



Inaugural Investor Relations Remuneration Study

An assessment of compensation, roles and skills

Conducted by

Australasian Investor Relations Association
in association with Salt & Shein.

Involving

Investor Relations Practitioners
in Australia and New Zealand

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Inaugural IR Remuneration Study



Research Purpose and Approach

Welcome to the Inaugural Investor Relations Remuneration Study. This study will be conducted annually by the Australasian Investor Relations Association (AIRA) in association with executive search and recruitment specialists, Salt & Shein.

The purpose of the study is to provide insights for investor relations practitioners and their colleagues in publicly listed companies, about job scopes, remuneration practices and trends. The study provides data for:

- Benchmarking remuneration
- Identifying factors important to recruiting IR practitioners; and
- Managing IR practitioners and IR teams.

AIRA engaged communication specialist and PhD candidate Greg Crowther of Laminar Consulting to design the study, analyse and report on results. In mid-May 2006, 200 investor relations practitioners representing all industry sectors and working in ASX 200 and NZ 250 listed entities were invited to participate in an online questionnaire. A total of 61 practitioners responded, representing a response rate of 30.5%.

Key findings

Note: The median was used in this study to measure the centre of the data. The mean was not used because it is affected by unusually high or low data points and remuneration and bonus levels were measured in bands.

Respondents - Investor Relations (IR) practitioners - were asked to identify their **total annual remuneration** (all in company costs excluding cash bonuses and long-term incentives). The median remuneration range was \$225,000–\$275,000. The size of a listed entity (based on its market capitalisation) did not appear to be a significant influence on remuneration levels.

The sectors paying above the median range were property, telecommunications and materials. Based on the responses received, additional responsibilities (e.g. corporate affairs) do not generally affect the remuneration of IR practitioners.

The median range for IR practitioners reporting directly to a CEO (\$225,000–\$275,000) is higher than those not reporting to a CEO (\$175,000–\$225,000).

Short-term incentives were based on a combination of personal targets and business outcomes. The median bonus range was 20%–30% of fixed salary. This range was typical for IR practitioners in companies with market capitalisation of \$3b+. Smaller-sized entities paid lower bonus rates.

A majority of **long-term incentives** were calculated on total shareholder returns, business performance or a combination of these measures. These incentives were paid as performance rights (27% of respondents), shares (25%) and options (20%). Some 20% of respondents were not paid long-term incentives.

Some 38% of respondents **report directly to the Chief Executive Officer** and 48% report to the Chief Financial Officer. The remainder report to the head of corporate communications, the company secretary or other executive.

IR practitioners were more likely to report to the CEO in smaller listed entities (i.e. < \$1b market capitalisation). In companies of \$1b to \$5b, there was an even split between IR practitioners **reporting to the CEO and the CFO**. In companies over \$5b, 74% reported to the CFO and 18% reported to the CEO.

The majority (56%) of respondents had between 1 and 6 **direct reports** involved in investor relations. A smaller number (31%) had direct reports with other roles.

The three most reported **KPIs for investor relations** were

- Quality of relationships with the marketplace
- Dissemination of timely, accurate information to the marketplace
- Accurate representation of the company in marketplace reports (analyst and media reports).

More than two-thirds (69%) of respondents indicated their organisations did not have **succession plans** for their IR functions.

Respondents were asked to indicate their **desired career paths**. Some 42% indicated they would like to move to another organisation and remain in IR. Of the remainder, 19% said they would like to remain with their current organisation and take on a broader communications role, and 39% indicated they would prefer to move out of the role of in-house IR practitioner.

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The top five **challenges faced by IR practitioners** in performing their roles were:

1. Securing senior management commitment to effective IR
2. Acquiring the resources (incl. time) to fulfill demand for IR services
3. Balancing the information and relationship needs of the company and the market within the regulatory environment
4. Gaining relevant, timely information about the business
5. Cutting through the communication clutter in the marketplace with clear messages.

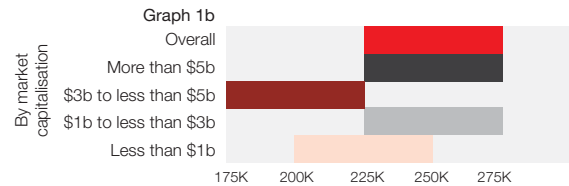
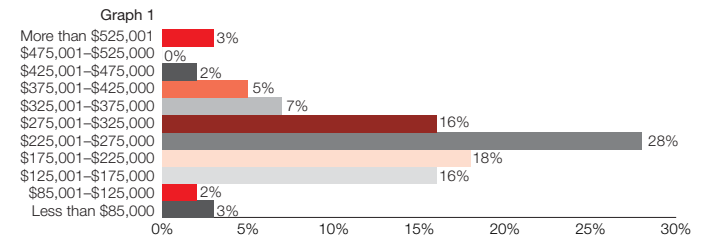
Respondents identified the top five **attributes of effective IR practitioners** as:

1. Being an effective communicator
2. Having strong relationships with internal and external stakeholders
3. Being highly numerate and accurate with data
4. Having a solid understanding of business strategy and operations, and investment market processes and needs
5. Being trustworthy by acting with integrity at all times.

