

Shabangu backs PIC on mining executives' pay

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Mineral Resources Minister Susan Shabangu has come out in full support of the recent actions by the Public Investment Corporation (PIC) in voting against pay increases awarded to the chief executives of various mining companies at annual general meetings held recently.



Speaking at the Africa Down Under conference in Perth, Western Australia, on Wednesday (28 August), Shabangu pointed a finger in particular at Gold Fields' chief executive Nick Holland - who shared the podium with her for the first session of the conference - although she did not name him specifically.

She referred to the example of an executive who had been paid R45m despite his company showing a drop in profit.

In 2012, Holland earned a total of R45.3m - compared with R32.7m for 2011 - but Gold Fields reported a 19% drop in attributable earnings to R5.6bn, from R7bn in the previous financial year, with gold production dropping 9% to 3.4m ounces, from 3.7m ounces before.

According to the 2012 Gold Fields annual report, Holland earned R9.3m in salary, R8.46m in bonus, R25.4m in share awards, R600,000 in expense allowances and R1.57m in pension contributions. The report said overall executive performance was assessed on a series of measures including: safety improvement; gold equivalent production in ounces; Notional cash expenditure, operations and development and waste mined.

In addition to those "key drivers" the report said the chief executive and chief financial officer were assessed on personal objectives which were based on three themes: operational excellence; growing Gold Fields and securing the company's future. The report said Holland had achieved a "personal performance" of 4.3 out of 5.

Shabangu said South Africa had one of the largest pay differentials in the world and that executive pay should be linked to clearly defined performance targets.

Holland addressed the conference immediately after Shabangu, speaking on resource nationalisation and stressing how governments should be targeting growth in mining gross domestic product instead of focusing on raising taxes on the

mining sector.

Earlier this month Bloomberg reported that the PIC had voted against executive pay at South Africa's largest gold and platinum mining companies because remuneration failed to track performance and was high relative to peers.

Bloomberg said the state-run PIC - which manages public workers' pensions - had voted against pay plans at Anglo American Platinum, Gold Fields, AngloGold Ashanti, Sibanye Gold and Royal Bafokeng Platinum at their AGMS held in April and May.

Source: Business Day via I-Net Bridge

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