

Warhurst, Di (SEN)

From: Robert Solomon [robertsolomon@optusnet.com.au]
Sent: Friday, 21 May 2004 5:07 AM
To: FPA, Committee (SEN)
Cc: Barry Cunningham
Subject: super inquiry: AFMPA submission



Reunion 2004.doc Worth of What You
(325 KB) Do Sept 2002...

Secretary
Finance and Public Administration Legislation Committee.

Sir,
You will have already received a submission on behalf of the AFMPA from my recent predecessor, Tony Lamb. My submission is the summary of an informative seminar conducted as part of the Association's annual reunion a week ago. Its title was "What's a pollie worth?", which relates particularly to the first of the terms of reference listed in your letter of 17th May to Mr Lamb. As you will see, much of the discussion concerned facts and perceptions of superannuation.

I am able to attach the seminar summary to this e-mail, and also, I hope, the second of two short articles I published in our journal on the relative worth of jobs to society, referred to in the summary. The earlier of these is no longer on computer and I will post it to you. I'm sorry for the somewhat disjointed character of our writings, but time does not allow us to produce a more unified submission.

Your caution about the release of submissions could cause difficulty. My summary has been done, albeit expedited for your inquiry, for publication in our quarterly journal, "Federal Gallery", as part of my report on our 2004 reunion. The June issue is scheduled to be published before the end of that month.

Mr Lamb and I will be available for your hearing if you need us.

Dr. Robert Solomon
President

Association of Former Members of the Parliament of

Australia

171 Rochford Street
Erskineville
NSW 2043

Tel: 9516.2139
Fax: 9516.1852

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What's A Pollie Worth? AFMPA Seminar 13th May 2004

The seminar/press panel on **What's a Pollie Worth?** began the second day in fine style, bringing together former *Age* and *Financial Review* editor, Greg Hywood; leading financial consultant and columnist Daryl Dixon; and Prof John Warhurst, political scientist, *Canberra Times* columnist and new head of the Republican movement. Given that a Bill to re-make the 56-year-old Parliamentary superannuation scheme was in the House, it is not surprising that super dominated the discussion, that Daryl Dixon knew most about it, and that the title question was never quite answered, by the speakers, Chairman Lamb or the 41 members of the audience.

Hywood set the ball rolling by saying that the lack of regard for politicians by the public was hard to understand. He had a generally laudatory opinion of politicians, who do a tough job, which he sees as resolving conflict in the community. He believes there is little public understanding of what politicians do [confirmed daily by the political naivety of letters to newspaper Editors]. Hywood considers that our politicians did a remarkably good job in the 20th century, given its wars, the Depression and the shape Argentina is in. That is why he wrote the column reproduced in the March *Federal Gallery*.

A generous superannuation scheme is not the point: it is but part of a package. If you halve politicians' remuneration, you won't get the skills needed. He recalled the *Los Angeles Times* offering about \$25,000 for qualified graduates in the 1980s and attracting academics, not journalists. If the Parliament cuts superannuation dramatically, it will get doctrinaire people. They will provide an in-built bias against good policy decisions which could lead to defeat. There will also be corruption potential for the underpaid. In relation to the current proposed changes, Hywood believes that the Leader of the Opposition was stupid and that the Prime Minister panicked.

Warhurst was not quite such an unqualified supporter of politicians. He thought it was not a question of respect. Nearly everyone thinks they are worth more: teachers, academics, public servants... A key question is what kind of job is a politician's? Is it a life-time career; short-term; early; late? This perception is important. Qualifications are not everything: professors have a mixed record in Parliament. Howard disagreed with Latham's thinking, but went along with it for political reasons. The reported large payouts of young retired politicians [like Senator O'Chee] cause resentment in the community.

Politicians' capacity to work outside Parliament is relevant, particularly because there are no formal qualifications for political office, compared with judges (say). Warhurst was not so sure that a salary cut would adversely affect candidate quality. The insecurity factor applies only to some politicians and quite a few move on to good post-parliamentary jobs. Private sector comparisons with parliamentarians' pay are tricky because so many of them are inflated. Academics children in fields such as finance are commonly paid more than their parents. It is admitted that a politician's is a difficult job, though the working conditions are excellent [in contrast to OPH, where MPs shared offices, which no private sector middle manager would do].

The question is: where to draw the line in rewarding Parliamentary representation?

