



## REFORM NEEDS SOME HELP

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It is somewhat of an understatement to observe that National Competition Policy has been a bunny in the headlights this week.

As the President of the Council I have been described as the 'devil incarnate' and Rob Borbidge rather charmingly suggested that he would be telling me to 'get stuffed' if he won the Queensland election.

It is unclear whether Mr Borbidge was referring to the entire competition reform process or just to me personally. Whichever, it is blindingly obvious that micro-economic reform and specifically National Competition Policy have entered a political danger zone.

With five elections due this year and One Nation's resurgence during the first two showing the electoral appeal of anti-reform policies, it is probably fair to say National Competition Policy is under pressure like never before.

We cannot ignore the forces which have propelled Pauline Hanson to political relevance. She speaks for the disenfranchised and the disillusioned, those who have been left behind by the globalisation freight train. She enunciates the terror of the, usually older, people who lack the skills and tools to evolve and transform themselves and their enterprises in the manner needed by competitive international markets - even the competitive domestic markets can be too much for some.

The seeds and fertilizers that nourish the growth of extreme groups are the extraordinary structural changes that have characterised recent decades, leaving behind them a trail of often forgotten communities who have been unable to keep pace.

More importantly, the needs of these communities to adjust to these changes have often been ignored by those who have been instrumental in bringing about the changes.

What is the role of business in dealing with these issues? Some eighteen months ago the Prime Minister made a speech exhorting Australian businesses to assume a greater level of corporate social responsibility.

Many business leaders took the position that business responsibility should remain focussed on providing returns to shareholders. Their community responsibility could be fulfilled by contributing towards a vibrant business sector whilst governments could look after equity and social policy.

However, such positions are surely myopic and ignore the lessons of history.

Business cannot ignore its social responsibilities to the community - if for no other reason, than because doing so will inevitably see governments backtracking on reform or, continuing with reform but imposing far more stringent regulatory requirements on business - a sort of 'good corporate citizenry by force'.

It is worthwhile considering what the pressure on shareholder returns would be under government imposed social service regulations as opposed to voluntary community assistance. It is also pertinent to consider the cost and flexibility of voluntary arrangements compared to legal requirements.

Further, a dependence on government driven solutions must rely, by its very nature, on electoral cycles. This means that business becomes victim to the kind of cyclical Catch 22 whereby economic growth and a buoyant business environment are dependent on sensible economic policies and micro-economic reform which often only become electorally palatable when the economy is in decline.

Whilst it is an unquestionable truth that structural reform and National Competition Policy enabled Australia's economy to weather the Asian financial crisis with barely a scratch Pauline Hanson is unimpressed and it means nothing to the dairy farmer whose herd of 100 dairy cows can no longer support him.

Social assistance to change must become an integral part of reform and 'assistance' means much more than money alone. A big cheque is an inadequate response if those affected by change do not know how to apply the proceeds to assist them to adjust

Managing change involves advice and assistance (personal, business and financial), retraining, reskilling, and access to services, specifically by replacement of lost services with alternatives such as enhanced communications infrastructure.

As the saying goes, give a man a fish and he eats for a day, *teach* him to fish and he eats for a lifetime.

Business, to date, appears to have been hamfisted or somewhat oblivious to handling the impact of change in communities affected by their business decisions.

But business, as a full participant in the Australian community has a social responsibility. What does this mean in practice? It is probably easier to identify things it doesn't mean. For example:

- It doesn't mean business advocating government policies regardless of their impact on the broader community or, exhorting a government in private to 'do the right thing' only to fail to support the reforms in public.
- It doesn't mean avoiding issues of public importance merely because taking a stand may mean some inconvenience or minor risks.
- And perhaps most important, it doesn't mean avoiding public accountability for actions that have pervasive impacts on the community - business has an obligation to explain changes - just as governments do.

Corporate social responsibility is a business imperative as well as an altruistic nicety. It is not so much about cheques as it is about attitudes, social involvement, and sensible, socially responsible change management.

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