

Australian Council of Superannuation Investors

# Board Composition and Non-executive Director Pay in ASX200 Companies



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ACSI Annual Survey of S&P/ASX200 Board Composition and  
Non-executive Director Remuneration

November 2016

acsi

# About ACSI

The Australian Council of Superannuation Investors (ACSI) is a collaboration of Australian superannuation funds and international asset owners, bound together by their common interests as long-term investors in the capital markets.

The focus of ACSI's research, policy and representation is environmental, social and governance (ESG) investment risks and opportunities.

ACSI has 29 Australian superannuation fund members, who collectively manage over \$450 billion in assets on behalf of over eight million Australian superannuation fund members and retirees.

ACSI's six international members are among the largest and most respected asset owners globally in terms of their approach to corporate governance.

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This research report was compiled with the assistance of, and from data compiled by, Ownership Matters.

# About Ownership Matters

Ownership Matters is an Australian governance advisory firm. Its principals have collective experience of over 30 years in advising institutional investors on governance issues at ASX listed companies.

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# Foreword

It is more than a decade and a half now since ACSI began its annual study of who controlled Australia's largest companies, and how they remunerated themselves. Back then, the boards of the ASX100 were, as we noted and lamented, truly 'male, pale and stale'.

Times have changed – ACSI expanded its work to look at the top S&P/ASX200, and Australia's boardrooms began to expand their horizons, looking just a little beyond their traditional work and sporting networks for fellow directors who could bring the appropriate skills and capabilities to boardrooms.

While the gender make-up of these boards in leading companies is still overwhelmingly male, almost a quarter of all board seats are now occupied by women – and ACSI is intent on working with its membership, in raising that to at least 30% by the end of 2017.

ACSI's members have recently endorsed a voting policy for 2017 that will reject male board candidates from companies with no women directors if those boards have not committed, or articulated, a way forward to review and renew their membership.

Pleasingly, the ASX100 sits on the cusp of achieving that 30% target, with only one company lagging its peers. In the past year, women have comprised more than 40% of all board appointments in the ASX200 – not just a record level, but a ratio which puts the lie to those many companies which have resisted change with arguments revolving around the lack of suitably qualified women.

When companies finally create the conditions in which diverse workforces can flourish, and redress gender pay imbalances, that pool of qualified women will grow even larger.

It is also pleasing to note that the number of directors with no skin in the game fell last year. It's to be hoped it will continue to fall over coming years, as a number of those directors have held their seats for less than a year and the time may not have been right for them to invest. ACSI members believe that all directors should have sufficient skin in the game to provide alignment between both director and investor interests, and I find it remarkable that there are still two directors of 20 years standing who own not a single share in the company over which they preside.

This series of longitudinal research has been extremely valuable as we engage with Australia's listed companies, and this latest will prove as useful.



Louise Davidson  
Chief Executive Officer

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# Executive summary

This is ACSI's 15th study into the composition of S&P/ASX100 (ASX100) company boards, and the fifth year it has also covered the S&P/ASX200 (ASX200). The research maps the changes in Australia's largest boardrooms, including in director roles, gender, director fees, tenure and age. For the third year, it also includes an analysis of directors' shareholdings – their 'skin in the game'.

## New appointments:

- Fewer new directors were appointed to ASX100 boards in 2015, with 83 individuals taking 87 appointments, compared with 89 new directors in 93 appointments in 2014. Of these appointments:
  - 44 were new to the ASX100 director pool, compared with 46 in 2014.
  - Among smaller companies, however, there was a significant lift in the number of 'fresh faces', with 47 new entrants to the ASX101-200 pool, out of 74 total appointments (2014: 42 new entrants of 84 appointments).
  - Former resources industry executives represented almost one quarter (10) of the new ASX100 appointments in 2015, unlike in 2014, where one in every six new non-executive director appointments were from the banking and finance industries.
- Women accounted for 36% of new director appointments (31 appointments and 29 individuals) in the ASX100, reflecting the rising number of female appointments to improve gender diversity. In the smaller companies of the ASX101-200, women accounted for almost 30% of appointments (22 appointments and 20 individuals). Female representation in the ASX101-200, where most organisations with 'zero women' boards reside, has consistently been considerably lower than the ASX100.
- One emerging trend in the ASX100 is that the total pool of directors has shrunk. Given that several of the new arrivals have been women, this suggests that a shrinking pool of male directors is sitting on more boards.

## Gender diversity:

- Women directors held more than 21% of board seats in the entire S&P/ASX200 sample, compared to just under 19% in the 2014 study. In the ASX100, women represent 25.2% of directorships (22.7% in 2014), while in the ASX101-200 it was only 15.9% (13.7% in 2014).
- Interestingly, women hold more multiple directorships, in percentage terms, than they do in overall board seat percentages. Across the ASX200 women comprised 35% of those with two, or more, board seats, and 45% (25 women of 56 individuals) of those with three, or more, seats. In 2014, the figures were, respectively, 32% and 39%. In the ASX100, 44 of the 109 individuals holding multiple seats were women, or 40%.
- The 'rising star' in board appointments, of both genders, was Margaret Seale, who went from two to four board seats (Bank of Queensland, Ramsay Health Care, Scentre Group and Telstra Corp) – all of them in the ASX100.
- Over the past 15 years the proportion of board seats held by women at ASX100 companies has trebled, increasing to more than 25% in 2015, with 143 women directors holding 199 board seats, compared with only 8.3% of directorships in 2000.

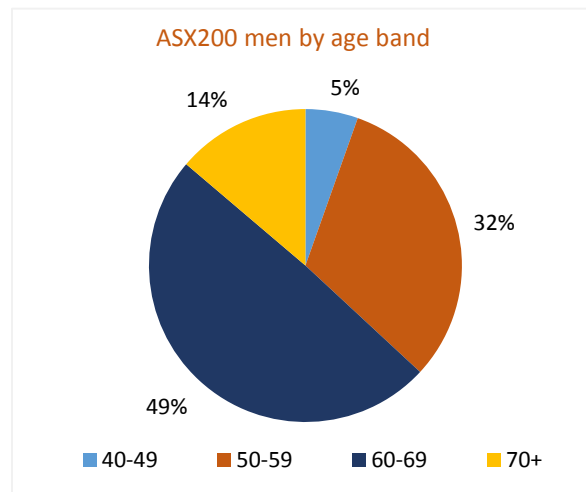
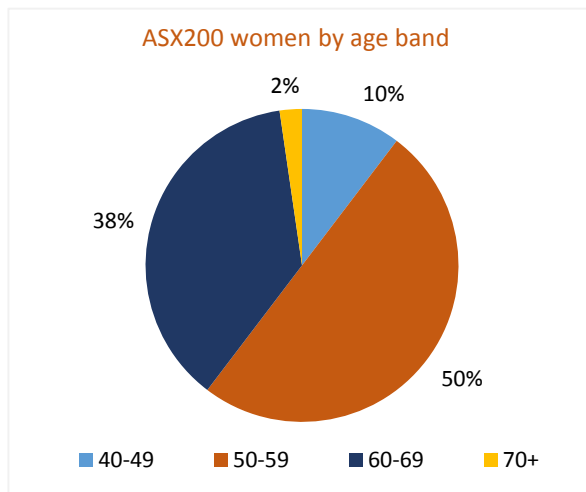
- Representation of women in executive and board leadership roles is still low, and there was virtually no progress in that area during 2015. Not a single executive appointment across the ASX200 in the year was a woman, and only two were appointed chairs at existing companies. Elizabeth Bryan, who relinquished the chair at Caltex Australia, was made deputy chair of Insurance Australia Group – where she succeeded Brian Schwartz as chair in March 2016.
- Of 119 executive directors on ASX100 boards in 2015, a mere six were women (2014: seven women executives) – fractionally more than 5%. In the ASX101-200, only four out of 97 executive directors, or 4%, were women (2014: five women executives).

### Multiple directorships:

- Multiple directorships were increasingly common amongst new directors, particularly for women. All up, 109 non-executive directors (NEDs) accounted for 245 seats, or 37% of ASX100 board seats. In 2014, 105 individuals accounting for one third of all ASX100 board seats.
- In the ASX101-200, 31 individuals held 67 seats, or 13.5% of the total. In 2014, the comparable number was 26 individuals holding 59 seats, or just over 12%.
- Across the entire ASX200, 182 individuals held 418 seats – or 36% of the total NED positions. That percentage is the same as 2014 levels when 174 individuals spoke for 411 seats.
- The ‘queen and king’ of ASX200 directors were Linda Nicholls (Fairfax Media, Japara Healthcare, Medibank Private, Pacific Brands and Sigma Pharmaceuticals) and Trevor Gerber (CIMIC Group, Regis Healthcare, Sydney Airports Group, Tassal Group and Vicinity Centres) who each held five board seats.
- Only four directors held four seats, and three of them were women – Maxine Brenner, Rebecca McGrath Margaret Seale and Gene Tilbrook - compared with nine NEDs holding four seats in 2014. Seale and Tilbrook’s seats were all in the ASX100, while Brenner and McGrath each held one ASX101-200 board seat in their portfolios. As in 2014, no director in the ASX101-200 held more than three seats.

### Director shareholders – ‘skin in the game’:

- The number of ASX100 directors with no personal equity in the companies over which they preside fell by a third, to only 51 people – although just under one half of those had been there less than a year. Nine directors with no shares had been on their respective boards for more than five years.
- In the ASX101-200, 87 individuals held no shares in the companies over which they presided – which means that almost one director in every company in the sample held no shares. While 34 of those people have been on their boards for less than one year, a surprising 14 people still owned no shares after more than five years on their companies’ boards. Another 12 people held no equity after three or more years on the board.
- As in 2014, there were two directors in the sample that had served for almost 20 years (more than 19 years for both) but held no skin in the game – Ramsay Health Care’s Patrick Grier (in 2008 he previously held 333,000 shares which he sold by 2012) and Cabcharge’s Neill Ford. Four other long-serving directors without skin in the ASX100 included Sonic Health Care’s Lou Panaccio (10.3 years), along with REA Group’s Richard Freudenstein and both Geoff Dixon and Michael Johnston at Crown Resorts – all of whom had served for more than eight years. In the ASX101-200, STW Communications’ Paul Richardson (17.1 years), Liquefied Natural Gas’ Leanne Bond (10.96 years) and ARB Corporation’s Andrew Stott (9.2 years) were notable exceptions.



### Age and tenure:

- 2015 confirmed 2014's trend of generational change being on the way – women on boards are bringing a younger perspective, with 60% of women aged 40-60, compared with 37% of men in the same age bracket. Only 2% of women directors were over 70, while 14% of men were in that category.
- The average age of non-executive directors in the ASX100 fell below 62, to 61.9, for the first time since 2011. The average has now fallen for the past three studies, from its 2012 peak of 62.9 in 2012, suggesting it may be declining after steadily rising almost every year between the first study, 2001, and 2012.
- Women non-executive directors in the ASX100 were, on average, almost six years younger than their male counterparts in 2015, although the average age of women directors has increased more than that of men over the 15 years since 2001. This more than likely reflects the fact that the pool of women directors has grown considerably larger.
- In the ASX101-200, where the time series has only been kept since 2011, the average age of non-executive directors rose slightly from 62.6 years to 62.8. Most of that was driven by a sharp increase in the average age of non-executive women from 57.9 to 58.6 years.
- The average tenure of executive directors in the ASX100, after a blip up in 2014 to 6.9 years, fell back to 6.7 years. The average tenure of non-executive directors was slightly lower at 5.9 years. For men it was 6.6 years, and women directors 3.9 years – again, more a reflection of the rising rate of female board appointments than their longevity in those positions.
- The number of executives with more than 20 years as directors of ASX100 companies fell from 11 to seven, although two of the departures were a result of their company being reclassified into the broader ASX200 index. That helped lift numbers of executive directors with 20+ years' service, from 8 to 11 in the ASX101-200.
- Even so, there were still 16 ASX100 NEDs with more than 20 years' service (2014: 15), and another 10 in the ASX101-200 (2014: 9).

## Director fees:

- Average fees for an ASX100 NED rose 2.5% from \$217,196 in 2014 to \$222,692.
- That growth rate was, however, significantly outpaced by their company chairs, who reclaimed almost all of the previous year's decline (chair fees dropped 3.5% in 2014) – and more - by recording a 6.8% increase in average fees from \$460,451 to \$491,836. Another way of viewing that is that chair remuneration widened to a multiple of 2.2 times the average director, from 2.1 times in 2014.
- In the ASX101-200 the average NED fee fell almost 3% to \$128,385 from \$132,292 in 2014. As a result, the median fee for a NED also moved down, although only fractionally, from \$125,000 to \$124,806.
- ASX101-200 chairs also suffered a decline, with the average fees falling more than 7.5% (almost \$20,000) from \$256,013 to \$237,721. Interestingly, the median in this sample was up from \$216,237 to \$218,784.
- For women non-executive directors in the ASX100, average fees rose from \$214,070 to \$219,686, a 2.6% increase. Male directors saw their average rise 2.3% from \$218,298 to \$223,988.
- That means the average pay gulf between male and female directors in the ASX100 narrowed slightly from women earning 1.97% less (\$4228) to 1.95% less (\$4302) over the year. In the ASX101-200, women directors earned an average of 6.4% more than men. It should be remembered that board fees are a set amount for all directors, irrespective of gender. Variations in the pay between men and women directors can be accounted for by additional payments for service on board sub-committees
- Average pay for a portfolio of three or more non-executive directorships in the ASX100 was \$853,518, a significant rise from the \$808,965 of 2014.
- Lindsay Maxsted (chair of Westpac Bank and Transurban, and a BHP Billiton NED) was Australia's highest earning NED, amalgamating \$1.69 million in fees from his three roles. All up, five NEDs earned more than \$1 million in 2015 – Rio Tinto's chair, Jan du Plessis, and BHP Billiton's outgoing chair Jacques Nasser joined the 'Millionaires' Club with just one directorship (earning \$1.67 million and \$1.44 million respectively). The only woman in the category (and the one who received the least) was Paula Dwyer, chair of Tabcorp Holdings and Healthscope, and a director at ANZ Bank, with \$1.34 million. The fifth director was Brian Schwartz (for being chair at Insurance Australia Group, since relinquished) and deputy chair at both Scentre Group (he is now chair) and Westfield Corporation.



# Methodology

The 2015 study contains entities in the S&P/ASX200 Index as at 30 June 2015. The following criteria must also be met by an entity to be included in the sample:

- The company must be incorporated in Australia;
- The company was a trading entity;
- The entity consists of Australian domiciled trusts but submits directors for election or ratification – this category includes Dexus Property Group, Spark Infrastructure and APA;
- The company had an AGM following its 2015 financial year.

As in prior years, board composition is based on board membership as at the date of the ACSI report prepared ahead of the relevant annual meeting. Data was collected from 2014 annual reports, notices of annual general meetings and ASX announcements. Most entities within the sample had financial years ending 30 June and for the remainder, most had financial years ending 31 March, 30 September or 31 December.

