Accountability for our aid dollar
Time to hit the pause button?

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i. Executive summary

The allocation of Australia’s aid program needs a thorough review. The Australian government already spends AUD$5.2 billion in aid and development – or nearly AUD$250 per Australian annually – and has committed to raise foreign aid spending to 0.5 per cent of Australia’s gross national income by 2016-17.

With a ballooning foreign aid budget, it is critical to review how the aid budget is spent, and by whom. While modest, the role of non-government organisations in delivering Australia’s aid program is clearly rising. The total aid expenditure on NGOs through specific programs is AUD$110 million in 2012-13 and set to rise to AUD$150 million by 2014-15. Some NGOs receive nearly AUD$40 million from AusAID alone.

There are serious questions to be asked about the number of NGOs that actively campaign for more aid expenditure in Australia, while they are concurrently recipients of that aid. Some of these NGOs receive aid funding to engage in domestic political activity – such as WWF and ACF – including climate change policy advocacy and consumer campaigns – such as Oxfam.

There are also serious questions about NGOs allocated aid funding and how they spend it on promoting social, political and environmental objectives that run contrary to the aid and development goals of the Australian government.

Australia’s aid program clearly supports promoting sustainable economic development. At an earlier stage of economic development than wealthier nations, developing countries are required to exploit their natural resources as they make the leap from a subsistence economy to manufacturing and eventually a service-based economy. NGOs receiving public money – like WWF – have continuously engaged in activities that undermine the ability of developing countries to leverage their comparative advantage, such as in mining, forestry and agriculture development.

For instance, recent campaigns led by NGOs and taxpayer-financed zoos in Australia have forced the KFC fast food restaurant chain to drop the use of palm oil, a major export of Malaysia and Indonesia in their Australian stores. These campaigns are now being repeated against KFC using Indonesian paper products, in complete disregard of the fact that the export of these goods sustains the livelihoods of millions of small farmers in the Asia Pacific region.

WWF has been very active in campaigning alongside other political NGOs, and taxpayer-funded institutions for legislation that would make it more difficult for palm oil and forestry products to be imported into Australia.

Greater oversight over how NGOs use public funds is needed. Earlier this year the government of Norway suspended funding to two projects being delivered by WWF Tanzania on allegations of embezzlement. Questions have been raised about funding for World Vision that supports groups with links to illegal activities.

The impact of these campaigns should not be under-estimated. And the potential use of taxpayer’s funds to hinder the objectives of Australia’s aid program should not be ignored. This report recommends that:

- The definition of political activities within the aid program’s restrictions be revised to stop NGOs from securing government funding that may finance activities that undermine the objectives of Australia’s aid program.
- A full audit of how government finances are spent by NGOs to ensure that no public money is being misdirected toward political activities.
ii. Table of contents

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<td>About the author</td>
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</tbody>
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iii. Abbreviations

ACF Australian Conservation Foundation
ACFIC Australian Council for International Development
AUD$ Australian dollar
CEFC Clean Energy Finance Corporation
FOE Friends of the Earth
GDP Gross domestic product
GNI Gross national income
MDGs Millennium Development Goals
NGOs Non-government organisations
UAWC Union of Agricultural Work Committees
WWF World Wildlife Foundation
1.0 Current trends in Australian aid

The Australian aid program has gone through significant structural change throughout the past decade. Due to geographical proximity, the Australian aid and development program has traditionally focused on the Asia Pacific Region.

In 2006 the then Foreign Minister, Alexander Downer, released a White Paper to assess the priorities of the Australian aid and development program. The intention of the aid program was ‘To assist developing countries to reduce poverty and achieve sustainable development, in line with Australia’s national interest’ and targeted its focus on the Asia Pacific region. In line with the focused priorities of the Australian program the Howard government also increased outsourcing as a component of Australia’s aid program to achieve value-for-money in aid spending. A key component of increasing outsourcing was allowing non-Australian service providers to participate in delivering aid projects. They had previously been restricted from doing so.

