

Address to Australian Council for International Development - Policy priorities for aid and development assistance

Friday, 22 October 2010

E&OE...

I will begin by acknowledging the work of the Council, with its vital role as the peak body for more than 70 Australian non-government organisations working in the field of aid and development and I commend the sector for the combined annual contribution towards overseas aid of more than \$1 billion.

In Parliament this week there has been a focus on the very important issue of Australia's involvement in the conflict in Afghanistan, and I know you have a great interest in that issue with development a key part of the strategy in Afghanistan and that of course has future implications for development assistance and aid money.

It has been a long – too long – grinding war of attrition against a tenacious insurgency.

But as we all know, the troubles that beset Afghanistan have their genesis many years ago.

The people of Afghanistan have endured many years of hardship - before the coup against the royal family in the early 1970s, followed by a period of turmoil that ultimately gave the Soviets an excuse for invasion in 1979.

The ongoing development of Afghanistan was set back decades after the devastation that occurred during the Soviet occupation.

National development was set back even further under the brutal medieval rule of the Taliban. The Taliban had imposed a particularly harsh interpretation of Sharia law that took away the rights of women and which brutally suppressed the rights of the native Afghan population.

So in a nation with a rudimentary economy, and low levels of literacy and basic education, it was the last thing they needed.

I visited Afghanistan last year and during discussions I was informed that one of the greatest sources of income for the government were the fly over payments from the airline companies, and that is just not sustainable.

It is no secret that Afghanistan has a long way to go in terms of meeting the challenges of being a robust, peaceful, independent nation.

The International Security Assistance Force (ISAF) and its role in Afghanistan has proceeded under the aegis of United Nations Security Council, Resolution 1386 of 2001.

It has been focused on providing stability and security to a nation shattered by decades of conflict.

The task of reconstruction remains daunting and, while there have been some significant gains, there is still a great deal to be done.

One of the key challenges is building the capacity of the local Afghan people to provide for their own security through armed forces and police, and through a government which must become relatively free of corruption.

The Afghan government is also being supported to build the institutions that underpin a robust democracy that will enable the nation to achieve long-term stability.

I saw first hand the efforts of Australia's troops and civilians working in a very dangerous environment in support of the Afghan people.

The Coalition (in Canberra here) supports a successful conclusion to our operations in Afghanistan, and there is no concrete time limit on that task.

The Government's commitment to training the Afghan Army's 4th Brigade has been placed in a two to four year timeframe and we in the Coalition stand behind that timeframe as practical and reasonable.

There should be no precipitate withdrawal from Afghanistan and I think to do so would be a grave strategic and tactical error.

But this does mean an ongoing commitment to supporting the civilian population.

I think the work of our Reconstruction Task Force is instructive. We have set up a Trade Training Centre in Tarin Kowt and young men of fighting age, and that can be from age 12, are selected from local communities to undertake basic skills and trained for building and construction work – brick laying, plastering, painting, electrical work and the like – and they are taught by our forces.

The local builders are awarded contracts by the Australian Defence Force for local schools, health centres, market places – you name it – and use the young men trained in our school so that provides jobs in the local communities, opportunities for local communities and the idea is to leave behind a skilled workforce. So this is all part of the nation building commitment.

But Australia's international interests are painted on a much broader canvas than Afghanistan, and Australia's aid effort is a crucial part of that canvas.

Despite the need to address the spiralling debt problems that the Labor Government has created, this audience can be assured that the Coalition believes that the aid budget should be quarantined from what is often euphemistically called 'fiscal consolidation'. In other words, no cut to the aid budget.

The Coalition stands by its commitment to increase foreign aid spending to 0.5 percent of our Gross National Income by 2015-16.

I am firmly of the view that we must focus the bulk of our aid efforts in the Asia-Pacific and Indian Ocean regions and that we must focus on quality and rigorous administration of that effort.

Given the fiscal constraints that we have and the need to rein in spending, we haven't committed to increasing the aid budget to 0.7 percent of Gross National Income (GNI) and neither has the Labor Government.

Prior to the 2007 election, Kevin Rudd committed Labor to 0.5 percent of GNI by 2015, but the first of the large increases in the forward estimates occurring 2011/12 and 2012/13.

