



29 May 2009

Inquiry into Regulation of Director
and Executive Remuneration
Productivity Commission
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Dear Sir/Madam

Ai Group regards the inquiry into executive remuneration as highly important.

While we will wait until we have seen the Draft Report before making further comments we propose that the Inquiry should have regard to the following principles:

- The importance of allowing markets, including markets for executives and directors to operate flexibly;
- The need to ensure that domestic regulation does not impede Australian-based companies from competing internationally for internationally-mobile staff; and
- The importance of transparent, accountable and workable internal oversight of business decision-making - including in relation to remuneration.

Further from our knowledge of Australian business, we can state with confidence that, overwhelmingly, Australian companies have a strong record of effective and accountable remuneration practices.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Heather Ridout', with a horizontal line underneath.

Heather Ridout
Chief Executive