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

Subjects: *2016 in review, climate change, bipartisanship, 2017 agenda.*

E&OE.....

FRAN KELLY

Yes, it's time for 'The Crunch'; and Arthur Sinodinos is the Coalition's Cabinet Secretary, Chris Bowen is the Shadow Treasurer. Arthur, Chris, welcome back to *Breakfast*.

ARTHUR SINODINOS

Thanks, Fran. Hi Chris.

CHRIS BOWEN

Morning Fran, and good morning Arthur.

FRAN KELLY

Now, a question for both of you. Arthur, you go first: how is Australia a better country than it was twelve months ago?

ARTHUR SINODINOS

Well, it's a bigger country, it's a bigger economy. More jobs have been created this year. As we saw more recently, real net national income is actually going up again, commodity prices have turned; so there is real reason for optimism as we go into 2017. Yes, we have our challenges; yes, we need to get business investment really going to make up for the fall-off in mining investment; and we've got an ongoing challenge to make sure as many Australians as possible participate in growth in the economy and are not feeling in any way marginalised. But these are good challenges for an economy like ours to have. We've also had as a result of the changes we instituted after the election and before the election through voting reform, I think we've now got a better, more tractable Parliament to work with. I believe we are making the Parliament work, so I've got every reason to be optimistic about 2017.

FRAN KELLY

Okay, well that's good to hear. Chris Bowen what do you think? How is Australia a better country than twelve months ago?

CHRIS BOWEN

Well, Fran, we've just had the most sustained decline in living standards since records began; and if Australians ask themselves, 'Are you better off than you were three years ago?', the accurate answer is no. Now, of course the Australian economy continues to have some strengths that it's had for 26 years; but what is working is the fact that previous reforms like the floating of the dollar and other market-based reforms that Labor governments introduced have provided that ability for the economy. But when you've just had a contraction in the economy and the second worst, and the worst outside the global financial crisis, and a Government which just doesn't seem to be focused on the job, they're focused on utter chaos and dysfunction when it comes to climate change, a very important economic policy. They're constantly at war with themselves and have absolutely no answer for those challenges that Arthur just identified.

FRAN KELLY

Let's talk about climate change just for a minute. I'd like to keep this bigger picture if we can; but Arthur, it's hard to ignore what's happened this week. A retreat, I think, is the way to call it from the Prime Minister on climate policy which seemed to catch everyone including the Energy Minister, Josh Frydenberg, by surprise. I mean, this market based solution, this emissions intensity scheme seems to be the scheme that all the considered experts, even the ones the Government appointed recommend, how can you justify just shutting the door on it? Walking away from it?

ARTHUR SINODINOS

Look Fran, there has been no retreat by the Prime Minister this week. We haven't embraced a carbon tax or an emissions trading scheme because we've indicated in the past we wouldn't do that. We took a particularly suite of policies to the 2013 election, the 2016 election. When I was working in the private sector and the Lowy Institute were doing their polls, you could track overtime how people's enthusiasm for putting their hand in their pockets to pay for things like climate change policies was being reduced, and so –

FRAN KELLY

Can I just say Arthur, sorry to interrupt you there, but time is going to be tight, I just wanted to say though that, if the Government has requested reviews from experts in the field and the reviews come back and say that this is the cheapest to do it, to get energy security and keep prices down, the best way to do it, isn't that what people want? They want to keep the prices down and they want secure energy. Why would you shut the door on it?

ARTHUR SINODINOS

Fran, I haven't seen the particular report, but I do know we have commitments to, yes, as you say, a more secure energy system, a more affordable energy where possible. It's a competitive advantage for the country and important for households. We've had years of swingeing increases in electricity prices because of the sort of investment we've seen in state systems, while at the same time reducing our greenhouse gasses. I believe we can do all three but we have to do it consistent with the commitments we've made to the public. One of the biggest problems we face in Australian politics is when people do not keep their word. You get punished for not keeping your promises. We have those promises; we are going to keep them when it relates to how we approach this particular topic.

FRAN KELLY

Because it looked bad, we had the Minister come out and say we'll hear what the experts have to say and take a look at it, within moments it seems, we've got Craig Kelly, Cory Bernardi, Christopher Pyne even, saying no, we shut the door on that, and then the PM says no so comes over the top of his Minister and says no. It looks like the Cory Bernardis of this world are running energy policy.

ARTHUR SINODINOS

Well, I mean if you're going to take that tack, the fact that it wasn't just Cory, that it was Christopher Pyne and others coming out was an indication that people wanted to make sure that we all understood, and this is what the Prime Minister did – is that we will tackle these issues in accordance with the commitments we've made to the Australian people. Fran, everybody keeps telling us in the Senate to keep our promises, we try and keep our promises, and then people come along and try stop us keeping our promises.

FRAN KELLY

Well, isn't the promise to keep electricity prices down? Isn't that the promise?

ARTHUR SINODINOS

But in terms of how you do that, it has to be consistent with the fact that carbon taxes in the past have put prices up, on top of swingeing increases in electricity prices we had because of state determinations around investment in the electricity sector.

