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Dark money and opaque politics: making sense of contributions to Australian political parties

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ABSTRACT

The source, size and recipients of political contributions, and their influence on policy-making, has long been of interest to political scientists, journalists and citizens. There is ever present discussion of ‘dark money’ and ‘pay for play’ politics. However, these discussions are often limited by the inconsistent and sometimes incorrect coding of the Australian Electoral Commission financial disclosure data. These data make it difficult to understand who is financing Australian politics, how patterns of giving differ across donors, parties and time, and how this relates to policy outcomes. This creates a risk that the commentary shaping public understanding of the integrity of political institutions will be flawed. This paper, and the underlying data we present, addresses this gap, providing a firmer foundation for understanding its democratic institutions, helping drive a more informed discussion on the role of money in politics.

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KEYWORDS

Donations; political parties; financial disclosures; political finance; election funding

Dark money, opaque politics

A more systematic understanding of financial contributions to political parties is needed if we are to properly evaluate how, and how effectively, democratic systems function. Students of parties and party-systems require these data to better understand party financing and the links between political parties and civil society. These data can provide information on how political contributions reflect policy influence, they can provide insights on what non-electoral interests parties may represent, evidence of corporate political engagement and the non-market strategies of firms. More broadly, data on contributions speaks to scholars concerned with issues of influence, transparency, integrity and even corruption. While we do not adjudicate on such questions in this paper, we note that such debates are best undertaken with robust evidence, which in Australia and many other countries has been largely unavailable. The relative abundance of US data has meant that the party finance literature is dominated by the US case. However, there is a limit to how much we can generalise from the US experience, which is a fairly atypical case compared to most other representative democracies in terms of the scale and use of money and the role of candidates (McMenamin 2008). In further elaborating the Australian case, we seek to address this imbalance.

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In Australia, substantial attention is often paid to the size of donations to political parties, and their influence on government decision making. There is an ongoing discussion of ‘dark money’ and donations for access and influence. The media consistently run stories outlining single instances where donations one day appear to lead to advantageous government decisions the next. These ‘gotcha’ moments are undoubtedly important for the public record. However, they often rely on incomplete data, snapshots from a single year, frequently miss large donations and lack the context gained from studying contributions over a longer period of time.

Australia, with its stronger parties and less polarised party system could provide a useful case to build a more general understanding of the role of political contributions in representative democracies. However, so far this has been difficult to achieve. Australia has a particularly opaque political contribution regime. Laws minimise what needs to be disclosed, allow for very late disclosures (often more than a year after the contributions are made), thresholds for mandatory reporting are relatively high, and the types of income being reported are not always well identified. Additionally, the system used to search the records is not user-friendly: until recently separate datasets were provided for each party, the parties’ associated entities (more on these below) and for different years. The recent publication of a single datafile for all parties and years (1998–2018) is a welcome improvement. Yet, donors and donation types are still not consistently coded. Substantial cleaning is required to draw reliable conclusions. This is time-consuming, and few observers – political scientists, journalists, public integrity campaigners or members of the public – have the resources or expertise to do so.

Not only does it limit our ability to undertake scholarly research, the absence of systematic and easy to access data on party finances reduces the transparency of Australian politics and increases the risk of mistakes in the analysis and commentary of our political system that shape the public’s understanding of its integrity. This may create a perception of dark money and dirty politics which may sometimes be warranted, but other times may just be the result of limitations in the available data.

We outline a project to help rectify this by more consistently classifying and coding contributions from major donors to Australia’s largest party groups: the Liberal-National Coalition, Labor Party and The Greens. We document our procedure for making sense of these data, and some possible applications for a consistently coded, searchable database of political contributions for Australia. To do this, we worked through a dataset with tens of thousands of individual payments to identify and code the source of approximately 95 per cent of reported payments, by value, to Australia’s major parties from July 1998 to June 2019. From this, we identify 23,599 payments that we have high confidence are actual political contributions, and the identity of 1594 donors to Australia’s major political parties.

In doing this, we advance the existing empirical research on Australian party finances and political contributions by providing a longer time-series (we examine the totality of all published disclosures), operating with a clear and rigorously applied definition of what constitutes a political contribution (rather than rely on pre-coded categories provided by the Australian Electoral Commission; AEC), linking donations from individual entities over time (by cleaning and standardising naming), connecting third party payments to parties via associated entities, and providing a more granular analysis of contributions over time. This endeavour should enable renewed efforts in adding the Australian case to the growing comparative work on party finances.

The role and importance of political donations

The study of political donations, campaign contributions and party finance is a vibrant sub-field of political science research. Political contributions can be conceptualised as a type of revealed preference, allowing scholars to examine and evaluate preference attainment in legislative, administrative and judicial arenas. Much of the work in this area has focused on the US, though, where data availability and political institutions have encouraged scholarly attention; with a voluminous US literature leveraging contributions data to and from Political Action Committees (PACs) – entities established by firms and collective associations to funnel contributions to candidates and party organisations – to evaluate the ideological positions of both recipients and donors. Much of this work uses campaign contributions and PAC data to generate ideal point estimates of the ideological positioning of organised interests in politics in the US (McCarty, Poole, and Rosenthal 2006; Bonica 2014). The publicly available data on campaign contributions provided by the Federal Election Commission (FEC) are also frequently deployed to track levels of partisan giving by corporations and wealthy elites (Bonica et al. 2013). A large literature probes what contributions buy: is it about purchasing votes, gaining access or expressing an ideological commitment (see Bonica 2014; Hall and Wayman 1990). Scholars have also explored why PACs and individuals make contributions, and others how candidates render themselves more attractive to donors (Barber 2016).

Comparatively, other jurisdictions have been neglected. Due to a scarcity of data and institutional differences, the literature on other representative democracies is quite limited. A handful of papers consider corporate donations in the UK (Fisher 1994; Bond 2007), while others examine all donations directed to a single party (Fisher 1999; McMenamin 2020). Truly comparative work is even more limited (with a few exceptions, including Boatright 2015; McMenamin 2013). More work outside the US is crucial. As McMenamin (2008, 5) persuasively argues, the US case, with its candidate-centred political finance system, is somewhat of an outlier, and certainly quite different to the party-dominated system of many parliamentary democracies. In this paper we contribute to this task by developing a long-run systematic dataset of political contributions in the Australian system, allowing both more Australian work and facilitating cross-national comparisons among party-dominated finance systems.

There is an existing Australian literature considering political contributions, much of it either evaluating or using AEC financial disclosure data. Some work is motivated by a politico-legal focus on regulatory regime(s) that govern contributions, often to provide a normative evaluation of these against criteria associated with transparency-related concerns (Tham 2003; Orr 2007; Gauja and Orr 2015; Young and Tham 2006). A related theme concerns the impacts of regulations on political contributions to parties; and more broadly, on the Australian party system. For instance Anderson et al. (2018) scrutinise the impact of tightened regulations on donations in the state of New South Wales (NSW), finding that it produced a decline in the total number and value of donations. Their use of ‘natural’ variations in the regulatory environment to test the implication of legal changes on donating behaviour has yielded important insights.

Other work has provided headline accounts of payments to parties over time. Edwards (2018) analyses the period from 2006 to 2015 and reports the volume of donations to each of the major parties; differentiating between different types of party income

(donations, other receipts, undisclosed income and public funding), and appears to take the payment categories embedded in the data by the AEC at face value (with the exception of public funding, which was manually coded). As we explain later, this is perfectly understandable given the scale of the cleaning and recoding task, but does have some important implications for analysis.

