

Australasian Investor Relations Association



2008 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

September 2008



IR Remuneration Study



Research Purpose and Approach

Welcome to the 2008 Investor Relations Remuneration Study. The Australasian Investor Relations Association (AIRA) conducts this study annually, in conjunction with executive search and recruitment specialists, Salt & Shein.

2008 marks the third year of this initiative.

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 their teams.

AIRA has again engaged communication specialist Greg Crowther of Laminar Consulting to independently analyse and report on results. In early July 2008, 155 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 61 practitioners completed the questionnaire, representing a response rate of 40%. 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.

Disclaimer:

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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 (i) it is affected by unusually high or low data points and (ii) remuneration and bonus levels were measured in bands.

Respondents - Investor Relations (IR) practitioners - were asked to identify their total annual remuneration (total company costs excluding cash bonuses and long-term incentives). The median remuneration range was \$225,000 - \$275,000. This range has remained constant since 2006. The size of a listed entity (based on its market capitalisation) did appear to influence remuneration: IR practitioners in entities of less than \$3b capitalisation reported lower levels of remuneration compared with the overall median range.

The sectors paying above the median range were industrial, media and property. This list of sectors was different in 2007, when financial, industrial, media, mining and utilities were the sectors paying above the median range. Since 2006, IR practitioners in the industrial sector have consistently reported remuneration levels above the overall median range.

Additional responsibilities for IR practitioners (e.g. corporate affairs) resulted in higher levels of remuneration. This finding was in line with the 2007 results.

The media range for IR practitioners reporting directly to a CEO (\$275,000 - \$325,000) was higher than for those reporting to a CFO or other executive. The media range for IR practitioners reporting to another senior executive was slightly lower than for those reporting to a CEO (\$225,000 - \$275,000). In 2007, reporting lines did not appear to influence remuneration levels.

Short-term incentives were based on a combination of personal targets and business outcomes. The median bonus range was 21% - 30% of fixed salary (this has remained constant since 2006). The amount paid as short-term incentive varied depending on market capitalisation. The breakdown of median bonus ranges by market cap was 1-10% for those in companies with less than \$1billion market cap; 11-20% for \$1-3b; 21-20% for \$3-5b; and 31-40% for greater than \$5b. This year there was a correlation between bonuses paid and market capitalisation.

A majority of **long-term incentives** were calculated on total shareholder returns and a combination of business performance measures. These incentives were paid as shares, performance-linked rights issues and options or a combination. Some 22% of respondents were not paid long-term incentives (in line with 2007 results).

Thirty-three percent (33%) of respondents **reported directly to a Chief Executive Officer** and 54% reported to a Chief Financial Officer. The remainder reported to either the head of corporate communications or other senior executive.

More IR practitioners, in listed entities of less than \$3b market capitalisation, reported to a CEO than reported to another executive (e.g. CFO). This was consistent with 2007 results. In entities of more than \$3b market capitalisation, an increased majority of practitioners reported to a CFO.

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The three most reported KPIs for investor relations practitioners in 2008 were:

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

The 'dissemination of information' surpassed 'quality of relationships' in 2008 as the most reported KPI of IR practitioners.

Almost three quarters (74%) of respondents indicated their organisations did not have succession plans for their IR functions. This result confirms a trend (in 2006, 69% of respondents reported no succession plans were in place).

Respondents were asked to indicate their desired career paths. Some 70% indicated they would like to stay involved in investor relations (up from 63% in 2007). Some 57% expressed a desire to stay with their current employer (56% in 2007).

When asked to describe job satisfaction in 2008 compared with 2007, only 11% described their role today as less rewarding. Some 28% of respondents indicated they believed they were under-remunerated; 61% said adequately remunerated, 12% said well or extremely well remunerated.

The highest rating factors that would influence a practitioner to change jobs were: more remuneration; securing a more challenging role; and being part of a company's leadership team.

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.

Other challenges included balancing IR role with other commitments to the business; dealing with 'short term-ism'; and responding to financial and legal questions from shareholders.

