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**TRANSCRIPT OF SENATOR THE HON. ARTHUR SINODINOS AO INTERVIEW WITH FRAN KELLY AND
CHRIS BOWEN, RN BREAKFAST**

Subjects: *election result, composition of the new Parliament.*

E&OE.....

FRAN KELLY

Joining us on the panel, Arthur Sinodinos, the Coalition Cabinet Secretary and one of Malcolm Turnbull's trusty lieutenants, and also Labor's Shadow Treasurer, Chris Bowen. Arthur, Chris, welcome back to breakfast.

ARTHUR SINODINOS

Hi Fran, Hi Chris.

CHRIS BOWEN

Good morning Fran, good morning Arthur.

FRAN KELLY

I can't congratulate or commiserate with either of you yet so I won't do that but I will start with you, Chris Bowen, this morning because Labor received its second lowest primary vote ever, basically it has got no chance, you have got no chance of forming a minority Government even, so why is Bill Shorten acting as if he has won?

CHRIS BOWEN

I don't think he's acting as if he's won, Fran, I think he's going around the nation thanking people for their support, and the swing towards Labor was significant and of course the pick-up in seats was significant and the Government may or may not be able to get to majority, so he's simply thanking people for their support and particularly those seats, whether it be Western Sydney, Tasmania, or Western Australia which have moved to the Labor Party in significant numbers. Now, the fact of the matter is that Malcolm Turnbull's leadership has been fatally wounded here. We know, and the Australian people and the Liberal Party know, that his judgement has been shown to be fundamentally flawed. This was his campaign, he conceived it. The two-month campaign, proroguing the Parliament, a Budget just before the election, the centrepiece of the election being a corporate

tax cut, this was all Malcolm Turnbull's work and I think if the Liberal Party had known back in September that the best he could do is a hung Parliament or the barest of majorities, then they would have stuck with Tony Abbott and now you're going to see that play out in the Liberal Party and the Government will be a fundamentally unstable one.

FRAN KELLY

Alright, I'll come back to some of those themes you sort of brought up there, but Arthur Sinodinos a win is a win, that's what you told us last week. That's what the Treasurer said yesterday, but there is no doubt that even if you have a win it's going to be underwhelming in nature, and recriminations within your side have already started very publicly. Febrile is the way one insider described the atmosphere inside your party at the moment.

ARTHUR SINODINOS

Look Fran, a couple of things, the first is: you're right – a win is a win is a win -

FRAN KELLY

And you don't quite have that yet, which, are you surprised about?

ARTHUR SINODINOS

Well, the count is taking time, the count is going in the right direction, but I'm not going to pre-empt any of that. You're right – a win is a win is a win. What's happened is that this week Bill Shorten has been going around these electorates talking himself up because he's trying to talk up his job as Leader of the Opposition and you are right to point to the fact that this is the second lowest primary vote for the Labor Party in its electoral history. Now, if that's the best Bill Shorten can do, you'd have to wonder, with the scare that they ran and everything else, if he's really fit to be Leader of the Opposition. And as for what's happening in our own party, of course after a situation like this where, in our case, we didn't win as well as maybe expectations in the community suggested we would –

FRAN KELLY

Or expectations within your party, within your own Cabinet.

ARTHUR SINODINOS

And where Labor did better than perhaps was expected, even though polls essentially from the beginning suggested it was 50/50, then of course people will want to talk out and have a view. We're going to have a review on the way the campaign was conducted. That will look at what went well, what did not go well, and we will learn from that. One lesson I take out of the campaign is that Labor and the unions are better able to deploy resources on the ground. They have access to a lot more resources, particularly in terms of personnel, and that ground game is something we in the Liberal Party need to do more to counter in the period ahead.

FRAN KELLY

I'll come to this now, I was going to come to it later. You talk about the ground game; your ground game needs to be better. Chris Bowen, you said that the support for Labor was on the improve.

That's true, but nevertheless, your primary vote is below 36 per cent and Arthur Sinodinos the Government's, the Coalition's primary vote is not all that flash either. There is no way this is just about...this result shouldn't be seen, I believe, by either of the major parties as just about your ground game. Is this not about something else? A voter sentiment that neither party really seems to be mentioning?

