

The pop-up parliamentary aid debate: a theatre review

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There was a rare, unadvertised and quite extended parliamentary [debate](#) [pdf, from p. 66] about Australia's overseas aid program last Tuesday evening, well summarised [here](#) by Ashlee Betteridge. Ostensibly it was about the Australian Civilian Corps Amendment Bill 2013, which modifies an existing act of parliament to reflect the integration of the Australian Agency for International Development (AusAID) into the Department of Foreign Affairs and Trade (DFAT). In fact the debate ranged widely over aid cuts, offshore statutory and the abolition of AusAID. What most struck this reviewer about it was that both sides led with their weakest suits.

The government opened with some defiant remarks about the integration of AusAID into DFAT. Teresa Gambaro said:

... the abolition of AusAID ... marked a very significant milestone for Australia's international engagement and a new era in diplomacy. ... This major change will see the alignment of Australia's foreign, trade and development policies and programs.

... It is also necessary step in getting Australia's foreign aid program back on track after six years of Labor's waste and mismanagement. On 12 May 2011, the Daily Telegraph reported the leaked concerns of a Labor insider that Australian taxpayers would be footing an extra \$2 billion in foreign aid bills because Labor was fearful of upsetting the then Foreign Minister, Kevin Rudd.

... Sure enough my own fears and the coalition's concerns were borne out months later, when it was revealed that the Labor Party's complicity in allowing one man to pursue his own legacy skewed the foreign aid budget to the tune of about \$3 billion.

It must be that foreign minister Julie Bishop wasn't in the chamber to remind Gambaro that the Coalition, as at May 2011 and in fact right through until May 2012, subscribed no less than Labor did to the policy of increasing the aid budget to 0.5 per cent of GNI by 2015. Come to think of it, Gambaro was shadow

parliamentary secretary for international development assistance at the time.

As for the Security Council argument, it's likely to become an own-goal. Certainly Labor's Security Council campaign influenced aid allocation decisions, though not to anything like the extent asserted by Gambaro. Certainly it was behind some bad but small decisions, such as DFAT's decision to spend some of the aid money under its control on a commemorative anti-slavery statue in New York City (the subject of a spirited but misguided interjection from Josh Frydenberg, Parliamentary Secretary to the Prime Minister). Labor obviously cannot concede that point in an adversarial exchange—shadow foreign minister Tanya Plibersek ignored interjections on it, or chose to interpret them as attacks on increasing aid to Africa. However, [as we have noted before](#), any distortion was in fact the result of rather close alignment between the previous government's aid and foreign policy priorities.

We can reasonably expect the present government, or any government, to inflict no fewer distortions upon the aid program than the last one did. After all, it is now explicitly part of the job description of the aid program to pursue whatever foreign and trade policy priorities the government (or widely-distributed DFAT heads of mission) might see reason to adopt, whether they be short- or long-term in nature. The following contribution to the debate from Labor's Melissa Parke, a former Minister for International Development, was startlingly sane but at the same time out of step with the policy and/or practice of the present and previous administrations:

... above all else I believe that it is important we recognise that there is a distinct Australian international development cause and project and that it is simply not possible for that cause and project to be wholly directed by, or even wholly consonant with, the legitimate but separate interests and purposes of Australian diplomacy and Australian trade.

The Liberals' Kelly O'Dwyer, drawing on [past comments](#) from Gambaro, weighed in on the efficiency gains to be achieved by abolishing AusAID. She said:

AusAID now [well, not exactly now] spends almost seven per cent of Australia's foreign aid budget on administration, a figure well above the 2010 OECD-DAC average for administration costs of 5.2 per cent. It is imperative that any increase in our foreign aid finds its way to those for whom the aid is intended. We do not want to see our aid chewed up in administration costs.

It is right that AusAID had begun to spend more than most on administration, which for the member countries of the OECD's Development Assistance Committee normally averages just under five per cent. In 2011 AusAID's administrative spending stood at 6.1 per cent. The 2013-14 budget papers indicated that 'general development support' (including some non-AusAID administrative costs) would reach seven per cent. However, [this was largely a matter of sequencing](#): staff needed to be in place now if substantial aid growth was to be managed effectively. And, as noted above, substantial aid growth was the policy of both the government of the day and, until May 2012, the Coalition. (In another gleeful but forgetful interjection during Plibersek's speech Frydenberg said that Labor had 'bloomed' the aid program.)

