

POLITICAL FINANCE **Annual Report**

Report on the operation of Part VI of
the *Electoral Act 1907* for the period
ended 30 June 2006



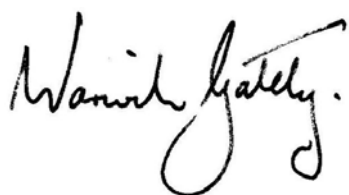
WESTERN AUSTRALIAN **Electoral Commission**

Hon. J A McGinty MLA
Attorney General
Minister for Electoral Affairs
4th Floor, London House
216 St Georges Terrace
PERTH WA 6000

Dear Minister

In accordance with section 175ZG of the *Electoral Act 1907*, I submit for your information and presentation to Parliament the report on the operation of Part VI of the *Electoral Act 1907* for the period 1 July 2005 to 30 June 2006.

Yours sincerely

A handwritten signature in black ink, reading "Warwick Gately". The signature is written in a cursive style with a large, looping initial 'W' and a trailing flourish.

Warwick Gately AM
ELECTORAL COMMISSIONER

7 August 2007

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1. BACKGROUND

This is the tenth report since the political finance legislation came into force in Western Australia on 9 November 1996. Under the provisions of Part VI of the *Electoral Act 1907*, all political parties, associated entities, individual candidates, Legislative Council groups and other persons are required to provide the Electoral Commissioner with details of gifts and/or income received and expenditure incurred for electoral or political purposes.

This report relates to the operation of Part VI of the *Electoral Act 1907* over the 2005–2006 financial year. It provides information on the annual returns lodged by political parties and associated entities for this period, in addition to election returns submitted for the 2006 Victoria Park by-election.

The 2005–2006 Political Finance Disclosure Schedule, which highlights key disclosure dates during the period, is included in Appendix 1.

1.1 Essential Features of the Political Finance Legislation

Agents

All political parties must appoint an agent for disclosure purposes. Party agents, who must register with the Electoral Commissioner, assume responsibility for lodging disclosure returns on an ongoing basis. At an election, candidates and non-party groups may appoint an agent to act for them or accept responsibility for compliance with the *Electoral Act 1907* themselves. A separate agent appointment is required for each election for both candidates and non-party groups. Appointments must be made before 6.00 pm on the day before polling day in the election.

The financial controller of an associated entity is considered to be its agent.

Gifts

Gifts of \$1,800 or more must include the name and address of the person who made the gift. In accordance with regulation 3 of the *Electoral (Political Finance) Regulations 1996*, the specified amount was reviewed after the 2005 State general election and increased from \$1,600 to \$1,800. This took effect from 1 July 2005 and affects the 1 July 2005 to 30 June 2006 disclosure returns reported on in this publication. Acceptance of donations from unidentified persons or sources equal to or more than the specified amount is prohibited under the *Electoral Act 1907*. Under section 175R(5) of this Act, anonymous donations above the specified amount are payable to, or may be recoverable by, the State.

Annual Returns

All political parties (whether registered or not) and their associated entities are required to lodge an annual (financial year) return by 30 November, disclosing all gifts and other income received for the previous financial year.

Election-related Returns

After an election or by-election, all parties, candidates, Legislative Council groups and other persons are required to send an election return to the Electoral Commissioner within 15 weeks after polling day.

Political parties are required to disclose only electoral expenditure incurred for an election, as they disclose all gifts and other income in their annual returns. Associated entities are not required to disclose electoral expenditure incurred for an election.

Candidates are required to disclose all gifts received and electoral expenditure incurred during the disclosure period for the election, which ends 30 days after the current election and:

- if the candidate was a candidate in a previous election (in the last five years), it commences 31 days after polling day in the previous election in which they were a candidate; and
- for new and other candidates, it commences one year before the day of nomination in the present election.

Legislative Council groups must submit a return disclosing all gifts received and expenditure incurred between the hour of nomination and 30 days after the current election.

People other than political parties, associated entities, candidates and groups who incur expenditure for political purposes must disclose all gifts received from 31 days after polling day in the last preceding general election to 30 days after the current election. Relevant details of gifts that are expended partially or wholly for political purposes must be provided if the gift equals or exceeds the specified amount of \$1,800. Other people who incur electoral expenditure in relation to an election exceeding \$500 must also lodge a return disclosing relevant amounts of expenditure. Other people may include interest groups, lobby groups, welfare groups, unions and associations.

1.2 Records to be Kept

Under the *Electoral (Political Finance) Regulations 1996*, agents of political parties, candidates and groups must maintain:

- a receipt book, for recording details of money received;
- an acknowledgment book, for recording details of gifts other than money received;
- bank and financial institution statements; and
- an expenditure book.

