

Macquarie University ResearchOnline

This is a version of an article from the following conference:

Tello Melendez, Edward and Hazelton, James (2007) Corporate political donations in Australia : frequency, location, and motivation of voluntary disclosures. *Proceedings of the 6th Australasian Centre for Social and Environmental Accounting Research Conference*. (2 - 4 December, 2007 : Sydney)

Access to the published version:

<http://escholarship.usyd.edu.au/conferences/index.php/CSEAR2007/CSEAR2007/paper/view/59>

**CORPORATE POLITICAL DONATIONS IN AUSTRALIA: FREQUENCY,
LOCATION, AND MOTIVATION OF VOLUNTARY DISCLOSURES**

by Edward Tello Melendez[^] and James Hazelton*

[^] Correspondence: Department of Accounting and Finance, Macquarie University, Sydney, New South Wales 2109, Australia. E-mail: edwardpaul.tellomelendez@students.mq.edu.au

* Lecturer, Department of Accounting and Finance, Macquarie University, Sydney, New South Wales 2109, Australia. E-mail: jhazelto@efs.mq.edu.au

CORPORATE POLITICAL DONATIONS IN AUSTRALIA: FREQUENCY, LOCATION, AND MOTIVATION OF VOLUNTARY DISCLOSURES

ABSTRACT

Motivated by the controversy surrounding corporate lobbying and corporate political donations, this study considers voluntary Australian corporate political donation disclosures. The frequency, quality, location and motivation of disclosures are investigated from a Legitimacy Theory perspective.

While Australian corporations must disclose political donations to the Australian Electoral Commission (AEC) annually, they are not compelled to disclose this information in either annual reports, or stand-alone reports, or websites. Voluntary disclosures of a sample comprising 164 companies which donated \$40,000 or more during the fiscal years 2004, 2005 and 2006 were analysed.

Findings were low frequency and quality of voluntary political donation disclosures. Most disclosures were made in annual reports. Evidence supporting Legitimacy theory, is mixed. While the narrative of disclosures and industry characteristics of disclosing companies were consistent with the theory, the lack of disclosure overall suggested that voluntary disclosures of corporate political donations were not a prevalent legitimating device.

An intimate dinner worthy of that name means the premier, or his treasurer, knows the names of the executives dining next to them. They also know that these diners paid \$5000 for the occasion, and expect something beyond risotto and riesling.

(Harris, 2006 p. 55)

1. INTRODUCTION

Modern corporations are arguably the most powerful force in society. Indeed, the revenue of the largest companies eclipses the GDP of many countries (Morgan, 1986 p. 300). This increase in power has resulted in greater calls for corporate accountability, defined by Deegan (2005 p. 1107) as ‘the duty to provide an account or reckoning of those actions for which one can be held responsible’.

Such accountability might be provided voluntarily, through corporations becoming more ‘socially responsible’. Though commentators such as Friedman consider that the only role of corporations is profit maximisation, and corporate social responsibility is at best a ‘cloak’ (Friedman, 1970), others have suggested that corporations should endeavour to meet the interests of all their stakeholders. The Global Reporting Initiative (GRI) ostensibly takes the latter view, providing a list of indicators that corporations might choose to voluntarily disclose to their wider stakeholders (Global Reporting Initiative, 2006).

The reaction of academia to the GRI has been mixed. While academics are generally supportive of increased corporate disclosures (with some calls for mandatory social and environmental disclosure, e.g. Gray and Bebbington (2001)), misgivings have been expressed regarding the quality of the GRI approach.

This study makes two contributions to the literature. First, rather than examining disclosures across a range of issues, the study focuses on corporate political donations, which are a particularly controversial area of corporate activity. Second, the study examines voluntary disclosures in a context where mandatory disclosures are also required. As discussed in detail below, in Australia political donations above a certain threshold are required to be lodged with the Australian Electoral Office. While perhaps reducing the motivation for disclosures, this enables a sample wholly comprised of significant donor companies. Such an approach is problematic when considering other areas of social or environmental performance (such as gender balance or energy consumption) where independent data sets are not readily available.

The remainder of the study proceeds as follows. Section 2 provides a background to corporate lobbying and political donations in an international and Australian context.

Section 3 discusses the previous literature on the voluntary disclosures of social and environmental information. Section 4 provides details of the research method. Section 5 discusses the results, with some concluding comments presented in Section 6.

2. BACKGROUND

2.1 CORPORATE LOBBYING

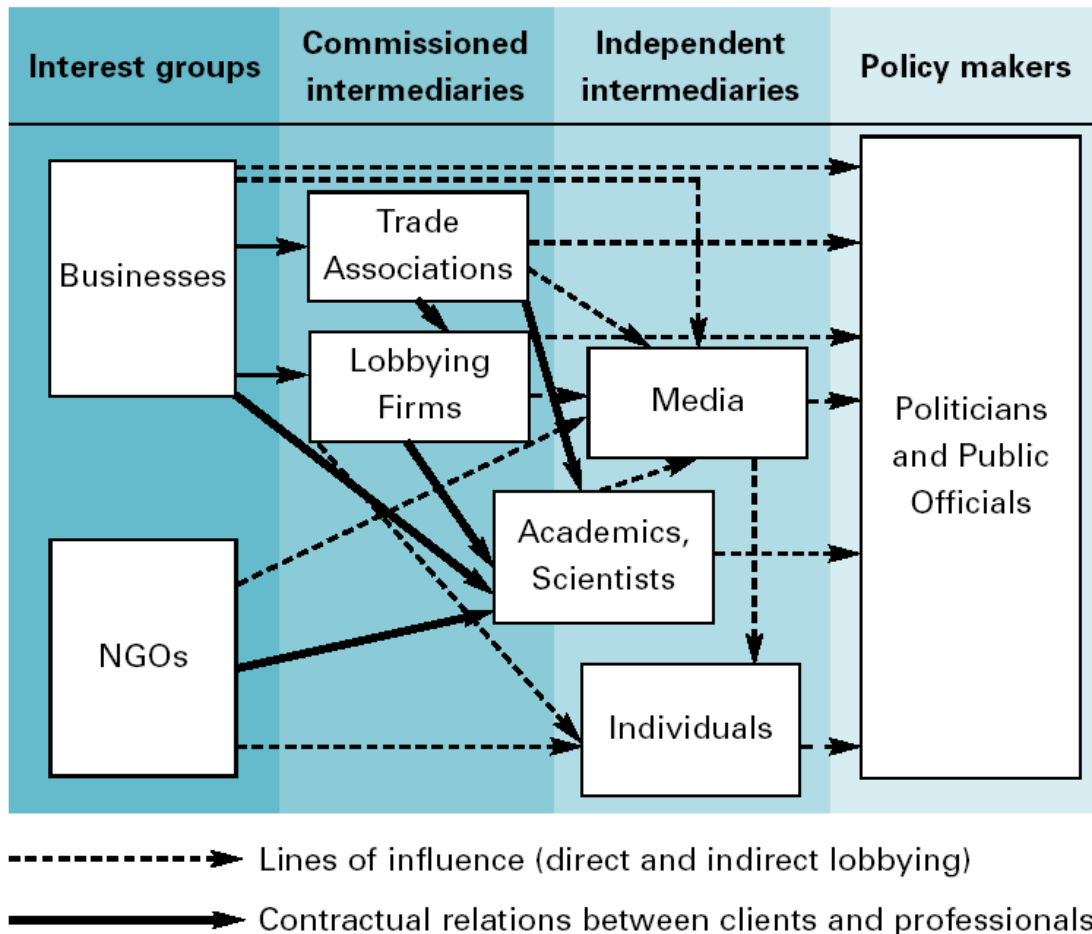
The practice of corporate lobbying of governments is a persistent subject of global discussion. The role of businesses has expanded to include other issues such as the environment or society than just making profits.

Business is becoming an integral part of the governance process at all levels from the local to the global. Increasingly, therefore, companies' reputations, licence to operate, and ultimately accountability, require them to demonstrate consistency in performance on issues like human rights, environmental impacts and corporate governance (AccountAbility, 2005 p. 17).

The term 'lobbying' is derived 'from the lobbies outside the chambers of parliaments where people gathered to talk to a politician, to plead for a favour or to influence his vote on a piece of legislation' (Fitzgerald, 2006 p. 19). Diverse definitions of lobbying include the professionalization of the art of persuasion (Carroll and Buchholtz, 2006 p. 366), but being more specific, lobbying is defined by AccountAbility (2005 p. 39) as 'to try to influence the thinking of legislators or other public officials for or against a specific cause'. Carroll and Buchholtz (2006 p. 365) go further by detailing that this influence is meant to promote or secure the passage or defeat of legislation. In this sense, lobbying can take two forms: general, when a particular atmosphere is created around an issue in order to create public debate; or direct, when it is related to a particular piece of legislation (AccountAbility, 2005) (see Figure 2.1.1).

Figure 2.1.1. The Lobbying Supply Chain

The Lobbying Supply Chain



Source: *Accountability*, 2005 p. 41

By lobbying the government, corporations seek to have greater political involvement. Defined by Carroll and Buchholtz (2006 p. 364), political involvement signifies ‘participation in the formulation and execution of public policy at various levels of government’. The government is in charge of making decisions about the present and future shape of the society and the role of the private sector; therefore, corporations, in addition to other interest groups, find it crucial to increase their political involvement (Carroll and Buchholtz, 2006).

2.2 POLITICAL DONATIONS

Political donations are one form of lobbying (AccountAbility, 2005 p. 39). Political donations can be considered as the sum of hard and soft money. Hard money refers to donations made directly to candidates whereas soft money refers to contributions made to political parties (Carroll and Buchholtz, 2006). Corporate political donations cannot be considered charitable if the intention is to benefit the corporation, directly or indirectly

(Ramsay *et al.*, 2002). Bakan (2004 p. 34) mentions that the reason behind corporate donations is to increase corporate profit. Further Bakan (2004) considers that corporate donations to political parties are intended to seek government influence. In relation to this statement, Hourigan (2006 p. 12) adds that 'all sides of politics share a fear of governments held hostage to wealthy individuals or organisations that use donations to buy influence'. Bakan (2004 p. 105) presents an example of the possible relationship between government influence and corporate political donations:

After donating more than a million dollars to congressional candidates, most of them Republicans, during the 2001 election cycle, Eli Lilly and Company found itself beneficiary of a provision, buried in the Homeland Security Act, that protected thimerosal manufacturers – of which it is the only one – from lawsuits arising out of harm caused by the drug's use.

According to the Australian Electoral Commission (2006b p. 8), section 287 of the *Commonwealth Electoral Act 1918* 'defines 'gift' to include any transfer or disposition of property or services for which no payment, or an inadequate payment, is received. Political donations come within the scope of this definition'. However, it seems unlikely that corporations expect no benefit while donating money to political parties (Bakan, 2004). The theoretical relationship between political donations and government influence can be linked with Marcel Mauss seminal work 'The Gift', a result of his studying of ancient societies. He found that 'a gift that does not nothing to increase solidarity is a contradiction' (Mauss, 1990 p. 7). Further Mauss (1990 p. 3) comments that 'in Scandinavian civilization, and in a good number of others, exchanges and contracts take place in the form of presents; in theory these are voluntary, in reality they are given and reciprocated obligatorily'. What is wrong with the so called free-gift is the intention of the donor to be excluded of receiving anything in return from the recipient (Mauss, 1990).

