



# Submission to the Inquiry into the Report on the Strategic Review of the Functions of the Integrity Commissioner

CHAMBER OF COMMERCE AND INDUSTRY QUEENSLAND SUBMISSION

1 September 2015

Chamber of Commerce & Industry Queensland

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## 1.0 Introduction and Overview

- 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 Inquiry into the Report on the Strategic Review of the Functions of the Integrity Commissioner.
- 1.2 CCIQ is committed to the best practice representation of the Queensland small business community and wishes to specifically provide commentary in relation to Report on the Strategic Review of the Functions of the Integrity Commissioner's recommendations 7, 8 and 9 concerning Lobbying functions:

**Recommendation 7.** The definition of lobbyists should be expanded to include regulation of in-house lobbyists and other professionals discharging the lobbying function.

**Recommendation 8.** The Integrity Commissioner should maintain their current role in lobbying regulation, and continue to manage the Register of Lobbyists.

**Recommendation 9.** The scope of the Register of Lobbyists should be expanded to include individuals covered by the revised definition of lobbying (see Recommendation 7 above).

- 1.3 CCIQ believes the Review suggests an expansion of the definition of lobbyist but stops short at explicitly calling for the inclusion of industry associations. The call to include 'In-House' lobbyists on the Register is, CCIQ believes, by definition confined to corporate entities with their own designated government relations functions/departments.

The tone of the report suggests that it would be administratively burdensome to extend the definition of lobbyist to cover all those who interact with government to influence policy. If membership-bodies were to be included in the definition, this would necessarily imply that unions and other community organisations for example would also be covered.

- 1.4 CCIQ's previous representations to the 2009 State Government's Integrity and Accountability Green paper were that CCIQ understood the Government's intention when seeking to establish the Queensland Contact with Lobbyist Code was for membership based organisations and their peak councils (such as the QCU, trade unions, CCIQ, Chambers and other industry and business organisations) to not be drawn into the regulatory structure of the Code.

The Chamber supported this intention. The core advocacy of our organisations is well established and is for the general benefit of our constituents and is a generic member service which goes to the very *raison d'être* for joining employer associations or trade unions. Accordingly any code should not apply to peak industry organisations as it should be abundantly clear to Ministers and others whose interests we are representing.

- 1.5 CCIQ's concerns more specifically relate to the following areas:
- No policy problem or pressing evidence has been cited requiring an expansion to the definition of lobbyist to include Industry Associations. In addition the Report failed in applying the State Government's best practice of consultation and listening to the community. As an organisation we were not consulted in its preparation, and believe it to be ill founded, preventing representation and will make it more difficult for member organisations such as CCIQ to effectively perform our duties on behalf of our members.
  - Any inclusion would be an attack on political discussion and an attempt to make it more difficult for employer organisations, unions and associations to perform the advocacy role that their members ask of them. CCIQ will have to comply with procedural requirements and reporting requirements that will diminish 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 any inclusion would be that the flow of that information to Government would be impeded. Not because of a direct decision made by the Chamber but because we would be saddled with red tape denying the

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opportunity to provide feedback to the State Government. It must be noted that CCIQ in its meeting with Ministers is often responding to a request from a Minister to be briefed on how a particular matter may impact on small business.

- 1.6 Given the State Government's already strong record and commitment to reduce red tape in Queensland CCIQ believes that consideration of this Report is needed to address a poor understanding of its consequences. CCIQ is seeking to highlight in this submission the true impact that the Report will have on our organisation and other employer associations in Queensland.

**Recommendation: CCIQ recommends there should be no change to existing arrangements for industry association's in Queensland in respect to the Lobbyist Register.**

## 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. CCIQ represents collectively business and not individual businesses which is profound significance to this Review.
- 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. Through our continued work with Government, we have effected changes to areas such as taxation, electricity prices, infrastructure spending, national minimum wages, workplace relations laws, workplace health & safety laws, workers compensation 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 Board Charter to ensure those seeking political office or involved with running a political party cannot sit on CCIQ's Board. As can clearly be discerned from the objects of CCIQ's constitution, the Chamber is not a lobbyist (see Appendix Three or <https://www.cciq.com.au/assets/Constitution/CCIQ-Constitution-250214.pdf>)
- 2.7 CCIQ is a not for profit organisation and our members pay a subscription fee for joining CCIQ. We are additionally an 'industrial organisation' of employers under the State's Industrial Relations Act 1999.