The financial controller of an associated entity must keep all of the above except for an expenditure book.

Other people who incur expenditure for political purposes must keep a record of all gifts received for political purposes and maintain:

- a receipt book;
- an acknowledgment book; and
- bank and financial institution statements.

Other people who incur electoral expenditure must also maintain:

- an expenditure book; and
- bank and financial institution statements.

All records and bank and financial institution statements must be retained for six years.

According to regulation 11 of the *Electoral (Political Finance) Regulations 1996*, the agent of a political party may apply to the Electoral Commissioner for approval for the party to keep or cause to be kept a system of accounting records other than those prescribed in the legislation. If this application is approved by the Electoral Commissioner, the party must keep these records in accordance with this agreement.

1.3 Role of the Western Australian Electoral Commissioner

The Electoral Commissioner is responsible for maintaining a register of political party agents and obtaining the relevant information from parties, associated entities, candidates, groups and other persons through annual and election-related disclosure returns. The Commissioner is empowered to check all returns, obtain any information relevant to disclosure requirements, and to interview people and scrutinise bank or other financial accounts where donations may be deposited.

The Electoral Commissioner also prepares an annual report (this report) on the operation of Part VI of the *Electoral Act 1907* in relation to the previous financial year. This is submitted to the Minister for Electoral Affairs, who tables the report in Parliament.

2. 2005–2006 ANNUAL RETURNS

Agents of the various political parties were sent letters in July 2006, reminding them that the disclosure period for the 2005–2006 annual returns ended on 30 June 2006 and that returns were due to be lodged with the Commission by 30 November 2006. A total of 20 political parties and five associated entities lodged disclosure returns for the period. This compares with 21 political parties and four associated entities lodging disclosure returns for the 2004–2005 financial year. The difference was due to the unregistered Home Party and its associated entity, Heritage Gone Mad, becoming defunct. Data provided in the 2005–2006 returns are included as Appendices 2, 3, and 5 of this report.

3. 2006 VICTORIA PARK BY-ELECTION RETURNS

Political party agents and agents of candidates for the by-election received copies of the relevant disclosure forms, together with explanatory letters, in June 2006 reminding them of their obligation to disclose gifts received (candidates only) and expenditure incurred for the Victoria Park by-election. Data provided in their returns is included in Appendices 2 and 4. Candidates who did not appoint agents, or who were not endorsed by the registered parties, received their letter and disclosure form personally.

The disclosure period for candidates, and other persons ended 30 days after polling day, which was 10 April 2006. Of the 11 candidates at the by-election, 6 had appointed agents by the 6pm deadline on 10 March 2006.

By-election returns were due within 15 weeks of polling day, which was by 26 June 2006. Three candidate and four political party returns were lodged after this date. However all returns had been lodged when the returns became publicly available four weeks later.

Associated entities are not required to disclose expenditure incurred in a by-election.

4. AUDIT OF RETURNS

The *Electoral Act 1907* provides for the Electoral Commissioner to authorise officers to investigate returns required under Part VI. In order to avoid duplication of effort, a coordinated audit approach was again arranged with the Australian Electoral Commission (AEC), as political parties required to lodge Commonwealth returns may lodge those same returns to comply with the requirements of the *Electoral Act 1907*. The AEC is still to audit the 2005–2006 Commonwealth annual disclosure returns of two Western Australian based parties and four associated entities who prepared Commonwealth returns, to check their compliance with the disclosure provisions of the *Commonwealth Electoral Act 1918*.

This reporting and audit period was the first to encounter the increased discrepancy between State and Commonwealth specified amounts. This discrepancy occurred with the passage of the *Commonwealth Electoral and Referendum Amendment (Electoral Integrity and Other Measures) Act 2006*. This legislation increased the Commonwealth specified amount from \$1,500 to \$10,000 (indexed annually to CPI) and took effect from 8 December 2005. Effectively this means that those political parties lodging annual returns under section 175N(5) of the *Electoral Act 1907*, which allows them to lodge Commonwealth returns in lieu of a State return, are now disclosing under a significantly higher disclosure threshold than those lodging State returns.

The Western Australian Electoral Commission employed an independent auditing firm, Stanton Partners, to audit four annual returns of the registered political parties not audited by the AEC. At the same time, the Commission employed Stanton Partners to audit all of the seven election returns lodged by political parties in relation to the Victoria Park by-election. The audits indicated a general compliance with the requirement to lodge returns. The main issue identified during the audit process was the maintenance of records as required under the *Electoral (Political Finance) Regulations 1996*. In the case of political party annual returns, three of the four political parties audited did not keep the required records. In the case of election related returns, four of the seven political parties audited did not keep adequate records. Also identified was the fact that separate bank accounts and statements must be kept by political parties. Follow up action is ongoing, with those non-compliant party agents being reminded of their obligations and possible penalties.

