

Australian Council of Superannuation Investors

# CEO Pay in ASX200 Companies



ACSI Annual Survey of S&P/ASX200  
Chief Executive Remuneration

August 2017

This survey was commissioned by the  
Australian Council of Superannuation Investors  
and conducted by Ownership Matters.

acsi

# ABOUT ACSI

---

Established in 2001, the Australian Council of Superannuation Investors (ACSI) exists to provide a strong, collective voice on environmental, social and governance (ESG) issues on behalf of our members.

Our members include 37 Australian and international asset owners and institutional investors. Collectively, they manage over \$1.6 trillion in assets and own on average 10% of every ASX200 company.

Our members believe that ESG risks and opportunities have a material impact on investment outcomes. As fiduciary investors, they have a responsibility to act to enhance the long-term value of the savings entrusted to them.

Through ACSI, our members collaborate to achieve genuine, measurable and permanent improvements in the ESG practices and performance of the companies they invest in.

ACSI staff undertake a year-round program of research, engagement, advocacy and voting advice. These activities provide a solid basis for our members to exercise their ownership rights.

Australian Council of Superannuation Investors  
Level 23, 150 Lonsdale Street  
Melbourne, 3000  
P: (03) 8677 3890  
W: [www.acsi.org.au](http://www.acsi.org.au)

## ABOUT OWNERSHIP MATTERS

Ownership Matters is an Australian governance advisory firm. Its principals have collective experience of more than 35 years in advising institutional investors on governance issues at ASX listed companies.

Ownership Matters Pty Ltd  
Level 5, 167 Queen Street  
Melbourne VIC 3000  
P: (03) 9602 4548  
W: [www.ownershipmatters.com.au](http://www.ownershipmatters.com.au)

# FOREWORD

---

Chief executives of Australia's largest listed companies occupy extraordinarily privileged and richly-rewarded positions in our society. As such, what and how CEOs are paid deserves scrutiny: does their remuneration reflect value to shareholders and did their performance merit additional reward?

Investors are entitled to ask these questions. Indeed some, like ACSI's member organisations, are obliged to do so to fulfil their fiduciary duties to their own members. ACSI's research and proxy advisory work helps investors look behind companies' incentive structures to analyse whether CEOs are being appropriately stretched and tested and their investors equivalently rewarded, in exchange for such substantial pay packets.

ACSI is uniquely positioned to provide evidence to help investors assess these issues, with more than a decade and half of experience monitoring pay outcomes among Australia's largest companies.

This 16<sup>th</sup> CEO Pay survey produced two key results – one positive, and the other less so:

- Fixed pay for ASX100 CEOs, although slightly higher in 2016, has remained broadly unchanged over the last decade (see Appendix A), with the average \$125,000 or 6% below its 2009 peak, and
- Bonuses still appear far easier to get than they are to miss out on.

Since the 2007-08 financial crisis, CEO pay has been held in check by pressure from investors, ACSI and others, helped along by the advent of the 'two strikes' rule which has focussed boardroom minds on keeping a tight rein on executive pay packages.

As a result, many boards have tended to pay new CEOs at levels significantly lower than their predecessors, which has helped lower the quantum of executive costs.

ACSI will continue challenging boards to ensure the rewards earned by CEOs are aligned with the experiences of their investors; that a significant part of their reward is at risk and paid in equity over an extended time to ensure a focus on long-term accumulation and growth of capital.

After all, a 'bonus' is commonly understood as something paid for exceptional performance. Yet some 86% of ASX100 CEOs received one, begging the question – are these amounts truly at risk?

Pleasingly, termination payouts have continued to fall. We see this trend as a positive result of legislative reforms, driven by ACSI, which gave shareholders greater power over termination payments.

CEOs and their companies rely on a social licence to operate and succeed. The introduction of the 'two strikes' rule has increased the ability of investors to respond when they feel the boundaries of this licence are being tested. Companies that can articulate how their executive remuneration promotes sustainable long-term performance, and value creation, are well placed to avoid such measures. Those that can't, have quite a bit of explaining to do.



Louise Davidson  
Chief Executive Officer

# TABLE OF CONTENTS

---

EXECUTIVE SUMMARY .....	5
METHODOLOGY .....	7
REALISED and REPORTED PAY: ASX100 .....	9
REALISED and REPORTED PAY: ASX101-200 .....	13
CEO FIXED PAY IN FY16.....	17
CEO BONUSES IN FY16 .....	20
CEO CASH PAY .....	24
TERMINATION PAYMENTS .....	26
Appendix A: Fixed pay data for ASX100.....	28
Appendix B: Bonus data for ASX100.....	29
Appendix C: Cash pay data for ASX100.....	30
Appendix D: Reported pay data for ASX100 .....	31
Appendix E: Incumbent ceo pay data FY15 and FY16.....	32

# EXECUTIVE SUMMARY

---

This is ACSI's 16<sup>th</sup> annual ASX100 survey of CEO pay, and the sixth edition incorporating data for the entire ASX200. It is also the third time we have included realised pay for CEOs – that is, the actual value they receive from equity incentives vesting, not the accounting values required to be disclosed under regulatory requirements.

Throughout this report, references are made to 'reported' pay and remuneration, which reflects the remuneration reported by ASX200 companies under the statutory reporting requirements (an example reconciliation of realised and reported pay is included on page 8).

This year's survey includes data about 83 ASX100 CEOs and 77 CEOs from the ASX101-200.

## Bonuses are hard to miss

- Almost one third of ASX100 CEOs (25 of 83) received bonuses equal to 80%, or more, of their potential maximum payout, while only 18 CEOs received less than 50% of their maximum. Those outcomes continue to suggest that executive bonuses in large companies are better described as "variable fixed pay", rather than genuinely at-risk performance pay.
- Bonus persistence remained a feature in FY16 for ASX100 CEOs. Even though the number of CEOs who received no bonus for performance reasons doubled from four to eight, the median bonus was paid at just under 70% of the potential maximum (down from 76% in FY15). The median bonus award for an ASX100 CEO in FY16 was around \$100,000, or 7.5%, lower at \$1.49m. The average rose marginally, from \$1.95m to \$2.06m, due to a handful of very large bonuses.
- Among ASX101-200 CEOs, the median bonus payment (as a proportion of maximum) rose from 56% in FY15 to 74.5%. This was largely due to new entrants in the survey. The median bonus accrued for an ASX101-200 CEO rose almost 30% to \$486,000, although the average declined slightly. More than 15% of ASX101-200 CEOs received no bonus after failing to meet performance hurdles.

## Fixed pay still below long-term peaks

- Median and average ASX100 CEO fixed pay remains well below prior-year peaks (median fixed pay peaked in FY12 at \$1.95m and the average topped out at \$2.02m in 2009), even though it rose modestly in 2016 – with the median up 4.4% to \$1.79m, and the average 1.4% higher at \$1.89m.
- In the ASX101-200, median and average fixed pay fell for the second consecutive year, with the median declining 2.2% to \$864,000 and the average 3.7% lower at \$1.04m. Average and median fixed pay were at their lowest levels since FY12 and FY11 respectively.

## Equity awards paying dividends

- Average realised pay (cash payments plus the value of vested equity) was again significantly higher than average reported pay. Average realised pay for ASX100 CEOs was \$5.70m (FY15: \$5.54m). Average reported pay was \$5.16m (FY15: \$4.99m).
- Among ASX101-200 CEOs, average realised pay was \$2.02m (FY15: \$1.89m), which is still appreciably higher than the average reported pay total of \$1.78m (the same figure as FY15).
- Four ASX100 CEOs earned more than \$20m in 2016 on a realised-pay basis (Table 1), with Macquarie Group's Nicholas Moore, Domino's Pizza Enterprises' Don Meij and James Hardie Industries' Louis Gries joining Westfield Corporation's CEOs, the Lowy brothers Peter and Steven, in this category. Meij's ranking on the back of a soaring Domino's share price was especially remarkable, given his \$4m salary ranked him at only 44, based on reported pay.
- Two CEOs in the ASX101-200 achieved realised pay above \$10m – Premier Investments' Mark McInnes on \$11.09m and BT Investment Management's Emilio Gonzalez with \$10.45m.

Table 1: 10 highest-paid ASX100 CEOs on a realised pay basis in FY16

Rank	CEO	Company	Realised pay (FY15 rank)	Reported pay (FY16 rank)
1	Peter and Steven Lowy	Westfield Corporation	\$26,255,778 <sup>1</sup> (1)	\$21,572,743 (1)
2	Nicholas Moore	Macquarie Group	\$25,725,006 <sup>2</sup> (4)	\$18,159,292 (2)
3	Don Meij	Domino's Pizza Enterprises	\$21,026,386 <sup>3</sup> (7)	\$3,997,305 (44)
4	Louis Gries	James Hardie Industries	\$21,016,380 <sup>4</sup> (5)	\$15,003,361 (3)
5	Chris Rex	Ramsay Health Care	\$18,030,451 <sup>5</sup> (6)	\$13,669,040 (4)
6	Alan Joyce	Qantas Airways	\$14,339,815 <sup>6</sup> (41)	\$8,428,000 (8)
7	Ron Delia	Amcor Limited	\$14,089,265 <sup>7</sup> (-)	\$8,037,112 (11)
8	Ian Narev	Commonwealth Bank	\$12,261,772 <sup>8</sup> (16)	\$8,768,352 (7)
9	Jamie Odell	Aristocrat Leisure	\$12,038,961 <sup>9</sup> (9)	\$6,911,403 (17)
10	Brian Benari	Challenger Limited	\$10,057,408 (10)	\$5,160,647 (34)

#### Termination costs continue to fall

- The aggregate cost of termination payments across the ASX200 fell from \$38.42m to \$23.98m, the lowest outcome since FY13. This included termination payments to 17 CEOs. Eight ASX100 CEOs and two ASX101-200 CEOs each received more than \$1m. The largest termination payments in FY16 were received by former Rio Tinto CEO Sam Walsh (\$4.38m, including previously undisclosed leave entitlements), Iluka's David Robb (\$3.88m) and former Charter Hall co-CEO David Southon (\$2.89m), whose position was made redundant during FY16.

<sup>1</sup> Westfield Corporation, 2016 Annual Report, pp. 30-31.

<sup>2</sup> Macquarie Group Limited, 2016 Annual Report, pp. 88, 90-91, 97; Change of director's interest notice, 17 August 2015, 2012 Annual Report, pp.70-71; 2011 Annual Report, pp.112-113.

<sup>3</sup> Domino's Pizza Enterprises Limited, 2016 Annual Report, p.26.

<sup>4</sup> James Hardie Industries plc, 2016 Annual Report, pp. 59-60; Change of director's interest notice, 21 September 2015.

<sup>5</sup> Ramsay Health Care Limited, 2016 Annual Report, p.69.

<sup>6</sup> Qantas Airways Limited, 2016 Annual Report, p. 36; Change of director's interest notice, 21 August 2015.

<sup>7</sup> Amcor Limited, 2016 Annual Report, p.46; Change of director's interest notices, 1 September 2015 and 27 October 2015.

<sup>8</sup> Commonwealth Bank of Australia, 2016 Annual Report, p. 60.

<sup>9</sup> Aristocrat Leisure Limited, 2016 Annual Report, p.44; Change of director's interest notices, 7 October 2015 and 2 December 2015.