With the election of the Rudd government in 2007 the priorities of Australia’s aid and development program were diverted. Since the establishment of the United Nation’s Millennium Development Goals (MDGs) there has been a strong push for the Australian government to meet its target of dedicating 0.5 per cent of GNI toward foreign aid by 2015-16. In the 2012-13 budget that objective was delayed by one year to assist the government in returning the budget to surplus. That has left the Australian government’s aid program at 0.35 per cent of GNI in 2012-13. The Australian government will now ensure aid is 0.5 per cent of GNI by 2016-17. The goal still enjoys bipartisan support.

Support for a pause is not a result of absent interest in foreign aid. In the life of the current government it has grown considerably. If there is a pause it should only be considered in the context of a broader commitment by government to curtail government spending across the board to assist the Treasurer in securing a government surplus.

Table 1 | Australian government official development assistance, $AUD

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</thead>
<tbody>
<tr>
<td>AusAID</td>
<td>$3.544 billion</td>
<td>$3.385 billion</td>
<td>$3.850 billion</td>
<td>$4.420 billion</td>
<td>$4.751 billion</td>
</tr>
<tr>
<td>Total gov.</td>
<td>$3.8 billion</td>
<td>$3.818 billion</td>
<td>$4.362 billion</td>
<td>$4.864 billion</td>
<td>$5.153 billion</td>
</tr>
<tr>
<td>Share of GNI</td>
<td>0.33%</td>
<td>0.31%</td>
<td>0.33%</td>
<td>0.35%</td>
<td>0.35%</td>
</tr>
</tbody>
</table>

Sources: AusAID Annual Reports, available at www.ausaid.gov.au

While the focus of the Australian aid program is still heavily focused on the Asia Pacific region, the Rudd government allied its priorities closer to the objectives of the MDGs. Allying Australia’s aid program with the MDGs has justified expanding the focus of the program beyond the Asia-Pacific and across the Indian Ocean and into the African continent.

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3 AusAID. 2006.
Table 2 | AusAID Country and Regional Programs Expenditure, $AUD million

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<thead>
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<tbody>
<tr>
<td>Pacific</td>
<td>$674.4</td>
<td>$756.7</td>
<td>$842.2</td>
<td>$846.7</td>
<td>$1,155.9</td>
<td>$1,170.9</td>
</tr>
<tr>
<td>East Asia</td>
<td>$769.2</td>
<td>$825.0</td>
<td>$856.5</td>
<td>$811.8</td>
<td>$1,205.8</td>
<td>$1,321.2</td>
</tr>
<tr>
<td>South &amp; West Asia</td>
<td>$86.5</td>
<td>$141.1</td>
<td>$275.6</td>
<td>$302.8</td>
<td>$533.9</td>
<td>$525.3</td>
</tr>
<tr>
<td>Africa &amp; the Middle East</td>
<td>$66.8</td>
<td>$148.5</td>
<td>$185.8</td>
<td>$236.4</td>
<td>$503.2</td>
<td>$465.0</td>
</tr>
<tr>
<td>Latin America &amp; Caribbean</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$19.5</td>
<td>$26.2</td>
<td>$43.4</td>
<td>$47.7</td>
</tr>
<tr>
<td>Cross-regional</td>
<td>$141.6</td>
<td>$253.2</td>
<td>$220.3</td>
<td>$293.7</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>


The merits of a geographically expanded aid program are debatable, but the role of outsourcing has not been reduced. It has been perceived that the expansion of Australia’s aid program into these regions is politically motivated and linked to Australia’s bid to secure a seat on the United Nations Security Council.

Concurrently the rate of taxpayer’s money dedicated to aid and development has continued to increase. As Table 1 outlines, since the 2009 financial year total government spending on aid and development has increased by more than half a billion dollars, despite remaining level as a share of GDP.

Most of the increase in government funding for aid and development has gone to the Asia Pacific region. As Table 2 shows, the Asia Pacific Region still remains the primary focus of Australia’s aid program accounting for around half of all direct aid spending.

