



TRANSCRIPT

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Minister for Small Business
Minister Assisting on Deregulation
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CNBC Asia Squawk Australia

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7 October 2010

PROOF ONLY

SUBJECTS: Small business, interest rates, Australian economy

KAREN TSO: Welcome back. The United Retail Federation of Australia has issued a stern warning to local banks urging them not to lift interest rates independently of the Reserve Bank of Australia. The URF says if lenders ignore their warning it will name and shame them and call on small businesses to boycott the offending banks. In recent weeks, Australian lenders have upped rates for small and medium enterprise customers sighting higher funding costs.

Joining us now from Sydney is Senator Nick Sherry, Australia's Minister of Small Business, along with a bunch of other portfolios including deregulation and tourism. Senator, always great to have you on the program. Australia is an interesting one, isn't it when you look at it on the world scale, higher interest rates of any other developed nations because the growth story has been so strong, well when you break it down, it feels like we're back in that situation of a tale of two cities, a growth in the booming west and the east a little bit more sluggish, what do you think the challenge is for small business?

SENATOR SHERRY: Well first, good morning Karen, good to be back with you and good morning to your viewers. Well, there is no doubt the Australian economy has performed very, very well. It's one of the strongest advanced economies in the world, and hence, interest rates, obviously set by the independent Reserve Bank, are higher than many other comparable countries because of the strength of the economy. Small business, specifically

obviously, the remarks in your introduction - funding, lending, borrowing rates are a concern for business, but particularly small business it is a tougher environment, the financial crisis has seen the big four banks in Australia assume a much more dominant position in the market and we've seen the contraction of alternative lenders, securitisation etcetera and so you know I agree with much of the commentary that banks when adjusting rates, should be very, very mindful of the impact on business, there's no justification for rate increases above the rates set from or by the Reserve Bank from time to time.

KAREN TSO: You know Australia didn't go through an official recession it still felt recessionary for some parts of the economy so small business in particular feels as though it didn't have a big pile of cash that they'd built up because of the crisis and now as we head back to so called good times they're now being slugged with higher rates, how concerned are you about how that's going to effect many businesses?

SENATOR SHERRY: Well, firstly I'll make the point that small business, we're dealing with more than two thousand, sorry two million businesses and it's quite a mixed picture. I mean some sectors of small business are doing it tougher than others, but it is a tougher environment because the number of financial providers in Australia. There isn't the diversity we had before the global financial crisis and whilst the Australian economy didn't have a recession and you know obviously small business hasn't had the tough times that we've seen in Europe or North America there are still challenges, I mean tourism is the classic, the tourism market has changed in Australia; we're now seeing more people leave Australia for holidays than coming in, so in the tourism sector it's tougher. My focus assisting the Tourism Minister, as well as the Small Business Minister, and assisting on Deregulation, I'll be focusing on the tax reform package some of which is there to help small business, we're going to introduce company tax cuts for small business and also improved appreciation write offs and secondly I'll be focusing on deregulation, small business is concerned about regulation.

SRI JEGARAJAH: Senator, I'm glad you mentioned those incentives from Government, I wanted to follow up on that. Here in Singapore though with Karen is there enough room in the budget for support any extra measures to help bolster the smaller businesses in Australia that are struggling as you mentioned.

SENATOR SHERRY: Yeah, look there is and what was missed I think in the debate about the mining tax which I know you covered very extensively, was that the mining tax revenue is to be used to provide a range of tax cuts. There'll be tax cuts for small business, company tax, there will be very significant improvements in depreciation write offs from one thousand dollar limit, goes up to five thousand dollars for small business, that's all part of the

tax reform package funded by the mining tax. There'll be cuts to tax on superannuation for low, low middle income earners, so and there are other packs as well, so it's a package it is, it is, it is funded but it's funded by the mining tax.

KAREN TSO: Senator just very, very quickly because we are out of time, but the unemployment rate nudging back to 5 per cent the skill shortage is that posing a problem for many workplaces?

SENATOR SHERRY: It certainly is, depending on the various sectors of the economy but as I mentioned despite some tougher times for the tourism industry, meeting with the tourism sector yesterday there are skills shortages emerging with cooks, chefs, certainly the mining industry, already skill shortages latest unemployment figures, I mean, they will be released today we have one of the lowest unemployment figures of any advanced economy, it's a product of a strong economy we are going to have to deal with those issues, additional training, employment skills they'll be an ongoing focus of the re-elected Labor Government.

INTERVIEWER: Great to have you on board with us today, Senator Nick Sherry joining us.