

TREASURER'S ADVANCE AUTHORISATION BILL 2020

Introduction and First Reading

Bill introduced, on motion by **Mr B.S. Wyatt (Treasurer)**, and read a first time.

Explanatory memorandum presented by the Treasurer.

Second Reading

MR B.S. WYATT (Victoria Park — Treasurer) [4.21 pm]: I move —

That the bill be now read a second time.

This bill seeks to increase the Treasurer's advance limit for the current financial year to \$1.658 billion, an increase of \$1 billion on the currently approved limit. This will provide the government with immediate additional capacity to draw from the consolidated account to fund measures to support the COVID-19 response. This may include further economic stimulus measures and expenditure on crucial health and other frontline services that may be required in the final months of 2019–20. The Treasurer's advance provides the ability to approve additional spending, on top of the state budget appropriation, for unforeseen and/or extraordinary events during the financial year. The annual Treasurer's advance limit is set automatically by the Financial Management Act 2006, and is calculated as three per cent of the amount appropriated in the previous financial year. For 2019–20, the Treasurer's advance limit is \$658.5 million, which is three per cent of the total \$21.9 billion appropriated by the appropriation bills for the 2018–19 budget. Under the FMA, if this automatic limit proves insufficient, parliamentary approval for an increased limit must be sought by way of a Treasurer's Advance Authorisation Bill. This bill is another illustration of the extraordinary measures required to combat the impact of COVID-19 on the Western Australian community and economy. The proposed increase in the Treasurer's advance limit will provide the government with the ability to respond to the most immediate and pressing challenges posed by the virus, and will support service provision and measures to provide relief to households and businesses in the last three months of the year.

I commend the bill to the house.

MR D.C. NALDER (Bateman) [4.23 pm]: On behalf of the opposition, I will respond to the Treasurer's Advance Authorisation Bill 2020 and state at the outset that the opposition will do its part in supporting the passage of this bill. However, it is an extraordinary bill that requires a level of scrutiny and therefore a number of questions that we will pose to the Treasurer. From the outset, a couple of interesting things are occurring. I am not about to go into the background and repeat comments that the Treasurer made in his second reading speech; however, it highlights that the Treasurer is calling for an extra \$1 billion for unforeseen circumstances on top of the \$658 million allowable under the Financial Management Act 2006. Out of the back of that, it poses some interesting questions. The first question that I raise with the Treasurer is on the basis that he made some announcements about measures worth \$1 billion before he came to the chamber today requesting access to an extra \$1 billion. Therefore, how much of the \$1 billion that will be available with the passage of this bill will be utilised for the stimulus announced today? In addition to that, obviously \$658 million is available to the Treasurer to spend for unforeseen circumstances. I would like to understand, and I think it is reasonable for the opposition to request, how much of that \$658 million has been utilised to date so that we can understand the current financial position and the likelihood of this additional funding being used, if it has not been used somewhat already. I find it a little strange that the government would make an announcement just as it is about to bring a bill to the house and, in some respects, it is potentially pre-empting the opposition's support for it through both houses. Adding to that, a fair enough question from the opposition is: what is this likely to be used for, because there is nothing in this bill to give any indication of that? I understand that we are facing unprecedented circumstances in our state, with the coronavirus pandemic leading to an economic challenge right across Australia that none of us has lived through or seen before. I understand the need, and, as I said at the outset, as an opposition we will support the government on this bill, but we would like to get an understanding of the essence of what the government is considering.

We would like to raise a couple of issues that I think have been overlooked at this point in time. Firstly, I note that the government announced earlier this morning some rental assistance on state government-owned properties. That is the right thing to do at this point in time, but this flows on to land tax and even council rates on businesses in Western Australia, which are based on the gross rental value of a property. Given that we are now saying that there is no business, and a lot of them have been forced to close, the property really has no rental value. How can the state government continue to charge land tax and how can councils charge rates to businesses that cannot operate and cannot be rented? I want to know whether the state government will look at this aspect, because these sorts of issues flow through to gross rental values and variable outgoings within people's leases. Whether they pay it in a gross lease or as a variable outgoing, it does flow through to these businesses that cannot operate. A number of constituents and businesspeople have raised directly with me that they are really concerned about small business operators that might own one commercial property that does not currently have a tenant because they have had to shut up shops as the tenant cannot afford to pay rent—coffee shops or whatever. They are, in turn, being charged by the state

government a land tax that normally flows through to the tenant. They cannot re-lease this building at this point in time, and nor should they, because we want those businesses to get up and going again. I would like to understand whether this extra \$1.7 billion is something that the government is considering for small commercial landholders that have been hit but still potentially face land tax bills from the state government and rates and taxes from their local government. I would really appreciate the views of the Treasurer on this issue and whether that is being considered.

In addition, the government's announcement today raises a very important question for householders. Because that announcement was made just before we started debating this bill, questions will come up as part of our examination of the bill because we do not know whether that is part of the extra billion dollars' worth of stimulus that people will have access to. Some of the questions that we have as a result of the government's announcement just prior to the commencement of Parliament today concern the federal government's JobKeeper program and whether that will preclude people from accessing support from the state government because they will technically not be classified as unemployed anymore. The Treasurer announced that people who become unemployed because of the coronavirus can access some sort of benefits, but because the federal government is now supporting businesses to keep people employed, even though their incomes may be dramatically reduced—in most cases they are—is there a risk that they will be invalid for state government support? I hope not, but I raise that as a genuine question.

A lot of the announcements regarding stimulus measures for which the state government is claiming credit were actually made prior to the coronavirus being prevalent in our community; they had nothing to do with the coronavirus and had more to do with the fact that the domestic economy of Western Australia had been really struggling. The retail sector, the housing industry and households have really been struggling over the last few years. Mortgage stress was already at a record level prior to the coronavirus. We have seen a 67 per cent increase in the number of households suffering mortgage stress in the last three years. It has gone from 90 000 households at the beginning of 2017 to 152 000 households in January 2020. The number of households suffering mortgage stress jumped by 9 000 in January alone. This was all prior to the outbreak of the coronavirus in Western Australia and Australia. What really concerns me is that people were already struggling in Western Australia. A lot of these people are continuing to fall through the gaps.

One area that I want to touch on, which is a major concern for the opposition, is the behaviour of the state government with the Keystart mortgage book. The opposition supports the Keystart program and believes it is a very good program that allows people to get out of the rental trap and into their own home. We have always supported that program. The principle of why it was established, which was to base it on the average of the standard variable rate of the major banks, was prudent at the time it was created. However, it has been proven over recent years that that is no longer the case. The major banks do not pass on the full interest rate cuts to the standard variable rate. Instead, they provide greater discounts for mortgage customers. To give members a sense of this, Keystart mortgage holders today are paying interest at a rate of 4.54 per cent, whereas they could get 2.8 per cent or 2.85 per cent from the major banks for the same product. The government has not tackled this issue for mortgage customers within the state government's own mortgage book. Do not get me wrong; the state government is playing the role of a bank in Western Australia. It has customers that borrow money to buy a house, and it is charging those customers interest at a rate of 4.54 per cent. None of the last interest rate cut—zero—was passed through to those mortgage holders. Whenever the banks do not pass on those cuts, there is an outcry from the government that they are not doing the right thing, yet the Western Australian government is not doing the right thing. Its customers pay a 4.54 per cent interest rate. The gap between what the major banks and the state government are charging consumers for mortgages is growing. These people do not have the ability to refinance with major institutions; they are trapped with the Western Australian government. That is not appropriate.

To give members a quick summary of how that has blown out over the last 12 months, the Reserve Bank has dropped interest rates five times, for a total cut of 1.25 per cent. The state government has reduced the interest rate charged to Keystart mortgage customers by only 0.8 per cent. The state government has retained 0.45 per cent over the last 10 months on a \$5 billion mortgage book and is now making an additional \$22.5 million off the people it is supposed to be helping to get their first home. Over the last 10 months, the state government has increased the underlying rate for mortgage holders relative to the market, given the cuts by the Reserve Bank. It is getting an extra 0.45 per cent, or \$22.5 million a year. I do not think that is right. I call on the Treasurer to deal with not only the risk of default on Keystart loans, as announced today, but also the underlying interest rate that is being charged to those customers. The current policy of aligning the Keystart rate with the standard variable rate is broken and needs to be addressed. The government is failing to do that at this time.

I ask the Treasurer to sit back and reflect on this. In essence, he is actually using the higher interest rate to fund the risk of defaults in the mortgage book. He is increasing the profit from existing customers to help fund the increased risk of defaults. That is a dangerous precedent. The government should not be doing that to the people it is supposed to be helping. These people have struggled to make ends meet and we are trying to give them a start in life. Instead, we are chaining them to the Western Australian government for the rest of their lives. We have had five years of negative growth in property values. Keystart customers are in negative equity with their homes. They

also did not have large deposits when they got their mortgages. They cannot refinance with another institution. That is an underlying problem that needs to be addressed.

There are a number of concerns within our community, across small businesses and households, that need to be addressed by the government. There is a lack of clarity in this bill. There are only three clauses. The first clause of the bill is just the title; the second clause outlines when the bill becomes effective, which is upon royal assent; and the third clause just gives the Treasurer an extra billion dollars. We understand that we are facing extraordinary circumstances in Western Australia and we will support the passage of this bill through the house; however, that does not mean that there should not be some scrutiny around how that money will be utilised. The purpose of today and the questions we will have in our contributions to the second reading debate and consideration in detail around clause 3 is to try to understand the plans of the government. To date, the heavy lifting has been done by the federal government. What we have all witnessed over the last few weeks is unprecedented. I have to admit that I am surprised at the extent to which the federal government has gone to support the communities of Australia. That flows through to people in Western Australia. I am really pleased that some of those benefits are now flowing through to sole traders and small businesses, because, to me, that was the obvious gap in our care and concern, as well as to householders who are in pain. However, I still do not believe that the state government has done enough of its own heavy lifting.

I am also concerned about the role that local governments will play. There are some very big local governments that are sitting on very large cash surpluses. I would like to understand what interaction the state government is having with councils and what work it is doing with local governments to actually relieve some of the pain of council rates for small businesses. People in the community may not fully understand the difference between the rate that councils charge households and what they charge some businesses in Western Australia. A considerable amount of revenue is generated by local government from charges to businesses in Western Australia. I would like to hear more from the Treasurer about the role the state government is playing and the work it is doing with local governments to ensure that there is relief across the board. The federal government is doing the heavy lifting in allowing businesses to go into hibernation, to protect those businesses so that they can get up and running again when we get to the other side. One thing is for certain: time will pass and we will get through this thing, but we all need to work together.

I look forward to the comments of the Treasurer in his reply to the second reading debate and to getting a greater understanding of how it is planned to utilise this money. I know that it is only for a period through to 30 June. In closing, we will support the passage of the bill, but I look forward to more detail on it from the Treasurer.

MRS L.M. HARVEY (Scarborough — Leader of the Opposition) [4.39 pm]: I, too, rise to make my comments on the Treasurer's Advance Authorisation Bill 2020. I will add to the comments of the shadow Treasurer, the member for Bateman, and articulate some other concerns that the opposition has with this bill. At the outset, we are fully supportive of this legislation. We understand that in this current environment, it is very important to ensure that the government has supply and that the Treasurer is able to bring forward borrowings to provide stimulus packages to benefit the Western Australian economy. Members in this place will no doubt be aware of the concerns that the opposition has raised over a period of time about the domestic economy in Western Australia. Towards the end of last year, we had the illustrious reputation of being the only state to experience its sixth quarter of stagnated wages growth; that and other factors, including the shrinking domestic economy, were already impacting small to medium businesses in Western Australia. On top of those impacts, we now have the impact of COVID-19 and the different measures that have had to be taken to restrict the movement of people to ensure physical distancing. That has impacted so many businesses, particularly in the hospitality and tourism sectors, that were already struggling because of the lack of discretionary spend available to householders due to the shrinking domestic economy and the stagnated wages growth. To put it bluntly, many businesses were already on their knees when this current crisis hit. To that end, the opposition has been calling for a number of stimulus measures.

