

Compliance Review Report

LNP Nominees Pty Ltd ATF 6 St Paul's Terrace Trust

March 2014



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: Anna Jurkiewicz
Warren Kelly

Entity staff involved: 1
Harry Charlton

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 2012-13 financial year lodged by LNP Nominees Pty Ltd as Trustee for the 6 St Paul's Terrace Trust (the Entity) complies with disclosure obligations as set out in the Act.

Compliance and cooperation

The compliance review of the Entity was conducted under the authority of s.316(2A) of the Act by a notice served on the Entity's financial controller. In accordance with s.316(2A)(c), the financial controller of an associated entity is required to produce the documents requested in the notice within the period and in the manner specified in the notice.

Part of the records requested in the notice was provided five days after the deadline of 12 December 2013. Difficulties in accessing all the records following separation of the Entity from the Liberal National Party of Queensland complicated compliance with the notice. However, the Entity provided the remaining records in advance of the deadline to the second notice.

Review findings requiring amendment

Total receipts and payments

Section 314AEA(1)(a) of the Act requires the financial controller of an associated entity to report the total amount received by, or on behalf of, the entity during the financial year. Similarly, s.314AEA(1)(b) of the Act requires the financial controller of an associated entity to report the total amount paid by, or on behalf of, the entity during the financial year.

To satisfy this, the Entity must account for all transactions that result in receipts from and payments to external sources including those received from and paid to other associated entities or parties. These transactions must be reported on a gross basis inclusive of GST.

Any internal transactions within the Entity should be eliminated in the process of consolidation of all transactions to avoid over-reporting of the total amounts.

Based on the records provided, the review revealed that the Entity had significantly under-reported total receipts and payments. In the course of the review, however, the Entity revised its calculations. The revised figures presented by the Entity corresponded to those arrived at by the review.

Table 1 below provides a summary of the total amounts as reported in the Entity's records contrasted against the figures reported in the disclosure return.

Table 1: Total amounts received and paid - comparison

Details	\$ Total receipts	\$ Total payment
Disclosure Return	12,001.00	35,812.00
Bank Statements/ General Ledger	842,183.94	874,240.40
Difference	(830,182.94)	(838,428.40)

In view of the above, Part 2a and Part 4 of the *Request for Amendment* form need to be corrected to reflect the amounts listed below.

Required amendment

Amended total receipts	\$842,184
Amended total payments	\$874,240

Receipts above the threshold

Section 314AC of the Act, requires disclosure of the particulars of the sum of all amounts received by, or on behalf of, an entity from a person or organisation during the 2012-13 financial year, if the sum of all amounts received is more than \$12,100.

In calculating the sum, an amount of \$12,100 or less need not be counted (s. 314AC(2)).

To comply with this provision, details of any amount above the threshold received from any external source must be reported in the disclosure return regardless of the nature of the receipt, including the amount, name and address of the person or organisation. In the case of an unincorporated association or trust/foundation, the names and addresses of the executive committee or of the trustees of the trust/foundation must also be provided.

In its 2012-13 disclosure return the Entity did not report any receipts above the disclosure threshold. However, examination of the Entity's accounting records revealed two amounts above the threshold received from Altum Pty Ltd as Trustee for the Altum Head Quarters Trust and Altum Pty Ltd as Trustee for the Altum Property Unit Trust.

During the review the Entity acknowledged the omission of the two receipts and promptly lodged the *Request for Amendment* form to rectify the omissions. However, due to other errors identified in the *Request for Amendment*, the form could not be accepted without further corrections required.

The details of the two unreported receipts are outlined below.

1. Altum Pty Ltd as Trustee for the Altum Head Quarters Trust

Transaction records in the *General Ledger* extracted from the Entity's MYOB accounting system indicate that the Entity received \$13,173 from Altum Pty Ltd as Trustee for the Altum Head Quarters Trust. The transaction was recorded in the *General Ledger* on 05 June 2013.

To correct the omission, Part 3 of the *Request for Amendment* form should show the details as set out below.

Required amendment			
Name		Address	Amount
Original Entry	-	-	-
Amended Entry	Altum Pty Ltd as Trustee for the Altum Head Quarters Trust	66 Bowen Street Spring Hill QLD 4000	\$13,173

2. Altum Pty Ltd as Trustee for the Altum Property Unit Trust

Transaction records in the Entity's *General Ledger* for asset account number 1-0010 indicate that the Entity received total amount of \$802,558 from Altum Pty Ltd as Trustee for the Altum Property Unit Trust.

