

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

**E&OE TRANSCRIPT
SKY NEWS LIVE
PYNE & MARLES
FRIDAY, 20 OCTOBER 2017**

***SUBJECTS: End of car manufacturing in Australia; Liberals' energy 'policy';
New Zealand election; ISIS; 19th National Congress of the Communist Party of
China; Speeches***

CHRISTOPHER PYNE: Good afternoon and welcome to *Pyne & Marles* here on Sky News Live on Friday 20 October. I'm Christopher Pyne and I'm here in Adelaide, and my comrade-in-arms on this show is Richard Marles, and we welcome him back from his travels. He's in Geelong. Good afternoon, Richard, and welcome back.

RICHARD MARLES, SHADOW MINISTER FOR DEFENCE: Well, good afternoon to you, comrade, as well. I thank Tom Connell for standing in for me last week, as he did a few weeks ago, and did a sterling job, and it is nice to be back, but it's a sad day, Christopher, because today is the last day that cars are being made in this country, of course, in your home town of Adelaide.

It didn't have to be this way, but I know the pain that will be being felt by those in Adelaide, and particularly Elizabeth, today, because of course Geelong, where I'm from and here now, is a car making town as well, and we went through this last year and it is a very difficult moment indeed.

PYNE: Yes, Richard, well there's no doubt it is a sad day in terms of the car industry here in Australia, and I must say I was always very disappointed when General Motors said from, at the time that Holden was announced that it would be closed, that no amount of Government support or subsidy would keep open that factory, which is a great disappointment to us all, as a person with manufacturing very much in my blood, but there's good news as well: 75 per cent of people who work at Holden have found jobs; a further eight per cent have retired; two per cent are in training; another per cent are doing volunteering work. On the other front too, the defence industry that we've brought here to South Australia and around the country created in the last fortnight 750 new jobs: 600 in construction, 150 at Saab. So, there is a bright future for manufacturing in Australia, perhaps not in cars, but there's also a lot of people still working, as you would know, at Ford in Melbourne because they're still doing all the design work for the Ford company. So it's not all bad news, but it certainly is a red letter day here in Adelaide and fortunately we've put in place the policies that are going to give those people the chance to start new jobs.

MARLES: Well you're right about the design function of Ford here in Geelong and Melbourne, that's true, but it's certainly hard for those who've been involved in the making of cars, and particularly people, you know, over the age of 50. It is a difficult moment and it feels like a very sad day indeed in terms of Australia's industrial history - but we should get on with the rest of the program.

This week we saw the Government announced its National Energy Guarantee, which is the next stage in what has been a very long-running energy debate in this country over the last year, we're going to talk about that.

Yesterday of course, Winston Peters announced that the New Zealand Labor Party would be forming Government under Jacinda Ardern and we'll be talking about that as well.

And during the week we saw the fall of Raqqa, which is a very significant moment. It was the proclaimed capital of the ISIS Caliphate and that is a significant moment in the contest against ISIS.

Our guest today is Georgina Downer. Georgina is a former Australian diplomat, worked with Asialink, and now with the Institute of Public Affairs, and we're going to be talking to Georgina about 19th Party Congress in China, which is a very significant moment for our region as well.

First up, the Government's announcement of establishing a National Energy Guarantee, it's policy foray at this moment. Take a look at this.

MALCOLM TURNBULL [CLIP]: What we have today is a game changer.

BILL SHORTEN [CLIP]: A policy which just isn't good enough for the Australian people.

DAVID SPEERS [CLIP]: Do you see this, Mathew Warren, as some type of pricing carbon?

MATTHEW WARREN [CLIP]: Well, yes, of course it is.

ANGUS TAYLOR [CLIP]: Well, no, that's just rot.

JOSH FRYDENBERG [CLIP]: Two letters: N-O.

TONY BURKE [CLIP]: It may well be that what we have in front of us is an emissions intensity scheme, managed by the energy retailers. It might end up being something Labor can support.

MARLES: So Christopher, what we have here is an 8-page pamphlet describing what this policy is, but from what I can tell this does indeed look like a carbon trading scheme. Is that what you actually announced on Monday?

PYNE: Well, look Richard, Labor can call it whatever they like. What the Australian public want is affordable power and reliable power. What businesses need is reliable power that they can afford so they can actually build their businesses.

Now, Labor wants to play semantics. They want to parse it however they like. I really couldn't care less, and neither could the Australian people. If it delivers affordable power and reliable power and reduces our emissions, then that is a good policy, and I'm pleased to see that Labor is now considering supporting it. You've had your dirty dozen policies since Kevin Rudd said this was the greatest moral challenge of our time. Will Labor get on board Richard?