5. PROSECUTION UNDER PART VI

Under sections 175U and 175W of the *Electoral Act 1907*, the Electoral Commissioner is able to prosecute individuals or bodies who do not comply with the disclosure requirements of Part VI of the *Electoral Act 1907*. As reported in the *2005 Political Finance Annual Report*, after repeated attempts to finalise outstanding 2005 State general election returns there remained one Legislative Assembly candidate who did not submit the required return by 25 August 2006 and, in accordance with sections 175U(1) and 205 of the *Electoral Act 1907*, prosecution action had begun.

On 26 March 2007 the candidate was convicted of breaches of sections 175O and 175SB of the *Electoral Act 1907*, for failing to lodge returns disclosing gifts received and expenditure incurred as a candidate in the election. The Magistrate expressly rejected the argument put forward by the candidate that the Western Australian Electoral Commission had 'breached its obligations' in this matter. The candidate was not fined, but given a conditional release order and was ordered to pay, in part, the cost of prosecution. A completed return was required from the candidate, and subsequently submitted.

6. ACCESS TO RETURNS

The Western Australian Electoral Commission maintains copies of each political finance return. In accordance with section 175ZC of the *Electoral Act 1907*, members of the public may view or obtain copies of returns, which are available four weeks after the end of the lodgement period. Victoria Park by-election returns were made available to the public on 25 July 2006. Annual returns for the 2005–2006 financial year were made available on 29 December 2006. Annual returns of political parties and associated entities lodging a Commonwealth return with the Western Australian Electoral Commission can be viewed on the Australian Electoral Commission's web site at www.aec.gov.au.

7. SECTION 175ZE OF THE ELECTORAL ACT 1907

Public agencies who are required to publish an annual report under the *Financial Administration and Audit Act 1985* or any other written law must include a statement in the report of all expenditure incurred by or on behalf of the public agency during the reporting period in relation to:

- advertising agencies;
- market research organisations;
- polling organisations;

- direct mail organisations; and
- media advertising organisations.

This statement must detail the total amount of the expenditure, the amount of expenditure for each heading listed above, and the name of each person, agency or organisation to which an amount was paid. No details are required if the amount of expenditure under a heading is less than \$1,800, although a 'Nil' statement is still required to be published.

For more details on reporting under section 175ZE of the *Electoral Act 1907*, see 'Advertising' in the *Annual Report Framework* located at the Public Sector Management web site at www.dpc.wa.gov.au/psmd.

