

## Transcript: Shayne Elliott with Neil Mitchell -3AW Mornings

**Neil Mitchell:** In the studio with me, is the chief executive officer of ANZ Shayne Elliott, one of the biggest employers of people in the city. Shayne Elliott, Good Morning.

**Shayne Elliott:** Good morning.

**Neil Mitchell:** OK, you're in charge. You're running everything, you're the king of Victoria. What would you do?

**Shayne Elliott:** Well, you've got to get people back in the city, and you've got to make it fun again, right? I mean, you end up with this chicken and egg problem. We see it in our own little building. People come and then they're disappointed, 'Oh, it's not much fun here, there's nobody here, the coffee shops are closed', they can't get the dry cleaning done. So I think we just have to invest ahead of it. We need to get money out there and make sure that, I notice here in your foyer you don't have a coffee shop going ... makes people less likely to want to come back to this building for work. So I think we need to just subsidise some of that stuff. Get it going.

**Neil Mitchell:** Subsidise on a government level?

**Shayne Elliott:** Possibly, and I think businesses have a role to play that. I mean, we've done it in our building, we've got five coffee shops in our building. We've made all their rent free. We've been subsidising them where we can to get that mood back and to say, 'hey, coming to work is fun, actually it's a good place to be. You learn a lot and it's the atmosphere'.

**Neil Mitchell:** That's a really good point, this coffee shop would have been buzzing all morning, people coming for breakfast, people just coming and have a coffee on the way to work. It would have been buzzing all morning and right through the afternoon till about three o'clock. It's empty. Closed. Victim of the pandemic.

**Shayne Elliott:** It's sad right, you see that in cities around the world and people say, why did I bother coming into the city today? They've got to make it worthwhile.

**Neil Mitchell:** Is government open to further financial intervention do you think?

**Shayne Elliott:** Well, there has been a lot of financial intervention over the last two years, a little bit more can't possibly be the issue, surely.

**Neil Mitchell:** Good luck! Are you regularly speaking to government?

**Shayne Elliott:** No, not personally. A little bit, I mean, we talk about all sorts of things, not so much in the city, to be honest. Although people from my team get invited to regular forums about these sorts of issues and what we can do to help.

**Neil Mitchell:** What sort of numbers in your own office have come back?

**Shayne Elliott:** We are a big employer. We've got in our main head office here, we've got space for about 7000 people, normally it was full pre-COVID. As of yesterday, it was 900 people. Now that's really, really low. But that is the biggest number we've had - except for one pre-Christmas shopping day since July last year - and every day in the last few weeks is bigger and bigger and bigger. I'm expecting a really big day today, I can feel it in the building, I reckon we'll double today and you'll slowly get people back.

**Neil Mitchell** Do you tolerate or attempt to discourage the idea of working from home a couple of days?

**Shayne Elliott:** No, what we do say is, 'hey, we're in the service industry, with very few exceptions, most people in our organization need to work in a team to get anything done', and we know teams are much, much more effective when you're in the same room co-located it's faster, better decision making. If you really want to be good at your job, we reckon you have to be in the building and working with the team, so there will be some exceptions Neil, but we will strongly encourage people back, and ask why they're not coming back at least three days a week. That's sort of our hybrid approach.

**Neil Mitchell** And you require it, as a part of a working condition?

**Shayne Elliott:** That's yet to be tested in our industry, I think there are some instances where we can, if you work in a branch you kind of have to do it, you can't do that work remotely so there are cases where we can require it I think, yeah.

**Neil Mitchell:** Hello Jenny, go ahead.

**Caller:** I think Neil; we need to make all city workers come back to work. The nurses have had to work in hospitals, and the hospital workers have been back working all the time. What are you offering when you say to people, perhaps we can have people back Tuesday, Wednesday, Thursday and have perhaps Monday and Friday at home? You're making life easier for them than pre-pandemic. This is going to take a lot of hard work to get our state back on its feet, and everyone needs to put in not just a few. And the public service, they're well-paid. They've got lovely superannuation. It's time they put in.

