

INTERVIEW WITH LEON BYNER 5AA ADELAIDE

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Prime Minister

E&OE

LEON BYNER: Prime Minister welcome.

PRIME MINISTER: Merry Christmas to you. There was quite a bit of merriment and joy at the adjournment at the end. But it's been a very good week, a very good week for Australia, a very good week for Australians.

We've got a lot of important reforms through the Parliament, the big industrial reforms which will restore the rule of law to the construction sector, make union officials properly responsible for their members for the money that they spend, stop the rorts and the thuggery and of course as you know – this is a big issue Leon in South Australia – the backpackers tax was resolved with a –

LEON BYNER: Finally.

PRIME MINISTER: Yes.

LEON BYNER: You know seriously I thought it was, it almost came to a game of bingo. Ten, 15, 25, no 36.

PRIME MINISTER: Well look the Labor Party took a very, highly political approach to this. I mean when you got to the final point, you had the Labor Party saying that foreign backpackers should pay less tax than the marginal rate of an Australian working next to them, and even less tax – backpackers from Germany and Sweden and so forth, wealthy countries – should pay less tax than a Pacific Islander who is out here doing the same thing, picking fruit. It really just shows you how political Mr Shorten has become. The good thing is we're making the 45th Parliament work. That's what Australians expect us to do. They elected every one of us Leon, they elected me, they elected every Senator, they elected every member of the House and our job is to make it work and that's what we're doing.

LEON BYNER: Does it irk you that you had to end up doing a deal with the Greens of all people? In the end there are those who have been saying: "Look the budget bottom line won't really be any better. The funding boost for Landcare – and I don't think anybody would argue that Landcare isn't a good thing – generous super concessions for backpackers. So do you think you'll still be able to raise \$560m over the next four years via the backpacker tax?"

PRIME MINISTER: Yes, the arrangements do contribute a net \$560 million to the budget. So that brings our total post-Budget saves that we have been able to achieve since the election to \$21 billion. Now that, you know, we are chipping away at that deficit. We are working to whittle down that mountain of debt that we inherited and its step by step. Essentially what we've been able to achieve is just under three quarters of the budget save from the original measure that was the 32.5 cents level back in the Budget in May. So again its three quarters of something is better than 100 percent of nothing. So you've got to just keep cracking away at it.

LEON BYNER: Now we've got a really serious issue with energy supply in the SA.

PRIME MINISTER: You do.

LEON BYNER: You'd be aware that we've got 200,000 blacked out. We've got BHP who unprecedentedly went on the attack and said: "Look a SA and indeed Australia, we've got to get this energy policy right otherwise there's going to be no investment". What's your comment to that?"

PRIME MINISTER: Well Leon I absolutely agree with BHP's concerns and the South Australian Chamber of Commerce has said exactly the same thing. How can you attract investment to your state if not only is your wholesale cost of energy the highest in Australia, but its not even reliable? I mean there are three things we have to achieve with energy. The

two most important are that its got to be reliable, the lights have got to stay on - number one - and South Australia is not doing that at the moment. Secondly it's got to be affordable. It's the most expensive in Australia in South Australia. Thirdly we've got to meet our emissions reductions in line with our international obligations. Now what you've got here – I know the Australian energy market operator is investigating the causes for this latest blackout - but there is a real problem in South Australia and the State Government, which is responsible for the system in South Australia, has got to own up to it.

LEON BYNER: Well it's interesting, the Treasurer was on just a few moments ago. Tom Koutsantonis was saying that you federally have got to incentivise gas investment. So we've got a ludicrous situation where a few years ago Prime Minister, we feathered a gas-fired power station because in the pure market terms of profit, it wasn't worth their while.

PRIME MINISTER: Well you've had a state Government that has pursued renewables from an ideological point of view. Again I want to be very clear about this, I am totally non-ideological about renewables versus fossil fuels versus any other source, solar, wind, etc. All of them can contribute to our energy mix and all of them do. But you have to take the ideology out of this. Take that Left ideology that somehow or another we can pursue these enormous energy targets. I mean Bill Shorten wants to have a 50 per cent renewable target. He has no idea of how to get there. He has no idea of how that will maintain security, no idea of what it will cost. No idea of what it involves. These are big ideological statements and what happens is when they get converted into government policy, you start to get the problems that you're facing now. So the targets have got to be, and this is why we have Dr Finkel, the Chief Scientist, undertaking the review that Josh Frydenberg has set up. The focus has got to be on achieving those three goals – security, affordability and meeting your emissions reductions.

