



Commercial and in confidence

17 September 2020

Senator The Hon. Michaelia Cash
Minister for Employment, Skills, Small and Family Business
Senate
senator.cash@aph.gov.au

Dear Minister,

Subject – Request to extend eligibility for Trainee Wage Subsidy to Grill'd

The COVID-19 Virus is continuing to present a major challenge for businesses across the country, especially for those with a large Victorian presence, like ours. This is the second time we are writing to you asking for help.

As previously outlined to you, we employ more than a thousand trainees and the current plight we are facing puts at risk our ability to keep all restaurants open and all these trainees and non-trainees employed.

Unfortunately, all the recent announcements about Government initiatives to support business, including your recently announced Trainee Wage Subsidy (*"Economic Response to COVID-19, the Australian Government is supporting business to manage cash flow challenges and to keep apprentices and trainees employed through the Supporting Apprentices and Trainees wage subsidy"*) exclude a business like ours as we employee > 200 people. We ask that you consider extending this vital support to a wider group of companies such as ours.

If Grill'd Support Office is not able to continue to offer support to our small business franchise partners, the very future of these largely family owned businesses will be placed in serious doubt. More concerning is the likely requirement to reduce staff in our restaurants, where many of our team depend on their Grill'd wages to pay their rent, food, transport and other life essentials.

- **Grill'd Traineeships** - Presently Grill'd company has 3,300 employees and approximately 1,200 Trainees. Our franchise partner network a further 1,000 and 150 respectively. At Grill'd we are very proud of our traineeship program, which has been a foundation of our success since its birth 16 years ago. Many of our trainees have developed exceptional careers within Grill'd management ranks, as senior managers and then beyond our business.
 - Our vision is to "positively impact the lives of our people and our communities through engagement", and our traineeship program forms part of this vision. We believe it makes a positive contribution to the professional and personal lives of our teams.
 - We are an important part of the fabric of many communities where we have developed local talent who have then expanded their career pathway within Grill'd, and then across vocational industries of their choosing.



- Response to Covid-19** - like most restaurant and hospitality businesses, Covid-19 hit hard. From mid March we undertook some tough measures to try and survive while at the same time trying to keep as many restaurants open and as many staff employed. Sacrifices we made to cut costs and the re-opening of some states gave us reason to feel buoyed by the direction we were heading until the second wave hit and Victoria went into lockdown. All the momentum we had building halted and we have now started accruing large losses. While we do benefit from some national diversity of restaurants in locations not in lockdown, the benefits of those other states do not offset the losses we are experiencing in Victoria **(see Appendix A - Impact of Covid-19 and our actions)**.
- Profit Impact due to Covid-19** - as a result of Covid-19 and the Victorian restrictions, our profitability has been decimated and losses are mounting. With the end of JobKeeper on 27th September, Grill'd faces dire financial consequences unless financial support is provided. This could lead to more restaurant closures, job losses, suppliers being cut and unpaid landlords. **(see Appendix B - Negative Impact on Sales, Sales Mix and Profit due to Covid-19)**. Sales are down significantly and adding to this harm is the large increase in Third Party Delivery which was induced and spurred on by government restrictions. Third Party Delivery has filed a volume void but has come at a terrible cost (commissions at + 25%) which has driven our Victorian business into losses.
- Lack of Government Support Programs** - not only have the actions of all Governments caused significant harm to our business, the range of support measures currently available at both the Federal and Victorian level completely ignore medium sized national businesses like Grill'd. The table below shows the key Government support measures that we are aware of and it denotes our eligibility, which in each case, is **"NOT ELIGIBLE"**.

	Support	Grill'd Eligibility
Federal Government	JobKeeper Extension – extension of JobKeeper through to 31 December 2020 or 31 March 2020	NOT ELIGIBLE
[This request]	Trainee wage subsidy - a wage subsidy of 50 per cent of an trainee wages paid until 31 March 2021	NOT ELIGIBLE
	Code of conduct for commercial tenancies	NOT ELIGIBLE
Victorian Government	Commercial tenancy relief scheme	NOT ELIGIBLE
	Business Support Fund – Expansion	NOT ELIGIBLE
	CBD Small Hospitality Grant	NOT ELIGIBLE
	Hospitality Business Grant Program	NOT ELIGIBLE



- **Our request** – our plea to you is that you expand the current Trainee Wage Subsidy program to companies of our size, i.e. remove the eligibility criteria of 200 employees.