**Neil Mitchell:** Thank you, Jenny, that's interesting. Shayne Elliott, I was talking to the Lord Mayor in the beginning of the program, she's very keen for the public service statement to be made. She agreed with me that people like you, the business private enterprise is encouraging people getting people back. Government isn't, she said they're not showing signs of doing it, I'm paraphrasing and she's trying to talk to them about that. Is that the gesture we need? Where the state government says right, every public servant, back in the office, four days a week?

**Shayne Elliott:** I think we do need to make some of those decisions, and I don't know the details around the public service. I'll tell you what, there's one little wrinkle in this though, which isn't helpful, when we first came onto COVID, a long time ago, think about the economy. Actually, unemployment was a bit higher. And actually, you know, to be perfectly fair, employees were really clinging onto their employers, and employers that treated their staff well, and I hope ANZ was felt like one of those, were rewarded with loyalty. Right now we're in a massively tight labour market, the tightest any of us can remember. So we are dancing between, I would like to be more firm and get people back, but I'm also conscious, I don't want people to say 'hey, it's too hard at ANZ and go across the road to somebody else'. So that is also a factor Neil, in terms of trying to get that fine line of retaining staff.

**Neil Mitchell:** Where is the economy going in all of this?

**Shayne Elliott:** Well, the economy is in rude health, I still think what we've seen here, largely because of government support and all this money that we've thrown in the system, the economy is in great shape. Deposits are high, asset values are high, unemployment is low, it's a bit of a coiled spring, and I've used that term with too many people, but the amount of money sitting on the sidelines, sitting in bank accounts, it's extraordinary. And it's not just mums and dads, it's surprisingly small businesses. And they're sitting with a lot of money and they are ready to deploy that money when they have confidence about the sort of rules of the game and understand what the future looks like.

**Neil Mitchell:** And interest rates are going up, inflation's going up. The reserve meeting is today do you expect interest rates to continue to build?

**Shayne Elliott:** Our view is that rates will start rising later in the year and probably get to somewhere around three per cent over a period of time. But let's be honest, you and I have been around a long time. We stand back and say, 'even if rates go up to three, that's hypothetically, they're still remarkably low' and we're not talking about 10, 15, 20 per cent. We're talking about cheap money, low rates, I think will be with us for a very, very long period of time.

**Neil Mitchell:** With the war in Ukraine and the floods, how are they going to affect the economy?

**Shayne Elliott:** Well they are clearly tragic, both, absolutely horrendous and it's horrible to put them in economic terms because there's human lives here. But the reality is, neither can be good for the economy because it's the most terrible thing, right? A war. There's parts economy that will do well, wheat for example, other bits and places where there's alternatives. But they create the sense of uncertainty and I think that's the real issue. Consumer and small business confidence becomes a little bit uncertain. What does it all mean? Should I wait? Instead of building that new factory, opening that new coffee shop, I'll wait. And that, to me, seems to be the problem we've got at the moment people sitting on the sidelines.

**Neil Mitchell:** And you can't blame them if they're waiting, heaven knows where we're going, we've never been here before.

**Shayne Elliott:** No, you can't blame anybody. I think the government's role, the businesses role is to create a greater degree of confidence in how we do that to the best of our ability. Giving some degree of certainty about the future of our policy settings and other things.

**Neil Mitchell:** A report yesterday that banks are closing branches and ATMs. Are you?

**Shayne Elliott:** Well we have been for a long period of time. I mean, ANZ, I think over the last three or four years we've closed about a hundred and fifty branches, it's a lot.

**Neil Mitchell:** Across Victoria, or nationally?

**Shayne Elliott:** Nationally. I mean, the sad reality is, and it's hard, it's a difficult decision to close a branch. The sad reality is that people still use them and there's no doubt about that. But the numbers of people using them are way down. Over the last four years, the number of people in our branch at ANZ, the number of transactions is down 50 percent. So you can't just sit here and say, oh well, we'll still keep the same network open, so it does have an impact. ATMs are even more interesting to some extent. Cash transactions are down people use less cash, they use plastic. And of course, this is the unintended consequence of well-meaning decisions by government and industry, which basically said, 'hey, people don't like ATMs, let's make them free'. When you make something free, you kind of destroy the economic rationale of having them in the first place and so what happens is there are less and less ATMs around, so you do see a big step down in ATMs.