LEON BYNER: As Prime Minister though, what can you do in the immediate term to take us away from the kind of brink of disaster that BHP is warning?

PRIME MINISTER: That is exactly what Dr Finkel is looking at. It appears that what happened here was the interconnector went down with Victoria and of course part of the problem there is not enough back-up power in South Australia to cope with that contingency. Look, this is being examined very carefully but with great respect to Mr Koutsantonis, he cannot escape the fundamental responsibility of the State Government. If it is not that responsibility of the South Australian Government to keep the lights on in South Australia – whose responsibility is it?

LEON BYNER: Well, he says it's yours? [Laughter]

PRIME MINISTER: Yeah, well of course. It doesn't sound like that washes with you.

LEON BYNER: No. [Laughter]

PRIME MINISTER: I don't think it will wash with your listeners either.

LEON BYNER: No, it doesn't. Are you getting the cooperation you need so that this can be resolved? Because, see, what you know, Prime Minister, is that when Hazelwood shuts down, Victoria is going to have a very similar issue.

PRIME MINISTER: We are satisfied that the closure of Hazelwood will not disrupt the security of the system both within Victoria and nationally, but it will and it has already added to the wholesale price of electricity. Because of course you are reducing supply. Now we believe that that is manageable but the issue in South Australia is this lack of reliability and of course the problem is that South Australia is a state which is seeking to attract industry to it. I mean, look at what we're doing, we are creating in South Australia the biggest shipbuilding project over surface ships, submarines -

LEON BYNER: For which you need electricity.

PRIME MINISTER: Exactly, and off the back of that, connected to that, there will be so many other advanced manufacturing businesses. Adelaide, South Australia is going to be the

high-tech hub of the defence sector in Australia. Now these defence projects of course will have supply chains all around Australia and every part of the country will benefit. But the shipbuilding, the biggest ships, big ships will be focused in South Australia, at Osborn as you know. Now that is a huge opportunity. That is why I always say to South Australians, the future is not somewhere else – it is right here, where you are Leon and your listeners are in South Australia, but you've got to have reliable power. And the State Government has got to face up to that. Now, we are working with them. We are helping them. We have set up the review but they've got to take responsibility for this and own up to it.

LEON BYNER: Alright. There is a story in The Australian today suggesting that unions are planning a 12 hour rolling strike against a construction firm, Kane, that will comply with the new ABCC laws. So what happens here? Will CFMEU be penalised?

PRIME MINISTER: Well certainly the new penalties under the new act which has just been passed this week will apply from the moment it is gazetted, which will be very shortly. We have put the tough cop back on the beat and the unions will be held to account if they defy the law. We have trebled the penalties. Remember, we've restored them actually back to where they were under the Howard government but of course when Bill Shorten was the employment minister he reduced the penalties by two thirds and abolished the Australian Building and Construction Commission. Labor regrettably, Leon, is not the Labor Party of Bob Hawke and Paul Keating. Bob Hawke stood up to the Builders Labourers Federation and deregistered it. Their successor, the CFMEU is protected and defended, root and branch by the Labor Party under Bill Shorten and you saw how hard they fought to stop the ABCC reinstatement going through the Senate.

LEON BYNER: Look the business of Arrium, I know that Chris Pyne and others have been more than – what's your latest update on Arrium and where it's at? When it will be sold, if it will be sold. What's your information.

PRIME MINISTER: I can't provide any information beyond what's out there in the public domain but that's something you should talk to the receiver about.

LEON BYNER: So you're not aware of anything new?

PRIME MINISTER: I'm not aware of anything that isn't public and if I were, which I'm not, I probably shouldn't be disclosing it. But you should get Mr Menther on the radio, he's always happy to talk.

