

House of Representatives, Monday 16 September 1996

**COMMITTEES: Foreign Affairs, Defence and Trade Committee: Report**

**Mr BRERETON** (Kingsford-Smith) (12.36 a.m.) —On behalf of the Joint Standing Committee on Foreign Affairs, Defence and Trade, I present the committee's report entitled *The Australian aid program, a report on proceedings of a seminar of 31 July 1996, Canberra*, together with minutes of proceedings.

Ordered that the report be printed.

**Mr BRERETON** —Debate on the level and direction of our nation's overseas aid is one of the enduring themes of public policy. The motivation for giving aid intertwines timeless ideals of charity and duty to one's fellow human beings, commitments to justice and the elimination of suffering, and pragmatic concerns to create a more secure world with stable and prosperous trading partners. The vital necessity for aid rests on the persistence of poverty. As honourable members are aware, the United Nations has declared this year as the International Year for the Eradication of Poverty. No member of this parliament would question the necessity for intensifying the international effort to eliminate poverty and social injustice. Between 800 million and 1.3 billion people live in absolute poverty today, about one billion people have no access to basic health care services, 1.3 billion have no access to safe water, and two billion have no access to basic sanitation services.

Eliminating poverty is certainly neither simple nor easy. Aid is as complicated, as varied and as uncertain as the development process itself. It encompasses the multiple variables of economic and social change, fundamentally important human rights along with the sensitivities of international relations and national sovereignty. The decision of the joint committee to convene the seminar on Australia's overseas aid program held on 31 July this year was prompted by the changes that have occurred since the last comprehensive review of Australia's overseas aid program, the 1984 Jackson report, and the present government's establishment of its new review, chaired by Mr Paul Simons.

The seminar also took place against a context of looming budget cuts. These cuts, as announced on 20 August, slashed \$114.4 million, or 10 per cent, from the aid program to reduce the ratio of our aid to GNP to an all-time low of 0.29 per cent, a level far below the bipartisan UN endorsed goal of 0.7 per cent of GNP.

It remains to be seen what the full implications of these budget cuts will be on the effectiveness of the aid program and our broader international interests. Suffice to say that our nation's standing in the Asia-Pacific region has certainly been damaged by the unilateral termination of agreed projects which were to have been funded by the development import finance facility. We also have to await the outcome of the Simons review, which will no doubt be the subject of lively debate in this parliament and elsewhere. The committee appreciated Mr Simons's presence at the seminar and hopes that he will find the report of these proceedings worth while and that the committee will have an opportunity to meet with him and to discuss his conclusions in due course.

Time prevents me from canvassing all the issues raised in the seminar. I would, however, take the opportunity to draw attention to recommendation 10 of the report of the proceedings which, as in the committee's earlier report on human rights in Burma, affirms the importance of Australia's human rights objectives as an integral, indeed essential, element of the aid program and our nation's broader engagement overseas, including the activities of Australian companies.

The essentially negative remarks of the Parliamentary Secretary to the Minister for Foreign Affairs (Mr Andrew Thomson) on this issue during this seminar were disappointing, although not surprising. They were, of course, entirely consistent with what appears to be the

government's essentially laissez-faire approach to human rights and labour rights, in particular. As the Deputy Prime Minister (Mr Tim Fischer) put it in China last month, it appears to be the case that 'business is business'. I do not intend to make a partisan point today, but I do say that respect for human rights in the Asia-Pacific is a foreign policy issue which will not go away no matter how much the government or anyone else may want it to do so. It cannot be quietly swept under the carpet and the government can expect strong criticism of any further attempts to do so, be it in relation to Tibet, Burma, Indonesia or anywhere else in our region and beyond.

The committee welcomed all of the participants at the seminar. The involvement of many members of the business community was especially welcome, as it seemed to the committee that there is scope for the development of a proactive dialogue between government, business and non-government organisations in the contributions that each can make to the other's performance. The exchanges clearly were lively and, despite the short time available, managed to raise a good number of seminal issues. I hope this report will stimulate debate in the parliament. I commend it to the House.

**Mr TAYLOR** (Groom) (12.41 a.m.) —It is appropriate that, albeit briefly, we discuss this report of the Joint Standing Committee on Foreign Affairs, Defence and Trade this morning, entitled The Australian aid program . It is a first in this parliament. I think it is the first report to the parliament of a similar sort of seminar in the last two or three parliaments. So it is a very important one. Having been involved in that seminar, I think it gave a good interplay between the bureaucracy, members of the parliament, the NGOs, business, as the honourable member for Kingsford-Smith (Mr Brereton) has pointed out, academia and, most importantly, as a precursor to the Simons review, which is to be the first major review of aid since the Jackson report some 12 years ago.

