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SITTING DAYS—2020

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FORTY-SIXTH PARLIAMENT
FIRST SESSION—FIRST PERIOD

Governor-General
His Excellency General the Hon. David John Hurley, AC, DSC, FTSE (Retd)

Senate Office Holders
President—Senator the Hon. Scott Ryan
Deputy President and Chair of Committees—Senator Susan Lines
Temporary Chairs of Committees—Senators Askew, Bernardi, Bilyk, Brockman, Brown, Faruqi, Fawcett, Fierravanti-Wells, Gallacher, Griff, Kitching, Polley, Sterle and Stoker
Leader of the Government in the Senate—Senator the Hon. Mathias Cormann
Deputy Leader of the Government in the Senate—Senator the Hon. Simon Birmingham
Leader of the Opposition in the Senate—Senator the Hon. Penny Wong
Deputy Leader of the Opposition in the Senate—Senator the Hon. Kristina Keneally
Manager of Government Business in the Senate—Senator the Hon. Anne Ruston
Deputy Manager of Government Business in the Senate—Senator Jonathon Duniam
Manager of Opposition Business in the Senate—Senator Katy Gallagher
Deputy Manager of Opposition Business in the Senate—Senator Kimberley Kitching

Senate Party Leaders and Whips
Leader of the Liberal Party in the Senate—Senator the Hon. Mathias Cormann
Deputy Leader of the Liberal Party in the Senate—Senator the Hon. Simon Birmingham
Leader of The Nationals in the Senate—Senator the Hon. Bridget McKenzie
Deputy Leader of The Nationals in the Senate—Senator the Hon. Matthew Canavan
Leader of the Labor Party in the Senate—Senator the Hon. Penny Wong
Deputy Leader of the Labor Party in the Senate—Senator the Hon. Kristina Keneally
Leader of the Australian Greens in the Senate—Senator Larissa Waters
Deputy Leader of the Australian Greens in the Senate—Senator Nicholas McKim
Chief Government Whip—Senator Dean Anthony Smith
Deputy Government Whips—Senators James McGrath and Slade Brockman
The Nationals Whip—Senator Perin Davey
Chief Opposition Whip—Senator Anne Elizabeth Urquhart
Deputy Opposition Whips—Senators Raff Ciccone and Malarndirri McCarthy
Australian Greens Whip—Senator Rachel Siewert

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</table>

Pursuant to section 42 of the Commonwealth Electoral Act 1918, the terms of service of the following senators representing the Australian Capital Territory and the Northern Territory expire at the close of the day immediately before the polling day for the next general election of members of the House of Representatives.

Chosen by the Parliament of Victoria to fill a casual vacancy (vice S Conroy), pursuant to section 15 of the Constitution.

Chosen by the Parliament of South Australia to fill a casual vacancy (vice N Xenophon), pursuant to section 15 of the Constitution.

Chosen by the Parliament of New South Wales to fill a casual vacancy (vice S Dastyari), pursuant to section 15 of the Constitution.

Chosen by the Parliament of Queensland to fill a casual vacancy (vice G Brandis), pursuant to section 15 of the Constitution.

Chosen by the Parliament of Tasmania to fill a casual vacancy (vice D Bushby), pursuant to section 15 of the Constitution.

Chosen by the Parliament of Victoria to fill a casual vacancy (vice M Fifield), pursuant to section 15 of the Constitution.

Chosen by the Parliament of New South Wales to fill a casual vacancy (vice A Sinodinos), pursuant to section 15 of the Constitution.

Vacancy created by the resignation of Senator Cory Bernardi on 20 January 2020.

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Pursuant to section 42 of the Commonwealth Electoral Act 1918, the terms of service of the following senators representing the Australian Capital Territory and the Northern Territory expire at the close of the day immediately before the polling day for the next general election of members of the House of Representatives.

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\(^{(2)}\) Chosen by the Parliament of Victoria to fill a casual vacancy (vice S Conroy), pursuant to section 15 of the Constitution.

\(^{(4)}\) Chosen by the Parliament of Queensland to fill a casual vacancy (vice G Brandis), pursuant to section 15 of the Constitution.

\(^{(5)}\) Chosen by the Parliament of Victoria to fill a casual vacancy (vice M Fifield), pursuant to section 15 of the Constitution.

\(^{(8)}\) Vacancy created by the resignation of Senator Cory Bernardi on 20 January 2020.
PARTY ABBREVIATIONS
AG—Australian Greens; ALP—Australian Labor Party;
CA—Centre Alliance; CLP—Country Liberal Party; IND—Independent;
JLN—Jacqui Lambie Network; LNP—Liberal National Party;
LP—Liberal Party of Australia; NATS—The Nationals;
PHON—Pauline Hanson's One Nation

Heads of Parliamentary Departments
Clerk of the Senate—R Pye
Clerk of the House of Representatives—C Surtees
Secretary, Department of Parliamentary Services—R Stefanic
Parliamentary Budget Officer—J Wilkinson
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<td>The Hon Scott Morrison MP</td>
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<td>Minister for Women</td>
<td>The Hon Marise Payne</td>
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<tr>
<td>Minister Assisting the Prime Minister for the Public Service and Cabinet</td>
<td>The Hon Greg Hunt MP</td>
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<tr>
<td>Minister for Indigenous Australians</td>
<td>The Hon Ken Wyatt AM MP</td>
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<tr>
<td>Assistant Minister to the Prime Minister and Cabinet</td>
<td>The Hon Ben Morton MP</td>
</tr>
<tr>
<td>Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development</td>
<td>The Hon Michael McCormack MP</td>
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<tr>
<td>Minister for Agriculture, Drought and Emergency Management</td>
<td>The Hon David Littleproud MP</td>
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<tr>
<td>Minister for Communications, Cyber Safety and the Arts</td>
<td>The Hon Paul Fletcher MP</td>
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<tr>
<td>Minister for Population, Cities and Urban Infrastructure</td>
<td>The Hon Alan Tudge MP</td>
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<tr>
<td>Minister for Regional Health, Regional Communications and Local Government</td>
<td>The Hon Mark Coulton MP</td>
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<td>Minister for Youth and Sport</td>
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Thursday, 6 February 2020

The PRESIDENT (Senator the Hon. Scott Ryan) took the chair at 09:30, read prayers and made an acknowledgement of country.

DOCUMENTS
Tabling
The Clerk: I table documents pursuant to statute as listed on the Dynamic Red. Full details of the documents are recorded in the Journals of the Senate.

COMMITTEES
Meeting
The Clerk: Proposals to meet have been lodged as follows:
Environment and Communications Legislation Committee—
private meetings otherwise than in accordance with standing order 33(1) today and Thursday 13 and 27 February and 26 March 2020, from 1 pm
public meeting on Monday, 10 February 2020, from 5.30 pm.
Environment and Communications References Committee—private meetings otherwise than in accordance with standing order 33(1) today and Thursday 13 and 27 February and 26 March 2020, from 1 pm.
Foreign Interference through Social Media—Select Committee—private meeting otherwise than in accordance with standing order 33(1) on Tuesday, 11 February 2020, from 12.30 pm.

The PRESIDENT (09:31): I remind senators that the question may be put on any proposal at the request of any senator.

BILLS
National Vocational Education and Training Regulator Amendment Bill 2019
Second Reading
Consideration resumed of the motion:

That this bill be now read a second time.

Senator FARUQI (New South Wales) (09:31): I rise to continue my remarks on the National Vocational Education and Training Regulator Amendment Bill 2019. We cannot talk about a future that is just and that deals with the climate crisis and not talk about vocational education and training. Over the last decade, we have seen a decimation of our world-class TAFE, with massive funding cuts, increasing fees and privatisation of the sector which saw the entry of shonky providers, and this disaster needs to be reversed. Our TAFEs are vital for people to be able to gain and regain the skills needed for this transition and transformation. This is good for individuals but it is even better for all of society. Failing to fund them properly is incredibly short-sighted, and it's destructive, yet we've seen TAFE being slowly destroyed by the government's neglect, lack of funding and privatisation.

On vocational training the government says one thing and does another. They say they want to encourage people into trades, but then they underfund skills training by tens of millions of dollars. Labor and Liberal just recently teamed up to strip $4 billion from TAFEs and universities by abolishing the Education Investment Fund. Combined with this chronic underspend in skills funding, TAFE and their students are being starved of resources. Data shows us that student numbers have dropped by two per cent and that training hours are down by six per cent at a time when we are meant to be addressing the skills crisis and the jobs shortage. The motivation for the deliberate decimation of TAFE by state and federal governments is no mystery: they are ideologically opposed to the very principle of lifelong public education, particularly when there's a buck to be made for their friends and donors in for-profit education corporations by directing public funds their way.

The Greens are, and always will be, very proudly the party of public education. We are proud to support our TAFEs. The Greens have a plan to rebuild TAFE as the vocational training provider of choice for students. We will remove the Gillard-era contestable funding requirements and make TAFE and uni free for all, removing private for-profit providers entirely from federal funding of vocational training and giving as close to 100 per cent of federal training funding as possible to TAFEs. This is the bold vision that we need for our vocational educational training in Australia.
Senator O'SULLIVAN (Western Australia) (09:34): I rise to speak on the National Vocational Education and Training Regulator Amendment Bill 2019. This bill seeks to improve the efficiency and effectiveness of the Australian Skills Quality Authority, known as ASQA, without significantly increasing the regulatory burden on prospective or current registered training organisations. A more efficient and effective assessment of our vocational education and training sector will ensure higher standards and better prepare those who undertake vocational training for their future endeavours.

The genesis of this change comes from two independent reviews: Professor Valerie Braithwaite's *All eyes on quality* review of the National Vocational Education and Training Regulator Act 2011 and *Strengthening skills: expert review of Australia's vocational education and training system*, by the Hon. Steven Joyce. These changes are part of the government's $18.1 million commitment to support and reform the national VET regulator, including improving engagement with the sector, ensuring that its regulatory approach is more effective, and ensuring better outcomes for students.

The bill includes a number of provisions to improve the efficiency and effectiveness of regulation in the sector, and I'm proud to be part of a government that has such a strong focus on ensuring that our vocational education system is robust and student-focused. This bill will strengthen registration requirements for the sector by requiring training organisations to demonstrate commitment and capability to deliver quality training. This will ensure that enrolling students are confident in the education they are enrolling to receive.

Further, this bill will clarify that standards in relation to VET accredited courses are ongoing standards and that these standards must be met throughout the entirety of registration. This will ensure that standards do not slip after initial registration while ensuring that the overall regulatory requirements are not onerous or burdensome. Electronic data sharing will be facilitated with prescribed bodies, making it easier for students to move courses and to pick up where they left off if life gets in the way of their studies. Further to this, data sharing between ASQA, tuition assurance scheme operators and the National Centre for Vocational Education Research will be streamlined. This is going to reduce double handling and make the whole system more efficient. This in turn will mean that TAFEs and vocational education providers can spend more time focusing on students and less time on red tape compliance and data management. This is something that all stakeholders have been calling for. It will ensure that provisions in relation to written undertakings given to ASQA by registered training organisations are clarified so that they can apply to all requirements of the National Vocational Education and Training Regulator Act.

Further, the bill will, importantly, provide the minister with the power to issue a direction to the regulator regarding the performance of its functions and exercise of its powers. This will ensure that the buck stops with the minister and that the minister has the power to intervene should things get out of hand or require intervention. It also provides a way, if necessary, to ensure that directives are carried out without being held up by step-by-step regulations. The bill also contains technical amendments that will streamline arrangements for commissioners and modernise corporate reporting requirements. This will bring the sector into line with expectations and allow it to be more responsive, adaptable and innovative.

The bill will also enable the Secretary of the Department of Education, Skills and Employment to release information to the public about training by registered training organisations and the outcomes and experiences of students attending registered training organisations. Feedback from employers of different RTOs will also be released. This will ensure full sector transparency and will allow prospective students to be fully informed about the quality of education they are likely to receive. Feedback from employers will be particularly useful, as the end goal of training should be to gain meaningful and rewarding employment.

The bill will also increase transparency of audit outcomes through the public release of audit reports by the regulator. This, again, will increase transparency and allow students and trainees to make an informed decision in relation to the training they undertake. These changes will act as a kind of market mechanism, weeding out underperforming and poorly run RTOs, and will ensure that new providers are not entering a market that is a certificate farm and that sees students more as a cash cow.

We are working on and fixing Labor's failed VET FEE-HELP scheme. Since 2016, over 66,500 students have had VET FEE-HELP loan debts of over $1 billion re-credited by the Commonwealth. Under Labor's disastrous VET FEE-HELP scheme, dodgy providers flourished and students were systematically exploited. They signed up and accumulated huge debts for training packages that were never delivered.

Some stakeholders have raised the potential for ASQA's release of audit papers to have a negative impact on the sector and have queried whether they're suitable for the public domain. So, through earlier consultations with the states and territories on this matter, care has been taken in this bill by this government to ensure that ASQA is not immediately required to publish audit reports once the amendments in the bills commence. Although more
transparency is always a good thing, with the introduction of this legislation we do not want to see a rush to drastic reform and risk leaving behind or disadvantaging any providers. The government will work with stakeholders to identify appropriate information to include in published reports and will ensure that audit reports will not be published until after this consultation phase.

In October 2019, the government announced a rapid review of the Australian Skills Quality Authority, with a focus on the regulator's governance, policies and culture. This is complementary to these proposed legislative changes. The review is due for completion in March this year and will inform an ongoing program of reform to enhance ASQA's educative role and quality improvement approach. This will continue to support effective, modern regulation into the future, and the government will ensure that we have further announcements on the reform of ASQA in the future.

Further, some stakeholders have raised concerns that the amendments allowed for RTOs' registration to be cancelled with immediate effect. I want to put those concerns to rest, because this is not correct. The amendments in this bill do not change the natural justice requirements in the existing National Vocational Education and Training Regulator Act. These provisions provide certainty to RTOs by guaranteeing that providers are notified of ASQA's intention to cancel, and provide time for RTOs to respond to the notice. The amendments provide ASQA with flexibility and discretion in determining when cancellation takes effect. This is designed so as to minimise the impact on students. The last thing we want to see is students leaving part-way through a course and being left high and dry, with no benefit from their investment. For example, it may be appropriate to allow a provider to continue operating for a period while its enrolled students complete their training, or to arrange for them to transfer to another training provider with full course carry-over credits.

This government is committed to the vocational education sector. We are a party that wants to see people get ahead—the quiet, aspirational Australians. We want to give them the opportunity to do that. Nothing says 'aspiration' more than investing in yourself through education. In the financial year 2019-20, we are investing over $3 billion in vocational education and training. This includes $1.5 billion given to the states and territories every year through the National Agreement for Skills and Workforce Development. We are spending $1.5 billion to fund the government's own skills programs, including employer initiatives and support for apprentices, with a particular focus on regional employment, and $175 million is going to the states and territories via the Skilling Australians Fund, to support increased apprenticeships and traineeship numbers, again with a focus on regional employment.

We are the party of education, at all levels. We have introduced VET student loans so that students can access financial support in order to gain their qualifications, safe in the knowledge that they will not be ripped off. This amendment seeks to continue to strengthen the sector. I look forward to voting for this amendment and I commend it to the Senate.

Senator CASH (Western Australia—Minister for Employment, Skills, Small and Family Business) (09:44): I rise to sum up debate on the National Vocational Education and Training Regulator Amendment Bill 2019. In doing so, I thank all colleagues who have contributed to the debate on the bill.

The bill will ensure that the national VET regulator, the Australian Skills Quality Authority, otherwise known as ASQA, is positioned to safeguard and enhance the reputation and integrity of Australia's vocational education and training sector. Last year the government committed $18.1 million to support reform of ASQA. These reforms will ensure that regulation of the VET sector is transparent and effective and is aligned with the modern best practice models of governance and engagement. The bill is the first step of changes to ASQA which respond to recommendations from the 2018 Braithwaite review into the regulator's primary legislation and the 2019 Joyce review of VET to ensure the legislation is fit for purpose.

The bill supports ASQA's move towards transparency, ensuring it is a balanced regulator that builds quality and capacity in the VET sector. These measures ensure ASQA has the necessary powers to regulate registered training organisations and ensure only those RTOs genuinely committed and adequately resourced to deliver our quality training to students are allowed to operate. Improved transparency of regulatory actions will occur with the public release of RTO audit reports once an appropriate format for these reports has been consulted on and agreed. This important measure will improve VET sector confidence in the ability of the regulator to make appropriate, consistent and proportionate regulatory decisions.

Expanding information entered on the publicly available national register and enabling ASQA to share information electronically with others responsible for administering laws relating to VET will assist students to make informed enrolment decisions and provide employers with better information about training quality. Further technical amendments in the bill support ASQA to be a more responsive, efficient regulator and facilitate improved engagement with the sector.
ASQA will have powers to use enforceable undertakings to take action against an RTO where it deems an undertaking is more effective. This aligns it with similar powers of other regulatory regimes. Additionally, ASQA will have powers to stay the legal effect of regulatory decisions if an RTO seeks an internal review. This provides flexibility to support training delivery so that students' studies are not interrupted during a review.

The bill will also enable a simpler and faster-acting appointment process for ASQA commissioners. The minister will have the ability to appoint a commissioner to act as deputy chief commissioner during a vacancy or whilst the deputy commissioner is absent from duty. This is not currently available under the act. As a result, the deputy or acting deputy chief commissioner will automatically act as the chief commissioner where there is a vacancy in the position of chief commissioner. Further, the minister may appoint an acting commissioner, ensuring ASQA can continue to operate effectively and with a quorum.

The Morrison government is committed to ensuring the continuous improvement of Australia's skills and training sector, and a strong, responsive, transparent VET regulator is essential to our commitment. I commend the bill to the Senate.

Question agreed to.

Bill read a second time.

Third Reading

The DEPUTY PRESIDENT (09:48): There is no committee stage. I call the minister.

Senator CASH (Western Australia—Minister for Employment, Skills, Small and Family Business) (09:49): I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

Financial Sector Reform (Hayne Royal Commission Response—Protecting Consumers (2019 Measures)) Bill 2019

Second Reading

Consideration resumed of the motion:

That this bill be now read a second time.

Senator KITCHING (Victoria) (09:49): The Financial Sector Reform (Hayne Royal Commission Response—Protecting Consumers (2019 Measures)) Bill 2019 has been a while coming. It took the government 27 starts before it voted for a royal commission, and it seems to be taking it a commensurately long time to implement the recommendations of that royal commission. This bill finally implements four of the government's long list of unmet commitments from its response to the banking royal commission. This bill, when it finally passes the parliament, will bring the government to a grand total of 10 out of the 76 recommendations with the actions completed.

This bill does three things. Schedule 1 of the bill extends unfair contract term laws to cover insurance contracts. Schedule 2 of the bill brings funeral insurance into the general financial consumer protections regime. And schedule 3 of the bill introduces a best-interest duty for mortgage brokers and provides for regulations to reform mortgage broker regulation. I will step out the effect of each of these changes and why they are important.

Schedule 1 of the bill brings insurance contracts from the Insurance Contracts Act 1984 into the unfair contracts regime established under the ASIC Act. This is important because of the widespread use of standard form contracts by many businesses. These are essentially used on a 'take it or leave it' basis. I need to be clear. Although this is a reasonable business practice, it leaves customers with no power to negotiate with businesses if elements of a standard form contract are unfair. This is why Labor introduced the unfair contract terms regime in 2010, to protect consumers from exploitation and unfairness. Under the regime, terms in standard contract terms are nullified if they are found to be unfair, but until now insurance contracts have been exempt from this regime.

This has been highlighted as an issue for a while now. Commissioner Hayne, in his final report back in February, recommended that unfair contract terms be extended to cover insurance contracts. It was recommendation 6 of the Australian Competition and Consumer Commission's interim report into northern Australian insurance in 2018. It was recommendation 3.1 of the 2018 Parliamentary Joint Committee on Corporations and Financial Services bipartisan report into the life insurance industry. It was recommendation 11 of the 2017 Senate Economics References Committee's inquiry into the general insurance industry. And it was proposal 10 of the 2017 Australian Consumer Law Review.
There are some clear indications of harm. A 2012 government report estimated that, from available data on insurance claims, the detriments faced by customers as a result could be up to $10 million per annum. Since 2012 we have only seen the number and intensity of floods and bushfires increase. Australian insurance customers have suffered at least $20 million in detriments from unfair contract terms, and there has been report after report recommending that this government take action on this issue.

There is a clear question of priorities, of course, as well. Why has the government delayed introducing this legislation? I guess it’s better late than never. The new law will bring insurance contracts into the unfair contract terms regime, but there are some sensible further refinements to address the unique issues relating to insurance contracts. Terms that define the main subject matter of an insurance contract will be excluded from the regime. Terms determining the upfront prices, excesses and deductibles will be excluded where they are disclosed in a transparent manner. And the duty of utmost good faith will continue to apply to insurance contracts. These refinements will ensure that insurers can offer insurance contracts with the knowledge necessary to set prices and assess risks, while consumers are protected by the new features of the regime.

In relation to funeral insurance, schedule 2 of the bill ensures that consumer protection provisions of the Australian Securities and Investments Commission Act 2001 apply to funeral expenses policies. The amendments do not impact the treatment of prepaid funerals, which continue to operate as funeral benefits. Some of the most distressing stories arising from the royal commission were in relation to funeral insurance. Labor welcomes this change. Commissioner Hayne was searing in his condemnation of so-called funeral expenses policies.

We also need to recognise the particular importance of Aboriginal and Torres Strait Islander people living in remote and regional Australia who are likely to purchase funeral insurance. The story of the so-called Aboriginal Community Benefit Fund is particularly extraordinary—a for-profit funeral insurance company that was neither run by Indigenous Australians nor run for their benefit or the benefit of their communities. This company, now trading as Youpla Inc., sold funeral insurance products to Indigenous Australians which lead to them paying more in premiums than their families could ever potentially claim in benefits. This company until recently had a direct relationship with Centrelink's Centrepay system, allowing them to deduct premiums directly from Centrelink payments. This company built a business model on exploiting the genuine desire of Indigenous Australians to ensure that their families were not left penniless at their passage. While Labor welcome the amendments in this schedule and see that they will put an end to a particularly sorry business model, we want to ensure that the approximately 19,000 policyholders who bought funeral insurance products in good faith are not left in limbo.

Schedule 3 of the bill introduces a best-interests duty for mortgage brokers that will ensure the consumer's interests are prioritised when a mortgage broker provides credit assistance. This will mean that a duty will apply in relation to the provision of consumer credit assistance. The policy also provides a regulation-making power to regulate mortgage broker remuneration. The draft regulations set out by the government require that the value of upfront commissions be linked to the amount drawn down by borrowers instead of the loan payment, ban campaign and volume based commissions and payments, and cap soft dollar benefits. Further, the period over which commissions can be clawed back from aggregators and mortgage brokers will be limited to two years, and passing on this cost to consumers will be prohibited.

We support these reforms and note that the Productivity Commission has found that the competitiveness of Australia's home loan market is now dependent on mortgage brokers. It will be important to ensure that these reforms work as intended. I note that the government has committed to a review of the mortgage broker reforms in three years time and yet this commitment appears nowhere in the legislation. While Labor will not be blocking passage of this bill, we will be working hard to ensure that this review takes place as promised.

Senator WHISH-WILSON (Tasmania) (09:57): I start by saying how glad I am that we’re now receiving some legislation directly from the Hayne royal commission into financial services. The Greens worked very hard over nearly five years to get that royal commission up. I understand that this government is planning to bring before both the House and the Senate up to 42 pieces of legislation that directly relate to the recommendations of the Hayne royal commission.

I also add for anyone interested in this that a large number of bills were brought before both the Senate and the House prior to the royal commission. We were aware of many problems in the financial services sector, dating back to some of the original inquiries I was involved in from 2013, and this house legislated some significant reform. I pay credit to Kelly O'Dwyer and other ministers who had been active over this time. We didn't feel like it was enough, though. We wanted a full, independent inquiry into much of what the Senate and the senators who attended the various Senate inquiries had heard. We wanted a royal commission that had investigative powers, that had resources, that had adequate time and that had broad enough terms of reference to deal with some of the structurally inherent problems in the financial services sector.
The royal commission uncovered much that shocked the nation. Senators attended the many Senate inquiries and heard from victims of financial crime. Many of the victims have been in constant contact with my office over many years, as they have been with other senators' offices. I acknowledge Senator Williams's contribution to this debate and Senator Dastyari's contribution to getting a royal commission up. This was a team effort across all political parties. In the end even Senator O'Sullivan—and I will utter his name in this chamber—played an important role in finally getting the Hayne royal commission up. It is good to see this Financial Sector Reform (Hayne Royal Commission Response—Protecting Consumers (2019 Measures)) Bill 2019 before us today. I look forward to speaking to many bills in this place.

I will be brief in my contribution today. The terms 'best interests obligations' and 'conflicted remuneration' have been debated ad nauseam in this chamber since at least 2010. Labor brought in the future of financial advice laws, which was a very large reform, trying to stamp out conflicted remuneration. But, as we found out with the government's attempt to water down the FOFA laws, things did slip the net. One of the things that slipped the net was conflicted remuneration within the mortgage broking sector. That was focused on by the Hayne royal commission. I was very proud that the Senate was able to avoid watering down the FOFA laws that were brought in by Labor in 2012, but this was missed in the original legislation. It's high time to try and crack down on it. We want to make sure that this bill applies to all commissions received by mortgage brokers. I'll have some questions to ask on that if we go into committee stage. We want to make sure that mortgage brokers are stopped from receiving conflicted remuneration of any sort. We know that with the attempts to water down the FOFA laws there were some new catchphrases thrown in, like a checklist approach. Rather than perhaps commissions being paid or remuneration that might have been conflicted, employees were going to be remunerated in other ways from the bank. Either way, you had to look at where the incentives lined up as to whether employees would have actually been conflicted in their financial advice.

We want to know whether mortgage brokers will still be able to be paid commissions by landowners for facilitating property sales—I have just received advice from the Parliamentary Library in relation to that—and whether mortgage brokers have to disclose conflicted remuneration received from landowners facilitating property sales.

One thing that does concern me is that some mortgage brokers are still owned by banks, so they're vertically integrated within the banking structures. One thing that did disappoint me from the Hayne royal commission was that the Greens, my office, made a 96-page submission to the commissioner in the final stages of the royal commission, putting forward recommendations we would like the commission to look at, including breaking up the banks, looking at the vertically integrated business model. In the years that we were looking at this, we didn't believe it was possible to totally stamp out conflicted remuneration or some of the bad behaviour, the profit based culture that had permeated this industry and has caused so many problems, while the banks were totally vertically integrated. Interestingly enough, many have gone down the voluntary road of breaking up their vertically integrated business model, even without the government having to step in. They've decided that, for various reasons, it's too hard for them. Nevertheless there are still banks that, when a customer walks in and speaks to the teller, are happy to try and sell everything to them. That's still an ongoing issue.

In addition to the new best interests obligation, this bill requires mortgage brokers to resolve conflicts of interest in the consumer's favour. It sounds pretty logical. You would hope that that would have always been the case, but we heard many examples where it wasn't. In particular, if the mortgage broker knows or reasonably ought to know that there is a conflict between the interests of the consumer and the interests of the broker or a related party, the mortgage broker must give priority to the consumer's interest. This requirement is based on section 961J of the Corporations Act, which places an equivalent obligation on financial advisers.

That obligation, to give priority to the consumer's interests, is not limited to conflicts of interest that mortgage brokers currently know about. Mortgage brokers are expected to take active steps to identify all conflicts of interest covered by section 158LB to minimise the risk of a contravention, including obligations that can arise because of their commercial relationships with third parties. I'm not quite sure how that applies to a mortgage broker that is owned by a bank, if that is integrated within that organisation—whether they would even be classified as a third party. For example, if a mortgage broker has referral arrangements for the real estate agent, such that they are an associate, then the broker would need to consider the conflicts that could arise and ensure that they give priority to the interests of the consumer over their own interests—mostly their remuneration—or the interests of the real estate agent.

What constitutes reasonable steps will vary from case to case, according to the content of the obligation. Failure to take reasonable steps would include a failure to respond to or address identified problems that create a risk of a contravention—that is, licensees will need to act to prevent contraventions of the law and not simply respond to contraventions once they have happened. The reasonable steps are still open to interpretation.
The Greens have a very strong view that banking is an essential service. It's not a get-rich-quick scheme like it has been in this country and other nations for many, many years. Since banking has been deregulated in Australia, households have been carrying more risk. We've seen rising economic inequality, and we strongly believe that returning banking back to basics with strong government regulation and intervention to protect customers and improve stability is crucial. I think the Hayne royal commission's uncovered a shocking degree of rot within the foundations of the Australian banking and financial system. We're now one of the most heavily financialised economies in the world, with an enormous pool of money that creates enormous opportunity for fraud, for bribery, for misconduct and for pushing people into dodgy products and other systemic abuses of customers that this sector is supposed to serve. Let's have no doubt at all that the regulation that is before us today—and the other legislation coming to the Senate: the other 41 pieces of legislation, if that reporting is accurate—is designed to fix a systemic problem.

I remember asking a question of the late—sorry, I shouldn't say 'the late'; of former Senator George Brandis—

Senator Scarr: He's still alive!

Senator WHISH-WILSON: who's still alive, I understand!—in question time back in 2015 about some of the misconduct that we'd seen, and he very famously replied to me that it was just a few bad apples, which of course we'd all heard before, and how dare I insinuate that people who worked in banks were somehow criminal. That wasn't what I was insinuating, but I was insinuating that there are structural conflicts of interest within the banks and within these business models that over time have led to a culture and a cultural problem of profits before people. Of course we've seen the wash-up of that. Anyone who attended the Senate inquiries and heard from the hundreds of victims who had lost their homes, livelihoods and even their lives because of the way they'd been treated by financial advisers, the banks and other financial services companies would want to do something about it. I'll be watching with interest to see other legislation that comes before this place, and the Greens will be supporting this bill.

Senator RENNICK (Queensland) (10:08): I rise today in support of the Financial Sector Reform (Hayne Royal Commission Response—Protecting Consumers (2019 Measures)) Bill 2019. All 76 key recommendations from the 2019 Hayne royal commission were directed towards resolving specific issues of negligence and institutional misconduct, and addressing the negative impact on public confidence in Australia's banking and financial services sector. Of the 76 reform recommendations, 54 were directed to the government, 12 to the financial regulators and the remaining 10 to the industry to implement.

The Morrison government has made it clear that it will take action on all 54 government recommendations and has announced a further 18 commitments to help address the issues raised in the commissioner's final report. The government is on track to meet these commitments and take action on the commission's recommendations.

This bill is part of the Morrison government's strong commitment to take action to better protect consumers and regain public confidence in our financial sector. Specifically, this bill seeks to address concerns identified by the royal commission within the mortgage broking industry—in particular, issues that limit confidence in professional standards and cause criticism of established remuneration structures.

The government is also addressing royal commission recommendations 4.2 and 4.7 with respect to the application of unfair contract terms within the Australian Consumer Law and the unethical approach that has been identified by the royal commission regarding funeral insurance. Funeral insurance policies have been found to unfairly target at-risk Australians by selling policies that hold little to no value in many circumstances. Commissioner Hayne revealed that poorer, less well-educated Australians are typically the ones most likely to be entangled in overpriced, often meaningless contracts with funeral insurers.

The recent banking royal commission highlighted a particular insurance fund, the Aboriginal Community Benefit Fund, that was found to have over two-thirds of its funeral insurance policyholders under the age of 30. It was also found that over a third of their policyholders were under 15 years of age. You can't help but ask the question: why are so many people under 30 being sold funeral insurance, let alone children under 15? This is quite obviously a rort. Clearly, their premiums will exceed any possible payout, leading to undue financial hardship for these families. This is simply unacceptable, especially from an industry that, in many cases, is supposed to provide protection for families struggling with the prospect of high funeral expenses.

The Morrison government has committed to protecting these vulnerable Australians. The current framework of the Corporations Act has allowed these companies to be exempt from the scrutiny of the Australian Securities and Investments Commission. By amending the definition of 'financial services' within the Corporations Act, this exemption will be repealed to better ensure that Australians receive fair and equitable service from funeral insurance providers.
To further implement recommendation 4.2, this bill also removes any ambiguities within the ASIC Act that may currently exist to confirm beyond doubt that insurers will not be given a free pass. With respect to recommendation 4.7, the government will also implement a long-overdue addition to the unfair contract terms to now include all insurance brokers. There is simply no sound basis, in legal principle or in business, to suspect that an insurer would suffer an increased burden should they be included under such terms. The only negative consequence for any insurer will be if their claims are not being settled efficiently, honestly and fairly. And if that were the case, such a situation should not be tolerated by the insurance industry or by Consumer Law. By enacting this recommendation, it is a priority for this government to ensure that consumers and small business can renew their insurance policies without fear of being subjected to unfair contractual obligations.

Small business and consumers alike can rest easy knowing that the Morrison government is holding insurance brokers accountable by ensuring that they conduct their business in an open, fair and efficient manner that is fit for purpose. Australians can be assured that their financial commitments—whether they are small-business ventures or loans obtained to purchase a house or a car—will be treated with the utmost care and to the highest standard of professionalism and confidence.

For years, mortgage brokers have been able to act in their own interests, interfering with the best interests of their clients. It must be acknowledged that many brokers do act in the interests of their clients and without the need for purpose-built legislation to rein in bad behaviour. Unfortunately, the evidence of the royal commission made it quite clear that some within the industry have taken advantage of the system. As Liberals, we believe in reducing government regulation, in reducing red tape and in reducing government interference in the private sector. However, it is clear from the findings of the financial services royal commission that this industry requires immediate legislative boundaries in order to ensure better consumer outcomes.

In practice, the proposed 'best interests duty', defined by law as a legal obligation to ensure that the best interests of the clients are to be upheld, should already be the foundations of the mortgage broker's business. I do commend those brokers who already apply this framework. However, it is clear that this is not always the case. As I'm sure even the opposition will agree, this obligation must be front and centre to assure the Australian consumer that they are receiving the best advice for them, rather than the advice which best fills the broker's pocket.

An established duty of care is already in place for many professionals, such as doctors, teachers and construction contractors. They all must act in the best interests of their patients, students and clients, as required by law. Why should mortgage brokers be any different? After all, a home loan is one of the biggest financial commitments Australians make during their lives. It should rightly be expected that such a commitment, when guided by experts, would be dealt with professionally. It is hardly unreasonable to apply the same standard to mortgage brokers as the law applies to countless other professionals.

There is almost universal support for this proposal across the industry. Key mortgage brokers and lenders have all accepted a legally imposed duty of care as a welcome change that will work hard to regain consumer confidence. Striking the right balance with the mortgage broking industry is made all the more difficult by the currently conflicted remuneration structures. This government aims to eliminate the negative effect of such payments to better ensure that Australians receive the best quality advice. To this end, all campaign and volume based commissions, incentives and payments will be banned by this bill. It is the role of a mortgage broker to be impartial as to the product or lender that he or she recommends. While such payments continue to exist, this impartiality comes under pressure. Broker recommendations under existing commissions are likely to be made irrespective of the client's interests in order to maximise financial advantage for the brokers.

This government is committed to ensuring that conflicted benefits, whether monetary or not, are not made or accepted by brokers and lenders. This provision acts on recommendation 1.2 of the Hayne royal commission report. The government notes that trailing commissions have also been called into question by the royal commission. However, based upon a significant body of advice from industry experts, it has been determined that the best course of action is to hold off on such changes due to potential worker distortion and associated unintended consequences. It is not in the interests of this government nor the Australian people to see the mortgage broker industry crumble. There are approximately 16,000 mortgage broking businesses in Australia employing over 27,000 people who collectively offer invaluable cost-effective advice to a great many Australians.

The industry review that the government has proposed is to take place in three years and will look at all remuneration structures for mortgage brokers, including trailing commissions, to better determine the effect on the industry and the likely impact on consumer protection standards. The Morrison government wants to ensure that the mortgage broking industry survives and prospers. We do not want to cripple an entire industry with sudden large-scale changes piled on top of each other all at once. This government prefers a process by which the industry is given time to adapt to newly implemented changes. Following a review process, future changes can then be fully considered and properly evaluated as standalone propositions and integrated into the industry, if necessary,
without unreasonable or perverse consequences. The Morrison government respects all recommendations of the royal commission and has also heard the concerns of mortgage brokers. We listened and now we have acted.

It is the government's view that an unbiased review process in three years should be conducted into these matters. The review process will consider the impact that the currently proposed legislation will have on the industry. It will also determine whether changes to trailing commissions and the introduction of a 'borrower pays' remuneration structure are sustainable or even desirable. The government would not want to see sound mortgage broker advice become a commodity that only the rich can afford. We acknowledge the hard work and dedication of a majority of mortgage brokers in providing a high-quality, cost-effective service. This bill simply reinforces what many in the industry already practise, and this bill further highlights the government's commitment to restoring consumer confidence in our banking and financial service industry by assuring Australians that they will receive fair, ethical and efficient consumer service.

The Morrison government is confident that the measures contained in this bill constitute much-needed reforms to directly benefit all Australian buyers, borrowers and homebuyers. I commend the bill to the Senate.

**Senator McCARTHY** (Northern Territory—Deputy Opposition Whip in the Senate) (10:18): Labor is supporting this bill, as previous speakers have detailed, but there are valid concerns about the implications for thousands of Aboriginal and Torres Strait Islander people who have signed up for funeral cover under the Aboriginal Community Benefit Fund. I'd like to bring this to the attention of the Senate because I think, Minister, it's enormously important that these stories of First Nations people are heard here and placed on the record. Certainly, in terms of my constituents in the Northern Territory and, indeed, right across Australia, I would like to see a profound effort to look at the concerns that I'm going to raise in my speech.

Schedule 2 of this legislation extends consumer protection provisions of the ASIC Act 2001 to cover funeral insurance policies. The interim report of the Hayne royal commission identified a number of issues with funeral insurance—in particular, the sale of funeral insurance products to First Nations people. Recommendation 4.2 from the royal commission interim report proposed removing the exemptions for funeral expenses policies. It says the law should be amended to remove the exclusion of funeral expenses policies from the definition of 'financial product' and put, beyond doubt, that the consumer protection provisions of the ASIC Act apply to funeral expenses policies. There is a history of vulnerable people being targeted and exploited by dodgy selling practices when it comes to funeral expenses policies.

