

Ending JobKeeper Profiteering

Submission by the Australian Council of Trade Unions to the
Senate Economics Committee Inquiry into Coronavirus
Economic Response Package Amendment (Ending JobKeeper
Profiteering) Bill 2021

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Since its formation in 1927, the Australian Council of Trade Unions (ACTU) has been the peak trade union body in Australia. There is no other national confederation representing unions. For more than 90 years, the ACTU has played the leading role in advocating in the Fair Work Commission, and its statutory predecessors, for the improvement of employment conditions of employees. It has consulted with governments in the development of almost every legislative measure concerning employment conditions and trade union regulation over that period.

The ACTU consists of affiliated unions and State and regional trades and labour councils. There are currently 39 ACTU affiliates. They have approximately 2 million members who are engaged across a broad spectrum of industries and occupations in the public and private sector.

The ACTU supports the *Coronavirus Economic Response Package Amendment (Ending JobKeeper Profiteering) Bill 2021* (the Bill) and its purpose to improve transparency of the JobKeeper program and to recover public money which has been paid in the form of a wage subsidy to large corporate entities which remained highly profitable during the pandemic and which, in many cases, also paid executive bonuses to wealthy directors and executive officers.

The Australian Union movement fought for a wage subsidy for all workers affected by the pandemic. JobKeeper helped millions of workers and small business operators get by during months of restrictions across Australia to ensure that we brought COVID-19 under control. The program was not extensive enough as visa workers, university workers, some aviation workers, childcare workers, and casual employees were excluded. The subsidy was unnecessarily tapered in the midst of the pandemic, and as a result many workers in tourism, hospitality, aviation, transport, entertainment, and the arts have struggled to make ends meet. Further, the program was withdrawn too soon, as lockdowns persist across the nation due to the spread of the virus through the nearly wholly unvaccinated population.

Despite the obvious necessity of the program, many businesses have used the opportunity that JobKeeper provided to line their pockets at the expense of taxpayers and their own workers. *Ownership Matters* has shown that more than \$15 billion of JobKeeper has gone to companies which have seen their profits increase through the pandemic. Sixty-six ASX300 entities received JobKeeper in the year ending 2020. Of those, 58 received a combined \$741m and reported a profit. Thirty-four companies reported an increase in earnings compared to pre-COVID levels.¹

As highlighted and exposed by Dr Andrew Leigh MP, Member for Fenner, over 2020 and 2021, these include retailers like billionaire Gerry Harvey's Harvey Norman, Myer, and Nick Scali; rich

¹ Nikitha Kariyawasam and James Samson, *Update on JobKeeper & Other Government Subsidies in the ASX300* (Melbourne: Ownership Matters).

private schools like Kings' School, Brisbane Grammar, and St Leonards College Melbourne; or investment management firms like billionaire Solomon Lew's Premier Investments, K2 Asset Management, and Moelis. None of the above have fully repaid the JobKeeper received.

There are hundreds more examples of big companies using JobKeeper to bloat already exorbitant executive salaries through bonuses and pay rises or pay dividends to wealthy shareholders including billionaire owners. However, the lack of transparency surrounding the payment of JobKeeper is galling given it is the single largest administered programme run by Government in Australia's history.² There are further examples of companies, including Qantas, manipulating JobKeeper to push down wages, reduce annual leave loadings, and avoid paying penalties rates.³ A transparency register and tighter guidelines on the JobKeeper program should have been in place from the outset to prevent this behaviour.

The *Ending JobKeeper Profiteering* Bill would provide the Australian people with clarity around the amount of public assistance large companies received and whether they have returned any of the money paid. Requiring the Australian Taxation Office to publish information about the amount of money received by companies is a sensible step that other jurisdictions with wage subsidy programmes have already taken, notably New Zealand⁴ and the United Kingdom.⁵ This transparency register should be established immediately to ensure that the Government and the companies which received public monies are held accountable for its use.

The Australian union movement supports requiring companies to repay JobKeeper they have profited from. The method outlined in the Bill is sensible in that it is not unnecessarily punitive on companies, is cashflow based, and can be paid in a lump sum if the company would prefer. That the Government is ignoring the companies using JobKeeper to pay executive bonuses stands in stark contrast to its treatment of those out-of-work, requiring help from the NDIS, and those scammed by the Government's Robodebt program.

The Parliament should support this legislation.

² Australian Taxation Office Media, *Clarifying Recent Media Commentary about Incorrect JobKeeper Payments*, 30 January 2021.

³ Gareth Hutchens, 'Qantas Hails High Court JobKeeper Win over Workers as a Victory for Thousands of Small and Big Businesses', 2021 <<https://www.abc.net.au/news/2021-06-25/qantas-jobkeeper-high-court-rejects-union-appeal/100244306>> [accessed 6 July 2021].

⁴ Ministry of Social Development, *COVID-19 Wage Subsidies - Employer Search* (Wellington: New Zealand Government).

⁵ HM Revenue & Customs, *Employers Who Have Claimed through the Coronavirus Job Retention Scheme* (London: United Kingdom Government) <<https://www.gov.uk/government/publications/employers-who-have-claimed-through-the-coronavirus-job-retention-scheme>>.

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