

Address to the SA Division Liberal Party Budget Lunch

PRIME MINISTER:

Well thank you very much Christopher, you are very, very generous. I want to thank you and we had a great outing this morning down at Osborne with Marise Payne, the Defence Minister and I'll say a bit more about this commitment to Naval shipbuilding and the release of the Naval Shipbuilding Plan but this is truly a national enterprise. This is securing our future, our future security in a physical sense, giving the Navy the capabilities it needs, but also building that sovereign industrial capacity that Australia needs and South Australia needs. So it was great to be there this morning with you Christopher and you've done phenomenal work in bringing this defence industry plan to fruition.

I want to acknowledge Simon Birmingham, the Education minister who has been doing an outstanding job and I'll say a little more about that Birmo in a moment. Anne Ruston, Senator Ruston's been looking after agriculture in South Australia and around the country as Assistant Minister. Tony Pasin, doing a great job as Member for Barker and we were in Mount Gambier last night. We had a full dance card, starting off with school captains and ending up as is traditional, with politics in the pub, and that was very well received. It was wonderful to be there Tony; it was great to be there with someone who is such a part of the community. I felt that, at one point I said put hands up whose not related to Tony Pasin and there were at least a dozen people who were prepared to put their hands up but I think everyone felt they were part of the Pasin family last night. And of course Nicolle Flint, the Member for Boothby, we were there at the RSL there at Colonel Light Gardens today, meeting with veterans, with Dan Tehan, the Minister for Veterans Affairs. We've got a very big veterans program in our budget. And again I'll say a little bit more about that, but again it was wonderful there and Nicolle the way you spoke about your connections, your family's connections to the community, to the little school just around the corner, where your grandmother taught and your great grandfather, he came back from the war and settled there in a war service home. Again I really felt I was with family there in Colonel Light Gardens with you today. And of course we also have many of our state colleagues, but above all the only temporarily Leader of the Opposition and soon to be Premier, Steven Marshall, wonderful to be here with you Steven.

I want to acknowledge Steve Murray, the President of the South Australian division of the Liberal Party and Sascha Meldrum the State Director.

Now dear friends with this Budget we are making the right choices for the better times ahead – we are doing so fairly and responsibly, providing more opportunities for Australians to get ahead and realise their dreams.

That is the beating heart of this budget – fairness, opportunity and security

for the nation.

The budget is the latest step in our plan to create more jobs, secure the vital services that Australians rely on and ease the cost of living – all the while, while living within our means.

Now this budget builds on the very significant investments we are already making in South Australia – all designed to grow the local economy and generate new jobs, sustainable jobs.

And there is no clearer example than our commitment to South Australia's defence industry. And as I said a moment ago this morning, with Marise Payne and Christopher Pyne, South Australia has no more passionate advocate than Christopher Pyne, let's face it he is an ardent advocate for this state, and an ardent advocate for Australia's future as an advanced manufacturing nation and there we were with Marise and we launched our Naval Shipbuilding plan.

Now this \$89 billion shipbuilding programme is the largest single investment by the Commonwealth in our history.

It's at the centre of our plan to build a more capable, agile and potent Australian Defence Force. It plays the key role in developing our advanced manufacturing and innovation sectors.

Next year we will begin building the first of our Offshore Patrol Vessels right here in Adelaide, before constructing the nine Future Frigates and the 12 Future Submarines.

Today we announced a \$1 billion investment to build the substantial infrastructure and upgrade the facilities at the Osborne Shipyard, down there are Techport – creating 500 jobs starting this year – and this work will mean we are ready for this ambitious project that will create and sustain thousands of jobs for generations.

Now this investment means that workers who have been employed in the auto industry here who have been doing it tough will have new opportunities to reskill and retrain. It means that South Australian science or engineering students will have the opportunity to find a great job here in Adelaide when they graduate.

The future is not somewhere else. It is right here in South Australia, and this is the key to securing our nation's future, indeed South Australia's future: innovative, technologically advanced, proudly Australian. And where better to do that, than here in South Australia.

It underlines our commitment to keeping Australia safe in challenging times. And we're going to do it while making sure, wherever possible, that every dollar is spent in Australia, every bit of technology, and knowledge and expertise is created here, for the benefit of Australia. Our defence industry plan is about security, national security and economic security. It is avowedly patriotic and nationalistic, it is focused on our national interest and we are determined to ensure that as we secure our safety in the years to come with the right capabilities for the ADF we also make sure that as much

of that industry, as much of that work, as much of that expertise is to be found here in Australia because we know that beyond the expenditure and investment in defence capabilities there are enormous spin offs into the rest of the economy, into the rest of the industry and of course while the Shipbuilding Program is focused here in South Australia, this is a national supply chain exercise. This is a proudly Australia national enterprise that we are embarking on.

Now my government is also taking a very different approach to infrastructure.

Historically the Commonwealth has been a relatively passive provider of grants to state governments – an ATM in fact.

We need to make our infrastructure spending go a lot further, we need to leverage private sector contributions and operate as you'd expect the government I lead will operate, more as an active and an intelligent investor, taking direct equity stakes in projects wherever we can, rather than simply as a dispenser of cash.

So along with our transformational defence industry plan and our Naval Shipbuilding Plan here, the budget provides more than \$3 billion on infrastructure projects for this state, with almost \$1 billion on works over this coming year.

It includes key projects along the North-South Corridor, easing congestion, improving road safety at Oakland Crossing and investing in the Flinders rail link.

And we have provided \$40 million in supplementary road funding to local councils.

Now there is one topic that has come up invariably when I talk to South Australians in recent times and that is energy. South Australians understand perhaps better than anyone else in Australia how important it is to invest in critical infrastructure in the energy sector. The state Labor Government has utterly failed the people of this state. Because of their ideological pursuit of large renewable targets they have ignored the storage, backup and integration of technologies the system's security requires. It has been almost an absence of mind, a mindless pursuit of a large renewable resource in wind, great, great opportunities there I'm not criticising any particular mode of generating electricity, but imagine getting to the point where the state has virtually no baseload power, and where you have a wind resource, a renewable variable source of energy which can from any moment provide a 100 per cent of your electricity or none. Your security being nothing more than a long extension cord to the Latrobe Valley.

Now you all know in this room what the result has been: blackouts, chaos in the energy sector and the highest and least reliable, highest cost and least reliable electricity in Australia.

Now that is not our approach. Our decisions on energy are guided by engineering and by economics, not ideology and politics.

Now our offer to take on more or all of the ownership of Snowy Hydro will ensure Snowy Hydro expands its vital role in the National Electricity Market, by boosting its capacity by 50 per cent and by providing the most substantial increase in energy storage in our history and hence more security for South Australians. It's the only way to make renewables reliable, is to provide that storage.

We're investing in pumped hydro locally as well. Energy Australia have signed with our Australian Renewable Energy Agency, ARENA, to examine a pumped hydro project at Cultana in the Upper Spencer Gulf.

Again designed to deliver the backup, the reliability that renewables need.

And our \$110 million equity funding to build concentrated solar thermal plant with storage in Port Augusta will also support reliable and affordable supply of energy.

Now since the election we have delivered more than \$25 billion of gross savings. However, it is clear as you know, that many of the other savings we have pursued, reductions in spending simply cannot pass the Senate. They couldn't pass the Senate in the last Parliament and we can't get them through the Senate in this Parliament.

We have to work with the parliament the Australian people elected.

The new big bank levy will raise \$1.5 billion a year, it represents a fair and affordable additional contribution from the major banks – which are among the most profitable in the world – towards budget repair.

It reflects the benefit the large banks receive from a well regulated and stable financial system and it has many counterparts in comparable developed economies, including the UK, Germany and France.

Now it gives us no joy to raise additional revenue. We prefer to reduce taxes. But we cannot afford to throw a burden of debt and deficit onto the shoulders of our children and grandchildren.

The fundamental responsibility my Government has – and any responsible national government has – is to bring the budget back into balance over the cycle, so that we can stop this mountain of debt, this mountain of deficit and debt, that will in due course result in future generations either paying much higher taxes or having much less services. Or in all likelihood both.

