

1 November 2019

## **GROWING IR INFLUENCE LEADS TO INCREASE IN REMUNERATION**

In a survey released today by the Australasian Investor Relations Association, the median fixed remuneration<sup>1</sup> for investor relations professionals across the total of all ASX 200 and NZX 50 respondent companies increased over the last twelve months. As at July 2019, the median fixed remuneration of respondents was \$301,000-\$325,000 compared to \$251,000-\$275,000 in 2018.

ASX 50 companies reported a median fixed remuneration of \$376,000-\$400,000 a decrease from \$426,000-\$450,000 in 2018. Anecdotally, this would seem to be explained by the trend for executives in large cap companies to have more of their total remuneration<sup>2</sup> "at risk".

For ASX 51-100 companies, the median fixed remuneration range increased to \$301,000-\$325,000 from \$276,000-\$300,000 in 2018. ASX 101-150 companies also increased to \$276,000-\$300,000 from \$226,000-\$250,000 in 2018. ASX 151-200 companies median fixed remuneration range decreased to \$201,000-\$225,000 from \$226,000-\$250,000 in 2018. For NZX 50 companies median fixed remuneration range remained in-line with the 2018 survey results at \$201,000-\$225,000.

Increases in short-term incentive payments indicate there is a greater portion of total remuneration being based on the performance of investor relations staff. 90 percent of respondents received short-term incentives as a percentage of total remuneration in 2019, compared to 86 percent in 2018. The short-term incentive payment range, as a percentage of fixed annual salary, increased in 2019 to 21-30 percent compared to 11-20 percent in 2018 and 2017.

Long-term incentives as part of respondent's remuneration packages decreased slightly. 52 percent received long-term incentives in 2019, compared to 56 percent in 2018. The most popular form of long-term incentive was performance rights which remained unchanged compared to 2018 at 39 percent. Respondents receiving shares decreased to 19 percent, 24 percent in 2018. Options also decreased to 5 percent in 2019 from 10 percent the year prior.

The investor relations (IR) function is strengthening its importance within listed entities. Respondents reported growth in tasks, team size and responsibilities (e.g. environment, social and governance issues).

"Since 2017 we have seen an increasing trend in the number of investor relations professionals managing larger teams of people", AIRA's Chief Executive Officer Mr Ian Matheson said. "Changes in the way listed entities engage with the investment community as a result of structural change have meant the Investor Relations function has stepped up to fill the void leading to increased responsibility and larger teams."

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<sup>1</sup> fixed remuneration comprises annual salary plus superannuation and fringe benefits excluding any short-term and long-term incentive payments (such as cash bonus, shares, options or share performance rights).

<sup>2</sup> total remuneration includes fixed remuneration and short-term and long-term incentives

The changing dynamics of the buy-side and sell-side has increased the level of interaction that IR teams have with the investment community. This has meant that the credibility of IR is highly regarded. Respondents indicated the number one essential attribute of an effective IR practitioner in 2019 was *being trustworthy by acting with integrity at all times*. It was ranked 3<sup>rd</sup> in 2018. Other essential attributes included: having a solid understanding of business strategy, operations and of investment market processes and needs; being an effective communicator; being highly numerate and accurate with data; and having strong relationships with internal and external stakeholders.

The study was the 13th annual review of investor relations practitioners in Australia and New Zealand. It was based on the results of questions sent in July to 187 practitioners across a broad range of companies listed on the Australian Securities Exchange and New Zealand Securities Exchange. Responses were received from 80 listed entities. Some 39 percent of respondents were from ASX 50 companies, 68 percent were 30-49 years old, and 30 percent of them were female. Respondents had worked as an in-house IR for a median of 5-10 years.

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## About AIRA

The Australasian Investor Relations Association (AIRA) was established in 2001 to advance the awareness of and best practice in investor relations in Australia and New Zealand and thereby improve the relationship between listed entities and the investment community. The Association's 160 corporate members now represent over A\$1.2 trillion of market capitalisation, over 80% of the total market capitalisation of companies listed on ASX.

### PLEASE BE ADVISED

1. The [Executive Summary](#) is available free of charge to all AIRA Members.
2. [Full Survey Results](#) are only available to Members who have completed the survey.

You will need to log-in to the AIRA website - [www.aira.org.au](http://www.aira.org.au) - to download both documents.

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