

## **INTERVIEW WITH SKY NEWS AM AGENDA**

**28 JULY 2009**

**8.30AM**

**SUBJECTS: Health System Reform, Latest Polls and Emissions Trading Scheme**

**ASHLEIGH GILLON:**

Welcome back to AM Agenda. We're going to go straight to our panel of politicians this morning. Joining me from Melbourne, the Assistant Treasurer, Nick Sherry, good morning.

**NICK SHERRY:**

Morning, Ashleigh. Good morning Peter, and good morning to your viewers.

**ASHLEIGH GILLON:**

And Peter Dutton, the Shadow Health Minister from Sydney, nice to have you with us, Peter.

**PETER DUTTON:**

Yeah, good to be with you, Ashleigh. Good morning, Nick, and to your viewers as well.

**ASHLEIGH GILLON:**

Let's start off on the proposals for health reform. Nick Sherry, do you think the Prime Minister was being overly ambitious when he committed to making a decision about a possible hospital takeover by the middle of this year and now it looks like we won't have a decision on this for at least another six months and who knows when we'll start seeing some improvements in the system?

**NICK SHERRY:**

Well no, I don't think he was being overly ambitious. We've already provided significant additional funding to the states; there's a package of some \$64 billion.

I think - what the commission report that was handed down yesterday outlines the significant extent to which the health system needs a fundamental shake-up and that will require considerable debate and

thought, with consultation with the various health sectors and the community over the next six months.

And at the end of the day, if the states don't respond to this fundamental shake-up of our health system, then the Prime Minister's made it clear the health system, the hospital system, will be taken over by the Commonwealth if they don't respond to these proposals.

**ASHLEIGH GILLON:**

The time line though for the implementation of these reforms is pretty vague, isn't it? It doesn't look like we'll see any sort of improvements until at least after the next election.

**NICK SHERRY:**

Well, I think we need to understand - well, firstly we've allocated significant new monies to the states with that \$64 billion package.

But we've been dealing with the impact of the global economic crisis; that's been rightly our first priority, cushioning the Australian economy from the impacts of the global recession.

But the changes that commission have proposed are enormous in their scope, and they need to be thoroughly considered, thoroughly debated, and the Prime Minister has set - rightly set a six month time frame for the states to respond, and for the community to respond.

[Unrelated items - question to Dutton about Kevin Rudd's tour of hospitals and Dutton's response]

**ASHLEIGH GILLON:**

Nick Sherry, isn't that a fair criticism? What can the Prime Minister learn from touring around to some 25 hospitals around the country? Isn't that what he hired this commission to do over the past 18 months or so?

**NICK SHERRY:**

Well look, I make the point, we're dealing with the legacy of the former government of almost 12 years of inaction, cuts to public hospital funding and the public health system around Australia, and you can't fix that overnight.

And the proposals that were released yesterday are very deep and widespread. They represent the most significant shake-up of our health system certainly in 20 years, and it's very, very important to get this right.

We don't want to waste money. We want to make sure that we do more - more within the funding constraints that the Commonwealth budget faces. So it's very important to consult, very important to get it right, to try and achieve as much support as possible from the health sector, from the community and from the state governments.

But as the Prime Minister has said time and time again, at the end of the day, if that support's not forthcoming from the state governments, then the Rudd Labor Government will act decisively and take over...

**PETER DUTTON:**

[Laughs]

**NICK SHERRY:**

...the hospital system.

**ASHLEIGH GILLON:**

Do you think that's a likely outcome, Nick Sherry? Do you think the states will be willing to cooperate with the Government on this?

**NICK SHERRY:**

Well, I think so far right across the board with the states there's been a good degree of cooperation. Now we'll see in six months what those consultations deliver from the states and the health sector, but I have no doubt the Prime Minister means what he says.

If we don't get the cooperation of the states and we don't get agreement to these improved health outcomes, then the Prime Minister will act - I have no doubt about that.

**ASHLEIGH GILLON:**

Well, yesterday we saw the WA Health Minister, the Victorian Premier express doubts about moves to take over some of the states' responsibilities.

[Unrelated items - questions to Dutton about negotiations with state governments and Liberal Party health policy and Dutton's responses]

**ASHLEIGH GILLON:**

Nick Sherry, as Assistant Treasurer of course you're well aware that these reforms would cost billions of dollars. How do you expect these reforms will be paid for? Today The Daily Telegraph is reporting that an average

income earner could face a Medicare levy hike of around \$1000 per year - is that in the ball park?