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CCIQ already has extensive reporting obligations and should not be exposed to additional regulation under any changes to Queensland's Integrity and Accountability arrangements (see Section 3.0).

- 2.8 In a practical sense the Report undermines all of the above objectives and activities of our organisation. This is of frustration given last financial year our members' voice reached over 67 million Queenslanders (a 17% growth in media coverage) as we advocated tirelessly for small business friendly policies from all levels of government. Over the same period our membership grew by 25% meaning more Queensland small businesses had their voice heard than ever before.

### **3.0 Commitment to Transparency and Accountability**

- 3.1 CCIQ unreservedly supports accountability and transparency of industry associations and unions. These should be at the heart of any employer and employee organisation's operations.

- 3.2 Indeed CCIQ believes that industry associations and unions are in a unique and privileged position in the system of government. The officials of these 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 As indicated CCIQ and other unions are defined as 'industrial organisations' under the Queensland Industrial Relations Act 1999. Chapter 12 of the IR Act deals with 'Industrial Organisations and Associated Entities'. Chapter 12 covers the registration of industrial organisations, rules of industrial organisations (including required and restricted content, election rules, validity and compliance with rules, amendment of rules by QIRC or Registrar, and by organisation), conduct of elections, election inquiries, officers (including disqualifications, officers' duties subsection 526-530), register of material personal interest disclosures (section 530A), statement of interests of officers holding management offices (subsection 530B-530G) and membership and registers. Chapter 12 also provides for a miscellaneous provision that includes requirements for publishing particular documents (section 655A), falsely obtaining organisation's property (section 656) and wrongfully applying for organisation's property (section 657).

- 3.4 The Industrial Relations (Transparency and Accountability of Industrial Organisations) and Other Acts Amendment Act 2013 sought to strengthen the transparency and accountability of the way industrial organisations operated in Queensland by implementing:

- Register of the remuneration of the organisation's highly paid officers;
- Register of material personal interests declarations of elected officers and their relatives;
- Register of gifts and benefits (received and given by officers and employees);
- Amending the existing annual reporting and filing obligations of industrial organisations to include financial disclosure statements;
- 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. Material personal interest declarations by relatives of elected officers will be maintained and filed with the QIRC but not published. The register of officer's remuneration will be required to be updated twice yearly;
- 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;
- Introducing new and increased penalties.

- 3.5 CCIQ invites Committee members to peruse these documents at the following link: <https://www.cciq.com.au/about/financial-disclosure/fy2015/> In light of the above CCIQ believes our organisation is already amply regulated with transparency and accountability at the heart of our operations.

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

- 4.1 As stated, CCIQ is steadfastly committed to representing the Queensland business community in a nonpartisan manner. In essence we act as the voice for all business to Government. As a member based organisation, all CCIQ members have an opportunity to have their say on the activities

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undertaken by CCIQ. In fact each and every action of CCIQ Advocacy is developed in complete partnership with our members through consultation, research and direct discussion.

- 4.2 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, case studies and other one on one communication with members by CCIQ Advocacy.
- 4.3 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 which are all posted on the CCIQ website.
- 4.4 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 and transparency to members and the broader public in the area of advocacy as being an example for all other organisations to follow.
- 4.5 In addition to this as a membership based organisation CCIQ is constantly compelled to demonstrate to its members and potential members the value proposition of being part of the movement. Accordingly CCIQ additionally extensively references all key meetings we have with the State Government and Opposition via social media. This can be accessed either at <https://twitter.com/CCIQLD> or <https://www.facebook.com/CCIQLD>

## 5.0 CCIQ Best Practice Financial Governance

- 5.1 CCIQ is very proud of its record of financial governance 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 Two. As this Appendix amply demonstrates CCIQ already has both external and internal best practice governance processes to ensure accountability and transparency of our finances to our members.