The banks will make all sorts of claims, but let me be very clear: given the scale of their profitability and the scale of the bank levy, there is absolutely no reason for them to pass on that levy to their customers.

At the same time our comprehensive banking package will deliver reform that enshrines fairness in the financial sector.

We're creating a one-stop shop where consumers and small businesses can resolve their disputes with their banks and other financial institutions.

And we're introducing a new Banking Executive Accountability regime to make sure that senior bank executives' remuneration reinforces their obligation to act in the interests of customers.

So our opponents talk about banks and making sure that banks do the right thing by their customers – we're not inquiring, we're acting. We're delivering on those vital reforms to ensure that Australians are well served by the big financial institutions in whom they place so much trust.

Now, there should also be no doubt that this is the budget that secures the future of Medicare. It should quarantine it from politics once and for all. Medicare has been the subject of political games for too long – all of us remember Labor's notorious scare campaign from last year.

After the election I told Australians that they could trust the Coalition to secure our world class health system and that's exactly what we are doing. So the budget includes record funding for Medicare – the backbone of our health system. And we will establish the Medicare Guarantee Fund, ensuring complete transparency and security of funding into the future. The Medicare Guarantee Fund will safeguard Medicare for the benefit of all Australians, now and forever.

And we are lifting, progressively, the Medicare rebate freeze, first imposed, I should remind you, by the Labor Party

This will increase the rebate for patients and it will safeguard bulk-billing. I should note, the figures out just this week, show that bulk billing has risen further and is now at 85 per cent. Bulk billing in South Australia also remains at record levels.

At the same time, we're spending \$1.2 billion making life-changing medicines cheaper, putting them on the PBS including drugs that target conditions like heart disease, severe asthma and cystic fibrosis. We have listed 1400 new drugs on the PBS. Labor in their time listed 331. They had to ration listing of these life-saving drugs because they lost control of the budget. When drugs are recommended for listing, we list them.

And we're managing the budget to be able to pay for them.

We are also funding the latest in advanced medical research technology with \$68 million towards Australia's first Proton Beam therapy facility at the South Australian Health and Medical Research Institute here in Adelaide.

I'd like to acknowledge the advocacy of the South Australian Members and Senators in that regard for making the case.

I'm particularly proud too that this budget includes substantial measures to support our veterans.

As I often say, as Dan Tehan and I and Nicolle Flint were saying today at the Colonel Light Gardens, we best honour the veterans, the diggers of 100 years ago, in these centenary years of the Great War, by supporting the men and women of the ADF, the veterans and their families today.

Our budget contains an extra \$173 million to treat mental illness, with \$58 million earmarked for veterans.

It ensures that anyone who has served full time in the ADF can access free mental health treatment.

Importantly also, our budget delivers certainty on two vital national responsibilities where Labor completely failed Australians.

The first is the National Disability Insurance Scheme. It was established under the Labor Government but with strong bipartisan support from the Coalition. However, it was never fully funded. The Disability Insurance Scheme faces a \$55 billion shortfall in future years. If nothing is done, the system will fail the people who need it the most.

We must not forget the 32,000 South Australians who will be supported by the disability insurance scheme when it's fully rolled out.

So rather than saying to parents with a disabled child in a few years time: "I'm sorry, the cupboard is bare. We don't have the funds to support the NDIS anymore," what we're saying is we're looking all Australians in the eye and saying: "We all benefit from this National Disability Insurance Scheme. We are all covered, so we should all pay for it." I'm pleased to see that our commitment to do that in 2019, has been so well received.

Another area where the Labor Party let down Australians dramatically and shamefully was with school education. Labor failed to deliver on David Gonski's vision for school education. They talked about Gonski but they completely failed to deliver what David Gonski had recommended. They left us with a set of 27 secret deals, conflicting, with anomalous outcomes, lacking in transparency, lacking in equity, totally betraying the commitment that David Gonski, the recommendation that David Gonski made. Indeed, his partner in that report all those years ago, Ken Boston, described what Shorten and Gillard had done, as being a corruption of the Gonski report. So strongly felt, was their rejection of what Labor had done with it.

So, to sort this out, came Simon Birmingham, one of your greatest exports to Canberra, who is ending the funding wars and putting Australian children back at the top of the class.

At the heart of our policy is fairness and equity, needs-based funding. Transparent, consistent national needs-based funding. The extra \$18.6 billion we're committing over the next decade will enable our schools to deliver a world class education. For the first time, we will deliver the true needs-based funding that Gonski recommended six years ago. You can't argue with that. School funding should be distributed according to need. This is a fair system for all Australian children, one that increases funding for more than 99 per cent of schools.

In South Australia, more than 262,000 students in 718 schools have been waiting for a better deal. And we will deliver it. Over the next decade Commonwealth funding in South Australia will increase substantially,

including at the school Mr Shorten was visiting today, by \$3 million over the next decade.

As a father, grandfather, and the father of a school teacher, education is very close to my heart.

My life was changed by great teachers and I want all Australians to have great teachers.

So our Quality Schools program is about that consistent needs-based, transparent funding.

And with Gonski 2.0, a new review headed by David Gonski, we will establish how best to spend this additional funding to ensure better results.

These reforms will give our children the very best shot at life.

The ingenuity, the enterprise of South Australians is demonstrated clearly in the small and medium businesses that are the heartbeat of your economy.

We're backing them, and the 6.7 million Australians they employ nationally.

We are extending the instant asset write-off for another year for businesses with turnover of less than \$10 million. In South Australia alone, more than 180,000 businesses will be able to invest in the capital they need to grow.

Our new Skills Training Fund will make sure Australian workers have the right trades and skills for the future. Skilled migrants will continue to make an important contribution to our economy by filling the gaps that Australians cannot.

We have already, as you know, reduced taxes for more than three million small and medium businesses with turnovers up to \$50 million, enabling them to invest more, employ more and pay higher wages.

And we will go back to the Senate to seek support for the rest of our tax plan. I recently met President Donald Trump, in New York. He's planning to bring down company tax in the United States to 15 per cent. Britain's is heading to 17. The new President of France plans to cut his country's corporate taxes to 25 per cent.

We cannot be competitive if our company tax rate remains at 30 per cent.

Are we seriously going to say, as Labor would have it, that people will want to invest in Australian businesses if they have to pay twice as much tax as they would in the United States or in Europe? The reality is we need a competitive tax rate because that encourages more investment and more employment. So it is Australian workers who are the greatest beneficiaries of our tax plan and that's why we are determined to implement it in full.

But while we believe in lower taxes, paying them is not optional. Because of our tough new anti-avoidance laws – which I should note Labor voted against – multinationals are now paying their fair share of tax in Australia.

Our Government is applying the careful planning and responsible economic management Australia needs to this year's budget.

It is a fair budget. It is a responsible budget. It is a budget for every Australian.

When presented with the choice between a budget that defends our AAA rating and one that puts budget repair in the too hard basket, we made the responsible choice.

Liberals above all, are committed to responsible economic management.

Continued senate opposition has meant that revenue is doing more of the heavy lifting than we would have liked.

But we have to deal with the world as it is, not as we would like it to be, or as we fondly imagine it should be.

Even then, in these challenging circumstances, spending as a share of GDP continues to fall, reaching 25 per cent of GDP by 2019-20, only slightly above its historical average. We will keep real growth in spending at an average of 1.9 per cent over the next four years, a far cry from the 3.5 per cent we inherited from Labor.

And we are bringing the budget back into surplus, \$7.4 billion projected in 2020-21.

This is a building budget: it is building a better Australia, with record investments in road and rail, improved schools funding, guaranteed Medicare and a fully funded disability insurance scheme.

The economy will grow as businesses invest and Australians see the infrastructure that they need, is being built.

There'll be more jobs, and they'll be better paid.

These are the right choices, these are the fair choices, to secure better times with greater security and more opportunity, for all Australians.

Thank you very much.

