

26 July 2021

COSBOA Communiqué

Financial assistance measures for the Delta variant lockdowns

SYNOPSIS

COSBOA's *COVID-19 Roundtable* provides a forum for COSBOA's member organisations to caucus issues associated with the COVID-19 Pandemic and discuss what actions might reasonably be pursued by Australian governments to maintain the economic vitality of Australia's small business sector.

The latest meeting was conducted on Friday 23 July 2021 in the midst of a record number of daily COVID cases being announced in the state of New South Wales, lockdowns in Victoria and South Australia, and more stringent border restrictions being introduced by the Queensland Government.

Noting that the NSW Government was scheduled to commence the NSW JobSaver initiative on Monday (26 July 2021), this meeting included a comprehensive discussion of the suitability (or otherwise) of the proposed COVID financial assistance programs – as viewed from the perspective of SMEs.

A summary of the key points arising from this latest roundtable meeting is provided below.

KEY THEMES

- 1. While there is some support for the reactivation of JobKeeper in the wake of the extended lockdowns in Australia, there are a series of practical implementation issues that suggest it could not be delivered quickly enough to provide meaningful support.**
 - All participants noted that JobKeeper was an outstanding initiative that provided welcome business and household relief during the past year, largely as a result of leveraging existing relationships between the Australian businesses and the Australian Tax Office.
 - Unfortunately, the need for the JobKeeper legislation to be re-enacted by the Australian Parliament means that the implementation of JobKeeper II would be a lengthy process. In addition, there would be a need to re-institute the associated IR flexibility provisions via changes to the Fair Work Act (1988) and/or temporary changes to Modern Awards.
 - Payroll services providers advised that, even after the legislation was affected, there would likely be a 2 to 4-week delay for business software providers to develop the

required business software functionality to support JobKeeper as this functionality was retired with the updates issues by the major providers on 1 July 2021.

- Participants also noted that, of itself, JobKeeper does not provide any direct relief to businesses as the money is directly passed through to employees. Rather, the success of JobKeeper was that it was complemented by other federal and state/territory government initiatives that provided support in areas like rent relief, deferral of state taxes, and insolvency protections
- Given the above considerations and the requirement for businesses to pay JobKeeper payments in advance, it would likely be 8-10 weeks before the first payments would be received by businesses. Such a delay is considered unacceptable given that many businesses, particularly those in NSW and Victoria, are already under very significant cash flow pressure.
- On balance, participants concluded that the time to re-activate JobKeeper had passed and that the nature of the current problems could not be practically remedied by such an approach.

2. JobSaver is essentially a ‘cash boost’ program (with the COVID Disaster Payment supporting employees). The initiative might therefore be better renamed Business Saver and should be solely focussed on providing cash flow assistance to distressed businesses now.

- Many participants pointed to the fact that the businesses within their respective industries were already experiencing significant financial stress and although JobSaver wasn’t perfect, it is the best available solution for the provision of immediate support.
- The requirement to ‘maintain headcount’ is creating significant confusion and concern about potential future industrial and common law risks. This issue could be resolved by the removal of the headcount requirement to create a sole focus on the objective of providing SMEs with urgent cash flow relief to maximise the number of businesses that remain viable after the lockdown has ended.
- Care needs to be taken to ensure that the needs of sole traders are properly considered in the JobSaver program and there is a need to better consider the merits of using annual revenues as a surrogate for business need.
- The *JobSaver* program might better be renamed *Business Saver* to create a clear demarcation between it and the COVID assistance program for employees. Similarly, consideration might be given to modest, broad-based state/territory levies that address the current challenge associated with supporting businesses impacted by localised lockdowns (i.e. in the wake of the apparent failure of business continuity insurance coverage of this event) by providing a pool of funds to provide cash flow assistance to businesses impacted by localised lockdowns.

3. The Covid-19 Disaster Payment for workers who have lost hours should be increased to the same level that applied during the first phase of Job Keeper (i.e. \$750 per week). JobSeeker should be returned to a similar level to maximise the potential of the economy to rebound quickly once the lockdowns are over.

- The impact on workers from losing hours is no different in the current lockdown as it was during the first national lockdown. Accordingly, the current COVID-19 Disaster

Payment should be increased to the same level provided in the first stage of JobKeeper (i.e. \$750 per week) and the Coronavirus supplement should be reintroduced for JobSeeker recipients.

- Roundtable participants believe that such increases in the payments to employees that have lost hours will create greater consumer confidence in the nation's ability to pull through the current lockdown as well as increasing the speed of economic recovery (i.e. as a result of greater aggregate household income being available when the economy reopens).

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