In the past government agencies have sought to deliver aid programs themselves. Increasingly they are seeking to reduce their own involvement by working with partners in foreign governments, for-profit service providers, in-country NGOs and locally based NGOs. The reasons for doing so are numerous, but include agencies recognising that some organisations have more appropriate skill sets and expertise as well as local knowledge that provides better value-for-money for stretched aid budgets.

Instead the role of government aid and development agencies has been to focus on establishing priorities for their programs and providing oversight for delivery. While AusAID is still heavily involved in the development of programs, they rely on outside providers to deliver Australia’s aid program, including NGOs.
2.0 NGOs in aid and development

NGOs have a long history of contributing to Australian aid and development efforts, particularly in disaster relief.

The majority of support NGOs provide to Australian aid efforts is through private sector funding sourced from individuals and corporations, and their aid efforts are made based on the organisation’s priorities. Traditionally through appeals from the public, NGOs have contributed to development and disaster relief in developing countries.

While the efficacy of NGO efforts has, at times, been questioned against delivering sustainable outcomes and providing value-for-money for donations, their reliance on voluntary sourced donations has meant there has been little need to scrutinise their conduct.

For-profit businesses are also key stakeholders in aid program delivery. Bringing project management, policy and service delivery expertise, for-profit businesses contribute significantly to ensure the Australian government secures value-for-money for its limited aid budget.

However, increasingly NGOs are becoming involved in government-sponsored projects because of their skills, networks and on-the-ground capacity. Rightly or wrongly, because they are not for-profit businesses they are also perceived as providing good value for government spending.

AusAID engages with NGOs through the Australian Council for International Development Partnership.

ACFID is the peak body for Australian development NGOs. According to AusAID, NGOs assist them in ‘maximis[ing] the impact and reach of Australian aid’ and they are now responsible for delivering more than 11 per cent of the aid program.\(^4\)

As Table 3 outlines, in the most recent reported financial year aid spending toward NGOs has exceeded AUD$110 million.

### Table 3 | AusAID dedicated NGO expenditure, AUD$ million

<table>
<thead>
<tr>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Expenditure</td>
<td>$38.4</td>
<td>$45.3</td>
<td>$56.4</td>
<td>$70.5</td>
<td>$97.7</td>
<td>$112.4</td>
</tr>
</tbody>
</table>

**Source:** AusAID Annual Reports, available at [www.ausaid.gov.au](http://www.ausaid.gov.au)

However there are appropriate restrictions on which NGOs can be involved in delivering aid. Through the AusAID NGO Cooperation Program, the NGOs accredited ‘have strong community support’ and have ‘sufficient capacity to deliver effective aid and development programs overseas’.\(^5\)

To achieve accreditation NGOs need to have a track record of dedicating resources to aid and development, attract tax deductible donations, and subscribe to relevant Australian government policies.\(^6\)

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\(^5\) Ibid.

The accreditation guidelines for NGOs that secure funding through the ANCP restrict accreditation for activities:

- Are contrary to the interests of Australia
- Promote religious evangelism
- Promote partisan politics
- Promote independence movements
- Advance industrial relations disputes
- Contribute to ongoing social welfare.

While these restrictions cover a large number of activities, they are not particularly broad. For example, while partisan political activities are excluded general political activities are not. So NGOs can engage in perceived political activities around certain economic, environmental or social causes and continue to be funded by the Australian government.

