

Senate Standing Committee on COVID-19
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into the Australian Government's response to the COVID-19 pandemic

2019 - 2020

Division: JobKeeper Division
Topic: Sovereign entities - definition
Reference: Written question from Senator Sheldon, 8 May 2020 – IQ20-000063

Question:

1. Can you advise on the practical effect of the May 1, 2020 Economic Response Package (Payments and Benefits) Amendment Rules (No.2) 2020 in regards to Paragraph 7(2) (e) and/or any other section that relates to “sovereign entities.” I want to know specifically what the definition of “sovereign entity” was before the amendments and after.

Answer:

The exclusion of government entities was part of the original design of the JobKeeper Program and was in the rules and accompanying explanatory statement that were made and registered on 8 April 2020. Technical amendments were made to the JobKeeper Rules on 1 May to remove any doubt that entities that are wholly-owned by a foreign government are not eligible for JobKeeper payments.

The JobKeeper rules rely on an existing tax law concept to exclude foreign governments and their wholly-owned entities from the JobKeeper Program, namely the concept “sovereign entity”. The term ‘sovereign entity’ generally includes a body politic of a foreign country, a foreign government agency, and an entity wholly-owned by a body politic of a foreign country or foreign government agency. However, that tax law concept also incorporates a further tax law concept of residency. The technical amendment turned off the need to also assess residency of the wholly-owned entity, because residency is not relevant for the purposes of assessing eligibility for JobKeeper.

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Treasury Portfolio

Inquiry into the Australian Government's response to the COVID-19 pandemic

2019 - 2020

Division: JobKeeper Division
Topic: Australian aviation article
Reference: Written questions from Senator Sheldon, 8 May 2020 – IQ20-000064

Question:

I refer to the follow article in Australian Aviation of May 5, 2020.

<https://australianaviation.com.au/2020/05/dnata-says-4500-jobs-at-risk-by-jobkeeper-omission-82897/>

1. The article states that the May 1st Economic Response Package (Payments and Benefits) Amendment Rules (No.2) 2020 had the effect of excluding the staff of airport catering company Dnata from being eligible for JobKeeper payments because Dnata is ultimately owned by a “sovereign entity” - in this case the UAE Government. Is it the case that the May 1st amendments had this effect?
2. If it is it the case that Data employees are excluded, is it the case that other companies operating in Australia that are fully or partly owned by sovereign entities as defined by the amended version of these rules would also be excluded?
3. Are the employees of Swissport, an aviation services company operating in Australia and owned by Chinese company HNA, eligible for the JobKeeper program? On what basis are they eligible or not eligible? Is Treasury aware what the current ultimate ownership status is of HNA, which has been recently come under the control of the Chinese Government?
4. Was Treasury asked to advise the Treasurer or the Government at any time on the workers in Australia that would be affected by the sovereign entity provisions contained in either the original Response Package and/or the subsequent amended version? If so, what was that advice and when did you provide it?
5. Are you able to advise the Senate which companies' employees will be exempt from JobKeeper as a result of these sovereign entity provisions, and how many employees are potentially affected?

Answer:

1. The JobKeeper scheme is demand driven and businesses need to self-assess their eligibility before applying. Individual businesses will have the best information on whether they and each of their employees meet the JobKeeper eligibility criteria. The Australian Taxation Office, as the administrator of the scheme, determines the eligibility of businesses. Treasury does not collate data on ineligible businesses.
2. A sovereign entity is not a qualifying employer for the purposes of JobKeeper payment. The term ‘sovereign entity’ takes its meaning from the *Income Tax Assessment Act 1997* and, generally, includes a body politic of a foreign country, a foreign government agency, and an entity wholly-owned by a body politic of a foreign country or foreign government agency.
3. Please refer to part 1 above.

4. Treasury advised the Government through development of the JobKeeper policy on the relationship between business eligibility and the number of potentially eligible employees under the scheme.

5. Please refer to part 1 above.

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Treasury Portfolio

Inquiry into the Australian Government's response to the COVID-19 pandemic

2019 - 2020

Division: JobKeeper Division
Topic: Jobkeeper payment for full time workers
Reference: Written questions from Senator Siewert, 8 May 2020 – IQ20-000065

Question:

1. Are you aware of employers who are not topping up Jobkeeper Payment for full time workers?
2. If so how many employers and how many staff are involved?
3. What steps are you taking to ensure employers top up Jobkeeper Payment for full time workers?
4. Are you aware of employees dropping off the jobkeeper program and onto jobseeker payment, for example because they are not having their wages topped up by their employer?
5. How are individuals reminded of their obligation to report the JobKeeper payment as income to Services Australia?
6. Is there help available to assist employers with costs of State payroll tax and workcover?
7. If so what type of help is available?
8. If not, what happens if these costs become a barrier to taking up Jobkeeper?
9. The government has said skilled visas workers are especially important. Given the government acknowledges their importance, why aren't they eligible for the scheme? Why does the government pick and choose when workers are important and when they are not?
10. JobKeeper eligibility is envisaged as a key part of the childcare package and but In Home Care services and nannies are not eligible for JobKeeper. Why aren't these services eligible for JobKeeper payments?
11. Will the government include these businesses as a matter of urgency?
12. Will the Government include the following particular categories of workers and businesses that in the JobKeeper Program? If not, why not?
 - a) freelance performers, content creators, and crew who are engaged as direct employees on short term contracts on a project by project basis but are not registered as a business,
 - b) businesses that do not have a consistent stream of linear revenue across the year, such as those working on screen and stage productions, festivals and events, and therefore the revenue test is not applicable and should instead be for a comparable period not month, and
 - c) entities that are established as dedicated Special Purpose Vehicles which is common in the arts, entertainment and events sectors for individual projects, and are unlikely to meet the various tests and requirements therefore excluding many workers.

