



2015

DIRECTOR SENTIMENT INDEX: RESEARCH FINDINGS SECOND HALF 2015

Delivered by Ipsos MediaCT – October 2015

Director Sentiment Index

Table of Contents

2

03–93

03	Sample profile
04	Director Sentiment Index
07	Executive Summary
13	<i>Additional questions for 2nd half 2015</i>
16	<i>Economic outlook and challenges</i>
21	<i>Business Forecast</i>
31	<i>Government Policy and Priorities</i>
44	<i>Government Policy: Performance & Business understanding</i>
49	<i>Key issues for directors and boards</i>
60	APPENDIX: Summary of key indicators

Second Half 2015 sample profile

A random sample was sourced from the Australian Institute of Company Directors' member database.

Fieldwork period: 6 October – 18 November 2015

Total respondents 521

No. of current directorships	%	
1	33	(30)
2	27	(30)
3 or more	39	(39)
Prefer not to say	1	(1)
Positions held on board(s)		
Executive Director	41	(45)
Non-Executive Director	65	(67)
Chairman	33	(30)
Other	6	(8)
Prefer not to say	2	(1)
Primary directorship company		
Publicly listed Australian entity	14	(13)
Private/non-listed Australian entity	49	(50)
Not-for profit entity	31	(31)
Overseas entity	1	(5)
Prefer not to say	5	(1)
Age		
18-34 years	2	(n/a)
35-44 years	7	(n/a)
45-54 years	30	(n/a)
55-64 years	42	(n/a)
65-74 years	18	(n/a)
75 years or over	2	(n/a)

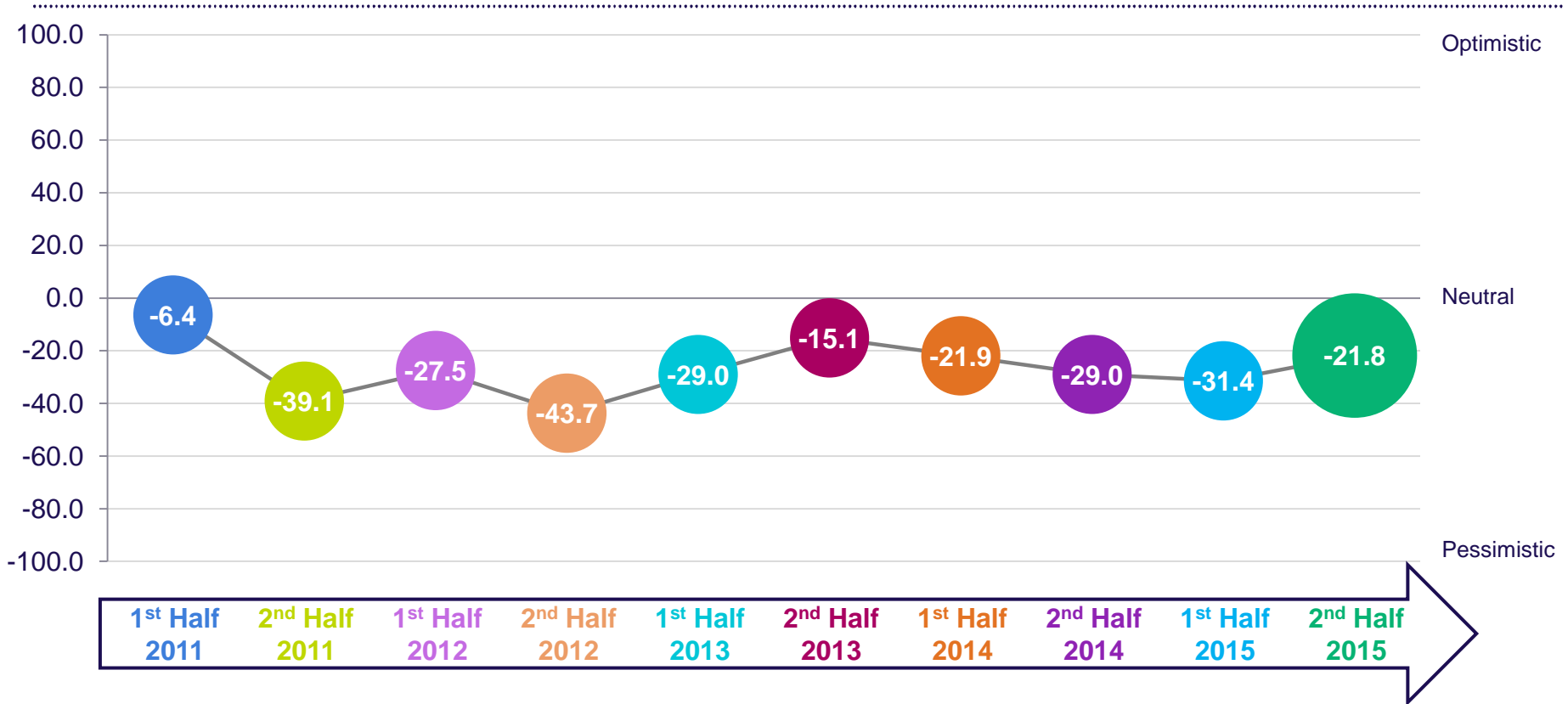
Primary directorship business sector(s)	%	
Health and Community Services	22	(23)
Property and Business Services	17	(11)
Finance and Insurance	16	(17)
Personal and Other Services	10	(7)
Mining	9	(10)
Education	7	(9)
Manufacturing	7	(6)
Agriculture, Forestry and Fishing	6	(7)
Government Administration and Defence	6	(5)
Construction	5	(7)
Energy	5	(6)
Retail Trade	4	(5)
Transport and Storage	3	(5)
Communication Services	3	(4)
Wholesale Trade	3	(4)
Accommodation, Cafes and Restaurants	2	(4)
Cultural and Entertainment industry	2	(4)
Gender		
Male	80	(80)
Female	20	(20)

Director Sentiment Index

Overall Director Sentiment Index

5

The overall sentiment in the 2nd Half of 2015 is up 9.6 points on the last survey, reversing the downward trend evident since the 2nd Half of 2013.



Kevin Rudd
takes over as
PM (May)

Tony
Abbott-led
coalition wins
federal
election
(Sep)

Federal gov't
school
funding
backflip (Dec)

Crisis in
Ukraine (Feb)

Free Trade
Agreements
with
Japan/South
Korea (Apr)

Coalition gov't
announces first
budget (Jun)

Carbon tax
legislation
scrapped (Jul)

Australia joins
US-led coalition
to fight in Iraq
(Sep)

Leadership
spill (Feb)

RBA official
cash interest
rate
reduced
(Feb)

Oil and iron
ore prices
falling rapidly

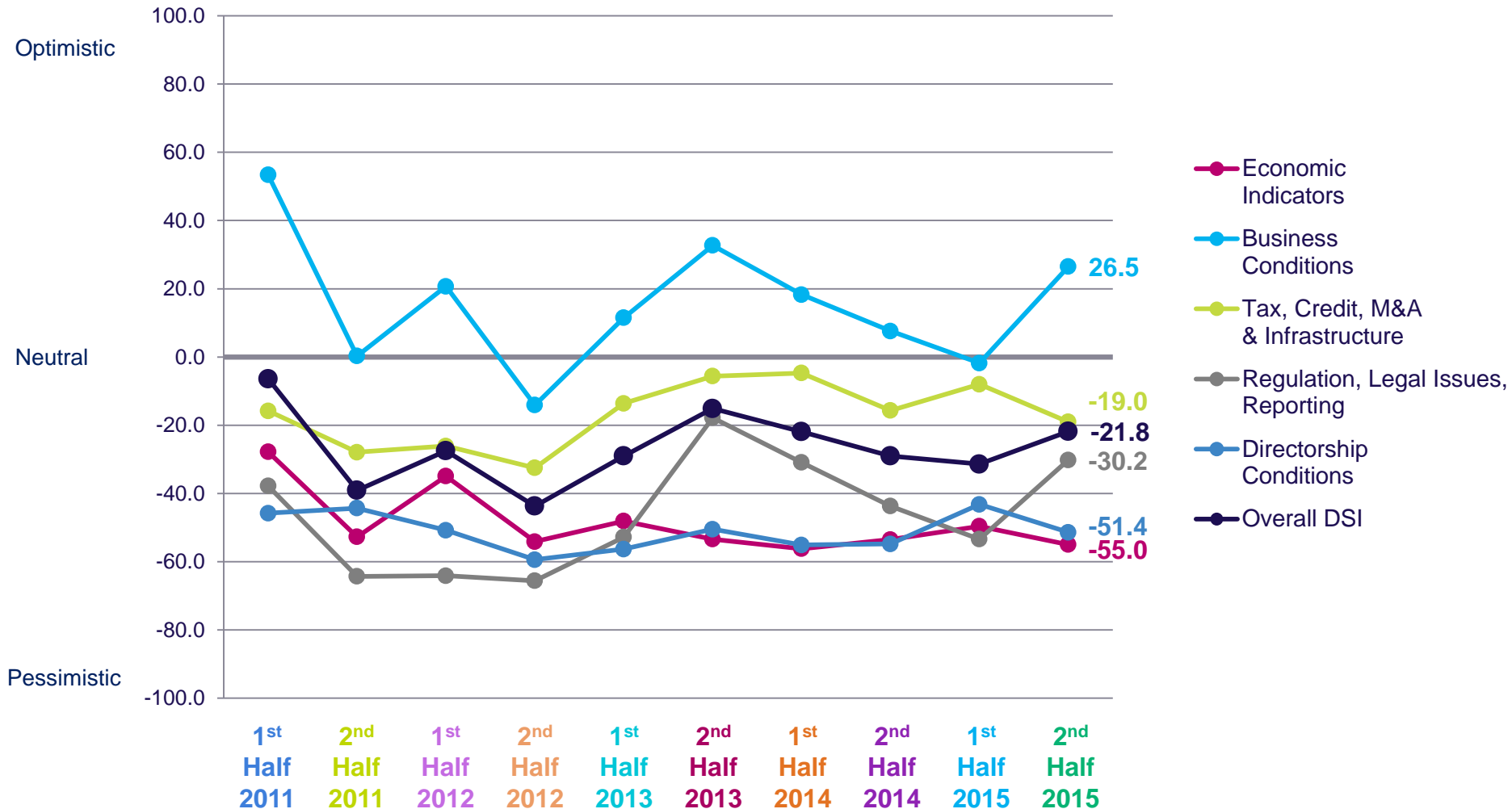
RBA official cash
interest rate
reduced to record
low (May)

Chinese Stock
Market Crash
(Jun-Aug)

Malcolm Turnbull
takes over as PM
(Oct)

Overall Director Sentiment Index by component

While sentiment has declined across Economic Indicators, Tax, Credit, M&A & Infrastructure, as well as on Directorship Conditions, sentiment has become more optimistic for Business Conditions and Regulation, resulting in a strong overall increase in the DSI from the 1st Half 2015 survey.



Executive Summary

Executive Summary

Economic & Market Outlook

Current priorities for Malcolm Turnbull's government

- Directors are of the opinion that infrastructure and transport and a reform of the taxation system should be the main priorities for new Prime Minister Malcolm Turnbull and his government in the next 3-6 months, and the key priorities to encourage innovation and growth in Australia's transitioning economy.

Health of economies

- Directors have become more optimistic about the future health of the Australian economy, however half still remain pessimistic. Sentiment regarding the US and Asian economies has declined since the 1st Half 2015, while the European economy continues to be regarded very pessimistically.

Economic indicators

- In line with the improved but still pessimistic outlook for the Australian economy, a majority still expect the exchange rate to decline in the coming 12 months, nearly half of directors expect the unemployment rate to increase.

Economic challenges

- Global uncertainty and low productivity growth continue to be the key economic challenges facing Australian business, while the ineffective taxation system has become third most important.

Executive Summary

Business Forecast

Business growth

- About 35 per cent of directors claim the growth of their business has weakened in the last six months while expectations for growth in the coming year are increasingly optimistic.

Changes in business

- Directors increasingly expect the level of business exports and outsourcing to increase in the coming year while the expectations of investment and staffing levels remain stable.

Profits

- Directors are slightly optimistic about future profits for their primary business. Around 35 per cent expect their 1st Half 2016 profits to be higher than the current 6 months and their budget forecast.

Business outlook

- Directors' optimism regarding the general business outlook and the business outlook for their sector reached the highest levels since 1st Half 2014.

Executive Summary

Government Policy

Taxation

- A growing majority of company directors perceive the level of personal tax as too high. The sentiment around corporate tax remains less pessimistic in comparison to personal tax.
- GST remains the top priority for tax reform, with 82 per cent wanting changes to the current rate and/or base.

Regulation

- Directors have become more optimistic regarding the current level of 'red-tape' with almost 35 per cent perceiving a decrease in the last 12 months and almost 25% expecting a further decrease in the next 12 months.

Industrial Relations

- 53 per cent of directors think the Federal Government should pursue industrial relations reform in the next term of government.
- The key priorities for industrial relations reform are workplace flexibility and penalty rates.

Executive Summary

Government Policy (cont.)

Performance & Business Understanding

- Directors have become less pessimistic about the current Federal Government's effect on their business decision-making and consumer confidence.
- Directors have become more optimistic about the Federal Government's understanding of business, with almost half agreeing that the current Federal Government understands business.

Director liability

- Over 60 per cent of directors perceive governance regulations as onerous.
- Almost 75 per cent of directors agree that there is a risk-averse decision-making culture on Australian boards, with 85 per cent agreeing that the risk of personal liability caused them to take an overly cautious approach to business decision making in the past.

Board diversity

- Almost 70 per cent of directors state that their business is actively seeking to increase board diversity in terms of skills, while almost half believe their business is actively trying to increase gender diversity.

Additional questions for 2nd half 2015

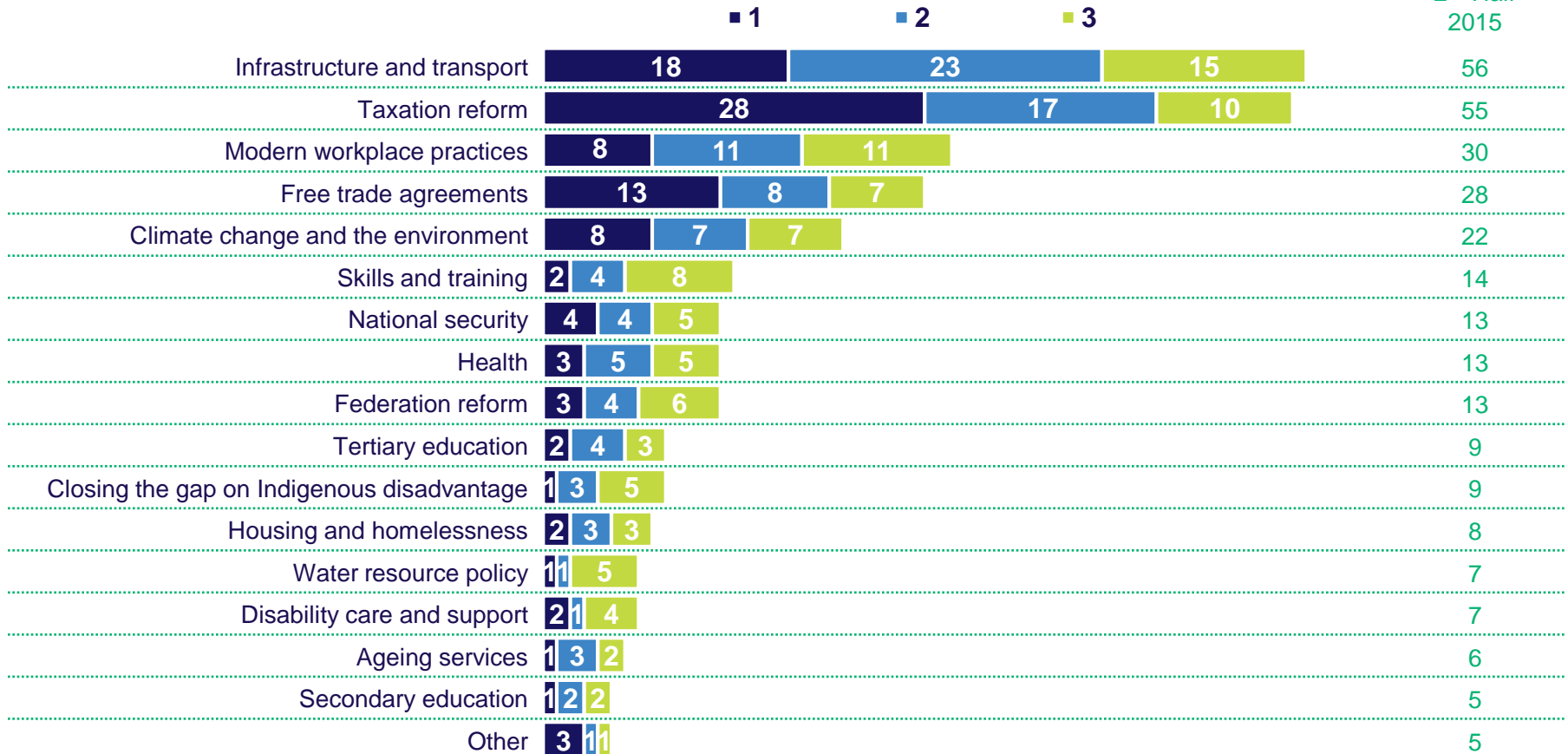
Main priorities for new Prime Minister (Top 3)

13

Directors rate infrastructure/transport and taxation reform as the main priorities for new Prime Minister Malcolm Turnbull and his government for the next 3-6 months, followed by modern workplace practices and free trade agreements

What should be the priorities for new Prime Minister Malcolm Turnbull and his Government in the next 3-6 months? (%)

Total

2nd Half
2015

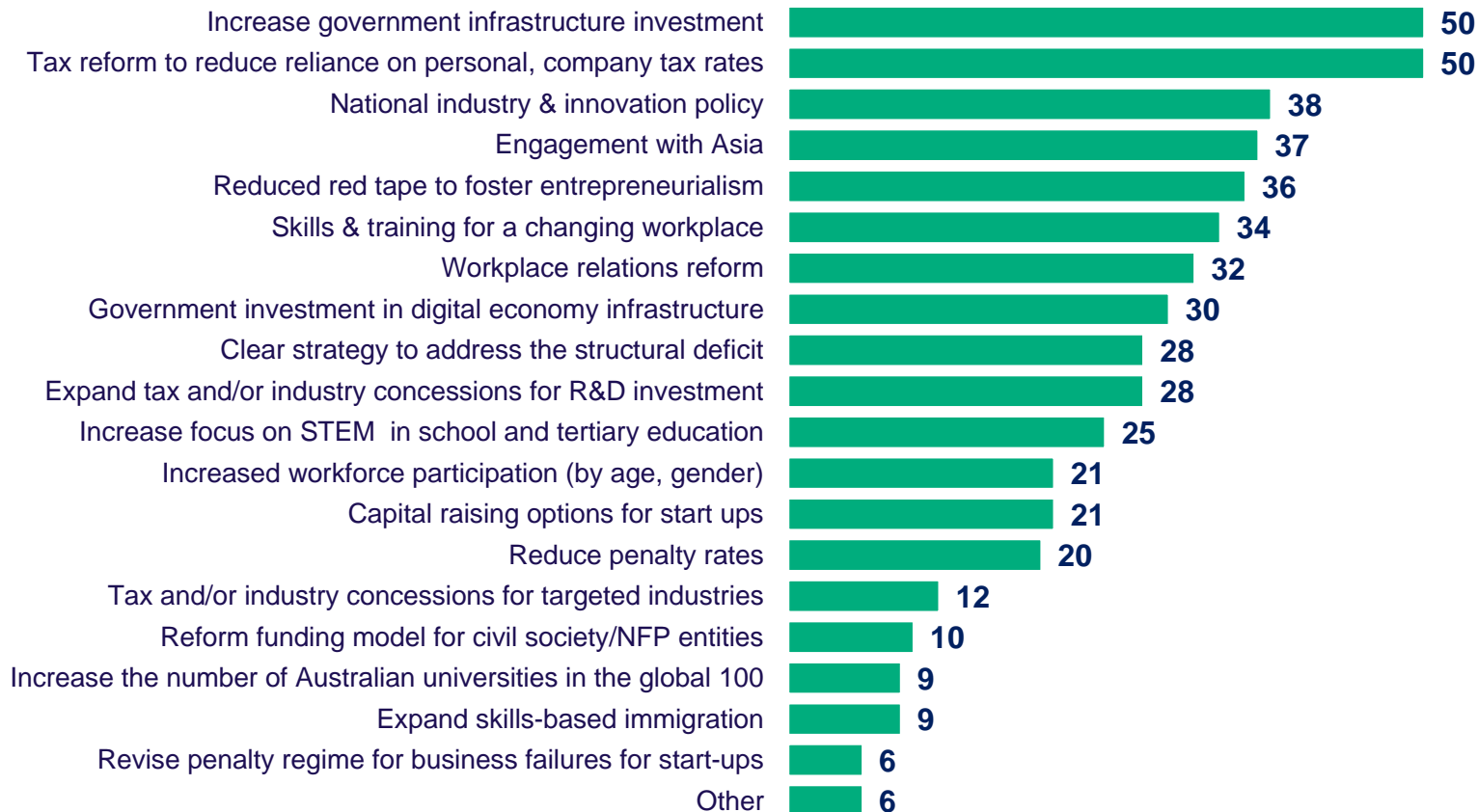
Note: New question asked in 2nd Half 2015

Main priorities for Australia's transitioning economy (Top 5)

14

Increasing government infrastructure investment and tax reform to reduce reliance on personal and company tax rates are seen as the main priorities to encourage innovation and growth in Australia's transitioning economy.