Table 4 | AusAID NGO Cooperation Program Accredited Organisations

<table>
<thead>
<tr>
<th>Full accreditation</th>
<th>Base accreditation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Act for Peace – National Council of Churches Australia</td>
<td>Archbishop of Sydney’s Overseas Relief and Aid Fund</td>
</tr>
<tr>
<td>ActionAid Australia</td>
<td>Assisi Aid Projects</td>
</tr>
<tr>
<td>Adventist Development &amp; Relief Agency</td>
<td>Habitat for Humanity Australia</td>
</tr>
<tr>
<td>Anglican Board of Mission Australia</td>
<td>International Nepal Fellowship Australia</td>
</tr>
<tr>
<td>Anglicans Cooperating in Overseas Relief &amp; Development</td>
<td>Interplast Australia and New Zealand</td>
</tr>
<tr>
<td>Australian Foundation for the Peoples of Asia &amp; the Pacific</td>
<td>NTA – East Indonesia Aid</td>
</tr>
<tr>
<td>Australian Lutheran World Service</td>
<td>Reledey Australia Limited</td>
</tr>
<tr>
<td>Australian Red Cross</td>
<td>Salvation Army International Development</td>
</tr>
<tr>
<td>Baptist World Aid Australia</td>
<td>World Education Australia Limited</td>
</tr>
<tr>
<td>Burnet Institute</td>
<td>World Wildlife Fund Australia</td>
</tr>
<tr>
<td>CARE Australia</td>
<td>Credit Union Foundation Australia</td>
</tr>
<tr>
<td>Caritas Australia</td>
<td>Every Home Global Concern</td>
</tr>
<tr>
<td>CBM Australia</td>
<td>International Needs Australia</td>
</tr>
<tr>
<td>ChildFund Australia</td>
<td>International Women’s Development Agency</td>
</tr>
<tr>
<td>Credit Union Foundation Australia</td>
<td>Marie Stopes International Australia</td>
</tr>
<tr>
<td>Every Home Global Concern</td>
<td>Opportunity International Australia</td>
</tr>
<tr>
<td></td>
<td>Oxfam Australia</td>
</tr>
<tr>
<td></td>
<td>PLAN International Australia</td>
</tr>
<tr>
<td></td>
<td>Quaker Service Australia</td>
</tr>
<tr>
<td></td>
<td>Save the Children Australia</td>
</tr>
<tr>
<td></td>
<td>Sexual Health &amp; Family Planning Australia</td>
</tr>
<tr>
<td></td>
<td>TEAR Australia</td>
</tr>
<tr>
<td></td>
<td>The Fred Hollows Foundation</td>
</tr>
<tr>
<td></td>
<td>The International Centre for Eyecare Education</td>
</tr>
<tr>
<td></td>
<td>The Leprosy Mission Australia</td>
</tr>
<tr>
<td></td>
<td>Union Aid Abroad</td>
</tr>
<tr>
<td></td>
<td>UnitingWorld</td>
</tr>
<tr>
<td></td>
<td>WaterAid Australia</td>
</tr>
</tbody>
</table>

The number of NGOs now accredited to engage with Australia’s aid program is considerable, and growing. As Table 4 outlines, the NGOs that work with Australia’s aid program vary from those that are an extension of a religious faith, forms of corporate social responsibility, specialised health services and broad-based organisations.

NGOs are accredited as having base or full accreditation. Full accreditation is provided if the NGO’s development expenditure is a minimum of AUD$100,000 averaged over a three year period. Base accreditation is provided if the NGO’s development expenditure is a minimum of AUD$50,000 over a three year period.7

Of concern, many of the NGOs that are recipients of government funding are also active in arguing for increases in government aid expenditure. For example, World Vision has been a key active player in advocating for increased aid funding in the Commonwealth budget while concurrently receiving AUD$41 million in support from AusAID.8 Not that World Vision is alone.

NGOs can also secure funding through AusAID as a result of individuals projects that are sponsored on an ad hoc basis, or as part of a broader program. The Australian Conservation Foundation has secured funding from AusAID to deliver its Climate Project to promote understanding and awareness of climate change across the Asia Pacific region.9

The activities of most NGOs would not attract significant attention, however, there are some NGOs whose activities go beyond aid and development and also focus on socio-political and environmental campaigns and advocacy.

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7 Ibid.
3.0 NGOs on the government payroll

As outlined in the previous section, there are numerous NGOs that deliver programs for the Australian government. Many of these programs are designed to assist in immediate disaster relief or longer-term economic development. But these NGOs also engage in activities that include political advocacy.

Environmental NGOs are increasingly large and well-funded institutions, drawing on funding from both public and private sources. As Table 5 outlines, of the five major NGOs that engage in socio-political and environmental advocacy most have annual budgets clearly exceeding AUD$20 million per annum. Only Friends of the Earth Australia sits below this figure at less than AUD$1 million. By comparison, Oxfam Australia is clearly the largest organisation with annual revenues around, and sometimes exceeding, AUD$70 million.

