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Madonna King
(Other guest: Senator George Brandis – Liberal frontbencher)
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Subjects: People's bank, minimum wage decision, Mary MacKillop, PM's office
liaison, sickies.

KING: Kevin Rudd's off to lobby at the Vatican to have Mary MacKillop made into Australia's first saint. At home, it's a people's bank and low-paid workers being refused a \$21 a week pay increase that's making headlines. Let's go inside the corridors of power with Dr Craig Emerson, Federal Government minister. Good morning Doctor.

EMERSON: Good morning, Madonna.

KING: And Senator George Brandis, a key Opposition frontbencher. Senator good morning and welcome to 612 ABC Brisbane.

BRANDIS: Good morning Madonna. Morning Craig.

EMERSON: Good morning George. The "key" Opposition frontbencher.

KING: I said "a".

EMERSON: I know. I've just promoted him.

KING: Oh, you've... Oh there. You've got off on a good start this morning haven't you? Let's see how long we can make this last.

The people's bank. I don't think I have had one SMS or phone call yet this morning with people not in support of the establishment of a people's bank to be in competition with the big four. This follows six influential economists petitioning the Treasurer and the Prime Minister to consider it. They're concerned about the level of competition coming out of an economic crisis with the four big banks getting stronger and concerns about some of the smaller banks. Would you support a people's bank Craig Emerson?

EMERSON: We're not proposing a review of the banking system Madonna. Obviously the notion of a people's bank sounds attractive but we had one. It was called the Commonwealth Bank. And I well remember during the 1980s they were the first to raise interest rates and the last to cut them. So they behaved very much like a commercial bank.

In 1990 we had 11 state or government-owned banks in Australia – federal or state. Now we have none and there is actually a reason for that. I mean the situation of the State Bank of Victoria, South Australia, WA Inc. They all sound like a good idea at the time but they all ended up going either belly-up or into very severe financial, bad financial situations. So I can understand why people are feeling this way. It's a concentration I suppose with the global recession. We do have four major banks in this country. Those four now are four now of only 11 banks left in the world that are double-A rated. So there is one positive aspect of that. That is our banks are strong. But this is happening all around the world. There's a concentration as some of the biggest banks in the world have gone broke.

KING: Just before I go to Senator Brandis for the Opposition's view on this, the big four banks have increased their share of the mortgage market to 80 per cent to 92 per cent. They've taken over non-bank lenders like RAMS and second-order banks like St George and Bank West. Are you concerned at the level of competition because isn't that prompting the public concern?

EMERSON: I think it is prompting the public concern. And not just in a sense of them just grabbing market share from others. It's others just leaving the market. A whole lot of banks and non-bank financial institutions have not been able to access foreign funds. And that was what they were relying on. They've just gone. Now it doesn't mean Madonna that they're gone forever. What it means is we are in a global recession preceded by a global financial meltdown and these institutions were unable to get the money as the system froze up. That doesn't mean it's a permanent feature from now on.

KING: George Brandis the Opposition can make itself very popular today by coming out and supporting the establishment of a people's bank going on the response so far?

BRANDIS: Well I'm going to resist the temptation Madonna. Before signing up to something that has the populist ring of a people's bank I'd like to know specifically what is being proposed. What I think people are concerned about – and up to a point I agree with some of what Craig has had to say – is competition or the perception that there is a lack of competition in the banking system. And my view - and I suspect Craig as the Minister for Competition Policy shares this view - is that the more competition you have in a system the better that system will be. The better outcomes it will...

KING: No-one would disagree with that.

BRANDIS: Well some people do. A lot of people would disagree. There are a lot of people who still believe in protected markets and over-regulated markets and at the moment...

EMERSON: And see there is more bipartisanship flowing through the veins here.

BRANDIS: But seriously, competition used to be a dirty word in this country until, you know, a couple of decades ago.

KING: Well why not support the idea of a people's bank?

BRANDIS: Well I'm not going to sight unseen commit the Opposition to supporting a proposition which I literally don't know what it means.

