

# Case study: fossil fuel industries

“We know more about energy policy than the government does. We know more about industry policy than the government does. We know where every skeleton in the closet is - most of them, we buried.”

fossil industry lobbyist<sup>1</sup>

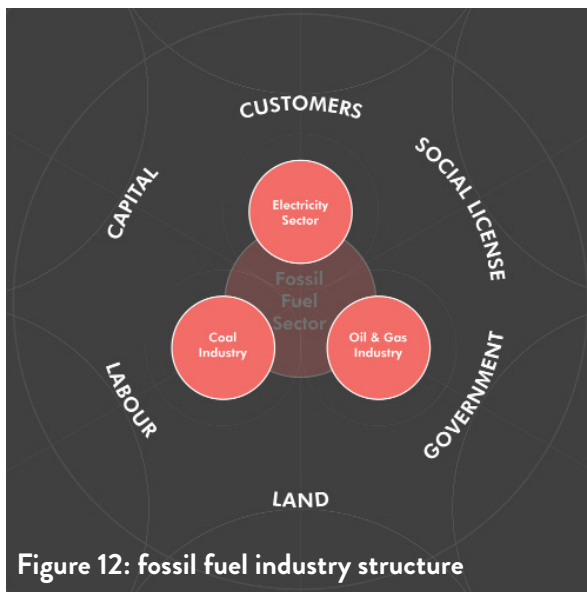


Figure 12: fossil fuel industry structure

For the purpose of this case study, ‘fossil fuel industries’ consist of the threefold alliance of the coal industry (for domestic burning and export to international markets for steel making and coal-fired power), the oil and gas industry (for domestic consumption and export for petrochemicals and gas-fired power) and the domestic electricity sector.

A fourth sector - large energy consumers and the automotive industry - have played a key supporting role in maintaining the incumbency of fossil fuels. While these four sectors have distinct operations, customers and industry associations, they are enmeshed enough to operate as a unified bloc when necessary.

More broadly, the resources sector has leveraged its economic power to political ends since colonisation, constrained only by decades of hard-fought campaigns for land rights, environmental protection, public health

and worker safety. As the reality of global warming took hold in the 1990s and governments signed international agreements, fossil corporations tightened their grip.

By the early 2000s their lobbyists within the Australian Industry Greenhouse Network were so confident of their control over the policy process they began referring to themselves as the ‘greenhouse mafia’.<sup>2</sup> The control exercised over the John Howard Government through all six of the channels is now a matter of record, as documented by Guy Pearse in *High & Dry*,<sup>3</sup> Marian Wilkinson in *The Carbon Club*<sup>4</sup> and many others.

With the election of the Rudd Government in 2007 and the incoming Prime Minister’s signing of the Kyoto Protocol, industry’s control of the policy process was suddenly curtailed. This influence was reasserted decisively during the campaign against the mining tax in 2010 which helped destroy Rudd’s prime ministership, followed by the ‘Axe the Tax’ campaign against the Clean Energy Act which ended Julia Gillard’s political career. With the election of the compliant and industry-friendly Abbott Government in 2013 and much of the defiance beaten out of the ALP, fossil fuel companies and their allies now exercise a control over the political process that firmly meets the definition of state capture.

1 The Greenhouse Mafia - ABCTV 4 Corners 2006 <https://www.abc.net.au/4corners/the-greenhouse-mafia/8953566>

2 ibid

3 Pearse, Guy (2007). *High & Dry: John Howard, Climate Change and the Selling of Australia’s Future*. Penguin (Australia)

4 Wilkinson, Marian (2020). *The Carbon Club: How a network of influential climate sceptics, politicians and business leaders fought to control Australia’s climate policy*. Allen & Unwin

State capture by fossil fuel industries in Australia, the US and other energy intensive economies has deadly repercussions. Despite understanding the consequences of burning fossil fuels, these industries have delayed the transition to clean energy systems by decades, deliberately exposing the world to catastrophic climate change.

Alarm bells are even ringing at the deeply conservative International Energy Agency. Executive director Dr Fatih Birol warns: “The world’s hugely encouraging clean energy momentum is running up against the stubborn incumbency of fossil fuels in our energy systems”.<sup>5</sup>

## Financial interventions in politics

The fossil fuel industry is a substantial donor to Australia’s major political parties through direct contributions and industry associations like the Minerals Council of Australia (MCA) and APPEA, and via Clive Palmer and other intermediaries. An ACF analysis of the 2020-2021 donations receipts - a non-federal election year - revealed the Coalition received \$1.3 million and the ALP received \$794,880 from fossil fuel companies - both significantly higher sums than the previous year.

“Woodside was the biggest single fossil fuel industry donor, declaring \$232,350 to the major parties. Low Emission Technology Australia (a body that recently changed its name from COAL21) donated \$111,500 to the major parties. Other big fossil fuel funders were the Minerals Council (\$193,943), Northern Star Resources (\$105,500) and Chevron (\$74,650),”<sup>6</sup> according to ACF. The true amount was likely larger still - more than one third of the total financial flows into the major parties was ‘dark money’ with no verifiable source.

This is consistent with the pattern established over several election cycles: donations, gifts and subscriptions surge during election years, with the coal industry somewhat favouring the LNP and the gas industry more heavily bankrolling the ALP. The money pipeline never stops flowing. The gas industry was outspending coal interests two to one in the 2019-2020 financial year.