Table 5 | NGO annual income, AUD$

<table>
<thead>
<tr>
<th></th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australian Conservation Foundation</td>
<td>$13,088,934</td>
<td>$13,451,172</td>
<td>$21,474,038</td>
<td>-</td>
</tr>
<tr>
<td>Friends of the Earth Australia</td>
<td>$421,560.64</td>
<td>$592,283.81</td>
<td>$794,651.78</td>
<td>$671,001.37</td>
</tr>
<tr>
<td>Greenpeace Australia</td>
<td>$20,051,482</td>
<td>$17,427,974</td>
<td>$16,048,355</td>
<td>-</td>
</tr>
<tr>
<td>Oxfam Australia</td>
<td>$59,000,000</td>
<td>$65,700,000</td>
<td>$68,600,000</td>
<td>$77,700,000</td>
</tr>
<tr>
<td>World Wildlife Fund Australia</td>
<td>-</td>
<td>$23,684,850</td>
<td>$17,205,737</td>
<td>$19,394,014</td>
</tr>
</tbody>
</table>

Source: Annual reports

In some cases a significant proportion of the income of these NGOs is sourced from government.

The Australian Conservation Foundation lists AusAID as one of its supporters for the Climate Project.\(^{10}\) The Climate Project specifically involves training presenters to inform the public on the risks and impact of anthropogenic climate change through a presentation similar to Al Gore’s in An Inconvenient Truth.

The Climate Project does not just work to promote the presentation within Australia, but also to bring together representatives from across the Asia-Pacific region to be trained to spread the message in their home countries. In 2009 the Climate Project trained 261 presenters from 19 countries in the lead up to the UNFCCC Copenhagen conference.\(^{11}\)

In 2008 & 2009 the Australian Conservation Foundation (ACF) received AUD$105,739 and AUD$111,403 in grant income for international aid and development activities respectively. The ACF also got support for their Asia Pacific Program from AusAID in collaboration with the AusAID NGO Co-operation Program.\(^{12}\) In 2008-09 the ACF reported that 8 per cent of their AUD$13.5 million budget was sourced from the government.

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\(^{10}\) Ibid.


\(^{12}\) Ibid.
Table 6 | Environmental non-government organisations

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australian Conservation Foundation</td>
<td>The Australian Conservation Foundation was formed in the mid-1960s as an Australia-specific conservation body that initially received a government foundation grant. The ACF acts primarily as a campaigning organisation to achieve its ecological principles and encourages the public and government to support the conservation of Australia’s natural environment. The ACF has recently engaged in more politically charged campaigns, including as a member of the Say Yes coalition to drive public support to price greenhouse gas emissions.</td>
</tr>
<tr>
<td>Friends of the Earth Australia</td>
<td>Founded in 1974, Friends of the Earth Australia is a federation of local environment groups and focuses on local and national environmental campaigns in its pursuit for an environmentally sustainable and socially equitable future. FOE Australia has always identified as a radical environmental body aiming to prompt environmental action rather than just lobby governments for policy change. FOE Australia also focuses on collaborating with other groups that share its objectives at both a domestic and international level.</td>
</tr>
<tr>
<td>Greenpeace Australia</td>
<td>Greenpeace Australia was founded in 1977 and is a campaigning organisation that seeks to distinguish itself as independent from both corporations and government. By engaging in non-violent direct action it seeks to confront local and international environmental challenges will promoting a peaceful future.</td>
</tr>
<tr>
<td>Oxfam Australia</td>
<td>Oxfam Australia was founded through the 1992 merger of the former organisations Community Aid Abroad and the Australian Freedom from Hunger Campaign. Oxfam Australia is a founding member of Oxfam International. Oxfam Australia acts as a development organisation operating across the Asia Pacific, Indian subcontinent and parts of Africa. Oxfam Australia works in both ongoing development and disaster relief. It has a number of private sector partners, as well as drawing support from individual donors and government. Oxfam Australia is also an advocacy organisation on aid and development policies aligned with its values to ‘create lasting solutions to the injustice of poverty [and as] part of a global movement for change, one that empowers people to create a future that is secure, just and free from poverty’.</td>
</tr>
<tr>
<td>World Wildlife Fund Australia</td>
<td>WWF Australia was founded in 1978 following the establishment of WWF in Switzerland 17 years earlier. WWF Australia principally acts as the ‘respectable’ arm of the conservation movement seeking to advance environmental objectives through government policy and business practices. WWF is a key player in international certification standards around primary commodities, including wood, marine life and palm oil. WWF operates by working with businesses that are targeted by other environmental groups for their conduct. WWF then partners with businesses and encourages them to adopt certification standards controlled by WWF and other organisations. These certification standards are based on environmental objectives. WWF is also an advocacy organisation and targets government policy to adopt in laws and regulations the objectives of their organisation.</td>
</tr>
</tbody>
</table>
Unsurprisingly Oxfam Australia secures a significant contribution to its budget from government. According to its 2011 Annual Report Oxfam received 23 per cent of its revenue in 2008-09 from government, 26 per cent in 2009-10 and 32 per cent in 2010-11. In 2010-11 Oxfam’s total income was AUD$77.7 million, which therefore meant Oxfam secured nearly AUD$25 million in government funding, of which 82 per cent was secured from AusAID.

