



#### CHAPTER 14

## *The Diverse Ownership of C.S.R.*

CLIVE TURNBULL

*The critics of our social and economic system have created their own folk-lore about its operation. This folk-lore has exerted a considerable influence and is still a fundamental ingredient in many political speeches and in some arguments before industrial courts. Part of the story runs briefly as follows: "Big companies are largely owned and controlled by small groups of capitalists, with overseas financial interests wielding a sinister influence in the background. These capitalists, having inherited or acquired by dubious means their majority shareholdings, dominate company policy to the detriment of the remaining shareholders and the community generally. The employees have been given no opportunity to participate in the wealth they create."*

*Whether this legend applies to C.S.R. can now be assessed in the light of the detailed statistical analysis on which this chapter is based. Mr Clive Turnbull has turned a mass of statistics into an interesting, factual chapter which suggests that the folk-lore has been wrong, at least in this case.*

*December 1955*

WHO owns the Colonial Sugar Refining Company Limited? The answer is more than 11,000 men and women, personally recorded as shareholders, plus more than 4,000 who are joint holders and beneficiaries of trusts plus, indirectly, many thousands more who are members of provident funds and other organizations which derive income from C.S.R.—one such association alone has a membership of 10,000.

The vast majority of these men and women are Australians and New Zealanders. Some are well-to-do, some are on the lower income levels, and most are "average". Their occupations are as varied as their two countries. A picture of the shareholder-owners of C.S.R. is a picture of the Australian and New Zealand people—heads of businesses and trade unionists, soldiers and teachers, minors who have yet to take their place in the community life and old people who have served their country and are now living in retirement. There is no uniformity in this pattern other than that all these people have a stake in the company and a stake in their country. But no individual or group of individuals and no outside financial interests control the company, nor can they control it. Control abides in the community of shareholders, a community which is a cross-section of the two nations. There are thus three especial points about C.S.R.—it is, and always has been, owned in Australia and New Zealand; its ownership and control are diffused throughout the community; and it cannot be dominated by external interests of any kind whatever.

For the purposes of this book shareholdings in C.S.R. as at May 1954 were examined in detail from many viewpoints. These examinations were productive of much valuable material. They reveal, as was their prime intention, the essential structure of the company's ownership. But, incidentally, they reveal much that is significant about the investing habits of the Australian public; and, beyond this, they show how such great publicly-owned corporations as C.S.R. have developed from what may once have been highly personalized or "family" concerns to a stage at which they are integral parts of the national economy, with a shareholders' list which is indistinguishable from a "sample" of all but the most unfortunate or feckless sections of the community. Such companies as this have become as much a part of an Australian and New Zealand way of life as our citizen-state relation itself. The needs of growing countries are casting the forms of government and the forms of industry in the same mould, and with the same electorates.

It will be useful to make a brief general survey of the shareholding position before proceeding to a detailed breakdown, a fascinating study in itself. Of 12,471 holdings of C.S.R. shares 4,654 are owned

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by individual men, 6,070 by individual women and 304 by husbands and wives. Trustee companies have 50 holdings, persons in conjunction with trustee companies 369, other joint holders 1,018 and the C.S.R. Employees' Provident Fund 6. All these categories, of course, also resolve themselves into individual men and women—an aspect which will be considered later.

Reflecting the general pattern of such societies as our own, the numerically predominant group of women holds the largest group total of shares. Husbands and wives jointly, individual men and individual women hold a little more than half the shares of the company. The Employees' Provident Fund, with 8.24 per cent of the total shareholding, is the largest "single" shareholder in the company, as is shown in the following table:

OWNERSHIP OF C.S.R. SHAREHOLDINGS

| <i>Category of Shareholder</i>                           | <i>Number of Holdings</i> | <i>Number of Shares Held</i> | <i>% of Total Shares</i> | <i>Average Number of Shares Held</i> |
|--|---------------------------|------------------------------|--------------------------|--------------------------------------|
| <i>Individual men ...</i>                                | 4,654                     | 163,617                      | 23.31                    | 35.2                                 |
| <i>Individual women ...</i>                              | 6,070                     | 187,506                      | 26.71                    | 30.9                                 |
| <i>Husbands and wives ...</i>                            | 304                       | 8,155                        | 1.16                     | 26.8                                 |
| <i>Trustee companies ...</i>                             | 50                        | 72,801                       | 10.37                    |                                      |
| <i>Persons in conjunction with trustee companies ...</i> | 369                       | 79,310                       | 11.30                    | 214.9                                |
| <i>Other joint holders ...</i>                           | 1,018                     | 132,759                      | 18.91                    | 130.4                                |
| <i>Employees' Provident Fund ...</i>                     | 6                         | 57,852                       | 8.24                     |                                      |
|  | <u>12,471</u>             | <u>702,000</u>               | <u>100.00</u>            |                                      |

