

living ethics

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responsible business



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think ...
to create a better world

St James Ethics Centre is an independent not-for-profit organisation which provides a non-judgemental forum for the promotion and exploration of ethics.

www.ethics.org.au

This winter we focus our attention on responsible business practice and present the results of the latest Corporate Responsibility Index, a major project of St James Ethics Centre.

We also reflect on this year's National Business Leaders Forum on Sustainable Development and what our newly established Focal Point for the United Nations Global Compact in Australia will mean for business.

We look at the parliamentary response to recent losses incurred by financial product and service provider collapses. Other topics explored in this issue include microfinance, graffiti, social media and boredom. We also hear from the founder of an initiative dedicated to boosting creativity in all walks of life.

We hope you enjoy this edition of *Living Ethics*.



Illustration by Marc van de Griendt - www.havock.co.uk

executive remuneration

by Simon Longstaff



Despite the intensity of recent debate about executive pay, two fundamental questions have been largely ignored, writes Simon Longstaff.

The first concerns the relative value we place on business leaders' contribution to society. The second relates to embedded assumptions about human nature – and how those assumptions shape corporate remuneration policies.

In the midst of furious condemnation of executive pay, there has been barely a murmur of dissent about the fortunes earned by elite performers in sport and the arts (especially music and film). When it comes to the likes of: Tiger Woods, Julia Roberts, David Beckham, Venus Williams and the Rolling Stones, then the critics' knives are sheathed. Do we consider the contributions of such people to be more valuable than, say, those of a highly skilled and effective Director of Nursing, working in a public hospital, or the Principal of a major high school?

Indeed, do we really think that those who excel at hitting or kicking a ball or entertaining us in other ways should be better remunerated than, say, someone who is ultimately responsible for the global operations of a company like BHP Billiton? In posing this question, I do not mean to suggest that we should be indifferent to the excesses of some within the world of business (especially those alchemists who transmute the lead of corporate failure into gold for their taking). However, there is a more serious issue that we ought to be considering – an issue that requires us to move beyond the question of how much people are paid and instead, confront the underlying beliefs that make possible those cases that merit our outrage.

While a concern about the size of the packages being awarded to executives is understandable, a far more significant issue is being ignored. If you listen to business executives, company directors, remuneration consultants, fund managers, shareholders, government ministers ... you will find that they tend to agree about one thing – that remuneration packages must be structured in a way that will bring about alignment between the conduct of executives and the long-term interests of shareholders.

At the heart of this agreement is an oft unstated assumption that human nature (or at least that of business executives) is invariably and narrowly self-interested. There is tacit (and sometimes explicit) rejection of the possibility that people might strive to do their best because they have a commitment to the excellence of their craft or because they have promised to do so. There is no room left for the practical expression of values such as loyalty and commitment. All of this is evident in the weight placed upon the force of self-interest when structuring executive remuneration. The core assumption is that you only get what you pay for.

Let me illustrate my point by constructing a dialogue between the Chairman of a listed company and a prospective new CEO. The exchange is a work of fiction, the underlying principles that inform the discussion are not.

Chair: Well, Bob – as you know, one of the issues that the Board is keen to focus on is the creation of long-term value.

Bob: Of course ... excellent approach.

Chair: So, why are you frowning?

Bob: It's difficult. My head agrees with the Board's thinking – heaven knows that's the way to go. It's just that I doubt that my heart will be in it ... unless ...

Chair: Unless?

Bob: Well, you could make it worth my while. I mean, if you were to offer me a fair share of the upside then I reckon that this would keep me focused. Otherwise, I fear that I might just ... drift. You understand?

Chair: Of course – perfectly understandable, all very reasonable. Couldn't expect anything more.

Bob: Exactly. Everyone buys alignment.

Chair: A modest incentive?

Bob: Perhaps not so modest – the greater the incentive, the greater the alignment.

Chair: Inescapable logic. Agreed. Look, Bob, there is another issue. The Board is expecting a long-term commitment from our next CEO.

Bob: Long-term – what, more than three years?

Chair: Actually, we're testing the limits of conventional wisdom by thinking that the company might benefit from a period of stability at the top. We're hoping to find someone who will stay for at least five years.

Bob: Five years?

Chair: We value loyalty very highly – it's one of our core values.

Bob: Five years? Not a problem ... in principle. In practice ... well ... But I'm glad to hear that you put a high value on loyalty ...

Chair: You seem a little concerned.

Bob: To be perfectly candid, I'm not sure that anyone buys into the idea of 'loyalty' these days. Nice sentiment ... but really! That's not to say that we can't do a deal. We could always structure arrangements to remove the risk of my being drawn away by someone making a better offer. Let's call it a 'retention bonus' – build it into the LTI component of my package.

Chair: I don't think that this is what we had in mind. I mean loyalty is ...

Bob: Everyone's doing it. Just check with your remuneration consultant. Men must be what men must be.

Chair: Oh, of course – perfectly understandable, all very reasonable. Couldn't, shouldn't expect anything more.

Would you employ Bob after this conversation? Many a board would – and think that, in doing so, they were simply following best practice.

Dr Simon Longstaff is Executive Director of St James Ethics Centre.



about living ethics

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united nations global compact network launched in australia

The Australian Network of the United Nations (UN) Global Compact was formally launched at the tenth National Business Leaders Forum on Sustainable Development at Parliament House in Canberra by Senator the Hon Nick Sherry, Minister for Superannuation and Corporate Law, and Georg Kell, Executive Director of the UN Global Compact.

The UN Global Compact is the world's leading and largest voluntary corporate citizenship initiative. Launched in 2000, the UN Global Compact revolves around ten principles for business on human rights, labour, the environment and anti-corruption.

The Global Compact has two key purposes being to encourage the integration of its ten principles into responsible business practice and to garner collective action of the UN Global Compact and its related UN initiatives.

Speaking at the launch, Senator Sherry said:

This is a very significant initiative. At a time when transparency, trust and confidence are emerging as key issues for both business and the community, it is an important and practical step in clearing the path for companies to develop their responsible business practices both locally and internationally.

The UN Global Compact Network in Australia is housed by St James Ethics Centre.

For further information visit the Centre's Business Ethics Hub at www.thehub.ethics.org.au. See interview with Georg Kell, Executive Director of the UN Global Compact on page 6.

employer ethics influences employees

A new survey has found a link between an employer's approach to ethics and the productivity and loyalty of employees.

In April 2009, Beaton Consulting and St James Ethics Centre released data on what Australian business professionals really think about ethics. Beaton Consulting donated the research to the Centre as part of its annual *Business and Professions Study*.

In introducing the report, Director of St James Ethics Centre Dr Simon Longstaff said:

The global community is faced by a conjunction of challenges so grave as to justify being considered 'crises'. The list includes some obvious issues – climate change caused by global warming, worldwide recession, a global food crisis affecting the most vulnerable. However ... there is also a crisis of confidence; in our principal institutions, their legitimacy and their leadership.

Perhaps our leaders believe that no one cares about ethics. Perhaps they believe that we really are all nothing more than the mythical *homo economicus* – motivated solely by a narrow form of self-interest. If this is what our leaders believe, then they are just plain wrong. As this report shows, people really do care about the ethics of their employers – and of the institutions within which they work. The figures included in this report speak for themselves.

