



Australian Government

Office of the Registrar of Indigenous Corporations

# Remuneration

—a report benchmarking the salaries of Aboriginal and Torres Strait Islander corporations



March 2013

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ORIC cannot be held liable by any person or organisation that relies on the information provided in this report to set or review the remuneration paid to CEOs, directors and other senior staff.

The results provided in this report may be used as a general guide to assist corporations, but it should not be used in isolation. Other sources of information should also be referred to such as industry awards where available, human resource consultants and information available on remuneration levels paid by corporations of similar size operating in similar geographic and sectoral settings.

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# Background

Executive remuneration in corporate Australia has for some time been attracting attention from the public, the media, academics, policy makers, shareholders and members. This has led to the development of best practice guides and even some legislative changes, such as amendments to the *Corporations Act 2001* in relation to listed companies.

A number of high-profile cases in 2011 and 2012 in the Aboriginal and Torres Strait Islander corporate sector have also raised concerns about the level of remuneration and other benefits paid to some directors, senior management and employees. It has prompted a discussion in the sector about what an appropriate level of remuneration is and how corporations should set it.

The Registrar of Indigenous Corporations (the Registrar) commissioned this report to obtain detailed information on remuneration and other benefits that corporations registered under the *Corporations (Aboriginal and Torres Strait Islander) Act 2006* (CATSI Act) provide to their directors, senior managers and employees. The aim of the report is to provide the Aboriginal and Torres Strait Islander corporate sector, the Registrar and government with reliable information that can be used to develop policy proposals for remuneration.

## The research

On 10 October 2012 the Registrar asked the 372 Aboriginal and Torres Strait Islander corporations with over \$500,000 in income to provide data on the amounts they paid in remuneration, bonuses and other benefits to directors, senior managers and employees. Corporations were also asked to provide details of their policies and procedures relating to the payment of remuneration, bonuses and other benefits to directors and staff, including termination payments.

A total of 336 responses were received which represents 90 per cent of the corporations asked to provide information and data.

The Registrar issued each corporation with a notice under section 453-5 of the CATSI Act to provide statutory authorisation for the collection of the information and data.

## Interpretation of data

The information presented in this report should only be used as a general guide on remuneration levels because of the considerable variances resulting from factors such as geographic location; size of the corporation; level of responsibility; and risks involved in managing a given corporation or unit within the corporation.

The quality of the information provided here is only as reliable as that provided by the corporations to the Registrar. Data received from corporations varied in quality and completeness. For example some corporations did not add the employer's superannuation contribution to the total gross remuneration amount. Other corporations only provided information about the CEO salaries or key personnel instead of documenting the 10 highest paid positions as requested in the notice. Also, some corporations only documented positions for either 2010-11 or 2011-12 instead of both financial years.

The information in this report is provided in an aggregate form so as not to identify corporations and individuals.

## Methodology

Before the analysis could proceed, a certain amount of data validation had to be carried out, including but not limited to, the following datasets:

- » The principal or main activity of the corporation—some of the corporations documented an activity which covered many sectors and was very broad in scope. In these instances the general reports and audited financial statements previously provided as part of the corporations' annual returns were checked to identify their main sectoral activity.
- » Number of directors—some of the reports did not specify the number of directors elected to corporation boards for one or both financial years. The most recent general reports were checked to verify the number of elected directors.
- » Aggregated gross remuneration paid to all employees—the total amounts of aggregated gross remuneration provided by some corporations appeared too small relative to the number of employees documented in their last general reports. A check of the last audited financial statement was then done to ascertain the amount provided under the 'salaries and wages' line item and that figure was used instead of the one provided in the response.
- » Number of employees—this dataset was lacking in a number of reports. The last general reports of corporations were checked to obtain the number of employees, if provided.
- » Employers' superannuation contributions—in many instances this information was not included in the total gross remuneration amounts. Employers' superannuation is considered to be an additional benefit which is not calculated as part of the base salary. In such instances an additional nine per cent of the base remuneration figure was added to obtain the total gross remuneration amounts. Nine per cent was used as a default contribution as it is the minimum under Commonwealth legislation.

All amounts of remuneration, bonuses and other benefits provided by respondents were rounded to the nearest dollar amount.

The information provided on remuneration throughout this report is for total gross remuneration rather than base wages or salaries. Total gross remuneration, as defined in schedule 1 of the notice issued by the Registrar, 'includes all pay, salary, sitting fees, wages, allowances, bonuses and benefits (such as vehicle, private accommodation, medical plan and superannuation) that would be classified as income or fringe benefits pursuant to Commonwealth income tax legislation'.

## Sample size

A total of 336 corporations provided responses. However, samples for particular datasets are smaller and vary in size because corporations did not always provide information against one or more fields for a variety of reasons. Examples of some datasets not included in corporations' responses are:

- » amounts paid as bonuses or other benefits to directors and employees—if this field was left as blank in the response it was assumed that the corporation did not provide the information rather than the amount being '0'
- » title of employees' positions
- » information on the 10 highest paid employees, as requested in the notice
- » amounts of total remuneration paid to all staff as well as total number of employees—some of this information could not be obtained independently as it was not always contained in general reports and audited financial statements.

In short, the size of samples varies depending on the particular dataset or combined datasets analysed. In many instances sample sizes are very small, particularly for information provided at the level of specific position titles (e.g. human resources manager), sectors (e.g. municipal services), states/territories or other categories of data that involve small samples. Accordingly it is likely that the results within small sample sizes presented in this report are statistically unreliable or not highly reliable. The size of samples is documented at every opportunity to give the reader a general indication about the extent to which the data can be relied on.



# Key findings

- ▶ The total remuneration received by CEOs averaged \$119,387 in 2011 and \$122,448 in 2012.
- ▶ The total remuneration for CEOs ranged between \$44,084 and \$382,770 in 2012.
- ▶ The average CEO remuneration was highest in Western Australia, South Australia and New South Wales.
- ▶ The CEO remuneration level is influenced by the size of the corporation, the number of employees and the sector in which the corporation operates.
- ▶ The highest average CEO remuneration was paid in the land management sector and the lowest in the education (including child care) sector.
- ▶ 10.6 per cent of CEOs received bonuses in 2012.
- ▶ The average bonus paid to CEOs in 2012 was \$19,302.
- ▶ The lowest and highest bonuses paid in 2012 were \$480 and \$113,300 respectively.
- ▶ Of the 15 senior positions (excluding the CEO) examined in this report, 'general practitioners', that is doctors, earned the highest with an average of \$207,731 followed by 'director of research' with an average of \$117,713 and 'deputy CEO' with \$111,569.
- ▶ The average bonus paid to non-CEO senior staff was \$4,515 in 2012.
- ▶ The highest bonus paid in 2012 to a senior staff member (excluding the CEO) was \$84,862 and the lowest was \$188.
- ▶ In 98.8 per cent of cases, boards of directors approve and review CEO remuneration.
- ▶ CEOs are the most likely employees to receive a bonus.
- ▶ In 87 per cent of cases the board of directors are responsible for approving the payment of bonuses to the CEO and other staff.
- ▶ 34.5 per cent of corporations paid remuneration to one or more directors in 2011 and 36.4 per cent in 2012.
- ▶ The highest amount of remuneration paid to a director in 2012 was \$142,940 although the majority received less than \$10,000.
- ▶ In 2012 half of the corporations paid travel allowances and other expenses to directors.



# DIRECTORS

# Directors—remuneration, loans and expenses

## Directors' remuneration

Of the 333 corporations<sup>1</sup> that provided information for 2011 on directors' remuneration, a total of 115 (34.5 per cent) indicated that they had remunerated one or more of their directors in that year. For 2012, a total of 122 of the 335 that provided information on directors' remuneration<sup>2</sup> (36.4 per cent) mentioned that at least one director received remuneration from the corporation.

The standard rule book stipulates that directors are not to be paid remuneration for performing their duties as directors. However, directors can be paid remuneration as an employee of the corporation or if they have a contract to provide goods or services. A check of corporations' rule books indicates that only 11.9 per cent of the corporations have provisions in their rule books to allow directors to be remunerated for the services they provide in their capacity as directors.<sup>3</sup>

The highest aggregated amount of remuneration paid by a corporation to its directors was \$1,062,580 in 2011. This increased by 11.6 per cent to \$1,186,032 in 2012. However, the highest aggregated amount varies considerably between states and territories. As shown in Table 1, in 2011 Western Australia and Queensland show amounts in excess of half a million dollars as the highest aggregated figures; whereas Tasmania, New South Wales and South Australia have aggregated amounts of under \$100,000. A similar pattern is apparent for 2012 with Western Australia and the Northern Territory showing the highest aggregates of over half a million dollars compared with Tasmania with a total aggregate of under \$4,000.

**Table 1: Highest aggregated amount paid by a corporation to directors by state/territory, 2011 and 2012.**

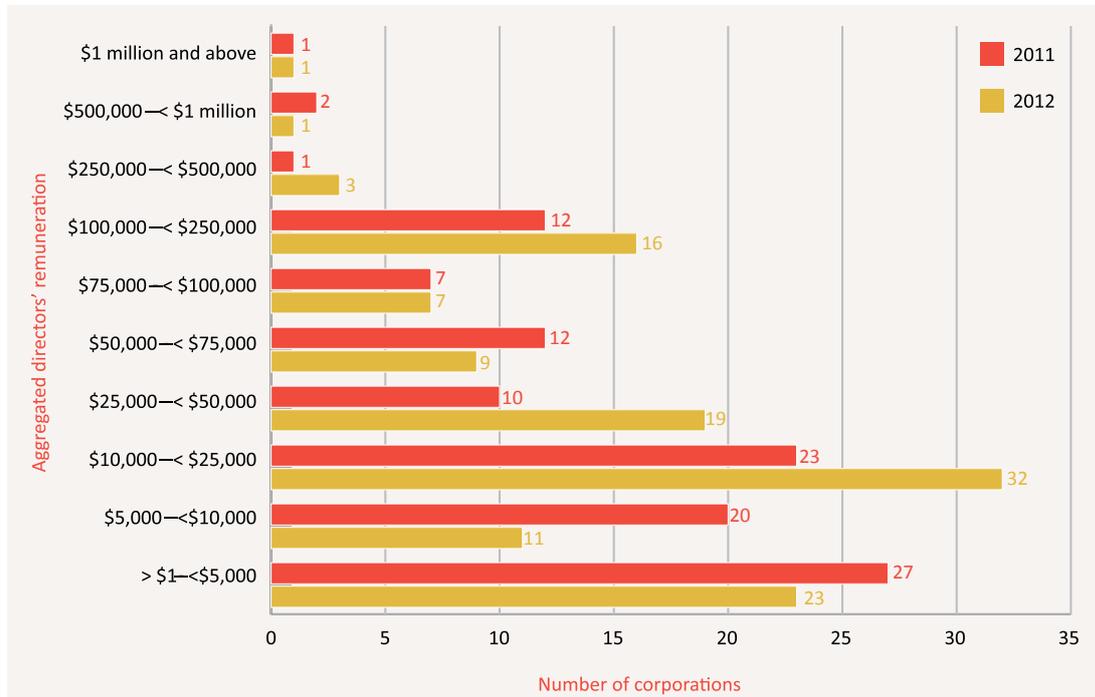
State/territory	2011 (\$)	2012 (\$)
ACT	n/a*	n/a*
TAS	347	3,514
NSW	72,668	121,918
SA	84,986	105,245
VIC	107,474	125,800
NT	292,769	559,480
QLD	507,446	167,078
WA	1,062,580	1,186,032

\* There was no remuneration paid to directors of corporations in the ACT.

- 1 For 2011 two corporations did not provide data on directors' remuneration and one was not required to, as it had not yet become incorporated under the CATSI Act.
- 2 One of the 336 corporations in the sample did not provide information on remuneration paid to directors.
- 3 However, of the 26 highest earning corporations, 13 (50 per cent) corporations have provisions in their rule books to allow remuneration to directors. This suggests that the more the corporation earns, the more likely it is to include such a provision in its rule book.

