

TREASURER'S ADVANCE AUTHORISATION BILL 2020

Second Reading

Resumed from 31 March.

The PRESIDENT: Hon Dr Steve Thomas, you only have a couple of minutes to warm up before we —

Several members interjected.

The PRESIDENT: At 1.15 pm? My apologies. You have a bit more time—plenty of time.

HON DR STEVE THOMAS (South West) [12.59 pm]: Thank you, Madam President. Yes, 17 minutes should be enough to get through my introductory remarks, I suspect! It is very similar to a budget speech of which my record is extensive, so I am sure that I will get through some of the issues before we break for lunch.

Hon Stephen Dawson: Well, it is April Fools' Day today.

Hon Dr STEVE THOMAS: It is April Fools' Day, that is right, so I might be telling an untruth and intend to filibuster for some time.

The PRESIDENT: I think we have moved beyond the April Fools' Day cut-off.

Hon Dr STEVE THOMAS: We have too, yes; good point, Madam President. I was distracted by the Minister for Environment.

The Treasurer's Advance Authorisation Bill is one of those bills that happens from time to time when unusual or extraordinary expenditure occurs, and, obviously, the government has to account for that. I will just add that I am the lead speaker for the opposition on this bill. It is not an unusual or rare event for the Treasurer to provide an advance authorisation bill under the Financial Management Act to make sure that the government can cover the expenditure of the current financial year. Of course, sections 27 to 29 of the Financial Management Act allow for the government to have additional expenditure for unforeseen circumstances. In fact, if we had gotten to the Financial Legislation Amendment Bill 2020 that is listed before the house, we would have changed some of the rhetoric around that and perhaps made it slightly more easy to use. But today we are dealing with the advance authorisation bill's capacity to increase the amount allowed by the Treasurer for expenditure in 2019–20, assumedly to allow for the government to pay for a range of COVID-19 responses. That will definitely mean that this is a COVID-19 bill, without debate. It is therefore obvious that the whole house, but certainly the opposition, will support the bill today.

It is a fairly simple bill. It is one of the shortest bills that members will likely see. It is effectively a three-clause bill. It allows for an extension beyond the normal amount that is allowed under the Treasurer's advance. Under section 29 of the Financial Management Act 2006, the Treasurer is generally allowed some largesse of three per cent of the total amount appropriated for previous financial years. Subsection (3) says —

Expenditure that exceeds the limit specified in subsection (1) —

That is the three per cent —

may be authorised by a Treasurer's Advance Authorisation Act to make payments in respect of extraordinary or unforeseen matters or to make advances for the purposes referred to in section 28(1).

Sections 27 and 28 allow for an increase in expenditure, and section 29, then, is the limitation on that. The Financial Legislation Amendment Bill would change that slightly to remove the words "in respect of extraordinary or unforeseen matters" and substitute some rhetoric about sections 27 and 28. But the reality is that it would not significantly change the functioning of the advance authorisation bill, which is basically to cover extraordinary or unforeseen matters.

I think we can all agree that the situation in which we find ourselves is unforeseen. The question around how extraordinary it will become will be a matter of history over the next two to three months as we reach the peak of impact. Hopefully, by the middle to second half of this year, things will settle. My version of this is that hopefully by September, we will see some normalisation of societal functions in Western Australia. I hope that we see a peak of infection in the not-too-distant future. However, it is interesting to note that people get quite fixated on the infection numbers. We need to remember that when we see those numbers on the television and in the newspaper every day, we are seeing the infection rate of the people we test, not the infection rate of people in the community. Therefore, for every person who is tested, there will be a fairly large number of people who potentially have coronavirus, whose symptoms are mild and who have not gone through the testing program. Ultimately, we need to have a protected community, so that expansion of testing is a good thing. People who are susceptible to more severe impacts are put at risk, particularly aged people and those who are immunosuppressed. It is inevitable that there will continue to be significant impacts over the next two to three months, and I would be very surprised to see too much relaxation in some of the more strict regulations that have now been put in place to prevent travel and to improve social distancing. It is difficult to see that that would change.

