



MASTER BUILDERS
A U S T R A L I A

21 October 2020

Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Committee Secretary

**RE: Submission to the inquiry on the Economic Recovery Package
(JobMaker Hiring Credit) Amendment Bill 2020**

Master Builders Australia is supportive of the Federal Government's 2020-21 Budget announcement to establish the JobMaker Hiring Credit and welcomes the opportunity to provide this submission.

Young workers are disproportionately impacted by economic downturns. Pre-Covid (February 2020) nearly 3.5 million Australians aged 29 or under were employed. By August 2020 this number had shrunk by nearly 300,000 workers (-8.5%). The unemployment rate for workers aged 24 and under peaked at 16.5% in June 2020, a rate only exceeded once (in January 2015 at 16.53%) since early 1998. For those aged 25-29 the unemployment rate peaked at 8.4% in May 2020, the highest rate since mid-1997.¹

Hiring credits, and other employment incentives such as the apprentice wage subsidy, can lower barriers to hiring thereby tipping business decision-making in favour of engaging a new employee.

Employer incentives must be complimented by economic stimulus that generates work, with a focus placed on sectors that offer the highest multiplier effect for government investment. In this regard, Master Builders Australia applauds the Government's HomeBuilder initiative (noting we believe the impact of this will be maximised through a 12 month extension to the end of December 2021), fast-tracking infrastructure investment, and additional support for first-home buyers.

¹ Australian Bureau of Statistics (2020), CAT:6291.0.55.001 Labour Force, August 2020

In implementing the JobMaker Hiring Credit, Master Builders Australia recommends the Government:

- Consider how best to minimise the administrative and reporting impost on small businesses. It is critical that information and processes are as simple and as streamlined as possible, for example providing the flexibility for businesses to report as part of their (monthly or quarterly) BAS rather than requiring a separate process.
- Ensure there are options for small (particularly micro) businesses to be able to demonstrate additionality through mechanisms other than a headcount. For example, natural attrition in one part of a business should not mean that a new employee hired for an unrelated role is not additional. Similarly if a business loses an employee and is actively recruiting to fill the position, they should not be penalised for a point in time reduction in the business headcount.
- Embed a six and 12-month review process to ensure the program is working as intended and to enable tweaks if necessary.

Master Builders Australia as the peak industry body representing the building and construction industry – one of the largest employing sectors in Australia – encourages the Senate to pass this important legislative amendment to increase workforce participation and improve the employment prospects for young Australians.

Thank you for the opportunity to input to this inquiry. Should you have any questions or seek further information please contact Jennifer on [REDACTED] or at [REDACTED].

Yours Sincerely

Jennifer Lawrence
Master Builders Australia