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By email: john.kluver@camac.gov.au

Attention: Mr John Kluver - Executive Director
Corporations and Markets Advisory Committee (CAMAC)
GPO Box 3967
Sydney NSW 2001

Dear CAMAC

CAMAC: CORPORATE SOCIAL RESPONSIBILITY - EcoSTEPS Submission

EcoSTEPS is pleased to take this opportunity to respond to the CAMAC Discussion Paper.

About EcoSTEPS

EcoSTEPS is a multi-disciplinary consultancy which specialises in Sustainability and Triple Bottom Line strategies and practices. EcoSTEPS provides support and advice to a broad range of organisations across all sectors of society. The eighteen-member team is based in Australia and New Zealand with offices in Sydney and New Zealand and associates and connections throughout Australia and the World. www.ecosteps.com.au

EcoSTEPS has particular interest and experience in TBL/Sustainability accounting, reporting and assurance.

General response to issues and questions raised in the Discussion Paper

EcoSTEPS have chosen not to respond in detail to each of the questions and issues raised. This is because there is considerable overlap between the questions and the Discussion Paper itself canvasses the issues fairly comprehensively. Instead, we summarise EcoSTEPS views on the topic as a whole with a view to stimulating further debate in the critical and urgent policy development area.

Sustainability Context

The implicit backdrop for the whole CSR debate is the fact that more than six billion people are competing for scarce resources on a finite earth. This context is not adequately addressed in the Discussion Paper. For example, Ecologically Sustainable Development (ESD) is only

mentioned once as a footnote. (ie Page 41). There is no mention of approaches such as The Natural Step and Ecological Footprinting. These are serious omissions.

The paradigm used is the prevailing economic one. This is myopic and limiting. The CSR debate is global. It must be couched and responded to in global terms.

Further, the concept of 'Corporate Social Responsibility' is merely an interim transition towards the more holistic and comprehensive thinking embraced in the emergent phrase 'Corporate Sustainability Responsibility'.

Triple Bottom Line (TBL)

There is some discussion of TBL but not within the overall sustainability context necessary to give it real meaning. TBL is a useful interim concept as organisations start to appreciate the multi-dimensional nature of sustainability. Work by Forum for the Future in the UK on their Five Capitals model points the direction here. We are facing a sustainability crisis because we're consuming our stocks of natural, human and social capital faster than they are being produced. Unless we control the rate of this consumption, we can't sustain these vital stocks in the long-term.

Regrettably, the essential focus of this Discussion Paper is mostly limited to traditional economic capital and the economic bottom line.

Economic Bottom Line

There are three main problems of the present economic system:

- emphasis on growth;
- neglect of the long term; and
- failure to incorporate the impact on natural systems into how much things cost.

If the present level of consumption is putting unsustainable pressure on natural systems, the situation will get worse if consumption continues to increase. If price signals don't indicate how certain goods and services affect the environment, consumers cannot be blamed for being unable to consider these consequences when deciding how to spend their dollars. Ignoring the long-term implications of our behaviour will lead to disaster. This is the opportunity we need to grasp.

Externalities

The reporting and accountability of CSR issues are at essence about recognition, valuation and reporting of non-traditional financial items, whether these be Intellectual Property, staff turnover, access to clean water or whatever. These so-called 'externalities' are central to the CSR debate. The word is used only once in the Discussion Paper in a footnote (Page 37).

The absence of consideration of 'externalities' and full cost accounting severely limits the range and usefulness of the Discussion Paper.

Stakeholders

The Discussion Paper mentions 'stakeholders' extensively but regrettably fails to mention the draft Stakeholder Engagement Standard from AccountAbility (AA1000SES) which considers the issue extensively. A brief mention of AA1000 is made on Page 10.

Without making substantive progress on developing and articulating a comprehensive and cohesive stakeholder framework, then the existing processes and legislation relating to Shareholders and Corporations are unlikely to progress much.

Decision-making

There is some discussion of decision-making. This is the key issue. "Which stakeholders should be making what decisions and how?"

One definition of 'sustainability' developed by EcoSTEPS is: "Sustainability is achieved when all stakeholders optimise decision-making processes that allocate scarce resources over time."

Global Reporting Initiative (GRI)

As the Discussion Paper mentions, France and South Africa have engaged with GRI at a national level. A significant number of global and Australian companies are now reporting under GRI. It is the de facto global standard. It embraces AA1000 (and its approaches to stakeholder engagement and assurance).

GRI is the leading global sustainability reporting initiative. The Australian Government should mandate GRI reporting for organisations which meet certain materiality thresholds. For example, those exceeding one or more economic, social or environmental thresholds: eg dollar turnover, number of employees, GHG emissions etc).

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EcoSTEPS would welcome the opportunity to discuss any or all of the matters raised in this submission with CAMAC. In the first instance, please contact Julian Crawford on 02 4757 2700 or juliancrawford@ecosteps.com.au

Yours sincerely

Julian Crawford on behalf of EcoSTEPS
Director