What are the top 5 priorities to encourage innovation and growth in Australia's transitioning economy? (%)



Note: New question asked in 2nd Half 2015

7: In your opinion, what are the top 5 priorities, to encourage innovation and growth in Australia's transitioning economy? (Select 5 answers only)

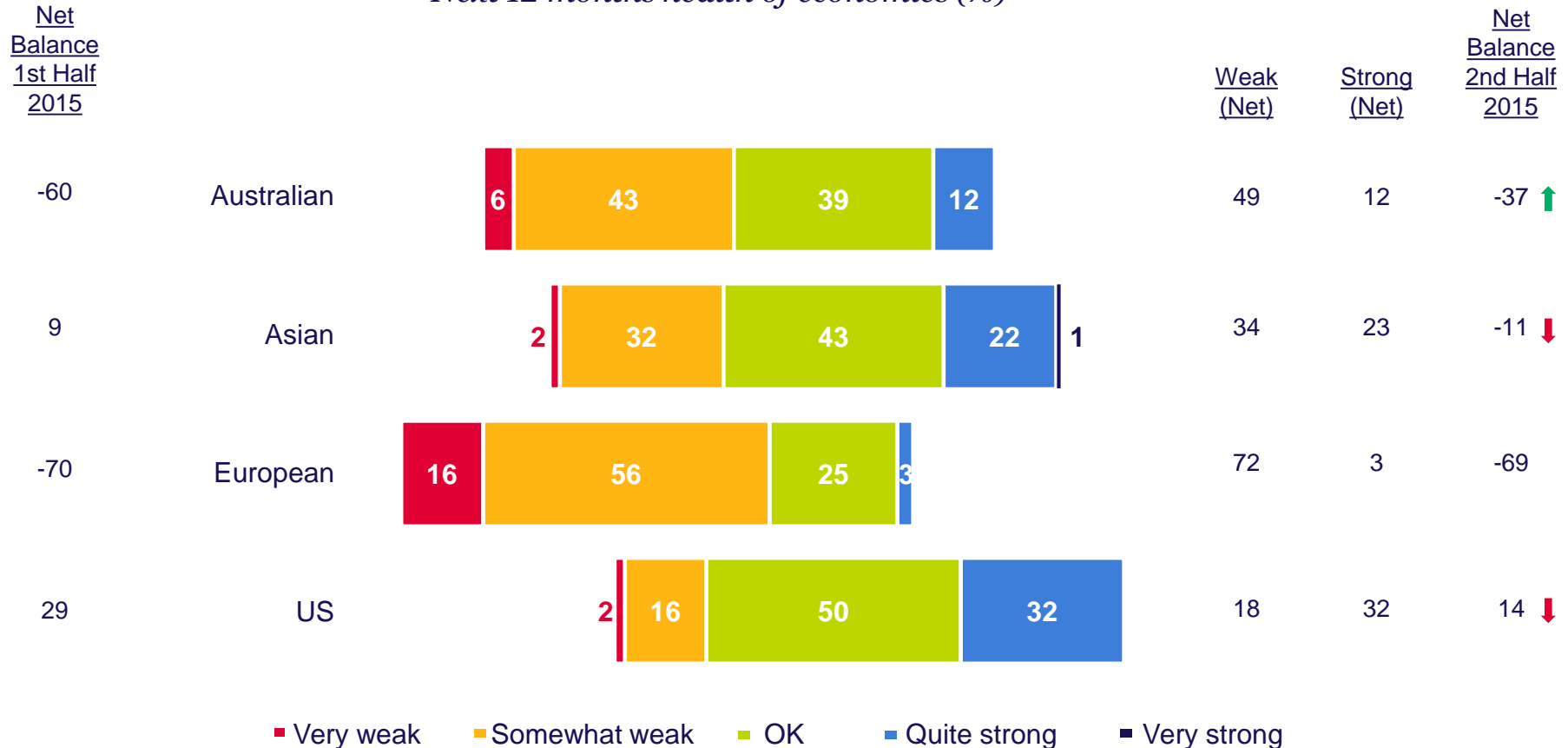
Base: All respondents n=521

Economic outlook and challenges

Next 12 months health of economies: summary

The US economy is expected to be strong over the next 12 months, while the Australian, Asian and European economies are foreseen to be weak. While sentiment regarding the strength of the Asian and US economies has weakened, the Australian economy is seen as more optimistic compared to the 1st Half 2015.

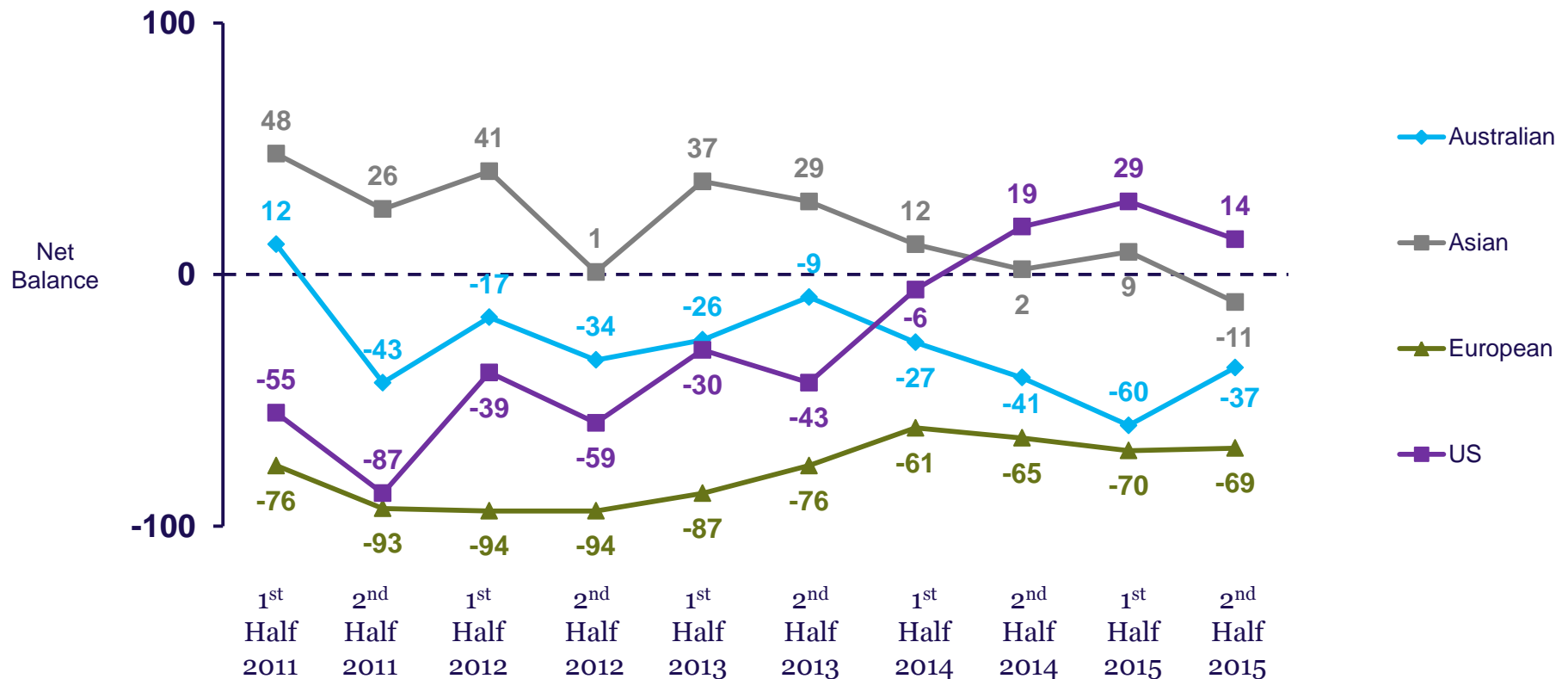
Next 12 months health of economies (%)



Next 12 months health of economies – semi-annual trend

After 3 semi-annual decreases in expectations for the Australian economy, the trend has turned around this wave with a more positive view than in the 1st Half 2015. The expectations for the US and Asian economies are more pessimistic than in the 1st Half 2015, while the European economy continues to be regarded very pessimistically.

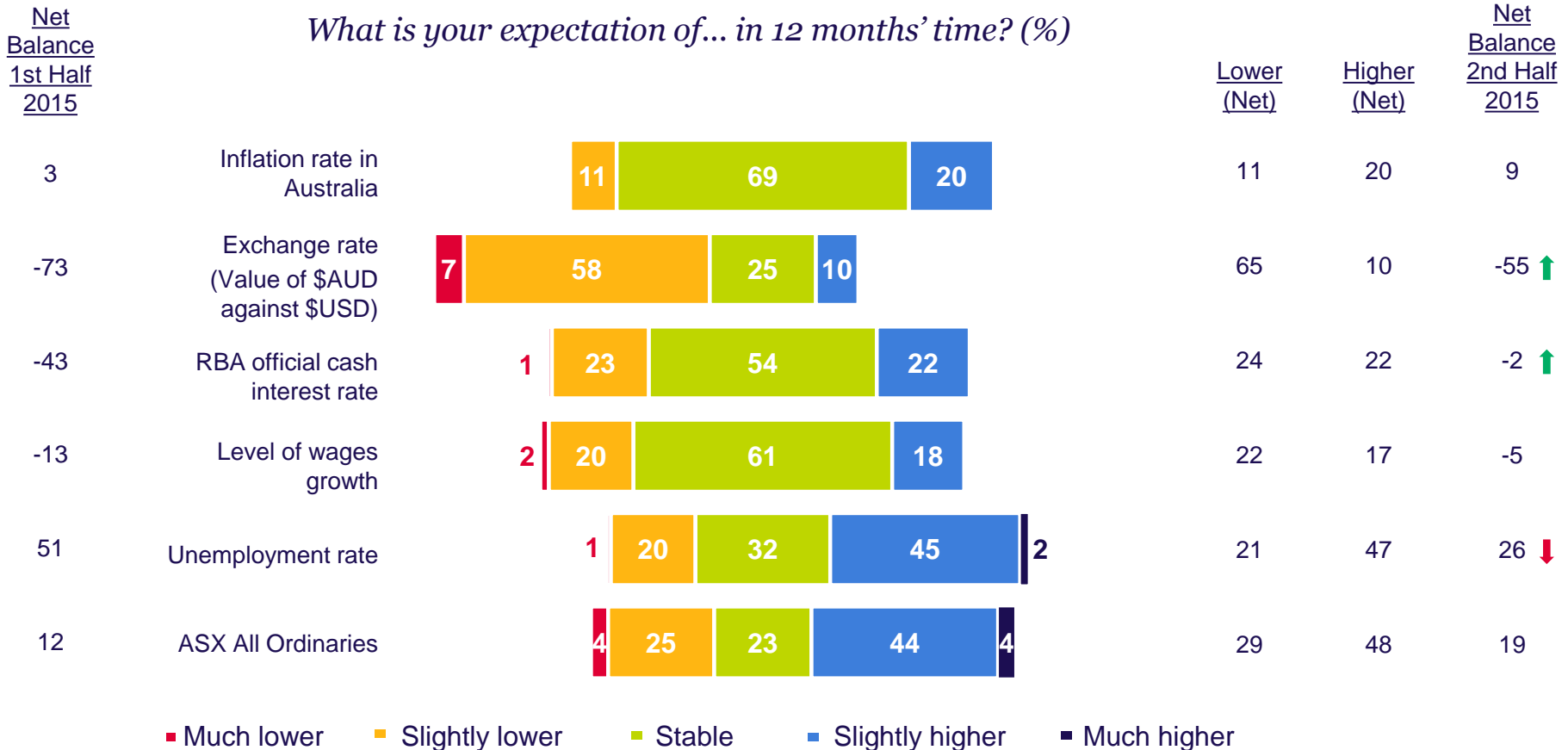
Next 12 months health of economies – semi-annual trend (net balance)



Economic indicators (Australia) – expectation in next 12 months

18

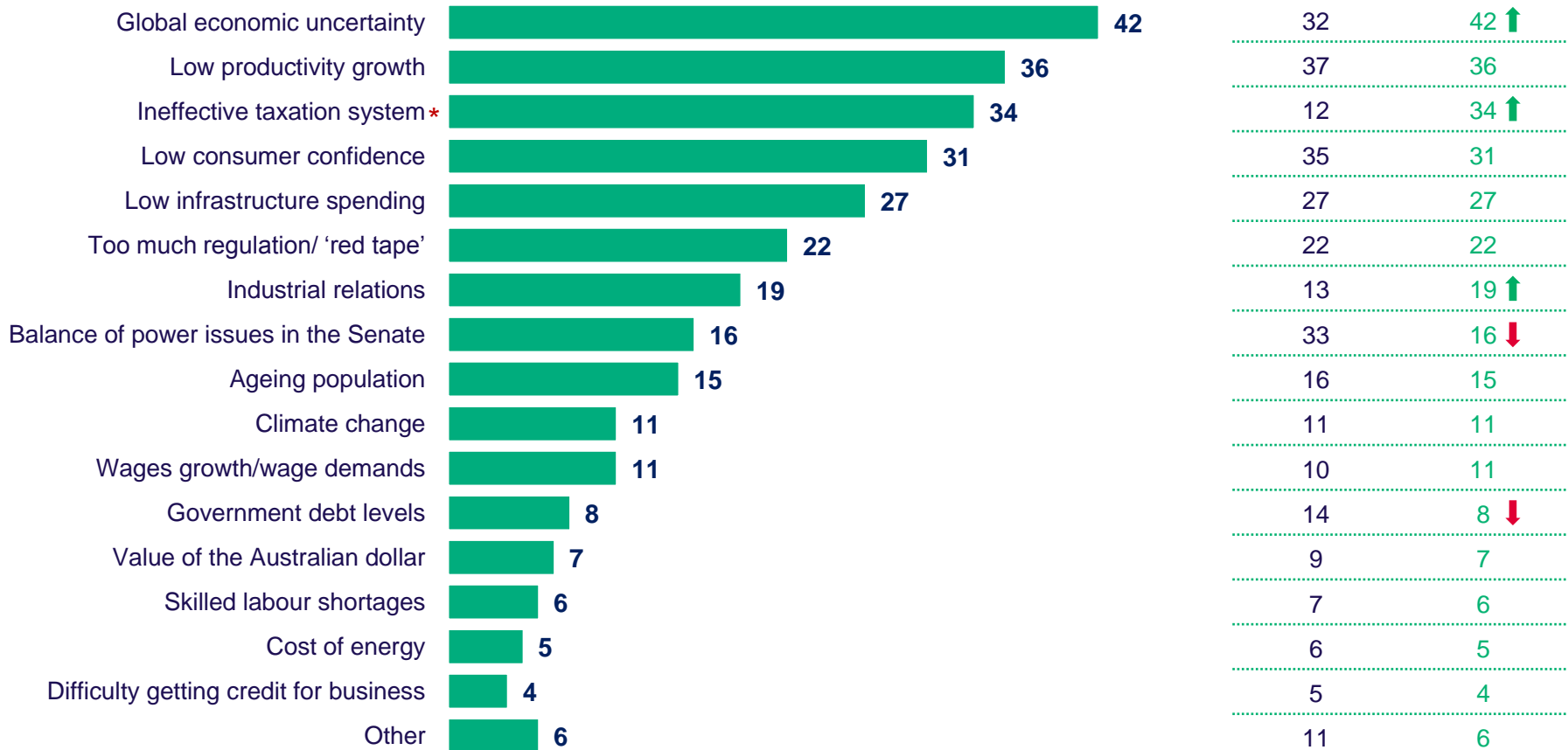
Although less pessimistic than in 1st Half 2015, 65 per cent of directors expect the value of the Australian dollar to decline further, almost 25 per cent expect the RBA to decrease the official cash rate further, and over 45 per cent expect the unemployment rate to rise. Expectations for wages growth and the inflation rate are stable in comparison to 1st Half 2015.



Main current economic challenges (Top 3)

Directors now view global economic uncertainty as the biggest economic challenge facing Australian business, followed by low productivity growth and the ineffective taxation system.

