

July 2023

Compliance Review Report

CEPU - Electrical Division QLD & NT

Table of Contents

Purpose of this report	2
Disclosure obligations	2
Conduct of the review	3
Scope of the review	3
Stakeholder engagement.....	4
Review outcomes	4
1. Timely lodgement.....	4
2. Accuracy in reporting – amendments	5
Matters requiring future action	7
Conclusion.....	8

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 CEPU - Electrical Division QLD & NT (the significant third party) with the Australian Electoral Commission's (AEC) assessment of the level of compliance of the 2020-2021 annual disclosure return lodged on behalf of the significant third party with disclosure obligations under ss 314AB, 314AC and 314AE of the Electoral Act.

Disclosure obligations

Registered significant third parties 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 significant third 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 significant third 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 significant third party 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 significant third party 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 significant third party; and
- details of any discretionary benefits received by, or on behalf of the significant third party 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 significant third 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 314AC(4) of the Electoral Act provides that where the significant third party 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 significant third party 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 significant third 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 2020–21 financial year, the threshold was for sums in excess of \$14,300.

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 significant third party under Part XX of the Electoral Act.

Subsection 316(2A) requires the financial controller of a significant third 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 financial controller under s 316(2A) requiring the significant third party to provide its financial records and other documents in relation to its financial operations for 2020–21.

Scope of the review

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 significant third party's annual disclosure return for the 2020–21 financial year:
 - total receipts
 - total gifts in kind
 - individual receipts above \$14,300
 - total payments
 - total debts
 - individual debts above \$14,300
 - total electoral expenditure

- discretionary benefits

The AEC did not examine other aspects of the financial operations of the significant third party 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 significant third party by phone, email and/or face to face meetings as appropriate to cover the following topics:

- financial reports and documentation available from the significant third party's accounting system
- compliance issues arising from the AEC review of the financial reports and documentation provided by the significant third party.
- 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 28 June 2023. The entity was provided with an opportunity to comment on the draft report by 05 July 2023. The entity did not provide any comment and lodged a request for amendment on 05 July 2023.

Review outcomes

1. Timely lodgement

Subsection 314AB(3A) of the Electoral Act requires the financial controller of the significant third party to lodge an annual disclosure return for a previous financial year with the AEC within 30 days of registration for the current financial year¹. The entity registered as a significant third party on 31 March 2022 and lodgement occurred on 9 May 2022, which is after the due date of 30 April 2022. As

¹ On 13 December 2021, the *Electoral Legislation Amendment (Political Campaigners) Act 2021* received Royal Assent. Subsection 314AB requires the financial controller of the significant third party to lodge an annual disclosure return with the AEC within 16 weeks after the end of the financial year. Section 314AB(3A) was implemented with the legislation changes, requiring the financial controller of the newly registered significant third party to lodge a financial disclosure return for a previous financial year with the AEC within 30 days of registration.

such the return did not comply with the requirement under s 314AB(3A) to lodge a 2020-21 return within 30 days of registration.

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, 314AC and 314AE of the Electoral Act. The issues are discussed in detail below.

Amounts of more than \$14,300 received

Section 314AC of the Electoral Act provides that if the sum of all amounts received by, or on behalf of, the significant third 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 under-disclosed in the significant third party's 2020–21 annual disclosure return. A number of amendments to individual receipts exceeding the \$14,300 threshold are required in order to ensure compliance with the Electoral Act. The relevant amendments are set out below.

Part 3: Amounts of more than \$14,300 received – amendments				
Entry	Name	Address	Amount received	Receipt Type
New entry no. 1	Commonwealth Bank	79 Adelaide Street Brisbane, QLD 4000	\$58,333	Other receipt
New entry no. 2	Curragh Electricians social club	Curragh Mine - Blackwater Cooroorah Rd, Blackwater QLD 4717	\$23,145	Other receipt
New entry no. 3	BMA Peak Downs Mine	Peak Downs Mine Road, Winchester QLD 4744	\$24,874	Other receipt
New entry no. 4	BMA Saraji Mine	Saraji Mine Road, Dysart 4745	\$20,368	Other receipt
New entry no. 5	Anglo Coal (MORANBAH NORTH)	Goonyella Rd, Moranbah QLD 4744	\$17,327	Other receipt
New entry no. 6	Anglo Coal (DAWSON SERVICES)	Leichhardt Highway, Isla QLD 4718	\$16,605	Other receipt
New entry no. 7	Batchfire Callide Management	Callide Mine Access Road, Mount Murchison QLD 4715	\$14,813	Other receipt

Part 3: Amounts of more than \$14,300 received – amendments				
Entry	Name	Address	Amount received	Receipt Type
New entry no. 8	Batchfire Callide Management	Callide Mine Access Road, Mount Murchison QLD 4715	\$14,445	Other receipt
New entry no. 9	CEPU DMB Honorary Member Group	41 Peel Street South Brisbane	\$87,100	Other receipt

Total Debts

Paragraph 314AB(2)(a) 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 significant third party.

Total reportable debts of the significant third party were over-stated in the significant third party's 2020–21 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 5: Total Debts – amendment	
Total disclosed in return	\$2,927,247
Amended total	\$1,850,218

Debts of more than \$14,300

Section 314AE of the Electoral Act provides that if the sum of all outstanding debts, incurred by, or on behalf of, the significant third 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 significant third party's 2020–21 annual disclosure return. Three amendments to individual debts exceeding the \$14,300 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 \$14,300 – amendments				
Entry	Name	Address	Amount Owed	Financial/Non-financial institution
New entry no. 1	Westpac (Quick Super)	275 Kent Street Sydney NSW 2000	\$90,518	Financial institution

Part 6: Debts of more than \$14,300 – amendments				
Entry	Name	Address	Amount Owed	Financial/Non-financial institution
Original entry no. 1	BBC Printing	459 Nudgee Rd HENDRA QLD 4011	\$63,165	Non-financial institution
Amended entry no. 1	To be removed			
Original entry no. 2	Hutton Superannuation Fund	28 Sunday Hill Road PETCHEYS BAY TAS 7109	\$25,539	Non-financial institution
Amended entry no. 2	To be removed			

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:

- 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 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

The authorised officer of the AEC for the purposes of s 316(2) of the Electoral Act has assessed the 2020–21 annual disclosure return for the significant third party lodged with the AEC on 9 May 2022 did not comply with the requirement under s 314AB(3A) of the Electoral Act to lodge a return for a significant third party within 30 days of registration.

In addition, in view of the discrepancies identified, the return did not comply with the provisions of ss 314AB, 314AC and 314AE of the Electoral Act.

In view of the lodgement by the financial controller on 5 July 2023, of an amendment to the entity's 2020–21 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.

Joanne Reid
Assistant Commissioner
Australian Electoral Commission

28 July 2023