The study surveyed over 15,000 individuals in professional business roles and found that employees give significant thought to ethical issues in their everyday working life and deal with ethical dilemmas regularly. And more importantly, their attitudes have a significant

impact on their intentions with respect to both discretionary effort and loyalty to the organisation. Other findings include:

- > Less than 1% of individuals believe that business has no ethical obligations, or that legal compliance is the only ethical obligation of businesses;
- > 84% of individuals believe being responsible environmentally is included in the definition of business ethics;
- > 93% of individuals believe that organisations have an obligation to act ethically even if it occasionally harms their profits;
- > 91% agree that all organisations should make a formal commitment to acting ethically;
- > 80% of individuals agree that they are willing to put in extra effort at work if they know that their organisation is run ethically;
- > 77% agree that if their employer acted in a way that contradicted their core principles, they would definitely leave the organisation; and
- > One in four individuals believe their employer is not doing enough to promote ethical behaviour.

Rosemary Sainty, Head of the Responsible Business Project at St James Ethics Centre, who lead the development of the public report, said that results show the obligations of businesses and other organisations are no longer seen in isolation from the communities in which they operate, the employees they depend upon, the environment from which they draw their resources and the marketplace in which they participate.

The complete findings of the business ethics study is available at the Centre's Business Ethics Hub at www.thehub.ethics.org.au



of responsible business practice in Australia

www.thehub.ethics.org.au

The National Responsible Business Practice Project is funded by the Federal Government, through Treasury, to enable St James Ethics Centre to engage Australian businesses in identifying and adopting more responsible business practices. This project aims to build a trusted HUB of international and local responsible business practice initiatives for businesses of all sizes. Visit the site to find out more.

sixth corporate responsibility index

This year's Corporate Responsibility Index (CRI) is framed within the context of the global economic crisis that grips the world. Simon Longstaff presents the latest results.

As the dire effects of recession spread around the globe, disproportionately affecting the most vulnerable, it is important not to lose sight of the fact that the genesis of this disaster lay in events that were self-induced, self-defeating and entirely preventable.

In the midst of discussion about the causes of economic failure one phrase, in particular, has been uttered again and again: "If only we had known". Indeed. Yet consider this: when told of the circumstances leading to the fall of Singapore, during the Second World War and believing that his own lack of strategic foresight was at least in part to blame, Sir Winston Churchill replied, "I did not know. I was not told. I should have asked". It is the last part of Churchill's response that marks him out as a leader. He acknowledged that he, "should have asked".

The companies that have completed the CRI demonstrate a similar commitment to leadership. Rather than taking the easy option of not asking, of not knowing – they have been prepared to engage in a rigorous process of self-examination.

The CRI is an integrated and comprehensive tool that allows for a professionally validated assessment of environment, social and governance performance. These are precisely the areas that need to be understood by the boards and senior management of organisations if they are to avoid some of the errors that triggered the current global recession.

overview of the corporate responsibility index

The Corporate Responsibility Index (CRI) provides a voluntary framework for corporate responsibility that assists companies to identify their non-financial risk, as well as develop and improve corporate responsibility in line with their business strategy.

The CRI is a strategic business management tool, ensuring a systematic approach to managing, measuring and reporting on the various impacts that companies have on society and the environment.

The Index covers four key impact areas: Community, Environment, Marketplace and Workplace. These areas are examined through questions on strategy, integration, management practice, performance & impact and assurance.

overview of performance

- > A total of thirty-eight companies participated in the Sixth Corporate Responsibility Index (CRI) in Australia and New Zealand – thirty-five in the full Index and three in a Module of the Index. These companies represent over 700,000 employees and more than AU\$46 billion in revenue.
- > The top five companies in order of performance are: EnergyAustralia, Boral Limited, Minter Ellison Lawyers, ANZ and Foster's Group Limited.
- > The greatest improvement in performance from last year's Index was achieved by Australian Broadcasting Corporation.

Part of the problem of the past has been that businesses have had far too narrow an understanding of risk. Likewise, investors and regulators have sometimes failed to understand that tools, like the CRI, do far more than simply measure performance against specific criteria. Rather, they provide insight into the quality of management, in general, and their ability to manage complexity, in particular. As is now clearer than ever, we live in a world that is integrated and highly complex. That complexity is like a tiger – potentially lethal and never tamed by our ignorance of the risk.

Finally, there have been many times in the past seven years when we have been advised to drop the word 'responsibility' – that it puts people off; that it has negative connotations for businesses that would prefer to deal about more appealing notions like 'corporate opportunity'. We resisted such calls. To do otherwise would have been to collude with a culture that contributed to the current losses – not just in treasure, but also in trust.

Those organisations that have shown the commitment to measure and report their performance, in the field of corporate responsibility, may not be perfect. However, they are part of the solution to a set of problems that require a better response than we have seen in the past. Organisations completing the CRI are positioning themselves for the future. Eventually, the gloom will lift. I think that the sun will shine especially brightly on those who resisted the temptation to withdraw into their shells; rewarding those who invested in their capacity for responsible business conduct when it would have been so easy not to do so.

Dr Simon Longstaff is Executive Director of St James Ethics Centre.

- > Sensis Pty Ltd achieved the best performance of the new publicly participating companies.
- > Eleven new companies joined the project in 2008.
- > Corporate Strategy was the section with the strongest performance. At 88% this demonstrates that most companies are placing corporate responsibility values at the core of their business strategy; that key social and environmental risks have been identified and addressed by principles and policies; and that there is a demonstrable leadership commitment.
- > Companies are making progress towards integrating corporate responsibility strategies throughout their business with an average score of 78%.
- > Last year Workplace was the highest scoring management section at 90%. The sixth Index saw the review and launch of the new Workplace section recognising companies that build a business case for their workplace management and ensure their programs contribute effectively to the health, wellbeing and development of their employees. This year companies scored an average 77% in line with companies' performance in the other management areas: Community (79%), Marketplace (78%) and Environment (75%).
- > Workplace: only 9% of participants achieved outstanding performance in the new Workplace section, which requires

a company to identify employee-related issues and build a business case for all programs to address these issues. Companies must have assigned specific responsibility for championing workplace issues at board level, developed objectives and targets to implement employee programs and have an internal monitoring process to review their implementation.

- > Community: 34% of companies scored over 95%. These companies have identified the community issues most relevant to their businesses and developed strategies, targets, internal systems, structures and partnerships to address these issues and monitor their effectiveness.
- > Marketplace: 23% of companies scored 95% or more in the Marketplace section. High performers have conducted environment and social impact assessments of core products and services, respect their customers and manage environmental, social and economic issues in the supply chain.

- > Environment: only 14% of companies scored 95% and above on environmental management. These companies are engaging their employees on their identified material issues and have programs to achieve their environmental objectives and targets. Most companies are measuring and reporting their greenhouse gas emissions (83%), with most also responding positively on the scope (87%) and quality (76%) of the information they are reporting.

