Transcript: Shayne Elliott with Brooke Corte – 2GB – 25/03/21

Brooke Corte: Well this is the last edition of *Money News* before JobKeeper ends and if you or your staff are at this very moment still relying on that JobKeeper money, well come Monday you'll be fending for yourselves. And we know that. That's been flagged for a long time as Bob just earlier pointed out on the email. And, look, on the whole the economy is ready for it. We've got the unemployment rate right now at 5.80 per cent, that's down from 7.40 per cent and that is way ahead of anything we could have imagined or dreamed of this time last year. So the economists and the RBA boss, he says this will all be a blip, not a cliff. Well, unless you're one of those 150,000 people that Treasury says will probably be unemployed come Monday. So, I'm not going to insult you by calling you a blip. That is a big situation that you now face. So while the economy might be ready to see the end of JobKeeper, I think we shouldn't make the mistake of saying 'the end of all of this is going to be insignificant'.

Still if you zoom out, of course the economy and the recovery is gathering momentum. We're not quite full throttle, but we're doing very well. And the housing market of course, well that's pedal to the metal. It's firing on all cylinders. So plenty to chat about tonight with the boss, the CEO of ANZ, Shayne Elliott.

Shayne Elliott, welcome back to *Money News*.

Shayne Elliott: Thanks for having me.

Brooke Corte: Firstly, the floods that have ravaged whole areas of the east coast of Australia. What kind of assistance has ANZ been offering to its customers who are affected?

Shayne Elliott: Like all of the major banks, we are there for people and we've said 'hey, if you need help, if you need assistance, if you need to sort of defer your payments, just call your bank – all of us – and we're there to do the right thing'. And it's really very much like we did through COVID Brooke, it's the same sort of assistance package, so you can put your payments on pause and we can deal with all of this later.

Brooke Corte: Ok. Shayne, your economists at ANZ had the bank in the headlines the last 24 hours with this forecast that property prices are going to soar 17 per cent this year. The figures were a 19 per cent jump in Sydney and Perth, 16 per cent in Melbourne and Brisbane. The thing is, four months ago the bank forecast nine per cent and around this time last year ANZ was talking about a 10 per cent drop. Look, I could throw similar numbers out from other bank economist teams, but just to quote a mate I was chatting with last night – and this is actually an honest question – what's the point of making these forecasts or listening to them when they don't ever seem to be right?

Shayne Elliott: Well, that's a fair question. That's a fair cop, I think. But what it really tells you is just the inherent volatility and change we're experiencing. I mean, the reality is you're right. A year ago – literally to this week a year ago – we were sending people home, the world looked pretty bleak. And at the time, the best available information we had, we said 'hey when we run through and see what might happen, all this stuff's going to happen, this doesn't look good for house prices'. Then, hey presto some weeks go by, guess what? Government comes along and says 'you know what, we're going to throw tens if not hundreds of billions of dollars at the economy, we've got this program called JobKeeper, we've got all these things we're going to do'. And the world changes and when you throw a quarter of a trillion dollars at the economy, things change. And that's exactly what happened over that period of time. And as a result we say 'hey, this is going to have an impact'. Interest rates are lower, mortgages are cheaper, people are a bit more confident about their jobs so yes, house prices look more buoyant. So I think it's really just a

symptom of underlying change and volatility and moves that are happening in the broader economy and from government etcetera.

Brooke Corte: We're at the point at the moment, I mentioned on the show last night, where we've seen a Point Piper boat shed sell for $40 million, so things are getting pretty hot. One of the things that could change – and you're right, things do change – regulators could step in judging it's gone too far and it wants to slow things down. So what would that mean for you?

Shayne Elliott: Well the macro prudential things are usually designed to do the right thing, which is to take a little bit of heat out of the market. History says they're actually not necessarily a bad thing for the bank. They're not necessarily a bad thing for the market. They need to be thoughtful, any intervention can always have unintended consequences. Right now we are seeing really strong growth in applications for home loans. At ANZ, roughly, we are probably seeing volumes in applications on any given day about 20-30 per cent more than we would expect to see pre-COVID. That's pretty strong, so maybe there's some macro prudential rules that come in and slow it down. That's not necessarily a bad thing for the banks. But as I said, growth at the moment is pretty high and slowing that down wouldn't necessarily be a bad thing.

