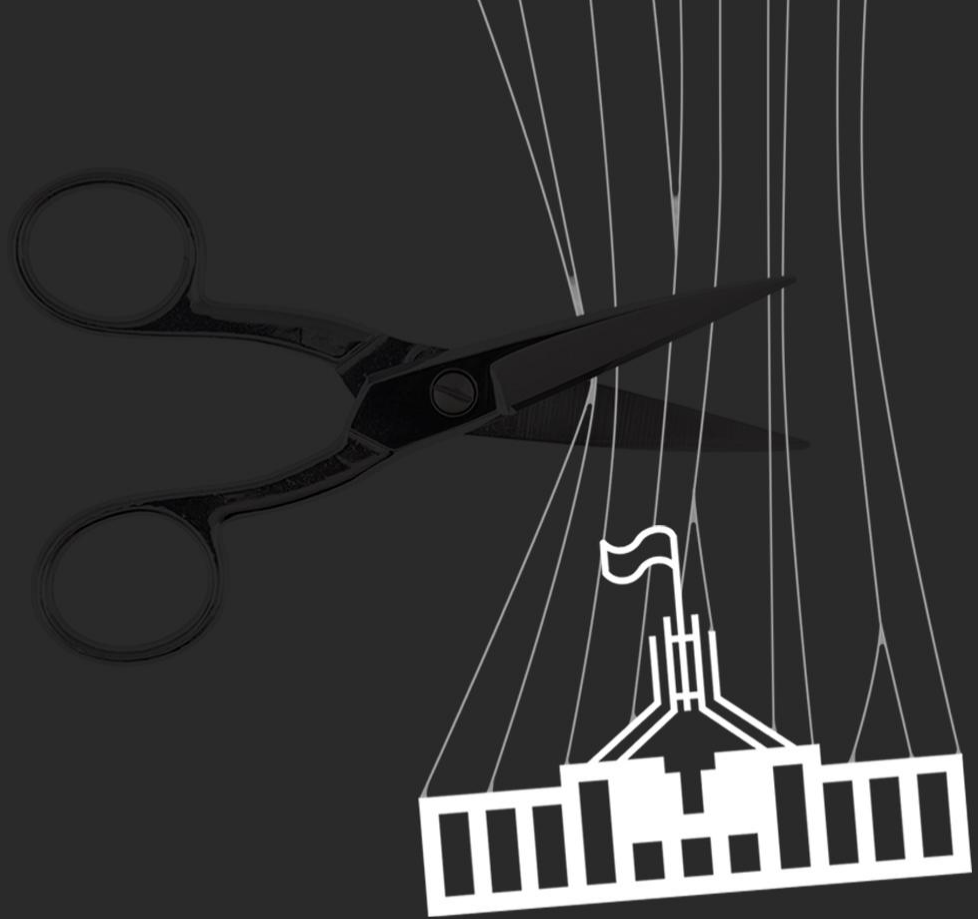


CONFRONTING STATE CAPTURE

australiandemocracy.org.au/statecapture



The Australian Democracy Network is creating a healthy Australian democracy that puts people and planet first. We bring people and organisations together to campaign for the changes that make our democracy more fair, open, participatory, and accountable.

The Australian Democracy Network was founded collaboratively in 2020 by the Human Rights Law Centre, the Australian Conservation Foundation and the Australian Council of Social Service, with support from Mannifera.

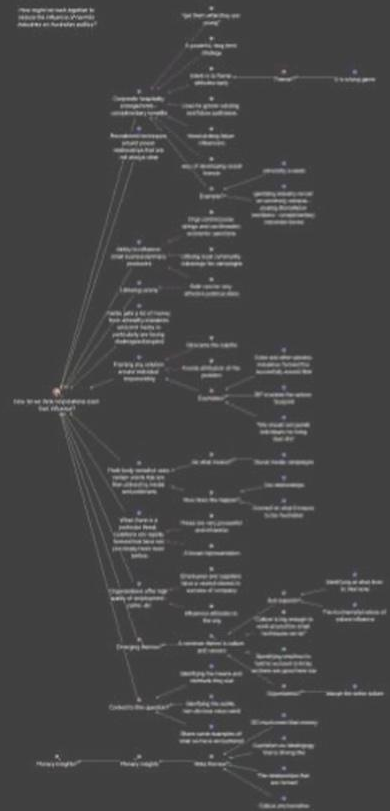


**AUSTRALIAN
DEMOCRACY
NETWORK**

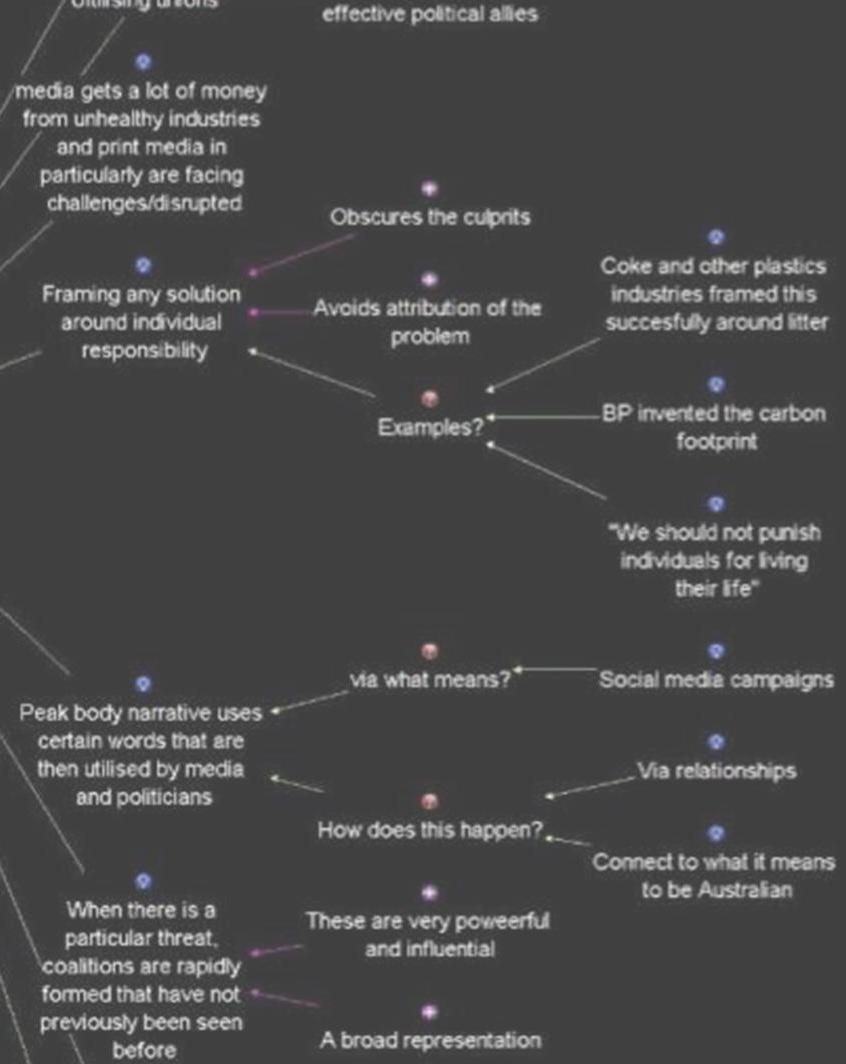


The #OurDemocracy campaign is a nation-wide movement of people and organisations who want a healthy Australian democracy which works for us, not just for the powerful few.