# METHODOLOGY

---

This survey includes the pay of CEOs of all companies in the ASX200 for the 2016 financial year (FY16). The relevant date range covers 31 January 2016 (for Sigma Pharmaceuticals) to 31 December 2016.

We commenced our longitudinal study of ASX100 CEO pay in 2001. We now have 16 years of data for this cohort and six years of data about the ASX101-200 CEOs.

The 2016 survey included 83 ASX100 CEOs (FY15: 86) and 77 ASX101-200 CEOs (FY15: 70). The survey also includes a sub-set of data for incumbent CEOs who were included in their respective cohort (either ASX100 or ASX101-200) in both years. In FY16 there were 71 incumbent ASX100 CEOs (FY15: 65) and 42 incumbent ASX101-200 CEOs (FY15: 47).

We did not include all ASX200 CEOs at 30 June 2016 in our survey, because:

- Some CEOs were appointed mid-way through the financial year and their disclosed remuneration was for less than 12 months. These individuals were removed to avoid distorting total pay figures.
- A small number of entities in the ASX200 index were externally managed, as at 30 June 2016 (such as Macquarie Atlas Roads, Charter Hall REIT and Investa Office Fund). Those entities do not disclose their executives' pay because they are not employees of the listed entity.
- Some companies were excluded as they did not prepare an annual report for FY16 due to merger activity, despite being part of the ASX200 at the census date (for example, Pacific Brands). Asciano, which did not hold a 2016 annual meeting due to being acquired by a consortium in mid-August 2016, was nonetheless included as it published a 2016 financial report (two weeks after its shares were suspended from trading due to the acquisition).
- Companies domiciled outside of Australia and subject to different remuneration disclosure requirements such as Henderson Group (now Janus Henderson) and News Corporation were excluded. However, as in past years, entities such as James Hardie (domiciled in Ireland) and Oil Search (domiciled in Papua New Guinea) are included, as they disclose remuneration on the same basis as Australian companies, as are entities such as APA Group, Spark Infrastructure and Dexus Property Group (internally managed Australian trusts).

All pay figures cited in this survey are in Australian dollars (AUD) and have been sourced from the relevant company's annual report. If the listed entity disclosed pay in another currency (typically United States dollars; USD), 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 Westfield Corporation and Village Roadshow, both of which have co-CEOs, the combined pay of the joint CEOs has been included in the survey.

This report refers to 'CEO pay', although for some companies the executive whose pay we analysed did not hold the formal title of CEO. This could occur because the company has an executive chair and a separate CEO, and the executive chair is the effective leader of the company's management. For example, Harvey Norman's Executive Chair, Gerry Harvey, is treated as CEO for the purposes of this survey, despite his wife, Katie Page, holding the CEO title.

This year's survey continues to include realised pay data for all ASX200 CEOs. Realised pay is calculated on a 'cash pay' basis – essentially, reported pay excluding share-based payments expense – but including the value of any equity that vested during the year, using disclosures from annual reports and "Change of-director interest" notices. The value of options with an exercise price is assessed when they are exercised, rather than when they vest. The value of zero exercise price options (ZEPOs) is assessed on vesting.

To illustrate, Table 2 shows how we calculated FY16 realised pay for Challenger Ltd's CEO, Brian Benari.

Table 2: FY16 reported to realised pay reconciliation for Challenger CEO Brian Benari

	FY16 pay	Reference
A - Reported pay	\$5,160,647	2016 annual report, p.29.
B - Less share-based payments expense	(\$2,880,964)	As above.
C - Plus value of deferred bonus and long-term incentives vesting	\$4,586,048	Change of director's interest notice, 7 September 2015, share price at vesting disclosed in announcement.
D - Plus value of final tranche of CEO long-term incentive allocation vesting	\$3,191,677	Change of director's interest notice, 4 March 2016, share price at vesting disclosed in announcement.
<b>Realised pay</b>	<b>\$10,057,408</b>	<b>A - B + C + D</b>

An unusual characteristic of Benari's realised pay is that the value of his equity at vesting is close to the actual crystallised benefit. This occurs because Benari has usually sold, almost immediately on vesting, the shares he has received. For example, the 657,000 shares Benari received early in September 2015 were sold within three days of vesting, while the 417,000 he received on vesting on 26 February 2016, were sold on 29 February 2016.<sup>10</sup> By contrast, Macquarie CEO Nicholas Moore retained all the 237,000 shares that he received on vesting in FY16, and 156,000 shares he received in FY15.<sup>11</sup>

<sup>10</sup> These sales were advised in the same Change of director's interest notices disclosed in Table 2.

<sup>11</sup> Macquarie Group, 2016 Annual Report, p. 94; 2015 Annual Report, p. 108.



# REALISED AND REPORTED PAY: ASX100

Consistent with ACSI's findings in our 2014 and 2015 surveys, average realised pay in FY16 was significantly higher than the average pay disclosed for ASX100 CEOs. Average realised pay in FY16 was 10.3% higher than reported pay, in line with FY15 when average realised pay was 11% higher and FY14 when it was 12% above reported pay. Similar to prior years, median realised pay was lower than median reported pay – 7.6% lower in FY16.

Table 3: Realised pay for ASX100 CEOs

	FY16	FY15	FY14
Median realised	\$3,878,990	\$3,880,672	\$3,958,000
Average realised	\$5,695,184	\$5,542,509	\$5,610,057
Highest	\$26,255,778	\$24,753,949	\$30,796,223
Lowest	\$637,100	\$518,238	\$657,073

The substantial difference between average and median realised pay illustrates the nature of realised pay, relative to reported pay disclosures. Calculating realised pay results in a small number of executives with very high pay in cases where share prices have increased substantially. Reported pay apportions the value of executive equity allocations over several years, with equity values calculated at the date of grant. This removes the impact of increasing share prices, and much of the impact of equity incentives not vesting.

The capacity for a substantial upside in realised pay has not, however, resulted in a sharp variation in median or average outcomes. The median and average realised pay figures for ASX100 CEOs in FY16, were similar to those recorded in FY14 and FY15 (see Table 3).

The volatility of average and median realised pay outcomes for the ASX100 was slightly lower over the period FY14 to FY16, than for reported pay (average reported pay in FY14 was \$5.01m and the median was \$4.20m).

Table 4: Reported pay for ASX100 CEOs <sup>12</sup>

	FY16	FY15	FY11	FY06	One-year change	Five-year p.a. change	10-year p.a. change
Median	\$4,196,435	\$4,066,225	\$4,517,815	\$3,274,675	3.2%	-1.5%	2.5%
Average	\$5,164,722	\$4,992,943	\$4,724,758	\$4,561,393	3.4%	1.8%	1.3%
Highest	\$21,572,743	\$21,706,636	\$11,803,992	\$21,210,349			
Lowest	\$637,100	\$518,238	\$426,542	\$415,862			

Lack of volatility in realised and reported pay outcomes in recent years is consistent with the general lack of movement in ASX100 CEO pay over the past decade, as observed with other aspects of CEO pay analysed in this survey. Over the past five years, median reported pay has fallen, while over the past 10 years, average and median reported pay has risen only modestly.

<sup>12</sup> Full data on reported outcomes over the period 2001 to 2016 is available in Appendix D.

The FY16 increases in both median and average reported pay of 3% were partially due to the impact of incumbency. In FY16, 86% of the ASX100 CEOs were also part of the FY15 cohort, up from 76% in FY15.

Reported pay tends to increase slightly over time, as even small increases in fixed pay flow through to larger equity allocations, which are then expensed over time. Those executives in both our FY15 and FY16 surveys had average reported pay in FY16 of \$5.30m, up 5.5% on FY15 (and higher than the whole sample) and median reported pay of \$4.53m, almost 10% up on FY15.<sup>13</sup>

Table 5: 10 highest paid ASX100 CEOs on a realised pay basis in FY16

Rank	CEO	Company	Realised pay (FY15 rank)	Reported pay (FY16 rank)
1	Peter and Steven Lowy	Westfield Corporation	\$26,255,778 <sup>14</sup> (1)	\$21,572,743 (1)
2	Nicholas Moore	Macquarie Group	\$25,725,006 <sup>15</sup> (4)	\$18,159,292 (2)
3	Don Meij	Domino's Pizza Enterprises	\$21,026,386 <sup>16</sup> (7)	\$3,997,305 (44)
4	Louis Gries	James Hardie Industries	\$21,016,380 <sup>17</sup> (5)	\$15,003,361 (3)
5	Chris Rex	Ramsay Health Care	\$18,030,451 <sup>18</sup> (6)	\$13,669,040 (4)
6	Alan Joyce	Qantas Airways	\$14,339,815 <sup>19</sup> (41)	\$8,428,000 (8)
7	Ron Delia	Amcor Limited	\$14,089,265 <sup>20</sup> (-)	\$8,037,112 (11)
8	Ian Narev	Commonwealth Bank	\$12,261,772 <sup>21</sup> (16)	\$8,768,352 (7)
9	Jamie Odell	Aristocrat Leisure	\$12,038,961 <sup>22</sup> (9)	\$6,911,403 (17)
10	Brian Benari	Challenger Limited	\$10,057,408 (10)	\$5,160,647 (34)

The highest realised pay outcomes for ASX100 CEOs were again significantly higher than reported pay outcomes. In FY16, there were four ASX100 companies where CEO realised pay exceeded \$20 million, including two cases of more than \$25 million – the combined harvest of the Lowy brothers at Westfield Corporation, and Macquarie Group's Nicholas Moore. All featured in the 2015 list, while Domino's Don Meij and James Hardie's Louis Gries were also part of the FY15 Top 10.

Reported and realised pay were again closely correlated in FY16, with six of the realised pay Top 10 also featuring in the reported pay Top 10. The persistent ranking of certain CEOs in the Top 10 realised pay group suggests that high performance is not the sole determinant of high pay, with four CEOs featuring in the realised pay Top 10 in FY14, FY15 and FY16. This includes the Lowys (who on an individual basis would both have made the realised and reported pay Top 10s in FY16), Macquarie's Nicholas Moore, Hardie's Louis Gries and Ramsay Health Care's Chris Rex.

In the case of Chris Rex and Nicholas Moore, generous incentive pay coupled with strong share-price performance in recent years has delivered significant wealth. For example, the \$13.3m in vested equity that Rex received in August 2015 had a value of \$5.36m when it was allocated in October 2012. In Louis Gries' case, US-sized equity allocations, and strong share-price performance, have delivered consistently high pay levels.

<sup>13</sup> Full data on outcomes for 'incumbent' CEOs across the ASX100 and ASX101-200 samples is provided in Appendix E.

<sup>14</sup> Westfield Corporation, 2016 Annual Report, pp. 30-31.

<sup>15</sup> Macquarie Group Limited, 2016 Annual Report, pp. 88, 90-91, 97; Change of director's interest notice, 17 August 2015; 2012 Annual Report, pp. 70-71; 2011 Annual Report, pp. 112-113.

<sup>16</sup> Domino's Pizza Enterprises Limited, 2016 Annual Report, p. 26.

<sup>17</sup> James Hardie Industries plc, 2016 Annual Report, pp. 59-60; Change of director's interest notice, 21 September 2015.

<sup>18</sup> Ramsay Health Care Limited, 2016 Annual Report, p. 69.

<sup>19</sup> Qantas Airways Limited, 2016 Annual Report, p. 36; Change of director's interest notice, 21 August 2015.

<sup>20</sup> Amcor Limited, 2016 Annual Report, p. 46; Change of director's interest notices, 1 September 2015 and 27 October 2015.