Answer:

- 1/2. These are matters for the Fair Work Ombudsman and Fair Work Commission.
3. The Fair Work Ombudsman can enforce a number of the provisions relating to the JobKeeper scheme that concern minimum wages and conditions as well as misuse of JobKeeper enabling directions by employers.

IQ20-000065

The ATO has also established a confidential JobKeeper hotline where individuals can report fraud or behaviour of concern. This service is also available by completing a JobKeeper tip-off form online or on the ATO app. Where appropriate, the ATO will refer tip-offs to the Fair Work Ombudsman as permitted under the law.

Where an employer has deliberately defrauded the system, a number of penalties are available in the *Taxation Administration Act 1953* and the *Criminal Code Act 1995*:

Description	Penalty
Administrative penalties for false and misleading statements	A financial penalty of up to 75 per cent of the amount of any overpayment
Criminal offence for a failure to comply with requirements under the taxation law	Imprisonment for up to 12 months and a fine of up to \$10,500 (\$52,500 for corporate entities)
Criminal offences for making false or misleading statements to taxation officers	Imprisonment for up to 12 months and a fine of up to \$10,500 (\$52,500 for corporate entities)
Obtaining financial advantage	Imprisonment for up to 12 months
Obtaining financial advantage by deception	Imprisonment for up to 10 years
Conspiracy to defraud	Imprisonment for up to 10 years

4. No.

5. Services Australia and the Australian Taxation Office have a variety of communication channels that they use to provide information to individuals about their obligations, this includes clearly stating on their websites that JobKeeper payments, like any other income, must be reported to Services Australia.

6/7/8. These are matters for State and Territory Governments.

9. Permanent visa holders and New Zealanders on Special Category (Subclass 444) visas at 1 March 2020 are eligible for the JobKeeper Program, provided they meet the eligibility criteria applied generally to all employees. These visa holders have a permanent association with Australia and are therefore likely to have permanent employment associations with the Australian workforce. Temporary visa holders are not eligible for JobKeeper.

10. In Home Care providers will be eligible for the JobKeeper scheme where they meet the eligibility criteria at the entity level (for example, the turnover decline test) and the test for employees (or business participants, in the case of sole traders and other entities). These eligibility criteria apply to all entities seeking to access the JobKeeper scheme.

11. In Home Care providers who are not eligible for the JobKeeper scheme can apply for additional support of 35 per cent of their pre-COVID revenue through the Business Continuity Payment, bringing total support to 85 per cent of pre-COVID revenue. The 35 per cent is approximately equivalent to the average level of support services would have received through the JobKeeper payments. In order to be eligible for this additional support, providers must have applied for an ABN by 1 June 2020.

12.a) and c) The \$130 billion JobKeeper Program was designed to support a broad range of businesses and their employees, and will support millions of Australian jobs.

As with any government program, there need to be some lines drawn on eligibility. Eligibility has focused on maximising the reach of the JobKeeper Program while ensuring that the Program is able to be implemented as quickly and efficiently as possible.

b) An alternative decline in turnover test is available for entities that have large irregular variance in their turnover.

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Inquiry into the Australian Government's response to the COVID-19 pandemic

2019 - 2020

Division: JobKeeper Division
Topic: JobKeeper - Senator Gallagher
Reference: Written questions from Senator Gallagher, 8 May 2020 – IQ20-000066

Question:

JobKeeper

1. The Government has said it estimates around 6 million people will receive the JobKeeper payment. At the time this estimate was made, how many were expected to be let go without it? Have these estimates changed since the program was announced? What are the latest estimates?
2. How many businesses have registered for JobKeeper and how many employees does this cover?
3. What is the proportion of JobKeeper registrants that are casually employed?
4. Can the Department provide a breakdown of the number of workers that have registered for JobKeeper and those eligible for JobKeeper, by industry, gender, by age bracket, by state, and by electorate.
5. Can the Department provide a breakdown of the number of businesses that have registered for JobKeeper, and also those that are eligible for JobKeeper, by state? Including how many employees from these businesses it covers. Please include the gender breakdown of business owners and the number that are eligible by state and by electorate?
6. Can the Department provide a breakdown of the number of small businesses that have registered for JobKeeper, and also those that are eligible for JobKeeper by state? Including how many employees from these businesses it covers. Please include the gender breakdown of business owners and the number that are eligible by state and by electorate?
7. Can the Department provide a breakdown of the number of big businesses that have registered, and also those that are eligible for JobKeeper by state? And the number that are eligible by State? Including how many employees from these businesses it covers? Please include the gender breakdown of business owners and the number that are eligible by state and by electorate?
8. Can the Department provide a breakdown of the number of sole traders that have registered and also those that are eligible for JobKeeper by industry, gender, by age bracket, by state and by electorate?
9. Can the Department provide a breakdown of the number of charities that have registered and also those that are eligible for JobKeeper by state and by electorate? And how many employees will it cover by each state? And the gender breakdown of these employees by each state?
10. Can the Department provide a breakdown of the number of partnerships that are have registered and also those that are eligible for JobKeeper, and the gender of the person nominated to receive the payment? And a breakdown of the number of partnerships registered and those eligible by state and by electorate?
11. What are Treasury's estimates for how many workers would receive/be eligible for the JobKeeper program that would not be doing any hours work (i.e. stood down)? How many people currently receiving the payment are doing zero hours work (i.e. are stood down)?
12. Does Treasury have statistics for how many people are receiving the payment who are

working one, two, three, four or five days a week? If so, can a breakdown of recipients be provided?

13. Does Treasury have statistics for how many recipients of JobKeeper are receiving more than their usual wage as a result of JobKeeper? If so, how many recipients are there? How many recipients are receiving top-up payments from their employers, after receiving the JobKeeper payment?

14. What is the average loss in revenue being reported to the ATO by Tasmanian businesses?

Answer:

The Government has said it estimates around 6 million people will receive the JobKeeper payment. At the time this estimate was made, how many were expected to be let go without it? Have these estimates changed since the program was announced? What are the latest estimates?

