



DISCLOSURE HANDBOOK

for

ASSOCIATED ENTITIES

NT ELECTORAL COMMISSION OFFICES

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NTEC – Summary of disclosure provisions as at March 2016

As at June 2012 no political funding is provided for in the NT. Certain groups and individuals must disclose as outlined below.

Note: disclosure amounts are inclusive of GST. The onus is on the person disclosing to get it right.

Who reports?	What is reported?	Reporting period/due date for lodgement
Candidates	<ul style="list-style-type: none"> • Details of each gift ≥\$200 • All persons/organisations making gifts • Loans of ≥\$1500 • Details of all expenditures by category 	<p><i>Independent candidate</i> – commences day candidature announced or day nominated, whichever is the earlier</p> <p><i>Newly endorsed party candidate</i> – commences from the date of endorsement</p> <p><i>Candidate from the previous election nominating again</i> – commences 30 days after the previous polling day</p> <p>Ends 30 days after polling day</p> <p>Due date - within 15 weeks of polling day</p>
Registered political parties	<ul style="list-style-type: none"> • Total amounts received and paid during year • Loans by individual persons or parties of ≥\$1500 • In-kind gifts of goods, assets and services <p>Anonymous donations of ≥\$1000 & loans ≥\$1500 are illegal</p>	<p>Due date - 16 weeks after financial year end</p> <p>Public inspection is available from 1 March following the due date at NTEC office/on website</p>
Associated entities	<ul style="list-style-type: none"> • Total amounts received and paid during year. • From whom or on whose behalf payments of ≥\$1500 were received • From whom or on whose behalf liabilities totalling ≥\$1500 were incurred <p>Organisation/individual contributing capital and the amount</p>	<p>Reporting is by financial year (July – June)</p> <p>Due date - 16 weeks after end financial year</p> <p>Public inspection is available from 1 March following the due date at NTEC office/on website</p>
Donors to parties and candidates	<p>Donations outside elections:</p> <ul style="list-style-type: none"> • Direct or indirect donations of ≥\$1500 • Donations of ≥\$1000 used in whole or part to make party donations of ≥\$1500 <p>Donations during the election period:</p> <ul style="list-style-type: none"> • Donations totalling ≥\$200 to a candidate or ≥\$1000 to parties and other organisations. 	<p>Annual returns – lodged within 20 weeks after the end of the financial year where total donations are \$1500 or more.</p> <p>Election returns - by 15 weeks after polling day</p>
Broadcasters and Publishers	<ul style="list-style-type: none"> • Details of all electoral advertisement broadcast and published • Free/below-market rate ads are classified as donations requiring separate reporting if valued at >\$1000. 	<p>8 weeks after polling day</p>

Note: Forms and handbooks are available on the NTEC website. For advice phone 8999 5000

1 INTRODUCTION

1.1 Purpose

The purpose of this handbook is to assist associated entities of registered political parties at to comply with the financial disclosure provisions of Part 10 of the *Electoral Act*.

1.2 Publications

It is one of a series of publications prepared by the Northern Territory Electoral Commission (NTEC) to assist parties, candidates, donors and other affected persons to comply with the disclosure provisions of the *Electoral Act*. The other publications are:

- Funding and Disclosure Handbook for Candidates
- Funding and Disclosure Handbook for Political Parties
- Funding and Disclosure Handbook for Donors
- Funding and Disclosure Handbook for Broadcasters and Publishers.

The *Registration of Political Parties in the Northern Territory Handbook* may also be relevant.

1.3 Information from the Electoral Act

This handbook for associated entities provides information derived from the *Electoral Act*, and from the experience of the NTEC in the administration of its disclosure provisions. It attempts to simplify and explain the legislative provisions. While it is intended as a user-friendly guide to the disclosure requirements, it does not address the whole of the Act nor does it substitute for specific legal advice on detailed compliance issues.

1.4 Advice

Information and advice may be available from the NTEC.

