



## SENATOR MITCH FIFIELD

SHADOW PARLIAMENTARY SECRETARY FOR DISABILITIES, CARERS AND THE VOLUNTARY SECTOR  
SENATOR FOR VICTORIA

### TRANSCRIPT

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David Speers and Bob McMullin

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#### DAVID SPEERS:

Good morning and welcome to AM Agenda, I'm David Speers. Three boatloads of asylum seekers have arrived in Australian waters over the past fortnight. Are people smugglers taking advantage of changes in Australian policy on boat people? We'll look at that coming up on the show, and also we will be looking at the grand government broadband plan. Is it all going to be worthwhile? First to the banks. A new independent analysis shows the big four banks have apparently been gouging more from the average homebuyer over the last two years, despite their talk of increased funding pressures because of the financial crisis. This analysis, reported in *The Australian* newspaper today, shows the big banks are pocketing an extra \$450 per customer, per year. The banks say, not true, their profit margins they insist have been squeezed and they're not pocketing any more than they were a couple of years ago. Let's see what our morning panel thinks of this and the rest of the political landscape today. Joining me here in Canberra, Labor MP and Parliamentary Secretary Bob McMullin, thank you for joining us.

#### BOB McMULLIN:

Pleasure David.

#### SPEERS:

And with us from Melbourne, Liberal Senator and Shadow Parliamentary Secretary, Mitch Fifield. Mitch thank you for joining us as well. Let's start with the banks, Bob McMullin, who do you believe here? We've got independent analysis saying they are pocketing more, the banks saying, no we're not. What do you think?

#### McMULLIN:

Well the banks as I understand it have been reporting to their shareholders that their margins are being squeezed, and they have a legal obligation to report honestly to their shareholders. So for the moment I don't have a reason to disbelieve them. But this research is worrying and I think everyone's going to have a pretty long hard look at it. Because...

**SPEERS:**

What do you think people will believe? People love to bash the banks.

**McMULLIN:**

Absolutely, and look, it could happen. I mean nobody, I can't say for sure it's not true and I'm going to make sure, everybody is going to be making sure they have a long hard look at the research and at the bank's numbers to see who is right. But at the moment housing affordability is still very strong, but we don't want to see anybody taking advantage of that opportunity.

**SPEERS:**

Mitch Fifield, it's true isn't it that banks report to shareholders, they have a legal obligation to be clear about what they are doing, and they insist in these reports that their margins are being squeezed, their funding pressures are higher, so what do you make of this news this morning?

**MITCH FIFIELD:**

Well I think it is important to think back to just after the election, David, when I think it was the ANZ that kicked off by increasing their mortgage rate, separate to any movement in Reserve Bank rates. And Wayne Swan at that time, his first reaction was to defend the ANZ bank, their right to make that increase. Now subsequently after the public outrage he started to tickle up the banks a little bit for what they did, but his initial reaction was to defend what the banks did, now one of the reasons why...

**SPEERS:**

He has been clear in recent months though about passing on rates, rate cuts.

**FIFIELD:**

...one of the reasons why the bank margins are larger than they have been is because Wayne Swan gave the green light to the banks just after the election. Now, that increase in margin, which we saw after the election – the banks moving their mortgage rates separate to any decision of the Reserve Bank – because of that decision, the banks have had and continue to have a larger margin than they had before. And that still hasn't been clawed back. The banks have the Treasurer they like. The banks couldn't have hoped for a Treasurer quite like Wayne Swan because his initial reaction, straight after the election, was to give the green light, was to give the thumbs up to what they did.

**SPEERS:**

Alright Bob McMullin, is that the case, that Wayne Swan has let the banks of the leash allowing them to decouple what they're doing from what the Reserve Bank does?

**McMULLIN:**

Well the Banks have passed on 95% of 380 out of 400 basis point cuts in interest rates. So it's not been perfect but it has been very strong. And of course Mitch ought to be a bit more critical of the lines they feed him because everybody watching this program, every sensible person who knows anything about economics knows that banks funding is not only driven by the Reserve Bank. They borrow commercially as well, and those rates have gone up. Now, when we analyse the Fujitsu research, which does acknowledge that fact, it acknowledges that you can't just compare the Reserve Bank rate and the Bank

rate like Mitch did, and Mitch knows you can't either, he's much smarter than that. But we'll have to look at this Fujitsu research, see if the real cost – blended between what they get from the Reserve Bank and what they get commercially – does justify the increase, does show that they've been making increase in their profit per mortgage, and that's going to be something that every Australian is going to want the answer to, including the Treasurer I'm quite sure.

