



Fossil fuel money

distorting democracy



**AUSTRALIAN
CONSERVATION
FOUNDATION**

Key findings

- **Donations from the fossil fuel industry are on the rise.** Fossil fuel donations to the major parties peaked in the 2018-19 period. Overall, the industry donated a total of \$1,894,024, excluding donations to the United Australia Party.
- **The extractive industries are by far the largest donors** from the coal, oil and gas sector, accounting for over half of the total donations to the major parties since 2015-16.
- There is a severe lack of transparency over money flowing to politicians from donations. We found that from 2015-2019 **the major parties had close to \$283 million in income from undisclosed sources.** In the 2018-2019 fiscal year alone, the major parties received over \$100,000,000 in income from undisclosed sources. This 'dark money' in the system is worsened by the **extremely loose regulations on associated entities.** In 2018-2019, associated entities disclosed just over one third of the income they received, while around 67% of money came from undisclosed sources. This money is often then donated to political parties, further obscuring the true source of the donation.

Fossil fuel
money +
**ministerial
access =**
government
decisions?

Contents

Key findings	2
Executive summary	4
Undue influence of fossil fuel lobby	5
2019 donations data trends	6
Lack of transparency	7
Dark money	7
Disclosure discrepancies	7
Donations overview	8
Donations by fossil fuel sectors	9
Donations to parties	11
Coal and gas patrons	12
Associated entities	13

Executive summary

While more and more Australians call for urgent action on climate change, our government continues to stall on implementing effective and meaningful climate policy. Meanwhile, donations from industries with a vested interest in maintaining the status quo and prolonging the extraction and burning of dirty fuels are on the rise.

Each year, coal, oil, and gas companies donate hundreds of thousands of dollars to political parties and candidates. These industries have a vested financial interest in prolonging the extraction and consumption of dirty fuels for as long as it is profitable. Large donations to politicians, huge advertising campaigns and millions of dollars spent on lobbyists are part of a sophisticated system to gain influence and access to those in government making critical decisions about the future of fossil fuels in Australia.

This paper takes a deep dive into the world of political donations and uncovers the millions of dollars being spent by the coal, oil, and gas industries to buy access and influence with governmental decision makers. Utilising data from the Australian Electoral Commission we examine patterns and trends in political donations to the major parties over the last four reporting periods (2015-2019), excluding donations by Clive Palmer through his companies. The patterns and trends in donations from the coal, oil, and gas industries indicate a strong sense of undue influence, coinciding with a period of policy inaction on emissions reduction and steps to transition to

renewable sources of energy.

Our democracy should work for everyone, with decisions made in the best interest of people and planet. Yet Australia's poorly regulated political donations regime means those with the biggest wallets get an unfair amount of access and say in important decisions affecting the future of our country and planet. Significant reform is needed to limit the influence of big money in our political system. The policy solutions are already there. All that's missing is action.

Recommendations

- Ban large political donations to political parties and candidates
- Increase transparency over donations, including real time reporting of political donations
- Limit expenditure at election times, so those with the fattest wallets can't drown out the voices of everyone else
- Set stronger lobbying regulation and greater transparency so we know who's meeting with our elected representatives
- Create an independent watchdog to investigate and stamp out corruption.

Undue influence of the fossil fuel lobby

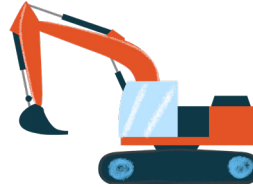
The coal, oil, and gas sectors constitute a strategically important aspect of Australia's economy. These sectors rely on mining approvals, licenses for new exploration and environmental approvals being controlled by the government.

Thus, the success of these industries is “built on favourable government decisions”.¹ According to the Grattan Institute, the largest donors often account for those in industries with the most to gain from policy.² It then becomes clearer why the fossil fuel lobby maintains a stronghold on political donations.

To better understand the overall influence of the coal, oil and gas industries on our government, we categorise them into five key sectors (see right).

Collectively, we refer to these groups as the fossil fuels lobby. This report does not look at donations from lobbying firms, many of which work directly for extractive industries, energy companies and the biggest emitters.

