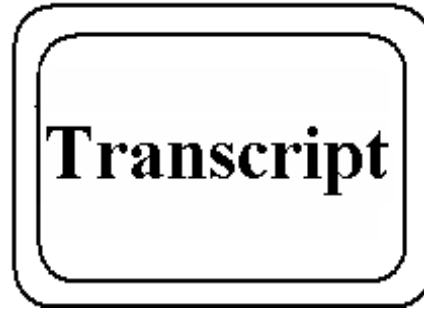




## ASSISTANT TREASURER

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### Transcript of

**Senator Nick Sherry**  
Assistant Treasurer

CNBC Asia Squawk Australia

Interviewers: Karen Tso, Sri Jegarajah

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**SUBJECTS: New Gillard Government, Mining tax**

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KAREN TSO: What does the Gillard Government win mean for Australia's economy and the mining sector? Senator Nick Sherry is the Assistant Treasurer of Australia and he joins us now from Sydney. Senator Sherry welcome back to the show, before we get to all those big issues I want to tap into the mood and sentiment and see how you are feeling today because it has been a long journey over the past 17 days.

NICK SHERRY: It certainly has, although I would have to say from my personal perspective I've seen minority government before in my home State of Tasmania, so for me not that unusual but it is obviously good to be back in Government. We will as the Prime Minister Julia Gillard said, remain focused on delivering for the Australian people and acting in the national best interest but it has certainly been a little longer than you would normally expect waiting for the result.

KAREN TSO: Those two words you just touched on, the stability of Government seems to have been a key factor yesterday in helping the independents decide who to go with, but just how stable a Government will it be, we are talking about a very close minority that the Government has now got, if there are by-elections this could trigger another return to the polls but the bigger question down the track right in your backyard in the Senate as the Greens start to assume the balance of power come

next year. How does this affect politics in Australia as far as you see it?

NICK SHERRY: Well I think we will be a stable Government. By-elections in the Lower House are relatively unusual in Australia, so we'll see what happens if and when that happens but what you need to remember of course is that very few governments in Australia, governments formed in the Lower House have ever had a majority in the Upper House in the Senate where I have been a senator for 20 years. Governments of every description, Labor or Liberal over the last 25 years have had to negotiate with the cross benches in the Senate now on this occasion of course the Government will have to negotiate with the cross benches in the House of Representatives and the Senate and that doesn't necessarily, and I would argue, we will have stable government. It will mean a lot more discussion and negotiation around specific legislation in both the lower and upper house.

KAREN TSO: Yeah, Senator negotiations so far just to get to where we are today involved \$10 billion dollars being forked out to regional Australia and the question today is how are we going to pay for that? We've had some comments out earlier from Wayne Swan saying there were some savings actually made in the Budget for additional spending, perhaps you can flesh this out and explain this to us a little bit more.

NICK SHERRY: It will be paid for in a couple of ways, firstly I would emphasise that we will be delivering a surplus in three years, three years early, we will be maintaining our expenditure growth cap of two per cent. There are a number of existing programs where we will be reallocating in health and education, we will be reallocating and re-prioritising existing funds to what is colloquially known as the bush, regional Australia, secondly there is one element of our tax package that we will be deferring for a year and then thirdly in maintaining the strict fiscal rules and going back into surplus in three years we will be, I've been a member of the expenditure review committee, we will be finding any savings that are necessary to deliver on that Budget surplus in three years so the extra funding in health and education for regional Australia will not be impacting on us moving back to a Budget surplus in three years time.

SRI JEGARAJAH: Senator I just want to pick up on the point of the specific policies, the passage of the mining tax and the carbon tax isn't that arguably in for a rocky ride if there is an increase presence of the Greens in the Senate?

NICK SHERRY: Well I think you have to first start with the House of Representatives, we will need to have or obtain a majority with the support of not just the Green in the House of Representatives but also the Senate but also the independents in the House of Representatives, we will need to negotiate with them in order to find the detail, the final detail of a mining tax that can pass the House of Representatives. Interestingly the Greens did commit during the election campaign to passing the mining tax whilst they disagreed with some of the detail, so I believe when we have constructed a majority in the House of Representatives on the mining tax I believe it will pass the Senate given the commitment the Greens already have. Let's not forget you are negotiating with a Green in the House of Representatives who will consult with his colleagues in the Senate.

KAREN TSO: Yes Senator I am going to take the opposite end of that and take a different tact, the number one worry on markets this morning is that if this mining tax goes through it could be quickly backed up by some form of a carbon tax, a second slug on an industry that is a major revenue producer for Australia, you've just listed your financial credentials and your close ties with business, how would that impact sector that is incredibly important to Australia?

NICK SHERRY: Well, we'll be going through a consultation on the pricing of carbon, how that would occur and that consultation would take place over the coming years. It's a process that will be detailed and considered, there will be absolute maximum consultation. The final form and the detail of that is to be determined, but we've said ultimately carbon will need to be priced, the time frame and detail will have to be negotiated.

KAREN TSO: Senator, Just very quickly before I let you go if I can get a little bit personal, the finance ministry position is also available now after Lindsay Tanner stepped down at the election, are you also going to be trying to expand your portfolio?

NICK SHERRY: Look I will be more than happy to remain in the ministry, I've enjoyed being Assistant Treasurer, I've been responsible for financial services in the past, whatever the Prime Minister determines, it's her call. The only other comment I would make is that we have lost a fantastic Finance Minister in Lindsay Tanner and his boots will be very hard to fill.

KAREN TSO: True we are missing Lindsay Tanner so far but there is a lot of talent sitting in that CNBC chair there in Sydney as well, thank you for joining us this morning Senator Nick Sherry, Assistant Treasurer of Australia.

NICK SHERRY: Morning.