

Letters to the editor

I ENJOYED JOHN GREEN'S MUSINGS on the viability of a corpocracy (*Company Director*, March 2013), but it has been done before. Many of the European colonial powers established independent trading companies that asserted authority over large swathes of the Earth's surface to advance economic objectives. The Dutch East India Company and the British East India Company are two well-known examples.

However, with authority over territory and all the people within that territory inevitably comes responsibility and many of these entities found the cost of the responsibilities outweighed the profits to be realised.

Similarly, Henry Ford sought to establish a "Ford Community" and a "Social Department" with equal lack of long-term success.

Admittedly, some large companies, particularly in Asia, continue to provide a variety of social services for their workers, and many companies engage in altruistic corporate social responsibility efforts, but my sense



is that the long-term ownership of territory and all the responsibilities that comes with it might not be the most sensible way for the corporate entity to evolve.

Modern corporations do very well by being able to externalise costs such as infrastructure, housing, education, healthcare and so on to governments. And, the ability of the corpocracy to adapt and evolve would be significantly reduced. As my father used to say: "Why buy it when you can lease it?"

I was also chuffed to read Ken Henry's views on politics and politicians and suspect a

substantial number of people would agree that our political system does not have the long-term interests of the people it represents uppermost. I wonder, given the rise of the third or philanthropic sector in society, where the balance of authority and responsibility for the advancement of human society will evolve in the future. While business seems comfortable in externalising costs to government, government seems increasingly comfortable in externalising costs to the philanthropic sector. How these three sectors relate seems to me to be a big question that needs to be explored.

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KEITH DE LACY'S TIMELY comments in "Bracing for longest election campaign in Australian history" (*Company Director*, March 2013) correctly bring into focus the importance of board awareness and treatment of political risk.

Despite the naming of the date for the election, there has always been emerging political and, by default, regulatory risks facing business. The extent and potential effect of these risks will vary from business to business. However, there are some that will affect every enterprise.

Whether we like it or not, there is a high likelihood there will be a change of government at this election. Therefore, the three questions posed in the Vox Pop should have been topics of

discussion long before the setting of the September date.

Although the Prime Minister stated when she announced the date that there would be days for governing, and days for campaigning, the environment has been clouded already through the "Rooty Hill experiment". The desire to win the hearts and minds of Western Sydney was blunted by the mid-week, high-price engagement with the "top end of town" in Sydney city.

The full-page advertisement in the same issue (*Company Director*, March 2013) promotes a "Prime Minister & Cabinet Dinner". Clearly these types of events are aimed at the big end of town, and for a price, access is gained to the ear of politicians.

However, it raises the very real issue of whether the government of the day should be accessible to all people, regardless of status and the capacity and willingness to pay.

Either way, it's probably one way to manage "political" risk. However, directors and executives need to exercise a prudent approach when engaging politicians. History shows that getting too close to those holding political office can create its own risks.

The last thing any individual or business needs is to finish up being part of a jurisdictional equivalent of the NSW Independent Commission Against Corruption. The biggest political risk is politics in all its forms.

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