In return, according to 350 Australia, the gas industry has been offered between \$1.4 and \$2 billion in new public money from the Morrison Government’s ‘gas-led recovery’ from the pandemic, with even more foreshadowed for new pipelines across the country.<sup>7</sup>

The 2018/19 year’s receipts - the period in which the so-called ‘climate election’ took place - showed fossil fuel companies donated \$1.9 million, with the three largest donors to the major parties listed as Woodside, Adani and APPEA. Fossil fuel funding flowed roughly equally to the major parties, with these transactions dwarfed by the \$83.3 million spent by Clive Palmer to run advertising heavily critical of the ALP.<sup>8</sup>

Some of the financial flows were indirect. The Minerals Council of Australia made substantial contributions to LNP-associated entities including Enterprise Victoria, John McEwen House and Platinum Circle, Labor-affiliated entities including Progressive Business, and both major party ‘business forums’. In addition, high-profile industry advocates including Joel Fitzgibbon were favoured directly through campaign contributions by the MCA.<sup>9</sup>

5 Clean energy delayed by ‘stubborn incumbency’ of fossil fuels, The Age 13 October 2021 <https://www.theage.com.au/environment/climate-change/clean-energy-delayed-by-stubborn-incumbency-of-fossil-fuels-20211013-p58zi2.html>

6 Fossil fuel industry donates big to major parties - Australian Conservation Foundation 2022 <https://www.acf.org.au/fossil-fuel-industry-donates-big-to-major-parties>

7 Spreadsheet from 350 Australia, last updated 26 November 2021 [https://docs.google.com/spreadsheets/d/1eg7yPRxq0\\_g0AdJVHUE8aoHAbOoAxCBXISZld1koh8Y/](https://docs.google.com/spreadsheets/d/1eg7yPRxq0_g0AdJVHUE8aoHAbOoAxCBXISZld1koh8Y/)

8 Fossil fuel money distorting democracy - Australian Conservation Foundation 2020 [https://www.acf.org.au/fossil\\_fuel\\_money\\_distorting\\_democracy](https://www.acf.org.au/fossil_fuel_money_distorting_democracy)

9 Fossil-fuel industry doubles donations to major parties in four years, report shows, The Guardian 12 February 2020 <https://www.theguardian.com/environment/2020/feb/12/fossil-fuel-industry-doubles-donations-to-major-parties-in-four-years-report-shows>

A roughly even spread of funding to each of the major parties is a warning indicator for state capture. It suggests donors are comfortable that a change of government poses no threat to their interests.

The even-handed nature of these contributions points to the fact that state capture in Australia has two distinct modes of operation. In bipartisan mode, both major parties are funded approximately equally as long as no policy surprises are announced. In the other mode, the network goes on the attack, swamping the Liberal and National parties in cash while funding aggressive public influence campaigns in the media. Analysis of donation receipts between 2006 and 2015 by the Australia Institute confirmed during the period when the ALP was being brought into line over the mining tax and Clean Energy Act, donations were heavily skewed: “Disclosed political donations from the mining industry to major parties totalled \$16.6 million, with \$13.5 million going to the LNP Coalition and \$3 million to the ALP, and increased levels of donations in years surrounding elections and important tax debates”.<sup>10</sup>

A roughly even spread of funding to each of the major parties is a warning indicator for state capture. It suggests donors are comfortable that a change of government poses no threat to their interests. Nonetheless, there is a strong residual affiliation to the Liberal and National parties by corporate Australia, allowing the Coalition to comfortably outspend the ALP by \$40 million in the 2019 election campaign.<sup>11</sup> As with at least the last four elections that preceded it, the party that spent the most money won the most seats.

## Lobbying and personal influence

The fossil fuel lobby has been an aggressive and ubiquitous presence within Australian politics for as long as these industries have existed. Its present form has been shaped in opposition to the growing urgency of the climate threat since the late 1980s, with the coal industry joined in recent decades by the rapid growth of the export gas industry.

In September 2021, UK-based analysts Influence Map conducted a detailed study of 50 economically significant companies in Australia, rating their actions, influence over policy, industry associations and stated positions on climate change.<sup>12</sup> The study found within corporate Australia: “none are strategically supporting Australian climate policy in line with the goals of the Paris Agreement...This lack of corporate support for climate regulations in Australia, combined with strategic opposition by the fossil fuel sector, contributes to the continuing failure of the country to implement policy measures aligned with the Paris Agreement”.

At a national level, the MCA and APPEA are the two highest profile advocates for the coal and gas industries respectively. The Influence Map study rated the MCA an E+ for their advocacy efforts, and APPEA a D-. Most of the state-based industry peaks scored even worse. It also identified Santos, Origin Energy, Woodside, and AGL Australia as the most politically engaged, noting that all four publicly expressed support for net zero by 2050 while lobbying hard against policies designed to achieve it.

10 The tip of the iceberg - Political donations from the mining industry - Australian Institute 2017 <https://australianinstitute.org.au/report/the-tip-of-the-iceberg-political-donations-from-the-mining-industry/>

11 Coalition's \$165 million war chest that helped Scott Morrison win election revealed - ABC News 2 March 2020 <https://www.abc.net.au/news/2020-02-03/political-donations-ahead-of-election-revealed/11923038?nw=0&r=HtmlFragment>

12 'Australia: Key Lobbying Updates Jan-Sept 2021', Influence Map, September 2021 <https://influencemap.org/report/Australia-Key-Lobbying-Updates-Jan-Sept-2021-1440>

Above all, their analysis demonstrated greenhouse-intensive industry lobbies are far more active pursuing growth in the sector than other companies are working to curtail it. With much of the rest of corporate Australia signed up to 'net zero' but doing little to change government policy, the study concluded "the fossil fuel sector's monopolization of climate lobbying is clearly delaying Australian climate policy".

The strength of this influence can be gauged by this sentiment: "These projects need to happen and they need to be a priority. We need final investment for Scarborough by early 2020... The Western Australian government has been working assiduously on approvals for this project". These words were spoken not by a Woodside lobbyist but by the Premier of Western Australia, Mark McGowan, in 2019,<sup>13</sup> remonstrating the joint venture partners to "resolve all these issues as soon as possible so that we can get on with it".

