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**E&OE TRANSCRIPT
PYNE & MARLES
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***SUBJECTS: Anthony Scaramucci; dual citizenship; inequality; AUKMIN;
Australia's commitment in Afghanistan and Iraq***

PYNE: Well, good afternoon and welcome to *Pyne & Marles* here on Sky News Live. I'm Christopher Pyne and I'm here in the Sydney studio, where I'm usually in Adelaide, and my comrade Richard Marles, as you can see, is with me, alongside me here in Sydney-

MARLES: -How's it going to work?

PYNE: -where he is usually in Geelong. We haven't done this since the first show.

MARLES: 18 months ago.

PYNE: 18 months ago. It's quite remarkable we've lasted that long.

MARLES: Well, some people make that point to me, but anyway I think we're doing alright.

PYNE: And what have we got on today?

MARLES: Well, what do you make of Anthony Scaramucci?

PYNE: Well, I just assumed that Anthony Scaramucci, who is the White House press spokesman, of course, is the norm in your office. Isn't that how the Marles office operates?

MARLES: I do have an Anthony as well, Anthony Hodges, but if you knew him he couldn't be further away from Anthony Scaramucci.

PYNE: He's a one-man band.

MARLES: Well in Opposition, of course, we're a one-man band.

PYNE: So he tells himself off in the mirror.

MARLES: Well indeed, and doesn't quite use the colourful language that we've seen.

PYNE: Language we wouldn't use on national television.

MARLES: I think the thing that's hard about this - I know how you feel about it - obviously we are, you know, political tragics in the sense of following what happens in the US, and it's hard not to get caught up in, dare I say it, the soap opera of what we're seeing over there, and yet at the same time this is our biggest ally. We both work in the defence space and there's a need to remember that we have to respond to the substance of what happens with the American Government not this stuff.

PYNE: Absolutely, but it's extraordinary that a person who is the media spokesman would talk to a journalist without it being clear what's on the record and off the record. I mean that's kind of a basic of being a media spokesperson of any kind I would have thought.

MARLES: And a point's been made that if he thought he was off the record, does that mean that Anthony Scaramucci was actually doing some leaking himself?

PYNE: I don't think we've heard the end of it.

MARLES: We have not heard the end of Anthony Scaramucci. Well, I don't know whether we've heard the end from Anthony Scaramucci. That'll play out in the next day or so.

But we should get on with the program. Of course, dual citizenship of politicians has been the issue of the week with what's occurred with Matt Canavan, and of course this morning with Malcolm Roberts. We're going to have a chat about that.

Following Bill Shorten's speech at Melbourne University last week around inequality, the Treasurer has also spoken this week at the Australian Industry Group, so the economy has been in the news and we're going to talk about that.

And both Christopher and I are in Sydney today because we've been meeting with Secretary Michael Fallon, the Defence Secretary of the United Kingdom, as part of the AUKMIN discussions, the peak discussion between Australia and Britain. We're going to have a chat about that.

Our guest is David Speers, of course the senior political editor of Sky News. David just come back from visiting the Middle East Iraq and Afghanistan. We're going to get his thoughts and insights about that.

First up: dual citizenship and what is playing out with Matt Canavan and now Malcolm Roberts. Take a look at this.

MATT CANAVAN [CLIP]: I had no knowledge that I myself had become an Italian citizen.

GEORGE BRANDIS [CLIP]: The Government will move to refer the matter the determination by the High Court.

PETER DUTTON [CLIP]: Well it's a pretty quirky circumstance.

BARNABY JOYCE [CLIP]: I never believed that this would be the chain of events.

SCOTT MORRISON [CLIP]: Senator Canavan is in a different set of circumstances.

SKY COMMENTATOR [CLIP]: This claim that it is quite different to the others is questionable.

STEVE CIOBO [CLIP]: Quite frankly, it doesn't matter which political party you're in, if you haven't done it then it's sloppy at the extreme.

CIOBO [CLIP]: Obviously what has happened now with matters are quite different to the situation we saw at the Greens.

MARLES: So, Christopher, we talked about this last week, and when we were discussing the issue it was really one of the differences between the major parties in terms of the way in which we go about vetting our candidates versus the minor parties, and I think actually that that is principally still the issue here. There's a provision in the Constitution and it ought to be possible to comply with it.