To find out more information and details about the results of the sixth Corporate Responsibility Index please visit www.corporate-responsibility.com.au

The CRI is part of St James Ethics Centre's National Responsible Business Practice Project funded by the Federal Government, through Treasury to enable the Centre to engage Australian businesses in identifying and adopting more responsible business practices. Developed and maintained by Business in the Community (BITC) in the UK, the CRI is supported by PricewaterhouseCoopers. BITC licences the CRI to St James Ethics Centre for use in Australia and New Zealand.

sixth corporate responsibility index results

Company Name	Scope ^	Overall Score	Corporate Strategy	Integration	Management Practice	Environmental Impact Areas	Social Impact Areas	Assurance & Disclosure
Australia & New Zealand submissions:								
ANZ	100%	☆	☆	☆	☆	☆	☆	☆
Australian Broadcasting Corporation	100%	☆	☆	☆	☆	□	☆	☆
Boral Limited	100%	☆	☆	☆	☆	☆	☆	☆
Caltex Australia Limited	100%	□	☆	★	□	□	□	□
City West Water Ltd	100%	★	★	□	★	□	□	☆
Colliers International	100%	□	☆	□	□	□	□	□
Country Energy	100%	☆	☆	☆	☆	★	☆	☆
Diageo Australia	Australia	☆	☆	☆	☆	★	★	☆
EnergyAustralia	100%	☆	☆	☆	☆	☆	☆	☆
Ergon Energy	100%	★	☆	☆	☆	★	□	☆
Essendon Football Club	100%	□	□	□	□	□	□	□
Foster's Group Limited	100%	☆	☆	☆	☆	☆	☆	★
Henry Davis York	100%	★	☆	□	★	☆	□	☆
mecu Limited	100%	☆	☆	☆	☆	☆	□	☆
Minter Ellison Lawyers	Australia	☆	☆	☆	☆	☆	☆	☆
New Zealand Post Group	New Zealand	□	☆	★	□	□	□	☆
PricewaterhouseCoopers **	100%	□	☆	★	□	□	☆	□
Savings & Loans Credit Union	100%	☆	☆	☆	☆	□	☆	☆
Sensis Pty Ltd	100%	★	☆	☆	☆	□	□	□
Teachers Credit Union	100%	□	☆	□	□	□	☆	□
The GPT Group	Australia	□	☆	□	□	□	□	☆
Visy	Australia	□	★	□	□	□	□	□
Private Index average (seven companies)	100% / Aust / NZ	□	★	□	□	□	□	□
Global submissions:								
Anglo American *	100%	☆	☆	☆	☆	★	☆	☆
Ford Motor Company *	100%	☆	☆	☆	☆	☆	☆	☆
Jaguar Land Rover *	100%	☆	☆	☆	☆	☆	□	★
Kimberly-Clark Corporation *	100%	☆	☆	☆	☆	★	★	★
Rentokil Initial *	100%	☆	☆	☆	☆	□	□	☆
Sercos Group *	100%	☆	☆	☆	☆	★	☆	☆

CRI Leaders Network:

ANZ; BHP Billiton; EnergyAustralia; Toyota Australia; and Westpac Banking Corporation

BITC Platinum Companies:

BHP Billiton; British Telecom; Cadbury Schweppes; Rio Tinto; Unilever; and Xstrata

Company Name	Scope ^	Overall Score	Corporate Strategy	Integration	Management Practice	Performance & Impact	Assurance & Disclosure
Community Module submissions:							
Accenture (Australia)	Australia	☆	☆	☆	☆	☆	□
MBF Australia Limited	100%	□	★	□	★	□	□
Environment Module submissions:							
MBF Australia Limited	100%	□	□	□	□	□	□
Veolia Environmental Services	Australia	□	□	□	□	□	★

☆ Gold 90%+

☆ Silver 80 – 89%

★ Bronze 75 – 79%

□ Participated 74% and less

NB: Where a company has scored 0.25% below a score bracket the score is rounded up

^ Scope: 100%: 100% operations

Australia: Australian operations only

New Zealand: New Zealand operations only

* Submitted surveys in UK and validated by Business in the Community in the UK

** Validated by Business in the Community in the UK

Private Index: private benchmarking is offered to companies for an initial year prior to transitioning to the full public Index

Community & Environment Modules: the modular option provides an entry level for participation in the Index focusing on a single impact area, either Community and/or Environment

CRI Leaders Network & BITC Platinum Companies: participants that have achieved >95% in previous Index iterations



an australian focus for the global compact

by Amanda Armstrong

To commemorate the launch of the United Nations Global Compact Network in Australia Georg Kell, Executive Director of the United Nations Global Compact, recently visited Canberra to speak about his hopes for the Network and to advocate the role the investment community plays in leading the charge towards greater corporate citizenship. Amanda Armstrong reports.

Joined by Senator the Hon Nick Sherry at Parliament House in Canberra, George Kell addressed the tenth National Business Leaders Forum on Sustainable Development to launch the United Nations (UN) Global Compact Network in Australia.

For St James Ethics Centre, which will house the initiative as part of the Treasury-funded Responsible Business Practice project, the establishment of this Network will drive forward the responsible business practice agenda in Australia.

Launched in 2000, the UN Global Compact revolves around ten principles for business on human rights, labour, the environment and anti-corruption. The principles are derived from international instruments that enjoy widespread government support, namely the Universal Declaration of Human Rights; the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work; the Rio Declaration on Environment and Development; and the United Nations Convention against Corruption.

With over 5,000 business participants from more than 130 countries around the world, the Global Compact's development of a Focal Point in Australia for the world's leading voluntary corporate citizenship initiative will offer business a vibrant, relevant and inclusive network.

St James Ethics Centre's Head of Responsible Business Practice, Rosemary Sainty, says this Network will reflect a uniquely Australian perspective on the Compact's principles and provide practical help for Australian companies to integrate these into their business practices.

While talking about the aspirations he holds for the future of the UN Global Compact Network in Australia, Georg Kell mirrored these sentiments and went further to suggest that the creation of this Network will not only be good for Australian businesses, but will be beneficial to the UN Global Compact as a whole.

Beyond acknowledging the importance of having infrastructure at a country level to support growth and promote action for corporate responsibility on the ground, Kell suggests that each Network provides something unique back to the UN Global Compact and contributes to the strengthening of the initiative.

Country networks are absolutely key for the UN Global Compact and increasingly are actually defining what the compact is. The amount of activity that is now generated by the 5,300 corporate participants and 1,000 non-corporate participants around the world is increasingly driven from the bottom up – where innovation is generated by collective action that is organised and taking shape and where the interface with public policy making occurs.

Already there is a noteworthy expectation that the newest Network will make a significant global contribution. By applying Australia's

own culturally specific dimensions, the vision is that this Network will offer insight and expertise towards the strengthening of the UN Global Compact. For Kell it is Australia's deep connectivity with natural issues, opportunities for advanced technological progress and strong regional positioning that places this Network in good stead to embrace the values based principles and become a leader. Further he remarks that it is Australia's propensity to be honest and open when commenting on the state of global affairs that will positively contribute to the broader agenda and drive progress.

It is impossible to know where this progress will take the UN Global Compact over the next decade, but looking back over the last nine years Kell has already seen an evolution. He suggests that initially corporate citizenship was more involved in notions of legitimacy and obtaining a license to operate, whereas today global conditions have added the driver of sustainability – specifically the impact of climate, water, food and so forth.

Even though it is difficult to predict the next evolution of the UN Global Compact, and indeed the global circumstances in which it will operate, Kell suggests that the one known factor vital for success is the necessary engagement of the investment community with the United Nations Principles for Responsible Investment (UNPRI) playing a critical role.

Kell believes that in order to progress the corporate citizenship agenda we must connect the investment community with the principles of corporate citizenship and create awareness that non-financial issues matter. The role, and influence, of the investment community becomes instantly apparent when Kell explains that the 400 institutional investors that support the UNPRI represent over US\$18 trillion, accounting for roughly 10% of global liquidity.

Looking at that statistic alone, it is clear that integrating responsible investment into mainstream thinking and the decision-making processes of investors, asset owners and asset managers will have, and does already have, a truly significant impact on the community.

But while those who have adopted the UNPRI have made a significant contribution to corporate citizenship, Kell suggests there is still a way to go.

The truth is, and I think it is fair to say, that the investment community is still lagging behind the business community. The business community because of its exposure to the real world and the lessons it had to learn has developed many tools and many good practices that the investors don't yet know enough about. It is very important to bring UN Global Compact Networks and investors together so that they better understand and learn from business ...

The positive news is that with the UN Global Compact Network formally launched in Australia, the opportunity for this level of broad collaboration is greater than ever before.

