

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

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***SUBJECTS: North Korea; Australian Signals Directorate; defence industry;
border protection; Medicare levy; US Ambassador***

HOST: Richard Marles, good morning. So we're talking here denuclearisation plus the prospect of permanent peace. It's potentially very exciting.

RICHARD MARLES, SHADOW MINISTER FOR DEFENCE: It is potentially very exciting. The scenes we saw on Friday, the images were remarkable, but I'm not popping the champagne just yet. The significance of this, I think, with all of the events of this kind, we will find down the track. At the end of the day, what matters is not an end to nuclear testing by North Korea but the genuine denuclearisation of the Korean Peninsula. It's not clear to me that is what is being put forward by the North Koreans yet.

HOST: Do you think Donald Trump will focus on that in his talks?

MARLES: I'm sure he will. He needs to. It worries me there is an idea that nuclear testing stops because North Korea feel they already have the capability. We must be in a position where we are never recognising North Korea as a nuclear power, and indeed where North Korea is not a nuclear power. It's critical that's where we end up. The maximum pressure that the international community has been talking about needs to be maintained on North Korea.

HOST: But the images were remarkable. You're saying we're being conned?

MARLES: No, I think the images were remarkable. I think the world feels safer when you see people shaking hands and talking in the way they were rather than threats at ten paces, which is where we were a year ago. When you compare the two it is a remarkable transformation.

North Korea don't have a record as a reliable partner. We need to maintain sobriety in relation to this right now. There's still a long way to go and It is really important the pressure be maintained on North Korea.

HOST: And how much credit do you give to Donald Trump? He took an aggressive position, he reached out to China and that seems to have worked?

MARLES: I'm not a huge fan of the idea of the American President being avowedly unpredictable and I'm certainly not a fan of diplomacy by tweet, but I think the fundamental strategy of presenting a harder edge to North Korea on the one hand while seeking to engage China on the other has been really critical here. That is the way in which the Trump administration have gone about it and they definitely do deserve credit for that.

HOST: Can I ask you about Annika Smethurst's piece about the Australian Signals Directorate? Somebody, agencies, at least, are looking at the prospect of using them to monitor Australians. What do you make of it?

MARLES: Well it's concerning. This is at a pretty senior level - a letter between the secretaries of the Department of Home Affairs and the Department of Defence. It raises deeply concerning questions. Firstly, the Australian Signals Directorate does wider things beyond defence, but it is principally a Defence asset, so why Peter Dutton has his snout in this, I have no idea.

HOST: We don't know he has, it might be the agencies.

MARLES: It looks a lot like that. I think we need to be clear here, Barry: our nation's security and an accumulation of Peter Dutton's power are two very different things. It concerns me at times that the Government confuses them.

This needs to be seen as an asset of Defence and that's where it remains. When you are talking about the surveillance of Australians - which occurs now through the police, through ASIO - there's a whole legal apparatus around that providing safeguards, the requirement of warrants. There's no indication here about how those safeguards are going to be put in place in relation to ASD.

The idea that a letter of this kind, that a proposed ministerial submission of this kind, has found its way onto the front page of the media today I think is enormously concerning.

HOST: What do you think is going on?

MARLES: This going to the heart of the Government's national security work. When you look at a government, there's no better place to demonstrate its competence, its ability to manage, than in terms of our nation's security, and in fact if you want further evidence of the fact that this Government is a complete joke, today's newspapers provide you with that - only now we know they're a dangerous joke.

HOST: What do you make of the other story that they gave the contract for the armoured vehicles to Queensland and they're not ready, clearly, and so Germany has to pick up the slack. It feels a bit like sour grapes from Victoria. That's where this story came from.

MARLES: Look, I can understand why the Victorians would be upset about this, the idea that the first 25 vehicles will be built offshore. To be honest, if I was a Queensland worker I'd be feeling duded as well by the news that's in the News Limited papers.

To me this says everything about the way the Government is managing defence industry. Very quick on the press releases, quick on the announcements, the hoopla, but there is no greater strategic or deeper strategic thought about why the country wants to have a defence industry. What we're seeing with this government is really a reaction to a loss of the car industry on their watch, to the deindustrialisation we've seen across the manufacturing sector, and seeking to run defence industry as a proxy for a national industry policy. It's ultimately lazy thinking.

There needs to be a strategic rationale for a defence industry. Labor feels very passionately about this and wants to see our country have a defence industry. You have to think about it more deeply than what the Government is doing now.

HOST: Labor in the next couple of months or so will be having a look again at asylum seeker policy. There is a move on to commit an incoming Labor government to set a deadline to get people off Manus Island and Nauru, perhaps a deadline as tight as three months. Where do you stand on that?

MARLES: It is important we get people off Manus and Nauru. I have no doubt had we been elected in 2013 or 2016 you wouldn't see people there now.

HOST: Where would they be?

MARLES: They would be in third countries.

HOST: How would you have done that? It's not as if this government has not tried.