I will digress a bit to give you an example from across the Northern Territory. We have over 200 remote communities, and our death rates are so enormously high. We're obviously going to hear more about that next week from the Prime Minister and the opposition leader to the parliament in the *Close the gap* report. In terms of funerals, in lots of communities—we have over 100 Aboriginal languages—there is sorry business at some place, or more than one place, across the Northern Territory every week. Sorry business is where someone has passed away or where those who are sick, usually on renal dialysis or with other health complications, choose to go back home because they want to be on country. The costs involved in holding funerals in these places across remote regions of Australia are enormously high, like in the protection of the body in a morgue. A lot of the morgues are not in these communities, therefore places like Alice Springs, Tennant Creek, Katherine and Darwin and Nhulunbuy become the focus. Places in Arnhem Land that cannot hold bodies have to work out places in the wet season to fly their loved ones in. The cost, just of burial, is extremely high in those remote places.

The Hayne royal commission heard some disturbing and, quite frankly, sickening examples of how First Nations people have been targeted by companies, with some having what can only be described as dodgy selling practices. I would go so far to say it's worse than dodgy. It is certainly about greed. It is certainly about an uncaring position towards those who are enormously vulnerable in Australia.

It must be remembered that First Nations people have lower life expectancy, higher morbidity rates and a high risk of life-threatening illness. We spend a lot of time at funerals. I'm constantly involved with families and constituents across the Northern Territory with some aspect of sorry business. Just over the Christmas and New Year break we were remembering a number of family members for people in Arnhem Land, in Gulf Country and also in the Wadeye region, the west of the Territory. Too much time and too much money from the First Nations community is spent in the death industry. It's something this Senate could actually have a really good look at.

I mentioned the cost of having funerals, but there are other additional costs that come in when relocating loved ones from the hospitals or morgues in Darwin, Katherine, Tennant Creek, Alice Springs and Nhulunbuy. There are questions of costs, like: will they fly their loved ones or will they come by road? What about in the wet season when some of those roads are cut? Then we have issues with particular places like Borroloola, where my family come from. For the other communities that do have morgues, when the power goes down—when technology goes
down due to flooding or any other circumstances—there is a roll-on effect on the cost. And then there is the emotional wellbeing cost to families in how to deal with the loss of a loved one.

If I can just reflect on my clan system with the Yanyuwa Garawa people: when someone passes away a couple of things come into place. The first thing is the respect of that person who's died. We can't say their name. In my language we call that person 'mudinyi'. 'Mudinyi' means that person has passed away and we can't say their name anymore. We follow that respect right up to the burial of the person.

For many families, the burial of a person can take up to three months, before they can actually have the funeral. So, the sorry-business period is from the immediate moment that a loved one dies to when the loved one is buried.

If, financially, people have been unable to afford the cost of a funeral, afford the cost of transporting a body by plane or by vehicle, then to also have to pay the cost of a coffin—all these things are considered in that period of sorry-business mourning.

Sometimes in Arnhem Land that can blow out to six months. If you talk to some of the hospitals in the Northern Territory, they will tell you that they've had bodies in there for many, many months. This is unfortunately the reality of First Nations people, particularly in the Northern Territory, and I'm absolutely certain that it's replicated in Far North Queensland and certainly in the far west of Western Australia, and possibly across the country. Again, the Senate needs to be able to examine just what is going on in this space of sorry business and death.

The Hayne royal commission clearly outlined and made some very real comments about the efficacy—or lack of efficacy—of the Aboriginal Community Benefit Fund, and I do want to speak very clearly about that, and the absolute need for the government to make sure that the people who have invested in that scheme, and we know that there are thousands of those people, are not disenfranchised because of the passing of this bill and the potential for organisations to fall over. My colleagues in the other place have written to the minister drawing his attention to the 19,000 people who have invested in the Aboriginal Community Benefit Fund over many years. They invested in good faith and should not be left out of pocket, disadvantaged because of this legislation.

I would also say that more needs to be done to prevent all Australians and in particular First Nations people in remote areas from being fleeced by very, very expensive funeral plans. I believe we need to look at the overall expenses and the profits being made by the industry that surrounds death. People should not be exploited at one of the most vulnerable times of their lives.

**Senator ASKEW (Tasmania) (10:27):** I take this opportunity to make a brief contribution on the Financial Sector Reform (Hayne Royal Commission Response—Protecting Consumers (2019 Measures)) Bill 2019. This bill is further proof that the Morrison coalition government is continuing to fulfil our commitment to taking on all 76 recommendation of the Hayne Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. During his speech to the Victorian Chamber of Commerce and Industry in Melbourne on 19 August 2019, the Treasurer announced the implementation roadmap, which set out how the government would deliver on its comprehensive response to the commission's recommendations. At that point the Treasurer indicated that we had already started to implement some of our commitments, and I will quote from that speech, noting that the date is 19 August:

**Implementation is already substantially under way**

The Government has made significant progress in implementing its response. We have already implemented 15 of our commitments, 8 of which relate to Commissioner Hayne's recommendations and 7 to our additional commitments. We have 24 streams of work under way.

Further, he went on to say:

Commitments already implemented include:

- Banning superannuation funds from treating employers, which will ensure that trustees do not use inappropriate means to influence employers to select a fund for their employees.
- Ensuring that trustees and directors of superannuation funds are subject to civil penalties for breaches of their best interests obligations.
- Funding the payment of around $30 million in legacy unpaid determinations from the Financial Ombudsman Service and the Credit and Investments Ombudsman.

During his response, Commissioner Hayne encouraged changes to be made carefully and simply, and the bill before us today seeks to respond to a further four of these recommendations.

This commitment to taking action on the recommendations laid out by Commissioner Hayne represents the largest and most comprehensive corporate and financial services law reform package in 30 years. It's important to emphasise that implementing the recommendations of the royal commission is critical to restoring trust and
Thursday, 6 February 2020

CONFIDENCE IN AUSTRALIA'S FINANCIAL SYSTEM, AND IT'S PART OF THE MORRISON GOVERNMENT'S PLAN FOR AN ONGOING STRONGER ECONOMY. AS THE MINISTER'S INCORPORATED SECOND READING SPEECH TO THIS CHAMBER STATES:

National unfair contract terms laws currently protect consumers and small businesses who purchase financial products and services through standard form contracts. Until now, insurance contracts have been exempt from regulation by these laws.

Schedule 1 will increase protection for consumers and small businesses purchasing general and life insurance products. It will give effect to the Royal Commission recommendation 4.7 and bring insurance's regulation into line with that for the rest of the financial services sector.

Ensuring consumers and small businesses can purchase or renew their insurance policies with confidence is important. Insurance cover for homes, motor vehicles, building contents and income protection helps limit loss and support households and, in turn, the broader economy.

Deterring insurers from drafting unfair terms in standard contracts and providing a remedy in cases where they are found will support fair treatment of consumers and small businesses.

Furthermore, schedule 2 of this bill will ensure adequate consumer protection provisions apply to funeral expenses policies. During the conduct of the royal commission, evidence was uncovered surrounding the significant harm caused to vulnerable consumers by the poor sales practices adopted by funeral expenses policy providers. The exemption in the Corporations Act that has allowed these providers to escape the scrutiny of the Australian Securities and Investments Commission will be removed. They will be subject to the Australian financial services licensing regime. This bill will ensure that the consumer protection provisions in the ASIC Act apply to funeral expenses policies, clarifying any ambiguity that may exist on this matter. The removal of this exemption will ensure that consumers have appropriate protections when taking out policies to help fund the costs associated with a funeral.

Schedule 3 of the bill will introduce a duty for mortgage brokers to act in the best interests of consumers, with a view to better aligning the interests of consumers and mortgage brokers, and will reform mortgage broker remuneration, with a view to mitigating the incentive for brokers to suggest loans that are not in consumers' best interests, as well as reducing impediments to consumer loan switching. The royal commission identified evidence of mortgage brokers recommending loans based on the commissions they would receive. Both the best interests duty and the reforms to mortgage broker remuneration will mitigate the incentive for mortgage brokers to suggest loans that are not in the best interests of the customer. The new rules will also limit the period over which commissions can be clawed back from aggregators and brokers to two years and will prohibit the cost of clawback from being passed on to consumers.

Reflecting on the progress to date in relation to the recommendations, I also reflected on my earlier career and the brokers and insurance agents that I had dealt with on a regular basis. During my first speech in this place in April last year, I acknowledged that most of my career had been in banking. At that time, I went on to say:

... I am the first to say that poor practices should be exposed and those undertaking them should be held to account. But it is important not to overlook the diligent work being undertaken by tens of thousands of loyal and committed staff who get great job satisfaction in assisting Australians with their everyday banking needs. The only thing that separates a bank officer from a bank customer is a counter. We all share the same pressures of home budgets, making ends meet, working out how to buy a house, planning for retirement and dealing with unexpected expenses which can arise. My experience with former banking colleagues and with senior managers is that almost everyone I met approached their job and their responsibilities with integrity and care for the circumstances of the individual customer.

The implementation of the recommendations will only serve to benefit and further protect those working in the financial sector. However, those sentiments still remain. We must remember that staff on the front line, whether in retail banking, broking or insurance, deserve our respect and to be treated that way in our daily interactions. The irresponsible actions of just a few can harm so many.

Having said that, those of us in this chamber must remain focused on providing an environment where all Australians are not being taken advantage of by unfair contracts, not being exploited in vulnerable times of their lives or not having their best interests supported by lenders. This bill seeks to address these issues, and I commend this bill to the Senate.

Senator BROCKMAN (Western Australia—Deputy Government Whip in the Senate) (10:34): I too rise to speak on the Financial Sector Reform (Hayne Royal Commission Response—Protecting Consumers (2019 Measures)) Bill 2019. I will follow on from the contribution of Senator Askew to highlight or perhaps expand on some of the points she made. In the wash-up of the Hayne royal commission, as we look at some of the revelations that shocked the Australian community and shocked members of this place in terms of the depth and breadth and systemic nature of some of the problems in the industry, we also must remember that 30 years of continuous economic growth had many underpinnings, but one was a robust and highly performing financial sector. We can't ignore that fact as we now deal with the repercussions and recommendations of the Hayne royal
commission. So, whilst there were problems and there are problems, and those problems need to be addressed, there is also a fundamental underpinning of a very good structure across the financial system, across our banking system. It is a competitive market with a number of smaller players, who I personally think need to be encouraged and supported by our regulatory regime, but we also have four major institutions in that space. So we do have to remember both the good and the bad. When we are dealing with these issues we must deal with them in a responsible way and in a way that enhances our financial services system. And that is what this bill seeks to do.

In terms of the three issues covered by this bill, obviously insurance contracts are front of mind at the moment as we deal with the recovery following the bushfires in January and ongoing. In the north we've had some significant rain events, which will also call on our insurance providers, and we obviously still have the remainder of the fire season this year to go. So the insurance issues are very much front of mind for many Australians. Schedule 1 of the bill ensures that unfair contract terms in insurance contracts are read in such a way as to protect consumers. So unfair contract terms should not be read in such a way as to be to the detriment of consumers. We need to stop technical restrictions in contract terms that in practice result in a level of functional underinsurance, where people believe themselves to be covered by the overarching nature of the policy they hold. It's about protecting consumers who, in this context, do lack bargaining power and receive a contract on a 'take it or leave it' basis. Particularly where there are thin markets—and they do exist, as many in this place have heard, particularly in the north of Australia—effectively the contracts are 'take it or leave it'—there aren't other providers or companies to go to and negotiate a better deal. Even if there were, chances are it would be another 'take it or leave it' proposition.

Let's face it: insurance contracts can also be very complex for consumers. I believe it's important that we encourage consumers to engage with some of the complexities of the financial services system rather than saying that regulation can foresee all circumstances in a particular contract. But, at the same time, we don't want consumers in these circumstances to be unfairly dealt with where they believe they have insurance and they effectively don't have it due to an unfair exclusion or onerous condition within the contract. This provides a protection in cases where an insurer has attempted to deny a claim or restrict the payout available to a consumer or small business on the basis of an unfair term. For insurance contracts, the regime will be tailored to increase clarity and certainty for industry and consumers. This includes defining the up-front price as premiums and excess or deductions payable, and defining the main subject matter of the contract as what is being insured. This is in line with the royal commission recommendation for point 7.

On the issue of the main subject matter—and I think this is key to this particular schedule—it's the idea that the main subject matter of an insurance contract can never be described as an unfair contract term. So, if the main subject matter is an insurance contract for a particular property—a four-bedroom, brick and tile house—then that is outside the idea of the unfair contract term regime. If a husband and wife purchase life insurance then the individuals involved and the sum that is insured are the main subject matter, and that is outside the unfair contract terms regime. However, other aspects, extraneous matters to the central contract of insurance, will be within the unfair contract terms.

I will move on to the funeral expense facilities which are covered in schedule 2. As Senator McCarthy very eloquently described, the royal commission did find, particularly amongst Indigenous communities, a level of exploitation of people in relation to the payment of funeral expenses in advance. That was certainly something that shocked many of us—the level of unfairness and exploitation that was involved in some of those examples. It wasn't just the Indigenous community; vulnerable consumers across Australia were open to being exploited in this way by some of the funeral expense policy providers. The current exemption in the Corporations Act that has allowed providers to escape the scrutiny of the Australian Securities and Investments Commission will be removed. That will mean that they will now become subject to the Australian financial services licensing regime. That means that the consumer protection provisions of the ASIC Act will now apply to funeral expense policies, clarifying any ambiguities that may exist in the current arrangements. The removal of the exemption will ensure that consumers have appropriate protections when taking out policies to help fund the costs associated with a funeral. The provision of prepaid funerals will also be unaffected by these reforms on the grounds that they will be able to rely on the funeral benefit exemption in the Corporations Act. This bill will come into effect after royal assent, and providers of funeral expense policies that do not have a financial services licence will have until 1 April 2020 to gain one.

Just briefly and finally, schedule 3 of the bill addresses the issue of mortgage brokers. This schedule fulfils the government's commitment to implementing the response to two recommendations from the royal commission. It introduces a best-interest duty for mortgage brokers and reforms mortgage-broker remuneration. The regulation sets out the details of the reform to remuneration. The best-interest duty will require mortgage brokers to act in the best interests of consumers when providing credit assistance in relation to credit contracts. This obligation will
bring the law in line with what consumers currently expect of mortgage brokers. Together, the bill and the
regulation will make changes to mortgage-broker remuneration by requiring the value of up-front commissions to
be linked to the amount drawn down by borrowers instead of the loan amount, by banning campaign and volume
based commissions and payments, and by capping soft dollar benefits. The new rules will also limit the period
over which commissions can be clawed back from aggregators and brokers to two years and will prohibit the cost
of clawback being passed on to consumers.

There was some evidence provided at the royal commission that mortgage brokers were recommending loans
based on the commissions they received. These changes will mitigate the incentives for mortgage brokers to
suggest loans that are not in the best interest of the consumer.

Again, we have a long way to go in terms of our response to the Hayne royal commission. It was a significant
body of work. It is important that we hasten slowly. We need to make sure we get the balance right. We need to
make sure that the regulation and changes to the legal framework that we put in place for our financial sector do
strike the correct balance. We do not want a financial services sector that has served this country very well to be
tied up in too much red tape. However, we also need to ensure that the Australian public have confidence in the
financial sector and have confidence that, when they are in dealings with the financial sector, they will be treated
in an ethical, a responsible and a legal way.

Senator McDonald (Queensland) (10:46): I rise to speak in support of the Financial Sector Reform (Hayne
Royal Commission Response—Protecting Consumers (2019 Measures)) Bill 2019. There are a number of things
that we do after forming government and in being part of this place, but I think there is nothing more important
than providing Australians with the confidence that the systems that they operate in are effective and fair.

I know that the decision to hold the financial services royal commission was debated widely, and I want to
commend former senators Wacka Williams and Barry O'Sullivan and other Nationals for the part they played in
ensuring that this royal commission went ahead, because this is a very serious topic, particularly for regional
Australians.

Some of the matters that have come out around insurance in regional Australia could not be more topical than
they are right now. Last year, we saw the floods in the north and north-west of Queensland, and we have seen
bushfires and other events most regularly in my home state of Queensland that mean that consumers often have
the unfortunate and unhappy experience of discovering that, although they thought they were well insured and
covered, that is not the case. That is a very, very serious issue, because insurance right across Australia is
becoming increasingly expensive. I hear stories about it being more and more difficult to insure individuals,
businesses and homes. Sometimes they are self-insuring, meaning they are not insuring at all, but often they
cannot get insurance. The most shocking part is that there are businesses, strata title units and other residences,
particularly in North Queensland, that cannot get insurance at all. This is a very difficult situation, given that
banks and financial institutions require these assets to be insured. So this royal commission was very important
and I'm very pleased to speak to the response and protecting consumers bill.

Life can be full of much drama, and it is, but there is nothing quite so difficult as financial headwinds. This is
why the Morrison government is acting to give added peace of mind to millions of hardworking people who want
to know that they are getting what they paid for.

The Insurance Contracts Act will be amended to allow the ASIC Act unfair contracts law to apply to insurance.
I am especially happy to commend this act because, as I've already touched on, the cost of insurance in my home
region of North Queensland is prohibitive, forcing people to underinsure or forgo insurance altogether. There are
businesses in North Queensland who remain completely uninsured. These are in some cases well-known and high-
profile businesses, but they run the risk of not being paid out in the event of a claim and are setting money aside
for those events that we know will come again, particularly in North Queensland and particularly cyclones and
flood events.

The Insurance Contracts Act will offer protection to consumers who lack bargaining power when they receive
their contracts on a take-it-or-leave-it basis. These consumers are very vulnerable to unfair terms like exclusions
or onerous conditions which can be hidden in the contract. This will provide important protection in cases where
an insurer has attempted to deny a claim or restrict the payout available to a consumer or a small business on the
basis of an unfair term.

For insurance contracts, the regime will be tailored to increase clarity and certainty for industry and consumers.
This includes defining the up-front price as premiums and excess or deductibles payable, and defining the main
subject matter of the contract as what is being insured. This is in line with the royal commission's
recommendation 4.7. Consumers and ASIC will be able to apply to the court for a declaration that a term of an
insurance contract is unfair, and if they succeed that term will be void.
Schedule 2 of this bill deals with funeral expenses. For anyone who has gone through the tragic and terribly sad
time of losing a close family member, it is shocking to find that this is potentially a time when they will have the
double impact of an unfortunate experience with their funeral expenses. The financial services royal commission
uncovered evidence of the significant harm caused to vulnerable consumers by the poor sales practices adopted by
funeral expenses policy providers. A funeral expenses policy or facility involves the payment of a premium over a
period of time to insure against the event of a funeral. It differs from insurance in that the payout may only be
used to meet the costs of the funeral and those things incidental to it.

The funeral expenses exemption in the Corporations Regulations 2001 excludes funeral expenses policies from
being a financial product under the Corporations Act 2001. This means that providers of funeral expenses policies
are not regulated under the Australian financial services legal framework. The exemption has allowed these
providers to escape the scrutiny of the Australian Securities and Investments Commission. As part of its response
to recommendation 4.2 of the royal commission's final report, the government has committed to removing the
exclusion of funeral expenses policies from the definition of 'financial product' in the Corporations Regulations
2001 and put beyond doubt that the consumer protection provision of the Australian Securities and Investments
Commission Act 2001 do apply to funeral expenses policies.

The government is acting on the evidence presented by the financial services royal commission that many
Indigenous people living in regional and remote communities are being misled and pressured into funeral
expenses policies. This bill will ensure that the consumer protection provisions in the ASIC Act apply to funeral
expenses policies, clarifying any ambiguity that may exist on this matter. The removal of this exemption will
ensure that consumers have appropriate protections when taking out policies to help fund the costs associated with
funerals.

The provision of prepaid funerals will be unaffected by these reforms on the grounds that they will be able to
rely on the funeral benefit exemption in the Corporations Act. This bill will come into effect after royal assent,
and providers of funeral expenses policies that do not already hold an Australian Financial Services licence will
be required to gain a licence by 1 April 2020.

Schedule 3 of the bill deals with mortgage brokers and fulfils the government's commitment to implement its
response to two recommendations from the royal commission into misconduct in the banking, superannuation and
financial services industry royal commission. The bill will introduce a best interests duty for mortgage brokers
and reform mortgage broker remuneration. The best interests duty will require mortgage brokers to act in the best
interests of consumers when providing credit assistance in relation to credit contracts. This obligation will bring
the law into line with what consumers currently expect of mortgage brokers. The bill and regulations may change
as to mortgage broker remuneration by requiring the value of up-front commissions to be linked to the amount
drawn down by borrowers instead of the loan amount; banning campaign and volume based commissions and
payments; and capping soft dollar benefits. The new rules will also limit the period over which commissions can
be clawed back from aggregators and brokers to two years, and prohibit the cost of clawback from being passed
on to consumers.

The royal commission identified evidence of mortgage brokers recommending loans based on the commissions
that they would receive. Both the best interests duty and reforms to mortgage broker remuneration will mitigate
the incentive for mortgage brokers to suggest loans not in the best interests of the consumer.

I wish to speak, though, to the mortgage brokers across the nation who work diligently and work hard to ensure
that their customers are being kept up to date with the best and most suitable product for them, particularly in their
home loans and other assets that they hold. The mortgage brokers are able to more easily compare and contrast the
different products that are available from financial institutions. I have mortgage brokers in my town of Townsville
that I know do a terrific job of contacting their customers on an annual basis to review the product that they had
recommended the previous year and to ensure that their customers were receiving the best product and the most
suitable product for them. I want to commend those people who provide a very necessary financial service to
those in the community who may not have the time or the expertise to compare various products and ensure they
get the best product for them.

This government is helping people to gain confidence during some of the most difficult times in their lives—
that is, when they've lost a loved one or need to make an insurance claim—and to particularly deal with it quickly
after disaster strikes.

It is a shocking situation that in North Queensland, and particularly in Townsville, there remain so many homes
that have not yet been repaired following the floods, because of the methodology used by panel building
appointments. One local builder I spoke to only last week has been given the job of repairing only six homes in
Townsville when there remain so very many that have not yet been touched. So there is still much work to be
done in the insurance industry. I'm very sure that this government will continue to provide support to consumers to ensure that there are better outcomes. These recommendations also help protect consumers from unfairly getting into financial situations which can have harrowing and lifelong consequences. I commend this bill to the House.

**Senator SCARR** (Queensland) (10:59): At the outset, I'd just like to acknowledge the contributions of a number of senators who've spoken before me. First, to Senator Whish-Wilson: I acknowledge his involvement in many inquiries and his passion in relation to this issue over a number of years. As a relatively new senator, that's a pretty good example for me to follow. You did refer to my good friend George Brandis, who was a senator in this place and served with distinction over a number of years. I must say, as someone who was in a position as a secretary of a listed public company and advised directors of listed public companies over many years: if someone had asked me before the Hayne royal commission whether or not there was such a systemic cultural problem in some of our oldest and largest financial institutions, I would have found it hard to believe. I was deeply stunned by some of the evidence that came out of the Hayne royal commission, so I think George Brandis was not alone in terms of those views.

I'd also like to acknowledge, as my good friend Senator McDonald has, the contribution of former Senator—as he then was—Barry O'Sullivan to the debate in relation to the royal commission. I think Barry also, in that regard, performed an extraordinarily important role, as did the member for Wide Bay, Llew O'Brien, in terms of ensuring that the Hayne royal commission came into being. I'll also, finally, as an introductory comment, just place on the record how much I agree with Senator McDonald's comments in relation to people in my state of Queensland, especially in the regional areas, being able to access insurance on a reasonable basis. Senator McDonald outlined a few issues there, which I think a number of us representing the state of Queensland will be pursuing.

Prior to talking about the specifics of the legislation—and I will deal mainly with the part of the legislation dealing with insurance contracts—I want to refer to two case studies that are detailed in the Hayne report, because, to me, these case studies put into stark relief why this legislation is so necessary. The first case study involves an insured, a fellow Australian, who suffered a heart attack in January 2014. The gentleman had had his life insurance policy in place since 2000. He suffered his heart attack in January 2014. Like many Australians, he would have applied for insurance, entered into a life insurance policy, had the policy sitting there, been loyally paying his premiums over a number of years, had his heart attack in January 2014 and then sought to make a claim. What he found was the insurer—and I'll name them: CommInsure—had actually changed the definition of 'heart attack' under his insurance policy.

Now, most Australians would think a heart attack is a heart attack. You wouldn't necessarily be looking for the fine detail to ascertain the definition of 'heart attack'. I'll state the definition here: 'A heart attack requires an elevation in levels of troponin I above 2.0 mcg per litre.' I don't think any reasonable Australian would be searching through their insurance policy to ascertain what the definition of a heart attack was, nor—even if they did—would they have any understanding of what such a definition meant.

After the heart attack, the insured made a complaint to CommInsure in June 2014. CommInsure did not change its decision. We then saw the power of the media and the importance of a free press in this country, when the ABC's *Four Corners* program and Fairfax Media, as it then was, reported on concerns about CommInsure's life insurance business. As a result of those reports, CommInsure decided to amend the definition of 'heart attack' again—and that occurred in 2016—and to backdate that definition to 11 May 2014. But that didn't help the insured, because he had his heart attack in January 2014. So the insured was still in a position where he wasn't able to claim on that insurance. There was then engagement between CommInsure and the Financial Ombudsman Service, toing and froing, all the while the insured not having access to his policy, a policy which he first applied for in the year 2000 and for which he had been loyally paying his premiums. It wasn't until 2016 that, eventually, CBA/CommInsure came to the party and made an ex gratia payment, more than two years after the insured suffered the heart attack. From my perspective, that is an example of why this legislation is so necessary. If the insured hears this debate in the Senate, I hope he knows that at least now—and it's taken until 2020—we have legislation before the Senate which will be passed and which will hopefully address people in a similar position.

In terms of the principles governing this legislation, I'd like to make a few points. Firstly, this legislation does not impinge upon freedom of contract—the reasonable interests of both the insured and the insurer. I believe it will promote people entering into insurance contracts, it will assist in those insurance contracts being provided at a reasonable cost and it will protect the most vulnerable in our society. I think that's important. And, when I talk about the most vulnerable in society, that includes people like many of our people in the First Nations but also those who have undergone a tragic event in their own life and are at their most vulnerable at that point in time. All of us have those moments in our life, and it's important that at those times we have protection.
The mechanics of the legislation are such that, if an insurance contract is subject to the unfair contract terms regime, a term in that insurance contract may be declared unfair and therefore void. It's important to note in this context that the term could be unfair on its face—it doesn't matter what the individual case is—or the application of the term in an individual case could be unfair. That's an important principle. Whether or not the specific term is unfair depends upon whether or not one of three tests are met: whether it would cause a significant imbalance in the party's rights and obligations arising under the contract; whether or not it's not reasonably necessary in order to protect the legitimate interests of the party that would be advantaged by the term; and whether or not it would cause detriment to a party if it were to be applied or relied on. Examples of terms that are unfair in this context are provided in the explanatory statement, and they include:

- a term that allows the insurer to, instead of making a repair, elect to settle the claim with a cash payment calculated according to the cost of repair to the insurer, rather than how much it would cost the insured to make the repair;
- a term that is an unnecessary barrier to the insured lodging a legitimate claim (for example, requiring the payment of a large excess before the insurer considers a claim or requiring the insured to lodge the claim within an unreasonably short timeframe)—

and in this context we're talking about insured who have suffered tragic events—

- a term in a contract that contains unexpected payment arrangements (for example, that would enable the insurer to unilaterally start making direct debit deductions to an account of the consumer despite the consumer selecting a different payment method);
- a term in a disability insurance contract—

and this goes back to the initial case study I referred to—

that uses an outdated, and therefore inaccurate and restrictive, medical definition to determine whether the consumer meets the criteria to be eligible to have a claim paid; or

- a term in a contract that significantly reduces the cover offered where compliance with the preconditions for being covered is unfeasible (for example, a term in a travel insurance policy that only covers loss of luggage when it has been personally attended by the insured at all times)—

which we know is an impossible condition to meet.

The act does protect the legitimate interests of insurers and it gives examples of terms which would not fall foul of the unfair contract term regime. These include where an insurer has, in a bona fide way, referred to actuarial evidence in order to calibrate the pricing of an insurance contract. It also includes the insertion of standard terms in a contract which are required for the insurer to obtain reinsurance—both legitimate interests of the insurer.

The last point I'd like to make is in relation to an exclusion which deals with the main subject of an insurance contract. This was referred to by my good friend Senator Brockman. The unfair contracts regime will not respond to what is at the heart of the contract. The examples go to someone who purchases home insurance for a specific property with a specific definition and a specific amount—the fundamental terms of the contract which go to the heart of the deal and are clearly stated, being obvious to both the insured and the insurer when the contract is entered into. I don't think Australians are expecting the main subject of the contract to be regulated in this way. What they are most concerned with is the fine print, if I can put it that way, that undermines the efficacy of the contract.

I think the legislation satisfies all of the principles which should be adhered to in relation to such legislation. Hopefully it will promote confidence in the insurance industry. It will assist people when they obtain their insurance to get what they bargained for and get what they're contracted for and it will protect the most vulnerable in our society. I commend the legislation to the Senate.

Senator CANAVAN (Queensland—Deputy Leader of the Nationals in the Senate) (11:12): I rise also to support the Financial Sector Reform (Hayne Royal Commission Response—Protecting Consumers (2019 Measures)) Bill 2019. It's a bill that implements some of the recommendations of the Hayne royal commission. I'd like to firstly pay tribute to some of my former and current Nationals colleagues who played a big role in establishing the Hayne royal commission in the first place, particularly former senators Barry O'Sullivan and John Williams, who were at the forefront of advocating for this commission, and also the member for Wide Bay, Mr Llew O'Brien.

I must say on the record that, at the time, I had some robust conversations with my colleagues about this. I was not convinced of the merits of the case, but I take the opportunity to put on the record here that I was absolutely wrong, as has been shown clearly through what was uncovered in the royal commission. I recognise that many of the Labor members of parliament were also ahead of the game on this and put it forward first, but it does take a degree of courage and fortitude to advocate for a position that goes against your own side, as Barry, Llew and 'Wacka' did a couple of years ago. It's a great tradition in the National Party that we respect the different views of
people within our party room. We give them the opportunity to express their views privately to us but also publicly without massive retribution. There's some degree of admonition at times, but they are free to do that. By being able to step just a little bit out of line, they have been able to deliver enormous benefits to Australian consumers by eventually successfully establishing this inquiry and, today, seeing the fruits of that, with stronger regulations to protect consumers. While Senator O’Sullivan and Senator Williams are no longer here to see the page of unfair contract terms

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Obviously, this is a

There is an exemption

in the Corporations Act that

has allowed the

for insurance contracts—dealing with misconduct in the funeral expenses industry and changes to obligations for mortgage brokers. On unfair contracts, I want to say that the coalition has a proud record of extending and supporting the regulation of unfair contract terms. I recognise that it was the former Labor government that first introduced unfair contract terms into our consumer laws. But, when the coalition came into government in 2013, we extended those unfair contract terms to small businesses, which I think was very important. When small businesses interact with larger businesses, they often are in the same power-type position as a small consumer, and they deserve similar protections to those a consumer gets. Those laws have been successful and they have stood the test of time.

Given that experience over the last decade, it makes sense that we extend unfair contract term legislation to the insurance industry through this bill. Schedule 1 of this bill will do that. It will mean that national unfair contract terms that currently only protect consumers and small businesses will now be extended to standard form insurance contracts. Until now insurance contracts have been exempt from regulation by these laws. The Insurance Contract Act will be amended to allow the ASIC Act's unfair contract laws to apply to insurance. This measure will offer protection to consumers who lack bargaining power and receive their contracts on a take-it-or-leave-it basis. These consumers are vulnerable to unfair terms, like exclusions or onerous conditions, which can be hidden in the contract. This will provide important protection in cases where an insurer has attempted to deny a claim or restrict the payout available to a consumer or a small business on the basis of an unfair term.

For insurance contracts, the regime will be tailored to increase clarity and certainty for industry and consumers. This includes defining the up-front price as premiums and excess or deductibles payable and defining the main subject matter of the contract as what is being insured. This change is in line with the Hayne commission's recommendation 4.7. Consumers and ASIC will be able to apply to the court for a declaration that a term of an insurance contract is unfair. If they succeed, the term will be void, as occurs under other unfair contract terms legislation. It is a very important change. It will mean better outcomes for consumers. A coalition government will always stand up for the rights and interests of consumers and protect them accordingly.

The second part of this bill, as I mentioned, deals with misconduct that the Hayne royal commission exposed in the funeral industry. Obviously, this is an industry where people interact at times of great heartache and sometimes hardship. It's extremely important that we ensure that particularly the people who at times would be in a vulnerable position are fully protected by the law, and there are strict regulations imposed on anyone seeking to in any way abuse someone's vulnerability. The Hayne royal commission uncovered evidence of significant harm caused by the poor sales practices adopted by some funeral expenses policy providers.

There is an exemption in the Corporations Act that has allowed these providers to escape the scrutiny of ASIC, the Australian Securities and Investments Commission. We are going to remove that exemption and they will now be subject to the Australian financial services licensing regime because the products they offer often do have a financial element in terms of requiring payment over a period of time. So the bill will ensure consumer protection provisions of the ASIC Act apply to funeral expenses policies, clarifying any ambiguity that may exist in these matters.
The removal of this exemption will ensure that consumers have appropriate protections when taking out policies to help fund the costs associated with a funeral. The provision of prepaid funerals will be unaffected by these reforms, on the grounds that they will be able to rely on the funeral benefit exemption in the Corporations Act. The bill will come into effect after royal assent. Providers of funeral expenses policies that do not already hold an Australian financial services licence will be required to gain one by 1 April this year.

Obviously, the Hayne royal commission uncovered misconduct across the financial sector. Another area where misconduct was identified was the mortgage broking industry. But I do want to stress upfront that I think the mortgage broking industry is incredibly important to the financial performance of the Australian economy. It's incredibly important to many Australian consumers whose home loans originated through a broking service. It is extremely important in rural and regional country areas, where often there's not a large presence of major banks but there may be a small broker who can help connect a family in a small town to financial service providers and home loan providers right across the country and, indeed, across the world. That allows someone living in Longreach, Cloncurry or Ingham the opportunity to access global capital markets through a mortgage broking system. We must ensure we have a healthy mortgage-brokering system so that all Australians, not just those who happen to live in large markets, can benefit from that competition.

While I said there was evidence of some issues in the mortgage broking sector, I want to place on record that, in this area, having read the Hayne royal commission report, I don't think—with all respect to Justice Hayne—the conclusions he drew were exactly correct. We were supportive of the Hayne royal commission. As I've mentioned before, he did a comprehensive, excellent job. But no-one is a deity and no report should be accepted at face value. It should be interrogated by this place, interrogated by the government and interrogated through consulting with those affected by any potential recommendations, and we should come to a considered view after factoring those things into account.

I understood the issues that Justice Hayne had identified, but I didn't think he drew quite the proper comparisons between the mortgage broking sector and the plain-vanilla mortgage services operated by banks or deposit-taking institutions. For example, Justice Hayne made a significant issue of trailing commissions. When a consumer conducts business with a mortgage broker and originates a loan through that broker, there might be a fee upfront, maybe paid by the bank, but, over time, the broker will get additional money as the loan continues to be serviced or operated. Now, Hayne described those trailing commissions, in his own words, as 'money for nothing'. He asked:

Why should a broker, whose work is complete when the loan is arranged, continue to benefit from the loan for years to come? Prime facie, that's a compelling and almost rhetorical question. But I don't think it withstands examination in terms of how financial markets operate, particularly financial markets that involve the creation of long-term debt products for consumers who are often capital constrained.

While the trailing commission for a mortgage broker might not always be transparent to the consumer, although it should be, it's obvious there's a payment or transfer from the loan-originating institution through to the broker. As a direct payment, you can quantify it and you can see it—and, obviously, Hayne investigated it. But a trailing commission is not that much different from exactly how banks work when they originate home loans. The banks have trailing commissions; they're called net interest margins. That's how they make their money.

I've got a loan through the Commonwealth Bank, and they don't charge you much upfront to originate the loan. They've got a lot of costs upfront. They've got overheads. They've got to assess my application. They've got to have a branch network for it to go into. They don't recover all of those costs upfront through a fee. They often waive those fees. I've even seen ads by major banks that they'll pay you money to originate a loan. You get a subsidy to originate a loan. But they recover their costs. They're not doing it out of charity. Those banks recover their costs over time by charging me and other Australian families a higher interest rate than the rate they themselves borrow at—which is perfectly fine; that's how banks work. That's how they've worked, going back to Renaissance times: they make their money on the margin between the interest rates they charge and the interest rates they have to pay, to get money from consumers into the bank or on capital markets. That is a trailing commission. That gap, that interest margin that exists over the 30 years of my home loan and other people's home loans, is a trailing commission. It's no different from the mortgage broker; it's just not very transparent. It's all internal to the bank.

And so, if we are going to ban trailing commissions for mortgage brokers, which was suggested by Hayne, the question that arises is: why would you let banks do the same thing? That would be ridiculous. The whole reason you have a model like that is that people who are going to borrow money, obviously, at that time often don't have the capital they need to buy a house or buy a large product. So they can't pay upfront fees, and they would like—or at least they have a preference—to defer some of the overhead costs of originating the loan through the life of
the loan, as they do through the costs of buying or building a home as well. So I didn't think it made sense, from an economic point of view, to ban those trailing commissions.

I welcome the fact that the government is not proceeding with that recommendation. If we did, I think it would put mortgage brokers at a disadvantage relative to banks that don't use mortgage brokers. That would mean smaller banks and smaller deposit-taking institutions would be put at a disadvantage compared to bigger banks, and we'd have this perverse outcome—that a royal commission that was set up largely to deal with malpractice in large financial institutions led to a result where those same large financial institutions would actually benefit, unfairly, compared to smaller financial institutions that rely on mortgage broking for their lifeblood.

The government will not proceed with that, but it will proceed, in this bill, with a best interests duty on the mortgage-brokering industry. That's a sensible reform recommended by Hayne. It will see the outlawing of a number of different types of fees, such as volume based commissions. There will be a limit of just two years to clawback provisions in contracts. And we will review the operation of these reforms in three years time and look again at this issue of trailing commissions.

