



***In-Tandem
Staff Superannuation Scheme
Annual Report 2011***



“To achieve better diversification I arranged for a portion of my In-Tandem contributions to be paid into my KiwiSaver Account each month.”

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Chairman's Report

Welcome to the Westpac Staff Superannuation Scheme Annual Report for the year ended 30 June 2011. We hope you like the new format which incorporates feedback from last year's members' survey, as well as a stronger focus on the Scheme's long-term direction. We recognise there is a demand for the report to be received electronically, unfortunately current legislation does not allow this. However, we expect this to change shortly.

We'd love to hear your feedback on this year's Annual Report – you can call the Helpline on 0508 INTANDEM (468 263) or contact the Trustees directly.

Performance

This year's performance followed a similar pattern to last year, making sound progress for the first nine months before a strong decline in the final quarter.

Early in the year investor confidence was restored by a range of global developments such as increasing demand for commodities (raw materials such as iron and copper and agricultural products such as butter and milk) from emerging countries and indications of further moves by the US Federal Reserve to stimulate the US economy.

Despite major political unrest in the Middle East and North Africa and natural disasters – floods in Australia and the Christchurch and Japanese earthquakes – this confidence continued through until late March, when European government debt issues and the pace of the global economic recovery started to unsettle investors.

As the table below shows, the investment portfolios with a higher percentage of assets in shares performed better than those with more investments in bonds and cash.

Returns (after tax and investment manager fees) for each of the Scheme's portfolios for the year to 30 June 2011 are:

IN-TANDEM*	2011
Growth Fund: High Growth	12.68%
Balanced Fund: Growth	9.67%
Stable Balanced Fund: Moderate Balanced	7.52%
Capital Stable Fund: Defensive	4.43%
Defined Benefit	9.32%

*The portfolios have recently been renamed. Please see *Investment Portfolios renamed* on page 15.

Defined benefit section

Following the interim actuarial valuation of the Scheme carried out as at 30 June 2010, Westpac made a one-off additional contribution of \$3 million into the Scheme. This contribution was in accordance with the funding framework. A further interim valuation as at 30 June 2011 has been completed and the results of this are provided on page 18.

The Defined Benefit section includes members who joined the Scheme before January 1996 and pensioners.

On the Trustees' recommendation, Westpac again approved an increase in pensions to help offset the cost of inflation, and from the first pension payment after 1 October 2011, payments increased by 3.13%. This follows a 3.78% increase in the previous year, which covered the rise in inflation and allowed for the October 2010 GST increase.

Looking forward

Even in the short period since the Scheme's year-end, the world has been rocked by several major financial/economic events – an escalation in the debt crisis affecting Greece and other European countries, the large increase in the US borrowing cap and, most recently, share market turmoil over the possibility of a widespread 'double-dip' recession. In New Zealand, the sharply rising kiwi dollar has also had a marked effect, especially on exporters. Such events mean that it is very difficult to predict with any certainty what the coming year will hold for investment markets.

If you are unsure as to whether your current investment strategy is suitable for your circumstances, you should seek advice from Westpac's Wealth team or any other authorised financial adviser.

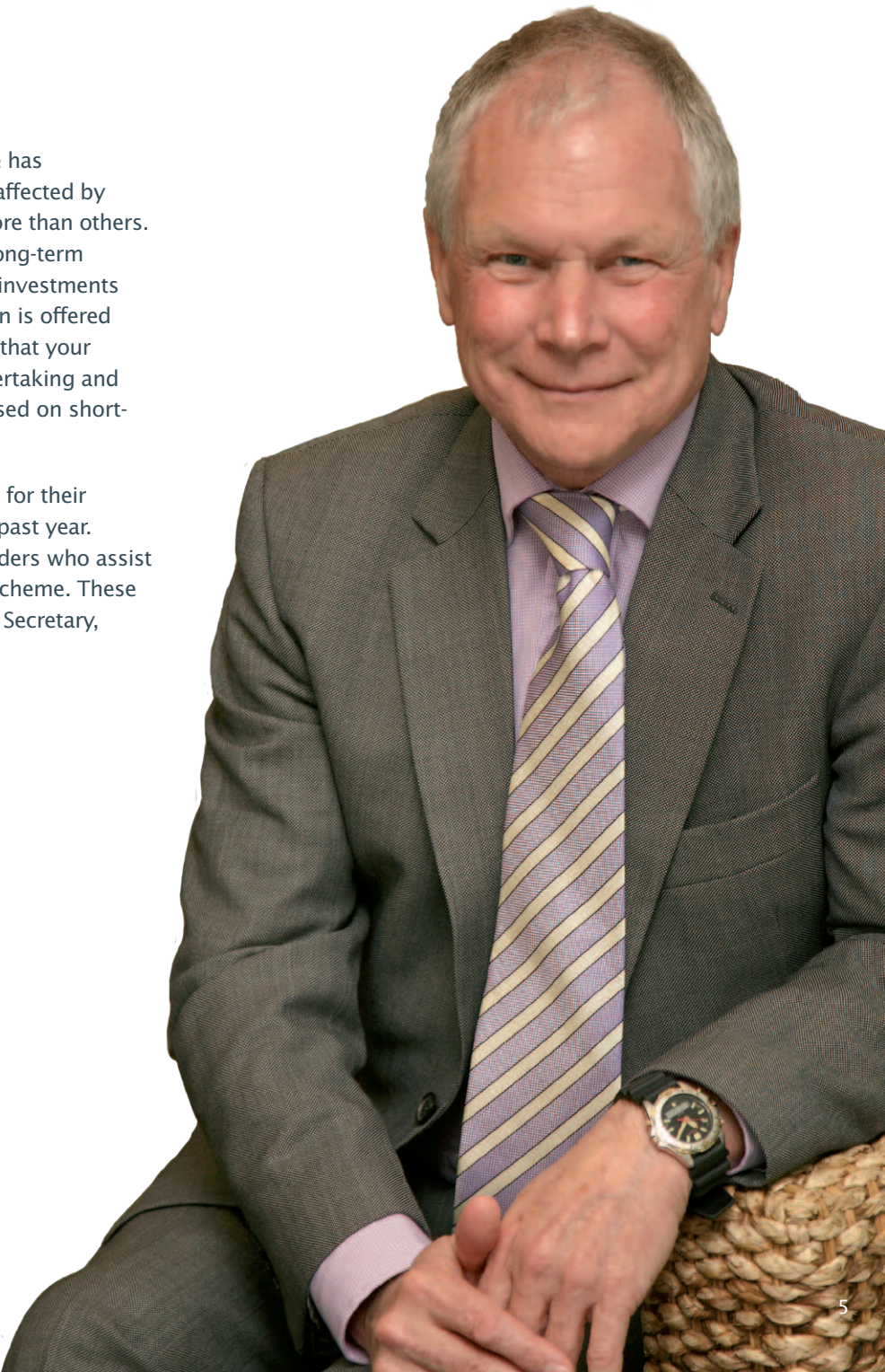
“On the Trustees' recommendation, Westpac again approved an increase in pensions to help offset the cost of inflation.”

