President's Address—Melbourne

QUEST FOR INFORMATION

J. W. Cowan,
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Today is, in effect, our second birthday. I mention this at the outset merely to lay some emphasis upon the fact that we are a young organisation in what is, in Australia, still a young profession.

As a consequence of our extreme youth we have until now deliberately avoided taking issue with any outside organisations or individuals in any of the many contentious matters which are directly related to Security Analysis. Your Committee feels that this policy has been a prudent one, and befitting to a body of a professional people. Nevertheless, it is also felt that some of the contentious matters to which I have referred are of such importance to the securities industry, that the time has now arrived when we should commence to express, in moderate tones, the views which we held about them. To these matters I shall return in a moment.

Firstly, however, I should comment briefly upon the progress made by your Society during 1965-66. I think you will agree that, although it has been a very dull year indeed for investment generally, it has been an interesting year for those members who have participated in the Society’s activities. The Annual Report which you have before you, records the fourteen meetings held. We were again extremely fortunate to be honoured by speakers of such prominence in the commercial world, and this was due, in no small measure, to the energies of Mr. Peter Maclaren, Chairman of the Programme Sub-Committee, who worked hard and long to maintain the high standard established in the previous year by his predecessor, Mr. Lawrence Viney. I am sure that all members will join with me in expressing our sincere thanks to Mr. Maclaren and to all those who participated with him as members of Working Parties.

I would be remiss if I failed to take this opportunity to also express my personal thanks to all other members of the Committee who helped to make the year under review another successful one. In particular, I must mention our Secretary/Treasurer, Mr. Ramsay Rose, upon whose shoulders the greater portion of administrative work has again fallen. I often think that the success or failure of an organisation such as ours is largely dependent upon the efficiency and enthusiasm of the Secretary, and I feel that we have been singularly fortunate in having such an efficient and enthusiastic Secretary in our formative years.

Returning to the proposal that your Society should now commence to make its views known about various contentious matters concerning Security Analysis, I invite members, when the meeting is thrown open for discussion, to express their opinions about the desirability or otherwise of doing this. The principal task of the Security Analyst, as I see it, is to arrive at a reliable conclusion about the quality and potential of a particular company or industry from an intelligent appraisal of all the known facts. However, those of us who are members of the profession in Australia are frequently so uninformed (and even, on occasions, misinformed) about basic essential facts, that many conclusions must, of necessity, be reduced to a little more than a guess. This is a deplorable state of affairs in a country which is capital-hungry, and therefore sorely in need of investor confidence. It is in direct contrast to the position which prevails in the United States, where all companies are required to report quarterly figures for sales and profits, details of share dealings by Directors, and a host of additional information which is vital to proper appraisal of a company’s quality and potential. It is scarcely surprising that analytical work of a financial nature in the United States is so much more complete, and correspondingly more reliable, than security analysis in Australia.

Therefore I suggest to you that we should no longer be satisfied to stand idly by and be content with the meagre diet of corporate information which is dispensed in this nation of ours. Whilst maintaining the decorum which I believe should at all times guide the activities of a body such as ours, we should, I feel, vigorously seek to bring about an early and substantial improvement in corporate recording, and other matters vital to the improvement of our profession, and to the establishment of a more orderly and attractive securities market in Australia.

In conclusion I wish merely to say how much I have enjoyed the past year and how much I appreciate the support which you have all extended to me. It has been stimulating and challenging, and I now step down from the Chair in favour of Mr. Phil Ryan who, I have no doubt, will fill the office of President with his usual diligence and skill, and perhaps more importantly, with his ever-present amiability.