CHRIS BOWEN

Well Fran, I think we have indicated in all, both in the campaign and since, that we need to ensure that the economic growth that the nation has includes everybody – inclusive growth. And if you look at some of the areas where there were big swings towards Labor, whether it be Tasmania, or Central Queensland, it's areas where they're going through very difficult economic times and they are not benefitting from the transition. The Government keeps telling us there's a transition underway – that's right. They keep telling us it's going well – that's wrong. And, of course, we're seeing around the world the assertion of the political outsider and the rise of the disenfranchised, and we're seeing some of that in Australia, although not to the same degree as overseas. I mean, Nick Xenophon's vote, for example, was five per cent less than it was at the last election, despite the fact that he's broken through in the House of Representatives.

FRAN KELLY

And he's got three senators.

CHRIS BOWEN

Yeah, sure. But it's not that simple: you've also got the rise of Hanson in Queensland, the Greens were going to break through in lower-house seats across the country, they kept telling us they were going to be in coalition sitting around the Cabinet table – they won one seat and lost a senator. There are issues that both parties need to continue to address of course. This is not a completely successful election campaign unless you've been sworn in as a majority Government, a majority in which you can implement important reforms. So both sides need to do more to win the next election because, and I think Arthur would agree, it's not a completely successful election unless that happens. Of course Labor has come back from a very difficult situation in 2013, there being big swings to Labor in many seats, in Western Sydney many of us received a big rise in support, elsewhere in the country; and Labor out-campaigned the Government. But, of course, it's not just about communication, and certainly our policies reflect the fact that we want to see all Australians have the investment in them, so that they can grow to their full potential, and all Australians, not only contributing to our economic growth, but benefiting from that. And inclusive growth is important for the future.

FRAN KELLY

Arthur? Inclusive growth?

ARTHUR SINODINOS

Well Fran, that is a speech from someone who came second in this election.

FRAN KELLY

OK, so let's hear from someone who might come first.

ARTHUR SINODINOS

My point is simply this: going into this campaign we put together an economic plan for the country; economic management.

FRAN KELLY

Which you'd have to say has not been enthusiastically...[interrupted]

ARTHUR SINODINOS

But what I'm saying is, we did underestimate the extent of the sentiment in the community around issues like Medicare. Now, I can sit here and talk about the scare campaign, and the way that was ruthlessly prosecuted.

FRAN KELLY

Let's not go back over that.

ARTHUR SINODINOS

But the lesson we've taken out of this campaign in respect of issues like Medicare is that, just as in the Howard era, we have to get to a point where we can boast that the Coalition is the best friend Medicare ever had.

CHRIS BOWEN

Please, you can only do that if your policies reflect it Arthur.

FRAN KELLY

Let Arthur finish.

ARTHUR SINODINOS

So from my point of view this is a period of reflection where we look at what went right, what went wrong, but if you're asking me here today if we should throw out the idea of having a rational and cohesive fiscal framework in which we appropriately balance our priorities and take into account the impact our decisions now have on debt for the future and all the rest of it, and the potential rise in debt and deficits, well we're not going to throw the baby out with the bathwater. We have to be able to meet the legitimate demands of the community in areas of essential services like health and education and the rest, while making sure we're also keeping the Budget on a good path. And what I've said to you in the past, Fran, and what I'm saying to Chris, and I think Chris would agree with this, is that the new Parliament has to be a Parliament which takes into account all of those impacts, and not just look at ways in which we can increase spending in select areas.

FRAN KELLY

It's quarter past eight on Breakfast. Our guests are Arthur Sinodinos and Chris Bowen.

Arthur Sinodinos I'll stay with you for a moment because South Australian Liberal Senator, Cory Bernardi, says a big part of the vote that deserted the Coalition was the conservative vote. And he called the election campaign, and close result, a disaster. He's denied reports that he's started serious talks to defect from the Liberal Party, but he does say he wants to get a grassroots conservative movement going. Here's what he told Adelaide radio station 5AA earlier in the week:

[Cory Bernardi audio] "The Prime Minister was happy to hold and promote his interfaith dinner, and was more happy to be pictured with Waleed Aly than with the conservative base of the Liberal Party. These sorts of things drove people away from the Liberal Party. But we have seen a significant decline in the stature of the Liberal Party in the public square, not just recently, but over recent time, and it's time that we held some people to account for that." [end audio]

Arthur Sinodinos, is that a challenge to the authority and policy agenda of the Prime Minister?