Like most superannuation plans, your Scheme has investments in shares, so its earnings will be affected by these market movements, some portfolios more than others. However, shares traditionally remain a good long-term investment. The Scheme's assets also include investments in fixed interest and cash, and some protection is offered by these assets. As well, you must remember that your investment in the Scheme is a long-term undertaking and I would not recommend making decisions based on short-term volatility.

I would like to again thank my fellow Trustees for their continued support and commitment over the past year. My thanks, also, to the Scheme's service providers who assist the Trustees with the smooth running of the Scheme. These include the Westpac People team, our Scheme Secretary, investment consultants, lawyers, insurers and the administrators of the Scheme.



Bruce Kerr
Chairman

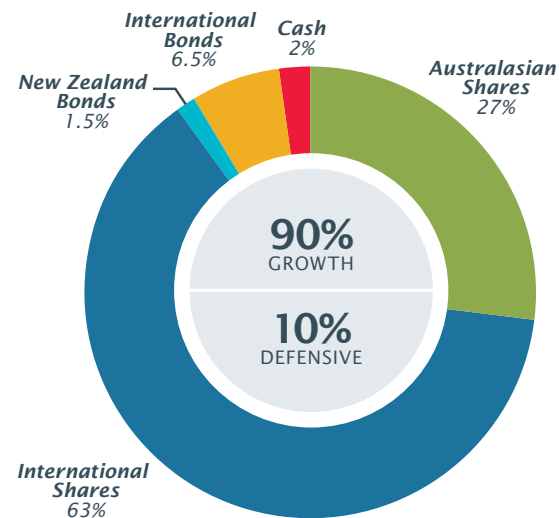


Scheme investments

Here is a quick summary of the Scheme’s four investment portfolios. It shows how each portfolio is invested, the split between growth investments (shares) and defensive investments (bonds and cash), the underlying strategy and level of risk.

Growth Fund High Growth

Likely to be suitable for long-term investments. Can generally be expected to achieve higher long-term returns compared with other portfolios, but also has the greatest risk of a negative return in the shorter term.



Strategy

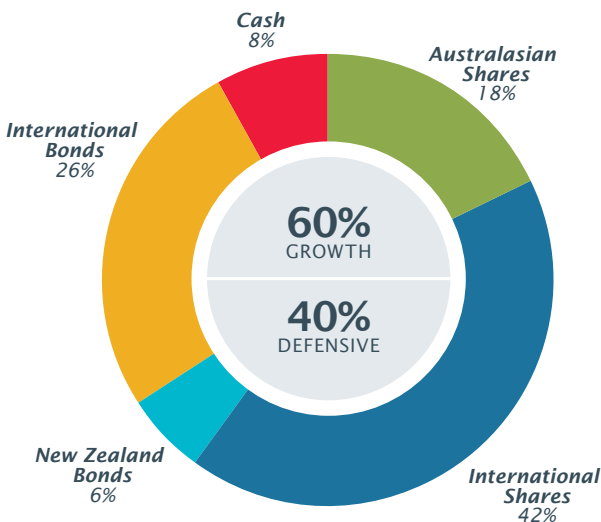
Focuses on shares because historically these provide the highest long-term returns. In the short term, returns are likely to be volatile.

Level of risk*: High

*Likelihood of a negative return in the shorter term

Balanced Fund Growth (& Defined Benefit Assets)

Generally best suited for medium to long-term investments. Likely to achieve more moderate long-term returns than the Growth Fund: High Growth but with less risk of a negative return in the shorter term.



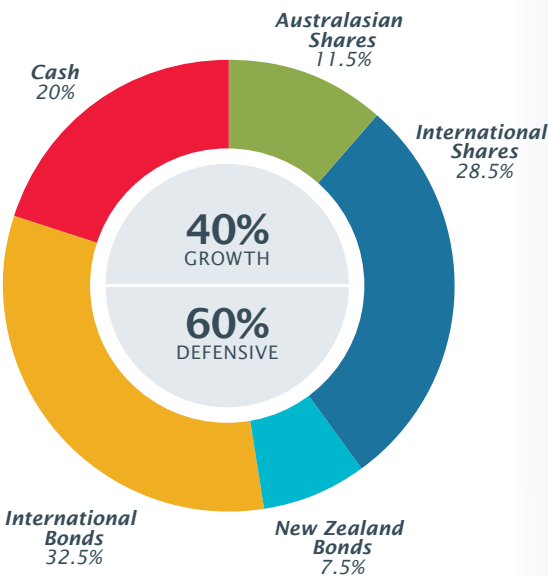
Strategy

Aims to moderate the variability of returns from shares by balancing investments in shares with other lower-risk investments.

Level of risk*: Moderate to high

Stable Balanced Fund Moderate Balanced

Likely to suit short to medium-term investments. Generally expected to achieve higher longer-term returns than the Capital Stable Fund: Defensive, but more risk of a negative return in the short term.



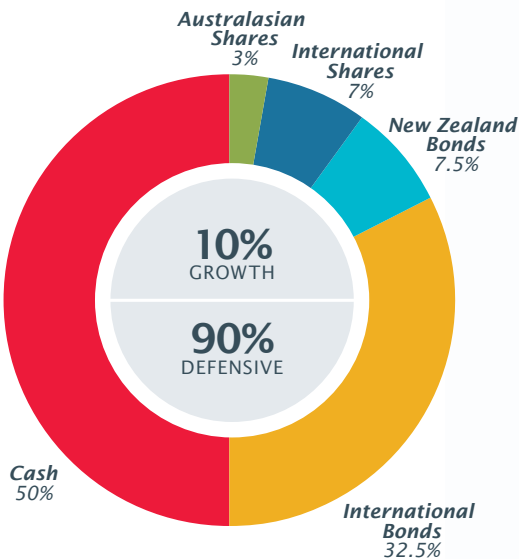
Strategy

Diversified across the main investment sectors, with more emphasis on defensive assets (bonds and cash) than growth assets (shares).

Level of risk*: Moderate

Capital Stable Fund Defensive

Generally most suitable where preservation of capital is more important than a higher long-term return.



Strategy

Focuses on security of capital and is invested mostly in New Zealand and international bonds and cash.