We have previously estimated that without the JobKeeper program, the unemployment rate would have been around 5 percentage points higher, or around 15 per cent. This compares to forecasts that the unemployment rate would peak instead at around 10 per cent in the Jun-20 quarter, given the introduction of JobKeeper. Updated estimates are not yet available.

1. How many businesses have registered for JobKeeper and how many employees does this cover?

As per the Prime Minister and Treasurer's press conference on 14 May, there are now more than 860,000 organisations enrolled for the JobKeeper program. An enrolled organisation is one which has completed the business enrolment form. The form is to notify intent to claim, and confirm the financial institution details for receiving the JobKeeper payment.

These enrolled organisations cover approximately 6 million employees. The number of employees given is an estimate based on employers estimating their number of eligible employees when they enrol in the program.

2. What is the proportion of JobKeeper registrants that are casually employed?

Data on registrants that are casually employed is not available.

3. Can the Department provide a breakdown of the number of workers that have registered for JobKeeper and those eligible for JobKeeper, by industry, gender, by age bracket, by state, and by electorate.

Eligible employees are nominated by their employer, and hence employees do not register for the JobKeeper program.

Data on employees broken down by industry, age, gender, state and electorate is currently not available.

4. Can the Department provide a breakdown of the number of businesses that have registered for JobKeeper, and also those that are eligible for JobKeeper, by state? Including how many employees from these businesses it covers. Please include the gender breakdown of business owners and the number that are eligible by state and by electorate?

The number of businesses which have enrolled for the JobKeeper program by state is broken down below. The total number of businesses which are eligible for JobKeeper is

unknown as this would include businesses which have not enrolled, but may be eligible. Total number of enrolled businesses by state as at 12 May:

- ACT: 10,590
- NSW: 298,584
- NT: 4,728
- QLD: 165,133
- SA: 51,325
- TAS: 14,523
- VIC: 234,231
- WA: 81,454

Data on the number of employees which these businesses cover by state, as well as the gender breakdown is currently not available.

- 5. Can the Department provide a breakdown of the number of small businesses that have registered for JobKeeper, and also those that are eligible for JobKeeper by state? Including how many employees from these businesses it covers. Please include the gender breakdown of business owners and the number that are eligible by state and by electorate?**

The number of small businesses which had enrolled for the JobKeeper program as at 12 May was:

- Small businesses (business income < \$2M or GST Annual Turnover < \$2M): 750,335
- Small to medium businesses (business income between \$2M and \$250M or GST Annual Turnover \geq \$2M): 71,011

Data on the number of small businesses by state, number of employees which these businesses cover, as well as the gender breakdown is not currently available.

The total number of businesses which are eligible for JobKeeper is unknown as this would include businesses which have not enrolled, but may be eligible.

- 6. Can the Department provide a breakdown of the number of big businesses that have registered, and also those that are eligible for JobKeeper by state? And the number that are eligible by State? Including how many employees from these businesses it covers? Please include the gender breakdown of business owners and the number that are eligible by state and by electorate?**

The number of large businesses (business income > \$250M) which had enrolled for the JobKeeper program as at 12 May was 1,877.

Data on the number large businesses by state, number of employees which these businesses cover, as well as the gender breakdown is not currently available.

The total number of businesses which are eligible for JobKeeper is unknown as this would include businesses which have not enrolled, but may be eligible.

- 7. Can the Department provide a breakdown of the number of sole traders that have registered and also those that are eligible for JobKeeper by industry, gender, by age bracket, by state and by electorate?**

As at 12 May, around 40% of enrolments were from individual/sole traders.

Data on the number of Individual/Sole Trader's by industry, gender, age bracket, state, and electorate is not currently available.

The total number of businesses which are eligible for JobKeeper is unknown as this would include businesses which have not enrolled, but may be eligible.

- 8. Can the Department provide a breakdown of the number of charities that have registered and also those that are eligible for JobKeeper by state and by electorate? And how many employees will it cover by each state? And the gender breakdown of these employees by each state?**

The number of the not for profit entities (which includes charities) which had enrolled for the JobKeeper program as at 12 May was 16,251.

Data on the not for profit entities by state, electorate, number of employees which these businesses cover, as well as the gender breakdown is not currently available.

The total number of businesses which are eligible for JobKeeper is unknown as this would include businesses which have not enrolled, but may be eligible.

- 9. Can the Department provide a breakdown of the number of partnerships that are have registered and also those that are eligible for JobKeeper, and the gender of the person nominated to receive the payment? And a breakdown of the number of partnerships registered and those eligible by state and by electorate?**

As at 12 May, around 6% of enrolments were from partnerships.

Data on partnerships by gender, state and electorate is not currently available.

The total number of businesses which are eligible for JobKeeper is unknown as this would include businesses which have not enrolled, but may be eligible.

- 10. What are Treasury's estimates for how many workers would receive/be eligible for the JobKeeper program that would not be doing any hours work (i.e. stood down)? How many people currently receiving the payment are doing zero hours work (i.e. are stood down)?**

Treasury has not estimated the number of workers who would receive/be eligible for the JobKeeper program who were stood down or are doing zero hours work.

- 11. Does Treasury have statistics for how many people are receiving the payment who are working one, two, three, four or five days a week? If so, can a breakdown of recipients be provided?**

Data not available.

- 12. Does Treasury have statistics for how many recipients of JobKeeper are receiving more than their usual wage as a result of JobKeeper? If so, how many recipients are there? How many recipients are receiving top-up payments from their employers, after receiving the JobKeeper payment?**

Data not available.

- 13. What is the average loss in revenue being reported to the ATO by Tasmanian businesses?**

Data on the average loss in revenue by Tasmanian businesses is currently not available.

