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**E&OE TRANSCRIPT
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PYNE & MARLES
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SUBJECTS: North Korea; Adani coal mine; national accounts; International Women's Day; tariffs and trade; the Greens

CHRISTOPHER PYNE: Well good afternoon and welcome to *Pyne & Marles* here on Sky News Live. It's Friday, 9 March, 1 o'clock Eastern Standard Time. I'm Christopher Pyne and I'm here in Sydney studios today, and my co-presenter, Richard Marles, is in Geelong. Good afternoon, Richard.

RICHARD MARLES: Good afternoon to you, Christopher, and during the morning we've had some pretty remarkable news, if it's true: the prospect of a President Trump meeting with Kim Jong-un. What do you make of that?

PYNE: Well it's a really dramatic development, and I think a lot of people have been taken quite by surprise, in fact, because I don't think anybody expected one, such a request from North Korea, or two, necessarily that the Americans would entertain it in the way that they are. So, it will be interesting to see where it goes. I mean it's critical that the pressure remain on North Korea to denuclearize the Korean Peninsula, so the sanctions that the Americans have imposed, that we've imposed, in fact led the world in imposing, it's critical that they stay in place. So it'll be very interesting to see where it develops. Of course, the more talking people do the better. As they used to say it's better to do jaw jaw than war war.

MARLES: Is that Winston Churchill?

PYNE: It was Franklin Roosevelt, I think.

MARLES: Ah, there you go.

There's an obvious point to be made there, and in that sense if there is hope in this that's good, but let's hope that it's not false hope. I think your point is exactly right. The pressure needs to be maintained, and one of the difficulties here is that the vision of the North Korean regime is so opaque that it's hard to exactly know what's motivating the North Koreans in the way they're behaving at the moment. I mean, possibly this is a reaction to sanctions biting, who knows, but it really is important

that the pressure is maintained because we've got to see a denuclearization of the Korean Peninsula.

The other thing that's not exactly clear to me is whether this is actually happening. It does sound like it's going to happen, but this is an unpredictable space. But if it does, you know, the point then is just to make sure that what we're witnessing here is not false hope, but it will be very interesting indeed to see how this plays out over the coming weeks-

PYNE: -It's also critical that North Korea not be rewarded for bad behaviour-

MARLES: -Certainly-

PYNE: -so if there is going to be a thawing of relationships and North Korea is going to seriously enter into discussions it's got to be based on real offers of denuclearization not just more public relations from the North Koreans. Rewarding bad behaviour just leads to more bad behaviour, so it's going to be very interesting to see how the United States reacts and how the rest of the world reacts as well.

MARLES: I couldn't agree more. I think that point is well made and it is exactly right. It's very important that as this plays out bad behaviour is not rewarded, and we won't have a sense of ongoing stability or peacefulness if we don't see a denuclearization.

But we should get on with the program that we'd planned before this news broke, so this week we've seen the Adani issue continue and we're going to have a chat about that. On Wednesday, the national account figures came out for the second quarter of this financial year. We'll talk about what they mean. And yesterday was International Women's Day and both sides of politics have been speaking in relation to that, so we're going to talk about that.

Alan Oxley is our guest today. Alan Oxley heads the APEC Studies Centre at RMIT University. He's a former Australian ambassador to GATT, the General Agreement on Tariffs and Trade, and we want to be talking with Alan about the significance of the announcements we've seen in the United States around the imposition of a tariff.

But first off it is Adani. It continues to be in the news. Take a look at this.

BILL SHORTEN [CLIP]: I support the Adani coal mine so long as it stacks up.

BILL SHORTEN [CLIP]: I don't support the Adani project.

BILL SHORTEN [CLIP]: The project doesn't stack up commercially environmentally, then we don't support it. We believe that the deal has to stack up commercially and environmentally. People know it hasn't. We won't rip up arrangements.

JOURNALIST [CLIP]: Do you support the Adani coal mine, and why?

