

**The McKell Institute**

## **Crossing the Fiscal Cliff**

National, State and Local Impacts of the  
JobKeeper Extension and Reduction

September 2020

By *Edward Cavanough*

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## About the Author

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## About this Report

This report collates findings from the McKell Institute's analysis of the changes to the JobKeeper package that will commence after September 28, 2020.

Drawing on post-code level data, it derives national, state and post-code level findings on the size of the reduction in JobKeeper payments throughout Australia after September 28.

Individual post-code level findings are not published in this physical report, but searchable on the McKell Institute's website, [www.mckellinstitute.org.au](http://www.mckellinstitute.org.au)

A searchable post-code level data-table can be accessed by [clicking here](#).

## About the McKell Institute

The McKell Institute is an independent research organisation dedicated to providing practical and innovative solutions to contemporary policy challenges.

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## Summary

In March 2020, the Commonwealth Government committed to implementing the *JobKeeper* program – a fiscal support measure that subsidised eligible employees' wages at a rate of \$1500 per eligible employee per fortnight.

The JobKeeper program has been essential in enabling employers to retain staff in preparation for a return to a degree of economic normality once the worst of COVID-19 has subsided.

However, the sustained nature of the pandemic has also resulted in the JobKeeper program being extended. Initially, JobKeeper was to run from its March announcement through to the end of September, 2020. The 'second-wave' of the pandemic in Victoria has prompted the Morrison Government to extend the JobKeeper payment until at least March 2021.

While the payment has been extended, it is also set to be considerably reduced.

On September 28, \$1500/fn payment for all eligible employees will be reduced to \$1200/fn for employees working over 20 hours per week, and to \$750/fn for employees working less than 20 hours per week.

Payments will again be reduced in January 2021, with the \$1200/fn rate reduced to \$1000/fn – a decision expected to have real consequences on employment, significantly impacting aggregate demand and ultimately dampening and slowing the pace of economic recovery.

This discussion paper calculates the reduction of the JobKeeper payment after September 28. Utilising post-code level data on rate of JobKeeper uptake, this discussion paper identifies localised economic impacts of reduction in fiscal support for the economy, as well as state/territory totals and national figures.

**It finds the changes to JobKeeper represent a significant fiscal contraction, with the adjustments to JobKeeper after September 28 resulting in a \$1.52 billion lower fortnightly spend than would have occurred if JobKeeper remained at its original rate after September 28.**

## Key Findings

### *National*

**Finding 1:** From September 29, the Commonwealth Government will spend \$1.52 billion less on JobKeeper per fortnight than if the JobKeeper rate remained at its original level. By Christmas, this represents a \$9.9 billion reduction in fiscal support than would have occurred if the Commonwealth maintained JobKeeper at its original rate.

**Finding 2:** Approximately 1,049,000 part time workers are estimated to have their JobKeeper pay reduced from \$1500 per fortnight to \$750 per fortnight, while approximately 2,430,000 full-time workers will see their JobKeeper pay reduced to \$1200.

**Finding 3:** The 1,049,000 part time workers reliant on JobKeeper will collectively lose \$787 million per fortnight after the JobKeeper adjustments enter force after September 28.

### *State Level*

**Finding 4 :** Queensland will see a \$307 million fortnightly reduction in JobKeeper payments after September 28, affecting up to 706,723 workers.

**Finding 5:** NSW and ACT will collectively see a \$581 million fortnightly reduction in JobKeeper payments after September 28, affecting up to 1,332,515 workers.

**Finding 6 :** Victoria will see a \$443 million fortnightly reduction in JobKeeper payments after September 28, affecting up to 1,018,922 workers.

**Finding 7 :** Tasmania will see a \$27 million fortnightly reduction in JobKeeper payments after September 28, affecting up to 61,521 workers.

**Finding 8 :** South Australia will see a \$97 million fortnightly reduction in JobKeeper payments after September 28, affecting up to 221,727 workers.

**Finding 9 :** Western Australia will see a \$152 million fortnightly reduction in JobKeeper payments after September 28, affecting up to 350,488 workers.

**Finding 10 :** Northern Territory will see an \$8.5 million fortnightly reduction in JobKeeper payments after September 28, affecting up to 19,522 workers.

# Part A

## National Overview

# The JobKeeper Program & Planned Reductions

## JobKeeper is an essential support mechanism

JobKeeper is one of several key economic support programs implemented by the Commonwealth Government. The program, which provides a flat-rate wage subsidy of \$1500/fortnight for eligible employees in eligible firms, saw 848,850 eligible applications by end of June 2020, with 3.48 million employees estimated (by the ATO and Treasury) to have been receiving the JobKeeper payment. It is estimated that 2.43 million of those employees are full time workers, (more than 20 hours per week) with 1.05 million part time (less than 20 hours per week).

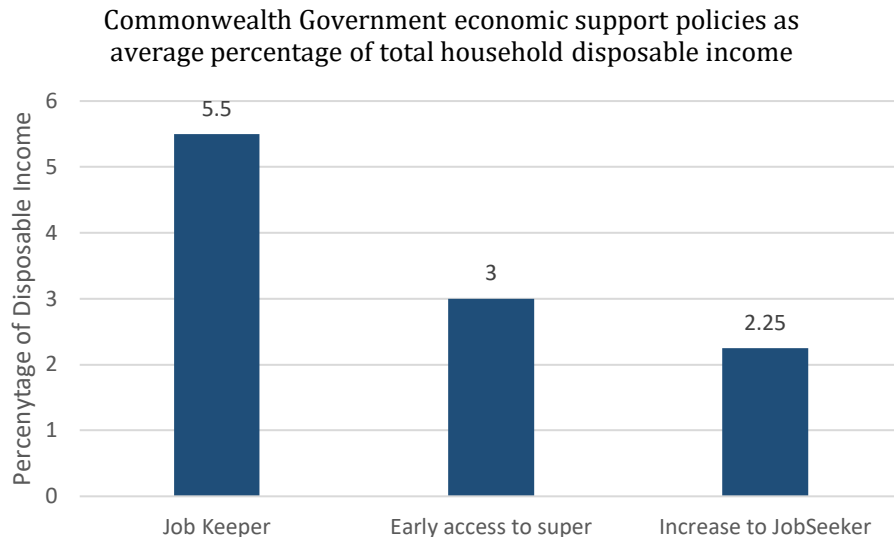
<i>JobKeeper Applicants (Firms)</i> <sup>1</sup>	848,850
<i>Estimated Number of Employees Receiving JobKeeper Payments</i>	3,480,285
<i>Estimated Number of Full Time Employees Receiving JobKeeper Payments</i>	2,430,357
<i>Estimated Number of Part Time Employees Receiving JobKeeper Payments</i>	1,049,928

## JobKeeper is important to sustaining the economy

JobKeeper has done its job supporting Australians through this pandemic and has kept many in employment. The Governor of the Reserve Bank of Australia gave evidence at the House of Representatives Economics Committee in August that 'Unemployment would have been substantially higher if it were not for the JobKeeper and other income support programs.'<sup>2</sup>

JobKeeper has play a very important role is sustaining household income during this pandemic. The RBA noted that "although many people lost their jobs over recent months, government support has meant that total household income has not fallen in aggregate. This has been a surprising outcome of the current episode."<sup>3</sup>

The RBA estimates that JobKeeper will compromise nearly 6 per cent of total household disposable income in 2020.



*Source: Reserve Bank of Australia*

The June National Accounts show that household consumption fell by 12.1 per cent in the last quarter, detracting 6.7 percentage points from gross domestic product.<sup>4</sup> Our economic recovery will in large part rely on households having the ability to consume local goods and services once public health restrictions are eased.

The Secretary of the Commonwealth Treasury told the Senate Select Committee on COVID-19 in July that ‘Confidence is an essential ingredient to economic recovery.’<sup>5</sup> Consumer spending will depend in no small part on our confidence in the economic outlook, collectively across the economy and individually in each household. Domestic consumption will be especially important during the extended period that our international borders are likely to be closed to overseas tourism.

Yet there is reason to be concerned. The RBA notes that ‘household incomes are forecast to decline later in the year when JobKeeper starts to taper off’.<sup>6</sup> This could undermine household confidence.

### **Despite JobKeeper extension, ‘fiscal cliff’ is still coming**

When JobKeeper was announced in March, it was intended to cover a six month period extending from early April through to the end of September. The emergence of a second-wave of COVID-19 in Victoria, and the ongoing restrictions at borders and for businesses in other states, has seen the need for Commonwealth support of the economy to extend beyond initially intended.

Soon after JobKeeper (as well as JobSeeker with the COVID-19 supplement – the reformed unemployment benefit) was announced, economists warned of the risks to the economy of crossing the ‘fiscal cliff’ when the program was set to conclude. Given the considerable degree of economic support JobKeeper represented, a rapid withdrawal of the program was always likely to create economic challenges. An immediate termination of the



JobKeeper program has since been avoided, with the Commonwealth Government extending the program until at least the end of March, 2021.

### Changes to JobKeeper from September 28

JobKeeper will be reduced significantly from September 28. The flat-rate payment of \$1500 per fortnight for all workers will become a two tiered payment, with eligible full time workers receiving \$1200/fortnight, and eligible part time workers receiving \$750/fortnight. These adjustments were foreshadowed in the Treasury's *JobKeeper Review*.<sup>7</sup> For the 1,049,000 part time workers estimated to be receiving JobKeeper payments, the changes will represent a halving of their income. ***Further changes will be made on January 1, 2021, but are not the subject of this report.***

Employee Type	Pre-September 28 \$/FN	Post-September 28 \$/FN	Reduction \$/FN
<i>Full Time</i>	\$1500	\$1200	\$300
<i>Part time</i>	\$1500	\$750	\$750

### The JobKeeper package has been widely adopted across all industries

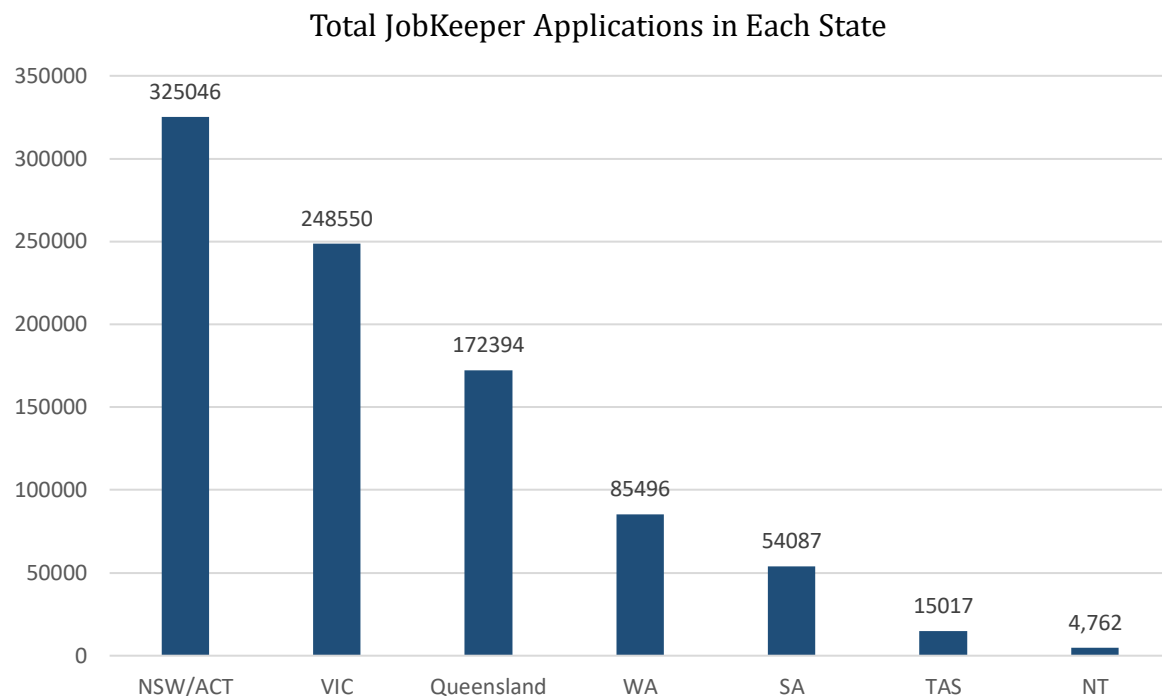
The JobKeeper package has provided support across all industry groups, which makes its reduction after September 28 more likely to impact broad swathes of the economy, not just key industries that have been most acutely affected by lockdowns, like accommodation and food services.

