

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into the Australia's creative and cultural institutions

2020 - 2021

Division: Labour Market Policy Division
Topic: JobKeeper and JobSeeker
Reference: Written 05 February 2021

Question:

1. A number of inquiry participants have suggested that a significant proportion of entertainment industry workers were ineligible for JobKeeper. What are the eligibility requirements for JobKeeper and JobSeeker? Can you please provide an overview of the application process?
2. How many people apply for JobKeeper compared to JobSeeker? Of those, how many are successful compared to unsuccessful?
3. Some inquiry participants are of the view that JobKeeper does not support organisations to retain freelance skills and services across multiple short-term contracts which has restricted those organisations' capacity to respond and prepare for reopening. Do you have a view?
4. Are they the people who have fallen through the gaps and is there another method of support available to those people apart from JobSeeker payments?

Answer:

1.

JobKeeper

An eligible employee for the JobKeeper Payment is an employee who on 1 July 2020 was:

- employed by the business in a:
 - full time or part time permanent position;
 - casual position on a regular and systematic basis for longer than 12 months;
 - or
 - fixed term contract arrangement.
- aged 18 years or older. 16 and 17 year old employees may also qualify for fortnights before 11 May 2020, and may continue to qualify after that if they are independent or are not undertaking full time study.
- an Australian citizen, permanent visa holder, or Special Category (SubClass 444) visa holder.

To be eligible, employees must also:

- remain employed by the business (includes employees who are stood down or who were made redundant after 1 March 2020 but rehired);
- not be in receipt of government paid parental leave or Dad and Partner Pay;
- complete the nomination form provided to them by the employer which confirms that they agree to be nominated by the employer, they have not been nominated by another employer, and they are not a casual employee with the employer but also have a permanent job with another employer.

Further information relating to the eligibility of employees for the JobKeeper Payment is available at

www.ato.gov.au/General/JobKeeper-Payment/In-detail/JobKeeper-tests/Employee-test-requirements/

The JobKeeper Payment can be claimed by employers, sole traders and other entities who met the eligibility criteria. It is not paid to employees. If an entity is eligible, they can choose to apply. Sole traders, partnerships, trusts and companies may be eligible for the JobKeeper payment under the business participation entitlement rules. To apply for the JobKeeper Payment, entities need to enrol for the payment, check their eligibility including if their business has experienced the relevant decline in turnover according to the eligibility criteria, identify their eligible employees or eligible business participants and make a business monthly declaration. The JobKeeper Payment is administered by the Australian Taxation Office and more detailed information about the application process is available on www.ato.gov.au More information on the application process is available at:

<https://www.ato.gov.au/General/JobKeeper-Payment/>

JobSeeker

JobSeeker Payment is the main income support payment for unemployed people of workforce age who have capacity to work now or in the future. It is designed to provide a safety net for people who require financial assistance, while maintaining incentives for people to join or return to the workforce. There are a range of eligibility criteria and requirements (see link for more detail): <https://www.servicesaustralia.gov.au/individuals/services/centrelink/jobseeker-payment/who-can-get-it>

In response to the coronavirus pandemic, access to JobSeeker Payment was expanded (see link for more detail): https://treasury.gov.au/sites/default/files/2020-11/Fact_sheet-Income_Support_for_Individuals.pdf

2.

JobKeeper

The first phase of JobKeeper (March to September 2020) supported around 1 million businesses, covering over 3.8 million employees.

To date, the first quarter of the extension phase (October to December 2020) has supported around 525,000 businesses, covering an average of 1.6 million employees.

Data is not yet available for the second quarter of the extension phase (January to March 2021).

Individuals do not directly apply for JobKeeper as the payment is delivered to employers.

JobSeeker

For the period of 30 March 2020 to 31 January 2021, 1,458,349 JobSeeker Payment claims were granted.

3.

Freelancers may be able to benefit from the JobKeeper Payment depending on their relationship with the organisation using their services. In some cases where freelancers are engaged with businesses as a fixed-term contract employee the business may be able to receive a JobKeeper Payment directly for the freelancer.

In addition to supporting eligible employees (including those employed on fixed term contract arrangements) the JobKeeper Payment may also support freelancers who may be eligible to participate in the JobKeeper scheme as business participants. An eligible business participant is an individual who is actively engaged in the operation of their business and is not an employee of the business. In this case the freelancer's business would be entitled to a JobKeeper Payment directly.

