FAMILY AND COMMUNITY DEVELOPMENT COMMITTEE

Inquiry into the involvement of small and medium-size businesses in corporate social responsibility

Melbourne — 12 June 2007

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Dr L. Black, director (affirmed), and
Ms R. Jones, consultant (affirmed), Australian Centre for Corporate Social Responsibility.
The CHAIR — First of all, welcome and thank you very much for coming and spending a bit of time with us. There are just a few preliminaries to go through quickly so you are all clear on what we are doing here. Under the powers conferred on this committee by the Constitution Act and the Parliamentary Committees Act, this committee is empowered to take all evidence at these hearings on oath or affirmation. I wish to advise you that in these hearings all evidence taken by the committee, including submissions, is, under the provisions of the Constitution Act, granted immunity from judicial review. I also wish to advise you that any comments made by you outside the committee hearing are not protected by parliamentary privilege. Believe it or not, this is a fairly informal affair, notwithstanding the width of the table. We have about 45 minutes and what we have done, as you would have seen earlier, is that we hand it over to you for about 15 or 20 minutes or whatever time you need, and then we will throw it open for some questions. I should indicate that this morning we met with Ken Coghill. He said you were going to tell us everything he did not know, so we have all those questions written down. I just thought I would let you know that from the outset.

Dr BLACK — I will have to have a word to him. Thank you very much, Chair and members of the committee. Thank you for the opportunity to address the Family and Community Development Committee’s inquiry into the involvement of small and medium businesses in corporate social responsibilities.

Firstly, I commend the Family and Community Development Committee for focusing on this important topic. We simply do not know enough about CSR in small and medium enterprises either in Australia or in other parts of the world, and if this inquiry contributes to the advancement of knowledge or resources through the implementation of CSR in small and medium business then the committee’s work will make an important positive impact on both business and society.

I would like to acknowledge the support of my staff at the Australian Centre for Corporate Social Responsibility in helping to prepare this submission today. In particular Kate Niblock-Siddle and Rebecca Jones have played central roles in the preparation of our submission today. Rebecca Jones is with me today and is equally able to answer any questions that you might have of us. The Australian Centre for Corporate Social Responsibility is a specialist provider of CSR services. We provide research, training and advisory services in corporate social responsibility. Our major clients are large businesses and business associations, and some government businesses as well. The vast bulk of our experience relates to large business, but that would be the case of any CSR consultant in Australia. There is simply no market for CSR services for small and medium businesses which is related to your topic today.

This afternoon I will first of all define corporate social responsibility and make some general remarks on the application of this concept to small and medium businesses, and I will then briefly address the barriers and the drivers for SMEs to become involved in corporate social responsibility. I will mention a number of overseas initiatives designed to enhance the CSR of small and medium businesses, and finally, I will suggest some ways in which greater involvement in CSR can be encouraged, particularly to your question of tackling disadvantage in local communities and making communities stronger.

First up: defining corporate social responsibility. The International Organisation for Standardisation has been developing a standard for corporate social responsibility, and they have a working definition which was most recently revised at their meeting in Sydney in January this year. Their definition is a very good but broad one which suggests that the social responsibility of an organisation is for the impacts of its decisions and activities on society and the environment through transparent and ethical behaviour that is consistent with sustainable development and the welfare of society, takes into account the expectations of stakeholders, is in compliance with international law and international norms of behaviour, and is integrated throughout the organisation. That definition is intended to apply to any kind of organisation, including small and medium enterprises. That is the definition of corporate social responsibility that is certainly driving our interpretation of the terms of reference of the inquiry. So we do not see the term ‘corporate social responsibility’ as another term or an exchangeable term with philanthropy or community social investment; we see it as a far broader concept that goes to the heart of basic business conduct and the purpose and role of business in relationship with society.
One of the introductory points I would like to make is that most of what we know about CSR is based on work and studies with large companies, and CSR tools such as have been developed internationally are largely aimed at large business because they are the ones that are asking for it. That is because of their size, their visibility and their impact. That is what is driving that focus on large companies. However, the concept of CSR should be valid for small companies as well, because both have an impact on society and both have stakeholders. In fact when you consider SMEs collectively, as I am sure you have done, their impact is quite profound, they being the largest employer and the largest owners of business collectively. So collectively, if not individually, they play a very influential role in society and can potentially have a large impact on social welfare.

