

Macquarie Group Limited
ABN 94 122 169 279

No.1 Martin Place
Sydney NSW 2000
GPO Box 4294
Sydney NSW 1164
AUSTRALIA

Telephone (61 2) 8232 3333
Facsimile (61 2) 8232 7780
Internet <http://www.macquarie.com.au>

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Mr Gerry McNally
Committee Secretary
Select Committee into the Political Influence of Donations
Department of the Senate
PO Box 6100
Parliament House
CANBERRA ACT 2600



By e-mail: politicaldonations.sen@aph.gov.au

Dear Mr McNally

Inquiry into the political influence of donations

Thank you for your letter in relation to the Senate Select Committee's inquiry.

Macquarie Group is a diversified financial services institution providing clients with asset management and finance, banking, advisory and risk and capital solutions across debt, equity and commodities. Operating in 28 countries around the world, Macquarie is headquartered in Australia and listed on the Australian Securities Exchange.

Macquarie recognises that Australian political parties are funded by a mix of public and private monies. As part of its engagement with the Australian political process, Macquarie provides financial support to the Government and Opposition, primarily through paid attendance at events and membership of Government and Opposition business forums. These fee-for-service expenditures have, for many years, formed the vast majority of Macquarie's political contributions. Direct donations constitute a very small percentage of Macquarie's political contributions expenditure. For example, in the 2015 / 2016 disclosure year, direct donations represented only seven per cent of overall expenditure.

When comparing Macquarie's contributions with other organisations, the Group's longstanding, full-disclosure practice needs to be taken into consideration. Macquarie has a longstanding full-disclosure policy and declares all expenditure where the beneficiary is a political party or related

Macquarie Group Limited is not an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Cwth), and its obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 (MBL). MBL does not guarantee or otherwise provide assurance in respect of the obligations of Macquarie Group Limited.

body corporate in its annual reports and to the Australian Electoral Commission (AEC). This includes fee-for-service expenditures such as those noted above.

It should be noted that Macquarie does not make use of exemptions, definitions or de minimis thresholds that could apply to these contributions. If Macquarie did strictly apply the definitions, exemptions and thresholds available, the amount required to be declared would be substantially less. This is because memberships, sponsorships and event attendances, which constituted 93 per cent of Macquarie's contributions in the last disclosure year, are not necessarily required to be declared under the existing rules. Further, direct donations, which as noted above, constituted seven per cent of Macquarie's contributions in the last disclosure year are mostly under the various thresholds.

Also worth noting is the inclusion of the GST in the declarations. Because Macquarie declares all expenditure, the amounts declared include the GST component of events, sponsorships and memberships. This is required under the AEC processes even though this component does not go to the benefit of any political party.

Macquarie believes it needs to be engaged with and to understand the evolving policy and regulatory environments as these impact the Group's business as well as clients' businesses. As an ASX-listed provider of financial services and with numerous clients involved in other highly-regulated industries, Macquarie believes participating in these discussions better enables it to understand the relevant political and policy drivers impacting its operations and business activities, its employees, its clients, and the broader Australian community.

Other ways in which Macquarie participates in policy engagement include:

- making submissions to inquiries and industry consultation processes where appropriate. These may be processes established by Parliament or government agencies such as regulators, and submissions may be made by Macquarie directly or as part of a broader industry group;
- informing elected members on Macquarie's business activities and sectors in which it operates, and local and global market and economic conditions;
- contributing to the advocacy work done by industry groups. In Australia, industry groups of which Macquarie is a member include the Australian Financial Markets Association, the Financial Services Council, the Australian Bankers Association and the Business Council of Australia;
- sponsorship of independent public policy forums; and
- supporting not-for-profits in their public policy research through funding and other support.

The Group has a number of well-established policies that govern corporate and personal political contributions. These policies cover political contributions, anti-bribery and corruption, and gifts and entertainment, and apply to all staff.

In addition, Macquarie is registered as a lobbyist in the Australian Government's lobbyist's register for any representations it makes on behalf of partly-owned Macquarie entities and thus Macquarie's government affairs staff are bound by the register's code of conduct, as are any third-party lobbyists engaged by Macquarie.

Macquarie is supportive of full disclosure and would also support recommendations that would result in improved timeliness of disclosures by political parties of financial contributions received by them. Given differences in federal and state disclosure rules, Macquarie would support a disclosure regime that is consistent across all jurisdictions.

For the benefit of the Committee, Macquarie advises it has completed its 2016/17 declaration to the AEC and has disclosed contributions of \$250,550. In the normal course of events these figures would be released by the AEC in early February 2018.

We trust this provides you with information that will assist the Committee.

Yours sincerely

Paul Marriott
Global Head of Corporate Communications
Macquarie Group Limited