

November 2022

# Compliance Review Report

**New South Wales Local Government Clerical  
Administrative Energy Airlines & Utilities Union  
T/A United Services Union**

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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 New South Wales Local Government Clerical Administrative Energy Airlines & Utilities Union T/A United Services Union (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 Labor Party (N.S.W. Branch).

## 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 in the following link [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 for the 2019–20 financial year:
  - total receipts
  - total gifts in kind
  - individual receipts above \$14,000
  - total payments
  - 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 7 November 2022. A request for amendment was lodged on 15 November 2022.

## 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 October 2020 which is after the due date of 20 October 2020, the return did not comply 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.

In response to the draft report, the entity commented that an incorrect return was submitted on 16 October 2020, which was not acceptable by the AEC. A new return was lodged on 21 October 2020.

### 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 ss 314AEA of the Electoral Act. The issues are discussed in detail below.

## Total Receipts and Total Payments

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, together with the details required by s 314AC. To satisfy this, the entity 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 entity must also be included in total receipts.

Paragraph 314AEA(1)(b) of the Electoral Act requires the financial controller 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 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 by the entity were under-stated in the entity's 2019–20 annual disclosure return. The amount recorded as total receipts in the return is required to be amended by the entity in order to ensure compliance with the Electoral Act.

Total reportable payments by the entity were over-stated in the entity's 2019–20 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 entity in order to ensure compliance with the Electoral Act.

The relevant amendments are set out below.

<b>Part 2a: Total Receipts AND Part 4: Total payments – amendments</b>		
	<b>Total receipts</b>	<b>Total payments</b>
Total disclosed in return	\$17,305,554	\$17,389,523
Amended total	\$17,628,078	\$16,938,957

## 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. 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 3: 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>
New entry no. 1	Members Equity Bank Ltd	LEVEL 28, 360 ELIZABETH ST MELBOURNE VIC 3000	\$273,810	Other Receipt
New entry no. 2	FIIG Securities Limited	8/167 EAGLE STREET BRISBANE QLD 4000	\$18,247	Other Receipt
Original entry no. 1	Pexa Settlement sale proc Armidale	3/4-12 Queen Elizabeth Drive ARMIDALE NSW 2315	\$72,913	Other Receipt
Amended entry no. 1	PEXA Group Limited	3/4-12 Queen Elizabeth Drive ARMIDALE NSW 2315	\$72,913	Other Receipt
Original entry no. 2	LGSS Pty Limited EFT 301019	PO Box N835 SYDNEY NSW 1220	\$66,000	Other Receipt
Amended entry no. 2	LGSS Pty Limited	PO Box N835 SYDNEY NSW 1220	\$66,000	Other Receipt
Original entry no. 3	ATO - Cash Flow Boost	Level 29, 201 Kent St SYDNEY NSW 2000	\$50,000	Other Receipt
Amended entry no. 3	Australian Taxation Office	Level 29, 201 Kent St SYDNEY NSW 2000	\$50,000	Other Receipt
Original entry no. 4	FIIG 2000117610 ERIC- 10-4AUG21C	8/167 Eagle Street BRISBANE QLD 4000	\$50,000	Other Receipt
Amended entry no. 4	FIIG Securities Limited	8/167 Eagle Street BRISBANE QLD 4000	\$50,000	Other Receipt
Original entry no. 5	FIIG 2000117610 ERIC- 10-4AUG21C	8/167 Eagle Street BRISBANE QLD 4000	\$49,537	Other Receipt
Amended entry no. 5	FIIG Securities Limited	8/167 Eagle Street BRISBANE QLD 4000	\$49,537	Other Receipt
Original entry no. 6	FIIG 2000117610 NEXTDC-6.00-09JUN2	8/167 Eagle Street BRISBANE QLD 4000	\$30,000	Other Receipt
Amended entry no. 6	FIIG Securities Limited	8/167 Eagle Street BRISBANE QLD 4000	\$30,000	Other Receipt
Original entry no. 7	FIIG 2000117610 NEXTDC-6.00-09JUN2	8/167 Eagle Street BRISBANE QLD 4000	\$30,000	Other Receipt

