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**TRANSCRIPT OF SENATOR THE HON. ARTHUR SINODINOS AO
DOORSTOP
NEWCASTLE INSTITUTE FOR ENERGY AND RESOURCES**

Subjects: Industry, Innovation and Science portfolio; Pauli Pauli; job creation; Innovation and Science Agenda; manufacturing; Mike Baird; climate change; the Ministry; ICAC; Bill Shorten; Sussan Ley .

E&OE.....

ARTHUR SINODINOS

It's great to be here at the University of Newcastle's Institute for Energy and Resources, which is a wonderful example of collaboration between industry, researchers and academia. And it, in large part, sums up what I want to be about in the Industry portfolio, which is how we get that collaboration between the different parts of what we call the innovation ecosystem. And if there's one thing I want to be a mark of my stewardship of the portfolio, it's getting that innovation ecosystem up and running: not just across the manufacturing sector, but the services sector; not just across small enterprise, but medium enterprise and large enterprise – so we have this innovation mindset across the economy, so we're always thinking around corners, we're always thinking about what comes next, how do we improve what we're doing, how do we create the new products of the future.

And what the Institute has done here is show how, in partnership with industry and others, a great university like the University of Newcastle which is my – I'm an alumnus of the university – the way it can help to rebuild the future of a region like the Hunter. I'm a great proponent of the Hunter, I think it's got a fantastic future, and I think what is being done here will help to drive that future. The university's got a big role to play, and the role of Government is both directly – through our policies and programmes – to help promote what places like this are doing; but also, as I said yesterday in my statement about being recommended for appointment to the portfolio, it's very important for us to link what we do in industry policy to trade policy, investment policy, regulatory policy.

I've seen today that the Labor Party are wanting to talk further about energy policy. Well, they should tell us where they stand on high energy costs, because we've got stories coming out of Queensland and Victoria about the way in which higher energy costs are driving jobs potentially offshore and reducing Australian jobs.

We want to create a situation where, through innovation and everything else, we have energy security, energy affordability, as well as reducing our greenhouse gas emissions.

And we want to be able to walk and chew gum at the same time. What the Institute here is doing is finding innovative solutions to these problems, and also commercialising them. So, I'm very keen, in my stewardship of the portfolio, to keep this progress up.

While I'm at it – and then I'm happy to take questions – let me also take the opportunity, being in the Hunter, to wish Pauli Pauli all the best after the accident last night. People are thinking about you, mate. I'm a St George supporter myself, but I'm also a former Novocastrian. I left here before the team was formed. So, congratulations on what sport is doing for the Hunter; and, mate, you get well soon too.

Any questions?

JOURNALIST

Yes, just wondering how this morning, taking on the role on Tuesday, how you feel at the moment after two days, I guess.

ARTHUR SINODINOS

Well, look, I've had some background having worked on elements of industry policy in other roles, but I'm really excited about what I see in terms of the ideas that Australia can generate. And the thing is: we can't commercialise everything in Australia, but we've got such great ideas. The more we can do here, the more we can have local jobs. Innovation is about more wealth and it's about more local jobs; and some of the stuff that the Institute is doing – which would lead to not just tens of jobs, but hundreds or thousands of jobs in the local region, through redirecting some of our infrastructure and some of our ideas into the agricultural sector here in the Hunter, building on what we've already done in light manufacturing and other aspects of manufacturing. It's really a good time to be in the role. I think, in the community, people understand we've got to be really not so much working harder, but working smarter; and institutes like this are driving that process.

JOURNALIST

Senator, how surprised were you that you were elevated to this role, to this portfolio?

ARTHUR SINODINOS

Look, whenever the Prime Minister offers you a job, you are grateful and you take it. It's an area that I like because I have some background in it. I've also had a background in economic and financial issues. So I thought it was a good fit. I also think it's great that Greg Hunt is in the Health portfolio. I think it's important to have a strong advocate in the Lower House to take the fight up to Labor in the Lower House.

JOURNALIST

Is job creation clearly then a priority, along with, I guess, making once-great industries thrive again?

ARTHUR SINODINOS

Yes, it is; but in this case already, the Hunter is already thriving. So, we've got world-class infrastructure, and yes, we went through a transition here. And when I was in the Howard Government, I helped with assistance around the steel-making industry as we made that transition. But we've got great infrastructure here to build on. So, for me, I'm very optimistic. You know, some people seem to see that everything is a challenge. It's actually an opportunity for us. And you are building on that opportunity. So, I want some of that energy that's here around the rest of the country – because I think, as a country, we can do a lot more to be generating our own jobs. But one thing we mustn't do is keep impeding ourselves through excessive costs; and what I mean by that, for example, is excessive regulation, or trying to have industry costs which are out of line with the rest of the world. That's why, on energy, we've got to harness the energy we've got in Australia, to make the transition we're talking about to a less-greenhouse-gas future – but in a smart way, so that we're also enhancing our job prospects on our way through.

