



LOBBY LOGISTICS:

how associations get heard

Trudging through the hallowed halls of Parliament House, armed with statistics, commentary and silver tongues to boot, lobbyists present the desires of the industry to those who enact policy change. They wear the badge of the professional association and they are there to represent the industry. **Jonathan Barrett** surveys how they measure up.

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The lobbyists come prepared to meet politicians with packed lunches full of small policy morsels ready for backbench consumption. And more than a few morsels were consumed over the course of the financial year, with everything from the super surcharge abolition to choice refinements coming about directly, or indirectly, through persistent taps on the shoulder from industry bodies.

While not all industry bodies are lobbyists, all the main financial service players incorporate lobbying to achieve their respective mandates, including, and perhaps most visibly, the Investment and Financial Services Association (IFSA).

Described once by Labor Senator Stephen Conroy as "one of the most powerful lobby groups in the country", IFSA lists the surcharge abolition and introduction, and subsequent extension, of the co-contributions scheme as two of the most important legislative changes for its fund member base.

"We had very frequent interventions into the backroom processes of the surcharge abolition, working on a number of points of attack from backbenchers to ministers," IFSA chief executive officer Richard Gilbert says.

"It's one of those things that you don't talk about during the course of the process but you can talk about it afterwards."

Measuring the success of lobbyists is like trying to ascertain who is responsible for a strong economy: everyone takes credit for success. So ultimately, lobbyists have to prove their worth to their members.

IFSA provides evidence of its worth to its members through CEO breakfasts coupled with more traditional avenues such as email updates.

"Every six weeks I talk with captains of our industry to tell them precisely what we are doing in Canberra and how we are doing it. The CEOs I don't see I go and seek out. They get visits from me," Gilbert says.

While Gilbert is hardly shy in front of the camera – or among dictaphones – he understands it is policy wins that keep his group in business, and member satisfaction that pays the bills.

"A lot of the work has been unheralded work. I just don't think you win public policy necessarily all the time by doing it

in the media; you don't do it on the front page of *IFA*. It's a more subtle process than that, winning hearts and minds of people," he says.

"I can't control the public debate, but I can control the debate between our members and ourself and the Government."

Even though controlling the debate may

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produce good outcomes for IFSA's predominantly commercial fund member base, FuturePlus chief executive Brett Westbrook believes the lobby group is guilty of acting in the immediate interests of its members at the expense of creating a stronger industry.

"We're a member of the [Association of Superannuation Funds of Australia (ASFA)], we're not a member of IFSA," Westbrook says.

"I think ASFA is trying to do its part in this discussion, and I know that when they have a number of competing stakeholder interests I know they are very concerned about public interest.

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Although Gilbert is quick to point out IFSA has industry fund members, it would be misleading to present the group as a financial services lobbyist concerned equally for all types of funds.

Condemnation rained down on IFSA from the industry fund sector in March after a commissioned Rice Walker Actuaries fees comparison report claimed there were almost identical costs attached to retail corporate super master trusts and industry funds.

Industry Fund Services' (IFS) outspoken

chair Garry Weaven called into question the report's worth by claiming the comparisons were flawed and skewed favourably towards retail funds.

While Gilbert says he is surprised the fees report received so much criticism, he admits its credibility is of significant importance.

"That's the same report we have been putting out since 1999. There's been three or four of those, so it seems strange to me that suddenly there's debate on it, and I am still at odds to know what the debate is," he says.

"When [Rice Walker principal Michael Rice] comes back next time to do one, if we have him again, he'll say 'well, Richard, we took a battering on credibility because of the [comparisons] element. But gee we didn't get any criticism on volumes one and two'."

Contrary to industry and retail fund rhetoric, commissioned reports – including the initial ill-fated industry fund advertising campaign – are forms of lobbying designed to form the basis of future conversations, research and media reports.

With choice of fund dominating the scene at the moment, there is no evidence of a slowdown of research releases designed to sway, directly and indirectly, consumers and industry participants. This leaves groups such as IFS and IFSA to lobby on two fronts: the broad promotion of financial services as an industry and the competing interests within that industry.

"IFSA has rolled out a whole lot of materials to help [consumers] make choices and we haven't been discredited for doing that. I've been very careful about the research. It's non-branded research, independent research, but commissioned by us and we admit that," Gilbert says.

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— Richard Gilbert, IFSA

CURRYING FAVOUR

Power-walking around capital cities has become an expensive form of exercise for lobbyists and industry groups, according to NSW Greens MP Lee Rhiannon.

Rhiannon says the latest trend among the groups is to pay sizeable amounts to take government representatives for walks, and subsequent input into policy decision making.

“Seriously, these fundraisers must sit around in their meetings thinking up what to charge for. We can charge them to sit down for a dinner, or maybe as everyone likes to go for their power walks we can charge them to go for a walk with us,” she says.

However, contrary to any notion of movie-like questionable lobbying practices outlined by Rhiannon, financial services groups say they employ a simple two-pronged approach to policy input.

IFSA chief executive officer Philippa Smith says the super body's approach couples policy submissions with direct contact with appropriate government policy makers.

