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SHADOW MINISTER FOR DEFENCE  
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**E&OE TRANSCRIPT**

**SKY NEWS LIVE**

***PYNE & MARLES***

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***SUBJECTS: Extreme weather events; parliamentary chaos; G20; BAE Systems; Brexit; the big cow and other big things***

**CHRISTOPHER PYNE:** Well, good afternoon and welcome to *Pyne & Marles* here on Sky News Live. It's Friday, 30 November at 1 o'clock Australian Eastern Standard Daylight Saving Time. I'm Christopher Pyne and I'm here in Adelaide, and my co-presenter, Richard Marles, is at home in Geelong this afternoon. Hello, Richard. How's Geelong?

**RICHARD MARLES:** Well, Geelong is lovely today, Christopher, but it comes after a wild week of weather around the country. It really is the sunburnt country, but with flooding rains, so we've had floods in Sydney which have disrupted traffic and the airport there, and then we've had bushfires in Queensland. Of course, the town of Gracemere near Rockhampton was evacuated, 8,000 people there. It does bring home just the extremes of weather that can occur across the continent on any given day.

**PYNE:** It's been an amazing week or two, in fact, because wasn't that long ago, in the last fortnight it, was snowing in Falls Creek, and as you point out dramatic bushfires across central Queensland and amazing flooding rains in Sydney. I

think they had a month's worth of rain in an hour, and tragically lives were lost. It really is Dorothy McKeller's Australia this week, and so we take our hats off to all those people who've assisted in terms of ambulance and SES and CFS right across the country.

**MARLES:** That's right, and it's a bit of a reminder of what we face over the summer months in Australia, and we face those extremes and no doubt we will over the course of December, January, February. It's also a reminder of the wonderful work that volunteers across those emergency services perform and we wouldn't really be able to get through the summer without them.

But we should talk about the week in parliament, because it has been a pretty extraordinary week. This week the parliamentary calendar for next year, which we talked about in fact on our last show, was produced. It's particularly significant because it tells us, really, when the next election is going to be, but of course it also tells us that there'll be a budget in April, and I think as you've been saying all along, Christopher, there aren't that many surprises in the timing of that.

We've also seen the crossbench grow by two: Kerryn Phelps was sworn in to the parliament this week and Julia Banks shifted from the Government benches to the crossbenches during the week, so we'll have a talk about that.

And today really one of the biggest global gatherings of the year occurs with the convening of the G20 in Buenos Aires in Argentina. Scott Morrison has just landed on the ground there and we'll have a talk about the G20.

Our interview this week was actually recorded during the week with Sir Roger Carr. Sir Roger is the Global Chair of BAE Systems, which is the company which has won the tender to build Australia's next generation of frigates, the Hunter class. We had a great chat with Roger during the week, so we'll enjoy playing that to you.

Let's start with the first topic of the week and that is the parliamentary timetable for next year, which deals with both the budget and the election. Have a look at this.

**SCOTT MORRISON [CLIP]:** Before we go to the next election we'll be handing down a budget and it will be a surplus budget. It will be a budget which is the product of the years of hard work of our Government.

**MORRISON [CLIP]:** To have a half-Senate election and the House of Representatives election concurrently that would have to be conducted by 18 May. It is absolutely our intention to have the budget before the election.

**CHRIS BOWEN [CLIP]:** Well, there's only one way to end the chaos and the dysfunction, and that's now the election of a Shorten Labor government.

**MARLES:** The timing of the next election, which really seems to me to have to be on either 11 or 18 May, and the timing of the budget is not really a surprise. This means the Government's going its full term, but Christopher, what is a surprise is that there are only three sitting weeks before you would expect the election to be called. 10 sitting days. We're not sitting in March at all.

You have nothing to do in Parliament. It is really clear you don't want to be there. It's totally clear you're terrified of your own partyroom. This is the most agenda-less government since John Gorton.

What on earth is the point of going on when you don't even want to turn up to work?

**PYNE:** Well Richard, you've got to be careful of holding these hostages to fortune that you've just done, because in fact during the Gillard and Rudd government you had a period of eight weeks where there were no sittings before a budget during that period. So, we have a five week break before the 2 April budget. You had a year when you had eight weeks - two months.

Now, the reality is that next year's sittings schedule is quite unexceptional, unless you want me to cancel the election and I'm sure there's a few people who'd quite like to do that, not have an election at all.

**MARLES:** On which side of politics?

**PYNE:** It is a perfectly normal sitting schedule next year and the truth is the budget's been moved forward a month to 2 April from May. That means there is no sitting weeks in March. That's why there are less weeks in that period than normal - only two less, by the way.

