

Telstra 2022 AGM/EGM report

ASX code	TLS
Meeting date	11 October 2022
Type of meeting	Hybrid
Monitor	Mike Robey
Pre AGM-meeting	With chair Mr Mullen and Investor Relations Mr Burnley

Meeting Statistics

Number of holdings represented by ASA	1622
Number of shares represented by ASA	23.5m
Value of shares represented by ASA	\$90m
Total number attending meeting	Unknown, but a rather small physical crowd in Sydney
Market capitalisation	\$44b
ASA open proxies voted	On a poll. ASA voted in favour of all the resolutions

The chair and CEO speeches are given [here](#).

The scheme meeting presentation is given [here](#).

The meeting started with a welcome to country by Aunty Noma Ingram, which interestingly included in passing an endorsement of Telstra's support of the indigenous community.

This was Telstra's first hybrid meeting and in large part was conducted well, though there were some complaints from the floor that the chair hadn't limited the length of a few serial questioners.

Questions were received in order from a) the floor, b) online and c) from a dedicated Link Market Services telephone line with a pre-registered pin access.

The sequence had the effect to giving those in the audience largely unconstrained time to air their grievances, since in large part were from customers with complaints about their service. About their NBN installation, mobile coverage, staff in retail shops, issues with overseas call centre staff, share price, and other perceived problems. This despite the chair advising in advance that those with specific service concerns could see specialty service staff at the venue. Some of these questioners clearly had issues with Telstra across many years (as well as having case managers presently in Telstra) and were at pains to make this as protracted and painful for participating shareholders as possible. One complainer even mentioned a Telstra service staff member by name.

Your ASA representative was unable to physically attend the meeting and had allocated a Sydney representative to attend in person, who unfortunately was flu-affected and wisely chose not to attend. This pushed our questions to the end of the list of in-person and online shareholders, since we asked these on the telephone line, so more than an hour had passed before we were heard.

The first matter we raised was that of a Director re-appointment (we were conflicted by Mr Craig Dunn standing for re-election, since he had been CEO of AMP in the years prior to their savaging at the Royal Commission on Financial Services, as well as a board member of Westpac, which was also roundly criticised by Commissioner Hayne). The second about the Telstra board skills matrix which is so high level as to be of no use to shareholders (a promise was given by the chair to re-examine this for next year).

Questions we had planned on the sustainability of 115% dividend payout ratio and on cyber security were also asked by others in advance.

The Chair showed a patient and sympathetic approach to the hijacking by the serial questioners and did not interrupt the invective. He also avoided commenting on what were in turn, nationalist, sexist, racist and personal slander in the comments by some on the floor. A few shareholders (ASA included) countered this vitriol with praise for a transformed Telstra and thanks for the outgoing CEO Mr Penn.

We also raised an important issue about the remuneration structure for the coming years. In the past, in large part because of the nationalisation of the fixed network with the introduction of the NBN, Telstra faced for a few years what they refer to as financial headwinds, since they faced a significant loss of margin for every broadband service which migrated to the NBN. So the long term incentive plan for the CEO and senior managers did not have a hurdle stating that the shareholder value should be positive before it paid out, since that would have been virtually impossible. However, since these headwinds are now over, why do they persist with this? The answer was a bit woolly but stated that they would not be able to attract the best staff if the hurdle of absolute shareholder value increase was imposed. The point was taken however, and we will continue to press for this in the coming year, to apply for the 2024 LTI plan.

The proxies prior to the AGM resolutions were all in the high 90%'s votes in favour and were given at the meeting.

The EGM on the scheme to create a Telstra holding company and separate companies for the service, network and International businesses was a much quicker affair. The auditorium had cleared substantially in the half hour gap between the two meetings. One of the serial questioners did stay on and stated she did not receive the notification in the mail and implied that this may be widespread. The response was that it was mailed to all shareholders and this was the first they knew of difficulties in receipt. Other questions asked why the need for an expensive separate GM (legally required) and what difference to shareholders (exhaustively covered in the notification, namely that there is no difference). The proxy votes received in advance were however not given.

The shareholder vote was published after the meeting and was overwhelmingly in favour of the scheme at 99.5% for.

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