Is It Ethical for Profitable Businesses to Keep Job Keeper Payments?

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In 2020, the coronavirus (COVID-19) pandemic drastically affected the whole world. This global health crisis quickly became an economic one. In Australia, several initiatives were introduced by the Federal Government as part of financial stimulus packages to support the economy.

In March 2020, the Australian government introduced the wage subsidy program called 'JobKeeper' as the single largest economic support program with the country closing state borders and introducing lockdowns. Under the scheme, businesses expected to suffer at least a 30 percent fall in turnover would be entitled to receive $1,500 a fortnight per employee to cover the cost of their wages. In the second phase of the program, Not for profits and charities (with some exceptions e.g. schools and universities) could also receive JobKeeper if their turnovers were anticipated to fall by 15 percent or more.

Some businesses who were heavily affected by lockdowns have relied on JobKeeper to keep going. However, the 2021 annual results of many big businesses have revealed that they did not suffer any turnover decline during the pandemic. Some of them not only survived but thrived during the COVID period as their revenues grew significantly. It was expected that businesses who have not experhttps://www.ato.gov.au/ienced a 30 percent fall in their turnover and have received JobKeeper payments have some moral obligation to return the tax payers' money back to government. As per the poll conducted by Sydney Morning Herald recently, Australians overwhelmingly believe that those companies who retained the federal government's $98 billion JobKeeper funding despite their earnings increasing during COVID should now repay the cash. Small business associations also criticised big corporations for using tax payers' money through JobKeeper program and earning big profits.

In the beginning of 2021, Toyota Chief Executive, Matthew Callachor announced the return of JobKeeper of $18 Million to the Australian Taxation Organisation (ATO). Similarly, the Super Retail Group (owner of Rebel, Macpac, Boating Fishing & Camping) also returned $1.7 million to the ATO. Harvey Norman decided to repay $6 million in JobKeeper payments back to the ATO due to heavy criticism from activists.

As per the law, these companies were under no obligation to return the JobKeeper money back to the ATO. Though by doing so, these companies are showing good business ethics, some critics are doubting their intentions and questioning whether they should not have accepted JobKeeper in the first place.

Tricker and Tricker aptly state that "business ethics concern behaviour *in* business and the behaviour *of* business". There are instances where companies claimed JobKeeper, earned massive profits and paid a big dividend to their shareholders and bonuses to their executives. This is where the integrity of the JobKeeper program was compromised, by establishing a new ethical test for other businesses in a similar situation. Was it ethical to accept this support when their business did not need it? Is it 'doing the right thing' and following good Corporate Governance principles, policies and practices?

In Financial Management, the main objective of any business is maximisation of shareholder's wealth. However, within this objective there are some constraints – the objective should also be legal and companies have moral obligations to society. Milton Friedman argued that *profit-maximising companies should not only obey the law, but also must act in line with society's ethical norms.*

Many multinational companies, such as Starbucks and Apple, have reduced their tax bills using legal tax avoidance techniques. But the public outcry over these revelations suggested that many believe that their use, though legal, was unethical. Pearl 2021 of The Ethics Centre wrote that profiting from JobKeeper should be considered no different to tax avoidance. The writer further concludes that although companies are obliged to create value for their shareholders, this should not be done at the cost of value to the greater society.

The public have been less vocal in seeking returns to the ATO for JobKeeper claims if these organisations did not have a turnover reduction of over 15 percent during the program's duration. However, the ATO does have guidelines that outline whether and if overpayments will have to be repaid depending upon the JobKeeper's eligibility criteria or if there was an 'honest mistake' irrespective of organisational type (e.g. for profit business, religious practitioners, etc.) or if an individual.

In the beginning, JobKeeper was set up to help all those who meet the eligibility criteria when COVID-19, its unknown variants and lockdown durations were yet to fully materialise. Some organisational types may initially have expected their turnovers to decline by 15, 30 or 50 percent and given available information at the time anticipated they were honest JobKeeper recipients. Business uncertainty over supply chains availability, international travel, could have been honestly factored into forward budgets showing turnover eligibility.

For those organisations or individuals whose uncertain circumstances turned out not to meet the turnover declines imposed via honest mistakes, the ATO will not ask for money to be returned. In fact, organisations who return any JobKeeper money may still have to pay tax on that returned money. In the long run the Australian Government must still pay for the JobKeeper scheme. In hindsight, any JobKeeper recipient who obtains money through fraud should expect a call/visit from the relevant regulatory authorities. The Australian public will watch closely those businesses that have acted unethically and without integrity even though they may not have breached any laws and also those who acted ethically with integrity regarding receiving these JobKeeper payments as reviews are released.

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