Included in the sample were 95 Top 100 companies (2014: 93) and 88 ASX 101–200 companies (2014: 88).

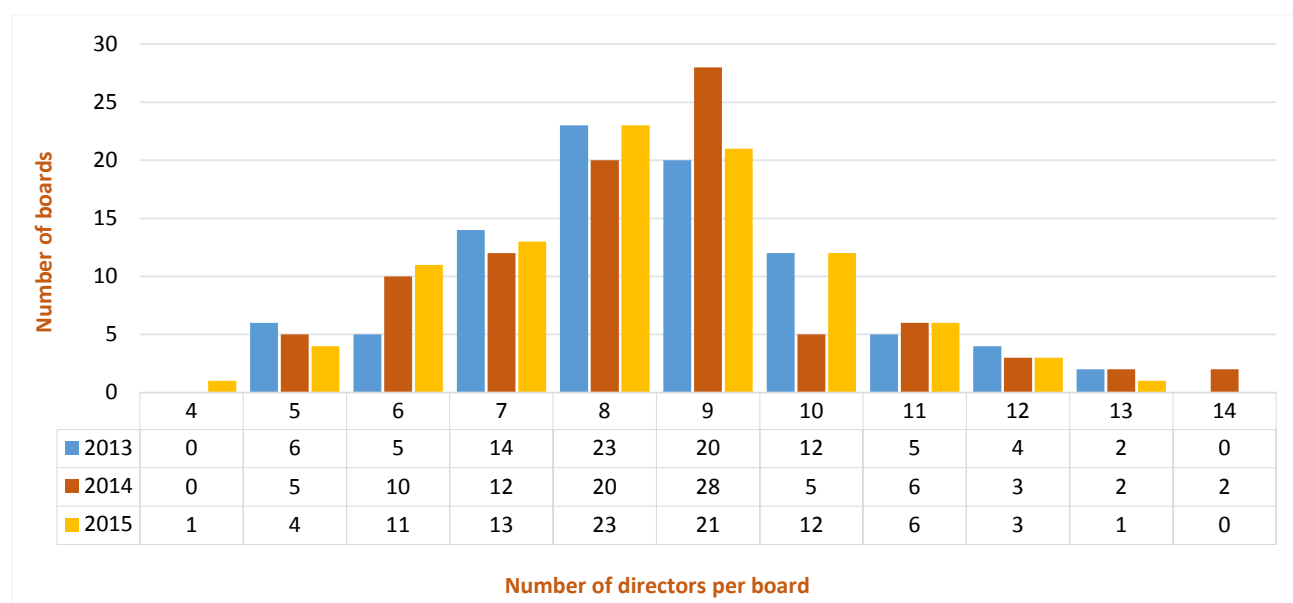
This research report was compiled with the assistance of, and from data compiled by, Ownership Matters.

# Aggregate board statistics

The ASX100 sample included 648 individuals (2014: 657), holding a total of 789 seats across the 95 companies. In the ASX101-200, there were 552 individuals (2014: 539) holding 592 seats at 88 companies.

As can be seen in Graph 1 (below), board sizes in the year ranged from four to 13, with the majority of companies having boards of eight or nine directors. The average board size has shrunk slightly from 8.5 to 8.3 directors.

Graph 1: ASX100 board sizes<sup>1</sup>



The largest board in the ASX100 (and the entire ASX200) was that of dual-listed resources group Rio Tinto, with 13 directors. Three other companies had boards of 12 directors – Rio’s fellow global resources group BHP Billiton, casinos operator Crown Resorts and shopping centre developer Westfield Corporation.

Since then the boards of all those companies have reduced, or are about to with planned retirements, to 11 directors, except for Westfield which still has 12 directors – only one of them a woman. Commonwealth Bank has also increased its board size to 12.

At the other end of the scale, Investa Office Fund became the first company in the Top 100 since 2011 to manage with a board of just four people.

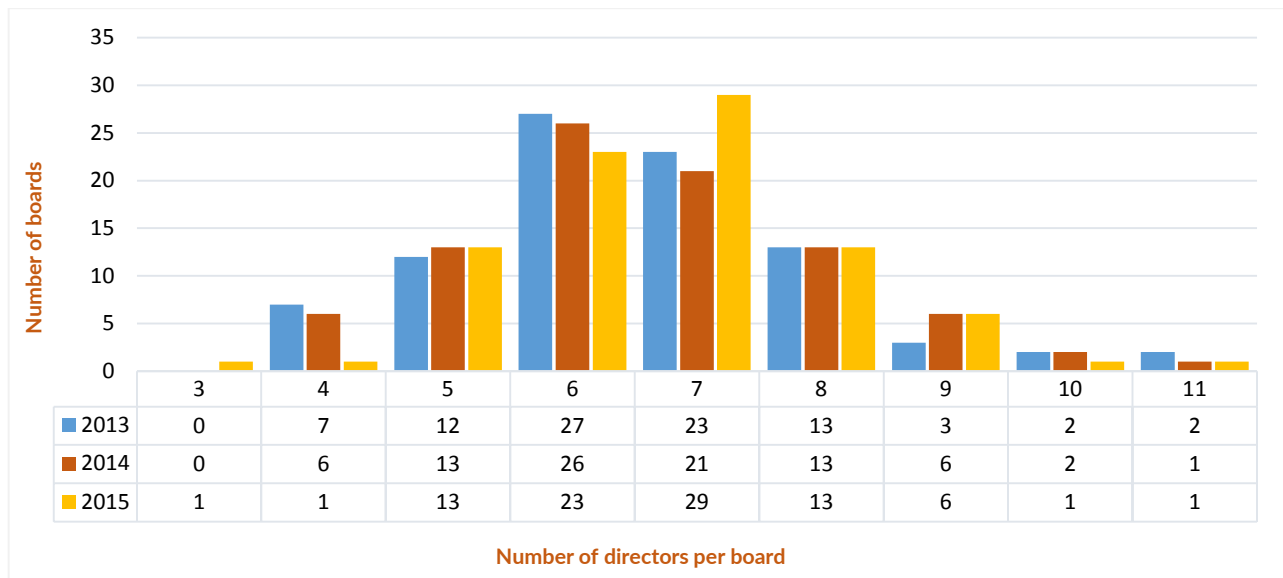
Over all, more than half of the ASX100 companies had boards of eight, or fewer, directors – the most since 2011. In the ASX101-200, the average board size in 2015 was 6.7 members, a marginal increase from the 6.6 average of the previous two years.

The largest board in the ASX101-200 sample was advertising and public relations group STW Communications, with 11 directors as a result of a restructure which brought in six nominees from the UK-based WPP plc, and which resulted in the business being renamed WPP AUNZ.

The only other company in the sample with a board in double figures was Kerry Stokes’ Seven West Media which had 10 directors.

<sup>1</sup> Full board size data for the ASX100 for 2008 to 2014 is disclosed in [Appendix A](#).

Graph 2: ASX101-200 board size<sup>2</sup>



Full board size data for the ASX100 for 2008 to 2014 is disclosed in Appendix A.

One company in the ASX101-200, FlexiGroup Limited, has only three directors – the bare minimum possible under Australian corporate law and ASX listing requirements – following a board restructuring which saw its founding shareholder, Andrew Abercrombie, assume control of the board.

Unusually in the sample, because it contains many comparatively smaller companies, only one company had four directors at the end of 2015 - Northern Star Resources. The group has since increased its board size to six, which included the appointment of its first woman director, Shirley In't Veld.

### Executive and non-executive directors

For the second year in a row, the biggest change in the proportion of non-executive to executive directors was seen in the ASX101-200, where the average hit a record 83.4%. That was up from 82.2% in 2014, and 80.8% a year earlier. In the ASX100, the proportion of NEDs eased slightly from an average 85% to 84.9%.<sup>2</sup>

Table 1: ASX100 proportion of board seats held by non-executive directors

Year	Average	Minimum	Maximum
2015	84.9%	44%	100%
2014	85.0%	44%	100%
2013	84.4%	50%	100%
2012	83.4%	50%	92%

It was encouraging to see that, in this survey, no company in the ASX101-200 had fewer than 50% of its directors classed as independent. Among ASX100 companies, where best practice might be hoped for, retailer Harvey Norman Holdings' nine-person board has a majority of five executive directors (three of them from the Harvey family) – making it the only company in the study where independent directors were in the minority.

<sup>2</sup> The full series of data can be found in [Appendix B](#).

Table 2: ASX101-200 proportion of board seats held by non-executive directors

Year	Average	Minimum	Maximum
2015	83.4%	50%	100%
2014	82.2%	43%	100%
2013	80.8%	43%	100%
2012	79.3%	50%	100%

Harvey Norman is a classic example of the type of company most likely to have above average numbers of executives or affiliated, rather than independent, directors on its board – one with a strong connection to its founder/founders.

In the ASX101-200 there were two other companies where executives held 50% of the board seats – Kerr Neilson’s Platinum Asset Management continued its 50/50 mix of executive directors and NEDs. In 2015 it was joined by manufacturer and distributor of four-wheel vehicle accessories, ARB Corporation, which had three executives (all associated with the company’s formation), and three non-executives on its six-person board - none of them female.

Table 3: Executive directors per board

Number of executive directors	0	1	2	3	4	5
ASX100	1	79	9	3	2	1
ASX101-200	11	61	14	2	1	0

As can be seen in Table 3, it is become increasingly rare for companies across the ASX200 to have more than two executives on their boards. ASX100 members Sonic Healthcare and commercial property investor Goodman Group stand out for each having four executives on their boards, with miner Rio Tinto, the Packer family’s Crown Resorts and the Lowy family’s Westfield Corporation following closely with three executive directors.

In the ASX101-200, apart from the previously-mentioned Platinum Asset Management (four executive directors) and ARB Corporation, Kerry Stokes’ Seven Group Holdings was the only other company with three, or more, executive directors.

Only one company in the ASX100, energy utility investor DUET Group, had a board without any executive representation. In the second 100, APN News & Media, Beach Energy, Breville Group, Credit Corp Group, Drillsearch Energy, FlexiGroup, Genworth Mortgage, Macquarie Atlas Roads, Paladin Energy and Ten Network Holdings all had boards which featured no executives.

## Proportion of board seats held by independent directors

Beyond carving up directors into executive and non-executive classifications, ACSI also evaluates board structures against the independence criteria in its biennially reviewed Guidelines<sup>3</sup>. These Guidelines are largely in accord with the ASX Corporate Governance Principles and Recommendations<sup>4</sup>, but are more explicit and stringent to reflect the input and requirements of ACSI’s member funds. Major governance groups in Australia, including the Financial Services Council, are unanimous in their view that boards should be majority independent and, where they are not, to explain why.

<sup>3</sup> The current ACSI Guidelines, published in 2015, are available [here](#).

<sup>4</sup> The ASX Corporate Governance Principles and Recommendations, 3<sup>rd</sup> edition, can be found [here](#).

As can be seen from the tables below, in the ASX100 there are signs that the proportion of independent directors on boards is plateauing at a little over 90% of all non-executive directorships, and around 77% of all directors.<sup>5</sup>

Table 4: ASX100 proportion of board seats held by independent non-executive directors

Year	Number of directorships	Number of non-executive directorships	Proportion of independent directors
2015	789	670 (84.9%)	90.6% (76.9% of all directorships)
2014	787	669 (85.0%)	90.6% (77.0% of all directorships)
2013	771	651 (84.4%)	89.6% (75.6% of all directorships)
2012	797	665 (83.4%)	88.0% (73.4% of all directorships)

In the ASX101-200, the proportion of independents continues to rise and, although well short of ASX100 levels, has made strong gains. Independents, as a proportion of total directorships in the sample, have risen 10 percentage points in the past four studies, with the result that almost two-thirds of all directors can now be thought of as independent. Almost 79% of the NEDs in the ASX101-200 are independents.

Table 5: ASX101-200 proportion of board seats held by independent non-executive directors

Year	Number of directorships	Number of non-executive directorships	Proportion of independent directors
2015	592	493 (83.3%)	78.9% (65.7% of all directorships)
2014	578	475 (80.8%)	77.3% (63.5% of all directorships)
2013	584	472 (80.8%)	72.9% (58.9% of all directorships)
2012	537	426 (79.3%)	70.2% (55.7% of all directorships)

## Reasons for classifying non-executive directors as affiliated

Across the sample, some 47 directors (19 in the ASX100) were classified as affiliated under ACSI's Guidelines, but were classified as independent by their boards – again underlining the flexibility of classification available under the ASX's guidelines.

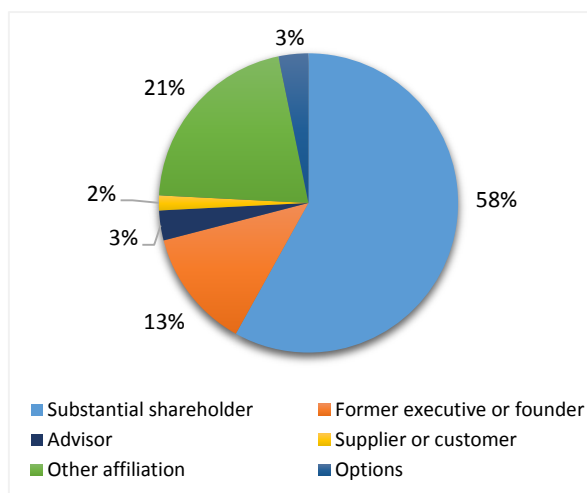
ACSI's rationale for classification is made on a case-by-case basis, and so applies to the board seat rather than the individual i.e. the same person could be independent on one board, but affiliated on another. For example, Christopher Haynes is a director of both Woodside Petroleum and WorleyParsons, and classified as independent by both boards. ACSI, however, classified Haynes as affiliated at Woodside because he was a former executive of the Shell group, which originally nominated him to the board.

In this year's study, a total of 166 NEDs were declared affiliated by ACSI – or 40%, more than ASX200 boards themselves declared as affiliated). That compares with 171 affiliated NEDs in 2014, of which 53 were those separately classified by ACSI as affiliated. Interestingly, while the number of ACSI-classified affiliates in the ASX101-200 dropped significantly, from 36 to 28, in the ASX100 the number rose from 17 to 19.

