

July 2021

Compliance Review Report

Australian Education Union

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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 financial controller of the Australian Education Union (the political campaigner) with the Australian Electoral Commission's (AEC) assessment of the level of compliance of the 2018-19 annual disclosure return lodged on behalf of the political campaigner with disclosure obligations under ss 314AB, 314AC and 314AE of the Electoral Act.

Disclosure obligations

Registered political campaigners are required under Part XX of the Electoral Act to furnish annual returns.

Section 314AB of the Electoral Act requires the financial controller of the political campaigner 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 political campaigner, 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 political campaigner during the financial year;
- the total outstanding amount, as at the end of the financial year, of all debts incurred by or on behalf of, the political campaigner together with the details specified by s 314AE of the Electoral Act;
- the total amount of electoral expenditure incurred by or with the authority of the political campaigner; and
- details of any discretionary benefits received by, or on behalf of the political campaigner from the Commonwealth, a State or a Territory during the financial year.

Section 314AC of the Electoral Act provides that if the sum of all amounts received by, or on behalf of, the political campaigner 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 314AC(4) of the Electoral Act provides that where the political campaigner is a person or organisation registered under the *Australian Charities and Not-for profits Commission Act 2012*, an amount received greater than the threshold does not need to be disclosed if no part of it was used during the financial year to:

- incur electoral expenditure; or
- create or communicate electoral matter; or
- reimburse the political campaigner for incurring electoral expenditure or creating or communicating electoral matter.

Section 314AE of the Electoral Act provides that if the sum of all outstanding debts incurred by, or on behalf of, the political campaigner 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 2018–19 financial year, the threshold was for sums in excess of \$13,800.

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 campaigners under Part XX of the Electoral Act.

Subsection 316(2A) requires the financial controller of a political campaigner 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 financial controller under s 316(2A) requiring the political campaigner to provide its financial records and other documents in relation to its financial operations for 2018–19.

Scope of the review

The AEU 2018-19 political campaigner disclosure return is a consolidated return of all of its branches notwithstanding the AEU NSW Teachers Federation and the AEU Victorian Branch lodged separate 2018-19 political campaigner disclosure returns.

The records which were requested by the AEC from the financial controller 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 political campaigner's annual disclosure return for the 2018–19 financial year:
 - total receipts
 - total gifts in kind
 - individual receipts above \$13,800

- total payments
- total debts
- individual debts above \$13,800
- total electoral expenditure
- discretionary benefits

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

Stakeholder engagement

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

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

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

A draft compliance review report was issued by the authorised officer of the AEC on 26 June 2021. The political campaigner was provided with an opportunity to comment on the draft report by 8 July 2021. On 6 July 2021, the financial controller contacted the AEC and provided comments in relation to the draft report. A second draft report was issued by the authorised officer of the AEC on 8 July 2021, which incorporated the comments received on 6 July 2021. The financial controller did not provide any comments and lodged a request for amendment on 15 July 2021.

Review outcomes

1. Timely lodgement

Subsection 314AB(1) of the Electoral Act requires the financial controller of the political campaigner to lodge an annual disclosure return with the AEC within 16 weeks after the end of the financial year. As lodgement occurred on 21 October 2019 which is on the due date of 21 October 2019 the return

complied with the requirement under s 314AB(1) to lodge a return for the political campaigner within 16 weeks after the end of the financial year.

2. Accuracy in reporting – amendments

After examining the documents provided by the financial controller for the review, the authorised officer of the AEC identified several issues relating to compliance with disclosure obligations under sections 314AB(2), 314AC and 314AE of the Electoral Act. The issues are discussed in detail below.

Total Receipts and Total Payments

Paragraph 314AB(2) of the Electoral Act requires the financial controller to report the total amount received by, or on behalf of, the political campaigner during the financial year, together with the details required by s 314AC. To satisfy this, the financial controller must account for all transactions that result in receipts from external entities. These transactions must be accounted for on a gross basis without any offsetting, inclusive of GST. All non-cash benefits received by the political campaigner must also be included in total receipts.

Paragraph 314AB(2) of the Electoral Act requires the financial controller to report the total amount paid by, or on behalf of, the political campaigner during the financial year. To satisfy this, the financial controller 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 entity 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 receipts disclosed by the financial controller were over-stated in the political campaigner's 2018–19 annual disclosure return. The amount recorded as total receipts in the return is required to be amended by the political campaigner in order to ensure compliance with the Electoral Act.

Total reportable payments disclosed by the financial controller were over-stated in the political campaigner's 2018–19 annual disclosure return. The amount recorded as total payments and outlays on the entity's behalf in the return is required to be amended by the political campaigner in order to ensure compliance with the Electoral Act.

