



PHILANTHROPY
Australia



Parliamentary Joint Committee on Corporations and Financial Services

Inquiry into Corporate Responsibility
and Triple-Bottom-Line reporting for
incorporated entities in Australia

Submission by
Philanthropy Australia

September 2005

Executive Summary

"Corporate Social Responsibility, or how modern corporations should relate to the communities in which they operate and make profit, is a contentious topic around the globe. There are many voices and many points of view....

Historically Australian businesses have had a very strong connection to the community, although they rarely declared themselves to be socially responsible. They attended to their responsibilities as members of their communities as a matter of course....

Globalisation has dramatically changed these practices. Rather than having a natural community, many companies now just have markets and these often transcend regional and indeed national boundaries....

With this growth in power and resources, large corporations can make an enormous difference to the wellbeing of communities, for better or worse....

Our aim is to showcase different models and help inspire others as they struggle to understand the new environment."

Ms Elizabeth Cham, National Director, Philanthropy Australia, Australian Philanthropy, Issue 57

Philanthropy Australia is the national membership organisation for grantmaking trusts and foundations. Our mission is to promote and protect the interests of family, private, corporate and community giving in Australia.

Philanthropy Australia's submission has been prepared in consultation with some corporate members and is based on our organisation's experience in supporting corporate community endeavour. The submission is reflective of member views but does not specifically represent the stated position of any individual members.

Philanthropy Australia's focus is corporate community investment and interaction. As such this submission does not address Corporate Responsibility comprehensively, rather, it focuses solely on how corporations interact with the broader community of Australia. Community endeavor and engagement is one key element of corporate responsibility, as recognised by the Australian Corporate Social Responsibility Index.

The submission presents its case through a brief overview of trends in corporate community support in Australia, a series of case studies which demonstrate how companies have responded to and interacted with community, and finally a presentation of some international models worthy of note.

Corporate Social Responsibility

The World Business Council for Sustainable Development defines corporate social responsibility (CSR) as the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce, their families and the local community and society at large.¹

It is argued that Australia's corporate sector has a long held tradition of corporate responsibility toward their workforces and the community at large. Corporate philanthropy is a mechanism through which corporations further demonstrate their regard for the wellbeing of our local communities and society at large.

Central to this submission is the recognition of the wide range of structures, approaches and reporting mechanisms corporations employ in their community investment and engagement. Corporations manage their community endeavor through a wide range of structures from separately governed foundations and trusts to integrated community giving programs. Key to the continued growth of corporate contribution is the Government's recognition and valuing of this diversity, supporting it with enabling legislation and initiatives.

Many companies, and governments also, promote the view that legislation is not the ideal tool to facilitate improved and sustainable growth in Corporate Responsibility as it will inherently encourage a minimum benchmark rather than an incentive for enhanced practices. In addition, there is a wide range of voluntary CSR accounting and reporting systems and frameworks in practice within the business sector locally and internationally which have been developed and driven by the corporate sector itself.

There is undoubted growth in corporate community activity in Australia, evidenced through Australian Bureau of Statistics data and more generally in the growth of voluntary corporate participation in initiatives such as the Australian Corporate Responsibility Index, the Prime Minister's Community Business Partnership Awards, and the Global Reporting Index.

The role of Government

Globally there is an increased expectation for 'good' corporate governance and citizenship. This is also framed within a new paradigm promoted by governments of the social partnership or coalition - seeking cross sectoral social and environmental responsibility, investment and accountability.

As Zappala put it "While there is a role for legislation, this paper has suggested that governments can do much more via supportive, coordinated and enabling policies and showing strong political leadership on the issue." Zappala, *Corporate Citizenship and the Role of Government: the Public Policy Case*, 2003

¹ http://www.corporate-responsibility.com.au/about/corporate_social_responsibility/what_is_csr.asp

A good example of Government leadership in Australia was the establishment of the Prime Minister's Community Business Partnership. This is seen as an innovative support mechanism bringing the government, corporate and community sectors together to identify, champion and implement social programs, partnerships and systemic reforms.

