

INSIDE CANBERRA  
WEDNESDAY, 30 JANUARY 2008

**HON CRAIG EMERSON MP**  
MINISTER FOR SMALL BUSINESS, INDEPENDENT CONTRACTORS AND THE  
SERVICE ECONOMY  
MINISTER ASSISTING THE MINISTER FOR FINANCE ON DEREGULATION

King is joined by Dr Craig Emerson, Federal Minister for Small Business, Independent Contractors and The Service Economy, and George Brandis, Federal Shadow Attorney- General, as part of regular segment Inside Canberra. King asks Emerson and Brandis, if they would be happy to have their children being taught by someone who graduated school with an OP Of 19? Emerson says if they do not get paid much, there will not be much demand. Emerson says Julia Gillard says Labor will have a close look at merit-based pay. Brandis says pay is an element of this, and says Dr Brendan Nelson, in his then-role as Education Minister, first suggested performance-based pay. Brandis says this was initially opposed by the Labor Party.

Interviewees: Craig Emerson, Federal Minister for Small Business, Independent Contractors and The Service Economy; George Brandis, Federal Shadow Attorney-General.

**MADONNA KING:** We need a drum roll really, for the return of *Inside Canberra*, that time each Wednesday when we explore the minds of our most senior politicians, and when they come in here, they debate the big issues, from stock markets, to what's happening in our school rooms, as we've just heard, from what's happening with your super, to who's responsible if inflation figures go up this morning, and we're looking at another interest rate hike?

Dr Craig Emerson became a minister at the last election, and now represents the Rudd Government in a host of areas, but particularly small business. Good morning, and welcome, Craig Emerson.

**CRAIG EMERSON:** Good morning, Madonna.

**MADONNA KING:** and Senator George Brandis, a regular last year, he's been thrown onto the Opposition benches since last time we chatted, he's now Coalition spokesman as Attorney-General. Good morning, Senator.

**GEORGE BRANDIS:** Good morning, Madonna, how are you?

**MADONNA KING:** Well, thank you. We're just talking about that teacher thing, and I know I'm jumping all over the place here a little bit, but would you both be happy for your children today to walk into a classroom and be taught by someone who five or six years ago, graduated school with an OP of 19?

**CRAIG EMERSON:** It's pretty disturbing actually, the real issue is the one that Peter from Samford raised, in the introduction there, and

that is the remuneration, the pay and conditions of teachers, if they don't get paid much, and if they can't progress during their careers, then obviously there won't be an enormous demand for teaching, and therefore the scores, the entry scores for teachers, will be low.

So we really need to ensure that our teachers get good pay, the evidence is ... after about nine years, it plateaus, we lose a lot of teachers then, so the entry pay is quite good, then it plateaus after nine years, a bit of progression, and a lot of people then leave, because the people they went to uni with are on, you know, double the pay.

MADONNA KING: Is this something your Government would look at fixing?

CRAIG EMERSON: Well, Julia Gillard has said that we need to have a close look at merit-based pay, we ... it's not as easy as it sounds, because how do you determine the merit of a teacher, these are complicated issues, and you could debate them till the cows come home, but is that, even an imperfect system of merit-based pay, better than the current system, which doesn't reward merit?

MADONNA KING: George Brandis, I remember last year you getting on your high horse about the idea that some students were graduating school without ever having read Shakespeare, am I right?

GEORGE BRANDIS: Well, I never get on my high horse, Madonna, I don't have a high horse [laughs].

MADONNA KING: Can we just make sure we record that statement, we might be playing it back to you?

CRAIG EMERSON: [Laughs] That's right, George.

GEORGE BRANDIS: But I think that's an issue of curriculum, rather than an issue of the performance of teachers.

MADONNA KING: But you'd wonder if someone on an OP of 19 would understand Shakespeare.

GEORGE BRANDIS: Well, look, I think that pay, as Craig said, is an element of this, and can I remind your listeners that it was Dr Brendan Nelson actually, when he was the Minister for Education in the previous Government, who first put on the agenda performance-based pay for teachers, or what Craig calls merit-based pay, and that was initially opposed by the Labor Party, and it was opposed by a number of State Labor education ministers, though I'm pleased to see that the Labor Party, at least at the Federal level, has reversed itself, and has now embraced Dr Nelson's idea.

