

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS  
REVIEW OF AUSTRALIA'S FOUR MAJOR BANKS**

**WPC01QON:** **Ms PAYNE:** We have a shortage of disability-accessible housing nationally and certainly here in the ACT, and something that I hear anecdotally is that developers face hurdles in getting financing for nonstandard dwellings, including disability-accessible accommodation. Do you have any comment on that?

**Mr King:** It's not one that I've spent a lot of time on, but I'm happy to look at it. Generally, we will have minimum standards that we lend against, and that's more about resale value and how we work at it. But I'm happy to have a look at the examples that you have.

**Answer:** Disability-accessible housing is an evolving sector. It is a sector that is highly regulated, governed by Federal and State and Territories legislation.

Westpac has undertaken work to uplift our understanding of the sector including the development of our risk appetite statement which provides guidance to our bankers around how we can engage and assist with opportunities for financing and support.

We are supportive of such a crucial sector as it continues to grow and evolve.

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**WPC02QON:** **Ms SPENDER:** What is the impact on Singapore? Do you have a sense of the scale of scams in Singapore versus Australia? Is that available?

**Mr de Bruin:** I don't have it to hand, but I will happily look that up and provide that to the committee.

**Answer:** Singapore reported scam losses of AUD 760 million in 2022, or AUD 140 per person per year (losses up 5% and cases up 33% from 2021)<sup>1</sup>. Australia reported scam losses of AUD 3 billion in 2022. This is around AUD 110 per person per year<sup>2</sup>.

Singapore's SMS Sender ID Registry was introduced in January 2023 and scam losses fell by 2% but reported scams cases rose by 65%<sup>3</sup>.

Singapore banks do not currently reimburse customers for scams. They also do not reimburse digital frauds, unlike Australian banks.

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<sup>1</sup> Annual Scams and Cybercrime Brief 2022, Singapore Police Force, published February 2023.

<sup>2</sup> Targeting scams: report on scams activity, Australian Competition and Consumer Commission, published April 2023.

<sup>3</sup> 1H23 when compared with 1H22. Mid-Year Scams and Cybercrime Statistics 2023, Singapore Police Force, published September 2023.

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**WPC03QW:**

Disputes

- a. How many cases that arose during the period covered by the Hayne Royal Commission remain outstanding?
- b. How many cases has the bank had an involvement with Australian Financial Complaints Authority (AFCA)? Please provide a time series for the past 10 years.
- c. How many of these cases remain outstanding?

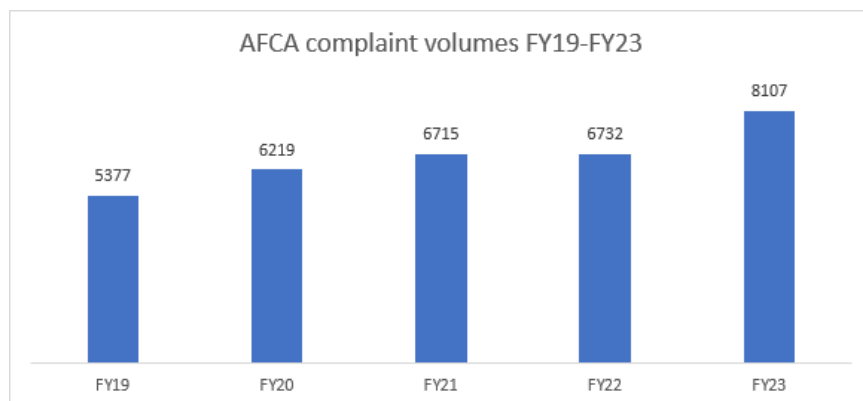
**Answer:**

- a. We do not believe there are any outstanding cases that were raised with Westpac by the Financial Services Royal Commission – these cases have been resolved with the relevant customers.

We do note, however, that the timeframe relevant to this question is a very significant period of time. Westpac does track long-dated customer complaints and we have reviewed these complaints giving consideration to this question. Within our long-dated complaints there are no open complaints related to the Royal Commission. Given the timeframe involved though, and the breadth of this question, Westpac would be happy to look into any specific customer matters raised with or by the Committee.

Maurice Blackburn commenced a class action against Westpac entities, ANZ, and Macquarie Leasing called the ‘Flex Commission’ class action. These class actions were commenced following the focus on the practice of flex commission arrangements in the Royal Commission. The class action remains on foot. Westpac no longer pays flex commissions following an industry-wide ban issued by ASIC on 1 November 2018.

b.



Note: AFCA has only been operating since 1 November 2018. As such, we have provided data from its inception. FY refers to Westpac’s financial year (1 October to 30 September).

- c. 1858 AFCA cases open as of 30 September 2023.