JOURNALIST

Senator, after some years of cutbacks in the areas of Science and Innovation by virtue of government funding, what are you going to do to impel that, to restore that funding and confidence, given that at the moment, for example, I think we're about .47 per cent of GDP, half of that, for example, of the US. How are you going to improve that?

ARTHUR SINODINOS

The first point I'd make is that there have been cutbacks by governments of both persuasions over the years. But over this four-year period, spending is going up quite significantly. It will be in part driven by what we've done through the National Innovation and Science Agenda. The CSIRO, for example: we have its spending going up, it will have more jobs at the end of the next three or four years than we have today. We have Data61, which has been put together through an amalgamation of parts of CSIRO and what was called NICTA, which was the Information and Communications Technology group which was outside. And I've been to visit recently, Data61, again doing great work. There's a lot we can do. And the solution to every problem is not necessarily to spend more and more. You've also got to have judicious spending; and it's got to be smart spending.

JOURNALIST

Minister Sinodinos, the Prime Minister has praised you for establishing good Cabinet processes as Cabinet Secretary. But Tony Abbott actually said those processes were already in place under his government. Who is right?

ARTHUR SINODINOS

Well, look, I think we're both right in the sense that Tony is proud of his achievements as Prime Minister, and should be allowed to be able to go out there and praise that. I was proud of what I did as the Cabinet Secretary in my role at the political level to make sure that the processes of government were consultative, collaborative, and that there was appropriate confidentiality of what was going on – and that when ministers went in the room, they weren't

arguing over the facts, they were arguing over the principles of what decision they should make. So, I'm happy and grateful to the PM for giving me that opportunity; but I'm really happy and grateful that I've got a portfolio like this which gets me out there, meeting a lot of very smart people who are doing really great things for the country.

JOURNALIST

Senator, on the lips of many politicians is innovation and manufacturing. But for Bob Basic Australians, can you explain where these areas – where the money is going to be spent, what areas we will need to look into – where we will see innovation and manufacturing creating jobs for Australians?

ARTHUR SINODINOS

Well, if you come to an institute like this, you see that they are providing the means to do more work creating jobs in mining, manufacturing, transport, agriculture – across the board. In other words, the jobs will be across the board if they have the innovation mindset. And this also goes to the arts and creative industries. One thing to talk about that happened in Newcastle in recent years is the way the arts precinct, in the east of Newcastle in particular, has been expanding. And that attracts interesting, funky sorts of people to a place; and that's also a good way to get creative people to come together, and that adds to the buzz of the place. One thing that I said in my maiden speech was that we need to create global cities, where people and businesses can come and thrive. And they come to places which have got a buzz, and the arts and creative industries are part of that. With manufacturing today, scale is not necessarily the issue; because you've got 3D printing, you've got other ways of doing things. But you've also got – if you globally focus, the world can be your market. You don't have to be constrained just by the Australian market. So, I think there are a lot of areas where now it's ideas. With our heavy industry proposals around shipbuilding, for example, it's important we retain as much of that IP in Australia as possible – because when you talk to people in the industry, the IP becomes the basis of what you sell to the rest of the world, and how you provide a basis for exports. So, for us, intellectual property, ideas, they're the new minerals and energy resources. We love what we've got now – we love the coal, the iron ore. We build on that. But the new coal and iron ore are the ideas in the heads of Australians, including the students and PhDs and others roving around this campus.

JOURNALIST

Minister Sinodinos, can I take you to Mike Baird's shock resignation today? Clearly you belong in our state as a Senator, and you probably know him well. What's your take on it?

ARTHUR SINODINOS

A couple of things. First of all, let me congratulate Mike Baird on his decision – because it took a lot of courage to say, look, I'm at the height of my powers, I'm doing really well, but I'm prepared to take account of the other important people in my life. And in this case, he's mentioned his parents, whom I know reasonably well, and his sister who has been ill. And this is a principled, courageous man, a man of faith, who's been prepared to go and risk losing seats at an election to sell what some people said was an unpopular policy; and he's

a believer. So, he's someone who's going at the height of his powers. He will be missed, but he provides a great role model to people in politics, and I wish we had more Mike Bairds in politics. But the Liberal Party in New South Wales is quite talented. They've got a great Deputy in Gladys Berejiklian. There are others who may wish to put their names forward as well. But Mike, you will be sorely missed. You're a great New South Welshman and a great Australian.