In *The Weekend Australian* of 28 and 29 March, an analysis was done of the different packages put through by other states. At that point, we were the only state to have no stimulus package according to that article. The article said that South Australia received a stimulus package of \$1 million, which was announced a couple of weeks ago; New South Wales, \$3 million; Tasmania, \$1 billion; Victoria, around \$2.7 billion; Queensland, \$4 billion; and the ACT, \$137 million, but obviously that territory is in a different scenario, given that a high proportion of people working there are paid for by taxpayers and their job security is not at risk. We can see from that article that we are behind the eight ball, and we already had an economy that was in some distress.

The *Quarterly Financial Results Report* from December 2019 states —

The general government sector recorded an operating surplus of \$2,310 million for the six months to 31 December 2019. This outcome is a substantial increase on the \$83 million surplus reported for the same period in 2018–19, and is largely the result of higher royalty income and the timing of 2019–20 GST top-up payments.

- Excluding the impact of accounting standards changes, general government revenue for the first six months of 2019–20 was \$2.5 billion (or 17.4%) higher than the same period last year. This is primarily driven by higher royalty income (up \$1.3 billion), reflecting the continuing impact of the Brazilian tailings dam disaster on global iron ore supply and prices, and higher GST grants and top-up payments (\$941 million).

I mentioned those figures, which are very dry to listen to, because we know that this state government has a great capacity to be out of the blocks with some immediacy and urgency with a stimulus package. A \$2.5 billion surplus was achieved by the government due to the very strong iron ore prices in the second half of last year and the GST top-up payment. Our expectation for the community of Western Australia was that the Western Australian government would be out of the box early with a stimulus package that would have an immediate impact on the business community in Western Australia. We were somewhat disappointed to find that the stimulus package announced by the government, which we supported, would not come into effect until 1 July. We supported the legislation to allow for the increase in the threshold for grouping provisions for payroll tax. That will certainly have an impact on many businesses in Western Australia, but at the time we called for payroll tax relief—a holiday for businesses with respect to their payroll tax—particularly for those businesses that had a significant decrease in their income. Admittedly, not every business will experience that, but for businesses that have experienced a decrease in their income, a holiday from paying payroll tax could be the difference between keeping their workers employed by virtue of the federal government’s JobKeeper payment—up to \$1 500 a fortnight—and not keeping their workers employed. We called for a payroll tax holiday some time ago. It has taken until now for government to respond.

I will go back through what we have been calling for from this government. On 10 March, the shadow Treasurer called for an immediate economic stimulus for Western Australia. Part of that included shovel-ready projects like Roe 8 and Roe 9. We wanted confirmation of a freeze on household charges in the upcoming budget to make sure that people had some comfort around the expectation of increases in utilities charges. Things have been changing rapidly with the COVID-19 situation; we are all aware of that. A couple of days later, we called on the government to give immediate financial relief to seniors and families, and to stimulate the economy. We asked for a freeze on the cost-of-living charges. We asked for the criteria under the hardship utility grant scheme to be expanded and to improve the eligibility requirements for people wanting to access HUGS. On 16 March, we talked about the COVID-19 package that was offered by government and what it did for people. In fact, we identified that those who were not concession card holders and not eligible for the energy assistance package were not being supported by the package. That includes people who are self-employed, such as tradies; casual workers, many of whom have lost their jobs; the working poor; those in the gig economy; small retailers; sole traders; and cafes with a turnover of under \$1 million that were not going to benefit from that first stimulus package, which was not going to come into effect until 1 July.

On Tuesday 24 March, we again called for the government to give householders who had lost their jobs and small businesses that had to close their doors a holiday from paying their utilities bills while they regrouped and tried to work out how to manage their household budgets in the new environment of a significantly reduced income. All this was happening while there was a mad scramble to Centrelink to understand the availability of some of the commonwealth government’s stimulus payments, including, for example, the JobSeeker payment, and now we have the JobKeeper payment. While there was all that chaos and panic by people who had seen their livelihoods dry up, we were asking the state government to step up and provide them with some reassurance around their utilities charges; that is, that they would not be bound by the full cost of those utilities and that they could see there might be a bit of a breather while they negotiate a new “normal” with a significantly reduced income. However, there was no action in response to that. Last Friday, we found ourselves again calling on the government to give people a holiday from electricity, sewerage and drainage bills for a period. We worked out that we could save the average householder nearly \$1 800 over the next six months, which would take the pressure off householders and small businesses, albeit putting pressure on the utilities. They are in a better position to borrow money to assist in their ongoing business and service provision to the community.

That brings me to the stimulus that has been announced today, which the opposition is very supportive of. Indeed, many of the things announced in the stimulus package today, such as relief from payroll tax, are things that the opposition has been calling for for a period. Many small businesses with a payroll under \$7.5 million would be very appreciative of that. Many of those businesses have been caught with significantly reduced incomes. Indeed, many businesses have zero income and zero prospects within the next six months of being able to operate.

The shadow Treasurer talked about some of the other issues facing businesses in Western Australia, which I would also like to highlight. As part of this increase in the appropriation amount that this legislation will allow the government to take advantage of, there are a number of issues in the small to medium business community that may need state government assistance to address. The shadow Treasurer talked about some aspects of that, but I would like to speak about some of the small business commercial tenancy arrangements. Many commercial tenants find themselves with a landlord who might also have a business. If the landlord has a mortgage over the commercial property that is being paid for by a small business tenant who has a lease, no doubt that small business tenant, in order

to be granted that lease, would have had to provide a bank guarantee. For those members who might not be aware, a bank guarantee is basically a guarantee that a landlord gets from a small business tenant. The guarantee is held by the landlord. Should the tenant fall into arrears, the landlord can immediately present that guarantee to the bank. The bank can basically immediately incur a debt over the small business tenant—an amount equivalent to covering the rent and outgoings for that business each month. To be granted a commercial lease, small business tenants usually need to provide personal guarantees. Providing a personal guarantee basically gives the landlord the right to put a freeze over the assets and to liquidate assets in order to recoup their debt in unpaid rental and outgoings—the arrears.

At the moment, most small business tenants have a priority around maintaining employment for their staff. Most small business owners treat their business as a family-type arrangement and their major priority is to try to keep as many people employed as possible. Many business owners I have spoken to have been trying to negotiate with their staff to take a reduced wage for a period in order to keep more individuals with some income coming in rather than having to stand everybody down and have no income. They need relief from their rental obligations, but that can occur only if there is relief from the mortgage obligations of the landlord. That is a tricky situation and something that I raised with Senator Mathias Cormann. I think it needs a federal government lever to try to get a freeze on mortgages for a period, which will then allow for some relief to the small business tenant. I was very pleased to hear some promising language from the federal government about addressing that particular concern.

Another issue that a lot of small business tenants have, including one that has been raised with me, is that generally their house will be part of the security for a business loan, which is linked into a business that finds itself with no income. We do not want a cascading effect in which creditors, landlords, banks, or whoever it might be call in the debts of small business owners who have no means to pay. The cascading effect means that the small business tenant will pretty much end up losing not only their business, but also their house and find themselves in a position in which the only way out is to declare bankruptcy. Should that be the case, those small business entrepreneurs will not be allowed to trade or apply for credit for the next seven years. That means a whole range of small business entrepreneurs, through no fault of their own, will find themselves facing bankruptcy proceedings and unable to start up and satisfy that entrepreneurial spirit, which is what our country has been built on. There need to be special provisions for small business owners who find themselves in that situation, through no fault of their own, to ensure that they can get a line of credit, save the family home, start up again and create employment for people. That is what most small business entrepreneurs want to do: they want to start up small, expand and continue to grow employment. They love being responsible for the employment that they provide to the people who become part of their family over the long term. That is another scenario that needs to be looked at.

[Member's time extended.]

Mrs L.M. HARVEY: I also raised residential tenancies with Senator Cormann. Many self-funded retirees and others have seen their superannuation funds reduced by up to 30 per cent, and perhaps it may reduce even more. Self-funded retirees and others who might have one or two residential investment properties that may have a mortgage over them are reliant on the tenants to pay the mortgage. If the tenants have lost their jobs and are seeking rental relief, the landlord in that case has no recourse but to find another tenant who has the means to pay rent. There are moves by the commonwealth government to try to address this issue. It is really important that we consider it. The rental market is a very important part of our market. We do not want a cascading effect of banks demanding that mortgages be paid and the only response from the residential property investor is to evict the tenants, which then leads to a further problem for the tenants when it comes to rental arrears and goodness knows what else. There are lots of things to consider in this current economic environment. They are issues that we have not had to consider previously in Australia. We find ourselves in a very fluid environment in which governments need to be nimble and flexible and they need to be responding to calm the farm, if you like, and allow the level of panic in the community to die down. That comes from having a stimulus package that is targeted at individuals so that they have some peace of mind about future financial circumstances. That is why I ask the Treasurer to consider, as part of this increased appropriation that has been requested, looking at some options around hardship provisions for utilities bills for those people in the hospitality, retail or other sectors whose salaries have been adjusted at present, and what they may be having to live on under the JobKeeper payment, which is \$1 500 a fortnight.

That would be a significantly reduced income for many people. With the fixed utility charges, there is little flexibility around what charges a household will accrue. I have lived experience of people being detained at home, having had two teenagers at home over the summer break. When mum is not home, the air conditioner is switched on, the TV is turned on and left on, every light in the house is left on and all of a sudden we find ourselves with an electricity bill showing significantly higher consumption charges than anticipated. When people find themselves at home—the lights, air conditioners and fans used to be off all day when people were at work—consumption in some of these households will increase. Kids will be schooled from home for a period of time. That will increase consumption at a time when household incomes are reduced. The state government needs to address that matter going forward. Through no fault of their own, many householders will incur additional utility charges by virtue of the fact that

they are now working from home as opposed to working in an office where those overheads are covered by their employer. As I said, there is a lot to consider.

I was very pleased to learn today that consideration is being given to the not-for-profit sector. The Premier's announcement that Lotterywest grants will be allocated to the not-for-profit sector is welcomed. Any boost to the not-for-profit sector is welcomed. I place a caveat on that by saying that Lotterywest project funding is a job-creation mechanism. A lot of community groups' kitchens, toilets and sporting facilities are funded through Lotterywest, which generates jobs in the local economy. We may be cutting off our nose to spite our face if we allocate all the Lotterywest funding to provide support to the not-for-profit sector, thereby limiting the opportunities for that grant funding to flow through to the sporting groups and other community groups that might need improvements to their kitchens that will create employment as we move through the next six months' worth of headwinds.

As I have said previously and I reiterate today, the opposition is ready, willing and able to convene in this Parliament under the temporary standing order should an amendment to the Lotterywest legislation be needed to enable that funding to be appropriated in the way that was proposed by the Premier. I am not sure whether that will be needed. If the Lotteries Commission Act 1990 needs to be amended to enable that funding to flow through to the operational expenses of the not-for-profit sector for a temporary period, we are willing to reconvene to facilitate that, as we are willing to reconvene to facilitate any stimulus package or other measure that the government needs to put in place to manage the COVID-19 situation.

