

Economic Update

27 March 2020

ACCI has today written to the PM and Senior Ministers proposing two new measures which could be considered as part of the Federal Government's next tranche.

First, ACCI proposes a Coronavirus Jobs@Risk scheme in which the Federal Government would subsidise 80 per cent of the wages of affected employees and sole traders, similar to the wage subsidy scheme announced by the United Kingdom.

ACCI is also proposing a 'rental holiday' for heavily impacted businesses to complement Jobs@Risk.

The Jobs@Risk scheme would:

- Be capped at average weekly earnings for each employee
- Apply to employees from any sized business and also to sole traders
- Apply to existing permanent full and part time employees, including those that have been temporarily stood down
- Is paid to the business so that the employees are paid through current payroll arrangements which can be monitored through single touch payroll
- Is backdated to apply from the Federal Government's announcement in response to the Coronavirus that impacted the business
- Is accessed by businesses through a simple process.

Subsidising the wages of workers affected by the COVID-19 pandemic would be a sensible way to retain critically important employment relationships and ensure businesses are service-ready to recommence trading after this challenging health and economic crisis.

Eligible businesses would include those which have temporarily closed or who have been substantially affected by trading restrictions imposed by government including travel bans.

Eligible employees would include those who had been stood down without pay as well as staff that are maintaining the business assets.

Second, a rental holiday scheme for the most heavily impacted businesses would complement Jobs@Risk. For businesses forced to close, rental assistance through the tax system could be made available. The deductibility of rental expenses and the claiming of tax losses arising from them could be claimed for the period from the date they were required to close until 30 June 2021 without it needing to be claimed against profits.

This guarantee of refund on rent paid will provide surety for banks to lend to cover the rental payments or provide assurance for companies that can self-fund their rental payments to June 2021.

The jobs@risk and rental holiday schemes would complement and not preclude other targeted assistance measures, or bolder and more comprehensive intervention to support the economy. They maintain employment and business relationships that are crucial to the ability of the economy to bounce back, and acknowledges that if businesses shut down, restarting them, rehiring workers, and re-establishing economic relationships can all be very costly.

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