Diversity push stalling

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BOARDROOM

AUSTRALIA'S biggest companies are struggling to get even 30 per cent female representation on their boards, according to a progress report on boardroom diversity.

And a succession of high-profile companies still have no women in the boardroom at all, the report by the Australian Institute of Company Directors notes.

Construction heavyweight Cimic, travel agent Flight Centre, TPG Telecom and logistics group Qube are among those without women on the board.

Institute chair Elizabeth Proust said the latest quarterly report on gender diversity in the boardroom showed 25.4 per cent of directors across companies in the ASX 200 index were women at the end of August.

Highlighting the slow progress in the campaign to improve gender diversity in the boardroom, the proportion has barely climbed since the end of last year, when it was at 25.3 per cent.

Ms Proust said it was "astounding" there were still 11 companies with no women on their boards.

That number has decreased by two since May.

Ms Proust also noted there were 64 boards with only one female director.

This includes 10 companies where the lone female director has been there for more than three years and many men have been appointed to the board in the interim.

"One female director does not equal gender diversity," Ms Proust said. "The research shows that critical mass, that is 30 per cent, needs to be achieved in order to see the full benefits of diversity realised."

Numbers had "risen dramatically" after 2009, when only 8.3 per cent of directors were women, but progress had stalled in recent years, she said.

"Hopefully this report serves as wake-up call to directors, investors and shareholders across the ASX 200," Ms Proust said. "There's no doubt that this annual general meeting season we need action to achieve greater gender diversity on the boards of Australia's largest companies.

"The AICD will be watching this AGM season with great interest to see what percentage of board appointments are women."

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AGENCY TO REDUCE SPACE BETWEEN US

TECHNOLOGY

EXECUTIVES from major Chinese robotics and technology companies say Australia's new national space agency will provide excellent opportunities for co-operation between the two countries.

Following the federal government's confirmation yesterday that an Australian space agency would be created, Justin Gong, co-founder of drone maker Xaircraft, said China would jump at the chance to engage with an Australian space program.

"I see the opportunity," Mr Gong said. "Over the past decades we see this in business terms more so than military, because we have commercial motivations now rather than government just seeing nations competing."

An Australian division of Xaircraft, which sold drones to the agricultural industry, was already eyeing a potential listing on the Australian Securities Exchange, he said.

Bruce Ren, chief strategy officer at top Chinese robotics group UBTech, said an Australian space agency was "wonderful news". "China and Australia share an innovation outlook," he said. "We are in the same time zone and China has been investing heavily in space technology."

MARKET WRAP

THE share market ended a benign day of trade in barley positive territory yesterday after shedding earlier gains across energy, mining and banking.

The benchmark ASX 200 index closed up 1.6 points, or 0.03 per cent, at 5683.7 points. The broader All Ordinaries index was up 1.1 points, or 0.02 per cent, at 5741.7 points.

A weekend of global events failed to stir the bourse on a soft day of trade, Citi global markets director of equities sales Karen Jorritsma said.

Investors were unmoved by Sunday's German election, ongoing US-North Korea tensions and the falling price of iron ore, Ms Jorritsma said.

The Commonwealth Bank was among those leading the market declines yesterday following its decision at the weekend to scrap $2 ATM withdrawal fees for customers of other banks — a move quickly copied by other lenders.

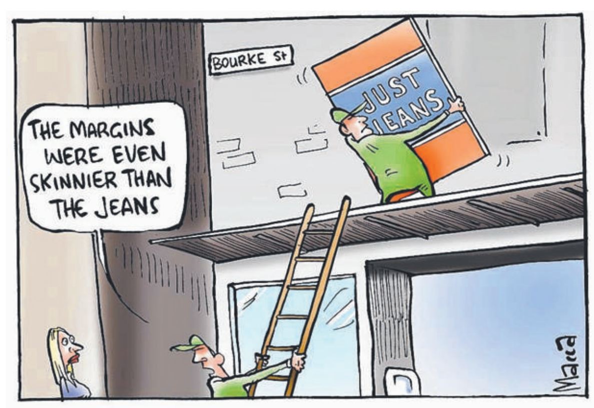
Shares in the **CBA** were down 1.1 per cent at $75.81, and **NAB** was flat at $31.28.

Westpac ended a strong day 0.7 per cent up at $31.86 and ANZ closed 0.2 per cent higher at $30.00.

The domestic energy sector was up 0.4 per cent at midday, but closed virtually flat, with **Woodside** down 0.2 per cent at $29.14.

Solomon Lew's **Premier Investments** closed down 2.6 per cent at $13.40 after announcing it was closing its Just Jeans and Portmans stores in Bourke St Mall due to "unrealistic rent" demands from landlords.

Myer closed 0.7 per cent higher at 72c as investors shrugged off criticism from Mr Lew — a major investor in the department store chain.



DOLLARS & SENSE by MACCA

Tightrope act to balance the conflicts of competition

THE SHORT CUT

with ANDREW MACKEN

DO YOU believe in economic policies that help consumers?

Or what about policies that help business owners? Or policies that help employees? Why not help everyone?

The problem is, no matter how good your intentions are, you simply cannot. In many cases, what is good for one group of people is bad for others.

In the 1700s, a Scottish man by the name of Adam Smith identified exactly this conflict. He knew that each of these three groups sought to gain from the losses of others.

He also realised that if businesses were forced to compete, then the benefits of this competition would accrue to consumers. He called the force that guided this dynamic the "invisible hand" and gave birth to a new idea called capitalism.

For business owners in a capitalistic society, this meant there were only two ways to generate economic profit: one, use resources more efficiently than the competition; or two, influence the state to effect policy to reduce competition.

Fast-forward 300 years and these remain the basic options that continue to face management teams of businesses all around the world. Compete as fiercely as possible — but only if one needs to compete at all. The greatest economic profits will be captured by owners of businesses that are protected from competition. And generations of MBA graduates who are now running the world's largest businesses have been taught exactly this.

The *Financial Times'* Robin Harding recently penned an article titled: "How Warren Buffett broke American capitalism." In it, Harding shone a light on the "dark side" of Buffettism, which is "to avoid competition and minimise capital investment in the economy". The very concept of an economic moat relates to the extent to which a business need not compete. A business that can raise prices sustainably is a high-quality business — precisely because competition will not force prices back down.

For business owners, or shareholders, competition is anathema. For consumers, competition is the force that keeps prices cheap. Which brings us to Amazon.

Amazon's enormous scale and sophisticated use of data renders the challenges of many competing businesses near-futile.

It is one of the greatest competitive forces the world has ever seen. Some owners of competing businesses have even called for the state to regulate Amazon. Adam Smith predicted that business owners would seek protection from the state to reduce competition. This is good for business owners, yet bad for consumers.

Amazon's tidal wave of competition, while bad for business owners, is great for consumers. Prices are pushed down, meaning consumers can afford more goods and services. This is precisely the result that capitalism was intended to achieve.

Now here's the rub: most people fall into two or three of Smith's categories. All are consumers, while many are employees and also own shares in businesses. So is competition good or bad? If you do not consume much but own a lot of businesses, then you shun competition at all costs.

If you only consume but are not employed and do not own shares, then competition is great. But then how do you generate your income to consume?

What is good for one group is bad for others. And when many fall into more than one group at the same time, balancing the trade-offs of competition is no trivial task for policymakers.

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