



IHEA MEMBER ALERT:

Government Wage Subsidy Announcement

Dear IHEA Members and Supporters

The Prime Minister has just announced a new wage subsidy scheme which will support businesses and employees across the Australian economy.

The full details of the **Job Keeper** program will be published soon. We'll keep you up to date as information comes available, but wanted to get a quick snapshot of the announcement to you as soon as possible.

The **Job Keeper** programs will offer payments of a flat \$1500 per employee per fortnight over the next 6 months to businesses and not-for-profit organisations which have lost 30% or more of their turnover as a result of COVID-19. The total cost of the scheme is budgeted at \$130 billion over the next 6 months.

The key eligibility criteria is a reduction in business turnover of at least 30%. That criteria rises to at least 50% reduction for large businesses with a turnover of more than \$1bn.

Access to the payments will require businesses and not-for-profit organisations to register through the ATO, with payments allocated according to the number of employees engaged with an organisation as of 1 March 2020. Payments will be available for each full and part time employee, as well as sole traders and casuals who have been employed at the organisation for 12 months or more.

Payments will begin from the first week of May, and will be backdated to 30 March.

This payment is available for firms regardless of whether they have stood down or reduced the hours of workers. Organisations which have not made alterations to staffing arrangements remain eligible for the payment if they have suffered that 30% downturn of turnover. For firms which have retained their full complement of staff, this scheme will still apply and is designed to subsidise the first \$1500 of each employee's wage costs to the business.

There is no superannuation levy component of this payment.

These payments are intended to preserve income for that an organisation's employees and maintain that employment relationship through the current economic crisis. There will be a reporting and enforcement mechanism in place to ensure that the payment to businesses is being used to secure employees' incomes, although the details of that mechanism is not available at this early stage. This measure is designed to keep workers engaged with their employer throughout the period of economic inactivity, and ensure that the economy is able to bounce back after this current period of 'hibernation'. It also serves in

addition to other measures previously announced, which includes cash payments, low interest loans and rental relief for businesses.

This announcement is good news for IHEA Members and our staff and will help to ensure we survive the current crisis and are ready to rapidly recover as the crisis abates.

We'll keep you up to date as further information is available. Please feel free to contact me directly if you need any assistance

Best wishes



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