

Industrial Relations  
(Transparency & Accountability  
of Industrial Organisations)  
Submission 015

# Submission on the Industrial Relations (Transparency and Accountability of Industrial Organisations) and Other Acts Amendment Bill 2013

CHAMBER OF COMMERCE AND INDUSTRY QUEENSLAND SUBMISSION

14 May 2013

## 1.0 Introduction

- 1.1 As the State's peak business organisation, the Chamber of Commerce and Industry Queensland (CCIQ) welcomes the opportunity to provide input to the Legal Affairs and Community Safety Committee on the Industrial Relations (Transparency and Accountability of Industrial Organisations) and Other Acts Amendment Bill 2013 (The Bill).
- 1.2 At the outset CCIQ wishes to state its disappointment and opposition to the passage of this Bill. As an organisation we were not consulted in its drafting, believe it to be ill founded, will prevent political debate and will make it more difficult for member organisations such as CCIQ to effectively perform our duties on behalf of our members.
- 1.3 CCIQ's concerns more specifically relate to the following areas:
- This act is an attack on political discussion and an attempt to make it more difficult for employer organisations, unions and associations to perform the role that their members ask of them. Under the proposed legislation, CCIQ will have to comply with a range of unworkable procedural requirements and reporting requirements that will minimise our effectiveness and ability to react to issues impacting upon the Queensland business community.
  - Over the last several years CCIQ has become a trusted source of business community viewpoints to the State Government. The unintended consequence of this Bill is that the flow of that information to Government would dry up. Not because of a direct decision made by the Chamber but because we would literally be denied the opportunity to canvass issues with our members to inturn provide feedback to the State Government.
  - The Bill will ultimately undermine CCIQ's governance framework creating disincentive for business leaders to sit on CCIQ's Governance and Policy Boards as well as ability to recruit talented individuals.
  - CCIQ will be required to comply with additional red tape that duplicates its best practice internal processes and external financial governance and advocacy. The cost of compliance will impact on our financial viability and ability to maintain current workforce numbers.
  - The State Government has failed in applying its own best practice for regulation making through an absence of a regulatory impact statement.
- 1.4 Given the State Government's already strong record and commitment to reduce red tape in Queensland by 20 per cent CCIQ believes that further consideration of this Bill is needed to address a poor understanding of the Bill's consequences. CCIQ is seeking to highlight in this submission the true impact that the Bill will have on our organisation and other employer associations in Queensland. CCIQ is genuinely hoping that the implications that this Bill has for our organisation are either unforeseen or unintended and accordingly should urgently be addressed.

## 2.0 The Chamber of Commerce and Industry Queensland

- 2.1 CCIQ is the State's largest business organisation. CCIQ has a State-wide membership across all industry sectors and of business sizes. In total we directly and indirectly represent in excess of 25,000 businesses with links to in excess of a 120 local chambers of commerce and professional associations.
- 2.2 CCIQ is committed to representing the interests of its members and the Queensland business community as a whole. The most important aspect of our role is to provide advocacy on industry related issues, designed to build a better business operating environment.

- 2.3 CCIQ plays a pivotal role in identifying issues and their impact on industry, as well as researching, analysing and developing appropriate responses to government policies, taxation initiatives, programs and legislation.
- 2.4 CCIQ has dramatically changed its approach to advocacy in recent years to be a true voice of business through continually canvassing and then articulating business community views on various issues in a non-partisan manner. In turn CCIQ represents the views of members by:
- publicly commenting on legislative, taxation and industrial issues;
  - participating directly in debates with governments and other stakeholders;
  - providing formal submissions to governments on behalf of members;
  - working in cooperation with state and local governments to identify and address issues that impact on Queensland business; and
  - responding to media, governments and the general business community to analyse and comment on the performance of the economy and other key business issues.
- 2.5 CCIQ is one of many voices representing business interests within Queensland, however CCIQ is the loudest voice and has played a key role in securing many outcomes on behalf of business particularly in the area of red tape reduction. Through our continued work with Government, we have effected changes to areas such as taxation, electricity prices, paid parental leave, infrastructure spending, national minimum wages, workplace relations laws, workplace health & safety laws and environmental regulations.
- 2.6 CCIQ has a Governance Board who are responsible for the long term strategic direction of CCIQ and corporate governance. In addition our advocacy work is overseen by both a CCIQ Policy Board and 8 Regional Councils who are responsible for ensuring that CCIQ's members have direct input into policy and advocacy development. This structure is in place to ensure transparency and accountability to our membership for CCIQ advocacy activities and financial expenditure of the organisation. As a testament to our resolve to be nonpartisan CCIQ last year amended our Constitution to ensure those seeking political office or involved with running a political party cannot sit on CCIQ's Board.
- 2.7 In a practical sense the Bill undermines all of the above objectives and activities of our organisation.