Many SMEs may be doing CSR in some way or form, but they probably do not call it that. There is a question of terminology that is important to understand, and they may be doing lots of things that individually we would interpret as CSR, but they may not see it that way themselves. For example, they may provide excellent goods and services; they may be great employers, dealing well with their employees; they may be creating participative workplaces; they may be very alert to health and safety issues in the workplace and for customers; they may be attempting to operate sustainably and minimise their use of natural resources. All of these are things that we regard as examples of socially responsible behaviour.

SMEs do, however, tend to focus more on internal issues because many of their responsible business practices concentrate on staffing issues. It is true in any business but staff in a small business are often the essential critical resource for that business’s success and prosperity, so small businesses that are excelling in corporate social responsibility are often a very good employers that take into consideration increasing employee skills and team building, as well as working on the motivation and the morale of staff. Whatever they may do in respect of community impact may actually be driven by their concern for engaging their employees equally if not more than their concern for the community around them.

The final introductory point I would like to make is that we are completing at the moment a study of corporate social responsibilities in medium-sized enterprises — those with between 200 and 500 employees. What we have found so far with this particular study is that the capabilities that an organisation requires to behave in socially responsible ways are the same in a medium-sized business as they are in a large business — that is, they require skills in ethical business behaviour, stakeholder engagement, dialogue and so forth in order to be socially responsible. However, where they differ from large businesses is that their interconnections with the local community are far more dense and more important to the success of the business, and also their processes they may have for implementing CSR are less formal. They are not necessarily documented; they are not necessarily statements of policies like you might find in a large business; they just happen because that is the way things are done. They are part and parcel of the culture, rather than the organisational structure to a larger degree than in large organisations.

Those were my introductory points. I turn now to barriers and opportunities for SMEs. Barriers include the cost of implementing CSR activities when survival is often the greatest economic imperative; time and resource constraints; lack of awareness, perhaps, of business benefits; the fact that existing CSR tools are mainly geared towards large business; no systematic incentives or framework for SMEs to engage with this concept or consider it; and fear of additional regulatory and bureaucratic burdens. On the other hand, there are a number of drivers which would encourage CSR in small business, and they are the ability to attract and retain valued employees; the ability to develop unique selling propositions and competitive benefits through their products and services; cost and efficiency savings, particularly on the environmental side; and enhanced reputation and so forth. Those would be among the benefits which are similar to the benefits for a large business. Examples of funding initiatives for CSR among SMEs: the only significant initiative that I am aware of in Australia would be the work that has been done at Swinburne University on developing a reporting tool for SMEs.

The CHAIR — Flinders?

Dr BLACK — Swinburne University. I do not have the contact details to hand, but it may well be worth the committee’s while to talk to them. I can provide those details to you. But they, with some
funding from Sensis, spent a couple of years developing a sustainability reporting tool kit for small and medium-sized businesses, and I participated in the piloting of the development of that tool a couple of years ago. I know that some of the companies that were involved in that got a lot of benefit out of it. It is an online automated thing. I do not know where they are up to with their implementation of that now.

Overseas there is a few — I must say very few — initiatives that we could look at; most of them coming from Europe and the United Kingdom. For example, in the United Kingdom there is a program called CommunityMark which has been supported by the government as well as business organisations in the community. That is a framework and a standard that small and medium businesses can use to get, literally, a tick — like a brand mark — that they can use to promote themselves if they meet certain standards for community involvement, which seems to be working well.

