



TRANSCRIPT

SENATOR THE HON NICK SHERRY

Minister for Small Business
Minister Assisting on Deregulation
Minister Assisting on Tourism

Sky Business News

Interviewer: Ky Chow

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PROOF ONLY

SUBJECTS: Small Business access to credit, Minority government, strengthening Australian dollar

INTERVIEWER: Now the Small Business Minister says he's confident changes to small business rules will get through Parliament.

Nick Sherry says there isn't much the Government can do to directly improve the credit squeeze on small businesses.

Sky news business reporter Ky Chow spoke with Senator Sherry at the Australian Banking and Finance Forum; he put it to the Minister that the Government's hands are tied in the addressing the greatest concern of small business, a lack of credit.

SENATOR SHERRY: Well, there is no doubt that there is an overhang from the Global Financial Crisis in terms of credit provision and it's very obvious that securitisation and a number of non bank providers has shrivelled, in some cases disappeared.

That's a very obvious change. Government has been able, one to keep the macro economy strong, if you like, our financial system strong, so we can make a contribution there.

RMBS, the latest 8 billion dollars in RMBS, about 10 per cent of that, I understand, flow through to small business, so we can make a difference.

KY CHOW: That's a very small contribution though, isn't it? I mean 10 per cent of 8 billion dollars for the entire small business economy.

SENATOR SHERRY: I accept we're not going to be able to return the financial system to the way it was three years ago before the GFC. And I have to say in some regard, you wouldn't want to frankly, given some of the aspects of the financial system particularly internationally.

So we do, there is no magic wand the Government can wave and say we'll return to the credit conditions that existed three years ago, and as I say, in some cases you wouldn't want to.

KY CHOW: There had been some discussion at one point of people who called Rudd bank, so why not like a small business version (inaudible) if you say it's not the role of Government (inaudible) it was discussed previously (inaudible)

SENATOR SHERRY: The discussion, that was in terms of the property market at the height of the GFC and what we were seeing emerge in other economies, advanced economies, and the collapsing property market, that didn't happen in Australia but there are limitations on Government.

Government can't wave a magic wand and I certainly and the Government believes that it's not the role of Government to establish specific banks (inaudible) specific areas of the Australian community including small business, that's not Government's role and we don't intend to pursue that as a policy option.

Maintaining a strong economy, tax improvements and reductions for small business, being able to encourage finance and more competitive finance assistance.

They are the broad and specific areas where Government can make a difference.

KY CHOW: Many people think that this Government is not going to be a reformist Government because it is a minority Government.

Now is that an issue though, that doesn't apply so much to small businesses because it is a less controversial policy area?

SENATOR SHERRY: Firstly on the issue of minority Government, I mean, I've been in the Senate now for twenty years, and it is not unique for any Government of the day, be it Labor or Liberal, to have to negotiate from the minority position in the Senate, (inaudible) it's always been the case.

You win or lose a vote by one or two votes, now that's the case in the House of Representatives now, so I still believe we'll be a strong and decisive

Government, there are reforms to the tax system that I mentioned that are a benefit to small business and I believe we will be able to progress things successfully.

KY CHOW: You're also the Minister assisting in Tourism (inaudible) Australian dollar, whether or not it gets to parity is probably by the by at this stage, again, is this an area where the Government's hands are tied, in terms of helping the Tourism Industry, which is obviously going to be hit hard by this.

SENATOR SHERRY: A couple of points, look, the Australian dollar, the value reflects a strong economy and we don't control the currency it's a free market, it's floated. There are swings and roundabouts there's no doubt and I have had in my tourism consultations, concerns expressed about the impact, but as I say, Government doesn't control the dollar.

Notwithstanding that, there are things that Government can and is doing.

In the tourism area for example, we are seeing, despite the higher dollar, we are seeing continued growth in tourism numbers visiting Australia.

China, India, those areas experience significant growth, and notwithstanding the higher dollar value, are projected to see significant growth over the next decade.

KY CHOW: (inaudible)

SENATOR SHERRY: However, what we are seeing is an increasing, an accelerated and increasing movements of Australians taking holidays overseas, and part of that is the dollar part of that is cut price air fares.

Now, Government can't say to people, don't go overseas, it is their choice to travel to a holiday destination, but, we have encouraged for example in this last weekend, asking Australians when taking their leave and more should be doing it frankly, having a short term holiday in Australia.

So there are things that can be done by Government, Australian, Tourism Australia in conjunction with State Governments. There is very heavy promotion and advertising of Australia.

Now, notwithstanding this, all of this, the growth in tourism is still expected to be strong as an industry over the next decade.

The growth in tourism at the moment is delivering, current job levels are about four hundred and seventy thousand, notwithstanding this change in tourism, increasing numbers of Australians going overseas, but increasingly, increasing visitors from overseas. The jobs estimate for tourism in ten years time will be six hundred thousand jobs. It will actually be one of the strongest areas of growth in jobs, will be in tourism, a hundred thousand jobs, there are

very few sectors of the economy that will see that jobs growth, notwithstanding the higher Australian dollar, notwithstanding the challenges, there will still be good strong growth in that sector overall.

INTERVIEWER: So, the message is, in the long term things will be good but in the short term while the dollar is strong, grit your teeth.

SENATOR SHERRY: Well, that factor's in, a higher, an average higher Australian dollar. No withstanding the higher Australian (inaudible).

And yes, there are challenges for some sectors, domestic, those heavily relying on domestic tourism, particularly some of our regions, is tougher, there's no doubt about that, but the overall industry is still expected to grow, notwithstanding more Australians going overseas.

We want to do all we can, and we are to encourage, increasing international tourist visitors to Australia as well as encouraging Australians to spend as much time as possible of their vacation holiday period in Australia.

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