



NEWS RELEASE:

TOP PRIORITIES IN EXECUTIVE REMUNERATION REVEALED

Wednesday 3rd August 2005: Organisations remain focused on executive performance management and aligning executive pay to the market this financial year, according to a new study by CSI – The Remuneration Specialists.

CSI's *July 2005 Australian Top Executive Remuneration Report*, a survey of 2,838 individual executives from 455 Australian organisations, revealed that out of a list of ten issues, executive performance management and aligning executive pay to the market are the top two priorities for the 2005/06 financial year.

Seventy-three per cent of organisations indicated executive performance management is a very important priority within remuneration strategies this financial year. This result is consistent with priorities reported in CSI's July 2004 report, which indicated 75 per cent of organisations focussed on this issue.

"There is an accepted view that executive performance and the performance of the organisation are closely linked," commented Ms Jean Williams, CSI's Practice Lead.

"As the shareholder market continues to become more vocal and active in the management of their investment we should expect their scrutiny to continue. Pressure on management of executives' performance and their results is therefore not likely to abate, in fact it may increase."

CSI's July 2005 report also shows that aligning executive pay to the market is another high priority for 64 per cent of organisations this financial year. The importance of this issue has increased since CSI's July 2004 report when 57 per cent of organisations reported that they were focussed on this issue.

"The importance of alignment to market has increased across all employee groups, not just at the executive level, as a result of the employment market tightening," commented Ms Williams.

“In addition to this, executive remuneration is becoming more closely monitored and regulated. Organisations are taking time to determine what their specific market is and source relevant pay market intelligence in order to formulate a defensible framework for determining executive pay.”

A continuing trend from 2004 is the lessening importance of providing benefits within executive salary packages. In CSi's July 2004 report, 21 per cent of organisations indicated this issue as a top priority; this contrasts to only 16 per cent of organisations in the July 2005 report.

However, CSi's July 2005 report revealed the increasing importance of providing flexible working conditions to executives, with 23 per cent of organisations noting this issue as very important, up from 10 per cent in the 2004/05 financial year.

“It is interesting to note that these trends are similar to trends in strategic priorities for the general (non-executive) staff population, whereas the process of determining remuneration rates and salary increases for executives still remains quite separate to the process used for general (non-executive) staff,” remarked Ms Williams.

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Note:

CSi's Australian Top Executive Remuneration Report

This report includes information from 2,838 top executives from 455 Australian organisations across a broad range of industry sectors including computer, hi-tech, manufacturing, banking, finance, insurance, agriculture and energy, wholesale, retail, service, life science, and telecommunications. It provides detailed market intelligence to businesses on market remuneration rates for key executive job roles in the Australian market, as well as a comprehensive analysis of trends in executive pay.

CSi – The Remuneration Specialists

CSi is a specialist remuneration consultancy that provides advice to assist organisations with strategic and operational remuneration activities. With a reputation for excellence and integrity, CSi assists organisations with setting remuneration strategy, designing remuneration policies, sourcing and utilising market remuneration data, and providing training in remuneration management theory and practice.

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