

The emergence of online voting in Australia

By **Greg Dooley**, Managing Director, Computershare Investor Services

Having been largely ignored by Australian shareholders and issuers for a number of years, online voting has recently begun to emerge as an essential element of the voting process for many company meetings.

First introduced to Australian shareholders following CLERP 9 legislative changes in 2004, online proxy voting allows for more dynamic interaction between issuers and shareholders, and provides a more sophisticated avenue for companies to garner important retail shareholder votes. It can also help to reduce the cost and time of printing and processing paper-based forms, lessen the risk of votes being lost or processed incorrectly and contribute to improving a company's environmental image by reducing paper waste.

For shareholders, online voting is a faster and more convenient method of exercising their voting rights, which they can do in their own time and from the comfort of their homes or offices.

Australians and the web — surfing, but not voting

As a country that has embraced so many online

services — including internet broking, banking and electronic communications — it is surprising that online voting has not been widely adopted by Australian shareholders.

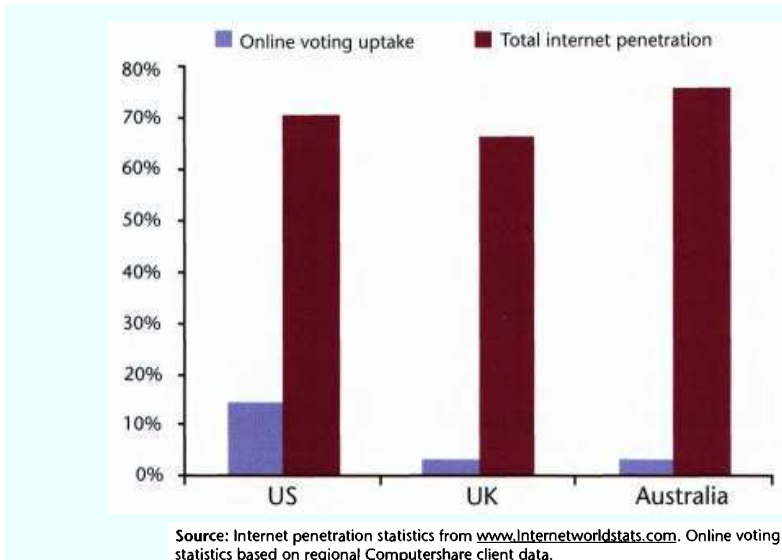
According to recent findings, Australians are among the most frequent users of the internet in the world, with 75.9 per cent of the Australian population now online (a 44 per cent increase since 2000), compared to 66.4 per cent in the UK and 71.1 per cent in North America. In fact, Australians generally spend more time surfing the web each week than they do watching television.

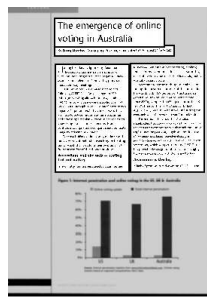
Furthermore, the amount of Australian shareholders that now use email and the internet as their preferred communication channels has almost tripled over the past year, largely as a result of the *Corporations Legislation Amendment (Simpler Regulatory System) Act 2007* (the *Simpler Regulatory System Act*) which was passed in June 2007. This has proved to be a significant catalyst to changing the way issuers engage with their shareholders.

Awareness is the key

A lack of promotion and awareness has been the

Figure 1: Internet penetration and online voting in the US, UK & Australia





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major cause of the poor uptake figures in Australia so far. The online voting instructions on Australian proxy forms have not been prominently positioned within the document, and have therefore gone largely unnoticed by the majority of shareholders when reading and completing the form. In contrast, the instructions on North American proxy forms have been placed clearly at the top of the document, therefore resulting in a noticeably higher online voting uptake in that market.

To ensure optimal uptake of online voting, shareholders need to be not only made more aware of the availability of online voting, but also be completely comfortable with the process — including its usability, security and reliability. The convenience of voting online, together with the obvious company benefits — such as reducing printing and processing costs and lessening the company's environmental impact — should be welcomed by shareholders, and viewed as a positive step in shareholder engagement.

Encouraging electronic communications uptake

Computershare's experience in North America suggests that the majority of shareholders who choose to vote online will also opt for the

convenience of full electronic communications.

Therefore, by integrating electronic communications consent as part of the online voting process, issuers have an additional opportunity to direct shareholders towards receiving their company communications electronically, and as a result, achieve further reductions in fulfilment costs while minimising their impacts on the environment.

The future

Given Australia's increasingly internet savvy population, the uptake of online voting is expected to increase substantially for the 2008 Australian proxy voting season and beyond. Therefore, issuers that haven't yet embraced online voting have the perfect opportunity to incorporate it as part of voting at their upcoming annual general meetings, and ensure their shareholders are given multiple avenues to participate in the governance of their companies.

For information or advice on implementing an online voting solution for this proxy voting season, please contact Greg Dooley, Managing Director, Computershare Investor Services on (02) 8234 5000 or at greg.dooley@computershare.com.au. ●