Level of risk*: Low

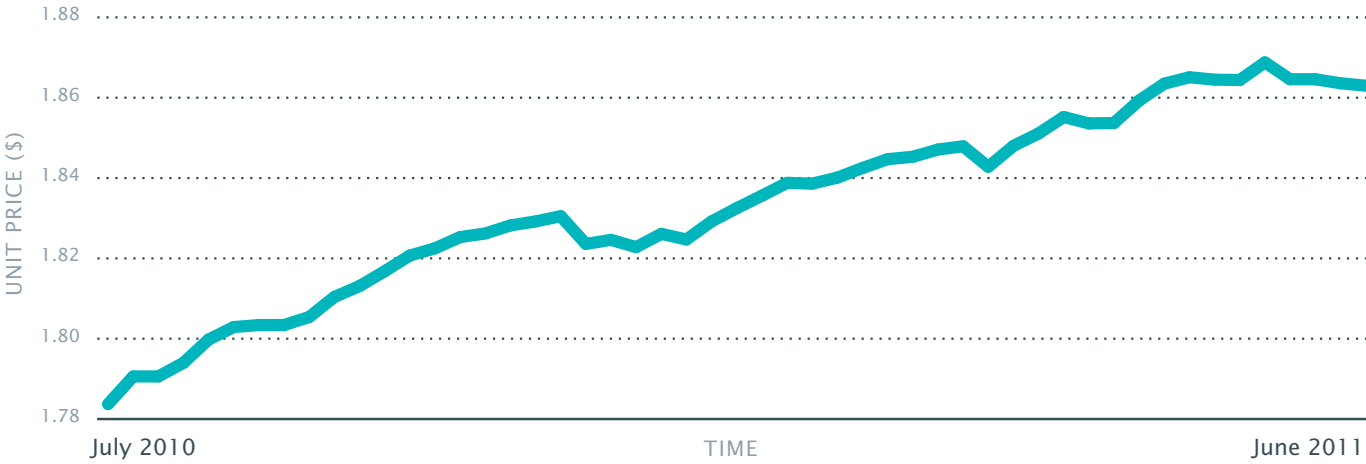
“ With a long-term focus
I am looking to benefit from
a high ratio of growth assets. ”



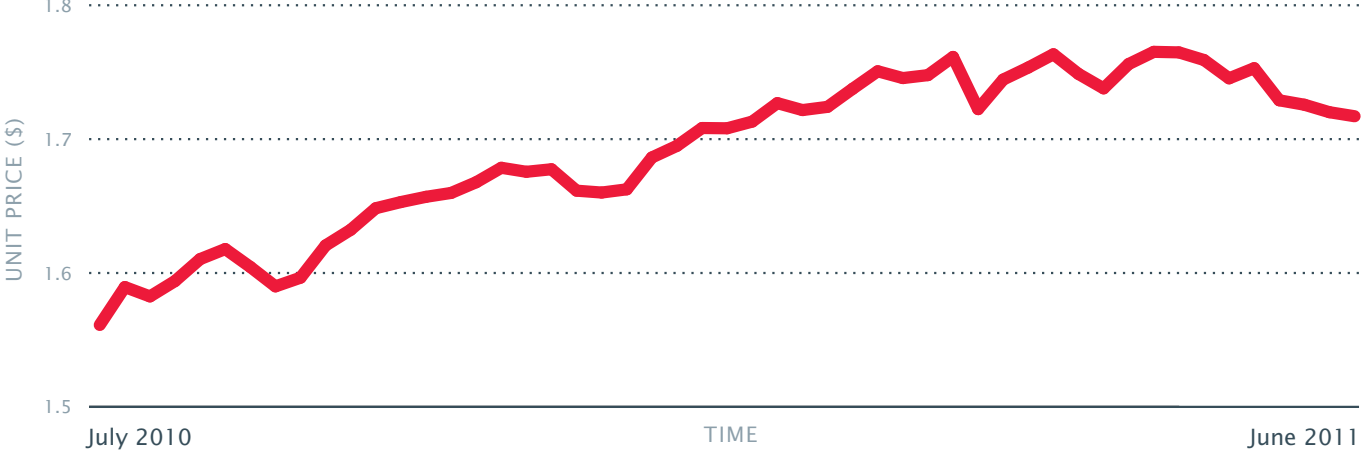
Returns to members

The following charts show how each portfolio progressed during the year ending 30 June 2011. It shows how much more severe the fluctuations in the unit prices have been for the portfolios with more of their assets invested in shares.

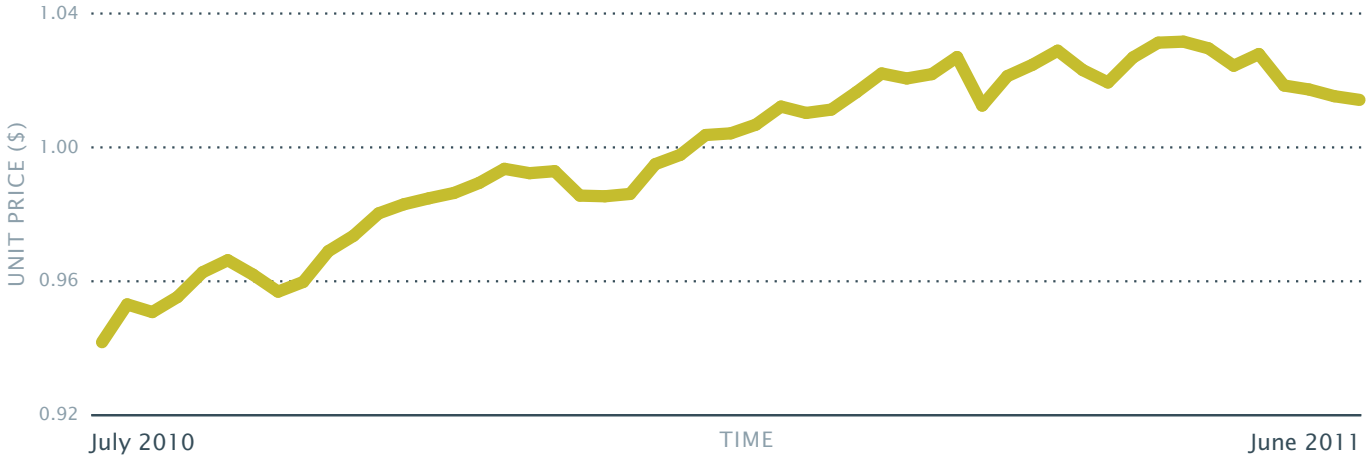
Capital Stable Fund: Defensive



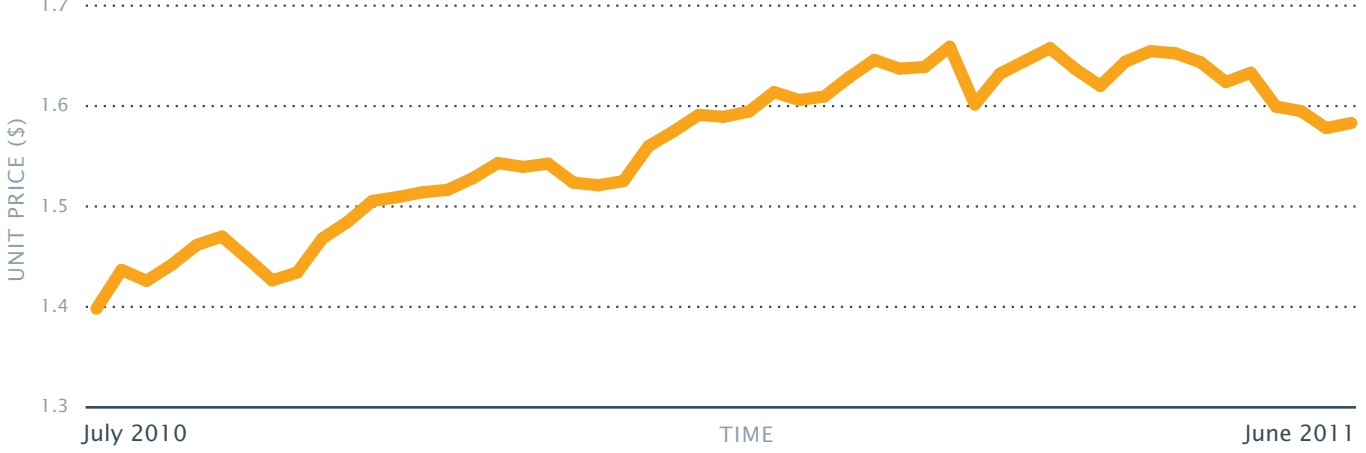
Balanced Fund: Growth



Stable Balanced Fund: Moderate Balanced



Growth Fund: High Growth



Are the portfolios meeting their long-term objectives?

