

MW:BG:SC/AO04083
1 September 2011

Mr Paul Pirani
Chief Legal Officer
Australian Electoral Commission
GPO Box 2867
CANBERRA ACT 2601

Dear Paul

I refer to your letter dated 31st August 2011, and our subsequent telephone conversation on 1st September 2011.

As requested I am providing the following in relation to the questions that you have posed in your letter, however, I think it is important to note that on the morning of 26th August I was checking the 2009 – 2010 return in preparation to commence the 2010 – 2011 return. I noticed that the return submitted was incorrect and I immediately rang the AEC to report same. I was not aware of any media commentary in relation to this return until Monday afternoon (29/8/11). So any suggestion that our amended return was predicated on a response from the media I reject.

Subsequently, I commenced compiling receipts and expenditure from two (2) reporting periods from our accounting system (MYOB) Profit and Loss i.e. year ending 30.9.09 (three months) and year ending 30.9.10 (nine months). The figures were uploaded on the AEC website on 26th August 2011. However, on reflection, I now realise that using this method was not right because several cost items and expenditure are netted down. As a consequence this would not reflect the correct gross income and expenditure.

I now turn to the questions you have raised:

- The Union's financial management system is MYOB.
- The Union had only recently employed a new person to assist me and I can only assume that she was not aware of the intricate details and knowledge required to prepare the return and during this period there was no checking process system in place to ensure the validity of the return. It was simply a clerical error.
- Unfortunately I cannot answer this question as the working papers that I have reveal the figures as on our amended return.
- The process that I followed to validate the information was by extracting from MYOB the Bank Register for each month from July 2009 to June 2010. These totals arrive at: Income \$24,989,315, Expenditure \$24,894,014, as opposed to Income \$17,935,800, Expenditure \$16,284,546 which I filed on 29/8/11.

An amended return to reflect the new correct figures will be done today.



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To assure that future returns are accurate the Union has consulted with its Auditors BDO Kendalls who will assist the Union in relation to future returns. In going forward the returns will be checked by myself or senior personnel to ensure the validity of the return before engaging BDO Kendalls.

Yours faithfully

Barry Gibson
Chief Financial Controller
HSU East

ASSOCIATED ENTITY DISCLOSURE RETURNS

		INCOME	EXPENDITURE
JULY	2009	2993085	2204785
AUGUST		1926169	2004094
SEPTEMBER		1874640	2016806
OCTOBER		1937206	2110280
NOVEMBER		2241206	2099176
DECEMBER		1952408	2424724
JANUARY	2010	2157604	2251800
FEBRUARY		1746423	1763713
MARCH		2045645	2158901
APRIL		1937443	1885984
MAY		2005925	1783692
JUNE		2171561	2190059
		24989315	24894014