

ADVICE ON REGULATION OF DIRECTOR AND EXECUTIVE REMUNERATION: CHOOSE BETTER EXECUTIVES FROM BROADER POOLS AND COMPETE ON AUSTRALIAN TREASURY TERMS

This submission answers some key questions from the Productivity Commission (PC 2009) paper entitled 'Regulation of Director and Executive Remuneration in Australia'. The latter paper was far from the PC's finest hour. The PC ideally needs to put clear discussion of the terms 'director' and 'the executive' before discussion of remuneration, because remuneration is ideally designed to serve clearly specified roles and functions to achieve the organizational goals. The logical importance of advertising and selection procedures needs also to be better recognized, because the wider the selection pools, the more potential there is to make high quality, comparatively cheap appointments. Pay on employment termination is a separate but related matter. The main advice is that investors should enter well designed Treasury investment schemes which openly compete against the others, because trying to regulate normally accepted commercial in confidence behaviour by using lawyers is likely to be a big waste of time and money. This is an extension of the 'Compare the pair' approach of industry superannuation funds.

Q. What is an appropriate definition of 'executive'? **A.** The common dictionary suggests that an executive are those responsible for putting something into effect. This appears appropriately broad but too vague for the purposes of the PC discussion.

Q. Does the remuneration report required under the Corporations Act and its coverage of key management personnel provide a suitable definition? **A.** Yes.

The PC states the Corporations Act requires disclosure of information on 'the key management personnel of the company and the five most highly remunerated officers (if different)' (p.6). If information on the five most highly paid is clear in annual reports it may alert shareholders and raise their questions about the activities expected of them and any related others. The PC does not provide enough information about management roles. Key management personnel are apparently defined in accordance with 'the accounting standards' (sic. which ones?) as 'those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity' (p.6).

Q. Should the Commission's coverage of executives go beyond this, and if so, why?

A. The PC or the organization needs to define key management roles more clearly if it wishes to discuss principles of remuneration to achieve the organizational mission and related goals effectively. The PC indicates in Box 1 entitled Key Terms and Definitions (p. 6) that 'A director of a company has a position on the board of that company'. One is also told that 'Executive' is not defined in the Corporations Act but that for the purposes of the PC inquiry 'it can be taken to include those executives that are covered in the remuneration report, hence including managing and executive directors, company secretaries and senior managers' (p. 6). One assumes that, like the PC, the law and courts provide no definitions of any of the latter terms, as lawyers are

feudal creatures who do not like the common dictionary any more than vampires like the light. However, to have clear decisions and related accountability one needs to understand the key roles and differences in functions of the managing and executive directors, company secretaries and senior managers. The PC does not explain this. Does anybody know or care?

Q. What is an appropriate definition of ‘remuneration’? **A.** Pay or reward. This is the common dictionary definition, so nobody may be confused and need their lawyer. The concept of ‘pay’ is normally for services rendered. The concept of ‘reward’ suggests the provision of a benefit for service (i.e. for work) which is above the expected standard or which may have been undertaken freely, without expectation of any personal advance.

Q. What aspects or elements of remuneration should be included? **A.** Full and frank disclosure should be made to openly justify that all payments made to executives are in the organizational investor and related public interest. Open pay statements and the expectation of related open justification would meet a term of reference given to the PC, which is ‘to consider any mechanism that would better align the interests of boards and executives with those of shareholders and the wider community’. A development approach addressed in the Australian Treasury discussion paper entitled ‘Improving the Integrity of Prescribed Private Funds (PPFs)’ is recommended later in this context, to maximise all benefits in the global transition to the goals of a lower carbon economy, better protection of health and biodiversity and improved communication. More openly related investment approaches would meet all sustainable development goals better.

In discussing elements of remuneration, this submission necessarily also deals with the Financial Stability Forum (FSF) paper entitled ‘FSF Principles for Sound Compensation Practices’ (2009) because it is referred to in The Declaration on Strengthening the Financial System, which was signed by the Leaders of G20 nations, including the Australian Prime Minister (PM), in London on 2.4.09. The leaders’ meeting:

‘endorsed the principles on pay and compensation in significant financial institutions developed by the FSF to ensure compensation structures are consistent with firms’ long-term goals and prudent risk taking’ (G20, 2.4.09, p.4).