I would like to put a couple of questions to the Treasurer. I know that he will answer them when he sums up. The opposition has a responsibility to hold the government to account for this appropriation. We would like to see a more detailed analysis of where this extra \$1 billion will be expended. Will it just be expended on the stimulus package that was announced today or is the government expecting to direct additional expenditure to agencies that are supporting the COVID-19 response, such as the police and emergency services and, obviously as part of today's package an announcement was made about an increased spend to Health. We would appreciate a more detailed summary of where all this additional funding is going. Some businesses in regional Western Australia that are heavily reliant on tourism will have no income over the next six months or so while these movement restrictions are in place. Many of them may need a different tailored response separate from the metropolitan response. Small businesses in regional WA, in particular, have been hit by a reconfiguration of the regional power charges through Horizon Power. Some of those small businesses have found themselves paying more for their electricity than they were previously because of the reconfiguration of that billing system. I ask the Treasurer to consider looking at that issue to see whether some relief can be provided to regional businesses and economies; that relief may need to be specifically tailored to those economies. There have been supply chain and logistic issues in some of our regional communities. Many of them have been impacted by the closure of Eyre Highway. The Toll Group has faced ransomware issues, and supply chain and logistical problems have impacted small and medium businesses. I hope that the government is turning its mind to the specific needs of regional Western Australian economies, which are very fragile markets and may need additional support over and above what has predominantly been tailored towards metropolitan Perth.

I ask the Treasurer for a summary of any additional funding provided to the Department of Health, WA Police and the not-for-profit sector, the quantum of that and the rules around the not-for-profit sector. For example, how has that funding been allocated? What formula was put together to come up with that stimulus package? For example, what will be the focus for that sector? Also, could the Treasurer confirm that these additional funds will be expended before 30 June 2020. Is there is an expectation that we may need to reconvene before the proposed budget date in October 2020 to consider a further advance? Is that anticipated at this stage or will this bill cover off what we expect will be needed?

In closing, I thank the government for bringing forward this legislation. As we have said many times, the opposition offers bipartisan support. I have been on the record numerous times welcoming the government's initiatives around its response to COVID-19. Today I was very pleased to see that payroll tax relief has been provided to many small businesses. That will occur immediately rather than them waiting until 1 July. That is really important for the cash flow of many of those small businesses. I would like to place on the record my appreciation for the incredible effort of all state governments and, in particular, the commonwealth government, in responding in a very nimble way to the needs of people in the community who are hurting because they have lost their jobs or their business as a result of COVID-19. Governments need to be nimble and they need to respond. I am pleased that we now have a stimulus package that will have some immediate effect rather than the people of Western Australia having to wait until 1 July. That would have been too late for many small businesses; they would have had to close their doors and sack their staff because of the uncertainty of the relief measures had this stimulus package not been brought forward. The opposition has been calling for this for quite some time. We offer bipartisan support for this bill as we do for any legislative reform that is needed to manage COVID-19 in the Western Australian community.

MS M.J. DAVIES (Central Wheatbelt — Leader of the Nationals WA) [5.09 pm]: I rise to speak on behalf of the Nationals WA. As the Leader of the Opposition said, our party also will support the passage of the

Treasurer's Advance Authorisation Bill 2020. We certainly do not want to stand in the way of any opportunity to make sure that the government has the ability to respond to the ever-changing and very challenging circumstances that we find ourselves in. I also add my congratulations on and warmly welcome the stimulus package that was announced today by the Premier. It will provide some comfort to those we have been dealing with on a daily basis, as I know has every member of this place, as they struggle to find ways to see their future and survive from both a household and a business perspective. It has certainly made for some very trying times, which I know everybody is experiencing. That stimulus package, along with the one announced by the federal government, will make a very real difference.

Given that we have had such a short period to consider this bill, the Nationals believe it is reasonable to ask what the \$1 billion of additional expenditure that we are being asked to approve today will be allocated to. Obviously, a number has been arrived at; there is a number in this bill, albeit a neat and round number. Some work must have been done behind the scenes with Treasury and the government to arrive at this amount. We do not want, and I do not think the government wants, to have this debate again any time soon. Similar to the questions asked by the Leader of the Opposition, we would like some clarity from the Treasurer in his response about how much of the amount will be allocated to the stimulus announcements that are being rolled out and how much will be for the ongoing support of agencies in restructuring and ramping up the number of staff members who are responding to COVID-19. I suspect that the dollars will absolutely go into those agencies, because we are getting reports all the time that every department is trying to find their new normal in providing a whole-of-government response. Where will the majority of that money go? Where are the gaps that the government is identifying as it works through this process? Where are the gaps in those agencies that the majority of this money will be going to? I suspect that the most obvious place will be our health system, and we will wait for confirmation from the Treasurer on that.

It will not surprise members to know that the National Party still has some very serious and ongoing concerns about the preparedness of our regional health system to respond to the COVID-19 crisis. When we spoke on the Supply Bill just two weeks ago, there were no COVID-19 cases in regional Western Australia, but, sadly, that is no longer the case. We have been getting regular reports from local governments that have been charged with managing their local emergency management plans and they have grave concerns about the sustainability of their health services, particularly the emergency services that are an integral part of that health response. We have already raised our concerns about the volunteer workforce for St John Ambulance and the Royal Flying Doctor Service. I know that work is being done on that, but I do not think it is unreasonable for us to ask for specifics about this.

Although I do not want to appear unappreciative, a vast majority of the updates that we have been getting from the Premier and the health department have been focused, and rightly so, on the issues that we have been facing, such as the cruise ship incidents. I do not for one moment discount the challenge that that would have presented. But we have been getting very little specificity about our regional preparedness, and that is adding to the anxiety of communities. On one side of the token, they are remote and are somewhat protected from the spread of COVID-19, but, on the other, they are very vulnerable because they are small and the people interact on a more regular basis. If a number of volunteers or paid workers were taken from their health services, those health services would collapse very quickly. I suspect that we will not get through this without some of our health services shutting down in regional WA, particularly in the wheatbelt, where there are very small services. If there is a confirmed COVID-19 case, that will have a real and serious impact on that community. What is the plan for that community should we need to pivot and ensure that it is supported without that service being available to it? That would be a significant blow to the local community. We are used to dealing with challenges such as not having general practitioners and, certainly before COVID-19, we did not have very many GPs in regional WA. That is causing significant pressures as well. Obviously, a proportion of this money will go into the health system. We would like some advice from the Treasurer on how that will be expended and the preparedness of regional Western Australia on this front. I add to our concerns about the St John Ambulance volunteers and our lack of doctors, our health services that are already stretched thin and the lack of personal protective equipment, which we are being told is being addressed, but I am not sure that that is being communicated to everyone in the system. Certainly, when they are remote from government and do not work in a big tertiary hospital in the metropolitan area, they already have that sense that they are out of sight and out of mind. Without that regular flow of communication and the ability for us to quell some of that anxiety, it will just grow in an environment that is already full of anxiety.

During the debate two weeks ago, the Minister for Health suggested that if our volunteer emergency transport services collapsed because our volunteers were unable to perform their duties, the state would pay those paramedics. I would like to know whether that is being built into the budget that we are approving, because that is obviously a significant departure from the normal health services in regional Western Australia. Where are we at with the further COVID-19 clinics planned for regional WA? I presume that that is being built into the budget. We had a discussion very recently with Mark Coulton, the federal Minister for Regional Services, about allocating federal money for those clinics that have not been rolled out yet. As we see more and more of the emergence of COVID cases in regional WA, we will need to have those clinics up and running.

Another issue with this additional funding—it might sound preposterous and ridiculous, but there is a heightened sense of anxiety out there—is that we want some assurance that our regional workforce will not be pulled into the metropolitan area. If the government is advertising for health workers, as I have seen, or for people to return to the public service or be fast-tracked, all of which we are very supportive of, there needs to be a regional component to that. We are specifically asking people to present themselves for regional work, not just for metropolitan work. I am happy to be corrected on that front, but we have seen a lot of advertisements in the media recently, so either I have missed it or they have not come yet. If it is a stepped response, I am happy with that, but we need some comfort that we are turning our minds to that as part of this additional expenditure that we are approving today.

Another issue is our policing services. I assume that part of the additional funding that we are talking about will be used to ramp up the number of police officers. Certainly, we would ask that additional auxiliary officers be brought on as soon as possible, because we see those police officers taking on a plethora of jobs in regional Western Australia that are probably not in their normal job description. I have no doubt that, along with others, they will be asked to manage the regional restrictions and the travel bans in addition to their normal work. Quite rightly, one of my members raised with me that as communities come under further pressure, with all those underlying issues around domestic violence, drug use, a shortness of income and things like that, the police will need to be present. Communities in my electorate and in other members' electorates in regional WA have no police presence at the moment because they have been impacted by COVID-19, so there is no backfilling ability at this point. There is a heightened sense of anxiety, even in supermarkets and grocery stores, as people try to support those store owners who are under an enormous amount of pressure. Some in my electorate are getting between 20 and 25 per cent, or even less, of their normal store orders, so there are calls from grocery suppliers to have a police presence to make sure that there is a sense of calm. This is not happening in the smaller communities where the people tend to be a little more understanding, but certainly there are some interesting circumstances out there at the moment. It will be just another call on our police.

People's anxiety levels are very high and they are under pressure. We are seeing behaviours that we would not normally see, and do not want to see, permeate our communities, and that is going to escalate. We need assurances that our regional police force is, and will be, appropriately resourced. One suggestion has been providing additional auxiliary officers so that frontline police can be out in the community and highly visible.

I have mentioned the travel restrictions. We had a briefing with the Commissioner of Police yesterday and I know that some funding has been poured into trying to come up with ways to manage that. I think there will be a significant amount of chaos tomorrow. Although we understand and agree that a very strong and clear message needs to be sent to everyone to restrict their travel—we do not disagree with that for one moment—it is challenging. We understand that a direction will be issued as of midnight tonight and there is still not a great deal of clarity about what people need to do when travelling tomorrow. Some very broad statements have come from the Premier today. The Commissioner of Police gave me some insight into some of the detail that is forthcoming. I suspect that tomorrow and the day after and the day after that there will be some serious challenges in regional Western Australia. We have been trying to alleviate some of those concerns by sharing what information we have available to us. We know that the circumstances are moving very fast and that everybody is doing their absolute very best. Unfortunately, we have seen recently within government the unintended consequences of doing things without having all the information to hand. We have no doubt that the police will step in this space again.

The Treasurer has just walked in and I can summarise my points for him. His colleague has been studiously taking notes. The opposition shares concerns that there is not a great deal of visibility about what this money will be spent on. We would like some transparency. No doubt some of it will come from the stimulus package and some will go to agencies that are ramping up, restructuring and changing. My question to the Treasurer is: where does he see a majority of that money going and where are the gaps the government has identified to direct that funding as we move through this issue? I have touched at length on the health system, which is already under pressure from a regional perspective. Obviously, we would expect considerable resources to go to health and police. They are the two areas that we are particularly concerned about at the moment. There is no doubt that a raft of other frontline government services and workers will need additional support.

