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Department of Foreign Affairs and Trade

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Publish What You Pay Australia Submission into Development Policy Review

Publish What You Pay (PWYP) Australia welcomes the opportunity to provide this submission into the creation of Australia's new international development policy (IDP).

PWYP Australia is a coalition of 30 development, faith-based, environmental, anti-corruption, research and union organisations campaigning for greater transparency and accountability in the extractive industries (EI). PWYP Australia is part of the global PWYP network of more than 700 organisations and 45 national coalitions working to ensure that revenues from oil, gas and mining are used to drive development. In the Indo-Pacific region, this includes PWYP coalitions in Papua New Guinea (PNG), Timor-Leste, Indonesia, Myanmar and the Philippines. This submission draws on our members' experiences and the insights from PWYP coalitions in our region. The submission includes the following sections to help shape Australia's new IDP:

- Purpose of Australia's new International Development Policy
- Place of Extractive Industries in the Indo-Pacific
- Australia's Role in Promoting Transparency in Extractive Industries
- Women in Extractives Industries
- Role of Civil Society in Extractive Industries
- International Development Policy Alignment

Specific PWYP Australia recommendations are included in each section.

Purpose of Australia's new International Development Policy

In line with the Sustainable Development Goals (SDGs), the primary purpose of the IDP should be to address the development needs of the region by eradicating poverty and promoting human rights and sustainable development. This means partnering with governments, civil society organisations, communities and private sector actors to promote peace, poverty reduction and development.

PWYP Australia recommends that the IDP should have a focus on the human rights of the most vulnerable and marginalised people including women and girls, indigenous peoples, ethnic minorities and people with disabilities. As the Foreign Policy White Paper states, "government policies, including our foreign policy, must give expression to, and be formed on the basis of, the values of our community...racial and gender equality and mutual respect."¹

¹ <https://www.fpwhitepaper.gov.au/>

The IDP should ensure development outcomes that enhance the participation and rights of marginalised people and groups as decision-makers, active citizens and leaders. For example, empowering women and ethnic minorities to participate in, and lead discussions as part of the Extractive Industries Transparency Initiative (EITI) and more broadly around the governance of natural resources.

PWYP Australia recommends the Australian Government re-introduce a target for increasing ODA against Gross National Income (GNI), set a road map to achieve it and include a budget trajectory that ensures levels reach 0.7 per cent of GNI by 2030 to meet Australia's commitment to the SDGs.

Place of Extractive Industries in the Indo-Pacific

The EI are extremely important to “resource-rich” countries in our region including Timor-Leste, Indonesia, Myanmar and PNG. For example, in Timor-Leste extractive revenue contributes 91% of government revenue and 36% of GDP.² In PNG, the EI contributed over 24% of GDP and around 84% of the nation's export revenue.³ In these countries - which also receive large amounts of Australian aid – the EI represents a significant portion of GDP, potential and actual government revenue and comprises a large share of exports. The extraction of non-renewable resources provides these countries an important but finite source of economic development and government revenues to fund vital essential public services such as schools, hospitals and clean water. In the case of some fossil fuel projects, these governments will be faced with stranded assets in the coming years so ensuring that benefits flow to those most in need is paramount.

The extraction of oil, gas and minerals provides significant development challenges to governments and communities. Many resource rich countries including PNG, Myanmar and South Africa have high rates of economic inequality,⁴ conflict and gender-based violence. Women often experience the negative impacts of mining more than men, and rarely receive the benefits that men do.⁵ Extractive industries have also caused increased rates of conflict and gender-based violence in some instances.⁶ The EI are a major contributor to climate change and some specific projects have caused serious environmental damage and harm to local communities.

The Organisation for Economic Cooperation and Development (OECD) has identified the mining, oil and gas industries as the world's most corrupt economic sector.⁷ The High-Level Panel on Illicit Financial Flows (IFFs) from Africa found a clear relationship between countries that are highly dependent on EI and the incidence of IFFs.⁸ Corruption means less government revenue available for national budgets and development spending. The

² <https://eiti.org/timorleste>

³ <https://www.nso.gov.pg/index.php/economics/36-gross-domestic-products>

⁴ <https://wid.world/>

⁵ <http://blogs.worldbank.org/eastasiapacific/gas-and-mining-industries-take-gender-based-violence-papua-new-guinea>

⁶ <http://blogs.worldbank.org/eastasiapacific/gas-and-mining-industries-take-gender-based-violence-papua-new-guinea>

⁷ <https://www.oecd.org/corruption/oecd-foreign-bribery-report-9789264226616-en.htm>

⁸ <https://www.uneca.org/iff>

extraction of resources provides governments in “resource rich” countries an important opportunity to ensure the benefits boost development and further the SDGs.

