egan**associates**

"Slashed pay-it's an accounting illusion"

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Business leaders such as National Australia Bank and Woodside chairman, Michael Chaney, have long questioned the value of statutory reporting of executive remuneration, arguing it does not reflect the actual take-home pay for executives – in good and bad times.

"I think the statutory reports have become very confusing for the average reader; and even the professional analyst has trouble comparing one company with the next, inter alia because of the different discounting outcomes arising from differing conditions applying to different companies' short term incentives and long term incentives" Chaney says....

Graham Kraehe, Bluescope Steel and Brambles chairman and Reserve Bank of Australia board member, agrees with Chaney that such reporting only creates confusion for investors. "The current reporting requirement is that you show the theoretical value of incentives when the realisable value for them can be very different. Explaining that to investors only leads to more unnecessary complication in disclosure." Kraehe says.

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Remuneration expert, John Egan of Egan Associates, says statutory reporting can be illusory.

"it is very confusing for shareholders and it portrays a fact that someone has lost money, whereas in fact what they have lost is a prior disclosed opportunity, and you feel good, but in fact they haven't reduced pay by as much as might be implied."

…end.