## 6.0 Conclusion

- 6.1 CCIQ wishes to state our strong opposition to any expansion of the lobbyist register to include industry associations due to the practical implications it will have on the ability for our apolitical Chamber to effectively perform its core advocacy functions. Accordingly CCIQ recommends current arrangements be retained for industry associations, unions and community groups.
- 6.2 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 expansion of the register, CCIQ will have to comply with a range of 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 significantly hindered.
- 6.3 Being denied the opportunity to canvass business issues and present advocacy aimed at informing government's policy and decision makers in our view would have serious implications for the quality of governance and management of our State and our economy.

**Recommendation: CCIQ recommends there should be no change to existing arrangements for industry association's in Queensland in respect to the Lobbyist Register.**

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

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# Appendix One – CCIQ Advocacy 2014 -15

## Submissions

- Holidays and Other Legislation Amendment Bill 2015
- Fair Work Commission – Penalty Rates – Retail Group
- Submissions to the AER for Energex and Ergon Energy
- Queensland Competition Authority Draft Report on Industry Assistance
- CCIQ response to Productivity Commission Business Set-up, Transfer and Closure Draft Report
- 4 Yearly Review of Modern Awards - Penalty Rates
- Letter to all Australian Senators regarding the Comcare Scheme
- Work Health and Safety and other Legislation Amendment Bill 2015
- CCIQ Response to Tax Reform Discussion Paper
- Queensland Training Assessment Management Authority Repeal Bill 2015
- Submission to the Finance and Administration Committee on the Industrial Relations (Restoring Fairness) and Other Legislation Amendment Bill 2015.
- Submission to the Finance and Administration Committee on the Industrial Relations (Restoring Fairness) and Other Legislation Amendment Bill 2015 (Follow Up Submission).
- Submission to the QCA on regional retail pricing determination
- Submission on the Productivity Commission Inquiry into Business Set-up, Transfer and Closure in Australia
- Submission - 2014-15 Annual Wage Review(640KB)
- Submission to the Productivity Commission Inquiry into Workplace Relations
- Submission - Agriculture Competitiveness Green Paper (815KB)
- Correspondence to the Queensland Labor Party Opposition Leader and State Secretary in response to the Queensland Labor Policy Platform
- Submission - Harper Panel Report
- Submission - Queensland Competition Authority on Draft Catalogue of Assistance Measures and Interim Report
- Submission to the Australian Energy Regulator on Ergon Energy's regulatory revenue proposal
- Submission to the Australian Energy Regulator on Energex's regulatory proposal
- Submission to the Department of Immigration and Border Protection on Skilled Migration and Temporary Activity Review Proposal Paper
- Submission - Strong Choices Investment Program
- Submission to the Productivity Commission's Childcare and Early Childhood Learning Draft Inquiry Report
- CCIQ letter to all Qld Senators in support of the Fair Work Amendment Bill 2014
- CCIQ response to the Financial System Inquiry Interim Report on improving access to finance for small business.
- Submission - Letter to Office of Deregulation Office of the Prime Minister and Cabinet
- Submission - Strong Choices Investment Program
- Submission - Workplace Gender Equality Reporting
- Submission – Letter to Queensland Education Accord Project Team
- Submission in response to the Department of Immigration and Border Protection's Discussion Paper - Reviewing the Skilled Migration and 400 Series Visa Programs
- Submission to Queensland Competition Authority on Industry Assistance
- Submission to Independent Review of Integrity on the Subclass 457 Visa Programme
- Submission to Queensland Competition Authority inquiry on Industry Assistance
- Submission to Harper Review of National Competition Policy
- Board of Taxation Review into SME tax impediments
- Submission to Department of Energy and Water Supply: regarding *National Energy Retail Law (Queensland) Bill 2014* and the *Electricity Competition and Protection Legislation Amendment Bill 2014*
- Submission to the Federal Government's Entrepreneurs' Infrastructure Programme
- Submission to the Productivity Commission's Relative Costs of Doing Business in Australia: Retail Trade
- CCIQ letter to all Queensland Senators on repealing the Carbon Tax (529KB)
- Submission on the Senate Economics References Committee Inquiry on Innovation
- Submission on the Statutory Review of the Personal Property Securities Act 2009
- Submission on the Issues Paper and Consultation Regulation Impact Statement for improving the model Work Health and Safety Laws

