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Association of Building Societies and Credit Unions

Abacus
Australian Mutuals

9 April 2010

Mr John Hawkins
Secretary
Senate Economics References Committee
economics.sen@aph.gov.au

Dear Mr Hawkins,

Inquiry into access of Small Business to Finance

Thank you for your invitation to *Abacus – Australian Mutuals* to make a submission to the Committee's inquiry into access of small business to finance.

Many Abacus members lend to small businesses and some Abacus members have a strong focus on small business lending and see significant potential for growth. At the end of 2009, loans to small businesses by credit unions totalled $1.2 billion and loans to small businesses by building societies totalled $0.9 billion.

This submission will focus on item (c) in the inquiry terms of reference: "The state of competition in small business lending and the impact of the Government's banking guarantees."

Please contact me on 02 8299 9036 or Luke Lawler on 02 6232 6666 to discuss any aspect of this submission.

Yours sincerely,

Louise Petschler
Chief Executive Officer

Executive Summary

Abacus – Australian Mutuals is the industry body for customer-owned financial institutions, representing 105 credit unions, 9 mutual building societies and 25 friendly societies. Our member institutions serve 6 million Australians and hold total assets of $70 billion.

Credit unions and mutual building societies are Authorised Deposit-taking Institutions (ADIs) regulated by APRA under the *Banking Act 1959* and provide a full range of retail banking services.

Generally speaking, mutual banking institutions are focused on consumer banking. However, many mutual banking institutions, particularly those based in regional areas, also compete in the small business market. These credit unions and building societies have invested in the necessary expertise and product range to compete in the business banking market. They are active, they are lending, and they see an opportunity to provide a personalised level of service for small businesses, and particularly micro businesses, in various regional markets where other lenders are not providing that personalised service.

Mutual banking institutions offer highly competitive products for small business. Cannex data shows that 5 of the 10 lowest interest rate overdrafts secured by residential property are offered by Abacus members. For business online saving accounts, 3 of the 5 highest interest rate products are offered by Abacus members.

The Mutual Banking Code of Practice (MBCOP) explicitly applies to small business members[1] as well as individuals. The MBCOP sets high standards in a range of areas beyond those required by law, as an expression of the value mutual ADIs place on improving the financial wellbeing of their members and communities.

Small businesses rely more on debt funding than large companies and rely more on the banking sector for that debt funding than large companies[2], so a competitive banking sector is critical to small businesses.

Given that barriers to entry to retail banking are high[3] and the Australian banking market is "now, by some criteria, the most concentrated it has been for a century"[4], there is a strong case for policy action to promote competition in the banking market.

The capacity of credit unions and building societies to further increase competition and choice in the small business lending market will be enhanced by action to:

- Lift the profile of the mutual banking sector as a funding option for small business; and
- Secure and expand the mutual banking sector's access to funding.

This submission recommends measures to achieve these outcomes.

[1] "Small Business" is defined in the MBCOP as: A business having fewer than: a) 100 full-time (or equivalent) people if it involves the manufacture of goods; or, b) in any other case, 20 full time (or equivalent) people.

[2] RBA submission to inquiry, 24 Mar 2010

[3] Public competition assessment, 'Westpac Banking Corporation – proposed acquisition of St George Bank Limited', ACCC, 13 August 2008

[4] Senate Economics References Committee, Report on Bank Mergers, September 2009

Mutual banking sector & small business

The mutual banking sector has a small share of small business lending but its position in consumer banking markets indicates significant potential for growth.

Credit unions and building societies collectively hold an 11.4 per cent share of the household deposits market, an 8.6 per cent share of new home loan market, and have more branches than the Commonwealth Bank. Credit unions and building societies consistently record market-leading customer satisfaction ratings.

While only $2.1 billion of mutual ADI lending is categorised as commercial lending, it is likely that some of the $55 billion of mortgage and personal loans provided by mutual ADIs would be indirectly used to provide funding for small businesses of members. Some 67 per cent of small businesses operate from home, needing lower levels of working capital.

Approximately 35 per cent of small businesses operate in regional areas. Regional credit unions and building societies have strong local connections and support. For example in NSW, in the Hunter region, 76 per cent of the population are members of a credit union or mutual building society; in the Illawarra, it is 60 per cent; in Northern NSW 55 per cent; North Coast 46 per cent; South Coast 42 per cent; and, Central West 41 per cent.

