

May 2023

Compliance Review Report

Vote Angus Out Pty Ltd

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Purpose of this report

Pursuant to s 316(2A) of the *Commonwealth Electoral Act 1918* (Electoral Act), this report provides the financial controller of Vote Angus Out Pty Ltd (the significant third party) with the Australian Electoral Commission's (AEC) assessment of the level of compliance of the 2020-21 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 12 May 2023. The financial controller was provided with an opportunity to comment on the draft report by 19 May 2023. The financial controller did not provide any comment and lodged a request for amendment on 21 May 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 24 January 2022 and lodgement occurred on 27 January 2022, which is before the due date of 23 February 2022. The return complied 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 and 314AC of the Electoral Act. The issues are discussed in detail below.

Total Payments

Paragraph 314AB(2)(a) of the Electoral Act requires the financial controller to report the total amount paid by, or on behalf of, the significant third party during the financial year. To satisfy this, the financial controller 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 payments disclosed by the financial controller were over-stated in the significant third party's 2020–21 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 significant third party in order to ensure compliance with the Electoral Act.

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.

The relevant amendments are set out below.

Part 4: Total payments – amendments	
Total disclosed in return	\$27,406
Amended total	\$22,970

Gifts-in-kind

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

Total reportable gifts-in-kind received by the significant third party were over-stated in the significant third party’s 2020–21 annual disclosure return. The relevant amendment is set out below.

Part 2b: Total Gifts in kind – amendment	
Total disclosed in return	\$22,726.64
Amended total	\$0

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 under-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	\$0
Amended total	\$6,086

Total Electoral Expenditure

Section 314AB(2)(a) of the Electoral Act provides for the disclosure of the total amount of electoral expenditure incurred by, or with the authority of the significant third party.

Section 287AB of the Electoral Act defines electoral expenditure as being:

“expenditure incurred for the dominant purpose of creating or communicating electoral matter,…”

Section 4AA of the Electoral Act defines electoral matter as being:

“matter communicated or intended to be communicated for the dominant purpose of influencing the way electors vote in an election (a **federal election**)…”

Total electoral expenditure disclosed by the significant third party was over-stated in the significant third party’s 2020–21 annual disclosure return. The relevant amendment is set out below.

Part 7: Total Electoral Expenditure – amendment	
Total disclosed in return	\$27,406
Amended total	\$21,428

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:

- calculating total payments from a complete listing of bank account payments
- including all amounts paid in the calculation of total payments, regardless of the nature of the amounts paid
- 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 expenses listed in the trial balance to ensure that all electoral expenditure is identified and disclosed
- 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 27 January 2022 complied 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.

However, in view of the discrepancies identified, the return did not comply with the provisions of sections 314AB and 314AC of the Electoral Act.

In view of the lodgement by the financial controller on 21 May 2023, of an amendment to the significant third party'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 and 314AC of the Electoral Act.

Joanne Reid
Assistant Commissioner
Australian Electoral Commission
25 May 2023