I support the measures in this bill. They will enhance protections for consumers, and it is a sensible response to the Hayne royal commission. Once again, I thank my Nationals colleagues for their efforts, and the fruits of those efforts are what we're seeing here. I look forward to the further changes that will come forward as a result of the Hayne royal commission's findings.

**Senator HUME** (Victoria—Assistant Minister for Superannuation, Financial Services and Financial Technology) (11:27): First, I would like to thank those senators who have contributed to the debate on this bill, the Financial Sector Reform (Hayne Royal Commission Response—Protecting Consumers (2019 Measures)) Bill 2019, particularly those who have expressed support for the measures in the bill, support which has been almost universal, and those who have expressed some very heartfelt and personal views about some of the measures in this bill, and particularly Senator McCarthy: thank you very much for your contribution.

The government is committed to implementing its response to the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry by extending the unfair contract terms regime to insurance contracts, by ensuring adequate consumer protection provisions apply to funeral expenses policies, and by introducing a best interests duty requirement for mortgage brokers and reforming mortgage broker remuneration.

Schedule 1 of this bill implements recommendation 4.7 of the royal commission. Extending the unfair contract terms regime to insurance contracts will ensure that consumers and small businesses are protected from insurers using unfair terms in standard form contracts. By preventing insurers from including unfair terms in insurance contracts and providing a mechanism to enforce them, it enhances consumer rights and provides consistency in financial services regulation. The bill has been tailored to the specific features of insurance contracts to ensure its effectiveness. Applying the unfair contract terms regime to insurance is an important component of the reforms to this sector which together represent real and beneficial changes to the insurance industry.

Commissioner Hayne discovered evidence of harm being inflicted upon vulnerable consumers by providers of funeral expenses policies. That harm derived from the provision of poor sales practices and the distribution of low-value products by these providers. Schedule 2 of the bill will ensure that the consumer protection provisions of the ASIC Act apply to funeral expenses policies, removing any ambiguity that may currently exist.

Schedule 3 of the bill amends the National Consumer Credit Protection Act to require mortgage brokers to act in the best interests of the consumer when providing credit assistance. This ensures the law is in line with consumer expectations when interacting with a mortgage broker.

Mortgage broker remuneration will also be reformed by requiring the value of upfront commissions to be linked to the amount drawn down by borrowers instead of the loan amount, banning campaign and volume based commissions and payments and also capping soft dollar benefits. Further, the reforms introduce a limit to the period over which commissions can be clawed back from aggregators and mortgage brokers to two years and prohibit the cost of clawback being passed onto consumers. Collectively, these reforms will mitigate the incentive for mortgage brokers to suggest loans that are not in the best interests of the consumer and will improve consumer outcomes. I commend this bill to the Senate.

Question agreed to.

Bill read a second time.

**Third Reading**

**The ACTING DEPUTY PRESIDENT (Senator Fawcett):** No amendments have been circulated. Does any senator require a committee stage? There being none, I call the minister to move the third reading.
Senator HUME (Victoria—Assistant Minister for Superannuation, Financial Services and Financial Technology) (11:30): I move:
That this bill be now read a third time.
Question agreed to.
Bill read a third time.

Treasury Laws Amendment (2018 Measures No. 2) Bill 2019

Second Reading

Consideration resumed of the motion:
That this bill be now read a second time.

Senator McALLISTER (New South Wales) (11:31): I rise to speak on the Treasury Laws Amendment (2018 Measures No. 2) Bill 2019. Labor support the establishment of a fintech sandbox to provide some regulatory relief when needed to allow innovative products and services to be brought to the market. However—and this is an important caveat—there must be adequate protections and genuine benefits for consumers. A regulatory sandbox is a closed testing environment designed for experimenting with web or software products and, in this case, a financial product or service. A sandbox provides some level of flexibility in relation to regulatory standards.

Financial technology is already a significant industry in Australia. Ernst & Young have estimated that 58 per cent of digitally active Australians are already using financial technology in their lives. We are early adopters of all sorts of technology, and it is no different in the area of fintech. Generally, we see fintech and Australian firms active across the five different areas: transfers and payments; budgeting and planning; savings and investment; borrowing and lending; and insurance. They're widely disparate areas, and the technologies that support them are disparate, but Australians generally welcome innovation where it leads to better outcomes for them.

In December 2016, ASIC launched Australia's first sandbox. After just over a year, there were only three entities using the sandbox and 15 in the pipeline. Over a similar period, the UK had 50 entities from 146 applications, Singapore had 30 applications, Malaysia had seven in the first six months and Hong Kong had nine entities use the sandbox for 11 trials. The low number of applications in the Australian context suggests that we're not doing it right. There is something not quite right, and there is a need for reform. That is why we support the objectives of this bill.

We want to see a flourishing and expanding financial technology sector in Australia. We support the establishment of a fintech sandbox to provide some regulatory relief when needed. However, as I said at the beginning of my remarks, there must be adequate protections for consumers. The framework should be used by start-ups who are genuinely seeking to deliver something innovative and who provide a clear consumer benefit.

Innovation, of course, can produce significant benefits for consumers. However, not every product innovation is necessarily in the consumer's best interest. That is particularly the case in complex markets such as financial services where the risks of bad product design can have catastrophic consequences. For example, we've recently seen some very important innovations, as they might be described, by payday lenders. It's led to more online targeting; sophisticated microtargeting, in fact, of consumers; and quick loan applications for high-cost debt.

Consumer advocates like CHOICE raised concerns around consumer protection back in 2016 when the ASIC framework was introduced, and these concerns remain. That's why Labor will be moving amendments to this bill. Our amendments aim to ensure that access to the regulatory sandbox is limited to firms that are applying for genuinely innovative operations. Our amendments seek to ensure that companies accessing regulatory relief through the fintech sandbox must show that they are using it for products and services that are genuinely innovative but also that will actually benefit customers. Our amendments seek to safeguard the very purpose of providing a sandbox and ensure that the public interest is clearly established when this sort of regulatory relief is provided. We do wish to encourage firms to innovate. We do not wish to provide a backdoor for firms to avoid regulations that would apply to the rest of the industry.

Senator WHISH-WILSON (Tasmania) (11:35): This bill, the Treasury Laws Amendment (2018 Measures No. 2) Bill 2019, increases the length and widens the scope of exemptions that the Australian Securities and Investments Commission can grant for new entrants to the market from having to hold a financial licence. Under this bill, new entrants will be able to be granted a financial licence exemption for up to 24 months, up from an existing 12 months. And, under this bill, financial licence exemptions will be able to be provided for a much wider range of products, including consumer credit.

I want to point out to senators—especially those who were in the chamber for the legislation that we've just passed on the Hayne royal commission bill—the irony and the contradiction that, before us now, we have a piece
of legislation that's going to deregulate financial markets and increase risk for investors and consumers. Have we learnt nothing? It was interesting seeing the government put up a number of speakers who got up and waxed lyrical about what a great job they are now doing bringing forward legislation to this place to protect consumers of financial products and investors in financial products. What's this? A regulatory sandbox, providing a more flexible environment for entrepreneurs to develop sophisticated financial products. You know what that spells to me? One word: risk. These kinds of initiatives will be like burley to sharks.

Why are we loosening regulations around investments and the licensing of advisers on products like this? I have absolutely nothing against the fintech industry, and I totally get the argument for developing new credit products that will help break down the power of the big banks and financial services companies and break open the market, which, of course, will have potential long-term benefits for consumers of financial products. But why are we making it easier for this industry and for potential spivs coming into this industry to rip off more Australians? Despite a royal commission, which we've all just talked about, that laid bare the horrors of 30 years of deregulation in the banking system, here we are again loosening the rules that government financial markets and those who are entrusted with other people's money for a vested interest—which is, of course, the fintech operators, fintech entrepreneurs and fintech advisers who want to flog and sell these products. This time around it's not the wonders of a perfectly free market delivering a Utopia to consumers in humankind in general; this time around it's the wonders of the digital age which, with more deregulation, will unlock potential and deliver us Nirvana. I've heard the spiel, believe me. So fintech's here to save us, and a fintech sandbox is where it's at.

Anyone who understands finance and economics 101 knows that with more complex products, with more sophistication, we get potential higher risks. We've heard all about the dangers—'Buyer beware'—in buyers being informed about financial products, and that's from licensed financial advisers. What we're looking at doing here is loosening the licensing arrangements on the sale of these potentially very sophisticated and very high-risk products. I've always had a view that I have absolutely no problem with people investing in high-risk products and developing new industries, allowing research and development and entrepreneurial flair to deliver new products in new markets. But there are sophisticated investors out there who understand the risks and who have a diversified approach to investing in high-risk products: angel investors, equity investors—people who know what they're doing. I don't want to see a high-risk market opened up to more mums and dads, to more retail investors, that's going to lead to potential risk.

Let's boil it down to a nutshell: if we could name anything that was uniform throughout the Hayne royal commission, it's simply human nature: wanting to make more money, greed and the incentive structures that led to a culture of profits before people. Humans don't always behave the way we want them to. What kind of regulations are we putting in place in this set of regulations in the legislation before us to crack down on the kinds of unscrupulous operators that, as I know from my experience working as a young stockbroker when I started my first job out of university, will be coming into this kind of market? Very soon—I'm probably going to run out of time—I will finish my contribution by giving you some examples of fintech companies that have already failed, with hundreds of millions of dollars lost to investors.

These kinds of products should be sold to sophisticated investors. We shouldn't be opening up and deregulating licensing arrangements to allow more products that, by their very nature, are high-risk products. Yes, they have high return and high potential pay-off. High risk means high return—another fundamental concept in finance. But what we're doing here is opening up high-risk, high-return products to potentially unscrupulous advisers and operators. This is not reducing the licensing arrangements for the companies themselves, the actual sellers of these products. Rather, it is reducing the licensing arrangements for those advisers and operators.

I challenge any senators who've been here during all the inquiries the Senate has held in the last 10 years, when we have heard from victims of financial crime, victims of the banks, victims of financial services companies, victims of managed investment schemes—just one example is Storm Financial—and even victims of the global financial crisis. I know there are some senators in here who have finance backgrounds, who understand economics. There are plenty of examples of highly innovative financial products that have led to catastrophe. I lay before you the global financial crisis. Remember collateralised debt obligations, CDOs—financial engineering and financial innovation at its finest. That essentially came close to collapsing our global economy. Remember the kind of suffering and devastation we saw, especially in the United States, from financial innovation. High-risk, complex, difficult-to-understand products were being churned out and sold by, in many cases, unscrupulous advisers and being sold to unwary and unwilling buyers.

The PRESIDENT: Order, Senator Whish-Wilson! You will be in continuation when the debate resumes. It being 11:45, we will move on.
NOTICES
Withdrawal

Senator FIERRAVANTI-WELLS (New South Wales) (11:45): Pursuant to notice given on 5 February 2020, I withdraw business of the Senate notice of motion No. 1 standing in my name for 26 February 2020 proposing the disallowance of the Telecommunications (Protecting Australians from Terrorist or Violent Criminal Material) Direction (No. 1) 2019.

Senator CAROL BROWN (Tasmania) (11:45): Pursuant to notice of intention given yesterday, I withdraw business of the Senate notice of motion No. 1 standing in my name proposing the disallowance of the Marine Order 47 (Offshore industry units) 2019.

Presentation

Senator Urquhart to move on the next day of sitting:
That the Senate—
(a) notes that the Government cut the access of Australian users to CapTel through the National Relay Service (NRS) on 1 February 2020;
(b) welcomes the actions of Ultratech, a US-based company, to establish an interim CapTel service for Australian users;
(c) notes the statement by the Ultratech CEO, Mr Rob Engelke, on 1 February 2020:
"I have been genuinely moved by the outpouring of heartfelt messages from Australians who are clearly distressed and frightened about living without CapTel. CapTel has been available for over ten years in Australia and I believe it is not acceptable to leave CapTel users without access to family, friends, employment, emergency services and the myriad ways that all of us use the telephone.
"Therefore, as a temporary measure, I have instructed our American captioning centers to support existing Australian CapTel handsets so that they will continue to operate with captions while, we investigate long-term options based in Australia".
(d) further notes that:
(i) cutting access to CapTel through the NRS has created distress for senior deaf and hearing impaired Australians, and a permanent loss of service would negatively affect their quality of life and sense of security and safety at home,
(ii) while the Government has been prepared to protect a Cabinet Minister whose administration of the $100 million community sports grant program has been criticised bu the Auditor-General, they have not been prepared to protect the dignity and wellbeing of senior deaf Australians, and
(iii) the Minister for Communications, Cyber Safety and the Arts, has now attempted to blame the 2013 Labor Government, the public service, the previous relay provider, and recently the US technology licensee, for the Government's own decision to cut funding and services;
(e) condemns the Government for its lack of consultation with CapTel users, or their concerned family members, before imposing a decision that would affect their welfare; and
(f) calls on the Minister for Communications, Cyber Safety and the Arts to stop the misinformation and buck passing, and move urgently to reach an agreement to secure ongoing access to CapTel.

The Leader of Pauline Hanson's One Nation (Senator Hanson) to move on the next day of sitting:
That the following bill be introduced: A Bill for an Act to amend the Australian Curriculum, Assessment and Reporting Authority Act 2008 and the Australian Education Act 2013, and for related purposes. Australian Education Legislation Amendment (Prohibiting the Indoctrination of Children) Bill 2020.

Senator Dean Smith to move on the next day of sitting:
That the Senate—
(a) notes that:
(i) the 2020 City of Wanneroo Australia Day Awards were announced on 26 January 2020 at Wanneroo Showgrounds, Wanneroo, Western Australia, and
(ii) the City of Wanneroo Australia Day Awards have three categories, including the Charles Searson Australia Day Youth Award, which honours people under 25 who have made a significant contribution to their community;
(b) acknowledges:
(i) the winner of the 2020 Charles Searson Australia Day Youth Award, Miss Jayda Feifar of Girrawheen Senior High School, Girrawheen, Western Australia, for being a dynamic member of her school community and demonstrating effective leadership skills,
(ii) the subsequent winners of the 2020 City of Wanneroo Australia Day Awards:
(A) 2020 Australia Day Individual Award, Daniel McEvoy of the Achievers Club WA, Girrawheen, Western Australia, for his dedication towards supporting students of lower socio-economic backgrounds with their studies, and
(B) 2020 City of Wanneroo Community Award, BAPS Shri Swaminarayan Mandir, Wangara, Western Australia, for its commitment to enhancing the community by providing support through a suite of outreach programs.

**Senator Whish-Wilson** to move on the next day of sitting:
That the Senate—

(a) notes:

(i) the spread of misinformation on social media during the recent bushfires, particularly posts that exaggerated the number of bushfires started by arsonists,

(ii) the analysis undertaken by Queensland University of Technology academics that found that a significant amount of social media activity that exaggerated the number of bushfires started by arsonists was indicative of highly automated and inauthentic behaviour, which suggests the existence of a concerted campaign,

(iii) that the spread of such misinformation during the bushfires crisis is highly irresponsible; makes it more difficult for bushfire affected communities to obtain accurate information; makes it more difficult for bushfire affected communities to respond in a timely and safe manner to fires; and demonstrates a callous indifference to the hardship and grief being experienced by bushfire affected communities; and

(b) acknowledges the importance of:

(i) the accurate reporting of bushfires; and

(ii) the public being able to trust information sources during a state of emergency.

**The Leader of the Australian Greens in the Senate (Senator Waters)** to move on the next day of sitting:

(1) That the Senate notes that:

(a) the Senate passed the Australian Greens’ National Integrity Commission Bill 2018 (No. 2) on 9 September 2019 to establish a federal corruption watchdog with broad remit to investigate allegations of corruption and misconduct, and to ensure strong, independent oversight of the actions of parliamentarians; and

(b) public consultation on the Commonwealth Integrity Commission model proposed by the Government ended more than one year ago, but the Government has yet to introduce legislation to establish an integrity commission,

(2) That the Senate calls on the Federal Government to bring on the Australian Greens’ National Integrity Commission Bill 2019 in the House of Representatives for a vote in the February 2020 sittings.

(3) That this resolution be sent to the House of Representatives for concurrence.

**The Leader of the Australian Greens in the Senate (Senator Waters)** to move on the next day of sitting:

That the Senate—

(a) notes that:

(i) Adani Mining has received a criminal conviction in relation to giving false and misleading information to the regulator in relation to unlawful clearing activities, and

(ii) criminal convictions are a trigger under section 145 of the Environment Protection and Biodiversity Conservation Act 1999 for review and revocation of approvals granted under that Act; and

(b) calls on the Federal Government to revoke Adani’s environmental approvals related to its Carmichael Coal mine.

**Senator Siewert** to move on the next day of sitting:

That the Senate—

(a) notes that 26 January 2020 was marked by added sorrow for many First Nations peoples due to the damage that has been done to country and sacred places from drought and bushfires;

(b) recognises that First Nations peoples have a long and deep history of looking after country;

(c) further notes that it is time to listen with respect as we learn from First Nations peoples about traditional burning practices, land management practices and regeneration of vegetation; and

(d) calls on the Federal Government to ensure First Nations peoples have a leading role in the fire and drought recovery process.

**Senator Faruqi** to move on the next day of sitting:

That the Senate—

(a) notes that:

(i) Asset Energy has announced that it will not proceed with plans for seismic testing in the Petroleum Exploration Permit 11 zone, which was originally planned for thousands of square kilometres of ocean from Newcastle through the Central Coast to Manly in New South Wales,

(ii) while this is welcome news for ocean life, exploration through drilling could occur soon causing irreversible damage to the marine environment, and

(iii) there is a climate emergency and further coal, gas or oil reserves should not be developed if we have any chance of preventing more than 1.5 degrees of warming; and
calls on the Federal Government to cancel Petroleum Exploration Permit 11.

Senator Di Natale to move on the next day of sitting:

That the Senate—

(a) notes that the Indonesian President Widodo is visiting Australia during the week of 10 February;

(b) further notes with deep concern that:

(i) since August last year Indonesian authorities have engaged in an unprecedented crackdown in West Papua following protests against racism and in favour of self-determination,

(ii) more than 50 people died as a result of these protests, and 84 people are being investigated for, or have been charged with, treason, and

(iii) those in prison for treason are viewed as political prisoners according to Amnesty International and Human Rights Watch;

(c) welcomes the fact that the 50th Pacific Islands Forum Communique acknowledged continued allegations of human rights abuses in West Papua, called on all parties to protect and uphold human rights, and strongly encouraged Indonesia and the UN to finalise timing of a visit by the UN High Commissioner for Human Rights to West Papua;

(d) calls on the Australian Government to raise its strong concerns about human rights abuses in West Papua directly with President Widodo, and:

(i) call on the Indonesian Government to allow unfettered access to West Papua for UN officials and foreign journalists,

(ii) urge the Indonesian Government to drop charges against political prisoners; and

(iii) request access to visit West Papuan political prisoners.

COMMITTEES
Selection of Bills Committee

Senator DEAN SMITH (Western Australia—Government Whip in the Senate) (11:45): I present the first report of 2020 of the Selection of Bills Committee and I seek leave to have the report incorporated into the Hansard.

Leave granted.

The report read as follows—

SELECTION OF BILLS COMMITTEE
REPORT NO. 9 OF 2019

1. The committee met in private session on Wednesday, 5 February 2020 at 7.12 pm.

2. The committee recommends that—

(a) the provisions of the Australian Business Growth Fund Bill 2019 be referred immediately to the Economics Legislation Committee for inquiry and report by 21 February 2020 (see appendix 1 for a statement of reasons for referral);

(b) contingent upon introduction in the House of Representatives, the provisions of the Social Services and Other Legislation Amendment (Simplifying Income Reporting and Other Measures) Bill 2020 be referred immediately to the Community Affairs Legislation Committee for inquiry and report by 20 February 2020 (see appendix 2 for a statement of reasons for referral); and

(c) contingent upon introduction in the House of Representatives, the provisions of the Paid Parental Leave Amendment (Flexibility Measures) Bill 2020 be referred immediately to the Community Affairs Legislation Committee for inquiry and report by 19 March 2020.

3. The committee recommends that the following bills not be referred to committees:

- International Human Rights and Corruption (Magnitsky Sanctions) Bill 2020
- Marine Safety (Domestic Commercial Vessel) National Law Amendment (Improving Safety) Bill 2019
- National Consumer Credit Protection Amendment (Mandatory Credit Reporting and Other Measures) Bill 2019
- National Vocational Education and Training Regulator Amendment Bill 2019
- Student Identifiers Amendment (Higher Education) Bill 2019
- Tertiary Education Quality and Standards Agency Amendment (Prohibiting Academic Cheating Services) Bill 2019
- Treasury Laws Amendment (2019 Measures No. 3) Bill 2019
- Treasury Laws Amendment (2019-20 Bushfire Tax Assistance) Bill 2020

4. The committee deferred consideration of the following bills to its next meeting:
- Air Services Amendment Bill 2018
- Commonwealth Electoral Amendment (Donation Reform and Other Measures) Bill 2020
- Constitution Alteration (Freedom of Expression and Freedom of the Press) 2019
- Customs Amendment (Safer Cladding) Bill 2019
- Discrimination Free Schools Bill 2018
- Governor-General Amendment (Cessation of Allowances in the Public Interest) Bill 2019
- Great Australian Bight Environment Protection Bill 2019
- Regional Forest Agreements Legislation (Repeal) Bill 2017
- Social Services Legislation Amendment (Better Targeting Student Payments) Bill 2019
- Social Services Legislation Amendment (Ending the Poverty Trap) Bill 2018
- Social Services Legislation Amendment (Payment Integrity) Bill 2019
- Treasury Laws Amendment (Reuniting More Superannuation) Bill 2020

5. The committee considered the following bill but was unable to reach agreement:
- Fair Work (Registered Organisations) Amendment (Ensuring Integrity No. 2) Bill 2019 (see appendix 3 for a statement of reasons for referral)
- Treasury Laws Amendment (Research and Development Tax Incentive) Bill 2019 (see appendix 4 for a statement of reasons for referral)

(Dean Smith) Chair
6 February 2020

Appendix 1

SELECTION OF BILLS COMMITTEE

Name of bill:
Australian Business Growth Fund Bill 2019

Reasons for referral/principal issues for consideration:
To seek clarity or the governance and operational arrangements of the Fund
To seek views from stakeholders and experts on how best to implement the Fund

Possible submissions or evidence from:
Department of the Treasury
Senate Economics Legislation Committee

Possible hearing date(s):
To be determined by the Committee

Possible reporting date:
21 February 2020

SELECTION OF BILLS COMMITTEE

Proposal to refer a bill to a committee

Name of bill:
Australian Business Growth Fund Bill 2019

Reasons for referral/principal issues for consideration:
To understand the current supply of credit to small and medium enterprises (SMEs), including any particular market conditions and any regulations that are affecting the supply of credit to SMEs.
To understand the possible competition impacts of this Bill, including whether it would give preference to bank capital over other forms of capital.

Possible submissions or evidence from:
Economists
Business associations and industry groups
Financial sector
Shareholders

Committee to which bill is to be referred:
Economics
Possible hearing date(s):
Not necessary
Possible reporting date:
April 2020

Appendix 2
SELECTION OF BILLS COMMITTEE
Proposal to refer a bill to a committee
Name of bill:

Social Security and other Amendments (Simplifying Income Reporting and Other Measures) Bill 2020

Reasons for referral/principal issues for consideration:
• Ensure there will not be negative consequences for any social security recipients.

Possible submissions or evidence from:
• ACOSS
• National Social Security Rights Network
• COTA
• National Seniors

Committee to which bill is to be referred:
Senate Community Affairs Legislation Committee

Possible hearing date(s):
To be determined by the Committee

Possible reporting date:
19 March 2020

SELECTION OF BILLS COMMITTEE
Proposal to refer a bill to a committee
Name of bill:

Social Services and Other Legislation Amendment (Simplifying Income Reporting and Other Measures) Bill 2020

Reasons for referral/principal issues for consideration:
This bill fundamentally changes the way income is reported and assessed for the purposes of determining income support payments. It will affect 1.2 million income support recipients and generates significant savings from the social security budget. It is necessary to scrutinise and understand the impact this new legislation will have on income support recipients.

Possible submissions or evidence from:
ACOSS, NSSRN, Anglicare Australia, Jobs Australia, Australian Unemployed Workers Union, Community and Public Sector Union, Accountable Income Management Network.

Committee to which bill is to be referred:
Community Affairs Legislation Committee

Possible hearing date(s):
Possible reporting date:

Appendix 3
SELECTION OF BILLS COMMITTEE
Proposal to refer a bill to a committee
Name of bill:

Fair Work (Registered Organisations) Amendment (Ensuring Integrity No. 2) Bill 2019

Reasons for referral/principal issues for consideration:
The Bill is substantially different from its previous iteration. None of the amendments incorporated by the Government to form the new bill were debated in either House. The potential impact!, of these amendments need to be examined in detail.

Possible submissions or evidence from:
The ACTU, state labour councils, unions, union members, workplace relations academics and lawyers, employer representatives.

Committee to which bill is to be referred:
Senate Education and Employment Legislation Committee

Possible hearing date(s):
To be determined by the Committee
Possible reporting date:
Friday, 1 May 2020.

SELECTION OF BILLS COMMITTEE
Proposal to refer a bill to a committee
Name of bill:
Fair Work (Registered Organisations) Amendment (Ensuring Integrity No.2)
Reasons for referral/principal issues for consideration:
The Bill is incompatible with International Labour Organisations (ILO) treaties and infringes on the rights of workers and their unions.

Possible submissions or evidence from:
Unions
Fair Work Commission Fair Work Ombudsman

Committee to which bill is to be referred:
Education and Employment Legislation Committee
Possible hearing date(s):
25 June 2020

SENATOR DEAN SMITH: I move:
That the report be adopted.

Senator RUSTON (South Australia—Minister for Families and Social Services and Manager of Government Business in the Senate) (11:46): I move the following amendment:
At the end of the motion, add "but in respect the Fair Work (Registered Organisations) Amendment (Ensuring Integrity No. 2) Bill 2019, the bill not be referred to a committee."

Senator GALLAGHER (Australian Capital Territory—Manager of Opposition Business in the Senate) (11:46): I have an amendment to the government's amendment that has been circulated. I move the amendment to the amendment moved by Senator Ruston circulated in my name, which completely disagrees with the government's amendment:

omit "not be referred to a committee", substitute "be referred immediately to the Education and Employment Legislation Committee for inquiry and report by 1 May 2020."

We do believe this is a fair request to put to the government. This is a highly contested bill. There were significant amendments made to the bill during the debate last year in this place. We think a quick committee inquiry into those changes and any further ones that are currently being negotiated, as we are aware through media reporting,
should be explored by the Senate Education and Employment Legislation Committee prior to formal debate in this chamber. We would seek other senators’ support for that amendment.

Senator SIEWERT (Western Australia—Australian Greens Whip) (11:47): I indicate that we will be supporting that amendment.

The PRESIDENT: The question is that the amendment moved by Senator Gallacher to the amendment to the Selection of Bills Committee report moved by Senator Ruston be agreed to.

The Senate divided. [11:52]

(The President—Senator Ryan)

Ayes ..................... 33
Noes ...................... 35
Majority ............... 2

AYES

Ayres, T
Carr, KJ
Ciccone, R
Farrell, D
Gallagher, KR
Hanson, P
Keneally, KK
Lines, S
McCarthy, M
O’Neill, D
Pratt, LC
Roberts, M
Siewert, R
Steele-John, J
Urquhart, AE (teller)
Waters, LJ
Whish-Wilson, PS

NOES

Abetz, E
Askew, W
Brockman, S
Cash, MC
Colbeck, R
Duniam, J
Fierravanti-Wells, C
Henderson, SM
Hume, J
McDonald, S
McKenzie, B
Molan, AJ
Paterson, J
Remnick, G
Ruston, A
Scarr, P
Smith, DA (teller)
Van, D

Antic, A
Birmingham, SJ
Canavan, MJ
Chandler, C
Davey, P
Fawcett, DJ
Griff, S
Hughes, H
Lambie, J
McGrath, J
McMahon, S
O’Sullivan, MA
Patrick, RL
Reynolds, L
Ryan, SM
Seselja, Z
Stoker, AJ

PAIRS

Bilyk, CL
Bragg, A J
Payne, MA
Dodson, P
Bragg, A J
Cormann, M
Wong, P

Senator Gallacher did not vote, to compensate for the vacancy caused by the resignation of Senator Bernardi.

Question negatived.

The PRESIDENT (11:55): The question is that the amendment moved by Senator Ruston to the Selection of Bills Committee report be agreed to.

The Senate divided. [11:55]
Senator Gallacher did not vote, to compensate for the vacancy caused by the resignation of Senator Bernardi.

Question agreed to.

Senator RUSTON (South Australia—Minister for Families and Social Services and Manager of Government Business in the Senate) (11:58): I move:

At the end of the motion, add "and in respect of the Treasury Laws Amendment (Research and Development Tax Incentive) Bill 2019, the provisions of the bill be referred immediately to the Economics Legislation Committee for inquiry and report by 19 March 2020."

Senator GALLAGHER (Australian Capital Territory—Manager of Opposition Business in the Senate) (11:58): I have an amendment to Senator Ruston's amendment. I move:

omit "19 March 2020", substitute "30 April 2020".

I acknowledge that there has been effort to reach agreement and not resolve this in the chamber, but, unfortunately, on this one we haven't been able to reach agreement. My amendment seeks to extend the reporting date by six weeks to 30 April 2020, and I ask for other senators' support for this amendment.
Senator SIEWERT (Western Australia—Australian Greens Whip) (11:59): Can I indicate that the Greens will be supporting this amendment to the amendment.

The PRESIDENT: The question is that the amendment moved by Senator Gallagher to the amendment moved by Senator Ruston be agreed to.

The Senate divided. [12:04]

(The President—Senator Ryan)

Ayes ......................37
Noes ......................33
Majority ...............4

AYES

Ayres, T
Brown, CL
Chisholm, A
Di Natale, R
Faruqi, M
Green, N
Hanson, P
Kitching, K
Lines, S
McCarthy, M
O'Neill, D
Polley, H
Rice, J
Sheldon, A
Smith, M
Sterle, G
Walsh, J
Watt, M
Wong, P

Bilyk, CL
Carr, KJ
Ciccone, R
Farrell, D
Gallagher, KR
Griff, S
Hanson-Young, SC
Lambie, J
McAllister, J
McKim, NJ
Patrick, RL
Pratt, LC
Roberts, M
Siewert, R
Steele-John, J
Urquhart, AE (teller)
Whish-Wilson, PS

NOES

Abetz, E
Askew, W
Birmingham, SJ
Bragg, AJ
Brockman, S
Canavan, MJ
Cash, MC
Chandler, C
Colbeck, R
Davey, P
Duniam, J
Fawcett, DJ
Fierravanti-Wells, C
Henderson, SM
Hughes, H
Hume, J
McDonald, S
McGrath, J
McKenzie, B
McMahon, S
Molan, AJ
O'Sullivan, MA
Paterson, J
Remnick, G
Reynolds, L
Ruston, A
Ryan, SM
Seselja, Z
Smith, DA (teller)
Stoker, AJ
Van, D

Antic, A
Birmingham, SJ
Brockman, S
Cash, MC
Colbeck, R
Duniam, J
Fierravanti-Wells, C
Hughes, H
McDonald, S
McKenzie, B
Molan, AJ
Paterson, J
Reynolds, L
Ryan, SM
Seselja, Z
Stoker, AJ

PAIRS

Dodson, P
Keneally, KK

Cormann, M
Payne, MA

Senator Gallacher did not vote, to compensate for the vacancy caused by the resignation of Senator Bernardi.

Question agreed to.

The PRESIDENT (12:06): The question now is that Senator Ruston's amendment, as amended, be agreed to.

Question agreed to.

The PRESIDENT: There being no other amendments, I will put the question on the original motion moved by Senator Smith on the Selection of Bills Committee report, with the amendments incorporated by the Senate just now.
Question agreed to.

BUSINESS

Rearrangement

Senator RUSTON (South Australia—Minister for Families and Social Services and Manager of Government Business in the Senate) (12:07): I move:

That—

(a) the following government business orders of the day be considered from 12.45 pm today:

No. 6 Financial Sector Reform (Haynes Royal commission Response – Stronger Regulators (2019 Measures) Bill 2019

No. 7 Treasury Laws Amendment (2019-2020 Bushfire Tax assistance) Bill 2020; and

(b) government business be called on after consideration of the bills listed in paragraph (a) and considered until not later than 2 pm today.

Question agreed to.

Rearrangement

Senator RUSTON (South Australia—Minister for Families and Social Services and Manager of Government Business in the Senate) (12:07): I move:

That the item of general business for consideration today be:

general business notice of motion No. 363 standing in the name of Senator Gallagher relating to Ministerial Standards.

Question agreed to.

NOTICES

Postponement

The Clerk: Postponement notifications have been lodged in respect of the following:

General business notice of motion no. 398 standing in the name of Senator Siewert for today, regarding the Newstart and Youth Allowance, postponed till 10 February 2020.

COMMITTEES

Economics Legislation Committee

Economics References Committee

Reporting Date

The Clerk: Notifications of extensions of time for committees to report have been lodged in respect of the following:


Economics References Committee – Australia's oil and gas reserves – additional extension to 16 September 2020

The PRESIDENT (12:08): I remind senators that the question may be put on any of those proposals at the request of any senator. There being none, we will move on.

Economics Legislation Committee

Reporting Date

Senator BROCKMAN (Western Australia—Deputy Government Whip in the Senate) (12:09): I move:

That the reporting date of the Economics Legislation Committee inquiry into the Currency (Restrictions on the Use of Cash) Bill 2019 be extended from 7 February 2020 to 28 February 2020.

Question agreed to.

BILLS

Telecommunications Amendment (Repairing Assistance and Access) Bill 2019

Explanatory Memorandum

Senator URQUHART (Tasmania—Opposition Whip in the Senate) (12:09): At the request of Senator Keneally, I seek leave to table a document which is a replacement explanatory memorandum for the Telecommunications Amendment (Repairing Assistance and Access) Bill 2019. The previous version had a minor typographical error, and I note this was agreed previously with the whips.

Leave granted.
Senator URQUHART: I table the document.

BUSINESS

Consideration of Legislation

Senator RUSTON (South Australia—Minister for Families and Social Services and Manager of Government Business in the Senate) (12:10): I move:

That the provisions of paragraphs (5) to (8) of standing order 111 not apply to the Treasury Laws Amendment (2019-20 Bushfire Tax Assistance) Bill 2020, allowing it to be considered during this period of sittings.

Question agreed to.

Days and Hours of Meeting

Senator RUSTON (South Australia—Minister for Families and Social Services and Manager of Government Business in the Senate) (12:10): I move:

That on Monday, 10 February 2020:

(a) the sitting of the Senate shall be suspended from 11 am until 2.30 pm, to enable senators to attend the address by His Excellency Mr Joko Widodo, President of the Republic of Indonesia;

(b) the routine of business from not later than 2.30 pm shall be as follows:

(i) questions without notice,

(ii) motions to take note of answers until 4 pm, and

(iii) consideration of private senators bills until 5.20 pm; and

(c) following conclusion of consideration of private senators bills, the Senate return to the routine of business.

Question agreed to.

MOTIONS

Community Sport Infrastructure Grant Program

Senator RICE (Victoria—Deputy Australian Greens Whip) (12:10): Before asking that the motion be taken as formal, I wish to inform the chamber that Senator Farrell will sponsor the motion, and I seek leave to amend general business notice of motion No. 380.

Leave granted.

Senator RICE: I, and also on behalf of Senator Farrell, move the motion as amended:

That the Senate—

(a) notes that:

(i) sport and physical recreation are essential elements of the culture of many Australians,

(ii) sport and physical recreation are necessary for the maintenance of good mental and physical health and wellbeing,

(iii) participation in sport plays an important role in the development of social, organisational and communication skills,

(iv) community-based sporting clubs and associations are an integral part of our society,

(v) Government has a responsibility to ensure equitable access to affordable sport and physical recreation facilities and services, and

(vi) the integrity of sport should be encouraged by sound and transparent governance structures; and

(b) calls on the Government to provide the tens of millions in extra funding for all applications under the Community Sport Infrastructure Program that were recommended or listed for recommendation by Sport Australia, but not awarded grants by the Minister.

Senator DUNIAM (Tasmania—Assistant Minister for Forestry and Fisheries and Assistant Minister for Regional Tourism) (12:11): I seek leave to make a short statement.

The PRESIDENT: Leave is granted for one minute.

Senator DUNIAM: Our government's Community Sport Infrastructure Grant Program has funded 684 local sporting projects by investing $100 million. The program is supporting the construction of new community infrastructure and upgrading many sporting facilities to help support local jobs, increase participation in sport and get more Australians moving. In relation to paragraph (b), funding decisions relating to sport must be dealt with through the budget process, and therefore we oppose this motion.

The PRESIDENT: The question is that motion No. 380, as amended, be agreed to.

The Senate divided. [12:16]

(The President—Senator Ryan)
Ayes .................. 34
Noes .................. 34
Majority ............. 0

AYES

Ayres, T
Brown, CL
Chisholm, A
Di Natale, R
Faruqi, M
Green, N
Hanson-Young, SC
Lambie, J
McAllister, J
McKim, NJ
Patrick, RL
Pratt, LC
Sheldon, A
Smith, M
Sterle, G
Walsh, J
Watt, M

Bilyk, CL
Carr, KJ
Ciccone, R
Farrell, D
Gallagher, KR
Griff, S
Kitching, K
Lines, S
McCarthy, M
O'Neil, D
Polley, H
Rice, J
Siewert, R
Steele-John, J
Urquhart, AE (teller)
Waters, LJ
Whish-Wilson, PS

NOES

Abetz, E
Antic, A
Askew, W
Birmingham, SJ
Bragg, AJ
Brockman, S
Canavan, MJ
Cash, MC
Chandler, C
Colbeck, R
Davey, P
Duniam, J
Fawcett, DJ
Fierravanti-Wells, C
Hanson, P
Henderson, SM
Hughes, H
Hume, J
McDonald, S
McGrath, J
McKenzie, B
McMahon, S
Molan, AJ
McGrath, J
Remnick, G
Reynolds, L
Roberts, M
Ruston, A
Ryan, SM
Scarr, P
Seselja, Z
Smith, DA (teller)
Stoker, AJ
Van, D

PAIRS

Dodson, P
Keneally, KK
Wong, P

O'Sullivan, MA
Payne, MA
Cormann, M

Senator Gallacher did not vote, to compensate for the vacancy caused by the resignation of Senator Bernardi.