“We have lots of visits to Canberra and delegations to ministers, but increasingly

it's also to the bureaucrats and the regulators and I guess looking forward it will become more so,” Smith says.

The change in Parliament's make-up, which came into effect this week, will lead to a shift in lobbying attention as the Coalition increases its power. Other political parties that were once the subject of much lobbying attention, such as the Democrats, look set to be marginalised.

“In the past I suppose there were a lot of Senate committees and the like. In the future it will be more direct negotiations with the bureaucrats and others rather than being able to rely on Senate committees,” Smith says.

ASFA, a super lobby group that has nine out of its 35 staff dedicated to policy submissions and research, considers the surcharge abolition and introduction of the superannuation, wealth and investment management electronic commerce initiative, or SWIMEC, to be two of the most important recent changes to the industry it has had a hand in.

“I haven't done the exact tally but there would probably have been more than 100 submissions in the last 12 months on a range of topics and many, many meetings with ministers, bureaucrats and others on a range of issues,” Smith says.

“Our strategy, if you like, on different issues has involved lifting the profile on some issues, and on other issues it's been much more behind the scenes. Our behind the scenes stuff is really to ensure that [legislation] is technically good and cost effective for the industry.”

Gilbert says one of the keys to lobbying is being aware of becoming a nuisance.

“IFSA very rarely goes to Canberra with a list of 20 backbenchers to meet in three days. You have to be more targeted than that and you can't become a nuisance. What I don't want is a backbencher saying ‘there comes IFSA again to bother us’. As soon as that happens you are dead meat,” he says.

“Backbenchers are critical, and our view is on day-to-day issues you don't need to talk to them at all. You target those who are interested and are influential. In terms



Richard Gilbert: *sum targeted*

of our industry there are probably about 20 who have an intense interest and are committed and can do things.”

At its essence, lobbying is an attempt to influence legislators and public officials for a specific cause. To achieve these causes, according to IFSA, lobbyists need to combine formal and informal practices to present member woes and advice to government.

“To get around Canberra you don't need a whole lot of formal meetings. There are a lot of incidental meetings,” Gilbert says.

REPRESENTING THE PRACTITIONER

The FPA has two hats. As a financial planning body it has the authority to impose its own regulations and principles upon its members. As an orange-pass-wearing lobbyist – the colour of pass given to lobbyists trekking through Parliament House – the FPA must negotiate the same political and bureaucratic channels forced upon other groups hoping for legislative change.

The first battle, according to FPA chief executive officer Kerrie Kelly, is educating the political powers about the industry itself, post financial services reform (FSR). So unlike the targeted political meetings of other lobbyists, the FPA casts a larger net in an attempt to help change the industry's image.

“Many of the [politicians] may have a view as to what financial services was like before

FSR came in, but FSR is such a fundamental change in the Australian landscape to the way advice is given that it is important discussions happen with not just the key politicians in the finance portfolio but also more broadly,” Kelly says.

The second battle is becoming a well-regarded source government agencies look to for policy submissions.

“Usually when I go and see a politician I will take a member with me. That makes sure there is a very close nexus between talking to the politician and being able to talk directly with financial planners as well,” Kelly says.

“Not only are we making submissions from the FPA, increasingly the FPA is being invited to make submissions whether it is by Treasury or the tax office.”

She rates improving statements of advice (SOA) education among political players and recent tax treatment changes as two of the most significant wins for the FPA in the last year.

“Significantly, in relation to statements of advice the Government and Treasury are now very much more in tune to the financial planning process and the nature of the client/planner relationship,” she says.

“One of the other areas we have had a significant win in is relation to the tax determination from the ATO, which happened just in the last few weeks. The ATO made

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final its determination that financial planners who give tax advice, incidental to giving advice in relation to a financial plan, can provide such tax advice and can charge for it.”

According to the FPA and IFSA, anti-money laundering legislation is one of the biggest issues that will attract their lobbying efforts in the coming financial year.

Issues that impact both the fund member IFSA base and practitioner FPA base, such as anti-money laundering legislation, may lead to a union of sorts between the groups in the same way almost all sectors of the financial services industry supported the surcharge abolition.

FPA government relations and policy



Philippa Smith: *direct negotiations*

adviser John Anning says the FPA expects the anti-money laundering draft regulations to include an unfair compliance burden on planners, while IFSA believes the legislation may add unwarranted costs to funds.

“We haven't seen the legislation but our underground information is that it still needs work. I won't say any more than that,” Gilbert says.

“We want a result that works for us and

doesn't add cost. The anti-money laundering issue [is about legislation that was] supposed to have come in late last year and then in March and then put off again. Whilst that looks like we haven't got it through that's a good result because we are still working on how you do anti-money laundering in a risk-managed environment.”

“We have put a very strong case that this could be extraordinarily costly to the industry and I think that case has been accepted broadly in the Government.”

The dual task of lobbying for industry recognition and against competing financial services interests can either bring lobbyists together or drive a wedge between them. ■



Kerrie Kelly: *close contact*