

TRENDS IN WAGES

In June, average weekly earnings for full-time adults (AWOTE) were \$1253.10. For men, it was \$1337.10; for women \$1105.70 – a 21% difference. Full-time AWOTE have increased by 5.2% over the past 12 months.

The National Minimum Wage is \$569.90 a week (from 1 July), following the award of a \$26 per week rise (4.8%) by Fair Work Australia. That followed a wage freeze in 2009. CEO base pay is 69.1 times the minimum wage.

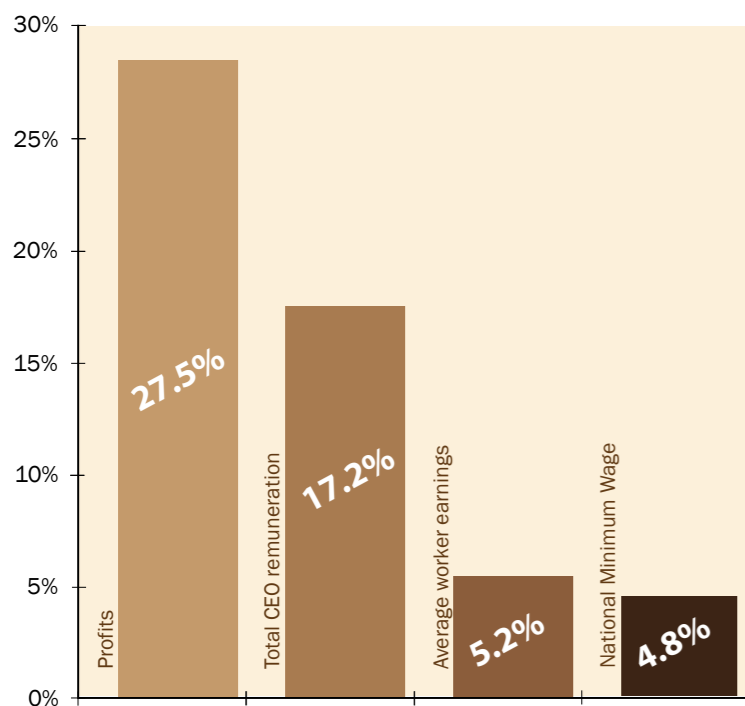
Wages in Australia, as measured by the Wage Price Index, have been growing at a slightly lower rate than their long-term trend.

The Wage Price Index increased by 3% in the year to June 2010, slightly below its long term trend rate of 3.5%. In the public sector, the WPI increased by 4%, while in the private sector it was 2.7%.

The largest wage increases were in electricity, gas, water and waste services (4.7%), health care and social assistance (4%), education and training (3.9%) and mining (3.8%).

Union members on average earn \$145 a week more than non-members.

Comparison of profits, CEO pay and workers' pay: per cent change 2009-10



Sources: Executive salaries from ACTU research of CEO salaries ASX/S&P 50 2010; average worker pay from Australian Bureau of Statistics (catalogue no. 6302.0); company gross operating profits from ABS (catalogue no. 5676.0).

Table 2: Executive pay versus average worker pay, 2001-2010

Year	Average worker pay (pa)	Average CEO base pay (pa)*	CEO pay multiple
2001	\$42,645	\$888,407	20.8 times
2002	\$44,792	\$984,045	22 times
2003	\$47,543	\$1,361,769	28.6 times
2004	\$48,734	\$1,416,877	29 times
2005	\$51,766	\$1,533,231	29.6 times
2006	\$53,440	\$1,795,658	33.6 times
2007	\$56,108	\$1,833,228	32.7 times
2008	\$58,338	\$1,947,350	33.4 times
2009	\$61,911	\$1,905,493	30.8 times
2010	\$65,161	\$2,048,892	31.4 times
2001-10	52.3%	130.6%	

Sources: Executive salary figures for 2001-2008 are drawn from CEO Pay in the Top 100 Companies: 2009, Research Paper published by the Australian Council of Super Investors, September 2010; executive salaries for 2009 and 2010 are based on ACTU research of CEO salaries ASX/S&P 50 2010; Average worker pay from Australian Bureau of Statistics (catalogue no. 6302.0 May each year).