[ENDS]

[Doorstop with Senator the Hon. Marise Payne, Minister for Defence and the](#)

Hon. Christopher Pyne MP, Minister for Defence Industry and Vice Admiral Ray Griggs AO, CSC, RAN – Acting Chief of the Defence Force

PRIME MINISTER:

... Vice Admiral Griggs representing the CDF, Admiral Immediate representing the Chief of Navy and Brendan Sergeant the Deputy Secretary from the Department of Defence. What we are releasing today is our Naval Shipbuilding plan. This is a plan for jobs, it's a plan for security, it is a plan for the opportunity that investment in our defence industry brings not just today and tomorrow, but for generations to come.

As this plan sets out, this \$89 billion investment in the capability of the Royal Australian Navy, will secure the thousands of jobs of the most advanced type in manufacturing, in technology, in software, in construction, every category of skill at the cutting edge, in every respect is going to be required here at Osborne. It is a great national enterprise. This is the largest investment in our defence capability of our Navy ever in peace time. And it is at the very forefront of technology. We are here at Osborne as we begin to make the investments to enable this to occur. As Marise and Christopher will describe, already we are investing over a billion dollars in the facilities here to enable us to build the first two offshore patrol vessels, then the future frigates, then the submarines.

Now, all of these platforms are absolutely at the cutting edge of technology, just as the Air Warfare Destroyers are today. We are continually pushing the envelope because we need to do that in a competitive world to keep Australia secure. That's absolutely critical. But it also has enormous benefits for Australian industry. Defence, by its very nature, is at the forefront of technology, and the spin-offs and the benefits it delivers for industry right across Australia are enormous. Other countries have benefitted from that, as you know. So our shipbuilding plan is already under way, with the construction of the Pacific patrol vessels in Western Australia, and we will shortly be beginning the offshore patrol vessels here, closely followed by the future frigates and the submarines.

This is a great national enterprise. This is nation-building. This is an end to the boom and bust pattern that we've seen with shipbuilding in Australia. Do you know, these air warfare destroyers were a commitment of the Howard Government. In 6 years of Labor, they did not commission one naval vessel from one Australian yard. So abandoned Australian ship-building. We've taken up that challenge and we're setting it right. This is a continuous ship-building commitment, not just for today and tomorrow, but for generations to come. So I will ask the Minister for Defence to talk about the capabilities that we are delivering for the Royal Australian Navy, and I will then invite

Christopher Pyne to talk about what this means for the Australian defence industry, and remember, we are doing all of this just a few days away past the 75th anniversary of the Battle of the Coral Sea. You know, we were there honouring in New York President Trump and I and many others, honouring some of those veterans, old gentlemen in their 90s, who had, fighting together, Australians and Americans, two great Navies, turned the tide of war when they were teenagers. We are providing the capabilities for the future, to keep Australia secure and safe, just as they did 75 years ago. Minister.

MINISTER FOR DEFENCE:

Thank you. Thank you very much, Prime Minister. To my colleague, the Minister for Defence Industry, always fabulous to be with you here in Adelaide. To the Acting Chief of the Defence Force, Acting Secretary of the Department, Admiral Mead, ladies and gentlemen, in February of last year, we released the Defence White Paper.

The White Paper set out our plan for developing naval capability to ensure that we have the most capable, agile and potent Australian Defence Force that we are able to achieve, and today's release of the naval shipbuilding plan delivers on the implementation phase of creating that capability. Starting with a plan to acquire 12 regionally superior submarines, a process which will be undergone here at Osborne. To develop 12 offshore patrol vessels and 9 future frigates. This is the essential basis of the development of naval capability that we have been working towards.

If you read the Defence White Paper and you look at the steps that we set out in that process, what you see now in May of 2017 is the delivery of that Defence White Paper implementation process for this capability. The naval shipbuilding plan sets out the implementation arrangements for that. It sets out the essential facets that we need to ensure we are able to start the offshore patrol vessels here next year, that we are able to start the future frigates here in 2020 and that development of the future submarine continues in the strong and successful way it has so far. These are platforms, the future frigates, the offshore patrol vessels, the future submarines – these are platforms that will deliver to the Royal Australian Navy, deliver to the Australian Defence Force the capability that we need to ensure we are protecting Australia and our interests. Australians as well. As the Prime Minister says, that is the first job of the Government of any country, is the job that the Prime Minister and I and Minister Pyne take very seriously, and the announcement today of our Naval Shipbuilding Plan will enable us to continue with the implementation of the development of that capability.

Thank you very much, Prime Minister.

PRIME MINISTER:

Thank you, Marise?

MINISTER FOR DEFENCE INDUSTRY:

Thank you very much, Malcolm, Prime Minister, for being here in Osborne to

mark this particular milestone and my parliamentary ministerial colleague of course Marise Payne.

Today is another milestone in this great national enterprise of Naval Shipbuilding. Can I point out and thank Prime Minister Turnbull because this is the most significant Commonwealth infrastructure project in Australia's history and it is here at Osborne in South Australia. The largest project for any state, any territory, for the whole country, \$89 billion of naval shipbuilding, twice the size of the National Broadband Network, much, much bigger than the Snowy Hydro scheme, and it is here in Adelaide. And today marks another one of those milestones.

We have created through the Naval Shipbuilding Plan, the outline of what's needed in terms of skills, infrastructure, industrial capability and collaboration between the states and territories, academia, and industry. But what is also demonstrated is that we are cracking on as a government. In the 14 short months since the Defence White Paper, we've made very significant decisions. We've awarded the submarine project to DCNS and the combat system integration and the submarine to Lockheed Martin and they are getting on with the job. We've closed the tender for the offshore patrol vessels and a decision will soon be announced about the winner of that tender. We've opened the tender for the 9 future frigates. We have asked OMT, Odense Marine Technology to design Osborne South the Naval Shipyard, we have those plans and in July we will turn the first sods on infrastructure down here at Osborne South for the naval shipbuilding part of the overall plan.

And in today's announcement, we are outlining \$1.3 billion at least of infrastructure to be built here at Osborne and at Henderson in Western Australia because this truly is a national endeavour. \$530 million on Osborne South, about the same on the submarine yard at Osborne North, and then the \$230 million for the entire area, the common user facility and all the land around the ASC, because this is a 100-year project. This is going to be employing thousands and thousands of Australians, at least 5,000 by the mid-2020s, but thousands more for decades into the future as we deliver off shore patrol vessels, future frigates and submarines and then sustain those both here and in Henderson for decades into the future. So we decided it was important to own the entire site, so that all of the various people working here had to deal with one landlord.

All part of our national security endeavour, building our industry, creating jobs and investment here in Australia, rather than sending that money overseas and into other people's economies. The Prime Minister Turnbull decided and of course he was supported by his Cabinet, that that money should be spent here, as much of it as possible, to grow our jobs and our investment and critically our sovereign military capability because industry is part of that sovereign capability. As much as anybody else in the Defence Force, from the CDF to the welder on the air warfare destroyers. They are all part of this national endeavour. Thank you.

PRIME MINISTER:

Any questions?

JOURNALIST:

Prime Minister the plan makes clear that there may not be the skilled workforce here, to ramp up the entire 5,000 people may not be needed immediately, how many people can the government expect to be beginning (INAUDIBLE)

PRIME MINISTER:

Well, Christopher has offered to respond to that as the Defence Industry Minister.

MINISTER FOR DEFENCE INDUSTRY:

So, we are talking about 5,000 plus jobs by the mid-2020s here at Osborne alone, and that is not including Henderson. We have awarded the contract for the design and building of the submarines to DCNS. We have to learn how to design and build submarines.

Right now we have 60 Australians in Cherbourg in France learning about those skills and the design. They are building an Australia building, right in the Cherbourg shipyard and I hope that Malcolm or I or Marise will get to open it in the second half of this year. We will also be bringing white collar workers from DCNS to Adelaide to train and skill our workforce. It will be small numbers, it will be a minuscule number of the 5,200 plus, but obviously we want them to transfer their intellectual property to our workforce. We can't just learn that from reading a manual, we'll need them here. So the workforce will be overwhelmingly Australian and there will be a minuscule number of people here training, our Australians, in the skills that DNS CNS need to impart to us to build those submarines.

