

CEO Pay Survey: NZ's top bosses richer than ever following big pay rises



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The country's most powerful bosses have cashed in on the pre-Covid bull market, with the value of the average chief executive pay packet soaring over the past year.

Packages for chief executives of some of the country's biggest firms increased by an average of 14.13 per cent in the 2022 financial year compared to the previous corresponding period as measured by the Business Herald Executive Pay Survey.

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In many cases the increase was driven by incentive schemes, including performance bonuses that are tied to a company's share price over a defined period.

For example, in one case a chief executive received a long-term incentive payout last year that reflected share price performance from mid-2018 to mid-2021. The S&P NZX50 index peaked in January 2021 but has fallen about 13.5 per cent since then.

The average CEO pay for the top NZX-listed companies was a record \$2.29 million in 2022, up from \$2m in 2021 and \$1.82m in 2020, a year in which the average fell 1.25 per cent on 2019 due to Covid-induced salary sacrifices.

Highest paid execs

Leading the pack in 2022 was John Cullity, chief executive of healthcare company Ebos Group, one of the best-performing companies on the stock exchange.

Cullity, CEO since April 2018, took home A\$5.85m (\$6.64m based on the exchange rate at balance date) in the year to June 30, 2022.

That was made up of a base salary of A\$1.4m, a short-term incentive of A\$1.8m and a long-term incentive of A\$2.6m.

Ebos reports in Australian dollars, given that the group generates about 80 per cent of its earnings in Australia. The company achieved gross shareholder returns of 9.17 per cent, 47.69 per cent and 22.36 per cent in the 2022, 2021 and 2020 calendar years, according to NZX data.

Fletcher Building's Ross Taylor was close behind, reeling in \$6.59m last year.

Taylor, who topped the list in 2021, joined Fletcher in 2017, having been brought in to rescue the business from a disastrous previous two years.

"If I look at my pay, 30 per cent is base and 70 per cent is all down to performance, so if I perform, I do better," Taylor told the Herald on the release of the company's annual report last August. "We've achieved as a company. The buck stops here. You get the good with the bad."

In all, 25 chief executives earned more than \$2m in the 2022 financial year, 10 more than in 2019. Others in the top 10 include Fonterra's Miles Hurrell (\$4.3m), F&P Healthcare's Lewis Gradon (\$3.99m) and Nick Grayston of The Warehouse Group (\$3.57m).



Top ten highest paid NZ CEOs

	Name	Company	2022 pay
1	John Cullity	Ebos	\$6,643,618
2	Ross Taylor	Fletcher Building	\$6,589,027
3	Miles Hurrell	Fonterra	\$4,308,178
4	Lewis Gradon	F & P Healthcare	\$3,998,488
5	Vittoria Shortt	ASB Bank	\$3,918,523
6	Nick Grayston	The Warehouse Group	\$3,568,000
7	Don Braid	Mainfreight	\$3,373,427
8	Angela Mentis*	BNZ	\$3,353,615
9	Jolie Hodson	Spark	\$3,130,350
10	Jeffrey Greenslade	Heartland Group Holdings	\$3,065,103

Noteworthy

Steve Vamos*

XERO (ASX-listed)

A\$13,045,000

** Resigned*

Herald Network graphic

More female CEOs please

ASB New Zealand chief executive Vittoria Shortt is the highest-paid female CEO at \$3.92m.

Former BNZ New Zealand CEO Angela Mentis makes the top 10 on account of her accrued incentive, along with Spark's Jolie Hodson (\$3.13m).

There are nine women CEOs on the list; seven of them are current CEOs.

While that is a better showing than in recent years, the ratio is still extremely poor.

"There are sod-all women CEOs and I think that is pretty depressing," says Oliver Mander, head of the New Zealand Shareholders' Association.

Ups and downs

Not all CEOs experienced a pay rise, with a handful seeing their remuneration decline from the previous year for various reasons.

