

Submission: Inquiry into supporting democracy in our region

Australia can contribute significantly to democracy, security and prosperity in our region by addressing the region's most existential threat, climate change, and by better governing our own resource sector.

Australian mining companies have too-often contributed to environmental disasters, human rights abuses and armed conflicts in neighbouring countries.

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INTRODUCTION

The Australia Institute welcomes the opportunity to make a submission to the Joint Standing Committee on Foreign Affairs, Defence and Trade inquiry into supporting democracy in our region. Our submission focuses on the following terms of reference:

(b): “the importance of stability, democracy and good governance for the wellbeing of all the people of our region”; [and]

(e): “ways in which Australia can assist our neighbours in these objectives”.

In particular, we would like to highlight the consequences of climate change and resource sector governance for national security and democracy in our region. As is well-documented, climate change poses profound—and sometimes existential—threats to countries in the Asia-Pacific region. As a relatively wealthy and influential country, it is both in our interests and morally correct for Australia to help its neighbours confront these threats.

Australia's record in these areas has not always been impressive. Climate action has languished for the last decade and fossil fuel expansion remains government policy, contrary to the requests of our neighbours. Australia's resource companies, both fossil fuel companies and wider mining sector, have often undermined regional democracy reducing security and provoking conflicts in the regions where they operate.

If Australia is to take a leadership role in assisting our neighbours in ensuring ongoing stability, democracy and good governance, it is incumbent on our governments to pursue genuine climate action and rein in the excesses of the resource sector, forcing them to act as examples of the country's values, rather than examples of how to circumvent them.

CLIMATE CHANGE, NATIONAL SECURITY AND DEMOCRACY

The Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report, *Climate Change 2022: Impacts, Adaptation and Vulnerability*, notes drily that between 3.3 and 3.6 billion people “live in contexts that are highly vulnerable to climate change”.¹ This assessment summarises more detailed IPCC analysis conducted in 2014 that found climate change to be

an important factor threatening human security through

- (1) undermining livelihoods;
- (2) compromising culture and identity;
- (3) increasing migration that people would rather have avoided; and
- (4) challenging the ability of states to provide the conditions necessary for human security.²

While climate change will affect all life on Earth, the Asia Development Bank Institute describes the Asia–Pacific region as uniquely vulnerable because of “its dependence on the natural resources and agriculture sectors, [its] densely populated coastal areas, weak institutions, and poverty among a considerable proportion of the population.”³

¹ IPCC (2022) *Climate Change 2022: Impacts, Adaptation and Vulnerability*, p 12, <https://www.ipcc.ch/report/ar6/wg2/>

² IPCC (2014) *Climate Change 2014: Impacts, Adaptation and Vulnerability*, p 758, <https://www.ipcc.ch/report/ar5/wg2/human-security/>

³ Anbumozhi, Breiling, Pathmarajah and Reddy (eds) (2012) *Climate Change in Asia and the Pacific: How Can Countries Adapt?* pp 1, 9–35, <https://www.adb.org/publications/climate-change-asia-and-pacific-how-can-countries-adapt>

The Pacific Islands face an existential threat from climate change. Rising sea levels may render low-lying islands uninhabitable, with Kiribati, Tuvalu, the Maldives and the Marshall Islands identified as being at greatest risk.⁴

One of the more profound societal effects of climate change is the entrenchment and exacerbation of deep communal and economic divisions within affected societies and nations. The intersection between global warming and social equity has generated some perverse outcomes: as desertification expands, world agriculture is able to produce increasing amounts of carbohydrate and protein; as basic food becomes scarcer in parts of the world like sub-Saharan Africa, food waste increases in the developed world; while over 800 million people go hungry every day, 2 billion people suffer obesity. And as the IPCC 2019 Special Report *Climate Change and Land* pointed out, food insecurity is often accompanied by armed conflict and/or drought.⁵

There can be little doubt that global warming diminishes human security—not just among marginalised peoples, but across the board. When climate change goes hand-in-hand with the perverse distributional effects and wealth disparity of neoliberalism, a small number of people continue to accumulate wealth, property, etc, while an increasing number of people suffer diminishing economic and social equity. And as economic security declines, so too does the fundamental social wellbeing upon which communities depend for their security – the availability of services, affordable energy, affordable housing, access to education and training, economic and social safety nets, and the ability to live a dignified life in old age.