LEON BYNER: We know Mike. Quickly, are we going to try and incentivise gas ASAP? Because I'll tell you what the public will not wear, is a really hot day where they get load-shedded and there's a generator in moth balls that could have been generating power.

PRIME MINISTER: This is precisely what Dr Finkel is looking at in the course of this review and how the energy market operates and whether it's operating effectively in the – it was designed many years ago and whether it's operating effectively in 2016. But again, the clear responsibility for this is the government of South Australia and I'm disappointed that the Treasurer – I obviously didn't hear what he said – but if the Treasurer is trying to pass responsibility onto somebody else he – South Australia – a fundamental job of a state government is to ensure that the lights stay on. It's pretty basic. That's what South Australians expect.

LEON BYNER: How will you celebrate Christmas?

PRIME MINISTER: I'll be celebrating it in the bosom of my family with both our children and their partners – Daisy and her husband and Alex and his wife will be with us and with our three grandchildren. Including a very new baby granddaughter whose about 14 weeks old now. So that's fantastic.

LEON BYNER: Look thanks for giving us the time to ask a few important questions. Just one more, you're adamant aren't you that you're not going to have a banking royal

commission, what will you put in its place to make the banks more accountable because all we saw with this inquiry was a whole lot of shoulder shrugging and ‘yes we could be better’.

PRIME MINISTER: Well Leon we are changing the laws and we’re giving additional resources to ASIC, we’re making the banks more accountable, we’re requiring them to change their lending practices and their whole culture of management. Bringing them before the House Economics Committee regularly, and they’ll be coming back in the first quarter of next year, holds them to account but on a regular basis. And what that means is that a Chief Executive of a bank who presides over a decision of one kind or another, which may be controversial or may create some unhappiness – he or she knows that they will have to account for it directly before the House Economics Committee. They won’t be able to hide behind a PR person, they won’t be able to put out a press release or send some unfortunate flack out to defend them. They will have to front up themselves. And so what I am doing here with the Economics Committee is building over time, this will be happening in 20 and 30 years’ time as well. Over time you will see a stronger culture of accountability and responsibility.

Now look, if they want to put up their interest rates, they want to foreclose, they’re entitled to do that but boy they are going to have to defend themselves. They will have to defend themselves. That is what is changing their approach because previously as you know they haven’t gone on programs like yours, they basically let front men go out and defend them but now they’re having to face the representatives of the people. You see, the problem with a royal commission is it would cost hundreds and hundreds of millions of dollars, take years, make some recommendations which may be worthwhile, but it’s not going to get anybody restitution, not going to get anybody compensation, It can’t make a law or find someone or do anything. So what we’re doing is we’re getting on and changing the law now. We’re giving ASIC the powers to chase miscreants now, and we’re holding the Chief Executives responsible right now – not just once at a big grand royal commission where they turn up well briefed surrounded by QC’s. They’re turning up = and they’ll be coming to this committee I predict several times a year. And that is going to be a very regular culture of accountability. Believe me it will change the way that banks operate.

LEON BYNER: Are you rather depressed that miscreants have created a situation where you’re going to have to put a wall up around Parliament House.

PRIME MINISTER: That is the – the additional physical security here is more associated with terrorism than with that appalling incident we saw in the House of Representatives a few days ago. Look, we do live in a environment of heightened security, we’ve always got to make sure that the peoples’ House, this Parliament, doesn’t belong to the politicians it belongs to the people we represent. We’ve got to make sure it’s as open and accessible as it can be. So we try to get the right balance there but what those demonstrators did in the House of Representatives gallery, let alone the following day when they actually defaced the parliament, that’s not democratic, that is a denial of democracy and an affront to the Australians who elected the 226 Senators and Members who are here. I mean it’s not – we are representatives and our forebears over centuries fought and died to preserve our democratic freedoms which are practised in this Parliament. And those who seek to interfere with them, to deface the Parliament, who seek to silence the Parliament, they are denying, trying to deny those democratic freedoms which were so dearly bought.

LEON BYNER: Prime Minister thanks for joining us and have a safe Christmas.

PRIME MINISTER: Thanks to you Leon, very Merry Christmas to you and to all of your listeners.