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**E&OE TRANSCRIPT  
TV INTERVIEW  
SKY NEWS, CREDLIN & MARLES  
FRIDAY, 7 APRIL 2017**

***SUBJECTS: Syria; Robb Review into 2016 Election; Tax cuts; Housing affordability; Meeting between US and China***

**MARLES:** Well, good afternoon and welcome to *Pyne & Marles*. My name's Richard Marles, I'm here in Canberra this afternoon but not with Christopher Pyne, who is currently in the US, but with Peta Credlin, which makes this something of a Geelong-show Peta.

**CREDLIN:** Absolutely.

**MARLES:** Peta is a good Sacred Heart girl. Welcome.

**CREDLIN:** Delighted to be here. I know I don't look like Christopher Pyne but I hope I give you as much stick as Christopher does, and we have a good show.

**MARLES:** Well I was with Tony Abbott this morning, and he said that I could expect a lot more stick from you than I often get from Christopher. But, the breaking news throughout the day, of course, has been the US air strikes in Syria. Now Peta, you've been at the heart of government, as the Chief of Staff to a Prime Minister, how would the Government be reacting at this moment?

**CREDLIN:** Well, evidently overnight the Government's had conversations with the United States, it's not clear if that was at Prime Minister and President level, I'd be surprised if it was, Richard. It's usually through the Defence Ministers and the defence organisations. I would expect that the Government would have had a least a NSC hook up – a National Security Committee hook up – to make sure all the various moving parts of the apparatus in Australia is across this decision. Now, it's a decision of the United States, Australia is not involved, but looking closely at what the President is saying out of the United States, calling on likeminded countries around the world to take this action seriously, it sort of gives you a bit of a sense that there might be more to come. These things always have to be proportionate, there is a line that has been crossed with the use of chemical weapons, but does that

escalate beyond today's action with 60-odd cruise missiles, that's still not clear. And, as we all have talked about, it's a very new President, quite an unpredictable President if I can say that at this stage, his foreign policy form is not so well known, fortunately I think a lot of people have confidence in General Mattis and the defence apparatus, so we'll have to wait and see.

**MARLES:** Yeah, and an event such as this creates a lot of discussion, and we've – from an Opposition point of view – similarly had a discussion in the last hour about it. I think the, the attack that we saw with the chemical weapons, which has been reputedly attributed to the Assad Regime, was such...well, it was an outrage, and anyone's who's seen the pictures, you cannot help but be moved by it. And I think at the end of the day, it absolutely demanded a response of the kind that we've seen - you're right, it does need to be proportionate. I mean, from our point of view, what we're going to want to be hearing from now is exactly what conversations have happened between Australia and the US, we want to be briefed on that –

**CREDLIN:** Have you sought a briefing?

**MARLES:** We have sought a briefing, or we're in the process of doing that. And that's obviously important. I think the other thing is, it's important for people to understand in an event like this, I reckon both political parties seek to engage on a bipartisan level here, and we want to try and reach a position of bipartisanship as quickly as possible, because, really these are matters which are very much above politics.

**CREDLIN:** And that's certainly what happened, can I say, when we were in Opposition, Richard, when matters happened in Afghanistan, where there was escalation on a number of defence and national security matters, we sought briefings from the then Government, the Gillard Government and the Rudd Government, they were very much forthcoming and the Coalition in Opposition tried to get itself to a position where the Government could be supported when our troops, or our agencies are involved. So I suspect it will be same thing, but there such little detail out here about where the President might go, and indeed where the UN may go, because I can't see a resolution, a resolution coming off, particularly with the veto powers. It's interesting this is all happening while President Xi –

**MARLES:** Yes.

**CREDLIN:** - is at the golf resort in Florida with the President, so this is also, you know, a difficult line, I guess, for the US to manage in the relationship because China has seat on the UN Security Council and have used veto power before. And it's not clear what the Russian response will be, because they've long supported Assad.

**MARLES:** Yeah, look there's no doubt there's a lot of moving parts in this, and getting a sober response in place as quickly as possible – one which is bipartisan – is really important. Perhaps on a more partisan note, or issue, the Robb Review has been a topic of conversation over the last 24 hours, the review of the Liberal Party's performance in the 2016 Election. Now, you were deeply involved in a very successful election campaign in 2013 – I know that because I was on the receiving

end of it; what do you think were the differences between that campaign in 2013 and the last one?

