

Australasian Investor Relations Association



2007 Investor Relations Remuneration Study

Annual assessment of compensation, roles and skills

Conducted by

Australasian Investor Relations Association
in association with Salt & Shein

Involving

Investor Relations Practitioners
from Australian and New Zealand Listed Entities

July 2007



IR Remuneration Study



Research Purpose and Approach

Welcome to the 2007 Investor Relations Remuneration Study. This annual initiative is conducted by the Australasian Investor Relations Association (AIRA) in conjunction with executive search and recruitment specialists, Salt & Shein.

This is the second year the study has been conducted.

Its purpose 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 has again engaged communication specialist Greg Crowther of Laminar Consulting to independently analyse and report on the results. In early June 2007, 195 investor relations practitioners representing all industry sectors and working in ASX 200 listed entities were invited to participate in an online questionnaire. A total of 66 practitioners completed the questionnaire, representing a response rate of 35%. This strong response rate means readers of the data contained herein can be confident the findings are representative of the broader investor relations profession in Australia and New Zealand.

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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 **annual remuneration** (total company costs excluding cash bonuses and long-term incentives). The median remuneration range was \$225,000–\$275,000. This was the same median range in 2006. The size of a listed entity (based on its market capitalisation) did appear to influence remuneration with IR practitioners in entities of \$5b+ capitalisation reporting higher levels of remuneration compared with the overall median range.

The sectors paying above the median range were financial, industrial, media, mining and utilities. This list of sectors was different in 2006, when property, telecommunications and materials were the sectors paying above the median range.

Based on the responses received, additional responsibilities (e.g. corporate affairs) affected the remuneration level of IR practitioners. This was in contrast to the 2006 results, which indicated additional responsibilities did not affect remuneration.

The median range for IR practitioners reporting directly to a CEO (\$225,000–\$275,000) was the same for those reporting to a CFO or head of corporate communication. This result was different in 2006, when the median salary range for IR practitioners reporting directly to a CEO was higher than those not reporting to a CEO. The median range for IR practitioners reporting to another senior executive was slightly lower than for those 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 21–30% of fixed salary (the same as 2006). This range was typical for IR practitioners in companies with market capitalisation of \$3b+. The median bonus range for smaller-sized entities was 11–20%.

The majority of **long-term incentives** were calculated on total shareholder returns and a combination of business performance measures. These incentives were paid as performance-linked rights issues (24% of respondents), shares (21%) and options (14%) or a combination (19%). Some 22% of respondents were not paid long-term incentives. In 2006, 27% of respondents reported incentives were paid as performance-linked rights issues, 25% of incentives were paid as shares and 20% of incentives were paid as options. Some 20% of respondents were not paid long-term incentives.

Thirty-two percent (32%) of respondents **report directly to the Chief Executive Officer** and 49% reported to a Chief Financial Officer. The remainder reported to either the head of corporate communications or another senior executive. The numbers reporting to a CEO were down from 38% in 2006 whilst the numbers reporting to a CFO were up by 1%.

More IR practitioners in listed entities of less than \$5b market capitalisation, reported to a CEO than reported to another executive (e.g. CFO). In 2006 there was an even split between IR practitioners **reporting to a CEO and a CFO**. In companies of more than \$5b capitalisation, 74% reported to a CFO (in line with 2006) and 9% reported to a CEO (down from 18% in 2006).

The majority (51%) of respondents had between one and six **direct reports** involved in investor relations. A smaller number (30%) had direct reports with other roles. The percentage of IR practitioners with responsibility for managing staff was in line with what was reported last year.

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Replicating last year's results, the three most reported **KPIs for investor relations** in 2007 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).

Almost three-quarters (72%) of respondents indicated their organisations did not have **succession plans** for their IR functions. This result reflects a slight increase on 2006 when 69% reported no succession plans were in place.

Respondents were asked to indicate their **desired career paths**. The preference to move out of an existing company or out of IR was up on 2006. Some 44% indicated they would like to move to another organisation and remain in IR (up slightly from 42% in 2006). Of the remainder, 21% indicated a desire to move into a line or business unit role in their existing organisation (up from 13% in 2006) and 19% said they would like to take on a broader communications role (same as 2006). Of total responses, 45% indicated they would prefer to move out of the role of in-house IR practitioner (up from 39% in 2006).