While many mutual banking institutions choose to stick to consumer banking, many regionally-based credit unions and building societies are actively competing in the small business market. Other mutual banking institutions are cautiously entering the small business market, recognising that it requires significant investment and an appreciation of new and different risks.

APRA strongly advises mutual ADI boards not to allow their institution to move into commercial lending without ensuring they have the personnel, expertise and systems to do so prudently.

APRA's position is that assessing, pricing and securing commercial exposures requires a distinct set of skills than those required for assessing standard mortgages and personal lending. APRA requires ADIs to have robust product development processes to analyse new lines of business before products are formally endorsed and launched.

<u>Feedback by Abacus members:</u>

> "Commercial lending requires a different and more complex skill-set to assess and administer. APRA are vigilant in ensuring that we do have these skills. I don't have a problem with this because commercial loans must be reviewed regularly to satisfy ourselves that there hasn't been any deterioration in the member's business."
>
> "Well performed and credentialed businesses are still able to negotiate good deals. The banks continue to be ruthless in 'pricing out' enterprises they see as carrying extra risk. All too often we are seen as a lender of last resort."
>
> "Forecast growth of our commercial portfolio for 2009/10 is 30 per cent with a continued growth in 2010/11 of 20 per cent."
>
> "All local banks are keen to increase their business banking market share. The business community needs educating about the benefits of banking with a credit union. We need to change market perceptions about credit unions and business banking."
>
> "More public support is needed from Government and regulators that credit unions are well supervised and are safe and secure. Local regional councils have expressed an interest in investing with the credit union however there are stumbling blocks with local government policy of requiring an institution to have a credit rating."

> "We're currently developing our business banking strategy for [our] merged entity and we see a great opportunity to increase our exposure to this segment."

> "Competition is alive and well in the small business segment particularly from the major banks who all lately seem to be promoting how well they now look after small business. We've found we can compete with the major banks and 2nd tier lenders in this segment based on their past lack of regard for small business, which has led to business owners seeking alternatives. Although we don't see ourselves competing in the corporate finance market, we are competitive in the small business segment. We try to differentiate ourselves by provision of friendly, personal service, in addition to providing competitive and flexible products."

> "The [building] society is looking to grow the business banking lending book over time and we will continue to focus on micro business."

> "Generally the rates and fees offered are competitive but what differs markedly between finance providers in this market is the service distribution model. Some of the majors have centralised the management of this sector to some location, either domestically or overseas, thus the applicants may not be able to sit down with a business banking manager but rather have to undertake the application process and any follow-up via phone, e-mail or internet. The society offers face-to-face access for our members via our branches and business banking managers."

> "We see members of the business community every day looking for viable alternatives to the mainstream banks. They want something that is large enough to meet the financial needs of their business but also offers excellent value and makes good financial sense."

> "Barriers to entry of new lenders to small business are: obtaining necessary expertise; establishing products and services required by borrowers; cost and logistics of setting up a distribution model and having representatives where they're needed; costs of changes required to IT systems; and, marketing costs to establish a presence."

> "An area that could lead to an improvement in our ability to satisfy demand for small business lending could be through provision of assistance to small business owners in preparation of business plans and financial forecasts. A well prepared and researched application stands a much better chance of favourable consideration than one which lacks suitable preparation. We find that many applicants aren't sufficiently informed about requirements of financiers. We only lend against tangible property or cash security and often get asked for finance of up to $500,000 where the applicant doesn't have any security available. Some sort of education program would be beneficial."

> "Possibly you could look at some form of qualification that someone looking to start a business needed to hold, covering the basics of running a business including staff management, stock/debtor/creditor control, and preparing an application for finance."

Promotion of mutual banking option

It is not well enough understood that credit unions and building societies are subject to exactly the same strict, legally-enforceable, prudential regulatory framework as banks and that many mutual banking institutions compete with banks in the small business lending market.

Major banks continue to benefit from entrenched misconceptions about the regulatory framework and the perception that there is no real choice in the banking market.

Abacus advocates a pro-competitive public awareness campaign about the prudential standing of all banking institutions to educate the market that genuine choice exists beyond the four major banks and their increasingly large brand portfolios (St George, Bankwest etc).

