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Unions and shareholders

While unions have been unsuccessful to date in having union based shareholder resolutions tabled, a new study (*From the Picketline to the Boardroom: Union Shareholder Activism in Australia*) suggests unions will align themselves with other shareholder activists to exert pressure on boards.

The research study from the Corporate Centre for Corporate Law and Securities Regulation and Centre for Employment and Labour Relations Law The University of Melbourne says Australian unions have recently begun a new phase of activism by using their power as shareholders to pursue employee interests. Even if unions cannot get resolutions passed at an AGM, they are often successful in getting boards to address corporate governance issues, employment issues, such as staff lay-offs and lack of adherence to labour rights because these issues are opened up for scrutiny by other shareholders, the media and the wider public.

The study says that if Australian unions are able to align their interests with institutional investors, as has characterised labour shareholder activism in the United States, "it is likely that union shareholder activism in Australia will gain additional prominence and influence".

However, the ability of unions to influence AGMs has been made a bit harder with the news on Wednesday that the Government has scrapped the 100 Member Rule which previously allowed 100 shareholders to call an EGM. The AICD has lobbied hard to have the 100 Member Rule removed.

"There is broad business support for this reform. It strikes an appropriate balance between facilitating shareholder participation and managing costs for companies," said the Parliamentary Secretary to the Treasurer Chris Pearce. The Government will also proceed with reforms to require proxy holders to vote in accordance with shareholder instructions, and to facilitate electronic circulation of resolutions and members statements. The Government will not proceed with proposals to reduce the threshold requirements for shareholders to propose members' resolutions and members' statements.

Full study is at <http://cclsr.law.unimelb.edu.au/go/news/>

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