For Georg Kell it is this notion of collaboration, and strong, considered leadership that constitutes the fundamental elements for success. For Kell, leadership at its core is simple:



Georg Kell speaking at the National Business Leaders Forum on Sustainable Development in May 2009.

You need a clear long-term vision. You need to recognise you have choices and, perhaps most astutely, you need to be aware that in making those choices there is a right and wrong – a moral and ethical dimension.

It is the last point that seems to most often be forgotten, overlooked or swept under the carpet. But for Kell it is absolutely essential: "No markets can flourish without sound ethics. Ethics underpin markets in every respect."

For Kell, these decisions are not just the domain of CEOs, senior executives and board members alone. To him, we all have a hand to play in ensuring ethical leadership is at the forefront of our

businesses and organisations. As Kell says: "To me it boils down to something simple – how you want to live your life. Be aware you have choices and make the right choice."

Perhaps in this bleak time of lack of corporate trust and transparency, the launch of the Australian Network has presented an opportunity for many of us to take on a leadership role and make significant practical steps towards inclusive integration and cooperation in efforts to achieve greater corporate citizenship.

Amanda Armstrong is the Communications Coordinator for the Corporate Responsibility Index at St James Ethics Centre. www.corporate-responsibility.com.au



un global compact seventh annual local networks forum

The UN Global Compact Office in collaboration with the Fundació Fòrum Barcelona Centre for the Support of the Global Compact, recently convened the seventh Annual Local Networks Forum in Istanbul, Turkey.



Rosemary Sainty, Head Responsible Business Practice, St James Ethics Centre and UN Global Compact Focal Point for Australia, together with colleagues representing the Focal Points from Malaysia, China, Singapore, Sri Lanka and Pakistan.

The Centre's Rosemary Sainty joined approximately 300 participants representing Global Compact Local Networks (GCLN), Regional Support Centers, the private sector, government, labour and civil society representatives. This was a unique opportunity for GCLN representatives to exchange

experiences in addressing the challenges and opportunities faced by networks in their efforts to promote the Global Compact locally.

The key function of the Local Networks Forum is to seek input from GCLN representatives on key governance issues relating to Local Networks and the Global Compact initiative as a whole.

A number of other Global Compact Issue Area Working Group meetings were held in conjunction with the Forum. This included a day on the origins of the Labor Principles of the Compact, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work and the International Labour Organisation Tripartite Declaration on Multinational Enterprises and Social Policies, as well as a day-long working group for the Asia-Pacific Network (pictured).

Speaking of her experience at the Forum, Rosemary said it was a vibrant and productive exchange that brought home very clearly the credibility of the Global Compact as the world's largest corporate citizenship initiative based on internationally ratified declarations and conventions of the UN.

Rosemary Sainty is Head Responsible Business Practice at St James Ethics Centre. She also manages the UN Global Compact Focal Point for Australia. For further information see the Centre's business ethics hub at www.thehub.ethics.org.au



new eco investment index launched in indonesia

The Indonesian stock exchange has launched a new investment index based on the social and environmental performance of companies.

The Sri-kehati Index, which is being run in partnership with the Indonesian Biodiversity Foundation, lists the twenty-five companies considered to best meet the criteria, and includes oil, mining and cement companies. The Index is only the second of its kind in Asia, after Japan.

The criteria for the Index covers environment, corporate governance, human rights, labour practices and community investment.

According to *Business Respect*, the newsletter of UK-based corporate responsibility commentator Mallen Baker, not

everyone was impressed. He reported that the head of research at PT Paramitra Aifa Sekuritas Pardomuan Sihombing was quoted by the *Jakarta Globe* as saying that he doubted the Index would include the genuinely greenest firms because other factors, such as company size and profitability, appeared to carry more weight in the selection criteria.

On the other hand, Mallen Baker said that the Index is intended to raise the positive profile of commitments to social responsibility amongst the business community. He added that it would be unlikely to fulfill the positive influencing role intended if it sought out companies with high green intentions but poor profitability, nor would this make for a very convincing investment vehicle.

Source: www.businessrespect.net

tenth national business leaders forum on sustainable development

by Michael Harrison Smith



Michael Harrison Smith of The Natural Edge Project gives an overview of the latest National Business Leaders Forum on Sustainable Development held at Parliament House, Canberra in May 2009.

Whilst the global financial crisis provides a significant challenge, business and government can turn these risks into sustainable business opportunities to transform the global economy. This was the focus of the recent tenth National Business Leaders Forum on Sustainable Development¹ at Parliament House.

One of the features of the 2009 Forum was the wide range of significant initiatives launched to help business in its efforts to turn these risks into opportunities. Senator Nick Sherry and Georg Kell, Executive Director of the United Nations Global Compact, joined forces to launch its new Australian Network of the United Nations Global Compact at the 2009 Forum (see related article on previous page).

The UN Global Compact seeks to help guide companies in their efforts to walk the talk on sustainable development and responsible business practice. It's also a key UN initiative that helps guide business in their efforts to create jobs and sustainable livelihoods to reduce poverty.

To highlight responsible business practice the 2009 Forum featured the sixth Corporate Responsibility Index results (see results profiled on pages 4-5).

The 2009 Forum featured many speakers of note, such as Rob Cameron, CEO Fair Trade International², who outlined inspiring ways the private sector is working in collaboration with NGOs and government to break the poverty cycle. Tim Costello, CEO of World Vision, also outlined a range of initiatives to reduce poverty and address climate change that count towards Clean Development Mechanism credits.

Another power example of the exciting opportunities available came from Nic Francis, CEO of CoolNRG³. He talked about their work to increase the uptake of millions of compact fluorescents in Mexico, the funding of which was enabled through Clean Development Mechanism credits. This project in Mexico will reach 7.5 million families saving them over US\$165 million per annum in reduced energy costs.

Peter Garrett, Minister for the Environment, Heritage and the Arts, announced that a serious COAG review of Australia's waste and product stewardship policy was underway and would report by the end of the year. Minister Garrett also outlined a range of other significant policy reforms which focused on improving the resource (energy, water, materials) productivity of Australian business. For instance, he discussed progress to develop the first ever national energy efficiency strategy for Australia. All of Minister Garrett's announcements focused on positive opportunities for Australia and Australian business that both help improve resource efficiency as well as the bottom line. To help all businesses identify and implement resource efficiency opportunities, Peter Garrett launched a new UNESCO endorsed publication *Whole System Design: An Integrated Approach to Sustainable Engineering*⁴ funded by the Department of Environment, Water Resources, Heritage and the Arts.

In line with these sentiments from Minister Garrett, St James Ethics Centre facilitated a workshop at the Forum outlining the goals and progress of its Responsible Business Practice initiative. A detailed overview of this workshop is freely available from the 2009 Forum's website⁵.

The Responsible Business initiative seeks to catalyse collaboration amongst businesses to identify resource efficiency opportunities through the entire supply chain. Briefly, the workshop featured presentations on a range of projects undertaken as part of this initiative as well as an overview from industry project partners and sponsors on their significant efforts to date.

Other workshops at the 2009 Forum focused on the significant opportunities of soil carbon to mitigate climate change, greening our cities and leadership opportunities in the lead up to Copenhagen Results. Recommendations from all of these workshops will be outlined in the 2009 post-forum report that will be made available on the Forum website (see below).

The 2009 Forum focused not just on climate change mitigation opportunities but also on adaptation opportunities. Green Cross/Global Green CEO Mara Bun facilitated a moving discussion on the 2009 Victorian bushfires and the response of the Flowerdale community. Representatives from Flowerdale spoke from the heart about their ordeal and how, post the fires, the community came together and jointly decided to build it back as a model for sustainable building and community.

