



## NEWS RELEASE

### CEO Pay – The Ratchet Effect Is Alive And Well

**Monday 1<sup>st</sup> August 2005:** New research by CSI – The Remuneration Specialists has revealed that 51 per cent of organisations position pay for their CEO above the market mid-point (median). This result provides insight into the escalating nature of CEO remuneration in Australia.

“There is a continued emphasis on paying CEO’s above the market median with the expectation of above median business results,” commented Mr Jairus Ashworth, CSI’s Managing Director.

“However, with this proportion of organisations positioning pay above the mid-point of the market, continual ratcheting up of pay rates for CEO’s cannot be avoided.”

CSI’s *July 2005 Australian Top Executive Remuneration Report*, a survey of close to 2,838 individual executives from 455 Australian organisations, shows that fewer than a third (31 per cent) of organisations target the middle of the market when setting their CEO’s remuneration.

The incidence of organisations aiming to position their CEO’s pay at the middle of the market has significantly dropped since 2004 when CSI’s July report indicated 40 per cent of organisations aiming for the market mid-point.

“There is a simple solution to the ratchet effect, “ commented Mr Ashworth.

“Remuneration strategy for CEO’s and executives should only provide above market median payments in cases of above market median performance.”

## **ENDS**

### **Note:**

#### **CSi's Australian Top Executive Remuneration Report**

This report includes information from 2,838 top executives from 455 Australian organisations across a broad range of industry sectors including computer, hi-tech, manufacturing, banking, finance, insurance, agriculture and energy, wholesale, retail, service, life science, and telecommunications. It provides detailed market intelligence to businesses on market remuneration rates for key executive job roles in the Australian market, as well as a comprehensive analysis of trends in executive pay.

#### **CSi – The Remuneration Specialists**

CSi is a specialist remuneration consultancy that provides advice to assist organisations with strategic and operational remuneration activities. With a reputation for excellence and integrity, CSi assists organisations with setting remuneration strategy, designing remuneration policies, sourcing and utilising market remuneration data, and providing training in remuneration management theory and practice.

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