



TRANSCRIPT

ACCI CHIEF EXECUTIVE PETER ANDERSON ON ABC NEWS RADIO, INTERVIEWED BY MARIUS BENSON – 28 SEPTEMBER 2009

Executive Remuneration

Reporter

Peter Anderson, the Treasurer Wayne Swan says he is very serious about doing something about executive pay. He described some recent payouts as obscene, would you subscribe to that description?

Peter Anderson

I think that when we look at what has been occurring, the community has certainly been expressing its concern about some of the practices in the banking industry in the United States.

But it is a great jump to be saying that there are areas of concern with what has been occurring at some very senior levels in some private companies on the one hand, and on the other to be talking about Government intervention in those matters.

Reporter

Let me ask you about a couple of specifics which are cited in this context. One is the payment of Qantas Chief Executive, Geoff Dixon for nine months work of \$11 million, another is the payment to Marius Kloppers of BHP Billiton, a 51% increase to \$10.39 million. Are those payments in your view obscene?

Peter Anderson

No, I don't think you should throw adjectives around like that. You have to, I think, obtain explanations from each individual company.

Individual circumstances are different and when we are talking about large corporations we are talking about people who are employed in the context of a global labour market and that is a very different labour market from the domestic labour market.

I think there is a proper role for boards and chairmen of boards to authorise explanations in appropriate circumstances as to the payments that are made, but it's certainly not the role of the Chamber to be commenting on individual corporate payouts.

Our concern is to ensure that there is a basic framework of accountability, and the principal lines of accountability in respect of any private sector arrangement are lines of accountability between the individual concerned, those who have employed the individual, which are the boards of these companies, and through the boards of these companies accountability to the shareholders of those companies.

Reporter

What about the suggestion there should be more power put in the hands of shareholders so that if an executive is to receive an exit payment of more than say one times his annual income, that would require specific independent approval of shareholders?

Peter Anderson

The difficulty with a specific proposal is that what they can do is to ignore or not take sufficiently into account, circumstances of particular companies depending on the environment they operate.

Reporter

Can't the shareholders take those issues into account in their own decision?

Peter Anderson

You have to have a balance between what sorts of authority you give to shareholders on the one hand and also the need for decision making between the entity that actually employs the individual concerned (and that is the board of these companies) and the level of authority that shareholders ultimately give to the board.

Reporter

So just quickly in summary, does the Australian Chamber of Commerce and Industry take the view that the system works pretty well, there should be no changes, you don't want to see any constraints brought in on executive pay?

Peter Anderson

No, that's not the case.

We put a view to the Productivity Commission that whilst this is not an area that lends itself to intervention by the State, there is a proper role for the Productivity Commission to look at the lines of accountability between the individuals concerned, boards and shareholders. Specific recommendations made in that regard are properly the subject of both consideration by the community and further consideration by industry.