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**E&OE TRANSCRIPT
PYNE & MARLES
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SUBJECTS: Asylum seekers; Talisman Sabre; home affairs portfolio; Greens candidate pre-selection; economy

CHRISTOPHER PYNE: Good afternoon and welcome to *Pyne & Marles* here on Sky News Live. It's Friday, 21 July, I'm Christopher Pyne and I'm here in Adelaide and my colleague is Richard Marles and he is in Melbourne today. Good afternoon Richard. You've had an exciting week at *Talisman Sabre* in Queensland, but you've flown back into a storm as Kevin Rudd emerges from the political grave to put again on the agenda Labor's division over offshore processing, and unfortunately this morning Anthony Albanese backed Kevin Rudd and said that you only had a 12 months offshore processing policy and that after that everyone was coming to Australia, so you of course have been the spokesman, you're the man in the hot seat, how are you going to deal with this breakout of division?

RICHARD MARLES: Well, I know you love to put words into your opponents' mouths. That's actually not what Anthony Albanese said at all this morning. I think he made the point that the original regional resettlement arrangement went for 12 months, and there was a review after that, which is exactly right and the reason for that, Christopher, is that it was expected by everyone that during that period of time people would be resettled either in PNG or in third countries, or at least the vast bulk of those people, but the fact of the matter is from the moment that you were elected you dropped the ball on the whole question of resettlement.

Anthony didn't for a moment suggest that people were coming back to Australia. What happened back in July of 2013 was that Australia was taken off the table and that remains the very clear position of the Labor Party today, so not so much of a storm.

But you're right I had a great time at *Talisman Sabre*, you saw an impressive array of our military hardware, what our military can do, the kind of organic engagement that we have with the United States. 30,000 people participate in this operation, and so everything was being tested from field hospitals to catering to airbase guard dogs. I've got to say I enjoyed it, but the accommodation, in tents, lying on stretchers, certainly made me feel my age.

PYNE: Well you're getting too old for that, you see. That's the problem.

MARLES: Well, that is probably right. I think at a younger age I might have liked the adventure of sleeping in a tent with 10 other people, but not so much now. But we should get on with our program.

PYNE: We should.

MARLES: So on Tuesday the Government announced that it intended to establish a minister for home affairs in Peter Dutton. We will be discussing that. During the week, the Greens Party has been experiencing a whole range of woes with two of their MPs losing their spots in the Senate because of having dual citizenship. We'll be talking about that. And yesterday the jobs figures came out and they coincide with the Melbourne University 2017 Economic and Social Outlook Conference at which the Treasurer, the Shadow Treasurer and indeed right now the Leader of the Opposition have been speaking, so we're going to talk about the economy. Our guest today is Peter Leahy, the Director of the National Security Institute at the University of Canberra, former Chief of Army, and we'll be talking to Peter about the national security landscape.

First of all, Christopher, perhaps the big announcement of the week, which was on Tuesday, that the Government intends to establish a home affairs minister. Take a look at this.

MALCOLM TURNBULL [CLIP]: I've decided to establish a home affairs portfolio.

GEORGE BRANDIS [CLIP]: These are historic reforms and they have my strong support.

PETER DUTTON [CLIP]: The home affairs portfolio is dedicated to keeping Australians safe.

BILL SHORTEN [CLIP]: It's sort of like the Government's come up with a solution and now they've got to find a problem to justify the solution.

PETER JENNINGS [CLIP]: As quickly as they can I think they should move to develop what in the public service we call a green paper. In the absence of doing something like that the Government as created a six months very slow-moving target for itself.

MARLES: Well, Christopher, you know that our reflex, our instinct on national security matters is always to engage in a bipartisan approach and it's no different here, but the issue is we don't get what the Government is trying to do here in terms of what is the problem that you're trying to solve. This was announced on Tuesday, we're here on Friday, we still haven't heard what that problem is that you're trying to solve through this rearrangement. Pretty concerned by the fact that when the Government has been asked on a number of occasions whether the security agencies themselves support this reform there has been a deathly silence associated with that, which leads us to the only conclusion that we can that this is

actually much more about politics that it is about policy, you only need to look at George fighting back the tears there as all these responsibilities were taken off him-

PYNE: -Rubbish.

MARLES: -to know that there was a definite winner and a definite loser in this announcement. Was this really more about giving Peter Dutton a reward for trying to prop up Malcolm Turnbull's Prime Ministership?