To correct the omission, Part 3 of the *Request for Amendment* form should show the details as set out below.

Required amendment			
Name		Address	Amount
Original Entry	-	-	-
Amended Entry	Altum Pty Ltd as Trustee for the Altum Property Unit Trust	66 Bowen Street Spring Hill QLD 4000	\$802,558

Total debts

Section 314AEA(1)(c) of the Act requires the financial controller of an associated entity to report the total outstanding amount, as at the end of the financial year, of all debts incurred by, or on behalf of, the entity if the sum of all outstanding debts is more than the threshold amount. For the 2012-13 financial year, the threshold was the sum of the outstanding amounts in excess of \$12,100.

In its disclosure return, the Entity reported a total debt of \$952. However, the *Balance Sheet* extracted from the Entity's MYOB accounting system indicates the Entity had debts totalling \$8,650,323. In the course of the review, the Entity confirmed that the revised amount for total debts needs to be amended.

In view of this Part 5 of the *Request for Amendment* form should show the amount as set out below.

Required amendment	
Amended total debts	\$8,650,323

Debts above the threshold

Section 314AE of the Act provides that if the sum of all outstanding debts, incurred by, or on behalf of, the entity to a person or an organisation during a financial year is more than the threshold for that year, the return must include the particulars of that sum. The threshold for 2012-13 was the sum of the relevant amounts in excess of \$12,100.

In its 2012-13 disclosure return, the Entity did not report any debts above the disclosure threshold. However, examination of the Entity's accounting records revealed that the Entity had three outstanding debts above the disclosure threshold totalling \$8,547,585.

It appears that the debts were eliminated prior to compilation of the return because the sums were owed to related organisations, namely the Liberal National Party of Queensland and two other associated entities of the political party. However, as each of these are separate entities under the Act, transactions, including debts owed, are to be fully accounted for in their respective disclosure returns. Details of the amounts requiring amendments to the disclosure return are outlined below.

1. Altum Pty Ltd as Trustee for the Altum Head Quarters Trust

According to the balance shown in the *General Ledger* liability account number 2-6050 extracted from the Entity's MYOB accounting records, the Entity owed \$1,428,310.03 to Altum Pty Ltd as Trustee for the Altum Head Quarters Trust. The financial controller advised that this represents a non-interest-bearing loan consistent with the accounting records kept by Altum Pty Ltd's administration.

To correct the omission, Part 6 of the *Request for Amendment* form should show the amended amount below.

Required amendment			
Name		Address	Amount
Original Entry:	-	-	-
Amended Entry:	Altum Pty Ltd as Trustee for the Altum Head Quarters Trust	66 Bowen Street Spring Hill QLD 40	\$1,428,310

2. Liberal National Party of Queensland

Two outstanding balances reflected in the Entity's MYOB accounting records for the *General Ledger* liability accounts show outstanding balances to the Liberal National Party of Queensland totalling \$2,912,919.

The financial controller advised that the total outstanding balance of the loan is consistent with the accounting records kept by the Liberal National Party of Queensland's administration.

To correct the omission, Part 6 of the *Request for Amendment* form should show the amended amount below.

Required amendment

Name	Address	Amount
Original Entry:	-	-
Amended Entry:	Liberal National Party of Queensland	66 Bowen Street Spring Hill QLD 40
		\$2,912,919

3. Westpac Banking Corporation

Balances reflected in the Entity's MYOB accounting records for liability accounts numbered 2-7000, 2-7010 and 2-8010 show that the sum of all outstanding debts owed to Westpac Bank amounted to \$4,170,824.95.

To comply fully with s.314AE of the Act, the sum of all outstanding debts to Westpac Bank should be reflected in Part 6 of the *Request for Amendment* form as indicated below.

Required amendment

Name	Address	Amount
Original Entry:	-	-
Amended Entry:	Westpac Banking Corporation	PO Box 7430 Loganholme QLD 4129
		\$4,170,825

Conclusion

The review revealed a number of errors and omissions in the 2012-13 disclosure return. In the course of the review, the Entity lodged a *Request for Amendment* containing corrections and rectification of the omissions discussed above. However, due to further clerical errors contained in Part 6 of the *Request for Amendment*, the form was not ready for lodgement

without further correction to be required upon the finalisation of this report on the review's findings.

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 on telephone number (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.