But can I add another part of this plan is the Naval Shipbuilding College, which will be based in Adelaide but have a hub in other parts of the country to use all the talents that are already there to help grow that workforce. It is a great problem to have, but finding 5,000 skilled workers to do this job by mid-2020 is one of the most significant challenges in the national shipbuilding endeavour and that's why we have decided to have a Naval Shipbuilding College to turn out 1500 people a year with the skills necessary to be part of naval shipbuilding that will also transfer to manufacturing, agriculture of course as well.

JOURNALIST:

But is it the case of having to bring foreign workers in because there is a shortage of labour generally on site in South Australia for this sort of scoping?

MINISTER FOR DEFENCE INDUSTRY:

No, we have not bringing foreign workers in to build these ships or submarines. We will be asking white collar workers from DCNS to come and train aspects of our workforce in the design and building of the Barracuda Shortfin submarines that are designed for Australian needs.

JOURNALIST:

[Inaudible] is expressing concerns about the timing of the Future Frigates. Would you say it's pretty tight?

MINISTER FOR DEFENCE INDUSTRY:

Who does?

JOURNALIST:

ASPI. Are you confident of the timing and is there wiggle room in terms of [inaudible]?

MINISTER FOR DEFENCE INDUSTRY:

Well Tory, the truth is that Labor didn't make decisions about naval shipbuilding in six years. That's created the valley of death for the workforce here at Osborn and Henderson. It is a scandal that was allowed to happen.

Under the Abbott Government and now the Turnbull Government, we're making the decisions, the National Security Committee is making the decisions, that will try and ameliorate that valley of death, hence the Offshore Patrol Vessels are starting in 2018 here at Osborne and the Future Frigates in 2020.

The timeframes are tight, they're ambitious but they're achievable. We have made the decisions, without wasting time, without delays of our own, we have made the decisions to ensure those timeframes are met. I am very confident they will be met. In fact, that means 2018 for the Offshore Patrol Vessels and 2020 for the Future Frigates and 2022/23 for the submarines.

The Prime Minister is the star of the show, perhaps -?

PRIME MINISTER:

You're doing very well, thank you. All the issues are well set out and discussed in the Plan. I'm just looking at the naval shipbuilding workforce chapter in this plan. A great deal of work has gone into this. It is of course, precisely why the Naval Shipbuilding College is being established to provide that training for the workforce.

JOURNALIST:

Outlining the spending, does it help assuage any of the perceptions in South Australia that they were duded in the budget by a lack of new infrastructure?

PRIME MINISTER:

There is a substantial infrastructure commitment South Australia in the Budget, as you know, well over \$3 billion and the potential for more. Particularly with the \$10 billion rail fund.

But as Christopher and Marise and I have been describing, the commitment to naval shipbuilding here in this state is the largest commitment of investment, Commonwealth investment, in any single state in the Commonwealth's history. So this is truly nation-building, a great national enterprise. It brings with it that enormous employment boost. As Christopher said, picking up on Nick's question, it is a classy problem to have, that you have got so many great job opportunities, you are having to peddle very fast to make sure you find the people and train the people to do them.

JOURNALIST:

Prime Minister on that point, there has obviously been disappointment from other states with shipyards that haven't got work, Williamstown missed out in Victoria Western Australia, some people there are upset they haven't got more shipbuilding work. Can you take us through the logic of making this the central location?

PRIME MINISTER:

Marise has offered to answer that, so I'll invite her to do so.

MINISTER FOR DEFENCE:

Very happy to talk about that. The government took a very clear view that we needed to take a responsible approach to naval shipbuilding in this country. What we had had, over years and years, was a boom-and-bust process as the Prime Minister referred to in his opening remarks, which was in fact left in a hole for six years by the Labor Party during their term of government. The Rand Corporation did a review of the naval shipbuilding process in Australia. It's a comprehensive review, well worth a read, which sets out the strategic changes that we needed to make sure we had a sustainable, productive efficient, naval shipbuilding industry in the country. Part of the process was to look at the sites where we can best make the most of the opportunities that existed, the work that was already done, the workforce base that was there. That essentially turned our direction to Osborne here and Henderson for small small naval vessels.

That is part of the process we've undertaken. This is not an ad hoc 'let's get up today and decide that's what we're going to do'. This is a strategic process, which has been the subject of government decision for it long period of time. In advance of the Defence White Paper when we looked at the force structure review that underpinned that, we looked at the capability requirements that underpinned that, putting all that together, putting the Rand Report into naval shipbuilding in Australia as well, means that to get the best outcome, to ensure we have the best capability for the men and women that go to sea for the Royal Australian Navy, this is the desired outcome.

We will have a naval shipbuilding industry that stands on its own two feet, that is renowned throughout the world and that sets the Australian Defence Force up with exactly the capability that it needs. We make no apologies for that. This is a very strategic process and one which we have taken very seriously.

JOURNALIST:

When it comes to [inaudible], what guarantees does this plan give the local supply chains here in South Australia or broadly across Australia?

MINISTER FOR DEFENCE INDUSTRY:

Guarantees that we can give, is what we have done in the past, our performance in the past. The Collins Class submarine is now an 82 per cent local build and sustainment in the state and across Australia. The Air Warfare Destroyers, one of which we are standing in front of, is 60% local built.

So we're not going to set a percentage target because we are not trying to reach a minimum, we are trying to reach a maximum. We're trying to maximise as much of the local work as possible. Not just here in Adelaide by the way, this is a national enterprise that will reach across the country, just like the Joint Strike Fighter program. Just like the Collins Class was and so has been the Air Warfare Destroyer. We are spending \$90 billion on Pacific Patrol Vessels, the Future Frigates and the submarines and of course, we want to maximise that percentage.

But just picking a figure is an asinine process. I can point to what we've achieved so far. Air Warfare Destroyer 60%. Collins class 82%. We regard a local build – the definition of a local build is about 60% or above – I am absolutely certain that will be delivered in these projects.

We are going to make sure it is because we have the defence industry policy statement, putting aside \$1.6 billion in the next generation technologies fund. We have the Defence Innovation Hub, we have the Centre for Defence Industry Capability based here in Adelaide, to help our businesses and our companies here to create the skills and the capability to be part of the supply chain.

And it's happening already. Lockheed Martin is doubling its workforce. Northrop Grumman is doubling its workforce, Raytheon is increasing its workforce, Boeing by 800. Everywhere you go in Washington and Europe, people are looking to come to Australia to be part of this great national endeavour to help transfer the skills here, those corporations employing local Adelaide people. Saab just started the building of a \$40 billion expansion. They are making those decisions here in Adelaide and across Australia because of the government's commitment, not just because it's a plan for the future, we are actually doing it. Getting on with it, cracking on with the job. That is our demonstration of good faith.

PRIME MINISTER:

See the big objective here, is to make sure that so far as we can, every dollar we spend on defence capability, is spent in Australia. Now, obviously you can't spend every dollar in Australia. But we want to spend as much as we can. We believe that historically we have been too much of a customer and not enough of a supplier for our own defence capability needs. That is the big

strategic objective. Now, this is nation-building, it is unashamedly nationalistic. I believe, my government believes, that it is not only in the interest of securing the capabilities, the physical assets that our Defence Forces need, but also it secures our economic future, our industrial future, by having the skills and the industries that enable you to deliver the products of these advanced manufacturing processes in the defence sector right here. It has spill-over benefits into other industries and sectors and industries.

So this is about national security and it is about economic security. It is about security. It is about opportunity.

JOURNALIST:

Prime Minister, the question just out of the Washington Post article, is Australia considering a ban on the use of laptops on flights?

PRIME MINISTER:

Certainly the Government is aware of the changes that have been made and you know, we are looking at it very closely, taking into account all the information and advice we are receiving internationally and working very closely with our partners and in due course, any announcements will be made formally through the Transport Minister.

JOURNALIST:

(inaudible)

PRIME MINISTER:

No, I can't provide any additional details on a particular consular case. But I can say to you that, as Julie Bishop often observes, Australians do, many Australians travel a lot. There is over a million of us at any time overseas. From time to time, Australians get into trouble with the law in different parts of the world. We always provide consular assistance and help. We do so in a manner that is confidential, as between our consular officials and the people involved.