Australia’s Role in Promoting Transparency in Extractive Industries

Australia is a major player in the EI globally. PWYP research shows 717 ASX companies operating or exploring in 106 countries, including 19 companies in PNG and 31 companies in Indonesia.⁹ Australian companies are present in at least 34 African countries.¹⁰

Australia’s aid program has a long-standing record of investing in good governance and anti-corruption measures in EI. Australia has provided over \$20 million to support the Extractive Industries Transparency Initiative (EITI) - known as the gold standard for governance of EI - across the Indo-Pacific. In 2018/19, Australia invested an estimated \$84 million to support good governance and transparency in extractives.¹¹ These investments have delivered strong results, systemic change and value for money. For example, Australian support to the Myanmar EITI and the Natural Resources Governance Institute in Myanmar has contributed to increased transparency and disclosure of company ownership and disclosure of political exposed persons involved in the country’s resources industry. The Myanmar EITI has also made progress in introducing policy reforms, improving transparency in extractives data, stimulating robust public debates and creating a platform for dialogue among stakeholders.¹²

In Timor-Leste, which is heavily dependent on oil and gas, the EITI process there has helped track how much of the revenue is transferred annually to Timor-Leste’s budget and supports citizens to ensure accountability. The PWYP coalition in PNG also highlighted the effectiveness and support from DFAT in supporting PNG’s EITI. The EITI is also an important tool in driving national level policy and practice change and helps citizens and civil society keep governments and companies accountable. PWYP Australia recommends Australia continues to support the EITI and invests in other EI governance activities to help development partners achieve the SDGs.

Women and Extractives Industries

Australia can continue to be a leader in gender equality in the lead-up to 2030 by strengthening the investment in gender safeguards, women’s leadership and EI. Women are not only less able to participate meaningfully in extractives transparency initiatives, but often bear the brunt of the social and environmental costs of the sector and have limited access to the benefits. PWYP’s work globally shows that:

- women are not consulted when companies negotiate access to land, compensation or benefits

⁹ From PWYP Australia’s 2017 Report: Abundant Resource, Absent Data <https://www.pwyp.org/pwyp-resources/abundant-resources-absent-data/>

¹⁰ From PWYP Australia’s 2017 Report: Abundant Resource, Absent Data <https://www.pwyp.org/pwyp-resources/abundant-resources-absent-data/>

¹¹<https://dfat.gov.au/aid/topics/investment-priorities/infrastructure-trade-facilitation-international-competitiveness/extractives-sector-development-assistance/Pages/extractives-sector-development-assistance.aspx>

¹² <https://eiti.org/myanmar#news-blogs-and-more->

- when mining damages the environment, it undermines a woman's ability to provide food and clean water for her family and can increase her workload
- compensation and benefits are paid to men "on behalf of" their families, denying women access to mining's financial benefits and potentially increasing their economic dependence on men
- women can lose their traditional status in society when mining creates a cash-based economy
- a transient male work force can bring increased alcohol, sex workers and violence into a community, which can affect the safety of women
- female mine workers often face discrimination, poor working conditions and unequal pay.¹³

The gendered impacts of extractive are experienced differently depending on other factors, such as an individual's ethnicity, marital status, socio-economic class, religion or cultural background. PWYP Australia recommends Australia includes a focus on women's leadership from mining affected communities in the Asia-Pacific region. PWYP Australia recommends that Australia advocates and provide technical support for women's rights and gender issues to be strengthened into EITI processes and extractive governance frameworks.

Many resource rich countries in the Asia-Pacific have high rates of gender inequality as evidenced by PNG, Timor-Leste and Myanmar's ranking as *low* or *medium* in UN gender equality indexes.¹⁴ PWYP Australia recommends a stronger focus on addressing gender based violence with partners operating in areas that have extractive projects especially where ASX listed companies operate. PWYP Australia has research outlining where ASX listed companies are operating.¹⁵

Role of Civil Society in Extractive Industries

The role of civil society is fundamental to achieving transparency and accountability in EI. Active participation of civil society allows citizens to better understand whether EI are benefitting them and promotes accountability with government and companies.

