



# Unions on the march as shareholder activists

**Chris Jones**

**CORPORATE** Australia has been warned to beware the emergence of shareholder activism by trade unions frustrated at having had their influence in the workplace diminished by the Howard Government.

A new report has highlighted the growing trend of unions to use their position as shareholders in companies to pursue industrial relations issues traditionally debated in other forums.

According to the report, unions are increasingly using various tactics such as putting forward resolutions and posing questions at annual general meetings, and

lobbying for proxy votes through distributing statements in support of their actions.

Some unions have also called on company boards to hold extraordinary general meetings in order to raise serious issues concerning their members, the report from Melbourne University's centre for corporate law and securities regulation said.

And unions have tried to gain the support of other shareholders by focusing not only on employee interests but on traditional corporate governance issues such as the independence of directors or perceived excessive executive remuneration.

But the actions, which tend to be primarily pursued by the larger and

better organised unions, have apparently had little success.

Report authors Kirsten Anderson and Professor Ian Ramsay said they could find no evidence of any union-sponsored resolutions being passed by shareholders in Australia.

But they said that was not necessarily the point.

Unions often simply used shareholder activism as a means of opening a direct dialogue with directors and senior managers, "typically in the context of failed or stalled enterprise bargaining negotiations between the company and the union".

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NEVER be defeated . . . there's a growing trend of unions using their position as shareholders in companies to pursue industrial relations issues.



## Activist unions on the march

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And some campaigns have apparently exerted sufficient pressure on company boards to secure a favourable result for unions.

"This has usually occurred where the shareholder activism has constituted one part of a wider campaign against a company and where the union shareholder action has the support of large institutional investors, such as superannuation funds," the re-

port said. It added that the reason behind unions getting involved in shareholder activism was simple: they were increasingly being sidelined as the Howard Government pursued its employer-friendly industrial relations agenda.

"Until recently, Australian unions enjoyed a prominent role within the labour law regulatory framework and their ability to pursue industrial interests was significant," the report said.

### THE WORKERS UNITED

Union	Target company	Year	Purpose
Construction Forestry Mining and Energy Union	Rio Tinto	2000	for the company to return to the table on enterprise bargaining agreements
Transport Workers Union	Boral	2003	to raise awareness of the company's occupational health and safety practices
Finance Sector Union	ANZ	2003	to have a union member appointed to the board
Finance Sector Union	Commonwealth Bank	2004	to have a union member appointed to the board
Australian Workers Union	BlueScope Steel	2004	ostensibly to improve corporate governance practices
Australian Service Union	Qantas	2004	to vote against proposed executive remuneration increases
Australian Council of Trade Unions	James Hardie	2004	to vote against the adoption of the company's annual accounts, which had no provision for asbestos compensation
Australian Manufacturing Workers Union	NRMA	2004	to call an extraordinary general meeting to protect employment conditions of roadside assistance patrol officers

Source: Union shareholder activism report, University of Melbourne