

Do Australian companies report environmental news objectively

# Do Australian companies report environmental news objectively? An analysis of environmental disclosures by firms prosecuted successfully by the Environmental Protection Authority

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## Abstract

Within Australia there is a general absence of professional or legislative rules requiring companies to provide information relating to their environmental performance or any environmental initiatives undertaken. Previous research studies have shown that many firms present environmental information, but only tend to present information which is favourable to their corporate image. Investigates the environmental reporting practices of a sample of 20 Australian companies which were subject to successful prosecution by the New South Wales, and Victorian Environmental Protection Authorities, during the period 1990-1993. Indicates a significant increase in the reporting of favourable environmental information surrounding environmental prosecution. Further, the amount of positive environmental information significantly outweighed the negative environmental information presented, which was interesting given that it is clear that the firms studied did have bad news to report. The existence of a proven environmental offence was reported by only two of the companies within the sample. Raises issues as to whether information about a proven environmental offence is "material" to account users and, if so, whether financial statements could be construed as being misleading in the absence of such information.

## Keywords

Company reports Corporate image Environment Green issues

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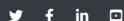
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