<sup>21</sup> Commonwealth Bank of Australia, 2016 Annual Report, p. 60.

<sup>22</sup> Aristocrat Leisure Limited, 2016 Annual Report, p. 44; Change of director's interest notices, 7 October 2015 and 2 December 2015.

The inclusion of Domino's Don Meij in FY15 and FY16 owes almost everything to share-price performance. In FY16, as in FY15, Meij exercised options granted in prior years before the remarkable growth in Domino's share price, with the options at exercise worth \$19.2m – the exercise price was \$8.97 and they were exercised in November 2015 when the share price was above \$46.

There were three new entrants to the realised pay Top 10 in FY16:

- In August 2015, CBA's Ian Narev enjoyed the benefits of 70,328 ZEPOs, worth \$5.75m, vesting from his first long-term incentive allocation as CEO. Of that, \$951,972 was received in cash and donated to charities.
- Amcor's new CEO Ron Delia received generous expatriate arrangements, and exercised 828,000 options granted when he was CFO, for a net gain of \$7.80 per option.
- Qantas CEO Alan Joyce's inclusion reflected strong share-price performance, which resulted in the first substantial vesting under Qantas's long-term incentive scheme in many years. Joyce received 2.19m shares in August 2015 as the share price trebled over the vesting period.

These three new entrants displaced Seek's Andrew Bassat, Caltex's Julian Segal and Scentre Group's Peter Allen:

- Segal fell out of the Top 10 due to no significant vesting of long-term incentives during FY16, unlike in 2015.
- The inclusion of Allen in the FY15 Top 10 was due to vesting of large retention equity allocations from his time as CFO of Westfield Corporation. Even without any similar allocations vesting in FY16, Allen's realised pay was \$7.08m, although well down from FY15's \$17.86m.<sup>23</sup>
- Bassat was included in FY14 and FY15 due to exercising options following substantial share price increases. Although he had 1.086m options with an exercise price of \$7.43 vest during FY16, these options could not be disposed of until July 2016.<sup>24</sup>

In FY16, there were four CEOs who made the reported Top 10, but not the realised pay Top 10:

- CSL's Paul Perreault was the highest paid of these CEOs. He ranked 13<sup>th</sup> on realised pay – his first tranche of CEO equity incentives vested in FY17.
- BHP Billiton's Andrew Mackenzie did not receive a bonus for FY16, due to the Samarco disaster, and had no vesting of long-term incentives.
- Woodside's Peter Coleman had no long-term incentives eligible to vest during FY16. He also had two-thirds of his \$4.5m bonus for FY16 deferred into equity as Woodside responded to a 'strike' at its 2016 AGM.<sup>25</sup>
- Asciano's John Mullen made the list through a quirk of timing. When the acquisition of Asciano was completed in late July 2016, Mullen had unvested long-term equity incentives worth \$6.7m. Had the transaction closed on 30 June 2016, Mullen (who also received payment in lieu of notice on losing his role post-deal) would have been ranked among the 10 highest-paid CEOs on a realised pay basis.<sup>26</sup>

<sup>23</sup> Scentre Group, 2016 Annual Report, pp. 19-20.

<sup>24</sup> Seek Limited, 2016 Annual Report, pp. 31, 36. These options were exercised on 5 June 2017 and had a value at exercise of \$10.1m. See Change of director's interest notice, 5 June 2017. The closing share price on 5 June 2017 was \$16.75.

<sup>25</sup> FY16 was the third consecutive year Woodside's Peter Coleman was awarded a bonus of more than \$4m. His FY15 bonus was \$4.01m and his FY14 bonus was just under \$5m. A third of his FY14 and FY15 bonuses was awarded as deferred shares.

<sup>26</sup> Asciano Limited, 2016 Annual Report, pp.14, 19-20; Change of director's interest notice, 29 July 2016.

Table 6: 10 highest paid ASX100 CEOs on reported pay basis in FY16

Rank	CEO	Company	Reported pay (FY15 rank)	Realised pay (FY16 rank)
1	Peter and Steven Lowy	Westfield Corporation	\$21,572,743 (1)	\$26,255,778 (1)
2	Nicholas Moore	Macquarie Group	\$18,159,292 (2)	\$25,725,006 (2)
3	Louis Gries	James Hardie Industries	\$15,003,361 (3)	\$21,016,380 (4)
4	Chris Rex	Ramsay Health Care	\$13,669,040 (4)	\$18,030,451 (5)
5	Paul Perreault	CSL Limited	\$11,234,391 (15)	\$9,129,998 <sup>27</sup> (13)
6	Peter Coleman	Woodside Petroleum	\$9,021,355 (7)	\$5,014,626 <sup>28</sup> (32)
7	Ian Narev	Commonwealth Bank	\$8,768,352 (10)	\$12,261,772 (8)
8	Alan Joyce	Qantas Airways	\$8,428,000 (18)	\$14,339,815 (6)
9	John Mullen	Asciano Limited	\$8,181,299 (35)	\$5,881,326 <sup>29</sup> (25)
10	Andrew Mackenzie	BHP Billiton	\$8,122,937 (11)	\$3,878,990 <sup>30</sup> (42)

The number of CEOs who continually appear among the highest-paid executives in the ASX100, on both a realised and reported pay basis, underscores the fact that high pay levels – rather than shareholder returns – are a key driver of executive wealth. Six of the FY16 reported pay Top 10 CEOs, also featured in the FY15 Top 10. BHP's Andrew Mackenzie, who still realised \$3.9m despite receiving no bonus and having no long-term incentives vest, was ranked 11<sup>th</sup> in FY15. Newcomers Paul Perreault and Alan Joyce were ranked 15<sup>th</sup> and 18<sup>th</sup> respectively in last year's study.

CEOs who were in the FY15 Top 10, but fell out of this category in FY16, included Rio Tinto's Sam Walsh and ANZ's Mike Smith (both of whom ceased to be CEOs during FY16), Wesfarmers' Richard Goyder and Scentre's Peter Allen. In FY16, Allen ranked 20<sup>th</sup> on reported pay. His FY15 remuneration was swelled by the inclusion of the final year of his legacy retention incentive from Westfield. Goyder fell out of the Top 10 due to having no long-term incentives vest and his bonus declining from \$3.76m to \$1.05m following the impairments incurred at Wesfarmers' Target and coal businesses.<sup>31</sup>

<sup>27</sup> CSL Limited, 2016 Annual Report, p. 2; 2013 Annual Report, p.54; Change of director's interest notice, 23 October 2015.

<sup>28</sup> Woodside Petroleum Limited, 2016 Annual Report, p. 86.

<sup>29</sup> Asciano Limited, 2016 Financial Report, pp. 18-20.

<sup>30</sup> BHP Billiton, 2016 Annual Report, pp. 143,145.

<sup>31</sup> Wesfarmers Limited, 2016 Annual Report, p. 75; 2015 Annual Report, p. 77.

# REALISED AND REPORTED PAY: ASX101-200

The trend in pay outcomes for ASX101-200 CEOs remains generally positive, despite some increases in FY16. Average realised pay increased 7% to \$2.02m, while median reported pay rose 4.5%. The only fall in overall pay-level metrics was average reported pay, which declined slightly.

Table 7: Realised pay for ASX101-200 CEOs

	FY16	FY15	FY14
Median realised	\$1,437,375	\$1,413,322	\$1,738,822
Average realised	\$2,023,930	\$1,885,457	\$2,297,001
Highest	\$11,090,136	\$12,804,929	\$18,028,506
Lowest	\$378,581	\$379,455	\$357,009

The greater volatility in reported and realised pay outcomes for CEOs in the ASX101-200, when compared to the ASX100, is consistent with the greater volatility in the sample. Of the 77 CEOs in this year's ASX101-200 sample, only 42 (55%) were also in the FY15 sample, compared to 86% of the ASX100 sample.

Table 8: Average, median and outliers for ASX101-200 reported CEO pay

	FY16	FY15	FY14	FY13	FY12	FY11
Median	\$1,538,000	\$1,471,321	\$1,711,379	\$1,582,325	\$1,595,404	\$1,518,654
Average	\$1,777,343	\$1,782,417	\$2,341,142	\$1,749,036	\$1,654,603	\$1,700,321
Highest	\$6,487,392	\$6,831,204	\$19,588,095	\$5,984,652	\$4,072,000	\$4,924,362
Lowest	\$378,581	\$379,455	-\$386,999	\$369,159	\$448,062	\$365,053
One-year change (average)	-0.3%	Five-year change p.a. (average)	0.9%			
One-year change (median)	4.5%	Five-year change p.a. (median)	0.3%			

It is also consistent with greater dispersion of pay levels, compared to the ASX100, stemming from much lower overall pay. In FY16, five ASX101-200 CEOs had realised pay exceeding \$5m (FY15: three) and only two had reported pay above \$5m (FY15: four) – compared to 31 ASX100 CEOs with realised pay over \$5m and 34 with reported pay of more than \$5m.

In FY16, the only two ASX101-200 CEOs whose realised pay exceeded \$10m were Premier's Mark McInnes (for the second consecutive year) and BT Investment Management's Emilio Gonzalez, whose company was not part of the 2015 sample. Their realised pay for FY16, especially in McInnes' case, reflected both high pay levels (McInnes' fixed pay and bonus potential both increased in FY16 to \$2.5m per annum) and strong share-price performance.<sup>32</sup> Gonzalez had equity incentives worth \$8.96m vest during FY16, while McInnes saw equity incentives worth \$6.42m vest. In the case of Gonzalez, 820,000 shares from deferred bonuses and long-term incentives vested. Many of these were allocated when the share price was about \$2. At vesting in October 2015, the share price was around \$10. The value of equity vesting for Gonzalez in FY16 was topped by only six CEOs in the entire sample, all in the ASX100.<sup>33</sup>

<sup>32</sup> Mark McInnes' annual fixed pay and bonus potential were increased to \$2.5m under his new employment agreement announced on 27 April 2016, with the increases seemingly backdated to the start of FY16.

<sup>33</sup> Emilio Gonzalez sold 950,000 BT shares in late October 2015 after vesting of equity incentives for proceeds of \$10.5m. See Change of director's interest notice, 6 November 2015, p. 1.

Table 9: 10 highest-paid ASX101-200 CEOs on a realised pay basis in FY16

Rank	CEO	Company	Realised pay (FY15 rank)	Reported pay (FY16 rank)
1	Mark McInnes	Premier Investments	\$11,090,136 <sup>34</sup> (2)	\$6,244,844 (2)
2	Emilio Gonzalez	BT Investment Mgmt	\$10,452,509 <sup>35</sup> (-)	\$3,551,110 (3)
3	Graham Burke/Robert Kirby	Village Roadshow	\$7,510,656 <sup>36</sup> (3)	\$6,487,392 (1)
4	Harry Debney	Costa Group Hldgs	\$6,576,286 <sup>37</sup> (-)	\$1,551,117 (39)
5	Laura McBain	Bellamy's Australia	\$5,806,716 <sup>38</sup> (-)	\$1,295,255 (5)
6	David Harrison	Charter Hall Group	\$4,309,724 <sup>39</sup> (-) <sup>40</sup>	\$3,521,580 (4)
7	Paul Thompson	Select Harvests	\$4,121,779 <sup>41</sup> (60)	\$869,943 (68)
8	Andrew Walsh	IRESS Limited	\$3,741,433 <sup>42</sup> (6)	\$2,471,437 (16)
9	Ross Johnston	Regis Healthcare	\$3,718,348 <sup>43</sup> (-)	\$1,028,124 (61)
10	Ian Morrice	Metcash Limited	\$3,552,440 <sup>44</sup> (-)	\$2,978,003 (7)

The volatility of the ASX101-200 sample is apparent from the FY16 Top 10 performers. Of the realised pay Top 10, only McInnes, the co-CEOs of Village Roadshow and Iress' Andrew Walsh appeared in the FY15 Top 10. Charter Hall's now sole CEO, David Harrison, made the FY16 Top 10 after he and his former co-CEO David Southon were part of the FY15 Top 10.<sup>45</sup> Of the remaining names, Select Harvest's Paul Thompson was part of the FY15 sample. The others included CEOs from Metcash (part of the ASX100 in FY15) and new entrants, including recently-listed companies such as Costa Group (where former Visy executive Harry Debney received \$5.3m for the cashing out of 70% of his pre-IPO options), Bellamy's and Regis.