A related set of studies has leveraged donations data to examine corporate contributions specifically. McMenamin (2008, 2013) asks whether corporate contributions are best understood as ideological or pragmatic payments. Using reported AEC payments to parties from 1998 to 2005, he finds that on average, firms have an ideological preference for Australia's centre-right Coalition parties, but that this is contingent on the political circumstances, with businesses splitting support among the two major parties when the Labor Party is in office, or appears to be the likely winner of the next federal election. Other work has focused on the role of elite corporate networks as a predictor of company donations. A study by Harrigan (2017) examined AEC payments for a sample of over 1500 Australian firms – and their directors – taking a single year (the 2004–05 financial year), while Lu, Shailer, and Wilson (2016) studied the payments of the 500 largest listed corporations in Australia using AEC data over a seven-year period (2000–07).

This body of work provides an important foundation. Yet, the treatment of the AEC data itself varies considerably. We find that most studies of individual entities – such as those studying corporations – look only at payments the AEC codes as 'donations', and sums the headline value (either for one or all parties). They generally do not examine payments the AEC codes as 'other receipts', and they do not examine payments made through associated entities. While aggregate studies tend to examine all payments, they often do not parse the nature of payments coded 'other receipts' to separate likely political contributions from other types of payments (interest on a bank account, or a fee for a service). They also often treat semi-autonomous fundraising bodies linked to, but legally separate from, political parties (what the AEC term 'associated entities') as completely separate organisations, and not (as is sometimes appropriate) as an appendage of the party itself. As a result, many scholars operating in this space have not traced payments to parties via fundraising organisations (the Liberal Party's Free Enterprise Foundation, for instance; or Labor's Progressive Business).

In their work on corporations, for example, Lu, Shailer, and Wilson (2016) appear to use party income that is classified as 'donations' by the AEC. As we discuss below, this misses a large proportion of likely political contributions, including those that have not been coded as 'donations', as well as those contributions made through associated entities. Combined, this is a considerable proportion of the contributions made to parties. The analysis by Edwards (2018) appears to report all payments. While McMenamin (2008) parses out 'donations' from 'other receipts', it is not clear whether in so doing he has scrutinised whether a particular receipt is a political contribution or another kind of payment, or whether he counts payments to associated entities.

These observations are not criticisms. Most authors are well aware – often explicitly – of these complications. Our point is that different treatments might have implications for findings, and that clarity on data management is important. We found no evidence, for instance, that any previous work has scrutinised whether what the AEC calls a 'donation' actually is one. Similarly, there is no evidence of systematic name cleaning (except for Lu

et al, who restricted their analysis to 500 firms, so cleaned their data carefully). Existing studies tend to take either a broad mapping approach covering multiple years, while more granular analysis tends to take small windows, or even a single year. The primary reason for these problems is that the disclosure system for political financing in Australia is sometimes difficult to parse. The laws minimise what needs to be disclosed, allow for very late disclosures (often more than a year after the donation, even around elections), the system used to search public disclosures is difficult to navigate, and as we discuss in the next section, there are issues with the provided data. All of this means that at present, it is difficult for most citizens and journalists to understand which unions, companies and individuals have contributed the most to Australian parties; how patterns of giving may differ across donor types (for instance, industries or types of unions) and parties; and how this may have changed over time.

The primary reason for these problems is that the disclosure system for political financing in Australia is not always transparent and the data are difficult to navigate (as we discuss below). In this article we contribute to the public and scholarly discussion on the breadth and scope of political contributions in Australia, by reporting on a dataset – and the significant steps taken to clean and curate the publicly available AEC data – spanning returns covering the 20 years from July 1998 to June 2019. We work to clarify the decisions made by scholars who have worked on this problem previously, on the value of the AEC data, and to outline the kinds of ‘fixes’ we believe are needed to render it as valuable a tool as possible for assessing political contributions. In cleaning and curating this data, we provide a foundation for future analysis that can inform the public and journalistic debate on the landscape of political contributions in Australia. To demonstrate this, we finish by highlighting some applications of these data that speak to some of the recent debates on Australian political contributions.

The nature and quality of these data

The primary source of data on political contributions in Australia is the AEC financial disclosures. Available for each financial year from 1998 to 2019 through the AEC transparency register (Australian Electoral Commission 2020), these data include reported incomes of the federal and state (territory) branches for all registered political parties; including details on individual payments made to parties from external individuals and entities that exceed a legislated threshold (currently \$13,800), and any voluntarily reported payments.¹ Due to legal requirements on party registration, this includes all significant political parties currently operating.

These data have the potential to offer an insight into the way organised interests – companies, institutions, interest groups and individual citizens – engage with political parties. Yet, there are issues with using these data as they are published. It has been argued they are non-transparent (Edwards 2018, 2020), and legal scholars regularly highlight the inadequacies of Australia’s donations reporting regime (Tham 2003; Orr 2007); points echoed in formal reviews of the donations regime (Office 2020).

There are legitimate reasons for these claims. Until very recently, dozens of separate datasets needed to be accessed to obtain information on contributions to a single party. Even now these data have been collated into a single file, the same individual or entity remains coded inconsistently, within the same year let alone across time. As a

result, citizens, journalists and scholars cannot easily search for contributions by specific individuals or entities. Often, donor ‘Amanda Smith’ may be coded A. Smith in one instance, and Amanda Michelle Smith in another²; even for contributions made to the same party in the same year. This problem occurs repeatedly, making it difficult to identify patterns in contributions both to recipients and from donors.

Additionally, the categories used by the AEC to identify different types of payments are not particularly helpful. One payment the AEC coded as a donation was actually public funding. Some of the payments coded public funding were intra-party transfers and donations. The category the AEC calls ‘other receipts’ includes everything: most of the public election funding to parties, other income from investments and services and political contributions.

Donors to Australian political parties often contribute funds through entities associated to the parties, rather than directly. The nature of these organisations can vary. They include trade unions and fundraising vehicles. These add another step to untangling the source and destination of political contributions. While some associated entities are certainly appendages of parties (including fundraising organisations), others are more complicated (the Cormack Foundation, discussed below). To us, it is unclear in much of the literature how these entities were treated. In our analysis, where it was relatively clear that they were essentially fundraising vehicles controlled by and for the party, we treat contributions to these associated entities as de facto donations to the party they were associated with.

While these data have problems, some scholars have argued these issues are overemphasised (McMenamin 2008, 381), with reported contributions also characterised as ‘a relatively accurate measure of corporate political preferences’ (Harrigan 2017, 726). As we demonstrate below, there are reasons to believe these data can provide useful information for understanding Australia’s party system, party finances and interest group politics. However, they do require careful cleaning. We address several issues to render these data as fit for purpose as possible.

Our approach

Many of the concerns raised on the limitations of AEC data are real. Some are simply unable to be resolved short of legislation (lowering the reporting threshold), or the AEC itself changing its reporting requirements. Yet, many can be addressed by researchers directly. Here we outline a systematic and transparent approach to collecting, coding and cleaning the AEC data. Our approach, visualised in [Figure 1](#), addresses issues concerning: (i) what constitutes a political contribution; (ii) treatment of associated entities; (iii) naming consistency of ‘payers’; (iv) treatment of public funding; (v) treatment of undisclosed receipts; and (vi) how we code donors.

We do this for any individuals or entities who gave at least \$100,000 in aggregate payments of any type to the Coalition, Labor and Greens parties between July 1998 and June 2019; and some who gave less (at the time of coding we anticipated they may reach our threshold).