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

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

Although these challenges were identical to those reported in 2006, their order has changed. Last year, the top challenge reported by respondents was securing senior management commitment to IR. As this is now the fifth most pressing challenge, this result perhaps reflects a growing appreciation of the value of IR to senior executives in listed companies. Last year, the fifth most pressing challenge was cutting through the communication clutter in the marketplace with clear messages. As this challenge has now moved to the second spot, companies are perhaps finding it tougher in 2007 to get their message heard.

Other challenges faced by IR practitioners included: attracting institutional support; dealing with an increasingly short-term market; overcoming negative views of the company; keeping up to date with disclosure rules and practices; balancing operational needs and IR responsibilities; and evaluating the status of IR at Board level.

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

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

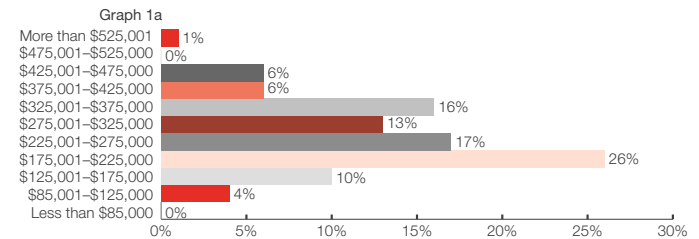
These priorities have changed since 2006 when respondents identified the top attributes of effective IR practitioners as:

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
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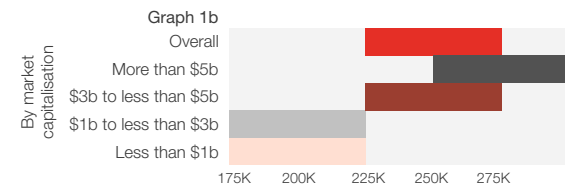
About Compensation

1. 2007 Annual remuneration (all in company costs) excluding cash bonus and long-term incentives

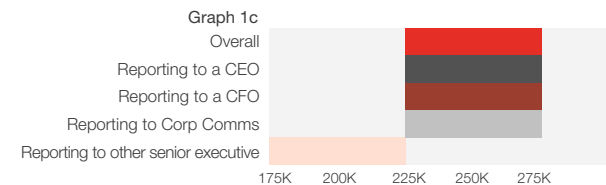
Median remuneration bracket ranges



The number of respondents reporting salaries in excess of \$325,000 was 29%, up from 17% in 2006.



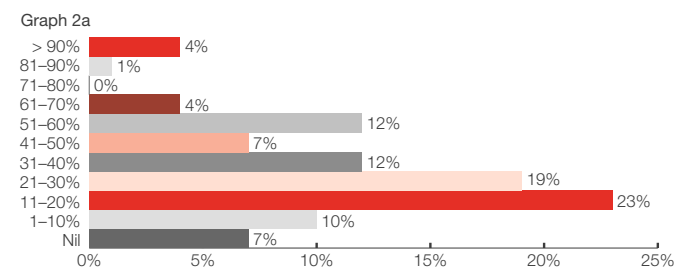
Whilst the overall result is in line with the 2006 study, there was some movement between market cap bands. Respondents working in companies with greater than \$3b market cap reported higher remuneration levels compared with respondents in 2006. Those working in companies of less than \$3b market cap reported lower remuneration compared with 2006 respondents.



2007 results in line with those recorded in 2006.

2. 2007 Bonus payments (as a % of salary)

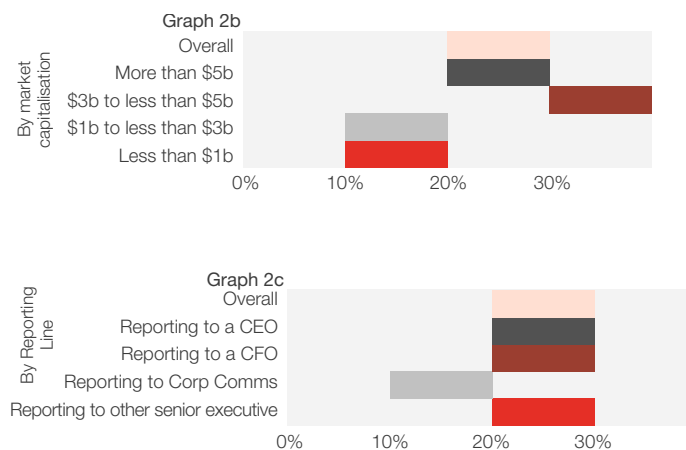
Median cash bonus bracket ranges (expressed as a % of salary)