What are the 3 main economic challenges currently facing Australian business? (%)



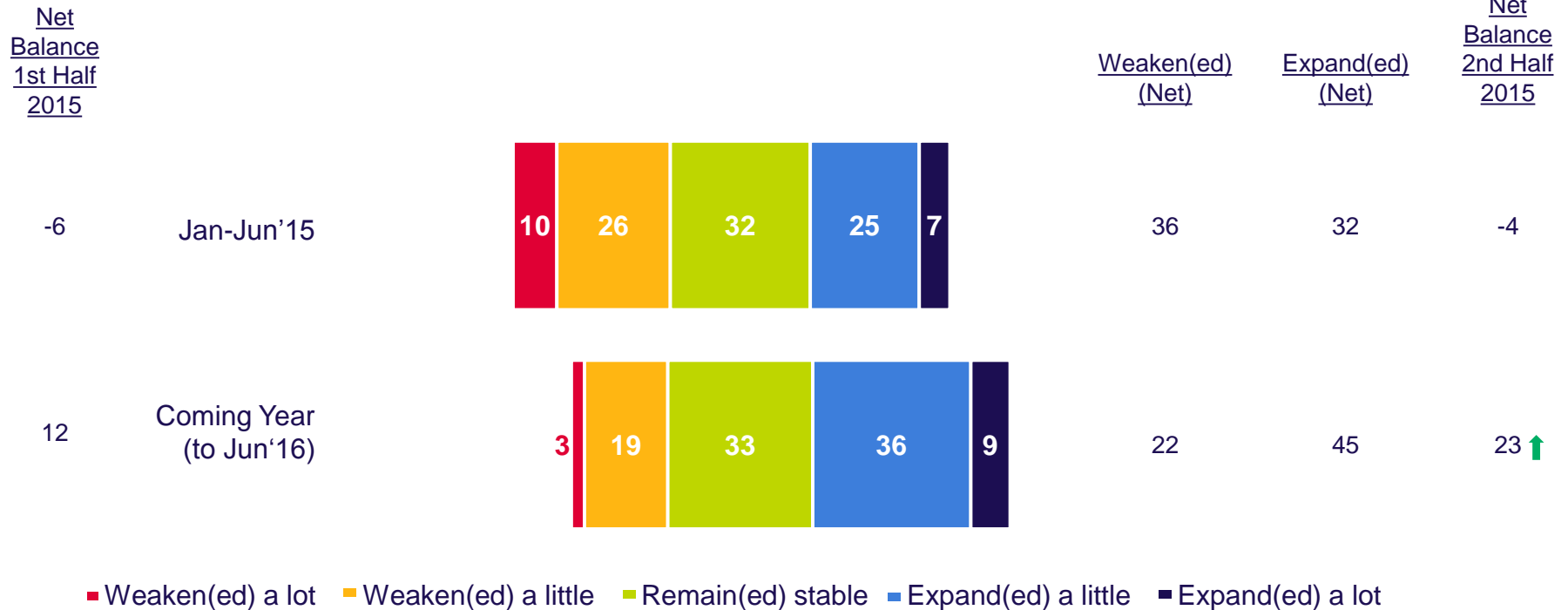
Business forecast

Growth of the business (primary directorship company)

21

In line with the previous survey results, directors were generally neutral regarding business growth between January and June 2015. Future projections are more optimistic, with 45 per cent of directors expecting growth in the coming year.

Growth of the business – past and future (%)

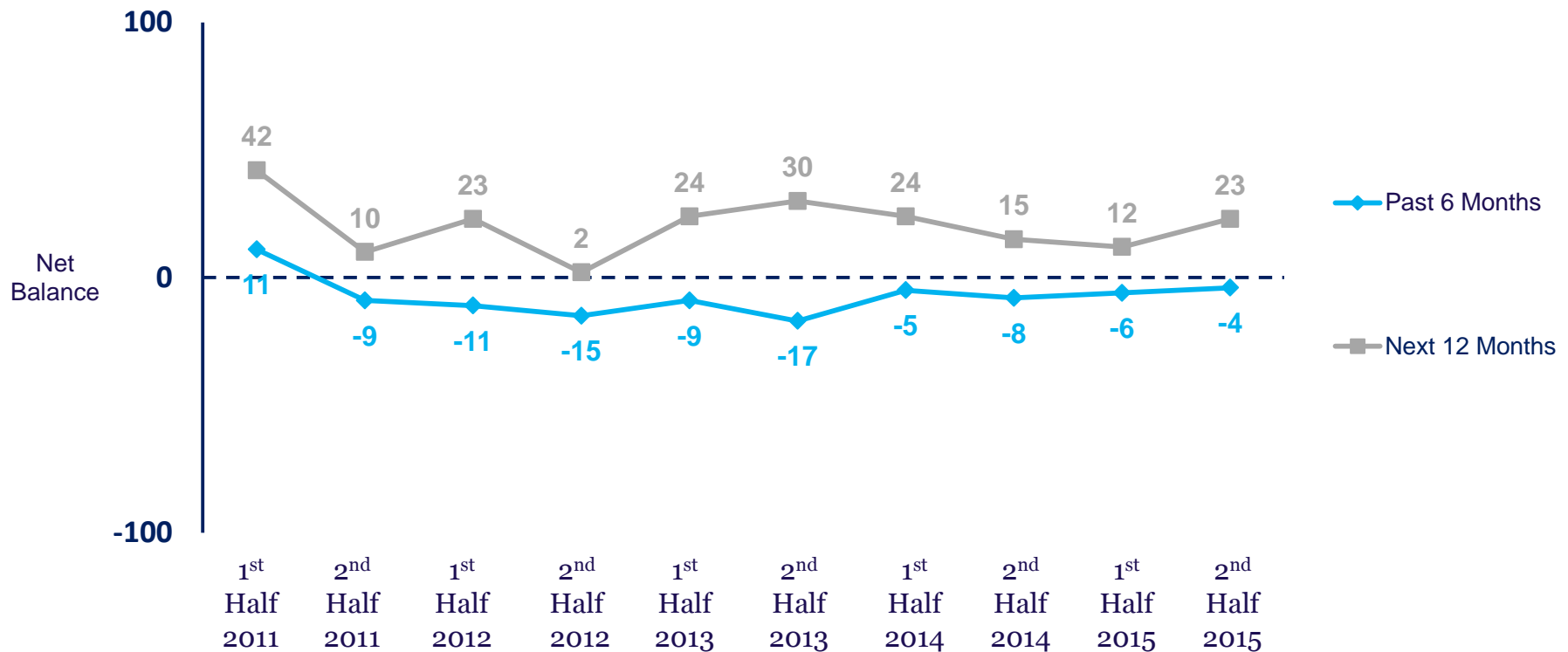


Past and future growth of business – semi-annual trend

22

Since the 2nd Half of 2011, directors have consistently reported that their business contracted over the six months leading up to each survey. Directors have remained optimistic, however, about the future growth of their business, with increased optimism in the 2nd Half 2015.

Growth of business (past 6 months and next 12 months) – semi-annual trend (net balance)

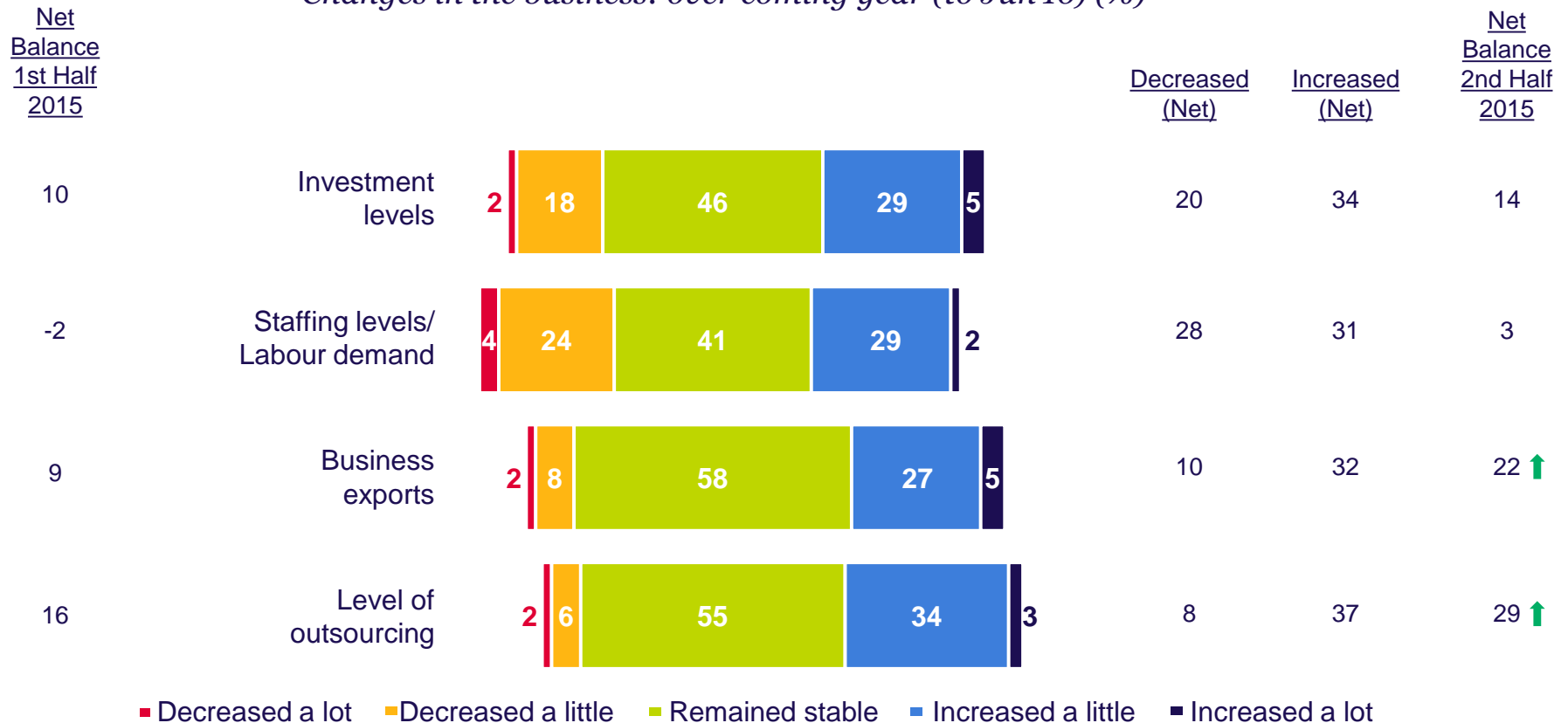


Changes in the business – coming year (to June'16)

23

Directors are more optimistic about the level of exports and outsourcing in the next 12 months. Expectations of investment levels and staffing levels/labour demand are stable.

Changes in the business: over coming year (to Jun'16) (%)

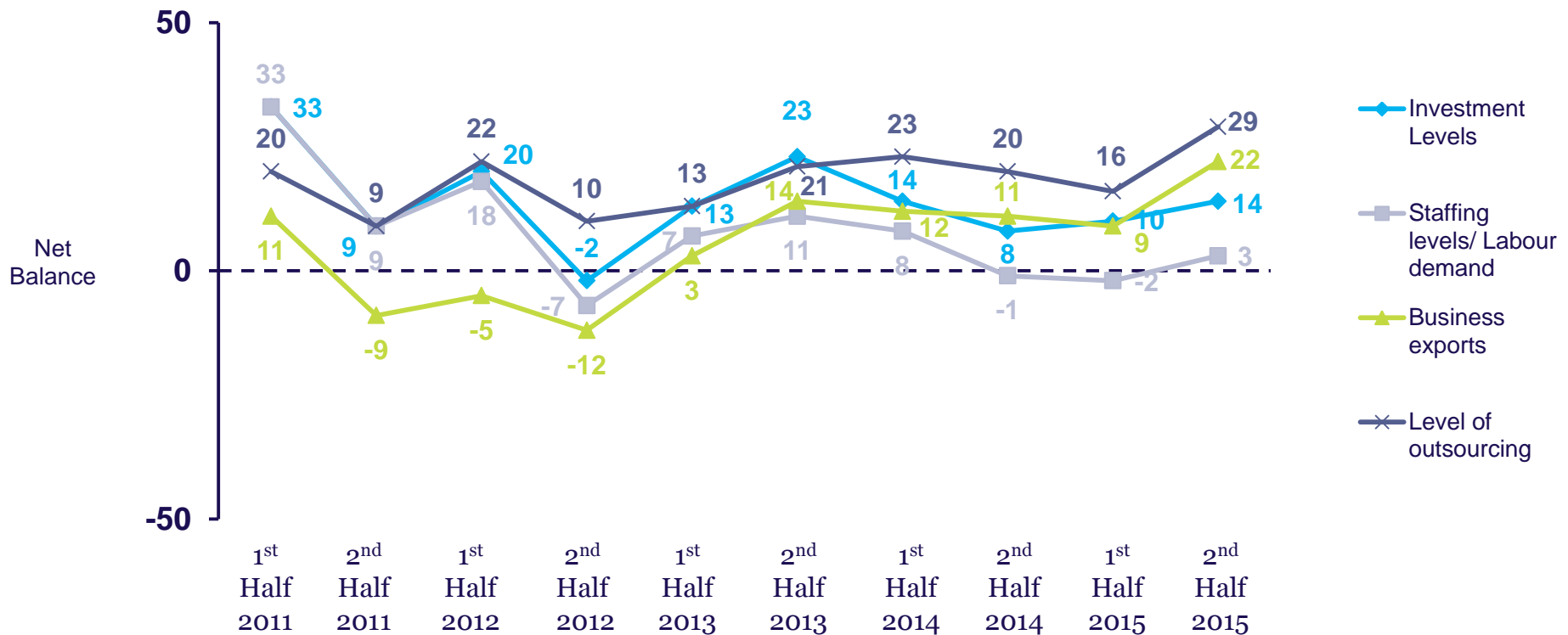


Changes in the business: over coming year – semi-annual trend

24

Directors' expectations around outsourcing and business exports have increased to all time highs, while sentiment around investment levels and staffing levels/labour demand have remained stable since 1st Half 2015.

Changes in the business: over coming year – semi-annual trend (net balance)

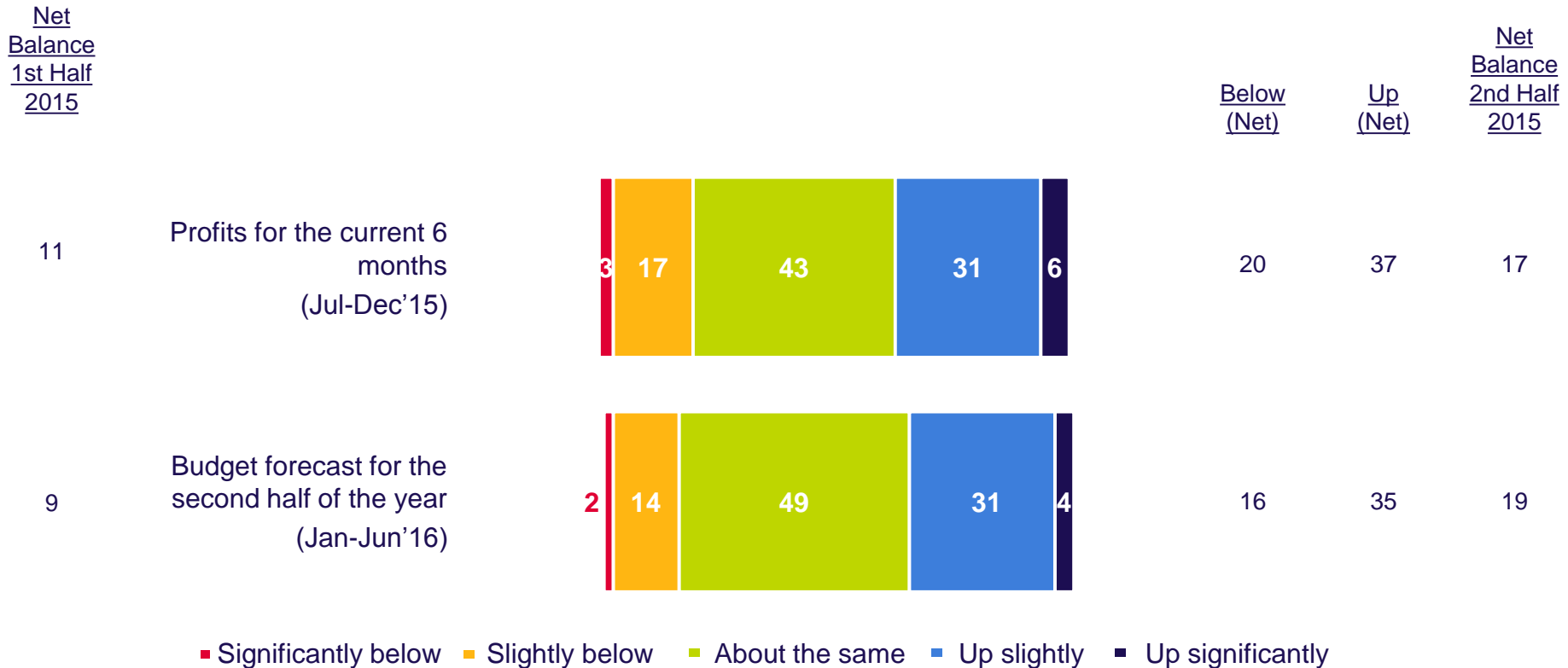


Profits for second half of year compared to...

25

Expectations of profits for the 2nd Half of the year to June 2016 are in line with the 1st Half 2015, with over 35 per cent of directors still expecting an increase in profits for the second half of the year compared to the current six months.

Expected profits for the second half of this year (Jan–Jun 2016) compared to... (%)

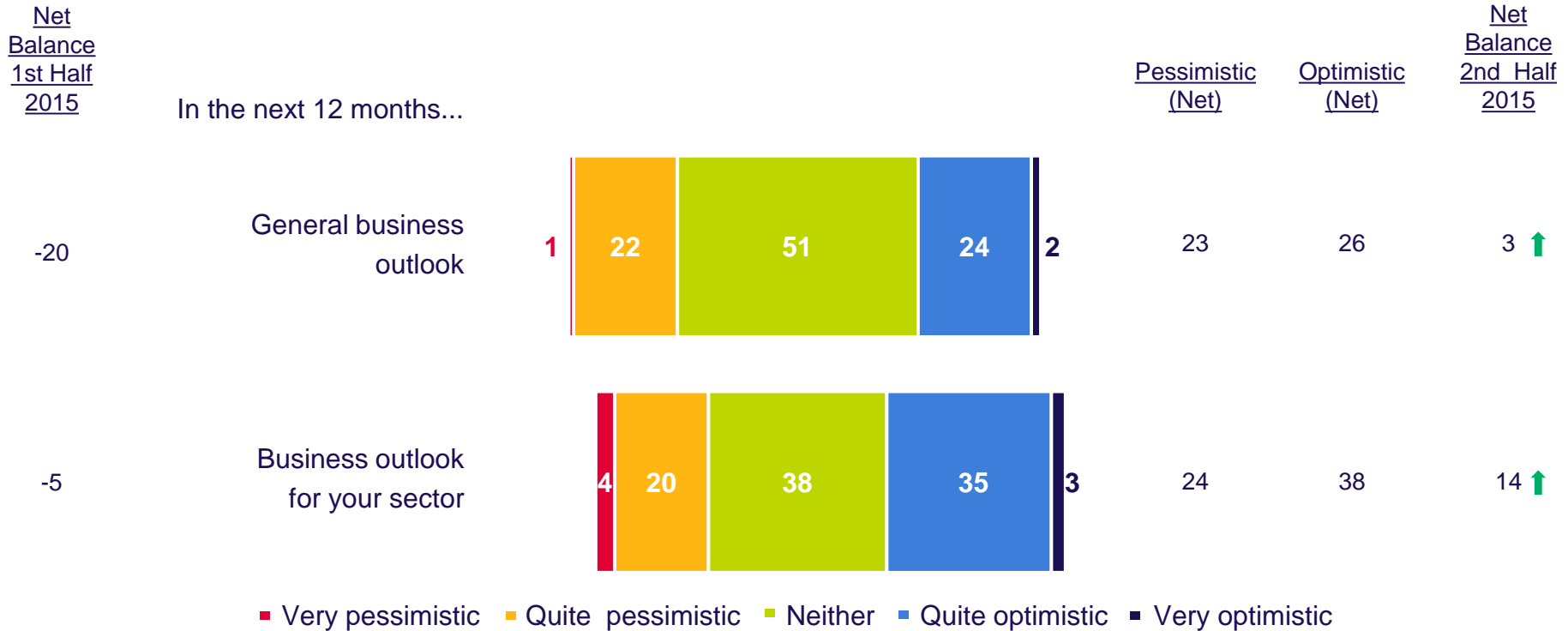


Confidence in business outlook – next 12 months

26

Directors have become more optimistic about the general business outlook compared to the 1st Half 2015, with a similar proportion of directors indicating they are pessimistic and optimistic about the general business outlook, and almost 40 per cent indicating they are optimistic regarding the outlook for their sector.