Young and Tham (2006 p. 35) argue that private funding of political parties is democratically ambiguous because it is not clear if such funding assists them to perform their functions and even though disclosure schemes are designed to prevent corruption as a graft, such schemes are hampered by a problem of proof. Corruption as a graft is defined by Young and Tham (2006 p. 35) as 'the improper exercise of political power in favour of donors because of the contributions they made'. The 'cash for honours' scandal is proof of the connection between campaign finance and corruption in British politics. This affair 'has led to calls for more regulation of party funding in the UK' (Hourigan, 2006 p. 12).

2.3 MANDATORY DISCLOSURES OF AUSTRALIAN POLITICAL DONATIONS

Corporations in Australia are allowed to donate money to political parties and are not compelled to disclose information about their political donations in their annual reports. There is no provision in the Corporations Act or under the Australian Stock Exchange listing rules that refers specifically to reporting about the social and environmental impact of corporate activities (Corporations and Markets Advisory Committee, 2006 p. 19), the

only annual report disclosures are the environmental laws that the entity is subject to and the entity's performance in relation to those laws (s299 of the Corporations Act). Companies are not compelled to disclose political donations in either annual reports, or stand-alone reports, or websites, however they do have to submit returns to the Australian Electoral Commission (hereafter AEC) every year (donations above \$10,000 as of 8 December 2005). The Australian Electoral Commission releases on its website political donations about donors, associated entities, and political parties on the first working day in February every year (Australian Electoral Commission, 2006b). Although the Australian Electoral Commission applies fines to companies that do not submit their political donations by the due date (Australian Electoral Commission, 2006b), the practice is not a 'must' for companies yet and the fines are not high enough to enforce companies to submit their returns (\$1,000 for not submitting the return by the due date).

Debates around social and environmental accounting have become more prominent, particularly in the context of corporate social responsibility. Critics such as Bakan (2004) have highlighted the negative social and environmental impact of corporations, especially large multinationals. Therefore calls for accountability of corporate political donations have become persistent. One mechanism for corporate political donations accountability is disclosure¹. The debate in this arena is ongoing because even though there are calls for mandatory reporting on social and environmental issues, corporate social responsibility reporting remains, in general terms, voluntary.

Corporations may want to donate money on their own or through another entity name (for instance, an associated entity such as Emily's List). Whatever the mode of donation, corporations have to disclose this information to the Australian Electoral Commission. Finally, corporations can choose whether or not disclosing political donations voluntarily and the instrument to communicate this information (annual reports, stand-alone reports, or websites).

2.4 VOLUNTARY SOCIAL AND ENVIRONMENTAL DISCLOSURES

Corporations are not compelled to disclose any social and environmental information, but dissatisfaction with mandatory financial reporting has led key stakeholders to demand for increased stakeholder reporting and have encouraged companies to improve reporting (Boesso and Kumar, 2007 p. 269-270). Even though corporations have increased the quality and quantity of corporate social reporting over the last years, the levels of voluntary reporting remain insignificant. A 2005 study found that of the largest 500 Australian corporations only 24 provided discrete reports on sustainability and while most companies made some reference to social and/or environmental issues these were usually policy statements (Jones *et al.*, 2005 p. 1).

Though one response has been to consider mandatory social and environmental reporting, the issue of mandatory reporting is still controversial. While *Ramsay et al.* (2002 p. 34) suggest that full political donations disclosure should be required in a public company's annual report (following the Australian Democrats proposal), Young and Tham (2006 p.

¹ Another mechanism include Ayres' *blind trust* explained by Hourigan, B. (2006), "Who pays?: political donations and democratic accountability", *Institute of Public Affairs Review*, Vol. 58 No. 3, pp. 12-15.

ix, x) provide fourteen recommendations in relation to the regulation of private funding. Young and Tham (2006) do not recommend mandatory disclosures; instead their main focus is the repeal of the changes introduced by the Electoral and Referendum Amendment (Electoral Integrity and Other Measures) Act 2006 that reduced disclosure obligations. Enforcement by law of corporate political donations is complex because many variables need to be considered; for instance, the possible increase of associated entities to canalize corporate donations to political parties.

While there are many models for social and environmental accounting, the most prominent is the Global Reporting Initiative (hereafter GRI), currently in its third iteration. The GRI essentially provides a list of core indicators that companies are expected to disclose together with additional indicators that may be applicable to given companies (Global Reporting Initiative, 2006). The mandatory status of GRI reporting in respect of Australian companies was the subject of a Senate Inquiry in 2006, which concluded that mandatory reporting was not required at that time (Corporations and Markets Advisory Committee, 2006).

Academia has displayed some ambivalence in the debate. On the one hand there have been prominent calls for the adoption of some type of social and environmental accounting (Gray and Bebbington, 2001). Proponents of this approach suggest that disclosure of corporate social and environmental information will lead to corporations voluntarily improving their performance, stricter legislation via public pressure, or both.

On the other hand there are some misgivings with the approach adopted by the GRI. For example, Hazelton (2007) criticised the GRI on the basis that it attempted to address sustainability issues within tight corporate borders, using the example of Australian water usage to demonstrate the inadequacies of the GRI approach.

There has been a growing attention towards social responsibility information disclosure mainly on environmental information. Nevertheless, environmental information is but one of its various parts (Branco and Rodrigues 2006). Therefore, the focus of this paper is on corporate political donations. Based on the theoretical perspective of legitimacy theory, this study aims to analyse whether or not corporations in Australia have attempted to legitimate their donations to political parties from 2004 to 2006. For this purpose, the primary source of data gathering has been the Australian Electoral Commission, which is in charge of receiving and disclosing political donations.

3. LITERATURE REVIEW

Social and environmental accounting is not new. Early studies about social responsibility disclosures in Australia (Trotman, 1979; Kelly, 1981; Guthrie and Parker, 1989) show that there are records of voluntary social and environmental reporting by Australian corporations as early as 1885. In Australia (as in most parts of the world) social and environmental accounting is predominantly voluntary. While companies are required to report certain social and environmental information to regulatory bodies (such as political donations, discussed above and below) the only annual report disclosures are the

environmental laws that the entity is subject to and the entity's performance in relation to those laws (s299 of the Corporations Act). Interestingly, the introduction of this law resulted in some increase in environmental disclosure (Frost, 2007).

Research in the area of social and environmental accounting has grown in the last few decades. This is reflected by an increase in the number of academic researchers entering the field and the level of importance given by governments, industry bodies, professional accounting bodies, and corporations to these issues (Deegan, 2002 p. 283). Much of this research has concerned the frequency, nature, location and motivation for disclosures. These aspects are discussed in turn below.

3.1 THE FREQUENCY, NATURE AND LOCATION OF VOLUNTARY SOCIAL AND ENVIRONMENTAL DISCLOSURES

Longitudinal studies have revealed a long history of voluntary disclosures, such as BHP from 1885 (Guthrie and Parker, 1989) and US Steel from 1901 (Hogner, 1982), though these and other studies have noted irregularity in the frequency and nature of disclosures (Deegan *et al.*, 2002).

In recent years both the frequency and detail of social and environmental reporting has increased. In the Australian context, in his study of the introduction of mandatory reporting under s299(1)(f) noted above, Frost (2007 p. 209) observes that 'prior research has observed a long-term continuing increase in total disclosures...while such an increase was observed, for the total sample it was not consistent. However, once firms with a stand-alone environmental report were excluded from the analysis, a consistent increase was observed'. By contrast, Jones *et al.* (2005 p. 19) found evidence that 'only a small proportion of listed entities prepare discrete reports on sustainability/TBL issues...The evidence of low levels of sustainability reporting is contrasted with the growing global trend toward increasing corporate social responsibility'.

In terms of the nature of disclosures, one of the areas of interest to researchers has been the extent to which companies disclose both favourable and unfavourable news. Guthrie and Parker (1989) found that, in the case of BHP, not only good news, but also bad news such as strikes and other industrial problems were disclosed. By contrast, in their research within the context of environmental disclosures, Deegan and Rankin (1996 p. 62) found that 'even where companies have been prosecuted for environmental misdemeanours, the particular organizations still report predominantly favourable environmental information'.

Regarding the location of disclosures, many companies are now also disclosing social and environmental information in forms other than the annual report. These include stand-alone reports and corporate websites.

In terms of the annual report, it is possibly the main document by which an organisation builds its own social image to all stakeholders. Not only is the narrative material close to the audited financial statements, but it also has a level of credibility because auditors must read such material (Branco and Rodrigues, 2006 p. 235). Campbell (2000 p. 84-85) adds that 'the overwhelming majority of researchers have taken the pragmatic view that

the annual corporate report can be accepted as an appropriate source of a company's attitudes towards social reporting. This is for two reasons: the company has total editorial control over the document (excluding the audited section); and it is usually the most widely distributed of all public documents produced by the company'. Therefore, it is 'not subject to the risk of journalistic interpretations and distortions possible through press reporting' (Guthrie and Parker, 1989 p. 344).

In terms of corporate websites, internet disclosures as means of communicating with stakeholders have increased. Corporate websites have different sections, each one aimed to get the attention of different users. Branco and Rodrigues (2006 p. 235) observe 'the benefits of the internet for communicating information to stakeholders over traditional communication channels are substantially related to the possibility of disseminating more information less expensively and in a more timely fashion, and to its interactive nature. One of the more interesting features of the internet is that it allows companies to provide information targeted to different stakeholders and to obtain feedback from them'.

The importance of stand-alone reports has been growing over the last decade. Deegan (2005) observes this increase within the Australian context especially since the mid-1990s. By including social and environmental issues, a number of Australian companies have started to produce publicly available sustainability reports over the last years. 'If one compares the quantity and quality of corporate environmental disclosures today with those 20 years ago, it might be argued that a transformation in corporate thinking and action is taking place. Evidence of this transformation is found in the increased production of separate annual environmental reports' (O'Donovan, 2002 p. 364).

3.2 THE MOTIVATION FOR VOLUNTARY SOCIAL AND ENVIRONMENTAL DISCLOSURES

Another important strand of social and environmental accounting research is an investigation into which characteristics have the disclosing companies. After analysing annual reports of 207 Australian companies, Trotman and Bradley (1981) found that 'companies which provide social responsibility information are on average, larger in size, have a higher systematic risk and place stronger emphasis on the long term than companies which do not disclose this information'. The relation between size and voluntary disclosures has also been highlighted by Boesso and Kumar (2007) and Cormier and Gordon (2001). While the former found also a relationship between voluntary disclosure and industry, the latter provided evidence that the level of disclosure depends on whether a company is public or private and the ownership status. Boesso and Kumar (2007) examined what factors, in addition to the needs of financial markets, drive the voluntary disclosure practices of companies. They found that company size, and to a minor extent the industry in which the company is operating, influences the voluntary disclosures made by companies. In their study of three electric utilities in Canada for the period 1985 through 1996, Cormier and Gordon (2001) found that 'the publicly owned firms disclosed more social and environmental information than did the privately owned company'. They linked size with ownership status assuming that government owned enterprises, which are large and politically supported, must disclose more because of reasons of accountability and visibility.

