

st james ethics centre



nineteenth annual report

2008 – 2009



This is the Nineteenth Annual Report of St James Ethics Centre.

The Centre is incorporated under the Associations Incorporation Act 1984 (NSW). St James Ethics Centre has been granted Public Benevolent Status; as such donations in amounts exceeding \$2.00 are tax deductible in Australia. The Centre holds a NSW authority to fundraise – CFN 14556.

This report was presented at the Centre's Nineteenth Annual General Meeting held in the offices of Investec Bank (Australia) at Level 31, 2 Chifley Square, Sydney on Monday 30 November 2009.

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1800 672 303

www.ethics.org.au

The St James Ethics Centre's logo, developed in 1996 and redesigned in 2002, comprises four alchemic signs. In popular memory alchemists were proto-chemists who sought to uncover the secrets of nature, such as how base metals could be transmuted into gold and how to distil the elixir of life. Yet the alchemists' quest was both more complex and refined. They were not solely concerned with the material world. This touches the Centre's conception of its role, which includes fostering and supporting practical change while not losing touch with the deeper springs of human consciousness and identity. The alchemist's approach reflects the Centre's understanding that there is a universal ethical sense and, properly understood, there is a shared set of values which informs most people most of the time. At the same time, the focus on process is important. Only an appropriate process offers the possibility that a transformation in thinking and understanding might occur. Each alchemic sign is set on a piece of slightly woven parchment that, paradoxically, bears the sign's meaning in modern typescript. Each sign relates to a process, and together these encapsulate the Centre's core characteristics:

- an appreciation of the past combined with an orientation to the future
- practical assistance based on sound theoretical principles
- an approach which is gentle in nature
- an approach which is non-judgemental

The strength of a good symbol is that many meanings lie hidden for future discovery. We believe our logo has this quality.

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the centre's statement of ethics

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

The Centre's mission is to encourage and assist individuals and organisations to include the ethical dimension in their daily lives, and thereby help to create a better world.

As befits a responsive organisation, the Centre is continually evolving. However, underlying its creative and open-ended framework is a considered and consistent approach. This approach is founded on the application of some core principles.

These principles are that St James Ethics Centre will...

- be a genuinely independent organisation open to people of any (and all) philosophical or cultural traditions, whether religious or secular in nature
- act with courage, compassion and integrity
- offer practical assistance of the highest quality
- be an integral part of the community and not something removed from the ebb and flow of daily life
- base its activities on a sound theoretical foundation, translated into terms which are accessible to all
- not seek to impose its views on those with whom it works

St James Ethics Centre uses this approach to provide a secure space for individuals and organisations to explore ethical reflection and decision-making.



good decisions begin
by asking the question,
as did Socrates,
“ what ought one to do?”

report from the chair



Peter Joseph Chair of the Board

In this my fourteenth year as Chair of the Board for St James Ethics Centre, I am pleased to bring you the nineteenth annual report.

Let me start by posing this statement – Good decisions begin by asking the question, as did Socrates, “What ought one to do?”

If you believe this assertion important, as I do, then you will understand why we remain committed to expanding our work of applied ethics across Australian society. With much of the world struggling to cope with issues such as the dire effects of the global financial crisis, and the ever increasing threat of global warming and other environmental and humanitarian catastrophes, our work continues to increase in relevance. In our own way we seek to make a difference.

The work of the Centre over the last year has continued to focus on providing practical support and tools for organisations and individuals to respond to this question and ultimately think to create a better world. In attempting to promote thought, the Centre assists others to engage in ethical reflection while increasing their awareness and developing the ethical character and culture of both the individual and the organisation.

We do this through our Ethics Services which you can read about in the following pages, but I would like to take this opportunity to reflect on some of the achievements for the 2008/09 financial year.

A critical and broad area of our work is that of advocacy. This financial year the Centre continued its involvement in the Southeast Asia region – both in the capacity of developing programs for military ethics and leadership and continuing to encourage open dialogue in the region.

To support the expansion of our advocacy work, this year the Centre launched an Ethics ‘Orchestra’. The Orchestra will comprise a number of ‘Ethics Fellows’ who will be appointed to fill positions associated with particular market sectors, in order to specialise in the ethical issues specific to that sector. Under this model the Centre appointed its first consulting fellow Clare Payne, in April 2009, to work within the Finance sector and discussions were underway with Patrick McClure to work within the Not-for-profit sector.

Our Intelligence Squared (IQ2) series of debates at Angel Place Recital Hall in Sydney continued to spark the appetite of the local community with sell-out performances in most debates.

The consulting and training work of the Centre had a strong year with more organisations, including government and the nonprofit sector, seeking to apply ethical thinking and practices to their businesses and professions. Ethi-Call, our counselling service for ethical dilemmas, continues to help guide employees and individuals in their decision making process.

One of the great highlights of this financial year is the enormous work achieved in the area of responsible business practice. The year under review saw the introduction of more key international initiatives being housed at the Centre. In May 2009 the United Nations Global Compact Focal Point was launched in Australia and November 2008 saw the establishment of an Australian base of the Global Reporting Initiative. This was a timely development for the Centre considering the heightened importance the financial crisis placed on trusted, ►

report from the chair

sustainable, responsible and transparent business practice. The Corporate Responsibility Index continued to play a pivotal role in supporting and highlighting responsible business practice.

On the leadership front I would like to congratulate the Vincent Fairfax Fellows Group Fourteen that graduated in this financial year – I continue to be in awe of the experiences and deep insights gained and uniquely transported back into their daily lives. I also welcome Group Fifteen and wish them all the best on the remainder of their exciting and challenging journey over the next twelve months. The funding body of the Vincent Fairfax Fellowship, the Vincent Fairfax Ethics in Leadership Foundation, requested a deferral of the Fellowship in the 2010/11 year to take the opportunity to review the program. The Centre is amongst a number of organisations being consulted in this process.

From an internal perspective, we have strengthened our capacity and operations through the appointment of a General Manager, Sally Treeby, earlier in the year, and will continue to strive towards greater efficiency and effectiveness throughout our organisation.

I would like to acknowledge the generous support of the Centre's Advisory Council. Representatives from eleven leading corporations comprise the Advisory Council, all of whom participate in the life of the Centre. Their insight and wisdom, in addition to their continued financial support, is both valued and appreciated, particularly during the difficulties of the past year.

Finally, on behalf of my colleagues on the Board of St James Ethics Centre, it is my pleasure to acknowledge the long standing commitment and leadership of Executive Director, Dr Simon Longstaff, and indeed the entire team, for their combined contribution to the work of the Centre and its success in the promotion of ethics within different sectors of the community. Their passion, dedication and professionalism are appreciated by all.

On behalf of all members of St James Ethics Centre it is my pleasure to acknowledge the generous support of Ernst & Young, who have again provided an audit report of the Centre's finances on an honorary basis. Special thanks to Matina Moffitt, Executive Director of Financial Services of Ernst & Young, and her team who conducted the audit this year.

The Board continues to work tirelessly for the wellbeing of the Centre and I thank them all. We are fortunate to have such a committed group of individuals with great passion for the work of the Centre. It is a pleasure to work with you all.

In the year ahead we proudly mark the twentieth anniversary of the Centre's work and acknowledge in that journey the brave individuals and fearless leaders who have shared the path with us. In response to a growing wave of interest in the practical application of ethics, our focus in the coming year will be on extending our accessibility and securing our long term financial sustainability. Thank you for your support.



Peter Joseph OAM
Chair

reflections from the executive director



Dr Simon Longstaff Executive Director

In late 2008, one of Australia's leading economic forecasters, Access Economics, published a report, *The cost of child abuse in Australia*, that it had prepared on behalf of The Australian Childhood Foundation and Child Abuse Prevention Research Australia at Monash University. The purpose of the report was to estimate "the one year prevalence and incidence of child abuse and neglect in Australia in 2007" and calculate "the associated financial costs and burden of disease." As was likely intended, the publication of the report attracted much media comment – all of it noting the financial burden identified in the report. What went unremarked was the fact that someone thought it necessary to frame the argument about child abuse as a matter of economic self-interest. No commentator thought to ask what the commissioning of this report said about the nature of Australian society – that an economic argument was thought best to motivate us to act against the evil of child abuse when a purely ethical argument could not.

While the purpose of commissioning such research was unquestionably noble, it signals the extent to which we seem to have lost confidence in the language of ethics. It is not as if this is the only occasion on which an ethical issue has been reduced to one of economics. Perhaps most famously, debate about global warming only gained traction when the environmental movement was able to harness, for its purposes, economic analysis of the type produced by Sir Nicholas Stern. No longer was the issue primarily about the claims made on us by other creatures or future generations. Instead, the question was reframed as being simply one of enlightened economic self-interest. The ethical dimension receded to the distant horizon.

This is not how things were a couple of centuries ago. It is probably not how things are today in other parts of the world. Rather, people like William Wilberforce felt confident enough to argue, with total conviction, that the institution of slavery was simply wrong. In the end, that was enough to trump economic considerations.