Distinguishing ‘political contributions’

We define political contributions as payments of money (or other resources) made to a political party without the expectation of an *explicit and immediate* quid pro quo of

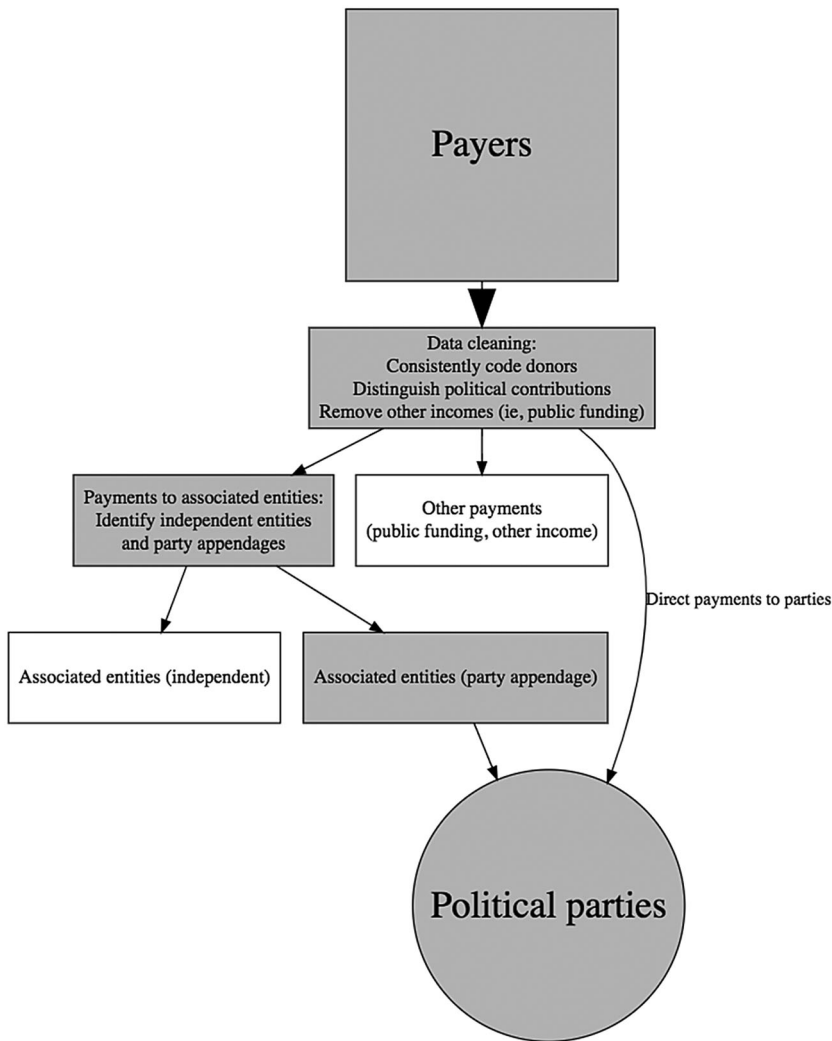


Figure 1. The data cleaning workflow. Nodes shaded grey are those payments we have treated as political contributions made directly to parties. Unshaded nodes are all other payments.

similar value (see Orr 2006 for a discussion). Our key empirical task is to identify these contributions.

Unfortunately, the AEC does not neatly report data into categories that match this definition. Published financial returns record itemised details for all party incomes, where payments are above the threshold (or are otherwise disclosed), and the AEC coding can make it difficult to differentiate between political contributions and other payments. The AEC disclosures use several categories: ‘donations’, ‘public funding’, ‘subscriptions’, ‘gifts’, ‘other receipts’ and ‘unspecified payments’. The latter two of these categories are often assumed to be from interest accrued from investments, or fees for services (although they may also be transfers from other state branches of parties). However, in practice, this is not always the case. These categories are often self-reported

by parties and donors, and as (McMenamin 2008, 381) has argued, the AEC definition of donation is rather narrow.

This leaves us with a number of other categories of payments and income which may, in some instances, include certain types of political contributions – payments to attend party-run social events and conferences, for example – which can be reported as ‘other receipts’ or ‘unspecified payments’. While payment for these events may include the cost of hosting them (although this may be donated), most party events will generate a surplus that constitutes a political contribution. To further complicate matters, public funding was only explicitly identified as a separate category in the AEC financial disclosures up to 2010–11. Subsequently these have mostly been included in ‘other receipts’, meaning that an uncritical inclusion of income from this category into any analysis will inadvertently treat public funding as a political contribution.

Previous work has frequently either treated ‘other receipts’ as though they were all donations (see Harrigan 2017), or simply run separate analyses on payments categorised by the AEC as ‘donations’, and ‘donations’ and ‘other receipts’ combined (McMenamin 2008). This is a practical accommodation, given the vast data cleaning task any alternative strategy would entail. Others have not specified their approach (Lu, Shailer, and Wilson 2016). This presents problems, however. Payments that are political contributions are certainly included in this category. Excluding them entirely means losing information on a large number of political contributions. However, other income (including public funding) is also included, and needs to be removed before analysis.

For this project, we have attempted the task of organising and coding all reported Australian political contributions from large donors over the 20-year period between July 1998 and June 2019. We do this by reviewing all payments, irrespective of AEC category, then removing payments which are (or logically appear to be) payments to parties or associated entities, for services (for example, rent for premises or provision of insurance services) or investment income. In making these judgements, we adopted a conservative approach where we believe to be appropriate,³ which perhaps errs on the side of undercounting political contributions. However, it also reduces the chances of counting other income as a political contribution.

This strategy consisted of several steps:

- Treating all incomes for associated entities that could reasonably be expected to be investment vehicles as being investment income and *not* political contributions (i.e. income for the Cormack Foundation, ALP Holdings, Canberra Labor Club).
- Coding all payments that could be traced directly from investments as such. This included some property holdings, for instance.
- Adopting a very conservative approach of coding all incomes from financial institutions (banks and similar) that were declared as ‘other receipt’ or ‘unspecified’ as income from assets or interest. That is, *not* as political contributions (for a discussion on the issues presented by these payments, see Edwards 2018).
- Manually identifying public funding and coding this correctly.
- Removing all intra-party money flows from our dataset. This included funds transferred from one branch of a party to another (from a state branch to the federal secretariat, for instance), and payments from associated entities identified as appendages of the party (see the following sub-section for details).⁴

As a result, we believe that our estimate of ‘political contributions’ to the major parties is a more accurate and direct measure of what we would understand a political donation to be. It includes all payments – regardless of designation by the AEC – which can be considered a donation.

Associated entities

As outlined above, donors often contribute money via entities that are legally associated with political parties, rather than directly to the party organisation itself. Like parties, these associated entities are formally registered with the AEC. Defined by the *Commonwealth Electoral Act 1918 (s287)* as an organisation controlled by a registered political party, or operated primarily for their benefit (for additional details, see Orr 2003), the nature of associated entities can vary from fundraising organisations to third parties with strong party links. Many trade unions are associated with the centre-left Labor Party, as are fundraising vehicles designed to solicit contributions, such as Progressive Business. Similar entities are associated with the centre-right Liberal Party, including The 500 Club. Others, like the Cormack Foundation, are investment funds explicitly designed to donate parts of their income to conservative political causes.

Our first step is to classify associated entities into one of two groups: (1) those who are functionally independent from parties (they have boards or executives appointed outside party hierarchies), including trade unions and the Cormack Foundation, which we might consider ‘uncontrolled entities’⁵; and (2) those that are ‘controlled entities’, essentially party appendages, often essentially fundraising organisation, like the Free Enterprise Foundation and Progressive Business (see Appendix B in the supplementary materials for a list of associated entities coded as party appendages).

Payments made by other entities to (1) are not counted as contributions to parties and are deleted from our datafile. However, any payments to political parties from these entities are counted as they would from any other individual or organisation. As we show below, trade unions are major donors to the parties of the left, and the Cormack Foundation has been an important financier of the Coalition. Payments to (2) are counted as contributions to parties. Where it was relatively clear that these entities were essentially fundraising vehicles controlled by and for a political party (see Appendix B in the supplementary materials for a list of associated entities we have coded as party appendages) we allocated political contributions to that entity to the party with which it was associated. For instance, if Donor A contributes \$100,000 to Associated Entity B (aligned to the Liberal Party), our data records Donor A contributing \$100,000 directly to the Liberal Party. Payments from these groups to the party they are associated with are deleted from our file, though, to avoid double counting.

