

eganewsletter

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CEO Reward — Looking Back and Looking Forward

Following the publication of the Productivity Commission's (PC) Issues Paper on the regulation of director and executive remuneration in Australia in April, a significant diversity of proposals have been submitted to the Commission for its consideration.

The PC Issues Paper addressed aspects of the Government's reflection of community concern about the magnitude of executive remuneration. A number of the PC's observations and those included in submissions refer to the significant growth in executive remuneration levels and poor alignment with performance.

[Read more>>](#)

Review of limitation to termination payments

The Bill to make amendments to the Corporations Act 2001 in regard to termination payments is now in the Senate.

[Read more>>](#)

ABC Radio National Interview

Trimming the size of golden parachute payouts

Presenter: Peter Mares - June 26, 2009

The Financial Services Minister Chris Bowen has introduced legislation to cut the size of executive payouts - often called 'golden handshakes' or 'golden parachutes'. There has been public outrage at the size of the parachutes granted to some high-flying corporate executives - particularly those who've already piloted their companies into the ground. If approved, the new law would require shareholders to formally endorse any termination payment that is greater than one year's base pay. Under current rules payments of up to seven times base pay can go through without a shareholder vote.

The legislation comes as the Productivity Commission continues its public hearings into executive pay. But the Commission's report on the issue - commissioned by the government - won't be released until December.

So is this bill an example of the Rudd government's much vaunted evidence-based policy to rein in corporate greed? Or a bit of pre-emptive populism to cash in on the politics of envy?

[Listen to interview>>](#)

[Transcript>>](#)

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Employee share plans

After more than a month of submissions on the proposed changes to the tax concessions for employee share plans, the Treasury has announced changes to the measures announced in the 2009 Budget. The new provisions will apply from 1 July 2009.

[Read more](#) >>

Recent Government Initiatives

The year 2009 has seen unusual government activity on the regulation of business. Provoked by the global financial downturn, the Australian government is undertaking extensive consultation processes and proposing amendments to legislation.

[Read more](#) >>

The Significance of Disclosure

From time to time, there is discussion of the function and effectiveness of disclosure in regard to executive reward. However, concern was raised about the ratchet effect that disclosure might have and that some executives might use comparisons with other companies' pay levels to gain unnecessary increases.

[Read more](#) >>

Fair Pay Commission

The final decision of the Fair Pay Commission to freeze wage increases while consistent with a growing trend for executives (See our June Web Poll Results below) surprised the Federal Government which had supported an increase for those on the minimum wage of \$543.78 (\$28,276.56 pa).

The Commission based its decision on the need to preserve existing jobs and to avoid providing a stimulus to employers to reduce the number of employees retained. The Government's concern was that workers on the minimum wage may need an increase to cope with increases in the CPI.

[Link to Fair Pay Commission decision](#) >>

June Web Poll Results Salary Increase Forecast

As part of our commitment to providing clients with contemporary market data and opinion, we have launched a series of "One Minute Surveys" to help us gauge and report trends quickly.

Here are the results from the June poll on **Salary Increases**

... 70% of organisations planning to review salaries between July and December this year anticipate that there will be no increase for CEOs and their direct reports in the coming review program. 57% of contributors revealed that a similar policy would be adopted for their senior management team...

[Download Poll Results](#)



In the news...

Here's what the media has been saying. **Egan Associates** has been quoted in the following media recently.

For the complete articles click - [Press Coverage](#)

ABC Radio National Interview

Presenter: Peter Mares
June 26, 2009

[Click here to listen to the interview Transcript](#)

Investors told to watch executive pay

June 24, 2009
Miriam Steffens / Sydney Morning Herald

Telstra freezes executive pay

23 June 2009
Dominic White / Australian Financial Review

Share plans frozen after tax changes

14 May 2009
Patrick Durkin - Australian Financial Review

2GB Radio Interview

Presenter: Ross Greenwood
Commentary on Executive Remuneration Structure

1 May 2009
[Click here to listen to the interview](#)