Do we have the stomach to make such absolute claims today, to say that some things are right or wrong, good or bad? Or have we retreated from ethical discourse, in favour of economics, because we feel safer in the world of calculation rather than that of judgement? Is the fact that ethical judgement reveals something of us as people a source of too much discomfort? Do we feel too exposed?

One of the roles of St James Ethics Centre is to preserve and promote a language and place for discussing the ethical dimension of life. We try to do this in an easy, open and engaging manner. There are times when it makes sense to 'go with the flow'. There are also times when it is necessary to swim against the current of the times.

Why is it not enough simply to say that child abuse is wrong?

A handwritten signature in black ink, appearing to read 'S Longstaff', written over a horizontal line.

Dr Simon Longstaff
Executive Director



we are fortunate to
have such a committed
group of individuals
with great passion for
the work of the Centre.



board of the centre

As at 30 June 2009

chair

Peter Joseph OAM

Investment Banker and Company Director;
Chairman, the GPT Group (to May 2009);
Chairman, Dominion Mining Ltd and
Chairman, Black Dog Institute



secretary

Timothy Edwards

Partner, Truman Hoyle, Lawyers



treasurer

Alison Crook AO

Non-Executive Director



other members

Bill Bartlett

Director, Reinsurance Group of America Inc., RGA Reinsurance Company of Australia Limited, Suncorp-Metway Limited, GWA Limited and Abacus Property Trust; Honorary position on Board of the Bradman Foundation and the Bradman Museum



Philip Clark AM

Member of Advisory Council, JP Morgan



Geraldine Doogue AO

Journalist and Broadcaster



Michael Roux

Chairman, Roux International



Douglas Snedden

Company Director: Black Dog Institute Board;
Accenture Foundation Board



Jonathan Wickham

Former Headmaster, The King's School



subcommittees

Executive Committee:

Peter Joseph and Dr Simon Longstaff (ex officio)

Corporate Membership Program Committee:

Philip Clark (chair), Peter Joseph, Bill Bartlett, Doug Snedden,
Dr Simon Longstaff and Sally Treeby (from February 2009)

Finance, Audit and Risk Management Committee:

(change of name November 2008)

Alison Crook and Tim Potter as well as ex officio members –
Dr Simon Longstaff, Sally Treeby (from February 2009) and Frank Romeo

Property Committee:

Peter Joseph and Dr Simon Longstaff (ex officio)

The Board is greatly appreciative of the outstanding contribution made by employees and volunteers whose combined commitment underpins the Centre's operations and growth.

employees

Nathalie Adams

Receptionist

Nadia Adzinets

Leadership Development Assistant and Administration Officer

Amanda Armstrong

Communications, Media and Events Coordinator (from November 2008)

Ottile Bick-Simpson

Project Officer, Corporate Responsibility Index (from July 2008)

Lena Geraghty

Network Manager, Global Reporting Initiative (from April 2009)

Suzanne Granger

Project Coordinator, Responsible Business Practice Project (from November 2008)

Therese (Tess) Howard

Membership Administrator and Accounts

Dr Simon Longstaff

Executive Director

Julia Lipton

Manager, Corporate Responsibility Index

Chris Parks

Research Assistant prior to the appointment of the Global Reporting Initiative, Network Manager (from March to May 2009)

Rosemary Sainty

Head, Responsible Business Practice & CRI Leaders Project; UNGC Focal Point in Australia

Antoinette Simon

Manager, Vincent Fairfax Fellowship; Office Manager and Manager, Counselling

Stuart Spires

Training and Counselling Assistant and IT Administration

Dr Alison Strasser

Secretary, Advisory Council

Sally Treeby

General Manager (from January 2009)

Simone Walsh

Website and Publications Manager

interns

Chris Angelos

Internship – United Nations Global Compact (March to June 2009)

volunteers

Raymond Brazil

Ethi-Call – Counsellor (rejoined May 2009)

Anne Goldner

Event Coordinator, 2009 Series of IQ2 debates (since March 2009)

Susan Hooke

Ethics-based alternative to scripture in NSW Primary Schools

Coleen MacKinnon

Ethics-based alternative to scripture in NSW Primary Schools

Matthew McKenna

Administration Assistant on Global Reporting Initiative database (April and May 2009)

Deidre Mondel

Program redesign, Vincent Fairfax Fellowship (March 2009)

Richard Muhs

Membership support

Cynthia Nadai

Ethi-Call – Counsellor

Felicity Nelson

Human Resources (from June 2009)

Clare Payne

Ethics Fellow

Jane Potter

Ethi-Call – Counsellor

Tim Potter

Ethi-Call – Counsellor

Elizabeth Riley

Ethi-Call – Counsellor

Elisabeth Shaw

Ethi-Call – Supervisor

Andrew Small

Ethi-Call – Counsellor

Ann Storr

Executive Assistant to Executive Director

Philip Wright

Ethi-Call – Counsellor

professional associates

Dr Hilary Armstrong

Father Des Dwyer SJ

consulting fellow

Suzanne L Ross

ethics fellows

Clare Payne

Finance Sector

Patrick McClure

Not-for-profit Sector

staff changes

Antoinette Simon

Antoinette resigned in June 2009 after many years of service encompassing the roles of managing the Centre's Leadership Development programs, in particular the Vincent Fairfax Fellowship; managing the Centre's Ethics Counselling Service, Ethi-Call the good decision line, including the responsibility of office manager.

Simone Walsh

Simone has been the Website and Publications Manager for a number of years, a role which largely involved production and management of www.ethics.org.au, resigned from her position in June 2009.

Julia Lipton

Julia resigned in May 2009 from her role as Manager of the Corporate Responsibility Index, after fulfilling the tasks relating to two iterations of the project.

Sarah Davidson

The Centre is pleased to announce that Sarah Davidson, a Vincent Fairfax Fellow from Group Fourteen, has accepted the role of Manager of the Corporate Responsibility to start in July 2009.

advisory council

The Advisory Council continues to act as a source of strategic advice for St James Ethics Centre. In the last year, the Advisory Council has met on three occasions: in September 2008, at the end of November 2008, and in May 2009.

There are currently eleven members from leading corporate and professional organisations. We thank all the members of the Advisory Council for their continuing commitment to grow the practice of ethics and for their generosity of time, financial support and resources.

| Organisation | Advisory Council Representative |
|---------------------|---------------------------------|
| Accenture | Michael Pain |
| AMP Ltd | Stephen Dunne |
| BHP Billiton | Karen Wood |
| IAG | Alison Ledger |
| L.E.K. Consulting | Colin Smith |
| Macquarie Bank | Clare Payne |
| Merck Sharp & Dohme | Jane Paterson |
| Protiviti | Gary Anderson |
| Telstra | David Moffatt |
| Westpac | Sally Herman |
| UBS Investment Bank | Peter Crossing |

As its name suggests, the Advisory Council exercises no authority over the policies or practices of St James Ethics Centre. Such authority lies exclusively with the elected Board of the Centre which, in turn, guarantees a proper degree of independence for the Centre's personnel.

supporters

donations

The Board wishes to express its sincere appreciation for the generous financial contributions received by the Centre. During this financial year contributors included the following individuals and organisations:

Donations of \$100 to \$999

Ruth Armytage AM
and Bruce Macarthur
William Bartlett
Baulkham Hills Uniting Church
Peter Bell
Jane Brockington
Roslyn Burge
Brendan Byrne
Alan Cameron
Stephen Chivers
Philip Clark AM
Alison Crook AO
Jill Dalton
Tim Edwards
(Truman Hoyle Solicitors)
John B Fairfax AO
Tim Fairfax AM
Sarah Fairfax
Peter Graves
Susan Green
Mark Grundy
Colin Gunn
Gregory Hammond
charlie (Harbour Foreshore Motel)
Terry Hewett
Catherine Hill
Justice Elizabeth Hollingworth
James S Hull OAM
James E Layt AM
Life Underwriters Club of Sydney
(Tower Aust Ltd)
Julian Longstaff
Margaret Lothian
Mike Martin
Wendy McCarthy AO
Kathleen McCredie AM
Neil McLachlan
Ross McLuckie
Amy Miszalski
Alex Murphy
John B Reid AO
Elizabeth Riley

Peter Roach
David Rothery
Alan Rowley (Burlington Group P/L)
Andy Small
Doug Snedden
Ian Simmonds
Ian F Stanwell
Duncan Tchakalian
P R Thomas
Sharyn Tidswell
Shane Tiernan
Monica Vaughan
Westpac Technology
Women's Forum
Phil Wheeler
Angus White
Sally and Geoffrey White OAM
Jonathan and Sally Wickham
The Hon Justice William Windeyer AM
John Wylie

Donations of \$1000 and over

Anonymous
Robert O Albert AO
Arab Bank Australia
Auslaw Pty Ltd
Australian Public Service
Commission
Rachel Bacon
CEO Forum Group
Father Des Dwyer SJ
(Hawthorn Catholic Parish)
Ernst & Young Foundation
Rob and Jenny Ferguson
The Greatorex Foundation
Institute of Public Administration
Mater Misericordiae
Health Services
National Business Leaders Forum
on Sustainable Development
Justice Robert McDougall
Telstra
Sally Treeby

supporters

membership

Membership of the Centre is open to individuals, corporations and students. At the end of June 2009 there were 528 members of the Centre, of whom 437 were individuals and 35 corporate, with an additional 56 students/concession members.

