

**"Year of living with less luxury - but more necessities"**

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The global financial crisis may have crimped awards and bonuses, but the median base pay of chief executives rose 6 per cent.....

Remuneration expert, John Egan of **Egan Associates**, says many of the increases in base pay reflect decisions made in April or May last year, when companies were doing their annual reviews.

"Subsequent to that, a lot of the remuneration reports are revealing that boards have made a decision that there will be [no] increases in the 2010 financial year, or they will be fairly modest, and that is simply because the impact of the global financial crisis and the flow-on effect on the broad economy wasn't recognised in many companies at the time they decided to adjust pay effective June/July last year, which is being reported at the moment." he says.

"Shareholders might have been surprised that pay levels might have gone up but the decisions were made 15 or 18 months ago.".....

With the sharemarket's strong run in recent months and the return of corporate profit growth flowing from an improving economy, Egan says executives are likely to push hard for pay increases in the year ahead.

"I suspect that we will find 2010 a return to considered pay adjustments and those that are in a competitive market and under pressure will get pay increases." he says.

"A lot of companies that were experiencing difficulty in mid-2008 and are still challenged by the economy won't defer adjustments for a further period.

"Most boards and chief executives would be of a view that they would be reluctant to pursue a third year of a pay pause."

...end.