

**THE HON RICHARD MARLES MP
SHADOW MINISTER FOR DEFENCE
MEMBER FOR CORIO**

**E&OE TRANSCRIPT
PYNE & MARLES
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SUBJECTS: Liberal leadership;

CHRISTOPHER PYNE: Well, good afternoon and welcome to Pyne & Marles, here on Sky News Live. It's Friday, the 24th of February, 2017, and it's 1 o'clock Australian Eastern Standard Time. I'm Christopher Pyne and I'm here in Adelaide, and my colleague, Richard Marles, is with us from Melbourne today. Good afternoon, Richard.

RICHARD MARLES: Good afternoon to you, Christopher. I'm wondering how you are this fair afternoon, having got some very frank and fearless advice last night: you're drifting towards defeat, you don't know what you stand for, you need to be more conservative, and it would appear that you've got a Prime Minister-in-waiting just for you. So the question I've actually got coming out of Tony Abbott's spray is this: When Tony Abbott comes back and gets the top job again, is he gonna let you do this show with me?

PYNE: (LAUGHS) Well Richard, I don't think that's a bridge that we'll need to cross any time soon. And of course in our, uh, in our job, we get a lot of advice – uh, some of informed, some of it ill informed - and it's important for it to be consistent. And Tony Abbott's given us five subjects that he's decided to try and deal with, and I think it's important to go through those, albeit briefly. He says that we should freeze immigration. Yet when he was the Prime Minister, he had record levels of immigration - something that I support, coming from South Australia. He says we should abolish the Human Rights Commission and yet when he was the Prime Minister, he shut down the debate on whether we should reform section 18C. He says we should cut taxes, and yet when he was the Prime Minister, he increased taxes - whether it was the deficit levy on high income earners or whether it was the fuel tax. He says we should slash spending, uh, and yet when he was the Prime Minister in 2014, he attempted to slash spending and all he did was create zombie bills, that couldn't pass through the Senate. So, um, the fifth subject, of course, uh, was the renewable energy target. And the truth is, of course, he set the renewable energy target at 23.5% and described it, at the time, as one of the achievements of

his government. So when you're in a glass - when you're throwing stones, it's important not to stand in a glass house, uh, and that seems to be what Tony Abbott has done. I want to remove the personal from the subject. There's no personal criticism of Tony Abbott, but he's given us five challenges, and it's important to look at the consistency of his own record.

MARLES: Well, Christopher, I feel like I've heard this script before. I can't exactly remember when-

PYNE: -But you've seen it before.

MARLES: I have absolutely seen it before and I do know it doesn't end up that well, but you've been talking a lot about that fact that backbenchers are entitled to their point of view. Would you give that amount of attention to any other backbencher giving a five-point plan?

PYNE: Well, absolutely. I mean, I think the backbenchers should be free to talk on subjects that they think are important. We're not a Stalinist party, unlike the Labor Party, and the truth is that-

MARLES: (LAUGHS)

PYNE: -if Tony Abbott has set us five different challenges, it's important for him to be able to confirm and protect his own record.

What I've tried to outline is, regardless of whether it's destructive, regardless of whether it's a broken promise in terms of being a wrecker or sniping from the sidelines, which he said he wouldn't do - others of my colleagues have commented on that today, notably Mathias Cormann on Sky News earlier this morning - I've just dealt with each of the subject that he's raised and pointed out the inconsistency of his own position. But let's get on with the show. What have we got on today?

MARLES: Well, we will get on with the show but I can tell you, Christopher, the 'Stalinist party' line ain't get you out of this one, my friend, and former Prime Ministers, I can assure you, are never just any old backbencher - but we do need to get on with the show.

We are going to be talking about energy again today. It's been one of the big debates in the new parliamentary year and it's continued into the week. Yesterday, we had a very significant decision by the Fair Work Commission in relation to penalty rates, and of course, we have ongoing the historic first visit of an Israeli Prime Minister to Australia, Benjamin Netanyahu, and we'll be talking about that as well. Our guest today, to talk about both the Israeli Prime Minister's visit but also the upcoming visit of the Indonesian President, will be Peter Jennings, the Executive Director of the Australian Strategic Policy Institute, and we'll be talking to him about both of those.

