

Political parties push boundaries, but companies must take the lead role

All sides agree that the traditional CSR view should be broadened to include sustainable business practices, write **Rebecca Jones** and **Leeora Black**.

WITH the release of its report, "Corporate Responsibility: Managing Risk and Creating Value", the Parliamentary Joint Committee on Corporations and Financial Services has achieved what years of interest-group lobbying has not.

All parties have legitimised corporate social responsibility

as an important and commercially sensible path for business to follow. And there are three big messages for business.

First, superannuation trustees can no longer excuse themselves from considering the social and environmental responsibility of business by hiding behind the "sole

purpose test". The report strongly encourages superannuation trustees to consider companies' environmental and social responsibilities because "it is in fact so far bound up in long-term financial success that a superannuation trustee would be closer to breaching the sole purpose test by ignoring corporate responsibility".

The Australian Centre for Corporate Social Responsibility has argued that superannuation trustees will provide the next pressure point on business for increased standards of social

and environmental responsibility. The trustees are risk-averse and CSR strategies, when successful, mitigate new forms of social and environmental risk before they appear in profit and loss statements.

Second, the report helps shift business thinking about the impact of being in business by encouraging sustainability reporting. The smartest businesses will use this form of reporting to hasten sustainable business practices. Government or stock exchange encouragement is important, but

leadership from business is central to pushing change.

Third, the report fleshes out the divergent CSR policy positions of the major parties. The committee, with a majority of Government members, makes recommendations reflecting the Howard Government philosophy of self-regulation and industry initiatives for change, while the supplementary reports of the Labor Party and the Democrats demonstrate a much stronger appetite for regulatory and government policy measures.

The parties agree that the traditional accent at the federal level on community capacity building and philanthropy from corporate CSR should be broadened to include sustainable business practices.

We may see a bigger role for the Prime Minister's Community Business Partnership, with the Department of Families, Community Services and Indigenous Affairs as the lead agency. Whether this will look like Britain's Business in the Community Network, as inferred by the report, is

unclear as BITC is business-led. The success of the report's proposed approach will depend on the participation of business.

The ALP has used the inquiry to deal itself into an area where it considers the Howard Government's policy is weak. Among Labor's recommendations, only the national Sustainability Council is ALP policy. If they become policy, a Labor government would make stronger demands on business for disclosure of sustainability risk and non-financial information.

Either way, business has to step up to the plate to avert further government intervention.

Rebecca Jones is a consultant and Leeora Black is managing director at the Australian Centre for Corporate Social Responsibility.

ACCSR will host a breakfast, "What Governments Can Do About Corporate Social Responsibility", on Tuesday, July 25, at the Victorian Arts Centre. Committee member Senator Penny Wong and international government sustainability adviser Paul Hohnen are guests. *The Age's* Leon Gettler is the moderator.