

**Australian Government Response to**

**Questions on Notice**

**11 June 2021**

## Question 1 – Update on the number of JobKeeper workers who lost employment following the end of JobKeeper

**Excerpt from transcript**

JUSTICE ROSS:  Mr Mullaly - yes.  Mr Mullaly, can I just ask you a question about that issue, and the impact of the cessation of the JobKeeper payment?  I think in March the Secretary of the Department was, before estimates, estimating that at that stage it was expected that between 100 and 150,000 people might lose their jobs once JobKeeper ended.  In a more recent speech on 18 May the Secretary indicates that estimates from the single touch payroll microdata for the fortnight ending 11 April indicate that between 16 and 40,000 former JobKeeper workers lost employment, and he makes this observation that this early data appeared to confirm that the job losses associated with the end of JobKeeper won't derail the broader labour market recover, which is consistent with what's said in the budget papers.  The bit I'm interested in, he then says, 'Treasury will continue to monitor both these metrics going forward.'  What I'd ask, given we've got labour force data later this week, and we have I think the single touch payroll microdata available early next week for that fortnight, whether Treasury can submit a short paper based on those data, what's it's updated assessment of the employment losses associated with the end of JobKeeper?

MR MULLALY:  Thanks, your Honour.  What I can do is provide an indication of what is in our budget numbers that were released last week, and as you've indicated, there's been significant momentum and strength in the labour market since the Secretary made those remarks in March in front of senate estimates.

JUSTICE ROSS:  Just to be clear, Mr Mullaly, I am not seeking a simple restatement of what's in the budget papers.  I can read that.  It's just that the Secretary said in his speech the Treasury will continue to monitor these metrics going forward, and Treasury has obviously altered its view, you know, understandably.  You're trying to make an estimate before something actually happens, then you're reporting on what has actually happened.  I just want to know what that assessment is in the light of the new data that's going to be available later this week and next week.

MR MULLALY:  So what I could propose is that if the outcomes of the labour force, and just noting that the outcomes for the June quarter will not be known until July - - -

JUSTICE ROSS:  No, I appreciate that.  I know that.  But look, I know there is a reluctance to - and I understand the position you're in.  But if it helps, we can ask the Secretary to come along, and we'll put the question directly to him.  So one way or another, he says that they will continue to monitor the metrics.  He is obviously alive to the issue because he has commented on it in a public speech, and we just want to know where that's going.  That's all.  So perhaps if you raise it directly with him, and if there is any difficulty in responding, then you come back to my chambers.  Okay?  And if we need to take any further steps, we will.  All right?  We'll deal with it that way.

MR MULLALY:  We can also - if there is a significant change in terms of our outlook in terms of the data releases, we would be happy to provide further information and our assessment to the commission.

JUSTICE ROSS:  I am not seeking it to be governed by if you are shifting the budget outlook or anything like that.  It's just that the secretary has shifted his position, and I just want to know whether there is going to be any further shift in the light of new data.  That's all.  So if you can put that to him.  And if you can then - if he can let us know once the new data becomes available, okay?

MR MULLALY:  That's fine.  I just (indistinct) opening statement.  So as I mentioned, the conclusion of the JobKeeper is not expected to interrupt the recovery in the labour market, nor hinder growth in the broader economy.  However, there are key uncertainties surrounding the outlook for the labour market; ongoing outbreaks of the virus overseas, prolonged border closures, and to a lesser extent, the end of the JobKeeper payment all pose significant risks.

## **Response**

Early indicators suggest that, while there have been some job losses associated with the end of the program and there may be more in the future, the strength of the broader labour market has meant that many of these individuals are finding jobs.

The Australian Bureau of Statistics has indicated that the end of the JobKeeper wage subsidy did not have a discernible impact on employment between March and April and that changes could reflect usual month-to-month variation in the labour market and some larger than usual seasonal changes around Easter and school holidays.

The unemployment rate fell to 5.5 per cent in April, over a percentage point lower than it was in December, and the number of people receiving unemployment benefits has fallen by around 150,000 since the end of March.

Other partial data which provide some insights are the latest Single Touch payroll data. These data suggested that up to 40,000 former JobKeeper workers lost employment in the first two weeks following the end of JobKeeper. We now have an extra two weeks of data and across the four weeks, around 56,000 former JobKeeper workers lost employment.

In terms of the net labour market impact, it’s worth remembering that around 400,000 people move into and out of employment in a normal month and we would expect many of those who lost employment at the end of JobKeeper to regain employment in coming weeks. The May labour market report, to be released on 17 June, will provide the next comprehensive update on developments in the labour market since the end of JobKeeper.

Along with elevated levels of job advertisements, these data continue to give us confidence that the labour market has the underlying strength to absorb workers transitioning off the JobKeeper Payment.