But perhaps the most emotional and profound speeches of this year's event were delivered by Andrew Forrest and Noel Pearson, who were keynote speakers at the Forum dinner. In August 2008, Andrew Forrest launched the Australian Employment Covenant to create and guarantee 50,000 permanent jobs for Indigenous Australians. At the 2009 Forum, Andrew Forrest spoke powerfully about what had motivated him to initiate this project.

He described how he grew up in rural Western Australia together with dozens of Indigenous mates whose parents, along with his own mum and dad, mentored him.

I grew up with and was cared for and was several times mentored by these wonderful people ... Yet none of my mates, that I grew up with, are still alive today.

Andrew and Noel invited the Australian business community to join them in this effort. Andrew reported that many businesses have already accepted his invitation, creating 13,600 new jobs for Indigenous Australians.

Michael Harrison Smith is Research Director at the Natural Edge Project. For those interested in reading more in general about the 2009 Forum, a Pre-Forum Briefing Report is freely available online at www.nblf.com.au. Shortly, a Post-Forum Report will also be added to the 2009 Forum's website.

The Australian Employment Covenant provides Australian business leaders with an opportunity to make a lasting difference by creating employment opportunities for Indigenous Australians. For further information phone 1300 346 325.

1. See 2009 National Business Leaders Forum on Sustainable Development at www.nblf.com.au
2. See Fair Trade International at www.fairtrade.net
3. See CoolNRG at www.coolnrg.com
4. TNEP (2009) Whole System Design: An Integrated Approach to Sustainable Engineering, Earthscan, London, at www.naturaledgeproject.net/Whole_System_Design.aspx
5. See 2009 National Business Leaders Forum on Sustainable Development Forum Papers at www.nblf.com.au

the swiss loans affair: lessons for the 21st century

by Robert Brown



Bitter memories of the 1980s 'Swiss Loans Affair', in which huge loans denominated in Swiss francs were made by banking giant Westpac, principally to farmers, have risen to the surface once again, writes Robert Brown.

The affair severely damaged the bank's reputation at that time, especially when the so-called 'Westpac letters' surfaced in the media, indicating a somewhat indifferent attitude to the plight of borrowers.

In the words of journalist Robert Gottlieb (Business Spectator, 8 April 2008):

The simple fact was that farmers earning Australian dollars should never have been offered loans in Swiss francs. Eventually the bank settled with the farmers, which is what they should have done on day one, because irrespective of the legalities and the small print warnings, Westpac's conduct breached community standards.

Twenty years on, after two decades of financial services 'reform', the actions of the banks are once again under the spotlight. This time, the Parliamentary Joint Committee on Corporations and Financial Services is holding an enquiry into "the issues associated with recent product and services provider collapses, such as Storm Financial, Opes Prime ..."

australian financial institutions, particularly the 'big four' banks, have managed to weather the world financial crisis looking like paragons of virtue

Initially, the financial institutions must have been quietly relieved because the Committee's terms of reference made no specific reference to an examination of their role in recent disasters; however, on 16 March 2009 (apparently inspired by some unpleasant memories of the 'Swiss Loans Affair') the Senate agreed to refer another matter to the committee, namely:

... the involvement of the banking and finance industry in providing finance for investors in and through Storm Financial, Opes Prime and other small businesses, and the practices of banks and other financial institutions in relation to margin lending associated with those businesses.

So far Australian financial institutions, particularly the 'big four' banks, have managed to weather the world financial crisis looking like paragons of virtue compared to many of their overseas competitors. Therefore, it is important that the Parliamentary Committee examines the role (if any) of the Australian banks in facilitating irresponsible and reckless financial excesses which have destroyed the lives of thousands of Australians.

No doubt the banks will argue that they acted legally and in the interests of their shareholders. Perhaps, they did; but the more important question to be considered is whether they acted responsibly and ethically in the interests of the Australian community from which they derive so much profit.

In other words, to what extent should the community expect banks to act in the public interest, given their oligopolistic

market position and government guarantees that they currently enjoy? That's not to mention the substantial commercial benefits that accrue to most financial institutions from their receipt of compulsory superannuation contributions. Surely, this privileged commercial position should give rise to community obligations well beyond the interests of shareholders alone.

The Parliamentary Committee has been asked to recommend "... any necessary legislative or regulatory change ..." that it deems appropriate to reform the financial services industry in the light of recent collapses; however, given the obvious lack of success of previous attempts at reform of the regulatory system, the Committee must ask itself whether the solution lies in the usual 'workaround' reforms introduced with much rhetoric in the vain hope that behaviour might change for the better; or does it lie in some deeper structural reform?

to what extent should the community expect banks to act in the public interest?

It is to be hoped that the Committee will seriously canvass the industry's ethical and public interest obligations. In so doing, it should consider the consequences of the industry's vertically integrated product distribution structure that has so deeply embedded irreconcilable conflicts of interest (worldwide) that any serious attempts to expose or reform them have been attacked with the full force of the industry's impressive lobbying capacity.

The Committee's enquiry offers a golden opportunity for meaningful structural reform, particularly in the area of remuneration models (not just commissions) that encourage so-called financial 'advisers' or 'planners' to sell products and accumulate funds under management. This reform should occur voluntarily, or failing that, it may have to be forced upon the industry by legislation.

History shows that when the 'tumult and shouting' dies the most likely outcome of the Committee's deliberations will be a series of recommendations around enhanced process, disclosure and transparency, about which the industry will complain loudly; but privately it will be relieved that government has failed yet again to address the only issue that really counts.

One can only hope that this Committee is different, and that it will exhibit the strength to speak and act boldly in the interests of consumers of financial products and services.

Robert Brown is a Chartered Accountant and a former Board Member of St James Ethics Centre.



living ethics contributions

St James Ethics Centre welcomes contributions to *Living Ethics* and our website at www.ethics.org.au. Please contact Jackie Randles on +61 (0)2 9299 9566 or via email at jackie.randles@ethics.org.au



microfinance can have its cake and eat it too

by Peter Gregory



From the day in 1976 when Muhammad Yunus lent US\$27 to forty-two poor women in the Bangladeshi village of Jobra, the tale of microfinance continues, writes Peter Gregory.

2009 started with more good news on microfinance, with 106 million of the world's poorest families receiving a microloan in 2007, surpassing a goal set ten years earlier by the Microcredit Summit Campaign. Despite this impressive growth, an estimated further 100 million families (amounting to approximately half a billion or half of the world's poorest people globally) do not have access to the financial services you and I take for granted like access to credit on reasonable terms or a safe place to deposit their savings.

Indeed, according to Deutsche Bank, microfinance loans reached \$25 billion in 2007. This pales into insignificance compared to the \$250 billion in unmet demand for microfinance products around the globe.

commercialisation supporters must realise that simply distributing loans to as many people as possible does not constitute microfinance

The microfinance 'industry' is now confronting a serious challenge. Can microfinance institutions (MFIs) balance the growing push for commercialisation and profitability (argued by some as the only way to attract the level of capital investment needed for a massive scaling up of microfinance services) against their social missions of poverty alleviation? Is there a risk that commercialisation and the pressure of profitability and investor returns will force up interest rates on credit?

Commercialisation supporters must realise that simply distributing loans to as many people as possible does not constitute microfinance. After all, there is a money lender in every village in Africa. It requires careful management to prevent over-indebtedness, a commitment to limiting costs for impoverished customers and often concurrent social services. Nonetheless, anti-commercialisation advocates must understand the massive demand gap (a gap exacerbated by the reduction of donor funds due to the onset of the global financial crisis).

The question facing the microfinance world should not be a choice between these two approaches, but how microfinance can be relevant to the world's poor and yet sustainable and profitable in the long-term? How can it transform more lives than ever before by attracting serious, long-term investors?

