

**Opening Statement by Westpac CEO Peter King  
House of Representatives Standing Committee on  
Economics**

**9 September 2021**

Thank you Chair.

I will cover three areas in my opening remarks.

1. First, our view on COVID's economic impact;
2. Second, how that impact is playing out for home loan and small business customers;
3. And I will close on Westpac's ongoing COVID response.

The current challenges of COVID and lockdowns are significant, but I am optimistic about the nation's path forward.

Westpac's focus is to keep our people safe and ensure the bank remains in a strong position so we can help customers who need support. Our balance sheet and capital buffers are strong, and our service channels and customer support teams are meeting increased customer demand.

At our last session you asked for one word to describe the economic situation and I said robust.

At that time, we hoped the worst of COVID was behind us, however, that was not the case.

Today, the word I would use is resilient, notwithstanding the challenges the Delta strain is throwing at the nation.

Westpac is confident in the underlying strength of the Australian economy, and that the current lockdown period will be followed by a strong bounce back in 2022.

Our Economics team are forecasting GDP to contract by 4% in the September quarter, followed by a rebound when restrictions ease, leading to GDP growth next year of 7%.

We are seeing resilience from our customers, however there are clear pockets of challenge.

We are helping customers via loan repayment deferrals, we have also made interest-free overdrafts available to small businesses, and for business customers who have needed immediate help we have provided more than \$600,000 in emergency COVID cash grants.

Currently we have \$2.75 billion of mortgages with repayment deferrals. To give this number some context, total deferrals last time peaked at \$55 billion.

In small business loans, total deferrals are \$70 million, compared to a peak of \$10 billion last time.

Small businesses are showing particular resilience. Many have pivoted or evolved their operations and supply chains so they can better withstand lockdowns.

Unsurprisingly the highest impact has been in NSW, particularly in the 12 LGAs of concern. These include retail, cafes, restaurants, and in services such as hairdressers.

We are also seeing self-employed small business owners being over-represented in mortgage deferrals.

Our message to customers has remained the same through COVID – if you need help, please call us.

Looking ahead, I am a firm believer in the National Cabinet's Roadmap out of COVID.

The combination of reaching our vaccination targets, increased use of rapid testing and continued use of social distancing and hygiene practices is the best way to move away from lockdowns as we learn to live with COVID.

Westpac is working with the COVID Taskforce to trial a corporate vaccination program and to also trial rapid testing in selected workplaces. The learnings from these trials will be shared with the Taskforce and business industry bodies.

As vaccination rates increase and more people return to the workplace, I believe rapid at-home testing needs to become an important tool for managing workplace attendance.

Looking beyond our shores, Westpac is supporting the UNICEF 'Give the World a Shot' program to increase vaccination globally.

In closing, I would like to particularly acknowledge our branch, contact centre, operations and technology employees who have continued to support customers through lockdown.

We have worked hard to keep the vast majority of our branches open during these times, and our call centre and digital teams have responded well to increased customer demand.

Chair, you might recall last year I announced Westpac would bring back 1,000 offshore jobs.

I am pleased to inform the Committee we have delivered on this commitment – in fact we have now employed 1,169 Australian-based employees.

Westpac is proud to have played our small part in the Team Australia response to COVID.

Thank you. We would be happy to take the Committee's questions.