About Compensation

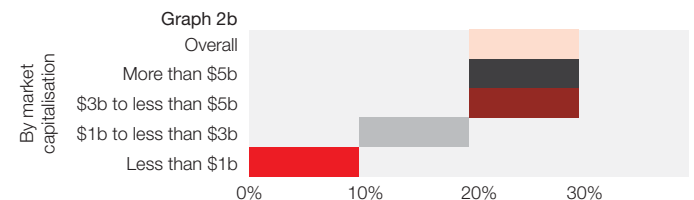
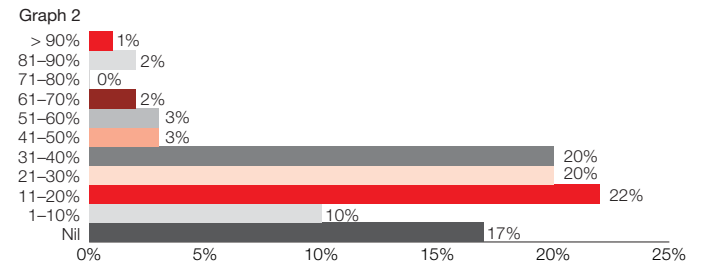
1. 2006 Total annual remuneration (all in company costs) excluding cash bonus and long-term incentives

Median remuneration bracket ranges



2. 2006 Bonus payments (as a % of salary)

Median cash bonus bracket ranges (expressed as a % of salary)

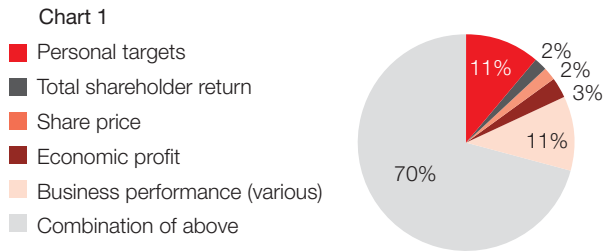


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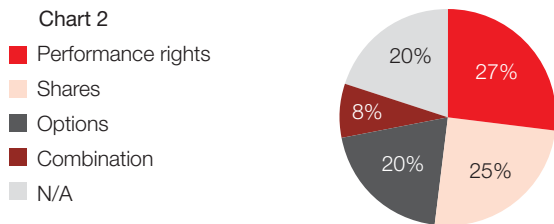
3. Calculation of 2006 short-term incentives

Respondents identified the factors determining their short-term incentives



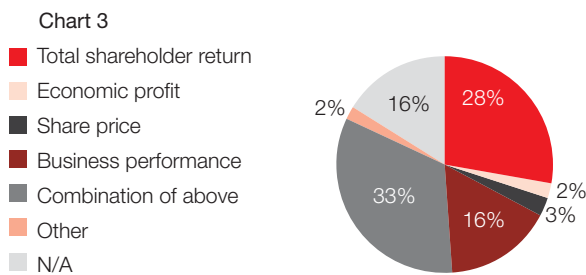
4. 2006 long-term incentives

Respondents identified the form of long-term incentive(s) they receive



5. Calculation of 2006 long-term incentives

Respondents identified the factors determining their long-term incentives



6. Titles and salaries of direct IR reports

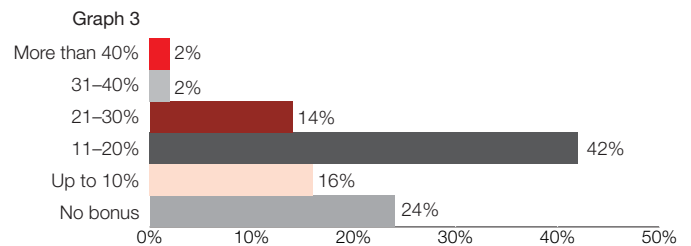
Table 1

Title	Salary range	% of respondents with direct reports in this category
Investor relations manager	\$65,000–\$180,000	47%
Investor relations manager – retail	\$90,000–\$150,000	6%
Investor relations manager – institutional	\$155,000–\$170,000	9%
Investor relations officer	\$42,000–\$95,000	15%
Investor relations analyst	\$55,000–\$180,000	18%
Investor relations coordinator	\$45,000–\$130,000	32%
Corporate affairs manager	\$70,000–\$120,000	6%
Corporate communications manager	\$120,000–\$220,000	12%
Assistant	\$45,000–\$65,000	6%
Other (including Graduate, Manager Stakeholder Relations)	\$40,000–\$140,000	18%