#OurDemocracy



How do we think corporations exert their influence?



Maps of influence

Expert Advisers

The Framework for a Fair Democracy was developed in consultation with expert advisers.



Joo-Cheong Tham is a Professor at Melbourne Law School. He is one of Australia's leading experts on law and democracy and the author of *Money and Politics: The Democracy We Can't Afford*.



Dr Lindy Edwards is an academic at the University of NSW and a former economic adviser in the Department of Prime Minister and Cabinet. Her 2020 book *Corporate Power in Australia: Do the 1% Rule?* is the most thorough and authoritative modern study of corporate influence in Australian politics.



George Williams AO is the Deputy Vice Chancellor (Planning and Assurance) and Scientia Professor at the University of NSW. He is one of Australia's leading experts on constitutional and public law, and government accountability.



Dr Yee-Fui Ng is a Senior Lecturer at Monash University Law School and expert on strengthening political institutions and enhancing executive accountability. She is author of *The Rise of Political Advisers in the Westminster System and Ministerial Advisers in Australia: The Modern Legal Context*.



Kate Griffiths is the Budget Policy and Institutional Reform Fellow at the Grattan Institute, and co-author of the Institute's seminal "Who's in the Room" report on access and influence in Australian politics.



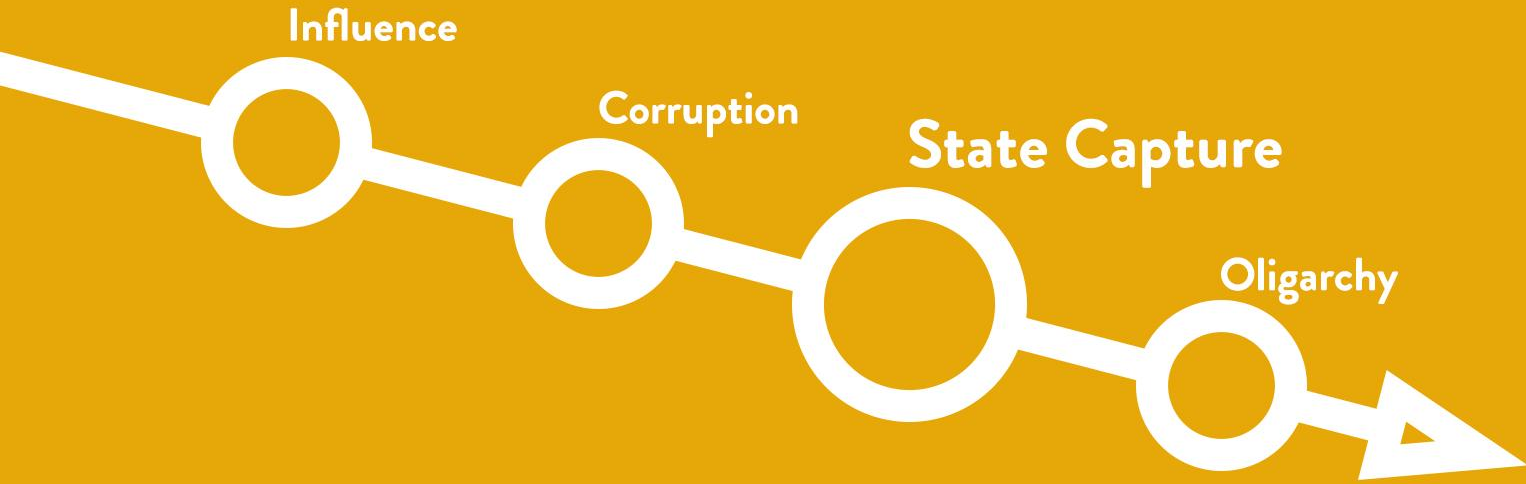
Meredith Edwards AM is an Emeritus Professor at the University of Canberra, specialising in public administration. She has written extensively on public sector governance, including *Public Sector Governance in Australia*.



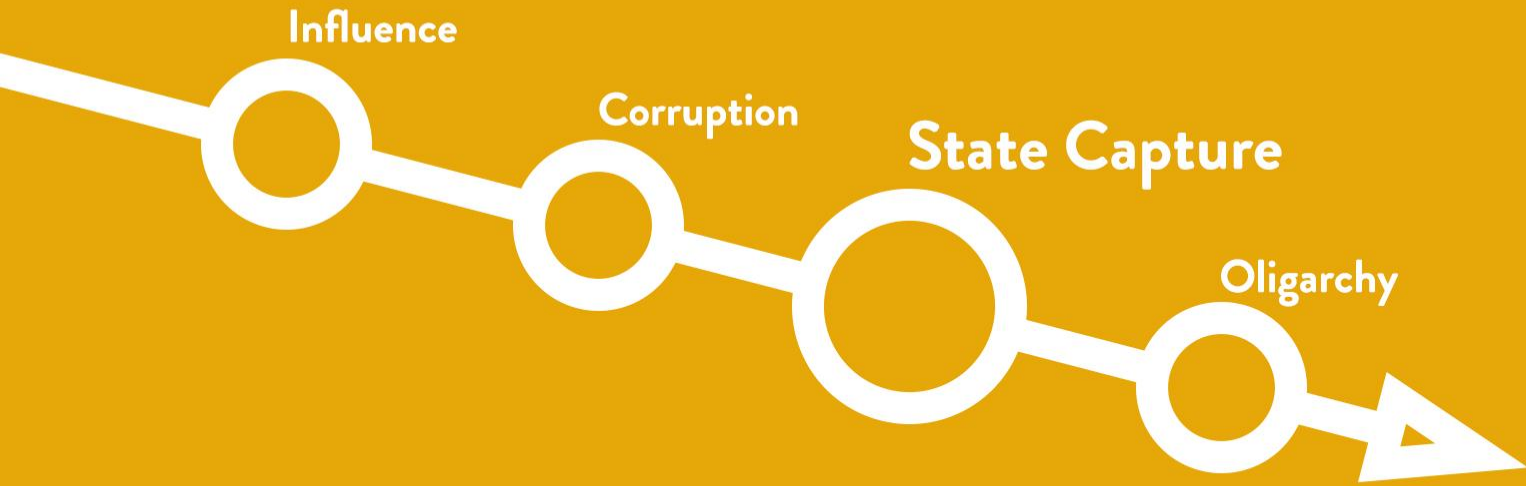
Graeme Orr is Professor of Law at the University of Queensland and one of the country's leading experts on electoral law and regulating democracy. He has authored and edited six books on the subject, including *The Law of Politics*.