**SPEERS:**

Mitch Fifield it is true, isn't it, the banks do have to borrow internationally. No body doubts there is a financial crisis, a squeeze on funding pressures?

**FIFIELD:**

Of course that's true. But why then is Wayne Swan saying that the banks need a kick up the bum, which he said, if he doesn't believe that the banks actually have a capacity to pass through more of the rate cuts to mortgage holders? That's a very important point. Clearly, Wayne Swan believes that the banks have the capacity to pass through more. But it is important for Treasurers to be both respected and feared by the banks, in equal measure. Having a strong Treasurer is one of the ways that you maintain some balance in the system. Certainly Paul Keating had the respect of the banks, as did Peter Costello. Wayne Swan doesn't. You can't have a Treasurer, who, on the one hand with a Prime Minister is agreeing to a concept such as the Ruddbank, snuggling up to the banks with that sort of flawed proposal, and then, on the other hand, says hey guys, pass through the full rate cut. You can't snuggle up to the banks on the one hand and expect them to take you seriously when you say, they need a kick up the bum.

**SPEERS:**

I think we've got that point. What sort of kick up the bum do you think, Mitch Fifield, the Government should be considering? You know apart from berating them and telling them publicly that they should be passing on rate cuts, what more can they do, what should the Government be looking at?

**FIFIELD:**

Government needed to make clear at the outset of its term in government that they were serious, that the banks had a very privileged position in our community. The banks are issued by the government with a banking license, which is quite a privilege, and carries with it a great responsibility.

**SPEERS:**

But what can they do now, what should they do now?

**FIFIELD:**

Well, what the government should have done is started the way it means to finish. At the start of its term made clear what its expectations were of the banks. Having not done that, we now find ourselves in the situation that the banks pay no attention to what the Government says.

**SPEERS:**

And there is nothing in your mind that the government can now do?

**FIFIELD:**

Well the government needs to sit down with the banks and make it clear that the Reserve Bank has cut those interest rates for a reason, it's cut those rates to stimulate the economy, to provide some more relief for mortgage holders, who are facing a number of pressures, and that there is an expectation on the part of the community and on the part of the government that that rate cut is passed through in full.

**SPEERS:**

Yeah but what I am saying is nothing more than telling them that, which they have been doing. Nothing more, in terms of taking away some of the guarantees that they've offered since the financial crisis, or putting in any more actual pressure on them, apart from telling them what you've just said there?

**FIFIELD:**

Well look I'm still not convinced that Wayne Swan has actually sat down, with the banks, and made clear what the expectation is. He's given a throwaway line in an interview that the banks deserve a kick up the bum. But I don't know that he has actually sat down and eyeballed the chief executives and made clear what the government's expectation is.

**SPEERS:**

Bob McMullin, when Wayne Swan does say that they deserve a kick up the bum, that does indicate that he is going to do something, but what?

**McMULLIN:**

Absolutely, well, two things, we are extremely disappointed with the response that the last .25% rate cut hasn't been passed on in full. Some have passed it on in part, some not at all, none of that is satisfactory and Wayne Swan made that clear. But the fundamental fact is that we have got the strongest banking system in the world and that is one of the things that is shielding us from the economic problems around the world and...

**SPEERS:**

But what does a kick up the bum mean?

**McMULLIN:**

I'm sorry David, let me just finish that.

**SPEERS:**

Yep.

**McMULLIN:**

That's one of the reasons we took things, initiatives like the guarantee, so that we did have a strong banking system. Look, we're just trying, Wayne's just trying to put pressure on the banks to pass on the

increase – we can't force them to, there's no law that says the price of money is x, we can't go back to those old days. But we put as much pressure on them as we can.

**SPEERS:**

You wouldn't take away those guarantees?

**McMULLIN:**

No, those guarantees are what is securing the strength of the banking system, which is the envy of the world.

