

SHAREHOLDERS PROJECT

A QUANTITATIVE STUDY OF
SHAREHOLDER ATTITUDES
TO INVESTMENT-RELATED ISSUES

REPORT No.2

CONDUCTED BY

IRVING SAULWICK & ASSOCIATES

AUGUST 2001

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INTRODUCTION

This study was conducted by Denis Muller for Irving Saulwick and Associates, for the Steering Committee organising the *Shareholders Project* forum, planned to be held in Parliament House, Melbourne, on 15 September 2001.

In this report we:

- Describe the methodology used for the study;
- Summarise the main findings;
- Describe the findings in detail, and
- Provide a complete statistical analysis.

The questionnaire used is included as Appendix I.

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METHODOLOGY

A quantitative methodology was adopted for this study.

A national survey by telephone was carried out between 9 and 17 August 2001 among a random Australia-wide sample of 1000 people who held shares either directly or indirectly.

Direct shareholders were defined as those who, personally or through an entity that they controlled, owned shares in one or more public companies. These included people who controlled their own superannuation funds where the funds owned shares in one or more public companies.

These direct shareholders are defined as Group A in the findings.

Indirect shareholders were defined as those who were members of superannuation funds that owned shares in one or more public companies, but who did not control their superannuation funds personally nor bought or sold shares otherwise.

These indirect shareholders are defined as Group B.

Quotas were imposed so that the total sample was equally divided between Groups A and B to allow for meaningful analysis of both sub-samples.

The questionnaire was developed by the consultants in collaboration with the Steering Committee.

Fieldwork was carried out, and the data output produced, according to specifications set down by the consultants.

The total sample was distributed in proportion to the actual distribution of population across Australia.

The survey was carried out in private occupied dwellings among the residents aged 18 years or over. A randomising expedient was used to give each eligible person in each household an equal chance of being interviewed.

The results have been weighted to reflect the actual distribution of males and females in the population, and the actual distribution of the four age categories used.

The unprojected weighted bases for the total sample are:

Total:	1000
Men:	470
Women:	530
18-24:	73
25-39:	330
40-54:	377
55-plus:	219
School education:	489
TAFE/Adult:	176
University:	334
NSW/ACT:	350
Vic/Tas:	275
Qld:	185
SA/NT:	90
WA:	100

The weighted bases set out in the tables are projected from these original weighted bases to the relevant populations as a whole. A random sample of 1000 yields a sampling variance of plus or minus 3.16 per cent. As the sample sizes fall, the variance rises. The data should be interpreted with this in mind.

EXECUTIVE SUMMARY

THEME 1: SHARE-BUYING DECISION-MAKING

In buying and selling shares, Australians act in ways they think will maximise their financial well-being, tempered to some extent by social and moral considerations.

In making their financial assessment, two factors dominate their thinking:

- How much will the share value increase?
- What is the risk involved?

While an overwhelming majority make sure they know what a company does before they buy shares in it, a smaller proportion bring a moral dimension to bear on their decision-making.

Even so, nearly two-thirds of those who personally decide what to buy and sell make their share-buying conditional on their approval of the company's activities. Women are more likely to do this than are men.

People who do not personally decide what to buy and sell but who have an interest in shares through their superannuation fund, tend to leave it up to their fund manager to decide, and don't give the matter much thought.

THEME 2: PERCEPTIONS OF THE STOCK MARKET AND COMPANY GOVERNANCE

The stock market is more likely to be seen as a safe than an unsafe place to invest, but it gets a higher rating for profitability than for safety, particularly by men and by direct shareholders.

All shareholders expect companies to place fairness to their employees at the top of their list of priorities. Making money for their shareholders is seen as the next most important priority.

However, young people assert somewhat different priorities for companies. While they agree that the first priority should be fairness to employees, they place workers safety second. They also place corporate citizenship and environmental protection ahead of making money for shareholders.

There is considerable cynicism among the shareholding public about the way company directors behave. Only one shareholder in five says directors usually act in the best interests of all shareholders.

About seven out of ten shareholders say directors usually act only in their own interests of in the interests of big shareholders.

If people are unhappy with the way a company is acting, their most common recourse is to sell their shares. Between a quarter and a third of shareholders say they would communicate their displeasure to the directors or senior management.

However, only a modest majority say they keep track of what the companies are doing. Men are more likely than women to do this, and the young are least likely to do it.

THEME 3: ETHICAL INVESTMENTS

Most shareholders had not heard of the term “ethical investment” -- although a majority of direct shareholders, and a majority of men, had.

Paradoxically, although women were likelier than men to reject investments on moral grounds, a much smaller proportion of them had heard of the term “ethical investment”.

Of those who had heard of the term, 80 per cent said they would be prepared to accept a lower dividend or share price in return for being able to invest ethically.

However, most thought they would not be called on to make this trade-off: 68 per cent said they thought ethical investments would be at least as profitable as investments in companies generally.

Only 20 per cent shareholders who had heard of the term “ethical investments” had actually made one.

There would appear to be a preparedness, particularly by women and young people, to take ethical considerations into account when making decisions about investing in public companies. However, lack of knowledge and awareness is perhaps retarding this process.

Indirect shareholders, even more than direct shareholders, say they would be willing to accept lower dividends or share prices in return for being able to invest ethically, thought they tend to leave these decisions to fund managers and don't think much about them. This would suggest that those who control investments on behalf of these people are not aware of this sentiment.

THEME 4: GLOBALISATION

Shareholders are almost equally divided over whether globalisation is inevitable and desirable, and a quite a few are undecided.

An overwhelming majority say they prefer to invest in Australian companies, but a large minority say they are also interested in investing in foreign companies.

However, very few have actually traded shares on a foreign stock exchange.

A substantial majority welcome foreign investment in Australia.

THEME 5: SHAREHOLDER ACTIVISM

There is little shareholder activism in Australia. Only 6 per cent say they have spoken at a company's annual general meeting, and only 18 per cent say they have ever communicated directly with a company in which they hold shares, over the company's behaviour.

Men and young people are more likely to take an active role as shareholders than are other shareholders.

A clear majority of all direct shareholders say they would use the Internet to vote at company annual general meetings, and an overwhelming majority of young people say they would use the Internet to vote.

The commonest source of advice for direct shareholders is an investment adviser. After that, people rely on themselves or on the media when making decisions about shares.

FINDINGS

NOTES

1. All percentages are rounded to the nearest whole number.
2. An asterisk denotes less than 1 per cent.
3. Weighted project bases for the total sample are given where these apply. Where a subset of the total sample is reported, bases for that subset are given.

ELIGIBILITY AND GROUPING QUESTIONS

In order to establish whether people qualified for participation in the survey and, if they did, to assign them to Group A (direct shareholders) or Group B (indirect shareholders), a series of screening questions were asked at the start.

Q1. Do you directly, or through an entity that you control, own any shares in a public company?