### **3.0 Objectives of the Bill relevant to Employer Organisations**

- 3.1 CCIQ unreservedly supports financial accountability and transparency of industrial organisations and their office holders. These should be at the heart of any employer organisation's operations.
- 3.2 Indeed CCIQ agrees that industrial organisations are in a unique and privileged position in the industrial relations system. The officials of industrial organisations are elected by members of the organisation who deserve to have confidence in the stewardship and financial management of their organisation and its leadership.
- 3.3 However CCIQ believes concerns about the governance and financial accountability of industrial organisations to be overstated. This Bill appears to be a knee-jerk reaction to the Health Service Union scandal in New South Wales and the poor governance of the United Retailers Federation. It is a mistake to foist upon all good practicing industrial associations additional regulation to address two instances of poor governance.
- 3.4 CCIQ has nothing to fear from the intended purpose and objectives of the Regulation. There are no instances of glossing over of mistakes, no misuse of member funds and CCIQ policies are in place to ensure that the scandals the State Government are concerned about simply cannot happen. CCIQ has grave concerns and real fears for the ramifications of this Bill on our Organisation.

## **4.0 Provisions of the Bill relevant to Employer Organisations**

- 4.1 Relevant requirements of the Bill that employer organisations would be subject to include:
- 4.2 Requiring industrial organisations to make public disclosures by way of maintaining up-to-date and publicly available disclosure registers. The registers are:
- Register of the remuneration of the organisation's highly paid officials and employees;
  - Register of material personal interests declarations of elected officials and their relatives;
  - Register of gifts and benefits (received and given by officials and employees); and
  - Register of political objects funding (\$10,000 or greater) and the outcome of the expenditure ballot.
- 4.3 Requiring that expenditure greater than \$10,000 on political objects (public advertising and related political activities as well as funding to a third party to campaign on behalf of the industrial organisation) be approved by a ballot of members. Balloting will occur through the Electoral Commission Queensland at the expense of the organisation. A successful ballot will require 50% of the members to vote and then 50% + 1 of the responses to be in support the proposal;
- 4.4 Amending the existing annual reporting and filing obligations of industrial organisations to include financial disclosure statements detailing all expenditure directed to political objects as well as all procurement and contract related expenditures greater than \$5000;
- 4.5 Requiring that all information provided in an organisation's annual financial disclosure statement and maintained in the registers be subject to scrutiny by a registered company auditor and be made publicly available on the organisation's website. If the organisation does not have a website arrangements will be made to publish on the QIRC website. Material personal interest declarations by relatives of elected officials will be maintained and filed with the QIRC but not published. The register of remuneration will be required to be updated twice yearly;
- 4.6 Requiring that all industrial organisations have financial management policies (including in relation to credit card issuance and use, contracting activities and gifts and donations) and that officers of industrial organisations undertake governance and financial accountability training;
- 4.7 Introducing new increased penalties of up to \$340,010 or five years imprisonment for dishonesty;

## **5.0 CCIQ Best Practice Financial Governance**

- 5.1 CCIQ is very proud of its record of financial governance, accountability and transparency and within the last year has taken even further steps to enshrine appropriate safeguards into our constitution, governance board and business practices. A full copy of CCIQ's external and internal governance measures are contained in Appendix One. As this Appendix amply demonstrates CCIQ already has both external and internal best practice governance processes to ensure accountability and transparency to our members.

## **6.0 CCIQ Best Practice Advocacy and Consultation**

- 6.1 As stated, CCIQ is steadfastly committed to representing the Queensland business community in a nonpartisan manner. In essence we act as the voice for business to Government. As a member based organisation, all CCIQ members have an opportunity to have their say on the activities undertaken by CCIQ to power Queensland's business potential. In fact each and every action of CCIQ Advocacy is developed in complete partnership with our members through consultation, research and direct discussion.

- 6.2 CCIQ is proud of the way in which we develop advocacy for business. We canvass the views of our members through CCIQ's Policy Board, Regional Councils, use of surveys, industry committees, roundtables, regional road shows, website, CCIQ Regional Managers, CCIQ Sales Executives, case studies and other one on one communication with members by CCIQ Advocacy.
- 6.3 In turn CCIQ provides back to our members full updates on what we are doing on their behalf. We do this through our Business Updates, Blogs, Electronic Direct Mail, Road Shows, Wins for Business and the submissions, blueprints and media releases posted on the CCIQ website.
- 6.4 In summary there is virtually no opportunity for CCIQ to misrepresent our member's views given the extensive consultation practices that are in place and when coupled with our extensive feedback to our members CCIQ regards our accountability to members in the area of advocacy as being an example for all other organisations to follow.

