

24/04/2020

Dear Mr Irons,

I am writing this to you because I am not sure who can help. It is in relation to the JobKeeper Package.

My name is Kevin, I own F5 Coffee Co in Belmont. We are a small family owned café, tucked away on Belvidere St. We are well known in our community as being friendly, welcoming, helpful and outwardly focused in our approach to business.

Our staff are like family, and looking after them has been a top priority in this unprecedented time.

We, like many other businesses have been flying by the seat of our pants in the last 2 months.

Since the Prime Minister has been doing press conferences, I have been listening intently to what has been communicated. The decisions I have made has been based in good faith regarding the government's choice of words, as well as my desire to be a reliable employer to my staff, and being present in the community as a calming voice/presence amongst the turmoil.

Leaving takeaway coffee available to people was a good move for the wellbeing of communities, and we feel like we have been extremely useful to ours. Unfortunately, it has been extremely difficult to operate business when things change so fast, and there are plenty of days I wish we had been closed down entirely. It would be simpler, my family and I would be fine, and I wouldn't have to make decisions about staff wellbeing vs business viability.

Back to the press conferences.

There were takeaways that stuck with me as a small business owner. There seemed to be a desire to support small business. There was a desire to see small businesses innovate their way through this. There was a desire to see people remain employed. There was a lot of talk about good faith, and the spirit in which subsidies were offered.

At that time, I was wrestling with the decision to close. My family and I would be fine, and my 10 staff would likely come back after the close, as we offer a fabulous workplace for people.

On the other hand, from day 1 we made the decision to persue usefulness over profits. Shutting up shop and retreating into isolation and only considering my family seemed like a small minded choice. Having said that, my stress and anxiety was through the roof, I would not judge anyone who made the choice to close. I made a choice of my own in good faith the government's actions would not exclude us.

ScoMo had just told us there was more benefits coming the way of small business (at the time in between PAYG relief and JobKeeper). I was impressed by the heart of Scott Morrison. I felt like the spirit of the JobKeeper arrangement, even without the details present, lined up with our philosophy of being useful to as many people as possible.

From my sleep deprived, depressed and anxious position I decided to gear up and take a swing at trading through this. Surely we could find a way to keep people employed, even if it meant running at a loss. After all, JobKeeper would help pad the numbers and make it viable for the short term, and the benefits would be huge for my team.

We began a crazy 2 weeks or so of innovation. We set ourselves up online, we started offering home delivery, we started trading nights. For our little shop this was mega. The number of hours over the 2 weeks I put in, and my key staff put in took me back to when we first opened 4 years ago (not a pleasant experience). But it would be worth it right? JobKeeper would make this endeavour worthwhile.

Fast forward to the JobKeeper legislation. As a business we have been up at least 25% on previous year since we opened, so we were relying on the alternative test to qualify. We were believing for a version of the test that would give us the ability to calculate our comparable sales period based on the easily identifiable growth across our BAS statements from previous reporting.

We also believed that we would fit into the 'scaling up' category. Comparing sales now, with delivery and dinner service, against previous years without it was an unfair way to calculate revenue loss.

To outline our position, because we are trading so much more and offering more services, our sales numbers are comparable (maybe a little less) than what they would have been without the restrictions put in place by the government. For what it's worth, our annual turnover is in the vicinity of \$500K

If we had maintained our heading, and not innovated, we would be eligible, as our sales across the time we usually trade dropped 30%.

We have 4 staff on our books who are not eligible for JobKeeper. We saw this as a way for them to keep their jobs, even if it meant running unprofitably for a time. JobKeeper would cushion that blow. To be clear about it, traditional trading hours plus JobKeeper would be more beneficial to my business than the innovation we undertook to keep everyone (include the non-eligible ones) employed even with Jobkeeper factored in.

This is caused by the vastly increased labour cost of the extended trading vs the sales generated. We knew the labour costing would be unviable, but Jobkeeper would cover that. There were other setup costs as well, as well as higher food costs (cheaper selling price) because of the community's vulnerability.

But as it currently stands, it seems like we do not qualify for JobKeeper. None of the alternative testing criteria accurately represent how severely our business has been affected.

I can hand on my heart say we are acting in the spirit of JobKeeper. By scaling the business up, we kept additional staff employed that otherwise would not have had employment. If we had not started to run the night business and delivery in order to do keep people in jobs, we would be eligible for JobKeeper. It's not like the business model is profitable... doing the same sales with massive labour costs to cover additional trading hours is severely affecting my business' viability.

As the business owner, had I acted selfishly and scaled my labour costs back, maintaining our standard service offerings, we would receive JobKeeper and I would be in a better position that I am now.

The government asked us to innovate and find ways to keep people employed. I sacrificed my profitability in good faith that my actions to protect employees' livelihoods would be in line with

government objectives.

We have acted in good faith towards the government's direction to keep people in jobs. I think there should be precedent for this in the decision-making process. We don't really fit the legislation, is there space somewhere in the commissioners' discretion for our case to be heard?

I am simply asking for the same incentive I would receive had I not acted to preserve employees jobs. If I chop the nights and home delivery in May, we will qualify for JobKeeper. 4 people will have their hours slashed to almost nothing as a result. How is this in the spirit of JobKeeper?

I am hoping you might be able to provide some guidance on how I might proceed. The deadline for April is 6 days away at the writing of this letter.

Thankyou so much for taking the time to read this letter.

Best Regards,

Kevin Pietsch