Controversial mining decisions, public debate about the future of energy, the increasing affordability of renewables and a rise in public environmental concern all threaten the dominance of fossil fuels in Australia. As these threats mount, the fossil fuel lobby is increasingly mobilising its financial resources to gain influence over decisions that affect its profits. This report examines the patterns and trends of coal, oil and gas companies, to understand the way in which their donations affect policy in their favour, whilst undermining our democratic processes and delaying critical action on climate change.



Extractors

Companies that both directly operate resource extraction, and those whose business model is wholly dependent on such activities.



Gentailers & energy

Gentailers refer to companies that both generate and retail energy, such as Origin Energy.



Big emitters

Big emitters refer to companies responsible for significant emissions due to their dependence on burning fossil fuels.



Industry bodies

Industry bodies are those such as the Minerals Council of Australia which represent the interests of coal, oil and gas.



Individuals

Those donating in a private capacity on behalf of their personal mining or other interests.

2019 donations

data trends

- In 2018-19, the **fossil fuel industry donated \$85,719,747** to Australian political parties.
- The 2018-19 disclosures showed the biggest fossil fuel donor was **Clive Palmer's Mineralogy, which donated \$83.7 million** to Palmer's own UAP.
- Excluding donations to Clive Palmer's United Australia Party (UAP), the total amount of declared fossil fuel industry donations to Australian political parties comes to **\$1.9 million**.
- The biggest donor to the major parties was **Woodside**, which donated **\$135,400** to Labor and **\$147,940** to the Liberal National Coalition.
- Excluding Clive Palmer linked companies, the top three fossil fuel donors were Woodside, Adani (through Adani Mining and the Carmichael Rail Network Trust) and the gas industry lobby group Australian Petroleum Production and Exploration Association (APPEA). **In total, they donated \$692,299.**
- This is the first year (in our period of analysis) that APPEA has disclosed donations, in addition to 'other receipts'. Prior to this year, APPEA disclosed a total of \$20,350 in 'other receipts', **compared to a total of \$161,659 in disclosed donations for 2018-19 alone.**
- **The Coalition received the highest amount of donations** from fossil fuel industries, receiving a total of \$1,147,376.
- The Labor Party received a total of \$725,448 in fossil fuel donations, **an increase of \$232,745** from the previous disclosure period.
- Between the major parties, over **\$102 million of income have undisclosed sources** in the 2018-19 fiscal year.

Lack of transparency

Australia's political donation regime lacks transparency. Lax regulation and systemic loopholes within the regime means companies and parties cannot be clearly held to account. The presence of dark money and disclosure discrepancies in our system show the systemic problems enabling large industries to maintain close links with the parties.

Dark money

The 2019 donations data reveals a continuing trend of hidden money. The Grattan Institute reported that 40% of political parties' income from the 2016 election had "no identifiable source"³ This 'dark money' - that is, money with no disclosed source - remains a large problem in Australia's political donation system.

Since the 2015-16 disclosure period, more than \$282 million of major party receipts have had no identifiable sources. We found disclosure periods aligning with election years (2015-16 and 2018-19 periods) accounted for the largest sums of dark money to the major parties. In these two periods alone, \$175 million of donations received by the major parties have no sourced donors. Considering the alignment with elections, this substantial sum of dark money demonstrates a key flaw in our donations regime. Our comparatively high disclosure thresholds, and the prevalence of donation splitting, provides loopholes for companies and parties to funnel dark money.

In the last year alone, over **\$1.2 million in income** to the major parties had **no identifiable source**.

Disclosure discrepancies

Discrepancies in how donations are reported is a persistent trend within the data. Ambiguity around what constitutes a 'donation' or an 'other receipt' enables a system of inconsistent reporting. While donations are defined as 'gifts', an 'other receipt' is broadly defined as that which does not meet the legal definition of a donation. 'Other receipts' then range from investment returns, to subscription and membership fees, to any additional payment for goods and services. 'Other receipts' are disclosed separately from donations and without any clarity around the purpose of the payment.