KING: In principle the idea of a publicly owned people's bank. Is that something that has merit?

BRANDIS: In principle, the Opposition philosophically does not support government-owned enterprises unless there is a very clear case. For example cases of market failure, natural monopolies where there ought to be. So as I say Madonna, I'm going to decline your invitation to jump onto the populist bandwagon this morning.

KING: I may have misunderstood him. But Christopher Joy, the Chairman of the former Prime Minister Howard's Home Ownership Taskforce and I think he's the boss of Rismark, the investment firm. I think he told me before nine that Joe Hockey, one of your counterparts, supported this idea this morning. Does this surprise you?

BRANDIS: Well I haven't heard what Mr Hockey has had to say or whether he's in fact had to say anything about the issue. And therefore obviously you wouldn't expect me to comment on something I haven't heard and is reported to me at third hand.

KING: Senator George Brandis. And we might check what Joe Hockey said about that people's bank and let you know. Senator George Brandis and Dr Craig Emerson Inside Canberra this morning.

Let's go to that pay increase yesterday. Money being thrown around in fiscal payments to dead people, Craig Emerson, people who live overseas. Those overseas can access the first home owners grant even if they're millionaires. And yet not a cent extra in pay for the lowest paid. Is that mean?

EMERSON: It's pretty unfair. And it means that the most vulnerable – the lowest paid in Australia are now confronting a real reduction in their wages. And we think that a modest increase was affordable. But we do acknowledge that having an independent arbiter on this – we respect that – the capacity or the ability for that person to make that decision. We will be moving to a different system in the future but it's pretty tough on those people that they get

nothing. That is because in effect there is still inflation. They'll get a reduction in their real wages. So we're disappointed.

KING: And I know you've set up this independent arbiter to make these decisions. But you're the government of the day. You're the people we elect. Couldn't the Government go ahead and stipulate an increase?

EMERSON: No. And the current system was set up by the previous Government. We're having our own system, but it too will be an independent body. So look, I am critical of the Coalition here in that at least what we're doing through the stimulus package, through the investment in nation building infrastructure is providing job support for a whole lot of people who otherwise would not be in jobs - 210,000. We're getting opposition from the Coalition on that and now these same people aren't getting any pay rise at all.

KING: George Brandis the Opposition didn't want a pay rise for these lowest paid workers?

BRANDIS: I think there's a lot of – with respect to my friend Craig - there's a lot of gobbledegook in what he just said. I mean there will be a different structure replacing the Fair Pay Commission. However, I don't think anybody could seriously suggest that the new structure would have produced any different outcome than the Fair Pay Commission produced yesterday in relation to the minimum wage. The new structure like the Fair Pay Commission is an independent arbiter and it is tasked to have regard to the same criteria and economic circumstances.

KING: All right. My question was in relation to yesterday's decision. Do you think that was mean or do you think employers couldn't afford one cent extra?

BRANDIS: I can understand why people would be disappointed but can I make this point to you Madonna? You talked about how this impacts on the most vulnerable people in the community. Well I've got a slightly narrower definition of the most vulnerable people in the community. I think the most vulnerable people here are the people most at risk of being laid off – of going from being employed to being unemployed. And if you increase the costs to business through a mandatory wage increase then inevitably there would be some people today in work who would have been facing the sack. So...

KING: That's an interesting way of looking at it.

EMERSON: But this is the irony. I mean, George professes concern for the low paid and the vulnerable. We invest in nation building infrastructure to support the jobs that George says might otherwise be lost. But George and his party are opposing that and therefore making them more likely to lose their jobs if Coalition policies were implemented.

BRANDIS: Well let's get this straight Craig. What we're opposing is inefficient and wasteful spending. We're not opposing infrastructure spending. We're not opposing economic stimulation. We're opposing the way in which your

Government has wasted billions and billions and billions of dollars in an inefficient wasteful spend.

EMERSON: You voted against it George.

BRANDIS: And that's why we voted against it.