The United Kingdom (UK) has an influential role in international action on Corporate Social Responsibility and is recognised as one of its leading advocates. The UK Prime Minister sees the government's role as one of a 'catalyst' for corporate responsibility. In the USA the Security and Exchange Commission plays a role as far as 'corporate responsibility' is concerned. In Europe the European Union has already stated its position as being on the side of 'voluntary' corporate responsibility. 2

Our position

Philanthropy Australia believes that the Australian corporate sector has historically demonstrated corporate responsibility, is already sufficiently regulated through a wide range of related legislation and continues to show leadership and growth in its regard for and investment in the wellbeing of our communities and society at large.

Whilst we do not support any proposal to intervene with more corporate responsibility legislation and regulation, Philanthropy Australia does support the continued analysis of existing law, rulings and regulatory practices (such as Taxation) with the aim of enabling and encouraging greater social investment and enterprise. An effective role for the Government would be to critically review all existing laws involved in corporate community programs to ensure simplification of the processes and governance requirements – making it easier to make a difference.

Key to the continued growth and contribution of corporate community involvement and investment is the Government's recognition and valuing of the diversity of structure and approach employed by the business community. Government can play an effective role to encourage, inform and reward the growing social partnership between corporations and the community, such as is demonstrated through the Prime Minister's Community Business Partnership.

2 http://www.mhcinternational.com/csr_and_legislation.htm ... MONTHLY FEATURE July 2002
CSR and Legislation

Snapshot of Corporate Community Investment in Australia

Term of Reference 1 & 2: The extent to which organisational decision-makers have (and should have) an existing regard for the interests of stakeholders other than shareholders, and the broader community.

Executive Director of the St James Ethics Centre Dr Simon Longstaff said that Westpac's top scores in both Australia and the United Kingdom demonstrate that Australian companies can compete in this area of activity [CSR] with the world's best, including those that have been driven to perform by a challenging regulatory environment.³

Philanthropy Australia supports and represents around 50 corporate members who invest in our community. These corporations manage and implement their programs through a range of structures and programs which have developed historically or as the most appropriate form for the corporation's aims and activities.

There are four main structuring options for corporate foundations, namely:

- (a) internal fund;
- (b) private charitable fund;
- (c) ancillary fund; and
- (d) prescribed private fund.

(See Appendix A - Philanthropy Australia Corporate Members' Community Support Structures)

Outside of foundation structures companies organise and implement their community investment and engagement through a range of programs and internal structures. Employee volunteering and pro bono programs also represent significant corporate investment in our community.

The corporate community partnership is rapidly growing in Australia, with Australian companies utilising their resources to encourage and match employee giving, to form new cross sectoral social partnerships, to seed community sector innovation and enterprise and to continue to support those most in need locally and internationally. The 2004 Tsunami demonstrated the commitment to the wider community culture within the Australian business community.

Any intervention by Government needs to support and encourage corporate community investment rather than stifle or impede its growth.

3. http://www.corporate-responsibility.com.au/about/articles_and_media/media/media_release_05_04_04.asp

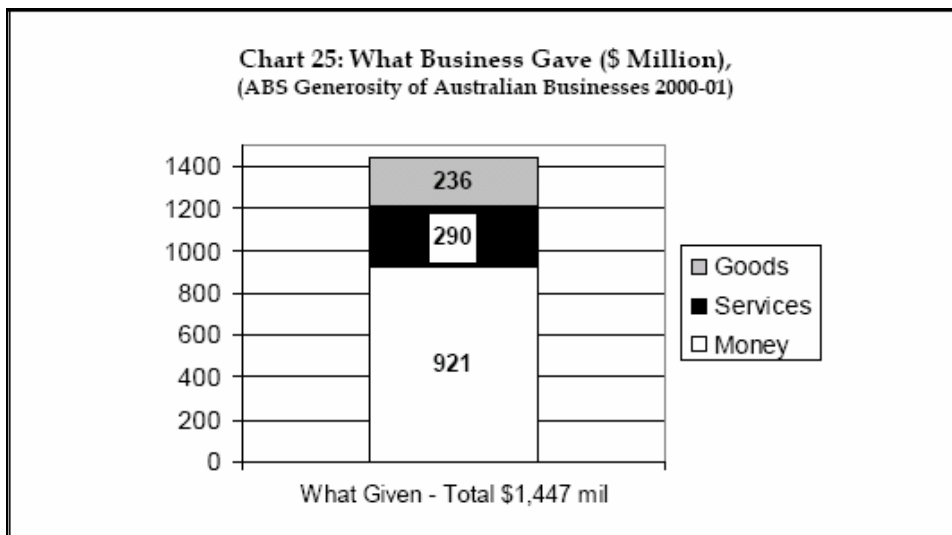
Business and giving in Australia

For the 2000-01 financial year the Department of Family and Community Services commissioned the ABS4 to conduct a study on the generosity of Australian businesses, the first of its kind in Australia.