The impacts of climate change on national and global security are preoccupying security planners more and more, both in developed countries like the United States and in developing countries like Papua New Guinea. In May 2015, the Obama White House issued *The National Security Implications of a Changing Climate*, which noted, “A changing climate will act as an accelerant of instability around the world, exacerbating tensions related to water scarcity and food shortages, natural resource competition, underdevelopment, and overpopulation”.⁶ In 2007, the Papua New Guinea representative told the UN Security Council that the dangers faced by small

⁴ Hauger (2015) *Climate Change Challenges to Security in the Pacific Islands Region and Opportunities for Cooperation to Manage the Threat*, pp 148–150 in Azizian and Cramer (2015) *Regionalism, Security & Cooperation in Oceania*, <https://dkiapcss.edu/apcss-publishes-new-book-regionalism-security-cooperation-in-oceania/>; Letman (2018) *Rising seas give island nation a stark choice: relocate or elevate*, <https://www.nationalgeographic.com/environment/article/rising-seas-force-marshall-islands-relocate-elevate-artificial-islands>

⁵ IPCC (2019) *Climate Change and Land*, <https://www.ipcc.ch/srccl/>

⁶ White House (2015) *The National Security Implications of a Changing Climate*, p 8, https://obamawhitehouse.archives.gov/sites/default/files/docs/National_Security_Implications_of_Changing_Climate_Final_051915.pdf

island states and their populations were “no less serious than those faced by nations and peoples threatened by guns and bombs”.⁷

Policy-makers and governments everywhere must be able to answer the question: can a nation be secure when its people are not? Or, to put the same question differently, does the traditional focus on providing the military means for responding to armed attack protect a nation against the more insidious threat to its integrity and survival posed by internal division and the possibility of political collapse? If global warming exacerbates a nation’s internal divisions—divisions that result from a decline in broad-based economic, political and social equity—then climate change is an existential threat to the survivability of the state.

In an important study conducted during the COVID-19 pandemic, an expert group working under the auspices of the International Military Council on Climate and Security addressed these questions in some detail. Its report observed:

The security realm used to be reserved for policies to protect and enhance national security, through military defense and border control, for example. However, dynamics of the post-Cold War era proved the need for the concept of security extending towards the security of people rather than solely national boundaries. Human security, broadly defined, includes the socio-economic, political and environmental security dimensions of human life within nation states. The risks to these security dimensions also extend from traditional national security threat definitions, as they include risks to people’s livelihoods, such as droughts affecting agricultural output, increasing poverty and marginalisation. Threats to human security can also undermine the legitimacy of the ruling authorities, and thus weaken national security from within a state.⁸

The same report summarised the cascading and compounding security risks generated by global warming:

- The convergence of climate change and other risks creates compound security threats for states and societies. As the COVID-19 pandemic so starkly demonstrated, many countries are unprepared to manage multiple crises simultaneously. COVID-19 lockdowns and their consequent economic shocks, along with increased food insecurity globally, and climate change-related droughts and flooding, combined to create risks of greater instability and conflict in many parts of the world.

⁷ Parry (2007) *The Greatest Threat To Global Security: Climate Change Is Not Merely An Environmental Problem*, <https://www.un.org/en/chronicle/article/greatest-threat-global-security-climate-change-not-merely-environmental-problem>

⁸ International Military Council on Climate and Security (2021) *The World Climate and Security Report 2021*, p 30, <https://imccs.org/the-world-climate-and-security-report-2021/>

- Climate security risks will continue to intensify across all regions, with new disasters arriving before societies can recover from or adapt to the impact of previous ones. Fragile regions of the world will continue to face the most severe and catastrophic security consequences of climate change, but no region is immune, as demonstrated—for example—by the unprecedented wildfires in the United States and Australia in 2020. The floods in Pakistan and eastern Australia in 2022 amplify the point.
- Defence forces will be increasingly overstretched as climate change intensifies. As the pace and intensity of extreme weather events increases, countries are increasing their reliance on military forces as first responders. While direct climate change effects regularly threaten military infrastructure and threaten to reduce readiness, the most pressing security threats will come from climate change-induced disruptions to social systems.
- Proposed climate security adaptations and resilience solutions that do not account for local dynamics or integrate perspectives from local communities may well inadvertently contribute to other security risks.
- The global governance system is ill-equipped to deal with the security risks posed by climate change. In some cases, international law is modelled on outdated understandings of climate change impacts and therefore mismatched to future challenges, while in other cases, international law or norms to manage certain climate security risks do not yet exist.⁹

This is precisely what military planners mean when they say that climate change is a threat multiplier.