Proving that rich CEO rewards do not necessarily follow sustainable returns to shareholders were several inclusions in the ASX101-200 Top 10:

- Metcash's Ian Morrice received \$3.55m in cash payments in FY16, despite no long-term incentives vesting. This was the result of a substantial increase in his fixed pay, and he received 92% of his maximum potential bonus.
- Bellamy's now ex-CEO, Laura McBain, reaped \$4.8m from exercising options in September 2015. She lost her job in January 2017 after substantial downgrades saw Bellamy's share price more than halve.<sup>46</sup>
- At Village Roadshow, where the high fixed pay of its co-CEOs at \$5.9m was again the primary driver for their inclusion in the Top 10, substantial votes against the company's remuneration report for several years from non-Burke/Kirby shareholders has seen their fixed pay, excluding non-monetary benefits, cut by 36% from FY17 levels, although their bonus potential has increased significantly.<sup>47</sup>

<sup>34</sup> Premier Investments Limited, 2016 Annual Report, p. 30; Change of director's interest notice, 14 April 2016.

<sup>35</sup> BT Investment Management Limited, 2016 Annual Report, p. 66; 2015 Annual Report, p. 66; Change of director's interest notice, 6 November 2015.

<sup>36</sup> Village Roadshow Limited, 2016 Financial Report, p. 19; Change of director's interest notice, 2 March 2016.

<sup>37</sup> Costa Group Holdings Limited, 2016 Annual Report, pp. 40-47; Prospectus: Initial public offering of shares, 25 June 2015, p. 123.

<sup>38</sup> Bellamy's Australia Limited, 2016 Annual Report, pp. 46; Change of director's interest notice, 10 September 2015.

<sup>39</sup> Charter Hall Group, 2016 Annual Report, p.44; Change of director's interest notice, 15 September 2015.

<sup>40</sup> In FY15 Charter Hall had co-CEOs, David Harrison and David Southon. During FY16 CHC moved to a single CEO model. As co-CEOs Harrison and Southon were the highest-paid CEOs on a realised pay basis in FY15 and ranked third highest for reported pay.

<sup>41</sup> Select Harvests Limited, 2016 Annual Report, p.28; Change of director's interest notice, 11 September 2015.

<sup>42</sup> Iress Limited, 2016 Annual Report, p.37.

<sup>43</sup> Regis Healthcare Limited, 2016 Annual Report, p.26.

<sup>44</sup> Metcash Limited, 2016 Annual Report, pp.44-45.

<sup>45</sup> As discussed, Southon received termination benefits worth \$2.9m.

<sup>46</sup> McBain sold 165,000 shares for \$14.55 per share in August 2016 and 400,000 shares in March 2016 for \$10.49 per share. On the day her departure was announced, 11 January 2017, Bellamy's shares closed at \$5.35; Change of director's interest notices, 29 August 2016 and 23 March 2016.

<sup>47</sup> Village Roadshow Limited, 2016 Financial Report, p. 14. In FY16 the aggregate non-monetary benefits for the co-CEOs were \$434,000.

Table 10: 10 highest paid ASX101-200 CEOs on a reported pay basis in FY16

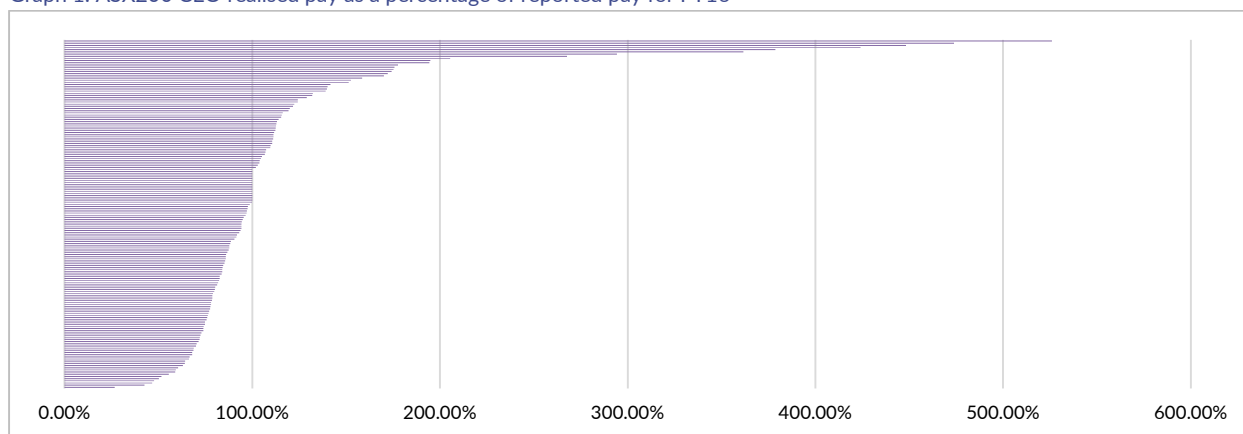
Rank	CEO	Company	Reported pay (FY15 rank)	Realised pay (FY16 rank)
1	Graham Burke/Robert Kirby	Village Roadshow	\$6,487,392 (1)	\$ 7,510,656 (3)
2	Mark McInnes	Premier Investments	\$6,244,844 (2)	\$11,090,136 (1)
3	Emilio Gonzalez	BT Investment Mgmt	\$3,551,110 (-)	\$10,452,509 (2)
4	David Harrison	Charter Hall Group	\$3,521,580 (-)	\$ 4,309,724 (6)
5	Mark Hooper	Sigma Pharmaceuticals	\$3,458,954 (10)	\$2,701,873 <sup>48</sup> (15)
6	Raleigh Finlayson	Saracen Mineral Hldgs	\$3,221,667 (-)	\$ 861,900 <sup>49</sup> (65)
7	Ian Morrice	Metcash Limited	\$2,978,003 (-)	\$ 3,552,440 (10)
8	Chris Ellison	Mineral Resources	\$2,918,163 (59)	\$1,363,476 <sup>50</sup> (42)
9	Bronte Howson	Automotive Hldgs Grp	\$2,851,474 (8)	\$3,546,084 <sup>51</sup> (11)
10	Tim Worner	Seven West Media	\$2,832,999 (9)	\$3,195,019 <sup>52</sup> (12)

The strong correlation between reported and realised pay visible in the ASX100 sample, and in past ASX101-200 samples, is again apparent in FY16. Among the realised pay Top 10, five CEOs are in the reported pay Top 10 and three others (Automotive Holdings' Bronte Howson, Seven West's Tim Worner and Sigma's Mark Hooper) were all ranked in the Top 15 on realised pay. These three, who have featured in the Top 10 lists for several years, owed their high pay to large pay packages with generous cash pay potential, including fixed pay of over \$2.5m for Worner and cash pay well above \$2m for both Howson and Hooper.

Among the new entrants to the reported pay Top 10, were Saracen's Raleigh Finlayson and Mineral Resources' Chris Ellison, both of whom were included due to generous equity allocations during FY16 which substantially increased share-based payments expenses. In Ellison's case, his pay included \$1.17m of expenses for equity incentives which will vest in future years. Finlayson's pay, meanwhile, included part of the expense associated with 10m ZEPOs vesting over periods from December 2016 to March 2018.<sup>53</sup>

For all the concern expressed by listed company management and their lobby groups over the 'misleading' nature of reported pay disclosures, the ongoing trend is for reported pay to correlate well with realised pay. Graph 1 maps realised pay as a proportion of reported pay for FY16 for all 160 CEOs.

Graph 1: ASX200 CEO realised pay as a percentage of reported pay for FY16



<sup>48</sup> Sigma Pharmaceuticals Limited, 2016 Financial Report, p. 26.

<sup>49</sup> Saracen Mineral Holdings Limited, 2016 Financial Report, pp. 20, 23.

<sup>50</sup> Mineral Resources Limited, 2016 Annual Report, pp. 39, 41.

<sup>51</sup> Automotive Holdings Group Limited, 2016 Annual Report, pp. 58, 62-63.

<sup>52</sup> Seven West Media Limited, 2016 Annual Report, p. 76.

<sup>53</sup> Saracen Minerals Limited, 2016 Annual Report, p.18. Of the 10m ZEPOs, 2m vested in August 2016 and 3m in May 2017, with a total value at vesting of \$6.26m. Change of director's interest notices, 12 August 2016 and 9 May 2017.

Forty-four CEOs (28%) received realised pay that was between 90% and 110% of reported pay. Increase that realised pay range slightly to between 80% and 120% of reported pay, and the number of CEOs rises to 84. Across the entire sample, there were only 20 CEOs whose realised pay was more than 50% higher than their reported pay, and only four whose realised pay was less than half of their reported pay. Just over half the sample (86 of 160) had realised pay lower than reported pay, but only 45 had realised pay more than 20% lower than reported pay.

Table 11: ASX200 CEOs with the most understated pay in FY16

Rank	CEO (Company/Index)	Realised pay (as % of reported pay)
1	Don Meij (Domino's/100)	526%
2	Paul Thompson (Select Harvests/200)	474%
3	Laura McBain (Bellamy's/200)	448%
4	Harry Debney (Costa Group/200)	424%
5	Magnus Nicolin (Ansell/100)	379%
6	Ross Johnston (Regis Healthcare/200)	362%

Table 11 lists the six CEOs whose reported pay understated their total pay by the greatest amount. In most cases this was due to rapid share price increases:

- In the case of Domino's Don Meij, meteoric share price increases meant that options valued and expensed at grant<sup>54</sup> as being worth \$1.17 apiece, were worth \$38.41 each at exercise.
- For Ansell's Magnus Nicolin, who had shares worth \$5.19m vest in August 2015, FY16 was the year in which Ansell cancelled allocations under its FY14 long term incentive (LTI) because achievement of the performance hurdles was considered impossible. This led to Ansell reporting negative share payments expense for Nicolin of \$747,000, which meant his FY16 reported pay was unusually low.<sup>55</sup>

The capacity for CEOs to receive large rewards from initial public offerings (IPOs), which then do not appear in reported pay disclosures after listing, is apparent from the inclusion of Costa's Harry Debney and Regis Health Care's Ross Johnston in this list. Both men received substantial benefits under pre-IPO incentives during FY16. In Debney's case, this was from having 70% of his options cashed out at the IPO price, and for Johnston's, from having pre-IPO incentive shares released from holding restrictions.

