

May 2009
SUBMISSION
To the Productivity Commission re their
Inquiry into the
Regulation of Director and Executive Remuneration in Australia
by
Andrew Murray BA Hons (Rhodes) MA (OXF)

Index		Page
	Note	1
1	Executive summary	2
2	Reasserting the interests of shareholders	2
3	Corporate democracy	4
4	Building on accepted practice	5
	4.1 The remuneration of all directors should be subject to a binding vote by shareholders	6
	4.2 The remuneration of key executives should be subject to a binding vote by shareholders	7
	4.3 Making some voting by institutions compulsory	8
5	Proxies	9
6	Conflicts of interest	10
	6.1 Prohibiting directors voting on remuneration packages	10
	6.2 Avoiding conflicts of interest by separating powers	11

Note

The Australian Government's March 2009 terms of reference for this Inquiry into the Regulation of Director and Executive Remuneration in Australia (the Inquiry) and the consequent Productivity Commission (PC) April 2009 Issues Paper (the IP) canvas many perspectives. This submission does not seek to cover all the terms of reference or all the issues arising from the IP. This submission makes general arguments that are influenced by the worst behaviour requiring regulatory correction; as a matter of fairness it should be noted that there are companies, boards, directors and executives who operate to far higher standards and who are not guilty of the corporate excesses that are the subject of this Inquiry.

This is a personal submission by Andrew Murray and does not represent the views of any other individual or entity. For most of his 12 years in the Senate, Andrew Murray was a member of the Joint Standing Committee on Corporations and Financial Services (JSCC&FS) and was the Australian Democrats' Taxation Finance and Corporate Affairs Spokesperson. This submission draws directly on much of that work and experience, as well as on his experience in business.¹

¹ Andrew Murray has lived and worked in four countries on three continents. His business career included that of an executive and director in large public and private corporations in manufacturing, wholesaling, retailing and service industries, including owning and managing his own businesses.