<i>Industry</i>	<i>JobKeeper Applicants</i>	<i>Percentage</i>
<i>Accommodation and Food Services</i>	57,650	6.79
<i>Other Services</i>	83,157	9.79
<i>Health Care and Social Assistance</i>	78,191	9.21
<i>Arts and Recreation Services</i>	36,209	4.26
<i>Education and Training</i>	25,152	2.96
<i>Manufacturing</i>	42,727	5.03
<i>Wholesale Trade</i>	24,850	2.927
<i>Transport, Postal and Warehousing</i>	64,751	7.62
<i>Retail Trade</i>	55,113	6.49
<i>Information Media and Telecommunications</i>	12,974	1.52
<i>Professional, Scientific and Technical Services</i>	121,605	14.32
<i>Construction</i>	129,670	15.27
<i>Administrative and Support Services</i>	42,653	5.02
<i>Electricity, Gas, Water, Waste</i>	1,826	0.21
<i>Public Admin and Safety</i>	3,063	0.36
<i>Mining</i>	1,553	0.18
<i>Agriculture, Forestry, Fishing</i>	27,102	3.19
<i>Rental, Hiring and Real Estate</i>	25,993	3.06
<i>Financial and Insurance Services</i>	14,611	1.72
<b><i>TOTAL</i></b>	<b>848,850</b>	<b>100</b>

## JobKeeper has been adopted across the entire economy, not just in lock-down states

Predictably, JobKeeper has been most widely adopted in the largest states, and is playing its most prominent role currently in Victoria, which is experiencing continual Stage 4 lockdowns. However, JobKeeper has been widely adopted throughout the country. The nation-wide nature of the Coronavirus recession has meant that even in states only marginally impacted by the virus itself, local economies are suffering. South Western Australia, South Australia, Tasmania and Northern Territory in particular are still heavily reliant on the JobKeeper program.

The September 28 reduction is likely to increase unemployment in all states, lead to an increase in business closures, and facilitate a 'W shaped' economic recovery in Australia, which may have been avoided with stronger fiscal support from the Commonwealth.



*Source: Australian Treasury; author analysis.*

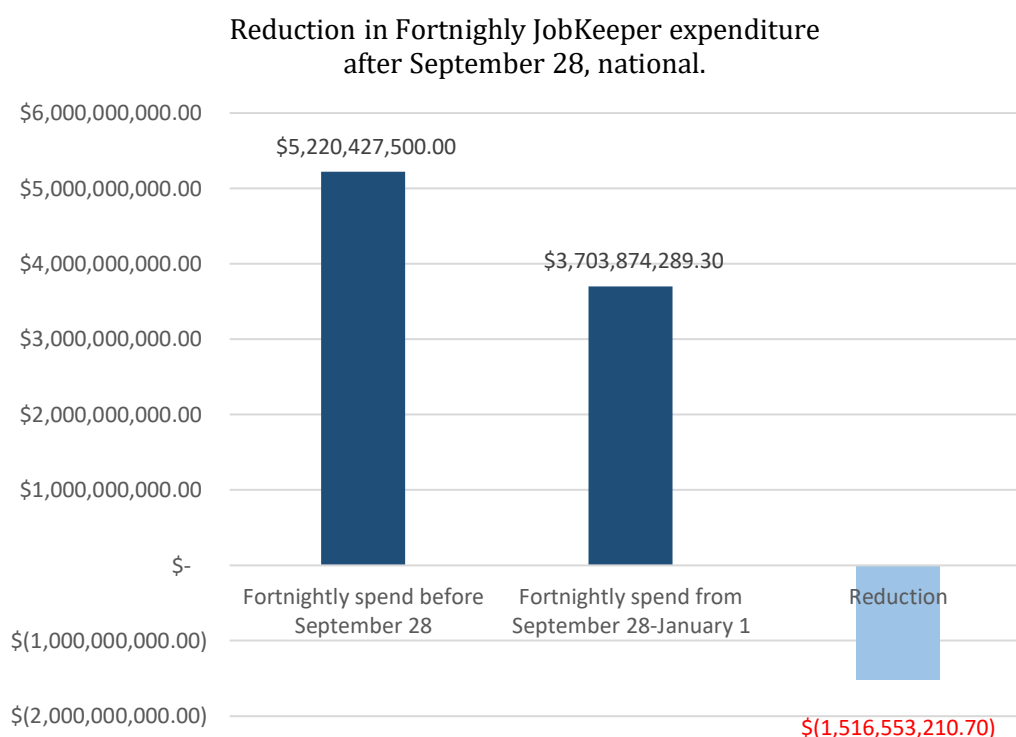
## Quantifying the JobKeeper reductions nationally

The decision to extend JobKeeper in some form has been welcomed from most corners. However, the decision to do so at a reduced rate still equates to a major fiscal contraction. Each fortnight, the Government will be spending \$1.516 billion *less* than it was prior to September 28, with fortnightly JobKeeper costs to the Commonwealth being reduced from around \$5.2 billion to \$3.7 billion.

<i>Total Fortnightly Commonwealth Cost Before September 28</i>	\$	5,220,427,500.00
<i>After Sep 28 FT Total</i>	\$	2,916,428,104.80
<i>After Sep 28 PT Total</i>	\$	787,446,184.50
<i>After Sep 28 Total</i>	\$	3,703,874,289.30
<i>Reduction in Fortnightly Spend from Adjusted JobKeeper</i>	\$	<b>1,516,553,210.70</b>

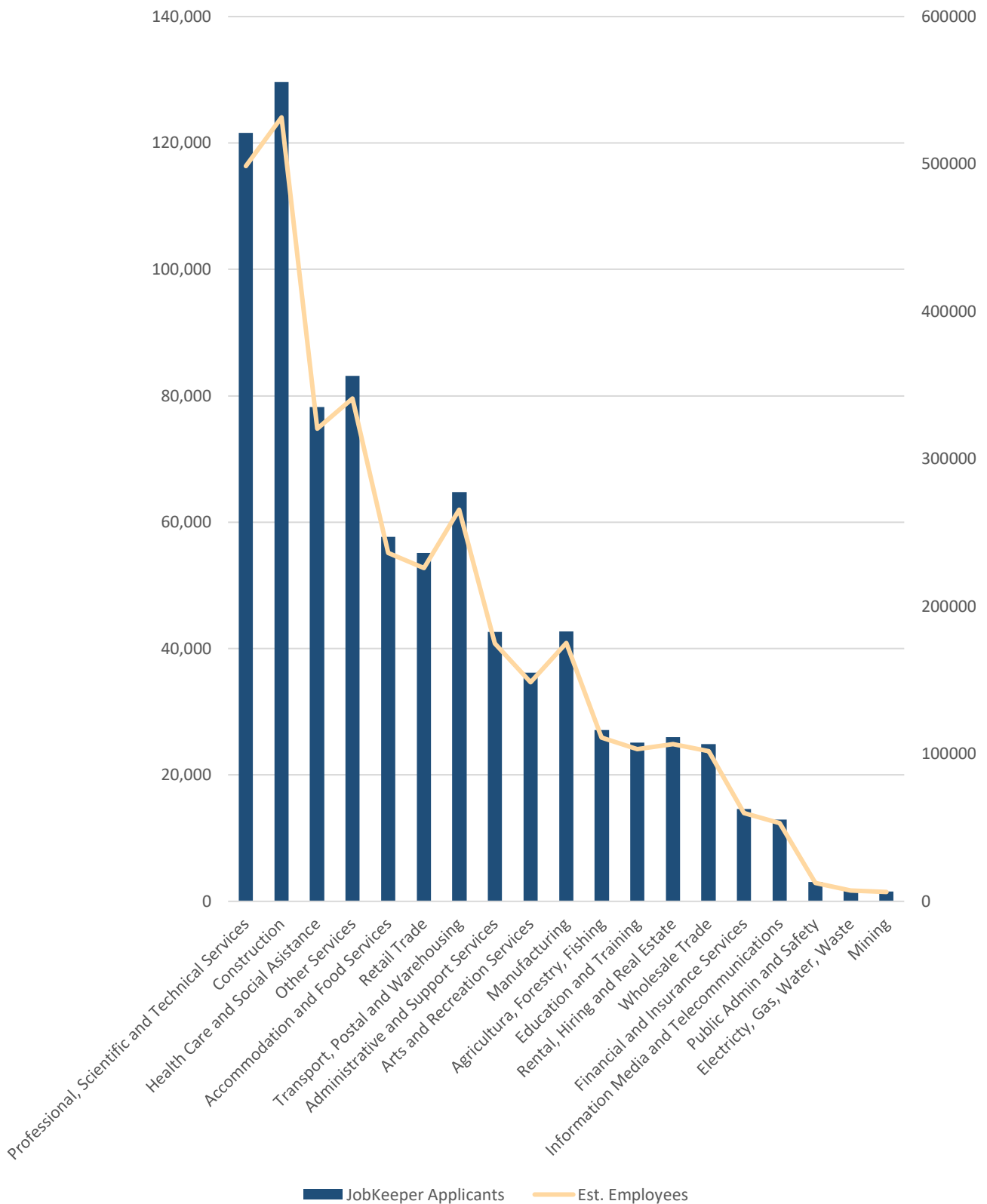
*Source: Author analysis.*

The decision to withdraw such a significant quantity of fiscal support from the economy during Australia's most significant economic contraction in the post-war years is a major economic risk, and will likely exacerbate the economic fallout from COVID-19 more than would otherwise occur if JobKeeper's original rate was maintained. The following tables demonstrate the scale of the reduction, the breadth of the JobKeeper program, and how its changes will impact every industry group in Australia:



