**Joint Media release from the Treasurer with the Prime Minister 30 March 2020**

**Edited for members of** [**www.economicstutor.com.au**](http://www.economicstutor.com.au)

**The unedited media release can be downloaded from** <https://ministers.treasury.gov.au/ministers/josh-frydenberg-2018/media-releases/130-billion-jobkeeper-payment-keep-australians-job>

**Fill the gaps in this edited media release.**

The Morrison Government will provide a historic wage  to around 6 million workers who will receive a flat payment of $1,500 per fortnight through their , before tax.

The $130 billion JobKeeper payment will help keep Australians in

as we tackle the significant impact from the coronavirus. The payment will be open to eligible that receive a significant financial hit caused by the coronavirus. The payment will provide the equivalent of around 70 per cent of the national wage.

For workers in the accommodation, hospitality and retail sectors it will equate to a full median replacement wage. The payment will ensure eligible and employees stay connected while some businesses move into hibernation.

Prime Minister Scott Morrison said the JobKeeper payment would bring the Government’s total economic support for the economy to $320 or 16.4 per cent of . …“This is about keeping the connection between the employer and the employee and keeping people in their jobs even though the business they work for may go into hibernation and close down for six months.

“When the economy comes back, these businesses will be able to start again and their will be ready to go because they will remain attached to the business through our JobKeeper payment.”

Treasurer Josh Frydenberg said the country was about to go through one of the toughest times in its history. “Businesses will close and people will lose their jobs. That is why we have doubled the safety net,” the Treasurer said. …The JobKeeper Payment is a to businesses, which will keep more Australians in jobs through the course of the coronavirus outbreak. The payment will be paid to , for up to six months, for each eligible employee that was on their books on 1 March 2020 and is retained or continues to be engaged by that employer.

…Eligible employers will be those with annual of less than $1 billion who self-assess that have a reduction in of 30 per cent or more, since 1 March 2020 over a minimum one-month period. Employers with an annual turnover of $1 billion or more would be required to demonstrate a reduction in revenue of 50 per cent or more to be eligible.

…Full time and part time , including stood down employees, would be eligible to receive the JobKeeper Payment.  Where a employee has been with their employer for at least the previous 12 months they will also be eligible for the Payment.  An employee will only be eligible to receive this payment from one employer.…Over the next six months the Government is temporarily expanding access to support payments and establishing a Coronavirus Supplement of $550 per fortnight. …Every arm of government and is working to keep Australians in jobs and businesses in , and to build a bridge to on the other side. The Government will continue to do what it takes to ensure that Australia bounces back stronger.

**Questions**

1. **Explain how a wage subsidy is expected to impact on the market for many goods and services. Use a demand and supply diagram to illustrate.**
2. **Outline why a subsidy of this magnitude will help to reduce the size of any economic downturn and speed up any economic recovery.**
3. **Identify the important eligibility requirement before businesses can take advantage of the wage subsidy.**
4. **Describe the impact that subsidy will have on the achievement of full employment.**
5. **Describe the necessary condition for an economic downturn to be considered a ‘recession’**
6. **Outline what is meant by the ‘coronavirus supplement’.**

**Extension**

1. **Explain how the subsidy is expected to impact on the government’s budget outcome and government debt.**
2. **Discuss why the government decided to implement a wage subsidy rather than implement the relatively cheaper option of allowing employees to be made redundant (and be forced to rely on government income support payments).**