MARLES: Well, I think what we need is more than an 8-page pamphlet to do that, and you know the starting point here is getting the states on board and I reckon they're going to need more than an 8-page pamphlet to understand it.

It does certainly seem like a carbon trading scheme that your seeking to implement here—

PYNE: -But why do you care what it's called? Why do you care?

MARLES: Because what we're trying to work out is what, in fact, the direction the Government's going in. But I've got another question—

PYNE: -I'm not sure what you're trying to do.

MARLES: Well, you have made it clear that subsidies are over. That appears to be what underpins what's going on here. If it's a carbon trading scheme we want to understand exactly how that works, but if there are no subsidies, does that mean that you can rule out the Government ever building a coal-fired power plant?

PYNE: But Richard, do you want affordable, reliable power that reduces our emissions?

MARLES: Of course we do, but what is—

PYNE: -Exactly, we've given you the opportunity to support that.

MARLES: In terms of affordable power there is a spurious promise, you know, 5, 10 years from now that maybe there'll be a 50 cent per week reduction in power bills—

PYNE: -That's not true.

MARLES: But does that mean you're not ruling out the idea of the Government building coal-fired power plants?

PYNE: Look, what we're doing is an agnostic policy in terms of technology that reduces our emissions, guarantees our reliability in terms of base-load power, and means it's affordable to consumers and businesses alike. Now I'm pretty sure Labor's going to climb on board. I think the sooner you do so, the better and move on the pain.

But let's move on to the next issue: it was a red-letter day in New Zealand yesterday, as the 10-year Nationals Government came to an end, a great Government under Bill English and John Key. Let's see how it unfolded.

WINSTON PETERS [CLIP]: In the end we chose a coalition Government of New Zealand First with the New Zealand Labor Party.

JACINDA ARDEN [CLIP]: I feel extraordinarily honoured and privileged.

JULIE BISHOP [CLIP]: I would find it very difficult to build trust with members of a policy party that had been used by the Australian Labor Party to seek to undermine the Australian Government.

BISHOP [CLIP]: And I accepted her explanation and I agree with her absolutely.

PYNE: Well Richard, 10 years of Nationals Government came to an end, a Government that had delivered a sound, growing economy and the national Labor Party in New Zealand are now in government under Jacinda Arden with the Greens and with New Zealand First. How do you think that's going to work, with three different parties pulling the same chariot?

MARLES: Presumably in asking that question it doesn't bother you, I assume, as an Australian Government, who's running New Zealand? I mean, we ought to be completely agnostic about which party—

PYNE: -Well we are.

MARLES: But that's not where the Foreign Minister, of course, was only a month or two ago. I mean, she has some serious repair work to do now. Julie Bishop sought to politicise our relationship with New Zealand, such as saying that our relationship with New Zealand would depend on who won the New Zealand election. I mean this is Julie Bishop's worst nightmare—

PYNE: -No, she didn't.

MARLES: She absolutely did!

PYNE: No, she didn't Richard.

MARLES: That is exactly what she said.

PYNE: Look, Bill Shorten described Donald Trump as barking mad. Does that mean that if Labor were in office they wouldn't be able to work with the White House? I mean, honestly, the reality is our relationship with New Zealand transcends politics. It doesn't matter if it's a Labor Government or a Liberal Government in Australia, or a Nationals or a Labor Government in New Zealand, we have very close ties as you well understand and Jacinda Arden has already said that she wants to come to Australia as one of her very first visits, if not her first visit, to reaffirm that relationship. We need each other and we'll work closely together, but you're surely not saying that a bit of rhetoric means that the whole relationship is under threat, otherwise how does Bill Shorten talk to the Americans?

MARLES: When the Foreign Minister said what she said, that the outcome of the New Zealand election would have an impact on our relationship, she absolutely

crossed a line there, but I assume Christopher, based on what you've just said, that we all wish Jacinda Ardern the best, which I certainly do. I think she will make a fine Prime Minister of New Zealand, and in saying that, acknowledge absolutely the work that John Key and Bill English did. When we were in Government I worked very closely with the Key Government and Murray McCully as the Foreign Minister at that time, and no doubt they made an enormous contribution to New Zealand, and indeed, to the region, but we wish Jacinda Ardern well.

