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General Manager
Corporations and Financial Services Division
The Treasury
Langton Crescent
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22 December 2010

Dear Sirs

Exposure Draft - Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Bill 2011

Please see attached for your consideration comments on the exposure draft dated Monday 20 December 2010.

I congratulate the government on its efforts to reinforce integrity in a sensitive area but caution against adopting measures that are unnecessarily complex and serve to add further administrative burden on the corporate sector.

Yours faithfully

Alan Shedden
Company Secretary

Part 2D.7	206J	This principle should be included in the requirements of ASX Listing Rules 12.12.
Part 2D.8	206K (2)	<p>Execution by management of a contract does not equal control of contractual terms. Management who are responsible for the operational finances of the company should be in a position to agree and execute all contracts. In any event management will be called upon to approve the resulting invoice and hence control the payment.</p> <p>The intention here is I believe to ensure negotiation of the contract scope is carried out independent of management rather than mere execution.</p> <p>Subclause (2) should be amended to reflect negotiation rather than execution which is an administrative rather than a commercial function.</p>
	206L (3) (4)	<p>Given that the Key Management Personnel (KMP) will in most cases be direct reports to the Managing Director (or equivalent) then it appears to be inappropriate to remove any input from the Managing Director on the remuneration strategy to be applied to direct reports. This ability to influence is fundamental to the role of the Managing Director in motivating direct reports.</p> <p>This section appears to ignore the range of circumstances whereby a remuneration consultant may be asked to give general remuneration advice (such as adoption of employee share plans, flexible benefits packages, relocation policies) which would also have application to KMP as well as all other employees.</p> <p>In addition it is unclear as to how much involvement if any management are allowed to have in the process. Management are the custodians of the business and have access to all of personal and divisional performance related and background data. Ultimately it is the Managing Director who will have to implement policy decisions flowing from the remuneration consultants' review and it is critical that the practicalities be taken into account.</p> <p>Subclauses (3) and (4) should be deleted in their entirety.</p>
7 / 8	250A (5A)	This voting exclusion is perfectly appropriate but should be included in the ASX Listing Rules. This would maintain consistency with existing arrangements and terminology.
Division 9	250U	The requirement that 75% of votes cast be in favour is in effect turning a non-binding ordinary resolution into a binding special resolution. This should remain as an ordinary resolution.
	205V	<p>The discussions around a "spill resolution" should be taken in the context of standard listed company requirements that directors offer themselves for re-election every three years.</p> <p>The suggestion that a company organise an EGM within 90 days of an AGM is an unnecessary cost and administrative burden on the company.</p> <p>A simple solution that would still focus non-executive directors'</p>

		<p>attention would be a requirement for the Chairperson to seek re-election at the next general meeting if a resolution under section 250R is defeated. This would reduce the proposed complexity of minimum director numbers that have been clearly set out in section 250W and 250X.</p> <p>Procedural questions are also raised about the validity of the company or a director putting a "spill resolution" to the meeting without notice.</p>
15	300A (1)(g)	The reference to "comments" being made requires some form of clarification. Comments on the remuneration report are invariably raised but may not always be negative in nature.
Subdivision B	201P	The existing restriction on the number of directors is set out in a company's constitution and any attempt to change the constitution would require a special resolution to be passed by members. This protection is sufficient. Should listed companies not have a maximum number of directors set out in their constitution then this can be mandated by the ASX Listing Rules.