FRAN KELLY

Okay. Well, let's zoom out a bit, Chris Bowen, look at how politics is working – and I'd suggest it isn't very well – the electorate is sour and distrustful; that's evident. How much is that distrust curbing reform, putting gridlock into the system? And what can be done to counter that atmosphere? Arthur says the recipe is to keep your promises.

CHRIS BOWEN

Fran, we can hardly let Arthur's little *1984* episode, George Orwell re-writing of the last week, go unanswered there. And I think it goes to the broader point. I mean, when you've

got a Government which just says, on the one hand, 'this didn't happen, Josh Frydenberg didn't say that we were looking at these things', when it was clearly on the record, and you've got a Government so determined to ignore the evidence, and a Prime Minister hostage to the extreme right wing, you can't ask why the Parliament won't work better on reform when the Government is so dysfunctional. I mean this is a year where Malcolm Turnbull went out to Penrith and announced state incomes taxes, then two days later had to drop it. It's a year when he announced that they'd move toward that increase in the GST to pay for big swingeing income tax cuts – didn't happen. Now you've got this utter dysfunction at the heart of the climate change policy, and we all know what Malcom Turnbull really thinks about that and a range of other matters, he just can't implement what he really believes. I mean, Malcolm Turnbull lacks all credibility when he gets up and runs these Tony-Abbott-like scare campaigns against climate change and carbon pricing. Every time he does that, Fran, he loses just a touch more credibility; and he has shrunk into the job like no Prime Minister in living memory.

FRAN KELLY

Well, talking of credibility, what about Labor's credibility? We heard Peter Costello weigh into the political debate this week, and talking about – laughing really – the country had worked itself up into a lather over a backpacker tax. Labor's position on the backpacker tax, you know, you got stuck at ten-and-a-half per cent, you didn't really care what the backpacker tax was, you put it up to thirteen per cent at the very last minute, you could have easily gone to fifteen per cent without affecting anything much, and allowing that to go through so the country could get on with things.

CHRIS BOWEN

Well Fran, I think Peter Costello was making a point about the Government investing all this time and energy in what was a rather –

FRAN KELLY

And you were part of that Parliament.

CHRIS BOWEN

And what we did, Fran, was we said, 'we think ten-and-a-half per cent is a better rate', and when we thought the Government wouldn't move to that, we moved to thirteen in the spirit of compromise. Now, the Government said that that was too expensive, Scott Morrison said he couldn't afford to go to thirteen, so then he did the deal with the Greens, which cost a hundred million dollars more than that. It can't be too expensive to accept our offer and then do a deal with the Greens which is a hundred million dollars more.

ARTHUR SINODINOS

Fran – I'm not making a partisan point, I'm actually making a more general point now – my point is this: people listen to what Chris just said, and that's why they often give up and think, 'hang on, you people in Canberra, surely you can agree on some things', and yes we do agree on some things, and often that is, you know, thrown to the side because people want

to emphasise differences. What I'm saying is, 2017 as a Government, we're going to work hard with all the parties in the Parliament, and we've had co-operation with Labor on some things, with Greens on others, the crossbench have been really good on some major pieces, and we appreciate their support. So, my view next year is that, if the public want to listen to the Parliament, the Parliament's got to be seen doing its job; and not everybody just posturing and taking a particular view at a particular time because of the tactics inside the beltway. That's the thing that the people out there really hate.

FRAN KELLY

Arthur, and you've brought us to the final point for this year; so, Chris, I'll just ask you for your final answer on that. Arthur's clearly saying there bipartisanship or cross-party co-operation is the way – should be the defining feature of politics next year. What do you think should be the defining feature of politics next year?

CHRIS BOWEN

Well, I think, where it's in the national interest for parties to work together, then we will; and we've shown that in the course of the last six months, for example the Omnibus Savings Bill. And I give the Government credit and the Labor Party credit, we worked together in good spirit to get a good reform through. It was give and take, but we're not an echo chamber, Fran. We're elected to stand for our values. The Parliament is a debating chamber, not an echo chamber; and people do expect the Parliament to come together and work together where we can. But they don't expect us to be a rubber stamp, by the same token. We do have a job to do as an effective alternative government in Opposition, to provide alternatives. I think we've done that very effectively. I mean, we've led the policy debate in so many areas, in economics – I won't go through them all.

FRAN KELLY

No, don't. We're out of time.

CHRIS BOWEN

And we've shown that we're willing to apply that courage as well to do difficult things, like negative gearing reform which people said would never happen in the too-hard basket. I mean, we'll continue to do that. We'll continue to do that.

FRAN KELLY

Alright, but I think Arthur's point is right too: that the people like it when they see the major parties moving forward to – moving forward! – moving together to get the country moving.

ARTHUR SINODINOS

[Laughs] – That's right!

CHRIS BOWEN

Where appropriate, and where it's appropriate, there are good ideas that we can work on and improve together; and we will, just as we did on Omnibus. And where it's our job to hold the Government to account, where they're letting people down, we'll continue to do that very robustly as well.

FRAN KELLY

Arthur Sinodinos, Chris Bowen, I'd like to thank you for appearing with us through the year on the Crunch. It's great to have you front up, and happy Christmas.

ARTHUR SINODINOS

You too, Fran.

CHRIS BOWEN

Same to you, Fran, and Merry Christmas, and look forward to doing it next year, and Merry Christmas to you, Arthur, and your family.