

Compliance Review Report

Liberal Party of Australia (Victorian Division) –
Frankston SEC

May 2013



AEC

Australian Electoral Commission

Review details

Location of review: Australian Electoral Commission
West Block, Queen Victoria Terrace
PARKES ACT 2600

AEC review officers: Anna Jurkiewicz
Warren Kelly

Party staff involved:

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Background

Federally registered political parties are required under the *Commonwealth Electoral Act 1918* (the Act) to lodge annual disclosure returns. The Australian Electoral Commission (AEC) has powers under the Act to review records and gather relevant information to assess whether disclosure obligations have been met.

A media article published in *The Age* newspaper titled *Questions on Geoff Shaw fund-raiser* by Royce Millar and Melissa Fyfe on 20 December 2012 alleged that a fund-raising entity, '1500 Club', appears to have operated in the Frankston Electorate of the Victorian Division of the Liberal Party without having correctly disclosed those activities to the AEC.

The purpose of the compliance review was to assess whether the financial declarations lodged by Frankston SEC (the party unit) for inclusion in the return of the Liberal Party of Australia (Victorian Division) (the Party) lodged for the 2010-11 and 2011-12 financial years complied with the disclosure obligations under the provisions of Part XX of the Act.

Records provided

The AEC issued two notices under s.316(2A) of the Act to the respective Treasurers of the party unit requesting a number of records regarding financial activities for the 2010-11 and 2011-12 financial years.

The key documents provided included:

- copies of the party unit financial declarations lodged with the State Office;
- excel spread sheets listing transaction records;
- copies of bank statements;
- bank reconciliation statements;
- financial statements; and
- copies of invoices and receipts.

The above records were appropriate and sufficient to support the financial disclosures reported by the party unit to the agent of the Party for inclusion in the disclosure return lodged with the AEC.

Review findings

Section 314AB(2)(a) of the Act requires the agent of a registered political party to report the total amount received by, or on behalf of, the party during the financial year. Similarly, s314AB(2)(b) of the Act requires the agent of a registered political party to report the total amount paid by, or on behalf of, the party during the financial year.

To satisfy this, the entire Party, that is, the State Office and all its party units, must account for all transactions that result in receipts from and payments to external sources. These transactions must be reported on a gross basis inclusive of GST.

The review did not identify any material discrepancies between the records provided for the review and the figures reported by the party unit to the State Office of the Party for inclusion in the disclosure return lodged by the agent of the Party for the 2010-11 and 2011-12 financial years.

With regard to the 2010-11 financial year, the review was provided with two versions of the financial declaration. The original version was signed on 25 July 2011 by the Treasurer, [REDACTED], and an amended version signed on 15 February 2013 by the Party Agent, Mr Tony McKenna.

Whilst the amended financial declaration included some reclassifications and additional details, it did not result in any material changes to the total amount of receipts and payments. The key feature of the amendment related to a reclassification of the amount of \$15,750 declared in the original party unit financial declaration as received from *Area Finance Committee*. The amended return shows this amount being incorporated into the *Other Donation* category resulting in the increase of that category from \$59,063.72 to \$74,297.22. Overall, the impact of this reclassification and other minor corrections resulted in an increase to the total receipts from \$79,523.67 to \$81,007.17.

With regard to the 2011-12 financial year, the review was provided with the financial declaration signed on 30 July 2012 by [REDACTED] the Treasurer of Frankston SEC at the time. No amendments were provided by the Party Agent to this return.

The tables below provide a summary of the total amount of receipts and payments for both financial years reported in the financial declarations contrasted against the financial information contained in the records provided.

Table 1: Total receipts summary – financial declaration 2010-11

	Financial declaration \$	Amended return \$	Bank statements \$	Cash book \$
Total receipts	79,523.67	81,007.17	78,821.67*	80,257.17
Difference (from the return)		-1,483.50	702.00	-733.50

* The figure represents total deposits after elimination of a dishonoured cheque and duplicate credit card refund receipt.

Table 2: Total payments summary – financial declaration 2010-11

	Financial declaration \$	Amended return \$	Bank statements \$	Cash book \$
Total payments	37,721.00*	80,636.59	83,341.59	80,636.59
Difference (from the return)		-42,915.59	-45,620.59	-42,915.59

* The figure represents the amount after elimination of the internal transactions for \$42,915.59 reported in the return as transfers to the Secretariat. Prior to the elimination, the amount shown in the return agreed to the total withdrawals as per bank statements.

Table 3: Total receipts summary – financial declaration 2011-12

	Financial declaration \$	Bank statements \$	Cash book \$
Total receipts	19,384.69	19,598.13	18,510.76
Difference (from the return)		-213.44	873.93

Table 4: Total payments summary – financial declaration 2011-12

	Financial declaration \$	Bank statements \$	Cash book \$
Total payments	23,093.49	24,335.43	\$24,335.43
Difference (from the return)		-1,241.94	-1,241.94

The records presented revealed that a number of fund-raising activities involved \$1,500 amounts received by Frankston SEC from various individuals with some \$1,500 amounts received via Frankston South, a separate party unit operating in the area.

The records provided indicate that the funds reported in Frankston SEC's accounting records, including \$1,500 amounts, were declared to the State Office of the Victorian Division of the Party.

The Treasurer of Frankston SEC, [REDACTED] also advised that the reference to '1500 Club' was used only as a marketing name. The Treasurer explained that the name did not refer to any actual club that would have its own structure, executives or a bank account. This explanation is consistent with the findings of the compliance review which did not uncover any evidence to suggest that a '1500 Club' operated as an entity separate to Frankston SEC.

Conclusion

Based on the records presented nothing has come to our attention that causes us to believe that the financial activities of Frankston SEC has not been accurately disclosed for the inclusion in the Party's annual return, in all material respects in accordance with the disclosure obligations under the *Commonwealth Electoral Act 1918*.

Enquiries and Assistance

Should any assistance be required regarding disclosure obligations under the Act, please contact the AEC's Funding and Disclosure Section either on telephone number (02) 6271 4552 or by email at fad@aec.gov.au.

REDACTION CODES

- 1 Personal Information (name) redacted.
- 2 Personal Information (facsimile of signature) redacted
- 3 Personal Information (facsimile of manuscript initialling) redacted
- 4 Personal Information (Individual's address)
- 5 Personal information (individual's telephone number)
- 6 Business information (Bank Account details) redacted.
- 7 Business information (Billing Account details) redacted.
- 8 Legal Professional Communication redacted.
- 9 Deliberative material redacted.
- 10 Irrelevant material redacted.