Table 7 | Oxfam Australian government grants, AUD$

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
</tr>
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<tbody>
<tr>
<td>AusAID</td>
<td>$16,358,762</td>
<td>$24,627,787</td>
</tr>
<tr>
<td>Other</td>
<td>$1,270,855</td>
<td>$443,807</td>
</tr>
<tr>
<td>Total</td>
<td>$17,629,617</td>
<td>$25,071,594</td>
</tr>
</tbody>
</table>


Similarly, WWF Australia also secures significant income from the Australian government. According to WWF’s Annual reports seven per cent of WWF Australia’s income is sourced from government grants. It is a significant contribution by Australian taxpayers.

In the 2011 and 2010 financial years WWF Australia collected AUD$1,341,995 and AUD$1,198,639 from the Australian government respectively, of which AUD$250,000 and AUD$150,000 was specifically sourced from AusAID.

Combined NGOs are taking millions of dollars from the Australian government. While the Australian government does impose accountability measures on expended funds, NGOs still secure government finances for projects that enables them to increase their operating budgets. Any surpluses from government funding can then be directed toward other activities decided on the priorities and values of NGOs.

The analysis doesn’t take account of support received from state government departments and agencies which can often replicate the support received from the Commonwealth.

To its credit, Greenpeace recognises the strings associated with securing funding from government and does not accept public funding.

Earlier this year the government of Norway suspended funding to two projects being delivered by the World Wildlife Fund in Tanzania on allegations of embezzlement. There is no evidence that such activities are occurring with Australian aid dollars. However, it does raise concerns about the considerable volume of public funds made available to NGOs and whether they are being appropriately spent.

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14 Ibid.
16 Ibid.
4.0 NGO domestic political activity

All of the aforementioned NGOs have origins, at least partly, in advancing socio-political or environmental causes.

These political activities are not partisan in nature (though disputably they can favour the political objectives of particularly political parties), but are based on socio-political and environmental objectives that reflect their organisation’s values.

According to Friends of the Earth Australia one of their clear objectives is ‘to assist other people and organisations ... to carry out their own tasks through the maintenance of resource centre’s (sic), newsletters, magazines and community with like-minded national and international bodies’.19

As Table 6 outlines, many of these NGOs have a specific agenda to advocate for policy allied to their values and world view. But it can also be financed by surpluses operating from grants and support paid for by taxpayers.