The CHAIR — That includes what you described before as the inward-looking or the business-based concerns of the externals?

Dr BLACK — It is mainly focused on community involvement in this case.

The CHAIR — External?

Dr BLACK — Yes, the external facing information. I have a copy of a report that includes some examples here, which I am happy to leave with you, or refer you later to more information about that, but it is basically a framework for small business to integrate community involvement and get some recognition. It is a systematic framework which has been endorsed and supported by the government there, which seems a very worthwhile initiative. Another example is the global reporting initiative work with small and medium businesses which includes developing some sustainability reporting guidelines specifically for small businesses, as well as developing some other research projects and collaboration designed to support small business. The European multi-stakeholder forum on corporate social responsibility, which is a program that I think was intended to run for a certain period of time and which has now expired; it shows small and medium enterprises as one of its key themes and quite a lot of research was undertaken under the sponsorship of the European Union into CSR in small and medium enterprises. Some of what we know today about the practice of CSR in that area is because of the European Union’s support for that particular project.

That is three examples from Europe and the UK that to me stood out as being particularly informative examples for Australia which might provide models for how government could respond to the challenge of helping small and medium businesses become more socially responsible.

Finally, some way of encouraging SMEs involvement in CSR: the initiatives really do need to be easily accessible, be relevant and quality advice tailored to SMEs, with easy-use tools, lots of case studies that make it real and provide encouragement to SMEs. The report here produced by an organisation called Better Business Journey which is aimed at helping small and medium-sized business to increase their profitability and responsibility includes lots of case studies of the kind that I suggest are very useful for small business. But in particular we simply need more knowledge. We just do not know enough about how it works and what needs to be done in this area, and so there is a crying need for more research in this area, as well as more tools and support, and guidance in this area.

How SMEs can play a role in tackling disadvantage in the local communities: I do not have a systematic answer for you on that, but again there are individual examples of how SMEs can get involved and there are some individual case studies — for example, shopping centres and other small businesses that have done individual projects on social inclusion. I would think that empowering small business with greater certainty and tools for improving quality of work for employees would be a very significant contribution that could be made there, because simply providing employment is a huge step in tackling disadvantage in communities. Probably the single most important thing that a small business can do is to help somebody get a job. I guess that is what I wanted to say formally as an introductory statement, and I will be very happy to take any questions that the committee might have.
The CHAIR — Thank you, Leeora, for an area that not much is known about. That was very erudite; it was great. Normally we start off by asking for a bit of an elaboration around definitions, but I think you have handled that very comprehensively. What I want to ask you just to start off is: you talked about there being no real market in your line of business for small and medium-sized businesses in this area, and you talked about the importance of collectives on the one hand, and then about the huge dimensions of the small business and medium-sized business areas. So there is a large capacity but not a lot is being done. There are collectives that exist. Have you worked with them at all or is there — —

Dr BLACK — Which collectives are you referring to?

The CHAIR — Organisations like Rotary and Lions Club. We had people in just before you, including Melbourne Cares.

Dr BLACK — Melbourne Cares; yes, it does great work.

The CHAIR — We have started to scratch the surface of that. So there are collectives working. Have you worked with them, and how does that look for the future?

Dr BLACK — I think the idea of approaching the corporate social responsibility of small business through collectives would be the key, because individually small businesses do not have the resources. It has got to be collectives that have the resources. I think industry associations are probably the more promising avenue for collective action than the community-based organisations, although potentially they can play a very important role. We have not worked with them so far. We are ourselves a small business, and we need to concentrate the bulk of our time on activities that allow us to keep the staff employed, I guess. So we have not been approached so far by organisations like Rotary or Lions, but we do a lot of work for business associations.

The other way in which we can indirectly support CSR and small businesses is through working with supply chains for big businesses. A lot of small businesses are reliant on big businesses for their business. One of the big ways in which large business could help in this area would be to support their own supply chain to adopt sustainability and CSR principles through the supply chain. So those two tactics — working with large business on their supply chain and working with business associations specifically geared towards supporting small and medium business — would probably provide the most promising avenues for improving the CSR in this area.

