

# Small caps' big rally

## Six fundies' top picks

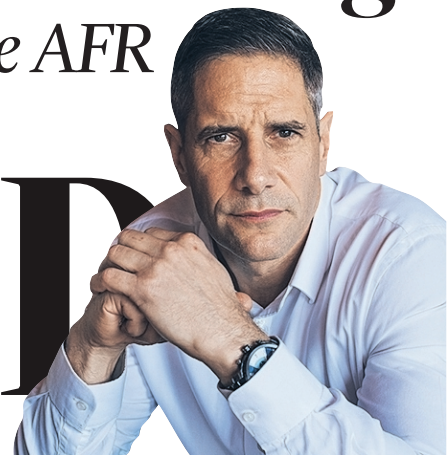
Smart Investor p26



# Roman Quaedvlieg

## Lunch with The AFR

Weekend Fin p37, News p2



# AFR WEEKEND

The Australian Financial Review www.afr.com | 23-24 May 2020 \$4 INC GST

## JobKeeper error sparks fight over \$60b in savings

John Kehoe

The federal government's JobKeeper scheme will cost \$60 billion less than forecast as the economy reopens faster than anticipated, triggering a fight between the Coalition and Labor over whether the borrowed money should be saved or spent on casual workers.

The record-breaking costing error is mainly due to a steep fall in coronavirus case numbers and to social distancing rules being relaxed sooner, enabling businesses to reopen and the economy to be more resilient than forecast by Treasury when unemployment queues surged in March.

At the time, the government was planning for a six-month "hibernation" of the economy.

In addition, errors by about 1000 businesses applying for the wage subsidies on the Australian Taxation Office website mean the number of employees enrolled is fewer than thought.

Treasury now estimates 3.5 million people will become eligible at a cost of \$70 billion over six months, almost half the 6 million workers and \$130 billion previously forecast.

Opposition leader Anthony Albanese immediately called for the "humiliating" underspend to be reallocated to short-term casual workers who missed out on the \$1500 fortnightly wage subsidy.

But Treasurer Josh Frydenberg welcomed the lower cost, saying it was "not an invitation to go and spend more".

"What has occurred is good news for the Australian taxpayer because it is all borrowed money," he said. "The economy has not deteriorated by as much as Treasury forecast."

However, unemployment was still

### Best and worst mistake ever



As far as budget cock-ups go, this will be hard to beat. Ever. Yet there is no denying that the fact the budget is \$60 billion better off than previously thought is very, very good news.

Phillip Coorey p4

- ▶ News Small business anger on casuals p4
- ▶ John Kehoe Plan to rebuild economy p16
- ▶ AFR View Wean economy off props p38

forecast to hit 10 per cent, Treasury said.

Treasury advised Parliament as recently as Thursday morning that the scheme was oversubscribed at 6.5 million workers, seemingly putting it on track to blow past the \$130 billion cost forecast. But later that night errors were discovered by the ATO and the government was informed by Treasury secretary Steven Kennedy.

The ATO and Treasury issued a joint press release on Friday afternoon, revealing that so far 2.9 million eligible people had been enrolled. Treasury expects this to grow to 3.5 million people.

About 1000 businesses that applied for the scheme on the ATO website errantly filled in the enrolment form.

The most common error was, rather than reporting the number of employees they expected to be eligible in an online box, businesses reported the dollar amount, \$1500, of assistance each expected to receive.

Continued p4

## Markets shiver as China tightens its grip on HK

Michael Smith  
AFR correspondent

Beijing | China wants to bypass Hong Kong's legislature by imposing its own national security law on the former British colony, in a move that spooked markets on Friday and would be a blow for the hundreds of Australian companies based in the Asian financial hub.

In the most emboldened of a series of aggressive foreign policy moves since the coronavirus outbreak, China outlined a draft law that would allow it to set up "agencies" to safeguard national security in the city that is supposed to retain its autonomy until 2047.

Pro-democracy lawmakers said the move was a gross breach of Beijing's commitments to Britain when the city was handed over to China in 1997 and threatened Hong Kong's future as a



Xi Jinping yesterday.

regional financial centre. Fearing a loss of independence, there were calls for protesters to return to Hong Kong's streets on Friday night.

The proposed law, which will exacerbate rising hostilities between Beijing and Washington, would allow China to punish any act to "subvert state power, organise and carry out terrorist activities and other behaviours that seriously endanger national security".

Continued p6

- ▶ Ben Bland HK move bad for business p10
- ▶ Perspective With friends like these p13
- ▶ Markets Fallout shakes indices p24
- ▶ Christopher Joye It's all about Xi p29

# ROADS LESS TRAVELLED

With nowhere else to go, looking closer to home is proving a revelation



## USER GUIDE

Off-the-radar properties worth seeking out

WHAT NEXT FOR CRUISING, HOTELS AND AIRPORTS

Weekend Fin p32, News p5



Luxury hoteliers James and Hayley Baillie are getting ready for the reopening of all the states. PHOTO: PETER BRAIG

## HEALTH BREATHING EASIER

How ResMed won the race to supply ventilators  
Companies p19



## BANKER TO THE STARS FAILURE TO LAUNCH

Whatever happened to Matthew Grounds' new shop  
Perspective p16



# Weekend Fin

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Clockwise from main: Cappella on Lord Howe Island; cruising with Captain's Choice and Longitude 131 at Uluru.

## AUSTRALIA REFRESHED

**Travel** As the states open up for holiday travel, Australians are looking at their country with fresh eyes as operators get ready for a boom in domestic tourism, writes **Fiona Carruthers**.

