

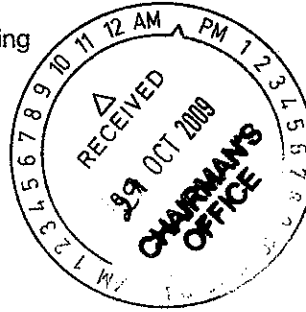


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Attention Mr. Gary Banks.
The Chairman .
Productivity Commission
G.P.O. Box 1428
CANBERRA ACT 2601



G.P.O. Box 1638
Sydney, 2001

October 27, 2009

Re: Productivity Commission Report -
Proposed "Two-strike" rule .

Dear Mr. Banks ,

We feel compelled to express our most serious concerns regarding your Commission Report's proposal, under the "two-strike" rule, whereby a 25% vote against a company's remuneration report two years in a row is required to spill its board and seek re-election for all board members . Eminent Industry leaders have made their objections on various grounds known to you and we fully support their submissions.

By way of introduction , the writer has a long professional association with the Finance and Broking Industry going back some 40 years , is the author of a number of books on "Money Matters" available in our Public Libraries and through Radio sessions (2FC) and Newspaper columns (SMH & Australian) , his personal consultancy and advice , has helped thousands of fellow countrymen/women achieve financial security and independence . All this is under threat by what we believe are unworkable and ill conceived proposals as they will destabilise Company Boards and its operations , create unwarranted market volatility and open the flood gates to speculators , short-selling and provide the vital fuel to the greed of Hedge Funds that now dominate financial markets that had contributed to the Global Financial Crisis - quote Warren Buffett , (leading Financial guru).

We support what has already been submitted on the proposal by highly qualified experts and want to concentrate in our submissions mainly on the devastating effects the implementation of the proposals will have on the hard earned retirement savings of all those who hold shares in well managed companies either directly or through their Superannuation Funds , for the following reasons -

1. The largely unregulated operations in our market of derivative traders and aggressive Hedge Funds who will seize any opportunity for short-selling to satisfy greed and maximise profits .
2. The uncontrolled scrip lending by Institutions and Superannuation Funds of scrip for the purpose of gaining comparatively small revenues with little or no responsibility for the resulting devaluation of underlying assets.
3. The rather dubious practice of scrip lending by Institutions/Superfunds and disguised as Proxies for Voting rights and which initiates the whole destructive process (as per 1&2 above) in the first place .

The process of voteing against most remuneration reports to shareholders by the Proxies of anonymous beneficial owners through Nominee companies, and in anticipation of your "two-strike" rule, is already evident from recent results of highly regarded and well managed Industrials such as United Group (49% proxies), Downer EDI (69% largely proxies) and others . Once implemented , all these companies, the next time around in 2010/2011, will be targeted by speculators , their share prices decimated and thousands of hapless investors-

DISCLAIMER. All strategies proposed or recommendations made whether verbally or in writing are confidential and for use only in transactions carried out by us on your behalf. We specifically deny any responsibility or liability to you or to anyone else if they are implemented or transacted other than through our office. Recommendations on specific shares are valid on the date made only and must be confirmed with us at the time of transaction.

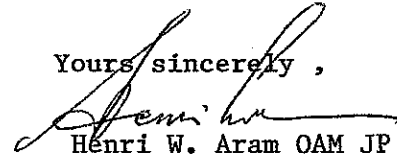
the Mums and Dads , the Retirees -present and future - will have their savings shredded , while the Hedge Funds and Market spivs will laugh all the way to the Bank

These are the realities of the workings of Financial Markets , locally and world wide . If that is what is intended by the proposals , well and good . However we should point out that once the objective of installing the new Board of Directors in the targeted company is achieved , it will be realised NOTHING has changed ! The new Board will need the services of a suitably qualified and experienced Chief Executive who will want to be paid in line with globally competitive rates of remuneration and relevant incentives for performance to set guidelines or the company will flounder . The costly , time wasting and futile exercise , once completed , will have achieved nothing but the wealth destruction of all those whose fortunes had been tied to the ongoing success of the enterprise to which they had contributed and helped to build . Let us not forget that this also includes all their workers and staff that will become unemployed as a result. All of them are unlikely to thank those responsible for their plight and who , with hindsight , will have proved themselves long on good intentions but short on expert advice .

We trust we have contributed some worthwhile observations for your further deliberations and shall be happy to assist you in any way , including personal attendance at any of your commissions hearings , should you feel this appropriate or beneficial .

With our compliments and best wishes for a successful conclusion of your endeavours ,

Yours sincerely ,



Henri W. Aram OAM JP

FCPA , FCIS , FAIM , SF Fin.

ARAM Investment Services Pty.Ltd.