As at 12 May, 14,523 businesses based in Tasmania had enrolled for JobKeeper. By enrolling, all of these businesses have indicated they expect they will meet the qualification criteria, including those related to their expected drop in turnover.

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Treasury Portfolio

Inquiry into the Australian Government's response to the COVID-19 pandemic

2019 - 2020

Division: Retirement Income Policy Division
Topic: Superannuation - Senator Gallagher
Reference: Written questions from Senator Gallagher, 8 May 2020 – IQ20-000067

Question:

Superannuation

0. Please provide a breakdown of people that have applied to withdraw funds from their super early, by gender, by age bracket, by state, and by electorate in the 2018-2019 financial year?
1. Please provide a breakdown of people that have applied to withdraw funds from their super early, by gender, by age bracket, by state, and by electorate in the 2019-2020 financial year (to date)?
2. Please provide a breakdown of those workers that have successfully withdrawn funds from their super, by gender, by age bracket, by state and by electorate in the 2018-2019 financial year?
3. Please provide a breakdown of those workers that have successfully withdrawn funds from their super, by gender, by age bracket, by state and by electorate in the 2019-2020 financial year (to date)?
4. Please confirm if any modelling was done on the gender impacts of early release of superannuation in response to COVID-19? If yes, can you please outline details. If not, why not?
5. Please advise what the likely loss to the superannuation balance for the average worker that withdrew funds based on the average gender, the average age and the average withdrawal amount?
6. Please provide a breakdown of temporary visa holders that have had early super withdrawal approved? Please include the average amount withdrawn with a breakdown by gender, by age bracket, by state and by electorate. Please also include the total number of applicants.
7. Please provide a breakdown of average and median amounts of super withdrawn by gender, by age bracket, by state, and by electorate in the 2018-2019 financial year?
8. Please provide a breakdown of average and median amounts of super withdrawn by gender, by age bracket, by state, and by electorate in the 2019-2020 financial year (to date)?
9. Please explain the a) process, b) consultation, c) assumptions and d) modelling approach it used to support the Government's original estimated demand of the early access scheme (i.e. a take up of 1.65 million people and \$27 billion)
 - a) Has Treasury updated its advice on this initial forecast?
 - b) If so, when and on what basis? Did the underlying assumptions remain the same? If not, what were the revised underlying assumptions?
10. What advice did Treasury provide to government about the fiscal impacts of the early access scheme on the budget over the short, medium and long term?
11. Did Treasury provide the initial suggestion to Government to use Early Access to super as a form of income support? If so why?
12. In evidence provided to the committee Treasury advised that in discussions with APRA about development of the early access scheme, APRA had undertaken its own modelling. Can Treasury please outline how the two sets of modelling differ? Did Treasury make any

changes to its earlier modelling based on APRA's analysis?

13. In evidence provided to the committee Treasury advised that it did not have any data on applications that were rejected by the ATO. Is this still the case? If it does, can it now please provide this advice.

14. What is the status of the Retirement Income Review during the COVID-19 period?

15. Has Treasury advised the Retirement Income Review to reconsider its modelling of retirement income performance (cameos and system analysis) given the impacts COVID-19 is having on people's work life, super and system performance? If so, what changes has Treasury asked it to consider?

16. Has Treasury advised the Retirement Income Review to consider economic reconstruction post-Covid-19 as an additional objective for the review given the role of superannuation in the economy?

17. Can Treasury please advise what industry consultation occurred prior to the announcement of the early superannuation access scheme?

a) Please provide a list of organisations that Treasury consulted - financial institutions including banks, superannuation funds and any affiliated industry or representative bodies, individual lobbyists or business lobbies

b) Date that the consultation occurred

c) Treasury officials who were involved in the consultation

d) Any relevant documents pertaining to the consultation including emails

18. What consultation did Treasury have with the RBA on the Early Release scheme prior to Government announcement?

19. What consultation did Treasury have with the APRA on the Early Release scheme prior to Government announcement?

20. What consultation did Treasury have with ASIC on the Early Release Scheme prior to the Government announcement?

21. What consultation did Treasury have with the ATO on the Early Release Scheme prior to the Government announcement?

22. Did Treasury provide advice to the Government on the self-assessment application process? Does the \$27 Billion include applications that are successful but not eligible?

23. Did Treasury provide modelling to the Government on the impact of Early Release on age pension eligibility for lower income deciles, using Treasury's cameo analysis capacity?

a) Please provide the assumptions used by treasury to underpin this work

24. Can Treasury please outline if it was consulted by APRA on the APRA Early Release data collection?

a) If so, please outline the position or advice put forward by Treasury in relation to this data collection

b) If so, did Treasury request or provide advice to APRA to broaden the scope of the data collection?

25. Can Treasury please provide a list of the Treasury officials that attended the formal consultation on Early Release implementation? By formal consultation I am referring to the ATO chaired Superannuation Administration Group and any other industry consultation processes?

26. Can Treasury please advise if it had modelled policies on the early release of superannuation before March 2020 and if so please provide an overview of that work and how it helped to develop the early access scheme that was introduced as part of the government's COVID-19 response.

Answers:

0. Please provide a breakdown of people that have applied to withdraw funds from their super early, by gender, by age bracket, by state, and by electorate in the 2018-2019 financial year?
1. Please provide a breakdown of people that have applied to withdraw funds from their super early, by gender, by age bracket, by state, and by electorate in the 2019-2020 financial year (to date)?
2. Please provide a breakdown of those workers that have successfully withdrawn funds from their super, by gender, by age bracket, by state and by electorate in the 2018-2019 financial year?
3. Please provide a breakdown of those workers that have successfully withdrawn funds from their super, by gender, by age bracket, by state and by electorate in the 2019-2020 financial year (to date)?