Based on the documentation provided in previous work on this topic, it is not clear whether other researchers have undertaken this step. Some are quite emphatic on this front, with McMenamin (2012, 15) reporting that he includes both direct payments to parties and indirectly via associated entities. Others seem not to include these payments but instead focused only on direct ‘donations’ to state (or territory) and federal parties (Lu, Shailer, and Wilson 2016), or while noting the problem exists does not clarify if they themselves sought to remedy it (Edwards 2018).

Payer naming (in)consistency

Unfortunately, the published financial returns data does not come with rigorous adherence to naming conventions for entities or individuals that have given money (or other resources) to parties and associated entities; even those who did so to the same party in the same year. For instance, in the AEC returns from 1998 to 2019, Westpac Banking Corporation is listed under 18 different names ('Westpac', 'Westpac Banking Corporation', . . . , 'Westpac Group'). The total value of political contributions from all of these separately recorded entries is \$1,955,607 across our data. This was also an issue for individuals. Former Liberal Prime Minister Malcolm Turnbull, who contributed \$1,988,214 over this period, is listed as: 'Malcolm Turnbull', 'M B Turnbull', 'Mr Malcolm Turnbull' and 'The Hon Malcolm Turnbull MP'.

To address this issue in the raw returns, we recoded each entry with a consistent naming convention.⁶ From our reading of the existing literature, we can see that this kind of checking has been performed in studies that take a more granular approach. For instance, Lu, Shailer, and Wilson (2016) deploy a fuzzy matching technique to match their population of large ASX listed companies against the published AEC donor list. It is unclear whether this process has been deployed in other studies.

Public funding

Parties received considerable public funding from State and Federal Electoral Commissions, to help defray the expense of contesting elections. The AEC generally reported this as 'public funding'. However, this requires careful scrutiny. We discovered one entry categorised as 'donations', 20 that were 'unspecified' and another 978 coded as 'other receipts' by the AEC that were in fact public funding payments from the AEC or state electoral commissions. Just 243 of the payments we identified as being public funding for parties were coded this way in the AEC financial disclosures; with the category dropped entirely after 2011. As we show in [Figure 2](#), between 1998 and 2019 this translates to \$160 million of the party income we have identified as public funding being coded as such in the AEC disclosures, compared with \$2000 reported as donations, \$6 million unspecified, and \$537 million as other receipts.⁷ A smaller amount of money was incorrectly coded public funding in the AEC financial disclosure, but was actually either internal party transfers or a political contribution.

This mis-coding of public funding is largely due to mis-categorisation in the AES returns, and cessation of the use of 'public funding' as a category after the 2010–11 financial year (with all payments from electoral commissions coded 'other receipts' thereafter). Complicating matters, as with other payers in these data, there was also inconsistent naming of the electoral commissions. For instance, NSW state electoral funding payments were recorded several different ways, including: 'Election Funding Authority NSW', 'Election Funding Authority of NSW' and 'NSW Election Funding Authority'.

We manually identified and coded all payments from the federal and state electoral commissions as public funding, and removed these from analyses of political contributions. Transfers from several government agencies, including the Australian Tax Office, were also individually coded as non-political payments.

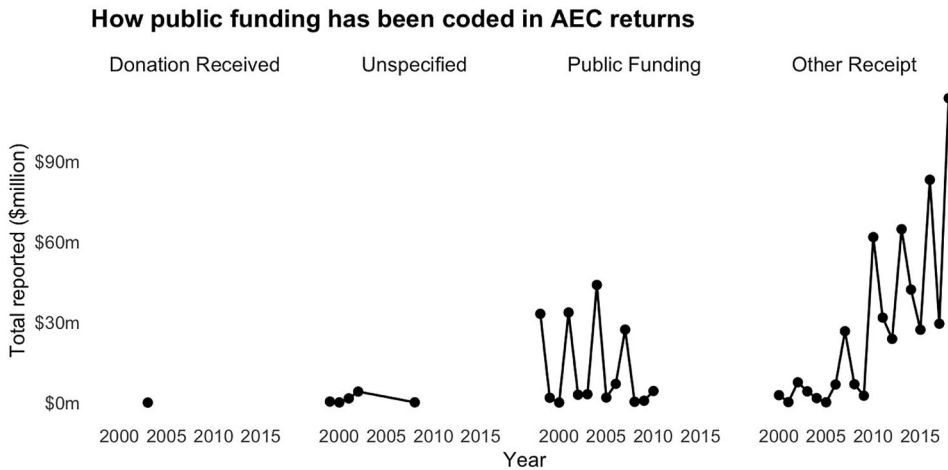


Figure 2. The coding of public funding as it appears in the AEC returns. Each curve shows how party income we have identified as public election funding has been categorised in the AEC financial disclosures.

Undeclared receipts

There are also some possible problems that we cannot address. Although parties are required to report their entire aggregate income for each financial year, the AEC is only able to publish details on individual payments above the mandated reporting threshold (or those payments below this which are voluntarily disclosed). This leaves considerable unreported income. This ‘gap’ is sometimes described as ‘dark money’. As a result of this gap in reporting, we do not know where this money originates. As previously documented in the literature, there is nothing to stop a single firm donating multiple times under the threshold, but the absence of a compulsion to report cumulative totals means we cannot detect this (McMenamin 2008, 381). That said, more than half of total party incomes are reported each financial year (see our discussion on this below).

Coding donors

After performing the above cleaning exercises, the resulting dataset of political contributions allows for a more granular approach. Having the identity of all individual payers contributing at least \$100,000 in aggregate funds across our 20 year time window to Australia’s major political parties (the Coalition, Labor or Greens) coded consistently facilitates the addition of important donor-level information to the datafile. We begin by coding the identity of each contributor: as ‘Individual, private company or trusts’, ‘Trade union’, ‘Business’, ‘Not for profit’, ‘Industry association’, ‘Independent political groups’. For firms, we also coded the main industry in which it operates.⁸ For details on the categories used, see Appendix A of the supplementary materials. For the coding of all large political contributors, see Appendix C of the supplementary materials.

We focus on these large donors for two reasons: (1) the data we possess on their contributions in the financial returns is less likely to be significantly impacted by changes in disclosure thresholds, with most of their payments, in value-terms, likely to be above the

reporting threshold; (2) their financial contributions to the parties are the largest, and if contributions have an impact on political and policy decisions, these are the donors most likely to exercise influence.

Shown in Figure 3, we identify and code the source of an average of 93 per cent of the value of itemised party incomes each year; or a little over half of total party income (including undisclosed receipts). This includes 30,191 individual coded payments from 1923 unique payers, of which we identify 23,599 payments that we have high confidence are political contributions, which come from 1594 major donors.

Figures 4 and 5 show the number of individual donors and the value of their contributions from each category each year. Of these categories, the 1038 individual businesses in our dataset contributed the largest amount in aggregate: \$283 million in 14,644 payments over the 20-year period. This was followed by the 49 trade unions, who on average donated the most individually and together contributed \$151 million through 4495 payments. Over time, the amount donated by businesses has declined, largely closing the gap between firms and unions. Of the categories we have used, not for profit organisations were the least politically active. There were 8 unique not for profits in our dataset, and combined these contributed the least: \$1 million through 41 payments.

The benefits of our cleaned file of political contributions

Next, we provide a description of and present some applications for our dataset containing all identified political contributions to Australia’s largest party groups from July 1998 to June 2019. We demonstrate that our data treatment significantly influences the results and inferences derived from these data, and provides opportunities for more granular results.