I will finish by reminding the Treasurer about the discussion he had with the member for Warren–Blackwood and the Nationals WA treasury spokesperson during the debate on the Supply Bill 2020. We talked about the metrics and key pieces of information we asked for as a party when we were being asked to approve that bill. The member for Warren–Blackwood touched on the fact that it would be useful to us to be supplied with the budget aggregates, given that we will not have the opportunity to scrutinise the budget until October and we are being asked to approve additional funding after approving quite a significant amount already. The member for Warren–Blackwood mentioned page 4 of the *Pre-election Economic and Fiscal Outlook*, which outlines the key budget aggregates. We are asking for a snapshot in time that would be updated to then end of March 2020 so that we can have a greater understanding of where the budget sits. I have already said that we will not block this legislation but we would like a greater understanding of where the budget sits at this point in time. Perhaps the Treasurer could provide a statement

of the general economic forecast—the state final demand—and performance measures such as the consumer price index, wage growth, the exchange rate and the iron ore price for this point in time. Again, that is in the context that we will not have an opportunity to scrutinise this legislation in the normal parliamentary process and certainly not in the usual budget process. Perhaps the Treasurer could include the statement of risks. I am sure there are many. The Treasurer noted that when dealing with the supply bill. I am sure we would all like a precise list of issues that the government sees emerging that will have a tangible impact on government. I presume that will be presented to the Economic and Expenditure Reform Committee and cabinet, albeit that it will be a moving feast. We are asking for the underlying assumptions that the government is using to get to the amount of \$1 billion and, in an ongoing sense, how the government will be allocating that funding.

I hope that the government has considered us as being reasonable in our dealings with government and ministers. I would also like to echo the thanks that the Leader of the Opposition put on the record for the plethora of people who have engaged with me and my team. Everyone in government is working behind the scenes. We are fully appreciative that this is a challenging and difficult time for everyone involved. Everyone is genuinely trying to do their best. When we raise issues, we are doing it in a sense of bipartisanship so that we can assist in delivering messages to the people in our communities, because we are seen as a trusted source of information. We do not seek to be out there getting ahead of what the government is saying. We do not sit at the same table as the government with its sources of expert information but we will take the opportunity to raise the concerns of our communities and those that we see emerging as we go along. We will try to do it in a way that is constructive, as opposed to destructive, because the last thing we need at this point when there is so much anxiety in our community is for us to add to that. I have certainly made that clear when I have spoken to the media or to my community when they have contacted us. In that sense, we ask for some detail when these bills come before us in relation to the budget. We would like to see some transparency on those key financial aggregates and confirmation that consideration has been given to the very real challenges that we are dealing with regarding COVID-19 in a regional context.

[Member's time extended.]

Ms M.J. DAVIES: It is difficult at the best of times to deliver services, and government services in particular, to regional Western Australia. That is the case even more so now. We have already heard members raise in this place the impact that increases in power and water charges and additional living expenses are having on those who live in remote areas. In addition, supply chain issues are exacerbated in places that are remote from the metropolitan area. We have cohorts of vulnerable people in our communities for whom it is very difficult for our regional services to manage. I would like to put on the record a huge amount of appreciation to those local governments that are stepping in to try to coordinate our response in Western Australia to make sure that we are picking up all those vulnerable people by working with the government services on the ground.

The Minister for Local Government is sitting in front of me, so I will not miss this chance. Every local government is pleased to do their bit but the Treasurer and the Minister for Local Government would understand that some of our regional local governments operate on very thin margins. If they are requested to factor into their budgets eating into their reserves, we will quickly find that many local governments do not have significant reserves. I need to be assured that we understand that some local governments undoubtedly have very deep pockets while others, if they are asked to do more than they are doing now, which is to coordinate services and provide support, may well be put in a very serious situation going forward.

I thank everyone who is working very hard in our community. Everything we have raised in this context has been done in the sense of trying to make sure that we are communicating information to our communities, that we are raising their concerns with the highest levels of government and that we are doing everything we can to make sure that we are being listened to. I thank the ministers who have engaged with us over the past two weeks in addition to everything else they are doing.

MR R.S. LOVE (Moore — Deputy Leader of the Nationals WA) [5.28 pm]: I want to very quickly raise a few points on the Treasurer's Advance Authorisation Bill 2020. The member for Central Wheatbelt, the Leader of the Nationals WA, has done a very good job summarising most of the issues that concern regional WA at the moment. I echo her support for the changes to the utility fees that were announced today. One of the reasons I am standing here is that numerous local governments and small business people have come to me asking what can be done about utility fees, especially those fixed costs that do not go away if they have to shut their business. That is a real issue concerning local government. I promised a number of them that I would stand up and make the case for them today. That is why I am standing up to echo what the Leader of the Nationals has already done an excellent job of outlining to members. Another matter I would like to raise is the circumstances for the fishing communities and the communities reliant upon local tourism that make up many of the coastal communities in Moore, in my electorate, but also in the member for North West Central's electorate; the member for Warren–Blackwood's electorate, where tourism is an idle industry; and the member for Geraldton's electorate. Cognisant of that, there has been a view that they have been hit with a double whammy, because they are high-value fishing industries, or in the case of Warren–Blackwood, it might be the high-value agricultural industries such as truffles et cetera that have lost their

ability to get to market. There has been some discussion in recent times about that, and the Leader of the Nationals and the member for Geraldton have written to the Deputy Prime Minister imploring for help to restart transport to enable us to get those high-value goods out. Letters have also been sent to the Minister for Fisheries and the Minister for Regional Development; Agriculture and Food along those lines as well. I do not know what all this money is being spent on, but if there are any extra dollars in the amount of money we are proposing to kickstart, along with the money that the federal government will no doubt set aside—it has already said that it will have programs specific to regions that have been very badly affected, such as those areas that I have just mentioned—we would like to see a united front here from industry, and for the state and federal governments to kickstart that process. The member for Geraldton has been in discussions with the Chinese consulate about this matter as well, and the Chinese consulate is also very supportive of restarting those flows of exports. Perhaps there might be a two-way trade. We need personal protective equipment; we need all sorts of things. A plane could bring product back from China as well, no doubt. That is a very important measure that needs to be considered if we are looking at where money can be spent in the short term to get a return in the medium and long term.

The member for Central Wheatbelt touched upon the situation with border closures of the regional development boundaries. I have a particular interest in this, because like the member for Central Wheatbelt, my electorate has a very urban population, with people in the Shires of Gingin, Chittering and even Toodyay who really consider themselves metropolitan people. They live in Perth in the sense that they shop here, they send their children to school here—although not at the moment—and they work here. For them, the closure of these boundaries will be a great impost. I know that there has been talk of exemptions et cetera, but if members have seen the traffic flow going out on Forrest Highway, the Great Northern Highway, the Great Eastern Highway and Indian Ocean Drive, and if members imagine interfering with that by holding it up, inspecting every car and questioning and interrogating everybody going through, we will have traffic jams backed up for miles and miles. The untold cost of that will be not only to this current budget for resourcing police to man these checkpoints, but also to business and regional economies from those people not able to go about their business. That will be very severe indeed. We were supportive of the idea of limiting the flow between the regions, especially because we had a situation developing in which an Easter influx of visitors to holiday towns would have put vulnerable communities at risk and also put pressure on supply lines for food et cetera. The member for Central Wheatbelt quite rightly highlighted some of those problems. I have a particular concern about the food supply in Chittering and Gingin. I asked the Shire of Gingin to look at what is available. It reported back that it holds those same sort of concerns after looking at the capacity of the businesses and previous spending patterns of the population, which in the main was to go to Yanchep or Butler or somewhere like that to do their shopping, or for Chittering, to go to Ellenbrook. Without those resources available, I think food security and availability will be a real issue, and for the first time we might see people going hungry. I have great concerns about that. Many of the people in those areas fall in two groups. Many young families have moved out there for lifestyle reasons, but many moved out there when those estates were first established. They are now retirees. Some of them are quite vulnerable, quite elderly, and they do not have a lot of services to provide for them. Although help groups have set up in some areas, in others, there have not been. Those people will have a real problem come tomorrow. I hold very severe concerns for them.

Mr D.A. Templeman: Are you saying where they shop? They can still shop locally.

Mr R.S. LOVE: They shop in Ellenbrook; they shop in Yanchep.

Mr D.A. Templeman: They'll still be able to —

Mr R.S. LOVE: They do not have them locally.

Mr D.A. Templeman: No, no, but there will still be an exemption for that.

Mr R.S. LOVE: There might be exemptions, but it is not very clear exactly who will get the exemption and how far out they will get the exemption. Lancelin is 90 kilometres out and it does not have a lot of shopping, either. People from there might want to come, but will they be classified as a border community? I do not know. I think we have a real problem.

Mr P. Papalia: It's going to be commonsense; it's just between the regions.

Mr R.S. LOVE: If it is commonsense, then perhaps let everybody go into Perth, but stop the ones coming back and talk to them about why they are going out.

Mr P. Papalia interjected.

Mr R.S. LOVE: Yes. If they have identification that says they come from Gingin or Bindoon, let them through. That would be commonsense.

Mr P. Papalia interjected.

Mr R.S. LOVE: I really cannot hear you, sir. I am sure what the minister is contributing is very intelligent, but, unfortunately, I should have a hearing aid but am too vain to wear one. That is where I am seated at the moment.

The member for Central Wheatbelt spoke about local government. I am the spokesperson for local government for the Nationals WA, so last week and in the last few weeks I have been consulting local governments about some of the issues that they face. I concur entirely with what the member said, but I would also say that there is a bit of concern about their budgets, because of the delay to the state budget and federal budget not coming out until October. They are really flying by the seat of their pants. I know Local Government Professionals, LGPro, is recommending more or less that people set a budget on their best estimate, because if they do not, they cannot get their rate revenue in and that would be disastrous. They will have to make a lot of assumptions. It is important that the Minister for Local Government keep a very good communication line going with them, with Treasury and the Treasurer to ensure that if there are any surprises for local government in the aftermath of these extraordinary expenses, that we communicate with them very early so that they can make the adjustments and get on with serving their communities. Many local governments have committed to holding their rates at the level they are at, as the government has asked. I do not know whether that is universal, but I heard on the ground that a local government is opposed to that. A lot of them are saying, "Don't forget us in the aftermath." When we get through this crisis, they see local government as being a great tool for the reinvigoration of the local economies. Members might want to look at how a local government scheme would reinvigorate local economies in those areas. I concur again with what the member for Central Wheatbelt said about small local governments without the capacity to weather great shocks compared with the ones that the opposition lead spokesperson was talking about that have huge cash reserves. I assure members that that is not the case for many of our local governments, but they would be in a position to add to economic recovery and stimulus. We need look no further than the country local government fund that we had in place. For many reasons, that morphed over the years into training and other things, but in terms of a re-stimulation of local economies in regional areas, that would be a great scheme to look at in the future. I make those few comments in the areas in which I have a particular interest, but I support everything that the Leader of the Nationals WA said. I think she covered, in one way or another, pretty well everything that I have said; I just wanted to add my particular emphasis to those points. With that, I commend this bill to the house. As the Leader of the Nationals WA said, we will support this measure. We understand the need for the government to react to this crisis and we will support the measures that it puts in place.

MRS A.K. HAYDEN (Darling Range) [5.40 pm]: I will not take much time to make a contribution to the Treasurer's Advance Authorisation Bill 2020, but this is too much of an opportunity to let pass by to let the Treasurer know the issues on the street that members are hearing about and seeing. I know everyone in this house is on the road and listens to their constituents daily, but it is important that opposition members get an opportunity like this to share the concerns out there, particularly in Darling Range. We are dealing with a bill that will enable the Treasurer to have access to another \$1 billion to try to fight and combat the COVID-19 pandemic, which is having a massive negative impact across our state. As has been said before, we are not sure where that \$1 billion will be spent, so if the Treasurer could provide some clarity around where he would like it to be spent, that would be extremely helpful. I note that when opposition members ask questions in this place, and especially at times like this, it is for no other reason than to understand what the government is trying to achieve, so that when we do throw our support behind the bill, we are with the government 100 per cent. It is important that the community comes together. We need to work to support the people of Western Australia and make sure that we do the right thing as best as we possibly can.

