



YOUR MONEY AS A FORCE FOR GOOD

312 Smith Street  
Collingwood VIC 3066  
contact@marketforces.org.au  
[WWW.MARKETFORCES.ORG.AU](http://WWW.MARKETFORCES.ORG.AU)

Committee Secretary  
Joint Standing Committee on Electoral Matters  
PO Box 6021  
Parliament House  
Canberra ACT 2600

4 September 2017

RE: Submission to the Joint Standing Committee on Electoral Matters

Dear Secretary,

**Introduction:**

Market Forces is an affiliate project of Friends of the Earth Australia. Market Forces believes that the banks, superannuation funds and governments that have custody of our money should use it protect and not damage our environment.

Market Forces has previously brought attention to the donations to political parties by companies involved in the fossil fuel supply chain, by publishing analysis of Australian Electoral Commission (AEC) periodic disclosures<sup>1</sup>, and directly raising the issue of donations with companies themselves at their annual general meetings (AGMs).

We are pleased to contribute to this inquiry, as we believe that political donations by fossil fuel companies has had a corrupting influence on our polity, driving the course of energy and resources policies throughout the country, which ignores climate change and threatens our natural environment.

**Comments on the terms of reference:**

***(a) the level of influence that political donations exert over the public policy decisions of political parties, Members of Parliament and Government administration;***

Market Forces contends that political donations have enormous influence on public policy making, particularly in relation to energy and resources policy. We believe political donations from coal, oil and gas companies have a toxic influence on our democracy, on the environment and the climate.

Australia is now the world's second-largest liquefied natural gas (LNG) exporter, exporting 37 million tonnes of LNG in the 2015-16 financial year, and increase of 48 per cent on

---

<sup>1</sup><https://www.marketforces.org.au/politicaldonations/>

2014-15<sup>2</sup>. The growth of the LNG industry in Australia has come at a time of climate crisis, when we should be actively shifting away from fossil fuels, towards cleaner technologies. In fact, the most recent greenhouse gas emissions (GHG) data showed an increase in emissions of 1.6 per cent in the March quarter<sup>3</sup>. This increase was largely driven by an increase in LNG exports.

The growth of the LNG industry has relied upon compliant governments at both state and federal level, of both political persuasions.

The three tables below show the donations made by companies involved in the LNG export industry – Chevron, Santos and Woodside – to Australian political parties, at both state and federal level over the last decade<sup>4</sup>.

*Table 1: Donations made by Chevron Australia Pty Ltd*

<b>FY</b>	<b>ALP</b>	<b>Liberal</b>	<b>National</b>	<b>Total</b>
<b>2006-07</b>	\$0	\$0	\$0	<b>\$0</b>
<b>2007-08</b>	\$0	\$0	\$0	<b>\$0</b>
<b>2008-09</b>	\$0	\$0	\$0	<b>\$0</b>
<b>2009-10</b>	\$0	\$0	\$0	<b>\$0</b>
<b>2010-11</b>	\$27,700	\$28,500	\$0	<b>\$56,200</b>
<b>2011-12</b>	\$61,000	\$28,170	\$25,650	<b>\$114,820</b>
<b>2012-13</b>	\$36,300	\$14,520	\$28,488	<b>\$79,308</b>
<b>2013-14</b>	\$88,000	\$95,990	\$24,750	<b>\$208,740</b>
<b>2014-15</b>	\$21,440	\$12,030	\$2,230	<b>\$35,700</b>
<b>2015-16</b>	\$44,950	\$53,365	\$19,910	<b>\$118,225</b>
<b>Total</b>	<b>\$279,390</b>	<b>\$232,575</b>	<b>\$101,028</b>	<b>\$612,993</b>

<sup>2</sup> <https://www.appea.com.au/oil-gas-explained/benefits/benefits-of-lng/export-revenue/>

<sup>3</sup> <http://www.environment.gov.au/system/files/resources/6cc33ded-14aa-4ddc-b298-b6ffe42f94a1/files/nggi-quarterly-update-march-2017.pdf>