But let's start with the energy debate. It has again carried on into this week. Take a look at this.

UNKNOWN SPEAKER: Well, governments of both political persuasions in Australia have been investing significantly in CCS technology and research. It's a proven technology.

UNKNOWN SPEAKER: That technology is simply not commercially deployable. I mean it does intellectually have the ability to reduce carbon emissions very significantly, but it is not commercially viable. It's not even close to being commercially viable.

MARLES: So I think those comments, Christopher, are a good example of where this debate is at. Yes, carbon capture and storage is a technology which, in theory, can be done, but Mark Butler's absolutely right when he says that it is not commercially viable, and the fact of the matter is the private sector is simply not investing in the future of coal. So what we've got here is a debate where truth just isn't on your side, and that's the case in terms of the events over the last few weeks with the heatwave. You know, your essential line has been that it's to do with renewables, that we've seen load shedding. We've had a report from AEMO this week which says, in fact, two gas-fired power stations in NSW-

PYNE: -You can't take all the time on this.

MARLES: Well, they were responsible, responsible for that. Ultimately, Christopher, this is not a debate which is going to get you home because nothing gets past the fact you don't have a viable strategy here.

PYNE: Well, we have a clear problem, Richard, and we have a clear solution. The problem is we have incredibly expensive electricity by world standards, when we used to have cheap power, and we have unreliable energy, uh, because of an ideological obsession by Labor and Green governments for renewable energy over, uh, baseload power. We also have a clear solution. And that is to have an all of the above policy, to invest in storage, things like hydro power, uh sorry, pump hydro stations and storage stations, things like clean coal fired power stations. There are 700 clean coal fired power stations in Asia, and 90 in Japan, with 45 being planned; and yet, Labor and the Greens say that we can't have one in Australia, and yet, we're the biggest exporter, biggest exporter of coal in the world. So, we're not gonna be obsessed about ideology. We're focusing on practical outcomes. We all like renewable energy - of course we do - but you have to be able to provide baseload power or business is just going to walk out the door, which is what we've seen in South Australia. On the Labor side, unfortunately, we have a morass of confusion - 19 different positions from Chris Bowen on whether your renewable energy target is an aspiration, whether it's a target, whether it'll be legislated, how much it will cost. It's a complete mess on the Labor side of politics.

MARLES: But carbon, there are no carbon and capture storage and coal fired power stations going on at the moment, and it doesn't matter how much you toss lumps of coal around the frontbench of the government, nothing detracts from the fact that you do not have a viable policy when it comes to climate change and energy, and that's where this debate will end up.

PYNE: Well, we have to move on. I let you have the last word 'cause I'm so generous.

MARLES: (LAUGHS)

PYNE: Now, we're gonna talk about penalty rates, because the Fair Work Commission handed down an historic decision yesterday to make some of the Sunday penalty rates the same as Saturday penalty rates in four different areas, like retail, hospitality and pharmacy. Let's have a look at this package.

UNKNOWN SPEAKER: The current level of Sunday penalty rates has led employers to restrict trading hours, reduce staff levels, and restrict the services provided.

UNKNOWN SPEAKER: It does create the potential for more, uh, work to be created, uh, for more people to be employed.

UNKNOWN SPEAKER: What we have, effectively, is a pay cut.

UNKNOWN SPEAKER: The Commission, and a number of the employer groups that have gone out today, have acknowledged the positive impact that the decision will have on employment.

UNKNOWN SPEAKER: It is a weak and unfair decision, because it is the thin edge of the wedge.

