

27 November 2020

Manager
JobKeeper Division
Treasury
Langton Cres
Parkes ACT 2600

Dear Manager

JOBMAKER HIRING CREDIT RULES

The ARA is grateful for the opportunity to provide a submission on the exposure draft of the JobMaker Hiring Credit Rules.

As Australia's largest retail industry group, the Australian Retailers Association's (ARA) represents around 7,500 independent and national members and, since 1903, has been the trusted voice for Australia's \$340 billion retail sector, which employs more than 1.2 million people.

The ARA in principle welcomes the Government's initiative in providing a stimulus measure in the 2020-21 Commonwealth Budget. We know that JobMaker Hiring Credits aim to create jobs through incentivising businesses to hire more employees during this recession.

There are barriers to the JobMaker Hiring Credit Rules which unfortunately will have unintended consequences for how the policy will manifest in real terms.

The JobMaker Hiring Credits are only available to those between the ages of 16 to 35 and this places employers in a difficult position when hiring a potential employee. The ARA understands that there is a Commonwealth carve out for positive discrimination however this is not in the exposure draft and has not been clearly communicated to businesses.

Small business owners will be hesitant to register and be a part of this programme if there is lack of clarity around whether they are safe from discrimination laws. In addition, the notion of businesses discriminating against candidates based on anything other than merit is not encouraged in the business community. Many businesses would choose not to engage in this practice and subsequently the JobMaker Hiring Credit for ethical reasons.

The ARA acknowledges that the JobMaker Hiring Credits aim to increase employment in Australia and have developed this policy with the inclusion of a head count criteria to ensure that in each reporting period, there is a head count increase in order for the business to be eligible for the credits.



Section 29 of the exposure draft states:

1. *For the purposes of paragraph 26(1)(d), if the number of employees employed by an entity at the end of the last day of a period exceeds the entity's baseline headcount for the period:*
 - a. *The entity has a headcount increase for the period; and*
 - b. *The amount of the excess is the headcount increase amount for the period.*

Although the intention behind this policy is clear, in practice it is a barrier for entry. Retail trading is seasonal and during the Christmas trading period, there is a significant increase in staff loading, in particular casual staff. Once the Christmas trading period is over, demand reduces and there is a significant decrease in staff employed. Assuming some of these staff members leave the business before the reporting period, the business is not able to access the JobMaker Hiring Credit for that period despite having hired a staff member for some or a majority of the reporting period if at the end of the reporting period there is not a net increase in headcount.

Over the course of 52 weeks, there will only be 8 check points where employees are required to report their overall headcount. Although the ARA appreciates reduced red tape in the way of minimal reporting periods, this poses significant unintended consequences. Businesses will be hesitant to hire staff under the JobMaker Hiring Credits scheme due to the lack of certainty involved in this policy. Businesses don't know whether they would qualify for the credits because staff members can come and go which is something an employer is not able to control. Through no fault of their own, businesses may no longer be eligible for the credits simply because someone they have hired in good faith have left the business prior to the reporting period. In practice, this will disincentivise employers because it is another barrier to access.

Assuming the employer has managed to ensure that the staff members they have hired during a particular reporting period do not leave the business, businesses must still ensure that the staff members they have hired were already on Jobseeker or other welfare such as Youth Allowance for the JobMaker Hiring Credits to apply.

There is lack of clarity in the existing exposure draft around whether the onus will be on business owners to determine whether their candidates are eligible for the hiring credits. The ARA understands there is an online process once a business has registered to participate in the JobMaker Hiring Credits scheme however the eligibility element of the online process does not apply until after claims processes have been made for the credits. This leaves small businesses having to go through almost the entire online process before finding that they are in fact unable to access the JobMaker Hiring Credits because their candidate was ineligible.

JobMaker Hiring Credits are not available until February 2021 where payments are made in arrears from October 2020. The retail sector is seasonal and even if the aforementioned barriers to entry did not exist, small businesses which make up 95 per cent of the ARA, would not be able to take advantage of the Commonwealth offering. Small businesses have very little cash flow and not being able to access the credits for the Christmas trading period ultimately leaves little to desire of the policy measure.



The JobMaker Hiring Credits are a great policy measure in principle as the desire to boost employment in this country is critical to the COVID recovery we need. However, there cannot be an economic recovery without a retail recovery and unfortunately there are a multitude of unintended consequences as a result of the way this policy aims to be implemented.

The ARA are grateful for the opportunity to make this submission and for being invited to be a voice on the series of consultations for this stimulus measure. We appreciate that some of the issues that have been raised in consultations have been tabled and will continue to be discussed. However, the JobMaker Hiring Credit Rules, in its existing state, have too many barriers to entry and no immediate cash incentive for retailers to benefit from.

If you would like to discuss anything further, please do not hesitate to contact [REDACTED]
[REDACTED].

Yours sincerely,



Paul Zahra
CEO