Q2. Are you a member of one or more superannuation funds?

People who answered no to both these questions did not qualify for inclusion in the survey. People who neither held shares themselves or through an entity they controlled, nor were members of a superannuation fund that held shares on their behalf, fell outside the definition of shareholder used for this study.

In the process of assembling a random sample of 1000, non-qualifiers numbering 361 were identified. They were excluded from the survey, and only the 1000 qualifiers were included.

The 1000 qualifiers were then asked:

Q3. Is that superannuation fund controlled by you?

And if yes:

Q4. Does that superannuation fund controlled by you own shares in a public company?

People who answered yes to Question 1 (do you directly own shares?) **or** Question 4 (does the superannuation fund you control own shares?) were assigned to Group A – the direct shareholder group.

People who answered no to Question 1 (do you directly own shares?) **and** to Question 3 (do you control the superannuation fund you are in?) were assigned to Group B – the indirect shareholder group.

Of the 1000 eligible respondents:

501 were Group A – direct shareholders, and
499 were Group B – indirect shareholders.

THEME 1: SHARE-BUYING DECISION-MAKING

The following sequence of five questions were asked only of Group A respondents – the direct shareholders.

Q5. In thinking about buying shares in a company, which one of the following is the most important factor to you:

The dividends you expect to earn

The increase you expect in the share value

The risk involved

Your view about the kind of business the company is in

TABLE 1: IMPORTANT FACTORS IN BUYING SHARES IN A COMPANY

OPTIONS	Total	Gender		Age				Location				
		M	F	18- 24	25-39	40-54	55 plus	NSW/ ACT	VIC/ TAS	QLD	SA/ NT	WA
Base '000	6454	3574	2880	182	1898	2243	2118	2660	1824	1002	460	508
	%	%	%	%	%	%	%	%	%	%	%	%
The dividends you expect to earn	18	18	17	9	17	15	22	20	16	18	17	15
The increase you expect in the share value	34	36	32	49	37	40	25	33	33	36	36	40
The risk involved	29	26	34	33	34	23	32	28	30	37	23	26
Your view about the kind of business the company is in	15	15	16	8	11	18	17	15	18	10	20	15
Don't know	3	5	2	–	3	4	4	4	3	–	4	5

When buying shares, more people decide on the basis of expected increase in the value of the shares, along with an assessment of the risk involved, than on other factors.

Taken together, these are the most important factors for nearly two-thirds of share-buyers.

Expected dividends is the most important factor for only 18 per cent of share-buyers.

It is relatively rare for people's share-buying decisions to be driven mainly by their views about the kind of business the company is in, but at 15 per cent it lies not very far behind dividend expectations.

The share value is noticeably more important among young people (18 to 24) than among people in older age brackets.

Conversely, dividends – and the buyer's views about the kind of business a company is in – are more important among people in older age brackets.

Q6. Do you take into account what a company does before you decide whether to invest in it or not?

TABLE 2: INFLUENCE OF COMPANY ACTIVITIES ON INVESTMENT DECISIONS

RESPONSE	Total	Gender		Age				Location				
		M	F	18- 24	25-39	40-54	55 plus	NSW/ ACT	VIC/ TAS	QLD	SA/ NT	WA
Base	6454	3574	2880	182	1898	2243	2118	2660	1824	1002	460	508
	%	%	%	%	%	%	%	%	%	%	%	%
Yes	85	86	84	100	88	87	80	85	88	81	79	90
No	14	12	15	–	12	12	18	12	12	19	19	10
Don't know	1	1	1	–	1	1	2	2	1	–	3	–

An overwhelming majority of direct shareholders say they do take into account what a company does before they buy shares in it.

This holds good for people of both genders, all ages, all education levels and all locations.

Q7. Are there any companies you would not invest in because you do not approve of what they do?

TABLE 3: INFLUENCE OF APPROVAL OF COMPANY ACTIVITIES ON INVESTMENT DECISIONS

RESPONSE	Total	Gender		Age				Location				
		M	F	18- 24	25-39	40-54	55 plus	NSW/ ACT	VIC/ TAS	QLD	SA/ NT	WA
Base '000	6454	3574	2880	182	1898	2243	2118	2660	1824	1002	460	508
	%	%	%	%	%	%	%	%	%	%	%	%
Yes	64	67	61	50	58	72	63	62	68	68	62	56
No	28	28	28	50	33	20	31	29	25	28	28	34
Don't know	8	5	10	–	9	8	7	9	6	4	10	9

Nearly two-thirds of people say there are companies they would not invest in because they do not approve of what the companies do.

This question introduces the dimension of morality into the interview for the first time, whereas the previous question had no moral dimension at all: it simply asked whether people took account of what a company did before investing in it.

The results show that the proportion of people who import a moral dimension into their share-buying decision-making is smaller than the proportion who simply inform themselves about the nature of a company's business.

Q8. Thinking further about this: I am going to read you a short list of different types of companies. I would like you to tell me whether, other things being equal, you would or would not invest in each one:

- A casino*
- A wood-chipping company*
- A tobacco company*
- A uranium-mining company*

The responses are summarised in the four tables overleaf.

TABLE 4: WILLINGNESS TO INVEST IN A CASINO

OPTIONS	Total	Gender		Age				Location				
		M	F	18- 24	25-39	40-54	55 plus	NSW/ ACT	VIC/ TAS	QLD	SA/ NT	WA
Base '000	6454	3574	2880	182	1898	2243	2118	2660	1824	1002	460	508
	%	%	%	%	%	%	%	%	%	%	%	%
Would invest	37	40	32	34	54	29	29	35	30	51	37	38
Would not invest	62	59	67	66	46	69	70	64	69	48	61	62
Don't know	1	1	2	–	1	1	1	1	1	2	2	–

TABLE 5: WILLINGNESS TO INVEST IN A WOOD-CHIPPING COMPANY

OPTIONS	Total	Gender		Age				Location				
		M	F	18- 24	25-39	40-54	55 plus	NSW/ ACT	VIC/ TAS	QLD	SA/ NT	WA
Base '000	6454	3574	2880	182	1898	2243	2118	2660	1824	1002	460	508
	%	%	%	%	%	%	%	%	%	%	%	%
Would invest	37	43	30	19	38	37	39	35	35	49	42	32
Would not invest	58	53	64	81	58	58	54	62	58	39	56	68
Don't know	5	4	7	–	5	5	7	3	7	12	2	–

TABLE 6: WILLINGNESS TO INVEST IN A TOBACCO COMPANY

OPTIONS	Total	Gender		Age				Location				
		M	F	18- 24	25-39	40-54	55 plus	NSW/ ACT	VIC/ TAS	QLD	SA/ NT	WA
Base '000	6454	3574	2880	182	1898	2243	2118	2660	1824	1002	460	508
	%	%	%	%	%	%	%	%	%	%	%	%
Would invest	13	17	8	8	15	14	11	12	12	14	15	15
Would not invest	86	82	91	92	84	85	89	86	88	84	85	85
Don't know	1	–	2	–	1	1	–	2	–	2	–	–

TABLE 7: WILLINGNESS TO INVEST IN A URANIUM-MINING COMPANY

OPTIONS	Total	Gender		Age				Location				
		M	F	18- 24	25-39	40-54	55 plus	NSW/ ACT	VIC/ TAS	QLD	SA/ NT	WA
Base '000	6454	3574	2880	182	1898	2243	2118	2660	1824	1002	460	508
	%	%	%	%	%	%	%	%	%	%	%	%
Would invest	38	49	24	11	38	36	42	38	34	44	42	35
Would not invest	58	47	72	82	60	59	55	58	62	53	53	61
Don't know	4	4	4	7	2	5	3	4	4	3	5	5

An overwhelming majority (86%) of direct shareholders say they would not invest in a tobacco company.