In 2020, 350 Australia undertook a study into the gas industry's dominance of Western Australian politics, using Freedom of Information requests to establish when lobbyists had met with ministers and then correlating these dates with known cash transactions through donations. The study found the WA Chamber of Minerals and Energy, Woodside, Chevron and APPEA met with government ministers at least 158 times during key periods between 2017 and 2020, with clusters of donations to the ALP totaling tens of thousands of dollars made within days of major meetings.<sup>14</sup>

The agenda APPEA drives in these meetings is outlined in its strategy document *Energy for a Better Australia, Strategic Direction, 2020-22*. APPEA demands low taxes, access to acreage for industry expansion, and relaxed obligations under environmental and planning law, in exchange for "oil and gas enabling renewables" and "gas as an enabler".<sup>15</sup>

In contrast to the disciplined operations of the gas lobby, the coal industry is represented by broader resources sector industry associations including the Minerals Council of Australia that include iron ore and copper producers and many others. As long ago as 2017, prior to Rio Tinto's exit from the coal industry, the Australia Institute noted "only 16 of the MCA's 45 members mine coal at all. Just 3 are entirely focused on thermal coal. The biggest members, BHP and Rio Tinto, derive less than 10% of Australian revenue from thermal coal".<sup>16</sup>

Nonetheless, MCA board allocations and strategic directions are set according to the priorities of the largest donors, which are heavily skewed to the coal industry. BHP and Glencore are two of its largest funders, with more than \$3 million apiece contributed in the 2018-2019 reporting period. Yancoal, Peabody Energy, Coal21 and Anglo American all contributed in excess of \$1 million in the same period. Since absorbing the Australian Coal Association in 2013, the MCA's heavy emphasis on coal advocacy has caused severe internal tensions within its membership and the departure of high-profile members including AGL.

The MCA's members provided the funding that allowed it to take the lead in bruising campaigns to break the will of the Labor party in government between 2010 and 2013, claiming in its 2013 annual report it was "at the forefront of the debates over the carbon and mining taxes; and their abolition...will be in no small part due to the council's determined advocacy on both issues".

13 Extract from Hansard ASSEMBLY Thursday, 17 October 2019 [https://www.parliament.wa.gov.au/Hansard/hansard.nsf/0/25fca0d3098eed404825849a0020ae4a/\\$FILE/A40+S1+20191017+p7907b-7927a.pdf](https://www.parliament.wa.gov.au/Hansard/hansard.nsf/0/25fca0d3098eed404825849a0020ae4a/$FILE/A40+S1+20191017+p7907b-7927a.pdf)

14 Captured State: the influence of the oil & gas lobby in WA, 350 Australia <https://350.org.au/captured-state-the-influence-of-the-oil-gas-lobby-in-wa-2/>

15 Energy for a Better Australia: APPEA's Strategic Direction 2020-2022 [https://appea.com.au/wp-content/uploads/2020/06/APPEA-Strategic-Direction\\_2020-22-final.pdf](https://appea.com.au/wp-content/uploads/2020/06/APPEA-Strategic-Direction_2020-22-final.pdf)

16 What does the MCA stand for? - Australian Institute 2017 <https://australianinstitute.org.au/report/what-does-the-mca-stand-for/>

The strength of the fossil lobby is built, in part, on a revolving door enmeshment between industry and politics that borders on the surreal.

The MCA's style has changed somewhat since these highly adversarial campaigns, but former CEO Mitch Hooke's 2011 prescription to MCA members remains compelling: "over the period of the past four years, there has been a profound shift in the manner of public policy development and implementation. The new paradigm is one of public contest through the popular media more so than rational, considered, effective consultation and debate".<sup>17</sup>

While the peak bodies lead campaigns on behalf of the major companies, there is an abundance of work for specialised lobbyists and PR companies. Agencies like C|T combine traditional lobbying services by well-connected

insiders with research, polling, communications and astroturf campaigns, servicing clients from the Prime Minister's office to Adani, Glencore and APPEA.

Queensland-based agency 'Next Level' offers a glimpse of the kinds of offerings they provide in an increasingly adversarial space, with senior lobbyist Cameron Milner noting: "The experience of the last five years in particular has shown the rise of well-funded and increasingly professional activist campaigns against corporate Australia. The work of [non-government organisations] NGOs and others to increase the political temperature around proposals in an attempt to stymy and delay key projects has seen a far more complex environment for corporate Australia's interaction with governments at all levels".<sup>18</sup>

Milner speaks with 25 years experience as a political insider, including ten months as chief of staff to former ALP opposition leader Bill Shorten. In 2017 his company abruptly broke off its five year relationship with Adani when campaigners called into question his role as a strategist for Anastacia Palaszczuk's re-election campaign.<sup>19</sup>

He is one example among many demonstrating that the strength of the fossil lobby is built, in part, on a revolving door enmeshment between industry and politics that borders on the surreal.

## Revolving doors

The absence of meaningful restrictions on executives, lobbyists, politicians and political advisors seamlessly switching positions has been exploited by fossil industries for decades. A database of 160 former politicians, advisors and bureaucrats with links to fossil fuel industries was assembled by Dr Adam Lucas of the University of Wollongong in 2021. He analysed the connections and concluded "these industries have constructed a covert network of lobbyists and revolving door appointments which has ensured that industry interests continue to dominate Australia's energy policy, and that its emissions from fossil fuel use continue to rise".<sup>20</sup>

The study found that six of the 38 former MPs had gone on to establish lobbying firms after their time in parliament, with a larger number of such firms employing dozens of ex-staffers and senior bureaucrats. Corporate boards and advisory positions are populated with former MPs, advisors and their public sector colleagues; peak bodies including APPEA, the New South Wales Minerals Council and the MCA are a prolific source of post-political employment on this 'golden escalator'.

