

Compliance Review Report

Altum Pty Ltd ATF Altum Property Unit Trust

March 2014



AEC

Australian Electoral Commission

Contents

Review details	2
Background	2
Compliance and cooperation	2
Review findings requiring amendment	3
Total receipts and payments	3
Receipts above the threshold	4
1. Liberal National Party of Queensland	4
2. Silk Contract Logistics	4
3. Walton Constructions (Qld) Pty Ltd	5
Total debts	6
Debts above the threshold	6
1. Liberal National Party of Queensland	7
2. LNP Nominees Pty Ltd acting as Trustee for 6 St Paul's Terrace Trust	7
Conclusion	8
Enquiries and Assistance	8

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 [REDACTED]
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 Altum Pty Ltd as trustee for the Altum Property Unit 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.

Following examination of all the records provided for the review, it appears that the Entity has significantly under-reported its total receipts and total payments. The table below provides a summary of the total amounts as reported in three documents: the disclosure return, bank statements and general ledger.

Table 1: Total amounts received and paid - comparison

Details	\$ Total receipts	\$ Total payment
Disclosure Return	1,099,995	104,658
Bank Statements & General Ledger	2,967,668	3,017,781
Difference	(1,867,673) <i>under-reported</i>	(2,913,123) <i>under-reported</i>

During the review, the Entity provided its revised figures confirming the amounts arrived at by the review as indicated in Table 1 above. Consequently, Part 2a and Part 4 of the *Request for Amendment* form need to be amended to show the amounts as set out below.

Required amendment

Amended total receipts	\$2,967,668
Amended total payments	\$3,017,781

Receipts above the threshold

Section 314AC of the Act, requires disclosure of the particulars of the sum of amounts received by, or on behalf of, an entity from a person or organisation during the 2012-13 financial year of 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.

The Entity reported two receipts above the threshold of \$12,100. However, examination of the Entity's records revealed two reported receipts requiring correction and a further receipt from the Liberal National Party of Queensland for \$1,901,106.10 that had not been reported.

The details of the receipts requiring amendments are outlined below.

1. Liberal National Party of Queensland

According to the transaction records in the *Cash Receipts Journal* extracted from the Entity's MYOB accounting system, the Entity received a deposit of \$1,001,106.10 from the Liberal National Party of Queensland on 22 January 2013. This deposit was also evident in bank statement number 78 for the Entity's bank account with Westpac. To correct this omission, Part 3 of the *Request for Amendment* form should show the amount below.

Required amendment			
Name		Address	Amount
Original Entry	-	-	-
Amended Entry	Liberal National Party of Queensland	66 Bowen Street Spring Hill QLD 4000	\$1,901,106

2. Silk Contract Logistics

According to the Entity's bank statements for [REDACTED] and the corresponding transactions in the Entity's General Ledger account 1-0010, the Entity received a number of rental payments from Silk Contract Logistics totalling \$620,666.87 in 2012-13.

In the course of the review, the Entity confirmed that the \$620,666.87 comprises the full amount of gross rental receipts and expenses recovered in accordance with the terms of the commercial lease. The Entity advised that the rental payments had been received from Silk Contract Logistics via Wright Property Management Pty Ltd.

As the full amount reported in the disclosure return was under-reported, Part 3 of the *Request for Amendment* must reflect the gross amount received as set out below.

Required amendment			
Name		Address	Amount
Original Entry:	Silk Contract Logistics	20 Anton Road Hemmant QLD 4171	\$564,242
Amended Entry:	Silk Contract Logistics	20 Anton Road Hemmant QLD 4171	\$620,667

3. Walton Constructions (Qld) Pty Ltd

According to the Entity's bank statements and its General Ledger records, the Entity received a total amount of \$438,861.48 from Walton Constructions (Qld) Pty Ltd. The total receipts from Walton Constructions were also under-reported. In the course of the review, the Entity confirmed that the \$438,861.48 comprises the full amount of gross rental receipts and expenses recovered in accordance with the terms of the commercial lease.

