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**E&OE TRANSCRIPT
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PYNE & MARLES
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SUBJECTS: North Korea; by-elections; tax plans; border protection; MPs' security

CHRISTOPHER PYNE: Well, good afternoon and welcome to Pyne & Marles here on Sky News Live. It's Friday 25 May 1 o'clock Eastern Standard Time. I'm Christopher Pyne and I'm here in Adelaide and my co-presenter who's joining me from Geelong is Richard Marles. Good afternoon, Richard.

RICHARD MARLES: Good afternoon to you, Christopher. A nice, cool almost-Winter's day here in Geelong, but the news overnight has been that the summit of the century on 12 June is not to occur and Donald Trump appears to have pulled the pin on that. What do you make of that?

PYNE: Well, President Trump never fails to surprise people. I must admit I think he's done the right thing. I mean, the North Korean regime, which suggested the meeting in the first place and President Trump I think graciously agreed, has basically since then taken the opportunity to throw epithets at Vice President Pence and various other parts of the Trump administration. Denuclearisation is obviously the priority for the United States and Australia in terms of the Korean Peninsula and the North Koreans have tried to define what that is in a way that doesn't really suit our interests, so I think President Trump is basically saying well if we're going to have a summit it's got to mean something. It's not just a show, and until they are prepared for it to mean something he's not going to have it. So I think he's probably done the right thing.

MARLES: Yeah, look, I think one thing under President Trump, and I suspect Kim Jong-un might be the same, is we've all learnt to expect the unexpected. But you're right in saying that the absolute bottom line for the US and certainly for our interests has to be the denuclearisation of North Korea, and what that means is that North Korea gives up its nuclear weapons. It's not just a matter of it stops testing. It seems to be claiming it doesn't need to do any testing anymore and that it has the capability. This has to be a question of them actually relinquishing any nuclear capability that they may have acquired, and unless that's going to happen I don't see the point of the summit. So, there was hope, of course, about the fact that the

summit was going to occur, but I actually do take heart from the fact that the Americans are making it very clear that the non-negotiable here is the denuclearisation of North Korea.

PYNE: It's very different from previous administrations where, you know, you got the sense that the Americans were being salami sliced all the time by their adversaries, whether it was in the Middle East or elsewhere, and I mean at least President Trump's administration is very clear sighted about what it wants and if it doesn't get what it wants it walks away, which I think is what all negotiations should be about. I suppose we should talk about the rest of the show, which is looking very exciting.

MARLES: Well, we do need to go on to the rest of the show and it obviously has been a very big week in politics and a lot has happened in the last 24 hours, most notably that the Government has announced that the five by-election super Saturday will be on 28 July, the same day as the scheduled ALP National Conference, so we're going to have a talk about that.

The competing tax legislation has been in the House of Representatives this week and Pauline Hanson has also made clear that, at least at the moment, she is not supporting the Government's company tax cut. We'll be talking about that as well.

And asylum seekers has also been a subject of debate through the week. We're going to talk about that, too, and our guest today is our very own David Speers. We'll be talking to David about how he sees the political landscape in the immediate aftermath of the budget.

But let's start with the news, the Australian news, of the last 24 hours and that is the announcement that the super Saturday by-elections will be on 28 July. Have a look at this.

TONY SMITH [CLIP]: *The Electoral Commission has advised that 28 July is the optimal date.*

TONY BURKE [CLIP]: *And it just happens to be on the day of the Labor Party National Conference.*

JAMES PATERSON [CLIP]: *Do you really think it's appropriate to reflect on the independence of the AEC?*

PENNY WONG [CLIP]: *I think the independence of the AEC stands or falls on the facts.*

TANYA PLIBERSEK [CLIP]: *It's exactly what we've come to expect from a sneaky government and a gutless Prime Minister.*

MALCOLM TURNBULL [CLIP]: *The Electoral Commission is utterly impartial and nonpartisan. It was outrageous of the Labor Party to make those accusations.*

MARLES: So Christopher, Christopher, Christopher. I mean, this is so student politics. I can just imagine all of you being delighted at the idea of landing the super Saturday by-elections on the day of the ALP National Conference. It is just being a

little too smart by half. Do you think anybody out there for a second is going to believe that this isn't the exact reason why you've chosen the date of 28 July?

