

Fact Sheet

JobKeeper 2.0 – Are You Ready?

To view the webinar associated with this fact sheet, visit
https://www.youtube.com/watch?v=_15X_JiMXaI

The changes to the Australian Government's JobKeeper program come into effect on 28 September 2020. While the scheme has been extended overall, until March 2021, there are significant changes that you need to be aware of and prepared for.

What are the key changes between JobKeeper 1.0 and JobKeeper 2.0?

On 21 July, the Government announced that it would be extending its JobKeeper scheme until 28 March 2021, and targeting more closely those businesses and not-for-profits which continue to be significantly impacted by COVID-19. The key changes in the extended scheme are:

Business Eligibility

Organisations seeking to continue to claim the payment will be required to reassess their eligibility with reference to their ACTUAL turnover in the September quarter (as opposed to estimated turnover) to continue receiving payments in the December quarter, and repeat this process for the December quarter to remain eligible for the March quarter 2021.

Employee eligibility

From 3 August 2020, employees can be eligible for the JobKeeper payment if they were employed as at 1 July 2020. As JobKeeper is an all-in scheme, if you're receiving JobKeeper and have taken on new employees between 1 March and 1 July 2020, you MUST now include them in the scheme.

Payment rate

The payment rate will be reduced on 28 September and again on 4 January 2021, and there will be different rates for part time and full time employees.

For employees who worked **more** than 20 hours a week as at 1 March 2020 (or 1 July 2020 if they commenced after 1 March 2020), from 28 September 2020, payments will drop to \$1,200 per fortnight. From 4 January 2021, payments will drop to \$1,000 per fortnight,

For employees who worked **less** than 20 hours per week as at 1 March 2020 (or 1 July 2020 if they commenced after 1 March 2020), from 28 September 2020 payments will drop to \$750 per fortnight. From 4 January 2021, payments will drop to \$650 per fortnight.

JobKeeper extension period	20 or more work hours on average per week	Less than 20 work hours on average per week
28 September 2020 to 3 January 2021 (first extension period)	\$1,200 per fortnight	\$750 per fortnight
4 January 2021 to 28 March 2021 (second extension period)	\$1,000 per fortnight	\$650 per fortnight

Extension of the Fair Work Act JobKeeper Provisions

Under the extended provisions, qualifying employers who are receiving JobKeeper payments for their employees (and continue receiving them after 27 September 2020) can continue using the JobKeeper provisions to:

- give their employees JobKeeper enabling stand down directions (for example, a direction to work less or no hours)

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- give their employees JobKeeper enabling directions (for example, a direction to change duties or work location)
- make agreements with their employees to change their days or times of work (for example, an agreement that an employee will work on different days).

However, these employers will no longer be able to use the JobKeeper provisions to make agreements with their employees to take annual leave (including at half pay). *Those provisions will stop applying from 28 September 2020.*

Any JobKeeper enabling directions or agreements to change an employee's days or times of work already in place on 27 September 2020 keep applying after this date as long as the employer continues to qualify for the scheme.

For these employers, JobKeeper enabling directions or agreements stop applying when they're cancelled, withdrawn or replaced, or on 29 March 2021 (whichever comes first).

Clear as mud? Let's see how this works in practice.

Scenarios

Currently receiving JobKeeper, but will no longer be eligible after 28 September

If on review of your organisation finances, it looks like you will not be able to meet the actual turnover test for the September quarter, or are no longer eligible for another reason, then JobKeeper payments will cease to be paid in the fortnight following 28 September 2020. All current JobKeeper enabling directions will also cease. It is essential now to review your business financial situation, and communicate regularly and clearly with your staff so that there are no surprises in a month's time when your participation in the scheme ends.

It may be that your business will be unable to survive without JobKeeper support. If this is the case, you need to deal with staff terminations and redundancies sooner rather than later.