MALCOLM TURNBULL [CLIP]: Well the development of that mine is- the answer is yes.

MARLES: So we've been talking about this for a long time, Christopher. I just want to ask you this: if this is such a good project, if it's such a good deal, why does it need it public [AUDIO BREAK]

PYNE: Richard, that isn't the question. The question is: what is wrong with your boss? He has actually become the sovereign risk in Australia to our economy, a sovereign risk around jobs, around investment, around development. It's not really so much the Adani coal mine that's the problem here. The issue is that Bill Shorten is a sovereign risk to the country, to our economy, and why on earth are you more sensible Labor people allowing him to trash our international reputation?

MARLES: Well, it's the politics you're playing, so for the record we have said, and even in those clips you heard it, our position on this has always been that this coal mine needs to stand up economically and it needs to stand up in an environmental sense-

PYNE: -But that's not what Bill said.

MARLES: -I suspect- but it actually is what Bill's been saying, what we've all been saying for a long time now and that we wouldn't be giving public money to it, and on that basis it's unlikely that this would go ahead if we were in Government, but that's why-

PYNE: -I think that issue is over. I mean the billion dollar loan to Adani for the railway spur, of course, is no longer an issue because that's not on the table, so you're just trying to create a smokescreen. You're a more sensible, right-wing Labor person. How can you allow your boss to go around the country saying to one group he's in favour of the Adani coal mine, to another group he's against it. I mean you're going to win the Batman by-election anyway. It's a Labour seat. Why on earth is he trashing his own reputation and the reputation of the country?

MARLES: Well, I like that little attempt at expectation management right there in relation to Batman, I think Batman is a big fight. Make no mistake about that.

PYNE: Rubbish.

MARLES: It's obviously a contest between us and the Greens there.

But there is no sovereign risk here. We've been making it really clear we're not about to rip up any agreements or any approvals that have been given and we've been very clear about the fact that nothing we will do equals a sovereign risk.

The point here, though, is unless this stacks up economically, and that means without public money, well, then, you know, it's not going to go ahead-

PYNE: -But that's a question for the banks and for Mr Adani and the backers of the coal mine. That's not a question for Bill Shorten to decide.

MARLES: Well, it is a question for government to the extent that government is asked whether or not it would provide public money to this project, and our answer has been unequivocally that we will not.

PYNE: But that isn't an issue anymore. Nobody is proposing any public money for the Adani coal mine. The only issue this week is that Bill Shorten cannot be trusted to run the economy, so the growth that we're seeing in the economy, the new jobs, he's prepared to put all of that at risk because of a perceived campaign in Batman from the Greens.

But we've got to move on, because we're moving straight onto the economy and jobs because the national accounts came out this week. Let's look at how that played out.

SCOTT MORRISON [CLIP]: When you look at consumption, when you look at non-mining investment, when you look at compensation of employees, when you look at the profit position, all of those indicators I think indicate a soundness and a strength to the domestic Australian economy.

But I think it's important that we continue to do all things that we can to ensure that Australians can earn more. If Australians continue and can earn more then obviously they're going to be more confident about their spending.

PYNE: Well, Richard at the end of the day Australian elections are decided on the basis of who you trust to run the economy, and what we're seeing this week in the national accounts is continued good growth in the economy: 2.5 percent for the year, 0.4 percent for the December quarter, consumption rising in the December quarter. That's what's driving this kind of growth. That's because of the 403,000 jobs we've created. On your side, why are you trying to kill that with \$165 billion worth of new taxes?

MARLES: Look if you reckon this is good growth and that's the basis upon which you're going to go in the next election, I mean good luck. This is below market expectations, below global trends, and one of the reasons that the figure wasn't up to expectation is because of a poor performance in relation to private investment.

Now, Christopher, you know the centrepiece of your economic strategy is a tax cut to big businesses. That has started to be rolled out. The first tranche of that's gone through the parliament. It is meant to actually encourage greater private investment and yet it hasn't. If this is your strong point it's looking very weak.

