The Chairman Productivity Commission
Email exec_remuneration@pc.gov.au

Dear Sir,

Reference CEO, Directors and Senior executives remuneration packages.

Being a share holder of many public companies for some years I feel qualified to bring to your notice ways in which I feel, Directors and Senior Executives remuneration could be controlled within reasonable bounds.

(1) That company directors Elected to any Company Board should have been a shareholder in that company for at least 12 months prior to nomination. The number of shares held and length of tenure to accompany nomination applications and be made known to shareholders prior to the AGM.

REASON Under the present system of electing board members it is virtually impossible for any share holder to be elected to the board if opposed by the incumbent board members. They on nearly all occasions, recommend their own candidate irrespective of his or her knowledge of that companies activities or his or her prior share holding (which is in many instances zero) in that company. This would stop[recycling of quite often failed company directors of the (professional directors club) into positions which are completely foreign to them, thus limiting their ability to act in the interest of the company and in particular the share holder.

(2) When an issue of shares is made by the Company all shareholders should have equal access to those issue. There should be no prior preferential allotment to the institutions not holding that companies shares, as now occurs. Shares should be allotted on the basis of their present share holding with any shares not disposed of, offered to other institutions at a predetermined date prior to the offers close.

REASON Giving preferential allotments to fund managers and institutions tends to make the institutions beholden to the wishes of the board, thus making sure the proxy voting, when deciding important matters (remuneration to directors and senior executives) goes the way of the boards bidding.

(3) CEO's and Senior Executives should be paid adequately according to their assessed ability. Normally their wage should be in line with other senior executives taking up similar responsibilities. Bonuses in the form of options should be the only form of extra payments to these Executives. These should be issued at a premium to the share price at the time and not exercisable until at least 2 years from the date of issue. This would help to ensure that short term gains in the share price were not a sound reason for reward. Other forms of bonuses and severance pay should be abolished, particularly any severance pay for failed exec's or those who do not fulfill their contractual obligations, (except in the case of illness or unforeseen legitimate circumstances).

REASON The remuneration for all executives should be the most the company can reasonably expect to pay for such professional knowledge. This may be more than their present base salary. The issue of options as suggested would help (but not altogether) prevent CEO's gaining monetary reward just because of inflationary influences in the market. I would prefer options to be only exercised after a period of three years but 2 years would be a start in the right direction.

SUMMING UP Directors should be held more responsible to the shareholder whom they purport to represent. Professional directors tend to look after themselves and to hell with the Ordinary private share holder. The whole responsibility for the performance of the CEO lies with the Company directors who chose him in the first place. Many directors have failed dismally on every count . Their performance can only be classed as middling to pathetic influenced by excessive greed and Director Club Mentality.

Yours sincerely Bruce I Murrie