Now in respect of the Government's program we are concerned that these increases occur in the years leading up to the vote for the Gillard Government's bid for a temporary seat on the UN Security Council, and that it will be used in an attempt to buy votes as part of that campaign.

Whatever the justification for the Security Council seat bid, the dispensing of the aid budget should not be dictated to by that process.

And I am concerned that, under Labor, the aid budget will be spread too thinly with the Government announcing there will be a greater aid and diplomatic focus on Africa and Latin America – where coincidentally there are large numbers of United Nations votes.

There is a stronger argument with respect to Africa as many of its nations are in the bottom tier of the UN's human development index, as are many of the nations in our region.

However that is not the case in Central and South America, where many nations are ranked more highly.

So while acknowledging there is great need for aid in these regions, particularly in Africa, I believe Australia can have a bigger impact if we focus aid in our region where it is more closely aligned to our national interest.

A report by the Australian Strategic Policy Institute, *The Human Tide*, in June 2009, recommended that Australia should focus its aid effort in our region, and the Coalition agrees with that assessment.

Also former Dean of the Asian Development Bank Institute, Australian aid specialist Dr Peter McCawley, has strongly made the case that the majority of the world's poor live in the Asian region where mass poverty surpasses the poverty challenge in Africa.

In a speech to the Australian Institute of International Affairs in 2009 he noted that while our friends in Europe and North America have a focus on Africa, the level of poverty in our region, based on World Bank statistics, is significant and is likely to be persistent for decades to come.

Countries in our broader region, such as Afghanistan and Pakistan, are facing problems of an unprecedented range and scale that threaten our own interests in maintaining regional security and combating terrorism.

I have already discussed Afghanistan, but Pakistan is battling to contain extremists who move across the porous Pakistan-Afghanistan border who are inciting trouble as the Pakistan Government battles the Taliban in the Swat Valley.

Chronic and politically destabilising poverty continues to afflict the countries to our north-east and east making them an arc of instability.

These factors have clouded the future of Fiji which is still to return to democratic rule following the coup orchestrated by Commodore Bainimarama.

Other countries that readily come to mind as requiring Australian assistance are PNG, Solomon Islands, East Timor, Indonesia and Sri Lanka.

There are regional cooperation issues such as people smuggling, failed states, HIV-AIDS, and anti-terrorism.

With these intractable problems in our region it is hard to justify large spending on programs in other parts of the world.

That is not to say that Australia does not have a responsibility to provide aid to places such as Africa, especially when it comes to ad hoc funding outside our region to realise specific goals.

Examples of ad hoc aid include that given to the Palestinian territories to support a two-state solution or aid funding at times of natural disaster.

Now this is a responsibility that the Coalition takes very seriously. But I do believe that precedence should be given to countries in our region.

With my other hat on, as Shadow Minister for Trade, I note that no discussion on poverty alleviation can ignore the incredible boost in lowering global poverty that comes from improvements in international trade.

As the Australian Chamber of Commerce and Industry has previously noted, governments in rich, developed countries pay out more than \$A335 billion annually in protection and support for their (often affluent) farmers which is equal to a massive seven times what they provide in foreign development assistance each year.

The Australian Chamber of Commerce and Industry noted that the typical cow in the European Union receives a government subsidy of some \$A2.90 per day - more than double the earnings of over one-fifth (or 1.2 billion) of the world's people.

As you will often have heard that research by the World Bank indicates the real reform of global agricultural trade would lift around 140 million of these people out of poverty.

And I think these are vital points and cannot be ignored.

Like the Government, the Coalition strongly supports the ongoing efforts to negotiate a successful conclusion to the World Trade Organisation's (WTO) Doha Development Round.

Unfortunately WTO negotiations can be like wading through treacle and the Doha Round has been 'progressing' since 2001.

The WTO's framework of agreed trade rules are critical in ensuring that markets remain open and that further trade liberalisation can be achieved.

The Coalition has announced we would establish the permanent position of Ambassador for Trade Reform to promote further trade reform internationally.

We envision an Ambassador for Trade Reform would serve as the focal point for coordinating, promoting and intensifying the Australian Government's international efforts to encourage reform.

Such an Ambassador would play an important role in promoting greater cooperation between Australian agencies and their counterparts in other countries.