* * *

If you have any questions in relation to this submission, please contact Matt Reid on 0422 451 982 or matt.reid@grilld.com.au

Yours sincerely

Mr Simon Crowe

CEO and Founder – Grill'd

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cc: Mr Matt Reid (CFO Grill'd): matt.reid@grilld.com.au



APPENDICES

Appendix A – Impact of Covid-19 and our actions

The Initial Impact of COVID-19

- In March 2020 when COVID-19 revenues for Grill'd dropped 60% when compared to the prior financial year and consequently resulted in the business experiencing losses. These losses extended for several months.
- Notwithstanding the financial distress and uncertain economic and social conditions, Grill'd adopted the mantra '*survive to thrive*'. Unlike other businesses that decided to close operations and stand down employees, Grill'd triaged the situation and executed a plan to:
 - Keep as many restaurants open as possible
 - Keep all restaurant staff employed even when their restaurant may have shut
 - Keep as many head office staff employed by sharing the burden via temporary salary cuts, and
 - Serve as many communities as possible (guests, suppliers, support families of our teams, and even landlords).

Positive Steps We Took From March to June

- Grill'd was able to execute the following, with the Federal Government support in the form of JobKeeper:
 - Increase in staff hires – from March to June, an additional **500 restaurant staff** have been employed,
 - Re-opened 10 restaurants that were shut in March 2020
 - Head office staff being reinstated to 100% of pay after a 2-month period of 40% reduction
 - Timely supplier payments and in some instances agreeing to accelerated payment arrangements for smaller suppliers
 - The making of rental payments to landlords after a period of ceasing payments
 - Increase in head office hires in the areas of marketing, operations and technology
 - **Overall, we felt buoyed where things were heading until the second wave hit!!!**

Second Wave Impact on Grill'd – July and August in Victoria

- Grill'd has been significantly impacted since this second wave hit. All the momentum we had building halted and we have now started accruing large losses.
- While we do benefit from some national diversity of restaurants in locations not in lockdown, the benefits of those other states do not offset the losses we are experiencing in Victoria.



Appendix B – Negative Impact on Sales, Sales Mix and Profit due to Covid-19

- Government restrictions, in particular, the continued restrictions in Victoria which ban Dine In and restrict people movements later than 8pm, have had a diabolical impact on our business.
- The negative impact has been caused by 2 main factors:
 - (1) Lower sales – Victorian sales are down 40% in the current wave of lockdown
 - (2) Sales mix change - which has seen a reduction in our "Full Margin" business and an enormous growth in Third Party Delivery.
 - The combination of these 2 things has **decimated our profit**, in particular, in Victoria where we are now experiencing significant losses that run into the millions of dollars.
- **1. Lower Sales:**
 - In the first wave both sales nationally (ex Vic) and in Victoria were down 30%.
 - When the second wave hit and the lockdown restrictions came into force in Victoria, sales in Victoria dropped by 40%.
 - Hospitality businesses cannot survive when sales fall much greater than 10%.
 - The financial predicament is further amplified by the change in sales mix with volumes via Third Party Delivery up > 600% in Victoria – see point on next page.

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	Post Covid-19 – first wave (March to May)	Post Covid-19 – second wave (August to ongoing)
National (ex Victoria)	Total sales – down 30%	Total sales – down 7%
Victoria	Total sales – down 30%	Total sales – down 40%



• **2. Sales Mix Change:**

- Pre Covid-19 Third Party Delivery was 10% of the mix. Right now in Victoria, the mix is 65%!!! This has and will continue to have a diabolical impact on our financials.
- The decline in sales (shown above) has been matched by an equally damaging factor, the growth in Third Party Delivery due to the huge commission that these companies (Uber, Doordash, Menulog, Deliveroo) charge. The financial impost on delivery fees (25% commission) paid by Grill'd to these parties is more than \$1.5m per month, which erodes all / nearly all profit margin (depending on the overall decline in total sales)
- The growth of Third Party Delivery Suppliers has not been executed through calculated and strategic decision-making processes, but virtue of the fact that we were forced to shut down (initially and ongoing in Victoria) and then severely restrict (in the case of other States) our Dine In business as legislated by Government (various) emergency powers. Grill'd now uses 5 Third Party Delivery providers (Uber, Doordash, Menulog, Deliveroo and Grill'd Delivery) at a cost of 25% of revenue. Prior to COVID-19 it used just 1 Third Party Delivery provider.
 - The decision to move to 5 providers was linked to keeping jobs and our supply chains open and given the Dine In restrictions.