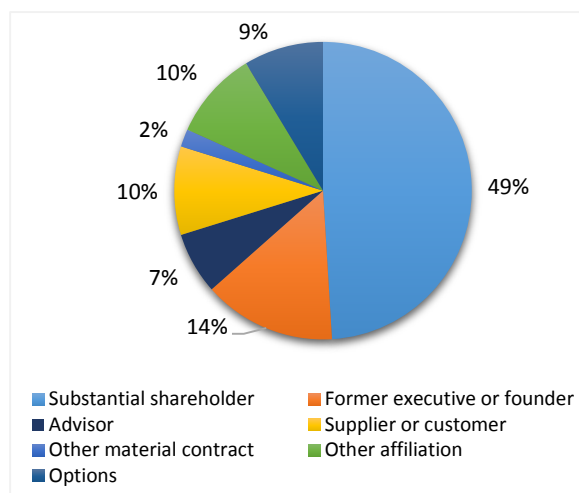
That means that out of a total 1163 NEDs in the ASX200, more than 14% were non-independent (apart from executives) - a small improvement on 2014's 14.9%.

<sup>5</sup> The complete data series can be found in [Appendix C](#).

Graph 3: ASX100 – reasons why affiliated director classified as affiliated in 2015



Graph 4: ASX101-ASX200 – reasons why affiliated director classified as affiliated in 2015



One of the more common reasons that ACSI’s classification of affiliation differed from that of the directors’ respective companies was that they had served on those boards, or the boards of associated companies, for more than 20 years. The investors represented by ACSI recognise that the most important determinants of director independence will be the individual’s character and integrity and, as such, ACSI has no fixed date for when a director’s longevity of service becomes an issue – preferring instead to assess each circumstance on a case-by-case basis.

Extraordinarily long service on a board does, however, mean that it is less likely that a director can bring sufficient freshness of perspective and contemporary knowledge to adequately fulfil their role on behalf of investors.

### Board composition by gender

Not only is the number women being appointed to boards rising significantly, but the number of male directors is falling. Following the launch by ACSI in February 2015 of its renewed push for much greater gender diversity in Australian boardrooms, aiming for women to represent 30% of directorships by the close of 2017, the appointment rate of women continued to accelerate.

In the 2015 study, one in four ASX100 boards seats were held by women – with 143 women holding 199 seats (2014: 131 women holding 179 seats, 2013: 112 holding 153 seats). While the absolute level of women on boards in the ASX101-200 is substantially less than in the larger ASX100 companies, at 15.9% compared to 25.2%, the growth rate in that second cohort has been sharply higher. In part that reflects the low base from which it started, but it also suggests that companies in that cohort are casting their nets wider when seeking new boardroom talent.

Table 6: ASX100 women on boards<sup>6</sup>

Year	Female directors as proportion of ASX100 pool	Proportion of ASX100 board seats held by women
2015	22.1%	25.2%
2014	19.9%	22.7%
2013	17.4%	19.8%
2012	15.8%	18.1%

<sup>6</sup> Full data set for ASX100 can be found in [Appendix D](#).

In the ASX101-200, 83 women held 94 seats (2014: 70 women held 79 seats), which means there are half as many board seats occupied by women in the second 100 of the ASX200, than in the first 100. That is a significant improvement over the comparative ratio in 2014 when, for every one seat occupied by a woman in the ASX101-200, women held 2.27 seats in the ASX100.

While the representation of women at board level has grown significantly, by number, women still represent only 22% of the total pool of ASX100 individuals, 143 out of 648 people (2014: 131 of 657 people). Across the ASX200 that falls to 17.7% - 200 unique women out of 1,127 individuals.

Table 7: ASX101-200 women on boards<sup>7</sup>

Year	Female directors as proportion of 101-200 pool	Proportion of 101-200 board seats held by women
2015	15.0%	15.9%
2014	13.0%	13.7%
2013	11.4%	12.2%
2012	9.6%	9.9%

The total number of board seats in the ASX200 increased, from 1,365 to 1,381 during 2015, with most of that being accounted for by the two additional ASX100 companies in the study. Even so, the number of male individuals holding board seats fell, from 936 men holding 1,107 board seats, to 927 men with 1,088 seats, underlining the impact of gender diversity on board make-up. That outcome also suggests that the women being appointed are more likely to hold multiple, rather than single, board seats than their male counterparts – the average woman held 1.47 board seats, while the average male had only 1.09.

Table 8: ASX200 women on boards<sup>8</sup>

Year	Female directors as proportion of ASX200 pool	Proportion of ASX200 board seats held by women
2015	17.7%	21.2%
2014	15.9%	18.9%
2013	13.0%	16.5%
2012	13.1%	14.8%

One of the most pleasing developments during 2015 was the near 70% increase in the number of ASX100 boards with three women directors, rising from 13 to 22 as companies recognise the need to improve gender balance, enhancing and deepening the pool of potential contributors to their company's governance.

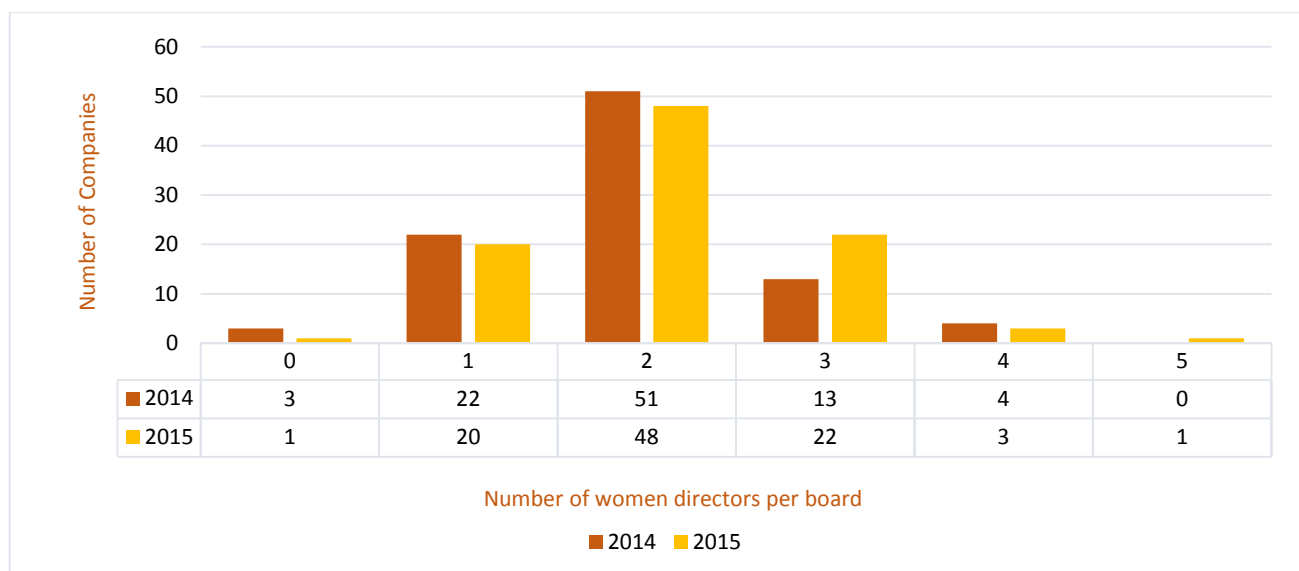
At the same time, the number of ASX100 companies without any women directors shrank from three to two - the Teoh family's TPG Telecom Limited and Qube Holdings Limited, which entered the ASX100 in 2015.

Of the three companies without women on their boards in 2014's study, two were demoted to the ASX101-200, Mineral Resources and Monadelphous Group – the latter of those having now appointed a woman. The third company, Ramsay Health Care, appointed two women simultaneously in April 2015.

<sup>7</sup> Full data set for ASX101-200 can be found in [Appendix D](#).

<sup>8</sup> Full data set for ASX200 can be found in [Appendix D](#).

Graph 5: Proportion of female directors per ASX100 board



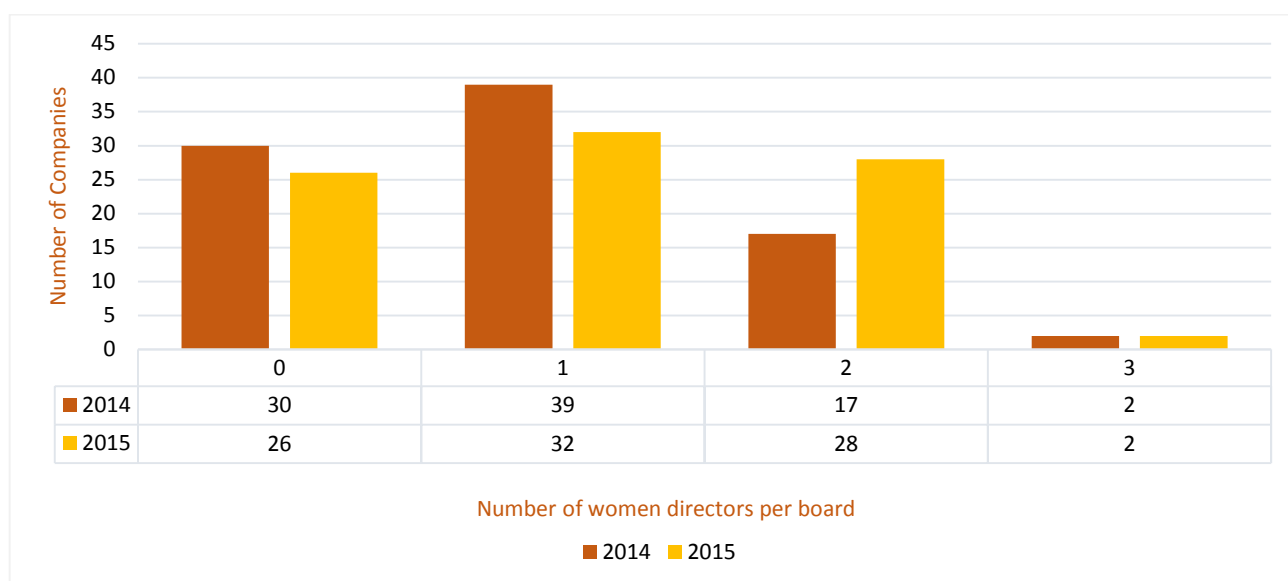
In the ASX101-200, the number of companies without a woman director fell from 30 to 26, a 13% reduction. As the board composition data is based on ACSI’s reports prepared for each company’s AGM, Village Roadshow Limited’s appointment of a woman director at the close of its AGM in November 2015 was not included, because the appointment had not been flagged prior to the day of the shareholder meeting.

Many other ‘zero women’ companies in the ASX101-200 have subsequently appointed women – so much so that, at the time this report was prepared, only 13 companies in that cohort were still without a woman on their boards.

What is clear, from Graphs 5 and 6, is that the number of companies with more than two women on their boards in the ASX101-200 is still a tiny proportion compared to that of the ASX100. There were just two companies in the ASX101-200 with three women, unchanged from 2014 – Pacific Brands and Veda Group. Interestingly, both those companies have subsequently been delisted from the ASX following takeovers.

Encouragingly, there are currently eight companies in the ASX101-200 with three women directors, but still no boards with more than that.

Graph 6: Proportion of female directors per ASX101-200 board





While substantial progress has been made in the number of women on boards, the number of women in leadership roles has failed to grow at anywhere near the same pace.

In the 2015 study, the number of women in ASX100 NED roles had risen from 29% to 32.4%, or from 168 to 187. Yet the number of women chairs was up only from four to six, which meant that women held just 6% of ASX100 chair roles.

In the ASX101-200, where women NEDs had increased in number from 69 (17.3% of all NEDs) to 84 (20.3%), the number of chairs was up from five to six – less than 7% of all chairs in that group.

Table 9: Distribution of male and female directors in leadership roles

Board member type	ASX100		ASX101-200	
	Male	Female	Male	Female
Executive	113 (95% of exec roles)	6 (5% of exec roles)	94 (95.9% of exec roles)	4 (4.1% of exec roles)
Chairperson <sup>9</sup>	90 (93.8% of chair roles)	6 (6.3% of chair roles)	84 (93.3% of chair roles)	6 (6.7% of chair roles)
Non-executive	391 (67.6% of NED roles)	187 (32.4% of NED roles)	329 (79.7% of NED roles)	84 (20.3% of NED roles)

In 2014, only seven members of the ASX100 had an executive director on their board who was a woman – and in only one case, Origin Energy's Karen Moses, was that person not the CEO. In 2015, that number had shrunk to six, following the departure of Gail Kelly as CEO of Westpac. At that stage, Karen Moses was still an executive director at Origin, although she stood aside prior to the company's 2015 annual meeting.

Among the ASX101-200, only four companies had a woman as an executive director – Ardent Leisure Group, Veda Corporation, Platinum Asset Management and Virtus Health. Only Platinum's Elizabeth Norman, a long-serving senior executive, was not a CEO.

Veda Corp briefly enjoyed the distinction of being the only company in the ASX200 with both a woman CEO, Nerida Caesar, and a woman chair, Helen Nugent, before it was acquired in a \$2.3 billion takeover by US group Equifax.

## Professional non-executive directors

An increasing number of NEDs are holding multiple board seats in the ASX200, defining them as 'professional' NEDs under ACSI's methodology for this study.

As can be seen in Tables 10 to 12 below, an increasing proportion of the total number of board seats are being taken by these professionals. In the ASX100, the rate of growth has been modest, climbing only from a little over 33% in 2012 to just short of 37% (109 individuals holding 245 board seats) in the latest study.

In the ASX101-200, however, the percentage increase has been much more dramatic, with the number of people holding more than a single board seat almost doubling over that same four-year period.

Across the ASX200, the percentage gains have been more modest, even though the absolute numbers have risen, because the director pool has also grown. Still, 182 individuals in the ASX200 now account for more than one in every three board seats.

<sup>9</sup> Number of ASX100 chairs is 96, rather than 95, because Duet Group has both a corporate arm and a finance arm. In the ASX101-200 there are 90 chairs because Village Roadshow has a co-chair arrangement, and Macquarie Atlas Roads has both Australian and Bermudian arms with separate boards.

Table 10: Concentration of ASX100 directorships among professional non-executive directors<sup>10</sup>

Year	Number of non-executive directorships	Proportion of non-executive directorships held by professional NEDs
2015	670	36.6% held by 109 individuals
2014	669	34.4% held by 105 individuals
2013	651	33.6%, held by 100 individuals
2012	665	33.4%, held by 100 individuals

Table 11: Concentration of ASX101-200 directorships among professional non-executive directors<sup>11</sup>

Year	Number of non-executive directorships	Proportion of non-executive directorships held by professional NEDs
2015	495	13.5% held by 31 individuals
2014	475	12.4% held by 26 individuals
2013	472	10.6%, held by 24 individuals
2012	426	8.4%, held by 18 individuals

Table 12: Concentration of ASX200 directorships among professional non-executive directors<sup>12</sup>

Year	Number of non-executive directorships	Proportion of non-executive directorships held by professional NEDs
2015	1165	35.9% held by 182 individuals
2014	1144	35.9% held by 174 individuals
2013	1123	33.1%, held by 163 individuals
2012	1091	34.9%, held by 170 individuals

Within that 182 people holding multiple board seats across the ASX200 in the 2015 sample, it can be seen that:

- More than two-thirds of directors with multiple board seats, 126, held only two board seats. Some 38 (30%) of those were women. They represented 19% of all women directors, while the 88 two-board men were only 9.5% of the total pool of male directors – once again underlining that women NEDs are much more likely to hold multiple board positions.
- This year, 50 people held three board seats – a more than 60% increase over the past two years.
- Far fewer directors held four seats, only four compared with nine in 2014 – and three of them were women; Maxine Brenner, Rebecca McGrath, Margaret Seale and Gene Tilbrook. None of the foursome numbered a board chair among their portfolios.
- Two directors, Trevor Gerber and Linda Nicholls, each held five seats – which is considered a very demanding workload. Nicholls is chair of Japara Healthcare, as well as a director of Medibank Private, Sigma Pharmaceuticals, Fairfax Media and Pacific Brands (since relinquished, following its acquisition). Gerber was chair of Sydney Airports Group, and a director at CIMIC Group, Regis Healthcare, Tassal Group and Vicinity Centres.