<sup>4</sup> Periodic Disclosures, Australian Electoral Commission

Table 2: Donations made by Santos Ltd

<b>FY</b>	<b>ALP</b>	<b>Liberal</b>	<b>National</b>	<b>Total</b>
<b>2006-07</b>	\$0	\$0	\$0	<b>\$0</b>
<b>2007-08</b>	\$47,120	\$28,125	\$0	<b>\$75,245</b>
<b>2008-09</b>	\$21,430	\$16,805	\$0	<b>\$38,235</b>
<b>2009-10</b>	\$4,350	\$17,590	\$8,580	<b>\$30,520</b>
<b>2010-11</b>	\$27,250	\$227,880	\$8,750	<b>\$263,880</b>
<b>2011-12</b>	\$55,090	\$50,133	\$16,650	<b>\$121,873</b>
<b>2012-13</b>	\$80,269	\$75,530	\$10,030	<b>\$165,829</b>
<b>2013-14</b>	\$108,841	\$152,375	\$32,935	<b>\$294,151</b>
<b>2014-15</b>	\$82,493	\$62,939	\$23,320	<b>\$168,752</b>
<b>2015-16</b>	\$62,627	\$59,357	\$12,600	<b>\$134,584</b>
<b>Total</b>	<b>\$489,470</b>	<b>\$690,734</b>	<b>\$112,865</b>	<b>\$1,293,069</b>

Table 3: Donations made by Woodside Energy Ltd

<b>FY</b>	<b>ALP</b>	<b>Liberal</b>	<b>National</b>	<b>Total</b>
<b>2006-07</b>	\$0	\$0	\$0	\$0
<b>2007-08</b>	\$0	\$0	\$0	\$0
<b>2008-09</b>	\$0	\$12,375	\$0	\$12,375
<b>2009-10</b>	\$0	\$0	\$0	\$0
<b>2010-11</b>	\$0	\$16,500	\$0	\$16,500
<b>2011-12</b>	\$139,512	\$122,000	\$0	\$261,512
<b>2012-13</b>	\$160,000	\$181,150	\$32,940	\$374,090
<b>2013-14</b>	\$111,100	\$136,100	\$0	\$247,200
<b>2014-15</b>	\$111,100	\$136,920	\$18,800	\$266,820
<b>2015-16</b>	\$123,500	\$126,980	\$0	\$250,480
<b>Total</b>	<b>\$645,212</b>	<b>\$732,025</b>	<b>\$51,740</b>	<b>\$1,428,977</b>

It is clear that corporate political donations have increased exponentially over the last decade. In fact, a decade ago, these three companies were donating very little or nothing at all to political parties.

At their Annual General Meetings (AGMs), the boards of both Santos and Woodside were asked to explain the reason for these donations. They claim that these are fees paid to attend functions hosted by political parties, or membership fees for interest groups coordinated by political parties. Though no explanation is given as to why their fees appear to be far higher than other corporates, or why they attend so many more functions than other corporates. Indeed, there is no transparency as to what these events and interest groups are, or what policy is discussed within them. Both Santos and Woodside, despite being two of the largest energy companies in Australia, claim that these fees are for access. The questions remain - access to whom, and for what purpose?

Such donations are not the only donations originating from the fossil fuel sector. For a complete list of donations from fossil fuel companies from the past two (available) financial years, please see: <https://www.marketforces.org.au/politicaldonations/>.

***(b) the motivations and reasons why entities give donations to political parties and political candidates;***

Market Forces can identify several potential benefits to companies from making political donations:

1. For access to exploration & production leases

Fossil fuel companies would cease to exist if compliant governments simply stopped issuing new licenses for coal, oil and gas production, yet that is exactly what a carbon budget requires us to do. As the Australian Prudential Regulation Authority (APRA) has acknowledged, in order to have a 66 per cent chance of limiting global warming to 2 degrees, we need to restrict future global emissions to approximately 800 gigatons of carbon dioxide<sup>5</sup>. Yet governments around the country continue to issue new exploration and production licenses for coal, oil and gas, despite the fact that these reserves can simply never be burned if we are serious about addressing climate change.