The truth is Labor must have a stabbing pain in their chest over the fact that we will be handing down a surplus budget on 2 April next year. Labor has not handed down a surplus since 1989, which is so long ago it was before I was elected to parliament, and we of course are delivering a surplus next year, the first since the Howard-Costello era, because we're getting on with the job.

**MARLES:** Just to be clear, as long as I've been in Parliament - and to be fair you've been in Parliament longer - there's always been a five-week block of sittings to kick the year off, tends to run through both February and March. This year in that equivalent period we'll be having two-

**PYNE:** -That's because the budget's been brought forward.

**MARLES:** Well, then you would imagine that there would be more sitting weeks in February. What's really clear is it's not so much about gathering in parliament. It is about the actual having of a government partyroom meeting.

**PYNE:** Rubbish.

**MARLES:** That's what we all know you're desperately scared of, and so you've tried to get away from that.

But on the question of the budget, you went to the 2013 election promising that you would have a surplus budget each and every year that you governed. If you do manage to achieve a surplus budget this time around it will be the first. You have given up on the whole question of reform of the budget, hence the fact that you've actually doubled the debt in the time that you've been in government.

**PYNE:** Well, Richard, being lectured by the Labor Party about delivering a surplus budget-

**MARLES:** -It must hurt.

**PYNE:** -is like being lectured by Freddy Kruger about kindness to children. The truth is Labor has not delivered a balanced budget almost in your lifetime.

We're going to have to move on to the next subject, which of course has been the Parliament. This week, as you pointed out, the crossbenches have grown. It's led to a lot of excitement in the Labor Party, I must say, and the press gallery, not noticed by the general public. Let's see how that played out during the week.

**KERRY PHELPS [CLIP]:** There is an unmistakable mood in Australia that framed the Wentworth by-election result, a mood for change. I want to see Australian politics move back to that sensible center and strong, local, independent voices can help to achieve that

**JULIA BANKS [CLIP]:** Led by members of the reactionary right wing, the coup was aided by many MPs trading their vote for a leadership change in exchange for their individual promotion, preselection endorsements, or silence. Effective immediately I will serve as a member of this House of Representatives as an independent representative.

**HOST [CLIP]:** Are you still rock solid on supply and confidence?

**BOB KATTER [CLIP]:** No. You never say never in politics.

**PYNE:** Well, Richard, this was all met with great excitement during the week by the political commentary. I'm not sure that it caused a ripple out in the suburbs or rural and regional Australia. They're much more focused on what the Government's achieving, like surplus budgets, like record jobs growth, unemployment at 5 percent, wages growing again higher than the last three years, which is great to see.

And of course we didn't lose a vote this week. Now, we might lose a vote. Of course we might lose a vote because we're a minority government, but when Labor was last in minority government they lost 64 votes and the sky did not fall in, and if we lose a vote next week or next year the sky won't fall in and we're going to keep getting on with the job as we've been doing for the last five years.

**MARLES:** Well I think the idea that people out there in Australia haven't noticed that the Federal Liberal Party is completely broken was totally dispelled by the result of the Victorian election on the weekend.

I'm not going to overstate the fact that the Government is about to fall, but what we do know is this: at the last federal election 76 members of the coalition were elected to the House of Representatives. Since Scott Morrison has been the Prime Minister that number has fallen down to 74. There's still another five or six months to go to the next election. Can you tell me that you are completely confident that that 74 will stick and it won't go even smaller?

**PYNE:** I've got absolutely no reason to believe that it won't. Our colleagues were very diligent this week, my colleagues, in coming to the House to do their work. I find it really offensive, in fact, that Labor says that we're a part-time Parliament. Are you saying that when Labor's back in their electorates and they're not sitting in Canberra that they're not actually doing any work? Because

that's the implication that Labour is suggesting: when the parliament doesn't sit we're not doing any work. I work very hard when I'm back in my electorate and I don't think Labor should be quite so cocky about winning the next election, Richard. The public don't reward cockiness.

**MARLES:** It's not about being cocky, and the only thing we're suggesting is that you're scared of your own partyroom, but we do need to move on to the final topic, and that is the G20-

**PYNE:** -Of course you want to move on. I'm not surprised you want to move on. I've got you on the ropes.

**MARLES:** -Absolutely - and that is the G20, which is a very big global meeting. It's probably the most significant standing forum of which Australia is a part, and the Prime Minister landed in Buenos Aires just a couple of hours ago, but have a look at this.

**HOST [CLIP]:** It's no understatement to say the course of the global economy hinges on what happens here in the Argentinean capital over the next couple of days. There's one meeting in particular everyone will be watching at this G20 summit: the dinner meeting on Saturday night between Donald Trump and Xi Jinping.