I would say, without commenting on that or any other case though, I do want to make this point to all Australians, particularly those who are overseas or are planning to go overseas. When you travel outside of Australia, remember; you must obey the laws of the country which you are visiting.

Now, they may very often be different from Australian laws. But you must obey the laws of the country you are visiting. We can provide consular assistance, but if you are in a foreign country, your obligation is to act within the law of that nation. That's very important advice and also pay close attention to the Department of Foreign Affairs and Trade Smartraveller site to get updated information about safety and other matters which may relate to your planned travels.

JOURNALIST:

On the banking levy, did you seek advice from APRA before implementing the levy and if [inaudible]?

PRIME MINISTER:

Well, I can assure you that the regulators were consulted. They were consulted as part of the exercise, as part of the process by Treasury and the Government in preparing that proposed levy. So the answer to your question is yes, the regulators were consulted.

Thank you very much.

JOURNALIST:

Eleni Glouftsis ... the AFL umpire

PRIME MINISTER:

Yes, isn't that great? I saw her last year when she was first announced as a field umpire and I am just delighted that she is going to be the umpire for a senior game. That is fantastic and it follows on of the success of the Adelaide Crows, in the women's AFL too, there is a great female tradition and female commitment to AFL in South Australia. Great work Eleni and all the best.

[ENDS]

[Radio interview with Matthew Abraham and David Bevan, ABC Radio Adelaide](#)

HOST:

Welcome to our studio Prime Minister, take a seat.

PRIME MINISTER:

How are you?

HOST:

Very well. Do you have your phone with you, were you tweeting on the way in?

PRIME MINISTER:

(Laughter)

No not so much, I've got the Naval Ship Building Plan here though.

HOST:

Okay we'll talk about that in a moment because, you're on air by the way. We're rolling, thank you for coming in.

PRIME MINISTER:

Very good. No, it's good to be here.

HOST:

Thank you for coming in, and we are streaming this live on our Facebook feed as well.

Prime Minister welcome to ABC Radio Adelaide.

PRIME MINISTER:

Great to be with you. Good to be back in Adelaide.

HOST:

Prime Minister you come to a town which has been told that we're being duded by you and your Treasurer Scott Morrison. Conspicuously left off the list of new infrastructure spending. What's your response to that?

PRIME MINISTER:

Well I'm just about to announce, release the Naval Ship Building Plan today, which as you know is a \$90 billion plan, the bulk of which, the vast bulk of which, is going to be spent in South Australia. We're announcing \$1 billion of additional infrastructure investment in Osbourne which is getting underway right now. This is the largest single Commonwealth investment in any single state. The largest single investment in any single state, the Naval Shipbuilding Plan, it's going to create another 5,000 jobs in shipbuilding directly. Again, almost all of which are in South Australia, additional jobs. And another 10,000 in sustainment, so this is a massive commitment and I commend everyone to read the Naval Shipbuilding Plan released by me and Marise Payne and Christopher Pyne today.

HOST:

It may be cold comfort for people listening right now to you who are stuck at the Oaklands Crossing, an infamous crossing in Adelaide that needs money to fix it. It would be cold comfort for the people of the northern suburbs who are waiting on the electrification, a long-awaited electrification of our rail line that basically you've had yours and don't be greedy. Is that the message?

PRIME MINISTER:

No that's not the message. We have got over \$3 billion going into infrastructure in South Australia, we have additional funds available

particularly for rail. As far as our commitment to the state, as I said, the Naval Shipbuilding Plan in – look, let's just wind back a bit.

One of the big concerns that South Australians have had – and I understand that, I've been coming here for many, many years – is about losing jobs from manufacturing. You know, people have talked about is South Australia becoming deindustrialised? That has been the big anxiety. Are my children going to be able to get a job in Adelaide? So many people have said that to me. Now what we're doing here is ensuring that you have jobs and thousands of them, at the cutting edge of technology, in the most advanced disciplines. Which will not only create the 5,000 direct, another 10,000 in sustainment, jobs directly associated with shipbuilding, but of course, all of the spin offs that that develops.

So this is a massive commitment to South Australia. You know the proposition that the Federal Government is neglecting South Australia, is frankly nonsense. It defies the reality of this incredibly substantial nation-building commitment. I mean as the Naval Shipbuilding Plan says, our shipbuilding in the past has had a boom-and-bust cycle.

HOST:

Well it's going to as well. We're still going to have that irrespective of this.

PRIME MINISTER:

Well it's coming to an end and it's coming to an end because of my Government, my leadership, my commitment, six years –

HOST:

So what's –

PRIME MINISTER:

Six years of Labor, do you know how many ships they commissioned from an Australian yard? Not one. Zero. That's how much commitment they had to you. This is the same Labor Party that is trying to say that the Federal Government is neglecting South Australia. They had six years in government and did nothing. We have committed to a continuous shipbuilding program in government and it's underway already.

HOST:

So is your message to Jay Weatherill and Tom Koutsantonis: "Stop grizzling?"

PRIME MINISTER:

My message to them is they should start governing their state and stop blaming all of their failures on somebody else. I mean the fact is, we are making the largest single Commonwealth investment in any state, in South Australia, as the naval shipbuilding commitment.

HOST:

The state government says they haven't got nearly enough from the Federal Government to make the Oaklands Crossing – which has been a long running –

PRIME MINISTER:

Well how much do they need to do that?

HOST:

Well I think they need a lot more than 40.

PRIME MINISTER:

Well it's their crossing, I mean it is in South Australia so it's conventional for state governments to fund infrastructure. That's what they do. I'm just saying to you that far from neglecting it, we have \$40 million we've offered, \$40 million to go towards it.

HOST:

Now there's been a lot of controversy about South Australia not preparing its plans and they say: "Well look, hang on, we put in a mountain of plans for various projects whether it be Oaklands Crossing or the Gawler Rail Line being electrified. These seem to languish while the Federal Government is very generous handing over money to other states which have not produced business cases for their projects.

PRIME MINISTER:

Well that's not right. That's actually not true. Certainly for example, a good example here is the AdeLINK proposal. Now we have a \$10 billion rail fund in the budget, so AdeLINK would certainly be eligible for that.

HOST:

That's a Liberal proposal?

PRIME MINISTER:

Yes, I'm just saying to you that at this stage, we don't have a business case provided to us, with respect to AdeLINK. So what states need to do is to get their business case together, submit it to Infrastructure Australia and it gets assessed. Then decisions can be taken.

HOST:

Prime Minister if we can move on to some national issues.

PRIME MINISTER:

Yes

HOST:

The budget's tax on banks which seems to have come as a surprise to the banks. The National Party on AM this morning, Mia Davies Nationals WA leader has called you a hypocrite for condemning her party's plan for a mining tax on Rio Tinto and BHP during the WA state election, and now you're proposing a bank levy on the big five banks. Are you a hypocrite?

PRIME MINISTER:

Certainly not. No, what we're proposing, what's been presented in the budget is a levy that represents a fair contribution from the big banks which are among the most profitable banks in the world, to budget repair. Now we have sought to bring the budget back into balance through savings and cutting spending. We've had a fair bit of success I have to say, about \$25 billion we've been able to get through the Senate. But we haven't been able to get everything we sought to through. So in order to ensure we don't throw a mountain of debt on the shoulders of our children and grandchildren, we have to raise revenue. So this bank levy is pretty conventional. You know, I can see there's obviously complaints about it from the big banks. You'd expect that. But it's very similar to levies of this kind in other countries including of course, the United Kingdom.

HOST:

Well Mia Davies, the quote from you from last September was: "It's a state issue of course, but we view with great concern, as does the business community, the imposition of substantially increased taxes on particular nominated companies." So you've picked out five banks.

PRIME MINISTER:

Well this is a situation where you have the big banks have the benefit of very substantial financial and commercial benefit from the security that is provided by the very stable financial system in Australia backed up by government regulation and leadership and so it is fair that they make a contribution to budget repair and I think most Australians would agree with that.

HOST:

What if Ken Henry is right and your bank levy will weaken the industry, making it more vulnerable to a future crisis?