I am also well aware that the Treasurer has access to intel and a lot more data and information than I do. With that in mind, in my role as shadow Minister for Tourism; Small Business, I want to share some feedback with the Treasurer as he considers how to spend that \$1 billion. It will come as no surprise to anyone in this place that small businesses and the tourism industry are hurting. Tourism was on the front line and it got smashed. It was the first victim of COVID-19, with visitors cancelling their trips and experiences immediately. A tourism operator in Broome contacted me and told me that all his events for the following three weeks were cancelled overnight. He had staff and bills to pay and commitments made and locked away. It is the tourism and small business industries that keep WA alive. They are the ones that employ the majority of Western Australians. They are also the ones we want to survive through this, so that when we do get to the other side, as we know we will, people will still come to this state because they can experience the wonderful things that our small businesses and tourism operators provide. As the Treasurer sits there wondering where to spend that \$1 billion, I encourage him, on behalf of all the tourism and small business operators, to keep those businesses alive and going so that we can all enjoy them and so that they can create the employment we need to recover.

The federal government yesterday outlined an amazing and very generous stimulus package to small businesses, including a relaxation of the rules for the JobSeeker allowance and JobKeeper. Under the changes to JobSeeker, sole traders and subbies will be able to access unemployment benefits when they normally would not be able to, while JobKeeper will enable businesses to keep on staff, which is vitally important so that we do not lose our skill set. I note that Victoria has spent \$500 million on a Working for Victoria program, which will create jobs on local infrastructure so that people can get out there and do some work. It will be things like cleaning infrastructure and delivering food. A pile of jobs will be created under this program, so that people who have no work have a reason to get up in the morning and go out to do something and feel valid. Victoria also put through a \$550 million payroll

tax refund, which will refund the 2019–20 payroll tax paid by businesses with a payroll of less than \$3 million. It would be an outstanding achievement if the Treasurer was able to support a similar payroll tax refund for our small businesses. I know that he would have to work out the threshold for Western Australia, as Victoria is a completely different state in terms of business and payroll. I thank the government for the \$2 500 refund to small businesses, but a further extension would be greatly appreciated. If we can keep the cash flow going through small businesses, it is less likely that they will close their doors and put off staff, and that would reduce the burden on a system that is already struggling. Tasmania has also provided a \$20 million interest-free loan of up to three years for small businesses and has refunded payroll tax for the last quarter of 2019–20. That has been put back into its hospitality, tourism and seafood industries. Tourism is Tasmania's lifeline. It is making sure that tourism businesses are not going to go away. We need to consider what other states are doing for when we get to the other side. If we have not protected these industries but other states have, we will be coming from behind the eight ball and it will take a lot longer for us to recover.

As I said, I congratulate the Treasurer for the payroll tax credit that he is giving back and also for the \$100 million waiver on licence fees for tourism, fisheries and taxis, I believe. That is fantastic, but I would love the Treasurer to take that even further and waive any licence fees and levies. We will be talking about transport later, but we have a rideshare levy in place right now. That is one thing the Treasurer could look at relieving, because it is not just the Uber or rideshare drivers who are affected but also the consumers who hop in and pay that levy. I do not envy the Treasurer's task of working out how to spend that \$1 billion—I am sure he has a big wish list from everybody—but I ask him to please keep in mind the simple things, like removing the rideshare levy, which would be a great step forward for that industry.

I also encourage the Treasurer to consider the current restriction on liquor licensing, given that businesses from over east are able to deliver unlimited alcohol to our doors. I understand the intent of this restriction. It would be fantastic if we were able to shut our borders to liquor coming from the east, but we cannot—we know we cannot do that. When we know that we cannot restrict liquor coming to people from the eastern states, why are we imposing this restriction on our small businesses in Western Australia? Why are we imposing this on our mum-and-dad operators in the Perth hills, Margaret River and the Swan Valley who have been making wine for three or four generations, and on those who produce cider or operate microbreweries or distilleries? Those businesses cannot open their restaurant or cafe doors anymore. Some of them are keeping on their staff. They do not want to lose top chefs whom they have trained, work well with and are known for. They had hoped to be able to do liquor sales instead and to get chefs and waitstaff to do different jobs—to get the money going via liquor sales and get the deliveries done. Instead, we have actually hampered that; we have stopped them from being able to do that. They are not able to turn their businesses around and be adaptable.

Small business people are very flexible. Small business people will say, "I can't do this anymore. What can I do? Let's see how I can make that work." Our cafes, restaurants, wineries, microbreweries and the like were looking at changing their ways and how to deliver alcohol to people's doors or have people pick up orders from the cellar door. Unfortunately, we have removed that option for them.

Mr P. Papalia: Do you know that cafes and restaurants can deliver alcohol with a meal?

Mrs A.K. HAYDEN: It is limited, yes. I am talking about the retail restrictions that the government has put in place so that a person cannot buy more than one bottle of spirits.

Mr P. Papalia: If we allow them to sell more, would that be fair on the bottle shops that now have their own restrictions?

Mrs A.K. HAYDEN: I am talking about wineries, microbreweries and distilleries. Restaurants and cafes were onsite —

Mr P. Papalia: Microbreweries are the same as a bottle shop.

Mrs A.K. HAYDEN: Minister, I am being very respectful here. A winery that has a restaurant —

Mr P. Papalia interjected.

Mrs A.K. HAYDEN: — has been forced to shut down its restaurant. It was going to use the staff who normally work in the restaurant, and redeploy them to deliver their local produce that the winery works hard to grow and produce.

Mr P. Papalia interjected.

The ACTING SPEAKER: Minister!

Mrs A.K. HAYDEN: People with a "VIP membership" might ring up and place an order through a winery, for example, Myattsfield winery in the Bickley Valley. They order three or four cases a month and get it delivered to their door.

Mr P. Papalia interjected.

The ACTING SPEAKER: Minister!

Mr Z.R.F. Kirkup interjected.

The ACTING SPEAKER: Thank you for that, member for Dawesville.

Mr P. Papalia interjected.

The ACTING SPEAKER: Minister, I call you to order for the first time! I do not think the member wants to take interjections.

Mrs A.K. HAYDEN: Thank you, Madam Acting Speaker. I want to put on the record that, sadly, the Minister for Small Business; Tourism does not seem to understand what is going on. I suggest that he might want to talk to some wineries; I am happy to give him their phone numbers. He does not understand that he has restricted our local wineries to selling one case a week per customer. At the moment, a person can order 10 cases from the eastern states to their front door. We are now restricting our local producers in WA, our mums and dads who pay their taxes in WA and create jobs for WA people, who work their fingers to the bone, to selling one case a week while allowing an eastern states operator to have open slather in the market. The minister thinks that is fair! He should be ashamed. I was trying to deliver a polite speech, but he cannot help himself.

Mr P. Papalia: Do you want me to respond?

Mrs A.K. HAYDEN: I do not want the minister to respond. He does not understand the blight that our liquor licensing restrictions have put on WA operators.

Mr P. Papalia interjected.

The ACTING SPEAKER: Minister, I am on my feet. The member has made it clear that she does not want to take your interjections so could you stop, please. Thank you.

Mr P. Papalia: She should stop talking then.

The ACTING SPEAKER: Minister, I call you to order for the second time.

Mr Z.R.F. Kirkup interjected.

The ACTING SPEAKER: I am calling you to order for the first time too, member for Dawesville!

Mrs A.K. HAYDEN: Just for the record, the minister told me to stop talking. The problem is that the minister is not listening to his stakeholder base. My phone has not stopped ringing from the minute the liquor restrictions were put in place. Within an hour of those liquor restrictions being put into place, before the backflip that was made three days later when a person could buy only three bottles of wine, the eastern states wine producers were on the phone and emailing and selling directly to WA. Every day in *The West Australian*, a full-page ad has been put in by an eastern states wine provider to sell wine in WA. We have a restriction on WA-only businesses that are run by people we are meant to represent, support and care for, who make and create local jobs, and we are allowing the eastern states businesses to come in and fill the gap. What is sad about this is that the minister does not understand that this is hurting those businesses.

I spoke to the owner of a family business in Bickley Valley, which is currently in my electorate, soon to be in the seat of Kalamunda. The gentleman was in tears. He had just re-mortgaged his home to obtain up to \$500 000 to get his vintage to bottle. Their harvest has just come in, the wine is ready to bottle and he does not have the money to finish the job. His restaurant has now shut down and he has no income. I saw him on the day that the restriction of three bottles a day was put in place. He said, “Alyssa, I don’t know what we’re going to do. We’re going to lose our whole property—our home, our business.” They love their work, they are passionate, they care and they want to survive. These are the businesses that tourists to Western Australia want to visit, experience and enjoy. All I am asking for is that if the liquor restrictions are not working, which allow the eastern states to come in and fill the gap, please lift the restriction. If the Treasurer is not going to lift the restriction, can he put this sector at the top of the list when that \$1 billion of assistance comes into play. Support the small businesses—our distilleries, microbreweries, wineries and cideries—that are affected by the COVID-19 restrictions put in place by this government.

I will move on —

Mr P. Papalia interjected.

Mrs A.K. HAYDEN: I can go on if the Minister for Small Business likes.

The ACTING SPEAKER: Member for Darling Range, do not engage and then we will not get ourselves into trouble. Speak through the Chair, member for Darling Range.

Mrs A.K. HAYDEN: The last thing I want to share with members is my thoughts on local government. I know that this issue has been raised and we have the Minister for Local Government in the chamber. I have spoken to representatives from my local governments. They seem to have no direction on what role they can play in this situation. The message is mixed; some seem to know exactly the role —

Mr D.A. Templeman: Who have you been talking to?

Mrs A.K. HAYDEN: I will talk to the minister offline on that, if I may.

Mr D.A. Templeman interjected.

Mrs A.K. HAYDEN: This no criticism whatsoever of the Minister for Local Government. It all depends on whether the local government chooses to engage. I would encourage the minister to speak to local governments about freezing their rates and not introducing increases or changing the methodology in calculating rates. I have one shire that passed a motion to change the methodology for a certain section of their ratepayers. They are commercial businesses, and, guess what? They are from the hospitality sector and they have all been shut down.

Mr B.S. Wyatt: They did that recently?

Mrs A.K. HAYDEN: Yes.

Mr B.S. Wyatt: Over the last rate round.

Mrs A.K. HAYDEN: In a meeting they moved the motion to change the methodology. It has not gone forward yet, but the motion has been moved to do that. I have written to that shire and asked it to remove the change. The response was that the shire would be going forward with its decision to the minister and to Landgate. At the end of the day, all tiers of governments need to take responsibility in this situation, and, where they can, reduce the costs to our businesses and our ratepayers. We have some amazing landlords who have already approached their commercial tenants. In the block where my office is situated, I am surrounded by takeaway restaurants. It is very hard to diet when I am in my electorate office. Those businesses have all been approached by their landlord —

Mr D.A. Templeman: Is there a fish and chip shop?

Mrs A.K. HAYDEN: No, but there is a very good kebab shop. Their landlord has gone directly to them and said, “I’m here to help you. Let’s talk.” I know that he is putting them on holiday from paying rent, but he also hopes that the shires can help him out with his rates and that the government will help him out with land tax. He is passing on a freeze when he can, and he is asking the state and local government to pass on whatever freeze on rates they can to support him.

