



THE HON DR CRAIG EMERSON MP
MINISTER FOR SMALL BUSINESS, INDEPENDENT CONTRACTORS AND
THE SERVICE ECONOMY
MINISTER FOR COMPETITION POLICY AND CONSUMER AFFAIRS
MINISTER ASSISTING THE MINISTER FOR FINANCE ON
DEREGULATION

Transcript
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E&OE

Subjects: Annette Ellis and Bob McMullan, Henry Tax Review, changes to competition policy and banking regulation.

NEWSREADER: Treasurer Wayne Swan has hinted older Australians may be in line for tax breaks as the Government considers recommendations in the Henry Tax Review.

Joining me now from Canberra, Sky News chief political reporter. He's speaking to the Minister for Competition Policy and Consumer Affairs, Craig Emerson.

GILBERT: Mr Emerson, thank you very much for your time.

Before we get onto economic matters, I want to ask you about some news which has just broken in the last half an hour or so, and that is that the Member for Canberra, Annette Ellis, a Labor backbencher, is calling it a day. Not - she won't re-contest the next election, as Bob McMullan announced this week.

Have these two been pressured not re-contest to make way for renewal in the party?

EMERSON: I doubt that they're being pressured, but I can say of Annette Ellis that she is a wonderful human being and has spent her whole parliamentary career focusing on the most disadvantaged people in our community. People with disabilities, for example. She's got a great heart and she's developed a lot of friendships in Canberra, in Parliament, on both sides of politics. Everyone, I think, would agree that

she's most - one of the most generous-spirited people you'll ever meet. So, I certainly wish Annette all the very best in the next stage of her life.

GILBERT: Because in politics, as you know, political parties need to keep a bit of experience. Would you caution people in your party if they're trying to push the elders out, that you do need to keep some experience in your ranks?

EMERSON: Well, I don't think that there's a lot of pressure in our show. I think the pressure ought to be, and doesn't seem to be, in the Coalition with people like Wilson Tuckey, Bronwyn Bishop who's now back on the frontbench, Philip Ruddock should've given it away a long time ago. There - I think there's a difference there, Kieran. These are people who, for better or for worse, have, you know, made whatever contribution they're going to make, but the Liberal Party doesn't seem to be able to persuade people like that to move on.

In the Labor Party, it is true that we need a blend of experience and youth. I'm not aware of any pressure being placed on people, but sometimes people in the Labor Party make these decisions for themselves, for the good of the party and ultimately, frankly, for the good of the country, so you do have this blend of youth and experience.

And I think - and I know it will sound like a party political point - but I think Labor has been better at this than the Coalition, and, you know, people like Peter van Onselen who comes onto Sky TV has been making this point about the Liberals for a very long time. That they just don't seem to be interested in this - into this generational replenishment that Labor has been doing.

GILBERT: Okay...

EMERSON: I don't put Annette and Bob McMullan in that category. I think they have, and continue to have a big contribution to make. It's just that - certainly I know in the case of Bob, he has judged that he can make that contribution to this big problem of global poverty even better in his next career.

GILBERT: Okay. Onto economic matters now, and there's been some discussion about the Henry Review. Dr Henry yesterday making comments which suggest - seem to suggest that taxes will have to rise in order to pay for an ageing population here in Australia.

The Treasurer's had a few comments about giving - you know, lowering the tax burden on older Australians. Is that just inevitable?

EMERSON: Well, let's be clear about this. The Henry Review was an independent process. The Henry Report is an independent

report and Wayne Swan and colleagues are working their way through that report and will have plenty to say about it in due course, in the not-too-distant future. So, I think it's not actually constructive at the moment, Kieran, to be taking bits and pieces out of reports or speeches and then looking at them in isolation.

I will say this, though. The tax reform exercise is one important part of a five-part productivity raising agenda, and you'll have seen and heard of Kevin Rudd this week talking about the imperative of raising productivity. And they are the education revolution; investing in infrastructure; investing in innovation; our de-regulation program; and tax reform.

So, it's best to see it in that light, and I'll just share one point with your viewers, and that is, do you know that 80 per cent of the improvement in our living standards over the last 40 years has been due to productivity growth? So it's not just an arcane subject, it is at the heart of the future of Australian living standards and that's why we're putting such an emphasis on it.

GILBERT: Okay. To your portfolio now, competition policy. You've announced changes to the Trade Practices Act. This is to prevent what is known as creeping acquisitions.

EMERSON: Yeah, that's right.

GILBERT: Big companies from gradually acquiring smaller entities. Now, this seems very much targeted at two companies: namely Woolworths and Coles. Is that right?

EMERSON: Look, it's a - I wouldn't say it's targeted at any particular enterprises. It's targeted ...

GILBERT: It will affect Woolies and Coles, though, most.

EMERSON: It can and will affect them.

It's targeted at a practice which is not uncommon in the Australia economy of businesses acquiring other businesses, smaller ones. Each acquisition on its own right not seeming to cause great distress in terms of overall competition, but when you wake up one day and they've acquired a hell of a lot, it then looks like, and could be, that they might be in a position to behave anti-competitively.

There are other areas of the economy where this has been a concern, but, yes, in the supermarket area, that's one that is discussed very often and the measures that we're taken - taking here, Kieran, are responsible. We're not getting into the, sort of, Barnaby Joyce, Coalition ideas of putting a market cap on businesses, saying you can't expand because you want to expand.

The Albanian central planning exercise failed many years ago, so let's not go down that path, as the Coalition seems to want to. What we need to do is have responsible policies that deal with this problem of creeping acquisitions, but importantly, still enable businesses in this country to grow.

GILBERT: Because these are two big Australian companies and two very important employers. So, you would - you'd hardly want to stymie them.

EMERSON: Well, we're all in favour of job growth, and we've done very well on that front, and you do want businesses to grow and jobs to grow in this country. You're right. They are Australian companies.

I'd also make the point, though, where ever we can: we will tear down barriers to entry by other Australian companies, and indeed, by overseas companies in grocery retailing, and that's why Aldi is now expanding dramatically. We're looking at the planning and zoning laws so that existing businesses can't keep out rivals, so that they can jack up the prices for their local community, not worrying about competition from someone else, big or small.

So at the heart of this is tearing down barriers to entry, facilitating competition. Why? Competition is good for consumers, more competition is better.

GILBERT: Just one final question before I let you go. President Obama's made some announcements in relation to restricting bank acquisitions in the United States. It's - the Dow Jones is down about five per cent.

What's your reaction?

EMERSON: Look, I think this is sort of a response to the problem of too big to fail that Obama himself has identified in the United States. That there's sort of an implicit government guarantee behind all sorts of activities of banks because if they did fail, then the pressure would be on the government to bail them out.

The contrast is with Australia, where we have had in this country good, solid prudential regulation of our banks. I will acknowledge that the Coalition Government strengthened that regulation. We have strengthened it further. As a cons... one consequence of that, Kieran, is that of nine remaining AA rated banks in the world, four are Australian. Four out of nine. That's a pretty good recognition of the soundness of our regulatory regime.

GILBERT: Craig Emerson. As always, thanks for your time.

EMERSON: Thanks very much, Kieran.