**CREDLIN:** Well, I think there's quite a few. I mean, obviously the report is being considered at the moment by the Liberal Party Executive, and they're meeting in Sydney as I understand it, they're meeting this morning. I'm pleased to see that the Prime Minister is there before he departs to PNG – I understand he's doing a trip to India as well. I think it's important that the leadership team are there, you know, there's an old adage in politics – you would know it well – when elections are won, it's all the Leader's doing and when elections are lost, it's everyone else's doing. This is a case where yes, the Government is in power, but it's only by one seat and they lost 14 seats, um, my time in 2010 – I would hold the 2010 Election up as much as the 2013 – because over those two elections we took 25 seats from your side, so I think the issues will never be the result or the fault of any one individual. I think that when you have such catastrophic failure right across the board, there are issues in seats, in marginal seat campaigns, there are issues in various state divisions, the Liberal Party has a very devolved structure, there'll obviously be issues with strategy, there'll be issues with tactics, there'll be issues with the campaign headquarters, and we've seen that Tony Nutt has resigned this week. I think it would be wrong to hold this issue, or the campaign failure, solely and squarely on Tony Nutt's head. Tony Nutt has had two other state campaigns, and both of those were significant wins, so I think there's a lot of blame that can be shared around. I note there was some mention this morning that even the Abbott budget from 2014 was at fault, and it claimed that it didn't go to Cabinet. Now, it went to Cabinet, it went to Cabinet under the same process it went to Cabinet under the Howard budgets and since, and in fact Ian Watt was then the head of PM&C, a former Secretary of the Finance Department, so I can tell you it was absolutely by the book. That's not to say the politics of that Budget weren't tough on the Government – Abbott Government and Turnbull Government – I think that is fair, but I am told from those who've seen the Executive Summary, Richard: big issues with superannuation, lack of resourcing, old fashioned campaigning... I have to say from observing at Sky, a lack of ticker from the PM, you know, finishing at lunch time, not enough marginal seat visits, running away from doing street walks in Penrith, I think all of those things contributed to a result where the Government's lucky to hang on to power.

**MARLES:** Well, look ultimately the buck stops with the Prime Minister and the Leader and I would agree with you, I travelled with Bill Shorten for a fair part of that campaign and Bill enjoyed it and Malcolm didn't seem to, and I reckon you don't need to go much further than that in terms of understanding the campaign. We're lucky we've Peter Jennings coming in today. Peter is of course the CEO of the Australian Strategic Policy Institute, we'll be talking with Peter not only about what's happened in Syria, but also the summit between Presidents Xi and Trump, we're also going to be talking about the tax cuts which were put through the Parliament at the end of last week – a version of what the Government took to the last election, and the Reserve Bank Governor, Philip Lowe, gave a speech this week around housing affordability, we'll be having a bit of a chat about that. But let's start with the question of the tax cuts. The Government passed, as I said, a version of what they took to the election last year, take a look at this package.

**MARLES:** Now Peta when you look at issues around budgets and tax cuts that goes to the question of governments priorities, obviously the way we look at this is that what we have in here is a tax cut for big businesses whilst at the same time the government is presiding over a Fair Work Australia decision which has cut the penalty rates of ordinary working people but I guess I'm interested in taking –

**CREDLIN:** If I was Christopher I would have leapt in there but I'll let you keep going -

**MARLES:** Well I guess I'm interested in getting your take on this issue. There was a lot of horse trading in terms of getting this package up, so what we've seen is Pauline Hanson, her vote being essentially bought with a proposition which is almost about re-regulating the sugar industry, how does that sit with conservative values and free marketing?