A substantial majority (62%) say they would not invest in a casino.

A majority (58%) say they would not invest in a wood-chipping company.

A majority (58%) say they would not invest in a uranium-mining company.

In every case, more women than men say they would not invest in these types of companies.

There are some interesting differences among age groups on this question.

The 25 to 39-year-olds are the only group among whom a majority say they *would* invest in a casino.

The 18 to 24-year-olds demonstrate a more widespread rejection of investment in wood-chipping and uranium-mining companies, than do people in older age brackets, suggesting that environmental concerns loom larger in the minds of the young.

There are also some regional differences.

Among Queenslanders, direct shareholders are evenly divided over the merits of investing in a casino, whereas in all other places about two-thirds are opposed to investing in a casino.

Similarly, Queenslanders are much more likely to invest in wood-chipping companies than are direct shareholders in other parts of Australia.

In other respects, however, attitudes to investing in these types of companies are quite uniform.

COMPARING PREPAREDNESS TO INVEST WITH APPROVAL OF COMPANIES' ACTIVITIES

The next series of four tables compares what shareholders say about their preparedness to invest in these four types of companies with their attitudes to the question of whether their investment is conditional on their approval of what the company does.

Tobacco companies and casinos are repugnant to greater proportions of shareholders who say their investment is conditional on approval of what a company does, than are wood-chipping or uranium-mining companies.

TABLE 8: PREPAREDNESS TO INVEST IN A CASINO

(By attitude to whether investment is conditional on approval of what a company does)

PREPAREDNESS TO INVEST	ATTITUDE TO WHETHER INVESTMENT IS CONDITIONAL ON APPROVAL	
	Investment is conditional on approval	Investment is not conditional on approval
	%	%
Would invest	27	56
Would not invest	72	43
Don't know	1	1

Among those shareholders who say they would not invest in a company of whose activities they disapproved, nearly three-quarters say they would not invest in a casino.

Among other shareholders, a majority would invest in a casino.

TABLE 9: PREPAREDNESS TO INVEST IN A WOOD-CHIPPING COMPANY

(By attitude to whether investment is conditional on approval of what a company does)

PREPAREDNESS TO INVEST	ATTITUDE TO WHETHER INVESTMENT IS CONDITIONAL ON APPROVAL	
	Investment is conditional on approval	Investment is not conditional on approval
	%	%
Would invest	33	47
Would not invest	61	52
Don't know	6	2

Among those shareholders who say they would not invest in a company of whose activities they disapproved, just over 60 per cent say they would not invest in a wood-chipping company.

Other shareholders are almost equally divided on this question, although a bare majority might also not invest.

TABLE 10: PREPAREDNESS TO INVEST IN A TOBACCO COMPANY

(By attitude to whether investment is conditional on approval of what a company does)

PREPAREDNESS TO INVEST	ATTITUDE TO WHETHER INVESTMENT IS CONDITIONAL ON APPROVAL	
	Investment is conditional on approval	Investment is not conditional on approval
	%	%
Would invest	7	27
Would not invest	92	73
Don't know	1	-

An overwhelmingly majority of shareholders who say they would not invest in a company of whose activities they disapproved, say they would not invest in a tobacco company.

Other shareholders are far less likely to refuse to do so – although nearly three-quarters of them say they would not invest in a tobacco company.

TABLE 11: PREPAREDNESS TO INVEST IN A URANIUM-MINING COMPANY

(By attitude to whether investment is conditional on approval of what a company does)

PREPAREDNESS TO INVEST	ATTITUDE TO WHETHER INVESTMENT IS CONDITIONAL ON APPROVAL	
	Investment is conditional on approval	Investment is not conditional on approval
	%	%
Would invest	33	47
Would not invest	63	51
Don't know	4	3

Among those shareholders who say they would not invest in a company of whose activities they disapproved, nearly two-thirds say they would not invest in a uranium-mining company.

Other shareholders are almost equally divided on this question, although a bare majority might also not invest.

This pattern is similar to the responses given for the other environment-related investment – wood-chipping.

Q9. Broadly speaking, how would you describe yourself:

As an investor who buys and holds shares for the long term

As an investor who buys and sells shares from time to time

As a person who trades in shares

TABLE 12: VIEWS OF SELF AS INVESTOR/TRADER

OPTIONS	Total	Gender		Age				Location				
		M	F	18- 24	25-39	40-54	55 plus	NSW/ ACT	VIC/ TAS	QLD	SA/ NT	WA
Base '000	6454	3574	2880	182	1898	2243	2118	2660	1824	1002	460	508
	%	%	%	%	%	%	%	%	%	%	%	%
As an investor who buys and holds shares for the long term	72	69	75	85	59	71	84	70	80	68	67	66
As an investor who buys and sells shares from time to time	21	22	20	7	33	20	12	25	13	25	22	20
As a person who trades in shares	4	6	2	8	5	5	2	2	5	6	7	7
Don't know	3	3	3	–	3	4	2	2	2	1	4	7

Rounding off this sequence of questions to direct shareholders, nearly three-quarters of them (72%) see themselves as investors who buy for the long haul.

About one-fifth (21%) say they buy and sell shares from time to time, and only a small minority (4%) describe themselves as someone who trades in shares.

A QUESTION TO INDIRECT SHAREHOLDERS

Q10. Which of these statements best describes your attitude to the decisions your fund manager makes about buying and selling shares:

I leave it up to the fund manager and don't think much about what is bought or sold
or

I follow the decisions of the fund manager and take notice of what is bought or sold

TABLE 13: ATTITUDES TO DECISIONS OF FUND MANAGERS REGARDING BUYING AND SELLING OF SHARES

OPTIONS	Total	Gender		Age				Location				
		M	F	18- 24	25-39	40-54	55 plus	NSW/ ACT	VIC/ TAS	QLD	SA/ NT	WA
Base '000	4770	2227	2543	901	1998	1398	472	1436	1247	932	614	542
	%	%	%	%	%	%	%	%	%	%	%	%
I leave it up to the fund manager and don't think much about what is bought or sold	71	70	71	67	75	72	56	72	67	71	71	74
I follow the decisions of the fund manager and take notice of what is bought or sold	25	26	24	25	22	27	33	22	27	26	27	25
Don't know	4	3	5	8	3	1	11	6	6	2	2	1

A large majority (71%) say they leave decisions about share buying and selling to their fund manager, and don't think much about it.

