

Don't drop the ball on corporate reform and regulation of executive pay: unions

One year after the collapse of US investment bank Lehman Brothers and the onset of the Global Financial Crisis, governments must not drop the ball on business regulation to prevent financial mismanagement and corporate excess, say unions.

ACTU President Sharan Burrow said governments in Australia and around the developed world had to strengthen business and the financial regulations to prevent any repeat of the GFC in the future.

"For the sake of millions of unemployed people around the world, we must regulate to stop executive greed getting out of hand ever again," Ms Burrow said.

She said that at next week's G20 Summit in Pittsburgh, government leaders needed to re-commit to reform to strengthen the economy, and to create sustainable and equitable economic development.

Ms Burrow said important reforms in Australia to rein in 'golden handshake' payments to failed executives needed to be passed by the Senate this week.

And she welcomed signs that a Productivity Commission review of executive pay could recommend giving shareholders more say over extravagant bonuses.

"One year after the Lehman Brothers bankruptcy, the global economy is still struggling to recover," Ms Burrow said. "That includes Australia, and until we can see solid proof of jobs growth, it is premature to wind back the stimulus program.

"It is also essential to continue a vital program of corporate regulation and reform to prevent a repeat of the GFC.

"In Australia there are 203,300 reasons why the regulatory reform must continue. That is the number of people who have lost their jobs in the past year, through no fault of their own.

"The thousands of unemployed Australians know who to blame for their predicament.

"Over-the-top executive payouts fed a business model that focused on short-term profits and greed at the expense of long-term viability and job security

"Legislation before the Senate this week will rein in outrageous exit payments that have been used to reward CEOs who have often left companies in worse shape than they found them.

"Further reforms are needed to cap executive salaries and bonuses. In recent days, we have seen some incredible payments to Australian CEOs as if the GFC never happened.

"It is totally self-serving for the business lobby to call for a halt to these reforms."

The economic downturn in Australia has also highlighted the need for an overhaul of the protection of employee entitlements so that 100% of entitlements are guaranteed.

"There must also be harsher penalties for directors of companies that go insolvent without making provision for the entitlements of their employees," Ms Burrow said.

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