

December 2017

# Compliance Review Report

**Liberal National Party of Queensland**

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## Purpose of this report

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Pursuant to s 316(2A) of the *Commonwealth Electoral Act 1918* (the Electoral Act), this report provides the party agent of the Liberal National Party of Queensland (the party) with the Australian Electoral Commission's (AEC) assessment of the level of compliance of the 2015–16 annual disclosure return lodged on behalf of the party with disclosure obligations under s 314AC of the Electoral Act.

## Disclosure obligations

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Registered political parties and associated entities are required under Part XX of the Electoral Act to furnish returns.

Section 314AB of the Electoral Act requires the party agent of a registered political party to furnish a return within 16 weeks after the end of each financial year, disclosing:

- the total amount received by, or on behalf of, the party, during the financial year, together with the details specified by s 314AC of the Electoral Act;
- the total amount paid by, or on behalf of, the party, during the financial year; and
- the total outstanding amount, as at the end of the financial year, of all debts incurred by or on behalf of, the party, together with the details specified by s 314AE of the Electoral Act.

Section 314AC of the Electoral Act provides that if the sum of all amounts received by, or on behalf of, the party from a person or organisation during a financial year is more than the threshold amount specified therein, the annual disclosure return must include the particulars of that sum.

Section 314AE of the Electoral Act provides that if the sum of all outstanding debts incurred by, or on behalf of, the party to a person or an organisation during a financial year is more than the threshold amount specified therein, the annual disclosure return must include the particulars of that sum.

For the 2015–16 financial year, the threshold was for sums in excess of \$13,000.

The Electoral Act is available in full [here](#).

## Conduct of the review

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The authorised officer of the AEC has authority under s 316(2A) to require the production of documents and giving of evidence for the purpose of assessing compliance with the disclosure obligations required of registered political parties and associated entities under Part XX of the Electoral Act.

Sub-section 316(2A) requires the party agent of a registered political party to produce the documents or other things referred to in a notice served by the authorised officer within the period and in the

manner specified in the notice or to appear, at the time and place specified in the notice, before the authorised officer to give evidence, either orally or in writing, and to produce the documents or other things referred to in the notice.

As part of this process, the authorised officer of the AEC served a notice on the party agent under s 316(2A) requiring the party to provide its financial records and other documents in relation to its financial operations for 2015–16.

## Scope of the review

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The records which were requested by the AEC from the party were limited to those which enabled the AEC to assess the following aspects of compliance with its disclosure obligations under Part XX of the Electoral Act:

- the timeliness of lodgement of the annual disclosure return
- the completeness and accuracy of the following information disclosed in the party's annual disclosure return (as amended on 2 December 2016 and 17 July 2017) for the 2015–16 financial year:
  - individual receipts above \$13,000

The AEC did not examine other aspects of the financial operations of the party such as the existence or effectiveness of internal controls.

## Stakeholder engagement

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The AEC's general practice is to communicate with the relevant officer of the party by phone, email and/or face to face meetings as appropriate to cover the following topics:

- financial reports and documentation available from the party's accounting system
- compliance issues arising from the AEC review of the financial reports and documentation provided by the party
- required and suggested amendments to the annual disclosure return which arise from the compliance review
- potential enhancements in the party's understanding of disclosure obligations and accounting processes to improve future compliance.

During the review the party provided documentation to the AEC as requested and within set timeframes.

A draft compliance review report was issued by the authorised officer on 1 December 2017. The party was provided with the opportunity to comment on the draft report by 15 December 2017. On

15 December 2017 the party lodged an amendment to their return. No other comments were made by the party.

## Review outcomes

### 1. Timely lodgement

Sub-section 314AB(1) of the Electoral Act requires the party agent of the registered political party to lodge an annual disclosure return with the AEC within 16 weeks after the end of the financial year. As lodgement occurred by the due date of 20 October 2016, it complied with the requirement under s 314AB(1) to lodge a return for a registered political party within 16 weeks after the end of the financial year.

### 2. Accuracy in reporting – amendments

After examining the documents provided by the party for the review, the authorised officer of the AEC identified several issues relating to compliance with disclosure obligations under s 314AC of the Electoral Act. The issues are discussed in detail below.

#### Amounts of more than \$13,000 received

Section 314AC of the Electoral Act provides that if the sum of all amounts received by, or on behalf of, the party from a person or organisation during a financial year is more than the threshold, the annual disclosure return must include the particulars of that sum. Furthermore, that sum is to include only those individual amounts which exceed the threshold.

The values of individual receipts exceeding the threshold were correctly disclosed in the party's 2015–16 annual disclosure return. However, a number of amendments to individual receipt names are required in order to ensure compliance with the Electoral Act. The relevant amendments are set out below.

Part A : Amounts of more than \$13,000 received – amendments				
Entry	Name	Address	Amount received	Receipt Type
Original entry no. 1	Paul Darrouzet	42 Mirbelia St 4053 EVERTON HILLS QLD	30,000	Donation Received
Amended entry no. 1	Pondcote Pty Ltd atf Darrouzet Family Trust	57 Didsbury Street 4169 EAST BRISBANE QLD	30,000	Donation Received
Original entry no. 2	Paul Darrouzet	42 Mirbelia St 4053 EVERTON HILLS QLD	30,000	Donation Received

Part A : Amounts of more than \$13,000 received – amendments				
Entry	Name	Address	Amount received	Receipt Type
Amended entry no. 2	Pondcote Pty Ltd aff Darrouzet Family Trust	57 Didsbury Street EAST BRISBANE QLD 4169	30,000	Donation Received
Original entry no. 3	Paul Darrouzet	42 Mirbelia St EVERTON HILLS QLD 4053	30,000	Donation Received
Amended entry no. 3	Pondcote Pty Ltd aff Darrouzet Family Trust	57 Didsbury Street EAST BRISBANE QLD 4169	30,000	Donation Received
Original entry no. 4	Springfield Land Corporation	PO BOX 4167 SPRINGFIELD QLD 4300	16,500	Other Receipt
Amended entry no. 4	Springfield Land Corporation aff Springfield Development Trust	Level 10 Springfield Tower 145 Sinnamanthy Boulevard SPRINGFIELD LAKES QLD 4300	16,500	Other Receipt
Original entry no. 5	Senator Mathias Cormann Liberal Campaign	PO Box 7718 CLOISTERS SQUARE WA 6850	20,000	Donation Received
Amended entry no.5	Liberal Party of Australia – WA Division	PO Box 7718 CLOISTERS SQUARE WA 6850	20,000	Donation Received

## Matters requiring future action

It is recommended the party ensures the accuracy of future annual disclosure returns and therefore improve compliance with Part XX of the Electoral Act by:

- Checking the accuracy of the names provided in the disclosure of individual receipts over the threshold.

## Conclusion

The authorised officer of the AEC for the purposes of s 316(2) of the Electoral Act has assessed the 2015–16 annual disclosure return for the party lodged with the AEC on 7 October 2016 complied with the requirement under s 314AB(1) of the Electoral Act to lodge a return for a registered political party within 16 weeks after the end of the financial year.

However, in view of the discrepancies identified, the return did not comply with the provisions of s 314AC of the Electoral Act.

In view of the lodgement by the party agent on 15 December 2017, of an amendment to the party's 2015–16 annual disclosure return, the authorised officer of the AEC has assessed that the disclosure return (as amended) accurately includes the information required to be disclosed under the provisions of s 314AC of the Electoral Act.