It is good to see that the government is investing in a range of things to mitigate the impacts of COVID-19, and that is what the bill before the house proposes to authorise. The bill will increase the expenditure limit that would have been in place, which is three per cent of the previous financial years, which is calculated at \$658.5 million. This bill seeks to increase the amount available to the Treasurer by an additional \$1 billion, so \$1.6585 billion of additional expenditure will be available to the government until 30 June this year for its COVID response. As I say, the opposition, and I suspect every party in the house, will be highly supportive of this, and it is appropriate that it comes to the Parliament to be approved because it is a significant amount of money. It is a very short bill—a three-clause bill—that simply increases that level of expenditure by \$1 billion.

I will spend a little bit of time talking about the government's response, which is, I think, appropriate in this case, because the bill before the house creates the legal right for the government to expend on its COVID-19 response. The government has made some announcements over the last month or so that I think we need to talk about in a little bit more detail.

I note that on 16 March, and I think I have mentioned this in other addresses, the government announced its first COVID-19 relief package in a media release titled "COVID-19 economic response: Relief for businesses and households". Some very good measures are in this process, and at some point I will ask the minister for a bit of a breakdown of the economic and health response mechanisms that are likely to be expended on as a part of the additional \$1 billion that is being sought in this bill. We will be looking for a bit of a breakdown on where the various bits of funding are coming from, because I think that will be important and I will explain why in a minute.

Assumedly, some of the funding for the first economic relief package will come from the Treasurer's Advance Authorisation Bill that we are currently addressing. This \$607 million stimulus package announced by the government included payroll tax relief for small businesses, which can receive a one-off grant of \$17 500. Obviously, the payroll tax threshold is being brought forward by six months to 1 July 2020, which was an issue that we debated yesterday in the house and we passed that legislation.

The government also announced a \$402 million freeze on household fees and charges until at least 1 July 2021, and I would like to look at that in a little bit more detail because the government, in my view, had been testing the waters on this issue for some time prior to the outbreak of COVID-19. The coronavirus outbreak was generally isolated in China in late November 2019 and did not really become a significant issue in Australia until early 2020. But the government at that point was already testing the waters on a freeze on household fees and charges. I refer members to *The Sunday Times* of Sunday, 22 December 2019 that had a front-page headline "The Big Freeze", and an announcement that stated —

It is the news that many West Australian families have been waiting more than a decade to hear—no more rises in their power bills and other household fees and charges. Today, we reveal that the May State Budget is likely to include freezes for power bills and other utilities.

The article continued at a page further in; I do not have the exact page number. The main article reads —

Power and water bills are likely to be frozen next year, as part of a pre-election sweetener.

The Sunday Times can today reveal that Premier Mark McGowan and Treasurer Ben Wyatt are considering price freezes on not just power and water, but all yearly government household fees and charges, which includes motor vehicle and public transport charges as well as an emergency services levy.

This is important because the government has shifted what was announced in December. This is what we in political circles realise is one of those testing the water, official leaks that do not occur to journalists to see what reaction you get so that you can measure whether you think this is a good thing or not. But the government was certainly considering this move prior to it becoming a COVID-19 reaction. In fact, the Premier is quoted in the same article, "I am not ruling anything in or out." As we all know, that is obviously code speak for: obviously, we are considering it. Honourable members understand that we never believe anything until it is either officially denied or not ruled in or out. This was being considered by the government in its pre-election budget, which would have been the 2020 budget that would have been brought down in May this year. It would have been, I suspect, a very welcomed budget measure by the government, but we need to remember and understand that this was part of the Treasury costing process before COVID-19 came along. This was part of the budget consideration before we hit the disaster that we ran into in early to mid-February this year. For members who are not aware, the budget process is that generally negotiations start towards the end of the previous year. Therefore, I would expect that these conversations would have been had in government departments in October, November and December 2019 ready for an announcement in May 2020. It would have been projected, costed and looked at. In my view, the government was so confident that this was going to be a popular policy that it gave a pre-election leak, if you will, to *The Sunday Times*, to test to make sure that it was a popular move and was liked. That is what happens in government. I am not throwing rocks at the government for going through that process; I am sure that we, if we were sitting on the benches on the other side, would probably undergo a fairly similar process. But the reality is that this was already part of the budget process.

