

## **Occasional Address**

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*Delivered at the graduation ceremony for graduates from the Faculty of Business, UTS*

*Great Hall, City Campus, Thursday 11 May 2006, 2.30pm*

Deputy Chancellor, Vice-Chancellor and President, Associate Dean (Teaching and Learning), staff, distinguished guests, graduates, family and friends.

Thank you for the opportunity to speak on this very special day.

I look into the audience and I see graduates who have completed the requirements of your degrees and parents, friends and university academics that supported you every step of the journey.

It is a journey.

For now I sincerely say “Well done” – and I mean that genuinely, to graduates, to parents and to academic staff. Graduates should be proud of what you have achieved as you are – each and every one of you – a high achiever.

Having said that, there is a longer journey ahead.

At this stage you are thinking this is now going to be a long boring speech.

Let me reassure you – it will only be a short boring speech.

This is a special day for you and I would truly like to add to the experience.

It is over 30 years since I was in your position and the least I can do is share key lessons from my career.

Those lessons have been plentiful and varied, so I have chosen one area on which to concentrate. One message only. Act with **Integrity**... or ethically by another name.

Regardless of your academic excellence, nothing will protect you if you do not have integrity.

You are the future of the corporate and professional environment in Australia, and quite probably, overseas.

Enron, Parmalat, WorldCom, HIH, OneTel – these corporate failures and accounting scandals have shaken the foundations of investor confidence in the transparency, integrity and accountability of corporations and capital markets.

The damage of corporate failures is incalculable – reputations of key individuals and organisations are in ruins, jobs have been lost, and superannuation funds have been wiped out.

In Australia alone – Alan Bond, Christopher Skase, Ray Williams, Rodney Adler, Rene Rivkin – the list of those who have fallen from grace is a long one.

While the story in corporate failures is always complex, a lack of ethical behaviour by many individuals is a big part of the story.

A major challenge lies ahead for restoring ethical behaviour and, in turn, rebuilding public trust in the capital markets.

And you have the opportunity, or indeed the responsibility, to be a major player in that challenge.

The response of governments worldwide to corporate scandals has been greater regulation.

Regulation alone will not regain public trust. Confidence in the capital markets depends on confidence that the reporting and regulatory process will deliver accountability and transparency.

Ethical behaviour is not simply conforming to legal and professional rules. It is a state of mind. The following of unwritten principles. A culture of “doing the right thing”.

By the time people enter their professional careers, their personal ethics have been largely shaped, and for this parents and teachers deserve considerable credit. However, these ethics can be reinforced or conversely strained or even shattered by the corporate culture in which you work. It is essential that all organisations entrench a culture that fosters ethical behaviour.

And my comments are not limited to behaviour in the corporate world.

The Prime Minister of Australia, John Howard, has been required to deal with issues such as “children overboard”, the Iraq war, and the Australian Wheat Board scandal.

One of our entertainment and philanthropic icons, Steve Vizard, has been challenged by accusations of insider share trading.

Our sporting hero, Shane Warne, has seen accusations of inappropriate social behaviour tarnish his image.

Please think about the consequences.

In giving the above examples I am in no way passing judgement on the facts of any case. Indeed, perceptions are often enough to cause reputational or other failure, regardless of the facts.

When it comes to appropriate ethical behaviour, independence of auditors is one area where compliance costs being borne by audit firms are huge as they attempt to allay any perceptions of lack of independence, regardless of the facts. Not only must you be independent, you must be seen to be independent.

Earlier in this presentation, I mentioned that you have a long journey ahead.

You will be given the authority to decide a variety of issues, and with that authority comes the responsibility to do the right thing.

And it is not only your own actions that may be subject to scrutiny. The role of the whistleblower is gaining much needed recognition with most organisations having Ethics hotlines. The Australian culture of “not dobbing in your mate” is being replaced by a culture of ensuring everyone behaves in line with the organisation’s values.

Employees are being encouraged to blow the whistle on a colleague. Indeed this is often the only way that inappropriate behaviour is revealed. I applaud the courage of these people, such as Sherron Watkins who was a whistleblower at Enron, and who risked her own career, but instead received widespread recognition and went on to co-author the best-selling tell-all book “Power Failure: The Inside Story of the Collapse of Enron.

Whistleblower protection is one of the hot topics of corporate ethics. Whistleblowers must know that they will be protected – even rewarded – if they reveal a misdemeanour.

I would also like to point out that it is not only financial transactions that require you to act with integrity. Leading organisations have written codes of conduct that are comprehensive and clear, and are now seen as an essential element of good governance. Those organisations also have a “tone at the top” which is characterised by the board and senior management living by the code of conduct. Behaviour such as bullying is receiving greater attention in business as well as in school yards. The range of topics in codes of conduct in organisations includes non-discrimination, substance abuse, harassment, environmental compliance, employee health and safety, and work/life balance.

Well, I hope I have adequately delivered my one message: act with integrity.

Before I close let me add that as you begin your career, be prepared to give as well as take. As you further enhance your CV, and you may progress upwards in responsibility or change organisations to enhance your own career, be aware of the need to give back. To support professional bodies, universities and other centres of learning, contributions to corporate Australia that do not always lead to a financial reward, but rather a personal reward.

Many seek greater financial rewards and I am not so naïve as to think otherwise. But involving yourself in a broader range of activities is an important element of your professional and personal growth and financial rewards will follow.

I congratulate you on your achievement in completing your degree and wish you every success going forward.

Remember you are our future.

I am honoured to have been given the opportunity to deliver this address.

Thank you.