

**THE HON RICHARD MARLES MP
SHADOW MINISTER FOR DEFENCE
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**E&OE TRANSCRIPT
RADIO INTERVIEW
RN DRIVE
TUESDAY, 24 APRIL 2018**

SUBJECTS: Defence industry; ASC jobs cuts; China; NSW Labor; live exports

HOST: The Federal Opposition argues too many of our big defence contracts are going offshore at the cost of the local industry. Labor accuses the Government of being policy tourists on major defence contracts, many of which have been granted to overseas companies. Speaking at the National Press Club today the Shadow Defence Minister Richard Marles called for the tenders for the \$35 billion Future Frigate program to be granted to Australian companies. I spoke with Richard Marles a short time ago. Richard Marles, welcome back to *RN Drive*.

RICHARD MARLES, SHADOW MINISTER FOR DEFENCE: Thanks for having me, Patricia

HOST: Would a Labor Government mandate that future defence projects be built in Australia by Australian companies.

MARLES: Well it depends on what those projects are. The point of the speech today was to say that we need to maximise the Australian content, but not just the content, not necessarily just the number of jobs, but the top end of that: the intellectual property, the design - those components.

Now, there are going to be opportunities where we can do that and surface shipbuilding is an example of that. There's going to be other areas where it's not possible. We're unlikely to build a Joint Strike Fighter in Australia. So, it depends on what the program is, but what's critical is that where there is an opportunity to leverage a defence procurement to build an Australian industry which can project Australia abroad that we take that opportunity, and right now I don't think that's what's occurring.

HOST: Would you mandate a certain percentage of work associated with defence projects be carried out in Australia? You say you're going to approach it case by case, but would there be something built in in terms of Australian production?

MARLES: Well again that's going to depend on the project but the principle here is that we have to maximize that, and in respect of particular projects it might be that we should be mandating certain requirements. What we've said in relation to the frigates today, for example, is that we're calling on the government to actually mandate a truly Australian builder of those frigates.

Now, to put that in context there are three designers who are currently competing for this project. They are from overseas. They will be doing an overseas design. That decision will be made in about a month or so, but from there there will then be a process of determining the build solution which goes through to the end of the year, and it's in that process that we're saying you should be mandating a truly Australian company in doing that build.

HOST: How much would it cost the budget bottom line, because to do some of this work in Australia would actually cost more, wouldn't it?

MARLES: Well, I don't necessarily think that's the case-

HOST: -Well, it has been the case. That's why it's gone to overseas providers before. This is part of the thinking behind the decision making: not only is it about capability, but it is actually about economics.

MARLES: But there is economics which suggests that in certain instances it does make sense to have an Australian build, but particularly where you've committed to that over a long period of time, and the economics of this need to be determined over a very long period of time because we're talking about procurement programs which are measured over decades. So, that's the basis on which you determine that, but the benefit to our economy and the benefit to our strategic interests of having a strong national defence industry are profound.

HOST: You talked about a truly Australian company being behind all of this. Thales Australia builds the Bushmaster vehicle, but its parent company is actually French. How do you define a truly Australian company? Does that meet your definition?

MARLES: Well, it does, but that's a good question. I spent some time talking about that. Obviously, a company which has grown up in Australia meets the definition, a company like Austal which has its roots in Henderson near Fremantle.

But if you take Thales' building of the Bushmaster as an example: the Bushmaster is a vehicle which is built principally in Bendigo. The intellectual property of it is based in Australia. It was developed in Australia. Bushmaster, that name, is an Australian brand and as that product is being sold abroad it is very much a projection of Australia's strategic interests. So by all those measures what Thales Australia is doing in terms of the Bushmaster meets the test of what Australian defence industry looks like, notwithstanding the fact that ultimately Thales is owned by a parent from abroad.

I don't think the fact that your ultimate ownership is from abroad precludes you from being truly Australian, as I've described it. What matters is whether or not the product

that's being built here is being developed here, the intellectual property here, the ownership of it's here, and the sale of it abroad represents a projection of Australia.

HOST: The taxpayer owned ASC announced yesterday that 223 jobs would be lost from its Adelaide shipyard in June. Now, it's bidding for the Future Frigates program. How should the fate of those workers factor into that decision and the final tender?

MARLES: Well, firstly, it's a very sad day in relation to ASC but in a sense predictable, on the basis that when you only have one Defence Force as a client you are going to run in to valleys of death, which is why it's really important that if we're going to have a defence industry in this country that it have an export base so that you can have the volume of work which prevents their being the valleys of death which is what's going on now. So, those 223 people who lost their jobs in the last 24 hours have lost their jobs by virtue of the winding down of the Air Warfare Destroyer build.