PYNE: I don't think anybody voting in any of the by-elections cares less about the ALP National Conference being on 28 July. I think the ALP looks like a spoilt child at the Royal Show who hasn't got the ice cream that they asked for. Quite frankly, nobody cares less about the dates of the ALP National Conference. We had the Lindsay by-election on the day of the Liberal Party Federal Council in 1996. We just got on with it. Nobody even raised an eyebrow.

But you guys are so inside the bubble with the press gallery in Canberra you actually think people care about the date of the by-election being on your national conference. We're quite happy for you to talk about this for as long as you like. We'll talk about Bill's \$220 billion tax grab. We'll talk about jobs, health, and education while you spend the next two months complaining about the date of the by-election.

MARLES: I don't think for a moment that- listen, I agree with one thing: I reckon that voters in the electorates that are going to have the by-elections, I don't think they were thinking about the ALP's National Conference date, but I reckon all of you were. Now I've got no doubt that it was the basis on which you made this decision, and I can just imagine the giggles around your tactics table as you thought of holding the by-elections on this date, but that's OK-

PYNE: -But Richard, this could all have been done by Christmas.

MARLES: -we're happy to fight them whenever and we are absolutely ready for the fight.

PYNE: But if Bill's rolled-gold guarantee that he didn't have any problems with citizenship meant anything this could have all been done before Christmas. I mean, we had our by-elections before Christmas. You guys thought you would sneak through by not actually revealing the fact that three of your members had citizenship problems and you are paying the consequences of it. Now, Bill can hardly complain that the by-elections are being held at the end of July when he could have got it all out of the way by Christmas. What's happened is you've got a huge fight on your hands in the ALP over border protection, over tax, over the economy. The left has got control of your National Conference. As usual the ALP is completely inwardly focused. We're outwardly focused on jobs and growth in the economy, particularly in Longman, Braddon and Mayo.

MARLES: You wish it was it was that way, Christopher. The reality is we're really happy to fight these by-elections whenever and we are really happy to fight them on the issues that have come to light in the aftermath of the budget, the fact that we have a much bigger and more significant tax cut for middle- and lower-income workers, so we're really happy to talk about that-

PYNE: -Everyone's talking about that. Yeah.

MARLES: If you went to the Governor-General now you'd be having a general election for 150 seats in 33 days. As it is it's taken more than 70 days, leaving electors unrepresentative for the better part of three months in order to hang for a by-election you could land on that day.

PYNE: You hang on to that thought, because we've got to move on to one of the other big issues of the week, which has been tax cuts, personal income tax cuts, company tax cuts and the tussle in the Senate, so let's see how that unfolded this week.

PAULINE HANSON [CLIP]: *Tax rate cuts are not the answer.*

HANSON [CLIP]: *One Nation will be supporting the Government's corporate tax cuts.*

HANSON [CLIP]: *I am not supporting the Government's company tax cuts.*

MATHIAS CORMANN [CLIP]: *It might well be that we won't ever get there.*

BARNABY JOYCE [CLIP]: *If you can't get it through the Senate, you can't get it through the Senate.*

CHRIS BOWEN [CLIP]: *Every time Scott Morrison says the Labor Party believes in higher tax, he's not telling the truth when it comes to low- and middle-income Australians.*

MALCOLM TURNBULL [CLIP]: *We're seeking to reduce tax wherever we can.*

PYNE: Richard, I thought it was remarkable yesterday that the Labor Party's tactic in Question Time was to say that we'd come in and voted against the Labor Party's \$70 billion tax cuts, when in fact we actually voted in favour of \$140 billion of personal income tax cuts, so you actually think that the public wanted \$70 billion rather than \$140 billion, so you voted with us on \$140 billion but you thought people were more focused on the \$70 billion. I mean, where has the Labor Party gone in the last few weeks? You've completely lost the plot.