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- WPC05QW:** Branch closures
- a. What factors are taken into account when deciding how many and which bank branches to close?
  - b. Does the bank consider the proportion of customers at the branch using online/digital banking?
  - c. Does the bank take into account how many people in the area rely on interactions in the branch for non-transactional purposes?
  - d. Does the bank's overarching efforts to reach net zero emissions factor into decisions around bank closures?
  - e. Please provide a time series for the past 10 years of how many banks have been closed (and opened – i.e. for a net figure), broken down by metro, regional and rural.
  - f. How many regional and rural areas are you aware of where your bank is the only branch presence?
  - g. Did any of your branch closures result in no branch presence at all after the closure?

**Answer:**

- a. We consider a number of factors, which may include:
  - branch usage;
  - customer demographics;
  - location of the relevant branch and proximity to other banking services; particularly a Bank@Post service; and
  - whether there is a Bank@Post in the relevant location (Westpac does not close a branch that does not have a Bank@Post in town).
- b. Yes, this is one factor among a number of factors that we consider.
- c. We consider a number of factors including those set out in (a) before deciding to close a branch. In supporting our customers with their transactional and non-transactional services, we offer multi-channel servicing including:
  - Branches – increased overall branch network by digitally connected brands, and introducing co-locations;
  - ATMs, including fee-free cash withdrawal through Atmx & Precinct;
  - Bank@Post partnership;
  - Digital banking and Mobile banking and our App;
  - Virtual banking, including video; and
  - Call centres.
- d. No

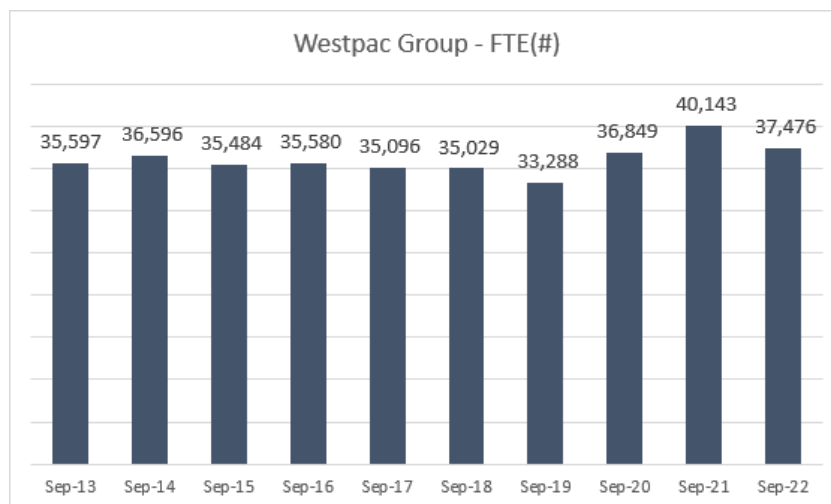
- e. From 1 October 2013 to March 2023:
  - Group Branch Network reduced by 40%
    - -43% in Metro
    - -33% in Regional and Rural & Remote
- f. As at 31 August 2023, we are the last bank in town in 26 regional and rural and remote locations across Australia.
- g. Since 1 October 2020, we have closed 12 last bank in town branches. All locations had a Bank@Post in town.

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- WPC06QW:** Employment practices
- a. Please provide a times series over the past 10 years of total employment at the bank.
  - b. What are the particular growth areas, for example cyber security, anti-money laundering and counter-terrorism financing (AML/CTF).
  - c. What proportion of staff are outsourced overseas? Note: This does not relate to a retail banking presence in another country, rather the conduct of specialised services. Please provide a time series over the past 10 years:
    - i. total staff outsourced overseas
    - ii. by function (e.g. call centres, back office data analysis, cyber security).
  - d. How does the bank manage risks relating to outsourcing?

**Answer:**

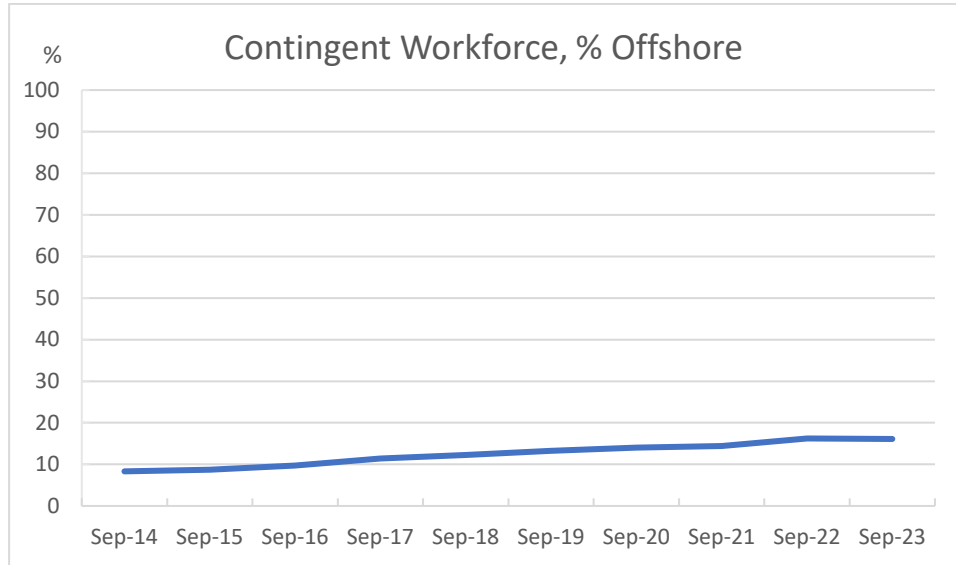
a.