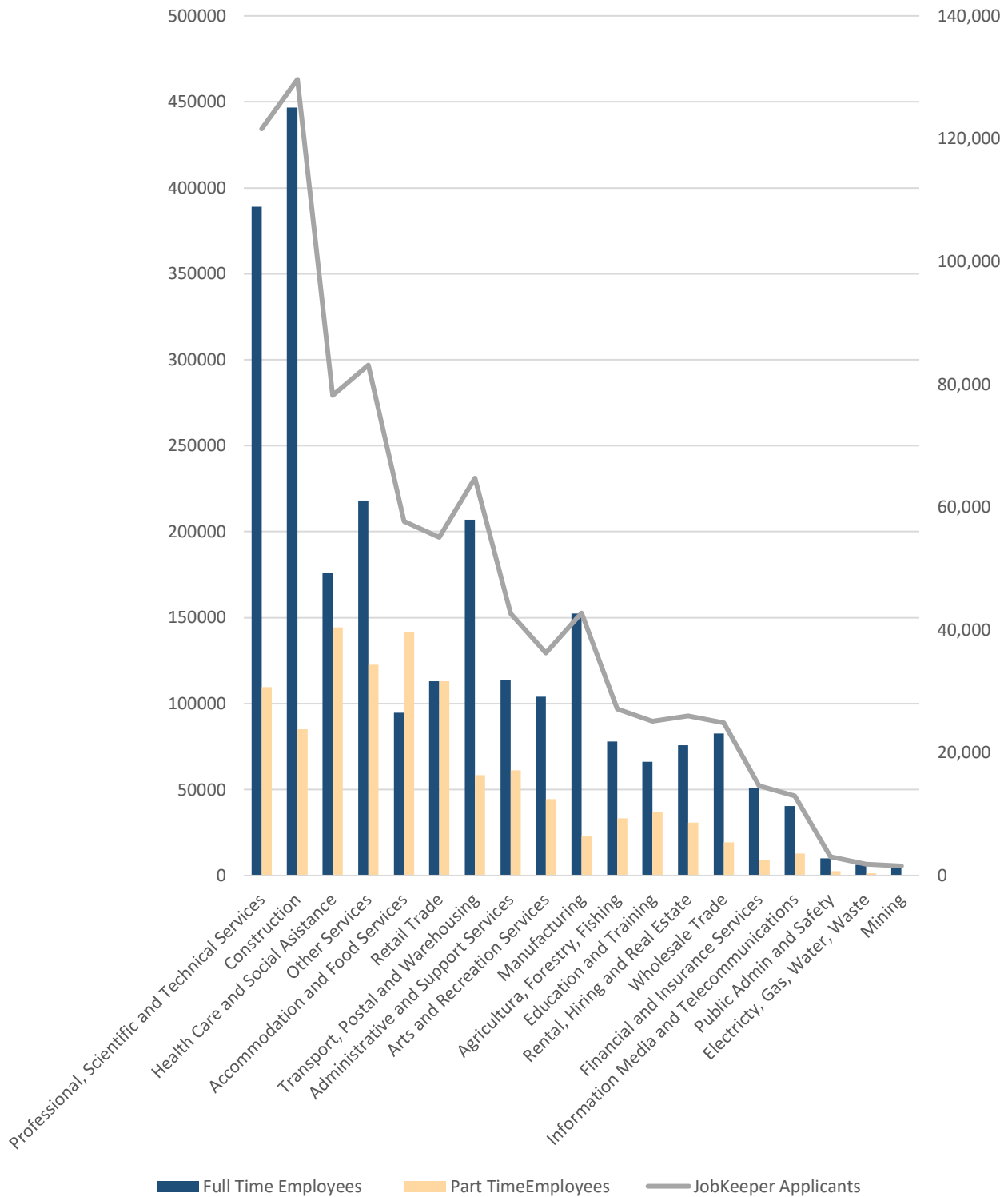
*Source: Author analysis of JobKeeper Review; ABS Cat. 6291.0.*

Number of JobKeeper Applicants and Employees  
on JobKeeper by Industry, National



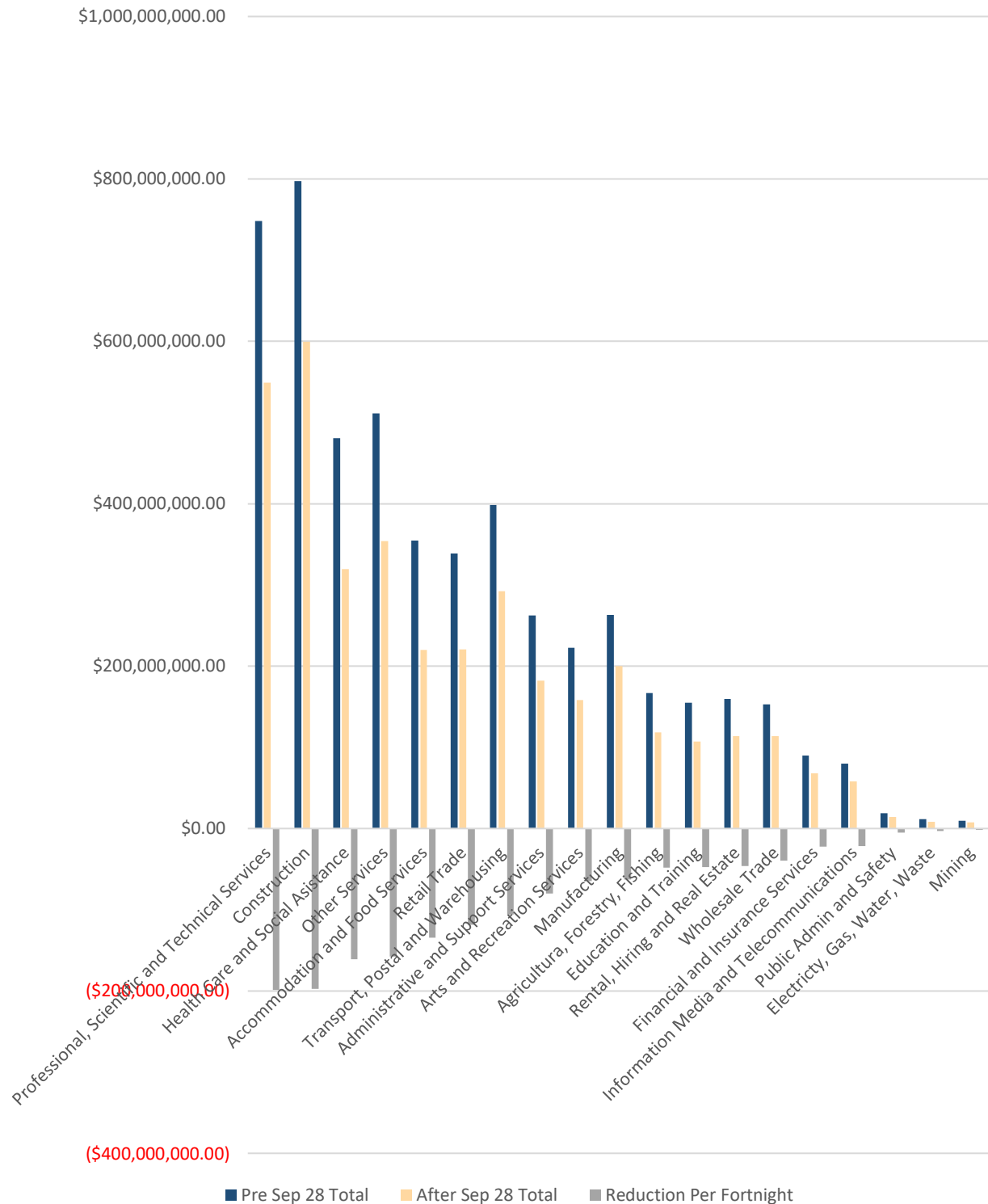
Source: Author analysis of JobKeeper Review; ABS Cat. 6291.0.

## Number of JobKeeper Applicants and Employees on JobKeeper by Industry & Employment Status, National



Source: Author analysis of JobKeeper Review; ABS Cat. 6291.0.

## JobKeeper Reductions By Industry, National



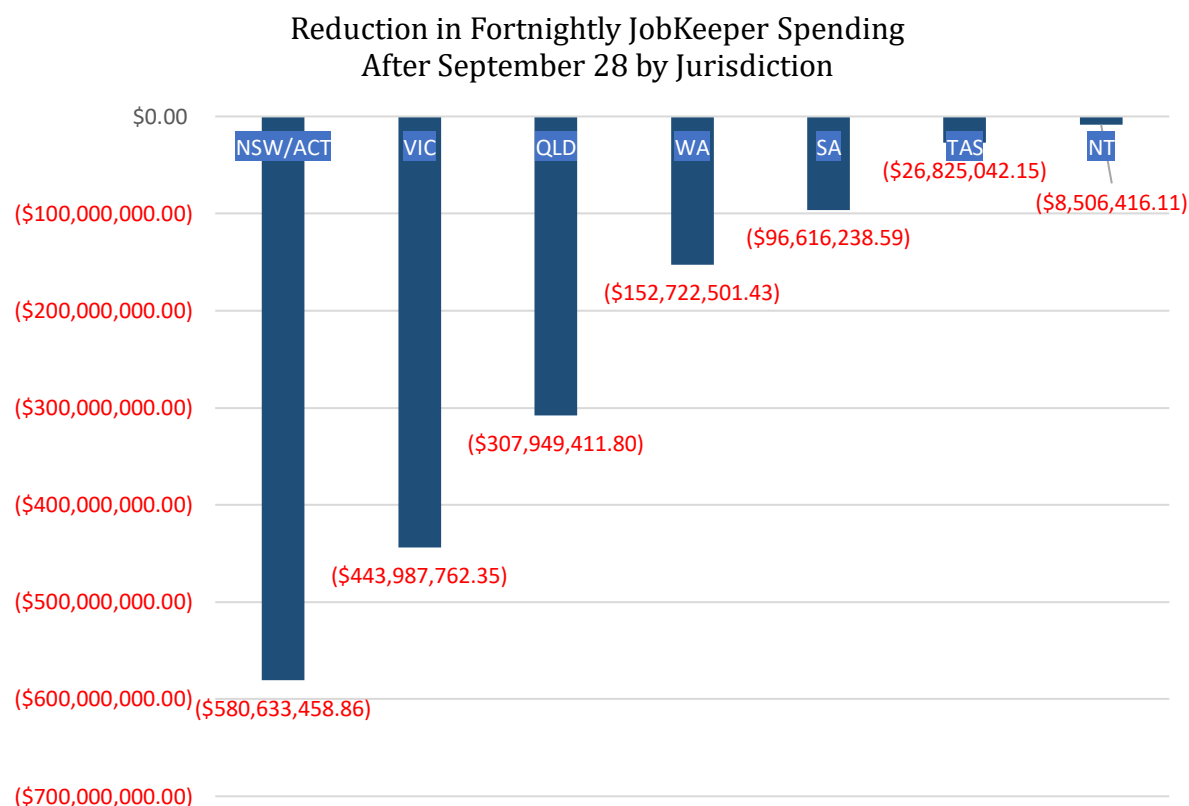
Source: Author analysis of JobKeeper Review; ABS Cat. 6291.0.

## JobKeeper reductions at a state level

The states are each facing significant economic hits when the JobKeeper reduction proceeds. NSW and ACT, for example, will see \$581 million less in JobKeeper support per fortnight. Even smaller jurisdictions are expected to see major reductions, with Northern Territory, for example, to expect an \$8.5 million fortnightly reduction in JobKeeper payments into the territory.