That study found:

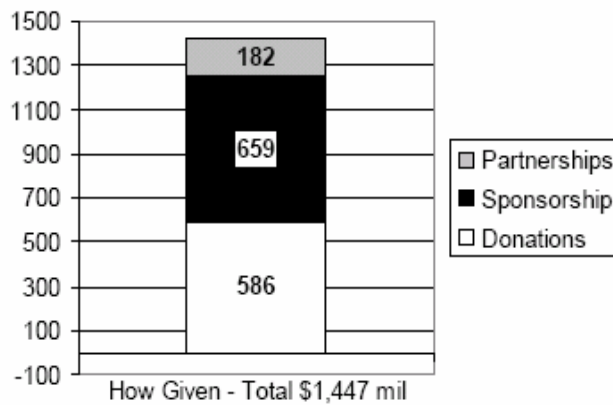
- business giving as a percentage of total income is at 0.15%
- business giving as a percentage of wages and salaries is 1.02%
- business giving as a percentage of operating profit (before tax) is at 1.66%.

The table below maps the quantum of business giving during that year – this was to a total estimated value of \$1,447 million. The greatest proportion of business giving is money followed by services, then goods.



The next table maps, for that same year, how business gave. Most giving was through donations to an estimated value of \$586 million. The nonprofit sector receiving the most in donations was the community services and welfare sector. Sponsorship was the next most common way of giving, to an estimated value of \$659 million, the sport and recreation sector receiving the most. A relatively small proportion of business giving, to a value of \$182 million, was through partnerships.

**Chart 26: How business gave (\$ million),
(ABS Generosity of Australian Businesses 2000-01)**



The 'Giving Australia' project is a recent initiative of the Prime Minister's Community Business Partnership, and its agenda demonstrates the importance of philanthropy on the Australian social landscape. This research builds on the snap-shots of philanthropy provided by the two seminal ABS surveys in this field (see below), and aims to provide a collation of resources and development activity and assess important tax reform initiatives.

Whilst the final results of this project were not available at the time of writing the preliminary findings provide context and insight into attitudes and behaviour of the Australian business sector with regard to supporting the community.

The key preliminary findings from qualitative research among business are:

- **Businesses do expect they will support the community.** There is a strong expectation by both regional and metropolitan participants that businesses would support community organisations to the extent that they could. 'You are expected to support the community.'
- **Priorities and motivations vary.** Business approaches to giving were very individualistic: there were few reference points for small and mid-size businesses, in particular. 'We do what is reasonable.' There was wide variability in the extent to which business supports charities, the motivation for doing so, and the extent to which they had policies in place, although business participants canvassed to date were quite uniform in their stated interest in making a contribution.

- **Volunteering significant.** There is a lot of personal volunteering by CEOs, owners, partners and directors of businesses, mainly on charitable or nonprofit boards. Those in regional areas tend to be active in service organisations. While these activities were not 'top of mind' and tended to be overlooked by them, for participants when asked about giving, they were substantial and generally encouraged by business.
- **Workplace giving part of a whole business strategy.** Those large organisations that supported workplace giving were motivated by the expectation of improved staff relations and staff involvement in the company's community relations program. In successfully implementing it, these large organisations believed it was important to empower staff in decision-making and to roll out a program at a grass-roots level.
- **Regional business like local causes.** Overall, the main theme to emerge for regional businesses was the importance of 'the local' to them. As might be expected, there was a far stronger sense of, and importance attached to, belonging to a particular community and of supporting this community by those in regional towns than in metropolitan areas.

Case Studies – The Diversity in Corporate Community Support

Term of Reference 3: extent to which the current legal framework governing directors' duties encourages or discourages them from having regard for the interests of stakeholders other than shareholders, and the broader community.