It must be remembered that behind the trustee companies, as the nominal shareholders, stand still further individual men and women. Thus one trustee company has six holdings totalling 30,414 shares, plus 201 holdings totalling 54,945 shares held jointly by individuals and the company. A recent analysis shows that the persons and institutions benefiting from income from the C.S.R. shareholdings held in trust by this particular company include 775 women, 258 men, and 85 minors—in all 1,118 individuals—and numerous institutions such as a university, churches, hospitals, and charitable organizations.

To gain some idea of the spread of shareholdings through trusts, four trustee companies in New South Wales with large holdings were approached and supplied information on the lines of that quoted above. Twenty-two trustee companies, in their own names and in

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conjunction with other persons, last year held 152,111 shares in 419 holdings. From an analysis of the details supplied by the four companies the following figures for the 22 companies were reached by extrapolation:

*INDIVIDUALS DERIVING INCOME FROM TRUSTEE COMPANY HOLDINGS OF C.S.R. SHARES*

|   |              |
|---|--------------|
| <i>Number of holdings: 419. Number of shares: 152,111</i> |              |
| <i>Women beneficiaries</i>                                | <i>1,660</i> |
| <i>Men</i> <i>”</i>                                       | <i>547</i>   |
| <i>Minors</i> <i>”</i>                                    | <i>130</i>   |
| <i>Total individuals</i>                                  | <i>2,337</i> |

All these men, women and children, therefore, must be taken into account with the individual men and women shareholders already recorded.

A similar examination was made of the 1,018 joint holdings. It was calculated that 1,843 individuals were deriving benefit, other beneficiaries including professional associations with a total of 12,500 members, school associations with 4,670 members, provident and superannuation funds and other large groups. The C.S.R. Employees' Provident Fund is a similar group, with 1,596 beneficial members. All these must be considered in the overall picture. If the total is confined to individuals the following picture emerges:

*INDIVIDUALS DERIVING INCOME FROM C.S.R. SHARES*

|  |                           |
|--|---------------------------|
| <i>Individual men</i> ...    ...    ...    ...       | <i>4,654</i>              |
| <i>Individual women</i> ...    ...    ...    ...     | <i>6,070</i>              |
| <i>Husbands and wives</i> ...    ...    ...    ...   | <i>608</i>                |
| <i>Other men (trusts)</i> ...    ...    ...    ...   | <i>547<sup>1</sup></i>    |
| <i>Other women (trusts)</i> ...    ...    ...    ... | <i>1,660<sup>1</sup></i>  |
| <i>Minors (trusts)</i> ...    ...    ...    ...      | <i>130<sup>1</sup></i>    |
| <i>Other joint holders</i> ...    ...    ...    ...  | <i>1,843<sup>1</sup></i>  |
| <i>Total individuals</i> ...    ...    ...           | <i>15,512<sup>2</sup></i> |

Where do the shareholders live? Of the total of 12,471 holdings in C.S.R. 9,625 or 77.2 per cent (representing 85.8 per cent of the

<sup>1</sup> By extrapolation.

<sup>2</sup> The extent to which individuals holding C.S.R. shares act as private trustees for more than one beneficial owner was not established during the survey of shareholdings. The ultimate beneficial ownership of the company's shares is therefore probably more widespread than is indicated in the above table.

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shares) are in Australia and 20.9 per cent (11.0 per cent of shares) in New Zealand, where the company has operated for many years. The percentage of holdings in the United Kingdom is only 1.3 (2.8 per cent of shares). Holdings elsewhere are fractional—0.1 per cent of holdings are held in foreign countries, for instance (see Appendix 29). Even the small holding of shares in the United Kingdom is largely in the hands of Australians who have gone there to live. The directors of C.S.R. have always been desirous that any stock in the company should be acquired only by people living within its sphere of operations—that is, Australia and its Territories, New Zealand and Fiji. Ownership of the company is and always has been predominantly Australian and it is intended that it shall remain so.