PYNE: So Richard, basically what we have here, of course, is a Bill Shorten-owned decision. Bill Shorten set up the review of penalty rates in 2012, when he was the Minister for Employment. Bill Shorten and the Labor Party appointed almost all the Fair Work Commissioners, and Ian Ross, who handed down the decision, was hand picked by Labor. So the Fair Work Commission, an independent umpire, which Bill Shorten said he would respect whatever decision they made about penalty rates, a Labor umpire in the Fair Work Commission, through the appointments, has decided to change penalty rates, and Bill Shorten, really, owns this decision and has been scrambling about, spinning his wheels, trying to pretend it's got nothing whatsoever to do with him and he's outraged. And yet, he established the review, appointed the Commission, and said he'd abide by it.

MARLES: Well, do you support the decision?

PYNE: Well, as an independent umpire, that was the whole point of setting up the Fair Work Commission. So that political parties didn't get involved - and if I was Bill Shorten, I wouldn't be talking about penalty rates or he might find some of the Clean Event workers come out of the woodwork and explain how Bill Shorten's union, the AWU, took their penalty rates away at the Clean Event company, in exchange for cash and membership lists in order to get more power in the Victorian ALP.

MARLES: (LAUGHS) Oh Christopher, please. Well, you're ducking and weaving on the substantive issue of whether you support it or not.

Look, we're very clear about it: we don't support this decision.

At a time when inequality is at its highest, where we are seeing housing affordability out of reach of so many more Australians, when we've watched your government preside over chronic underemployment, this decision is an effective wage cut, and we are very much opposed to it.

I think it sets up the fundamental difference between the Coalition and ourselves. This is the result of a campaign by you lot, and we absolutely oppose it.

PYNE: So how does that sit with Bill Shorten's statements during the election that he would accept whatever the decision of the Fair Work Commission was?

MARLES: Well, we support, the role of the independent umpire, and what we will make sure that we do is empower the Fair Work Commission going forward, but we've also made clear we will put rules in place which mean that the Fair Work Commission cannot reduce take home pay in the future, and that's important.

But we do need to move on. We, of course, this week have a-

PYNE: -Lucky for you.

MARLES: -had a historic visit, for the first time in 68 years of a sitting Israeli Prime Minister to Australia, Benjamin Netanyahu. Take a look at this.

MALCOLM TURNBULL: Israel and Australia are very good, strong friends.

BENJAMIN NETANYAHU: The first thing that I should say is: "G'day, mate."
(LAUGHS)

TURNBULL: Perhaps the moons are aligning, such that this could be a good time to come back to the table - for the parties to come back to the table and reach an agreement.

NETANYAHU: I ask both former Prime Ministers to ask a simple question, What kind of state will it be, that they're advocating? A state that calls for Israel's destruction? Clearly when people say they're for a Palestinian state, they're not for that kind of state. What kind of state would they be talking about?

MARLES: Well, when it comes to Israel, almost always the conversation is about the conflict between Israel and the Palestinians, and maybe that's understandable, and people have their view. I guess the point I'd simply make there is that those views are important, as is the view of the international community, and there is pressure that can be applied, but at the end of the day a lasting peace will come from those two parties reaching an agreement.

The part of the bilateral relationship with Israel which we don't talk as much about, which, you know, being there in December, was really clear to me, is the innovation tech side of the Israeli economy, defence industry is a good example. There is much we can learn from each other. We have a very similar environment, in some respects, to Israel and in terms of agriculture there's much that we can share. I

actually think, in that respect, it is a really important relationship going forward, and I think that is part of the focus of the Prime Minister's visit to Australia this week.

PYNE: Well, Richard, you're absolutely right about all of those, um, subjects. And of course, you and I, me being from the Liberal Party, you being from the right of the ALP, share a pretty bipartisan view about Israel and our relationship with it. And I had the chance yesterday to spend a couple of hours with Prime Minister Netanyahu, and I've met him before, having been to Israel 7 times over the last 20 odd years, so their relationship is multilayered, and I think could become more, more substantive in the months ahead – months and years ahead. It does disappoint me though that your party is split on the issue of Israel with some of the elder statesmen, like Bob Carr and Bob Hawke, going in different directions, with the left away from the right of the ALP, and it worries me that, uh, you guys will lose control of that - what has essentially been bipartisan for almost 70 years.