Term of Reference 4: Whether revisions to the legal framework, particularly to the Corporations Act, are required to enable or encourage incorporated entities or directors to have regard for the interests of stakeholders other than shareholders, and the broader community. In considering this matter, the Committee will also have regard to obligations that exist in laws other than the Corporations Act.

Term of Reference 5: Any alternative mechanisms, including voluntary measures that may enhance consideration of stakeholder interests by incorporated entities and/or their directors.

The following case studies respond to the above Terms of Reference by demonstrating that:

- a) the current legal framework does not and has not discouraged directors and decision makers from having regard for the interests of the broader community; and
- b) companies are already voluntarily demonstrating and effecting consideration and significant support for the wider community

In many instances the organisation's CEO and/or directors are represented in the governance and management of their community and philanthropic programs demonstrating a commitment to the company's regard for the community.

The case studies also highlight the diversity of structure and approach employed by corporations in implementing and managing their community support programs, making the case against any legislative and regulatory standardisation with regard to corporate community activity.

The following case studies have been drawn from the recent edition of Australian Philanthropy (Autumn 2005, Issue 57) and company websites.

The Macquarie Bank Foundation

As one of the pioneers of corporate philanthropy in Australia, Macquarie Bank has provided support to community programs for more than 30 years. Macquarie's belief is that the company is a member of the society in which it operates, thus it follows that one of its important duties is to work for the betterment of that community.

The bank's foundation dates back to 1969 and its precursor, the Hill Samuel Charitable Trust. For over thirty years, the bank has donated a fixed percentage of the bank's annual staff profit pool to various charitable organisations.

The establishment of the Macquarie Bank Foundation was formalised in 1984. Each year, the Foundation is allocated funds based on a formula determined by the Bank's annual profit. This figure has grown consistently, with the Foundation currently contributing around \$3.5 million in 2004 in community grants to about 200 organisations.

The Macquarie Bank Foundation focuses its resources on the core areas of education, health care and research, welfare, the environment and the arts. Within these areas, they look for opportunities that are innovative, genuinely responsive to the community's needs and that also enable the bank to contribute time and expertise, as well as financial support. As Macquarie expands globally, the bank aims to broaden the scope of their efforts to all communities in which they have a presence. Over the past year, Macquarie has significantly increased their support internationally, assisting programs in offshore communities identified by staff.

After more than 30 years, the traditional policy of distributing a fixed-percentage of the staff profit pool each year remains a central tenet of the foundation. The Foundation continues to be led by the bank's longtime leader, Executive Chair David Clarke, who is well known for his commitment to the principle that business should contribute to the communities in which it operates.

The Body Shop

CEO Graeme Wise says that asking 'What's in it for us?' is the wrong way to approach any opportunity. At best, he says 'the profit imperative' is naïve, simplistic and a sure way to miss the chance to make a real difference for all parties.

Company-sponsored voluntary work is not so unusual now but was virtually unheard of when The Body Shop began in Australia. Today they remain way out front when it comes to embedding the commitment in their corporate culture.

"Corporate philanthropy is often aimed directly at building external relationships, reputation enhancement and brand awareness. At The Body Shop, this would be seen as back-to-front. Their corporate philanthropy is not only low profile, but deliberately not focused on enhancing their reputation, keeping in good with stakeholders or getting the logo out and about. Far more important, says Wise, is to simply look for ways "...where you can really help to create change and see where the path takes you."

"One of the most important things I have learnt over the past two decades is that corporate philanthropy does not need to involve a lot of money to be significant," says Graeme. "The welfare paradigm tends to offer little more than a 'band-aid' but real

change is possible if you focus on creating economic generators. And this is what business does really well; starting, fine-tuning and running economic engines.”

Westpac and the Westpac Foundation

As Australia’s first bank, Westpac has played a leading role in the community throughout its 188-year history and has had a strong tradition of community involvement.

CEO David Morgan says “We believe investing in the community is not only part of our corporate responsibility, it is necessary for us to maintain a sustainable business. That’s why we’ve put in place community programs that are focused on achieving long term positive outcomes for society, as well as for our employees, customers and shareholders.”

Being a leader in corporate social responsibility is a company-wide objective at Westpac. The core components of their community involvement strategy are:

1. Employee Involvement

Westpac’s Employee Involvement program makes it easy for employees to get involved in the community and provides them with flexibility to support the community groups of their choice.