George Rennie is a political scientist and Lecturer in Politics at the University of Melbourne. He is a regular commentator on integrity in government and is currently completing his PhD on lobbying regulation.



The World Bank defines state capture as “the exercise of power by private actors — through control over resources, threat of violence, or other forms of influence — to shape policies or implementation in service of their narrow interests”.

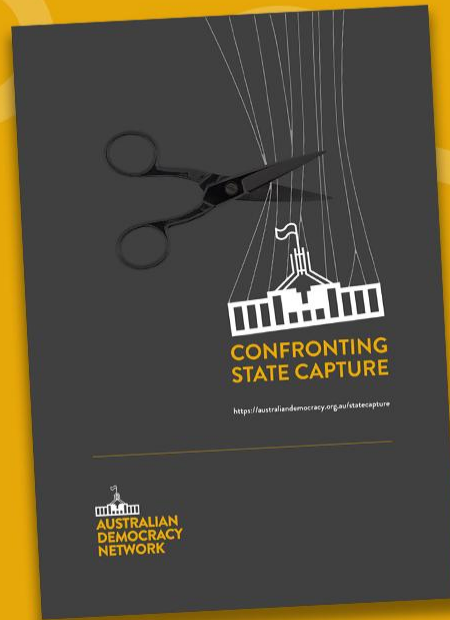


Under state capture, policymaking doesn't work the way most people believe it does, and neither do elections. Under state capture, the rule-making machinery itself is the prize, including the ability to define what constitutes corrupt or illicit behaviour in the first place.

Influence

Corruption

State Capture



What is it?

How does it operate in Australia

Case study: fossil fuel industries

Case study: arms industry

What do we do about it

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Financial interventions in politics

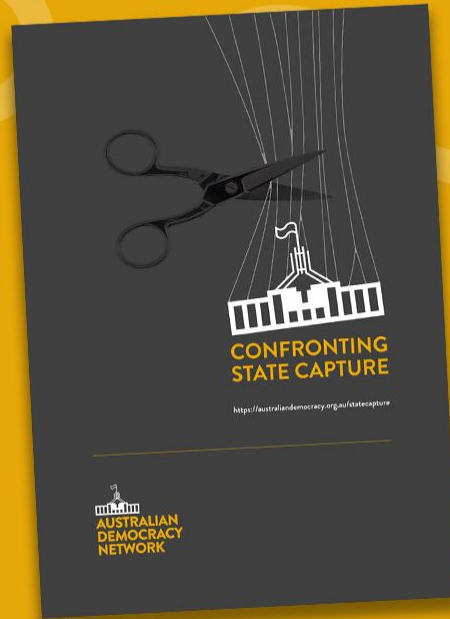
Lobbying and personal influence

Revolving doors and personnel exchange

Institutional repurposing

Research and policymaking

Public influence campaigns



What is it?