PYNE: Well, Richard, the sad part about that contribution is that your party has been advocating just this outcome since Kim Beazley was the Leader of the Opposition 16 years ago, that policy lasted through Kim Beazley, Simon Crean, Kim Beazley again, Mark Latham and Kevin Rudd took it to the 2007 election campaign. It was only after he got into government that he decided not to do it, so it's not exactly a new policy for the Labor Party. The truth is that as you and I both know our agencies, our security apparatus are world class.

MARLES: They are.

PYNE: They do an outstanding job protecting Australians, protecting our national security but our adversaries, as you also know, are getting more sophisticated through their terrorism networks using our own technologies back against us in a way that we need to keep fighting, and the view of the Government is that to make our agencies and apparatus even better, bringing them together under the umbrella of the home affairs minister means that they will be better coordinated, work more closely together and help protect Australians, and Australia's national interest. So there's no politics involved here at all because national security is too important for politics, and as a consequence we are doing what we think needs to be done.

MARLES: Right, but clear this up for us Christopher: did the national security agencies advise this change or not?

PYNE: Well I'm not going to speak for them and as public servants, as you know as public servants they won't speak out either on those matters, they give us advice, they're not public figures-

MARLES: -You can.

PYNE: Let's move to our next topic, which is the Greens and their seeming unawareness of the Australian Constitution. Let's take a look at this:

LARISSA WATERS [CLIP]: It's with great sadness that I have discovered that I'm a dual citizen. I just want to apologise to my party.

MALCOLM TURNBULL [CLIP]: And it shows incredible sloppiness on their part.

RICHARD DI NATALE [CLIP]: We are committed to a thorough, root and branch review so that we strengthen our governance.

TURNBULL [CLIP]: It's extraordinary negligence on their part.

BARNABY JOYCE [CLIP]: You've got to be really careful if you start throwing stones when something was an honest oversight, because you bet your life the same will come back and get you.

PYNE: Well Richard I think there's more to this story than meets the eye to be honest because this seems to be not only the Greens falling apart from the point of view of not understanding the Australian Constitution, losing Larissa Waters, losing Scott Ludlam. Now Nick McKim's citizenship is under a cloud, whether he might be a UK citizen, he can't find the papers that proves that he isn't. Richard Di Natale is facing similar queries about whether he might still be an Italian citizen. This follows very quickly on the heels of a real fight in the New South Wales Greens involving Lee Rhiannon and the national Greens in Canberra after the last sitting week which got a lot of coverage and now this morning in the Australian newspaper is more stories about Greens analysing the polls to say that under Richard Di Natale's leadership the Greens are going backwards and might lose their Senators in Queensland, New South Wales and South Australia, so I think this isn't just a story that's popped up because some journalist has been doing good research, I think there are some dangerous tactics going on behind the scenes in the Greens to damage Richard Di Natale.

MARLES [CLIP]: Yeah, that's an interesting take on it. You can't help but feel for Larissa Waters and Scott Ludlam. Obviously it's a devastating turn of events for them personally. It is unbelievable how kind of unprofessional the Greens have been in terms of going through their due-diligence in relation to their candidates. All of these issues are easily remedied.

There's been a whole lot of discussion about whether the constitution should be changed that totally misses the point. If you were to take the 10 top things to change in the constitution this is not one of them

PYNE: No.

MARLES: The reality is this is a provision easily complied with, but I'm interested in your line of thinking as well. One of the things that's happened with the departure of these two senators it would seem to me is that Richard Di Natale's just lost the numbers internally within the Greens Party. Is this going to mean that we're going to see Adam Bandt and Sarah Hanson-Young now launching a coup for the top job?

If anything this highlights the difference between serious parties of government and those who are on the fringe. I think this whole saga has been that, but we should move on.

This week, in fact yesterday, we had the release of the latest job growth figures. Have a look at this.

SCOTT MORRISON [CLIP]: There is a clear momentum starting to build again within our economy, a sign that confidence is rising.

MALCOLM TURNBULL [CLIP]: Jobs and growth is not just slogan, it's an outcome.

MORRISON [CLIP]: This is not some pipe dream or mirage on the horizon, it's not a line, it's not a slogan.

BILL SHORTEN [CLIP]: The economy is not working as it should in the interests of working Australians.

MARLES: Well I know that in the midst of a sea of despair, Christopher, there was some clinging to this twig like a drowning government that you are, but the reality is that despite this particular figure, which is obviously good news, the real issue within our economy now is that inequality continues to grow. That's what Bill Shorten is talking about right now at Melbourne University in his contribution to that conference. We've got the slowest rate of wages growth in our history, real wages are actually falling, that is feeding into the household consumption number, which is also completely anaemic, growth is anaemic. It's only two quarters ago that you had negative growth and no reason at all.