MARLES: It's absolutely that this government took an age to do anything about it. I mean, literally for years they did not try. The American deal is an important deal, but it came about at very late in the piece. That needed to be aggressively pursued from day one and that is what we would do from day one.

HOST: What third countries would you have managed to persuade?

MARLES: In the context of an increasing humanitarian program, which is part of our policy, we're seeking to double it to the middle of the 2020s; in the context of increasing our commitment to the UNHCR, which also forms part of our policy, there are enormous opportunities for us to find arrangements with third countries to deal with the issue of people on Manus and Nauru. It wouldn't require much wit to do that.

What we've seen here is a government that is essentially a one-trick pony. They did turn-backs. 'Stop the boats' was their mantra. That's all they've been about. In the process they have let people languish on Manus and Nauru, which has been an absolute disgrace.

HOST: Does it need a deadline?

MARLES: We need to get people off as quickly as possible-

HOST: -A deadline, though, commits you to it, it forces your hand.

MARLES: Actually, what you need is intent here, and we would demonstrate that intent and we would-

HOST: -So many things go by the wayside because of best intentions.

MARLES: But there has been no intent on the part of the Government since the time they got elected in 2013.

HOST: This is about what Labor will do in office. Are you for or against the deadline?

MARLES: I'm happy for a deadline in terms of the beginning of action. I think we need to be out and about seeking third-country resettlements from the first week of being elected.

The difficulty about establishing a deadline, Barrie, is this requires negotiations and you're not completely in control of them. What you need a posture, you need action immediately. This is not what the Government has demonstrated. It took them an age to come up with their American deal. All their eggs are in that one basket.

What we also know about that arrangement, is whilst it has the potential to solve very many of the cases on Manus and Nauru, it will not resolve all of them, yet all of them need resolution.

HOST: Can I ask you about the Medicare Levy now, and the Government have scrapped its plan, the NDIS levy, I should say. Now, they've scrapped their plans. Why did Labor so quickly follow suit in terms of imposing a levy on people above \$87,000?

MARLES: We were seeking to meet the Government halfway when they put this proposal forward last year. Let's be clear, we absolutely opposed an increase in the Medicare Levy being applied to everyday Australians. Had we not voted against this then, it would be law now. It's because of steps we took-

HOST: -A lot of people say that's a good thing: it would be law now and then disabled people would have certainty.

MARLES: Let's be really clear: the backflip we saw from the Government during the week is a complete concession that the NDIS was fully-funded under Labor. What we saw during the week was a concession by the Government that this time last year they were seeking to leverage the plight of people with a disability to give rise to a tax grab on Australians across the board. Now they have engaged in a backflip from that. This demonstrates that we do get the big issues right.

HOST: You joined them in at least half the backflip.

MARLES: No-

HOST: - You've taken away the levy as well.

MARLES: No, what we thought to do this time last year was meet the Government halfway on an idea which was theirs. It was their idea. They are now taking that idea off the table, so it's now off the table. That is their backflip, but it's important to understand this is a concession that the NDIS has been fully-funded, that Labor did fully fund it.

HOST: How can anything be fully funded when you are running a budget deficit?

MARLES: It can absolutely be fully funded. I mean, there have been deficits while funding a whole lot of things within the budget and the NDIS was fully funded. What we're seeing now, in essence, what you have from the Government-

HOST: -There is an up-turn at the moment. The next downturn comes along: are you asking these people to take a haircut along with everybody else? What do you say to them now about the lack of certainty into the future?

MARLES: There was certainty in terms of this being fully funded. The important point in the question you've just asked, Barrie, is that it needs to be funded irrespective of whether there are up-ticks in the economy or downturns. As recently as the MYEFO the end of last year the Government was articulating its fiscal rules as such that when there is an up-tick in the economy that would go into dealing with debt and deficit. If they are now saying they will apply that to the NDIS, they are already breaking their rules from as recently as December of last year.

The reality is that this was fully-funded under Labor.

The reality is this time last year you saw the Government in a shameless bid to exploit people with a disability to give rise to an increase in taxes. We resisted that and as a result of that it's not happening.

HOST: Finally, on the non-appointment now of Admiral Harry Harris, clutched away from Australia at the last second to go to South Korea. Kevin Rudd says it demonstrates in Australia, in the eyes of the US, are a second-class citizen.

MARLES: I don't go down that path. It is obviously disappointing that Harry Harris isn't coming here. He would have been a fantastic ambassador here, but I can understand given what is playing out on the Korean Peninsula, needing to have an ambassador there ready to go, and that there is one who has gone through the vetting process already has experience in that part of the world.

I think that we are well served by Jim Caruso, who is the Charges d'Affaires in the American Embassy in Australia right now. If you are looking at the granular day-to-day way in which the alliance operates, I'm more concerned there are various positions in the State Department in Washington, various assistant secretaries, or the assistant secretary responsible for Australia, that that is a position that hasn't been filled. I think that is of bigger concern.

Ultimately, offence is only caused here if we take offence, and I actually don't think we should.

HOST: Thank you for your time.

ENDS

Authorised by Noah Carroll ALP Canberra