

Compliance Review Report

Australian Labor Party – Western Australian
Branch

April 2015



AEC

Australian Electoral Commission

Investigation details

Location of investigation:	Australian Electoral Commission West Block, Queen Victoria Terrace PARKES ACT 2600
AEC investigation officers:	Mr Brad Edgman – Director Mr Alan Page – Assistant Director Mr Paul Lau – Compliance Officer
Party staff involved:	Simon Mead – Party Agent Julie Bogle – Finance/Administration Manager

Background

Purpose of the investigation

The purpose of the compliance investigation was to assess whether the disclosure return for the 2012-13 financial year lodged on behalf of the Australian Labor Party – Western Australian Branch (the Party) complies with disclosure obligations as set out in Part XX of the *Commonwealth Electoral Act 1918* (the Act).

The Australian Electoral Commission (AEC) has power under s.316(2A) of the Act to review records and gather relevant information to assess whether the disclosure obligations have been met. Section 316(2A) requires Party Agents to produce documents requested in a notice from the AEC within the period and in the manner specified in the notice.

Disclosure obligations

Registered political parties and associated entities are required under the provisions of the Act to lodge annual disclosure returns. The disclosure obligation is to disclose accurately and report, as required under s.314AB of the Act, after the end of each financial year:

- the total amount received by, or on behalf of, the party;
- the total amount paid by, or on behalf of, the party; and
- the total outstanding amount of all debts incurred by or on behalf of, the party.

Section 314AC of the Act further 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.

Similarly s.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.

Scope of the investigation

The AEC's investigation was limited to those financial records held by the political party that were considered to be relevant and sufficient to determine the completeness and accuracy of the information disclosed in the Party's return. Under the Act the AEC does not have specific authority to, and did not, examine any other aspects of the Party's financial operations such as the existence or effectiveness of internal controls.

The AEC investigated the extent to which the financial information reported in all parts of the Party's disclosure return was complete and accurate. As part of this process, the AEC issued two notices to the Party Agent under s.316(2A):

- the first notice issued on 11 July 2014 required the central administration of the Party (State Office) to provide its financial records in relation to its financial operations for 2012-13;
- the second notice issued on 28 August 2014 required the Party Agent to provide the financial records for 15 party units selected by the AEC. These party units were selected from a total of 140 operating on behalf of the Party during the 2012-13 financial year.

The Party Agent responded to the first notice by the due date providing the full set of records specified in each notice, the second notice was not fully complied with until 8 October 2014.

Table 1 – Party units selected for investigation

Name of party unit	Name of party unit
Brand FEC / Gary Gray	Broome Branch
Butler / Mindarie Branch	Darling Range Branch
Hasluck / Adrian Evans	Hilton Branch
Kalamunda CA	Mt Lawley CA
Northwest Central CA	Pilbara CA
South Hedland Branch	Sterle G (Senator)
SPLP	Swan Hills CA
Victoria Park CA	

Records examined

The key financial records requested from the State Office included:

- bank statements for all bank accounts including any investment accounts;
- transaction reports for all accounts from the State Office's accounting system;
- audited financial statements; and
- working papers supporting financial disclosures made by the Party in its disclosure return.

The key financial records requested from the treasurers of the selected party units included:

- a list of transactions for all accounting records including cash receipts and cash payments;
- bank statements for all accounts including investment accounts; and
- financial statements, if maintained.

Where party units reported no financial activities the investigation instead required treasurers of the respective party units to fill out and sign a *Questionnaire* form to confirm the veracity of the information reported.

The Party's Finance officer has advised that all party unit bank accounts have been closed and the financial transactions of all party units have been centralised into one bank account controlled by the State office.

Investigation Findings: Overview

Review findings

The compliance investigation identified one amendment necessary to correct the Party's 2012-13 disclosure return.

Lodgement requirement

Section 314AB of the Act requires the agent of each registered political party and of each State branch of each registered political party must, within 16 weeks after the end of each financial year beginning on or after 1 July 1992, furnish to the Electoral Commission a return, which for the 2012-13 financial year was 20 October 2013. The 2012-13 return from of the Australian Labor Party (W.A. Branch) was not lodged with the AEC until 21 October 2013, one day past the required due date. The maximum penalty for such a breach is \$1000.

Amendments required

Under s.319(A)(2) of the Act a person who has furnished a return may request the permission of the Electoral Commission to make a specified amendment of the claim or return for the purpose of correcting an error or omission.

In order to meet its disclosure obligations under the Act the Australian Labor Party (W.A. Branch) will need to submit a request under s.319(A)(2) to amend its disclosure return. The details of the requested amendments are set out below.

Total Debts

Section 314AB(2)(c) of the Act requires the agent of a political party to report the total outstanding amount, as at the end of the financial year, of all debts incurred by, or on behalf of, the Party. In the annual disclosure return, the Party reported total debt of \$142,405. However, the balance sheet in the audited financial statement reported that the party had debts totalling \$321,664 plus an additional amount reported by party units of \$9,570, making a total of \$331,234.

Table 2 below provides a summary of the total amounts as reported in the Party's financial records contrasted against the figures reported in the disclosure return. A detailed listing of these amounts is provided in Attachment A.

Table 2: Total debts as at 30 June 2013 - comparison

Details	Total debts \$
Disclosure Return	142 405
Balance Sheet (see Attachment A for a complete list)	331 234
Difference (Under disclosed)	188 929

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	\$331 234
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Individual 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 for that year, the return must include the particulars of that sum. The threshold for 2012-13 was for sums in excess of \$12 100.

During the examination of the Party's *Trial Balance* it was discovered that the Party at the time had an outstanding debt of \$129 856 owed to Perth Trades Hall.

Details of the amount requiring amendment to the disclosure return is outlined below.

Required amendment

Name	Address	Amount
Perth Trades Hall	P.O. Box 8117, PERTH BUSINESS CENTRE WA 6849	\$129 856

Attachment A provides the details of how the total amount for total debts was arrived at based on the information contained in the Party's records.

Conclusion

Except for the matters noted above, 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.

Enquiries and Assistance

Should the party 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.

Attachment A

The tables below compares the Party's return to the amounts identified from the Balance sheet.

Table 3: - Total debts calculated by the AEC for the financial year as at June 30, 2013, using the balance sheet provided by the Party

Balance sheet	Total debts
Trade and other payables	75 508
Borrowings (Current)	129 856
Borrowings (Non-Current)	116 300
Party Units	9 570
TOTAL	331 234
Amount disclosed by the Entity	142 405
Variance from the Annual Disclosure Return	-188 829
	<i>Under-disclosed</i>