



# Director and Executive Remuneration Analysis

ASX Listed Companies



Highest total REM  
\$31.6 million

ASX CEO median REM  
\$481.315

2020

## Australian Remuneration Report

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# Welcome

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Welcome to the inaugural Business News 2020 Remuneration Report providing comprehensive salary, bonus and incentives information on key management personnel and non-executive directors across the entire ASX.

Using data sourced from Morningstar supplemented by the work of the Business News research team and specialist contractors, this report is a snapshot of the data available on our new portal [businessnews.com.au/remuneration](https://businessnews.com.au/remuneration).

Business News has long had an interest in remuneration both as data and in the articles written for our subscriber base.

The Business News 2020 Remuneration Report is the time we have independently moved away from geographic constraints to present data from a national perspective.

In this report you will find snapshots for 24 industry segments, broken down by key roles and market capitalisation.

At a glance this will give boards, executives, their advisers and recruitment professionals a guide to remuneration across the ASX.

In addition, we have added relevant Total Shareholder Return (TSR) to provide additional context for users of this report. Where an individual's remuneration is published, the accompanying TSR will be from the balance date of the company involved. Where we have shown role, ASX-wide, sector or market capitalisation remuneration data, the median TSR displayed for each filtered segment will be from June 30.

Further to this we have also examined the impact of COVID-19 on remuneration as well as other matters such as the adoption of restricted share units.

I hope you find the report a useful guide to decision making in your business or your career and, for those who want to deep a bit deeper I commend to you the online portal which has much greater detail and will be updated regularly as new relevant data becomes available.

Yours sincerely



**Charles Kobelke**  
CEO, Business News

# Introduction

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Assessing the remuneration profile of the ASX board makeup and the key executive management team provides an insight into the impacts of COVID of businesses throughout Australia, and those executives whose own careers have been impacted by the virus in 2020.

The rise of the buy now pay later firm, Afterpay saw the value of Luke Bortoli's remuneration package top \$31 million with the majority tied to shares and bonuses.

Banking giant, Macquarie occupied three of the top 10 positions in the analysis including Asset Management head, Martin Stanley, CEO Shemara Wikramanayake and director, Nicholas O'Kane.

Health categories companies CSL and Avita Therapeutics were also prominent in top performing executives.

Business News Western Australia has run an analysis of Australia's best paid boards and executives across classified under the S&P Global Industry Classification Standard (GICS) on the Australian Stock Exchange. Managed funds and investment vehicles listed on the ASX have not been included in this analysis.

Business News is reporting the median salaries per industries and whilst an average salary was considered, the weighting and the number of positions within industry sector could have distortionary impact on the overall reporting of such remuneration packages.

It is important to note that board remuneration and executive remuneration are declared separately in the annual reports submitted to ASX. Data for this report has been sourced by Morningstar.

## How this data works:

### Medians

All grouped remuneration values shown are the median values.

If a role or roles are chosen, then the median is for that role or roles is applied across the ASX, any chosen sector and the relevant market capitalisation brackets for that sector.

### Roles

Roles data will only be displayed if three or more of those roles are present within any chosen sector or relevant market capitalisation bracket.

### Total Shareholder Return

For grouped data Total Shareholder Return (TSR) is as at June 30. TSR displayed for named individuals is at the balance date of their company.

### Market Capitalisation

Market Capitalisation is based on share prices as at the close of business November 30, 2020. Market Capitalisation brackets selected for this report are: Large Cap – more than \$1 billion; Medium Cap – \$200 million to \$999.9 million; Small Cap – \$50 million to \$199.9 million; and Micro Cap – up to \$49.9 million.

### Year

For chapters 1.0 to 4.0 all data is from financial year 2019-20. For chapter 7.0 industry by industry data is from calendar 2020.

# 1.0 Top 10 Paid Executives on the ASX

Afterpay CFO, Luke Bartoli topped the topped paid executives on the ASX based on data provided by Morningstar with the vast majority of earnings coming via valuations of shares, options and deferred payments. Upward share price movements influenced remuneration for people at the likes of Avita. Macquarie's top executives featured prominently in the top 10 with new CEO, Shemara Wikramanayake coming in at number five on the list. Jean-Sebastien Jacques has since left Rio Tinto after taking responsibility for the Juukan Gorge controversy.

