CEO Pay in the Top 200 Companies

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Foreword

I am pleased to present this report which is ACSI's 12th annual research report on CEO pay in Australia's largest listed companies. The research continues to provide an extremely detailed insight into the levels, structures and trends in CEO pay across the S&P/ASX200 companies.

This longitudinal information ensures that ACSI, and its member superannuation funds, are able assess to remuneration outcomes with the most long-standing and comprehensive evidence base in the Australian market. This insight has been used over time in engagement with corporate boards, policymakers and the investment market more broadly.

Executive pay continues to be an important governance issue for investors, as the manner in which CEOs and key executives are remunerated provides us one of very few tangible insights into the relationship between a board and its executives.

ACSI has for many years recognised the generally high level of governance standards in the Australian market. The results of this year's research support this contention, with declining pay outcomes indicating that boards have taken a more active stance on executive remuneration in response to increasing shareholder scrutiny in the years following the global financial crisis.

As you will read, remuneration outcomes documented in this study show that average CEO fixed pay in Top 100 companies falling for only the second time in eleven years. Increased investor engagement combined with the introduction of the 'two strikes' rule have no doubt played their part in these results. ACSI is among those investors who are keen to see boards continue to take an active approach to executive pay.

While the results of this study will be welcomed by many investors, outcomes across the market over the past twelve years show that there is much to be done to ensure that pay outcomes reward delivery of company strategy and promote sustainable long-term performance. Through our work in engagement, proxy voting and advocacy, ACSI will continue to play its part to ensure that CEO pay outcomes are aligned with the expectations of long-term investors.

Ann Byrne
Chief Executive Officer

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1. Executive Summary

Methodology

The 2012 CEO Pay study again includes the pay of CEOs of all companies in the S&P/ASX 200. Throughout the report ACSI has divided the S&P/ASX200 into the 'Top 100' and 'ASX 101-200' (this second group includes all S&P/ASX200 ex S&P/ASX100 companies).

The 2012 ACSI CEO Pay study is the first year the study has had comparator data for the CEOs of all S&P/ASX 200 companies and not just those in the S&P/ASX 100. The Top 100 sample comprised of 78 CEOs and the ASX101-200 comprised of 73 CEOs, with the ASX101-200 cohort further separated into 15 exploration companies and 58 established entities.

The study covers a sample of all CEO's of S&P/ASX200 companies as at 30 June 2012, with financial years ending in 2012 (so from 31 March to 31 December 2012). CEO's not in office for the full year are excluded from the sample, and CEO's who received no bonus are excluded in calculating median bonus figures.

The 2012 study, as in 2011, calculated 'realised' and 'statutory' pay data for the highest and lowest paid CEOs for the Top 100 and ASX101-200 samples. This is an important comparison as statutory pay reflects remuneration report disclosures, whereas realised pay takes into account the value of equity that vested during the year.

Summary Findings:

1.1 Fixed Pay

- In 2012 the average and median fixed pay for Top 100 CEOs was again steady, with the median Top 100 CEO receiving fixed pay of $1.951 million, up from $1.914 million in 2011.
- Average fixed pay declined by 2.4 percent to $1.9 million in 2012. Average and median fixed pay for Top 100 CEOs continued to dwarf that of ASX101-200 CEOs, with the average CEO in this group receiving fixed pay of $973,576, almost 5 percent higher than average fixed pay in 2011.
- The exploration entity CEOs in the sample received average fixed pay of $736,000, substantially less than the other CEOs in the ASX101-200 whose average was $1.035 million.

1.2 Bonuses Paid

- Average bonuses for Top100 CEOs increased by 4.8 percent in 2012, compared with a 20 percent decline in the size of bonuses in 2011.
- The average bonus in 2012 rose to $1.315 million while the median declined by 3.5 percent to $1.060 million.
- The overwhelming majority of sample CEOs received a bonus in 2012 – 82 percent - although the proportion of CEOs who did not receive a bonus was the highest since 2003.
- Bonuses for the ASX101-200 cohort were lower in 2012, with the average bonus falling by 4.6 percent to $402,025, with just over a quarter receiving no bonus.

1.3 Cash Pay

- High levels of cash pay remain a feature of the Top 100 CEO sample. In 2012, average and median cash pay remained close to $3 million despite both declining slightly from 2011.
- Average cash pay in the ASX101-200 rose slightly, with most of the increase attributable to explorers, whose CEOs received a 10 percent increase in cash pay in 2012.
- The average exploration entity CEO in 2012 received cash pay of $886,455 while the average ASX101-200 CEO received $1.273 million.

1.4 Statutory Pay

- The highest paid CEO in the 2012 sample was actually two men, Peter & Steven Lowy, who as co-CEOs of the property group since the retirement of their father to non-executive duties in 2011 were included in the sample as a single CEO. Their collective statutory pay was $21.08 million in 2012. If the two men had been included individually in the sample they would have been ranked first and second.
- In 2012 average statutory pay stabilised at $4.705 million, only marginally lower than the 2011 average of $4.725 million, the lowest level since 2006. This was almost entirely due to the inclusion in the 2012 sample of the Lowy brothers as Westfield's co-CEOs and their statutory pay was the highest included in the sample since 2008. The impact of Westfield is shown by the much larger decline in the median of 11.8 percent to $3.985 million, from $4.518 million a year earlier.
- The highest paid CEO in the ASX101-200 was Virgin Australia's John Borghetti, at $4.072 million, displacing the highest paid ASX101-200 CEO in 2011 Seven Group's Peter Gammell, to second place.
- The average reported pay for ASX101-200 CEOs in 2012 was $1.65 million, a decline of 2.7 percent. The average exploration entity CEO had reported pay of $1.32 million, about $400,000 lower than the $1.74 million for non-exploration entity CEOs as exploration CEOs received lower expensed option values than in 2011, driving a 16 percent decline in the average for this group.

1.5 Statutory Pay vs Reported Pay

- Of the 40 CEOs included as individual case studies in the research, 17 had higher realised than reported pay, including the five highest paid CEOs in the sample on a statutory basis, 14 had lower realised than reported pay, and in nine cases there was no difference.
- The largest gap in the highest paid group of Top 100 CEOs was Mike Smith's pay at ANZ whose reported pay of $9.674 million was outstripped by realised pay of $19.173 million, due to valuable equity that vested.
- The largest gap for all 200 CEOs was at Regis Resources, where CEO Mark Clark had disclosed pay of $540,971 but enjoyed realised pay of $16.458 million upon the sale of 5 million options in March 2012. Clark was the lowest paid CEO in the Top 100 on a realised basis.

1.6 Termination Payments

- The average termination payment to a departed CEO in the Top 100 sample in 2012 was $1.47 million, half the 2011 average of $2.92 million, although the 2011 average included the $10.9 million payment to Leighton Holdings' former CEO Wal King.
- The largest payment in 2012 was to QBE's Frank O'Halloran, who received a termination payment of $4.574 million.
- Shareholders in ASX101-200 companies funded $5.76 million across six CEOs with the highest paid to Billabong's former CEO, Derek O'Neill, who received two years' fixed pay totalling $2.51 million.

2. Introduction

The 2012 CEO Pay study includes the pay of CEOs of all companies in the S&P/ASX 200. Companies in the S&P/ASX 101-200 were included for the first time in 2011 so ACSI now has two years of data for CEOs in this cohort for the first time. In 2012, the sample included 78 CEOs in the S&P/ASX 100 and 73 CEOs in the S&P/ASX 101-200.

Not all the S&P/ASX 200 constituents were included because:

- Some CEOs were appointed mid-way through the financial year, and so their disclosed remuneration was for less than 12 months. These individuals were removed from the sample so as not to distort the figures.
- Some of the entities in the S&P/ASX 200 index as at 30 June 2012 were externally managed. Those entities do not disclose remuneration for their executive team because they are not employees of the listed entity.
- Companies such as News Corporation and Telecom NZ are domiciled outside of Australia and hence are subject to different remuneration disclosure requirements. As in past years, James Hardie (now domiciled in Ireland), and Oil Search (domiciled in PNG) are included in the sample, as are APA Group, Dexus Property Group and Sydney Airports (internally managed Australian trusts) because they disclose remuneration for their CEOs on the same basis as required under Australian regulations.

All pay figures are in Australian dollars and as disclosed in the company's annual report. If the listed entity discloses pay in another currency (typically US dollars) these figures have been converted into AUD using the average exchange rate for the relevant financial year, or in some cases, the AUD figures provided as supplementary disclosure by the company. In the case of companies with joint CEOs, such as Westfield and Charter Hall, the combined remuneration of the joint CEOs was included in the sample.

This report refers to 'CEO Pay' although at some listed entities the executive whose pay was analysed is not the person carrying the formal title of CEO. This could be, for example, because the company has an executive chairperson and a separate CEO, and the executive chairperson is the effective leader of the company's management. As an example, Harvey Norman's Gerry Harvey is treated as CEO for the purposes of this study despite being executive chairperson.

3. The Highest Paid S&P/ASX 200 CEOs

3.1 The Top 10 Top 100 CEOs

	CEO	2012 Statutory Pay	2012 Realised Pay
1	Peter Lowy / Steven Lowy (WDC)	$21,080,055	$19,338,123[1]
2	Mike Smith (ANZ)	$9,674,493	$19,173,603[2]
3	Gail Kelly (WBC)	$ 9,591,984	$11,677,193[3]
4	Marius Kloppers (BHP)	$ 9,519,835	$12,733,430[4]
5	Louis Gries (JHX)	$ 9,039,155	$9,231,306[5]
6	Tom Albanese (RIO)	$ 8,790,712	$4,003,151[6]
7	Cameron Clyne (NAB)	$8,779,731	$7,868,548[7]
8	Grant King (ORG)	$8,347,992	$6,862,390[8]
9	Patrick Snowball (SUN)	$8,265,000	$4,046,000[9]
10	Richard Goyder (WES)	$8,010,045	$7,361,480[10]
Average		**$10,109,900 (*$8,982,643*)**	**$10,229,522 (*$8,967,670*)**

Table 3.1: Top 10 paid CEOs in the Top 100 2012: Statutory basis and realised pay comparison; 2011 figures in italics.

In 2012, the joint chief executives of Westfield received the highest pay in the Top 100. Peter Lowy and Steven Lowy were collectively paid $21.08 million in 2012 after assuming the joint CEO role following their father assuming a non-executive role in 2011. Their joint pay increased the statutory average for the Top 10 to $10.026 million in 2012, an increase of 12 percent over 2011 however, if their pay is separated and included once, the average falls to $9.056 million, only marginally higher than the 2011 average of $8.983 million.

There is notable consistency in the chief executives that have made the Top 10 for the last three years. Of this year's Top 10, six were in the Top 10 in 2011 and three of last year's Top 10 only just fell below the statutory pay cut-off of $8.01 million. Most of the new appearances in 2012 were new appointees in 2012 so did not appear in the 2011 sample. Commonwealth Bank of Australia was excluded this year because of the resignation of Ralph Norris and the appointment of Ian Narev in December 2011.

There are three explanations for the relatively consistent appearances in the Top 10 over time:

1. Relatively consistent performance could result in relatively consistent statutory pay outcomes over time
2. Accounting standards may be 'smoothing' reported pay by requiring the amortisation of equity pay over a number of years
3. A large component of statutory pay is paid irrespective of performance.

[1] Value of equity vested based on disclosures on pp. 29 and 31 of the 2012 Westfield annual report.
[2] Value of equity vested based on disclosures on p. 26 of the 2012 ANZ annual report and the closing share price on the date of vesting.
[3] Value of equity vested based on disclosures on pp. 69 and 183 of Westpac's annual report and the closing share price on the date of vesting or the VWAP for the period during which the equity instruments vested.
[4] Value of equity vested from BHP Billiton, 2012 annual report, pp. 151 and 154 and converted from GBP to AUD (or USD in the case of LTIP dividend equivalent payment or DEP) on date of vesting. DEP on deferred bonus shares calculated on basis of dividends on BHP Billiton Limited shares converted into AUD on date of payment.
[5] Value of equity vested based on change of director interest notices for Gries on 3 June 2011, 23 September 2011, 15 March 2012, and the closing share prices on the dates of vesting/exercise.
[6] Value of equity vested based on disclosed value of options on p. 123 of RIO 2012 annual report.
[7] Value of equity vested based on disclosures in annual report (pp. 28, 150-151): 2007 and 2009 zero exercise price options, deferred shares and dividends on unvested deferred shares.
[8] Value of equity vested based on disclosures on pp. 55, 63, 135 and 136 of Origin 2012 annual report. Performance share rights had an exercise date of 30 September 2011 and options that vested were out of the money.
[9] No equity vested in 2012.
[10] Value of equity vested based on the number of deferred shares, disclosed on page 171 of 2010 annual report.

It is interesting to note that fixed pay is consistently high. Of the Top 10, nine chief executives in 2012 received fixed pay of more than $2.5 million and bonus outcomes for large company chief executives have been remarkably consistent in recent years (see section 4.2 on annual bonuses for more information).

