



Regulation and Governance of Registered Industrial Organisations

Policy Background

- Registered Industrial Organisations are registered by the Fair Work Commission (FWC) under the Registered Organisations Act 2009 (RO Act). Once registered an organisation can, for example represent members in the FWC and must comply with the standards set out in the Fair Work Act and the RO Act.
- The oversight of Registered Industrial Organisations (RIO), both unions and employer associations, is currently undertaken by the Registered Organisation Commission (ROC).
- The ROC is an independent watchdog whose role is to monitor and regulate RIO, with investigative and information gathering powers similar to those held by the Australian Securities and Investments Commission (ASIC).

Policy Issues

- A number of high profile failures in governance of RIO, in particular in the union movement, have added weight to the argument for reform so that these entities are subject to a transparency and accountability regime equivalent to that of companies.
- Currently those responsible for the operation of RIO are exempt from the obligations imposed on corporations and company directors under the Corporations Act 2001.
- Given the responsibilities such individuals carry there would seem to be little reason why similar penalties and obligations that relate to company directors and other officeholders under the Corporations Act 2001 should not equally apply to Registered Industrial Organisations. Further, the governance and financial prudential duties should mirror those of company directors
- Labour and the union movement maintain that the role of rank and file trade union members who are elected to governing bodies are unlike the full-time salaried leadership of corporations, and so should not be subjected to the same obligation which would place onerous, unbalanced obligations on union delegates as individuals and thus diminish rank and file participation within the unions and discourage union activity.

HIA's Policy Position on Regulation and Governance of Registered Industrial Organisations

1. Registered industrial organisations – both unions and employer associations – should be properly regulated and subject to the same degree of transparency and accountability as companies.
2. Given the special privileges registered organisations enjoy and their special position of trust, the same penalties that should apply to company directors and other officeholders under the Corporations Act 2001 also apply to them. Further, the governance and financial prudential duties should mirror those of company directors.