Your Scheme savings are intended for your retirement, so it is important to look at returns over the long-term. The following table shows each portfolio's long-term objective and its performance compared to that goal.

When looking at the table, it is important to remember that over the past decade, investment markets have been affected by major downturns. In particular, there was the deflating of the dot-com bubble in the early years and, more recently, the 2008 global financial crisis. These have had a severe effect on investments, and shares in particular.

	Objective: % above increase in inflation (cpi)	Period measured over*	Average annual increase in inflation (cpi) over period	Target return	Actual return (after tax & investment expenses over period)	Objective met?
Growth Fund: High Growth	4.0%	10 years	2.8%	6.8%	1.9%	X
Balanced Fund: Growth	3.5%	10 years	2.8%	6.3%	2.7%	X
Stable Balanced Fund**: Moderate Balanced	2.5%	10 years	2.8%	5.3%	0.7%	X
Capital Stable Fund: Defensive	2.0%	5 years	3.0%	5.0%	4.1%	X

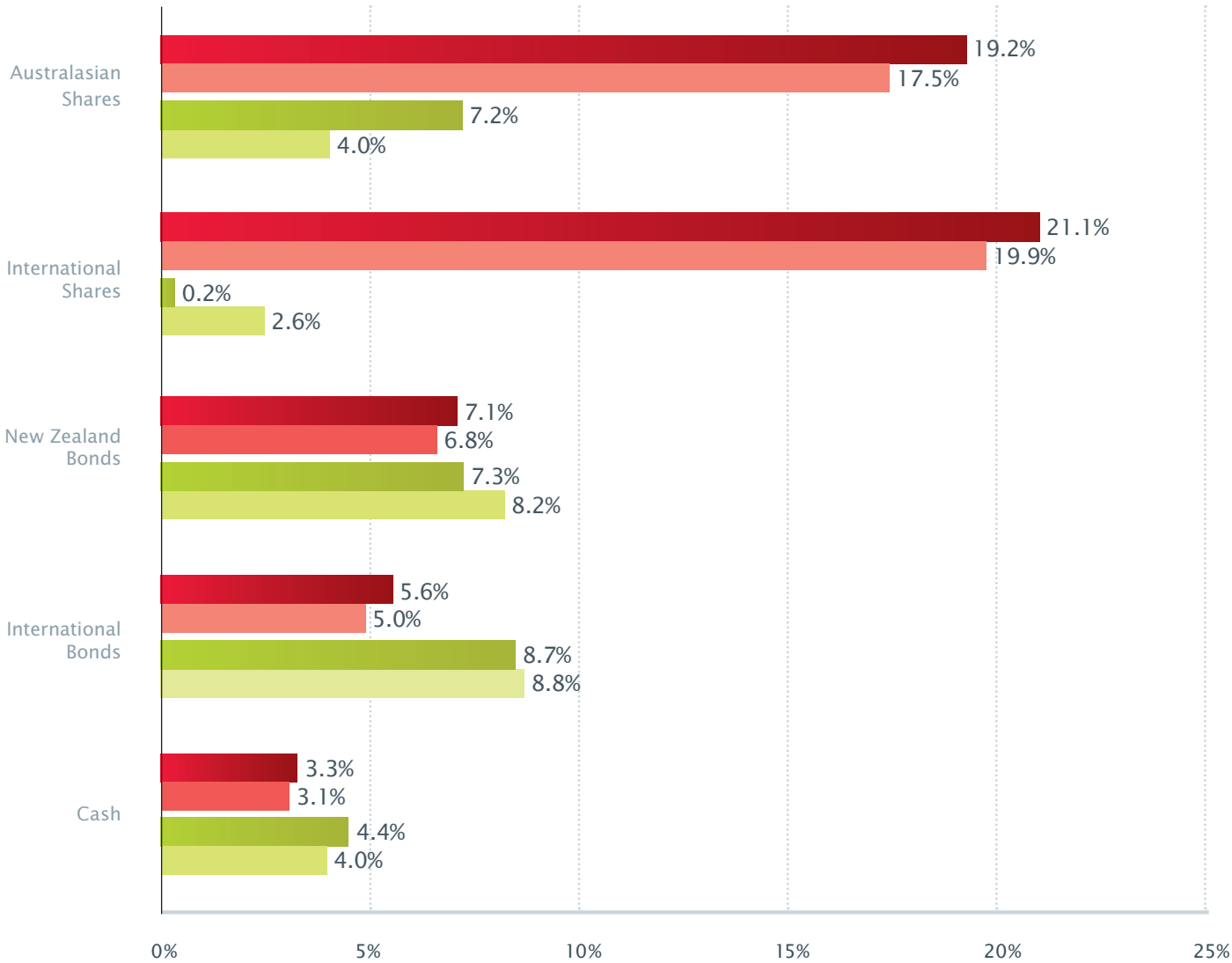
*the period varies, depending on a portfolio's level of risk (i.e. the likelihood of the portfolio achieving a negative return in the shorter term).

**commenced in November 2007 so data not available for full period

Investment performance by sector

It is pleasing to report that the Scheme's asset sectors outperformed or performed in line with (that is, within 1% of) their benchmark return over both one and three years, other than international shares which significantly underperformed its benchmark over three years. This reflects the underperformance during the six months between October 2008 and March 2009 of some of the managers of AMP funds in which the Scheme's assets in international shares were invested. A number of these managers have since been replaced and performance since that time has been sound.