Your policy prescription to this is to give a tax cut to people who are millionaires, to give rise to penalty rate cuts for those who actually need that money to get through, and to have a tax increase for those who are on lowest incomes. It makes no sense at all.

PYNE: Richard, you can be all doom a gloom if you like, but that facts are our growth rate is the higher than any country in the G7 and the truth is that the jobs figures yesterday showed 166,700 new full time jobs created in the last six months, the highest number of new full time jobs on record in our history in the first six months of a calendar year. So the government's absolute laser like focus on jobs, on investment, on growing the economy, on getting the budget settings right is absolutely working and Bill Shorten is in Melbourne today talking about casualization of the workforce a day after the highest number of full time jobs have been created in the first six months of a calendar year in history. So you can keep talking about non-facts, but the truth is the facts speak for themselves. We are concerned about wages growth, and we are trying to do something about wages growth, but when there's a good figure you should accept the figure and move on, not just practise old politics. Now we have to go to a break now, and then we'll come back and we'll be talking to Peter Leahy, and you can't have the last word.

[AD BREAK]

PYNE: Well, good afternoon and welcome back to *Pyne & Marles* here on Sky News Live. Richards and my guest today is to do with national security issues to talk through some of the changes this week. He's the director of the National Security Institute at the University of Canberra and former Chief of the Army, Professor Peter Leahy, thank you Peter very much for joining us this afternoon.

LEAHY: Well great to join you gentlemen.

PYNE: Peter the first thing that I wanted to explore was the changing terrorist challenge, threat that we've faced in the last 10 years. How do you think that has

developed over that decade which has led the government and others to think that we needed to change the apparatus to address it.

LEAHY: I think it's developed quite quickly and it's become more severe and a greater threat. But I wouldn't confine it just to terror and I think when talking about the last 10 years or so, I look at the platform of Kevin Rudd's December 2008 statement, the national security statement to the Parliament and I see four aspects of that, one, he broadened the nature of national security beyond just territorial integrity and terror. We're now looking at transnational threats climate change, pandemics a whole range of things like that and I think that's the best way to look at national security. He established a national security adviser talked about the need for a national security budget and also talked about the fact that we were going to concentrate on cooperation collaboration and coordination rather than have something like the United States and Homeland security and I think that provides a really good platform to talk about the changing nature of the threat and in my view why we need the sorts of changes that have been forecast by the government this week the changes to national security in terms of our home affairs department.

MARLES: So, Peter, we we've not had a significant event in Australia over that period of time. I mean, there obviously have been a couple of incidents. Lindt siege obviously saw two people lost their life. But in terms of a mass scale event we've not been the subject of that in the way that both France and Britain have been? Is that luck? Are we doing it and we doing it well? Are we not a target? What's your sense about that?

LEAHY: I think it's probably all of the above but given the work that I've done over my career I'm not much a believer in luck. I think you have to prepare and you make your own luck and so I would give due credit to our government agencies who are involved in these matters and looking after our security I think I would also pay credit to the fact that we're part of a broader international alliance but none of that means that we can relax. We have to be very careful and very studious, very alert and that's why again I would say that I think these changes are suitable because I see real opportunities in bringing these agencies closer together into an environment where we know that the threat is increasing. We're seeing what's happening in the Middle East and certainly one of the issues at the moment is that those foreign fighters who have been there are looking to come home and we're going to have to deal them with them at a judicial level we have to deal with them in prison those who might be released eventually. There is a lot of work to be done in this area and I think a better way of working together is something we should be looking for.

PYNE: So Peter could you just unpack that a bit for us because it's kind of very much goes to the nub of what's happened this week. We've had several commentators talking about the Government's changes to creating a home affairs department talking about the need for there to be scrutiny of each other by ASIO and the ASD and the AFP, et cetera, the border forces, but you obviously have the view that the government has moved in the right direction and built on the foundations of the previous government. Just explain why you think it's now is the time for a home affairs department of this kind.