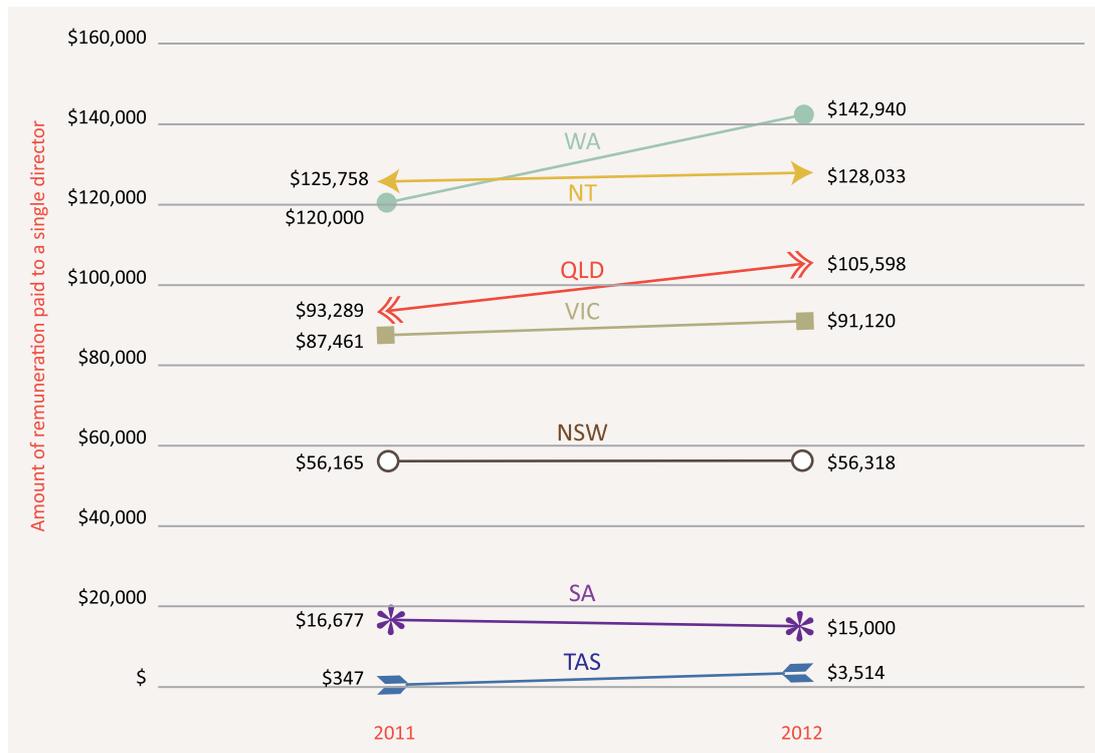
The number of corporations represented within aggregated remuneration brackets drops significantly from \$250,000 upwards with only four corporations having paid this in 2011 and five in 2012 (Figure 1).

**Figure 1: Number of corporations within aggregated directors' remuneration bracket, 2011 and 2012**



The highest amount of remuneration paid to a single director was \$125,758 in 2011 (NT) and \$142,940 in 2012 (WA). However there is considerable variation between geographic jurisdictions, ranging from nil to over \$100,000 for both years (Figure 2).

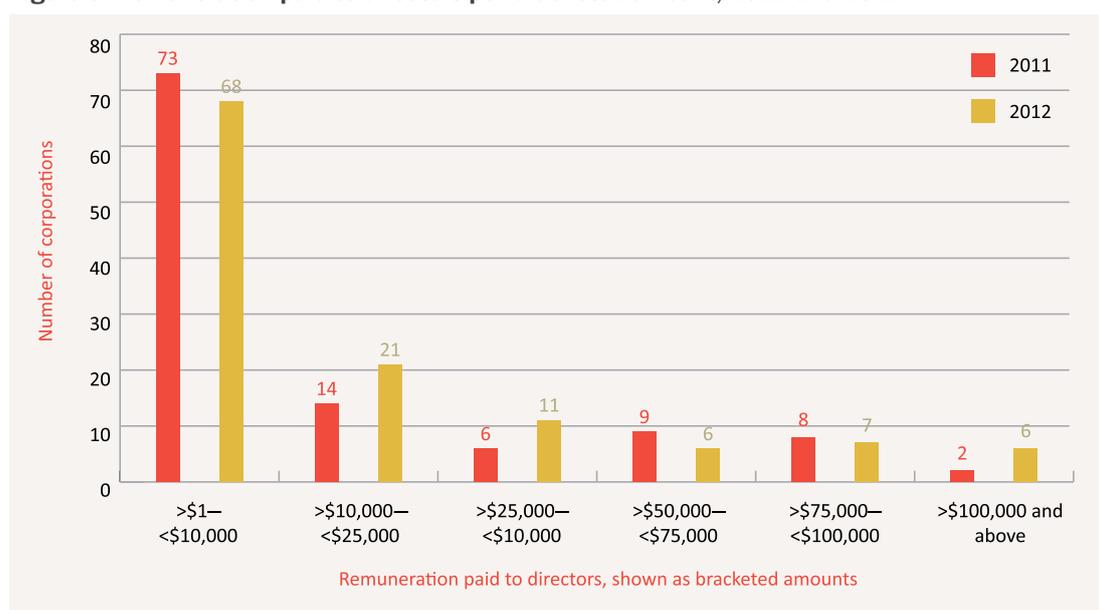
**Figure 2: Highest amount of remuneration paid to a director by state/territory, 2011 and 2012**



**Note:** There was no remuneration paid to directors of corporations in the ACT.

The majority of directors received under \$10,000 in remuneration (Figure 3).

**Figure 3: Remuneration paid to directors per bracketed amount, 2011 and 2012**



## Loans to directors

**Sample size: 25 (2011)  
26 (2012)**

Twenty five (25) of the 334 corporations that responded to this part of the survey gave loans to one or more of their directors in 2011; this represents 7.5 per cent of the corporations. For 2012 a total of 26 of the 335 corporations that responded gave loans to directors, or 7.8 per cent.

The highest aggregated amount of loans paid out by a corporation to its directors was \$77,618 in 2011 and \$96,810 in 2012.

Table 2 shows the range of loans provided by each corporation to individual directors, ranked from highest to lowest. The largest loan paid to a director was \$50,000 in 2011 and \$67,930 in 2012. However, the largest number of loans provided by corporations was for a value of under \$5,000.

**Table 2: Summary of the range of individual loans provided by corporations to directors, 2011 and 2012**

2011 (\$)	50,000	37,908	33,664	25,000	11,054	10,273	10,000	8,046	7,020	6,699	6,148	4,560	4,110
	2,969	2,399	2,000	1,989	1,818	1,677	1,500	1,500	1,407	924	843	460	
2012 (\$)	67,930	50,431	30,558	17,550	15,847	13,927	8,612	6,275	3,500	3,275	2,969	2,886	2,854
	2,467	2,400	1,500	1,500	1,500	1,225	1,033	1,000	988	934	775	700	164

**Note:** one corporation did not provide details of the highest loans granted during both years.

# Directors' travel and other expenses

**Sample size: 156 (2011)  
165 (2012)**

In 2011, 156 corporations out of 329 (47.4 per cent) provided information on paid travel and other expenses<sup>4</sup> to enable directors to carry out their duties. In 2012, 165 of 330 corporations<sup>5</sup> (50 per cent) paid travel and other expenses.

Some corporations spent a very significant amount to cover directors' travel and other expenses.

The highest aggregated amount a corporation paid was:

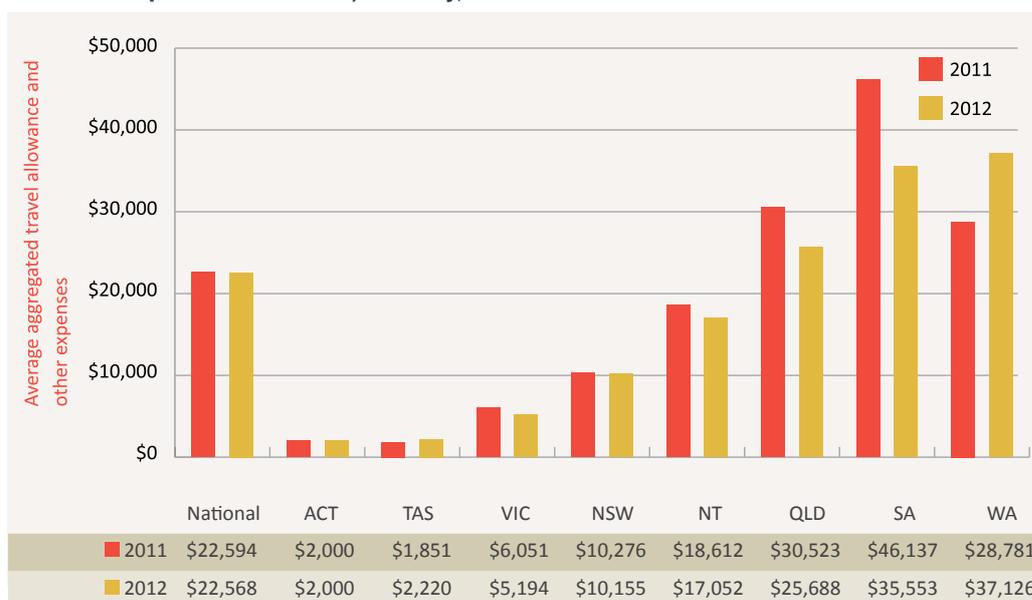
- » \$446,896 in 2011 and
- » \$249,052 in 2012.

The highest amounts paid to cover a single director's travel and other expenses were:

- » \$46,377 in 2011 and
- » \$65,465 in 2012.

The national average that corporations paid their directors in travel and other allowances remained very similar for 2011 and 2012—\$22,594 and \$22,568 respectively (Figure 4). There is considerable variation though between geographic jurisdictions. For instance in 2012 corporations based in the Australian Capital Territory, Tasmania and Victoria spent on average less than \$6,000 on combined directors' travel and other expenses whereas those located in South Australia and Western Australia spent over \$35,000.

**Figure 4: Aggregated travel allowance and other expenses paid to directors, average by corporation and state/territory, 2011 and 2012.**



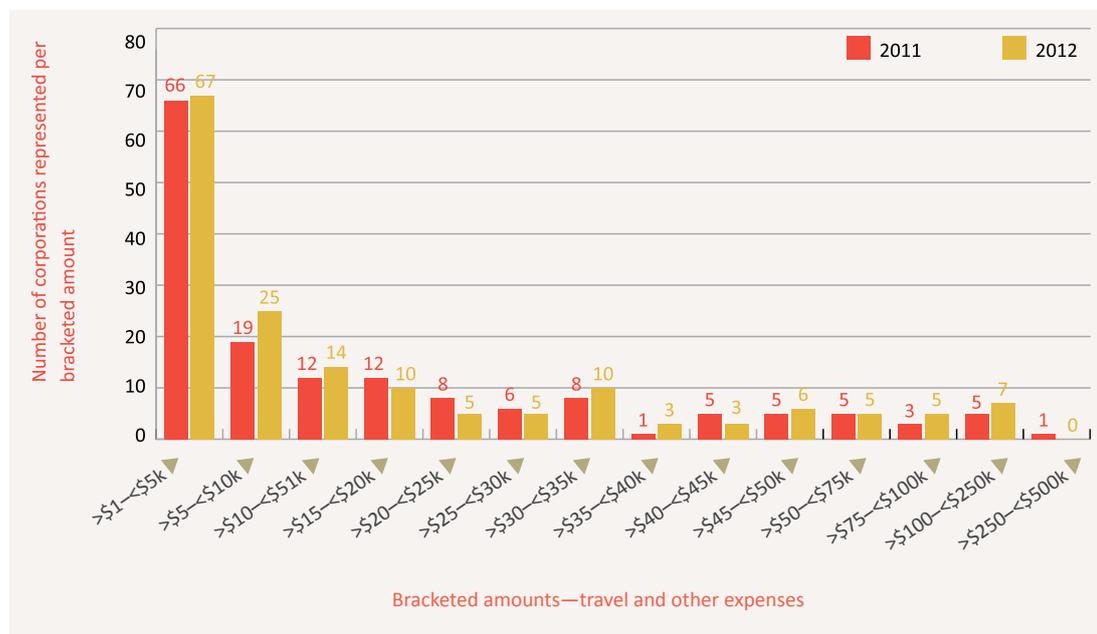
Five of the geographic jurisdictions have an average aggregated amount in travel and other expenses exceeding \$10,000 for 2011 and 2012, this figure is inflated by the few corporations that have paid aggregated amounts exceeding \$100,000.