Northern Territory Electoral Commission
GPO Box 2419
Darwin NT 0801

Phone enquiries: (08) 8999 5000 or 1800 **MYVOTE**

Fax enquiries: (08) 8999 7630

E-mail enquiries: ntec@nt.gov.au

Note: The NTEC does not offer legal advice. If you have any doubts concerning compliance issues it is recommended that you obtain private legal advice.

2 BACKGROUND

2.1 Electoral Act

Part 10 of the *Electoral Act* deals with the disclosure of information about political contributions and electoral expenditure. It requires candidates, registered political parties and their associated entities, broadcasters and publishers, and certain donors, to lodge disclosure returns with the NTEC.

Disclosure returns are available for inspection in order to inform the public about the financial dealings of candidates, parties and others involved in the electoral process. The aim is to prevent political corruption by making the financing of political candidates and parties as transparent as possible.

2.2 What is an associated entity?

An associated entity for the purposes of the Electoral Act is an entity controlled by, or operating (wholly or to a significant extent) for the benefit of, one or more registered political parties.

The *Electoral Act* is silent on what is meant by 'controlled by' or 'for the benefit of'. However, an indication of the broad intent is seen in the following general definitions:

- Control is the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities and
- Benefit is to provide an advantage, useful aid or gain.

An organisation that may appear to be independent of the party (i.e. is not owned, controlled or under the direct influence of the party) may nonetheless demonstrate by its actions that it operates for the benefit of the party. Such actions may include political activities, advertising or fundraising. Associated entities operating in whole or in part for the benefit of political parties may include:

- Companies or incorporated associations
- Trusts, including charitable foundations and
- Unincorporated associations, societies, groups or clubs.

These may actively participate in business or fundraising activities, or passively hold assets (including intellectual property) or liabilities.

2.3 Lodgement

All associated entities must lodge an **annual disclosure return** with the NTEC. Disclosure of revenue, expenditure, liabilities and capital contributions is required.

2.4 Overview

Features of the disclosure scheme as it applies to associated entities of registered political parties include:

- Associated entities are required to lodge annual returns of receipts, payments, debts and capital contributions. These returns are available for public scrutiny
- The names and addresses of persons or organisations from whom \$1500 or more is received, or due, must be disclosed
- The names and addresses of persons or organisations contributing to the capital of an associated entity must be disclosed
- Persons or entities making donations to political parties, or to their associated entities, have separate disclosure obligations
- Registered political parties and their associated entities are subject to compliance investigation by the NTEC.

2.5 Political parties

A registered political party is one that is registered with the NTEC under Part 9 of the *Electoral Act*. Parties should provide the NTEC with contact details for their associated entities.

Summary of associated entity reporting obligations

<p>Associated entities must lodge an annual return showing</p> <ul style="list-style-type: none">• Total amounts received and paid during year and outstanding liabilities at year end• From whom or on whose behalf payments of \$1500 or more were received including multiple payments and gifts-in-kind• From whom or on whose behalf liabilities totalling \$1500 were incurred including multiple liabilities• Who contributed capital to the entity in the reporting year and the amount contributed.
<p>Reporting period/ due date for lodgement Reporting is by financial year (July – June)</p> <p>Return is due 16 weeks from the end of the financial year</p> <p>Public inspection is available from 1 March following the due date at NTEC office.</p>
<p>NB Associated entities:</p> <p>Must lodge annual returns of receipts, payments, outstanding liabilities and capital contributions.</p> <p>Returns must be lodged by the financial controller of the associated entity (company secretary if company, trustee if trust, otherwise person responsible for financial records)</p> <p>Returns to show gross transactions e.g. receipts and payments, not just net outcome.</p>

3 ANNUAL RETURN

Section 208 of the *Electoral Act* applies.

3.1 Disclosure obligations

The financial controller of each associated entity of a registered political party must lodge an annual return with the NTEC's Darwin office.

The return requires disclosure of the total amount:

- received by, or on behalf of, the associated entity during the financial year (Part 4.1)
- paid by, or on behalf of, the associated entity during the financial year (Part 5)
- of liabilities outstanding by, or on behalf of, the associated entity at the end of the financial year (Part 6.1).