How does it operate in Australia

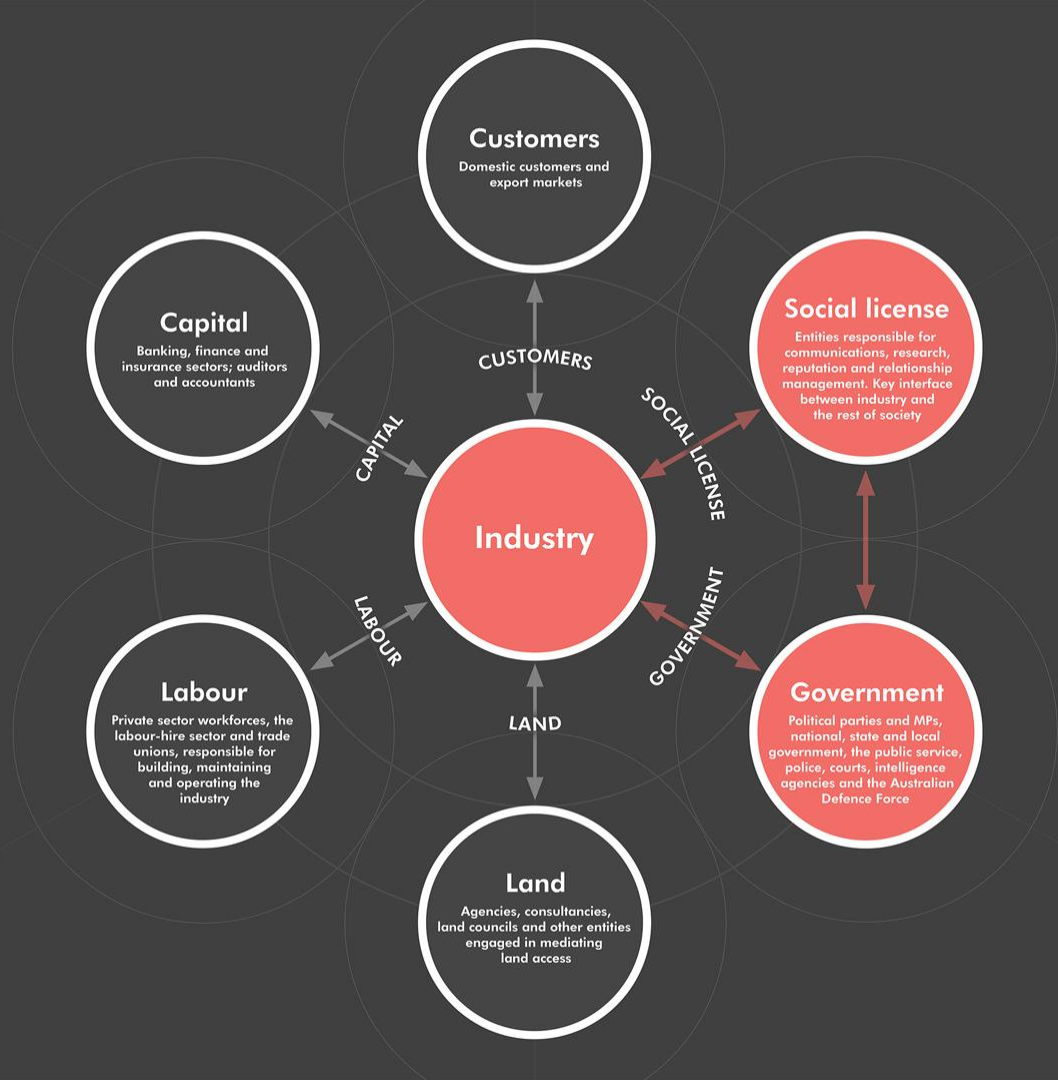
Case study: fossil fuel industries

Case study: arms industry

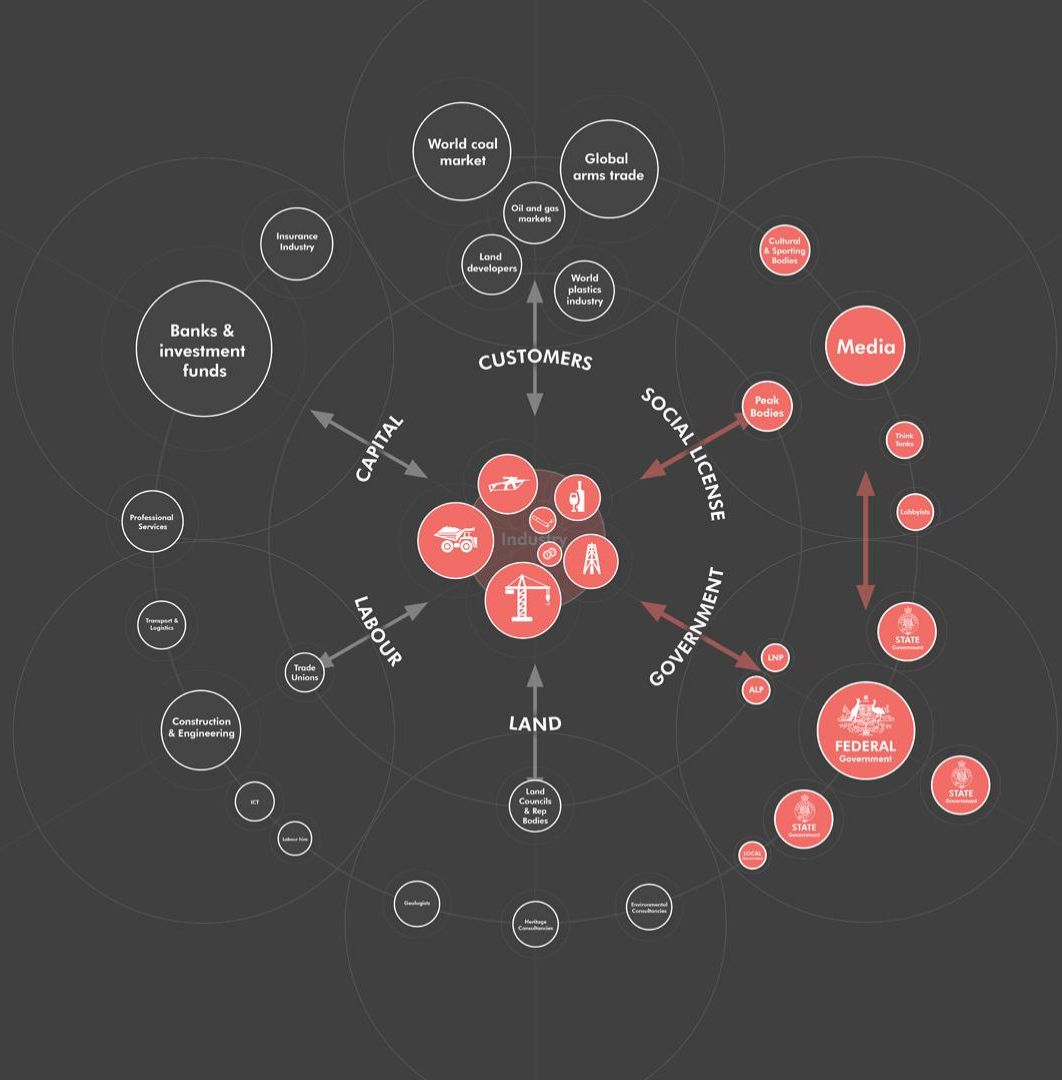
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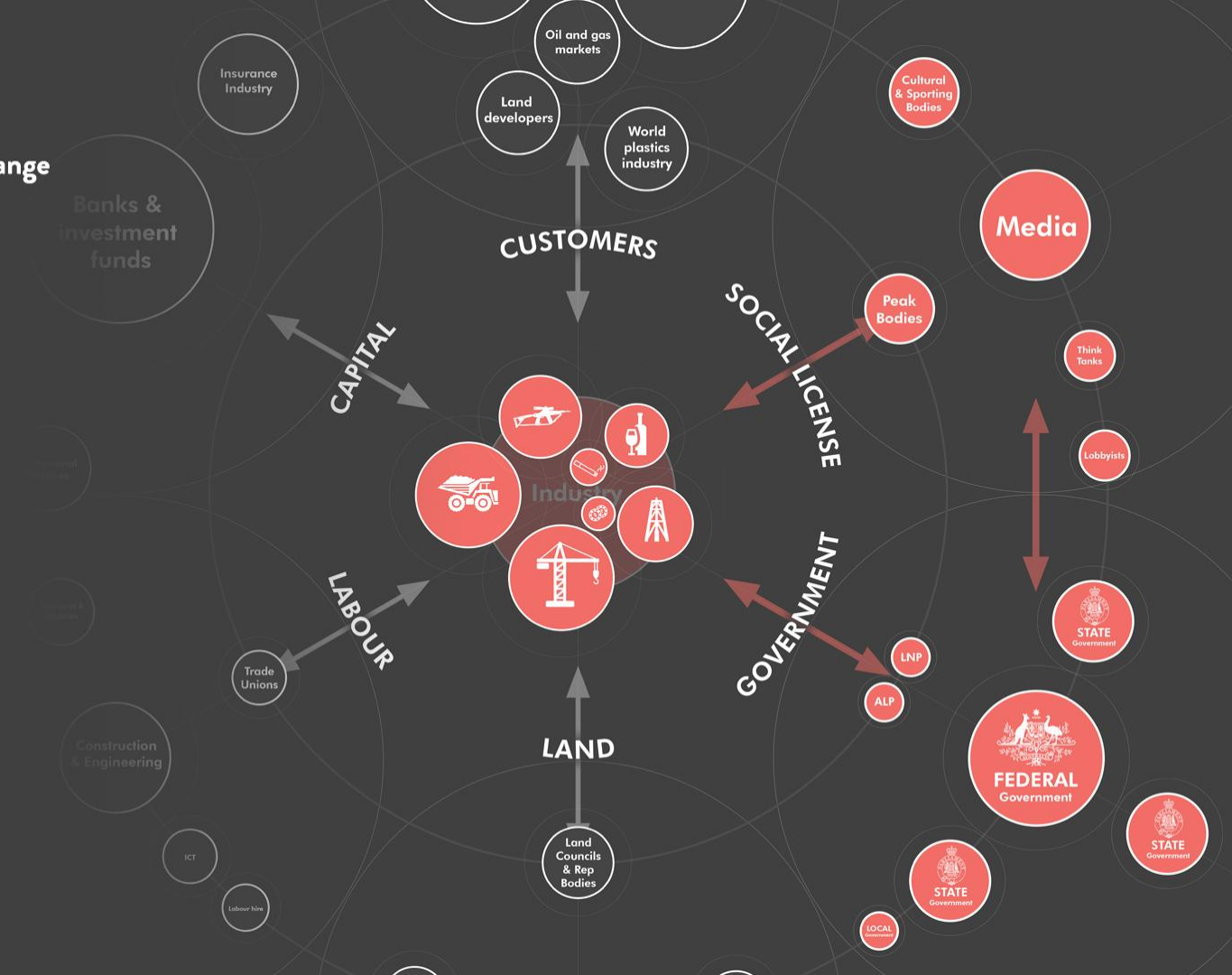
- Financial interventions in politics
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Grattan Institute analysis of the 2020/21 financial disclosures showed that huge sums of money from undisclosed sources are flowing to the major parties.