Alex Counts, President of the Grameen Foundation, offers a framework for how microfinance can overcome what he calls this 'false dichotomy'. Counts' vision is based on high volumes of marginally profitable transactions rather than fewer more profitable transactions thus maintaining profitability for the organisation without spiralling costs for clients. It also requires limits to private benefit (in terms of salaries), holistic performance standards and third-party certification in a bid to create a more positive public perception and, subsequently, more favourable regulatory climate. This will make profitability easier and therefore ease the cost burden borne by clients augmenting social impact.

Most importantly, however, Counts views microfinance as a platform from which it is possible to deliver a range of financial and non-financial services that have positive long-term implications for financial and social imperatives. Microfinance's greatest asset is the excellent relationships formed with its poor clients. It is this relationship that can be (and already is by many organisations) used as a vehicle to deliver a range of services including financial literacy, business training, health services and adult education. Not only does this improve the social impact of microfinance, it provides long-term profitability development.

A fine example of this is the 'Intervention with Microfinance for AIDS and Gender Equity' (IMAGE) operated in conjunction with the Small Enterprise Foundation (SEF) – a South African MFI with which I am currently involved.

The IMAGE program conducts education sessions on HIV and gender equity at the beginning of the normal loan repayment meetings traditionally associated with microfinance. The social capital developed amongst the group as a result of microfinance augments the effectiveness of the education and vice versa. The most important benefits of this program are the social impacts of a reduction in HIV and intimate partner violence amongst participants (indeed, an astonishing 55% reduction was observed). However, a secondary benefit is that members who are healthy and safe will have more successful businesses and a higher repayment rate. Although such programs may be costly initially, their financial impact is a positive one in the long-term, improving profitability and attracting investors.

By committing themselves to the above principles MFIs can ensure social impact whilst attracting serious, long-term investors who have the potential to expand scale.

Does all this mean that funds from donor governments are no longer needed? Notwithstanding the argument above for socially conscious commercialisation, there remains an important role for donors like the Australian Government bridging the demand gap in particularly challenging environments. Overseas aid funding can be put to excellent use developing new or scaling up very small microfinance programs in any region but particularly in post-conflict zones (such as Afghanistan) and geographically remote or sparsely populated locations (such as in the Pacific Islands). Furthermore, our Government also has a role in assisting developing nations in our region to create a favourable regulatory framework for MFIs.

Overall, these measures aimed at socially conscious commercialisation, combined with intelligent donor and government support, can have considerable long-term impact on both the financial and social functions of MFIs. In doing so, investors who are committed to a long-term involvement in microfinance will be attracted, enabling the industry to bridge some of the massive gap in demand whilst sticking to its core function of poverty alleviation.

Peter Gregory is an intern at the Small Enterprise Foundation and a member of the anti-poverty advocacy group, RESULTS Australia. He would like to thank both organisations for their help in the writing of this article.



let's learn to live with (good) graffiti

by Kurt Iveson



A teenager was sentenced this week to three months in prison for tagging a cafe in Hyde Park with a felt pen, marking a new low in the long and futile war on graffiti writes Kurt Iveson. Wouldn't it be better for all if we just learned to live with it?

Many people find tagging ugly and annoying, and it can be costly to remove. But is it appropriate to imprison someone for three months (at a cost of more than \$20,000 to the taxpayer) for writing one non-offensive word on a wall (at a removal cost of \$200 to the property owner)?

Graffiti has always been with us. But new forms of graffiti associated with hip-hop culture – including tags and murals (or 'pieces') – began appearing in Sydney in the 1980s. Since then, governments of all persuasions have waged a war on graffiti. They have established specialist police squads. They have deployed rapid removal teams to paint the town brown. They have erected countless kilometres of barbed wire and thousands of surveillance cameras. They have legislated harsher penalties for graffiti offenders. They have sought to make spray-paint less accessible. They have even censored graffiti magazines and computer games. The objective? Zero tolerance.

the main consequence of the war on graffiti has not been to eradicate it, but rather to displace it and make it worse

This war on graffiti has lasted more than twenty years and has cost hundreds of millions of dollars. In NSW, the removal of graffiti is estimated to cost taxpayers more than \$100million every year. What do we have to show for it?

The generals waging this war have won some battles – perhaps a particular 'hot spot' now attracts less graffiti, or a repeat offender has been caught and prosecuted. But the main consequence of the war on graffiti has not been to eradicate it, but rather to displace it and make it worse. Displacement has been a recurring outcome – for each success on one front, a new front opens up.

Consider the inside of our trains. Seats are covered in 'graffiti-proof' material. Graffiti tags can be, and usually are, removed rapidly. As a consequence, there are a lot fewer tags on seats than there used to be. A win? Not really. There has been a marked increase in tags etched into train windows. These 'scratchies' are more damaging and more costly to remove than tags on seats. Not exactly mission accomplished.

Another consequence of the war has been a reduction in the quality of graffiti. To talk of quality may seem contentious, but in the course of my research I usually find that most people find tags far uglier and more annoying than colourful pieces. Yet, perversely, zero tolerance strategies have worked to encourage tags and discourage pieces.

It takes time and effort to produce a really good piece, and writers are less likely to make this investment if it exposes them to arrest or if their work will be immediately covered. Tags, on the other hand, are quick to execute and can be re-applied in bulk no matter how many times they are covered. For some, these failures are only an incitement to escalate the war, as though all that is

needed to finally win is more resources, harsher penalties, and more resolve. They celebrate the recent sentencing based on the delusion that it will 'send a message' to others, but history proves them wrong. After twenty years, it is time to admit that these strategies have failed. It is time to end the war.

This is not to suggest we adopt an 'anything goes' approach – far from it. Three principles should inform a new approach towards graffiti.

First, policies should be able to distinguish between good and bad forms of graffiti. Graffiti will not be eradicated, so we ought to develop policy measures which have the more modest but achievable goal of shifting graffiti-writing practice towards those forms and locations of graffiti that are better-liked (or at least more tolerable).

Second, we need to engage with graffiti writers and their culture. Older, more skilled writers tend to place more value on the quality of their work and have their own collective sense of ethics about appropriate locations for graffiti. Driving graffiti culture underground only serves to make it less accessible to young people. This doesn't stop them writing, it simply stops them developing the skills and ethics that might improve their efforts.

Finally, the resources devoted to addressing the graffiti problem must be proportionate to the actual harm caused. New South Wales cannot afford \$100 million a year on failed policies when there are so many other funding pressures. And its Premier should not celebrate the prospect of spending \$20,000 imprisoning a teenager with a felt pen.

Kurt Iveson teaches urban geography at the University of Sydney. This article was first published in The Sydney Morning Herald.



journalists as marketers?

Trevor Cook warns that search engine optimisation (SEO) means that in the future, journalists may be required to market their own stories.

Search engines scan the title, headline and at least the first hundred words or so of news articles, which means some journalists are being urged to use online tools to research the key words most frequently used by people searching on the topics they are writing about. These words can then be strategically placed in the story.

Journalists will also be expected to encourage others, including sources, to link to their stories. Pushed to its logical conclusion SEO will unite editorial and advertising responsibilities in a single person: the journalist.

The ethical and professional issues are profound and so far they have been largely swept under the carpet.