2. To minimise regulation

It is commonly understood that less regulation, particularly in the energy and resources sectors, translates to lower costs, and greater corporate profits. Market Forces believes that the environmental regulation of coal, oil and gas companies is designed to ensure large corporate profits, while negative environmental impacts are the by-product. From the contamination of the aquifers in the Queensland coal seam gasfields (CSG), poor air quality in the Hunter Valley, or unmeasured fugitive methane emissions at oil and gas facilities, environmental regulation of the fossil fuel sector is abysmal. Corporate profits have repeatedly trumped the wellbeing of communities, land, water and the climate, largely due to the financial relationship between fossil fuel companies and political parties.

---

<sup>5</sup> Australia's New Horizon: Climate Change Challenges and Prudential Risk, Australian Prudential Regulation Authority (APRA), February 2017

### 3. For direct and indirect policy support

Direct support may come in the form of a direct loan, like those anticipated from the Northern Australia Infrastructure Fund (NAIF), or generous incentives to explore for reserves, like the federal government's Exploration Development Incentive<sup>6</sup>. Indirect policy support may come in the form of government setting energy targets that favour one industry over another, like those being widely debated following the Finkel Review.

### 4. To reduce their tax burden

Perhaps most critically, fossil fuel companies make political donations in an attempt to influence tax policy. This is best exhibited by the design of the petroleum resource rent-tax (PRRT), revenues from which are expected to decline just as Australia is set to become the world's largest LNG exporter<sup>7</sup>.

#### ***(c) the use of shell companies, trusts and other vehicles to obscure the original source of political donations;***

Market Forces believes that, due to a lack of disclosure by associated entities, trusts and other vehicles, the full extent of corporate donations received political parties is unknown, creating a far more opaque system than is helpful or necessary. It is not uncommon for associated entities to declare donations from another controlled entity, thus masking the source of the original donation.

Greater transparency is required on what are described by the AEC as "other receipts". This category can include anything from dividends, to attendance fees for events to membership fees for interest groups. Shares owned by political parties should be held in a blind trust. Furthermore, political parties and donors should be required to provide far more information on events attended and interest groups, including dates, attendees and policies discussed.

#### ***(d) how to improve the integrity of political decision-making through our political donations regime and the public funding of elections;***

Market Forces believes in the complete public funding of elections at every level of government. Until that is the case, we recommend the following changes to the current system:

- Strengthen the AEC with greater investigative and prosecutorial powers, including the ability to impose much harsher penalties for non-compliance;
- Reducing the donation disclosure threshold from \$13,200 to \$500;
- Limit annual donations from a single donor to \$1000;
- Trusts, associated entities and donors to them should be subject to the same disclosure regime as political parties;
- Ban donations from companies not paying company tax in Australia.

---

<sup>6</sup> <https://www.ato.gov.au/Business/Exploration-Development-Incentive/>

<sup>7</sup> <https://theconversation.com/australia-is-missing-out-on-tax-revenue-from-gas-projects-62899>

Furthermore, in order to improve transparency and public oversight of the political donations regime, the AEC should:

- Implement continuous, real time disclosure;
- Enforce reconciliation between donor and party returns;
- Increase granularity on the types of donation recorded.

Market Forces believes that the current regime of disclosure of political donations, and therefore our democracy, is inherently broken and is in urgent need of repair.

Should you require further information, or commentary on any of the above, we can be contacted by email (preferred) at [contact@marketforces.org.au](mailto:contact@marketforces.org.au) or telephone 03 9016 4449.

Yours sincerely,

Julien Vincent  
Executive Director, Market Forces

Daniel Gocher  
Analyst/Campaigner, Market Forces