

Labor



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

**E&OE TRANSCRIPT  
TV INTERVIEW  
SKY NEWS LIVE  
PYNE & MARLES  
FRIDAY, 8 SEPTEMBER 2017**

***SUBJECTS: Cats and Crows; energy; national accounts; North Korea; counter-terrorism in the region; diplomacy***

**CHRISTOPHER PYNE:** Good afternoon and welcome to Pyne & Marles here on Sky News Live. It's Friday, 8 September at 1 o'clock Eastern Standard Time. I'm here in Sydney and my colleague Richard Marles is in Melbourne today. Good afternoon, Richard: you must be getting very excited about Geelong playing Richmond tonight at the MCG, and of course I'm very excited because my Crows dispatched GWS last night at the Adelaide Oval and I was there.

**RICHARD MARLES, SHADOW MINISTER FOR DEFENCE:** Well, there is a temptation Christopher to devote the entire show to football given our respective teams finish first and second, but, yes, one of the lovely things about Geelong at this time of the year when we are in the finals, which we've been fortunate enough to have experienced over the last decade, is the town just does go a little bit silly and there is blue and white starting to deck the shops of Geelong right now. I'm wearing my tie, of course, and we are all very, very excited about tonight, but you must be thrilled with the result from last night.

**PYNE:** Absolutely thrilled. I mean the Crows played magnificently. If they keep playing that way for the rest of the finals, we've got the preliminary final next and hopefully we'll win that and the grand final, they're going to be very hard to beat, but you're right about our cities. The crowd last night at the Adelaide Oval was like the Roman Colosseum. It was quite incredible, the crowd was absolutely wild about the Crows and the Crows did not disappoint. So, a very exciting few weeks ahead for us AFL obsessives, but I suppose we should talk about the rest of the show. What have we got on today?

**MARLES:** Well, we should, but we should just also put Sky News on notice that if our respective teams do make it to the grand final we expect to be able to broadcast from the MCG on the last Saturday in September, but we yes, we should, we should get on with the show.

It has been a very big week this week. We've had a couple of reports come out from AEMO, the Australian Energy Market Operator, about energy supplies this summer and energy going forward, and comments from both the prime minister and Andrew Vesey, the head of AGL, about the future of the Liddle power station. We're going to talk about all of that. The national accounts figures came out this week, and of course the very concerning situation in North Korea continued with the detonation of what was suggested to be a hydrogen bomb last weekend, and of course a conversation between the Prime Minister and the President on Wednesday. We'll be talking about all of that.

Our guest today is Professor Greg Fealy. Greg is from the ANU and the School of Asia Pacific Affairs, and we're going to be talking to Greg about particularly the prospect of Islamic State-inspired groups in South East Asia, which is his field of expertise.

Firstly, Christopher, the Australian Energy Market Operator gave two reports this week: one in relation to the prospects of energy supply this summer; the other, of course, in the medium-term energy supply situation in Australia. Take a look at this.

**JOSH FRYDENBURG [CLIP]:** You cannot pursue an energy system of the future without bearing in mind the importance of having baseload and dispatchable power.

**MALCOLM TURNBULL [CLIP]:** We have had several discussions with the chief executive of AGL, Andy Vesey, about the possibility of the Liddell power station continuing for a longer period.

**BILL SHORTEN [CLIP]:** I think before we get to the future of power stations in the 2020s there is an immediate crisis in our energy supply system.

**MARLES:** So, Christopher, a very simple question: Is your party, is your Government, ever going to adopt a clean energy target?

**PYNE:** Well, we have a policy to have 'all of the above' in terms of supplying our energy needs here in Australia, Richard, which is in stark contrast to Labor's muddled policy which would of course mean that Bill Shorten we'll be responsible for blackouts for many summers to come, which is why he's being dubbed Blackout Bill, because we just don't know what you're going to do about supplying baseload power.

Now, we all support renewable energy. Of course we do. We want renewable energy, but we also have to back it up with baseload power and storage which means a clean-coal fired power stations like Liddle remaining open. Labor wants to close them. We've seen that movie before. It happened in South Australia. Why do you want to do it again?

**MARLES:** But at the heart of this, Christopher, is a failure of policy in this country, which is a failure of your Government, and ultimately it is about the failure to set a clean energy target and as a result of that the private sector have no idea where policy is going in Australia. We basically have an investment strike going on with

private sector investors and it's because of that that we're seeing energy prices go up.

You couldn't answer the question just now. Your government is completely paralyzed about this because of the division within your own party room, and until that's resolved we're going to have continued issues about energy supply in Australia.

**PYNE:** Blackout Bill was responsible, quite clearly, for the gas policy in the Rudd-Gillard Governments which allowed a flight of gas to be exported out of Australia and not supply the domestic market, pushing up the prices dramatically. Because of this Government's decision, of course, to have the gas mechanism be introduced, the export mechanism, prices have already started coming down for gas, but Mark Butler confessed he knew it was going to happen and Blackout Bill knew it was going to happen and you sat on your hands.