17 Crikey. Mitch's New Public Policy Paradigm Is Just the Old One Continued, Crikey 16 August 2011 <https://www.crikey.com.au/2011/08/16/carbon-price-minerals-council-of-australia-mitch-hooke/>.

18 The Next Level - Meet our dedicated team - <https://thenextlevel.net.au/our-people/>

19 Queensland Labor strategist announces he will stop lobbying for Adani, The Guardian 16 October 2017 <https://www.theguardian.com/business/2017/oct/16/queensland-labor-strategist-announces-he-will-stop-lobbying-for-adani>

20 Investigating networks of corporate influence on government decision-making: The case of Australia's climate change and energy policies - Adam Lucas 2021 <https://www.sciencedirect.com/science/article/pii/S2214629621003649?dgcid=author>



Ian Macfarlane, immediately after his resignation as Industry Minister in 2016, was hired as the CEO of the Queensland Resources Council and occupies a board position with Woodside.

His ALP counterpart Martin Ferguson almost immediately took up a role as chairman of the APPEA Advisory Council and a non-executive directorship of Seven Group Holdings, owner of Seven West media and major shareholder in Beach Energy. Mark Vaile, former Deputy Prime Minister and leader of the National Party left parliament in 2008 and was the Chairman of Whitehaven Coal by 2012.

The flow in the other direction is just as concerning, not just from fossil industries but from different mouthpieces across the Murdoch stable. In 2019 the Greenpeace/Michael West study ‘Dirty Power’ provided a snapshot of personnel exchange between the coal industry, the Murdoch press and the Turnbull/Morrison Governments. It demonstrated communications positions across key ministerial portfolios were stacked with at least five ex-Murdoch employees, including two positions in the Prime Minister’s office.

The MCA is a similarly rich recruiting ground. John Kunkel, former Deputy CEO of the Minerals Council, is now the Prime Minister’s Chief of Staff. Brendan Pearson, former CEO of the MCA, was later an advisor to Mathias Cormann, then appointed a senior advisor to the PM, and is now Australia’s ambassador to the Organisation for Economic Co-operation and Development (OECD). The MCA also provided a senior advisor in former Prime Minister Malcolm Turnbull’s office.

Dr Lucas’ research established that post-political employment in fossil fuel industries skews somewhat towards Liberal and Nationals MPs: “Of the 38 current and former politicians with employment links to the fossil fuel industry, 20 are or were Liberal politicians, 13 were Labor politicians, and five are or were National politicians”. However, the striking feature of the revolving door is its bipartisan operation across state and federal levels. 350 Australia’s study ‘Captured State’ analysed the gas industry’s reach into Western Australian (WA) politics in 2020, identifying dozens of appointments, including into the highest offices in the state: “[Premiers] Mark McGowan, Colin Barnett, Alan Carpenter and Richard Court all had staff who had worked for APPEA before or after their positions as advisors to the Premiers. A staff member for both Colin Barnett and Richard Court went on to become APPEA’s Director of Public Affairs. Alan Carpenter and Mark McGowan’s advisor, Kieran Murphy, worked at APPEA between roles in each Premier’s office”.

Subsequent to the publication of that report, Former WA Treasurer and Aboriginal Affairs Minister Ben Wyatt retired from politics in 2021 and immediately joined the boards of Rio Tinto and Woodside.<sup>21</sup>

Ownership of fossil fuel assets while serving in elected or advisory roles adds yet another dimension; not spinning the revolving door so much as erasing it altogether. A 2021 analysis by Crikey identified a quarter of the Nationals federal MPs owned shares in fossil fuel companies at the time of their deliberations over symbolic moves toward a net zero emissions policy in the leadup to COP26.<sup>22</sup> At the extreme end of this practice is Queensland billionaire Clive Palmer, who ceased bankrolling his intermediaries in the LNP in 2013 and instead formed his own political party. Palmer-owned nickel and iron ore companies were the largest political donors in 2013-2014, buying Palmer a seat in the House of Representatives and three seats on the Senate crossbench.<sup>23</sup> These Senators provided the crucial balance of power votes to abolish the carbon price and the mining tax in 2014, directly benefiting the companies that had paid for the party’s election campaign.

21 Ben Wyatt joins board of Woodside and Rio Tinto, WAMN News 5 June 2021 <https://wamnnews.com.au/news/ben-wyatt-joins-board-of-woodside-and-rio-tinto/>

22 Holding the country ransom while owning mining shares — guess who? Crikey 20 October 2021 <https://www.crikey.com.au/2021/10/20/holding-the-country-ransom-while-owning-mining-shares-guess-who/>

23 Clive Palmer company was the single largest political donor in 2013-14, The Guardian 2 February 2015 <https://www.theguardian.com/australia-news/2015/feb/02/clive-palmer-company-was-the-single-largest-political-donor-in-2013-14>

In 2019 with the future of coal mining a major election issue, Palmer-aligned companies invested a staggering \$83 million to push a message that “Bill Shorten will hit us with an extra trillion dollars of taxes and costs”.

“Our Shifty Shorten ads across Australia ... I think have been very successful in shifting the Labor vote,” Palmer commented in the aftermath.<sup>24</sup> With the revolving door distinction between industry and politics obliterated, his proposed Galilee Coal and Rail Project in Queensland is slated to extract 40 million tonnes of thermal coal per year.

## Institutional repurposing

The ability to manipulate the conduct and purpose of government agencies is simultaneously an outcome of state capture, and a key enabler of its slow entrenchment. Repurposing is a process rather than an outcome, and for the fossil sector, everything from prime ministerial trade delegations to land use planning and the tasking of intelligence agencies are up for grabs.