In line with our upgrade to the GDP outlook in the Budget, we expect the unemployment rate to fall to 5 per cent by June 2022 and beyond this to 4½ per cent in 2023-24.

## Question 2 – Data on the number of employees on the JobKeeper Payment at the conclusion of the program, broken down by industry and business size

**Excerpt from transcript**

MR CLARKE:  Yes, thank you.  With me is also Mr Damian Kyloh and Dr Margaret McKenzie.  I am just picking up on a couple of points that were raised or discussed in exchange with the Commonwealth, particularly in relation to the JobKeeper payment, and I note your Honour's request for further information.  I am not sure whether this is likely to be revisited or not, but one of their questions that was asked in the consultation question to the government on the last - written question - was about the split in JobKeeper payments in terms of - not only in terms of business size, but how many were employees versus how many might have been receiving, you know, the (indistinct) stream of the payment which was managers in business.  And the response at that time was that the information is not presently available, but it would certainly, I think, add to the panel's understanding if that information did become available.

JUSTICE ROSS:  Well, I might put that to Ms Durbin.  Ms Durbin, if you can make further enquiries as to whether that information is available, and if not, if you are aware of when it may become available.  If it is available at the moment, it would be appreciated if you could provide it as soon as possible.

MS BERGER-THOMSON:  Hi, it's Laura Berger-Thomson here from the labour market policy division in Treasury.  So we have some data available at the moment, but the data that we have available with those breakdowns is only available for the March quarter as a whole.  It's just a bit more reliable, given some of the timing lags that we have in terms of the collection and the processing of the data that the ATO receives.  So I am very happy to provide the panel with those breakdowns for the March quarter as a whole, but we don't actually have the March month data available yet, and that will come through over the course of the next month or so.

JUSTICE ROSS:  Well, if you could provide that data, Ms Berger-Thomson, and if you can let us know when the monthly data is likely to be available, and that will give us an idea.

MS BERGER-THOMSON:  No worries.  I'm happy to do that.

JUSTICE ROSS:  Thank you.

## **Response**

Table 1: Industry by individuals for the March quarter 2021, as at 23 May 2021

|  |  |
| --- | --- |
| **Industry** | **Individuals\* Number (%)** |
| Construction | 155,844 (14.0%) |
| Professional, Scientific and Technical Services | 151,088 (13.6%) |
| Accommodation and Food Services | 105,235 (9.5%) |
| Transport, Postal and Warehousing | 95,703 (8.6%) |
| Administrative and Support Services | 89,305 (8.0%) |
| Manufacturing | 71,323 (6.4%) |
| Other Services | 79,030 (7.1%) |
| Retail Trade | 58,082 (5.2%) |
| Arts and Recreation Services | 65,511 (5.9%) |
| Health Care and Social Assistance | 52,080 (4.7%) |
| Education and Training | 44,357 (4.0%) |
| Rental, Hiring and Real Estate Services | 34,030 (3.1%) |
| Wholesale Trade | 30,242 (2.7%) |
| Agriculture, Forestry and Fishing | 21,797 (2.0%) |
| Information Media and Telecommunications | 24,601 (2.2%) |
| Financial and Insurance Services | 16,384 (1.5%) |
| Public Administration and Safety | 7,074 (0.6%) |
| Mining | 4,855 (0.4%) |
| Electricity, Gas, Water and Waste Services | 3,258 (0.3%) |
| Other\*\* | 339 (<0.1%) |
| **TOTALS** | **1,110,138** |

\* Individuals includes employees and eligible business participants for whom an entity has a processed application and a payment has been disbursed for at least one JobKeeper fortnight in the March 2021 quarter.

\*\* ‘Other’ includes organisations with no industry code/categorisation reported, or ATO business industry codes that are out of ANZSIC scope.

Table 2: Industry by individuals for March 2021, as at 19 May 2021

|  |  |
| --- | --- |
| **Industry** | **Individuals\***  **Number (%)** |
| Construction | 142,499 (13.9%) |
| Professional, Scientific and Technical Services | 139,541 (13.6%) |
| Accommodation and Food Services | 97,066 (9.5%) |
| Transport, Postal and Warehousing | 88,513 (8.6%) |
| Administrative and Support Services | 82,469 (8.1%) |
| Other Services | 72,711 (7.1%) |
| Manufacturing | 66,559 (6.5%) |
| Arts and Recreation Services | 59,929 (5.9%) |
| Retail Trade | 53,470 (5.2%) |
| Health Care and Social Assistance | 48,038 (4.7%) |
| Education and Training | 40,892 (4.0%) |
| Rental, Hiring and Real Estate Services | 31,350 (3.1%) |
| Wholesale Trade | 28,279 (2.8%) |
| Information Media and Telecommunications | 22,723 (2.2%) |
| Agriculture, Forestry and Fishing | 20,353 (2.0%) |
| Financial and Insurance Services | 15,183 (1.5%) |
| Public Administration and Safety | 6,435 (0.6%) |
| Mining | 4,435 (0.4%) |
| Electricity, Gas, Water and Waste Services | 2,985 (0.3%) |
| Other\*\* | 323 (0.0%) |
| **Total** | **1,023,753** |

\* Individuals includes employees and eligible business participants for whom an entity has a processed application and a payment has been disbursed for at least one JobKeeper fortnight in the March 2021 quarter.