The two main grounds for early release are severe financial hardship, which is administered by superannuation funds, and compassionate grounds, which is administered by the ATO. The Government has now introduced a new temporary condition for early release of superannuation for individuals who are adversely affected by the economic impacts of COVID-19.

Severe financial hardship grounds

In 2018-19, the number of member accounts that had money released on **severe financial hardship grounds** (which does not include COVID-19 early release) was around 81,000. No separate figures for applications or demographic data are available. The total amount released early under the severe financial hardship ground for funds with more than four members was around \$665 million. (Source: APRA Annual Bulletin June 2019). No data is available yet for 2019-20.

Compassionate grounds

In 2018-19, the ATO received a total of 53,747 applications for early release on **compassionate grounds**. For 2019-20, the ATO has received a total of around 54,800 applications as at 30 April 2020. Over 29,000 of these applications were approved totalling \$451 million. The average release amount so far this financial year is \$15,300.

The ATO does not have demographic data of the releases available at this stage.

COVID-19 early release

The 2019-20 **COVID-19 early release** of superannuation demographic data (up to 11 May 2020) is provided in the tables below. The ATO does not track actual amounts withdrawn from superannuation under the measure. However, APRA's second weekly publication of industry-level data from its Early Release Initiative (ERI) data collection showed that, as of 3 May 2020, superannuation funds had issued early release payments to 830,000 members worth a total of \$6.3 billion.

ATO demographic data on applications and approvals are set out below.

COVID-19 applications – ATO demographic data

Gender	Number of clients requesting
Male	782,900
Female	588,800
Other	200
Total	1,371,900

State	Number of clients requesting
NSW	417,600
QLD	354,800
VIC	310,400
WA	152,400
SA	70,800
TAS	26,400
NT	17,600
ACT	13,000
Unknown	9,000
Total	1,371,900

Age Range	Number of clients requesting
a. 20 or less	23,400
b. 21 - 25	172,100
c. 26 - 30	268,000
d. 31 - 35	247,700
e. 36 - 40	198,500
f. 41 - 45	150,800
g. 46 - 50	134,300
h. 51 - 55	101,200
i. 56 - 60	58,800
j. 61 - 65	15,700
k. 65 - 70	1,000
l. 71 and over	200
z. Unknown	0
Total	1,371,900

Source: ATO (Data as at 11 May 2020)

Note: The ATO does not collect electorate level data.

COVID-19 approvals – ATO demographic data

Gender	Number of applications approved	Value of application approved for release \$m
Male	772,300	6,500
Female	581,700	4,620
Other	200	0
Total	1,354,200	11,120

State	Number of applications approved	Value of application approved for release \$m
NSW	412,100	3,325
QLD	350,200	2,955
VIC	306,700	2,455
WA	150,500	1,280
SA	69,800	590
TAS	26,100	215
NT	17,000	140
ACT	12,800	105
Unknown	9,000	55
Total	1,354,200	11,120

Age Range	Number of applications approved	Value of application approved for release \$m
a. 20 or less	22,900	65
b. 21 - 25	168,600	975
c. 26 - 30	263,900	1,955
d. 31 - 35	244,400	2,085
e. 36 - 40	196,100	1,770
f. 41 - 45	149,300	1,380
g. 46 - 50	133,100	1,250
h. 51 - 55	100,500	945
i. 56 - 60	58,500	550
j. 61 - 65	15,700	140
k. 65 - 70	1,000	5
l. 71 and over	200	0
z. Unknown	0	0
Total	1,354,200	11,120

Source: ATO (Data as at 11 May 2020)

Note: The ATO does not collect electorate level data.

4. Please confirm if any modelling was done on the gender impacts of early release of superannuation in response to COVID-19? If yes, can you please outline details. If not, why not?

Treasury has not undertaken distributional analysis of early release of superannuation in response to COVID-19 by gender.

5. Please advise what the likely loss to the superannuation balance for the average worker that withdrew funds based on the average gender, the average age and the average withdrawal amount?

ASIC's MoneySmart Super Withdrawal Estimator provides an estimate of the impact that withdrawing funds today will have in retirement. The Estimator is intended to be a broad guide only and calculates these impacts according to the individual's current age, planned retirement age and amount to be withdrawn.

6. Please provide a breakdown of temporary visa holders that have had early super withdrawal approved? Please include the average amount withdrawn with a breakdown by gender, by age bracket, by state and by electorate. Please also include the total number of applicants.

The tables below include applications and approvals for the 2019-20 COVID-19 early release of superannuation measure by temporary visa holders.

COVID-19 Early release of superannuation –temporary visa holders

Totals	Number of applications received	Number of applications approved	Value of application approved for release \$m	Average value of application approved for release \$
	204,600	201,300	975	4,852

Gender	Number of applications received	Number of applications approved	Value of application approved for release \$m	Average value of application approved for release \$
Female	81,700	80,600	350	4,346
Male	122,700	120,600	625	5,191
Other	100	100	0	3,475
Total	204,600	201,300	975	

State	Number of applications received	Number of applications approved	Value of application approved for release \$m	Average value of application approved for release \$
NSW	81,900	80,600	405	5,018
VIC	58,900	58,000	265	4,582
QLD	28,300	27,800	125	4,466
WA	15,700	15,500	85	5,492
SA	6,100	6,000	30	4,973
TAS	3,900	3,800	25	6,055
ACT	3,100	3,000	20	6,037
NT	3,100	3,000	15	5,562
Unknown	3,600	3,500	10	2,601
Total	204,600	201,300	975	

Age Range	Number of applications received	Number of applications approved	Value of application approved for release \$m	Average value of application approved for release \$
a. 20 or less	5,900	5,800	10	1,956
b. 21 - 25	57,900	56,800	210	3,672
c. 26 - 30	80,800	79,500	385	4,853
d. 31 - 35	37,600	37,100	220	5,929
e. 36 - 40	13,600	13,500	90	6,682
f. 41 - 45	5,000	4,900	35	7,003
g. 46 - 50	2,200	2,200	15	7,187
h. 51 - 55	900	900	5	7,145
i. 56 - 60	400	400	5	7,351
j. 61 - 65	100	100	0	7,509
k. 65 - 70	0	0	0	7,658
l. 71 and over	0	0	0	6,783
Total	204,600	201,300	975	

Source: ATO (Data as at 11 May 2020).