Scheme returns against benchmark over 1 & 3 Years



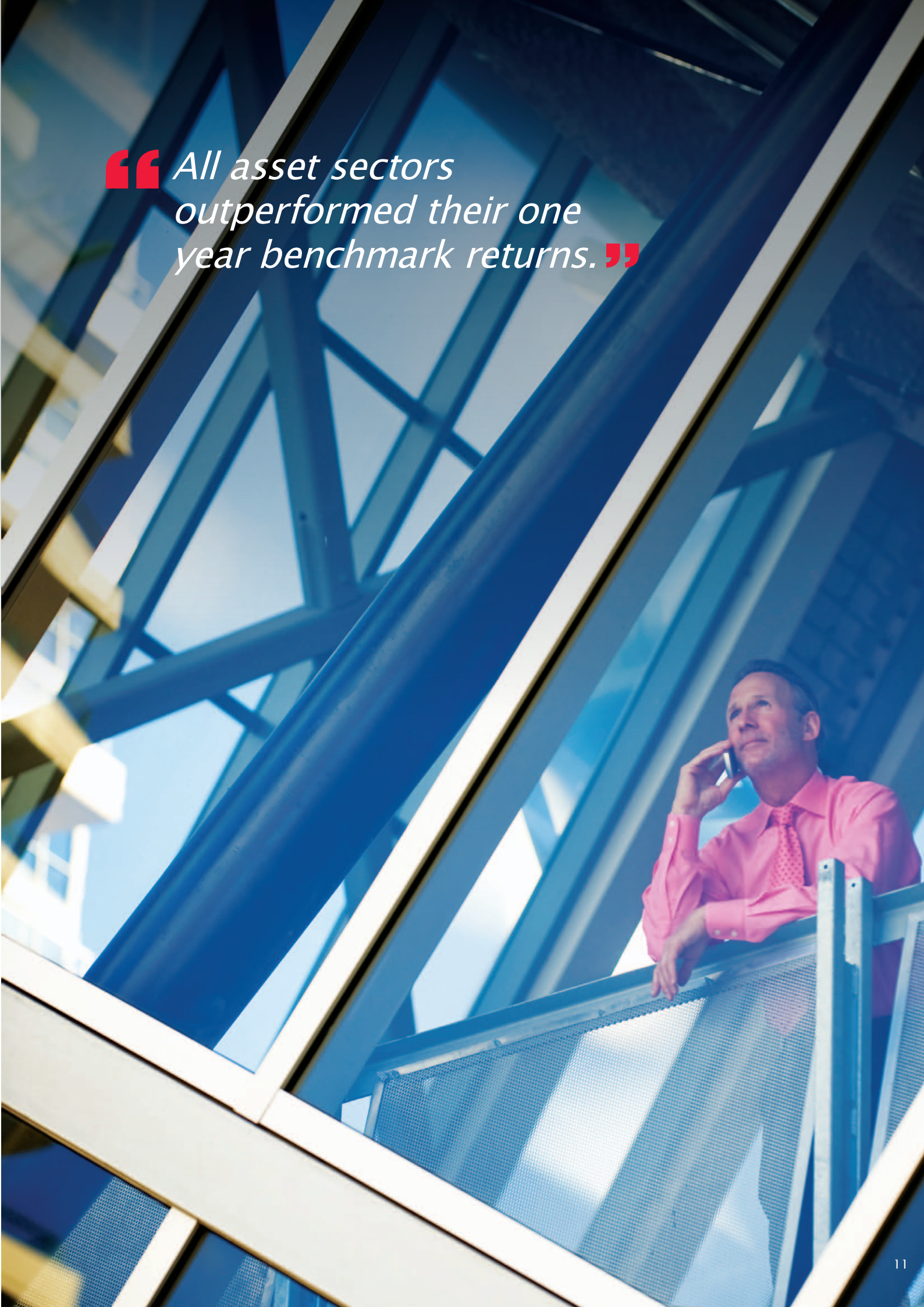
Gross return
The investment returns before any tax or expenses have been deducted.

Benchmark return
The investment returns that could have been earned by investing in an index for a particular asset class, for example, the NZX 50 for Australasian shares.

1 Year Scheme Gross Return **3 year Scheme (p.a.) Gross Return**

1 Year Benchmark **3 Year (p.a.) Benchmark**

“All asset sectors outperformed their one year benchmark returns.”



Investment performance by sector

One year performance summary

Australasian shares

Managed by Harbour Asset Management Limited* (50%) and OnePath (NZ) Limited** (50%)

The New Zealand and Australian share markets both provided strong returns for the 2010/2011 Scheme year.

Despite some concerns about the strength of the domestic economy early on, the New Zealand share market posted a series of consistently sound returns. Initially markets responded positively to reconstruction efforts after the first Christchurch earthquake and signs that the global economy was continuing its recovery. Takeover activity then gave the market a boost, which continued almost through to the end of the Scheme year.

The Australian share market had three very good quarters on the back of strong demand for raw materials such as iron ore, oil and coal. This came to an end from early March 2011 onwards as higher interest rates and an appreciating Australian dollar caused domestic data to soften.

Scheme returns against Benchmark over 1 year



*As noted in last year's annual report, following discussions with the Scheme's investment advisers, during August 2010 the assets previously invested by Brook Asset Management were transferred to Harbour Asset Management.

**ING (NZ) Limited changed its name to OnePath (NZ) Limited in November 2010.

International shares

Managed by AMP Capital Investors

The Scheme's investments in international shares also performed well over the financial year, starting the year on a strong note as data released in Europe pointed towards a global economic slowdown, rather than a double-dip recession. Talk of further economic stimulus in the US, increasing demand for commodities from emerging markets and renewed investor appetite for risk boosted returns further. Unfortunately, this came to an end from early March onwards when political turmoil in the Middle East and North Africa raised concerns over higher oil prices. This was compounded by a resurgence of Europe's debt problems, weak economic data out of the US and, in Japan, the earthquake and tsunami as well as serious damage to the Fukushima nuclear plant.

Scheme returns against Benchmark over 1 year



“ The Australian and NZ share markets both provided strong returns for the 2010/2011 Scheme year.”

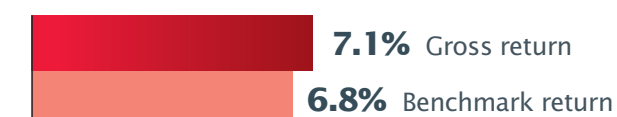
New Zealand bonds

Managed by OnePath (NZ) Limited*

Bond : A debt security issued by a company or government for a defined period of time at a fixed interest rate. Bonds are used by companies and governments to finance a variety of projects and activities.

New Zealand bonds started the Scheme year well before weakening in the second quarter as the Reserve Bank scaled back its near-term growth expectations and longer-term interest rates rose in line with those overseas. Returns then strengthened over the remainder of the year, initially reflecting lower short-term interest rates after the second Christchurch earthquake and then a move by investors away from volatile share markets. New Zealand government bonds performed particularly well, reflecting the comparatively solid state of the local economy.

Scheme returns against Benchmark over 1 year



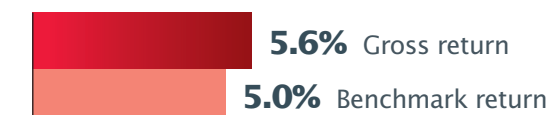
*ING (NZ) Limited changed its operating name to OnePath (NZ) Limited in November 2010.