Mrs POWELL — You were saying that there is a need for more direction in this area because it is an emerging area. One of the issues that the committee is looking at is how we identify what a CSR is, and then how we encourage small to medium businesses to become part of that. I guess one of the things that is unclear in my mind — and we have heard evidence for and against — is whether philanthropy is part of a CSR; whether volunteerism is part of a CSR; and whether being a member of a board or committee that goes into the community and provides leadership and mentorship is part of a CSR. The other issue is whether you reach a benchmark because you have to because of the laws; whether you have to reach EPA emissions and you go beyond that; or occupational health and safety issues and customer service with your staff and customers. How do you benchmark what is normal as to best practice, and how do we get that out there to people without making it too bureaucratic?

Dr BLACK — Tomorrow I will solve the problem of the universe!

Mrs POWELL — And why we are here.

Dr BLACK — First question: how do we define what is a CSR, and is philanthropy part of a CSR? My view is that philanthropy and community social investment and so forth are a necessary but insufficient component of CSR.

Mrs POWELL — How do you mean that? How do you mean insufficient?
Dr BLACK — It is just not enough. If that is all you do, it is not enough. I guess one of the most important moments for me in recognising that philanthropy was not enough was observing a number of years ago some large companies that made extremely generous and philanthropic donations to crisis situations such as flooding in north Queensland while at the very same time being pursued through the Trade Practices Commission for breaches of employee safety. That is why I say philanthropy is not enough. It is a necessary but not sufficient condition for social responsibility. You need to be aware of the impact of your activities in all ways, not just in the philanthropic area. I always see philanthropy as being to CSR what my right arm is to my body — I really need it but it is not the whole body. It is also easy for companies to get off the hook by simply pointing to their donations. This is true of any sized company. It is easy to write a cheque, it is much harder to provide a stimulating and engaging workplace where employees can find personal fulfilment and be personally safe at work, where you provide quality products and services to customers who have no complaints, where you have a supply chain that is contributing to reducing environmental footprint. Those things are much harder to achieve than writing a cheque, but sometimes we just need to write a cheque.

The CHAIR — Can I just cut in? We have almost heard today — —

Dr BLACK — You have probably heard the opposite point of view.

The CHAIR — No, it was the flip side of it that it is the obligations that businesses are required to fulfil that are necessary but insufficient and the thing that makes it into CSR is the added voluntary, discretionary, philanthropic dimension — —

Dr BLACK — So I am saying it is part and parcel of good business behaviour and others are saying it is above and beyond basic business behaviour. There are hundreds of definitions of CSR and one of the difficulties in this area is there is no international agreement, either in academia or in business, about what constitutes corporate social responsibility. You will find many different perspectives and they could all be right — it simply depends on what part of the elephant they are looking at. The two basic philosophical divides in this area, I guess, are those who think it is an ethical requirement, that it is about moral behaviour, and those who think it is about smart business and simply doing business better. Is it a pragmatic approach or is it a moral approach? Whether you think it is primarily a moral approach or primarily a pragmatic approach might define how you interpret CSR.

Our definition of CSR is primarily pragmatic. We recognise the desire of individuals and managers in all sorts of companies to do the right thing and to take the moral course of action, and we would certainly support companies taking the moral course of action, but CSR is only ever going to become widespread and business as usual if it is also pragmatic. Some of the differences that you see in interpretations are because of a basic philosophical orientation towards CSR as a moral way of business and CSR as a sensible way of business, but there are lots of other ways in which the concept is defined and parcelled up as well.

The CHAIR — Have you got your answers?