In the 16 March announcement in a media release titled “COVID-19 economic response: Relief for businesses and households”, the total \$607 million stimulus package contained \$400 million of the freeze to household fees and charges, which was already under consideration under the normal processes of government; that is, two-thirds of the initial COVID-19 economic response announced by the McGowan government was business as usual. It might be good business as usual, but I think it is incumbent upon us to make sure that we recognise that this was already part of the process. Two-thirds of this first package was already business as usual. That is a significant amount.

I am interested to know whether the government will be using some of the Treasurer’s advance—the additional billion dollars on top of the \$600 million already available to it under the three per cent largesse clause in the Financial Management Act—and whether any of what was called in the media a pre-election budget sweetener will now potentially be funded. I suspect that we will find out that this is already in the budget papers. If the government has left itself plenty of largesse, it has plenty of room to move. I note in a media conference given by the Premier and Treasurer last night comment was made that there was an expectation that the budget would still be in surplus when the budget is handed down in October. I find that a very interesting comment, given the commonwealth government has now put out a \$320 billion COVID-19 rescue package, and there is no doubt I think in anybody’s mind that the potential commonwealth budget surplus will now be a significant commonwealth budget deficit. But the state government is still thinking it will have a state budget surplus. I think it is doing so on the back of those two things that I quite frequently raise in this house—that is, the 2019 now running into the end of the first term of 2020 mini-boom of iron ore prices and the correction in the GST presented by the Scott Morrison government. I suspect there will be some issues with the long-term correction of the GST because I expect GST collections across the country to be hit.

The PRESIDENT: Member, as you draw breath, I note the time. We will return upon the ringing of the bells.

Sitting suspended from 1.15 to 2.15 pm

Hon Dr STEVE THOMAS: Members will be very pleased to know that I am coming towards the end of my introductory remarks. Before we took a lunchbreak, we were dealing with a particularly important issue, and it is the last part of the process that I want to focus on—that is, things that have been re-announced by the government and rebadged as part of the COVID-19 response. Before the break, members might remember that I revealed that on 22 December last year, the government released to *The Sunday Times* a pre-election sweetener. It states —

POWER and water bills are likely to be frozen next year, as part of a pre-election sweetener.

This is particularly important because we need to know whether the additional moneys that we are approving as a part of the Parliament of Western Australia is genuine money directed towards a COVID-19 response or whether it is part of what has effectively already been acknowledged in the press, although not recently, as a pre-election sweetener. It has been very hard to get anybody in the media to look with any degree of scrutiny at the announcements made by the government. It appears that the government is able to effectively put out press releases and have them quoted or printed verbatim. The standard, therefore, is leaving something to be desired, I suspect.

I want to make a couple of points. That freeze of household fees and charges announced in December last year amounted to \$402 million of the \$607 million stimulus package announced by the government on 16 March—the first COVID-19 economic response relief for businesses and households package. The second package was released yesterday on 31 March and announced further relief. Some of that is absolutely most welcome, as are some of the things in the first relief package. Bringing the payroll tax threshold forward is absolutely welcomed, as is the one-off grant of \$17 500. In the second \$1 billion COVID-19 economic and health relief package unveiled yesterday, there are some other good initiatives. That includes in particular a significant amount of money—\$236.8 million—to apply credit to energy bills. This will provide relief to small businesses when they pay their next power bill, so that is welcomed. Both of those media releases mention things that had already been in the system, not just the \$402 million freeze on household charges—that pre-election sweetener acknowledged by everybody—but also \$760 million in economic stimulus measures announced in late 2019. That is a direct quote from both the media release of 31 March and that of 16 March. Both mention this original \$760 million of additional work. I assume that in those releases the government is referring to the stamp duty relief proposed for off-the-plan apartments in multistorey buildings that was announced last year. I would be interested in the breakdown and whether it includes the initial payroll tax components. The more recent announcement brought forward the \$2 million payroll tax threshold by six months, but does the initial \$760 million announced previously include some of those measures? I would be very interested to know exactly what measures are included in that. In comments attributed to the Treasurer, Ben Wyatt, in his media release of yesterday, he said —