According to the Centre for Public Integrity, Australia's major political parties received more than \$1.2 billion across two decades. Nearly \$1.5 billion of this was undisclosed, or 'dark' money that can't be traced to a source.



\$39m

\$18m

\$5.6m

\$8m

\$18.3m

\$20.2m

\$63million

\$47million



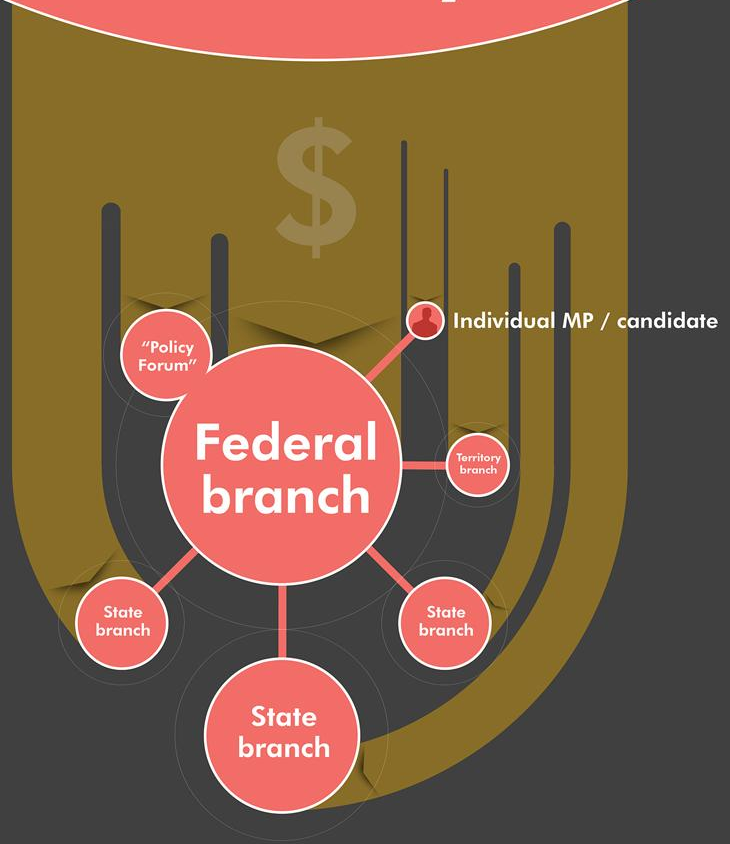
Industry

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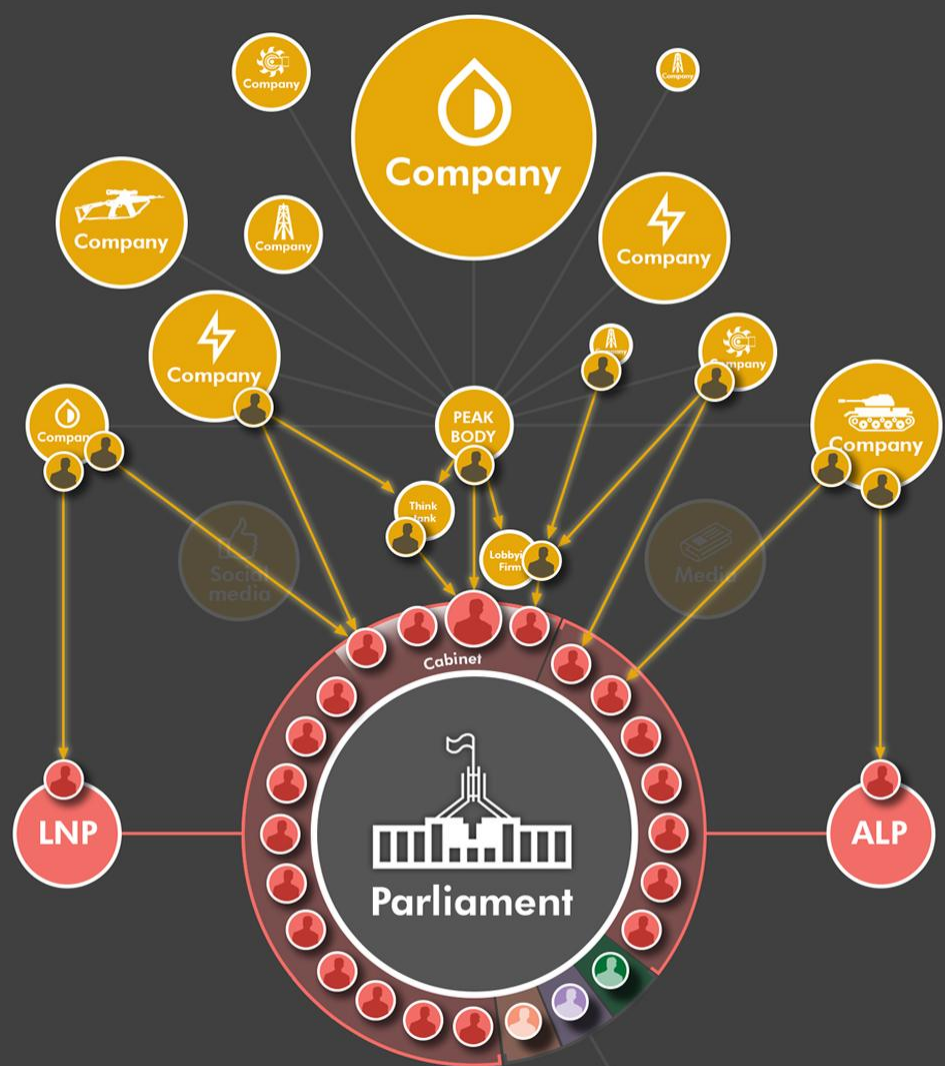
Research and policymaking

Public influence campaigns

An ecosystem of specialist lobbying firms, insiders and public relations (PR) consultants serve smaller or emerging companies, or those with particular needs.

The largest companies more commonly represent their interests directly, through government affairs departments and chief executive officer (CEO)-level engagement.