There are many good candidates around, a big pool of talented people, so he was not as sure as Hywood that quality would fall if remuneration were less. What is the appropriate job comparison? The public sector is probably best – the public service and the service professions. The private sector is inflated, but there's not much can be done about that [RJS disagrees, see "What's the job worth to society?" and "The worth of what you do", *Federal Gallery*, March 2000 and December 2002, attached].

Dixon began his remarks by saying a total remuneration package was needed and exemplified academics' $7\%+14\%=21\%$ of salary [cf $5\%+10\%=15\%$ 30 years ago]. He pointed out that the Prime Minister's staying in Parliament lowers the cost of his superannuation to the community. He thought Senator Watson's committee had lost a wonderful opportunity to make significant recommendations [whereupon the writer quietly absolved himself of any blame for having taught the Senator economic geography c.1960]. Dixon blamed Treasurer Costello and Minister Minchin for the inadequacy of present proposals, rather than Latham and Howard: they should have recognised the problem and constructed an appropriate package.

Dixon deplored finding that some former politicians did not have a decent job and that their superannuation was locked up. Influential people should not be insecure on retirement and it should be possible to draw living maintenance from super funds. Although we have a basically honest system here, he believed that the scope for corruption had been understated by Warhurst. Professionals such as legal silks earn \$900,000 to \$1.2 million. Older politicians need a high level of total remuneration rather than big super funds.

The actuarial cost of the old Parliamentary scheme averaged 60 percent of salary. Pensions are related to current salaries, so salaries of new MPs should probably be increased by 50 to 90 percent. The 9 percent proposal compares with 15-odd percent for public servants [and other occupations like military and police forces which are well above the national scheme provision]. In the USA, political salaries determine public service levels rather than the reverse. Politicians should have a minimum of 15 percent. Taking a lump sum is not the way to go (with apology to the victims) because it is difficult to find good investments. If new politicians are not to get good pensions, the system must provide them with options to purchase a good income stream.

Questions and further comment followed.

Lamb: New MPs will get...?

Dixon: Salary sacrifice should be allowed – put more of salary into super. The super laws are quite defective; the Government has been badly advised; the Remuneration Tribunal is not strong enough.

Hywood: Agrees that the Watson Committee failed. You cannot halve a remuneration package without consequences, without a loss of quality.

Warhurst: Quality of new entrants is crucial, but still doubts Hywood's gloomy view. In their own communities politicians are accorded great status.

Lamb: Attitudes to politicians certainly differ with distance. Few politicians are attracted primarily by remuneration.

Snow: Failure to accept Remuneration Tribunal recommendations has been a problem. A Singaporean parliamentary salary would make a 9 percent super

acceptable. There will be a deterioration of quality if remuneration is cut. Are two separate packages possible?

Dixon: No, only one. A Total Remuneration Package of \$200,000. Pay super out of the package, allowing salary sacrifice. Private sector employees have no option but to work. Will you give me a job in retirement? Flexibility is very important.

Lamb: Would a big salary increase flow on?

Dixon: You can change the indexation factor – CPI or AWOTE (Average Weekly Ordinary Time Earnings). The current salary link to super provides the problem of 30 percent salary rise producing a BIG cost increase for retirees.

Hywood: If Dixon is right concerning a big salary increase (50 percent or so), the public will have a problem with the change. A bipartisan approach would be needed, so we seem to be stuck. His reference to corruption was not to on-the-take corruption, but to the giving of favours within the system; still disagrees with Warhurst as to the danger. The public-private pay gap is much bigger now than 30 years ago. The massive private remuneration has a significant influence on who goes where.

Warhurst: Some people will choose financial reward, but he still believes the talent pool for politicians is large. The proof will be in the pudding, probably in the next election or two. Two separate packages should be politically possible.

Lamb: What mix do we need in Parliament – educated, in touch with the community, or what?

Milton: The super document has not been closely examined – is the contract breakable?

Dixon: Large employers have broken many contracts by applying pressure to the individual. Kennett looked into the possibility in Victoria but turned it down. He can't believe that Howard gave it all away, with old MPs cannon fodder. Nor could he believe that Latham's 65 percent at 65 proposition is feasible; you need about 30 percent contribution throughout your career to do that. There are ways to freeze salaries of pre-2004 MPs. There is probably no need for Former Members to worry.

Bosman: Milton's question is very relevant to Former Members. Our recent appearance before the Remuneration Tribunal in Sydney showed it to be subservient.

Dixon: You should be saying that the Government should honour its binding commitment. Wheeler and Bunting worked in that way. 9 percent super is not the way to 65 percent at 65.

