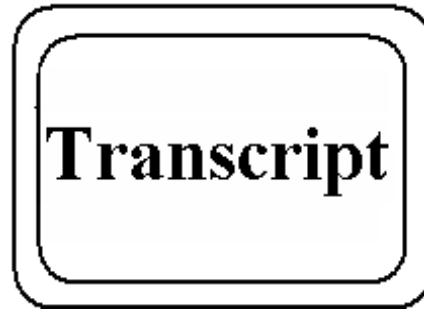




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Transcript of

Senator Nick Sherry
Assistant Treasurer

Sky News AM Agenda

Interviewer: Ashleigh Gillon
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INTERVIEWER: ASHLEIGH GILLON: Welcome back to AM Agenda and joining me now on our panel in Melbourne is the Assistant Treasurer Nick Sherry. Good morning.

SHERRY: Good morning Ashleigh, good morning to your viewers and good morning George Brandis.

GILLON: Well you beat me to it Nick Sherry, George Brandis, the Shadow Attorney-General is joining us from Brisbane, good morning to you George.

BRANDIS: Good morning Ashleigh, good morning Nick.

GILLON: Nick Sherry, I'm going to start with you. Tony Abbott described the Copenhagen talks as a talkfest, so far it seems like little progress has been made. Kevin Rudd and Penny Wong have been pretty close to the action, is Labor worried voters will judge them on the outcome if there is no deal or a weak deal is made?

SHERRY: Well there is still two days to go, so let's wait and see what the final outcomes will be. I think, ultimately, the Australian voters are going to be more interested in the shambles of the Opposition. Three Opposition leaders and fierce debate and abuse of each other that we've seen. I think that will ultimately be where Australian voters will place their judgement.

GILLON question to George Brandis on Copenhagen.

GILLON: Well Nick Sherry that is a fair point isn't it? Doesn't the Government's insistence that the legislation needed to be signed off before the Summit now look a bit silly?

SHERRY: Well no I don't agree. Where there is broad agreement is that we need action on carbon pollution, we need action on climate change. The Labor Government has presented its approach in terms of minimising climate change carbon pollution. We await the details of the Liberal Party proposals. I mean to date we've had proposals for incentives, which is a form of tax subsidy which is paid by the tax payer, and some very intrusive red tape regulation on farmers and households and we await the detail of the Liberal Party's proposals to deal with global warming.

GILLON: Well the debate here at home has really been focusing in the past few days on how much the ETS will cost and where all the compensation will be going. The Government's made it clear now they expect most households to be paying an extra just over \$600 also because of the ETS and it says that most of that, most households will get back in compensation. So George Brandis, why does Tony Abbott keep saying that this ETS is going to cost families \$1100 a year, is he trying to scare people?

BRANDIS: No not at all. That is our assessment and it's based on figures in the Garnaut report and other sources ... (continues)

GILLON: Well Nick Sherry I will let you respond to that report about the electricity hike increase because I think the Government has said so far that even with those sorts of increases then 90 percent of households will still get most of that back in compensation. But what's the point of compensating low income earners with more money than they will have to outlay for those sorts of price rises, is that a sort of disguise for wealth redistribution as Tony Abbott claimed yesterday.

SHERRY: Well a couple of points, firstly the \$1100 figure being used by Mr Abbott is just false, it is wrong, the average price increase is \$624 per household, nine out of 10 Australians will receive compensation and low/middle income earners will receive compensation in excess of \$624 for the average household. That's Labor's approach, compensation is being paid and it's a matter of fundamental fairness and the polluter and in this case in terms of carbon which is polluting our atmosphere, a price needs to be paid just in the same way as we pay for the collection of garbage

and sewerage, there is a cost involved and this case the Labor Government in terms of fairness is providing compensation for nine out of 10 Australians and more than enough compensation for low or middle-income earners.

GILLON: Now George Brandis back to that \$1100 figure – that's a number that came from the Garnaut, was it the white paper or where exactly is it coming from? Why are we getting such different numbers?

BRANDIS: Well I don't know where Nick's number comes from but that is the Opposition's assessment (continues)

GILLON: Well I do want to move the conversation onto the growth figures which we saw out yesterday, we learnt that the economy in the September quarter grew by just 0.2 percent and is quite way below market expectations. Nick Sherry in hindsight, did the Reserve Bank move too quickly in lifting rates over the past three consecutive months?

SHERRY: Well what we've seen over the past 18 months is firstly the Government taking decisive action to cushion the impact of the world financial crisis with a stimulus package – there is no doubt now that the stimulus package was absolutely necessary, we've had growth of .2 in the last quarter, a half percent over the last year. Without that stimulus package, the Australian economy would have gone backwards and we would be well on the way to a million unemployed in this country. Now at the same time, the Reserve Bank independently reduced cash rates to 3 percent in terms of in response to the emergency of the financial and economic crises. Now, while we are not out of the woods yet, the worst is over and the stimulus has an automatic withdrawal and the Reserve Bank is independently making an assessment and as we know has increased rates three times from emergency lows.

GILLON: But would your assessment Nick Sherry be that the Reserve Bank should now ease up on future rate rises? Is that your assessment?

SHERRY: The current cash rate, the Reserve Bank will make that call, it is independent.

GILLON: But you are the Assistant Treasurer and you must have a view on this.

SHERRY: The current cash rate is I think the lowest in over 40 years, even with three increases, so as the stimulus is automatically drawn down, the Reserve Bank is making its judgement about where interest rates should be. But I would make the point that the current cash rate, even with these three increases, is the lowest in over 40 years.

GILLON: George Brandis, do you think that the RBA jumped the gun?

BRANDIS: ...

GILLON: Here we are running out of time another quick issue I want to get to is yesterday we learnt that the Liberal Party is putting up the tennis great John Alexander as its candidate to take on Maxine McKew in Bennelong, is this the celebrity showdown that we needed George Brandis? Do you think he has a good chance up against Maxine McKew?

BRANDIS: ...

GILLON: Well Tony Abbott says he has rattled Kevin Rudd, do you think John Alexander will rattle Maxine McKew, Nick Sherry?

SHERRY: Well good luck to Mr Alexander, Maxine McKew is a very good effective member and a good effective parliamentary secretary, I notice for Mr Alexander it was his second choice for Federal Parliament, I understand he preferred run for State politics. We'll see what the result holds next year.

GILLON: OK, just finally Barnaby Joyce is of course the new Shadow Finance Minister and it seems he has also turned into an art critic as well. He's had a crack at the art work dotted around Canberra's Parliament House. He says one sculpture is a piece of steel with a chain which could have been welded together by a few blokes on the turps. He said there's another art work he described as Mr Squiggle's last stand. George Brandis, you were of course the arts ministers under the Howard Government, do you agree with him?

BRANDIS: Well, I do agree with him about some of it ... (continues)

GILLON: Well Nick Sherry, Peter Garrett has described Barnaby Joyce as the Les Patterson of politics without the satirical edge. Is that a bit harsh or are you agreeing with George and Barnaby on this?

SHERRY: Well I would think that Barnaby Joyce is the second most senior economic spokesman for the Opposition as Shadow Finance Minister, he's not the arts spokesman. I think Barnaby has probably been a little overwhelmed by the shambles of the Opposition and the events we have seen in the last two weeks. I think if anything was an artistic display of division and a nightmare it has been the Opposition over the last two years.

BRANDIS: Good try Nick, we're over it.

GILLON: Well done Nick putting that back onto the economics of this. Nick Sherry and George Brandis thank you for joining us this morning.

SHERRY: Thank you Ashleigh and Happy Christmas and a safe New Year.