State/Territory	Number of JobKeeper Applicants	Number of Employees on Job Keeper	Total JobKeeper Before September 28	Total JobKeeper After September 28	Fortnightly Reduction in JobKeeper After Sep 28
QLD	172,394	706,723	\$1,060,085,271	\$752,135,859	(\$307,949,411)
NSW/ACT	325,046	1,332,515	\$1,998,773,025	\$1,418,139,566	(\$580,633,458)
VIC	248,550	1,018,922	\$1,528,383,784	\$1,084,396,021	(\$443,987,762)
TAS	15,017	61,561	\$92,342,543	\$65,517,501	(\$26,825,042)
SA	54,087	221,727	\$332,591,807	\$235,975,568	(\$96,616,238)
WA	85,496	350,488	\$525,732,045	\$373,009,544	(\$152,722,501)
NT	4,762	19,521	\$29,282,492	\$20,776,076	(\$8,506,416)

Source: Author analysis of JobKeeper Review; ABS Cat. 6291.0.



Source: Author analysis of JobKeeper Review; ABS Cat. 6291.0.

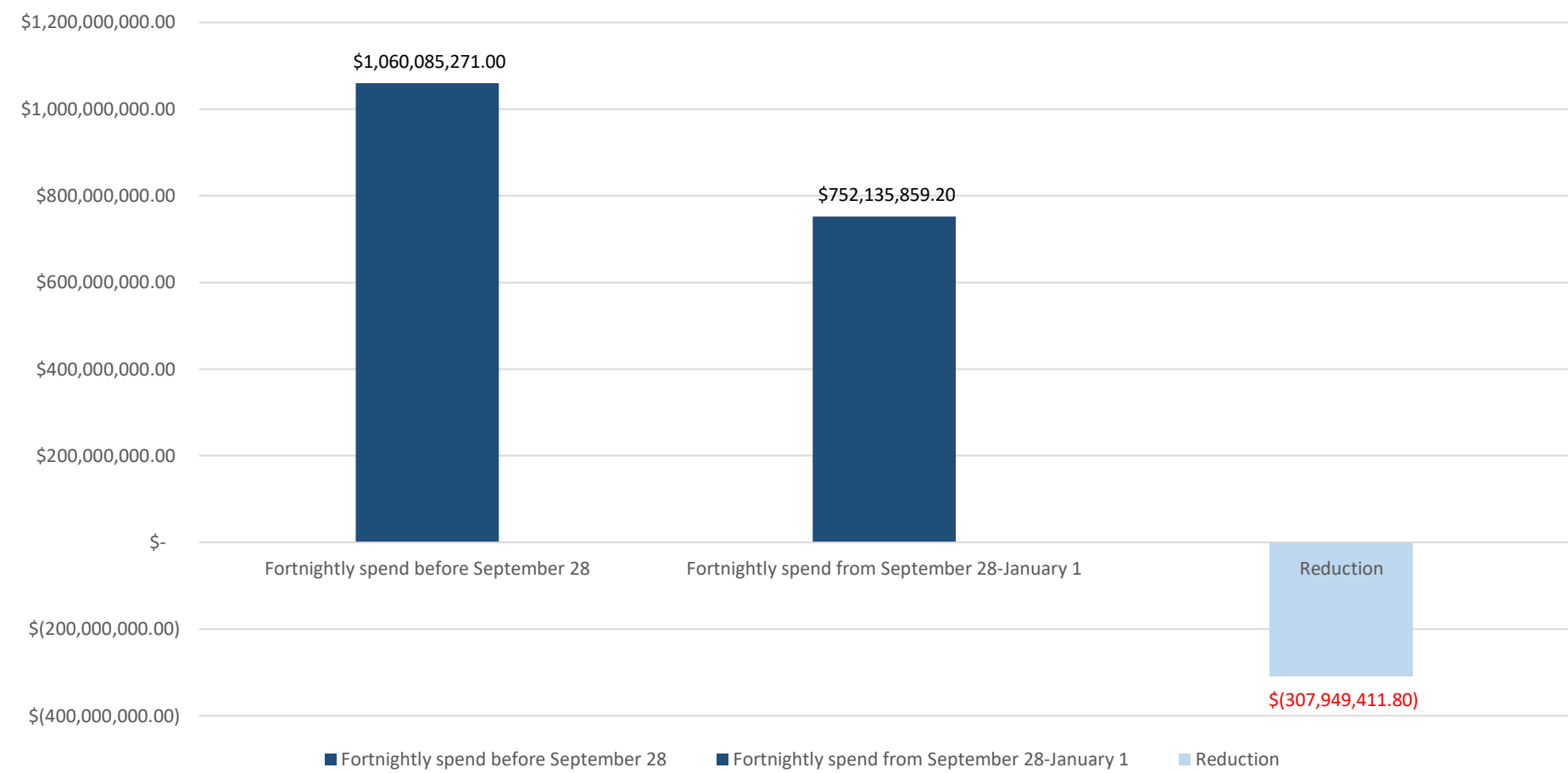
## **Part B**

### **State Overviews**



# Queensland Overview

## Overall reduction in JobKeeper per fortnight

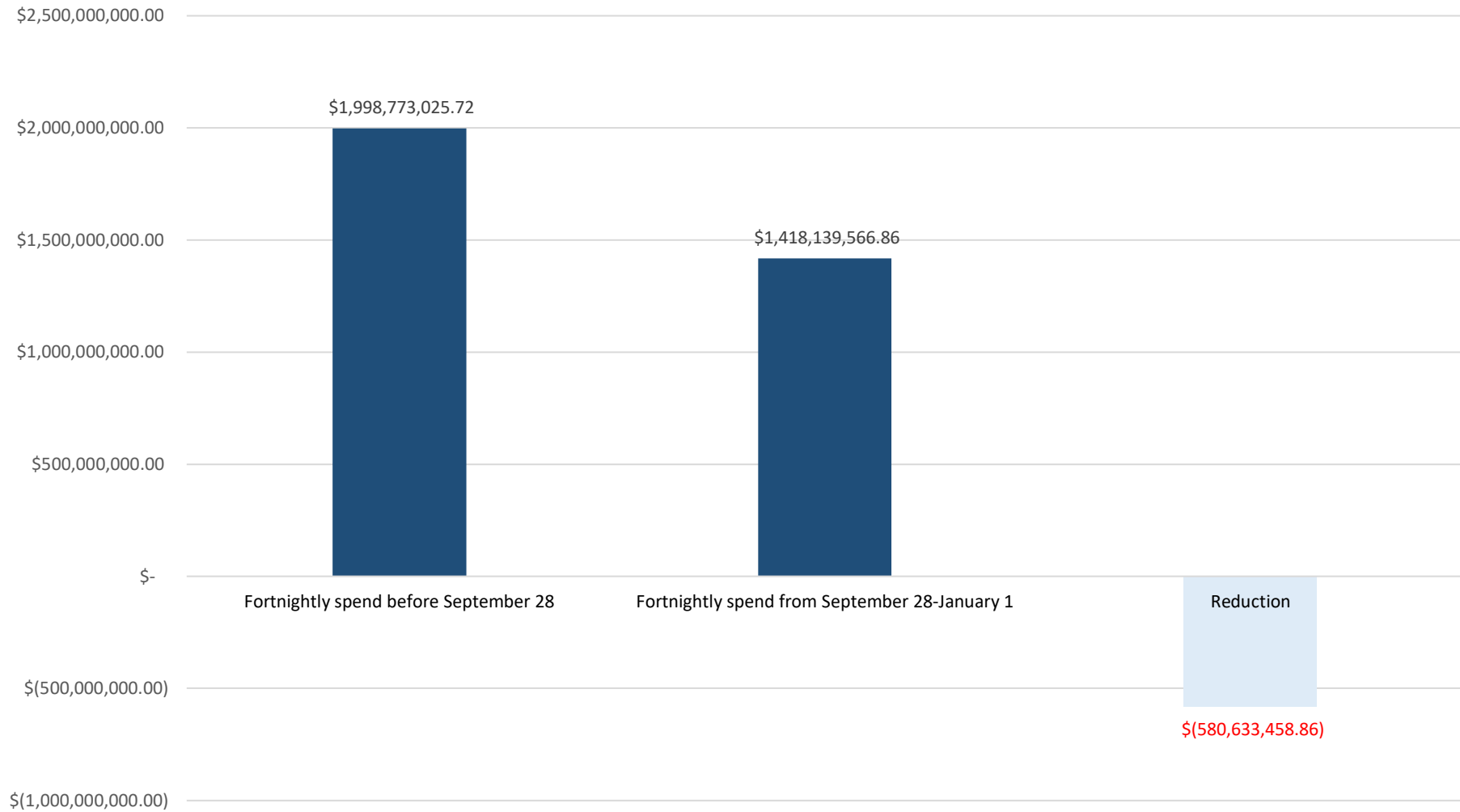


## The reduction in JobKeeper by industry in Queensland

<i>Industry</i>	<i>JobKeeper Applicants</i>	<i>Est. Employees</i>	<i>Full Time</i>	<i>Part Time</i>	<i>Pre Sep 28 Total/FN</i>	<i>After Sep 28 Total/FN</i>	<i>Reduction Per Fortnight</i>
<b>Mining</b>	310	47,992	19,197	28,795	\$1,908,401.58	\$1,509,545.65	(\$398,855.93)
<b>Electricity, Gas, Water, Waste</b>	371	69,197	44,286	24,911	\$2,279,479.67	\$1,707,330.27	(\$572,149.40)
<b>Public Admin and Safety</b>	621	65,097	35,803	29,293	\$3,816,803.16	\$2,824,434.34	(\$992,368.82)
<b>Information Media and Telecommunications</b>	2,620	30,145	21,101	9,043	\$16,115,391.12	\$11,732,004.74	(\$4,383,386.38)
<b>Financial and Insurance Services</b>	2,965	20,921	13,389	7,531	\$18,235,837.32	\$13,768,057.18	(\$4,467,780.14)
<b>Wholesale Trade</b>	5,120	35,574	30,949	4,624	\$31,488,626.07	\$23,396,049.17	(\$8,092,576.90)
<b>Rental, Hiring and Real Estate</b>	5,275	20,992	17,003	3,988	\$32,442,826.86	\$23,131,735.55	(\$9,311,091.31)
<b>Education and Training</b>	5,103	53,859	42,010	11,849	\$31,382,603.76	\$21,716,761.80	(\$9,665,841.96)
<b>Agriculture, Forestry, Fishing</b>	5,499	45,886	22,943	22,943	\$33,821,116.89	\$24,012,992.99	(\$9,808,123.90)
<b>Manufacturing</b>	8,677	10,743	8,165	2,578	\$53,361,028.62	\$40,607,742.78	(\$12,753,285.84)
<b>Arts and Recreation Services</b>	7,353	101,215	78,948	22,267	\$45,218,515.22	\$32,105,145.80	(\$13,113,369.41)
<b>Administrative and Support Services</b>	8,654	107,944	90,673	17,271	\$53,223,199.62	\$36,990,123.74	(\$16,233,075.88)
<b>Transport, Postal and Warehousing</b>	13,136	35,482	23,063	12,418	\$80,789,000.22	\$59,299,126.16	(\$21,489,874.06)
<b>Retail Trade</b>	11,192	1,519	1,261	258	\$68,829,683.65	\$44,739,294.37	(\$24,090,389.28)
<b>Accommodation and Food Services</b>	11,706	2,544	2,035	508	\$71,989,148.49	\$44,633,272.06	(\$27,355,876.43)
<b>Other Services</b>	16,877	1,272	1,234	38	\$103,795,841.49	\$71,826,722.31	(\$31,969,119.18)
<b>Health Care and Social assistance</b>	15,877	22,547	15,783	6,764	\$97,646,547.51	\$64,934,954.09	(\$32,711,593.42)
<b>Construction</b>	26,328	21,628	15,356	6,272	\$161,917,271.83	\$121,761,788.42	(\$40,155,483.41)
<b>Professional, Scientific and Technical Services</b>	24,687	12,157	10,333	1,823	\$151,823,947.92	\$111,438,777.77	(\$40,385,170.15)
<b>TOTAL</b>	<b>172,394</b>	<b>706,723</b>	<b>493,540</b>	<b>213,183</b>	<b>\$1,060,085,271</b>	<b>\$752,135,859.20</b>	<b>\$307,949,411.80</b>