**MARLES:** It's all rhetoric, Christopher. You are incapable of making the critical decision that you need to make.

**PYNE:** Well, we'll see about that. We've still got the rest of the year to make those decisions.

Now, let's move on to the next subject, which is the national accounts which came out this week. They were a beautiful set of numbers, as Paul Keating once said. Let's take a look at this.

**SCOTT MORRISON [CLIP]:** This is the product of the economics of opportunity.

**JIM CHALMERS [CLIP]:** Wages have gone backwards in this country and household saving has gone down.

**MORRISON [CLIP]:** Well, better days ahead for our national economy are beginning to emerge.

**CHALMERS [CLIP]:** We've got economic growth at less than 2 percent per year. We've had that for three of the last four quarters, which is the worst performance since the global financial crisis.

**PYNE:** Richard, your side were mute this week on the national accounts and we all know why. You must have been devastated: devastated when the high court decided the polls to vote should go ahead, and devastated when the national accounts came up and showed growth at 1.9 percent, above expectations, growth twice the level in the June quarter of the previous quarter, Defence industry helping to drive the economy with increased investment by 26.3 percent, and on Wednesday and Thursday not one question from your Shadow Treasurer - who nobody could name. What's your interest in economics?

**MARLES:** Christopher, please. I mean, here you are heralding as one of the great triumphs of your government economic growth at 1.8 percent. It was only at the end of last year that we had a negative quarter of economic growth for no explicable reason at all, and when you look at the 1.8 percent - bear in mind you're a

conservative government - when you look at 1.8 percent it's mainly driven by government spending in your home state, not in the defence area but in relation to the Adelaide Hospital.

If you took out state government spending growth would almost be flat, wages are going backwards, living standards are going down. So tell me, seriously, is this as good as it gets when it comes to the achievements of the Turnbull Government?

**PYNE:** Richard, if these numbers are so rubbish why didn't you ask a question about them on Wednesday or Thursday?

**MARLES:** There is a rich harvest of material in terms of asking questions of your government when it comes to its legitimacy. It's serious as to whether you actually have a majority in the parliament –

**PYNE:** -You spent four days talking about Barnaby Joyce.

**MARLES:** It's interesting, you're already off the supposed good news of the national accounts right now.

**PYNE:** It was good news. I am shocked by your tactics.

**MARLES:** It is anaemic growth. I mean, that is the reality of it, and it is largely public sector driven, so I'm surprised that as a conservative government you see that as a huge achievement. The reality is without the spending of the South Australian Government, particularly, we would have had flat line economic growth in this country over the last quarter. We are doing worse than comparable economies around the world in terms of growth. The US-

**PYNE:** -Well, that's not true either.

**MARLES:** It's true.

**PYNE:** You can't talk forever. You've got to give somebody else a go. In the last 12 months we've created 240,000 new jobs in the last financial year, which is a record for new jobs.

We've got to move on to the next topic and that of course is your subject, which is North Korea

**MARLES:** It is North Korea, and on the weekend there was another test of a nuclear device by the North Korean regime. It's suggested that it might have been a hydrogen bomb. Then on Wednesday the Prime Minister spoke with President Trump. The Defence Minister, Marise Payne, was in Seoul in South Korea. Take a look at this.

**TURNBULL [CLIP]:** It was a very good call, very warm. Naturally, we focussed on the threat posed by North Korea.

**DONALD TRUMP [CLIP]:** I would prefer not going the route of the military but it's something certainly that could happen.

**TURNBULL [CLIP]:** The risk of war, Karl, is greater than it's been since the end of the Korean War.

**MARLES:** Well, it does seem, Christopher, as every day passes that this situation gets more and more serious, and obviously there needs to be bipartisanship in Australia, which very thankfully there is, but I think the other issue now is that it is absolutely critically important that throughout the global community we have a sense of solidarity in trying to shape North Korea's behaviour and to change it.

**PYNE:** Well, next moves are going to be absolutely critical, and you put the nail on the head: we need a phalanx-like approach from the international community towards the economic sanctions on North Korea. We need that from China, from Russia, from the rest of the region, and we are seeing that at this point in time.

This week, of course, as you pointed out the president spoke to the Prime Minister. The Foreign Secretary spoke to the Foreign Minister, and Marise Payne, the Defence Minister, the other Cabinet Minister in my portfolio, is in South Korea talking to them there.

It is a real concern for the Australian Government. I know it is, too, the Opposition, and it seems we can't not talk about it almost every week on Pyne & Marles. It'll be a nice day when we don't have to talk about it, but the next moves are going to be critically important, and Australia's role, and that of course is to be a supporter of the United States.