JOURNALIST

Senator, what's your stance on human-influenced climate change? And, through your portfolio, how would you like to direct and shape policies towards that?

ARTHUR SINODINOS

Well, it's a good question because particularly in recent days – NASA and other agencies in the United States have confirmed that, again, 2016 was the hottest year on record, I think, coming on top of two other record years. Now, of course, in science, you have all sorts of hypotheses, and beautiful theories can be slain by ugly facts, but the fact of the matter is that the scientific evidence is clear about human-induced climate change; and our job, in our policies, is, as I alluded to before, to be able to provide energy security and affordability while continuing to address the issue of reducing greenhouse gas emissions. We've got our Paris target of a 26 to 28 per cent reduction by 2030. We're committed to that. My colleague Josh Frydenberg and others are developing a suite of policies in our review this year to make sure we can hit those targets while, at the same time, providing the energy security and affordability. That's become an issue because, as we saw in South Australia, as we make the transition to greater reliance on renewables, that has implications for the stability of the system. So, again, you've got to be able to walk and chew gum. You've got to be able to make the transition while assuring people that power will be available – we don't want blackouts – and it'll be available at affordable prices. Don't forget that since about 2009 in states like New South Wales, we had very large increases in power prices. For the first time, we had the term 'energy poverty' entering the lexicon, which was people who just could not afford to pay their energy bills. So we have to be able to do this in a smart way which meets all of those objectives.

JOURNALIST

If we could backtrack, sorry, back to Tony Abbott's response in regards to the Cabinet Ministry: do you think Abbott should have been included in the new Ministry?

ARTHUR SINODINOS

One of the lessons I've learnt over the years is that being in the Ministry is the Prime Minister's prerogative. So, really, that's a matter for the Prime Minister. The thing I will say is that, whatever role Tony Abbott is in, he continues to make a positive contribution to the Coalition and, through the Coalition, to the country.

JOURNALIST

I'll take you back as well, obviously in the new frontline role, some colleagues, I understand, have privately said they're concerned about some baggage – the ICAC, there was a backlash there. What's your response to that?

ARTHUR SINODINOS

Well, my response to that is that I was called as a witness of various deliberations of the ICAC, I gave my evidence, Operation Spicer reported, there were no findings against me, and I'm confident that would remain the case in the future. The point I would make is that the Labor Party sought to capitalise on this, at the same time as they have a leader in Mr Shorten who's one of the dodgiest people to be Opposition Leader – or, indeed, possibly Prime Minister of Australia. And he'd been through a Royal Commission where various of his associates, including Cesar Melham and Kimberley Kitching, whom he parachuted into the Senate notwithstanding dissent within his own parliamentary party, including having the remarkable prospect of his Shadow Attorney-General Mark Dreyfus threatening to resign – I think it's Mr Shorten who has questions to answer about his judgment and his capacity to do due diligence on his colleagues. And also, of course, he's associated with others who, during the election campaign and since have been charged with offences in relation to the seat of Melbourne Ports.

JOURNALIST

Further to that question, Senator, in regard to baggage, given that this reshuffle has all come about because of the former Minister's issue, and the perception of the public that they are tired of people either with baggage or having done something that they consider against the public interest, how mindful – how concerned are you about the public's perception of you being elevated into this role?

ARTHUR SINODINOS

Well, what I ask the public to do is to, I suppose, judge me on my performance, on my passion for getting the job done. I think this is a portfolio with real purpose; and if, at the end of it, as I said at the beginning of this press conference, I can demonstrate to people that I've made a difference in creating a real innovation ecosystem across the country, then people will say: well, this was a person who applied themselves to the right issues at the right time. Judge people on their performance. And may I also take this opportunity, though, to say in relation to the events of last week, that the Prime Minister, I think, showed real courage in embracing the option of having an independent authority that would ensure proper compliance with these issues around travel expenses and the like. It's something that some other politicians probably wouldn't have embraced or done. But Malcolm Turnbull was prepared to do that, and that's an earnest of his commitment to making sure the events of last week become a memory.

JOURNALIST

So judging people on their performance, the former Health Minister didn't do a good job?

ARTHUR SINODINOS

Look, I take this opportunity to wish her well. I know it's hard to go through the process of having stood aside and, in her case, having to resign the portfolio. My observations of her – we worked together on the Expenditure Review Committee and in other contexts, her contributions to Cabinet – I found her a diligent, forthright and honest person in dealing with the major stakeholders in the portfolio. And she's a person with a really interesting backstory – a pilot, a shearer's cook. She's resilient, she'll bounce back.

– ENDS –