What's happened I think with Matt Canavan has sparked something of a conversation out there about the meaning of citizenship and that can be a good thing. It's important I think that that discussion keeps nice and that it doesn't go down an ugly path.

PYNE: There are so many levels to this story that there's the unfairness of the situation that Matt Canavan seems to find himself in, where a third party can apparently make him a citizen of another country at the age of 25 without his knowledge.

MARLES: Seems hard to believe that that can be the case.

PYNE: Which makes me think that he couldn't really be a citizen of another country, if he's never signed a form saying 'please make me a citizen', but the High Court will make that decision. Then there's the other level, of course, which is the dual citizenship issue. I mean a couple of decades ago we changed the law to allow dual citizenship, and that has created a whole new, I guess, issue for us, and is that important? I mean, Boris Johnson is the Secretary, Foreign Secretary of the UK. He's a US citizen and a UK citizen. No-one suggests that Boris Johnson is putting the interests of the US ahead of the UK, and that's the conversation that's been sparked.

MARLES: It is, and we're a country where one in four of our population are born outside of our borders and if you extend that to people's parents and grandparents I think you're closing in on something like half the population. It's not surprising then that this is an issue which is raising discussion out there.

I think on the question of the High Court, obviously it will play out, but it has been a strict interpret the Constitution, as you'd expect, but there's also been a strong sense of practicality about the decisions they have made, so we'll see how that actually plays out, and for example I think I'm right in saying in relation to Greek citizens, for example, where it's actually quite difficult-

PYNE: -To give it up.

MARLES: -to give it up, what the High Court's interpreted there is that if you if you make the effort-

PYNE: -If you make the effort.

MARLES: -that's good enough.

PYNE: You've got to show that you've taken steps to renounce any other citizenship. Of course, the problem for Matt Canavan is he didn't even know he was a citizen of another country, so he couldn't possibly have taken steps to renounce it, and I think in a common sense is going to have to play out.

I know there's a lot of hyperventilating in the press about the demise of the Government. I think that's all a bit exaggerated. The High Court will obviously have to come to some kind of sensible conclusion that allows the place to work.

MARLES: I'm amazed that it has played out as far as it has. I think ultimately though this issue is going to blow over.

PYNE: We obviously have to have people from different backgrounds in the parliament. We want more diversity in the parliament, not less diversity. I'm an Anglo Celt but we can't all be Anglo Celts in the parliament.

MARLES: No, that's exactly right.

PYNE: So, the next issue, of course, is the issue of income inequality, which several people have been talking about in the last week. Let's have a look at this.

BILL SHORTEN [CLIP]: Tackling inequality is a growth strategy.

SCOTT MORRISON [CLIP]: Populist politicians like Bill will always stand at the microphone and make bold assumptions about the ever-increasing gap between haves and have nots.

WAYNE SWAN [CLIP]: He clearly thinks inequality is good for Australians.

MORRISON [CLIP]: I won't cop it that Bill Shorten says that Australia is not a fair country.

SWAN [CLIP]: What he's really doing is putting the con back into conservatism.

PYNE: Well, Richard, what we're really seeing here of course is that Bill Shorten is flicking the switch to the Corbynista model of trying to get into government-

MARLES: -Please!

PYNE: -which is these ridiculous assertions about inequality. The last word on inequality is HILDA, which is the Household Income and Labour Dynamics Australia run by the Melbourne -

MARLES: -You did well to get that out.

PYNE: It's quite hard. We all call it HILDA, but people have got to know what it is-

MARLES: -Fair enough.

PYNE: -and it measures household income, and the Melbourne Institute said, in fact, which is the last word on this, is that if anything inequality has lessened in the last few years rather than widened. The transfers of wealth from the highest income households to the lowest income households is absolutely dramatic, and that's the way it should be in Australia. We believe in having a progressive tax system.

I think what Bill Shorten is trying to do is just be new Jeremy Corbyn. If think that's going to work for him, as the Left in NSW obviously thinks it is, because they're doing exactly that at your state conference.

MARLES: Listen, if you if you want to run would that be my guest, because no-one out there believes that.

I think by any measure, really, if you look at our country now compared to when Bob Hawke or Paul Keating was the Prime Minister it is far less equal now. I mean, if you look at the relative wealth of the top 10 percent against the relative wealth of the bottom 10 percent, there's no question-

PYNE: -By whose measure?