A quarter (25%) say they *do* take notice of what the fund manager buys and sells.

These responses were consistent across gender, age and location variables.

People who had not had post-school education were a little more likely to say they kept track of what the fund manager did, than were those who had been to TAFE or university.

THEME 2: PERCEPTIONS OF THE STOCK MARKET AND COMPANY GOVERNANCE

The following sequence of questions was asked of all respondents – direct and indirect shareholders.

Q11. Thinking about the stock market as a place to invest. On a scale of one to five, where one means very good and five means very poor, how would you rate the stock market for being:

A safe place to invest
A profitable place to invest

TABLE 14: ATTITUDES TO THE STOCK MARKET AS A SAFE PLACE TO INVEST

OPTIONS	Group		Total	Gender		Age				Location				
	A	B		M	F	18-24	25-39	40-54	55 plus	NSW/ACT	VIC/TAS	QLD	SA/NT	WA
Base '000	6454	4770	11224	5802	5423	1084	3897	3641	2591	4096	3071	1933	1074	1050
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Very Good	9	4	7	8	6	1	6	8	11	5	8	8	9	7
Good	35	25	31	34	27	35	28	31	31	30	30	31	30	33
Neither Good nor Poor	42	41	42	38	46	36	43	44	39	45	42	41	37	37
Poor	9	13	11	11	10	18	13	9	8	10	13	12	12	6
Very Poor	2	7	4	4	4	4	3	4	5	4	4	3	6	7
Don't know	3	10	6	4	7	7	6	4	6	6	3	6	6	10

Direct and indirect shareholders see the stock market as a safe, rather than an unsafe, place to invest.

Thirty-eight per cent rate it good or very good as a safe place to invest, and 15 per cent rate it poor or very poor. Forty-two per cent rate it neutral on this question.

Men are more likely than women to rate it as good or very good for safety, as are direct shareholders compared with indirect shareholders.

TABLE 15: ATTITUDES TO THE STOCK MARKET AS A PROFITABLE PLACE TO INVEST

OPTIONS	Group		Total	Gender		Age				Location				
	A	B		M	F	18-24	25-39	40-54	55 plus	NSW/ACT	VIC/TAS	QLD	SA/NT	WA
Base '000	6454	4770	11224	5802	5423	1084	3897	3641	2591	4096	3071	1933	1074	1050
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Very Good	12	7	10	11	8	12	9	9	11	10	10	12	8	7
Good	43	33	38	41	36	40	40	37	37	39	40	35	42	36
Neither Good nor Poor	33	36	34	32	37	32	33	38	33	34	35	37	35	31
Poor	7	10	9	8	9	9	11	8	6	9	9	8	6	9
Very Poor	2	5	3	3	4	1	2	3	6	4	2	2	5	4
Don't know	3	9	6	4	7	5	5	4	8	5	3	7	4	13

The stock market is rated more highly for profitability than safety.

Forty-eight per cent rate it good or very good as a profitable place to invest, and nine per cent rate it poor or very poor on this count. Thirty-four per cent rate it neutral.

Men are more likely than women to rate the stock market highly as a profitable place to invest.

Direct shareholders are more likely than indirect shareholders to give the stock market a good or very good rating for profitability.

Q12. I'm going to read you a short list of things some people say companies should do.

(a) Please tell me which ONE of these things you think should be a company's top priority:

- Making money for its shareholders*
- Being a fair employer*
- Protecting the environment*
- Having a safe workplace*
- Contributing to community wellbeing*

*(b) And which should be its second priority?
(Same list, omitting first priority)*

*(c) And which should be its third priority?
(Same list, omitting first and second priorities)*

TABLE 16: VIEWS ON PRIORITIES FOR A COMPANY

OPTIONS	PROPORTION WHO SAY IT SHOULD BE A TOP PRIORITY													
	Group		Total	Gender		Age				Location				
	A	B		M	F	18-24	25-39	40-54	55 plus	NSW/ACT	VIC/TAS	QLD	SA/NT	WA
Base '000	6454	4770	11224	5802	5423	1084	3897	3641	2591	4096	3071	1933	1074	1050
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Making money for its shareholders	35	21	29	39	19	19	27	31	33	30	28	30	28	26
Being a fair employer	24	33	28	24	31	23	31	26	26	30	25	29	32	19
Protecting the environment	10	9	9	7	11	10	9	10	9	6	11	8	7	21
Having a safe workplace	8	16	12	10	14	14	13	11	10	13	12	9	8	10
Contributing to community wellbeing	20	19	20	17	22	32	19	19	16	17	20	21	19	23
Don't know	4	2	3	3	3	1	1	3	6	4	3	3	5	1

TABLE 17: VIEWS ON PRIORITIES FOR A COMPANY

OPTIONS	PROPORTION WHO SAY IT SHOULD BE A SECOND PRIORITY													
	Group		Total	Gender		Age				Location				
	A	B		M	F	18-24	25-39	40-54	55 plus	NSW/ACT	VIC/TAS	QLD	SA/NT	WA
Base '000	6454	4770	11224	5802	5423	1084	3897	3641	2591	4096	3071	1933	1074	1050
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Making money for its shareholders	15	16	15	15	15	14	14	17	15	16	13	13	20	18
Being a fair employer	23	25	24	24	25	26	25	23	24	24	27	26	22	15
Protecting the environment	22	20	21	20	22	18	22	20	22	19	21	25	15	27
Having a safe workplace	21	20	21	21	20	27	19	20	21	20	21	20	18	23
Contributing to community wellbeing	15	17	16	18	14	15	18	16	13	17	15	14	21	12
Don't know	4	2	3	3	3	1	2	4	5	3	4	1	5	4

TABLE 18: VIEWS ON PRIORITIES FOR A COMPANY

OPTIONS	PROPORTION WHO SAY IT SHOULD BE A THIRD PRIORITY													
	Group		Total	Gender		Age				Location				
	A	B		M	F	18-24	25-39	40-54	55 plus	NSW/ACT	VIC/TAS	QLD	SA/NT	WA
Base '000	6454	4770	11224	5802	5423	1084	3897	3641	2591	4096	3071	1933	1074	1050
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Making money for its shareholders	14	18	16	15	16	18	16	17	12	15	16	18	12	18
Being a fair employer	18	17	18	19	16	21	17	17	17	18	15	14	23	25
Protecting the environment	22	22	22	22	22	25	20	24	21	23	24	22	14	18
Having a safe workplace	23	26	24	25	23	25	24	23	26	23	25	28	25	19
Contributing to community wellbeing	18	15	17	15	19	10	22	14	18	18	16	16	20	17
Don't know	5	2	4	4	4	1	2	4	6	3	4	2	6	4

Shareholders generally see the *top* priorities for a company as “making money for its shareholders” and “being a fair employer”.

