

Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into Coronavirus Economic Response Package Amendment (Ending Jobkeeper Profiteering) Bill 2021

Division: Labour Market Policy Division
Topic: JobKeeper review - downturns
Reference: Written
Senator: Anthony Chisholm

Question:

The income increases received by this group of part-time employees constitute an income transfer, not a wage subsidy, as illustrated in Figure 1. Two other groups receiving income support via JobKeeper are stood down employees, and employees on reduced hours receiving top-up payments.

Overall, it is estimated that around a quarter of the total value of JobKeeper payments constituted income transfers to individuals, consistent with one of the three underlying objectives of JobKeeper to be an alternative means of income support while retaining the connection between employees and their employer.

By corollary, around three quarters of JobKeeper payments constitute a wage subsidy to the employer. This split between income transfer and wage subsidy will vary with economic conditions. As the labour market improves and the hours of stood down or reduced-hours workers are increased, the wage subsidy share of JobKeeper payments will begin to rise and the income transfer share will fall.

p.50 - <https://treasury.gov.au/sites/default/files/2020-07/jobkeeper-review-2020.pdf>

1. That was in June 2020, published in July, reflecting the original model and expectations. Given that around 15% of the program was paid to firms with rising earnings and a further 20 per cent didn't have the forecast downturn, meaning that a significant population in the scheme didn't conform to this model, has Treasury remodeled that relative split between the portion that ended up as a wage subsidy to employers and the portion that was income transfer to individuals?

2. In a situation where a firm entered the scheme with a forecast of downturn, but didn't experience that, what portion of JobKeeper is benefit to the employer?

Answer:

Treasury published an Insights from the first six months of the JobKeeper Payment report on 11 October 2021 and this data can be found in the report. It can be found on the following webpage: <https://treasury.gov.au/publication/p2021-211978>.