MARLES: Well, look, nice try, but everyone knows that our proposition was put to the House of Representatives during the week which would have seen lower-middle-income earners get almost twice the income tax cut that is in your budget, and all of you voted against it. That is actually what happened during the week, but I reckon the bigger issue is this, Christopher: you know, we've got our competing lines when it comes to the budget but it seems to me that the centrepiece of your economic framework is the company tax cut. It provides a \$17 billion tax cut to big banks. You know that's toxic out there, and yet if you let it go, given that you've let go an increase in the GST, you've let go of state income taxes, what will you stand for if you actually let go of the company tax cut? The horse you're on at the moment is a lemon, and yet if you get off it'll be clear you don't stand for anything.

PYNE: Well, Richard you go out there and talk to people at supermarkets or the football this weekend when you're watching Geelong and ask them if they think that Labor is the low-tax Party and that the Liberal Party is the high-tax payer. I think you'll get horse laughs.

We're quite happy to go to the next election promising higher income tax cuts than Labor. Sure, the company tax cuts are part of our economic message because they worked to increase wages, to increase employment-

MARLES: -Are going to stick to them?

PYNE: -increase profitability in companies, and we've already delivered \$35 billion of that for small businesses which you've promised to repeal. You're going to rip away \$35 billion from small business, so we're quite happy to campaign on that.

If we can't get it through the Senate we can't get it through the Senate. Now, we'll do our very best and I think we will, but if you want to campaign as the low-tax party I think you'll be pushing the proverbial uphill, as they say.

MARLES: Well that sounds a little bit like you've just opened the door to walking away from the whole company tax cut plan. 'If you can't get it through the Senate, then you can't get it through.' Is that what you just said?

PYNE: Well, why don't you vote for it in the Senate? Then we'd get it through. We'd be very happy if you voted for it.

MARLES: It's not our plan. It's not our plan but I think that -

PYNE: -You're at sixes and sevens, unfortunately.

MARLES: -it'll be very interesting to watch what you do, but we need to move on to the final topic, and asylum seekers and the debate around it has again been in the Parliament this week. Have a look at this.

GED KEARNEY [CLIP]: *The shameful policy of indefinite detention on Manus and Nauru.*

LINDA BURNEY [CLIP]: *There shouldn't be indefinite detention. Now, that obviously says there needs to be a timeframe.*

PETER DUTTON [CLIP]: *This is the transcript as it was put out by the Labor Party. This is the actual transcript.*

BURNEY [CLIP]: *It was a genuine mistake by a person in my office.*

DUTTON [CLIP]: *There is a civil war taking place within the Labor Party at the moment on this very issue.*

MARLES: The issue here is that there is a point at which we actually have to look at the national interest. Every time that Peter Dutton gets up and describes a civil war going on within the Labor Party, which is absolutely not true, actually that does offer hope to people smugglers in Jakarta. The reality is that since 2015 there has been a bipartisan position in Australian politics to make sure that the journey between Java and Christmas Island never starts again and that people smugglers remain out of business, and every time you talk about it you give them hope. There's got to be a point at which you give up on the domestic national politics of this and actually start seeing the national interest.

PYNE: Well, Richard, what gives people smugglers in Indonesia hope is the prospects of the re-election of a Labor Government at the next election-

MARLES: -You're doing it again.

PYNE: -because last time it happened we got 50,000 unauthorised arrivals on 800 boats and 1,200 deaths at sea. That's what gives them hope and unfortunately I think you might be right: there might not be a civil war inside the Labor Party. As Mark Latham says 90 per cent of the Labor Party caucus agree with rolling back the Howard Government's border protection policies and this Government's border protection policies, so it is not exactly a civil war. As Linda Burney and Ged Kearney explained this week if a Shorten Government is elected you will go back to the failed policies of the Rudd-Gillard era and Linda Burney, much as I like Linda Burney, the idea that her staff made an inadvertent error, 800 words out of 1,800 were changed in that transcript in the desperate attempt to cover up the fact that Linda Burney and Ged Kearney and the left of the Labor Party will, if a Shorten government is elected, unpick the border protection policies.

MARLES: But this is the point. I mean, I get why you want to put this issue in lights in terms of the domestic context. I absolutely get why you seek to do that, but you've totally overcooked what was said during the week. Ged Kearney and Linda Burney made the point that indefinite tension for people on Manus and Nauru is an unacceptable situation. Everyone in your Party would agree with that, and we are all trying to see a situation where third-party resettlement has people leaving Manus and Nauru. Our criticism of you is that you're not doing that fast enough, but none of that goes to the question of whether or not there should be offshore processing or whether or not you should be turning back boats, all of which Labor supports. We've been doing that since 2015.