In the 2018-19 data, the Liberal and Labor Party disclosed a total of \$499,650 in 'other receipts' from the fossil fuel industry. Overall, in the donations periods analysed, there has been over \$2 million in other receipts from the fossil fuel industry to the major parties. Due to the lack of information surrounding other receipts, it is unclear how much of this money was from, for example, a payment to lease a property owned by the party or their associated entity, versus a payment to attend a fundraising dinner where industry lobbyists gain access and time with government decision makers.

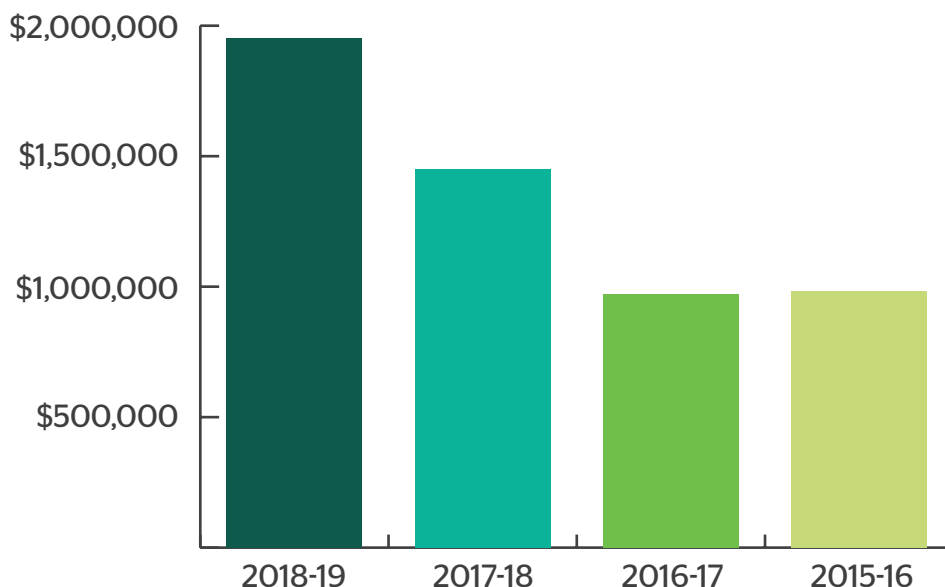
There is a need for increased clarity over what is and isn't classed as an 'other receipt'. Money that is put towards fundraising dinners and membership fees to party business associations is given to gain access to politicians and decision makers, and therefore it should be reported and revealed with donations data in the interests of transparency.

Donations

overview

Since the 2015-16 disclosure cycle, the fossil fuel lobby has collectively donated more than \$5.3 million to the major parties, with donations peaking in the 2018-19 period.

Total fossil fuel donations to major parties, by financial year (excludes Clive Palmer's donations)



Links to policy decisions

Big donations are meant to buy influence. This is evidenced by the Minerals Council of Australia's (MCA) 2017 declaration that political donations are a means to buy access.⁴ While in most situations it is unclear whether big donations lead to a direct decision or policy outcome, they do buy corporations and their lobbyists greater access to decision makers. This increased access should not be underestimated. Through frequent meetings, lobbyists build relationships, trust and a sense of reciprocity with decision makers. Cashed-up interests are able to gain more face-to-face time with decision makers who may become more amenable to their policy positions over time.

The Federal Environment department met with Adani representatives 40 times in the space of six months in 2018.⁵ Alongside this, Adani made substantial donations; \$282,300 had been donated to the Liberal National Coalition since the 2017-18 disclosure period. Following the donations and meetings, Adani was controversially granted approval for its Carmichael mine. While we cannot directly link the donations of the MCA and Adani with government decisions, the money trail, coinciding ministerial access and policy results cannot be ignored.

Donations by fossil fuel sectors

The fossil fuel lobby is not a homogenous group. It is an industry consisting of companies with varying interests and business models built on environmentally-damaging behaviours. To delve deeper into the motivations behind donations, we need to account for the different sectors and their relative policy interests.