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

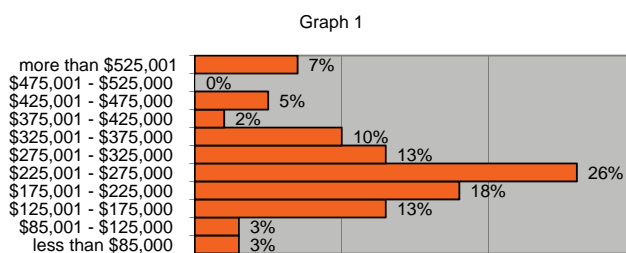
1. Having a solid understanding of business strategy and operations, and investment market processes and needs
2. Being an effective communicator
3. Having strong relationships with internal and external stakeholders
4. Being trustworthy by acting with integrity at all times
5. Being highly numerate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

These attributes (and their order of priority) were the same as those recorded in 2007.

About Compensation

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

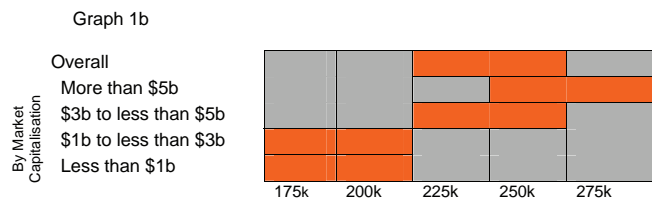
Median remuneration bracket ranges



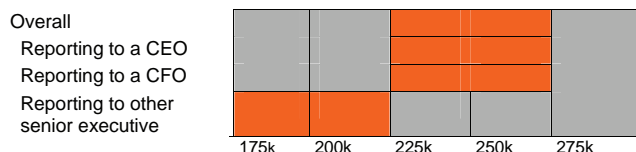
Median range = \$225,000 - \$275,000

The number of respondents reporting salaries in excess of the median range was 37% (the same result recorded in 2007).

Median remuneration bracket ranges



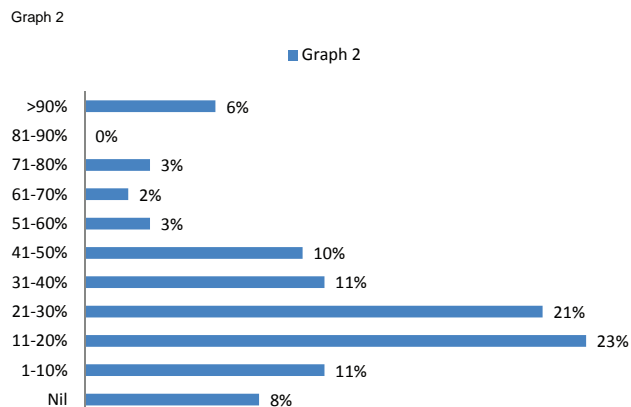
Graph 1c



These results match those recorded in 2007.

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

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



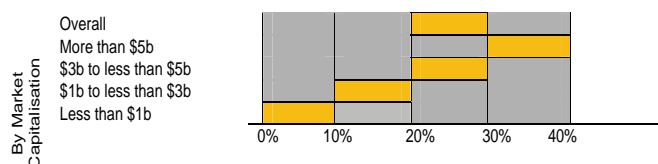
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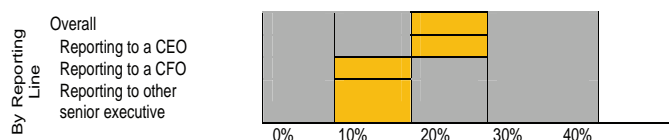
2. 2007 Bonus payments (as a % of salary) continued

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

Graph 2b



Graph 2c

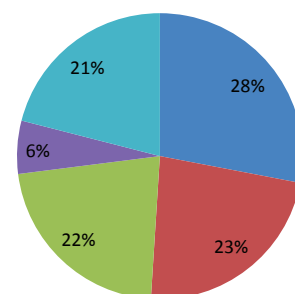


4. Calculation of 2007 long-term incentives

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

Chart 2

- Shares
- Performance rights
- Options
- Combination of above
- N/A



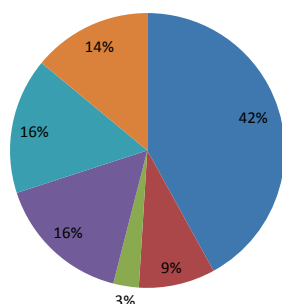
These results in line with 2007.