That brings us to the final topic for this morning. During the week, we saw the fall of Raqqa which was a very significant moment in the fight against ISIS. Raqqa, of course, was the self-proclaimed capital of the ISIS Caliphate. Its fall marks a very significant moment in the fight against ISIS. Have a look at this.

JOURNALIST [CLIP]: Once the pride of the so-called Islamic State, now reclaimed after a four month battle by these US-backed fighters. ISIS is finished in Raqqa, they told us.

JULIE BISHOP [CLIP]: Now with the fall of Raqqa, after a long and bloody siege, we do see significant progress. This is a major blow to ISIS.

MARLES: Well, this is a very big moment and given that Australia is involved in the broader engagement against ISIS in the work that we're doing in Iraq, it's a significant moment from an Australian perspective as well.

One of the things that really struck me though, Christopher, in looking at all the footage that came out of Raqqa during the week, is just the extent of the devastation which has been caused in that city which is ultimately the responsibility of ISIS in terms of what they have been doing over the last few years.

An absolutely critical moment, but it's not the end, I think we will see further conflicts going forward in places like Deir ez-Zur, and beyond that we need to be now imagining what work needs to be done in supporting Iraq in a post-ISIS world.

PYNE: Well, Richard it was a very significant week, the fall of Raqqa, as you say, the self-proclaimed capital of this Caliphate. There's still a lot of work to do though. The Iraqis are still fighting ISIS in Western Iraq, in the Euphrates Valley closer to the Syrian border. There's still people who need to be cleaned up.

I'm surprised it didn't get more media coverage, though, I must say. The worst things that ISIS has done have got a lot of media coverage, saturation coverage in fact, which is what they wanted. The actual fall of their capital I thought would have been something of a show stopper.

As you say, the next phase, having once defeated ISIS and there's still areas where that needs to happen, is the post-Iraq, how that looks, how Australia's engaged. Obviously we've been actively involved there in assisting, advising and training and that will go on for some time, and then we'll all need to consider, all the Western Allies, how we support Iraq in the future, and of course what happens in Syria where the civil war still continues apace.

MARLES: Yeah, there'll be a discussion, obviously, about Australian engagement and we'll seek to do this on a bipartisan basis of course, but I would think that the point needs to be remembered that international terrorism likes ungoverned spaces and to make sure Iraq never becomes that in the future, that its Government is able to operate effectively. I think the international community is going to need to have a sustained engagement and form of support with the Iraqi Government for some going forward.

That brings us to the break. Join us afterwards when we will be talking with Georgina Downer.

[AD BREAK]

PYNE: Well, good afternoon and welcome back to *Pyne & Marles* here on Sky News Live on 20 October. This week has seen the five-yearly Congress of the Chinese Communist Party, which is the 19th Congress and Xi Jinping gave his keynote address this week in Beijing. It was a 3 hour and 20 minute affair, so longer than most of us in Australia are used to giving in terms of speeches, and we thought we'd be joined this afternoon by an expert on North Asian politics and diplomacy, someone who has worked in our Tokyo embassy, who worked for Asialink, and is now with the Institute of Public Affairs, and might have a little bit of diplomacy in her blood and that's Georgina Downer. Welcome to the show, Georgina.

GEORGINA DOWNER: Thank you very much, Christopher. It's great to be with you both.

PYNE: So, Georgina, just set the scene for us a bit and for our viewers in terms of what the party congress means. It happens every five years. It's certainly a lot more than just a week-long event. There's months and months of meetings, resetting of the government's agenda, so perhaps explain a bit what the Congress actually means in China.

DOWNER: Well what it is, as you were saying, a meeting of the Chinese Communist Party leadership. There are about 2,500 people who attend this this Congress. It happens every five years. Every 10 years you have the election of a new general secretary of the Communist Party, so in 2012 Xi Jinping took over from Hu Jintao as leader of the Communist Party and that position is almost always the President of the People's Republic of China.

Unlike the 2012 Congress, which was surrounded by a whole lot of intrigue and scandals, this was an incredibly choreographed affair. It's still going. You have at the centrepiece, of course, this speech by the Party General Secretary, Xi Jinping, and as you mentioned it went for I think it was three and a half hours, 205 minutes, and everyone from former presidents, former Party leaders like Jiang Zemin and Hu Jintao sit there dutifully listening to this enormous speech, which covers all the achievements of the last five years of the party - in quite a lot of detail, clearly - and then the forward plan, and China is an incredibly planned economy and country, so what Xi Jinping was setting out is what he intends to do and probably what he will do.