Question negatived.

Aged-Care Assessments

Senator GRIFF (South Australia) (12:18): Before asking that the motion be taken as formal, I wish to inform the chamber that Senator Siewert will sponsor the motion. I, and also on behalf of Senator Siewert, move:

That the Senate—

(a) notes:

(i) with deep concern, the Government's decision to privatise aged care assessments from April 2021 with a tender to be held this year, and

(ii) the Government's decision was not made in consultation with State Health Ministers;

(b) recognises that there are eighty aged care assessment teams (ACAT) operating across the nation which include state-employed multi-disciplinary teams of nurses, geriatricians, physiotherapists, occupational therapists, psychologists and social workers who work at public hospitals, to expertly assess the more complex level of care required by individual elderly Australians;
(c) further notes the recent statement by the Chair of the Royal Commission into Aged Care Quality and Safety on ACAT privatisation that:

(i) the Royal Commission's Interim Report did not endorse the Government's position on privatising ACAT, and
(ii) the Commission has not yet made a recommendation about which sector or mechanism will best achieve an integration of Regional Assessment Services and the Aged Care Assessment Teams;

(d) acknowledges that:

(i) health experts argue that no private providers can offer the expertise to adequately assess the often complex needs of hundreds of thousands of elderly Australians, and
(ii) outsourcing assessment teams would have a serious detrimental impact on the delivery of proper care; and

(e) calls on the Federal Government to consult with the state health ministers on the issue of ACAT privatisation, as a matter of urgency.

Senator DUNIAM (Tasmania—Assistant Minister for Forestry and Fisheries and Assistant Minister for Regional Tourism) (12:19): I seek leave to make a short statement.

The PRESIDENT: Leave is granted for one minute.

Senator DUNIAM: The government has not made a decision to privatise aged-care assessments. It's disappointing that claims to that effect are misleading the community and parliament. The government made a commitment in the 2018-19 budget to streamline the assessment process of aged care in line with the 2017 Tune review recommendation, which goes as follows: 'That the government integrate regional assessment services with aged-care assessment teams.'

The royal commission in the interim report stated:
The Government has announced that it will implement this recommendation and will integrate the two assessment workforces from 2020. The Royal Commission considers that this integration needs to be progressed urgently.
The government is committed to creating a better experience for senior Australians entering aged care, and our position remains unchanged: we're committed to ensuring that Australians seeking to enter aged care receive timely, consistent, high-quality needs assessments.


The PRESIDENT: Leave is granted for one minute.

Senator ROBERTS: I speak in support of this motion. These assessment teams play a vital role in connecting everyday aged Australians with the health care and support they need. What is truly important is that the care package that the assessment team delivers is the right one, because it affects the health and happiness of people in need. These are real people with real needs which should not be ignored. So we support this, and we call on the government to consult with the state health ministers on the issue of ACAT privatisation as a matter of urgency.

The PRESIDENT: The question is that the motion moved by Senator Griff, No. 393, be agreed to.

The Senate divided. [12:21]
(The President—Senator Ryan)

Ayes .................. 36
Noes .................. 32
Majority ............... 4

AYES

Ayres, T
Brown, CL
Chisholm, A
Di Natale, R
Faruqi, M
Green, N
Hanson, P
Kitching, K
Lines, S
McCarthy, M
O'Neill, D
Polley, H
Rice, J
Sheldon, A
Smith, M
Sterle, G
Walsh, J

Bilyk, CL
Carr, KJ
Ciccone, R
Farrell, D
Gallagher, KR
Griff, S
Hanson-Young, SC
Lambie, J
McAllister, J
McKim, NJ
Patrick, RL
Pratt, LC
Roberts, M
Siewert, R
Steele-John, J
Urquhart, AE (teller)
Waters, LJ

CHAMBER
AYES

Watt, M
Whish-Wilson, PS

NOES

Abetz, E
Antic, A
Birmingham, SJ
Brockman, S
Cash, MC
Colbeck, R
Duniam, J
Fierravanti-Wells, C
Hughes, H
McDonald, S
McKenzie, B
Molander, AJ
Rennick, G
Ruston, A
Scarr, P
Smith, DA (teller)
Van, D

PAIRS

Dodson, P
O'Sullivan, MA
Keneally, KK
Payne, MA
Wong, P
Cormann, M

Senator Gallacher did not vote, to compensate for the vacancy caused by the resignation of Senator Bernardi.

Question agreed to.

Her Majesty Queen Elizabeth II

Senator DEAN SMITH (Western Australia—Government Whip in the Senate) (12:24): I move:

That the Senate—
(a) notes that 6 February 2020, marks the 68th anniversary of the accession of Her Majesty Queen Elizabeth II, Queen of Australia and Head of the Commonwealth;
(b) recognises the enduring role that Her Majesty has played as a symbol of peace and stability across the Commonwealth; and
(c) extends to Her Majesty, its appreciation for the sense of duty and extraordinary grace in which she fulfils her duties as Queen of Australia and Head of the Commonwealth.

Question agreed to.

Citizenship

Senator ABETZ (Tasmania) (12:24): In relation to motion No. 395, I seek to add the name of Senator Fierravanti-Wells. I, and also on behalf of Senator Fierravanti-Wells, move:

That the Senate—
(a) notes the Australian citizenship pledge, which in part reads as follows:
I pledge my loyalty to Australia and its people, whose democratic beliefs I share, whose rights and liberties I respect, and whose laws I will uphold and obey; and
(b) calls on all schools to consider having the citizenship pledge recited by students on appropriate occasions.


The PRESIDENT: Leave is granted for one minute.

Senator FARUQI: Instead of working to make students proud of our nation by leading on justice for First Nations people, by tackling the climate crisis and by ensuring that no Australian is left behind because of rising inequality, some in this place would rather have them recite a US-style pledge. This is a classic tactic of creating a problem where none exists. The bushfire crisis this summer has demonstrated the enduring strength of the Australian spirit in the community. We don't want to cheapen that spirit by forcing students to perform a jingoistic pantomime that fails to acknowledge Australia's settler colonial past and continued occupation. The Greens will not be supporting this motion.

The PRESIDENT: The question is that motion No. 395 be agreed to.

CHAMBER
The Senate divided. [12:27]

(The President—Senator Ryan)

Ayes ...................... 51
Noes ...................... 9
Majority .................. 42

AYES

Abetz, E
Askew, W
Bilyk, CL
Brockman, S
Carr, KJ
Chandler, C
Ciccone, R
Davey, P
Farrell, D
Fierravanti-Wells, C
Griff, S
Henderson, SM
Hume, J
Lambie, J
McDonald, S
McKenzie, B
Molan, AJ
O'Sullivan, MA
Patrick, RL
Pratt, LC
Ruston, A
Scarr, P
Sheldon, A
Smith, M
Van, D
Watt, M

Antic, A
Ayres, T
Bragg, A J
Canavan, MJ
Cash, MC
Chisholm, A
Colbeck, R
Duniam, J
Fawcett, DJ
Griff, S
Green, N
Hanson, P
Hughes, H
Kitching, K
McAllister, J
McGrath, J
McMahon, S
O'Neil, D
Paterson, J
Polley, H
Reynolds, L
Ryan, SM
Seselja, Z
Smith, DA (teller)
Stoker, AJ
Walsh, J

NOES

Di Natale, R
Hanson-Young, SC
Rice, J
Steele-John, J
Whish-Wilson, PS

Faruqi, M
McKim, NJ
Siewert, R (teller)
Waters, LJ

Question agreed to.

Oil Exploration

Senator HANSON-YOUNG (South Australia) (12:30): I move:

That the Senate notes—

(a) that Norwegian oil giant, Equinor, has received its second of four rounds of approvals from the National Offshore Petroleum Safety and Environmental Management Authority, the government regulator responsible for oversight into exploratory petroleum drilling in the Great Australian Bight;
(b) the deep community opposition to ‘big oil’ drilling in one of our most pristine ocean environments and sites of natural heritage in the world; and
(c) that tens of thousands of Australians continue to fight for the Bight, in forums both formal and informal, as communities across the country unite to reject Equinor’s disastrous plan.


The PRESIDENT: Leave is granted for one minute.

Senator GALLAGHER: Labor supports rigorous safety and environmental assessments that consider whether impacts and risks are acceptable on the basis of independent scientific expertise. Labor also believes that science and consultation, including from the community, should be at the heart of NOPSEMA’s decision-making processes. This motion by the Greens is another attempt to undermine the trust and work of the independent regulator and its assessment processes, and therefore Labour will not be supporting the motion.
The PRESIDENT: The question is that motion No. 396 moved by Senator Hanson-Young be agreed to.

The Senate divided. [12:32]

(The President—Senator Ryan)

Ayes .................... 14
Noes ...................... 52
Majority................ 38

AYES

Di Natale, R
Griff, S
Hanson-Young, SC
McKim, NJ
Rice, J
Siewert, R (teller)
Waters, LJ

Faruqi, M
Hanson, P
Lambie, J
Patrick, RL
Roberts, M
Steele-John, J
Whish-Wilson, PS

NOES

Abetz, E
Askew, W
Bilyk, CL
Brockman, S
Canavan, MJ
Cash, MC
Chisholm, A
Colbeck, R
Duniam, J
Fawcett, DJ
Gallagher, KR
Henderson, SM
Hume, J
McAllister, J
McDonald, S
McKenzie, B
Molan, AJ
O'Sullivan, MA
Pratt, LC
Reynolds, L
Ryan, SM
Seselja, Z
Smith, DA
Sterle, G
Urquhart, AE (teller)
Walsh, J

Antic, A
Ayres, T
Bragg, A J
Brown, CL
Carr, KJ
Chandler, C
Ciccone, R
Davey, P
Farrell, D
Fierravanti-Wells, C
Green, N
Hughes, H
Kitching, K
McCarthy, M
McGrath, J
McMahon, S
McKenzie, B
Paterson, J
Rennick, G
Ruston, A
Scarr, P
Sheldon, A
Smith, M
Stoker, AJ
Van, D
Watt, M

Question negatived.

Ministerial Conduct

Senator GRIFF (South Australia) (12:36): I, and also on behalf of Senator Patrick, move:

That the Senate—

(a) notes a number of recent examples of questionable conduct by Government Ministers that may fall under the purview of an independent anti-corruption commission, if one existed federally, including:

(i) numerous allegations against the Minister for Energy and Emissions Reduction, Mr Angus Taylor, including questions over the $80 million purchase of overland flow water licences and his ties to a company accused of clearing endangered grassland, and claims of document falsification in relation to the Sydney Lord Mayor,

(ii) Senator Bridget McKenzie and the 'sports rorts' affair, and

(iii) suspected leaks of classified information from Minister Peter Dutton's office about the costs of medically evacuating refugees, where the confidential information was reportedly de-classified at a time the Australian Federal Police was still investigating the leak; and

(b) further notes that the Government's proposed Commonwealth Integrity Commission (CIC) would not have the ability to make public findings of corruption, and can only refer potentially criminal behaviour, and will fail to expose improper conduct of Members of Parliament and public servants; and
(c) calls on the Federal government to strengthen its proposed CIC and introduce a bill to create a federal anti-corruption commission that will have the power to hold public hearings and to make public findings of corruption.

Senator DUNIAM (Tasmania—Assistant Minister for Forestry and Fisheries and Assistant Minister for Regional Tourism) (12:36): I seek leave to make a short statement.

The PRESIDENT: Leave is granted for one minute.

Senator DUNIAM: The Commonwealth Integrity Commission will have both the resources and the power that it needs to investigate allegations of criminal conduct that could occur across the public sector. The government is keenly aware that many people's lives have been damaged actually, irretrievably and unfairly through being effectively denied procedural fairness through the failings of state anticorruption bodies. The CIC will have extensive powers to compel information and hold compulsory hearings so they can thoroughly investigate allegations of criminal corrupt conduct. Courts, with their well-established procedures to protect individuals’ rights, are best placed to determine criminality, not investigative bodies.

The PRESIDENT: The question is that motion No. 397 be agreed to.

The Senate divided. [12:41]

(The President—Senator Parry)

Ayes ......................36
Noes ......................32
Majority ..................4

AYES

Ayres, T
Brown, CL
Chisholm, A
Di Natale, R
Faruqi, M
Green, N
Hanson, P
Kitching, K
Lines, S
McCarthy, M
O'Neil, D
Polley, H
Rice, J
Sheldon, A
Smith, M
Sterle, G
Walsh, J
Watt, M

Bilyk, CL
Carr, KJ
Ciccone, R
Farrell, D
Gallagher, KR
Griff, S
Hanson-Young, SC
Lambie, J
McAllister, J
McKim, NJ
Patrick, RL
Pratt, LC
Roberts, M
Siewert, R
Steele-John, J
Urquhart, AE (teller)
Waters, LJ
Whish-Wilson, PS

NOES

Abetz, E
Askew, W
Bragg, AJ
Canavan, MJ
Chandler, C
Davey, P
Fawcett, DJ
Henderson, SM
Hume, J
McGrath, J
McMahon, S
O'Sullivan, MA
Rennick, G
Ruston, A
Scarr, P
Stoker, AJ

Antic, A
Birmingham, SJ
Brockman, S
Cash, MC
Colbeck, R
Duniam, J
Fierravanti-Wells, C
Hughes, H
McDonald, S
McKenzie, B
Molan, AJ
Paterson, J
Reynolds, L
Ryan, SM
Smith, DA (teller)
Van, D

PAIRS

Dodson, P
Keneally, KK

Seselja, Z
Payne, MA
Senator Gallacher did not vote, to compensate for the vacancy caused by the resignation of Senator Bernardi.

Question agreed to.

Donations to Political Parties

Senator GRIFF (South Australia) (12:44): I move:

That the Senate—

(a) recognises transparency and accountability in Government are the hallmarks of a strong democracy;

(b) acknowledges trust in government has reached an all-time low compounded by recent scandals;

(c) notes, with concern, the results of the Australian National University 2019 Australian election study that:

(i) satisfaction with democracy is at its lowest level (59%) since the constitutional crisis of the 1970s;

(ii) trust in Government has reached its lowest level on record, with just 25% believing people in government can be trusted, and

(iii) 56% of Australians believe that the Government is run for 'a few big interests', while just 12% believe the Government is run for 'all the people'; and

(d) further acknowledges that winning back people's trust is among the most urgent challenges facing political leaders;

(e) recognises rebuilding trust with voters involves tightening the rules around political donations;

(f) further recognises that donations to political parties revealed in the Australian Electoral Commission disclosures published on Monday demonstrate the need for urgent political donations reform;

(g) recognises that, ideally, the Government should ban corporate donations from vested interests that seek to influence government policy; and

(h) calls on the Federal Government, as a minimum, to:

(i) lower the disclosure threshold for political donations to $1000; and

(ii) for real time disclosures of donations to political parties.

Senator DUNIAM (Tasmania—Assistant Minister for Forestry and Fisheries and Assistant Minister for Regional Tourism) (12:44): I seek leave to make a short statement.

The PRESIDENT: Leave is granted for one minute.

Senator DUNIAM: Australia has a robust system of political disclosures overseen by the independent Australian Electoral Commission. Under changes introduced by this government to improve transparency, political campaigner disclosures have now been published for the first time, which reveal that nine unions spent almost $33 million on electoral expenditure in 2018-19, with just the ACTU spending over $21.2 million. When including third-party electoral expenditure, unions spent almost $35 million in 2018-19. A complete ban on corporate donations is misguided and will create an uneven playing field between big unions and other organisations in the Australian community, as well as posing potential constitutional problems. A $1,000 unindexed threshold is very low, and such a measure would risk increasing red tape and discouraging individuals from participating in the political process for fear of intimidation or retribution from political opponents.

Senator HANSON (Queensland) (12:45): I seek leave to make a short statement.

The PRESIDENT: Leave is granted for one minute.

Senator HANSON: One Nation does agree with the whole concept of this notice of motion, but I'd have to draw attention to section (f):

further recognises that donations to political parties revealed in the Australian Electoral Commission disclosures published on Monday demonstrate the need for urgent political donations reform.

That notice published on Monday was basically that the media said it was donations to the political party. It wasn't. It was revenue that was collected by the political parties from January 2018 to 2019. They were not political donations. It comes from membership and it comes from revenue and sales by the party, therefore I dispute the over $3 million as political donations to the political party that was published in the paper last Monday.

The PRESIDENT: The question is the motion moved by Senator Griff be agreed to.

The Senate divided. [12:47]

(The President—Senator Ryan)
Ayes ................... 35
Noes ..................... 31
Majority ............... 4

AYES

Ayres, T
Brown, CL
Chisholm, A
Di Natale, R
Faruqi, M
Green, N
Hanson, P
Kitching, K
Lines, S
McCarthy, M
O’Neill, D
Polley, H
Rice, J
Sheldon, A
Smith, M
Sterle, G
Walsh, J
Whish-Wilson, PS

Bilyk, CL
Carr, KJ
Ciccone, R
Farrell, D
Gallagher, KR
Griff, S
Hanson-Young, SC
Lambie, J
McAllister, J
McKim, NJ
Patrick, RL
Pratt, LC
Roberts, M
Siewert, R
Steele-John, J
Urquhart, AE (teller)
Waters, LJ

NOES

Abetz, E
Askew, W
Bragg, A J
Canavan, MJ
Colbeck, R
Duniam, J
Fierravanti-Wells, C
Hughes, H
McDonald, S
McKenzie, B
Molan, AJ
Paterson, J
Reynolds, L
Ryan, SM
Smith, DA (teller)
Van, D

Antic, A
Birmingham, SJ
Brockman, S
Cash, MC
Davey, P
Fawcett, DJ
Henderson, SM
Hume, J
McGrath, J
McMahon, S
O’Sullivan, MA
Rennick, G
Ruston, A
Scarr, P
Stoker, AJ

PAIRS

Dodson, P
Keneally, KK
Watt, M
Wong, P

Seselja, Z
Payne, MA
Chandler, C
Cormann, M

Senator Gallacher did not vote, to compensate for the vacancy caused by the resignation of Senator Bernardi.
Question agreed to.

BILLS

Financial Sector Reform (Hayne Royal Commission Response—Stronger Regulators (2019 Measures)) Bill 2019

Second Reading

Consideration resumed of the motion:
That this bill be now read a second time.

Senator McALLISTER (New South Wales) (12:50): I should start by clarifying that the Financial Sector Reform (Hayne Royal Commission Response—Stronger Regulators (2019 Measures)) Bill 2019, despite its name, has very little to do with the Hayne royal commission. In fact, this bill implements recommendations from the
ASIC Enforcement Review Taskforce from two years ago, but it's been dressed up to look as though the government is taking action following the royal commission.

It is a year since the release of the Hayne royal commission report, and it is deeply shameful that in the past year the government has implemented only six of the 76 recommendations. During the royal commission, we heard stories of everyday Australians being exploited by the banks. A couple was given bad advice that saw them lose their family home. Fees were knowingly charged to people who had passed away. There are instances of discrimination against a person with a disability. In his interim report, Commissioner Hayne stated that the main reason for this behaviour was greed, the pursuit of short-term profit at the expense of basic standards of honesty. The horrific stories that surfaced in the royal commission and Hayne's report have demonstrated that much needs to be changed to restore Australia's confidence in the financial sector. But this government has done very little to deliver the long-overdue legislative response needed to protect Australians. In a similar vein, the government has taken over two years to implement the findings of the ASIC Enforcement Review Taskforce, which reported on its findings back in 2017. This task force was established to review the enforcement tools available to the Australian Securities and Investments Commission and assess the suitability of the existing regulatory tools they use to perform their functions.

This bill implements the remaining recommendations of the ASIC Enforcement Review Taskforce report in four schedules. Schedule 1 of the bill contains amendments which enhance and modernise the search warrant powers. This schedule will ensure ASIC has consistent search warrant powers across the legislation where it has specific enforcement responsibility, and it recognises the role technology plays in the communication of information. Schedule 2 of the bill contains amendments which allow ASIC to receive telecommunications intercept material to investigate and prosecute serious offences. It's important to note that it will not expand the range of offences for which telecommunications intercept warrants can be sought. Schedule 3 of the bill contains amendments which strengthen ASIC's licensing powers and the offences for false and misleading documents, and schedule 4 of the bill contains amendments which extend ASIC's banning powers to ban individuals from managing financial services businesses. Labor will be supporting this bill.

Senator HUME (Victoria—Assistant Minister for Superannuation, Financial Services and Financial Technology) (12:53): First I would like to thank those senators who have contributed to this debate. The government is committed to implementing a comprehensive response to the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, which is set out in its Financial Services Royal Commission Implementation Roadmap. The Financial Sector Reform (Hayne Royal Commission Response—Stronger Regulators (2019 Measures)) Bill 2019 is an important step in delivering the response by implementing the recommendations of the ASIC Enforcement Review Taskforce to ensure that regulators have the resources and powers that they need to strengthen their approach to enforcement and supervision. These reforms build on the substantial steps already undertaken by the government to protect Australian consumers and deliver on its commitment to implement the recommendations of the royal commission. I commend this bill to the Senate.

Question agreed to.

Bill read a second time.

Third Reading

The ACTING DEPUTY PRESIDENT (Senator Faruqi) (12:53): I understand that there are no amendments and we don't require a committee stage, so I shall now call on the minister to move the third reading.

Senator HUME (Victoria—Assistant Minister for Superannuation, Financial Services and Financial Technology) (12:54): I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

Treasury Laws Amendment (2019-20 Bushfire Tax Assistance) Bill 2020

Second Reading

Consideration resumed of the motion:

That this bill be now read a second time.

Senator CAROL BROWN (Tasmania) (12:54): Labor will support this bill. Labor's priority has always been to ensure the right support and assistance is provided to bushfire affected communities. As the leader of the Labor Party, Anthony Albanese, has consistently said, Labor stands ready to provide bipartisan support to the government to measures that will help these impacted communities and to ensure expedited passage of
appropriate legislation for these measures through this place. The bill before the Senate now is one example of
that appropriate legislation.

The Treasury Laws Amendment (2019-20 Bushfire Tax Assistance) Bill 2020 ensures that all relief and
recovery payments and benefits provided by the Australian government in relation to the bushfires are exempt
from tax. This includes the disaster recovery allowance and payments under the Disaster Recovery Funding
Arrangements.

The bill will also ensure that payments provided to compensate for the loss of income for volunteer firefighters
are tax exempt. This will apply for those who are self-employed or work for small and medium businesses and
who have been called out for more than 10 days. As announced by the Prime Minister late last year, these
payments are meant to provide for lost income of up to $300 per day, for a total of $6,000 per person. This
recognises the extraordinary and exemplary work that these volunteers have undertaken in the last few months.

The bill will also provide deductible gift recipient status to two trusts: the Australian Volunteer Support Trust,
which will support families of volunteers who have died fighting these bushfires and in future disasters, and the
Community Rebuilding Initiative, which is aimed at helping businesses and communities impacted by the
bushfires. I recommend the bill to the Senate.

Senator WHISH-WILSON (Tasmania) (12:56): The Greens will also support this bill. We've all had the
chance in here to reflect on the truly heroic efforts of volunteer firefighters and the sacrifices that they've made,
including, tragically, for some, the ultimate sacrifice. Making payments to volunteer firefighters tax exempt is a
simple and logical thing to do that will provide a little bit of extra support for the brave men and women who have
given us so much.

The Greens also support the granting of deductible gift recipient status to the Australian Volunteer Support
Trust and the Community Rebuilding Initiative. The Greens acknowledge the efforts of the Business Council of
Australia in having established these trusts so quickly, in encouraging the business community to donate and in
directing donations to families of people who have died or been seriously injured and to communities who face
the enormous task of rebuilding in the face of these devastating fires.

I also wanted to just quickly put on record that I hope the Business Council of Australia's concern for bushfire
victims, and the victims of future disasters, will signal a shift in their policies and their rhetoric around climate
change. Right now, the Business Council of Australia are amongst the most powerful forces in this country, and in
this place, stopping climate action. This summer's bushfires are the direct result of climate change. The evidence
is clear and undisputable. So, and I say this genuinely, if the Business Council really care about the victims of
bushfires and of other natural disasters that we know are being exacerbated by climate change—and I suspect
many of their members do care deeply about these issues—the most effective thing they can do now is support
phasing out fossil fuels as quickly as possible. They say they support a price on carbon, but then opposed a
successful one that was legislated in this place by the Greens in the previous Gillard Labor government. They
cheered as loudly as anyone when the political wrecking ball that was Tony Abbott repealed the carbon tax. And,
not content with having knocked out a first-class carbon price and a clean energy package, they waged war against
the Turnbull government's fourth-rate National Energy Guarantee, calling for a 45 per cent reduction in CO2 by
2030 and labelled it as 'economy wrecking'—a catchphrase that quickly caught on with many on the other side of
this chamber.

So the Greens hope that the establishment of the Australian Volunteer Support Trust and the Community
Rebuilding Trust are signs that the BCA recognises that we are in a climate emergency and that we need to take
action now to completely transition our economy to being 100 per cent renewable. In fact, we'd love to see a
public declaration from the Business Council of Australia to that effect. I think that would be greatly appreciated
by many in the Australian community, as well as their efforts to quickly get these initiatives up and running. I
certainly hope that especially the executives in the fossil fuel companies that are members of the BCA share the
sentiments that many Australians share—that what we're seeing now is devastating, that the impacts have been
devastating and all-pervading through communities right around Australia, whether they be directly impacted or
whether they be witnessing this, and that we are likely to see a future of more extreme weather events, more
tragedies and more catastrophes if we don't make the transition as quickly as possible, listen to the science and get
out of coal, oil and gas.

Senator SESELJA (Australian Capital Territory—Assistant Minister for Finance, Charities and Electoral
Matters) (13:00): I would like to thank all senators for their contribution to the debate and for their support. This
bushfire season Australia has faced devastating fires which have disrupted the lives of communities around the
nation. The government is supporting volunteer firefighters involved in the firefighting effort as well as ensuring
that communities and businesses affected by the bushfires can get back up and running as soon as possible. The government is making the support tax free.

On 29 December 2019, the Prime Minister announced that the payments being made to eligible volunteer firefighters will be free from tax. Further to that, given the exceptional circumstances of these bushfires, on 8 January 2020 the government announced that the disaster payments in response to the 2019-20 bushfires will be free from tax. Schedule 1 to the bill gives effect to the announced tax treatment. Schedule 2 to the bill amends the Income Tax Assessment Act 1997 to include the Australian Volunteer Support Trust and the Community Rebuilding Trust on the list of deductible gift recipients. Deductible gift recipient status allows members of the public to receive income tax deductions for gifts of $2 or more made to these organisations.

I want to thank the opposition and other senators for their constructive engagement on this important bill and their support for its swift passage through parliament. I commend it to the Senate.

Question agreed to.

Bill read a second time.

Third Reading

The ACTING DEPUTY PRESIDENT (Senator Kitching) (13:02): No amendments have been circulated. Does any senator require a committee stage? If not, I shall call the minister to move the third reading.

Senator SESELJA (Australian Capital Territory—Assistant Minister for Finance, Charities and Electoral Matters) (13:02): I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

Treasury Laws Amendment (2018 Measures No. 2) Bill 2019

Second Reading

Consideration resumed of the motion:

That this bill be now read a second time.

Senator WHISH-WILSON (Tasmania) (13:03): I was just making the point that the Treasury Laws Amendment (2018 Measures No. 2) Bill 2019, the bill for a sandbox for fintech, may well become kitty litter for spivs if we don't have the right controls in place, if I could use that analogy. Those parliamentarians who are perhaps caught in the thrall of fintech need to consider this very seriously.

Let me remind senators of the drastic consequences that financial innovation can have. I want to give you a couple of examples that relate directly to consumers as well as investors. On the consumer side, this bill opens the door for new forms of payday lending to operate without a licence. Can anyone seriously say that what we need right now is faster and looser controls around consumer credit and more ways for loan sharks to ply their trade?

It's worth looking at what happened recently in the UK in this respect. Fintech payday lender Wonga was basically an app that allowed people to get quick loans online. Wonga was charging effective interest rates of up to 1,500 per cent to their customers. In their drive to get big and go public, they got loose with lending standards, and it all went belly-up—a story I think we're all very familiar with—leaving about 400 million pounds in outstanding loans. Yet, through this bill, the government is paving the way for fintech payday lenders—loan sharks—to get in the sandbox here in Australia.

Let's be totally frank about this: we are making it easier for these start-ups, if that's what you want to call them, or these fledgling fintech companies to raise more money, to go to investors. Why are we doing that? Because, obviously, this industry has lobbied for this because they're finding it difficult to access capital. They're finding it difficult to access capital because this is a very complex and high-risk area, and they're asking for a lowering of regulations and standards to get them up and running. I don't have a problem, as I said earlier, with professional investors investing in these kinds of businesses, because they know what they're doing and they're usually very well diversified. I do have problems with mums and dads who are at a barbecue, who hear about the next best thing since sliced bread, who jump on board without adequate disclosure of risks and who end up getting burnt. It doesn't matter whether it's $1,000, $10,000 or $20,000—that's a lot of money to many small investors.

For investors, this bill is likely to pose even more risk. In the brief time that fintech start-ups have been selling their products, we've already had some pretty good examples of what can go wrong right here in Australia. There's Bux Global, who developed another app—there's always an app—that would allow customers to transfer money internationally. The now Chair of AMP, David Murray, was an adviser to this company, but even David Murray, with all his experience, couldn't foresee that the company was going to go bust and leave investors short-changed.
to the tune of $100 million. How about Sargon, who were going to provide electronic superannuation infrastructure services? I'm not quite sure exactly what that is; however, former senator Stephen Conroy—I used to enjoy his contributions in this chamber—was on the board, and they were also shaping to go public. That also collapsed late last year and is now under administration.

The conclusion, to put it simply, is the parallels between the frenzy around fintech and things like the millennium dotcom boom are remarkable. I didn't participate in the inquiry that went around looking at and hearing evidence on the companies, and I respectfully also highlight what I highlighted at the beginning of my contribution, which is that I understand that these kinds of businesses can be important for the economy in terms of increasing competition and breaking down concentration of power, particularly in credit markets, but we've got to get there the right way—the right way that protects investors and consumers.

I remember One.Tel from 20 years ago, and I'm very concerned that we're going to repeat a similar kind of investment catastrophe, such as we've seen with Bux Capital and Sargon, if we loosen standards and we don't have the right regulations in place. I wish these companies well. I certainly hope they turn out to be successes, both for the people who run these companies and their investors, but 'buyer beware' doesn't cut it. We know that even in the best examples where financial advisers, even with licences, provide information to consumers, often those consumers aren't financially literate. They don't fully understand the risks, and that is no longer, after the Hayne royal commission, an excuse under law, and nor should it be in this instance.

I want to finish by saying that one thing we've learnt from the royal commission is that, if we're to protect consumers and protect investors, we need a better regulated financial industry. We don't need more loopholes that allow disreputable operators to operate in this kind of high-tech, highly complex environment.

**Senator RENNICK** (Queensland) (13:09): I rise to contribute to the debate on the Treasury Laws Amendment (2018 Measures No. 2) Bill 2019. This bill is another key step in the government's billion-dollar National Innovation and Science Agenda, a strategy to promote a culture of innovation, entrepreneurship and risk-taking to expand, develop and strengthen the Australian economy. This bill allows for very specific targeted amendments to Australia's tax and regulatory architecture. Once applied, these changes will better support Australia's developing financial technology sector to more effectively market test new products and services.

The bill also seeks to clarify tax provisions to deliver greater certainty for early stage venture capital investment in Australian small-cap businesses, including crowdfunding funding for start-ups. These reforms will help establish Australia as a leading fintech hub by driving competition that will help deliver better outcomes for consumers, including cheaper financial products.

The bill comprises two schedules, which will have different purposes. Schedule 1 amends the Corporations Act 2001 and the National Consumer Credit Protection Act 2009 to allow conditions to be imposed on providers of financial and credit products who utilise the Australian Securities and Investments Commission's existing regulatory sandbox arrangements to test new, innovative fintech products in the Australian market. Schedule 2 makes minor amendments to the Income Tax Assessment Act 1997 and the Income Tax Assessment Act 1936 to ensure that the venture capital and early stage concessions in either of the acts operate as intended. The coalition government is committed to supporting the Australian innovation ecosystem by providing a tax and regulatory environment that will help innovation in Australian businesses and help them to raise capital, grow and succeed, and get more Australians into more and better paying jobs.

What is fintech? Financial technology refers to the use of innovative technology in providing financial products and services to consumers. Fintech has applications across lending, financial advice, investment management and payment services. What is the regulatory sandbox? In order to facilitate the development of new fintech products, ASIC's regulatory sandbox allows new products to be tested in the Australian market for 12 months without requiring financial advisers or dealers of the product to first obtain an Australian financial services licence or an Australian credit licence.

The licensing exemption is limited to those providing financial advice on relevant products or those dealing in the products. This exemption is not available to issuers of the product. The purpose of providing an exemption is to reduce the barriers to new product development by reducing the time and the costs associated with bringing new financial products to the market and allowing for the viability of a new product to be tested in the market. It may also assist advisers and dealers to satisfy the conditions for obtaining an AFSL or ACL following the 12-month testing period.

To balance the testing regime with the need to protect consumers, strict conditions apply to licensing exemptions provided under the sandbox arrangements. The exemption is limited to certain financial products and credit contracts. They include listed or quoted Australian securities, securities issued by the Australian government, simple managed investment schemes, deposit products, some general and life insurance products,
payment products, and some credit contracts. Consumers must be informed that the product sold to them is being tested in the regulatory sandbox, that the provider of the product is not licensed and that some of the normal protections associated with receiving services from a licensed provider will not apply.

The services and products that can be issued under a licence exemption are subject to limits in order to minimise the risk of losses to consumers. These include that businesses relying on an exemption can only provide services up to 100 retail clients; the maximum exposure to a financial product for each retail client is $10,000; the maximum credit contract that can be provided is $25,000; the amount insured under a general insurance contract is limited to $50,000; and, while there are no individual exposure limits for wholesale or sophisticated clients, the total exposure of all clients must be limited to $5 million.

The government's enhanced sandbox is about helping fintech businesses overcome the initial regulatory burden and costs of licensing that may otherwise hinder some of their innovative offerings. Schedule 1 to this bill extends the regulation-making powers in the Corporations Act, establishing the foundation for the government's enhanced regulatory sandbox. Regulations will outline the detail of eligibility criteria, the types of products and services that can be tested and the conditions which apply during testing.

A regulatory sandbox allows entrepreneurs to test new products without the inhibitive need to have a financial services or credit licence from the Australian Securities and Investments Commission. It will allow trial and errors in a safe environment, helping firms to work out if their products and services are robust, and will be valuable to consumers. The government's enhanced legislative sandbox builds on ASIC's existing licence exemption. The enhancements will broaden the scope, expanding who can use it, what can be tested and how long businesses can test. The enhancements will enable firms to test specified financial services, including financial advice, the issuing of consumer credit contracts and facilitating crowdsourced funding. The first iteration of the sandbox was a good start, with seven companies entering the sandbox since 2016. However, over the same period, the FCA sandbox in the UK has had 89 companies make use of its sandbox. It's clear that changes must be made. The enhanced fintech sandbox is similar to the UK's sandbox, and we hope to replicate its success.

The government has been methodically progressing policies that will ensure Australia is a leading destination for fintech talent and investment. This is a competitive sector, with comparable countries like the UK and Singapore keenly looking to attract Australian firms. The regulatory sandbox is expected to lead to greater competition and increased pressure on financial providers—traditional and emerging—to be more responsive to consumers' needs and to deliver better outcomes for Australians. This is one more step in the government's systematic approach to ensuring the policy settings are right to support Australian fintech businesses to succeed.

The parliament retains its sovereignty: all regulations relating to the bill are disallowable, and there are no provisions for ministerial discretion. Schedule 2 to this bill makes a number of minor technical amendments to the early stage venture capital limited partnership and tax incentives for early-stage investor regimes, which have been developed through ongoing engagement with stakeholders and the ATO. The amendments, despite being minor and technical in nature, will ensure these programs operate in accordance with their policy intent, providing certainty to stakeholders and helping to ensure that innovative Australian businesses can grow and flourish.

An active fintech sector is a critical driver of more competition in financial services. We want to see competition, because it will increase the pressure on financial providers—both traditional and emerging—to be more responsive to consumers' needs and deliver better outcomes for Australians. The enhanced regulatory sandbox will allow firms to test new products and services without needing to obtain a financial services licence or a credit licence from ASIC first. It will therefore allow for trial and error in a controlled environment, giving firms a chance to confirm their concept through initial testing with their clients.

We have worked hard to develop a legislative regulatory sandbox which builds on ASIC's existing licence exemption. But we have also been mindful of ensuring the firms in the regulatory sandbox maintain protections for retail consumers. The amendments being made by this bill will ensure that investors in innovative Australian businesses continue to benefit from effective, generous government support and have certainty as to how these programs are intended to operate. This policy was inspired by the financial hubs of London and Singapore. It is these leaders of finance and trade—fellow members of the Commonwealth—who we have to stay with and surpass to remain competitive.

This side of the chamber has a plan for an even stronger economy—an economy driven by world-class innovation, entrepreneurship and investment pathways. It is about building resilience, rewarding aspiration and improving the consumer environment. The Morrison government is reducing the costs of doing business, by lowering taxes, prioritising abundant and affordable energy and driving deregulation. We will continue to play to our economic strengths and remain on track to realise our opportunities as a nation. I commend this bill to the Senate.
**Senator O’NEILL** (New South Wales) (13:19): Before I make my contribution to the debate on the Treasury Laws Amendment (2018 Measures No. 2) Bill 2019, I have to remark on hearing the close of Senator Rennick's speech and the speeches of so many of those on the other side. They get to the end and they give you this little three-line patter about how they're doing this and they're doing that—and the great PR machine of the government rolls on! At the end of every speech you get a little signal of it. The problem is that the gap between the rhetoric and the reality is growing by the day.

Sadly, as much as they talk about innovation and, as much as they talk as though they're able to support businesses, this is a government that has been in for three terms, and this bill's coming to us because it hasn't been able to get the job done right. They have not been able to create the context in which innovation has boomed in the way that they proclaimed it would: just by them showing up and becoming the government.