It also requires details of the name and address of people or entities:

- from whom, or on whose behalf, payments of \$1500 or more were received during the financial year (Part 4.2)
 - Payments, including multiple payments, of less than \$1500 are disregarded for this disclosure requirement
- from whom, or on whose behalf, liabilities totalling \$1500 or more were incurred during the financial year (Part 6.2)
 - Individual transactions of less than \$1500 but which total to \$1500 or more must be considered for this disclosure requirement
- who contributed to the capital of the entity, and the amount of their contribution (Part 7)
 - Capital contributions are reported only if money was paid to, or for the benefit of, one or more political parties by the associated entity during the financial year.

Note: Lodge a 'Nil' return or report a 'Nil' entry, even if an associated entity has no transactions, or no transactions applicable to a particular part of the return.

3.2 Period covered

The return covers the financial year 1 July to 30 June.

Amounts received or paid at a time when the entity was not an associated entity do not need to be included.

3.3 Responsibility for returns

Responsibility for lodging the return lies with the financial controller of the associated entity.

The financial controller is:

- the company secretary if the entity is a company
- the trustee if the entity is a trust or
- in other cases, the person responsible for the financial records.

3.4 General principles

The following principles apply to completion of the return.

3.4.1 Cash accounting

The return separately addresses amounts received, amounts paid, liabilities outstanding and capital contributions. These transactions are reported on a cash basis rather than a cash received/cheques written or an accruals accounting basis.

The effect is:

- Only completed transactions are disclosed e.g. a cheque payment is reported when the cheque is presented (and the underlying money has changed hands) rather than when the cheque is written
- Accounting 'book entries' such as depreciation, provisions and valuation adjustments are not reported
- The return will be unlikely to fully reconcile to the financial statements and some accounting standards will not be relevant. It will assist any subsequent NTEC audit if a reconciliation is included in the working papers to be retained by the party or branch.

3.4.2 Scope

All transactions of the associated entity must be reported, including those that are not to the benefit of the registered political party.

- The return will include business and operating transactions other than those benefiting the party
- Inter-entity transactions e.g. transfers between the associated entity and a political party should be reported
- Transactions by related bodies corporate of the associated entity (as determined under the *Corporations Law*) must be included in the return.

3.4.3 Gross reporting

The return is completed on a gross revenue basis, without netting of expenses e.g. a fundraiser taking \$4000 with costs of \$2750 and a net profit of \$1250 should be reported as \$4000 receipts and \$2750 payments, rather than net receipts of \$1250.

3.4.4 Disclosure threshold

The total amount of all receipts, payments and liabilities must be disclosed, together with:

- Details of receipts of \$1500 or more (ignoring individual amounts less than \$1500)
- Details of liabilities totalling \$1500 or more (aggregating individual amounts less than \$1500)
- All contributions of capital must be reported if payments for the benefit of a party have been made.

3.4.5 Related bodies corporate

Related bodies corporate (as determined under the *Corporations Law*) are treated as a single entity:

- Consolidate transactions of related entities (e.g. holding companies and subsidiaries) when determining whether the disclosure threshold has been reached
- Consider multiple donations received under different company names to determine whether these companies are related bodies corporate requiring consolidated disclosure.

4 EXPENDITURE

4.1 Total receipts, payments and debts

Parts 4.1, 5 and 6 of the return are the total value of all transactions of the associated entity:

- Include all transactions regardless of the amount (i.e. receipts, payments and liabilities of less than \$1500 are included). A capital contribution is also a receipt and a capital repayment an expense
- No category or class of transaction is excluded.

4.2 Donations received

Receipts to be reported include donations or gifts received. These are widely defined to include any transfer or gift of property or services for which no payment, or an inadequate payment, is received. Donations may be cash (e.g. money or cheque), or 'gifts-in-kind'.

They may be received directly by the associated entity, or by a third party on their behalf, or with their authority.