<sup>10</sup> Full data set for ASX100 can be found in [Appendix E](#)

<sup>11</sup> Full data set for ASX101-200 can be found in [Appendix E](#)

<sup>12</sup> Full data set for ASX200 can be found in [Appendix E](#)

Table 13: Number of non-executive board seats held by each individual non-executive director in ASX200 sample

Number of board seats held by each individual NED	1	2	3	4	5
2015	742	126	50	4	2
2014	733	120	45	9	0
2013	751	125	31	6	1

## New entrants to the ASX200 director pool

ACSI has once again analysed not just the new director entrants to the ASX200, but their backgrounds, to provide insight into the evolution of board composition. The examination includes executive director appointments (including where a new CEO has been appointed), and whether they are an internal or external appointee. Accumulating this data over time assists in determining the likelihood of senior executive talent being 'poached', or voluntarily departing for other roles, to help test assertions that high executive remuneration is underpinned by the need to attract and retain talent.

For males aspiring to ASX200 directorships, it pays to be named either Peter or Robert, with seven new entrant directorships going to individuals of those names. Among women, the most 'popular' name was Christine, with three appointments in 2015.

### ASX100

Fewer new directors were appointed to ASX100 boards in 2015, with 83 individuals taking 87 appointments, compared with 89 new directors in 93 appointments in 2014. That is in spite of the 2015 sample including two additional companies. Of these appointments:

- 44 were new to the ASX100 director pool, compared with 46 in 2014.
- Women accounted for 36% of new director appointments (31 appointments and 29 individuals) in the ASX100, reflecting the rising number of female appointments to improve gender diversity. No women executive directors were appointed.
- Only four directors, two male and two female, took more than one board seat in the ASX100 – Gordon Cairns (Macquarie Bank and Woolworths), Xiaoling Liu (Iluka Resources and Newcrest Mining), Scott Perkins (Brambles Industries and Origin Energy) and Margaret Seale (Ramsay Health Care and Scentre Group),
- Former resources industry executives represented almost one quarter (8) of the new appointments in 2015, unlike in 2014, where one in every six new NED appointments were from the banking and finance industries.
- There were four each of bankers and accountants appointed, and only two lawyers. Only one director came out of the logistics/fast-moving consumer goods sector.

Figure 1: ASX100 new director appointments

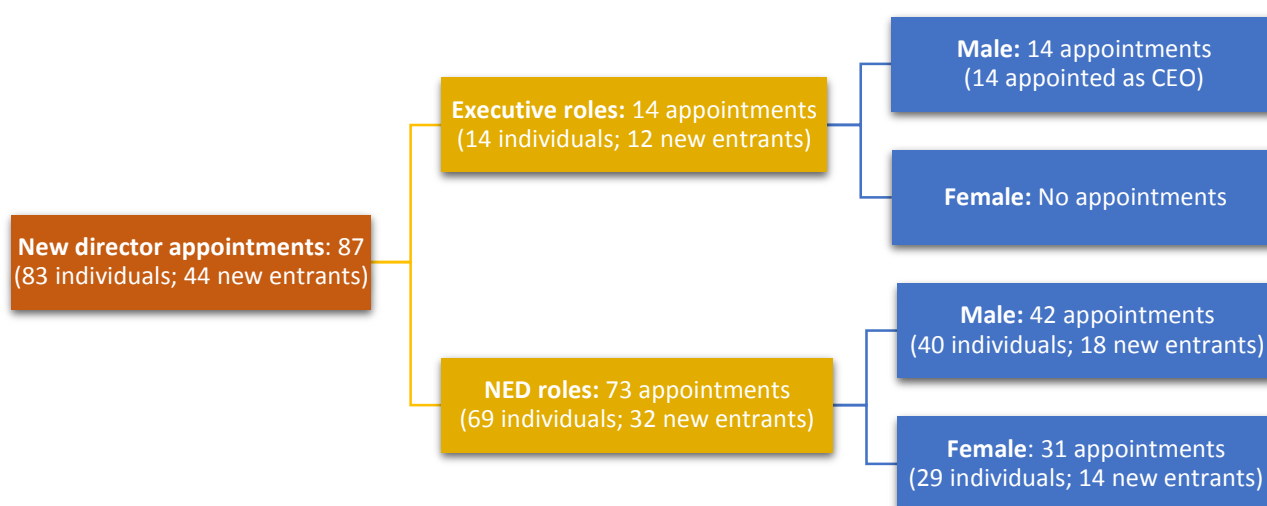


Table 14: Background of 'new' non-executive director appointments in the ASX100 (by company sector)

	Consumer Discretionary & Staples (5)	Energy & Utilities (8)	Financials (10)	Health Care (2)	Industrials (3)	Materials (11)	Property Trusts (5)	Grand Total
Audit/Accounting	1	1	1			1		4
Finance/banking	1	1	1		1			4
General exec	1	1	2			2		6
IT exec	1					1		2
Legal						1	1	2
Logistics/ FMCG							1	1
Management consultant			1	1				2
Media/Marketing		2						2
Resources exec	1	2	1		1	2	1	8
Shareholder nominee			1					1
<b>Grand Total</b>	<b>5</b>	<b>7</b>	<b>7</b>	<b>1</b>	<b>2</b>	<b>7</b>	<b>3</b>	<b>32</b>

In 2015, only one of the 14 classed as executives and appointed as NEDs, Peter Kukielski at South32 Limited, were serving executives elsewhere, although several others were only recently retired. This was the second year in a row that a trend which emerged in prior years, to have serving CEOs sit as NEDs on another company to broaden their skills, was seen to have steeply declined.

The numbers do not include Vicinity Centres' CEO Angus McNaughton, who was appointed to replace terminated boss Ian Smith. McNaughton had previously served as CEO at the short-lived Novion Property Group, which was acquired by Federation Centres (re-named Vicinity) in a scheme of arrangement. McNaughton had elected to leave the merged group, for personal reasons, but returned in August 2015 after Smith's removal.

Of the 16 executive appointments, six were women - Holly Kramer (AMP Limited), Debbie Goodin (APA Group), Anita Frew (BHP Billiton), Lynda O'Grady (Domino's Pizza), Xiaoling Liu (Iluka Resources) and Ann Pickard (Woodside Petroleum).

Fortescue Metals Group director Jean Baderschneider was serving as ‘operating partner’ at an investment fund when she joined that board, and has subsequently taken on a chief executive role at a charitable group. Sir David Higgins, appointed to Commonwealth Bank, was working in an executive capacity in a British Government-appointed role in the rail industry, but has since become a non-executive chair at High Speed Two.

Todd Sampson was still CEO of advertising agency Leo Burnett when appointed at Qantas Airways, and is an active television program producer/presenter. Aliza Knox, who joined Scentre Group’s board, is a senior executive with Twitter in Singapore.

Table 15: ASX100 CEO appointments during sample period

Company	Individual	Internal/External	Reason for departure of outgoing CEO
Adelaide Brighton Limited	Martin Brydon	Internal	Retired
AGL Energy Limited	Andrew Vesey	External	Resigned
Amcor Limited	Ronald Delia	Internal	Retired
Bank of Queensland Limited	Jon Sutton	Internal	Poached
Cleanaway Waste Mgmt Ltd	Vik Bansal	External	Resigned
Cochlear Limited	Chris Smith	Internal	Retired
GPT Group	Robert Johnston	External	Resigned
Investa Office Fund	Jonathan Callaghan <sup>13</sup>	Internal	Resigned
Primary Health Care Ltd	Peter Gregg	External	Retired
Rio Tinto Limited	Jean-Sebastien Jacques <sup>14</sup>	Internal	Retired
Santos Limited	Kevin Gallagher	External	Terminated
South32 Limited	Graham Kerr	Internal	N/A <sup>15</sup>
Telstra Corporation Ltd	Andrew Penn	Internal	Retired
Westpac Banking Corp.	Brian Hartzler	Internal	Retired

Only one non-executive appointment in the year could be classed as that of a shareholder nominee. Robert Rankin, a former investment banker and CEO of the Packer family’s Consolidated Press Holdings, replaced James Packer as chairman at Crown Resorts Limited. Packer had initially intended to remain an executive director, but resigned from the board at the close of calendar year 2015.

Again in 2015, all 14 of the executive board appointments made in 2015 were new entrants to the ASX100, and all were made as CEOs (or CEO-elect in the case of Rio Tinto’s Jean-Sebastien Jacques). No women were appointed, continuing the low representation of women among CEOs.

Only one of the appointments, internal candidate Jon Sutton as CEO of Bank of Queensland (BOQ), was made to replace an executive who was ‘poached’. Media reports later suggested that BOQ’s former CEO, Stuart Grimshaw, may have sought the new role at a US-based pawnbroking chain, due to dissatisfaction with his role and the bank’s board.

Nine of the 14 executives were already employed by the companies to which they were appointed CEOs, which suggests a strong preference by most companies for internal successors.

Either way, the 2015 numbers re-confirm that an ASX100 company is far more likely to lose its CEO to a resignation or retirement, voluntary or otherwise, than to them being lured by a rival employer.

<sup>13</sup> Jonathan Callaghan was appointed as managing director of Investa, but not made CEO until January 2016.

<sup>14</sup> Jean-Sebastien Jacques was appointed to the Rio Tinto board as CEO-elect, but did not assume the position until after the AGM.

<sup>15</sup> South32 Limited was created during the year as a spin-off company from BHP Billiton Ltd.

Among smaller companies there was, however, a significant lift in the number of ‘fresh faces’. In 2014 only half of new appointments in the ASX101-200 were new (42 of 84 total), but in 2015, 47 new entrants out of 74 total appointments, or more than 65%, had not previously been directors. It was notable that:

- While women accounted for almost 30% of all appointments (22 appointments and 20 individuals), male appointments as NEDs outnumbered women by 2-to-1. Female representation in the ASX101-200, where most organisations with ‘zero women’ boards reside, has consistently been considerably lower than the ASX100, but is improving.
- Of the 12 executive appointments, all of whom became CEOs, none were women.
- More than one in every two new NED appointments were new entrants, indicating the pool is being refreshed.
- Only two people, both women, were appointed to more than one board in the period - Julie Beeby (OZ Minerals and Whitehaven Coal) and Raelene Murphy (Bega Cheese and Tassal Group). Murphy was also the first woman director at both companies. Appointments by the boards of Consumer Discretionary and Consumer Staples companies accounted for more than one-third of new entrant NEDs.
- Six companies made multiple non-executive appointments during the year, with Vocus Communications appointing four directors – three of them as a result of the merger with Amcom Telecommunications.
- One former politician was appointed, ex-Victorian Premier Jeff Kennett to the board of Kerry Stokes’ Seven West Media.

Figure 2: ASX101-ASX200 new director appointments

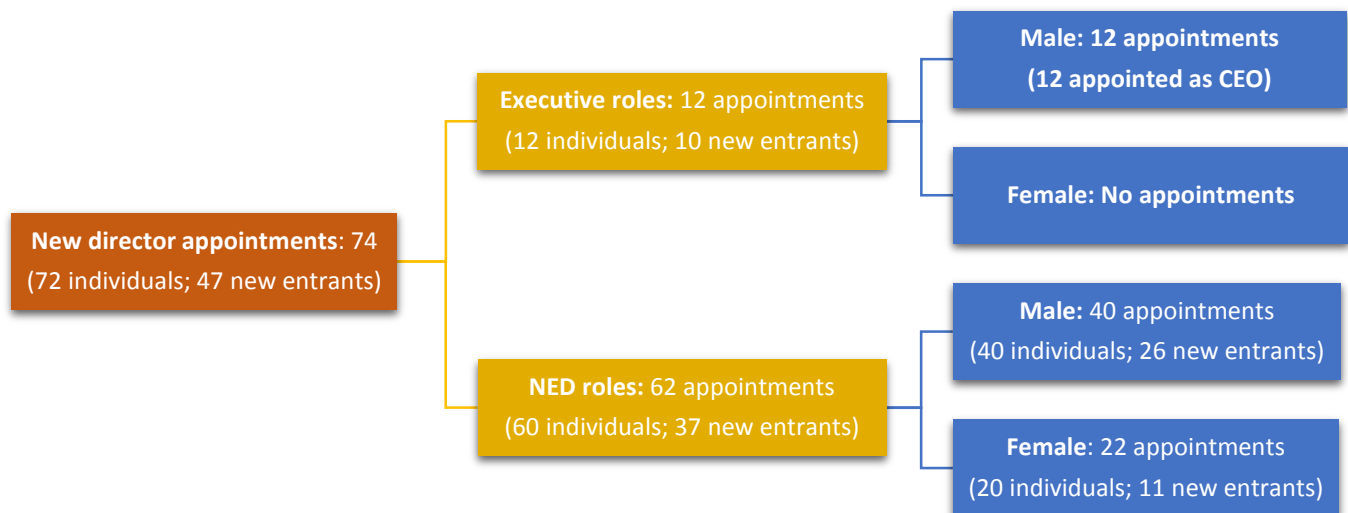


Table 16: Background of 'new' non-executive director appointments in the ASX101-200 sample (by company sector)

	Consumer Discretionary & Staples (16)	Energy & Utilities (4)	Financials (4)	Health Care (4)	Industrials (8)	Materials (2)	Property Trusts (4)	Telco Services (5)	Grand Total
Audit/Accounting	2	1					1	1	5
Finance/banking	2				2		1	1	6
General exec	2			2			1		5
IT exec			1	1				1	3
Legal	1		1		1				3
Logistics/ FMCG					1				1
Management consultant				1					1
Media/Marketing	1								1
Politician	1								1
Property exec							1		1
Resources exec		2							2
Retail exec	1								1
Shareholder nominee	1	1				2			4
Telco exec	1							2	3
<b>Grand Total</b>	<b>12</b>	<b>4</b>	<b>2</b>	<b>4</b>	<b>4</b>	<b>2</b>	<b>4</b>	<b>5</b>	<b>37</b>

Ten of the 12 new executives appointed to ASX101-200 boards in the year were new entrants. The other two were Gregory Hunt at Nufarm, who was managing director of Elders Limited until 2007, and Grant Blackley at Southern Cross Media, who was CEO of Ten Network Holdings until early 2011.