PRIME MINISTER:

Well look he is talking his own book right, he is the Chairman of a bank, he knows as well as I do that the banks can well afford to pay this. I mean they have, we are talking about a levy that would cost the big banks about \$1.5 billion a year. They have \$33 billion of after tax profits. So this is a very, they are the most profitable banks in the world, I think there's a couple in Canada that are comparably profitable. But their return on equity is in some cases double that of comparable banks in Europe and the rest of

North America.

HOST:

But as a matter of principle, what's the difference between this on the banks and what Labor were proposing on the mining companies during the mining boom?

PRIME MINISTER:

Well it's very different this is a, this is not a super profits tax, this is a levy on liabilities which reflects the advantage that is conferred on the big banks by the community, by Australia. Our strong financial stability, underpinned by the commitment of the government to maintaining that financial stability.

HOST:

But when challenged on this your answer is the banks have got a lot of money, they're making these huge profits. But you just did, you said that they've made this huge profit so they can well afford to pay this levy. And that was exactly the argument that was used for the mining companies.

PRIME MINISTER:

Well it is a different context, mining companies pay royalties you know they pay royalties for the minerals they extract and state governments are able to, and from time to time do, increase or change royalties. But here what we have is a need to repair the budget, we need to raise more revenue, the banks do get a very distinct advantage from the support of our very stable financial system and the support of government. So it is fair for them to make a contribution. As indeed banks do in many other parts of the world, including the United Kingdom and other countries including in Europe.

HOST:

You're listening to Prime Minister Malcolm Turnbull in our studio here on ABC Radio Adelaide.

How do you respond to criticism from people such as Peta Credlin yesterday, the headline on her comment piece saying that the Liberal Party now is polls driven and that this budget is a poll driven policy, it's a sign of a spineless party?

PRIME MINISTER:

Well look, she is a frequent and consistent critic of the government.

HOST:

Well she got you into Government though didn't she?

PRIME MINISTER:

Well, so she asserts yes, in 2013 she's taken credit for that. I think, look

I don't want to-

HOST:

How do you think you got into government in 2013?

(Laughter)

PRIME MINISTER:

Well we got in, you're talking about political history here-

HOST:

Short term we're not goldfish, I think we can remember back that far.

PRIME MINISTER:

No, no exactly well I mean governments are, every election is a choice of alternatives, we presented a better alternative in 2013 to the Labor Party and we were rewarded with government, we presented a better alternative to the Labor Party in 2016 and were rewarded with government again.

So that is the reality, now just in terms of the budget, I'll just make a couple of observations about the sort of criticisms that it is excessively political, which I assume is what Peta Credlin is saying. Firstly, all new spending has been offset by savings – fact. Now the last election Labor sort to increase the deficit by \$16.5 billion over the next four years, we are improving the budget bottom line, we are improving it from what it was in MYEFO at the end of last year, and indeed in our last budget. What we're doing is returning to surplus in 2021 with \$7.4 billion in the black. And what that shows is responsible economic management. I meant the fact is we are bringing the budget back into surplus, yes we are raising revenue but we are doing that as we have been very open and realistic about because we have not been able to secure all of our savings measures through the Senate.

HOST:

That is based on pretty heroic assumptions isn't it? I think eight of the last nine budgets the Treasury projections on revenue and spending haven't been met.

PRIME MINISTER:

Well no-

HOST:

And you're predicting three per cent of growth in the out years. I mean this is all pretty optimistic is it not?

PRIME MINISTER:

They are actually more conservative than the forecasts of the Reserve Bank

and the IMF. So you know everyone is entitled to express a view about whether forecasts are optimistic or not but these are conservative relative to those of other respected forecasters.

And can I just make another point, by 2020-21 spending will fall to 25 per cent of GDP which is only slightly higher than the 30-year average of 24.8 per cent. Real spending is growing at 1.9 per cent on average over the forward estimates, the same paces it was in the budget last year, and we're spending \$26.1 billion less over the period than we were than we were forecast to do in the 2015-16 budget. So it is a very responsible budget but yes we do have to raise additional revenue because we've not been able to achieve the savings that we sought through the senate.

HOST:

Now, just finally we know you're a computer geek and I think that's how you made a lot of your money. An internet pioneer.

PRIME MINISTER:

Well I'm moderately literate, but I don't claim to be a-

HOST:

Well you've got an iPad.

PRIME MINISTER:

Yes I do have an iPad, yes, yes that's true.

HOST:

The WannaCry virus, do you have any information the latest information on whether our defence systems are running XP, as I think the trident missile system is in the UK, and whether they're vulnerable? And if not are you able to get that information to us?

PRIME MINISTER:

I wouldn't comment on systems that are run by Defence, naturally. But I can say that at this stage and this is literally at this moment, at 8.26am in Adelaide we have had a relatively small number of businesses, small business to date, is my latest update, that have been affected by the WannaCry virus. So large business, large companies and of course governments have not been affected to date. But of course it is important to make sure that all of your patches and updates are installed on time. The Microsoft did put out a patch in March to address the vulnerability that the WannaCry attack has sought to exploit.

HOST:

And Defence sites appear to be safe?

PRIME MINISTER:

We have not had any reports of any vulnerabilities or consequences of this virus with Defence at this stage. So I'm just reporting to you on the situation but we are very vigilant but I just want to say it is a very dynamic environment in terms of cyber security. I have a top team on cyber security, Alastair MacGibbon as you know, as you've seen in the media, is my cyber security adviser we've put, we have a cybersecurity strategy. We've put a lot of resources behind it. But I have to say the people that seek to undermine our cybersecurity are often very agile and very energetic in their efforts to do us harm. So vigilance is absolutely critical but so far I've given you the update on where we are at the moment.

HOST:

Okay, Prime Minister we thank you for coming into our studio.

PRIME MINISTER:

It's great to be here.

HOST:

We appreciate it, Prime Minister Malcolm Turnbull on ABC Radio Adelaide.

[ENDS]

[Radio interview with David and Will, 5AA Breakfast](#)

HOST:

He'll be in Adelaide and he's with us on 5AA Breakfast now, Prime Minister good morning.

PRIME MINISTER:

Good morning, good to be with you.

HOST:

Thanks for your time PM. Now your presence here today is it a recognition in part that you needed to quickly get to Adelaide to extinguish the local perception that we've missed out on infrastructure spending in last week's budget?

PRIME MINISTER:

I'm here with Marise Payne, and Christopher Pyne to release the Naval Ship Building Plan. It is the largest investment in our defence capability in peacetime. The largest in [inaudible] terms at any time. And it is the largest commitment of federal investment in any one state. So this is a massive commitment into the future of South Australia, the provision of 5,000 jobs as you know. That's in construction alone. Then another 10,000 in sustainment, the vast bulk of which will be here in South Australia where the major ships are all going to be built, the frigates, the submarines and the first two Offshore Patrol Vessels. So it's a very big commitment.

HOST:

Are you clear Prime Minister, when you say the vast majority of which will be in South Australia, are you clear on what proportion of the money expended will be spent here in South Australia? Because the state government is suggesting it could be as little as between ten and 15 per cent.

PRIME MINISTER:

Oh well, that is absurd. The ships are going to be constructed here, but of course there is a supply chain throughout Australia. But the actual construction of the frigates and the submarines and as I said, the first two of the offshore patrol vessels, will be here in South Australia at Osborne, where I'm just about to go.

HOST:

Can I just ask you bluntly Prime Minister, do you think that we are whingers here in South Australia?

PRIME MINISTER:

Look, no. You know the reality is that every state is ambitious, every state, every city, every community wants to do well and that's great. What I can say to you is that in terms of our commitment, my government's commitment to South Australia, as you can see from the naval ship building plan, we have a massive investment here. As you know, as you just said, it's a \$90 billion investment in total. It is going to drive the type of advanced manufacturing, highly technologically skilled jobs and occupations that we need to secure the future for our kids and grandkids. Here in South Australia, as I always say, the future is not somewhere else, it's right here. It's here because of my government's commitment to naval shipbuilding, to the Defence Industry Plan, which of course is in stark contrast to the neglect of the Labor Party which did not commission one ship, one naval ship, from one Australian yard, in six years of Government.

