

August 2024

Compliance Review Report

**Finance Sector Union of Australia - VIC/TAS
Branch**

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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 the Finance Sector Union of Australia - VIC/TAS Branch (the entity) with the Australian Electoral Commission's (AEC) assessment of the level of compliance of the 2021–22 annual disclosure return lodged on behalf of the entity with disclosure obligations under s 314AEA of the Electoral Act.

Associated entity

The annual disclosure return for the financial year 2021–22 lodged in relation to the entity identified it as an associated entity of the registered political party known as the Australian Labor Party (Victorian Branch).

Disclosure obligations and foreign donation restrictions

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.
- details of any discretionary benefits received by, or on behalf of the associated entity from the Commonwealth, a State or a Territory during the financial year.

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 2021–22 financial year, the threshold was for sums more than \$14,500.

Section 302D of the Electoral Act restricts associated entities from receiving gifts from foreign donors. Section 302F further restricts gifts from foreign donors to associated entities for the purpose of incurring electoral expenditure.

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 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 2021–22.

Scope of the review

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 and foreign donation restrictions under Part XX of the Electoral Act:

- the timeliness of lodgement of the annual disclosure return
- that the entity has not received foreign donations restricted by ss 302D and 302F of the Electoral Act
- the completeness and accuracy of the following information disclosed in the entity's annual disclosure return for the 2021–22 financial year:
 - total receipts
 - total gifts in kind

- individual receipts above \$14,500
- total payments
- total debts
- individual debts above \$14,500
- discretionary benefits.

With exception to assessing the controls in place to identify and appropriately manage potential donations received from foreign donors, 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

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 25 June 2024. The entity was provided with an opportunity to comment on the draft report by 5 July 2024. The entity did not provide any comment and lodged a request for amendment on 27 June 2024.

Review outcomes

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 17 October 2022 which is before the due date of 20 October 2022, the return complied 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.

2. Foreign donations

Under sections 302D and 302F of the Electoral Act, associated entities are restricted from:

- receiving gifts of \$100 or more where:
 - the recipient knows the donor is a foreign donor; and
 - the recipient knows that the foreign donor intends the gift to be used to incur electoral expenditure, or for the dominant purpose of creating or communicating electoral matter and
- receiving gifts of \$1,000 to the disclosure threshold without obtaining a written affirmation that the donor is not a foreign donor; and
- receiving gifts equal to or above the disclosure threshold without obtaining written affirmation and appropriate information to establish that the donor is not a foreign donor.

If an associated entity receives a donation from a foreign donor in contravention of the restrictions in the Electoral Act, the Electoral Act provides six weeks from the gift being made for it, or an equivalent amount, to be returned to the donor or transferred to the Commonwealth.

Enquiries were made of the entity to determine if effective controls exist to ensure foreign donations are identified and treated correctly for the purposes of this division. After examining the information provided by the entity for the review, the authorised officer of the AEC identified no issues relating to compliance with foreign donation provisions under ss 302D and 302F of the Electoral Act. Further, there were no foreign donations in contravention of the Electoral Act in the 2021–22 financial year.

3. 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 section 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 2021–22 annual disclosure return. The amount recorded as total receipts in the return was 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 2021–22 annual disclosure return. The amount recorded as total payments and outlays on the entity's behalf in the return was required to be amended by the entity in order to ensure compliance with the Electoral Act.

The relevant amendments are set out below.

Part 2a: Total receipts AND Part 4: Total payments – amendments		
	Total receipts	Total payments
Total disclosed in return	\$2,045,840	\$2,045,840
Amended total	\$4,394,091	\$1,963,519

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.
- checking that the amount reported for total payments reflects the total of amounts paid by the entity to external sources during the financial year.
- 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 2021–22 annual disclosure return for the entity lodged with the AEC on 17 October 2022 complied 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.

However, 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 27 June 2024, of an amendment to the entity's 2021–22 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.

An authorised officer of the AEC has assessed the entity's compliance with foreign donation requirements under ss 302D and 302F of the Electoral Act in relation to the financial year 2021-22. No issues have been identified.

Joanne Reid
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Australian Electoral Commission

13 August 2024