

Transcript: Shayne Elliott with Neil Mitchell – 3AW – 08/06/21

Neil Mitchell: Before that though, when's the last time you went into a bank branch? What is the good economic news? I speak regularly to the chief executive of the ANZ Bank, Shayne Elliott. He is on the line. Shayne Elliott, good morning.

Shayne Elliott: Good morning, Neil.

Neil Mitchell: This credit rating, Josh Frydenberg's belting his chest about it, triple-A credit rating back for Australia. What does that mean? How important it is? Is it as good as Josh says, I suppose.

Shayne Elliott: Well, it's always good. Better to have it than not. I mean, we'd all be whining if we'd lost it. So I think it's a good thing. It sort of reaffirms the fundamental strength of the Australian economy and how well it has come through this extraordinary period of time. And, it's a credit to, not just the government, but the economy overall and the Australian people in terms of the way they've behaved and the way that businesses have been managed, and households through it.

Neil Mitchell: I know Scott Morrison's going off the G7 leaders meeting and saying, well Australia leads the advanced nations. Is that a fair comment?

Shayne Elliott: I imagine that, there'll be a whole bunch of stats where that's probably inevitably true, in terms of growth and the way that this has happened. I'm sure we can pick a whole bunch of things to be very proud of. Yes.

Neil Mitchell: Does this credit rating, the S&P credit rating, does that mean anything to the average person, the average mortgage, the average level of debt? What does what does that actually mean to the average person?

Shayne Elliott: What it means over the long term, it means that Australia is still able to go and borrow money, whether that's from the banks getting it or the government internationally at a really, really good rate. And so, as I said, the reaffirmation of it doesn't really mean a lot, but boy, when you lose it, what happens is the cost of borrowing goes up and that ends up being paid for by mums and dads in terms of their mortgages or businesses. So absolutely, it does matter. But it's sort of over the long term that it matters.

Neil Mitchell: The other interesting thing out of this S&P report is that they don't believe that circuit breaker lockdowns are going to set things back, which is relevant to us in Victoria. Do you think what's happened in Victoria is going to set Victoria back?

Shayne Elliott: Well, I do. I mean, I think these things have an impact. They do some harm, now it's a question of balance. And as I said, I'm not the government. I don't see the data, the state government. I don't see what they see. But they're making a calculated bet that the cost of the lockdown is better than the cost of some sort of outbreak of COVID. But it must have an impact. I mean Neil, it's having an impact today. I mean, there are businesses out there who are really in a terrible position. And despite best efforts of governments, federal and state, to be of support, there'll be some that aren't going to survive through this. Now, hopefully it's a small number, but no, it is absolutely going to have an impact. It's going to have an impact on people's confidence, on small businesses wanting to open again, or new people wanting to have a go and start a business. There'll be a little bit more reticence than there was before.

Neil Mitchell: Well, that has to set Victoria back, even compared to the rest of Australia, has to set us back significantly, surely. If you undermine confidence. Sorry.

Shayne Elliott: I would have thought. Absolutely. Now, we'll all debate how much, but it clearly isn't a good thing. So it clearly must have an impact. And time will tell the severity of that impact. But, as we sit here today, what we know is that Victoria, as an economy, is doing it harder than most parts of the country and, certainly probably the worst of any of the states. Now, things aren't terrible and the government's managing through and all that. So it's not doomsday, but it's clearly not good.

Neil Mitchell: Can you offer any hope to small business on your analysis of it? If you're running the local coffee shop or something and the house is on the line and you can't pay your bills. And you're sick of living with it, too I suppose, that's the other thing, the pressure of living with it. Can you offer any hope?

Shayne Elliott: Well, we can offer hope in the sense that the good news is that, with interest rates so low, people can actually service debt longer than they would have in normal times. The banks, like us and the others, have all shown a much more sort of tolerant attitude to help people through these situations. So, I think we can still afford to be generous and empathetic and listen to customers who are really in a difficult time. Because what we know here is that by and large, it's not their fault. And so these are good people who've worked hard and built something. And they need time to kind of get themselves back on their feet. And I think, between the banks and the regulators and government, we're willing to do the right thing.

Neil Mitchell: That's a scary thing, isn't it? A well run, good business could go to the wall. It's well run and it's good. Yeah.

Shayne Elliott: Yeah. I mean, I think that's why it hurts confidence because, I don't know about you. But you can sort of understand things when you screw up. Like when you do something wrong. Hey I made a bad call, I shouldn't have done that and I've paid the price. This is sort of literally an act of God, right? This is something that's happened out of nowhere, that you've done nothing wrong. And you can imagine what that does. I mean, I can't imagine. How awful it must do to somebody's self-confidence and their ability. Now some'll just write it off. I imagine there's some really good entrepreneurial people, will put it down to "oh well, it's bad luck" and move on. But I imagine for some, younger people, newer people, maybe people at the end of their working life, probably this'll be a bigger blow for them in terms of getting back on their feet.

Neil Mitchell: Yeah, that removes the entrepreneurism.

Shayne Elliott: I would have thought so.

Neil Mitchell: I noticed in the papers today, one of your own economists in a report on the job market is suggesting, in fact, the job figures will be very good.

Shayne Elliott: Well, the economy is on fire. I mean, the reality is, it's the classic, if you flew in from Mars and you didn't know anything, you just looked to the data, you'd say Australia is experiencing an economic boom. I mean, job numbers are just extraordinarily strong. Now, we know partly why, because of the lack of immigration and all that, which is a short-term thing. But, I mean unemployment looks like it's going to continue to fall quite sharply. Look, until recently we've been out and about seeing customers. And I was in the office having meetings, et cetera, with people. Time and time and time again. What are they telling you? Labour shortages. Can't get people. Can't get people in hospitality, can't get people in the farming areas, can't get people in manufacturing. So, I think unemployment will continue to fall. It's probably a good thing. Looks like wages will start to move a little higher, which is a good thing. So, it's an unusual problem to be having at a time of such crisis.

