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Shareholders Association Comments on NZ Super Fund Pay Issue

Commenting today on the disagreement between the Prime Minister and the Board of the NZ Superannuation Fund, New Zealand Shareholders Association (NZSA) Chairman John Hawkins said the current dispute is “simply an example of a shareholder exercising its right to provide input, and remind the people running the operation who ultimately own it. NZSA believes all shareholders should take that same approach to their investments. Otherwise the spiralling cost of senior executives pay will likely continue. “

Hawkins added that boards often find ways to justify increases rather than addressing and responding to underlying concerns such as relativity to ordinary incomes. He said that documentary evidence showed that pay and performance have almost no correlation and motivation was often driven by a range of factors, not just money. “Always in these situations Directors must have very good reason to justify such large increases, otherwise they should not be surprised when shareholders and the public ask questions and express a different view”, said Hawkins.

He added that ultimately the Prime Minister, the board and Mr Orr will have to find a compromise that they can all live with, and importantly, is socially acceptable.

John Hawkins
NZSA Chairman

Ends