2. 2007 Bonus payments (as a % of salary) continued

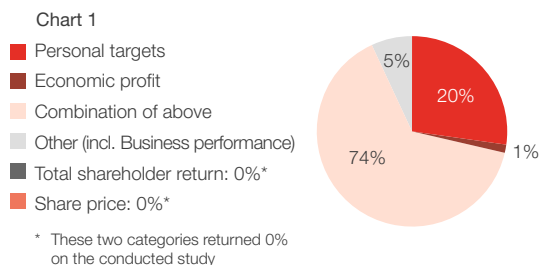
Median cash bonus bracket ranges (expressed as a % of salary)



The overall result for 2007 bonus ranges remains the same as 2006. Respondents working in companies with market caps of “\$3b to less than \$5b” and “less than \$1b” reported higher levels of bonus in 2007 compared with 2006.

3. Calculation of 2007 short-term incentives

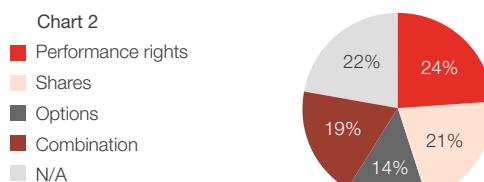
Respondents identified the factors determining their short-term incentives



Respondents indicated personal targets (up from 11% in 2006 to 20% in 2007) and a combination of factors (up from 70% to 74%) as the key factors determining short-term incentives.

4. 2007 long-term incentives

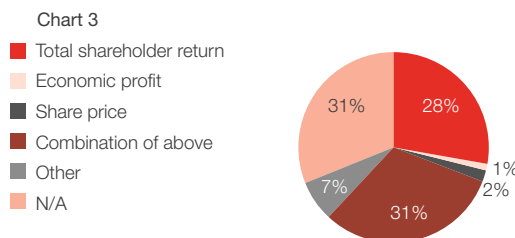
Respondents identified the form of long-term incentive(s) they receive



Compared with 2006, respondents indicated more IR practitioners receive a broader range of long-term incentives in 2007.

5. Calculation of 2007 long-term incentives

Respondents identified the factors determining their long-term incentives



These results were in line with 2006 responses.

6. Titles and salaries of direct IR reports

Table 1

Title	% of respondents with direct reports in this category	Salary range 2007	Salary range 2006
Investor relations manager	23%	\$96,000–\$400,000	\$65,000–\$180,000
Investor relations manager – retail	6%	\$100,000–\$190,000	\$90,000–\$150,000
Investor relations manager – institutional	5%	\$160,000–\$200,000	\$155,000–\$170,000
Investor relations officer	10%	\$60,000–\$200,000	\$42,000–\$95,000
Investor relations analyst	8%	\$60,000–\$125,000	\$55,000–\$180,000
Investor relations coordinator	12%	\$30,000–\$100,000	\$45,000–\$130,000
Corporate affairs manager	1%	\$80,000–\$140,000	\$70,000–\$120,000
Corporate communications manager	10%	\$80,000–\$180,000	\$120,000–\$220,000
Assistant	24%	\$45,000–\$90,000	\$45,000–\$65,000
Other (including Finance, Legal, Marketing, PR, Sales, Treasury)	1%	\$40,000–\$400,000	\$40,000–\$140,000

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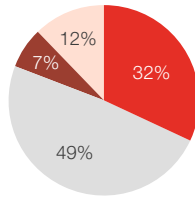
About Roles

7. Person to whom IR function directly reports

Overall

Chart 4

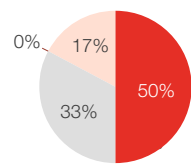
- Chief Executive Officer
- Chief Financial Officer
- Head of Corporate Communication/Corporate Affairs
- Other



More IR practitioners report to senior executives other than the CEO, CFO and corporate communication manager in 2007 (12%) compared with 2006 (3%). Thirty-two percent (32%) of respondents report to a CEO (down from 38% in 2006). The numbers reporting to a CFO are up by 1% to 49%.

By market cap: <\$1b

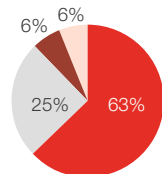
Chart 4a



More respondents reporting to CFOs (up from 12% in 2006) and other senior executives (up from nil in 2006). Numbers reporting to a CEO are down from 88% to 50%.

By market cap: \$1b-\$3b

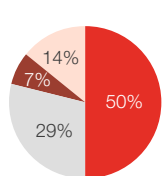
Chart 4b



More reporting to a CEO in 2007 (up from 45% in 2006) and less reporting to a CFO (down from 40%).