Cameron: Two points: Current MPs will not allow themselves to be disadvantaged; and quality has little to do with remuneration. In Queensland, the quality of Labor representatives has improved in recent years and the quality of Liberals has slipped.

Lamb: Why haven't sitting MPs resisted current proposals?

Hywood: Costello was blindsided by the PM in this decision. It was too hurried. Sitting MPs have a problem. It was not a bottom-up process, and is comparable with Latham's troops out of Iraq by Christmas promise. Those MPs who are unhappy can't risk charges of disloyalty or create division. It is top-down politics.

Warhurst: That is a good summary and perhaps exemplifies a political style that is more general now.

Dixon: Senior public servants are worried too. They are scared they will lose the right to get more if they retire at 55 rather than 65.

Hywood: Former NSW Deputy Police Commissioner Jarrett has a case before the High Court. He won against his dismissal by the Government but the Government then legislated to overturn his court victory [ethical democracy!]. So senior Public Service contracts are not sacrosanct.

Cameron: Between the ages of 26 and 40 in Parliament, I had to survive. At 33 after three elections I was entitled to a 50 percent pension.

Baume: In the finance sector no one has heard of 9 percent. Universities are 21 percent. What are politicians being connected to? I'm told that in the Party room Howard proposed 15 percent; someone argued that it would be disastrous for small business (forgetting the public service) and the contribution was reduced to 9 percent. What bothered Howard was the media threat of comparing his stance with Latham's. The Press Gallery is determinedly anti-politician. They don't understand the O'Chee case and Discounted Value.

Hywood (to the rescue): Journalists don't truly make things up; their stories are based on political knifing. They do have biases, but governments are totally fazed by media coverage. Journos are messengers rather than inventors.

Warhurst: Research is needed. A genuine community standard proposition is unassailable, but the financial situation of former MPs should be examined.

Enderby: The Jarrett case concerns retrospectivity. Retrospectivity without compensation is a legal concept. The valuable opinions of Ellicott and Kerr show that the Government's withdrawal of benefits from Former Members has already broken contracts. The question of whether sovereignty can ride roughshod over the law of contract (and its moral basis) bears examination.

Jim Webster then moved a vote of thanks to our guest panel.

There is no Ministerial representation here, though relevant Ministers were invited. This legislation is a big mistake by the Government. Former Members have been trying to rebut the removal of benefits for some time, starting with the petty ban on making any use of Commonwealth Parliament offices years ago. I cannot understand what the present Bill says about a two-tiered system. On the matter of what a pollie's worth, I recall visiting a butter factory at Kilmore as a new candidate for the area. A man in a white coat said: "You're only after the money". I explained that my income would be reduced by one-third if I were elected. White coat walked away saying: "Expect a man to vote for a bloody fool like you?"

We didn't really answer "What's A Pollie Worth?" but we are much indebted for your wise contributions.

The panel then departed and general discussion was opened by inviting our New Zealand guests to comment.

Bob Tizard (former Deputy Prime Minister): In New Zealand, the same words as yours mean different things. There is no comparison with other government-based super schemes. For example, the Army pays 7 percent versus 5 percent, unfunded. Treasury said the government shouldn't borrow to pay its own fund and pay interest on the borrowing. Different bases of employment are significant. We have destitute ex-politicians on the one hand and deadbeats in safe seats on the other.

Superannuation was introduced in part to move useless politicians on. In 1951 the Nationals abolished the upper House. Both times he entered Parliament, as a lecturer aged 33 and 38, Bob dropped pay. He thought carefully before the election which gave him super. Their own politicians are among the worst threats to the system. MMP (list) voting provides sinecures, though one of those at present is a devoted perks-buster. The system debases respect for politicians.

Circumstances are now changed totally. When he was 33 there were few other young MPs, but many retired businessmen. Now there is the prospect of MPs drawing on the fund for 50 years. The base in NZ is 8 percent of the MP's salary. Jim Edwards, now in WA, became an MP at 27 in 1954. Another MP began at 63. Both served four terms. The older man had immediate access to his super, Edwards waited 21 years (from 39 to 60). In the early 1970s there was a Bill for a 30 percent increase in salaries; PM Kirk declined to introduce it [just like Bill McMahon in relation to a Remuneration Tribunal recommendation in 1972].

Lamb: There is a Whitlam Government parallel here. Salaries were increased from \$9500 to \$20,000 in short order in the early 1970s; and the move attracted no real public odium.

