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**E&OE TRANSCRIPT**

**PYNE & MARLES**

**SKY NEWS**

**FRIDAY, 5 MAY 2017**

***SUBJECTS: Buckingham Palace; Malcolm Turnbull's cuts to education; Badgery's Creek; US alliance; Budget***

**CHRISTOPHER PYNE:** Well good afternoon and welcome to Pyne and Marles here on Sky News Live. It's Friday May 5th 2017 and it's 1:00 PM Australian Eastern Standard Time. I'm Christopher Pyne and I'm here in Adelaide, and my partner is Richard Marles and he's in Melbourne today. Good afternoon, Richard.

**RICHARD MARLES:** How are you, Christopher on this gorgeous autumn day here in Melbourne? Actually, the question I want to ask you up front is what did you make of the Twitterverse basically exploding yesterday afternoon when Buckingham Palace said that they were going to have a special meeting in the morning? We had speculation all over the place which culminated in people wondering whether the Queen had died. I mean there's a reasonably significant announcement in terms of Prince Philip's future engagements, but what do you make of all of that?

**PYNE:** Well, I guess Prince Philip and the Queen, along with other members of the royal family are the biggest celebrities in the Western world in the last 60 or so years. If you think about the Queen, who's been on the throne since the early 1950s, since the advent of television, we followed her and Prince Philip throughout their lives. We know a lot about them and I think there's obviously a lot of interest in what happens to the British royal family, not just here in Australia but right around the world. So, I guess it shouldn't be that surprised they are probably the world's pre-eminent celebrities.

**MARLES:** I suppose that's right. It says something to me about Twitter, but it also says something about the fact that the royal family is still very relevant in terms of the interest that is held by the Australian people in them - but we should get on with the show today.

We will be talking about the Government's announcement this way this week in relation to school funding, a pretty significant announcement. There was also a

significant announcement about the future development of Sydney's second airport at Badgerys Creek. We'll be talking about that as well as what really is the biggest story of the week, and that is the Prime Minister's first face-to-face meeting with President Trump, which has occurred in just the last few hours.

To that end we're going to be talking with Brendan Thomas-Noone. Brendan is a research fellow at the US Studies Centre at the University of Sydney. We'll be talking to him about the alliance, what it means, perhaps a bit about North Korea as well.

To begin with let's talk about the schools funding announcement, about the future funding of schools that was done by the government this week. Have a listen to this.

**MALCOLM TURNBULL [CLIP]:** Who can argue with the proposition that funding should be needs based?

**BILL SHORTEN [CLIP]:** He is the snake oil salesman of all time.

**RICHARD DE NATALI [CLIP]:** The model that was put forward by the Labor Party had some major flaws and it's time to fix it.

**SIMON BIRMINGHAM [CLIP]:** We will propose to the parliament a package of reforms that we believe are fundamentally fair reasonable and necessary.

**TANYA PLIBERSEK [CLIP]:** We won't support anything that makes students cop bigger debts and cuts funding for universities.

**MARLES:** Now, Christopher, if you're talking about the over-funding of elite schools we are happy to have a conversation about that., but at the end of the day what's going on here is, relative to what the Coalition committed back in 2013, we are seeing \$22 billion less being spent on our school system over the next decade. Now, the Catholic schools reckon they are going to bear the brunt of that - not the elite schools, but everyday schools in everyday suburbs which are not wealthy, and that will be politically toxic because everybody knows that that is not fair.

**PYNE:** Well, Richard, Labor is all at sea over the education funding debate. Bill Shorten was standing outside Our Lady Help of Christians today in Brunswick claiming that that school would face education cuts. In fact it has a \$3.5 million increase in funding because of the government's education model.

Bill Shorten is trying to run a scare campaign like he did on Mediscare before the election, but this time about schools - but he won't commit. He was asked four times to commit to putting more money into schools than the Coalition and he refused to do so just today. Tanya Plibersek totally undercut Labor's latest scare campaign yesterday by refusing to commit to putting more money in.