The number of CEOs appointed from within and without companies in 2015 was evenly split, six of each. Former company secretary and corporate counsel Andrew Skelton's promotion at Cabcharge Australia was possibly from the most unusual of circumstances, coming in to replace the company's 87-year-old founder and executive chairman Reg Kermode, who had announced his resignation due to illness but died before it became effective.

At Seven West Media (SWM), Tim Worner was also promoted to the CEO role, replacing Don Voelte, who had been a NED at SWM moved into the role by chair and major shareholder Kerry Stokes. Voelte later reverted to a NED, as deputy chair, after Worner's appointment.

Only two predecessor CEOs in the group were credited with having been terminated – Myer Holdings' long-serving chief Bernie Brookes, and SAI Global's Stephen Porges who was terminated after only four months in the role due to strategic disagreements with the board.

Table 17: ASX101-200CEO appointments during sample period

Company	Individual	Internal/External	Reason for departure of outgoing CEO
Cabcharge Australia Limited	Andrew Skelton	Internal	Died
InvoCare Limited	Martin Earp	External	Resigned
Kathmandu Holdings Limited	Xavier Simonet	External	Resigned
McMillan Shakespeare Limited	Michael Salisbury	Internal	Retired
Myer Holdings Limited	Richard Umbers	External	Terminated
Nufarm Limited	Gregory Hunt	Internal	Resigned
OzForex Group Limited	Richard Kimber	External	Resigned
Platinum Asset Mgmt Ltd	Andrew Stannard	Internal	Resigned
SAI Global Limited	Peter Mullins	Internal	Terminated
Seven West Media Limited	Tim Worner	Internal	Other
Southern Cross Media Group	Grant Blackley	External	Resigned
UGL Limited	Ross Taylor	External	Retired

## Incidence of executive directors holding multiple directorships

In 2015, the number of individuals who served as an executive director on one sample board, and a NED on another, dropped by a third. Only 10 people served in the dual roles, compared with 15 in 2014. Only four of those people served purely on ASX100 boards:

- Grant Fenn (CEO at Downer EDI Ltd and a NED at Sydney Airports Group).
- Elmer Funke Kupper (CEO of ASX and a NED at Tabcorp Holdings, where he was also once CEO), has since stood down from the ASX and is on leave of absence from Tabcorp.
- Steven Lowy (Joint CEO at Westfield Corp and a NED at the related Scentre Group).
- John Mullen (CEO of Asciano Ltd and a NED at Telstra Corporation). Mullen achieved a unique double in 2016, by being chief executive and non-executive chair of two separate ASX100 companies. He succeeded Catherine Livingstone as chair of Telstra in April 2016, and did not officially leave Asciano until August 2016 when the consortium takeover of that group was finalised.

The remaining executives held seats in either both the ASX100 and ASX101-200, or solely in the ASX101-200:

- John Alexander (an executive director at Crown Resorts, and a NED at Seven West Media).
- Peter Birtles (CEO of Super Retail Group and a NED at GWA Group).
- Graeme Hunt (CEO at Broadspectrum – formerly Transfield Services – and a NED at AGL Energy).
- Jonathan Ling (CEO at GUD Holdings and a NED at Pact Group Holdings).
- Kerry Stokes (Executive chair at Seven Group and non-executive chair at Seven West Media).
- Ryan Stokes (CEO at Seven Group and a NED at Seven West).

Graeme Hunt is still CEO at Broadspectrum, but it has been delisted after a takeover by the Spanish group Ferrovial.



# Board leadership

ACSI's member-formulated and endorsed Guidelines, like the Corporate Governance Principles of the ASX and other governance-focused organisations, have long recommended that the roles of board chair and chief executive be clearly separated, and that the chair be independent. Where there is an executive chair, best practice would see a lead independent director being appointed.

Across the ASX200, those principles have been largely adopted by all but a handful of companies. As Table 18 below shows, there are still 12 companies governed by executive chairs, seven of them in combination with a separate CEO, and five where the chair is the CEO.

In a further 17 cases, both the company and ACSI classify the incumbent chairs as affiliated (normally by reasons of recent executive service or association with a large shareholding/shareholder). ACSI classifies another 10 chairs as affiliated, and therefore not independent.

Executive chairs continue to be more common among ASX101-200, where there 21 out of 88 companies without an independent chair (2014: 27 out of 88), on ACSI's classification. That compared with 18 of 95 companies (2014:18 of 93) in the ASX100.

Table 18: Boards without an independent Chair (figures for 2014 in brackets)

	Executive Chair (with separate CEO)	Combined Chair/CEO	Chair classified as affiliated by ACSI and the company	Chair classified as affiliated by ACSI and independent by the company
ASX100	2 (3)	2 (1)	10 (10)	4 (4)
ASX101-200	5 <sup>16</sup> (5 <sup>17</sup> )	3 <sup>18</sup> (6 <sup>19</sup> )	7 (11)	6 (5)

## ASX100

In the ASX100, three of the four companies where ACSI's independence classifications differed from that of the company were the same as in 2014 – ALS Limited's Nerolie Withnall (due to her more than 20 years' service as a director), Bendigo & Adelaide Bank's Robert Johanson (a director for more than 27 years) and Sonic Healthcare's Peter Campbell (a director for more than 20 years).

The fourth was the chair of newly-listed miner South32, David Crawford, because he had served on the BHP Billiton board for more than 20 years before South32 was created as a separate entity from that group.

For the remaining 10 companies where the chair was considered non-independent by both the company and ACSI, their affiliation occurred through either being a substantial shareholder or founder (Computershare's Chris Morris, Fortescue Metals' Andrew Forrest, and Westfield and Scentre Group's Frank Lowy), associations with a substantial shareholder (AusNet Services' Kee Choe Ng, Crown Resorts' Robert Rankin, Domino's Pizza Enterprises' Jack Cowin, Ramsay Healthcare's Michael Siddle and REA Group's Hamish McLennan) or a former executive (WorleyParsons' John Grill).

While the number of women chairs increased from four to six, two of those additions were a result of new entries – Medibank Private's Elizabeth Alexander (chairing the only company on the ASX where women outnumber men), and Healthscope's Paula Dwyer. The inclusion of Investa Office Fund in the index added its chair, Deborah Page. Elizabeth Bryan ceased as chair of Caltex Australia, but became deputy chair at Insurance Australia Group ahead of taking over the chair's role in March 2016.

<sup>16</sup> Includes Bega Cheese which has a separate CEO who does not sit on the board.

<sup>17</sup> Includes Bega Cheese which has a separate CEO who does not sit on the board and SAI Global where the non-executive chair temporarily took on an executive role following the departure of the CEO, a replacement has since been appointed and the chair has reverted to a non-executive role.

<sup>18</sup> Includes Village Roadshow where there are two co-Chair/CEOs.

<sup>19</sup> Includes Village Roadshow where there are two co-Chair/CEOs and Karoon Gas where a separate non-executive chair was appointed to the board on 19 December 2014.

## ASX101-ASX200

In the second tier of companies, ACSI's classifications almost doubled the number of non-independent, non-executive chairs. Unlike previous years, where option holdings by chairs was a more common reason for differing with companies on how they classified their chairs' independence, the 2015 reasoning for the six (2014: 5) was more varied. Only Drillsearch chair Jim McKerlie, was classified as affiliated by virtue of his options holdings (the same as in 2014).

For Glenn Davis at Beach Energy and Darryl McDonough at GWA Limited, the call was based on related-party dealings (both were partners in legal firms which provided services to their respective companies).

Bradken chair Nick Greiner was affiliated with private equity group CHAMP, which held preference shares in the company and later launched an (unsuccessful) bid. He stood down at the Bradken AGM in 2015, acknowledging the conflict.

At Macquarie Atlas Roads, which is externally managed by an entity of Macquarie Group, ACSI's classification as affiliated for the chair of its Bermudian arm, Jeffrey Conyers, was because he has served as a director on a number of listed entities managed by Macquarie and his wife is an executive and director of the secretarial and funds administration provider to MQA.

For Paladin Energy chair Rick Crabb, it was simply because he has served on the board since early 1994, or for more than 20 years.

For those seven NEDs in the ASX101-200 classified as affiliated by both ACSI and their company, in six cases the affiliation was that they were associated with a substantial shareholder or founder investor (or were the founder, as in the cases of Raphael Geminder at Pact Group and Solomon Lew at Premier Investments). The seventh director, Peter Wade at Mineral resources, had served as executive chairman until 2012.

The number of ASX101-200 companies chaired by women rose from five to six, with Kate Spargo at UGL and Nora Scheinkestel at Macquarie Atlas Roads' Australian arm appointed to succeed male chairs. Margaret Jackson joined the grouping as chair of Spotless Group on its ASX re-listing.

# Director age

When it comes to age, as might be expected, the most significant difference was that executive directors were on average significantly younger than NEDs across the ASX200 sample. Broken down by gender, women – whether executive or non-executive – are on average appreciably younger than their male counterparts.

While the average age of both executive and non-executive directors in the ASX200 has continued to come down, it is being driven mostly by the fact that women being appointed to those roles are significantly younger than men.

The average age of an ASX100 director, male or female, executive and non-executive, was 61.1 years – more than a year younger than the ASX101-200 cohort's 62.2. Within that, the average ASX100 male was 62.3, or almost half a decade older than the women at 57.7. That was consistent with the ASX101-200, where male directors' average age was 62.8, and that of the women, 58.3.

Among ASX100 executive directors, women continued to be younger than their male counterparts, at 54 compared to 55.7 – although there were obviously far fewer female executive directors (six) than male (114). While women NEDs are, on average, less than four years older than female executives, for males that age gap is a hefty eight years.

Table 19: ASX100 director ages in 2012-2015<sup>20</sup>

	Executive directors			Non-executive directors		
	Men	Women	Combined	Men	Women	Combined
2015	55.7	54.0	55.5	63.5	57.9	61.9
2014	55.8	54.7	55.7	63.8	57.6	62.2
2013	55.0	55.1	55.0	63.7	57.3	62.1
2012	54.8	57.3 <sup>21</sup>	54.9	64.1	57.6	62.9

Table 20: ASX101-200 director ages in 2012-2015<sup>22</sup>

	Executive directors			Non-executive directors		
	Men	Women	Combined	Men	Women	Combined
2015	57.6	47.7 <sup>23</sup>	57.3	63.6	58.6	62.8
2014	57.9	47.0 <sup>24</sup>	57.5	63.4	57.9	62.6
2013	59.3	n/a <sup>25</sup>	-	63.7	56.4	62.7
2012	59.4	n/a <sup>26</sup>	-	64.4	55.7	63.4

<sup>20</sup> Full data set for Top 100 can be found in Appendix F.

<sup>21</sup> Sample of two.

<sup>22</sup> Full data set for ASX101-200 can be found in Appendix F.

<sup>23</sup> Sample of one.

<sup>24</sup> Sample of one.

<sup>25</sup> No age data available for the two female executive directors in the ASX101-200.

<sup>26</sup> No age data available for the two female executive directors in the ASX101-200.

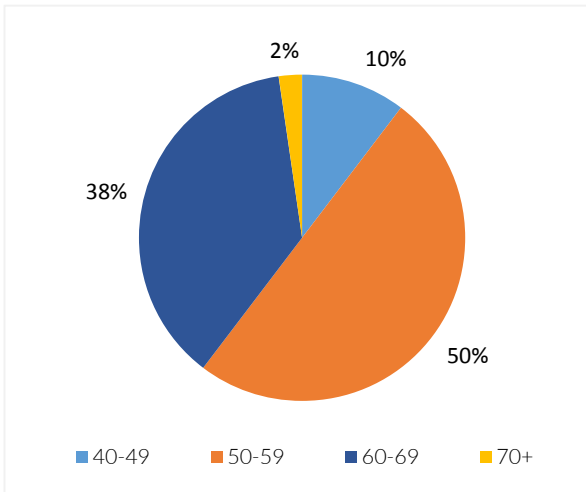
No meaningful comparison can be drawn on gender gaps among ASX101-200 executive directors because the birthdate of only one woman in that cohort is recorded in the study. Based on public information about the other three women executive directors, that average age would be closer to 54 – a gap consistent with that in the ASX100. That also means the average age of all executive directors, with a complete dataset, would be closer to 56 years.

The growth in the average age of ASX101-200 women non-executive directors is roughly in line with time elapsed, even though there has been considerable growth in the number of women NEDs in this cohort.

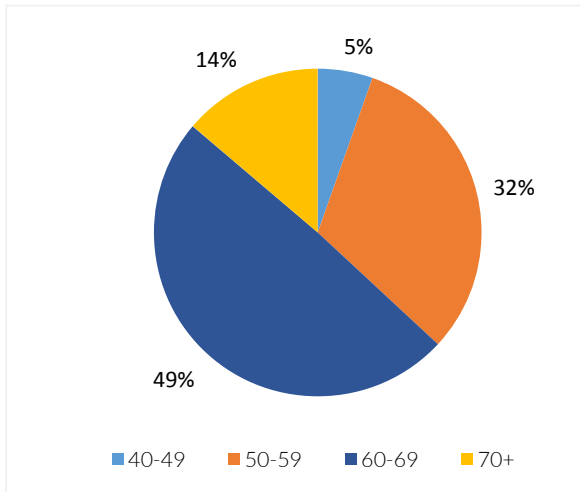
More interesting is the age distribution by gender, which shows that there were twice as many, in percentage terms, women NEDs in the 40-49 age bracket than there were men.

At the other end of the age spectrum, seven times as many male directors than women were aged 70, or older. While that ratio has increased over 2014 levels, the percentage of older male directors has fallen from 19% to 14%.