Note: The ATO does not collect electorate level data.

7. Please provide a breakdown of average and median amounts of super withdrawn by gender, by age bracket, by state, and by electorate in the 2018-2019 financial year?

In 2018-19, the ATO received 53,747 applications for early release on **compassionate grounds**. The ATO does not have demographic data available by gender, by age bracket, by state or by electorate.

Similarly, according to APRA, the average benefit payment per member account released under **severe financial hardship** grounds in 2018-19 was \$8,238. No demographic breakdown is available.

8. Please provide a breakdown of average and median amounts of super withdrawn by gender, by age bracket, by state, and by electorate in the 2019-2020 financial year (to date)?

No data is available yet for **severe financial hardship** amounts withdrawn in 2019-20.

The ATO has received a total of around 54,800 applications on **compassionate grounds** so far in 2019-20 (as at 30 April 2020). Over 29,000 of these applications were approved totalling \$451 million. The average release amount so far this financial year is \$15,300. The ATO does not have demographic data of the releases available at this stage.

The tables below include the value of approved applications under the 2019-20 **COVID-19 early release** of superannuation measure. The ATO does not track actual amounts withdrawn from superannuation under the early release measure.

COVID-19 Early release of superannuation – approved amounts

	Median value of application approved for release	Average value of application approved for release
Totals	\$ 10,000	\$ 8,211

	Median value of application approved for release	Average value of application approved for release
Gender	\$	\$
Male	10,000	8,416
Female	10,000	7,939
Other	3,150	3,678

	Median value of application approved for release	Average value of application approved for release
State	\$	\$
WA	10,000	8,519
QLD	10,000	8,439
SA	10,000	8,425
TAS	10,000	8,249
ACT	10,000	8,144
NT	10,000	8,139
NSW	10,000	8,064
VIC	10,000	8,002
Unknown	9,184	6,468

Age Range	Median value of application approved for release \$	Average value of application approved for release \$
a. 20 or less	2,172	2,869
b. 21 - 25	5,400	5,797
c. 26 - 30	10,000	7,400
d. 31 - 35	10,000	8,535
e. 36 - 40	10,000	9,021
f. 41 - 45	10,000	9,237
g. 46 - 50	10,000	9,358
h. 51 - 55	10,000	9,415
i. 56 - 60	10,000	9,362
j. 61 - 65	10,000	8,929
k. 65 - 70	10,000	7,768
l. 71 and over	10,000	6,911
z. Unknown	10,000	10,000

9. Please explain the a) process, b) consultation, c) assumptions and d) modelling approach it used to support the Government's original estimated demand of the early access scheme (i.e. a take up of 1.65 million people and \$27 billion).

- a. Has Treasury updated its advice on this initial forecast?**
- b. If so, when and on what basis? Did the underlying assumptions remain the same? If not, what were the revised underlying assumptions?**

The cost to the budget from the original measure is due to lost earnings tax had the money stayed within the superannuation system. Tax data was used to calculate the average balance of the population the early release of superannuation applies to. This average balance was applied to an estimate of how many individuals would be eligible for early release to calculate an estimate of total demand. It was assumed that individuals making use of the withdrawals will withdraw the maximum possible during the duration of this proposal (the lesser of their available balance or \$10,000).

Treasury consulted with the ATO in development of the costing assumptions.

Treasury has not re-costed this measure. The normal reporting on the implementation and take up of a measure is provided to Government once a measure has been legislated.

10. What advice did Treasury provide to government about the fiscal impacts of the early access scheme on the budget over the short, medium and long term?

The measure to allow early release of superannuation in response to COVID-19 is expected to have a cost to revenue of \$1.75 billion over the forward estimates. This amounts to a cost of around \$1.15 billion from the original measure and \$600 million from the extension to temporary visa holders. The policy is expected to mature in the forward estimates period.

11. Did Treasury provide the initial suggestion to Government to use Early Access to super as a form of income support? If so why?

Early release of superannuation is already a longstanding existing avenue for individuals in specific circumstances to apply to access income support, including on compassionate and severe financial hardship grounds. Prior to COVID-19, the rules regarding early access to superannuation had been in place since 1997. The Government decided to extend these existing hardship provisions to allow early access to superannuation for those individuals who are adversely affected by the economic impacts of COVID-19.

12. In evidence provided to the committee Treasury advised that in discussions with APRA about development of the early access scheme, APRA had undertaken its own modelling. Can Treasury please outline how the two sets of modelling differ? Did Treasury make any changes to its earlier modelling based on APRA's analysis?

As Ms Wilkinson stated during her appearance before the committee on 28 April 2020, Treasury 'had discussions with APRA ahead of the government announcing this scheme about what was proposed, and we sought their advice on the proposal and on issues like the streamlining of application processes and any impacts this could have on liquidity.' There were no separate sets of modelling.

13. In evidence provided to the committee Treasury advised that it did not have any data on applications that were rejected by the ATO. Is this still the case? If it does, can it now please provide this advice?

As at 7 May 2020, the ATO had received 1,257,283 applications for early release of super, of which 14,639 (around 1 per cent) had been rejected. The rejections largely relate to individuals who are attempting to submit multiple applications in the same financial year, but are limited under the regulations to only one release.

14. What is the status of the Retirement Income Review during the COVID-19 period?

Work is continuing on the Retirement Income Review.

15. Has Treasury advised the Retirement Income Review to reconsider its modelling of retirement income performance (cameos and system analysis) given the impacts COVID- 19 is having on people’s work life, super and system performance? If so, what changes has Treasury asked it to consider?