Confidence in business outlook – general and sector – next 12 months (%)



Confidence in business outlook: next 12 months – semi-annual trend

27

Directors' optimism regarding the general business outlook and the business outlook for their sector reached the highest levels since 1st Half 2014.

Confidence in business outlook: next 12 months – semi-annual trend (net balance)

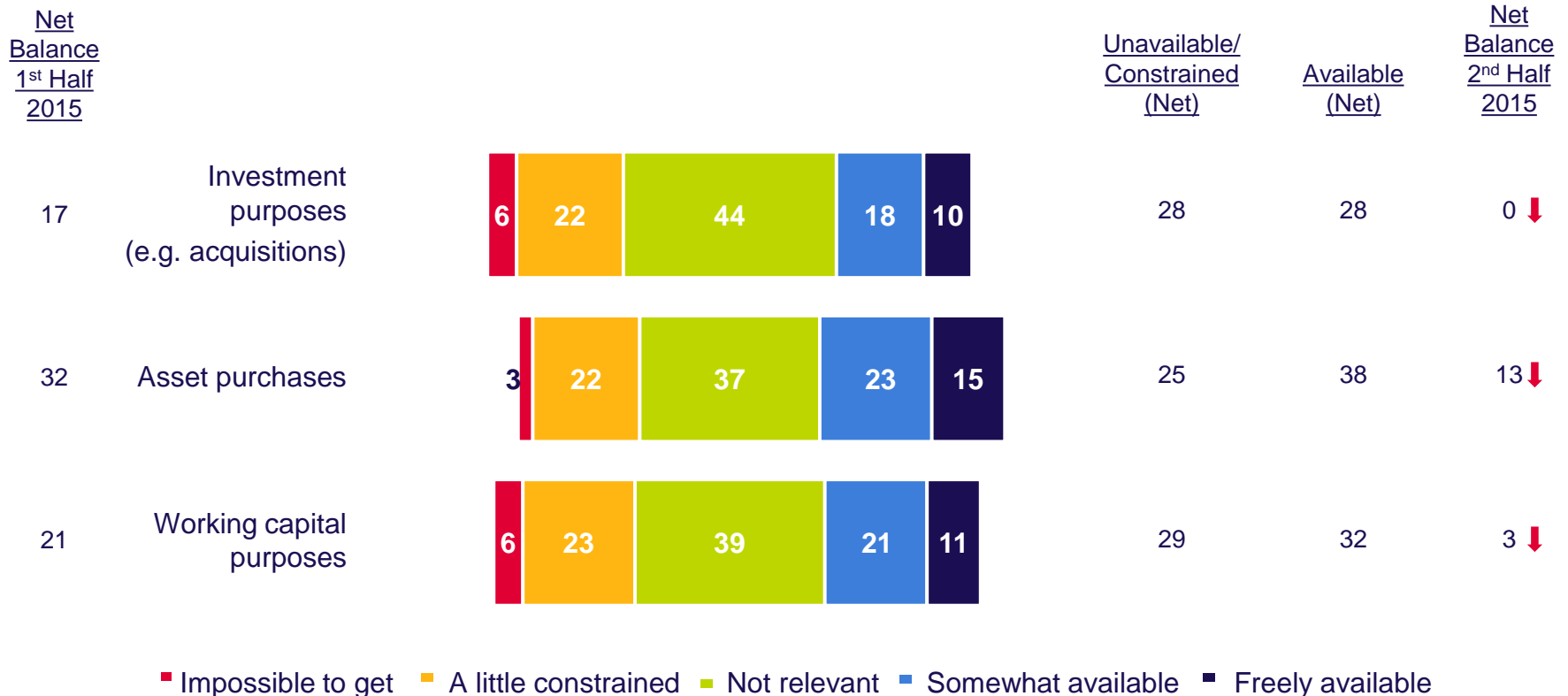


Credit availability for business – next 12 months

28

Expectations of credit availability in the future have become less optimistic, with less than 40 per cent of directors now predicting that credit for asset purchases will be somewhat or freely available over the coming year, and just around 30 per cent expecting the same regarding credit for investment purposes and working capital purposes.

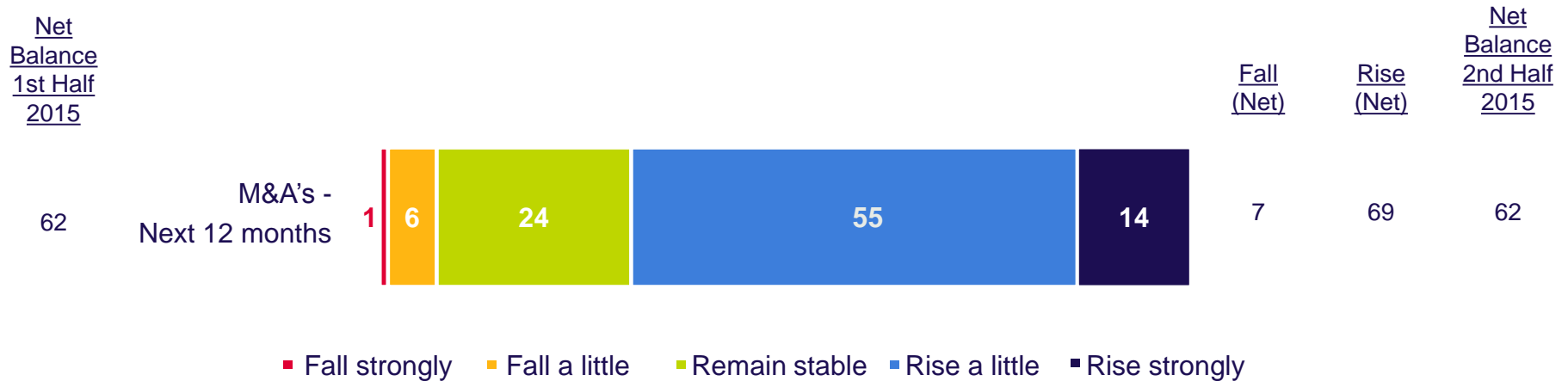
Credit availability for business - next 12 months (%)



Expected change in level of mergers and acquisitions – next 12 months 29

Almost 70 per cent of directors expect a rise in the level of mergers and acquisitions over the coming year, in line with the 1st Half 2015.

Expected change in level of mergers and acquisitions - next 12 months (%)



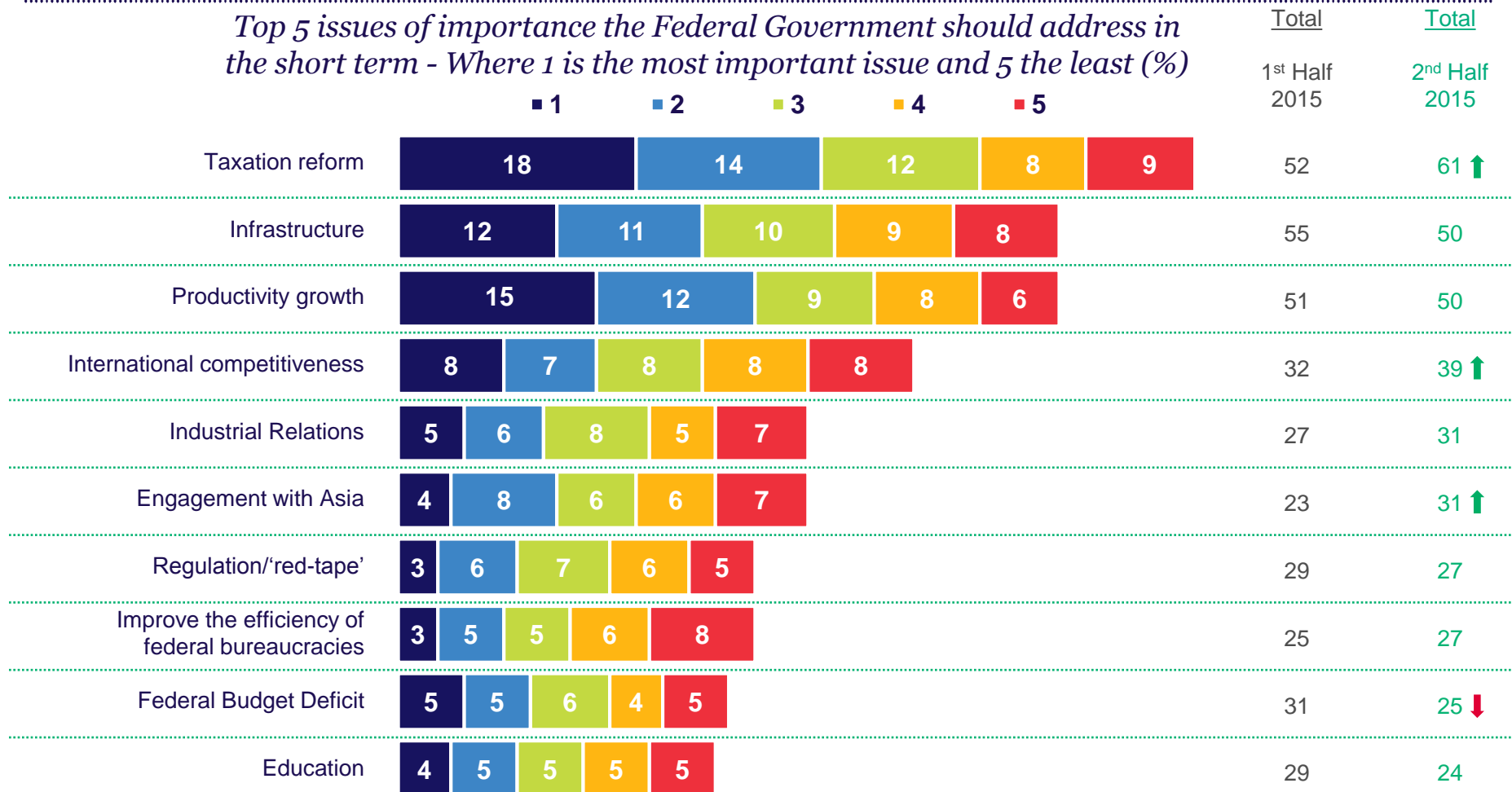
Government policy and priorities

Issues the Federal Government should address in short term (part 1)

31

This survey, directors rate taxation reform as the top priority the Federal Government should address in the short term, followed by infrastructure and productivity growth. Furthermore, directors are more concerned about international competitiveness and Australia's engagement with Asia than in the 1st Half 2015.

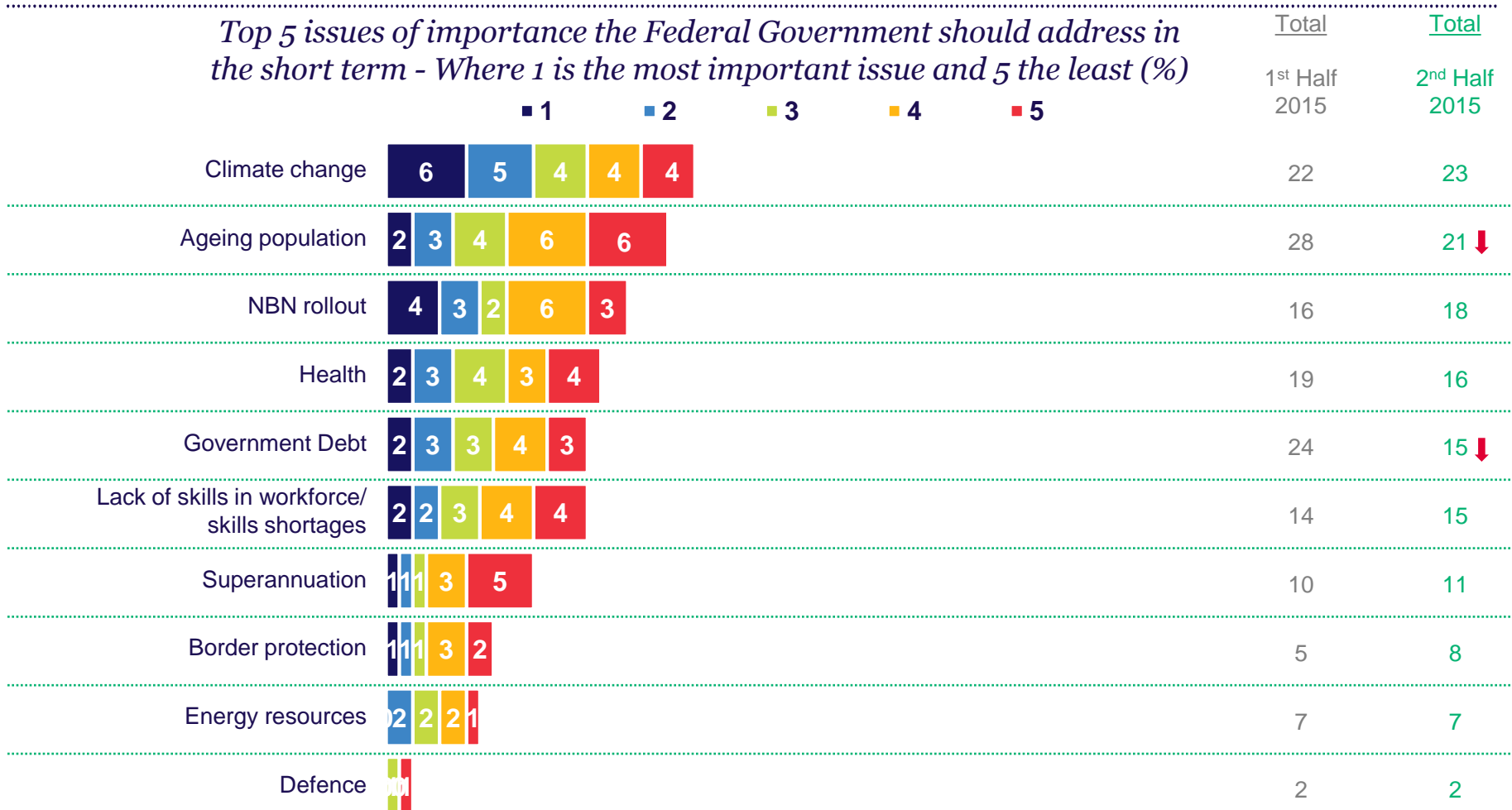
Top 5 issues of importance the Federal Government should address in the short term - Where 1 is the most important issue and 5 the least (%)



Issues the Federal Government should address in short term (part 2)

32

Defence continues to be rated by directors as the lowest short term priority for the Federal Government, followed by energy resources, border protection and superannuation.

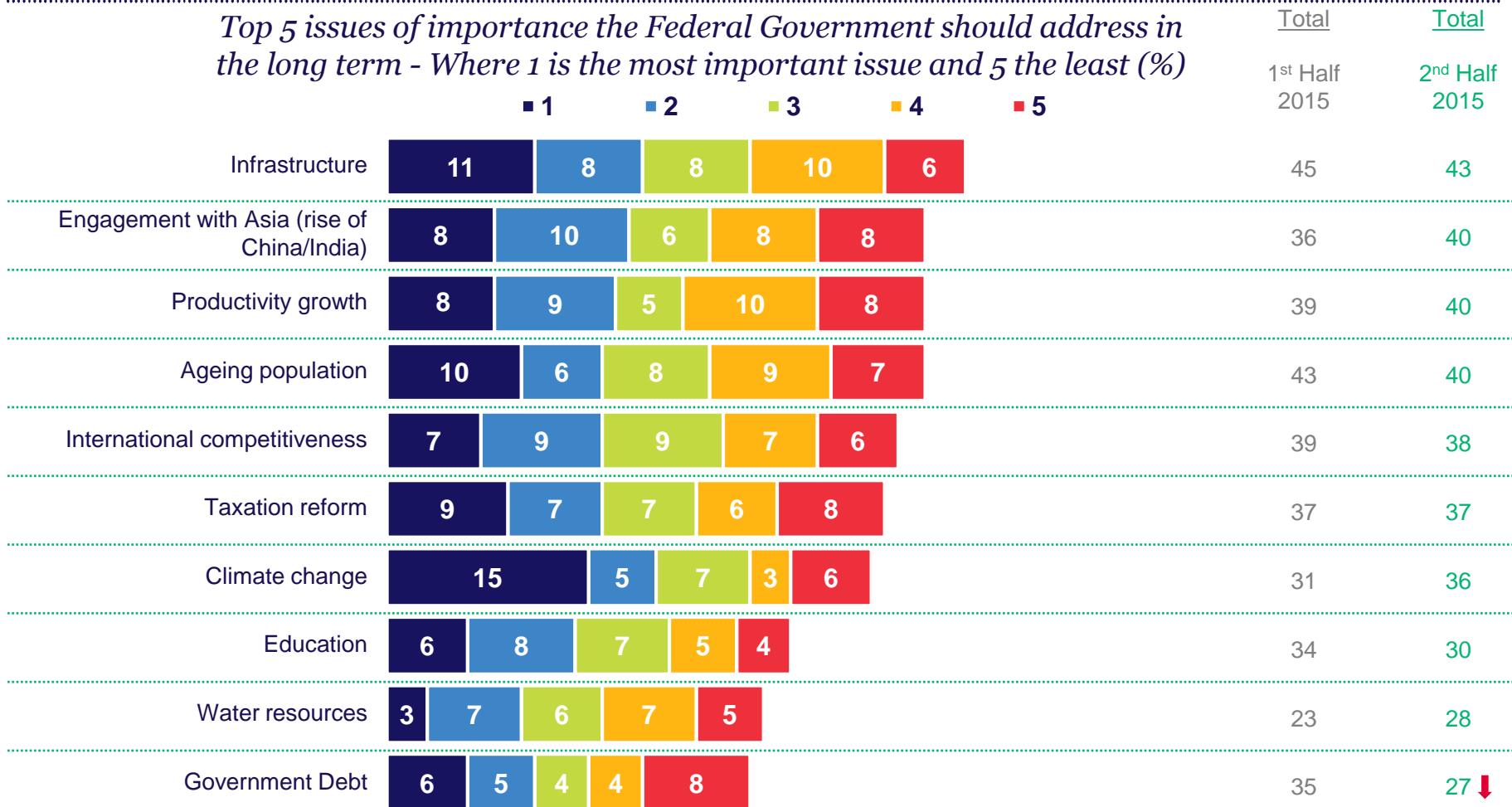


Issues the Federal Government should address in long term (part 1)

33

Directors continue to rate infrastructure as the top long term priority for the Federal Government. This is followed by engagement with Asia and productivity growth. Infrastructure has remained the top long term priority since this question was first asked in the 2nd Half of 2012.

