Swan joins call for fiscal reform

By COLIN BRINSDEN
in Canberra

CANBERRA: Treasurer Wayne Swan has warned financial leaders more reforms need to be implemented in Europe and the US to stop the global economy from "falling off the edge again".

Group of 20 finance ministers issued a statement saying they were committed to a strong and co-ordinated response to Europe's debt crisis and weak world economic growth.

But such a commitment failed to stop Australian shares ending 1.6 per cent down yesterday, and after world stock markets slumped by as much as 5 per cent on Thursday, gripped by worries that the world was heading for another widespread recession.

> Much more needs to be done . . . to avoid falling off the edge again

At one stage Australian shares neared their July 2009 lows when they were recovery from the depths of the global financial crisis.

The Australian dollar tumbled to a 10-month low below US97c, before making a partial recovery as one rating agency affirmed Australia's AAA rating, and the central bank gave the nation's banks a clean bill of health.

Prime Minister Julia Gillard stepped in to try to soothe the investors' nerves, and remind them of Australia's strong fundamentals – low employment, low public debt, strong banks, a record terms of trade and a huge pipeline of investment.

''People should remember that, even as they see this turmoil on international markets,'' Ms Gillard said.

In Washington, Mr Swan said that some important policy steps had been taken in Europe and the US to deal with their fiscal situations.

''But much more needs to be done . . . to avoid falling off the edge again,'' he told the G20 Finance Ministers' and Central Bank Governors' dinner on Thursday.

But Opposition Leader Tony Abbott warned fears of a global double-dip recession are growing.

''This is hardly the time for the Government to be congratulating itself on its economic management or complacently assuming that the Australian economy can readily cope with more debt and higher taxes,'' he told a Melbourne business lunch.

Still, global rating agency Standard & Poor's is happy with Australia's standing, affirming its long-term AAA credit and stable outlook.

The rating reflected S&P's view of Australia's ample flexibility, economic resilience, public policy stability and its sound financial sector, it said in a statement.

I'll scrap tax, give reward

Tony Abbott

CANBERRA: Opposition Leader Tony Abbott yesterday laid out his economic road map for government, as Prime Minister Julia Gillard faces ongoing speculation about her leadership.

Speaking to business leaders, Mr Abbott said a Coalition government would rebuild national confidence, restore hope by building a stronger economy and reduce household energy costs by scrapping Labor's carbon tax.

''Our objective is to restore hope, reward and opportunity for everyone,'' he told an Australia Israel Chamber of Commerce lunch in Melbourne.

''But we can't have a stronger country and we can't do the right thing by Australia's forgotten families without a stronger economy.''

Mr Abbott said households had learnt the lessons of the 2008-2009 world financial crisis and were saving hard and paying down debt.

But national confidence was low because the minority Government had lost direction and purpose.

''The public doesn't believe the Government's claims that they are all better off,'' he said.