Further examination of the shareholdings shows that the greatest number of individual shareholders is in the group owning from six to twenty shares. Thus:

SIZE OF C.S.R. SHAREHOLDINGS

*Number of Holdings*

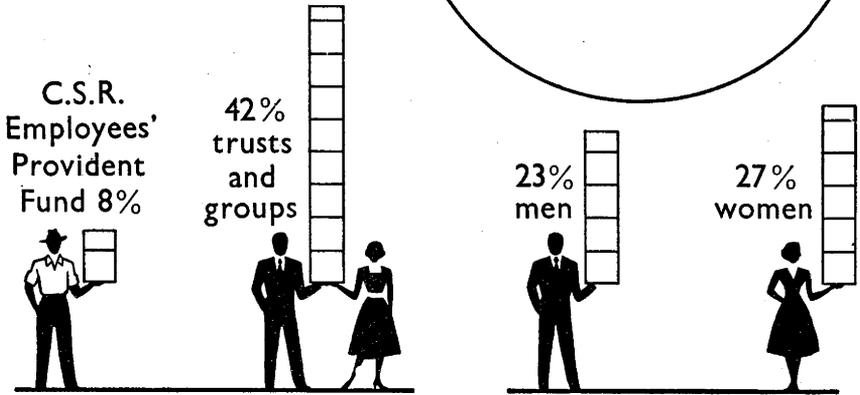
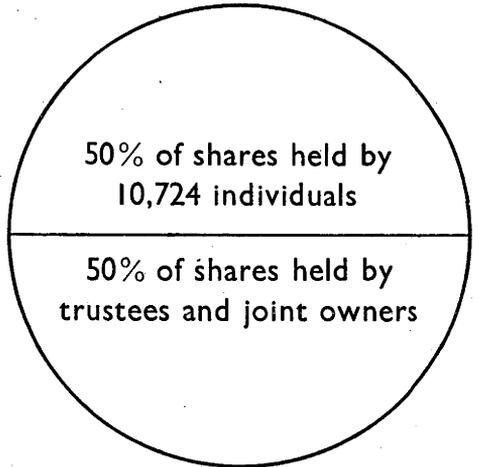
|   | <i>5 Shares<br/>or fewer</i> | <i>6 to 20<br/>Shares</i> | <i>21 Shares<br/>and over</i> |
|---|------------------------------|---------------------------|-------------------------------|
| <i>Individual men</i> ... ..                                    | 980                          | 2,107                     | 1,567                         |
| <i>Individual women</i> ... ..                                  | 1,292                        | 2,782                     | 1,996                         |
| <i>Husbands and wives</i> ... ..                                | 62                           | 142                       | 100                           |
| <i>Trustee companies</i> ... ..                                 | ...                          | 6                         | 44                            |
| <i>Persons in conjunction with trustee<br/>companies</i> ... .. | 12                           | 98                        | 259                           |
| <i>Other joint holders</i> ... ..                               | 120                          | 318                       | 580                           |
| <i>Employees' Provident Fund</i> ... ..                         | ...                          | ...                       | 6                             |
|   | 2,466                        | 5,453                     | 4,552                         |

C.S.R. is, above all, a company of small shareholders with whom control abides and it is specifically provided that it shall be so. The company is constitutionally safeguarded against minority control either by individuals or by outside companies. Article 73 of the Articles of Association reads:

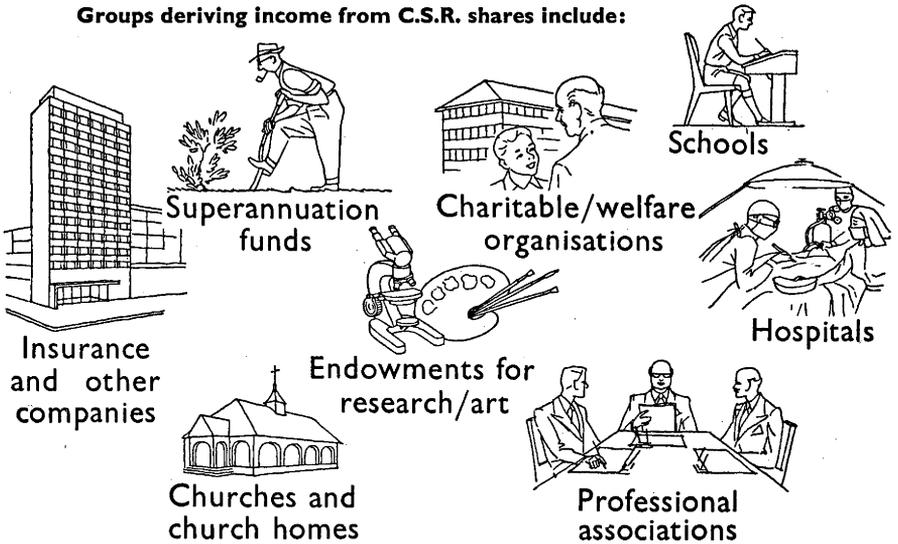
Upon every poll the right of members to vote shall be regulated as follows, that is to say every holder of five (or a less number of) shares shall have one vote and every holder of more than five shares shall have one vote for every five shares held by him but no shareholder shall have more than 200 votes.

# OWNERSHIP OF C.S.R. — 1954

Ownership of C.S.R. is diverse . . .  
its benefits are widespread  
throughout the community.



Groups deriving income from C.S.R. shares include:



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Analysis of individual shareholdings in the company shows:

DISTRIBUTION OF SHAREHOLDINGS BY SIZE

|                       | Number of Holdings |                     | Total         |
|-----------------------|--------------------|---------------------|---------------|
|                       | Individual<br>Men  | Individual<br>Women |               |
| 3,000 shares and over | Nil                | Nil                 | Nil           |
| 1,000 to 2,999 shares | 10                 | 5                   | 15            |
| 100 to 999 „          | 349                | 373                 | 722           |
| 21 to 99 „            | 1,208              | 1,618               | 2,826         |
| 6 to 20 „             | 2,107              | 2,782               | 4,889         |
| 5 shares or less      | 980                | 1,292               | 2,272         |
|                       | <u>4,654</u>       | <u>6,070</u>        | <u>10,724</u> |

There are 267 holdings of one share only.

Mis-statements made from time to time about the individual ownership of shares in the company appear to be based upon misapprehensions. Thus the Employees' Provident Fund of the company is also the company's largest shareholder. The chairman of the company, Sir Edward Knox, is a trustee for the Fund and the Fund's holdings are registered in his name as one of several joint trustees; Sir Edward's apparent holdings are greatly inflated for this reason. It has always been the policy of the company that holdings shall be, as it were, personalized. The Articles provide that no company, other than a trustee company, shall be entered as a shareholder under its corporate name; and even trustee companies are subject to certain limitations.

As the largest individual shareholder the Provident Fund merits attention. Established in 1890 to provide life assurance during employment, and in decreasing degree for up to ten years after employment, and pensions upon retirement, it holds 57,852 shares in the company with a current market value in excess of £2 million, representing about one-third of the present value of all the assets of the Fund. An establishment entirely separate from the company, the Fund is under the control of trustees consisting of one of the directors of the company, the general manager, two salaried officers, and two foremen in receipt of weekly wages.

The Fund's holding of the company's shares is therefore a matter of

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great interest to all its members, who include all permanent salaried officers. As their prospective pensions are in considerable degree dependent upon the current and future business success of the company's enterprises, there is a strong element of incentive. This large holding of company shares by employees is, in its fashion, a form of profit-sharing.

We have seen the manner in which the company's shares are distributed and where they are held. What kind of men and women hold these shares? What is their background? What do they do? For the purpose of this survey the occupations of shareholders have been itemized in detail and also totalled in broad categories. The analysis into broad occupational categories of individual men shareholders in C.S.R. is shown on the next page, together with an analysis of the status of the women shareholders.

