

## **INTERVIEW WITH JOE O'BRIEN**

### **ABC NEWS BREAKFAST**

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**7:35AM**

#### **SUBJECTS: OECD Report/Government's Stimulus Package/Campbell's Dispute**

The top story on ABC News Breakfast, the Federal Opposition has downplayed a report that has praised the Rudd Government's handling of the economy. The Organisation for Economic Co-operation and Development says Australia's stimulus spending has saved up to 200,000 jobs.

#### **JOE O'BRIEN:**

Speaking on ABC News Breakfast this morning, the Deputy Opposition Leader, Julie Bishop, says the jobs were saved by borrowed money.

The OECD report says Australia's unemployment rate has risen at a much slower rate than other wealthy nations.

For more, the Assistant Treasurer, Nick Sherry, joins us now from Canberra. Nick Sherry good morning.

#### **SHERRY:**

Morning Joe, good morning to your viewers.

#### **O'BRIEN:**

Now we have just had Julie Bishop on the show and she was saying these 200,000 jobs saved were also to do with the monetary policy – the fiscal policy wasn't responsible for this alone and she wasn't really conceding that the stimulus package that your government introduced was fully responsible for this. Now that's a fair enough observation isn't it?

#### **SHERRY:**

Well, what we do know is that the OECD report is yet further confirmation of the effectiveness of the stimulus package. Certainly the actions of the Reserve Bank in lowering interest rates to record lows, record lows of the last 50 years, because of the emergency economic circumstances, played a part. But what the OECD report highlights is the critical importance of

the stimulus package in cushioning the Australian economy and cushioning the loss of jobs.

**O'BRIEN:**

The OECD also warns of an on-going jobs crisis, is there any chance that further consumer stimulus will be needed to stave off that crisis?

**SHERRY:**

Well I think this highlights the difficulties that are facing most other comparable countries, double digit unemployment, and that obviously impacts on the world economy and that impacts on Australia. Again, that is consistent with the argument that we've been mounting that the stimulus package and the various stages of short, medium and longer term have been appropriately designed. We don't believe it's appropriate to expand the stimulus package, we believe it has been properly designed and it is doing what it was designed to do, which was to save more than 200,000 jobs.

**O'BRIEN:**

Now the Westpac Melbourne Institute is indicating a strong rebound next year – there's an estimate of growth rate for the economy of 3.8 per cent by the end of 2010. Is that overly optimistic?

**SHERRY:**

Well we've issued our own forecasts, I do notice that almost every week there are differing forecasts about a whole range of economic parameters. With the mid-year economic forecast, that will be provided later this year, that will update figures, but what I would stress is that even though our economy has been growing comparably well compared to the rest of the world at 0.6 per cent, that is considerably below what is necessary to prevent unemployment going up – you need at least 3 per cent plus to prevent unemployment going up, which is why we are not out of the woods yet.

**O'BRIEN:**

That report also points to a 23 per cent increase in under employed workers to around 880,000 – are the figures masking the extent of the problem in Australia with this under employment problem?

**SHERRY:**

Well under employment is an important aspect of unemployment and it shouldn't be forgotten. There are many people because of the change in

the nature of our work force, it has become more casual, more part time over the last 10 or 20 years, there are many people who want more work and we shouldn't forget that.

**O'BRIEN:**

Now there's news this morning that Campbell's soup has buckled to union opposition to Labor's new workplace flexibility clause. Is this a pretty big blow to this program as industrial disputes define these laws over the coming months?

**SHERRY:**

Well in terms of the Campbell's case study I'm not familiar with the details of what has occurred there. I just think it is important that whatever the behaviour of industrial parties in negotiations, it needs to conform and fall within Labor's new fair work legislation.

**O'BRIEN:**

OK, Nick Sherry in Canberra. Thanks very much for talking to us this morning.

**SHERRY:**

Good morning, good morning to your viewers.