I take great interest in this bill, the Treasury Laws Amendment (2018 Measures No. 2) Bill, particularly given my former role as shadow assistant minister for innovation. I think we would all agree that we should and indeed must do everything we can to support Australians nascent start-up industry. This bill creates a regulatory sandbox that would allow—at least in principle—fintech companies to develop new financial products without traditional regulatory constraints and makes minor changes to the venture capital and angel investor tax arrangements.

Schedule 1 of the bill has been described by some of my colleagues, and I concur that it changes regulations which will allow ASIC to grant conditional exemptions to the Australian financial services licence or an Australian credit licence requirement for the purpose of testing financial and credit service products. Schedule 1 also empowers ASIC to decide when the exemption starts and ceases to apply, as well as the discretion to enforce specific conditions to the exemption. Schedule 2 of the bill amends the Income Tax Assessment Act 1997 to change tax concession provisions regarding venture and early-stage investor capital. This measure is one that Labor supports as it addresses gaping holes previously left in the government's Tax Laws Amendment (Tax Incentives for Innovation) Act 2016. I think that proves my opening remarks: this government has got it wrong on so many occasions across the three terms that it has been elected to serve this nation.

The bill under discussion at this point of time here in the Senate broadly attempts to allow the Australian fintech industry greater freedom from the current regulatory regime at the very beginning of a product's conception. I accept and we understand that this is a development-stage element that's crucial in the eventual development of technology and is important to allow innovation in areas that would not traditionally be possible. Fintech is a growing and important industry, with almost 58 per cent of Australians who are digitally active using some form of technology that automates some aspect of financial services. As more and more of our society and industry becomes digitised, the provision of financial services through technology will become even more crucial in our everyday lives.

The financial services industry in Australia is a huge export industry worth almost $4.6 billion. We are a global leader in the industry. To remain on top, we must also be on top of new and emerging technologies. Fintech—already worth around $1 billion despite the inefficient regulatory regime that has lagged far behind the market's development, needs better care. The introduction of a regulatory sandbox—the idea of a temporary exemption from certain regulations to stimulate innovation in a risk-free environment—is one that should be carefully considered, given the current regulations are designed to protect consumers from predatory financial institutions. I need to remind no member of this chamber or anyone who might be here visiting parliament today or, indeed, those who might be listening to the broadcast, of the pernicious dangers of financial institutions, which were all too clearly revealed to a horrified public through the course of the banking royal commission. We must always remember that regulations exist for a reason and we should only alter them under the most careful of circumstances. Labor is a great supporter of innovation. We are also energetic supporters of the fintech industry. Labor backs entrepreneurs who create with their minds as much as we want to support tradesmen who create with their hands. That's why Labor will be supporting this bill, but with certain amendments to ensure that safety of consumers is embedded in this legislation. Our efforts will be to try and correct what we think is bad about this legislation, to better give it viability.

New fintech services allow small and medium businesses access to financial services and to circumvent the monopolies that some of the larger businesses in the financial and insurance industries have on particular products that we all might want as consumers. We absolutely support greater competition in the industry through interesting and affordable technologies, but we must also make sure that our regulatory regime keeps up and is not lapped by sneaky and malicious actors. I've been very vocal in this house, and only last year I spoke about the need to cut down on the capacity that there seems to be for scammers to exploit our citizenry, particularly by using schemes that reach into our pockets and into our lives through our phones. This bill should not be a green light for wannabe con artists who want to get their hands on Australian people's money through technology that is not properly contained and regulated to a degree that gives people safety and certainty in their interaction with it.
There should be the relevant protections. There's a public interest, and the exemption that the bill will provide for should be able to be used only by those whose motives and methods seek to advance the common good.

We've often heard from those opposite about the need for innovation. Was it not erstwhile Prime Minister Malcolm Turnbull who called for an Australian ideas boom? Remember? It would last and go on forever. That was what he said. It was going to provide us with jobs and growth—one of those phrases that we have all become familiar with hearing but, sadly, not experiencing. The reality is that that gap between the rhetoric and the reality is emerging more and more because, while this government talks as though it supports innovation and would have people believe that it supports business and opportunity, it is presiding over the erosion of the opportunities for Australians to get the skills they need for an innovative economy. Our STEM standards continue to fall as this government pulls money out of schools hand over fist and walks away from equitable, genuinely needs based funding. The TAFE sector across the country, particularly in my state of New South Wales, is a shadow of its former self—a broken thing. The TAFE sector continues to shrink, and arrogant LNP governments are taking away the opportunity for young people and other people who seek to retrain through TAFE to access the new knowledge that they need to participate in a genuinely innovative economy.

We can't just relax our regulatory regime to ensure Turnbull's fabled ideas boom happens. It's hard to have a go when you can't get a go—as the Prime Minister often wants to tell us—and if you cannot get proper education or access to training for the roles that innovation offers up. When the government fails, that means long-term suffering for Australian people—for young people and people who find themselves in industries that no longer need their services and want to retrain. Long-term unemployment is what this government constructs a recipe for. It's wasting the most precious resource of this country: the Australian people.

When the government last introduced this regulatory sandbox, it was such a failure that only three businesses applied. Compare this with 146 in the UK and 30 in Singapore, after only one year of operation. That's what happens when the government actually does its day job properly and gets the settings right. It's happening in other countries. It's just that we've got an incompetent government at the helm. We need more than just the lifting of regulations to ensure the future success of our fintech innovation. Labor absolutely supports the creation of a sandbox to help genuinely innovative and helpful products be developed and delivered. But we will not turn away and ignore the reality that this government hasn't got a good track record of protecting Australians from those who would misuse their intellect and create things that would be of little economic or social value and perhaps even become profoundly exploitative. That's why Labor will be moving an amendment to this bill.

Labor's amendment, applying to schedule 1 of the bill, introduces a requirement for companies accessing the fintech sandbox exemptions that are created under this bill to submit a notice outlining the details of their service or product and give a sound and fulsome justification as to why the exemption that they seek is likely to benefit the public. Under Labor's amendment, ASIC will have the power to remove a company's access to the fintech sandbox exemption if ASIC decides they're not satisfied that the new service or product is actually innovative or likely to benefit the public. We need to send a message: you can't just use this as a fast track to get around all the rules and regulations that protect Australian consumers; you have to satisfy the Australian Securities and Investments Commission that it's for the common good, that it's to the advantage of all Australians and that it's a fair and ethical product.

This test is not new. It's actually common in other jurisdictions. It could've been in the government's legislation at least a term ago, but they miss the details too often. As I said, this test is common in other jurisdictions. It's supported by consumer groups such as CHOICE, the Financial Rights Legal Centre and the Consumer Action Law Centre, and the local fintech sector has also endorsed a move for a public interest test. FinTech Australia, in their submission to this bill, called for an official review test to ensure that only appropriate companies can be exempted from the regulations. It's a commonsense measure. If a company or entity wishes to suspend consumer protection laws, it should provide a crystal-clear and ironclad reason for doing so, and that reason must clearly meet the public interest test.

Labor supports innovation and a smart economy which will sustain Australia well into the future and which will create the jobs that will give such satisfaction to Australians into the future. However, while this government continues to govern we will do everything we can to make sure that Australians are protected from this government's failure to do its job properly. We will ensure that consumers are protected and that vulnerable Australians are not preyed upon by people who are more interested in making money than doing the right thing, people who should not be exempted from government regulation.

More needs to be done to support our education sector so that we can produce the kinds of skilled people who will staff these start-ups and come up with the brilliant ideas that will make our lives less cluttered, more efficient and more enjoyable. I wish I had a dollar for every request from a leader in the innovation field for us to change how we invest in education! So many great start-ups are looking overseas to get their graduates because this
government has our whole education sector running on the smell of an oily rag. It's just not good enough. The minds of our future generation are the most renewable resource that we have. We see success in places like Silicon Valley and the start-up industries in Israel. Australia should be right up there with them. The guts, the brains and the can-do attitude of the Australian spirit are fertile soil for the brilliant ideas of tomorrow to grow. I move:

(1) Schedule 1, item 2, page 4 (lines 16 to 21), omit subsection 926B(3), substitute:

_FinTech sandbox exemption_

(3) A FinTech sandbox exemption may apply unconditionally or subject to specified conditions.

(3A) A FinTech sandbox exemption does not apply in relation to a person and a financial service unless:

(a) the person has lodged a notification in relation to the service with ASIC that complies with subsection (3B); and

(b) the 30-day period starting on the day the notification was so lodged has ended without ASIC giving the provider written notice of a decision under subsection (3C) relating to the notification.

(3B) For the purposes of paragraph (3A)(a), the person must lodge a notification with ASIC that includes the following:

(a) a description of each financial service (including of any related kind of financial product) for which the person is proposing to use the exemption;

(b) a justification of why exempting each of those financial services will result, or be likely to result, in a benefit to the public that will result, or be likely to result, from exempting that service;

(c) any other information required by regulations made for the purposes of this paragraph.

(3C) ASIC may, after considering the notification referred to in paragraph (3A)(a), decide it is not satisfied of one or more of the following:

(a) that the financial service:

(i) is new; or

(ii) is a new adaptation, or new improvement, of another financial service;

(b) that exempting the financial service will result, or be likely to result, in a benefit to the public that will result, or be likely to result, from exempting that service;

(c) that any other condition prescribed by regulations made for the purposes of this paragraph is met.

(2) Schedule 1, item 2, page 4 (line 22), omit "an exemption", substitute "a FinTech sandbox exemption".

(3) Schedule 1, item 2, page 4 (line 26), omit "An exemption described in subsection (3)", substitute "A FinTech sandbox exemption".

(4) Schedule 1, item 2, page 4 (after line 28), at the end of section 926B, add:

(6) In this section:

_FinTech sandbox exemption_ means an exemption that:

(a) is made for the for purposes of paragraph (1)(a); and

(b) exempts a person or class of persons from subsection 911A(1) to enable testing of particular financial services.

(5) Schedule 1, item 5, page 5 (lines 10 to 14), omit subsection 110(2), substitute:

_FinTech sandbox exemption_

(2) A FinTech sandbox exemption may apply unconditionally or subject to specified conditions.

(2A) A FinTech sandbox exemption does not apply in relation to a person and a credit activity unless:

(a) the person has lodged a notification in relation to the activity with ASIC that complies with subsection (2B); and

(b) the 30-day period starting on the day the notification was so lodged has ended without ASIC giving the provider written notice of a decision under subsection (2C) relating to the notification.

(2B) For the purposes of paragraph (2A)(a), the person must lodge a notification with ASIC that includes the following:

(a) a description of each credit activity (including of any related kind of credit activity) for which the person is proposing to use the exemption;

(b) a justification of why exempting each of those credit activities will result, or be likely to result, in a benefit to the public that will result, or be likely to result, from exempting that activity;

(c) any other information required by regulations made for the purposes of this paragraph.

(2C) ASIC may, after considering the notification referred to in paragraph (2A) (a), decide it is not satisfied of one or more of the following:

(a) that the credit activity:

(i) is new; or

(ii) is a new adaptation, or new improvement, of another credit activity;
(b) that exempting the credit activity will result, or be likely to result, in a benefit to the public that will outweigh the detriment to the public that will result, or be likely to result, from exempting that activity;

(c) that any other condition prescribed by regulations made for the purposes of this paragraph is met.

(6) Schedule 1, item 5, page 5 (line 15), omit "an exemption", substitute "a FinTech sandbox exemption".

(7) Schedule 1, item 5, page 5 (line 19), omit "An exemption described in subsection (2)", substitute "A FinTech sandbox exemption".

(8) Schedule 1, item 5, page 5 (after line 21), at the end of section 110, add:

(5) In this section:

FinTech sandbox exemption means an exemption that:

(a) is made for the purposes of paragraph (1)(a); and

(b) exempts a person or class of persons from subsection 29(1) to enable testing of particular credit activities.

Senator BROCKMAN (Western Australia—Deputy Government Whip in the Senate) (13:34): I rise to make some brief remarks on the Treasury Laws Amendment (2018 Measures No. 2) Bill 2019, but before I start I will just correct the record a little. The information I have in front of me is that, actually, seven companies have entered the sandbox since 2016, and the government are happy to acknowledge that we want that number to be higher. In fact, we would love that number to be a lot higher, which is why this bill is before the Senate. Over the same period of time, the UK's sandbox has had something like 89 companies make use of their provisions. So it is clear that in what is a competitive environment where you have financial centres like Singapore and the United Kingdom very keen to attract the best and the brightest—the best and the brightest firms, the best and the brightest individuals, those who are on the cutting edge of innovation—we need an environment that facilitates that innovation in the most effective way possible.

I also wish to pick up on something that Senator O'Neill and Senator Whish-Wilson both referenced: the concept of risk and, in particular, the idea that anything is risk free. Nothing, particularly in the financial services sector, is free, and I would contend that it shouldn't be. The role of regulation is not to lock Australians in a white room with no doors. The role of regulation is to manage risk and to balance—and allow people to balance—risk against potential rewards. People need to go into these kinds of new products with their eyes wide open. They need to understand what they are doing. But there is an inherent level of risk in something that is new. The only way of having no risk is to lock yourself in a white room with no doors. That is not what the Australian people have shown they want to do. Australian people embrace innovation. Australian people have been early adopters of many of the new technologies in the financial services sector. Giving Australian companies and Australian entrepreneurs the maximum opportunity to develop ideas within the safe-harbour provisions of the sandbox, the innovation precinct of the sandbox, gives Australian companies the opportunity to compete with other nations like Singapore, the United Kingdom, the US, Israel and other places where people naturally think of innovation occurring. But innovation occurs in Australia, and by enhancing the regulatory environment in this way we can enhance the level of innovation in the financial services sector.

Basically, this legislation allows businesses and entrepreneurs to test new products without the inhibitive need to have a financial services or credit licence from ASIC. This is very important. We have legitimate hoops to jump through to gain a financial services licence or credit licence in this country, and that is to provide a level of protection to consumers in what is a very complex financial environment. However, those hoops—that level of regulation—do provide a barrier to entry, particularly for the entrepreneurs and innovators in this space. We want people to be able to 'trial and error' these kinds of products in a safe environment, to help them to work out what works, what doesn't work and what is safe to be released more widely, and then to gain access to a financial services or credit licence.

These enhancements to the legislative sandbox build on the existing arrangements. They broaden the scope, expanding who can use it, what can be tested and for how long a business can test it. The enhancements enable firms to test specific financial services, including financial advice, the issuing of consumer credit contracts and facilitating crowdsourced funding.

This is part of the government's progressing policies that ensure that Australia is a leading destination for fintech, not only for talent but also for investment. We want foreign investment in Australian fintech. We need to be more responsive to what consumers need. When payWave first appeared on the market, I was very surprised that Australians and I myself adopted it as quickly as we did. I thought there would be a barrier there. I thought people would be inherently resistant to how seemingly easy it was to transfer money with very little check or balance, with no signature anymore. But I and other Australians adopted it extraordinarily quickly. Consumers often drive these products into the market, but entrepreneurs are the ones who need to develop them and who need to undertake the R&D to make sure the systems work and to make sure that they provide consumers with what...
they want and need and, in that way, deliver better outcomes to all Australians. This is one part of a systematic approach to getting the policy settings right in this area and to support Australian fintech businesses to succeed.

I believe Senator Bragg may be speaking on this bill shortly. I know he has taken an enormous interest in this sector and through the select committee on fintech. I'm very interested to see what will come out of that, Senator Bragg. As I said, the government are committed to ensuring that we get the balance right in terms of risk. We want entrepreneurship. We want new ideas in the Australian economy. The enhanced sandbox is part of that.

Senator MARIELLE SMITH (South Australia) (13:41): I also rise to speak on this important bill, the Treasury Laws Amendment (2018 Measures No. 2) Bill 2019, and I'm pleased to do so as a keen supporter of the fintech industry and of start-ups and innovation and developments which will make life easier and better for consumers. When we're talking about issues relating to fintech and financial regulation, I think for senators on this side, like in all spheres, our particular concern is always to make sure that we're supporting innovation, supporting growth and supporting opportunity while balancing the needs of consumers and making sure adequate protections are in place for consumers, because, at the end of the day, they are who we need to stand up for. We've seen in this industry in recent times some terrible, terrible examples of cases where consumers haven't been put first and have been left vulnerable. That's front and centre of mind for Labor senators. But I believe you can protect consumers whilst also supporting this important industry to thrive.

I want particularly to address what has been proposed in schedule 1 of this bill as well as speak to Labor's proposed amendments, which Senator O'Neill introduced earlier. Schedule 1 of the bill seeks to extend the minister's regulation-making powers under both the Corporations Act and the National Consumer Credit Protection Act. These powers will enable ASIC to provide exemptions from the Australian financial services licensing regime under certain circumstances. These powers are being established for the purpose of testing financial and credit products and services in what is described as the fintech regulatory sandbox.

Senators would know that we have a Select Committee into Financial Technology and Regulatory Technology at the moment. I acknowledge Senator Bragg in the chamber; he is chair of this committee. I'm pleased to be the deputy chair of it. What we are seeking to do in the committee's inquiry is to understand what the challenges and barriers are for Australian fintechs and regtechs in trying to grow their enterprises in their respective industries and to try to make things, for the most part, better for consumers and make regulation easier to navigate and therefore more effective. I'm very pleased to be part of this inquiry.

One of the things which have been raised in this inquiry has been ASIC's regulatory sandbox and the ability for fintechs to access the sandbox and participate in it. We've also heard about a number of other challenges from the fintech sector above and beyond the current regulatory settings that relate to financial services and product development. These are some of the issues that I'm really keen to explore. There's the issue of access to local capital. That's something which has been raised by lots of fintechs, with many having to seek equity internationally to overcome the initial start-up phase. There are also questions around access to skills and what the government can do to better promote STEM and innovation in education to support the skills requirements of this sector. I think this is a very important piece, because, while this government has claimed to be the champion of this sector and of start-ups and innovation, we can't do this without a greater focus on STEM education and the skill shortages we have in Australia at present. We need to make sure that firms can source local, high-quality software developers and programmers, and to do that we need to make sure that we have the education settings in place so that young, smart, talented Australians who want to go into this sector have every opportunity to do so and to take up the jobs that this sector potentially offers and can promote. These are some of the fundamental issues that I think we need to be considering in any question about changes to the regulations for the fintech sector, and it's something that I hope to further explore as part of this inquiry.

I get that there are lots of other challenges out there for fintechs too. It's hard. It's hard when you're in the start-up phase. It's hard when you're working in new technologies and in a new space. I've worked in a business which was looking to bring a very innovative technology to a traditional business in Australia, and I remember dealing with some of the challenges which fintechs talk to me about now: where you set up, how you set up, where you find your staff, how you test things and how to be innovative in a very regulated environment. It is really challenging, and we need to make sure that those people who are taking risks and exploring opportunities are able to be supported and do that. We in Australia want to see innovation. We want to see small firms grow. We want to see new industries flourish, especially if they're industries that offer greater potential for consumers.

I'm really pleased that in Australia, according to KPMG, the sector is now worth around $1 billion—I think that is their estimate. So that's where it's at now, with the current settings in place. With more support and greater opportunity, who knows where the growth could be, what opportunities there are, what potential there is, what opportunities there are for consumers and what greater benefits can come from what this industry is doing and from what is being done in the regtech space as well? So I look forward to our inquiry continuing its work, I look
forward to us reporting back and I look forward to see what we can do to make sure we get that balance right between supporting this important sector, making sure that consumers are protected and making sure that good things for consumers come out of this industry and come out of innovation and growth.

In reference back to the sandbox, we get that sometimes you need space to innovate, and we understand the intent of what the government is trying to do. Firms granted access to the sandbox will be provided with regulatory relief and specifically exempted from regulations that have been established by the government for the purpose of protecting consumers from predatory financial firms. This sandbox will allow eligible fintech companies to test certain products or services for up to 12 months without an AFS licence or credit licence. It is important that some of these new products can be tested in a regulatory environment that determines the viability of such products. The sandbox allows innovative concepts to be tested in a more forgiving environment, bringing more consumer focused offerings to Australian and overseas markets.

The only justification for ever exempting firms from regulations which are designed to protect the public is where such exemptions could open up significant further benefit to the public. In growing our fintech industry, we are potentially providing jobs and wealth as well as products and services that can drive competition in both standards and price that will ultimately benefit consumers. We really have to remember that point, though. We don't want to see lower regulation unless the lower regulation actually means more effective regulation and better outcomes for consumers.

We know the current uptake of the sandbox is low, and it's been put to me by FinTech Australia that greater involvement of local fintechs in this sandbox would be highly desirable, so there is a need for this bill. The current sandbox, which was launched in December 2016, has seen only seven entities participate, while 44 applications have been submitted. To put this into a global perspective, the United Kingdom had over 146 companies apply to use their sandbox after one year of operation and Singapore had 30 applications in their first year of operation. Australia's current framework allows for the entry of entities with a total exposure limit of $5 million, a maximum of 100 retail clients—there is no limit on the number of sophisticated clients—and a maximum test time of 12 months. The bill provides for regulations which ASIC and the government can use to grant extensions to the framework, which I have just outlined, and therefore grant fintechs conditional exemptions from AFSL and ACL requirements. This will give ASIC the power to decide how exemptions will start and then cease to apply, as well as the ability to enforce specific conditions. It will allow a greater range of products and services to be tested over a longer period. Importantly, ASIC will be able to specify conditions, stipulate how entities meet these conditions and cancel exemptions where an entity fails to meet conditions or is suspected to be not of good character.

I'm pleased to note that the bill provides for an independent review of the sandbox provisions to be conducted one year after implementation. That is an important tool to ensure that these changes have the desired effect in promoting innovation in the development of financial services and products, whilst, of course, protecting consumers.

I know there have been concerns raised by consumer groups such as CHOICE. That's why Labor has proposed amendments that would require entities using the regulatory sandbox framework to apply to ASIC for approval, with the regulator only able to grant approval if they are satisfied that the proposed product or service was genuinely innovative and of potential benefit to consumers. Similar conditions are in place in foreign jurisdictions, including Hong Kong, Singapore and the UK, where, as I've outlined earlier, we have seen a significant uptake in the sandbox—a much greater uptake than we have seen in Australia.

These amendments are important, because we do not want to see regulatory relief provided through the mechanisms of this bill for products that are not innovative and have no prospect of providing substantial benefits for consumers. Of course, it is crucial to ensure that we address this balance always to ensure that innovation and growth in the fintech sector does not come at the cost of consumer outcomes. ASIC itself has publicly acknowledged the importance of maintaining this balance. Its Innovation Hub, established in 2015 to assist fintechs in navigating Australia's regulatory system, aims to provide the right balance between innovation and potential risk of poor consumer and market integrity outcomes. I note that Fintech Australia has also called for an official review process to ensure that only appropriate companies are able to enter the sandbox, which is in line with Labor's amendments. This bill, in establishing a new regulatory regime for fintech participants in the sandbox, provides just one of a number of examples that this parliament and the government will need to grapple with adequately to ensure that we do get that balance right in encouraging the growth of new and innovative financial products and services, whilst, of course, protecting consumers and consumer outcomes.

Many other issues have arisen in the course of the inquiry, which I'm a part of, and will continue to come up as part of that inquiry process. How do we ensure the consumer data right and open banking, with the free flow of consumer data to third parties, caters for appropriate consumer consent? How do we ensure that the continued transition to cashless forms of payment does not leave vulnerable people behind? This is an issue I'm particularly
concerned about as we move towards a cashless society. What does it mean for people who are less able to access technology products which effectively replace cash? What does it mean for vulnerable people? What does it mean for the techless? While many of us in this chamber are among the tech endowed, there are people in our community who have great difficulty accessing technology and navigating technology. When that technology seeks to supersede other forms of transaction, like cash, then it has the potential to leave people particularly vulnerable. Of course, there are other issues around natural disasters or emergencies, where you rely on these sorts of systems. I think that's something that this parliament and our committee still need to do some work on.

In conclusion, I note that, with the greater powers and responsibilities to be at ASIC’s disposal at the passing of the bill, greater capacity within its agency may also be required. That's something that requires further consideration. Ultimately, Labor wants to see a flourishing fintech sector in Australia. I think we've been supportive of this sector right from the beginning. I'm certainly supportive of this sector and the regtech sector, and I'm certainly excited to see the innovation and development that will come out of it. I'm very proud to be able to support measures that will ensure that sector has every opportunity to thrive in Australia and thrive locally. I am also particularly concerned to see that that growth and opportunity in the sector isn't just restricted to Sydney and Melbourne. I think there are huge opportunities in my state of South Australia for fintechs to grow and thrive—huge opportunities in South Australia. I look forward to doing everything we can as a parliament to ensure the benefits and opportunities in this sector aren't concentrated in one part of the economy and one part of our nation, in particular, but are spread more broadly throughout our country.

There are so many amazing fintechs operating in South Australia already—fintechs like Tic:Toc, an award-winning fintech which I was lucky enough to visit a couple of weeks ago—and there are many more. So much innovation is happening in South Australia in this space. As a government, we need to make sure that the settings are in place for the sector to thrive and grow and for consumer outcomes to be delivered so that we ultimately get more products on the market in this financial space which benefit consumers in the way they engage with the financial sector.

Senator BRAGG (New South Wales) (13:55): Our agenda in this space has been very clear and consistent for some years. The Prime Minister when he was the Treasurer was, in many respects, Australia's first champion for fintech in the parliament. Over the last few years we have had a royal commission into the banking and financial sector where we have seen that the incumbents aren't doing a very good job. So Australians need more choice when it comes to financial products. These new choices—more competition—won't just fall out of the sky. Innovation will have to, ultimately, be the pathway for us to have more choice in this country in the financial sector.

This bill, the Treasury Laws Amendment (2018 Measures No. 2) Bill 2019, is one part of a broader agenda. As Senator Marielle Smith alluded to, we are currently running an inquiry into the fintech and regtech sector, which the Senate supported last year. The overriding agenda here is getting more jobs in Australia and having more consumer choice. As the Hayne royal commission showed, Australians need more choice, and the bridge to that choice is fintech.

Ultimately there are five large challenges, in my view, which determine how competitive or how good you as a nation will be in the fintech space. They are: capital, access to skills, taxation, the regulatory regime and, of course, the culture. People often remark that the culture, which is difficult for a government to drive, will determine the dynamism and the nature of the products which are available on the market. Countries and jurisdictions like Israel, Singapore and California are regularly held out to be the exemplars of culture. All of those factors will be considered by the inquiry by the Select Committee on Financial Technology and Regulatory Technology.

When you talk about the key principles that you will weigh up when you're looking at regulation or legislation, as we are today in relation to this sector, I believe that you're weighing the need to innovate against the need to protect consumers. Those are ultimately your two counterweights. So every single bill that comes into this place that we propose, like this sandbox bill today, weighs up the need for our country to innovate and to deliver more and newer products against the need to protect vulnerable consumers, because it is true that the financial sector has shown a regular propensity to fail when it comes to consumer protection.

Turning to the particulars of this bill, we have a waiving of a licence requirement for two years. This is not a carte blanche approach. The regulator, ASIC, in the circumstance of having a waived licence, could still intervene within 30 days and say: 'No, that is not an appropriate idea, business or concept. There will be no waiver for you, Mr or Mrs Fintech.' Effectively, it provides relief for 24 months from having to take out an Australian credit licence or an Australian financial services licence. There are some exclusions: it can't be a margin lending product and, equally, it cannot be a derivatives product. It's taking the really complicated, confusing products, if you like, off the market.

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Further, this deploys a much more flexible approach to the regulatory framework than we've seen, which recognises that this fintech environment is very dynamic and changes so regularly. The idea of bringing a bill through these two chambers every time you want to respond to a market development really is outdated. It gives the minister—in this case, a very good minister—the ability to make a regulation to change or to tweak the regulatory framework. Of course the parliament can still disallow any such instrument so that the accountability that people would be looking for will rightly always be there. I for one have never been of the view that we should allow regulators—

The PRESIDENT: Order, Senator Bragg! It being 2 pm, we'll interrupt for question time.

QUESTIONS WITHOUT NOTICE

Community Sport Infrastructure Grant Program

Senator WONG (South Australia—Leader of the Opposition in the Senate) (14:00): My question is for the Minister for Youth and Sport, Senator Colbeck. Can the minister explain on what legal basis former Minister McKenzie undertook an approval role in the Community Sport Infrastructure grant program?

Senator COLBECK (Tasmania—Minister for Aged Care and Senior Australians and Minister for Youth and Sport) (14:00): I thank Senator Wong for her question. This matter is a matter that was raised in the Auditor-General's report. He raised the question of legality of the ministerial approval for decision-making. As the Prime Minister noted last Sunday, having consulted with the AGS in the preparation of this advice, the Attorney-General considers that the Auditor-General's assumption arising out of his apparent interpretation of section 11 of the Australian Sports Commission Act is, as he notes with respect, not correct.

The PRESIDENT: Senator Wong, a supplementary question?

Senator WONG (South Australia—Leader of the Opposition in the Senate) (14:01): The scathing independent Auditor-General's report states 'there are no records evidencing—

Senator Cormann interjecting—

The PRESIDENT: Order! I've got a sense I need to be able to hear the specifics of this question.

Senator WONG: The scathing independent Auditor-General's report states:

… there are no records evidencing that the Minister was advised of the legal basis on which the Minister could undertake an approval role, and it is not evident to the ANAO what the legal authority was.

On what legal basis did Minister McKenzie override the recommendations of Sport Australia?

Senator COLBECK (Tasmania—Minister for Aged Care and Senior Australians and Minister for Youth and Sport) (14:02): Thanks, Senator Wong, for the supplementary question. I refer to my previous answer.

The PRESIDENT: Senator Wong, a final supplementary question?

Senator WONG (South Australia—Leader of the Opposition in the Senate) (14:02): Has this minister or his office been advised at any stage by Sport Australia as to the legal basis of his predecessor's funding decisions?

Senator COLBECK: Given the interest in this issue, the Prime Minister, on behalf of the government, asked the Attorney-General for advice, which I've just provided to the chamber.

The PRESIDENT: Senator Wong, on a point of order.

Senator Wong: Direct relevance: the question is about the advice of this minister; it is not about advice to the Prime Minister. I accept that there were broader issues, but I am not canvassing those. I'm asking what advice this minister got.

The PRESIDENT: I take the point that it was a specific question. I'm going to let the minister complete a sentence or two before I rule on direct relevance. I don't think he got through one then.

Senator COLBECK: Given the interest in this issue, the Prime Minister, on behalf of the government, asked the Attorney-General for advice, which I've just provided to the chamber.

The PRESIDENT: Senator Wong, on a point of order.

Senator Wong: Direct relevance: the question is not about the Prime Minister's request to the Attorney-General. The question is very direct to this minister in his portfolio responsibilities what advice he received from the portfolio agency.

The PRESIDENT: Senator Colbeck, have you completed your answer? He has completed his answer. I allowed Senator Wong to continue with the point of order, because I wasn't sure of that.

Opposition senators interjecting—
The PRESIDENT: Order! I called for order during a question. I urge senators to be careful about the words they use if they're addressing other senators. I didn't catch that as a reflection on a senator, but we don't want to get too close.

Coronavirus

Senator ABETZ (Tasmania) (14:04): I actually have a public interest and policy question to the Minister representing the Minister for Health. Can the minister update the Senate—

Opposition senators interjecting—

Senator ABETZ: It's interesting Labor is not interested in those types of questions! My question is can the minister update the Senate on the precautions and steps the Morrison government is taking to keep Australians safe in the wake of the coronavirus health emergency?

Senator CASH (Western Australia—Minister for Employment, Skills, Small and Family Business) (14:04): I thank Senator Abetz for the opportunity to provide an update on the coronavirus and the Australian protective and precautionary response. As a government, our priority at this time is to protect Australians, to protect their health and to keep them safe. The government is taking action to ensure that we assist Australians whilst keeping our community safe. We took early and decisive action which was based on the latest and best medical advice. We have mobilised the National Incident Centre. We have activated the National Medical Stockpile to provide protective masks to GPs and to frontline workers. The National Trauma Centre has been mobilised, and we are providing AUSMAT assistance to those who have returned on the chartered flight out of Wuhan and are now on Christmas Island.

As of this morning, there have been 28,261 confirmed cases of the coronavirus worldwide and, sadly, we have seen 565 people lose their lives as a result of the virus or its complications. Australia has 14 confirmed cases—two in South Australia, four in Queensland, four in Victoria and four in New South Wales. Other suspected cases are being tested and kept in isolation. We have seen the promising signs of three Australians who had the virus being cleared and discharged after significant testing. It is encouraging and important that patients are clearing the virus and being discharged. This is a significant milestone. The government will continue to keep the Australian people updated about this matter and how we are working to protect them.

The PRESIDENT: Senator Abetz, a supplementary question?

Senator ABETZ (Tasmania) (14:06): I thank the minister for that extensive answer and ask: what actions has the government taken to ensure this level of preparedness?

Senator CASH (Western Australia—Minister for Employment, Skills, Small and Family Business) (14:06): Our response has been through and with prompt border isolation, surveillance and contact tracing mechanisms already in place. We have acted early to provide Australia the best protection possible from this virus. Minister Hunt convened meetings of all health ministers and their chief officers on 25 January and 2 February 2020 and, on 1 February, the Prime Minister announced strict new travel restrictions, on the advice of the Australian Health Protection Principal Committee.

On 30 January, the World Health Organization declared the 2019 coronavirus outbreak a public health emergency of international concern. In response to this declaration, the Chief Medical Officer was able to advise that Australia was already carrying out the activities recommended by the WHO, with border isolation, surveillance and contact tracing mechanisms already in place. (Time expired)

The PRESIDENT: Senator Abetz, a final supplementary question?

Senator ABETZ (Tasmania) (14:07): As a committed federalist I ask: what further steps is the government taking to work with state governments to ensure the most effective response possible to combat this virus?

Senator CASH (Western Australia—Minister for Employment, Skills, Small and Family Business) (14:08): All state and territory governments are involved in the response, with daily meetings of Commonwealth, state and territory officials. The Australian Health Protection Principal Committee is meeting daily to provide expert medical advice to government, which is assisting in informing Australia’s response. This membership includes all federal, state and territory chief medical officers; a humanitarian flight, which has successfully brought people to quarantine; and the upgrading of our quarantining arrangements. We thank all of those who have led this at the medical level. We thank the Chinese government for its cooperation and those across the chamber and in state governments who are helping provide information, assistance and reassurance to Australians at this time. Our message to the Australian people is: we are prepared; we are acting and we will get through this. We will continue to act on the latest and best medical advice.
Community Sport Infrastructure Grant Program

Senator FARRELL (South Australia) (14:09): My question is to the Minister for Youth and Sport, Senator Colbeck. Has the minister seen any spreadsheet listing funding applications under the Community Sport Infrastructure Grant Program that are colour-coded and focusing on applications from marginal electorates held by the coalition as well as electorates to be targeted by the coalition?

Senator COLBECK (Tasmania—Minister for Aged Care and Senior Australians and Minister for Youth and Sport) (14:09): Yes, I've seen some public documents that have been put partially into the public forum by the ABC. I'm aware of a number of other documents that have been utilised in the assessment of this process, but I've not spent time looking at them all. I haven't seen specifically and, as I said yesterday, I can't verify the document that has been partially released by the ABC, because I actually don't have access to it.

The PRESIDENT: Senator Farrell, a supplementary question?

Senator FARRELL (South Australia) (14:10): Yes, I do have one. The independent Auditor-General's report states:

Records examined by the ANAO evidence that the Minister's Office used the spreadsheets provided to it by Sport Australia … with additional analysis on 'marginal' electorates held by the Coalition as well as those electorates not held by the Coalition that were to be 'targeted' in the 2019 Election … Has the minister seen the analysis undertaken by the former minister's office?

Senator COLBECK (Tasmania—Minister for Aged Care and Senior Australians and Minister for Youth and Sport) (14:11): I thank Senator Farrell for the question. No, I haven't seen that analysis.

Senator FARRELL (South Australia) (14:11): I have a further question, Mr President. Has the minister at any point been briefed by his agencies about concerns with the former minister's handling of the community sport infrastructure program? If yes, when, and by whom was he first briefed?

Senator COLBECK (Tasmania—Minister for Aged Care and Senior Australians and Minister for Youth and Sport) (14:11): I thank Senator Farrell for the question. When I came to the portfolio, this program was in the delivery phase. All of the allocation of projects had been completed. My concern, through the process of this particular program, has been to ensure the delivery of grants that have been allocated and signed off and, of course, then progressed through the system.

The PRESIDENT: Order! Senator Wong, on a point of order?

Senator Wong: Direct relevance: perhaps the minister will get there, but this is the second time he's been asked directly about matters within his portfolio. We are asking not about other matters; we're asking whether he was briefed by agencies in his portfolio expressing concern about the former minister's handling of this program.

The PRESIDENT: I've allowed you to restate the question, Senator Wong. The minister's been speaking for 30 seconds and he's heard you remind him of it. Senator Colbeck.

Senator COLBECK: I thank Senator Wong for the point of order. My next line was going to be that my first awareness of the issues that were raised by the ANAO report was when I received the ANAO report in the normal course of government receiving the report.

Coal Industry

Senator WATERS (Queensland—Leader of the Australian Greens in the Senate) (14:13): My question is to the Minister representing the Prime Minister. The human cost and the environmental cost of the fires is immense. The economic cost is over $100 billion. Australia's largest coal companies earned over $50 billion in the last five years and they paid no income tax. When is this government going to levy coal companies to pay for disaster prevention and clean-up, including doubling the numbers of our paid firefighters, so that the polluters who are causing this problem help pay to fix it?

Senator CORMANN (Western Australia—Minister for Finance and Vice-President of the Executive Council) (14:13): Under our tax system, companies pay tax on their profits, and of course our tax laws do not discriminate between individual companies on any basis other than how much profit they generate in a particular year. As you would be aware, in Australia, under our laws, any company with a turnover of up to $50 million will eventually pay 25 per cent tax on their profits, and any company with turnover above $50 million will pay 30 per cent tax on their profits. That is the way our tax system operates.

What I would also just point out again is that the production and export of Australian coal into markets around the world where there is demand for coal help reduce global greenhouse gas emissions.

That's because, to the extent that we do not supply Australian coal with lower moisture content, lower ash content and higher energy intensity, it would be replaced by coal which is more polluting from other sources. Anyone who
has got a basic understanding of logic understands that, if you replace a comparatively more environmentally efficient energy source with a comparatively more polluting energy source, the overall effect of that is going to be bad for the environment.

