changes to your address or dividend payment arrangements and how to select your communications preferences.

Depository in USA for American Depositary Shares (ADS)* listed on New York Stock Exchange (code WBK – CUSIP 961214301)

JPMorgan Service Center

PO Box 3408, South Hackensack, NJ 07606-3408, USA

Telephone: 1 800 990 1135 (toll free in the US)

International: (1 201) 680 6630

Email: adr@jpmorgan.com

Website: www.adr.com

* Each ADS equals five, fully paid ordinary shares.

Paying and share handling agent in Japan

for shares listed on Tokyo Stock Exchange

Mitsubishi UFJ Trust and Banking Corporation

1-7-7 Nishi-Ikebukuro, Toshima-ku

Tokyo 171-8508, Japan

Telephone: (81 3) 5391 1900

Facsimile: (81 3) 5391 2041

Website: www.tr.mufg.jp

How to contact us

Australia

Head Office

60 Martin Place
Sydney NSW 2000
Telephone: (61 2) 9293 9270
Facsimile: (61 2) 9226 4128

At www.westpac.com.au go into "Contact Us" and click on "Telephone directory", or contact us on the following:

- General information and account enquiries:
 - personal customers 132 032 (from outside Australia) (61 2) 9293 9270
 - business customers 132 142
- Home loan enquiries 131 900
- Cardholder enquiries and lost and stolen cards 1300 651 089
- ATM enquiries and service difficulties 1800 022 022
- BT Financial Group 132 135
- Westpac Financial Services 131 817
- Westpac Broking 131 331

International Payments

Freecall in Australia: 1800 632 308
Calling from overseas: (61 2) 9806 4032
Facsimile: (61 2) 9806 4091

New Zealand

Head Office

188 Quay Street
Auckland
New Zealand
Telephone: (64 9) 367 3727
Facsimile: (64 9) 367 3729

At www.westpac.co.nz go into "Contact Us" click on "... by phone", or contact us on the following:

- General information and account enquiries:
 - personal customers 0800 400 600 (from outside New Zealand) (64 9) 912 8000
 - priority access 0800 900 910
 - business and agribusiness customers 0800 177 188
 - telephone banking self service 0800 172 172
- Home loan enquiries 0800 177 277
- Cardholder enquiries and lost and stolen cards 0800 888 111
- ATM enquiries and service difficulties 0800 400 600
- Financial services – investments and insurances 0800 738 641
- General insurance 0800 809 378

International

Hong Kong

Room 3303-05
Two Exchange Square
8 Connaught Place
Central, Hong Kong
Telephone: (852) 2842 9888
Facsimile: (852) 2840 0591

People's Republic of China

611F Tower B, Focus Place
19 Financial Street
Xicheng District, Beijing
People's Republic of China
Telephone: (86 10) 6657 4380
Facsimile: (86 10) 6657 4382

Republic of Indonesia

16th Floor
Wisma Standard Chartered Bank
Jl. Jend Sudirman Kav 33-A
Jakarta 10220, Indonesia
Telephone: (62 21) 574 3719
Facsimile: (62 21) 574 3720

Republic of Singapore

#19-00 SIA Building
77 Robinson Road
Singapore 068896
Telephone: (65) 6530 9898
Facsimile: (65) 6532 3781

United Kingdom

2nd Floor, 63 St Mary Axe
London EC3A 8LE
England
Telephone: (44 207) 621 7000
Facsimile: (44 207) 623 9428

United States of America

39th Floor, 575 Fifth Avenue
New York NY 10017-2422
USA
Telephone: (1 212) 551 1800
Facsimile: (1 212) 551 1999

Pacific Banking

Cook Islands

Main Road, Avarua
Rarotonga
Cook Islands
Telephone: (682) 22014
Facsimile: (682) 20802

Fiji

Level 2, Westpac House
73 Gordon Street
Suva, Fiji
Telephone: (679) 132 032
Facsimile: (679) 3300 718

Papua New Guinea

Westpac Bank-PNG-Limited
9th Floor, Deloitte Tower
Douglas Street, Port Moresby, NCD
Papua New Guinea
Telephone: (675) 322 0888
Facsimile: (675) 322 0841

Samoa

Westpac Bank Samoa Limited
Beach Road
Apia, Samoa
Telephone: (685) 20000
Facsimile: (685) 22848

Solomon Islands

National Provident Fund Building
721 Mendana Avenue
Honiara, Solomon Islands
Telephone: (677) 21222
Facsimile: (677) 23419

Tonga

Westpac Bank of Tonga
Taufa'ahua Road
Nuku'alofa, Tonga
Telephone: (676) 23933
Facsimile: (676) 25066

Vanuatu

Lini Highway
Port Vila, Vanuatu
Telephone: (678) 22084
Facsimile: (678) 24773

Note: Calls prefixed 1800 in Australia and 0800 in New Zealand are free calls; 13 or 1300 numbers are the cost of a local call in Australia.