* CEO salaries exclude News Corporation

WHAT NEEDS TO BE DONE

Unions have proposed tighter restrictions on executive pay in a number of ways:

- Capping the base salaries of CEOs at a maximum of 10 times the average earnings of employees within that company.
- Ending the bonus culture that rewards risky short-term behaviour by executives at the expense of long-term productivity and customer satisfaction.
- Ensuring all employees in an enterprise - not just the CEO - are appropriately rewarded for their contribution through fair industrial relations laws and practices.
- Taxing companies at a higher rate for paying CEOs more than \$1 million and cracking down on income tax avoidance through trusts and private companies.
- Enabling shareholders to rein in executive salaries and to sue for poor executive performance.

You can read the full resolution from the ACTU's 2009 Congress at <http://www.actu.org.au/Images/Dynamic/attachments/6541/Resolution-Executive%20Pay-09-final2.pdf>

Executive PayWatch 2010

- Special Report by the ACTU



This special report documents the extraordinary rise in executive salaries in Australia over the past 10 years. It shows a widening gap between what CEOs personally earn and what they choose to pay their employees.

The report highlights the blatant hypocrisy of big business executives in pushing for industrial relations deregulation that would cut the pay, conditions and rights of Australian workers.

KEY FINDINGS:

- After a short period of restraint in 2008-9, executive pay has resumed the upward trajectory seen in the years leading to the Global Financial Crisis, a period in which the obscene levels of incentives and bonuses for company executives fuelled unsustainable business practices that resulted in the loss of jobs and shareholder wealth.
- The average total remuneration of a chief executive of a top 50 company listed on the Australian Securities Exchange in 2010 is \$6.4 million. The average CEO's total pay packet is now worth almost 100 times that of the average worker.
- Executive pay rose by an average of over \$940,000 over the past year - the equivalent of an extra \$18,000 a week (Table 1), while the annual wage for a full-time worker rose by just \$3200, or \$62 a week.
- Since 2001, the base pay for executives has risen by 130%, while average weekly earnings have risen by 52%, as Table 2 illustrates. Inflation over the same period has been 28.6%.

- Across the economy, profits have soared by 27.5% in the past 12 months. This imbalance is even greater in selected industries. Gross operating profits in mining have risen by 60.6%, while wages grew by just 3.8%. Construction profits rose by 55.5%, but wages by just 2.9%. And profits in the information, media and telecommunications sector grew by 10% - five times wages.
- Company profits as a share of national income are now back to the record levels of 2008, while the wages share is the lowest since 1964.

Table 1: Executive pay total remuneration outcomes 2009 and 2010

	2009	2010
Average	\$5,478,569	\$6,422,045
Median	\$3,873,500	\$5,239,882
Minimum	\$218,415	\$137,976
Maximum	\$27,567,089	\$26,799,916
Change in Average (\$)		\$943,476
Change in Average (%)		17.2%
Average worker earnings	\$61,911	\$65,161
Average total remuneration as multiple of average earnings	88.5 times	98.6 times

Sources: Executive salaries for 2009 and 2010 are based on ACTU research of CEO salaries ASX/S&P 50 2010; Average worker pay from Australian Bureau of Statistics (catalogue no. 6302.0 May each year).

The numbers in this report tell a story of greed and inequality. They show that after a brief hiatus in 2008 and 2009, the pay packets of company executives are again rising sharply.

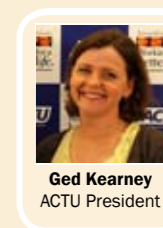
The ACTU *Executive PayWatch* report for 2010 puts the rewards being paid to Australia's top CEOs into stark perspective. It is part of an increased level of scrutiny of corporate Australia by unions to achieve more sustainable business practices and a more equitable economy.

Australians are rightly outraged at the excesses of the business community before the Global Financial Crisis. Ridiculously high salaries and unwarranted bonuses contributed to the financial meltdown by encouraging executives to take risks in pursuit of short-term profits.

