

# FINANCIAL REVIEW

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HD **IPOs dominate CEO package rises**  
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Big bonuses awarded in the **lead**-up to stockmarket floats had the biggest influence on the average pay packets of the country's top paid bosses in 2014.

The fact that two chief executives of newly listed companies outflanked the usual banking and **mining** bosses in The Australian Financial Review's 2014 executive salary survey says a lot about the current environment.

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Corporate earnings are recovering but growth remains lacklustre and established companies remain under pressure to keep the lid on fat short-term bonuses.

In this context, Nine Entertainment boss David Gyngell's total salary of \$19.6 **million** looks staggering. But it needs to be viewed in the context of the broadcaster's journey from the brink of receivership to market listing. His salary package reflects performance hurdles established by its former private **equity** owners. Little-known in second

More remarkable is the arrival of little-known Kevin **Chin** in second place on the list, with a total salary of \$13.3 **million**. **Chin** runs investment group Arowana International, which is worth \$155 **million**. But the float of its education arm called Intueri in New Zealand during the year meant **Chin** was rewarded handsomely under the **company's** policy of giving employees a 20 per cent chunk of the proceeds when its enterprise value increases more than 8 per cent. Proxy advisors are aghast at the curious arrangement but shareholders cannot complain as they approved the package.

Those floats, along with almost a dozen others, and private **equity**-style remuneration deals skewed the list in 2014. Average CEO salaries increased by 7 per cent in the year but they would have only risen by 4 per cent excluding the newly listed firms and Mr **Chin's** bonus. This reflects the demise of the pre-financial crisis pay deals. Short-term bonuses are shrinking, and new CEOs are being paid less than their predecessors. Remuneration is weighted more towards long-term bonuses. Familiar faces

More familiar faces make up the rest of the list. News Corporation's Robert Thomson came in third with a salary of \$13.2 **million**, with more than half made up of long-term incentives. A bonus scheme reflecting a jump in Macquarie Group's share price during the year meant Nicholas Moore received a 48 per cent pay rise. He was in fourth place just ahead of James Hardie chief Louis Gries.

Departing Westpac chief Gail Kelly pocketed \$11 **million**, making her the highest paid bank boss, although this was mostly due to performance shares that vested during the year.

While first-strike rules have made boards think twice about awarding hefty bonuses, they have had little impact on pay packets. The downturn in the **mining** industry and an exodus of many long-serving business leaders in the past year or two are translating into less generous remuneration packages. Salaries peaked in 2007 when they jumped 28 per cent before diving by 20 per cent in 2009.

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