Peter Gresham (former NZ Minister and one-time accountant): What's A Pollie Worth? should be tackled. Politicians are somewhat judge and jury on the issue. We are reluctant to disclose all our benefits to the public, which doesn't bring credit to the profession. He believes politicians are not badly paid on the whole.

Cross: The old bipartisan approach (eg Kevin Cairns and Charlie Jones) is no longer practised.

Webster, A: Do we have access to the Remuneration Tribunal (RT)?

Lamb: We do not have a right, but we can be invited, as we were recently.

Snow: Anyone can make a submission.

Webster, J: The PM asked the RT how it saw Former Members. The RT thought it inappropriate for Former Members to have entitlements not available to sitting MPs.

Cunningham: According to the Minister for Finance, the Parliamentary Contributory Superannuation Scheme (PCSS) provides former members of the Federal Parliament with retirement benefits in accordance with the *Parliamentary Contributory Superannuation Act 1948* (PCS Act). The Parliamentary Retiring Allowances Fund (PRF) was abolished in 1973 and its assets vested in the Commonwealth, but the PR Trust still accounts for contributions and pay-outs and reports only to its members (not Parliament). Barry believes we should ask whether contributions have been accounted for.

Webster, J: Any rise in MPs' salaries would boost the various superannuations.

Scott: His union experience suggests we should be careful about what was in the PRF.

Cross: Queensland's is a funded scheme, for the Public Service et al. The money goes into consolidated revenue, but is not invested. The trail Cunningham outlines is arduous.

Mulder: Do we need a committee to look into the matter further?

Lamb: The National Committee will take it up.

Nehl: We should seek to appear before the Remuneration Tribunal.

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The Worth of What You Do

Robert Solomon

Since our September article on corporate greed there has been a spate of public comment on the subject, but none has made a root assessment of its justifiability. In "What's the Job Worth to Society?" in March 2000, I floated the proposition that the Prime Minister's remuneration should be the yardstick by which we measure the worth of any job in a democratic society. On the simple – and as far as I'm concerned, irrefutable – ground that no individual or company does or can do anything more important than manage the country.

If there are people who think that managing a mining, farming, manufacturing or service activity is more important, and back their delusions of grandeur by paying managers multiples of the PM's salary, then they may, but everything above the PM's level should be taxed 100 percent. This is meant to be a disincentive to throw shareholders' funds to the Treasury, but is fine for the national Budget if they do.

To make clear that I'm not a latter-day convert to failed socialism, this system is intended primarily for those who are using other people's money, mainly public companies. For anyone who wants to be his or her own boss, run the farm or the factory, take entrepreneurial chances, risk the family home and future, the sky's the limit, subject only to the appropriate level of taxation if fortunes are made.

This division between the public and the private would not solve everything without further modification. There are bountiful payers like the large firms of solicitors of whom Justice Heydon writes, which are partnerships, not

public companies, their income derived from high fees charged to clients. Perhaps the PM salary rule should also be applied to them.

How did elements of our notoriously egalitarian society come to be paying managers hundreds of times the wages of their workers and tens of times the remuneration of the Prime Minister? Every now and then a hue and cry erupts as a corporate collapse such as HIH's reveals the barely believable largesse that has been distributed at positively obscene levels in the form of incentives to join, bonuses for doing one's job and golden handshakes on leaving. Like so much else in our present habits of living, it seems to have come from the USA and infects other societies such as Britain.

Puzzle is, that if you were to ask American citizens who had the most important job in the country, they would name the President without fail. Yet the spirit of entrepreneurship and competition, admirable in themselves and not even approached in "have a go" Australia, seems to allow untold wealth to fall where it may without any unsettling thoughts as to the worthiness of the beneficiaries. Perhaps the practice and precedent of really rich people like Carnegie, Rockefeller, Ford and Gates in setting up large foundations for the public benefit causes the public to see private benefactors as quite apart from public administrators, even the President.

The trouble is General Motors Holden is not General Motors, Shell Australia is not Royal Dutch Shell, and none of our Chief Executives has anything like the workforce or organisational complexity of their American counter-

parts to deal with. True, no one gets paid tens of millions a year, but several million is increasingly common. Years ago, Peter Abeles paid himself \$5 million for running transport company TNT. With few exceptions, the most notable being Frank Lowy's Westfield Holdings, leading Australian companies have come a cropper when they ventured into the American big time. AMP, long our biggest insurance company, currently has a poor share price from fishing in UK waters.