MARLES: Oh well, look, it's been a vibrant debate in the Labor Party for as long as I've been in the Labor Party, and I'm sure it will be into the future and, and people who've been the Prime Minister of Australia, as we learnt last night, get to have their say. We do have a strong relationship with Israel and it's an important one to invest in.

But we've run out of time for the first half of the program. Join us after the break when we'll be having a chat with Peter Jennings about the situation in the Middle East. We'll also have a chat to him talk about Indonesia. We'll join you then.

PYNE: Well, welcome back to *Pyne & Marles*, here on Sky News Live on Friday, the 24th of February. It's been a busy week in terms of Australian foreign policy, especially our relationship with Israel and the wider Middle East, and a busy week to come with the visit of Joko Widodo to Australia, the Indonesian President. So we have on our show today Peter Jennings, the executive director of the Australian Strategic Policy Institute, who is a bit of a regular on the program. Welcome to the show, Peter.

PETER JENNINGS: Thanks, gentlemen. Good afternoon.

PYNE: Well, Peter, I'll start with a discussion about Israel and the Middle East, and one of the things that I was struck with with the visit of Bibi Netanyahu is important provisions that he placed on the discussions around Iran in the Middle East. I've just come back from the United Arab Emirates, where I went to the International Defence Expo Conference, the largest trade expo of armaments in the world, in the Middle East - and they were also very concerned about Iran, and I sensed that there was something of a realignment in the Middle East, with some of the Gulf states and other states, finding that Iran is more of a concern to them than some of their past concerns, and do you think that Bibi Netanyahu's visit, has highlighted that change of geopolitics in the Middle East, and do you think it will be impacted by the election of President Trump, and if so, how will that change?

JENNINGS: Well, I hope that Netanyahu's visit does raise the question of Iran in all our minds, Christopher. I think, uh, there was a great deal of attention to the, uh, nuclear agreement that Barack Obama struck with Iran, uh, with others last year. But

really, you know, we need to take a wider look at Iran, you know, positioning to grow its, uh, power and authority in Syria, in Iraq, in Lebanon, um, they're - they're positioning to be the regional great power. And it's not surprising that countries like the UAE, and Israel in particular, are concerned about them. I, I think Iran is a problem for the future in the Middle East, one we that we're going to be very worried about because of its missile developments. And of course, at best, even after Obama's agreement, it's only about 12 months away from being able to develop a nuclear capability. So for all those reasons, I think we do have to be very cautious about Iran's growing position of power in the Middle East.

MARLES: Peter, one of the impacts though of that - and this came through from a visit I had to Israel in December last year - is a sense that there might be a growing relationship between some of the Gulf states, countries like Jordan and perhaps Egypt, with Israel itself, in response to the growth of Iran. So, you know, is Iran, in a sense, maybe the silver lining to the cloud? Does Iran create a new relationship with some of the Arab states and Israel, as Prime Minister Netanyahu has said?

Have we got a technical issue there in terms of Peter being able to hear?

JENNINGS: I'm terribly sorry, Richard - I think you asked me a question but I'm not getting any sound from you at all, my friend. I could hear Christopher perfectly but-

PYNE: -Well, Richard, I think you make a very good point. I think you make a very good point, Richard, and I think one of the things that we need to be considering as Australians, and as a player in the Middle East in terms of our status of our close relationship with the United States and Israel, is how we respond, uh, to this realignment in the Middle East that is occurring between, as you point out, the Gulf states and some of the Sunni states with the rise of Iran. And I also think that the Trump phenomenon will change this attitude because the Trump administration's made it very clear that they'll take a very firm line with Iran, and I can tell you that has been welcomed in the Middle East, uh, and it is different to the attitude that the Obama administration took.