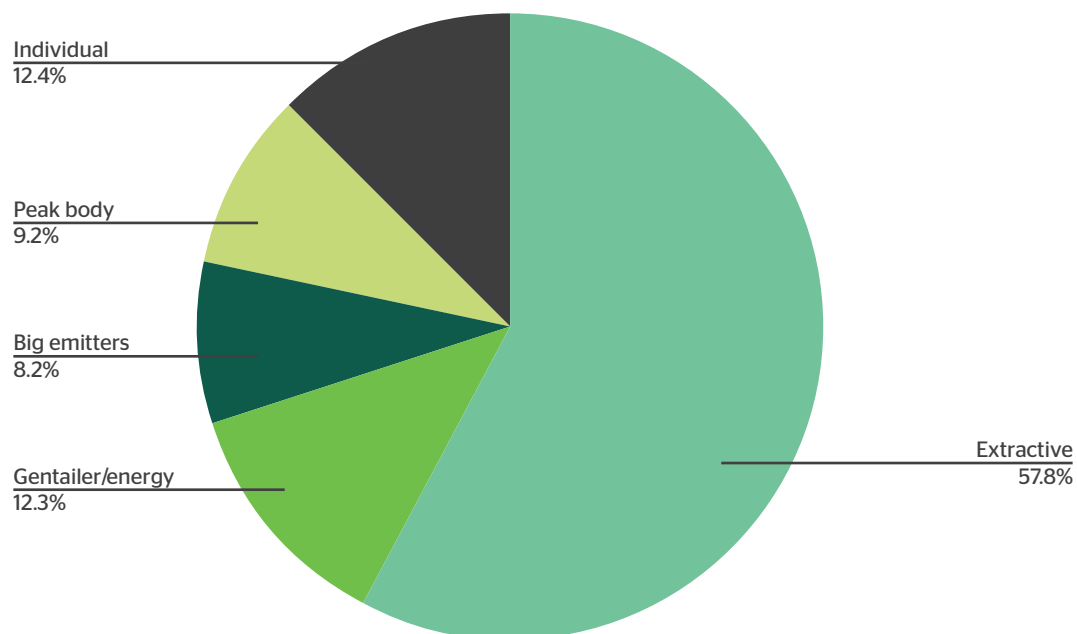
Top 10 fossil fuel company donors since 2015-16 cycle

Company	Total donations, excluding 'other receipts' (\$)	Sector
Woodside	1,050,920	Extractive
Santos Limited	567,537	Extractive
Chevron	452,017	Extractive
Mineral Resources	373,650	Extractive
Origin Energy	360,047	Gentailers/Energy
Bluescope Steel Limited	337,655	Big Emitters
Minerals Council of Australia	332,225	Industry Body
Adani (Adani Mining and Carmichael Rail Network)	282,300	Extractive
Alinta Servco	220,750	Gentailers/Energy
Caltex Australia	213,127	Extractive

Of the five sectors representing the fossil fuel lobby, the extractive sector significantly outspends other sectors. Six of the top 10 fossil fuel donors are from the extractive sector.

Since the 2015-16 period, the extractive sector has disclosed a total of \$3.3 million in political donations (excluding 'other receipts') - almost 60% of total donations. When including other receipts, this amount jumps to \$4 million. The sector dwarfs its counterparts, with the next big spending sector - gentailer and energy - spending a total of \$693,681 in disclosed donations.