Member Fees

Individual

General: \$65 + \$6.50 GST = \$71.50 per annum

Student or Concession: \$30 + \$3 GST = \$33 per annum

Corporate

(Less than 50 employees): \$500 + \$50 GST = \$550 per annum

(Between 50 and 99 employees): \$1000 + \$100 = \$1100 per annum

(Over 100 employees): \$2500 + \$250 GST = \$2750 per annum

pro bono support

We would like to acknowledge the generosity of the many organisations that support the Centre's work through volunteering services and expertise. Without the help of these organisations the Centre would simply not be able to achieve the level of quality and impact for which it is recognised.

Where support has been for a specific event or purpose, acknowledgement has been made in the appropriate section of the report. We would like to acknowledge the support of:



for design and advertising services



for auditing services



for legal services



for legal services

Alberty Investments Pty Ltd

for office accommodation



for consulting services



for support of the National SME Project and the Global Reporting Initiative



think ... to create
a better world

ethics is a matter of practical concern

What ought one to do? We are all faced with this question on a daily basis. Ethics in practice is the process of thought and reflection we undertake, in order to make a choice or decision that is consistent with our view of what makes a 'good' life, and in turn what we decide shapes the quality and nature of relationships.

But the decision making process is not always an easy one based on a simple choice between good and bad, right or wrong. The ethical landscape is painted in shades of grey. Sometimes our range of choices is reduced to picking the least bad alternative. Sometimes we need to accept the limits to certainty when trying to decide how best to proceed. Sometimes we may have nothing more than a well-informed conscience to guide us through the maze of ethical decision-making.

St James Ethics Centre exists to provide a non-judgemental forum for the promotion and exploration of ethics, ethical decision-making and ethical leadership. By encouraging and assisting individuals and organisations to include the ethical dimension in their daily lives, we believe we can help to create a better world.

St James Ethics Centre works with individuals, the business world, professions, governments, community groups and many other diverse organisations. We provide a broad range of services that encourages many facets of our community to explore ethical reflection and decision-making.

ethics advocacy

allows the Centre to encourage active discussion on the ethical dimension of life and how it relates to specific issues of immediate interest and concern

ethics counselling

providing guidance towards reflection and a space for the exploration of ethical dilemmas, challenges and issues

ethics consulting

assisting organisations to identify the 'gaps' between their espoused and lived ethical commitments, and strategies to bridge such gaps

ethics training

providing training in areas such as Ethical Intelligence & Good Decision-Making, plus accreditation for prospective ethics officers and in-house ethics counsellors

ethics in leadership

providing opportunities for those involved in leadership to develop practices for addressing the central question of ethics – "What ought one to do?" – in their decision-making processes

ethics in business

expanding responsible business practice nationally through key international initiatives and tools, and an inclusive conversation with businesses of all sizes

ethics advocacy

In the context of the Centre's work, a commitment to advocacy flows from a desire to point to issues of significance, and in doing so, to encourage active discussion amongst the widest possible audience. It is also an attempt to offer a balanced treatment of important matters rather than mere rhetorical flourish. Advocacy allows the Centre to encourage active discussion on the ethical dimension of life and how it relates to specific issues of immediate interest and concern.

Military Leadership Forum

One of the most significant areas of advocacy work this financial year has been the Centre's continuing support for work in the area of military leadership. It has been especially interesting to see the evolution of thinking in the Australian Defence Force which now explicitly sees leadership as an 'ethical practice' rather than as a separate domain into which ethics is inserted.

During the period under review the Centre has worked in partnership with the Asia Pacific Centre for Military Law, the Australian Defence College and the Department of Defence – in partnership with the Armed Forces of the Philippines (AFP) to co-host the third Military Leadership Forum – an event that brought together senior leaders from seventeen nations within a broad geopolitical area stretching South from Pakistan in the West to China in the East.

Following a preliminary visit to the Philippines in March 2009 the third meeting of this forum was convened in July 2009 to address the topic 'The Role of the Military in Combating Regional Anti-terrorism and Transnational Crime'.

St James Ethics Centre continued its work with the Singapore Armed Forces supporting Directing Staff in their program at the Command and Staff College at SAFTMI.

Our continuing involvement in Southeast Asia

In March 2009, the Fourteenth Regional Ethics in Leadership Conference, convened jointly by St James Ethics Centre and the Centre for Strategic and International Studies (CSIS Indonesia), was held in Bali, Indonesia. The topic for discussion at this conference was 'On building a state', where the questions posed to delegates included: What, if anything are the essential elements of a State? What are the sources of legitimacy for a State? And at what point can a State be said to have 'failed'? Those who attended the conference included representatives from leading academic institutions, politicians, educators and recognised specialists in the region, thus adding to the already established role played by the Centre in the region. Group Fourteen of the Vincent Fairfax fellowship was in attendance at the conference where participation in this event has been an essential component of their development as leaders fit to address the demands facing Australia in the modern world.

Living Ethics

The Centre published Issues 72, 73, 74 and 75 of its quarterly newsletter during this financial year. The newsletter's significance is that it continues the important discussion of applied ethics which is prompted by the diverse range of authors that contribute – including academics, professionals and community leaders. Copies of the newsletter reach the Centre's local, national and international stakeholders.



MACQUARIE

The Centre acknowledges the generous support of Macquarie Bank for its continued sponsorship of the publication of Living Ethics.

We take this opportunity to thank the editor of the Centre's newsletter, Jackie Randles, and Mark van de Griendt, who has continued to design special cartoons for the Centre's use. Additional examples of Mark's work can be viewed at www.havock.co.uk

www.ethics.org.au

The Centre's website continues to be a portal for discussion, debate and learning. The site contains many volumes of resources and is a source of information on eclectic topics. The discussion forum continues to see a great deal of participation from its users and is the busiest area of the website.

IQ2 Debates

During the period under review eight Intelligence Squared debates were convened in the City Recital Hall, Angel Place, Sydney, where the propositions before this House were that: 'By 2020 only the rich will be at home in Australia'; 'We'd be better off without religion'; 'For a sporting nation we are not very sporting'; 'America has lost its moral authority'; 'We should legalise euthanasia'; 'Freedom of expression must include the licence to offend'; 'It's time to get rid of State Government' and 'Public funding of private schools is unconscionable'.

More information about these debates is available on the dedicated website: www.iq2oz.com or through the Centre's website.

The Centre acknowledges its partnership with John Rothnie-Jones, who brought to the Executive Director the proposal for this series and to Professor David Seedhouse for his generosity in the use of the Values Exchange – an online facility for voting and comment.

The Centre would like to recognise its other partners in this project: The Sydney Morning Herald, Australian Broadcasting Corporation (ABC) and ABC Fora. We would also like to thank the Sydney City Council for the provision of support in relation to its venue, City Recital Hall, Angel Place, and to Telstra for their generosity in enabling a simulcast of the 2009 series of debates. The Centre takes this opportunity to acknowledge the generous voluntary contribution made by those who joined the tally team for each debate. This group comprised members of staff from Accenture and St James Ethics Centre. We thank Ann Storr, Anne Goldner and Eleanore Mattana for their significant contribution, and that of other supporters of the Centre.

UNPRSI

In April 2009 the Centre proposed to a group comprising the Head of the United Nations Global Compact (UNCG), in New York, Georg Kell and the Prime Minister of Australia, Kevin Rudd MP, that an opportunity exists to develop a new, complementary set of United Nations Principles for Responsible Social Investment (UNPRSI).

A positive response to this proposal was forthcoming from both the UNGC in New York and the Prime Minister. At the Australian Davos

Connection Philanthropy Summit in April 2009, the Prime Minister announced Australia would lead an international process to develop the UNPRSI. The Centre was asked to facilitate the groundwork for this initiative, prior to passing an exposure draft into the international arena, and as part of the consultation process leading to adoption.

'Orchestra' of Ethics (Sector) Fellows

The concept of developing a group of ethics fellows, or an 'Orchestra', was first presented as part of the Centre's 2007 Strategic Review. The idea was proposed as an operating model for St James Ethics Centre, both to increase the scope and reach of the Centre, and to allow for succession planning capability.

Under the Orchestra model the Centre appointed its first Ethics Fellow, Clare Payne, in April 2009, to work within the Finance sector. Clare offers two days per week to this project, of which one is funded by her employer Macquarie Group, with the other offered on a voluntary basis. Patrick McClure has been appointed the role of Ethics Fellow, Not-for-profit Sector to begin July 2009.

