

Base salaries are forecast to increase by 4 per cent this financial year, according to a survey of 375 organisations by CSI.

Meanwhile, pressure on boards to create shareholder value and the need for greater transparency and clearly defined performance criteria have led the companies surveyed to review the structure of senior executive remuneration policies, placing more emphasis on variable pay than fixed salaries.

CSI's analysis of current market practice shows guaranteed pay (base salary) made up just 48 per cent of CEO and senior executive remuneration packages in the 2002/03 financial year, falling from 56 per cent in 2001/02. CEOs can now expect to have 23 per cent of their annual remuneration packaged through long-term incentives —up from 12 per cent in 2002.

In its analysis of 2,481 senior executive remuneration packages, CSI found CEOs and senior executives received average remuneration increases (fixed pay and incentives) of 5 per cent over the year to June 2003, with base salaries rising by 4.2 per cent over the same period. This compares to average total remuneration increases of 4.9 per cent in 2002 and 7.8 per cent in 2001.

Finance directors/CFOs and sales directors were awarded the largest annual increases, with their total remuneration rising 7.2 per cent and 7.8 per cent respectively in the year to June 2003.

CEOs at the 375 surveyed organisations were given pay rises above 2002 levels, with an average 5.4 per cent increase in the CEO total remuneration cost. Manufacturing directors received the lowest annual remuneration rises (just 1.1 per cent), while general managers (single-function) also came in under the market average (3 per cent).

Performance pay to lead the way

Base salaries are forecast to increase by 4 per cent this financial year, according to a survey of 375 organisations by CSI.

Meanwhile, pressure on boards to create shareholder value and the need for greater transparency and clearly defined performance criteria have led the companies surveyed to review the structure of senior executive remuneration policies, placing more emphasis on variable pay than fixed salaries.

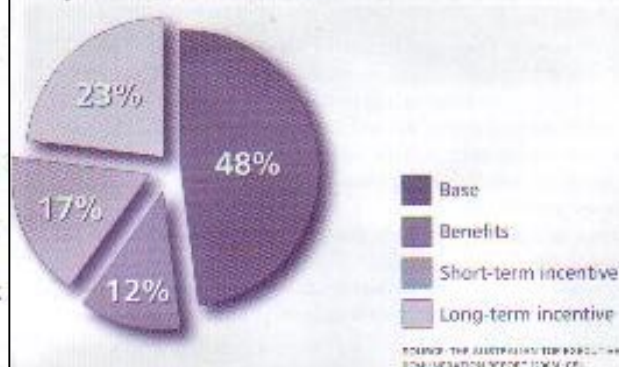
CSI's analysis of current market practice shows guaranteed pay (base salary) made up just 48 per cent of CEO and senior executive remuneration packages in the 2002/03 financial year, falling from 56 per cent in 2001/02. CEOs can now expect to have 23 per cent of their annual remuneration packaged through long-term incentives —up from 12 per cent in 2002.

In its analysis of 2,481 senior executive remuneration packages, CSI found CEOs and senior executives received average remuneration increases (fixed pay and incentives) of 5 per cent over the year to June 2003, with base salaries rising by 4.2 per cent over the same period. This compares to average total remuneration increases of 4.9 per cent in 2002 and 7.8 per cent in 2001.

Finance directors/CFOs and sales directors were awarded the largest annual increases, with their total remuneration rising 7.2 per cent and 7.8 per cent respectively in the year to June 2003.

CEOs at the 375 surveyed organisations were given pay rises above 2002 levels, with an average 5.4 per cent increase in the CEO total remuneration cost. Manufacturing directors received the lowest annual remuneration rises (just 1.1 per cent), while general managers (single-function) also came in under the market average (3 per cent).

Compensation mix: Australian CEO



Compensation mix: United States CEO