The Declaration of the G20 stated the principles require the following:

- Firms’ boards of directors to play an active role in the design, operation and evaluation of compensation schemes
- Compensation arrangements, including bonuses, to properly reflect risk and the timing and composition of payments to be sensitive to the time horizons of risks. Payments should not be finalized over short periods where risks are realized over long periods; and
- Firms to publicly disclose clear, comprehensive, and timely information about compensation. Stakeholders, including shareholders, should be adequately informed on a timely basis on compensation policies to exercise effective monitoring

Supervisors will also assess firms' compensation policies as part of their overall assessment of their soundness. Where necessary they will intervene with responses that can include increased capital requirements (G20, 20.4.09, p.4).

The above statement by the G20 seems good and in the light of the international and national importance of G20 meetings one wonders why the PC paid so little attention to the paper entitled 'FSF Principles for Sound Compensation'. Both the G20 and the FSF paper are mentioned only in the last 2 pages of the PC paper. The PC does not directly address the concept of risk either, whereas the G20 statement refers to it above and the FSF paper is desperately obsessed with it. In the light of the current financial crisis one also wonders why the PC ignored risk in its discussion on the regulation of remuneration.

The paper entitled 'FSF Principles for Sound Compensation Practice', repeatedly states the need to address risk but does not clearly indicate what risks the executive or other investors face or how executive pay setting ideally relates to such risks. The paper does not clearly indicate how the setting of executive pay can best support the large or small investor, or the investor who hates to risk their capital and who seeks a guaranteed, continuing, modest income, or the investor who is prepared to gamble in the hope of making large investment returns rather than major losses. The paper seems to identify the executive with the investors and to assume that the risks taken by the executive and those taken by the investor are the same. This assumption requires proof and is discussed later.

On the other hand, the Australian Treasury paper entitled 'Improving the Integrity of Prescribed Private Funds (PPFs)' suggests clear non-profit investment models which may satisfy all types of investors and be highly competitive if open. A PPF is a trust (which is a pool or stock of assets, as distinct from an institution) to which businesses, families and individuals can make tax deductible donations for the purposes of disbursing funds to a range of deductible gift recipients. A PPF cannot distribute to another PPF or to a public ancillary fund (PAF). The PAF is also a common structure for community and fundraising foundations. With the exception that they need not seek contributions from the public, and control requirements, PPFs have the same characteristics as PAFs and accordingly must comply with all the other requirements of a public fund. If such funds can appropriately generate tax deductions, on the grounds of equity of contributor treatment, they ought also to be able to generate pensions, as an alternative or supplement to the old age pension for investors who have retired from work and seek guaranteed modest income. Both funds deserve much greater consideration by superannuation fund managers, governments and many others because they appear designed to achieve the economic, social and environmental objectives of the key stakeholders and related stockholders better than the norm. This argument is further supported in the attached submission to the Victorian Competition and Efficiency Commission Inquiry into a Sustainable Future for Australia.

The FSF paper is based on confusing concepts as well as being vague about risk. For example, it discusses 'compensation' as if it is 'remuneration'. This is confusing because 'compensation', according to a dictionary, may mean either 'make up for' or 'reward'. These are different concepts from each other and also from the concept of remuneration or payment. Many countries have 'compensation' laws which are based

on International Labour Organization (ILO) conventions which relate to the provision of money and/or related services to a person as a result of their injury at work. This law may be administered by a court or another administrative body. The latter is preferable because the workers compensation system is primarily designed to provide welfare related payments and services to an injured person regardless of the cause of their injury, as long as it happened at work. On the other hand, the court has traditionally used a long, expensive and often disabling adversarial method to allocate lump-sum compensation only if a person's injury can be found to be the fault of their employer. The idea of a person being 'rewarded' for injury seems likely to be insulting and inappropriate in any context. Remuneration and compensation should be clearly differentiated in the mind and not become confused. Some related key health issues are discussed in the attached submission which responds to an inquiry into Australia's future tax system.

The FSF paper states:

As a practical matter, most financial institutions have viewed compensation systems as being unrelated to risk management and risk governance. Compensation systems have been designed to incentivise employees to work hard in pursuit of profit and to attract and retain talented employees.....Without attention to the risk implications of the compensation system, risk management and control systems can be overwhelmed, evaded, or captured by risk takers. (p.5)

The difference between risk management and risk governance needs to be clearly stated. One assumes the former term refers to the stockholder management model and the latter to the stakeholder management model. The latter is normally better because it serves a broader range of interests and is designed to achieve economic, social and environmental goals more competitively. The relevance of remuneration to both models must be clear.