3. Calculation of 2007 short-term incentives

Respondents identified the factors determining their short-term incentives

Chart 1

- Personal targets only
- Total shareholder return only
- Share price only
- Economic profit only
- Combination of above
- Other (incl. Business performance)



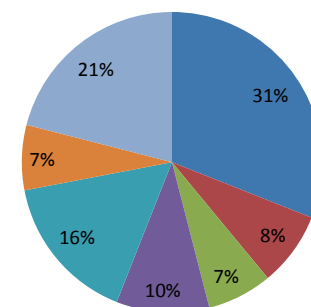
Personal targets were the largest factor in 2008 (up from 20% in 2007).

5. Calculation of 2007 long-term incentives

Respondents identified the factors determining their long-term incentives

Chart 3

- Total shareholder return
- Economic profit
- Share price
- Business performance
- Combination of above
- Other
- N/A



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 2008	Salary range 2007
Investor relations manager	51%	\$100,000–\$300,000	\$96,000–\$400,000
Investor relations manager – retail	6%	\$150,000–\$170,000	\$100,000–\$190,000
Investor relations manager – institutional	11%	\$140,000–\$350,000	\$160,000–\$200,000
Investor relations officer	23%	\$70,000–\$120,000	\$60,000–\$200,000
Investor relations analyst	23%	\$60,000–\$120,000	\$60,000–\$125,000
Investor relations coordinator	17%	\$50,000–\$100,000	\$30,000–\$100,000
Corporate affairs manager	19%	\$100,000–\$400,000	\$80,000–\$140,000
Corporate communications manager	10%	\$110,000–\$240,000	\$80,000–\$180,000
Assistant	40%	\$60,000–\$110,000	\$45,000–\$90,000

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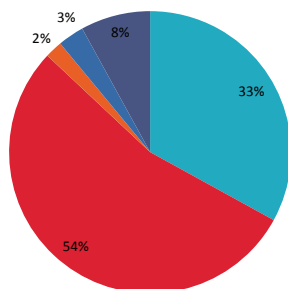


About Roles

7. Person to whom IR function directly reports

Overall

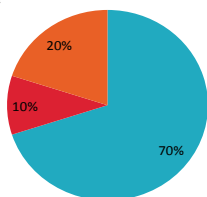
Chart 4



This year more IR practitioners report to a CEO (33% in 2008 compared with 32% in 2007) and a CFO (54% in 2008 compared with 40% in 2007).

By market cap: <\$1b

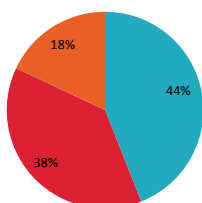
Chart 4a



More respondents reporting to CEOs (up from 50% in 2007).

By market cap: \$1b–\$3b

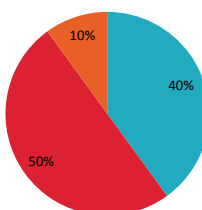
Chart 4b



More reporting to a CFO (up from 25% in 2007) and less reporting to a CEO (down from 63% in 2007).

By market cap: \$3b–\$5b

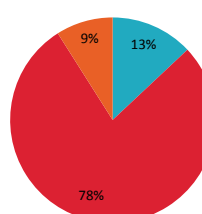
Chart 4c



More reporting to a CFO (up from 29% in 2007) and less reporting to a CEO (down from 50% in 2007).

By market cap: >\$5b

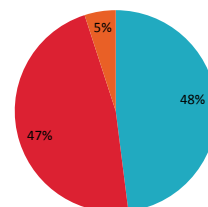
Chart 4d



More reporting to CFO (up from 73% in 2007) and more reporting to a CEO (up from 9% in 2007).

8. Number of IR staff reporting to IR head

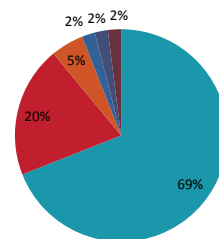
Chart 5



More reporting to a CFO (up from 73% in 2007) and more reporting to a CEO (up from 9% in 2007).