4 Six corporations did not provide information on this part of the survey and one was not required to as it was not incorporated in 2011.

5 Six corporations did not provide information on this part of the survey for 2012.

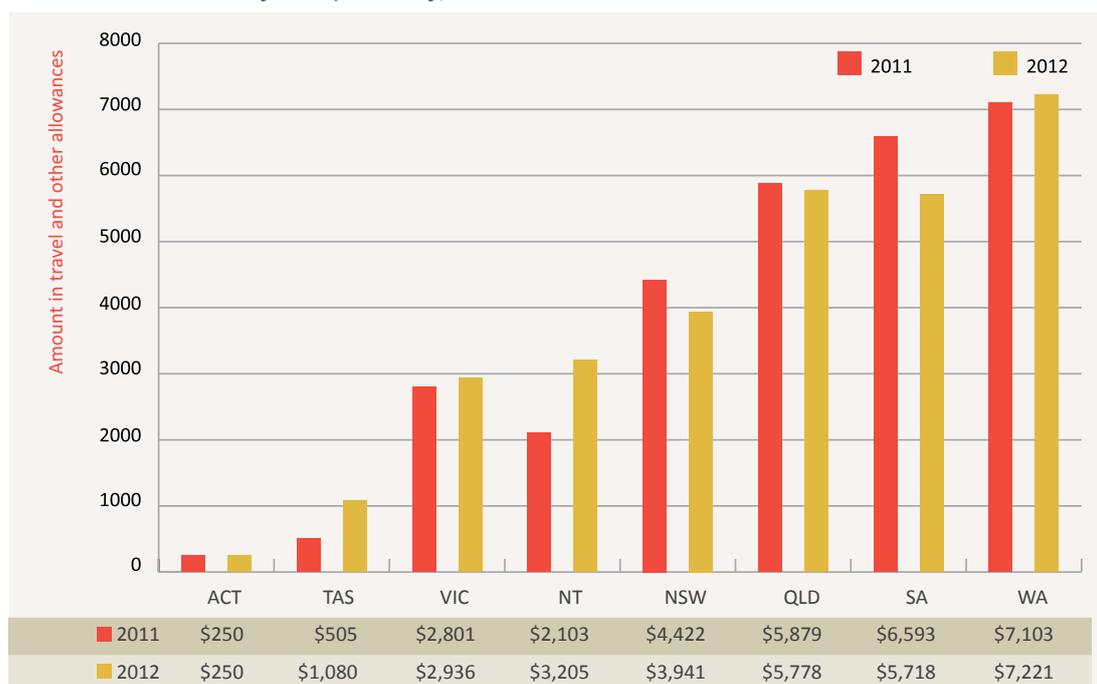
As shown in Figure 5, the total number of corporations represented in the combined \$0 - < \$5,000 and \$5,000 - < \$10,000 brackets is 85 for 2011 and 92 for 2012. As the total samples for these years are 156 and 165 respectively, this means that over half of the corporations represented in both years paid less than \$10,000 in aggregated travel allowance and other expenses. In fact, many of the corporations have disbursed less than \$5,000 as an aggregated amount.

**Figure 5: Aggregated travel allowance and other expenses paid to directors, number of corporations per amount bracket**



The highest amounts paid by corporations on an individual director’s travel and other allowances also show considerable variation by state/territory. For example, corporations based in the Australian Capital Territory, Tasmania and Victoria paid less than \$3,000 in 2011 and 2012 on average individual travel allowance and other expenses, whereas the averages for Queensland, South Australia and Western Australia consistently exceeded \$5,500 (Figure 6).

**Figure 6: Average amount for individual directors that received the highest travel and other allowances by state/territory, 2011 and 2012**





# SENIOR STAFF

# Senior staff—remuneration

## CEO—average total remuneration

**Sample size: 274 (2011)  
283 (2012)**

Throughout this report 'total remuneration' is used to refer to 'total gross remuneration'.

The title CEO is used in the report to refer to all officers in charge of the corporations that provided information. Forty-one per cent of officers in charge have other position titles (Figure 7). Smaller corporations, which pay less to their officers in charge, tend to use titles like 'coordinator', 'director' and 'manager'; while larger corporations that pay their officers in charge more will usually use titles like 'CEO', 'general manager' and 'executive officer'.

The average of CEOs' total remuneration was \$119,387 for 2011 and \$122,448 for 2012—an increase of 2.56 per cent during the last year.

The average for 2012 (\$122,448) was \$38,762 lower than the figure of \$161,210 recently published by PayScale for CEOs in Australia.<sup>6</sup> PayScale, however, relies on remuneration data gathered from mainstream rather than specifically the Aboriginal and Torres Strait Islander corporate sector or the not-for-profit sector, which may partly explain the discrepancy.

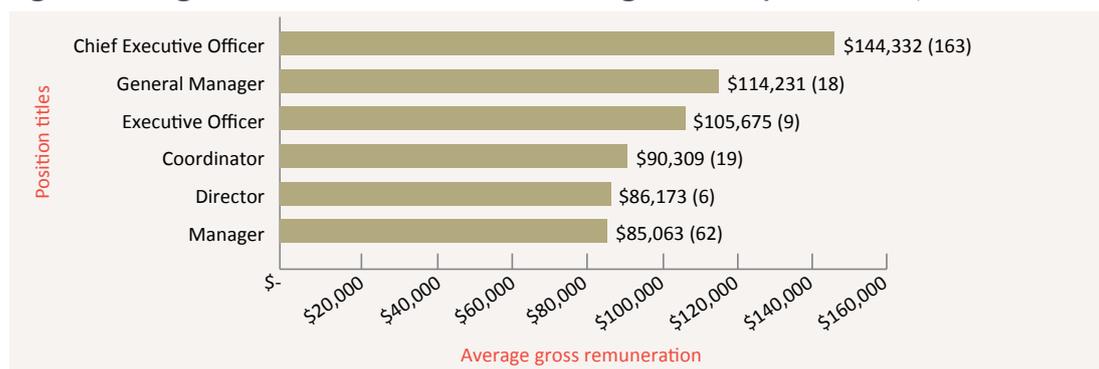
Looking at the broader corporate context, the average of \$122,448 earned in 2012 by CEOs of the top 283 Aboriginal and Torres Strait Islander corporations equates to 4.96 per cent of their counterparts running the top 300 companies listed on the Australian Stock Exchange (ASX).<sup>7</sup>

## CEO—remuneration range

The range in total remuneration was considerable in both 2011 and 2012 (Figure 8). The range for 2012 was between \$44,084 and \$382,770<sup>8</sup> and even greater in 2011 with a range between \$40,941 and \$626,621. As discussed later in this report, this broad range is partly explained by factors such as the corporations' size and number of employees, and the concomitant level of responsibility of the CEO.

In 2012 the top earning CEO of an Aboriginal and Torres Strait Islander corporation earned the equivalent of 3.96 per cent of the remuneration of the highest paid CEO of an ASX-listed company.<sup>9</sup>

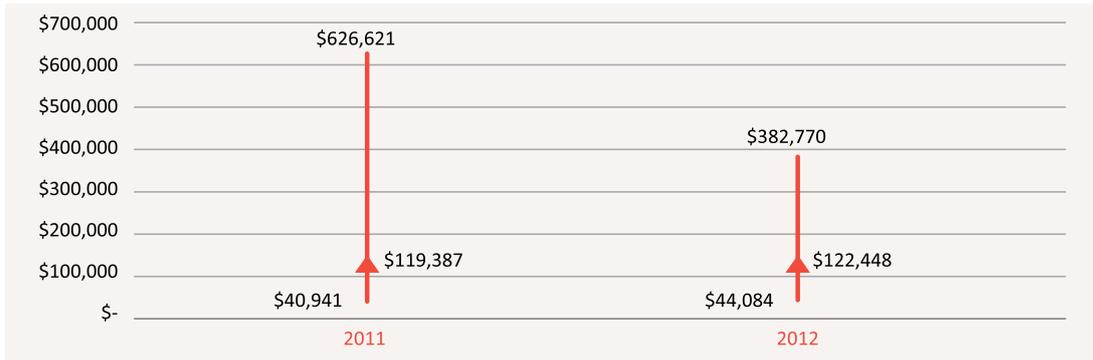
**Figure 7: Average total remuneration of officers in charge based on position titles, 2012**



**Note:** sample size shown in brackets. Position titles with only one in the sample have been excluded from the table.

- 6 PayScale website, chief executive officer (CEO) salary, viewed on 26 February 2013 at: [http://www.payscale.com/research/AU/Job=Chief\\_Executive\\_Officer\\_\(CEO\)/Salary](http://www.payscale.com/research/AU/Job=Chief_Executive_Officer_(CEO)/Salary).
- 7 The average remuneration earned by CEOs of corporations listed on the ASX was \$2.47 million in 2012. Laws to target executive pay. *Australian Financial Review*, 26 November 2012, [http://www.afr.com/p/national/laws\\_to\\_target\\_executive\\_pay\\_aaOoiOzkZR2Y9f18FMQ6uJ](http://www.afr.com/p/national/laws_to_target_executive_pay_aaOoiOzkZR2Y9f18FMQ6uJ).
- 8 The range for CEO total remuneration recently reported by PayScale is \$82,955 to \$319,352, [http://www.payscale.com/research/AU/Job=Chief\\_Executive\\_Officer\\_\(CEO\)/Salary](http://www.payscale.com/research/AU/Job=Chief_Executive_Officer_(CEO)/Salary).
- 9 Mr Mike Smith, CEO of the ANZ Bank, earned a total remuneration of \$9.67 million in 2012 compared with \$382,770 earned by the highest paid CEO of an Indigenous corporation. [http://www.afr.com/p/national/laws\\_to\\_target\\_executive\\_pay\\_aaOoiOzkZR2Y9f18FMQ6uJ](http://www.afr.com/p/national/laws_to_target_executive_pay_aaOoiOzkZR2Y9f18FMQ6uJ).

**Figure 8: Highest, lowest and average remuneration of CEOs, 2011 and 2012**

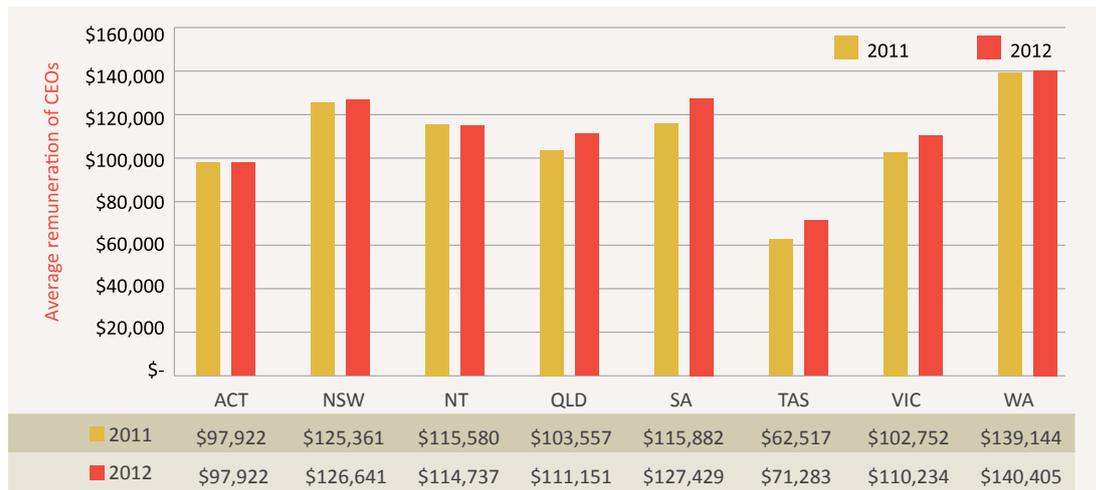


### CEO remuneration by state and territory

There are considerable differences in the remuneration of CEOs depending on location, with CEOs in Western Australia earning approximately twice the average total remuneration of CEOs based in Tasmania (Figure 9) over the last two consecutive years.