Note: Full-time equivalent employees include full-time, pro-rata part-time, overtime, temporary and contract staff.

- b. The digitisation and technological shifts within the banking sector are leading to the creation of more data, digital, and engineering roles. Over the past couple of years, we have had growth in the number of our information and cyber security roles and have been increasing the number of roles relevant to the management of scams and fraud.

c.



Note:

- Percentage calculation is based on total group headcount including Permanent, Max Term employees plus Contractors, Outsourced Providers, Consultants and Strategic Partners.
- It is possible that the size of the Contingent workforce may be an overestimate of actual.
- While ~90% of the Permanent Max Term workforce are full time, we do not have information regarding the working hours of contingent personnel, or whether some of these personnel are counted even though they may only need occasional system access.

- d. Westpac has internal policies and frameworks in place for the management of risks associated with outsourcing a business activity to a third party (including a related body corporate). The framework includes standards and/or a localised version of the policies for offshore entities.

All outsourcing arrangements must apply the requirements defined in the policy and fit with Westpac's current strategic priorities, including Westpac's risk appetite, financial and other targets, and our 'Should We?' Test. Any proposed outsourcing requires a business case which specifically includes a risk assessment of the outsourcing of the activity. The assessment and ongoing monitoring of outsourcing arrangements must be aligned with the requirements of APRA's CPS 231 when outsourcing to a third party (including a related body corporate).

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- WPC09QW:** Since the Economics Committee's public hearings in July 2023, consumer groups have repeated their calls for a mandatory code requiring banks to refund funds lost to scammers in certain circumstances.
- a. Has Westpac considered the implementation of a voluntary code for refunds prior to, or since, the public hearings?
  - b. If so, why has Westpac not implemented a voluntary code for refunds?

**Answer:** We note and support the Government's intention to apply a mandatory scams code to the banking, digital platforms, and telecommunication sectors.

Westpac has an internal scams framework in place that covers the circumstances in which a reimbursement may be payable.



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- WPC10QW:** When considering lending to businesses who are seeking loans to develop renewable energy projects, such as wind and solar fields, throughout each proposal's construction, operable lifetime and end of life remediation, do you consider the:
- a. environmental impact?
  - b. impact on wildlife?
  - c. health impacts on residents in close proximity to each proposal?

**Answer:**

- a. Yes, this typically includes Federal Environmental Protection and Biodiversity Conservation Act approvals and the provision of independent adviser reports on environmental risks as a condition precedent to financial close.
- b. Yes, this typically includes Federal Environmental Protection and Biodiversity Conservation Act approvals and the provision of independent adviser reports on environmental risks, including habitat loss as a condition precedent to financial close.
- c. Not unless initial due diligence (typically from third party consultants) identifies health impacts on residents in close proximity to each proposal. Such due diligence is typically a condition precedent to financial close.

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- WPC11QW:** Assessing lending for renewable energy projects
- a. Do you consider the carbon footprint in the manufacture and disposal of solar panels and wind turbines when assessing the suitability of a renewable energy project?
  - b. Do you investigate the source of rare earth minerals used to manufacture solar panels, wind turbines and batteries (used in electric vehicles and commercial and domestic energy storage)— taking into account potential abuses of human rights and child labour practices, which are commonplace in many developing nations—when lending to renewable energy projects which utilise solar energy?

**Answer:**

- a. No, this is for the customer to consider.
- b. Not unless our initial due diligence (typically from third party consultants) identifies human rights, child labour or other labour practices of concern or involvement of sanctioned jurisdictions in relevant supply chains. We will take this into account in determining whether to participate in a transaction in line with our position statements.

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**WPC12QW:** Project investment

- a. Have you invested, or considered investing in, the proposed 'Sun Cable' project in northern Australia and/or the Chalumbin Wind Farm project? If so, was any consideration given to the long-term impact that such a large-scale project would have on the local ecosystem?
- b. Have you invested, or would you consider investing in, projects to build out high-voltage transmission lines across Australia, in response to the retirement of fossil fuel power stations? If so, has an assessment been made on the ecological impact of these projects and what was the outcome?
- c. Do you apply the same rigorous standards used to review applications for investment in proposals utilising fossil fuel to renewable energy projects?

**Answer:**

- a. For confidentiality reasons, we cannot discuss specific customers, companies, or projects.
- b. We lend against transmission and distribution assets. Each project is assessed on its merits. Our assessment process encompasses a range of considerations including compliance with applicable Federal and State planning and environmental laws. We typically rely on the projects submitting appropriate Environmental Impact Statements (to the extent relevant) and we may also receive third party due diligence on environmental risks.
- c. We apply the same analysis, process and procedures for any application and adhere to Westpac's position statements.