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	Pre Covid-19	Post Covid-19 – first wave (March to May)	Post Covid-19 – second wave (August to ongoing)
National (ex Victoria)	Dine In – 70% Take Away – 20% Full Margin = 90% 3rd Party Delivery – 10%	Dine In – 35% Take Away – 35% Full Margin = 70% 3rd Party Delivery – 30%	Dine In – 40% Take Away – 35% Full Margin = 75% 3rd Party Delivery – 25%
Victoria	Dine In – 70% Take Away – 20% Full Margin = 90% 3rd Party Delivery – 10%	Dine In – 35% Take Away – 35% Full Margin = 70% 3rd Party Delivery – 30%	Dine In – 0% Take Away – 35% Full Margin = 35% 3rd Party Delivery – 65%



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Australian Government
**Department of Education,
Skills and Employment**

Our Ref MC20-024963

Mr Matt Reid
Level 2, 4-10 Amsterdam Street
RICHMOND VIC 3121
matt.reid@grilld.com.au

Dear Mr Reid

Thank you for your email of 17 September 2020 to Senator the Hon Michaelia Cash, Minister for Employment, Skills, Small and Family Business, regarding extension of eligibility for the *Supporting Apprentices and Trainees* (SAT) wage subsidy. The Minister has asked me to reply on her behalf.

As part of the Economic Response to the COVID-19 pandemic, the Australian Government acted swiftly to deliver targeted, scalable support by investing \$2.8 billion in the SAT wage subsidy. Complementing the support provided under the \$70 billion JobKeeper payment, this measure is assisting up to 90,000 small and medium businesses across Australia to keep around 180,000 apprentices and trainees in work and training during the COVID-19 induced restrictions.

To be eligible, an employer needs to be a small business retaining an apprentice or trainee employed with them on 1 March 2020 or 1 July 2020 or a medium sized business retaining an apprentice or trainee employed with them on 1 July 2020. You may however be interested to know that employers of any size that re-engage an eligible apprentice or trainee are eligible for the subsidy.

As you may also be aware through the Australian Government's \$74 billion JobMaker Plan, outlined in the 2020 Federal Budget, a further \$1.2 billion is being invested in the *Boosting Apprenticeship Commencements* wage subsidy. This measure will create jobs and new training opportunities by helping employers take on new apprentices and trainees and build a pipeline of skilled workers needed to sustain our economic recovery.

In addition, the new \$4 billion *JobMaker Hiring Credit* will provide businesses with an incentive to take on additional employees aged between 16 and 35 years old. Where an employer is eligible for multiple subsidies, the employer will need to choose which payment best supports their circumstances. Further information on the various new incentives to create jobs and rebuild our economy is available at <https://budget.gov.au/2020-21/content/jobmaker.htm>.

The Australian Government also provides a range of other incentives to employers and Australian apprentices to support recruitment and encourage participation in the Australian Apprenticeships system. Through the Australian Apprenticeships Incentives Program, eligible employers may attract financial incentives for the commencement and completion of an Australian Apprenticeship. The program also contains a range of targeted incentives to areas of national priority and skills needs and to support employers and Australian Apprentices in rural and regional Australia.

More information about the incentives available through this program is available at www.australianapprenticeships.gov.au or by contacting a local Australian Apprenticeship Support Network Provider.

I trust this information is of assistance.

Yours sincerely



Adam Weiderman
Assistant Secretary
Economic Response Taskforce

12 November 2020



Australian Government
**Department of Education,
Skills and Employment**

Our Ref MC20-024963

Mr Matt Reid
Level 2, 4-10 Amsterdam Street
RICHMOND VIC 3121
matt.reid@grilld.com.au

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I trust this information is of assistance.

Yours sincerely

Adam Weideman
Assistant Secretary
Economic Response Taskforce
November 2020

s 22(1)

From: s 22(1) <action@campaignnow.co>
Sent: Thursday, 7 May 2020 10:29 PM
To: Attorney Correspondence; s 22(1)

Subject: MC20-024963 Protect Workers From COVID-19 Second Wave

CAUTION: This email originated from outside of the organisation. Do not follow guidance, click links, or open attachments unless you recognise the sender and know the content is safe.

Dear ministers,

As social distancing rules start to be relaxed our governments, both state and federal, need to take steps now to protect workers and the community from a threatened second wave of the virus.

The key to successfully lifting restrictions is the health and safety of working people and their families.

We demand your government do the following;

1. Employers must be required to implement the highest practical standards and controls that will prevent workers from being infected and stop the virus from spreading,
2. There must be compulsory notification to local health authorities and work health and safety regulators of any cases of COVID-19 infection or exposure to the virus that may have been the result of work, and
3. Paid pandemic leave must be available for all workers who might have contracted COVID-19. This should ensure that these workers can isolate, obtain a test to confirm infection, and take the necessary leave to rehabilitate before returning to work. This provision must include casuals and those in other forms of precarious work.