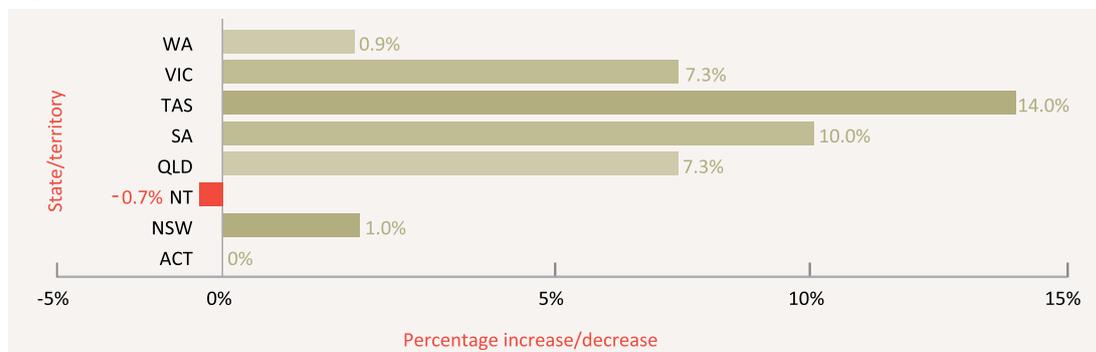
During the last two years Western Australia, New South Wales and South Australia were ranked in the top three. The only change in the top three rankings was that South Australia moved from third to second position in 2012 and New South Wales dropped back from second to third position.

**Figure 9: Average remuneration of CEOs by state and territory, 2011 and 2012**



If the 10 per cent growth in the total remuneration of corporation CEOs in South Australia is sustained, South Australia could move close to Western Australia, see Figures 9 and 10.

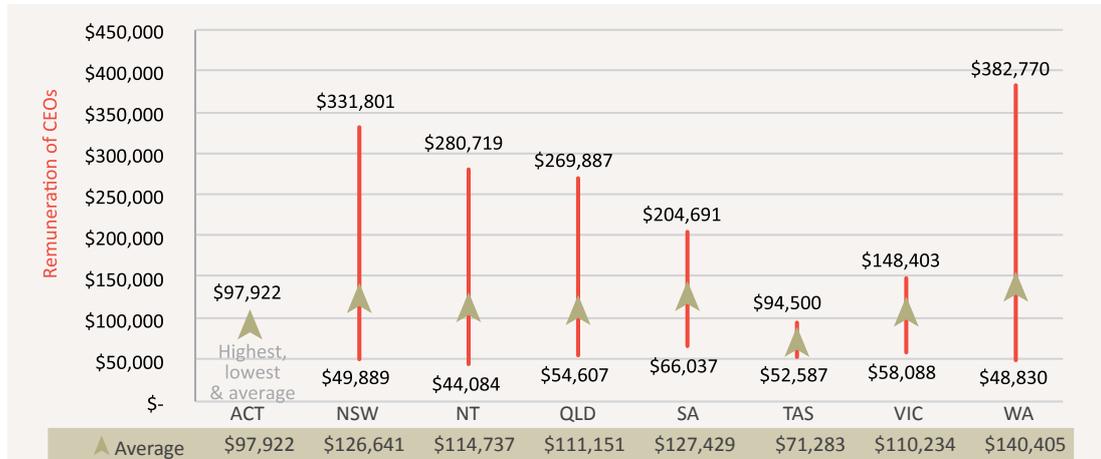
**Figure 10: Increase/decrease in CEO total remuneration by state/territory from 2011 to 2012**



**Note:** There is only one corporation represented in the ACT sample.

Figure 11 shows the range between lowest and highest remuneration in each jurisdiction varies considerably. In 2012 the greatest range was for CEOs based in Western Australia, New South Wales, the Northern Territory and Queensland.

**Figure 11: Highest, lowest and average remuneration of CEOs by state/territory, 2012**

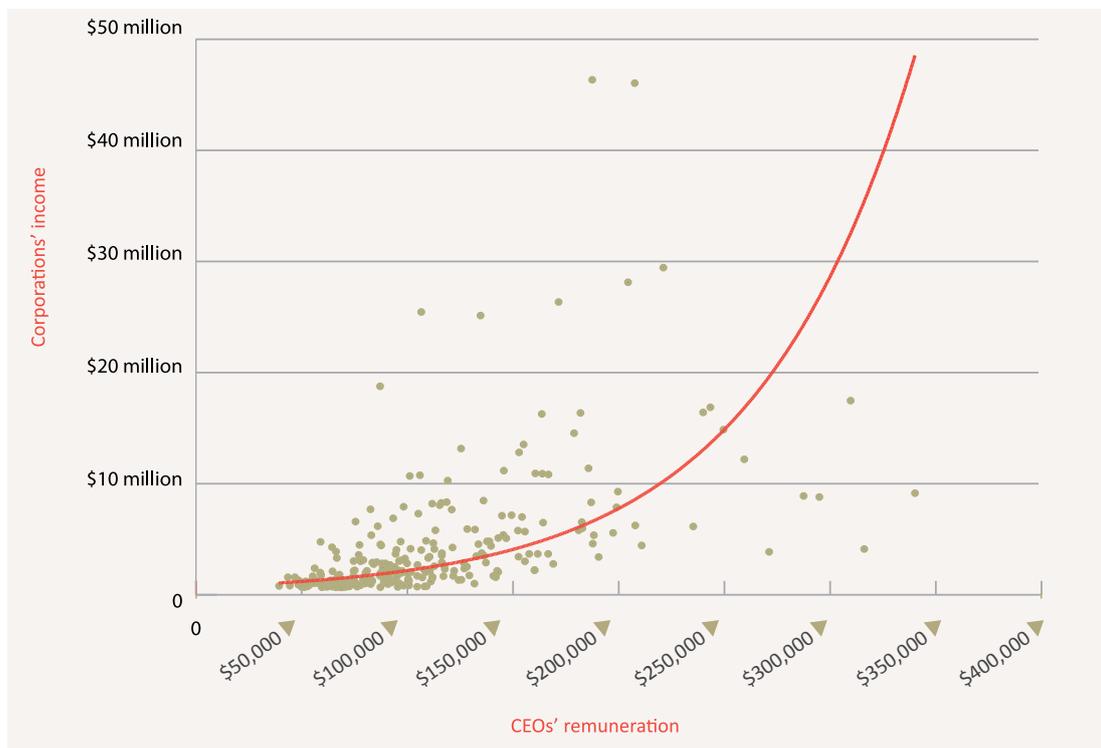


**Note:** There is only one corporation represented in the ACT sample.

### CEO remuneration linked to corporation size (income, number of employees and combined remuneration for all staff)

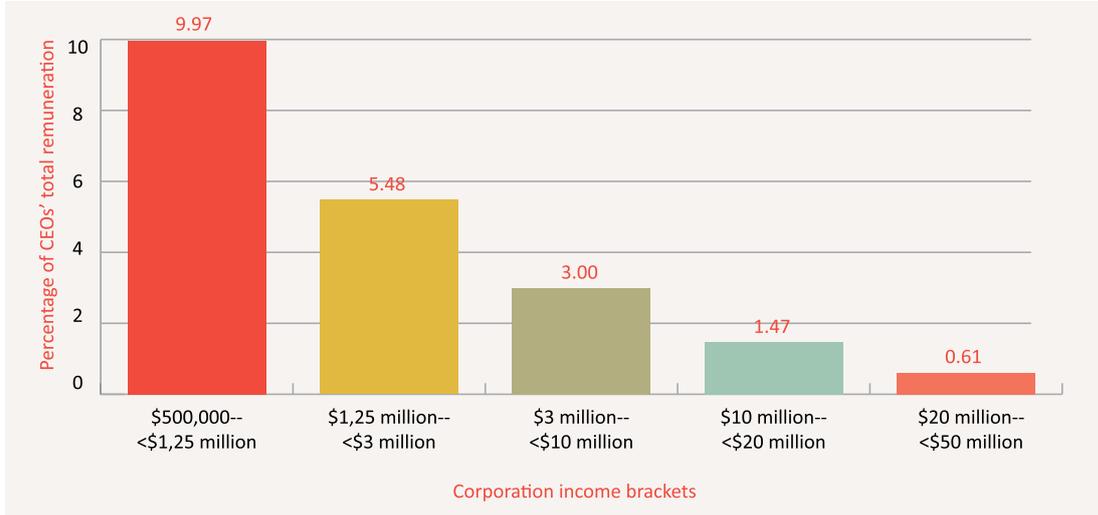
There is a broad correlation between the size of a corporation, as defined by its total income, and the total remuneration paid to CEOs. As shown in Figure 12, the relationship between the size of a corporation and total remuneration of CEOs is expressed as an exponential curve. For example, CEOs running corporations with an income of \$5 million earn on average just under \$200,000, but those running corporations with an income of \$10 million do not earn twice the amount—rather, their average total remuneration is around \$250,000. So, the greater the corporation’s income, the lower the percentage of the CEO’s remuneration tends to be relative to the corporation’s total income.

**Figure 12: CEOs’ total remuneration relative to corporations’ income**



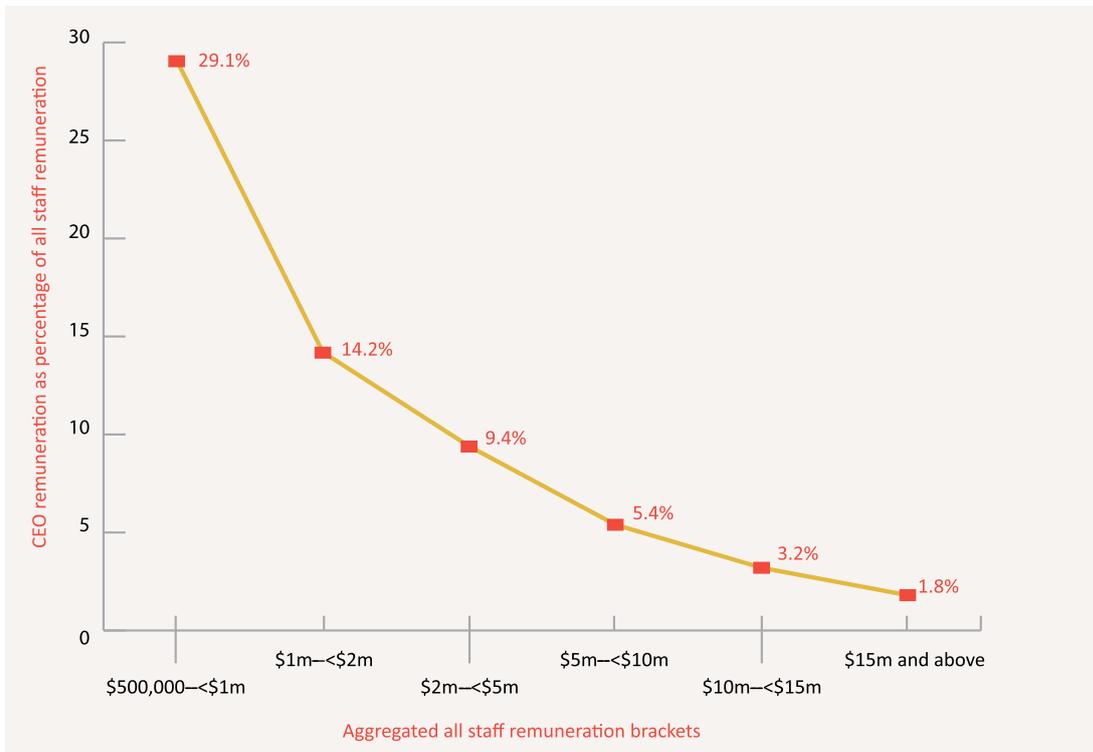
This relationship is also shown in Figure 13—the total remuneration of CEOs running corporations with an income of between \$500,000 and \$1.25 million constitutes 9.97 per cent of the corporations’ income. At the other end of the spectrum the total remuneration of CEOs running corporations that earn between \$20 and \$50 million constitutes only 0.61 per cent of the corporations’ income. In short, although a CEO’s remuneration has a tendency to increase with the size of a corporation’s income; remuneration does not continue to grow proportionate to an increase in a corporation’s income.

