

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 20-21 February 2008

Question: aet 2

Topic: Corporate Social Policy

Hansard Page: Written

Senator STOTT DESPOJA asked:

1. Will the Government implement the recommendations made by participating Labor members to the Parliamentary Joint Committee on Corporations and Financial Services 2006 inquiry into corporate social responsibility, *Corporate Responsibility: Managing risk and creating value*, namely:
 - a. The consolidation of the Government's various corporate social responsibility programs in a single 'Corporate Social Responsibility unit within a business-oriented Australian Government Department, for example either Treasury or the Department of Industry Tourism and Resources'?
 - b. The establishment of a National Sustainability Council to recommend public and private sustainability targets, monitor performance levels against these targets, and engage with the investment industry on necessary research, educational, and reporting needs?
 - c. Requiring mandatory reporting against sustainability targets for all Australian Government agencies, including targets for water, energy, waste, vehicles and general procurement?
 - d. Developing in consultation with business and industry a 'corporate responsibility capacity building tool' to assist companies to integrate corporate responsibility and sustainability into standard business practices?
 - e. More active promotion by the Australian Government of the OECD Multinational Guidelines to Australian corporations?
 - f. A governmental audit of how governmental regulation and financial arrangements impact for better or worse upon corporate responsibility and sustainability practices?
 - g. An amendment to the *Corporations Act 2001* to require that all public and private companies, operating in Australia and above a specified size threshold, publicly disclose their top five sustainability risks and their strategies to manage such risks?
 - h. A governmental policy and nominated targets on sustainability reporting to increase the uptake of sustainability reporting by business

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and industry?

- i. A requirement for the Australian Securities and Investments Commission to review and advise the Government on how well corporate operating and financial reviews are meeting evolving investor, market, and public needs concerning non-financial performance, risk management, and disclosure?
2. Is the Government aware of, and has the Government taken steps to make itself aware of, any change in the judicial or practical interpretation of directors' duties favoured by the Labor members in their supplementary report, that might act as a barrier to, or otherwise inhibit, the consideration of 'legitimate environmental and social issues by directors'?
3. If there is no such barrier or inhibition, what will the Government do to promote publicly that view of the law and to facilitate its consistent and uniform application in the Australian business community?
4. What other policies and strategies does the Government have in place in relation to Corporate Social Responsibility, especially in relation to:
 - a. Alignment of all proposed Government initiatives on social and welfare policy, environmental and climate change policy, industry and industrial relations policy, business deregulation, and any others that might impact upon corporate social responsibility, in the interest of enhanced coordination of governmental policy initiatives in this area?
 - b. Compliance by all contractors and sub-contractors involved in providing goods or services to the Commonwealth with appropriate legal and ethical procurement requirements as 'good corporate citizens'?
 - c. Encouraging greater uptake of corporate responsibility and sustainability by business and industry, making the necessary cultural and behavioural changes within business and industry organisations, and improving the means by which business and industry identify, measure, reduce, and disclose adverse social and environmental costs of business and industry?
 - d. Providing suitable incentives, partnering opportunities, tools, and other resources for businesses and industries seeking to become more socially and environmentally responsible? and
 - e. Otherwise raising business, industry, and public awareness and implementation of corporate responsibility and sustainability?

Answer:

1. The Government is considering the reports by the Parliamentary Joint Committee on Corporations and Financial Services and the Corporations and Markets Advisory Committee on corporate responsibility. The Government will respond to the recommendations contained in these reports in due course.

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2. It is not appropriate for the Department to speculate on what the Government may or may not be aware of. On the issues raised, central agencies are not aware of any changes to the judicial interpretation of directors' duties and as such, in this regard there has been no need for central agencies to brief the Government on any changes.
3. The Government will consider these issues in its response to the reports by the Parliamentary Joint Committee on Corporations and Financial Services and the Corporations and Markets Advisory Committee.
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