Now that the projected aid growth has evaporated and less staff are required, there is in fact an immediate question about how much of this year's aid program might end up funding redundancies rather than aid activity. Redundancies are a legitimate cost up to a point. However, given that they can be charged to the aid budget there is not necessarily an incentive for DFAT to keep them to a minimum. Indeed the government's suggestion that AusAID was 'chewing up' aid in administration costs tends to create the opposite incentive: to get the headcount well down. There is some danger in this situation that we might see excessive shedding of experienced and high-quality personnel as well as an excessive transfer of costs from programs to administration in the current financial year. This wouldn't exactly ensure that 'our foreign aid finds its way to those for whom [it] is intended'.

O'Dwyer made another remark about a potential and intended benefit of integration. She said:

... We also want to leverage partnerships: one of the points of integrating AusAID within DFAT is that we can leverage up the relationships with private institutions and private funds that are being spent in our region so that we are getting the biggest bang for our buck and it is being used responsibly and effectively.

It is very far from clear what she means by 'leveraging up' relationships with private institutions and funds, or what the purpose of this might be, or why any part of DFAT is particularly well placed to do it. Perhaps there is a body of thought underlying this remark on how aid might be allocated to, or in cooperation with, private sector partners in order to increase the development impact of business activity. Perhaps O'Dwyer is talking about partnerships for service-delivery. Perhaps she is talking about sharing risks with firms of whatever origin where there might be development benefits in doing so. Or perhaps she is simply talking about subsidising Australian firms to enter markets where they are either uncompetitive or believe themselves to be. It is hard to know what supposition is best inserted into this vacuum.

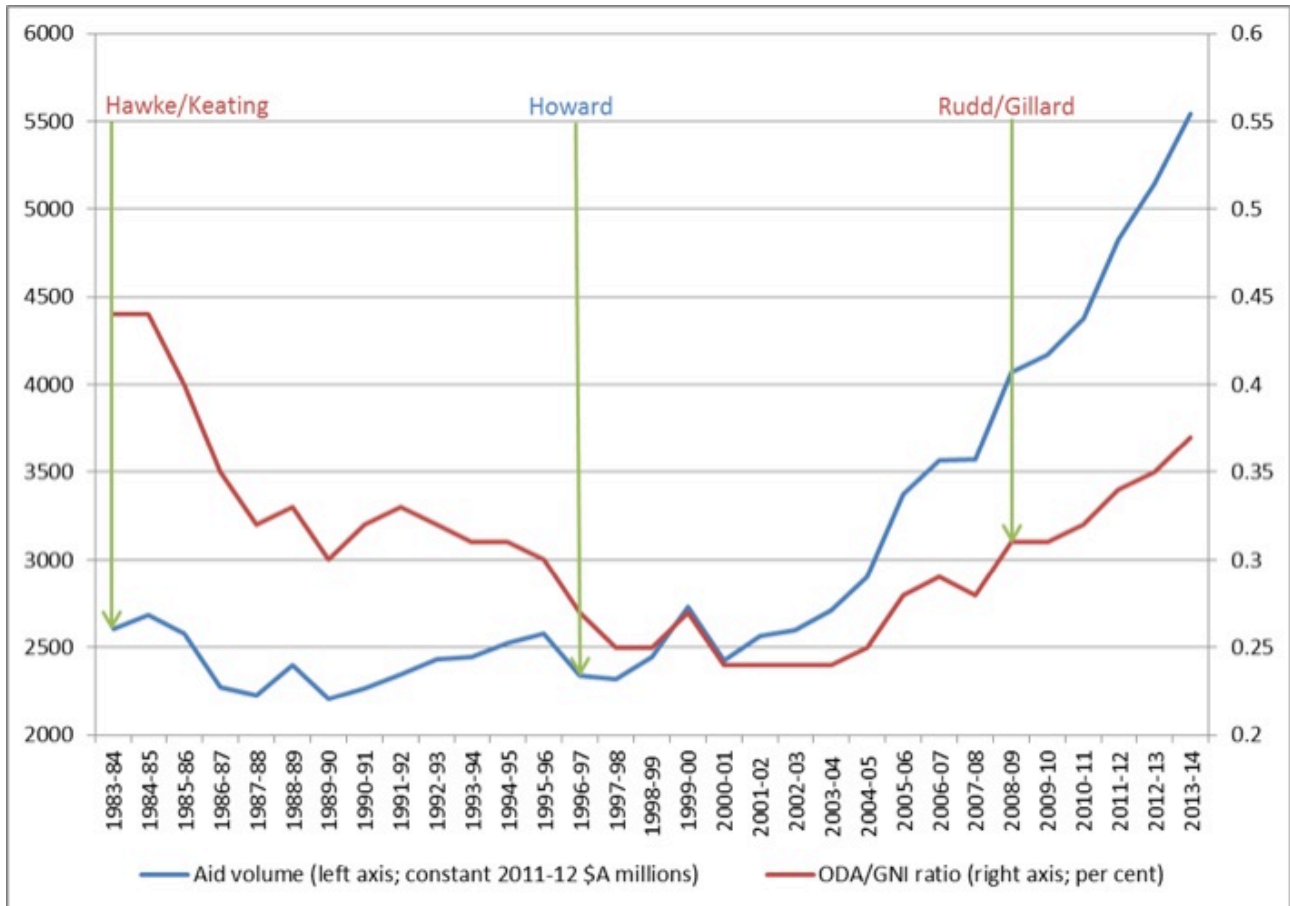
Labor, for its part, counter-struck with an attack on the government's aid cuts. Gai Brodtmann described the government's removal of \$4.5 billion from the aid program's 2013-14 budget and forward estimates as 'the biggest [cut] we have ever seen'. Plibersek called it 'huge'. Laurie Ferguson also strongly criticised the government for 'ripping out' this funding from the aid program. But Labor is hardly in a strong position to criticise the government on this score. It's not so long since we saw a bigger cut. In three decisions from May 2012 to August 2013, Labor reduced the forward estimates for aid by \$5.7 billion. As the Liberals' Steven Ciobo said,