Gathering information from previous studies, Deegan (2002 p. 290-291) discussed managers' decisions to report on social and environmental issues. His study includes motivations such as the desire to comply with legal requirements, 'economic rationality' considerations, a belief in an accountability or responsibility to report, a desire to comply with borrowing requirements, to comply with community expectations, as a result of certain threats to the organisation's legitimacy, to manage particular stakeholder groups, to attract investment funds, to comply with industry requirements or particular codes of conduct, to forestall efforts to introduce more onerous disclosure regulations, and to win particular reporting awards. However, this list of motivations to report on social and environmental information is not exhaustive as it is possible to name other factors. Importantly, the desire to legitimise an organisation's operations is considered as a motivation to disclose and report on environmental and social issues (Deegan, 2002 p. 291).

Although there is no unequivocally accepted theory for social and environmental accounting, much of the research about social and environmental reporting has engaged with legitimacy theory which is discussed in further detail below.

3.2.1 LEGITIMACY THEORY

Legitimacy theory is based on the notion that corporations have a *social contract* with society and, in order to legitimise themselves and their actions within society, corporations need to fulfil this contract (Cormier and Gordon, 2001). Magness (2006) explains that legitimacy theory is based on the assumption corporations do not have an inherent right to exist. Society can grant this right, but only when the company's value system is perceived as matching with the one of the society in which it operates. Additionally, if the company is thought to have breached the terms of the social contract, that right could be revoked. As such, outsiders to the corporation grant 'legitimacy'. O'Donovan (2002 p. 346) adds that 'changes in social norms and values are one motivation for organisational change and also one source of pressure for organisational legitimation'.

Legitimacy theory was integrated into accounting literature as a way to explain 'what, why, when, and how certain items are addressed by corporate management in their communication with outside audiences' (Magness, 2006 p. 542). Accounting research has embraced the concept of social contract recently.

The theoretical perspective of the social contract has been discussed by philosophers such as Hobbes, Locke, and Rousseau since the 17th century (Deegan, 2002 p. 295). In the modern era, the principle of social contract has been interpreted and developed for business institutions (Campbell, 2000 p. 83). A social contract is similar to the idea of a community license to operate. Deegan (2005 p. 1146) defines it as a 'concept representing the multitude of implicit and explicit expectations that a society has about how an organisation should conduct its operations'. Legitimacy theory, like many others, could be considered as a system-oriented theory. 'Within a systems-oriented perspective, the entity is assumed to be influenced by, and in turn to have influence upon, the society in which it operates' (Deegan, 2002 p. 292).

Legitimacy theory conjectures that corporate social responsibility disclosure practices are responsive to political, social, economic, and environmental pressures. Within this context, Deegan and Rankin (1996 p. 53) mention that 'management seeks congruence between the outside perceptions of its own social values, and what is deemed by society to be appropriate social conduct'. The congruence of these allows organizational legitimacy to exist. Elaborating on this idea of organizational legitimacy, O'Donovan (2002 p. 345) states that 'the greater the likelihood of adverse shifts in the social perceptions of how an organisation is acting, the greater the desirability on the part of the organisation to attempt to manage these shifts in social perceptions'. Based on the notion of legitimacy theory, the organisation needs to consider the rights of the society at large, not only those of its investors.

When congruence between societal values and norms and a corporation's actions and activities is not achieved, there are 'legitimacy gaps'. Branco and Rodrigues (2006 p. 236) define legitimacy gaps as situations when 'society's expectations are not fulfilled, that is, a company's actual or perceived behaviour is not in accordance with social values and norms'. Not only do companies have to perform activities congruent with social values, but also to communicate such congruence. O'Donovan (2002) suggests that managers' legitimising strategies (avoid, attempt to alter social values, attempt to shape perceptions of the organisation, and conform to conferring publics' values) would differ depending on their attempts to gain, maintain, or repair legitimacy for the organisation.

Legitimising strategies may vary depending on the country; therefore, there is a need to consider historical, national, and cultural contexts as well. The majority of tactics are focused on changing the public perception of an organisation in response to threats to its legitimacy. O'Dwyer (2002 p. 407) observes that 'the disclosure of information regarding corporations' social impacts...has been identified as one tactic that may enable companies to influence these perceptions'. Echoing this view, Deegan (2002 p. 292) states that 'corporate disclosure policies are considered to represent one important means by which management can influence external perceptions about their organisation'.

As noted above, previous research on corporate social reporting has found that corporations mostly disclose positive news. This practice has been interpreted as supporting legitimacy theory because it represents means of legitimising a corporation's existence to society (e.g. Deegan and Rankin, 1996; Deegan *et al.*, 2002; Milne and Patten, 2002). Even more important, Deegan and Rankin (1996 p. 62) found that 'even where companies have been prosecuted for environmental misdemeanours, the particular organizations still report predominantly favourable environmental information'. Providing positive news is one way to present a positive social image within the community, especially among companies with high public visibility. Branco and Rodrigues (2006 p. 237) observe that 'one might consider that those companies with the highest public profile are more willing to present a positive social image through community involvement activities than those less well-known, in part because such activities are deemed to attract consumers but also to justify its existence to society'.

Legitimacy theory has been tested by different researchers during the last years, with mixed results. For example, Guthrie and Parker's (1989) results did not support legitimacy theory in BHP disclosures for the period 1885-1985; while, in an extension of

Guthrie and Parker' paper and by applying Media agenda setting theory, Deegan *et al.* (2002) found legitimation motives for corporate social disclosures of BHP for the period 1983-1997.

Legitimacy theory offers a perspective to comprehend why and how managers use external disclosures to assist the operations of an organisation. 'Legitimacy theory implies, given a growth in community awareness and concern, that firms will take measures to ensure their activities and performance are acceptable to the community' (Wilmshurst and Frost, 2000 p. 11). Therefore, legitimacy theory offers a perspective from which to analyse the disclosure of Australian corporate political donations, and suggests that corporations will use these disclosures as a legitimising device.

3.5 PREVIOUS RESEARCH REGARDING DISCLOSURE OF CORPORATE POLITICAL DONATIONS

Few studies have considered the disclosure of corporate political donations, and none have focused predominantly on this aspect of corporate reporting. Jones *et al.* (2005) examined the relationship between sustainability disclosure levels and three aspects of firm performance and survival: market-adjusted returns, financial performance, and the probability of financial distress or failure. Their results show 'a generally negative relationship between sustainability disclosure scores and market-adjusted returns over all periods examined in the analysis' (Jones *et al.*, 2005 p. 85). In their study, Jones *et al.* (2005) used Global Reporting Initiative (GRI) indicators showing a low disclosure of political contributions (coded as 'SO3' within the GRI) for the top 100 companies.

The only study to examine corporate political donations in the context of legitimacy theory is Campbell (2000), who studied the British retailer Marks and Spencer Plc from 1969-1997 and the variability in disclosure of social and responsibility issues between chairmen's terms in office. He found two contrasting results in terms of Legitimacy theory; a rise on environmental disclosures driven by an increase on environmental concern, especially from 1989; but also a negative relationship between political donation disclosures and societal concern, and therefore concluded that 'the significant variability of disclosure suggests, however, that legitimacy theory is not a total explanation of the phenomenon observed in this study' (Campbell, 2000 p. 93). In terms of political donations, Campbell (2000 p. 94) explains 'political donations, small though they were, were given directly to the Conservative Party near to the time when the Party's popularity began to decrease after the 1992 general election and 'Black Wednesday' in the same year. The company made its opposition to Sunday trading clear in the early 1990s when Parliament (presumably believing it to be a popular measure) were legislating for it. A company seeking approval (legitimacy) from society would be unlikely to espouse unpopular causes on a regular basis'. Therefore the disclosure of political donations was also inconsistent with legitimacy theory.

The current study aims to add to the existing research in relation to the foregoing aspects of social and environmental accounting (what is disclosed, where it is disclosed and why it is disclosed) in relation to Australian corporate political donations from 2004 to 2006. The methodology of the study is detailed in the following section.

4. METHODOLOGY

To evaluate the extent Australian corporations disclose information about political donations from 2004 to 2006, secondary data was used and content analysis was utilised.

The use of secondary data offers seven advantages to the researcher in comparison to the other methods. According to Singleton and Straits (2005 p. 354-357), the advantages pertinent to the use of available data in this study are: it provides a nonreactive measurement, it allows studying and understanding the past, it permits to improve knowledge through replication and increased sample size, and it allows saving on research costs.

By utilizing secondary data, bias can occur because the information found could not be relevant for the study and/or because available data will seldom be ideally suited to the purposes that the researchers have in mind (Singleton and Straits, 2005). This bias was overcome because data pertaining to political donations was specifically searched from the Australian Electoral Commission (AEC) website. Then corporations' websites from the sample were examined to find whether or not those companies disclosed political donations. This process was selected because companies are compelled to disclose political donations to the AEC. The information about which companies made donations enabled more specific research into the level of disclosure. Specifically, companies' websites, annual reports, or stand-alone reports were examined in relation to information about political donations.

Secondary data pertaining political disclosures over the period 1999-2006 from the AEC website was obtained. The AEC website was the primary source for the study because the AEC is the entity in charge of compiling information about donations to political parties. AEC's functions are outlined in the Commonwealth Electoral Act 1918 being one of them to administer election funding and financial disclosure.

The amount of \$40,000 per year was chosen as a threshold to narrow the selection of donors and, due to amount of information, fiscal years 2004, 2005, and 2006 were selected. Donors within that group were categorised in terms of their nature (such as individuals, associated entities, corporations, unions, etc.) and those donors who were not corporations were removed. The final sample for the period 2004 – 2006 comprised 164 companies. In 2004, 2005, and 2006 there were 96, 112, and 54 companies within the sample respectively. In 2004, 2005, and 2006 corporate political donations of the sample represented 54%, 48%, and 61% of total donations for that year respectively.

Three sources of secondary data were analysed to get information about political donations made by corporations. These are: annual reports, corporate websites, and stand-alone reports. It was considered that if companies chose to make voluntary disclosures, these disclosures would be available on their main web pages (either in their annual reports, stand-alone reports, or websites). The three instruments of communicating information were chosen because of their importance as mentioned in Section 3.3. Google searches were used to locate company websites. Every website was investigated for information about donations to Australian political parties. Out of the sample, 42 companies (26%) did not have a website, whereas 122 companies (74%) did have a

website. Only information available in companies' websites was considered for the purposes of the study.

