

"Executive pay reforms "too onerous" "

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Planned federal government changes to executive pay are set to burden non-executive directors with costly new responsibilities and expose company executives and remuneration consultants to criminal offences.

The government's package of executive remuneration reforms, released last month, includes a number of changes, ... it includes complex new provisions mandating how companies must deal with remuneration consultants, breaches of which will now be deemed criminal offences.

The changes require remuneration consultants advising on the salaries of key management personnel to be engaged only by non-executive directors, and require them to report only to those directors or the remuneration committee, rather than company executives.

John Egan, of remuneration consultant **Egan Associates** said the changes were unduly onerous on non-executive directors, "especially when you move outside the top 30 companies". "It's going to be difficult for directors and for remuneration consultants. Now most of the briefs on remuneration issues come from management. Going forward that will have to come from the chair of the remuneration committee," Mr Egan said.

Mr Egan said that in anticipation of the bill, some boards had already asked **Egan Associates** to cease engagement with management of their company and become an exclusive adviser to the directors. "Traditionally more than half our briefs come from management," he said.

Mr Egan said remuneration committees of major listed companies were already meeting more frequently, the meetings were going for longer and they were seeking much more information than in the past. "The fact these changes will lead to a more intimate engagement by directors with remuneration issues is a good thing," Mr Egan said.

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