Civil society space is shrinking globally, including within the Indo-Pacific region. The shrinking of civil society space for communities will, if not addressed, be a significant obstacle to the achievement of the SDGs and inclusive development. The CIVICUS Civic Space Monitor rates civil society space in Lao PDR and Vietnam as 'closed', Myanmar and Cambodia as 'repressed', and PNG, Timor-Leste, Philippines, Fiji and Indonesia as 'obstructed'.¹⁶ Research by the Business and Human Rights Resource Centre in 2018 shows that the extractive sector is the most dangerous for activists, with attacks on human rights defenders working on business-related activities in over 35

¹³ <https://www.pwyp.org/pwyp-resources/in-it-together-gender-report/>

¹⁴ The Gender Inequality Index is a composite measure reflecting inequality between women and men in three different dimensions: reproductive health. Empowerment and labour market participation. Source: United Nations Development Programme, Human Development Report 2016.

¹⁵ Go to www.pwyp.org.au

¹⁶ <https://www.civicus.org/index.php/state-of-civil-society-report-2019>

EITI implementing countries in the last three years.¹⁷ Civil society actors working on transparency in the extractives sector are among the most targeted globally. This includes include killings, torture and disappearances as well as criminalization for their activities. Attacks on women human rights defenders in relation to business activity have increased every year for the past five years, with 137 attacks recorded in 2019. Almost half of all of these attacks (48%) were against indigenous women and affected rural communities' leaders and members.¹⁸

The work of civil society in EI is protected and promoted in international human rights law, including in human rights treaties to which Australia is a party to and which are binding on Australia. This includes the International Covenant on Civil and Political Rights and the Declaration on Human Rights Defenders, which provides for the support and protection of human rights defenders in their work. PWYP Australia recommends that the IDP have a strong focus on civil society space including in the EI. PWYP Australia also recommends increasing the proportion of Australian ODA channelled to, and through civil society, to a minimum of 20%.

International Development Policy Alignment

Australia's international relations and the IDP need to reflect and align with domestic policy and international standards. Where there is inconsistency between Australia's international commitments, government departments and policy, PWYP Australia recommends that IDP should be the standard bearer, promote ambition and align with international commitments and the SDGs.

For example, the IDP should align with commitments made under the Paris Agreement and as consistent with Australia's commitments to limiting warming to below 2 degrees, development co-operation and other government instruments such as Export Finance Australia and the Australian Infrastructure Financing Facility for the Pacific should not be used to fund, or loan money, to support new fossil fuel projects overseas. Similarly, Australia should move to implement the EITI immediately to align domestic policy with its leadership role in supporting the EITI overseas.

We look forward to discussing the details of this submission with you at any time and for the Australian government's continued support of transparency and good governance in EI as part of the new IDP.

Yours sincerely,

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National Director

Publish What You Pay Australia

¹⁷ <https://www.oecdwatch.org/wp-content/uploads/sites/8/2019/06/Reprisals-NCP-system.pdf>

¹⁸ <https://dispatches.business-humanrights.org/hrd-january-2020/index.html>

Background on Publish What You Pay

Publish What You Pay is a global campaign for transparency and accountability in the mining and oil and gas industries. In Australia, the campaign is supported by a coalition of organisations that are committed to promoting good governance in resource-rich countries to ensure that citizens benefit equitably from their natural wealth, including through advocacy for the mandatory disclosure of all payments made between extractive industry companies and governments on a country-by-country and project-by-project basis.

The current members of Publish What You Pay Australia are:

Action Aid Australia	Friends of the Earth Australia
Aid Watch	Global Poverty Project
Anglican Overseas Aid	Greenpeace Australia Pacific
Australian Conservation Foundation	Human Rights Law Centre
Australian Council for International Development	Jubilee Australia
A Billion Little Stones	Mineral Policy Institute
Burma Campaign Australia	Oaktree Foundation
Caritas Australia	Oxfam Australia
Catholic Mission	Search Foundation
ChildFund Australia	SJ Around The Bay
Columban Mission Institute	Tear Australia
Conservation Council of Western Australia	Transparency International Australia
CFMEU – Mining and Energy	Union Aid Abroad – APHEDA
CAER – Corporate Analysis. Enhanced Responsibility	Uniting Church in Australia – Synod of Victoria and Tasmania
Economists at Large	World Vision Australia