There actually is bipartisanship in Australian politics right now about having strong borders and making sure that that journey never starts up again, but every time this gets overcooked in the domestic scene in Australia, hope is given to people smugglers in Jakarta, and there's got to be a point at which you let this go and actually start operating in the national interest.

But we've run out of time, Christopher, for this side of the show. Join us afterwards when we'll be talking to David Speers about what the political landscape looks in the immediate aftermath of the budget.

[AD BREAK]

MARLES: Well welcome back to Pyne & Marles here on Sky News Live on Friday, 25 May. Our guest this afternoon is the chief political correspondent for Sky News Live in Canberra, David Speers, who we haven't had on for a while. Welcome back to the show, David.

DAVID SPEERS: It's been too long. It's been too long. It's lovely to be back.

PYNE: So, David, do you feel the same change in atmosphere that I've felt around Canberra in the last couple of weeks since the budget, that there's much more of a political contest than people were giving us credit for before the budget?

SPEERS: I'm not sure my read of the atmosphere would be the same as yours, Christopher, but there definitely has been a change. We've got now an income tax

debate underway and we've got five super Saturday by-elections on the way as well. So, absolutely this has changed the game.

I don't think there's any question that Bill Shorten has been put under more pressure because of those Labor MPs having to go. The income tax cuts do give the Government more to talk about than just the rather unpopular company tax cuts, so it's a more nuanced debate.

These by-elections, as I'm sure you both agree, are critical for both sides. You've had some debate there about the timing of them. My view, I still am a bit mystified as to why it's taking so long to get this new tick-a-box form that's already been agreed on by both sides in place so that the by-elections could be held earlier, but there you go. It's going to be the end of July. I don't know if that disadvantages Labor all that much. They've proven to be good campaigners. Long campaigns haven't worked terribly well for Malcolm Turnbull in the past, in 2016, so we'll see how they go, but they will be the critical test of the company tax cut question, of the income tax cut question, and clearly the electability of both Malcolm Turnbull and Bill Shorten.

MARLES: So David, do you reckon 28 July is a coincidence?

SPEERS: Look, it does look a little unusual. The Electoral Commissioner clearly weighed a lot of factors but not that one, which is somewhat curious. At the end of the day, I don't think shifting the date of the Labor Conference is the biggest drama in all the world that some made it out to be. They can find a new date. I don't think that's the end of the end of the world, but you know, clearly I think there is some degree of concern on the Labor side, as I think there may be on the Government, should be on the Government as well.

What happens after July 28, right? You've got one week and then parliament's back. If it had been an earlier by-election you would have had a month or more where a bad result could have been cushioned by either leader. Instead, if it's a bad night for Bill Shorten, a week later parliament's back. If it's a bad night for Malcolm Turnbull, a week later Parliament's back, and it's when parliament sits that leaders can be rolled or the pressure can escalate, so I think it does raise the stakes for both having done this by-election or this series of by-elections so close to Parliament resuming.

PYNE: Honestly, the Gippsland by-election, Gippsland, Aston, Griffith: they were all about 80 days from the resignation of the member. We've had a by-election for Lindsay on the day of the Federal Liberal National Convention. It's hardly a big deal. They're being held at the convenient time, suggest by the AEC.

I don't think that's a big deal.

SPEERS: I don't think that's a big deal. I'm not saying what the big deal is, what raises the stakes here, is having the election so close to Parliament resuming. Just making the point that, as you both know, leadership speculation really only escalates when everyone's here in Canberra, meeting in, you know, carrying on in the corridors.

PYNE: Except that we wouldn't be expected to do well in the by-elections. The government has not won a by-election from the opposition since 1920. Why would anybody think that the Government, 88 years later, is suddenly going to win elections

from the opposition? The only person under pressure and these by-elections is Bill Shorten. If he doesn't get a-

SPEERS: -So nothing at stake here for Malcolm Turnbull?

[CROSSTALK]

SPEERS: The average swing against a government is what, 5 per cent in a by-election?

PYNE: 5 per cent, so he should get 5 per cent.