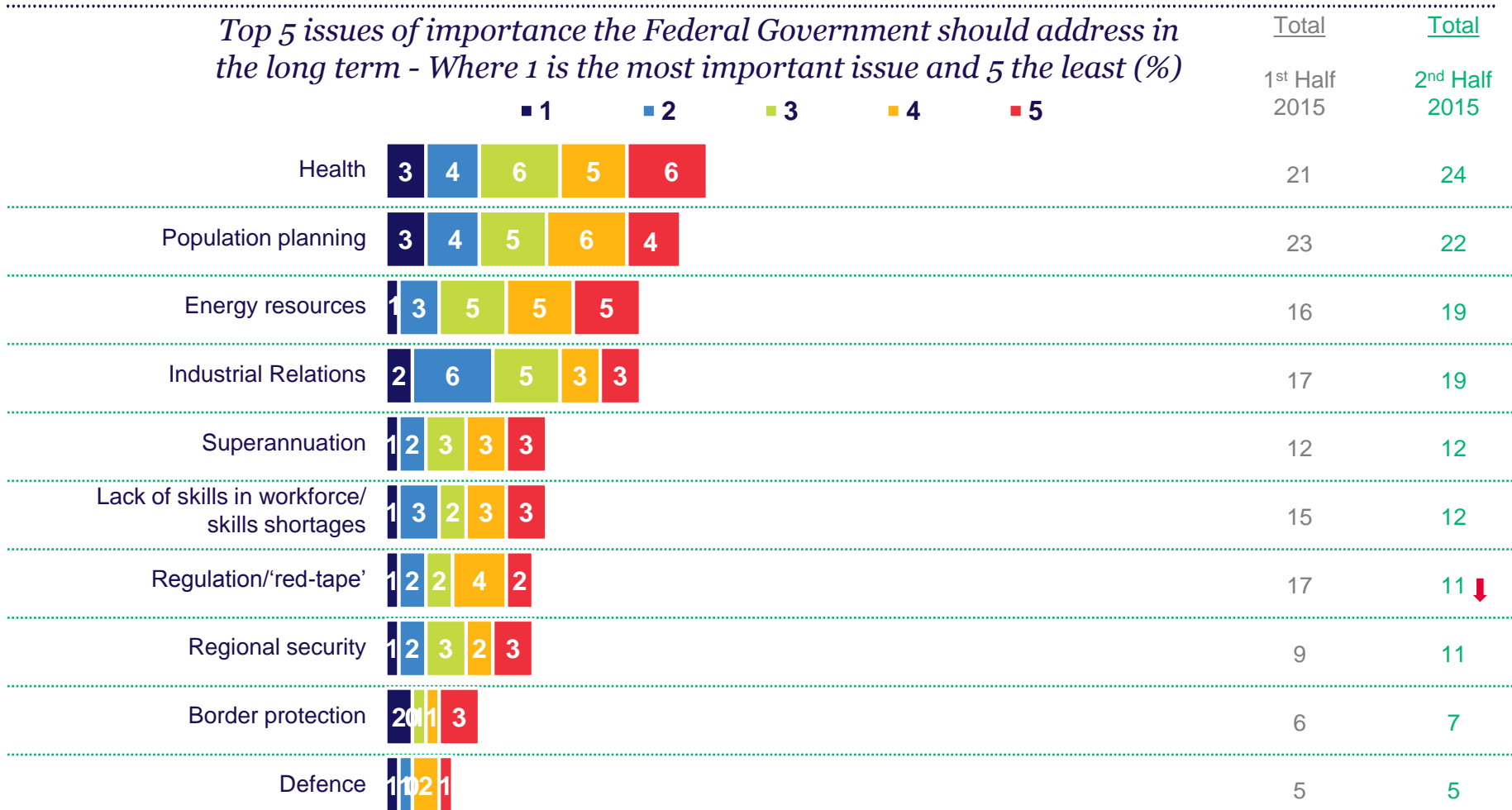
Top 5 issues of importance the Federal Government should address in the long term - Where 1 is the most important issue and 5 the least (%)



Issues the Federal government should address in long term (part 2)

34

Defence is rated as the lowest long-term priority the Federal Government should address. This is followed by border protection and regional security.

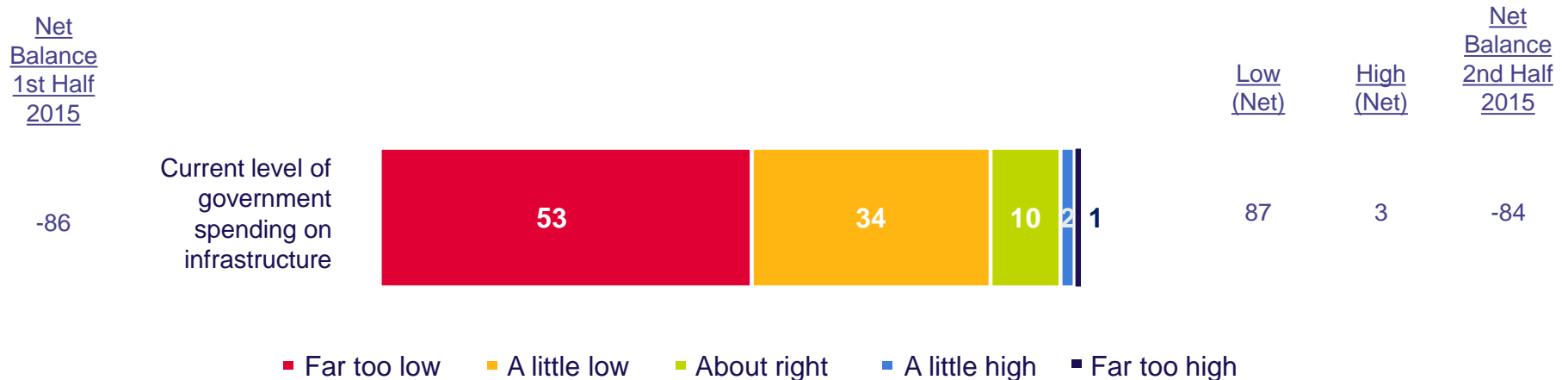


Current level of government spending on infrastructure

35

Sentiment regarding the level of government spending on infrastructure is in line with 1st Half 2015, almost 90 per cent of directors maintain the belief that government spending on infrastructure is too low.

Opinion on current level of government spending on infrastructure (%)

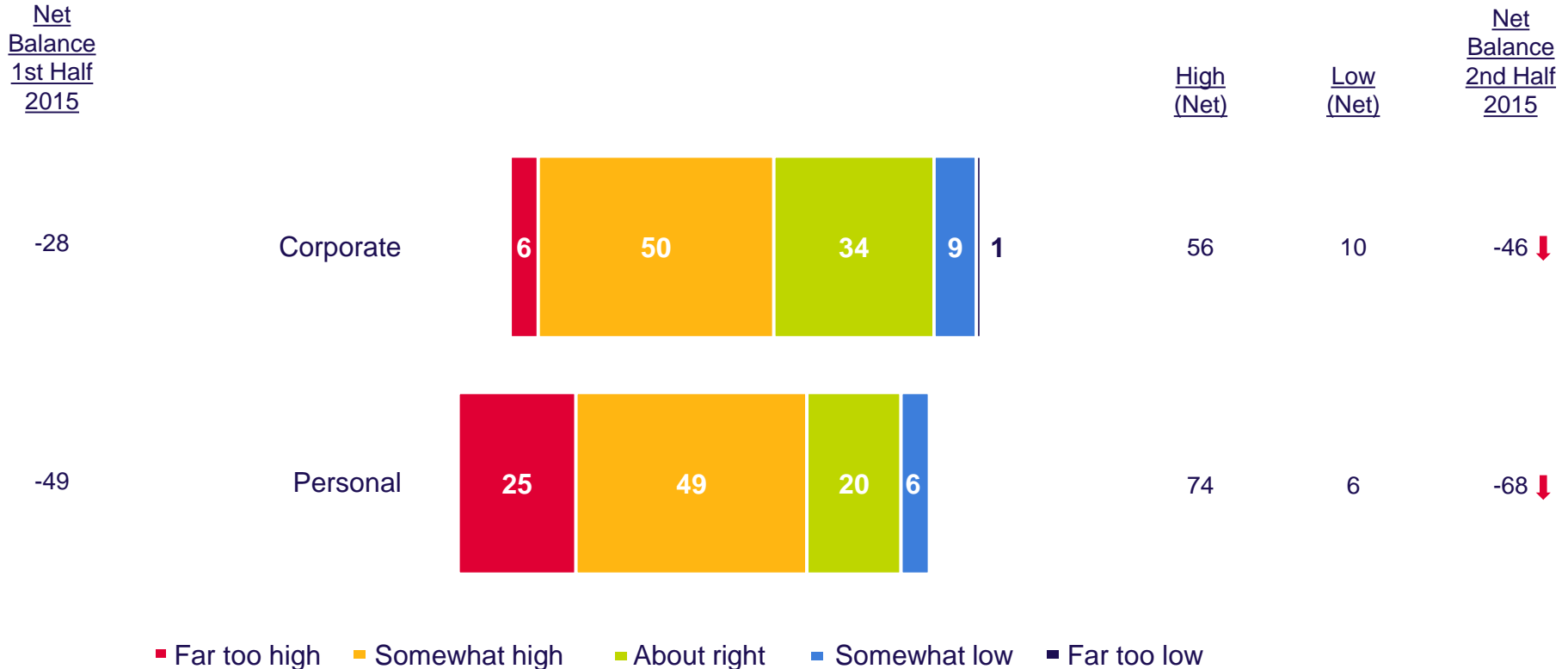


Level of taxation in Australia

36

Directors are more pessimistic regarding the level of corporate and personal taxation in Australia with over 55 per cent and almost 75 per cent of directors, respectively, holding the belief that each tax is too high.

View on level of taxation in Australia – corporate and personal (%)

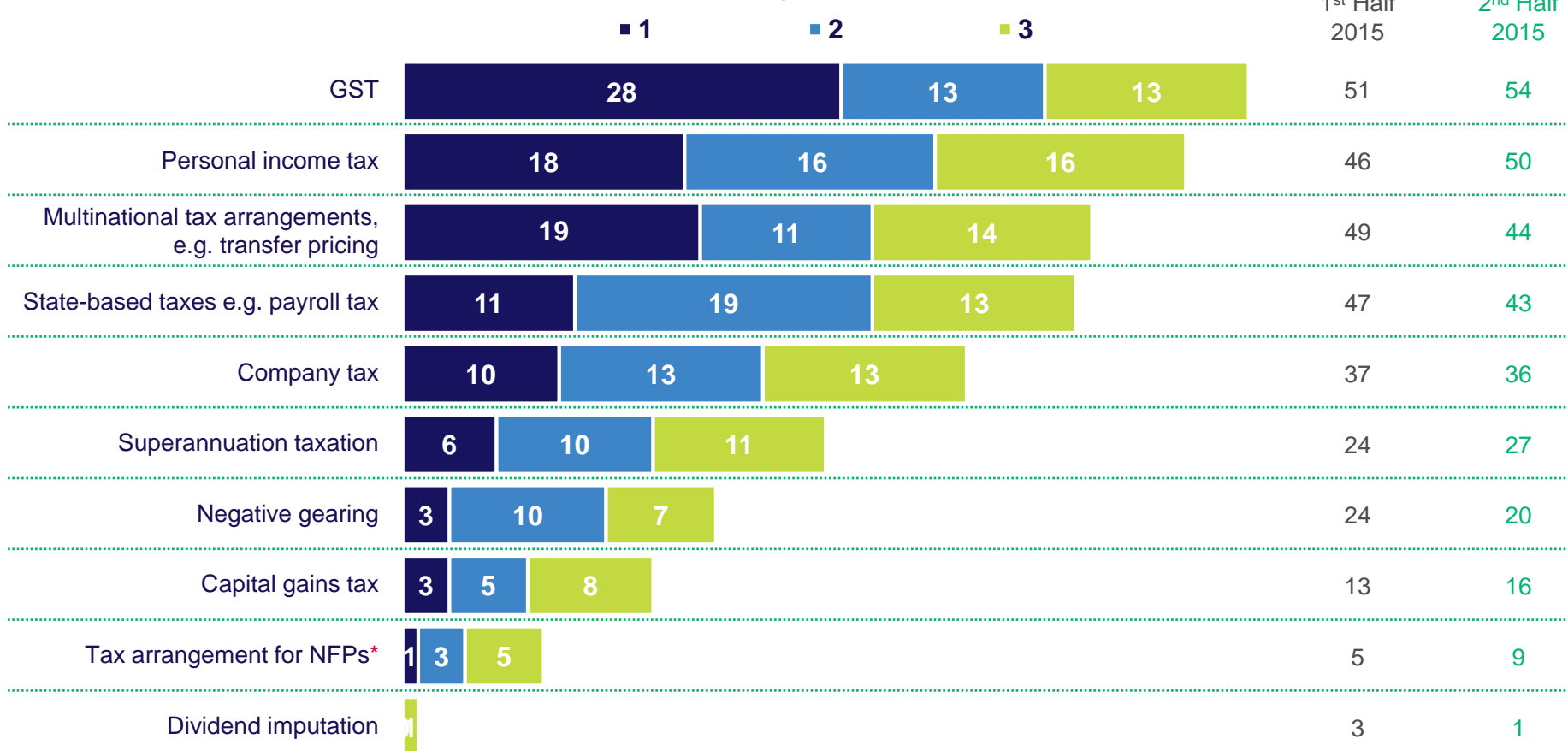


Reform of taxation system

37

Directors continue to rate the GST as the top priority for reform in any future comprehensive review of the taxation system. This is followed by personal income tax and multinational tax arrangements including transfer pricing, as well as state-based taxes such as payroll tax.

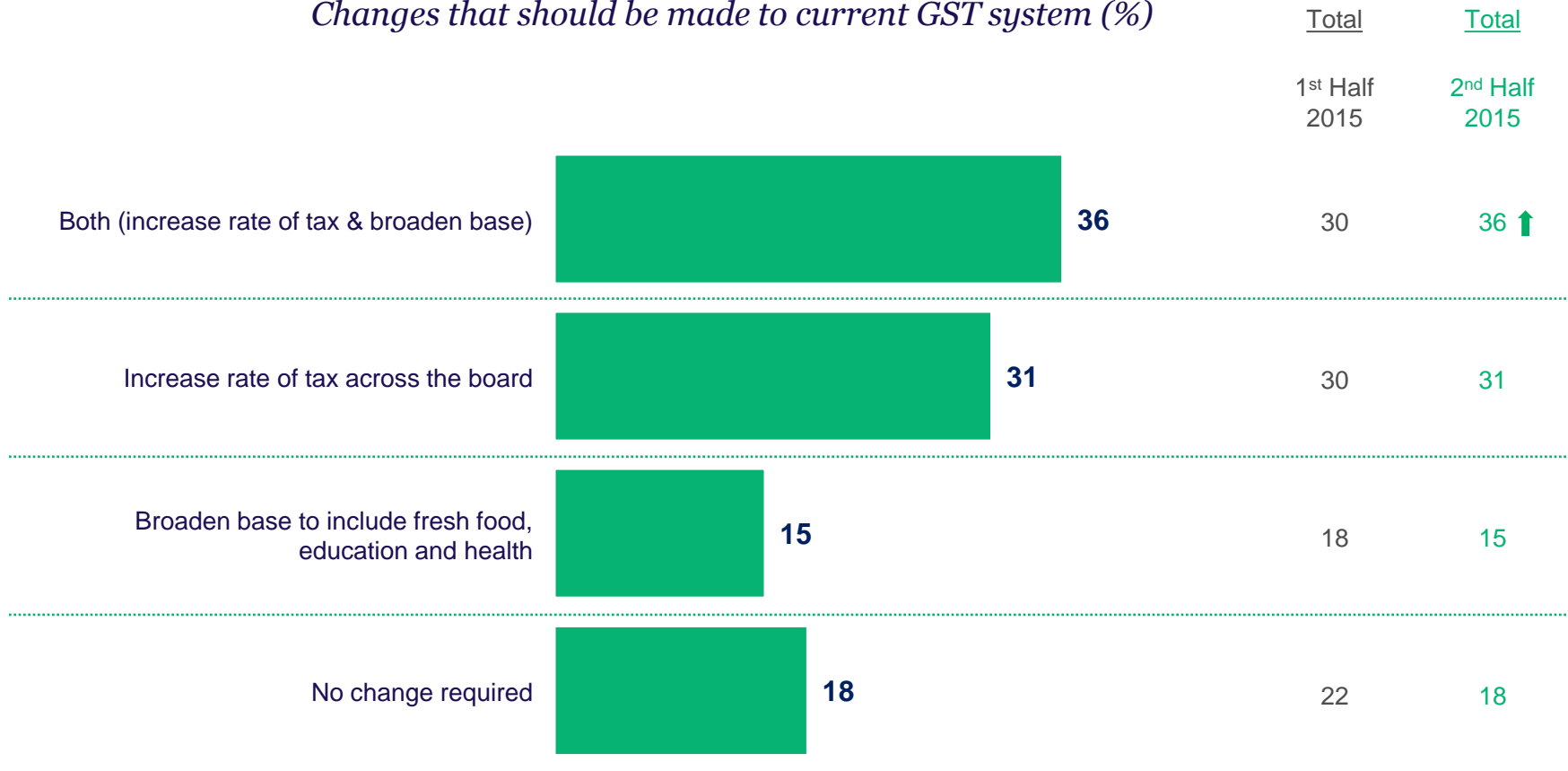
Top 3 priorities for reform in any future comprehensive review of the current taxation system (%)



Changes to the GST system

Over 80 per cent of directors support a change to the GST system with an increased proportion preferring both an increase in the rate of tax as well as broadening the tax base.

Changes that should be made to current GST system (%)



Priority of industrial relations reform

39

Around half of directors would like the government to pursue a significant industrial relations reform following an electoral mandate. The key priorities for an industrial relations reform remain workplace flexibility and penalty rates.