The PRESIDENT: Order! Senator Waters, on a point of order?

Senator Waters: A point of order: the question went to whether this government will make the polluters pay to clean up the costs of the disaster they are causing and will double our firefighters. I'm yet to hear the minister address that.

The PRESIDENT: Senator Waters, as I remind all senators, a minister is entitled to respond to part of a question. The question contained a lengthy preamble with a number of assertions. The minister can be directly relevant by responding to any, all or part of a question. Senator Cormann.

Senator CORMANN: As I've indicated, in Australia companies pay tax on their profits, and that is obviously appropriate. I think I've addressed the other parts of the question. I can also assure Senator Waters that this government does not have any plans whatsoever to reintroduce a Labor green carbon tax, because we understand it would harm the economy, it would harm the environment and it would leave Australians worse off. (Time expired)

The PRESIDENT: Senator Waters, a supplementary question?

Senator WATERS (Queensland—Leader of the Australian Greens in the Senate) (14:16): Today, coal company Adani was criminally convicted for false and misleading information about unlawful land clearing. They do have a track record of noncompliance with environmental conditions. Given that former fire chief Greg Mullins has said that burning coal is the base cause of the severity of these bushfires, will the government now use its legal power to cancel Adani's mine approval on the basis of this criminal conviction?

Senator CORMANN (Western Australia—Minister for Finance and Vice-President of the Executive Council) (14:16): As I'm sure Senator Waters would be aware, the Carmichael mine project has been thoroughly assessed and reviewed by both federal and state authorities in Queensland. It has obtained and secured all of the relevant approvals and has been supported by both the federal government and the state Labor government in Queensland. It will not only help create jobs in Queensland but also help reduce global greenhouse gas emissions, because it will displace more polluting coal that would be coming from other sources. Australian coal helps to reduce emissions when it displaces more polluting coal from other sources, and I would have thought the Greens would come on board and support that effort to help reduce global greenhouse gas emissions.

The PRESIDENT: Senator Waters, a final supplementary question?

Senator WATERS (Queensland—Leader of the Australian Greens in the Senate) (14:17): The government accepted half a million dollars in fossil fuel donations in an election year—the most recent election year. Half of that was from Adani, some of which was donated prior to groundwater approvals being issued and some of which was donated after those groundwater approvals were issued. Given the climate crisis that we are in, when will you give the money back?

Senator CORMANN (Western Australia—Minister for Finance and Vice-President of the Executive Council) (14:18): Senator Waters has asked me about donations, and I'm reminded of the single biggest corporate donation ever in the history of the Commonwealth. Where did that go? Did that go to the Labor Party? No. Did that go to the Liberal Party? No. Did that go to the National Party? No. Did that go to One Nation? No. It went to the Australian Greens—$1.6 million to the Australian Greens. You are absolute hypocrites!

Ministerial Conduct

Senator SHELDON (New South Wales) (14:18): My question is to the Minister representing the Prime Minister, Senator Cormann. I refer to Senator McKenzie's statements to the media on Monday and to the Senate last night in which she said, 'I do not accept that those memberships were a conflict of interest,' and:

I do not believe the gifted membership of the Australian Clay Target Association or my paid membership of Field & Game Australia contributed any real or apparent conflict of interest.

If Senator McKenzie is correct, why did she have to resign?

Senator CORMANN (Western Australia—Minister for Finance and Vice-President of the Executive Council) (14:19): I think these issues were canvassed, obviously, over the weekend. As you would be aware, the Prime Minister asked the secretary of his department to conduct a review into relevant matters, and at the end of that process, based on an undisclosed conflict of interest which was found to be in breach of ministerial standards, Senator McKenzie offered her resignation. That's a matter of public record.
Having said that, Senator McKenzie did an outstanding job as Minister for Sport. Indeed, the program that she developed was very popular and very successful. Through Senator McKenzie's interventions, appropriately exercising her ministerial discretion, she actually ensured that a higher proportion of electorates represented by Labor members would get project funding. Under the independent recommendations from Sport Australia, only 26 per cent of the electorates with project funding were Labor electorates, and, of course, through Senator McKenzie's intervention—

An opposition senator interjecting—

Senator CORMANN: I've actually answered the question.

The PRESIDENT: Senator Sheldon, a supplementary question?

Senator SHELDON (New South Wales) (14:20): Only days after Senator McKenzie resigned her ministry and as Deputy Leader of the Nationals, because of her role in the corrupt sports rorts scheme, Deputy Prime Minister McCormack said he looks forward to her 'coming back later on down the track'. Does the Prime Minister also support Senator McKenzie's return?

Senator CORRORN (Western Australia—Minister for Finance and Vice-President of the Executive Council) (14:20): Yes, of course we agree with the Deputy Prime Minister that, in due course, down the track, we would welcome Senator McKenzie back to make a contribution at the highest levels of government. Of course. Senator McKenzie paid a high price for an identified breach of the ministerial standards. But we look forward to the opportunity, down the track, for Senator McKenzie to make a contribution in government again.

The PRESIDENT: Senator Sheldon, a final supplementary question?

Senator SHELDON (New South Wales) (14:21): What action has the Prime Minister taken in response to Senator Canavan's admission on Monday of his undisclosed membership to a club for which he approved a $20 million NAIF loan?

Senator CORMANN (Western Australia—Minister for Finance and Vice-President of the Executive Council) (14:21): As soon as the Prime Minister was informed in relation to these matters, he asked the minister to update his declaration of private interests, as all ministers are required to do. Senator Canavan has done that. In the case of Northern Australia Infrastructure Facility funding, the decisions are made by the NAIF. The Prime Minister also asked for advice from the Secretary of the Department of the Prime Minister and Cabinet on the matter raised by Senator Canavan, but Senator Canavan has since stepped down from the cabinet for other reasons.

Seafood Industry

Senator HANSON (Queensland) (14:22): My question is to the Minister for Trade, Tourism and Investment, Senator Birmingham. As stated on the Department of Agriculture, Water and the Environment website, it's estimated that 70 per cent of the edible seafood Australians consume is imported predominantly from Asia. The freefall in seafood exports has left the Australian fishing industry on its knees as the coronavirus grips the world and China closes its airports to flights carrying Australian produce. Will the Morrison government invoke a halt to all foreign seafood imports to save the Queensland and Australian fishing industries at this critical time of need, or will you continue to favour overseas fishermen and help drive the final nail into the Australian seafood coffin?

Senator BIRMINGHAM (South Australia—Minister for Trade, Tourism and Investment and Deputy Leader of the Government in the Senate) (14:23): I thank Senator Hanson for her question and for the correspondence that she has had with the government on this issue, including discussions that I've had with her. The government is acutely aware of the impact that the seafood industry, the tourism industry and many other sectors of Australian industry are facing as a result of, particularly, the downturn in visitation from Asian markets, like China and Japan, as a result of the coronavirus, as well as the downturn in economic activity and hospitality activities in many of those markets. That's why we're working to make sure that we help those industries to get through this period. We're trying to activate greater tourism and travel within Australia through our Holiday Here This Year campaign and our investment in the domestic travel sector. We're also working to make sure that we support export oriented businesses in the seafood sector to look at alternative markets. Senator Duniam and I have both met with and held discussions with members of the seafood industry, and we wrote to the seafood industry yesterday, providing dedicated contact points into Austrade.

In relation to imports and exports of Australian seafood and seafood into Australia, there is significant trade in both directions. But I would point out that in areas such as live fish we export $29 million of seafood products and import $5 million. In crustaceans and molluscs, we export $1 billion but import $549 million.

The PRESIDENT: Order! Senator Hanson, on a point of order?

Senator Hanson: Point of order—my question was directly to: would the minister address the imports into Australia?
The PRESIDENT: You're restating part of the question. It was a lengthy question. With respect, the minister is being directly relevant to the terms of the question. I ask senators: where a minister may be strained, I give them some latitude. You had a lengthy question. You're restating part of it. I think the minister, with respect, is being directly relevant to the entire question asked. As I've said before, a minister can respond to all or part or any aspect of a question.

Senator BIRMINGHAM: The last category I was going to highlight there is live fresh lobsters and crayfish. Australia exports $739 million of such product but imports nothing at all. It will be important to the long-term viability of those sectors that we keep those export opportunities open, and that means maintaining the types of trade relations with other countries that enable us to do so.

The PRESIDENT: A supplementary question, Senator Hanson?

Senator HANSON (Queensland) (14:25): Does the minister concede that the Morrison government's free trade agreements are prohibiting the protection of Queensland and Australia's seafood and fishing industry?

Senator BIRMINGHAM (South Australia—Minister for Trade, Tourism and Investment and Deputy Leader of the Government in the Senate) (14:26): No, not at all. In fact, if I go back to that last figure that I cited, Australia exports $739 million of live fresh lobsters and crayfish and we import none at all. None at all! So, for that part of the seafood industry, it is essential that they have access to other markets. Yes, there's an Australian domestic market, but the markets they have access to overseas are far larger markets with more consumers willing to pay more, creating wealth, business and employment in Australia as a result of those export opportunities. The same can be said in the live fish sector and around crustaceans and molluscs. The opportunities there are very real, and it is why it is important that we continue to create opportunities for those businesses to be able to sell their goods, creating maximum levels of Australian exports. It's one of the reasons why, just today, data shows once again record levels of trade surplus for Australia as a result, in part, of our FTAs. (Time expired)

The PRESIDENT: Senator Hanson, a final supplementary question?

Senator HANSON (Queensland) (14:27): Minister, the fishing industry have told me personally that they are on their knees. Does the minister recognise the death of the Queensland and Australian fishing industry is imminent if Australia continues to be swamped by cheap seafood imports?

Senator BIRMINGHAM (South Australia—Minister for Trade, Tourism and Investment and Deputy Leader of the Government in the Senate) (14:27): No, I don't recognise that nor agree with that sentiment. The death of many parts of the Australian fishing industry would occur were we to undertake policy decisions that withdrew their capacity to be able to service their export markets. In the end, these businesses need, for the long term, to be able to get back into markets when those countries recover and continue to sell premium product at premium prices that enable Australian businesses to employ.

Ultimately our trade agreements are working in Australia's interests. Today's data shows the 2019 trade surplus for Australia, what Australia exported in excess of what we imported, stands at $67.6 billion. It's a record trade surplus for Australia. It comes off the back of month after month after month of record trade surpluses, showing that our export industries are firmly doing the job for Australia and contributing very much to its healthy trade surplus, driven in part by our free trade agreements. (Time expired)

Coronavirus

Senator HENDERSON (Victoria) (14:28): My question is to the Minister for Defence, Senator Reynolds. Can the minister update the Senate on how Defence is supporting the whole-of-government effort to repatriate Australians from coronavirus affected areas overseas?

Senator REYNOLDS (Western Australia—Minister for Defence) (14:28): Thank you very much to Senator Henderson for the question and also for her ongoing support for Defence, particularly for defence industry. Yesterday I was very proud to outline to this chamber all the work that the ADF are doing on Operation Bushfire Assist, which is the largest mobilisation of the ADF domestically in our nation's history. I'm also very proud that the ADF has been able to very quickly mobilise and provide very significant support to the whole-of-government efforts on fighting and tackling the coronavirus. These efforts, as Minister Cash has said, are being led by the departments of Foreign Affairs and Trade, Health and Home Affairs, but Defence are playing a very significant role in this response.

We are working across governments very well to ensure the best interests of the Australians who have been caught up overseas, particularly in Wuhan. The ADF currently has 236 personnel supporting the departure of Australians from Wuhan and they're doing what they do best. They are providing a wide range of logistical support, as I said yesterday—the many things that can be measured by statistics and by quantities and numbers—
but they are also providing the support that is not directly measurable—that is, providing additional support, a helping hand and the spirit of kindness to the Australians and their families who are returning to Australia.

The PRESIDENT: Senator Henderson, a supplementary question?

Senator HENDERSON (Victoria) (14:30): Can the minister expand on how Defence is supporting Home Affairs with these efforts, particularly on Christmas Island?

Senator REYNOLDS (Western Australia—Minister for Defence) (14:30): I again thank Senator Henderson for the question. Defence has directly supported Australian Border Force with the transfer of the first two groups of Australian evacuees from Learmonth to Christmas Island. ADF people are assisting with the assisted departure of Australians from Wuhan to Christmas Island. One hundred and sixty-eight personnel are providing direct garrison support at Christmas Island and 49 are at RAAF Base Learmonth, which is currently being dismantled and relocated to Darwin due to an impending cyclone in the north-west region. There are 19 members who are coordinating this effort, also from ADF headquarters. Defence support to Home Affairs includes the re-establishment and the operation of the facility at Christmas Island, including the provision of food and many other life essentials and comforts for those who are currently at Christmas Island. The garrison support is also very wide—everything from catering through to decontamination and transport. (Time expired)

The PRESIDENT: Senator Henderson, a final supplementary question?

Senator HENDERSON (Victoria) (14:31): Can the minister outline to the Senate what further support Defence is prepared to provide?

Senator REYNOLDS (Western Australia—Minister for Defence) (14:32): In close consultation and collaboration with the other impacted agencies across the federal government, Defence is very closely monitoring the novel coronavirus situation with a focus now on contingency planning in support of the whole-of-government efforts. In particular, we’re currently focusing further on additional movements of people and also the stores that might be required to be transported across the country to support this. Support is currently underway for the assisted departure of additional Australians, as has been previously reported, on the Air New Zealand flight and any further possible Australian government organised flights. In that sense, we’re providing health, logistics and movement staff to ensure detailed planning and support for DFAT, Health and ADF should there be further requirements of Defence. Can I just say in conclusion: I thank all of the ADF staff who are so willingly doing this task at the moment. (Time expired)

Australian Bushfires

Senator HANSON-YOUNG (South Australia) (14:33): My question is to the Minister representing the Minister for the Environment. Over a billion animals have been killed by these climate fires over summer. As many as 25,000 koalas have been killed on Kangaroo Island alone, with thousands more under threat from the loss of habitat, starvation and thirst. Over 10 million hectares of bush, forest parks and bushland have been decimated. Over 80 per cent of the World Heritage listed Blue Mountains has been burnt. We were already in the midst of an extinction crisis before these summer fires. Ecologists warn that some species may never recover. The government have already said that their $50 million is not enough. When will the government front up and fund the recovery, the restoration and the protection that our environment desperately needs? When will the government announce the money that we need right now?

Senator BIRMINGHAM (South Australia—Minister for Trade, Tourism and Investment and Deputy Leader of the Government in the Senate) (14:34): I thank Senator Hanson-Young for parts of her question at least. These are serious issues. The government has acted and acknowledges very much that the devastation caused by bushfires over the recent summer is not isolated to the tragic loss of life, which this chamber acknowledged on Tuesday, nor it is isolated to the loss of property or economic assets, but it very much does include the loss of habitat and the harm to the environment and to ecosystems. That’s why the Treasurer and Minister Ley announced an initial $50 million investment to support immediate work to protect wildlife and habitat recovery, and acknowledged that this is a down payment for emergency interventions.

In terms of further investment around other long-term aspects of recovery, the government’s been clear that whether it’s in relation to infrastructure rebuild, support for individuals, support for businesses, support for the tourism sector, support for the environment or investment in mental health services—all of which we’ve taken decisions to do in the wake of the bushfires—they are initial decisions and that we will then monitor the impacts across those sectors and respond further where necessary and appropriate.

Immediately, we’ve pursued, amongst that $50 million, funding to provide care for and rehabilitation of injured wildlife and secure viable population of threatened species; to control feral predators, other pests and noxious weeds that are a major threat; to scientifically map and understand the true impact of these fires; and to work with landowners around protecting the precious remaining unburnt areas, allowing them to serve as arks and to support
our native plants and animals to recover. There's been extensive engagement with the conservation sector in this, and there will continue to be so.

The PRESIDENT: Senator Hanson-Young, a supplementary question?

Senator HANSON-YOUNG (South Australia) (14:36): Critical habitat for native wildlife has been destroyed, as previously outlined, but it may never recover. Will the government commit now to a moratorium on land clearing to protect the only habitat our wildlife and our precious koalas have left?

Senator BIRMINGHAM (South Australia—Minister for Trade, Tourism and Investment and Deputy Leader of the Government in the Senate) (14:36): Senator Hanson-Young seeks in that request a sweeping policy decision, asking that it be made firmly on the run. The government has in place, at a national level, environmental laws that ensure that when it comes to land clearing decisions or other decisions the federal government has a say insofar as it relates to the defined matters of national environmental importance. Those matters take into consideration requirements for habitat for endangered and threatened species. Those matters take into consideration scientific advice. But it is not the government's intent or policy for us to take over the responsibilities of states and territories when it comes to land management practices overall. The states and territories have clear responsibilities there. This parliament will determine the federal responsibility, which we administer when it comes to those very particular matters of national environmental significance.

The PRESIDENT: Order, Senator Birmingham! Senator Hanson-Young, a final supplementary question?

Senator HANSON-YOUNG (South Australia) (14:37): We know these fires are linked to climate change. We know climate change gets worse by burning fossil fuels. When will the government start protecting the koala from being killed by the coal industry and the loggers?

Senator BIRMINGHAM (South Australia—Minister for Trade, Tourism and Investment and Deputy Leader of the Government in the Senate) (14:37): We know that the Greens like to emote a lot when it comes to these issues and these questions. The government like to deal in facts and to work our way carefully through each of these policy matters. That's why we continue to make sure that, as a government, we deliver on our climate change targets and that we exceed those climate change targets. Our commitment is firmly to continue to seek to exceed those targets in the future. By exceeding the targets we've set, that, of course, means Australia makes an additional contribution which must by necessity, as Senator Cormann has rightly outlined in answers already this week, be a global effort in terms of emissions reduction policies into the future. But, in addition to those emissions reduction policies, we've been very clear out of this summer on the need to deal with adaptation and other factors, which I have every confidence will also be considered comprehensively by any reviews that are part of the post-bushfire season.

The PRESIDENT: Order, Senator Birmingham!

Community Sport Infrastructure Grant Program

Senator CHISHOLM (Queensland) (14:39): My question is for the Leader of the Government in the Senate, Senator Cormann. Last year the Prime Minister tabled the report by the secretary of his department in relation to former Ministers Pyne and Bishop. Why is the Prime Minister refusing to release his secretary's report into former Minister McKenzie?

Senator CORMANN (Western Australia—Minister for Finance and Vice-President of the Executive Council) (14:39): In relation to serving ministers, these are matters that are considered by the government's committee of cabinet. So these are documents that are part of the deliberative processes of cabinet and as such, under the longstanding Westminster conventions and governments of both political persuasions, obviously submissions that are informing the deliberative processes of cabinet are not released.

The PRESIDENT: Senator Chisholm, a supplementary question?

Senator CHISHOLM (Queensland) (14:39): Does the Gaetjens report confirm engagement between the Prime Minister, or his office, and former Minister McKenzie, or her office, in relation to the corrupt sports rorts scheme?

Senator CORMANN (Western Australia—Minister for Finance and Vice-President of the Executive Council) (14:40): Firstly, I completely reject the description that Senator Chisholm has attached to the sports grants program. The sports grants program is a successful, popular program which has made a significant positive difference in communities right around Australia. It was administered appropriately and consistently with the guidelines. If I can refer you to 8.1 in the guidelines, it will show you there that the guidelines themselves actually make it very clear that there is, appropriately, the opportunity for discretion and for judgements to be made to deal with relevant issues. So this proposition that somehow this has not been administered consistently with the rules and guidelines is false. I completely reject the proposition.

CHAMBER
In relation to the other part of the question, I refer Senator Chisholm to my primary answer.

The PRESIDENT: Senator Chisholm, a final supplementary question?

Senator CHISHOLM (Queensland) (14:41): In response to the corrupt sports rorts scheme, Minister Chester has said:

There's a need to give the public confidence in the transparency of how these grants are applied … The greatest deficit we have in Australian politics has nothing to do with the budget, it's a deficit between us and the people we represent.

Instead of hiding Mr Gaetjens's report, why doesn't the Prime Minister listen to Minister Chester?

Senator CORMANN (Western Australia—Minister for Finance and Vice-President of the Executive Council) (14:41): We always listen to Minister Chester, of course—always. Let me say that Mr Chester would agree that the sports grants program is a very popular, highly successful program that was very effectively administered, consistent with the guidelines. I would refer you to the publicly released guidelines, which clearly stated that discretion could be exercised and, obviously, that the minister would be the final decision-maker:

While delivery of funding will … be on a competitive basis, if, after completing the assessment process, emerging issues have been identified and/or there are priorities that have not been met, Sport Australia may consider other projects to address these emerging issues (or other forms of financial arrangements with applicants to otherwise further the objectives of the Program).

So that goes to the crux of it. It was very obvious in the guidelines. There's a whole series of considerations. Firstly, of course, clearly Senator McKenzie was concerned that Labor electorates were underrepresented in the recommendations of Sport Australia, which clearly Senator McKenzie thought was inappropriate. You've got to make sure there's an appropriate geographic spread. (Time expired)

Australian Bushfires

Senator VAN (Victoria) (14:42): My question is to the Minister for Families and Social Services, Senator Ruston. Can the minister please update the Senate on how the Morrison government is supporting those affected by the bushfires?

Senator RUSTON (South Australia—Minister for Families and Social Services and Manager of Government Business in the Senate) (14:43): I thank Senator Van for his question, particularly on such an important topic as the ongoing assistance that the Australian government is providing to people who have been devastated over the summer by the terrifying bushfires that have affected so many states around this country.

We all know that these fires have been absolutely devastating, and the magnitude of them has been unprecedented in terms of the crisis that it has delivered for Australia. The government of which I'm a member is absolutely committed to doing whatever it can to help families, to help businesses and to help communities so that they can get back on their feet as quickly as possible. That is why this government took the immediate action to set up the National Bushfire Recovery Agency and fund it with a $2 billion recovery fund to make sure that we coordinated the recovery so that the people on the ground could rebuild their communities and get on with their lives.

We believe that there are tens of thousands of people who have been impacted by these terrible bushfires. The initiatives that have been put in place include a one-off $1,000 disaster recovery payment for every adult that was affected. Initially, $400 was made available for every child, but that was increased to $800, particularly to focus on the fact that many of these fires had occurred, and people had lost their homes, in the lead-up to children returning to school. What we wanted to do was to make sure that we could put cash in the hands of people who were affected. We took this decision by making sure that Centrelink mobilised their services so that they were actually located within the regions that were impacted, whether that be through their mobile service units that drove around to the bushfire affected communities or through the many people who were in the service teams that were mobilised into these communities, so that people could actually access them in their home area.

The PRESIDENT: Senator Van, a supplementary question?

Senator VAN (Victoria) (14:45): Minister, what immediate support is the government providing to these families and communities?

Senator RUSTON (South Australia—Minister for Families and Social Services and Manager of Government Business in the Senate) (14:45): Thank you, Senator Van. There have been myriad different ways that the community, and particularly individuals, have been supported through the assistance of this government in response to the devastating fires. There are a couple of initiatives, particularly in my area of Families and Social Services, including the increase in the amount of emergency relief funding that was available within these regions. An additional $40 million was made available in January. We have sought to use existing providers who are currently on the ground in the bushfire affected areas, so that we could make sure that we could get the money and the assistance to these people as quickly as we could. I particularly want to thank St Vincent's, the Salvos and
Anglicare, who have primarily been the ones who have been able to get these services out onto the ground very, very quickly. We made sure that we used them because a locally based and driven response to these bushfires is absolutely essential for rebuilding our regional communities.

The PRESIDENT: Senator Van, a final supplementary question?

Senator VAN (Victoria) (14:46): Minister, how is the government helping to rebuild these communities and ensure resilience over the longer term?

Senator RUSTON (South Australia—Minister for Families and Social Services and Manager of Government Business in the Senate) (14:46): The most obvious thing that has emerged as we've moved into the recovery phase of these bushfires is the long-term nature of the support that's going to be required to enable many of these communities to rebuild and particularly to make sure that, when we do rebuild, we rebuild better.

Part of that is making sure that independent advice is available to people so that they can make the right decisions as they decide what they do into the future. That's why we made an additional $10 million available to financial counselling services, so, when people are faced with the financial decisions that they need to make as they rebuild their lives, they will be able to have that independent advice and be able to speak to people to make sure that they are making the right decisions for them and their families. We particularly wanted to make sure that the National Debt Helpline had increased funding, so that people, in the comfort of their own homes, were able to make a call and get that advice in person.

Community Sport Infrastructure Grant Program

Senator KITCHING (Victoria) (14:47): My question is to the Minister representing the Prime Minister, Senator Cormann. In preparing his report for the Prime Minister in relation to the application of the Statement of Ministerial Standards to former Minister McKenzie's conduct of the Community Sport Infrastructure Grant Program, did Mr Gaetjens interview the Prime Minister or any other minister to inform the preparation of his report and, if yes, who?

Senator CORMANN (Western Australia—Minister for Finance and Vice-President of the Executive Council) (14:48): I am not aware, obviously, of the processes that Mr Gaetjens has followed.

Senator Wong interjecting—

Senator CORMANN: You do know that you are talking about a document that was prepared to inform the deliberative processes of a cabinet subcommittee. Nevertheless, out of an abundance of helpfulness, let me take on notice whether there is anything I can helpfully provide to assist Senator Kitching in relation to this.

I should also say that, while the report that Mr Gaetjens has prepared is subject to cabinet confidentiality, the Secretary of the Department of the Prime Minister and Cabinet has indicated to the Prime Minister that he does intend to make a statement over coming days setting out his findings and the basis for them.

The PRESIDENT: Senator Kitching, a supplementary question?

Senator KITCHING (Victoria) (14:48): Did Mr Gaetjens interview any of the Prime Minister's staff to inform the preparation of his report? In particular, was the Prime Minister's sports and infrastructure adviser interviewed?

Senator CORMANN (Western Australia—Minister for Finance and Vice-President of the Executive Council) (14:49): I think that Senator Kitching is obviously getting a little bit confused in relation to what was actually referred to Mr Gaetjens for him to consider. Obviously there was the specific issue at the time in relation to the suspected conflict of interest which needed to be assessed against the requirements in the Statement of Ministerial Standards; Mr Gaetjens has of course reported in relation to that. But, again, in an abundance of helpfulness—because we are a very helpful, open and transparent government—I will see whether on notice I can provide you with some further information.

The PRESIDENT: Senator Kitching, a final supplementary question?

Senator KITCHING (Victoria) (14:49): I thank Senator Cormann for his helpfulness. In her statement to the Senate last night, former Minister McKenzie belatedly advised of further undeclared memberships held during her time as minister. Were these further undeclared memberships declared to Mr Gaetjens?

Senator CORMANN (Western Australia—Minister for Finance and Vice-President of the Executive Council) (14:50): I will take that question on notice.

Veterans

Senator McDONALD (Queensland) (14:50): My question is to the Minister for Defence, Senator Reynolds. Can the minister update the Senate on how the Morrison government is addressing the serious issue of suicide in the serving and veterans defence personnel communities?
Senator REYNOLDS (Western Australia—Minister for Defence) (14:50): I thank Senator McDonald for her question. I also would like to acknowledge and thank her for the work that she does in Queensland to support veterans, veterans employment and also their mental health. Thank you, Senator.

I know that everybody in this chamber is deeply concerned about the scourge of suicide—the 3,000 deaths every year in Australia and the particularly high rate of suicide amongst our veterans and also our serving personnel. I know we all share the goal to do whatever we can to stop these tragedies and to safeguard the mental health and wellbeing of our veterans and our service personnel and that we all agree that this is an issue of national and lasting importance.

As we all know in this place, it is a profoundly complex issue that deserves a comprehensive response. Over the break, as the Prime Minister has said, we listened very carefully to everybody who has an interest in this issue. We listened to the voices of veterans and also their families. We came to the conclusion that we wanted to do more than just hold a royal commission, which is why, yesterday, we announced a broad range of measures to assist greatly in this area. There are three in particular that I want to mention now.

First is the establishment of a national and permanent rolling commission into veterans suicide and its prevention, which will have all of the powers of a royal commission. Second is to initiate an immediate and comprehensive independent review and analysis of more than 400 suicide deaths in the defence and ex-services community since 2001. Third is to establish the Veteran Family Advocate, who will offer a new and crucial bridge for families which will put their voices and their interests at the heart of policymaking and also decision-making.

I'd like to thank the opposition in particular for their bipartisan approach to the introduction of these measures and all others in this chamber who share our commitment to this issue.

The PRESIDENT: Order, Senator Reynolds! Senator McDonald, a supplementary question?

Senator McDONALD (Queensland) (14:52): Can the minister outline in more detail the intended role and powers of the National Commissioner for Defence and Veteran Suicide Prevention?

Senator REYNOLDS (Western Australia—Minister for Defence) (14:53): Thank you for that question, Senator McDonald. The national commissioner will be established with the following criteria: it will be established as an independent and a permanent body; it will be accountable to the parliament; and it will have the same powers of a royal commission. That means they—whoever the commissioner will be—will be able to compel the production of evidence and summon witnesses. They will also be able to identify and investigate systematic issues that will inform government policy on suicide prevention, mental health and wellbeing. The commissioner will investigate individual cases of ADF and veteran suicide, working with every state and territory coroner. More immediately, the commissioner will commence with an independent review of historical veteran suicide cases, focusing on the impact of their military service. Families can choose to engage if they wish. If they do, they will be provided all support.

The PRESIDENT: Order, Senator Reynolds! Senator McDonald, a final supplementary question?

Senator McDONALD (Queensland) (14:54): Can the minister advise the Senate of the intended role of the Veteran Family Advocate?

Senator REYNOLDS (Western Australia—Minister for Defence) (14:54): This is one of, I think, the most important initiatives that we've announced as part of this package. In addition to having a veterans advocate, we will have the Veteran Family Advocate, who will have a crucial role in directly engaging with family members in any family circumstance that veterans and ADF members have. They will also be able to advocate to help shape policy and the administration of veterans' benefits and also support, particularly through the lens of a family member.

The advocate will, as you would expect, focus on mental health and suicide prevention and will also be expected to contribute to our understanding of the risk factors relating to the wellbeing of our veterans and their families, and particularly so during what we know is a high-risk area—through their transition from the ADF into civilian society. The advocate will sit within the Veterans' Affairs portfolio through the existing repatriation—

(Time expired)

Community Sport Infrastructure Grant Program

Senator GALLAGHER (Australian Capital Territory—Manager of Opposition Business in the Senate) (14:55): My question is for the Minister for Finance, Senator Cormann. What role did the Minister for Finance's office play in the design and implementation of the community sport infrastructure program?

Senator CORMANN (Western Australia—Minister for Finance and Vice-President of the Executive Council) (14:55): In relation to its implementation, none. Obviously neither me nor my office had visibility—

Senator Wong interjecting—
Senator CORMANN: There are two parts to the question, if I might answer the question, Senator Wong. So, in relation to the implementation, taking that first, I had no visibility in relation to, obviously, the specific decisions in relation to specific projects. That was entirely a matter for the responsible minister, as is appropriate.

In relation to the program itself, it went through the normal deliberative processes of cabinet. It went to ERC. It was put forward as a policy proposal by the relevant minister and it would have gone through the normal process. I'm obviously a member of the Expenditure Review Committee, and hence I participated in that process in relation to that budget measure in the usual way.

The PRESIDENT: Senator Gallagher, a supplementary question?

Senator GALLAGHER (Australian Capital Territory—Manager of Opposition Business in the Senate) (14:56): The independent Auditor-General's report noted that Sport Australia is not subject to the Commonwealth Grants Rules and Guidelines. Was it the minister's office's advice that the community sport infrastructure program be administered in this way and did the minister's office provide this advice because Sport Australia is not subject to the Commonwealth Grants Rules and Guidelines?

Senator CORMANN (Western Australia—Minister for Finance and Vice-President of the Executive Council) (14:56): The answer to that is no. That is essentially the way the PGPA Act works—the PGPA Act that was put together by the Labor Party. So, in relation to these matters, as well as also being very clear in the explanatory memorandum to the PGPA bill at the time, you'll find that it made clear that it was not intended to capture—

The PRESIDENT: Senator Wong, on a point of order?

Senator Wong: I'm sure the two of us are both very interested in a discussion about the PGPA, but that's not the question. The question that Senator Gallagher went to was whether or not the program was designed in this way in order to avoid the application of the guidelines, on the advice of the minister's office. If he could just answer that question.

The PRESIDENT: I'm sure there are many people who are interested in the act—I, for one. I think, with respect, there were two questions there. One asked about a fact and one asked about a motive on the behalf of the minister, and I think the minister's being directly relevant to the question in the answer he is giving.

Senator CORMANN: The answer to the question that Senator Wong raised is: no, there was no specific advice given in relation to circumventing, as you suggested it. Essentially, this worked in the usual way. The usual practice, the usual legal arrangement, is consistent with the PGPA Act, as put together by the Labor Party—that corporate entities are not covered by the Commonwealth Grants Rules and Guidelines. But, as you know, recommendation 4 of the Auditor-General's report suggests that that has changed, and the government has accepted that recommendation and will be acting on it.

The PRESIDENT: Senator Gallagher, a final supplementary question?

Senator GALLAGHER (Australian Capital Territory—Manager of Opposition Business in the Senate) (14:58): Have the minister or any current or former staff members ever seen a spreadsheet listing funding applications under the community sport infrastructure program, colour-coded and focusing on applications from marginal electorates held by the coalition as well as electorates to be targeted by the coalition?

Senator CORMANN (Western Australia—Minister for Finance and Vice-President of the Executive Council) (14:58): Well, I have not seen any such spreadsheet, other than what has been published in the media in recent times. I would say that I cannot speak for all former staff members. I don't know what all former staff members currently are involved in. So I think you're asking me to provide an impossible warranty, and I won't do that. Neither me nor my office were involved in the decision-making in relation to those projects.

Senator Wong interjecting—

Senator CORMANN: Well, there's actually nothing unusual in relation to this. Minister McKenzie was the responsible minister administering that program. That is entirely appropriate.

Australian Bushfires

Senator ANTIC (South Australia) (14:59): My question is to the Minister representing the Minister for Government Services, Senator Ruston. Can the minister please update the Senate on the government's assistance that's been provided by Services Australia to the bushfire impacted communities across Australia?

Senator RUSTON (South Australia—Minister for Families and Social Services and Manager of Government Business in the Senate) (15:00): I thank Senator Antic for his question and also his interest and the support that he has provided to South Australian communities who have been so devastated by the bushfires. I know he's been out there building fences with BlazeAid, along with many of our other colleagues, so I acknowledge that support. In particular, I want to acknowledge the extraordinary hardship of the people of New South Wales, Queensland,
South Australia, Tasmania and Victoria who have been impacted by the devastating events of the last few months. We particularly need to commend our first responders, who worked absolutely tirelessly, first to save people's lives and protect their properties and then to assist them as the recovery started.

To that end, Services Australia have been out on the ground, on the fire front, from the minute after the fires were put out to make sure that they were providing assistance to people who had been impacted by these fires. The department have also made sure that they have been very present not just on the ground but in manning their telephone lines so that, when people made calls to try and find out what assistance they were able to immediately receive so that they could deal with the immediacy of losing their homes or not being able to get back to their homes, the disaster payments hotline was being answered in an extraordinarily short time—a matter of seconds for each call—so that when people rang up they did not have to wait. In fact, since 16 September last year, over 130,000 calls have been answered, with an average waiting time of less than 90 seconds. So I particularly want to acknowledge the staff who have been in the walk-in centres and the staff on the end of the phones, who are making sure that they are there to listen to and assist people when they are obviously in a time of great need. I also commend the Australian Defence Force and acknowledge the role of Minister Reynolds in making sure that they got the boots out on the ground to make sure we could provide comfort to those people impacted.

The President: Senator Antic, a supplementary question?

Senator Antic (South Australia) (15:02): Given the scale of the recent bushfires, how has Services Australia adapted to assist affected Australians on the ground to ensure immediate and effective support?

Senator RUSTON (South Australia—Minister for Families and Social Services and Manager of Government Business in the Senate) (15:02): The ability for us to be as efficient as possible in getting disaster relief payments out on the ground was absolutely a priority of the mobilisation of Services Australia when the fires and other disasters hit. I would just like to update the chamber and let it know that, from mid-September 2019 until February 2020, I can advise that over 75,000 claims for the Australian government disaster recovery payment have been granted, with over $89 million made available for people affected by the fires; over 300 claims for disaster recovery allowance have been granted; and over $14 million has been paid in additional payments for children, in respect of the 35,000-plus children who have been in the affected areas. There are also the mobile service centres that have been out on the ground, along with the ADF. These teams remain in place to continue to assist people who have been impacted by the fires.

The President: Senator Antic, a final supplementary question?

Senator Antic (South Australia) (15:03): How can Australians who still need assistance and live in fire affected regions get help from Services Australia?

Senator RUSTON (South Australia—Minister for Families and Social Services and Manager of Government Business in the Senate) (15:03): There are a number of ways in which people can get assistance from the government, but the first and easiest way for those that are in areas that have been declared disaster areas for the purposes of the Australian government disaster relief payments is to ring the hotline. That number is 1802266. People who ring that number, as long as they have the evidence that they need, will get paid almost immediately. In fact, we have heard stories where people have put the phone down and checked their bank accounts and the money is already in their account.

In addition to that, Services Australia are making sure that they have a range of services available to people, including mental health support services and financial counselling services, making sure they can deal with people who are in short-term distress and making sure that children and their families can be helped through the immediate trauma of the crisis and that they're in the best position to get on with rebuilding their lives.

Senator Cormann: Mr President, I ask that further questions be placed on the Notice Paper.

QUESTIONS WITHOUT NOTICE: TAKE NOTE OF ANSWERS

Community Sport Infrastructure Grant Program

Senator CHISHOLM (Queensland) (15:04): I move:

That the Senate take note of the answers given by the Minister for Finance (Senator Cormann), the Minister for Youth and Sport (Senator Colbeck) to the questions without notice asked by Opposition senators today relating to the Community Sport Infrastructure Program.

What an extraordinary performance we saw from the Leader of the Government in the Senate, Senator Cormann, and from Minister Colbeck in the chamber today. It's obvious that they have learnt none of the lessons from the last couple of months and have understood none of the concerns of the Australian people, when you listen to the defence by Senator Cormann. There he was saying that Senator McKenzie did nothing wrong in terms of her administration of the program, but that's clearly not the view of the Australian people. And we saw the
performance of Senator Colbeck here today as well. You've got to remember that this is the minister responsible for cleaning up this mess. Anyone watching his performance today would be scratching their head at the thought that this is the person who is supposed to be responsible for cleaning this up. Clearly, he was out of his depth in answering the questions that were put to him today about when he first became aware of this but also about whether he received any legal advice. He clearly dodged the question from Senator Wong that went to the heart of that.