Towards an ethics-based complement to scripture in NSW primary schools

The aim of this project led by volunteer Coleen MacKinnon is to seek ministerial approval to proceed with a Pilot Project that will test the concept of offering an ethics-based complement to scripture in NSW Primary Schools. If approval is granted by the Hon Verity Firth MP, NSW Minister for Education and Training/NSW Minister for Women, the pilot program will commence in 2010. www.specialethicseducation.com.au

Ombudsman Service

Supplementing the work of advocacy, we have supplied an ombudsman service to a small group of contracted clients.

Mediation

The Centre also provides mediation under contract when our particular expertise and independence, as well as the uniqueness of our service, are specifically appropriate.

Media Coverage

The Centre's views continue to be sought and its activities widely reported by the media in print, radio and TV throughout Australia.

Participation on boards and committees

Members of our staff have served on boards and committees established in the community, corporate and public sectors, as well as the professions.

These include:

- AMP Capital Socially Responsible Investment Advisory Committee
- Australian Commercial Disputes Centre Limited:
Mediator Accreditation Board
- Australian Institute of Company Directors:
Corporate Governance Committee
- BHP Billiton: Global Ethics Panel
- Cambridge Australia Trust
- CSIRO – Niche Manufacturing Flagship Advisory Committee
- Foreign Policy Association, New York: International Advisory Council
- Fundraising Institute of Australia: Ethics Committee
- The Genographic Project: International Advisory Council

- Green Building Council of Australia: Technical Assurance Committee
- Global Reporting Initiative: Advisory Board
- ISO 26000 – Standards Australia Technical Committee
MB-004-00-01 Social Responsibility
- Law Society of New South Wales – Professional Conduct Committee
- National Business Leaders' Forum on Sustainable Development
- National Council on Education for Sustainability
- National Engineers Registration Board
- NSW Department of Corrective Services: Ethics Committee
- NSW Ethics Panel on Biotechnology
- NSW Police Internal Witness Advisory Council
- Reconciliation Australia: International Advisory Committee
- Reconciliation Australia: Indigenous Governance Awards
- Sydney Community Foundation
- Sydney IVF Ethics Committee
- Westpac Customer Committee
- WSN Environmental Solutions: Sustainability Reference Group

ethics counselling

What ought one to do when ...?

- respect for privacy and confidentiality conflicts with transparency and possibly the law
- I have to choose between loyalty to my family and loyalty to my work or clients
- I have promised confidentiality to someone but have learned something from them which I think should be exposed
- I want to respect the beliefs and culture of another, but to do so in some situations feels a complete violation of my core principles

The Centre's national ethics counselling service provides an opportunity for reflection and exploration of ethical dilemmas, challenges and issues. Ethi-Call is available to anyone who is experiencing concern regarding an ethical dilemma and wishes to include the ethical dimension in their decision-making process.

Ethi-Call is free, confidential and as anonymous as the client wishes it to be. Appointments for the counselling service can be made by contacting the Centre on the dedicated Ethi-Call line: **1800 672 303**. Sessions are offered either by telephone or face-to-face in our Sydney office.

The unique nature of Ethi-Call... the good decision line

Our trained ethics counsellors help clients explore ethical dilemmas, issues and challenges they may encounter in their workplaces and personal lives.

More information can be found at www.ethics.org.au

Diversity of users

Location

73% of our clients were from New South Wales, 13% from Victoria.

Gender

57% of our clients were male, 43% female. This is the first time since the inception of the service that male clients have been the majority.

Age

74% of callers were from the 35-50 year age group, 16% were over the age of 50 years and 11% were between the ages of 20 and 34 years.

Dilemma source

82% of our clients were calling with dilemmas related to work. The remaining 18% of calls were partly or completely related to personal and family dilemmas.

Sector

35% of our calls came from the banking, accounting, finance and insurance sector. Health care and social services, government and public administration, and not-for-profit, religious, civic and community groups were the next most well represented sector, each comprising 15%.

Clients' Dilemmas

During the year the ethical challenges faced by our clients covered a diverse range of situations. For reasons of confidentiality the examples below are not the actual dilemmas from clients, however, they are indicative of the major themes.

- loyalty to client vs duty to disclose
- duty to marriage vs right to be in loving relationship
- justice vs mercy
- integrity vs self-care

Alliances

We continue to encourage professional alliances with organisations, where the Ethi-Call service acts as a key point of referral for their members or employees.

The Centre recognises the in-kind support offered by Telstra for Ethi-Call ... the good decision line: 1800 672 303. The Centre thanks Telstra for its long-term commitment and support of the toll-free line, since its inception in 1993.

ethics consulting

The Centre consults to a diverse range of organisations with a view to building their capacity to address the ethical dimension of their work. Based on a holistic perspective and an empirical model our consultancies are strongly connected to helping organisations to clarify their ethical foundations and achieve alignment.

Our approach

The Centre's approach is very practical in nature and is linked to the ethical issues of immediate concern to the organisation. We maintain that there is a direct relationship between applied ethics and responsible day-to-day practice. We assist organisations in making practical connections between ethics and 'good' decisions. These decisions relate to an organisation's ethics documents, workplace structures and systems, as well as actual practice and behaviour.

Such decisions are often the result of attempting to balance three related but differing areas:

- the ethical dimension
- compliance and regulation
- risk management

Our consulting services

A range of comprehensive services has been developed to assist organisations to enhance their ethics-based management capabilities, as well as strengthening their ethical character and culture.

Ethics frameworks and structures

Ethics frameworks (eg. codes of ethics and conduct): examining existing frameworks and determining the ethical components currently incorporated within an organisation's written materials.

Ethics structures and systems: examples include ethics help-lines, compliance hotlines, performance appraisal and recruiting systems and processes, the roles and functions of ethics committees.

Profiling – inquiries

Ethics profiling: understanding the gap between an organisation's espoused and lived values principles.

Inquiries: typically relate to major independent inquiries brought about by public awareness and pressure.

Facilitation: an independent and objective facilitation of the discussion of ethical issues, between stakeholders.

Please note that due to the confidential nature of our consulting work, we cannot disclose specific information about the activities undertaken in this financial year, or list the clients with which we have worked.

ethics training

Our training programs are created to enable individuals and organisations to enhance their skills and capacities in 'ethical intelligence', especially as it relates to 'good' decision-making.

Our approach

Our training approach is designed to work closely with clients to 'co-create' a tailor-made program for their organisation. During the year a number of clients requested customised versions of our programs to cater for specific client requirements, such as large (or small) numbers of participants, time limitations and/or a focus on a particular area of interest or concern. In these instances we often suggest conducting preliminary research to gauge the current level and capacity for ethical thinking. This research enables us to tap into the strengths and gaps in the culture as it pertains to the ethical arena.

The Centre offers two core programs:

Ethical Intelligence & Good Decision-Making – one-day program

This program is the foundation for understanding and embracing the ethical complexities and issues faced by individuals and organisations. Participants are formally introduced to the concept of ethics and are provided with a shared understanding of ethical language, methods, frameworks (eg. codes of ethics and conduct), as well as decision-making models. The program incorporates practical exercises to enhance the ability of individuals to be both ethically aware and ethically intelligent, as well as providing the basis for good decision-making.

Ethics for Leaders and Managers – two-day program

This program incorporates and builds on the foundation learning of the Ethical Intelligence and Good Decision-Making program. Within this program participants are exposed to the latest thinking on business ethics, as well as models of human nature and their relevance to business ethics. Learning is introduced through the Holistic Model of Ethics of St James Ethics Centre and is directed towards the organisation's ethics documents, its stakeholder relationships and commitments, its decision-making culture and its contribution to society. Ethical dilemmas and moral temptations are considered alongside the relevant internal systems, risk management strategies and the regulatory requirements.

During the year the Ethics for Leaders and Managers program formed a component of the Centre's flagship leadership program, the Vincent Fairfax Fellowship.

Our professional development and training clients

During the year our programs were delivered across a number of states and territories of Australia to a diverse range of industry sectors and clients:

- executives and managers of state and federal public sector departments
- emergency services personnel and volunteer fire fighters
- high potential leaders of major financial institutions
- corporate, public sector and not-for-profit leadership programs
- not-for-profit organisation directors, managers and general personnel
- public listed Australian corporations

ethics in leadership

The Vincent Fairfax Fellowship

The Centre's flagship leadership development program is the Vincent Fairfax Fellowship, which aims to support younger and emerging leaders by assisting them to expand their views and understanding of the community within which they have committed to work. Launched in 1994, the Fellowships undertaken during the year in review were made possible by the financial support of the Vincent Fairfax Ethics in Leadership Foundation.

The Vincent Fairfax Fellowship program is designed to increase the capacity of each Vincent Fairfax Fellow to exercise and support ethical leadership in their fields of influence and thereby create a better world.