Mrs POWELL — Mainly. I just want to know how we are going to be able to define it. A lot of businesses do the right thing anyway — they make the right products, they meet their customer service. They would not see that as a social responsibility; they just see that as good business smart. How do we as legislators put into legislation or recommendations to say that this is what we see as a CSR, other than if you keep doing this, you will get better business because it is a marketing tool? If you are the best bakery, you will get the customers, rather than saying you are obliged to do that.

Dr BLACK — You are probably aware of a couple of federal government inquiries that have taken place over the last couple of years which have looked at the question of the role of government in supporting CSR. There are a number of options for governments from the legislative and prescriptive role through to a role that simply provides an enabling environment and that encourages and enhances. I think when it comes to small and medium business, the appropriate role of government is to provide the enhancing and enabling environment rather than the legislation, because it is hard to legislate.
The other thing I would say is that implicit in your terms of reference is an interpretation that CSR is a moral way of doing business and that you need to focus on, ‘Are you going to take the moral approach or the pragmatic approach, or what balance between these perspectives will prevail?’. That is going to be an important philosophical question for you to answer before you can make a decision about what you would then do, because if your approach is purely pragmatic or purely moral, you may choose different courses of action. You will probably end up combining a bit of both of those philosophies and trying to seek some middle ground.

Mrs POWELL — Could we have a copy of those inquiries or could you let Paul know what those federal inquiries are that answer those sorts of questions?

Dr BLACK — I think all of those proceedings are now published online. We will send you the URLs.

Mr DIXON — CSR is often seen as the business’s relationship with ‘them out there’. Charity begins at home and that aspect of CSR is your obligation to your own employees in the workplace. Is that something that is recognised at all in small to medium enterprises?

Dr BLACK — I think so. I think generally you would find that the small businesses that tend to hit the newspaper headlines are the ones that are the exception rather than the rule, but most small businesses are firstly, charitable and secondly, trying to provide an engaging workplace for their employees, so those would be the two major ways in which small business tries to express its CSR, but they probably do not call it CSR. They probably call it community donation and keeping the workers happy or something like that.

Mr SOMYUREK — Just on that point, you said hundreds of definitions exist on CSR. Can you at its narrowest end and at its widest end define those two ends of the spectrum?

Dr BLACK — The narrowest kind of definition would be a definition that focuses on CSR as a discretionary element in business. There is a very famous definition of CSR that was developed in the USA in the 1970s which sees CSR as virtually a pyramid of responsibilities, with economic responsibility as the foundation, and then legal responsibility, then moral responsibility, and then finally discretionary responsibility; and a narrow definition of CSR would be on those discretionary responsibilities which we would equate mostly with philanthropy, and a broad definition of CSR would be a definition more like the ISO definition, the international organisation for standardisation, which treats it as the full assessment of the social and environmental impacts of the business.

Mr SOMYUREK — Just on the philosophical aspect of it, what would you say are the philosophical underpinnings of CSR? Is there a certain paradigm from which this runs?

Dr BLACK — That is a good question. Yes and no. I think there are competing paradigms. One would be the idea of social obligation — the relationship between business and society — that it is part of a system that is all part of social obligation. I think if you go back to the origins of the concept — and people often go back to the definition of Adam Smith who talked about the invisible hand of the market — that definition is often misinterpreted today as an argument against CSR, whereas if you look at the detail of what he said, he was actually advocating that business left to its own devices would naturally behave socially responsibly because it was a self-interested thing to do. So again I come back to the moral thing versus the enlightened self-interest sort of competing paradigms.

Mr SOMYUREK — Would it be from the public choice type of paradigm or — —

Dr BLACK — There is another school of thought which thinks CSR is a communist plot, which I think is a totally discredited notion.

Mr SOMYUREK — They do sort of meet at one — —
Dr BLACK — If you take a random sample of any handful of CSR managers in Australia, or anywhere around the world, you only have to talk to them for 2 seconds to realise that is a load of nonsense.

Mr SOMYUREK — You mentioned Europe and the UK and CSR being big there. What about the US; they are normally big on corporate governance?