We would continue to support the position of Trade Representative for Australia's Agricultural Industries and believe that there should be new roles of Trade Representative for Australia's Manufacturing Industries and for Australia's Services Industries.

We would work with groups of like minded countries to progress multilateral trade negotiations, and increase pressure on all members of the WTO, particularly the countries engaged in significant agricultural subsidisation like the European Union, the United States and Japan, to reduce farm support and work towards completion of the Doha Round.

We strongly believe that WTO's success will also mean success in reducing global poverty and meeting the Millennium Development Goals.

However, while ever progress at the WTO remains stalled, I believe that bilateral trade agreements between Australia and other nations can also be instrumental in alleviating poverty - and the Coalition has a strong record of negotiating bilateral free trade agreements.

In many instances, free trade agreements offer the prospect of quicker and more extensive gains than can be achieved through the WTO, albeit on a smaller global scale.

So the Coalition recommends devoting increased resources to the effective conclusion of high quality and comprehensive free trade agreements with nations like China, Malaysia, the Gulf Cooperation Council, Indonesia and India.

These would all help, perhaps at the margins, but it will help in poverty prevention.

Returning specifically to aid issues, given the size and significance of our foreign aid budget which will effectively be doubled by 2015/16 to meet the 0.5 percent of GNI target, the Coalition did announce prior to the last election that, if elected, we would appoint a Minister for International Development.

We envisaged that the work of this Minister be within the Foreign Affairs portfolio and a key responsibility would be to improve the effectiveness and efficiency of our aid program, including an increased proportion directed through non-government channels.

Now, we didn't win the election. The Government didn't make such a ministerial appointment, so there is no separate ministry within the Department of Foreign Affairs and Trade. So we have appointed a

Parliamentary Secretary for International Development, Teresa Gambaro. I encourage you to make contact with her if you have not already done so.

As you know, the Australian National Audit Office last year has raised serious concerns about AusAid's ability to effectively manage the large increases in aid required to meet the 0.5 percent target.

There have been criticisms of AusAid's over reliance on technical assistance, there have been questionable priorities, and allegations of waste and mismanagement.

I am not making a partisan political point here as these problems do go back many years.

It was formal Coalition policy prior to the election that an independent inquiry be held into the aid program to investigate allegations of waste and mismanagement.

The media have made much of these allegations, they will not go away until such time as there is transparency and an independent inquiry.

In terms of our focus, Papua New Guinea, as the largest destination for Australian aid, would be a particular priority for us.

I had proposed to mandate that an inquiry was to report on how to increase effectiveness and transparency. So PNG would be one obvious focus for such an inquiry.

Afghanistan, where Australia has that ongoing military and development role, would also be a key focus.

I really firmly believe that aid efficiency can be improved by directing a larger proportion of the aid budget through non-government channels, and I note that it is recommended by the OECD.

Finally, a couple of other related matters.

It is vital that Australia pursue a principled and robust approach to human rights abuses, particularly in our region.

Australia should work with countries in our region to establish more Ministerial level Human Rights Dialogue, such as we have with China where issues of human rights can be discussed in an open and frank forum.

Economic analyses by the World Bank and the United Nations reveal a strong link between levels of gender equity and national development.

And women can be powerful drivers of economic development.

Encouragingly, women have historically assumed significant leadership roles in the nations of the Asia Pacific and the Indian Ocean.

In several cases, the rise of women to positions of national leadership in developing countries of our region has occurred more rapidly than in Australia.

I had proposed, before the last election, a second tier dialogue of prominent women in politics from across the region to discuss common interests in security and aid, trade, energy, human rights, health, disaster response and nuclear non-proliferation.

And I suggested that we would establish networks of mentors available to work with younger women to promote the involvement of women in political leadership positions. I was certainly encouraged in my view after a visit to the Solomon Islands some time ago when the country was beset with problems, conflict and tension, yet the women were left entirely out of the process.

In conclusion I confirm that we have a wide-ranging and comprehensive agenda as it relates to development issues.

We would certainly be encouraging the Government to take up some of the ideas we had in our election platform before the last election.

I certainly welcome the opportunity to have an ongoing dialogue with ACFID during this term of Parliament and hopefully you'll be of assistance to us as we develop our election policy platform for 2013 election.

Thank you for giving me the opportunity to speak with you this morning.

- The Hon. Julie Bishop MP