So, let's say our PM's benefits are worth \$500,000 annually, with a salary of less than \$250,000, two nice houses when he wants them, and unlimited travel with good accommodation. Why should anyone running an Australian company be paid more than that, even if it's operating successfully for its shareholders? The reason that Fred Hilmer (say) can be paid more than \$1 million as CEO of John Fairfax newspapers, as distinct from \$100,000 or so for running the Australian Graduate School of Management at the University of New South Wales, is not that he has become more able but that the cash flow, the corporate mentality and the comparability of similar positions makes it acceptable in the commercial arena.

The fact is that CEOs of commercial companies are not paid a fee for the value of the service rendered, they are paid what the market and the cash flow will bear. On that basis, Australia's Treasurer should be entitled to a few hundred million and the Prime Minister commensurately more. Who would buy that argument? Not the electors, you can be sure. Strangely, critics of corporate profligacy, such as Institutes of Directors, rather mildly query excess and fraud, but no one roundly condemns the grotesque incomparability of it all.

Is a CEO, often with few formal qualifications and many years in the same field, really worth 20 times the \$50,000 paid to a senior teacher with several degrees (i.e. many years' formal training without significant income), 10-20 years' experience and responsibility for educating the next generation? What should a bus driver be paid? Industrial psychologists will tell you that it's a job with much stress and not much power, whereas a university lecturer may work very hard, but much of it is of his/her own choosing and control (well, it used to be so).

An argument often used to justify the ridiculous sums paid to corporate managers is that they are more or less irreplaceable and can bring untold success and wealth to the company through their manufacturing or market savvy, their far-sightedness and their decision-making. The relative ease with which they are replaced, the increasing brevity of their tenure and the frequency of very ordinary returns on capital give the lie to such nonsense; which is compounded by much evidence showing that CEOs have little influence of their companies' performance. I know from consulting experience that few have any real understanding of politics and not a few are apprehensive of the field.

Quite seriously, we have Royal Commissions and Parliamentary inquiries every day of the week, not to mention Industrial Courts, Remuneration Tribunals and the rest. Might a government have the nerve to set up a well qualified body to consider the fundamental issue – **what particular jobs are worth to our society?** Then use the rankings as a guide to remuneration, an incentive for vocational training and a true appreciation of work.

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What's The Job Worth To Society?

Robert Solomon

The writer has been a school teacher, university lecturer, politician, executive director, business consultant, managing director, barrister and author. He thinks he has a fair idea of what various occupations contribute to the community. Perhaps he should be on a remuneration tribunal.

In these days of environmental protection, human rights awareness and minding other people's business on a global scale, it's inevitable (although it has been a long wait) that public interest should focus on the exorbitant sums that people pay themselves to run the organs of industry, sometimes into the ground. Showing admirable guts, ticker or bottle (and perhaps all three), NSW Premier Carr put finger tip to keyboard to express his disgust at the multi-million dollar pay-out to the American Chief Executive Officer of AMP, one of Australia's largest companies and our biggest insurance firm.

George Trumbull seemed to do quite well for a few years, but then came difficulties, a slump in AMP's share price, and the departure of Mr T. with very substantial compensation, even though it was about \$25 million less than he thought was his due. Some of the subsequent comment recalled the circumstances of John Prescott's retirement from BHP, for many years Australia's largest company. He also received a multi-million dollar payment, but his situation was different in that he was an Australian who knew the company backwards through long association, and had led divisions of the company successfully before his appointment as CEO.

The main reason that the senior executives of commerce are paid enormous sums as "remuneration packages" – large salaries, larger share options, superannuation, housing

assistance, luxury cars, loans – is that a very large cash flow is there and the people who run the company have access to as much of it as they think they deserve. It has almost nothing to do with the value of the job to the community and not much more to the intrinsic value of the job to the company.

The mantra chanted in defence of such self-serving largesse is "market forces". This implies that forces beyond the control of these responsible captains of industry dictate the generous payments and pay-outs: the company must pay American-style packages to make sure it gets the best people from anywhere in the world. The fact that the overwhelming majority remains home grown, despite the excessive publicity accorded a few imports, is not mentioned. It is also a complete myth that ordinary shareholders have any power to change what the board decides, for, as pointed out by the admirably clear economics writer Ross Gittins (*Sydney Morning Herald*, February 23), they will always be out-voted by the institutional blocks, run by people like themselves with a vested interest in big corporate remuneration.