Millions of working people around the world are now paying the price for this unethical business behaviour through joblessness, higher taxes and reduced public services. Although Australia has been spared the worst of the financial crisis, there is no room for complacency. Much more needs to be done to strengthen our economy to ensure there is no repeat of the GFC and to achieve a more equal and just Australia.

We need stronger curbs on executive salaries and measures to force businesses to look to the long term sustainability of the company and to serve the interests of the whole Australian community, not just their shareholders. We need fairer taxation and an end to the rorts and loopholes benefitting high income earners.

And we need to strengthen the rights of Australian workers and ensure employees are able to bargain collectively for a decent share of the nation's wealth.



Ged Kearney
ACTU President

Australian Unions



Working for a better life.

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ACTU
australian council of trade unions

ACTU Executive PayWatch 2010

The remuneration of CEOs and executive chairs of companies in the ASX/S&P 50 Index 2010



HOW TO READ THESE TABLES

The data presented in this report is based on the most recent published annual report of companies listed in the ASX/S&P 50 Index¹.

It presents data on base salary and total remuneration. Total remuneration is made up of the base salary plus other short-term incentive payments and bonuses, non-monetary benefits, superannuation, share-based payments (which is usually an expression of the equity value of the shares at the time and may not be realised when the shares vest), and long service leave entitlements.

Revenue is defined as sales and other equivalent revenues. Net profit is the net profit after tax and significant items (or comparable variations of that formula).

All data is presented in Australian dollars unless otherwise indicated².