By market cap: \$3b-\$5b

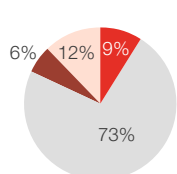
Chart 4c



More reporting to a CEO (up from 34% in 2006) and less reporting to a CFO (down from 34%) and other senior executives (down from 24%).

By market cap: >\$5b

Chart 4d

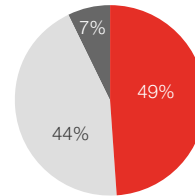


More reporting to Corporate Communications (up from 4% in 2006) and other senior executives (also up from 4%). Less reporting to a CEO (down from 18% in 2006) and to a CFO (slightly down from 74%).

8. Number of IR staff reporting to IR head

Chart 5

- None
- 1-3 people
- 4-6 people

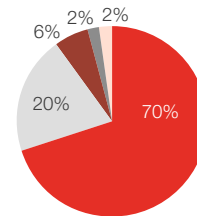


More respondents indicated no direct reports (up from 44% in 2006). The reduction in direct reports may reflect a difference in the roles of respondents in 2007 compared with 2006.

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

Chart 6

- None
- 1-3 people
- 4-6 people
- 7-9 people: 0%*
- 10-12 people
- More than 13



* This category returned 0% on the conducted study

2007 results closely aligned with 2006 results.

10. Key performance indicators for IR function

Respondents nominated the following KPIs as ones used in their roles

Table 2

	% of respondents	
	2007	2006
Quality of relationships with the marketplace	74%	85%
Accurate representation of the company in marketplace reports (analyst and media reports)	68%	63%
Dissemination of timely, accurate information to the marketplace	60%	64%
Broad coverage of your company by analysts	26%	21%
No breaches of continuous disclosure requirements	21%	15%
Minimising the number of "surprises"	18%	15%
Ranking in investor relations surveys	17%	17%
Composition of share registry	17%	10%
Share price	8%	3%
Turnaround of requests for information by the market	6%	0%
Other (including accessing new shareholders, representing CEO or CFO)	6%	3%

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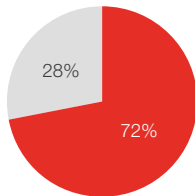


According to respondents, the quality of relationships in the marketplace is perceived to be significantly less important (down by 11%) in 2006 than in 2007. Accurate representation of the company in marketplace reports, analyst coverage and the lack of breaches to the continuous disclosure regime were perceived to be more important in 2007 than in 2006.

11. Succession planning for IR function

Seventy-two (72%) percent of respondents indicated their organisations do not have succession plans for their investor relations functions. In 2006, 69% of respondents indicated no succession plans were in place.

Chart 7
 ■ No succession plan
 ■ Succession plan

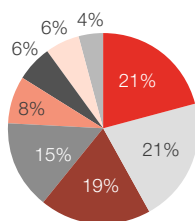


This result indicates a lack of attention to succession planning in listed entities at a time when employees with IR skills are in demand.

12. Desired career path for IR practitioners

Respondents indicated their desired career paths

Chart 8
 ■ Head of IR with another ASX listed company
 ■ Line or business unit role in your company
 ■ Broader corporate office role in same company (including IR)
 ■ Broader role in another ASX listed company
 ■ IR consulting
 ■ Broader corporate office role in same company (excluding IR)
 ■ Divisional or Group CFO
 ■ Other (including Business Development, Communications, Strategy)



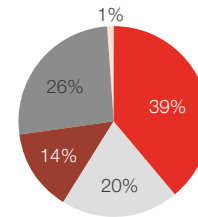
Some 44% indicated they would like to move to another organisation and remain in IR (up slightly from 42% in 2006). The desire to move into a line or business unit role is 21% (up from 13% in 2006). Some 45% indicated they would prefer to move out of the role of in-house IR practitioner (up from 39% in 2006). Thirty-seven percent (37%) of respondents indicated their preference to move away from IR.

About Skills

13. 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



Respondents rated accounting, finance and business qualifications (at undergraduate and graduate levels) as most relevant to their roles as IR practitioners.

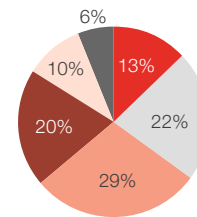
Respondents also rated membership of the following associations or groups as most relevant to their roles:

- Australasian Investor Relations Association
- Financial Services Institute of Australasia
- Australian Institute of Company Directors
- Institute of Chartered Accountants of Australia/CPA Australia.

14. 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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