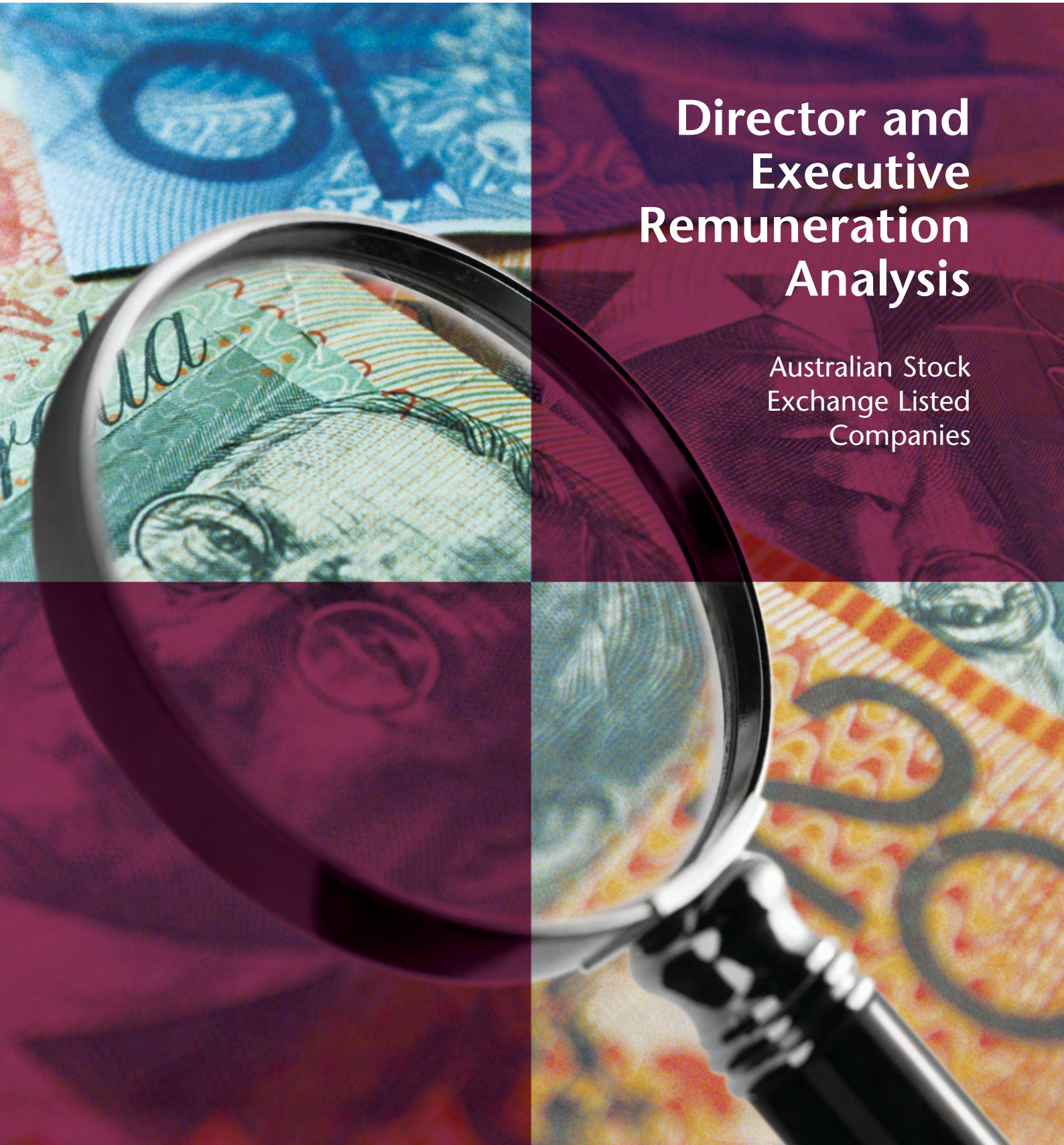


CONNECT 4  
BOARDROOM REMUNERATION REVIEW

**2009**

Director and  
Executive  
Remuneration  
Analysis

Australian Stock  
Exchange Listed  
Companies



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## OVERVIEW



CONNECT 4's BoardRoom Remuneration Review is a comprehensive analysis of Director and Senior Executive salaries for companies listed on the Australian Stock Exchange (ASX).