## New South Wales & ACT Overview

### Overall reduction in JobKeeper per fortnight

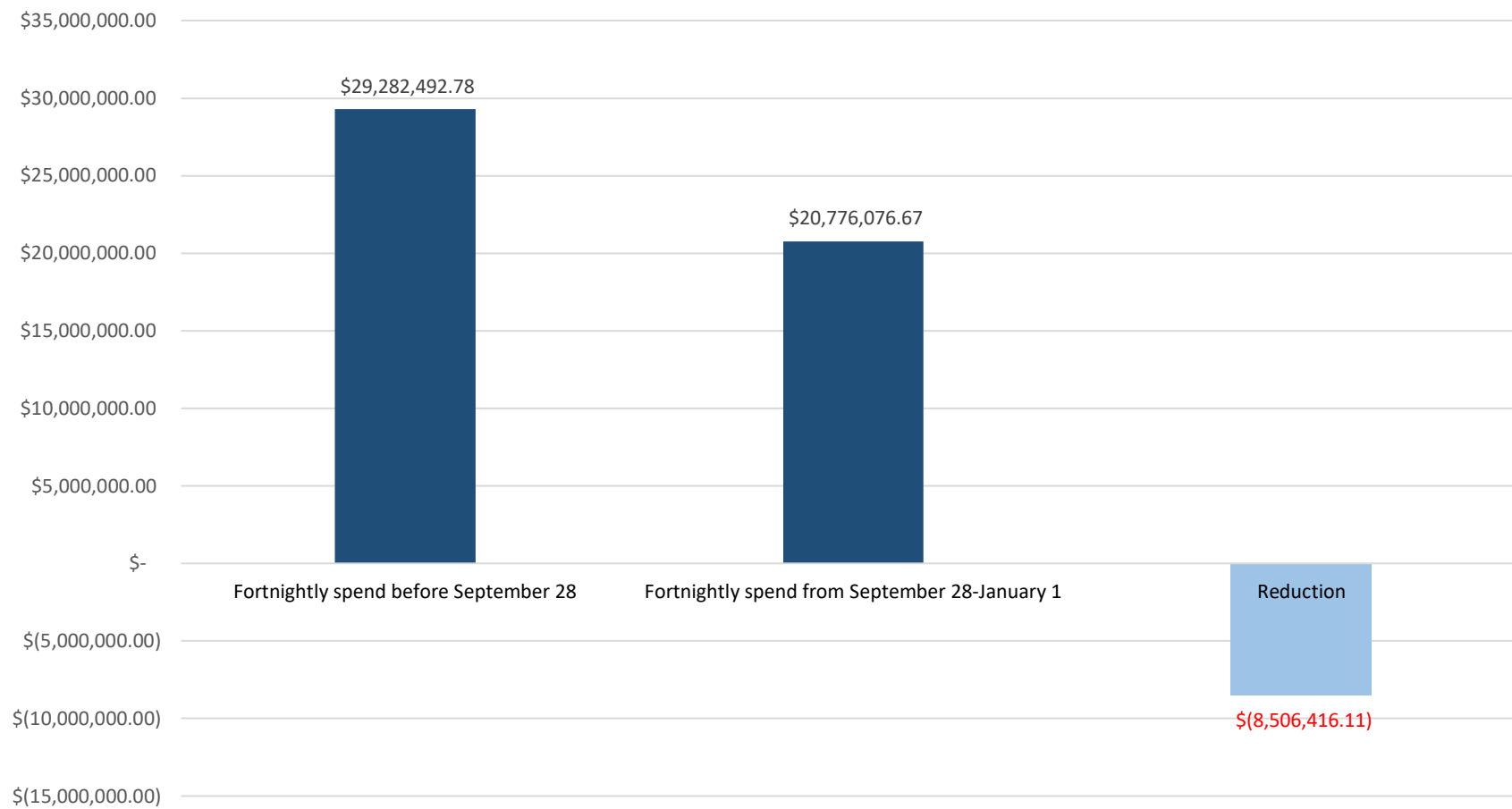


## The reduction in JobKeeper by industry in NSW & ACT

<i>Industry</i>	<i>JobKeeper Applicants</i>	<i>Est. Employees</i>	<i>Full Time</i>	<i>Part Time</i>	<i>Pre Sep 28 Total</i>	<i>After Sep 28 Total</i>	<i>Reduction per Fortnight</i>
<b>Accommodation and Food Services</b>	22,071	90,489	36,195	54,293	\$135,734,333.91	\$84,155,287.02	-\$51,579,046.89
<b>Other Services</b>	31,822	130,470	83,500	46,969	\$195,705,320.91	\$135,428,082.07	-\$60,277,238.84
<b>Health Care and Social assistance</b>	29,936	122,740	67,507	55,233	\$184,110,930.09	\$122,433,768.51	-\$61,677,161.58
<b>Arts and Recreation Services</b>	13,863	56,839	39,787	17,051	\$85,258,753.19	\$60,533,714.76	-\$24,725,038.42
<b>Education and Training</b>	9,621	39,447	25,246	14,201	\$59,171,373.84	\$40,946,590.70	-\$18,224,783.14
<b>Manufacturing</b>	16,360	67,074	58,354	8,719	\$100,611,325.86	\$76,565,218.98	-\$24,046,106.88
<b>Wholesale Trade</b>	9,654	39,580	32,060	7,520	\$59,371,277.13	\$44,112,858.91	-\$15,258,418.22
<b>Transport, Postal and Warehousing</b>	24,769	101,550	79,209	22,341	\$152,326,306.98	\$111,807,509.32	-\$40,518,797.66
<b>Retail Trade</b>	21,102	86,518	43,259	43,259	\$129,777,215.87	\$84,355,190.31	-\$45,422,025.55
<b>Information Media and Telecommunications</b>	4,941	20,256	15,395	4,861	\$30,385,300.08	\$22,120,498.46	-\$8,264,801.62
<b>Professional, Scientific and Technical Services</b>	46,547	190,841	148,855	41,985	\$286,261,511.28	\$210,115,949.28	-\$76,145,562.00
<b>Construction</b>	49,641	203,528	170,963	32,564	\$305,292,304.49	\$229,579,812.97	-\$75,712,491.51
<b>Administrative and Support Services</b>	16,317	66,900	43,485	23,415	\$100,351,451.58	\$69,744,258.85	-\$30,607,192.73
<b>Electricity, Gas, Water, Waste</b>	699	2,865	2,378	487	\$4,297,920.74	\$3,219,142.63	-\$1,078,778.10
<b>Public Admin and Safety</b>	1,170	4,797	3,838	959	\$7,196,518.44	\$5,325,423.65	-\$1,871,094.79
<b>Mining</b>	585	2,398	2,326	71	\$3,598,259.22	\$2,846,223.04	-\$752,036.18
<b>Agriculture, Forestry, Fishing</b>	10,369	42,512	29,758	12,753	\$63,769,149.51	\$45,276,096.15	-\$18,493,053.36
<b>Rental, Hiring and Real Estate</b>	9,946	40,780	28,953	11,826	\$61,170,406.74	\$43,614,500.01	-\$17,555,906.73
<b>Financial and Insurance Services</b>	5,591	22,922	19,483	3,438	\$34,383,365.88	\$25,959,441.24	-\$8,423,924.64
<b>TOTAL</b>	<b>325,046</b>	<b>1,332,515</b>	<b>930,562</b>	<b>401,953.01</b>	<b>\$1,998,773,025.72</b>	<b>\$1,418,139,566.86</b>	<b>-\$580,633,458.86</b>