The other thing I'd like to say there Brooke, it was interesting, we had in the other day a whole bunch of our customers who are in the business of building homes and subdividing land, building apartments, owning apartments, all that stuff – big end of town people. These are people who have been around a long time. What they said to us is 'hey, what we're seeing at the moment is a lot of bringing forward of demand'. What they meant was, a lot of people who had been saving for a home or wanting to upgrade maybe next year or the year later, have said 'hey, I'm going to do it now because there's a lot of support, there are these first home buyer grants, there's stamp duty deals, there's homemaker things, I'll do all of that now'. So they say 'we're getting a bit of a sugar rush now into the market, but actually 12-18 months later there'll probably be quite a natural slow-down anyway'.

Brooke Corte: And as you're suggesting, maybe that won't be a bad thing for the banks for this to slow down as well.

Shayne Elliott: No

Brooke Corte: JobKeeper ends on Sunday. Shayne Elliott we've had the Treasury Secretary, Steven Kennedy, yesterday say we could see as many as 150,000 people out of work instantly. They just go to the unemployment queue. This is not an insignificant moment for our economy, although it's not the cliff we used to talk about of course. Where's your own focus at ANZ around the end of JobKeeper? What are the aspects you're keeping a close eye on? And what are we managing here?

Shayne Elliott: So first of all, clearly it's not the cliff we all worried about, but clearly it's a cliff for all those people impacted and it will be pretty devastating for many, many people in the community. Sadly, when we look at the people who are likely to be affected – I'm talking gross generalisations here – they're likely employed in areas like hospitality and tourism and perhaps in retailing sectors. A lot of those people, again sadly, were more casual workers or more part time so a lot of them didn't have home loans and didn't have big debt. That's a good thing, so they're less likely to have that extra bitterness of saying 'not only am I losing my job, but I've still got this debt overhang'. That is an unlikely scenario for the vast bulk. So, from a bank's perspective, being a little bit selfish, that's not really our concern. I think our real concern is, the businesses that are letting these people go, sadly, are they viable and how are they able to get back on their feet, what sort of help do they need to re-stock, restart, rebuild their businesses so they can be back employing people? That's in everybody's interests, including ours. So we've got to figure out our role as a bank.

Now, the good news is normally when we get into a bit of a crisis in the economy the banks are in the middle of it with everybody else, so we're worried about our own survival and

figuring out what we're going to do. This is really different. Banks in Australia, including ANZ, are in really strong shape. We've got lots of capital, lots of liquidity. We have the ability to really lend a hand here to those businesses who need support and I think that's exactly the role we have to play.

Brooke Corte: And one final question. Shayne Elliott there is a reckoning underway around culture in workplaces and the treatment of women. And while we are focusing on and Parliament House this is extending now far beyond politics and the Canberra bubble. How do you think corporate Australia will respond to this moment?

Shayne Elliott: Undoubtedly we all have something to learn. Nobody likes to see these sorts of issues emerge, whichever part of the community they do (come from). It causes us pause in any organisation to sit back and say 'well what can we learn from this, what do we need to do, how do we give ourselves assurance that we've got the right culture, we've got the right policies and processes in place, that people feel they can speak up if they've been poorly treated. I imagine, and I don't know, I imagine there's a lot of naval gazing and there's a lot of people really thinking hard about their own policies, their processes, their culture and they'll be having conversations – we are having conversations with our people as we speak about these very issues to make that sure we do have a culture where people can speak up and be supported through difficult times. I don't think anybody takes any joy in any of this stuff. But I think, again, we have to learn. Corporate Australia and banks – we've made mistakes in terms of our own conduct and done things we're not proud of – but certainly one of the things we've learnt is we need to keep an open mind and a learning culture and that's exactly what we're doing.

Brooke Corte: And I think that's actually something we can feel optimistic about from everything that's gone on, I think we walk away with optimism to know that there is change afoot. Thank you so much, Shayne Elliott the ANZ CEO we appreciate your time here on *Money News*.

Shayne Elliott: No, thank you. Talk to you again.