Currently receiving JobKeeper, and will continue to be eligible after 28 September

If on review of your organisation finances, you will be able to meet the actual turnover test for the September quarter as well as the other continuing eligibility criteria, you still need to consider the financial impact on your business of the reduction in payment amounts. For any employees who regularly earn more than \$1,200 per fortnight for fulltime and \$750 per fortnight for part time, you will need to top up the JobKeeper payment to their usual level.

You also need to ensure that your staff remain eligible.

If you have JobKeeper enabling directions in place currently AND you are eligible for JobKeeper 2.0 beyond 27 September 2020, these will ALL continue to operate until your eligibility for JobKeeper 2.0 finishes or the program finishes on 29 March 2021. Therefore, if you have any of these in place, that is, you've used JobKeeper enabling directions to stand down staff, reduce their hours or pay, or take annual leave, these will end overnight on 28 September unless you are eligible for JobKeeper 2.0. You need to take the financial and staffing implications of the end of these enabling directions into consideration in your workforce planning if you will no longer be eligible for JobKeeper at 27 September 2020.

Currently receiving JobKeeper, but now have additional staff who are eligible

If you have staff who have come on board since 1 March 2020, and who were employed as at 1 July 2020 and meet the other eligibility criteria, you MUST add them as eligible

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employees to the JobKeeper payment. JobKeeper is a one in, all in payment. Employers receiving JobKeeper must give any newly eligible employee an employee nomination notice, and update their information with the ATO.

Not currently receiving JobKeeper but might qualify now

If you didn't think you were eligible for JobKeeper or didn't seem worth your while previously, it is still a good idea to run the numbers now – your organisation may have become eligible, and it might now be of assistance to your business to have this additional financial support for your employees.

As long as you either remain eligible for JobKeeper 2.0, OR you become eligible for JobKeeper 2.0 (whether or not you were eligible for and receiving JobKeeper 1.0) you will have access to the workplace flexibility options associated with JobKeeper.

Not currently receiving JobKeeper and won't qualify for 2.0

No action is required specifically in relation to JobKeeper; however, it is never a bad time to review your workforce and business planning to prepare for the next 6-12 months.

Workforce Planning

If you haven't already, now is a really good time to sit down with your accountant, bookkeeper and HR advisor to figure out where the finances of your business stand at the moment, what you can expect in the future, and how you resource your business to support those expectations. While no one has a crystal ball, you can look at trends over the last 5 months that we have been living in this pandemic, and come up with a set of scenarios that are most likely over the next 6-12 months.

Particularly in relation to staff, the important things to consider are:

- Do you have the right skills and experience in your staff to run your business at maximum efficiency and effectiveness?
- Are they working the right number of hours a week, and on the right days?
- If you are currently eligible for JobKeeper, do you need to reduce your leave liability by giving annual leave enabling directions before they expire on 28 September 2020?
- Are you taking into account COVID-safe business practices to ensure that the risk of transmitting illness in the workplace is minimised, such as having staff work from home, on alternate days, etc?

Remember, if you become eligible for JobKeeper at anytime, you can apply to join the scheme.

What do I do right now?

- Review your eligibility for JobKeeper, particularly regarding the new requirements for the turnover test that apply from 28 September 2020.

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- Review any JobKeeper enabling directions that are currently in place and make plans for when they cease to operate on 28 September 2020 if you're NOT eligible for JobKeeper 2.0 and review existing and potential for annual leave enabling directions.
- Review your finances, business plan and workforce to ensure that your business is as prepared as it can possibly be for the next 6-12 months.
- If you're unsure about any of these aspects, get professional advice. Your people are the biggest asset, expense and risk of your organization, and it makes sense to take as good care of them with professional HR support as it does to get professional tax, accounting and legal advice for the financial side of your business. We offer a free initial consultation with no obligations – call us anytime on 1300 856 231 or email admin@pinnaclepeoplesolutions.com.au. We've got your back.

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