PYNE: Well, Richard, the Labor Party at the moment are against the company tax cut. They're in favour of \$165 billion worth of new taxes. They're against free trade. Your boss said that the TPP wouldn't happen-

MARLES –Oh, please.

PYNE: -and you came on to the China Free Trade Agreement at the very last minute when you had to, and now you're opposed to development. What's the difference between you and the Greens?

MARLES: Well, that is ridiculous. As Trade Minister I went to Beijing to kick along the China Free Trade Agreement, so that is just nothing other than-

PYNE: -You only supported it at the last minute.

MARLES: Oh, that's just not true. We supported the China Free Trade Agreement throughout its negotiation, and the idea that it was that it began and was concluded in five minutes as you've tried to sell is a joke. I mean, it began under John Howard. It was negotiated throughout the Rudd-Gillard years, and I participated in that myself as Trade Minister-

PYNE: Why are you trashing the Hawke-Keating legacy? Why are you throwing away-

MARLES: -We are not.

PAYNE: -all that effort you put into being an economically a sensible manager?

MARLES: Well, if economic sense is about debt and deficit, which is what you have said all along, that is not a record that you will get elected on, and that is ultimately the issue. It's ultimately the issue with your tax cuts, because they are unfunded. I mean what those tax cuts do is add to debt and deficit in this country.

PYNE: The only difference between Shorten and Corben is the beard. Now, we've got to move on. You've got to move on to another topic.

MARLES: That is ridiculous.

PYNE: It's true.

MARLES: I want to respond but we do need to move on.

Yesterday was International Women's Day and we had statements from both sides of politics in relation to this. Have a look.

MALCOLM TURNBULL [CLIP]: A reminder of how important it is to have great role models, and of course none greater than Michelle. If you can't see it, you can't be it.

MICHELLE SIMMONS [CLIP]: I certainly encourage all young girls when they're looking in their careers going forwards not to narrow their choices, not to see themselves in one particular career, pick up their skills, expand their horizons and who knows where the world will lead you. Do the hard things and you'll get rewards.

MARLES: Well, of course we got to see how impressive a role model Michelle Simmons was on our program last week, and she is doing a fantastic job in getting women into a part of the economy that they are underrepresented in. I'd be interested in your take on this, Christopher. I mean, in my lifetime the role of women in our society, in our economy, in the workplace, has changed dramatically and International Women's Day has been, I think, over the years something of a celebration of that and rightly so. I think this year there is more of an intent and a

focus on what more needs to be done than I've perhaps seen in years past in relation to International Women's Day. The pay gap between men and women is persistent. It's, depending on how you measure it, between 15 and 22 percent, and I think there is a real edge to the way in which this International Women's Day is occurring with quite a lot of sentiment about we actually need to address the work that is still to be done.

PYNE: Yeah I think that's all true. I don't think International Women's Day has had quite as much publicity or attention as it has this week. I think one of the reasons for that has been the #MeToo movement, which has made the issue about the treatment of women in the workplace and in general a hot topic of conversation all this year.

There is good news of course, though, but we could still keep improving the good news. The good news is the participation rate is the highest it's ever been of women in the workforce. The good news is that the gender pay gap has narrowed over the last few years, but it was coming off a very bad base, in terms of a wide gap. It's now narrowing so we're heading in the right direction. We've got \$2.5 billion of extra money for childcare to make it more affordable, and we're all putting more resources into domestic violence, the eradication of domestic violence, so I do think there is good news, but there's more to be done and happily this is an area of bipartisanship.

I have to say, for my own party I wish we had more women in the parliament and I think that's something that we need to keep addressing. We don't support quotas but I still think we need more women in the parliament.

MARLES: Well, I think we do need more women in the parliament. We need more women on government boards and on boards more generally, and we need more women in the public service, and that was part of our announcement yesterday. We'll just spruik one, it's perhaps not the biggest announcement but I think it's important.