Third comes “contributing to community well-being”, fourth is “having a safe workplace” and fifth is “protecting the environment”.

However, when the top priority and the second and third priorities are summed, a slightly different picture emerges:

- “Being a fair employer” comes out on top (69%) followed by
- “Making money for its shareholders” (60%)
- “Having a safe workplace” (56%)
- “Contributing to community well-being” (53%)
- “Protecting the environment” (52%)

However, there is a noticeable generational difference among shareholders on these priorities.

Young shareholders (18-24) are much more likely to say that the top priority should be “contributing to community well-being”. They are least likely to say “making money for its shareholders”.

Summing their priorities produces a quite different list from that of the whole sample.

This is how they compare:

TABLE 19: PRIORITIES COMPARED BY AGE
(Summed 1st, 2nd, 3rd priorities)

Priority	Whole sample	18 to 24-year-olds
	Ranking	Ranking
Being a fair employer	1	1
Making money for its shareholders	2	5
Having a safe workplace	3	2
Contributing to community well-being	4	3
Protecting the environment	5	4

Q13. Thinking generally about the boards of directors that run public companies in Australia.

From what you know, would you say that, on the whole, boards of directors:

- Usually act in the best interests of all shareholders*
- Usually act in the best interests only of big shareholders*
- Usually do not act in the interests of shareholders at all*
- Usually act mainly in their own interests*

Nearly four out of ten shareholders say that boards of public companies usually act in the best interests only of big shareholders.

Another 33 per cent say they usually act mainly in their own best interests.

Only one shareholder in five says that directors usually act in the interests of all shareholders.

While direct shareholders are more likely than indirect shareholders to say that directors usually act in the best interests of all, the level of cynicism across the two groups is otherwise closely similar. The difference is accounted for by the higher incidence of “don’t knows” among indirect shareholders.

There is little difference in attitudes on this question between men and women, people of different ages and people with different levels of education.

TABLE 20: VIEWS ON ACTIONS OF BOARDS OF DIRECTORS OF PUBLIC COMPANIES

OPTIONS	Group		Total	Gender		Age				Location				
	A	B		M	F	18-24	25-39	40-54	55 plus	NSW/ACT	VIC/TAS	QLD	SA/NT	WA
Base '000	6454	4770	11224	5802	5423	1084	3897	3641	2591	4096	3071	1933	1074	1050
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Usually act in the best interests of all shareholders	23	16	20	20	20	19	21	17	22	18	20	21	22	22
Usually act in the best interests only of big shareholders	39	39	39	40	39	38	43	41	33	40	43	32	38	42
Usually do not act in the interests of shareholders at all	2	2	2	2	2	--	2	3	1	--	3	3	1	2
Usually act mainly in their own interests	33	34	33	34	33	36	29	35	37	37	29	39	28	27
Don't know	3	8	5	4	7	8	5	5	6	4	5	5	10	7

QUESTIONS TO DIRECT SHAREHOLDERS

Q14. *I'm going to read out a number of things people might do if they were unhappy about the actions of a company in which they had shares. Which, if any, of the following actions would you take – for instance would you:*

- Talk to an investment adviser about it*
- Tell the company's directors or senior management*
- Protest at the annual general meeting*
- Sell your shares*
- Do something else (specify)*
- or do nothing*

Respondents were allowed multiple answers to this question. That is why the percentages in Table 21 add to more than 100.

Two-thirds of direct shareholders said they would sell their shares if they were unhappy with the actions of a company.

About one-third would talk to an investment adviser.

Quite significant minorities – 29 per cent and 27 per cent – said they would communicate their displeasure to the company either by getting in touch with the board or senior management, or by protesting at the annual general meeting.

TABLE 21: ACTIONS IF UNHAPPY WITH COMPANIES

ACTIONS	Total	Gender		Age				Location				
		M	F	18- 24	25-39	40-54	55 plus	NSW/ ACT	VIC/ TAS	QLD	SA/ NT	WA
Base '000	6454	3574	2880	182	1898	2243	2118	2660	1824	1002	460	508
	%	%	%	%	%	%	%	%	%	%	%	%
Talk to investment adviser	33	29	39	42	34	28	37	33	38	33	33	18
Tell directors or senior management	29	29	28	35	25	31	28	29	27	29	28	28
Protest at the agm	27	27	28	33	25	27	30	31	25	24	22	25
Sell your shares	67	66	68	80	75	69	56	64	68	72	65	74
Do something else	5	6	4	8	3	5	6	4	5	6	11	5
Do nothing	2	3	1	–	–	–	1	–	–	–	3	–

Q15. Generally, do you monitor the activities of the companies in which you have shares:

- Always*
- Usually*
- Sometimes*
- Rarely*
- Never*

A majority of direct shareholders (57%) say they always or usually monitor the activities of the companies in which they hold shares.

Another 28 per cent say they sometimes monitor these activities, and only 15 per cent say they rarely or never monitor the companies in which they have shares.

On these figures, men might be slightly more active in this regard than women.

Young people (18-24) are much less likely to monitor the activities of companies in which they hold shares than are people in older age groups. Only 43 per cent of young people say they always or usually monitor their companies, and 23 per cent say they never do so.

TABLE 22: MONITORING ACTIVITIES OF COMPANIES

OPTIONS	Total	Gender		Age				Location				
		M	F	18- 24	25-39	40-54	55 plus	NSW/ ACT	VIC/ TAS	QLD	SA/ NT	WA
Base '000	6454	3574	2880	182	1898	2243	2118	2660	1824	1002	460	508
	%	%	%	%	%	%	%	%	%	%	%	%
Always	21	22	20	7	20	23	19	18	26	21	16	20
Usually	36	37	34	36	41	29	38	38	28	40	41	37
Sometimes	28	28	28	34	25	33	24	28	31	22	27	23
Rarely	8	8	8	–	6	9	10	9	8	6	8	10
Never	7	5	10	23	7	5	8	6	6	10	8	10
Don't know	1	–	1	–	–	–	1	1	1	1	–	–

THEME 3: ETHICAL INVESTMENT

The full sample was asked the following question:

Q16. Have you heard of the term “ethical investment”?

TABLE 23: AWARENESS OF TERM “ETHICAL INVESTMENT”

OPTIONS	Total	Gender		Age				Groups	
		M	F	18-24	25-39	40-54	55 plus	A	B
Base '000	11224	5802	5423	1084	3897	3641	2591	6454	4770
	%	%	%	%	%	%	%	%	%
Yes	45	52	37	40	42	48	46	53	33
No	54	47	62	58	58	51	53	46	66

A majority of all shareholders (54%) had not heard of the term “ethical investment”.