I said that I was not going to talk for long, but I was encouraged. Treasurer, local governments need some direction about how they should manage their rates. They need to consider giving a holiday to the businesses in terms of rates, especially the tourism businesses and other small businesses that need help. We want those businesses to be operating again once we recover. Can the Treasurer put some emphasis on assisting that sector and look at how we can help landlords out with land tax, especially those landlords who are providing rent relief to their tenants?

I thank the government ministers for all the work that they are doing. It is a tough gig. They have been working around the clock. In opposition, we are working around the clock and we do not have as many meetings as government members have. On behalf of all from the electorate of Darling Range, I thank the Treasurer for everything that he is doing for our state and I encourage him to re-read my speech when he is deciding how to spend that \$1 billion.

MR B.S. WYATT (Victoria Park — Treasurer) [5.59 pm] — in reply: I thank all members for their contributions to the Treasurer’s Advance Authorisation Bill 2020. The points made and the questions asked are entirely legitimate, particularly the question: where is it going? That is a question I have asked about many a Treasurer’s advance bill over the years and I will deal with that in just a minute. We are trying to take an approach to the current government budgeting between now and the end of next year, 2021, and I think the commonwealth is in the same position. We are in the middle of reaction and preparation now. That is what we are doing. That is what it is all about. At the same time, we have started work on what a recovery might look like on the other side. At the same time as that, we want businesses and households to bunker down or batten down the hatches or whatever it is—the federal government is using the term “hibernation”—over the next few months.

We are going to see—I said this in question time today, and the most recent update on the OECD’s website highlights the point—that, effectively, global output will stop. This is not the global financial crisis or the recession in the 1990s; this is something quite different and sudden. I am sure members have seen all the datasets from around the world, what that looks like and what it does for jobs. We saw the Centrelink lines a week or so ago. I think, by and large, hopefully, the JobKeeper package that was announced by the commonwealth yesterday should take a lot of pressure off that Centrelink demand. That is where we are at now.

We have seen the state and commonwealth governments have a couple of goes at this over the last what feels like six months but it is probably two weeks. I call it COVID time. One week in COVID time is three months in normal time; that is what it feels like in trying to keep up with everything. But we have had a few goes at this and we have now seen where the commonwealth has arrived. The member for Bateman made the point, quite rightly, that the commonwealth has done the heavy lifting on this, and of course it would do the heavy lifting on this. It has a central bank to assist and it will, I suspect, continue to do so and we will do what we can. I expect, by and large, that the JobKeeper package that was announced yesterday will resolve a lot of the questions. It will not solve them; pain is going to be felt by everybody: every single business, every single person, every single government; this is the reality. We are trying to limit that as much as possible. As the member for Darling Range said, on the other side,

we will just hope that we have enough businesses around that have made it through. I suspect that once we are on the other side, a consumer recovery might be, hopefully, reasonably quick. But these things are almost impossible to model. We have not had to deal with these sorts of things before, not in the last century anyway, so modelling them is very difficult. But that is where we are.

I want to make it clear, and I will keep saying this, that we must be careful as well to preserve fiscal capacity for debt recovery. I say that because those who follow the bond markets—I do not know whether members saw it—will know that a week or two ago, the markets were dysfunctional. It is a worry when one is in government and one is worried about the bond markets, because that is where we borrow the money from. Thankfully, it was in the first round that the commonwealth's reaction was to get the Australian Prudential Regulation Authority and the central bank involved, which brought some sense to the bond markets, certainly in the short term—three years, but out to 10 years. That seems to have recovered, but let us not assume for a minute that bond markets are going to go back to a functional operation over the next 12 months. Pretty much every government on the globe is spending huge amounts of money. We will need assistance from the commonwealth around our borrowings. I suspect that all states have said this, and we will continue to work with Josh Frydenberg around that, but this is the reality. Therefore, we need to have our own balance sheet to ensure that we have some capacity once we get to the other side.

There has not been a Treasurer's advance for a while. The last one was back in 2010 and it was the Treasurer's Advance Authorisation Act 2010. Currently, I have about \$650 million under the Financial Management Act and I am seeking another billion dollars. That act had \$469 million; it was automatic and it sought another \$700 million, so the scale is similar to the 2010 Treasurer's advance. Treasurer's advances are by nature unusual because we are dealing with unforeseen, extraordinary spend, as currently defined. Of course, the Financial Legislation Amendment Bill 2020 of the other week changes that to a certain extent.

I want to make this point around the billion-dollar amount. There was—I want to be honest with you all, not a lot of science to it. I wanted to make sure that I had enough and I did not want to run out. I am just going to be personally honest here; this thing is moving so quickly and I knew I was going to need an authority but I wanted to make sure that I had enough. So that members all know, the 2019–20 *Government Mid-year Financial Projections Statement* at page 145 has an update on the Treasurer's advance. According to the midyear review, the total projected to be drawn at that point was \$294 million of the \$658 million. The midyear review seems like 50 years ago and at that point \$294 million was expected to be drawn. The member for Bateman specifically asked about this and thus far we have announced that we will take another \$364 million. Remember that this is to 30 June this year. The Treasurer's advance is just for this financial year.

A member interjected.

Mr B.S. WYATT: No. The \$294 million now, plus the \$364 million, will nearly absorb the current automatic entitlement that I have.

I suspect that most of that will go into two components at this point. One will be backfilling government agencies. A lot of revenue is being lost in government agencies. We have written off a lot and we have made decisions to not pass on licence fees and things like that. There was about \$100 million worth on that. But I suspect that two components of Health will take the majority. One component will be our spend. The Minister for Health is spending a lot of money getting the public hospitals ready. Another big component will be bringing onto our books a fair chunk of private hospitals. Greg Hunt, the federal minister, has underwritten the sustainability of the 657—or whatever it is—private hospitals around Australia; there are a lot of them. He has said that we are not going to let them go under. He has provided that surety. But as a state, we are going to have to pay for activity.

Mr Z.R.F. Kirkup: That is how it's going?

Mr B.S. WYATT: As we put people in, we are going to have to pay. It is basically like how we fund our public hospitals anyway; it is an activity-based formula. That will be similar for the private hospitals. We do not yet have a landing on that, but I suspect it will not be a small spend to have that capacity available.

Mr Z.R.F. Kirkup: It's a good deal for the hospitals, though, isn't it? They're going to collect either way.

Mr B.S. WYATT: That is right. But members have heard the health minister say today that we are trying to create capacity within the existing structure. I have noted that a lot of members have made requests, if you like, in different areas, and I have said this, but there may be other spends. I do not know. I am hoping and I suspect at this point that the \$4 billion will not be required. The exact spend will be set out in the annual report for 2019–20, as it always is. It will have the set spend of what the TA has been utilised for, and that is always at the end of September. Of course, no doubt, I am happy to provide updates as we go on whether we utilise it; but, today, a big chunk of the \$245 million goes to the \$2 500 payments into those Synergy and Horizon Power bills.

A few members raised council rates. Ultimately, what councils do is a matter for them. Points were made that I entirely agree with. The Premier has already said that he expects at least a freezing of rates. There are issues. People

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are aware what gross rental values have been doing over the last couple of years. That will no doubt have an impact in due course. Some councils have pretty significant capacity. They have to start looking at what they can do. The Leader of the National Party and the member for Moore made the point that some will not have much capacity at all. I suspect as much in that space. I expect to see some metropolitan councils step up to a certain extent. Do we pass legislation to make them do things? I hope that will not be required. The Minister for Local Government has had many engagements with the Western Australian Local Government Association and others to try to ensure that that happens. The JobKeeper program is about keeping people attached to their jobs; keeping them employed. That is the point of it. The question was put to me by somebody that if they get JobKeeper support, should they also get unemployment support from the state.

Mr D.C. Nalder: They are often getting a lot less; so they are financially stressed.

Mr B.S. WYATT: That is right.

Mr D.C. Nalder: But does that preclude them?

Mr B.S. WYATT: The answer to that will depend upon whether the commonwealth then provides them with a commonwealth concession card.

Mr D.C. Nalder: It does not.

Mr B.S. WYATT: Okay; they will not get the energy assistance payment.

Today, we announced the bringing forward of the EAP boost to try to get money out sooner. When we announced that, it was those who were entitled to the EAP at that time; clearly there will be a lot more because there will be more unemployment. Anyone who becomes entitled to the EAP out to 30 September will also be paid the boost on top of the EAP. We have to find the link somehow. It is the commonwealth that sets that link.

Mr D.C. Nalder: You have made an announcement there but a lot of people who need that added support will not get access to it.

Mr B.S. WYATT: One never knows—the commonwealth might decide that if an employee is kept on in their role even though they are getting JobKeeper support, they may also be entitled to a concession card. I do not know. I will find that out from the commonwealth where it is going with that. If they do get that, they will be entitled to it.

The Leader of the Opposition raised the timing of the spend. This is just in respect of the 2019–20 financial year. It will be reported in its entirety in the annual report. I expect that by 30 June we will know how much of that has been utilised. Leader of the National Party, in terms of that visibility, that is sort of how we will do it, but I expect a fair chunk will go on private hospitals—getting capacity ready for them—and a fair bit will go on the ongoing pressures around other public hospitals. I am expecting most of the spend out of that will go into the health system. That is where we are at the moment. We are preparing for the influx. This is by 30 June. In terms of the September quarter, I will be getting into the supply bill. The member for Bateman asked whether the supply bill will be enough until the October budget—I am hoping so. If not, I will be coming back here begging you all for a top-up of that to get through until budget day.

Mr D.C. Nalder interjected.

Mr B.S. WYATT: Yes, that is right. The theory behind that is to make it the same week as the commonwealth. The commonwealth budget will be on 6 October; ours will be on the eighth. I do not know whether it has been announced, but I suspect that most states will make it October.

In the briefing on the metrics, yes. We are probably a couple of weeks away from getting a vision on that, but as soon as we can I will be in touch, for those who want to have a briefing from Treasury. I am relaxed around that. I just want to create some space for Treasury and also get an idea. Everything is really dependent upon the infection spread. It is looking good at the moment. If we can stay on top of that, that will have a big impact on everything.

The member for Moore made some good points around local government fixed costs. I suspect there will be requests coming from WALGA around some of those. I would not be surprised. I think the Minister for Local Government has already foreshadowed that might be the case. In fact, the member raised a point about tourism. The manufacturing data for China has already been raised with me. It is incredible. It fell off a cliff a month ago and now it is back to where it was.

Mr D.C. Nalder interjected.

Mr B.S. WYATT: Yes, just amazing data. Demand is back, but we cannot get crayfish on a plane. It is freight. Access to affordable freight has become a real issue, which has been raised with me, and others I suspect, about how we go about doing that.

Ms M.J. Davies: There are plenty of planes sitting out in the desert!

Mr B.S. WYATT: There is no shortage of aeroplanes, that is exactly right, with nothing to do at the moment. Hopefully, there is an opportunity there in due course.

I say to the member for Darling Range that I think I have outlined where I expect the Treasurer's advance to be strong. I am being perfectly honest. As I said, the science behind it is that this is not like a normal TA where we can see where it is all going. In previous years, particularly during the first term of the Barnett government, it was driven by a lot of activity in hospitals. The hospitals were driving so much of it. Again, that is not normal activity in hospitals. If anything, normal activity in hospitals has changed fundamentally and, I suspect, slowed dramatically. It is going to be around COVID preparation and response. I am also hoping and fully expecting that most agencies outside of health and police—frontline activity—will probably have significant underspends this year. There are opportunities in agencies to redirect. The public sector is being redirected to COVID: "This is it; this is the target; this is the priority of everybody." Everything stopped overnight for the tourism and culture and the arts industries. The Lotterywest package is important to it for refunding deposits. All sorts of things will take some time to flush out, but there is certainly some support there.