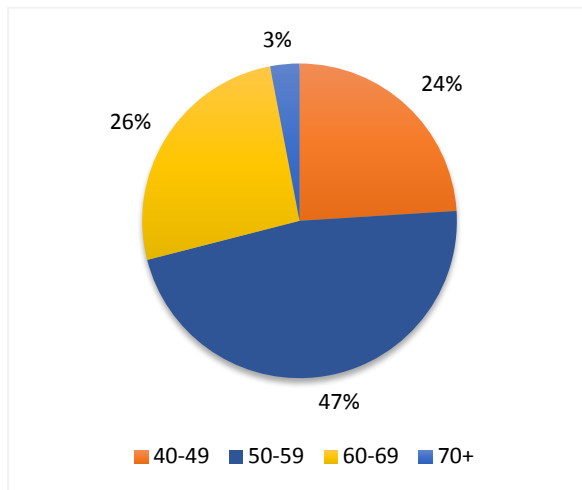
Graph 7: ASX200 female non-executive director distribution by age – 2015



Graph 8: ASX200 male non-executive director distribution by age – 2015



Graph 9: ASX200 male executive director distribution by age - 2015



# Tenure

Table 21: ASX100 tenure as at 30 September 2015

ASX100	All executive directors	Male executive directors	Female executive directors	All NEDs	Male NEDs	Female NEDs
Average	6.7 (6.9)	6.6 (6.9)	7.6 <sup>27</sup> (6.5 <sup>28</sup> )	5.9 (6.0)	6.6 (6.6)	3.9 (4.2)
Median	4.6 (4.5)	4.6 (4.6)	2.8 (3.3)	4.8 (4.8)	5.7 (5.6)	3.3 (3.6)

Table 22: ASX101 - ASX200 tenure as at 30 September 2015

ASX 101-200	All EDs	Male executive directors	Female executive directors	All NEDs	Male NEDs	Female NEDs
Average	7.7 (7.7)	8.0 (8.0)	4.0 <sup>29</sup> (2.8 <sup>30</sup> )	5.3 (5.5)	5.8 (5.8)	3.0 (3.6)
Median	5.1 (5.4)	5.2 (5.4)	3.4 (2.0)	4.0 (4.3)	4.7 (4.6)	2.0 (2.7)

## Executive directors

Average tenure of executive directors in the ASX100 moved marginally lower to 6.7 (2014: 6.9), much of which would have been driven by the higher number of new CEO appointments in 2015 than 2014. In the ASX101-200, the average for both all executive directors, and all male executives was virtually unmoved. While the average term of female executives was significantly higher at four years, the sample was only four people (and five in the prior year).

Similarly, the tenure of women executives in the ASX100, at 7.6 years, appears to be a year longer than for males, at 6.6 years. Again, the outcomes are distorted by a small sample pool of only six - and one of those is Harvey Norman Holdings' CEO Katie (Kay) Page (partner of executive chairman Gerry Harvey), who had been in the job for 28.4 years at the time of the study. If Page is removed, the average tenure for women executives in the cohort falls to 3.4 years.

In 2015, only seven executives had accumulated more than 20 years' service, down from 11 in 2014, although two of the 'departures' were a result of index re-balancing, rather than leaving their company. Westfield Corporation's co-CEO Peter Lowy was again long-serving on 29.9 years, followed closely by the previously mentioned Harvey Norman duo, Harvey and Page (both on 28.4 years), Flight Centre founder Graham Turner (27.8 years) and Westfield's other co-CEO Steven Lowy at 26.7 years. Sonic Healthcare's Christopher Wilks (25.8 years) and Colin Goldschmidt (22.7 years) made up the rest of the 20+ Club. A further 14 executives had more than 10 years' service.

In the ASX101-200, there were 11 executives with more than 20 years' service (2014: 8), two of them Monadelphous Group's Robert Velletri (23 years) and Calogero Rubino (24.7 years), whose company was displaced from the ASX100. ARB Corporation trio Andrew and Roger Brown, and John Forsyth, were longest-serving, with each having racked up 28.7 years. Their nearest rival for length of tenure was Technology One's Adrian Di Marco on 28.3 years.

<sup>27</sup> Sample of six, with Kay Page at Harvey Norman impacting the average with tenure of 28.44 years as at 30 September 2015. If Page is excluded, average tenure falls to 3.4 years.

<sup>28</sup> Sample of seven, with Kay Page at Harvey Norman impacting the average with tenure of 27.44 years as at 30 September 2014. If Page is excluded average tenure falls to 3 years.

<sup>29</sup> Sample of 4.

<sup>30</sup> Sample of 5.

## Non-executive directors

Average tenure for a NED in the ASX100 was slightly lower at 5.9 years (2014: 6.), and down from 5.5 years to 5.3 years in the ASX101-200. Average male NED tenure was unchanged in either cohort: 6.6 years in the ASX100 and 5.8 years in the ASX101-200.

For women NEDs, the average dropped from 4.2 to 3.9 years in the ASX100 and from 3.6 to 3.0 in the second group – both outcomes reflecting the sharp increase in appointments of women to boards. That is borne out by the medians for both groups of women directors, particularly in the ASX101-200 where the mid-point fell from 2.7 years to 2.0 years.

For the first time, two women made the list of NEDs who had served more than 20 years in the ASX100 – ALS Limited's chair Nerolie Withnall (20.5 years) and Computershare's Penelope Maclagan (20.3 years) – who spent many years as an executive before shifting to NED status in 2010. Withnall has since retired from ALS.

Overall, there were 16 NEDs with 20+ years' service in the ASX100 (2014:15). The only departure from the previous year was BHP Billiton's David Crawford, who took up the role as chair of BHP spin-off South32 Limited. Frank Lowy still tops the list with 56.2 years at the group he founded, Westfield Corporation – and is the only person to appear twice, with 37.2 years at Scentre Group (successor entity to Westfield Trust). Lowy stepped down as chair of Scentre in 2016.

Other long-serving NEDs include Ramsay Health Care chair Michael Siddle (40.4 years), Computershare founder Chris Morris (37 years), and a third member of the Harvey family at Harvey Norman, Michael Harvey (28.4 years).

In the ASX101-200, 10 NEDs (2014: 9) had served more than 20 years. Two of the directors were from Premier Investments, Lindsay Fox and Gary Weiss. In 2014 a third Premier director, Frank Jones, was in the 20+ group but he has since resigned. While Village Roadshow's John Kirby, with 27.2 years, is classed as a NED, his brother Robert and Graham Burke, who are co-executive chairs at Village, also have more than 27 years' service each.

The longest-serving woman director in the ASX101-200 cohort was Linda Nicholls at Sigma Pharmaceuticals (18 years). She retired from the board in December 2015.

## Average board tenure

Across the ASX200, 11 companies had average board tenures of more than 10 years, led by Technology One and ARB Corporation on 19 years. Harvey Norman, (18 years), Village Roadshow (17 years) and Ramsay Health Care (16 years) followed closely. Three companies – Monadelphous Group, Sonic Healthcare and Westfield – had an average of 14 years, and three others – Carsales.com, Premier Investments and Super Retail – all had averages of 11 years.

At the other end of the scale, boards with the shortest tenures (excluding recent ASX listings) were almost a proxy for groups undergoing significant change. QBE Insurance again featured, with an average tenure on its board of just two years, but Woolworths, Treasury Wine Estates, Santos, Orica, Southern Cross Media, Pacific Brands and UGL were all notable for having 3-year averages.

Table 23: Average board tenure of companies as at 30 September 2015 (2014 in brackets)

Average tenure	< 5 years	5 to 10 years	10 to 15 years	>15 years
ASX100	33 (33)	54 (53)	6 (5)	2 (2)
ASX101-200	34 (38)	46 (42)	5 (6)	3 (2)

# Remuneration of non-executive directors

This section contains data on the average pay of NEDs in the ASX100 and the ASX101-200, and it outlines the remuneration received by professional NEDs holding multiple ASX100 board seats. It continues the methodology adopted in 2010 where only directors in office for a full year, whether as a NED or as a non-executive chairperson, are included.

As in prior years, the data used is the disclosed statutory remuneration for NEDs which includes fees, travel allowances, non-monetary benefits (such as spouse travel to and from board meetings), as well as 'special exertion' fees and the disclosed accounting value of options granted (which may be larger or smaller than the actual value received from the exercise of options).

Among developing and rapidly growing resource (and occasionally biotechnology and pharmaceutical developers) companies, option allocations have historically been common. There has been a general move away from this practice, although there are a number of non-executives still holding legacy option allocations.

## Average pay

An outstanding feature of this year's study is that average remuneration for NEDs and chairs of ASX100 companies rose significantly – but those of the second cohort, ASX101-200, went backwards. In the case of ASX100 chairs, the 2015 gains more than recovered all the ground lost in 2014 (when the average declined from \$477,226 to \$460,451), reaching \$491,836. The increase in the average was more than \$30,000, or 6.8%. For 'rank and file' NEDs, the increase was a more modest 2.5%, up \$5,500 to \$222,692.

In the ASX101-200, the fall in average chair fees of almost \$19,000, or 7.3%, to \$237,271, retraced almost all the ground gained in 2014 when the average rose more than \$25,000. Average fees for NEDs in the cohort were also down, for the second successive year, to \$128,385. That means the average has declined almost \$10,000 since 2013, a reduction of 7.1%.

Once again, the highest-paying chairs in the ASX100 were those at global resources groups Rio Tinto, Jan du Plessis on \$1.67 million (2014: \$1.44m), and BHP Billiton, Jacques Nasser with \$1.44 million (2014: \$1.33m). The gap between their remuneration and the next highest-paid chair was more than \$500,000 down to Commonwealth Bank's David Turner at \$859,817.

Telstra's Catherine Livingstone was the highest-paid women chair, for a single directorship, in the ASX100, on \$764,660. She has left that role and is assuming the chair at Commonwealth Bank.

Table 24: Remuneration for ASX200 non-executive directors 2015 (figures for 2014 in italics)<sup>31</sup>

	Non-executive director	Non-executive Chair
ASX100 average	\$222,692 ( <i>\$217,196</i> )	\$491,836 ( <i>\$460,451</i> )
ASX100 median	\$218,144 ( <i>\$210,000</i> )	\$462,084 ( <i>\$439,650</i> )
ASX101-200 average	\$128,385 ( <i>\$132,292</i> )	\$237,271 ( <i>\$256,013</i> )
ASX101-200 median	\$124,806 ( <i>\$125,000</i> )	\$218,784 ( <i>\$216,237</i> )

<sup>31</sup> Remuneration figures disclosed in foreign currencies were converted using the average exchange rate for the relevant 12 month period.

For chairs in the ASX101-200, the highest paid was Drillsearch's Jim McKerlie on \$448,888, followed by Nine Entertainment Co.'s David Haslingden at \$425,000. Drillsearch has since been acquired, and Haslingden has been succeeded at Nine Entertainment by former Federal Treasurer Peter Costello.

The highest-paid female chair in the ASX101-200 was Broadspectrum's Diane Smith-Gander on \$372,320. Broadspectrum has also been acquired.

Table 25: Average fees broken down by gender

	Chairperson	Non-Executive Director
ASX100 Female average	\$476,320 <sup>32</sup>	\$219,686
ASX100 Male average	\$499,136	\$223,988
% difference	-4.6%	-1.9%
ASX101-200 Female average	\$288,481 <sup>33</sup>	\$133,626
ASX101-200 Male average	\$232,544	\$125,566
% difference	24.1%	6.4%

Analysis of average director fees by gender is again distorted by small sample pools of women chairs in both the ASX100 and ASX101-200. In each cohort, only six women held chair roles – and one of those in the ASX100, Deborah Page at Investa Office Fund, did not receive fees from the listed entity because of IOF's structure. Managers of Investa are remunerated by its responsible entity.

As a result, where women chairs in 2014 were on average paid 10% more than male counterparts, in 2015 that had swung the other way to be almost 5% less. It was the reverse in the ASX101-200, moving from a 9.7% deficit to a 24.1% advantage.

More meaningfully, the differential between women and male NEDs in the ASX100 was a steady 1.9% in favour of men. In the ASX101-200, women directors earned an average 6.4% more.

It should be kept in mind that director fees are set for chairs and NEDs, and not a negotiated outcome, so ought to be unaffected by the gender of the appointees. Differences within companies for individual NEDs tend to be driven by their roles on board committees, where they can be chairs or ordinary members of those sub-committees.

## Remuneration of non-executive directors holding four ASX100 directorships

Table 26: Average portfolio remuneration of non-executive directors holding four ASX100 non-executive directorships

2012	2013	2014	2015
\$898,223 <sup>34</sup>	\$945,907 <sup>35</sup>	\$1,004,685 <sup>36</sup>	\$929,508 <sup>37</sup>

Incidences of directors holding four, or more, directorships in the ASX100 continued to be rare, and investor concern about individual workloads is likely to keep numbers low.

In 2015, the only director with four seats for the full year, was Gene Tilbrook – with seats at Aurizon Holdings, GPT Group, Orica and Woodside Petroleum, yielding \$929,508 in fees for the year.

<sup>32</sup> Sample of five. A sixth Chair, Deborah Page of Investa Office Fund, received no remuneration directly from the listed entity, and was excluded.

<sup>33</sup> Sample of six.

<sup>34</sup> Sample of one, Jane Hemstritch. Although Gary Hounsell held four board seats, he joined one after June 30, and received no remuneration that year.

<sup>35</sup> Sample of one, Jane Hemstritch.

<sup>36</sup> Sample of one, Jane Hemstritch.

<sup>37</sup> Sample of one, Gene Tilbrook. Margaret Seale had four seats, but received only part remuneration for one and none for a second.



Margaret Seale also had membership of four ASX100 boards by year's end – Bank of Queensland, Ramsay Health Care, Scentre Group and Telstra Corporation – but was not there for a full year at two of them and, so, excluded.

## Remuneration of non-executive directors holding four or more ASX200 directorships

Unusually, two people held five board seats across the ASX200 by the close of this study, Linda Nicholls – Fairfax Media, Japara Healthcare, Medibank Private, Pacific Brands, Sigma Pharmaceuticals - and Trevor Gerber – CIMIC Group, Regis Healthcare, Sydney Airports, Tassal Group and Vicinity Centres. Gerber, however, was not there for a full year at Vicinity Centres, and only joined Regis after the close of its financial year, so the average remuneration figure in this category, \$835,982, is for Nicholls alone.

Nicholls has since exited her role at Sigma (retirement), and Pacific Brands (takeover). She was recently appointed to the board of a pending IPO, Inghams Group.

Four people held portfolios of four directorships in the ASX200, three of them women – Maxine Brenner, Rebecca McGrath, Margaret Seale and Gene Tilbrook. Brenner and McGrath each held three ASX100 seats, and one in the ASX101-200, for the full year.

While the 2015 average portfolio remuneration received by those with four board seats was significantly down on 2014 levels, from \$915,295 to \$850,029, the sample size of five and three respectively, mean large fluctuations are more likely.

Table 27: Average portfolio remuneration of non-executive directors holding four or more ASX200 non-executive directorships

	2012	2013	2014	2015
Five board roles	N/A	N/A	N/A	\$835,982 <sup>38</sup>
Four board roles	\$844,617 (sample of 7)	\$895,853 (sample of 5)	\$915,295 (sample of 5)	\$850,029 (sample of 3)

<sup>38</sup> Sample of 1, Linda Nicholls. Trevor Gerber also held five board seats, but not for a full year at Vicinity Centres, and received no fees from Regis Healthcare where he joined post-balance date.