“We have now invested a total of \$1.7 billion to assist businesses and households to cope with the severe impacts of COVID-19.

I would be interested to know whether that \$1.7 billion includes the \$760 million of activity announced before the end of last year—as the media release says, in late 2019—and the \$402 million freeze on household fees and charges, which, although it was mooted and leaked to the press in December, was not announced until March this year. If

that \$1.7 billion total that the Treasurer mentioned in his press release from yesterday includes the \$402 million in the freeze on household fees and charges and the \$760 million previously announced as government activity in all these various areas, none of which originally related to COVID-19, then \$1.162 billion of the \$1.7 billion of the government's combined twofold COVID-19 economic response is effectively pre-existing, pre-COVID-19 expenditure. I do not think it is right that the government of Western Australia should be able to say to the community that it is putting out a \$1.7 billion COVID-19 rescue package if over \$1.1 billion of it is pre-existing and effectively electioneering commitments. I would like to see some certainty put around those numbers. I have raised this with various areas of the media, but I can get no leeway or traction. Basically, whatever the government puts out in this time of great trial is what goes into the media. But I think this is critically important. As far as I can tell, the federal government has put in close to \$320 billion of new funding initiatives—new investment from the federal Morrison government of \$320 billion. The state McGowan government is claiming \$1.7 billion as a COVID-19 rescue package, but it would appear, on reading the media releases, which obviously, as said in *Yes Minister*, are not given under oath, that \$1.1 billion of the \$1.7 billion accumulated by the government in this rebadged COVID-19 response is pre-existing election commitments. That is \$1.1 billion of election sweeteners out of the \$1.7 billion COVID-19 response. That might be wrong. I would be very interested in the minister providing a breakdown of precisely all of those bits of the \$1.7 billion response package. In fact, the minister will find that I have asked a question about that, which will no doubt be affected by urgent parliamentary business and have to be asked by the Leader of the Opposition. I am interested in the breakdown of that money to see whether this rebadging process of acknowledged pre-election sweeteners is now a significant proportion of this government's response to COVID-19. As I say, the opposition supports almost all the expenditure put forward by the government. We support the increase in the payroll tax thresholds and we support the measures in the bill today. We are simply asking for a bit of openness and accountability as part of this process and a proper breakdown so that we can see precisely where dollars are coming and where dollars are going. With that, I again say that the opposition will support the bill for the Treasurer's advance to allow this government to do the things that it says it is going to do.

HON DIANE EVERS (South West) [2.25 pm]: We have not had long to consider this Treasurer's Advance Authorisation Bill 2020. Only a few days ago we were told that it was going to be coming along, but we could not even see it because it was still being drafted. A briefing was then planned, but we were told that we could not even have a briefing, so we asked some questions and got some answers. For such a significant bill, the opportunity to scrutinise it has been severely truncated. I understand the emergency situation; we have to get this bill through. It does not seem that we have had considerable time to go through it, but that will not stop us. This bill needs to pass.

