

01 06 2020

Mr Tim Wilson MP
Chair
House of Representatives Standing Committee on Economics
Parliament House
Canberra ACT 2600

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Dear Mr Wilson

Since our last update to the Committee, the trajectory of the COVID-19 pandemic in Australia has been encouraging. We commend the efforts of the Federal and State Governments in coordinating our health and economic responses, and the community in adjusting their lives to limit the spread of the disease. Many of our customers will benefit from the relaxation of restrictions that is now underway across the country. However, life will not return to normal for some time and we know that the effects on our customers will continue.

The success Australia has had in containing COVID-19, and the economic support measures, have underpinned a strong recovery in consumer sentiment in May. The Westpac-Melbourne Institute Index of Consumer Sentiment recovered 16.4% - the largest monthly gain in the survey's history – reversing much of the record monthly fall (17.7%) we saw last month.

While the Index is still weak by historical standards, consumers are feeling more confident than they did in April when it appeared we may face a prolonged shutdown. In particular, we think it is encouraging that the component of the Index that captures the longer-term view is around 50% higher than we saw in the recession years of 1989 –1991. Consumers can understand and envisage the recovery whereas in previous recessions confidence has been lower as the path to recover is unclear.

We continue to focus on supporting our customers through the measures we outlined in our last update to the Committee. As at 26 May 2020, we have supported our customers by:

- Providing approximately 125,000 home loan repayment deferrals for over 83,000 customers;
- Approving approximately 35,000 COVID-19 relief packages for business customers;
- Lending \$188 million through 1,484 businesses loans expected to be backed by the National SME Guarantee Scheme;
- Paying \$635 million to approximately 78,000 customers under the early access to superannuation scheme. Over 86% of payments have been made within five days (as at 22 May 2020); and
- Continuing to provide access to banking services. Over 90% of our branches remain open. In some cases we have temporarily closed branches where traffic has declined significantly, which has allowed us to redeploy over 850 staff to work in other areas of the Bank, for example in our Customer Contact Centres responding to customers seeking support due to COVID-19.

We know that at the end of the current six-month deferral period, some customers will not be in a position to return to normal loan repayments. We are working with the Australian Banking Association and member banks, and engaging with regulators, on options for those customers.

On 23 May 2020, we also announced further support for home loan customers during the COVID-19 pandemic. This means that eligible customers with interest only home loan repayments can apply to extend their term for up to 12 months, while those with principal and interest repayments can switch to interest only repayments for the same period. Customers are able to access a home loan repayment deferral calculator on our website to help them understand the potential impact on their home loan if repayments are deferred.

Most of our employees continue to work from home on a consistent basis. However, in response to the reduced restrictions, we are developing our plans to begin returning employees to work in Westpac offices. We expect to be able to provide further details to the Committee on this in future updates.

Yours sincerely,

Peter King
Chief Executive Officer