Extent to which Federal Government should pursue industrial relations reform (%)

	1 st Half 2015	2 nd Half 2015
Significant reform in the next term of government, following an electoral mandate	51	53
Significant reform in the current term of government	21	23
No significant reform is required	27	24

Priority for industrial relations reform (%)

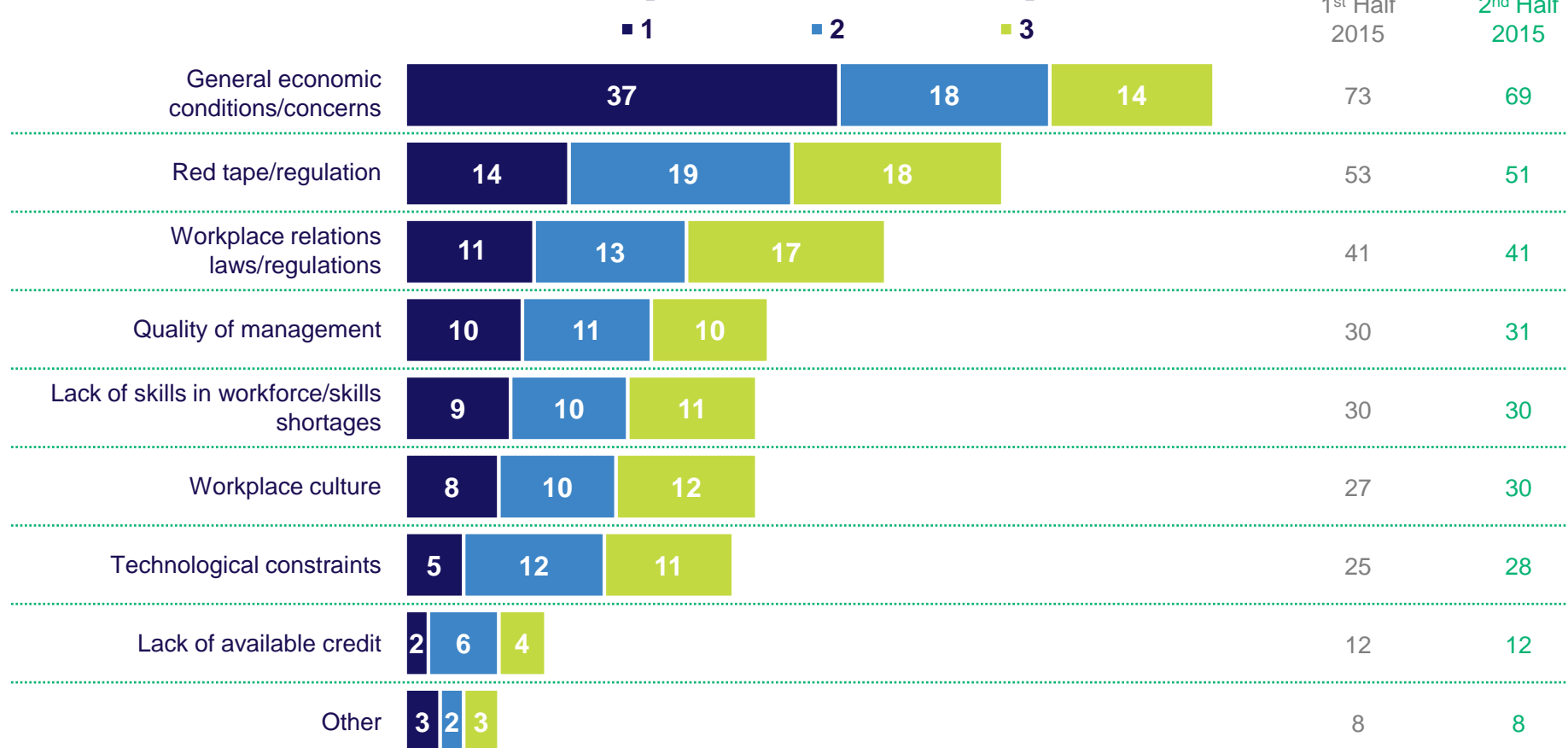
		Total	Total
		1 st Half 2015	2 nd Half 2015
Workplace flexibility	65	64	65
Penalty rates	49	48	49
Modern award system	37	36	37
Individual workplace agreements	36	36	36
Enterprise bargaining system	31	32	31
Unfair dismissal laws	29	32	29
Public sector employment issues	20	18	20
The minimum wage	11	11	11
Anti-bullying laws	7	8	7
Other	3	3	3

Impediments to productivity growth

40

In line with 1st Half 2015 results, directors identify general economic conditions/concerns as the top impediment to productivity growth in their business, followed by 'red-tape'/regulation and workplace relations laws/regulations.

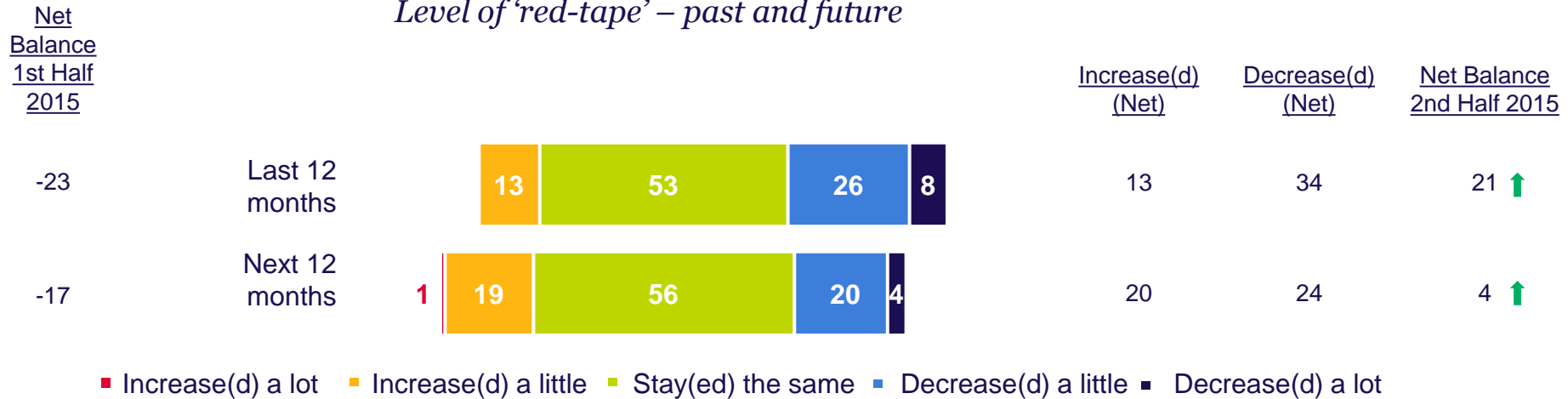
*Top 3 impediments to productivity growth in your business.
Where 1 has the most impact and 3 has the least impact (%)*



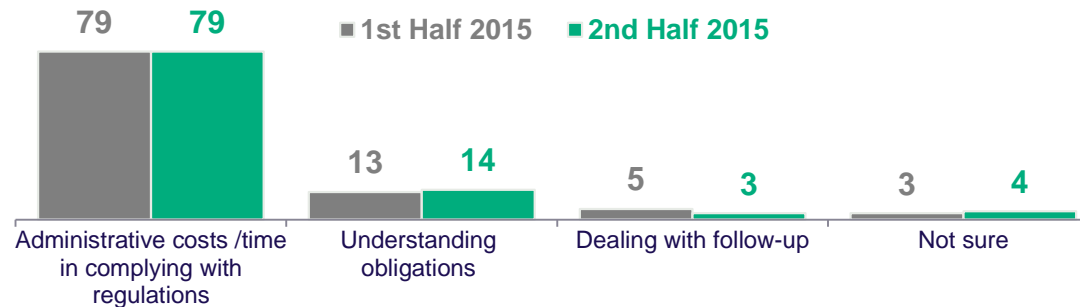
Level of 'red-tape'

41

Directors have become more optimistic regarding the current level of 'red-tape' with almost 35 per cent perceiving a decrease in the last 12 months and almost 25% expecting a further decrease in the next 12 months. Almost 80 per cent of directors identify administrative costs and the time associated with compliance as having the greatest impact on their business.



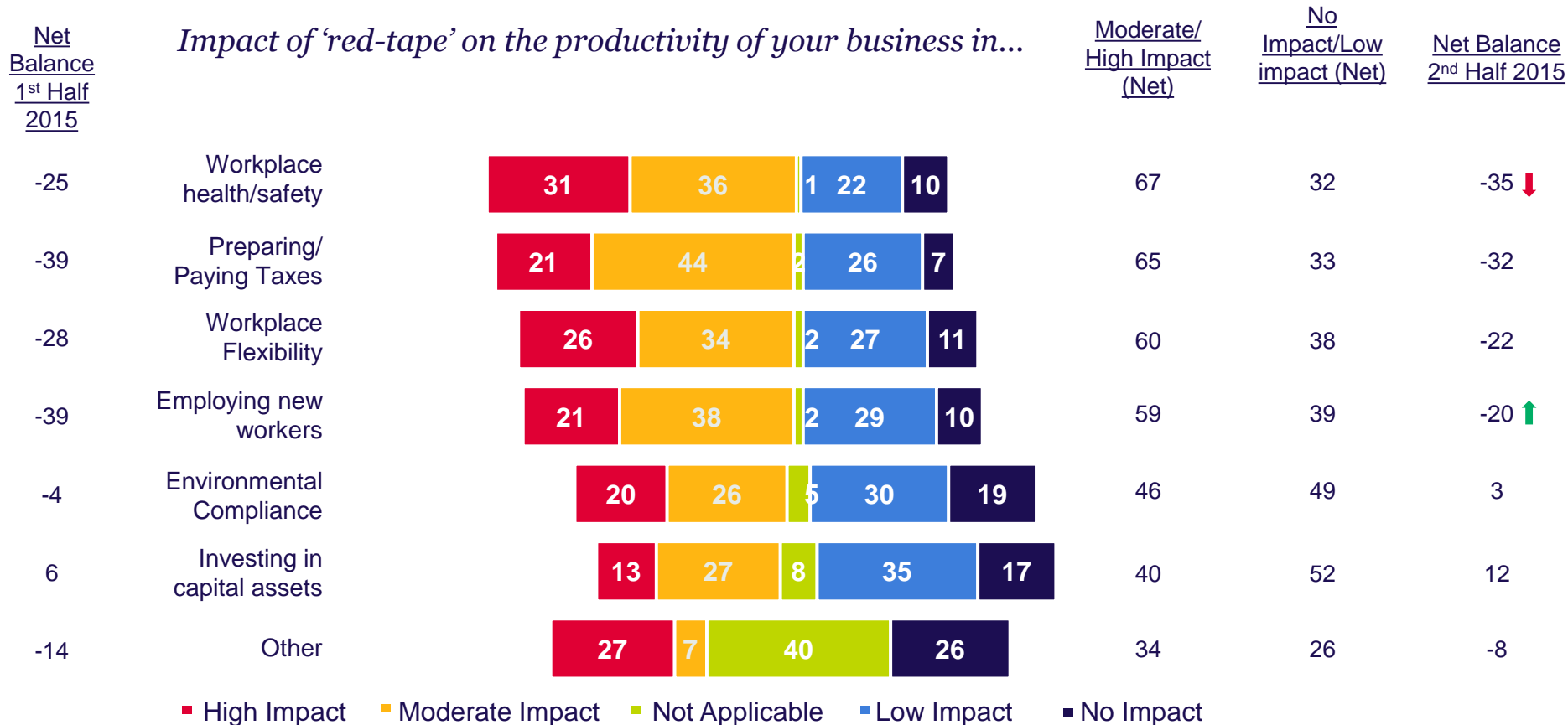
Aspects of red-tape – most impact on business (%)



Impact of 'red-tape' on business productivity

42

Around 65 per cent of directors identify workplace health/safety and preparing/paying taxes as the aspects of their business most affected by 'red-tape'. These are followed by workplace flexibility and employing new workers.



Government policy

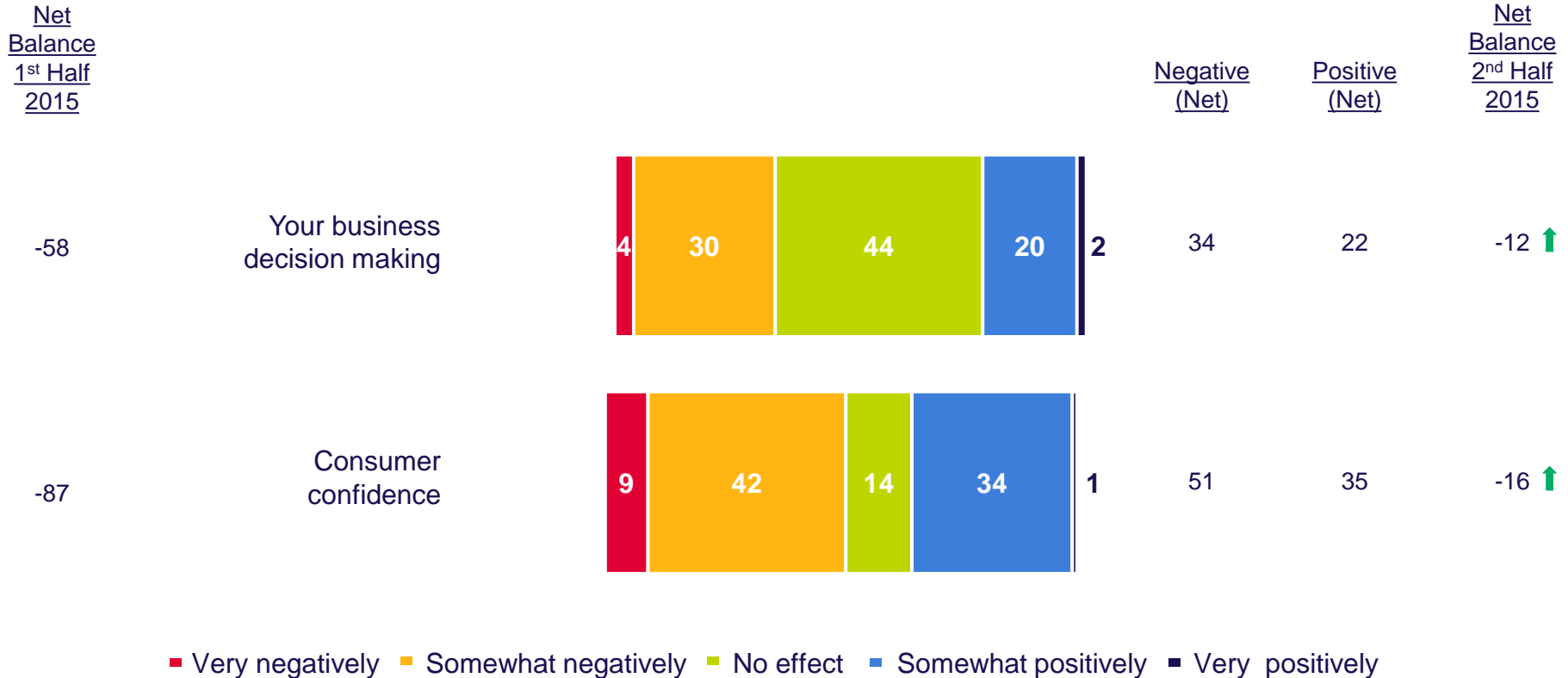
Performance & business understanding

Impact of federal government's performance on business

44

Directors have become less pessimistic about the Federal Government's effect on business, with only 34 per cent of directors viewing the Federal Government's performance as having a negative effect on their business decision making and 51 per cent viewing the Federal Government's performance as having a negative impact on consumer confidence.

Effect of current federal government's performance on... (%)

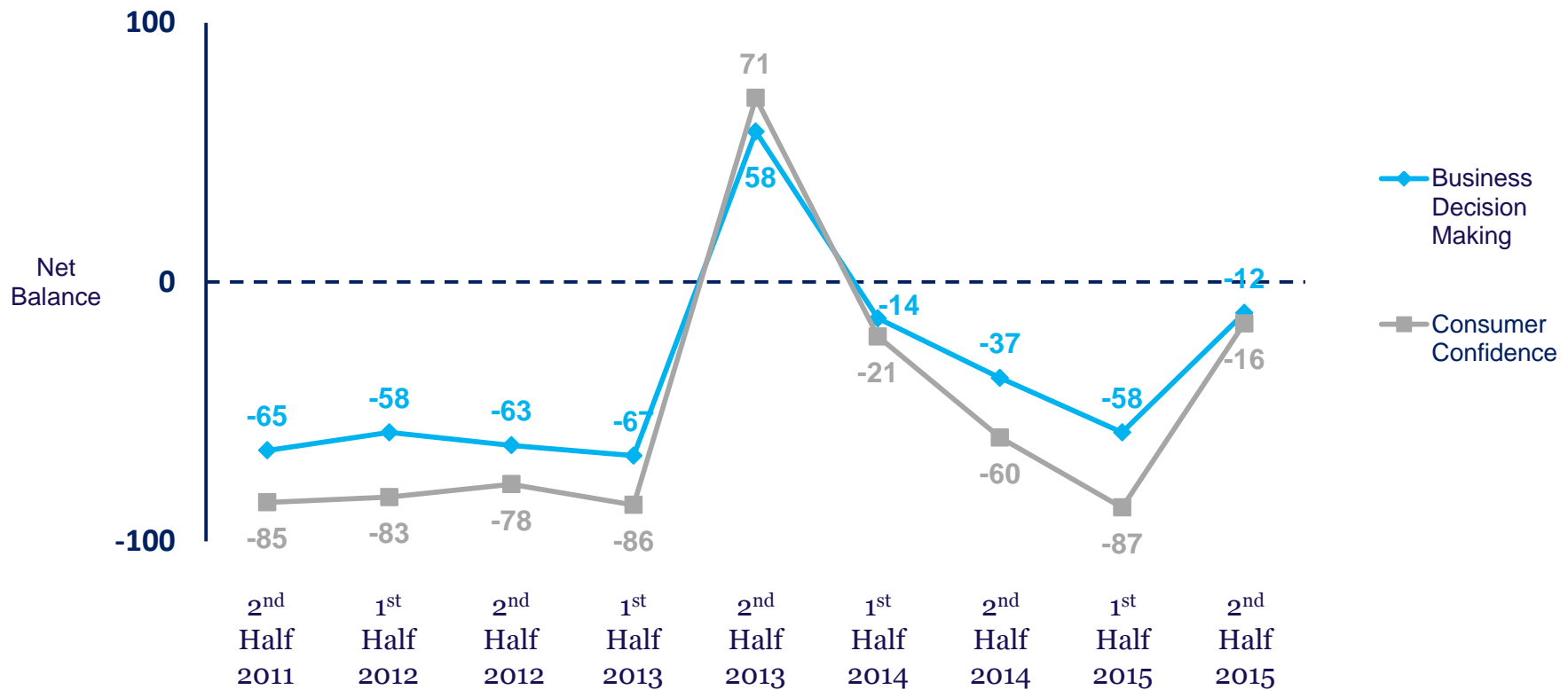


Impact of federal government on business – semi-annual trend

45

The effect of the Federal Government's performance on business decision-making and consumer confidence has become less pessimistic after Malcolm Turnbull took over as Prime Minister, with sentiment increasing to similar levels as in the 1st Half 2014.

Federal government's performance affecting... – semi-annual trend (net balance)

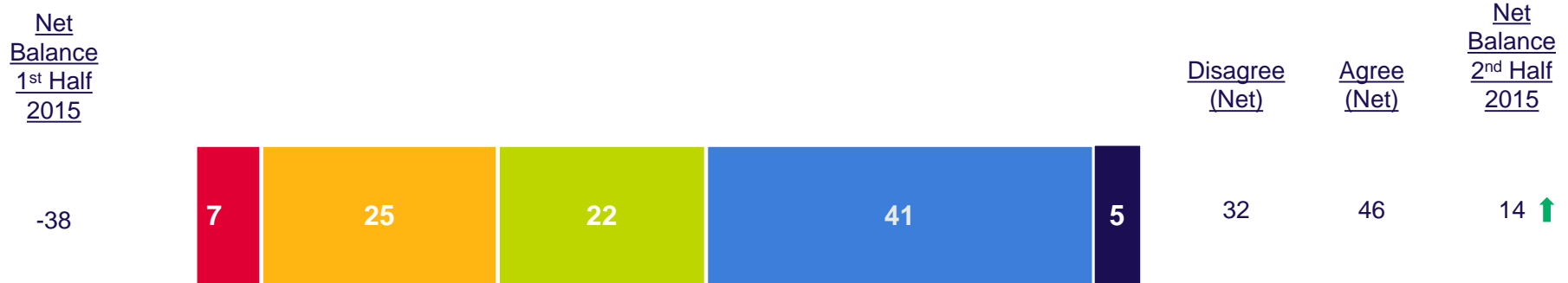


Federal government understanding of business

46

Directors have become more optimistic about the Federal Government's understanding of business, with only 32 per cent of directors disagreeing that the Federal Government understands business.

