Separated at birth? How to tell Labor and the Coalition apart on aid and development

by Robin Davies

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International aid and development policies barely figure in Australian federal election campaigns. Incumbent parties feel no need to articulate policies for a new term. Opposition parties tend to make a few low-profile and often random-seeming commitments that, perhaps, appeal to specific constituencies. The policy offering of the Australian Labor Party (Labor) when in opposition in 2007 was skeletal, comprising a commitment to increase Official Development Assistance (ODA) to 0.5 per cent of Gross National Income (GNI) by 2015 and to spend more on water and sanitation, climate change adaptation and avoidable blindness at a total cost of less than $500 million over several years.

The 2013 election campaign is no exception. Labor has to date said nothing about its third-term aid and development priorities, offering, by default, more of the same. The Liberal-National Coalition (the Coalition) has riffed on a few themes in its comments on aid and development policy since the 2010 election but has yet to convey a clear or always consistent position on what it would do with Australia's aid program. We can expect a few lines on aid in their foreign affairs and trade policy, when that emerges, but not much more than that.

Despite this paucity of policy offerings, we've done our best to prepare a detailed policy brief that draws together what is known at the present time about the direction of the major parties', and also the Australian Greens', thinking on aid and development policy. You can download it here. It provides a narrative summary, and a more comprehensive summary in matrix form, of the three parties' positions under six headings: geography, policy and strategy, multilateral aid, sectors and cross-cutting issues, partnerships and aid management. In this post we highlight the main areas of broad commonality and specific difference between the two major parties and conclude with some remarks on what should be the principal aid and development priorities of the incoming government.

The Shadow Minister for Foreign Affairs, Julie Bishop, recently nominated aid as

one of several points of differentiation between the parties on international policy. At the level of broad policy, the facts are otherwise. By comparison with the situation during, say, the 1996 election campaign, the two major parties have a great deal in common on aid and development. There at least five points on which there is agreement or at least a broad consistency of approach, as follows.

1. Both parties maintain a general commitment to **aid growth**. Certainly many people would prefer that the parties' past commitments to very steep aid growth were maintained, and have been dismayed by Labor's multiple cuts to the aid program's forward estimates, totalling almost $6 billion in the current and previous financial years alone. However, it is important to recognise that regardless of the election outcome Australia is likely to be one of the few countries in the world that is not intent on reducing aid below recent levels.
2. Both parties are, for the first time, committed to having a dedicated **minister for international development** and both might well be open to the formation of a **standing** p**arliamentary committee on aid**, as recommended most recently by the Senate inquiry into Australia's aid to Afghanistan.
3. Both parties endorsed all the recommendations of the **2011 aid review**.
4. Both parties are committed to increasing the emphasis of the aid program on **private sector development**, including through support for 'aid for trade' and partnerships with business. Moreover, neither party has expressed any keenness to revive the policies of the pre-Howard era when aid was tied in various ways, most notably through the Development Import Finance Facility [pdf], to Australian commercial interests.
5. Both parties are equally likely to continue tapping into the aid program to support at least some of the offshore elements of Australia's **asylum-seeker management regime**, including community detention, claims processing, local and international resettlement and broader aid packages negotiated in the context of regional resettlement arrangements.

In order to tell the parties apart on aid policy, as much as on economic and other areas of policy, you have to zoom in quite a bit and examine the details. There are in fact many differences on specific points of policy, some of which are quite significant from the standpoints of individual interest groups. The main such differences are in the six areas summarised below.

1. **Aid volume**. Labor has overpromised wildly but has consistently delivered large aid increases—since Labor came to office, aid has grown by about 50 per cent in real terms, from $3.2 billion to $5.7 billion per annum. Labor can't reasonably hope to meet its 0.5 per cent ODA/GNI target in 2017-18 but would probably deliver larger annual aid increases than the Coalition over the next few years. The Coalition would probably set a more distant but credible ODA/GNI target, presumably still 0.5 per cent, while making increases subject to the achievement of yet-to-be-specified aid management benchmarks or 'hurdles'.
2. **Geography**. The Coalition would phase out aid to Latin America and the Caribbean and consolidate, but perhaps not substantially reduce, aid to sub-Saharan Africa. While little is likely to change in South and East Asia (notwithstanding remarks in early 2011 about aid to Indonesian schools), the Coalition would seek to broaden and deepen bilateral engagement with PNG, the Pacific island countries (including Fiji) and Timor-Leste—aspiring to become their 'partner of choice'—but would not necessarily make any significant changes to aid settings. A more likely and significant change would be a revamp of the Seasonal Worker Program. Another might be a shift from PACER Plus to a more stepwise approach to regional integration.
3. **Private sector development**. While 'aid for trade' is hardly a freshly hewed cornerstone for the aid program—aid in this category has grown substantially under Labor and now accounts for about 17 per cent of all Australian aid—the Coalition would likely give higher priority than Labor has to local enterprise and

skills development, including through a new enterprise challenge fund or funds. It might also move more decisively to establish practical cooperation arrangements with Australian business organisations, something that Labor has talked about but not advanced very far. There is also reason to believe the Coalition would accord high priority to economic infrastructure, as it did in its 2006 White Paper on aid.

