

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury

Corporations Amendment (Improving accountability on Termination Payments) Bill 2009

25 August 2009

Topic: Impact of the Increase on Executive Salaries on the Economy

Senator Cameron asked:

What work has Treasury done on the impact on the economy of the large increase in executive salaries?

Answer:

We are not aware of any studies conducted by the Treasury on the impact on the economy of the large increase in executive salaries. We note, however, that the Terms of Reference of the Productivity Commission's current inquiry into executive remuneration includes considering trends in director and executive remuneration in Australia and internationally; and the effectiveness of the international responses to remuneration issues arising from the global financial crisis. Treasury has been advised by the Productivity Commission that the inquiry will be specifically investigating the links between executive remuneration and listed company performance, and as such, the effects on the economy. The draft report from the Productivity Commission is due in September 2009