

## Submission to Productivity Commission.

### Preamble.

- 1.1. Companies with capital contributed by shareholders have a quasi- democratic governance.
- 1.2. They are democratic to the extent that shareholders have votes that they can exercise at General Meetings.
- 1.3. They are non-democratic in that the voting system is skewed towards the more powerful.
- 1.4. They are non-democratic in that shareholders do not have equal access to information nor is there free and open communication between companies and its shareholders or between the shareholders themselves.
- 1.5. They are non-democratic in that shareholders do not have a strong voice in determining company policy.

### Submission.

2. With this preamble we want to emphasis the lack of balance between institutional shareholders and ordinary shareholders such as ourselves.
3. Institutional shareholders are professional investors who have privileged access to information and can communicate more easily between each other and the companies involved as they share the business/commercial culture in which they do business with company directors and executives.
4. Furthermore, most of the investor institutions are superannuation or managed funds who invest on behalf of their members but these members rarely have a say in, or are even aware of, the voting decisions made on their behalf.
5. It is unclear to us if members of such institutions would agree with these decisions especially in the area of executive pay.

### Summary.

Ordinary shareholders and members of investment funds do not have an adequate method to communicate their opinions to Company Directors nor is their opinion, when communicated, acted on by such Board Members.

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