

INTERVIEW WITH JOHN FAINE

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SUBJECTS: Victorian Bushfires Appeal Tax Deductible Status, Employment Figures, Ozcar/Grech Affair

JON FAINE:

It's six months today since the fires that ravaged so much of Victoria on 7 February. There are many, many people for whom this is a monumental, an enormous milestone. There are also people wondering what more can be done, as well as people wondering why more hasn't been done.

And this morning, in the spirit of trying to be useful that we've invoked pretty much since 7 February, we're going to see if we can resolve some of the outstanding issues, some of the blockages in the system that have appeared in the recent times since 7 February.

Of course, your contributions, as always, are welcome; 1300 222 774.

But to start our tour this morning, first up, we're going to follow through on something Christine Nixon raised just the other day when we were chatting - she's the chair of the Victorian Bushfire Reconstruction Recovery Authority - and she told us that it was still an issue for the appeal fund that tax deductible status had not been resolved with the Federal Government.

The Tax Office impose strict conditions on charities on how they spend money that's raised through tax deductible donations. Christine Nixon told us this was still inhibiting the distribution of moneys from the money that you and we all donated.

Senator Nick Sherry is the Assistant Treasurer and the man in charge of resolving this blockage in the Federal Government, in the Rudd Federal Government.

Senator Sherry, good morning.

NICK SHERRY:

Good morning, and good morning to your listeners, Jon.

JON FAINE:

Is it possible today, on the six month anniversary, to absolutely clarify what the problem is and why it can't be resolved? There's literally millions, hundred of millions of dollars that people are waiting for that can't be distributed because of a technical issue in the Tax Office.

NICK SHERRY:

Yes, yes, I can. And I can explain the issues and then I can outline how it will be resolved.

Firstly, the distribution of donations, in terms of the appeal and charity and assistance, is defined by law. And the - so the issue is not the ATO being difficult; the ATO have to - the Tax Office have to administer the status in accordance with the law. They can't ignore the law.

JON FAINE:

Otherwise, charities would - they could rort any sort of provisions...

NICK SHERRY:

That's right...

JON FAINE:

... anyone could set up a fake charity...

NICK SHERRY:

That's right. Th...

JON FAINE:

We understand the background.

NICK SHERRY:

Yeah, there's a set of restrictions. So I met personally with Christine Nixon, I think it was three or four weeks ago. Bill Shorten's spoken to me on a number of occasions about this, and we are going to change the law. And I have agreed to that and I believe we'll be in a position next week to announce in detail how we will change the law to allow for donations in areas of expenditure such as orphans, community facilities, et cetera, where there are some difficulties at the moment. We will change the law to ensure that moneys can be spent in those areas.

JON FAINE:

Can you tell us exactly when that change will come into effect? Because it's been talked about now, for months, Assistant Treasurer, literally for months, and we're...

NICK SHERRY:

Yes...

JON FAINE:

... trying to pin down some end to this bureaucratic ping pong.

NICK SHERRY:

At the latest, at the latest, it will be from the date of announcement, which I hope is next week. I think it will be next week at the latest. If there are any issues of retrospectivity, I think in these circumstances we will be able to accommodate that as well.

JON FAINE:

There surely is...

NICK SHERRY:

I am ver...

JON FAINE:

... is mutual goodwill between the Government, the Opposition, the minor parties; I can't understand that there would be any member of the House of Representatives or the Senate that would resist passing, with urgency...

NICK SHERRY:

No, you're right.

JON FAINE:

... an amendment to the Tax Act to allow money to be handed over, even in cases that are not strictly alleviating poverty.

NICK SHERRY:

Yes, no, no, you're right. I - look, I haven't talked to the Opposition yet. I'll have some discussions with them next week about that aspect of it. But I - look, I could be very confident, without being - assuming their

position, that there's a lot of goodwill, it will be resolved. I'm confident that it will be resolved next week when I make detailed announcements.

JON FAINE:

So within - by next week when Parliament resumes, the fund can have whatever green light is necessary to distribute more freely the millions and millions of dollars that people are waiting for? You can absolutely assure us now that this is resolved?

NICK SHERRY:

Yes, I can assure you that the fund will have that freedom. We will list the circumstances in the areas where expenditure can be made to make sure that it is clarified in great detail. And I'm confident of that outcome by the end of next week.

JON FAINE:

Well, there are many, many, many families and businesses and households and charities who are listening wondering what on earth the delay has been about. Let's leave that aside and say, thank goodness now we have your absolute assurance, live to air, that this will be resolved.

While I have you, Assistant Treasurer, with the employment figures yesterday, just briefly, we see that there has been no increase in full-time employment but an increase in part-time employment; in the circumstances I'm sure that's better than nothing, but does it disappoint you that it's only part-time jobs?

NICK SHERRY:

Oh, yeah, that's always of concern, particularly for individuals, I think, who are obviously looking for full-time employment.

The figures were, of course, lower than expected in terms of the increase in unemployment. I mean, unemployment didn't go up. There has been some better economic news in the last couple of months but we still face, you know, a tough period ahead. We're certainly not out of the woods yet, when I look at what's happening in the rest of the world; that will impact on us, and we still expect unemployment to increase over the next year.

JON FAINE:

Despite that was an expectation even before yesterday's figures, everyone thought unemployment would go up on yesterday's figures and it didn't. So you still expect unemployment to go up despite that?

NICK SHERRY:

Oh, well, the Budget still predicts unemployment to go up to eight and a half per cent.

JON FAINE:

But the Budget parameters were set months ago.

NICK SHERRY:

Oh, well, they were set four months ago, and I remember at the time, Treasury and the Government were criticised for understating unemployment and overstating economic growth; and four [laughs] months later, I have to say, some of the same people are criticising us of - for not being more optimistic. Now they've changed a bit.

But look, there've been some good figures but if unemployment in any of the economic growth forecasts need updating, that will occur in November when we have the mid-year economic forecast.

JON FAINE:

A shot in the dark, Senator Sherry; we've heard just in the news a moment or few ago that the Prime Minister's wife has been put into hospital in Far North Queensland. Do you have any information on that at all?

NICK SHERRY:

No, I don't, Jon. I was informed this morning just before eight o'clock that she got into hospital, but, look, I don't know...

JON FAINE:

All right...

NICK SHERRY:

... the circumstances.

JON FAINE:

And just finally, then, next week in the Senate, you have the opportunity - the Labor Party undoubtedly will take - to make life more difficult for the Opposition on what's called Utegate. Are you calling for an inquiry by the Privilege's Committee? Are you, as a Senator, going to be pushing further to...

NICK SHERRY:

Oh, yes, I think there's some important issues to answer. I mean, obviously, Mr Grech's behaviour, on the face of it; but also, the behaviour of particularly Senator Abetz, who claimed he got his information from a journalist, when, again, prima facie, he obviously didn't get it from a journalist, he got it from Mr Grech. Now, that could be - it could be argued he misled the Senate. And also the issue of what, frankly, was a total pantomime coaching witnesses; that needs to be explored, as well.

JON FAINE:

Thank you for your time this morning, and thank you for dealing with the fire appeal issue which we will await more information on next week. Senator...

NICK SHERRY:

Thank you, Jon; and I'll make sure I personally - or Bill Shorten, who's worked hard on this issue - provide you with the details next week.

JON FAINE:

Well, we do want to see it through, because it's been talked about now for months...

NICK SHERRY:

Yes.

JON FAINE:

... and we're getting a bit impatient. Senator...

NICK SHERRY:

I understa...

JON FAINE:

... Nick Sherry, the Assistant Treasurer in Kevin Rudd's Government.