



Callida
Consulting

ACT Electoral Commission

Review of 1 July 2018 to 30 June 2020 Gifts Reporting
2018/19 Annual Returns

September 2020

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1 Executive Summary

1.1 Introduction

The ACT Electoral Commissioner is responsible for the administration and enforcement of the ACT's electoral funding, expenditure and financial disclosure scheme as prescribed by Part 14 of the Electoral Act 1992. The disclosure scheme includes the following components:

- Limits on the amount of electoral expenditure that may be incurred
- Limits on the amount of anonymous gifts that may be received
- Disclosure of the financial transactions of registered political parties, MLAs, associated entities, candidates, third party campaigners and broadcasters and publishers.

Under sections 237 and 237A of the Electoral Act, the Commissioner is authorised to issue an Investigation Notice to an entity's financial representative requiring the financial representative to produce documents or other evidence at a set time and place. Documents or evidence required to facilitate this compliance review include, but are not limited to:

- Financial statements, including any financial records for the relevant period that will provide supporting evidence for the compliance review
- A copy/backup of the financial system or electronic copies of transaction reports from the entity's financial system or the entity's manual accounting records
- Copies of bank statements and other bank information such as deposit books
- Other records as required.

Entities were advised that complete and accurate financial records must be maintained to facilitate accurate disclosure. Through these compliance audits, Elections ACT states that it aims to:

- Maintain the integrity of the funding and disclosure regime
- Further increase transparency of funding and disclosure by key stakeholders
- Assess the accuracy, completeness and reliability of information disclosures
- Identify any instances of failure to comply with the requirements of the Electoral Act;
- Identify issues experienced by electoral participants which are able to be used by Elections ACT to provide targeted guidance to entities
- Identify issues experienced by electoral participants which are able to be used for legislative review and change.

Callida Consulting has been contracted by the ACT Electoral Commission to undertake compliance audits of financial records kept by ACT registered political parties and other ACT Election participants in accordance with the Election Funding and Financial Disclosure (FAD) Scheme.

This report details the findings of the following review which has been undertaken in the period August to September 2020. The Commission required audits to be completed over:

- The party grouping's 2018-19 annual return;
- The return of gifts received of \$1,000 or more, covering two financial years: the period from 1 July 2018 to 30 June 2019, and 1 July 2019 to 30 June 2020;
- Quarterly administration funding payments to ensure that these funds have not been used to incur electoral expenditure for any ACT, federal, state or local government election;
- The receipt of 'anonymous gifts' to ensure it has not exceeded \$25,000 in a financial year

- The use of payments related parties to ensure the party grouping has not used more than the permitted \$10,000 in a financial year for the purpose of incurring ACT electoral expenditure; and
- Record keeping practices in relation to ACT funding and disclosure, including the record and accounting of sub-branch transactions.

1.2 Qualification

Due to the nature of the activities of political parties and candidates, a substantial amount of their income is derived from voluntary donations and fundraising activities. It is therefore impractical to confirm control over such income until it has been entered into the financial records of the entities. The scope of this review in relation to income is therefore limited to the amounts recorded in the financial systems (manual and IT based) of the entities.

1.3 Summary of Findings

The findings of the review are summarised as follows:

- The 2018/19 Annual Returns of the following parties were reviewed:
 - Australian Labor Party (ACT Branch)
 - Liberal Party of Australia (A.C.T. Division)
 - The ACT Greens.
- The following issues were noted in the review of annual returns:
 - An error identified in the Greens disclosure of 2018/19 total payments. The disclosed amount only included payments made in kind due to a misunderstanding of the requirement. Total payments of \$572,536.03 were made in the reporting period. The ACT Greens have notified Elections ACT of the error and have undertaken to amend their return accordingly.
- The gift reporting of the following parties was reviewed for the period 1 July 2018 to 30 June 2020:
 - Australian Labor Party (ACT Branch)
 - Liberal Party of Australia (A.C.T. Division)
 - The ACT Greens.
- No errors were noted in gifts reported for the above parties for the period 1 July 2018 to 30 June 2020.

2 Detailed Findings

2.1 Review of 2018-19 Annual Returns

2.1.1 The Australian Labor Party ACT Branch

- Sample testing of disclosures and transactions within the financial records did not identify any errors in the Annual Return for the Australian Labor Party ACT Branch for the period ended 30 June 2019.
- There were no issues noted in relation to following items:
 - Quarterly administration funding payments used to incur electoral expenditure for any ACT, federal, state or local government election;
 - The receipt of 'anonymous gifts' did not exceed \$25,000 in the financial year;
 - Not more than the permitted \$10,000 in a financial year of related party payments was used for the purpose of incurring ACT electoral expenditure; and
 - Record keeping practices in relation to ACT funding and disclosure, including the record and accounting of sub-branch transactions.

2.1.2 The Liberal Party of Australia (A.C.T. Division)

- Sample testing of disclosures and transactions within the financial records did not identify any errors in the Annual Return for the Liberal Party of Australia (A.C.T. Division) for the period ended 30 June 2019.
- There were no issues noted in relation to following items:
 - Quarterly administration funding payments used to incur electoral expenditure for any ACT, federal, state or local government election;
 - The receipt of 'anonymous gifts' did not exceed \$25,000 in the financial year;
 - Not more than the permitted \$10,000 in a financial year of related party payments was used for the purpose of incurring ACT electoral expenditure; and
 - Record keeping practices in relation to ACT funding and disclosure, including the record and accounting of sub-branch transactions.

2.1.3 The ACT Greens

- An error was identified in the Greens disclosure of 2018/19 total payments. The disclosed amount only included payments made in kind due to a misunderstanding of the requirement. Total payments of \$572,536.03 were made in the reporting period. The ACT Greens have notified Elections ACT of the error and have undertaken to amend their return accordingly.
- There were no issues noted in relation to following items:
 - Quarterly administration funding payments used to incur electoral expenditure for any ACT, federal, state or local government election;
 - The receipt of 'anonymous gifts' did not exceed \$25,000 in the financial year;

- Not more than the permitted \$10,000 in a financial year of related party payments was used for the purpose of incurring ACT electoral expenditure; and
- Record keeping practices in relation to ACT funding and disclosure, including the record and accounting of sub-branch transactions.

2.2 Review of Gift Returns

2.2.1 The Australian Labor Party ACT Branch

- Sample testing of disclosures and transactions within the financial records did not identify any errors in gifts of \$1,000 or more reported for the Australian Labor Party ACT Branch for the period 1 July 2018 to 30 June 2020.

2.2.2 The Liberal Party of Australia (A.C.T. Division)

- Sample testing of disclosures and transactions within the financial records did not identify any errors in gifts of \$1,000 or more reported for the Liberal Party of Australia (A.C.T. Division) for the period 1 July 2018 to 30 June 2020.

2.2.3 The ACT Greens

- Sample testing of disclosures and transactions within the financial records did not identify any errors in gifts of \$1,000 or more reported for the ACT Greens for the period 1 July 2018 to 30 June 2020.