The Vincent Fairfax Fellowship program starts with experience; often vivid, sometimes unsettling, but always instructive. Each experience is matched by an equally challenging process of reflection in which new ways of thinking are harnessed to develop leaders with the capacity and moral courage to question unthinking custom and practice. Just as there is no single approach to good leadership, so there is no single learning outcome as the Fellows come with their own particular strengths, approaches and leadership settings. The reflection woven into the Fellowship ensures that each Fellow can learn from all these experiences, successes and failures in equal measure.

The Fellowship itself is an enterprise – comprising not only the Fellows, but all those who engage in the support of its objectives. All have made a contribution to support and enhance each Fellow's growth and development.

Group Thirteen

Integrity Weekend

In November 2008 members of the thirteenth group of Fellows met in Sydney for their post-program Integrity workshop, which offered an opportunity for further discussion and the practical applications of the lessons learnt throughout the program. Charles Berger, Simone Cripps, Johanna Featherstone, Matt Finnis, Michael Gregory, Christy Hawker, Hutch Hussein, Glenn Platt and Sophie Staughton were challenged to look at their own situation and leadership objectives, and to make commitments for the good impact they hoped to achieve in their particular roles and responsibilities within Australian society.

Group Fourteen

Mid-year and regional programs

The mid-year Retreat program was held in August 2008 at the HC Coombs Centre for Financial Studies in Kirribilli for the members of the fourteenth group of Fellows: Hala Abdelnour, Rose Bryant-Smith, Boris Buick, Emily Chew, Sarah Davidson, Fairlie Delbridge, Fabrizio D'Esposito, Brett Greentree, Simon Herd, Chris Huet, Nathan Jessup, Zoe Mander-Jones, Bohden Power, Angela Reed and Beeta Vahdat.

The Retreat gave the Fellows an opportunity to examine their own beliefs and values over a range of issues from challenging readings, discussions and hypothetical situations. Fellows had the opportunity to workshop various leadership situations, trying out new and diverse approaches. Fellows saw the Sydney Theatre Company's production of *Gallipoli*. Prominent members of the community – the Hon Bronwyn Bishop MP; Rt Rev Robert Forsyth, Bishop of South Sydney and Michael Hawker, former Chief Executive Officer of IAG – met with the Fellows during the Retreat. Each shared their personal perspectives of leadership and its particular challenges particularly as they related to the topics of the day – self and family; freedom, control and communities; and, organisations, efficiency and social justice, respectively. As an alternative to visiting the Sydney Jewish Museum, at that time closed for repairs, Holocaust survivor Eddie Jaku came to the HC Coombs Centre to meet and talk with the Fellows. During the mid-year program Group Fourteen Fellows were formally introduced to, and encouraged to use, the Deloitte Leadership Academy – an online learning environment produced in combination with the Harvard Business School, Melbourne Business School, among others.

During the course of the next eleven months Fellows conducted three weeks of individual research, choosing an issue pertaining to the Southeast Asian and broader region. Projects were conducted in Bangladesh, Bhutan, Cambodia, China, India, The Philippines, Singapore, Tuvalu and Vietnam.

Regional Ethics in Leadership Conference

Group Fourteen Fellows gathered in March 2008 in Bali, Indonesia, to take part in the Fourteenth Regional Ethics in Leadership Conference convened jointly by St James Ethics Centre and the Centre for Strategic and International Studies (CSIS Indonesia).

Group Fifteen

Selection and January Program

In October 2008, the fifteenth group of Vincent Fairfax Fellows was selected. The selection panel included Fiona Higgins and Angus White, who offered their time on a voluntary basis, and Dr Simon Longstaff in his role as Director of Leadership Development. The Centre acknowledges the thoughtfulness and thoroughness of Fiona and Angus and thanks them for their excellent contribution. We also thank Glenn Peterson from Generator Talent for his pro bono work – the excellent coaching of members of the selection panel on interviewing tips and techniques. Finally, thanks go to Stephen Dunne and AMP Capital Investors for providing two interview rooms for the duration of the Selection process.

On 2 January 2009 Narelle Beer, Felicity Calvert, Jane Cleeve, Tara Day, Luke Gosling, Pippa Grange, Shabnam Hameed, Martin Hayden, Matthew Jones, Cameron Sewell, Peta Slack-Smith and Emily Stimson began their program in Darwin, Northern Territory, with a customised version of the Centre's Ethics for Leaders and Managers program. During this program the Fellows were introduced to ethical decision-making as a conscious and deliberate process, with an opportunity to workshop various leadership situations. After completing the Adventure Out Australia trek in the Katherine Gorge, Northern Territory, the Fellows travelled to Jabiru, Northern Territory, where they took part in a two-day cross-cultural program.

The next phase of the program comprised visits to remote mining and Aboriginal communities: Tara Day, Luke Gosling and Shabnam Hameed visited the Rio Tinto mine in Weipa Queensland; Jane Cleeve, Pippa Grange and Cameron Sewell visited the Rio Tinto Argyle Diamond mine in Kununurra, Western Australia; Narelle Beer, Felicity Calvert and Matthew Jones visited the Rio Tinto Alcan mine in Gove, Northern Territory; and Martin Hayden, Peta Slack-Smith and Emily Stimson visited the BHP Billiton mine sites in Newman and Port Headland, Western Australia.

For a week in Canberra at the end of January 2009, the Fellows continued their work on the Ethics for Leaders and Managers program and spent a day at the Royal Military College at Duntroon. The Centre thanks the Commandant for facilitating this. The key leaders and policy makers with whom the Fellows met provided information about their roles and responsibilities, as well as sharing some of their thoughts and reflections. During this time in Canberra the Fellows began negotiating their individual learning contracts.

Short Course for Good Leadership – four day program

This year we offered to those interested in the Centre's ethics programs an opportunity to sample what was on offer, and to evaluate their own potential through participation in a new, preliminary program. The four-day short course, *A Short Course for Good Leadership*, was designed to mirror the Vincent Fairfax Fellowship program – sharing the objectives of increasing leadership capacity and increasing the ability for ethical reflection, with the combination resulting in good leadership. The program was delivered by Suzanne (Suzi) Ross (former Director of Consulting, Training and Counselling) and John van Geldermalsen (former Director of Leadership Development), with assistance from Antoinette Simon, Manager of Leadership Development. From the 350

people who lodged their interest in this program, an initial selection of sixty people was made who were subsequently invited to participate in one of the four short courses held in Melbourne, Perth, Brisbane and Sydney in July and August 2008.

ethics in business

Responsible Business Practice Project (RBP)

Through Treasury, the Australian Federal Government has commissioned St James Ethics Centre to undertake a three-year project to expand responsible business practice nationally. The 2008/09 financial year marked the second year of funding and a period of significant development. The Responsible Business Practice team continued to develop key initiatives to build a trusted "hub" of international and local resources and tools, clearing the way for businesses of all sizes and providing a national coordinated entry point.

The guiding principles of the project are to:

- acknowledge excellent initiatives already underway in Australia, avoiding duplication
- draw together key stakeholders and innovators to facilitate the flourishing of national networks and laboratories of best practice
- characterise the project through inclusivity and creativity, culminating in the building of a national hub – a collaborative 'neutral' entity
- work to prepare business for a changing environment – building adaptability and resilience
- recognise that transparency, trust, confidence and comparability are emerging as key themes in the new economic climate.

Highlights from this financial year include:

- Strengthening and increasing the presence of key initiatives in Australia: In May 2009 the United Nations Global Compact Focal Point was launched in Australia and November 2008 saw the establishment of an Australian base of the Global Reporting Initiative. The Corporate Responsibility Index continued to grow in participation numbers. Further, the building blocks of tools and resources to support responsible business practice in small-to-medium enterprises were developed.
- Launch of the HUB website: The Centre developed the HUB website which aims not only to raise awareness about issues relating to responsible business practice but also to house the Centre's key initiatives. The HUB website aims to be a consolidated space for engagement, interaction and connectivity to help build communities of responsible business practice in Australia. <http://thehub.ethics.org.au>
- National Business Ethics Study: A national survey into business ethics, based on Beaton Consulting's pro bono research collaboration with the Centre, assessed the attitudes towards what organisations are doing, and what they should be doing, in the area of ethics. Over 15,000 individuals participated and the results clearly demonstrate that ethical issues, attitudes, encounters and dilemmas make up part of the everyday working life of employees Australia-wide, significantly impacting on both discretionary effort and retention rates of the employee. With more

scrutiny being applied to business – from the outrage over executive pay, to job losses and speculation over the finance sector’s role in the global economic crisis – it was found that business ethics has never been more important. To read the report, please visit www.ethics.org.au and follow the links.