Such a campaign could be funded by spending a tiny fraction of the $5.5 billion in fees flowing to the Government from the *Guarantee Scheme for Large Deposits and Wholesale Funding.*

Treasurer Wayne Swan's recent *Economic Note*[5] set the tone for what is needed in a more sustained and focused campaign:

> "Last Tuesday we also saw the potential for our smaller lenders to put more competitive pressure on the big banks when CUA, Australia's largest credit union, announced it would cut its variable home loan rate by 25 basis points for all customers, to be more than half a per cent lower than the average of the major banks – or $1,153 cheaper per year for a family with a $300,000 mortgage.
>
> "I've always been a big believer in the capacity of Australia's mutual credit unions and building societies to provide a safe and competitive alternative to the big banks. Of course, they meet the same high standards of prudential regulation as our banks, as they are supervised by APRA in the same way. And all deposits held with a credit union or building society are backed by the Government's Financial Claims Scheme up to $1 million – just like bank deposits – with this cap being reviewed for all in October 2011. So Australians can have absolute confidence in the safety of their money wherever their deposit is held.
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> "Some 4.5 million Australians are members of a mutual, but many others may not be aware of the critical role they play in putting competitive pressure on the big banks. A comparison of recent independent ratings data shows the best standard variable home loan rate available from a mutual is something like 80 basis points below the average of the major banks, and that mutuals are 34 basis points cheaper than the big banks on average. As I said last week, the global financial crisis created some significant challenges for competition in the mortgage market. But I'm really encouraged to see our smaller lenders, including our mutuals, helping to put competitive pressure on the big banks, and I'll continue to support them all the way on this."

'Bank' and 'banking': Replace ADI with a more meaningful term

All ADIs - credit unions, building societies and banks - are subject to the same onerous prudential regulatory regime, with the same set of strict, legally-enforceable prudential standards covering capital, liquidity, risk management and governance.

However, using its powers under s66 of the Banking Act, APRA restricts use of the terms 'bank' and 'banking' to a minority of ADIs. ADIs that have at least $50 million in Tier 1 capital can apply to call themselves banks. The $50 million hurdle has been in place since 1992 and was originally designed as a "means of discouraging unsuitable shareholders from attempting to gain a banking authority."[6]

Credit unions and mutual building societies, as customer-owned institutions, obviously value their distinct identity from banks but the reality is the terms "bank" and "banking" are well understood in the community. The term "ADI" is not well understood a decade after it entered the statute books. ADIs that do not have the option of marketing themselves as "banks" are at a competitive disadvantage. They must comply with an intrusive, constantly-evolving,

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[5] Australian Mutuals Safe and Competitive, 28 Mar 2010
[6] RBA submission to Financial System (Wallis) Inquiry, 1996

burdensome regulatory regime to engage in the business of banking but they are denied the full competitive benefit of achieving global best practice prudential regulatory compliance.

A simple step to improving market awareness of the prudential standing of all regulated banking institutions - and therefore contestability, competition and choice – would be to replace the term “Authorised Deposit-taking Institution” with “Authorised Banking Institution”.

‘Bank’ and ‘banking’: use of the term bank

There are 27 mutual ADIs that have at least $50 million in Tier 1 capital (though as far as Abacus is aware, none have to date opted to apply to call themselves a “bank”). The majority of mutual ADIs are currently ineligible, due to APRA policy, to apply to use the term “bank”. Credit unions and building societies have APRA’s express consent to use the term “banking”. They may use the term “banking” in relation to “the banking activities of the building society or credit union if the word is not used in a misleading or deceptive way.”[7]

New uncertainty about the scope of this consent was raised last year when APRA indicated to one Abacus member ADI that a complaint had been lodged about the ADI’s use of the word “banking” in its marketing material and that the ADI could be in breach of section 66.

APRA should allow all ADIs the non-compulsory option of marketing themselves as “banks”. This would enable Abacus members to exercise the choice of marketing themselves “mutual banks” to the small business sector.

These changes to the Banking Act and APRA’s approach will assist mutual banking institutions to cut through misconceptions that they are not as safe as listed banks and that they don’t compete in the small business market.

It would also improve APRA’s capacity to meet its statutory obligation “to balance the objectives of financial safety and efficiency, competition, contestability and competitive neutrality”.[8]

Government guarantees

The guarantee of deposits of up to $1 million under the Financial Claims Scheme (FCS) was a decisive and welcome intervention by the Government in 2008 and remains a pro-competitive measure that has delivered peace of mind to depositors. It has also helped smaller banking institutions to defend their share of the deposits market from the major banks.