7. Payment of bonuses to direct reports

Respondents identified the percentage of salary paid as a bonus to direct reports

Median bonus range for direct reports is 11% to 20%



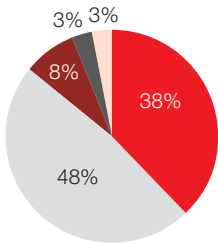
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About Roles

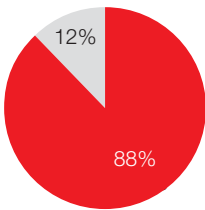
8. Person to whom IR function directly reports

Overall



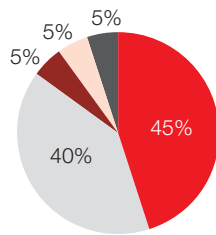
By market cap: <\$1b

Chart 4a



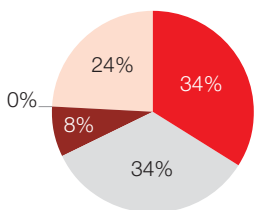
By market cap: \$1b–\$3b

Chart 4b



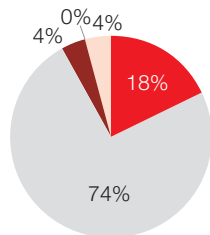
By market cap: \$3b–\$5b

Chart 4c



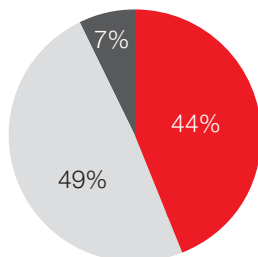
By market cap: >\$5b

Chart 4d



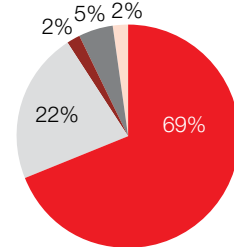
9. Number of IR staff reporting to IR head

Chart 5



10. Number of non-IR staff reporting to IR head

Chart 6



11. Key Performance Indicators for IR function

Respondents nominated the following KPIs as ones used in their roles

Table 2

	% of respondents
Quality of relationships with the marketplace	85%
Dissemination of timely, accurate information to the marketplace	64%
Accurate representation of the company in marketplace reports (analyst and media reports)	63%
Broad coverage of your company by analysts	21%
Ranking in investor relations surveys	17%
No breaches of continuous disclosure requirements	15%
Minimising the number of “surprises”	15%
Composition of share registry	10%
Share price	3%
Other (non-IR related, internal comms)	3%

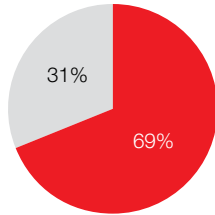
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12. Succession planning for IR function

More than two-thirds (69%) of respondents indicated their organisations do not have succession plans for their investor relations functions.

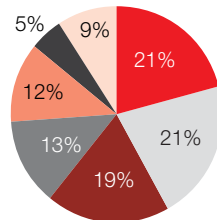
Chart 7
 ■ No succession plan
 ■ Succession plan



13. Desired career path for IR practitioners

Respondents indicated their desired career paths. (NB. Almost half (42%) saw their futures as being in other organisations)

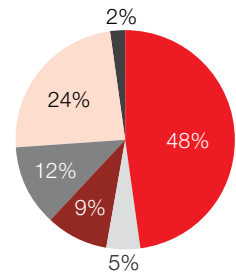
Chart 8
 ■ Head of IR with another listed company
 ■ Broader role in another listed company
 ■ Broader corporate role in same company (including IR)
 ■ Line or business unit role in same company
 ■ Divisional or Group CFO
 ■ Broader corporate role in same company (excluding IR)
 ■ Other (including private equity consulting)



About Skills

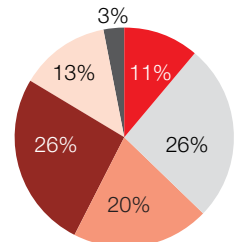
14. Highest level of tertiary education completed by IR practitioners

Chart 9
 ■ Bachelor degree (accounting, business, economics or finance)
 ■ Bachelor degree (other)
 ■ Masters degree (excluding business)
 ■ MBA
 ■ Other postgraduate qualification
 ■ PhD



15. Length of experience as an IR practitioner

Chart 10
 ■ Less than 1 year
 ■ 1 to < 3 years
 ■ 3 to < 5 years
 ■ 5 to < 10 years
 ■ 10 to < 15 years
 ■ 15 to < 20 years



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