Australian Unions



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CEO	Company	Base salary 2009	Base salary 2010	Change	Total pay 2009	Total pay 2010	Change	Net profit 2009	Net profit 2010	Change
MICHAEL FRASER	AGL Energy	\$1,474,275	\$1,844,372	25%	\$3,040,283	\$4,186,036	38%	\$1,596,100,000	\$356,100,000	-78%
MARK ROWSTHORN	Asciano Group	\$1,740,442	\$1,934,665	11%	\$2,512,162	\$3,983,067	59%	(\$244,100,000)	(\$975,917,000)	-
KEN MacKENZIE	Amcor	\$1,751,516	\$1,777,438	1%	\$4,487,863	\$6,061,508	35%	\$217,800,000	\$201,600,000	-7%
CRAIG DUNN *	AMP	\$1,387,000	\$1,386,000	0%	\$3,849,000	\$5,008,000	30%	\$580,000,000	\$739,000,000	27%
MICHAEL SMITH ***	ANZ Bank	\$3,000,000	\$3,000,000	0%	\$10,935,603	\$10,856,077	-1%	\$2,943,000,000	\$4,501,000,000	53%
ROBERT ELSTONE	ASX	\$1,486,255	\$1,485,539	0%	\$3,020,896	\$2,346,798	-22%	\$313,610,000	\$328,137,000	5%
ANDREW PENN *	AXA Asia Pacific Holdings	\$1,073,611	\$1,105,500	3%	\$2,865,178	\$3,568,700	25%	(\$279,000,000)	\$680,000,000	+
MARIUS KLOPPERS	BHP Billiton	US\$2,002,455	US\$2,038,885	2%	US\$10,399,589	US\$11,328,730	9%	US\$6,338,000,000	US\$13,009,000,000	105%
PAUL O'MALLEY	Bluescope Steel	\$1,666,667	\$1,680,000	1%	\$2,788,272	\$3,694,400	32%	\$79,100,000	\$133,800,000	69%
TOM GORMAN	Brambles	US\$770,000	US\$1,408,000	83%	US\$1,277,000	US\$2,804,000	120%	US\$452,600,000	US\$448,800,000	-1%
RALPH NORRIS	Commonwealth Bank	\$3,253,551	\$3,128,875	-4%	\$9,209,752	\$16,157,746	75%	\$4,501,000,000	\$5,923,000,000	32%
TERRY DAVIS *	Coca-Cola Amatil	\$2,020,000	\$2,142,700	6%	\$7,473,612	\$7,951,775	6%	\$385,600,000	\$449,000,000	16%
STUART CROSBY	Computershare	US\$730,547	US\$845,596	16%	US\$2,495,467	US\$3,968,565	59%	US\$289,500,000	US\$321,200,000	11%
BRIAN McNAMEE	CSL	\$2,165,780	\$2,195,406	1%	\$6,074,322	\$6,083,365	0%	\$1,146,000,000	\$1,053,000,000	-8%
ROWEN CRAIGIE	Crown	\$2,900,000	\$2,985,539	3%	\$6,229,167	\$7,170,252	15%	(\$1,197,904,000)	\$292,293,000	+
IAN JOHNSTON	Fosters	\$1,258,456	\$1,763,050	40%	\$3,254,969	\$2,679,898	-18%	\$438,300,000	(\$464,400,000)	-206%
ANDREW FORREST	Fortescue Metals Group	US\$70,048	US\$88,210	26%	US\$175,907	US\$116,998	-33%	US\$430,840,000	US\$581,014,000	35%
MICHAEL CAMERON * #	GPT	\$894,795	\$837,589	-6%	\$3,093,974	\$1,836,234	-41%	(\$3,253,500,000)	(\$1,070,600,000)	+
MICHAEL WILKINS	Insurance Australia Group	\$1,842,000	\$1,848,000	0%	\$3,858,000	\$4,275,000	11%	\$247,000,000	\$190,000,000	-23%
JAMES FAZZINO *** ###	Incitec Pivot	\$1,559,000	N/A	N/A	\$2,337,000	N/A	N/A	(\$221,400,000)	\$410,500,000	+
WAL KING	Leighton Holdings	\$3,250,508	\$3,279,338	1%	\$12,557,691	\$14,694,850	17%	\$440,044,000	\$611,961,000	39%
STEVE McCANN	Lend Lease	\$1,329,000	\$1,518,000	14%	\$4,128,000	\$5,313,000	29%	\$308,000,000	\$324,000,000	5%
NICHOLAS COLLISHAW	Mirvac Group	\$1,837,529	\$1,985,539	8%	\$2,806,831	\$5,669,748	102%	(\$1,079,200,000)	\$237,400,000	+
NICHOLAS MOORE **	Macquarie Group	\$517,611	\$518,820	0%	\$290,756	\$9,557,589	3187%	\$871,000,000	\$1,050,000,000	21%
CAMERON CLYNE ***	NAB Group	\$2,346,519	\$2,674,937	14%	\$5,196,879	\$7,725,628	47%	\$2,589,000,000	\$4,224,000,000	63%
IAN SMITH	Newcrest Mining	\$2,136,000	\$2,186,000	2%	\$6,187,000	\$5,985,000	-3%	\$282,100,000	\$602,400,000	114%
RUPERT MURDOCH	News Corporation	US\$8,100,000	US\$8,100,000	0%	US\$22,201,981	US\$22,725,275	2%	(US\$3,378,000,000)	US\$2,539,000,000	+
