



HON CRAIG EMERSON MP

MINISTER FOR SMALL BUSINESS, INDEPENDENT CONTRACTORS AND
THE SERVICE ECONOMY
MINISTER ASSISTING THE MINISTER FOR FINANCE ON
DEREGULATION

ABC NEWSRADIO

Glen Bartholomew and Marius Benson
6 March 2009

E & OE

SUBJECTS: *Small Business Round Table*

BARTHOLOMEW: Well, small business representatives will meet bankers, and the Small Business Minister, Craig Emerson in Melbourne today, for a summit aimed at finding ways to ease the economic pressure on thousands of businesses across the country. Mr Emerson called the summit in response to complaints from the small business sector, that the banks were not giving them the credit they need.

Well Craig Emerson joins us now, and speaking with him is Marius Benson.

BENSON: Craig Emerson, have the banks let small business in Australia down?

EMERSON: We need to get to the bottom of the claims and counter claims that are being made at the moment, and have been now for several months. We've got small business organisations saying that credit by the banks is drying up, and yet we've got the banks saying that the total amount of credit available for small business has actually gone up by \$20 billion since the middle of 2007.

Now both propositions can't be right, so it seemed to me that the best thing to do was to get everyone in the room at the same time, and see if we can sort this out.

I want to approach it, Marius, in a constructive way, rather than just criticising everyone, and particularly getting stuck into the banks. I'll do that if we need to, but this is actually meant to be a productive meeting, where we can get to the bottom of any systematic issues, that might be affecting the flow of finance, and the cost of finance to small business.

BENSON: Well, it is a bit of a national principle in economics, when in doubt you get stuck into the banks, but you know...

EMERSON: Yes, it's a bit like that.

BENSON: ...but you know a fair bit about how the banks are running things at the moment, are you impressed with the way they're dealing with small business yourself?

EMERSON: Well, I'd like to see them do more, particularly on the price of credit. They do say that they are lending to viable small businesses, we're not in the same world that we were in two years ago, or even one year ago, with all that's going on around us, obviously they need to look carefully at new small business propositions, to see that they're soundly based, and that they've got some asset backing behind them.

I do want them to continue to provide lines of credit to existing small businesses, because in the end, it's all about small businesses remaining viable, and keeping their staff.

But if criticism is warranted, I'll make the criticism, but if it is to be done, I want it to be well informed criticism. It's easy for politicians just to slag off the banks, it's almost a sport, and I'd rather see if we can get a result for small business, than just posturing about it.

BENSON: But do you say you would like to see the banks do more, yet the banks are firmly in the Government's debt, you've guaranteed their deposits, will you be using some degree of persuasion, to ensure that they do do more?

EMERSON: Well certainly, I speak to them regularly, I know the Prime Minister and the Treasurer meet with the banks regularly, maximum pressure is being applied to them, but at the same time, they say at least in respect of the quantity of funds, that that is continuing to flow in large amounts.

There is a dispute about the price. There are two influences, just very quickly Marius. Here in Australia we know the Reserve Bank has cut the cash rate by a full four percentage points, but then banks get quite a lot of their funding from overseas, and that price has gone up. So it's not as simple as being able to say, well if the Reserve Bank cash rate goes down, then all of that is then available, that reduction is available for borrowers, it's a bit more complicated than that, and that's the sort of discussion that we're going to have today.

BENSON: You are the Minister for Small Business, what's small business around the country telling you, do they believe they're in recession?

EMERSON: What they're telling me, and it's a very strong and simple message, they want confidence, they know that if consumers lose confidence, then consumers save and don't spend, and so what small business says to me, and I have to report this to you, they believe that the media is talking the economy down, and that that's damaging small business.

You know, I think there's a balance to be struck here, Marius, and that is, we have to tell it as it is, I mean this is a deep, global recession, but at the same time small businesses feel that they can get through it, if consumers are reasonably confident, and keep spending.

BENSON: Craig Emerson, thank you very much.

EMERSON: Okay, Marius, thanks very much.

INTERVIEWER: Small Business Minister, Craig Emerson, previewing the action at his summit in Melbourne today, speaking to Marius Benson there.

ENDS