

**A message from Carolyn Morris, CEO YMCA Victoria and Kingswim**

**Tuesday 14 April, 2020**

I hope that you had a safe and happy Easter over the last few days. I know it was quite different to how we may usually spend Easter, but I hope you were able to get outside to enjoy some sunshine, speak with friends and family over the phone or video, and do some activities that help you relax during this difficult time.

Today I'd like to provide you with all the information I have on the JobKeeper subsidy to date. My aim is to be completely transparent so we are all on the same page.

The JobKeeper legislation was passed on Thursday last week, just prior to the Easter break. The Executive Leadership Team and I have worked over the long weekend to understand the legislation, the benefits and our obligations. To help us do this, we also sought external expert advice to ensure we are putting ourselves in the best position to understand how to proceed.

Given it was the Easter break, the government have not provided any additional information to date since last week. As such, we have not received answers to the questions we have posed nor have we received essential information like the **employee nomination forms** that need to be completed as part of the process for the JobKeeper before any payments can be made.

One thing the government did say last Thursday was that they understood that most employers would not be in a position to pay the JobKeeper subsidy until the end of April. This is due to the fact that the Government has not provided all the information needed to make payments prior to that time. There is therefore no expectation and no penalties to employers or employees if payments are not made before the end of April. For you, this means that the YMCA – along with many other employers - are not in a position to make JobKeeper payments until at least the end of April.

Despite not receiving any government updates over the long weekend, I'd like to take you through what we do understand at this time:

- The first thing we need to establish is whether the YMCA is an eligible employer. As I stated in my last video update, we have put our application into the ATO and this was within hours of the JobKeeper announcement. Unfortunately so did 770,000 other workplaces and so the ATO is still working through the applications.
- The ATO commissioner has now stated that employers need to self-assess their eligibility. In response we have conducted a self-assessment analysis and will take our Board through this **tomorrow night**. Our understanding is that **we have a strong case** to assume we will be an eligible employer in all but one entity.
- For those unaware, YMCA Victoria is comprised of several entities that represent each sector we work within. The entity we have identified as being ineligible will not be forgotten, and we will be applying to the ATO commissioner directly for an exception to be granted.
- We believe that the ATO commissioner should not withhold this exception but we do have to wait until they provide us with that exception before making any payments for JobKeeper.

- There are no penalties to the YMCA - or any employer - for not making JobKeeper payments. Therefore, if there are additional costs incurred by the YMCA - or any employer - to administer JobKeeper the government will not be held liable.
- To give you an idea of the **additional cost** the YMCA is facing, we have determined that to administer the JobKeeper payments for six months it will amount to over \$1.4million.
- This includes interest costs from borrowing \$10Million at 8% interest which is \$400,000, additional workers compensation insurance of around \$600,000 and additional administration in the region of \$400,000. This comes at a time when as you know we have lost 90% of our revenue.
- We have spoken to the Federal Government's finance department and they have conceded that this is an unintended consequence that the government had not thought through and so we have again appealed to the federal government to assist us with this.
- As I have stated many times our number one priority is the health, safety and wellbeing of our staff. A big part of this is that we need to ensure there is a YMCA in Victoria for you to all come back to, to be able to re-open our doors and for you to be able to return to your jobs.
- We are working around the clock to do this. But this additional cost of \$1.4million unfortunately puts this priority in further jeopardy.
- JobKeeper payments will amount to \$10million per fortnight and is essentially double what we normally spend in our normal payroll. We have to borrow this money from the bank to make these payments - and have so far only secured half of the money needed. We are looking for alternative ways to fund the remaining amount.
- In order for us to process JobKeeper payments we will be nominating staff who we understand to be eligible –
  - that is permanent staff as at 1 March 2020 and
  - casual staff that have had **regular and systematic** employment with us for 12 months prior to 1 March 2020 and
  - are a permanent resident of Australia
- How this will work: We will write to you and ask you to confirm back to us in writing that you are formally nominating yourself to be a part of the JobKeeper scheme.
- The compliance to whether you should be receiving the JobKeeper payment from the YMCA is your responsibility to determine. For example if you have two jobs, you can't say yes to both employers to receive the JobKeeper payment. This is fraud and something the tax office will be extremely vigilant in monitoring.

In summary, we are committed to making JobKeeper payments to you, but as you can see there are many obstacles to overcome, including significant administration and correspondence we need from you to comply. However, I am positive that we will overcome all the obstacles but I do ask for your patience, responsiveness and honesty to our requests while we do this.

I know a very small minority of you may feel that you need to take this to your Union as I understand you may feel aggrieved that the promises our prime minister has made are simply not practically possible for the YMCA and so many employers.

As I said two weeks ago I am aware that Scott Morrison has raised an expectation of businesses, but it is one that we – and so many others - simply cannot meet at this time. We



ask for your unity and the unity of unions, to support our position that we absolutely want to pay JobKeeper to you.

We are working through this as quickly and diligently as possible but need the government's responsiveness and concessions to ensure that we can achieve this together.

Thank you for your time and patience, and for your support during this difficult time.