## Remuneration of non-executive directors holding three ASX100 directorships

The number of ASX100 NEDs with a portfolio of three directorships almost doubled from 10 to 18 in the latest study. This calculation includes directors with more than three, but only counts three of those directorships. It excludes directors who did not serve a full year on three directorships:

- Average pay per portfolio for the group regained almost all of the prior year's decline, lifting from \$808,965 to \$853,518.
- The average pay per directorship was 4.3% higher at \$281,295, just short of the 2012 record of \$281,989.
- The maximum portfolio for any director was, for the third year running, Lindsay Maxsted (\$1.69 million), who chairs both Transurban and Westpac Banking Corp, as well as having a seat at BHP Billiton.
- The highest-earning woman (and third highest overall), was Paula Dwyer (\$1.34 million), who chairs Tabcorp Holdings and Healthscope, as well as being a director at the ANZ Banking Group.
- Of the 13 in the sample with just three directorships (i.e. excluding those women with four, or more, board seats), 7 were women – Ilana Atlas, Yasmin Allen, Catherine Brenner, Kathleen Conlon, Paula Dwyer, Jane Hemstrich, Christine O'Reilly and Emma Stein. Stein also had the dubious distinction of being the director with the smallest-earning portfolio, at \$447,521.

Table 28: Average portfolio remuneration of non-executive directors holding three ASX100 directorships

Year	Sample	Total pay	Average pay per directorship	Average pay per director	Minimum pay per director	Maximum pay per director
2015	18	\$15,363,326	\$281,295	\$853,518	\$447,521	\$1,689,155
2014	10	\$8,089,651	\$269,655	\$808,965	\$457,672	\$1,614,541
2013	14	\$12,123,403	\$269,409	\$865,957	\$397,843	\$1,510,125
2012	18	\$15,227,397	\$281,989	\$845,967	\$405,320	\$1,680,600

Table 29: Directors with three ASX100 board roles and portfolio remuneration of \$1million or more

Director	Portfolio remuneration
Paula Dwyer	\$1,344,560
Lindsay Maxsted	\$1,689,155
Brian Schwartz	\$1,416,104

Other than the chairs of Rio Tinto and BHP Billiton, who each receive more than \$1 million in fees a year for those roles, only three other directors in the ASX200 managed to amass more than \$1 million in fees during the year – and they all needed a portfolio of three companies each to get there.

Paula Dwyer, mentioned above as the highest-earning woman NED, earned the least of the three. Brian Schwartz collected fees of \$1.42 million for being chair at Insurance Australia Group (since relinquished) and deputy chair at both Scentre Group (he is now chair) and Westfield Corporation. Lindsay Maxsted, who chairs both Westpac Bank and Transurban, as well as sitting on the BHP Billiton board, received \$1.69 million – marginally more than Jan du Plessis received for his one seat at Rio Tinto – making him the highest paid NED in Australia.

Table 30: Highest paid ASX100 non-executive director roles 2015 (2014 rank in italics)

Rank	Entity/Role	Remuneration	Individual
1 (1)	Rio Tinto Limited (Chair)	\$1,674,481	Jan Du Plessis
2 (2)	BHP Billiton Limited (Chair)	\$1,443,422	Jacques Nasser
3 (3)	Commonwealth Bank of Australia (Chair)	\$859,817	David Turner
4 (4)	Macquarie Group Limited (Chair)	\$825,000	H (Kevin) McCann
5 (5)	Westpac Banking Corporation (Chair)	\$813,989	Lindsay Maxsted
6 (6)	Insurance Australia Group Ltd (Chair)	\$813,000	Brian Schwartz
7 (-)	ANZ Group Limited (Chair)	\$810,000	David Gonski
8 (8)	Woodside Petroleum Limited (Chair)	\$796,832	Michael Chaney
9 (-)	QBE Insurance Group Limited (Chair)	\$788,403	Marty Becker
10 (7)	National Australia Bank Limited (Chair)	\$770,000	Michael Chaney

Table 31: Highest paid ASX101-200 non-executive director roles 2015 (2014 rank in italics)

Rank	Entity/Role	Remuneration	Individual
1 (-)	Syrah Resources Limited (Director)	\$738,162	Rhett Brans
2 (6)	Drillsearch Energy Limited (Chair)	\$448,888	Jim McKerlie
3 (7)	Nine Entertainment Co. Ltd (chair)	\$425,000	David Haslingden
4 (-)	Myer Holdings Limited (Chair)	\$400,000	Paul McClintock
5 (-)	Broadspectrum Limited (Chair)	\$372,320	Diane Smith-Gander
6 (10)	Whitehaven Coal Limited (Chair)	\$368,783	Mark Vaile
7 (-)	Nufarm Limited (Chair)	\$355,162	Donald McGauchie
8 (-)	Mineral Resources Limited (Chair)	\$355,000	Peter Wade
9 (-)	GWA Group Limited (Chair)	\$354,221	Darryl McDonough
10 (-)	Paladin Energy Limited (Chair)	\$351,110	Rick Crabb

# Skin in the game

For the third year in a row, ACSI has calculated the personal equity value of each director in each of the companies that they govern – their ‘skin in the game’. These were compiled for every directorship in the sample, 789 in the ASX100 and 592 in the ASX101-200, using each directors’ holding as at the snapshot date for their company’s data (using annual reports and ASX announcements, and multiplying the number of shares by the closing price share price at the snapshot date.

ACSI members, and other investors, believe that all directors – not just executives and founders/owners – should have sufficient skin in the game to provide alignment between both director and investor interests – although the ‘correct’ level of holding varies in the views of investors. An emerging rule of thumb for NEDs is that they should have invested an amount equivalent to at least one year’s director fees, and some companies are now implementing minimum director holdings measures.

In the 2015 ASX200 sample, there were still a handful of executive directors, and a shrinking pool of NEDs, who owned no shares in the companies that they help manage and govern. The biggest stake was, again, Crown Resorts’ James Packer on \$3.84 billion (2014: \$5.29b), with TPG Telecom founder David Teoh a clear second on \$2.67 billion (2014: \$2.10b) – both of them in the ASX100, which had eight billionaires overall.

In the second cohort, the ASX101-200, Platinum Asset Management’s Kerr Neilson was the only ‘billionaire’ with \$2.07 billion (2014: \$2.13b). Seven Group’s Kerry Stokes had \$995.06 million (2014: \$1.35 b), but also had another \$424.52 million in Seven West media stock. From there, it was a long drop to Super Retail Group’s Reg Rowe on \$533.39 million.

Table 32: ASX100 directors skin in the game 2015 (2014 figures in italics)

ASX100	Founder (23)	Executive director (119)	Non-executive director (647)
Average	\$951,092,925 <i>(\$605,961,010)</i>	\$7,750,944 <i>(\$9,415,081)</i>	\$2,344,403 <i>(\$794,960)</i>
Median	\$556,881,110 <i>(\$231,047,201)</i>	\$2,848,301 <i>(\$2,570,483)</i>	\$184,958 <i>(\$175,709)</i>
Highest	\$3,835,765,764 <i>(\$5,292,846,776)</i>	\$126,978,707 <i>(\$127,217,525)</i>	\$713,129,294 <sup>39</sup> <i>(\$45,851,995)</i>
Lowest	\$11,572,349 <i>(\$913,703)</i>	\$0.0 <i>(\$0.0)</i>	\$0.0 <i>(\$0.0)</i>
No ‘skin in the game’	Nil	0.5% (4/789)	6.5% (51/789)

The Lowy family’s Westfield Corporation had the board with the highest aggregate skin in the ASX100 game, \$5.89 billion (principally the \$1.96 billion held by each of Frank, Peter and Steven Lowy). Next highest aggregate was Crown Resorts (\$3.84 billion), TPG Telecom (\$2.74b) and Harvey Norman Holdings (\$2.09 billion).

Platinum Asset Management led the ASX101-200, its board owning a combined \$2.29 billion stake, followed by Village Roadshow (\$1.36 billion), Seven Group Holdings (\$1.00 billion) and Regis Healthcare (\$908.54 million).

<sup>39</sup> Skin in the game for Harvey Norman NED Christopher Brown includes shares held by the estate of Ian Norman in which he has an indirect interest as the executor and trustee, and sole director of registered holder, Dimbulu Pty Ltd.

The boards of three ASX200 companies – Cleanaway Waste Management, Investa Office Fund and Pacific Brands – had aggregated stakes worth less than \$200,000 in their respective companies. To be clear, Investa directors do not receive fees from the listed fund. Key management personnel of Investa are remunerated by the responsible entity.

Table 33: ASX101 - ASX200 directors skin in the game 2015

ASX101-200	Founder (50)	Executive Director (98)	Non-Executive Director (444)
Average	\$190,813,233 (\$226,623,820)	\$8,277,154 (\$6,290,122)	\$1,641,290 (\$1,680,527)
Median	\$49,497,556 (\$36,789,551)	\$1,111,022 (\$1,099,167)	\$108,790 (\$109,000)
Highest	\$2,065,935,447 (\$2,099,704,349)	\$217,344,192 (\$196,660,380)	\$363,354,127 (\$301,701,983)
Lowest	\$1,890,000 (\$270,280)	\$0.0 (\$0.0)	\$0.0 (\$0.0)
No 'skin in the game'	Nil	1.0% (6/592)	14.7% (87/592)

## No 'skin in the game'

Four executives in the ASX100, and six in the second group, held no shares in their companies. Only one of those executives, REA Group's Tracey Fellows, had been in the role for more than one year.

In the ASX100, 51 directors (14 of them classified as 'affiliated') had no skin in the game by the end of 2015, a decline of more than one-third on 2014's 77 directors. Two directors without skin in the game, Ramsay Health Care's Patrick Grier and Sonic Health Care's Lou Panaccio, had been directors on their respective boards for more than 10 years (19.2 years and 10.3 years, respectively). Three other directors had been on their boards for more than eight years, but had no skin in the 2015 study - REA Group's Richard Freudenstein and both Geoff Dixon and Michael Johnston at Crown Resorts.

In the ASX101-200, the number of directors with zero skin fell from 101 to 87 (28 of them classified as 'affiliated'). Four directors had nine or more years' tenure on their boards, but had no equity in the entity – Cabcharge Australia's Neill Ford (more than 19.5 years), STW Communications' Paul Richardson (17.1 years), Liquefied Natural Gas's Leeanne Bond (10.96 years) and ARB Corporation's Andrew Stott (9.2 years).

In the ASX100, women represented only 13 of the 51 directors with no skin in the game, or about one in four. Of those women, only three had held those directorships for more than two years, whereas among the male directors, 15 of the 38 had served in their directorships for more than two years.

In the ASX101-200, 19 of the 87 without skin in the game were women, or about 22%. Seven of them had held their directorships for more than two years. Among male directors, almost half had been directors for more than two years.

There were seven directors with multiple directorships, but no skin in the game in the companies that they help govern (2014: nine). Some of them were new appointees, and may not have had time to acquire stock. Often, finding an appropriate trading window, particularly in companies which are highly acquisitive, is difficult without director buying activity raising concerns of insider knowledge:

- Tim Antonie, a NED at Breville Group (for 1.7 years) and at Premier Investments (5.3 years);
- Raelene Murphy, NED at Tassal group (post-balance date) and Bega Cheese (0.2 years);
- Christine Cross, NED at Brambles Industries (1.6 years) and Kathmandu (2.8 years);
- Greg Hayes, NED at Star Entertainment Group (0.3 years) and Incitec Pivot Ltd (1.1 years);
- Shirley In't Veld, NED at Duet Group (2.6 years) and Asciano Ltd (4.9 years);
- Peter Kahan, NED at Charter Hall Group (5.9 years) and Vicinity Centres (0.3 years);
- Scott Perkins, NED and Origin Energy (newly appointed) and Brambles Industries (0.3 years)

Table 34: Tenure of ASX100 and ASX101-200 directors' with no skin in the game (2014 figures in italics)

Tenure	ASX100		ASX101-200	
	Non-executive directors	Executive directors	Non-executive directors	Executive directors
< 1 year	25 (41)	3 (3)	34 (37)	6 (0)
1-2 years	8 (7)	1 (2)	14 (18)	0 (3)
2-3 years	4 (10)	0 (1)	13 (17)	0 (1)
3-4 years	3 (4)	0 (0)	7 (8)	0 (1)
4-5 years	2 (3)	0 (0)	5 (12)	0 (1)
>5 years	9 (12)	0 (0)	14 (9)	0 (0)
<b>TOTAL</b>	<b>51 (77)</b>	<b>4 (6)</b>	<b>87 (101)</b>	<b>6 (6)</b>

## Appendix A: Board size

### ASX100 board sizes (2008–2015)

Number of directors	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
2015	0	1	4	11	13	23	21	12	6	3	1	0	0	0	0
2014	0	0	5	10	12	20	28	5	6	3	2	2	0	0	0
2013	0	0	6	5	14	23	20	12	5	4	2	0	0	0	0
2012	0	0	4	6	16	23	27	5	6	5	2	0	0	0	0
2011	0	1	5	7	12	30	12	7	6	4	2	1	0	0	0
2010	1	0	2	12	16	22	15	9	6	2	2	1	0	0	0
2009	0	1	3	7	13	24	16	10	7	1	0	2	0	1	0
2008	0	3	4	5	13	16	14	15	6	5	2	2	1	0	1

### ASX101-200board sizes (2011–2015)

Number of directors	3	4	5	6	7	8	9	10	11	12
2015	1	1	14	23	29	13	6	1	1	0
2014	0	6	13	26	21	13	6	2	1	0
2013	0	7	12	27	23	13	3	2	2	0
2012	3	6	20	19	23	11	2	0	1	1
2011	0	6	23	17	30	6	5	0	0	1

## Appendix B: Executive and non-executive directors

### ASX100 proportion of board seats held by non-executive directors (2001–2015)

Year	Average	Minimum	Maximum
2015	84.90%	44.44%	100%
2014	85.00%	44.44%	100%
2013	84.40%	50.00%	100%
2012	83.40%	50.00%	92.00%
2011	83.90%	50.00%	91.70%
2010	83.70%	50.00%	100% <sup>40</sup>
2009	82.90%	42.90%	100%
2008	81.80%	37.50%	100%
2007	81.20%	37.50%	100%
2006	80.20%	37.50%	92.30%
2005	81.20%	37.50%	92.30%
2004	79.60%	28.60%	92.30%
2003	79.00%	22.20%	91.70%
2002	77.40%	30.00%	92.30%
2001	77.10%	N/A	N/A

### ASX101-200 proportion of board seats held by non-executive directors (2011–2015)

Year	Average	Minimum	Maximum
2015	83.4%	50%	100%
2014	82.2%	43%	100%
2013	80.8%	43%	100%
2012	79.3%	50%	100%
2011	78.4%	50%	100%

<sup>40</sup> The current ACSI Guidelines are available at <http://acsi.org.au/images/stories/ACSIDocuments/2013%20ACSI%20Guidelines.pdf>. The independence criteria are on pp. 14-15.