ACSI has noted for the past three years that when the Top 10 pay is averaged, the fair value of equity reported as statutory pay roughly equates to the actual value of equity that has vested in any given year. In 2012, the gap between average actual pay for Top 10 chief executives and their statutory pay was $119,622. This is despite a few large differences for some chief executives. Mike Smith from ANZ received almost double his statutory pay of $9.674 million with realised pay of $19.174 million in 2012. Gail Kelly at Westpac received realised pay of $11.677 million in 2012, 34 percent higher than statutory pay of $9.592 million. Others received far less than statutory pay as a result of negative accounting values for equity grants included in statutory pay or the actual value of equity vesting being far lower than the accounting value in 2012. For example, Patrick Snowball at Suncorp received realised pay of $4.046 million in 2012 compared with statutory pay of $8.265 million although the smoothing effect of accounting disclosure on pay is apparent in this case as Snowball had 288,000 shares vest at the end of September 2012 with a value at vesting of $2.661 million which were granted in October 2009.[11]

A detailed example of the differences between statutory and realised pay is provided in respect of Mike Smith from ANZ:

Mike Smith, ANZ Elements of pay in 2012	Amount	Description	Included in statutory or realised pay?
Fixed pay	$3,319,979	Cash salary, any non-monetary benefits, long service leaves and accruals.	Statutory and realised pay.
Cash bonus	$1,900,000	Short-term cash incentive.	Statutory and realised pay.
Accrued value of equity incentives in FY12	$4,454,514	Amortised fair value of deferred shares (STI), zero exercise price options (LTI) and options.	Statutory pay only.
Actual value of vested equity incentives in FY12	$13,953,624	Value of all equity that vested in FY12 – deferred shares (2009 and 2010 grants), special options (2008 grant), and zero exercise price options (2007 grant).	Realised pay only.

[11] Suncorp Group Limited, 2013 annual report, pp. 19 & 32.

3.2 The Bottom 10 Top 100 CEOs

	CEO	2012 Statutory Pay	2012 Realised Pay
1	Mark Clark (RRL)	$540,971	$16,458,471[12]
2	Mark Calderwood (PRU)	$ 739,250	$739,250
3	Tony Haggarty (WHC)	$1,025,312	$1,025,312
4	Gerald Harvey (HVN)	$1,035,000	$ 1,035,000
5	Jonathan Stewart (AUT)	$1,692,574	$ 4,725,574[13]
6	Andrew Reitzer (MTS)	$1,120,897	$2,787,563[14]
7	Terry Smart (JBH)	$1,170,381	$2,229,167[15]
8	Edmund Bateman (PRY)	$1,225,000	$1,225,000
9	Nino Ficca (SPN)	$1,619,726	$2,238,212[16]
10	Paul Zahra (DJS)	$1,659,058	$2,404,272[17]
Average		**$1,182,817 *($1,506,615)***	**$3,486,782 *($1,619,726)***

Table 3.2: Lowest 10 paid CEOs in the Top 100 2012: Statutory basis and realised pay comparison; 2011 figures in italics.

This year is marked by a substantial difference between statutory pay and realised pay in the 10 lowest paid chief executives in the Top 100. In 2012, the average realised pay in this cohort was $3.487 million, almost three times average statutory pay of $1.183 million in the same year. Interestingly, the average statutory pay fell by 22 percent to $1.183 million in 2012, while realised pay more than doubled to $3.487 million compared with 2011.

The large increase in realised pay is due to the substantial value of long term incentives that vested in 2012. Every chief executive in the bottom 10 who receives long-term incentives in the form of options or deferred shares saw past equity grants vest for values far higher than the corresponding year's accounting value, which is fair value amortised over time. The lowest paid chief executive, Mark Clark of Regis Resources, received $540,971 in statutory pay and $16.458 million in realised pay when he sold 5 million options for $15.97 million in March 2012. Other beneficiaries of valuable equity-linked incentives that vested in 2012 were Paul Zahra of David Jones, Nino Ficca at SP Ausnet, Terry Smart of JB Hi-Fi, and Jonathan Stewart at Aurora Oil and Gas. At Metcash, the statutory pay of CEO Andrew Reitzer was understated due to the reversal of previously accrued expenses relating to long term incentives deemed unlikely to vest at the end of the 2012 year; this resulted in the value of his long term incentives in 2012 being negative.

The discrepancy between statutory pay and realised pay in 2012 may be explained by accounting values underestimating the actual value of options when they vest, or it may be that the accounting value has a smoothing effect over time.

[12] Value of options exercised disclosed on p. 77 of 2012 annual report and in ASX announcement dated 20 March 2012.
[13] Value of equity vested provided on p. 51 of 2012 annual report
[14] Cash payments were higher than statutory pay due to a large deduction taken for equity that appears unlikely to vest.
[15] Value of equity vested provided on p. 45 of 2012 annual report
[16] Long term incentive for 2008 paid in cash, see p. 50 of the 2011 annual report.
[17] Value of equity vested provided on p. 67 of 2012 annual report.

Unlike in previous years, where appearances in the bottom 10 have been relatively consistent, in 2012 there are a number of new appearances. Just three of the chief executives in this year's bottom 10 appeared in last year's bottom 10. They are Ed Bateman at Primary Healthcare, Gerry Harvey at Harvey Norman and Terry Smart at JB Hi-Fi. Of the other seven members of the 2011 group, four were excluded from this year's cohort because they had left their companies in the 2012 financial year, and three were ranked higher than the bottom 10 in this year's Top 100.

3.3 The Top 10 101 – 200 CEOs

	CEO	2012 Statutory Pay	2012 Realised Pay
1	John Borghetti (VAH)	$4,072,000	$2,501,000[18]
2	Peter Gammell (SVW)	$3,781,008	$3,363,925[19]
3	Karl Simich (SFR)	$3,512,685	$1,977,064[20]
4	David Southon & David Harrison (CHC)	$3,228,782	$2,692,317[21]
5	Doug Rathbone (NUF)	$3,080,423	$2,847,030[22]
6	Nick Bowen (MAH)	$2,821,611	$4,838,319[23]
7	Robert Johnston (ALZ)	$2,804,195	$3,305,779[24]
8	Julian Pemberton (NWH)	$2,762,156	$2,012,577[25]
9	Mark Hooper (SIP)	$2,669,401	$1,763,773[26]
10	Peter Hepburn-Brown (MML)	$2,622,674	$1,096,058[27]
Average		**$3,135,493 *($3,429,682)***	**$2,639,784.11 *($2,897,726)***

Table 3.3: Top 10 paid CEOs in the 101-200, 2012: Statutory basis and realised pay comparison; 2011 figures in italics.

There is a substantial gap between the highest paid chief executives of the Top 100 companies in the S&P/ASX 200 and the highest paid CEOs in the ASX101-200 of the Top 200 in 2012. Chief executives of Top 100 companies seem to earn a lot more on a statutory and realised pay basis. For example, the highest paid CEO on a statutory basis in the ASX101-200, Virgin Australia's John Borghetti, received total statutory pay of $4.072 million in 2012. This would have ranked him 39th among Top 100 companies if Virgin Australia had appeared in the Top 100 in 2012. The CEO ranked 10th in the ASX101-200 on a total pay basis in 2012, Medusa Mining's Peter Hepburn-Brown, would have ranked 57th if Medusa Mining was in the Top 100 in 2012.

ACSI noted this pay gap between the Top 100 and ASX101-200 last year. It appears as though company size has a substantial influence on pay outcomes despite the fact chief executives of smaller companies may have a more difficult role because smaller companies cannot afford the management infrastructure that the large banks, miners and industrial companies enjoy. The data also suggests that high levels of statutory pay do not necessarily correlate with high levels of performance. Chief executives in the Top 100 and ASX101-200 appear consistently highly paid irrespective of their company's performance over time.

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[18] No equity vested in FY12. See p. 57 of the annual report.
[19] No equity vested in FY12.
[20] Value of share appreciation rights disclosed in annual report on pp. 45 and 48.
[21] Value of equity provided based on disclosures on p. 61 of annual report.
[22] No equity vested in FY12.
[23] Value of zero exercise price options disclosed on p. 64 of MAH annual report
[24] Value of zero exercise price options disclosed in annual report and appendix 3Y provided to ASX on 3/4/2012.
[25] No equity vested in FY12.
[26] No equity vested in FY12.
[27] No equity vested in FY12.

On an individual level, there were some substantial gaps between statutory and realised pay in 2012. Every chief executive in the Top 10 of the ASX101-200 received a level of realised pay that differed to statutory pay. Only two chief executives received higher realised pay than statutory pay – Nick Bowen of Macmahon Holdings, who benefitted from the vesting of 4.92 million zero exercise price options in July 2011, and Robert Johnston of Australand Property Group, who received shares worth $1.1 million when a parcel of zero exercise price options vested in April 2012. All other chief executives received lower levels of realised pay than statutory pay as equity incentives failed to vest in 2012. The average discrepancy between statutory pay and realised pay was $495,709 in 2012.

3.4 The Bottom 10 101 – 200 CEOs

	CEO	2012 Statutory Pay	2012 Realised Pay
1	Kerr Neilson (PTM)	$448,062	$448,062
2	Richard Treagus (ACR)	$493,266	$493,266
3	Guido Staltari (SAR)	$550,666	$550,666
4	Hamish Bohannan (BTU)	$646,899	$1,954,013[28]
5	Graham Turner (FLT)	$689,272	$689,272
6	Peter Bowler (BDR)	$709,946	$9,074,946[29]
7	Les Davis (SLR)	$719,385	$12,296,886[30]
8	Brad Gordon (IAU)	$733,425	$1,072,169[31]
9	Ian Little (ENV)	$746,059	$746,059
10	Christopher Cairns (IGR)	$770,264	$724,114[32]
Average		**$650,724 *($546,776)***	**$2,804,945 *($18,011,450)***

Table 3.4: Lowest 10 paid CEOs in the 101-200, 2012: Statutory basis and realised pay comparison. 2011 figures in italics.

Some of the lowest paid chief executives in the ASX101-200 had large realised pay outcomes in 2012 due to the vesting of valuable parcels of equity. Chief executive of Silver Lake Resources, Les Davis, received $11.578 million in cash when he sold 4 million options in September and December 2011 and the chief executive of Beadell Resources obtained the equivalent of $8.365 million when he exercised 12.5 million options in June and October 2012.[33] This compares with fixed pay of $719,385 for Davis and $709,946 for Bowler. Davis obtained his options before Silver Lake listed on the ASX in 2007 and Bowler, along with other 'original' directors, received 2 million of his 12.5 million options before Beadell Resource's IPO for nominal consideration. The remaining 10.5 million options were awarded as a long-term incentive.[34]

[28] Value of options exercised during FY12 as disclosed on p. 40 of BTU 2012 annual report.
[29] Value of options exercised during the year as disclosed on pp. 30, 31, 80, 81 and the appendix 3Y dated 15/10/2012.
[30] Value of options sold in FY12 as disclosed in appendix 3Y dated 15/9/11 and 19/12/11. The options are detailed on p167 of the SLR IPO product disclosure statement (11/10/2007). The options were issued to the original directors for nominal consideration before the IPO.
[31] Value of equity disclosed on pp. 40 and 41 of 2012 IAU annual report.
[32] No equity vested in FY12.
[33] Bowler exercised the options, receiving shares, some of which were later sold. The value obtained upon exercise is the share price on the date of exercise less exercise prices paid.
[34] Of the 10.5 million options, 1 million options with exercise prices of $0.35 (500,000 options) and $0.50 (500,000 options), both with expiry dates of 30 June 2012, were purchased from fellow director Robert Watkins for $75,000 on 29 June 2012. The purchase price was included when calculating net gain.

The disparity between statutory and realised pay among the lowest paid chief executives in the Top 200 in 2012 was nowhere near as substantial as the disparity in 2011. One chief executive in particular, Toni Poli, pushed up average realised pay by receiving 19.166 million shares worth $169.36 million when he exercised 5 million options in December 2010. Poli's statutory pay in 2011 was $572,000. Average realised pay in 2011 was $18.011 million, largely due to the exercise of Poli's options, compared with average realised pay of $2.805 million in 2012, which was largely due to the options of Davis and Bowler.

The lowest paid chief executives in the ASX101-200 were as in 2011 dominated by developing resources companies. Six of the 10 companies were still required to file quarterly cashflow statements at their 2012 balance dates. Large discrepancies between realised and statutory pay also arose at these entities largely due to options when exercised being worth substantially more than forecast.

It is also worth noting that none of the four chief executives running the non-resource companies in the Bottom 10 participated in equity incentive schemes, nor do they hold any options. Two of the four chief executives are founders and substantial shareholders – Graham Turner at Flight Centre and Kerr Neilson at Platinum Asset Management.

4. Components of CEO Pay

4.1 Fixed Pay

Fixed pay for the purposes of the study includes components of CEO Pay that are paid irrespective of performance.

These typically include:

- Salary.
- Superannuation, including the increased value of defined benefit pension accruals.
- Leave accruals and other entitlements.
- Accrued end-of-service payments.
- Non-monetary benefits.

4.1.1 The Top 100

For the Top 100 CEOs fixed pay remained relatively stable. Average CEO fixed pay in 2012 was $1.901 million, a decline of just over 2 percent from 2011's $1.947 million while median fixed pay rose 1.97 percent to $1.951 million.

The median fixed pay in 2012 was the highest in the history of the study and provides further evidence of a trend observed in recent years across Top 100 CEO packages. 'Outlier' CEOs, such as former Westfield executive chair Frank Lowy, whose pay is much larger than that of other CEOs in the sample are less common while the pay of the entire cohort has risen steadily. This has been reflected in small increases or decreases in average pay levels but steady increases over time in median pay levels. There were just eight chief executives with fixed pay below $1 million in 2012 while 39 received annual fixed pay of more than $2 million a year.

	2012	2011	2007	2002	One year increase	Five year p.a increase	From 2002 p.a increase
Median	$1,951,814	$1,914,050	$1,533,948	$903,838	1.97%	5.45%	11.59%
Average	$1,900,878	$1,946,748	$1,833,228	$984,045	-2.36%	0.74%	9.32%
Highest	$4,926,208	$4,573,000	$8,885,278	$7,938,000			
Lowest	$540,971	$277,638	$321,331	$50,575			

Table 4.1: Fixed pay, S&P/ASX 100[35]

The summary table above also indicates that over the five years to 2012 the rate of increase in CEO fixed pay has also slowed: Over the period 2002 to 2012, average fixed pay rose 9.3 percent per annum and the median 11.6 percent while over the past five years, the rate of annual growth has slowed to 5.5 percent for the median and 0.7 percent for the average. This suggests that the global financial crisis and the subdued market and economic conditions that followed slowed pay increases for executives.