Some initial public misunderstanding about the institutional scope of the guarantee probably contributed to the slower growth of deposits in credit unions and building societies compared to major banks in the September-November period of 2008. Public nervousness and perceptions of safety and security clearly also played a role in the major banks managing to capture the bulk of funds redirected from higher risk investments over the course of the most unstable period of the global financial crisis.

While credit unions and building societies grew their deposit balances steadily over 2009, the much stronger performance of the major banks has seen the mutual banking sector’s market share slip from third place (behind CBA and Westpac) a year ago to fifth place (just behind ANZ and NAB) in December 2009.

Abacus suggests the per-depositor cap for FCS should be maintained at $1 million indefinitely, until the prudential standing and competitive offering of non-major banking institutions is better understood.

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[7] Guidelines – Implementation of Section 66 of the Banking Act 1959. APRA January 2006.

[8] *Australian Prudential Regulation Authority Act 1998*, Section 8(2).

The $1 million per depositor cap, guaranteed by the Government, poses no risk to the taxpayer because:

1. the prudential regulatory framework ensures that it is highly likely that the remaining assets of a failed institution will be sufficient to recover funds paid out under the FCS to depositors; and

2. in the unlikely event of there being a shortfall, banking institutions will be levied to make up the difference.

The FCS reduces the risk of a 'run' on a banking institution because depositors do not have to fear losing their funds. The price of entry to the FCS for the banking institution is an extremely tough prudential regulatory regime.

The perception that major banks are too big to fail is an anti-competitive factor in the banking market. The FCS levels the playing field for large and small banking institutions and is a pro-competitive factor. Rather than being seen as a risk to the taxpayer, the FCS should be seen for what it is – an early access facility for depositors' funds in the event of an institution failing.

Importantly for competition in retail banking, the $1m cap is reassuring for larger depositors, such as local government, non-government organisations and other institutional depositors, that are important sources of funding for smaller ADIs.

APRA and others have noted from recent experience that 'runs' are generally not caused by depositors with small amounts.

APRA executive Keith Chapman told this Committee in a previous inquiry that: "It was the large depositors; it was not so much 150 people pulling out $1,000 each of an ADI. That is not a threat."[9] Wallis Inquiry member Professor Ian Harper told the earlier inquiry that: "These things start in wholesale markets…that is why, in my view, the best thing to do was to convince people who had a lot of money that it was all safe rather than the mums and dads with not that much."[10]

Abacus acknowledges the critically important role of the now-closed *Guarantee Scheme for Large Deposits and Wholesale Funding* in ensuring the flow of credit in the Australian economy during the global financial crisis.

However, the scheme's unfair fee structure meant that the scheme disproportionately benefited the major banks. The fee for major banks was 70 basis points compared to 150 basis points for the vast majority of regulated banking institutions. The RBA has confirmed that the differential in the fee structure was "relatively large by international standards" and that the fee paid by the major banks was "at the low end of the international range."[11]

Fees flowing to the Government from the scheme are estimated to total $5.5 billion. As discussed above, diverting a small fraction of this windfall revenue to a pro-competitive public awareness campaign would help level the playing field in banking.

Securing and expanding funding

<u>Securitisation market</u>

Securitisation has been an important source of funding for home lending by mutual banking institutions, allowing room for other funding to be used for other forms of lending. The global

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[9] Hansard, Senate Economics References Committee, 28 Jul 2009
[10] Hansard, Senate Economics References Committee, 14 Aug 2009
[11] RBA Bulletin, March Quarter 2010

financial crisis dislocated securitisation markets and Government support has been important to maintaining the market to the point where it is showing signs of recovery.

Abacus appreciates the Government's measures to date to support the RMBS market but seeks a closer examination of the competitive dynamics of the securitisation market and the role of the major banks.

A precondition to recovery of the securitisation market is properly functioning markets in warehouse provision and liquidity facilities for Asset Backed Commercial Paper (ABCP). These markets are critical for new loan origination by competitors to the major banks but they are controlled by the major banks.

The withdrawal of foreign banks as competitors to the major banks in warehouse provision has left securitisers, such as mutual banking institutions, dependent on the major banks.