SPEERS: Are you seriously saying if there's a big swing, I'm talking more than 5 percent, 7-8-9-10 per cent against the Government in a seat like Longman, in a seat even like Mayo, there's no message there for the Liberals about Malcolm Turnbull?

PYNE: I think one of the things that's become very clear is that Bill Shorten's leadership is under very serious pressure within the caucus, exacerbated by the left taking over the National Convention and these by-elections are not a test for Malcolm Turnbull. If Bill Shorten doesn't get at least 5 per cent he's done very badly in those elections. Nobody would expect the Government to win any of those by-elections, and making that the test quite frankly doesn't pass the pub test.

SPEERS: I think there's a test for both. I agree if Bill Shorten loses one of these by-elections then absolutely he's under enormous pressure as well, but you know clearly this is a test for both. Also, a test for Pauline Hanson we should add. Longman is heartland for Queensland and that's been a remarkable policy shift from her this week, done for a reason, done for that Longman by-election.

MARLES: So David, can I ask you another question, not about the by-elections but now about tax? Hasn't the Government got a problem that the company tax cut is obviously toxic out there, the idea of giving \$70 billion tax break to banks, given what's going on with the Banking Royal Commission, and yet if it abandons that, given that it abandoned the GST increase, abandoned state income tax, there's a real and genuine question about what they actually stand for? What do you reckon they're going to do with the company tax cut?

SPEERS: Well, I don't think they're going to make a decision right now. From what I understand this will be put to a vote in the Senate before the by-elections, so these company tax cuts that have dominated most of this parliamentary term will actually, you know, whatever Pauline Hanson says or does, and certainly there's still hope from the Government that they can win her back, they'll put it to a vote. I don't think a decision will be taken until after that, and possibly not until after the by-elections, on what to do then.

I share your point, though, your view: this is a dilemma. This is a conundrum. You know, you stick with them and Labor will keep belting you around the head. You drop them and you look very hollow. Remember Kevin Rudd dropping the CPRS back in 2010? It did leave a big, big question mark about what he stood for. The same would apply to Malcolm Turnbull.

However, I would say that while there's a lot of sound and fury around the company tax cuts being toxic, poisonous with voters, they didn't really hurt the Government in the Bennelong by-election. They didn't really hurt the Government in the New England by-election. In fact, the Government's vote went up in the New England by-election, and even at the last election, don't forget these were still part of the policy back in 2016. Yes, the Government lost a fair bit of skin but probably for a whole bunch of other reasons, Mediscare might be one of them as well. I just wonder whether, yes, people don't like them but are they really a vote changer, these company tax cuts, or are people more interested in other issues.

PYNE: I think we'll be quite happy to go to an election talking about Bill Shorten's \$220 billion tax grab and his ripping off self-funded retirees and pensioners versus our million new jobs - but we've got to finish up with you, David. We could talk all afternoon, as you know, so we'll have to get you back very shortly. Thanks for joining us.

SPEERS: Thank you both very much.

MARLES: And that went very quickly-

PYNE: -It did.

MARLES: -and brings us to the question of the week. It did go quickly. David was full of life.

It brings us to the question of the week, which was inspired by an incident that occurred last week with the Prime Minister in a pub in Queensland, in Brisbane, where he got some unwanted attention and the question is: are you worried public contact with politicians will need to be reduced due to security incidents? What's your view about that, Christopher?

PYNE: Well, just before we get to that I'm not sure who is interviewing who with David Speers, I must say, Richard, but I think we're very lucky. You know, we're very lucky in Australia, and lots of foreign visiting defence ministers, foreign ministers, whomever they might be, often comment about how we walk around our electorates, capital cities, the regions, without any kind of security, pretty free from being accosted by the public. I think the Australian public are terrific. I think we're pretty lucky and I think we should stay lucky and I think the Prime Minister took all that in his stride, as we all have from time to time.

MARLES: Yeah, look, I agree with those sentiments. What happened to the Prime Minister doesn't worry me so much, but what happened to Jo Cox in Britain last year was a real concern for all of us, so security ultimately does matter.

Look, we've run out of time again, Christopher. Thanks for joining me, and we'll be joining you, viewers, again next Friday at 1 o'clock on Pyne & Marles on Sky News. We'll see you then.

[ENDS]

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