We committed \$15 million yesterday to the Time Use Survey being done in the next in 2020 and in 2027, I think, by the ABS. That's a really important measure in terms of understanding why the pay gap, the gender pay gap, is so persistent.

We've run out of time for this half of the show. Join us afterwards when we're gonna have a chat with Alan Oxley about trade wars. We'll see you then.

[AD BREAK]

PYNE: Well, welcome back to Pyne & Marles here on Sky News Live. Our guest this afternoon is Alan Oxley. Alan Oxley was the General Agreement on Tariffs and Trade ambassador for Australia a few years ago, and is now the Chair of the APEC Studies Centre at the RMIT University. Alan, thank you very much for joining us on the show.

ALAN OXLEY: Pleasure.

PYNE: Alan, you're of a trade guy. You know all about tariffs and trade. There's been a lot of hype about these steel tariffs that President Trump announced this week, a

lot of talk about an international trade war and what that means, and the precursor to the Great Depression being returned. How realistic are these tariffs actually having any serious impact? What do you think they really mean for not just the Australian economy but for the world economy.

OXLEY: Well, I think the key thing to pay attention to is that it looks like we're seeing yet another big game by Donald Trump. If you read the literature and look at what how he conducts himself it is a play. I mean, someone mentioned that he's going to delay the imposition of the tariffs on Canada and Mexico. They were in fact two of the biggest steel suppliers to the United States, and what needs to be seen here is this to me looks like part of his play to pressure them to go along to how he wants to see the North American Free Trade Agreement changed,

As soon as the announcement of tariffs on steel were made you could see both in Mexico City and in Ottawa concern that this was just another way of trying to stall. Trump tried to block very early on in his piece the NAFTA agreement in the same way he did junk the TPP agreement, but was prevailed upon by his people not to. But he still seems to be focused on that direction.

MARLES: So Alan, the economic relationship between America and China is obviously at the heart of the global economy. Does this decision have an impact on that?

OXLEY: If you look back through the history this isn't the first time we've had a US administration playing really tough. Ronald Reagan did when he started and Japan was his target, and he pressured Japan on a couple of areas, pushed up tariffs. Now, the Chinese are in a more secure position. They don't feel as intimidated as the Japanese about having a role in global trade, but there is no question he will make a big issue of intellectual property, and I think what we'll find is that probably they and the Chinese will work something out between them and not actually engage in wholesale trade war in the same way that he went after Japan, or his predecessors went after Japan, many years ago.

PYNE: President Trump is sending some interesting signals. I mean, it wasn't that long ago that he was saying to Malcolm Turnbull that the US might think about joining the Trans-Pacific Partnership now that 11 countries have signed, only today, in fact, finally signed the agreement on the Trans-Pacific Partnership, which gives us access to a \$13.7 trillion-area economy. He sends that signal and then he sends the signal on steel tariffs. I just wonder how much of this is about politics in the United States? If he is eventually thwarted in what he wants to do by the Congress or by the circumstances of trying to impose tariffs, and therefore he will be able to turn around and say all those States that supported him that are manufacturing states 'Well, I tried but the swamp', as he likes to call it, 'stopped me'?

OXLEY: Yeah, thinking over where things are running I arrived at the same conclusion myself a couple of days ago. I think that's right and I think that's where he's heading, so I don't think- I don't know if you've picked this up as well, Congress is starting to take a very dim view of where Trump is, and one thing that's not well understood outside the United States is that Congress actually sets the trade law powers and the President is beholden to Congress from that, and there's some signs

now that they're starting to stir, and Ryan, the head of the major one of the major committees in the House of Representatives, said that the President better watch out here because we would have no hesitation in doing this. and I would not be surprised. I think you're right. I think part of this is part of his big play as to how he represents himself, and yes I think he will say, if the Congress votes down his measures, 'Well, I warned you about this swamp'. I think that's right.