HOST:

The reason I asked you that question that way is that there was a lot of negativity here last week when it did feel to some people locally that the vast bulk, indeed all of the infrastructure money that was announced was being expended in states other than ours. Do you think though that South Australia would do better to take a much more front-foot approach and start

trying to carve out its own future, rather than engaging in this constant: "What can Canberra do for us?" stuff that seems to be the vibe of politics here locally.

PRIME MINISTER:

Well again, I'll leave you to do the local commentary David. But the reality is we are making a massive commitment. The whole naval shipbuilding plan dwarfs everything else of course and it is a massive commitment. But in terms of transport infrastructure, there's \$3.1 billion committed there. There's \$1.6 billion for the North South Corridor, we've committed money to the Flinders Rail Link, we've committed money to the Oaklands Crossing. We have a \$10 billion rail plan which South Australian projects could be eligible for, but obviously they have to get their business case and proposal together.

But you know in terms of the long term future of this state and this city, the revival of shipbuilding, the end of the boom-and-bust phenomenon that we've seen, the commitment to continuous naval ship building is truly revolutionary. That is going to secure Adelaide's future as a high-tech, advanced manufacturing hub at the very cutting edge of technology, for generations to come.

HOST:

Prime Minister, before we turn our attention to the budget, how concerned are you about a report in the Washington Post today that US President Donald Trump shared classified information with Russian officials about Islamic State that he hasn't even seen fit to share with allies including Australia?

PRIME MINISTER:

Well look, I can't comment, I won't comment on issues about classified information for obvious reasons. So I'll leave that to the commentators and maintain my normal circumspection and discretion on matters of that kind, if you don't mind.

HOST:

(Laughter)

Can we ask, you had to wait around forever when you caught up with Donald Trump, he was tied up celebrating the death of Obamacare.

PRIME MINISTER:

No, that's not quite true. He was in Washington, I was in New York.

HOST:

What's the guy like to deal with? What's he like to deal with?

PRIME MINISTER:

No, he was very warm. He was very warm and welcoming, as I said the reception was more family than formal. We got on very well. It was a wonderful event and a wonderful commemoration and appropriate of the Battle of the Coral Sea and great to welcome and honour the veterans, both Australians and Americans who were in their nineties who turned the tide of war in the Pacific when they were teenagers.

HOST:

Let me have another crack Prime Minister; are you confident that the US is fulfilling its obligations as an Australian ally, and you're being told all you need to when it comes to intelligence sharing?

PRIME MINISTER:

I have great confidence in our Alliance. It is the bedrock of our national security. It was reinforced, yet again, when President Trump and I met on the *Intrepid* in New York just a few days ago.

HOST:

So on the specifics of the federal budget, the headline-grabbing measure, the centrepiece of it Mr Turnbull was the \$6 billion bank levy. Just in terms of the Government's ability to make sure that the banks don't sneakily pass this on to the average punter, you were saying and Scott Morrison was saying last week the ACCC is sort of turbo-charged, consumer watchdog ready to pounce on any wrongdoing by the banks. Yet yesterday, you were urging consumers to shop around, which seemed to be an admission that banks might try.

PRIME MINISTER:

No, no, no look the banks are free to price their products as they wish but you've got to remember, this is a 0.06 per cent levy. So it is much smaller for example, than a typical interest rate movement which is typically 25 basis points. So it is a large amount of money in aggregate, but relative to the banks business, relative to their profits, it is much smaller.

Now the banks will clearly be monitored by the ACCC in terms of what they claim it's costing and what they claim its impact will be. But they are more than capable of bearing this cost, because they are – as we know – the most profitable banks in the world. I'm not criticising them for that I'm just saying that they are, that's a fact, and they do benefit, the big banks do benefit mightily from the support and security from our financial system and system of regulation. So it is fair, given that we need to bring the budget back into balance for them to make this contribution to that.

Now you know, I don't raise taxes with any joy or pleasure, quite the contrary, but we have cut spending as far as we are able in terms of the Senate. We have to deal with the Senate and the Parliament that the people elected. So what we're seeking to do here, is to bring the budget back into balance and we owe that for our children and grandchildren just as we are securing their future with our investment in the ADF's capabilities and our commitment to our Defence Industry Plan. Just as we're securing their future

with our investments in infrastructure and defending schools funding.

Now I might just say, Mr Shorten is in Adelaide today visiting a school whose funding will increase under our Education Policy by \$3 million over the next decade. Increasing every year. So people can look that up on the web, on the Education Department's website, he's going to the Cowandilla Primary school and they can see all of the numbers there. Our system of school funding, which again secures the future, is transparent, it's equitable, it's needs-based just as David Gonski recommended. It's not part of a whole series of secret deals, as Mr Shorten did those years ago.

HOST:

Just quickly and finally Mr Turnbull, your response to the call by the former Treasury boss – now working for the NAB obviously – Ken Henry who said that there should be an open public inquiry into the banks levy on account of what he thinks will be the negative impact that it has on the nation's economy.

PRIME MINISTER:

Well I can understand Mr Henry doesn't want the bank to have to pay the tax. But the tax will come into operation on the 1st of July there will be plenty of opportunity for the Parliament to discuss it.

We've got Senate Estimates next week where it will no doubt be the subject of questioning. You know, Dr Henry understands the process very well but he should also understand as a former Secretary of the Treasury that my obligation and my responsibility as Prime Minister, is to ensure that the budget is brought back into balance. That is what we are doing. We are doing that very emphatically and as you know by 2021 we will have a surplus of \$7.4 billion.

All new spending has been offset by savings, we've inherited a lot of entrenched deficit from the Labor years and we are addressing that and bringing the budget back into balance as is our responsibility.

HOST:

Prime Minister Malcolm Turnbull, thank you very much for joining us on 5AA Breakfast.

PRIME MINISTER:

Thanks very much.

[ENDS]

Radio interview with Selina Green, ABC South East Radio

SELINA GREEN:

Welcome to Mt Gambier and thank you very much for making time to come in.

PRIME MINISTER:

It's great to be here.

SELINA GREEN:

Now this might seem like an obvious question, but what brings you to Mt Gambier at this time?

PRIME MINISTER:

Well I'm here with Tony and we've been meeting people, his constituents here in Mt Gambier. We've been to the Headspace, and had a very good discussion there about mental health services here, we'll have a Politics in the Pub later. Now we're here with you, so this is all about engaging with the local community and with Tony's constituents.

We've met with school captains from about half a dozen local high schools.

MR TONY PASIN MP, MEMBER FOR BARKER:

All the Mt Gambier high schools and Penola High and Millicent High as well. So it's great to connect with those future leaders.

SELINA GREEN:

As you mentioned, you did tour the Headspace facility here which has been doing some fantastic work in our local community. I know it is greatly appreciated. The future of Headspace hasn't always been completely certain, is funding for this program safe?

PRIME MINISTER:

It's absolutely certain now I can assure you. We're expanding it nationally. The funding for this service is committed, as indeed there are two other Headspace facilities in Barker, one at Murray Bridge and one at Berri. That's right. We've committed to ten more Headspace facilities as part of our big mental health programme.

So mental health is a key priority of my government and I like echoing Ian Hickie, Professor Ian Hickie you probably know or have heard, likes to talk about the 'mental wealth of nations' and the mental wealth of Australia. We all have a vested interest in every other Australian's mental health. That's

why it's very important to have these very community-oriented services like Headspace, which can collaborate with volunteers. We met with –

MR TONY PASIN MP, MEMBER FOR BARKER:

Nel Jans at the Junction. Just such a hero in our community.

PRIME MINISTER:

Yeah, what a fantastic love and leadership she's showing. So you can see the way that's reaching out and building up the strength, the mental wealth if you like, of Mt Gambier.

MR TONY PASIN MP, MEMBER FOR BARKER:

The important thing Selina in that space is we toured the new facility. So Headspace has been operating from an interim facility for some time in Mt Gambier and I'm so proud they're moving into their own, standalone facility on Commercial Street East.