## Victoria Overview

### Overall reduction in JobKeeper to the state per fortnight

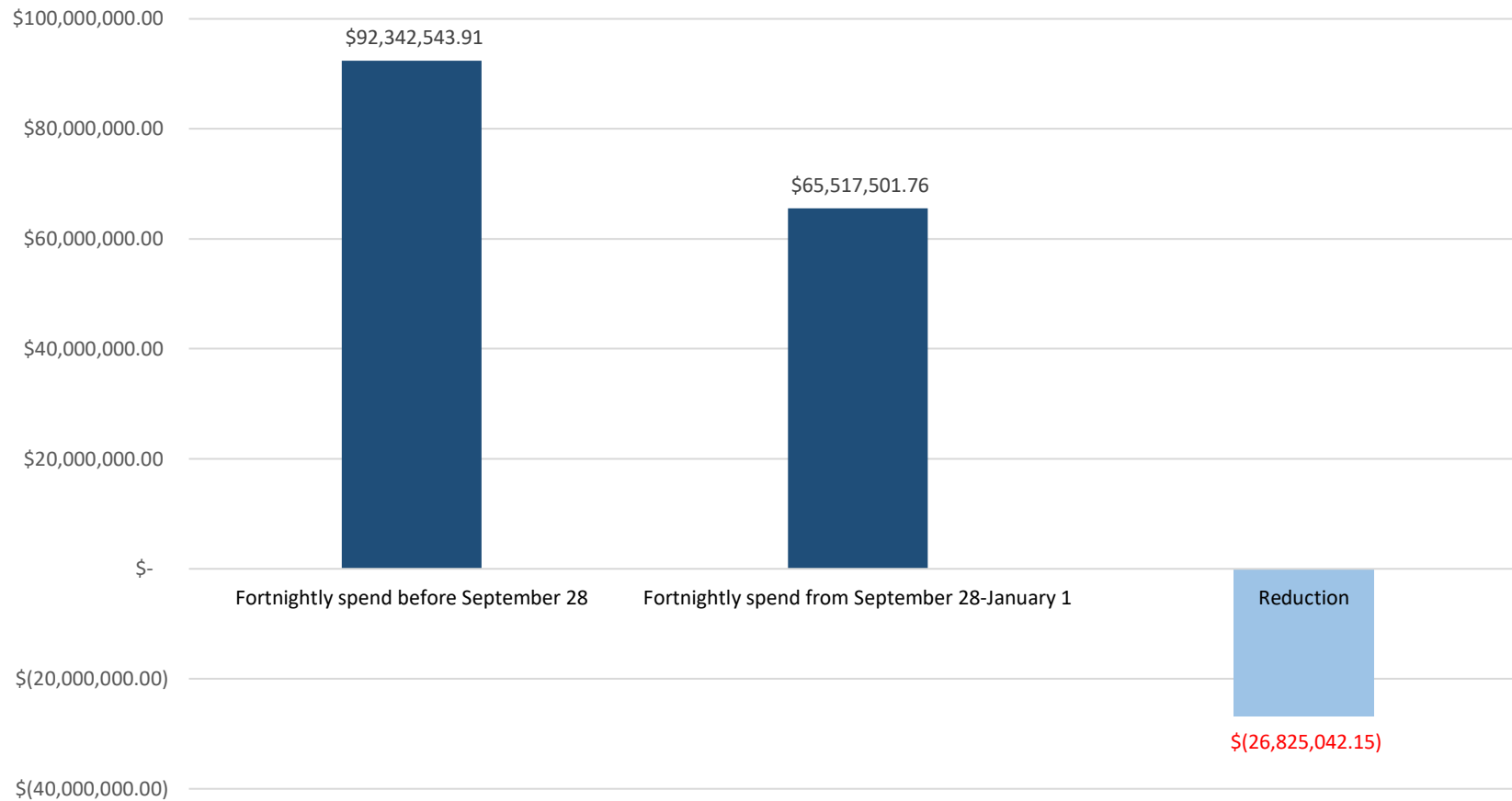


## The reduction in JobKeeper by industry in Victoria

<i>Industry</i>	<i>JobKeeper Applicants</i>	<i>Est. Employees</i>	<i>Full Time</i>	<i>Part Time</i>	<i>Pre Sep 28 Total</i>	<i>After Sep 28 Total</i>	<i>Reduction per Fortnight</i>
<b>Accommodation and Food Services</b>	16,877	69,193	27,677	41,516	\$103,790,751.75	\$64,350,266.09	-\$39,440,485.67
<b>Other Services</b>	24,333	99,765	63,849	35,915	\$149,648,226.75	\$103,556,572.91	-\$46,091,653.84
<b>Health Care and Social assistance</b>	22,891	93,854	51,620	42,234	\$140,782,448.25	\$93,620,328.09	-\$47,162,120.16
<b>Arts and Recreation Services</b>	10,601	43,462	30,423	13,038	\$65,194,043.63	\$46,287,770.97	-\$18,906,272.65
<b>Education and Training</b>	7,357	30,164	19,304	10,859	\$45,246,042.00	\$31,310,261.06	-\$13,935,780.94
<b>Manufacturing</b>	12,510	51,289	44,621	6,667	\$76,933,557.23	\$58,546,437.05	-\$18,387,120.18
<b>Wholesale Trade</b>	7,382	30,265	24,515	5,750	\$45,398,900.25	\$33,731,382.89	-\$11,667,517.36
<b>Transport, Postal and Warehousing</b>	18,940	77,651	60,568	17,083	\$116,477,986.50	\$85,494,842.09	-\$30,983,144.41
<b>Retail Trade</b>	16,136	66,157	33,078	33,078	\$99,235,575.90	\$64,503,124.34	-\$34,732,451.57
<b>Information Media and Telecommunications</b>	3,778	15,489	11,772	3,717	\$23,234,454.00	\$16,914,682.51	-\$6,319,771.49
<b>Professional, Scientific and Technical Services</b>	35,592	145,928	113,824	32,104	\$218,893,014.00	\$160,667,472.28	-\$58,225,541.72
<b>Construction</b>	37,959	155,630	130,729	24,900	\$233,445,119.40	\$175,550,729.79	-\$57,894,389.61
<b>Administrative and Support Services</b>	12,477	51,156	33,251	17,904	\$76,734,841.50	\$53,330,714.84	-\$23,404,126.66
<b>Electricity, Gas, Water, Waste</b>	534	2,190	1,818	372	\$3,286,452.38	\$2,461,552.83	-\$824,899.55
<b>Public Admin and Safety</b>	895	3,668	2,934	733	\$5,502,897.00	\$4,072,143.78	-\$1,430,753.22
<b>Mining</b>	447	1,834	1,779	55	\$2,751,448.50	\$2,176,395.76	-\$575,052.74
<b>Agriculture, Forestry, Fishing</b>	7,929	32,507	22,755	9,752	\$48,761,781.75	\$34,620,865.04	-\$14,140,916.71
<b>Rental, Hiring and Real Estate</b>	7,606	31,183	22,139	9,043	\$46,774,624.50	\$33,350,307.27	-\$13,424,317.23
<b>Financial and Insurance Services</b>	4,275	17,527	14,898	2,629	\$26,291,619.00	\$19,850,172.35	-\$6,441,446.66
<b>TOTAL</b>	<b>248,550</b>	<b>1,018,922</b>	<b>711,564</b>	<b>307,357</b>	<b>\$1,528,383,784.28</b>	<b>\$1,084,396,021.93</b>	<b>-\$443,987,762.35</b>

## Tasmania Overview

### Overall reduction in JobKeeper to the state per fortnight



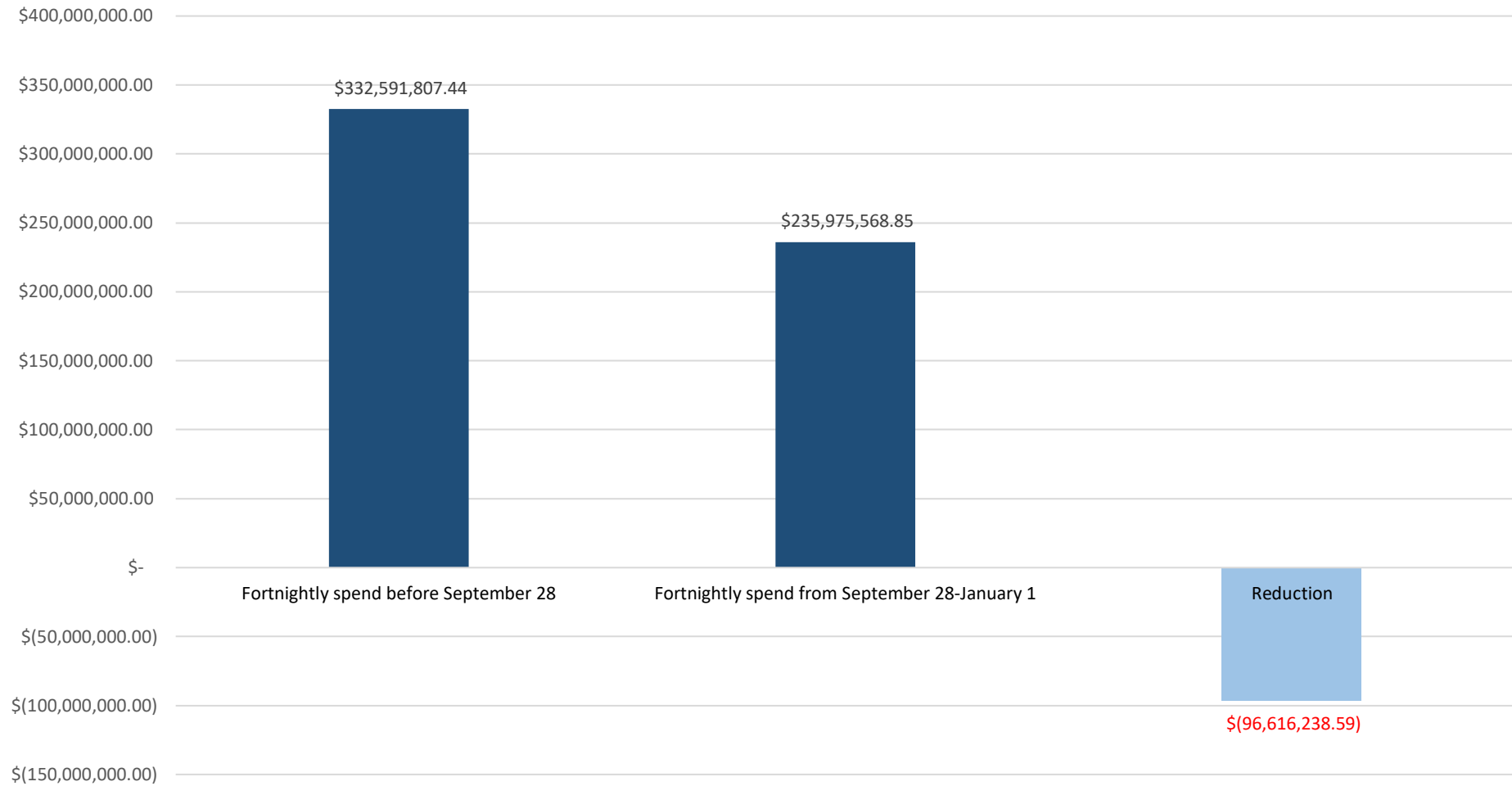
## The reduction in JobKeeper by industry in Tasmania

<i>Industry</i>	<i>JobKeeper Applicants</i>	<i>Est. Employees</i>	<i>Full Time</i>	<i>Part Time</i>	<i>Pre Sep 28 Total</i>	<i>After Sep 28 Total</i>	<i>Reduction per Fortnight</i>
Accommodation and Food Services	1,020	4,180	1,672	2,508	\$6,270,873.95	\$3,887,941.85	-\$2,382,932.10
Other Services	1,470	6,027	3,857	2,169	\$9,041,510.45	\$6,256,725.23	-\$2,784,785.22
Health Care and Social assistance	1383	5,670	3,118	2,551	\$8,505,854.06	\$5,656,392.95	-\$2,849,461.11
Arts and Recreation Services	640	2,625	1,838	787	\$3,938,921.56	\$2,796,634.31	-\$1,142,287.25
Education and Training	445	1,822	1,166	656	\$2,733,694.68	\$1,891,716.72	-\$841,977.96
Manufacturing	756	3,098	2,695	402	\$4,648,204.50	\$3,537,283.63	-\$1,110,920.88
Wholesale Trade	446	1,828	1,481	347	\$2,742,930.14	\$2,037,997.09	-\$704,933.04
Transport, Postal and Warehousing	1,144	4,691	3,659	1,032	\$7,037,416.71	\$5,165,463.87	-\$1,871,952.84
Retail Trade	975	3,997	1,998	1,998	\$5,995,657.39	\$3,897,177.30	-\$2,098,480.09
Information Media and Telecommunications	228	935	711	224	\$1,403,789.16	\$1,021,958.51	-\$381,830.65
Professional, Scientific and Technical Services	2,150	8,816	6,877	1,939	\$13,225,171.56	\$9,707,275.93	-\$3,517,895.63
Construction	2,293	9,402	7,898	1,504	\$14,104,386.88	\$10,606,498.93	-\$3,497,887.95
Administrative and Support Services	754	3,090	2,009	1,081	\$4,636,198.41	\$3,222,157.89	-\$1,414,040.52
Electricity, Gas, Water, Waste	32	132	109	22	\$198,562.28	\$148,723.15	-\$49,839.13
Public Admin and Safety	54	221	177	44	\$332,476.38	\$246,032.52	-\$86,443.86
Mining	27	110	107	3	\$166,238.19	\$131,494.41	-\$34,743.78
Agriculture, Forestry, Fishing	479	1,964	1,374	589	\$2,946,110.15	\$2,091,738.20	-\$854,371.94
Rental, Hiring and Real Estate	460	1,884	1,337	546	\$2,826,049.23	\$2,014,973.10	-\$811,076.13
Financial and Insurance Services	258	1,059	900	158	\$1,588,498.26	\$1,199,316.19	-\$389,182.07
<b>TOTAL</b>	<b>15,017</b>	<b>61,561</b>	<b>42,991</b>	<b>18,570</b>	<b>\$92,342,543.91</b>	<b>\$65,517,501.76</b>	<b>-\$26,825,042.15</b>



