

**'The priorities of the Australian G20 Presidency'
ACTU President Ged Kearney address to Session II of the 2014 L20 Summit
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When Australia was announced as the next host and president of the G20 last year, we had a different government that was more sympathetic to the objectives of this gathering of the Labour 20.

We had a Labor Government that understood the importance of jobs and wages led growth, of social inclusion, of taking on the enormous threat of climate change, of strong workplace protections, and of progressive taxation and financial regulation to overcome inequality.

How things have changed.

The government now in office is well and truly captive to the neo-liberal, free market agenda that has been propagandised by the US corporate sector for years, and it has used its presidency to attempt to aggressively drive that agenda through the G20.

Under the previous Labor Government, Australia adopted expansionary fiscal and monetary settings that allowed our nation to emerge from the GFC relatively unscathed and enjoy continued growth while most of the developed world languished in recession territory due to austerity policies, public sector cuts, unemployment, and dwindling wage shares.

Now, at a time when much of the world has realised the folly of that way of thinking, Australia has assumed the presidency of the G20 with a domestic agenda that in many ways mirrors the flawed approach that caused economic stagnation in western Europe and north America for the past half a decade.

As Australia shows, you don't need an actual debt crisis to impose austerity policies. Ideology will do.

Domestically, the Abbott Government has had no plan for jobs, no plan for manufacturing.

It has slashed away at the public sector like there is no tomorrow, and it has attempted to dismantle universal healthcare, education and social welfare while driving down living standards for ordinary workers.

Instead, unemployment has risen to a 12 year high of 6.2% - moving in the opposite direction of countries like the US - and youth unemployment is at 14%; more Australians are being pushed into insecure and precarious work; and wages growth is non-existent with many workers suffering real wage cuts over the past 12 months, including our serving defence personnel.

The government is openly advocating further cuts to the minimum wage and other conditions, including to rates for working on weekends.

To our dismay, the Abbott Government has then used its leadership of the G20 this year to push the same ideological agenda internationally. At times, it has seemed to hijack the G20 to legitimise its own destructive policies.

While many other G20 participants are now advocating for inclusive growth, increased wages, targeted spending on social protections and action on climate change, Australia is doing the exact opposite.

So I am sorry to say that the great hope we felt for Australia's year as G20 president has delivered only disappointment.

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Let us turn to the priorities of the Australian G20 presidency.

It began with a bold agreement at the Finance Ministers and Central bank governors meeting in Sydney to achieve an additional 2% growth over the coming five years.

We applauded this goal although regrettably global growth has since slowed and projections have been revised down.

At present, growth in many G20 economies remains constrained by fiscal austerity and the type of "structural reforms" that are code for reducing wages and worker protections.

These policies damage our living standards, exacerbate problems of inequality and reduce economic effectiveness in the longer term.

We have had 30 years of this set of policies, and the wages share of national income has fallen almost everywhere. This undermines confidence and consumer spending power and creates political unrest.

A continuation of this agenda will only make matters worse and we reject it.

Unfortunately, this is exactly the type of agenda Australia's government is pursuing domestically and has sought to convince the rest of the G20 to also adopt.

Global institutions have begun recognising the folly of this policy thinking, and it is our hope that the G20 governments as a group will do the same.

Another test of Australia's Presidency of the G20 has been what has been left off the agenda.

While the IMF, the World Bank and the OECD have recognised the threat to our social cohesion posed by growing economic inequality, and the need for policies to address this, inequality has barely been mentioned by the Australian Government during its presidency.

As Wayne Swan said last night, there have been 60 meetings convened under Australia's presidency, but just one – ONE – has managed to include the word inequality in its final communique or report.

While the threat of global warming grows ever more present, the Australian government has reversed action to cut carbon emissions and deal with climate change, while actively seeking to keep climate change off the G20 agenda all together.

The concept of 'inclusive growth' whilst supported by many, has also gone missing in action under Australia's presidency.

