

2019 CENSUS OF BOARD DIVERSITY IN AOTEAROA NEW ZEALAND BY GENDER AND ETHNICITY

The 2019 census on the boards of Aotearoa New Zealand's top 100 companies by market capitalisation shows stalled progress towards gender and ethnic diversity.

The boards and management of the top 100 companies remain overwhelmingly male and Pākehā/European. For the first time, the number of women on the top 100 boards has passed a quarter – it is 25.9 per cent for 2019, compared with 24.1 per cent for 2018; 22.1 per cent in 2017 and 20.1 per cent in 2016. At the current rate of progress it will be more than a decade before boardroom equality is a reality with only incremental percentage point gains annually.

The NZX top 100 companies were this year emailed to ask the ethnicities of their board members. Responses were received from only 44 companies, and most did not provide the requested information.

The census was carried out by AUT Professor, Judy McGregor, Simplicity NZ Ltd Managing Director, Sam Stubbs, and Barrister and researcher Cat MacLennan. Professor McGregor began the census research report in 2007.

SEX AND POWER REPORT CARD

In 2019, there is a total of 631 directors on the boards of the top 100 companies. 164 of those directors are women.

Twenty of the 100 board chairs are women. That figure in 2018 was 11. However, the 2019 figure presents an overly-optimistic picture, as the methodology of the census means that, because there are eight Smartshares companies in the top 100 and Smartshares has a female board chair, that female chair is counted eight times. If there was only one Smartshares company in the top 100, the female board chair would be counted only once and the figure for 2019 would be 12 – up only one from 2018.

Eleven of the top 100 companies have no female directors, down from 20 in 2018. A total of 36 have only one female director which raises concerns of “one and done” in terms of gender equality. That means that 47 companies – almost half – still have no or only one female director. Boardroom research globally suggests that at least three women on a board is required to transform cultural practices. The following companies have no female directors which is troubling given the power of growing female consumerism in food, wine, technology, investment and cars.

- Augusta Capital Ltd
- CBL Corporation Ltd (In Liquidation)
- CDL Investments New Zealand Ltd
- Foley Wines Ltd
- JP Morgan Global Growth & Income plc
- New Zealand King Salmon Investments Ltd

- Restaurant Brands New Zealand Ltd
- Scott Technology Ltd
- The Colonial Motor Company Ltd
- Turners Automotive Group Ltd
- Vital Healthcare Property Trust.

The following companies have 50 per cent women directors recognising the business value of gender representation.

- Auckland International Airport
- The a2 Milk Company Ltd
- Spark New Zealand Ltd
- Summerset Group Holdings Ltd
- Tourism Holdings Ltd
- Kingfish Ltd
- Marlin Global Ltd.

Spark New Zealand has 50 per cent of its eight directors female, as well as a female CEO and female board chair, but that is a standout exception to the picture presented by the rest of the census. Kingfish and Marlin have always demonstrated gender balance on their boards.

Six of the Top 100 companies have female CEOs, meaning that 94 per cent of CEOs are male. In 2018 there were four female CEOs, while the 2017 figure was three. A marked feature of women's representation in the top 100 was the number of women with multiple directorships, which is a feature of boardroom composition. Multiple directorships means decreased diversity and notions of a "girls' club" to rival the traditional "old boys' network". Another feature is the retirement of the pioneer vanguard of women on boards and their replacement by a newer generation, including daughters.

The most notable change in the census since 2018 was the increase in the number of companies with diversity policies. In 2018, 76 of the Top 100 companies had diversity policies. In 2019, there were only eight companies for which we could not find diversity policies. However, the lack of progress in gender and ethnic diversity raises the question of whether companies see creating diversity policies as an easy alternative to actually implementing diversity. Many of the policies have a "cookie cutter" template approach.

ETHNICITY REPORT CARD

The boards of the Top 100 NZX companies appear overwhelmingly Pākehā. Examination of the photos, biographies and names appears to indicate that non- Pākehā board members are extremely rare. However, it is not possible accurately to determine ethnicity by examination of photos, names and biographies. Each of the Top 100 companies were emailed to ask specifically for ethnicity information.

Only 44 of the companies responded, and most did not provide the requested information.

Some companies appeared to seek to use the Privacy Act 1993 or the Human Rights Act 1993 to deflect our question. One company responded that –

“Among the other attributes below, we don’t collect or disclose people’s ethnicities.

- Race, Colour or National Origin
- Religion
- Sex, Gender Identity, or Sexual Orientation
- Pregnancy status
- Disability
- Age or Genetic Information
- Citizenship
- Marital Status or Number of Children.”

Another company said that it had to respect both its obligations under the Privacy Act 1993 and the individual preferences of board members and would need to obtain the authorisation of the individuals concerned, before disclosing information about them to us.

Several companies pointed to the information about directors on their websites, which had already been extracted and which did not list the ethnicities of directors.

One company responded by providing information about directors’ countries of residence, including the statement that one was “a UK resident who spends a lot of time in China.” The response to a follow-up email was that ethnicity information was “personal and therefore not available.”

Another company said that all board members were Pākehā/European –

“They have asked me to convey that they feel this is quite a narrow definition... to quote one Board member...’Gosh – I am a real mix up and like most people reluctant to be categorised by a couple of words... I would encourage a response that highlights that we are all increasingly a melting pot now.”

Obviously, the reason that ethnicity is included in the annual census research report is because of the business benefits and social justice rationale for diversity. Board members of the Top 100 companies have always overwhelmingly been male and Pākehā and that situation is not changing fast enough to respond to new business imperatives or demographics.

Six of the Top 100 companies reported having Māori board members. One of the 100 companies provided the iwi of the Māori board member. There were six Asian board members. One company reported it had Pacific Island board members but did not specify from which countries.

METHODOLOGY

This census is based on the Top 100 NZX companies by market capitalisation. The list of companies was extracted from the NZX website on 4 September 2019. This is the same date as the 2018 list was extracted in 2018.

The numbers of board members and their genders were extracted from the individual websites of the Top 100 companies. If board members could not be found on a separate page, the latest Annual Report was used to derive the board members. Board members were derived on 18 and 21 October 2019.

As boards are constantly changing, the census provides a snapshot and some details will already have altered since the data was extracted. The census researchers will update electronic data as representation changes.

Ethnicity data was obtained by emailing each of the Top 100 NZX companies in September and October 2019 through an address provided on each company's website. A total of 44 companies responded.

A future, more comprehensive effort to obtain ethnicity data in the next census report will be undertaken by writing to each of the board chairs of the Top 100 companies to see if a higher response rate can be obtained.