



# Responsible Business Practice in Australia: A Report to the Australian Government

## Summary Report & Recommendations

Prepared by St James Ethics Centre

Presented at the 12<sup>th</sup> National Business Leaders Forum  
on Sustainable Development at Parliament House in Canberra

16 June 2011



# Foreword

From May 2008 to June 2011 the Australian Government through Treasury commissioned St James Ethics Centre to undertake a national Responsible Business Practice project. The two major project goals were to increase the numbers of Australian companies and small to medium enterprises actively engaged in responsible business practice and to improve and refine the tools available to support Australian business in this endeavour.

St James Ethics Centre's national Responsible Business Practice project has successfully accomplished these goals. These achievements have also met a number of the core recommendations of the 2006 Parliamentary Joint Committee (PJC) Inquiry into corporate responsibility in Australia, which were a catalyst for the Australian Government funding of the project through Treasury. Nevertheless, responsible business practice is still yet to be established as 'business as usual' in Australia.

This report presents the key lessons learnt from the four year national Responsible Business Practice project. Drawing on St James Ethics Centre's experience and the valuable insights of our stakeholders, a set of recommendations is proposed for action by the Australian Government.

The presentation of this report will be made at the 12<sup>th</sup> National Business Leaders Forum on Sustainable Development at Parliament House in Canberra on 16 June 2011. Our purpose is to provide a call to action in support of responsible business practice as a foundation for sustainable economic development in Australia.

## St James Ethics Centre Message

The launch of this Responsible Business Practice in Australia report to the Australian Government coincides with the conclusion of the final year of Treasury funding for the national Responsible Business Practice project on 30 June 2011. With this in mind, St James Ethics Centre would like to take this opportunity to thank the Australian Government for its investment through Treasury and its leadership in supporting voluntary responsible business practice in Australia.

St James Ethics Centre also wishes to sincerely thank all of our stakeholders who have contributed to the achievements of the national Responsible Business Practice project. In particular we would like to acknowledge our Editorial Committee and Advisory Panel for their valuable insights and guidance in the preparation of this report. It is hoped that the analysis and recommendations provided in this report will provide a useful platform for further dialogue and action by government, business and civil society leaders in support of responsible business practice in Australia.

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## Executive Summary

St James Ethics Centre and leading government, business and civil society stakeholders, have come together through the national Responsible Business Practice project to call for continuing Australian Government action to support and promote responsible business practice in Australia.

Australia is now at a significant turning point. It is timely for the Australian Government, business and civil society leaders to re-examine the importance of responsible business practice as a foundation to mitigate the risks of any future global financial crisis, to address our significant emerging sustainable development challenges and to capitalise on our national and regional opportunities for innovation and economic development in Australia.

Significant progress has been made to increase the numbers of Australian companies and small to medium enterprises engaged in responsible business practice over the past four years through St James Ethics Centre's national Responsible Business Practice project funded by the Australian Government through Treasury. However, ethical and responsible business practice is still yet to be fully mainstreamed and embedded within core business in Australia.

This report identifies several key responsible business priorities in Australia, including the need for:

- a stronger leadership commitment and support for ethical decision making and responsible business practice from government, business and civil society leaders in Australia.
- a simplified and mainstreamed process for integrating responsible business and sustainability considerations into core business management practices and reporting.
- increased training and capability development in the area of responsible business practice; and
- greater stakeholder engagement and partnership between government, business and civil society leaders to address our key responsible business practice and sustainability challenges as well as capitalise on related opportunities for innovation and economic development.

Three major focus areas are recommended for action by the Australian Government:

1. Policy guidance on responsible business practice in Australia.
2. Leadership by example through the integration and embedding of responsible business practice and sustainability considerations in government departments and agencies.
3. Funding and incentives to further leverage the government's initial investment in responsible business practices in Australia. Proposed activities may include an independent entity to house, develop and provide access to national responsible business practice initiatives, tools and training as well as national programs to facilitate innovative multi-stakeholder partnerships between government, business and civil society that encourage and incentivise ethical, sustainable and responsible business practices.

The recommendations contained in this report focus solely on actions proposed for consideration by the Australian Government to continue to support and enable responsible business practice in Australia. Nevertheless, it is acknowledged that at a later date there would also be value in reviewing the implications of this report to identify appropriate recommendations for consideration by other key stakeholders such as Australian business and not-for-profit sector leaders.

