

9 July 2021

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

Email: economics.sen@aph.gov.au

ASA SUBMISSION - SENATE ECONOMICS LEGISLATION COMMITTEE - CORONAVIRUS ECONOMIC RESPONSE PACKAGE AMENDMENT (ENDING JOBKEEPER PROFITEERING) BILL 2021

Dear Mr Fitt

Thank you for the opportunity for Australian Shareholders' Association (ASA) to comment on the Coronavirus Economic Response Package Amendment (Ending Jobkeeper Profiteering) Bill 2021 (Bill).

The Australian Shareholders' Association (ASA) represents its members to promote and safeguard their interests in the Australian equity capital markets. The ASA is an independent not-for-profit organisation funded by and operating in the interests of its members, primarily individual and retail investors, self-managed superannuation fund (SMSF) trustees and investors generally seeking ASA's representation and support. ASA also represents those investors and shareholders who are not members, but follow the ASA through various means, as our relevance extends to the broader investor community.

ASA's efforts to advance and protect the interests of retail shareholders include encouraging all retail investors to exercise their right to vote at ASX-listed company meetings. We encourage companies to respect their retail shareholders and to effectively communicate with them.

Our company monitors (who are volunteers and themselves retail shareholders drawn from the member base) engage with the largest listed companies (those companies included in the S&P/ASX200 Index) prior to their AGM and attend AGMs to vote proxies and ask questions from the retail shareholder viewpoint.

[Each year ASA releases its focus issues](#) prior to the commencement of the main AGM season, as a way of ensuring companies are aware of our expectations.

For 2021, the focus issue relating to remuneration reporting is relevant to this Bill:

“The impact of COVID-19 on companies and their executive remuneration should be examined. Companies should give close consideration to repaying Government-funded COVID-19 payments before rewarding executives or paying dividends.”

The JobKeeper payment (wage subsidy benefit) was crucial to supporting employees across the economy during the initial impacts of the COVID-19 pandemic, allowing companies to retain workers and pay those who were stood down when uncertainty was greatest. Entitlement to the support was determined by changes in revenue which meant many ASX listed companies did not receive any payments.

However, a number of listed companies included in the S&P/ASX200 Index received JobKeeper payments¹. Some of these companies' businesses have since seen trading levels recover - some of these companies have thrived and some have repaid or pledged to repay JobKeeper.

ASA considers the support of employees was the highest priority in relation to JobKeeper. We also consider repayment of JobKeeper should be one of the considerations for directors when the board determines whether any incentive payments should be made to executives.

We value the data provided by Ownership Matters in its submission in identifying which companies have received JobKeeper payments and which have repaid it.

Regarding the wording of the bill, we are unable to provide any insight on the effect or practicality of delaying of an entities entitlement to claim input tax credits for a ten-year period if the entity doesn't voluntarily pay the sum defined as profiteering from JobKeeper payments.

We consider some of the terms used in the bill need to be defined more precisely to calculate the exact numbers for repayment by which entities.

Company profit for ASX listed companies usually means taxable, underlying or statutory profit. Remuneration schemes have variable components some of which have the nature of a bonus.

We see the reference to entities to mean legal entities. Listed companies may incorporate a large number of legal entities. With subsidiaries and partially owned businesses, the consolidation (in the accounting sense) to calculate the JobKeeper payments received will be complex using line data provided by ABN number.

The bill as currently worded will however allow further analysis by entities such as Ownership Matters.

If you have any questions about these comments or other matters, please do not hesitate to contact me, or Fiona Balzer, Policy & Advocacy Manager on [REDACTED]

Yours sincerely

[REDACTED]

John Cowling
Chief Executive Officer
Australian Shareholders' Association

¹ Ownership Matters submission dated 6 July 2021 to Inquiry into Coronavirus Economic Response Package Amendment (Ending JobKeeper Profiteering) Bill 2021
https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/TLABjobkeeperprofiteering/Submissions