

1/10/09

## Necessary Discipline for Executives.

Dear Sirs,

I was shocked and angered to learn how top executives are giving themselves bonuses or salaries up to millions of dollars; even when shareholders are poorly paid, or missing out altogether.

I am angry for the following reasons:-

A I was reared in a responsible era, to be responsible.

B I studied for and gained a Diploma of Community Welfare Work.

C Some years ago my daughter invested in a company and she was called to a shareholders' meeting. I accompanied her. The speaker informed the crowd that an executive went off with all the money !

D I am currently fighting a legal battle against my own brother who misappropriated funds; which were my inheritance: in his care as P.O.A.

From these experiences I offer the following suggestions:-

Shareholders should hold a meeting-seminar to select an executive of a charity organisation, who is not also a shareholder in the same company. The purpose is for this executive to become an independent representative at every Board meeting of the company, representing the shareholders. He or she would not be paid but the shareholders would donate financial help to the represented charity. For the sake of absolute 'transparency', and so that no bribery charge could be laid: I suggest that instead of money gifts, shareholders could pay for specific equipment, or for service; such as medical service, research, or specialised counselling.

This selected representative would then need to be introduced to the Board by a member of the Productivity Commission who would at the same time give spoken and printed rules to the Board.

The rules would need to include:-

1. Representative must attend every Board meeting or send a substitute in the case of his or her illness.
2. He or she shall receive a copy of the financial report at the meeting.
3. He or she will neither enter into the business of the meeting, nor be asked for his or her opinion.
4. He or she shall report to the Productivity Commission member, as well as the shareholders at the earliest convenience: whether or not the report is favourable.
5. Representative will not audio record words of the meeting.

The above should satisfy both Board members and shareholders. If not, the Commission would know that there was something wrong. Also charities could receive needed funds.

If the representative suspected that secret meetings were being held, he or she could tell the Commission officer.

In a sense, the shareholders deserve to "inherit" fair shares of profits for being good contributors to the business. The Board has "P.O.A." of these funds which should not be misappropriated. This is a CRIMINAL offence whether the government recognises it or not.

In the scenario I described, the shareholders' representative should be able to determine that no member of the Board receives salary or bonus above a <sup>reasonable</sup> figure as determined by the Commission; and so legislated, to allow for inflation adjustment. If he or she has any doubt then this can be told to the Commission.

The Commission, already having authority, would then also have reason to make investigation. Shareholders need this protection.

Yours sincerely, Arthur Johnson.