If the US and Chinese leaders can't reach any sort of agreement their trade war will only escalate. If, however, they can agree to at least keep talking, keep negotiating, those further steps may not happen, and that is what Australia and many of the other countries here are hoping happens.

**MARLES:** The Prime Minister has a number of very important meetings as a result of being in the company of these world leaders. He'll be meeting President Macron of France, Theresa May, the Prime Minister of Britain, and I think Angela Merkel, the Chancellor of Germany. It's being reported today that he'll be talking with President Macron about the stalled submarine program, so

it's important that those meetings happen and that Scott Morrison is able to do this free from the distractions of what's going on at home.

Really, the big thing from a global point of view out of the G20 is going to be, as David Speers said, the bilat between President Trump and President Xi and what that means for the global trade economy. It is going to be a very significant meeting for not only Australia's interests but for trade in the world, don't you think, Christopher?

**PYNE:** Well, Richard, I do and the G20 is one of the most important forums in the world and it's fantastic, in fact, that Australia is economically large enough to be at the G20. They are the largest economic powerhouses in the world and for us, Australia is a trading nation. Free trade is really important to us. We've settled very significant free trade agreements, Coalition governments, with China, with the US, with Japan, in recent times and we really need the Chinese and the United States to talk about their free trade, to talk about the trade implications of some of their policy decisions. We want them to come to terms because the freer the trade the more likely it is that our prosperity will grow, which is what we've seen since the Second World War. I'm glad to see that Prime Minister Morrison's there and he is again getting on with the job.

**MARLES:** And I think there is the prospect of the Prime Minister having some interaction, maybe a pull-aside, with President Trump, but you're dead right. It is so essential from where we sit, I think, from where Australia sits, that the world looks a lot better when China and America are talking and when they are trading.

We've run out of time on this side of the break. Join us afterwards when we'll be talking with Sir Roger Carr.

[AD BREAK]

**PYNE:** Well, welcome back to *Pyne & Marles* here on Sky News Live. Richard

and I had the pleasure this week, in fact yesterday, of interviewing the head of BAE Systems' Global Chairman, Sir Roger Carr. Of course, BAE Systems has won the right to build the Hunter class frigates, our \$35 billion antisubmarine warfare frigate program. They'll do that through the ASC Shipbuilding, the Australian Submarine Corporation in Osborne, creating thousands of jobs. Let's have a look at the interview we conducted with Sir Roger Carr and we can deal with some of those issues during that interview.

[PRE-RECORDED INTERVIEW BEGINS]

**PYNE:** So, Sir Roger, obviously the Hunter class decision that the Government made a few months ago is one of our most significant investments in defence industry, a \$35 billion build-up of our military capability in antisubmarine warfare. BAE won the right to build the Type 26, working here in Australia with ASC Shipbuilding. It must have been a very exciting day when you heard that news.

**SIR ROGER CARR:** It was terrific. I mean, we'd been in Australia for 65 years so this was a huge birthday present and it really lays the foundation for a very long-term future and a real partnership with Australia in the shipbuilding industry. So terrific news, as you say.

**MARLES:** Well, in the context of BAE's presence in Australia, what is what does it mean. Will it double your workforce?

**CARR:** Oh yes, and over a period, more. What it does is build up the workforce here to about 6,000 or 7,000 at peak, but the trickledown effect into the economy through all the supply chain, of course, is much more material, so this will give thousands of people work in Australia that was simply not there before

**PYNE:** Oxford Economics has just produced an amazing report showing that there's even more economic impact here in Australia than we'd expect: \$17 billion into the national economy; as you said, 6,000 to 7,000 workers at its

peak; 48,000 tons of Australian steel sourced out of New South Wales and South Australia; and 500 companies already prequalified. That's very important to me as the Minister for Defence, because what BAE's doing is investing in Australian SMEs into their supply chain. Will that flow into then exporting those kinds of capabilities out of Australia?

**CARR:** There's no reason why it shouldn't. We've got examples now where Australian supply chain, the machiners of titanium that go into the F-35 aircraft end up in our products in the building of the F-35 in the UK, so that that happens today. This has the potential of being much more than that, over a period where the supply chain of Australia is going to be available to all and I think that's an added value for Australia. It's also about the value for the primes.

**MARLES:** So, the UK are building Type 26. We've made the decision to do the same thing, and I think a month and a half ago the Canadians indicated that they were also going to award BAE the tender for their new frigates which is the Type 26 as well, so we'll now have this platform across three of the Five Eyes nations. What synergy and what leveraging can be done by that fact?