## 7.0 Specific Unworkable Elements of the Bill

### 7.1 Ballots for Expenditure of Funds

Currently the Bill prescribes for a ballot for expenditure on political objects greater than \$10,000. Expenditure on public advertising and related political activities (including activities such as public opinion polling, television, radio, electronic and print advertising and letter drops) as well as funding to a third party to campaign on behalf of the industrial organisation greater than \$10,000 requires members to be balloted for approval. Balloting will occur through the Electoral Commission Queensland.

This requirement is unworkable and blunts CCIQ from the way in which we conduct our advocacy. CCIQ's practical experience indicates that it is impossible to achieve a 50% turn out of a membership vote. A large majority of our membership is based in regional and remote areas across all regions of the state; additionally our members are owners/managers of SMEs facing significant time and cost constraints. It is important to highlight that CCIQ exists to serve our members and not the vice versa that would be created by this provision. The time involved in conducting a ballot and the 14 days allowed for within the Bill for the ECQ to report on results of the ballot would also affect the responsiveness of CCIQ to comment on political issues and policy decisions that impact on Queensland businesses. CCIQ also notes that the regulation would require organisations to supply contact details of members to the ECQ for balloting purposes. CCIQ believes that this would act against our current policies in relation to privacy and disclosure of private information. The additional CCIQ expense in both time and dollars of balloting through the Electoral Commission Queensland and the compliance obligations of filling out registers is detailed in Appendix Three.

CCIQ's wishes to provide a specific example of the ramifications of this Bill. Prior to the 2012 State Election CCIQ released its 'Big 3 for Business' award winning campaign. This campaign sought from the next State Government better fiscal and economic management for business; a reduction in government costs on business; and a reduction in Government red tape on business. The three things that the LNP is now delivering for the Queensland business community as a direct result of our advocacy efforts. This campaign cost \$32,000 and would not have been possible if this Bill had been an Act of Queensland. CCIQ would not have been able to achieve the 50% ballot turn out and the campaign would not have proceeded. Other key representations to Government that would not have occurred under this Bill are provided in Appendix Two.

**CCIQ Recommendation:** CCIQ recommends the requirement for the ballot for expenditure of funds be removed from the Bill. CCIQ strongly urges the State Government to delay the passage of the Bill until a later date to allow for transparent debate and consultation with stakeholders on transparency and accountability aspects relating to registers of advocacy activity.

## 7.2 Register of Material Personal Interests

The register of material personal interest declarations of elected officials and their relatives will actively seek to discourage business leaders to nominate for election to the CCIQ Governance and Policy Boards as well as the Chairs of the eight Regional Policy Councils. This will in turn seek to undermine the quality of actual governance for CCIQ. CCIQ has approximately 12 elected office bearers/board members to whom this would apply. At least 7 of these officials are regional representatives. All elected officials are small and medium business owners who in addition to their responsibilities as elected officials also continue to run/manage their own businesses. The majority of the elected officials hold positions on local chambers of commerce (which constitutes a voluntary additional requirement on their time).

**CCIQ Recommendation:** CCIQ strongly urges the State Government to delay the passage of the Bill until a later date to allow for transparent debate and consultation with stakeholders on the requirement to register material personal interests of elected officials. CCIQ recommends the requirement be removed from the Bill or amended to capture only those individuals that are elected and directly remunerated over \$30,000.

7.3 In a similar vein the requirement to disclose the salaries of the 10 highest employees of an organisation undermines the ability to recruit talented individuals. This provision actively creates a divide between employees all working for the one organisation.

**CCIQ Recommendation:** CCIQ strongly urges the State Government to delay the passage of the Bill until a later date to allow for transparent debate and consultation with stakeholders on the requirement to disclose the salaries of the 10 highest employees. CCIQ recommends the requirement be removed from the Bill or amended to align with the Fair Work Act with the information to be provided to the Department or QIRC with no public disclosure.

## 8.0 Additional Red Tape and Cost

8.1 As an organisation committed to fighting red tape currently choking Queensland business, for the State Government to announce more onerous, duplicative legislation is disappointing. It smacks of hypocrisy that we are working with the State Government to reduce the cost of regulatory compliance on businesses and are in turn saddled with unnecessary regulation.

8.2 CCIQ is concerned that the cost of regulatory compliance with the onerous procedural and reporting requirements proposed in the Bill will impact on our financial viability. Using our well established and commended 'Red Tape Case Study' methodology, CCIQ has estimated that the cost of compliance for our organisation **would exceed \$150,000 per year**. The financial impact on our members incurred through ongoing expenditure balloting represents a **cost of \$1.5million to the economy**. (Please refer to Appendix Three for a detailed costing report).

