



Mr.G.Banks.
Presiding Commissioner.
Executive Remunerations.
Locked Bag 2.
Collins Street East,
Melbourne. Victoria 8003.

Dear Sir,

Public companies listed on the Australian Stock Exchange are owned publicly by shareholders, and therefore lodge the following submission for consideration:

- [1] Public company executive remunerations are determined by themselves using other people's money
{public company shareholders} and in addition, grant to themselves, without risk, shares and/or options
which dilutes the value of the shareholders shares as the executives did not use their money to buy them.
- [2] It's said, that public company executives receive high remunerations in order to get the best qualified persons for management. However, if the executives are determining their own remunerations, then, of course, the remunerations will be high, as they all want what he's getting. It's like someone in court sitting in judgement on himself ! The verdict would always be not guilty !
- [3] Shareholders votes re remunerations is Non Binding and usually disregarded by the executives- a recent case was Telstra- 62% against !
- [4] Usually the first, and sometimes only, item on the AGM agenda is for executives remuneration increases.
- [5] The granting of shares and/or options without risk should not be allowed. If executives want shares in the company, then they should put them on the market, using their own money, as other shareholders do. This way the executives shares are at risk , and therefore would promote more responsible decisions from the executives.
- [6] When public company results are not as expected due to:-
 - [a] Bad management.
 - [b] Economic conditions etc.Public company executives often reduce dividends to conserve capital, but never reduce executives remunerations. If dividends are reduced, executive remunerations should also be reduced accordingly by the same percentage. As their dividends on shares were risk free without payment and they are not losing on the reduced dividend.
- [7] The current method of setting public company executives remunerations is too loose and laissez faire, and as such, encourages a laissez faire attitude in the Board Rooms, which ultimately leads to bad management decisions, and not in the public company's best interest. Many examples have been glaringly visible in recent times.
- [8] Executives often resign before contract date, and take their huge remunerations packages with them, leaving the shareholders with the diluted share values. This has been happening for many years-notably AMP-Westpac and more recently Telstra.
- [9] Public company executives, to my knowledge, are the only persons in this country who can determine their own remunerations without a regulated process. Not even the Prime Minister can !

Due to the above, there needs to be some control over public company executive remuneration packages in order to get better governance practices and thus regaining shareholders trust and confidence in the management of their company's.

Yours faithfully,

William McGregor.