- National Business Leaders Forum on Sustainable Development (NBLFSD): The 10th National Business Leaders Forum on Sustainable Development held in May 2009 at Parliament House, Canberra, presented a productive opportunity to exhibit and showcase the consolidated achievements and work of the Centre’s National Responsible Business Practice Project. As in past years, the NBLFSD was the backdrop for the sixth Corporate Responsibility Index awards dinner. The United Nations Global Compact was formally launched at the Forum by Mr Georg Kell, Executive Director of the UNGC, and Senator the Hon Nick Sherry, former Minister for Superannuation and Corporate Law. The National Small to Medium Enterprise Project also held a seminar at the conference.

Responsible Business Practice Key Initiatives

The Centre is working to make the way clear by highlighting strengths and synergies of the three key initiatives housed at the Centre. Three leading players in the agenda share a common purpose – to increase engagement and improve responsible sustainable business practices.

1. United Nations Global Compact (UNGC)

UNGC is the world’s largest voluntary corporate citizenship initiative. Launched in 2000, it represents a Compact between business and United Nations agencies, labour, civil society and governments to advance ten universal principles in the areas of human rights, environment, labour standards and anti-corruption.

Through the power of collective action, the Global Compact has two key purposes:

- To encourage the integration of its ten principles into responsible business practice
- To garner collective action of the UNGC and its related UN initiatives

Rosemary Sainty, Head of the Responsible Business Practice Project, established a Focal Point this financial year from which to build a vibrant local Australian Network of signatories. As the Network grows, Australian experiences will be drawn together to create country-specific guidance to the UNGC principles. This will include providing resources and staging events, to help members integrate the principles into their business operations and to take part in collective UN Initiatives. In addition, expertise in areas such as environmental and human rights issues in Australia will be provided from within the membership.

2. Global Reporting Initiative (GRI)

GRI has pioneered the development of the world’s most widely used sustainability reporting framework. This framework sets out the principles and indicators that organisations can use to measure and report their economic, environmental, and social performance.

Since its establishment, the GRI network of stakeholders around the world has grown immensely. Recently, the Secretariat has been looking at ways to meet more effectively the needs of stakeholders

in different regions, to increase participation in the framework, and to strengthen and expand the GRI network.

This financial year the GRI and St James Ethics Centre signed an Memorandum of Understanding to establish a base for GRI in Australia. This 'Australian GRI Focal Point' will be hosted by the Centre to establish networks and communities of practice across the Australian public and private sectors. This agreement is the first of its type in the world.

3. Corporate Responsibility Index (CRI)

The Corporate Responsibility Index (CRI), licensed in Australia to St James Ethics Centre by Business in the Community (UK), is a strategic management tool designed by business for business. With international scope, the CRI was developed in consultation with 80 leading businesses with the primary aim to provide a benchmark through a comprehensive, self-assessed measure, that helps companies communicate, track and manage corporate responsibility by integrating it within the business model.

This financial year marked the sixth CRI. A total of thirty-eight companies participated – thirty-five in the full Index and three in a single module. These companies represent over 700,000 employees and more than AU\$46 billion in revenue. The top five companies in order of performance were: EnergyAustralia, Boral Limited, Minter Ellison Lawyers, ANZ and Foster's Group Limited. Eleven new companies joined the project in 2008, ten submitting through St James Ethics Centre (including one module participant) and one new global submission through BITC in the UK.

The sixth CRI Awards were announced at the tenth National Business Leaders Forum on Sustainable Development at Parliament House, Canberra on 28 May 2009. Presented by Senator the Hon Nick Sherry, former Minister for Superannuation and Corporate Law, the winners included EnergyAustralia (Best Performance), Sensis (Best New Entrant) and Australian Broadcasting Corporation (Best Progress).

To date over seventy companies have used the Index in Australia and New Zealand.

CRI Leaders Network

During this financial year the Australian Corporate Responsibility Index Leaders Network comprised of ANZ, BHP Billiton, EnergyAustralia, Toyota and Westpac.

All companies in the Leaders Network participated in the Corporate Responsibility Index (CRI) and have achieved consistently high scores. The criteria for CRI Leaders Network membership are consistently high performance in the CRI (a score of greater than 95%) and continued, independently-assured and rated leadership in corporate responsibility and sustainability.

The purpose of the CRI Leaders Network is:

- To advocate and promote corporate responsibility (CR) and responsible business practice (RBP)
- To drive best practice management
- To review CRI effectiveness as a CR and RBP tool

The Centre welcomes the opportunity to acknowledge the support of these companies and individuals, which has lent both credibility and substance to the National Responsible Business Practice Project.

Responsible Business Practice in Small to Medium Enterprises

Another specification of the initiative is to develop resources to support and expand responsible business practice (RBP) among small to medium-size enterprises (SMEs). Through this project the Centre will engage many more Australian businesses to identify and adopt more responsible business practices.

Guiding Principles of the National SME Project:

- Collaboration
- Make the way clear
- Help SMEs be strategic with corporate social responsibility principles
- Avoid duplication
- Strategic and systemic
- National benefit
- Include the voice of the SME
- Commitment across the breadth of RBP

The National SME Project has four main areas of focus:

1. SMEs in their supply chain

This financial year Ernst & Young has been reviewing the sustainable supply chain practices of leading corporations. With a view to providing guidance to SMEs in accessing their supply chains, they also aim to simplify and reduce bureaucratic requirements that might constitute barriers to entry.

2. SMEs in their sector

This strand involves the mapping of product areas to identify major areas of unsustainable practice and develop appropriate interventions. Product roadmaps were developed throughout this financial year for the building sector (Total Environment Centre), garment industry (Brotherhood of St Laurence) and fresh food, with a focus on the potato (Net Balance Foundation). A generic roadmap has also been developed for use across all sectors. Roadmap resources will be released in the coming financial year.

3. SMEs in their place or community

This segment of research is focused on identifying developments in local communities that are engaging and supporting the local business community to improve social and environmental outcomes.

4. SMEs and their support networks

Building the support networks of professionals and service providers through working with those businesses that provide essential services – for example accountants, lawyers, banks, IT/communications providers, chambers of commerce and the government funded business advice services.

Thank you

The Responsible Business Practice Project has received significant and crucial support from many organisations and individuals. In particular we would like to extend our sincere thanks to the Centre's consultant on the project, Peter Davies, Vice Chair UK Sustainable Development Commission and Commissioner for Wales, the CRI Leaders Network, (ANZ, BHP Billiton, EnergyAustralia, Toyota and Westpac), Ernst & Young for their support on the SME project and to PricewaterhouseCoopers for their support of the Corporate Responsibility Index.

We would like to thank the project collaborators for the National SME Project including: ACI, ARIES, Brotherhood of St Laurence, CPA Australia, CRI Leaders Network (ANZ, EnergyAustralia, Toyota and Westpac), Deakin University, Ernst & Young, ICLEI, Macquarie University, Net Balance, Tasmanian Environment Department, Telstra and Total Environment Centre.

The Centre would like to acknowledge the following organisations that generously provided in-kind support for the RBP Project through the use of their facilities over the past year: Allens Arthur Robinson, ANZ, Deakin University, EnergyAustralia, GHD, ICLEI, Nestle, Sustainapac, Telstra, Toyota Australia, Senator the Hon Nick Sherry, Westpac.



financial statements

| | Note | 2009 \$ | 2008 \$ |
|--|------|----------------|------------------|
| Current Assets | | | |
| Cash and Cash Equivalents | | 481,671 | 723,306 |
| Trade and Other Receivables | 4 | 336,129 | 323,760 |
| | | 817,800 | 1,047,066 |
| Non-Current Assets | | | |
| Plant and Equipment | 5 | 62,101 | 58,994 |
| | | 879,901 | 1,106,060 |
| Current Liabilities | | | |
| Trade and Other payables | 6 | 371,552 | 731,240 |
| Provision for Employee Entitlements | | 257,895 | 234,303 |
| Non-Current Liabilities | | | |
| Provision for Employee Entitlements | | 57,058 | 49,502 |
| | | 686,505 | 1,015,045 |
| | | 193,395 | 91,015 |
| Statement in changes in Equity | | | |
| Accumulated Funds | | | |
| As at 1 July 2008 | | 91,015 | 41,239 |
| Net profit/loss transferred for the year | | 102,380 | 49,776 |
| | | 193,395 | 91,015 |

income statement

for the year ended 30 June 2009

| | 2009 | 2008 |
|--|------------------|------------------|
| | \$ | \$ |
| Revenue from ordinary activity | | |
| Memberships and Subscriptions | 75,318 | 83,433 |
| Directorships and Consultancies | 1,456,566 | 1,101,304 |
| Treasury Funding | 1,183,210 | 316,790 |
| Donations/Sponsorship/Leadership Program | 831,507 | 798,258 |
| Interest | 32,131 | 23,975 |
| Donations in Kind | | |
| – Rendering of Services | 248,437 | 153,260 |
| – Rent | 87,000 | 87,000 |
| Total revenue | 3,914,169 | 2,564,020 |
| Expenditure | | |
| Administration Expenses | 1,032,990 | 527,325 |
| Depreciation | 14,594 | 17,364 |
| Loss on Disposal of Fixed Assets | 5,110 | – |
| Salaries and Employee Entitlements | 1,716,823 | 1,168,563 |
| Leadership Awards Program | 706,836 | 560,732 |
| Donations Expensed | | |
| – Rendering of Services | 248,437 | 153,260 |
| – Rent | 87,000 | 87,000 |
| Total Expenses | 3,811,789 | 2,514,244 |
| NET SURPLUS FOR THE YEAR | 102,380 | 49,776 |