4.2.1 Gifts-in-kind

Receipts include gifts-in-kind, which must be appropriately valued. Gifts-in-kind are goods, assets or services for which no payment (in cash or kind), or a payment less than true value is made. These donations are to be disclosed at their proper value – normally the commercial or sale value of the item or service as evidenced by arms-length quotations, comparative advertisements or expert assessment.

Examples of in-kind donations include:

- free services or services provided at a discount to the commercial rates normally charged by the service provider (e.g. for legal advice, accounting services or web/IT services)
- excessive payments received for goods or services provided (including excessive membership fees)
- wages or salaries (including on-costs) incurred by an employer whose employee works for the associated entity during normal working hours while continuing to receive salary or wages from the employer (but not if the employee takes paid leave to work for the entity)
- free use of a motor vehicle, or free fuel or servicing of a motor vehicle
- free or discounted time or production services by a broadcaster (except time provided by the ABC or SBS specifically for political broadcasting)
- use of commercial premises and/or associated utilities
- advertising by a publisher or advertising production service
- printing, typesetting or associated services.

4.2.2 Volunteer labour

Volunteer labour does not need to be disclosed as a receipt. This is because the amount of a receipt is defined to include a gift, the definition of which specifically excludes volunteer labour. The donation of unpaid time by a person is volunteer labour where it is provided by:

- an office-holder of the party or a party member or
- any other person where that service is not one for which that person normally receives payment.

4.2.3 Distinction between gifts-in-kind and volunteer labour

The distinction between gifts-in-kind and volunteer labour is seen in the following examples:

- the donation of legal advice by a solicitor who is a party member is volunteer labour because the solicitor is a party member
- the donation of legal advice by a solicitor who is not a party member is a gift-in-kind that must be disclosed because this is a service for which that person normally charges
- a solicitor who is not a party member handing out how-to-vote cards is volunteer labour because this is not a service for which that person normally charges
- the donation of legal advice on behalf of a firm of solicitors is a gift-in-kind that must be disclosed because volunteer labour may only be provided by natural persons, not organizations.

4.3 Excluded items

Transactions that do **NOT** need to be reported as receipts include:

- commercial discounts received in the normal course of business
- volunteer labour, such as persons handing out how-to-vote cards and
- interviews and news items published in a newspaper or broadcast in the electronic media.

There may be tension between the requirement to disclose donated advertising and the exclusion of interviews granted in the normal course of political activity. Material presented on an 'advertorial' basis (e.g. a combination of paid advertising and interviews) should be disclosed consistent with the promotional intention of the activity.

4.4. Details of receipts and debts

Parts 4.2 and 6.2 of the return require disclosure of details of those persons or organisations from whom the associated entity has received, or to whom it owes \$1500 or more.

- Only individual receipts of \$1500 or more are taken into account in calculating whether a person or organisation has reached the \$1500 threshold for amounts received
- All debts and unpaid accounts, regardless of the amount, must be included when calculating whether the threshold for debts has been reached i.e. including those under \$1500.

Some examples

- Where a person makes separate donations to the associated entity of \$2000 and \$1500, their details must be disclosed at Part 4.2 for a total of \$3500 as the disclosure threshold is reached.
 - The \$3500 total should also be included at Part 4.1 (total receipts), and the donor must lodge a disclosure return showing the \$3500.
- Where a person makes separate donations to the associated entity of \$2000, \$1500 and \$500 (\$4000), their details must be disclosed at Part 4.2 for a total of \$3500 as the \$500 donation falls below the disclosure threshold and does not need to be counted.
 - It is open to the entity to include the \$500 should it so choose.
 - The \$4000 total should be included at Part 4.1 (total receipts), and the donor must lodge a disclosure return showing the \$4000.
- Where a person makes separate donations of \$600, \$600 and \$600 their details do not need to be disclosed at Part 4.2 because, although those donations total more than \$1500, none is \$1500 or more.
 - The \$1800 total should be included at Part 4.1 (total receipts), and the donor must lodge a disclosure return showing the \$1800.
- An outstanding liability of \$1000 must be included in Part 6.1 (total debts) but does not need to be disclosed at Part 6.2 because it is less than the \$1500 threshold.
 - An outstanding liability of \$2000, comprising 2 accounts of \$1000 each must be disclosed at Part 6.1, and at Part 6.2.

