

January 2019

# Compliance Review Report

**Australian Labor Party (Western Australian  
Branch)**

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## Purpose of this report

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Pursuant to s 316(2A) of the *Commonwealth Electoral Act 1918* (the Electoral Act), this report provides the party agent of the Australian Labor Party (Western Australian Branch) (the party) with the Australian Electoral Commission's (AEC) assessment of the level of compliance of the 2016–17 annual disclosure return lodged on behalf of the party with disclosure obligations under ss 314AB, 314AC and 314AE of the Electoral Act.

## 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 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 2016–17 financial year, the threshold was for sums in excess of \$13,200.

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 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 2016–17.

## Scope of the review

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The records which were requested by the AEC from the party 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 for the 2016–17 financial year:
  - individual receipts above \$13,200
  - individual debts above \$13,200

The AEC did not examine other aspects of the financial operations of the party 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 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.

During the review the party 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 19 December 2018. The party was provided with an opportunity to comment on the draft report by 7 January 2019. The party did not provide any comment and lodged a request for amendment on 7 January 2019.

## Review outcomes

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### 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 occurred on the due date of 20 October 2017, 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 several issues relating to compliance with disclosure obligations under sections 314AB, 314AC and 314AE of the Electoral Act. The issues are discussed in detail below.

#### Gifts-in-kind

Paragraph 314AB(2)(a) of the Electoral Act requires the party agent to report the total amount received by, or on behalf of, the party 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 party.

Total reportable gifts-in-kind received by the party were under-stated in the party's 2016–17 annual disclosure return. The relevant amendment is set out below.

Part 2b: Total Gifts in kind – amendment	
Total disclosed in return	\$404,648
Amended total	\$428,083

## Amounts of more than \$13,200 received

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, 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 inaccurately recorded in the party's 2016–17 annual disclosure return. A number of amendments to individual receipts exceeding the \$13,200 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 \$13,200 received – amendments</b>				
<b>Entry</b>	<b>Name</b>	<b>Address</b>	<b>Amount received</b>	<b>Receipt Type</b>
New entry no.1	Ernst & Young	200 George Street, Sydney NSW 2000	\$34,717	Donation
New entry no. 2	CEPU - ETU	Unit 24, 257 Balcatta Road, Balcatta WA 6021	\$13,554	Other Receipt
New entry no. 3	Mulloway Pty Ltd	PO Box 7247, Cloistersquare WA 6850	\$27,500	Other Receipt
New entry no. 4	Australian Electoral Commission	50 Marcus Clarke Street, Canberra ACT 2600	\$30,000	Other Receipt
New entry no. 5	Western Australian Electoral Commission	111 St Georges Tce, Perth WA 6000	\$2,084,532	Other Receipt
New entry no. 6	Transport Workers Union of Australia WA	82 Beaufort St, Perth WA 6000	\$16,213	Other Receipt
New entry no.7	Yanchep Joint Venture	225 St Georges Tce, Perth WA 6000	\$16,500	Other Receipt
New entry no.8	Retail Guild of Australia	1 Thomas Holt Dve, Macquarie Park NSW 2113	\$24,530	Other Receipt
New entry no. 9	Prime Projects	9 Montgomery Way, Malaga WA 6090	\$25,500	Donation
Original entry no. 1	Satterley Property Group Pty Ltd	Level 3, 31/27 Troode Street West Perth WA 6005	\$17,000	Donation
Amended entry no. 1	Satterley Property Group Pty Ltd	Remove		
Original entry no. 2	Transport Workers Union of Australia WA	82 Beaufort St, Perth WA 6000	\$19,601	Other Receipt

### Part 3: Amounts of more than \$13,200 received – amendments

Entry	Name	Address	Amount received	Receipt Type
Amended entry no.2	Transport Workers Union of Australia WA	82 Beaufort St, Perth WA 6000	\$27,609	Other Receipt
Original entry no. 3	CFMEU (Construction & General Div)	80 Beaufort St, Perth WA 6000	\$14,059	Other Receipt
Amended entry no. 3	CFMEU (Construction & General Div)	80 Beaufort St, Perth WA 6000	\$20,547	Other Receipt
Original entry no. 4	Crown Perth	Great Eastern Highway, Perth WA 6000	\$46,955	Donation
Amended entry no. 4	Crown Perth	Great Eastern Highway, Perth WA 6000	\$22,000	Donation

### Debts of more than \$13,200

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, the return must include the particulars of that sum.

Individual debts exceeding the threshold were under-disclosed in the party's 2016–17 annual disclosure return. An amendment to individual debts exceeding the \$13,200 threshold is required in order to ensure compliance with the Electoral Act. The relevant amendment is set out below.

### Part 6: Debts of more than \$13,200 – amendments

Entry	Name	Address	Amount Owed	Financial/Non-financial institution
Original entry no. 1	Australian Taxation Office	Locked Bag 1936, Albury NSW 1936	\$20,683	Non-Financial
Amended entry no. 1	Australian Taxation Office	Locked Bag 1936, Albury NSW 1936	\$27,316	Non-Financial

## 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:

- ensuring that if no interest is paid by the party on loans received, an estimate of the interest which would have been due is included as a gift-in-kind

- examining all amounts received by the party in identifying receipts above the threshold for disclosure, including gifts-in-kind received
- ensuring that the values of gifts-in-kind are calculated at commercial rates and are agreed upon by both the party and the donor
- 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 2016–17 annual disclosure return for the party lodged with the AEC on 20 October 2017 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 discrepancies identified, the return did not comply with the provisions of sections 314AB, 314AC and 314AE of the Electoral Act.

In view of the lodgement by the party agent on 7 January 2019, of an amendment to the party's 2016–17 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 314AB, 314AC and 314AE of the Electoral Act.