Information about political donations was searched in either annual reports, or stand-alone reports, or websites. The information was then coded by type of disclosure (amount or narrative), disclosure amount (aggregate or disaggregated by political party), and number of words related to political donations. Word count about corporate donations to political parties was used because it prevents inconsistencies when calculating the level of disclosures. 'Words are the smallest unit of measurement for analysis and can be expected to provide the maximum robustness to the study in assessing the quantity of disclosure' (Wilmshurst and Frost, 2000 p. 16).

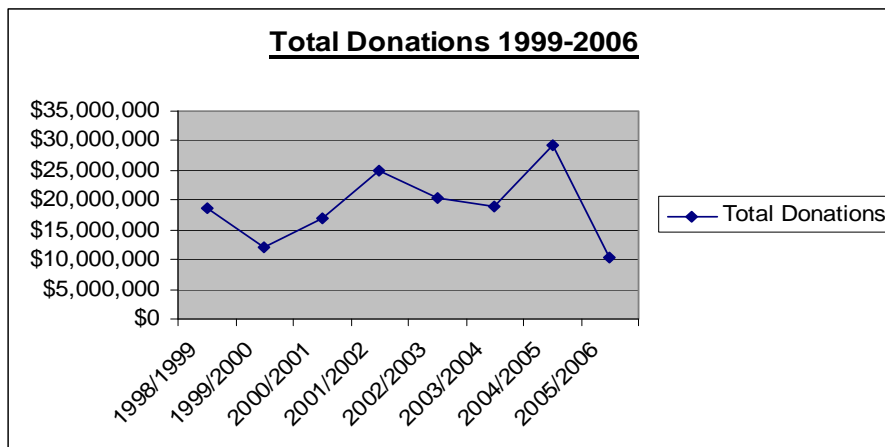
5. RESULTS

5.1. DONATION PRACTICES

As mentioned in Section 4, total donations for the period 1999-2006 were obtained from the Australian Electoral Commission website. During this period, the pattern of total donations has been irregular (see Figure 5.1.1), tending to increase during Federal and State and Territory elections. Increases in total donations can be seen during years of Federal elections (1998, 2001, and 2004) (see Appendix 1 for the complete table).

After decreasing by 36% between fiscal years 1999 and 2000, the total amount of political donations increased by 40% (2001) and 48% (2002), which was around the time of the 2001 Federal election. On 9 October 2004 there were Federal elections and the amount of political donations increased by 56% from 2004 to 2005.

Figure 5.1.1. Total donations, 1999-2006



The following table (Table 5.1.1) presents the number of donors stratified by amount of money donated during the sample period 2004-2006. The first range was considered from \$0 until \$39,999 because of the threshold chosen to select the final sample of the study (\$40,000 or more). The total number of donors increased by approximately 58% between

2004 and 2005 (from 814 to 1284), whereas it decreased by approximately 79% between 2005 and 2006 (from 1284 to 272). By analysing donors in relation to the total amount of money donated per range, the first range (0 - \$39,999) shows the highest number of donors per year. The number of donors increased from 2004 to 2005 (from 702 to 1127), but decreased from 2005 to 2006 (from 1127 to 203). A possible explanation for the decrease in reported donations could be the increase in the threshold from \$1,500 to \$10,000. As of 8 December 2005 donors subject to the new disclosure threshold (more than \$10,000) were required to submit their returns to the Australian Electoral Commission (Australian Electoral Commission, 2006b).

Table 5.1.1. Donors stratified by amount of money donated per year, 2004-2006

Amount in Australian dollars	Number of Donors per year					
	2006	%	2005	%	2004	%
0 - \$39,999	203	74.63%	1127	87.77%	702	86.24%
\$40,000 - \$99,999	45	16.54%	98	7.63%	80	9.83%
\$100,000 - \$249,999	20	7.35%	43	3.35%	24	2.95%
\$250,000 - \$499,999	3	1.10%	13	1.01%	4	0.49%
\$500,000 - \$999,999	0	0.00%	1	0.08%	4	0.49%
more than or equal to \$1,000,000	1	0.37%	2	0.16%	0	0.00%
Total donors	272	100%	1284	100%	814	100%
Total donations	\$10,299,249		\$29,356,259		\$18,849,935	

The following table (Table 5.1.2) presents the percentage of total donations made solely by companies per year. The years considered are those of the final sample (2004, 2005, and 2006). In general, corporate donations represent more than 50% of the total amount of money donated every year. Their representation out of the total amount of money donated declined by 13.5% from 2004 to 2005 and increased by 10% from 2005 to 2006. In 2005 corporations donated \$17,191,336 which is highest in comparison with years 2004 and 2006. Total corporate donations declined from 2004 to 2005 by approximately 59% and this may be explained in part by changes in law as mentioned above.

Even though corporate political donations explain a high percentage of total donations during those years, it is worth mentioning that donors other than corporations were among the top five donors. For example, in 2004 Mr. H R Gillham (individual) donated \$864,100, Cormack Foundation Pty Ltd (associated entity) donated \$800,000, and Progressive Business Association Inc (associated entity) donated \$505,000. Their donations combined represent 11.5% of the total amount. In 2005 Cormack Foundation Pty Ltd (associated entity) donated \$1,900,000, Lord Michael Ashcroft (individual) donated \$1,000,000, the 500 Club Inc (associated entity) donated \$655,812, and the Construction, Forestry, Mining, and Energy Union (Mining and Energy division) donated \$470,000. Their donations combined represent 13.7% of the total amount. In 2006 Cormack Foundation Pty Ltd (associated entity) donated \$1,000,000 and Progressive Business Association (associated entity) donated \$450,000. Their donations combined represent 14.1% of the total amount. As such, companies and their donations represent the highest percentage of the total donations (as shown in the table), while often a small number of other donors (other than corporations) provide the highest single donations per

year. An associated entity is defined by the Australian Electoral Commission (2006a p. 2) as an entity that is ‘controlled by one or more registered political parties; or operates wholly or to a significant extent for the benefit of one or more registered political parties; or is a financial member of a registered political party, or on whose behalf another person is such a member; or has voting rights in a registered political party, or on whose behalf another person has such voting rights’.

By analysing the top five donors in terms of companies, the following results were found: In 2004 the biggest donor was Croissy Pty Ltd (Property industry) with \$500,000, followed by Macquarie Bank (Financial, Investments, and Insurance industry) with \$411,817. Their donations represented 4.8% of the total amount. In 2005 Macquarie Bank (Financial, Investments, and Insurance industry) donated \$496,627 and its donation represented 1.7% of the total amount. In 2006 Westfield Capital Corporation Limited (Property industry) donated \$435,600 and its donation represented 4.2% of the total amount.

Corporations donated on average more than 50% of the total amount over the period 2004-2006. However, within the sample corporate lobby groups donated a substantial amount of this money. For instance, as mentioned above, in 2005 Cormack Foundation Pty Ltd donated \$1,000,000. This supports a great number of concerns raised about undue influence of corporations. Young and Tham (2006 p. 25) state that ‘corruption as undue influence occur when contributions undermine the ability of citizens to have equal opportunity to influence political outcomes. It results in part from the fact that contributions are arguably being made by actors who do not have a claim to democratic representation in Australia’, and these actors are corporations because they are not citizens and their main purpose is to have profits.

Table 5.1.2. Donations by companies as part of total donations per year, 2004-2006

Year	Total donations	Donations by companies	%
2003/2004	\$18,849,935	\$13,593,686	72.1%
2004/2005	\$29,356,259	\$17,191,336	58.6%
2005/2006	\$10,299,249	\$7,061,973	68.6%
	\$58,505,443	\$37,846,995	

5.2. DISCLOSURE PRACTICES

The sample obtained comprised 96, 112, and 54 companies in 2004, 2005, and 2006 respectively. In 2004, 2005, and 2006 corporate political donations of the sample represented 54%, 48%, and 61% of total donations respectively. Companies donated money in one year, and/or two, and/or three years, whereas some companies might not appear in the final sample every year because they probable donated an amount of money

below the threshold established for this study (\$40,000) (see Appendix for the final sample of companies classified by year, amount of money donated, and disclosure practices). The following table (Table 5.2.1) narrows the scope of the sample by classifying companies that donated money per year. The number of companies in the sample increased by 16% between 2004 and 2005, whereas it decreased by 51% between 2005 and 2006. In 2004 only 8 out of 96 companies (8%) disclosed information related to political donations. In 2005 only 8 out of 112 companies (7%) and in 2006 only 8 out of 54 companies (15%) disclosed information about political donations. As mentioned in the previous section, corporations are not compelled to disclose this information. Even though a substantial number of companies are reporting on social and environmental issues, the number of companies that disclosed about political donations is low.

Table 5.2.1. Corporations of the sample that disclosed political donations, 2004-2006

	Year		
	2006	2005	2004
Total in sample	54	112	96
Total disclosures ⁽¹⁾	8	8	8
Percentage of Disclosures	15%	7%	8%

(1) Only 1 website disclosure was considered in 2006 because of the nature of the disclosure (Company: Philip Morris)

The next table (Table 5.2.2) presents companies that disclosed political donations over the period 2004-2006. Additionally, a column including website disclosures was added because four companies did disclose using this means of communication (Insurance Australia Group, Mirvac Group, Philip Morris Limited, and Stockland Trust Group). Because of the threshold (\$40,000 and more), some companies were not considered within the sample over the period 2004-2006 even though they donated money to political parties. For example, Adelaide Bank Limited disclosed political donations in its 2004, 2005, and 2006 annual reports. Even though it donated money every year (2004, 2005, and 2006), it was considered only in the sample for 2006 because of the threshold. On the other hand, Transurban Limited disclosed only in 2006 even though it donated money in 2004, 2005, and 2006.

The code 'n/a' refers to companies that were not in the sample over the period of study because of the threshold (\$40,000 and more) established to obtain the final sample.

Table 5.2.2. Companies that disclosed political donations per year, 2004-2006

Companies	Voluntary disclosures by year ⁽¹⁾⁽²⁾			Voluntary disclosures (website)
	2006 ⁽³⁾	2005	2004	
Adelaide Bank Limited	X	n/a	n/a	
ANZ Banking Group Ltd	X	X	X	
Australand Holdings Ltd	X	X		
British American Tobacco Australia Ltd		X	X	
Coles Myer Ltd	n/a	X	X	
CSR Limited	n/a	X	n/a	
Food Investments Pty Ltd ⁽²⁾	n/a	X	X	
Insurance Australia Group	n/a	n/a		X
Leighton Holdings Ltd	X			
Lend Lease Development Pty Ltd	n/a	n/a	X	
Mirvac Group				X
Multiplex Group	X		n/a	
Perpetual Trustees Australia Limited	n/a	X	n/a	
Philip Morris Limited	X		n/a	X
Rinker Group Ltd			X	
Smorgon Steel Group Limited		n/a	X	
Stockland Trust Group		n/a	n/a	X
Transurban Limited	X			
Westpac Banking Corporation	X	X	X	

(1) To present which years companies disclosed political donations voluntarily

(2) Disclosed political donations do not necessarily match with political donations reported to the AEC and obtained in the sample

(3) Including Philip Morris in both: website and 2006

The following table (Table 5.2.3) presents a classification by industry of those companies that disclosed their political donations. Website disclosures were considered in a separate row because they do not provide data for temporal analyses. Only one case, Phillip Morris' website, was included in 2006 because it disclosed political donations during that year. The other three companies that disclosed information on their websites referred to political donations in general terms without any specific detail.

