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SUBJECTS: Budget; Paul Keating; Gas.

TOM CONNELL, HOST: I am joined now by Deputy Labor Leader Richard Marles. Is this the right strategy for the times?

RICHARD MARLES, DEPUTY LEADER OF THE AUSTRALIAN LABOR PARTY: What it demonstrates, Tom is that this Government is all over the place. I mean, this is a massive about face from the point of view of the Government, who have been chasing surpluses unsuccessfully ever since they've come to power. There definitely needs to be stimulus. There's no question about that. But as we come out of the coronavirus and really facing the worst economic situation since the Great Depression, there does need to be a strategy which involves stimulus and that's going to involve spending. But it's not just a matter of, you know on the, on the road to Damascus having Josh Frydenberg now say spending is great. But it depends on what spending that is. And what you actually need is an articulated strategy and plan to get Australia working again and to see the economy growing. That's what we have not heard yet from the Government.

CONNELL: But just on this particular strategy; I mean, Labor had a surplus strategy that it took to the last election- in fact it said it would pay more debt off. You've presumably changed your mind, now that your focus as well. You wouldn't be pursuing a surplus strategy. So aren't you in lock step in that broad sense?

MARLES: Well I mean, we certainly think that it's very important that there is stimulus in the economy, no question about that. But the real question is how you do it. It's not just a matter of saying we are going to spend, it's a matter of

saying what you are going to spend on and whether it's going to be targeted spending, in a way which actually sees jobs created and the economy kept growing. I mean that's actually what Labor did during the global financial crisis and very successfully saw us avoid going into recession at a time when just about every other country in the OECD did go into recession. It required a targeted strategy-

(Inaudible)

CONNELL: Wasn't it?

MARLES: I'm sorry?

CONNELL: This recession surely was just unavoidable wasn't it.

MARLES: But that's not the point. I mean the point really is, that what we've got here is a Government which has been chasing surpluses from the day they were elected. They have done that unsuccessfully. Well before we saw coronavirus strike and the recession occur as a result of that, we already had an economy which was anaemic. I mean we already had an economy which in terms of per capita growth was in recession. So this is a Government which has failed in terms of the management of the economy but it has failed in terms of its own test in respect of debt. And now we've got the Treasurer doing an astonishing U-turn. Well that's fine but it's not enough just to talk about spending, it's about what is that spending going to be on and what is the strategy to generate jobs and generate growth.

CONNELL: The Government wants to also talk about tax, so it's talking about retaining its tax to GDP ratio of 23.9 per cent. Where would Labor set on this? Should you have some sort of tax limit as well? Because you're talking about how much money you're obviously taking out of the economy in a broad sense, as you're trying to rebuild.

MARLES: Well I mean, I think when we're talking about tax proposals let's, rather than responding to the flying of kites, see what the government is actually putting forward in relation to tax. I mean there has been a lot of speculation about tax in terms of this Budget. We'll have a look at what is actually put forward by the Government in relation to that. Again what we think is really important though is that what we hear is a strategy in relation to the building of the economy in the creation of jobs and tax cuts alone aren't going to do that.

CONNELL: I understand that, but I'm just asking that broad question about tax to GDP. So the government is keeping in place 23.9 per cent as its 'speed limit', as it calls it. Should Labor have that or something similar, something higher? What are your thoughts?

MARLES: Well again, let's see what the actual tax proposals that are put before the Parliament. That's what we will respond to. But I make the point again; the tax cuts are all well and good but on their own they're not going to generate jobs that the economy needs and they're not going to generate growth that the economy needs.

CONNELL: We had Paul Keating, of course, the Prime Minister last time we had a recession attack the Reserve Bank. He says that they're not doing enough to help the economy. He's suggested some pretty drastic measures. What have you made of his contribution?

MARLES: Well Paul Keating is, well he's compulsory viewing and his is a compelling voice and he's not shy. We know that. I mean, I think I'll leave the commentary about the Reserve Bank's actions to Paul and not get into that. But again our focus is going to be on the Government. And again, I think the point needs to be made that that ultimately what Paul is talking about is the management of debt. What we've got is a massive amount of debt in the economy which was growing well before the coronavirus struck from a Government who said they were going to actually achieve the opposite. We haven't really heard from them a strategy on the management of that yet. But ultimately the real issue again is; what is their jobs plan and that is what we're going to be focusing on.

CONNELL: But he has specific criticism of the RBA. He's suggesting for example, a really laissez faire approach to putting more money out there, essentially no longer just letting the market decide on bonds but just get the money out there regardless. What do you make of it? Sounds like a pretty dramatic departure from what you're doing- what we're doing at the moment. Do you agree?

MARLES: Well again, I think I'll leave the criticism to the Reserve Bank to Paul. We definitely need to be having stimulus in the economy, there is no question about that. We need in that context, to be hearing from the Government about what its plan is- not just that it's going to do it but how it's going to target it. And what our strategy is in relation to that and ultimately we do need to hear from the Government about its strategy in terms of how it's going to manage debt.

CONNELL: Just finally; the Government has outlined a plan on energy in particular on gas. The Shadow Climate Change Minister Mark Butler says 20 years into the 21st century we know that coal and gas won't underpin continued prosperity. Do you agree?

MARLES: Well look, I mean I think Mark is speaking about a fair way in the future. What's really clear is that gas is a very important part of our economy right now and will be for a long time to come- really through our lifetimes. I mean we are the largest gas exporter in the world. You know my electorate I've got a number of companies which rely on gas as a feedstock and companies like Incitec Pivot and LyondellBasell- they're really important industries for our country, in terms of fertilizing and for agricultural and chemical industry for LyondellBasell. So gas is a really important part of the economy and we all understand that-

CONNELL: That doesn't seem to be what Mark Butler is saying. So you don't agree with that line about continued prosperity from what you had said?

MARLES: Well I'm not sure that that's- I think Mark is speaking about a fair way

in the future. I don't actually think Mark disagrees with the points I am making, but I think you'll have the opportunity to talk with Mark. But we all understand that gas is a very critical part of the Australian economy right now. It is going to be a really important part of the recovery, out of the recession that we are in right now. And it's going to be an important part of Australian industry really for our lifetime. So yes, it's a fossil fuel but it's one that is going to play significant role and obviously one which does have a smaller carbon footprint than coal.

CONNELL: Richard Marles, thanks for your time. We'll talk again soon.

MARLES: Thanks, Tom.

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