

January 2022

# Compliance Review Report

**The Green Institute Limited**

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## Purpose of this report

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Pursuant to s 316(2A) of the *Commonwealth Electoral Act 1918* (Electoral Act), this report provides the financial controller of The Green Institute Limited (the entity) with the Australian Electoral Commission's (AEC) assessment of the level of compliance of the 2019-20 annual disclosure return lodged on behalf of the entity with disclosure obligations under s 314AEA of the Electoral Act.

## Associated entity

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The annual disclosure return for the financial year 2019-20 lodged in relation to the entity identified it as an associated entity of the registered political party known as the Australian Greens.

## Disclosure obligations

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Registered political parties and associated entities are required under Part XX of the Electoral Act to furnish returns.

Section 314AEA of the Electoral Act requires the financial controller of an associated entity 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 entity, 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 entity, 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 entity, together with the details specified by s 314AE of the Electoral Act.

By virtue of s 314AEA(5) of the Electoral Act, ss 314AC and 314AE apply to a return for an associated entity in the same way as they apply to a return for a registered political party.

Section 314AC of the Electoral Act provides that if the sum of all amounts received by, or on behalf of, the entity 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 entity 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 2019-20 financial year, the threshold was for sums in excess of \$14,000.

The Electoral Act is available in full [here](#).

## Conduct of the review

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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 financial controller of an associated entity 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 entity to provide its financial records and other documents in relation to its financial operations for 2019-20.

## Scope of the review

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The records which were requested by the AEC from the entity 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 entity's annual disclosure return (as amended on 17 November 2020 and 16 February 2021) the 2019-20 financial year:
  - total gifts in kind
  - individual receipts above \$14,000
  - total debts
  - individual debts above \$14,000
  - discretionary benefits

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

## Stakeholder engagement

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

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

During the review the entity 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 Friday 10 December 2021. The entity was provided with an opportunity to comment on the draft report by Thursday 23 December 2021. On 14 December 2021 the entity provided comments on the draft report and discussions took place regarding the proposed amendments. An amended return was lodged by the entity on Friday 17 December 2021.

## Review outcomes

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### 1. Timely lodgement

Subsection 314AEA(1) of the Electoral Act requires the financial controller of the associated entity to lodge an annual disclosure return with the AEC within 16 weeks after the end of the financial year. As lodgement occurred on 21 September 2020 which is before the due date of 20 October 2020, the return complied with the requirement under s 314AEA(1) to lodge a return for an associated entity within 16 weeks after the end of the financial year.

### 2. Accuracy in reporting – amendments

After examining the documents provided by the entity for the review, the authorised officer of the AEC identified several issues relating to compliance with disclosure obligations under s 314AEA(1) of the Electoral Act. The issues are discussed in detail below.

#### Gifts-in-kind

Paragraph 314AEA(1)(a) of the Electoral Act requires the financial controller to report the total amount received by, or on behalf of, the entity during the financial year. The total amount received must also include the value of a *gift* (donation), loan or bequest in accordance with the definition at s 314AA.

Section 287 of the Electoral Act defines *gift* as being:

“any disposition of property made by a person to another person, otherwise than by will, being a disposition made without consideration in money or money’s worth or with inadequate consideration and includes the provision of a service (other than volunteer labour) for no consideration or for inadequate consideration...”.

Therefore, goods or services provided free of charge or at less than commercial rates constitute a gift that must be disclosed as a receipt by the entity.

Total reportable gifts-in-kind received by the entity were under-stated in the entity's 2019-20 annual disclosure return. The relevant amendment is set out below.

<b>Part 1b: Total Gifts in kind – amendment</b>	
Total disclosed in return	\$0
Amended total	\$4,827

### Amounts of more than \$14,000 received

By virtue of s 314AEA(5) of the Electoral Act, s 314AC applies to a return for an associated entity in the same way as it applies to a return for a registered political party.

Section 314AC of the Electoral Act provides that if the sum of all amounts received by, or on behalf of, the entity 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 entity's 2019-20 annual disclosure return and some receipts were classified incorrectly for receipt type. A number of amendments to individual receipts exceeding the \$14,000 threshold are required in order to ensure compliance with the Electoral Act. The relevant amendments are set out below.

<b>Part 2: Amounts of more than \$14,000 received – amendments</b>				
<b>Entry</b>	<b>Name</b>	<b>Address</b>	<b>Amount received</b>	<b>Receipt Type</b>
Original entry no. 1	Department of Finance	1 Canberra Avenue FORREST ACT 2603	\$90,780	Other Receipt
Amended entry no. 1	Department of Finance	1 Canberra Avenue FORREST ACT 2603	\$99,858	Other Receipt
Original entry no. 2	Philippa Walsh	35 Clissold Street KATOOMBA NSW 2780	\$20,000	Donation
Amended entry no. 2	Philippa Walsh	35 Clissold Street KATOOMBA NSW 2780	\$20,000	Other Receipt

<b>Part 2: Amounts of more than \$14,000 received – amendments</b>				
<b>Entry</b>	<b>Name</b>	<b>Address</b>	<b>Amount received</b>	<b>Receipt Type</b>
Original entry no. 3	Philippa Walsh	35 Clissold Street KATOOMBA NSW 2780	\$30,000	Donation
Amended entry no. 3	Philippa Walsh	35 Clissold Street KATOOMBA NSW 2780	\$30,000	Other Receipt

## Total Debts

Paragraph 314AEA(1)(c) 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 entity.

Total reportable debts of the entity were under-stated in the entity's 2019-20 annual disclosure return. The amount recorded as total debts in the return is required to be amended by the entity in order to ensure compliance with the Electoral Act. The relevant amendment is set out below.

<b>Part 4: Total Debts – amendment</b>	
Total disclosed in return	\$0
Amended total	\$9,849

## Discretionary Benefits

Section 314AEA(1)(d) of the Electoral Act provides for the disclosure of 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.

Discretionary benefits disclosed by the entity were under-stated in the entity's 2019-20 annual disclosure return. An amendment to discretionary benefits is required in order to ensure compliance with the Electoral Act. The relevant amendment is set out below.

Part 7: Discretionary Benefits – amendments			
Entry	Received from	Date of discretionary benefits	Value of discretionary benefits
Original entry no. 1	Department of Finance	25/03/2020	\$90,780
Amended entry no. 1	Department of Finance	25/03/2020	\$99,858

## Matters requiring future action

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

- examining all amounts received by the entity 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
- checking the accuracy of all calculations of amounts for disclosure in the annual disclosure return.

## Conclusion

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The authorised officer of the AEC for the purposes of s 316(2) of the Electoral Act has assessed the 2019-20 annual disclosure return for the entity lodged with the AEC on 21 September 2020 complied with the requirement under s 314AEA(1) of the Electoral Act to lodge a return for an associated entity 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 s 314AEA of the Electoral Act.

In view of the lodgement by the financial controller on 17 December 2021, of amendments to the entity's 2019–20 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 s 314AEA of the Electoral Act.

Joanne Reid  
Assistant Commissioner  
Australian Electoral Commission

13 January 2022