

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS

#### Westpac

**WBC82QON:** **Mr King:** Are you referring to the Promontory review of the AUSTRAC matter?

**Dr MULINO:** Yes.

**Mr King:** Yes, they did do a review.

**Dr MULINO:** How far back did they review paperwork?

**Mr King:** I would probably need to take that on notice, but it was for the period of the AUSTRAC issues, so it would have gone back into the early 2000s.

**Dr MULINO:** Again, it would be great if you could provide specifics on that.

**Mr Vance:** Apologies, but could I clarify because we've had two major exercises involving Promontory which would have covered this territory. Is that specific to AUSTRAC or the broader review that they're doing in conjunction with our non-financial risk management?

**Dr MULINO:** There was a report which was referred to, on 21 January, which involved reviewing board papers and board committee papers. Did they both undertake that desktop analysis?

**Mr Vance:** Both would have covered that, but 21 January, I expect, would have to have been—

**Dr MULINO:** It was a 22 January meeting between yourselves, APRA and Promontory.

**Mr King:** We might follow up with you offline and take it on notice.

**Dr MULINO:** Yes. It might be specifically in relation to AUSTRAC, but there is reference in some media coverage of a meeting that occurred on 22 January 2021 between Westpac, APRA and Promontory. I'm interested as to whether AUSTRAC was at that meeting.

**Mr King:** I will take that on notice.

*Dr Mulino's office clarified after the hearing that this question refers to media reports of a meeting held between APRA and Westpac on 22 January 2021, at which Promontory was also present. Dr Mulino is seeking clarification about*

*whether AUSTRAC also attended that meeting and what input / involvement AUSTRAC has had with the Promontory review that was provided to APRA in March 2021.*

**Answer:** We note that Dr Mulino's questions relate to the Promontory report that was provided to APRA in March 2021.

Promontory Australasia has been appointed to provide independent assurance over Westpac's Integrated Plan in response to the Enforceable Undertaking (EU) entered into with APRA on 3 December 2020. The Integrated Plan outlines commitments designed to strengthen Westpac's risk governance across both financial and non-financial risk.

Promontory is required to report to APRA on:

- the status of compliance with the EU; and
- the status of compliance with the Integrated Plan and the implementation of the Plan.

Promontory's first assurance report, provided to APRA on 5 March 2021, focuses on Westpac's development of the Integrated Plan. As part of this work Promontory reviewed certain Board and Board Committee papers predominantly focused on the period between December 2020 and February 2021. Other papers outside this period were also provided to Promontory, on a sample basis, where relevant to the Integrated Plan.

AUSTRAC did not attend the meeting on 22 January 2021 which involved Westpac, Promontory and APRA. The meeting focused on the development of the Integrated Plan that Westpac was required to prepare under the EU with APRA. To our knowledge, AUSTRAC did not have input to or involvement in the Promontory report that was provided to APRA in March 2021.