

OPINION

Stephen Mayne

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Much ado about nothing

Like being slapped with a warm lettuce, company directors have found this AGM season little more than unpleasant.

The 2001 AGM season had the usual spread of highs and lows with executive pay remaining the dominant theme raised on the floor of meetings.

We saw a record number of about 15 external candidates running for boards but the quality of candidates (including yours truly) was not notably high and by mid-November the highest vote was the 28 per cent achieved by racing consumer campaigner Peter Mair when running for the NSW TAB.

Then again, Anne Keating recorded the lowest-ever percentage vote for an incumbent director with just 74 per cent of the vote at the NRMA Insurance AGM.

However, support for poorly performing incumbents remains disappointingly strong with Ken Cowley getting 99 per cent support for another three years at News Corp and Ian Webber getting 97 per cent at Pacific Dunlop even though he's been on the board of this poor performer for 10 years.

There was less conflict than usual at the AGMs. Frank Lowy got through Westfield Holdings in 25 minutes without a peep from the floor, Macquarie Infrastructure Group faced no questions about their outrageously high fees paid to Macquarie Bank and the Packers had the PBL meeting wrapped up in well under an hour despite all the drama surrounding the One.Tel collapse.

It was most encouraging to see two resolutions withdrawn due to their imminent defeat. These were the proposal from Southern Cross Broadcasting to increase director retirement payouts to 5 times the annual figure for long-serving

directors and the attempt by John Fairfax to limit proportional takeovers.

One of the only shareholder-sponsored resolutions to make it onto the notice paper was from Bill Snodgrass at NRMA Insurance. The resolution called for shareholders to approve any retirement payouts to directors such as Nick Whitlam. Snodgrass defeated two attacks on the resolution in the NSW Supreme Court but it was defeated at the NRMA meeting anyway.

The Australian Shareholders Association gathered 100 signatures to send out S249P statements to shareholders in Telstra and Coles Myer, but we really need some shareholder-sponsored resolutions, as occur so often in the United States, to actually impose some changes on poorly-performing companies.

Woolworths reacted to receiving nominations from two Malaysian nationals by trying to insert a new provision into their constitution that requires candidates to own 5000 shares which effectively put up a \$55,000 hurdle for future nominees. Ahead of the AGM it looked likely that Woolworths would succeed in pushing through some other constitutional changes as well, in what appears to be a reaction to the 58 per cent primary vote I got when running for their board last year. I was only defeated by the undirected proxies.

Other companies which place significant financial hurdles before external candidates include BHP-Billiton, AGL and AMP, whilst companies such as Computershare, Qantas and AMP make it difficult to nominate through clauses

requiring large numbers of signatures of blocks of shares to support the nomination.

Given that you need 50 signatures from voters in the electorate to stand for a seat in Federal Parliament, the standard provision whereby only one shareholder need nominate you for a board is arguably

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too easy to satisfy and we could one day have large fields of trouble-making outsiders running for boards.

The Telstra board is totally controlled by the Federal government but we saw 11 candidates running for five spots this year in the most hotly-contested corporate election in Australian history.

December will bring some fun and games with the ANZ, National Australia Bank and Westpac AGMs. NAB made much of their decision to cut bonuses for executives recently but this appeared designed to overshadow the disclosure in the annual report that former Homeside CEO Joe Pickett walked away with \$5 million whilst the man who ran Michigan National, Doug Ebert, retired with \$20.8 million after it was sold for more than \$5 billion. ❖