This is an extract from an article by Trevor Cook published in The Sydney Morning Herald, www.smh.com.au



boosting creativity

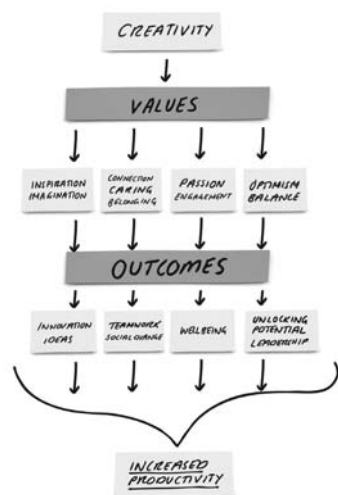
by Tania de Jong



Corporate choirs and brainstorming creativity booster sessions for businesses are two of a number of programs offered by Creativity Australia. Founder Tania de Jong explains the thinking behind these programs.

It is critical to find creative and innovative ways to bring people together to build resilience and social capital during these highly uncertain times. Doing so can develop stronger communication and problem solving skills, and thereby foster sustainable levels of motivation and wellbeing at a personal and organisational level. This will in turn lead to greater levels of engagement and innovation in organisations, and an enhanced ability to make a contribution to our society rather than just focusing on profits.

One of the challenges businesses face today is overcoming the barriers to stimulating creativity and innovation. We need to create opportunities for individuals and communities to connect with one another in new and meaningful ways.



The barriers are ever present. We live in a world where computers, the internet, image and celebrities take us further away from connecting with one another meaningfully. We interact with boxes and screens instead of with one another. We are in danger of becoming a society where alienation, disengagement and self centeredness are entrenched in a world where human beings fail to capitalise on building relationships that are generative and creative.

One way of improving our world is to help people learn how to think and act differently. Perhaps in our corporate social responsibility programs we need to find new ways of giving employees a greater sense of themselves and their potential. It is only when we feel good about ourselves that we can really help others.

At Creativity Australia we believe creativity offers the answers to many of the big issues we face in these unprecedented times because it can help unlock our full human potential.

If you enter a kindergarten you will encounter some of the best creative thinking anywhere: finger paintings with pink and green people and blue dogs and polka-dot skies, imaginative stories of fairies and magical, far-away places. Young children are naturally creative. They must create ways to learn and construct a world view from a collection of initially disconnected events, colours, movement and sound. So what happens between the open, effortless experimentation of our childhood and the blocks in creative thinking experienced by many adults?

In many organisations there is no clear pathway for developing personal creativity and nurturing, developing and celebrating ideas. In fact, often those with the ideas are ignored or stifled, so that eventually their voices and ideas fall silent and they disengage

themselves from the organisation, if not physically, then certainly emotionally.

Engaging in creative leadership programs that take people outside their traditional comfort zones whilst still maintaining a safe environment to play and be one's real creative self is becoming more and more critical. These programs can lead to improved employee wellbeing, engagement and self awareness, to increased leadership and productivity, and to a greater ability to innovate and make a difference.



Soffitel Melbourne staff members in the Melbourne SINGS Choir with Creativity Australia founder and soprano Tania de Jong AM

In the face of competitive and economic pressures, many organisations are convinced that creativity and innovation are the keys to success.

There is significant international research about the enormous benefits of creative participation for wellbeing, self esteem, connection to others, increased brain function, strengthening the immune system and much more.

Creativity Australia is hoping to unlock the creative potential lying dormant within all of us. To do so we create customised creative programs engaging with the right side of the brain.

These programs not only help people's sense of self-esteem, connection and wellbeing but lead to outcomes including meaningful and creative leadership, greater innovation, a sense of connection and increased productivity.

People are no longer willing to separate their values from their work. There is a yearning to align life purpose with work to make it meaningful. Work is meaningful when all of our self is being engaged and challenged, and we add to the quality of life of those around us.

Tania de Jong AM is the Founder of Pot-Pourri, Music Theatre Australia, The Song Room and Creativity Australia and was appointed a Member of the Order of Australia in June 2008 for service to the arts, education and the community. More information is available at www.creativityaustralia.org.au and www.taniadejong.com.au

Creativity Australia's Vision: To unlock the innate creativity present in all human beings, so as to improve mental health and wellbeing, social cohesion, innovation and productivity.

Creativity Australia's Mission: To develop sustainable and creative programs and advocate for creative thinking and leadership around the country in the workforce, and in partnership with the community.

face to facebook

by Jodie Sangster



Lots of people you know are posting photos on Flickr, poking friends on Facebook and making connections on LinkedIn, writes Jodie Sangster. So are social networking sites a marketer's dream or a privacy nightmare?

The buzz around social networking sites could power a small country for a year. Some are hailing them as the newest, most exciting form of direct marketing while others consider them the latest privacy nightmare.

Many of us use sites like Facebook and MySpace to keep in closer contact, reconnect with lost friends or even make new ones. But who among us considers the implications of posting so much personal information in the public domain? Who thinks about the implicit agreements we have entered into upon joining social networking sites and how the site owner will utilise the personal information that we post?

Over the last two years, the technology media has chronicled the difficulties encountered by social networking sites that use personal data belonging to users. These include both legal battles and the negative publicity that erupts each time personal information is used by a site in a way the user did not expect.

Most social networking sites do state in their terms and conditions that the information provided to the site owner through the registration process and the information posted within the site will be used to 'provide a more personalised experience' or 'send notifications of new services'.

The question is whether it is realistic to expect the average consumer to read a ten-page privacy policy to determine whether their data will be used for unexpected purposes. And if that average consumer did read the privacy policy, what is the chance that they would agree, if given a genuine choice, to the site owner collecting further information about them from additional sources, such as newspapers, blogs, instant messaging services and other site users for the purposes of providing 'more useful information'?

That being said, it is an undeniable fact that social networking sites have given the commercial world access to a completely new form of targeted marketing. No other medium has allowed brand names to publicise themselves to such a degree.

Facebook's Beacon, despite PR complications, had the potential to be a marketer's dream. When a consumer purchased a product elsewhere on the internet, the vendor was offered the opportunity to communicate details of the purchase back through to facebook. Facebook could then tell the consumer's network of 'friends' about the item just bought.

In theory, this is a sound idea—after all, is there any better form of marketing than a personal recommendation from a friend? But as UK publication *The Register* pointed out, "people don't mind telling friends they have gone to see Led Zeppelin but they don't necessarily want them to see they have just bought a blow up doll".

Although this type of advertising is legal, providing the social networking site has adequately disclosed its practices and obtained the requisite consent from the user, the Beacon example

shows what happens when commercial organisations push beyond consumer expectations.

As a consumer research study conducted by Adma in 2005 showed, consumers do not mind their information being utilised for direct marketing purposes, providing that they are both informed of this and provided with an opportunity to opt out. It also appears that this is dependent upon a genuine disclosure and opt-out opportunity being given – something hidden in the privacy policy or terms and conditions is simply unacceptable.

The moral of the story seems to be that the legality of a practice does not make it widely acceptable. Social networking sites are a new form of direct marketing and it appears that they are here to stay. As long as the communication between consumers and marketers is open and honest, everyone can sleep easy tonight.

Jodie Sangster was formerly the Chief Privacy and Compliance Officer at Axiom Australia and New Zealand.



intelligence squared live debates

Below are the remaining live debates in the 2009 season held in Sydney. Visit www.iq2oz.com to learn more and watch recordings of past debates.

the media cannot be trusted with the truth

4 August 2009

Newspapers, radio, television and now the internet are the means by which countless millions engage with information about the world in which we live. There are critical moments in our lives when the truth really matters. Can the media be trusted at these moments? Are commercial imperatives overwhelming considerations of public interest?

our current immigration rate is too high

15 September 2009

It used to be that only xenophobes and economic nationalists opposed increased immigration. Today, caution is being urged by environmentalists. Could Australia increase its population while reducing its footprint? Can our society cope with the pace of change that increasing numbers of immigrants will force?

intelligence squared should shove off to melbourne where it belongs

26 October 2009

Sydney's IQ² debates are not going anywhere. However, this brute fact has done nothing to dampen a body of southern opinion that refuses to believe that something as intelligent as IQ² could have taken root in Sydney! A light and irreverent end to the 2009 Season.