However, a majority of direct shareholders (53%) had heard of the term. Awareness among this group was much higher than among indirect shareholders (33%).

Awareness of the term was much higher among men (52%) than women (37%). In this context, it is interesting to note that women were less likely than men to invest in a casino, a wood-chipping company, a tobacco company or a uranium-mining company. Hence, while women appear to be choosier on moral grounds about the kind of company they will invest in, they are less aware of the term “ethical investment”.

Awareness of the term was also much higher among those with a university education than among other people.

There were no significant differences between age groups on this question.

Shareholders who had heard of the term “ethical investment” were then asked the following two questions:

Q17. Which of these statements comes closer to your view:

I would be prepared to accept a lower dividend or share price in order to invest in an “ethical investment”.

Or

I would not be prepared to accept a lower dividend or share price in order to invest in an “ethical investment”.

TABLE 24: VIEWS ON ETHICAL INVESTMENTS

OPTIONS	Group		Total	Gender		Age				Location				
	A	B		M	F	18-24	25-39	40-54	55 plus	NSW/ACT	VIC/TAS	QLD	SA/NT	WA
Base '000	3439	1588	5027	3045	1982	433	1632	1758	1191	1987	1324	876	419	421
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
I would be prepared	78	84	80	77	84	84	78	80	80	83	78	78	80	73
I would not be prepared	18	13	16	18	13	13	20	16	14	13	17	16	20	24
Don't know	5	3	4	5	3	4	2	5	7	4	5	6	-	3

Q18. Would you say that if you invest in a company which you consider is an ethical investment, it is likely to be:

*More profitable than an investment in public companies generally
Less profitable than an investment in public companies generally
or
About as profitable as investments in public companies generally*

TABLE 25: VIEWS ON PROFITABILITY OF ETHICAL INVESTMENTS

OPTIONS	Group		Total	Gender		Age				Location				
	A	B		M	F	18-24	25-39	40-54	55 plus	NSW/ACT	VIC/TAS	QLD	SA/NT	WA
Base '000	3439	1588	5027	3045	1982	433	1632	1758	1191	1987	1324	876	419	421
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
More profitable	8	9	8	8	9	8	9	6	10	7	10	7	11	10
Less profitable	23	30	25	27	22	47	17	28	24	24	29	22	17	31
About as profitable	63	55	60	60	61	42	69	61	54	64	56	61	65	49
Don't know	6	6	6	6	7	3	5	5	11	5	4	10	7	10

TABLE 26: PERCEPTIONS OF PROFITABILITY OF ETHICAL INVESTMENTS

(By preparedness to accept lower dividend or share price)

PERCEPTIONS OF PROFITABILITY	PREPAREDNESS TO ACCEPT LOWER DIVIDEND OR SHARE PRICE	
	Would be prepared to accept lower dividend or share price	Would not be prepared to accept lower dividend or share price
	%	%
More profitable than public companies generally	8	10
Less profitable than public companies generally	27	21
About as profitable as public companies generally	60	64
Don't know	5	5

Of the shareholders – direct and indirect – who have heard of the term “ethical investment”, 80 per cent say they would be prepared to accept a lower dividend or share price in order to invest in an ethical investment.

However, 60 per cent of these people think it improbable that they will be called on to do so: they say ethical investments are likely to be about as profitable as investments in public companies generally.

Just over a quarter (27%) of these people, though, say they think ethical investments are likely to be less profitable than investments in public companies generally, yet by definition they say they are prepared to accept that.

Women are more likely than men to say they would be prepared to accept lower dividends or share prices in return for being able to make an ethical investment. This is consistent with the earlier findings which showed women to be less willing to invest in a casino, a wood-chipping company, a tobacco company or a uranium-mining company.

Indirect shareholders are slightly more likely than direct shareholders to say they would accept lower dividends or share prices in return for being able to make an ethical investment.

There is little difference across age groups or other variables on this question.

As can be seen from Table 25, among shareholders who have heard of the term “ethical investment”, 60 per cent say such investments are likely to be about as profitable as investments in public companies generally, 25 per cent say they are likely to be less profitable and 8 per cent say they are likely to be more profitable.

In sum, a substantial majority (68%) of those shareholders who have heard of ethical investments say that such investments would not be not financially disadvantageous, at least.

A QUESTION TO DIRECT SHAREHOLDERS WHO HAD HEARD OF THE TERM “ETHICAL INVESTMENT”

Q19. Have you personally made an investment in a public company because it was an “ethical investment”?

TABLE 27: INCIDENCE OF ETHICAL INVESTING

OPTIONS	Total	Gender		Age				Location				
		M	F	18- 24	25-39	40-54	55 plus	NSW/ ACT	VIC/ TAS	QLD	SA/ NT	WA
Base '000	3439	2214	1226	90	1035	1287	1015	1484	914	543	232	267

	%	%	%	%	%	%	%	%	%	%	%	%
Yes	22	21	22	17	13	27	23	17	25	30	16	24
No	78	78	77	83	87	71	77	83	75	68	84	71
Don't know	1	1	1	--	--	2	--	--	--	2	--	5

Just a little over one-fifth (22%) of direct shareholders who had heard of the term “ethical investment” had actually put their money into such an investment.

Older shareholders (over 40) were a little more likely than younger shareholders to have done so.

Those without a higher education were also a little more likely to have made an ethical investment, and shareholders in Victoria, Tasmania and Queensland were a little more likely than those in New South Wales to have done so.

The incidence of ethical investment in Western Australia was similar to that in Victoria, Tasmania and Queensland, but the base figure is small and the result should be treated with caution.

THEME 4: GLOBALISATION

The full sample was asked the following question:

Q20. Do you agree or disagree with the following statements:

- I prefer to invest in Australian companies*
- Globalisation is inevitable and should be encouraged*
- I am interested in holding shares in foreign companies*
- I have trade shares on a foreign stock exchange*

The responses are set out in Table 28 overleaf.

TABLE 28: ATTITUDES TO FOREIGN INVESTMENTS

OPTIONS	PROPORTION WHO AGREED WITH THE STATEMENT													
	Group		Total	Gender		Age				Location				
	A	B		M	F	18-24	25-39	40-54	55 plus	NSW/ACT	VIC/TAS	QLD	SA/NT	WA
Base '000	6454	4770	11224	5802	5423	1084	3897	3641	2591	4096	3071	1933	1074	1050
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
I prefer to invest in Australian companies	88	90	89	87	90	89	88	88	90	90	88	88	91	83
Globalisation is inevitable and should be encouraged	45	48	46	45	47	55	53	42	40	45	50	47	48	41
I am interested in holding shares in foreign companies	45	34	40	48	33	37	50	35	35	43	37	43	40	39
I have traded shares on a foreign stock exchange	9	6	8	10	6	6	8	9	9	7	8	9	9	7

Shareholders are divided over whether globalisation is inevitable and should be encouraged.