2. Community Partnerships

Our Community Partnerships program is based on the premise that they can make a bigger impact on society by working closely with several key community groups over the long term, than by providing support on an ad hoc basis. They use their resources, networks and expertise to strengthen the capabilities of their community partners to meet the areas of need within which they work.

3. Capacity Building

Westpac’s capacity building initiatives provide community groups with access to business and finance tools and training. Westpac aims to help community organisations improve their operational effectiveness and grow their capacity to deliver community services and support.

Overview of Community Contributions

Community contributions by \$AUm

Area of Involvement	2004	2003	2002	2001
Charitable gifts	2.1	1.2	1.6	1.3
Community Investment	21.8	25.9	19.8	15.1
Eco Projects	0.3	0.3	0.3	0.3
In-kind	1.2	1.6	1.7	2.05
Management costs	1.3	1.5	1.3	1.05
Commercial sponsorships	6.3	6.1	5.5	7.1
Total	33	36.6	30.2	26.9

The Westpac Foundation

The Buckland Fund, as it was originally known, was established with £1500 in 1879 by Thomas Buckland. The fund aimed to help the families of deceased bank officers who found themselves in difficult financial circumstances.

Over the years the bank has also contributed to the fund and in July 1999 the Buckland Fund was expanded into a modern charitable trust that could benefit individuals and families associated with the bank and the wider community.

The name of the fund then changed to the Westpac Foundation, which reflected the historical link with the bank, and the broader role the new entity now plays in the community.

Each year the income from the Westpac Foundation is distributed to non profit organisations for specific projects and for the relief of financial hardship of retired Westpac staff.

BHP Billiton

BHP Billiton is the world's largest diversified resources company with 35,000 employees working in 100 operations in 20 countries. BHP Billiton's community investment is the manifestation of the company's commitment to share its success by contributing to social infrastructure in a variety of ways.

BHP Billiton businesses aim to make a valuable contribution to their local communities, not only through the provision of employment opportunities but also through the support of organisations that help to create a healthy and sustainable social fabric in these communities.

BHP Billiton businesses deliver community investment programs using different vehicles, but they are guided by a number of community investment principles - sustainability, long-term relationships, leverage, employee engagement and specific projects.

The majority of their community support is managed at the local level, in many instances through the existence of Foundations. These foundations often comprise community representatives to ensure community priorities are identified and appropriate projects supported to address these issues.

Being active in local communities is just one plank of the company's CSR program. BHP Billiton is committed to spending one per cent of pre-tax profits (on a three-year rolling average) on voluntary community programs through financial, in-kind support and human resources.

In 2000, BHP Billiton looked at options for an employee 'volunteer' program. Instead of providing an 8 or 16-hour block of 'work time' for employees to volunteer as some companies were doing, they decided to create a program to acknowledge the great contribution many employees were already making.

The BHP Billiton Matched Giving Program increases employees' personal community contributions by giving a matching dollar amount to the community organisation that employees support, either through volunteering, fundraising or cash donations. The program enables employees to influence how BHP Billiton makes donations and to help direct funds to areas of greatest community benefit.

Since the program commenced in 2002, over 300 non-profit organisations have benefited. More than 50,000 volunteer hours have been recorded in the first two years, and just over \$800,000 has been directed to not-for-profit community and charitable organisations by employees.

Hewlett Packard (Australia)

When Greg Healy took over as Director of Corporate and Enterprise Marketing at Hewlett Packard, it was after a complicated merger process which left their philanthropy at risk of being disjointed and directionless. The time was clearly right for 'HP' to reassess their philanthropy in Australia.

HP's myriad of historical contributions were all driven by the 'feel-good' factor – the corporation's desire to say 'yes' to as many causes as possible. HP now believes that philanthropy should be only one part of a corporation's overall citizenship role. The principles underpinning their new Philanthropic Partnership program are 1) to invest in just one or two significant, long-term partnerships, and 2) to think beyond dollars and find ways that HP's culture and competencies can add value.

HP's goals of fostering e-education and promoting global inclusion have been extended into their community mission - partnership projects in e-education. This values-based approach to philanthropy tapped into the way HP sees the world and its overall contribution: *"if our business is about making things possible through technology – so our philanthropy should be, too"*. From this approach two long term community partnerships were developed.

