



28 July 2020

Hon Josh Frydenberg MP
Treasurer
Parliament House
Canberra ACT 2600

Dear Treasurer,

JobKeeper Review and Extension

I refer to the announcement of changes to the JobKeeper scheme announced 21 July 2021. Whilst we wish to thank you for the extension of JobKeeper until March 2021, there are two significant issues we wish to raise.

Eligibility date requirement of 1 March 2020

The AHA is concerned as to the effectiveness of JobKeeper for businesses which have suffered long-term shutdowns – this is especially the case in “2nd wave” regions such as metropolitan Victoria. Given the length of forced shutdowns - and the nature of our highly casualised, mobile and often seasonal workforce - we are seeing the continuity of employment starting to break down.

ABS Employment data shows that our sector has the highest casual employment of any sector at 62%, with the national economy wide proportion of casual workers being only 25%. We also have the highest proportion of workers aged under 25 years at 47%. These factors combined with other factors such as seasonality and weekend work are the drivers behind a high turnover of staff.

As such, fixing the date of 1 March 2020 is an inequitable outcome for high staff turnover sectors such as hospitality, when compared with other sectors with more stable employment. The fixing of the worker eligibility date to 1 March decreases the assistance to those businesses which have been shut down the longest as they are trying to re-open.

The fact a business with a 30% loss of revenue that has kept trading is entitled to exactly the same JobKeeper wage subsidy as a hospitality business with 100% loss of revenue that was locked down is inequitable.

There is a real concern that when hospitality businesses do re-open their JobKeeper-eligible staff may have already moved on. Early estimates put this number as high as 50%. This unfortunate consequence is likely to lead to hospitality businesses being unable to re-open their doors, meaning more people out of work.

Re-set provision requested

For the reasons above, we are requesting the Government to provide a “re-set provision” of JobKeeper employee eligibility for businesses which have extended periods of shutdown, such as those in Victoria. For businesses that have undergone extended forced shutdown, such a “re-set” could take the form of a head count of JobKeeper eligible employees working in the business as at 1 March 2020. This would have the following benefits:

- Provides subsidies to employers and enables employers to provide more jobs
- Recognises the complete shut-down of the industry and displacement of workers
- Cures an unintended consequence for those businesses that have endured the greatest financial stress

A proposed solution is set out below:

- Amend the “eligible employee” definition to include new employees
- Provide that new employees are eligible for a JobKeeper payment
- But, the number of total JobKeeper eligible employees in a business to be capped at the number of employees eligible for JobKeeper as at 1 March 2020
- The rate of JobKeeper payment per individual then to be set on the number of hours worked (+/- 20 hours) in the four weeks of pay period in their new employment

Business turnover eligibility test

JobKeeper 2.0 requires a business to meet the turnover threshold test for each of the two, or in the case of the extension beyond December, the three quarters preceding. Unfortunately, this test does not take into account “lumpy” or uneven turnover being experienced as a result of the frequent changes to trading restrictions. We request that a minor change to this will accommodate circumstances such as the “2nd wave” being experienced in Metropolitan Victoria. We propose the business eligibility test be assessed as follows:

- For the first extension period of 28 September 2020 to 3 January 2021 - average over both the June and September quarter.
- For the second extension period of 4 January 2021 to 28 March 2021 - average over the June, September and December quarter.

This amended business turnover eligibility test still achieves the objective of ensuring that only those businesses with an ongoing significant decline are eligible for the JobKeeper scheme.

Conclusion

The Government has shown a willingness to move quickly where needed in these fast-changing times and to tackle unintended consequences when they arise and we thank you for that. Providing a JobKeeper employee eligibility re-set will enable those businesses forced to have closed the longest to re-open their doors and get more people into work in these times of high unemployment.

Yours faithfully



STEPHEN FERGUSON
NATIONAL CEO