**Figure 13: Percentage of total remuneration of CEOs relative to corporations’ income**



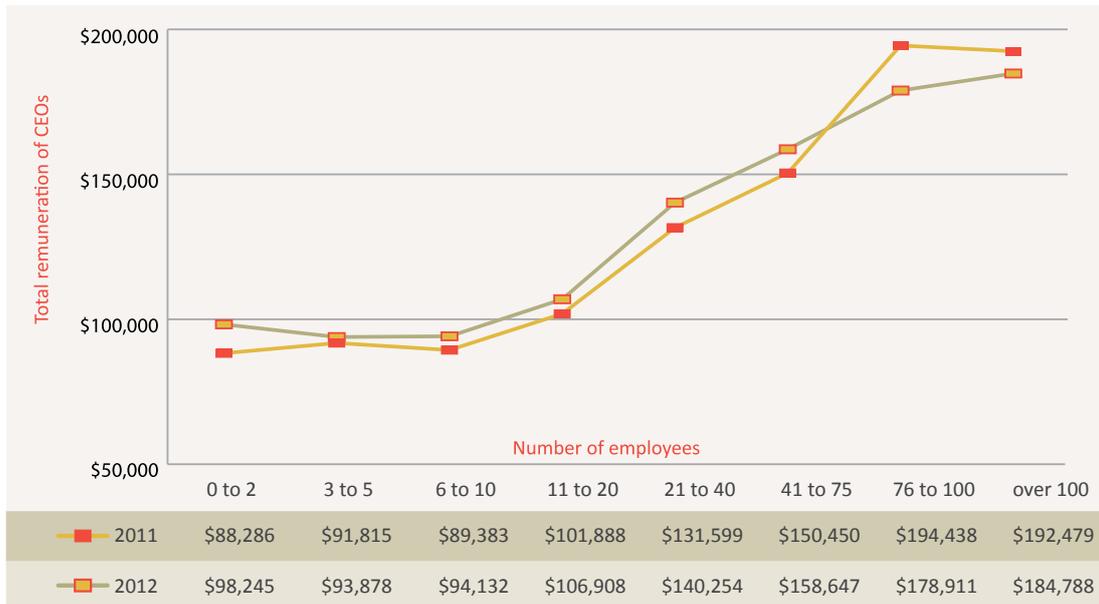
Likewise, the total remuneration of CEOs expressed as a percentage of the total remuneration paid to all staff shows that, as the latter increases, the proportion of the CEOs total remuneration gradually decreases. For example, Figure 14 shows that in 2012 CEOs of corporations with expenditure of under \$500,000 for all staff remuneration earned 29.1 per cent of the combined remuneration for all staff. At the other end of the spectrum CEOs of corporations with expenditure exceeding \$10 million in all staff remuneration earned on average 1.8 per cent of the combined all staff remuneration.

**Figure 14: Total remuneration of CEOs relative to all staff remuneration, 2012**



The total remuneration for CEOs also shows a tendency to grow along with the number of employees. This trend is apparent particularly for corporations with 11 or more employees, see Figure 15.

**Figure 15: Average remuneration of CEOs relative to number of employees**



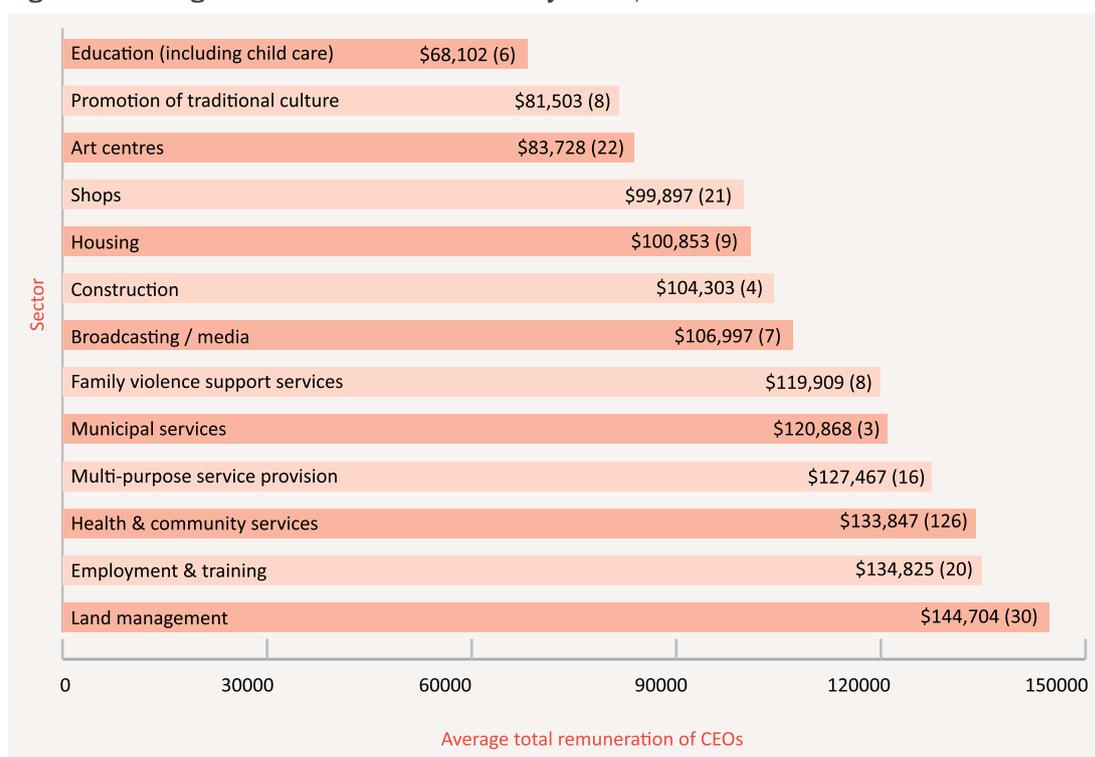
## CEO remuneration by sector, 2012

### Sample size: 280 (2012)

The classification of sectors used here is based on those listed in the general report that corporations registered under the CATSI Act are required to lodge with the Registrar at the end of each financial year. These form the basis for categorising corporations by the Registrar into sectors, as documented for instance in the Registrar's top 500 reports.<sup>10</sup> Different sector classifications are currently used by different organisations or government agencies. For example, the Australian Bureau of Statistics (ABS) relies on 18 sector categories, 13 of which match closely or exactly those used by ORIC.<sup>11</sup> Also the Productivity Commission lists nine sectors in which not-for-profit organisations operate; only five of these match the sector categories used by ORIC.<sup>12</sup>

The sector in which a corporation operates appears to play a significant part in the amount of total remuneration that a CEO receives. For instance, in 2012 CEOs that ran corporations operating in the land management, employment and training, and health and community services received, on average, over \$130,000 in total remuneration (Figure 16). At the lower end of the scale CEOs that ran shops, art centres, educational and child care facilities and corporations involved in the promotion of traditional culture received less than \$100,000 on average.

**Figure 16: Average total remuneration of CEOs by sector, 2012**



**Note:** sample sizes shown in brackets.

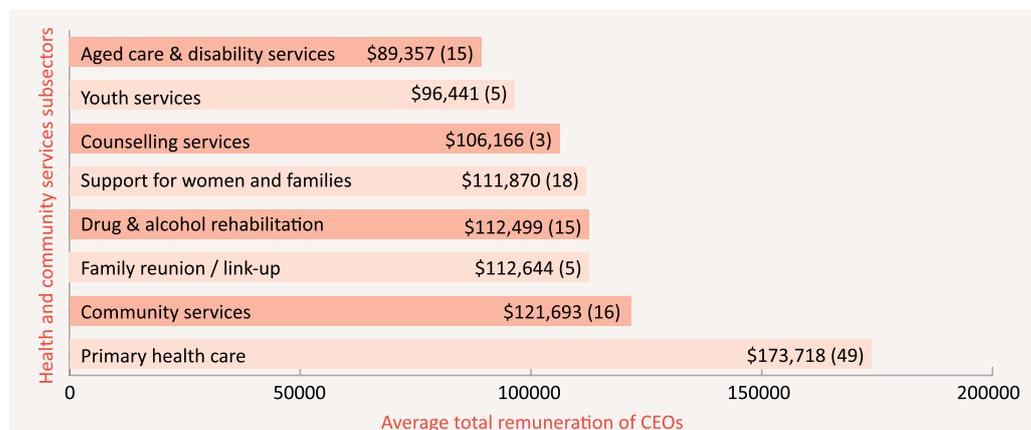
10 Office of the Registrar of Indigenous Corporations, *The top 500 Aboriginal and Torres Strait Islander Corporations 2010–11*, September 2012.

11 Australian Bureau of Statistics, Cat. No. 6345.0, Wage Price Index—December Quarter 2012, p. 5.

12 Productivity Commission, *Contribution of the not-for-profit sector*, research report, Canberra, Table 4.4, 2010.

However, there is a considerable range in the level of total remuneration depending on the particular sector. For example, within the broad health and community services sector, CEOs that ran primary health care facilities (such as clinics and medical centres) received an average remuneration of \$173,718 whereas CEOs in the aged care and disability services subsector received on average \$89,357—this represents 51.4 per cent of the remuneration of their counterparts in the primary health care subsector (Figure 17).

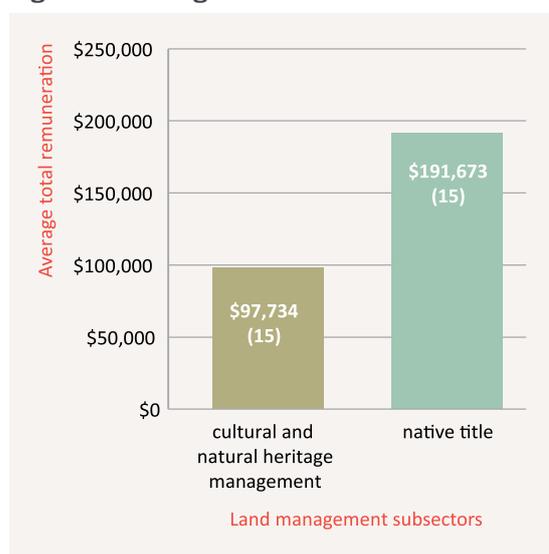
**Figure 17: Average total remuneration of CEOs in health and community services subsectors, 2012**



**Note:** sample sizes shown in brackets (total 126).

This pattern is also repeated within the land management sector. The CEOs of corporations involved in the management of native title received more than twice the amount of remuneration that the CEOs of corporations involved in cultural and natural heritage management were paid (Figure 18).