Healy says, "There are so many good causes. Your natural instinct is to give to everyone but that's not the best way to contribute. Being reactive takes so much time and it can be very difficult to say 'no' if you are not clear about what you are doing or why. Now at Hewlett Packard we can say 'no' with a good conscience because we are really clear about how best to say 'yes'. We're very proud of that."

Telstra

Telstra is a company which touches the lives of most Australians. Its stakeholders include shareholders, government, customers, employees, suppliers, the media, and the general public. It follows then, that Telstra's CSR activities are wide ranging and impact on communities across Australia.

Telstra has a history of community involvement and nation building. Today's CSR activities build on this tradition in a contemporary context. Telstra ranked seventh overall and third in 'community' in the 2004 Australian Corporate Social Responsibility Index.

The Telstra Foundation is a key component of Telstra's wide platform of community engagement and CSR. The foundation, launched in 2002, is independent of the commercial interests of the company. Accountability and evaluation are seen as integral to all stages of its operation.

Reporting on Corporate Community Support

Term of Reference 6: The appropriateness of reporting requirements associated with these issues.

Corporate accountability is embedded in Australia through the raft of legislative and regulatory regimes which intersect with Corporate Responsibility. It is widely acknowledged that Australian companies are comparatively heavily regulated.

The legislative framework governing responsible corporate behaviour includes:

- Corporate Governance and Director's Duties
- Labour relations and workplace safety
- Planning and environment law
- Product liability and trade practices
- Fair dealing laws
- Commercial supply issues and due diligence procedures
- Anti-discrimination law
- Privacy and freedom of information
- Venture capital and investment
- Superannuation
- Equal employment opportunity
- Consumer protection

There has also been a global move within the philanthropic sector toward greater evaluation and reporting of its activities and results. However, it is important to note that this has been lead voluntarily by the sector itself rather than through legislative or regulatory intervention. This is witnessed in Australia through the voluntary production of public reports such as corporate social impact reports, foundation annual reports and corporate community program reports.

Philanthropy Australia, and many of its members, encourage and advocate for increased evaluation, peer and cross-sectoral review and openness with regard to their community interaction and investment. However, it is our position that this must remain voluntary and variable as appropriate to each organisation's resources, structures and approach. Standardisation would bring in a lowest common denominator approach and thus strip back a lot of momentum toward good practices that now exist voluntarily .

Any consideration of mandatory disclosure for voluntary corporate community programs must be counter balanced against the potential for this to act as a disincentive to corporate generosity. If reporting regimes place a greater administration burden on voluntary corporate community support it will take resources away from the programs and the organisations supported by them.

International Models and Approaches

Term of Reference 7: Whether regulatory, legislative or other policy approaches in other countries could be adopted or adapted for Australia.

This section provides an overview of some prominent, globally recognised and innovative approaches in CSR and community support policy and approach from around the world. All of these models suggest a role the Government can play outside of legislation and regulation – as the UK Prime Minister would call it a ‘catalytic’ role.

CSR Policy in the United Kingdom (UK)

Policy & Legislation

The UK Government’s approach is to encourage and incentivise the adoption and reporting of CSR through best practice guidance, and, where appropriate, intelligent regulation and fiscal incentives. Government policy recognises that CSR is essentially about companies moving beyond a base of legal compliance to integrating socially responsible behaviour into their core values, in recognition of the sound business benefits in doing so. Since businesses and the challenges they face differ widely, government interventions need to be carefully considered, well-designed and targeted to achieve their objective.

Company reporting

The Government encourages companies to report on their CSR performance. We have issued guidance on environmental reporting and support other initiatives promoting company reporting including the Forge I & II guidance for the financial services sector and the ACCA environmental reporting awards

European Union

In its Communication Document on CSR published in 2002, the European Commission set out its aspiration for CSR to contribute to making Europe the most competitive and dynamic knowledge- based economy in the world by 2010; an economy capable of sustainable economic growth, with more and better jobs and greater social cohesion.

“A European Roadmap for Businesses: Towards a Sustainable and Competitive Enterprise” – CSR Europe 2004

This Roadmap was created by CSR Europe and was based on consultation and partnership with some 60 major European companies. The aim was to appeal to the EU and Governments to implement the policies allowing to:

- Make Europe a more attractive place for entrepreneurs to invest and to work.
- Ensure that high level skills and innovation are at the heart of European growth.
- Provide the flexibility necessary to create more and better jobs.
- Take further leadership in sustainable development, in particular through consistent trade and development policies.