MARLES: Yeah look, there is definitely a sense of change that comes with the new administration in the US, and you know, I think what I picked up was a sense of wondering of how that's going to play out, which I think is probably the way the whole world, in a way, is reacting to Trump in one form or another. I think a critical question as well, and I'd be interested in whether you got this sense, being in the Gulf states, is that a new neighbour in the Middle East is now Russia, in terms of its engagement in Syria. Certainly in Israel, there was a sense that Russia was kind of almost on the border, in terms of being engaged in Syria, and everyone is looking at what the relationship between the US and Russia will now be like under the Trump administration, , and what does that mean in terms of how things play out in the Middle East, and particularly in Syria?

PYNE: Well, I'd love to answer that question, but now that Peter Jennings is back, why don't you put it to him?

MARLES: Let's. Have we got you there, Peter?

JENNINGS: Yes, indeed, I've got the both of you now so-

MARLES: -OK, well-

JENNINGS: -On the question of Russia-

MARLES: -Yep. You go.

JENNINGS: On the question of Russia, I think, you know, Russia has, through Putin's attempt to support President Assad in Syria, it's lifted its position of authority within the Middle East, um, and it did it precisely at a time when the Obama administration was really losing interest and not wanting to be engaged. So again, I think this is another thing for us to be, uh, concerned about. Um, it's not just about Russia's position in the Middle East; it also gives them a naval base onto the Eastern Mediterranean, and that's something which is of serious concern to NATO as well. You know, frankly, apart from the situation we see in Iraq right now, where the Islamic State is being rolled away in Mosul, there's - there's not too many strategic developments in the Middle East which are positive from the point of view of Australia's interests, or Western interests more generally. And I think what that means is that this is going to be, you know, a centre point of trouble for us for the coming decade, and something to be very concerned about.

PYNE: Well, Peter, of course, as a student of history, you would know that Peter The Great – well, ever since the time of Peter The Great in Russia's history, they've wanted a naval base in the Eastern Mediterranean, and have taken a particular interest in that part of the world, particularly in the Levant. So-

PETER JENNINGS: -Yes.

CHRISTOPHER PYNE: -this is not something new for Russia to be particularly interested in Syria, and in Israel, and in Palestinian, and in Iraq and Iran of course. They invaded Afghanistan in the early 1980s. At that time the United States were very concerned they would push on into Iran. There is a very close relationship between Russia and at the moment. Whether that remains will be a question for your geopolitical experts. In response to that how Australia responds to Russia and Iran's involve. In the Middle East will be critical. But I do think this week our relationship has been strengthened with Israel and it has been proven that Australia is one of Israel's closest friends around the world, and one of our longstanding friends. How do you see the importance of Netanyahu's visit in terms of strengthening those ties?

JENNINGS: I see it as very positive, Christopher. Benjamin Netanyahu, on a number of occasions, said that he thought that we could actually double, if not treble, the trade relationship, which is a fairly anaemic billion dollars a year at the moment. I think we can do much better. In your area of portfolio interest, I think there is a lot more that could be done around defence industry, collaboration-

PYNE: -Absolutely.

JENNINGS: -particularly at the high technology end. There are good things in terms of cyber security and counter terrorism cooperation. You know, my own view is, is

that we've rather allowed our thinking about Israel to be sidetracked by the Palestinian debate. That is important, it is critically important, but it can't be the only thing around which we think about our relationship with Israel. A lot can be done to strengthen our economic, Defence and cyber ties. I am pleased to see with Netanyahu's visit I think that has been given some added momentum. Now we have to deliver against all those promises that have been made.

MARLES: Well, Peter, I think on that last point, I completely agree with and you've been an absolute trooper in surviving the technical difficulties we have had, but it has been a great conversation to have with you, and, of course, as always, with you, Christopher, but we have run out of time for the program.

Next week we, Christopher and I, are both at the Avalon Air Show and we are trying to convince Sky to broadcast us live from there. We will see how our lobbying efforts go with the hierarchy in Sky on that issue, but since then, or until then, we will see you on Sky News at the same time. It has been a pleasure talking to you today.

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