4.5 Disclosure details

The full name, address and value of transactions for each person who has reached the disclosure threshold must be disclosed:

Source of Donation	Disclosure Requirement
Trust or foundation	Names & addresses of trustees Name/description of the trust or foundation
Unincorporated organisation <i>(except for registered industrial organisations)</i>	Names & addresses of members of the executive committee Name of the organisation
Registered industrial organisation	Name & address

Attach further pages if there is insufficient space. Attachments should be in the same format as the return and numbered so that both the total number of pages and their sequence is apparent (e.g. page 1 of 4 pages, page 2 of 4 pages etc).

4.6 Loans received (s210)

Associated entities, and people acting on their behalf, must keep records of any loan to the value of \$1500 or more received from a source other than a financial institution. Details of such loans are to be included in Part 4.2 of the return.

- A financial institution is a bank, credit union, building society or a 'special service provider' (e.g. friendly society) registered with the Australian Financial Institutions Commission Codes
- A loan is broadly defined to include advances, provision of credit, financial accommodations, amounts with an obligation to repay, and transactions having the effect of a loan of money
 - Each credit card transaction is an individual loan for these purposes.

The records to be kept are the terms and conditions of the loan and details of the lender.

The terms and conditions to be recorded are not defined in the Act. In general, these will include things such as loan documentation and schedules, including the loan amount, interest rate and repayment terms.

The provider details to be kept are defined:

Loan Organisation	Details Required
A registered industrial organisation	The name of the organisation & the names and addresses of its executive committee
A trust or foundation	The names & addresses of trustees, plus the title/description of the trust or foundation
An unincorporated organisation <i>(except for registered industrial organisations)</i>	The names & addresses of members of the executive committee plus the name of the organisation
In other cases	The name & address of the person or organisation

It is unlawful for a loan of \$1500 or more to be received from other than a financial institution if these records are not kept. If the records are not kept, the amount of the loan is a debt to the Territory.

The disclosure return requires, at Part 4.2, details of the persons and organisations from whom loans of \$1500 or more were received and, at Part 6.2, details of outstanding liabilities of \$1500 or more as at 30 June.

4.7 Capital contributions

Part 7 of the return is for the disclosure of those persons or organisations that have deposited or contributed capital to the associated entity.

The Act requires disclosure of capital contributions in the situation where:

- a payment has been made to, or to the benefit of, a registered political party
 - It is a question of fact whether the associated entity has made payments (whether cash or 'in-kind') to, or to the benefit of, a party
- from funds generated from the capital of the associated entity
 - It is difficult to envisage a payment being made from an associated entity that is not made from funds generated by the use of its capital.

A capital contribution is a deposit to the equity, funds or capital of the entity. It is:

- an injection of shareholders' funds into a company
- a contribution, donation or settlement to the principal or corpus of a trust

A capital contribution would not normally be made to an incorporated association or to an unincorporated association e.g. to a club or interest group. Such a contribution would be more in the nature of a donation or a loan.

Capital contributions are normally reported in the financial year they are made:

- Where capital contributions made in an earlier financial year have not previously been disclosed (e.g. contributions made prior to the entity being an associated entity), these are reported in the current year
- Gross contributions of capital are reported, withdrawals of capital are not reported, and the two are not netted off e.g. contributions to an associated trust or foundation of \$400, \$800 and \$1000, and a withdrawal of \$500, would be reported as gross contributions of \$2200 and not the net \$1700
- There is no minimum disclosure threshold i.e. all contributions of capital must be disclosed
- All capital contributions are disclosed, not just those that generated the funds used to support the party.

A capital contribution is not:

- A donation or a loan (which are separately disclosed) or retained earnings (e.g. generated from trading or investment activities)
- The membership fees or subscriptions to an organisation, which are normally disclosed as revenue.

