

Transcript: Shayne Elliott with Peter Fegan – 4BC Brisbane

Peter Fegan: Well, it's been a very challenging time for Australians with the cost of living rising, many of us have been left struggling to afford everyday items. Small businesses, especially across Queensland, have struggled to rebuild after we were hit by the pandemic and most recently those devastating floods. In the studio with me, I'm really happy to say is the Chief Executive Officer of ANZ, Shayne Elliott, and he joins me to talk about all things finance and banking as well as answer any of your questions that you might have. I really thank you Shayne for coming in and joining us.

Shayne Elliott: Thanks for having me.

Peter Fegan: Look, how is Queensland's economy going? Obviously, we've had a massive relief today for the unvaccinated, it's been announced that they'll now be allowed to go back to pubs and clubs and cafes, not till the 14th but right in time for Easter. But just on a scale of one to ten, where is Queensland sitting with our recovery and how are we tracking?

Shayne Elliott: Well, a couple of things. We get great data in the banks, we get to see how our customers, which are pretty representative, are going, how much cash they've got, what's their turn over, all that sort of stuff. And I've been on the ground, I was in Townsville yesterday, Brisbane today talking to a lot of customers and the feedback is that Queensland is doing very well. In fact, what we're entering into in some ways, we're doing so well that we're getting all these new problems that we're not used to like the cost of living, shortage of labour, supply chain, things which we haven't probably been challenged with for a little bit of time. But no, the economy here looks pretty good.

Peter Fegan: It's been very difficult. I mean, in Queensland we had the borders closed, but for the most part, we didn't really have the floods of cases that New South Wales and Victoria experienced with those enormous lockdowns. We actually did quite well here. But you've got to remember here in Queensland, for the most part, Shayne is that tourism is our big earner, and a lot of those tourism operators up in North Queensland were doing it really tough. While the Premier was here saying how good Queensland is, and I get that we were, we actually did it quite well here and for the most part the Premier afforded us a lot of luxuries. But what I wanted to say is we've just had the floods, we've had those COVID impacts, how are those small business operators expected to get back on their feet? It's a very, very difficult mission.

Shayne Elliott: Absolutely, and it's a bit early to tell on the floods in particular, but let's just step back a little bit. Yes, you didn't have the flood of cases, but Queensland was participating in the flood of money that was pushed into the system federally. Whether it was JobKeeper and all the various schemes that we had. So, when you look at the data, actually small businesses went into the recent period in quite good shape. They had a lot of cash sitting in their bank balances so that's a bit of a cushion, and what we're saying is actually customers today, even with the floods and again, early days, but they're not quite in the hardship case that we would expect, because they've got their resources in good shape.

Peter Fegan: So you're saying Queensland has pretty much rolled up their sleeves and carried the rest of the country, as we usually do, again?

Shayne Elliott: No, but they've done a good job, right? And again, I don't want to dismiss that there will be people in dreadful situations, but when you look at aggregate it's been remarkably resilient, actually.

Peter Fegan: It was a difficult time here for people in respect to, there was a lot of us that couldn't cross the border and have families here. But we were going to our pubs and clubs

and pumping plenty of money into the economy. But there was one thing that I did notice and that was a lot of people working from home where they could, in an effort to stop the spread, but that really hurts the CBD. And I'd love to see, I don't work in the CBD, but we go through it quite a bit and I still see it as a bit of a ghost town, starting to rebuild a little bit. But it's important for people to go back to work and get into the CBD.

Shayne Elliott: Absolutely, you're right. What's happened is people are actually remarkably still spending, still buying their coffee, still going out, they're just doing it at home in the suburbs as opposed to in the CBD's. So the CBD's are really struggling right across the country, and I've been in Brisbane today and there are people around, but clearly it's not the busy city that we're used to. Employers like us have got a responsibility to get our people back in the office, we're not going to mandate it, but we want to encourage people back because you need to get some cash flowing in those streets to support those businesses. I think that will come, it is already coming when we see it in our daily data, but we still got a long way to go.

Peter Fegan: Shayne, let's talk about the support from the governments and the handouts that we've seen. We've seen people going back to work after the pandemic and businesses reopening, obviously with these changes now to the rules, it's going to afford them more luxuries in terms of business, but what would you say to those businesses that just couldn't open, they just couldn't afford to open? Do you think as we've seen with businesses that are affected by the floods, they get a payout from the government or do they get some help? I know that they've been helped through the JobKeeper and JobSeeker programs and all those sorts of things, but do you think that the Queensland Government should start spending a little bit more money on helping these businesses get back on their feet?

Shayne Elliott: Well, I think there has been a lot of money spent on helping businesses get back on their feet. I think what we're talking about now is long term sustainability, so to your point, how does the government get the CBD pumping back again, to be a place where people want to go, they want to go in to go to work and they want to go in and spend their money? Again, I know there are businesses that are hurting, obviously, but the reality when we look at the receivership data is the actual companies getting into receivership are at historic lows, so customers aren't quite in bad shape. Now, that doesn't mean they don't need a little bit more help...