Person	Company	Position	Base	Incentives	Total
1 Mr Luke Bortoli	Afterpay	CFO	\$321,199	\$31,302,797	\$31,623,996
2 Dr Michael Perry	Avita Therapeutics	CEO, MD	\$693,285	\$24,566,897	\$25,260,182
3 Mr Martin Stanley	Macquarie Group	Head of MAM	\$727,571	\$18,470,791	\$19,198,362
4 Mr Paul Perreault	CSL	CEO, MD	\$2,447,541	\$13,748,814	\$16,196,355
5 Ms Shemara Wikramanayake	Macquarie Group	CEO, MD	\$795,740	\$14,109,998	\$14,905,737
6 Mr Nicholas O'Kane	Macquarie Group	Head of CGM	\$928,940	\$12,974,398	\$13,903,338
7 Mr Francesco De Ferrari	AMP	CEO, MD	\$2,177,000	\$11,232,000	\$13,409,000
8 Mr Greg Goodman	Goodman Group	CEO, MD	\$96,321	\$10,576,701	\$11,994,022
9 Mr Jean-Sebastien Jacques	Rio Tinto	CEO	\$7,243,000	\$7,994,652	\$15,237,652
10 Mr Paul McKenzie	CSL	CEO, MD	\$459,177	\$8,512,048	\$9,971,225

**SAMPLE**

# 5.0 Analysis

## 5.1 Impact of COVID-19

The ASX 200 has collectively seen its executives and key management staff paid \$190 million less in 2020 than in 2019 based on current reporting to date. Business News notes that while the majority of Australia’s major companies have reported their most recent full-year results, short term bonuses have fallen by as much as \$140 million over the last 12 months. Furthermore, long term incentive payments are on current data provided by Morningstar almost \$50 million below 2019 levels.

### Incentives

	Short-term	Long-term
<b>2020</b>	\$111,395,163	\$100,669,521
<b>2019</b>	\$251,956,099	\$148,715,955
<b>Diff</b>	<b>-\$140,560,936</b>	<b>-\$48,046,434</b>

Note – the above calculations are based on a running total of companies who have reported full-year results for 2019 and 2020.

Short terms incentives for the majority of industries reflect a much more broad-based move to the conservation of cash following a downturn in global markets in March.

The ASX at the end of March was down 30% on a daily basis. Companies sought to shore up their balance sheet, forgo executive bonuses and cut staff.

In a like for like comparison of companies who reported in 2019 and 2020, payments for short-term incentive fell sharply for diversified financial and fund manager where top executives received \$1.5million for 2020 compared to \$19.9 million for earlier

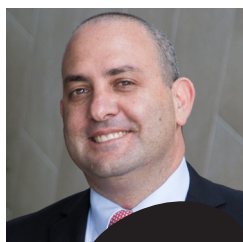
Short-term	2019	2020	Difference
Diversified Financials	\$19,955,611	\$1,579,143	<b>-\$18,376,468</b>
Telecommunications	\$2,156,000	\$814,045	<b>-\$1,341,955</b>
Food, Beverage & Tobacco	\$1,605,089	\$441,250	<b>-\$1,163,839</b>
Food & Staples Retailing	\$3,225,324	\$2,155,809	<b>-\$1,069,515</b>
Media & Entertainment	\$662,547	\$100,432	<b>-\$562,115</b>

Note (this is cumulative comparison of those companies which have reported full-year results for both 2019 and 2020).

Logistics and construction firms classified under capital goods saw short-terms incentives payments rise along with the banking sector where payouts of executives exiting companies in these sectors formed part of aggressive cost cutting drives in the first six months of 2020.

2. **Increase or introduce a deferral component that translates into equity** – it's called 'skin in the game'. The only way you can make someone really accountable is when they bear the financial brunt of their own decisions.
3. **Limit the size of the LTI component and introduce non-market measures** – this ensures relevance of metrics. Reconsider the use of relative Total Shareholder Return (TSR) especially for companies below a billion-market cap, this measure is too volatile and is not representative of company performance. Alternatively, if you decide to utilise relative TSR include one or two other non-market measures as well.
4. **Business are in the business of making profit** – if you are going to use non-financial measures make sure that the measures can be linked to financial targets and do not represent an additional payment for executives doing their job
5. **Make sure your schemes pay out only if financial objectives are reached** – if you wish to pay out for milestones then ensure those milestone payments are subject to a service condition or the final value creation event. Executives should not be allowed to realise their investment in the business before their performance can be evaluated.
6. **Lastly understand market practice and don't blindly follow it** – no company is the same, they have their own nuances, people and plans and this needs to be reflected in the company's incentive arrangements.

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**SAMPLE**

## 7.23 Transportation

### ASX vs Transportation, Market Capitalisation Medians

#### Medians

All grouped remuneration values shown are the median values. If a role is chosen, then the median is for that role is applied across ASX, any chosen sector and the relevant market capitalisation brackets for that sector if three or more of those roles are present. Total Shareholder Return is as at June 30. TSR for individuals is at the balance date of their company.