Does the current federal government understand business? (%)



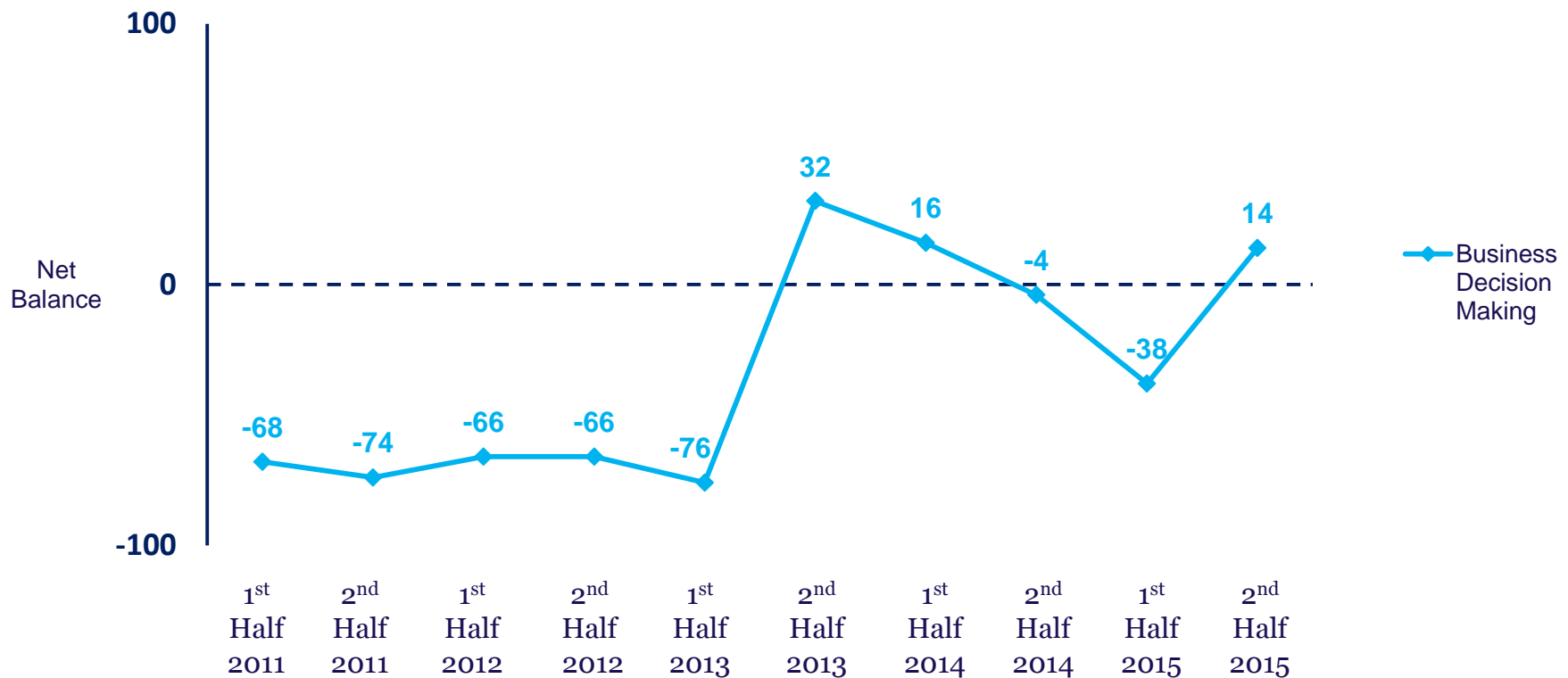
■ Strongly disagree
 ■ Somewhat disagree
 ■ Neither agree nor disagree
 ■ Somewhat agree
 ■ Strongly agree

Federal government understanding of business – semi-annual trend

47

The sentiment regarding the Federal Government's understanding of business has returned to optimistic after Malcolm Turnbull took over as Prime Minister.

Does the current federal government understand business? – semi-annual trend (net balance)



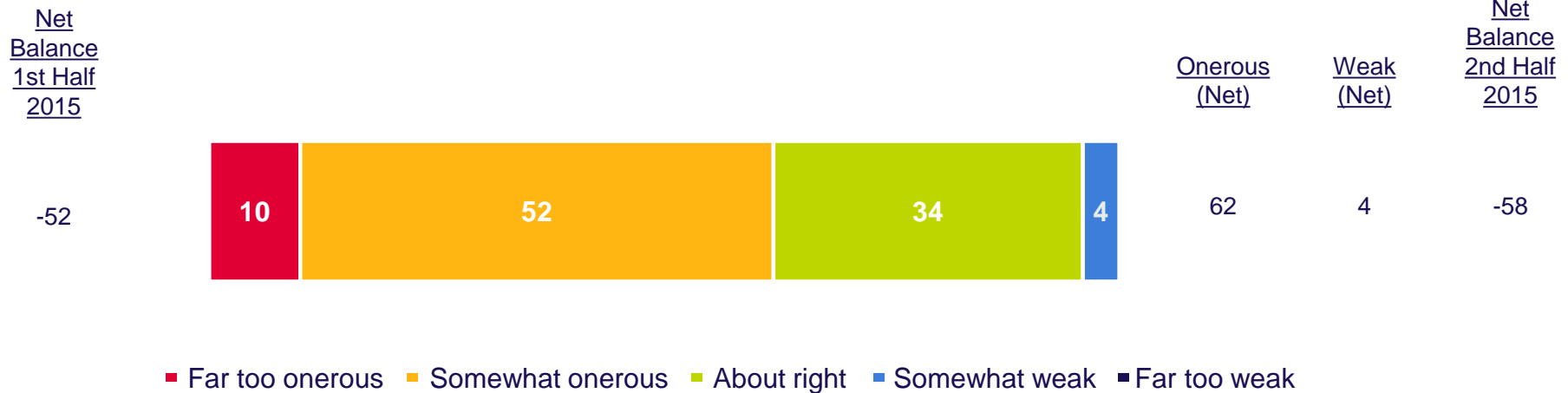
Key issues for directors and boards

Current governance regulations under the corporations act

49

In line with the 1st Half 2015, over 60 per cent of directors believe that current governance regulations under the Corporations Act are onerous.

Are current governance regulations...? (%)

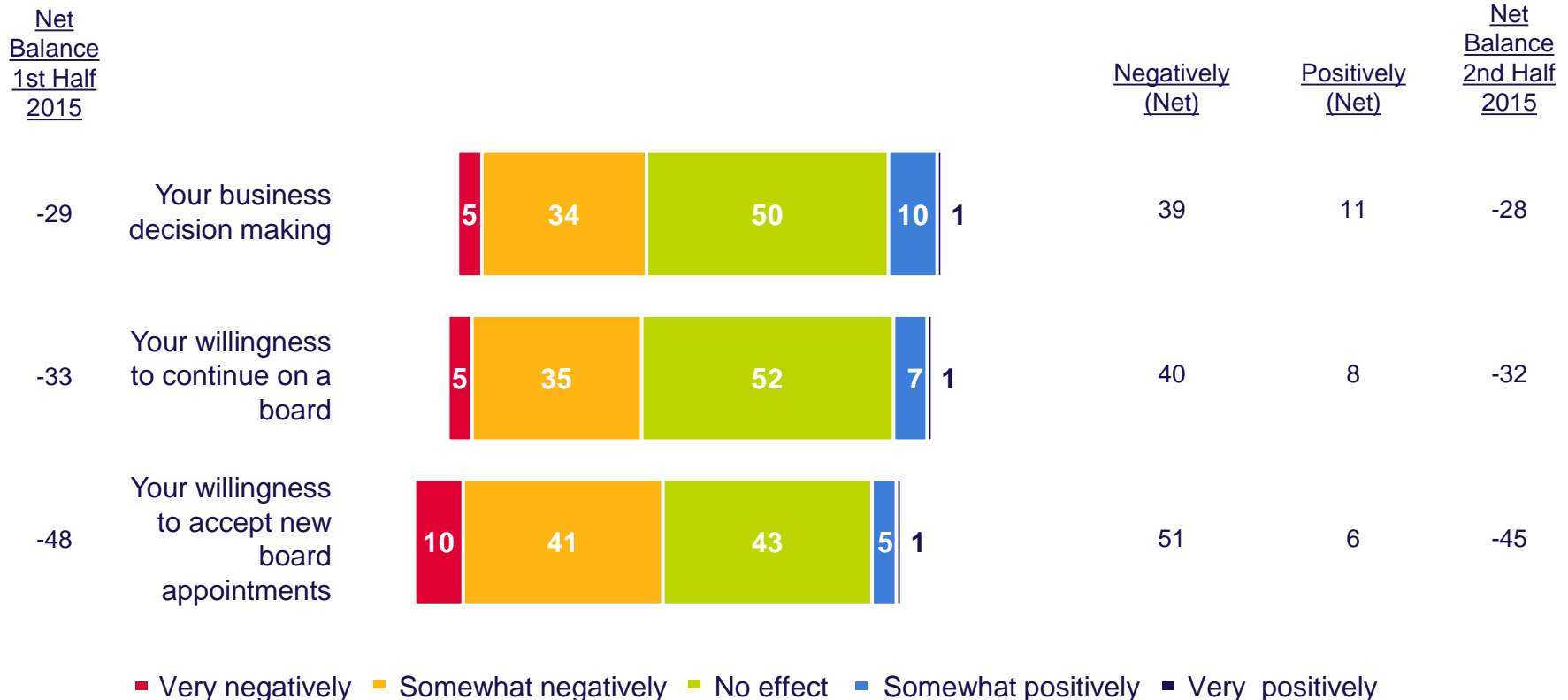


Impact of legislation on director liability

50

Around 40 per cent of directors believe that legislation on director liability has a negative impact on their business decision-making, as well as on their willingness to continue on a board, while over half agree that it negatively impacts their willingness to accept new board appointments.

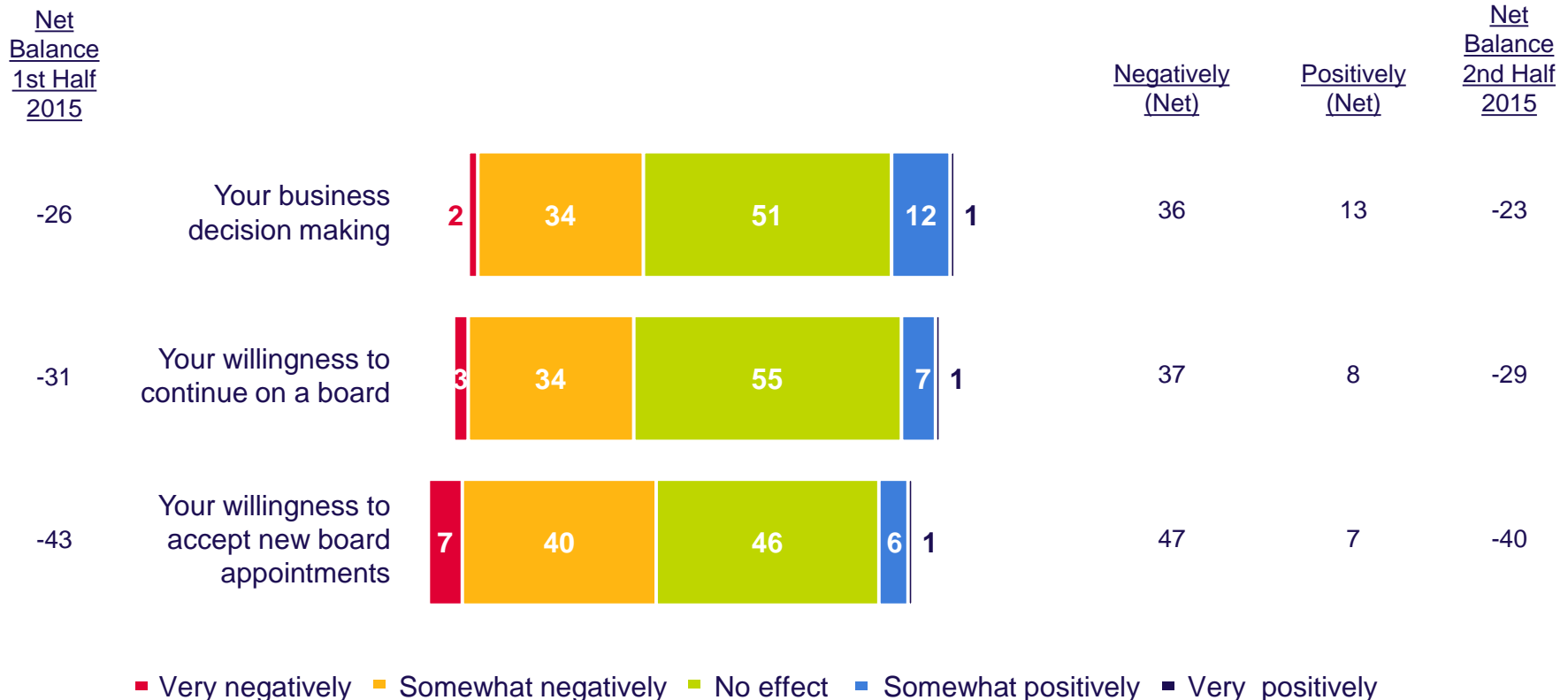
How legislation on directors' liability is affecting...(%)



Impact of legal judgments on director liability

Similar to the 1st Half 2015, over 35 per cent of directors feel that legal judgments negatively affect their business decision-making and willingness to continue on a board, and almost half feel that legal judgments negatively affect their willingness to accept new board appointments.

How legal judgments affect... (%)

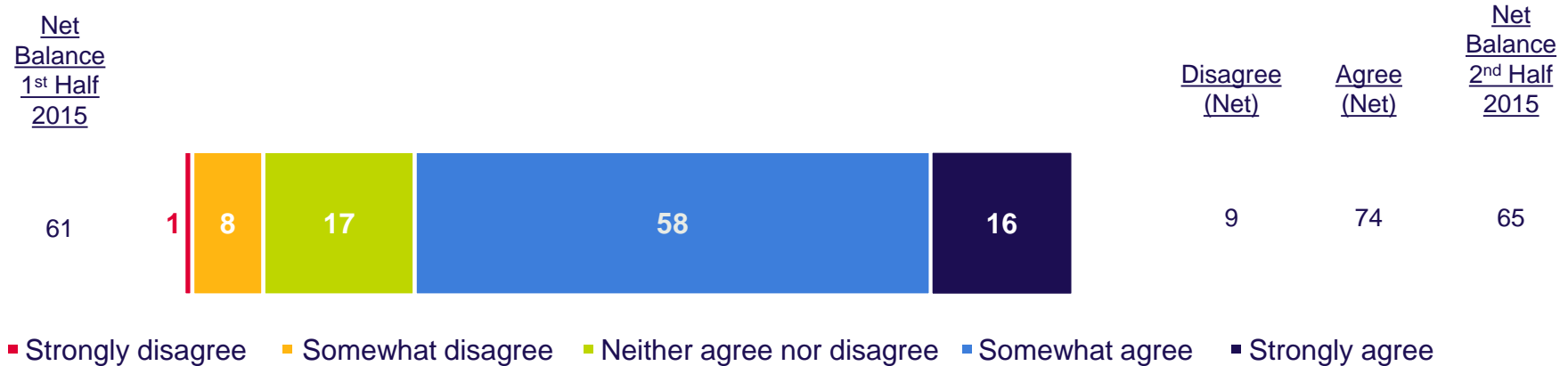


Business decision making and risk aversion

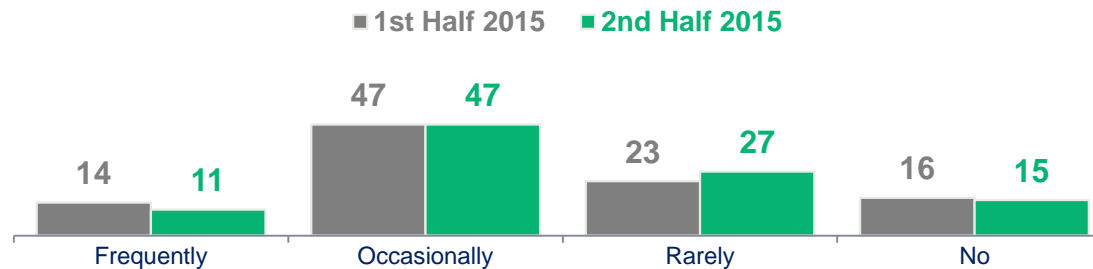
52

Almost 75 per cent of directors perceive there to be a risk-averse decision-making culture on Australian boards. Eighty-five per cent of directors claim that the risk of personal liability has caused them to take an overly cautious approach in their business decision-making at some point.

Is there a risk-averse decision-making culture on Australian boards? (%)



Has the risk of personal liability caused you to take an overly cautious approach to business decision making? (%)

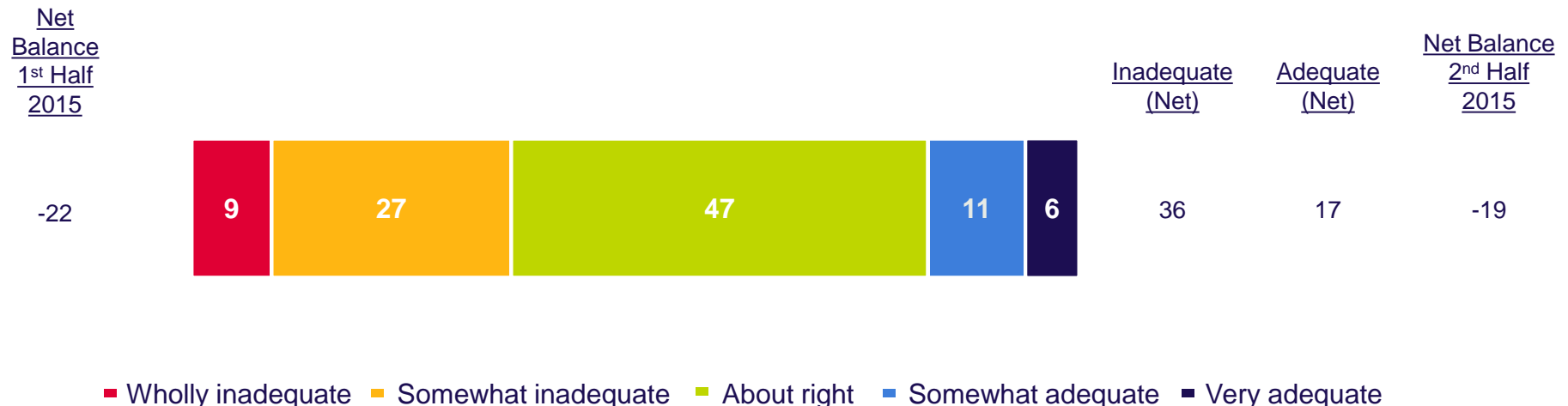


Adequacy of public company remuneration reports

53

More than 45 per cent of directors perceive the adequacy of public company remuneration reports as about right, while more than 35 per cent of directors hold the view that they are inadequate. This is in line with the previous survey results.

