

Major Australian corporations report windfalls from JobKeeper scheme

By Martin Scott
31 August 2020

As the Australian government prepares to introduce “JobKeeper 2.0” next month, reports have revealed the vast transfer of wealth to big business that resulted from the initial version of the wage subsidy scheme.

As the WSWS reported, the extension of JobKeeper—developed by Liberal-National Workplace Relations Minister Christian Porter and his “best friend forever,” Australian Council of Trade Unions secretary Sally McManus, and fully endorsed by the Labor Party—will further reduce workers’ pay and step up attacks on their conditions.

Under the revamped scheme, companies that are making up to 90 percent of pre-COVID-19 revenue will still be granted powers to reduce workers’ hours by as much as 40 percent. This signals the intention of the ruling elite to extend the suspension of workers’ rights indefinitely.

Fortnightly payments to workers still covered by the scheme will be reduced from the already inadequate \$1,500, first to \$1,200 in October, and then to \$1,000 in January. In addition, a second tier—\$750 for the first three months, and then \$650—will be introduced for part-time and casual workers.

Prime Minister Scott Morrison claimed that the first incarnation of the wage subsidy was “called JobKeeper for a reason, to keep people in jobs.” That was always a fraud. More than 2.5 million workers currently face unemployment or underemployment.

The official jobless rate is expected to reach 11 percent by the end of the year, and if stood-down workers and those who have dropped out of the labour market are taken into account, the real figure will be closer to 14 percent, a level not seen since the 1930s.

The reality is that the JobKeeper scheme, like all the COVID-19 “stimulus” packages in Australia and around the world, represents another historic transfer of

wealth to big business. The working class, already shouldering the economic burden of the pandemic through job losses and attacks on wages and conditions, will be forced to pay for the multi-billion dollar scheme in the form of austerity measures, while corporations and their shareholders reap the benefits.

Prime Minister Scott Morrison’s government has remained tight-lipped about the companies receiving JobKeeper, but according to a breakdown published in May, before applications closed, more than 41,000 businesses with a turnover in excess of \$250 million are enrolled in the scheme.

Already, companies listed on the Australian Stock Exchange have received at least \$625 million in JobKeeper payments. The total is likely far higher, as employer’s participation in the scheme is not a matter of public record, and many large companies have not yet released financial results for the year that ended on June 30.

JobKeeper eligibility will not be re-tested until the end of September, so even companies that are now reporting profit increases stand to receive an additional \$10,500 per eligible employee.

Australian Bureau of Statistics research shows that most individual recipients of government COVID-19 “stimulus” payments put the money towards rent, mortgage repayments, household bills, food and other basic needs. But large companies took advantage of the wage subsidies to return increased dividends to shareholders, even as they eliminated thousands of jobs.

Qantas received \$267 million in the first three months of the JobKeeper scheme in addition to a similar amount from industry-specific bailout measures. Despite the cash injection, 20,000 workers were stood down in March, and more than 6,000 have now been

sacked.

Furniture retailer Nick Scali paid shareholders a 12.5 percent higher dividend than last year and its share price hit a record high of \$9.15 after the company received \$3.9 million from JobKeeper and the equivalent New Zealand wage subsidy.

Adairs, which sells manchester and bedding, announced a \$5.7 million year-over-year profit increase and paid dividends totalling \$18.6 million after receiving \$11.3 million in wage subsidies in three months.

Construction and property giant Lendlease obtained \$9.7 million from the wage subsidy, and used the extraordinary powers granted by the scheme to stand workers down or reduce their hours. Others were made redundant. While the pandemic had an impact on the company, its core business reported a profit of \$96 million for the year. Lendlease's \$310 million overall loss was primarily the result of an earlier decision to shed the company's floundering engineering division.

Property developer Mirvac, valued at more than \$8 billion, was able to collect at least \$9 million in JobKeeper payments between April and June, although its annual revenue fell by less than 4 percent to \$2.1 billion. The company skirted the 50 percent decline in turnover eligibility test for large corporations by asserting that "Special Purpose Vehicles" within the conglomerate had seen a sufficient downturn to claim the wage subsidy.

Mirvac also used the COVID-19 crisis as cover to sack all of its contract workers on April 21. A former employee told *Michael West Media*: "I received a termination letter ... and then, later that week, received a JobKeeper nomination form from Mirvac HR. I cannot imagine why they would need me to fill out a JobKeeper nomination form if I am not keeping my job."

Premier Investments, which owns major retail chains Just Jeans, Portmans, Peter Alexander, and Smiggle, expects to announce second half earnings of around \$59 million, a 10 percent year-over-year increase. Although overall sales fell by 18 percent, the company was able to exploit the pandemic, standing down 9,000 staff, receiving tens of millions of dollars in wage subsidies and refusing to pay rent while its retail outlets were closed.

The company's chairman, multi-billionaire Solomon

Lew, was instrumental in the design of the JobKeeper scheme, reportedly making an appeal to Treasurer Josh Frydenberg the week prior to the announcement of the wage subsidy.

Other listed share market companies such as casino operator Star Entertainment, airline Virgin, car dealer AP Eagers, medical instruments producer Cochlear and shoe retailer Accent Group all received JobKeeper subsidies.

By contrast, small businesses, especially those in the hard-hit hospitality, tourism, arts, and entertainment sectors, have struggled to qualify for the scheme, which also excludes more than 2.5 million temporary visa holders and casual workers. Appeals to broaden the eligibility criteria for JobKeeper have been ignored, and these workers will continue to be prevented from accessing the dwindling wage subsidy in JobKeeper 2.0.

Far from a package designed to support the millions of workers hit by the economic fallout from the pandemic, the JobKeeper wage subsidy is a corporate bailout aimed at boosting the bottom line of big business, attacking the wages and conditions of workers, and disguising the devastating unemployment crisis confronting the working class.

To contact the WSWs and the
Socialist Equality Party visit:

<http://www.wsws.org>