[35] Full fixed pay data over the history of the longitudinal study is disclosed in Appendix 1. The 2002 figures exclude News Corporation; data inclusive of News is available in the Appendix.

ACSI also again notes that the prediction of management lobbies in 2009 that capping senior executive termination payments at 12 months' salary without shareholder approval would create an explosion in fixed pay is not apparent from the data.

While the rate of growth of executive pay may have slowed, it is worth considering growth rates when compared with inflation and the average weekly ordinary full time earnings. CEO Pay may not have grown in line with inflation or average earnings in the last five years but growth slowed in 2007 from a very high base. Over the past 10 years CEO Pay has risen almost twice as fast as average earnings and more than three times as fast as inflation.[36]

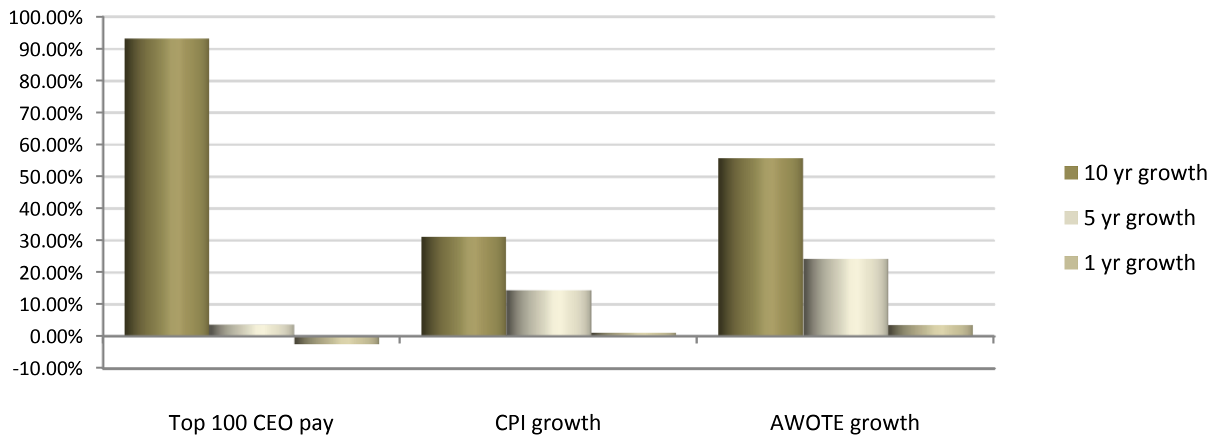

Figure 1: S&P/ASX 100 average CEO Pay relative to inflation and average weekly ordinary time earnings.

The range of fixed pay outcomes is also consistent with the influence of outliers such as Westfield's Frank Lowy on the sample declining and a steady increase across the board in CEO fixed pay. In 2012, 39 of the 78 sample Top 100 CEOs (50 percent) received fixed pay of more than $2 million, up substantially from 44 percent in 2011 and 36 percent in 2010 while eight of this group (10 percent) received fixed pay of more than $3 million (2011: 11 percent). Of the sample, eight (10 percent) received fixed pay of less than $1 million, down from 11 percent in 2011 and 13 percent in 2010. The lowest fixed pay for any Top 100 CEO was Regis Resources' Mark Clark. While Andrew Forrest of Fortescue had consistently received the lowest fixed pay of any chief executive in the Top 100 for several years (2011: $278,000, 2010:$119,000), Forrest was excluded from this sample because of his resignation as chief executive in July 2011.

4.1.2 The ASX101-200

The substantial gulf in fixed pay between Top 100 and ASX101-200 CEOs is again visible in 2012. The average fixed pay for a ASX101-200 CEO in 2012 was $973,576, almost half of the Top 100 average, while the median at $875,000 was substantially less than half of the median for the Top 100. Both the median and average fixed pay for ASX101-200 CEOs increased in 2012, with the average rising 4.7 percent and the median 6.3 percent.

[36] Inflation is measured using the all capital cities all groups consumer price index for June 2002, June 2007, June 2011 and June 2012 from the Australian Bureau of Statistics (ABS) catalogue number 6401.0. Earnings are measured using the average weekly adult ordinary time, full time earnings for May 2002, May 2007, May 2011 and May 2012 from ABS catalogue number 6302.0.

The highest fixed pay in the ASX101-200 was also much smaller than the highest fixed pay among Top 100 companies - $3 million, paid by Seven Group Holdings, compared with just under $5 million, paid by Westfield Group, albeit for two CEOs.

	2012	2011	% change
Median	$875,000	$823,493	6.25%
Median – excludes exploration companies	$907,044	$906,768	0.03%
Median – exploration companies	$628,893	$607,480	3.52%
Average	$973,576	$930,358	4.65%
Average – excludes exploration companies	$1,035,055	$1,021,167	1.36%
Average – exploration companies	$735,855	$642,794	14.48%
Highest	$3,003,925	$3,007,279	-0.11%
Lowest	$41,221	$280,351	-85.30%

Table 4.2: Fixed Pay, S&P/ASX 101-200 CEOs; 2011 - 2012

The wide variety of entities included in the ASX101-200 is also apparent from the above table which separates the pay for CEOs of established companies from those who are CEOs of exploration entities (a group of 15 entities defined as those required to publish quarterly cashflow statements with ASX as at their 2012 year-end).[37] It is not surprising that given the lack of recurrent cashflow for exploration entities that average and median fixed pay levels are substantially lower for CEOs of this group, although average and median pay increases for exploration and non-exploration company CEOs were similar in 2012 (the largest increase was 14.5 percent for the average pay of exploration company CEOs). Excluding exploration companies from the sample does little to reduce the disparity between Top and ASX101-200 company CEOs. Average fixed pay if explorers is excluded is a little more than half that of average fixed pay paid by Top 100 companies (54 percent of Top 100 fixed pay) and median fixed pay for ASX101-200 companies excluding explorers is 46.5 percent of median fixed pay for Top 100 companies.

In 2012, only 25 of the 73 ASX101-200 CEOs in the sample received 2012 fixed pay of more than $1 million compared with 90 percent of the Top 100 and only three received fixed pay of more than $2 million: Seven Group's Peter Gammell, the combined CEOs of Charter Hall and Cabcharge's Reg Kermode. Half of the CEOs in the Top 100 received fixed pay of $2 million or more in 2012.

4.2 Annual Bonuses

4.2.1 Annual Bonus – Top 100

The number of CEOs in Top 100 companies who were not paid a bonus was the highest number since 2003. Just under 18 percent of CEOs in this sample were not paid a bonus in 2012, mostly due to performance targets not being met. This compares with 12 percent of Top 100 CEOs in 2011 and 10 percent of Top 100 CEOs in 2010.

[37] The term 'exploration entities' includes Mesoblast, which while not a mining company is also required to file quarterly cashflow statements under ASX Listing Rule 4.7B.

The only CEOs to voluntarily forego their bonuses were Alan Joyce of Qantas, who oversaw the airline's first statutory loss since privatisation in 1995 and the grounding of all flights for about 48 hours in an industrial dispute in FY12; BHP's Marius Kloppers, who announced large impairments in August 2012, just after the 2012 financial year end, and Bluescope's Paul O'Malley who agreed to receive no bonus in 2012 after substantial votes against the company's 2011 remuneration report. The former CEO of Rio Tinto did not receive a bonus due to further substantial impairments of assets, largely relating to the 2007 Alcan acquisition.

In seven cases – Myer, David Jones, Paladin Energy, Echo Entertainment Group, Incitec Pivot, Bendigo & Adelaide Bank and Regis Resources – no bonus was paid as performance targets were not achieved. The remaining three of the 14 companies did not operate a formal bonus scheme for their CEOs (Primary Healthcare, Seek and Lynas Corporation).

ACSI notes that while 14 companies not paying bonuses is the highest number in 10 years, the proportion of CEOs to be paid a bonus, which is theoretically related to performance, remains high at over 80 percent.

Excluding the companies that did not pay bonuses in 2012, the bonuses paid remained relatively flat in 2012. The average cash bonus increased by 4.8 percent to $1.315 million in 2012, while the median bonus fell by 3.48 percent to $1.06 million. These are levels not seen since 2005, before the financial crisis, and may simply reflect companies' performances in a difficult economic environment. Only three companies paid their CEOs cash bonuses above $3 million in 2012 – Westfield Group, Coca Cola Amatil Limited, and CSL Limited (in fact each of Westfield's co-CEOs received a bonus of more than $3 million).

	2012	2011	2007	2002	One year increase (decrease)	Five year p.a increase (decrease)	From 2002 p.a increase
Median	$1,060,095	$1,098,300	$1,360,000	$468,011	(3.48%)	(4.41%)	12.65%
Average	$1,315,221	$1,255,212	$2,260,741	$902,969	4.78%	(8.36%)	4.57%
Highest	$7,245,088	$3,367,965	$25,615,987	$10,944,000			
Lowest	$40,000	$57,500	$750,000	$50,000			

Table 4.3: Annual cash bonus received, S&P/ASX 100 CEOs[38]

It is possible, as observed in 2011, that declines in cash bonuses are related to increased deferral of bonuses, typically into equity. A significant portion of the annual bonus for 22 CEOs in the sample was delivered as equity (or cash payments linked to equity) in 2012, bringing down cash bonuses because the amounts delivered in equity or equity equivalents are not included in reported 'annual bonus'. They are disclosed in the same way as equity incentives with the estimated value allocated over the vesting period, so they often appear in statutory remuneration tables as long-term equity.

[38] Full bonus pay data over the history of the longitudinal study is disclosed in Appendix 1. The 2002 figures exclude News Corporation; data inclusive of News is available in the Appendix.

Bonus deferral is most prevalent in financial institutions regulated by APRA as it has become a regulatory requirement for executive pay at these entities. The bonuses accrued and the bonuses received across APRA-regulated entities companies in the sample (excluding Commonwealth Bank of Australia and Challenger Financial Group, where the CEOs changed in 2012, and Bendigo Bank where the CEO was not paid a bonus in 2012) are summarised below:

CEO (company)	Bonus received	Bonus accrued
Gail Kelly (WBC)	$2,268,000	$3,780,000
Nick Moore (MQG)	$2,046,811	$6,822,703
Mike Smith (ANZ)	$1,900,000	$3,700,000
Mike Wilkins (IAG)	$1,567,000	$2,350,500
Patrick Snowball (SUN)	$1,475,000	$2,950,000
Craig Dunn (AMP)	$1,407,000	$2,345,000
Cameron Clyne (NAB)	$1,215,000	$2,430,000

Table 4.4: Bonus received and bonus accrued, selected financials CEOs in 2012

Of Top 100 companies that paid a bonus, the number that incorporated a deferred component rose from 28 percent in 2011 to 34 percent in 2012. However, even if deferral is taken into account, bonuses decreased in size in 2012. The median bonus accrued in 2012 was $1,366,730, down 9.6 percent from the $1.5 million in 2011. The average increased slightly from $1,657,376 to $1,727,805, an increase of 4.2 percent.

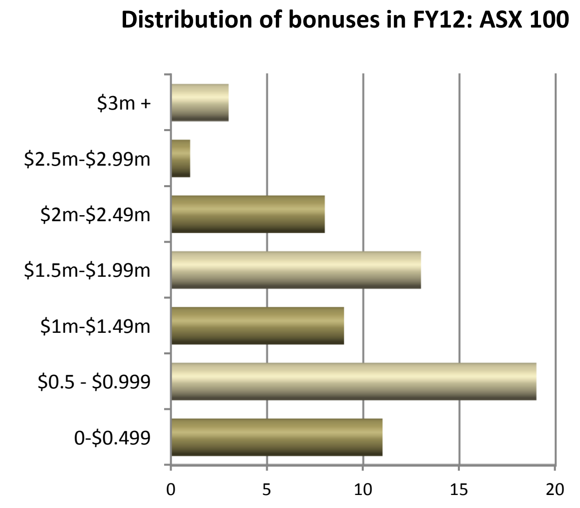

Figure 2: CEO bonus distribution for S&P/ASX 100 companies that paid a bonus in FY12.

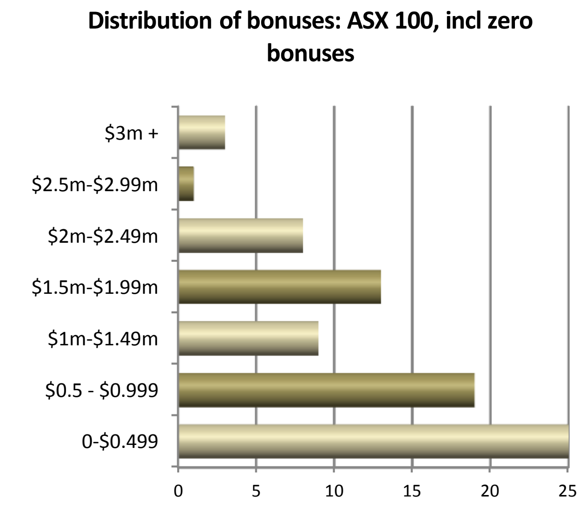

Figure 3: CEO bonus distribution for all S&P/ASX 100 companies in the sample, including those that did not pay a bonus.