MADONNA KING: But taking ... plucking the politics out of it for a moment, kids are lining up to go into university courses in the next couple of weeks with an OP of 19, is that satisfactory?

GEORGE BRANDIS: It does strike me as surprisingly low, I must say, you know, I don't profess to have any specialist knowledge of teaching, as an academic discipline, but ... or education I should say as an academic discipline, but that does strike me as surprisingly low.

The other point I'd make though, Madonna, it's really ... to concur with an observation you made before, it's not just about academic standards, it's also about vocational aptitude and dedication and love of teaching, I mean the best school teacher I had, the late Mr John Murphy at Villanova was a history teacher, an inspired history teacher, I don't think he had any formal university education, he certainly didn't have an education degree, but he was the best teacher I ever had.

MADONNA KING: That's an interesting point George Brandis raises there, Craig Emerson, do you ...

CRAIG EMERSON: Well, I think that's true too, but I think teachers are terrific people, what I'm saying is I'd just like to see the standard, or the standing of teachers rise in Australia.

In countries like Korea, where they have now far better academic performance in lots of areas than Australia, they revere their teachers. Here, teachers cop it, left, right and centre, and if we can raise the status of that profession, and also pay more for good performance, which George, I think you'd agree, is not just marks at school, but you know, some kids, teachers virtually save their lives through giving them a second chance, they've run off the rails, now they mightn't be academic geniuses, but they finish school, they go on to a trade.

These are marvellous achievements, which raises the sort of difficulty in saying, well what is a formula for merit-based pay, but let's have the debate so that we can attract not only the people who are there now who do it, I say, not for the money, because the money isn't there, they do it for the love of teaching, but let's just raise the whole standing of teaching in Australia, amongst our own community.

MADONNA KING: One of the issues that I think is - is growing on the political radar, and certainly voters believe, that groceries are too expensive. Now, we saw yesterday that the Rudd Government announced this inquiry into grocery prices, but they admit that - they've increased something like 43 per cent since 1996, this inquiry won't necessarily lead to a reduction in grocery prices. What's the use of having - having it?

CRAIG EMERSON: Competition. If we can apply the competition blowtorch to the grocery market, then that gives us a chance to put some downward pressure on grocery prices.

MADONNA KING: In what way, for a layman?

CRAIG EMERSON: Well, because if you ask people there is certainly a view that the big retailers have got a lot of the market sewn up and that they're not competitive. Let's have a proper inquiry to determine that. and no better group to do it than the competition watchdog. But whenever there's an issue of prices being too high, it always helps to apply the competition blowtorch to the belly of that industry. and that's what this inquiry will help do.

MADONNA KING: A toothless tiger or something that the Coalition really supports, Senator George Brandis?

GEORGE BRANDIS: Well, can I just make this point, Madonna? I think that the new government - and, you know, I don't want to be mean spirited, we've - about this, and too political. We've had a change of government and we, of course, respect the judgement of the people.

But I think one of the problems they face is that during the election campaign, across a whole range of issues, of which grocery prices are one and petrol prices are another, they generated a lot of expectations that a new government had the answers to get petrol prices down and to get grocery prices down. and that's just not going to happen.

I mean, petrol prices are - are set by - on an international market, very little a domestic government can do about it. Grocery prices are set by market forces as well. and it's all very good - all very well for Craig to talk about competition. We have - the competition regulator, the ACCC, had all the powers before the election that it still has.

When the Government last year amended the key competition provision of the Trade Practises Act, section 46 of the Trade Practises Act, to in fact put even more power in the hands of the ACCC, the ALP opposed it. So, you know, I think that - you know, talk...

CRAIG EMERSON: I'm sorry, that's just factually incorrect. We...

GEORGE BRANDIS: Well, well - well, I was there - I ran the debate in the Senate, Craig, and many of the amendments that we proposed the Labor Party spoke against.