EMERSON: You voted against it because you don't believe in nation building infrastructure. You didn't for a decade. Don't now. Never will.

BRANDIS: Well that's arrant nonsense. And might I remind you Craig that when my side was in power a lot more...

EMERSON: There was an infrastructure drought.

BRANDIS: A lot more people had jobs and real wages grew almost by a quarter in a decade.

KING: Twenty-four minutes past nine. No longer supporting each other. Did you notice that? You're on 612 ABC Brisbane and Senator George Brandis from the Opposition, Dr Craig Emerson from the Government.

Can I go on to the Prime Minister's visit to the Vatican? And he's lobbying for Mary MacKillop to become a saint. Is that his job Craig Emerson or is this a PR exercise?

EMERSON: He did meet with sisters of the St Joseph order. I can reveal that I was educated by those sisters. He undertook as a result of that discussion to raise the matter of Mary MacKillop with the Pope.

KING: But there is a process to go to to become a saint that the Prime Minister getting on a plane and going over there and saying make Mary a saint isn't part of that process?

EMERSON: Well I think it's a great thing that he's doing this, I do and she was a wonderful human being.

KING: But do you really....?

EMERSON: You know if there was a vote, I'd be voting for her for becoming a saint. But you're right...

KING: As a Catholic so would I.

EMERSON: There you go.

KING: But there's steps within the Catholic Church....

EMERSON: Sure

KING:for someone to be canonised. Is that above politics?

EMERSON: Well obviously beatification is something that is done by the Catholic Church. What is the downside of Kevin Rudd raising with the Pope, you know, the case of a wonderful woman here in Australia? She actually bucked the system. I remember reading about Mary MacKillop and she was being told by the people who ran the Catholic Church, you're too far out there. Literally, gone too far out in the bush. I come from Baradine as I've mentioned before, a little country town. It's still got St John's convent there. I wouldn't have what I think has been a pretty good education without Mary MacKillop sending the nuns out there to Baradine and I just think it's wonderful.

KING: George Brandis, Kevin Rudd. Is there any downside in him lobbying the Pope for Mary MacKillop to be made a saint?

BRANDIS: I don't think there's anything inappropriate about the Prime Minister paying a courtesy call on his holiness when he goes to Rome. I think that's an appropriate thing to do and many Australian prime ministers have done that. And I wouldn't be at all surprised if in the course of the conversation the prospective canonisation of the blessed Mary MacKillop ought to be raised. If it goes no further than that I don't see anything wrong with it.

KING: Okay. Back to agreement here.

Just on Kevin Rudd for a moment, I often get a question: what kind of a boss is he? Is he hands on? Would a minister like Craig Emerson be able to go out and make an announcement without referring that or does the Prime Minister of the country, does he tick every announcement made? Can you take us behind the scenes and just....

EMERSON: Sure. Look. If it's a portfolio-specific announcement that perhaps doesn't have wider implications for the Government and its standing, doesn't stomp into other portfolios then yes, I would do it. If I thought however that it was an elevated issue that crossed portfolios that would lead to the Prime Minister getting questioned on the decision, I'm very much of the mould as a personal operator to consult. Talk to people. Let the Prime Minister know. Seek a view if it's really contentious.

KING: Has there been anything you've passed up to the Prime Minister's office and he's just put a big cross through it. "No, Craig"?

EMERSON: No in fact. That just hasn't been the case. And in fact the things that I've advocated to Kevin I've got a pretty good strike rate.

KING: Was it pretty similar with John Howard?

BRANDIS: Well I found John Howard very good to work for as a minister. I was a junior minister in the Howard Government. And my portfolio was not one of the most frontline politically controversial portfolios. So I didn't have

many occasions to involve him. But I remember in particular in the war on drugs in sport – a war which I might say has been abandoned by the new Labor Government.

EMERSON: Oh George.

BRANDIS: No you never hear about it any more. I had a lot to do with John Howard in relation to that and I found him extremely good to deal with, extremely demanding, but demanding in the right way. Wanting to know all the detail and wanting to be satisfied the policy approaches were right.