The relative stability in the level of bonuses paid in 2012 is also apparent from Figure 2 above. For the second year in a row, the most common cash bonus for companies where a bonus was paid was between $0.5 million and $1 million, accounting for 29.7 percent of all CEO bonuses in the sample (2011: 25 percent). In 2011, the most common bonus outcome was a bonus of between $1 million and $1.5 million. The impact of the decline in the number of bonuses awarded in the Top 100 in 2012 is also apparent from Figure 3; if 'no bonus' is included as a category than less than $500,000 was the most common bonus size for a Top 100 company CEO.

The number of bonuses above $2 million also declined in 2012, albeit slightly, from 22 percent in 2011 to 19 percent in 2012. There was one cash bonus above $3.5 million in 2012 (paid by Westfield), compared with none in 2011 and four in 2010.

4.2.2 Annual Bonus – ASX101-200

	2012	2011	% change
Median	$336,500	$376,915	-10.72%
Median – excludes exploration companies	$353,885	$400,000	-11.53%
Median – exploration companies	$250,000	$200,781	24.51%
Average	$402,025	$421,576	-4.64%
Average – excludes exploration companies	$432,230	$458,461	-5.72%
Average – exploration companies	$251,000	$245,054	2.43%
Highest	$1,156,000	$1,500,000	-22.93%
Lowest	$50,000	$26,250	90.48%

Table 4.5: Annual bonus received in 2011 and 2012, S&P/ASX 101-200 CEOs

The disparity in pay for Top 100 CEOs and those running the ASX101-200 is also apparent from bonus outcomes for the ASX101-200 CEOs. The median bonus of $336,500 for this group is just under a third of the median for the Top 100 as is the average of $402,025. Of the 54 CEOs in the ASX101-200 sample who received a bonus, only three – Virgin Australia's John Borghetti, Nufarm's Doug Rathbone and Cardno's Andrew Buckley – received bonuses of more than $1 million (2011: Two). CEOs of ASX101-200 companies are also more likely to receive no bonus than CEOs of Top 100 companies, with 26 percent of the ASX101-200 sample receiving no bonus in 2012 (2011: 24 percent), compared with 18 percent of CEOs for the Top 100.

Part of the reason for the lower bonuses across the ASX101-200 sample is the prevalence of exploration entities. Across these 15 exploration entities, 40 percent received no cash bonus and of the nine CEOs who received a bonus four received a bonus of $300,000 or more.

Of the 58 CEOs of established entities, 13 did not receive a bonus and the average and median bonuses remained less than $460,000 for the second year in a row. Bonus deferral was also less common among the ASX101-200 with only six of the 73 having a deferred component of their bonus in 2012. All of these companies were established, non-explorers. Bonuses accrued for the ASX101-200 were therefore also substantially lower than for the Top 100, with an average accrued bonus of $422,474 (2011:$474,394) and the median $336,500 (2011: $400,000). Accrued bonuses also fell much more substantially across the ASX101-200 than the Top 100, as displayed in Table 4.6 below, suggesting that bonus outcomes for CEOs in the ASX101-200 are much more susceptible to business and economic conditions than bonus outcomes for their Top 100 counterparts.

	Median	Average
Change in accrued bonus for Top 100 companies	(9.6%)	4.2%
Change in accrued bonus for ASX101-200 companies	(15.9%)	(10.9%)

Table 4.6: Change in accrued bonus outcome for CEOs in 2012, S&P/ASX 200 CEOs

4.3 Cash Pay

4.3.1 Cash Pay – Top 100

The cash pay measure in the ACSI CEO Pay study is designed to strip out the 'noise' introduced by the valuation of equity incentives in remuneration disclosures, including changes to valuation methods over the life of the study. As it includes fixed pay, cash bonuses and accrual of entitlements it is also a useful proxy for the total pay in cash, insulated from ongoing company performance a CEO receives in a single year. When cash pay levels are very high, regardless of whether or not an executive receives a component of their pay in equity, the consequences of company performance deteriorating becomes less significant for senior executives as they have already received substantial cash rewards.

High levels of cash pay remain a feature of the Top 100 CEO sample. In 2012, as shown in Table 4.7, average cash pay for a Top 100 CEO remained close to $3 million and only declined marginally by 2.42 percent compared with the previous corresponding year, largely due to the inclusion of Peter & Steven Lowy in the 2012 sample. The median cash pay fell by even less, to $2.888 million, in 2012.

	2012	2011	2007	2002	One year increase (decrease)	Five year p.a increase (decrease)	From 2002 p.a increase
Median	$2,888,441	$2,945,000	$2,900,000	$1,427,877	(1.92%)	(0.08%)	10.23%
Average	$2,981,530	$3,055,428	$3,837,684	$2,200,664	(2.42%)	(4.46%)	1. 77%
Highest	$12,171,296	$6,734,522	$26,286,806	$11,922,336			
Lowest	$540,971	$335,388	$321,331	$50,575			

Table 4.7: Cash pay, S&P/ASX 100 CEOs[39]

Average cash pay, at $2.982 million, was at the lowest level since 2005 (the last year average cash pay was less than $3 million) while the median remains at levels paid in 2007 and 2008, before the global financial crisis affected many companies' results. The gap between median and average cash pay has also substantially reduced, with average cash pay recently falling to meet the median. In 2002, the gap between median and average cash pay was $934,245. In 2012 that gap had narrowed to $93,000.

The close alignment of median and average pay suggests that there are fewer CEOs receiving much higher cash pay than their peers. It should also be noted that notwithstanding the decline in average cash pay in 2011 and 2012, median cash pay for Top 100 CEOs is still much higher than at any time prior to 2007.
The company that paid the highest cash pay in 2012 was Westfield with its joint CEOs receiving $12.171 million. This is substantially higher than the only other two companies that paid their CEOs above $5 million – Coca Cola Amatil and CSL, who paid their CEOs $6.813 million and $5.916 million respectively (in 2011, three CEOs received cash pay of more than $6 million).

[39] Full cash pay data over the history of the longitudinal study is disclosed in Appendix 1. The 2002 figures exclude News Corporation; data inclusive of News is available in the Appendix.

The highest cash pay in 2011 was $6.819 million, which was paid by the Commonwealth Bank of Australia (excluded from the sample in 2012 because of Ralph Norris' retirement). The lowest cash pay in 2012 went to Mark Clark of Regis Resources ($540,971). A total of four CEOs – Seek's Andrew Bassat, Perseus Mining's Mark Calderwood, Lynas Corporation's Nick Curtis and Regis Resources' Mark Clark - received cash pay of less than $1 million in 2012.

Almost three-quarters of the sample received pay of between $1 million and $4 million, with cash pay quite evenly distributed along this spectrum (see Figure 4 below). This is similar to cash pay in 2011, although the distribution is more concentrated in 2012, with fewer CEOs receiving pay above $6 million and more CEOs receiving pay of between $1 million and $2 million. This is consistent with marginally lower levels of average and median cash pay when compared with 2011 and a relatively steady median since 2007.

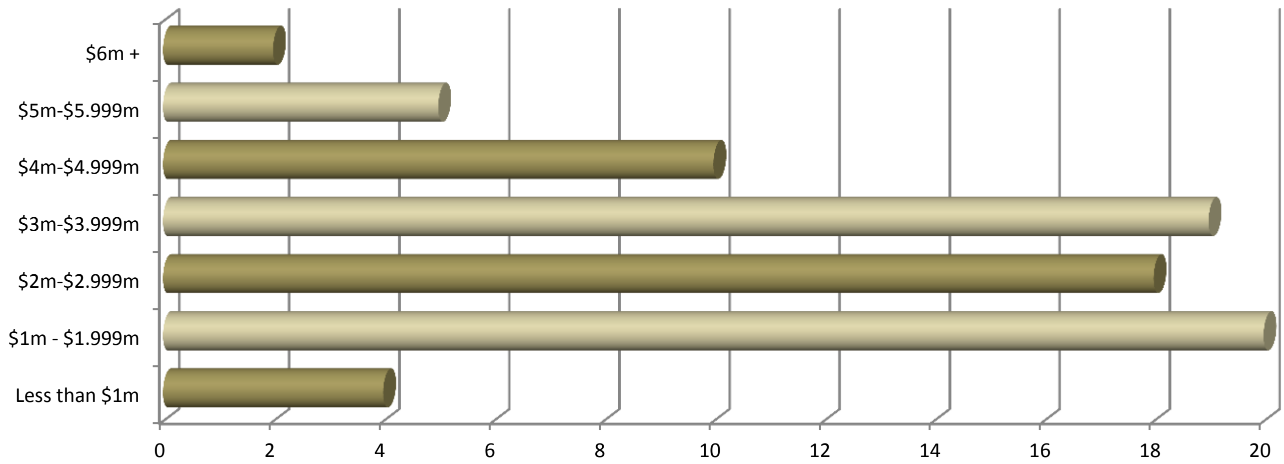

Figure 4: CEO cash pay distribution for S&P/ASX 100

4.3.2 Cash Pay – ASX101-200

	2012	2011	% change
Median	$1,237,000	$1,157,500	6.87%
Median – excludes exploration companies	$1,361,685	$1,259,882	8.08%
Median – exploration companies	$724,114	$674,619	7.34%
Average	$1,273,000	$1,245,622	2.20%
Average – excludes exploration companies	$1,372,968	$1,384,398	-0.83%
Average – exploration companies	$886,455	$806,164	9.96%
Highest	$3,363,925	$4,507,279	-25.37%
Lowest	$448,062	$365,053	22.74%

Table 4.8: Cash pay, S&P/ASX 101-200 CEOs

Cash pay levels for the ASX101-200 were substantially lower than for the Top 100, driven by lower fixed pay and bonuses relative to large company CEOs. In 2012 the median and average cash pay for a Top 100 CEO was more than double the median and average cash pay for a ASX101-200 CEO.

While cash pay for Top 100 companies fell slightly in 2012, cash pay among ASX101-200 companies rose. The median cash pay increased by 6.87 percent and the average cash pay increased by 2.2 percent, largely due to an increase among explorer companies. Average cash pay for CEOs of explorer companies increased by 10 percent in 2012, compared with a slight decline of 0.8 percent in the average for established, non-explorer companies.

Comparatively lower cash pay when compared with the Top 100 cohort should not obscure that on a relative basis cash pay for the ASX101-200 is often significant in the context of the company. For example, Macmahon Holding's former CEO, Nick Bowen, received cash pay in 2012 of $2.12 million, or close to 2.5 percent of 2012 operating cashflow.

The highest cash pay for a ASX101-200 CEO was $3.364 million in 2012, which was paid to Seven's Peter Gammell. The lowest was for Platinum Asset Management's Kerr Neilson. Of the 73 ASX101-200 CEOs, nine received cash pay of more than $2 million (Gammell was the only CEO to receive more than $3 million in cash). The distribution of pay among the ASX101-200 consolidated at a higher level in 2012, with the majority of CEOs receiving more than $1 million. This compares with 25 CEOs being paid more than $1 million in 2011.

Among the 15 exploration entity CEOs in the sample, only five received cash pay of more than $1 million in 2012: Aquila Resources, CuDeco, Gindalbie Metals, Sandfire Resources and Mesoblast.

4.4 Total Statutory Pay

4.4.1 Total Statutory Pay – Top 100

	2012	2011	2007	2002	One year increase (decrease)	Five year p.a increase	From 2002 p.a increase
Median	$3,985,254	$4,517,815	$4,168,554	$2,081,110	-11.79%	-0.88%	9.15%
Average	$4,705,093	$4,724,758	$5,540,815	$3,059,008	-0.42%	-3.02%	5.38%
Highest	$21,105,291	$11,803,992	$33,489,818	$11,922,336			
Lowest	$540,971	$426,542	$404,062	$50,575			

Table 4.9: Total statutory pay, S&P/ASX 100 CEOs[40]

The accuracy of statutory pay disclosures has been the subject of debate in recent years, largely as a result of statutory pay often exceeding actual pay in the wake of the global financial crisis. ACSI has noted in previous years that managers of listed companies seem to be driving this discussion.

[40] Statutory pay data over the history of the longitudinal study is disclosed in Appendix 1. The 2002 figures exclude News Corporation.

Despite the argument that statutory pay often exceeds actual pay, the data indicates that statutory pay also regularly understates actual pay received. This mismatch is most likely due to the nature of the methods involved in measuring pay. Statutory pay amortises equity over time, whereas actual pay calculates the equity that has vested in a particular year. The 40 examples in this report (see Section 3) demonstrate the degree to which statutory pay can differ by overstating or understating pay in any given year for the highest and lowest paid CEOs across the S&P/ASX 200.

In 2012 average statutory pay stabilised at $4.705 million, only marginally lower than the 2011 average of $4.725 million, the lowest level since 2006. This was almost entirely due to the inclusion in the 2012 sample of the Lowy brothers as Westfield's co-CEOs and their statutory pay was the highest included in the sample since 2008. The impact of Westfield is shown by the much larger decline in the median of 11.8 percent to $3.985 million from $4.518 million a year earlier, increasing the gap between median and average statutory pay substantially to $720,000 (2011: $207,000).