Donation by fossil fuel sectors



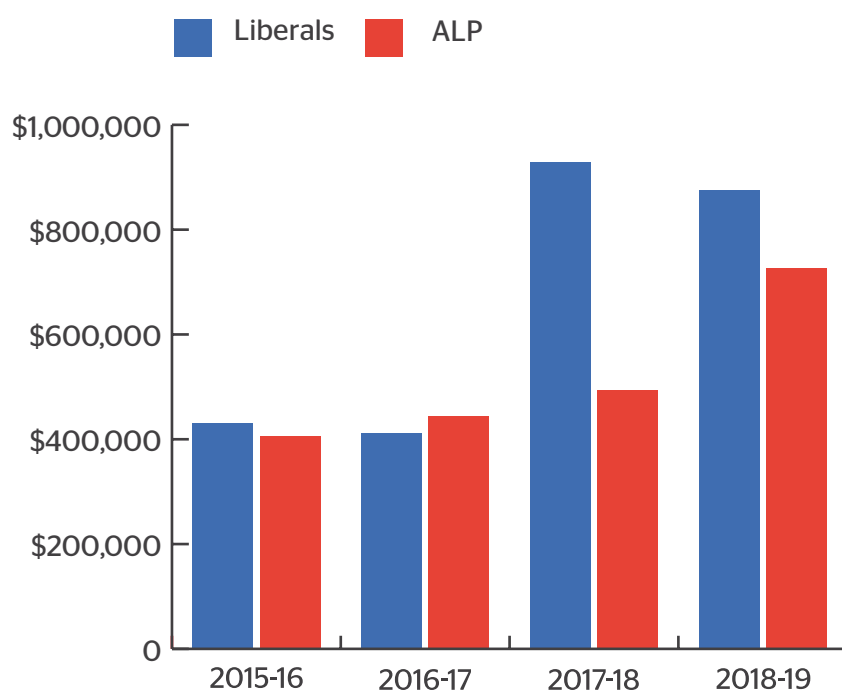
The extractive sector is dependent on old, environmentally degrading technologies. Globally, extractive industries "are responsible for half of the world's carbon emissions".⁶ Considering this, in addition to pressure on the government to adopt stronger emissions reduction targets, it is clear the extractive sector's interests are under threat and contrary to public and environmental interests. In comparison, the energy sector has readily available alternatives. While many maintain old technologies and remain among the largest emitters, there are signals of a shift for emissions reductions and the adoption of new technologies. The reliance by extractive industries on government inaction on climate policy could explain the higher percentage of donations from this sector.

Donations to parties

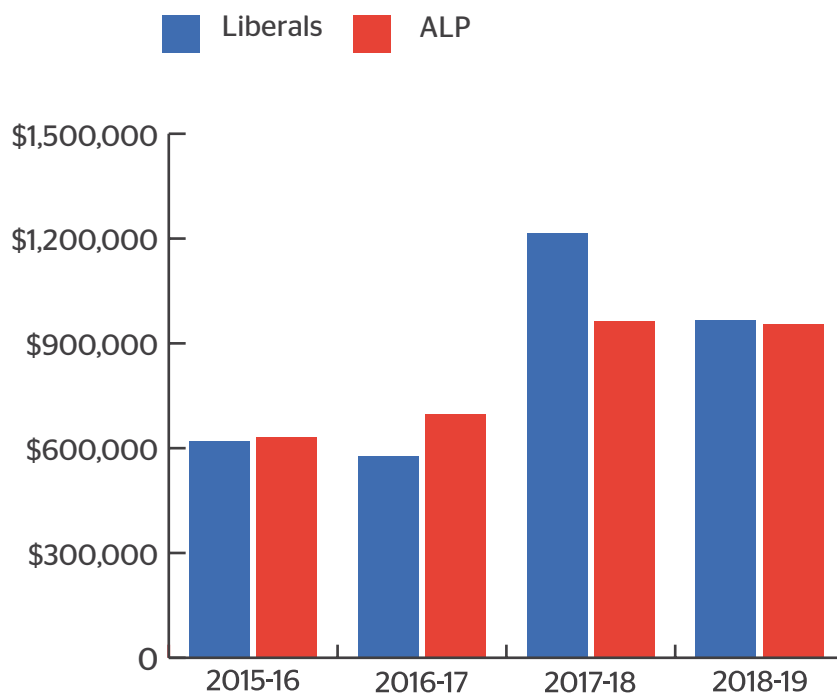
Since 2015-16, political donations to the major parties have remained at similar levels. By the 2017-18 period, a variance in donations appeared, substantially favouring the Liberal Party. Yet, a return to relatively similar donation levels re-emerged in the most recent

data (2018-19), which included the 2019 Federal Election period. With the inclusion of 'other receipts', the two parties were virtually on par with funds received from the fossil fuel lobby prior to the 2019 election. Donations to Labor substantially increased during 2018-19, as many expected a Labor victory at the election.