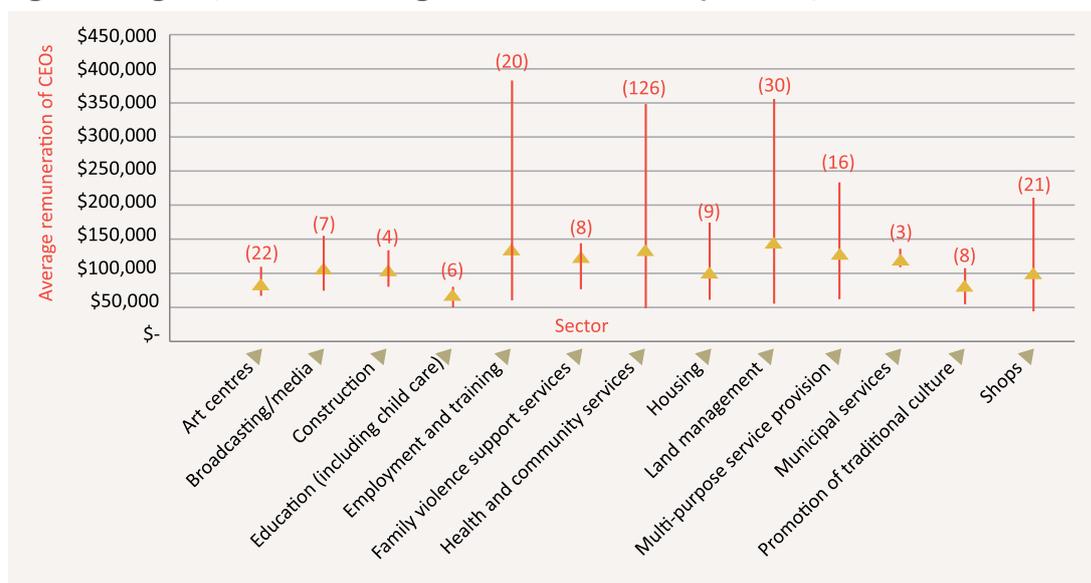
**Figure 18: Average total remuneration of CEOs in land management subsectors, 2012**



**Note:** sample sizes shown in brackets (total 30).

The range in total remuneration for CEOs in 2012 shows considerable variation between sectors. The three sectors that show the most variation are: land management, employment and training, and health and community services (see Figure 19).

**Figure 19: Highest, lowest and average remuneration of CEOs per sector, 2012**



**Note:** sample sizes shown in brackets (280).

The sectors with the smallest sample representation (i.e. between three and eight corporations) tend to show less range in CEO total remuneration. These include the following sectors: municipal services, construction, education (including child care), broadcasting/media, promotion of traditional culture and family violence support services (Table 3).

The small number of corporations represented in these sectors likely explains why there is little range in CEO remuneration. However, there is a notable exception to this pattern. The sample of art centre CEOs is relatively large with 22 corporations represented; yet, the CEO remuneration range is relatively small (\$66,876 to \$109,527). One likely explanation is that art centres are generally members of one or more peak bodies.<sup>13</sup> One of the services provided by these bodies to members is to give advice on a range of matters within the sector, including advice on appropriate levels of remuneration.<sup>14</sup>

**Table 3: Highest, lowest and average remuneration of CEOs per sector, 2012**

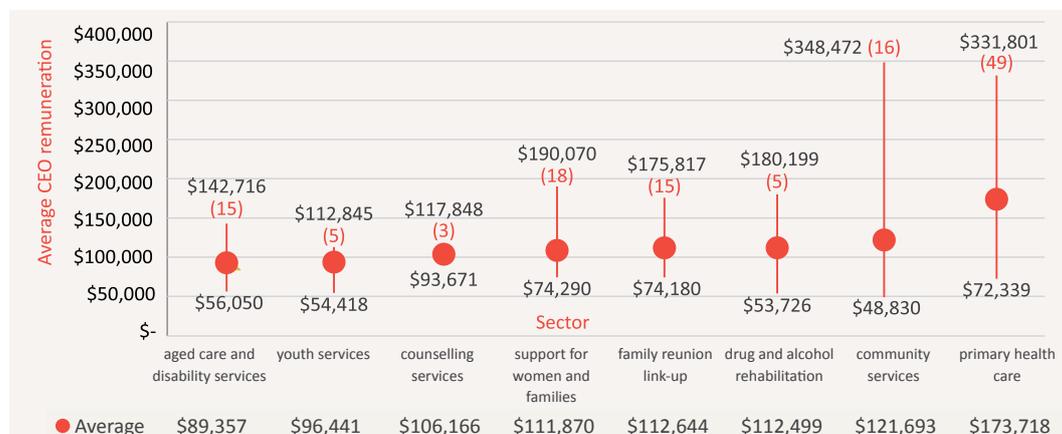
Sector	highest	lowest	average	sample
Art centres	\$109,527	\$66,876	\$83,728	22
Broadcasting / media	\$154,828	\$74,545	\$106,997	7
Construction	\$133,914	\$80,273	\$104,303	4
Education (including child care)	\$80,119	\$49,889	\$68,102	6
Employment & training	\$382,770	\$60,313	\$134,825	20
Family violence support services	\$144,163	\$76,590	\$119,909	8
Health & community services	\$348,472	\$48,830	\$133,847	126
Housing	\$174,268	\$61,103	\$100,853	9
Land management	\$355,749	\$55,448	\$144,704	30
Multi-purpose service provision	\$233,522	\$62,130	\$127,467	16
Municipal services	\$136,026	\$108,856	\$120,868	3
Promotion of traditional culture	\$107,363	\$54,607	\$81,503	8
Shops	\$210,842	\$44,084	\$99,897	21

13 Peak bodies include the Association of Northern, Kimberley and Arnhem Aboriginal Artists (ANKAAA); Desert; UMI Arts; Indigenous Art Centre Alliance, Far North Queensland; Ananguku Arts; Western Desert Mob; Kimberley Aboriginal Artists and Tiwi Art Network.

14 Office of the Registrar of Indigenous Corporations, *At the heart of art: a snapshot of Aboriginal and Torres Strait Islander corporations in the visual arts sector*, Canberra, June 2012, pp. 36–7.

Within the health and community services sector there is considerable variation between the lowest and highest CEO remuneration for the primary health care and the community services subsectors (see Figure 20). Yet other subsectors show little variation. The one showing least variation (\$93,671–\$117,848) is the counselling services subsector. However, it is also the subsector with the smallest sample—only three corporations.

**Figure 20: Highest, lowest and average remuneration for CEOs in health and community subsectors, 2012**



Note: sample sizes shown in brackets (126).

## CEO bonuses

**Sample size: 33 (2011)  
30 (2012)**

Corporations were requested to provide information on the amounts of gross bonuses paid to CEOs and other senior staff in 2011 and 2012.

The number of CEOs reported to have received bonuses was:

- » in 2011: 33 of the 274 CEOs<sup>15</sup> received bonuses, or 12.0 per cent
- » in 2012: 30 of the 283 CEOs<sup>16</sup> received bonuses, or 10.6 per cent.

The average bonus awarded to CEOs of corporations in 2011 was \$21,460 and in 2012 it dropped by 10.1 per cent to \$19,302.

The highest bonuses awarded to individual CEOs in 2011 and 2012 were for \$202,312 and \$113,300 respectively—both were for CEOs operating within the health and community services sector.

All individual bonuses awarded to CEOs for both years are documented in Table 4.

**Table 4: Individual bonuses awarded to CEOs, 2011 and 2012**

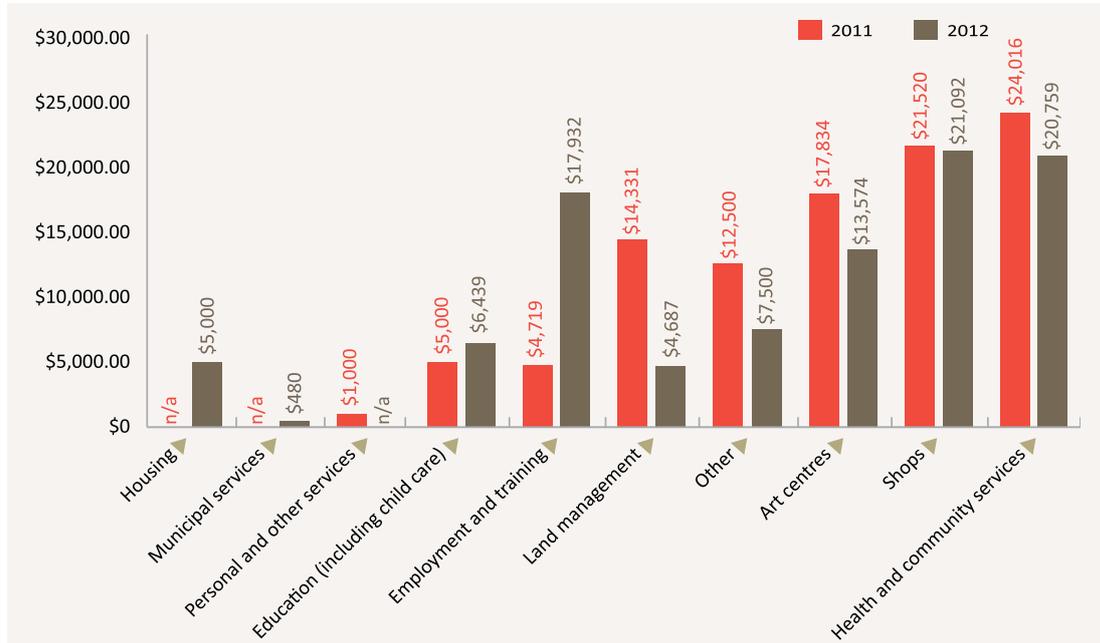
2011 (\$)		2011 (\$)		2012 (\$)		2012 (\$)	
202,312	10,000	17,297	2,500	113,300	7,500	13,574	1,950
108,173	9,000	16,000	2,000	65,392	7,461	12,000	1,600
39,721	7,500	15,000	1,950	42,108	6,439	12,000	1,056
39,720	7,500	14,000	1,056	35,000	5,500	10,000	863
37,880	6,000	13,000	1,000	32,535	5,000	10,000	750
35,000	5,000	12,000	750	29,959	5,000	8,900	480
25,485	5,000	10,720	438	18,000	4,800		
25,000	4,200	10,000		16,000	3,000		
20,000	2,992			14,000	2,000		

15 Only 274 CEO positions were reported on for 2011 as one corporation was not registered and the others either did not have employees, or did not provide information on employees, or the CEO position was not documented. Also, in many instances the corporations outsourced management—e.g. some community stores outsourced management to Outback Stores Pty Ltd.

16 51 corporations (284 out of 335) either did not provide information on bonuses paid to CEOs, or did not have employees, or outsourced management or positions to Outback Stores Pty Ltd or another entity.

In 2011 the three highest sectoral average bonuses were awarded to CEOs in the following sectors: health and community services (\$24,016), shops (\$21,520) and art centres (\$17,834), see Figure 21. In 2012 the three highest sectoral average bonuses were awarded to CEOs in the health and community services sector (\$20,759), CEOs managing shops (\$21,092), and the CEOs in the employment and training sector (\$17,932).