**MARLES:** I agree with all of that. It would be nice if we were talking about something else, but this is so serious. In terms of that list and I'd add that Bill Shorten and Penny Wong will be visiting Japan and South Korea later this month, and their message is going to be very simple: that there is a completely bipartisan approach in this country in terms of supporting Japan and South Korea.

For me there are a couple of points to make. One is that we do talk about sanctions for some time, but it's actually only this week that the sanctions started to operate and we're going to have to give them time to come to actually bite.

I think that the risk of miscalculation goes up every day, but the real issue here is North Korea's actions are turning the cause of nuclear non-proliferation on its head. If it becomes an accepted fact that they have these devices it's going to put enormous pressure on Japan, South Korea, Vietnam and other countries in the world to go in the wrong direction and I think that's the real concern here.

Look, we've run out of time for this segment of the program. Join us after the break when we'll be talking with Professor Greg Fealy.

[AD BREAK]

**PYNE:** Well, welcome back to Pyne & Marles here on Sky News Live. I'm obviously Christopher Pyne here in Sydney and Richard Marles is in Melbourne.

Our guest this afternoon is going to talk to us about the growing concerns around Islamic extremism in the South East Asian region. He's from the Bell School of Asia Pacific Affairs at ANU. Professor Greg Fealy, welcome to the program.

**PROFESSOR GREG FEALY:** Thank you very much, Christopher. Please to be here.

**PYNE:** Professor, I guess the first question to set the scene is how serious is the problem in South East Asia of growing Islamic extremism?

**FEALY:** In the last few months it's become considerably more serious, and I think we've had the potential for ISIS to considerably increase the level of terrorist threat in South East Asia. We've had that for several years, but really it's only been since this battle of Marawi broke out in late May in the southern Philippines that we've seen a much more serious escalation.

One of the reasons why it's serious is because no-one expected a few hundred jihadists to be able to hold off the might of the Philippines armed forces for well nigh three months, and that's got great symbolic power for jihadists around the region, and it's capturing the attention of the ISIS leadership in Syria as well. They are now giving a lot of air time, a lot of time on the front of their magazines, to the jihad in South East Asia, and they're urging people to go and join it, so that's one of the reasons why this is getting a much more serious problem for all the countries in this region.

**MARLES:** Following on from that, Greg, global terrorism likes ungoverned spaces, and the southern Philippines becomes a place where they would obviously go. Do you think that Marawi is going to be a particular issue and if we can deal with that we've kind of got to the heart of it, or do you think there is a risk of seeing incidents like these pop up in other parts of South East Asia, and Indonesia, for example?

**FEALY:** I think, Richard, the main threat is in the southern Philippines, because you mentioned spaces or territory that's not particularly well governed, and that certainly applies to a lot of areas on the island of Mindanao and the archipelago of Sulu in southern Philippines, and it's very likely that there will be other attacks like the Marawi attack. The Philippines armed forces say they're within a few days of finally driving out the last of the jihadists, but it's very likely that they will regroup and they will plan other attacks in other cities in southern Philippines, so I think that's where the highest risk currently exists.

In other countries, such as Indonesia and Malaysia and Singapore, to some extent southern Thailand, it's much harder because the authorities have been much more effective at the clamp down on terrorist groups, and I think the military also has a better control of territory. It's almost impossible to imagine, for example, that a jihadist group would be able to launch an attack on a city in Indonesia such as these jihadists have been able to do in Marawi.

So that's why I think the Philippines is a hot spot.

**PYNE:** Professor Fealy, the capabilities of the Australian armed forces are obviously very transparent in terms of surveillance, reconnaissance, intelligence provision, for countries like Indonesia or the Philippines or elsewhere who might be needing to interdict these kinds of jihadist movements. Do you feel that there's other areas in which we could be supporting some of these countries, and building their capabilities to deal with Islamic extremism?

**FEALY:** Well, there is a great deal that Australia is already doing on assisting counter-terrorism efforts in the region, and that covers policing, intelligence and the like. It's worthy to note that in Indonesia, Malaysia, most countries in South East Asia, the primary counter-terrorism role is being undertaken by the police, and in most of those countries it's being done extremely effectively. Places like Indonesia and Malaysia have a very good track record of thwarting terrorist attacks, arresting terrorist and the like.

Philippines is somewhat different because the military is in the vanguard of the counter-terrorism effort, so that does open up, perhaps, more opportunities for Australian military involvement, and indeed as you would know very well the Federal Government has already announced this.

One of the things that's been evident from the Marawi battle is that the Philippines armed forces are not particularly skilled at conducting urban warfare. They are very good at jungle warfare because that's much of what they've had to do in the southern Philippines, but this is the first time there's been a big battle in a city, and so giving training to the Philippines armed forces in those kind of skills would be very relevant, and I think obviously further assistance with intelligence would also be very valuable, because they were blindsided by this attack. They had no idea that something of this magnitude was going to be conducted against them.