Overall donations to parties, excluding 'other receipts'



Overall donations to parties, including 'other receipts'

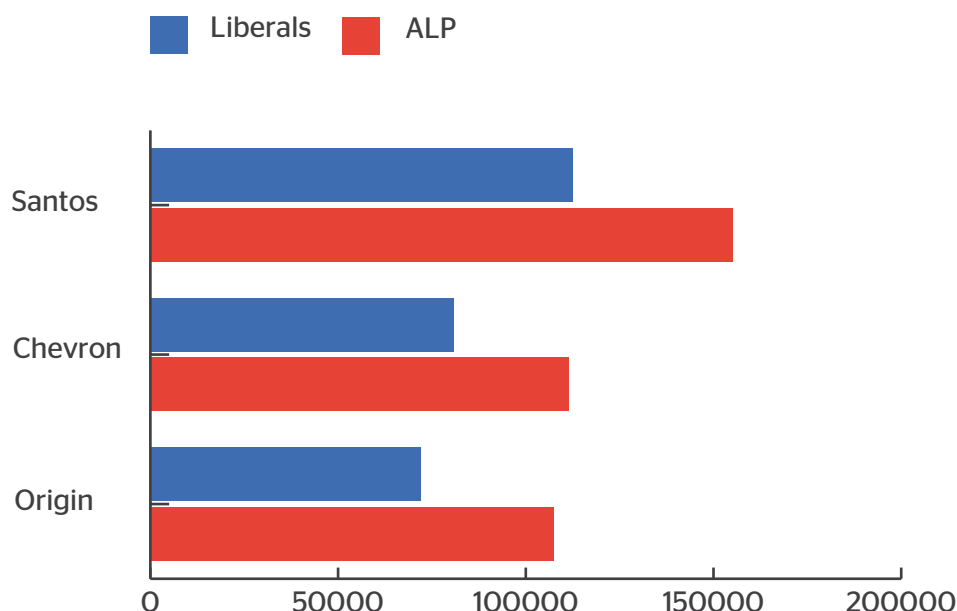


Coal and gas patrons

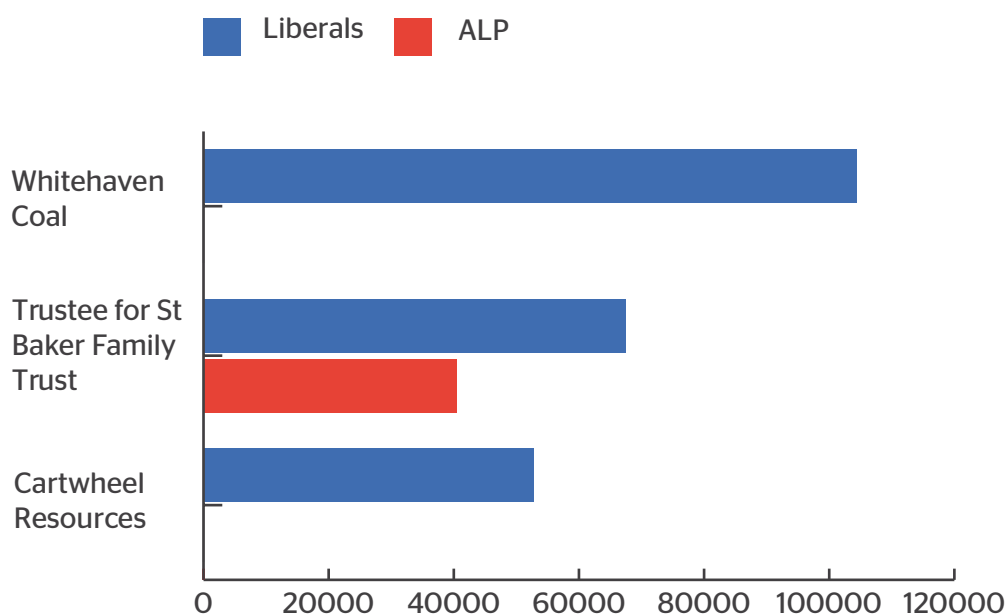
The major parties also benefit from unique relationships with different industries. Donations to the parties from the coal and gas sectors have sometimes been made down partisan lines, leading some to comment that the Liberal Party has “coal patrons”, while the ALP has “gas patrons”.⁷ This observation is supported by the donations data, suggesting that where the coal industry has captured the Liberal Party through donations, so has the gas industry captured Labor.