There also appears to be deviation from a long standing practice, initiated by the L20 to hold a formal dialogue with the G20 Leaders, B20 and L20.

Arrangements have been made for the B20 business groups to meet with the G20 leaders but we are yet to receive our L20 invitation. Perhaps it is in the mail?

Perhaps the Prime Minister who is yet to meet with Sharan Burrow and the ITUC is trying to keep us at bay?

Our Statement to G20 Leaders proposes a different way forward – and fortunately not all G20 countries are as pigheaded as our own.

To summarise our recommendations – the L20 calls for structural reforms that:

- raise low and middle incomes, harnessing the power of minimum wages;
- respect and strengthen workers' rights, including freedom of association and collective bargaining;
- support youth employment and quality training, including apprenticeships;
- build our social protection floors to ensure provision of universal health and elder care, and basic public services;
- Deliver safer workplaces in the G20 and their supply chains;
- grow the formal economy and reduces precarious employment, particularly for women and vulnerable groups; and
- invest in transition to a low carbon future.

To this end our simulations show that a coordinated policy mix across the G20 targeted to increase the share of wages in GDP and to lift public investment in GDP by modest amounts can create more than the 2% additional growth targeted earlier this year.

Research released ahead of the Labour ministers meeting showed economic growth in G20 countries will rise by up to 5.84% by increasing wages and raising public investment in social and physical infrastructure by 1% of GDP - compared to business as usual.

This policy mix can halve the G20 jobs gap – a staggering 81 million jobs by 2018.

This policy suite we propose will strengthen national revenue systems and build resilient societies with productive economies.

We were pleased that the Labour and Employment Minister's meeting that was held in Melbourne earlier this year noted the "continuing need to generate hundreds of millions of decent jobs that can lift working families out of poverty and drive sustainable development".

The Labour and Employment Ministers also declared that stimulating demand commands a high priority amongst measures to tackle the economic and social consequences of unemployment, underemployment, inequality and social exclusion.

The Brisbane Action Plan that emanates from this G20 Leaders meeting must embrace comprehensive measures to support aggregate demand and reduce inequality.

There are some aspects of Australia's presidency of the G20 that we can conditionally support.

We have supported the priority of investment in infrastructure as an avenue to deliver long term economic development that is job rich and inclusive. Investment in infrastructure needs public investment. There is also a role here for workers' capital to be invested in infrastructure, and a clear need for strong international governance principles.

We do strongly support the structural reforms the Australian presidency has in scope for taxation on Base Erosion and Profit Shifting and hope true advances are made expeditiously in this area.

And on financial regulation generally we have indicated the need for the Financial Stability Board to collaborate with the OECD on the taxation of shadow banking and private pools of capital.

And to deliver concrete institutional arrangements and capacity to facilitate the participation of developing countries in the process.

Australian Prime Minister Tony Abbott has also added increasing women's participation in the workforce as a priority for the G20.

Everyone seems to be in furious agreement about the benefits of increased labour market participation of women.

It is of course generally acknowledged that those benefits include an increase in government revenue through income tax; increased diversity and quality of the labour market; increase in aggregate demand through higher household wealth and spending; improved economic independence for women and less reliance on welfare.

Indeed, reducing the gender labour market participation gap in G20 countries by 25% by 2025 would bring in as many as 100 million women to the paid workforce

The question is how do we do that and ensure government intervention to tackle the barriers for women are part of the solution?

A 'gender lens' must be applied to all G20 commitments to ensure gender equality is squarely set as a goal for all policies and actions. This will ensure women are treated equitably and will ensure the economic benefits that flow from greater female participation are sustainable in the long term.

I now pass onto to the other speakers with this conclusion that the Australian presidency has scored points on some fronts – the growth target, women's workforce participation, tax reform and infrastructure – but will sadly be remembered as much for what was not prioritised, in particular inequality and climate change.

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