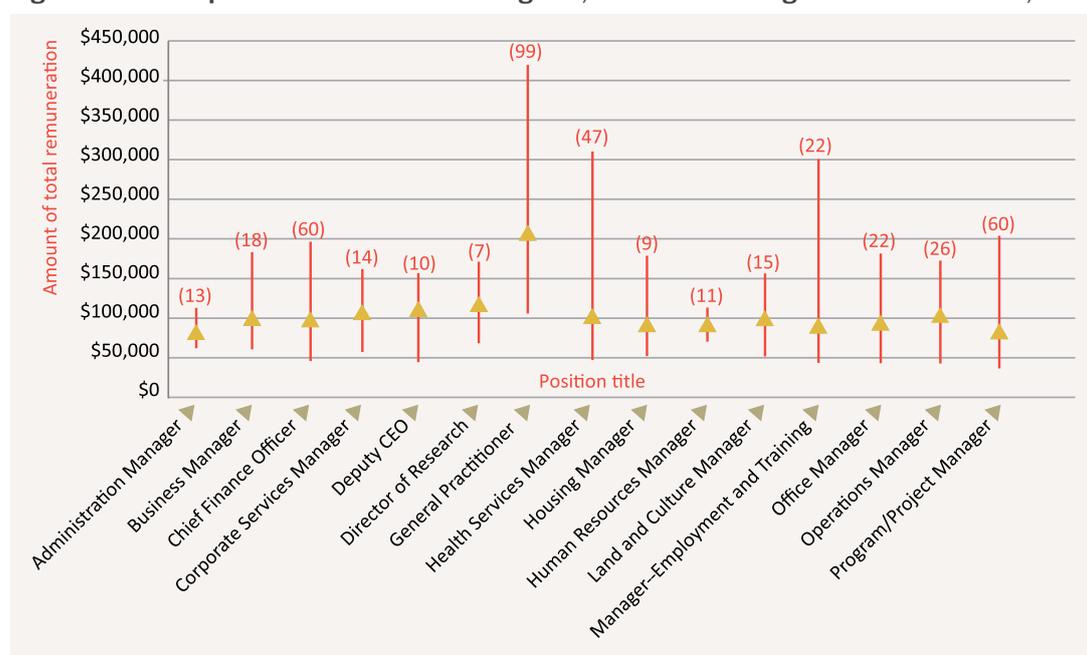
**Figure 21: Average bonuses of CEOs per sector, 2011 and 2012**



## Senior positions other than CEO—remuneration

Remuneration patterns relating to a total of 15 senior positions other than the CEO were analysed.<sup>17</sup> Consistent with the results obtained for the CEO total remuneration, non-CEO senior positions show a considerable range between lowest and highest amounts paid; with the exception of the Human Resources Manager and Administration Manager positions (Figure 22 and Table 5).

**Figure 22: Senior positions other than CEO: highest, lowest and average total remuneration, 2012**



**Note:** Sample sizes in brackets.

**Table 5: Highest, lowest and average total remuneration for senior positions other than CEO, 2012**

Position	Highest (\$)	Lowest (\$)	Average (\$)
Administration Manager	112,956	62,110	82,316
Business Manager	183,347	60,515	100,135
Chief Finance Officer	196,222	45,741	98,243
Corporate Services Manager	161,900	57,236	107,420
Deputy CEO	156,695	44,482	111,569
Director of Research	171,061	68,167	117,713
General Practitioner	419,727	105,858	207,731
Health Services Manager	310,539	47,111	102,399
Housing Manager	178,857	52,145	92,285
Human Resources Manager	113,356	70,121	92,246
Land & Culture Manager	156,413	51,775	99,735
Manager—Employment & Training	300,857	43,584	90,505
Office Manager	181,544	43,178	94,088
Operations Manager	172,614	42,757	103,856
Program / Project Manager	203,826	36,664	83,352

<sup>17</sup> The 15 position titles provided by corporations represent a much greater range of position labels and have been consolidated into 15 position titles for the purposes of this report—e.g. some of the position titles given that are equivalent to 'Business Manager' include: Business Services Director, Business Services Manager, Business Development Manager, Business Operations Manager, Manager Business and Economic Development.

## Bonuses paid to senior staff other than CEOs

**Sample size: 290 (2011)  
296 (2012)**

For 2011 there were 290 corporations that provided information for 2048 senior employees other than CEOs. Of these employees a total of 134 or 6.5 per cent received bonuses. For 2012 a total of 296 corporations provided information for 2108 senior employees other than CEOs. A total of 121 of these employees received bonuses (5.7 per cent).

The total amount paid in bonuses to employees other than CEOs was:

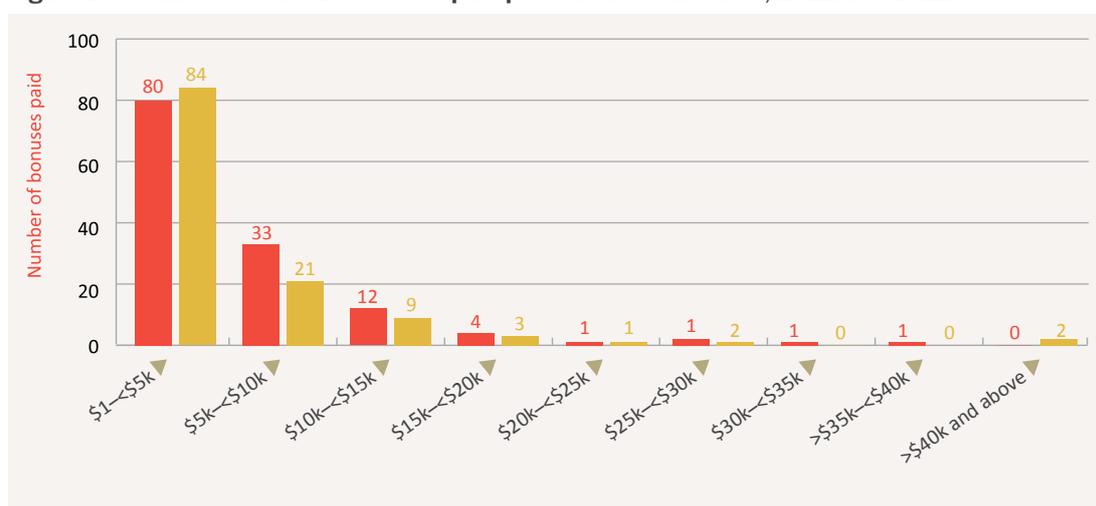
- » \$628,702 in 2011 and
- » \$546,254 in 2012.

The average size of a bonus paid in 2011 was \$4,692 and it dropped by 3.8 per cent in 2012 to \$4,515. As previously indicated the average bonus paid to CEOs also dropped from 2011 to 2012.

The highest bonus paid in 2011 was \$39,721 and in 2012 it was \$84,862. However, the vast majority of bonuses in both 2011 and 2012 were for amounts lower than \$5,000 (Figure 23).

The lowest amounts were \$100 in 2011 and \$188 in 2012.

**Figure 23: Number of non-CEO bonuses paid per bracketed amounts, 2011 and 2012**



## Termination benefits paid to directors and all employees

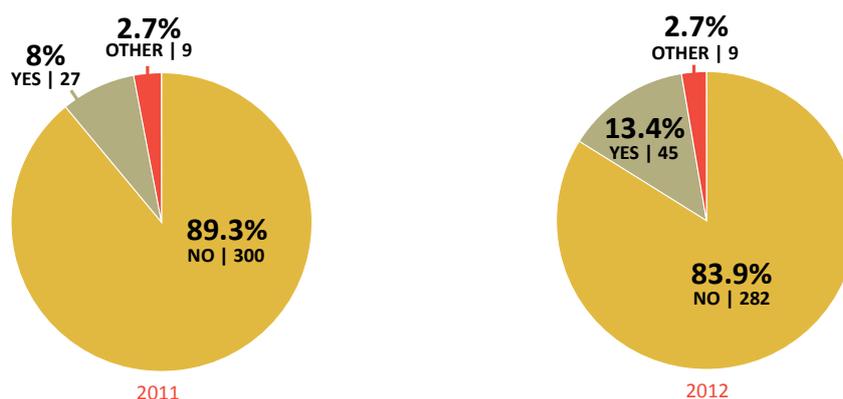
Corporations were requested to provide information on the gross (before tax) amount of termination benefits paid out to directors, senior management and other employees in 2011 and 2012.

A summary of the responses received is provided in Table 6. There were proportionally more corporations that provided termination payments in 2012 compared to 2011, see Figure 24.

**Table 6: Summary of responses received about termination benefits**

Did the corporation pay termination benefits to directors or staff?	2011		2012	
	Number	Percentage	Number	Percentage
No	300	89.0	282	83.9
Yes	27	8.0	45	13.4
Other (not sure)	1	0.3	0	0.0
Other (not applicable, corporation has no employees or was not registered)	4	1.2	4	1.2
Other (no data provided)	4	1.5	5	1.5
<b>Total number of corporations that provided information</b>	336	100%	336	100%

**Figure 24: Responses received from corporations on termination payments, 2011 and 2012**



The highest amount paid in termination benefits to an individual was \$91,350 in 2011 and \$135,958 in 2012 (Table 7). The average payment made to directors or employees in termination benefits was \$11,742 in 2011 and \$12,937 in 2012.

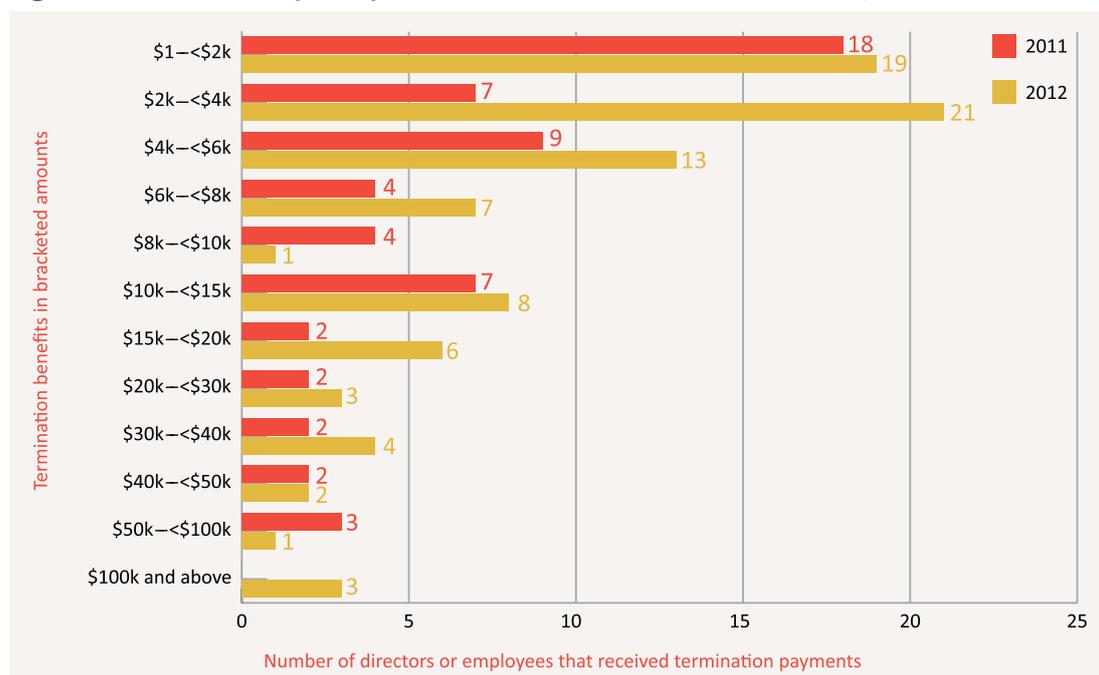
**Table 7: Summary of individual termination payments**

2011 (\$)		2012 (\$)		
91,350	5,091	135,958	6,922	2,765
83,748	4,728	120,464	6,385	2,621
68,453	4,535	120,000	6,073	2,473
42,030	4,506	70,000	6,065	2,400
41,538	4,500	41,208	6,007	2,290
36,000	2,884	40,000	5,766	2,214
30,000	2,826	31,824	5,754	2,124
27,070	2,705	31,279	5,537	2,073
25,621	2,693	30,000	5,535	2,051
18,403	2,499	30,000	5,000	2,000
15,000	2,020	29,718	4,986	1,975
14,146	2,020	25,909	4,890	1,923
14,000	1,914	20,434	4,758	1,923
12,030	1,634	19,936	4,659	1,921
11,831	1,634	19,281	4,286	1,900
11,644	1,451	19,038	4,166	1,756
10,077	1,442	18,127	4,072	1,750
10,000	1,409	15,170	4,034	1,710
9,092	1,200	15,000	3,926	1,700
8,082	1,124	14,923	3,769	1,598
8,056	1,038	13,285	3,717	1,519
8,038	921	13,095	3,616	1,460
7,719	746	12,924	3,615	1,364
7,000	592	12,420	3,600	962
7,000	583	10,983	3,209	962
6,461	450	10,961	3,103	923
5,615	367	10,854	2,837	315
5,611	279	9,886	2,836	173
5,608	76	7,718	2,824	126
5,379	41	7,181		

**Note:** corporations that made termination payments to more than six individuals were only requested to provide details of payments made to six directors or employees

As shown in Table 7 and Figure 25 the majority of individual termination payments were under \$8,000 in value. Note that corporations were asked not to report on amounts payable under an award or legislation.