<b>Compliance Cost Snapshot:</b>		
	Annual Compliance Costs	Additional Upfront Costs
Public Disclosure Registers	<b>\$26,400</b>	<b>\$1,800</b>
Annual Reporting and Financial Disclosure	<b>\$51,300</b>	<b>\$1000</b>
Balloting to approve expenditure	<b>\$43,500</b>	-
Governance & Financial Accountability Training	<b>\$33,900</b>	<b>\$7400</b>
Cost to Queensland SMEs	<b>\$1.5 million</b>	-
<b>TOTAL COMPLIANCE COST</b>	<b>\$155,100</b>	<b>\$10,200</b>

**CCIQ Recommendation:** CCIQ strongly urges the State Government to delay the passage of the Bill until a later date to allow for transparent debate and consultation with

stakeholders. CCIQ believes the Bill's registers, reporting, disclosures, balloting and training requirements to achieve accountability and transparency are already addressed by existing external and internal governance requirements and CCIQ advocacy procedures. Accordingly the provisions within the Bill in these areas should be removed.

## 9.0 Best Practice Regulation Making

9.1 CCIQ notes the lack of consultation with key stakeholders (particularly employer associations and the Electoral Commission of Queensland) prior to introducing this Bill before Parliament. Additionally CCIQ notes the poor application of regulatory best practice in the preparation of this Bill. The Government has unfortunately failed to produce a thorough regulatory impact statement consistent with State Government policy requiring assessment of the full costs and impacts of any proposed regulation.

**CCIQ Recommendation:** CCIQ strongly urges the State Government to delay the passage of the Bill until a later date to allow for a full regulatory impact statement to be conducted.

## 10.0 Conclusion

10.1 CCIQ wishes to state our strong opposition to the Bill and urges the Government to delay its passage until a later date to allow for transparent debate and consultation with stakeholders. As indicated CCIQ has a number of significant concerns regarding the impact of increased requirements associated with the Bill and the practical implications these will have on the ability for our apolitical Chamber to effectively perform its core advocacy functions.

10.2 As a direct impact of the Bill, CCIQ's voice will be mired in red tape and electoral procedure, rendering impossible our ability to connect the Queensland Government with the state's business community. We will be unable to:

- Support positive State Government moves on behalf of business to grow Queensland's economy
- Support the State Government's moves to repair Queensland's finances and restore our much needed AAA credit rating
- Work with the State Government to promote Queensland's 'Buy Locally' initiative
- Support The Premier's Open Data commitment and related projects
- Comment on the positive strides the State Government has made to reduce the onerous red tape burden on Queensland's businesses.

10.3 This cessation of support and partnership will not be as a result of a desire to stop supporting positive outcomes for business, but simply because the Bill will mean that CCIQ must consult via electoral processes the feedback of our members before doing so. In addition the Bill will essentially prevent CCIQ from undertaking research and developing campaigns on behalf of Queensland's business community, many of which have provided powerful insights to the LNP, State Government, Ministers, MPs and public servants

10.4 As the state's peak business organisation, CCIQ provides an invaluable contribution to the political debate and policy development process in Queensland. This position has made CCIQ a trusted source of business community viewpoints. Under the proposed regulation, CCIQ will have to comply with a range of unworkable procedural requirements that will significantly diminish our effectiveness and ability to react to issues impacting upon the Queensland business community. In short, a powerful source of knowledge and insights will be stopped overnight.

10.5 Being denied the opportunity to canvass business issues and present advocacy campaigns aimed at informing government's policy and decision makers would have serious implications for the quality of governance and management of our State and our economy.

10.6 CCIQ would welcome an opportunity to appear before the Committee to discuss these concerns.

## Appendix One – CCIQ Financial Governance

### External CCIQ Governance Measures

CCIQ is a company limited by guarantee, and is obligated to comply with the Corporations Act 2001, and is governed by reporting disclosure requirements under the Australian Accounting Standards Board (AASB). It is also required to lodge the annual report to ASIC as part of its company's obligation which in essence becomes a public document. Specifically, under the Corporations Act 2001, S300B, CCIQ is required to include in its Annual report, a Directors report that must include details of:

- (a) the name of each person who has been a director of the company at any time during or since the end of the year and the period for which the person was a director; and
- (b) each director's qualifications, experience and special responsibilities; and
- (c) the number of meetings of the board of directors held during the year and each director's attendance at those meetings; and
- (d) for each class of membership in the company--the amount which a member of that class is liable to contribute if the company is wound up; and
- (e) the total amount that members of the company are liable to contribute if the company is wound up.

Further requirements under the AASB accounting standards, AASB 124 Related Party Disclosures, CCIQ is required to disclose, in its annual report, information on key management personnel remuneration, benefits and related party transactions.