ARTHUR SINODINOS

No it's not. Two points: the first is that Cory for some time has pushed, and he's registered a website in this regard, a method of galvanising conservatives across the country. What he's saying in the context of the election – part of what he's saying is: we've seen the impact that GetUp! and other groups have – of activists – in targeting people like Andrew Nikolic in seats like Bass. What do we do to mobilise activists on our own side to help counter some of that particular targeting? That's part of what he's saying. The other part of what he's saying, of course, is that he wants more love from the Prime Minister. Well, my message to Cory is that the Prime Minister loves all the members of the Liberal Party; and often, you know, the irony here is that the Prime Minister gets accused on one level by Labor for embracing the right of the Party too much, and then others say that he's not embracing them enough. The fact of the matter is: as I've said to you before, the Liberal Party is a broad church, it's got liberal – small-L liberal – and conservative – small-C conservative – tributaries. And as a Prime Minister, Malcolm Turnbull has to straddle both – and he will in this new Parliament, and I think he's the right sort of leader to do that.

FRAN KELLY

Chris Bowen, Labor's challenge comes from the other side of politics. You were pretty dismissive of the Greens vote there, talking the big game and not winning any more seats; but as Adam Bandt pointed out, and as the numbers show, at least three or four of Labor's inner-city Melbourne seats are increasingly vulnerable to being lost next time around to the Greens. Your progressive base is not coming back to you. That's what the primary vote shows, doesn't it?

CHRIS BOWEN

Well, we have a fight on our green left flank, there's no doubt about that, we do; and we fight that argument by winning the argument on the policy outlook. And the fact of the matter is that the Greens had a tactic during the campaign of talking up their game, and saying that they want to sit around the Cabinet table – which we rejected completely, and that was a tactic to make themselves relevant, as progressive voters have a choice in seats like that between having a progressive candidate of the Labor Party who is influencing Government policy or alternative Government policy, and Greens who are not. Now, there are areas, of course, of some commonality between the Greens and the Labor Party on which we will work together in the Parliament. We will continue,

obviously, the challenge of a progressive centre-left party like us that believes in economic growth and opportunity, to fight both the Liberals on the right flank and the Greens on the left flank; and we can do that successfully, we can do that successfully. I'm delighted that obviously Anthony Albanese, Tanya Plibersek and David Feeney have been returned, and that we have the addition of a very talented individual, Peter Khalil in the seat of Wills, who will make a very important contribution in future Labor Governments. Now, those seats, and others, will always be in battle with the Greens, I think that's – I accept that point completely. But they're battles that we can win as the mainstream party of the progressive left. The Greens have a project of replacing us; we will not let that happen.

FRAN KELLY

Okay. It's 19 past eight. Arthur Sinodinos and Chris Bowen join us on 'The Crunch'. I'm going to play you a grab from a panel discussion we had yesterday, based around the truth of what happened in this election is that nearly a quarter of Australians have given their first preference to parties other than Labor or the Coalition. Whether that's the new normal or not, I guess we'll see over time. But what it means is: we have this Parliament that, to make it workable and to make reform happen is not going to happen easily with the numbers poised as they are. So, let me ask you both: what do the major parties need to do, on both sides, to make the new Parliament work? And here's the former WA Labor Premier Geoff Gallop with his idea, speaking to us yesterday:

[Geoff Gallop audio]The two major parties are 50/50 on the two-party preferred vote, Labor focusing on social justice, health and education, the Liberals focusing on the economy. I mean, the truth of the matter is: we need to transcend both of those positions and create improved productivity in Australia.
[end]

FRAN KELLY

That's a novel idea: transcend your opposition and create a more productive policy for a more productive Australia. Arthur Sinodinos, do you think the Government will be making overtures – or Malcolm Turnbull – to Bill Shorten to work with him on an economic reform agenda that includes shades of both parties' policies?

ARTHUR SINODINOS

Look, I think both leaders have made a commitment to make this Parliament work, and that's the right attitude because the public will say, 'Look, this is what we decided, we're not as rusted on as we used to be 40 or 30 years ago, we've made our choices, this is a new age, now you people go away and make this work.' Now, we have to take that message and make that work. Does that mean trying to work with the Labor Party on issues where that is possible? Of course it does. Now, clearly we come at things from different perspectives –

FRAN KELLY

But does it mean – I guess what I'm asking more precisely – sorry to interrupt you there, Arthur, but just to zero in a bit more. For instance, we know from post-election polls that a lot of the electorate liked what the Labor Party was saying on health reform and schools, Gonski, and a lot of them didn't like your big promise, the \$50 billion ten-year promise on tax rate cuts, though did like the tax cuts for smaller business.