Particularly at the upper echelons of any large organization it is an assumption, rather than a fact, that payment systems are designed 'to incentivise employees to work hard in pursuit of profit and to attract and retain talented employees'. This assumption must be demonstrated in practice. Until this occurs, the alternative assumption, which is that those operating at the upper echelons of a large organization seek overwhelmingly to benefit themselves is better, as this is consistent with the central tenet of the economist, which is that all individuals seek to maximize their self interest. Only openness may stop them exercising self interest against the interests of those who may otherwise be unable to object. The attempted exercise of self interest, especially at the organizational top, may or may not be congruent with the interests of the organization or the wider community. In secret one may get away with murder. Weber pointed out the problems of bureaucracy, which may also be recognizable to all who have never heard of him. He argued those at the top of a large organization are often in positions to feather their own nests and to hang the rest. To say it isn't so one has to recognize it first. Why not do it?

The FSF paper often assumes that those who take risks on behalf of investors are also taking risks on their own behalf. Especially in the light of the current financial crisis, one may more reasonably assume the opposite is true. Those who are paid large

amounts of money for handling and investing other peoples' money superficially appear to take no risks, or mild ones. It seems the worst risk they face is termination of employment and a golden parachute. So what if those who have lost their life's savings sue the money managers? This may be an insurance side distraction while the senior manager blames his situation on the inevitability of market cycles and may move on to a new and possibly better paid position. The whisper, the telephone, the shredder and related commercial in confidence provisions also ensure the risk of legal suit is likely to be borne by the complainant. All lawyers involved have vested interests in ensuring more secretive behaviour and confusion reigns into the future. All are the lawyers' bread and butter.

However, the PC paper on regulation of director and executive remuneration asks next:

Q. How are levels of director and executive remuneration determined?

A. It is noteworthy that the PC and the FSF papers provide hardly any information on how senior positions are normally advertised and their occupants selected, in order also, one ideally assumes, to set remuneration. My assumption is that advertising, selection and remuneration of senior managers are arranged by less than five men and that many better potential candidates are placed where they may not seriously be considered, against the shareholder and public interest. Such overlooked matters are important for serious consideration, in order to ensure the widest possible talent pool from which quality candidates may be drawn and then selected for employment and remuneration. It seems clear from the size of the current international financial crisis that there are a huge number of bad performers at the top, who have built up the current financial problems for years. Multiple Ponzi schemes also appear to have operated for years so that past returns to investors now appear to bear no relationship to the real value of production.

The current financial crisis and related level of returns to investors suggests senior executives in Australia have been paid for bad performance. For example, this superficially appears so in relation to Allan Moss or Sol Trujillo, if the current situation of the investors in Macquarie Bank projects or Telstra is now taken as the main performance indicator of the past performance of those executives. Allan Moss was by far the best paid man in Australia in 2006/07 and Sol Trujillo was 6th best paid that year, according to an article entitled 'The case for a new top tax rate' by Richard Denniss on the Australia Institute website, which is discussed again later. What did these men do and was the government happy with it? As a regulator of such big entities with such important missions as the Macquarie Bank and Telstra, the Australian government is ideally also considered as a major stakeholder in their performance, on behalf of all Australians. Ideally, government may also engage in openly related partnerships to achieve economic, social or environmental goals. An independent media ideally plays a vitally related role in informing and educating the investing public, as well as in 'Keeping the bastards honest', to quote Don Chipp, a former Australian Democrat party leader.

Q. What evidence or examples indicate that the interests of boards and executives may not be adequately aligned with those of shareholders and the wider community? What factors have contributed to any misalignment?

A. See discussion above and below. The views of people about the capitalist market largely lie between two extremes. At one end of the spectrum are people who often use language which suggests they think that the pursuit of economic self interest is in the interests of all because through this process markets will perfect themselves and naturally benefit all in every way eventually. In this view, however, all market players are ideally also left to their own devices, which may naturally be secret. From this feudal perspective, which eschews openness, the ideal role of government is merely to assist lawyers to break up apparently unnatural monopolies and to defend the faith. The interpretations and clarifications of differences between all market players, including between natural and unnatural monopolies, comprise part of the lawyers' and judges' monopoly package. Their court monopoly alone is ideally regarded as legitimate, albeit exercised with a difficulty which must be extremely satisfying for all lawyers.