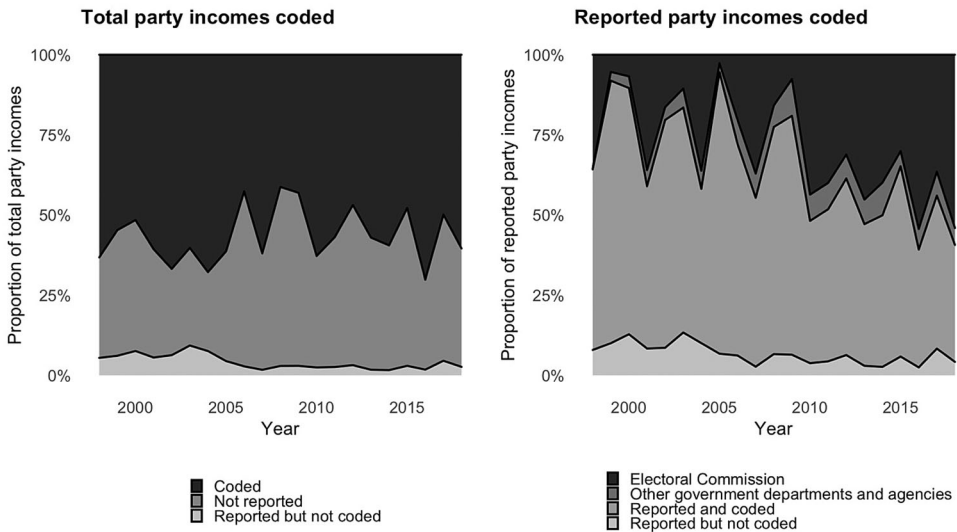


Figure 3. Party income coded as a proportion of total reported each year by the Coalition, Greens and Labor. Plot (a) shows payments coded as a proportion of total party incomes. Plot (b) shows those coded as a percentage of reported incomes, with electoral commission and government funding noted separately.

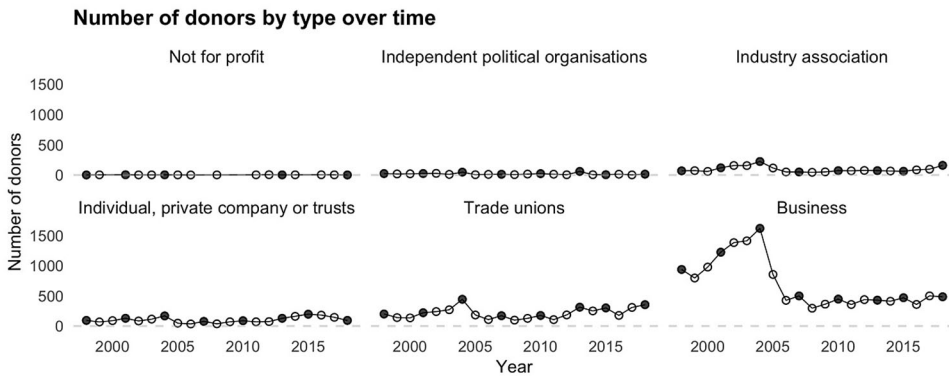


Figure 4. Number of contributors by type over time. Years in which federal elections were held are shaded.

The size and ideological nature of contributions

We begin this by comparing our data with the data as it is provided by the AEC. Figures 6 and 7 show results provided by five different approaches to treating these data. The top row in each are the results produced from the AEC financial disclosures with a minimum of cleaning. Plot (a) includes all payments to the parties and all associated entities, with AEC classified public funding removed; (b) is the distribution produced by payments made directly to these parties; (c) only those payments direct to parties and classified donations by the AEC. The bottom row of plots in both figures includes our cleaned datafile, showing results from both political contributions made directly to the parties (d) and including those made through associated entities we identified as party appendages (e).

As Figure 6 demonstrates, using the AEC financial disclosures without substantial cleaning either over-reports contributions (if no exclusions are made) or under-reports them if only those explicitly coded as donations to parties are used; although even when doing this, some public funding and other sources of income incorrectly classified as donations remains included in the total.

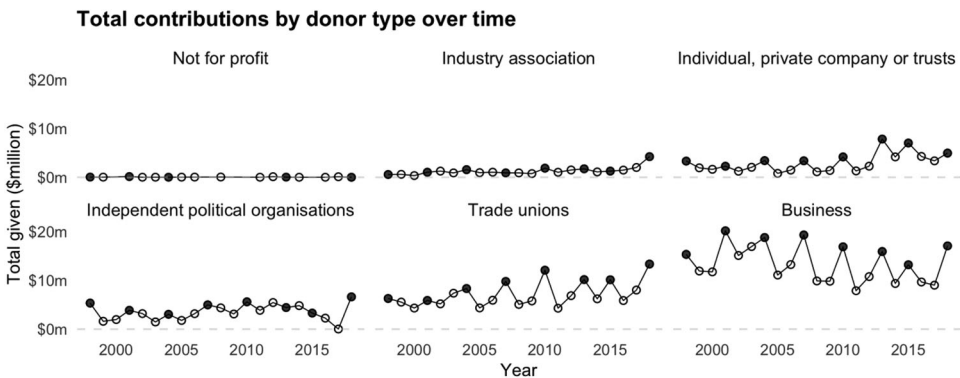


Figure 5. Amount contributed, by donor type over time. Years in which federal elections were held are shaded.

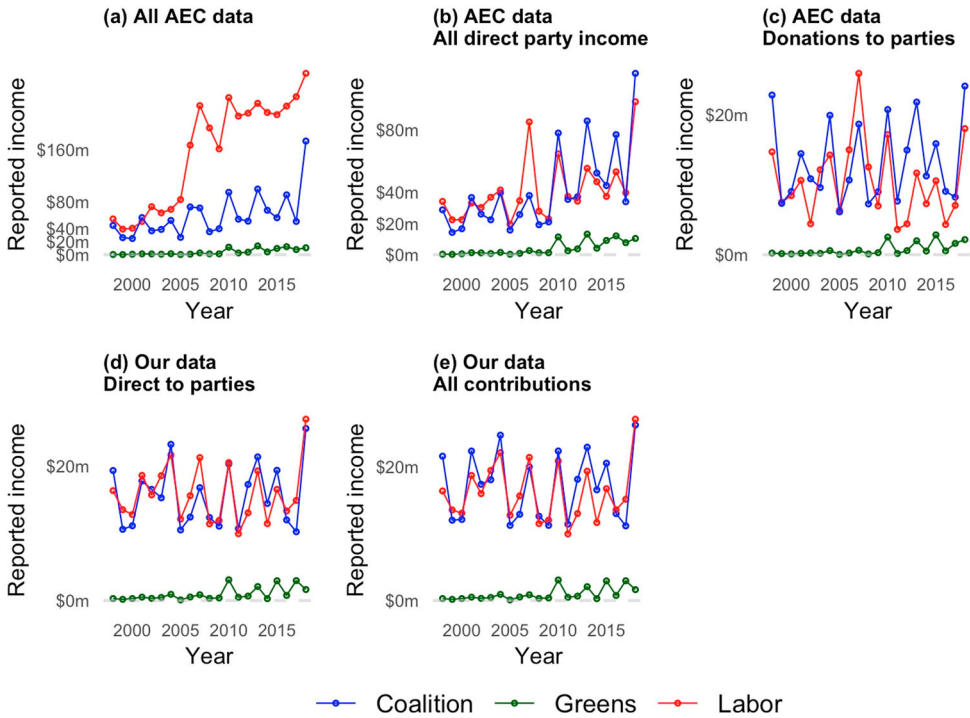


Figure 6. Comparison in the amount of reported party incomes, as recorded in the AEC data, and the amounts we have identified as political contributions. For the AEC data, income explicitly coded as public funding by the AEC was excluded.