One of the first targets for repurposing are the agencies carrying out environmental impact assessment and Aboriginal heritage protection. While the formal mandate of these agencies at a state and federal level is to assess whether or not projects should proceed, one statement by WA Premier Mark McGowan in a 2019 parliamentary debate on the *North West Gas Development (Woodside) Agreement Amendment Bill (2019)* made clear that the role of agencies is not to assess projects, but to approve them: “The Western Australian government has been working assiduously on approvals for this project”.<sup>25</sup>

Repurposing these agencies away from an independent assessment role gives the industry certainty that projects will be approved, while presenting the public with a plausible simulation of due process.

In a rare departure from this practice in 2006, the Western Australian Environment Protection Authority (EPA) advised against the construction of Chevron’s massive Gorgon LNG plant on the Barrow Island class A nature reserve off the Pilbara Coast.<sup>26</sup> In the political furore that followed, the then Environment Minister McGowan simply overruled the EPA and approved the project. “I’m confident that everything that can be done to manage the risks is being done,” he told reporters.<sup>27</sup>

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The Australian Renewable Energy Agency (ARENA) and the Clean Energy Finance Corporation (CEFC) have been persistent targets for repurposing by fossil industries. Set up as a complement to the carbon price in 2012, the two agencies were spared from abolition along with the rest of the *Clean Energy Act* in 2014 and have been a thorn in the side of the Government’s fossil investors since then. Having failed at multiple attempts to abolish the agencies, the Government attempted repurposing instead. In 2015, Prime Minister Abbott was unsuccessful in attempts to stop the CEFC from funding wind power. In 2020 the Morrison Government proposed the CEFC be permitted to fund loss-

24 Election 2019: Clive Palmer says Scott Morrison can thank UAP’s anti-Labor ads for result, ABC News 19 May 2019 <https://www.abc.net.au/news/2019-05-19/election-2019-clive-palmer-says-uap-ads-gave-coalition-win/11128160>

25 Extract from Hansard ASSEMBLY. Thursday, 17 October 2019 [https://www.parliament.wa.gov.au/Hansard/hansard.nsf/0/25fca0d3098eed404825849a0020ae4a/\\$FILE/A40+S1+20191017+p7907b-7927a.pdf](https://www.parliament.wa.gov.au/Hansard/hansard.nsf/0/25fca0d3098eed404825849a0020ae4a/$FILE/A40+S1+20191017+p7907b-7927a.pdf)

26 EPA blocks Gorgon’s \$11b Pilbara LNG Project, Business News 6 June 2006 <https://www.businessnews.com.au/article/EPA-blocks-Gorgons-11b-Pilbara-LNG-project>

27 WA approves controversial \$15b Gorgon Gas project, The Sydney Morning Herald 13 December 2006 <https://www.smh.com.au/business/wa-approves-controversial-15b-gorgon-gas-project-20061213-gdp1br.html>

making investments in fossil gas power, handing Energy Minister Angus Taylor much greater discretion over fund allocation.<sup>28</sup> Angus Taylor has also issued regulations to force ARENA to fund technologies that are not renewable, like carbon capture and storage (CCS). In early 2021 the National Party proposed rewriting the CEFC's mandate to include investments in nuclear, 'high intensity' coal plants and carbon capture projects.<sup>29</sup>

The repurposing of courts and police to serve industry objectives is one of state capture's most dangerous dynamics. While the courts are meant to operate at arm's length from politics, their role is to interpret and uphold the laws issued by parliaments. In mid-2019 Extinction Rebellion began a series of high-profile actions using lock-on pipes to block roads and railway lines, drawing significant media attention. The Queensland Resources Council (QRC) was quick to condemn the tactic, demanding the state government introduce new laws to ban the devices. Premier Palaszczuk had them fast-tracked and passed by October of that year. "The laws passed the Parliament with an overwhelming majority, including both the Government and the LNP," the QRC noted approvingly the day after the bill's passage.<sup>30</sup>

This isn't an isolated example. The Australian Government has been equally responsive to industry pressure to legislate against 'secondary boycott' actions, when companies decide not to contract or provide insurance or banking services to projects such as Adani's Carmichael coal mine. Commenting on this practice at a QRC conference, Prime Minister Morrison pledged to somehow compel businesses to provide services to coal and gas companies, by law if necessary saying: "Together with the Attorney-General, we are working to identify mechanisms that can successfully outlaw these indulgent and selfish practices".<sup>31</sup>

Criminalisation of protest to protect commercial interests is one of the oldest functions of policing, but the tempo has increased to such a degree around the world that the pattern is now unmistakable. In the lead-up to the COP26 climate conference in Glasgow, more than 400 climate scientists published an open letter in defence of nonviolent civil disobedience around the world: "It has become abundantly clear that governments don't act on climate without pressure from civil society: threatening and silencing activists thus seems to be a new form of anti-democratic refusal to act on climate".<sup>32</sup>

In Australia, while coal and gas companies don't have their own police and court systems, captured states do. Saying the quiet part out loud in 2017, Government MP George Christensen told Parliament "Some activists threaten lives, including their own, by standing in front of a bulldozer or chaining themselves to critical infrastructure, such as a railway line...such action meets the definition of terrorism in the criminal code".<sup>33</sup>



28 Planned changes to CEFC investments 'dangerous', former CEO says, Renew Economy 13 October 2020 <https://reneweconomy.com.au/planned-changes-to-cefc-investments-dangerous-former-ceo-says-51988/>

29 Nationals push nuclear power in new attempt to hijack CEFC changes, - Renew Economy 18 February 2021 <https://reneweconomy.com.au/nationals-push-nuclear-in-new-attempt-to-highjack-cefc-changes/>

30 QRC welcomes new protest laws, Queensland Resources Council media release 25 October 2019 <https://www.qrc.org.au/media-releases/qrc-welcomes-new-protest-laws/>