The 2019 donations data continues this trend. Prime Minister Scott Morrison’s immovable support for the industry as bushfires burnt the nation seem to confirm this coal dependence.⁸ Additionally, in the lead up to the 2019 election, then Labor leader Bill Shorten made a \$1.5 billion pledge to expand gas pipelines and exploration across Northern Australia.⁹ In addition, the gas lobby group APPEA donated \$77,467 to Labor - over \$16,000 more than what was donated to the Liberal party - for the 2018-19 period.

ALP gas patrons donations since 2015 FY



Liberal coal patrons



Associated entities

Associated entities (AEs) are a significant source of donations to political parties. These are organisations that are affiliated with a political party and which can fundraise or invest for the party.

AEs often foster strong business-government relations, with significant amounts of their funds raised through membership and subscription fees. In turn, these fees grant companies access to events which often feature state and federal ministers.

Since the 2015-2016 period, our research found over \$3 million in donations and other receipts from fossil fuel companies and peak bodies to 13 different AEs associated with the Labor party and Liberal National Coalition. However, as the majority of funds flowing into AEs are from undisclosed sources, these receipts are likely to be only the tip of the iceberg.

Fossil Fuel Receipts to Associated Entities, since 2015-2016

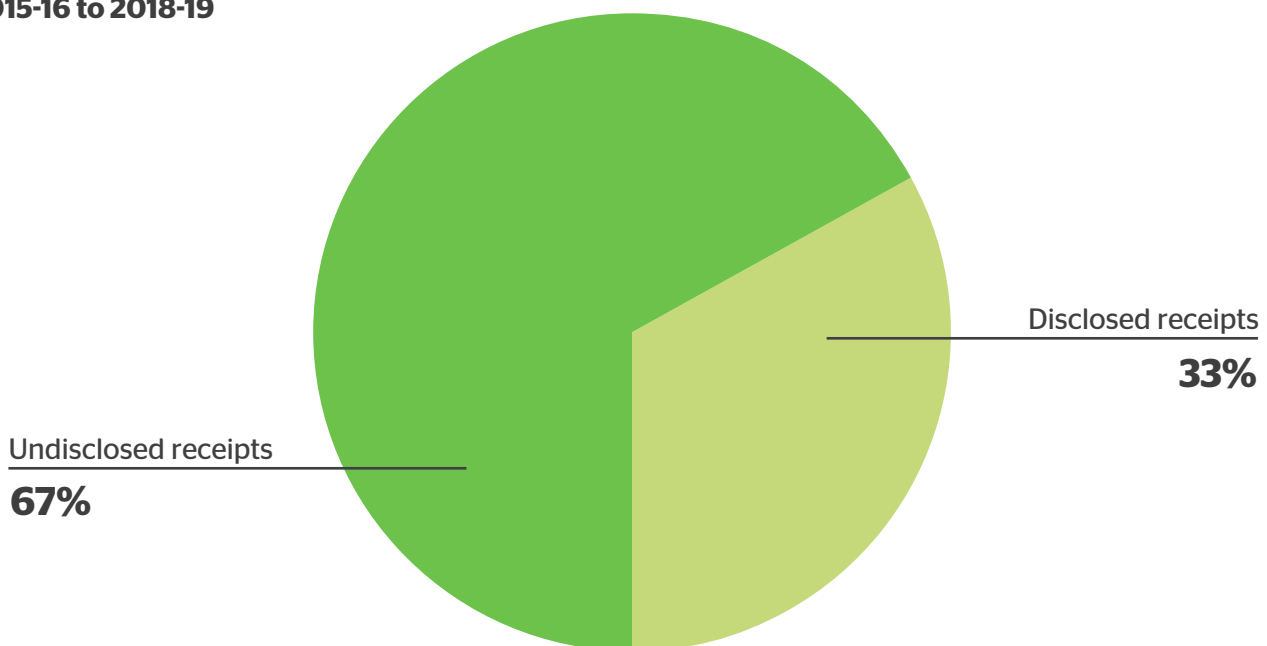
Associated Entities	Funds provided by:	Total amount
Australian Business Network (Liberal Party of Australia)	Minerals Council of Australia	\$27,500
Enterprise Victoria (Liberal Party of Australia - Victorian Division)	Bluescope Steel Limited Minerals Council of Australia	\$20,000 \$39,100
Federal Labor Business Forum (Australian Labor Party)	Minerals Council of Australia	\$27,500
Federal Labor Business Exchange (Australian Labor Party)	Minerals Council of Australia	\$7,500
John McEwen House (National Party - Federal)	Adani Mining Minerals Council of Australia Santos Limited	\$55,000 \$7,000 \$44,000
Labor Holdings Pty Ltd (Australian Labor Party)	Origin Energy Santos Limited Woodside Energy Limited BHP	\$13,126 \$1,261 \$16,462 \$31,876
Progressive Business (Australian Labor Party - Victoria)	Bluescope Steel Limited Minerals Council of Australia	\$5,500 \$16,900
Platinum Circle (Liberal National Party - Queensland)	Minerals Council of Australia	\$30,000
SA Progressive Business (Australian Labor Party - SA)	Alinta Servco Pty Ltd	\$30,000
Cormack Foundation (Liberal Party of Australia)	BHP Rio Tinto	\$1,229,799 \$1,355,667
Perth Trades Hall (Australian Labor Party WA Branch)	Fortescue Metals Chevron Mineral Resources The Chamber of Minerals & Energy	\$82,500 \$13,750 \$27,500 \$27,500