How is it then, that the world community of universities has been marked by many international exchanges of academics for almost a century, despite a remuneration differential of less than double? That is to say, a British or American or German academic may come to a Chair

Federal Gallery, March 2000

of Physics or Modern Languages in Australia even though he or she may have been paid \$120,000 per annum for a Chair at home (if obtainable) rather than a mere \$90,000 here. Why? Because the opportunity for becoming a full professor is offered and the intellectual satisfaction of teaching and research is roughly comparable wherever you are.

Are we then to assume that in commerce or industry the satisfaction of running a large firm can only be measured by how much one is paid? And that just in case we might miss out on a footloose executive from Salt Lake City or Toronto or Glasgow we have to offer something over \$1 million a year? It is also relevant that they have no real rarity value. Thousands upon thousands of people can manage, with or without an MBA, whereas those qualified to be Professors of Genetics or English or even Law are relatively few.

As every remuneration tribunal knows, the task of assessing the worth of a job involves many factors, among which its relativity to other jobs will be considered. Thus, the Chief Justice of the High Court or the Head of the Treasury is not likely to be paid much more from the public purse than the Prime Minister himself. While recognising difficulty in the detail, my proposal for measuring job worth is decidedly simple: take the Prime Minister's remuneration as the yardstick. (And imagine the consequent change in attitude to what politicians are worth from some sections of the community.)

If there is anyone prepared to argue that, in our democratic society, his or her job is more important, more skilful, more demanding, more insecure than the Prime Minister's, than he or she

should tell us why. Gittins pointed to the inappropriateness of writer-educationist Jill Conway, in her new role of Chairman of Lend Lease, likening executive remuneration to that of highly paid entertainers (and thereby demonstrating that Lend Lease management has nothing to fear from her). Another side to that coin is that, of the many business people I have spoken to about politics over the years, almost none would consider taking it on : the hassle to get selected and elected, the uncertainty of tenure, the long hours at everyone's beck and call, the time away from home, the endless bargaining, the public accountability, the lack of privacy, the poor pay. Not for them. (And they're not there).

The PM gets approximately \$200,000 a year and the use of a nice house in Canberra and a beautifully located one on Sydney Harbour. He (and eventually she) will get a healthy superannuation payment, to which he has had to contribute 11.5 per cent of salary, a higher rate than for most occupations, which usually range between 0 and 10 per cent. He has unlimited travel expenses, but little time to make leisurely use of them. He has far more power and influence on the structure of society at large and the lives of individuals than any captain of industry, even the media magnates.

Why then should someone running a company selling insurance or connections to the Internet, or one making fibre board or plastic toys or condoms pay its CEO multiples of the PM's remuneration? Gittins reported that the CEOs of our top 100 companies recently averaged \$1.45 million in salary, with several times that amount in share options. About five of them are of truly international size. These companies are owned by shareholders, their executive officers

are employed by them. (I must, however, make clear my support for individual initiative, if for no other reason than to remind my former academic colleagues that my Honorary Life Membership of their Staff Association actually followed my election as a Liberal MP). If business people wish to risk their own capital, their houses and their families' welfare in private enterprises, and are not responsible for public investment, then they may earn as much as they are able as far as I'm concerned, subject to appropriate taxation.

Other job relativities can be examined, of course, for which a few examples will suffice. The Vice-Chancellor of a large university has in my view a significantly more complex job (and more initial training) than any captain of industry in this country, though his/her performance may be harder to measure. The V-C (CEO of the university) is paid less than a third as much as the company CEO.

A senior journalist paid \$100,000 and plenty of free lunches may be worth the price for informing us generally and commenting critically on what politicians and others are up to. A senior teacher with about 20 years' experience after four to eight years' training gets the ludicrously small salary of \$50,000 for inculcating in children the disciplines and values that

many double-income families now leave to the schools. Is it then fair, reasonable, or good social policy to pay the same amount to the board members of SOCOG for manifest incompetence and failure to shoulder any responsibility that can be shrugged off?

So for all those companies which are in the private sector but publicly owned, and which are so unimpressed by my downgrading their senior executives' worth to us all that they continue to pay the huge amounts which market forces demand, where lies the remedy?

The simple solution is 100 percent taxation of any remuneration larger than the Prime Minister's. This would also take care of individual chairmanships -- part-time jobs paying up to twice the PM's salary -- and the multiple directorships held by a few handfuls of people in a very small circuit.

Companies with an inflated sense of their own worth will thereby compulsorily contribute to the national welfare. The amounts could even be earmarked for the charity sector that Australian companies, as recently publicised, support less strongly than the American models so conveniently followed when executive earnings are fixed.

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