Stephen Mayne’s submission to ASIC discussion paper on Australia’s public markets

April 28, 2025

As a professional shareholder advocate who has owned small holdings in more than 1300 ASX listed securities over the past 35 years, run for 57 public company boards and asked questions at more than 1000 public company AGMs and EGMs, I’m concerned about the shrinking of the ASX since COVID and am pleased ASIC is conducting this review.

The combination of an unprecedented takeovers deluge, a lack of new floats and a steady stream of companies delisting from the ASX for a variety of reasons has now seen ASX listings drop by 202 or 8.8% since January 2023 to a post-GFC low of 2,092 on March 31, 2025.

In March 2025 alone, there was just 4 new listings and 12 delistings, for a net loss of 8. We’ll get the April data next week but it’s not looking good given this ongoing takeovers pipeline.

I raised this data and the broader issue with Treasurer Jim Chalmers when he recently appeared on Alan Kohler’s Money Café podcast and he referenced the ASIC review. The transcript of the exchange was as follows:

Stephen Mayne: *I'm going to throw one in that I ask at every takeover shareholder meeting I go to, which is becoming increasingly common. Australia is currently in the midst of an unprecedented deluge of takeovers that has contributed to listed entities on the ASX dropping in 25 of the last 26 months for a net reduction since January 2023 of 202 listed entities, or 8.8 per cent to a 15 year low of 2,092. There were a record 29 major takeovers above 200 million last year. ASX is delisting many longstanding names like CSR, Boral, Newcrest, Crown, Blackmores, et cetera, et cetera. Is this a problem for the nation, Treasurer, that our ASX is thinning out and we're becoming increasingly foreign owned?*

Jim Chalmers: *It's certainly something that ASIC's been interested in. You would've seen that ASIC has done some work about big companies coming off the ASX and so I'm sort of reluctant to intervene in that in a conceptual sense. I like it that that ASIC has done that work and is doing that consultation and I'll take the results of that consultation seriously. I mean you follow this as closely as any Australian, Stephen, you know that it's been a very substantial trend, stuff coming off the ASX. I meet with the ASX from time to time to talk about it. I meet with Joe Longo at ASIC to talk about it from time to time. I think it's good that they've done this piece of work so that people like yourself and other people who are informed on these matters can express a view.*

Hence, I’m now doing this brief submission.

There will be some submitters who argue Australia should lower its governance standards to attract more international listings, particularly through measures such as tolerating two class capital structures, like what occurs in the US.

This would be a retrograde step for investors and we don’t need undemocratic founder-controlled structures like at News Corp, Fox Corp, Meta and Alphabet in Australia. Please strongly resist any moves to introduce this.

Indeed, when Rupert Murdoch persuaded the then mutually owned ASX to allow News Corp to do a 1-for-2 bonus issue of non-voting shares in 1993, key investors lobbied the Federal Government which changed the law to ensure this couldn't happen again.

News Corp subsequently used non-voting shares to fund a series of acquisitions which led to the company's voting shares falling to as low as 30% of total issued capital at one point. Fast forward more than 30 years and today the Murdoch family controls both News Corp and Fox Corp with a thoroughly undemocratic capital structure by owning more than 40% of the voting shares but less than 20% of the total shares on issue. At a time when some democracies are coming under increasing pressure and scrutiny, a well functioning democracy like Australia should not undermine corporate democracy at its public companies.

The other key governance reform that would be strongly supported by investors and add to the existing governance premium that our listed companies attract, would be to embrace the UK and US model of having annual elections for directors. The existing 3 yearly cycle has become out-dated and BHP conducts annual elections for all its directors voluntarily, as does Treasury Wine Estates. The likes of Rio Tinto and News Corp do it because they have a primary listing in either the US or the UK, where annual director elections are now mandatory. Whilst making this change, we should also remove the exemption CEOs are given from participating in the three year director election cycle. They should be put up for election every year so shareholders can directly reflect on their performance and pay. Sol Trujillo's position on the Telstra board was never once put to shareholders for approval and Rupert Murdoch went decades without being elected, even though he was the executive chairman of News Corp getting paid more than $10 million a year. It is ridiculous that an unelected CEO could be paid $100 million in cash without shareholder approval. With annual board confirmation required, this would introduce direct CEO accountability to shareholders.

Finally, I'm a big fan of the non-binding two strikes remuneration report voting system that has been operating in Australia for more than a decade and trust both ASIC and the next Federal Government will resist any pressure to wind back this system through this review process. I have asked more than 10 dual listed New Zealand based companies to voluntarily put their remuneration reports up for the vote over the past 2 years and have been disappointed that none have responded positively. This increasingly makes New Zealand look like a governance backwater, a point I've made many of these AGMs.

Overall, Australia has one of the best corporate governance regimes in the world. You could argue that some of the ESG reporting requirements have become a little onerous relative to what competing private equity-owned companies have to do, but there is no case for substantial reductions to the current disclosure requirements.

I would be delighted to further engage with the review process as it progresses.

Yours Sincerely
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