# New broom ready to hold corporates' feet to the fire

**Shareholders Association's growing size means greater clout in boardrooms, new chief tells Liam Dann**

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It's a long time now since the New Zealand Shareholders Association first burst on to the national stage, taking a series of high-profile stands at listed company meetings — often in silly hats.


*Photos / Jason Oxenham, Mark Mitchell*

**Tony Mitchell says former Shareholders Association chairman Bruce Sheppard (left) helped drive huge changes in New Zealand.**

In fact it's been almost 20 years since founding chairman Bruce Sheppard started making waves on the corporate scene with a small group of passionate retail investors behind him.

Since then the NZSA has grown substantially, branching into areas like education and advocacy — even running financial journalism awards.

It has never stopped challenging listed company boards — but will the arrival of new chairman Tony Mitchell see it looking to boost its public profile?

Mitchell knows a thing or two about marketing — he has most recently been chair of the NZ Marketing Association.

He acknowledges that, in Sheppard and outgoing chairman

John Hawkins, the association has had two very different public styles.

But the principles and vision of the organisation remain the same, he says.

"It's been the right person for the right stage," Mitchell says. "Bruce certainly kicked things off in New Zealand and helped drive a significant change. John has taken it to the next level."

In fact, with the strong growth under Hawkins' tenure, it now has more than 1500 members.

Add to that some more structure around collecting proxy votes and it now has more clout than ever.

"I'm different again," Mitchell says. "The advice I've been given by a lot of the board and membership is to be myself.

"My focus is to help evolve the organisation while not losing what our core principles are all about," he says. "Primarily we are there to be a strong voice for the investors and never shy away from that."

So what's Mitchell's background and how did he end up in this role?

"My background? I'm a Kiwi from Matamata," he says.

Mitchell had a successful corporate career, internationally and locally, in marketing, accounting, sales and management roles.

He worked primarily with consumer goods companies such as Nestle, Heinz and Watties and as a general manager at the Institute of Chartered Accountants.

He embarked on a governance career, which has also included the Marketing Association and Cycling NZ.

A keen cyclist, Mitchell has raced here and in Europe.

"Plus I've been an investor for 25 years, so I've got a strong interest in the capital markets," he adds. "Everything has fed on quite nicely to this role."

So what's concerning shareholders right now?

"They're very concerned about how their money is used and looked after and that falls to the board and directors. It's the board composition and governance standards that is the big priority," he says.

"That is where the Shareholders Association will look."

It's a testament to the clout of the NZSA now that when big companies are under fire for poor performance — as Fletcher Building was through 2017 and 2018 — the board and management will take time to address the group's concerns directly.

But although members are still typically front and centre in highprofile corporate disputes, it is often with smaller listed companies, the ones that don't get the headlines, that the NZSA will take their strongest stands.

"We have limited resources," Mitchell says. "So we focus on ones members are invested in."

NZX-listed Ebos and Pushpay are two of the most recent targets for NZSA attention.

The association publicly challenged directors at the Pushpay annual meeting this week — voting (unsuccessfully) against the board appointment of Peter Huljich.

It argued Huljich's biography, as presented to shareholders, failed to mention a 2011 guilty plea to misleading investors about his KiwiSaver scheme.

And last month Hawkins accused Ebos of "19th century governance in the 21st century" arguing retail shareholders had effectively been cut out of a capital raising. He said the board and management “should hang their heads in shame”.

Those sort of campaigns will continue, Mitchell says.

“We’re about having a strong voice and holding boards to account for good governance. That’s what the membership want us to do.

“For all of the AGMs we attend, we review all directors, we look at tenure and diversity factor and we do have input into the election, and we think that is very important.”

One of the latest initiatives that Mitchell mentions is a new service for gathering proxy votes from members — making it easier for the association to represent them — and ensuring maximum clout in shareholder votes.

“I’m very fortunate that one of the products that John has left us is, and we’re just about to launch, is standing proxies . . . where that will help with providing strong representation at shareholder meetings.”

But Mitchell says he is also looking to expand the broader functions of the association.

“Membership is asking us to do more around workshops and education,” he says.

He’s also talked openly about putting focus on KiwiSaver performance.

“I think KiwiSaver will help to wake up a lot of people to investing and their investments,” he says.

“There are two roles there — one is we can look at fees and the other is to make sure that the individuals are taking more responsibility for their KiwiSaver funds.”

He wants to see New Zealanders more engaged with their investments.

“The Australians are a lot more engaged,” he says. “About 40 per cent of Australians are actively involved in the market, whereas in New Zealand that’s just about 20 per cent.”

Through KiwiSaver, most New Zealanders now have a stake in the stock market, he says.

“So by default it [the interest] is there. Ideally they would be more interested in moving their funds around.”

Is it the NZSA’s role to be promoting the health of the local capital markets?

“We have a role to play,” Mitchell says. “At the moment it’s a little unclear who’s playing that role in the market. There’s certainly some things we can do.”

On that basis NZSA has submitted on the NZX and FMA’s Capital Markets 2029 report.

The industry-led review of New Zealand’s capital markets aims to come up with recommendations for the creation of wider, more active participation and increased diversity of product over the next 10 years.

“We are there to promote good practices and a strong industry. Our shareholders want that,” Mitchell says. “We agree there’s more work to be done to improve the markets.”

But primarily the NZSA is there to be a strong voice for the retail investors, he says.

“We’ll never shy away from that.” Relative to the boom of the mid1980s — and with increasing focus on KiwiSaver — it sometimes seems retail investing is a marginal activity.

He concedes the NZSA membership has an older demographic profile but he doesn't buy the line that it has anything to do with dwindling interest in direct investing, or fallout from the increasingly distant 1987 crash.

"You're right the profile is older, " he says. "But typically it's when you've satisfied your property investment, and perhaps come into a bit of inheritance money, maybe you are semi-retired, that's when individuals start to look at the market. That's not unusual for New Zealand."

New Zealand retail investors still represent about 23 per cent of the market — or about $34 billion of money coming in directly from individuals.

"So it's important," he says.