



**THE HON RICHARD MARLES MP
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**E&OE TRANSCRIPT
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SUBJECTS: Rex Tillerson; Land 400; Labor's reform to dividend imputation

HOST: Welcome back to the program. With me now the Shadow Defence Minister, Richard Marles. Your thoughts on the departure of Rex Tillerson?

RICHARD MARLES, SHADOW MINISTER FOR DEFENCE: Well, I think Rex Tillerson handled his job with an enormous amount of dignity, so to that extent obviously it's sad to see him go, but that said I'm sure that Mike Pompeo will do a fine job as Secretary of State. Ultimately, these are matters for the Americans and you've heard it from people like me before, but it is true, that the relationship between Australia and the United States transcends individuals and I'm sure a really good relationship will be developed with Mike Pompeo as Secretary of State.

HOST: Does it worry you, though, the turnover here at the very highest levels of the administration?

MARLES: Well, look, ultimately I think it's our job as a nation to work with whoever is put forward by the Americans in this role. There's no doubt that the Secretary of State is a critical position in terms of handling the bilateral relationship. I've always felt like the relationship between Australia and America, the custodians of that are the State Department in the US and DFAT here in Australia, so it is a critical position.

I think it's fair to say that there was a good working relationship with Rex Tillerson, I had the pleasure to meet him, but I'm sure that can be developed with Mike Pompeo as well.

You know, I heard your interview with Bob Carr and it is right to say that there will be an enormous interest in the part of the State Department, the new Secretary of State, to make sure that relationships with allies and I think particularly Australia are handled with continuity and handled well.

HOST: The Prime Minister is going to announce the contracts for the new reconnaissance vehicle out of Enoggra barracks this morning, in the next hour. As Shadow Defence Minister do you welcome this initiative? Is this the right call?

MARLES: Well, firstly Rheinmetal is a great company. The Boxer, which is their capability that has won this bid, is going to be great capability for the Australian Army. I've got no doubt that it will fulfil the Land 400 mission and that is really critical for the Australian Army and it's obviously good news for Queensland. It's less good news for Victoria. I think it is fair to say that the BAE bid, which was the counterpart bid, was also a good bid.

I do think this should never have got to a point where it ended up being a contest between states in this kind of political way. I think it is reasonable for us to be seeking an assurance from the government that the only issues which have determined their decision here are ones around capability and the performance of the bid. Every viewer of your program knows where all the marginal seats lie, and they're north of the Tweed. I think this is a Government which has had a poor record in terms of the way in which it has-

HOST: -So you believe it's made it just political on political grounds?

MARLES: No, that's not what I said, but what I do think is that it's very important that the Government assures all Australians, I think particularly workers in Victoria, that politics had nothing to do with this. Let's not forget here, Kieran, that this was a government which tossed around the submarine procurement within its party room as a plaything in the midst of a leadership contest. That's by some measures the single biggest procurement in Australian history and yet it was done entirely politically at that moment when it was being tossed around their party room.

This is a government which has imbued really important decisions for our country with political considerations all along the way, and I think workers in Victoria are going to want to hear from the Government today that politics had nothing to do with this, that it's not to do with where the marginal seats lie, but instead this is around the question of what is the best capability that the Australian Army requires.

HOST: And finally, are you worried about the adverse impact on lower income earners in relation to the dividend credit changes that you're making?

MARLES: Well this is a progressive change, so let's be clear about that. The top 10 percent of self managed superannuation funds were getting 50 percent of the benefit of this tax credit, so it's on that basis that this reform has been put in place.

Again, I think it's an example of the fact that Labor is being thoughtful at the moment. We've got our mind in the policy space. We're trying to make sure that we're looking at the question of budget repair. This will save the budget something like \$59 billion over the medium term.

We do need to do budget repair that's fair, and you compare that with what the Government has put in this realm – a tax cut for big businesses which will cost \$50 billion over the same period of time. We are actually try to rectify the situation of the budget. They're putting a wrecking ball through it.

We do know that there needs to be an effort to take the budget out of structural deficit, to deal with that for the long-term for this country and I think this is a really progressive and sensible idea to that end.

HOST: Richard Marles, thanks for your time