As the full amount reported in the disclosure return was under-reported, Part 3 of the *Request for Amendment* must reflect the gross amount received as set out below.

Required amendment			
Name		Address	Amount
Original Entry:	Walton Constructions	190 Montpelier Road, Bowen Hills QLD	\$431,082
Amended Entry:	Walton Constructions (Qld) Pty Ltd	190 Montpelier Road, Bowen Hills QLD	\$438,861

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.

The total outstanding amount reported in the disclosure return shows \$100,794,170. However, the financial information obtained from the Entity's accounting records during the review did not support the amount reported. The total amount outstanding as per the Entity's *Trial Balance* indicates the total liability amounted to \$10,204,901.

The Entity's financial controller advised that the figure for total debts had been misstated due to a typing error that added an extra zero to the figure, which had inadvertently increased the figure by a factor of 10.

To correct the error Part 5 of the *Request for Amendment* form should reflect the figure as shown below.

Required amendment

Amended total debts	\$10,204,901
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Debts above the threshold

Section 314AEA(1)(c) 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 disclosure return, the Entity reported a total amount of outstanding debt to the Liberal National Party of Queensland (the Party) of \$2,049,665. However, examination of the Entity's accounting records indicated that this amount appeared to be overstated and a further two outstanding debt obligation amounts had not been reported. The unreported amounts comprised \$8,279,751.60 owing to LNP Nominees Pty Ltd acting as Trustee for 6 St Paul's Trust and \$87,585.47 with regard to Leichhardt Federal District Council, a local branch of the Liberal National Party of Queensland. Details of the debts above the threshold requiring amendments to the disclosure return are outlined below.

1. Liberal National Party of Queensland

Transactional data pertaining to the Entity's *Balance Sheet* generated from its general ledger maintained in the MYOB accounting system indicated that the Entity owed \$1,799,665.60 to the Liberal National Party of Queensland rather than the \$2,049,665 that was reported.

In the course of the review, the financial controller of the Entity confirmed that the \$1,799,666 balance represents an unsecured loan from the Liberal National Party of Queensland.

The review also identified in the Entity's accounting records, *General Ledger* liability account number 2-6500 that had an outstanding debt balance of \$87,585.47 described as *other loan*. Following clarification provided by the Entity's financial controller, the *other loan* was identified as an amount owing to the Leichhardt Fund.

As the Fund belonged to the Leichhardt Federal District Council which represents a local branch of the Liberal National Party of Queensland, the amount of \$87,585.47 should be incorporated into the total amount of debt owed to the Liberal National Party of Queensland. This means that the total outstanding balance to the Liberal National Party of Queensland should represent a sum of the two amounts (\$1,799,665.60 + \$87,585.47) totalling \$1,887,251.07.

To ensure this is reported correctly, Part 6 of the *Request for Amendment* form should show the amended amount as set out below.

Required amendment

Name	Address	Amount
Original Entry: Liberal National Party	66 Bowen Street Spring Hill QLD 4000	\$2,049,665
Amended Entry: Liberal National Party of Queensland	66 Bowen Street Spring Hill QLD 4000	\$1,887,251

2. LNP Nominees Pty Ltd acting as Trustee for 6 St Paul's Terrace Trust

According to the balance shown in *General Ledger* liability account number 2-6020 extracted from the Entity's MYOB accounting records, the Entity owed \$8,240,487 to LNP Nominees Pty Ltd as Trustee for the 6 St Paul's Terrace Trust.

The sum of the loan is consistent with the accounting records kept by the LNP Nominees 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: LNP Nominees Pty Ltd as Trustee for the 6 St Paul's Trust	66 Bowen Street Spring Hill QLD 4000	\$8,240,487

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 in Part 6 of the *Request for Amendment*, the form was not ready for lodgement without further correction upon the finalisation of this report on the review's findings.

To ensure full compliance with the Act, the matters noted above should be remedied and an accurate *Request for Amendment* form lodged as soon as possible.

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.