Market Cap type	Market Cap (\$m)	Base Salary	Total Incentives	Total Remuneration	Total Shareholder Return		
					1 Yr Return	3 Yr Return	5 Yr Return
ASX	\$67	\$364,955	\$101,195	\$478,649	-9%	-12%	-7%
ALL Transportation	\$563	\$749,000	\$411,000	\$1,160,000	-14%	-2%	1%
Large Cap (over \$1b)	\$9,097	\$1,095,900	\$408,476	\$1,516,876	-19%	2%	2%
Small Cap (\$50m to \$200m)	\$166	\$746,410	\$336,687	\$1,108,097	-29%	-5%	1%
Micro Cap (under \$50m)	\$19	\$276,475	\$12,839	\$310,374	-14%	-23%	-17%

### Top Executives & Directors

Total Shareholder Return and Market Capitalisation values shown are as the remuneration balance date. An asterisk after the role denotes the person is no longer at the organisation.

Person	Company	Market Cap (\$m)	Base	Total Incentives	Total Remuneration	1 Yr Return	3 Yr Return	5 Yr Return
1 Louis S Charlton Chief Executive Officer, Executive Director	Transurban Group (TCL)	\$38,339	\$804,022	\$1,169,046	\$1,973,068	-44%	-27%	11%
2 Andrew Harding Managing Director, Chief Executive	Aurizon Holdings (AHL)	\$7,000	\$66,000	\$2,624,000	\$4,341,000	-4%	2%	5%
3 Maurice James Managing Director	QUB Resources (QUB)	\$5,537	\$1,142,688	\$60,942	\$3,928,630	-1%	7%	8%
4 Peter Moran Chief Executive Officer	Air New Zealand (AIZ)	\$1,054	\$1,542,769	\$1,697,046	\$3,335,466	-44%	-27%	-19%
5 Alan Ryan Chief Executive	Qantas Airlines (QAN)	\$10,317	\$1,606,000	\$138,000	\$1,744,000	-26%	-18%	-9%
6 Greg Pappas Managing Director	QUBE Holdings (QUB)	\$5,537	\$585,800	\$678,952	\$1,289,752	-1%	7%	8%
7 Andrew Skelton Chief Executive Officer, Managing Director	A2B Australia (A2B)	\$166	\$804,022	\$443,907	\$1,268,932	-50%	-38%	-27%
8 Gareth Evans Chief Executive Officer, Jetstar	Qantas Airways (QAN)	\$10,317	\$795,000	\$419,000	\$1,214,000	-26%	-18%	-9%
9 Michael Lindsay Chief Executive, Managing Director	Lindsay Australia (LAU)	\$96	\$843,420	\$339,543	\$1,209,374	8%	2%	3%
10 Tino La Spina Chief Financial Officer; Chief Executive, International*	Qantas Airways (QAN)	\$10,317	\$749,000	\$411,000	\$1,160,000	-26%	-18%	-9%



## 7.24 Utilities cont.

### Top Roles for Utilities

Each of the tables below show the top roles for the selected industry and their median remuneration compared to the ASX.

Roles	Utilities - Median Remuneration			ASX - Median Remuneration		
	Base	Incentives	Total	Base	Incentives	Total
CEO/Managing Director	\$379,406	\$253,809	\$658,407	\$364,955	\$101,195	\$478,649
Non-Executive Director	\$112,393	\$0	\$112,393	\$72,063	\$0	\$78,909
Non-Executive Chair	\$179,151	\$0	\$179,151	\$95,833	\$0	\$95,833
Chief Financial Officer	\$213,504	\$187,316	\$413,993	\$289,320	\$31,995	\$348,923
Executive Director	\$200,000	\$95,726	\$295,726	\$135,000	\$95,592	\$230,592

### Large Cap

Roles	Utilities - Median Remuneration			ASX - Median Remuneration		
	Base	Incentives	Total	Base	Incentives	Total
CEO/Managing Director	\$605,482	\$631,321	\$1,254,272	\$1,349,803	\$0	\$1,784,130
Non-Executive Director	\$113,820	\$0	\$113,820	\$147,495	\$0	\$161,507
Non-Executive Chair	\$179,151	\$0	\$179,151	\$214,169	\$0	\$237,686
Chief Financial Officer	\$213,504	\$187,316	\$413,993	\$478,940	\$58,216	\$1,082,516

### Medium Cap

Roles	Utilities - Median Remuneration			ASX - Median Remuneration		
	Base	Incentives	Total	Base	Incentives	Total
Non-Executive Director	\$100,000	\$0	\$100,000	\$36,000	\$55,908	\$91,908

### Small Cap

Roles	Utilities - Median Remuneration			ASX - Median Remuneration		
	Base	Incentives	Total	Base	Incentives	Total
CEO/Managing Director	\$448,130	\$91,528	\$581,906	\$448,130	\$0	\$448,130
Non-Executive Director	\$54,733	\$0	\$54,733	\$65,617	\$0	\$65,617

### Micro Cap

Roles	Utilities - Median Remuneration			ASX - Median Remuneration		
	Base	Incentives	Total	Base	Incentives	Total
CEO/Managing Director	\$298,613	\$178,744	\$489,857	\$237,783	\$28,162	\$285,708
Non-Executive Director	\$40,000	\$76,726	\$116,726	\$36,000	\$7,200	\$43,200