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**E&OE TRANSCRIPT
TELEVISION INTERVIEW
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SUBJECTS: Talisman Sabre; US refugee processing; cyber security; defence industry exports; Australia's role in the region; Islamic State

HOST: A massive defence exercise with Australian, Canadian and US forces called *Talisman Sabre* is under way in Queensland until the end of this month. It comes at a time of increased regional tensions, with continued missile testing by North Korea. Shadow Defence Minister Richard Marles is in Queensland for the star of the war games. He joins us now. Richard Marles, welcome to you.

RICHARD MARLES, SHADOW MINISTER FOR DEFENCE: Good morning, Andrew. How are you?

HOST: Good, thanks. We'll get to *Talisman Sabre* in a moment. I did want to start, though, with those reports concerning the United States and its refugee deal with Australia, and in particular reports that US officials have halted screening of refugees in Nauru and left the island. What's your understanding of that deal between Australia and the United States? Is it still on?

MARLES: Look, what I've learnt in this space is we've got to be very careful when we hear reports and information of this kind. I'm not exactly sure what that would mean if it is even in fact confirmed to be the case that those officials have left early, whether that was scheduled or what the significance of that is. The point I would note is that the US Department of Homeland Security has made it clear that the deal remains on foot.

I think the broader point is this: the resettlement arrangement in the US is absolutely critical to getting people off Manus and Nauru. The Abbott-Turnbull Government has been singularly hopeless in arranging third-party resettlement arrangements for those who have been on Manus and Nauru and, indeed, all their eggs now are in the US basket. They need to be looking at a whole lot of other options to make sure that hope and a future can be found for those people who are in those facilities. That's the real issue here.

I mean, there's a lot being staked on this deal. It's a very important deal. It needs to go through. It's good that the Americans are saying it's going to continue to be honoured, but this government has really dropped the ball over the last few years about those facilities. They need to be more active.

HOST: Do you think the deal is also, perhaps, in jeopardy because the United States has reached its annual intake of refugees of 50,000?

MARLES: Again, it's hard to know exactly what that means. I also note in the context of those reports that the clock resets, as it were, in October. In the context of the wait that people have in relation to their time in resettlement facilities, a couple of months here or there isn't a huge amount of time. It's just hard to know exactly what the snippets of information that we're getting here really add up to.

I think it is important to note that the Americans have come out with a statement today saying the deal remains on, and that's a good thing, but the broader issue here is the government, over the last few years, has dropped the ball when it comes to third-country resettlement. All their eggs are in one basket at the moment. It's why, whenever we hear a piece of information in relation to this deal we react, because it's the only thing on the table right now. The government needs to be far more active, because they do need to find resolution for those who are on Manus and Nauru.

HOST: Richard Marles, let's turn to Defence, and in particular cyber defence - reports this morning that Australia has been warned by Washington to upgrade its cyber defences. This comes in the wake of the theft of information from America's National Security Agency. What risk does this pose to Australia, do you think?

MARLES: Well, I think we live in an age now where cyberattacks are very much a part of the national security threat that we face, and we need to be investing heavily in this space and making sure that we do everything we can both to protect government installations but also to make sure that citizens - and in that, I include companies - within our country are protected from cyberattacks as well.

We've seen what WannaCry, for example, as a ransomware attack, has done, and this is going to be an ongoing feature of the world in which we live. It's absolutely essential that we are investing properly and appropriately in this area of defence, really. This goes to the very foundation of our national security.

HOST: Do you support the Turnbull Government's plans for legislation to access encrypted messaging systems?

MARLES: Well, I'd like to know what the Turnbull Government's plans actually are. We hear a lot of statements, a lot of smoke, when it comes to national security utterances from the government. They like to make those.

Obviously, we seek to make national security a bipartisan space. When we are presented with a concrete and firm proposal about how we should be going down this path, we'll have a good look at it. It is true that our legal framework needs to keep up to pace with technological change.

Right now, I actually haven't heard any substantive proposition coming from the Prime Minister in relation to this. I've heard a lot of commentary, a lot of requests that are going to be made of various companies. That's all fine. If there is a legislative proposal, he should put it to us. We'll obviously have a good look at it, as we have in relation to all the other national security proposals, and our instinct very much is to go about these things in a bipartisan way, and that will be the case here as well.

HOST: As mentioned, you're in Rockhampton for the *Talisman Sabre* exercises between the United States and Australia. The United States, of course, is a very large arms exporter. Interesting comments in the Fairfax publications this morning from Defence Industry Minister Christopher Pyne, who says he wants Australia to become a major arms exporter, and he wants to use defence acquisition funds to build up a local industry, which designs, builds and exports military hardware. Is this sensible? Is it realistic?

MARLES: Look, it is absolutely the case that, if you want to have a defence industry, it's got to have an export component to it. You can't have a defence industry solely based on your home Defence Force, particularly with a country the size of Australia.

When you look at countries which do have defence industries, what characterises them is that they export their materiel. That needs to be done very carefully within an appropriate legal regime to make sure that you're not exporting to places where your material is going to be used in the wrong way, but within that framework, it is important that we try and seek to be a defence exporter if we want to have a defence industry.

