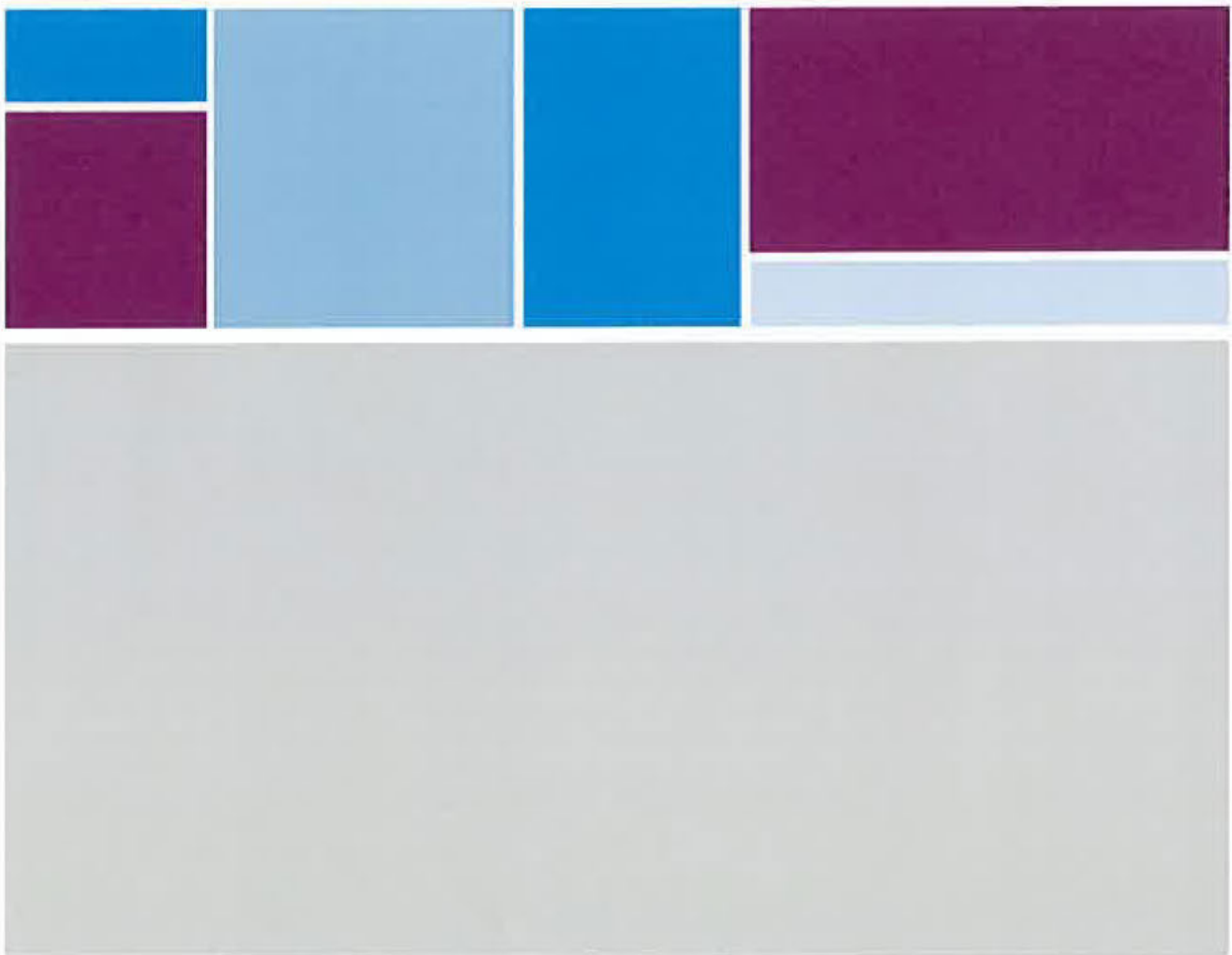


Compliance Review Report

The Green Institute Ltd

August 2013



AEC

Australian Electoral Commission

Contents

Review details	2
Background	2
Compliance and co-operation	2
Review findings	2
Total receipts, payments and debts	2
Receipts and debts above the disclosure threshold	3
Matter for future action	3
Loan agreement: the accuracy of terms and conditions	3
Conclusion	4
Enquiries and Assistance	4

Review details

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

AEC review officers: Anna Jurkiewicz
Warren Kelly

Entity staff involved: Nikki Mortier

Background

Registered Political Parties and Associated Entities are required under the provisions of 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.