Forty-six per cent agree it is inevitable and should be encouraged and 43 per cent disagree.

A quite sizeable minority (11%) are undecided.

Responses from men and women are similar, as are those from direct and indirect shareholders.

However, there are generational differences. A majority (53%) of people under 40 agree that globalisation is inevitable and should be encouraged, whereas only 41 per cent of people over 40 share this view.

There are no significant regional differences on this question.

An overwhelming majority of shareholders (89%) prefer to invest in Australian companies. As might be expected with this level of support, it is consistent across all demographic and regional variables.

However, this does not necessarily indicate an unwillingness to invest in foreign companies. Forty per cent of shareholders agree that they are interested in holding shares in foreign companies, and 57 per cent say they are not interested.

Men (48%) are more likely than women (33%) to agree that they are interested in holding shares in foreign companies.

Direct shareholders, people aged 25-39 and those with a university education are also more interested in foreign companies than are other people.

However, only a small minority of shareholders (8%) have actually traded shares on a foreign stock exchange.

Q21. Some people favour, and some do not favour, foreign investment in Australia. Which of these statements comes closer to your view:

Foreign investment in Australia should be welcomed because it creates wealth and jobs, even though it may lead to some loss of control over Australian resources.

Or

Foreign investment in Australia should not be welcomed because it can mean the loss of control over Australian resources, even though it creates wealth and jobs.

TABLE 29: ATTITUDES TO ENCOURAGEMENT OF FOREIGN INVESTMENT

OPTIONS	Group		Total	Gender		Age				Location				
	A	B		M	F	18-24	25-39	40-54	55 plus	NSW/ACT	VIC/TAS	QLD	SA/NT	WA
Base '000	6454	4770	11224	5802	5423	1084	3897	3641	2591	4096	3071	1933	1074	1050
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Should be welcomed	60	53	57	63	51	50	60	56	55	58	57	55	54	57
Should not be welcomed	32	39	35	31	39	45	32	34	36	35	34	35	34	35
Don't know	8	9	8	7	10	5	7	10	9	7	8	10	13	8

A majority (57%) of shareholders support foreign investment in Australia, but a substantial minority (35%) oppose it.

Yet the level of support for foreign investment outstrips the support for globalisation.

Men are much more likely than women to support foreign investment.

Direct shareholders are people with a university education are also more likely to support it.

THEME 5: SHAREHOLDER ACTIVISM

QUESTIONS TO DIRECT SHAREHOLDERS

The following sequence of questions was asked only of direct shareholders.

Q22. Have you ever spoken at the annual general meeting of a company in which you hold shares?

Q23. Would you use the internet to vote at a company's annual general meeting?

Q24. Have you ever communicated directly with a company in which you own shares about the company's behaviour?

TABLE 30: ACTIONS BY SHAREHOLDERS
--

OPTIONS	Total	Gender		Age			
		M	F	18- 24	25-39	40-54	55 plus %
Base '000							
	%	%	%	%	%	%	
Have spoken at an agm	6	6	6	0	4	6	7
Would use internet to vote at agm	57	63	51	84	66	62	42
Have communicated with company	18	22	14	36	15	16	21

Only six per cent of direct shareholders say they have spoken at a company meeting.

However, three times that many (18%) say they have communicated directly with a company in which they own shares about the company's behaviour.

Men are more likely to have done so than women. Young shareholders (18 to 24) are more likely than older shareholders to have done so, as are shareholders with a university education.

A clear majority of direct shareholders (57%) say they would use the internet to vote at company annual general meetings. An overwhelming majority (84%) of young shareholders (18 to 24) say they would use the internet to vote.

Men are more likely than women to use the internet to vote, as are shareholders with a university education.

Q25. Where do you get your best advice about shares:

- From a stockbroker*
- From a financial adviser*
- From an accountant*
- From other personal contacts*
- From the media*
- Or do you rely mainly on yourself*

TABLE 31: SOURCES OF ADVICE ABOUT SHARES

OPTIONS	Total	Gender		Age				Location				
		M	F	18- 24	25-39	40-54	55 plus	NSW/ ACT	VIC/ TAS	QLD	SA/ NT	WA
Base '000	6454	3574	2880	182	1898	2243	2118	2660	1824	1002	460	508
	%	%	%	%	%	%	%	%	%	%	%	%
Stockbroker	14	15	13	–	18	9	16	15	11	14	17	12
Financial adviser	27	24	30	25	24	26	29	22	28	28	41	26
Accountant	5	4	6	8	4	6	5	5	7	2	4	5
Other personal contacts	14	11	18	21	18	16	8	11	20	14	5	14
Media	17	21	12	28	12	20	18	20	13	8	19	28
Rely mainly on yourself	21	23	19	18	23	19	22	23	17	32	12	12
Don't know	2	2	2	–	–	3	3	2	2	1	1	3

More direct shareholders nominate a financial adviser as the best source of advice about shares, than any other source.

Otherwise shareholders appear to rely on themselves (21%) and the media (17%) before they turn to a stockbroker, other personal contacts or an accountant.

APPENDIX I

QUESTIONNAIRE

SHAREHOLDER FORUM

QUESTIONNAIRE

Good evening. My name is from Irving Saulwick & Associates, the public opinion polling company.

I would like to speak to the person in your household who is 18 years of age or over, and whose birthday is closest to today.

Introduction for prospective respondent.

We are conducting a survey of attitudes to broad issues relating to owning shares in public companies. We want to know what you think, not what you own, and we are not here to sell you anything. The interview will take no more than about 10 minutes.

Q1. Do you directly, or through an entity that you control, own any shares in a public company?

- Yes 1
- No 2
- (Don't read out)**
- Don't know/Not established 3

Q2. Are you a member of one or more superannuation funds?

- Yes, one fund only 1
- Yes, more than one fund 2
- No 3
- (Don't read out)**
- Don't know/Not established 4

If NO or Don't Know to Q1 and Q2: GO TO Q27, Do not count as complete survey, count as non-qualifier.

All others continue:

Q3. Is that superannuation fund (one of those funds) controlled by you?

- Yes 1
- No 2
- (Don't read out)**
- Don't know/Not established 3

If Yes, ask:

Q4. Does that superannuation fund controlled by you own shares in a public company?

- Yes 1
- No 2
- (Don't read out)**
- Don't know/Not established 3

If YES to Q1 or Q4: Assign to group A, and go to Q5.
If NO to Q1 and to Q3: Assign to group B, and go to Q10.

Q5. In thinking about buying shares in a company, which one of the following is the most important factor to you:

- The dividends you expect to earn 1
- The increase you expect in the share value 2
- The risk involved 3
- Your view about the kind of business the company is in 4
- (Don't read out)**
- Don't know/Not established 5

Q6. Do you take into account what a company does before you decide whether to invest in it or not?

- Yes 1
- No 2
- (Don't read out)**
- Don't know/Not established 3

Q7. Are there any companies you would not invest in because you do not approve of what they do?