The Secretariat for the Review and Treasury’s Tax Analysis Division are providing modelling support to the Panel.

The Review’s modelling is producing long term projections of the retirement income system (e.g. to 2060). Results over these timeframes are driven more by long-term trends rather than short-term shocks.

16. Has Treasury advised the Retirement Income Review to consider economic reconstruction post-Covid-19 as an additional objective for the review given the role of superannuation in the economy?

The Panel’s Terms of Reference were set by the Government and have not been changed.

17. Can Treasury please advise what industry consultation occurred prior to the announcement of the early superannuation access scheme?

- c. Please provide a list of organisations that Treasury consulted - financial institutions including banks, superannuation funds and any affiliated industry or representative bodies, individual lobbyists or business lobbies**
- d. Date that the consultation occurred**
- e. Treasury officials who were involved in the consultation**
- f. Any relevant documents pertaining to the consultation including emails**

Treasury consults on an ongoing basis with numerous stakeholders, including superannuation funds and peak bodies, across all elements of superannuation policy. Given the time-critical nature of the broader Government Economic Response to COVID-19, industry consultation on the early release measure commenced immediately after the announcement of the measure on 22 March 2020 and before applications were able to be made to the ATO on 20 April 2020.

18. What consultation did Treasury have with the RBA on the Early Release scheme prior to Government announcement?

The RBA was advised of the broad size and key elements of the package prior to the Government’s announcement.

- 19. What consultation did Treasury have with the APRA on the Early Release scheme prior to Government announcement?**
- 20. What consultation did Treasury have with ASIC on the Early Release Scheme prior to the Government announcement?**
- 21. What consultation did Treasury have with the ATO on the Early Release Scheme prior to the Government announcement?**

Treasury has worked closely with all relevant regulators including the ATO, APRA and ASIC through all stages of the development of the early release measure, including prior to the Government announcement.

- 22. Did Treasury provide advice to the Government on the self-assessment application process? Does the \$27 Billion include applications that are successful but not eligible?**

Treasury provided advice to the Government on all aspects of the temporary early release measure, including the self-assessment application process.

The Treasury costing for the original COVID-19 early release measure estimated that approximately \$27 billion would be released under the new temporary ground to Australian and New Zealand citizens and permanent residents. This estimate is based on the estimated number of eligible individuals that successfully release money from superannuation, after having self-certified that they are eligible.

- 23. Did Treasury provide modelling to the Government on the impact of Early Release on age pension eligibility for lower income deciles, using Treasury's cameo analysis capacity?**

g. Please provide the assumptions used by treasury to underpin this work.

Treasury has not modelled the impact of early release of superannuation in response to COVID-19 on age pension eligibility for lower income deciles.

- 24. Can Treasury please outline if it was consulted by APRA on the APRA Early Release data collection?**

h. If so, please outline the position or advice put forward by Treasury in relation to this data collection

i. If so, did Treasury request or provide advice to APRA to broaden the scope of the data collection?

APRA consulted Treasury on the data collection. Treasury provided feedback that the data should include detailed information including the number of applications received by funds and the time taken by funds to process applications. APRA has subsequently published that information on its website:
<https://www.apra.gov.au/covid-19-early-release-scheme>.

25. Can Treasury please provide a list of the Treasury officials that attended the formal consultation on Early Release implementation? By formal consultation I am referring to the ATO chaired Superannuation Administration Group and any other industry consultation processes?

Treasury participates in a range of consultation processes. In the context of the early release measure, senior Treasury officials have attended meetings of the Superannuation Industry Stewardship Group (SISG) and the Superannuation Administration Group (SAG) which have included discussions with industry stakeholders of the early release measure.

26. Can Treasury please advise if it had modelled policies on the early release of superannuation before March 2020 and if so please provide an overview of that work and how it helped to develop the early access scheme that was introduced as part of the government's COVID-19 response?

Treasury has costed the impact of policies on the early release of superannuation in the past, including the extension of early release of superannuation to victims of crime and victims of domestic and family violence, detailed in MYEFO 2018-19. This previous modelling work informed the approach taken to costing the temporary early release measure.

Senate Standing Committee on COVID-19
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into the Australian Government's response to the COVID-19 pandemic

2019 - 2020

Division: Tax Analysis Division
Topic: Program take-up and cost assumptions - Early access to super, JobSeeker following announcement of JobKeeper
Reference: Written questions from Senator Gallagher, 8 May 2020 – IQ20-000068

Question:

Program take-up and cost assumptions

1. What was Treasury's take-up and cost estimate of Cash Flow Boost, early access super and JobSeeker after the announcement of JobKeeper? How did this change compared to its take-up and cost estimates of these programs when they were first announced?

Answer:

The Cash Flow Boost, initial early release of super and JobSeeker measures were costed and legislated before the JobKeeper payment was announced. The normal reporting on the implementation and take up of a measure is usually provided to Government once a measure has been legislated.