MARLES: -Well, that measure. I mean, if you if you look at the wealth of the top 10 percent-

PYNE: -That's on the HILDA, or another measures?

MARLES: That is if you look at ABS data looking at the top 10 percent versus the bottom 10 percent and the relative inequality of those things, there's no question that we are far less equal country today than we were.

PYNE: I don't think that's true.

MARLES: But here's the thing: what are you doing about it? Because what you've done is delivered a budget which is reducing taxes for people who are millionaires, increasing taxes on-

PYNE: -Well \$180,000 is not a million.

MARLES: I'm not saying that, but I am saying that-

PYNE: -You just said it was for millionaires. It's \$180,000.

MARLES: Sure, but if you are a millionaire you're getting a tax cut. If you're below average wages you're getting a tax increase.

PYNE: The same ABS statistics show that the households, the 20 percent of the lowest income households, they get eight times more in benefits and transfer payments back to those households than they put in in tax. That is a progressive tax system, and we know what Labor wants to do. Labor wants to increase taxes. This is all just basically a smokescreen for wanting to increase taxes, increase spending, increase regulation, just like Jeremy Corbyn, your new mate.

MARLES: You've always had a blind spot when it comes to the poor, but I've got to say you have taken the blinkers completely off and replaced them with a blindfold. We need to move on to the next issue, and that is AUKMIN, the Australia UK ministerial dialogue, which is a dialogue between the Minister of Defence and the Minister of Foreign Affairs, and the corresponding secretaries of Defence and Foreign Affairs in the UK. That's been happening over the last couple of days here in Sydney. Take a look at this.

JULIE BISHOP [CLIP]: It's been an immensely enjoyable but very serious opportunity.

BORIS JOHNSON [CLIP]: Positively glutinous in its consensus over the last 24 hours. We had an almost embarrassing failure to disagree about anything.

BISHOP [CLIP]: You also see United Kingdom as being a natural partner with us in the development and security of the Pacific.

JOHNSON [CLIP]: We are going to widen our horizons and work even more closely. I also want to say thank you to you, Julie, because somebody evidently brought you news that I been out jogging over the last couple of mornings in your wonderful botanical gardens in Sydney and you were kind enough just now to give me a very beautiful pair of compression tights, as modelled by Hugh Jackman, I'm given to understand.

MARLES: Well, there's no doubting the Boris Johnson is a big personality.

PYNE: He is no Hugh Jackman, on the other hand.

MARLES: He is definitely no Hugh Jackman.

So you and I both met with Secretary Michael Fallon, the Secretary of Defence, today. In fact, I came directly from the meeting, and indeed I mentioned to Michael Fallon that we do this program together. He was-

PYNE: -He must have been very jealous.

MARLES: He was stunned that there would be a news network which would allow this to happen.

PYNE: I was going to press my nose against the glass of your meeting with Sir Michael Fallon, but I thought it might detract from the seriousness of the subject.

MARLES: It was a very serious meeting indeed, but I think I'd be interested in your sense of it. It's our oldest relationship. We start with that, and so many of our traditions of government, and indeed our traditions in the military, are drawn from the United Kingdom. It's not just that we speak the same language, there's a really-

PYNE: -Deep connection.

MARLES: A deep connection at a kind of instinctive and heritage level which you can see playing out in the way we're working together in Afghanistan, in Iraq. What I found interesting was that the interests that they were showing in East Asia, issues such as the South China Sea, North Korea very much present on their mind as well.

PYNE: Absolutely, as it is for all Western countries around the world, and of course the meeting I had with Sir Michael this morning was the first defence industry dialogue, the first ministerial defence industry dialogue, because we need to increase defence industry engagement with the UK. That benefits both countries. We need to have them involved in our defence industry economy, but also us with them, and it's been one-sided the last few decades. We can do that in science and technology as well, so he and I talked about how to do that, how to increase our mutual benefits out of these particular engagements, and in exports, of course, how we can sell platforms that have mutual contributions in third countries, where both sides are winners as a consequence of winning those contracts and yet we both contribute to the particular platform.

MARLES: That's right, and we do share a unity ticket on this and what was interesting is that obviously they're spruiking Britain's bid, BEA systems bid, to build our frigates, and you would expect them to do that. I made the point that in the frigate that they're building for themselves there are a number of Australian companies who are providing systems for that.