This bill increases by \$1 billion the current Treasurer's advance, the limit of which is \$658 million, and it will increase it to \$1.658 billion, to ensure there is immediate funding capacity to support the COVID-19 response via further economic stimulus measures and crucial health or other services should they be required before the financial year ends on 30 June. It is important that this \$1 billion is only in place for the next three months, because it applies to the year 2019–20. Section 27 the Financial Management Act permits supplementary appropriation, known as a Treasurer's advance, each financial year for extraordinary or unforeseen matters. Section 29 caps this amount at three per cent of the amount appropriated in the previous financial year, and for 2019–20 that cap in dollar terms is at \$658 million. Section 29 also provides that if an amount is not enough, Parliament can pass a Treasurer's advance authorisation bill allowing the cap to be exceeded for certain purposes, hence this bill.

The concerns that the Greens have about this bill are to do with the transparency and accountability around how the money gets spent. The government is being given both a very large sum of money and a very broad scope of how to spend it. The Greens will not oppose this extraordinary bill because COVID-19 necessitates an extraordinary response to protect the health and livelihood of Western Australians, but there is absolutely no reason to relieve the government of the responsibility to be transparent and accountable about how that money is spent, and that is really where our concerns lie. It is what happens now. The state's financial resources are limited and there are very many and often conflicting demands on those resources. The current COVID-19 crisis, of course, as well as the ongoing impacts of climate change make it more important than ever that we get as much value for our expenditure as possible. It is our responsibility as Parliament to scrutinise how those moneys are spent and hold the government to account. As the Langouant report made clear not so very long ago, the Western Australian public is entitled to receive relevant information that assists in the understanding of government decisions, performance and plans. This is how taxpayers hold their public sector accountable. That is what we continue to see is needed here.

My understanding of this bill is that it does not relieve the government of its statutory responsibility to introduce a supplementary appropriation bill at some unspecified time in the future in the usual way. The problem is, however, as we know from the number of supplementary appropriation bills on the notice paper, that even when supplementary appropriation bills are eventually introduced, governments past and present have not prioritised them. In a similar vein, this bill contains no time limit for introducing or debating any supplementary appropriation bill showing how the moneys have been expended. Further, the government already has on the notice paper the Financial Management Legislation Amendment Bill 2020, which proposes automatic appropriation without any debate at all. The Joint Audit

Committee, of which I am a member, previously put out a report and made it clear in that report that neither the current situation of not debating supplementary appropriation bills nor automatic appropriation is satisfactory.

When we debated the most recent report here, I proposed setting aside a week of Parliament to debate the supplementary appropriation bills that we have outstanding, and Hon Nick Goiran supported that. We currently have supplementary appropriation bills that have been outstanding since 2010. It is becoming a bad joke that these bills are actually expected to be debated and passed. With such a huge amount of money at stake, I am quite disappointed that this bill does not provide for better scrutiny than the status quo. I ask the minister to please confirm for the record at least that there will be the following reporting: the *Annual Report on State Finances* will include a statement of payments made by the Treasurer's advance and the report will be tabled in Parliament and be available to the public, and also that progress with approved spending will be reported in both the midyear review and the quarterly financial results reports.

In light of the extraordinary amount of money appropriated by this bill and the lack of proportionate increase in the level of scrutiny about how it is extended, I ask that the Treasurer make the information about the expenditure publicly available via a website maintained by the Department of Treasury. I reiterate that this is a significant amount of public money that we are authorising the government to spend, with very little knowledge about how it will be spent. This merits an increase in the usual level of transparency. I seek only to shine a light on how that additional billion dollars is being spent, if it is spent, by 30 June 2020. This is information that the public is absolutely entitled to know. I ask the minister to please state the amount of the current Treasurer's advance for 2019–20—that \$658 million—that has been expended to date, and I would accept a rough approximation if that would be acceptable. Also, as this advance is only available to be drawn on up until 30 June 2020, I ask the minister: does the government think that the Treasurer's advance for the year 2021, or \$689 million, will be sufficient for dealing with continuing impacts of COVID-19 in that year?

With that, I say that the Greens will allow this bill to pass.