For example, in the AEC financial disclosures for party groups and associated entities, the Labor Party’s full income for the 2018–19 financial year was \$275.1 million. However, this includes payments to trade unions, which are legally and functionally independent from the party (and often donate to other parties, such as the Greens). If we remove associated entities, we find \$98.1 million in payments to the Labor Party. However, this still includes public funding and other income that is not from political contributions (as documented above). If we further restrict our analysis to only those payments directly to the party and also classified as donations by the AEC, we find just \$18 million in reported Labor Party income. Conversely, in our cleaned file we find \$26.9 million in reported income if we restrict our analysis to income, and slightly more, \$27.1 million, if we include contributions sourced through associated entities. An approximately \$9 million difference in recorded incomes.

Similar, but slightly smaller differences are found for the Coalition. Total 2018–19 Liberal-National Party returns drop from \$172.4 million (\$116.2 million without associated entities) to \$24.1 million if we restricted our analysis to AEC classified donations made directly to the parties. Slightly less than the estimate of \$26.2 million derived from our datafile (\$25.5 million without associated entities).

These differences have implications for the substantive inferences we can make from these data. Previous studies on business donations, for instance, have observed that most corporations give to both the centre-right Coalition parties and centre-left Labor Party,

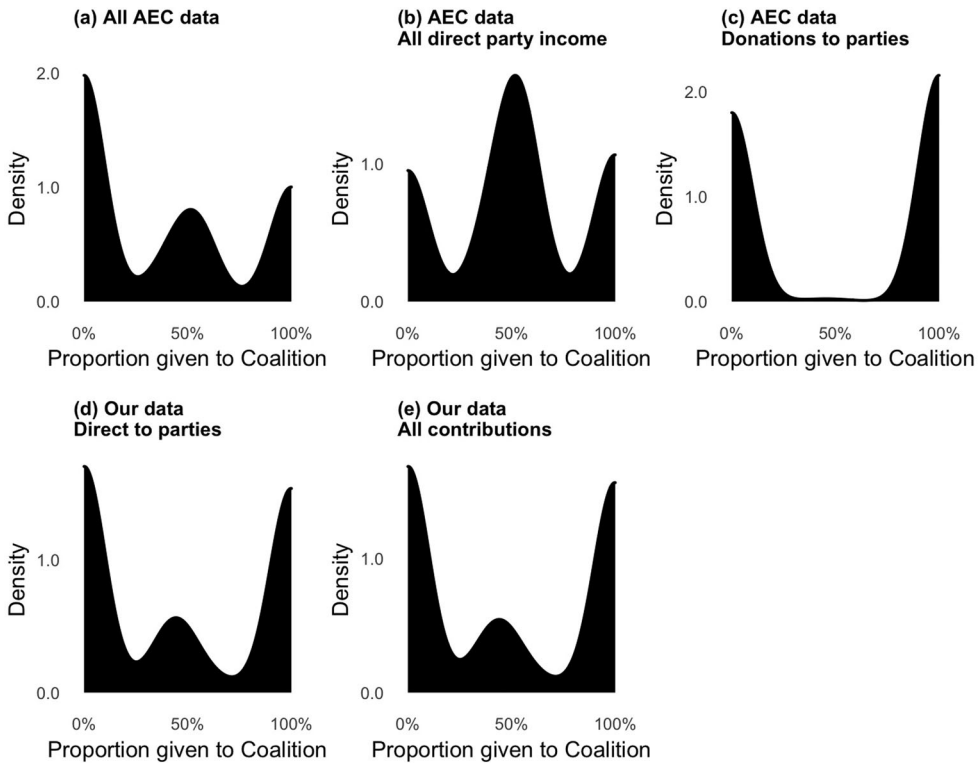


Figure 7. Comparison of the distribution of contributions in AEC data, and the amounts we have identified as political contributions in our cleaned file. For the AEC data, income explicitly coded as public funding by the AEC was excluded. Data were weighted by the value of each donor’s total contributions, so that a donor who gave \$100,000 is weighted ten times as much as a donor who contributed \$10,000.

rather than just one side of politics. McMenamin (2008, 384–385), for instance found that most firms split their donations between Labor and the Coalition (with a bias to the Coalition), with few giving entirely to one side of politics. Harrigan (2017) produces similar findings, with a large cluster of firms giving to both parties (with a larger preference for the Coalition).

Harrigan (2017) adopted some strong conclusions from these results, arguing that many firms were largely motivated by (narrow) economic self-interest, and engaged in donation strategies that could be described as hedging: giving to both sides of politics. In particular, he inferred from the financial returns data that businesses who operate in sectors of the economy that are highly regulated by government, including banking, adopt this hedging strategy. However, what if this conclusion was influenced by the data management strategy? Our results suggest this may be the case, albeit that our work encompasses donations well beyond those of corporations alone.

Figure 7 shows the proportion of each donor’s payments that went to the Liberal-National Coalition or Labor and Greens parties, and demonstrates how the five data treatments outlined above influence estimates of the ideological distribution of donors in the 2018–19 financial year. Since these plots show the distribution of all donors, we are visualising how they cluster. If most contributors gave only to the Coalition, then

the curve will be left-skewed, with the peak (indicating where most contributors sit) appearing at the right-hand edge of the plot. However, if most contributors gave to the major parties of the left and right in approximately equal measure, the peak will be at the centre of the plots.

This figure shows substantially different distributions depending on which data are included. All direct party income (Figure 7b) has a three-peak distribution, with the mode being payers giving roughly equally to both sides to politics, and a smaller number giving to one party or the other; somewhat similar to the distribution of the data examined by Harrigan and McMenamin. The use of all available data, without discrimination for payment types (Figure 7a), produces a similar distribution, but with less concentration at the middle and a large skew towards payers only giving to Labor. Payments to the parties explicitly coded as donations (Figure 7c) appear to be very ideological, with individual payers almost entirely giving to just one side of politics. Our approach (Figure 7d,e) shows a mostly partisan giving strategy, with most donors contributing to one side of politics, and a smaller group of donors giving to both.

There are two likely reasons for these differences: (i) the choice of relying on the AEC's payment codes, and (ii) the decision on how to incorporate associated entities. (i) As documented above, the AEC category 'other receipts' includes a mix of both political contribution and other types of payments (investment income, for instance), including most public funding. Excluding it ignores a substantial proportion of payments that accord with a scholarly conceptualisation of political contributions. Including it without detailed cleaning, though, also risks counting payments that bear no resemblance to a donation. For instance, both the Coalition and Labor Party receive substantial funds from banks and other financial institutions, much of it likely investment income (although as Edwards 2018 points out, this can be difficult to parse). (ii) Ignoring all associated entity income excludes real political contributions. However, the uncritical inclusion of all funds from associated entities includes other funds that are likely not. While our comparison is with two studies that include corporate donations alone – and in the case of McMenamin (2008) the donations are coded with reference to control of government at federal *and* state-territorial level (we code just the national government); we can start to see the implications of coding decisions for substantive findings.

A more granular analysis

In addition to providing different results to existing studies on this topic, as we have consistently coded major donors to Australia's three largest party groups, our approach allows for a more granular analysis. Here we demonstrate three additional applications using these data: (1) identifying the largest donors from 1998 to 2019, (2) examining contribution patterns for different types of donors during this time, and (3) observing trends for business donors by industry.

Figure 8 shows the 10 largest donors in our data. Between them, these organisations donated \$163 million between 1998 and 2019, and are dominated by what might be considered 'political' advocacy groups: seven trade unions, an independent conservative-leaning funding body, and an industry association. Only a single business made the top ten: Pratt Holdings, which gave considerable funds to both parties; albeit favouring

the Coalition most years. Due to the heavy presence of trade unions in this group, the Labor Party actually received more from the largest donors than the Coalition. The biggest contributor, the Cormack Foundation, favoured parties of the right.

However, as documented in Figure 9, businesses are the largest single category of donors. The apparent paradox of firms donating the most but being under-represented among large donors is that there tend to be more small and medium-sized donors from this category.