MADONNA KING: But - but did the Labor Party actually oppose...

GEORGE BRANDIS: Some of the - some our changes they did, yes.

CRAIG EMERSON: We - I was the Shadow Small Business Minister there with Chris Bowen, and we argued that the Government should have gone further and we put specific amendments to enhance competition, not only in groceries but right through the Australian economy.

MADONNA KING: All right...

GEORGE BRANDIS: Well [indistinct] grocery amendments, did you, Craig?

CRAIG EMERSON: I said that we...

GEORGE BRANDIS: You simply didn't do it.

CRAIG EMERSON: No, I - I didn't say that, George. You're starting off the new year rather badly. I didn't say we put grocery amendments, I said we put amendments that would have taken - driven competition further, right through the Australian economy, including in groceries.

MADONNA KING: But I wonder if voters are thinking, well, look, my local representative never does the grocery shopping. He has - he or she has no idea about the cost of a loaf of bread or the cost of a carton of milk.

GEORGE BRANDIS: Well, I do the grocery shopping and I do know about the cost of milk and the cost of bread, and I know about the cost of Corn Flakes and Homebrand cereals and so on.

MADONNA KING: When last did you put petrol in your own car?

GEORGE BRANDIS: I put petrol in my own car about three days ago.

MADONNA KING: Well, you've caught me out there, George Brandis.

CRAIG EMERSON: About the same, yes, over the weekend.

MADONNA KING: Yeah. So, do you think there is an understanding by politicians that - like, it hit me that pensioner, when Kevin Rudd, on Sunday, went to that auditorium in Perth and the question that everyone remembers is the single pensioner who puts up his hand. and both your sides have said to me, various people from both your sides have said, look, the single pension is almost impossible to live on. I don't know a politician who could live on the single pension. But people are really struggling, aren't they?

GEORGE BRANDIS: Well, you know, I think that things are tight and particularly now that the economic clouds seem to be darkening in the world and in Australia. The Government, which as I said before, ran this election campaign in a very clever way, it had a very clever political marketing strategy, has generated expectations that economic times will improve under their stewardship. Now let's see how they are.

MADONNA KING: That's an interesting point, because there was an expectation going into the election that voters would think it would be better under Kevin Rudd, otherwise he wouldn't be there.

CRAIG EMERSON: We'll put as much downward pressure on prices as we possibly can, knowing that a lot of prices are influenced by international factors. But I think one of the reasons that the Government was so out of touch was when John Howard said working families have never been better off. Now, we talked about the need to have more competition, in petrol retailing, in wholesaling, in the grocery area, and people appreciated the fact that we understood that there are real

problems there and working families in many cases were worse off.

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MADONNA KING: No, but that's pre the election...

CRAIG EMERSON: Sure.

MADONNA KING: I want to move forward and the big economic thing on the agenda today is who's going to lose money on the share market? Are people's super investments safe? Have either of you lost money in the last 24 hours?

CRAIG EMERSON: I would expect I have because I have superannuation savings, as George would, and as would millions of millions of Australians.

In addition, by the way Madonna, I think more than 40 per cent of Australians are now active in the share market. So, they call the superannuation a sort of passive participation, so there'll be a lot of people watching the share market changes, I think, with a lot of concern.

But I think we're pretty well placed as an economy to withstand the shocks that are occurring now coming from the United States, but we're not immune from it. and again, we will do everything we can. Kevin Rudd has announced a five point plan to fight inflation. That's out top priority at the moment, is to make sure that the inflation that was in the pipeline for a very long time - and I'm not going to spend, you know, all of the next period blaming the previous administration but we have inherited a lot of inflation and we're going to tackle it head on.

GEORGE BRANDIS: Now look Craig, I know it's only two months into the life of the new government, but can I say with respect that, you know, all these inquiries and five point plans are all very fine for an election campaign, but you're the Government now and you've got to do more than announce five point plans, you've got to do more than announce inquiries. You've actually got to, not only take responsibility, but you've got to deliver. People aren't interested in whether or not Kevin Rudd has a five point plan to fight inflation. What people are interested in is results.