

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
BUDGET ESTIMATES 2013-2014

Finance and Deregulation Portfolio

Department/Agency: Australian Electoral Commission

Outcome/Program: Program 1.2: Election Management and Support Services

Topic: Donor and Party Disclosure

Senator: Rhiannon

Question reference number: F60

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Date set by the committee for the return of answer: Friday 12 July 2013

Number of pages: 2

Question:

Senator RHIANNON: Staying with the issue of disclosure, I move to the issue that I think we have talked about before—it has certainly come up in different forums—of discrepancy between donor disclosures and party disclosures. Could you give us an update on whether you are still finding a high level of disclosure and whether you are coming up with recommendations on what needs to happen about this?

Mr Pirani: There are two issues on what you have raised. One issue is in relation to the fundamentals and a provision in the act itself. We have a provision in the act whereby the political parties' disclosure obligations do not require them to cumulate to us donations below the threshold, while for a donor the act does require them to cumulate donations below the threshold. Under the current legislation you will never be able to fully match a donor declaration form with a recipient declaration form, because of the provisions in the act. That is issue 1. Issue 2 is that, yes, we now have an IT system that enables us to quite quickly identify apparent discrepancies, but the last time we did this—we ran through it in January and February—I think we ended up with 24 discrepancies out of all the returns. The number was extremely small. Of that number, the last advice I had was that, except for one matter, to my recollection, they had all been resolved—that we had pursued the persons with the reporting obligation as well as with the parties, and we were satisfied with the information that was provided to us. There is one matter, as far as I am aware, that we have not resolved. I will take on notice the numbers of discrepancies that remain outstanding from the 2011-12 financial year, to ensure that I am not misleading the committee.

Answer:

There was a total of 8,571 transactions (donations made, donations received, other receipts) to be matched after all political party, associated entity and donor returns were received by the AEC.

The AEC identifies different kinds of discrepancies between donor and party/associated entity returns. They are categorised and explained below:

Non-disclosure:

- Three political parties or their associated entities initially disclosed three donations that were not accounted for on donor returns. Two of these donations have subsequently been disclosed by donors. The AEC is continuing to follow up on the third donation.
- Twelve donors initially disclosed donations that did not appear on the returns of political parties or their associated entities. The AEC has received responses from eleven of these parties either in the form of an amendment where the party had missed disclosure or an explanation as to why the donor was incorrect and therefore the party's initial disclosure was correct.
- The AEC has subsequently gone back to donors that were in error seeking amendments or explanations.

Incorrectly attributed disclosure:

- Four political parties initially disclosed five donations as having been received from one source when in fact they had been received from another. All have subsequently amended their returns after acknowledging their errors.
- Ten donors wrongly disclosed donations on their returns, attributing the donations to the wrong branches of the party due to confusion/error. All donors have been contacted and are endeavouring to, or already have, lodged amendments to their returns correcting the disclosure.

Other Receipt/Donation discrepancies:

- 144 transactions created a discrepancy due to a difference in how they were classified by the party/entity and its donors.
- Five of these transactions were not classified by the associated entities, therefore leading the AEC to question whether they were donations or other receipts. They were subsequently identified as other receipts and amendments were received.
- Four donations listed by parties or their associated entities were found to be "other receipts" after discussions with the "donors". Party/entity returns have subsequently been amended.
- The other 135 transactions were listed by donors as donations but by the political parties or their associated entities as "other receipts". The AEC has questioned each party or associated entity on these receipts and has received responses from all but one party.
- It has been the position of all parties that where they provide a service and therefore charge GST for monies received, they will disclose these monies as "other receipts". However, in these cases donors have classified the transaction on their return as a donation.
- Section 287(1) of the *Commonwealth Electoral Act 1918* defines a "Gift" as:
"any disposition of property made by a person to another person, otherwise than by will, 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 inadequate consideration"