## South Australia Overview

### Overall reduction in JobKeeper to the state per fortnight



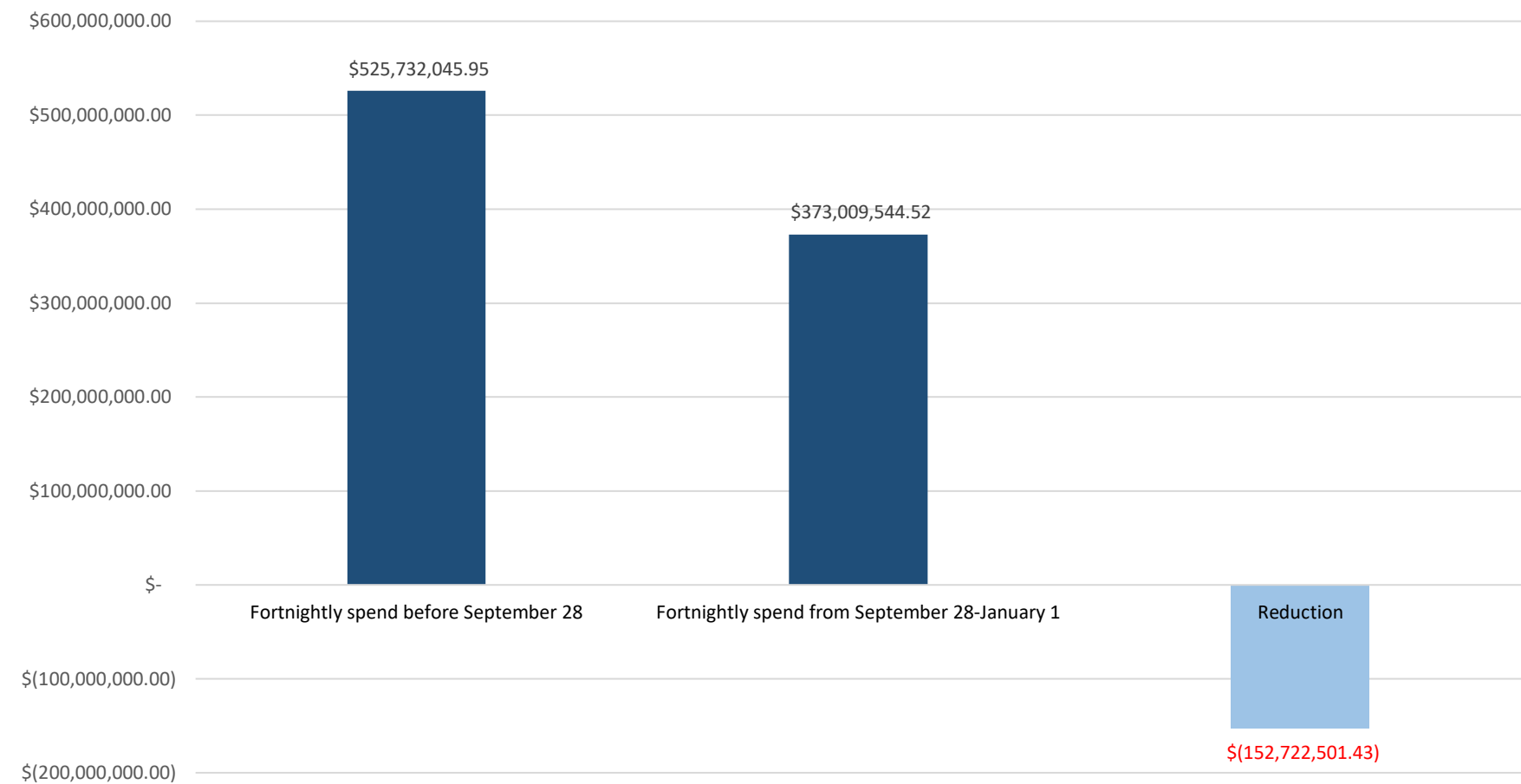
## The reduction in JobKeeper by industry in South Australia

<i>Industry</i>	<i>JobKeeper Applicants</i>	<i>Est. Employees</i>	<i>Full Time</i>	<i>Part Time</i>	<i>Pre Sep 28 Total</i>	<i>After Sep 28 Total</i>	<i>Reduction per Fortnight</i>
Accommodation and Food Services	3,673	15,057	6,022	9,034	\$22,585,919.90	\$14,003,270.33	-\$8,582,649.56
Other Services	5,295	21,709	13,894	7,815	\$32,564,971.40	\$22,534,960.21	-\$10,030,011.19
Health Care and Social assistance	4,981	20,423	11,233	9,190	\$30,635,688.11	\$20,372,732.59	-\$10,262,955.52
Arts and Recreation Services	2,307	9,457	6,620	2,837	\$14,186,884.88	\$10,072,688.27	-\$4,114,196.62
Education and Training	1,601	6,564	4,200	2,363	\$9,845,997.48	\$6,813,430.26	-\$3,032,567.22
Manufacturing	2,722	11,161	9,710	1,450	\$16,741,522.07	\$12,740,298.29	-\$4,001,223.77
Wholesale Trade	1,606	6,586	5,334	1,251	\$9,879,260.99	\$7,340,290.91	-\$2,538,970.07
Transport, Postal and Warehousing	4,121	16,897	13,180	3,717	\$25,346,790.81	\$18,604,544.45	-\$6,742,246.36
Retail Trade	3,511	14,396	7,198	7,198	\$21,594,667.45	\$14,036,533.84	-\$7,558,133.61
Information Media and Telecommunications	822	3,370	2,561	808	\$5,056,052.76	\$3,680,806.41	-\$1,375,246.35
Professional, Scientific and Technical Services	7,745	31,755	24,769	6,986	\$47,633,339.16	\$34,962,870.94	-\$12,670,468.22
Construction	8,260	33,866	28,448	5,418	\$50,800,024.84	\$38,201,618.68	-\$12,598,406.16
Administrative and Support Services	2,715	11,132	7,235	3,896	\$16,698,279.51	\$11,605,304.26	-\$5,092,975.25
Electricity, Gas, Water, Waste	116	476	395	81	\$715,165.36	\$535,658.85	-\$179,506.50
Public Admin and Safety	195	798	638	159	\$1,197,486.18	\$886,139.77	-\$311,346.41
Mining	97	399	387	11	\$598,743.09	\$473,605.78	-\$125,137.31
Agriculture, Forestry, Fishing	1,725	7,074	4,951	2,122	\$10,611,058.10	\$7,533,851.25	-\$3,077,206.85
Rental, Hiring and Real Estate	1,655	6,785	4,817	1,96	\$10,178,632.53	\$7,257,364.99	-\$2,921,267.54
Financial and Insurance Services	930	3,814	3,242	572	\$5,721,322.86	\$4,319,598.76	-\$1,401,724.10
<b>TOTAL</b>	<b>54,087</b>	<b>221,727</b>	<b>154,843</b>	<b>66,884.17</b>	<b>\$332,591,807.44</b>	<b>\$235,975,568.85</b>	<b>-\$96,616,238.59</b>