The point I'd make here is that it's taken a long time for the Government to actually realise that industry, and defence industry, is important. This is a government which has presided over just about the biggest de-industrialisation of our country that we've seen, the loss of the car industry. We're seeing a reaction by the government to that in relation to the defence industry space. That's a good thing, that there is a focus on building a defence industry, but they've come to the party pretty late here.

We shouldn't forget that our supply ships, for example, which are an important part of our Navy, have had them being built in Spain, not Australia, so the Government's record here isn't that flash. If we are now seeing a renewed commitment to industry in this country and defence industry in particular, that's a good thing, but Labor has always, absolutely, been focused on that.

HOST: Would you draw the line at what Australia makes and exports, as far as weapons are concerned, and would that sit happily with Labor Party policy, certainly morally, at least?

MARLES: Look, this all needs to be done within a very clear legal framework in terms of who you're exporting to - which countries - but also what you're exporting. There is going to be certain materiel that you produce which is going to be of such a classification level, for example, that you're not going to want to export it. That's what happens with countries which have defence industries.

But the fundamental point is this: you can't have a defence industry in this country wholly based on your own Defence Force.

It's also important to understand right now that we've got companies that do engage in defence export. Austal, which is a shipbuilder based in Western Australia, is building a whole lot of ships for the US Navy. They've also built vessels for Oman. It's not as though this is a new thing for Australia. We have a legal regime in place, but from an industry point of view what matters here is that you cannot have a defence industry unless you seek to export.

HOST: Richard Marles, given your time there in Rockhampton to witness *Talisman Sabre*, the operation between American and Australian troops, you may well have had a chance to meet and talk to the US commander of Pacific Forces, Lieutenant-General David Burger. He said he's keen for Australian troops to be deployed along American troops in trouble spots in the region. Do you foresee a time when our troops will be active in hot spots in the region, such as the Korean Peninsula, the Philippines, and even the South China Sea?

MARLES: Well, look, I think it doesn't help to speculate on that.

Let me say a couple of things, though, about *Talisman Sabre*. This is an unbelievable exercise that I've been witnessing during the course of this week. There are 30,000 people involved in that - a number which rolls off the tongue pretty easily, but when you see it in action, you realise the enormous scale of what that number actually represents.

We're seeing a mock - albeit pretty significantly real - sea battle, air battle and, indeed, now a land battle going on off the coast of Queensland just north of Rockhampton. Right now, Australia's 3rd Brigade is involved in a fight with, basically, elements of the 1st Brigade in the Shoalwater Bay training area. You've seen an aircraft carrier strike group from the US, led by the USS *Reagan*, which is out in the Coral Sea just off the coast of Rockhampton, and the capacity of our forces is genuinely impressive. The degree to which we see our interoperability, the really close, organic way in which we work with countries, particularly the United States, but also, as you say, Canada has been involved in this, as has New Zealand and Japan. It is a really remarkable thing to see.

We have played our part as a good citizen around the world, as we're doing now in Iraq, as we're doing in Afghanistan, hand-in-hand with countries like those that I've just mentioned. I imagine that that will continue. In terms of our own region, obviously we should have a focus on South-East Asia, and I would actually like us to have more of a focus on the Pacific. All that ought to be seen in a positive way, but I don't think it helps to speculate on specific operations.

HOST: But a focus on the Pacific, in what manner?

MARLES: Well, I think it is important that - and I've spoken about this on a number of occasions - that, as we look at our strategic framework, that we are demonstrating leadership within the Pacific, not just in terms of the material and resources effort

which we place in the Pacific, which right now is actually quite significant, but in terms of, I guess, the intellectual leadership that we provide.

This is the part of the world where Australian leadership is expected, both from countries within that region but, indeed, from the rest of the world. We need to demonstrate that, and I think we can do more work in respect of that.

I think it's also true to say that we need to increase our energy and our activity within South-East Asia. It's important that we're seen to be doing that - doing that, let me hasten to say, in cooperation, obviously, and in support of, the countries of those regions.

HOST: And as you mentioned, Australian forces working side-by-side the Americans in Syria and Iraq. There've been significant gains made there, certainly in the fight against Islamic State. Would you like to see Australia's presence there maintained, or perhaps even expanded, in the effort to defeat Islamic State?

MARLES: I think the level that we have in Iraq is appropriate, and indeed I think the level that we have in Afghanistan is appropriate. I think what we're doing there now is kind of - if I can dare to say - a smarter way in which we're contributing compared to, say, the early 2000s, in as much as this is all trying to make sure that we're building the capacity of the Iraqi national forces and the Afghans as well. In supporting them, we're doing really important work.

I was there a couple of months ago, and the incredible work that our Defence personnel are putting in there is very significant. I think it's important that that continues.

We are one of many countries which are providing support to a coalition which is doing a good thing for the world. This is us being a good citizen, but we're doing it in a way which is commensurate with our size and our power, and I think that that's appropriate that we continue to do it in that way.

HOST: Shadow Defence Minister Richard Marles, thanks for your time.

MARLES: Thank you.

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