As Figure 9 shows, with the exception of trade unions, political contributions tend to favour the centre-right Coalition parties. We find that across our period, large business donors gave 61 per cent of their reported contributions to the Coalition rather than the Labor or Greens parties. Also, contrary to theories of electoral cycles (discussed below), business contributions tended to skew to the Coalition more in election years and when Labor was the federal incumbent. We see, for instance, that business donations trended away from the centre-right Coalition parties between 1998 and 2006, and back towards them since 2007. This is demonstrated further in Figure 11, which shows that the partisanship of contributions from different types of donors changes little regardless of the identity of the federal incumbent, and if it was given in an election year or any other time. The only real exception was not for profits, which appear to be Labor-leaning, but somewhat opportunistic with their political contributions.

Within business donations, we do see industry-level heterogeneity. Shown in Figure 10, resource extraction and production-related industries are generally favouring the Coalition, with between 65 and 80 per cent of contributions from mining, manufacturing, construction and real estate, and agriculture, fisheries, forestry firms (respectively) going

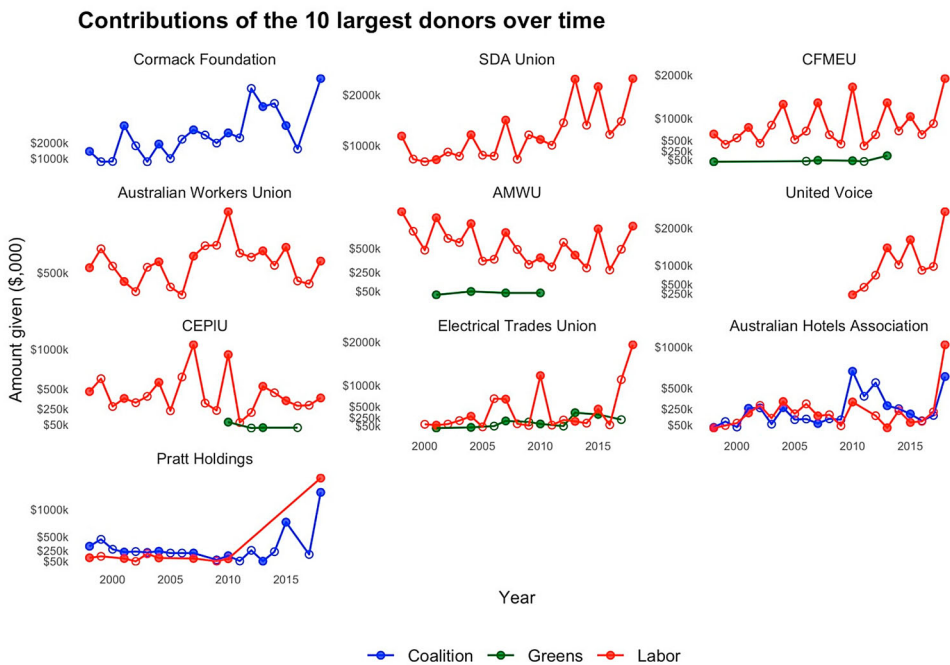


Figure 8. Value of payments made by the 10 largest donors who made political contributions in at least two financial years. Years in which federal elections were held are shaded.

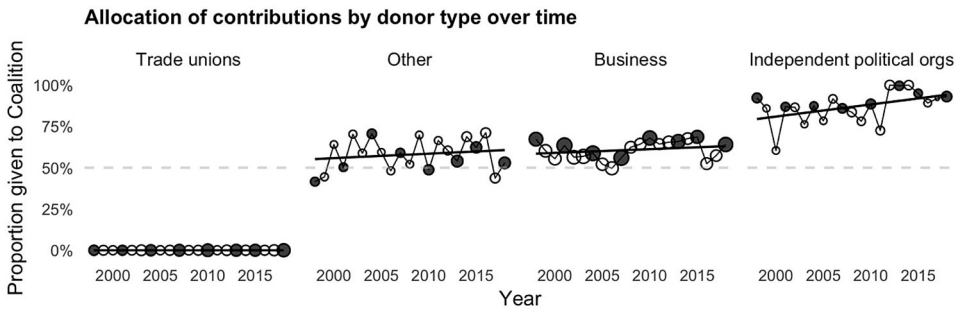


Figure 9. The allocation of contributions to parties of the left and right, by donor type, July 1998 to June 2019.

to the Liberal and National parties. Conversely, professional service firms and others with high-valued labour inputs are tending to favour the left, with between 50 and 65 per cent of donations from firms in the legal, professional services (nfd), information technology and insurance industries made to the Labor and Greens parties.

All reported trade union contributions in our dataset were given to the Labor and Greens parties. Independent political groups mostly favoured the Coalition parties, particularly in recent years, while ‘Other’ donors – industry associations; not for profits; individuals, trusts and private firms we could not identify – generally lean towards the Coalition. Although within this broader category, across the entire period contributions from individuals, trusts and private businesses were more conservative, industry associations tended to hedge between the left and right, while (as noted above) not for profits leaned to left.

Reducing the opacity: making sense of Australian political contributions

The nature of party financial disclosure data has long presented problems for political scientists, journalists and ordinary citizens. The problems students of Australian politics have had making sense of these data presents a significant gap in our knowledge. We are not alone in seeing value in these data, despite their shortcomings (see, for instance, McMenamain 2008; Harrigan 2017). Above, we have outlined an approach to clean and curate them, which provides data that allows us to study questions central to the public and scholarly conversation about political finance and contributions, but previously difficult to answer.

Key advantages of our approach

We consistently coded all large donors (those giving more than \$100,000 in aggregate) to Australia’s major political parties from July 1998 to June 2019. We cleaned the categorisation of payment types to identify transfers that were, on the balance of probabilities, political contributions. As we demonstrated above, these treatments have substantive implications for the inferences and conclusions we might make from these data. We showed that the partisan ‘bias’ in political contributions is more ideological than has been reported in previous work; certainly more than a straightforward use of the AEC data without substantial cleaning reveals.

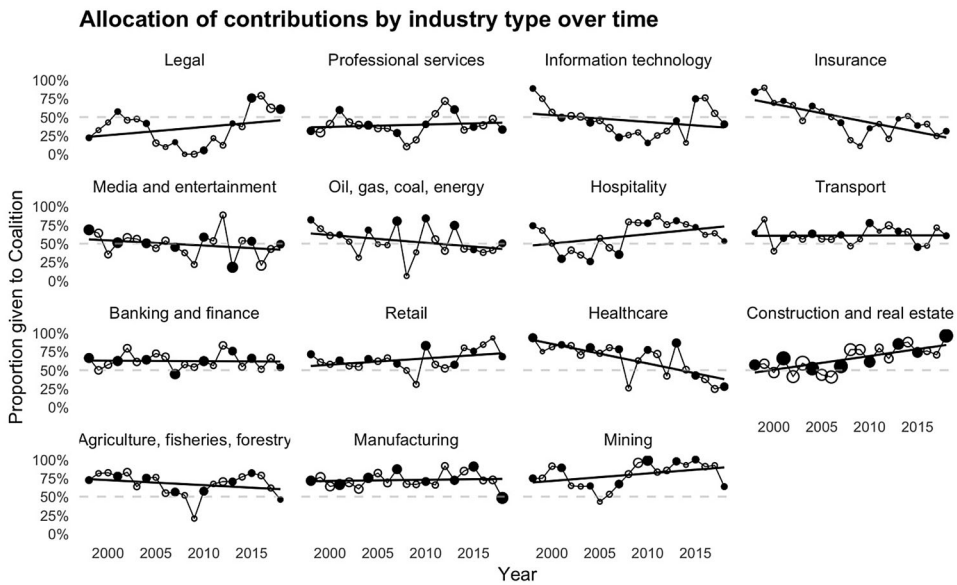


Figure 10. The allocation of business contributions to parties of the left and right, by industry, July 1998 to June 2019. Years in which federal elections were held are shaded, and points are scaled by the value of contributions by donors in that industry each year.