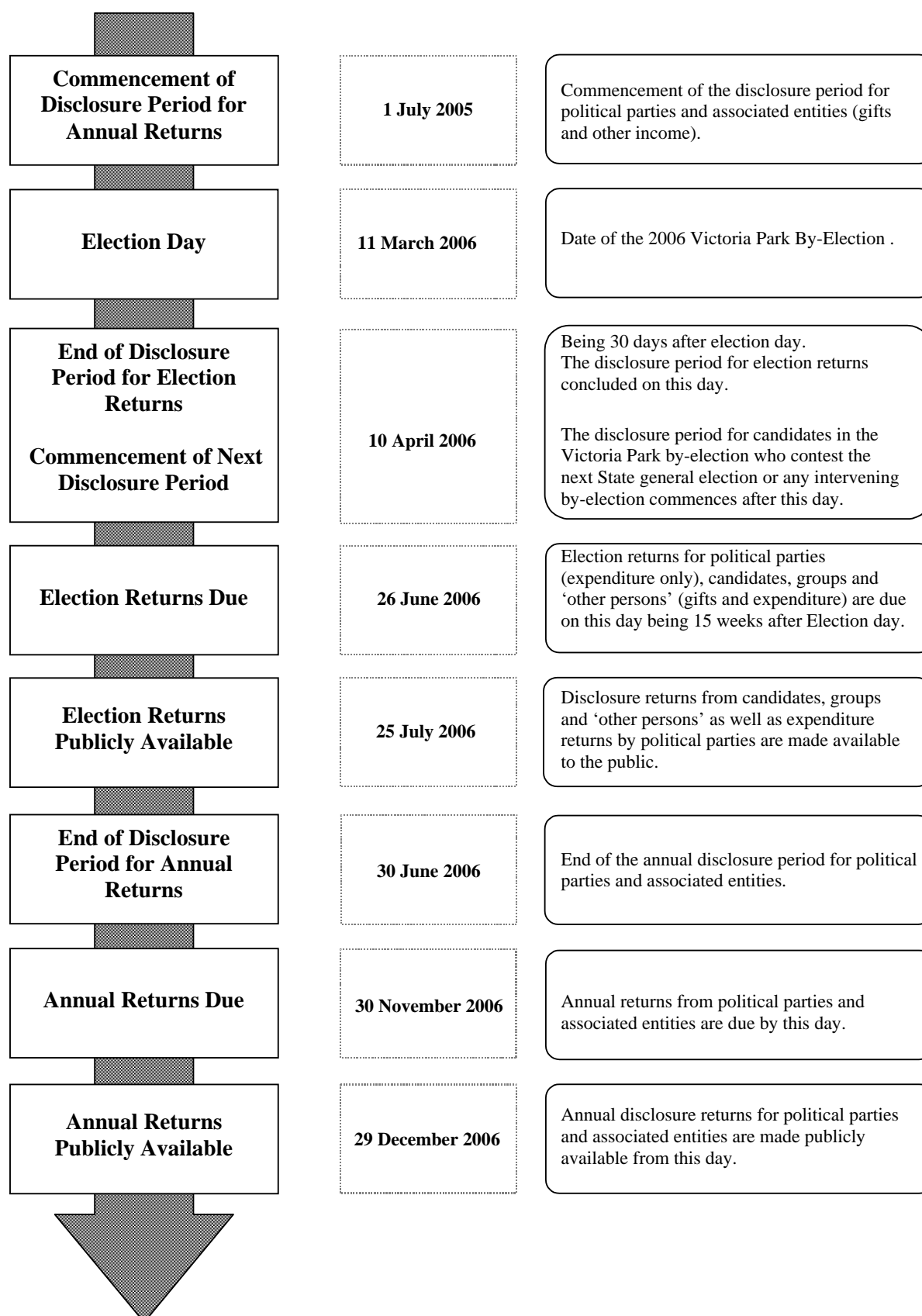
8. PUBLICATIONS

The Commission produces guidelines which are regularly updated and outline the provisions of political finance legislation in Western Australia and the implications for people involved in the electoral process. Copies of the guidelines and relevant forms are available from the Western Australian Electoral Commission on request, or can be downloaded from the Commission's web site at www.waec.wa.gov.au.

APPENDICES

Appendix 1

2005-2006 POLITICAL FINANCE DISCLOSURE SCHEDULE



Appendix 2

SUMMARY OF GIFTS AND OTHER INCOME RECEIVED AND EXPENDITURE INCURRED BY EACH POLITICAL PARTY

Political Party	Total Gifts \$1,800 or more \$	Total Gifts and Other Income 2005–2006 \$	Total By-Election Expenditure \$
Australia First Party (WA)	0	0	0
Australian Democrats*	0	*352	0
Australian Labor Party (WA Branch)**	84,435	1,337,712	78,498
Christian Democratic Party WA	29,450	73,546	5,880
Citizens Electoral Council of Australia	0	0	0
Community 1st (Inc.)	0	0	0
Daylight Saving Party	0	300	0
Family First Party WA Inc.	10,000	11,700	0
Fremantle Hospital Support Group	0	0	0
liberals for forests	0	0	0
New Country Party	0	0	0
Nurses for Health	0	0	0
One Nation Western Australia	0	0	3,546
Progressive Labour Party	0	177	0
Public Hospital Support Group	0	0	0
Socialist Alliance	0	4,795	0
The Greens (WA) Inc.*	30,689	152,351	*7,380
The Liberal Party of Australia (WA Division) Inc.**	\$332,567	1,865,266	35,425
The National Party of Australia (WA) Inc.	47,200	167,120	0
Unity Party WA	0	920	0

Bolded entries indicate registered political parties.

* Awaiting amended returns from the Australian Democrats and the Greens WA.

** Disclosure of gifts by the Australian Labor Party and the Liberal Party is based on Commonwealth specified amount of \$1,500 until 7 December 2005 and then \$10,000 from 8 December 2005, and total receipts include those required to be disclosed under Commonwealth legislation.

Appendix 3

SUMMARY OF GIFTS AND OTHER INCOME RECEIVED BY EACH ASSOCIATED ENTITY*

Associated Entity	Political Party	Total of Gifts \$1,800 or more \$	Total Gifts and Other Income 2005–2006 \$
Liberal Party of Western Australia Pty Ltd**	Liberal Party of Australia (WA Division) Inc.	0	199,123
LPPH Pty Ltd**	Liberal Party of Australia (WA Division) Inc.	0	811,828
Perth Trades Hall Inc.**	Australian Labor Party (WA Branch)	0	257,397
The 500 Club**	Liberal Party of Australia (WA Division) Inc.	0	585,587
One Nation Western Australia Division Inc.	One Nation Western Australia Inc.	0	3,510

* Associated Entities are not required to disclose expenditure incurred in an election.