Adoption of this basic paradigm leads to polite language about people who may make extremely large amounts of money even when they are handling and losing money belonging to other people. This misfortune may be viewed as a natural result of the latter's bad choice or bad luck which will turn, especially if they act smarter the next time round the financial cycle. The PC paper on Regulation of Director and Executive Remuneration in Australia and the FSF Principles for Sound Compensation Practices both appear in the above category. I guess this view is the financial business norm.

The Productivity Commission has removed material from this submission that may be considered racially offensive and potentially in breach of the racial vilification laws



Anyhow, the above history has finally led to global financial collapse led by the US and the global financial system is being considered for appropriate restructure by the G20 Leaders, not just by those who won World War II. Compared with other OECD countries, the US now has obscenely wide income differentials, lower minimum wages, fewer paid holidays, inadequate health care, higher education costs, unstable employment, lost savings, huge government and personal debts, major homelessness, by far the highest murder rate in the OECD and many family deaths and injuries from constant war. The US appears to be the richest country in the world but seems more like a secret casino rigged by the rich and their lawyers rather than a perfectly informed and perfectly clearing market where all are supposed to win in the long run (when all non-human life is dead?). On the bright side, President Obama has now announced the development of an electronic patient record for soldiers and veterans. Those in health care and all related environment development and investment areas may find this initiative interesting. See related discussion attached on the National Health and Hospitals Reform Commission (NHHRC) report 'A healthier future for all Australians' (2009) and consider health promotion.

The labour market has always been a collection of economic fiefdoms where those inside each silo jealously guard their narrow pathway to the top, to keep at bay all job competitors. In the 1980s this reality, which Adam Smith, John Stuart Mill and Weber wrote about clearly, was still recognized as a result of US and other research into reasons for high levels of black unemployment and the comparatively lower wages of all women and blacks compared to white males. There was considerable academic discussion about the concept of 'human capital' and the role of education, training, socio-economic status, gender and ethnicity in education and occupation screening, allocation and in related forms of discrimination. Discrimination and risk are related through probability but risk was not much discussed in this context until now. The earlier research literature, which I studied for my PhD, was sensible until it degenerated into masses of dubious numbers. It now seems to have disappeared from academic memory, at least at Sydney University as I knew it while teaching there for eleven years until 2007. (Gee, it all makes you think.)

The above potted history is likely to explain the fact that the PC paper on Regulation of Director and Executive Remuneration and the FSF Principles for Sound Compensation Practices never clearly enter into the ways people are chosen for top jobs or deal clearly with the concept of risk, which may also be related to discrimination. (But I digress). Baby, the rich won, until they crashed the car. A black man is now US President but one swallow does not make a summer. My advice is to buy the US songs, movies, jokes, Sesame Street, the News Hour and 'The Sopranos'. Beware the rest, because the law and business or financial interests are driving, supported by psychologists who think turning question answers into numbers

makes them scientific. God knows what happens in US science faculties. One assumes it is commercial in confidence. Never undertake business partnerships on unclear driving terms. The rich will screw us any way they can when they consider it necessary to themselves, either quickly or slowly, as it suits them. In the absence of rich family and related legal or political ties, good investment scheme design, supported by plain language and open operation are the most reliable protections in any business partnership. Nobody has much chance of resisting a controlling partner in secret. This is the lesson of family violence. What are human rights really like in any country where a person is clearly rational to be frightened that they are much more likely to be shot if they are in a poor neighbourhood? Shame about the US Constitution.

On the other hand, the growing convergence of political views in Australia during the 1980s and beyond may principally be explained by the growth of greater political and economic understanding and agreement about policy direction by Australian voters and their representatives. As Stiglitz and Muet also stated in the proceedings of the Annual Bank Conference on Development Economics in Europe in 1999:

If one as to choose, competition is more important than private property for the functioning of the market economy (Stiglitz and Muet 2001, p. xiii)

Chinese governments recognized the above and acted gradually to increase grass roots competition. Russian governments took a different approach when they privatized the commanding heights of the economy very quickly. US commentators appeared to approve of this, but it also seems to have been disastrous for many ordinary people, as indicated by the comparative decline in community health. (But I digress.)