**CARR:** Well, there's undoubtedly strength in numbers. This is now classified as probably the world-leading frigate of its kind. It has incredible capability, massive firepower, but if you interlink that across 33 ships all over the world, where the navies are cooperating, not just the ships cooperating, you have a very strong capability and capable force of floating power which is united through the Five Eyes network. So, this is very good for each country but it's very good collectively too.

**MARLES:** I was going to say I think really a dividend of this, I reckon, is what it does to the bilateral relationship between Australia and Britain.

**PYNE:** There's no doubt.

**MARLES:** It really brings it into the modern day.

**CARR:** Let me say it was all working together, the governments, the ministers the navies, as well as the company, that enabled this to happen. It was the unification of purpose of two countries that are linked by history, but now even more so by their future commitment with each other.

**PYNE:** And it happened pretty quickly, too

**CARR:** Very.

**PYNE:** It wasn't a long, drawn-out process with lots of self-doubt. We actually just got on with it, and as you point out, Richard, with the Canadians with the Type 26, the Australians, the British, I hope that New Zealanders will buy a couple of these as well as part of our program, but it's the capability, the antisubmarine warfare capability which is our number one priority, and in our region 50 percent of the world's submarines will be operating here by 2030, so it was a very important capability decision for us.

To shift the focus to perhaps more European affairs. Obviously, Sir Roger, you've got quite a few challenges right now on the Brexit front. It's coming to a head. Where do you think that's going to end up for Britain and for Europe?

**CARR:** Well, I think what we witnessed, really, from the Prime Minister, is an absolute masterclass in persistence and resilience. She's had a very challenging period because the factions at home are very extreme. The people she is negotiating with are very firm in their position and opinion, and she's had basically a dysfunctional cabinet to work through throughout the whole period, so what she's delivered I think is the best that one could hope for given those circumstances.

Sadly you cannot please all of the people all the time. In this case, at moment, the difficulty is pleasing sufficient of the people to get it passed through parliament. We're going to know about that in the next few days. I think that's

the first important fork in the road.

If it doesn't go through she may have to go back to Europe and try again to see if there's any room for manoeuvre. The Europeans have suggested there's not, and therefore when she comes back there's a big decision for the parliament to face: do you tolerate something that is not perfect but will work, or do you risk the chaos of no decision and no agreement at all?

British business is hopeful that something will be found that is tolerable to all because clarity, certainty, is what we need to get on in an economy and in an economic period where there is plenty of challenge and much for us to do to sell globally and become the prosperous nation we need to be.

**MARLES:** And just quickly before we run out of time, do you think in a post-Brexit world there are implications for the Australian-British relationship, particularly in terms of trade? Will Britain be looking for more trading partners?

**CARR:** There's no question. Britain is looking for more trading partners now and I think what we've achieved here, Brexit or no Brexit, is a good example. If you have the right product, the right people, and the right attitude, you can do business. We're going to have to do a lot more of that if we do not have the strength of history that we have in Europe for the trading of today, which is 44 per cent of our exports - but yes, definitely global challenge, but commitment to it.

**MARLES:** Well, Roger, it's been a real pleasure having you here today. No doubt you're going to be a more frequent visitor to Australia with Hunter class being built by BAE and hopefully we'll see you on our program again sometime.

**CARR:** I'd be delighted. It's been terrific. Thank you both very much indeed.

**PYNE:** Thank you.

[INTERVIEW ENDS]

**MARLES:** And that brings us to the question of the week. There was a remarkable picture this week of a big cow, I think actually, technically, a big steer, and it clearly was a very big cow, but it made us think: what is your favorite big thing? So, Christopher: what is yours?

**PYNE:** Well, mine is the big lobster at Kingston in the south-east. I have a beach house at Robe, which is just a bit further on from Kingston, and we pass the big lobster extremely regularly, and Hamish and Andy helped save the big lobster about a year or two ago with Australian resources and a signing campaign or cash in campaign, whatever they call it, and I like the big lobster. But what about, you Richard?

**MARLES:** Well, actually my favorite big thing is the small Sphinx, which is a two-thirds life-size piece of the Sphinx in Geelong. It's the old Golf View Hotel. Mick Malloy about a decade or so ago, maybe a bit more, on his radio program had the 10 tackiest things in Australia and the Sphinx was number one, which was a source of enormous pride for us here in Geelong. Whenever I show people the sites, the Sphinx is most definitely on the tour-

**PYNE:** -I find that hard to believe.

**MARLES:** It is a remarkable feat of engineering, Christopher.

That brings us to the end of our show. Join us next week, which will be the last episode of *Pyne & Marles* for the year, at 1 o'clock on Sky News. We will see you then

***ENDS***

Authorised by Noah Carroll, ALP, Canberra.