

OPENING STATEMENT Shayne Elliott, ANZ CEO

**Appearance before House of Representatives Standing Committee on
Economics**

16 April 2021

Thank you for inviting ANZ to appear today.

Joining me is Mark Whelan, Group Executive, Institutional.

He is responsible for our large Australian and global business customers.

As we sit before you today, we are facing the most positive economic conditions that we have seen in the six years this Committee has been inquiring into the major banks.

While many are doing it tough, including CBD businesses, Australia is emerging from one of its hardest periods quicker and stronger than many expected.

This year, GDP should grow by 4.8% while the number of employed reached a record high in March.

ANZ Job Ads are up 23% on their pre-pandemic levels and at a 12 year high.

Although some will sadly continue to suffer from the loss of work and income, we expect unemployment to fall to at least 5% by the end of 2022.

Business confidence and consumer sentiment are both strong.

Resources and agriculture have seen significant export demand and, although the mix of consumer spending has changed, it has largely gone back to pre-pandemic levels.

Much of this positive economic story is testament to the character of Australians and the fiscal and health responses of our governments.

The housing market is another sector showing robust activity.

We expect continued gains in house prices before they taper off next year.

Much of this activity is from owner occupiers.

Pleasingly, our loans to first home buyers over the last three months are up 75% on last year and, across the industry, those getting into property for the first time are taking out 35% of owner occupier loans.

All buyers are being helped by low interest rates, high levels of savings and government policies.

For example, we've seen a significant increase in construction loans, and applaud the Government's HomeBuilder program for helping Australians.

We agree that price increases need to be watched and credit standards maintained to ensure the financial system remains stable.

This story contrasts to when I appeared before you in September and our attention was on the repayment deferrals.

Over the last year, ANZ has provided around 96,000 payment deferrals on home loans worth \$33 billion in Australia.

Almost all of these customers have resumed paying off their loan.

For those who still face difficulties, we have a range of measures that can help, including loan modifications.

In the business sector, credit is available to those who want to grow with the economy.

Government policy has helped again.

Under the Government's SME Guarantee Scheme, we have already written loans worth more than half a billion dollars.

And we expect to write more due to the recent, welcome changes to the scheme.

ANZ has also increased interest only periods for small business loans up to 10 years, and pushed lending terms out to 30 years.

These measures improve loan affordability and help small businesses grow and prosper.

For example, customers are using our low rates and extended terms to buy premises with lower repayments than renting.

Our large corporate clients are in good shape.

They are well capitalised and many are looking to reposition their business for the changing economic landscape.

This includes diversifying trade routes and investing in digital transformation.

The role banks have played in supporting businesses, lending to first home buyers and providing deferrals has been possible because of the strength of Australia's banking system.

Capital levels are healthy, provisions have been moderate and liquidity is strong.

Because of this strength, we can lend prudently to help sustain the nation's recovery.

This situation is the direct result of the prudent policy flowing from the Government's Financial System Inquiry.

The role that we've played over the last year has also been informed by the lessons of the Royal Commission.

The fair treatment of customers has been our north star as we've worked to support them.

We've also continued to address the Commission's recommendations, and welcome Parliament's recent passage of laws responding to a number of these.

We are preparing for those laws yet to commence, as well as continuing to act on our sixteen commitments made in response to the Commission's final report.

We look forward to further reforms to address the remaining recommendations.

Like many, we want more activity in our city centres.

We know how important our presence is to the small businesses around our offices.

More ANZ staff are returning and we're working towards having most employees in the office for at least two to three days a week.

This will be a shift in how we work for the long term.

However, we've learnt that with good technology and clear communication we can deliver great services for our customers and flexibility for our staff.

In closing, I want to acknowledge the impact of the floods in New South Wales and Queensland and the cyclone in Western Australia.

Just as we did with the bushfires over a year ago, we are supporting our customers through these events.

I encourage those affected to contact us but, thankfully, only a small number of customers appear to have been affected so far.

Thank you and I now look forward to your questions.

ENDS