In Australia, Prime Ministers Hawke and Keating buried the class struggle while bringing in compulsory superannuation. During the 1980s and 1990s policy makers were very interested in the extent to which all health and related funds for services or pensions should be underwritten (owned) and managed by government or in the private sector, to gain the best outcomes for individuals, including taxpayers, premium holders, and other Australians. Nationally designed, health and related social or environment services and funds owned by government and/or industry, which are transparently, regionally and competitively managed, or topped-up, are likely to provide superior outcomes to market based underwriting of risk and related service provision. It is necessary now to construct broader understanding of why the competitive pursuit of all stakeholder interests is more broadly functional than the narrower pursuits of stockholder interests. We are all capitalists now and some of us don't like the language others of us are using. The categories of capital, labour and land on which the taxation discourse rests are also outdated as is discussed in the related attachment on taxation matters. See also the attached discussion on the problems of the Trade Practices Act and how to fix them.

The process of political convergence which has occurred in Australia was described by Daniel Bell in 1974 in 'The Coming of Post-Industrial Society'. Bell did not refer to post-modern society perhaps because the feudal assumptions and metaphors of financial secrecy, battle and gaming still rule in the major financial, legal and related government spheres and influence the material reality of all others also – so much for perfect information leading to the perfect market. Although many in the Australian

parliament are naturally lawyers, probably few in Australia today know or care who is Jewish and are also too polite to ask the question. On the other hand, the US election race – shown on ‘quality’ TV as being like a complex, continuing, giant children’s party game - plus the current international financial crisis, may lead one to ask, ‘Who brung Obama?’ How was it that a very elderly white man, an unpopular old white woman and this formerly unknown black man ended up running for US President? This is the kind of question that most of us who have suffered under some particular bosses may have asked every day for decades without ever finding a reliable or even convincing answer. For example, what possessed anybody to bring Sol Trujillo, friend of John McCain, to Australia and make him 6th richest man in the country in 2006-2007? Did we get value for money? This is one of a thousand mysteries we serfs live under. As is fitting, perhaps, God only knows.

Let the Australian government and industry superannuation funds now be managed by appropriate representatives of the Australian people openly in non-profit partnerships with others and then, as Bernie Fraser, former governor of the Reserve Bank says, ‘Compare the Pair’ in regard to the ability of these and related schemes to achieve all the related economic, social and environmental goals. The PC paper on Regulation of Director and Executive Remuneration in Australia and the FSF Principles for Sound Compensation Practices speak volumes about the difficulty of ever controlling executive pay. The rich appear firmly in the box seat and nobody who cares about their career will effectively challenge them other than through designing a different and open investment structure and comparing outcomes. The Australian Treasury paper on ‘Improving the Integrity of Prescribed Private Funds (PPFs)’ which also deal with Public Ancillary Funds (PAFs), gives womankind cause for hope. I never thought I would be able to say anything nice about Australian treasury writing in my lifetime. Whenever I read anything from the financial sector which makes any sense to me I am touchingly overjoyed.

If one believes the interests of boards and executives are adequately aligned with those of shareholders and communities, one presumably also believes the remuneration of those performing work accurately reflects the worth of their work. According to the article entitled ‘Rudd’s leadership comes cheap’ (Sydney Morning Herald, 30.12.08, p. 4) the Prime Minister’s salary of \$330,000 per annum falls \$30,000 short of the salary of the Governor General because her package formula is tied in part to the chief justice’s salary. The article entitled ‘The case for a new top tax rate’ by Richard Denniss on the Australia Institute website indicated that during 2006-2007, of the twelve richest men in Australia, five were bankers. Allan Moss of the Macquarie Bank was top and earned twice as much as the next contender, Phil Green, who was also a banker. According to Denniss, if Moss had had to pay extra tax to the tune of a 50% tax rate on income over \$1 million on his yearly income in 2006-07 of \$33.90 million, the extra tax payable would have been \$1,645,000. Good luck with controlling the tax havens. However, one would not like to see a lot of the taxpayer’s money spent on fighting to regulate director or executive remuneration in Australia because one would certainly need to pay a lot of lawyers to do it and one would almost certainly lose a lot of money to them.