Senate Standing Committee on COVID-19
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into the Australian Government's response to the COVID-19 pandemic

2019 - 2020

Division: Environment Industry and Infrastructure Division
Topic: VIRGIN
Reference: Written questions from Senator Gallagher, 8 May 2020 – IQ20-000069

Question:

VIRGIN

1. What advice has Treasury provided to the Government in relation to support for the aviation sector? When was this advice provided? Who was the advice provided to?
2. Have you undertaken any modelling or provided any advice about the impacts that might arise if one of the major airlines ceased to exist, or is scaled back/needs to change its business model?
3. Have you looked at the overall costs to the airline industry as a result of the Covid travel restrictions?
4. Have you provided costings on impacts to and options for supporting the different elements of the aviation sector in a sector wide response (including major airlines, regional airlines, airports, support services such as ground handling, security, catering)?
5. Virgin confirmed on 31 March that it had made a formal request to the Government for financial assistance of \$1.4 billion to enable it to deal with its liquidity issues caused by the shutdown of aviation services. This request was leaked to the media.
 - a) Do you know who leaked it?
 - b) What advice had been provided to the Government in response to this request?
 - c) When was this advice provided?
 - d) Who did you consult with in relation to this advice?
 - e) Did Treasury meet with Virgin to discuss this request?
 - f) Did Treasury meet with Qantas to discuss either the aviation sector as a whole, and/or the Virgin support request?
6. Has Treasury provided advice to the Government about Virgin's request for a \$1.4b loan to improve its cashflow and allow it to continue trading through the crisis?
7. Has Treasury had discussions or sought any advice from any private parties about Virgin's request for support, or the possibility of the company being placed into voluntary administration?
8. Specifically has Treasury had any discussions with private equity firms about a market-led solution to Virgin's liquidity problems?
9. Did Treasury speak with private equity firm BGH Capital at all in the lead up to Virgin being placed into Voluntary Administration?
10. The Government has appointed Nicholas Moore to be its representative in the Virgin administration process. We understand Mr Moore is reporting to Treasury. Given Mr Moore has associations with at least two potential bidders (Macquarie Bank and BGH through his daughter), does Treasury have any concerns that he could be conflicted? (Reference <https://www.smh.com.au/national/bankers-gather-to-play-their-part-in-virgin-s-resurrection-20200422-p54mb4.html>)

Answer:

1. What advice has Treasury provided to the Government in relation to support for the aviation sector? When was this advice provided? Who was the advice provided to?

Response:

Treasury routinely provides advice to its portfolio ministers, including in respect of economic conditions, fiscal measures and the potential impacts of different policies. Providing further information about this advice would disclose the deliberations of Cabinet.

2. Have you undertaken any modelling or provided any advice about the impacts that might arise if one of the major airlines ceased to exist, or is scaled back/needs to change its business model?

Response:

Refer response to question 1, above.

3. Have you looked at the overall costs to the airline industry as a result of the Covid travel restrictions?

Response:

As the COVID-19 pandemic has evolved, Treasury has undertaken a range of analyses to estimate the effects of COVID-19 on the economy. These analyses have involved assessing the economic impact of travel restrictions on the economy as a whole.

4. Have you provided costings on impacts to and options for supporting the different elements of the aviation sector in a sector wide response (including major airlines, regional airlines, airports, support services such as ground handling, security, catering)?

Response:

Treasury routinely prepares costings advice to support decision making by Government. Providing further information about this advice would disclose the deliberations of Cabinet.

5. Virgin confirmed on 31 March that it had made a formal request to the Government for financial assistance of \$1.4 billion to enable it to deal with its liquidity issues caused by the shutdown of aviation services. This request was leaked to the media.

a) Do you know who leaked it?

Response:

No.

b) What advice had been provided to the Government in response to this request?

Response:

Treasury routinely provides advice to its portfolio ministers, including in respect of economic conditions, fiscal measures and the potential impacts of different policies. Providing further information about this advice would disclose the deliberations of Cabinet.

c) When was this advice provided?

Response:

Refer response to question 5b), above.

d) Who did you consult with in relation to this advice?**Response:**

Treasury routinely consults with other agencies and stakeholders to inform the preparation of its advice to Government.

e) Did Treasury meet with Virgin to discuss this request**Response:**

At Virgin's request Treasury met with Virgin on 17 March to discuss developments in the domestic aviation industry and policy options to support the industry, including financial assistance such as fee waivers and loans.

f) Did Treasury meet with Qantas to discuss either the aviation sector as a whole, and/or the Virgin support request?**Response:**

No.

6. Has Treasury provided advice to the Government about Virgin's request for a \$1.4b loan to improve its cashflow and allow it to continue trading through the crisis?**Response:**

Treasury routinely provides advice to its portfolio ministers. Providing further information about this advice would disclose the deliberations of Cabinet.

7. Has Treasury had discussions or sought any advice from any private parties about Virgin's request for support, or the possibility of the company being placed into voluntary administration?**Response:**

Treasury routinely consults with other agencies and stakeholders to inform the preparation of its advice to Government.

8. Specifically has Treasury had any discussions with private equity firms about a market-led solution to Virgin's liquidity problems?**Response:**

Treasury is constructively engaging with the administrator and a range of interested parties to explore private sector led commercial solutions to Virgin Australia's situation, to ensure Australia can maintain two commercially viable airlines. Treasury has appointed Mr Nicholas Moore, former Macquarie Group CEO, to lead this industry engagement. This engagement has included discussions with a range of parties who have shown interest in the administration process, including private equity firms.

9. Did Treasury speak with private equity firm BGH Capital at all in the lead up to Virgin being placed into Voluntary Administration?**Response:**

Treasury did not speak with private equity firm BGH Capital prior to Virgin being placed in voluntary administration on 21 April 2020.

10. The Government has appointed Nicholas Moore to be its representative in the Virgin administration process. We understand Mr Moore is reporting to Treasury. Given Mr Moore has associations with at least two potential bidders (Macquarie Bank and BGH through his daughter), does Treasury have any concerns that he could be conflicted? (Reference <https://www.smh.com.au/national/bankers-gather-to-play-their-part-in-virgin-s-resurrection-20200422-p54mb4.html>)

Response:

The Government has appointed Mr Nicholas Moore to represent it in engaging with Virgin Australia Holdings (VAH) and other parties in relation to Virgin's administration. Consistent with established processes, Mr Moore has provided a Personal Interests Declaration, supplemented by further detailed disclosures, of his personal, business and financial interest and associations that are relevant to his current appointment. Mr Nicholas Moore is obliged to keep confidential all information that he is given access to in the process of assisting the Commonwealth under confidentiality agreements, including specifically in relation to the Virgin voluntary administration.