

Top 20 largest pay packages for CEOs of JSE listed companies in 2013



CEO compensation and average wage comparison

Country	Average CEO compensation to average company wage	Average CEO compensation to average country wage	Gini coefficient
United States	164.4	331	45
Hong Kong	115.2		53.3
Germany	102.2	147	28.3
United Kingdom	93.2	84	34
South Africa	73.1	137	63.1
Malaysia	63.2		46.2
Australia	54.7	92	30.5
Japan	53.8	67	38.1
Italy	51.9		36
France	48.0	104	32.7
Switzerland	47.5	148	33.7
India	32.1		33.4
Norway	30.1	58	25.8

Graphic: FIONA KRISCH

Source: MERGENCE INVESTMENT MANAGERS

Pay gap yawns widest at Shoprite

BRENDAN PEACOCK

RETAIL giant Shoprite shows the widest gap of all listed South African companies between the salary paid to its CEO and average pay for its staff, according to research by Mergence Investment Managers.

Last year, Shoprite CEO Whitey Basson took home 725 times what the average Shoprite worker got.

Four JSE-listed companies showed a gap of more than 200 times.

The other three are food brands company AVI (where CEO Simon Crutchley was paid 375 times the average worker's wage), platinum miner Aquarius (where the CEO got 311 times the average) and Anglo American (where the CEO was paid 220 times the average worker's wage).

Another six JSE-listed companies paid their CEOs more than 150 times what the average employee was paid, including Bidvest and Mr Price.

Overall, 18 locally listed companies have a pay gap of more than 100 times, including MTN, Woolworths and Tiger Brands, Lewis and JD Group.

Brad Preston, portfolio manager at Mergence, said while dual-listed multinationals such as BHP Billiton, Mondi and British American Tobacco could reasonably be excluded from this analysis on the grounds that they were globally diversified, research showed the pay gap between CEOs of South African companies and the average worker was widening.

Stats SA's latest quarterly employment report said the average total salary earned by nonagricultural workers last

year was just below R180 000.

But what adds context to these numbers is the fact that South Africa's Gini coefficient — the measure of the income inequality within the country — is among the world's highest.

"Calculating the gap between the highest- and lowest-paid workers in a company is often difficult due to lack of disclosure, but for most listed companies it is possible to estimate the average salary per employee and compare that to the total compensation paid to the CEO," Preston said.

Preston said CEO pay scales were quite volatile. Bonuses and share awards in any year could skew the numbers.

"In this case, however, the 2013 remuneration paid to the Shoprite CEO is largely made up of guaranteed compensation, and so this pay gap is reflective of a long-term average rather than a one-off anomaly."

Shoprite's gap was particularly high, even in comparison with global peers.

While the highest pay gap in the study from the US was higher than Shoprite's, Basson's company would still have made it into the list of the top 20 companies in the US.

"The US is widely regarded to have the most extreme examples of the gap between CEO and employee remuneration.

"An example closer to the other end of the spectrum is Switzerland. In 2013, the Swiss voted against a proposed pay cap on CEO salaries at 12 times the salaries of the lowest paid employees in the company."

Preston said the supporters of the Swiss law said the average salary of Swiss CEOs was 43 times average pay in 2011.