Table 12: ASX200 CEOs with the most overstated pay in FY16

Rank	CEO (Company)	Realised pay as % of reported pay
1	Raleigh Finlayson (Saracen Mineral)	27%
2	Graham Kerr (South32)	43%
3	Chris Ellison (Mineral Resources)	47%
4	Andrew Mackenzie (BHP Billiton)	48%

Table 12 lists the four CEOs whose realised pay was less than half their reported pay. The reasons for the gap between Finlayson and Ellison's reported and realised pay have already been discussed (at page 15). In the case of BHP's Andrew McKenzie, the discrepancy is mostly due to the large LTI allocations the CEO receives each year. These are typically set at well over \$US5m per annum, and are subject to relative total shareholder return (TSR) hurdles. Under accounting standards, these allocations are expensed over a vesting period of five years at a discounted 'fair value', regardless of whether they vest or not. BHP has had no vesting under its long-term incentive since 2014.

At South32, the large gap between CEO Graham Kerr's reported and realised pay is in part due to the equity-heavy nature of the CEO's pay, and the requirement under accounting standards to expense equity incentives over their vesting period. For recently appointed CEOs, (Kerr became CEO of South32 as a listed entity in 2015) reported pay will tend to overstate realised pay early in their tenure, because reported pay captures the value of the larger equity incentives received as CEO prior to their actual vesting dates.

<sup>54</sup> Domino's Pizza Enterprises Limited, 2014 Annual Report, p. 18.

<sup>55</sup> Ansell Limited, 2016 Annual Report, pp. 78-79; Change of director's interest notice, 13 August 2015.



# CEO FIXED PAY IN FY16

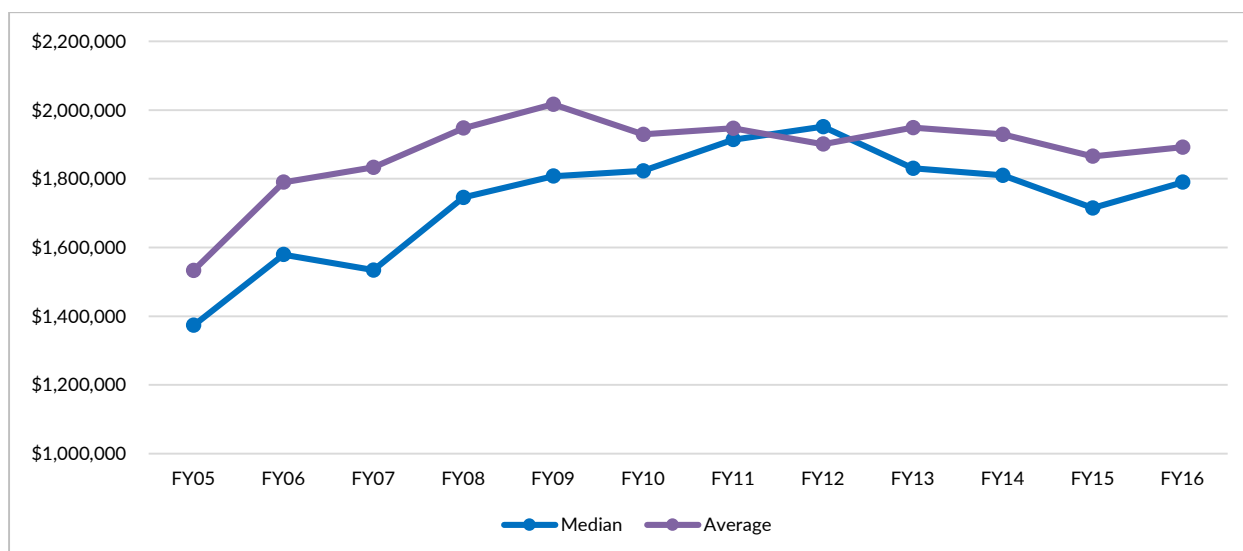
For the first time since 2011, FY16 average and median fixed pay for ASX100 CEOs increased, although the rises were relatively modest. Median fixed pay for ASX100 CEOs rose 4.4% to \$1.79m (Table 13). Excluding FY15, this is still the lowest rate of median fixed pay recorded since 2008.

Table 13: Fixed pay for ASX100 CEOs<sup>56</sup>

	FY16	FY15	FY11	FY06	One-year increase	Five-year p.a. increase	10-year p.a. increase
Median	\$1,790,000	\$1,715,087	\$1,914,050	\$1,579,292	4.4%	-1.3%	1.3%
Average	\$1,892,141	\$1,865,484	\$1,946,748	\$1,789,826	1.4%	-0.6%	0.6%
Highest	\$6,781,903	\$6,979,057	\$4,573,000	\$8,888,197			
Lowest	\$362,100	\$278,238	\$277,638	\$394,769			

The trend over a prolonged period has been for declining CEO pay among ASX100 CEOs (Graph 2). This is the result of new CEOs being appointed on significantly lower pay than their predecessors. The role of new appointments in keeping overall fixed pay low is especially apparent, given that incumbent CEOs (those included in our ASX100 survey in both FY15 and FY16), enjoyed a 9.4% increase in median fixed pay to \$1.84m, and a 2.8% increase in average fixed pay to \$1.90m.

Graph 2: ASX100 average and median CEO fixed pay FY05 – FY15



The highest fixed pay for an ASX100 CEO was again the combined packages of Peter and Steven Lowy. Both men receive a \$US2.50m (\$A3.36m) salary. Considered individually, they would have ranked third and fourth for total fixed pay in FY16.

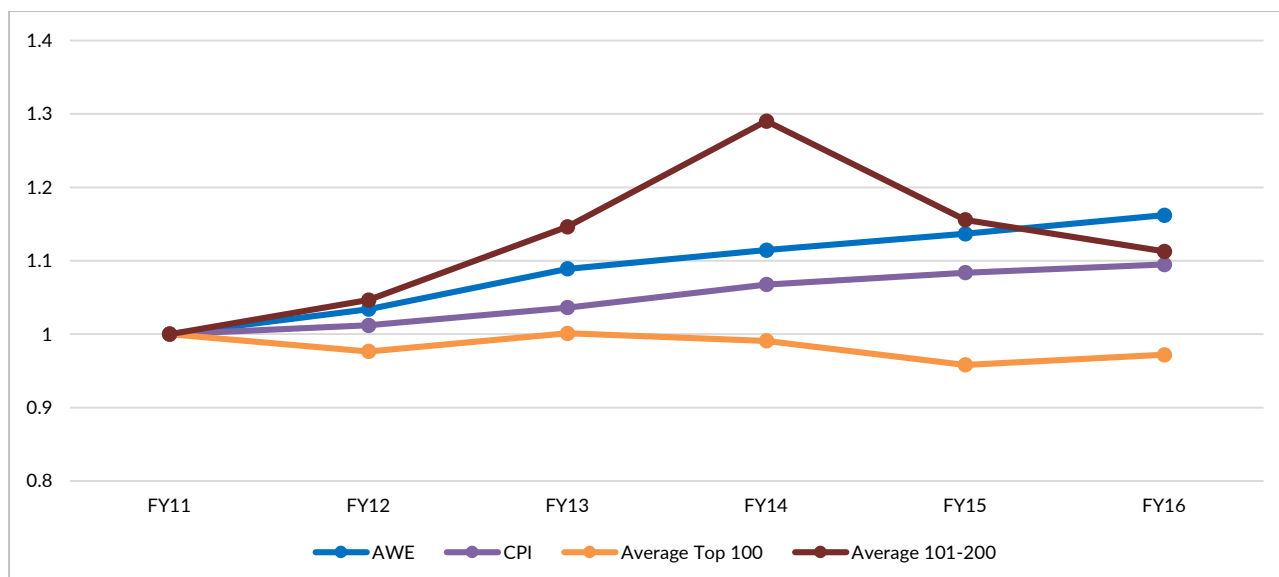
<sup>56</sup> Full fixed pay data over the history of the longitudinal study is set out in Appendix A.

The highest paid CEO on an individual basis was Amcor's Ron Delia. Delia's salary of \$US1.50m (\$A2.06m) was supplemented by various benefits relating to his relocation to Switzerland, which cost Amcor shareholders \$US1.18m (\$A1.62m), in addition to other non-monetary benefits of \$US181,000. An unknown proportion of the additional costs incurred on Delia's relocation are recurring.<sup>57</sup>

There were four other CEOs with fixed pay exceeding \$3m in FY16; Wesfarmers' Richard Goyder, BHP's Mackenzie, Brambles' Tom Gorman (whose salary was again supplemented by generous non-monetary benefits including an allowance for spousal travel) and Crown's Rowen Craigie.<sup>58</sup>

The lowest paid CEO on a fixed-pay basis was again Flight Centre's Graham Turner, who was one of only 10 ASX100 CEOs to have fixed pay of less than \$1m (FY15: eight) – and the only one to have fixed pay below \$500,000 (the next lowest was Harvey Norman's Gerry Harvey at \$750,000).

Graph 3: Rate of change in CEO pay relative to inflation and earnings<sup>59</sup>



ASX100 CEO fixed pay has fallen in absolute terms since FY11, and relative to wages, inflation and fixed pay for CEOs in the ASX101–200 (Graph 3). Average weekly earnings have risen 16.2% over this period compared to a 2.8% decline in ASX100 CEO average fixed pay and an 11.3% increase for ASX101-200 CEO average fixed pay.

In FY16, average fixed pay for ASX101-200 CEOs declined for the second consecutive year, falling to \$1.04m (its lowest level since FY12) from \$1.08m in FY15 (FY14: \$1.20m). The median also declined 2.2% to its lowest level since FY11. Changes in CEOs drove much of this decline, with the 42 incumbent CEOs (those in both the FY15 and FY16 ASX101-200 sample) receiving fixed pay increases. Median incumbent fixed pay increased 5% to \$870,481, and the average rose 7.2% to \$1.10m.

The substantial disparity between ASX100 and ASX101-200 CEOs is again apparent. Among the ASX101-200 CEOs, only 28 had fixed pay above \$1m, with a substantial majority below \$1m. There were only three ASX101-200 CEOs with fixed pay above \$2m, compared to 32 ASX100 CEOs.

<sup>57</sup> Amcor Limited, 2016 Annual Report, pp. 41, 46. The AUD fixed pay for Delia in the FY16 sample was \$4.36m.

<sup>58</sup> Brambles Limited, 2016 Annual Report, p. 26; see footnote 10. In 2015, there were also six CEOs with fixed pay of \$3m or higher.

<sup>59</sup> Inflation is measured using the all capital cities all groups consumer price index as at June for each year from the Australian Bureau of Statistics (ABS) catalogue number 6401.0. Earnings are measured using the average weekly adult ordinary time, full time earnings as at May of each year from ABS catalogue number 6302.0. For all series 2011 has been set to 1.

Table 14: Fixed pay for ASX101-200 CEOs in FY11 – FY16

	FY16	FY15	FY14	FY13	FY12	FY11
Median	\$864,128	\$883,233	\$930,632	\$900,000	\$875,000	\$823,493
Average	\$1,035,243	\$1,075,111	\$1,200,266 <sup>60</sup>	\$1,066,452 <sup>61</sup>	\$973,576	\$930,358
Highest	\$5,898,856	\$5,559,838	\$5,718,958	\$3,935,131 <sup>62</sup>	\$3,003,925	\$3,007,279
Lowest	\$378,581	\$379,455	\$357,009	\$305,799	\$41,221	\$280,351
One-year change (average)	-3.7%	Five-year change p.a. (average)	2.2%			
One-year change (median)	-2.2%	Five-year change p.a. (median)	1%			

Among ASX101-200 CEOs, the combined fixed pay of Village Roadshow co-CEOs, Graham Burke and Robert Kirby, again topped the list at \$5.90m. In common with the Lowy brothers, if considered individually, Burke and Kirby would rank among the highest paid CEOs in the sample. Kirby individually has the highest fixed pay among ASX101-200 CEOs and Burke has the second highest.<sup>63</sup> Below them, Premier's Mark McInnes and Seven West's Tim Worner both had fixed pay above \$2.60m in FY16. The next highest fixed pay for a CEO was \$1.83m for Metcash's Ian Morrice.

