

## **Hardie boss departs with an \$8.8m payout**

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*Australian Financial Review*

23 October 2004

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James Hardie chief executive Peter Macdonald will collect \$US6.5 million (\$8.8 million) after quitting on Friday, a month after a damning report into the company's asbestos compensation scandal.

Finance chief Peter Shafron also resigned and was paid \$US865,000, despite a government inquiry finding that the executives might have misled the public and breached the law in underfunding an asbestos trust by at least \$1.5 billion.

The exits sparked a 1.5 per cent rally in Hardie shares, although unions and asbestos victims, highly critical of Mr Macdonald and Mr Shafron's handling of asbestos compensation, condemned the payouts as "outrageous and disgusting".

Chairman Meredith Hellicar said Hardie was legally bound to make the payments, which cannot be clawed back, and cover annual leave, superannuation and past bonuses, but not stock options.

"They have chosen to resign because they feel that it's in the best interests of the company and themselves that we all move on," Ms Hellicar said.

Mr Macdonald will remain a consultant for some months. Ms Hellicar said his "operational record speaks for itself" and noted that Hardie's capitalisation rose from \$800 million to \$2.7 billion during his six-year tenure and that the share price had tripled.

The board appointed US executive Louis Gries as interim chief and former Tab finance chief Russell Chenu, who is involved in talks to resolve the funding shortfall, to Mr Shafron's position.

ACTU federal secretary Greg Combet has given Hardie a deadline and said "they know full well that time is now short" to reach an in-principle agreement.

"We did make a little bit of progress this week but I remain very concerned that this company is still not facing up to the reality that it has to put the money up to see people properly compensated," he said.

NSW Premier Bob Carr said time was running out because the trust would soon be in receivership. "The clock is ticking and the funds are becoming a trickle."

Ms Hellicar said talks were "going very constructively" and centred on victim numbers,

structuring funding and cutting costs. “We have also made it clear that 37 per cent of payments are siphoned off to lawyers . . . and that’s a figure we are not going to countenance,” she said.

Fund manager George Clapham, of ABN Amro Asset Management, said Mr Macdonald was “a good operator and will be some other company’s gain”. “Without the success of the company internationally there would be very little left in the kitty to fund victims,” he said.

Asked if she should resign, Ms Hellicar said the inquiry found Hardie’s creation of the trust was “legitimate” and it had no legal liability to victims.

But it also found Hardie made “quite misleading statements” when the trust was created and adopted a “culture of denial” as underfunding emerged.

Letter:

*Hardie’s morals*

*Australian Financial Review*

25 October 2004

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Attempts by James Hardie chairwoman Meredith Hellicar to justify the obscene payout to disgraced chief executive Peter Macdonald is breathtaking, no pun intended.

According to Hellicar, the board was bound both legally and morally to make the payout of almost \$9 million while at the same time paying compensation to those suffering asbestos related diseases an average of \$250,000 a claim.

It is to be hoped that the board’s new found morality will be extended to those claimants yet to receive fair and just recompense.

Ian De Landelles,  
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