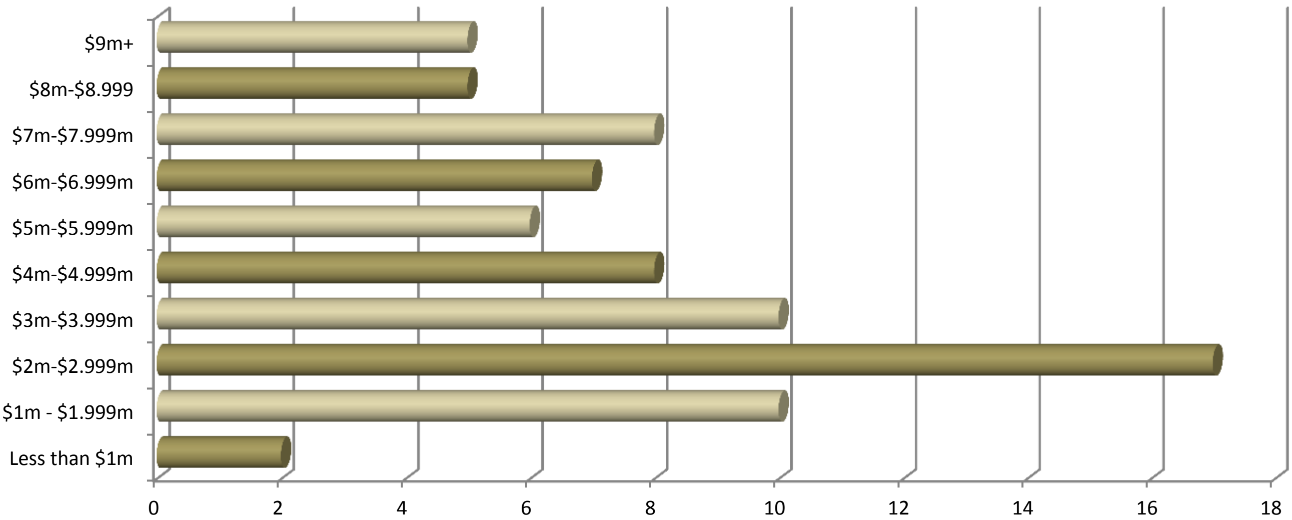

Figure 5: CEO statutory pay distribution for S&P/ASX 100

Unlike cash pay or bonuses, which were quite concentrated across the sample within a $2 million band (cash pay: $1 million to $3 million, bonuses: $0.5 million to $2.5 million), statutory pay is widely spread across the Top 100. While the largest number of CEOs receive statutory pay of $2 million to $3 million, there is a relatively wide spread between $1 million and $8 million.

In 2012, just two CEOs (2.6 percent of the sample) had total pay of less than $1 million – Mark Clark at Regis Resources and Mark Calderwood at Perseus Mining. This compares with 4 percent of the sample in 2011 and 6 percent of the sample in 2010. Neither participated in a long term incentive plan and only one, Calderwood of Perseus, received a cash bonus - $40,000 - which was itself minimal in the context of Top 100 companies.

About 13 percent of the 2012 sample received pay below $2 million (2011: 9 percent), while 40 percent had statutory pay of $5 million or more, in line with 41 percent in 2011 and 43 percent in 2010. Just under half of the 2012 sample – 35 CEOs – had reported pay between $2 million and $5 million, roughly equivalent to the number of CEOs who received reported pay in that band in 2010 and 2011. This suggests that the trend observed in prior years, being that the number of outliers seems to be reducing, appears to have continued in 2012, notwithstanding Westfield's return to the sample.

4.4.2 Total Statutory Pay – ASX101-200

	2012	2011	% change in 2012
Median	$1,595,404	$1,518,654	5.05%
Median – excludes exploration companies	$1,661,863	$1,652,333	0.58%
Median – exploration companies	$1,237,000	$1,122,729	10.18%
Average	$1,654,603	$1,700,321	-2.69%
Average – excludes exploration companies	$1,741,876	$1,739,607	0.13%
Average – exploration companies	$1,317,144	$1,575,914	-16.42%
Highest	$4,072,000	$4,924,362	-17.31%
Lowest	$448,062	$365,053	22.74%

Table 4.10: Cash pay, S&P/ASX 101-200 CEOs, 2011-2012.

In recent years, there has been little difference in statutory pay paid by exploration and non-exploration entities. In 2012, there was a substantial difference. The average statutory pay for exploration entities fell by 16.4 percent, while the average statutory pay for established, non-exploration entities, remained almost level.

This is likely to have been caused by the reduction in fair value of equity incentives for exploration companies, whose pay fluctuates with relatively volatile share prices. CEOs of early stage exploration companies often receive very large allocations of equity (typically options), vesting over short periods and/or subject to share price or milestone targets. This makes the pay of exploration entity CEOs much more sensitive to share price fluctuations relative to the pay arrangements of Top 100 and non-exploration entity ASX101-200 CEOs where large cash payments effectively insulate executives from the shareholder experience.

Volatile share prices are however a feature of exploration entities and so option allocations with short vesting timeframes and minimal performance hurdles also allow substantial rewards for share price performance that is not sustained for any length of time. The realised pay data for the ASX101-200 CEOs calculated in Section 3 demonstrates the value that these equity incentives can provide.

Total reported pay for ASX101-200 CEOs on both an average and median basis is, as with every other component of CEO Pay, substantially lower than that for Top 100 CEOs. This provides further evidence of the impact that company size often has on CEO Pay outcomes.

5. Pay and Incumbency: S&P/ASX 200

5.1 S&P/ASX 100

	2011		2012		Average	Median
	Average	Median	Average	Median	% increase (decrease)	% increase (decrease)
Fixed pay	$1,936,092	$1,972,639	$2,031,684	$2,132,000	4.94%	8.08%
Annual bonus	$1,290,281	$1,104,000	$1,386,579	$1,441,000	7.46%	30.53%
Cash pay	$3,091,196	$3,008,000	$3,127,937	$3,092,788	1.19%	2.82%
Statutory total pay	$4,972,787	$4,560,238	$5,204,362	$5,347,095	4.66%	17.25%
Bonus accrued	$1,788,044	$1,552,500	$1,873,821	$1,779,298	4.80%	14.61%

Table 5.1: Incumbent CEO Pay 2011 to 2012, S&P/ASX 100

The incumbent CEO Pay measure was added to the ACSI pay study in 2007 and was designed to strip out the influence of changes to the Top 100 CEO Pay sample on pay movements. In this section, ACSI examines the pay data for all CEOs in office for both the 2011 and 2012 years, whose companies were in the same index during that period. This means that all companies with new appointments in 2011 or 2012 are excluded, as are all companies that were added or subtracted to the S&P/ASX 100 or S&P/ASX 101-200 between 30 June 2010 and 30 June 2012.

This ensures that the pay data is not influenced by the varying levels in pay that often involves a new appointment. It also ensures that companies that have left the index do not impact the results. Companies in the S&P/ASX 100 are considered separately from companies in the S&P/ASX 101-200.

In 2012 there were 55 CEOs who were in office for both the 2011 and 2012 financial years and whose entities were members of the S&P/ASX 100 on 30 June 2011 and 30 June 2012. As in prior years, in 2012 the incumbent CEOs reported higher average and median fixed pay, annual bonuses, cash pay, statutory total pay and accrued bonuses than the whole sample of 78 CEOs. Tables 5.2 and 5.3 illustrate the differences between the increases enjoyed by the incumbents in 2012 and the entire sample of CEOs. The median pay measures substantially increased in 2012 for the incumbent CEOs, suggesting that incumbents as a group enjoyed a much higher increase in pay overall than the Top 100 CEOs.

Average pay comparison – ASX 100, 2012

	Incumbents in 2012 (% change)	2012 sample (% change)
Fixed pay	4.94%	(2.36%)
Cash bonus	7.46%	4.78%
Cash pay	1.19%	(2.42%)
Statutory pay	4.66%	(0.42%)

Table 5.2: Change in average CEO Pay for incumbents compared with the entire Top 100 in 2012, S&P/ASX 100

Median pay comparison – ASX 100, 2012

	Incumbents in 2012 (% change)	2012 sample (% change)
Fixed pay	8.08%	1.97%
Cash bonus	30.53%	(3.48%)
Cash pay	2.82%	(1.92%)
Statutory pay	17.25%	(11.9%)

Table 5.3: Change in median CEO Pay for incumbents compared with the entire Top 100 in 2012, S&P/ASX 100

Of the 14 CEOs in the entire Top 100 sample who received no cash bonus in 2012, 11 were part of the incumbent sample. Five CEOs did not receive a cash bonus two years in a row – David Jones' Paul Zahra, Myer's Bernie Brookes, Ed Bateman's Primary Health Care (Bateman does not participate in an annual bonus scheme), Qantas' Alan Joyce, and Rio Tinto's Tom Albanese. Alan Joyce received an accrued bonus of $1.78 million in 2011 but no accrued bonus in 2012 and Tom Albanese agreed to forego his bonus in 2011 and received no bonus in 2012.

While a number of incumbent CEOs did not receive a bonus in 2012, the increase in average and median bonuses awarded across the group suggests that those who did receive a bonus received higher bonuses than new appointees in 2012. This is in contrast to 2011, when average and median bonuses for incumbent CEOs declined, pointing to a genuine decline in bonus outcomes across the Top 100.

5.2 S&P/ASX 101-200

This is the first year that ACSI has extended the study of incumbency to CEOs in the S&P/ASX 101-200.

	2011		2012		Average	Median
	Average	Median	Average	Median	% increase (decrease)	% increase (decrease)
Fixed pay	$958,433	$801,885	$1,017,628	$906,196	6.18%	13.01%
Annual bonus	$441,296	$408,000	$427,944	$349,443	-3.03%	-14.35%
Cash pay	$1,264,257	$1,101,962	$1,332,831	$1,287,555	5.42%	16.84%
Statutory total pay	$1,667,569	$1,518,654	$1,678,026	$1,601,179	0.63%	5.43%
Bonus accrued	$504,310	$425,000	$440,062	$349,443	-12.74%	-17.78%

Table 5.4: Incumbent CEO Pay 2011 to 2012, S&P/ASX 101-200

In 2012 there were 49 CEOs who were in office for both the 2011 and 2012 financial years and whose entities were members of the S&P/ASX 101-200 on 30 June 2011 and 30 June 2012. As in prior years, in 2012 the incumbent CEOs reported higher average and median fixed pay, annual bonuses, cash pay, statutory total pay and accrued bonuses than the whole sample of 73 CEOs, although the difference in pay levels between the incumbents and all CEOs in the ASX101-200 sample is not as large as the comparison for the Top 100.

This suggests that CEOs in the ASX101-200 do not benefit as much from being an incumbent CEO as CEOs in the Top 100. For example, the average cash bonus paid to an incumbent CEO in the ASX101-200 was about $25,000 higher than the average across the ASX101-200 as a whole. The average cash bonus for an incumbent CEO in the Top 100 was about $75,000 higher than the average across the Top 100.

Of the 19 CEOs in the ASX101-200 sample who received no cash bonus in 2012, 13 were part of the incumbent sample. More than half of those CEOs did not receive a cash bonus two years in a row. Incumbents in the ASX101-200 in 2012 saw their average cash bonus decline by 3 percent, only slightly less than the average 4 percent decline for the entire ASX101-200 sample. Incumbents in the Top 100, by contrast, enjoyed an average cash bonus increase of 7.5 percent, a larger increase than experienced by the Top 100, whose average cash bonus increased by 4.8 percent.

6. Termination Payments in 2012: S&P/ASX 200

This section covers payments on termination to CEOs of S&P/ASX 200 entities that departed during or at the end of the 2012 financial year. For the purposes of the study termination payments include payments in lieu of notice, contractual entitlements on termination, any ex gratia payments, bonuses paid for part-year worked and the value of any equity incentives allowed to vest early as a result of departure although shares released from deferred bonus arrangements are excluded. It does not include pension or superannuation benefits. Bonuses paid for a part year worked are included as termination payments because very few employees below senior executive level are entitled to a bonus if they are not employed at year end.

6.1 Termination Payments – Top 100

In the 2012 financial year 13 CEOs of Top 100 companies received termination payments.[41] Among the 'non-standard' termination payments in the 2012 sample was a "retirement allowance" of $2.34 million paid to QBE's former chief executive Frank O'Halloran, in addition to cash bonus payments. Orica's Graeme Liebelt received $3.806 million upon termination, which included a payment of 1.5 times fixed pay, and other contractual entitlements. Liebelt also retained parcels of equity that had not vested at the time of his departure.

Although they remain large, termination payments were smaller in aggregate than in three of the past four years and well below the aggregate in 2011. More than half of the departed CEOs received payments in excess of $1 million and two received payments over $3.5 million (Orica's Liebelt and QBE's O'Halloran).

An additional two termination payments that related to the 2012 year are not included in this year's study because payments were made in 2011 (and included in fixed pay for the 2011 study) – Ian Smith of Newcrest Mining received $2.25 million ahead of his departure in July 2011 and Robert Elstone of ASX Limited received $750,000 for agreeing to amend his contract as ASX sought a successor. Andrew Forrest of Fortescue Metals Group became non-executive chair and did not receive a termination payment. Others became executive chairs – David Flanagan of Atlas Iron and Jonathan Stewart of Aurora Oil and Gas. Flanagan and Stewart remained in this year's CEO study because of their continuity as the most senior executives on the board.

[41] An additional two CEOs departed in the 2012 financial year but did not receive termination payments in 2012 – Elstone of ASX received a payment of $750,000 in 2011 so is included as not receiving a payment in 2012 and Forrest assumed a non-executive director role and did not receive a payment upon departure as CEO.

	2008	2009	2010	2011	2012
Aggregate	$83,028,043	$34,563,870	$5,701,176	$35,018,308	$19,064,880[42]
Number of payments	13	13	5	12	13
Average	$6,386,773	$2,658,759	$1,140,235	$2,918,192	$1,466,529
Median	$3,504,000	$2,202,408	$1,260,000	$2,000,000	$1,280,000
Minimum	$793,333	$168,000	$513,079	$566,667	$150,000
Maximum	$18,309,786[43]	$6,386,465	$1,681,897	$10,900,000	$4,574,729

Table 6.1: CEO termination payments in the S&P/ASX 100 2008 to 2012

6.2 Termination Payments – ASX101-200

The termination payment sample for the ASX101-200 in 2012 includes six payments. The largest payment was received by the former CEO of Billabong, Derek O'Neill, who received two years' fixed pay totalling $2.51 million on departure, while the smallest payment was $73,000 at Coalspur Mines which was a bonus for the portion of the year worked by Eugene Wusaty.[44]

Of the six termination payments to departing ASX101-200 CEOs in 2012 four of the six were in excess of $600,000 and two were in excess of $1 million. A payment of $583,000 was made to Julian Hanna of Western Areas NL, despite Hanna remaining on the board as a non-executive director. An additional CEO excluded from this sample was Vaughan Bowen, who stepped down in October 2011 but remained as an executive director.

