



Australian Centre for Corporate Social Responsibility

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Labor will be good for Corporate Social Responsibility
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Beyond the new Government's substantive gestures towards climate change, business can expect some profound, and positive behind the scenes changes in the Rudd Labor Government's approach to corporate responsibility.

Labor's take on corporate responsibility and sustainability was clearly spelled out in its response to last year's Parliamentary Joint Committee on Corporations and Financial Services Inquiry into Corporate Responsibility. This was an inquiry initiated by Labor's Senator Penny Wong, who has been the most articulate voice in Australian politics on issues of corporate responsibility and accountability.

Improved co-ordination of government corporate responsibility initiatives and a greater focus on sustainability reporting are the two areas in which the Rudd Labor Government is likely to show the most progress.

First, Labor is likely to begin with an audit of government regulations and financial arrangements that encourage or discourage sustainable business practices. Subsidies that encourage the use of fossil fuels such and insurance issues for corporate volunteering efforts are examples of where the new Government's spotlight may fall.

Second, we can expect the formation of a Corporate Responsibility Unit with the Department of Trade and Industry or other business-focused department. This unit may handle a range of government CSR initiatives that were previously run separately by the Department of Family, Community and Indigenous Affairs, Department of Environment and Heritage and the Australian Greenhouse Office. Labor is expected to disband the previous Prime Minister's Community Business Partnership which has raised the profile of many successful community business partnerships over recent years. However it is unlikely to "throw the baby out with the bathwater", so expect this initiative to be reincarnated with a new life and new branding.

Third, Labor is likely to introduce mandatory reporting of progress against sustainability targets by government agencies. It will also provide strong encouragement for business adhere to international "de facto mandatory" standards in corporate responsibility, such as the Global Reporting Initiative and the emerging ISO standard on corporate responsibility. It may even go as far as amending the Corporations Act 2001 to require public companies to disclose their sustainability risks. However, its appetite for legislative change may be sated, at least temporarily, by the recent revision of the Australian Securities Exchange Corporate Governance Best Practice Guidelines. It may settle for now with encouraging voluntary compliance by business and investing in further "capacity building tools".

Fourth, the Labor government will apply pressure for higher corporate standards or responsibility and disclosure through investment market levers. For example, it may request the Australian Prudential and Regulation Authority to monitor how well superannuation trustees and fund managers are evaluating non-financial risks. It may ask the Australian

Securities and Investment Commission to report annually to Parliament on the level of voluntary reporting by Australian companies.

The Rudd Labor Government brings a stronger intellectual grasp of corporate responsibility issues than its predecessor and it has plenty of talent to make its vision a reality if it chooses. In addition to Senator Penny Wong, there is the Member for Chisholm, Anna Burke, the Member for Prospect, Chris Bowen, Labor's Environment Spokesman, Peter Garrett and former Trade Union leaders and newly elected Members such as the Member for Maribyrnong, Bill Shorten, and the Member for Charlton, Greg Combet who will all readily grasp Labor's proposition that "corporate responsibility is fundamentally an issue of sustainability". There is also the low profile Jason Clare, a former public company executive who has just been elected to the former Prime Minister Paul Keating's electorate of Blaxland. In his corporate role, Clare was deeply involved in corporate responsibility and sustainability issues.

With plenty of talent and a clear road map for CSR progress, the Rudd Labor Government now has a historic chance to become the best government for CSR that the world has seen yet.