**SPEERS:**

Let's move on. A few other things to get through. The asylum seeker issue. Bob McMullin we've seen three boat loads in the last couple of weeks. The last one was quite interesting in the fact that it was apparently a modern boat with a good GPS, not the sort of leaky vessel that we are used to seeing. It turned up at Christmas Island with 38 people on board, it managed to slip past customs and the navy. Do you think we are seeing an increase in arrivals because of any change in government policy?

**McMULLIN:**

Well not as a result of any change in government policy because the increase is happening in countries which haven't changed their policy as well as here. There is a push factor going on from places where there is terrible turmoil: Sri Lanka, Afghanistan. And there's an increase, not just an increase in Australia – we tend to always be very myopic and say look at what is happening in Australia. In other countries that are first places of call of people seeking asylum, the numbers are going up as well.

**SPEERS:**

And are you worried about it, as a government MP do you think there needs to be a reconsideration of immigration laws?

**McMULLIN:**

I'm not worried about it from a policy point of view, I'm worried about it because we don't want to see more people arrive, and I don't like to see the humanitarian risk. I know, as you say, this last boat was very seaworthy but a lot of them aren't.

**SPEERS:**

A lot of them aren't.

**McMULLIN:**

And people lose their lives. The most important thing is to do something about the push factors. But we do have to make sure that we take strong action to ensure that these boats don't land on the mainland and we are.

**SPEERS:**

Mitch Fifield, what do you think? Do you also accept that it is the push factors in those troubled countries to blame for this increase?

**FIFIELD:**

You've got to love this government. Nothing is ever their fault, everything is because of circumstances beyond their control. The reason we are seeing this influx of new arrivals is for two reasons. This government abolished what was known as the Pacific Solution, where asylum seekers were processed offshore at Manus Island and Naru. That was a very strong deterrent to people smugglers...

**SPEERS:**

At great expense, and many would argue, humanitarian cost.

**FIFIELD:**

At significant expense, but it was an effective deterrent. And the other thing that this government has done is to abolish the temporary protection visas, which again, were very effective in deterring people who sought to arrive in Australia in an unauthorised manner. Essentially with temporary protection visas, if someone had lobbied into another country, and been in that country for 7 days, a nation in which they could have sought asylum, then once their TPV had expired, they would be ineligible to apply for a more permanent visa, so those two things...

**SPEERS:**

So will you go to the next election saying that you'll bring those things back? Will you say that you'll bring those back at the next election? The temporary protection visas, and the Pacific Solution?

**FIFIELD:**

Well we'll have to wait for the next election to see what our policy is. I mean I think that temporary protection visas should come back. In terms of what sort of offshore processing is available, well, I don't know, we'll have to see, those agreements which were in place with Naru are no longer in effect, so we'll have to see what is possible in the circumstances. But there is no doubt that these two changes have directly led to the increase in asylum seekers which we're seeing. In 2000, 2001, there was something in the order of 54 vessels that sought to come to Australia. A year or two later the figure was zero. Clearly, the combination of temporary protection visas and offshore processing was a major deterrent. That deterrent is no longer there and we are seeing the result.

**SPEERS:**

Do you accept that at all?

**McMULLIN:**

The opposition is against everything and for nothing, you know, you cannot, I know they are called the opposition but I can tell you from bitter experience that being in opposition, which I didn't like very much, you have to actually work out what you are for as well as what you are against. And this opposition are just opposed to everything. If the government, if something happens it must be the governments fault. Look, five ships have come in this year, that is a cause of concern, we wish there was fewer. But you've

got to look at what is happening everywhere else in the world. Australia can't be responsible for the fact that there is an upsurge of arrivals in Greece. That can't be caused by changes in Australian government policy.

**SPEERS:**

Are they more likely to come to Australia because we no longer have temporary protection visas, you can get a permanent refugee visa, and we never had a pacific solution that means you have to go sit in Manus Island.

**McMULLIN:**

I make no apologies for getting rid of the Pacific Solution, none at all. I'm proud of it, it has been well managed and we are now using the aid budget to help people in poverty instead of enforce an inhumane policy. No apology at all. With regard to temporary protection visas, I don't believe that people are in the war zone in Sri Lanka saying do you think if we get Medicare? I really don't think that is the case. If they might say we think we can get there we might be safe, we think we can get there our kids might be safe, but they are not saying, well we weren't going to go to Australia we were going to go somewhere else but now we can get a Medicare card I think we'll go to Australia. I don't think that is the case

**SPEERS:**

It's more than the Medicare card though; it means permanent refugee status not just a two or three year visa.