The ASX101-200 CEO with the lowest fixed pay was again ARB's Andrew Brown, who was one of four ASX101-200 CEOs with fixed pay below \$500,000. The others were Aconex's Leigh Jasper, Platinum's Kerr Neilson and Corporate Travel's Jamie Pherous. All of these CEOs have a sizeable equity interest in the companies they lead. This is also the case for Burke and Kirby at Village Roadshow.

The history of our CEO pay survey suggests that sizeable equity holdings for a CEO are likely to be associated with extreme pay outcomes. The highest and lowest fixed pay in the ASX100 sample for the past three years has occurred at companies where the CEO has a sizeable equity interest – with the lowest paid CEO Flight Centre's Graham Turner and the highest paid the Lowy brothers at Westfield.

<sup>60</sup> Average fixed pay includes a termination impact for Lynas Corp's Eric Noyrez of \$1.24m and Pacific Brands' John Pollaers \$1.4m. If these are removed the average fixed pay for FY14 was \$1,165,077.

<sup>61</sup> Average fixed pay includes a 'termination effect' for Seven Group and for GUD CEO Ian Campbell who departed shortly after FY13 year-end. If Campbell's termination payment of \$1.21m and the payment to Peter Gammell are excluded, average fixed pay was \$1,029,523.

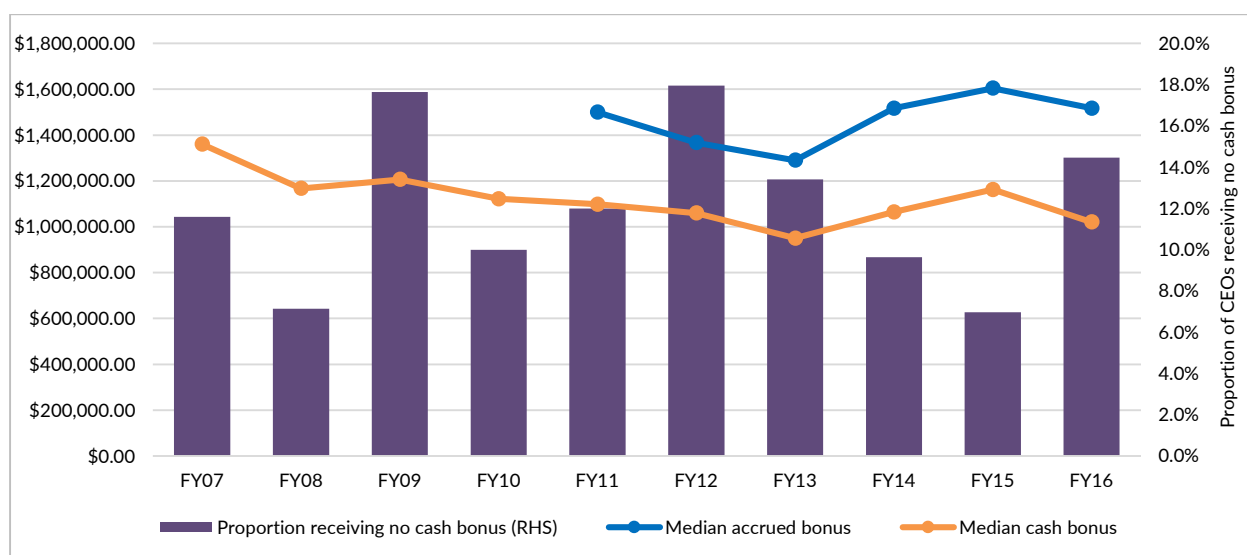
<sup>62</sup> This relates to former Seven Group CEO Peter Gammell and includes \$926,398 in termination payments payable on him ceasing employment as at 30 June 2013. Excluding these payments Gammell had the highest fixed pay in the 101-200 sample.

<sup>63</sup> Robert Kirby's fixed pay is \$2.98m and Burke's is \$2.92m due to Kirby having higher non-monetary benefits.

# CEO BONUSES IN FY16

In FY16, the proportion of ASX100 CEOs who did not receive a bonus rose to its highest level since FY12, with 12 of 83 CEOs (14.5%) receiving no cash bonus. This occurred in a year where bonuses generally fell. For those CEOs who did receive a bonus, the median cash bonus fell 12.2% to \$1.02m, although the average rose slightly to \$1.31m. The median bonus, as a proportion of maximum, for an ASX100 CEO fell from 75.8% to 68.6% in FY16, although well over half of all ASX100 CEOs still received more than half their maximum bonus in FY16.<sup>64</sup> While this reduction indicates that bonus have become slightly more 'at risk', the high median bonus outcome supports our contention that there is too little variability in short-term incentive outcomes for ASX100 CEOs.

Graph 4: ASX100 CEO bonus outcomes FY07 – FY15



Eight ASX100 CEOs did not receive a bonus for performance reasons in FY16. These were Fairfax Media's Greg Hywood (the only ASX100 CEO to receive no bonus for two consecutive years due to performance hurdles not being achieved), ALS Limited's Greg Kilmister, AMP's Craig Meller, Aurizon's Lance Hockridge, Bendigo and Adelaide Bank's Mike Hirst, BHP's Andrew Mackenzie, Origin Energy's Grant King and Sims Metal's Galdino Claro. Another four CEOs were not eligible for a bonus for FY16 due to the structure of their pay packages.<sup>65</sup>

Receiving no bonus for performance reasons remained a reasonable indicator of CEO turnover, with Hockridge and King both departing after the end of FY16. In some cases where a CEO received no bonus, compensating awards were made – such as Sims allocating Claro a retention allocation of \$3.50m at the 2016 AGM, in part due to no bonuses being paid for FY16.<sup>66</sup>

<sup>64</sup> Data on bonuses as a proportion of maximum were available for 71 CEOs (FY15: 76).

<sup>65</sup> These were Seek's Andrew Bassat, Bluescope's Paul O'Malley, Harvey Norman's Gerry Harvey and Goodman Group's Greg Goodman.

<sup>66</sup> Sims Metal Management Limited, 'Notice of annual general meeting', 10 October 2016, pp. 10-11. This allocation of equity was almost defeated with 46.6% of shares voted against.

Table 15: Cash bonuses for: ASX100 CEOs<sup>67</sup>

	FY16	FY15	FY11	FY06	One-year change	Five-year p.a. change	10-year p.a. change
Median	\$1,021,000	\$1,162,488	\$1,098,300	\$1,005,890	-12.2%	-1.4%	0.1%
Average	\$1,313,223	\$1,271,251	\$1,255,212	\$1,683,252	3.3%	0.9%	-2.5%
Highest	\$6,645,144	\$6,617,549	\$3,367,965	\$15,833,577			

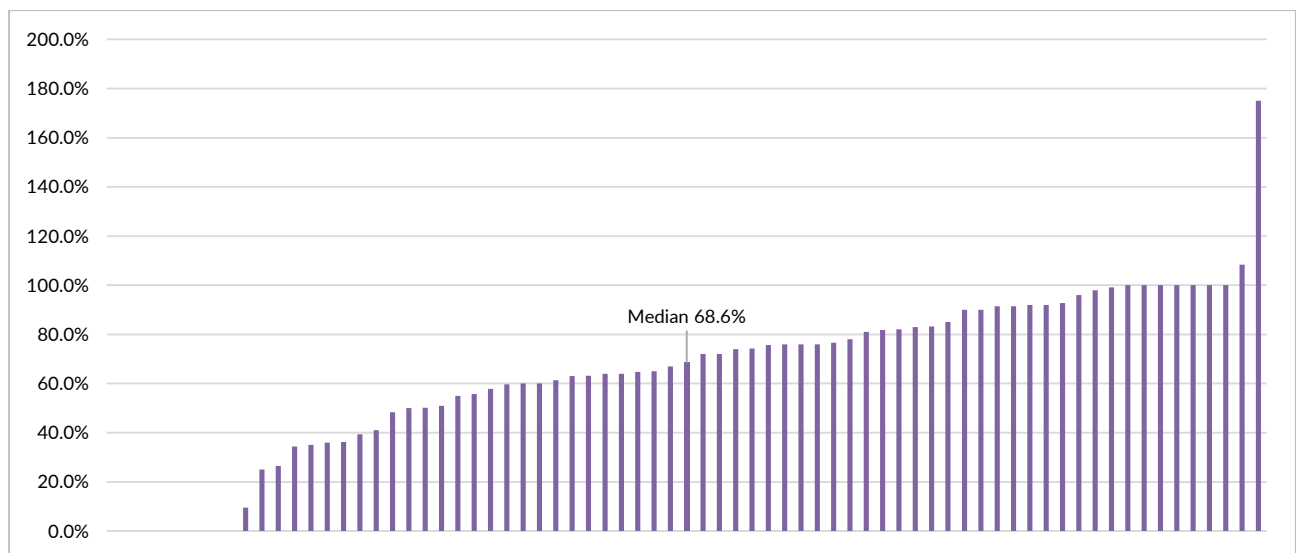
The average bonus accrued and paid rose in FY16, in part due to an increased number of very large bonuses. The largest cash bonuses were again paid to Westfield's co-CEOs, and Macquarie's CEO Nicholas Moore again topped the accrued bonus list at \$17.7m, with 70% deferred for up to seven years. His cash bonus was \$5.3m (the accrued bonus for the Lowy brothers was \$10.2m in aggregate).

Six bonus payments exceeded \$3m in FY16, up from four in FY15. Aside from the Lowys and Moore, this occurred at CSL, Fortescue, James Hardie and Qantas. The bonus received by Fortescue's Nev Power included an additional \$2m 'special incentive' awarded by the board for achieving cost reduction targets.<sup>68</sup> The only CEO other than the Lowys and Moore to receive a cash bonus exceeding \$3m in both FY15 and FY16 was James Hardie's Louis Gries.

Table 16: Accrued bonuses for ASX100 CEOs

	FY16	FY15	FY14	FY13	FY12	FY11
Median	\$1,485,000	\$1,604,724	\$1,516,985	\$1,290,150	\$1,366,730	\$1,500,000
Average	\$2,063,479	\$1,949,392	\$1,964,975	\$1,684,571	\$1,736,497	\$1,657,376
Highest	\$17,721,760	\$15,913,613	\$11,948,209	\$9,386,708	\$9,177,417	\$9,002,180

Graph 5: Distribution of bonus outcomes for ASX100 CEOs as a percentage of maximum



<sup>67</sup> Full bonus data over the history of the longitudinal study is disclosed in Appendix B.

<sup>68</sup> Fortescue Metals Group, 2016 Annual Report, p. 132.