The purpose of the review was to assess whether the disclosure return for the 2011–12 financial year lodged on behalf of The Green Institute Ltd (the Entity) complies with disclosure obligations as set out in the Act.

Compliance and co-operation

Section 316(2A)(c) of the Act requires the financial controller of an associated entity to produce all documents requested in a notice issued under s.316(2A) of the Act within the period and in the manner specified in the notice. Non-compliance with the requirements of the notice is an offence.

The nominated deadline of 1 July 2013 set in the notice was extended by two weeks due to personal reasons explained by the Financial Controller, Ms Mortier. The full set of records in the format specified in the notice was, therefore, received on 15 July 2013.

Review findings

Total receipts, payments and debts

Section 314AEA(1)(a) of the Act requires the financial controller of an associated entity to report the total amount received by, or on behalf of, the entity during the financial year. The amount is to include the value of a gift, loan or bequest (s.314(AA)).

Section 287 of the Act defines *gift* as any disposition of property made by a person to another person without adequate consideration in money or money's worth. In other words, goods or services provided free of charge or at less than commercial rates constitute a gift (donation) that must be disclosed as a receipt by the Entity.

The requirement to report the total amounts paid and outstanding by, or on behalf of, the entity during the financial year is prescribed in the Act under s.314AEA(1)(b) and s.314AEA(1)(c) respectively.

The records maintained by the Financial Controller provided sufficient and appropriate evidence to support the total amounts reported in the disclosure return.

The review did not identify any discrepancies between the total amount of payments and debts reported in the disclosure return and the documentation provided.

However, the total amount of receipts was slightly under-reported due to the Entity overlooking to report a gift-in-kind it valued at \$600. The Entity confirmed that it had received audit services free of charge from a registered company auditor, Mr Ian G McDonald.

As the overall impact of this omission is not considered to be material, no amendment to the total receipts figure is required. However, gifts-in-kind, in particular with regard to services received free of charge, should be included in future reporting.

Receipts and debts above the disclosure threshold

Section 314AC of the 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 of \$11,900, the return must include the particulars of that sum. In calculating the sum, an amount of \$11,900 or less need not be counted (s.314AC(2)).

Section 314AE of the 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 of \$11,900, the return must include the particulars of that sum.

Following an examination of the records provided, the review did not identify any discrepancies or inconsistencies with regard to receipts and debts above the threshold reported in the Entity's disclosure return.

Matter for future action

Loan agreement: the accuracy of terms and conditions

In response to the s.316(2A) notice, the review was provided with a loan agreement entered between the lender, Ms Margaret Blakers, and the borrower, the Entity. The agreement states that Ms Blakers has agreed to loan to the Entity the amount of up to \$25,000. However, in its disclosure return the Entity reported the amount of \$30,000 owing to Ms Blakers.

According to the Balance Sheet liability account referred to as *Interest free loan*, the Entity increased its loan amount from \$5,000 in 2011 to \$30,000 in 2012.

As the loan balance of \$30,000 as at 30 June 2012 exceeds the amount of \$25,000 specified in the loan agreement, it appears that either the existing loan agreement requires to be updated or a new separate loan agreement for \$5,000 should be prepared. Without a formal agreement outlining the terms and conditions covering the sum of \$5,000, there is no definitive evidence establishing this receipt as a loan rather than a donation.

Whilst the increase in the loan amount by \$5,000 is not of material significance, it nevertheless should be appropriately reflected in the Entity's records to ensure that all aspects of the return are supported by sufficient appropriate evidence. It would also be in the interests of both the Entity and Ms Blakers to have the legal standing of the financial relationship fully documented.

Conclusion

Based on the records provided, nothing has come to our attention that causes us to believe that the Entity has not complied, in all material respects, with its disclosure obligations under the Act.

Enquiries and Assistance

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