Energy company bosses were in this camp, with Genesis Energy's Marc England down 1.4 per cent, Meridian's Neal Barclay down 7.5 per cent and Vector's Simon Mackenzie down 30.7 per cent due to his short-term incentive payment date falling outside the reporting period.

Other decliners included Skellerup's David Mair, on account of a bigger payout the previous year, and ANZ New Zealand CEO Antonia Watson, whose take-home pay fell from \$2.22m in 2021 to \$2.05m last year.

Conversely, the biggest year-on-year increases went to CEOs who didn't receive incentive payments in 2021 but were awarded them last year.

NZME chief executive Michael Boggs was one of those. His total remuneration increased 57.6 per cent to \$2.15m, of which \$802,218 was related to the value of shares issued under the group's total incentive plan. This included shares vested from the 2019 year and reflects the increased share price since then.

The two biggest movers were managing directors - former Ryman Healthcare boss Gordon MacLeod (up 148 per cent), who resigned in October 2021, and Briscoe founder Rod Duke (up 109 per cent).

Duke's 2022 remuneration of \$2.16m included a short-term incentive of \$1.1m.

Top ten biggest increases 2021-2022

	Name	Company	% Increase 21/22
1	Gordon MacLeod *	Ryman Healthcare	148.2%
2	Rod Duke	Briscoe Group	109.3%
3	Michael Ahearne	SkyCity	97.5%
4	Russel Creedy	Restaurant Brands	72.3%
5	John Cullity	Ebos	72.0%
6	Mark Troughear	Freightways	72.0%
7	Greg Foran	Air New Zealand	60.2%
8	Michael Boggs	NZME.	57.6%
9	Nick Grayston	The Warehouse Group	50.0%
10	Philip Littlewood	Stride Property	44.0%

Noteworthy

	Steve Vamos	XERO (ASX-listed)	419.70%
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** MacLeod stepped down in Oct 2021. His FY22 total pay of \$2.76m included STI of \$1.01m*

Herald Network graphic

Better disclosure

The Herald survey covers the 50 biggest companies on the New Zealand Exchange plus a few extras.

All figures are taken from annual reports, with most having either a June 30 or December 31 balance date. We look at actual amounts paid during the financial year.

While company disclosure has improved considerably over the past decade or so, executive remuneration is complex and detailed.

Companies must follow the NZX Corporate Governance Code, which says the remuneration of directors and executives should be “transparent, fair and reasonable”.

Oliver Mander of the Shareholders’ Association said it was difficult to “compare apples with apples” when going through the disclosures that companies make.

“Some disclose according to the accounting treatment, which is how much remuneration they’ve paid, for example, this financial year, but of course, it actually relates to last financial year.

“Some disclose according to the underlying incentive associated with this year’s performance.

“And some, like the two at the top of your list, argue they are very much operating in an Australian market and their remuneration packages reflect the sort of Australian market dynamic around pay.”

There’s no better example of that dynamic than Xero, whose former CEO Steve Vamos received a whopping A\$13.04m (\$14.02m) in 2022.

Xero is no longer listed on the NZX but is included in our survey due to the company having a large New Zealand retail shareholder base, and for comparison purposes.

Mander said Vamos’ remuneration was a talking point because of the size of the performance bonus, which related to previous years when the company’s share price was heading up. It was then paid out a year later, at a time when Xero’s share price was declining.

The association is currently reviewing its executive remuneration policy that drives its advocacy for shareholders.

That review will focus on the structure of incentive schemes and company disclosure around them.

“We are looking at the metrics or the key measures that make up incentive packages and how they aligned with the core objectives of the organisation,” said Mander.

“And then we start looking at the targets.”

Mander said CEO retention and recruitment have been and remain big challenges for New Zealand corporates but remuneration structures can’t just be based on global benchmarking.

“What we don’t want to see is what’s happened in Australia, where someone might forfeit share rights when they leave and then where they go next, the company

essentially pays the value for those share rights.

In those situations, they're getting their sign-on bonus before they've even delivered any work. That's not a practice that we want to see happen here."

