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MINISTER FOR SMALL BUSINESS, INDEPENDENT CONTRACTORS AND THE
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**Transcript
18 September 2009
ABC News Radio**

Interview with Shon Walker

Subjects: RESTRICTIVE LEASE AGREEMENTS

SHON WALKER: Well the dominance of Coles and Woolworths may have been pegged back, just a bit today. The two supermarket giants have agreed to stop using restrictive lease agreements with shopping centre landlords which prevent rivals from opening stores.

The Australian Competition and Consumer Commission brokered this deal. It says it'll give new and smaller supermarket companies the chance to expand. But some critics are already saying this agreement does not go far enough and it certainly won't stop the big two from flexing their retail muscles.

Joining us now with more the Consumer Affairs and Small Business Minister, Craig Emerson. Dr Emerson, thanks for joining us.

CRAIG EMERSON: And thanks for having me on Shon.

SHON WALKER: Can you explain, what have been these restrictive leases that Coles and Woolworths have apparently been insisting on up until now? What's happened?

CRAIG EMERSON: Well the way they work is that if the shopping centre owner thinks about getting another supermarket into the shopping centre then the rent payments would fall for the first supermarket. So it makes it pretty difficult for the shopping centre owner to make a go of bringing in rivals once

an anchor customer has already been established there, or an anchor tenant. So that's the problem. It's just very hard to get more competition into that particular shopping centre.

But today's breakthrough agreement means that those restrictive provisions are going to go. Eighty per cent of them died today and the remaining 20 per cent will be phased out over the next five years.

SHON WALKER: And is that only applying it to supermarkets or would the same apply if you have a lease that says you run a jewellery shop or a record shop in this shopping centre and there are often clauses in those leases that say there'll be no competition at least for a certain time or at least on this floor of the shopping centre?

CRAIG EMERSON: Yeah look we're concentrating at this stage on supermarkets because of genuine community concerns about competition in supermarket retailing. So this is a way of ensuring that rivals, smaller and larger, can come in. When I say larger, major international companies like Aldi set up in Australia in 2002. They've got 200 stores now. They've welcomed this announcement today because they have plans to go up to 700, which would bring them into head to head competition with Coles and Woolworths. So more competition, good for consumers.

SHON WALKER: Of course shopping centre managers will tell you, well we want Coles or Woolworths in our shopping centre because people come in for the big supermarket and then they go to the jewellery shop or the juice bar or whatever. So how do you make sure that the big two don't just say, oh well, forget about going into a Westfield, we'll just build a building down the road?

CRAIG EMERSON: Oh well it's not easy to build a building down the road and you know, these shopping centre are very attractive for customers because they can park and do all of their shopping. They can go into a major supermarket chain and then go to the local fish and chip shop that might be there, the butchers, the people selling chicken and bread and all those sorts of things, the greengrocers. So every shopping centre wants anchor tenants and businesses like Coles and Woolworths like being in those shopping centres.

So I think it will all work pretty well and it's just a matter of ensuring that there aren't these artificial barriers to entry and that's what we've done today with this breakthrough agreement, just tearing down those barriers to entry by competitors in supermarket retailing.

SHON WALKER: Now Craig Emerson, the CEO of Choice, Nick Stace, is still not particularly happy with you and the choice to can the grocery choice website. Today he had an interesting comment to make. He said the National Retailers Association, which represents the big supermarket chains, among other things, was responsible for, in his words, sabotaging grocery choice, by stopping individual shops from cooperating with the program which is why you ultimately decided that it wasn't going to be an effective tool for monitoring grocery prices. What's your response to that?

CRAIG EMERSON: Oh well that's news to - that's news to me. Nick Stace is entitled to express a view. I didn't make a decision on grocery choice because of the Retailers Association, ANRA. My understanding is that neither Coles nor Woolworths nor IGA stores, nor a number of other stores, were going to cooperate in providing information that would have required up to 20 million prices being submitted every week.

Now that's really a matter now between Choice and supermarket chains. I just don't want to get in the middle of Nick Stace arguing the point with the National Retailers Association, ANRA. What we're doing is moving on, introducing genuine competition because competition is good for consumers and I think that's the most effective way of allowing consumers to get real value for money when they go shopping.

SHON WALKER: You are still caught in the middle though to the extent that he says you owe Choice \$1.7 million still. Is he going to get that money?

CRAIG EMERSON: Well I'm not going to prejudice the sort of negotiations between the Government and Choice. We respect Choice as a voice for consumers. We will continue to work with Choice on resolving that one outstanding matter. But really in terms of consumers the most important thing is that there is competition. We're doing that through this landmark agreement today.

And we'll be working with the states and territories on their zoning laws to ensure that there aren't unnecessary restrictions on the establishment of supermarkets by all and sundry, so that again customers have real choice. And the more competition there is the better it is for consumers. So I reckon that's the key, competition. And websites are fun but competition - applying that competition blowtorch - is what achieves the best results.

SHON WALKER: Finally Craig Emerson, in the last hour we're speaking to the head of the Queensland Council of Social Services about the trial in Logan, which comes into your electorate of course at Rankin, of the restricting of welfare payments for parents who aren't able to get their kids to turn up at school. What's your view on that?

CRAIG EMERSON: I support the measure. I've seen figures which are quite staggering that in Logan City more than 1,000 kids, this is in 2006, wouldn't be any different now, missed more than one-third of the year. That is more than 1,000 school children missed more than one-third of the year. And we cannot sit back and say that acceptable we'll try a little bit of this and a little bit of that.

What Jenny Macklin and Anna Bligh have announced today will ensure that the authorities work closely with those families who are struggling to get their kids to school. Some parents I hope a few, but some parents just say they don't care whether their kids go to school or not. Well we have a responsibility to ensure that those kids do get a decent education.

And this has been working in the Northern Territory for some time now and not one, not one parent has been breached, that is has lost their welfare payments. What it does do it makes sure that the authorities at Centrelink and the other support agencies work like fury with the struggling parents to get those kids to school and we owe it to those kids.

SHON WALKER: Thanks very much for your time.

CRAIG EMERSON: My pleasure. Thank you.

SHON WALKER: That's Craig Emerson, the Minister for Consumer Affairs and Small Business and the Member for Rankin in Queensland which takes in Logan which we were talking about a little bit earlier on.

