



Australian Council of Trade Unions

MEDIA RELEASE

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420,000 Australian victims of the GFC demand more action on executive pay: unions

Tighter restraint is needed on executive pay as every day there are new reports that CEOs are still being lavishly rewarded as if the Global Financial Crisis never happened, say unions.

ACTU President Sharan Burrow said working Australians failed to understand how CEOs like BHP Billiton's Marius Kloppers or GWA's Peter Crowley could pocket double-digit pay rises at a time when hundreds of thousands of workers have lost their jobs, had their hours cut back or been denied a pay rise.

Ms Burrow said excessive executive pay had fuelled irresponsible corporate behaviour that was a cause of the GFC.

She said greater regulation was needed of CEO remuneration, and the Senate should pass legislation this week to rein in 'golden handshake' exit payments.

According to his company's annual report, Mr Kloppers has been rewarded with a 51% pay rise to \$10.4 million at a time when BHP Billiton has shed thousands of jobs, including slashing 1800 jobs with the shut down of the Ravensthorpe nickel mine in Western Australia, with devastating consequences for the local community.

Last week, Commonwealth Bank's Ralph Norris was rewarded with a 6% pay rise to \$9.2 million while at the same time bemoaning how tough conditions were and requiring staff to tighten their belts and accept pay freezes.

"With more than 420,000 Australians having lost their jobs or had their hours cut over the past year, Australian workers are frankly sickened by this continued corporate excess," Ms Burrow said.

"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. It is essential that this excessive executive remuneration is wound back.

"The Senate must pass legislation that will rein in outrageous golden handshake payments that have been used to reward CEOs who have often left companies in a worse shape than they found them.

"Reforms to cap executive salaries and promote greater job security for employees need to go much further."

Ms Burrow said the Productivity Commission's review of executive remuneration should recommend giving shareholders more say over extravagant bonuses, and a cap on pay using a formula of a multiple of ten times the average weekly full time earnings paid to employees of the enterprise, as unions are proposing.

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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