CONCILIATION AND ARBITRATION AMENDMENT BILL 1980

Date Introduced: 6 March 1980
House: House of Representatives
Presented by: Hon. A.A. Street, Minister for Industrial Relations

Short Digest of Bill

Purpose

To alter some of the accounting and audit provisions relating to employee and employer organisations registered under the Conciliation and Arbitration Act 1904.

Background

The Conciliation and Arbitration Amendment Act (No. 3) 1977 inserted a new part VIIIAA to provide for financial records to be kept by organisations, for audit and the duties of auditors, for the submission of reports and audited accounts to members, for the filing of financial returns with the Industrial Registrar and for investigation of irregularities by the Bureau and the initiation of actions in the Federal Court. These provisions had been inserted in the Act following the recommendations in the 1976 Report of the Royal Commission into Alleged Payments to Maritime Unions.

In his Second Reading Speech to that 1977 Bill, the Minister indicated that the new part would replace the existing audit provisions from the beginning of 1978-79. However s.25 of the abovementioned Act which inserts the new part, has not yet been proclaimed.

A Tripartite Committee of the National Labour Consultative Council was set up to consider the detailed provisions for regulating the accounting and reporting practices of organisations not made in Part VIIIAA itself. According to Mr Street, the Committee also discussed Part VIIIAA and recommended a number of changes not all of which have been accepted by the Government. The Australian Society of Accountants and the Institute of Chartered Accountants had also made representations to Mr Street on those matters.

Provisions

This Bill seeks to amend the provisions relating to accounts and audits of registered organisations. The main
provisions will come into operation when s.25 (which inserts Part VIIIAA) of the Conciliation and Arbitration Act (No. 3) 1977 is proclaimed (clause 2).

Clause 3 repeals sub-s.103B(2) of the Principal Act which prevents a Judge who is President or Deputy President of the Trade Practices Tribunal from exercising any jurisdiction of the Federal Court under the Trade Practices Act 1974.

Clause 4 expands the definition of auditor, in particular specifying that where a firm is the holder of the office of auditor, each member of that firm is regarded as the auditor.

Clause 5 inserts a new s.158AAA which provides that where an organisation is divided into branches, Part VIIIAA applies to the organisation as if the financial affairs of a Branch did not form part of it and to each branch as if that branch were an organisation. It also defines branch members, employees and journals.

Commencement date of application of Part VIIIAA in relation to organisations is further specified by clause 6.

Sub-s.1A is inserted into s.158AC to allow organisations to opt whether to keep accounting records of income and expenditure on a cash or accrual basis (clause 7).

Under new s.158AD organisations will be obliged to prepare accounts and other statements as prescribed each financial year, and where the accounts of an organisation are not its first, relevant figures from the accounts of the preceding year must be included (clause 8). (A document outlining the minimum contents of accounts of an organisation to be prescribed by regulation have been circulated to Members and Senators).

A new s.158ADA is to be inserted regarding information to be provided to members of an organisation or the Industrial Registrar (clause 9). Under sub-s.158ADA(1), organisations must, on the application of members or the Registrar, supply prescribed kinds of information.

A document circulated by Mr Street outlines the regulations which will prescribe the additional information to be made available to members on request. The kind of information specified far exceeds the information companies are obliged to provide shareholders on request in both nature and detail. Companies are not obliged to supply shareholders with such details as the payee, purpose and
amount of each donation over $1,000 or details of all income received by source, purpose and amount.

Sub-s158ADA(2) provides that the Registrar may only apply for information at the request of a member and must pass it on to the member. Under sub-s158ADA(3), any accounts prepared by an organisation must draw attention to provisions in s.158ADA(1) and (2).

This Bill amends provisions relating to the appointment, powers and duties, remuneration and removal of auditors (clauses 10, 11 and 12). In his Second Reading Speech to the Bill, Mr Street indicated that these amendments would bring these provisions more closely in line with similar provisions in company law.

Clause 13 specifies that the Industrial Relations Bureau may investigate only those matters referred to it by the Registrar. However if, in the course of such investigations the Director of the IRB and the Registrar consider there are grounds for further investigations, the IRB may make such further investigations.

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LEGISLATIVE RESEARCH SERVICE

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