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Transcript
ABC2 News Breakfast
Virginia Trioli and Chris Uhlmann
Monday 6 July 2009
7:10am

Subject: Consumer regulation, economy.

UHLMANN: The Federal Government is pushing for domestic economic reform to enhance productivity and competitiveness, raise growth rates and living standards.

TRIOLI: And for more the Minister for Small Business, Competition Policy and Consumer Affairs Craig Emerson joins us now from Canberra.

Craig Emerson Good morning. Thank you for joining us.

EMERSON: Yeah pleasure. Pleasure Virginia.

TRIOLI: Now look. I guess it's been about 19 months of the Rudd Government and from the very beginning Kevin Rudd said that he was going to be able to bring together the states and the Federal Government, that he would be able to end the phrase that he keeps on using – the blame game. How far along in that course are you advanced?

EMERSON: I can certainly comment in the area for which I have responsibility with Lindsay Tanner and that is in business deregulation – arguably the most ambitious business deregulation program in Australia's history. We've got 27 areas of reform. We just released a report card, a progress report yesterday Virginia. And it shows that we're pretty well on track. There's one major reform – a single system of occupational health and safety which by and large is going well. But we are concerned about the position of the Western Australian Government there. And of course in New South Wales we're finding resistance – not so much from the New South Wales Labor Government but from the Liberal Opposition there. And here in Canberra too unfortunately the Coalition knocked back one of the reforms related to occupational health and safety. So in summary, pretty good. But I do want and hope that the Liberal Party will get on board for reform.

TRIOLI: We note your report card as you say it. It's been released yesterday. But intriguingly, last week on the program when I was speaking to Paul Kerin from the Melbourne Business School and we were looking back at the financial year that was, one of the first and key things, the points that he wanted to make was what he described as a lost opportunity by the Federal

Government to engage in some serious economic and business reform over the last financial year. So his report card is not that positive?

EMERSON: Well maybe he's not aware or fully aware of the work that has been going on. We're very happy with the co-operation that we've received from Labor states. We're moving to a national system of consumer regulation; one consumer law to replace 13 different consumer laws around the country. And for financial regulation of consumer credit whether it be margin lending or mortgage broking. These sorts of things are going national as well. And it's really a credit to the states that they understand and accept that there is a case for a single national system as we move Australia to a single national market. At the moment Virginia we've got up to nine markets in Australia – a little country in population terms compared with Europe. We've got 22 million people, Europe 457 million people. And yet in so many areas there's less internal regulation in Europe than in Australia. But we've made really good progress over the last year and a half. But we do need to do more. We will not be diverted. Of course we've got an economic slowdown. But at the same time as we're dealing with that we're investing in the long-term productivity growth of this country because today's productivity growth is tomorrow's prosperity.

TRIOLI: Craig Emerson on this program and in conversation with me over the past few months you've, on several occasions, claimed credit for the great work you say the Rudd Government is doing in relation to shoring up small and medium sized businesses against the effect of the global financial crisis. And you have a laundry list of measures that you say the Government has put in place. The *Financial Review* reports today on page three that six per cent more companies entered external administration in May compared with the same month last year and that tightening credit conditions are taking those small businesses to the wall. Do you have to now admit that your measures are not working?

EMERSON: Well we've never said that Australia is immune from the worst recession in 75 years. But we have stepped in....

TRIOLI: No. But you said you're putting serious effort into looking after small businesses.

EMERSON: And we are. And we are. And we've stepped in with stimulus packages, 70 percent of which is investment in nation-building infrastructure. That is to the direct benefit of our tradies. We have positive retail sales figures, even just this week Virginia, when other countries have had negative figures for a long time. So we're in positive territory there. We've got positive economic growth, one of only two countries in the Western world, two out of 30 countries with positive economic growth. But of course we're doing as much as we can. Just on Friday, almost record sales for motor vehicles. And there's 160,000 people engaged in that industry. And that's on the back of the 50 per cent small business tax break. New Enterprise Incentive Scheme for unemployed people to get involved through a very simple training course Virginia in the ceiling insulation program which has really started in earnest on the first of July.

TRIOLI: Sure. This is the list that we've actually gone through before a number of times on this program. So, if you're saying that then having done all

that and we're still not immune, this six per cent increase is just what we accept and come to expect?

EMERSON: Well I'm saying that we are doing better than a lot of other countries. And as a result of the stimulus measures that we've undertaken including the incentives through the tax system and further tax cuts, Treasury estimates that we've saved 210,000 jobs; that is, that there would be 210,000 more people unemployed if the Government didn't step in. Now if you ask the Opposition they will say in relation to some of these stimulus measures, let the market take its course. We won't do that. We'll continue to support small business, our tradespeople in this country. But the fact is there's an enormous global recession. We are doing better than other countries. But we won't relent in our efforts to continue to support small business in this country whether it's our tradies, the people involved in retail sales. One and a half million people are involved in the retail sales sector. Now a lot of those are small businesses and in fact the figures show that the small retailers have done better, have done better, than the large retailers. So the stimulus package is working. But it's an enormously big global recession that we're dealing with. But we won't relent. We won't relent.

TRIOLI: Just finally, it appears that so far the spending of your stimulus package has fallen about one billion dollars short according to reports in papers today because so many Australians haven't lodged their tax returns and therefore weren't able to get their hands on that money. How are you then going to be able to pump that cash quickly into the system given that that part of the system seems to have broken down?

EMERSON: Well that's the very point. We needed to go early. We needed to go hard. We needed to go household. And we put a lot of money into stimulating household expenditure. In fact we got a lot of criticism...

TRIOLI: Sure. But if you take my point, you can't get it into their hands if they don't put in their tax return. So how do you do it now?

EMERSON: Well what I'm saying is the criticism that we've got Virginia is that we've put too much money into this area. So I don't think people can have it both ways. We have put an enormous amount of money in it. But having said that, 70 per cent of our stimulus package is investment in nation building infrastructure to support the very small businesses that I've been talking about.

TRIOLI: Craig Emerson, good to have you on the program this morning. Thank you so much.

EMERSON: Okay. Thanks a lot, Virginia.

ENDS.