In 2004, 25% of the companies that disclosed political donations belonged to the Financial, Investments, and Insurance industry (Banks: ANZ Banking Group Ltd and Westpac Banking Corporation) and 25% belonged to the Property industry (Lend Lease Development Pty Ltd and Rinker Group Ltd). In 2005, the Financial, Investments, and Insurance industry included the highest number of companies (Banks: ANZ Banking

Group Ltd and Westpac Banking Corporation; Finance: Perpetual Trustees Australia Limited). In 2006, 50% of the companies belonged to the Property industry (Australand Holdings Ltd, Leighton Holdings Ltd, Multiplex Group, and Transurban Limited) followed by the Financial, Investments, and Insurance industry with 23% (Banks: Adelaide Bank Limited, ANZ Banking Group Ltd, and Westpac Banking Corporation). Adelaide Bank Limited disclosed donations not only in 2006 annual report, but also in its 2004 and 2005 annual reports. However, Adelaide Bank Limited was not considered in the final sample for 2004 and 2005 because of the threshold of \$40,000. In terms of disclosures within their websites, 50% of the companies belong to the Property industry (Mirvac Group and Stockland Trust Group), 25% to the Financial, Investments, and Insurance industry (Insurance Australia Group), and 25% to the Tobacco and Alcohol industry (Philip Morris Limited).

Table 5.2.3 Companies that disclosed political donations by industry, 2004-2006

Industry ⁽³⁾	Year						Web only	%
	2006 ⁽²⁾	%	2005	%	2004	%		
Financial / Investments/ Insurance	3	37.5	3	37.5	2	25.0	1	25.0
Food/ Pastoral Companies	0	0.0	1	12.5	1	12.5	0	0.0
Industrial/ Manufacturing	0	0.0	1	12.5	1	12.5	0	0.0
Property	4	50.0	1	12.5	2	25.0	2	50.0
Retail & Service Companies	0	0.0	1	12.5	1	12.5	0	0.0
Tobacco/Alcohol	1	12.5	1	12.5	1	12.5	1	25.0
Total companies ⁽¹⁾	8	100	8	100	8	100	4	100

(1) Only companies that disclosed political donations

(2) Including Philip Morris' disclosures on its website for 2006

(3) Following industry classification made by www.democracy4sale.org.com

The following table (Table 5.2.4) shows types of disclosure, amount, and narrative (measured by using word count). There are a significant number of companies that disclosed not only a certain amount of money donated, but also reasons or any statement in relation with political donations.

In terms of the type of disclosures, years 2004 and 2005 show similar patterns. Most companies disclosed the amount of money donated or both, the amount of money and some narrative. In 2004, 3 out of 8 companies (37.5%) disclosed only the amount of money, 1 out of 8 companies (12.5%) disclosed the information in a narrative way, and 4 out of 8 (50%) disclosed using both amount and narrative. In 2005, 4 out of 8 companies (50%) disclosed only the amount, 1 out of 8 companies (12.5%) disclosed only in a narrative way, and 3 out of 8 (37.5%) disclosed using both. By contrast, in 2006, 7 out of 8 companies (87.5%) disclosed using both narrative and amount whereas 1 company out of 8 (12.5%) disclosed only the amount of money donated.

In terms of the amount of money disclosed, a majority disclosed their donations by political party. In 2006 Philip Morris disclosed its donations not only by political party, but also by state. In 2004 and 2005, 86% of the companies (6 out of 7), who disclosed either amount or amount and narrative, specified their donations by political party. In 2006, 88% of the companies (7 out of 8) specified the amount of money donated per political party. In 2004, 2005, and 2006, only one company disclosed an aggregate amount.

As mentioned in the previous section, word count was the tool considered to measure the narrative part of the disclosures. The average number of words was found by dividing the total amount of words by the number of reports per year. 'Word count' decreased by approximately 34% for the period 2004-2005 and increased by approximately 28% for the period 2005-2006. British American Tobacco Australia substantially increased their average number of words in 2004. Its disclosure comprised 369 words representing 47% of the total number of words. If this number of words were not considered, the average number of words would be approximately 51 which is less than the average number obtained for 2005. If British American Tobacco Australia had not been considered in terms of word count, an increase over the 3-year period would have been observed. If the latter applies, it could be assumed that corporations do consider providing relevant information about political donations to their stakeholders. A positive trend over the 3-year period would mean that corporations consider increasingly important to provide details about political donations. The final number of disclosing companies does not allow a general verification of the latter.

In terms of websites, the average number of words was 82 (considering only 4 websites). However 'word count' based on websites' information is not useful to analyse whether or not companies consider increasingly relevant to provide information about political donations over the period 2004-2006. This is due to the fact that temporal analysis cannot be applied.

As mentioned in the previous sections, the Global Reporting Initiative (GRI) guidelines represent the most used approach for voluntary disclosures nowadays. Two companies disclosed social and environmental issues (including political donations) using GRI indicators: British American Tobacco Australia and Transurban Limited.

Table 5.2.4. Classification of corporate political donations by type, amount, and narrative, 2004-2006

	Year			Website narrative only ⁽³⁾
	2006 ⁽²⁾	2005	2004	
Total companies⁽¹⁾	8	8	8	4
Types of disclosures				
Amount only	1	4	3	0
Narrative only	0	1	1	3
Amount and narrative	7	3	4	1
Amount disclosure				
Aggregate only	1	1	1	0
Disclosure by political party	7	6	6	1
Narrative disclosure⁽⁴⁾				
Word count ⁽⁵⁾	73	57	87	82

(1) Only companies that disclosed political donations (considering Philip Morris disclosure on its website under 2 criteria: 2006 and website)

(2) Philip Morris disclosure on its website was considered because it refers to political donations made in 2006

(3) Website was considered alone because the access date was not in either or sample years. Only one company referred to political donations in its website in 2006

(4) Average number of words was considered for websites. Total words (including Philip Morris website) was divided by the number of websites

(5) Average per year. Obtained by dividing total words with the number of reports per year. Including disclosure information in Philip Morris' website for 2006

The final table (Table 5.2.5) disaggregates the disclosures by location. Westpac Banking Corporation disclosed its donations in both its annual report and its stand-alone report. For this reason the number of companies does not match with the number of reports. In the previous table Westpac's reports were consolidated so as to determine type, amount of money, and narrative, but in this case every report was taken as a single unit.

The annual report remains the most important corporate communication instrument. In 2004 and 2005, 7 out of 8 companies (88%) disclosed their political donations within their annual reports, whereas it decreased from 2005 to 2006 by 29%. Within the annual reports, companies did not disclose political donations in one common section. Information about political donations was found in the corporate governance section, the environment and community section, the directors' report section, the security holders' information section, or the corporate responsibility statement section.

The growing importance of stand-alone reports as means of communicating social and environmental information was confirmed. Companies call these reports under different names such as Corporate Responsibility Report (ANZ Banking Group Ltd – 2006), Social Report (British American Tobacco Australia Ltd – 2004), Progress Report (British American Tobacco Australia Ltd – 2005), Sustainability Report (Transurban Limited – 2006), and Stakeholder Impact Report (Westpac Banking Corporation – 2004, 2005, and 2006). In 2004 and 2005, 2 out of 8 companies (25%) disclosed their political donations within stand-alone reports, whereas in 2006, 3 out of 8 companies (38%) disclosed that

information within stand- alone reports. Westpac Banking Corporation was the only company that disclosed its political donations in both its annual report and its stand-alone report (named as stakeholder impact report).

Companies’ websites do not represent an important tool to disclose political donations. Only one company (Philip Morris Limited) disclosed its donations per political party in 2006 as well as its policy towards political donations. For this reason Phillip Morris’ disclosure of political donations was considered under both criteria: ‘2006’ and ‘Website narrative only’. The other three companies (Mirvac Group, Stockland Trust Group, and Insurance Australia Group) do not mention any amount of money donated to political parties. Insurance Australia Group refers to the Australian Electoral Commission website for information about its political donations, Mirvac Group establishes its policy towards political donations and mentions that the amount of money donated will be disclosed in the annual report (this was checked and no information about political donations was found), and Stockland Trust Group gives a detailed policy towards political donations and refers to disclosures briefly.

Table 5.2.5. Classification of corporate political donations by location of disclosures, 2004-2006

	Year			Website narrative only ⁽³⁾
	2006 ⁽²⁾	2005	2004	
Total companies⁽¹⁾	8	8	8	4
Location of Disclosures⁽⁴⁾				
Annual report	5	7	7	0
Stand-alone report	3	2	2	0
Website	1	0	0	4

(1) Only companies that disclosed political donations (considering Philip Morris disclosure on its website under 2 criteria: 2006 and website)

(2) In 2006 Philip Morris disclosure on its website was considered because it refers to political donations in 2006

(3) Website was considered alone because the access date was not in either or sample years. Only one company referred to political donations in its website in 2006

(4) The total does not match with the number of companies who disclosed because Westpac did disclose in more than 1 report

Some companies justified why they donated money to political parties whereas others did not. For instance, Australand Holdings Ltd, CSR Limited, and Rinker Group Ltd did not provide a clear explanation about why they donated money.

Lend Lease Development Pty Ltd provides an interesting case. It mentions that it does not make cash donations to political parties, but it mentions that costs are incurred when representatives of the company attend political functions (Lend Lease, 2004 p. 35). According to the Australian Electoral Commission, this company donated \$57,500 during the fiscal year 2004. However, Lend Lease disclosure did not match with the information disclosed by the AEC.

Some companies refer to their internal policies for political donations such as Adelaide Bank Limited, ANZ Banking Group Ltd, and Stockland Trust Group. For instance, in its 2006 annual report, Adelaide Bank Limited (2006 p. 21) states that ‘the board has a policy in relation to donations to political parties, which is to consider any application for such a donation on its merits. The Board reviews its policy from time to time’.

There are other companies that not only frame their political donations within their internal policies, but also justify why they donate money to political parties. For instance, in its 2005 Stakeholder Report, Westpac Banking Corporation (2005 p. 52) states:

We believe we have a responsibility to support the democratic process and ensure governments are well informed on our activities. We are therefore committed to ensuring that any political donations we make are made solely for the purpose of supporting the democratic process itself...and not made where there can be any misrepresentation of their purpose.

In its 2004 Social Report, British American Tobacco Australia Ltd (2004 p. 149) states:

...We seek neither favour nor recognition for any contribution we make to political organisations, nor do we believe that they in any way influence policy outcomes or decision-making. We, like many other corporate citizens, simply seek to be active participants in a political process in which we are a significant part...Our company is a significant but is not amongst the largest contributors to political parties. We believe that in the course of being active participants in the political process, our level of donations is reasonable.

