



PM ALL TALK AND NO ACTION DEALING WITH FAT CATS

The government's reform promises ring hollow when it comes to executive salaries

JOHN SUTTON

AUSTRALIANS suffer collective amnesia, with the woes of the past year mysteriously wiped from our memories by the pop of a cork and the crackling of fireworks.

But yesterday's release of the Productivity Commission report into executive remuneration shows the affliction has made it right to the top, with Kevin Rudd's grand treatise on the failures of capitalism a few months into the global financial crisis ending with a whimper rather than a roar.

In boardrooms across Australia it appears this year will be business as usual, with the tough talk from our political leaders promising an overhaul of the flaws in our free-market economic system increasingly losing all credibility.

Banks are back in the land of bliss, executive salaries have returned to their skyward trajectory and politicians are running a reform-minimalist agenda.

Of course there are many reminders of the need for action, not least of which is the \$43 billion missing from our nation's collective wallet, or the enormous hit our super took. And despite unemployment not reaching the horrific highs predicted, thousands of Australians have lost jobs or been forced to work part time.

The big end of town has been

congratulating itself for dodging the technical recession that engulfed the developed world while ignoring the fact it was taxpayer money that eased the pain. Indeed, business leaders have done such a good job of selling their version of history that the federal government has been won over.

As last year began, the Prime Minister set out his agenda for change, describing the GFC as "one of the greatest assaults on global economic stability . . . in three-quarters of a century".

He pointed out the crisis was far more than a financial one; it had reached out beyond Wall Street into homes the world over, becoming an employment and social crisis.

As this year begins, we must ask the questions required to ensure we don't inflict this same hardship on future generations. Questions such as what happened to the pledges of politicians to overhaul the regulatory frameworks that underpin our economies. And without change, isn't the economic model that underpins our lives still fragile, even after the money poured in by taxpayers?

Look at Australia's big four banks and it becomes clear not much has changed, with the out-of-control executive salaries just

one symptom of the ongoing illness. Despite the big banks' share prices falling between 9.4 per cent and 53 per cent, the chief executives of the big four were paid a combined \$36 million last year.

And bank executives have been lobbying against even the limited reforms that are taking place, as well as using heavy handed threats of rate rises above Reserve Bank of Australia official rates to stifle changes such as the Australian Prudential Regulation Authority's new liquidity rules.

Set to add only 0.05 of a percentage point to borrowing rates, it is the kind of change needed to prevent a repeat of the crisis. It would involve only a fraction of the money needed for the bailouts or deposit guarantees.

Despite the effect of the GFC, tough talk of regulatory reform now looks like empty promises.

The Prime Minister wrote of the GFC: "The magnitude of the crisis . . . means that minor tweaks of long-established orthodoxies will not do."

Now is the time to turn those words into action.

John Sutton is national secretary of the Construction Forestry Mining and Energy Union.