The document recommends that the business contribution to sustainability through voluntary approaches is a remarkable source of opportunity for the EU and governments.

Multi-stakeholder, voluntary and internationally recognised approaches are major assets towards continuous improvement. In the last five years, social and sustainable reporting has made tremendous progress to the benefit of stakeholders and society. At this stage, any regulatory frameworks would jeopardise the innovation and learning process required to achieve necessary consistency and credibility.

The United Nations

The UN Global Compact is a direct initiative of the UN Secretary-General, Kofi Annan. Launched in 2000, the Compact aims to bring business, UN agencies, labour and civil society together, to support ten principles in the areas of human rights, labour and the environment. The Compact promotes 10 principles of ethical and sustainable behaviour for businesses.

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2: Businesses should make sure that they are not complicit in human rights abuses

Labour Rights

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4: The elimination of all forms of forced and compulsory labour

Principle 5: The effective abolition of child labour

Principle 6: The elimination of discrimination in respect of employment and occupation

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges

Principle 8: Undertake initiatives to promote greater environmental responsibility

Principle 9: Encourage the development and diffusion of environmentally friendly technologies

And the recently adopted 10th principle: "Businesses should work against corruption in all its forms, including extortion and bribery".

This set of principles demonstrates the impact, both positive and negative, that business behaviour (particularly for global corporations) can have on society. Some Philanthropy Australia corporate members have adopted these principles.

Sweden

Below are some key recommendations identified through an extensive consultation process to inform the Swedish Partnership for Global Responsibility⁶ -

- The Government should develop new instruments for promoting CSR. These should be so designed that they can make use of companies' creativity while taking account of the pressure of time that often characterises business operations.
- The Government should promote CSR training for future management personnel and other key persons at institutions of higher education.
- In situations in which governments are the greatest obstacle to CSR compliance, companies should be able to turn to the Government to obtain support and to discuss possible joint efforts, at both government and company level.

Canada

Federal Government Approach to CSR

The current policy approach by the Canadian federal government to CSR involves the full scope of information, voluntary, economic, and regulatory instruments. CSR has historically been addressed implicitly in specific policy areas such as health and safety, labour relations, and environmental protection. More recently, improving the social, environmental and economic performance of the corporate sector is being pursued under the auspices of sustainable development.

Innovative Approach to increasing Community Participation

Whilst the government approach set out below relates to increasing volunteerism it is the innovative response by the Canadian Government which is worthy of note and presents potential government approaches to supporting and encouraging corporate community support and corporate responsibility in Australia.

The Community Participation Program is an initiative of the Department of Canadian Heritage Works, other government departments and the voluntary sector to promote citizen participation and engagement in Canadian society.

The specific objectives of the program are to:

- raise awareness of the contributions of volunteers and the voluntary sector to Canadian society;
- promote volunteering and community involvement; and
- strengthen the capacity of voluntary organizations to provide programs and services for the benefit of Canadians.

⁶ <http://www.sweden.gov.se/sb/d/3087/a/24278>

To achieve these objectives, the Community Participation Program established the Canada Volunteerism Initiative (CVI).

The CVI established three national centres and thirteen local networks, one in each province and territory. The national centres deliver a range of programs and services related to volunteerism, as follows:

- The Knowledge Development Centre provides support for both local and national research to improve our understanding of volunteerism. The Centre is operated by Imagine Canada (formerly the Canadian Centre for Philanthropy).
- The Information, Capacity Building and Awareness Centre manages a resource centre, an awareness campaign, and a capacity building program. The Centre is operated by Volunteer Canada.
- The Community Support Centre provides support for organisations to develop and test innovative methods for sustaining volunteerism. This Centre is also operated by Volunteer Canada.

The local networks ensure the CVI responds to the needs of voluntary organisations and volunteers in each province and territory. Through these networks, voluntary organisations of all sizes and representatives from various levels of government meet to exchange ideas and better understand local priorities. Each network has developed a volunteerism action plan and community investment strategy for their respective region.