Dr BLACK — The way CSR has developed in different countries around the world has a lot to do with the general history of business in those countries and the history of the relationship between business and government in those countries. Because in the US business has traditionally taken a much greater role in philanthropy and community investment, definitions of CSR that emphasise philanthropy often originate more so in the United States, whereas definitions of CSR that emphasise the full range of social and environmental impacts are more generally associated with Europe and the United Kingdom. At the international level with the largest multinational companies you find a lot of convergence between these philosophies now, but at the local small-business level philanthropy probably you would find that most small businesses are concentrating on philanthropy, local community investment and doing the best by their people.

Ms JONES — If I could pick up on those points, I think that the local connectedness of small business is some of the driving force behind its approach. In terms of engaging SMEs further in CSR, a lot of it comes back down to language. Often in my position I think of myself and the people I engage with in the SME sector. I would be thinking about my hairdresser. If I went and spoke to my hairdresser about CSR and perhaps some of the more complex theoretical underpinnings of CSR, they would look at me quite blankly; but obviously if you moderate the language, it changes. The same themes are coming through on CSR, but a lot of it has to do with language. A really strong encouragement for SMEs is to understand the language of SMEs, to encourage their uptake.

Ms WOOLDRIDGE — Going back to the link of disadvantage, you talked about creating an enhancing environment for SMEs to undertake CSR. Is there some sort of compulsion or logic in relation to disadvantage or not? Is it up to government to influence or undertake CSR with a specific section of the community or not?

Dr BLACK — Social disadvantage is just one of the issues that might affect a given small business or where a given small business may be able to make a difference. Focusing on social disadvantage is only focusing on a narrow set of potential CSR issues. Some SMEs will be much more ready to hear that message and to do something about it than others.

It is going to depend a lot on the nature of their business and probably the geographic area, the extent to which they are actually affected by social and economic disadvantage and the extent to which they see it in front of their faces when they come to work every day. There is a role for government to encourage and support SMEs in this area, but it would be an encouraging role rather than a legislating role that I would see.

Ms WOOLDRIDGE — Do you think it is harder to do CSR for disadvantage than it is for perhaps some of the other areas? Is a differentiating feature in terms of the type of CSR that might be undertaken in relation to redressing disadvantage than perhaps some of the other aspects of community engagement?

Dr BLACK — It is one of a number of themes that you could pursue. It is a legitimate theme that is worthy of pursuit and that is relevant in a business sense to a whole range of businesses, but the solutions are going to be very local. It will be difficult to come up with a state-based or even a municipal-based framework for tackling social disadvantage. It is going to be very specific.

Another point I should mention is that in tackling that issue the engagement of the not-for-profit sector, not just business, is going to be essential. The three-way partnership between government, the not-for-profit sector and small business is going to be much more likely to deliver success in that area than simply government engaging small business, because small business on its own does not necessarily have the
qualifications or the expertise. They may have the enthusiasm and recognise the importance of dealing with these issues, but specialist organisations in the not-for-profit sector will be able to bring the expertise in program delivery.

Ms JONES — Participatory governance is really encouraging tripartite partnerships between different sectors.

Mr PERERA — You mentioned that big businesses should influence or push smaller businesses reliant upon them to be involved in CSR. Is it happening at the moment or do you know of companies involved?

Dr BLACK — I think there are some good examples of where it is happening with some large businesses. For example, Westpac has a sustainable supply chain policy, and a number of large companies have that. They develop these policies in consultation with their major suppliers. Even in its retail area Coles has an ethical sourcing policy that involves all of their suppliers. I think there are plenty of examples of large businesses that have sustainable supply chain policies and practices. How far down the chain they go and what is the size of the business ultimately on the delivery end — probably within the retail sector you would find better examples of some very small businesses that are taken into that process. But in a number of other sectors as well you would find good examples of how companies are encouraging their suppliers to reduce their environmental footprint and to consider employee and equity issues and so forth.