For example, in the 2011 and 2010 financial years WWF Australia spent AUD$1.3 million and AUD$1.1 million in ‘community education’.20 In the 2011 financial year Friends of the Earth Australia reported that nearly AUD$40,000 was spent on campaigning costs. In the 2010 financial year it was AUD$85,000.21

These are not insubstantial sums. Where the money is sourced from and how it is expended is a legitimate focus for government if the organisation receives public funding and engages in political activity.

Probably the most dubious involvement in domestic political activity has been NGOs that receive government funding for aid projects also engaging in public campaigning to continue increasing funds allocated to aid. But political activity is not just isolated to government expenditure on aid.

Both the ACF and WWF Australia were key players in the formation of the ‘Say Yes’ coalition. The ‘Say Yes’ coalition engaged in a high-profile political campaign to lobby the Commonwealth government and the Australian people to support the introduction of a carbon price through a carbon tax and eventual emissions trading scheme.

The ‘Say Yes’ coalition included both the Australian Conservation Foundation and World Wildlife Fund Australia as well as other political bodies including the Australian Council of Trade Unions, the Australian Youth Climate Coalition, the Climate Action Network Australia, the Climate Institute, Environment Victoria, GetUp! and Greenpeace Australia Pacific.22

The ACF also claims responsibility for lobbying the Multi-Party Climate Change Committee for securing AUD$10 billion in support for the Clean Energy Finance Corporation (CEFC).23

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But political activity has not been isolated to Australia’s carbon price.

Oxfam Australia has had long-running campaigns to promote the socio-political and environmentally focused Fairtrade program. Fairtrade is a certification standard for goods and services purchased in the developing world that prioritises the insertion of political objectives into the international trading system over market signals. Inconsistent with the free market economic system that has lifted millions of people out of poverty around the world, fairtrade is a pseudo-socialisation of the production of primary commodities placing NGOs such as Oxfam as key interlocutors of the global supply chain.

Recently WWF Australia and Greenpeace Australia were particularly active in seeking the Australian Parliament to introduce legislation that would make it harder to import timber from outside Australia.

Both NGOs campaigned for legislation over a three-year period and their efforts were recognised with the introduction of the Illegal Logging Prohibition Bill 2011. And both made significant submissions to the Senate Rural Affairs and Transport Legislation Committee’s Parliamentary Inquiry supporting the Bill.\textsuperscript{24}

The Bill is still being considered by the parliament, but it is expected to gain the support of the government and sufficient cross-bench and minor Party votes to be legislated, despite being dubiously consistent with WTO law.

Similarly, WWF was very active in campaigning for legislation that would make it more difficult for palm oil to be imported into Australia. Working with other like-minded NGOs, WWF Australia campaigned over a prolonged period of time with public institutions and politicians across the political aisle to successfully have the Food Standards Amendment (Truth in Labelling – Palm Oil) Bill 2009 introduced.

In particular, working with the government-funded Zoos Victoria, WWF engaged in active promotion of the objectives of this Bill and sought public support to lobby for its introduction.\textsuperscript{25} Securing support from the Ten Network, advocates for the Palm Oil Bill ran television advertising to promote awareness and support for its objectives.

These NGOs also collaborated with politicians. Throughout the NGO push for the Palm Oil Bill many worked with Independent South Australian Senator Nick Xenophon to ensure the Bill was supported in its introduction into the parliament, as well as contributing to the relevant inquiries into the Bill.

Ultimately the Bill was rejected in the House of Representatives having passed the Senate because of serious bipartisan concerns about its compliance with WTO law. However, NGOs and Senator Xenophon have indicated their ongoing support to see the Bill reintroduced and debated.

NGOs’ political activity is not just isolated to Australia.


5.0 NGO international political activity

NGOs have also been active in political activity outside of Australia, and in countries where Australia’s aid program is designed to sustainably improve the living standards and economic opportunities of the poor.

How funds are allocated also matters as many of these NGOs operate as members of international bodies with the same name, and also regularly collaborate, ensuring that locally raised funds can be directed to international campaigns.

While some projects are political, they are considered relatively benign. Working with AusAID, Oxfam established the Oxfam International Youth Partnerships and Developmental Leadership Program Partnership which seeks to ‘explore the role of human agency in the process of development’. The Partnership works with business and academics, as well as representatives of NGOs, but also seeks to inform ‘international aid policies, programs and operations’. Importantly it seeks to promote understanding and participation in democratic processes.