With all the above in mind, it is clear that accelerating climate change is a direct threat to democracy. As a political system that unites the governors and the governed in a compact that enshrines the rule of law, democracy can only survive when there is equity across the political system. Its authority, credibility and legitimacy depend on an intrinsic fairness in how costs and benefits are distributed across the entire population.

Governments must be accountable to their electorates, as they depend on the ballot box for their election and survival—but voters must also be empowered to participate in how they are governed and in the choices that governments make.

Central to this compact is trust, and inequality is a principal contributor to the erosion of trust.

Whether it results from decisions by governments to privilege one part of the community at the expense of another, from autocracy and dictatorship, or from global warming, inequality is a direct attack on democracy. In the so-called free world,

⁹ International Military Council on Climate and Security (2021) *The World Climate and Security Report 2021*, p 7

concern is mounting that democracy is on the decline. Richard Wike of the Pew Research Center has identified multiple sources for this view.

The health of democracy has declined substantially in nations around the world in recent years. Numerous studies by organisations such as the Economist Intelligence Unit, Freedom House and International Institute for Democracy and Electoral Assistance have documented the deterioration of democratic norms, the erosion of individual rights and the weakening of democratic institutions. At Pew Research Center, we've explored liberal democracy's crisis of confidence by studying how citizens across the globe think about democracy and its alternatives. The crisis has many characteristics, but there are four that regularly appear in our cross-national surveys: a surprisingly weak commitment to democratic values among many citizens; a sense of frustration with the performance of democratic societies; political and social divisions that exacerbate the problems of contemporary democracy; and a widespread desire for a more prominent public voice in politics and policymaking.¹⁰

As an OECD forum noted at the end of 2020, social division and inequality was exacerbated by the COVID-19 pandemic. But of all the various factors that have been identified as threatening national security and social harmony—global economic conditions, the spread of infectious disease, cyberattacks, global poverty, terrorism, nuclear weapons, ethnic conflict and mass refugee movements—global climate change tops the list.¹¹

To address the long-term impacts of climate change, governments everywhere need to reinvest in policies that enhance social equity, deliver greater inclusion and counter the forces that generate division, alienation and marginalisation. Governments need to reinvest in democracy because that is what democracies do.

RESOURCE SECTOR GOVERNANCE

Australian resource companies have extensive operations in the Asia Pacific region and can wield significant economic and political influence over the countries in which they

¹⁰ Wike (2022) *Global Public Opinion on Democracy: While most still embrace democratic ideals, there's discontent with how political systems are functioning*, <https://www.oecd-forum.org/posts/global-public-opinion-on-democracy-while-most-still-embrace-democratic-ideals-there-s-discontent-with-how-political-systems-are-functioning>

¹¹ Wike, Fagan and Connaughton (2020) *OECD Forum participants express concerns about the economy and climate change—and most want multilateral solutions to global problems*, <https://www.oecd-forum.org/posts/oecd-forum-participants-express-concerns-about-the-economy-and-climate-change-and-most-want-multilateral-solutions-to-global-problems>

operate. Australia's mining companies have often undermined security, democracy and stability in the region. Well-known examples include:

- Rio Tinto's involvement in the Panguna mine in the autonomous Bougainville region of Papua New Guinea ("PNG"), which led directly to the Bougainville Civil War;
- The environmental disaster at BHP's Ok Tedi mine in PNG;
- The PNG LNG liquid natural gas project in PNG's Hela Province, which involves Santos and has enflamed conflict region, including the involvement of the PNG military;
- The Porgera Mine in Enga Province of PNG, which was supported by Australia's export credit agency and has seen numerous human rights abuses by security services associated with the mining company, including the rape of over 100 local women;
- The Freeport Mine in Indonesia's West Papua, which had extensive involvement from Rio Tinto and has been at the centre of conflicts involving locals and the Indonesian Special Forces; and
- The long-running tensions between Australia and East Timor over oil and gas resources, with Woodside a key player.

