

## FOR A MORE TRANSPARENT AND ACCOUNTABLE MINING SECTOR

# UNDUE INFLUENCE AND POLICY CAPTURE

**A corruption risk is created if a mining company can disproportionately influence policy makers and shape policy decisions for commercial gain. Governments must ensure checks and balances are in place so that the public interest comes first, always.**

Transparency International Australia's research found undue influence and policy capture to be a corruption risk in mining approval regimes in Queensland and Western Australia. Political donations, lobbying and 'revolving doors' all exacerbate the risk that mining laws and policy will be shaped to benefit the industry over the public interest.

The single biggest problem for integrity in Australia is diminishing public trust that decision-making is fair, honest, and free of undue influence.

Inadequate regulation of political donations and lobbyists, the movement of staff between government and industry, and the culture of mateship can enable corruption to occur. While lobbying can be a positive force for democracy, a democracy is no longer a fair and equal contest of ideas if the more powerful, better resourced, and well-connected companies and organisations are in an advantageous position to shape government policies and decisions to suit their agenda.

Corruption prone sectors, such as mining and infrastructure, frequently engage well-connected lobbyists, individuals with strong personal links to political parties. Lobbyists can help ensure favorable decisions, such as approval of mining leases, for the companies they represent.

**Policy capture** is a type of corruption in which individuals or organisations can abuse the policy-making process, shaping policies to their own advantage, at the expense of the public interest.

**Undue Influence** is a situation in which an individual or organisation can exert disproportionate influence over public decision-making, such as through lobbying, political donations, and revolving doors.

## CORRUPTION RISKS

Transparency International defines corruption as the abuse of entrusted power for private and political gain. Corruption risks are weaknesses in a system or process that could enable corruption to occur.

Corruption in mining is more likely to arise when:

- there is little transparency or control over lobbying, revolving doors, and political donations; and when
- there is little oversight over discretionary decision-making.

We can reduce these risks through greater transparency and checks and balances on power. When the public can see what decisions are being made, who is influencing these decisions and how, they are better empowered and equipped to assess government decisions and hold their elected representatives to account.

## LOBBYING

Individuals, community and civil society groups, companies and industry groups all have a right to engage in a process of influencing public policy. But it fails to be a fair and democratic contest of ideas when certain individuals or groups can exert excessive and disproportionate influence through engaging high-powered and well-connected lobbyists and succeed in distorting policy decisions to suit their agendas.

### Reducing the risk

- Politicians and high-ranking government officials need to publicly disclose who they meet with and when.
- We need greater transparency over lobbying, checks on undue influence and a code of conduct for parliamentarians. We need simple and consistent rules to prevent unfair influence over policy and funding decisions. See [Australia's National Integrity System: The Blueprint for Action Focus Area C – Open, Trustworthy Decision-Making](#).

## REVOLVING DOORS

'Revolving doors' refers to the movement of individuals between positions of public office and jobs in the same sector in the private sphere, in either direction. A corruption risk is created when former politicians, senior political staff or high-ranking government officials take on related roles in the private sector.

There is a risk of **conflicts of interests** if politicians, senior government staff or officials make decisions in their public service roles in order to secure a future job in the industry, rather than represent the public's best interest;

There is a risk that former politicians, senior staff or officials may take **insider knowledge** to a company that gives it an advantage over other companies;

There is a risk that company employees may seek public service roles to **promote policies that are advantageous to the company**, rather than the public's best interest.

### Reducing the risk:

We need to enforce cooling-off periods for politicians, their staff and high-ranking public servants before they start roles in similar spheres in the private sector.

## POLITICAL DONATIONS

When companies, peak bodies or powerful individuals donate to political parties, this creates a **corruption risk that those parties will develop policies that favour the interests of their donors over the public's best interest**.

The mining sector presents a particular risk because of the high level of funding consistently directed from the sector to major political parties.

This risk can be reduced through real time disclosure of political donations and by putting caps on donations.

## Ministerial and high-level government official discretion

The corruption risks above are exacerbated when government decision-making power is concentrated in an individual, and with little transparency or accountability. Our research found this to be a higher risk for State Agreements in Western Australia and in coordinated projects in Queensland. Without adequate oversight over the decisions of a minister or a high-level government official such as the Coordinator-General, there is a risk that those decisions could be personally or politically motivated or benefit a company's interests over the public's interest.

This risk can be reduced through increased checks and balances on discretionary decision-making powers such as limiting the powers available to an individual, ensuring high levels of transparency and accountability for any discretionary decision-making that is required, and ensuring that there are mechanisms to review and appeal decisions.

## ANTI-CORRUPTION AGENCIES

Anti-corruption agencies can be a powerful check against corruption and misconduct. All states and territories in Australia have an independent, specialist anti-corruption agency, however there is no such agency at the federal (Commonwealth) level in Australia.

A strong federal integrity commission is needed to fill the institutional gap in Australia's integrity system. To ensure the new commission is effective and credible it needs:

- Scope to adapt to address changing forms of corruption, integrity risk and public concern about abuse of entrusted power;
- Strong, systematic and enforced prevention measures for promoting integrity; and
- Best practice investigation and enforcement powers, aimed at securing remedies.

See our [Accountable Government webpage](#) and [Australia's National Integrity System: The Blueprint for Action](#).

## Pembroke mining

In September 2020 Pembroke Resources was granted approval from the Queensland government for its Olive Downs coking coal project, despite the environmental regulator's concerns about lasting impacts on the surrounding waterways, and landholders fears that their farming livelihoods would be devastated. In 2018, Pembroke engaged lobbying firm Next Level Strategic Services. One of the firms Directors, Cameron Milne, was simultaneously working for Labour's state election campaign. Just two months out from the election, the lobbying firm secured 11 meetings with senior government representatives to pursue the Pembroke approval. The Premier announced the mine would proceed just days before the election. "When you have influential lobbyists acting on behalf of a company while at the same time supporting a political party's election campaign, it reeks of a conflict of interest" – Serena Lillywhite, CEO, Transparency International Australia.