

IPA MEDIA RELEASE

Institute of Public Affairs | Australia's leading free market think tank

Thursday, 23rd August 2012

CALLS FOR AN INDEPENDENT INQUIRY INTO TRADE UNION FINANCIAL PRACTICES

“It is time for an independent and thorough inquiry into the management of union funds to be conducted,” said John Lloyd, Director, Work Reform and Productivity at the Institute of Public Affairs.

The financial management of Australian trade unions continues to be an issue of concern.

“In recent months allegations of misuse have emerged in respect of the Health Services Union of Australia (HSUA) and the Australian Workers Union.

“Is this the tip of the iceberg? It is reasonable to question how well the millions of dollars that union members contribute in fees to their union are being managed,” Mr Lloyd said.

In 1995, Julia Gillard said: “It’s, it’s common practice, indeed every union has what it refers to as a re-election fund, slush fund whatever --- into which the leadership team puts money so they can finance their next election campaign.”

A number of unions create associated companies. The purpose, role and transactions are generally not covered in reports to Fair Work Australia.

An internally commissioned review of Fair Work Australia’s investigation of the HSUA affair concluded that the agency was ill equipped to carry out its regulatory role.

“The government’s response to the HSUA affair was to provide a barely incremental adjustment to the scrutiny and penalties applying to union funds management,” Mr Lloyd observed.

“Recent events clearly prove that the regulatory arrangements applying to unions are lax. The government, which is beholden to union support, shows no inclination to impose a scheme that guarantees union members rigorous oversight of their contributions.

“It is now time for a thorough and independent inquiry of trade union financial management and governance,” Mr Lloyd said.

The IPA has called for stronger regulation and penalties. We have proposed that unions be treated like corporations and be regulated by corporations law. Their financial management and governance would be overseen by the Australian Securities and Investments Commission.

For media and comment: John Lloyd, Director Work reform and Productivity Unit, 0417 130 634