## Appendix C: Independent directors

ASX100: proportion of board seats held by Independent non-executive directors (2011–2015)

Year	Number of directorships	Number of non-executive directorships	Proportion of independent directors	Proportion of all directorships
2015	789	670 (84.9%)	90.6%	76.9%
2014	787	669 (85.0%)	90.6%	77.0%
2013	771	651 (84.4%)	89.6%	75.6%
2012	797	665 (83.4%)	88.0%	73.4%
2011	727	610 (83.9%)	86.7%	72.8%
2010	728	609 (83.7%)	84.1%	70.3%
2009	721	598 (82.9%)	83.3%	69.1%
2008	769	629 (81.8%)	80.1%	65.5%
2007	757	615 (81.2%)	80.7%	65.5%
2006	781	626 (80.2%)	80.5%	64.5%
2005	775	629 (81.2%)	80.0% <sup>41</sup>	64.9%
2004	724	576 (79.6%)	63.4%	50.4%
2003	655	516 (79.0%)	65.1%	51.3%
2002	687	532 (77.4%)	62.6%	48.5%

ASX101–200: proportion of board seats held by non-executive directors (2011–2015)

Year	Number of directorships	Number of non-executive directorships	Proportion of independent directors	Proportion of all directorships
2015	597	500 (83.8%)	78.4%	65.7%
2014	578	475 (82.2%)	77.3%	63.5%
2013	584	472 (80.8%)	72.9%	58.9%
2012	537	426 (79.3%)	70.2%	55.7%
2011	556	436 (78.5%)	62.2%	48.7%

<sup>41</sup> The rise in the proportion of board seats held by independent directors between 2004 and 2005 was driven by a change to ACSI's definitions of director independence. Prior to 2005, ACSI classified all directors with more than nine years' service on a board as affiliated and from 2005 only those directors who had spent more than 20 years on a board were considered affiliated (the change in definition was effective from the second edition of the ACSI Guidelines, released in 2005).

## Appendix D: Gender

### ASX100: women on boards (2000–2015)

Year	Female directors as proportion of ASX100 pool	Proportion of ASX100 board seats held by women
2015	22.1%	25.2%
2014	19.9%	22.7%
2013	17.4%	19.8%
2012	15.8%	18.1%
2011	15.4%	17.7%
2010	12.2%	13.5%
2009	11.1%	12.1%
2008	10.1%	11.1%
2007	10.4%	12.4%
2006	11.0%	12.6%
2005	9.2%	11.1%
2004	9.3%	11.0%
2003	9.3%	11.1%
2002	9.0%	10.5%
2001	8.0%	9.2%
2000	7.2%	8.3%

### ASX101-200: women on boards (2011–2015)

Year	Female directors as proportion of ASX101–200 pool	Proportion of ASX101-200 board seats held by women
2015	15.0%	15.9%
2014	13.0%	13.7%
2013	11.4%	12.2%
2012	9.6%	9.9%
2011	8.5%	9.0%

### ASX200: women on boards (2011–2015)

Year	Female directors as proportion of ASX200 pool	Proportion of ASX200 board seats held by women
2015	17.7%	21.2%
2014	15.9%	18.9%
2013	13.0%	16.5%
2012	13.1%	14.8%
2011	11.8%	14.0%

## Appendix E: Professional non-executive directors

### Concentration of ASX100 directorships among professional non-executive directors (2001–2015)

Year	Number of non-executive directorships	Proportion of non-executive directorships held by professional non-executive directors
2015	670	36.6% held by 109 individuals
2014	669	34.4%, held by 105 individuals
2013	651	33.6%, held by 100 individuals
2012	665	33.4%, held by 100 individuals
2011	610	30.3%, held by 98 individuals
2010	609	38.6%, held by 105 individuals
2009	598	40.6% held by 109 individuals
2008	629	40.6% held by 111 individuals
2007	615	43.5% held by 114 individuals
2006	626	45.1% held by 123 individuals
2005	629	42.8% held by 117 individuals
2004	576	39.4% held by 99 individuals.
2003	516	36.6% held by 99 individuals
2002	532	37.8% held by 85 individuals
2001	536	30.6% held by 72 individuals

### Concentration of ASX101–200 directorships among professional non-executive directors (2011–2015)

Year	Number of non-executive directorships	Proportion of non-executive directorships held by professional non-executive directors
2015	500	13.8% held by 32 individuals
2014	475	12.4% held by 26 individuals
2013	472	10.6%, held by 24 individuals
2012	426	8.4%, held by 18 individuals
2011	436	12.8% held by 27 individuals

### Concentration of ASX200 directorships among professional non-executive directors (2011–2015)

Year	Number of non-executive directorships	Proportion of non-executive directorships held by professional non-executive directors
2015	1170	35.9% held by 183 individuals
2014	1,144	36.1% held by 174 individuals
2013	1,123	33.1%, held by 163 individuals
2012	1,091	34.9%, held by 170 individuals
2011	1,046	36.5% held by 169 individuals

## Appendix F: Directors' ages

### ASX100 Director ages (2001–2015)

Executive directors			
Year	Men	Women	Combined
2015	55.7	54.4	55.6
2014	55.8	54.7	55.7
2013	55.0	55.1	55.0
2012	54.8	57.3 <sup>42</sup>	54.9
2011	53.9	53.0	53.8
2010	53.4	52.0	53.4
2009	53.4	53.3	53.4
2008	54.0	53.6	54.0
2007	52.8	52.5	52.8
2006	53.3	51.0	53.3
2005	53.5	50.0	53.4
2004	52.2	49.2	53.1
2003	51.3	46.3	51.3
2002	51.5	47.0	51.3
2001	51.5	46.5	51.4

Non-executive directors			
Year	Men	Women	Combined
2015	63.5	57.9	61.9
2014	63.8	57.6	62.2
2013	63.7	57.3	62.1
2012	64.1	57.6	62.9
2011	62.3	55.4	61.0
2010	61.8	55.0	60.8
2009	61.3	54.5	60.5
2008	61.2	55.4	60.4
2007	61.2	54.2	60.0
2006	61.0	53.6	59.8
2005	60.4	53.2	59.3
2004	60.4	53.3	59.8
2003	59.8	52.1	58.7
2002	59.5	51.5	58.9
2001	59.5	51.4	58.6

### ASX101-200 director ages (2001–2015)

Executive directors			
Year	Men	Women	Combined
2015	57.6	47.7 <sup>43</sup>	57.3
2014	57.9	47.0 <sup>44</sup>	57.5
2013	59.3	N/A <sup>45</sup>	-
2012	59.4	N/A <sup>46</sup>	-
2011	56.3	48.0 <sup>47</sup>	-

Non-executive directors			
Year	Men	Women	Combined
2015	63.6	58.6	62.8
2014	63.4	57.9	62.6
2013	63.7	56.4	62.7
2012	64.4	55.7	63.4
2011	61.9	54.9	61.6

42 Sample of two.

43 Sample of one

44 Sample of one.

45 No age data available for the two female executive directors in the ASX101-200.

46 No age data available for the two female executive directors in the ASX101-200.

47 Sample of one.

## Appendix G: Non-executive director remuneration

Average portfolio remuneration of non-executive directors holding four ASX100 non-executive directorships (2001-2015)	
Year	Average
2015	\$929,508 <sup>48</sup>
2014	\$1,004,685 <sup>49</sup>
2013	\$945,907
2012	\$898,223
2011	N/A <sup>50</sup>
2010	\$744,592
2009	N/A <sup>51</sup>
2008	N/A <sup>52</sup>
2007	\$1,310,844
2006	\$841,037
2005	\$767,434
2004	\$742,601
2003	\$629,206
2002	\$655,175
2001	\$602,583

48 Sample of two - Margaret Seale and Gene Tillbrook

49 In 2012, 2013 and 2014 this figure is a sample of one, Jane Hemstritch.

50 No non-executive director received remuneration from four companies in the 2011 year. While Hemstritch and Paula Dwyer held four seats at the time of the 2011 report, both were appointed after one of their companies' full year ends so were excluded from the study.

51 No director held four or more Top 100 seats.

52 No director held four or more Top 100 seats.

Average portfolio remuneration of non-executive directors holding three ASX100 directorships (2001-2015)

Year	Sample	Total pay	Average pay per directorship	Average pay per director	Minimum pay per director	Maximum pay per director
2015	18	\$15,363,326	\$281,295	\$853,518	\$447,521	\$1,689,155
2014	10	\$8,089,651	\$269,655	\$808,965	\$457,672	\$1,614,541
2013	14	\$12,123,403	\$269,409	\$865,957	\$397,843	\$1,510,125
2012	18	\$15,227,397	\$281,989	\$845,967	\$405,320	\$1,680,600
2011	22	\$17,249,888	\$261,362	\$784,068	\$261,362	\$1,460,524
2010	23	\$17,146,385	\$248,498	\$745,495	\$305,293	\$1,595,910
2009	25 <sup>53</sup>	\$20,170,082	\$280,140	\$840,420	\$376,429	\$1,557,629
2008	27 <sup>54</sup>	\$17,736,030	\$227,385	\$682,155	\$210,307	\$1,508,850
2007	32	\$18,229,212	\$189,888	\$569,663	\$247,606	\$1,314,510
2006	27	\$14,098,274	\$174,053	\$522,158	\$156,249	\$1,028,317
2005	23	\$12,613,075	\$182,798	\$548,395	\$225,719	\$983,039
2004	21	\$9,166,818	\$156,007	\$436,515	\$228,000	\$786,499
2003	14	\$5,312,513	\$126,488	\$379,465	\$123,000	\$769,348
2002	24	\$10,731,583	\$149,050	\$447,149	\$229,353	\$1,019,476
2001	16	\$5,870,712	\$110,768	\$366,919	\$202,364	\$771,411

53 In calculating the 2009 averages Bob Edgar is excluded as none of his roles commenced during the 2009 financial year.

54 In calculating the averages Ashok Jacob is excluded as he received no remuneration for his three Top 100 board roles in 2008. If he is included the average per directorship falls to \$218,963.

## Appendix H: 'Skin in the game'

Highest ranked founders with the highest 'skin in the game' ASX100 (2015)

Rank	Individual	Entity	Skin in the game
1	James Packer	Crown Resorts	\$3,835,765,764
2	David Teoh	TPG Telecom	\$2,665,458,021
3	Andrew Forrest	Fortescue Metals Group	\$1,960,835,777
4	Lowy Family <sup>55</sup>	Westfield Corporation	\$1,959,200,000
5	Gerald Harvey	Harvey Norman Holdings	\$1,291,049,957
6	Raymond Barro	Adelaide Brighton	\$1,095,885,476
7	Lowy Family <sup>56</sup>	Scentre Group	\$961,115,207
8	Jack Cowin	Domino's Pizza Enterprises	\$666,995,016
9	Graham Turner	Flight Centre	\$556,881,110
10	Hamish Douglass	Magellan Financial Group	\$421,482,600

Highest ranked founders with the highest 'skin in the game' ASX101-200 (2015)

Rank	Individual	Entity	Skin in the game
1	Kerr Neilson	Platinum Asset Management	\$2,065,935,447
2	Kerry Stokes	Seven Group Holdings	\$995,060,875
3	Reg Rowe	Super Retail Group	\$533,389,590
4	Raphael Geminder	Pact Group Holdings	\$521,982,995
5	Leonard Ainsworth	Ainsworth Game Technology	\$520,861,809
6	John & Robert Kirby and Graham Burke	Village Roadshow	\$449,915,960
7	Bryan Dorman & Ian Roberts	Regis Healthcare	\$444,773,901
8	Kerry Stokes	Seven West Media	\$424,531,308
9	Silviu Itescu	Mesoblast	\$220,430,194
10	Jamie Pherous	Corporate Travel Management	\$220,375,000

<sup>55</sup> Frank, Peter and Steven Lowy

<sup>56</sup> Frank and Steven Lowy

Highest ranked executive directors (excluding founders) with the highest 'skin in the game' ASX100 (2015)

Rank	Individual	Entity	Skin in the game
1	Nicholas Moore	Macquarie Group	\$126,978,707
2	Don Meij	Domino's Pizza Enterprises	\$73,943,250
3	Christopher Rex	Ramsay Health Care	\$59,185,617
4	Christopher Kelaher	IOOF Holdings	\$44,605,767
5	Richard Goyder	Wesfarmers	\$37,521,491
6	Michael Smith	ANZ Group	\$25,882,416
7	Kerrie Mather	Sydney Airports Group	\$24,779,312
8	Brett Cairns	Magellan Financial Group	\$20,285,555
9	Alan Joyce	Qantas Airways	\$19,168,914
10	Bruce Soden	Ramsay Health Care	\$18,491,182

Highest ranked executive directors (excluding founders) with the highest 'skin in the game' ASX101-200 (2015)

Rank	Individual	Entity	Skin in the game
1	Andrew Clifford	Platinum Asset Management	\$217,344,192
2	Jeffery David	Greencross	\$52,959,038
3	Bill Beament	Northern Star Resources	\$33,045,854
4	John Forsyth	ARB Corporation	\$27,786,126
5	Nicholas Abboud	Dick Smith Holdings	\$24,601,496
6	Ross Johnston	Regis Healthcare	\$18,399,756
7	Peter Edwards	Cover-More Group	\$15,947,255
8	Robert Velletri	Monadelphous Group	\$15,267,000
9	Calogero Rubino	Monadelphous Group	\$14,704,687
10	Nerida Caesar	Veda Group	\$13,761,441

Highest ranked independent non-executive directors with the highest 'skin in the game' ASX100 (2015)

Rank	Individual	Entity	Skin in the game
1	Grant Bourke	Domino's Pizza Enterprises	\$71,897,793
2	Kevin Seymour	Tatts Group	\$53,188,314
3	Paul Lewis	Magellan Financial Group	\$36,630,000
4	Paul Cave	Domino's Pizza Enterprises	\$14,759,257
5	Robert Fraser	Magellan Financial Group	\$11,862,358
6	Richard Collins	Carsales.com	\$9,761,875
7	Ross Adler	Domino's Pizza Enterprises	\$8,119,618
8	Larry Benke	Worleyparsons	\$7,865,678
9	Andrew Mohl	Commonwealth Bank of Australia	\$6,572,954
10	John Green	Worleyparsons	\$6,189,571



Highest ranked independent non-executive directors with the highest 'skin in the game'  
ASX101-200 (2015)

Rank	Individual	Entity	Skin in the game
1	Lindsay Fox	Premier Investments	\$35,150,471
2	Donald Mclay	Credit Corp Group	\$23,033,835
3	Sam Kaplan	Qube Logistics Holdings	\$19,407,151
4	Tony Grist	Vocus Communications	\$18,741,000
5	Robert Anderson	GWA Group	\$17,656,801
6	Stuart James	Greencross	\$14,064,260
7	John Hynd	M2 Group	\$13,685,150
8	Frank Fergusson	Regis Resources	\$7,881,232
9	Neil Balnaves	Ardent Leisure Group	\$7,473,760
10	Glyn Evans	Regis Resources	\$6,671,409