FRAN KELLY

Is it possible to see a Government say “Okay, I’ve listened” and start talking about perhaps taking on some more on the education side of Labor’s policies or the negative gearing concessions and giving a bit of ground on the company tax cuts or something like that?

ARTHUR SINODINOS

Look, I’m not going to speculate on where the policy process takes us because you know, we’ve got to form a Government, get a Cabinet and whatever together and all the rest of it. All I’m saying is, in generic terms, the proposition you are putting and which Geoff Gallop was putting in that excerpt you ran, is right. We have to find a way on matters of mutual national interest to get reform going and if we can find a way to do that it will be to the benefit of everybody. Now it also means that we undermine those at the extreme ends of the spectrum, left or right, who are essentially running on very protectionist agendas, very inward looking agendas or very xenophobic agendas because the future of this country lies in not only embracing globalisation as we have, but not rolling it back, and making sure we equip our fellow Australians for meeting that challenge and they feel they’ve got a Government that is helping them better-able to find work and keep work in this new age.

FRAN KELLY

Chris Bowen, if it is a Liberal Government and it is held by a very slim majority or a hung Parliament, it’s going to be vulnerable. Is Labor going to try shake the foundations, sort of be a wrecking ball approach? Or would you look at doing something differently which seems to be what the electorate is begging you to do?

CHRIS BOWEN

Well not wrecking ball, but we will continue to lead the policy debate as we have – I think – for the last 18 months to two years. We will continue to pursue our policy agenda within the Parliament and outside the Parliament. Arthur talks about the need for tough decisions on the Budget, well we’re the ones who have taken a policy that has been in the too-hard basket for 30 years, for example, on negative gearing and I think won that debate in the campaign and we will continue to pursue those things. There will be areas where we can work with the Government and there will be areas where we will be making suggestions and putting proposals to the Parliament to implement important policy reforms. We will do that as the alternative Government and that’s the way we should behave. But we’re going to stick to our values, of course, and we’re going to pursue our policy agenda. And if that means a robust debate in the chamber against the Government of course that will happen, that’s what the Parliament is for. When it means coming together in the national interest to deal with important measures that of course will be the case, as it has been. There will be areas of agreement and areas of very strong disagreement across this Parliament. I don’t think this is going to be a different Parliament in that regard to any other Parliament.

FRAN KELLY

So business as usual?

CHRIS BOWEN

Well there will be areas where we come together on matters we can agree with, but the Parliament is not a rubber stamp. It's not an area where people are coming together to talk about areas where everybody agrees with each other. It's a debating chamber; an important one for the future of the nation. So I think it's incumbent on both sides to get that balance right.

FRAN KELLY

We're over time, in 20 seconds each can I ask you whether you think this result – nearly a quarter of Australian's giving their first preference votes to parties other than Labor and the Coalition – Arthur, is this the new normal in Australian politics?

ARTHUR SINODINOS

I think the electorate is becoming more fragmented over time, but any Government which listens will always get rewarded.

FRAN KELLY

Chris Bowen?

CHRIS BOWEN

Ah well, any political party which has an agenda which is the right one for the nation and communicates that has a chance, I think, a good chance of continuing to form good stable majority Government. That's what the Liberal Party promised us; that didn't turn out. I think at the state level you see parties of both sides forming good stable majority Governments – I think that is very much possible at the Federal level. This is not a new thing, Fran, that people are less tied to their family's political traditions. A few decades ago you voted the same way as your parents and, you know, it got passed on from generation to generation. That doesn't happen anymore and that's a good thing; it means people are going through the process of determining the right approach for the future of the nation. But I believe, look, there are a lot of seats on a knife edge, regardless of how they turn out there's a lot of seats at the next election –

ARTHUR SINODINOS

Fran, if –

FRAN KELLY

I know that's not 20 seconds.

ARTHUR SINODINOS

Fran, if that's 20 seconds, we've –

FRAN KELLY

Alright look –

CHRIS BOWEN

[Inaudible]

FRAN KELLY

It's been a very long campaign; it's still not over, and I guess all we can say at the end of it – let's hope that, I'm sure, democracy will be the winner. Arthur Sinodinos, Chris Bowen, thank you very much for joining us on 'the Crunch'.

ARTHUR SINODINOS

Thanks.

CHRIS BOWEN

There will be plenty of it to continue talking about, Fran, with you and Arthur.