In its 2005 Annual Report, Coles Myer Ltd (2005 p. 26) states:

The Board’s decision to contribute to the major political parties...is motivated by its desire to see a strong political system that supports the democratic process in Australia.

In its 2006 Annual Report, Leighton Holdings Limited (2006 p. 21-22) states:

The Leighton Group participates in the political process by engaging with political parties of all persuasions in the development of public policy. This includes developing working relationships with various levels of government and maintaining a bipartisan political donations program...

In its 2005 Annual Report, Perpetual Trustees Australia Limited (2005 p. 39) states:

The board has made donations to the major political parties as a contribution to supporting the democratic process in Australia.

Finally, in its 2006 Sustainability Report, Transurban Limited (2006 p. 54) states:

Transurban supports the democratic process through political donations in the communities it serves, or seeks to serve, with a view to achieving both good government and good opposition.

It was found that the common statement used by corporations to justify political donations was as follows: *supporting the political process and contributing to the major political parties.*

6. CONCLUSIONS

This study provides three main findings. First, the frequency and quality of voluntary corporate political donation disclosures are low. Second, the annual report remains as the main instrument to disclose information used by companies, with stand alone reports utilised by some companies and web-based disclosures being very rare. Third, evidence of motivation (and support or refutation of legitimacy theory) was mixed.

6.1 FREQUENCY AND QUALITY OF DISCLOSURES

Corporate political donation disclosures remain voluntary for corporations in Australia. To date there are discussions about mandatory and voluntary disclosures, but no agreement has been reached yet. As mentioned in the previous section (see Table 5.2.1), the number of disclosing companies is low within the sample. This result confirms Jones *et al* (2005) findings.

By providing more information about political donations, measured by an increase of the average numbers of words per year, it is said that corporations place more importance to the issue of political donations. The results of the study reflect an irregular pattern in the average number of words over the period 2004-2006. This fluctuation could be explained by different reasons. For instance, in years of Federal elections, it could be expected to have more information because of the increase of political donations; or changes in management within a particular corporation.

6.2 LOCATION OF DISCLOSURES

It was mentioned in Section 2 that companies mostly disclose favourable news to enhance their corporate image (Deegan and Rankin, 1996). By analysing the way companies justified their political donations, it seems that companies try to portray political donations as favourable news.

Location of disclosures was analysed by evaluating annual reports, stand-alone reports, and websites. The findings suggest that management continues to regard the annual report as a relevant tool for disclosure of political donations. This is consistent with Branco and Rodrigues (2006) who refer to the annual report as probably the most important document in constructing and providing a social image to all stakeholders.

Stand-alone reports are less relevant than annual reports, but they are also used by companies to communicate political donations. The findings are consistent with Deegan's (2005) analysis that stand-alone reports have become another important tool in terms of social and environmental reporting.

The fact that not much information about political donations was found on companies' websites is consistent with Branco and Rodrigues (2006) results. They found that 'because company web sites are aimed at a broader public, including consumers, it is natural for companies to give prominence to community involvement and products/consumers information' (Branco and Rodrigues, 2006 p. 245).

6.3 MOTIVATIONS FOR DISCLOSURES

Following the plethora of recent studies that used legitimacy theory to explain motivations of corporate social disclosures, this study engaged legitimacy theory by focusing on one specific aspect of corporate social reporting, corporate political donations. Legitimacy theory states that 'companies disclose social responsibility information to present a socially responsible image so that they can legitimise their behaviours to their stakeholder groups' (Branco and Rodrigues, 2006 p. 236).

It is acknowledged that over the last years corporate political donations have raised concern among the research community. For instance, Tham (2004 p. 2) criticizes corporate political donations by stating that 'democratic principles would seem to dictate that commercial corporations should not be able to directly translate their economic power into political power through the medium of political contributions'.

The growing importance of providing detailed information about social and environmental issues, and in particular about political donations, could be reflected by an increase in the average number of words per year. Results show an irregular pattern in the average number of words over the period 2004-2006. It is not possible to ascertain that corporations are motivated to provide information about political donations by solely analysing the average number of words per year. Therefore legitimacy theory was used as a means to frame motivations for disclosures of corporate political donations.

O'Donovan (2002 p. 349) observed that 'legitimation techniques/tactics chosen will differ depending on whether the organization is trying to gain or extend legitimacy, to maintain its level of current legitimacy or to repair or to defend its lost threatened legitimacy'. Even though levels of community concern have not been directly tested in the study, it was observed that discussions about corporate political donations increase after the Australian Electoral Commission releases the list of donors in February every year. Anecdotal research, based on relative newspaper coverage, shows that corporate political donations may be of less concern to the Australian society than environmental or workplace issues. Having no threat to their legitimacy, companies that disclosed information justifying their political donations may focus on either gain or maintain legitimacy. The criterion applied was that by justifying their political donations, companies were trying to maintain legitimacy. O'Donovan (2002 p. 349) observed 'the challenge for management in maintaining legitimacy is to identify that conferring publics' needs and wants change over time...Organisations need to observe, or even

anticipate, change and protect past accomplishments if they are to maintain their legitimacy'. Assuming that political donations have not caused ongoing concerns within the community yet (because debate received increasing attention after the Australian Electoral Commission releases the annual list of returns and based on justifications given by companies about their political donations, as shown in the previous section), it is argued that the results may confirm legitimacy theory in the context of corporate political donations. However, due to the small quantity of companies that provide a justification within the sample, it cannot be stated that legitimacy theory explains corporate political donations in Australia.

The assumption that companies would seek to maintain legitimacy in terms of political donations is based on the fact that corporate political donations are not a matter of public concern yet in comparison with, for instance, environmental issues. If corporate political donations raise a high level of community concern within the Australian society, then the strategy a company may adopt could be different, probably to repair legitimacy. 'The old adage is that money is the root of all evil, and common wisdom holds that nowhere is this more true than in election campaigns' (Hourigan, 2006 p. 12).

6.4 LIMITATIONS

The primary limitation of this study is *external validity*. It would be difficult trying to generalize the results as a representation of Australian companies because 19 companies disclosed political donations from the total sample. Moreover the results cannot be generalized to a particular industry because those companies are scattered within six different industries. 'On an intra- and inter-industry basis, individual corporations have different characteristics; social and environmental goals; perceptions of the importance of social and environmental goals to their conferring publics; and other external pressures on them at any point in time' (O'Donovan, 2002 p. 365).

The sample comprised 164 companies over the period 2004-2006. Only 122 companies had available websites. Therefore, the research was based on 122 and not 164 companies. Based on the sample, in 2004, 96 companies donated money to political parties and 8 companies disclosed political donations. In 2005, 112 companies donated money and 8 companies disclosed this information. Finally, in 2006, 54 companies donated money and 8 companies disclosed political donations voluntarily. Searching information only in companies' websites limited the scope of this study. Obtaining companies' annual reports from a database such as Aspect Huntley would have allowed analysing all companies' annual reports and not those obtained in companies' websites.

The method used, archival data, poses another limitation because in comparison with a case study, archival research lacks depth and details of analysis due to the fact that typically uses large sample sizes (Singleton and Straits, 2005). The original sample comprised 164 companies. For each company, time was invested to investigate: first whether or not a company had a webpage and second whether or not it disclosed its political donations on either its annual report, or its stand-alone report, or its website per year (depending on the sample).

Because of its nature, this study cannot detect cause-and-effect relationships. A qualitative study ‘examines a situation as it is’, but ‘it does not involve changing or modifying the situation under investigation’ (Leedy and Ormrod, 2001 p. 191). In the introduction section it was mentioned the possible connection between lobbying and corporate political donations. Assumptions can be made, but it is hard to prove this relationship in practice.

Analysing the importance corporations place to political donations by measuring the average number of words per year was not as effective as expected for two reasons. First only a small number of companies disclosed political donations voluntarily, and second because of the criterion applied to standardized words. In terms of the latter there were numeral and narrative descriptions and both of them were used for the purpose of counting words. Probably it would have been more effective to use sentences instead of words.

Results showed a small number of companies disclosing political donations. This might have been countered by reducing the threshold or increasing the number of years in the sample. For instance, Adelaide Bank Limited was considered in the final sample for 2006 even though it donated money (and disclosed the information in its annual report) in 2004, 2005, and 2006.

This paper uses a general understanding of community concern based on anecdotal relative newspaper coverage of the main Australian newspapers. However, this could be enhanced by using a particular method to measure community concern. For example, Deegan *et al.* (2002) measured community concern by using Media Agenda Setting theory. Their idea was to reinforce their findings in accordance with legitimacy theory.

6.5 AREAS FOR FUTURE RESEARCH

In terms of the results, future research could increase the sample size by either increasing the years of study (data was originally taken from 1999 to 2006, but due to constraints of time only the period 2004-2006 was selected) or increasing the number of companies by decreasing the threshold selected (\$40,000).

A source of comparison for this study was the website ‘Democracy for sale’ powered by The Greens (www.democracy4sale.org). Even though they gathered data for the Australian Electoral Commission (AEC) website, they took data submitted from political parties to the AEC and not from donors (as it was done in this study). Assuming that the AEC triangulates information received from donors, political parties, and associated entities, the results should be similar. However, the results were different as some of the donors appearing in this study were not mentioned. This poses the question to what extent does the AEC corroborate returns from different sources?.

Information about political donations provided by companies on either annual reports, or stand-alone reports, or websites should be consistent, or at least not to be too different, with the information provided by the AEC. By comparing political donations provided by both disclosing companies and the AEC, it was found that in many cases political donations differed (see Table 6.1). An explanation for these differences could be just due

to different year-ends. The Australian Electoral Commission collects data based on the Australian financial year which covers the period July- June. Out of the 19 companies presented in Table 8.1, five companies apply a different time-period to prepare either their annual reports or their stand-alone reports (Australand Holdings Limited, British American Tobacco Australia Ltd, CSR Limited, Food Investments Pty Ltd, and Wetspac Banking Corporation). A further analysis and investigation about the reasons for the differences could provide interesting information.