**Neil Mitchell:** We do have ATMs that aren't operated by individual banks now, right? And they charge a fee?

**Shayne Elliott:** That's true. At ANZ, we sold a lot of our ATMs to a new provider, atmX, and they provide all of those free to ANZ customers. But you're right, I understand there are private operators, but there still are very many free ATMs for most customers in Australia.

**Neil Mitchell:** Jeremy, go ahead.

**Caller:** I reckon a \$100 cash back for people who work 5 days in one week in the city, and they can use that back into the local CBD to buy coffees and cakes.

**Neil Mitchell:** \$20 a day for being in the city, \$100 a week. Thanks for that Jeremy. Shayne Elliott, does that kind of thing work?

**Shayne Elliott:** Things like that do work, we haven't gone that far but what we've done is we've had cookie days and coffee days and that sort of thing. This morning the nice lady in our local coffee shop in the building gave me a cookie and said that was on me. But anyway, we do try to encourage people back and make it better but we haven't gone down that route.

**Neil Mitchell:** Well I mean you've got it, that's a sensible employer I'd say. What about cash? I noticed the NAB has changed its policy on cash, what are you doing with cash in your branches, if you're paying off a credit card with cash can you do that?

**Shayne Elliott:** Yes, yes we haven't gone too far on that. I think cash is still legal tender and I think people have a right to use it. I think the problem is it's starting to diminish at a distinct point where it's sort of unsupportable across the economy. I'm talking about, you know, you get some tipping point. I don't think we're there yet. I don't know about you, but a lot of the shops in my neighbourhood don't even take cash and (you) aren't allowed to use it. So it's going to be interesting to see. But cash usage is still reasonably prevalent in that community, and so banks have to support it

**Neil Mitchell:** But you don't have any restrictions on that?

**Shayne Elliott:** No, not that I know of.

**Neil Mitchell:** Just to finish, I'm talking about this mood changer, tell me something good.

**Shayne Elliott:** Look, we are fortunate. I was saying to my daughter this morning you look at what's happening in Ukraine and just think, we are so blessed to live in a world and a liberal democracy where that is an unthinkable outcome for our lives and our children. The economy is in good shape, unemployment is low, people that want to get a job can get a job, well paid. People have cash, people are sitting on more cash in their bank accounts than they ever have. And so, we should be thankful for a lot. What is missing is that little secret ingredient of that little bit of confidence in the future in an unpredictable world but there is literally nowhere else you'd want to be than here in Australia and New Zealand.

**Neil Mitchell:** Is it possible to restore that confidence? We're heading into elections in Victoria. One in the federal and one in the state later and that doesn't usually help confidence because politicians are usually too busy trying to get elected to actually do anything.

**Shayne Elliott:** Yeah, well what do people want? And confidence is about having a sense of what the future looks like and removing as much uncertainty as you can. I mean, I can't ... We can't tell you what the future is, we can't predict floods and wars and famines and things, but we can do things. The government has to give a sense of hope and optimism about what we can do as a community. Surely, isn't it the role of government to pave a path forward? The history of crises is interesting. Economies look really different coming out of a crisis than they do going in and smart communities make the best of it and you really think about what the future, there is no going back to what it used to be. It's not going to happen. So what's the new future? What is it about, whether it's about renewables, whether it's about technology, the new jobs that are going to come about. That should be where we really sort of latch on to as a community and make sure we're investing in the right future for our children.

**Neil Mitchell:** Thank you so much for coming down today, we'll talk again soon.

**Shayne Elliott:** Thank you, hopefully we can get a coffee!

**Neil Mitchell:** Shayne Elliott is the chief executive of ANZ.

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