Further information relating to the eligibility of business participants for the JobKeeper Payment is available at www.ato.gov.au/General/JobKeeper-Payment/Sole-traders/

4.

The Government has temporarily expanded eligibility and relaxed means-testing for income support payments, including JobSeeker Payment. From 25 March 2020 until 31 March 2021, stood-down permanent employees, sole traders, the self-employed, casual workers and contract workers may be eligible for JobSeeker Payment. In addition, the Government waived the assets test and Liquid Assets Waiting Period from 25 March 2020 until 24 September 2020 and reduced the partner income taper rate so that an individual with a partner earning up to around \$80,000 per year can continue to receive JobSeeker Payment.

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into the into Australia's creative and cultural industries and institutions

2020 - 2021

Division: Individuals and Indirect Tax Division

Topic: Tax incentives and art

Reference: Written 05 February 2021

Question:

1. One submission has noted that Division 376 of the Income Tax Assessment Act 1997 is being amended to streamline the Producer Offset to 30% across film and TV. Can you please provide an overview of these changes?
2. An inquiry participant has recommended that screen tax offsets be provided for game development. Which cultural and creative industries are eligible for the tax offset and which are not?
3. A submission has recommended extending tax incentives from 1 July 2021 to pre-production costs for live productions (commercial theatre and subsidised companies) to assist Australian producers to attract investment. Do you have a view on this recommendation?
4. An inquiry participant has suggested a number of changes to the tax system including a review of the regime for 'cultural goods'; removing restrictions on self-managed super funds investments into artworks; a re-introduction of fractional gifting program; and the introduction of new venture philanthropy incentives. Do you have a view on any of these recommendations?
5. What tax incentives or other measures do we have to encourage a greater contribution from philanthropic and sponsorship sources? How are these existing incentives promoted?

Answer:

1. In the 2020-21 Budget, the Government announced the harmonisation of the Producer Tax Offset for both film and television production at 30 per cent (previously 40 per cent for film and 20 per cent for television and non-film) as part of its package to support Australian screen content and the development and production of local film and television. This change reflects the increasing prominence of streaming services and the different ways in which people now consume media.

Separately, as part of the July Economic and Fiscal Update (JEFU) 2020, the COVID-19 Response Package Communications, Online Safety and the Arts measure included an extension to the location incentive to support the screen industry attract international investment in the screen industry.

2. Film, television and other screen productions are eligible for the Australian Screen Production Incentives, which includes the Producer Offset, Location Offset, Post, Digital and Visual Effects Offset and the Location Incentive grant program.

3. The JobMaker Plan for the Creative Economy (announced on 25 June 2020) provides \$250 million over one year to support the arts sector and comprises five key measures:
- \$75 million for the Restart Investment to Sustain and Expand (RISE) Fund, which aims to reactivate productions and tours
 - \$90 million for the Show Starter Loan Scheme
 - \$50 million for the Temporary Interruption Fund, administered by Screen Australia, to support Australian screen production
 - \$35 million for the COVID-19 Arts Sustainability Fund to support significant Commonwealth-funded organisations
 - Establishment of the Creative Economy Taskforce.

Film and TV producers are eligible for the Producer Offset and therefore can offset pre-production costs on qualifying expenditure. As part of the changes announced in the 2020-21 Budget, the minimum qualifying Australian production expenditure (QAPE) threshold will be increased to \$1 million for film content. The changes do not include any change to the scope of the Producer Offset or definition of production expenditure or QAPE.

4. The Government encourages philanthropy through various tax incentives and concessions, and by creating a supportive regulatory environment.

Not-for-profit organisations, including some cultural organisations, have access to a wide range of Government support through the tax system. Depending on the type of organisation, this can include income tax exemptions, fringe benefit tax exemptions or rebates, GST concessions and Deductible Gift Recipient endorsement.

Certain not-for-profits, such as trust and foundations, are also able to receive refunds of franking credits. This is a vital source of income for philanthropic trusts and foundations and enables them to provide more grant funding to charities.

Any additional proposals targeted at supporting cultural organisations through the tax system would need to be considered taking into account the current tax arrangements for such entities.

5. See the response to question 4 above.

Entities endorsed as Deductible Gift Recipients (DGRs) are entitled to receive donations which are deductible from the donor's income tax, including where the donor is a corporation.

DGR status is published on the Australian Business Register (ABR), allowing the public to find endorsed organisations to donate to.