**CREDLIN:** Well, typical Labor tactic Richard, you don't want to talk about the policy of tax cuts and you want to talk about all the other bits and pieces around the edge and I said in the Parliament -

**MARLES:** Your former boss is talking about it -

**CREDLIN:** Well that's fine but I don't work for my former boss anymore and I sat in the Parliament and watched the Gillard Government horse trade themselves, even horse trade the Speakers Chair, to hold onto government. They horse traded with, derolled Craig Thompson, they horse traded on many other issues, they horse traded on the Carbon Tax, so I don't agree with horse trading, it wasn't done routinely in the Senate in the Howard years and I had 10 years working in the Senate, but put that to one side, I think the difficulty you will have during the Budget week is on Tuesday night when the budget is delivered that \$50b envelope that you would've put to one side out of the federal campaign because you didn't support the tax cuts and you've spent a good portion of that money, is now reduced to only 24 because what got through last Friday was \$24b of spending, so you've got a short fall in your numbers, I suspect, back of envelope around \$20b, so on Thursday night when Bill gets up to give that Opposition address in reply he's got a hole he'll need to fill.

**MARLES:** We will be obviously looking at the way in which the government seeks to pay for this in terms of how we make our own decisions about this going forward. We have a Shadow Cabinet process associated with this but the government has been hopeless in articulating how it's paying for it and if you're a pensioner, if you're amongst Australia's most vulnerable people and you're looking at this tax cut to big business, you would be pretty anxious right now about how, you know, what's coming down the line for you in terms of how that's going to be paid for -

**CREDLIN:** But actually, Malcom got a get out of jail card last Friday because he didn't actually get his big business tax cuts so your line to the pensioner, tax cuts for big business, that line isn't there, this is small to medium, you're going to have to walk down the main street of Moorabool Street, Geelong or Ryrie Street in Geelong, you'd have to walk up and down the street telling every one of those businesses at

the next election campaign that they won't get their tax cuts that they've got now because you will take them away.

**MARLES:** Well the one thing we have agreed on is that horse trading is a bad thing. This week we also had, on Tuesday night, a speech from the Governor of the Reserve Bank, Philip Lowe, where he was talking about the whole question of housing affordability have a look at this –

(Package)

**MARLES:** Now the problem for Malcolm Turnbull here again is that he doesn't believe that is actually the real problem, we know what he really believes and that is that there does need to be reform in relation to negative gearing and capital gains tax reform, we've heard Scott Morrison say the same thing indeed the Treasurer, when Tony Abbott was in power, Joe Hockey, has also made those comments and that of course represents the policy of the Labor Party, the government is hopelessly compromised on this issue until they grasp the net of doing negative gearing reform but at the end of the day we've got a government which are a bunch of scaredy cats and they have chosen politics ahead of policy and are refusing to go down this road.

**CREDLIN:** There are a couple of issues there, I think the government's got a cart before the horse strategy here, because they went out very hard at the start of the year saying that they would do something about housing affordability and they're buying themselves a big issue going into this budget, it's not clear that they can even get internal agreement about what it is that they would do about housing affordability, bearing in mind, you're right Richard, the main policy leavers are tax related policy leavers at a Commonwealth level, the supply issue is very much a state government issue. Now Commonwealth, Scott Morrison, Malcolm Turnbull have bought themselves into this issue of housing affordability a lot of expectation on budget night that they'll fix the problem. If they are ruling out negative gearing, they're ruling out capital gains tax changes, I can't see how they'll be able to deliver much of a win, the problem you've got now, I hear their talking around Canberra quite a lot about negative gearing but the difficulty they have with negative gearing is for everyone who wants to get into the market in Sydney and Melbourne and this is not a wide spread problem, some of these state capital markets are actually falling prices, those two markets, but everybody who wants to get into that market there is someone, a willing seller who wants top dollar for their house price and after the fiasco, I think for the base, the Coalition base, of the superannuation changes I think the government's got to be very careful where they go on changing the rules on negative gearing when they were so clear at the election that's just passed, they would not touch it.

**MARLES:** And this is the issue they've got they got themselves into a complete bind because they are policy shy -

**CREDLIN:** No, I'd say it's tactics over strategy.

**MARLES:** Well what's wrong with that, tactics over strategy. We have run out of time for this part of the show, join us after the break when we will be having a chat

with Peter Jennings, both about Syria and the Summit in America, we'll speak to you then.

**MARLES:** Well welcome back to Pyne and Marles, we are joining you from Canberra and of course, I'm here with Peta Credlin today and our guest is Peter Jennings, two 'peters' in the room, Peter is the Executive Director of *Australian and Strategic Policy Institute*. Now Peter, bring us up to date in terms of what's happened today with strikes in Syria and the comments of the American President.