S17 of AASB 124 states: "An entity shall disclose key management personnel compensation in total and for each of the following categories:

- (a) short-term employee benefits;
- (b) post-employment benefits;
- (c) other long-term benefits;
- (d) termination benefits; and
- (e) share-based payment.

S18 of AASB 124 states: "If an entity has had related party transactions during the periods covered by the financial statements, it shall disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements. These disclosure requirements are in addition to those in paragraph 17. At a minimum, disclosures shall include:

- (a) the amount of the transactions;
- (b) the amount of outstanding balances, including commitments, and:
  - (i) their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and
  - (ii) details of any guarantees given or received;
- (c) provisions for doubtful debts related to the amount of outstanding balances; and
- (d) the expense recognised during the period in respect of bad or doubtful debts due from related parties.

### 5.3 Internal CCIQ Governance Measures

CCIQ is also governed by rules and regulations established under its Constitution, and internal policies and procedures. Under CCIQ's Constitution:

- Board member is required to disclose Board member' interest.  
"30.1 A Board Member of the Chamber who has a material personal interest in a matter that relates to the affairs of the Chamber must give the other Board Members notice of the interest if required by the Act."



- Constitution establishes a financial governance committee to oversee and advise the Board on all financial matters. The Finance and Audit committee meets on a monthly basis to review financial performance and discuss risk matters.  
 “42.1 There will be a Finance and Audit Committee. The function of this committee is to:
  - (a) advise the Board regarding the Chamber’s financial matters;
  - (b) prepare the Chamber’s accounts and financial reports;
  - (c) communicate with the Chamber’s auditors; and
  - (d) carry out any other functions determined by the Board.”
  
- Funds cannot be distributed to members unless duly authorised and in accordance with the objects of the constitution.  
 “6.2 The Chamber must not distribute any profits of the Chamber by way of dividend or otherwise, to Members.  
 6.2 Clause 6.1 does not prevent:
  - (a) payment of remuneration to Members who in their capacity as officers, employees, contractors or suppliers of the Chamber have provided goods or services to the Chamber;
  - (b) payment of rent to Members who have let property to the Chamber;
  - (c) payment of interest to Members who have lent money to the Chamber; or
  - (d) reimbursement of expenses to Members who have with the Chamber’s authority expended money in furtherance of the Chamber’s objects.”
  
- Constitution restricts the ability to make loans and donations over \$1,000 unless approved by the Board.  
 “44.2 The Chamber must not make donations, grants or loans totalling more than \$1,000 (“the payment”) to the same person unless the Board:
  - (a) has approved the payment;
  - (b) is satisfied the payment is not otherwise prohibited under this Constitution; and
  - (c) if the payment is a loan, it is made on satisfactory terms.”

CCIQ also has a series of internal Checks and Balances including:

- Payment system set up so that all payments must be approved by 2 signatories.
- Tiered Financial delegations.
- Effective Purchase order system to control and manage costs.
- Vigorous budgeting and management reporting regime.
- Senior Finance personnel: requirements to hold appropriate professional accountancy body qualifications. There are already obligations for these individual under these bodies to complete continuing professional development (CPD) hours. E.g. CPA Australia requires its members to complete 120 CPD hours every 3 years.

## Appendix Two – CCIQ Advocacy

### Blueprints:

- Pulse Survey of Business Conditions (including hot topic questions on daylight savings, asset privatisation, support of State budget austerity measures)
- Business Priorities Report – Queensland Regions
- CCIQ Workplace Relations Blueprint - A Workplace Relations Framework for Modern Businesses
- Blueprint for Fighting Queensland's Over-Regulation – Update Paper: 2011
- Improving Queensland's Transport Networks to Enhance Productivity and Drive Economic Growth: CCIQ Transport Blueprint
- The Right People at the Right Time: Developing a Skilled Workforce that meets the needs of Queensland's Economy - Blueprint for Queensland's Education and Training System
- Blueprint for Harnessing Queensland's Green Productivity Potential: A CCIQ Business Position Statement on Government's Carbon Pricing Mechanism
- An Efficient, Productive and Sustainable Electricity Supply for Queensland: Blueprint for design, planning and management of Queensland's energy sector and electricity market
- From Waste to Resource: Changing the way business views waste: CCIQ Blueprint for Waste Avoidance, Recovery and Management in Queensland
- Planning for Queensland's Future Population and Economy: CCIQ Population and Infrastructure Blueprint
- Blueprint for Fighting Queensland's Over-Regulation: Removing and minimising the cost of regulations to enable business to grow and employ
- Blueprint for Growth: Policy Priorities for Queensland's State Government