**MARLES:** Greg, in a sort of medium- to longer-term sense, is there other efforts that we can engage in? I'm thinking in the aftermath of the Bali bombings the Howard Government funded a lot of moderate Islamic schools in Indonesia, and that continued through the Rudd-Gillard years. Is there a way, do you think, we can use our aid budget to work in that way more in South East Asia?

**FEALY:** Once again, we are actually, we're doing a lot. We're not doing as much in Indonesia as we used to. As you mentioned, we poured a lot of money into the Islamic education sector, and I'm someone who felt that that was extremely valuable. It provided a lot of places for Islamic students in schools where they were controlled by the state curriculum, so there was much less risk of radicalisation. But nonetheless, we use parts of our aid budget to continue to fund counter-terrorism efforts and countering violent extremism campaigns, so that's all to the good.

Specifically for the Philippines, Australia has a very good aid program in the southern island of Mindanao. We're putting a lot of money into helping to prepare that region for the establishment of an autonomous Bangsamoro region there for the predominantly Muslim areas. If we could expand the aid program I think that would be very valuable.

If we just take the case of Marawi, very briefly, that's a city where there's been more than 300,000 evacuees. A lot of the city has been destroyed. There's going to be an immense aid effort needed to rebuild the city and to get those citizens back into their homes with minimum trauma and to minimise the risk of radicalisation, and if we don't help with this, if the international community doesn't help, that will be a very vulnerable community for recruitment by the sorts of people who've been conducting the jihad in Marawi city. So, I think there is a lot of scope for us to be even more generous than we're being with our aid program.

One last thing that is absolutely crucial is the peace process in the southern Philippines. At the moment it's almost stalled, and anything Australia can do to help bring some momentum back to that will help to preserve the credibility of the larger Islamic organisation that have invested in that peace process. If the process collapses, that will probably drive people into the arms of the most radical elements.

**MARLES:** Well, Greg, this is certainly one of the real priorities of Australian foreign and security policy going forward. We really thank you for your insights today.

**FEALY:** It's been my pleasure, Richard.

**MARLES:** And that brings us to the question of the week, which is inspired this week by the Prime Minister's attendance at the Pacific Island Forum, and to get into the swing of the Pacific Island Forum he's even left the country in the hands of a Kiwi, or I suppose he's an ex-Kiwi now, but the question is: what's the golden rule of overseas travel to exotic destinations? Christopher, what is that rule?

**PYNE:** There's only one golden rule, Richard, and that is never allow yourself to wear head dress or any kind of local cultural headwear. It might work in those cultures. It doesn't work back home in the Australian press, and it inevitably leads to mocking, humiliating stories in the press. You can do a lot of things – shirts are one thing, waistcoats another, but definitely not a head dress.

**MARLES:** I think that is right. One thing you always remember is it feels like a good idea at the moment, but those pictures are always on file and they always come back to haunt you.

There is some fascination about putting our world leaders in fancy shirts at events such as this, and I saw the Prime Minister giving an interview before our show in his beautiful Samoan shirt. I have a number of them in my closet as well, and I love my Hawaiian shirts, but it's just a fashion which does not translate. I pulled one out once the end of year office party in my backyard. It didn't even work in that environment. In fact, I had to ban the use of mobile phones for fear that an image would escape my yard and end up on the twittersphere.

**PYNE:** The problem with your Hawaiian shirts, Richard, is you had most of them before you travelled to the South Pacific and are now trying to pretend you got them in the South Pacific as gifts. We all know the truth.

I've got a few waistcoats, actually, from the subcontinent, which are very fetching, but I must admit they do look a lot better on the subcontinent than they do in the suburbs of Adelaide.

I think Paul Keating, he broke the mould on the head dress. I think it was in Papua New Guinea that he wore a chieftain's head dress, and I think after that no politician has been near one since. I'm not sure if they've showed a picture of it, but if they have I think everyone understands the point.

**MARLES:** That's right, and I think I'm right in saying that Paul Keating was made a grand chief, which is the highest civil honour in PNG, and comes with the head dress, and indeed I've seen that head dress in a museum somewhere, so it's achieved some kind of fame, but you're right: it makes for a colourful picture right there, but it will come back to haunt you, and it's always put on the front pages when your career is going down in the wrong direction.

**PYNE:** That's true. How dreadful it is, just as your leaving they start to publish the embarrassing photograph, it's true.

It's been a great show.

**MARLES:** It has been a great show. We've run out of time. Lovely to talk to you again this week, Christopher. Good to see you all and we will look forward to joining you again next week at one o'clock at Pyne & Marles on Sky News. We'll see you then.

**ENDS**