What also happens at the Congress is changing of the guard, so you have a very powerful standing committee of seven people, all men, and you had this week five of those retiring so only Xi Jinping and his premier will remain in that group of seven. What a lot of China watchers are looking out for is who will be replacing the key leadership team, and of course the other committees around that, and what is expected is that Xi Jinping will be promoting people who are incredibly loyal to him and to his particular program that he's setting out, the Xi Jinping program for China's economic and military development.

MARLES: Georgina, I don't know whether it's the right way to think about it but it seems to punctuate the rhythm of political life in China a little bit the way elections do here, although of course it's not an election. You describe that in President Xi's speech it does articulate what the future holds in terms of a very planned political environment I guess. Does that represent something of a sort of the equivalent of a mandate in terms of our language, and if so what direction do you then expect China to take based on the speech that President Xi made?

DOWNER: Well it's not really a mandate in that no one's no one's electing him to prosecute it and implement it, but it's setting out what he desires, and over the last five years Xi Jinping's emphasis has been on anti-corruption and consolidating his power. The anti-corruption drive has been predominantly focussed on getting rid of his enemies but also at assuaging concerns within China domestically that the Communist Party was linked too much to high wealth and an extravagance and luxury, of shows of wealth and the billionaires of China and Xi Jinping has tried to distance the party from that from that image through this anti-corruption drive, but of course at the same time he's got rid of all his competitors.

In terms of what were the key things he articulated for the next five years and beyond? Quite a lack of emphasis on the market and much more of a strong emphasis on the importance of state-owned enterprises, which he wants to make stronger and greater but more efficient. Now, read into that what you will but it fits into a narrative we've been seeing in the last few months where Xi Jinping has been asking businesses to really abide by the Communist Party's will, and he's even called for government ownership, part ownership, of some of China's most successful companies, tech companies like Tencent which has developed WeChat, and Alibaba, which of course you'd be familiar with.

Another big issue that he raised was something you, Richard and Christopher, would both be very familiar with: China's military modernization. He has said that he intends China to have a first-class military by 2050 that will be ready to fight wars and win wars. This feeds into what we've been seeing for the last 10, 20 years: China's military significant investment in their military capabilities and personnel. China doesn't have the combat experience like the United States, so that's obviously going to be a strong emphasis in the next 5, 10, 15 years.

PYNE: So, Georgina, just quickly because I think we're running out of time, was there anything in the Xi Jinping speech that would be of interest to us from a North Korea point of view, a change of emphasis, any kind of warning in the speech about the future for North Korea that would be of interest to Australia?

DOWNER: No – interestingly, absolutely nothing about North Korea. What was interesting, though, is that Xi Jinping said that one of his highlights of the last five years was building artificial islands in the South China Sea. Now, that's pretty concerning because, of course, that's changing the rules of the game in the South China Sea, creating land masses where there weren't, and of course the purpose of that was to: 1) enhance the sort of military capability of China in those waters: but also 2) try and embed its territorial claims to the South China Sea.

So, that's something that matters a lot to Australia because 60 percent of our trade goes through those waters. They are international waters and it's in our interests that they remain open for our vessels and what is coming to Australia for our imports, as well, to freely navigate those waters.

MARLES: That's absolutely right Georgina, and 60 percent of our trade going through the South China Sea is the killer fact when we're thinking about what our policy should be in relation to that. Thank you very much for joining us today. That is really illuminating, and it's a very important event that's occurred within our region and we hope to have you on again soon.

DOWNER: Thank you very much.

MARLES: And that brings us to the question of the week, which is inspired by President Xi's three-and-a-half-hour-long speech at the 19th Party Congress and it is, Christopher: what's the longest speech that you've ever given? So, Christopher, what are your experiences with long speeches?

PYNE: Well, I was once given some advice by Roger Goldsworthy who was the Deputy Premier in South Australia that no politician was ever criticised for giving a short speech, so I tend to give very short speeches, but I once spoke at the Berowra FEC where Philip Ruddock, who's a great friend of mine, I should say, he introduced me and he spoke for an hour before I got the chance to speak which rather changed my plans. What about yourself?

MARLES: Well, I was in China once and I had I had a six-minute speech prepared and organised with the translator about how that was going to work. After the first minute I went to the translator - he took four minutes to translate my minute by which point I was profoundly bored in my own speech. It went for 45 minutes and I couldn't wait for it to end. That's my experience of long Chinese speeches.

That brings us to brings us to the end of the show. Great to talk to you again this week, Christopher. Thank you for coming along, viewers, as well. Look forward to speaking with you next week on Sky News on *Pyne & Marles*. We will see you then.