31 Scott Morrison slams environmental groups 'targeting' businesses with 'selfish' secondary boycotts, ABC News 1 November 2019 <https://www.abc.net.au/news/2019-11-01/scott-morrison-environmental-groups-targeting-businesses-boycott/11660698>

32 Open Letter: Stop attempts to criminalise nonviolent climate protest <https://docs.google.com/forms/d/e/1FAIpQLSfViJrZmKLdw0oXbnOJgF69eWHZjMKv-bnPKZpl1Df9ayJdwQ/viewform?gxids=7628>

33 This Politician Wants Environmental Activists To Be Charged As Terrorists - Buzzfeed 17 October 2017 <https://www.buzzfeed.com/aliceworkman/eco-terrorists>



## Research and policymaking

The resources sector has exercised a powerful influence over policymaking since colonisation, leading efforts to sabotage a national Aboriginal Land Rights Scheme in the 1970s and demanding the divisive Native Title regime be implemented without any right of veto by Traditional Owners. With the immensity of the climate challenge beginning to take shape in the 1990s, the coal and gas industries went into overdrive.

For 30 years a key strategy has been to infiltrate the policymaking process to help set the terms of the debate. In *Quarry Vision* former Liberal advisor Guy Pearse described how, by the mid-1990s, the Business Council of Australia, Australian Coal Association, Exxon and many others were each paying \$50,000 for a seat on the steering committee for the Government's main source of economic modelling, the Australian Bureau of Agricultural and Resource Economics (ABARE). In addition to providing industry-friendly input assumptions to ABARE's economic models, these same companies also commissioned tens of millions of dollars worth of 'independent' economic modelling from ABARE, ensuring that policymakers on all sides of politics were forced to work from a set of assumptions on the costs of a clean energy transition that had no basis in reality. "Predictably, all of this has resulted in a steady stream of reports about the cost of cutting emissions that have lent themselves to misrepresentation," Pearse wrote.<sup>34</sup>

At the same time as the economic modelling was being corrupted, fossil industries were opening up a second front against the earth sciences community. An archipelago of climate denial front groups including the Lavoisier Group, the Australian Industry Greenhouse Network and the Australian Taxpayers Alliance were established, some of them with close ties to the US-based Heartland Institute and Koch brothers affiliates.<sup>35</sup> Arguably the loudest and most persistent vector for denialist 'research' has been the Institute for Public Affairs, which channels source material from overseas and packages it for consumption by Australian policymakers. Even now, the IPA publishes a statement, op-ed or 'research' articles on climate change denial roughly once a week.<sup>36</sup>

The production of industry-funded disinformation occurs alongside a sustained effort to shut down inconvenient research originating from within government itself. The repeal of the *Clean Energy Act* in 2014 took with it the Climate Commission, which had been a reliable source of legible climate science research for the general public until then Environment Minister Greg Hunt abolished it "as part of the Coalition's plans to streamline government processes and avoid duplication of services".<sup>37</sup>

Attention turned to other well-funded sources of information trusted by the public and policymakers alike: the Bureau of Meteorology (BOM) and the CSIRO. The BOM was subjected to a "fever swamp of climate denial" via the IPA, former ABC chairman and Abbott advisor Maurice Newman, and a cohort of climate change deniers platformed by *The Australian* newspaper.<sup>38</sup> Internally, by 2019 the BOM was taking \$4.6 million in annual payments for services to the gas industry, with Freedom of Information disclosures indicating climate change was being routinely deleted from presentations on extreme weather events, "to even more fully meet customer needs".<sup>39</sup>

34 *Quarry Vision - Coal, climate change and the end of the resource boom - Quarterly Essay* March 2009  
<https://www.quarterlyessay.com.au/essay/2009/03/quarry-vision>

35 Heartland Institute's Australian climate denialist backers - *Independent Australia* 27 May 2012  
<https://independentaustralia.net/environment/environment-display/heartland-institutes-australian-climate-denialist-backers,4158>

36 *Climate Change and Energy - Institute of Public Affairs* 2021 <https://ipa.org.au/research/climate-change-and-energy>

37 Abbott shuts down Climate Commission, *The Sydney Morning Herald* 19 September 2013  
<https://www.smh.com.au/politics/federal/abbott-shuts-down-climate-commission-20130919-2u185.html>

38 Bureau of Meteorology attacks pushed by 'fever swamp' of climate denial, *The Guardian* 21 September 2017 <https://www.theguardian.com/environment/planet-oz/2017/sep/21/attacks-on-bureau-of-meteorology-pushed-by-fever-swamp-of-climate-denial-former-director-says>

39 *Undue Influence: oil and gas giants infiltrate Australia's Bureau of Meteorology*, Michael West Media 7 December 2020  
<https://www.michaelwest.com.au/undue-influence-oil-and-gas-giants-infiltrate-australias-bureau-of-meteorology/>

At CSIRO, the Gas Industry Social and Environmental Research Alliance (GISERA) initiative was launched in July 2011, including research committees heavily populated with gas industry nominees.<sup>40</sup> Researchers work with data provided by the gas industry, study it using funds provided by the gas industry, and publish findings under the prestigious banner of the CSIRO, using commercial in confidence source material that makes peer review impossible.<sup>41</sup> In July 2019 GISERA published the findings of one such closed study into fugitive methane emissions from the coal seam gas (CSG) industry, announcing: “Results of this latest research underline the potential climate benefits of using gas in place of coal to generate electricity”.<sup>42</sup> APPEA and its member companies regularly cite this study, wielding the CSIRO brand against local communities and industry critics.