Ms JONES — I think Westpac is also an example of that. I believe it has a supply chain policy which hopes to promote CSR further down its supply chain. In its purchasing, for instance, it has certain criteria for its suppliers as well.

The CHAIR — Can you unpack that a bit, please?

Dr BLACK — Even down to things like using double-sided printers to reduce your environmental footprint, whereas in an organisation like Coles, its supply chain policy would probably deal more with issues of labour relations in the supply chain and quality issues in the product.

The CHAIR — I know this is getting down to very fine detail, but how do they do that? Do they issue a newsletter or do they do training or do they put it into a contract?

Dr BLACK — You would have to ask Westpac directly for the details of that, but my understanding is that it is a combination, that what happens is when new contracts are negotiated with suppliers, these criteria are part and parcel of the new contracts and suppliers need to actually fill out some kind of an audit form, and that there is also some kind of training and support provided to help suppliers increase their own standards. But I have only the general impression of what they do rather than the detail.

Ms JONES — Generally speaking it might be that the suppliers might be required to have an EMS. We could speak from our own example with the development of our green office. The suppliers that we have chosen for our development of our new office had to have an EMS, and they had to be aware of certain sustainability and environmental principles as part of their supplying products.

Dr BLACK — That is a very good example. We are moving into a new office soon, and we have required that the fit-out meet the highest standards of environmental sustainability, and that has meant that every supplier to us has had to demonstrate the environmental credentials of the materials in all of the products — the carpet, the paint, all of the finishes — as well as their own environmental management systems. It has been a much more fiddly process to do than a normal office fit-out might be, but we believe we have done the right thing.

Ms BEATTIE — Are companies sharing that knowledge or do companies tend to go off and all try to reinvent the wheel? Is there a sharing of the knowledge of corporate social responsibility?

Dr BLACK — At the SME level not formally, as far as I am aware. It may come through the large businesses getting together groups of suppliers. I know, for example, that Westpac has had a big
impact on helping one of its suppliers, Fuji Xerox, to develop some of its policies, but Fuji Xerox is a large supplier to Westpac, not a small supplier. There are informal ways of networking, but not formal ways. There is a fantastic example of a small company in Melbourne that is doing work like this, the car company, Flexicar. That would be a great company for you to talk to. Monique Conheady is the CEO there. That is a small business that has been developed with sustainability principles in mind and that advocates sustainability practices right throughout every aspect of its business. They have had great success with that.

**Mr SOMYUREK** — How would you rank the government both as a provider and as a purchaser of services in the supply chain?

**Dr BLACK** — The government has a fantastic opportunity to influence the sustainability and the CSR of business through its own supply chain. I would think it would be very important to work on your own sustainable purchasing policy. It is also very difficult for government to go to small business and say, ‘You should be more socially responsible’ if you are not walking the talk yourself. Our advice to companies that we work with is always, ‘Start with the insides. Look at the inside first’. My advice to government would be the same. To look at your own supply chain would be a fantastic thing to do. You could really make a difference and then be very credible when going to other forms of organisations to advocate CSR or sustainability.

**Mr SOMYUREK** — Are we setting an example at the moment?

**Dr BLACK** — Absolutely.

**Mr SOMYUREK** — We are— that is, the government?

**Dr BLACK** — I do not know whether you do or not. What I am suggesting is that you have the opportunity to set a wonderful example, and it is an opportunity that should be taken with both hands.

**The CHAIR** — Leeora and Rebecca, I would like to thank you very much on behalf of the committee for what has been a fantastic 45 minutes and for your submission as well. We will probably be in contact with you again before this inquiry outlives its time. You will get a copy of the Hansard transcript and be able to make any slight alterations to that in terms of accuracy and so forth. Thank you once again. It was very interesting.

**Dr BLACK** — Thank you for the opportunity. Good luck!

**Witnesses withdrew.**