Professor of Finance at the University of Melbourne, Kevin Davis, says the question arises whether these markets operate competitive and effectively. "In the wake of the global financial crisis, some originators have expressed concerns that the answer to this question is not a clear yes," Professor Davis says. "Because the banks are also the major competitors in the housing loan market, it is not obvious that it is in their interest to encourage securitisation-based competitors by making warehouse funding easy."[12]

Abacus recommends a review of major bank pricing of warehouse facilities and barriers to new loan origination by securitisation-funded lenders.

Wholesale funding

The UK Government has convened an expert group of key stakeholders to advise on strategic issues affecting UK mutual building societies.

The UK Chancellor of the Exchequer's December 2009 Pre-Budget Report says: "The Government is also taking steps to promote competition and consumer choice through supporting the development of a strong, competitive and sustainable building society sector. Despite weathering the financial crisis well, there remain challenges to the traditional building society model in the current market environment, including increased competition from banks for retail deposits, pressure on margins, and capital and funding constraints."[13]

Australian mutual ADIs face similar challenges and Abacus urges the Government to adopt a similar process to pursue new and enhanced funding and capital options.

Credit unions and mutual building societies, individually and collectively, have accomplished a range of innovative capital and fund-raising solutions to date. The credit union sector's main aggregator, Cuscal Ltd, is currently exploring with its customers and shareholders a range of future funding options for the industry. The Credit Union Mutual Fund group is seeking to raise funding from super funds through a special purpose vehicle. Heritage Building Society in September 2009 raised $50 million from the issue of ASX listed debt securities.

An expert group of key stakeholders convened by Government could identify further opportunities and any barriers that currently block access to funding and capital sources.

[12] RMBS feel the squeeze, Kevin Davis, AFR 9 Dec 2009
[13] UK Chancellor of the Exchequer Pre-Budget Report December 2009

Tax burden on deposits

Deposits are overwhelmingly the main source of funding for building societies and credit unions whereas major banks tap wholesale funding markets for around half of their funding. However, deposits are the most heavily taxed savings vehicle and the impact of this over the long term is the steady decline of deposits as a share of savings.

In 1990, more than 30 per cent of the total value of financial asset holdings of Australian households was held in the form of deposits with Australian ADIs. By mid-2007 that share had fallen to 18.5 per cent. This steady trend was interrupted by the global financial crisis but there are signs it is already resuming. The RBA observed recently that the deposit funding share of banks has stopped rising and that “banks have largely exhausted the available opportunities to induce investors to increase their holdings of bank deposits.”[14]

Measures to ease the taxation burden on household deposits would increase the size of the deposits ‘pie’ for all ADIs.

As outlined in our submission to the Henry Review, those bearing the brunt of the high real tax rates on interest earnings on ADI deposits are not those Australians with the greatest capacity to pay tax. They are disproportionately lower-middle to middle income Australian working families and Australian households headed by a person who is near or above 60 years of age – holding a modest overall level of wealth but financially risk averse.

First Home Saver Accounts

First Home Saver Accounts (FHSAs) have potential as a source of funding by ADIs but FHSAs have proved a disappointment to date.

According to APRA, in December 2009 only 18 ADIs are offering FHSAs, including 13 mutual banking institutions. The Government estimated in early 2008 that FHSAs would hold around $4 billion in savings after four years. The amount in FHSAs as at September 2009, $43.9 million, is just over one per cent of this anticipated amount.

The most consistent issue that appears in feedback to Abacus from credit unions and building societies about FHSAs is that the four-year ‘lock-up’ requirement is too long and is the single most important disincentive for savers.

Abacus recommends that the Government should remove or reduce the period of time during which savings in FHSAs can’t be withdrawn. The Government contribution is incentive enough to ensure that savers contribute over a number of years. A minimum period is an unnecessary disincentive and penalises savers who have the opportunity to buy a house within the ‘lock-up’ period.

Retirement Saving Accounts

Retirement Saving Accounts also have potential as an additional source of funding for ADIs.

The Cooper Review noted[15] that the asset base of RSAs increased from $1.2 billion to $6.2 billion in the year to June 2009 while also commenting that RSAs “have generally not been a success.”

RSAs provided by ADIs are a simple product in a complex and changing environment and a safe, low-risk product in an environment where the reality of investment risk has become painfully clear.

