

Australian government's JobKeeper fraud starts to unravel

By Mike Head
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After nearly two months of falsely claiming that its COVID-19 JobKeeper wage subsidy scheme would “save six millions jobs,” the Liberal-National government finally admitted last Friday that less than half that total, 2.9 million workers, had received the \$750-a-week payments.

As recently as Thursday, government officials had told a Senate committee that 6.5 million workers would be covered, almost exactly in line with the government's original promise. Now more than three million have been left unaccounted for—most likely having been sacked, having had their hours and pay slashed, or been forced to drop out of the workforce.

The corporate media and the opposition Labor Party depicted the government's admission as a miscalculation. It was labelled the biggest fiscal “blunder” of all time, slashing the scheme's budget from \$130 billion to \$70 billion, seemingly overnight. This only serves to cover up the reality.

Writing in today's *Australian*, Treasurer Josh Frydenberg made a revealing comment. He flatly defended the original false claims, boasting that JobKeeper had provided “a vital psychological boost” to the country.

From the start, as the WSWs warned, the government's claims were always patent lies. JobKeeper, the government's third massive business “rescue package,” was intended to disguise the true levels of mass unemployment triggered by the COVID-19 pandemic, shore up the financial elite and bolster the fragile and discredited Coalition government itself.

“Over the next six months, the government will pay much of the wages bills of big business, without any guarantee that any of the millions of jobs already wiped out will be restored,” the WSWs pointed out, opposing the fraudulent promotion of the scheme by the government, the media, the Labor Party and the trade unions.

At the same time, as only the WSWs explained, JobKeeper was a vehicle to allow employers to cut pay, working hours and other working conditions, fully enforced by the unions. Under changes to the Fair Work Act, quickly

pushed through parliament with Labor's help, employers could slash wages to \$750 a week—all paid by the government—and force workers into new “duties” and “flexible” conditions.

JobKeeper formed a central platform of the de facto coalition government formed with Labor and the unions in order to impose on workers the greatest unemployment since the 1930s Great Depression. It was underpinned by the Australian Council of Trade Unions (ACTU), whose secretary Sally McManus pledged to give employers “everything they want,” in response to the pandemic.

Many unanswered questions remain about the supposed JobKeeper “miscalculation.” One thing is clear. None of the explanations offered by Prime Minister Scott Morrison's government is any more credible than the original lies.

In a statement, issued jointly by the Treasury and the Australian Tax Office, the government blamed alleged reporting “errors” by about 1,000 of the nearly one million businesses that applied to use the scheme.

But the “most common error” was over 500 businesses with one eligible employee reporting a figure of 1,500. Even if that were true, it would account for some 750,000 over-estimates, not more than 3.5 million.

The government's second explanation was just as specious. Treasurer Frydenberg said the record-breaking “costing error” was mainly due to a fall in coronavirus case numbers and social-distancing rules being relaxed earlier than expected, enabling business activity to resume. He even declared that this “error” was therefore “good news.”

That is doubly false. First, the scheme only requires employers to show a short-term reduction in their revenue, and permits them to keep receiving the wage subsidies for six months, so the escalating “return to work” drive by employers and governments makes no difference to the payouts.

Second, more fundamentally, the “good news” consists of ensuring that more than three million less workers receive payments than promised, even though 20 percent of the workforce is currently unemployed or under-employed, even

on the understated official statistics.

The drop in JobKeeper numbers seems to have been achieved largely by making it virtually impossible for small businesses to obtain wage subsidies.

Many reports have appeared of small and family-owned enterprises, such as cafes and restaurants, being unable to survive for the two months it took for the wage subsidies to commence, or unable to keep on their casual workers, some of whom were previously paid less than \$750 a week.

The accommodation and food sector is among the hardest hit by the coronavirus lockdown. Between March 14 and April 18, 33.4 percent of jobs in the industry were lost. An Australian Bureau of Statistics survey in late March found that 76 percent of businesses in the sector intended to claim the JobKeeper wage subsidy. By May 7, however, only 53.8 percent of hospitality businesses had enrolled in the scheme.

According to the government, 910,055 employers enrolled overall, but only 759,654 made claims that were processed. That is, about 150,400 businesses dropped out.

This gap is on top of the 2.5 million or more workers whom the government vindictively excluded from the scheme, including international students, workers on temporary visas, and casual employees who had not worked for their current employer for at least 12 months. Also excluded are university workers, local council employees and freelancers on short-term contracts, such as in the arts and entertainment fields.

Much remains deliberately hidden about the scheme, particularly the amounts being pocketed by big business. But there is ample evidence that they will receive the lion's share of the subsidies, as the WSWS predicted.

While most employers enrolled in JobKeeper are small businesses with fewer than five employees, more than 1,580 are large companies with annual turnovers above \$250 million. At least 949 have more than 500 employees. That latter group alone would be receiving at least half a million wage subsidies.

One example was reported in a Senate committee last Thursday. Mirvac, a profitable \$8 billion property giant, is claiming JobKeeper subsidies via allegedly loss-making subsidiaries despite recording revenues of around \$2 billion a year.

This is no doubt the tip of the iceberg. Other large companies, protected by the government, are refusing to provide any information about their subsidies.

Corporate rorting appears to be common. Citing tax consultants, the *Australian Financial Review* reported on May 19 that companies were “moving revenue around” and “delaying invoices” to qualify for JobKeeper payments.

A JobScammer web site, set up by the Victorian Trades Hall Council, has received more than 300 complaints from

workers about JobKeeper. The complaints included bosses selectively excluding workers from the scheme, demanding casual and part-time staff work increased hours to “earn” the \$750 payment, and demanding kickbacks from workers.

Having backed the pro-business scheme, Labor and the unions now suggest it be expanded, using the \$60 billion “saved” to cover some of the workforce excluded from it. Both Morrison and Frydenberg have rejected these pleas out of hand, confirming the deliberate exclusion of millions of the most vulnerable workers.

Despite Labor's hypocritical posturing, there is no real difference when it comes to cutting payments to workers, which may starve many into submitting to the intensifying “return to work” drive of governments, Coalition and Labor alike.

In fact, before the \$60 billion “miscalculation” was unveiled, Labor leader Anthony Albanese had accused the government of over-spending on the program, because some casual workers might have received less than \$750 a week before the scheme commenced. Labor also supports cutting back the \$550-a-week JobSeeker unemployment payments, currently made to 1.6 million jobless workers, from September.

As well as coercing workers back into unsafe workplaces, for the sake of corporate profit, big business and the political establishment are pushing for radically reduced wages and working conditions on a permanent basis, and for government austerity measures to extract the cost of the hundreds of billions of dollars spent in an array of “rescue packages” to bail out the capitalist class.

The author also recommends:

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