So Labor is trying to have its cake and eat it too. Bill is sounding increasingly hysterical as each day passes and the Government announces more significant policies that are popular with the Australian public.

Everybody in Australia wants to end this pathetic warfare about school funding between states and territories and systems, and Simon Birmingham and Malcolm Turnbull have done it. We have properly introduced the Gonski report. That's why David Gonski has agreed to be part of Gonski Two and do a second review about outcomes and quality, because we are actually implementing what you said you would implement and then didn't do.

**MARLES:** Look, there is no getting away from the fact that compared to where you were going into the 2013 election this is a massive broken promise. Of course everyone wants to see an end to the disputes between systems and states, but you haven't ended it. You're going to say one thing I'm going to say the other, but at the end of the day the third-party referee here which people will believe is the Catholic system itself, and they are out there saying that this is this represents a big hit on their system and that is going to cost you dearly.

**PYNE:** Well, the Catholics are exaggerating the situation. They're having a 3.7% increase in their funding, a billion dollars extra. Now if I was being given a billion dollars extra and an increase of 3.7%, that doesn't sound like a cut to me.

But let's move on to the next issue, which is the issue of infrastructure that the federal government is investing in in a big way, creating jobs and growth in the economy. The latest has been the Badgerys Creek second airport in Sydney. Let's have a look at this.

**MALCOLM TURNBULL [CLIP]:** Yes. Well, we decided to build it, actually, yeah.

**GLADYS BEREJKLIAN [CLIP]:** What matters to the community is that the airport is built. I don't think the community is, as long as the fees are accessible and so long as so long as the airport is built as quickly as possible, I think the community wants to see the project come to life as opposed to necessarily worrying about who builds it.

**PYNE:** Well Richard, this is just more good news from the Turnbull Government. We have building the second airport in western Sydney. It's going to cost us \$1.9 billion, so the best part of \$2 billion. The Sydney Airport group declined to build it. I'm not surprised of course - they probably don't want the competition in Western Sydney. The truth is it'll be an airport servicing billions- millions of people, I should say, creating thousands of jobs in construction, thousands of jobs in western Sydney when it's up and running, tens of thousands by the mid-century.

So it's said good news from our economic point of view, and good news and Western Sydney's point of view, but it is another nationbuilding exercise, just like the pumped hydro schemes in the snowy hydro scheme; the naval ship building here in Osborne and at Henderson; the roads funding and rail funding were announcing all around Australia. All this is helping to drive our economy and our jobs and our investment. I would have thought that Labor, at least on one subject, could put aside Bill Shorten's whingeing and support it.

**MARLES:** Well, we do support it, and there is a degree of bipartisanship when it comes to Badgerys Creek. I think you've got a little excited there, Christopher, in

terms of the infrastructure credentials of this government. It is hardly the 'infrastructure government' that you promised.

Look, let's focus on Badgerys's Creek. It's obviously been a difficult and sensitive issue over the years. Successive governments have wrestled with it, but it is an economic game changer and it's going to be an economic game changer for the nation, actually, but for Sydney and for Western Sydney.

One of things I would say is that if you are going to make sure that it is the game changer for the local community that it needs to be, that it does create the jobs in Western Sydney and that you do see that economic benefit, the rail link has to be put in there from day one. It needs to be there the moment that the doors open. We're committing to that, but right now you're not.

**PYNE:** Well I knew you couldn't get through one of these segments without some cheap criticism of the Government. It's unfortunate. Obviously Paul Fletcher, the Minister, is doing a great job. We'll do whatever is required to make that airport work and to create the jobs.

Now we have to move on, and I think it's your subject.

**MARLES:** It is indeed, and the Prime Minister and President Trump have just met in New York around the commemoration for the 75th anniversary of the battle of the Coral Sea. Have a look at this.

**DONALD TRUMP [CLIP]:** We have a fantastic relationship, but I love Australia, always have. We had a good telephone call.