# Western Australia Overview

## Overall reduction in JobKeeper to the state per fortnight

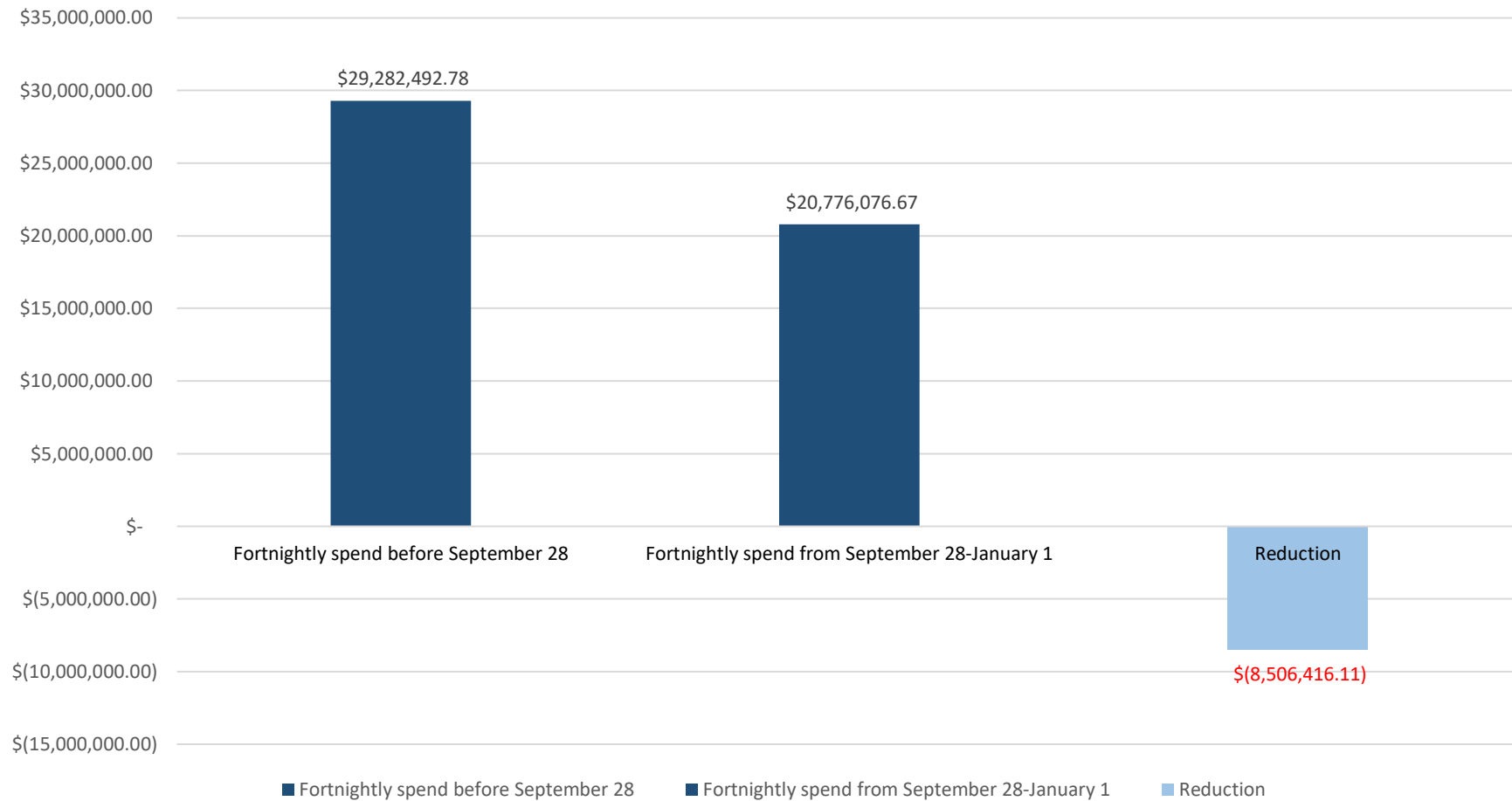


## The reduction in JobKeeper by industry in Western Australia

<i>Industry</i>	<i>JobKeeper Applicants</i>	<i>Est. Employees</i>	<i>Full Time</i>	<i>Part Time</i>	<i>Pre Sep 28 Total</i>	<i>After Sep 28 Total</i>	<i>Reduction per Fortnight</i>
<b>Accommodation and Food Services</b>	5,805	23,80	9,520	14,280	\$35,701,847.16	\$22,135,145.24	-\$13,566,701.92
<b>Other Services</b>	8,370	34,317	21,963	12,354	\$51,475,859.16	\$35,621,294.54	-\$15,854,564.62
<b>Health Care and Social assistance</b>	7,874	32,284	17,756	14,527	\$48,426,216.84	\$32,203,434.20	-\$16,222,782.64
<b>Arts and Recreation Services</b>	3,646	14,950	10,465	4,485	\$22,425,387.06	\$15,922,024.81	-\$6,503,362.25
<b>Education and Training</b>	2,531	10,375	6,640	3,735	\$15,563,691.84	\$10,770,074.75	-\$4,793,617.09
<b>Manufacturing</b>	4,303	17,642	15,348	2,293	\$26,463,534.13	\$20,138,749.47	-\$6,324,784.66
<b>Wholesale Trade</b>	2,539	10,410	8,432	1,978	\$15,616,271.88	\$11,602,890.01	-\$4,013,381.87
<b>Transport, Postal and Warehousing</b>	6,515	26,710	20,834	5,876	\$40,065,990.48	\$29,408,437.01	-\$10,657,553.47
<b>Retail Trade</b>	5,550	22,756	11,378	11,378	\$34,134,961.97	\$22,187,725.28	-\$11,947,236.69
<b>Information Media and Telecommunications</b>	1,300	5,328	4,049	1,278	\$7,992,166.08	\$5,818,296.91	-\$2,173,869.17
<b>Professional, Scientific and Technical Services</b>	12,243	50,196	39,153	11,043	\$75,294,617.28	\$55,266,249.08	-\$20,028,368.20
<b>Construction</b>	13,057	53,533	44,968	8,565	\$80,300,237.09	\$60,385,778.29	-\$19,914,458.80
<b>Administrative and Support Services</b>	4,292	17,596	11,437	6,158	\$26,395,180.08	\$18,344,650.16	-\$8,050,529.92
<b>Electricity, Gas, Water, Waste</b>	184	753	625	128	\$1,130,470.86	\$846,722.67	-\$283,748.19
<b>Public Admin and Safety</b>	308	1,261	1,009	252	\$1,892,881.44	\$1,400,732.27	-\$492,149.17
<b>Mining</b>	154	630	612	18	\$946,440.72	\$748,634.61	-\$197,806.11
<b>Agricultura, Forestry, Fishing</b>	2,727	11,182	7,827	3,354	\$16,773,032.76	\$11,908,853.26	-\$4,864,179.50
<b>Rental, Hiring and Real Estate</b>	2,616	10,726	7,615	3,110	\$16,089,492.24	\$11,471,807.97	-\$4,617,684.27
<b>Financial and Insurance Services</b>	1,471	6,029	5,124	904	\$9,043,766.88	\$6,828,043.99	-\$2,215,722.89
<b>TOTAL</b>	<b>85,496</b>	<b>350,488</b>	<b>244,763</b>	<b>105,724</b>	<b>\$525,732,045.95</b>	<b>\$373,009,544.52</b>	<b>-\$152,722,501.43</b>

## Northern Territory Overview

### Overall reduction in JobKeeper to the state per fortnight



## The reduction in JobKeeper by industry in Northern Territory

<i>Industry</i>	<i>JobKeeper Applicants</i>	<i>Est. Employees</i>	<i>Full Time</i>	<i>Part Time</i>	<i>Pre Sep 28 Total</i>	<i>After Sep 28 Total</i>	<i>Reduction per Fortnight</i>
Accommodation and Food Services	323	1,325	530	795	\$1,988,539.77	\$1,232,894.66	-\$755,645.11
Other Services	466	1,911	1,223	688	\$2,867,128.77	\$1,984,053.11	-\$883,075.66
Health Care and Social assistance	438	1,798	989	809	\$2,697,268.23	\$1,793,683.37	-\$903,584.86
Arts and Recreation Services	203	832	582	249	\$1,249,060.70	\$886,833.09	-\$362,227.60
Education and Training	141	577	369	208	\$866,874.48	\$599,877.14	-\$266,997.34
Manufacturing	240	982	854	127	\$1,473,979.48	\$1,121,698.38	-\$352,281.10
Wholesale Trade	141	579	469	110	\$869,803.11	\$646,263.71	-\$223,539.40
Transport, Postal and Warehousing	363	1,487	1,160	327	\$2,231,616.06	\$1,638,006.19	-\$593,609.87
Retail Trade	309	1,267	633	633	\$1,901,266.60	\$1,235,823.29	-\$665,443.31
Information Media and Telecommunications	72	296	225	71	\$445,151.76	\$324,070.48	-\$121,081.28
Professional, Scientific and Technical Services	682	2,795	2,180	615	\$4,193,798.16	\$3,078,247.85	-\$1,115,550.31
Construction	727	2,981	2,504	477	\$4,472,603.74	\$3,363,398.01	-\$1,109,205.73
Administrative and Support Services	239	980	637	343	\$1,470,172.26	\$1,021,769.72	-\$448,402.54
Electricity, Gas, Water, Waste	10	41	34	7	\$62,965.55	\$47,161.19	-\$15,804.35
Public Admin and Safety	17	70	56	14	\$105,430.68	\$78,018.70	-\$27,411.98
Mining	9	35	34	1	\$52,715.34	\$41,697.83	-\$11,017.51
Agriculture, Forestry, Fishing	152	622	435	186	\$934,232.97	\$663,305.41	-\$270,927.56
Rental, Hiring and Real Estate	146	597	424	173	\$896,160.78	\$638,962.64	-\$257,198.14
Financial and Insurance Services	82	335	285	50	\$503,724.36	\$380,311.89	-\$123,412.47
<b>TOTAL</b>	<b>4,762</b>	<b>19,521</b>	<b>13,632</b>	<b>5,888</b>	<b>\$29,282,492.78</b>	<b>\$20,776,076.67</b>	<b>-\$8,506,416.11</b>

## Part C

### Appendix & References



## Appendix: Assumptions & Sources

### Percentage uptake by industry

The number of JobKeeper business applicants and the rate in which each industry utilised the program have been extracted from the JobKeeper Review which was published on July 31. The lag in real-time data might result in discrepancies when more JobKeeper data for Q3/Q4 are released.

### Part Time / Full Time 20 Hours Distinction

Page 41 of the *JobKeeper Review* suggests the introduction of a two-tiered payment, which was subsequently adopted, might be based upon the New Zealand model of distinguishing part-time and full-time work as less than, or more than, 20 hours of work per week:

*“It may be possible to introduce a two-tiered payment system, as in NZ, based on working hours where part-time employees receive a lower payment, with part-time defined by an hours threshold — in NZ this is below 20 hours per week. This could be tied to usual working hours pre-1 March 2020 or to current working hours.” – Page 41 of the JobKeeper Review, July, 2020.*

This discussion paper thus applies the distinction foreshadowed by the JobKeeper review, and assumes that all part-time works on JobKeeper in Australia work 20 hours a week or less, and are thus subject to a significant reduction in JobKeeper payments from \$1500/fn to \$750/fn.

### Identifying part time/full time workers on JobKeeper

Existing full time/part time ratios within each specific industry, and within each specific state and territory, have been applied to the model to derive how many individual employees receiving JobKeeper will have the full-time reduction, or the part time reduction.

### Estimating the number of employees per JobKeeper applicant

The ATO have specified that they do not have firm-level data regarding the number of employees on JobKeeper per firm.<sup>8</sup> Accordingly, this analysis has averaged out the overall number of JobKeeper employees with the overall number of JobKeeper applicant businesses, identifying an average of 4.1 employees per JobKeeper recipient business.

## **Ineligible businesses**

Some 26,000 applications for JobKeeper were rejected by the ATO, with a further 8000 applications under review.<sup>9</sup> This has been applied evenly across the model as the geographic location of ineligible applications is not available.

## **Business locations**

The ATO categorises businesses by their registration address, not physical address. This results in apparently high business counts in some suburban areas. Businesses registered in certain postcodes may have employees in other postcodes. This discrepancy has a negligible impact on overall state figures.

## **Applying findings to post-code level**

There are minor discrepancies between state-wide and nation-wide figures and post-code level figures presented in this report, due to data limitations at the post-code level that are available at the state and national level (i.e., contemporary business counts and employment status).

## **NSW & ACT Aggregation**

The data for this report has been extracted from the most recently available post-code level data on JobKeeper applicant businesses. Whereas each state and territory have distinct post-code numbers, NSW's and ACT's are all '2000', and have been entangled in the available data.

## **Assumptions regarding number of workers receiving JobKeeper**

The most recently available data on the uptake of JobKeeper has been used in identifying the total number of individuals receiving the payment, which this report has estimated at approximately 3.48 million. Initially, this total number was expected to fall significantly as COVID-19 subsided and the economy recovered.

The stricter access criteria for JobKeeper after September 28 means that the overall number of businesses receiving JobKeeper, and employees relying on JobKeeper, could be lower than what is presented in this report. That scenario renders the assumptions in this report on the conservative side: if a sizeable portion of JobKeeper recipients no longer qualify for the payment, the Government's economic support will be even lower than is forecast in this analysis, though the Treasurer has noted that JobSeeker payments will remain available for those who lose employment as a result of JobKeeper changes.

On July 21, the Government said it expected the overall number of individuals on JobKeeper to reduce from 3.5 million to 1.4 million "in the months after the first round of

changes come into effect". This assumes a recovering economic will permit a gradual easing of the JobKeeper payment. This earlier prognosis, however, has not factored in the full extent of the second wave of COVID-19, particularly in Victoria. At the time of writing this paper, more than 5 million Victorians remain in 23 hour/day stage 4 lockdowns. At the time of writing, there is no available data to suggest that the number of businesses and individuals receiving JobKeeper support has been significantly reduced.

## References

- <sup>1</sup> “JobKeeper Postcode Data”, released July 31 2020 by the Australian Treasury. Accessible <https://treasury.gov.au/coronavirus/jobkeeper/data>
- <sup>2</sup> Reserve Bank of Australia, 2020. ‘Opening Statement of <https://rba.gov.au/speeches/2020/sp-gov-2020-08-14.html> ]
- <sup>3</sup><https://rba.gov.au/speeches/2020/sp-ag-2020-08-07.html>]
- <sup>4</sup> Australian Bureau of Statistics, 2020. ‘Australian National Accounts’. Accessed online: <https://www.abs.gov.au/ausstats/abs%40.nsf/mediareleasesbyCatalogue/C9973AC780DDFD3FCA257F690011045C?OpenDocument>
- <sup>5</sup> Australian Treasury, 2020. ‘Opening statement – July 2020 Senate Select Committee on COVID-19’. <https://treasury.gov.au/speech/opening-statement-july-2020-senate-select-committee-covid-19>]
- <sup>6</sup> Reserve Bank of Australia, 2020. ‘The Economic Outlook’. Accessed online: <https://rba.gov.au/speeches/2020/sp-ag-2020-08-07.html>]
- <sup>7</sup> Australian Treasury, 2020. ‘The JobKeeper Payment: Three-month Review’. [https://treasury.gov.au/sites/default/files/2020-07/jobkeeper-review-2020\\_0.pdf](https://treasury.gov.au/sites/default/files/2020-07/jobkeeper-review-2020_0.pdf)
- <sup>8</sup> An Australian Taxation Office official responded to a question on notice from Senator Gallagher on 3 July 2020, asking for a ‘breakdown of JobKeeper recipients by employment status’. The ATO responded that ‘it is unable to provide this breakdown’.
- <sup>9</sup> Australian Financial Review, July 2 2020. ‘ATO warns 8000 businesses over JobKeeper eligibility’. Accessed online: <https://www.afr.com/politics/federal/ato-warns-8000-businesses-over-jobkeeper-eligibility-20200701-p557zl>