	2011	2012
Aggregate	$14,945,926	$5,761,582
Number of payments	11	6
Average	$1,358,721	$960,264
Median	$1,025,000	$685,195
Minimum	$270,710	$72,698
Maximum	$3,630,000	$2,510,000

[42] Figures disclosed in currencies other than AUD were converted into AUD using the exchange rate on the disclosed date of departure.
[43] This payment, to former Santos CEO John Ellice-Flint, includes $14.592 million which was the value of options that vested on his departure calculated based on the difference between the exercise price and closing price on the date his termination arrangements were announced to the ASX on 14 May 2008. It is not known if these options have been exercised. The cash termination payments were $3.718 million.
[44] Coalspur was excluded from the rest of this report because its financial year changed from 30 June to 31 December in 2012, however, this termination payment is included in this part of the study.

7. Pay for Performance Case Studies

7.1 Pay for Performance Methodology

In the following pages the pay for the five highest and five lowest paid of the S&P/ASX 100 and S&P/ASX 101-200 CEOs is compared with four measures of corporate performance:

- Security Price Performance (**SPP**).
- Return on Assets (**ROA**).
- Return on Equity (**ROE**).
- Total Securityholder Return (**TSR**).

SPP captures the performance of the entity's security price over several years. The prices used are taken at the relevant reporting date. If an entity has a 30 June reporting date, the prices shown are as at 30 June 2012; if it has a 31 March balance date then the price relates to 31 March 2011.

ROA represents the ratio of net profit after tax to the average of an entity's total assets on hand at the beginning and end of the performance period.

ROE is determined by dividing net profit after tax by total securityholder equity averaged over the beginning and the end of the reporting period.

TSR is the total financial return a securityholder would obtain from owning the entity's securities for a period of time. TSR for one year takes into account the increase (or decrease) in the security price between the start and end of the year in question, and also the value of dividends paid during the year (for the purposes of calculating TSR dividends are not reinvested). TSR is expressed as a percentage and is calculated over one year and three years to the entity's 2012 balance date. The three-year TSR is the total return a securityholder would have enjoyed for the period and not an average compound annual return. The TSR figures are not adjusted for the impact of capital raisings which should have an influence on security prices over time.

As in past years these case studies are intended to provide examples of the pay and performance relationship between performance and CEO remuneration. These are case studies and **not** comprehensive statistical studies.

7.2 The Problems with Measuring Performance and Pay

It is widely recognised that executive pay will not perfectly mirror returns to securityholders, and pay outcomes will not reflect good performance across all of the metrics used to assess performance. This is because there may be a lag between the achievement of bonus goals – which may relate to organisational restructuring or substantial capital investment – and improved performance. It should however be noted that in many cases bonuses are paid for the achievement of corporate goals such as acquisitions or restructures that may not over time improve company performance.

For exploration companies, a prominent group among the lowest paid CEOs, measures of corporate performance linked to profitability are not useful. This is because these entities are usually seeking new energy or resource assets to develop or are in the process of development and have no recurring revenue. For these companies, security price performance is the best indicator of performance. These entities' exposure to market conditions due to their need for funds and commodity prices which influence the commercial viability of their assets makes their security prices volatile.

7.3 Five Highest Paid S&P/ASX100 CEO Case Studies

7.3.1 CEO 1: Peter & Steven Lowy

	2011	2012
Security price	$7.81	$10.56
ROA	4.0%	4.8%
ROE	9.1%	11.2%
Base pay	N/A	$4,926,208
Bonus	N/A	$7,245,088
Equity value	N/A	$8,933,995
Total Pay	N/A	$21,105,291

One year TSR	**41.5%**
One year movement in total pay	N/A
Three year TSR	**N/A**
Movement in total pay 2009 - 2012	N/A

The 2012 financial year was the first full year of Peter & Steven Lowy acting as co-CEOs of Westfield, having taken over executive leadership in May 2011 on retirement of their father, Frank Lowy, from executive duties. The pay arrangements of the two brothers were unchanged on becoming co-CEOs; previously they had been joint managing directors. Security price performance in 2012 was strong reflecting improved financial performance; since 2010 Westfield Group has been spinning off assets in Australia, NZ and the US into co-ownership arrangements such as Westfield Retail Trust but retaining management rights, boosting ROA and ROE.

Statutory pay and TSR should be closely correlated at Westfield as the co-CEOs receive most of their equity incentives under a 'synthetic' plan where executives receive cash payments that replicate security price performance. Under accounting standards, cash settled equity payments have to be marked to market at each balance date based on the security price at balance date so movements in the disclosed value of security based pay at Westfield will closely track the group's security price.

7.3.2 CEO 2: Mike Smith's Remuneration & Performance Analysis

	2008	2009	2010	2011	2012
Share price	$18.75	$24.39	$23.68	$19.52	$24.75
ROA	0.8%	0.6%	0.9%	0.9%	0.9%
ROE	13.7%	10%	13.6%	14.9%	14.3%
Base pay	$3,612,355	$3,050,663	$3,051,168	$3,310,319	$3,319,979
Bonus	$2,400,000	$2,400,000	$2,500,000	$1,750,000	$1,900,000
Equity value	$6,951,125	$5,484,940	$5,304,909	$4,978,577	$4,454,514
Total Pay	$12,963,480	$10,935,603	$10,856,077	$10,038,896	$9,674,493

One year TSR	**34.1%**
One year movement in total pay	-3.6%
Three year TSR	**17.9%**
Movement in total pay 2009 - 2012	-11.5%

Consistency in pay outcomes (Mike Smith is again the second highest paid executive in the study), strong TSR and consistent returns measured using accounting metrics were a feature of ANZ's performance between 2011 and 2012. ROE declined slightly largely due to higher levels of equity - profit rose by less than average equity - while the share price rose sharply to the highest year-end result since Smith became CEO at the beginning of the 2008 financial year.

The statutory pay of CEO Mike Smith declined for the fourth consecutive year as the substantial equity grants he received in his first two years as CEO have now been fully expensed. Over the same period his cash pay (excluding relocation expenses) has been between $5.06 million and $5.51 million every year indicating how consistent bonus outcomes for ANZ's CEO have been.

7.3.3 CEO 3: Gail Kelly's Remuneration & Performance Analysis

	2008	2009	2010	2011	2012
Security price	$21.48	$26.25	$23.24	$20.34	$24.85
ROA	0.9%	0.7%	1.1%	1.1%	0.9%
ROE	22.9%	13.1%	17.4%	17.5%	13.9%
Base pay	N/A	$2,701,261	$2,700,750	$2,997,753	$3,082,598
Bonus	N/A	$2,625,000	$2,835,000	$2,376,000	$2,268,000
Equity value	N/A	$5,298,651	$4,051,246	$4,491,063	$4,241,386
Total Pay	N/A	$10,624,912	$9,586,996	$9,864,816	$9,591,984

One year TSR	**30.1%**
One year movement in total pay	-2.8%
Three year TSR	**11.3%**
Movement in total pay 2009 - 2012	-9.7%

For the second consecutive year, Westpac's CEO had the third highest statutory pay of Top 100 CEOs. As was the case with ANZ, Westpac's share price performed strongly in 2012 while on an accounting basis, profitability declined (Westpac was the beneficiary of tax consolidation of the St George group in 2011, producing a substantial one-off benefit, while it incurred additional tax expenses in 2012). The impact of the St George acquisition in the 2009 financial year and higher capital levels post-GFC are apparent in the decline in ROE – although not ROA - from 2008 to 2012

Pay outcomes for Gail Kelly have been similar to those for ANZ's Mike Smith, as noted by ACSI last year with statutory pay declining over time as substantial equity grants on commencing with Westpac have vested and been expensed. Kelly's cash pay, as with Smith, has been remarkably consistent since commencing as CEO, ranging from $5.33 million to $5.54 million over four years – and for every year other than 2010 it has been between $5.33 and $5.37 million.

7.3.4 CEO 4: Marius Kloppers' Remuneration & Performance Analysis

	2008	2009	2010	2011	2012
Share price	$43.70	$34.72	$37.65	$43.80	$31.45
ROA	22.4%	7.6%	15.2%	24.7%	13.3%
ROE	45.3%	15%	28.8%	44.9%	25.1%
Base pay	N/A	$3,868,883	$3,313,572	$3,090,926	$3,092,788
Bonus	N/A	$2,357,114	$2,643,284	$2,385,779	$0
Equity value	N/A	$7,921,084	$6,892,190	$6,327,287	$6,427,047
Total Pay	N/A	$14,147,081	$12,849,046	$11,803,992	$9,519,835

One year TSR[45]	**-25.8%**
One year movement in total pay	-19.4%
Three year TSR	**-1.0%**
Movement in total pay 2009 - 2012	-32.7%

The now former CEO of BHP Billiton, Marius Kloppers, fell from the highest paid CEO in the study in 2011 to the fourth highest paid due to forfeiting his 2012 bonus due to impairments of BHP's US shale gas assets. He remained in the Top Five regardless due to the substantial accounting value of his equity incentives which as noted in the 'realised pay' study is indicative of the actual value received from his equity incentives in 2012 (when another 225,000 shares vested based on the company's relative total shareholder return performance over the five years to June 2011). The size of the decline in his statutory pay over the three years to 2012 is in part due to the conversion of his remuneration from USD into AUD for the purposes of the study – in USD terms his total disclosed pay declined 5.6 percent over this period.

As noted in past years, commodity prices have a substantial influence on shareholder returns at the company, both directly through the share price and also through accounting based measures of performance. ROA and ROE in particular capture not only the impact of rises and falls in commodity prices due to their impact on revenue but also the impact of declining commodity prices on asset valuations – impairments of US3.3 billion accounted for part of the substantial decline in return on assets and equity in 2012 relative to 2011.

[45] TSR is calculated using the share price and dividends paid for BHP Billiton Limited, the Australian company within the BHP Billiton dual listed company structure.

7.3.5 CEO 5: Louis Gries' Remuneration & Performance Analysis

	2008	2009	2010	2011	2012
Share price	$6.25	$4.20	$7.26	$6.10	$7.68
ROA	-6.6%	6.7%	-4.2%	-16.8%	28.3%
ROE	N/A	N/A	N/A	N/A	N/A
Base pay	$1,345,397	$1,712,891	$1,886,770	$1,712,227	$1,131,875
Bonus	$760,195	$1,574,195	$1,997,044	$1,007,329	$1,875,428
Equity value	$1,832,843	$2,778,787	$4,427,576	$5,391,171	$6,031,853
Total Pay	$3,938,435	$6,065,873	$8,311,389	$8,110,727	$9,039,155

One year TSR[46]	**26.6%**
One year movement in total pay	11.4%
Three year TSR	**83.8%**
Movement in total pay 2009 - 2012	49.0%

Changes in the remuneration package of James Hardie CEO, Louis Gries, implemented following the impact of the GFC on the US-based building materials company, account for the ramp up in statutory pay since 2008. These changes, as can be seen from the table above, shifted Gries' remuneration package heavily to equity based pay vesting over time, leading to a sharp increase in the accounting value of his share based payments between 2008 and 2012. As noted above this increase in the disclosed accounting value of share based pay for Gries has been matched by substantial benefits from vesting. The decline in the USD relative to the AUD between 2008 and 2012 also masks the size of the total increase in pay – in USD, Gries' disclosed pay has increased 177 percent compared to a 130 percent rise in AUD.

The peculiar circumstances of James Hardie due its Australian legacy issues are also visible from its financial performance over the past five years. ROE has not been a meaningful measure of performance over this time as shareholder equity has been negative at every balance date from 2007 to 2011; any profit based measure has also been heavily influenced by the balance date value of James Hardie's asbestos liabilities as well as legacy tax issues – in 2011 James Hardie recorded a substantial loss due to an amended assessment from the ATO which turned to a substantial profit in 2012 on successful appeal.

[46] TSR is calculated using AUD dividends; JHX's disclosure and operational currency is USD.

7.4 Five Lowest Paid S&P/ASX100 CEO Case Studies

7.4.1 CEO 1: Mark Clark's Remuneration & Performance Analysis

	2009	2010	2011	2012
Share price	$0.51	$0.90	$2.48	$3.91
ROA	-107.0%	-14.9%	22.8%	26.8%
ROE	-510.7%	-32.0%	32.7%	36.1%
Base pay	N/A	$335,207	$365,053	$540,971
Bonus	N/A	$0	$0	$0
Equity value	N/A	$1,885,000	$0	$0
Total Pay	N/A	$2,220,207	$365,053	$540,971

One year TSR	**57.7%**
One year movement in total pay	48.2%
Three year TSR	**666.7%**
Movement in total pay 2009 - 2012	N/A

In May 2009 Mark Clark become CEO of Regis Resources after an EGM resulted in wholesale change of the board. The new Regis team presided over the construction and commencement of mining operations at the Duketon gold project in WA and by August 2010, Regis was producing gold resulting in the rapid increase in its share price and the marked improvement in financial performance. Rising gold prices to the end of 2012 and the successful construction of a second producing mine in the Duketon area saw the share price continue to increase.