Peter Fegan: Yeah, but we have to pay the money back, and the debt in Australia is in the trillions, we know that. And Queensland is in an extreme amount of debt as well.

Shayne Elliott: I think it always costs money, right? Look at us, we've got the same thing, I've got to get people back into our offices and out of their spare bedrooms. So we're making work attractive, we're making it the place to be. We're saying, 'you can do your work at home, but if you want to build your career, you want to be at work, that's where you learn, that's where you get coaching, that's where you actually get to be part of a team doing really good things.' And people are turning up and they're coming back.

Peter Fegan: How does the government pay its money back and if they're late on their payments do you send them one of those automated messages? Does Scott Morrison get a message saying, 'excuse me, you've missed a payment,' or Annastacia Palaszczuk, and then you send someone around?

Shayne Elliott: Well, we don't send somebody around, but it's a really good question. There hasn't been enough debate across the community about ultimately, of course we have to pay it back, we all understand that. What we don't want to do is lumber our children and grandchildren with that debt and that's got to be a conversation we have over the next year or two.

Peter Fegan: Well, we don't want to lumber them with the debt, but we don't want people to die now either.

Shayne Elliott: Well that's why government is hard, right? I don't envy their position, but that's the trade off they are needing to make. The good news is that Australia went into this in really strong shape, actually able to borrow the money to be able to get us through, and that's what you want to do. When times are good you want to shore up your resources so that you can deal with these crises.

Peter Fegan: The RBA has put rates on hold again, we thought that was going to happen, especially leading into an election. Talk to us, Shayne Elliott about what an election means for people's spending. Of course, if Labor gets in traditionally they spend more money. Whereas obviously, the Coalition is more conservative and so are their voters and vice versa. What do we see and especially with the news polls coming out, say that Labor does get in, does spending increase?

Shayne Elliott: I don't know, but the point is today the economy is actually in good shape, there's a lot of cash around. \$400 billion was spent by governments of various persuasions around the place and that has gone into the economy. Most of that money is still sitting on the sidelines, sitting in bank accounts, waiting to be spent. People have paid down their debt and so they've got to get out there spending again. I don't know that we need even more juice in the system, I think there's enough juice in it now. So why aren't people spending as much as they were? Because they're not sure about the future. They're uncertain about Ukraine, they're uncertain about inflation, they're uncertain about the government, fuel prices etc.

Peter Fegan: Cost of living is on the tip of both leaders' tongues at the moment because it's going to go a long way to getting them into government. The cost of living, it's increasing and it's increasingly difficult for people to afford things. ANZ being a major lender, there's a lot of talk about the cost of living, but say, I'm forty this year, I don't have any children, but people in my age group, my friends, my best friends, they have kids and they're worried about their kids being able to afford mortgages and things like that. It's very difficult for me, I'm in a good position financially to earn a mortgage, but it's difficult for me. When will the bank relax its procedures on borrowing money? We need to get these massive deposits together, when will we relax that?

Shayne Elliott: So, that's a great question. I'm not making excuses but I don't think it's really the banks who are getting in the way here. It's a couple of things, houses are a lot more expensive than they used to be, but the reality is, it's the problem of getting the deposit together. But we have to be prudent and by law, we're required to be prudent, and we need people to have some skin in the game, they need to put some money into that deposit before they borrow I think for obvious reasons. What we've got to do is make sure that our borrowing processes are as robust as they can be and the rates are as low as they can be. The sad reality is we're probably entering into a period where interest rates are going to start going up, and that's going to be new to a whole bunch of people.

Peter Fegan: Is it because banks don't trust people to pay the money back? Or do they feel that they're in a position they can't afford to pay that much?

Shayne Elliott: No, not at all. If you come in for a home loan today to any of the banks, not just ANZ, we basically say, 'we're really lending to you as an individual, to some extent, your house is only secondary.' And we assess whether a person has the capability or the ability to earn money to pay back the money. What we do is we take today's interest rate and we say 'rates could go up, we better test it,' and say 'what if rates do go up?' We don't want to put them in harm's way, we take the house as security, but we're really lending to you as an individual, and I think that's sort of common sense, that's what we do. Because we don't want to take the house off you if you can't pay it back, that's the last thing we want to do.

Peter Fegan: It's a busy time. I know you're just visiting Brisbane and we really appreciate your time for coming in. Shayne Elliott, the Chief Executive Officer of ANZ. Really appreciate your time this afternoon. Thanks for clearing those things up for us.

Shayne Elliott: Great, thanks for having me.

Peter Fegan: That was Shayne Elliott, the CEO of ANZ Bank.

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