cash flow statements

for the year ended 30 June 2009

| | Note | 2009 \$ | 2008 \$ |
|--|------|------------------|----------------|
| Cash flows from operating activities | | | |
| Receipts from customers and donors | | 3,534,232 | 2,112,074 |
| Payments to suppliers and employees | | (3,785,188) | (1,625,819) |
| Interest received | | 32,131 | 23,975 |
| Net cash from/(used in) operating activities ⁷ | | (218,825) | 510,230 |
| Cash flows from investing activities | | | |
| Proceeds from sale of property, plant and equipment | | 28,746 | 0 |
| Payment for purchase of property, plant and equipment | | (46,446) | (3,604) |
| Net cash from / (used in) investing activities | | (17,700) | (3,604) |
| Net increase/(decrease) in cash held | | (236,525) | 506,626 |
| Cash at the beginning of the financial year | | 723,306 | 216,680 |
| Cash at the end of the financial year | | 481,671 | 723,306 |

1. Corporate Information

The financial report of St James Ethics Centre for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the Directors on 28 October 2009.

The nature of the operations and principal activities of the Centre is to encourage and assist individuals and organisations to include the ethical dimension in their daily lives, and thereby help to create a better world.

2. Summary of significant accounting policies**(a) Basis of preparation**

The financial report is a general purpose financial report which has been prepared in accordance with the requirements with Australian Accounting Standards.

Other mandatory professional reporting requirement such as The Charitable Fundraising Act 1991 has also been complied with.

The report has been prepared on a historical cost basis.

(b) Statement of Compliance

The financial report complies with Australian accounting standards issued by the Australian Accounting Standards Board (AASB)

Certain Australian Accounting Standards and interpretations have recently been issued or amended but are not yet effective and have not been adopted by St James Ethics Centre for the annual reporting period ended 30 June 2009. The Directors have not yet assessed the impact of these new or amended standards.

(c) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

i Donations and Subscriptions

Cash donations and subscriptions are brought to account on a cash basis. Current assets and services which are donated free or at a discount rate are brought to account at the fair value of the donations received.

ii Services Rendered

Control of the right to be compensated for the services provided and can be reliably measured.

iii Interest

Control of a right to receive consideration for the provision of, or investment in, assets has been attained.

(d) Cash and Cash Equivalents

Cash and Cash equivalents in the balance sheet comprise of cash on hand and in banks. These amounts are stated at the lower of cost and net realisable value.

For the purpose of Statement of Cash flows, cash is defined as cash and cash equivalents as defined above.

(e) Trade and Other Receivables

Trade and Other Receivables are carried at the original invoice amount less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of full amount is no longer probable. Bad debts are written off when identified.

(f) Plant and Equipment

i Cost and valuation

Plant and equipment are valued at cost, less accumulated depreciation and any accumulated impairment.

ii Depreciation

Depreciation is calculated on a reducing balance basis over the estimated useful life of the asset.

| | | |
|--------------------------------|------|------|
| Major depreciation rates are: | 2009 | 2008 |
| - Computer equipment | 33% | 33% |
| - Motor vehicles | 15% | 15% |
| - Furniture & office equipment | 33% | 33% |

(g) Trade and Other Payables

Trade and Other Payables are recognised for amounts to be paid in the future for goods and services received prior to the end of the financial year, whether or not billed to the economic entity.

(h) Provisions for Employee Entitlements

Provision is made for employee entitlement benefits accumulated as a result of employee rendering services up to reporting date. These benefits include wages salaries, annual leave, sick leave and long service leave. Associated on costs have been taken into consideration in arriving at these provisions where appropriate.

Employee entitlements, expenses and revenues arising in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave and other leave entitlements; and
- other types of employee entitlements are charged against profits on a net basis in their respective categories

The Centre contributes to various superannuation funds in respect of its superannuation obligations for its employees. A superannuation contribution of 9% of the employees' salaries and wages is legally enforceable. Funding is provided to defined contribution style funds only.

(i) Impairment

At each reporting date, assets are reviewed to determine whether there is any indication that an asset is impaired. Where an indicator of impairment exists, a formal estimate of the asset's recoverable amount is made, and where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and value in use.

In assessing the value in use of plant and equipment the company takes into account the depreciated replacement cost of an asset which is the replacement cost of the asset less, where applicable, accumulated depreciation. Any impairment is recognised in the profit and loss.

(j) Operating Leases

Leases where the lessor retains the substantially all the risks and benefits of the ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as the lease income.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the lease.

3. Taxation

Income taxes

The Centre as a charitable entity is exempt from income tax under Subdivision 50-B of the Income Tax Assessment Act 1997.

Goods and Services Tax (GST)

Revenue, expenses and assets recognised net of the amount of GST except:

- receivables and payables are stated with the amount of GST included
- the net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet
- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or part of the expense item as applicable.

Cash Flows are included in the Cash Flow Statement on a gross basis and the GST component of the cash flows arising from investing and financing activities, which is recoverable or payable to, the taxation authority, are classified as operating cash flows.

4. Trade and other receivables

| | 2009 | 2008 |
|------------------------------|----------|---------|
| | \$ | \$ |
| Sundry debtors | 101,586 | 89,874 |
| Trade debtors | 249,864 | 234,886 |
| Provision for doubtful debts | (15,321) | (1,000) |
| | | |
| | 336,129 | 323,760 |
| | | |
| Current | 168,902 | 185,636 |
| 31 to 60 days | 39,899 | 16,049 |
| 61 to 90 days | 26,742 | 10,321 |
| 90 days + * | 14,321 | 22,880 |
| | | |
| Total | 249,864 | 234,886 |
| | | |

*These amounts are past due but are not considered impaired

directors' report and notes to the financial statements

5. Non-current Assets

| | 2009 | 2008 |
|--|-----------------|-----------------|
| | \$ | \$ |
| Computer Equipment | | |
| at cost | 84,976 | 76,722 |
| Less accumulated depreciation | (63,565) | (56,008) |
| | | |
| | 21,411 | 20,714 |
| | | |
| Motor Vehicles | | |
| at cost | 78,315 | 40,123 |
| Less accumulated depreciation | (12,805) | (7,729) |
| | | |
| | 65,510 | 32,394 |
| | | |
| Office Furniture | | |
| at cost | 24,388 | 24,388 |
| Less accumulated depreciation | (20,462) | (18,502) |
| | | |
| | 3,926 | 5,886 |
| | | |
| Total plant and equipment – at cost | 187,679 | 141,233 |
| Total provision for depreciation | (96,832) | (82,239) |
| | | |
| | 90,847 | 58,994 |
| | | |
| Reconciliations | | |
| Computer Equipment | | |
| carrying amount at beginning | 20,714 | 25,818 |
| additions | 8,254 | 3,604 |
| disposals | | |
| depreciation expense | (7,558) | (8,708) |
| | | |
| | 21,410 | 20,714 |
| | | |
| Motor Vehicles | | |
| carrying amount at beginning | 32,394 | 38,111 |
| additions | 38,192 | |
| disposals | (28,746) | |
| depreciation expense | (5,076) | (5,717) |
| | | |
| | 36,764 | 32,394 |
| | | |
| Office Furniture | | |
| carrying amount at beginning | 5,886 | 8,825 |
| additions | | |
| disposals | | |
| depreciation expense | (1,960) | (2,939) |
| | | |
| | 3,926 | 5,886 |
| | | |

directors' report and notes to the financial statements

Total Plant & Equipment

| | | |
|----------------------|----------|----------|
| carrying | 58,994 | 72,754 |
| additions | 46,446 | 3,604 |
| disposals | (28,746) | – |
| depreciation expense | (14,594) | (17,364) |
| | 62,100 | 58,994 |

6. Trade and other payables

| | 2009 | 2008 |
|-------------------------|----------------|----------------|
| | \$ | \$ |
| Trade creditors | 150,860 | 142,881 |
| Deferred Income | 40,028 | 43,000 |
| Accrued expenses | 180,664 | 112,149 |
| Grant in advance – CRI* | 0 | 433,210 |
| Total | 371,552 | 731,240 |

*Represents a grant received by the Centre, which are unspent at balance date and is for a specific project not yet completed is recognised as income when the project occurs as these amounts are repayable if not fully utilised on the project.

| | 2009 | 2008 |
|---------------|----------------|----------------|
| | \$ | \$ |
| Current | 143,749 | 142,881 |
| 31 to 60 days | 236 | 0 |
| 61 to 90 days | 6,875 | 0 |
| 90 days + * | 0 | 0 |
| Total | 150,859 | 142,881 |

All creditors and other payables are due and payable.