**PETER JENNINGS:** We've had 59 cruise missiles have been launched from two American ships operating in the Mediterranean, against the Syrian airbase which was used as the start point for the chemical weapons attack of a few days ago, and it's looks as though they pretty thoroughly destroyed the airfields, protected hangers around the airfield and a number of Syrian aircraft. I think what we're seeing is actually a very heavy but a pin-point strike against one target only and what probably happens going forward is that the Americans will limit themselves to stopping any further chemical weapons attacks. So right now I imagine what they're doing is that there looking for the movement of Syrian aircraft and if anything looks like it's about to take off, they're probably be more cruise missile strikes but it's not going to go any broader than that.

**MARLES:** So that's what you took from the statement of President Trump?

**JENNINGS:** Yes I think it's absolutely critical clear the he's drawing a red line, in the way the Barack Obama failed to do in September of 2013, in about the use of chemical weapons, and, I think from here on in the American position will be – 'look the civil war is going to continue, but it's not going to involve the use of chemical weapons against Syrian civilians'.

**CREDLIN:** I think what's clear, is that, I think both men drew a line – one allowed the line to be crossed and the other didn't, so this signals doesn't it very early on in the Trump Presidency what sort of foreign policy, what sort of defence, President he may well be in the sense that, it's only a day or so out on that chemical attack, and I know -you would know – I know, that there's a lot of intelligence gathering to pin point its origins in so much that they then can use the missile strike as justification. So all of this has happened in a few very short space of time and then there's now been this response, so I guess looking at it – people will be looking at the immediate issue of the strike, do you think Peter, but also looking...is this a signal, or is this the first real sign we've got of what sort of President Trump will be?

**JENNINGS:** I think it's a sign of the President he'd like to be Peta. I mean, in a sense – this might sound strange – Syria is easy. If he wants to think about pre-emptive strikes against North Korea, that's much, much more challenging, because they will have a capacity to hit back beyond (inaudible)

**CREDLIN:** And his sense of comment, or certainly Tillerson has been, unusually..

**JENNINGS:** It has...

**CREDLIN:** ...(inaudible) Twitter about that this week.

**JENNINGS:** I think a combat indicator to be watching for the administration is when Rex Tillerson goes quiet -you know that the baton's been handed to the military. But look, I think it is welcome, you know Barack Obama made a fatal mistake for his second term when he drew a red line, then failed to actually back it up with military force and what we can see with Trump is that he will be prepared to use it, including in difficult circumstances because this would've have been something they had to also talk to the Russians about and, you know, I'm sure that would've been quite a hard conversation.

**MARLES:** Yeah, there's no doubt when you draw lines, you've got to attach some significance to it - implications for Australia in this?

**JENNINGS:** Well, I think there's an immediate short term implication which is that we have combat aircraft on the ground, in the gulf region which has been carrying our combat operations against Syria in Syria, and if I was in the Whitehouse I'd be wanting to internationalise this now, so – you know, we could expect a phone call to say 'well Australia are you prepared to help us enforce a no chemical weapons use', I think that's the immediate implication. And the, slightly longer term – with 48-72 hours is really the question of 'is this going to go any further?' you know, my instincts is not. I think it will be limited to hitting Syrian aircraft really, and runways. But if it was to go any further the question would be, where will Australia be in that broader operation.

**CREDLIN:** So just picking up that point, I saw some remarks attributed to the President out of his remarks in, must have been Mar-a -largo - today's speech, because he's down there as you know and we'll get to that in a minute, the Xi visit, but he called on civilised nations, to be acting in this way. So I don't know whether that is a call for escalation or not. I think it's far, far too early to say. How do you think, Assad will respond?

Jennings: He should be very worried at this point because I think – let me take that one step back to answer properly Peta – I think the challenge for the Russians now, is to decide 'so how long are we going to keep backing Assad the individual?' What Russia's really interesting in is Syria the state. They want Syria to have their naval base, to host their airbase. If they think they can have that and cut Assad loose, I reckon the Russians might start to think about that, and so imagine a situation whereby the Russian say well now you're out of it, we will blame you for the decision to use those chemical weapons on the village, and up comes a new Syrian General or someone like that, or someone with sort of Russian stamp of approval. We could see something like that play out in the next...(inaudible)

**CREDLIN:** ...and he wants a good relationship, obviously with the Trump administration too so it would a different response now than obviously than it would under Obama..