International bonds

Managed by BT Funds Management Limited

Like its New Zealand counterpart, international bonds posted a considerably weaker return than for the previous year. Record low interest rates and optimism regarding the global economic outlook kept returns down for much of the year, although they rose later in the Scheme year as investors moved away from more risky share markets and into traditional safe haven assets such as bonds. Corporate bonds (bonds issued by companies) performed reasonably well, assisted by the good work of most companies in reducing debt levels and cutting costs. Returns from government bonds were more variable, with returns generally rising in stronger countries but weakening in Greece and Portugal, and to a lesser extent Ireland and Spain, as solvency concerns intensified.

Scheme returns against Benchmark over 1 year



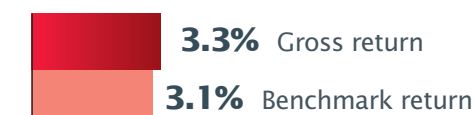
As noted in the Directory section later in this report and signalled in last year's Annual Report, in late 2010 management of the asset previously invested in the TOWER International Bond Fund were transferred to the Advance International Fixed Interest Multi-Blend Fund. During the same period, management of the Westpac Wholesale International Fixed Interest Trust was transferred from BlackRock Investment Management to Advance Asset Management.

Cash

Managed by BT Funds Management

The return from cash was slightly higher than for the previous year. In part this reflected an increase in the New Zealand Reserve Bank's official cash rate early in the Scheme year. This was reversed in March 2011 in what was described as an 'emergency cut' to sustain the economy post the second Christchurch earthquake.

Scheme returns against Benchmark over 1 year



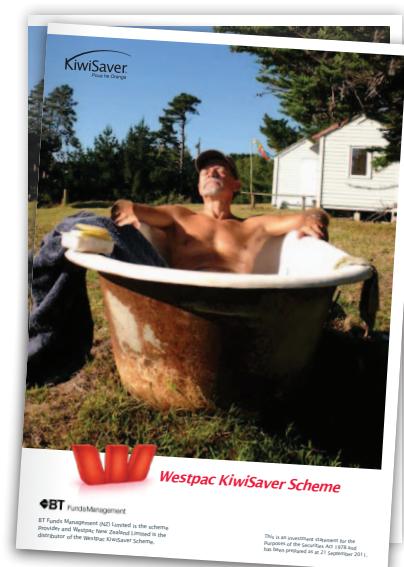
Scheme news

KiwiSaver

Under the “Combo Option”, In-Tandem members can divert some of their existing member and employer contributions to KiwiSaver.

Changes to KiwiSaver introduced by the Government in Budget 2011 are:

- For the KiwiSaver year starting 1 July 2011 onwards, the member tax credit rate has reduced from \$1 for each \$1 of member contributions, up to a maximum member tax credit of \$1,042 a year, to 50 cents for each \$1 of member contributions, up to a maximum member tax credit of \$521 a year.
- From 1 April next year, the tax-free status of employer contributions to KiwiSaver and complying superannuation funds (a section within a registered superannuation scheme with certain criteria similar to KiwiSaver) will end.
- From 1 April 2013, the Government is proposing that the minimum employee contribution rate will rise from 2% to 3%. You will still be able to select a higher contribution rate of 4% or 8%. The compulsory employer contribution rate will also rise to 3%.



In addition, employers can currently choose to deduct Employer Superannuation Contribution Tax (ESCT) either at a flat rate of 33% or at a progressive rate similar to a member's marginal tax rate. From 1 April 2012, the flat rate of 33% will no longer be available. Westpac will deduct ESCT from employer contributions to KiwiSaver at the progressive rate appropriate to the individual member.

If you have any questions about the Combo Option, please contact the In-Tandem helpline.
0508 INTANDEM (0508 468 263)

Scheme website

The Scheme's new website www.westpacintandem.co.nz is proving popular. Managing your super is so much easier when you can change investment funds and update your nominated beneficiaries online instead of having to complete and return a form.

Further enhancements to the website are scheduled to be rolled out shortly. These include a 'How long will I live?' calculator to help you estimate how long your retirement savings may need to last and a communication preferences feature allowing you to choose how you would like to receive information about the Scheme.



Investment portfolios renamed

Each of the Scheme's investment portfolios has a different expected long-term return objective and level of investment risk. To better reflect these, the portfolios have been renamed:

- Growth becomes **Growth Fund: High Growth**
- Balanced becomes **Balanced Fund: Growth**
- Stable Balanced becomes **Stable Balanced Fund: Moderate Balanced**
- Capital Stable becomes **Capital Stable Fund: Defensive**

The 'Scheme investments' section on pages 6 and 7 shows the investment characteristics of each portfolio.

Hardship claims

During the year, the Trustees reviewed the Scheme's hardship application process. Although overall the existing process was working satisfactorily, there seemed to be some gaps in the information members were providing with their applications. As a consequence, the hardship application form has been enhanced to ensure that the Trustees receive enough information for them to make the appropriate decision. If you are making a hardship application, please make sure you are using the new form. The latest hardship form is available from www.westpacintandem.co.nz. Head to the documents and forms page.

Disputes resolution

New laws aimed at rebuilding investor confidence in financial markets came fully into force on 1 July 2011. Among this legislation is the requirement that all financial service providers – including trustees of superannuation schemes – must belong to an approved dispute resolution scheme. As a result, your Trustees have registered with Financial Services Complaints Limited (FSCL), an external dispute resolution scheme approved by the Minister for Consumer Affairs. FSCL deals specifically with disputes arising from financial products and services. It is an independent, not-for-profit organisation and not connected with finance industry groups or consumers.

Further details of how the disputes resolution procedure works are shown on page 22.

The Trustees have also revised the procedure for dealing with complaints internally. The objective of this internal process is to try and resolve any complaint before it needs to be passed on to FSCL. However, as this will not always happen, when necessary, FSCL will be the next stage in ensuring a fair and equitable outcome is reached.



Membership survey

The response rate for the online survey about the Scheme's 2010 Annual Report and Benefit statement was pleasing and, as a result, we were able to identify a number of key themes, including:

- Just over 50% of respondents read the annual report – relatively high by industry standards.

Of those who read the Annual Report:

- The approval rate was positive in terms of the amount of information, transparency and clarity.
- Areas identified for improvement included simplification of the information provided, the provision of more in-depth investment information and more details on long-term returns and distribution methods.

Of those who didn't read the reports, common issues included:

- A lack of time and interest, perceived complexity, the volume of information, and concern only for individual account balance performance.
- Readership of the Benefit Statement was significantly higher than the Annual Report, with nearly 75% of respondents reading their statement.
- Of those who read the Benefit Statement, approval levels were also high, with most respondents saying it included all the information they were looking for.

Your Trustees

At 30 June 2011 the Trustees of the Scheme were:



Marc Proctor
Northern Region
Area Manager -
Investment
Advisory Service

David Watts
Chief Risk Officer

Bruce Kerr
Independent
Chairman of
Trustees and
Executive Director,
Workplace Savings
NZ – the voice of
workplace super

Lyn McMorran
Area Manager, Private
Banking Southern

Cameron Howell
Head of Portfolio
Analysis

Changes to the Trustees since the last Annual Report

Member Elected Trustees

As a result of the election held during September 2010, Lyn McMorran was re-elected as a Member Elected Trustee.

