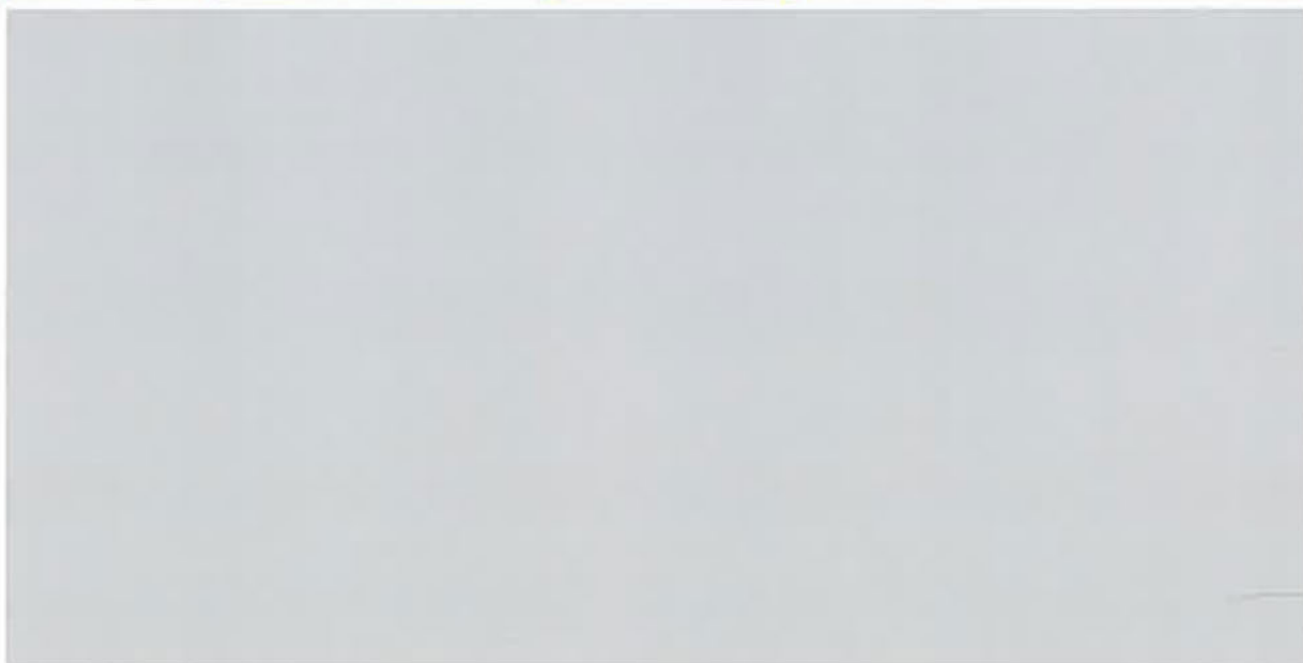


Compliance Review Report

National Party of Australia

June 2013



AEC

Australian Electoral Commission

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Review details

Location of review: Australian Electoral Commission
West Block, Queen Victoria Terrace
PARKES ACT 2600

AEC review officers: Brad Edgman
Anna Jurkiewicz

Party staff involved: Sue Mitchell

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Background

Federally registered Political Parties and Associated Entities are required under the provisions of the *Commonwealth Electoral Act 1918* (the Act) to lodge annual disclosure returns. The Australian Electoral Commission (AEC) has powers under the Act to review records and gather relevant information to assess whether disclosure obligations have been met.

The purpose of the review was to assess whether the disclosure return for the 2011/12 financial year lodged on behalf of the National Party of Australia (the Party) complies with disclosure obligations as set out in the Act.

Compliance and co-operation with the notice

The compliance review of the Party was conducted under the authority of s.316(2A) of the Act by a notice served on the Party Agent. In accordance with s.316(2A)(c) the Party Agent is required to produce the documents requested in the notice within the period and in the manner specified in the notice. Non-compliance with the requirements of the notice is an offence.