It'll be a home for people under the age of 24 who are in need of a bit of a hand. They'll know where to go. This will become, if you like, a home for mental wellness for young people in our community.

SELINA GREEN:

We know Headspace locally here is expanding into the area of tele-health and utilizing that. I understand you're quite impressed by the work they're doing in terms of tele-health.

PRIME MINISTER:

Yep.

SELINA GREEN:

Of course the thing with tele-health is that it can only work provided there is good access to fast internet, to reliable internet. What are we doing about ensuring we have that coverage for people in regional areas like ours?

PRIME MINISTER:

Well I was very impressed, as was Tony, that they said bandwidth had not been a problem. They said the services had been so far, it had been very high quality. But the position as you know with the NBN rollout, is that you have about 67,000 premises ready for service out of 86,000 in Barker. So the rollout is nearly 80 per cent complete. It will be nationally, it will be about 50 per cent complete by June 30, is the company's estimation.

So we inherited a failed project from the Labor Party, I regret to say, in 2013. But it is now rolling out well and rapidly across the country, as you can see. I encourage any of your listeners who are interested to go the NBN Co website and you can see the weekly rollout figures, every week.

MR TONY PASIN MP, MEMBER FOR BARKER:

And Selina I was telling the Prime Minister, we celebrated the switch on of Mt Gambier last week, a portion of the town. The balance of the town will be switched on to the FTTN, so fiber to the node network, by the end of June.

SELINA GREEN:

Whenever we do talk about the NBN, we do get listeners who contact us to say, you know, they have struggles getting on to the system, that they are having issues with it. Do you take on board that there are some criticisms of the NBN? That there is some improvement that still needs to happen?

PRIME MINISTER:

Of course, absolutely. The company is very alert to that and they're doing everything they can to improve the user experience. Of course the reason somebody has poor connectivity could be, there are a lot of reasons behind that. The NBN, as I'm sure you know, is a last-mile network, so it goes from the exchange, the point of interconnection to the customer's premises. So what happens behind that, which is the responsibility of the telco -Telstra, Optus, you know, iiNet, TPG, whoever - that's their responsibility. Of course obviously people also often have problems in their own homes with wiring or poor wifi and so forth.

So it can be a bit complex getting your connectivity up to scratch, but generally we're seeing very high levels of satisfaction from the NBN. It's an enormous project you know and as I said, it had failed. In fact, it had completely stopped dead in its tracks in South Australia at the time we came into government in 2013.

SELINA GREEN:

Is there more that we can be doing to grab those telcos, those service providers by the collar and make sure that people are getting that connectivity better?

PRIME MINISTER:

Well it's a competitive market. I'd just encourage people to look around and do that. The ACCC is also paying attention to what the telcos are saying in terms of speed, what promises they're making and whether they're doing so accurately. They are actually testing, checking on that to make sure that those promises are consistent with the customer's actual experience.

SELINA GREEN:

When we're talking about connectivity, of course blackspot mobile phone towers. In previous rounds we haven't had a significant number of those here, for the south east parts of South Australia. No new money in the budget for future blackspot funding beyond round three, which we know has not been announced. What commitment is your government making to getting better coverage for people in regional areas like ours.

PRIME MINISTER:

Well we're yet to roll out round three, but we will continue funding blackspots as you've seen. We've demonstrated our commitment. Again, the Labor Party for six years in government from 2007 to 13, did not spend one cent on mobile blackspots. The Howard government did. Then when we came in, when Tony Abbott came in and then continued by me as PM we have continued to fund mobile phone blackspots.

Now South Australia has not had as many as other states and that is because the state government has not put any money in. So there has not been the co-funding. So the formula that we've used obviously leveraged funding from state governments where it was available and in Western Australia and Victoria in fact, Coalition Governments there put quite a lot of money to work to support the rollout of more blackspots. That's why they ended up getting more because it's a combination of government subsidy, some local governments in some cases – not many – and of course the telcos themselves, you know, paying to roll it out.

SELINA GREEN:

I want to touch on the issue of gas exploration, and we have a state Labor Government obviously here in South Australia, very keen to further push gas exploration. Got the South Australian Liberal Party that has come out very strongly with a policy to ban fracking in our region, should they win the next election. Where do you stand on fracking as a solution to the energy crisis?

PRIME MINISTER:

Well I don't want to get too specific about your region, Tony's got a much better understanding of the hydrogeology, the environment here than I do. But I'd say that we do need more gas, there's no question about that. We've seen a lot of issues with both the affordability and reliability of gas supply. You've seen I've had to take some very strong measures to limit the export of gas from the east coast of Australia to ensure the domestic market keeps supplied.

But we do need to get, see more gas in eastern Australia and so I generally, we encourage further development of onshore gas. But it's obviously got to be done in circumstances where it's geologically safe and of course, where it has the social license that comes from the support of the local community and landowners.

MR TONY PASIN MP, MEMBER FOR BARKER:

And that's the issue in this region Selina, the social license hasn't been attained. Of course there are real questions around hydraulic fracture stimulation and in particular the interface with our aquifers that we rely on so critically for our irrigation effort.

SELINA GREEN:

Are you in that instance, are you pushing the states that have fracking moratoriums in place to lift those?

PRIME MINISTER:

Well we particularly urged Victoria to do more. I mean Victoria not only has a ban on fracking, they have a ban on conventional gas exploration and development which is as far as I am aware unique in Australia and has no, no possible justification. We understand the issues about fracking but they have a massive onshore gas resources or reserves in Victoria and they have basically put a ban on the development of any of them, by any means. Given that Victoria is such a big, has such strong demand for gas, particularly for industry, it's hard to understand why that Labor Government would do that at the same time of course as big coal fired power station like Hazelwood, is being closed down.

SELINA GREEN:

In a situation where you have a state Liberal Party here in South Australia that seems to have a policy at odds with your own, I mean what do you do in that instance? Do you speak to Steven Marshall about reconsidering his policy?

PRIME MINISTER:

Well it's very much a matter for the State Governments. I mean we encourage – our concern, my concern as Prime Minister is that Australians have access to affordable and reliable supplies of gas. Now the management of the environmental considerations is obviously one for state governments. It's necessary to ensure that – in terms of groundwater issues, which is what you're talking about here on the limestone coast – that that's done properly so you've got to get the science right and you've obviously got to make sure the landowners are comfortable with it, and the community is comfortable with it. That's the social license that Tony was just talking about.

But as a general rule, as a general proposition we need more gas. If we don't produce more gas then you know, naturally gas will become more expensive. So you know, it's a supply and demand issue here. We've put some limitations on exports, but equally we're an exporting nation, so we're also looking at linking the big gas resources of Western Australia and the Northern Territory to the east coast so we're looking at the feasibility of building a pipeline to connect the Northern Territory to Moomba, there's already work being done on the plan to build one from the Northern Territory to Mount Isa. But there is no question we do need more gas, it's a very important part of our energy mix.

SELINA GREEN:

Well Prime Minister there are so many topics that we would like to touch on with you today, but we know that you are as we say, a very fly in fly out, quick visit to Mt Gambier today.

PRIME MINISTER:

Well we're looking forward to talking about the budget tonight, you know that's a very important time in the year when the government sets out its economic agenda, sets out the all of the accounts and we've done that in a very fair way, ensuring that the funding is assured for essential services for schools, you know Medicare, health, National Disability Insurance Scheme and at the same time doing all of that and bringing the budget back into balance in a few years' time.

MR TONY PASIN MP, MEMBER FOR BARKER:

And Selina if I can just say it's fantastic to have the Prime Minister in the region, I extended an invitation to him and he's taken it up, it's a real coup to have him here in the week after the budget.

I did say when I preselected in 2012 I would seek to raise Barker's voice on the national stage and I think we're seeing that personified by the Prime Minister's visit.

SELINA GREEN:

Prime Minister Malcolm Turnbull and Member for Barker Tony Pasin, thank you very much both for coming in and making time.

PRIME MINISTER:

Thank you

MR TONY PASIN MP, MEMBER FOR BARKER:

Thank you

[ENDS]