



Compliance Review of Fannie Bay By-election Electoral Expenditure

June 2023

Prepared by: *Casmel Taziwa, BDO (NT)*



CONTENTS

1. EXECUTIVE SUMMARY	3
2. BACKGROUND	4
3. COMPLIANCE REVIEW OBJECTIVES	4
4. METHODOLOGY	5
5. OVERALL CONCLUSION.....	5
6. AUSTRALIAN LABOR PARTY - NT.....	6
7. COUNTRY LIBERAL PARTY - NT.....	7
8. NT GREENS.....	8
9. INDEPENDENT CANDIDATES	9
10. APPENDICIES.....	10

1. EXECUTIVE SUMMARY

BDO (NT) performed a compliance review with a focus on electoral expenditure in relation to the Fannie Bay by-election for the period to 19 September 2022.

The compliance review selected a sample of documents from across the following areas:

- Australian Labor Party – Northern Territory Branch;
- Country Liberals of the Northern Territory;
- NT Greens; and
- Independent Candidates.

The overall findings in relation to the compliance review are as follows:

- a. All parties and individuals reviewed did not spend above the electoral expenditure cap.
- b. There were significant delays in the provision of the requested information by some significant parties which were selected for testing.
- c. Not all candidates had adequate accounting systems to be able to capture all expenditure in its entirety.
- d. There were some variances noted between the figures declared to the NTEC and those noted in the respective accounting systems.

The key recommendations for the overall finding above include the following:

- a. There should be a continued education/awareness initiative, especially for independent candidates, to ensure that potential candidates are well versed in the requirements of the NT Electoral Act, especially on maintaining a designated Electoral Bank Account to capture all electoral expenditure.
- b. The cost of completing the review of some independent candidates is not commensurate to the benefit to be derived from such an exercise. Going forward, a sample selection for the review of independent candidates would be the best option for NTEC.

MAIN REPORT

INTRODUCTION

2. BACKGROUND

The Northern Territory Electoral Commission (NTEC) is an independent government agency responsible for the impartial conduct of Northern Territory Legislative Assembly and local government (Council) elections.

Other functions include:

- Assistance with maintenance of electoral rolls;
- Provision of information and advice on election matters to the Minister, Cabinet, political parties, candidates and Territory authorities;
- Undertaking public awareness to educate and provide information to the public including school children on electoral matters;
- Researching electoral matters;
- Registration of political parties;
- Administration of financial disclosure by political parties, candidates and related entities; and
- Assistance towards redistribution of electoral boundaries.

The *Northern Territory Electoral Act* (NTEA) embodies the legislation which gives the NTEC its powers.

As noted above, one of the NTEC functions is to administer the disclosure of information following an election regarding political contributions and electoral expenditure above prescribed thresholds by:

- candidates in the election;
- broadcasters, publishers; and
- donors.

In addition to election event reporting, annual reporting requirements are placed on registered political parties, their associated entities and donors.

Such financial disclosure increases accountability, transparency and information in the public domain about the financial dealings of those involved in the electoral process. The onus is on the person disclosing to get it right.

The NTEA Part 10 in summary sets out who should disclose, what should be disclosed, by when and how. It defines the terms used in the legislation and details offences under the legislation and the kind of records that should be maintained in order to comply with requirements. Unlike the *Commonwealth Electoral Act*, there are no provisions for public funding in the Northern Territory.

3. COMPLIANCE REVIEW OBJECTIVES

The specific objectives of the compliance review were to:

- a. Review of the electoral expenditure by selected candidates for the Fannie Bay by-election held in September 2022.
- b. Establish the level of compliance with Part 10 of the NTEA.

4. METHODOLOGY

In conducting the review the following key tasks were performed:

1. Preparation of the review file incorporating selected candidates and/ or political parties and NT Electoral Act.
2. Matching amounts of declared electoral expenditure to the amounts recorded in the relevant accounting systems and relevant documents.
3. From the selected list of Political Parties and candidates, we generated a sample size appropriate to test the electoral expenditure from the relevant accounting systems for each parties or candidate to ensure compliance with Part 10 of the NTEA.
 - a. The samples for electoral expenditure were randomly selected from the general ledger details provided by the political parties.
4. Obtaining and verification of financial records and documentation covering the period for the Fannie Bay by-election. The tests included:
 - a. By inspection, review of Election bank statements for the period ended 19 September 2022;
 - b. By inspection, reviewed the cash books and general ledger details covering the period ended 19 September 2022; and
 - c. By inspection, reviewed the supporting documentation, including invoices, and vouchers covering the period ended 19 September 2022.

5. OVERALL CONCLUSION

There was a high level of compliance with the provisions of the Act in relation to electoral expenditure for the Fannie Bay by-election.

