

Opening Statement by Westpac CEO Brian Hartzler
House of Representatives Standing Committee on Economics
8 November 2019

Thank you Chairman. I'm here today with Peter King, our Chief Financial Officer.

I understand that a key focus of this Inquiry is on the implementation of the Royal Commission recommendations.

So I'll start with an update on Westpac's progress.

As a general principle, we are committed to implementing the recommendations as fast as we can, including acting ahead of the Government or regulatory guidance where possible.

We provided a written update to the Committee last week which sets out our current status against the 49 recommendations that presently apply to Westpac.

Of those, 27 recommendations require legislative or regulatory action before we are able to implement the recommendation. That said, where possible we are undertaking preparatory work, including through participation in Government consultations.

Of the remainder, we have implemented 11 recommendations and are in the process of implementing a further 11 to the extent we can.

We expect the Royal Commission implementation and other regulatory change will be a major focus of our business over the coming years. For example, in Westpac's 2020 financial year we expect to spend over \$800 million on regulatory and risk-related change, which is around 50 per cent of our total investment spend.

We are not only focussing on addressing the specific recommendations made by Commissioner Hayne, but are using this as a broader opportunity to reset our approach to our customers and take action to rebuild trust.

In addition to the findings of the Royal Commission, this reset is being informed by our Culture, Governance and Accountability Self-Assessment which we released publicly in July.

We are providing regular updates on our progress in implementing the recommendations of that assessment, most recently in our results earlier this week.

We are also taking into account other issues that have been raised by our customers in a range of forums.

As a consequence, we have already made substantial changes to our business this year.

This includes exiting our financial planning business as of 30 September this year.

We are also working through a number of customer remediation programs and have established a dedicated remediation hub to streamline the process of refunding customers. Oversight of remediation is now centralised under the Chief Operating Officer.

In addition, we have implemented new policies and approaches for supporting vulnerable customers.

Last time I was here I said that one of the major lessons for Westpac from the Royal Commission was that we weren't paying enough attention to this customer group.

We have made a substantial investment in a new complaints system which will enhance our ability to manage complaints and identify root causes.

And through our continued focus on resolving long-dated complaints, at the end of the financial year, we had closed almost all long-standing customer disputes, although a number are still sitting with AFCA for review.

Aside from the Royal Commission, I'm also expecting the Committee has questions about interest rates, product pricing, and the state of the economy.

These are important conversations in the current environment, and you will have seen our results this week which highlighted some of the challenges we are facing.

I'm happy to answer those and any other questions the committee might have.

Thank you.