LEAHY: Well in part it goes back to the issues that came out of Kevin Rudd's national security statement and I'd say in there that I'm certainly the first I speak the bigger threat the greater threat the more transnational threat, I think that's a given. But if I look at what happened to the national security adviser and those aspirations for a national security budget I could only give that a fail. I don't see the presence and the capability of a national security adviser and we're certainly not seeing national security budget. So I think a Department of Home Affairs would be able to bring some coherence to that bring some discipline to that and bring some fact that we need to be able to look across all of the threats that are out there rather than down ministerial pipelines, down single budget pipelines will be able to assess the priorities across those things that will keep us safe in the future. Now as to the fourth aspect I mentioned which was coordination cooperation and collaboration. You shouldn't be surprised from my career but I'm not much in favour of those sorts of things particularly when we're under threat. And I think the threat is still coming our way and we need a more directive. And could I say a greater leadership role from a department like the Home Affairs Department and if I could give an example just quickly we saw in a Royal Commission report after the bushfires down in Victoria that a comment was that one of the failings was that the departments weren't able to work together and most tellingly they had mistaken management for leadership that is that they adopted this cooperation approach the responsibilities and boundaries weren't clear and I think as we face a threat we've got to get those responsibilities clear those boundaries clear. And we do need leadership.

MARLES: So, if I can just follow that – Peter, you talked about the leadership of the department of this kind. I think you used the word discipline, that it would have imposed some more discipline into the system. Do I take it from that that what you're saying is that agencies such as ASIO, such as the Federal Police, need that policy leadership from the department of this kind and need the discipline that might be imposed by the department of this kind?

LEAHY: No I don't want to criticize the prison agencies and I think we've acknowledged already that they're doing a really good job, but I think there are opportunities in the future and they're the ones that are and we know this is going to take some time and I've heard Peter Jennings call for a green paper on that and I would support those sorts of things. These things have to be really thought through the agency heads and the agency leads and indeed the ministers also need to be thinking about how they're going to work together. But to me it's a simple statement that the threat is increasing. It's become broader. It's certainly international and if we're going to work across all of those levels at the international level with homeland security in the United States with Home Affairs in the United Kingdom I think a similar type of department looking at similar issues in similar arrangements is going to make us more secure and kind.

MARLES: Sorry Christopher, if I can just follow up: do you think that there is appropriate coordination at this point in time between the civil agencies, which are the subject of this reform, and defence?

LEAHY: Well I'd say there in terms of the national security budget and let's move on from Mr Rudd's national security statement and Julia Gillard put one out as Prime Minister in January of 2013 I think whether it was apartheid in that talked about the

budget. And I think there was an appreciation that perhaps defence would be available as a source of additional funds for some of the agencies and we've seen quite dramatic increases in the intelligence agencies over this period. Well defence hasn't been a source for those sorts of funds. So I think we're seeing that the agencies are operating with their ministerial support quite independently of each other and I think that there should be due consideration at the National Security Committee level of where we're spending our money most appropriately and I might mention that quite a few people would say that support to Department of Foreign Affairs and the aid that they give out there might solve some of these broader security problems before they actually occur. So a broader discussion a strategic discussion where all of the agencies are represented at the appropriate level is what I see as one of the real advantages of this.

MARLES: Well, Peter, we really appreciate your insight today. Thank you for joining us and we hope that we can get you back on obviously a topic which is going to be with us for some time in the future.

LEAHY: It has been a great pleasure to be with you.

MARLES: Thank you, and that brings us to the question of the week, which is inspired by the week from hell that the Greens have been experiencing, and it is: how much do the major parties investigate candidates for elections? So, Christopher how did it work with the Liberal Party?

PYNE: Well, when I first got elected in 1993, and I got preselected in '92, I must admit it was a lot more haphazard Richard. We basically were asked to sign a document that we had taken care of our citizenship that we didn't have any prior convictions or have an office of profit under the Crown which means work for the Commonwealth Government while seeking election to parliament and now it's a very different process. We have to produce evidence of these various things. We have to sign statutory declarations and the major party that the Liberal Party is goes through a serious process because obviously we don't want to see happen to us what is happening to the Greens this week. I assume Labor's not very different.

MARLES: No, that sounds very similar. We have to produce birth certificates and explain how our citizenship is founded as it were, and if there was any hint of dual citizenship what steps we've taken to make sure that that second citizenship has been renounced, and of course there are a series of questions about holding an office for profit under the Crown which goes to some of the other issues that have been taunting the Greens over the last week, so there is certainly a very thorough process.

Just finally, before we go, I would normally wish you best of luck on the weekend with your football team, but not tonight Christopher.

PYNE: Not today, no.

MARLES: I'm wearing my Geelong tie, our two teams face off on the top of the table clash, maybe a grand final preview, but we'll see how they go.

Great to join you.

PYNE: It's a very exciting night, and go the Crows, of course, who I'm sure will be victorious at home.

MARLES: Go Cats!

Great to join you again this afternoon. Look forward to doing so again next week. Join us then on *Pyne & Marles* on Sky News. We'll see you then.

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