Australian governments and government agencies have been directly involved with many of these companies and projects. Australia's export credit agency (formerly known as Efic, and now as Export Finance Australia) has financed the Panguna, Ok Tedi, Porgera and PNG LNG projects. Meanwhile, Australia's secret intelligence agency, ASIS, bugged the offices of East Timor's government to advantage Woodside in oil and gas negotiations.

Beyond these prominent disasters, there are scores of other Australian-linked resource projects operating in the region that are not making a serious contribution to local development, and that either push the boundaries of environmental approvals, safety and labour conditions—or break these boundaries entirely. Such projects undermine regional security, stability and democracy.

There are many ways in which the Australian Government could improve the conduct of resource companies in the region. If so inclined, it could turn the industry into a force for prosperity and stability, rather than a source of conflict. Measures to achieve this include:

- Making reforms to Export Finance Australia.¹² Options include:

¹² See also Swann (2019) *Efic changes*, <https://australiainstitute.org.au/report/efic-changes/>; Fletcher and Campbell (2017) *Submission to Export Finance and Insurance Corporation Amendment (Support for*

- Ending or strongly limiting the agency's support for mining and fossil fuels;
- Mandating increased resources for environmental, social and governance issues, and the reporting thereof;
- Appointing experts in trade, human rights and environmental impacts to the agency's Board; and
- Improving the agency's accountability by removing its special exemption from the *Freedom of Information Act* 1982. This was recommended by the Productivity Commission in 2012.¹³
- Ending or limiting the use of security and intelligence services for commercial espionage (such as that by carried out by ASIS for Woodside). These agencies should be concentrating on assessments of how resource companies could be undermining regional stability and security, not aiding in that destabilisation.
- Other related actions that would demonstrate to the resource industry and regional partners that Australia is serious about reforms that will contribute to improved practice and stability include:
 - Introducing whistle-blower protection to ensure debacles like the Witness K-Bernard Collaery prosecutions are not repeated; and
 - A judicial inquiry into the ASIS-Woodside affair, investigating how it came about and identifying who benefited—potentially inappropriately—from it.
- Engagement with the global accountability standard the Extractive Industries Transparency Initiative (EITI)¹⁴:
 - Continuing the provision of funding for EITI, and ideally increasing that funding;
 - Encouraging regional partners to join the EITI and other transparency initiatives; and
 - Implementing the EITI in Australia, in line with the pilot project begun under the Rudd Government and the 2016 commitment made by the Turnbull Government. Australia implementing the EITI would not only improve transparency around tax and royalty payments domestically, but would show that Australia is serious about ensuring the resource sector contributes to the community in a sustainable way.

Commonwealth Entities) Bill 2016 [provisions], <https://australiainstitute.org.au/report/export-finance-and-insurance-corporation-amendment-support-for-commonwealth-entities-bill-2016-provisions/>.

¹³ Productivity Commission (2012) *Australia's Export Credit Arrangements*, <https://www.pc.gov.au/inquiries/completed/export-credit/report>

¹⁴ EITI (2022) *Our mission: Promoting the open and accountable management of oil, gas and mineral resources*, <https://eiti.org/our-mission>

There are also domestic measures that could be taken to demonstrate to regional partners that Australia is serious about improving the culture of its resource sector. These include:

- Reforming taxation of resources, particularly offshore oil and gas, to increase revenues;
- Enforcing existing federal environmental laws and encouraging state governments to enforce their laws, including through litigation;
- Resourcing civil society organisations such as the Environmental Defenders Office and Environmental Justice Australia that pursue public-interest litigation in relation to the resource sector; and
- Reforming federal environmental laws to include consideration of climate change.

Given the power disparities involved—not to mention the disparities in wealth and resources—it is difficult, if not impossible, for regional governments to prevent misconduct on the part of Australian resource companies. It is thus incumbent on the Australian government to demonstrate that they govern the resource industry, not the other way around. Doing so would provide regional governments with both the ability and the motivation to regulate resource extraction in their own jurisdictions. This would help ensure that the stability and security failings of the past are not repeated.

CONCLUSION

There are innumerable ways in which Australia can partner with countries in our region to promote democracy and the international rules-based order. Most need not involve significant expenditure or extra effort – although better resourcing Australia’s diplomats and aid program would be most welcome. Instead, Australia’s greatest contribution to promoting good governance in our region could be to address our own significant policy challenges, particularly where these directly impact our neighbours as in the case of climate policy and resource sector governance and taxation.