This work also provides opportunities to examine patterns in political donations. They allow us to examine time series of donations from individuals and organisations, identify the largest donors, and observe patterns in their giving. We can also observe patterns in the contributions of donors by type, and even how firms in different industries have given over this period. We see, for instance, that business donations trended away from the centre-right Coalition parties between 1998 and 2006, and back towards them since 2007. Within business donations, though, we see industry-level heterogeneity: firms in some professional-service industries have shifted towards the left-of-centre Labor and Greens parties (information technology, insurance and healthcare, for instance), while the donations from other industries have become more conservative (retail, construction and real estate, and mining).

Our analysis also has something to say about the association between electoral cycles and incumbency, and the partisan nature of business contributions. While previous work suggested business would split donations when Labor was in government, but pivot back to favour the Coalition otherwise, we could find only a single year (2011) – election or otherwise – where Labor was in office and the proportion of contributions by business to the Coalition sunk to parity. Overall, we find that business contributions tilt even further to the Coalition when Labor is in office federally (although our analyses here are descriptive, and further work is needed).

Future directions

We intend to share these data with the scholarly community and to update this file with additional releases into the future. We believe this will provide an important tool for the analysis of political contributions in Australia.

Political context and the allocation of contributions

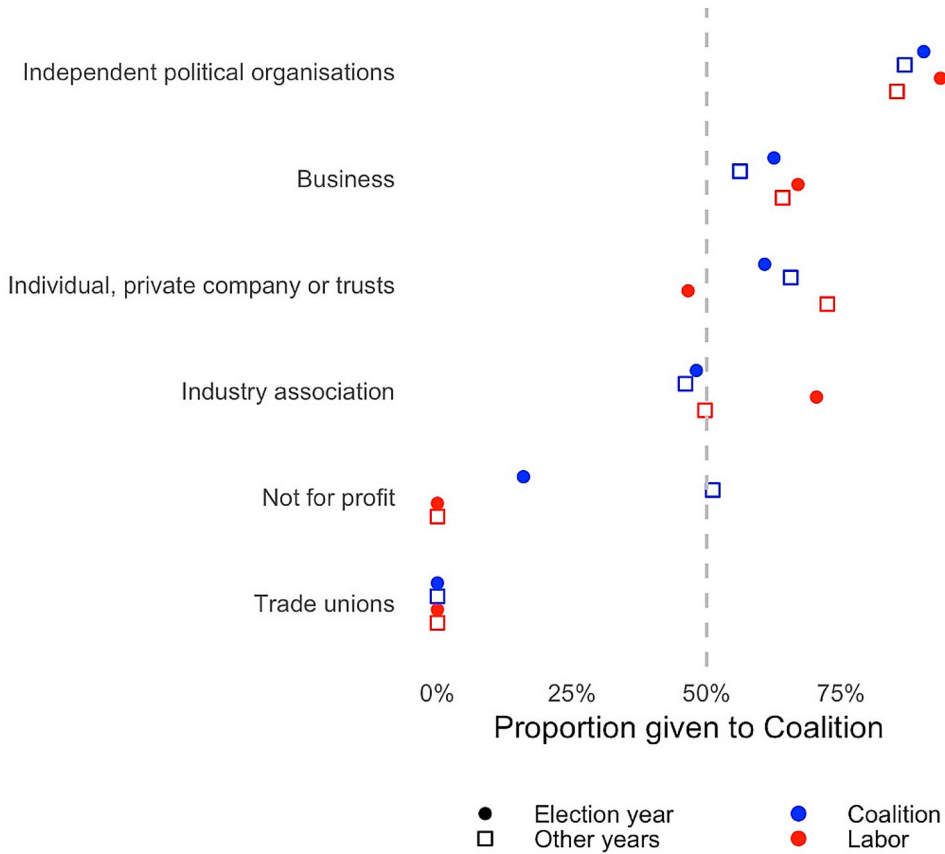


Figure 11. The allocation of contributions to parties of the left and right, by donor type and the political context, from July 1998 to June 2019. Years are shaded by the federal incumbent, and point shape indicating contributions made in federal election and other years.

We envisage future research directions that could emerge by building on our approach: an expansion of the dataset, an analysis of non-market strategies of firms and corporate influence, and the party-civil society interface.

An important step we could see ourselves or other researchers pursuing is an expansion of the cleaned dataset we document in this paper. We acknowledge that while we claim the data approach we record here has yielded advantages over previous approaches, we too could have done more. Future research could involve expanding the pool of payers examined, beyond our large donor threshold of \$100,000 in aggregate payments across our 20-year window. At present, we have coded the identity and type of payers of almost 95 percent of reported payments to the major parties (by value). The balance of payers could be coded. This is several thousand payments, though, resource constraints provide necessary limits on what can be achieved, and at some point this exercise may meet the point of diminishing returns. Deciding

when this point has been reached is one of the more difficult decisions to be made in this kind of research.

Another important extension of this work is a more detailed analysis of corporate contributions and firm behaviour. This could include the incorporation of ownership structures, linking contributions of subsidiaries (also pursued by Lu, Shailer, and Wilson 2016). Further, we could reconsider how we manage the intersection between corporate leadership and corporate contributions; examining networks between board members and the of private companies. These approaches would provide additional information on the conversion of economic into political power, and the influence of corporate interests in Australian politics.

Further, these data allow us to explore the links between parties and civil society, the nature of donors and their contributions, and of parties themselves. These data can be used to measure the issue preferences and policy influence of organised interests by exploring how different groups donate and whether payments coincide with favourable outcomes for givers. This may be of particular interest to researchers concerned with government transparency, integrity and corruption.

While we have not adjudicated these particular questions in this paper, we have highlighted the importance of taking an approach like ours, how it makes a substantive difference to the results obtained from AEC financial disclosure data, and how they can provide novel insights into Australian politics. They provide evidence to test theories about parties, donors, and the interaction between the two, that has largely been previously unavailable in Australia.

Notes

1. Although payers are not required to report payments below the threshold, scholars have noted that some smaller payments are disclosed (Anderson et al. 2018). The Labor Party, for instance, reports all donations above \$1000. Where these smaller payments are reported, we include these in our analysis when and where they meet our criteria as a political contribution from large donors. Details on these criteria are listed below.
2. We seek to consistently code donors. One way we identify payments from a common source when this is not necessarily obvious from the name of payer, as with this example, is by using their mailing address to match entries in the financial disclosures.
3. In particular for financial institutions and certain types of associated entities. We discuss these particular cases and how they were managed below.
4. These are not new income for a party, but rather a shift of existing funds from one section to another, and are treated as such.
5. With thanks to the reviewer who provided us with this useful and accurate term.
6. To elaborate further on this convention, we used a combination of the location of the payer (suburb and state) and the party donated to. Two payers with similar names but in different states and giving to different parties were not coded identically. However, a payer with a similar name located in the same (or a nearby) suburb and (especially when) giving to the same party was considered to have a high likelihood of being the same entity.
7. All figures reported in this paper are inflation adjusted to 2020 Australian dollars.
8. To assess the robustness of our classifications, we used the principles of intercoder reliability. Three different coders independently classified segments of the data, with substantial overlap; and two were used to conduct a second check of all classifications (one of the original coders and a fourth). Differences were minor, occurring for only a few percent of payers. Most of the classification differences did not substantially effect the

results reported below, with the main area of coding difference between whether a payer was coded an independent political organisation or internal party entity. We used established categories that have been applied in previous work on donations, and that captured the key industry variations in our data (see code scheme in Appendix 1 for more details).

Disclosure statement

No potential conflict of interest was reported by the author(s).

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