Even in a year where bonuses as a proportion of maximum declined, the persistence of bonuses for ASX100 CEOs was striking. Two CEOs received more than their normal maximum potential bonus in FY16 due to what was considered 'outperformance' by the board. They were Fortescue's Nev Power, who received 108% of his 'normal' bonus in addition to a special incentive of \$2m, and Alumina's Peter Wasow, who received 175% of his standard maximum bonus in recognition of renegotiation of the terms of Alumina's investment in AWAC (which is majority owned and operated by Alcoa).<sup>69</sup>

Another six CEOs received the maximum possible bonus. Only 18 received less than half of maximum for FY16, which provides ongoing evidence that annual bonuses at many companies do not resemble performance pay, and instead appear to be a slightly variable form of fixed pay.

Table 17: Cash bonuses for ASX101-200 CEOs

	FY16	FY15	FY14	FY13	FY12	FY11
Median	\$386,223	\$329,253	\$334,500	\$350,000	\$336,500	\$376,915
Average	\$485,616	\$505,987	\$609,010	\$418,911	\$402,025	\$421,576
Highest	\$2,000,000	\$3,100,000	\$5,169,183	\$1,166,229	\$1,156,000	\$1,500,000
Proportion receiving no bonus	19%	33%	21%	33%	26%	24%
One-year increase (average)	-4%	Five-year increase p.a. (average)	2.9%			
One-year increase (median)	17.3%	Five-year increase p.a. (median)	0.5%			

Among ASX101-200 CEOs, bonuses appear harder to get, as well as being much lower. At 19%, the proportion of CEOs who received no bonus was the lowest it has been in the six years we have collected data on ASX101-200 CEOs. This is still higher than in any year in the past decade for the ASX100 sample. For those CEOs who did receive a bonus, the median cash bonus rose 17% in FY16 to \$386,000, while the average declined 4%. This was in part due to Premier's Mark McInnes receiving a \$2m bonus in FY16, compared to the \$3.1m he received in FY15 (which included bonuses deferred from prior years which had not been previously disclosed).

In FY16, five cash bonuses exceeding \$1m (FY15: four) were paid to ASX101-200 CEOs. Aside from McInnes, the recipients were Metcash's Ian Morrice, Charter Hall's David Harrison, Automotive Holdings' Bronte Howson and Sigma's Mark Hooper. In FY15, Howson and Harrison also received bonuses of more than \$1m. There were eight bonuses accrued above \$1m in FY16 (FY15: six), where a proportion was deferred, with the three other recipients being BT Investments' Gonzalez, Abacus's Frank Wolf and APN's Ciaran Davis.

Bonus deferral was again less common among ASX101-200 CEOs than for ASX100 CEOs. In FY16, 27% of ASX101-200 CEOs had a proportion of their bonus deferred, (FY15: 28%) compared to 61% of ASX100 CEOs in both FY16 and FY15. Accrued bonuses exhibited the same trend as cash bonuses, with the median rising strongly and the average falling.

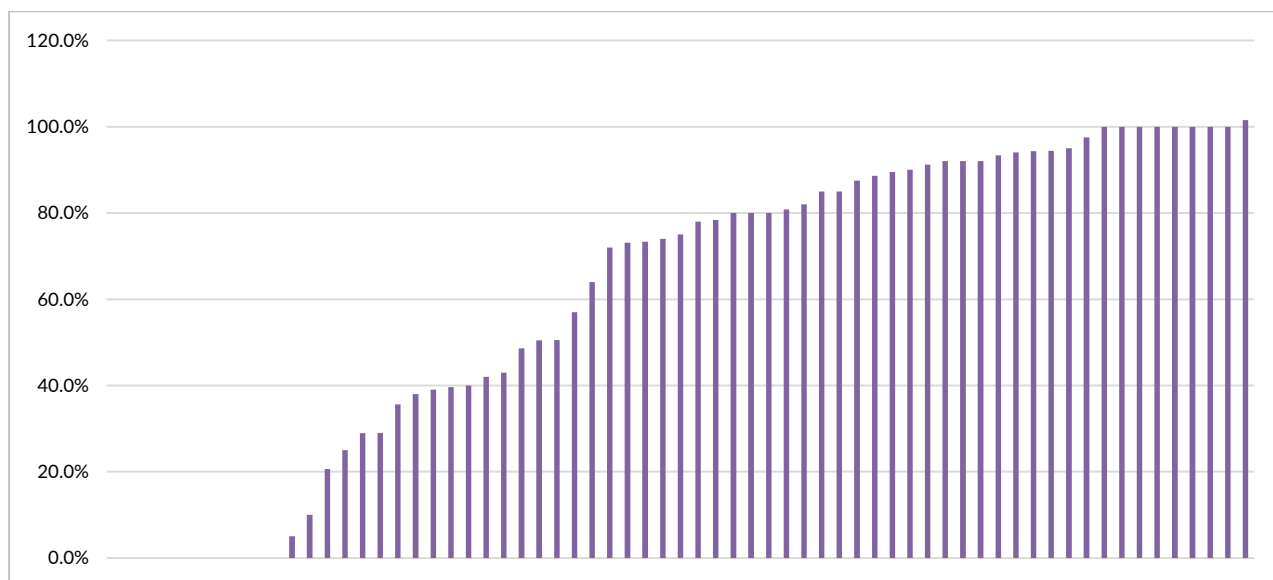
<sup>69</sup> Fortescue Metals Group Limited, 2016 Annual Report, p. 131; Alumina Limited, 2016 Annual Report, p. 53.

Table 18: Accrued bonuses: for ASX101-200 CEOs

	FY16	FY15	FY14	FY13	FY12	FY11
Median	\$486,242	\$375,000	\$380,150	\$397,969	\$336,500	\$400,000
Average	\$577,978	\$623,277	\$671,250	\$493,473	\$422,474	\$474,394
Highest	\$2,000,000	\$3,100,000	\$5,169,863	\$1,749,344	\$1,359,000	\$2,655,000

The greater variability of bonuses among ASX101-200 CEOs, relative to the ASX100, is evident in Graph 6. In FY16, 10 ASX101-200 CEOs (13%) received no bonus for performance reasons, while another five CEOs were not eligible for a bonus. Of the 66 CEOs for whom data was available on their bonuses as a proportion of maximum, 23 (35%) received less than half of maximum, compared to 25% of the ASX100. Nine ASX101-200 CEOs received the maximum bonus. The median outcome was 74.5% of maximum, up from 56.4% in FY15. This increase reflected changes to the sample - for incumbent ASX101-200 CEOs, the median bonus as a proportion of maximum rose only modestly, from 69.8% in FY15 to 73.7% in FY16.

Graph 6: Distribution of bonus outcomes for ASX101-200 CEOs as a percentage of maximum



# CEO CASH PAY

A decline in the proportion of ASX100 CEOs who received a bonus saw cash pay decrease in FY16. Average cash pay fell slightly, while median cash pay declined almost 11% to \$2.60m, after spiking sharply upwards in FY15. This was driven by declines for incumbent CEOs (in office in both FY15 and FY16), whose median cash pay fell from \$2.96m to \$2.64m. This reflects the fact that it was incumbent CEOs who bore the brunt of low bonuses. All the eight ASX100 CEOs who did not receive a FY16 bonus for performance were incumbents. The 10-year trend for both average and median cash pay indicates negative or minimal growth, with average cash pay over the past 10 years falling by 1.3% per annum.

Table 19: Cash pay for: ASX100 CEOs<sup>70</sup>

	FY16	FY15	FY11	FY06	One-year increase	Five-year p.a. increase	10-year p.a. increase
Median	\$2,602,823	\$2,915,332	\$2,945,000	\$2,492,718	-10.7%	-2.4%	0.4%
Average	\$3,037,698 <sup>71</sup>	\$3,102,883 <sup>72</sup>	\$3,354,770	\$3,476,833	-2.1%	-0.1%	-1.3%
Highest	\$13,427,047	\$13,596,065	\$6,734,522	\$16,504,181			
Lowest	\$637,100	\$518,238	\$335,388	\$415,862			

The highest CEOs on a cash pay basis were the Lowy brothers at Westfield, followed by Amcor's Ron Delia. As shown in Table 20, the Lowy brothers individually had the highest cash pay of any CEOs in the ASX100.

Table 20: Highest paid ASX100 CEOs on a cash pay basis in FY16

CEO	Company	FY16 cash pay (FY15)	Value of equity holding (as at end of FY16)
Steven Lowy	Westfield Corporation	\$6,741,548 (\$6,938,869)	\$1.85bn <sup>73</sup>
Peter Lowy	Westfield Corporation	\$6,685,499 (\$6,657,736)	
Ron Delia	Amcor Limited	\$6,554,424 (N/A) <sup>74</sup>	\$7.47m
Nicholas Moore	Macquarie Group	\$6,387,139 (\$6,886,746)	\$122.23m
Paul Perreault	CSL Limited	\$6,054,550 (\$3,589,684)	\$4.68m

From an investor perspective, high levels of cash pay are concerning, as they allow executives to decouple their personal fortunes from a company's share-price performance. However, in the case of the CEOs in Table 20, only CSL's Paul Perreault and Amcor's Ron Delia had cash pay in FY16 that was material relative to their equity ownership at year-end. In FY16, Perreault's cash pay rose sharply – largely because CSL ceased deferring annual bonuses into synthetic equity. The lowest cash pay in the FY16 ASX100 sample was again Flight Centre's Graham Turner. The only other CEO in FY16 with cash pay less than \$1m was Harvey Norman's Gerry Harvey.

<sup>70</sup> Full cash pay data over the history of the longitudinal study is disclosed in Appendix C.

<sup>71</sup> FY16 average cash pay includes a termination payment of \$1.591m to former CEO of Asciano John Mullen. If this is excluded average cash pay for FY16 was \$3,028,385.

<sup>72</sup> Average cash pay for FY15 includes a termination payment of \$1.548m to former Cochlear CEO Chris Roberts. If this is excluded average cash pay for FY15 was \$3,084,878.

<sup>73</sup> Reflects the combined holding of the Lowy family.

<sup>74</sup> Delia was CFO, not CEO until April 2015. His cash pay for FY15 was \$2.573m.



Table 21: Cash pay for ASX101-200 CEOs

	FY16	FY15	FY14	FY13	FY12	FY11
Median	\$1,226,000	\$1,152,253	\$1,283,925	\$1,148,587	\$1,237,000	\$1,157,500
Average	\$1,427,427	\$1,413,240	\$1,687,739	\$1,347,493	\$1,273,000	\$1,245,622
Highest	\$6,333,156	\$6,020,256	\$8,028,508	\$3,935,131 <sup>75</sup>	\$3,363,925	\$4,507,279
Lowest	\$378,581	\$379,455	\$357,009	\$369,159	\$448,062	\$365,053
One-year increase (average)	1%	Five-year increase p.a. (average)	2.8%			
One-year increase (median)	6.4%	Five-year increase p.a. (median)	1.2%			

Among ASX101-200 CEOs, just under a third (25) received cash pay of less than \$1m. Consistent with fewer CEOs receiving no bonus in FY16 than in FY15, cash pay received by ASX101-200 CEOs increased, with the median rising 6.4% and the average rising slightly. Incumbent ASX101-200 CEOs saw sharper increases in cash pay, with the incumbent median increasing 11.8% to \$1.15m and the average rising 7.6% to \$1.50m.