The cumulative impact of industry fingerprints on the policymaking process are most evident in annual Conference of the Parties (COP) meetings where collective global agreements are hammered out. Coal and gas lobbyists have so thoroughly sabotaged progress that draft copies of a forthcoming Intergovernmental Panel on Climate Change (IPCC) report make explicit mention of their campaigns: “One factor limiting the ambition of climate policy has been the ability of incumbent industries to shape government action on climate change (Newell and Paterson 1998; Breetz et al. 2018; Jones and Levy 2009; Geels 2014). Campaigns by oil and coal companies against climate action in the US and Australia are perhaps the most well-known and largely successful of these (Brulle et al. 2020; Stokes 2020; Mildenberger 2020)”.

On the marked-up draft leaked to Uearthed, an Australian Government official highlighted this paragraph for deletion.<sup>43</sup>

## Public influence campaigns

“If there is state capture by the fossil-fuel companies, I have also observed a kind of parallel and obviously interconnected phenomenon in public opinion. A kind of culture capture. A hold on the Australian psyche that makes it extraordinarily hard for many to imagine a prosperous and secure future without fossil fuels centre stage.”

Rebecca Huntley<sup>44</sup>

The enmeshment of corporate, political and cultural realms is a key tactic for maintaining fossil companies’ social license to operate. Years of sponsorship of sporting teams, arts festivals and highly visible local infrastructure serves to position companies as ‘good corporate citizens’ while also locking in dependence on corporate goodwill. Executives and directors of fossil companies and their financiers also occupy board positions on cultural and sporting institutions across the country, a dense entanglement of relationships mapped in 2018 by A Centre for Everything.<sup>45</sup>

40 GISERA and the threat to independent science, Australian Institute 20 October 2016

<https://australianinstitute.org.au/post/gisera-and-the-threat-to-independent-science/>

41 CSIRO Report Highlights Gymnastics Needed to Justify LNG on Emissions, Renew Economy 29 July 2019 <https://reneweconomy.com.au/csiro-report-highlights-gymnastics-needed-to-justify-lng-on-emissions-41582/>

42 GISERA research assesses Queensland CSG-LNG greenhouse gas emissions, CSIRO 2019 <https://www.csiro.au/en/News/News-releases/2019/GISERA-research-assesses-Queensland-CSG-LNG-greenhouse-gas-emissions>

43 Leaked documents reveal the fossil fuel and meat producing countries lobbying against climate action, Uearthed 2021

<https://unearted.greenpeace.org/2021/10/21/leaked-climate-lobbying-ipcc-glasgow/>

44 The fossil-fuel industry’s grip on Australian hearts and minds - The Monthly December 2021 <https://www.themonthly.com.au/issue/2021-december/1638277200/rebecca-huntley/fossil-fuel-industry-s-grip-australian-hearts-and#mtr>

45 A Centre for Everything. ‘MAPS OF GRATITUDE (2019)’. <https://kumu.io/GdV/fossil-fuels-the-arts#fossil-fuels-the-arts-5>

By 2020, Woodside's long-running sponsorship of Perth's Fringe World Festival was so controversial that gag clauses had to be inserted into performance contracts: "the presenter and the venue operator must use its best endeavours to not do any act or omit to do any act that would prejudice any of Fringe World's sponsorship arrangements".<sup>46</sup>

The UK Science Museum's sponsorship deals with Adani and Shell contained a similar gag clause, banning the museum from any activity that risked "discrediting or damaging the goodwill or reputation of the sponsor".<sup>47</sup>

This blurring of boundaries isn't new: at the extremes, it becomes impossible to distinguish between corporate and political messaging. A June 2020 media statement by Queensland's Minister for Natural Resources, Mines and Energy Dr Anthony Lynham featured a quote by the Minister: "The SGAS Aero-Medical Service is one of the most visible ways the CSG industry puts back into the regional Queensland communities that support it," followed by quotes from Santos and Origin.<sup>48</sup>

Other influence operations are even less wholesome. By the early 21st century, the US climate denial industry was spending just under a billion dollars a year<sup>49</sup> to seed disinformation on the causes and costs of climate change. Since the late 1980s, a specialised infrastructure of think tanks, research institutes and advocacy organisations has been built atop older industry alliances and charitable foundations. With longstanding ties to the Republican party, the Australian offshoot of this Climate Change Counter Movement (CCCM) has shown impressive results.

A survey by the University of Canberra in the wake of the black summer bushfires of 2020 indicated that the number of climate deniers in Australia is double the global average: "Out of the 40 countries in the survey, Australia's 8% of "deniers" is more than double the global average of 3%. We're beaten only by the US (12%) and Sweden (9%)".<sup>50</sup>

The study found results heavily skewed by age and gender, with women and young people more concerned about climate change than older males. The choice of media consumed has a decisive impact: "More than one-third (35%) of people who listen to commercial AM radio (such as 2GB, 2UE, 3AW) or watch Sky News consider climate change to be "not at all" or "not very" serious, followed by Fox News consumers (32%)".

In a heavily concentrated media market like Australia, the role of the Murdoch media is hard to overstate. Despite the declining readership of newspapers by younger people, print still drives daily media cycles across broadcast platforms and online. A 2020 study of all climate coverage across Murdoch mastheads *The Daily Telegraph*, *Herald Sun*, *Courier Mail*, and *The Australian* between 2019 and 2020 found nearly half of everything printed "either rejected or cast doubt upon consensus scientific findings". Opinion coverage was more heavily tilted towards denial than straight news reporting "2,309 opinion articles, the top ten opinion writers accounted for 44% of content.

