

January 2019

Compliance Review Report

Pauline Hanson's One Nation

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Purpose of this report

Pursuant to s 316(2A) of the *Commonwealth Electoral Act 1918* (the Electoral Act), this report provides the party agent of Pauline Hanson's One Nation (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 ss 314AB, 314AC and 314AE of the Electoral Act.

Disclosure obligations

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

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.

Subsection 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

The records which were requested by the AEC from the party at the commencement of the review 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) for the 2015–16 financial year:
 - total receipts
 - total gifts in kind
 - individual receipts above \$13,000
 - total payments
 - total debts
 - individual debts above \$13,000

The scope of the review was extended by virtue of a s 316(3) investigation to include the gathering of documents and other things in relation to the provision of a plane during 2015–16, or funding for its purchase during 2014–15 and 2015–16, to, or for the benefit of, the party.

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

Section 316(3) Investigation

During the course of the review the AEC was prompted to consider whether disclosures required by the party under the Electoral Act had been made in respect of the provision of a plane or its use during 2015–16, or funding for its purchase during 2014–15 and 2015–16. On 4 May 2017, the AEC commenced an investigation during which notices were issued by the authorised officer under s 316(3) of the Electoral Act to a number of relevant persons.

Section 316(3) of the Electoral Act permits authorised officers who have reasonable grounds to believe that a person is capable of producing documents or other things or giving evidence relating to

a contravention, or possible contravention, of section 315, or relating to matters that are set out in, or are required to be set out in, a claim or return under Part XX, to serve the person with a notice to require the person to produce documents or other things referred to in the notice.

Recognising that the outcome of the investigation would potentially reflect on the compliance of the party's 2015–16 disclosure return with s 314AB(2)(a) and s 314AC of the Electoral Act, finalisation of the s 316(2A) compliance review was delayed pending completion of the investigation.

The investigation concluded that the amendment to the 2015–16 disclosure return lodged by the party with the AEC on 19 March 2018 provides relevant disclosure in relation to the plane in the context of the disclosure requirements of Part XX of the Electoral Act.

The investigation has concluded and a statement about the outcome is available on the AEC website.

Stakeholder engagement

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.

A draft compliance review report was issued by the authorised officer of the AEC on 14 November 2018. The party was provided with an opportunity to comment on the draft report by 28 November 2018. The party did not provide any comment and lodged a request for amendment on 16 January 2019.

Review outcomes

1. Timely lodgement

Subsection 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 of the original return occurred on 19 October 2016, which is before 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 one issue relating to compliance with disclosure obligations under section 314AB(2) of the Electoral Act in relation to the party's return (as amended). This issue is discussed in detail below and takes into account the outcome of the investigation.

Total Payments

Paragraph 314AB(2)(b) of the Electoral Act requires the party agent to report the total amount paid by, or on behalf of, the party during the financial year. To satisfy this, the party must account for all transactions that result in payments to external entities. These transactions must be accounted for on a gross basis without any offsetting, inclusive of GST.

Transactions within the party, including those between its individual bank accounts, represent internal transfers. Such transactions should be eliminated from the calculation of total receipts and total payments to avoid inflating the total amounts reported in the return.

Total reportable payments by the party were under-stated in the party's 2015–16 annual disclosure return. The amount recorded as total payments and outlays on the party's behalf in the return is required to be amended by the party in order to ensure compliance with the Electoral Act.

The relevant amendment is set out below.

Part 3: Total payments - amendment	
	Total payments
Total disclosed in return (as amended 19 March 2018)	\$294,870
Amended total	\$324,079

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:

- calculating total payments from a complete listing of bank account payments
- including all non-cash benefits received in the calculation of total gifts in kind and total receipts
- checking the accuracy of all calculations of amounts for disclosure in the annual disclosure return.

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 19 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 discrepancy identified, the return, together with the amendments lodged for the party on 25 October 2016, 15 March 2018 and 19 March 2018, did not comply with the provisions of s 314AB(2)(b) of the Electoral Act.

In view of the lodgement by the party agent on 16 January 2019, 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 section 314AB(2)(b) of the Electoral Act.