

4 December 2016

**TRANSCRIPT OF THE HON. ARTHUR SINODINOS AO  
INTERVIEW WITH ANDREW GEOGHEGAN AND KATHRYN  
ROBINSON  
ABC NEWS 24 WEEKEND BREAKFAST**

*Subjects: Donald Trump, ABCC, Backpacker Tax, Legislative Agenda for 2017,  
Wages growth, Tony Abbott, George Christensen, One Nation.*

*E&OE.....*

**ANDREW GEOGHEGAN**

We are joined by Cabinet Secretary, Senator Arthur Sinodinos, Senator welcome.

**ARTHUR SINODINOS**

Thank you, great to be with you again.

**ANDREW GEOGHEGAN**

I first wanted to start with what's happening internationally. We have seen between Donald Trump and Taiwan, obviously making contact there. The Chinese are not happy. Should Australia be concerned that perhaps this is part of the erratic nature of the future Donald Trump presidency?

**ARTHUR SINODINOS**

I think the only thing we need to be concerned about ultimately is our national interest. And the way we are prosecuting that is Malcolm Turnbull had a conversation with Donald Trump, 15 minute conversation where we talked about issues in common, including what we are doing with our naval shipbuilding plan, what they are doing to upgrade their military forces. The PM reinforced the importance of engagement of the US in the Asia Pacific region, including in trade through the trans-pacific partnership. So we are going to prosecute our interests to the extent that we can be a reliable partner for the US as we have been in the past, and a partner who can speak fully and frankly with them. I think we can do our best to help encourage them to stay engaged in the region, that's our message to the US administration.

**KATHRYN ROBINSON**

But Senator is there a concern that this conversation that Donald Trump had with his Taiwanese counterpart, there are headlines now saying that this could spark a cold war and threaten the stability of our region, does that concern you?

**ARTHUR SINODINOS**

Well, what concerns me is our national interest. And our national interest is to work with both the US and with China, to keep them both engaged in a really productive way in the region. We have always argued over issues to do with Taiwan and all the rest of it. We should respect the existing, as a country as Australia, the existing policies we have in that regard and work with the Chinese through international trade and anything else that they have a stake in the international system. That is the best way to promote peace in the area and I think the US administration will ultimately take a similar view when they are installed, don't forget we are still in the transition period.

**ANDREW GEOGHEGAN**

You mentioned the trans-pacific partnership that is certainly in doubt; we don't know what Donald Trump will do once he is in office. Also in doubt is that agreement struck between Australia and the United States over the resettlement of refugees and in the last 24 hours a White House spokesman has cast further doubt over that resettlement agreement. Have you had any further contact with the White House under a President Obama, and also Donald Trump's transition team?

**ARTHUR SINODINOS**

Well what's happening this week is officials from the American government are coming out here and going to Nauru to make their own assessments about the people involved. Don't forget these are people who have been assessed as refugees, they will go through all the usual health, character and other checks that the Americans will want to make. We think it's a good deal for the US, it doesn't involve the US taking any more people than they would under their existing refugee program, so it's a part of that program, it's not an addition, and we believe that it can proceed both under President Obama and in the case of the Trump administration, we have been dealing with the Obama administration because they are the decision makers at the moment. But we will provide any other information that's necessary to demonstrate why this is a good deal for everybody.

**ANDREW GEOGHEGAN**

Do you have a key contact in the Trump transition team?

**ARTHUR SINODINOS**

Um, well I don't have a key contact-

**ANDREW GEOGHEGAN**

Well I mean the Australian Government, is there someone in the transition team that Australia-

**ARTHUR SINODINOS**

Well Joe Hockey has been speaking to senior people in the transition team, and that is being followed up by Julie Bishop as well. But look the important thing for us at the moment is not to get our lines crossed. We still have an Obama administration which still has executive authority, we have worked with them and we have made good contact with the Trump administration, the prospective administration, and we think that contact can lead us to have a really good relationship and an opportunity in the region.

**KATHRYN ROBINSON**

So before we move away from the US resettlement deal, how much confidence do you have that it will go ahead under the Trump administration?

**ARTHUR SINODINOS**

I believe it will still go ahead because I don't believe it poses any particular danger to the US.

**ANDREW GEOGHEGAN**

Alright, lets come back home. It's said of course that politics is the art of compromise. This week, this past week, were you happy to compromise both on the ABCC and also the backpacker tax?