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- Submission to the Department of Environment and Heritage Protection regarding support for the proposed *Environmental Protection and Other Legislation Amendment Bill 2014*

#### Blueprints

- Westpac CCIQ Pulse Survey of Business Conditions for the June Quarter 2015
- Workplace Relations Vision and Action Plan
- Westpac CCIQ Pulse Survey of Business Conditions for the March Quarter 2015
- Industry Futures: Manufacturing Report (collaboration with Sunsuper)
- Industry Futures: Hospitality Report (collaboration with Sunsuper)
- Westpac CCIQ Pulse Survey of Business Conditions for the December Quarter 2014
- The Super 7 - Election Priorities for Queensland Business
- The Ideas Advantage: Queensland Business Innovation
- Westpac CCIQ Pulse Survey of Business Conditions for the December Quarter 2014
- Queensland Shop Trading Hours Report
- ReachTEL Poll Queensland Small Business View on Asset Privatisation
- CCIQ Future Series - Enhancing Queensland's Productivity
- Pulse Survey of Business Conditions for June Qtr 2014
- Queensland Business Insurance Report

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## Appendix Two – 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.

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## Appendix Three – CCIQ Constitution: Objects

3.1 The objects of the Chamber shall include:

- (a) to promote and advance in a non-politically aligned manner:
  - (i) trade, commerce and industry; and
  - (ii) the interests of persons engaged in trade, commerce and industry, in the State of Queensland, any other State or Territory of Australia, and internationally;
- (b) to promote or oppose legislative and other regulatory measures which affect the interests of Members, trade, commerce and industry;
- (c) to influence government policy in the interests of Members, trade, commerce and industry;
- (d) to promote public discussion of issues relating to trade, commerce and industry;
- (e) to promote and advance the interests of employers and to encourage amicable relations amongst employers;
- (f) to improve relations between employers and employees;
- (g) to improve relations between persons at each level in the chain of production including producers, manufacturers, distributors, retailers and consumers;
- (h) to represent Members and employers before any court, tribunal, commission or committee;
- (i) to assist and advise Members and employers regarding workplace health and safety and any other issues relating to the conduct of trade, commerce and industry;
- (j) to collect, organise and disseminate information relating to trade, commerce, industry and the objects of the Chamber. This may include establishing library collections, publishing literature, establishing internet sites and electronic media, and making or providing media comment;
- (k) to promote and assist in the export and exhibition of Queensland and Australian goods and services;
- (l) to encourage the study of trade, commerce and industry, including the undertaking of apprenticeships and traineeships;
- (m) to:
  - (i) establish scholarships for educational purposes; and
  - (ii) award prizes for achievement in education, trade, commerce or industry;
- (n) to establish or assist in establishing: colleges or universities;
  - (i) industrial or scientific museums; or
  - (ii) organisations which conduct scientific or industrial research;
- (o) to teach, test by examination the competence of persons, and issue certificates certifying the competence of persons, in fields relating to trade, commerce and industry;
- (p) to act as mediator or arbitrator in settling disputes between Members or employers and their employees;
- (q) to amalgamate or affiliate with, or assist any other person, whose objects are similar to the Chamber's;
- (r) to provide or facilitate the provision of benefits and discounts to Members with respect to the acquisition of goods and services;
- (s) to assist or aid any charitable, educational or public purpose;
- (t) to encourage social exchange between Members; and
- (u) such other matters as the Board, acting in the best interests of the Chamber and consistent with the existing Objects, shall determine from time to time.