A contribution of capital should be reported as receipts, and a repayment of capital as expenditure, regardless of whether it is necessary to complete Part 7 of the return.

4.8 Amendment, lodgement etc

4.8.1 Additional 'discretionary' disclosures

An associated entity may provide additional clarifying information where minimum disclosure does not provide a clear picture of the underlying transactions. For example, the return does not distinguish between classes of receipts, and entities may wish to identify receipts such as donations, membership or other fundraisers.

A column is provided on the return form for these disclosures.

The Act makes it clear that membership lists are not to be included.

4.8.2 Incomplete returns

In cases where the financial controller is unable to obtain all necessary information for inclusion in the return, the return should be accompanied by a statement:

- that the return is incomplete because certain information is unable to be obtained
- outlining
 - the particulars of the information that are unable to be obtained
 - the reasons why the information could not be obtained and
- that, if it is reasonable to believe another person can give the missing particulars and the reasons for that belief, then the name, address of that person.

The NTEC will then follow-up the information directly.

A test of materiality should be applied. Where it is reasonably believed that no material transactions have been omitted from the return as a result of the difficulty in obtaining all necessary information, there is no need to report this.

4.8.3 Due date for lodging the return

The return must reach the NTEC at its Darwin office within **16 weeks** after the end of the financial year

4.8.4 Date for public inspection of annual returns

Annual returns become available for public inspection at the NTEC's Darwin office and on the NTEC website on 1 March following the due date for the return.

Photocopies of returns may be inspected at the NTEC's Darwin office.

Copies of returns are available from the NTEC's Darwin office upon payment of the fee determined by the NTEC. Please check to confirm current pricing and availability.

4.8.5 Amendment of returns

The NTEC, or the person who lodged a return, may rectify errors or omissions in the return. Section 223 sets out the formal process to be followed.

A separate return has been developed for the lodgement of amending information. This requires, for each of Parts 4.1, 5 and 6.1 (disclosure of total receipts, expenditure and debts) that the previously submitted amount be provided, together with new amount. The effect is that both amounts become part of the public record.

Any changes to the details of receipts (Part 4), debts (Part 6) or capital (Part 7) should be provided, separated into:

- information previously omitted and
- amendment of information previously submitted

The item being changed should be clearly identified e.g. by restating the original item and noting the changes, or by resubmitting the original part of the return with the item highlighted and the change detailed on the amending return.

5 ASSOCIATED RETURNS

5.1 Donors

People and organisations making donations to political parties and their associated entities are required to disclose donations totalling \$1500 or more. They must:

- disclose donations to other people or organisations which are intended to benefit a political party, where the total is \$1500 or more
- consider all donations, including those less than \$1500, when determining whether the \$1500 disclosure threshold has been met
- disclose donations they have received totalling \$1000 or more which they used to make donations to political parties.

These requirements are explained more completely in the *Disclosure Handbook for Donors* available from the NTEC.

5.2 Candidates

Candidates must report total donations received, and details of persons or organizations that donated \$200 or more to a candidate. They must also report details of certain categories of their expenditure.

These requirements are explained more completely in the *Disclosure Handbook for Candidates* available from the NTEC.

5.3 Political parties

Political parties must lodge an annual return, which is substantially the same as the associated entities return. The difference is that political parties do not report capital contributions.

Their reporting requirements are explained more completely in the *Disclosure Handbook for Political Parties* available from the NTEC.

6 UNLAWFUL DONATIONS AND LOANS

Sections 204, 208, 209 and 210 of the *Electoral Act* apply.

6.1 Anonymous donations

It is illegal for a political party, branch, or person (such as an associated entity) acting on their behalf to receive donations totalling \$1000 or more unless the person receiving the gift knows the name and the address of the donor:

Loan Organisation	Details Required
A trust or foundation	The names & addresses of trustees, plus the title/description of the trust or foundation
An unincorporated organisation <i>(excepting registered industrial organisations)</i>	The names & addresses of members' of the executive committee plus the name of the organisation
Registered industrial organisation	The name & address

If such donations are received, they are payable to, and recoverable by, the Territory.