... the Labor Party felt free to break the very promise that was central to its [Security Council] campaign. That, of course, was: 'Australia, we do what we say'.

In retrospect, some mottos are just guaranteed to ricochet.

Nor is Labor well placed to criticise the government's within-year \$656 million reduction in the 2013-14 aid budget, given that it abruptly reallocated a total of \$750 million within the aid budget, in December 2012 and May 2013, to meet domestic asylum-seeker costs at the expense of previously planned programs.

Labor can, however, rightly claim that it delivered very substantial growth in the aid program over its six budgets to 2013. It increased aid by about 55 per cent in real terms up to 2013 relative to the Howard government's last budget. But Howard was no slouch either. After a slashing start in 1996, his last aid budget in 2007 was just under 40 per cent larger in real terms than Keating's last—aid was not, as Parke said, simply 'low and unpredictable' under Howard. The pattern of aid spending under the Hawke/Keating, Howard and Rudd/Gillard governments is shown in the chart below. The Hawke/Keating years, obviously, were not good years for aid. The later Howard years were much better. The Rudd/Gillard years were better still until the 2012 budget, at which point 'we do what we say' was retired and major reversals and reallocations kicked in.



Interestingly, Ciobo, who is Parliamentary Secretary to the Treasurer, also said this:

... the government's decision to increase the aid budget in line with inflation over the forward estimates will provide certainty for Australia's aid program and the NGO community, after years of broken promises by Labor.

Whether that 'decision' withstands the imminent 2013-14 budget update and the 2014-15 budget process remains to be seen, but a few years' certainty about aid volume, at any level, would be quite a change.

Finally, Teresa Gambaro echoed some [recent remarks](#) by Julie Bishop in saying:

we are some of the most generous people in the world, per capita, when it comes to being aid donors, and there is nothing in this legislation that will change that fact.

She added that:

Australia is likely to be the eighth largest donor in the world—and that is knowing that we are, of course, one of the 12 or 13 largest economies.

The latter point was later repeated emphatically by Ciobo. However, we are [not in fact](#) among the most generous official donors in the world in per capita terms—and per capita comparisons are in any case blind to significant differences between countries in per capita income. Nor will we remain the eighth-largest donor in the world after this year's cuts have been applied. Based on reasonable assumptions about what other

donors will do, we will probably drop to tenth place or lower. That might be higher than our ranking in terms of the size of our economy, but that too is hardly a relevant basis for comparison. Here's a more relevant basis: depending on how you calculate per capita income, Australia generally has the [fifth- or the sixth-highest per capita income](#) among OECD countries.

Overall, high marks for putting on the show at all, and for some nice lines. But it was more play-acting than a debate in earnest. Labor was not averse to cutting aid: the government's most recent cut essentially just finished the job that Labor started in May 2012. And the government is extremely unlikely to be averse to distorting aid allocation decisions in response to emerging foreign policy priorities, and perhaps also in response to insistent requests for help from Australian businesses.

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