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**GOLDMAN:** Yes, it's been a big week in politics, no doubt about that. Mining tax chaos could be over by Friday. Really? As Julia Gillard moves to uphold her promise with the mining sector, what was that promise?

The promise was dropping the ads and then we'll talk. The talks have not really taken place yet. The resource industry I know has warned that if progress is not made by the end of the week, the damaging dispute over the \$12 billion tax will fire up again.

So I suppose it's in Julia Gillard's interest to put a cap on that, put a lid on it and sort it out quickly. A senior government member says Ms Gillard wants the dispute that's caused unrest in Western Australia, South Australia and Queensland to be settled as soon as possible.

So that's pretty smart of her. A good move there. A good move to do something about it basically the minute she was sworn in last week.

Yesterday we spoke about the announcement from the new Government to protect mortgage holders from excessive exit fees while Julia Gillard has moved to protect mortgage holders with changes to exit fees.

Not all consumers will benefit and we'll talk about that further.

The Federal Opposition is calling on the Prime Minister to come clean on her recent announcements and stop misleading consumers.

Now, what we haven't been told here - and we should get that cleared up - only those who signed contracts after 1 July will benefit from these new announcements and we spoke earlier to the Shadow Consumers Affairs Minister, Luke Hartsuyker, about that.

Joining us on the line now the Labor frontbencher, Competition, Consumer Affairs and Small Business Minister, Craig Emerson. Good morning, Craig.

**EMERSON:** Good morning, Grant.

**GOLDMAN:** Congratulations, you're still there.

**EMERSON:** [Laughs] Thanks very much.

**GOLDMAN:** You must have been thinking, okay, well, is she going to reshuffle? Is she going to put new younger people there and perhaps maybe I'm on the outer?

**EMERSON:** I know Julia Gillard very well and it was always clear to me that Julia would seek to avoid unnecessary disruption in any event. I actually think that she probably reckons I'm doing a reasonable job.

But quite apart from that, she wasn't just going to shake the place up for the sake of shaking it up. She wants to settle things down and things are settling down very well indeed.

**GOLDMAN:** They had to pretty quickly, didn't they, because she hasn't got long for an election so she's got - she's really only got a couple of months of proving ground, hasn't she?

**EMERSON:** Well, we do know that we're about to turn the corner into the second half of the year. I think Thursday is the first of July, if I'm not mistaken, and that brings us into the second half of the year where constitutionally it's no longer an early election.

But I can't say to you, because I don't know, when it actually will be.

**GOLDMAN:** And I wasn't even going to ask you because I already know.

**EMERSON:** You do? You've got the info...

**GOLDMAN:** I should tell you, shouldn't I? No, no. We've worked it out that it's got to be August/September because then you're into the footy

finals and then into Christmas and I know you don't want to go next year. So it has to be sooner rather than later.

**EMERSON:** Well, that's what we're saying, that it'll be sooner rather than later, but I can't put a date on it, of course...

**GOLDMAN:** Fair enough.

**EMERSON:** ... because I'm not sure that's determined.

**GOLDMAN:** This is a good move about the super funds. Mind you, my super manager has basically told me this was on the cards anyway.

**EMERSON:** Well, it's on the cards because the Labor government has put it on the cards. We've always been committed to superannuation from the days of the previous Hawke and Keating governments where they actually extended superannuation to working Australians, a very important initiative.

You know that that's generated now savings of one and a quarter trillion dollars.

**GOLDMAN:** You can't even contemplate that kind of money, can you? One and a quarter trillion. It's sitting there. Who's earning the interest on that?

**EMERSON:** That's the size of the Australian economy. That's the size of the Australian economy. So that's - two sides of that are both very good. A massive amount of savings to invest in productive assets and therefore jobs in this country, but also that means the retirement incomes, looked at it the other way, of millions of Australians are now much, much higher than they were.

In fact, for many people, they were non-existent before compulsory superannuation was introduced in the early 1990s.

**GOLDMAN:** All right. So the review found that Australians were paying too much in fees to managers who run the industry. Now that's been overturned somewhat. How do the managers feel about that and how do they make a living then?

**EMERSON:** Well, one of the things that the Government's been concerned about, Grant, is commissions, which is where a superannuation adviser actually gets a bonus, if you like, for recommending a particular investment. And the person who's getting that advice doesn't - may be unwary that there's a bias in the adviser's advice to you, because that adviser is getting an extra bit of money in the kick.

Now, we've cracked down on that already. That was a couple of months ago. But tomorrow the Government will receive what's called the Cooper Review, which is a major review of

superannuation and particularly focusing on the fees that people charge and trying to make it easier, of course, to keep most of your superannuation savings - that they're not gobbled up in fees.

**GOLDMAN:** Yes, that's a good move and I think most Australians will be very happy with that, as long as it's instituted. We spoke earlier to the Shadow Consumer Affairs Minister, Luke Hartsuyker.

He says Labor has a history of failing to deliver on reining in bank fees and I suppose that accusation could go back the other way, because basically it's been almost the untouchable end of town, isn't it?