Table 22: Highest paid ASX101-200 CEOs on a cash pay basis in FY16

CEO	Company	FY16 cash pay (FY15)	Value of equity holding as at end of FY16
Mark McInnes	Premier Investments	\$4,666,136 (\$5,100,000)	\$0
Ian Morrice	Metcash Limited	\$3,552,440 (\$1,510,526) <sup>76</sup>	\$523,630
Tim Worner	Seven West Media	\$3,195,015 (\$2,635,194)	\$317,315
Robert Kirby	Village Roadshow	\$3,191,706 (\$3,002,029)	\$359.37m <sup>77</sup>
Graham Burke	Village Roadshow	\$3,141,450 (\$3,018,227)	

On a cash pay basis, the highest-paid CEO in the ASX101-200 were the co-CEOs of Village Roadshow, Graham Burke and Robert Kirby. As with the Lowys, and seen in Table 22, both Burke and Kirby feature individually among the five highest-paid ASX101-200 CEOs, on a cash pay basis.

The highest-paid individual CEO, on a cash pay basis, was Premier's Mark McInnes, at \$4.67m. McInnes was the only ASX101-200 CEO to receive more than \$4m in cash pay. The five ASX101-200 CEOs with cash pay above \$3m in FY16 are listed in Table 22. Only Kirby and Burke have an equity holding that is meaningful in the context of their (high) cash pay.

The lowest paid ASX101-200 CEO on a cash pay basis, and among all ASX200 CEOs, was again ARB's Andrew Brown. Aside from Brown, only Platinum's Kerr Neilson received cash pay of less than \$500,000.

<sup>75</sup> This relates to former Seven Group CEO Peter Gammell and includes \$926,398 in termination payments payable on him ceasing employment as at 30 June 2013. Excluding these payments Gammell had the second highest cash pay in the ASX101-200 sample behind the co-CEOs of Charter Hall at \$3,380,868.

<sup>76</sup> Metcash was included in the ASX100 sample in FY15.

<sup>77</sup> Reflects the combined holdings of Village Roadshow Corporation.

# TERMINATION PAYMENTS

In FY16, 10 termination payments above \$1m were made to departing CEOs – eight in the ASX100 and two in the ASX101-200. Of these, four exceeded \$2m, with three of these in the ASX100. In FY15, nine departing CEOs' termination payments exceeded \$2m, with six of these in the ASX100 and three in the ASX101-200.

The \$23.98m aggregate cost of CEO termination payouts across the ASX200 in FY16 was at its lowest since FY13, when it was \$17.34m. This again illustrates the cost savings to shareholders of reduced termination payments for CEOs, in the wake of changes to the Corporations Act in 2009, which increased shareholder power over termination payments. Since 2008, the aggregate cost of CEO termination payments in the ASX100 has been above \$30m only twice, in 2009 and 2011.

Table 23: Termination payments for ASX100 CEOs in FY16<sup>78</sup>

	Total	Number	Minimum	Maximum
FY08	\$83.03m	13	\$793,333	\$18.31m <sup>79</sup>
FY09	\$34.56m	13	\$168,000	\$6.39m
FY10	\$5.70m	5	\$513,079	\$1.68m
FY11	\$35.02m	12	\$566,667	\$10.90m
FY12	\$19.06m <sup>80</sup>	13	\$150,000	\$4.57m
FY13	\$11.81m <sup>81</sup>	9	\$141,459	\$2.81m
FY14	\$25.93m	9	\$281,644	\$13.59m
FY15	\$24.17m	8	\$ 30,315	\$6.68m
FY16	\$17.88m	9	\$855,000	\$4.38m

The largest termination payment in FY16 was \$4.38m for Rio Tinto's former CEO Sam Walsh. This included \$2.85m in accrued leave payments, which Rio had not previously disclosed as part of its remuneration disclosures. This did not include his pro-rata bonus for FY16, given that Rio has deferred payment of this bonus pending any adverse regulatory findings relating to payments made by Rio in relation to the Simandou iron ore project.<sup>82</sup>

The other payments exceeding \$2m for an ASX100 CEO were \$2.26m for IAG's Mike Wilkins, including an STI payment, and \$3.882m for Iluka's David Robb under generous contractual termination entitlements on his departure during FY16. This amount included the cashing out of unvested long-term incentives and a guaranteed bonus of \$1.8m.<sup>83</sup>

<sup>78</sup> Termination payments include bonuses for part year worked, the value of long-term incentives that vest solely due to termination, payments in lieu of notice or for severance and the value of accrued leave entitlements for executives where leave entitlements have not previously been accrued in the remuneration table.

<sup>79</sup> This payment, to former Santos CEO John Elicce-Flint, includes \$14.592m 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 were exercised. The cash termination payments were \$3.718m.

<sup>80</sup> Figures disclosed in currencies other than AUD were converted into AUD using the exchange rate on the disclosed date of departure.

<sup>81</sup> Figures disclosed in currencies other than AUD were converted using the average exchange rate for FY13 as the payments related to pro rata bonuses.

<sup>82</sup> Rio Tinto, 2016 Annual Report, pp. 87, 99.

<sup>83</sup> Iluka Resources Limited, 2016 Annual Report, pp. 38, 41.

Table 24: Termination payments for ASX101-200 CEOs in FY16

	Total	Number	Minimum	Maximum
FY11	\$14,945,926	11	\$270,710	\$3,630,000
FY12	\$ 5,761,582	6	\$72,698	\$2,510,000
FY13	\$ 5,531,944	5	\$301,926	\$1,532,000
FY14	\$11,809,607	7	\$125,000	\$8,132,985
FY15	\$14,247,979	10	\$202,321	\$2,767,458
FY16	\$ 6,098,580	8	\$8,314	\$2,888,614

Among ASX101-200 CEOs, the highest termination payment went to Charter Hall former co-CEO David Southon. This payment of \$2.89m included the following:

- A pro-rata cash bonus for FY16 of \$732,000 (he stepped down as co-CEO from February 2016).
- A cash bonus of \$329,000 relating to the seven months of his notice period falling in FY17 (estimated at target payout levels).
- Redundancy payments of \$1.112m.
- Notice payments of \$715,000 during FY17.

The total understates the cost of Southon's termination, given it excludes five months of notice during FY16 worth approximately \$450,000.<sup>84</sup>

The other termination payment above \$1m to an ASX101-200 CEO was \$1.03m to GWA's long serving Peter Crowley.<sup>85</sup> This included six months' fixed pay in lieu of notice and \$250,000 in consultancy fees.

There were four CEO departures during FY16 where no termination payments were disclosed:

- Former Woolworths CEO Grant O'Brien's departure arrangements were structured to enable him to maximise his defined benefit pension arrangements, and hence included no termination payments.<sup>86</sup>
- Former FlexiGroup CEO Tarek Robbiati resigned during FY16 (along with two other directors) and was disclosed as receiving no termination payments.<sup>87</sup>
- Former OzForex CEO Neil Helm resigned during FY16.<sup>88</sup>
- Former Syrah Resources CEO Tolga Kumova resigned in late 2016.<sup>89</sup>

In the last three cases, it appears that these were genuine resignations. The uncertainty over the manner of a CEO's departure stems from the fact that, while departing senior executives are often described as having 'resigned' in public announcements, they are frequently paid entitlements on departure that appear to reflect their termination by the company.

<sup>84</sup> Charter Hall Group, 2016 Annual Report, p. 44.

<sup>85</sup> GWA Group Limited, 2016 Annual Report, p. 18.

<sup>86</sup> Woolworths Limited, 'Market update - June 2015', 17 June 2015, p. 7.

<sup>87</sup> FlexiGroup Limited, 2016 Annual Report, p. 25.

<sup>88</sup> OzForex Group Limited, 2016 Annual Report, p. 41.

<sup>89</sup> Syrah Resources Limited, 2016 Annual Report, p.25.

# APPENDIX A: FIXED PAY DATA FOR ASX100

(Italicised data 2001-2004 includes News Corp)

Year	Average	Median	Minimum	Maximum
2016	\$1,892,141	\$1,790,000	\$362,100	\$6,781,903
2015	\$1,865,484	\$1,715,087	\$278,238	\$6,979,057
2014	\$1,929,122	\$1,810,000	\$343,573	\$5,385,916
2013	\$1,948,949	\$1,830,614	\$247,275	\$6,359,705
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 \$1,554,410	\$1,353,000 \$1,376,798	\$410,437	\$4,084,000 \$11,731,875
2003	\$1,361,769 \$1,424,285	\$1,136,537 \$1,137,769	\$345,056	\$6,716,040 \$13,486,153
2002	\$984,045 \$1,027,288	\$903,838 \$914,330	\$50,575	\$7,938,000 \$7,938,000
2001	\$888,407 \$1,008,012	\$780,975 \$781,788	\$52,055	\$2,650,565 \$8,543,137

## APPENDIX B: BONUS DATA FOR ASX100

(Italicised data 2001-2004 includes News Corp)

Year	Average	Median	Minimum	Maximum
2016	\$1,313,223	\$1,021,000	\$209,932	\$6,645,144
2015	\$1,271,251	\$1,162,488	\$35,000	\$6,617,549
2014	\$1,345,662	\$1,065,009	\$152,000	\$7,766,336
2013	\$1,220,744	\$950,000	\$100,000	\$6,101,360
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 C: CASH PAY DATA FOR ASX100

(Italicised data 2001-2004 includes News Corp)

Year	Average	Median	Minimum	Maximum
2016	\$3,037,698	\$2,602,823	\$637,100	\$13,427,047
2015	\$3,102,883	\$2,915,332	\$518,238	\$13,596,065
2014	\$3,164,908	\$2,892,000	\$657,073	\$13,152,252
2013	\$3,005,935	\$2,529,885	\$616,972	\$11,107,787
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 D: REPORTED PAY DATA FOR ASX100

(Italicised data 2001-2004 includes News Corp)

Year	Average	Median	Minimum	Maximum
2016	\$5,164,722	\$4,196,435	\$637,100	\$21,572,743
2015	\$4,992,943	\$4,066,225	\$518,238	\$21,706,636
2014	\$5,008,869	\$4,195,278	\$657,073	\$22,088,011
2013	\$4,843,607	\$4,155,693	\$616,972	\$19,110,336
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 E: INCUMBENT CEO PAY DATA FY15 AND FY16

### Incumbent sample for ASX100 CEOs (71)

	Median FY16	Median FY15	Average FY16	Average FY15
Fixed pay	\$1,838,232	\$1,680,173	\$1,899,399	\$1,847,012
Bonus paid	\$1,051,800	\$1,160,975	\$1,386,382	\$1,284,398
Bonus accrued	\$1,509,100	\$1,568,405	\$2,172,340	\$1,947,755
Cash pay	\$2,638,501	\$2,960,455	\$3,077,413	\$3,116,137
Reported pay	\$4,531,294	\$4,132,272	\$5,296,986	\$5,020,896
Realised pay	\$4,011,230	\$3,867,827	\$5,976,593	\$5,653,428

### Incumbent sample for ASX101-200 CEOs (42)

	Median FY16	Median FY15	Average FY16	Average FY15
Fixed pay	\$870,481	\$829,385	\$1,096,428	\$1,022,740
Bonus paid	\$392,325	\$329,875	\$523,954	\$563,124
Bonus accrued	\$500,000	\$483,666	\$600,627	\$640,777
Cash pay	\$1,148,699	\$1,027,541	\$1,497,774	\$1,391,823
Reported pay	\$1,504,506	\$1,312,216	\$1,842,777	\$1,653,533
Realised pay	\$1,379,637	\$1,261,182	\$1,973,790	\$1,799,396





