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Submission: Coronavirus Economic Response Package Amendment (Ending Jobkeeper Profiteering) Bill 2021

The JobKeeper wage subsidy was introduced in March 2020 with the aim of preserving employment relationships during the period of economic hibernation due to the COVID health response. During the pandemic in 2020, high levels of unemployment and mobility restrictions meant that many businesses needed to adapt their operations, resulting in a weak labour market. Many businesses were in a strong bargaining position to change both worker hours and entitlements, meaning that workers did not have extensive bargaining power to negotiate a fair share of the JobKeeper benefits that should have accrued to them.¹ This disparity in bargaining power meant that the benefits of JobKeeper likely accrued to businesses, and that some workers may not have received the full intended benefit of the JobKeeper subsidy. At the time of the introduction of JobKeeper, our view was that workers should be provided with either direct income support from the government, or government guarantees that mitigated the inequality in the bargaining power between workers and businesses.²

The macroeconomic effects of JobKeeper are yet to be fully understood. This is a difficult empirical issue in economics. However, the effects of the lack of bargaining power by workers over the distribution of JobKeeper subsidies within businesses is quite evident. There is a case for retrospective intervention in firms that greatly profited during the pandemic which received JobKeeper. It is our firm view that an inquiry into all aspects of corporate welfare during the pandemic in Australia, including profiteering from JobKeeper, is required.

Comments on the proposed bill

1. **Profiteering from JobKeeper payments.** We believe that the repayment mechanism where a business has profited from JobKeeper should be direct and involuntary. While the hold on claiming GST input credits provides an incentive to businesses to make voluntary repayments, there is no direct enforcement mechanism, and this indirect mechanism could potentially have unintended consequences. Further, the proposed bill should be applied uniformly to all businesses who profited from JobKeeper, regardless of their annual turnover. While large corporations have greater public recognition, there is no reason in principle why taxpayer funds should be lining the pockets of any corporation that has profited from JobKeeper.
2. **Publication of information of JobKeeper recipients.** There is an important need for firm-level data on JobKeeper recipients. Not only will this provide the public with transparency over of the JobKeeper scheme, it will also create research opportunities to identify the intricacies of how JobKeeper was used by businesses, and the effects of JobKeeper on workers. However, more data should be provided and published than is proposed. In particular, data regarding the composition of workforce, hours worked, worker entitlements, gender, and ethnic background of workers, and other demographics of workers should be included. This additional data will enable research into the outcomes of the bargaining process that occurred between employers and employees, to determine which workers received the least and most benefits from JobKeeper.

¹ Pitchford, R. and Tourky, R., 2020. *Secure worker entitlements before passing the JobKeeper corporate subsidy scheme*. [online] Medium. Available at: <<https://rabeetourky.medium.com/secure-worker-entitlements-before-passing-the-jobkeeper-corporate-subsidy-scheme-78184858624f>>.

² Ma, J., Pitchford, R. and Tourky, R. (2020). *Wage subsidies during the COVID-19 crisis are a bad idea*. [online] Medium. Available at: <<https://rabeetourky.medium.com/wage-subsidies-during-the-covid-19-crisis-are-a-bad-idea-c646bb5aba8a>>.