46 Perth's fringe festival under fire for 'gag order' clause in artist contracts, The Guardian 18 December 2020 <https://www.theguardian.com/culture/2020/dec/18/perths-fringe-festival-under-fire-for-gag-order-clause-in-artist-contracts>

47 Culture Unstained 2021 <https://cultureunstained.org/sciencemuseum/>

48 'CSG to Keep Regional Medical Service Aloft - The Queensland Cabinet and Ministerial Directory <http://statements.qld.gov.au/Statement/2020/6/11/csg-to-keep-regional-medical-service-aloft>

49 Institutionalizing delay: foundation funding and the creation of U.S. climate change counter-movement organizations - Brulle 2013 [http://refhub.elsevier.com/S2214-6296\(21\)00364-9/h0110](http://refhub.elsevier.com/S2214-6296(21)00364-9/h0110)

50 The number of climate deniers in Australia is more than double the global average, new survey finds, The Conversation 16 June 2020 <https://theconversation.com/the-number-of-climate-deniers-in-australia-is-more-than-double-the-global-average-new-survey-finds-140450>



All of these opinion writers are either climate change sceptics, promote scepticism in their articles, or are negative towards climate action/efforts. The top five were Andrew Bolt, Tim Blair, Peta Credlin, Peter Gleeson, and Chris Kenny, all of whom are occasional or regular Sky News presenters”.<sup>51</sup>

With the impacts of climate change now impossible to ignore, a major change is under way to pursue what researchers have characterised as “discourses of delay,”<sup>52</sup> positioning fossil industries as the solution to climate change rather than the cause.



Figure 13: Warming is good for us: at the extremes, it becomes impossible to distinguish between corporate and political messaging.

51 Sceptical Climate: Lies, Debates, and Silences, Wendy Bacon and Arunn Jegan 2020 <https://climate-report.wendybacon.com/part-3/>

52 Discourses of climate delay, Lamb et al, 2020

<https://www.cambridge.org/core/journals/global-sustainability/article/discourses-of-climate-delay/7B11B722E3E3454BB6212378E32985A7>

The machinery of state capture, and its tight network of lobbyists, PR professionals and political campaigners allows this pivot from denial to delay to be synchronised across media, industry, and political offices. The Australia-wide pivot to a ‘net zero by 2050’ message in October 2021 caught some of Murdoch’s Australian commentators by surprise, but it occurred at the same time as Prime Minister Morrison began to reposition his government’s talking points in the leadup to COP26. Within a week of the pivot, papers were running colourful double page spreads titled “Using Natural Gas as an Alternative” and “Coal has Role to Play in Transition”.

Persuasion campaigns are nothing new, but the advent of social media has transformed them out of all recognition. The precision marketing tools described in section 2.6.3 have been exploited by the climate change counter movement, combining traditional media with manufactured online troll accounts and ‘bot armies’ to spread disinformation.

Analysis of how rapidly the #ArsonEmergency hashtag propagated during the black summer bushfires provides a snapshot of how these campaigns operate in real time. A study by Timothy Graham from Queensland University of Technology identified roughly half of the 300 twitter accounts that piled into the hashtag in January 2020 exhibited behaviour consistent with bots - simplistic automated accounts following predictable patterns - and troll accounts designed to annoy, harass or misdirect.<sup>53</sup> Deceptive coverage in *The Australian* newspaper and other outlets provided fuel for the propagation of the story that arsonists were responsible for the majority of the fires, a wave pushed along by Donald Trump Jr. and the Alex Jones conspiracy channel InfoWars.<sup>54</sup>

These disinformation surges are more than a curiosity, having also been observed during horror fires in California and the Pacific Northwest, where arson and a space laser were implicated.<sup>55</sup> In 2020 they provided political cover for Prime Minister Morrison who was able to deflect growing alarm over the climate-forced origins of the mega-fires.

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53 Bushfires, bots and arson claims: Australia flung in the global disinformation spotlight, *The Conversation* 10 January 2020  
<https://theconversation.com/bushfires-bots-and-arson-claims-australia-flung-in-the-global-disinformation-spotlight-129556>

54 Disinformation and lies are spreading faster than Australia’s bushfires, *The Guardian* 12 January 2020  
<https://www.theguardian.com/australia-news/2020/jan/12/disinformation-and-lies-are-spreading-faster-than-australias-bushfires>

55 How arson factors into California’s wildfires, *High Country News* 15 October 2021  
<https://www.hcn.org/articles/climate-desk-wildfire-how-arson-factors-into-californias-wildfires>



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”.

This report makes a compelling case that state capture is a problem eating away at the foundations of our democracy, our way of life and everything we care about most.

It’s a huge problem, but it’s not bigger than us. If you read this report and want to do something positive about the problem of state capture, come and join us.

- Saffron Zomer



DOWNLOAD THE FULL REPORT AT

[australiandemocracy.org.au/statecapture](https://australiandemocracy.org.au/statecapture)

# Recommendations

## 1. Recognise state capture as a systemic threat to Australian democracy.

Frustration with the string of failings and corruption of Australian democracy is widespread, but rarely described or understood as a systemic threat posed by corporations. Rather than respond to each new crisis of political integrity in a piecemeal fashion, we need to recognise and name this as state capture. By recognising we have a systemic problem, attention can focus on systemic solutions to deliver a healthy Australian democracy which works for all of us, not just for the powerful few.

## 2. All parties and candidates should commit to legislating reforms under the Framework for a Fair Democracy.

As Australians go to the polls, those seeking election should support the framework, and our next Parliament must prioritise these reforms:

### 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/>

### 3. Create political, economic and social consequences for the corporate powers and the political decision makers who participate in the tactics of state capture.

While legislative reform is crucial, we know that it alone is not enough. For state capture to end, there must be a cost to those participating. Creating a political culture where participation in the activities of state capture comes at a cost for all involved is a critical step towards a healthier democracy.

### 4. Protect vibrant, diverse civic participation at the heart of our healthy democracy.

When state capture enables the machinery of government to be used as a tool to harass, intimidate, silence and punish vocal opponents of corporate powers, our democracy is in peril. Attempts to crack down on the legitimate right to advocate, critique and protest should be resisted as cynical ploys to undermine democracy and stifle democratic debate and participation.