7. Notes to the statement of cash flows

(a) Reconciliation of the operating surplus / (deficit) after tax to the net cash flows from operations

| | 2009 | 2008 |
|---|----------------|----------------|
| | \$ | \$ |
| Operating Surplus | 102,380 | 49,776 |
| Non-Cash items | | |
| (Surplus)/Loss from disposal of Plant & Equipment | 5,110 | |
| Depreciation | 14,594 | 17,364 |
| Changes in assets and liabilities | | |
| Increase in Creditors | 114,220 | 630,801 |
| (Increase) in Receivables | (12,369) | (187,711) |
| Net Cash provided by Operating Activities | 223,935 | 510,230 |

(b) Reconciliation of Cash

| | 2009 | 2008 |
|---------------|---------|---------|
| | \$ | \$ |
| Cash at Bank | 481,321 | 723,005 |
| Term deposits | | |
| Cash on Hand | 350 | 300 |
| | 481,671 | 723,305 |

Cash at bank earns interest at floating rates based on daily bank deposit rates.

directors' report and notes to the financial statements

8. Non-cash investing activities

During the financial year, the Centre disposed and wrote off assets with an aggregate carrying value of \$28,746 (2008: nil).

9. Incorporation

St James Ethics Centre was incorporated in February 1990 under the NSW Associations Incorporation Act, 1984. The liability of a member in the event of winding up the Centre is limited to the amount, if any, unpaid by the member in respect of membership of the Centre.

10. Related party disclosures

During the year the following people were members of the Board of St James Ethics Centre:

| | |
|-------------|--------------|
| W Bartlett | P Joseph OAM |
| PM Clark AM | M Roux |
| AL Crook AO | D Snedden |
| G Doogue AO | J Wickham |
| TF Edwards | |

During the year the Centre under normal commercial terms and conditions performed services for a Board member related entity for the value of nil (2008: nil).

During the year the Centre under normal commercial terms and conditions made payments for services performed by a Board member related entity for the value of nil (2008: nil).

Donations were received from the members of St James Ethics Centre Board of \$1,378.50(2008: \$6,083.50).

During the financial year, the Centre has taken out an insurance policy for professional indemnity of all the Directors of St James Ethics Centre.

11. Key personnel remuneration

Directors:

There are no Directors receiving income from being members of the Board of St James Ethics Centre.

Other personnel:

| | 2009 | 2008 |
|--|---------|---------|
| | \$ | \$ |
| Compensation received or receivable by key personnel of St James Ethics Centre in connection with management of the affairs of St James Ethics Centre, whether as an executive officer or otherwise comprising short-term benefits only. | | |
| Short-term benefit | 289,431 | 259,410 |
| Post-employment benefit (super) | 22,314 | 22,314 |
| | | |
| | 311,745 | 281,724 |
| | | |

The Centre has a key person insurance policy for the Executive Director.

directors' report and notes to the financial statements

12. Auditors' remuneration

Amounts received or due and receivable by the auditor for other services were \$102,572 (2008: nil)

Amounts received or due and receivable by the auditor for audit services in 2009 are \$9,900 (2008: \$9,900)

Donations of the equivalent amounts, not including GST, were made by Ernst & Young Foundation.

13. Segment information

St James Ethics Centre operates as a not-for-profit organisation in one geographical location – Australia.

14. Fundraising appeals

Information and declaration to be furnished under the Charitable Fundraising Act 1991:

- (a) no fundraising appeals were conducted during this financial year (2008: nil)
- (a) total income for the year was expended in the manner detailed in the Income Statement in the provision of services to the community.

15. Provisions for employee entitlements (current)

Annual Leave and Long Service Leave due

| | 2009 | 2008 |
|-------------------------|----------|----------|
| | \$ | \$ |
| As at 1 July | 234,303 | 213,537 |
| Utilised | (51,464) | (41,856) |
| Arising during the year | 75,056 | 62,622 |
| | | |
| As at 30 June | 257,895 | 234,303 |
| | | |

16. Provisions for employee entitlements (non current)

Long service leave

| | 2009 | 2008 |
|-------------------------|--------|--------|
| | \$ | \$ |
| As at 1 July | 49,502 | 42,002 |
| Utilised | - | - |
| Arising during the year | 7,556 | 7,500 |
| | | |
| As at 30 June | 57,058 | 49,502 |
| | | |

17. Financial risk management objectives and policies

The Centre's principal financial instrument comprise cash. The main purpose for this financial instrument is to finance the Centre's projects and services.

The Centre has various other financial instruments such as trade debtors and creditors, which arise directly from its operations.

The Centre manages the risks through a process of ongoing identification, measurement and monitoring. The Centre is exposed to credit risk, liquidity risk and interest risk. All financial assets and liabilities are carried at the amounts that approximate fair value.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Centre does not have any direct holdings in interest bearing assets other than cash.

The Centre's Cash holdings is \$481,321 (2008: \$723,005) which have a weighted average interest rate of 4.20% (2008: 4.06%).

| | 2009 | 2008 |
|-------------------------------------|---------|---------|
| | \$ | \$ |
| Cash | 481,321 | 723,005 |
| Impact on operating statement +25bp | 1,203 | 1,808 |
| Impact on operating statement -25bp | (1,203) | (1,808) |

Credit risk

Credit risk represents the risk that counter party to the financial instrument will fail to discharge an obligation and cause the Centre to incur a financial loss. The Centre's exposure to credit risk arises from the default of the counter party, with the current maximum exposure at reporting date being equal to the fair value of the instruments disclosed on the balance sheet.

The Centre has no collateral as security or any other credit enhancements. There are no significant financial assets that are impaired.

The credit risk is not considered to be significant to the Centre.

Liquidity risk

Liquidity risk is the risk that the Centre will encounter difficulty in meeting obligations associated with financial liabilities. The Centre maintains sufficient cash and cash equivalents to meet normal operating requirements.

The Centre does not have a significant exposure to financial liabilities. Financial liabilities of the Centre comprise trade and other payables which are typically settled within 30 days.

18. commitments

St James Ethics Centre has entered into five years (60 months) lease commitments with a total of \$20,954.00 (2008 - \$29,077.00).

| | 2009 | 2008 |
|---|--------|--------|
| | \$ | \$ |
| Within one year | 8,123 | 8,123 |
| After 3 years and not more than 4 years | 12,831 | 20,954 |

STATEMENT BY THE DIRECTORS

In the opinion of the Directors of St James Ethics Centre, we state that:

- (a) the Income Statement is drawn up so as to present fairly the result of St James Ethics Centre for the period ended 30 June 2009
- (b) the Balance Sheet is drawn up so as to present fairly the state of affairs of St James Ethics Centre as at 30 June 2009
- (c) at the date of this Statement there are reasonable grounds to believe that St James Ethics Centre will be able to pay its debts as and when they fall due
- (d) the regulations under the conditions attached to the fundraising authority have been complied with by St James Ethics Centre and
- (e) the internal controls exercised by St James Ethics Centre are appropriate and effective in accounting for all income received.



Peter Joseph OAM
Chairman



Alison Crook AO
Treasurer

Date: 28 October 2009



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Independent auditor's report to the members of St James Ethics Centre

We have audited the accompanying financial report of St James Ethics Centre (the Centre), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the director's declaration.

The Director's Responsibility for the Financial Report

The Centre's directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and with the Association's constitution. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the Australian professional accounting bodies.

Liability limited by a scheme approved
under Professional Standards Legislation



Auditor's Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of St James Ethics Centre as of 30 June 2009, and of its financial performance and cash flows for the year then ended in accordance with:

- (a) the Associations Incorporation Act 1984[NSW], including:
 - (i) compliance with Accounting Standards in Australia (including the Australian Accounting Interpretations);
 - (ii) other mandatory financial reporting requirements in Australia.
- (b) the *Charitable Fundraising Act 1991* including
 - (i) the financial report of the St James Ethics Centre shows a true and fair view of the financial results of fundraising appeals for the year ended 30 June 2009;
 - (ii) the accounts and associated records of the St James Ethics Centre have been properly kept during the year in accordance with the Act;
 - (iii) money received as a result of fundraising appeals conducted during the year has been properly accounted for and applied in accordance with the Act; and
 - (iv) there are reasonable grounds to believe that the St James Ethics Centre will be able to pay its debts as and when they fall due.
- (c) the Centre's constitution,

A handwritten signature in black ink, appearing to read 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Graeme McKenzie'.

Graeme McKenzie
Sydney
28 October 2009



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Auditor's Independence Declaration to the Directors of St James Ethics Centre

In relation to our audit of the financial report of St James Ethics Centre for the financial year ended 30 June 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to be 'G. McKenzie'.

Graeme McKenzie
Partner
28 October 2009

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