**TURNBULL [CLIP]:** We had a great call

**TRUMP [CLIP]:** You guys exaggerated that call. A big exaggeration. We had a very nice phone call, little bit testy but that's okay.

**TURNBULL [CLIP]:** From the mud of Hamel to the waters of the Coral Sea to the sands of the Middle East today, Australians and Americans stand shoulder to shoulder.

**TRUMP [CLIP]:** We forged iron bonds between our two countries.

**MARLES:** Well let's have another go at being bipartisan, and I suspect on this occasion we might actually be able to pull it off because this is something, the US alliance, which transcends partisan politics both here in Australia and of course in the United States. There's a lot of people who underpin the relationship between Australia and America in the military; in the realms of science; of course, across our various diplomatic corps; the public services; but if there are two people who are the custodians of the relationship at any moment in time it is the President and the Prime Minister and it matters that they develop some personal rapport.

They referred in those clips, of course, to that first telephone call, so it might have got off to a rocky start, but I really do hope that what we saw in New York this

morning was the beginnings of an establishment of personal rapport between the two, because we've got interests here. We need to see America continued to be engaged in East Asia. We need to see a productive relationship between America and China, actually, and in that respect I think it is good that we are seeing those countries working together on an issue such as North Korea. All of that is in Australia's interest, but this does look like a step forward in the relationship.

**PYNE:** Well, Richard, it's a great day for the Australia America alliance. Not only the commemoration of the seventy fifth anniversary of the Coral Sea, which was of course the battle the naval battle that really saved Australia from Japanese invasion. It was the turning point of the Second World War in the Pacific, and of course Australia and the United States were equally responsible for that incredible naval battle. It was great to see veterans of that battle there in New York. And the opportunity presented itself for President Trump and for Malcolm Turnbull to establish their relationship, to begin their rapport, as you pointed out, face to face was a good one and the opportunity of being grasped by both sides. Of course you only need to go to Washington, as I know you have and I have, to actually find out what the United States really thinks of Australia, and it's even better than you think it is when you're in Australia. We are one of their closest allies if not their closest ally. Their warmth towards us I guess is summed up by the fact that in the Pentagon the only corridor given over to a museum and an exhibition of an alliance is the one with Australia. So, we really are pre-eminent in their thinking.

**MARLES:** Look, I couldn't agree more with that, and I, too, have felt the warmth of that relationship. I'm also really glad we're commemorating the battle of the Coral Sea. It really probably has been the most significant battle in term in a strategic sense in our nation's history, and it's getting the historic limelight it deserves.

We need to go to a break. Join us afterwards when we will be speaking with Brendan Thomas-Noone.

[AD BREAK]

**PYNE:** Well, welcome back to *Pyne & Marles* here on Sky News Live. It's our great pleasure this afternoon to have a research fellow the United States Studies Centre from the University of Sydney to talk to us about the historic meeting today between Malcolm Turnbull and Donald Trump, as well as to cover some of the issues around North Korea. Brendan Thomas-Noone is our guest, and I welcome you this afternoon, Brendan. Thanks for joining us.

**BRENDAN THOMAS-NOONE:** Thank you and glad to be here.

**PYNE:** It's obviously an auspicious day in the Australia-American alliance every time an American President and an Australian Prime Minister meet for the first time. Both countries hope that there'll be a rapport established. How important do you think the meeting today was, and do you think that we've got off to a good start in the Trump-Turnbull relationship, having now met in person?

**THOMAS-NOONE:** It looks like it has been a good start. I think there's kind of two factors here that it looks like we've made some progress. One, it's important from the

public diplomacy perspective to obviously commemorate the Battle of the Coral Sea, to reaffirm that the alliance does rest in history. But there's also a second perspective here, in terms of making sure that the leader-to-leader relationship is good and that Mr Trump and Mr Turnbull can work together, and it seems that so far it looks good.