Many of these categories are clearly defined—those of doctors and engineers, for instance. In others such sharp definition is not possible—as between “company directors”, “business proprietors and entrepreneurs”, and “merchants and manufacturers”, for instance—but the general purpose is achieved. Leaving aside the large miscellaneous group of “people of various occupations” it will be seen that the largest total shareholding is by farmers and primary producers—both the greatest number of holdings and the greatest number of shares. The second largest group is made up of doctors—441 averaging 36.9 shares each. There are almost as many managers and company officers, though they hold fewer shares. There are large groups of lawyers and other professional men, 75 people classified as “artisans and tradesmen”, averaging 16.4 shares each and, of course, a considerable category of retired people.

A more detailed analysis of occupations of shareholders is given in Appendix 30. In this analysis the statistics begin to take on human form and a picture fascinating in its variety emerges. The accountants, agents and architects are, as is to be expected, all more or less familiar examples of people pursuing these occupations. The artisans and tradesmen represent all kinds of constructive enterprise. They include a bacon curer, two dental mechanics, a piano tuner, a pipe fitter, five plumbers, five radio technicians, a watchmaker and seven wool classers. The “business proprietors and entrepreneurs” are no less wide-ranging. Here are an advertising specialist and an art dealer, a billiard-room proprietor and fourteen builders, two chiropodists and three confectioners, one herbalist and twenty hotel-keepers or -owners, one funeral director, one newspaper proprietor, twenty-four store-keepers and five warehousemen.

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OCCUPATIONAL GROUPING OF INDIVIDUAL MEN  
HOLDING C.S.R. SHARES

| <i>Occupation of Individual Men Shareholders<br/>(As stated at time of first acquiring shares)</i> | <i>Number of<br/>Holdings</i> | <i>Total<br/>Number of<br/>Shares<br/>Held</i> | <i>Average<br/>Number of<br/>Shares<br/>Held</i> |
|--|-------------------------------|--|--|
| <i>Accountants</i> ... ..  | 172                           | 4,060  | 23.6   |
| <i>Agents, brokers and salesmen</i> ... ..   | 203                           | 5,950  | 29.3   |
| <i>Architects</i> ... ..   | 31                            | 1,146  | 37.0   |
| <i>Artisans and tradesmen</i> ... ..   | 75                            | 1,232  | 16.4   |
| <i>Business proprietors and entrepreneurs</i> ... ..   | 240                           | 7,273  | 30.3   |
| <i>Company directors</i> ... ..  | 277                           | 10,397   | 37.5   |
| <i>Dentists</i> ... ..   | 58                            | 1,685  | 29.1   |
| <i>Doctors</i> ... ..  | 441                           | 16,254   | 36.9   |
| <i>Educationists and writers</i> ... ..  | 79                            | 2,615  | 33.1   |
| <i>Engineers</i> ... ..  | 220                           | 7,268  | 33.0   |
| <i>Farmers and primary producers</i> ... ..  | 582                           | 22,227   | 38.2   |
| <i>Managers and company officers</i> ... ..  | 440                           | 10,983   | 25.0   |
| <i>Members of the armed services</i> ... ..  | 99                            | 4,967  | 50.2   |
| <i>Members of the legal profession</i> ... ..  | 243                           | 9,036  | 37.2   |
| <i>Merchants and manufacturers</i> ... ..  | 168                           | 9,707  | 57.8   |
| <i>People of various occupations</i> ... ..  | 837                           | 31,429   | 37.5   |
| <i>Public servants</i> ... ..  | 92                            | 3,348  | 36.4   |
| <i>Retired persons</i> ... ..  | 397                           | 14,040   | 35.4   |
|  | <u>4,654</u>                  | <u>163,617</u>                                 | <u>35.2</u>                                      |

STATUS OF INDIVIDUAL WOMEN HOLDING C.S.R. SHARES

| <i>Status of Individual Women Shareholders</i> | <i>Number of<br/>Holdings</i> | <i>Total<br/>Number of<br/>Shares<br/>Held</i> | <i>Average<br/>Number of<br/>Shares<br/>Held</i> |
|--|-------------------------------|--|--|
| <i>Married women</i> ... ..                    | 3,150                         | 87,498   | 27.8   |
| <i>Spinsters</i> ... ..                        | 1,943                         | 59,556   | 30.7   |
| <i>Widows</i> ... ..                           | 940                           | 38,670   | 41.1   |
| <i>Divorcees</i> ... ..                        | 37                            | 1,782  | 48.2   |
|  | <u>6,070</u>                  | <u>187,506</u>                                 | <u>30.9</u>                                      |