The relevant amendments are set out below.

Part 1a: Total Receipts AND Part 3: Total payments – amendments		
	Total receipts	Total payments
Total disclosed in return	\$115,515,255	\$92,186,753
Amended total	\$115,060,271	\$91,891,656

Receipts above \$13,800

Section 314AC of the Electoral Act provides that if the sum of all amounts received by, or on behalf of, the political campaigner 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.

Individual receipts exceeding the threshold were under-disclosed in the political campaigner's 2018-19 annual disclosure return. A number of amendments to individual receipts exceeding the \$13,800 threshold are required in order to ensure compliance with the Electoral Act. The relevant amendments are set out below.

Part 2: Amounts of more than \$13,800 received – amendments				
Entry	Name	Address	Amount received	Receipt Type
Australian Education Union (Federal Office)				
New entry no. 1	Australian Taxation Office	Locked Bag 1936 ALBURY NSW 1936	\$137,010	Other Receipt
Original entry no. 1	National Tertiary Education Union - National Office	PO Box 1323 SOUTH MELBOURNE VIC 3205	\$47,705	Other Receipt
Amended entry no. 1	National Tertiary Education Union - National Office	PO Box 1323 SOUTH MELBOURNE VIC 3205	\$16,638	Other Receipt
Original entry no. 2	State School Teachers Union of Western Australia (SSTUWA)	PO Box 212 WEST PERTH WA 6872	\$17,429	Other Receipt
Amended entry no. 2	State School Teachers Union of Western Australia (SSTUWA) ¹	PO Box 212 WEST PERTH WA 6872	\$1,092,885	Other Receipt
Original entry no. 3	Queensland Teachers Union (QTU)	PO Box 1750 MILTON QLD 4064	\$463,833	Other Receipt
Amended entry no. 3	Queensland Teachers Union (QTU)	PO Box 1750 MILTON QLD 4064	\$551,109	Other Receipt

¹ Receipt relates to State School Teachers Union of Western Australia (SSTUWA) transferring the collected membership dues for the AEU. SSTUWA is an associated body of the Australian Education Union.

Part 2: Amounts of more than \$13,800 received – amendments

Entry	Name	Address	Amount received	Receipt Type
Original entry no. 4	Independent Education Union- Tas and Vic Branch	PO Box 1320 SOUTHBANK VIC 3205	\$22,205	Other Receipt
Amended entry no. 4	Remove			Other Receipt
Australian Education Union (ACT Branch)				
Original entry no. 5	QBE Insurance	PO Box 1008 CIVIC SQUARE ACT 2608	\$42,465	Other Receipt
Amended entry no. 5	QBE Insurance	PO Box 1008 CIVIC SQUARE ACT 2608	\$31,792	Other Receipt
Original entry no. 6	Embassy of The Republic of Peru	40 Brisbane Avenue BARTON ACT 2600	\$48,576	Other Receipt
Amended entry no. 6	Remove			Other Receipt
Original entry no. 7	Eway Income	43 Colbee Court PHILLIP ACT 2606	\$17,103	Other Receipt
Amended entry no. 7	Remove			
AEU NSW Teachers Federation				
New entry no. 2	First State Super	Head of Business Development, Level 21, 83 Clarence Street, Sydney NSW 2000	\$25,000	Other Receipt
New entry no. 3	MU Group	Suite 4.02, Level 4 23-33 Mary Street, Surry Hills NSW 2010	\$20,747	Other Receipt
New entry no. 4	NSW Government Schools	GPO Box 4037, Sydney NSW 2001	\$108,747	Other Receipt
New entry no. 5	Taylor and Scott	Suite 3, 1 Lowden Square Wollongong	\$136,599	Other Receipt
New entry no. 6	Worrel Pty Ltd	GPO Box 4956, Sydney NSW 2001	\$72,292	Other Receipt