In addition, peak bodies represent the collective interests of whole sectors, combining inside-track lobbying functions with broader



Financial interventions in politics

Lobbying and personal influence

Revolving doors and personnel exchange

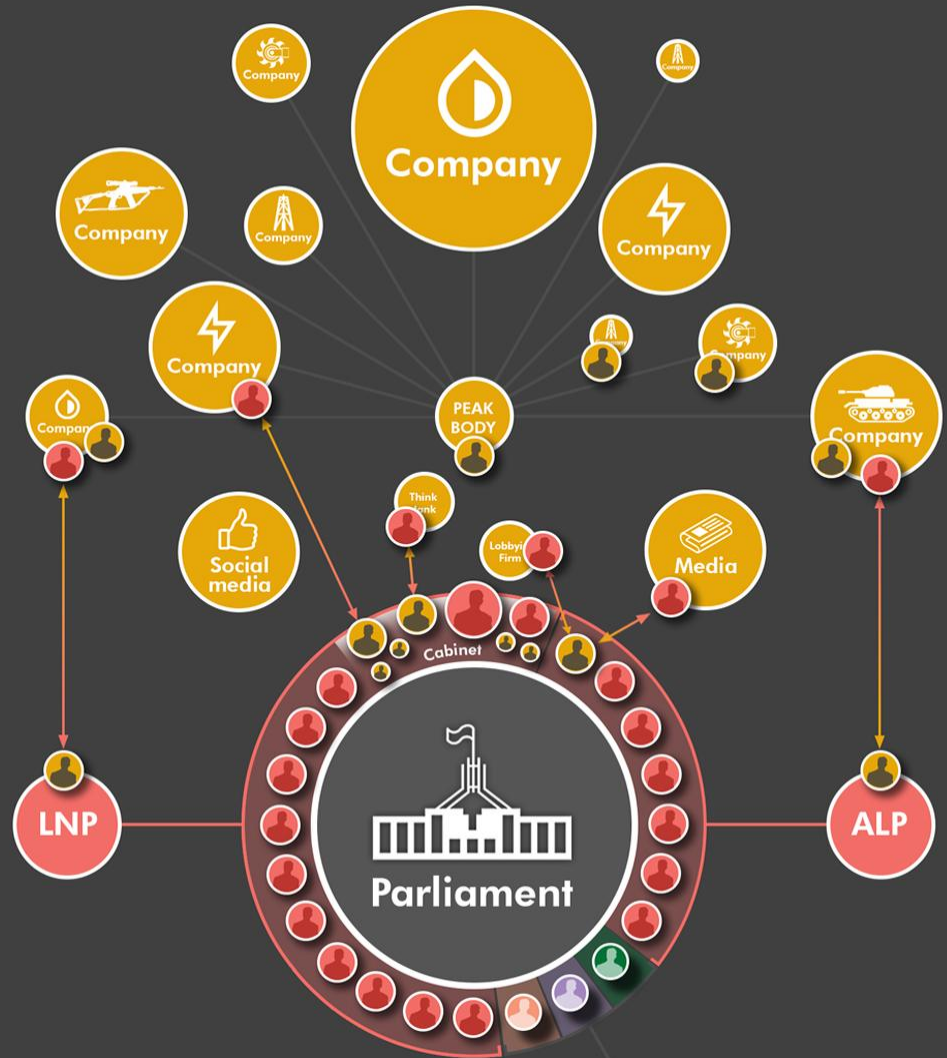
Institutional repurposing

Research and policymaking

Public influence campaigns

The phenomenon referred to as the ‘revolving door’ door between media, industry and government is one of the most important and insidious avenues of state capture.

The boundaries between private and public sectors are so porous that, to paraphrase Naomi Klein, you can’t tell where the coal industry ends and the Australian Government begins. As our case studies will demonstrate, this is just as true for the fossil, gas and arms industries.



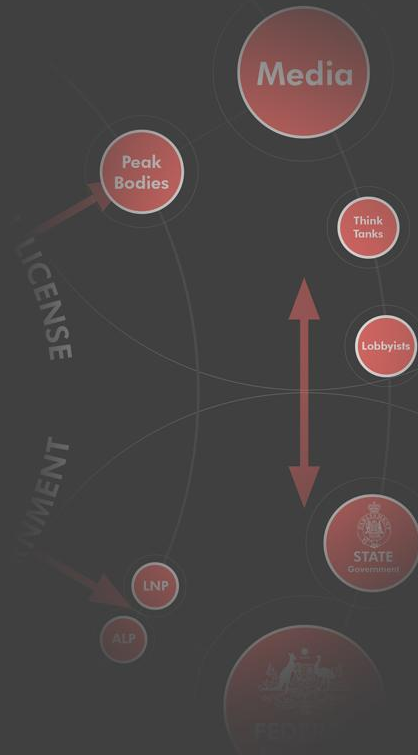
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A key signature of state capture is the hollowing out and repurposing of institutions established to serve the public good. Repurposing is mainly undertaken in a gradual process of incremental reforms, revolving door appointments and slow cultural drift in which the agency is gradually unmoored from its stated purpose.

According to the authors of *Shadow State*: “the repurposing of state institutions is the organised process of reconfiguring the way in which a given institution is structured, governed, managed and funded so that it serves a different purpose from its formal mandate”



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Much of the work of state capture is conducted through legitimate channels, with industry participating in parliamentary inquiries, policy working groups and review processes that are part of routine government consultations.

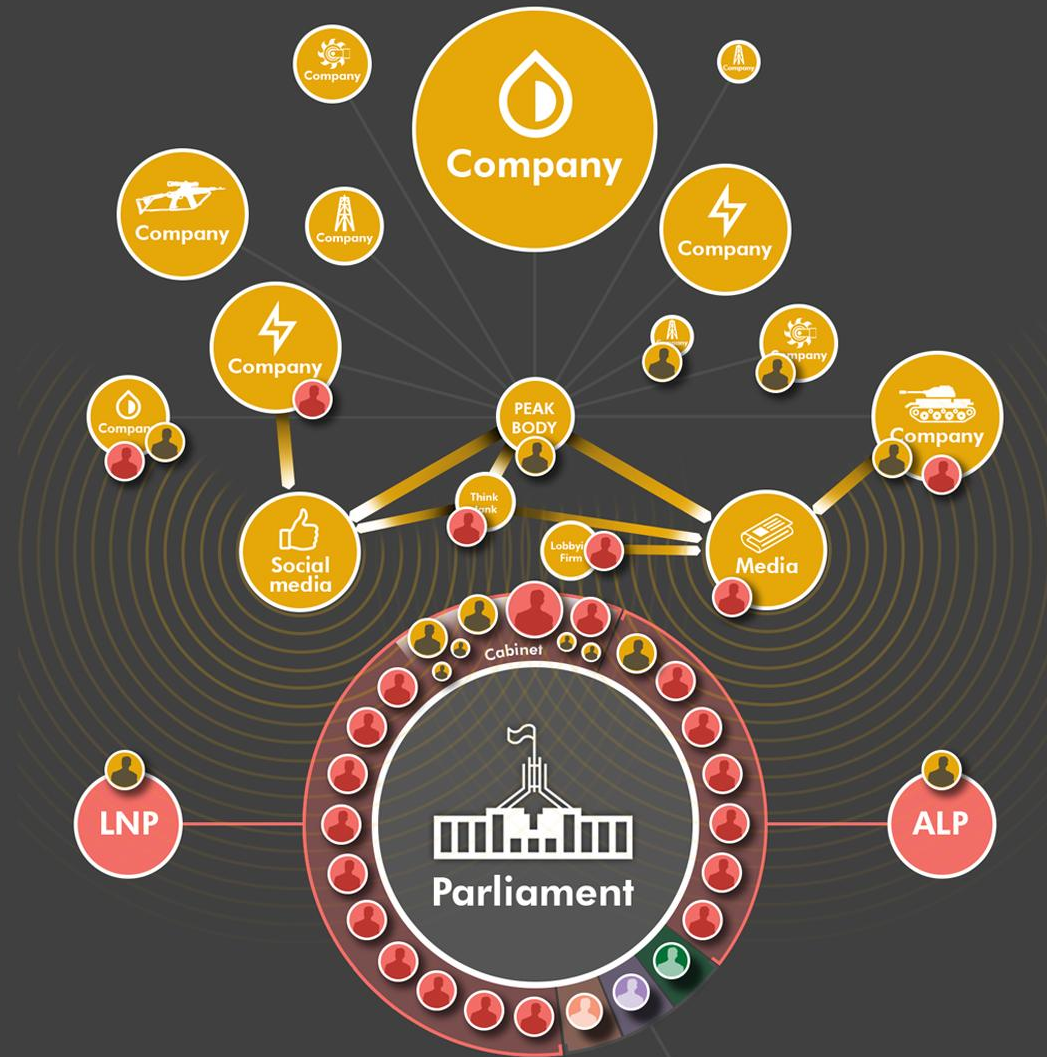
Commenting on the mundane work of these interventions, the Minerals Council of Australia told a 2018 senate inquiry: “Where we spend our time and where we do all the work, frankly, is in being able to prepare submissions, appear at inquiries, arrange meetings directly on specific policy matters”.