[14] RBA Deputy Governor Ric Battelino, speech, 16 December 2009
[15] Super System Review: Phase Three: Structure (including SMSFs) – Issues Paper, Dec 2009

The Cooper Review identified "two main reasons" why RSAs have not been successful: they are capital guaranteed and they do not suit the existing product distribution model.

The dramatic inflows to RSAs during the global financial crisis show there is significant demand for a simple, capital-guaranteed product. This is the product's key strength. The fact that RSAs do not suit the commission-driven distribution model for other superannuation products is a poor reflection on the distribution model rather than on the product.

RSAs in their current form can play a larger part in the superannuation system with:

- better promotion and marketing;
- easier transfers between superannuation funds; and
- a reduction in the regulatory burden and regulatory risk for RSA providers.

For more detail on this, see the Abacus submission on RSAs to the Cooper Review.[16]

Level Playing Field

Major banks gain a number of competitive advantages due to the way their sheer size interacts with legislative and regulatory frameworks.

Two examples that require a legislative response are:

- the impact of GST input taxing; and
- restrictions on credit reporting.

GST input taxing

A measure introduced to counter the anti-competitive impact of the GST in the financial services industry is becoming redundant and urgently needs updating.

GST reduced input tax credits (RITCs) were introduced to address the bias creating by GST input taxing to in-source certain acquired inputs. This bias favours large financial institutions with the capacity to in-source. Smaller financial institutions such as credit unions and building societies do not have this capacity.

Abacus lodged a proposal with Treasury in July 2009 to amend the existing RITC item 16 "Credit union services" so that the item covers mutual building societies as well as credit unions. Abacus' services to its credit union and mutual building society owners include public affairs representation, government and regulator relations, media representation, regulatory compliance advice and support, research and market intelligence, and support to fight fraud and financial crime.

A large bank can self-supply these services and reduce its GST burden and therefore can gain a competitive advantage on smaller competitors whose business models and industry structures have always involved significant outsourcing.

Since the RITC framework was enacted the consumer banking market has undergone significant change, including continuing consolidation among mutual ADIs and the rationalisation of industry support bodies. These changes include the prospect of mergers between credit unions and mutual building societies.

What has not changed is the self-supply bias of GST input taxing.

[16] http://www.supersystemreview.gov.au/content/submissions/downloads/Abacus_100219.pdf

The policy intent of RITC item 16 is not being fulfilled due to the narrow definition of the item and the evolution of the mutual ADI sector. Services provided by Abacus to mutual ADIs that assist mutual ADIs to compete with major banks carry the full GST burden whereas the same services provided in-house by a major bank do not bear this burden. This further tilts the playing field in favour of big banks.

Credit reporting reform

The introduction of more comprehensive credit reporting will allow small businesses and other borrowers to be less reliant on an existing banking relationship to obtain credit. Greater credit data availability will strengthen banking market competition.

The Government announced in October 2009 that it would reform credit reporting laws to allow some positive datasets to be included on an individual's credit report. These are: the type of each active credit account; date of opening and closure of account; account credit limits; and, credit repayment history. Access to repayment history was tied to the commencement of new responsible lending obligations under the new national consumer credit laws.

Those new responsible lending laws are in place but there is still no sign of draft legislation to introduce more comprehensive credit reporting. The reform process seems to have stalled.

This reform has been exhaustively debated and was recommended by a major inquiry by the Australian Law Reform Commission. Abacus urges the Government to give priority to credit reporting reform.

Conclusion & Recommendations

Small businesses depend on the banking market for their financing needs. There has been a diminution of competition in the banking market. ACCC chair Graeme Samuel concedes that "generally when you've got less competition you'll have higher prices being charged" but that the "only thing the ACCC can really do in this area is to deal with mergers."[17]

Other measures are needed to promote competition banking.

Abacus recommends:

- A pro-competitive public awareness campaign about the prudential standing of all regulated banking institutions;
- Changes to Banking Act term "ADI" and APRA's approach to the use of the terms "bank" and "banking" to promote competition;
- Measures to secure and expand the mutual banking sector's access to funding; and
- Measures to level the playing field by updating the GST RITC framework and introducing more comprehensive credit reporting.

9 April 2010

[17] Graeme Samuel interview, ABC TV *Inside Business* 6 December 2009