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30 October 2020

Manager  
Market Conduct Division  
The Treasury  
Langton Crescent  
Parkes ACT 260

By email: [businesscomms@treasury.gov.au](mailto:businesscomms@treasury.gov.au)

Dear Sir/Madam

By way of background, the Australasian Investor Relations Association (AIRA) was established in 2001 to advance the awareness of best practice in investor relations in Australia and New Zealand and thereby improve the relationship between listed entities and the investment community. The Association's 160 corporate members are principally ASX300 and NZX 50 listed entities and now represent over A\$1.2 trillion of the total market capitalisation of entities listed on ASX/NZX.

In addition to verbal representations already made to Treasury, AIRA would like to make a short submission.

## **1. VIRTUAL MEETINGS**

AIRA and its members are strongly supportive of the proposal to make permanent the ability of a company to have a virtual members' meeting as one of a number of different formats. We believe it is important that the virtual AGM option be enshrined in the Corporations Act for the avoidance of doubt so that a company can use this format as appropriate, including in the event of another pandemic. However, we believe there should not be a prescribed format for members' meetings, and it should be up to the company to determine the most appropriate format for it based in part on the composition of the company's share register. We also note that virtual members' meetings have been permitted in New Zealand since 2012.

Anecdotally, our members have reported to us that where they have already held a virtual agm this year, that participation in the meeting has invariably increased, in many cases significantly. Furthermore, the number of questions asked has either been flat or increased, noting that more companies now give shareholders the ability to ask questions in advance of the meeting, as well as being able to ask questions online during the meeting. Some companies have also allowed questions via telephone during the meeting.

All things considered, the technology now available for running virtual meetings and to be able to vote contemporaneously online has improved significantly in recent years and has been a great success so far this year. One member, Company A, reported to us (again fairly typical) for their recent 2020 virtual agm, they had had 112 pre-submitted and 22 live questions compared to 111 pre-submitted and 28 live questions in 2019. From our observations, company chairs have gone out of their way to both seek questions and allow ample time for questions during virtual meetings. It should be remembered, that questions at agms should relate to the business of the meeting and any other questions not relating to the business of the meeting such as personal customer related issues, are more appropriately dealt with outside the meeting.

Members also report that the cost savings in having virtual agms this year have been significant, running to tens of thousands of dollars and for larger companies, in the hundreds of thousands of dollars. Many companies have experienced declining attendance at physical agms for many years and the total costs (e.g. venue hire, travel and accommodation costs) do not justify continuing to have a physical meeting. A fairly typical example of this trend in 2019 is a member, Company B: 6 real voting shareholders (excluding Directors and staff) from a total 14,000 shareholders attended the AGM, holding 0.008% of shares in aggregate. The ASA attended holding proxies for 25 shareholders holding 0.02% of issued shares. 69% of shareholders voted by proxy prior to the AGM, with 0.1% of votes cast at the AGM itself.

Finally, we note that the level of voting at listed company agms has continued to be in the order of 60-70% of the shares outstanding so far this year. It is clear that the one share, one vote principal continues to work well, the level of shareholder engagement through the year is at all-time highs and companies remain accountable to their shareholders. In no way has this been diminished by virtual agms.

## **2. ELECTRONIC NOTICES OF MEETING**

AIRA is also strongly in favour of the proposed amendment to the Corporations Act, to allow for the Notice of Meeting to be given electronically. The format of the electronic notice should not be prescribed but should be a matter for industry best practice guidelines. While email is currently the most common form of electronic communication, the law should ensure that other electronic channels of communication such as text messaging should be allowed into the future. For companies with large share registers, the cost savings in being able to email

out the notice of meeting where the company has an email address, have also been considerable. Again, members report to us that the cost savings in not having to mail out a full notice of meeting has also been significant, ranging from thousands of dollars to hundreds of thousands of dollars in savings, not to mention the number of trees saved in not having to do so.

### **3. MINUTES OF MEETINGS**

AIRA does not support the proposal to require the minutes of virtual shareholder meetings to be any different to the current requirements for other forms of meeting. We believe this to be an impractical requirement and that it be a matter for industry best practice guidelines. AIRA, the Governance Institute of Australia and the Law Council of Australia have already published a Guidance Note on Holding a Virtual AGM. (a copy is attached to this submission).

*Ian Matheson*

Kind Regards

Ian Matheson  
CEO