Guy Beatson, general manager of the Institute of Directors' governance leadership centre, said setting remuneration was a core part of a company board's role.

"You can argue and perhaps disagree about the way in which boards are setting these structures but the disclosures give you a strong feel about how CEO remuneration is being determined.

"Sometimes CEO remuneration gets looked at in a very simplistic way, almost as if they turn up, they get paid. But I think the oversight of this by boards is sometimes missed."

The institute has comprehensive guidance for best practice governance around CEO remuneration.

"Our own advice for board committees, whether its people and culture or remuneration committees, also includes them thinking about the remuneration policy for the company as a whole - not just for the CEO.

"There is a deliberate process in terms of setting CEO remuneration, it's not just a knee-jerk reaction to global benchmarks, there's more to it than that."

CEO Pay 2022 Table

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John Cullity	Ebos	\$6,643,618
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Miles Hurrell	Fonterra	\$4,308,178
Lewis Gradon	Fisher & Paykel Healthcare	\$3,998,488
Vittoria Shortt	ASB Bank	\$3,918,523
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Jolie Hodson	Spark	\$3,130,350
Jeffrey Greenslade	Heartland Group Holdings	\$3,065,103
Russel Creedy	Restaurant Brands	\$2,929,000
Michael Ahearne	SkyCity	\$2,854,961
David Bortolussi	A2 Milk Company	\$2,836,408
Gordon MacLeod	Ryman Healthcare	\$2,762,253
Naomi James	Channel Infrastructure	\$2,726,000
Daniel Huggins	BNZ	\$2,567,752
Michael Daly	KMD Brands	\$2,442,904
Jean-Baptiste Rousselot	Chorus	\$2,442,500
Greg Foran	Air New Zealand	\$2,347,263
Marc England	Genesis Energy	\$2,325,461
Rod Duke	Briscoe Group	\$2,166,319
Michael Boggs	NZME	\$2,150,771
Neal Barclay	Meridian Energy	\$2,134,372
Mike Fuge	Contact Energy	\$2,128,603
Vince Hawksworth	Mercury	\$2,072,443
Antonia Watson	ANZ Banking Group	\$2,047,000
Philip Littlewood	Stride Property	\$1,978,184
Mark Troughear	Freightways	\$1,668,000
Clive Mackenzie	Kiwi Property Group	\$1,503,832
Simon Mackenzie	Vector	\$1,430,550
Bill McDonald	Arvida Group	\$1,430,109
Scott Pritchard	Precinct Properties	\$1,397,581

Name	Company	Pay
Grant Webster	Tourism Holdings	\$1,368,176
Adrian Littlewood	Auckland Int. Airport	\$1,323,626
Peter Mence	Argosy Property	\$1,277,693
Sophie Moloney	Sky Television	\$1,263,068
Rhys Jones	Vulcan Steel	\$1,250,163
Scott Scoullar	Summerset Group	\$1,218,571
Brent Pattison	Oceania Healthcare	\$1,209,067
Mark Peterson	NZX Limited	\$1,200,000
Catherine McGrath	Westpac NZ	\$1,195,797
Molly Matthews	Pushpay Holdings	\$1,192,121
David Mair	Skellerup	\$1,187,000
John Dakin	Goodman Property Trust	\$1,184,500
Kimbal Riley	Vista Group	\$1,096,481
Loenard Sampson	Port of Tauranga	\$1,082,144
Jeremy Nicoll	Arvida Group	\$1,019,853
David Prentice	Manawa Energy	\$1,012,482
Peter Reidie	Sanford NZ	\$1,000,000
Simon Moutter	Spark	\$788,796
Carrie Hurihanganui	Auckland Int. Airport	\$772,875
Kevin Bowler	My Food Bag	\$556,200
John Penno	Synlait	\$551,042
David Banfield	Comvita	\$533,000
Richard Umbers	Ryman Healthcare	\$513,416
Grant Watson	Synlait	\$421,567
Simon Power	Westpac NZ	\$141,776