PYNE: Already, that's right. And even if, by the way, they don't win the tender for the future frigates - and that's a matter for the tender process, of course, about which I won't comment - those contracts that have already been won by Australian companies for the Type 26 will continue anyway.

MARLES: It says a lot about the level of cooperation, both in a strategic sense but in a defence industry sense, that goes on between our two countries.

PYNE: Indeed.

MARLES: It's time for a break. Join us afterwards when we're going to have a chat with David Speers, the senior political editor of Sky, about his trip recently to the Middle East.

Join us then.

[AD BREAK]

PYNE: Well, good afternoon and welcome back to *Pyne & Marles* here on Sky News Live. Our guest this afternoon is the senior political correspondent for Sky News, David Speers, he's just been away in Iraq and Afghanistan, and that's one of the things we're going to talk to him about this afternoon. Welcome, David, to the show, thank you for joining us, and coming out of a Press Club board meeting.

SPEERS: Very good afternoon, thank you. Yes, I've just ducked out of the board meeting to have a chat.

PYNE: Right, you've just got back from Iraq and Afghanistan with Dan Tehan, the Minister for Defence Personnel and Veterans' Affairs, and the last time you were near Afghanistan I believe was eight years ago, so how would you describe then and now? Has it improved, is it more unsettled, what's the situation?

SPEERS: It's very different, our contribution as you both know. I mean back then we were in the Uruzgan province in the South of Afghanistan and we were very much on the front line. I remember patrolling with the Aussie troops through villages, conducting searches of houses, trying to build relationships with the locals as well. We were, yes, mentoring and training the Afghans, but very much with them on the front line. And, you know, during that period from 2002 I think to 2014 we lost 41 Australian soldiers wearing the Australian uniform.

Now, the role is very different. Now, we are well back from the front line. We are at the bases and certainly Kabul and the one near there Qargha that we went to as well where we're mentoring the officer cadets, and also at the Kabul Garrison command where they coordinate all the police and Army and intelligence officers around Kabul. We're there as well mentoring those who are basically calling the shots on how they respond to what have been a really terrible series of 10 major bomb attacks in Kabul just this year alone.

So, really interesting to see what the Aussies are doing, but very different to what we were doing eight years ago. A lot less risk obviously for the Australians involved, but look, while Afghanistan is still, as the commander told me there, a stalemate situation in the fight against the Taliban, there are some positive signs and I do think, my impression at least, is that the approach of training the Afghans, like we're doing with Iraq, training the Iraqis, is far more important so that they have ownership when they manage to defeat the Taliban, or Islamic State in Iraq's case, it has so much more legitimacy because it is the locals who've done it. It's not just the Americans and their allies coming in and one day they'll go, it's the Iraqis who are sacrificing, who are shedding blood, who are showing that the commitment to take this territory and hold this territory themselves.

MARLES: Look, I don't think there's any doubt about that, and it's also a much more sustainable model for the country. Because it isn't as dangerous I think it allows us to be there for a longer period of time, and that makes a big difference as well.

I'm interested, David, it's a lot of work to get in there, I was there a couple of months ago and to put people who are observing this into the space where we can see it, from a journalist's point of view how would you describe the access, and what is it like when you're reporting on a war-like situation?

SPEERS: Look, it's a really good question. Media access is always very difficult in these sorts of war zones. I've been into Afghanistan maybe three times now over some years, and a couple of times I've done that with a minister, and you mentioned doing it with Dan Tehan. That does grease the wheels. It means that you can get around and do a lot more if you're attached to a VIP, and certainly with both of you when you go there they pack a lot into the schedule because you're a VIP, so when you're attached to that it does make it easier. Look, fortunately Dan Tehan was comfortable enough with us going and doing the story much more broadly than just what on what he was doing during his visit, but it does give you the access.

Look, you do have to be still very careful about operational security matters, not showing the faces of certain people, indeed locals in particular who are working with the Australians, and sensitive maps and documents and so on, so you've got to be careful and respect all of that. You don't want to put anyone in unnecessary danger simply by the job you're doing.

But I really think it is important that the Australian media can show what our men and women are doing, because look, and you both know this, they are such impressive people in the Australian Defence Force. A lot of them are young, a lot of them are over there for their first time on their first deployment. They are just so super impressive in what they're doing so far from home, really hot at the moment in Iraq, 50 degrees when I was there, and they just get on with the job.