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

Chart 6



2008 results closely aligned with results in previous years

10. Key performance indicators for IR function

Respondents nominated the following KPIs as ones used in their roles

Table 2

	% of respondents		
	2008	2007	2006
Dissemination of timely, accurate information to the marketplace	73%	60%	64%
Quality of relationships with the marketplace	68%	74%	85%
Accurate representation of the company in marketplace reports (analyst and media reports)	58%	68%	63%
No breaches of continuous disclosure requirements	27%	21%	15%
Broad coverage of your company by analysts	23%	26%	21%
Minimising the number of "surprises"	20%	18%	15%
Composition of share registry	20%	17%	10%
Turnaround of requests for information by the market	12%	6%	0%
Ranking in investor relations surveys	8%	17%	17%
Other (including influencing strategy and providing frank advice to management)	5%	6%	3%
Share price	3%	8%	3%

According to respondents, the dissemination of information in a timely and accurate manner has become the leading KPI for investor relations practitioners. This KPI overtook quality relationships and accurate representations in 2008. These three KPIs continue to stand out from the others nominated by respondents.

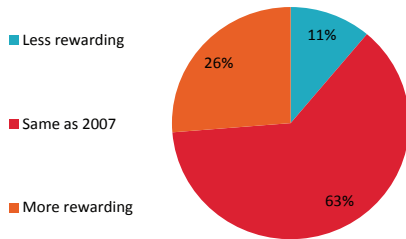
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11. Job satisfaction

Respondents were asked how rewarding they find their job currently, compared with 12 months ago.

Chart 7

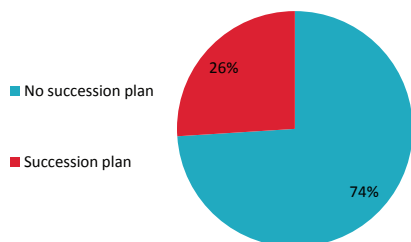


2008 marked the first time respondents were asked about job satisfaction.

12. Succession planning for IR function

The numbers of respondents reporting no succession plans in place in their organisations has grown steadily from 69% in 2006 to 74% this year.

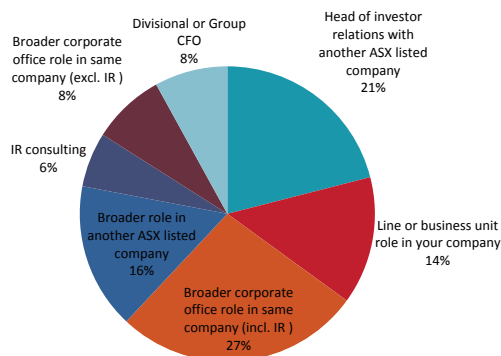
Chart 8



13. Desired career path for IR practitioners

Respondents indicated their desired career paths.

Chart 9

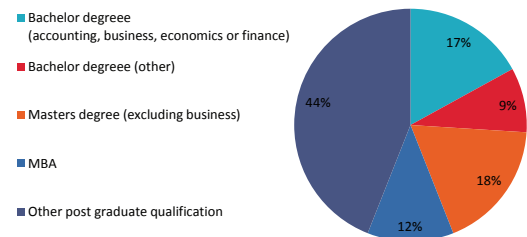


Some 44% indicated they would like to move to another organisation and remain in IR (up slightly from 42% in 2006). The desire to move into a line or business unit role is 21% (up from 13% in 2006). Some 45% indicated they would prefer to move out of the role of in-house IR practitioner (up from 39%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

About Skills

14. Highest level of tertiary education completed by IR practitioners

Chart 10



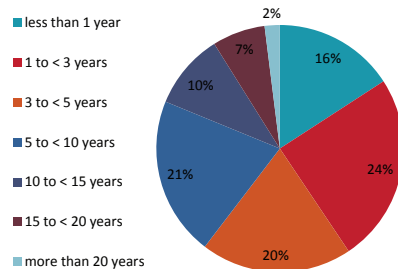
Respondents rated accounting, finance and business qualifications (at undergraduate and graduate levels) as most relevant to their roles as IR practitioners.

Respondents rated membership of the Australasian Investor Relations Association as most relevant to their role: They also acknowledge the usefulness of memberships to:

- Financial Services Institute of Australasia
- Australian Institute of Company Directors
- Institute of Chartered Accountants of Australia/CPA Australia.

15. Length of experience as an IR practitioner

Chart 11



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