HON STEPHEN DAWSON (Mining and Pastoral — Minister for Environment) [2.31 pm] — in reply: Obviously, I have answers to many of those questions, certainly the ones that Hon Dr Steve Thomas asked, but I might have to seek some further information on Hon Diane Evers' questions, but, hopefully, that will be forthcoming very shortly. I thank Hon Dr Steve Thomas for his contribution and for indicating that the opposition supports the Treasurer's Advance Authorisation Bill 2020. Again, I appreciate the way Hon Dr Steve Thomas has conducted himself in this debate, and I am certainly very happy to provide answers to those questions. Of course, I thank Hon Diane Evers for how she has conducted herself during this debate, and I will undertake to provide answers to those questions.

In relation to the \$1.7 billion in measures, I indicate that it includes the impact of the decision to freeze household fees and charges, so that is \$402 million, but it does not include the \$760 million in measures that were announced late last year. I have a breakdown of the \$1.7 billion in measures and I am happy to table that.

[See paper [3753](#).]

Hon STEPHEN DAWSON: In relation to the question about the breakdown of stimulus measures in the Treasurer's advance, of the COVID-19-related stimulus measures announced by the government to date, the total impact on the Treasurer's advance for 2019–20 is \$364 million, which is broken down as follows: \$244 million for the small business and charity electricity tariff credit; \$116 million for the changes to the energy assistance payment; and \$4 million for the waiving of state government licence fees. The state government usually considers a range of matters as part of the annual budget process, including the level of government fees and charges. As a response to COVID-19, the state government has decided to freeze the entire basket of household fees and charges, including electricity, water, motor vehicle charges, emergency services levy and public transport fares. This is estimated to cost \$402 million, none of which will impact the Treasurer's advance in 2019–20.

In relation to Hon Diane Evers's question about the government's accountability for the Treasurer's advance, government financial legislation requires that the release of the *Annual Report on State Finances*, the *Government Mid-year Financial Projections Statement* and the *Quarterly Financial Results Report*. All these reports disclose authorisations made against the Treasurer's advance, with the *Annual Report on State Finances* reporting the final Treasurer's advance outcome for that year. For example, reporting of the Treasurer's advance for 2018–19 commences on page 239 of the 2018–19 *Annual Report on State Finances*. All the reports that I have just outlined must be tabled in both houses of Parliament. In addition, the government is required to seek retrospective parliamentary approval for any spending that occurred via the Treasurer's advance. As such, expenditure charged to the consolidated account in the 2019–20 financial year will be provided for in an appropriation act in the next or a later financial year. However, should the Financial Legislation Amendment Bill 2020 pass when it is dealt with in its current form before expenditure under the Treasurer's advance has been approved by Parliament and the supplementary bill, amounts spent through the Treasurer's advance will automatically be deemed appropriated and the requirement to report on the Treasurer's advance and the reports mentioned earlier will not change.

In terms of how much has been spent under the Treasurer's advance to date, at the time of the *Government Mid-year Financial Projections Statement* 2019–20 released in December 2019, it was estimated that the total amount to be drawn against the Treasurer's advance for 2019–20 would be \$294 million. In addition, around \$360 million of the initiatives announced yesterday will be funded through the Treasurer's advance for 2019–20. Together, this brings estimated spending under the Treasurer's advance to around the existing authorised limit of \$658 million.

Regarding the question about whether the 2020–21 is sufficient to deal with the emerging COVID-19 issue, it is extremely hard to say with certainty, but it should be sufficient. The late budget this year will allow the opportunity to approve funding for additional responses to COVID-19 well into 2020–21. I think that was all Hon Diane Evers' questions, and I think I have answered all Hon Dr Steve Thomas's questions, too. I make the point, though, that even though the bill gives the government the authority to spend a further \$1 billion, it does not commit the government to do so, as members would be aware.

With that, again, I thank members who spoke on this bill, which I commend to the house.

Question put and passed.

Bill read a second time.

Third Reading

Bill read a third time, on motion by **Hon Stephen Dawson (Minister for Environment)**, and passed.