### Submissions:

- 26 April - CCIQ submission on the Inquiry into the Current Framework and Operation of 457 Visas, Enterprise Migration Agreements, and Regional Migration Agreements
- 18 April - CCIQ submission to the House of Representatives Standing Committee on Education and Employment: Inquiry into role of the TAFE system and its operation
- 15 April - CCIQ letter to the Senate Education, Employment and Workplace Relations Committees on the Fair Work Amendment Bill
- 28 March - CCIQ submission to the Fair Work Commission - 2012/13 Annual Wage Review
- 18 March - CCIQ submission to the Productivity Commission on Regulator Engagement with Small and Medium Businesses
- 15 March - CCIQ response to the State Government's Liquor and Gaming Red Tape Reform Proposals
- March - CCIQ submission to the Queensland Competition Authority: Regulated Retail Electricity Prices 2013-14
- 1 March - Joint Chambers - Modern Award Submission: Apprentices, Trainees and Juniors
- 22 February - Submission to the Department of Justice and Attorney-General: Issues paper on Queensland's Workplace Relations Arrangements
- 31 January - Submission to the Australian Government's 2013-14 Federal Budget
- 23 January - CCIQ letter to Department of Science, Information Technology, Innovation and the Arts on the Queensland Science and Innovation Action Plan
- 14 January - CCIQ submission on The 30 Year Electricity Strategy: Queensland State Government Directions Paper
- 7 January - CCIQ submission to the QCA consultation paper "Regulated Retail Electricity Prices 2013-14: Cost Components and Other Issues"
- 4 January - CCIQ submission to the Federal Government on Restaurant and Cafe Menu Surcharges
- 14 December - CCIQ submission on the Draft Sunshine Coast Planning Scheme
- 7 December - CCIQ supplementary submission to the Inquiry into the Operation of Queensland's Workers' Compensation Scheme
- 30 November - CCIQ feedback to the State Government on Part 1 of Single State Planning Policy - Proposed State Interests November 2012

- 28 November - CCIQ submission to the Gas Fields Commission Strategic Plan for the Coal Seam Gas Industry in Queensland
- 28 November - CCIQ response to the Draft Queensland Drive Tourism Strategy
- 12 November - CCIQ response to the Queensland Government's Small Business Strategy and Action Plan
- 12 November - CCIQ submission on the State Procurement Policy Review 2012
- 31 October - CCIQ submission to the Joint Committee on Corporations and Financial Services Inquiry into Family Business in Australia 2012
- 10 October - CCIQ submission on the Draft National Productivity Compact
- 8 October - CCIQ submission to the Department of Environment and Heritage Protection on proposed amendments to the Environmental Protection Act
- October - CCIQ submission to Trade and Investment Queensland
- 25 September - CCIQ submission to the Coalition Discussion Paper on Foreign Investment in Australian Agricultural Land and Agribusiness
- 20 September - CCIQ submission to the Senate Standing Committee on Education, Employment and Workplace Relations
- 10 September - CCIQ submission to the Queensland Skills and Training Taskforce
- 6 September - CCIQ submission to LACSC on Holidays and Other Legislative Amendment Bill 2012
- September - CCIQ submission on the operation of the Queensland Workers' Compensation Scheme
- 31 August - CCIQ submission to the Office of Best Practice Regulation
- 28 August - CCIQ submission to the Queensland Government: State Budget 2012-13
- 29 June - CCIQ submission to the Inquiry into Workplace Bullying
- 19 June - CCIQ letter to the Prime Minister on the Clean Energy Legislation and Carbon Pricing Scheme
- June - CCIQ letter to the Minister for Energy and Water Supply on Electricity Market Contracts
- 1 June - CCIQ letter of support for the *Environmental Protection (Greentape Reduction) and Other Legislation Amendment Bill 2012*
- 25 May - CCIQ submission on Queensland Industrial Relations Bill
- 22 May - CCIQ Safe Work Australia Submission
- 17 May - CCIQ input to the Skills Australia 2012 Annual Report on the Resource Sector's Skill Needs
- 11 May - CCIQ correspondence to Fair Work Australia on Federal Budget
- 10 May - CCIQ response to the National Anti-Racism Partnership and Strategy Discussion Paper
- 27 April - CCIQ reply submission to the 2011/12 Annual Wage Review
- 2 April - CCIQ correspondence to Hon. Bill Shorten MP regarding Superannuation Guarantee (Administration) Amendment Bill 2011

## Appendix Three: Red Tape Case Study Industrial Organisation: CCIQ

The *Industrial Relations (Transparency and Accountability of Industrial Organisations) and other Acts Amendment Bill 2013* was introduced into Queensland Parliament on 30<sup>th</sup> April 2013 by the Queensland Attorney General and Minister for Justice, Hon Jarrod Bleijie MP. CCIQ has serious concerns about the impact of this regulation on the ability of our organization, and others like ours, to continue to perform its key function of representing the views and interests of Queensland small and medium businesses. The proposed bill imposed significant unnecessary Red Tape on our business and our members. CCIQ and other key stakeholders have not been consulted in the development of this regulation.

