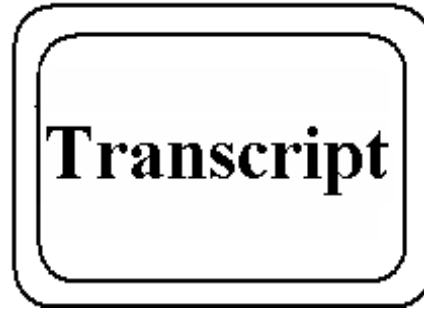




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Transcript of

Senator Nick Sherry
Assistant Treasurer

ABC 2 News Breakfast

Interviewers: Beverley O'Connor, Michael Rowland
1 July 2010

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SUBJECTS: New financial year, Tax cuts, economy, superannuation reforms, National Health Agreement

Beverley O'Connor: Joining us in the studio with more on what we can expect is the Assistant Treasurer Nick Sherry. Great to have you with us thanks for coming in.

Nick Sherry: Good morning. I was going to say I remember those wobble boards from Rolf Harris in the '60s and '70s

Beverley O'Connor: They have moved on thankfully. Look, the financial year is fresh; I guess most of us are really hoping this ride for the next financial year is not going to be as tough as the one we've just gone through.

Nick Sherry: Well, certainly families and hard working Australians have been facing financial pressures; the global financial crisis has impacted. Fortunately, in Australia it's been minimal. I mean, unemployment has been coming down but the tax cuts starting today are the third round of tax cuts and perhaps best illustrated by a person on \$50,000 of income, their income tax will reduce by \$450. It's modest, but it's the third round of tax cuts so for that individual on \$50,000, the tax cuts over the last three years have added up to about \$1,700-odd, 1750, I think, it's a fairly substantial tax cut over this last three years.

Michael Rowland: Is that something voters you hope will think about when and if the Government goes to the polls in the next two or three months?

Nick Sherry: Well, I think what it does reflect is responsible economic management. We're delivering these tax cuts and bringing a Budget back into surplus in three years, three years early. We've got a strong economy, one of the strongest in the world, decreasing unemployment, so Australia's in a far stronger position than other countries that have been increasing taxes in these sorts of areas.

Beverley O'Connor: Let's take a look at superannuation for a moment. You have frozen matching your contribution for lower paid workers. Why do that because that is going to be such a critical part in terms of the future.

Nick Sherry: Well, that's the dollar for dollar co-contribution as it's known. It's still a dollar for dollar which is, I'd have to say, for low level income earners...

Beverley O'Connor: But that's frozen at a thousand dollars over the last couple of years.

Nick Sherry: Yes, but I mean that's effectively the equivalent of 100% return, so it's a very, very generous scheme. What we have indicated is that superannuation increases over an 8-year period, will increase from 9 to 12%. One other important change is that as part of our tax package we've said there will be a rebate for low middle income earners of the contributions tax they pay. Many low-middle income earners pay a 15% contributions tax on their super and there's no advantage to them effectively, so that's another significant positive change for that group.

Beverley O'Connor: The Cooper Review has now put forward further recommendations to you and I guess critical to this is making life simpler when it comes to super for people because it is such a difficult area to negotiate, it's often very complicated the products that are on offer. Will you take on board those recommendations?

Nick Sherry: Well, the Cooper Review goes to my colleague Chris Bowen, Minister for Financial Services, but the Cooper review has been looking at the operation of our system, simplifying it and getting fees down in our system which, interestingly, haven't come down significantly as the money in people's accounts has grown and grown in the system, so it's simplicity, greater fairness and getting fees down over time and reducing fees is critical because even a small decline in the fee you pay of even a quarter or a half-per cent each year can add tens of thousands of dollars to your retirement income. The review itself - Cooper's published a range of observations and proposals about our superannuation system - it will be released in the next short while by my colleague Chris Bowen. It's only part of the work Chris has been doing. He's also banning commissions which are determined to be undesirable in our financial system, conflicts of interest, so Chris has been doing a massive job of work in this area.

Michael Rowland: Just finally and quickly Nick Sherry, Western Australian Premier Colin Barnett is accusing the Federal Government of putting sick and elderly people in that State at risk by withholding more than \$300 million in health funding by the

ructions in the health deal, will the Government reconsider sending that money to the West.

Nick Sherry: Well, as I understand it, he hasn't signed the National Health Agreement. There will be extra monies when he's signed. There are monies flowing anyway, because Labor's provided additional funding to our health system. So he is receiving extra money and there will be extra money if he signs the agreement.

Michael Rowland: Not enough, he says that's not enough to cover the various health needs.

Nick Sherry: Well he needs to sign the agreement and he will receive substantial additional funding.

Michael Rowland: So this isn't blackmail from Canberra?

Nick Sherry: There's always negotiation and agreements as part of the National Health Reforms that Labor's undertaking to improve the strength of our health system and it's perfectly reasonable. I mean, if you want the money you need to participate in the oversight and the governance and the improvements to the health system.

Beverley O'Connor: We are going to have to leave it there. Thanks for joining us.