Bank Appointed Trustees

As noted in last year's Annual Report, Westpac appointed Jo Avenell and Cameron Howell as Trustees with effect from 5 October 2010, in place of Christine Parker and Richard Jamieson. Unfortunately, Jo Avenell has since resigned and as yet no replacement appointment has been made.

Statutory information

Membership numbers

ACTIVE MEMBERS	
Opening membership at 1 July 2010	4,026
New members (including transfers)	587
Retirements	-16
Redundancies	-71
Withdrawals	-479
Total and permanent disablements	-2
Deaths	-2
Closing membership at 30 June 2011	4,043

PENSIONERS AND DEFERRED PENSIONERS	
Opening membership at 1 July 2010	192
New pensioners	6
Deaths	-15
Full commutation	-1
Closing membership at 30 June 2011	182

Trustees' report and certificates

The Trustees of the Westpac New Zealand Staff Superannuation Scheme provide members with the following information as required by the Second Schedule to the Superannuation Schemes Act 1989.

The Trustees:

- Confirm that all contributions required to be made to the Scheme, in accordance with the terms of the Scheme's trust deed, have been made.
- Certify that all benefits required to be paid from the Scheme were in accordance with the terms of the Scheme's trust deed.
- Are unable to certify that the market value of the assets of the Scheme as at 30 June 2011 exceeded the value of the benefits that would have been payable had all members ceased to be members at that date and had provision been made for the continued payment of all benefits being paid to members and other beneficiaries as at 30 June 2011. Further details are provided in the section headed Actuarial Report on page 18.

- Confirm that contributions are currently being made by Westpac in accordance with the most recent actuarial review of the Scheme.

- Confirm that more than 10% of the market value of the Scheme's assets (calculated in accordance with generally accepted accounting practice) was invested with employers (or associated entities), either directly or indirectly, who are parties to the Scheme:

International bonds

Approximately 23% of the Scheme's assets are invested in international bonds through Advance International Fixed Interest Multi-Blend Fund. The responsible entity and issuer of that Fund is Advance Asset Management Limited ('Advance'), a member of the Westpac group of companies.

New Zealand cash

Approximately 13% of the Scheme's assets are invested in New Zealand cash through a segregated account with BT Funds Management (NZ) Limited, which manages, administers and monitors the account.

Statutory information

Continued

Additional disclosures

Under current legislation, the Scheme is exempt from the requirement to maintain and file a prospectus. To qualify for the exemption, the Trustees are required to make the following disclosures:

The Trustees confirm that in their opinion, after due enquiry by them, neither of the following has materially and adversely changed since 30 June 2011:

- the value of the Scheme's assets relative to its liabilities (including contingent liabilities), and
- the ability of the Scheme to pay its debts as they become due in the normal course of business.

The Trustees also confirm that no person was required to incur costs for the year ended 30 June 2011 under the terms of the offer required by clause 7 of the Securities Act (Employer Superannuation Schemes) Exemption Notice 2009 relating to any funding shortfall.

Actuarial report

The most recent triennial actuarial review of the Scheme as at 30 June 2011 is currently underway. The purpose of the valuation is to determine the financial position of the Scheme and to determine the level of contributions required from Westpac to meet the benefits payable from the Scheme.

The interim results of the valuation show that there is a past service deficit, with the value of the accrued liabilities exceeding net assets by \$10.123m. This compares with a past service deficit of \$10.854m as at 30 June 2010. The improvement in the Scheme's financial position is mainly as a result of Westpac's lump sum deficit funding payment made during the year.

As noted in previous years' annual reports, the Trustees have agreed a formal funding policy with Westpac. Under the funding policy, the target funding ratio for the defined benefit section is 95% to 105%. If the defined benefit funding ratio falls below 95% then additional Westpac contributions are payable in order to meet the shortfall over a four year period. If the ratio exceeds 105%, then Westpac's

contribution required to meet the cost of the future service benefits can be reduced. The defined benefit funding ratio as at 30 June 2011 was 88.6%; which is below the 95% threshold. Consequently Westpac is required to pay shortfall contributions of \$2.8m p.a. over a four year period.

The contributions that I have recommended be paid by the Bank are as follows:

- 12.0% of the salaries of defined benefit members;
- the actual credits to the employer accounts of In-Tandem members;
- the cost of the credits to the employer accounts of members who participate in the Superannuation Incentive Plan;
- by way of reimbursement, the actual administration expenses incurred by the Scheme;
- the expected cost of the group life premiums for In-Tandem members;
- an additional \$2.8m during the financial year ending 30 June 2012 in respect of the past service shortfall.

These amounts are exclusive of Employer's Superannuation Contribution Tax.



Bobby Schoonraad BSc FIA FNZSA
Mercer

17 October 2011

Trust deed amendments

There were no amendments made to the Scheme's Trust Deed in the year ending 30 June 2011.

Summary of financials

	2011 \$	2010 \$
Statement of Changes in Net Assets		
Investment Activities		
Net Investment Income	30,496,676	25,285,008
Other Income		
Reimbursement of Expenses by Westpac	956,376	846,579
Use of Money Interest	20,740	18,307
	977,116	864,886
Less		
Other Expenses		
Administration Fees	304,997	244,961
Actuarial and Consulting Fees	62,793	53,865
Auditors' Remuneration - Audit Fees	38,640	36,000
Auditors' Remuneration - Tax Agent Fees	33,857	46,738
Investment Consultancy Fees - Retainer	178,512	176,798
Legal Fees	64,362	17,868
Group Life Premiums	346,622	281,720
Other Expenses	41,449	45,258
Total Other Expenses	1,071,232	903,208
Change in Net Assets before Taxation and Membership Activities	30,402,560	25,246,686
Income Tax Expense	5,235,986	6,552,721
Change in Net Assets after Taxation and before Membership Activities	25,166,574	18,693,965
Membership Activities		
Member Contributions	12,980,673	11,746,154
Employer Contributions	21,249,929	21,439,237
Transfers In	-	33,092
Group Life Claims	129,111	133,660
Less		
Benefits Paid	31,529,679	28,718,078
Net Membership Activities	2,830,034	4,634,065
Net Increase in Net Assets During the Year	27,996,608	23,328,030
Statement of Net Assets		
Assets		
Financial Assets - At Fair Value Through Profit or Loss	257,507,766	223,029,350
Current Assets	27,318,883	33,382,620
Total Assets	284,826,649	256,411,970
Less		
Liabilities		
Benefits Payable	51,629	4,079
PIE Tax Payable to Investment Manager	2,431,879	1,108,418
Contributions Received in Advance - Member	429	418,146
Contributions Received in Advance - Employer	563	577,708
Trade and Other Payables	249,987	208,065
Total Liabilities	2,734,487	2,316,416
Net Assets Available to Pay Benefits	282,092,162	254,095,554
Vested Benefits*	283,657,000	266,185,000
Statement of Cash Flows		
Net Cash Flows from Operating Activities	1,709,373	5,517,332
Net Cash Flows from Investing Activities	(8,276,529)	(5,150,599)
Net (Decrease)/Increase in Cash Held	(6,567,156)	366,733
Cash at Beginning of Year	33,157,692	32,790,959
Cash at End of Year	26,590,536	33,157,692

*Vested Benefits are benefits payable to members or beneficiaries under the conditions of the Trust Deed, on the basis of all members ceasing to be members of the Scheme at balance date.