6.2 Undocumented loans

It is illegal for a loan of \$1500 or more to be received by a party, branch or person (such as an associated entity) acting on their behalf from other than a financial institution unless the terms and conditions of the loan, and the details of the lender are recorded.

If such loans are held, the amount of the loan is payable to, and recoverable by, the Territory.

Loans totalling \$1500 or more must be disclosed in the annual return. The information and reporting requirements are discussed in more detail under 'annual returns' above.

7 ADMINISTRATION

7.1 NT Electoral Commission's approach

The NTEC is responsible for the administration of the *Electoral Act*, including the funding and disclosure provisions.

The Commission's approach to this task is to work with the community, candidates, political parties and others in order to achieve a successful electoral outcome and to facilitate compliance with the disclosure and other requirements.

Please direct enquiries and requests for guidance and assistance to the NTEC.

The disclosure requirements reflect government policy as enacted in law. The policy is one of proper disclosure for purposes of accountability. Administration and enforcement is against this policy background.

7.2 Record keeping

The disclosure requirements imposed on financial controllers by the *Electoral Act* are such that associated entities must give consideration to the financial recording systems and procedures which are appropriate to their needs and circumstances.

The recording systems and procedures must be sufficient to enable the return form, which will be publicly available, to be properly completed, and to satisfy both NTEC and public review requirements. Financial controllers should be aware that comparisons may be made by the public, including the press, of returns (e.g. of donor returns and party returns) and broader public records of transactions.

Some issues that may be relevant to the determination of an appropriate record keeping system include:

- the likely number, quantum and nature of receipts, liabilities, expenditure and capital transactions
- the number, experience and training of people likely to be receiving donations, incurring liabilities, making payments and maintaining the records
- the need to centralise and consolidate records for reporting purposes
- ethical considerations such as the need to separate corporate and donated moneys, including the operation of separate bank accounts
- the need for the system to be able to be accurately maintained in the face of competing priorities e.g. over the peak election period
- the level of assistance and guidance that might be expected from other areas of the party (if any).

All transactions should be adequately documented, recorded and, where possible, reconciled to external (banking) records:

- Receipts should be issued for each donation or gift received, with details of these summarised in a receipts register, cash book, spread sheet or accounting package
- Transactions by way of barter or gifts-in-kind must be clearly identified or described to provide a basis for accurate valuation, and should be included in the receipts register
- Documentation in support of valuations should be retained e.g. commercial quotations for comparable services
- The system must be sufficient to record the names and address of donors, and the names and office holders of any unincorporated associations, trusts or foundations making donations
- The system must be sufficient to record the details of creditors, and the terms and conditions attaching to liabilities
- Expenditure source records such as invoices, accounts and receipts should be retained and included in an expenses register
- A register of capital contributions, including details of when these were received and reported, should be maintained.

Care should be taken to ensure that details are accurate e.g. a donation from the chief executive of an organisation may be from the chief executive personally, or may be on behalf of the organisation. Similarly, the identity of the true donor should be recorded where a transaction is on behalf of someone else e.g. through a solicitor's trust account.

7.3 Retention of records

The Act requires that records, formal and informal, be retained for a minimum of four years after the date of the last day for lodgement of the return relating to that record. Thus the various receipt books, bank records, receipts registers, source documents and working papers must be kept for this period.

7.4 Audits

Section 316 of the Act provides for the NTEC to conduct investigations to ensure compliance with the disclosure provisions. The NTEC conducts regular audits or inspections of registered political parties, their branches and associated entities, and others to verify disclosure returns.

These audits are similar to the external audit of company financial statements. They are routine where an effort has been made to comply with the disclosure requirements, and provide an opportunity for advice and guidance to be provided by NTEC officers.

8 Offences

Section 215 of the Electoral Act contains penalty provisions for offences against the funding and disclosure provisions. These are available, through the Courts, to the NTEC where other reasonable avenues to resolve matters are exhausted.