**ARTHUR SINODINOS**

Look, I've been around politics long enough to know that it is the art of the possible in politics. I was around for the negotiations on the GST about 16 years ago, now we got about 70 or 80% of what we wanted, and 70 or 80% of something is better than 100% of nothing. So it's in the nature of the Senate in particular where no government has had a majority except for I think about 3 years in the last 30 that you do have to make adjustments, you do have to make compromises. And ultimately what that does I hope, is strengthen the legislation whatever it is so that there is more ownership by the Parliament of it, and therefore more ownership and authority within the community. The changes we have made whether it's the ABCC or in relation to the backpacker tax, I think will mean that both will have a better chance of sticking as reforms through time. I know there has been some talk about things like well, you know, in the case of the ABCC that it's taken two years for a transition. Well that's giving sufficient time for people to adjust their behavior. But from day 1 increased penalties, the powers of the new commission will mean that the CFMEU in particular is on notice, that there is a tough cop back on the beat in the construction sector.

**ANDREW GEOGHEGAN**

Are construction companies happy with what you have come up with?

**ARTHUR SINODINOS**

Construction companies, industry associations are happy. There are adjustments that some companies will have to make but we make no apology for that. We are doing something here that will get rid of those complicit arrangements within the

industry which have often been at the expense of consumers and ultimately the economy. This is not about bashing union members; this is about better outcomes in the industry itself.

**KATHRYN ROBINSON**

Senator you just mentioned that getting 70 to 80% of a deal is better than nothing at all. There have been accusations that Mr. Turnbull though that he is not interested really in the reforms, he is just interested in getting bills passed.

**ARTHUR SINODINOS**

We are interested in getting good bills passed. We are interested, you know, in meeting our election commitments. And don't forget both the ROC and the ABCC were commitments from the 2013 election. If there is one plea we make to the Senate is to help us keep our promises.

**ANDREW GEOGHEGAN**

Ok, so you got those two bills passed. Let's turn our attention to next year, what's on the government agenda?

**ARTHUR SINODINOS**

Look I think next year jobs have got to be front and center of the agenda for the country as a whole. We are still going through this transition; we have had this huge spike in mining investment, that's now coming off, we need to get other non-mining investment really coming up strongly. One of the reasons we want to get rid of taxes on jobs through lower company tax is to promote more jobs growth across the economy whether it's small, medium or larger enterprises. I think jobs have got to be front and center as part of that push. That's why we have this company tax plan that we've been talking about. I think next year there is going to be a big focus on how we promote our infrastructure agenda, which again will promote jobs, how do we link that better to the development of our cities which is something Malcolm Turnbull has been doing since he became Prime Minister. I think that sort of agenda, whether its national security, national development, and also better service delivery to people, making sure our health and education services are the best they can be. That is all part of the mix but it all comes down to jobs, there's a big transition going on.

**KATHRYN ROBINSON**

Well speaking of jobs particularly we saw wages growth come in at 1.9% below inflation, the lowest it's been for many years, what strategies are you using to address wages growth? Because you can keep unemployment at the level which it's at which is quite a sustainable level, but without jobs growth people can't afford homes.

**ARTHUR SINODINOS**

Without wages growth?

**KATHRYN ROBINSON**

Without wages growth, excuse me yes.

**ARTHUR SINODINOS**

No no, you're absolutely right. The best way to get wages up is to also get productivity up. Because if you mandate a wage increase and productivity isn't higher, that's going to lead to more inflation. So we need higher productivity, that's one of the reasons we are promoting what we are doing with the states around the Harper competition reforms. That's why we are also looking at what we do in terms of the innovation agenda, I know some people worry about the word innovation, what does it mean in terms of jobs being lost, but it actually also helps to create jobs. And to the extent they are higher value jobs you can afford to pay people more. We have always said we want a high wage, high productivity economy with a generous social safety net. I think everybody wants higher wages it's how you get there.

**ANDREW GEOGHEGAN**

Well you pay people more, people pay more tax, it perhaps goes part of the way to solving a revenue problem that the country has, how concerned are you though that at this current point certainly companies are reluctant to spend and that is a big drag on the economy.

**ARTHUR SINODINOS**

Well one of the things we are doing is to increase business and consumer confidence. Confidence is up compared to where it was a few years ago, but we need to do more in that regard. That is why cutting taxes on jobs will improve confidence in the economy. We are also looking at measures that promote housing affordability, to make it easier for people to at least get their first house. That's all part of improving people's confidence in the economy and getting people to feel there is a direction they can follow.

**KATHRYN ROBINSON**

You just spoke about the company tax cuts that the government is focused upon. We are being told to look out for MYEFO, which is being handed down by the Treasurer next week-

**ARTHUR SINODINOS**

The 19<sup>th</sup> yes.