The success of Regis since 2009 has not been reflected in large cash pay for Clark or the rest of the executive team. Instead, as noted above, Clark reaped a substantial benefit in 2012 from exercising options granted shortly he took over at Regis; these options were expensed entirely in the 2010 financial year resulting in the decline in his statutory pay between 2010 and 2012.

7.4.2 CEO 2: Mark Calderwood's Remuneration & Performance Analysis

	2008	2009	2010	2011	2012
Security price	$1.19	$0.73	$2.30	$2.62	$2.48
ROA	-10.4%	-4.5%	-3.9%	-13.2%	10.3%
ROE	-12.0%	-5.0%	-4.3%	-17.9%	16.3%
Base pay	$265,654	$315,354	$395,000	$600,000	$699,250
Bonus	$0	$0	$0	$98,750	$40,000
Equity value	$1,855,800	$0	$0	$0	$0
Total Pay	$2,121,454	$315,354	$395,000	$698,750	$739,250

One year TSR	**-5.3%**
One year movement in total pay	5.8%
Three year TSR	**339.7%**
Movement in total pay 2009 - 2012	134.4%

The performance of Perseus Mining over the five years to 2012 reflects its passage from gold explorer to gold producer. It commenced construction of its Central Ashanti gold project in 2010 and commenced gold sales in the 2012 financial year. In 2012 it recorded a profit even as its share price fell marginally after rising strongly from 2009 to 2011.

CEO Mark Calderwood received an options allocation in 2008 and did not receive another equity allocation until the 2012 AGM. He first received a bonus in the 2011 year, and received another small bonus in 2012, while his fixed pay rose sharply between 2010 and 2011 as Perseus anticipated entering production.

7.4.3 CEO 3: Tony Haggarty's Remuneration & Performance Analysis

	2009	2010	2011	2012
Share price	$3.14	$4.80	$5.83	$4.15
ROA	30.0%	9.7%	0.7%	2.2%
ROE	40.3%	13.2%	1.0%	2.8%
Base pay	N/A	$713,726	$724,486	$753,149
Bonus	N/A	$112,500	$175,000	$272,163
Equity value	N/A	$195,000	$0	$0
Total Pay	N/A	$1,021,226	$899,486	$1,025,312

One year TSR	**-19.5%**
One year movement in total pay	14.0%
Three year TSR	**54.1%**
Movement in total pay 2009 - 2012	N/A

The now former CEO of Whitehaven Coal, Tony Haggarty, had a major shareholding in the coal producer and this was reflected in a relatively modest pay structure for a Top 100 company. After moving from a non-executive director role to CEO during the 2009 financial year, Haggarty's fixed pay remained flat and his bonuses by the standards of Top 100 company CEOs were also small. As a result of his major shareholding, his participation in equity incentive plans was minimal.

As a commodity company, financial measures of performance for Whitehaven can be difficult to interpret over time due to the impact of commodity prices. The 2009 and 2010 profit results at Whitehaven also included the benefit of Whitehaven selling down its interest in its projects while the 2012 year culminated with the merger with Aston Resources.

7.4.4 CEO 4: Gerald Harvey's Remuneration & Performance Analysis

	2008	2009	2010	2011	2012
Share price	$3.09	$3.30	$3.31	$2.49	$1.95
ROA	10.9%	6.1%	6.3%	6.5%	4.3%
ROE	20%	11%	11.3%	11.7%	7.8%
Base pay	$650,000	$761,000	$750,000	$750,000	$750,000
Bonus	$350,000	$0	$400,000	$400,000	$285,000
Equity value	$162,067	$281,807	($411,928)	$0	$0
Total Pay	$1,162,067	$1,042,807	$738,072	$1,150,000	$1,035,000

One year TSR	**-17.3%**
One year movement in total pay	-10.0%
Three year TSR	**-30.0%**
Movement in total pay 2009 - 2012	-0.7%

Ongoing poor conditions for most Australian listed retailers were reflected in the performance of Harvey Norman in 2012, with a decline in TSR and reduced financial performance measured by ROA and ROE. As in past years the impact of Harvey Norman's performance on executive chairperson Gerry Harvey's wealth was almost entirely through his large shareholding in the group. His pay dropped 10 percent relative to 2011 due to a decline in his bonus; over three years his pay has been flat although the mix has changed from equity to cash. With the exception of 2009, bonus outcomes have been consistent while his fixed pay has not changed since increasing in 2009.

7.4.5 CEO 5: Andrew Reitzer's Remuneration & Performance Analysis

	2008	2009	2010	2011	2012
Share price	$4.22	$4.16	$4.06	$4.06	$3.96
ROA	6.2%	6.2%	6.6%	6.5%	2.3%
ROE	16.3%	16.1%	17.5%	17.9%	6.8%
Base pay	$1,582,183	$1,713,870	$1,777,799	$2,022,532	$2,187,563
Bonus	$1,935,923	$1,215,021	$978,526	$900,000	$600,000
LTI value	$1,419,914	$1,292,604	$763,283	$1,692,777	($1,666,666)
Total Pay	$4,938,020	$4,221,495	$3,519,608	$4,615,309	$1,120,897

One year TSR	**4.3%**
One year movement in total pay	-75.7%
Three year TSR	**14.1%**
Movement in total pay 2009 - 2012	-73.4%

Pay for performance comparisons at Metcash to 2012 are distorted by the reversal in the 2012 accounts of a $1.67 million expense accrued in 2011 in relation to a long term incentive scheme for now former CEO Andrew Reitzer. This scheme had the potential to deliver $5 million to Reitzer based on EPS growth – measured on an underlying basis - over the period 2010 to 2013 and at the end of 2012, the board reversed the expense accrued in 2011 on the basis the cash payment was unlikely to vest. On a cash pay basis, Reitzer's pay declined 4.8 percent from 2009 to 2012 and by 4.6 percent in 2012 as declines in bonus were offset by increased fixed pay.

Over the same period a high dividend payout ratio allowed Metcash to deliver positive TSR despite flat share price performance and subdued financial performance. After increasing from 2008 to 2011, ROA and ROE fell sharply in 2012 due to a series of restructuring and impairment expenses.

7.5 Five Highest Paid ASX 101-200 CEO Case Studies

7.5.1 CEO 1: John Borghetti's Remuneration & Performance Analysis

	2010	2011	2012
Share price	$0.30	$0.28	$0.39
ROA	0.6%	-1.8%	0.6%
ROE	2.8%	-7.3%	2.5%
Base pay	N/A	$1,114,000	$1,345,000
Bonus	N/A	$880,000	$1,156,000
Equity value	N/A	$819,000	$1,571,000
Total Pay	N/A	$2,813,000	$4,072,000

One year TSR	**39.3%**
One year movement in total pay	44.8%
Three year TSR	**N/A**
Movement in total pay 2009 - 2012	N/A

The present CEO of Virgin Australia, John Borghetti, commenced in the role in May 2010. Over the two years to 30 June 2012, the company's share price rose 30 percent, and nearly 40 percent over the year to June 2012, while ROA and ROE recovered in 2012 after a loss in 2011. The CEO's overall pay rose sharply between 2011 and 2012, in part due to having more equity incentives to be expensed due to another year in the role but also due to a 25 percent increase in cash pay as his bonus and salary rose. Remuneration outcomes at Virgin over the coming years will be of particular interest given much of executive pay is at present linked to delivering a major strategic overhaul of the company rather than strictly to shareholder returns; whether or not a pay for performance 'disconnect' arises will depend on the correlation between delivery of the strategic overhaul and shareholder returns over time.

7.5.2 CEO 2: Peter Gammell's Remuneration & Performance Analysis

	2010	2011	2012
Security price	$5.74	$9.63	$7.74
ROA	N/A	1.5%	3.1%
ROE	N/A	2.7%	6.5%
Base pay	N/A	$3,007,279	$3,003,925
Bonus	N/A	$1,500,000	$360,000
Equity value	N/A	$417,083	$417,083
Total Pay	N/A	$4,924,362	$3,781,008

One year TSR	**-15.9%**
One year movement in total pay	-23.2%
Three year TSR	**N/A**
Movement in total pay 2009 - 2012	N/A

As noted in last year's ACSI study, when Seven Group's Peter Gammell was the highest paid CEO in the ASX101-200, accounting measures of Seven's profitability are less meaningful because of the nature of Seven Group's assets. In addition to owning the WesTrac business outright, Seven has a portfolio of investments including Seven West Media and these investments are equity accounted, making their impact on the income statement more volatile. The 2012 year also includes a substantial gain on sale from the sale of Seven's vividwireless subsidiary to Optus.

As in 2011, the major reason why Gammell features among the highest paid CEOs in the ASX101-200 is his fixed pay of $3 million which was unchanged from 2011. His pay declined in 2012 as his bonus fell substantially. In May 2013 Gammell announced his retirement as CEO and shortly afterwards resigned from the board; from the announcement of his departure it appears he will continue in some capacity with Seven Group. Prior to becoming CEO of Seven Gammell was a longstanding executive of the unlisted businesses of Seven's controlling shareholder, Kerry Stokes.

7.5.3 CEO 3: Karl Simich's Remuneration & Performance Analysis

	2009	2010	2011	2012
Share price	$1.10	$3.24	$7.05	$7.16
ROA	-86.0%	-93.4%	-23.3%	-6.8%
ROE	-97.1%	-99.2%	-27.7%	-18.7%
Base pay	N/A	$445,333	$800,000	$1,000,000
Bonus	N/A	$0	$50,000	$300,000
Equity value	N/A	$216,070	$2,127,799	$2,212,685
Total Pay	N/A	$661,403	$2,977,799	$3,512,685

One year TSR	**1.6%**
One year movement in total pay	18.0%
Three year TSR	**550.9%**
Movement in total pay 2009 - 2012	N/A

The rich returns enjoyed by Sandfire Resources' shareholders and management over the period 2009 to 2012 are indicative of the returns available from successful exploration companies. The three years to the end of 2012 encompass Sandfire developing its DeGrussa copper project under CEO Karl Simich's leadership (prior to 1 July 2009, Simich was an executive director but become CEO from the start of the 2010 financial year). As is normal for a developing resource company profit based measures of performance are not meaningful over this period for Sandfire and the share price indicates the market's view of the company's performance.

At Sandfire cash pay for management rose sharply in 2011 despite Sandfire entering commercial production only at the end of 2012 and the company's equity incentive plan has been settled in cash. Developing resource companies typically place a premium on cash conservation and this is usually reflected in lower levels of cash pay.

7.5.4 CEO 4: David Harrison & David Southon - Remuneration & Performance Analysis

	2008	2009	2010	2011	2012
Security price[47]	$4.22	$2.08	$2.40	$2.15	$2.27
ROA[48]	9.3%	-12.6%	0.9%	5.4%	1.8%
ROE	14.2%	-17.0%	1.1%	6.9%	2.3%
Base pay	$997,813	$1,498,953	$1,500,000	$2,094,770	$2,222,664
Bonus	$954,000	$0	$2,000,000	$525,000	$0
Equity value	$1,398,808	$97,950	$503,212	$824,774	$1,006,118
Total Pay	$3,350,621	$1,596,903	$4,003,212	$3,444,544	$3,228,782

One year TSR	**13.8%**
One year movement in total pay	-6.3%
Three year TSR	**29.5%**
Movement in total pay 2009 - 2012	102.2%

The co-CEO structure continues to impose substantial costs on Charter Hall, with the cash pay of the co-CEOs of the company more than 2 percent of operating cash flow in 2012. In 2012 however pay for the co-CEOs declined as no bonus was awarded while TSR for the year to 30 June 2012 was strongly positive.

The pay for performance disconnect at the group is more apparent over longer periods – from 30 June 2009 to 30 June 2012, Charter Hall's TSR is close to 30 percent, illustrating its recovery post GFC. Over this same period however CEO Pay has doubled driven by large increases in fixed pay. Pay outcomes in 2011 and 2012 suggest the pay for performance disconnect at Charter Hall should narrow over time, with fixed pay flat in 2012 and bonuses declining from the peak of 2010.

[47] The security prices for 2008 to 2010 have been adjusted to reflect the one for four security consolidation in November 2010.
[48] ROE and ROA for 2011, 2010 and 2009 have been calculated using the restated balance sheet and profit information from the 2011 annual report.

7.5.5 CEO 5: Doug Rathbone's Remuneration & Performance Analysis

	2008	2009	2010	2011	2012
Share price	$16.85	$10.84	$3.82	$4.34	$5.47
ROA	4.9%	2.5%	-0.8%	-1.7%	2.6%
ROE	15%	6.5%	-1.7%	-3.5%	5.7%
Base pay	$1,283,171	$1,448,278	$1,478,271	$1,631,043	$1,705,235
Bonus	$1,525,244	$923,000	$843,000	$305,000	$1,141,795
Equity value	$0	$0	$0	$0	$233,393
Total Pay	$2,808,415	$2,371,278	$2,321,271	$1,931,043	$3,080,423

One year TSR	**26.7%**
One year movement in total pay	59.5%
Three year TSR	**-47.9%**
Movement in total pay 2009 - 2012	29.9%

Pay outcomes have not reflected the performance of Nufarm over the past five years. Over the five financial years to 2012, Nufarm reported two losses, numerous earnings downgrades, a debt covenant breach, rejected one takeover proposal at $13 per share (in December 2009; the offer from Sinochem was revised down from $14 after due diligence) and saw another potential takeover proposal fail to eventuate following due diligence in December 2007. Financial and share price performance have fallen sharply from 2008 to 2012 and Nufarm was removed from the S&P/ASX 100.

