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**E&OE TRANSCRIPT
TV INTERVIEW
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SUBJECTS: Labor's plan for the Pacific; South China Sea

HOST: Richard Marles is Labor's Shadow Defence Minister. He has a deep interest in Pacific affairs since his time as Parliamentary Secretary for the Pacific, back when Labor was last in power. He was involved in shaping Bill Shorten's speech today and I spoke to him about it earlier.

Richard Marles, thanks for your time. Just explain to me, how would this Pacific infrastructure bank work?

RICHARD MARLES, SHADOW MINISTER FOR DEFENCE: Well, this will harness the opportunity of investing private sector dollars, as well as making sure that there are loans available on appropriate terms which will have the flexibility to do what Pacific Island countries themselves want to do in respect of infrastructure, and that could be around telecommunications, that could be around roads, but it's a flexible instrument which seeks to harness both public and private sector dollars to enable that infrastructure to occur.

HOST: Well, I guess some of the concerns may be that the Australian taxpayer would end up on the hook for bad investments, and secondly that some of these Pacific nations may end up saddled with debt that they'll never be able to repay.

MARLES: Well it's important that the governance around this is done right and we'll obviously do that to make sure that those concerns aren't realized, and this is not about spending grants or taxpayer dollar money in that sense. It is about getting a return on investment and there are plenty of other models in governance which provide for that. It's also about making sure that in terms of

the way in which we engage with the countries of the Pacific it's not being done on a basis where, as you say, debt is being saddled on these countries. So, the governance around this, what projects end up being funded by it, are obviously really important and making sure that we get that right is critical, but having an instrument of this kind with the flexibility that we are talking about, describing, I think is going to be really important going forward in terms of providing the sort of infrastructure funding which is necessary in the Pacific.

HOST: Well, I mean, Bill Shorten was pretty clear in the speech this afternoon that he wants Australia to be the partner of choice for Pacific development. Why would this approach make Australia a better choice than China for these Pacific nations?

MARLES: Well, firstly we wouldn't want to limit it to just this particular policy, although this policy is really important. It is important that we have an ability to deal with the sort of infrastructure questions and demands which are occurring from the Pacific because it is a place where there is an infrastructure deficit, if I can put it that way, where there is a need to be engaging in those projects, but this is a much bigger agenda than just that. What we're talking about is placing the Pacific front and centre in our world view, and not from the perspective of seeking to engage in the strategic denial of others, but actually in terms of placing at the centre of that relationship the fortunes, the prosperity, the development of the 10 million people of the Pacific themselves and it is about making sure that they are the motivation for why we are there. This is about our relationship with them and that I think is a transformational view in terms of the way in which we engage with the Pacific.

HOST: Just to give us a practical example of this, say a Pacific country wants to build a road. They could come to Australia. Australian taxpayers may not stump up the money, but what, we would guarantee a loan for a private builder to come in and build that facility.

MARLES: Well, what we would be talking about would be means of financing loans in respect of that, but it is important, as I said, that the governance around this is developed in such a way that all the numbers stack up, that there is a return on investment, but that this is being provided in a way which enables the countries of the Pacific to build the infrastructure that's required. A flexible mechanism of this kind is really important, but I do want to emphasize, David, this is far from the totality of the of the policy suite that we're describing in respect of the Pacific.

HOST: Indeed. You have been heavily focused on the Pacific for many years, Richard Marles. Do we need to look beyond this question and contest over who gets to build infrastructure in some of these tiny Pacific nations? Do we also

need to look at some of the bigger, longer-term questions about the sustainability of these countries when it comes to running their own police, courts, schools, hospitals? Do we need to get into that debate as well?

MARLES: All of it, and I think that that is absolutely the point, David. So whilst an important announcement, it is just a part and we would want to make emphasized that point.

What you alluded to there goes to the question of government service delivery and the way in which we can look, in an imaginative sense, of extending that into the Pacific. We're not talking about that in terms of costing the Australian taxpayer, but an example which I think I've given you before is right now we run the airspace above Nauru. Now it doesn't cost the Australian taxpayer anything. When people are landing in Nauru the fees associated with landing there are paid through an Australian government agency and that money is then used to maintain airstrips on the road. An easy thing for us to do in terms of our own governance, a really important measure in terms of what Nauru seeks. I think that there are enormous avenues for looking at ways in which we can extend that kind of cooperation throughout the Pacific to really powerful effect.

The other point that Bill Shorten made today was providing access to the Australian economy, which we do right now through the seasonal workers program, the ability to enable Pacific workers to earn a wage in Australia at the kind of wage rates that are paid under our legal system is profoundly impactful for those people and their families in their home countries. Again, that's another way in which we can look at extending the reach of Australian influence, if you like, and benefit for the countries of the Pacific.

I suppose the final point I make is Bill Shorten also mentioned today seeking to extend the level of cooperation between the Australian Defence Force and the militaries of the Pacific, and there's a lot more we can do there as well.

HOST: A couple of quick ones just away from the Pacific. Bill Shorten spoke today about speaking truth to power when it comes to the US and China. Is the truth now that China has effectively taken control of these disputed islands in the South China Sea?

MARLES: Well, the point that Bill made is that it's very important in respect of the relationships that we have with both China and the United States that we are a clear and articulate about our national interests. Now, in the South China Sea we retain a very significant national interest and that is in relation to the freedom of navigation. Something like, by some measures, 60 per cent of our trade goes through the South China Sea. It is absolutely essential to Australia's national interests that those seas are the high seas in a global sense as we

understand that term in the UN Convention on the Law of the Sea.

HOST: So they are not China's territory?

MARLES: Well it's really important that we're able to continue to navigate through the South China Sea. That is our interest and that's what we should seek to assert.

HOST: Yes, but it's also about who owns these islands, and Labor's view is these are not China's islands?

MARLES: The important point to note here, David, is there are territorial disputes in relation to points of land in the South China Sea which we have never expressed an opinion about and nor should we because it doesn't go to our national interest.

The critical issue here is the way in which the UN Convention on the Law of the Sea operates. The Court of International Arbitration has made the point that the artificial islands which have been constructed by China in the South China Sea is not consistent with the UN Convention on the Law of the Sea. That is what is our national interest. That's where we need to be focused and that is where we need to be making sure that we put our position, our national interest, to great powers, and that-

HOST: -So should we conduct a freedom of navigation exercise within 12 nautical miles of one of these islands?

MARLES: Well, it is important that we are asserting the primacy of the UN Convention on the Law of the Sea, or the UN Convention on the Law of the Sea and how that operates within the South China Sea. Now, we have said previously it's difficult from opposition to say exactly what or when issues or particular measures should take place, but it is important that we have on the table as a matter of principle every mechanism that we can use to be asserting the UN Convention on the Law of the Sea because that's where our national interest lies.

HOST: Richard Marles, Shadow Defence Minister, thanks so much for joining us this afternoon. Appreciate it.

MARLES: Thanks, David.

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Authorised by Noah Carroll, ALP, Canberra.