Table 6.1. Comparison of corporate political donations disclosed by companies and reported by the AEC, 2004-2006

Companies	Political Donations by year			Voluntary Disclosures by year ⁽¹⁾		
	2006	2005	2004	2006	2005	2004
Adelaide Bank Limited	\$56,550			\$57,550		
ANZ Banking Group Ltd	\$150,000	\$150,000	\$245,000	\$150,000	\$150,000	\$245,000
Australand Holdings Ltd	\$81,420	\$118,525	\$174,110	\$81,070	\$92,050	
British American Tobacco Australia Ltd	\$130,911	\$159,267	\$195,179		\$195,179	\$155,350
Coles Myer Ltd		\$187,500	\$240,000		\$187,500	\$240,000
CSR Limited		\$95,000			\$90,000	
Food Investments Pty Ltd ⁽²⁾		\$46,900	\$53,720		\$13,633	\$145,617
Insurance Australia Group			\$53,590			NR
Leighton Holdings Ltd	\$249,385	\$259,360	\$248,089	\$411,065	NR	
Lend Lease Development Pty Ltd			\$57,500			NR
Mirvac Group	\$151,500	\$126,500	\$113,600	NR	NR	NR
Multiplex Group	\$82,555	\$88,691		\$71,155		
Perpetual Trustees Australia Limited		\$50,000			NR	
Philip Morris Limited	\$129,215	\$139,200		\$102,513		
Rinker Group Ltd			\$90,000			\$90,000
Smorgon Steel Group Limited		\$41,150	\$42,600			\$43,450
Stockland Trust Group		\$130,091	\$72,000		NR	NR
Transurban Limited	\$85,138	\$44,947	\$85,518	NR		
Westpac Banking Corporation	\$223,545	\$225,500	\$225,890	\$219,720	\$232,930	\$228,420

NR = Not reporting an amount donated in the annual report

(1) Total amounts were found based on the information provided in the annual reports obtained from companies' websites

(2) Converting GBP into AUD with an exchange rate of 2.36 (AUD/GBP)

REFERENCES

- AccountAbility. (2005), *Towards responsible lobbying*, available at: www.unglobalcompact.org/docs/news_events/8.1/rl_final.pdf
- Adelaide Bank Limited (2006), Annual Report 2006.
- Australian Electoral Commission. (2006a), *Funding and disclosure handbook for associated entities*, available at: www.aec.gov.au/_content/how/political_disclosures/handbooks/entities/associated_entity_handbook_2006.pdf
- Australian Electoral Commission. (2006b), *Funding and disclosure handbook for donors*, available at: www.aec.gov.au/_content/how/political_disclosures/handbooks/donors/aec_donor.pdf
- Bakan, J. (2004), *The Corporation* Constable & Robinson Ltd.
- Boesso, G. and Kumar, K. (2007), "Drivers of corporate voluntary disclosure: A framework and empirical evidence from Italy and the United States", *Accounting, Auditing & Accountability*, Vol. 20 No. 2, pp. 269 - 296.
- Branco, M. C. and Rodrigues, L. L. (2006), "Communication of corporate social responsibility by Portuguese banks: A legitimacy theory perspective ", *Corporate Communications: An International Journal*, Vol. 11 No. 3, pp. 232-248.
- British American Tobacco Australia Ltd (2004), Social Report.
- Campbell, D. J. (2000), "Legitimacy theory or managerial reality construction? Corporate social disclosure in Marks and Spencer Plc corporate reports, 1969-1997", *Accounting Forum*, Vol. 24 No. 1, pp. 80-100.
- Carroll, A. and Buchholtz, A. (2006), *Business and Society*, Thomson South Western, Ohio.
- Coles Myer Ltd (2005), Annual Report 2005.
- Cormier, D. and Gordon, I. M. (2001), "An examination of social and environmental reporting strategies ", *Accounting, Auditing & Accountability*, Vol. 14 No. 5, pp. 587 - 617.
- Corporations and Markets Advisory Committee (2006), The social responsibility of corporations, Corporations and Markets Advisory Committee.
- Deegan, C. (2002), "Introduction: The legitimising effect of social and environmental disclosures – a theoretical foundation", *Accounting, Auditing & Accountability*, Vol. 15 No. 3, pp. 282-311.
- Deegan, C. (2005), *Australian financial accounting*, McGraw-Hill, Sydney.
- Deegan, C. and Rankin, M. (1996), "Do Australian companies report environmental news objectively?: An analysis of environmental disclosures by firms prosecuted successfully by the Environmental Protection Authority ", *Accounting, Auditing & Accountability*, Vol. 9 No. 2, pp. 50 - 67.
- Deegan, C., Rankin, M. and Tobin, J. (2002), "An examination of the corporate social and environmental disclosures of BHP from 1983-1997: A test of legitimacy theory ", *Accounting, Auditing & Accountability*, Vol. 15 No. 3, pp. 312-343.
- Fitzgerald, J. (2006), *Lobbying in Australia: You can't expect anything to change if you don't speak up!*, Rosenberg Publishing Pty Ltd, Sydney.

- Friedman, M. (1970), *The Social Responsibility of Business is to Increase its Profits*, available at: <http://www.colorado.edu/studentgroups/libertarians/issues/friedman-soc-resp-business.html>
- Frost, G. R. (2007), "The Introduction of Mandatory Environmental Reporting Guidelines: Australian Evidence", *Abacus*, Vol. 43 No. 2, pp. 190-216.
- Global Reporting Initiative. (2006), *Sustainability Reporting Guidelines - Version 3.0*, available at: <http://www.globalreporting.org/Services/ResearchLibrary/GRIPublications/>
- Gray, R. and Bebbington, J. (2001), *Accounting for the environment*, SAGE, London.
- Gray, R., Owen, D. and Maunders, K. (1987), *Corporate Social Reporting: Accounting and Accountability*, Prentice-Hall, London.
- Guthrie, J. and Parker, L. D. (1989), "Corporate Social Reporting: A Rebuttal of Legitimacy Theory", *Accounting & Business Research*, Vol. 19 No. 76, pp. 343-352.
- Harris, T. (2006), Doors should be closed to developers. *Australian Financial Review*: 55.
- Hazelton, J. (2007), Catching the G3 wave: Would increased corporate compliance with GRI water-related indicators improve Australian water sustainability?. Fifth Asia Pacific Interdisciplinary Research in Accounting Conference, Auckland, New Zealand.
- Hogner, R. H. (1982), "Corporate Social Reporting: Eight decades of development at US Steel", *Research in Corporate Social Performance & Policy*, Vol. 4 No., pp. 243-250.
- Hourigan, B. (2006), "Who pays?: political donations and democratic accountability", *Institute of Public Affairs Review*, Vol. 58 No. 3, pp. 12-15.
- Jones, S., Frost, G., Loftus, J. and van der Laan, S. (2005), *Sustainability Reporting - Practices, Performance and Potential*, available at: http://www.cpaaustralia.com.au/cps/rde/xchg/SID-3F57FEDF-A6CF81AB/cpa/hs.xsl/14131_15386_ENA_HTML.htm
- Kelly, G. J. (1981), "Australian social responsibility disclosure: some insights into contemporary measurement", *Accounting and Finance*, Vol. No., pp. 97-107.
- Leedy, P. D. and Ormrod, J. E. (2001), *Practical Research: Planning and Design*, Merrill Prentice Hall, Upper Saddle River, New Jersey.
- Leighton Holdings Limited (2006), Concise Annual Report 2006.
- Lend Lease (2004), Annual Report to Shareholders.
- Magness, V. (2006), "Strategic posture, financial performance and environmental disclosure: An empirical test of legitimacy theory ", *Accounting, Auditing & Accountability*, Vol. 19 No. 4, pp. 540-563.
- Mauss, M. (1990), *The Gift: The form and reason for exchange in archaic societies*, Routledge, London.
- Milne, M. J. and Patten, D. M. (2002), "Securing organizational legitimacy: An experimental decision case examining the impact of environmental disclosures ", *Accounting, Auditing & Accountability*, Vol. 15 No. 3, pp. 372-405.
- Morgan, G. (1986), *Images of Organisation*, SAGE, Newbury Park, CA.
- O'Donovan, G. (2002), "Environmental disclosures in the annual report: Extending the applicability and predictive power of legitimacy theory ", *Accounting, Auditing & Accountability*, Vol. 15 No. 3, pp. 344-371.

- O'Dwyer, B. (2002), "Managerial perceptions of corporate social disclosure: An Irish story ", *Accounting, Auditing & Accountability*, Vol. 15 No. 3, pp. 406-436.
- Perpetual Trustees Australia Limited (2005), "Annual Report 2005", Vol. No.
- Ramsay, I. M., Stapledon, G. P. and Vernon, J. (2002), Political donations by Australian companies, Faculty of Law, The University of Melbourne.
- Singleton, R. A. and Straits, B. C. (2005), *Approaches to Social Research*, Oxford University Press, New York.
- Tham, J.-C. (2004), *How political donations are undermining Australia's democracy*, available at: www.apo.org.au/webboard/results.chtml?filename_num=12666
- Transurban Limited (2006), Sustainability Report 2006.
- Trotman, K. T. (1979), "Social responsibility disclosures by Australian companies", *The Chartered Accountant in Australia*, Vol. 49 No. 8, pp. 24-28.
- Trotman, K. T. and Bradley, G. W. (1981), "Associations between social responsibility disclosure and characteristics of companies", *Accounting, Organizations and Society*, Vol. 6 No. 4, pp. 355-362.
- Westpac Banking Corporation (2005), 2005 Stakeholder impact report.
- Wilmshurst, T. D. and Frost, G. R. (2000), "Corporate environmental reporting: A test of legitimacy theory ", *Accounting, Auditing & Accountability*, Vol. 13 No. 1, pp. 10-26.
- Young, S. and Tham, J.-C. (2006), *Political Finance in Australia: A skewed and secret system*, available at: www.democratic.audit.anu.edu.au/papers/focussed_audits/20061121_youngthamfin.pdf

APPENDIX

Appendix 1: Total donations and Federal, State, and Territory election dates, 1999-2006

Years	Total Donations	%	Federal Elections Dates	State and Territory Election Dates		
1998/1999	\$18,689,100	-	3 October 1998	29 August 1998 – Tasmania	27 March 1999 - New South Wales	
1999/2000	\$12,021,257	-36%		19 September 1999 – Victoria		
2000/2001	\$16,829,945	40%		10 February 2001 - Western Australia	17 February 2001 – Queensland	
2001/2002	\$24,827,614	48%	10 November 2001	18 August 2001 - Northern Territory	20 October 2001 – A.C.T.	9 February 2002 - South Australia
2002/2003	\$20,474,497	-18%		20 July 2002 – Tasmania	30 November 2002 – Victoria	22 March 2003 - New South Wales
2003/2004	\$18,849,935	-8%		7 February 2004 – Queensland		
2004/2005	\$29,356,259	56%	9 October 2004	16 October 2004 – A.C.T.	26 February 2005 - Western Australia	18 June 2005 - Northern Territory
2005/2006	\$10,299,249	-65%		18 March 2006 - South Australia / Tasmania		

Appendix 2: Final sample including amount of money donated, website availability, and disclosure practices, 2004-2006