The pay for CEO Doug Rathbone, who even after a series of share sales retains a major investment in Nufarm, has not reflected the poor returns for shareholders over this period. His fixed pay has risen 33 percent while he has received a bonus every year, including a 'retention bonus' paid in the 2010 financial year in response to the Sinochem takeover proposal. In the 2012 financial year a review of his remuneration arrangements as part of a general review of pay at the company saw him participate in the company's new long term incentive scheme further increasing his overall remuneration package.

7.6 Five lowest paid ASX 101-200 CEO Case Studies

7.6.1 CEO 1: Kerr Neilson's Remuneration & Performance Analysis

	2008	2009	2010	2011	2012
Share price	$3.11	$4.12	$4.68	$4.12	$3.89
ROA	106.4%	61.0%	58.4%	57.3%	47.3%
ROE	126.8%	67.9%	65.2%	63.6%	51.2%
Base pay	$435,625	$425,216	$407,926	$417,081	$448,062
Bonus	$0	$0	$0	$0	$0
Equity value	$0	$0	$0	$0	$0
Total Pay	$435,625	$425,216	$407,926	$417,081	$448,062

One year TSR	**0%**
One year movement in total pay	7.4%
Three year TSR	**10.7%**
Movement in total pay 2009 - 2012	5.4%

As has been the case since the listing of Platinum in 2007, its CEO and founder, Kerr Neilson, has received the overwhelming majority of his returns from the company in his capacity as a shareholder and not an employee. This has provided strong alignment with shareholders. In 2012, as in prior years, Neilson received no remuneration from the firm other than fixed pay with the variation in his fixed pay since listing largely due to movements in leave accruals.

TSR in 2012 was flat as dividends paid eliminated a small share price decline. The decline in profitability since 2008 has largely been due to declines in funds under management due to declines in share prices as well as a decline in performance fees earned when funds managed by Platinum outperform.

7.6.2 CEO 2: Richard Treagus' Remuneration & Performance Analysis

	2008	2009	2010	2011	2012
Share price	$1.22	$1.14	$1.81	$3.39	$4.20
ROA	-16.3%	-20.2%	78.5%	90.2%	12.6%
ROE	-17.8%	-22.3%	83.4%	90.6%	15.0%
Base pay	$316,094	$374,999	$385,310	$383,916	$421,136
Bonus	$162,000	$94,500	$159,375	$150,272	$72,130
Equity value	$204,680	$400,942	$26,203	$0	$0
Total Pay	$682,774	$870,441	$570,888	$534,188	$493,266

One year TSR	**23.9%**
One year movement in total pay	-7.7%
Three year TSR	**322.9%**
Movement in total pay 2009 - 2012	-43.3%

Richard Treagus departed Acrux as CEO on 30 June 2012. Over the prior five years the biotechnology company recorded strong share price growth and profitability from 2010 as it signed a product licensing deal with Eli Lilly for its flagship Axiron product. This deal has generated the bulk of Acrux's revenue and profits through milestone payments and royalties and has resulted in its inclusion in the S&P/ASX 200 Index.

Consistent with Acrux's status prior to 2010 as a small biotechnology company with minimal revenue, the former CEO's pay was weighted heavily to options rather than cash. During the 2011 financial year he exercised 3.992 million options and after selling shares to fund the exercise of these options, increased his holding by 1.967 million shares with a value as at his departure of close to $8.3 million.

7.6.3 CEO 3: Guido Staltari's Remuneration & Performance Analysis

	2008	2009	2010	2011	2012
Share price	$0.17	$0.19	$0.41	$0.54	$0.56
ROA	-4.2%	-17.5%	-27.6%	35.1%	9.1%
ROE	-5.1%	-20.4%	-41.0%	50.1%	11.2%
Base pay	$328,562	$360,500	$501,400	$550,309	$550,666
Bonus	$0	$0	$0	$0	$0
Equity value	$0	$0	$0	$0	$0
Total Pay	$328,562	$360,500	$501,400	$550,309	$550,666

One year TSR	**3.7%**
One year movement in total pay	0%
Three year TSR	**192.1%**
Movement in total pay 2009 - 2012	52.8%

The executive chairperson of gold miner Saracen Mineral Holdings, Guido Staltari, is a substantial shareholder in the company via Renaissance Capital (RenCap). He is also remunerated for his services to Saracen via RenCap, although Saracen in its remuneration report discloses the cost of the services provided by Staltari to Saracen via RenCap. As with a number of other companies featured in the case studies, the five year history of Saracen shows the path from exploration to mining, with Saracen commencing mining operations at Carosue Dam in WA during the last quarter of 2010. Over the three years to 30 June 2012, TSR has been very strong although as with many other small mining companies share price performance after production has commenced and stabilised has been modest.

7.6.4 CEO 4: Hamish Bohannan's Remuneration & Performance Analysis

	2009	2010	2011	2012
Share price	$0.06	$0.17	$1.03	$0.38
ROA	-95.6%	-47.8%	-6.7%	-5.5%
ROE	-209.6%	-76.6%	-14.3%	-12.4%
Base pay	N/A	$270,000	$650,487	$581,213
Bonus	N/A	$0	$0	$0
Equity value	N/A	$0	$1,681,833	$65,686
Total Pay	N/A	$270,000	$2,332,320	$646,899

One year TSR	**3.7%**
One year movement in total pay	-72.3%
Three year TSR	**533.3%**
Movement in total pay 2009 - 2012	N/A

In mid-2013 Bathurst Resources received shareholder approval to shift its corporate domicile to NZ. This followed the company listing in NZ in November 2010 after commencing development of its Buller Coal project. Buller was acquired in 2010, the year when Bathurst made the step from small explorer to potential producer – although it remains unprofitable despite acquiring a small coal producer during the 2011 financial year.

The pay arrangements of its CEO between 2009 and 2012 are typical for a developing coal company, with CEO Hamish Bohannan receiving cash salary and periodic option allocations. He received no equity in 2012 after a major grant in 2011, explaining the decline in his statutory pay between 2011 and 2012. The option allocation vested almost entirely in 2011 and so the options were expensed almost entirely during the 2011 financial year.

7.6.5 CEO 5: Graham Turner's Remuneration & Performance Analysis

	2008	2009	2010	2011	2012
Share price	$16.67	$8.65	$16.63	$21.62	$18.93
ROA[49]	8.4%	2.1%	7.5%	7.2%	9.9%
ROE	24.8%	6.3%	21.2%	19.3%	25.0%
Base pay	$0	$196,025	$399,395	$312,523	$41,221
Bonus	$30,142	$73,413	$936,081	$422,373	$648,051
Equity value	$0	$0	$0	$0	$0
Total Pay	$30,142	$269,438	$1,335,476	$734,896	$689,272

One year TSR	**-8.3%**
One year movement in total pay	-6.2%
Three year TSR	**141.4%**
Movement in total pay 2009 - 2012	155.8%

The Flight Centre CEO and founder Graham Turner is a major shareholder in the company and his relatively low pay reflects an approach taken by many – but not all – founder executives, preferring to receive his returns as a shareholder rather than an executive. As a shareholder, Turner has been amply rewarded over the past five years with consistent dividends, strong profitability and a strong recovery from the share price and profit lows touched during 2009 at the depths of the GFC.

Prior to 2009, Turner did not receive a salary from Flight Centre and his remuneration disclosures in recent years have included substantial long service leave accruals, followed by a substantial reversal in 2012. This explains why his fixed pay for 2012 declined so sharply; excluding accruals it was unchanged at $200,000 per annum.

A curious feature of the Bottom Five paid CEOs in the ASX101-200 in 2012 is that they include the CEO/founders of two of the largest companies in this group: Platinum's Kerr Neilson and Turner.

[49] ROA and ROE for 2009 and 2008 have been calculated using the restated profit for 2009 and the restated balance sheet for 2008 disclosed in 2009.

Appendices

Appendix 1: Top 100 CEO Fixed Pay Data 2001 to 2012

(data in italics 2001 to 2004 includes News Corp.)

Year	Average	Median	Minimum	Maximum
2012	$1,900,878	$1,951,814	$540,971	$4,926,208
2011	$1,946,748	$1,914,050	$277,638	$4,573,000
2010	$1,929,062	$1,823,168	$119,057	$8,964,902
2009	$2,016,923	$1,807,561	$223,877	$8.981,956
2008	$1,947,350	$1,745,856	$198,648	$9,204,760
2007	$1,833,228	$1,533,948	$321,331	$8,885,278
2006	$1,789,826	$1,579,292	$394,769	$8,888,197
2005	$1,533,231	$1,373,437	$494,531	$8,789,826
2004	$1,416,877	$1,353,000	$410,437	$4,084,000
	$1,554,410	$1,376,798		*$11,731,875*
2003	$1,361,769	$1,136,537	$345,056	$6,716,040
	$1,424,285	*$1,137,769*		*$13,486,153*
2002	$984,045	$903,838	$50,575	$7,938,000
	$1,027,288	*$914,330*		*$7,938,000*
2001	$888,407	$780,975	$52,055	$2,650,565
	$1,008,012	*$781,788*		*$8,543,137*

Appendix 2: Top 100 CEO Bonus Data 2001 to 2012

(data in italics 2001 to 2004 includes News Corp.)

Year	Average	Median	Minimum	Maximum
2012	$1,315,221	$1,060,095	$40,000	$7,245,088
2011	$1,255,212	$1,098,300	$57,750	$3,367,965
2010	$1,584,120	$1,122,000	$13,642	$10,298,586
2009	$1,564,273	$1,206,662	$223,877	$8,238,246
2008	$2,016,214	$1,167,645	$202,293	$27,223,798
2007	$2,260,741	$1,360,000	$750,000	$25,615,987
2006	$1,683,252	$1,005,890	$100,000	$15,833,577
2005	$1,364,295	$1,000,000	$75,000	$13,892,889
2004	$1,293,093 *$1,671,608*	$900,000 *$911,803*	$126,000	$13,400,000 *$17,980,437*
2003	$1,102,603 *$1,283,330*	$725,000 *$735,129*	$88,000	$12,381,000
2002	$902,969 *$937,347*	$468,011 *$475,000*	$50,000	$10,944,000
2001	$769,125 *$871,389*	$377,936 *$386,805*	$73,000	$6,239,739

Appendix 3: Top 100 CEO Cash Pay Data 2001 to 2012

(data in italics 2001 to 2004 includes News Corp.)

Year	Average	Median	Minimum	Maximum
2012	$2,981,530	$2,888,441	$540,971	$12,171,296
2011	$3,055,428	$2,945,000	$335,388	$6,734,522
2010	$3,354,770	$2,785,900	$132,699	$15,964,902
2009	$3,397,328	$2,853,198	$239,295	$14,931,956
2008	$3,814,687	$2,903,752	$198,648	$27,894,726
2007	$3,837,684	$2,900,000	$321,331	$26,286,806
2006	$3,476,833	$2,492,718	$415,862	$16,504,181
2005	$2,832,457	$2,134,534	$581,750	$14,653,688
2004	$2,787,708 *$3,146,703*	$2,408,309 *$2,408,670*	$410,437	$14,692,011 *$29,712,312*
2003	$2,141,128 *$2,444,368*	$1,740,537 *$1,773,180*	$387,472	$13,393,275 *$25,793,845*
2002	$2,200,664 *$2,381,356*	$1,427,877 *$1,447,111*	$50,575	$11,922,336 *$16,294,620*
2001	$1,814,371 *$2,018,190*	$1,375,000 *$1,422,662*	$166,457	$7,823,072 *$14,858,824*

Appendix 4: Top 100 CEO Statutory Pay Data 2001 to 2012

(data in italics 2001 to 2004 includes News Corp.)

Year	Average	Median	Minimum	Maximum
2012	$4,705,093	$3,985,254	$540,791	$21,105,291
2011	$4,724,758	$4,517,815	$426,542	$11,803,992
2010	$4,991,319	$4,388,073	$132,699	$16,157,746
2009	$4,924,256	$4,039,748	-$961,853	$14,931,956
2008	$5,162,441	$4,049,293	$198,648	$24,755,444
2007	$5,540,815	$4,168,554	$404,062	$33,489,818
2006	$4,561,393	$3,274,675	$415,862	$21,210,349
2005	$3,766,549	$3,092,576	$659,002	$18,553,566
2004	$3,564,486 *$3,913,123*	$3,074,837 *$3,138,235*	$410,437	$14,692,011 *$29,712,312*
2003	$2,858,343 *$3,163,769*	$2,309,384 *$2,325,692*	$387,472	$13,393,275 *$26,681,537*
2002	$3,059,008 *$3,228,695*	$2,081,110 *$2,098,601*	$50,575	$11,922,336 *$16,294,620*
2001	$2,450,513 *$2,644,393*	$1,843,987 *$2,120,411*	$166,457	$11,682,638 *$14,858,824*

Appendix 5: Glossary

Realised Pay	Realised pay or 'pay received' is calculated to take into account cash pay plus the value of equity that vested during the year.
Return on Assets (ROA)	Represents the ratio of net profit after tax to the average of an entity's total assets on hand at the beginning and end of the performance period.
Return on Equity (ROE)	Throughout the research ROE is determined by dividing net profit after tax by total securityholder equity averaged over the beginning and the end of the reporting period.
Total Shareholder Return (TSR)	TSR has been calculated is the total financial return a securityholder would obtain from owning the entity's securities for a period of time. TSR for one year takes into account the increase (or decrease) in the security price between the start and end of the year in question, and also the value of dividends paid during the year (for the purposes of calculating TSR dividends are not reinvested). Throughout the paper TSR is expressed as a percentage and is calculated over one year and three years to the entity's 2012 balance date. The three-year TSR is the total return a securityholder would have enjoyed for the period and not an average compound annual return.
Statutory Pay	Also referred to as 'reported pay', this represents remuneration numbers as required by the accounting standards and Corporations Act.

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