What we are trying to do, and I wrote it down, is "keep them alive and going". The plan is to try to allow them to batten down the hatches. The federal government has been very good, not just around the JobKeeper package but also its line of finance: the banks; the guarantee to the banks; and the cheap finance to the banks. Everyone is in a scenario now where they should be able to negotiate an outcome, such as a landlord, tenant or financier, to try to get through the next quarter or two, and the fact that we are going to move on evictions. The commonwealth has moved on insolvencies: a 21-day notice of demand cannot be issued that puts someone into bankruptcy. That is now six months. I think that is smart. There is a rational sense to the line of money, if you like, and what the commonwealth has done around it. That is fantastic.

It is tough for small businesses below the payroll tax threshold. I expect the only other government that might be able to do what we have done today around power bills is Queensland. They might move on something like this; I do not know. Other than that, breaking that down even further gets tougher. But as I said, I am keen to look at whatever we can do, but those smaller businesses are harder to get to. Because we do not tax them as such, we do not have a mechanism—we cannot get to them. The Prime Minister and the federal Treasurer say that they do not want to create a new mechanism. They are trying to use the Australian Taxation Office and all the other things they are trying to use, but of course their levers are much grander. They have more mechanisms to get into them.

I must admit that I was quite interested in that exchange about liquor restrictions. When I was going through university, I worked in a bottle shop, so I have always been intrigued by this. My best friend, who I worked with and am still best friends with, is kind of like the person from Bickley that the member spoke about. He manages a vineyard in the Swan Valley. A big part of their business is selling wine. I do not know, maybe I will be wrong. Obviously, we have not stopped any of ours—because we cannot—from selling liquor into other states at whatever quantities they like. The only restrictions on quantity are within WA. I am not sure—I have been thinking about it—whether the restrictions on a case of wine a week, on mail order, is sufficient enough for them to drive someone to another state. I am not sure whether that will change behaviours so significantly.

Mrs A.K. Hayden: The restrictions are only in WA; in the eastern states, they can deliver as many as they like.

Mr B.S. WYATT: I understand that. If a Western Australian in Victoria Park likes to get their box of wine a week, which I do not, I do not think the restrictions are so tight and will be over such a long period that it would drive trade east. We will find out over time. I am posing that as an open question; I do not know. I can go to the bottle shop and buy a case of beer and/or three bottles of wine a day. There have not been too many times in my life when I have been able to get through that sort of quantity. Ultimately, the police and hospitals are trying to limit the alcohol impact during this period.

Mrs A.K. Hayden: Some of the wine being sold over east is \$4 a bottle. It is a lot cheaper than buying from a winery here. They are buying unlimited amounts in bulk over there, and it is coming to WA. If it were not viable, they would not be spending money on advertising.

Mr B.S. WYATT: The member is right. I am not saying that there will not be some who will do that. I am not sure that the restrictions are so tight here that it will drive a big shift.

Mr D.C. Nalder interjected.

Mr B.S. WYATT: Yes. Ideally, we would not be doing these things at all but we are in this scenario.

The member for Darling Range asked a question about local government. The Premier has made it clear what he is expecting on rates. I would be surprised if there were any pushback on that, but we will see. I think I have answered the questions.

I absolutely understand that Parliament is authorising the government to spend a significant amount of money. The Treasurer's advance has always been like this. Like the Supply Bill the other week, there have always been tiny pieces of legislation that require larger amounts of money. That is all we get. This bill is asking for even more because,

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as I said, the science is creating a capacity that may be needed between now and 30 June. I am hoping it will not be needed because that is a lot of money to spend from the end of March and over April, May and June. I expect that the majority of the spend will be taken by Health, whatever that looks like. We still have not landed at exactly what the cost of the private health system will be. There may be some other spends along the way. I apologise; I would not normally do this. I did not want a Treasurer's advance during my time as Treasurer because they are naturally vague, when seeking authority; they always have been. I have been critical in the past when I sat on the other side of the chamber. We all understand the incredibly unusual circumstances that we are in. The annual report will have the detail around where the funds will be spent. I am happy to tell members where that spend has gone. It will not be anywhere terribly exciting other than, I suspect, meeting a demand issue around COVID-19. I thank all my colleagues for their contributions this afternoon.

Question put and passed.

Bill read a second time.

Leave denied to proceed forthwith to third reading.

Consideration in Detail

Clauses 1 and 2 put and passed.

Clause 3: Authorisation of expenditure to make payments in respect of extraordinary or unforeseen matters or to make advances for certain purposes —

Mr D.C. NALDER: I wish to go back a step and get this on the record. Can the Treasurer explain what triggers the use of a Treasurer's advance so that we understand why that is accessed when we are seeing growing surpluses and so forth?

Mr B.S. WYATT: The Treasurer's advance is all about an authorisation of spend, obviously at budget time, which gives me the authority to appropriate and allocate money for agencies to spend. As the year moves on, although we may end up with more revenue than comes in, beyond what the Financial Management Act gives me, the government does not have authority to spend beyond that. The Financial Management Act allocates three per cent of the previous year's appropriation for what it calls extraordinary or unforeseen circumstances. We all know that over time "extraordinary or unforeseen" simply means normal government business and higher activity in hospitals or schools that goes beyond what the budget provided for. Occasionally, the government has to deal with other issues along the way. That gave me automatic authority for \$658 million in 2019–20. As I pointed out in the second reading speech, we were running at about \$294 million in the *Government Mid-year Financial Projections Statement*. With today's announcement, another nearly \$400 million has gone into that. It became clear that we would need more authority because we needed to spend beyond the three per cent. That is what triggered the legislation before us tonight. It is a global provision at this point. If we look at previous years, we see that it has not necessarily been global; it has been much more specific. This is a global provision as we try to finalise costs, primarily around the health space.

Mr D.C. NALDER: Again, I wish to clarify: on the basis that iron ore has retained a high price—that was surprising to me; I expected it to fall away—the drop in the exchange rate, which is another 7¢ below the midyear review rate, is probably adding another \$50 million. We have this growing potential surplus occurring on the revenue side. If we are going to overspend on the expense side, we have to get the Treasurer's advance; we cannot transfer the revenue cover to get the same net position.

Mr B.S. WYATT: The member for Bateman summed it up perfectly. That is right. I fully expect the GST pool to shrink considerably in the June quarter. The member would have heard our decision on payroll. I am expecting payroll to shrink. I am pretty much expecting every other tax that the state gets to shrink considerably. The point that the member made about the Aussie dollar, iron ore and gold was well made but that is irrelevant. I do not have authority to do anything without this bill, and that is what it is all about—it gives me the authority to spend.

Mr D.C. NALDER: The Treasurer tells us that he wants to use the funding increase—the extra billion dollars that he is asking for—and the authority that we are now providing for coronavirus, but what assurance can the Treasurer provide that it will not be used for agencies that have got out of hand on their spend? This is a very simple bill; it does not limit the state to making sure that the funds are directly attributable to coronavirus. We have the Treasurer's assurance, and I am reasonably comfortable that that is going to be an accurate reflection, but how do we have some comfort that this will not go to a rogue agency or department that has overspent and created an issue for the state?

Mr B.S. WYATT: The member is right; the assurance is me telling members that it will be a COVID-19 response. Without knowing exactly at this point, I expect that, beyond Health and police, agencies will significantly underspend. It has taken the attention of the entire public sector to try to manage COVID-19. As members have heard today, the Minister for Transport is reducing the number of bus services, for example, because people are not on them. There will be a saving on diesel and, ultimately, wages as well as other expenses. I am fully expecting agencies to

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now struggle to spend their budget for 2019–20 as it was budgeted nearly a year ago. I guess the surety members have is me saying that this is for COVID-19, and members will get that report in due course. However, the member is right: this does not limit me to spend only on matters related to COVID-19. I could spend it on any area of government. But, ultimately, the only thing we are interested in at the moment is the COVID-19 response.

Mr D.C. NALDER: Just to clarify, if some agencies are underspending and some are expected to overspend, is there flexibility in the existing budget or does that create a Treasurer's advance? Is each one attributable to the budget of each agency, or is it a global view?

Mr B.S. WYATT: No, they are not offset. I think that was the member's question.

Mr D.C. Nalder: Yes.

Mr B.S. WYATT: The budgeted spend is simply appropriated for that agency. If there is an underspend, I cannot use that as a global for COVID-19.

Ms M.J. Davies: That just gets reported.

Mr B.S. WYATT: Yes, that will be reported as the underspend.

Ms M.J. Davies: It just gets reported as an underspend.

Mr B.S. WYATT: Yes. I can use it within that agency, but I cannot say, "Now I need to do a deal with the private sector for hospital spend out of royalties for regions", or something. I make the point that this is the authority to spend that the budget has not already given me, above and beyond. It is for extraordinary and unforeseen circumstances. As we know, generally over the years it has been for extraordinary and unforeseen circumstances. That is why the Financial Legislation Amendment Bill 2020 effectively removes the "extraordinary and unforeseen" component, because it has gone to extra hospital or school activities, or whatever. It is not necessarily extraordinary or unforeseen.

Mr D.C. NALDER: Just moving on and looking at utilising these funds, what are the restrictions? Are they really only for agency spend, or does the Treasurer's advance cover off additional spend, like the stimulus measures that the Treasurer is trying to achieve? If the Treasurer wishes to now go forward with additional stimulus measures, is that picked up by this Treasurer's advance? Does the Treasurer understand what I mean by that question?

Mr B.S. WYATT: Yes. At the moment, with that 394, we are nearly at the capacity of the automatic three per cent, so any extra spend or stimulus would come from this extra authority.

Mr D.C. NALDER: The Treasurer said that his thoughts were going to be around health; that was more specifically where it was required from an agency perspective rather than necessarily an economic perspective. Can the Treasurer shed some light on potential gaps in the economy that he has not been able to cater for at this point in time that he thinks may be a priority in the next three months?

Mr B.S. WYATT: I do not have a specific answer for that yet, but that may emerge. With today's announcements, I think we have struck a pretty good balance of where we are. That feeds in nicely with yesterday's commonwealth announcement. As I referred to a minute ago, that announcement, combined with the announcements the commonwealth has made, has covered off on a lot of the employer financing pressures that will be seen. At our end, tenancies, fees and charges and those sorts of things were covered off today. But this thing moves so quickly. There may be more needed. I suspect that, if there is, it will be more industry specific, as opposed to the global things we have done today around the waiving of payroll tax, general fees and charges, rents and those sorts of things. I suspect it will be more specific. Again, I do not have a specific answer for that yet, but they are coming at us. The Lotterywest announcement may cover that off. A lot of the culture and the arts and tourism, as the member for Darling Range has pointed out, has been at the frontline; things stopped there first. The first decision around 500 people basically brought all that to an end.

Mr D.C. NALDER: I refer to the waiver of payroll tax for the next four months for up to \$7.5 million. I think the Premier said \$7 500 on the television. The Treasurer was standing behind him; I thought he might have picked that up!

Mr B.S. Wyatt: It is \$7.5 million, for the record.