The information presented in this survey was obtained from remuneration disclosures in company annual reports.

Commentary for the report has been provided by the University of Western Australia.

Commentary of a general nature on the Remuneration data is provided by Professor Raymond da Silva Rosa, Head, Accounting & Finance Discipline, UWA Business School, The University of Western Australia. Raymond may be contacted via email [Ray.daSilvaRosa@uwa.edu.au](mailto:Ray.daSilvaRosa@uwa.edu.au) or telephone (08) 6488 2974.

**Criteria Summary**, found at the back of this report, lists the **specific executive and non-executive positions** which have been included in this report. It also provides a summary of the remuneration breakdown and other terms used throughout this report.

*NOTE: News Corp Limited is not included in any underlying data within this report.*

The section titled "Survey Notes" describes the Board and Executive positions which are included in this survey. The "How to Use This Report" section provides an explanation of the remuneration breakdown which has been analysed together with the selection criteria for Companies included in this survey.

The data used for this report can also be accessed using CONNECT 4's online Boardroom product.

Boardroom offers up to date and fully searchable remuneration data, Director and Senior Executive details, and Company information for all ASX listed Companies. Additional information regarding CONNECT 4's online services can be found on our web site located at [www.connect4.com.au](http://www.connect4.com.au)

In summary CONNECT 4's BoardRoom Remuneration Review provides Australia's most comprehensive analysis of Director and Senior Executive salary information.

## ABOUT CONNECT 4

CONNECT 4 is a wholly owned business of Fairfax Media Publications Pty Limited which specialises in providing information on companies which are listed on the Australian Stock Exchange

Our information can track and analyse activities such as takeovers and mergers, capital raisings, auditing and accounting practices, and corporate governance compliance.

Operating since 1992, our analysts and technical staff are dedicated to providing comprehensive, innovative, unique and leading edge products to assist the market place in understanding and monitoring the activities of ASX listed companies.

CONNECT 4 products are used in Australia and the Asia Pacific Region. Our customers include accounting and auditing organisations, investment banks, legal firms, remuneration consultants, tertiary institutions, and many of Australia's ASX listed companies.

# HOW TO USE THIS REPORT



The CONNECT 4 BoardRoom Remuneration Review provides a break down of salaries for directors and senior executives of ASX listed companies in clear and concise tables and graphs. The annual reports which were used to collect this information were released up to and including the 30th September 2008 and reflect the most current information available.

*Entities which have been excluded from this report, include:*

- Trusts
- Special Finance Instruments
- Offshore Subsidiaries

*Please note that News Corporation Limited is not included in any underlying data within this report.*

## In using this report, we suggest that you read carefully the following information.

1. Identify the position to the employee/director being analysed.

*The position categories reported in this survey include:*

Board Positions*	Executive Positions*
Chairman	Company Secretary
Deputy Chairman	Chief Financial Officer
Chairman MD/CEO	Chief Operating Officer
Executive Chairman	Overseas Executive/Overseas Divisional Head
Non-Executive Director	Sales-Marketing & Business Development Manager
Executive Director	General Manager/Divisional Head
Managing Director/CEO	
Joint MD/CEO	

## The CONNECT 4 analysis is broken down into the following categories:

- All Companies
- Revenue
- Industry Type
- Market Capitalisation
- Employees

## Remuneration consists of:

### Salary

Director fees, Superannuation and Other Benefits (Allowances; Non Cash; Motor Vehicle, Committee, Other and Consulting fees) = Total Fixed Remuneration

**Total Fixed Remuneration + Bonus\*\*(STI) = Total Remuneration**

### Options and Shares\*

\* Options and shares are shown as a separate item not included in Total Remuneration

\*\* Bonus or (STI) Short Term Incentives

2. Long Term Incentives and Termination Payments are not included in the Total Remuneration figure.
3. All tables are analysed using Average, 10th Percentile, 25th Percentile, 50th Percentile, 75th Percentile and 90th Percentile. The Remuneration taken from the companies surveyed are arranged in an order from the lowest to the highest by each category.