**McMULLIN:**

But we all know that the processing in Australia is very rigorous, it's only once you get through and are accepted as a refugee. You are accepted that you are genuinely under threat, if you are sent back that your life would be under threat, you don't just get a permanent protection visa by arriving. You get a permanent protection visa by arriving and being assessed independently as being in threat of your life.

**SPEERS:**

Bob McMullin and Mitch Fifield stay with us, we are going to take a quick break. When we come back I want to talk about the government's broadband plan. Is it all going to be worthwhile? Stay with us.

**BREAK**

**SPEERS:**

Welcome back to AM Agenda. We're joined this morning by Labor's Bob McMullin and the Liberal Senator Mitch Fifield. Mitch Fifield to you, on the question of broadband. Last week the government unveiled it's plans to spend up to \$43 billion building a whole new national broadband network, owned and operated by the government, cables running to 90% of homes and businesses to deliver 100 mega bits per second, faster than anything we have seen before. Now Ziggy Switkowski, who is the former Telstra boss, is quoted today "it's strategically elegant and appealingly breathtaking in its ambition". Mitch Fifield that sounds like a pretty good wrap from someone who should be in the know.

**FIFIELD:**

Well now that I know it is appealingly elegant it's an open and shut case for the government, they win. It's a beautiful phrase by Ziggy. Good luck to him. But what we are talking about here is a proposed \$43 billion spend which is being done on the basis of back of the envelope calculations. We know next to nothing about this plan. At best you could say it's an aspirational plan in relation to its speed and its coverage. We don't know how it is going to be funded. We don't know who is going to fund it. We don't know how it is going to be delivered. We don't know who is going to deliver it. We don't know what the business case is. We don't know what the return is on investment. And we don't know how much it is going to cost the consumer. But apart from that it is a really good plan.

**SPEERS:**

Isn't that why there is a scoping study now for the next 8 or 9 months, to answer all those questions?

**FIFIELD:**

Terrific, another study. Another study to tell the government what their policy actually will be on this issue. We've had the best part of 9, 10, 11, 12 months with another study, the NBN advisory panel, looking at the government's previous proposal. I mean let's not forget the Government went to the last election with a proposal to deliver faster broadband, which they've completely scrapped. They've completely dumped. And it took four ministers to explain this to us at the press conference. We had the Prime Minister, the Treasurer, the Finance Minister and the Communications Minister. Four of them. It took four of them to stand there and say that the Government's proposal was a dog, was a complete disaster and that nothing was achieved. And that, hey, here's something bright and shiny, here's a new review, a new study, and that should satisfy people. Well it doesn't satisfy me and I don't think it should satisfy the Australian taxpayers.

**SPEERS:**

Bob McMullin it is Labor that keeps telling us that we've waited far too long for decent broadband in Australia, now we are going to have to wait even longer.

**McMULLIN:**

Well not everywhere, Tasmania work should start very soon. It's what called 'shovel-ready', we expect Tasmania – which is the place furthest behind in terms of broadband – to start by the middle of this year. So we are not just hanging around.

**SPEERS:**

What about the good burghers of Fraser, you're electorate here in the ACT, are they going to have to wait?

**McMULLIN:**

Well I'd love to get more high speed broadband in my electorate and this is the best proposal that has been. It's not surprising the Liberals think we should have a new plan, they had 18 in 12 years. 18 different plans and no broadband.

**SPEERS:**

You've been in less than a year and a half and you are already on to plan number 2.

**McMULLIN:**

Absolutely, and it's very exciting, it is the best proposal around and I find it incredibly exciting for the future of the country.

**SPEERS:**

But it is a worry that we don't know what it is going to cost, we don't know who is going to pay, we don't know who is going to be involved running it, there is a lot of unknowns.

**McMULLIN:**

Well there is a broad structure in place and you can, in government you can do one of two things. You can wait until everything is finished and say "wallah" and make it a big secret to people, or you can disclose what your proposal is, be judged against it and then go about the hard business of implementing it. That's where we are at the moment and look, its going to be a lot of work implementing it, but the proposal is sound, I didn't know about Ziggy Switkowski's assessment...

**SPEERS:**

It's a big wrap, but on the other hand...

