

What is State Capture?



The World Bank defines state capture as “the exercise of power by private actors to ... shape policies or implementation in service of their narrow interests”. State capture occurs when powerful or wealthy interests interfere with decision-making, or have access to decision-makers beyond that of ordinary citizens, and assume a degree of control over the rule-making process itself.

The World Bank notes that it can occur in wealthy democracies through control over resources, threat of violence, or other forms of influence.

In South Africa, the term gained popularity when it usefully described a problem different to corruption, after private actors had embedded their interests to become systemically advantaged.

By its nature, state capture is usually hidden, often in plain sight. The scandals that hit the news are the tip of the iceberg. **A new report by the Australian Democracy Network - ‘Confronting State Capture’ - outlines how it works and what we can do about it.**

How does state capture work?

1 Financial interventions in politics

The story of state capture starts with money, both political donations and the dark money funneled to political parties uncounted.

- Analysis of donations receipts between 2006 and 2015 by the Australia Institute confirmed that during the period where the ALP was being attacked over the mining tax and Clean Energy Act, donations from fossil industries were heavily skewed in favour of the Coalition.
- In recent years, the fossil fuel sector provides millions of dollars to both major parties. A roughly even spread of funding to each of the major parties is a warning indicator for state capture: it suggests the donors are comfortable that a change of government poses no threat to their interests.



2 Lobbying and personal influence

Direct and formal contact between industry and policymakers is only partially regulated, with specialist lobbying firms, PR consultants, business forums, and peak bodies undertaking informal lobbying through social networks, on the golf course, at exclusive clubs, site visits and industry functions.

3 Revolving doors and personnel exchange

When former Australian public and elected officials move into the private sector they take extensive contact network, deep institutional knowledge, and rare and privileged personal access to people at the highest levels of government and industry, exercising influence over policy making and government procurement decisions.

- John Kunkel, former Deputy CEP of the Minerals Council of Australia (MCA), is now the Prime Minister’s Chief of Staff.
- Brendan Pearson, former CEO of the MCA, was later an advisor to Mattias Cormann, then appointed a senior advisor to the PM, and is now Australia’s ambassador to the OECD.
- Former WA Treasurer and Aboriginal Affairs Minister Ben Wyatt retired from politics in 2021 and immediately joined the boards of Rio Tinto and Woodside.
- Brendan Nelson, former Liberal Party leader, Defence Minister, and director of the Australian War Memorial, is now president of Boeing Australia, New Zealand and South Pacific, a top five contractor to Defence.

4 Institutional repurposing

Hollowing out and repurposing institutions established to serve the public good is a gradual process of incremental reforms, revolving door appointments and slow cultural drift in which the agency is gradually unmoored from its stated purpose.

- Our intelligence agencies were tasked with spying on the cabinet deliberations of East Timor for the commercial benefit of the gas industry.
- Fossil fuel interests represented on Covid Commission saw taxpayer-funded gas pipelines recommended in response to the greatest public health crisis of our generation.
- At CSIRO, the Gas Industry Social and Environmental Research Alliance (GISERA) initiative has research committees heavily populated with gas industry nominees. APPEA and its member companies regularly cite GISERA studies, wielding the CSIRO brand against local communities and industry critics.
- The Australian War Memorial increasingly features promotional material from the international arms industry

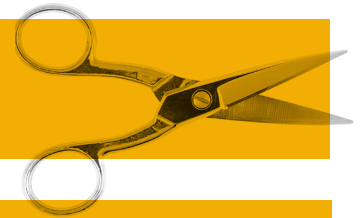
5 Research and policymaking

Unlike community and other interest groups, major industries have virtually unlimited resources to engage in research and policy processes, generating submissions and legislative amendments and providing evidence to inquiries, which industry funded think tanks reinforce.

6 Public influence campaigns

Companies and industry bodies have the resources to use traditional media and social media as well as disinformation and dark PR, and to purchase social license through investment in highly visible social and community infrastructure, cultural and sporting events.

So what can be done?



Recommendation One

Recognise state capture as a systemic threat to Australian democracy.

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.

Recommendation Two

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

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 staff
- Ban large donations to politicians altogether
- 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 an election outcome
- Limit the amount candidates and parties can spend on election campaigns
- Penalise politicians and campaigners who clearly and deliberately mislead the Australian public to influence an election result

Recommendation Three

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.

Recommendation Four

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.

DOWNLOAD THE FULL REPORT AT

australiandemocracy.org.au/statecapture

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More detail on the Framework for a Fair Democracy can be found at the #OurDemocracy website: www.ourdemocracy.com.au/the-framework/