It is important to make the point right at the outset that the *raison d'etre* for continuing aid is the persistence of poverty, which is one of the points made very early in the report as a result of this seminar. I take this opportunity to compliment the chairman of the committee, the right honourable member for new England (Mr Sinclair), on his initiative. It was a very large initiative of his. I congratulate him on that. I am pleased to see that we have Margaret Swieringa in the House. Margaret was heavily involved in the preparation of this report. We all owe her a debt of gratitude for producing the report in very short order. She and Joanne Towner were members of the secretariat. I thank them.

In terms of the issues that were raised at the seminar it is worth while in the very short time available to us to read into the record the sorts of issues that were raised. The nature of the need for development assistance was raised. Was poverty increasing or decreasing in the world today? To what extent was there a polarisation between the rich and the poor? The overall level of the aid budget, mentioned by the honourable member for Kingsford-Smith, both nationally and internationally was raised, as was the decline in ADA in the face of rising numbers of poor and the significance of other flows, particularly private investment flows. Was Australia's contribution sufficient? Were its aims still directed at poverty alleviation or had they become corrupted? How was aid best directed to meet its objectives? What role did government NGOs and private business have to play in the provision of aid? Finally, the ever increasing demand for disaster relief and its effect on development assistance was raised. There is some conjecture and debate about the degree of the ADA/GDP ratio raised by the honourable member for Kingsford-Smith. It is not the appropriate time to get partisan on that issue today but I point out to everybody that there has been an erosion of that percentage from 0.5 per cent of GDP since the Jackson report down to what we have in the 1996-97 budget levels, of 0.29 per cent. I have to say to the honourable member opposite that, whilst he may regard the contribution of the Parliamentary Secretary to the Minister for Foreign Affairs, the honourable member for Wentworth (Mr Thomson), to that seminar as being negative, I do

not. I think that it was a pragmatic contribution. What was decided on 25 August was consistent with the budgetary climate in which we found ourselves. So I would have to agree to disagree with the honourable member opposite.

In terms of the bilateral and multilateral contribution in the 1996-97 budget levels, it is worth recording that about 59 per cent of the 1996-97 budget will go in the bilateral direction, which is an emphasis of our government, whilst 30 per cent will be focused into multilateral agencies. In the bilateral area it is appropriate to reinforce some of the percentages: 43 per cent goes to the PNG and South Pacific regions and about the same goes to east and southern Asia.

This is an important report. It shows the differences which have to be taken into consideration: humanitarian, commercial, foreign policy and security. Like the honourable member opposite, we all look forward to the results of the Simons inquiry.

**Mr BARRY JONES** (Lalor) (12.46 p.m.) —The seminar on the Australian aid program held in Canberra on 31 July was valuable and enlightening. The Joint Standing Committee on Foreign Affairs, Defence and Trade later recommended:

As a member of the DAC the Government reaffirm its commitment to achieving the ODA/GNP target of 0.7 per cent.

The acronyms should be explained. DAC is the Development Assistance Committee—in effect, the 20 donor nations. ODA is the abbreviation for Global Official Development Assistance, although, as you would point out instantly, Mr Acting Speaker, GODA would have been more complete. Gross national product, GNP, is used rather than gross [start page 4274] domestic product, GDP. GNP equals GDP plus earnings from foreign investment.

The 0.7 per cent target was set by the United Nations many years ago and has been honoured more in the breach than in the observance, to coin a phrase. Although public opinion surveys indicate 60 per cent support for the concept of overseas aid, the honourable member for Oxley (Ms Hanson) notwithstanding, Australia has never reached the target. In 1995 the ODA/GNP ratio fell from 0.3 per cent to 0.29 per cent. In the 1996 budget there was a further cut of \$114.4 million or 10 per cent down on the previous year. The bulk of the cut, \$93.4 million, came from the abolition of the development import finance facility, or DIFF, scheme.

However, of the DAC members, only four nations exceed the 0.7 per cent target. Of the four, three are from Scandinavia and the fourth is the Netherlands: Denmark, 0.97 per cent; Norway, 0.87 per cent; Sweden, 0.85 per cent; and the Netherlands, 0.8 per cent. Then comes France on 0.55 per cent, followed by Canada on 0.39 per cent, Belgium on 0.38 per cent, and then Australia and Switzerland are level-pegging. Coming next is Germany on 0.31 per cent, the United Kingdom on 0.29 per cent and Japan on 0.28 per cent. All are ahead of the DAC weighted average. Then it goes down, and the lowest nation on the list, I regret to say, is the United States where the figure is 0.1 per cent. Of course, in absolute dollar terms, that would be a very significant amount, but the percentage is disappointingly low.

Table 2.3 points out that since 1968 there has been a growing discrepancy between the per capita GNP in Australia and Australia's per capita spending on overseas aid. It can be seen that 1968 was the last year when the two lines on the graph overlapped. Since then the gap has been growing wider and wider.