PYNE: I don't think, David, that the Australian public necessarily realise what a serious role we are playing in this conflagration in Syria, in Iraq, our classic Super Hornets, the Wedgetail in particular, its capacity to be re-fueled in air, this is actually a serious contribution, it's not a token contribution, and along with countries like France and Britain and others, of course the United States, this is a significant development for us to have people in the field in that way.

You talked a bit about Afghanistan and so on, do you get the feeling that the Iraqis are full of good morale about their war in the northern part of their country and into Syria? Do you feel that there's an end in sight to that particular conflict?

SPEERS: I do, yeah I do. I think Afghanistan's a bit of a stalemate, but Iraq, we are seeing momentum. Islamic State, that so-called caliphate is crumbling. Mosul has been a huge, very costly, but a hugely important victory for the Iraqi forces. And you're right, Australia's played a pretty big role there with the airstrikes, I'm told about 860 Australian air strikes in that battle for Mosul, plus the special forces who are on the edge of the city helping the Iraqi counter terror unit, and then back in Taji training the troops and the police who have now gone in to Mosul after the defeat of

Islamic State and are trying to keep the peace there, so all of our contribution's been important. Yes, there is momentum against Islamic State, it's still going to be very difficult though, still got a bit of work to do obviously in pushing them back, but now can the Kurds, the Sunni, the Shia all work together in peace in a place like Mosul? This is going to be a big test, and I'll be interested to hear what you both think, but do we need to change what we're doing? I mean do we still need to keep up the air strikes or do we need to pour more into civilian health and even aid to ensure that this peace can last?

MARLES: I think that is a really good point, David, and there's no doubt that what we learned I think in 2003 is it's not just a matter of winning the war, you've got to win the peace as well. I just want to finally ask you: did you get an opportunity to talk to Iraqis and Afghans themselves?

SPEERS: I did speak to certainly members of the Afghan National Army and they very much welcomed what Australia was doing there. In fact they made it very clear to me they want more than the contribution we are making there, in terms of the mentoring and traineeship, and you do get a similar situation in Iraq as well. They do appreciate the support they're getting, the training they're getting and so on. They want more of it, so look I don't know if this is preparedness to pour more in there. I do think we've taken a far more risk-averse approach now, but that's not to downplay what we're doing there at all. It is significant. It is making a difference.

MARLES: Well David, thank you for joining us this afternoon. We really appreciate your insights.

PYNE: And don't forget that David's special plays again on Saturday afternoon at three o'clock on his visit to Iraq and Afghanistan. It's an absolutely fascinating area of policy. I mean the thing is we must learn the lessons of the past, too. It's questionable whether we did after the first war in Iraq. We can't repeat some of those same mistakes, but I think it's question of the week time.

MARLES: It is, but I was going to say I do think if you look at what we're doing there now compared to 2003, it is very different, it is about building capability, and David's right to say it empowers the Iraqis and Afghans themselves, but at our end it means our commitment is much more sustainable.

PYNE: And the dynamic in the Middle East is completely different, so a lot of those Sunni countries like Oman and the UAE, Saudi Arabia, are changing their attitudes entirely towards previous set ups in the Middle East, like Iran and the role that they're now playing, and having an open discussion about their relationship with Israel, of course, is changing as well.

MARLES: Yeah, that's all changing.

Let's do the question of the week. The question of the week this week is: can leaders ever have a break? Now, the Leader of the Opposition was on holidays over the last few weeks. Despite that I was getting some calls from him, so I wondered to what extent he ever does actually get a break. The Prime Minister, does he ever get a break?

PYNE: Well, I don't think leaders ever do get leave. I know Malcolm's been away in the last five days. Not sure he left the country or left the state, but I think he's been having a bit of a break after almost 20 months in the job and not having had a break. But obviously we've had the blow up this week in the dual citizenship, I doubt very much that he said 'I can't be involved in that discussion'. Of course he was hosting Sir Michael Fallon and Boris Johnson and Marise Payne and Julie Bishop.

MARLES: So here's the ethical question for you and I: when we get a call from our leaders who are on holidays, do we return it?

PYNE: If they leave a message we return it. If they just ring for a chat we leave them alone. That's my rule.

MARLES: Maybe that's the answer. Anyway we now need to leave you alone because we've reached the end of the program, but nice to actually do this in the same studio with you today, Christopher, and please join us next week on Sky News at one o'clock for *Pyne & Marles*. We'll see you then.

ENDS