**EMERSON:** Yes but this unfair contracts regime that comes in from 1st July, on Thursday, does mean that where there are fees that are not justified by the cost of running those accounts, then action can be taken against banks.

**GOLDMAN:** So wait a minute. Let's get that clear. Let's get that clear. Contracts that have been signed already can be looked at?

**EMERSON:** Well, I know this; that the banks have been furiously reviewing all of their contracts and that means that they're very concerned, or at least prudent, in examining the contracts that are already there.

So that's the purpose of this reform, to make sure that fees that are charged do reflect the actual costs of banks and are not designed effectively to be unfair and to stop people from switching accounts.

The really important thing is when we talk about the big four banks, we want more competition in banking. And that's facilitated by reduced exit fees so that people can - you know, if they don't like the deal they're getting with one bank on their mortgage, for example, they say, well, 'I'm out of here' and not paying a massive fee that actually keeps them locked in.

**GOLDMAN:** You'd have to say there'd still be some kind of exit fee, because after all it's a business transaction and you've borrowed money say for 25 years and agreed to lock in with that loan and all of a sudden you're going to say, I'm going to the plug, going to another - going to one of your competitors because there's a better deal.

There's got to be some kind of payment for those people that you're leaving.

**EMERSON:** If there is a sound commercial basis; that is, they are necessary for the operation of that account, that mortgage account, then to that extent, the fee is justifiable.

But if it is designed simply to lock you in and not be able to shop around at any stage, then that can be caught under the new unfair contracts regime.

**GOLDMAN:** That's right, which is exactly what they've been doing for quite some time. I got caught myself, you know, a loan, when it was paid out I thought, okay, I'll get a certain amount but it was \$14,000 less because that was the exit fee - \$14,000.

**EMERSON:** That's right and this, Grant, will also extend way beyond banks, by the way. The unfair contracts regime is legislation that I put through the Parliament.

And I thank the Coalition for supporting it. They did support it. But it applies to what are called standard form contracts where they're all the same and all you do is put your name and address and sign it and then all the nasties are in the fine print at the back.

**GOLDMAN:** Well, that's always been the case. Yeah, I suppose there's still going to be the situation where a young couple, desperate to get a home, they're going to agree to anything, aren't they?

**EMERSON:** Well, and particularly if they don't read the fine print, and lots of people don't read the fine print. They don't think about 'how can I get out of this loan five or 10 years down the track if it turns out...'

**GOLDMAN:** So what you're encouraging people to do is okay, sit down - sure, sign up with the loan, a very exciting time in the marriage, I suppose, first home and all that, but think about five to six, maybe even 10 years down the track when you see a more attractive option...

**EMERSON:** That's right.

**GOLDMAN:** You should be able to get out of it, yes.

**EMERSON:** And that encourages competition amongst the banks. Imagine the bank now faced with this unfair contracts regime. They think well, I'll have to offer upfront as attractive an interest as I possibly can, because my customer down the track can shop around and it's outski - I've lost the customer.

So that actually itself puts competitive pressure on the banks.

**GOLDMAN:** I tell you what, there'll be more competition with the banks if we go back to having a people's bank. Can you imagine that? You can set the trends.

**EMERSON:** No, no, not under a Labor government. Apparently the Coalition is considering this for small business, setting up a government-owned bank.

We think that the history of state banks in this country from the early 1990s, when they started falling over like dominoes, was a very bad one and taxpayers lost lots and lots of money.

But Tony Abbott and his Small Business Shadow Minister are very interested in setting up a government bank. We think it's a bad idea. What we think is that it's better done in the private sector, but it works if there's genuine competition.

**GOLDMAN:** Okay. Fair enough. Now, just quickly, you as Small Business Minister are talking about small business. Small business is falling over like flies in Australia.

I can tell you about a suburb of Sydney where I know people have been involved in business and they just cannot get any sales and mostly in the retail industry. And it's a little area called Avalon, and there's people falling over everywhere because there's simply no business, no money being spent. How do you stimulate the economy for small business?

**EMERSON:** Well, first the diagnosis is right, if you don't mind me saying, that small business is struggling. Yes, we're out of the full effects of the global recession but we believe that there is a need, a continued need, for some stimulus.

It's being wound back, but you know, we've still got quite a lot of construction work going on around Australia and that has flow-on effects. But we have to get that budget back into surplus.

We're going to do that three years early, in three years time but with still some stimulus. Our opponent, Tony Abbott, says no, there shouldn't be any stimulus.

**GOLDMAN:** Well, just on the stimulus then, where's the money going to come from because, I mean, it must be drained by now?

**EMERSON:** It's already budgeted and so this is - there's still building works and so on and I know some people say well, money is being wasted there. My own experience, Grant, is that the school facilities that have been installed in my electorate in Queensland, in Logan City, are just top rate and the kids love it.

**GOLDMAN:** Yes, but at the same time there is evidence right around Australia of a system being ridden into the ground by the actual

developers and the builders but we'll talk about that at another stage.

Thanks for talking to us this morning.

**EMERSON:** Yes, okay. Thanks, Grant.

**GOLDMAN:** Thank you, Craig, all the best. Craig Emerson.

**ENDS**