Mr D.C. NALDER: I thought that a waiver of \$7 500 for payroll tax will not help that many businesses! But I knew his intent and what he meant. We are definitely right behind that. However, in my second reading contribution, I touched on the gross rental values. The Treasurer commented on the council aspect, but that is one element of it. The other one that I have talked about is the land tax. I raise that because the state government is issuing a land tax on properties. I am talking more specifically about commercial properties as opposed to residential, and I am not worrying too much about the big end, a bit like payroll tax, but we have a lot of mum-and-dad investors who might hold one business such as a coffee shop that is now closed—that is probably an example of one that is open—or a little retail store that is now shut. They cannot receive it, but they are still paying land tax. Because that is now essentially a rental value of zero, I ask whether that is something the government should consider. Also, we know

that a lot of that flows through in variable outgoings down through the business. They cannot pass that through at the moment. Again, I think the bigger end of town potentially has the capacity to carry some of those things, but at the small end, I am worried a lot of people are really exposed on that. I am appealing to the government; I do not know whether that may have been overlooked at this point, but it is worth considering.

Mr B.S. WYATT: It is a good question. I have had a few conversations with some of my colleagues who are my equivalents in other states. It is actually really difficult, because we all issue land tax the same way, but usually at different times. Ours goes out in September; an invoice goes out for \$1 000 of land tax or whatever it happens to be. It is not an ongoing tax arrangement that people pay each month or quarter.

Mr D.C. Nalder: So it has to be everybody; it cannot be targeted.

Mr B.S. WYATT: It is very, very difficult. We have not been able to land how we would do it. If we go down that path, a better way might simply be a flat grant that effectively offsets a period. Again, there has been a bit of thinking on this. We do not have an answer or a commitment. It is difficult to do because of the nature of the way the tax is issued, and we do not get clear insight into whether it is passed on or absorbed by the landlord et cetera. Also, if we waive a land tax bill, how do we guarantee that it is passed on to the tenant? It is slightly more complicated than waiving an ongoing tax such as payroll. That is just easier to do, to be honest, and it is an ongoing payment.

Mr D.C. NALDER: I understand the mechanism issue. I suppose today I am just highlighting that area. There is a group of people, and, as I said, we want to target it to the lower end where there are individuals and often owner-operators paying this land tax as well. I am just trying to encourage the government to look at this issue, because I am conscious of it. I have heard it out in the community, I have heard it all the way through the big businesses, but it is one issue that I feel warrants an additional look.

I just want to shift over to households and the JobKeeper payments and all of that. I acknowledge what the Treasurer is saying; if there is not a commonwealth card, they are not getting it. I am concerned that despite the announcements today, a lot of people will still be in quite a lot of pain. As I have said, mortgage stress is really high. It was really high before the onset of the coronavirus. Additional people have lost jobs and are now getting a JobKeeper payment, so the federal government is funding this, but I am worried that despite making the announcement about extra grants for electricity bills and so forth, a lot of them will not qualify because technically they are not out of a job because they are on JobKeeper payments, so even though their income has dropped dramatically, they have all these household expenses. Again, I just wanted to highlight that point. Although the Treasurer might have had a genuine desire to help individuals, I am worried that it will not flow through because of the commonwealth government's stimulus package. I encourage the Treasurer to also consider that flow through to households. I do not believe the state government is necessarily helping as many people as it intended to because these people are not getting a commonwealth card and therefore are not eligible for the assistance from the state government. Again, I know it is difficult from a mechanism perspective to get there, but I am just highlighting that concern. I would just like to hear any comment the Treasurer would like to make about that.

Mr B.S. WYATT: Ultimately, the member is right. We do what we can with the mechanisms we have, bearing in mind the \$2 500 payment for small businesses announced today. That was \$250 million worth. An amount of \$2 500 may not be huge in the scheme of things, but it adds up very quickly and we want to ensure that the state has capacity to spend on recovery as well. One thing I did note—it was on the radio and I noted it particularly because it was my bank, ANZ Bank, and they are all doing it now—is that the banks are advertising that if people have trouble paying their mortgage, they are happy to defer payments for up to 12 months, which I think would have a much bigger impact on a mortgage-stressed house than getting a commonwealth concession card and therefore getting access to an energy assistance payment boost. It will help in that particular quarter. This is why I made those complimentary comments about the commonwealth providing the banks with a very low interest rate facility to allow them to do this. Ultimately, that is where a lot of the effort will have to happen. The point I make is that the state does not have either the fiscal or mechanical capacity to ease all the burden that everyone will be feeling now. There is going to be pain all around for a quarter or two.

Mr D.C. NALDER: On the bank issue, I am still a bit nervous about the bank loan because we have not seen a reduction in the net interest margin from the banks. I am hearing a lot of stories about a balloon payment at the end of that period. I am not saying that I am a huge advocate of where the banks have stepped to at this point.

Mr B.S. Wyatt: You or the member for Hillarys made the point that a huge amount of wealth has been lost across the globe in the last few weeks, and the next six months is really a period when, at some point, I expect, there will be a long-term consequence from that wealth loss, because it will not come back in just six months.

Mr D.C. NALDER: No. That is why I am saying that although the mechanisms from the banks might provide relief right now, I think we will be deferring the pain until another point in the future.

Mr B.S. Wyatt: Hopefully, the pain can be managed and we can defer to the point at which the economy is back to some normalisation.

Mr D.C. NALDER: Yes; that is when people can step up, given the mortgage stress and the negative equity that already existed in Western Australia. We have these other things that are really penalising.

I also acknowledge the \$2 500 payments to small businesses. That is why I referred to households. On the business side, I was focused on the land tax side of it, but for the households, I encourage the government to continue to explore some of those areas. To date, measures have been put in place by the state. I am pleased with what the commonwealth government is doing, but it has made it difficult to acknowledge some of the challenges that are being faced by individuals.

Mr B.S. WYATT: We will. That is why we made some of the commitments today. We simply cannot afford to waive—I know this has been demanded by the Leader of the Opposition—bills for six months. That is a \$3 billion spend. I do not have that. I could not do it without bankrupting us. It is a big spend of money that would not leave me with anything in the back half of the year, when I suspect we are going to need a bit of the spend to grow again. We have to balance those things. I made a point before about the bond markets. I am really worried about the bond markets. They are back to some stability at the moment, but the coronavirus still has to hit Africa and a lot of countries and I think that is going to cause some real global angst that will impact the bond markets.

Mr D.C. NALDER: I would just like to step into the current financial position of the state. I agree with the Treasurer's sentiment about the pull of the GST. I do not know what it has likely shrunk to at this point, but when I looked at the finances of the state to 31 December, I found there was a \$2.3 billion budget surplus for the first six months of the financial year alone, and that is over the original \$1.5 billion forecast in the budget for the year. With the iron ore price and the Australian dollar maintaining that, I know that the Treasurer increased the forecast to \$85 a tonne in the midyear review, so it is still averaging above \$85 a tonne, even though the current daily price has slipped below that. The finances now show that the government has an extra \$1 billion in additional spend, but it is still potentially carrying a surplus of a couple of billion dollars for this year. I am trying to understand the current financial perspective. I understand the three elements of the crisis—the current immediate health issue, the current support for households and businesses, and what we need to do to lift the economy and support businesses to get up and going again. I understand those three phases, but I am trying to understand what the capacity is right now versus what it will be in the future.

Mr B.S. Wyatt: They are linked, of course.

Mr D.C. NALDER: I understand they are linked. The more we spend now, the less we will have to spend in the future. I am trying to understand why it is only an additional \$1 billion spend when the government was carrying a \$2.3 billion surplus at the six-month mark, given that it was forecasting only \$1.5 billion overall for the year and given that some of the input factors like iron ore royalties and the exchange rate are contributing significantly and possibly picking up a large chunk of what it is going to lose through the GST and the other revenues from payroll tax and so forth for this year.

Mr B.S. WYATT: The surplus was upgraded to \$2.6 billion at the midyear review. I think the December quarter highlights where we were heading on that. I am still expecting a reasonably strong outcome, because almost eight months of the year had passed before the COVID hit really started to take place. I am still expecting a reasonably strong surplus, which is important, because that will obviously reduce our borrowing requirements, and I suspect that our borrowing requirements will be heavily based on our COVID response. The \$1 billion is really what we need to get us into the new financial year, when, of course, the Supply Bill will allow us to react to the 2020–21 year. Hopefully, that should make it through to the October budget. I think I have answered the member's question, but I am not sure.

Mr D.C. NALDER: Just to finalise this, I am trying to understand why it is \$1 billion. I know that the Treasurer said that there is no hard and fast rule, but I have highlighted a couple of concerns with the economy from both households and small businesses. I do not know whether even \$1 billion is enough at this time, but the Treasurer has more of a sense of where the finance numbers are at today than I do. I have the quarterly numbers to the end of December and the midyear review forecast, which I am trying to understand. I also acknowledge that there was already a lot of pain in our community before the coronavirus hit, and that pain is going to increase. I am trying to get a sense of whether the Treasurer has got the balance right. I still feel that he is a little bit short on the deal now. I understand the need to keep as much powder dry as possible. I also understand the need to see what the federal government was going to do, and that came out only yesterday. I acknowledge that this is a little premature, but I am worried that we cannot leave everything to the future if everything dies in the meantime; that is what I am concerned about.

Mr B.S. WYATT: The point we have made is that ultimately we will keep watching this, but I will also be driven by bang for buck. Bearing in mind that household consumption is 40 per cent of the economy, putting \$500 million into households may have zero impact on household behaviour, but it would wipe out \$500 million that I do not then get to spend on infrastructure in the back half of the year. We have to be pretty level-headed around how we

Mr Ben Wyatt; Mr Dean Nalder; Mrs Liza Harvey; Ms Mia Davies; Mr Shane Love; Mrs Alyssa Hayden

allocate money and get bang for buck. I could spend a lot of money for no real outcome, and I want to avoid that if I can and not just spend because it feels like the good thing to do when that spend could be much better placed in the back half of this year. I think that in the next couple of years we will see that the governments of the globe are in a spending profile, so I want to make sure that we spend in the right spots.

Mr D.C. NALDER: In his second reading speech the Treasurer touched on the cost of bonds, the supply of money and what is happening globally. I experienced that during the GFC when I was in banking and all of a sudden it went up 250 basis points overnight. The budget papers indicate the budget has around 300 basis points. Even though the Reserve Bank has been dropping interest rates, does the Treasurer have a sense of what the funding rates are for the state? Is it still around 300 or has it come off?

Mr B.S. WYATT: Yes, at three years it stabilised quite well and we went to market—I will come back to the member by way of correspondence with an update on where that is at, because that is something we all need to understand. The 10-year figure had blown out, but from memory that has come back a bit since the commonwealth entered the space.

Mr D.C. Nalder: When you say “blown out”, I have not seen bond yields myself. I haven’t looked at them.

Mr B.S. WYATT: Effectively no-one was willing to buy 10-year bonds.

Mr D.C. Nalder: Okay; I understand you.

Mr B.S. WYATT: I think that has stabilised a bit. When I say that, I think that, but I will get something for the member.

Mr P.A. Katsambanis: Wait five minutes and it’ll change again, and that’s the problem we’ve got—the problem we’ve all got.

Mr B.S. WYATT: Exactly; that is right. By the end of this year, we can see what is going to happen. This COVID-19 nightmare will peak through the globe as it moves its way around, and the damage it will cause will be significant, to health, society and the economy, I suspect by the end of the year. The member knows what it is like; everything is so uncertain. The share market is up a huge amount and then it is down a huge amount. It is almost pointless now; we will not really know until later in the year. I will provide the member with some correspondence to update him on where that is all at. I think the three years was okay, but out to 10 years became a problem. After the commonwealth, the central bank, entered that fray, it stabilised it. I will get back to the member with the details.

Clause put and passed.

Title put and passed.

Third Reading

Bill read a third time, on motion by **Mr B.S. Wyatt (Treasurer)**, and transmitted to the Council.