** Returns based on Commonwealth specified amount of \$1,500 until 7 December 2005 and then \$10,000 from 8 December 2005 and total receipts include those required to be disclosed under Commonwealth legislation.

Appendix 4

SUMMARY OF GIFTS RECEIVED AND EXPENDITURE INCURRED BY EACH CANDIDATE AT THE 2006 VICTORIA PARK BY-ELECTION

Ballot Paper Name	Party	Total Gifts \$1,800 or more	Total Gifts \$	Total Expenditure \$
BATEMAN, Sue	ONE NATION	0.00	160.00	0.00
DUNN, James	Daylight Saving Party	0.00	250.00	0.00
GREAVES, Peter	FAMILY FIRST	0.00	250.00	0.00
HEGGERS, Bill	Christian Democratic Party WA	0.00	0.00	0.00
MARGETTS, Dee	Greens (WA)	0.00	0.00	0.00
OWENS, Andrew	Independent	0.00	250.00	1285.00
STEVENSON, Bruce	Liberal	0.00	0.00	0.00
TATTERSALL, John	-	0.00	0.00	0.00
van LIESHOUT, Teresa	Independent	0.00	0.00	0.00
WARD, Mike	Independent	0.00	250.00	196.00
WYATT, Ben	Australian Labor Party	0.00	0.00	0.00

Appendix 5

GIFTS \$1,800 OR GREATER RECEIVED BY POLITICAL PARTIES

Names in the following table are in the same format as provided by the respective political parties.

Political Party	Name	For 2005–2006 \$
Australian Labor Party (Western Australian Branch) *	Burswood International Resort Casino	\$15,000.00
	GRD N L	\$10,000.00
	Maritime Union of Australia (WA)	\$2,000.00
	Mineralogy Pty Limited	\$20,000.00
	Sanur Pty Ltd	\$15,000.00
	Thiess Pty Ltd	\$10,000.00
	Tiger Pest & Weed Control	\$2,435.00
	Wesfarmers Ltd	\$10,000.00
	Total	\$84,435.00
Christian Democratic Party WA	Mr John Dykska	5,360.00
	Mr Andrew Greelman	24,000.00
	Total	29,450.00
Family First Party WA Inc.	Tuscan Realty Pty Ltd	10,000.00
	Total	10,000.00
National Party of Australia (WA) Incorporated	Ascot Capital	5,000.00
	Burswood Casino	3,000.00
	Parliamentary National Party	7,200.00
	Skywest Airlines	22,000.00
	Wesfarmers Limited	10,000.00
	Total	47,200.00

Political Party	Name	For 2005–2006 \$
The Greens (WA) Inc.	Ms Ruth Greble	2,600.00
	Mr Paul Llewelyn	10,897.20
	Ms Giz Watson	11,277.00
	Ms Rachel Siewert	5,914.33
	Total	30,688.53
The Liberal Party of Australia (Western Australian Division) Incorporated *	Clough Projects P/L	\$5,000.00
	Darby Products	\$5,000.00
	Diaran Pty Ltd	\$13,332.00
	Furama Pty Ltd	\$176,024.00
	Hancock Prospecting Pty Ltd	\$5,000.00
	Julie Bishop MP	\$3,000.00
	Kalgoorlie North Division Liberal Party	\$3,723.00
	Kalgoorlie North Division Liberal Party	\$8,000.00
	Liberal Party Mindarie Campaign	\$8,000.00
	M/- D Johnston	\$3,000.00
	M/- J Adams	\$3,000.00
	M/s Danielle Blain	\$3,000.00
	Mosman Park Branch Liberal Party	\$2,988.00
	Mr Alan Eggleston	\$3,000.00
	Mr Ian Campbell	\$40,000.00
	Mr Jeremy Buxton	\$3,000.00
	Parliamentary Liberal Party	\$33,000.00
	Perron Group Trust	\$3,000.00
	SWC Liberal Party	\$1,500.00
	Wesfarmers Ltd	\$10,000.00
Total	\$332,567.00	

* Disclosure of gifts by the Australian Labor Party and the Liberal Party is based on the Commonwealth specified amount of \$1,500 until 7 December 2005, and then \$10,000 from 8 December 2005.

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