4. The 25th percentile point, 50th percentile point and 75th percentile point are the values of Total Remuneration, located at the three boundaries when the total numbers of Remunerations are divided equally into four groups. The 90th Percentile is the greatest value of the fourth group.
5. Therefore, the 25th percentile point is referred to as the first quartile, the 50th percentile point as the second quartile or median (medium value) and the 75th percentile point as the third quartile. The difference between the values of the 75th percentile point and the 25th percentile point is referred to as the interquartile range. A half of the range is the quartile deviation.
6. To study the differences in Remuneration, not only average Remuneration but also the distribution of the Remuneration, in other words, "dispersion", is important. These percentile numbers are used as indices to study the distribution of Remuneration.
7. In addition, Bar Graphs help illustrate the state of the remuneration levels over the past three years, and the distribution of the Total Remuneration.

## The CONNECT 4 analysis is broken down into the following categories:

### Total Remuneration Based on All Companies

All Companies with a Market Capitalisation of \$30,000,000 or greater.

### Market Capitalisation

All Companies – sorted by Market Capitalisation using the following ranges.

\$30,000,000 – \$80,000,000
\$81,000,000 – \$150,000,000
\$151,000,000 – \$450,000,000
\$451,000,000 – \$750,000,000
\$751,000,000 – \$1,500,000,000
\$1,501,000,000 – \$2,500,000,000
\$2,501,000,000 – \$5,000,000,000

### Total Revenue

All Companies – sorted by Total Revenue using the following ranges.

\$0 – \$50,000,000
\$51,000,000 – \$100,000,000
\$101,000,000 – \$250,000,000
\$251,000,000 – \$750,000,000
\$751,000,000 – \$1,500,000,000
> \$1,501,000,000

### Number of Employees

All Companies – sorted by Number of Employees using the following ranges.

0 – 100
101 – 250
251 – 1,000
1,001 – 3,000
3,001 – 10,000
> 10,001

If the number of employees is not disclosed in the 2008 Annual Report, the company has not been included in this analysis.



## Total Remuneration Based on Industry Group.

CONNECT 4 has combined similar industry classifications into the following groupings.

ASX Industry Description	CONNECT 4
Automobiles & Components, Transportation	Transportation
Banking	Banking
Chemicals	Chemicals
Construction Materials	Construction Materials
Energy	Energy
Capital Goods; Commercial Services and Supplies; Consumer Discretionary; Consumer Services; Consumer Staples	Miscellaneous Industrials
Food Beverage & Tobacco; Household and Personal Products; Consumer Durables and Apparel	Food and Household
Health Care; Health Care Equipment Services	Health Care
Information Technology; Software & Services; Technology, Hardware & Equipment; Semiconductors & Semiconductor Equipment	Information Technology
Insurance; Diversified Financials	Insurance & Financial Services
Media	Media
Metals and Mining	Metals and Mining
Containers and Packaging; Paper & Forest Products	Paper/Packaging and Forest Products
Pharmaceuticals & Biotechnology	Pharmaceuticals & Biotechnology
Real Estate; Real Estate Investment Trusts	Property
Food & Staple Retailing; Retailing	Retailing
Telecommunication Services	Telecommunications
Utilities	Utilities

# EXAMPLES



To assess a position for an Executive Director using the CONNECT 4 BoardRoom Report based on the following criteria would involve:

<b>Company</b>	Company Y
<b>Activity</b>	Metals and Mining
<b>Market Capitalisation</b>	\$686 Million
<b>Revenue</b>	\$2 Million
<b>Employees</b>	150 Employees

<b>Employee Position</b>	Executive Director
<b>Total Fixed Remuneration</b>	\$186,000
<b>Potential Bonus</b>	\$39,000
<b>Total Remuneration</b>	\$225,000

## EXECUTIVE DIRECTOR All Companies under the position of Executive Director

Remuneration Category	Percentiles \$'000					Average \$'000
	10th	25th	50th	75th	90th	
Total Fixed Remuneration	83	160	234	380	590	322
Bonus (STI) Remuneration	16	40	120	315	740	285
Total Remuneration	84	165	251	458	885	431

When compared to All Companies the Remuneration Breakdown analysed results in:

Total Fixed	Between the 25th and 50th Percentiles
Bonus (STI)	25th Percentile
Total Remuneration	Between the 25th and 50th Percentiles