The offences include:

Offence	Penalties	
	Natural person	Body corporate
Failure to lodge a disclosure return by the due date	200 penalty units or 12 months imprisonment	1000 penalty units
Lodging an incomplete disclosure return		
Including false or misleading information in a disclosure return		
Providing false or misleading information to an agent for inclusion in a disclosure return		
Failure to retain records, including records of information, which should be included in a disclosure return, for 4 years from the last day for lodgement of return relating to that record		
Failure to comply with a notice authorizing a NTEC investigation		
Knowingly providing false or misleading information during a NTEC investigation		

Note: There is an annual review of the monetary value of the penalty unit – *Penalty Units Act 2009* refers.

GLOSSARY

The description of the terms in this glossary may differ from the formal meaning given to those terms in the Act.

Term	Description
Anonymous donations	Gifts where the donor's name or address was not known to the person receiving the gift when the gift was made. Anonymous donations of \$1000 or more are debts to the Territory.
Associated entity	An organisation controlled by or operating for the benefit of one or more registered political parties. This includes organisations that are independent of, but primarily for the benefit of a party. It includes companies holding assets for a political party, investment or trust funds, and fundraising organisations, groups and clubs.
Capital contributions	A capital contribution is a deposit to the equity, funds or capital of an associated entity e.g. an injection of shareholders' funds into a company or a contribution to the principal of a trust. Disclosure of capital contributions is required where a payment has been made to a registered political party from an associated entity.
Cash accounting	Annual returns are to be compiled on a cash basis i.e. only actual, completed transactions are disclosed. A payment by cheque is not reported when the cheque is written but when the cheque has been presented and money has actually changed hands.
Detailed disclosure	The full name, address and the total value of transactions must be disclosed for each person reaching the disclosure threshold for receipts or debts, and for all people making capital contributions.
Disclosure threshold	Detailed disclosure must be made of receipts of \$1500 or more, debts totalling \$1500 or more, and all capital contributions.
Donation	Any gift, whether of money or 'gifts-in-kind'.
Financial controller	The person responsible for lodging the annual return of an associated entity. The financial controller is the company secretary, the trustee of a trust or, in other cases, the person responsible for the accounting records.
Financial institution	A bank, building society, credit union or financial services provider regulated by the Australian Prudential Regulatory Authority (APRA).
Gifts-in-kind	Non-cash donations eg receipt of assets or services, discounts other than in the normal course of business and non-commercial or excessive payment for goods or services (including membership) are cash donations for disclosure purposes. Examples of gifts-in-kind may include free legal advice by a law firm and the donation of items or services as raffle prizes, but not volunteer labour of party members. Gifts-in-kind must be disclosed at the appropriate value - normally this is the commercial or sale value of the item or service.

Term	Description
Loan	A loan is an advance of money, provision of credit or other financial accommodation, a payment with the expectation of repayment or a transaction, which has the effect of a loan of money. A loan of \$1500 or more must be disclosed (each credit card transaction is a single loan) as a receipt, and details of the source, terms, and conditions disclosed where the loan is not from a financial institution.
Period of disclosure	Annual returns cover the financial year 1 July to 30 June.
Public inspection	Associated entity disclosure returns are available for inspection by the public at the NTEC's Darwin office, from 1 March each year.
Registered political party	A political party registered with the NTEC. (<i>Registration with a State electoral office does not confer federal registration.</i>) Political parties not registered with the NTEC are treated as donors for disclosure purposes.
Related bodies corporate	Related bodies corporate are considered to be a single entity for disclosure purposes. Related status is determined under the <i>Corporations Law</i> .
Transaction threshold	Only individual transactions of \$1500 or more are counted when calculating the disclosure threshold for receipts.
Volunteer labour	Volunteer labour provided to a registered political party does not need to be disclosed as a donation by that person or the party. Volunteer labour is a service provided free of charge to a party by an office-holder of the party or a party member, or any other person where that service is not one for which that person normally receives payment.