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Among "educationists and writers" are found two authors, six headmasters, fifteen journalists, thirty-seven schoolteachers and fifteen people connected with universities. "Farmers and primary producers" include 306 graziers, one bee farmer, one rice farmer, one tea planter and 178 just plain farmers. "Managers and company officers" represent a wide range of industry from airways to wholesale buying. Among members of the armed services, army men predominate. Members of the legal profession include 52 barristers and 166 solicitors. The "merchants and manufacturers" deal in everything from gems to hides and skins.

It is in the category of "people of various occupations", however, where the real poetry of diversity becomes obvious. The lists of these shareholders take on a rhythm of their own:

|                         |                           |
|-------------------------|---------------------------|
| <i>3 actors</i>         | <i>3 barmen</i>           |
| <i>4 airline pilots</i> | <i>1 baron</i>            |
| <i>2 airmen</i>         | <i>1 biologist</i>        |
| <i>3 analysts</i>       | <i>1 boatbuilder</i>      |
| <i>5 artists</i>        | <i>4 brewers</i>          |
| <i>1 art student</i>    | <i>1 brewery employee</i> |

Or, if we skip down the list: 211 clerks; 1 doctor of science; 1 gate-keeper; 4 gentlemen; 11 jackeroos; 1 librarian; 2 priests; 1 professional cricketer; 1 seaman; 57 students; 11 surveyors; 1 tennis coach; 1 waterside worker; 23 woolbuyers; 1 Y.M.C.A. leader.

"Public servants" include one guard, three health inspectors and three members of the diplomatic service. The 397 retired persons are, as is to be expected, a reflection of the other categories.

There is a pleasant diversity about these lists, in keeping with the nature of society in Australia and New Zealand. It is profitable to reflect that a bee farmer who looks up from his hives to the aircraft pilot flying overhead, a physician and a schoolteacher consulting him may all be shareholders in C.S.R. It is they who are the owners of the business. It is their money which helped develop a great national industry which provides employment and support for many thousands of people. They bear little resemblance to the mysterious and all-powerful capitalists of the political cartoonist; if they are unrecognized it is because they are ordinary men and women going about their daily occupations.

Shares of the company are £20 units. The retention of this high unit value at a time when a number of companies have converted their shares to 5s stock units is part of the traditional policy of C.S.R. that its shares should be regarded as investments and not as speculations.

## THE DIVERSE OWNERSHIP OF C.S.R.

The ownership of the company year by year becomes more widespread, with the £14,040,000 of paid-up capital distributed between an ever greater number of men, women and children. This is due partly to sales, but to a far greater extent to the breaking-up of family holdings.

Inquiry shows that C.S.R. shares are among the first suggested by stock brokers determining the solid, long-term basis of their clients' portfolios. In making such suggestions they are giving advice upon which, in many cases, they themselves have already acted—the company's shareholders include 56 stock and share brokers. "Long-term" investment in the company's shares means, more often than not, life-long. The shares are bought to "put away" and sometimes pass from generation to generation. This is the way the company has always wished it to be and why it has never broken down the £20 share units to smaller denominations—indeed even the £20 is a concession for until 1887 the shares were in £50 units. The company discourages speculation in its shares; it wishes them to be regarded—as they are regarded—as investments in the true sense of the word. Freedom from irrelevant change and market hysteria is particularly important to those individuals and institutions who, over many years, have come to put their trust in the company as an organization

### WHERE C.S.R. SHARES HELD

Australia, New Zealand  
and Fiji

97%



United Kingdom and other British countries 2.9%

Foreign countries .1%

Source: Analysis of C.S.R. share holdings as at May 1954.