Surely nobody believes that the work of Kevin Rudd, Malcolm Turnbull or some other ministers or members of the opposition is worth so much less in real terms than the work of millionaire bankers? Surely nobody believes that Kevin Rudd, Malcolm

Turnbull or a reasonable number of their colleagues couldn't learn how to run a bank and do it as effectively on a lot less pay than the current lot pretty quickly? This is not an argument for paying politicians more but for improving the quality of other managers and paying them less as a result of widening many selection pools. However, to do so one first must recognize the potential differences between varying types of scientific or other specialist expertise and more general management requirements which may roughly apply across many boards. For example, I expect few would like to see a surgeon who had not already learned about the body and who had not seen and performed lots of operations already, preferably where nobody died. The feelings about civil engineers building bridges and electricians or plumbers constructing houses are probably similar. One has generally had good reason to trust this comparatively narrow, competency based, scientific approach. Aside from all the 20th century wars, it has served OECD populations comparatively well.

In this scientific context, however, one ideally needs to separate the feudal chaff from the scientifically grown wheat in order to improve the latter and the general environment. It will be difficult to go green without this initiative. For related modern reasons, it would be good if lawyers and their related feudal acolytes fell off the edge of the earth and managers were drawn from a wider range of people. If every practicing lawyer was replaced by a non-lawyer the world would be an infinitely better place because the current legal monopoly is just a vote for the continuation of feudal practices where the rich and their various mates get the biggest packages and nobody else has a clue what is going on or is ever in a position to challenge it. I have no doubt that huge numbers of academics or others abound who would make competent, cheap vice chancellors but who have never been in a position to be chosen. Loads of people would have no trouble at all running government departments, especially with Google's help, but nobody ever invites them. I can still remember 1994, when one could only get into some upper echelons of the Commonwealth public service if one already had the requisite internal security clearance that allowed one to apply for jobs there. For the past eleven years I suffered the conveniently held academic view that the post-graduate students are so much brighter than the undergraduates whereas anybody with a shred of honesty could see that a pool of 1000 undergraduates often exposes the teacher to a huge number of more competent people than the meagre 40 in the postgraduate lot. Check out their written product.

ESTABLISH MORE OPENLY COMPETITIVE AND STABLE INVESTMENT SCHEMES TO ACHIEVE ECONOMIC, SOCIAL AND ENVIRONMENTAL DEVELOPMENT GOALS AND ACT ON EXECUTIVE ADVERTISEMENT, SELECTION AND PAYMENT IN A CLEARLY RELATED OPEN MANNER

The G20 called upon the International Monetary Fund (IMF) to provide concrete proposals for spending at the Spring Meetings in 2009. State and local governments and oppositions as well as the 1000 firms affected by the National Greenhouse and Energy Reporting (NGER) Act should now act with the national government and opposition to formulate projects for consideration. The NGER legislation seeks to assist control of a specific hazard – greenhouse gas emissions – by establishing audit practices within the 1000 largest polluters in Australia. This will lead to carbon trading and investment.

The prescribed private or public funds non-profit management model addressed in the Australian Treasury paper entitled 'Improving the Integrity of Prescribed Private Funds', is suggested for consideration by industry superannuation fund managers, governments and others, as a way of supporting related projects aimed at improved social welfare and a low carbon future. Many necessary projects currently appear unachievable because of the national and state accretion of centuries of dysfunctional regulation, including protection for polluting industries, which makes investment in greener development and poor communities generally uninviting. (See related analysis and solutions in attachments).

Changing the current situation of global poverty, disease and environmental degradation through more effectively targeted superannuation and related national investment strategies is now a major challenge facing Australia and many other nations. For example, in the papers edited by Stiglitz and Muet from the Annual Bank Conference on Development Economics (2001), Attanasio states that:

'The lack of synchronization between demographic trends in the world constitutes an important opportunity to reduce the impact of demographic changes on pension systems. Northern capital invested in less developed regions could yield higher returns to finance the retirement of the US and European baby boomers and at the same time could help the development in Latin America and other developing regions' (2001, p. xvi)

This is also the global and national context in which project management is ideally carried out to achieve national stakeholder and stockholder aims competitively through broad and open advertisement and selection of candidates for senior management positions, accompanied by openly related remuneration setting. Pay is ideally designed to serve clearly specified management roles and functions so as to promote clear decision making and related accountabilities. The importance of broad advertising and related selection procedures needs to be recognized by the PC and many others, because the wider the selection pools, the more potential there is to make high quality, comparatively cheap appointments. Pay on employment termination is a separate but related matter.

Thank you for the opportunity to make this submission, Yours truly,
Carol O'Donnell