Compliance Cost Snapshot:		
	Annual Compliance Costs	Additional Upfront Costs
Public Disclosure Registers	<b>\$26,400</b>	<b>\$1,800</b>
Annual Reporting and Financial Disclosure	<b>\$51,300</b>	<b>\$1000</b>
Balloting to approve expenditure	<b>\$43,500</b>	-
Governance and Financial Accountability Training	<b>\$33,900</b>	<b>\$7400</b>
Cost to Queensland SMEs	<b>\$1.5 million</b>	-
<b>TOTAL COMPLIANCE COST</b>	<b>\$155,100</b>	<b>\$10,200</b>

Public Disclosure Registers							
<i>Task</i>	<i>Cost Category</i>	<i>Frequency</i>	<i>Number of Times Performed</i>	<i>Time Required</i>	<i>Labour cost per hour</i>	<i>Purchase Cost</i>	<b><i>COST TO BUSINESS</i></b>
Understanding and Interpreting new regulation	Education	Start-up	1	2	100	-	<b>200</b>
Establishment of Register (x4)	Procedural	Start-up	1	16	100	-	<b>1,600</b>
Collection and collation of disclosure information (x 12 officials)	Procedural	Annual	1	58	100	-	<b>5,800</b>
Maintenance of Register	Procedural	Monthly	12	4	100	-	<b>4,800</b>

Scrutiny: auditor fees and charges	Purchase	Annual	1	-	-	15,000	<b>15,000</b>
Website management	Procedural	Annual	2	4	100	-	<b>800</b>
<b>Ongoing Annual Cost to Business</b>							<b>\$26,400 (1,800)</b>

Issues:  
The proposed regulation requires the establishment and maintenance of 4 separate 'public disclosure' registers for the elected and highly paid officials (and their relatives) and the organisation.

CCIQ has approximately 12 elected office bearers/board members to whom this would apply. At least 7 of these officials are regional representatives. All elected officials are small and medium business owners who in addition to their responsibilities as elected officials also continue to run/manage their own businesses. The majority of the elected officials hold positions on local chambers of commerce (which constitutes a voluntary additional requirement on their time).

In addition to the large cost associated with creating, maintaining, reporting and publishing the Public Disclosure documents, a key concern for CCIQ is our ongoing ability to attract passionate individuals to hold positions on our board and policy council. The requirement to disclose personal financial information will act as a disincentive to nominate for such roles. This in itself will diminish the effectiveness of the organization in meeting its key advocacy and representation functions.

<b>Annual Reporting and Financial Disclosure</b>							
<i>Task</i>	<i>Cost Category</i>	<i>Frequency</i>	<i>Number of Times Performed</i>	<i>Time Required</i>	<i>Labour cost per hour</i>	<i>Purchase Cost</i>	<b><i>COST TO BUSINESS</i></b>
Understanding and Interpreting new regulation	Education	Start-up	1	2	100	-	<b>200</b>
Establishment of Reporting framework/system	Procedural	Start-up	1	8	100	-	<b>800</b>
Maintenance of report	Procedural	Monthly	12	24	100	-	<b>28,800</b>
Preparation of Financial Disclosure Statement	Procedural	Twice Annual	2	5	100	-	<b>1,000</b>
Scrutiny: auditor fees and charges	Purchase	Twice Annual	2	-	-	20,000	<b>20,000</b>
Website management	Procedural	Annual	2	4	100	-	<b>800</b>
Presentation to General Meeting	Procedural	Annual	1	2	100	-	<b>200</b>
Record keeping and storage	Purchase	Annual	1	-	-	500	<b>500</b>
<b>Ongoing Annual Cost to Business</b>							<b>\$51,300 (\$1000)</b>

Issues:  
The organization will be required to include financial disclosure statements detailing all expenditure directed to political objects as well as procurement and contract related expenditure greater than \$5000. An annual mid-year financial disclosure and mid-year financial disclosure statement must be prepared and submitted to the QIRC. Information contained in the financial disclosure statements must be subject to registered/independent audit; the financial disclosure statement (together with auditors report) must also be

presented to a general meeting at least once annually.

The time involved in maintaining financial expenditure records is considered similar to the procedures undertaken in relation to FBT calculations for taxation purposes (however would need to be duplicated due to different definitions and expenditure categories). This has formed the basis for our cost estimations.