**NICK SHERRY:**

Well look, I just make the point that Peter, when he was in government as a minister, had almost 12 years to fix the Australian health system, and in that time it moved from the sick ward to the critical ward.

Now, mid-way through our term ...

**ASHLEIGH GILLON:**

Nick Sherry, let's just focus on what the Government's doing.

**NICK SHERRY:**

Well, well...

**ASHLEIGH GILLON:**

I just need to - we do need to move on to another topic.

**NICK SHERRY:**

Well, let me make this point: we haven't seen any health policy from Peter Dutton or the Liberal Party because they're spending too much time fighting.

But in terms of the cost - in terms of the costing of this the Government has made it clear that we intend to return the Budget to surplus over the short to medium-term, over the next six years ...

**PETER DUTTON:**

[Laughs]

**NICK SHERRY:**

...and we intend to keep expenditure within two per cent real growth as the recovery occurs.

So whatever the final costs after the consultation is completed, we intend to move our Budget to - back into surplus; we intend to maintain increases in expenditure to two per cent real when the recovery - when the recovery starts internationally; and that will be one of the basic fiscal parameters in which policy will have to be determined.

**ASHLEIGH GILLON:**

Okay, we do need to move on. You both heard Martin O'Shannessy from Newspoll discussing the details of this - these poll results today showing that Malcolm Turnbull's hit a new low in popularity.

[Unrelated items - question to Dutton about his own leadership potential and Dutton's response]

**ASHLEIGH GILLON:**

Of course another core promise was delivering on an emissions trading scheme: Nick Sherry, did it worry you to see in these polls today that last year in September, 61 per cent of voters wanted the Government to act on climate change no matter what the rest of the world was doing; today we see that number's dropped down 20 points to just 41 per cent? Do you think public sentiment is shifting away from the Government on this issue?

**NICK SHERRY:**

Well look, what I think the polls generally reflect is strong support in the community for a decisive Rudd Labor Government in responding to the world economic crisis, to the policies we put in place to cushion the Australian economy in the face of the global recession. I think that broadly reflects strong support for that approach.

And broadly, I think it does reflect strong approach - Labor's strong approach to the issues of the day; whether it be health, whether it be the emissions trading scheme. And on the...

**ASHLEIGH GILLON:**

But support is dropping away...

**NICK SHERRY:**

...on the other side of politics...

**ASHLEIGH GILLON:**

...on that ETS.

**NICK SHERRY:**

Well, I think there is strong - there continues to be strong support in the community for an ETS and that was an election commitment that will be delivered.

And the Liberals, very divided on this issue, and I think in part the problem for them in terms of their poll results reflects a divided Opposition that simply can only oppose what we've done on the economy, to cushion the Australian economy; is very divided on the ETS.

I mean, the acid will be on the Liberals in the Senate when we return in two weeks to vote for the ETS. They said they supported...

**ASHLEIGH GILLON:**

Well, Nick Sherry, today there are reports that...

**NICK SHERRY:**

... an ETS.

**ASHLEIGH GILLON:**

... the Government's looking at doubling compensation to the coal industry to \$1.5 billion to protect jobs in that industry. Are you aware of any manoeuvring on that?

**NICK SHERRY:**

Well I am aware that we're going to provide \$750 million to the coal industry. We're very, very aware of the need for those sorts of payments to cushion the coal industry. What I am aware of, in particular, as I move around the business community is they want certainty. They want this legislation passed; they want to know the parameters in which industry can operate under the ETS.

**ASHLEIGH GILLON:**

Is more compensation on the way, though, for the coal industry?

**NICK SHERRY:**

Well, Greg Combet is dealing with those negotiations, and he'll continue to have those discussions. But what is important is that we have business certainty, that the ETS is passed through the Senate in a fortnight when the Parliament resumes.

[Unrelated items - discussion of Turnbull's action on an ETS, discussion of the release of Tony Abbott's book and Abbott's comments on industrial relations]

**ASHLEIGH GILLON:**

Okay, we'll have to leave it there, we have run out of time. Assistant Treasurer Nick Sherry, Peter Dutton, thanks for joining us this morning.

**PETER DUTTON:**

It's a pleasure, thank you.

**NICK SHERRY:**

Thank you. Good morning.