**Figure 25: Number of recipients per bracketed termination benefits amounts, 2011 and 2012**



The highest aggregated amount of termination benefits was paid in 2012 to two employees for a total of \$190,000.

In addition there were three other corporations that paid in excess of \$100,000 in termination benefits, including:

- » \$159,803 to two individuals in 2011
- » \$135,958 to one individual in 2012; and
- » \$120,464 to one individual in 2012.



# POLICIES

# Remuneration policies and procedures

## Sample size: 336

Corporations were asked to document the following:

- » whether or not they had policies or procedures in place for determining the remuneration of directors, senior managers and employees, and if so, to provide a brief summary of these policies or procedures
- » how many senior managers or staff were remunerated under a written contract, an award or enterprise agreement
- » what policies and procedures were in place for authorising and paying bonuses
- » whether the payment of bonuses was linked to performance.

## Directors' remuneration, sitting fees and bonuses

### Remuneration (including sitting fees)

#### Sample size: 25

Only 25 corporations provided information on policies and procedures relating to the remuneration of their directors. Eight of those indicated that the board of directors was responsible for approving the remuneration of directors, and five stated that this matter was put to members for their decision. The remaining 12 corporations did not specify who made the decision.

Most of the corporations either relied on a human resources specialist or the corporation accountant to set the remuneration levels; or looked at the remuneration levels paid to directors of other organisations within the same sector.

Many directors were remunerated either to compensate for the loss of wages when attending board meetings or to undertake site clearance<sup>18</sup> and impart their traditional knowledge of cultural heritage. It is generally accepted protocol that elders should receive payment for working as cultural heritage advisers.

### Sitting fees of directors

#### Samples size: 73

Some 153 of the 336 corporations that provided a response did not specify if they had policies and procedures for paying sitting fees to directors. Of the remaining 183 corporations, 110 (60.1 per cent) indicated that their policies did not allow directors to receive sitting fees.

The policies of the 73 corporations that allowed their directors to receive sitting fees are summarised in Table 8. The most common policy was for the board of directors to decide on the payment of sitting fees and the amount.

<sup>18</sup> Under cultural heritage, mining, native title and other legislation miners and developers are required to have their site cleared by traditional owners before obtaining a permit to conduct activities. If sites of significance are found these must be either protected or compensation agreed to by both parties before the site is approved by governments to develop or mine. Many directors are elders who have authority to undertake clearance work in accordance with their ceremonial, social and cultural status.

**Table 8: Policies and procedures on the payment of sitting fees to directors**

Policy	Number of corporations
Corporation policy does not allow payment of sitting fees	110
Corporation has a policy to pay sitting fees where:	
• the board makes the decision	33
• members approve sitting fees or recommend to the board the payment of sitting fees	9
• CEO decides what sitting fees should be paid to directors	1
• sitting fees paid, but no details of who decides on the fees	30
<b>TOTAL</b>	<b>183</b>
No data was provided by the corporation	153
<b>TOTAL</b>	<b>336</b>

## Bonuses to directors

### Sample: 5

Of the 336 corporations that provided a response to the survey, 13 did not give information on directors' bonuses specifically. Only five of the remaining 323 corporations (or 1.5 per cent) indicated that bonuses were paid to directors. Four of these five corporations stated that the board of directors approved the payment of bonuses and only one said that the decision is put to members for endorsement.

## Senior staff remuneration (CEO, other senior staff and employees)

In most instances the process for establishing the remuneration level of the CEO, other senior staff and employees, requires those responsible for setting the amount to rely on one or more of the approaches listed in Table 9. That table shows that the two most common approaches are:

- » relying on advice obtained from a human resources specialist
- » using industry awards as a benchmark.

Setting CEOs' remuneration levels can be challenging as executive positions in particular sectors may not be covered by industry awards. Accordingly the most common approach used by corporations was to rely on advice obtained from professionals (89 instances) including: human resources (HR) specialists (62 corporations), business advisors (12) and other external consultants (15). For all other employees the most common approach was to rely on relevant industry awards.

**Table 9: Approaches used by corporations for setting the remuneration levels for their employees**

Approaches used for setting remuneration levels	CEO	Senior staff excluding CEO	other employees
Advice from a HR specialist on appropriate remuneration level based on similar organisations	62	26	29
Industry awards as a benchmark	54	78	102
Remuneration levels set in the corporation's enterprise agreement	12	18	22
Funding agreements signed with a government agency—the funding body sets remuneration levels	14	19	18
Advice from a business advisor, accountant, auditor or finance manager	12	8	8
Based on government employees pay scales, determinations (e.g. from the Statutory and Other Offices Remuneration Tribunal (SOORT) and other benchmarks	4	2	7
Advice from an external consultant (no details provided)	15	6	6
Advice from an industry peak body	5	4	5
Relying on remuneration of similar positions in similar organisations as a benchmark	11	6	4

The authority for setting and approving remuneration levels depends on the person being remunerated. The CEO remuneration packages are, in almost all instances, determined by the directors of corporations, see Table 10. For example, the directors or a remuneration committee, set up by the directors, which includes one or more directors as members, makes recommendations to the board, for approval.

The remuneration of other employees is mostly determined by the CEO. As shown in Table 10 the CEOs were responsible for deciding remuneration of all staff in 112 cases and for staff excluding some senior positions in 16 cases—all up in a total of 128 cases. Directors decided the remuneration in 54 cases (23 involving all employees and 31 involving senior positions other than the CEO).

**Table 10: Who sets remuneration?<sup>19</sup>**

Who sets the remuneration of the CEO and other employees?	Number of responses
<b>CEO's remuneration</b>	
Members approve CEO's remuneration at AGM	1
Directors approve and review CEO's remuneration	158
Special administrator appointed by ORIC recruited the CEO	1
<b>Other employees</b>	
CEO sets remuneration of all other staff <sup>(a)</sup>	112
CEO sets remuneration of all other staff except some of the senior positions	16
Directors endorse/approve and review remuneration of one or more senior positions other than the CEO position <sup>(b)</sup>	31
Senior staff within each branch set staff remuneration	1
Directors, set, review, endorse and/or approve remuneration of all other employees	23
N/A—corporation has no employees or employment of senior management was outsourced to an external agency	30
No information was provided by the corporation	114

**Note:** (a) Under powers delegated by the board of directors.

(b) This is usually done with the CEO's input and sometimes with funding bodies as well, for example through the budget development process

## Formal employment arrangements for senior management

### Sample: 287

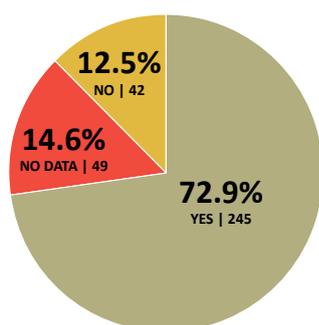
A total of 245 corporations stated that they employed senior managers under a written contract (Figure 26). The total number of senior managers employed under a contract by these 245 corporations came to 820, or an average of 3.35 per corporation.

One hundred and thirty three corporations (133) stated that they employed senior staff under an award or workplace enterprise agreement (Figure 27). The average number of senior staff employed under an award or workplace enterprise agreement is 3.31 (i.e. 440 senior staff in 133 corporations)—this is almost identical to the average employed under a written contract (3.35).

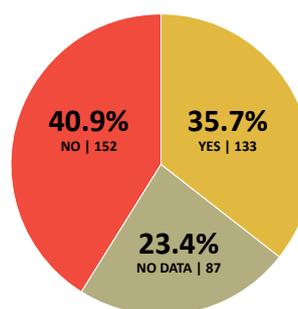
Many of the corporations have a blend of both arrangements although the CEOs are most likely to be employed under a written contract compared with other senior staff. Further details are provided in Figures 26 and 27.

<sup>19</sup> Corporations that responded, provided information on one or both of the datasets in the table.

**Figure 26: Corporations employing senior managers under a written contract**



**Figure 27: Corporations employing senior managers under an award or workplace agreement**



## Bonuses to the CEO, senior managers and staff

### Sample size: 56

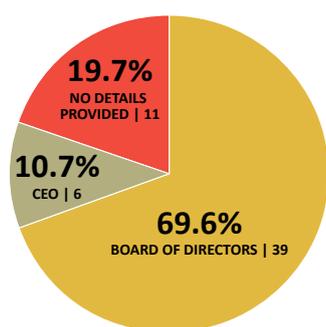
A total of 56 (16.7 per cent) corporations provided information about their policies and procedures concerning the payment of bonuses to staff. 'CEOs' was the category of employees most commonly mentioned as being entitled to a bonus (22). A total of 16 corporations also stated that all their employees were eligible to receive a bonus—see Table 11.

**Table 11: Entitlement of bonuses to staff**

Who is entitled to a bonus?	Number of responses
Only the CEO	22
All employees/permanent employees are eligible to receive a bonus	16
Senior staff only	6
Directors	2
Specialist positions	
» GP	2
» Dentist	1
» Nurse	1
» Aboriginal health worker	1
» Legal officer	1
» Teacher	1
Staff excluding managers	1
No details provided in this category	2
<b>Total</b>	<b>56</b>

In most corporations it is the board of directors who authorises bonuses (39 of the 45 corporations that provided information on the authorisation of bonuses, see figure 28).

**Figure 28: Authorisation of bonuses to staff**



Most corporations (17 of the 22 corporations that provided data) indicated that the payment of bonuses was done once a year, although the timing of the payment varied, see Table 12.

**Table 12: Timing of paid bonuses**

When is the bonus paid?	Number of responses
Quarterly	1
Twice yearly	1
Once a year:	
no details of timing	8
around Christmas / end of year	7
at end of financial year	1
after holding the AGM	1
<b>Subtotal</b>	<b>17</b>
After 12 months continuous service	1
After 10 years of service	1
When the employee's contract ends	1
No data provided	34
<b>Total</b>	<b>56</b>

Twenty-nine corporations indicated that the payment of bonuses was directly linked to the performance of the corporation; another 12 corporations stated that bonuses were linked to the individual performance of employees. Only seven mentioned that the bonuses were not linked to corporate or individual performance. Instead, the payments were linked to length of service (to provide incentive for staff to stay) and funds availability.

As shown in Table 13 the payment of bonuses to CEOs was primarily tied to two criteria:

1. increase in net profits or sales turnover
2. ability to generate new grant income.

**Table 13: Criteria used to assess performance in the context of paying bonuses**

Corporation vs. individual performance	Criteria used for assessing performance
Overall performance of the corporation	<p>CEO</p> <ul style="list-style-type: none"> <li>» measured by increase in net profits or sales turnover: 17</li> <li>» generating new grant income: 10</li> <li>» number of patients seen: 5</li> <li>» compliance with all grant conditions: 2</li> <li>» unqualified audit report: 1</li> <li>» holding at least four executive meetings per year: 1</li> </ul> <p>Staff</p> <ul style="list-style-type: none"> <li>» increase in revenues or profits generated: 5</li> <li>» new grant income generated: 1</li> <li>» overall success of the corporation: 1</li> </ul>
Assessment of individual performance	<p>Staff</p> <ul style="list-style-type: none"> <li>» attendance record: 4</li> <li>» performance / productivity: 3</li> <li>» personal skills development: 3</li> <li>» other criteria, each mentioned once: innovation, being an effective role model, leadership, service improvement, length of service and commitment to the corporation.</li> </ul>

**END OF REPORT**