A Strategic Management and Coordination Committee oversees all aspects of the CVI. The Committee is co-chaired by Volunteer Canada, on behalf of the voluntary sector, and the Community Participation Program at the Department of Canadian Heritage, on behalf of the federal government. This is akin to the Australian Prime Minister's Community Business Partnership.

Recommendations

Based on research, consultation with members and organisational experience and expertise Philanthropy Australia presents the following recommendations to the Joint Parliamentary Committee (the Committee) on Corporations and Financial Services Inquiry Into Corporate Responsibility and Triple-Bottom-Line reporting for incorporated entities in Australia.

Recommendations:

1. The Committee recognise the evolution and growth in corporate community support and engagement in Australia under the stewardship of the corporate sector itself.
2. The Committee note the extraordinary diversity in how Australian businesses invest in and partner with wider stakeholders and the community. The valuing and enabling of this diversity is key to the continued growth and contribution of corporate community involvement and investment. The case studies presented in this submission inform the case against any legislative and regulatory standardisation with regard to corporate community activity.
3. Any form of legislation or regulation on voluntary corporate community support programs has great potential to stifle the creativity and genuine generosity that currently exists.
4. Standardisation of structural mechanisms for corporate community support will only deliver a lowest common denominator approach counter to the current momentum toward good practices that exists voluntarily. Corporate community structures must remain variable as appropriate to each organisation's resources and approach.
5. Any consideration of mandatory standardised disclosure (reporting) for voluntary corporate community activities must be counter balanced against the potential for this to act as a disincentive to corporate generosity. If reporting regimes place a greater administration burden on voluntary corporate community support it will take resources away from the programs and the organisations supported by them.
6. Philanthropy Australia believes that the Australian corporate sector has historically demonstrated corporate responsibility and is adequately regulated through the existing wide range of CSR related legislation. In addition the evidence demonstrates the current legal framework does not and has not discouraged directors and decision makers from having regard for the interests of the broader community and from voluntarily demonstrating this regard through corporate community support programs.
7. Philanthropy Australia supports continued analysis of existing law, rulings and regulatory practices (such as Taxation) with the aim of enabling and encouraging greater social investment and enterprise in Australia. An effective role for the Government would be to critically review all existing

laws involved with or intersecting with corporate community programs to ensure simplification of the processes and governance requirements – making it easy for corporate entities to make a difference.

8. The Committee consider the Government 'catalytic' role taken on by other governments internationally.
9. The Committee consider the merit of the investment in knowledge, capacity and partnership approach, taken by the Canadian Government, to further encourage and enhance corporate community support and engagement in Australia.

Appendix A – Philanthropy Australia Corporate Members

Philanthropy Australia Corporate Members – Categorised by community investment program type

Ancillary Fund/ Private Charitable Fund / PPF Corporate foundation which is separate legal entity	Internal Fund Corporate foundation in name only	Internal Fund / Community partnership program	Trustee company	Providing services to the philanthropic sector
AMP Foundation BHP Billiton Community Trust Clayton Utz (PPF) Colonial Foundation Fantastic Furniture (in the process of setting up) Goldman Sachs JB Were (PPF) Myer Community Fund NRMA Foundation Perpetual Foundation PricewaterhouseCoopers Foundation (PPF) Promina Foundation RACV Foundation St George Bank Foundation Telstra Foundation Westpac Foundation	Commonwealth Bank Foundation Dymocks Literacy Foundation GrainCorp Foundation Macquarie Bank Foundation Rio Tinto Aboriginal Foundation	Australia Post Axa Australia The Body Shop Boeing Australia Holdings Clayton Utz (in addition to foundation) Deloitte Foster's Group Freehills Goldman Sachs JB Were (in addition to foundation) Hewlett Packard Hunter Hall International Investec Mallesons mecu National Foods Limited Pfizer Ronald McDonald House Charities The Shell Company of Australia	ANZ Executors & Trustee Co Ltd Equity Trustees National Australia Trustees Perpetual Trustees State Trustees	Freehills Goldman Sachs JBWere Investec Merrill Lynch Investment Managers Merrill Lynch Private Wealth Services

- Many legal and accounting firms also have significant pro bono programs that may operate alongside CSR programs and/or corporate foundations.
- Many of the above companies also offer employee payroll giving schemes (many of which are matched \$ for \$ by the company) and corporate employee volunteering programs in addition to their grants/major partnerships.