KING: Twenty-eight and half minutes past nine here on 612 ABC Brisbane. Talking about bosses, a new report out and we'll have a talk about this after the news, has GPs taking time out to write out medical certificates. And that's cluttering up the system. And in some cases that's because bosses are asking them for one day when someone's sick. Have either of you in a previous life ever taken a sickie?

EMERSON: True confessions. It was a long time ago. I was working in Fleming's food market in Sydney. The Ashes test was on. The Poms were bowling. The Australians were batting and I came in the day after I'd taken the sickie and they said 'oh you were off crook yesterday we heard' and I said 'yeah, yeah'. I was just so sunburnt. And they said, 'oh you've got a nice tan there, Craig'. And I said 'oh look I felt a bit better in the afternoon and went out in the backyard'. And I remember this guy saying, 'thousands wouldn't believe you Craig, but we do'.

KING: Yours in just a moment George Brandis. Let's just check out the news headlines. When did George Brandis play a sickie? You'll find out next. Jonathan Hall, good morning.

(News headlines)

KING: Look forward to that, Jonathan. Twenty-nine minutes to ten. Inside Canberra this morning with Dr Craig Emerson and Senator George Brandis. Dr Craig Emerson admitting to taking a sickie to go to the cricket. George Brandis can you top that?

BRANDIS: No I can't. I've been trying in the break to remember something that might give...

EMERSON: Oh no.

BRANDIS: ...me the opportunity to make myself seem more interesting to your audience Madonna. But the truth is I don't remember. I suspect perhaps I have in years gone by. I don't remember. I am a bit of a workaholic and I've been blessed with good health. So I can't offer you a charming anecdote like Craig's?

KING: Is it a bit like...

EMERSON: He's a goody two shoes!

KING: ...Kevin Rudd going to the strip club? The people out there will actually go, 'Good on you, Craig Emerson, you're like the rest of us and George Brandis it's about time you took a sickie'.

BRANDIS: Well maybe they do.

EMERSON: I won't tell Malcolm.

BRANDIS: On the obverse, let me tell you a story about Malcolm Turnbull, who is famously a workaholic. Last year my phone went off. I was in Canberra one morning and my phone went off. I remember it was 4.26 in the morning and it was a text message from Malcolm Turnbull saying, 'I'm doing the AM program at seven o'clock this morning. I want to know the answer from a constitutional point of view. Can I say this'? So we're expected to....

EMERSON: Yeah. That's right.

BRANDIS: We're expected to start at about four o'clock in the morning.

KING: My final question to you and I'm putting the wood on you now. Rebecca Levingston can I introduce you to Dr Craig Emerson and to George Brandis?

BRANDIS: Hello Rebecca.

EMERSON: Hello Rebecca.

LEVINGSTON: Hello gents.

KING: We're trying to buy one chair for the Mater Oncology Ward at the Mater Hospital and this is a chair which costs \$5000 that someone sits in for hours to get chemotherapy. We're after any deduction above two dollars. Now I'm putting the wood on you on air. Is there any chance you'd both commit? In return Rebecca Levingston is sponsored by the ABC. She's not allowed to have a glass of alcohol for a month.

BRANDIS: Oh no. I'll certainly...

KING: Well that's got George Brandis.

LEVINGSTON: Wow! Thanks for coming out.

KING: As long as George Brandis can have your glass of red for the rest of the month.

EMERSON: We'll drink the alcohol and you can take the money.

LEVINGSTON: That's a fair deal.

KING: Make sure you get them before they leave the door.

LEVINGSTON: I will do. Thank you. Thank you.

EMERSON and BRANDIS: Pleasure!

KING: Gentlemen, Thank you.

EMERSON: Thanks Madonna.

KING: Started on a note of agreement and we ended on a note of agreement and that's always a good place to be.

EMERSON: Couple of scraps on the way.

KING: Just a couple of scraps on the way. Talk to you next week.

BRANDIS: Thank you Madonna.

EMERSON: Bye bye Madonna.

Ends.