**McMULLIN:**

I wouldn't have thought he's the biggest pro-Labor junkie in the world.

**SPEERS:**

Well you've also got Telstra though saying they were planning a big upgrade of their own existing broadband network, they were going to spend \$300 million or more of it to improve broadband in Melbourne and Sydney and the like but you can't blame them, they are essentially going to have to shelve this because they don't know what is going to happen with this new broadband network. So you did have a private operator there willing to spend money and do this and that's now had to go on the shelf.

**McMULLIN:**

The problem with the private proposal, and Telstra will of course have to do some hard thinking about its relationship to this new proposal and they are in talks with the government now, but the private proposal would have been pretty good for Sydney and Melbourne, but the rest of Australia wouldn't have been so good. And that is just not an acceptable result to Australians, we can't allow that to happen. One of the big things about this is we are getting what we always should have had, which is an independent wholesaler so that each retailer, Telstra and all their competitors, can compete on an even footing. We've needed that for years, we haven't had it, it is time we got it. And that is the best thing about this plan in my opinion.

**SPEERS:**

Well just on that Mitch Fifield do you at least accept the competition element of this is a good thing, that we will see coming out of it, a wholesale provider and retailers operating independently of that wholesale provider.

**FIFIELD:**

Well competition is a good thing but of course you'll only have competition if this plan actually comes off. And I am not convinced at all that it will come off. Since this government has been in office, absolutely nothing has been done to improve broadband speeds. We had a plan, Opal-Elders, to increase connectivity for people in regional Australia through a range of technologies. Labor abolished that plan. That was scrapped. So we've not actually seen a single new high speed connection to a single new home or business as a result of policy by this government. So I'm yet to be convinced that this is going to happen and I've got to say you've always got to be very wary when governments start using the phrase 'nation building'. The phrase nation building can be used to cover a multitude of sins and it is often a cover for bad policy and this was the government that was going to be committed to evidence based policy. There is no evidence that this government has presented to back up this plan.

**SPEERS:**

Now we are nearly out of time but I did want to get your thoughts on one final issue, particularly you Bob McMullin – Fiji. What we have seen there is recent days is a real worry, President Josefa Iloilo has scrapped the constitution, he has sacked the countries judiciary, he has instituted big bans and restrictions on the media, he's reappointed Frank Bainimarama as Prime Minister. How worried are you about that, given your area of portfolio responsibility is international development assistance, and what can Australia do about it?

**McMULLIN:**

It is a tragedy, I am really worried about it. It is a beautiful country and the economy is already doing very badly, but ordinary Fijians are suffering very seriously as a result of what has happened since the coup in the first place, let alone it is going to get worse as a result of these measures. Look I am extremely worried. There is, the government can only keep as much pressure as we with our Pacific Island partners with the Commonwealth with the United Nations, with other countries such as the United States, can put moral pressure on Fiji to change their position.

**SPEERS:**

The country is sinking into, well it's now essentially a dictatorship, is that all you can do?

**McMULLIN:**

Well we are not going to invade Fiji, I mean that would be entirely inappropriate and both expensive in terms of human life and cost and probably no where near resolving the problem. So we can try and persuade them of the merits of the argument of reform, of democracy, because Fiji has got a very vibrant democratic tradition and I am confident that the people will want to go back to it when they are given the first opportunity. But it is a really sad situation. It is a beautiful country and it is in disarray.

**SPEERS:**

Mitch, would you support that position?

**FIFIELD:**

Yes, absolutely. The great tragedy in Fiji is that progressively, each of the major institutions have been undermined. The Parliament is gone. The courts are gone. The police are no longer the institution that they once were. The Presidency is now tainted. The army is the only institution which is operating intact and it is being run by a dictator. I think we have got to pay a lot of credit to the press in Fiji, who really, are the last strong, independent entity which is actually fighting this dictatorship.

**SPEERS:**

Yeah, it is a sad situation. Unfortunately we are out of time as well for today, Mitch Fifield and Bob McMullin thank you both for joining us.

*ENDS*

**Media contact: James Paterson**  
**(03) 9584 2455 / 0423 502 147/**  
[james.paterson@aph.gov.au](mailto:james.paterson@aph.gov.au)  
[www.mitchfifield.com](http://www.mitchfifield.com)

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