


Further information
Jane Andrew can be contacted by email at jandrew@uow.edu.au or by telephone on (02) 42214009.

ENVIRONMENTAL TAXATION DISCLOSURES IN THE AUSTRALIAN MINERALS SECTOR

Roger Burritt and Tom Maleszka, School of Business and Information Management, The Australian National University

This paper is abstracted from a larger study on environmental taxation disclosures in Australia. It examines whether specific disclosures about environmental taxation are made in the annual reports of a sample of listed companies from the Australian minerals industry, even though such disclosures are not specifically required by s.314 of the Corporations Act 2001.

What is environmental taxation?

Environmental taxation, or ‘green taxes’ as they are commonly referred to, cover a wide range of taxes and subsidies. In broad terms, the concept relates to compulsory, unrequited payments to government levied on activities or products that pollute or damage the environment (OECD, 2002). Such taxes as those imposed on the use of fossil fuels, emissions and water pollution are prime examples of environmental taxes implemented around the world (OECD, 2002). Although not all taxes will be intentionally green, they may still have an environmental impact (OECD, 2001). Environmental taxes can either involve levies without revenue recycling and with hypothecation of revenue, or with revenue recycling leading to a reduction in other taxes. Hypothecation of revenue usually involves the establishment of a trust, such as in the US where environmental taxes would include special trust funds for collection of revenue that would then be spent on specific conservation projects (Oates, 1995; Sadler, 2001).
Growth in environmental disclosures

Environmental disclosures have been increasing over time (see, for example, Deegan and Gordon, 1996), which is not surprising given the growing awareness about the damage caused by business to the environment.

Although companies now regularly publish separate environmental reports, corporate annual reports provide the main source of information about the company’s financial performance (Deegan, 1996:120) and it is here that information about environmental taxation is most likely to be found.

Research Method

In order to analyse the extent of environmental taxation disclosures in annual reports, a sample of Australian listed companies’ was selected from the metals and mining industry, an environmentally sensitive area in which companies reporting on environmental issues are likely to be concentrated. The period chosen for analysis was the three year period, 2000 – 2002.

Annual reports of the following twelve companies were examined:

Alliance Energy Ltd
Anaconda Nickel Ltd
Anglogold Ltd
Austminex Ltd
Bendigo Mining NL
BHP Billiton Ltd
Centennial Coal Company Ltd
Climax Mining Ltd
Hillcrest Resources Ltd
Rio Tinto Ltd
Sons of Gwalia Ltd, and
Straits Resources Ltd

Following the sample selection, each annual report was analysed for environmental taxation disclosures. This was conducted by searching the electronic versions of the annual reports using keywords. Keywords were identified from relevant literature and tax legislation.

Each page with a keyword on it was printed and scanned for any additional disclosures. The relevant sentence or paragraph was then copied to a spreadsheet and the number of sentences, lines and words recorded. Each disclosure was also classified according to a theme, which was derived from the keywords used. Disclosures were ranked (using the different measures) according to a five point scale, from 0 to 4. No comment is made here about the relative usefulness of these measures, but see Burritt and Welch (1997).

A matched pair comparison was made between the environmental taxation disclosures made by members of the Minerals Council of Australia who have signed an environmental agreement (such as the Code for Environmental Management) and disclosures by non-signatories.

Analysis of results

The disclosure rankings were analysed, to determine differences between signatories and non-signatories within the industry (see Table 1). A check of the probabilities in Table 1 shows that there were no significant differences.

Conclusion

Four of the twelve companies made no disclosures about environmental taxation.

The lack of significant differences between signatories and non-signatories to voluntary
environmental agreements is surprising, particularly as signatories are committed to make public environmental and social disclosures.

Table 1: Disclosure rankings of signatories and non-signatories to a voluntary environmental agreement in the Australian minerals and mining industry

<table>
<thead>
<tr>
<th>Company</th>
<th>Ranking (Words)</th>
<th>Ranking (Themes)</th>
<th>Ranking (Sentences)</th>
<th>Environmental Agreement Signed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>00 01 02</td>
<td>00 01 02</td>
<td>00 01 02</td>
<td></td>
</tr>
<tr>
<td>Alliance Energy Ltd.</td>
<td>1 1 1</td>
<td>1 1 1</td>
<td>1 1 1</td>
<td>No</td>
</tr>
<tr>
<td>Anaconda Nickel Ltd.</td>
<td>0 0 0</td>
<td>0 0 0</td>
<td>0 0 0</td>
<td>No</td>
</tr>
<tr>
<td>Anglogold Ltd.</td>
<td>4 3 4</td>
<td>1 1 1</td>
<td>4 3 4</td>
<td>Yes</td>
</tr>
<tr>
<td>Austminex Ltd.</td>
<td>2 2 2</td>
<td>1 1 1</td>
<td>2 1 1</td>
<td>No</td>
</tr>
<tr>
<td>Bendigo Mining NL</td>
<td>2 2 0</td>
<td>1 1 0</td>
<td>1 1 0</td>
<td>Yes</td>
</tr>
<tr>
<td>BHP Billiton Ltd.</td>
<td>0 4 3</td>
<td>0 3 1</td>
<td>0 2 1</td>
<td>Yes</td>
</tr>
<tr>
<td>Centennial Coal Company Ltd.</td>
<td>0 3 3</td>
<td>0 1 1</td>
<td>0 1 2</td>
<td>Yes</td>
</tr>
<tr>
<td>Climax Mining Ltd.</td>
<td>0 0 0</td>
<td>0 0 0</td>
<td>0 0 0</td>
<td>No</td>
</tr>
<tr>
<td>Hillcrest Resources Ltd.</td>
<td>0 1 1</td>
<td>0 1 1</td>
<td>0 1 1</td>
<td>No</td>
</tr>
<tr>
<td>Rio Tinto Ltd.</td>
<td>0 0 0</td>
<td>0 0 0</td>
<td>0 0 0</td>
<td>Yes</td>
</tr>
<tr>
<td>Sons of Gwalia Ltd.</td>
<td>0 0 0</td>
<td>0 0 0</td>
<td>0 0 0</td>
<td>Yes</td>
</tr>
<tr>
<td>Straits Resources Ltd.</td>
<td>1 1 0</td>
<td>1 1 0</td>
<td>1 1 0</td>
<td>No</td>
</tr>
</tbody>
</table>

Table 2: Mann Whitney U Tests within the Minerals and Mining Industry sample

<table>
<thead>
<tr>
<th>Comparison</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metals and Mining (signatories) v Metals and Mining (non-signatories)</td>
<td>.575</td>
<td>.715</td>
<td>1.00</td>
<td>.885</td>
</tr>
</tbody>
</table>
References


Further information
Roger Burritt can be contacted at roger.burritt@anu.edu.au

TBL VICTORIA

Monica Vandenberg, Principal of encompass economic + environment + social>>sustainable.

The TBL Scoping Study "How Victorian businesses, governments and non-government organisations are taking the journey towards the triple bottom line" was conducted of behalf of the TBL Victoria for the State Government. The following article is the executive summary of the Scoping Study (see TBL Victoria 2002).

“Purpose

This report provides an overview of:
• The way the Triple Bottom Line (TBL) is currently being integrated within business, Government (Local and State) and Non Government Organisations (NGOs).
• The key influences that encourage or discourage organisations to move towards a TBL philosophy.
• The resources being used by organisations to implement TBL.
• Examples that demonstrate how organisations have integrated TBL.

Main findings

Defining the Triple Bottom Line

There are various ways in which organisations are defining and integrating TBL across all sectors. At its broadest, TBL is defined as an integrated philosophy requiring a company