The defence the government are trying to run is obvious. They're offering platitudes to Senator McKenzie, saying, 'You'll be back; it was only a technicality.' But we know what really went on here. The most damning statistics that I've seen in relation to this sports rort actually go to the three rounds of funding—December 2018, February 2019 and April 2019. In the December 2018 round, round 1, 41 per cent of the approved projects were not on the list endorsed by Sport Australia. That's 41 per cent in December 2018. In February 2019, round 2, 70 per cent of the approved projects were not on the list of applications that Sport Australia recommended. As you can see, as they were getting closer to the election and becoming more and more desperate, the political interference in the projects that were approved through this process went off the charts and the percentages became higher. Then in the last round, just a month before the election in April 2019, the amount of approved projects not recommended by Sport Australia went up to 73 per cent. That just goes to show you how deliberate this was, how much it was focused on marginal seats and how much it was designed to give the government the best possible chance of winning the election.

For them to try and sit in here and say, 'Senator McKenzie only had to resign because of a technicality'—the Australian people deserve so much better than that, and they are absolutely concerned about the way that this fund was administered. I'd say to the government: put your feet in the shoes of those parents, those volunteers, those people who give up their time and put in hard work to put forward these proposals, because they're the ones who've been dunned by this. Those are the Australians that I identify with. I've got young kids. They're getting involved in sport. I see how much grassroots community sport is led by volunteers. They're the ones who are the lifeblood of these communities, and these are the people that this government has dunned through its corrupt sports rorts program. This is something that the Labor opposition will absolutely hold them to account on. Senator McKenzie may have become the scapegoat, but the government will be held to account on this. They haven't released what was in the Gaetjens report. That obviously goes to some of the substance regarding Senator McKenzie. But they haven't gone anywhere near justifying their decision-making.

I think it's interesting that, as I mentioned in the question that I put, Minister Chester is showing a bit of contrition about the way this scheme operated. We saw a similar quote from Minister Littleproud yesterday as well. I think those members in rural and regional Australia understand some of these issues better than they do here in the Senate. They understand that communities being dunned has a significant impact in that part of the world. That shows you that there is a division within the government over how this has been handled. It's really important that we continue to put a focus on this and highlight these divisions.

I want to finish on the defence that the Prime Minister has often used—that this was all about providing facilities so that girls didn't have to get charged out the back. That has been blown out of the water by the fact that there were 12 applications for girls' change rooms that were rejected. So he can absolutely give that up now. It shows that is a nonsense defence from the Prime Minister. This was a deliberate program. They were absolutely determined to get the best political outcomes out of this. The fact that the percentage of decisions disregarding Sport Australia increased as they got closer to the election shows you that they were in this up to their necks.

**Senator O'SULLIVAN** (Western Australia) (15:09): Here in Australia right now we have at least three very serious issues confronting us: the bushfires, the drought and, of course, the coronavirus. These are matters that are consuming the hearts and minds of the public, and these are the issues that this government has an undivided focus on. We're establishing a $2 billion national bushfire recovery fund; we're spending $8 billion on drought relief; and we're acting swiftly in response to the Chief Medical Officer's advice on dealing with the coronavirus, and promptly ensuring that we can mitigate the risk to the economy as best as we possibly can. These are issues that are critical, and front and centre in the minds of the Australian public. Yet all that Labor have done this entire week in their questions is stoop to their usual cynical, grubby lows of muckraking, smear and innuendo. But we shouldn't be that surprised, because this is, frankly, Labor's modus operandi. We, however, deal with facts, and the facts that Labor are deliberately overlooking for their own political advantage are that Minister McKenzie's oversight meant that more funding went to Labor areas than would otherwise have been the case. As the ANAO report points out:

... electorates held by the Australian Labor Party represented 35 per cent of approved projects and 34 per cent of approved funding. These electorates would have been less successful had Sport Australia's assessment team recommendations been maintained ...
Sport Australia recommended 26 per cent of projects and 26 per cent of funding. Minister McKenzie's intervention lifted those to 35 per cent and 34 per cent respectively. There are many Labor frontbenchers who welcomed this funding when it was announced. In fact, the Leader of the Opposition, Anthony Albanese, went so far as to thank Minister McKenzie for her support for the Dawn Fraser pool in his electorate. Thirty-five per cent of funded projects were in Labor held seats.

Yet, in my home state of Western Australia, state Labor ran a program called Local Projects Local Jobs, a $35 million McGowan government commitment, where 97 per cent of the funding went to Labor held seats—97 per cent. A newspaper article said:

Premier Mark McGowan defended the spending and said: 'Every single one of our election commitments went through a rigorous evaluation process.'

But community groups did not apply for 'grants'; instead projects were nominated by Labor MPs and candidates and signed off by a committee of Labor campaign chiefs and senior frontbenchers in the party's leadership team.

This proves that the evaluation and selection was purely a political process. As I said before, Minister McKenzie's intervention ensured that even more funding went into Labor held seats. Yet, back on the other side of the country, where I'm from—the great state of Western Australia—Labour borrowed from a book and said, 'We're going to put pretty much 100 per cent into our seats.' Ninety-seven per cent is practically all of their seats. It's unbelievable.

The article continued:

Candidates and MPs had to explain to the committee why the funding was necessary but also how they planned to best exploit the commitment in political campaigning, including a plan for local media.

Talk about politically motivated funding! It's absolutely ridiculous. And Labor, those on the other side of the chamber, want to lecture us about how projects can be delivered!

This program has gone into supporting some wonderful projects—684 projects across Australia, investing $100 million in very important community and sport infrastructure. We have seen firsthand the positive impacts that this program has been delivering for so many grassroots sporting organisations and local communities around the country. The program is supporting the construction of new community infrastructure and upgrading so many more sporting facilities to help support local jobs. Of course the demand for these projects is always going to be strong; it's always going to be high. But the government, because of our strong economic record, are able to invest in projects like these, and we hope we can continue to do so into the future.

Senator AYRES (New South Wales) (15:14): I also rise to take note of answers given by Ministers Colbeck and Cormann in relation to questions asked by Labor senators about the sports rorts affair. There are two images that will rest in Australians' minds after the course of January: the first is of a sullen, indifferent Prime Minister lounging in a luxury resort in Hawaii while Australian suburbs and country towns burnt to the ground; the second is of the flagrant abuse of taxpayers' money for narrow political gain by a government that has lost its way. The Liberal Party was surprised to win the election and lost its way within months of winning the election—no ethics, no principle, no guts; only prepared to back self-interest. With that lot, it's all about the interests of the Liberal Party and the National Party, not the national interest. It's certainly not about that for the members of the Nationals, who can't wait to get on a plane and get home this week. It's certainly not about the interests of country communities. In this big anniversary year for the National Party, what's happened this week should be a source of shame to that once great political party. Doug Anthony and Jack McEwen wouldn't even bother to roll over in their graves if they had cause to reflect on what happened here.

Senator Davey: He's not dead!

Senator AYRES: That may well be true. But what a shallow bunch of opportunists—former coastal real estate agents and Country Life magazine spivs—this once great political party has become. Over and over again, the National Party promise that they'll stick up for the bush, and then they fly to Canberra and they sell out country communities. This time, they sold them out to the Prime Minister's office and to Liberal campaign officials.

The terrible irony of the sports rorts scandal is that so many of the communities that need those grants most are the ones that the Nationals pretend to represent: the small towns where a local team means something more than a weekend activity, where the local pool is a respite from a long, hot summer, where volunteering for your kids' netball team helps overcome the isolation of rural life. Senator McKenzie has rightfully resigned because of a conflict of interest. She hasn't resigned on account of her real crime: her stewardship of this industrial-scale $100 million rort. Her resignation late last week is like Hannibal Lecter apologising for eating with his mouth open. Her colleagues over there, Nationals and Liberals, continue to defend her because they don't think that she's done anything wrong. Systematic abuse of taxpayer funds for political gain is what they do. It's core business; it's the reason they are here; it's their business model; it's government by cardboard novelty cheque. They're interested in
only one thing: their own careers—not the jobs of ordinary Australians but their own survival; not decent community, volunteer-run sporting clubs.

That's why, when the parliament paused for a day earlier this week to reflect upon the tragedy of the bushfires, to pay respect to people who had died in country communities, the National Party could do only one thing: squabble over political leadership. This bloke, Barnaby Joyce, the member for New England—the constituency that I used to live in; I mean, God help us all if the member for New England becomes the Deputy Prime Minister of Australia—couldn't lead a dog to a butcher's shop. Senator McKenzie may have resigned, but one of the architects of this rort, the senator's former chief of staff, Jonathan Hawkes, has got a brand new job. After all of this, he was appointed as Federal Director of the Liberal Party. I believe this is his first week in the new job. That's what happens in the National Party: organised, politically focused misallocation of public money is rewarded by the big jobs, and now he's in charge of the National Party organisation right around the country. This rort was written and authorised by the Prime Minister. I think Senator McKenzie will tell all in due course. So she should. Sacking her for sports rorts is like Robbie Waterhouse being called to account for the Fine Cotton affair and sacking the horse.

Senator DAVEY (New South Wales—Nationals Whip in the Senate) (15:19): For the record, Doug Anthony wouldn't be rolling over in his grave, because he's not yet dead. I thank Senator Ayres for recognising that the Nationals are turning 100 this year and that we are a great party, and acknowledging that our priorities in the National Party are for rural and regional Australians. I will also put on the record that, contrary to what Senator Ayres said, I don't leave my regional base and fly to Canberra; I drive to Canberra so I can witness, on the ground, exactly what is going on out there. I don't come to Canberra and forget what is happening in my regional community, or forget what is happening in regional communities across Australia, particularly this year, having witnessed the devastation of the bushfires across the entire eastern part of my state. I don't believe any of the members in this chamber come to Canberra and forget about what's going on at home—just like I don't believe that I have heard from the Labor Party which of the 684 successful applications under this community grants program should not have been funded. They are all community sports programs. Many of the applications—over 2,050 applications—came from Labor electorates with letters of support from their Labor ministers and Labor representatives.

Delivering grant programs is not a rort. Delivering grant programs and getting the money out there to communities is not pork barrelling; it is doing our job. When we said we wanted community level sports to be supported, when we started this program with $30 million and realised how successful and how popular it was, we expanded the program to make it a $100 million program and we were able to fund 684 applications across the country, giving a geographic spread of sports and a spread across all electorates, regardless of whether they were held by coalition MPs, Labor MPs, marginal or safe seats—it didn't matter. The priority was to get funding out there into big and small community clubs.

Senator Ayres is right: we are defending Senator McKenzie and how she handled this because we don't think that her getting money out the door and into community clubs is doing anything wrong—684 successful applications that received money, that were welcomed by their ALP members. Certainly Anthony Albanese himself thanked Senator McKenzie for funding the Dawn Fraser pool in his electorate. So for Labor to now sit there, having taken the money for projects in their electorates, saying, 'Thank you very much, Senator McKenzie, we'll take that money, but now we're going to complain about how you handled the program' is absolutely hypocritical. To say that a minister doesn't have discretion of funding and expenditure is absolutely crazy. On the one hand, we get absolutely lambasted if we listen to bureaucratic advice. For example, when Senator Birmingham was health minister and the bureaucrats said, 'Stop funding Healthy Harold,' he overrode it because the backlash was incredible. That's what ministers do. Ministers look at the advice, they evaluate the advice and then they make a decision, because they are elected to do that. That is what elected representatives are for—(Time expired)

The DEPUTY PRESIDENT: I just remind you, in future, to please refer to those in the other place by their correct titles.

Senator MARIELLE SMITH (South Australia) (15:25): I also rise to take note of answers to questions by Labor senators today. I feel for my fellow senators on the other side who have had to come in here and defend this rort this afternoon. I feel for you, Senator Davey, who spoke just before me. But Senator Davey just told us that in this whole sports rorts scandal, in the administration of these grants, it didn't matter if the recipients were in Labor, National or Liberal seats. But the point is it did matter. That's what the Auditor-General found. That's why we're here. That's what we're discussing. If it didn't matter, if it wasn't relevant to the decision-making process, we wouldn't be here. We wouldn't be asking questions about it. We wouldn't be having a Senate inquiry on it. The
fact is it did matter to the decision-making process, and that's the problem. That's not acceptable. That's why we've been asking questions.

Sometimes I wonder why we bother when we have such disrespect from senators like Senator Colbeck today. He was asked serious questions about the legality of the administration of this program, and he barely answered. One of them he didn't answer and the other ones he barely answered. He tried to answer quickly—not like that other time where we waited for a minute and 20 seconds or whatever for him to get the first word out—but he barely answered the question, and it was a serious question. Then, following Senator Farrell's further questions, he just sidestepped, trying to pin it all on Senator McKenzie. He tried to pin it all on her—'It's nothing to do with me; it's all Senator McKenzie.' But you can't all do that. You can't all sidestep it. You can't just dump this on Senator McKenzie and walk away, because we know it goes further than her. It goes further than Senator McKenzie. It goes straight to the top. Poor old Senator McKenzie, taking all the blame. But we won't let all of you sidestep it.

It took the Prime Minister more than two weeks to work out what was evident to Australians from the very start: there was a breach of the ministerial standards. But he and all of you are still refusing to address the elephant in the room—that there was a breach in integrity in the administration of this grants program. That is what the Auditor-General found. They are the facts. This government treated a $100 million program like a chequebook rolled out with the sole intent of getting the government re-elected by winning marginal and target seats. So, yes, there were Labor seats—target seats. They were marginal and target seats. We know this. It is clear in the report. After all of this, Senator Cormann then stood in this place, defended Minister McKenzie and said she had done an outstanding job as the Minister for Sport.

Well, tell that to the local sporting clubs in South Australia who spent hours and hours on their grant applications, an enormous effort by volunteers, who thought that when they had a go and put their application in they would get a go and it would be treated fairly, who believed when the government opened this round of applications that they had their best interests at heart, that they cared about sporting infrastructure in local communities. So they took the time in the late hours of the evening and through weekends, tirelessly working on applications. They didn't necessarily expect to win, but they expected a shot at winning. They didn't expect to be struck off because the location of their club didn't happen to be in a marginal or target seat. They expected you to show them the basic respect of reading their application and treating it fairly. It's a pretty reasonable request from Australians. It's a pretty reasonable request—integrity in government and integrity in the administration of a grant program.

Not only can you not give it to them; you can't clean it up properly either. You can't act swiftly to deal with the people responsible. You can't take responsibility for your failure to those clubs, for your failure to those communities, for your failure to the people who wrote those applications and expected a fair go and your failure to the kids in those clubs who had a highly rated application and missed out because of where they lived. Well, they can't all live in your marginal and target seats. They can't! But they should be able to expect that you treat them fairly. They should expect a fair go. This isn't about the clubs who won. It's about the ones who deserved to win but lost, who were robbed because of your motivations. *(Time expired)*

Question agreed to.

**Australian Bushfires**

**Senator HANSON-YOUNG** (South Australia) (15:30): I move:

That the Senate take note of the answers given by the Minister representing the Minister for the Environment (Senator Birmingham) to questions without notice asked by Senator Hanson-Young today relating to the Australian bushfires.

I asked about the significant devastation, the absolute environmental catastrophe, that has been inflicted on Australia's environment as a result of these terrible bushfires over summer. We know that these fires have been unprecedented. We've seen the loss and devastation to communities, and here in this place only earlier this week we paid condolences to the loss of lives, the loss of homes and the suffering of communities.

There has also been great suffering by Australia's wildlife and our nature. Over one billion animals have been killed as a result of these climate fires. Thousands and thousands of Australia's iconic koalas are dead, burnt. Thousands and thousands more are injured and starving now because of the lack of food and clean water. Over 10 million hectares of Australia's bushland and forest were devastated. Over 80 per cent of the World Heritage area in the Blue Mountains has been burnt to a crisp. Our environment has suffered a huge blow as a result of these climate-fuelled fires that we've seen over summer, and we know it's going to take years and years—decades—to rebuild, repair and protect them properly.

The government have announced $50 million, and they keep saying that this is a down payment, yet they're refusing to say how much more is coming and when. Of course we're all a bit cynical about how much the government is really going to put into this recovery, restoration and future protection of the environment, because
this government has year after year cut and slashed the budget of Australia's environment. They've gutted their own environment department. They've gutted environmental protection programs. They've refused to fund the programs that were put in place to protect what was already a growing list of over a thousand animals and species that were endangered. These climate fires have made this crisis now worse than ever, and the government can't continue to keep saying $50 million is on the table and that's enough. Celeste Barber actually raised more money in response to these climate fires than this government is prepared to put into protecting our wildlife and our native areas. If a comedian can raise more money, it puts in stark contrast the commitment that this government has.

Of course we know that critical habitat, particularly for Australia's iconic animals like the koala, have been decimated. Many, many Australians—in fact, millions of people right around the world—have been watching what is happening and have been grieving for the loss of wildlife and Australia's environments. They look at what has been going on here. They've been seeing these burnt koalas and they want to know what it is that this government is going to do to protect them.

The biggest threat now to Australia's iconic species of koalas is that the very limited habitat they still have is not protected properly. We've got people wanting to get into those areas, clear the land and destroy the trees that these koalas live in. What we're asking the government to do today is to guarantee that they will step up and protect the very limited homes and habitats that these koalas have left. Fund the environmental protection and restoration properly but step in to say, 'We know that our wildlife, our koalas and our rock-wallabies have already suffered so much; we're going to make sure that from now on their habitat is properly protected.' That's what I ask of the minister today, and that's what this government is failing to act on.

Question agreed to.

PERSONAL EXPLANATIONS

Senator GREEN (Queensland) (15:35): Under standing order 190, I seek leave to make a personal explanation.

Leave granted

Senator GREEN: Shortly before question time today, the Select Committee on Administration of Sports Grants was established and I was appointed a member. I wish to inform the Senate that a school friend of mine, Ms Kate Bates, was a former board member of Sport Australia from 22 June 2015 to 13 December 2018. Ms Bates is a champion Olympian who has represented our country proudly and contributed significantly to our sporting community for many years. However, I do want to assure the Senate that I have not communicated and will not communicate with Ms Bates with regard to the sports rorts scandal or any of the terms of reference of the select committee. I intend to make a similar statement to the committee.

COMMITTEES

Administration of Sports Grants Select Committee
Finance and Public Administration References Committee

Membership

Senator BIRMINGHAM (South Australia—Minister for Trade, Tourism and Investment and Deputy Leader of the Government in the Senate) (15:36): by leave—I move:

That senators be discharged from and appointed to committees as follows:

Administration of Sports Grants—Select Committee—

Appointed—Senator Rice
Participating member: Senator Waters

Finance and Public Administration References Committee—

Discharged—Senator McAllister
Appointed—
Participating member: Senator McAllister.

Question agreed to.

Intelligence and Security Joint Committee

Report

Senator DAVEY (New South Wales—Nationals Whip in the Senate) (15:37): On behalf of the Parliamentary Joint Committee on Intelligence and Security, I present (a) the Review of administration and expenditure No. 17 (2017-2018) - Australian intelligence agencies and (b) a report of the committee on a review of the relisting of al-
Qa’ida in the Indian subcontinent, Islamic State in Libya and Islamic State Sinai Province as terrorist organisations under the Criminal Code.

Human Rights Joint Committee

Report

Debate resumed from 5 February, on motion by Senator Henderson:

That the Senate take note of the report.

Senator McKIM (Tasmania—Deputy Leader of the Australian Greens in the Senate) (15:39): I rise to speak to document 9 on page 13, which is the Joint Committee on Human Rights report 1 of 2020. I spoke on this report yesterday, and during that debate I said this:

I want to make the point that the Australian Labor Party members of this committee, along with me, representing the Australian Greens, have issued a dissenting report which comes to different conclusions in many regards than the majority report does.

I was then interrupted by Senator Henderson, who is the chair of that committee. Senator Henderson said this:

Acting Deputy President, I wish to just clarify one thing with the Senate. That was a report handed down by the whole committee. There is no dissenting report. The committee report has been agreed as a whole, and so I take exception to the remarks that Senator McKim is making now.

I responded to Senator Henderson by saying that I would take her remarks under advisement, and I return to the chamber today to correct Senator Henderson's remarks. In fact, Senator Henderson was quite wrong in what she said yesterday, and, as the chair of the committee, she should have known better than what she said yesterday. In fact, there was a dissenting report issued, and it was issued on behalf of the Australian Labor Party members of that committee and me, as the representative of the Australian Greens. It's really important that Senator Henderson come into this chamber at the first available opportunity and correct the inaccurate statement that she has made. If she fails to do that, that would constitute a misleading of this Senate.

We have seen, sadly and disappointingly, this committee politicised in an unprecedented way under Senator Henderson's chairpersonship. That is extremely regrettable, because this committee should be operating as a technical committee which, in a nonpartisan manner, assesses legislation before this parliament—not just government legislation, but also legislation from the opposition and legislation from the crossbenches—and assesses that legislation against the international human rights instruments to which Australian governments have committed our country by signing up to them. But that's not what we're seeing. We are seeing legal advice to this committee from the committee's independent legal adviser ignored by the chair, sidelined and alternative reality findings being inserted into this committee's report. I thank Senator Dodson, who is also a member of this committee, for the comments he made yesterday along similar lines to the comments that I am making today and alongside some of the comments I also made yesterday.

I've emailed Senator Henderson today. I've copied that email to all other members of the committee, and I urge Senator Henderson to come in and correct the record, so that the public and the people that pay us can understand the truth of this matter; and I've asked her to explain how it could be as chair of the committee that she was not aware that, in fact, a dissenting report had been issued.

It is incredibly regrettable that this committee is being operated in such a partisan way, and it is a matter of extreme concern to me, as the Greens' representative on this committee and, I know, to some of the Labor members on this committee as well. If necessary, I will have more to say about this. But I want to place on the record that Senator Henderson was wrong when she said a dissenting report had not been issued, and she now is obliged to come into this chamber at the first available opportunity and correct the record.

I seek leave to continue my remarks later.

Leave granted; debate adjourned.

DOCUMENTS

Report on Ministerial Standards and Sports Grants

Order for the Production of Documents

Senator BIRMINGHAM (South Australia—Minister for Trade, Tourism and Investment and Deputy Leader of the Government in the Senate) (15:45): I table a document relating to an order for the production of documents concerning a report on ministerial standards and sports grants.
BUSINESS

Rearrangement

Senator BIRMINGHAM (South Australia—Minister for Trade, Tourism and Investment and Deputy Leader of the Government in the Senate) (15:46): I move:

That the following general business orders of the day be considered at the time for private senators' bills on Monday, 10 February 2020:

(a) Marine Safety (Domestic Commercial Vessel) National Law Amendment (Improving Safety) Bill 2019; and
(b) Telecommunications Amendment (Repairing Assistance and Access) Bill 2019.

Question agreed to.

MOTIONS

Morrison Government: Ministerial Standards

Senator AYRES (New South Wales) (15:46): At the request of Senator Gallagher, I move:

That the Senate—

(a) notes the Morrison Government's consistent failure in 2019 and 2020 to uphold its own Statement of Ministerial Standards or to be an open, transparent and accountable government in line with the expectations of the Australian community on matters, including:

(i) Prime Minister Morrison's failure to act for over a fortnight on the Auditor-General's scathing report into the Community Sports Infrastructure program, overseen by former Minister McKenzie,

(ii) Prime Minister Morrison's failure to release his former political chief of staff's advice on Minister McKenzie's breach of the Ministerial Standards,

(iii) the cloud hanging over former Minister Canavan following his failure to declare a potential conflict of interest in his portfolio,

(iv) Prime Minister Morrison's failure to explain the ongoing criminal investigation by New South Wales Police, encompassing the use of the fraudulent document by Minister Taylor, referred to the Australian Federal Police in December 2019,

(v) Prime Minister Morrison's inappropriate contact with the New South Wales Police Commissioner regarding a criminal investigation into a member of his Cabinet, the Minister for Energy and Emissions Reduction, Mr Taylor,

(vi) Prime Minister Morrison's refusal to confirm whether he invited the head of the Hillsong Church, Pastor Brian Houston, to a state dinner in Washington DC,

(vii) Prime Minister Morrison's refusal to uphold his own ministerial standards for former Ministers Pyne and Bishop,

(viii) Prime Minister Morrison's refusal to require Ms Gladys Liu, MP, to make a full and frank statement to the Parliament,

(ix) Minister Taylor's and Minister Frydenberg's involvement in the 'grasslands' affair,

(x) Minister Taylor's use of falsified information in correspondence to the Lord Mayor of Sydney,

(xi) Minister Porter's appointments to the Administrative Appeals Tribunal,

(xii) Minister Hunt's awarding of MRI licences in South Australia, and

(xiii) Minister Dutton's awarding of the $423 million Paladin contract; and

(b) expresses its disappointment in the Morrison Government's ongoing disregard for its Statement of Ministerial Standards, the conventions of our parliamentary system of government, and the expectations of the Australian community for integrity and accountability in government.

I am very pleased to have the opportunity to speak to this matter. The first paragraph of the matter really deals with the essence of things here, the reason why the parliament has been considering these issues not just this week, the first week of parliament in 2020, but for many, many months over the course of 2019—that is, the Morrison government's consistent failure in 2019 and 2020 to uphold its own Statement of Ministerial Standards. That's the basis of the criticisms that have been made.

Senator Farrell: Do they have any standards?

Senator AYRES: They only have standards, Senator Farrell, because the Rudd and Gillard governments developed a set of ministerial standards. Why do we have ministerial standards for executive government in this country? For many of us it's because we know that those opposite can't be trusted. The Australian people know those opposite can't be trusted. They're all about self-interest, not probity. They're all about greed for themselves, and their narrow self-interest in political terms, not the public good. They're only interested in the interests of the Liberal and National parties, not the national interests.
I think there's a big problem on the other side. I think they've looked at what is happening overseas. I was very interested to see the counsel appearing for the United States President in the impeachment trial argue that anything that the executive of government did that was in the interests of the executive of government was therefore a legitimate public objective and shouldn't be criticised. I think that's the attitude of members and senators who make up this moribund rump of a government. They think they are beyond criticism. Anything that they do in their narrow self-interest comes from their own sense of entitlement, their own greed and the fact that they have lost interest in what really motivates and mobilises Australian people and what's really in the interests of the Australian people. How could it be in the interests of the Australian people for the bodgie Paladin contract to be awarded by this government? At the end of the day, on the end of a little gravel road, there's a caravan propped up on a few bricks that was the central office of the Paladin operation. What a corrupt, shallow, devoid-of-process decision that was. What about the decision to hand out MRI licences in South Australia without transparency about the donation status of companies tendering for those licences?

This is a government that has a real problem with a political donations culture that's eating up the government, where the party organisation is having a say about government decision-making on the basis of donations that are made to the state and federal party organisations of the Liberal Party. And who knows what is happening in the National Party! They couldn't run a bath, let alone a party organisation. I note the bloke in the minister's office in charge of the sports rorts affair is now in charge of the National Party. Well, I think we can look forward to more knocks on the door and more phone calls—'Can you meet my little mate?' That is going to characterise the behaviour of this government. And it goes on and on and on.

What about the former rising star of the Liberal and National parties, who arrived in this place to sort of breathless urges in the media and within the Liberal Party? One of them described the member for Hume, Angus Taylor, as sort of having Kennedy-esque good look—with his chiselled jaw, fine frame and soaring ambition. Well, the member for Hume's soaring ambition, well beyond his political capabilities, came to a shuddering halt because of his own incapacity to see that his job is to act in the public interest, not his own interest—not to make up stories about some bloke in Yass he met who was interested in native grasses and their protection, when, in fact, what he was really on about was protecting his own right, as he saw it, to do whatever it was that he wanted on his property in breach of legislation. He knew that all he had to do was pick up the phone to his mate Minister Frydenberg, organise a meeting and put the pressure on the department to back off. That's what happened in the grasslands affair—absolute self-interest, absolute lack of capacity of judgement and an incapacity to see that our job in this place, particularly in executive government, is to act in the interests of the Australian people.

Then there's the Gladys Liu catastrophe. I cannot imagine what it would be like in this place if the Labor Party in government had behaved the same way about a member on this side of the House of Representatives, on the other side of this joint. The howling criticism would be coming from all quarters if a member of the Labor Party's commitment to this country was being called into question the way that Ms Liu's was. All that was required was a full and frank disclosure from the Prime Minister and the member for Chisholm—and it was not forthcoming. That is because this government thinks it is beneath it to be accountable and to be fair dinkum and straight with the Australian people about matters that go to the heart of the national interest. I can't think of a matter that goes more to the heart of the national interest than the allegations that were made about the member for Chisholm. It should have been very straightforward to deal with that matter, but the government couldn't.

Former ministers Pyne and Bishop couldn't wait to get their snouts straight into the trough. They couldn't wait to get out of here—as entertaining as the former member for Sturt might have been. I'm not sure if Senator Antic agrees. There are strong views in South Australia about the former member for Sturt. They couldn't wait to get out of here, get on the gravy train and get their snouts in the trough—with no defence from this government; just an attempt to get public servants to not do their job and report on ministerial standards in that case. It just goes on and on with the Morrison government.

We had the spectacle of the Prime Minister of Australia on a state visit to the United States and being hosted at a state dinner by the President of the United States unable to say whether or not it was his office who'd asked the President of the United States's office to invite Pastor Brian Houston, the leader of the Hillsong Church, to the state dinner. It is a very significant honour, as everybody in this place knows, for an Australian to be invited to that event as part of the Australian delegation. It is very significant in diplomatic terms for a relationship that is critical for the future of this country. I doubt that in the United States the White House had heard of Pastor Brian Houston. Somebody had, but the Prime Minister's office, perhaps embarrassed by the royal commission investigations, was unable to clarify it for the Senate. It has refused in estimates to be straightforward, honest and fair dinkum to clear questions that are obviously in the national interest about whether or not it was the Prime Minister's office that invited Pastor Brian Houston and on what basis this bloke was being held out to the...
President of the United States and the White House as somebody that the Australian government wanted on a delegation to a big state dinner.

Let me come to the character of the Prime Minister himself. In January, lounging in a luxury resort—sullen, indifferent, angry because people in Australia were starting to ask where he was in the middle of one of the most unprecedented bushfire crises—I think the Prime Minister thought that it was a trick that was being played on him to ruin his holidays. In fact, the Australian people want to see political leadership in the face of an unprecedented bushfire crisis, and I think that's fair enough. What they wanted to see was a Prime Minister who was standing with communities, not acting in his own interests. These bushfires, as we all know, are unprecedented but not unpredictable. They were not unpredictable, because specific warnings were given to the Prime Minister and the Australian government by former fire chiefs right around the country, by scientists, by economists and in fact by the government's own departments in reports it commissioned itself. They all told the government what this summer was going to be like. The Prime Minister was nowhere to be seen. He's not focusing on his real job because he's focused on his own self-interest.

That's why he rang the New South Wales police commissioner to interfere in the investigation into Minister Taylor. That's why he did that. Under what circumstances is it appropriate for a Prime Minister to ring a police commissioner and ask how the investigation into their little mate was going? Under what circumstances is that appropriate? Nobody in this place should defend that sort of misbehaviour, that incapacity to understand the responsibilities of public office. These two—the Prime Minister and the New South Wales commissioner of police—had been bragging in the months prior to that about the closeness of their relationship: the two guys who took each other's bins out, who couldn't wait to associate themselves with each other! Well, I think the phone lines have got a bit cold and the visits might not be happening as often, but the truth is that phone call was made to exert pressure on the New South Wales police. It is as clear as day, and those on the other side just won't admit it. It is an absolute disgrace.

The Taylor saga will not go away. I see today that the AFP has declined to investigate Minister Taylor's forged letter that he provided to The Daily Telegraph. It makes it clear that the rule of silence across the minister's office has been successful to date. What is it that a minister of the Commonwealth is doing providing obviously fraudulent letters to newspapers to get stuck into the leader of some local government organisation? Why on earth is that happening? What about the minister's actual day job? It's like a meme factory or a forgery factory operating in or near the minister for energy's office, organising fraudulent material to mislead Australians about the role of minor public officials, no doubt to provide fodder for Daily Telegraph articles and no doubt to be part of the meme machine which those on the other side support which is sending out all sorts of mad stuff all over the community, trying to divide Australians. That's the real job of the minister for energy. It certainly hasn't been developing an energy policy. It certainly hasn't been reducing Australian emissions. It certainly hasn't been about reducing cost and reliability and acting in the public interest. It's all been about the member for Hume, Minister Taylor, about acting in his own, narrow, shallow self-interest.

Then we come along to this recent affair. The Australian National Audit Office released a report and all we've seen since is a government that is running for cover. The report by Mr Gaetjens, which has not been provided to the Senate and which has not been released to the public, diminishes him and diminishes the government. It does nothing to resolve the public's concerns with this issue. The sports rorts affair is wrong as a matter of principle. It goes to the corrupt heart of this self-interested government and, those on the other side, including the member for New England, who try and justify this on the basis that politicians, not bureaucrats, should be making these decisions, diminish themselves, diminish the institutions and rip off country communities at the same time.

Senator ANTIC (South Australia) (16:01): I might start by expressing my gratitude for Senator Ayres's contribution this afternoon. I very much enjoyed it. He delivered it very well and, like all great acts of fiction, it entertained me. Much like Homer's Odyssey, The Grapes of Wrath or Gone with the Wind, it was very much a journey into the land of the untrue. It is important at this point to speak to Senator Gallagher's motion, and it is important at this stage to point out what I consider to be the flawed nature of the motion itself. In fact, one would have to say that one would quite comfortably reject the very basis upon which the motion was framed because, quite frankly, what it's seeking to do is muddy the waters in relation to the government's performance in a fairly typically disingenuous way that we've seen from our friends in the Australian Labor Party across the way.

The truth of the matter is that the Morrison government hit the ground running following its May 2019 election win. The fact is that this government has been prosecuting arguments for good government since 2013, and this is a fact which, clearly, is not getting through to those on the other side. This government has been delivering real results for Australians. It's been consistently delivering on key issues for our country and it's topical at this stage to review some of the more recent achievements that this government has been able to deliver. I think that certainly gives a point of distinction between the criticism that we see in this motion, which, in my view, is quite
unfounded. We've had delivery of defence projects and we've had the efforts in relation to bushfire recovery. It needs to be said that, really, the only unprecedented thing about these bushfires has been the extraordinary manner in which the government has responded and has mobilised. We've seen the drought relief project and the government ably managing what has been an extraordinarily difficult period of time in this country's history, in relation to drought. We have seen infrastructure project after infrastructure project.

This government ultimately won't be swayed by criticism of this nature. It has a plan for what is already a strong economy to become an even stronger economy. This government will do that by continuing to lower taxes and reduce costs for families, couples and businesses; reducing energy costs by continuing its program of deregulation; equipping Australians with skills; expanding our trade borders; building infrastructure and, overall, keeping our budget strong—all of this in the face of global economic headwinds and what has been a devastating summer in the last few months. It has been a devastating summer for Australians facing this bushfire crisis, and that's why this government has committed to doing whatever it takes to get Australian families and businesses, towns and communities back on their feet. The Morrison government is doing all of this without taking reckless risks with our economy and this country's way of life.

We know of course that that certainly would not have been the case had the Australian people elected a Labor government—and, specifically, a Labor government under Bill Shorten—at the last election. This would've been a complete and utter disaster for this country, particularly knowing what we now know about the challenges we face.

There's no better way to confirm this than to look at the government's approach to, for example, emissions. Australia's emissions fell one per cent in the 2018-19 financial year, and it's instructive to note that they are now lower than when the coalition government came into power and at their lowest level since 2015-16. They're lower than in any other year Labor was in power. Australia is now a world leader per capita in investing in clean energy, with more than double the investment of countries that claim a particular expertise in that area, such as the United Kingdom, Germany and France. It's an achievement of which this government and all Australians can be proud, because this government, at the end of the day, is not going to be bullied into ruining our economy. These measures confirm that this government takes a balanced and responsible approach to its role, not the reckless, crazy mechanisms of the Australian Labor Party—the spendthrift nature of the Australian Labor Party—or, worse yet, the sorts of catastrophes which would be inflicted on us by the Australian Greens.

We've recently seen this government react in, as I've already said, what is an unprecedented manner, with a compulsory call-out of ADF reserve brigades in bushfire affected communities. This is an action which has never been seen before, with 6,500 Army personnel, including 3,000 reservists, called up. That is no easy task, and it is an absolute credit to the people of the ADF and the department.

This government has recently announced the establishment of the National Bushfire Recovery Agency, delivering alongside an initial $2 billion of funding to support recovery. Ultimately, it is instructive once again to note that these are the sorts of measures that this government has prepared for, by way of its incredibly diligent management of this economy and the budget. These are the sorts of measures which simply would not be achievable had the economy not been managed in the way it was. Money does not grow on trees, and this government's respectful and considered approach to financial management and prudential financial management is the reason we are able to spend the sorts of moneys we are in these times of need.

Had the Labor Party taken office in May last year, we would almost certainly have been hit with a drought tax and bushfire tax and a whole host of other taxes, in addition to Bill Shorten's proposed $387 billion of taxes across the board. This would've been an absolute disaster.

This government has stopped the boats and is keeping our borders secure. It has cancelled the visas of over 4,400 foreign nationals who would potentially have committed serious crimes. We're talking about serious criminals: murderers, rapists and sex offenders of all sorts. So this government does not take the criticism lightly. We will continue to defend Australia, its economy, its values and, ultimately, our way of life.

If one were to sit down and list the achievements of this government in its time, and particularly the Morrison government—the government which ultimately is the subject of criticism this afternoon by way of this motion—we would certainly be here a very, very long time. But it is instructive to once again note some of those very significant achievements and milestones. One of the most significant was the August 2018 conclusion of negotiations between Australia and Indonesia in terms of the economic partnership agreement in Jakarta, which is a significant trade deal. We saw this government deliver the National Apology to Victims and Survivors of Institutional Child Sexual Abuse in October of that year. We've seen the announcement of a $5 billion Future Drought Fund, and the Drought Summit, which I touched on earlier today. This government will cut $300 million worth of red tape in relation to small and medium-sized businesses over the next four years. I touched on that
earlier in relation to the role this government has played in deregulation. There is $1.25 billion in the Community Health and Hospitals Program in my home state of South Australia. Also in my home state of South Australia, in December of 2018 this government announced the Australian Space Agency to be located in Adelaide, at lot 14 in the City of Adelaide, which will of course be an enormous driver of economic activity in my home state and my home city. In February of 2019, we saw a $662 million aged-care package to support older Australians. The Adelaide City Deal was signed in March 2019 to tie in with the aforementioned Australian Space Agency. This government has taken road safety initiatives, with $2.2 billion to boost road safety countrywide.