- Yes 1
- No 2
- (Don't read out)**
- Don't know/Not established 3

Q8. Thinking further about this: I am going to read you a short list of different types of companies. I would like you to tell me whether, other things being equal, you would or would not invest in each one:

- | | Would Invest | Would not invest | DK |
|--------------------------|--------------|------------------|----|
| A casino | | | |
| A wood-chipping company | | | |
| A tobacco company | | | |
| A uranium-mining company | | | |

Q9. Broadly speaking, how would you describe yourself:

- | | |
|--|---|
| As an investor who buys and holds shares for the long term | 1 |
| As an investor who buys and sells shares from time to time | 2 |
| As a person who trades in shares | 3 |
| (Don't read out) | |
| Don't know/not established | 4 |

Go to Q11.

Ask Group B only:

Q10. Which of these statements best describes your attitude to the decisions your fund manager makes about buying and selling shares:

- | | |
|--|---|
| I leave it up to the fund manager and don't think much about what is bought or sold | 1 |
| or | |
| I follow the decisions of the fund manager and take notice of what is bought or sold | 2 |
| (Don't read out) | |
| Don't know/not established | 3 |

Ask all:

Q11. Thinking about the stock market as a place to invest.
On a scale of one to five, where one means very good and five means very poor, how would you rate the stock market for being:

- | | | | | | | |
|------------------------------|---|---|---|---|---|-----|
| A safe place to invest | 1 | 2 | 3 | 4 | 5 | DK6 |
| A profitable place to invest | 1 | 2 | 3 | 4 | 5 | DK6 |

Q12. I'm going to read you a short list of things some people say companies should do.

(a) Please tell me which ONE of these things you think should be a company's top priority:

- | | |
|-------------------------------------|---|
| Making money for its shareholders | 1 |
| Being a fair employer | 2 |
| Protecting the environment | 3 |
| Having a safe workplace | 4 |
| Contributing to community wellbeing | 5 |
| (Don't read out) | |
| Don't know/not established | 6 |

(b) And which should be its second priority?
(Read same list, omitting first priority)

Making money for its shareholders	1	
Being a fair employer	2	
Protecting the environment		3
Having a safe workplace		4
Contributing to community wellbeing	5	
(Don't read out)		
Don't know/not established		6

(c) And which should be its third priority?
(Read same list if necessary, omitting first and second priorities)

Making money for its shareholders	1	
Being a fair employer	2	
Protecting the environment		3
Having a safe workplace		4
Contributing to community wellbeing	5	
(Don't read out)		
Don't know/not established		6

Q13. Thinking generally about the boards of directors that run public companies in Australia.

From what you know, would you say that, on the whole, boards of directors:

Usually act in the best interests of <u>all</u> shareholders	1	
Usually act in the best interests only of <u>big</u> shareholders	2	
Usually do not act in the interests of shareholders at all	3	
Usually act mainly in their own interests		4
(Don't read out)		
Don't know/not established		5

Group B go to Q16

Q14. I'm going to read out a number of things people might do if they were unhappy about the actions of a company in which they had shares. Which, if any, of the following actions would you take – for instance would you (read out for each point):

	Take	Not take	DK
Talk to an investment adviser about it	1	2	3
Tell the company's directors or senior management	1	2	3
Protest at the annual general meeting	1	2	3
Sell your shares	1	2	3
Do something else (specify) 1			
or do nothing	1		
(Don't read out)			
Don't know/not established			

Q15. Generally, do you monitor the activities of the companies in which you have shares?

Always	1
Usually	2
Sometimes	3
Rarely	4
Never	5
(Don't read out)	
Don't know/not established	6

Ask all:

Q16. Have you heard of the term "ethical investment"?

Yes	1
No	2
(Don't read out)	
Don't know/not established	3

If Code 2 or 3, go to Q20.

If Code 1, go to Q17.

Q17. Which of these statements comes closer to your view:

I would be prepared to accept a lower dividend or share price in order to invest in an "ethical investment".	1
Or	
I would <u>not</u> be prepared to accept a lower dividend or share price in order to invest in an "ethical investment".	2
(Don't read out)	
Don't know/not established	3

Q18. Would you say that if you invest in a company which you consider is an ethical investment, it is likely to be:

More profitable than an investment in public companies generally	1
Less profitable than an investment in public companies generally	2
or	
About as profitable as investments in public companies generally	3
(Don't read out)	
Don't know/not established	4

Group B respondents in this sub-group skip to Q20.

Ask Group A respondents in this sub-group only:

Q19. Have you personally made an investment in a public company because it was an “ethical investment”?

Yes	1
No	2
(Don't read out)	
Don't know/not established	3

Ask all:

Q20. Do you agree or disagree with the following statements:

	Agree	Disagree	DK
I prefer to invest in Australian companies	1	2	3
Globalisation is inevitable and should be encouraged	1	2	3
I am interested in holding shares in foreign companies	1	2	3
I have traded shares on a foreign stock exchange	1	2	3

Q21. Some people favour, and some do not favour, foreign investment in Australia. Which of these statements comes closer to your view:

Foreign investment in Australia should be welcomed because it creates wealth and jobs, even though it may lead to some loss of control over Australian resources.

1

Or

Foreign investment in Australia should not be welcomed because it can mean the loss of control over Australian resources, even though it creates wealth and jobs.

2

(Don't read out)

Don't know/Not established 3

Group B respondents skip to Q26.

Group A respondents go to Q22.

Q22. Have you ever spoken at the annual general meeting of a company in which you hold shares?

Yes	1
No	2
(Don't read out)	
Don't know/not established	3

Q23. Would you use the internet to vote at a company's annual general meeting?

Yes	1
No	2
(Don't read out)	
Don't know/not established	3

Q24. Have you ever communicated directly with a company in which you own shares about the company's behaviour?

Yes	1
No	2
(Don't read out)	
Don't know/not established	3

Q25. Where do you get your best advice about shares:

From a stockbroker	1
From a financial adviser	2
From an accountant	3
From other personal contacts	4
From the media	5
Or	
Do you rely mainly on yourself	6
(Don't read out)	
Don't know/Not established	7

Ask all:

Q26. Please tell me the highest level of education you have completed:

Primary school	1
Partial secondary	2
Completed secondary school	3
TAFE or Adult education qualification	4
University qualification	5
(Don't read out)	
Don't know/not established	6

Q27. Would you please tell me how old you are? Are you:

18 to 24	1
25 to 39	2
40 to 54	3
55 or over	4
(Don't read out)	
Don't know/not established	5

Q28. Gender

Male	1
Female	2

Q29. Location

Sydney	1	Other NSW	2
Melbourne	3	Other Vic	4
Brisbane	5	Other Qld	6
Adelaide	7	Other SA	8
Perth	9	Other WA	10
Tasmania	11	NT	12
ACT	13		

C:\shareholder forum\final questionnaire