Neil Mitchell: Even in Victoria?

Shayne Elliott: Even in Victoria. Even in Victoria, because the people that are really doing it hard in Victoria, as we know, and again, a gross generalization. Are CBD-related small businesses, coffee shops, hospitality, all that and anybody related to that sort of international student market. A lot of those are self-employed. But even in Victoria, employment is pretty strong.

Neil Mitchell: You're closer to the real economy than most. Because people are coming to you if they've got troubles. There's a lot said about no JobSeeker, no rent relief, this sort of thing. Are people coming to you? Because people are saying it's only two weeks, you'll get through it. Are you finding people are struggling even though it is only two weeks, hopefully?

Shayne Elliott: Well, the reality is, to be honest, no. And I mean, I'm as shocked as probably you are on that. So I checked before coming on line. Our call centres, our people taking hardship calls, people under stress, have not experienced any real pick up in call volumes from Victoria or anywhere in the country, but certainly not Victoria at this point. Now, again maybe, we'll see on Thursday, maybe that'll change. I find that a bit staggering, but it seems to be the reality. Now, what we did know Neil, we've talked about it before. Over the last 18 months what small businesses did on average was save a lot of money. Because they weren't paying their staff under JobKeeper, they were getting grants and they just piled in cash. I mean at ANZ we had tens of billions of dollars of small business deposit growth, as did the entire industry. So people did build buffers. And I would suggest they're probably using those buffers at the moment, which is, got them in a reasonable space to sort of weather the storm.

Neil Mitchell: Actually, when you leave us, I'll do that. Small business survey, 13 13 32. If you're in small business, how do you keep going? Will you keep going? What keeps you going, I suppose? The mouse plague, too. I mean, that's been an issue around the country, hasn't it? You've had to be involved there?

Shayne Elliott: Yeah, well, it's not something that I thought I'd be dealing with, no. But yes, mouse plague, thankfully for us at this point it hasn't really impacted too many of our customers. But what a bizarre story. Yeah.

Neil Mitchell: Yeah. And just finally, I saw a survey, eight per cent of ANZ Bank customers rely solely on branches, only eight per cent. Do you reckon that'll just get lower?

Shayne Elliott: Yes, I think it is. I mean last year, as we talked to last time, the number of people going online has continued to increase. I mean, that eight per cent is, typically a little bit older population. Not always. But yes, it's been declining for some years and I imagine it will continue to do so, that seems to be the way of the world, yes.

Neil Mitchell: That means branches closing doesn't it? Continuing to close.

Shayne Elliott: Well, does mean that and they are closing and they are already closing at a reasonably rapid rate across the nation. I mean, most of those closures today have actually been in sort of metro areas where we don't need three or four branches on Collins Street, we probably need one or two. That sort of thing is probably what you're seeing most of. But no, absolutely, there has been that and it's a dreadful trade off. Again, we can't keep shops open if there's nobody in them. And yet there are some people who rely on it. So we work hard to find alternatives. But I imagine that trend is pretty set. They're not going to disappear, but there's going to be less.

Neil Mitchell: And just a final point on the Victorian situation, does any of your contact with your customers show that people actually are leaving Victoria, as they say they will?

Shayne Elliott: Well, we do see a little bit of that anecdotally. Certainly short term people are leaving. I mean, I'm sure like you, you know a lot of people who went and are staying in Queensland at the moment. But for the long term, I know people are talking about it. I couldn't honestly say I could give you any evidence to say it's real. I mean, look, I don't

want to whine about it. But it's like this payroll tax, this recent thing from the state. I mean I sit here as a major employer in the state where we employ, I don't know, probably 10,000 people in Victoria. And we're getting taxed for employing people. And that tax is going to cost us 20-odd-million dollars. Now, in the scheme of things, people might say that's not a lot. Well, it's the equivalent of 200 people's jobs. And so I think things like this are in and of themselves, not going to change anybody's mind. But incrementally, if you keep making it harder and more difficult and more expensive to employ people in Victoria or riskier, there must be an impact of that. And that can't be a good thing.

Neil Mitchell: Does seem a strange time to be introducing a tax on employment when we've got these problems ahead.

Shayne Elliott: I would have thought so. I mean, we all understand taxes on bad things to try and change behaviour. But I would have thought at this point, jobs, even despite the good outlook, I still would have thought jobs was not the thing to be taxing it at this point in the cycle.

Neil Mitchell: Thank you for your time. You've been locked at home or you've been going to the office?

Shayne Elliott: Yes. No, no I've been locked at home, yep.

Neil Mitchell: How's the COVID dog going?

Shayne Elliott: The COVID dog's getting very big. He's good. He's almost a year old and a bit needy, but he likes me being at home. Look, the good news is you just sort of get back in the habit, we Victorians built a habit of being at home. And it was really easy to just get back into that. And that's what we've seen across the board. What we're seeing Neil, though increasingly a lot of our people are struggling just from a sort of mental health point of view, and not too serious. But just like, really when is this going to end? It's almost the removal of hope and you need to have something to look forward to and this I think has been a bit more of a blow than certainly anything I saw during last year, for a certain part of the population. So we've got to keep people as focused as we can be.

Neil Mitchell: Thank you so much for your time. Good to talk. Thank you. Chief Executive of the ANZ, Shayne Elliott.