Part 2: Amounts of more than \$13,800 received – amendments				
Entry	Name	Address	Amount received	Receipt Type
New entry no. 7	Woolworths Group	1 Woolworths Way, Bella Vista NSW 2153	\$15,906	Other Receipt
New entry no. 8	Unions NSW	Labour Council of NSW, Suite 7, Level 7 377-383 Sussex Street, Sydney NSW 2000	\$43,098	Other Receipt
Original entry no. 8	Department of Communication and The Arts	C/- Broadspectrum Property P/L Locked Bag 917 NORTH SYDNEY NSW 2059	\$837,630	Other Receipt
Amended entry no. 8	Department of Communication and The Arts	C/- Broadspectrum Property P/L Locked Bag 917 NORTH SYDNEY NSW 2059	\$1,214,576	Other Receipt
Original entry no. 9	National Australia Bank	255 George Street SYDNEY NSW 2000	\$416,507	Other Receipt
Amended entry no. 9	National Australia Bank	255 George Street SYDNEY NSW 2000	\$455,879	Other Receipt
Original entry no. 10	Insurance Australia Limited	Level 5 South, 23-33 Mary Street SURRY HILLS NSW 2010	\$264,769	Other Receipt
Amended entry no. 10	Insurance Australia Limited	Level 5 South, 23-33 Mary Street SURRY HILLS NSW 2010	\$364,725	Other Receipt
Original entry no. 11	Valmont Interior Pty Ltd	Level 5 North, 23-33 Mary Street SURRY HILLS NSW 2010	\$189,776	Other Receipt
Amended entry no. 11	Valmont Interior Pty Ltd	Level 5 North, 23-33 Mary Street SURRY HILLS NSW 2010	\$212,513	Other Receipt
Original entry no. 12	Department of Communication and The Arts	C/- Broadspectrum Property P/L Locked Bag 917 NORTH SYDNEY NSW 2059	\$110,000	Other Receipt
Amended entry no. 12	Remove			
Australian Education Union (Queensland Branch)				
New entry no. 9	Queensland Teachers Union (QTU) ²	PO Box 1750 MILTON QLD 4064	\$2,174,852	Other Receipt

² Receipt relates to Queensland Teachers Union (QTU) transferring the collected membership dues to AEU Queensland Branch. QTU is an associated body of the Australian Education Union.

Part 2: Amounts of more than \$13,800 received – amendments

Entry	Name	Address	Amount received	Receipt Type
Australian Education Union (South Australian Branch)				
Original entry no. 13	Ezy Payroll Pty Ltd	120 Wright Street ADELAIDE SA 5000	\$30,640	Other Receipt
Amended entry no. 13	Remove			
Original entry no. 14	First National Real Estate Rigall	471 Regency Road PROSPECT SA 5082	\$18,933	Other Receipt
Amended entry no. 14	Remove			
Original entry no. 15	Bank SA	GPO Box 399 ADELAIDE SA 5001	\$18,015	Other Receipt
Amended entry no. 15	Remove			
Australian Education Union (Tasmanian Branch)				
Original entry no. 16	AMP Life Insurance	Group Admin - Locked bag 5057 PARRAMATTA NSW 2124	\$126,392	Other Receipt
Amended entry no. 16	AMP Life Insurance	Group Admin - Locked bag 5057 PARRAMATTA NSW 2124	\$23,588	Other Receipt
Original entry no. 17	CBD College Pty Ltd	PO Box 805 ARTARMON NSW 1570	\$35,146	Other Receipt
Amended entry no. 17	Remove			
Original entry no. 18	Tasplan Superannuation	GPO Box 1547 HOBART TAS 7001	\$37,750	Other Receipt
Amended entry no. 18	Remove			
Original entry no. 19	Tilford Motors	5 Brisbane Street HOBART TAS 7000	\$14,900	Other Receipt
Amended entry no. 19	Remove			

Part 2: Amounts of more than \$13,800 received – amendments				
Entry	Name	Address	Amount received	Receipt Type
Original entry no. 20	Main Street Financial	GPO Box 645 HOBART TAS 7001	\$25,534	Other Receipt
Amended entry no. 20	Remove			
Original entry no. 21	Murdoch Clark Mortgage Fund	10 Victoria Street HOBART TAS 7000	\$33,649	Other Receipt
Amended entry no. 21	Remove			
Original entry no. 22	Butler McIntyre Mortgage Fund	20 Murray Street HOBART TAS 7000	\$19,392	Other Receipt
Amended entry no. 22	Remove			
Australian Education Union (Victorian Branch)				
New entry no. 10	AEU Education Services Incorporated	126 Trenerry Crescent ABBOTSFORD VIC 3067	\$18,005	Other Receipt
New entry no. 11	PEXA	Tower 4, Level 16, Collins Square 727 Collins Street, MELBOURNE VIC 3008	\$2,884,953	Other Receipt
New entry no. 12	112 Trenerry Crescent Pty Ltd	Level 12, 89 York Street, SYDNEY NSW 2000	\$18,012,263	Other Receipt
New entry no. 13	Australian Taxation Office	Locked Bag 1936, ALBURY NSW 1936	\$55,688	Other Receipt
New entry no. 14	Fitzroys Pty Ltd	GPO Box 4399 MELBOURNE VIC 3001	\$22,000	Other Receipt
New entry no. 15	Rental Rewards	112 Trenerry Crescent ABBOTSFORD VIC 3067	\$38,500	Other Receipt
New entry no. 16	Scott Winton	PO Box 300, BALACLAVA VIC 3183	\$16,381	Other Receipt
Original entry no. 23	Bank Australia	Private Bag 12 KEW VIC 3101	\$115,438	Other Receipt
Amended entry no. 23	Bank Australia	Private Bag 12 KEW VIC 3101	\$101,789	Other Receipt