It is important to point out that, with the aid program, it is not as if the Australian government simply hands out cash. The aid is very much targeted and, of course, it leads to the export of Australian expertise and products. So, in a sense, the great bulk of the money is spent domestically and then the value is exported.

Thirty per cent of the aid goes towards total social infrastructure and services, 10.5 per cent towards economic infrastructure and services, 4.9 per cent only towards assistance in production, and then there are a whole complex of other sectors, including emergency assistance, which together add up to 100 per cent. So the total ODA from Australia is of the

order of \$1½ billion—a very substantial amount in absolute figures. Nevertheless, the needs in the area generally continue to rise and increasingly, if we think of the kind of world that we want to live in, we need to—(Time expired).

**Mr BRADFORD** (McPherson) (12.51 p.m.) —I also would like to add my congratulations to the Joint Standing Committee on Foreign Affairs, Defence and Trade, which produced this report. It is an excellent report. For people who want to get an understanding of what the overseas aid program is all about, a reading of this report not only focuses on that but also canvasses a number of the issues and tensions that exist in the broad debate on the aid budget. There is no doubt that the aid budget is controversial and I take the point that the member for Lalor (Mr Barry Jones) has made that many people probably share, as he referred to indirectly, the view of the member for Oxley (Ms Hanson) that we should cut the aid program completely. I certainly do not share that view and I endorse the benchmark of 0.7 per cent of GDP that is set by the United Nations. I think it is very desirable that there be bipartisan support for that target.

The point is made in the report that Australia is a wealthy country, despite the present economic circumstances in which we find ourselves. It was unfortunate—the member for Groom (Mr Taylor) made the point—that the member for Kingsford-Smith (Mr Brereton) became very political in criticising the current budget. We can rationalise that, we can explain that those cuts had to be made across the board, and I think that that is unfortunate because I am strongly committed to foreign aid.

However, the point that the member for Groom made ought not be lost on the opposition; that is, this has been trending down for a long time to the point that it has now reached. I think it would be desirable, and I hope there would be partisan support, to see it move back up again as soon as our economic circumstances allow.

There are a lot of things in this report that I think are important. The value of the aid program to Australia, section 2, explains very clearly for people who do not understand why we do get involved in aid. I made the point that we are wealthy despite our circumstances, but the fact is that we get involved in aid for a variety of reasons both idealistic and pragmatic.

In the first instance, the report said that aid is a moral and humanitarian imperative and Australia is a wealthy country despite economic difficulties, but it goes on to point out that in many of the countries where our aid is directed poverty breeds disease, civil unrest and terrorism which in turn precludes economic development and it is in Australia's interest to assist in the creation of a more secure environment in the region. Furthermore, rising standards of living in neighbouring countries improve markets for our exports. Further, if you want a stronger rationale, the report makes the point that 90 per cent of the aid budget is spent in Australia on a variety of goods and services.

There is a very defensible and arguable rationale for aid that we need to sell to the community. It takes real leadership, in effect, in the community to sell that particular story. It is not easy to go out. It is easy in a sense to stand up in this place and say, 'We are wealthy. The countries we are helping are extremely poor and in some cases Australia has a GDP 200 times the GDPs of these countries we are helping.'

I believe we have a responsibility for a whole lot of pragmatic reasons on the one hand and humanitarian reasons on the other for helping these people. As I say, the 1996 budget led to a further reduction in aid for a whole lot of reasons. I am one who is prepared to stand up as a government member and say that that is unfortunate. I would like to see that reversed as our circumstances improve, which no doubt they will in the reasonably short term.

The other interesting feature I found in reading this report was the crystallisation of the debate on economic growth versus aid per se and whether aid needs to be directed purely towards those sorts of economic ends or whether there needed to be just a need for aid. I thought the discussion in this report was very balanced. It was very helpful to me as a member to

crystallise the elements of that debate. For anyone reading it outside of here, I think it would be very helpful in understanding those issues as well.

The other recommendation which I think was very worth while was recommendation No. 6, which flowed on from that discussion, that the government give priority in the aid program to areas of greatest poverty and places which could not attract private flows of capital. In many respects, our aid program can enhance those flows of capital and projects can lead to that, but there are many other areas where poverty is just so endemic that nothing short of pure humanitarian aid is going to be the answer. I am one in this House who will want to stand up and support that sort of aid. I congratulate the committee for this report. I think it is very good work.

**Mr ACTING SPEAKER** —The time allotted for statements on this report has expired. Does the member for Kingsford-Smith wish to move a motion in connection with the report to enable it to be debated on a future occasion?

**Mr BRERETON** —I move:

That the House take note of the report.

I seek leave to continue my remarks later.

Leave granted.

**Mr ACTING SPEAKER** —In accordance with standing order 102B, the debate is adjourned. The resumption of the debate will be made an order of the day for the next sitting. The member will have leave to continue speaking when the debate is resumed.