### Part 3: Amounts of more than \$14,000 received – amendments

Entry	Name	Address	Amount received	Receipt Type
Amended entry no. 7	FIIG Securities Limited	8/167 Eagle Street BRISBANE QLD 4000	\$30,000	Other Receipt
Original entry no. 8	Sell My Car Pty CD76FC	144 Moorebank Avenue MOOREBANK NSW 2170	\$25,000	Other Receipt
Amended entry no. 8	Sell My Car Pty Ltd	144 Moorebank Avenue MOOREBANK NSW 2170	\$25,000	Other Receipt
Original Entry No. 9	WCIF Refunds - Worker Comp	321 Kent St SYDNEY NSW 2000	\$18,978	Other Receipt
Amended Entry No. 9	Insurance and Care NSW	321 Kent St SYDNEY NSW 2000	\$18,978	Other Receipt
Original entry no. 10	ANZ DIVIDEND A067/00433217	Level 9, 833 Collins Street MELBOURNE VIC 3008	\$17,600	Other Receipt
Amended entry no. 10	The Australian and New Zealand Banking Group Limited	Level 9, 833 Collins Street MELBOURNE VIC 3008	\$17,600	Other Receipt
Original entry no. 11	ANZ DIVIDEND A067/00433217	Level 9, 833 Collins Street MELBOURNE VIC 3008	\$17,600	Other Receipt
Amended entry no. 11	The Australian and New Zealand Banking Group Limited	Level 9, 833 Collins Street MELBOURNE VIC 3008	\$17,600	Other Receipt
Original entry no. 12	Northern Beaches 196604	1 Belgrave Street MANLY NSW 2095	\$17,238	Other Receipt
Amended entry no. 12	Northern Beaches Council	1 Belgrave Street MANLY NSW 2095	\$17,238	Other Receipt
Original entry no. 13	Northern Beaches 209198	1 Belgrave Street MANLY NSW 2095	\$16,231	Other Receipt
Amended entry no. 13	Northern Beaches Council	1 Belgrave Street MANLY NSW 2095	\$16,231	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 over-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.

Part 5: Total Debts – amendment	
Total disclosed in return	\$682,931
Amended total	\$574,305

## Debts of more than \$14,000

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

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, the return must include the particulars of that sum.

Individual debts exceeding the threshold were over-disclosed in the entity's 2019–20 annual disclosure return. A number of amendments to individual debts exceeding the \$14,000 threshold are required in order to ensure compliance with the Electoral Act. The relevant amendments are set out below.

Part 6: Debts of more than \$14,000 – amendments				
Entry	Name	Address	Amount Owed	Financial/Non-financial institution
Original entry no. 1	Telstra	GPO Box 9901 MELBOURNE VIC 3001	\$24,815	Non-financial Institution
Amended entry no. 1 (to be removed)	Remove			
Original entry no. 2 (to be removed)	Australia Post	GPO Box 2890 MELBOURNE VIC 3001	\$29,312	Non-financial Institution
Amended entry no. 2	Remove			

Part 6: Debts of more than \$14,000 – amendments				
Entry	Name	Address	Amount Owed	Financial/Non-financial institution
Original entry no. 3 (to be removed)	Gecko Projects	Unit 6, 46-50 Bay Road TAREN POINT NSW 2229	\$17,638	Non-financial Institution
Amended entry no.3	Remove			

## 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:

- 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
- 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 accrual amounts.
- examining all debts listed in the trial balance as owing to other persons and 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

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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 October 2020 did not comply 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.

In addition, in view of the discrepancies identified, the return did not comply with the provisions of section 314AEA of the Electoral Act.

In view of the lodgement by the financial controller on 15 November 2022, of an amendment 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 section 314AEA of the Electoral Act.

Megan Weimar  
A/g Assistant Commissioner  
Australian Electoral Commission

22 November 2022