



Dreamworld AGM Fiasco Is The Sort Of Reason People Hate Corporate Australia

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What Ardent Leisure did last week says a lot about Australia's corporate culture. Two days before its scheduled annual general meeting four people were killed in an accident at Dreamworld, a Gold Coast theme park owned by the company. The annual general meeting went ahead and shareholders voted to award the chief executive a bonus.

Instead of focusing all of management's attention on helping the victims' families, assisting traumatised staff and co-operating with the authorities, company executives were talking about how much they should pay themselves.

Put simply, it's things like this that make people hate big business. That's why the public cheer when corporate bosses on \$10 million annual salaries are hauled before politicians to be interrogated at parliamentary inquiries. And that's why when big business gives an opinion, fewer and fewer people listen.

Fairly or not the behaviour of Ardent Leisure tars all of corporate Australia. What happened last



week is just one of the reasons why community confidence in business is declining. If there is such a such a thing as a “social licence to operate”, Ardent Leisure has come perilously close to losing it.

According to a survey by the public relations firm Edelman, less than half of Australians trust business. Only 33 per cent of Australians regard business chief executives as credible. It's remarkable to consider that Australians are more likely to trust a government official than a business leader.

Actions speak volumes

Last year Ardent published an exhaustive “Sustainability Report”. In addition to its safety performance the report dealt with issues such as the company's carbon dioxide emissions and the wage differential between its male and female employees. The company also reported on its “commitment to support and respect the protection and enhancement of internationally proclaimed civil rights”. But actions speak louder than words.

The reason the Ardent chairman gave for not postponing the annual general meeting is revealing. He said lawyers advised him that according to the corporations law the date of the meeting couldn't be changed.

Whether or not under ASIC's rules the company could have delayed its annual general meeting is beside the point. The fact is that on legal advice the meeting went ahead. The law, and the lawyers' interpretation of it, trumped a sense of decency.

It's easy to blame the company for its apparent callousness. And certainly a different chairman and different chief executive might have conducted the meeting differently or even disregarded their legal advice and not held the meeting. The penalty for failure to hold an annual general meeting includes a fine and the possibility of imprisonment.

In much of corporate Australia compliance, governance and risk management have become ends in themselves. The purpose of Ardent Leisure as a business, is the same as it is for any other company – to return a profit to its owners. And in the course of returning a profit a company must obey the law. But what's happened in this country, as indeed is happening around the world, is there are so many rules to comply with, and so many “sustainability reports” to produce that those things not written down and not explicitly prescribed by the government and regulators tend to be ignored or downplayed.

The idea that corporate culture can somehow be regulated by the government, as has been suggested by the chairman of ASIC is ridiculous. Not only is it impossible to regulate “culture”, any effort to attempt to do so is dangerous. A company's corporate culture can be just as big an asset as its plant and equipment – and the government attempting to control a company's corporate culture is in principle not very different from the government taking over a company's physical assets.



In many companies where once the corporate culture might have been to do “the right thing”, it has been replaced by a culture that requires the rules to be followed at all costs and without question. And efforts by government to regulate corporate culture will only have the opposite of the intended effect. Directors will leave responsibility for their company’s corporate culture to the government, rather than take responsibility for it themselves.

The end result will be we’ll get more episodes such as Ardent Leisure’s annual general meeting, not less.

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