**MARLES:** Brendan, when we think about the alliance a question that we all often ask ourselves, I reckon, in Canberra and try to get the best handle on is from an American worldview point of view, where does Australia sit? I mean, how does America see us, how important are we to them? I mean, we are a relatively small country compared to the US. Does Australia matter to the US or how big a deal are we?

**THOMAS-NOONE:** I think we're a big deal. I think that we are like-minded countries because of the value element here. In terms of American world view there's a long history of dedication to democratic values, and like-minded countries and all obviously throughout US history since World War Two they've helped build alliances with countries that have the same values to them. I think that there's another aspect too which is in terms of Asia we definitely are a like-minded partner in Asia that we're quite closely, not only in the military level but also in terms of our regional diplomatic strategy.

So, from the American point of view I think that they do care what Australia says and they do listen to us when we go back to Washington and talk to them. Actually, interestingly, following the Turnbull-Trump phone call they actually were redoubling their efforts to listen to Australians in Washington and Australians doing trips back to DC. They were very interested in what was going on in Australia and I think there was a bit of a wakeup call in DC about, 'oh, well the Australians are there and we need to continue to pay attention to the alliance', and also what Australians think about the region.

**PYNE:** We've certainly been the most reliable ally of the United States over the last 100 years. We've essentially been involved in every major conflagration that the United States has been involved in since the Battle of Hamel when Sir John Monash actually commanded American forces. That's going to be tested again, of course, in the challenges that we face in north Asia, in North Korea. Of course, Australia strongly supports the Americans approach to putting pressure on North Korea not to develop an intercontinental ballistic missile with the capability of reaching Australia or the US, certainly not with nuclear weapons either. Where do you think that issue is right now, where do you think it's going to go, how do we engage China more, why is North Korea pushing back against China, really their only international ally? It is the number one issue on everyone's lips really at the moment in the Australia-US alliance discussions.

**THOMAS-NOONE:** This is actually an interesting area where we can make ground with the Trump administration and where there's real synergy I would think between the Turnbull government as well with the Trump administration. There's been some interesting things to happen in the last week concerning South East Asia's role in increasing economic pressure on North Korea.

We have to remember Vice President Pence when he was here committed that President Trump would be attending the ASEAN Summit in November. The Turnbull government also has a summit with ASEAN countries early next year, and also Secretary of State Tillerson also hosted ASEAN Foreign Ministers just this week and brought up the issues of North Korea and I think that people sort of underplay their role. China is one big part of the North Korea question, in terms of putting increasing pressure on them, but there's also a lot of evidence that North Korea's been very successful in taking advantage of black markets and selling their goods throughout the region and so we really need to have not just a China-focused strategy when it comes to North Korea, but also a regional one.

**MARLES:** Brendan when you look at the way in which America is pursuing this, presenting a harder edge to North Korea and trying to engage China more in a cooperative approach to North Korea, all of which I think make sense, what underpins that I guess is an assumption that North Korea is a rational actor, and by that I mean it is an appalling regime in terms of the way it's treated its own people, but do you think North Korea has an appreciation of its own self-interest, if I can put it that way, and is going to respond in the way you would expect to the kind of pressure which is being applied to it by America and we hope by China?

**THOMAS-NOONE:** We hope so, and I believe that North Korea is a rational actor as well. They actually act in very deliberate ways. They sometimes – it's to their advantage that the public sees them as irrational and also political leaders see them as irrational, but they're actually very rational in terms of the timings of a lot of their military exercises, what they demonstrate, what they show to the world. So, the hope here is that they do, within the regime and actually at the very highest levels of the regime, not only King Jong Un but the military leadership, starts to dawn on them that, well they actually are increasing isolated.

And remember, this is the first time, and what Minister Pyne sort of mentioned, that there is now starting to be some tension, especially the state media competing op-eds between North Korea's regime and China and that's interesting and where that goes I think will be really important. And just leading back, it's going to be important to see what happens when possibly at the top levels of North Korea's regime they start to realise, 'wow, we actually are increasingly isolated and even China's willing to put more pressure on us', and the hope is that they will kind of rationalise that in terms of coming to the table.