<b>Balloting to approve expenditure</b>							
<i>Task</i>	<i>Cost Category</i>	<i>Frequency</i>	<i>Number of Times Performed</i>	<i>Time Required</i>	<i>Labour cost per hour</i>	<i>Purchase Cost</i>	<b><i>COST TO BUSINESS</i></b>
Ballot information and establishment	Procedural	Annual	15	4	100	-	<b>\$6000</b>
ECQ Fees and charges	Purchase	Annual	15	-	-	\$2500	<b>\$37,500</b>
Time of Respondents (SMEs) x 4000 members	Procedural	Annual	15	0.25	100	-	<b>\$1.5 million</b>
<b>Ongoing Annual Cost to Business</b>							<b>\$43,500</b>
<b>Cost to SMEs and Economy</b>							<b>\$1.5 million</b>

Issues:

Any expenditure for political purposes greater than \$10,000 (combined annual cost for the same/related activity) will need to be approved by a ballot of our membership. Balloting must occur through the Electoral Commission Queensland (ECQ) at the expense of the organization. A successful ballot will require 50% of the members to vote and then majority of the responses to be in support.

Based on current definition within the Bill for what constitutes a political activity/political object, CCIQ has determined that more than 50 per cent of our current advocacy activities would be subject to a ballot as they involve polling members on political issues and/or presenting political argument or position on government policy (based on this we estimate that at least 15-20 CCIQ campaigns/activities would be subject to a ballot annually – potentially more if a broader definition of political activity was applied). This requirement would be unworkable for CCIQ and would result in us being unable to continue to provide invaluable insight to politicians, public representations and government agencies on the views and issues of the Queensland small business community. The time involved in conducting a ballot and the 14 days allowed for within the Bill for the ECQ to report on results of the ballot would also affect the responsiveness of CCIQ to comment on political issues and policy decisions (at a local, state and federal government level) that impact on Queensland businesses.

Additionally the requirement to gain 50% ballot participation rate is considered impossible. A large majority of our membership is based in regional and remote areas across all regions of the state; additionally our members are owners/managers of SMEs facing significant time and cost constraints. Whilst CCIQ enjoys a very strong ‘comparative’ participation rate across current polling/survey activities, at present this would not exceed more than 20 per cent of our membership. It would therefore not be feasible for CCIQ to gain the required ballot consensus.

CCIQ also notes that the regulation would require organisations to supply contact details of members to the ECQ for balloting purposes. CCIQ believes that this would act against our current policies in relation to privacy and disclosure of private information.

Note: Our estimated ECQ fees were based on discussion/consultation with the ECQ: cost to CCIQ members has been estimated based on reasonable time it would take to

read the proposal/subject material of the ballot, complete the ballot and return the ballot to the post office.

Our concern additionally is for survey fatigue: CCIQ members are quite frequently members of other industry organisations for example a number of our members are also members of FIAQ or AgForce Qld. This presents a significant burden across the whole business community which can be considered red tape cost/tax burden on the whole economy.

### Governance and Financial Accountability Training

<i>Task</i>	<i>Cost Category</i>	<i>Frequency</i>	<i>Number of Times Performed</i>	<i>Time Required</i>	<i>Labour cost per hour</i>	<i>Purchase Cost</i>	<b><i>COST TO BUSINESS</i></b>
Understanding and Interpreting new regulation	Education	Start-up	1	2	100	-	<b>200</b>
Establishment of policies	Procedural	Start-up	9	8	100		<b>7200</b>
Review of policies	Procedural	Annual	9	1	100		<b>900</b>
Financial management training	Purchase	Start-up	20	4	100	\$300 plus \$1000 travel x 8	<b>22,000</b>
Financial management training	Purchase	Bi-annual	20	4	100	\$300 plus \$1000 travel x 8	<b>11,000 (annual)</b>
<b><i>Ongoing Annual Cost to Business</i></b>							<b>33,900 (\$7400)</b>

#### Issues:

The proposed Bill requires industrial organisations to have financial management policies covering 9 separate areas of financial practice/expenditure. These policies must comply with requirements prescribed under relevant regulation concerning that matter. Policies must be reviewed annually and that they are independently audited/certified. This implies a need also to ensure that staff/officers are aware of and compliant with company policies.

Additionally officers of the organization who hold financial management position or financial management decision making authority must complete “approved” financial management training upon commencement of their role; training must be repeated/updated annually. The proposed legislation is ambiguous in its definition of ‘approved’ training: CCIQ has interpreted this to imply external training provider. As at least 8 of our current elected officials are regional representatives, any training imposes an additional travel and accommodation cost for CCIQ (on average this would be approximately \$1000 for a 1-2 day course).