Part 2: Amounts of more than \$13,800 received – amendments					
Entry	Name	Address	Amount received	Receipt Type	
Original entry no. 24	Glitch 3 Productions	112 Trenerry Crescent ABBOTSFORD VIC 3067	\$46,750	Other Receipt	
Amended entry no. 24	Glitch 3 Productions	112 Trenerry Crescent ABBOTSFORD VIC 3067	\$22,000	Other Receipt	
Original entry no. 25	The Dry Productions	110/59 Marlborough Street SURREY HILLS NSW 2010	\$33,250	Other Receipt	
Amended entry no. 25	The Dry Productions	110/59 Marlborough Street SURREY HILLS NSW 2010	\$16,250	Other Receipt	
Original entry no. 26	Mustang Two Productions	24 Riddell Parade ELSTERNWICK VIC 3185	\$55,733	Other Receipt	
Amended entry no. 26	Remove				

Total Debts

Paragraph 314AB(2) of the Electoral Act requires the financial controller to report the total outstanding amount as at the end of the financial year of all debts incurred by or, on behalf of, the political campaigner.

Total reportable debts of the political campaigner were over-stated in the political campaigner's 2018–19 annual disclosure return. The amount recorded as total debts in the return is required to be amended by the financial controller in order to ensure compliance with the Electoral Act. The relevant amendment is set out below.

Part 4: Total Debts – amendment	
Total disclosed in return	\$12,471,486
Amended total	\$12,016,131

Debts of more than \$13,800

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

Individual debts exceeding the threshold were over-disclosed in the political campaigner's 2018–19 annual disclosure return. A number of amendments to individual debts exceeding the \$13,800 threshold are required in order to ensure compliance with the Electoral Act. The relevant amendments are set out below.

Part 5: Debts of more than \$13,800 – amendments					
Entry	Name	Address	Amount Owed	Financial/Non-financial institution	
Australian Education Union (Federal Office)					
Original entry no. 1	Australian Taxation Office	Locked Bag 1936 ALBURY NSW 1936	\$106,587	Non- Financial Institution	
Amended entry no. 1	Australian Taxation Office	Locked Bag 1936 ALBURY NSW 1936	\$163,431	Non- Financial Institution	
AEU NSW Teachers Federation					
Original entry no. 2	Blue Star Print	Private Bag 21 ERMINGTON NSW 1700	\$101,838	Non-financial institution	
Amended entry no.2	Remove				

Part 5: Debts of more than \$13,800 – amendments					
Entry	Name	Address	Amount Owed	Financial/Non-financial institution	
Original entry no. 3	Trio Professional Learning	16 Kalgoorlie Street LEICHHARDT NSW 2040	\$25,300	Non-financial institution	
Amended entry no.3	Remove				
Original entry no. 4	Department of Education	Locked Bag 7013 BATHURST NSW 2795	\$68,762	Non-financial institution	
Amended entry no.4	Remove				
Australian Education Union (Northern Territory Branch)					
New entry no. 1	Loaded Technologies Pty Ltd	7/100 Walker St, North Sydney NSW 2060	\$44,704	Non-Financial Institution	

Matters requiring future action

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

- calculating total receipts and payments from a complete listing of bank account receipts and payments respectively
- including all amounts received in the calculation of total receipts, regardless of the nature of the amounts received
- including all amounts paid in the calculation of total payments, regardless of the nature of the amounts paid
- examining all amounts received by the party in identifying receipts above the threshold for disclosure
- including all debts listed in the trial balance as owing to other persons and entities in the calculation of total debts, other than amounts owed for staff entitlements, regardless of the age of the debt
- examining all debts listed in the trial balance as owing to other entities in identifying individual debts exceeding the threshold for disclosure
- 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 2018–19 annual disclosure return for the political campaigner lodged with the AEC on 21 October 2019 complied with the requirement under s 314AB(1) of the Electoral Act to lodge a return for political campaigner 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 ss 314AB(2), 314AC and 314AE of the Electoral Act.

In view of the lodgement by the financial controller on 15 July 2021 of an amendment to the entity's 2018–19 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 sections ss 314AB(2), 314AC and 314AE of the Electoral Act.

Joanne Reid
Assistant Commissioner
Australian Electoral Commission
July 2021