**JENNINGS:** ...yes... you know, if I was Assad I think he may be worrying that that chemical weapons attack was a step too far from the point of view of him preserving his own leadership. Then again, up until now he's been able to get away with it and no-one's done a thing to try and stop him.

**MARLES:** So let's go to the summit which is going on in Florida at the moment between President Xi and Trump. What outcomes do you expect here? I guess this is really the big first summit that President Trump has engaged in. There's still a lot of the administration to be put in place, do you reckon he's ready?

**JENNINGS:** No, but he's just had the biggest distraction in the world handed to him in the form of this operation against the Syrians. This makes what was going to be an awkward summit even more awkward because I think if I was President Xi from China, something I'll never be, but if I was I would not want to be appearing on TV Screen with President Trump talking about strikes in Syria right now because it makes the North Korean issue all the more prominent. So, you know, don't be surprised if it gets cuts short or indeed if there is just very little publicity around it...

**CREDLIN:** ...I had the same thought; it was very awkward timing for President Xi

**JENNINGS:** ...It couldn't really be worse, it was going to be hard even if the Syrian thing hadn't happened. So maybe he's now been prevented from that arm wrestle over what do we do about North Korea. I think the summit will turn into a very sort of surface only kind of exchange then he'll be please to get on his plane and go back home.

**CREDLIN:** And the footage that I saw it was a very cordial relationship and it had all the hallmarks of warmth, and I know in 101's I've sat in where Prime Minister Abbott had met President Xi, he is very engaging, you know - President to Prime Minister. So that didn't surprise me but there's been now, with discussion about Jared Kushner and the family and others there's been all these - I won't say it's an about face - but there's been more of a movement towards building of relationship and humanity back into that China relationship the perhaps wasn't there during the campaign. He was very hard line on China, and a little too warm towards Putin so there was a rebalancing but, what does it mean for our region if they are able to get along? I mean, obviously we're in much better step than we were previously.

**JENNINGS:** I think it's better that they get along than not get along, and in that sense what Trump had to do is actually walk back a little way from some of the fairly confrontational rhetoric that he was using during the campaign. I mean I think if they can leave it that they have a good personal relationship established, and that does seem to be something Trump is capable of doing one on one outside of large audiences, that you know that's a positive thing. But structurally there are still a lot of problems in that bi-lateral relationship - trade, North Korea, China's more assertive policies in the South China Sea - and just not even being friendly is going to actually hold them to resolve some of those problems. So I think the best that we can hope for out of this is surface friendliness, an agreement not to be too confrontational towards each other, and then maybe the next time they meet the real conversation will be about North Korea and that's going to be a hard conversation.

**CREDLIN:** ...yes very tough conversation.

**MARLES:** Well thank you Peter for joining us, you're now a regular on this show and it was great to have you on this day of all days to try a digest what's happened. Which quickly brings us to the question of the week, which is now that parliament

isn't sitting until May we've been asked whether we will now have a long holiday, is that your experience of Parliament out of session?

**CREDLIN:** Oh, yeah – Politicians, you never work hard...

(LAUGHTER)

**CREDLIN:** ...clock off early, you know – fly out of Canberra and put your feet up down in Geelong. I know, Richard.

(LAUGHTER)

**CREDLIN:** I know...

**MARLES:** Well, I tell you this, if you spend your entire time in Canberra – you're not doing your job. And a large part of this job is in your electorate, and certainly from a Defence point of view – a large part of the job is the faces around Australia.

**CREDLIN:** I know, now that I can and I'm not beholden to any politician – they work very, very hard outside out the Parliamentary period. It used to irk me all the time when people used to say well now you've got 6 weeks or 4 weeks off, and in fact I think it was even tougher outside of the Parliament.

**MARLES:** I think that's right. Peta, thank you for joining me today in place of Christopher Pyne. We'll be back in a couple of weeks' time - next Friday is of course Good Friday - when you can join us on Pyne and Marles on Sky news, we'll see you then.

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