Companies	2005/2006	2004/2005	2003/2004	Website	Disclosures⁽²⁾
6 St Paul's Terrace Trust	\$52,000			no	
ABN AMRO Services Australia Ltd	\$47,547	\$95,032	\$57,918	yes	no
Adelaide Bank Limited	\$56,550			yes	yes
Adelaide Brighton Ltd			\$50,000	yes	no
Adstream Marine Limited	\$60,000	\$60,000		no	
AHL Investments Pty Ltd		\$78,000		yes	no
Aldoga Aluminium Smelter Pty Ltd			\$52,000	no	
Alinta Ltd		\$45,000		yes	no
Allens Arthur Robinson	\$48,250	\$51,998	\$55,265	yes	no
Allianz Australia Ltd	\$81,750	\$82,050	\$83,898	yes	no
Altum Property Trust	\$189,435			no	no
ANZ Banking Group Ltd	\$150,000	\$150,000	\$245,000	yes	yes
Ateco Automotive Pty Ltd		\$50,000		yes	no
Austcorp Management Services			\$52,250	yes	no
Austerand Pty Ltd (Better Australia Foundation)			\$100,000	no	
Austereo Pty Ltd		\$199,091		yes	no
Austral Ships Pty Ltd		\$63,000		no	
Australand Holdings Ltd	\$81,420	\$118,525	\$174,110	yes	yes
Australian Catseye Group Pty Ltd			\$50,000	no	
Australian Families Trust Fund		\$345,000		no	
Australian Stock Exchange Ltd		\$50,793		yes	no
Babcock & Brown Australia Pty Ltd		\$77,000		yes	no
Balgara Shopping Centre Management Unit Trust	\$70,000			no	
Boulderstone Hornibrook Pty Ltd (SA)		\$90,035	\$77,694	yes	no
Becton Property Group Ltd	\$47,450	\$64,000		yes	no
Bensons Property Group	\$56,000	\$53,060	\$69,820	yes	no
Blue Star Print Group Australia Pty Ltd		\$40,910		yes	no
BMD Construction Pty Ltd			\$42,000	yes	no
Brisbane Marine Industry Park Pty Ltd			\$51,000	yes	no
British American Tobacco Australia Ltd	\$130,911	\$159,267	\$195,179	yes	yes
Business Leaders Inc.		\$41,000		no	
Central Equity Limited		\$49,050	\$94,750	yes	no
Cienna Group			\$64,545	no	
Citigroup Global Markets Australia Holdings Pty Ltd			\$64,413	yes	no
Clayton Utz	\$40,890			yes	no
Coca-Cola Amatil Limited	\$75,370	\$205,000	\$90,000	yes	no

Coles Myer Ltd		\$187,500	\$240,000	yes	yes
Collingwood Park Developments ⁽¹⁾			\$281,231	no	
Commonwealth Bank of Australia		\$41,845	\$71,470	yes	no
Consolidated Minerals Limited		\$110,000		yes	no
Cormack Foundation Pty Ltd	\$1,000,000	\$1,900,000	\$800,000	no	
Credit Suisse First Boston		\$50,000		yes	no
Croissy Pty Limited		\$175,000	\$500,000	no	
Crosby Rd Developments			\$56,100	no	
CS & Co Legal Services Pty Ltd		\$100,000		no	
CSR Limited		\$95,000		yes	yes
Curlew Nominee Trust		\$130,000		no	
Deloitte	\$122,455			yes	no
Deloitte Services Pty Ltd on behalf Deloitte Touche Tohmatsu		\$162,869		yes	no
Deutsche Bank		\$202,100	\$73,000	yes	no
Devereaux Holdings Pty Ltd		\$84,000	\$57,500	yes	no
Federal Hotels & Resorts	\$42,000			yes	no
Ferrara Holdings Pty Ltd as Trustee for The Jackson Family Trust		\$110,000		no	
FKP Limited		\$55,650		yes	no
Food Investments Pty Ltd		\$46,900	\$53,720	yes	yes
Friendly Society Medical Association Limited T/A National Pharma			\$53,150	yes	no
Gandel Group Pty Ltd		\$210,000	\$44,645	no	
Gaymark Group		\$105,227		no	
Gerard Corporation Pty Ltd	\$44,786	\$151,265	\$61,755	yes	no
Goldman Sachs JB Were Pty Ltd	\$74,000	\$219,500	\$107,800	yes	no
Graham Group		\$50,000		yes	no
GRD		\$48,100		yes	no
Great Southern Plantations Ltd		\$60,000	\$40,000	yes	no
Gunns Limited	\$65,480	\$70,000		yes	no
Hatia Property Corporation Pty Ltd			\$81,560	yes	no
Health Solutions (WA) Pty Ltd		\$50,000		yes	no
Inghams Enterprises Pty Ltd	\$150,000	\$300,000	\$50,000	yes	no
Insurance Australia Group			\$53,590	yes	yes
J J Richards & Sons Pty Ltd	\$40,250	\$60,000	\$55,000	yes	no
Jefferson Investments Pty Limited		\$215,000	\$77,000	no	
John Connolly & Partners Pty Ltd	\$51,225		\$44,137	yes	no
John Holland Pty Ltd	\$55,000			yes	no
John Symond C/- Aussie Home Loans			\$40,000	no	
JP Morgan Administrative Services Pty Ltd		\$93,500		yes	no

KBR (Kellogg Brown & Root) Pty Ltd			\$134,000	yes	no
Kingold Group	\$100,000		\$200,000	yes	no
Land SA	\$78,800			yes	no
Leighton Contractors Pty Ltd (NSW)			\$51,601	yes	no
Leighton Holdings Ltd	\$249,385	\$259,360	\$248,089	yes	yes
Lend Lease Development Pty Ltd			\$57,500	yes	yes
Lewiac Pty Ltd	\$43,071	\$80,000	\$52,691	yes	no
Libco Pty Ltd			\$60,000	no	
Lion Nathan Australia Pty Ltd			\$109,595	no	
Livesay Road Developments			\$57,833	no	
Maccade Pty Ltd		\$60,000		no	
Macquarie Bank	\$307,663	\$496,627	\$411,817	yes	no
Macquarie Corporate Telecommunications Pty Limited			\$96,650	yes	no
Manildra Flour Mills Pty Ltd	\$124,448	\$52,249	\$71,836	yes	no
Mauncia Pty Limited		\$50,000		no	
Memo Corporation Australia Pty Ltd	\$67,070	\$67,445		yes	no
Meriton Apartments Pty Ltd			\$208,800	yes	no
Merrill Lynch (Australia) Pty Limited		\$100,000		yes	no
Metcash Trading Limited		\$56,500		yes	no
Mirvac Group	\$151,500	\$126,500	\$113,600	yes	yes
Mistral International Pty Ltd		\$100,000		yes	no
Monetti Pty Limited			\$50,000	no	
Multiplex Developments (QLD) Pty Ltd			\$146,728	yes	no
Multiplex Group	\$82,555	\$88,691		yes	yes
National Free Enterprise Foundation		\$116,285	\$115,075	no	
Network Ten Pty Limited		\$152,500		yes	no
North Steyne Investments Pty Ltd	\$110,000		\$68,000	no	
Northlakes Pty Ltd atf Northlakes Unit Trust			\$110,000	no	
Pacific Road Services Pty Ltd		\$43,850		yes	no
Paspaley Pearling Company		\$70,000	\$50,000	yes	no
Patrick Corporation Limited		\$102,950		yes	no
Paul Ramsay Holdings Pty Ltd		\$112,646		no	
Perpetual Trustees Australia Limited		\$50,000		yes	yes
Perron Group Trust		\$52,000		no	
Pfizer Australia Pty Limited		\$159,935		yes	no
Philip Morris Limited	\$129,215	\$139,200		yes	yes
Pratt Holdings Pty Ltd	\$200,000	\$341,380	\$342,880	yes	no
Pricewaterhouse Coopers	\$89,681	\$106,576	\$70,845	yes	no
Prime Projects		\$100,000		yes	no

Promina Group Limited	\$40,215			yes	no
Publishing and Broadcasting Ltd		\$49,550	\$106,450	yes	no
QANTAS Airways Ltd		\$40,000		yes	no
Qld Group Pty Ltd			\$50,000	yes	no
Ramsay Health Care Limited		\$225,000	\$50,000	yes	no
Reading Entertainment Australia Pty Ltd	\$110,000			yes	no
Rentiers Pty Ltd		\$50,000		no	
Resmed Limited	\$50,000	\$60,000	\$50,000	yes	no
Rinker Group Ltd			\$90,000	yes	yes
Santos Ltd		\$47,970		yes	no
Sanur Pty Ltd		\$40,800		no	
Sarina Russo Job Access (Australia) Pty Ltd			\$58,750	yes	no
Servcorp Administration Pty Ltd	\$48,060	\$67,360		yes	no
Singtel Optus Pty Ltd		\$63,220	\$121,442	yes	no
Sixmilebridge Pty Limited	\$74,000	\$99,300	\$69,500	no	
Smorgon Steel Group Limited		\$41,150	\$42,600	yes	yes
St George Bank Ltd		\$65,649		yes	no
St Hilliers Pty Ltd			\$45,217	yes	no
Stockland Trust Group		\$130,091	\$72,000	yes	yes
Stradbrook Pty Ltd		\$80,000		no	
Stroudgate Australasia Pty Ltd		\$73,840	\$58,850	yes	no
Suncorp Metway Ltd			\$48,050	yes	no
Sunland Group Ltd			\$45,500	yes	no
Suttor Creek Past Co		\$73,130		no	
Sydney Markets Ltd	\$45,000	\$42,000	\$60,000	yes	no
TAB Limited		\$70,000	\$70,000	yes	no
Tabcorp Holdings Ltd	\$72,500		\$90,000	yes	no
Tattersalls	\$82,500		\$58,250	yes	no
Tenix Pty Ltd	\$69,790	\$241,605	\$162,280	yes	no
Terrace Tower Holdings Pty Limited	\$82,050	\$265,375	\$113,100	no	
Thakral Holdings Limited		\$53,311		yes	no
The Austral Brick Company Pty Ltd		\$50,000		yes	no
The Becton Corporation			\$83,940	yes	no
The Village Building Co Limited		\$73,145	\$83,500	yes	no
Thiess Pty Ltd		\$59,191		yes	no
Toga Pty Ltd		\$88,409	\$59,700	yes	no
Transfield Holdings Pty Limited/ Transfield Corporate P/L		\$55,000		yes	no
Transfield Services (Australia) Pty Ltd		\$95,135		yes	no
Transurban Limited	\$85,138	\$44,947	\$85,518	yes	yes
Turnbull & Partners Pty Ltd			\$41,677	no	
UBS AG		\$42,690	\$85,007	yes	no
Village Roadshow Limited	\$70,900	\$442,155	\$75,670	yes	no
Walker Corporation Pty Ltd	\$154,010	\$161,100	\$226,050	yes	no
Warner Village Theme Parks			\$50,000	yes	no

Washington H Soul Pattinson & Co. Limited		\$50,000		yes	no
Weebin Pty Limited		\$135,000		no	
Wesfarmers Ltd	\$60,000	\$160,000	\$60,000	yes	no
Westfield Capital Corporation Ltd	\$435,600	\$234,600	\$87,253	yes	no
Westpac Banking Corporation	\$223,545	\$225,500	\$225,890	yes	yes
Wingate Properties Pty Ltd			\$66,718	yes	no
Z Cheihk Family Trust			\$60,000	no	

(1) This company donated money in 2003 under 2 different postal addresses. The total amount was found by adding its donations.

(2) Some companies disclosed their political donations partially (not all the donations during the period).