\*\* ‘Other’ includes organisations with no industry code/categorisation reported, or ATO business industry codes that are out of ANZSIC scope.

Table 3: Average number of organisations by payee range, as at 23 May 2021

|  |  |  |
| --- | --- | --- |
| **Payee Range\*** | **March quarter 2021 Number (%)** | **March 2021 Number (%)** |
| 1 | 255,960 (69.6%) | 245,589 (69.3%) |
| 2-4 | 74,871 (20.4%) | 73,512 (20.8%) |
| 5-19 | 29,084 (7.9%) | 28,267 (8.0%) |
| 20-49 | 3,830 (1.0%) | 3,718 (1.0%) |
| 50-99 | 897 (0.2%) | 862 (0.2%) |
| 100-499 | 574 (0.2%) | 555 (0.2%) |
| 500+ | 70 (<0.1%) | 68 (<0.1%) |
| Other | 2,334 (0.6%) | 1,597 (0.5%) |
| **Total** | **367,621** | **354,168** |

\* Payee range shows the number of individuals per processed JobKeeper application.

\* Individuals (payees) includes employees and eligible business participants for whom an organisation has a processed application and a payment disbursed.

The JobKeeper data remain subject to revisions as organisations may complete late applications, amend/adjust their application and applications processed may be subject to compliance activities. Additionally, the ATO is able to pay any outstanding amounts to eligible businesses until 31 March 2022. As such, finalised data for the full JobKeeper program will not be available until after that time. However, the data provided below are indicative of the final numbers.

## Question 3 – Status of legislation on Medicare, Superannuation and Child care subsidy

**Excerpt from transcript**

JUSTICE ROSS:  Just before you do, Ms Durbin, I wanted to take you to paragraphs 3, 4 and 7 of the ACTU post-budget submission.  Can you turn those up?

MS DURBIN:  I will just take a couple of minutes to pull them up, your Honour.

JUSTICE ROSS:  Well, I can let you know the essence of what they say is that the announced intention to remove the $450 monthly income threshold for the making of superannuation contributions, the childcare subsidy and the Medicare levy threshold change, whilst the ACTU welcomes those initiatives, the essence of their submission is that the panel should not take those into account until the relevant legislation is passed.  And my question to you is, well, if you take the $450 a month super threshold, budget paper 2 at page 26 indicates that the government expects this to be legislated prior to 1 July 2022.  Do you have any further information about when - is this likely to be legislated before we have to hand down our decision?‑‑‑I think, your Honour, there is a general precedent, which I'm sure you would be taking into account, around how the commission treats non-legislative measures.  But at this point I don't have any further information around the specific timing.

JUSTICE ROSS:  Well, if you can look at paragraphs 3, 4 and 7 at the ACTU's submission and advise us about the likely timing, and in particular whether they're, one likely to be passed before we have to hand down our decision; but secondly, if they are, what we are more interested in is whether they are in fact passed, and when that occurs.

MS DURBIN:  Your Honour, I think it will probably be of limited utility in terms of what I can provide the panel that will inform that decision.

JUSTICE ROSS:  Well, I am not sure about that.  You can advise us of the fact of whether or not an amendment has passed, surely.  I appreciate you might not be able to estimate when it would be passed, but you can certainly tell us if it's passed at parliament.

MS DURBIN:  I can certainly tell you at that point, if that is before, yes, the Bench's decision.

JUSTICE ROSS:  Yes.  Well, yes.  Let's go to Treasury.

## **Response**

The Treasury Laws Amendment (2021 Measures No. 3) Bill 2021 was passed by the House of Representatives on 27 May 2021 and is awaiting debate in the Senate.

Enabling legislation to remove the $450 per month income threshold for superannuation guarantee eligibility has not yet been introduced in Parliament. The measure will have effect from the start of the first financial year after Royal Assent of the enabling legislation, which the Government expects to have occurred prior to 1 July 2022.

Supporting legislation for the child care budget measure, additional subsidy for second and subsequent children aged under 6 and removal of the annual cap, is yet to be introduced in Parliament.