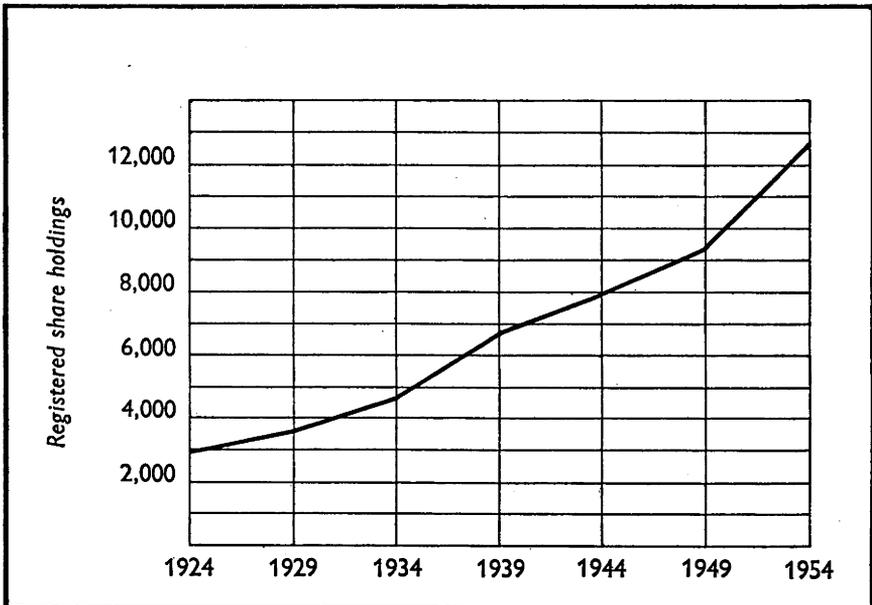
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whose shareholders' return is derived from manufacturing and merchandising and not from stockmarket operations.

The trend toward the diverse ownership of C.S.R. was remarked upon nearly fifty years ago when (in 1906) it was pointed out that of 1,300 shareholdings (including the Employees' Provident Fund which represented 1,430 people) only 65 were "so-called capitalists". By 1910 there were 1,740 shareholdings, by 1924 2,966, by 1934 4,666, and by 1944 7,982. In May 1954, as has been seen, there were 12,471 holdings, many of them shared by large numbers of beneficiaries not directly recorded by the company.

C.S.R., as an organ of property-owning democracy, is a pointer to the development of society in Australia and New Zealand. It is not the purpose of this chapter to expatiate upon this development. Nevertheless those who give attention to the affairs of the company will not find them the less interesting for the fact that not only industrially, but socially and economically, they are bound in with the future of the South Pacific.

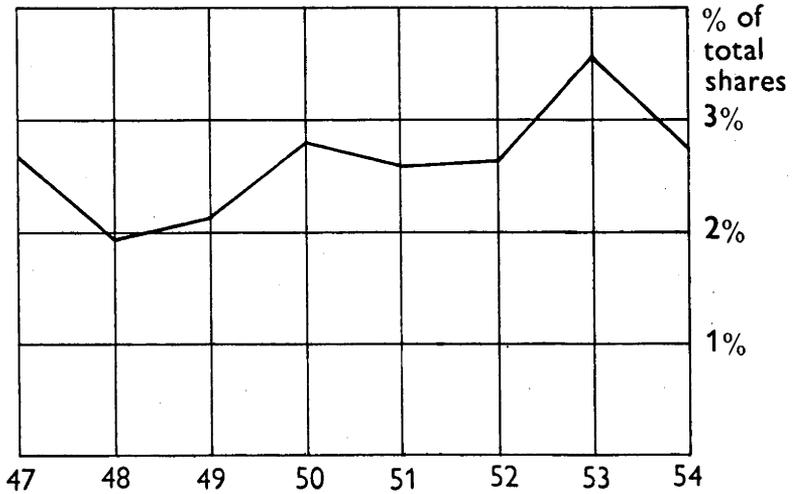
### INCREASES IN NUMBER OF C.S.R SHAREHOLDINGS 1924-1954



Increases in the number of holdings result mainly from the breaking-up of family estates. Transmissions account for a much larger proportion of the annual increase in holdings than do sales. Less than 4 per cent of C.S.R shares are sold annually.

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ANNUAL SALES TURNOVER OF C.S.R. SHARES



There is little trading in C.S.R. shares, which tend to be regarded as long term investments rather than short term speculations. Less than 4 per cent of C.S.R. shares are sold annually. Such sales contribute towards the continual increase in number of share holdings, which have grown from 3,000 thirty years ago to over 13,000 today.