## Recommendations

On the basis of the analysis contained in the full version of this report, St James Ethics Centre's proposed recommendations for consideration by the Australian Government are below.

It is recommended that the Australian Government:

### Government Policy

#### Recommendation 1

Commission further research to identify the various policy options available to address the key responsible business practice and sustainability issues identified in this report.

### **Recommendation 2**

Maintain a voluntary approach to sustainability reporting in Australia, strengthened through the introduction of “if not, why not” reporting practices. If an Australian company elects not to report it should explain why and advise what alternative measures have been taken to disclose its material economic, social and environmental impacts and risks.

### **Recommendation 3**

Establish a Sustainable Procurement Taskforce with business and industry to develop a national sustainable procurement policy, framework, principles and guidelines applicable to all government departments and agencies.

### **Recommendation 4**

Endorse and recommend the Global Reporting Initiative as Australia’s official sustainability reporting framework. Consideration could also be given to the implications of increasing international interest and initiatives in the area of integrated reporting.

## **Government Leadership**

It is recommended that the Australian Government:

### **Recommendation 5**

Prioritise and award tenders for government issued procurement contracts on the basis that suppliers must provide evidence of responses to their sustainability risks and their sustainability policies, commitments and performance. This may be provided through an independently assessed supplier questionnaire or verified supplier responses to broad voluntary standards.

### **Recommendation 6**

Develop national sustainable procurement tools and reporting templates for use by all government departments and agencies.

### **Recommendation 7**

Establish sustainable procurement targets for all government departments and agencies and require annual, public disclosure of performance in an independently assured report.

### **Recommendation 8**

Establish sustainability reporting targets for all government departments and agencies and require annual, public disclosure of performance in an independently assured report.

## **Government Funding & Incentives**

It is recommended that the Australian Government:

### **Recommendation 9**

Provide funding for special projects that might be proposed from time to time by the Global Reporting Initiative’s Focal Point Australia.

### **Recommendation 10**

Provide funding for special projects that might be proposed from time to time by the United Nations Global Compact Network Australia.

### **Recommendation 11**

Provide support and guidance to help small to medium enterprises in Australia meet the sustainable procurement standards applied by corporations and government agencies.

### **Recommendation 12**

Continue to invest in and participate in national initiatives with Australian business and civil society to encourage and support ethical and responsible business practice. This may include but is not limited to:

- i. an independent entity to house and develop national responsible business practice initiatives including access to good practice guidelines, tools, training and opportunities for capability development;
- ii. a multi-stakeholder network to further develop and increase the uptake amongst Australian business of integrated management practices, performance measurement, reporting, audit and assurance;
- iii. a forum to enable submissions, discussions and enquiry on key responsible business and sustainability issues including consultation to develop mandatory standards where appropriate; and
- iv. a partnership program to facilitate and incentivise co-creation, innovation and capability development in responsible business practice amongst Australian business and civil society. This could include an initiative that expands on the philanthropy focus of the former Prime Minister's Business Community Partnership to provide a broader responsible business and sustainability framework.

## Conclusions

This report has reviewed the key lessons learnt from the past four years of St James Ethics Centre's national Responsible Business Practice project and identified several key responsible business practice and sustainability priorities for consideration by the Australian Government in consultation with Australian business and civil society leaders.

The three key themes and immediate opportunities to advance responsible business practice in Australia identified in this report are Australian Government leadership through federal procurement practices; the integration of responsible business and sustainability considerations into core business management practices and reporting; and continuing leadership and momentum from government, business and civil society to support ethical, responsible and sustainable business practices in Australia.

Three major focus areas are proposed in this report as a next step for Australian Government action - further policy guidance on responsible business practice in Australia; greater leadership by example through integration of responsible business practice and sustainability considerations in government departments and agencies; and a continued government commitment to encourage and incentivise ethical and responsible business practice in Australia through appropriate funding and support.

Following the launch of this report at the 12<sup>th</sup> National Business Leaders Forum on Sustainable Development at Parliament House in Canberra on 16 June 2011, St James Ethics Centre would like to invite the Australian Government to engage in further consultation with the Centre and Australian business and civil society leaders regarding next steps to continue to support and promote responsible business practices in Australia.

St James Ethics Centre welcomes your feedback on this recommendations report and further discussion regarding continuing stakeholder consultation and action. Our contact details are below.



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The national Responsible Business Practice project is funded by the Australian Government through Treasury to enable St James Ethics Centre to engage Australian businesses in identifying and adopting more responsible business practices.

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