

ADDITIONAL REMARKS BY SENATOR ANDREW MURRAY, AUSTRALIAN DEMOCRATS SENATOR FOR WESTERN AUSTRALIA

1.1 The Australian Democrats support the Report of the Parliamentary Joint Committee on Corporations and Financial Services: *Corporate responsibility: Managing risk and creating value*. The Report, including the Supplementary Report of the Labor members of the Committee, significantly advances parliamentary understanding of the Corporate Responsibility issues, and the recommendations of the Committee will assist considerably in Australian corporate entities 'lifting their game' in corporate responsibility reporting.

1.2 The Report recommendations, and the additional recommendations offered by Labor, deserve a serious and early response from the Government, the Australian Securities and Investments Commission, and the corporate and professional community.

1.3 During the hearings and in the submissions from the corporate sector, it appeared that many companies and directors were taking their corporate social responsibilities seriously and including them in their decision making.

1.4 I take the view that at the stage Corporate Responsibility reporting is in at present, it is not appropriate to introduce a mandatory code into Corporations Law in relation to corporate social responsibility.

1.5 Not every corporate is convinced of the value of the Corporate Responsibility concept. It was clear from many of the submissions and the hearings that a number of companies and directors were often motivated by the belief that they needed to address concerns of corporate social responsibility because of the impact on their reputation if they did not do so.

1.6 Many corporations and directors do not appear to embrace the concept itself, but by including these considerations in their decision making are attempting either to circumvent circumstances which might give rise to expensive litigation, or to avoid community agitation.

1.7 Such motives are not typical of leading companies and directors, who have recognised the significant and material contribution Corporate Responsibility reporting can make to the long-term health of the corporation.

1.8 However, the steps that have been taken so far by many large corporations need to be monitored. The obligations of corporate social responsibility also need to be monitored in relation to many medium and small companies whose actions and

production methods can have an impact on their workers and the environment in ways similar to their larger counterparts.

1.9 The need for further progress has of necessity to focus on the laggards as well as the leaders. If there is no ongoing improvement across all sectors in the next three to five years, at least to the level of comparable advanced OECD countries, then in the view of the Democrats it will be essential to re-visit the need for a mandatory code. Therefore I agree with Recommendation 4 of Labor's Supplementary Report that

...if directors do not actively consider legitimate environmental and social risks in determining the interest of the company, it will be necessary for the Parliament to provide a clearer articulation of this interpretation within the Corporations Act.

1.10 I agree with Labor's Supplementary Report that:

...In order to increase the number of corporate, non-government and government organisations that deeply integrate sustainable and responsible activities over the medium term (5 – 10) years, government must play a more engaged and strategic role now.

1.11 I was particularly attracted to Labor's notion that mandating Corporate Responsibility reporting in the federal public sector, in large and relevant agencies, would usefully advance the cause. Such action in the public sector may need to follow, not precede, the identification of appropriate reporting and benchmarking frameworks. I am referring of course to Labor's Supplementary Report Recommendation 3 that states:

...The Australian Government make reporting against sustainability targets mandatory for Australian Government agencies. This reporting should include:

- Performance against sustainability targets set by the National Sustainability Council regarding water, energy, waste, vehicles, general procurement and other applicable targets;
- Progress achieved on meeting the targets if they are not met and strategies to ensure that targets are met in the future.

1.12 I also support Recommendation 10 of Labor's Supplementary Report regarding the UN Convention Against Corruption and the OECD Anti-Bribery Convention and look forward to the early introduction of amending legislation to address the concerns raised in the OECD Report about shortcomings in Australia's adoption in the Criminal Code, of aspects of its Anti-Bribery Convention.¹

1 See also Senate Hansard 14 June 2006, Senator Andrew Murray – Matters of Public Interest – *Ethics and Integrity in Public Life*

Senator Andrew Murray