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Much of what we've covered thus far has been inside track: the lobbying, the cash-for-access 'business forums', the slow hollowing out of the public service.

The other limb of these operations are those on the public track: the influence campaigns coordinated by industry, its peak bodies and a specialist ecosystem of public relations companies and media incumbents.



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Recommendations

1. Recognise state capture as a systemic threat to Australian democracy.
2. All parties and candidates should commit to legislating reforms under the Framework for a Fair Democracy.
3. Create political, economic and social consequences for the corporate powers and the political decision makers who participate in the tactics of state capture.
4. Protect vibrant, diverse civic participation at the heart of our healthy democracy.



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#StateCapture: name it

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Stamp out corruption

Create a strong federal integrity commission

Introduce an enforceable code of conduct for politicians

Independent funding of the Audit Office and Information Commissioner

Introduce a merit-based process for appointing government advisors

End cash for access

Create a public register for lobbyists and publish ministerial diaries

Impose a three-year mandatory cooling-off period for ministers and their staff

Ban large donations to politicians altogether

Limit the amount candidates and parties can spend on election campaigns

Declare all political donations over \$2,500 publicly and in real time

Level the playing field in election debates

Limit how much anyone can spend on trying to influence the outcome of an election

Penalise politicians and campaigners who clearly and deliberately mislead the

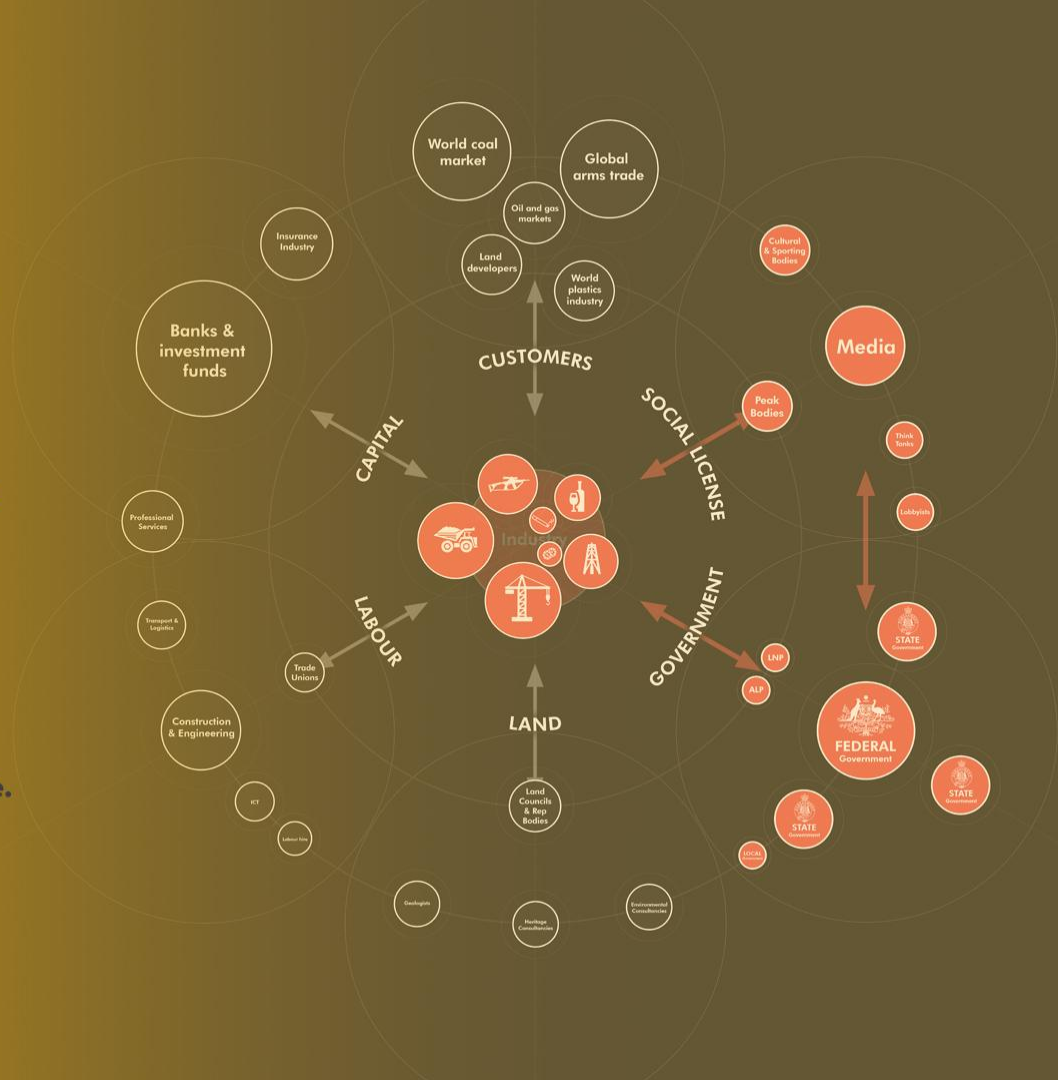
Australian public to influence an election result

More detail on the Framework can be found at the #OurDemocracy website:

<https://www.ourdemocracy.com.au/the-framework/>

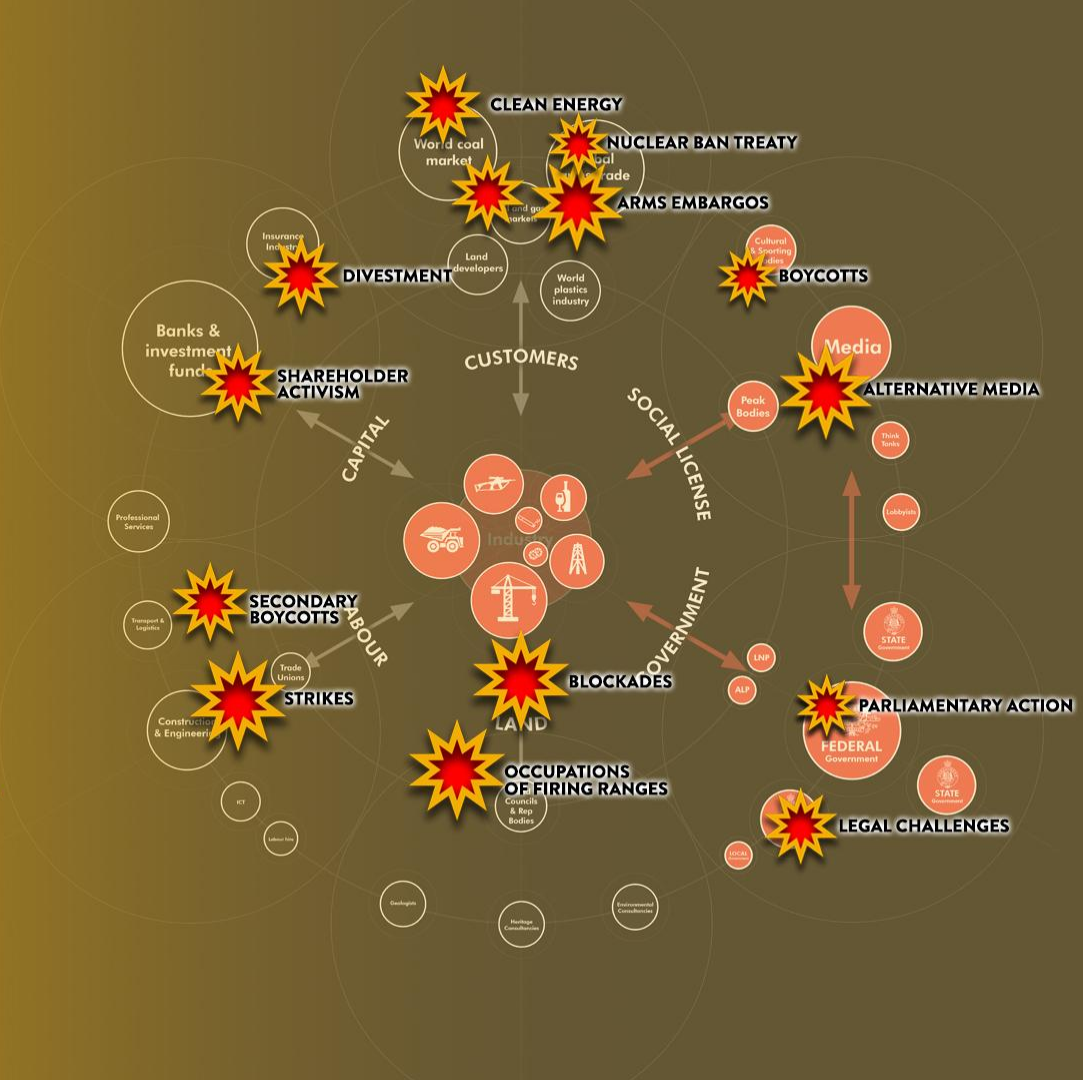
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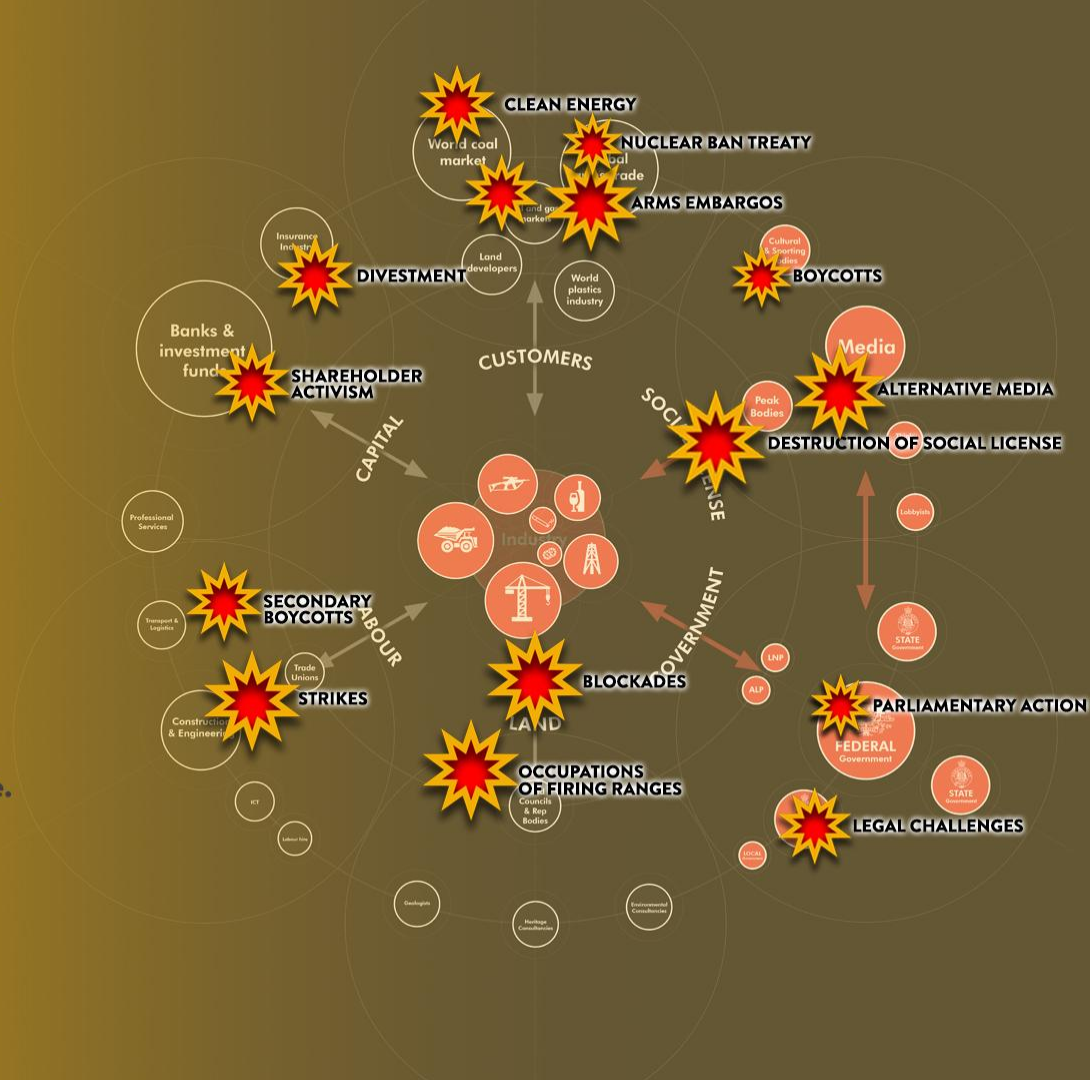
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