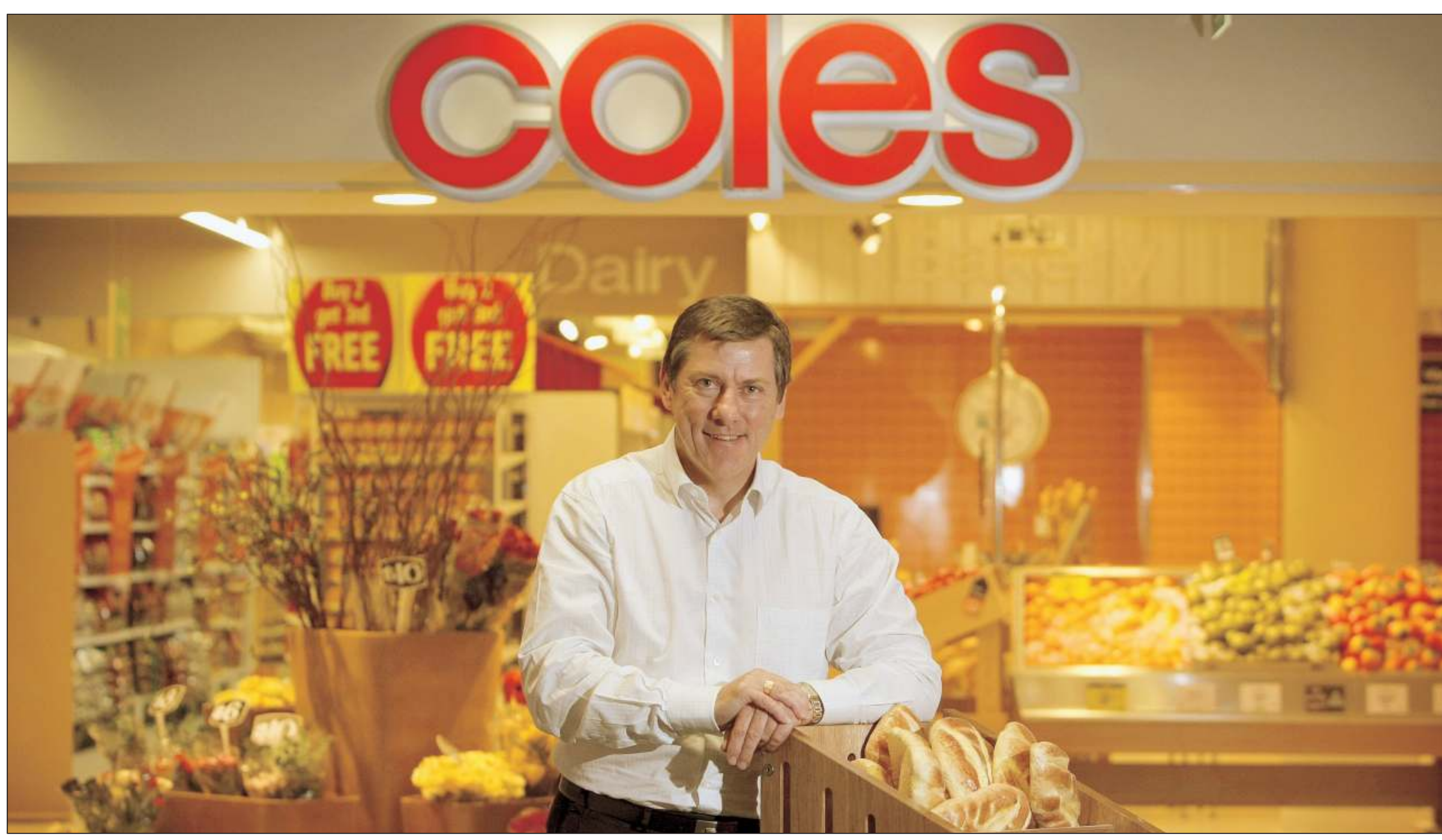
Households continue to pay off debt

SYDNEY; Australian households are continuing to shun spending and pay down debt as worries about the global financial system grows, a central bank report says.

Over the past year, debt levels for households have declined, the Reserve Bank of Australia (RBA) said in its half yearly Financial Stability Review.

''Given that household net worth declined in the wake of renewed volatility in global financial markets, the prevailing mood of caution appears unlikely to lift in the near term,'' the RBA said yesterday.

Over the past 12 months, households saved 10.5 per cent of their net disposable income, a level not seen since the mid 1980s, the central bank said . It also said the pace of credit growth had declined to 4.5 per cent.



No wonder he looks so happy to be at work . . . Wesfarmers supermarkets boss Ian McLeod is taking home $15.6 million a year

Coles boss has 15.6m reasons to smile

SYDNEY: So much for a weak retail environment, the head of Coles has become one of the nation's highest-paid executives, taking home $15.6 million a year.

Wesfarmers supermarkets boss Ian McLeod is storming up the ladder of Australia's top-paid executives. After receiving an $11.1 million bonus for his role in repairing Coles, his total salary package rose to $15.6 million for 2010-11. This is nearly double that handed to Mr McLeod the previous year and eclipses that of his boss, Wesfarmers managing director Richard Goyder.

The supermarket chief was dished out almost $43,000 a day which is just short of what the average Aussie earns a year.

Mr McLeod took home more than Marius Kloppers, who as the head of the nation's biggest company, BHP Billiton, earned $11.6 million last financial year. Outgoing CBA chief Ralph Norris is the highest-paid executive with $16.2 million.

Mr Goyder recruited Mr McLeod from the UK in 2008 to revive the ailing Coles business, which last month posted a 21 per cent surge in full-year earnings, driven by a 6.9 per cent increase in sales to $32.1 billion.

Wesfarmers said the average amount payable to Mr McLeod under the long-term incentive plan over the next two years was about $7.8 million a year. The actual amount paid would be based on earnings achieved.

Lynas loss widens

MELBOURNE: Australia's largest rare earths miner Lynas Corporation has posted a 33 per cent widening in its full-year loss following a controversy-dogged year.

Public protests prompted an investigation by the International Atomic Energy Agency into whether its rare earth refinery in Malaysia was a radioactive risk. Lynas insists its outlook is bright as it moves from development to production.

Yesterday, the miner reported a net loss for the year ended June 30 of $57.29 million, compared to $43.04 million last year. The company's shares fell three cents, or 4.52 per cent, to $1.055.

Tax body needed

SYDNEY: An independent tax reform advisory body should be one of the outcomes of the Federal Government's October tax forum, the Tax Institute says.

The institute yesterday said establishing a Tax Reform Commission was on a list of priorities submitted to Treasury for the forum.

''We need further work on developing the road map for its implementation,'' said institute senior tax counsel Robert Jeremenko in a statement.

He said such a commission should take its initial direction from the policy priorities identified by the tax forum.

Buyers surveyed

SYDNEY: First-home buyers aren't worried about foreign-investor competition in the property market, says mortgage provider RAMS Home Loans.

''Despite talk of overseas investment into the Australian property market, local buyers appear unconcerned,'' RAMS said in a statement on Friday. ''Only 14 per cent of home seekers and 6 per cent of recent first-time buyers believe overseas investors are driving up property prices or are a competitor for their first home,'' it said.

RAMS surveyed 600 Australians first-home buyers aged 20 to 49.