MARLES: In a sense let's hope that wiser heads prevail in the United States, because certainly a more isolationist United States in relation to trade is bad for us. It's bad for the global economy. But what does worry me about the political environment in the United States is that both the Democrats and the Republicans went into the last election opposed to the TPP. So there's a lot of focus on Donald Trump, but it's across the board.

I guess, Alan, I want to ask you this question: does anyone ever win a trade war? In fact, who last won a trade war?

OXLEY: It's a colourful term. I don't know that there's been that many trade wars per se.

One party sitting in the sidelines watching the threat for the steel tariffs of interest is European Community. They're quite used to taking the United States on and they're already raising, setting up a list of significant tariffs they'd impose on American imports – bourbon would be one - in order to act as a retaliant. That has worked in the past, so sometimes I think there's more of a standoff as a result rather than a settling of a dispute, but the Community acting is getting ready to act.

PYNE: So, very quickly because we're running out of time, Alan: the TPP has been a big tick for the government; the China, Japan, South Korea, free trade agreements. What do you see as the prospects for an EU free trade agreement with Australia?

OXLEY: Well, I mean, I've never been a fan of doing an FTA with the EU. They always put lots of lots conditions on it. This is being driven I think by our beef sector, who want greater access to the EU. I wish the Government luck if they want to negotiate that. It took Canada eight years to do an agreement with them. It's never easy working with the EU. I'm not a great fan, but if it gives them great beef access, so be it. That'd be OK.

MARLES: Well, we've run out of time, Alan. Thank you for coming on. The notion that bourbon is going to be taxed going into the European Union presumably sends the economy of the South into a tailspin, so that it is a troubling prospect, but it's been great having a chat with you today and we look forward to having you on the show again.

OXLEY: Any time. Thank you.

MARLES: And that brings us to the question of the week, which is inspired by last weekend's election in Tasmania which saw a return of the Hodgeman Government, but in the midst of that election the Greens did much worse than expected, a 10 percent vote across the state. I think that's a 3 percent decline in their primary vote,

and so our question today is: is the Tasmanian result a symptom of a wider problem for the Greens? What do you reckon, Christopher: are the Greens on the slide?

PYNE: I think the Greens are at a tipping point. I mean all of these smaller parties over the years, whether it started with the DLP, and then the Democrats, the Australian Democrats, and now the Greens, they all have a tipping point, and I think the Greens are perilously close to it. I mean they have had a really bad year. Two senators, Larissa Waters and Scott Ludlam, left the Senate because of citizenship issues. The Greens have de-selected Lee Rhiannon in New South Wales from the Senate. They're trying to push Jeremy Buckingham out of their party. They've started fighting amongst themselves. They had a poor result in Tasmania and I think that you'll beat them very soundly in Batman, which of course is a safe Labour seat, so I don't think that they are in a good space. I think they'll start to splinter.

MARLES: One of the issues is that there is no Bob Brown. The Greens survived, and indeed I think a lot of the minor parties survive, on the back of a very strong individual and Bob Brown was the giant of the Greens movement-

PYNE: -And Don Chipp, of course.

MARLES: Exactly, Don Chipp with the Democrats, so I think the absence of that is an issue for them. It might be a bit premature to predict their end. I actually think Batman is going to be a close contest, and certainly we see the Greens in inner city Melbourne, inner city Sydney, you know, playing a part there.

PYNE: And you're spending a motza in Batman.

MARLES: Well, I guess I'd make this point, Christopher: at the end of the day, the Greens don't offer a coherent vision of government. They're not trying to solve the problems that face everyday Australians. What they offer is a kind of a vibe, and vibes by their nature are going to come in and out of fashion, and so whether we're seeing them go out of fashion right now I'm not sure, but so long as all they offer is a vibe, one day they will.

Anyway we've run out of time. Great talking to you again today, Christopher. I look forward to doing it again next week on Pyne & Marles. We'll see you then at 1 o'clock on Sky News. See you.

[ENDS]