Independent Auditors' Report on Summary Financial Statements

to the members of Westpac New Zealand Staff Superannuation Scheme

Notes to the summary of financials

A summary of the Scheme's audited financial statements for the year ended 30 June 2011 which was authorised for issue by the Trustees on 7 November 2011 is shown on page 19 of the Annual Report. The summary financial statements have been extracted from the full audited financial statements which were authorised for issue on 2 November 2011. The summary financial statements have been prepared in accordance with FRS-43 Summary Financial Statements.

The full financial statements have been prepared in accordance with generally accepted accounting practice and they comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS). The Scheme has made an explicit and unreserved statement of compliance with IFRS in note 2 of its full financial statements.

The financial statements are presented in New Zealand dollars because that is the currency of the primary economic environment in which the Scheme operates.

The summary financial statements cannot be expected to provide as complete an understanding as is provided by the full financial statements of changes in net assets and net asset cash flow of the Scheme. A copy of the full financial statements can be obtained, free of charge, from the Scheme's administration manager. The Scheme is a profit oriented entity.

The auditor has examined the summary financial statements for consistency with the audited financial statements and has issued an unqualified opinion.

There were no material events after the balance date that require adjustment to or disclosure in the financial statements.

One of the Scheme's investment managers is BT Funds Management (NZ) Limited, which is a wholly owned subsidiary of Westpac Banking Corporation, incorporated in Australia. Investment management fees paid to BT Funds Management (NZ) Limited during the year amounted to \$300,088 (2010: \$243,434). Of this amount, \$83,000 was outstanding in accounts payable at balance date (2010: \$41,537)

Expenses incurred by the Scheme during the year amounting to \$956,376 (2010: \$846,579) have been reimbursed by Westpac Banking Corporation and Westpac New Zealand Limited. Of this amount, \$69,875 was included in accounts receivable at year end (2010: \$53,501). The Scheme Trustees are employees of, or contractors to, Westpac Banking Corporation and Westpac New Zealand Limited.

Westpac New Zealand Limited provides banking and short-term investments services to the Scheme. An insurance policy issued by Westpac Life NZ Limited provides Scheme Trustees with cover for death and disability benefits. The Scheme does not hold any shares in Westpac Banking Corporation.

We have audited the accompanying summary financial statements of Westpac New Zealand Staff Superannuation Scheme on pages 19 to 20, which comprise the summary statement of net assets as at 30 June 2011, the summary statement of changes in net assets and summary statement of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information, which are extracted from the audited financial statements of Westpac New Zealand Staff Superannuation Scheme for the year ended 30 June 2011.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Westpac New Zealand Staff Superannuation Scheme.

Trustees' Responsibility for the Summary Financial Statements

The Trustees are responsible for the preparation of the summary financial statements in accordance with FRS-43: Summary Financial Statements.

Auditors' Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements.

We have no relationship with, or interests in, Westpac New Zealand Staff Superannuation Scheme other than in our capacities as auditors and tax advisors. These services have not impaired our independence as auditors of the Scheme.

Opinion on the Financial Statements

Our audit of the financial statements for the year ended 30 June 2011 was completed on 3 November 2011 and our unmodified opinion was issued on that date. We have not undertaken any additional audit procedures from the date of the completion of our audit.

Opinion on the Summary Financial Statements

In our opinion, the summary financial statements have been correctly extracted from the audited financial statements of Westpac New Zealand Staff Superannuation Scheme for the year ended 30 June 2011 and are consistent, in all material respects, with those financial statements, in accordance with FRS-43.

Restriction on Distribution or Use

This report is made solely to the members of Westpac New Zealand Staff Superannuation Scheme, as a body. Our audit work has been undertaken so that we might state to the members those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Westpac New Zealand Staff Superannuation Scheme and the members, as a body, for our audit work, for this report or for the opinions we have formed.

PricewaterhouseCoopers

Chartered Accountants
7 November 2011

Auckland

PricewaterhouseCoopers, 188 Quay Street, Private Bag 92162, Auckland 1142, New Zealand
T +64 9 355 8000, F +64 9 355 8001, www.pwc.com/nz

Actuary and Administration Manager

Mercer (N.Z.) Limited

Auditor

PwC

Solicitor

Simpson Grierson

Insurer

Westpac Life NZ Limited

Investment managers

Advance Asset Management Limited

AMP Capital Investors

BT Funds Management (NZ) Limited

Harbour Asset Management Limited

OnePath (NZ) Limited

Secretary

Andrew Taylor

Mercer (N.Z.) Limited

Level 18, 151 Queen Street

P O Box 105591

Auckland 1143

Phone: (09) 984 3563

Fax: (09) 353 1712

Email: andrew.taylor@mercerc.com

Complaints Officer

Andrew Taylor

Mercer (N.Z.) Limited

Level 18, 151 Queen Street

Auckland

Phone: (09) 984 3500

Fax: (09) 353 1712

Email: complaints@westpacintandem.co.nz

Changes to investment managers

As noted in last year's annual report:

- Brook Asset Management's contract to manage 50% of the Scheme's Australasian shares portfolio was terminated in August 2010 and the assets transferred to the Harbour Australasian Equity Fund.
- In November 2010, management of the Westpac Wholesale International Fixed Interest Trust was transferred from BlackRock Investment Management to Advance Asset Management.
- During the fourth quarter of 2010, the assets invested in the TOWER International Bond Fund were transferred to the Advance International Fixed Interest Multi-Blend Fund.
- Effective from November 2010, OnePath replaced ING as the name and brand for ANZ's funds management businesses in New Zealand and Australia.

Making a complaint

1. Call the helpline to discuss your concerns. Depending on the nature of your complaint, the helpline will direct you to the Complaints Officer.
2. Email the Complaints Officer at complaints@westpacintandem.co.nz.

The Trustees have 40 days to respond to your complaint. If you are not satisfied by the response, you may refer the matter to FSCL by emailing info@fscl.org.nz or calling FSCL on 0800 347257.

Alternatively you may write to FSCL at:

Financial Services Complaints Limited

45 Johnston Street

P O Box 5967, Lambton Quay

Wellington 6145

Full details of how to access the FSCL scheme can be obtained from their website, www.fscl.org.nz.

Questions?

If you have any questions about your Scheme or would like more information, please call the In-Tandem helpline.

Freephone: 0508 INTANDEM (468 263)

Internal Extn: 83995

Helpline hours are 9.00am to 7.00pm Monday to Friday

All other correspondence about the Scheme or for the Trustees should be sent to the Scheme Secretary.