I think ASC has done great work in shipbuilding and the AWD is an example of that. They've also been involved over the years in terms of building our submarines as well. They may well be a company which seeks to - and definitely an Australian company - which seeks to participate in in the build of the frigates, so I think ultimately they need to be part of that competitive process.

But whoever is chosen in terms of the build, there has to be an Australian, a truly Australian, quality about that builder because when you think about it not necessary in the next 12 months but lift our eyes a bit in terms of next couple of decades and a continuous ship build which is being described as measured over that period of time, it would be crazy for us to have anything other than a truly Australian company doing that build.

HOST: If we have a Labor government - I say if because, you know, we need an election first, don't we – will you keep the defence industry portfolio?

MARLES: No, we would have one Defence Minister in the traditional way, and a good example of why is that defence industry and that side of the portfolio is fundamentally about the decisions that are made in terms of what we are going to procure and how we procure that - you know, the number of submarines that we decide to procure, for example, is a completely strategic decision and so it makes no sense at all to separate those portfolios.

I don't think anyone for a moment believes that the way in which these portfolios have been separated under the existing government is anything other than a political fix given the particular personnel involved, and if we weren't talking about those particular people I suspect in a future Conservative government you'd have a unified defence portfolio as well.

HOST: Former Prime Minister Kevin Rudd has accused Malcolm Turnbull of derailing Australia's relationship with China and punching China, punching the Chinese, rather, in the face. Do you think that's an accurate description?

MARLES: I certainly think the language which was used by the Government, and the Prime Minister was guilty of this, in the lead up to the Bennelong by election last year was gratuitous, really gratuitous, and I think did do harm in terms of our relationship with China. The relationship with China is a big relationship. It's a difficult relationship. It's multifaceted. There are plenty of places and occasions on which it's really important that we stand up and make our view known do that in a very clear eyed way.

Given that, there is no room for being gratuitous. It matters that we have our view-

HOST: -Beyond the Bennelong by election that you name, has any other of the Government's talk in relation to China, Chinese influence in politics, the Chinese in the South China Sea, all of this talk: has that breached this line, in your definition?

MARLES: Well I think what was going on during the Bennelong by election is the most acute example, but there are times at which what the Government does is allow critical issues of our nation's foreign and strategic policy, which really ought to be above partisan politics, because actually by and large there's bipartisanship around that, they have allowed that to be pulled down into the mire of the gutter of the domestic partisan debate, and that's what occurred in the context of that by election, and you know if I was a Chinese government official I would take offence the language which was used at that time.

I think we can have our view and express it in a very clear-eyed way which is about our national interests, which may be quite contrary to what China would like, but provided we're doing it in a dignified manner it doesn't hurt the relationship. It's an honest moment in the relationship.

But when a country looks at the way you behave and your willingness to use the relationship in a gratuitous manner such as the Government did during the Bennelong by election they rightly are unhappy, and I reckon that's the major issue

HOST: Just on another issue, the NSW Government has demanded Labor donate hundreds of thousands of dollars given to it by the convicted murderer Ron Medich. Should it be given to charity? Should it be paid back?

MARLES: Well, look, I'm obviously aware of what's been in the media and clearly I am aware of the intent of that question and obviously I understand it. At the end of the day I'm not aware of the detail, in terms of how much and the situation of the New South Wales branch, and all I can say is that at the end of the day this is going to be a matter for those in the NSW branch as to how they-

HOST: -Would you pay if it was in your branch?

MARLES: Well it's, ultimately this is their decision. I mean, I think-

HOST: -But would you? Come on, you're avoiding my question. Would you, Richard Marles, if you were in a decision-making power?

MARLES: It's not seeking to avoid the question, in the sense that I'm not across what the NSW branch's books are. Obviously, a lot of serious consideration needs to be given by those involved in NSW about exactly how they're going to handle this going forward.

HOST: Your Deputy Leader, Tanya Plibersek, has said today that live sheep exports should be phased out. As a former trade minister, do you agree?

MARLES: Well, I think its right that the live exports need to be suspended pending the reviews that are being undertaken by the Government and there are a number now. I think the right thing is for the suspension-

HOST: -But you don't think it should be? You don't think it should be phased out?

MARLES: I think the right thing here is for the suspension of this trade and for those sheep that are not past the farm gate, as it were-

HOST: -But I'm asking you a more long-term question in terms of the sustainability and the ethics of this industry. Do you think it should be phased out?

MARLES: I think we need to see the outcome of those reviews.

HOST: Richard Marles, thanks for joining me.

MARLES: Pleasure, Patricia.

HOST: That's the Shadow Defence Minister, Richard Marles.

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Authorised by Noah Carroll ALP Canberra