Following news over the past few days that NSW, the nation's most populous state, will be open for tourism from June 1, the \$45 billion Australian tourism industry has got a taste of what it can expect when borders open nationwide as phones begin ringing again and bookings finally kick in.

"We are gearing up for an incredible local tourism boom," says Tourism Australia boss Philippa Harrison. "And it's so important that this happens sooner rather than later, given the industry is made up of thousands of small operators, is a huge employer, and makes a significant contribution to the nation's GDP."

Don't get too excited just yet. Only the borders between NSW, ACT and Victoria are open at present. And even intrastate holidays have been given the green light only within South Australia – and NSW as of June 1. From June 12, you can holiday up to 250km from your home in Queensland, and from June 15, Tasmania will join the Northern Territory in relaxing its rules around camping for its residents.

But as the nation prepares to get out and about in line with strict government regulations around preventing the spread of COVID-19, we're already looking at our vast sunburnt backyard with fresh eyes.

For husband and wife luxury hoteliers James and Hayley Baillie, the restrictions mean they can't simply decamp to one of their own lodges (with their four boisterous teenage boys in tow) – although that might change by the time school holidays roll around come spring.

The Baillies are busy readying their portfolio, which includes Capella on Lord Howe Island (reopening August 29), and Longitude 131, which fronts Uluru in the Northern

Territory. "You want to be ready to accept guests as soon as restrictions are eased," says James. "The whole of Australia will be holidaying at home over the next year – things are going to eventually get busy."

The Baillies are also in rebuild mode after their flagship Southern Ocean Lodge on Kangaroo Island burnt down in the January bushfires – and they're working on new ideas for New Zealand's blueribbon Huka Lodge, which they're in the process of acquiring.

In the meantime, they have already enjoyed a temporary mini-break "refresh" of sorts. For the lockdown, they moved from their family home overlooking Pittwater to rent a house on the other side of the peninsula by Avalon beach on Sydney's northern beaches, where their boys surf. "A change is as good as a holiday," Hayley points out.

When the nation does open up, at least one thing Australia doesn't lack is diverse

holiday options. And in the era of the coronavirus, the size of the country versus the population base must comprise one of the world's best ratios for effective social distancing while on annual leave.

Tourism minister Simon Birmingham has done his bit for Australia's economy by urging state and territory governments to open their borders for the winter school holidays.

As soon as he can get some time off, he's looking to take his family "camping on Kangaroo Island and hopefully to try some oysters at Coffin Bay". He's been pushing unsuccessfully for the Queensland border to reopen well before September 1, but it hasn't put him off the sunshine state. "Some surf and sand in sunny Queensland" is also high on his bucket list.

When it comes to local tourists being let loose, a main concern remains to protect vulnerable Indigenous populations in remote areas such as the Kimberley in WA and parts of the NT and Far North Queensland, where the federal government has firm biosecurity restrictions in place.

But safe, monitored tourism is a strong kickstart for the economy, given Australians took nearly 10 million overseas trips last year, spending \$65 billion, where 5.6 million trips, or \$43.2 billion, were for holidays only.

"Australians need to get travelling in their own country," says Harrison. "Whether it's a road trip in your own state or a bucket-list option you've always wanted to do – mine is Larapinta Trail in the Northern Territory – book it."

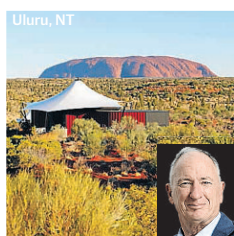
More than 95 per cent of Australia's 302,500 tourism-related businesses are micro or small ventures employing less than 20 people.

Due to widespread confusion as to what



Luxury hotelier James and Hayley Baillie are gearing up for the reopening of all the states.  
PHOTO: PETER BRAIG

### Where the aficionados want to go



**SANDY OATLEY**  
Chairman,  
Hamilton Island

Mudgee, Margaret River, WA, Uluru, NT. I'm 68 and I only got to Uluru for the first time last year and can't wait to go back. We stayed at Longitude 131 and it was superb.



**BAS BOSSCHIETER**  
CEO,  
Captain's Choice

The iconic Birdsville Races in Queensland; Myrtelford, Vic (to visit family) plus the great wineries and gourmet produce of the High Country; Ningaloo Reef, WA to swim and snorkel with the whale sharks.



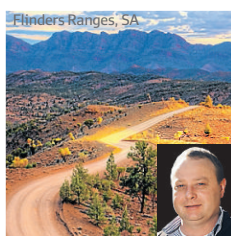
**ALAN JOYCE**  
CEO,  
QANTAS

Hobart to revisit MONA and enjoy the food and wine scene. I am looking forward to getting to Tasmania again, and I'm sure everybody will have a spot that they want to get to.



**PIP HARRISON**  
Managing director,  
Tourism Australia

A group of friends and I had booked Larapinta Trail in NT for this May. We'll definitely be doing this walk next year.



**DREW KLUSKA**  
Owner, luxury travel  
agency The Tailor

Kinrara, Qld, a sprawling big sky working cattle property that truly takes you off the grid; 4WD trips through South Australia's Flinders Ranges and Victoria's East Gippsland Snowy River country.



**JAMES AND HAYLEY BAILLIE**  
Owners, Baillie Lodges

Wolgan Valley Resort, Blue Mountains, NSW; Seal Rocks, mid-north NSW coast; Karlu Karlu (Devil's Marbles) and Nitmiluk National Park, NT.