

Millions of Australian workers blocked from “JobKeeper” scheme

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More than a month after the federal government’s JobKeeper wage subsidy scheme was unveiled on March 30, millions of workers are still excluded from it or uncertain as to whether they will be paid under the scheme.

The measures will be in place for six months despite indications that many industries will be seriously impacted for many years to come. This includes the entertainment, tourism and hospitality sectors, which were among the first and most dramatically affected by the coronavirus shutdown.

A central purpose of the subsidy is to bail out big business while disguising the true level of mass unemployment, as workers receiving the JobKeeper payment are still counted as employed, even if their pay has been significantly reduced.

An April 19 report by the Grattan Institute estimated that the real jobless rate could reach 30.2 percent during the COVID-19 pandemic, two to three times what the official figures will show.

No reliable statistics exist on JobKeeper. The Department of Treasury estimated last week that around 3.3 million employees would receive the wage subsidy. This suggests that at best, only a little more than half of the promised \$130 billion will end up in the hands of workers. Because the funds are provided to employers, not workers, the scheme has been designed to facilitate rorts, including the denial of payments to workers.

When the government announced the scheme, it claimed JobKeeper would save the jobs of six million workers. That was always a lie. As the WSWs warned: “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.”

Many workers are completely ineligible. At least 2.5 million are not covered by the scheme, including international students, workers on temporary visas, and casual employees who have not worked for their current employer for at least 12 months. Also excluded are freelancers who are not sole traders, but who are employed on short-term contracts for different companies.

The JobKeeper legislation contained substantial changes to the so-called Fair Work Act, hammered out in a backroom deal between Industrial Relations Minister Christian Porter and union boss Sally McManus, the president of the Australian Council of Trade Unions (ACTU).

McManus hailed the package as a “historic win for working people,” and the Labor Party rushed it through parliament. Under the legislation, employers are free to slash workers’ hours, to reduce their pay to the level of the wage subsidy, change their duties and order them to work at a different location.

Employers also can force workers to take their annual leave at full pay, or, by written agreement with the employee, at half pay for double the length of time. In either scenario the employer would continue to receive the JobKeeper payment while reducing the balance of leave owed, effectively double-dipping.

There is no requirement that businesses retain all current employees or rehire those already let go since the onset of the pandemic.

The scheme dovetails with the government’s push for an imminent full return to work, with businesses incentivised to re-open and have their labour costs paid while earning up to 70 percent of pre-coronavirus revenue.

The scheme offers no protection for workers who refuse to go back to work under unsafe conditions, even

with governments admitting that reduced lockdown measures will result in an increase in possibly fatal COVID-19 infections.

The JobKeeper payment is a flat rate of \$1,500 per fortnight—less than 70 percent of median earnings—irrespective of what employees previously earned or how many hours they worked each week. This applies across the board, including for skilled full-time employees with decades of experience.

Workers' needs and obligations are completely disregarded. A sole breadwinner with a mortgage and a family receives the same flat rate as an 18-year-old living rent-free with his parents. The effect of this is to pit sections of the working class against one another.

In some cases, full-time workers have actually been paid less than part-time and casual staff. Employers are responsible for withholding income tax from the JobKeeper payment, and this has led to some workers being paid as little as \$945 per fortnight because their pre-coronavirus salary was in a high tax bracket.

Many JobKeeper registrants are sole traders who have been forced to navigate the scheme—the rules of which have changed frequently—without the help of a staff accountant. For at least the first two days that enrolment was open, it was not possible for sole traders with no employees to register correctly because of an error in the online form.

Aside from sole traders, many JobKeeper enrolments are from small businesses, for which the system presents even greater complications and challenges.

The wage subsidy will be paid to an employer a month in arrears, and businesses will receive the payment only if they can demonstrate that they have already paid all eligible workers. Further complicating matters, the Australian Tax Office does not confirm the eligibility of nominated workers until after they have been paid.

Small or family businesses facing an unprecedented sudden downturn in business and lacking the cash on hand to cover a month's wages are therefore forced to take on significant debt, and risk not being fully reimbursed.

Contrary to its promotion as a measure to support the continued employment of workers, the JobKeeper scheme is in fact a new profit centre for the banks, as well as large employers.

Through the Coronavirus Small and Medium

Enterprises Guarantee Scheme, the government will guarantee 50 percent of new unsecured loans to small businesses, with no restrictions on the interest rates or fees that banks can charge.

The government also temporarily suspended "responsible lending obligations," allowing banks to extend credit to small businesses beyond what they could reasonably be expected to pay back.

Some employers, wary of taking on further debt, and with unanswered questions around superannuation obligations and workers' eligibility, have opted not to register for the JobKeeper scheme and rehire workers.

Around 900,000 businesses initially expressed interest in JobKeeper, but just over half had actually signed up before the original deadline of April 30. The cut-off has since been extended to May 31, although businesses will only be able to receive the reimbursement for April if workers have been paid by May 8.

The workers themselves have no say in their employer's decision to enrol in the JobKeeper scheme. More than six weeks after many businesses were shut down or severely restricted, many small business owners and millions of workers still do not know for sure whether they will receive the payment.



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