

Business Rebuilder Proposal

KEY ISSUES:

1. **Job Keeper Mk II** cannot be implemented fast enough to provide the support urgently needed by SMEs – particularly in NSW (In any event, the money flows straight through to employees with no financial benefit to the business). Analysis suggests that it would be 8-10 weeks before payments would flow to eligible businesses if a decision was made to pursue this option – which is too long for SMEs given that affected businesses in NSW have already suffered 5 weeks of lockdown.
2. **JobSaver** only provides support to businesses after a certain period of lockdown, during the COVID declaration period, which means it stops as soon as the COVID hotspot declaration is lifted. Unlike **JobKeeper**, where the payment continued during a qualifying quarter, the business does not have the benefit of a wage subsidy as it seeks to restore business revenues back to a sustainable level.
3. The current construct of **JobSaver** encourages businesses to maintain staff levels only up until the point when the COVID hotspot declaration is revoked – and the lockdown ends. Yet the point where jobs will be most at risk is the period after this, when businesses make decisions about reopening and rebuilding.

PROPOSED SOLUTION:

A solution that appears to have significant merit given the above issues is the development of an additional “Business Rebuilder” program to provide cashflow assistance to eligible SMEs that participated in the **JobSaver** program and are now working to get their businesses back on their feet – noting that this is the period when businesses are most likely to shed staff.

The architecture of the proposed “Business Rebuilder” program might be as follows:

- Program is available to all **JobSaver** participants and commences upon the removal of the COVID hotspot declaration (i.e. cessation of JobSaver).
- Program participants are required to re-employ on the basis of the **JobSaver** headcount for at least the first quarter after cessation of JobSaver. (This action will also address potential risks and tie staff to the business).
- Payroll tax is waived by the state/territory government for two full quarters following commencement. (In NSW, the mechanism will be operated by Services NSW).
- Rental assistance based on mediation process followed by state government funding the negotiated gap between current rent and the level negotiated between the landlord and the tenant, for two full quarters, capped.
- Continued, tailored industry support for sectors with low headcounts and high outgoings (e.g. events).

- Supporting additional rounds of state administered cash grants, appropriate to the length of lockdown.
- For program participants and sole traders who submit BAS quarterly, BAS payments are waived by the Commonwealth Government for two full quarters following commencement (businesses will be required to submit assessments but ATO will waive payment of same) – that is, mechanism will take advantage of the BAS process for SMEs.
- Eligible non-employing sole traders with annual turnover over \$75k will receive a one-off \$10k payment from the ATO in the first fortnight following cessation of *JobSaver*.
- Eligible non-employing micro businesses with annual turnover between \$30k - \$75k will receive a one-off \$5k payment in the first fortnight following cessation of *COVID-19 Micro Business Grants*.