**KATHRYN ROBINSON**

The 19<sup>th</sup> of a \$24 billion budget blowout, how can we afford these corporate tax cuts when we have got this blowout in our budget bottom line?

**ARTHUR SINODINOS**

Well I will leave the figures to the Treasurer, but what we have had for a while is this issue about revenue not growing strongly for the reasons you mentioned earlier. Wages growth hasn't been strong, company tax revenues haven't been growing as strongly as they were before when we had the benefit of the mining investment

boom. So what we have got to do on the one hand is continue to promote strong growth in the economy, that's why we need measures like these which actually reduce the cost of doing business and reducing taxes on jobs. And also we have to continue the spending restraint, so the affordability of a measure depends on whether it achieves your major objectives and in this case it's about higher jobs growth

**ANDREW GEOGHEGAN**

Senator this past week Bill Shorten said he thinks it's unlikely he will be facing Malcolm Turnbull at the next election-

**ARTHUR SINODINOS**

Well he would say that wouldn't he!

**ANDREW GEOGHEGAN**

[laughter] can I just draw your attention to comments you made on Q&A recently where you said would we ever go back to Tony Abbott, in politics you said I've learned that you never rule anything out. How secure is Malcolm Turnbull?

**ARTHUR SINODINOS**

Well I was answering a hypothetical question because Tony Abbott had himself ruled out coming back to the leadership and he didn't see that as a prospect. I think from where I sit, we have had a good week in the parliament, we have shown again that the parliament can work. Now if we keep going like that, we keep building people's confidence in things, and I think that the government will continue to do well. And that will be good for everybody in the government. The person who stands to lose the most from us doing well is Bill Shorten, because Bill is very keen to knock us off as quickly as possible, because the longer we are in government the more his job starts to come on the line. That's why people like Kimberly Kitching have been brought into the parliament, they are votes for Bill in the party room, they are very much part of his base in Victoria.

**ANDREW GEOGHEGAN**

And is there a role for Tony Abbott on the front bench?

**ARTHUR SINODINOS**

Ah look, there are a 100 people or so in the Coalition, front benchers and back benchers, all worthy in some way of advancement, but the issue of whether Tony comes back to the frontbench is really a matter for the Prime Minister.

**ANDREW GEOGHEGAN**

But is he a waste of talent on the backbench?

**ARTHUR SINODINOS**

Well Tony is being very productive at the moment as the member for Warringah, and has also talking about a book, and I like the books he writes because he is a good writer, so he finds productive ways to look after himself.

**KATHRYN ROBINSON**

Well speaking of the back bench and distractions, George Christensen, how much power does he wield in your eyes over the government?

**ARTHUR SINODINOS**

Look let's get George in perspective. George has a seat which is a bit of a knife edge seat in Queensland. So he has to have a very strong view as to what his electorate is on about. So he has the license, we give people license in the Liberal Party and the National Party to go out there and strike a distinctive pose on things because that is in the interests of their electorate and their capacity to represent their electorate within the coalition. We need as a coalition to have all sorts of different characters, George is one of those, so yes when George speaks out on things sometimes it's not too comfortable, but he is speaking what he believes to be the truth and in the Coalition we live with that.

**ANDREW GEOGHEGAN**

When we look at the right of politics, we see the rise of again Pauline Hanson, I'm sure you would acknowledge her popularity, certainly in Queensland; we see it now she wants to make moves into Tasmania. How do you counter that?

**ARTHUR SINODINOS**

Look at the end of the day there are two things, these sorts of movements are a bit like a protest movement, a grievance movement. In the previous election we had PUP, they harvested the grievance vote if you like, it's happened this time around, our job is to find out why people have grievances, our role as politicians is to listen and learn from that. Particularly in a major party, because between ourselves and Labor we are the governing alternatives, there are no other alternatives, so what we have got to do is listen to the reason why people in areas of Queensland for example have grievances because of the mining downturn, we are putting more money into jobs and growth packages up there, but we have to keep addressing the reasons people have grievances and remind people that ultimately a lot of these parties, these grievance parties, don't have any actual solutions. That's where Pauline ran out of steam last time. So we are not here to sort of look after One Nation, we are here to get their voters and make them vote Liberal or National party.

**KATHRYN ROBINSON**

Well I am afraid we are out of time, Senator Arthur Sinodinos thank you very much for joining us on Weekend Breakfast.

**ARTHUR SINODINOS**

Thank you very much.

**[ENDS]**