Across the board, there have been achievements. In March 2019, this government introduced tough new laws to prevent the weaponising of social media platforms to protect Australians from live streaming of violent crimes. The list goes on and on and on. There was a crackdown on social media platforms and online predators in May 2019, prior to the election. We've seen, in this very early portion of the year, as I said earlier, the announcement of the National Bushfire Recovery Agency. We have seen support for affected communities in South Australia which has been unprecedented. We are in difficult times. My home state of South Australia has been dramatically affected by the bushfire, and in particular Kangaroo Island, which is a very special place for South Australians. This government, in January of this year, announced additional support for fire affected communities, providing grants of up to $10,000 for small businesses and $15,000 for primary producers. The list goes on and on. I'll resume my seat.

Senator ROBERTS (Queensland) (16:12): As a servant to the people of Queensland and Australia, I'm deeply concerned about the behaviour of some members of the legislature of this government. I am particularly concerned by behaviours which may constitute criminal liability under the Criminal Code Act 1995. I'll give more on that later.

It is important right now to remind people that this government did not win at the last election; Mr Shorten's team lost. The vote across the nation under the Liberal leadership of Scott Morrison was one per cent lower than under the leadership of Malcolm Turnbull. There were no miracles involved, other than the miracle of Mr Shorten not being liked or trusted by the Australian people. The word 'trust' is really important because people lose confidence in governments when they don't trust governments. Sadly, this government is on a slide when it comes to trust.

I'll tell a story about my limited experience on the Finance and Public Administration Committee. It was the first time I had to do an inquiry as a member of that committee last year. We inquired into whether it was appropriate for two former cabinet ministers to take jobs with some of the people they'd dealt with as cabinet ministers less than 18 months after they resigned from the government. In fact, I think one of them even had a job before they left the cabinet; they went straight into that job with no 18-month wait. We heard other stories earlier on.

Sitting beside my Labor and Liberal colleagues, interviewing Dr Martin Parkinson—who had a long career as Secretary of the Department of the Prime Minister and Cabinet—I inquired about his powers in the investigation. Dr Parkinson initially let everyone think that he had done a solid investigation. As I persisted and persisted and persisted, Dr Parkinson was finally left with nowhere to go and he admitted, he confessed, that, in his role as the investigator appointed by the Prime Minister to look into compliance with the ministerial code of conduct, he didn't have any investigation powers. Here was the Prime Minister, Mr Morrison, appointing the head of Prime Minister and Cabinet to investigate this when he knew that the investigator had no investigational powers. What kind of investigation does that bring? Does that give me any reassurance? Not in the least. All it showed me was that we would not have learnt that had I not persisted and persisted and persisted. Surely it's not about covering up; it's about being open—because, when the Prime Minister loses the trust of the people, the Prime Minister starts to be undermined.

So the head of Prime Minister and Cabinet has no powers to conduct investigations. Yet, when the sports rorts hit the headlines, the Prime Minister toughed it out for about two weeks and then, after realising that wouldn't meet the criteria for confidence from the Australian people, he appointed Dr Parkinson's successor as head of the department to do an investigation. Wonderful! He forgot to mention that the man doesn't have any investigational powers. This may explain some of the absurd outcomes of these nominal internal investigations held to consider the conduct of ministers and past ministers, including Mr Christopher Pyne, Ms Julie Bishop and, more recently, Senator Bridget McKenzie.

So what is the value, I ask, of these nominal investigations that have no power to call witnesses or to go beyond merely asking for information, and no power to get answers or to make definitive conclusions? What kind of government is happy with doing that? What kind of government sets that up? The current requirements for accountability are clearly inadequate, and this must change. When such systems are lax, perpetrators rightly sense
that they're immune from accountability. Of course, when there's no chance of their being held accountable, they quite often are enticed to abuse that trust.

One Nation will not stand by and let the government get away with it. The Australian public deserve better from their elected representatives, and we will always hold the government accountable—always. Good government is transparent, honest and accountable, and this government's lack of accountability is becoming clearer to everyday Australians, and that is not good for our country. People rightly feel disgusted by the breach of trust when politicians are caught out making decisions to clearly benefit themselves and their mates, whether that be financially or through power, career or votes, to the detriment of those who have a genuine need that has not been met. People lose when corruption occurs. It is not only in the area of sports; this government has failed the community broadly on so many other matters. The government continues to act with the arrogance of the powerful, as if above the law. They continue to act with self-interest and they attempt to avoid scrutiny. This is particularly abhorrent when so many Australians are feeling vulnerable right now.

After the resignation of Senator McKenzie over the sports rorts, one would think that the Nationals would have learnt their lesson. They're clearly embarrassed, and so they should be. However, just hours after the resignation of Senator McKenzie, Minister Littleproud said in an interview with the ABC—and let me quote his exact words:

‘… what people have got to understand is you might get a warm, fuzzy feeling voting for a micro-party—
but they 'won't be cutting the cheques'. He said:
We cut the cheques …
That's what the Nationals' new deputy leader said. What an outrageous thing to say just hours after his predecessor has resigned—the same day. I can only hope that Minister Littleproud regrets that slip of arrogance. And that's what drives it: arrogance—arrogance that they won't be caught.

Senator McKenzie resigned as Deputy Leader of the Nationals for treating the taxpayers' chequebook as the Nationals' own multimillion-dollar slush fund. That evening, Minister Littleproud was elevated to Deputy Leader of the Nationals and immediately declared: 'Business as usual! I'll keep signing the cheques!' The lesson has clearly not been learned. It seems that governments in this country at the federal level, be they Liberal or Labor, do not value good governance. Taxpayers deserve and expect better.

One Nation are always prepared to stand up, to speak out and to call to account those whose behaviour is dishonourable and dishonest. We will continue to do so. That's how we benefit from not being part of the political establishment. It seems quite often—look at the last election—that Liberal and Labor want to kill off the smaller parties and maintain their duopoly because then there's limited accountability. We need real accountability and real choice. We put Australia and Australians first. One Nation will continue to advocate strongly to restore prosperity to Australia for the Australian people. Our country is inherently rich, and yet it's being choked by poor governance. It has been so for the last 20 years.

As part of the solution to this ongoing list of integrity failures from our politicians, I call for the introduction of an independent commission similar to ICAC. This will set an enforceable code of conduct and restore the integrity of parliament. Senator Gallagher has, in her motion, a litany of examples of poor behaviour all worthy of consideration. I could go to them, but there are 13 of them—and they don't include some obvious ones of sloppy governance. A full consideration of them would make the basis for a book, and all these listed breaches of good faith occurred in just the last six months.

A constituent called us and suggested to us that Senator McKenzie's actions, being an offence under the Commonwealth Criminal Code Act 1995, may have constituted an abuse of public office. Section 142.2 sets out the offence where if a Commonwealth public official, which includes members of the legislature:
(i) exercises any influence that the official has in the official's capacity as a Commonwealth public official; or
(ii) engages in any conduct in the exercise of the official's duties as a Commonwealth public official …

… … …

… with the intention of:

(i) dishonestly obtaining a benefit for himself or herself or for another person; or
(ii) dishonestly causing a detriment to another person—

they will have committed an offence. These issues should be investigated by a formal inquiry into all the circumstances supporting the sports rorts affair. Until then, the Prime Minister's name will remain under a dark, dark cloud. I would have thought that the Prime Minister would have wanted to maintain the sanctity of the Prime Minister's office. He is bringing disrepute to that office by leaving it under a cloud. The Prime Minister, I suggest, should be the one wanting this cleared, unless he has something to hide.
The bottom line is the need for our government to treat the taxpayers with respect and to be held to account when they act outside what is considered good conduct and to want to do so. Surely an honest leader would want to do so and would want to make sure his or her name were cleared.

There comes another level in this debate, and that is one of intent. What is the intent driving this government? Does the Prime Minister, who comes from a marketing background, simply want to look good or to do good? Is this going to be a government that does good or just tries to look good? Intent is the key to the questioning, and intent is the key to the quality of our energy, our engagement and, ultimately, our service to the people of our country.

Senator Antic, a few minutes ago, said that Australia is now a world leader in intermittent energy. 'Wonderful,' he says. But he doesn't tell us that what's what has led to us having the highest electricity prices in the world. Who pays for that lack of integrity that's driving that? The people do—anyone using electricity. That's not just employers and it's not just families; it's the employees who have lost their jobs to countries burning our hydrocarbon fuels, gas and coal overseas. Despite the transport costs, they sell electricity cheaper than we do after our government rorts and subsidies feather the intermittent energies—wind and solar. The fact is that the intermittent energy increase in this country has been driven by nonsense. There is no data underpinning it that proves that we need it. We are paying high prices for electricity to indulge in a whim. It is not just these behaviours that Senator Gallagher has listed, to her credit; it's the whole role of governance in this country.

In summary, One Nation calls for the establishment of an independent commission to establish and enforce a code of conduct for parliamentarians in the style of the ICAC. In addition, we call for a formal independent inquiry into the recent events—of Senator McKenzie's conduct, leading up to her resignation from cabinet. These two actions will go a long way to ensuring accountable government to the benefit of all Australians. As much as I agree with Senator Antic's list of achievements of this government—the Liberal government over the last two terms—achievements do not replace integrity. Ultimately, when that integrity is lost, achievements in the future vanish. What we need to do in this country, at federal level in particular, is restore people's confidence.

Senator POLLEY (Tasmania) (16:26): I think it's important in this debate to reflect on what Senator Gallagher has put forward. The motion notes the Morrison government's consistent failure in 2019 to uphold its own Statement of Ministerial Standards or to be open, transparent and accountable government in line with the expectations of the Australian communities on matters including—and I'll just touch on a few of them—Prime Minister Morrison's inappropriate contact with the New South Wales Police commissioner regarding a criminal investigation into a member of his cabinet, Minister Taylor; Prime Minister Morrison's refusal to confirm whether he invited the head of the Hillsong Church, Pastor Brian Houston, to a state dinner in Washington DC; Prime Minister Morrison's refusal to uphold his own ministerial standards for former Minister Pyne and former Minister Bishop; Prime Minister Morrison's refusal to require Gladys Liu MP to make a full and frank statement to the inquiry into the recent events involving a member of his cabinet, Minister Taylor; Prime Minister Morrison's refusal to require Gladys Liu MP to make a full and frank statement to the inquiry into the recent events involving a member of his cabinet, MinisterTaylor; Prime Minister Morrison's refusal to require Gladys Liu MP to make a full and frank statement to the inquiry into the recent events involving a member of his cabinet, Minister Taylor; Prime Minister Morrison's refusal to confirm his resignation from cabinet. These demonstrate to me the arrogance and contempt that this government, under Prime Minister Morrison, has for the Australian people. He is willing to do and say whatever he has to to get himself elected. Let's not forget the vision of him standing behind Malcolm Turnbull, the former Prime Minister in this country, when he said, 'He's my Prime Minister; he's my man.' Well, I would be very careful of having this Prime Minister standing behind me, trying to reassure me and the community that I had his support.

This is a Prime Minister who has failed to hold his ministers to a reasonably high standard of accountability. We have seen this Prime Minister be supportive of the Australian Federal Police in their raids on journalists in this country. He has seen no problem whatsoever in raids on journalists and staff members' homes, going through the knicker drawers of these journalists. This is the standard and the guise in which the Prime Minister refers to our national security.

Let's not forget the current minister for sports, who has had extreme difficulty in answering basic questions in question time this week. This minister has failed to rebuild the confidence of the Australian people and sporting groups. A minister has stepped down for not declaring interests in sporting groups when, in fact, the real breach has been the sports rorts and the corruption involving Australian taxpayers' money. She has stepped aside over an issue that will clearly allow her, in a matter of weeks, to come back into the cabinet. That is the strategy of this government, this Prime Minister and, in fact, the Nationals. So there is a double standard, because the sports minister's big issue now is not to restore the confidence of the Australian people but to find out from his

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department who leaked the information: 'Let's go to the source and stop these leaks.' That is the major priority, not the fact that his former ministerial colleague has rorted the sports grants program.

We hear time and time again those on the opposite side and other commentators talking about this sort of thing happening at every election. Well, it does not happen at every election. There's a very stark difference between sports grants from the Commonwealth government, which are to be selected on criteria and awarded on merit, and election commitments. They are very different things. You cannot use the Commonwealth grants, the Australian taxpayers' money, to get yourself re-elected by targeting marginal seats—the seats that the government needed to hold and the seats that they thought that they could use this money to win. It is a very different use of money. It is unacceptable to do what they have done.

What we've seen is a Prime Minister who really doesn't like making these decisions, because he is arrogant and out of touch. This is the same Prime Minister who, during our national crisis, went to state after state, including my own state of Tasmania, where we were confronted with fires—we were fortunate in my state that we did not have a loss of life; unfortunately, that cannot be said of South Australia or New South Wales. But what we saw there was Scotty the marketing man, because his main objective was to get into those fire ravaged areas for the photo opportunities, going around shaking hands. I'm the first to put on record my thanks to our volunteers, our fire services and our emergency workers. All those fire people were there trying to hose down these fires. It is not a time for a prime minister to use it as another spin opportunity for his own ego. That is not what it is about.

I don't begrudge the Prime Minister having a holiday—not at all. Of course he deserves a holiday with his family, but his office tried to cover it up and said that he wasn't really on holidays—No, he's not. It's only a rumour that he's in Hawaii.' Then, when he came back and tried to justify why he was in Hawaii sipping cocktails, he said, 'No Australian expects me to be out there holding a hose.' Again, that's arrogance and shows how out of touch he really is, which is very sad because we all look to the Prime Minister of the day, to our leaders of the day, during a national crisis. I've never, ever, in my very long life and my very long political activities, known a state leader or a prime minister of this country to be so arrogant and out of touch. He walked up to people who were so physically and emotionally drained from their experience—losing their house, fighting the fires and having walls of flames coming at them—and then, because they didn't put their hand out to shake his hand, just grabbed their hand and shook it anyway. I've never seen that before. I have seen prime ministers weep; I've seen prime ministers putting their arms around victims, because that's what we do as Australians.

This is a prime minister who just doesn't get it. He puts on a baseball cap and says he's just a nerdy dad. Well, the reality is: that only works for so long. I think the Australian people have finally seen the real Scott Morrison, our Prime Minister. I think they have seen him for who he really is. Quite clearly, he has no empathy and he uses his Christianity to paint a picture of somebody who is so passionate and caring—that he's really just the dad down the road. But, at a time of crisis, unfortunately—and I sincerely mean this—he didn't measure up. He just hasn't measured up. That's not just what I'm saying and what other people in the community are saying to me. Niki Savva, a well-respected journalist—particularly by those opposite; she's a very strong Liberal and a great supporter of the party—has put on the public record how the Prime Minister has not measured up.

It's really sad that it's not just journalists and it's not just people in the community or those who have been volunteering that are shaking their heads and saying: 'Who is this guy? This is not the man that we thought he was. This is not the man that we thought would be a good leader of this country.' What they've seen is a prime minister who has been left wanting at a very crucial time. It's not only about the fires. He's been left wanting as far as the drought is concerned and he's certainly been left wanting when it comes to Mr Angus Taylor and the dishonesty that he's displayed. Now we hear that there's going to be no AFP investigation into Mr Taylor, but it's okay to investigate journalists for doing their job by reporting the facts and the truth, having their homes raided and having all their personal effects gone through. But, when it's about a minister in this government—and it doesn't matter who it is—the Prime Minister will not adhere to the standards of his own ministerial code and ask the ministers to stand aside. It's not only an indictment on the Prime Minister and his arrogance; this is corruption.

That's what it is. We need to engage with the community so we can restore some respect to politicians, because we are the leaders. When we have this sort of behaviour time after time, it erodes and it washes over all of us, and I, for one, resent that because I don't think it's good for our democracy. It really isn't. I believe that every person who sits in this chamber comes here with the good intention of serving their communities and their country. So we have to stop this arrogance. We have to call out this arrogance for what it is. It's arrogance and it's not in the interests of this country.

I ask people to reflect on just some of the issues that this motion addresses. I ask you to think about what each and every one of us can do. Our responsibility as elected senators is to raise the standard and to get whoever's in government to adhere to the ministerial code of conduct. We are the federal parliament of this country. We should
be setting the highest standard of accountability, transparency, honesty and integrity. That's what we should all be ensuring that we do each and every day. Maybe that's when we can restore public confidence in politicians.

Senator CHANDLER (Tasmania) (16:41): I'm pleased today to make a contribution to this debate about the record of the Morrison government and share with the chamber just how we're delivering on our agenda—an agenda which was endorsed by the Australian community just over eight months ago.

First of all, I say I do find it amusing that the Labor Party comes into this place so regularly and talks about the expectations of the Australian community, as they have here in this motion today, as if they're some sort of authority on understanding what those expectations are. We had an election just last year where both the coalition and Labor had the opportunity to articulate their understanding of the Australian community's expectations and priorities and how best to respond to these expectations. As we saw on 18 May, that is a test that Labor comprehensively failed. Their idea of what suited the Australian community was not one that was endorsed by voters on 18 May. Then, late last year, they published a review of the election which outlined in great detail the many ways in which Labor considers themselves out of touch with community expectations and with what Australians want.

In the meantime, Labor has been navel-gazing and attempting to redraw its policies and figure out exactly what the Australian community wants, because certainly they didn't know that on 18 May, as evidenced by the result. Since then, the Prime Minister and the coalition government have been getting on with the job of helping Australians, particularly when it comes to assisting communities through what has been an extraordinarily tough summer for a variety of reasons. While the Labor Party comes to Canberra looking to throw mud and slurs left, right and centre, this government—the Morrison coalition government—has been taking action to help Australians and to deliver on our priorities.

There is a lot of work going on led by Prime Minister Morrison. Just in the past few weeks, the Prime Minister and the government have signed an energy deal with the New South Wales Berejiklian Liberal government to reduce power prices and emissions. We're working closely with health officials and authorities nationally to respond to coronavirus, including arranging evacuations of Australians in Wuhan and implementing strict quarantine for Australians returning from Hubei province in mainland China. These are important measures to restrict the spread of this virus and keep Australians safe.

We've continued to lead and work with authorities on the ongoing firefighting efforts across Australia. We've announced new measures to immediately support small businesses impacted by fires and $76 million for immediate mental health services for bushfire affected communities.

We've announced the lead contractor to undertake the clean-up of the New South Wales bushfires, with the cost to be shared between the federal and New South Wales governments. We've announced more funding for farmers, small businesses, families and schools in drought affected communities across Australia, as part of a new $57 million support package. This week, in this parliament, we passed important legislation to facilitate the bushfire assistance payments and measures that have been announced in recent weeks.

And, of course, the Morrison coalition government also has a fantastic plan for my own state of Tasmania that we are working to deliver on. That includes investing in Battery of the Nation and Marinus Link as an integral part of our national plan for renewable energy. We'll invest $100 million in irrigation to unlock even more potential in the agriculture sector. We're building the Bridgewater Bridge and the Midland Highway. We are training our young people for jobs of the future through the $17 million Energising Tasmania initiative that we announced this week. We have very exciting plans for Tasmania and for the rest of the country, and I certainly am proud to be here today speaking about them. I am proud of our plans. I am proud of the agenda that we've delivered on thus far, and I know that we will continue to deliver into the future.

But what have we had from Labor this week? What do we have from Labor with this motion before us? What is their contribution for the Australian people? Well, it's just more political attacks and time-wasting—like what we are seeing in this debate here today. I can't help but draw on some of the comments from Senator Polley, accusing us of arrogance and contempt. This is coming from the party of Sam Dastyari, Eddie Obeid and Kaila Murnain—and this party wants to give us lectures about standards, about accountability and about transparency. It's, quite frankly, unbelievable. If Labor want to focus on standards in politics, they should focus on their own well-publicised problems. If they focused on those problems, maybe then they would see that they have a very big job ahead of them in cleaning up their own backyard.

Just look at the behaviour of the Labor Party last year in Tasmania during the election campaign. As was reported in local media, a senior staffer from Labor headquarters, at the request of the office of the Labor member for Lyons, Mr Mitchell, rang a local mayor to abuse her and intimidate her, specifically threatening to withdraw Australian government grants from her municipality, including threatening to block drought assistance money.
going to that region on the east coast of Tasmania, which has been subject to drought conditions in recent months. That was the behaviour of the Labor Party two weeks out from the election, when they were absolutely certain that they were going to win the election and form government. Just consider that for a standard of how Labor intended to conduct themselves if they were on these benches instead of us.

In response to the local mayor criticising Labor for not investing in their municipality, they received a phone call from what Labor referred to as an 'interstate staffer'—and I will quote from an article in the Tasmanian Mercury at the time. The article reads:

'He was intimidating, he was repetitive in his position and his statements. He was a bully,' Councillor Wisby said.

Councillor Wisby is the mayor of Glamorgan Spring Bay. The article goes on to say that the staffer said:

We will write to all of your constituents and tell them you've blocked this money, that your political career is finished and you now have no relationship with the member for Lyons and you will not be receiving a single cent over the next four years under a Labor government.

Clearly, Labor wanted to send a very clear message right from the top of their organisation that they were about to form government and that there would be consequences not just for the mayor but the mayor's entire municipality for speaking ill of the incoming Labor regime—for daring to ask whether Labor were going to match election commitments in that area and for quite understandably being upset when the response to the question was no. I repeat: 'You will not be receiving a single cent over the next four years under a Labor government.'

That's the basis on which an entire municipality, the municipality of Glamorgan Spring Bay, which was struggling and continues to struggle with drought, was to be treated under a Labor government. Labor attempted to brush off this incident as an 'overenthusiastic staffer'. But, if that wasn't the message that they intended to send to the Glamorgan Spring Bay municipality, why did the member for Lyons's office ring campaign headquarters and ask for a senior staffer to contact the mayor?

When pondering this matter, I can't help but wonder how many other Labor members of parliament, senators and candidates had been provided with a contact in Labor campaign headquarters of a senior staffer who had the authority to ring a mayor and tell them that a Labor government would not provide their municipality with a single cent over the next four years if they dared to not jump on the Labor bandwagon. Did Senator Gallagher, who moved this motion, have a contact? Did Senator Wong? Did Mr Albanese, the Leader of the Opposition, have this contact? It seems quite strange, if not incomprehensible, to me that if such a person and such a role existed in Labor campaign headquarters why was it only the member for Lyons who might have known about it? I wonder whether throughout the entire election campaign this person in their headquarters, who the member for Lyons's office had been told was the person to speak to if you were having problems with a local mayor, only made one phone call to one mayor? I can't help but wonder if this was the only case.

Now let's consider for a moment a scenario where the election went as Labor so arrogantly thought it would at the time and that phone call was made and Labor had then won government and that local media never found out about that phone call. Do we think that Senator Gallagher would've moved a motion today to speak about the Labor government's failure to deliver transparent and accountable government in line with the expectations of the Australian community? Do we think that we would've had contributions in here from Senator Polley from my own state of Tasmania talking about the importance of honesty and transparency and accountability? I think that we all know that that is not what would've happened today under a Labor government.

That's why, instead of wasting the Senate's time with these spurious claims against the Morrison government, Labor should be spending its time rooting out and dealing with the very real, proven behaviour of its own organisation. Labor should spend some time talking to everyday Australians, understanding their concerns, reflecting on those concerns and formulating some policies in the next few years that might have some chance of resonating with the Australian community by the time of the next election.

The ACTING DEPUTY PRESIDENT (Senator Griff): Senator Pratt, on a point of order?

Senator Pratt: I note that the senator has just sat down, but I was about to seek the call. Under standing order 193, rules of debate, a senator shall not reflect imputations of improper motives. The senator did that against both Mr Albanese and Senator Wong. I would request that she withdraw those imputations.

Senator CHANDLER: I withdraw those imputations.

The ACTING DEPUTY PRESIDENT: The question is that the motion put by Senator Gallagher be agreed to. Pursuant to standing orders, the division will be postponed until Monday.

ADJOURNMENT

The ACTING DEPUTY PRESIDENT (Senator Griff) (16:53): Order! I propose the question:

That the Senate do now adjourn.
Senator SCARR (Queensland) (16:53): I'm pleased to rise on this adjournment debate. When I flew into Canberra this Sunday for the start of the new parliamentary year, I turned on my TV and I saw an ad from the CFMMEU. Who should I see on this ad but Senator Rex Patrick from the great state of South Australia's Centre Alliance party and also someone who I wasn't sure was you, Mr Acting Deputy President Griff. I must say I wasn't sure it was you because it looked like someone who was somewhat nasty and brutish rather than someone who is kindly and wise, and no doubt it was a photograph that'd been substantially photoshopped by the CFMMEU. It was attacking your integrity and attacking the integrity of Senator Rex Patrick. Why? It is because you and Senator Rex Patrick, as crossbench senators representing your state of South Australia to the best of your ability, dared to bring the CFMMEU to account.

You dare to bring them to account for their unlawful behaviour on worksites all over this country, and dared to stand up for your constituents and say that the people of South Australia, just like the people of Queensland, have the right to go to work without facing the unlawful behaviour of the CFMMEU—without facing the intimidation, the harassment and the unlawful conduct of the CFMMEU and its organisers.

Why are they attacking you, Mr Acting Deputy President Griff? They're attacking you because the Australian Labor Party is institutionally incapable of dealing with the unlawful conduct of the CFMMEU. Why? Because the CFMMEU is affiliated with the Australian Labor Party. The Australian Labor Party receives millions of dollars in donations from the CFMMEU. It's dependent upon the CFMMEU—totally dependent upon them and institutionally incapable of dealing with their unlawful behaviour, so they attack our good Acting Deputy President Griff and his friend Senator Rex Patrick, and they also, no doubt, will attack Senator Lambie as she reconsiders or considers her position.

The other thing that will continue this year is evidence from our courts as to why it is so important that the ensuring integrity legislation is passed. I actually gave a speech in this house in early December last year, on the last day of sittings, as to the continued need for this government to fight for the ensuring integrity legislation. On 12 December, Judge Cameron of the Federal Circuit Court brought down another decision in relation to the unlawful conduct of the CFMMEU, and this is what he said—these aren't my words; these are the words of Judge Cameron in relation to the CFMMEU. This is what Judge Cameron said about the CFMMEU:

These were serious contraventions.

… they were, at their heart, a form of extortion which was committed without regard to the procedure set out in the enterprise agreement …

The absence of any form of contrition, and the maintenance of a defence which was signally lacking in merit, suggest that the respondents, particularly the CFMEU … did not really take this proceeding or the contraventions which underlie it seriously.

I'll repeat those words: 'The allegations were, at their heart, a form of extortion.'

That's what was found against the members of the CFMMEU in this case: bogus health and safety claims, holding a company to ransom—at their heart, extortion. As for the Labor Party senators who were speaking against the ensuring integrity legislation last year, in 37,000 words they mentioned the CFMMEU once in the context of health and safety. And here is a judge of our Federal Circuit Court, Judge Cameron, saying that this is a case of extortion based on bogus health and safety claims—tantamount to extortion—in a judgement handed down on 12 December 2019. I can tell you that this government will continue to fight for the ensuring integrity legislation. Why? Because Queenslanders deserve to be able to go to work without the unlawful conduct of the CFMMEU.

Tuxworth, Mr Ian Lindsay

Senator McCarthy (Northern Territory—Deputy Opposition Whip in the Senate) (16:58): As Labor senator for the Northern Territory, I rise to pay my respects on the death of the Northern Territory's second chief minister, Ian Tuxworth, who was a Country Liberal Party chief minister of the Northern Territory. His state funeral was held in Darwin this week. Ian Lindsay Tuxworth, who passed away last month at the age of 77, was known as Tuxy by pretty much everyone who knew him. He was at the forefront of the movement towards self-government in the Northern Territory. Self-government came in in 1978. He was a member of the Northern Territory's very first parliament and ministry. We certainly may be on different sides of the political spectrum, but I respect Tuxy as a passionate Territorian, always looking out for the Northern Territory's interests and focused on developing jobs and opportunities.

He arrived in the Territory as a child, with his family, in 1951, settling in Tennant Creek. That's certainly where his heart was, right there in the big plains of the Barkly, representing the people of the Barkly region, including my families in Borroloola in the Gulf of Carpentaria. His mum, Hilda Tuxworth MBE, was well known in the...
town, an avid local historian and author of several books about the Northern Territory and the Barkly region. Her collection of historical documents and interviews is an important treasure in our Territory collection.

Before entering politics, Mr Tuxworth started a soft drink factory with his father and brother in Tennant Creek, which was later sold to Coca-Cola. He was elected as a member for Barkly in the Northern Territory Legislative Assembly when it was first created in 1974, and he held that seat for 16 years. As a young child growing up in Borroloola and Alice Springs, I certainly remember Ian Tuxworth. He was immensely popular in Tennant Creek and is still remembered for championing and instigating many of the facilities that Tennant Creek enjoys.

Tuxy was instrumental in garnering support for the construction of Mary Ann Dam, just north of the town—a popular recreational place for Tennant Creek families. I reckon Tuxy would be very happy to see Mary Ann Dam today, replenished by the recent beautiful rains that have hit the Barkly in Central Australia, with families enjoying the grass and cool shade for picnics and barbecues. He was also a keen baseballer in his day and an enthusiastic supporter of the local league, coaching junior teams for around 20 years.

He was first elected, as I said, as the member for Barkly in 1974. In 1978 the Northern Territory became self-governing, and he continued in that role as the member for Barkly—first, obviously, for the Country Liberal Party, and then, over a period of time, even after his role as Chief Minister of the Northern Territory, becoming the second chief minister in self-government. He then also established the Nationals party in the Northern Territory, which no longer exists today. Who knows? That may change. He was certainly remembered for his advocacy for the people of the Northern Territory—in particular, the people who lived in the Barkly region. He was the Northern Territory's second chief minister from 17 October 1984 to 10 May 1986, when he resigned from the CLP and formed the Northern Territory Nationals party.

Ian Tuxworth is survived by his wife, Ruth; his children, Guy, Gemma and Sonia; and eight grandchildren. I put on the record, here in the Senate, my sincere condolences to the Tuxworth family—in particular, to his children, especially Sonia, who I recall very fond memories of from our childhood in Darwin on Larrakia country. My sincere condolences go to each of you. Importantly, I thank Ian Tuxworth and the Tuxworth family for your contribution to the people of the Northern Territory and pay my respects not only as a senator but also on behalf of my families in the Gulf region and the Borroloola region for the work that you did in trying to make a future for all people of the Northern Territory.

Welfare Reform

Senator SIEWERT (Western Australia—Australian Greens Whip) (17:03): I rise tonight to speak on an issue that I am very deeply passionate about—that is, the cashless debit card and its continuing adverse impact on members of our community. Last Saturday, the minister was in the media announcing that the government was considering a national rollout of the cashless debit card.

Senator Ruston: Don't verbal me.

Senator SIEWERT: You were certainly in the media, Minister, talking about canvassing the prospect of rolling out the cashless debit card nationally. That's certainly how members of the community took it, because I can tell you about the number of emails that I've received about it. That's clearly what this government was intending to indicate. They were also indicating that they have been talking to the big four banks and to Coles and Woolworths.

It is no surprise that this finally is out in the open, because this is what the proponent of this card, Andrew Forrest, in his report, canvassed as well, and that is—as many coalition members have articulated on numerous occasions that they would like to see—that this card be rolled out nationally. Potentially, that could impact on people on Newstart, people on the disability support pension, carers and single parents. Remember that, in the media this week, it was also highlighted that over 50 per cent of people on Newstart now are over the age of 45 and between the ages of 45 and 65. The fact that these people are on Newstart is the very reason the government think they have to be on the cashless debit card. We know that we still haven't seen the next lot of evaluations of the so-called trial sites—which clearly just keep rolling over. When does this stop being a trial? I've got to ask: do the big four banks, who are trying to get back their social licence, who are trying to convince the community to trust them again after their past despicable behaviour, think it's a sensible idea for them to get involved with the cashless debit card—and when I can list, ad infinitum, the poor experiences people have had?

By the way, since when does the current operator of the card, the financial institution Indue, get away with telling people what they can and can't buy? This card is supposed to be like any ordinary debit card. Let me tell you simply that it is not. Here are just some of the things that people say they're having trouble with. There was a person who had to get their rent approved, their car payment approved, their lawyer payment approved and their family day care payment approved. Another person said:
If it wasn't for me having some money saved up in the bank account, no chance of getting photos for my uni graduation ceremony, thanks to the Indue card. PayPal isn't accepted. Can't do a bank transfer, as I've hit my monthly limit (that's assuming I can even do that, which would probably involve me having to ask Indue for permission to do it).

There are numerous comments on how the debit card has failed. People have had to walk out of the supermarket—and these are not past experiences; these are very recent experiences. They have had to leave their shopping trolleys halfway through shopping because an announcement comes over in Woolworths saying, 'The debit card isn't working.' People haven't been able to pay for the petrol they have put in their car because their card isn't working. That is not a normal debit card.

Then you have the government saying that they are talking to Coles and Woolworths—about what exactly? We already know they can't buy alcohol on the card. What else does the government want to put on there that people might be banned from buying at Coles and Woolies? Why is it that Indue can question people about how much rent they are paying, which is exactly what happened to somebody who is on the card? This should not be rolled out. (Time expired)

Human Rights Committee

Senator HENDERSON (Victoria) (17:08): I wish to make a brief statement in my capacity as Chair of the Parliamentary Joint Committee on Human Rights. Yesterday, after tabling the committee's report No. 1 of 2020, I raised a point of order during the contribution by Senator McKim, who was speaking about the same report. In my point of order, I stated that there was no dissenting report because the committee report had been agreed to as a whole.

While my office has been advised by the member for Moreton, who is the deputy chair, that he intended to hand down a dissenting report, I understood that it was not possible to hand in a dissenting report once a committee report had been considered and agreed to by a committee as a whole. This is not correct. I wish to correct the record and make it clear that there was a dissenting report attached to Report No. 1 of 2020, and that the Senate standing orders provide:

After a draft report has been considered and agreed to by a committee, with or without amendment, a minority or dissenting report may be added to the report by any member or group of members, and any member or participating member may attach to the report relevant conclusions and recommendations of that member.

I thank the Senate for the opportunity to correct the record.

Veterans

Senator LAMBIE (Tasmania) (17:10): Young veterans are killing themselves at twice the national average. We lose a veteran a week, and something has to change. But it's hard to celebrate this announcement of a commissioner into veteran suicides. The announcement wasn't much more than a press release promising a commissioner and a review into the past reviews. We've had 17 reviews in the last 17 years. They all paint the same sad picture, and we're still making the same mistakes.

My inquiry in the last parliament found that veterans are seeking help from the Department of Veterans' Affairs and having their claims delayed or denied inappropriately because DVA staff are overworked and undertrained. We recommended more staff, and the government agreed. So what did the government do? They cut DVA staff by 15 per cent since that inquiry began. The Productivity Commission has found that not all DVA staff are appropriately trained to deal with potentially vulnerable clients. Those are the clients ending up as suicide statistics. Jesse Bird wrote to DVA, condemning the way he was treated over the phone. A short time later he too was a statistic.

Another 2019 review found that the way DVA handles the claims of veterans is potentially harmful to client mental health. DVA is supposed to help these people, and yet the second-most common reason for there being delays in veterans getting the help they need is because the Department of Veterans' Affairs simply loses their paperwork or forgets to make a decision. Veterans are going bankrupt waiting for help because their department is forgetting about them. Forty per cent of DVA staff are external contractors who have worked in the complicated space of veterans' support for all of five minutes. They are undertrained and unaccountable. That's important, because no new staff member walks into a job as the full package. You have to learn as you go. But they're on such short contracts and they don't have a chance to learn a thing. They finish the job before they finish their training.

There is no replacement for time served. Everything in this space is about time. It's about people dying before their time. It's about the families—the mums and the dads—who are being robbed of the time they thought they'd have with their kids. Let me tell the chamber about time. Julie-Ann Finney is the mother of Navy veteran David Finney. David enlisted in June 1998 and served for nearly 20 years. He served in Bougainville, East Timor and the gulf. David was medically discharged in December 2017 with PTSD. He moved to Canberra. Eleven months later
he approached the Department of Veterans' Affairs, asking to be put in touch with a psychiatrist urgently. They wrote back, saying that he would have to wait six or seven months. That wait was too long, and it cost him his life. He was dead three months later.

David was a gifted writer, and I want to share what he said about service:

Tough isn't about fighting anymore. I look at some of my mates who have been in the military for as long as I have. Their sacrifice is so great, what they have given up. The family breakdowns, the personal breakdowns, the slow overbearing breakdown of strength and endurance of some of the greatest people I know.

These medals aren't free. If you serve or have served, I am and always will be your brother. And although I might have run out of fight, I will still pick you up if you are down, and if you're down please reach out, I am here.

Do you know what is so tragic about all of this? It's that we have spent so much time finding ways to stop these suicides and we keep making the same mistakes.

What has DVA learned from Dave Finney's story? They've just finished spending months and months, and thousands and thousands of dollars, to fight the claim of a 94-year-old World War II veteran and holder of the Military Cross, John Hutcheson. In an inquest into the suicide of veteran Jesse Bird, Julie-Ann Finney said the DVA claimed an independent review into suicide was not necessary. That came from DVA—that's how committed the top of the DVA are. How committed is the government to the commissioner role? They're calling it a permanent role, but it's only permanent as they fund it and keep it legislated. It was only in November that the Minister for Veterans' Affairs told David's mother that he'd rather hold 100 more inquests than have a royal commission into veteran suicides. How will they feel in three months time? Will they change their minds again?

The government says that an ongoing commissioner means they're not just focusing on a moment in time; a one-off royal commission can look at a moment in time. That's the point; it becomes a forensic focus on the problems of the day—a commissioner whose job never risks just becoming another part of the damn furniture. They are easy to ignore because there is never a final list of recommendations.

Senate adjourned at 17:15