

## Principles released for AusAID's (deep) reintegration into DFAT

**Author :** Ashlee Betteridge and Stephen Howes

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An email sent to all AusAID and DFAT staff today from Peter Varghese, Secretary of DFAT, has revealed the principles for the integration of the AusAID into DFAT. The message provides some of the first detail on what the future of AusAID and Australian aid might hold since PM Tony Abbott's aid reorganisation [announcement](#) last month.

The principles include a new objective for the aid program, stating that: "Australia's aid program will promote Australia's national interests through contributing to international economic growth and poverty reduction. It will be designed and implemented to support Australian foreign and trade policy. Its geographic priority will be the Indo-Pacific region, especially the South Pacific and South East Asia".

Whether or not the first sentence of this is intended to be the official objective of the aid program is unclear, but its wording is very similar to the way that Foreign Minister Downer [articulated](#) the objective of Australian aid: "Advancing Australia's national interest by assisting developing countries to reduce poverty and achieve sustainable development." However, Downer delinked Australian aid from the pursuit of commercial objectives. The new wording about aid supporting not only our foreign but our trade policy may re-open the door for the pursuit of commercial objectives through the aid program. The reference to the Indo-Pacific suggests an ongoing aid program for East Africa.

The principles also give priority to working with NGOs to deliver aid, something which didn't appear in the Coalition election platform, but which Joe Hockey [announced](#) at the press conference when the \$4.5 billion cuts to aid forward estimates were revealed.

AusAID's future remains uncertain, but the principles suggest that AusAID's continuation as a separate agency within DFAT is clearly in doubt. On the one hand, the principles stress the importance of having the capabilities, staff and system to deliver a complex aid program effectively, and says that there will be a "development career stream/structure" within DFAT. On the other, it says that there will be unified people management and back-office operations which would indicate that the reintegration implied is much deeper than a simple return to arrangements pre-2010, which is when AusAID separated from DFAT.

None of the nine principles suggests how aid effectiveness might be improved, though the long-held Coalition point that the results of the aid program should be "measured against clear benchmarks" is reiterated.

*The full text of the email sent to AusAID and DFAT staff is below:*

### **Message from the Secretary to all DFAT and AusAID staff**

#### **DFAT—AusAID Integration Principles**

The first steps are being taken to integrate DFAT and AusAID and to better align Australia's foreign, development and trade objectives.

The Task Force has been established and Working Groups are starting to consider the range of corporate/staffing, operational, policy and program issues that need to be addressed.

The Task Force will report to a Steering Committee chaired by me, with Ewen McDonald, Chris Moraitis, Gary Dunn and Paul Grigson as members.

The Terms of Reference for the Task Force and details of the Working Groups are now available on the Task Force's intranet site.

As foreshadowed in my message of 18 September, the integration process and work of the Task Force will be guided by a set of principles. These principles have now been agreed by Steering Committee members and are set out below.

These principles will guide the integration process with the objective of achieving a transformed Department that aligns and implements foreign, development, and trade policies and programs in a coherent, efficient and effective manner, in pursuit of Australia's national interests.

The principles emphasise the need for the transformed Department to have the capabilities—particularly our staff—and systems to deliver effectively a large, complex and high quality aid program.

The principles are necessarily broad guidance. They do not provide details of how we will operate as a unified Department and what integration means in practice for all of us. Those details will be worked through in the coming months, in accordance with the principles.

On current planning, the necessary steps to abolish AusAID as an Executive Agency under the Public Service Act and to remove it as a prescribed agency from the Financial Management Act Regulations will have been taken, for the abolition to take effect on 31 October 2013.

The business of delivering the aid program will continue from 1 November, as part of the Department of Foreign Affairs and Trade. We will be working towards a new structure for the Department by 1 July 2014, with transitional arrangements applying from 1 November. As we move towards 1 November, further information will be provided of initial changes required by the Machinery of Government framework and other steps to be taken at that time, as decided by the Steering Committee.

We are at the beginning of a major and complex change process, involving all AusAID and DFAT staff. I am confident of your cooperation and constructive participation in the process as we move ahead. I look forward to an opportunity to meet with all staff in October, as soon as my travel commitments allow.

### **DFAT–AusAID Integration Principles**

These principles will guide the integration process, working towards a new structure for the Department by 1 July 2014. Until then, transition arrangements will apply from 1 November 2013.

- Australia's aid program will promote Australia's national interests through contributing to international economic growth and poverty reduction. It will be designed and implemented to support Australian foreign and trade policy. Its geographic priority will be the Indo-Pacific region, especially the South Pacific and South East Asia.
- The outcome of integration will be a transformed Department that aligns and implements foreign, development, and trade policies and programs in a coherent, efficient and effective manner, in pursuit of Australia's national interests.
- The Department will work closely with NGOs with a strong track record for effective aid delivery.
- Effective and high quality aid is fundamental to advancing Australia's national interests and must be supported by a Department with the capabilities and systems to deliver a large and complex aid program and to be measured against clear benchmarks.
- Recognising its implications for all staff, the integration will be undertaken with open and constructive communication with staff, with transparency and accountability, as well as in accordance with the legal and regulatory requirements for machinery of government changes.
- The transformed Department (after transitional arrangements expire) will have unified people

management, applying to all APS employees and to locally-engaged (overseas-based) staff.

- In order to maintain aid policy and program management expertise, the department will have a development career stream/structure, with some positions in Canberra and overseas designated as requiring international development assistance skills.
- The Department will have unified corporate, ICT, property and other enabling services, in Australia and overseas.
- The balance of the Department's operations in Australia and overseas will be determined by how to pursue most effectively and efficiently Australia's foreign policy, economic/trade, and development interests and the resources available to do so.
- The Department will have a strong unified culture focused on advancing Australia's foreign policy, economic/trade, and development interests with a high degree of professionalism, integrity and innovation, while maintaining accountability and risk management capability.