**MARLES:** Yeah look I completely agree, and I think that one of the positive signs that's come out of all of this is the cooperation between the US and China, and what I think are actually the positive initial signs from China about their willingness to play in this space and to put some pressure on North Korea.

Thank you very much Brendan for joining us today It's been really important to get that insight, particularly on the day of the first face-to-face meeting between the two leaders and we really appreciate the time you've given us this afternoon.

**THOMAS-NOONE:** Great, thanks for having me.

**PYNE:** Thanks.

**MARLES:** And that brings us to the question of the week, which is inspired by the fact that of course next week is Budget week, a big week in the Parliamentary year and the question this week is: what is our best budget day story? So, Christopher what is your sense of how the Budget plays out, the social side around it - is it the biggest day of the political year in Parliament?

**PYNE:** Well Richard it's a grueling day, and it is a big like Derby Day from a horse racing point of view, it's where the whole of the country's attention from the political point of view, the economic point of view, is focused on Canberra. Obviously, we're the biggest government in the country, we have very substantial budget decisions we make, have a big impact economically and socially, but it's also a fun day because a lot of hard work has gone into the budget from the Treasurer, the Finance Minister, the Prime Minister, members of the Expenditure Review Committee and the National Security Committee, and every Minister I think breathes a sign of relief, or girds their loins for what could potentially be a busy couple of weeks of explaining budget decisions.

So I do, I actually really enjoy budget day. It's a real buzz, and as you would know from when you were in government and opposition there's a lot of functions and events, lots of drinks parties, dinners, explaining, speeches, media opportunities, so it is definitely the biggest day of the year on the Parliamentary calendar.

**MARLES:** Yeah, look, and in a non-election year it is the biggest moment of the political year. It really does shape the year and as you say there's a sense of relief of having got to budget day for those who've been involved in preparing it, but it also does begin a new round of engagement about explaining the decisions in them.

I can remember as my first budget as an MP back in 2008 there was an enormous sense of excitement as we were briefed as backbenchers back then by Wayne Swan for the first Rudd budget. The interesting thing, also, is the budget reply is a big speech for the Leader of the Opposition. It's perhaps, arguably, the biggest speech the Leader of the Opposition will make in a given year other than an election year and a lot of effort goes into that. It's very frenetic because some of it is planned, but a lot of it is responding to what is happened on the Tuesday night. Again, back in 2014, the first budget reply night, I can remember being in the chamber there watching Bill give his speech there and there was a fair degree of excitement about that as well, and we'll certainly be gearing up for that.

Do you remember your first budget reply in opposition?

**PYNE:** Well my advice to you Richard is if you found Bill's speech exciting then you need to get out more and have some more experiences.

I think that one of the differences for this year's budget of course is that Malcolm Turnbull has insisted that the decisions and announcements are made on Budget night. We've been used to leaks out of the budget, preparations by the government by getting things out well and truly in advance. We've returned to a more orthodox approach, which is that Budget night is the night that people find out what the Government's agenda is in terms of economics and the Budget. We've returned to

that and I think it's a good thing. As a conservative, long-term MP, I much prefer an orthodox approach.

**MARLES:** Well, we'll see the orthodox approach play out on Tuesday night. I can only say if you want to have a good view go to Youtube and have a look at Bill's speech back in 2014. It was an absolute cracker-

**PYNE:** -Oh please.

**MARLES:** -but we are looking forward to the speech on Tuesday night as well but I can't wait till the next time Bill Shorten and Chris Bowen gets to give a Budget night speech, which I hope might be in two years' time.

**PYNE:** Well, you'll be waiting a long time I reckon.

**MARLES:** I don't think I will, but we've run out of time now, so thanks again for joining us today, Christopher, and thank you for joining us and we look forward to seeing you again next week at one o'clock on Sky News on *Pyne & Marles*.