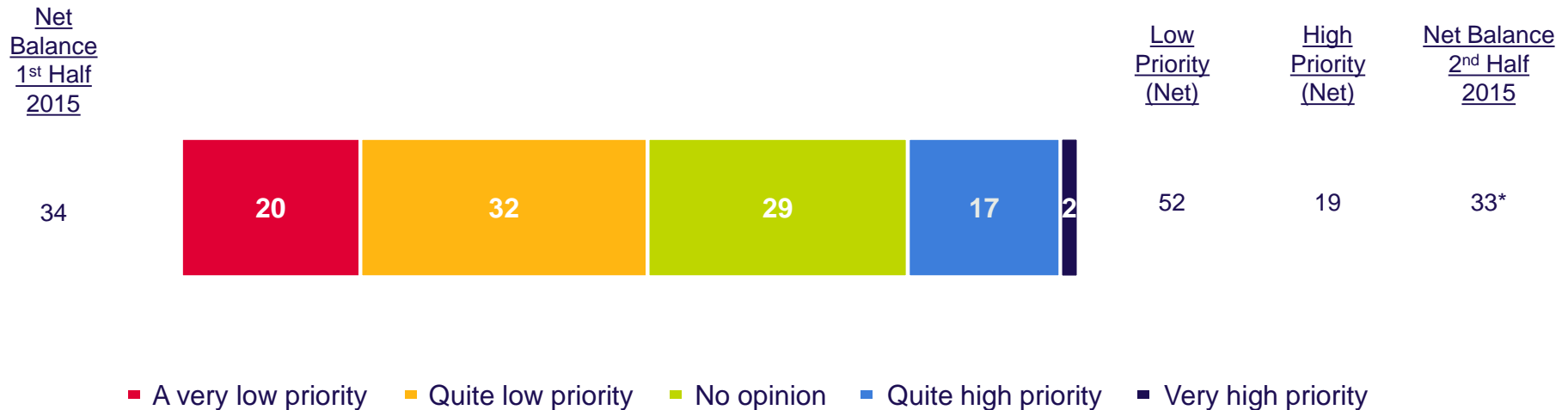
Adequacy of public company remuneration reports (%)



Reform of laws and regulations governing public company remuneration 54

Directors continue to assign low importance to the priority of the reform of laws and regulations governing public company remuneration, with more than half of directors believing it should be a low priority.

Level of priority of the reform of laws and regulations governing public company remuneration (%)

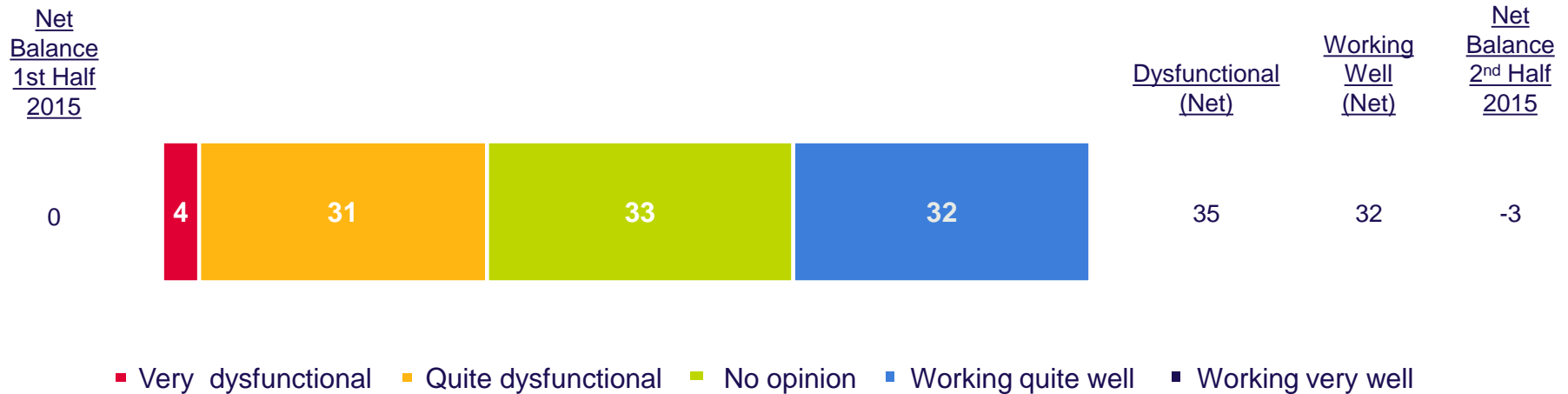


* Note: Net balance for priority of the reform of laws and regulations governing public company remuneration calculated in reverse

Current AGM system

Sentiment remains neutral regarding the current AGM system in the 2nd half 2015.

Functionality of the current AGM system (%)

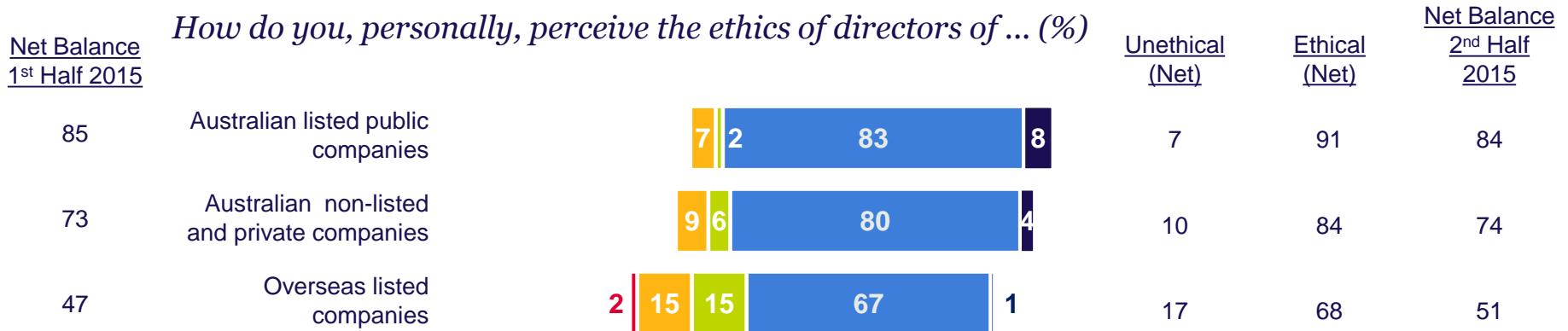


Personal and public perception of company directors' ethics

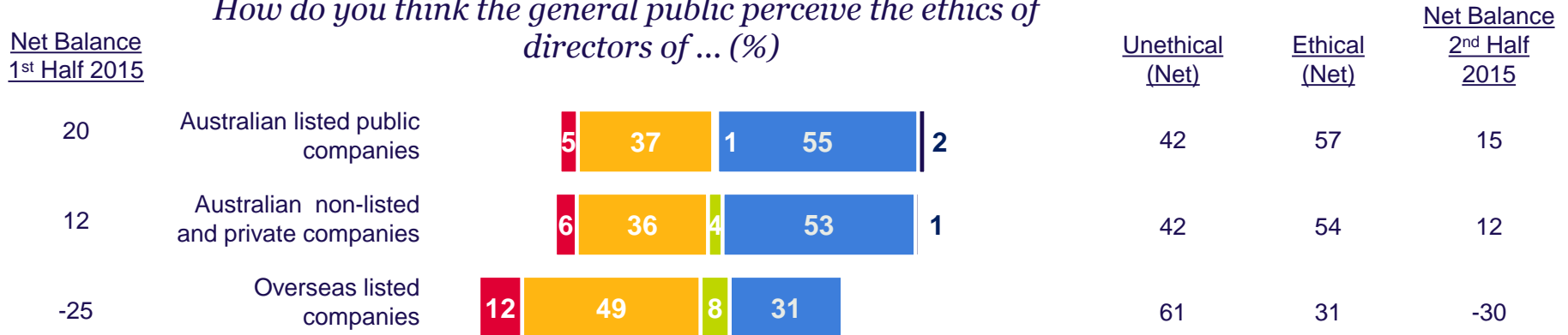
56

Most directors still perceive Australian companies as generally ethical and more so than overseas listed companies. Directors are also more optimistic regarding the public perception of the ethics of Australian listed public and non-listed and private company directors compared to directors of overseas listed companies.

How do you, personally, perceive the ethics of directors of ... (%)



How do you think the general public perceive the ethics of directors of ... (%)



■ Totally unethical ■ Generally unethical ■ No opinion ■ Generally ethical ■ Totally ethical

Board diversity: policy and efforts to increase

Almost 70 per cent of directors state that their business is actively seeking to increase diversity of their board in terms of skills and almost half believe their business is actively trying to increase diversity in terms of gender.

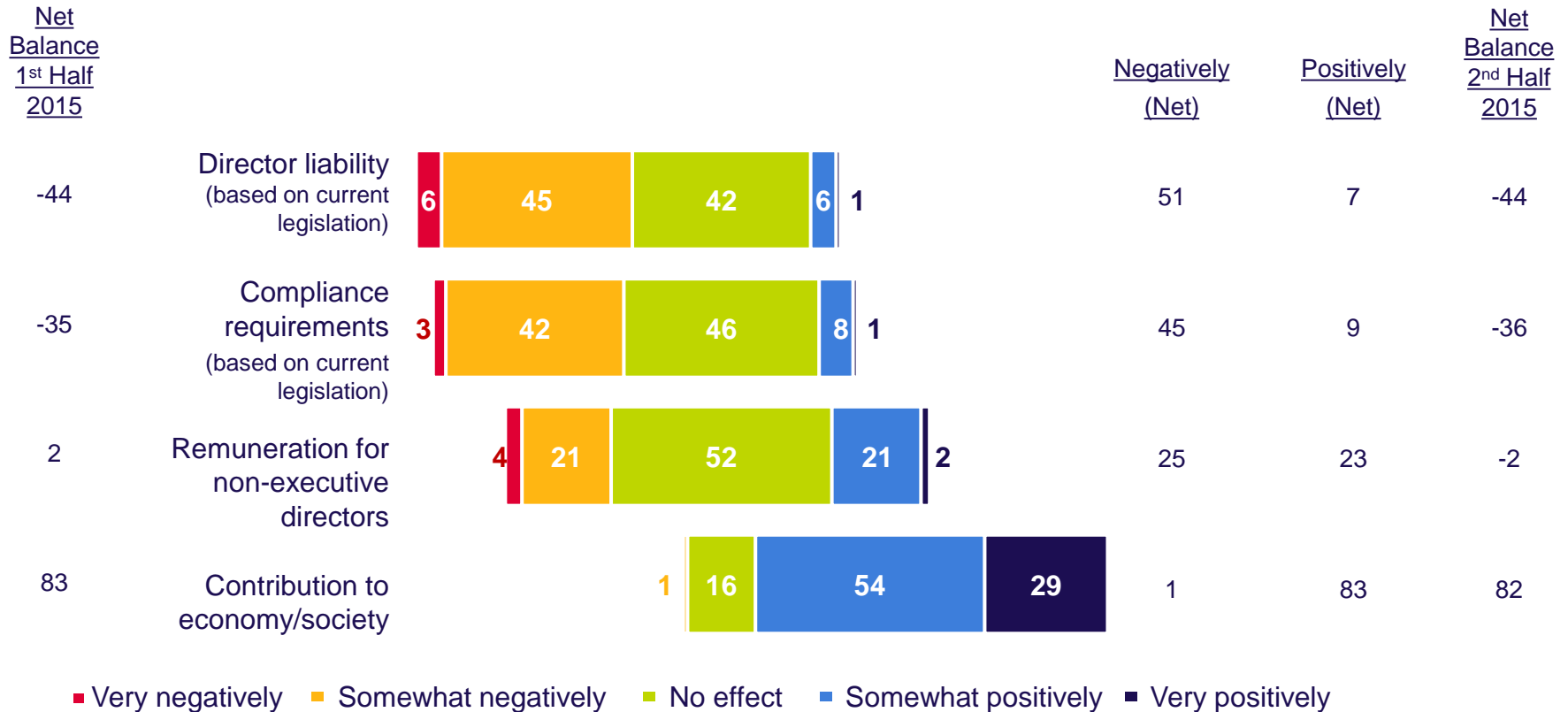
To what extent is your board actively seeking to increase diversity of board membership in the following areas? (%)



Factors influencing your willingness to serve on a board

Around half of directors believe that director liability and compliance requirements negatively impact their willingness to serve on a board.







Factors influencing your willingness to serve on a board (%)



Summary of Key Indicators

Summary of key indicators

(1 of 7)

Indicator (expected change in coming 12 months)	Scale	2 nd Half 2015 net balance	1 st Half 2015 net balance
Economic conditions			
Health of the Australian economy	Weak/strong	-37 	-60
Health of the Asian economy	Weak/strong	-11 	9
Health of the European economy	Weak/strong	-69	-70
Health of the US economy	Weak/strong	14 	29
Inflation rate (Australia)	Lower/higher	9	3
Exchange rate (value of AUD versus USD)	Lower/higher	-55 	-73
RBA cash rate	Lower/higher	-2 	-43
Level of wages growth	Lower/higher	-5	-13
Unemployment rate	Lower/higher	26 	51
Expected change in ASX All Ordinaries index	Fall/rise	19	12

Summary of key indicators

(2 of 7)

Indicator (expected change in coming 12 months, with the exception of *)	Scale	2 nd Half 2015 net balance	1 st Half 2015 net balance
Business conditions			
Growth of primary directorship business	Weak/strong	23 ↑	12
Change in business investment levels	Decrease/increase	14	10
Change in business staffing levels/labour demand	Decrease/increase	3	-2
Change in level of business exports	Decrease/increase	22 ↑	9
Change in level of outsourcing	Decrease/increase	29 ↑	16
Expectations of profits for Jul-Dec 2015 actual versus forecast*	Below/up	7	4
Expectations of profits for Jan-Jul 2016 actual versus forecast*	Below/up	19	9
Confidence in general business outlook*	Pessimistic/opt	3 ↑	-20
Confidence in business outlook for primary directorship sector*	Pessimistic/opt	14 ↑	-5
Expected change in level of mergers and acquisitions	Fall/rise	62	62
Infrastructure			
Perception of level of government spending on infrastructure*	Low/high	-84	-86
Taxation			
Perception of current level of corporate taxation*	High/low	-46 ↓	-28
Perception of current level of personal taxation*	High/low	-68 ↓	-49

Summary of key indicators

(3 of 7)

62

Indicator	Scale	2 nd Half 2015 net balance	1 st Half 2015 net balance
Regulation, legal issues, reporting			
Expected change in level of 'red-tape' in coming 12 months	Increase/decrease	4 	-17
Impact of 'red-tape' on workplace health/safety	High impact/low impact	-35	-25
Impact of 'red-tape' on preparing/ paying taxes	High impact/low impact	-32	-39
Impact of 'red-tape' on workplace flexibility	High impact/low impact	-22	-28
Impact of 'red-tape' on employing new workers	High impact/low impact	-20	-39
Impact of 'red-tape' on environmental compliance	High impact/low impact	3	-4
Impact of 'red-tape' on investing in capital assets	High impact/low impact	12	6
Impact of 'red-tape' on other areas	High impact/low impact	-8	-14
Change in commitment percentage over the last 12 months	Increased/decreased	-32	-34

Summary of key indicators

(4 of 7)

Indicator (expected change in coming 12 months, with the exception of *)	Scale	2 nd Half 2015 net balance	1 st Half 2015 net balance
Tax, credit, M&A			
Credit availability for investment purposes	Constrained/available	0 ↓	17
Credit availability for asset purchases	Constrained/available	13 ↓	32
Credit availability for working capital	Constrained/available	3 ↓	21
Public Policy			
Quality of current Public Policy debate in Australia*	Poor/good	-79	-80
Regulation, legal issues, reporting			
Agreement with 'Federal Government understands business'*	Disagree/agree	14 ↑	-38
Regulation, legal issues			
How is the current Federal Government's performance affecting your business decision making?*	Negatively/positively	-12 ↑	-58
How is the current Federal Government's performance affecting consumer confidence?*	Negatively/positively	-16 ↑	-87

Summary of key indicators

(5 of 7)

Indicator	Scale	2 nd Half 2015 net balance	1 st Half 2015 net balance
Regulation, legal issues			
Perception of governance regulations	Onerous/weak	-58	-52
How is legislation affecting your business decision-making?	Negatively/positively	-28	-29
How is legislation affecting your willingness to continue on a board?	Negatively/positively	-32	-33
How is legislation affecting your willingness to accept new board appointments?	Negatively/positively	-45	-48
Extent legal judgments affect your business decision-making	Negatively/positively	-23	-26
Extent legal judgments affect your willingness to continue on a board	Negatively/positively	-29	-31
Extent legal judgments affect your willingness to accept new board appointments	Negatively/positively	-40	-43
Adequacy of business directorships and officers' insurance	Inadequate/adequate	3	-2
Risk-averse decision-making culture on Australian boards	Disagree/agree	65	61
Adequacy of public company remuneration reports	Inadequate/adequate	-19	-22
Priority of the reform of laws and regulations governing public company remuneration*	Low priority/high priority	33	34
Functionality of International Financial Reporting Standards (IFRS)	Dysfunctional/functional	-7	-8
Functionality of current AGM system	Dysfunctional/functional	-3	0

Summary of key indicators

(6 of 7)

65

Indicator	Scale	2 nd Half 2015 net balance	1 st Half 2015 net balance
Ethics			
Ethics of directors of Australian listed public companies (own perception)	Unethical/ethical	84	85
Ethics of directors of Australian non-listed and private companies (own perception)	Unethical/ethical	74	73
Ethics of directors of Overseas listed companies (own perception)	Unethical/ethical	51	47
Ethics of directors of Australian listed public companies (general public's perception)	Unethical/ethical	15	20
Ethics of directors of Australian non-listed and private companies (general public's perception)	Unethical/ethical	12	12
Ethics of directors of Overseas listed companies (general public's perception)	Unethical/ethical	-30	-25
ESG importance			
Importance of ESG within business	Unimportant/Important	36	New Question

Summary of key indicators

(7 of 7)

Indicator	Scale	2 nd Half 2015 net balance	1 st Half 2015 net balance
Board diversity			
Board actively seeking to increase diversity of gender on board	Not actively/actively	23	21
Board actively seeking to increase diversity of age on board	Not actively/actively	-4	-5
Board actively seeking to increase diversity of skills on board	Not actively/actively	54	49
Board actively seeking to increase diversity of ethnicity on board	Not actively/actively	-17	-13
Directorship conditions			
Impact of directors' liability on willingness to serve on a board	Negatively/positively	-44	-44
Impact of compliance requirements on willingness to serve on a board	Negatively/positively	-36	-35
Impact of remuneration on willingness to serve on a board	Negatively/positively	-2	2
Impact of contribution to economy/society on willingness to serve on a board	Negatively/positively	82	83

Explanation of charts – example only