For further information about the IQ² live debates series, including speaker names for the various events and how to book tickets, visit www.iq2oz.com. All events commence at 6:45pm and we ask that you be seated by 6:35pm.



bored to tears

by Jackie Randles



At Sydney's annual happiness conference, Jackie Randles couldn't help but notice an elephant in the room.

At the recent *Happiness and its Causes* conference in Sydney, I was struck by the simplicity of the recipe: get your mental flow happening by doing things that lead

to a state of engagement. Enhance your good feelings by being altruistic and make a real effort to belong to a community. Find a way of expressing your spirituality. Remember that optimism is a skill that can be learned. Could it be that attaining true happiness is really that simple?

This year, as at the same conference last year, I took copious notes and compiled lists of easy techniques for improving happiness. Armed with one hundred and one ways to be happier, during coffee breaks I'd have fleeting conversations with people seeking to come to terms with recurring patterns of dissatisfaction in their lives – at work, in relationships and with life generally.

Listening to their stories, and to the myriad of speakers with expert credentials in the theory and practice of happiness, I couldn't help but notice that the restlessness people try to ward off in various ways seemed something akin to boredom.

Boredom can arise when we cannot do what we want to do or when we have to do something we don't want to do. But what happens when we have no idea of what we want to do? Or what we really want to do?

At the *Happiness and its Causes* conference, where everyone was searching for ways to inject more meaning into their lives, I wondered about the nature of boredom; how and why it afflicts us and why we cannot seem to overcome it by any act of will.

As children, many people will remember interminable bouts of boredom. The older we get, the more proficient we become at getting rid of time – today the culture of busyness afflicts young and old alike. Yet as many conference participants would attest, busyness can often be accompanied by a deep sense of emptiness.

great pretenders one and all

In 2007, a global survey conducted by a multinational management consultancy firm found that less than 20% of respondents reported being engaged at work. More than 80% of people interviewed admitted that they were bored with their jobs. Some weeks later, a well-respected Australian business blog discussing these results was inundated with posts heartily endorsing the research findings.

Many of the posts were from people who described themselves as senior executives. It's highly likely that in the workplace, many people pretend to be much more engaged than they actually are – after all, who would admit to being terminally bored to their CEO? When you're bored to tears at work, you might start to look for another job that might suit you better. But once ensconced in your new role, you soon find yourself bored again.

How many people do you think are bored with their relationship? A quick glance at the self-help shelf in a bookshelf indicates that

the issue is common enough to warrant numerous publications addressing relationship ambivalence, re-kindling desire and the art of settling. A serial monogamist, you might change relationships every few years only to find yourself once again faced by that nagging yearning for ... what?

existential longing

Freud found parity between grief and melancholy: both contain loss, but whereas the person who grieves has a distinct object of loss, the melancholic does not know precisely what he has lost. In a similar vein, Schopenhauer described boredom as a "tame longing without any particular object".

In *The Philosophy of Boredom*, Norwegian philosopher Lars Svendsen remarks that boredom lacks the charm of melancholy – a charm traditionally linked to wisdom, sensitivity and beauty. At the same time, despite its debilitating effects, boredom lacks the seriousness of depression. But left to its own devices, boredom can lead to addiction, delinquency, self-destruction and sorrow.

On the other hand, when we crave engagement at all costs, we struggle to cope with the every day monotony of life, usually at great cost to our own happiness. Perhaps our rush for diversions could be masking a fear of the emptiness that surrounds them.

Indeed, numerous presentations at this year's *Happiness and its Causes* conference were about mindfulness and the benefits of clearing one's mind of mental clutter. Buddhist nuns explained simple techniques for tuning in to the monkey mind, to accepting the jumble and clutter of the thought process and detaching from it altogether.

It's easy to blame boredom on external events – lack of opportunity, not enough money, zero responsibility at work, illness, a boring job, relationship ambivalence, no excitement socially, nothing to look forward to ... while it can be gratifying to blame someone else when you're bored, you have to ask yourself how much your boredom is really influenced by these kinds of factors.

The perennially bored know how detrimental boredom can be to their emotional wellbeing, but is there any good that can come of it?

It goes without saying that many aspects of life are just plain boring – but at the same time, people can get pleasure from all kinds of things for a whole range of reasons, especially Buddhists. There's a whole bunch of things people can do to fill in time and eradicate boredom – but perhaps what we really need are tools to help us embrace boredom and begin to indulge in the very nothingness of being.

Jackie Randles has finally discovered that periods of boredom can be a source of great inspiration. Jackie is editor of Living Ethics.



news from the centre

After two years as the Corporate Responsibility Index Manager, Julia Lipton left the Centre in June 2009 to embark on an adventure to discover Africa. On her return to Australia, Julia will continue her work in corporate responsibility advocacy. We wish Julia all the best for the future and thank her all that she has achieved for the Centre over this time.

Simone Walsh, the Centre's Website and Publications Manager, will be departing her role at the Centre at the start of July. Simone has worked for the Centre in various capacities for over a decade. She is leaving to concentrate more on her jewellery design business, along with freelance web and design work. Simone is likely to continue to have a limited involvement in the Centre's work on a contract basis.



ethi-call: the good decision line 1800 672 303

A free service of St James Ethics Centre which is confidential and as anonymous as you wish. Call 1800 672 303 to arrange for counselling with one of our trained ethics counsellors.



www.ethics.org.au

Don't forget to visit our website, where you can keep up with the latest Centre news, participate in our busy Ethics Forum, vote in our latest Ethics Poll, read new articles ... and more.

Go to www.ethics.org.au and get involved!



get involved in our iq² debates

For the Intelligence Squared Australia project, St James Ethics Centre has enlisted the support of the Values Exchange – an independent e-democracy company – to gather your input on our IQ² debate topics and encourage discussion of the issues involved. Anyone is welcome to participate and you don't need to have attended a debate to give your opinion on the topic.

Visit www.iq2oz.com/poll to find out how you can get involved and express your views on all past and future debates.



ethics consulting & training

St James Ethics Centre offers ethics consulting services and ethics training courses to all kinds of organisations, both large and small. Typical client requests include:

- > development or review of codes of ethics;
- > ethics and decision-making training for leaders, managers and ethics committees; and
- > diagnosis and education regarding ethical cultures.

For further information visit www.ethics.org.au

st james ethics centre board members

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Phil Clark AM
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Geraldine Doogue AO
Timothy Edwards
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Jon Wickham

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support our work

As an independent not-for-profit organisation the Centre's principle support comes from memberships, donations and in-kind support. Additional income is generated by undertaking consulting, training, speaking engagements and sponsored activities.

If ethics is important to you please consider supporting our work by becoming a member or making a donation. You can do this by visiting our website at www.ethics.org.au or using the form overleaf.

You can also support the Centre by being a sponsor, providing in-kind support or making a bequest. For further information about these options please visit www.ethics.org.au or contact the Centre.

St James Ethics Centre is a registered charity with public benevolent institution status. Donations to St James Ethics Centre of \$2.00 (AUD) and over are tax deductible in Australia.



acknowledgements

St James Ethics Centre is grateful for the support it receives from a large number of organisations and individuals. The Centre receives significant sponsorship from the following:

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gpo box 3599
sydney nsw 2001
level 2, 9 rangers road
neutral bay nsw australia
tel: +61 (0)2 9299 9566
fax: +61 (0)2 9299 9477
abn: 83 637 740 533
arbn: 094 609 015

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