## EXECUTIVE DIRECTOR Market Capitalisation \$686m falls within the \$451m – \$750m category

Remuneration Category	Percentiles \$'000					Average \$'000
	10th	25th	50th	75th	90th	
Total Fixed Remuneration	136	193	261	370	450	297
Bonus (STI) Remuneration	17	27	81	149	288	126
Total Remuneration	146	213	292	424	640	358

When compared to Market Capitalisation the Remuneration Breakdown analysed results in:

Total Fixed	Between the 10th and 25th Percentiles
Bonus (STI)	Between the 25th and 50th Percentiles
Total Remuneration	Between the 25th and 50th Percentiles

## EXECUTIVE DIRECTOR Revenue \$2m falls within the \$0m – \$50m category

Remuneration Category	Percentiles \$'000					Average \$'000
	10th	25th	50th	75th	90th	
Total Fixed Remuneration	100	177	218	290	407	278
Bonus (STI) Remuneration	12	35	70	150	183	103
Total Remuneration	16	184	225	317	518	321

When compared to Revenue the position analysed results in:

Total Fixed	Between the 25th and 50th Percentile
Bonus (STI)	25th and 50th Percentiles
Total Remuneration	50th Percentiles

## EXECUTIVE DIRECTOR Employees 150 fall within the 101 – 250 categories

Remuneration Category	Percentiles \$'000					Average \$'000
	10th	25th	50th	75th	90th	
Total Fixed Remuneration	72	112	186	311	430	189
Bonus (STI) Remuneration	17	36	80	157	199	91
Total Remuneration	80	140	225	391	500	269

When compared to Employees the position analysed results in:

Total Fixed	50th Percentiles
Bonus (STI)	Between the 25th Percentiles and 50th Percentile
Total Remuneration	50th Percentile

## EXECUTIVE DIRECTOR Industry Group – Metals and Mining

Remuneration Category	Percentiles \$'000					Average \$'000
	10th	25th	50th	75th	90th	
Total Fixed Remuneration	89	139	209	235	408	226
Bonus (STI) Remuneration	12	48	77	110	180	119
Total Remuneration	89	153	222	350	495	262

When compared to Industry Group the position analysed results in:

Total Fixed	Between 25th and 50th Percentile
Bonus (STI)	10th and 25th Percentile
Total Remuneration	Between 25th and 50th Percentile

## BOARDROOM REMUNERATION REVIEW SUMMARY



Position	Average Total Remuneration \$'000	Change from 2007	Median Total Remuneration \$'000	Change from 2007
Chairman	\$ X	X %	\$ X	X %
Deputy Chairman	\$ X	X %	\$ X	X %
Chairman/MD/CEO	\$ X	X %	\$ X	X %
Executive Chairman	\$ X	X %	\$ X	X %
Non-Executive Director	\$ X	X %	\$ X	X %
Managing Director/CEO	\$ X	X %	\$ X	X %
Joint Managing Director/CEO	\$ X	X %	\$ X	X %
Executive Director	\$ X	X %	\$ X	X %
Chief Financial Officer	\$ X	X %	\$ X	X %
Company Secretary	\$ X	X %	\$ X	X %
Chief Operating Officer	\$ X	X %	\$ X	X %
Overseas Executive/Divisional Head	\$ X	X %	\$ X	X %
Sales/Marketing & Bus. Development	\$ X	X %	\$ X	X %
General Manager/Divisional Head	\$ X	X %	\$ X	X %

The 2009 Boardroom Review has again increased its coverage of ASX-listed companies so that the 746 companies included in this survey comprise the largest sample yet in the history of the Review. This increase in scope is particularly pertinent in the present time when executive and directors' remuneration has come under unprecedented public scrutiny and debate. A year ago, when the previous edition of the Review was released, no mainstream commentator would have predicted that the federal government would intervene as dramatically as it has foreshadowed in the market for upper echelon executives and directors. The regulatory changes being considered include requiring shareholder approval for termination payments that exceed one-year's salary, rather than the current seven-year threshold. Wayne Swan, the Federal Treasurer, has also floated linking the curbs on severance pay to job losses in the same company. Further, the government's Productivity Commission will also hold a nine-month inquiry into executive remuneration and bonuses<sup>1</sup>.

*For the complete analysis, simply purchase the Boardroom Remuneration review from our website at [www.connect4.com.au](http://www.connect4.com.au)*