In response to the notice the Party Agent provided the full set of records in the format specified in the notice four days prior to the deadline of 25 March 2013. The quality of the records and working papers provided was of a high standard.

Review findings

Total receipts, payments and debts

Section 314AB (2)(a) of the Act requires the agent of a registered political party to report the total amount received by, or on behalf of, the party during the financial year. Similarly, s.314AB (2)(b) of the Act requires the agent of a registered political party to report the total amount paid by, or on behalf of, the party during the financial year.

With regard to the total outstanding amounts, s.314 AB (2) (c) of the Act provides that all debts incurred by, or on behalf of, the party as at the end of the financial year must be reported.

The review did not identify any discrepancies between the total amount of receipts, payments and debts reported in the disclosure return and the documentation provided. The records maintained by the Party Agent provided sufficient and appropriate evidence to support the total amounts reported in the disclosure return.

Receipts above the disclosure threshold

Section 314AC of the 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 return must include the particulars of that sum. For the 2011/12 financial year the threshold was for amounts in excess of \$11,900.

The review did not identify any discrepancies between the receipts reported in the disclosure return and the documents examined. All transaction records with regard to receipts above the disclosure threshold contained in the Party's accounting system were well documented providing all necessary details to support disclosures made in the return.

Matters requiring future actions

Debts above the disclosure threshold

Section 314AE of the 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, the return must include the particulars of that sum. For the 2011/12 financial year the threshold was the sum of the relevant amounts in excess of \$11,900.

The Party reported one amount above the disclosure threshold totalling \$168,253 owing to its associated entity, John McEwen House Pty Ltd. The total amount incorporated two larger amounts of \$116,702.22 and \$50,000 with the latter representing a short term loan from John McEwen House to the Party.

However, while the examination of the Entity's trial balance shows the two amounts reflected as other liabilities (\$116,702.22) and loan asset account (\$50,000), the Party's trial balance does not make any reference to the outstanding amounts owed to John McEwen House Pty Ltd. This means that the Party's accounting records alone were not sufficient for the review to verify the disclosures made in the return regarding the two debts without seeking further information from the Party Agent and without having access to the accounting records of the Entity.

To maintain consistency and clarity of the accounting records with regards to debts between John McEwen House and the Party, all amounts outstanding should be appropriately reflected in the records of both the Party and John McEwen House Pty Ltd.

Records of loans from non-financial institutions

Section 306A of the Act provides that it is unlawful for a political party or a person acting on behalf of a political party to receive a loan of more than \$11,900 in the 2011/12 financial year from a person or entity other than a financial institution unless the receiver of the loan keeps a record in accordance with the provisions under s306A (3). Subsection (3) provides that a party must keep a record of the terms and condition of the loan and the name and address of the person or organisation providing the loan.

Section 314AC (3)(ba) of the Act provides that a party must disclose the receipt of any such loan along with the information required to be kept under subsection 306A(3).

The party must ensure that it records the terms and conditions of loans received from sources other than from recognised financial institutions, including loans received from an associated entity such as John McEwan House or other divisions of the Party.

Conclusion

Except for the matters raised above, based on the records presented nothing has come to our attention that causes us to believe that the Party has not complied, in all material respects, with its disclosure obligations under the Act. To ensure full compliance with the Act into the future, the matters noted above should be remedied.

Enquiries and Assistance

Should the Entity require any assistance regarding its disclosure obligations under the Act, please contact the AEC's Funding and Disclosure Section either by calling us on (02) 6271 4552 or by email at fad@aec.gov.au.

REDACTION CODES

- 1 Personal Information (name) redacted.
- 2 Personal Information (facsimile of signature) redacted
- 3 Personal Information (facsimile of manuscript initialling) redacted
- 4 Personal Information (Individual's address)
- 5 Personal information (individual's telephone number)
- 6 Business information (Bank Account details) redacted.
- 7 Business information (Billing Account details) redacted.
- 8 Legal Professional Communication redacted.
- 9 Deliberative material redacted.
- 10 Irrelevant material redacted.