4. **Climate change**. The Coalition appears bound to oppose the use of aid to reduce net greenhouse gas emissions in developing countries (climate change 'mitigation') through bilateral and multilateral channels. Its opposition to climate change financing also extends to climate change adaptation but, in the end, it will most likely allow the use of aid to fund adaptation programs. Australia could move from the front to the back seat in ongoing discussions about the design and financing of the multilateral Green Climate Fund.
5. **Multilateral aid**. The Coalition would probably be bound to make heavier use of the multilateral system than it might wish to, but is likely to take a more hard-edged approach—based largely on Australia's Asia-Pacific development objectives—to assessing the effectiveness of, and allocating resources to, multilateral organisations. Aid to UN funds and programs could be reduced overall. Australia would not rejoin the International Fund for Agricultural Development, might not join the African Development Bank and would probably discontinue discretionary funding to the International Labour Organisation. There could be additional funding for the private sector operations of the multilateral development banks.
6. **Asylum seekers**. The Coalition appears bound to oppose the use of aid to meet domestic asylum seeker costs. Logically, they would oppose the use of aid for community detention offshore but, in practice, they might follow Labor's policy. The Coalition would almost certainly follow Labor in calling on the aid program to meet regional resettlement costs or facilitate agreement on any further regional arrangements.

The Coalition's 'reverse Colombo Plan' might also belong in the list above, but they have yet to determine how it would be funded. It's conceivable that it might be charged to the aid budget, with Australian students badged as volunteers for some part of their time overseas, but at this stage it is simply unknown whether this initiative will affect the aid program. Likewise, it's hard to know how seriously to take the Coalition's proposal to set up aid-funded centres of excellence in medical research and training in northern Australia, as part of its approach to the development of that region. In its final form this proposal is uncosted; in a leaked internal party document [pdf] it was costed at $800 million. Some of that must be for capital costs, in which case it can't be charged to the aid budget.

It could be some time after the election before it is clear what the incoming government will do with the aid program. Some decisions will have to be taken early and are not inherently difficult. Such decisions would include appointing a minister for international development—as Labor has lately done and as the Coalition is very likely to do—and determining Australia's priorities for the G20 development agenda, on which Australia will lead for the year commencing December 2013. Other decisions might and in many cases probably should take more time.

For Labor, there should be three major priorities:

1. to revise the **Comprehensive Aid Policy Framework** (CAPF), released in May 2012 but quickly rendered a historical document by large cuts to the forward estimates, so as to reflect what resources are really available and provide genuine predictability

2. to clarify policy on the use of the aid program for **asylum-seeker costs**, and place firm limits on those costs, both offshore and onshore, so as to minimise impacts on existing and planned programs
3. to bring a renewed emphasis to the maintenance and improvement of **program quality** through more rigorous evaluation and review, more contestability in program design, and more transparency with respect to individual aid activities.

In revising the CAPF, Labor should strongly consider options for making its ODA/GNI commitment more credible, deliverable and robust—for example by reducing the 2017-18 target to 0.4 per cent or selecting a target year for the achievement of a 0.5 per cent ratio that would not require an increase of more than 0.03 per cent of GNI in any year. The program quality agenda would be well served if Labor were to seek cross-party agreement to the establishment of a standing parliamentary committee on aid and development.

For the Coalition, the above priorities would also apply, and there would be a great deal of clarifying to do—for example in relation to:

- the timeframe and funding trajectory to be associated with its 0.5 per cent ODA/GNI commitment
- the handling of asylum-seeker costs
- the level and composition of aid to sub-Saharan Africa
- the funding of the reverse Colombo Plan
- the funding of aspects of the northern Australia policy
- the scope of the term ‘aid for trade’
- the nature of the changes envisaged for the Seasonal Worker Program
- the specific measures to be taken to increase scrutiny of the aid program for increased effectiveness.

Clarification on these and various other points would best be provided, not piecemeal, but in the form of a comprehensive aid and development policy statement. That needn’t be hurried and in fact would best not be. The Coalition would preferably take time to receive and consider well-developed advice from AusAID and other sources before issuing a policy statement with indicative four-year resource allocations in conjunction with the 2014-15 budget. Given the Coalition’s strong undertaking to shift Australia’s relationship with its near-neighbours beyond aid, they might also take the opportunity to make this the first statement of its kind that incorporates policies on both aid and international development.

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