Australian Labor Party - NT

We obtained the relevant documents from ALP – NT in relation to the Fannie Bay by-election held in September 2022. We determined a sample size deemed appropriate to adequately test the electoral expenditure in compliance with Part 10 of the NTEA. In addition, we compared the total electoral expenditure as per the accounting records to the declared figure disclosed on the NTEC website.

Findings

- The political party has an accounting system in place which clearly identified the electoral expenditure for the Fannie Bay by-election;
- A separate bank account designated for NT Elections was set up and operated by the political party;
- The accounting records indicated that electoral expenditure in relation to the Fannie Bay by-election was \$29,419;
- There was a no variance between the electoral expenditure in the accounting systems and the expenditure disclosed on the NTEC website;
- All requested documents were provided on a timely basis and met the definition of electoral expenditure.

Country Liberal Party - NT

We obtained the relevant documents from CLP – NT in relation to the Fannie Bay by-election held in September 2022. We determined a sample size deemed appropriate to adequately test the electoral expenditure in compliance with Part 10 of the NTEA. In addition, we compared the total electoral expenditure as per the accounting records to the declared figure disclosed on the NTEC website.

Findings

- The political party has an accounting system in place which clearly identified the electoral expenditure for the Fannie Bay by-election;
- A separate bank account designated for NT Elections was set up by the political party;
- The accounting records indicated that electoral expenditure in relation to the Fannie Bay by-election was \$31,623;
- There was no variance between the electoral expenditure in the accounting systems and the expenditure disclosed on the NTEC website.
- There were significant delays in the provision of supporting information and documents requested for this compliance review;
- All documents provided met the definition of electoral expenditure.

NT Greens

We obtained the relevant documents from NT Greens in relation to the Fannie Bay by-election held in September 2022. We determined a sample size deemed appropriate to adequately test the electoral expenditure in compliance with Part 10 of the NTEA. In addition, we compared the total electoral expenditure as per the accounting records to the declared figure disclosed on the NTEC website.

Findings

- The political party has an accounting system in place which clearly identified the electoral expenditure for the Fannie Bay by-election;
- A separate bank account designated for NT Elections was set up by the political party;
- The accounting records indicated that electoral expenditure in relation to the Fannie Bay by-election was \$3,256;
- There was a variance of \$976 noted between the electoral expenditure in the accounting systems and the expenditure disclosed on the NTEC website;
- There were significant delays in the provision of supporting information and documents requested for this compliance review;
- All documents provided met the definition of electoral expenditure.

Independent Candidates

We requested for the relevant documents from the independent candidates in relation to the Fannie Bay by-election held in September 2022. Through the review of the records declared on the NTEC Website, we established that there was no expenditure declared as electoral expenditure for the by-election.

Findings

- The independent candidates did not have an accounting system in place which clearly identified the electoral expenditure for the Fannie Bay by-election;
- The independent candidates did not have a separate bank account designated for NT Elections and advised that all expenditure was paid for in cash;
- The accounting records indicated that electoral expenditure in relation to the Fannie Bay by-election was NIL;
- The time spent in obtaining the information was significant in comparison to the total value of the electoral expenditure incurred by the candidate.

APPENDICES

Appendix 1

Terms of Reference

Compliance review of electoral expenditure by selected candidates and political parties for the Fannie Bay by-election held in September 2022 and establishing the level of compliance with Part 10 of the NT Electoral Act.

Approach

1. Preparation of the review file incorporating selected candidates and/or political parties and NT Electoral Act
2. Matching amounts of declared electoral expenditure to the amounts recorded in the relevant accounting systems and relevant documents.
3. From the selected list of political parties and candidates, we generated a sample size appropriate to test the electoral expenditure from the relevant accounting systems.
 - a. The samples for electoral expenditure were randomly selected from the general ledger details provided by the political parties.
4. Obtaining and verification of financial records and documentation covering the period for the Fannie Bay by-election. The tests included:
 - a. By inspection, review of bank statements for the period ended 19 September 2022;
 - b. By inspection, reviewed the cash books and general ledger details covering the period ended 19 September 2022; and
 - c. By inspection, reviewed the supporting documentation, including invoices, and vouchers covering the period ended 19 September 2022.

Key categories of expenditure

- (a) publish, broadcast, post or display ad
publishing, broadcasting, posting or displaying an electoral advertisement in any form and on any platform or at any venue or place during the capped expenditure period
- (b) produce an ad in (a)
producing an electoral advertisement that is published, broadcast, posted or displayed as mentioned in paragraph (a)
- (c) produce matter requiring authorisation
designing or producing any printed electoral matter requiring authorisation (for example how to vote cards, posters, or pamphlets) that is published, communicated or distributed during the capped expenditure period
- (d) direct mailing
producing or distributing electoral matter that is addressed to particular persons or organisations and is distributed during the capped expenditure period
- (e) opinion polling and research
carrying out an opinion poll or other research about the election during the capped expenditure period