GRANT KING	Origin Energy	\$2,004,450	\$2,059,048	3%	\$4,771,552	\$4,012,697	-16%	\$530,000,000	\$585,000,000	10%
GRAEME LIEBELT ***	Orica	\$2,248,600	\$2,319,900	3%	\$5,331,700	\$7,161,400	34%	\$541,800,000	\$1,354,700,000	150%
PETER BOTTEN *	Oil Search	US\$1,528,724	US\$1,337,166	-13%	US\$4,365,252	US\$4,283,617	-2%	US\$240,000,000	US\$99,600,000	-59%
GEOFF PLUMMER	OneSteel	\$1,556,382	\$1,613,726	4%	\$2,875,183	\$4,932,009	72%	\$239,600,000	\$260,700,000	9%
ALAN JOYCE	Qantas	\$1,715,000	\$1,737,000	1%	\$3,664,000	\$2,924,000	-20%	\$123,000,000	\$116,000,000	-6%
FRANK O'HALLORAN *	QBE Group	\$1,566,000	\$2,157,000	38%	\$6,028,000	\$6,766,000	12%	\$1,859,000,000	\$1,970,000,000	6%
TOM ALBANESE *	Rio Tinto	US\$1,664,000	US\$1,421,000	-15%	US\$2,110,000	US\$9,039,000	328%	US\$4,609,000,000	US\$5,335,000,000	16%
MATHEW QUINN	Stockland	\$1,900,000	\$1,900,000	0%	\$3,889,000	\$4,385,000	13%	(\$1,801,900,000)	\$478,400,000	+
COLIN GOLDSCHMIDT	Sonic Healthcare	\$1,377,670	\$1,468,385	7%	\$2,587,238	\$2,787,535	8%	\$171,360,000	\$293,225,000	71%
DAVID KNOX *	Santos	\$1,200,115	\$1,735,897	45%	\$3,174,892	\$5,166,764	63%	\$1,650,000,000	\$434,000,000	-74%
PATRICK SNOWBALL ###	Suncorp-Metway	\$1,273,974	\$1,748,000	37%	\$3,239,637	\$3,425,000	6%	\$353,000,000	\$789,000,000	124%
ELMER FUNKE KUPPER	Tabcorp Holdings	\$1,539,242	\$1,549,319	1%	\$2,780,473	\$2,706,659	-3%	\$521,700,000	\$469,500,000	-10%
CHRISTOPHER LYNCH	Transurban Group	\$1,980,839	\$2,030,860	3%	\$5,397,078	\$6,019,658	12%	(\$16,134,000)	\$59,605,000	+
DAVID THODEY	Telstra	\$1,196,747	\$1,961,748	64%	\$3,504,033	\$3,192,601	-9%	\$4,076,000,000	\$3,940,000,000	-3%
PAUL LITTLE	Toll Holdings	\$2,159,000	\$2,189,000	1%	\$4,910,000	\$5,761,000	17%	\$275,200,000	\$284,400,000	3%
GAIL KELLY ***	Westpac	\$2,686,255	\$2,685,837	0%	\$10,624,812	\$9,586,996	-10%	\$3,446,000,000	\$6,346,000,000	84%
FRANK LOWY *	Westfield Group	\$8,000,000	\$8,000,000	0%	\$16,204,760	\$14,931,956	-8%	(\$2,196,600,000)	(\$457,800,000)	+
RICHARD GOYDER	Wesfarmers	\$2,974,457	\$3,001,597	1%	\$8,126,075	\$7,958,071	-2%	\$1,522,000,000	\$1,565,000,000	3%
JOHN GRILL	Worley Parsons	\$1,658,016	\$1,529,775	-8%	\$3,983,790	\$1,936,860	-51%	\$390,500,000	\$291,100,000	-25%
MICHAEL LUSCOMBE	Woolworths	\$2,044,307	\$2,209,817	8%	\$8,327,767	\$8,330,417	0%	\$1,835,700,000	\$2,020,800,000	10%
DON VOELTE *	Woodside Petroleum	\$2,481,466	\$6,934,421	179%	\$2,694,276	\$8,343,339	210%	\$1,786,000,000	\$1,818,000,000	2%

Source: Annual reports filed with the Australian Securities Exchange; all financial years end 30 June unless otherwise indicated.

1 Not all Australian listed companies report at the same time, so the most recent data available from 10 companies was for the financial year ending on 31 December 2009. Because of their complicated and unrepresentative company structures, CFS Retail Property Trust and MAP Group were excluded, leaving 48 companies to be analysed.

2 For a meaningful comparison and for averaging purposes, conversions were made to Australian dollars for presentation elsewhere in this report. These conversions were made based on the exchange rate on the reporting date (eg. on 30 June 2010, US\$1=A\$1.1793).

* Financial year ends 31 December ** Financial year ends 31 March *** Financial year ends 30 September # 2008-9 remuneration figures relate to Michael Cameron's role as COO and acting CEO## Incitec Pivot CEO until May 2009 was Julian Segal ### Suncorp-Metway CEO until 2 March 2009 was John Mulcahy