

VERSION 2 - 29 JULY 2020

Government Assistance Payments

The Federal Government is introducing changes to the JobKeeper and JobSeeker programs from the end of September, which will tighten the rules around eligibility and reduce the amount a person can receive. These changes come into effect from 28 September.

Read our advice closely as there are circumstances in which it might be possible for workers to receive both the JobKeeper and JobSeeker allowance.

JobKeeper Allowance

The IEU welcomed the introduction of the JobKeeper program in March. This allowance assisted workers across Australia during the pandemic and associated economic downturn, and in many cases allowed them to continue in employment which otherwise may have ended. Many members in ELICOS, RTO's and other private providers have been eligible, as well as employees in some schools.

Whilst we are glad to see the JobKeeper program extended, it is disappointing to see the rates decrease as the effects of the pandemic continue to affect workers across Australia. It is also deeply concerning that short-term casuals and temporary visa holders continue to be locked out of the scheme.

The JobKeeper program is now set to remain in place until 28 March 2021.

WHAT IS IT CURRENTLY?

JobKeeper is a flat payment of \$1500 per fortnight for each part-time and full-time employee and each casual employee who has been employed for longer than 12 months. This rate of payment will continue until 28 September, after which point it will be split into two 'tiers' determined by weekly hours worked prior to 1 March 2020.

WHAT IS CHANGING?

From 28 September, the rate is being reduced and a two-tiered system is being introduced:

- For workers who were employed **20 hours a week or more** prior to 1 March 2020, the payment will be reduced to:
 - \$1200 a fortnight from 28 September 2020 to 3 January 2021; and
 - \$1000 a fortnight from 4 January 2021 to 28 March 2021.

- For workers who were employed for **fewer than 20 hours a week** prior to 1 March 2020, the payment will be reduced to:

- \$750 a fortnight from 28 September to 3 January 2021.
- \$650 a fortnight from 4 January 2021 to 28 March 2021.

To reiterate, these rates are **not** determined by the number of hours you are currently working. They are based upon the weekly hours you worked in the last two fortnightly pay cycles that ended before 1 March 2020 (or before 1 July 2020 if you worked more hours in those two fortnights). This does not simply mean four calendar weeks in February 2020. To explain this with an example -

Joni and Eli both work part time at an ELICOS college in the CBD. Their boss pays them fortnightly on Wednesdays. After the pandemic hit Joni and Eli both received the JobKeeper payment of \$1500 a fortnight but with the introduction of the two-tiered system they want to know how much money they would now be eligible for.

To figure it out they both checked their last two payslips prior to 1 March 2020: these payslips covered the periods of Thursday 30 January to Wednesday 12 February and Thursday 13 February to Wednesday 26 February.

Over these two pay-cycles Joni worked 80 hours which averaged out to 20 hours a week. As a result Joni will be eligible for the higher JobKeeper rate of \$1200 a fortnight. Eli checks his payslips and sees that he worked 72 hours in the same period. This averaged out to 18 hours a week. Unfortunately, this means that Eli will be in the lower tier and will be eligible for \$750 a fortnight.

In some cases those on the JobKeeper allowance may be eligible to claim JobSeeker as well. See page 4 of *this document* for more detail about this.

Remember, JobKeeper is not necessarily the amount you will get in your pocket. This is the amount that the employer will receive from the ATO to subsidise your pay and is the *minimum* you can be paid. If you are working you must be paid the greater of either:

- The relevant JobKeeper rate (above); or
- Your normal wage.

DO I HAVE TO WORK ANY HOURS TO GET JOBKEEPER?

No. Once you are eligible, you must continue to get JobKeeper unless your employment is terminated. It doesn't matter whether you work any hours or not. You get it regardless of whether you are a casual who has not worked or an employee who has been stood down.

WILL IT INCLUDE PAYMENT TO MY SUPERANNUATION?

You must still be paid superannuation on any hours you actually work. For example:

- If you are only getting the JobKeeper amount, your employer must pay super on the hours you worked, but not on any amount above that up to the amount of the JobKeeper allowance.
- If you are getting more than the JobKeeper allowance, the employer must pay super on the whole lot, even though the bulk of your wage is being paid by JobKeeper.

JobSeeker Allowance

The IEU welcomed the introduction of the JobSeeker 'Coronavirus Supplement'. While we believe that the Newstart (unemployment) benefit has been disgracefully low for many years, this supplement has assisted many economically vulnerable people during the pandemic.

WHAT IS IT CURRENTLY?

This payment is available to any person who meets the eligibility criteria (including those who have recently lost work). Rates vary but for most people the Coronavirus Supplement brought the rate of payment to around \$1100 per fortnight, about double the pre-pandemic Newstart rate.

A number of temporary changes were announced in March to allow for greater access to the payment:

- In most cases, the waiting period has been shortened to one week.
- The partner income limit has been significantly increased to almost \$80,000.
- The assets test has been relaxed.
- The obligation to apply for work has been relaxed.

WHAT IS CHANGING?

The Coronavirus Supplement is being reduced from the end of September from \$550 to \$250 a fortnight, meaning the base JobSeeker rate for a single person with no dependents will be reduced from \$1,115 to \$815. This new rate will continue until the end of December 2020. The government has flagged that some form of supplement is likely to continue into 2021, but has not yet announced any further details.

From the end of September, the income test will change – recipients will be able to earn up to \$300 a fortnight without having their payment affected, up from the current \$106.

From the start of August, the 'Mutual Obligation Requirements' which were paused in March will be gradually reintroduced – this means that many recipients will be required to agree to a Job Plan and demonstrate that they are actively seeking employment. [See here for more details.](#)

How does JobKeeper interact with JobSeeker payments?

Due to the lowering of the JobKeeper Allowance, some recipients will be able to also claim JobSeeker entitlements.

Those eligible for the lower JobKeeper tier who now find themselves looking for more work will be earning less than the cap for the JobSeeker payment, and may be eligible to claim up to \$554 on top of JobKeeper. Modelling shows that this could take their fortnightly income to up to \$1304 a fortnight, which is \$196 less than what they are receiving now.

Those on the higher JobKeeper rate of \$1,200 per fortnight may also be able to get some JobSeeker if they jump through the hoops. Calculations suggest they will be eligible for up to \$284 per fortnight through JobSeeker, which would take their total fortnightly income to \$1,484.

A successful JobSeeker claim could also make you eligible for other benefits such as a Commonwealth Health Care Card, Family Tax Benefit part A (if you have kids), and rent assistance if renting.

There are some further considerations to be aware of before making the application for a JobSeeker payment. These include -

- You will need to satisfy the assets test for JobSeeker, which is being re-imposed from September 25. It will deny JobSeeker to single homeowners with assets of

more than \$268,000 (in addition to their home), and to single non-home owners with assets of more than \$482,500.

- You would also need to wait for a reimposed liquid assets waiting period of between one and 13 weeks, depending on your bank account balance.
- If you have a partner, they would need to earn less than \$3,068 a fortnight (roughly \$80,000 a year).

You may also be required to make at least one phone or online appointment per week with an employment services provider.