Associated entities often act as fundraising bodies for political parties and typically raise funds through subscription or membership fees, pay-for-access events, investments, dividend payments and more. One common fundraising technique is cash-for-access style dinners or events where, for a fee, members of an associated entity can pay to rub shoulders with a member of parliament or a minister.

However, money flowing into associated entities is particularly difficult to trace. The high donation disclosure threshold (\$14k) and the overly broad category of 'other receipt' used for any non-donation income, means that there is little visibility over the sources of most money flowing into associated entities. Our research found that in the period between fiscal year 2015/16 and 2018/19 over 67% of income flowing into associated entities came from undisclosed sources.

Many associated entities go on to gift funds they receive to the political party with which they are associated. In this sense, associated entities are a major source of dark money in the system, as they make lump donations to political parties from funds which can not be traced back to the actual donor.¹⁰

Hidden money of associated entities 2015-16 to 2018-19



According to the recent data for 2018-2019, South Australia Progressive Business (SAPB) an associated entity of the South Australian branch of the Labor Party, declared \$286,509 in income, while declaring \$0 of the source of this income. All of this is dark money, with no details of donors. The SAPB also disclosed payments of \$140,629, while the associated SA Labor division only disclosed \$60,968 as

'other receipts' received from the SAPB. We do not know the sources of any donors to the SAPB - a significant problem as it acts as a fundraising vehicle for the SA Labor division. This further obscures who is really financially supporting the political parties.

Conclusion

and recommendations

Our political donation regime is flawed. This paper shows that both major parties are dependent on donations from the fossil fuel lobby. Not only this, but our major parties and their fundraising entities, are responsible for a large sum of dark money in our system. With poor requirements for reporting donations, there is little transparency to hold donors and parties to account.

Loopholes and lax requirements embolden the fossil fuel lobby to continue buying access through a sophisticated system of donations. The patterns of fossil fuel donations we find in this paper demonstrate a complex system of undue influence, which is happening as our government fails to act for people and planet.


Our democracy should act in the best interest of all, not in the interest of those with the biggest wallets. To achieve this, substantial reforms are needed to limit the influence of big money in politics. A number of reforms are needed to create a fair system that works for all. ACF calls for reforms to:

- Ban large political donations to political parties and candidates
- Increase transparency over donations, including real time reporting of political donations
- Limit expenditure at election times, so those with the fattest wallets can't drown out the voices of everyone else
- Set stronger lobbying regulation and greater transparency so we know who's meeting with our elected representatives
- Create an independent watchdog to investigate and stamp out corruption.

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The scale of fossil fuel donations to political parties explains why even in the face of a national emergency driven by climate change, **the Government continues to defend and promote the industries that are the root cause of the problem.** 

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