But not all international activities would receive broad-based support.

As Greg Sheridan recently wrote in The Australian, there are concerns that as a recipient of aid funding, World Vision, was contributing to the Union of Agricultural Work Committees. The UAWC has ‘deep links’ with the Popular Front for the Liberation of Palestine - a proscribed terrorist agency.

Sheridan’s investigation provides a clear example of the questionable allocation of aid funding. But there are concerns about aid spending that are less explicit – particularly when it undermines the very objectives of Australia’s aid program including sustainable economic development.

Sustainable economic development requires countries to utilise their natural resources to improve economic welfare. Developed countries moved from subsistence to manufacturing and eventually to service-based economies by exploiting their natural resources. Developing countries need to go through the same process.

The Australian government’s aid program recognises the need for sustainable economic development built on countries leveraging their comparative advantages.

But the activities of NGOs often run contrary to these objectives.

In Papua New Guinea WWF has been involved in undermining local mining operations that have the potential to increase economic opportunities for local communities and deliver tax revenue to the PNG government.

Utilising comparative advantages also requires countries to engage in free trade so they can access cheap imports. Cheap imports make it easier for industries to reduce their costs and be competitive in local and export markets. Cheap imports also improve the standard of living of the total population by increasing their total purchasing power.

Campaigns run by NGOs against live cattle exports from Australia to Indonesia do not take account of the consequences of banning exports on ordinary Indonesian people.\textsuperscript{29} The price of meat will rise. And the cost of meat in Indonesian manufactured food products will also rise, making them less competitive.

Similarly, forest protection is a legitimate role for sovereign governments based on national policy objectives. But it remains a decision for national governments based on their domestic priorities, balanced between conservationist and economic development objectives.

Forestry is a major industry in developing countries in the Asia Pacific because of the amendable environment for plantations coupled with available land. Forestry is an industry regularly promoted by national governments – including Indonesia, Malaysia and Papua New Guinea – because, if developed and managed appropriately it can bring income and provide jobs and opportunities for people within the country, especially in remote, rural and regional locations.

### Case study | Recent NGO attacks on palm oil and forestry sectors

Recently a division of multinational Yum! Brands, KFC, announced that they were scrapping the use of palm oil as an ingredient in the production of their products. As part of a long-running campaign against the use of the oil by food and cosmetic manufacturers, KFC faced considerable pressure from NGOs to drop its use. It follows similar pressure placed on Cadbury, who also dropped use of the oil after NGO pressure.

Understandably the local Australian canola industry celebrated the switch because it increased demand for their product.\textsuperscript{30}

KFC has also recently faced attacks from NGOs, particularly Greenpeace, for ‘Junking the Jungle’ by using forestry products imported from Indonesia. A recent report from Greenpeace attacks KFC for buying paper products for the packaging of their food using Indonesian paper.\textsuperscript{31}

At this stage KFC has not responded to Greenpeace’s attacks.

Coupled with their recent decision on palm oil, if KFC stopped sourcing paper products from two key Indonesia industries, those in rural and regional communities that rely on them will be harmed.

But that hasn’t stopped Australian environment NGOs from interfering. In Papua New Guinea’s Madang province the ACF worked to increase the amount of protected forest land that impacted on

economic development in the region.\textsuperscript{32} Similarly, WWF Australia has been actively engaged in targeting the forestry industry on the island of Borneo, Indonesia.\textsuperscript{33}

Similarly, NGOs have also targeted the Indonesian and Malaysian palm oil industries. Directly and indirectly employing hundreds of thousands of workers and providing economic development opportunities for small land holders and workers, the palm oil industry is one of the most successful and export-orientated industries in South East Asia and provides opportunities for developing countries to export themselves into prosperity.

More importantly, like wood products, palm oil is heavily in demand domestically in developing country markets as well as the developed world because of the particular qualities of the oil in food manufacturing and other processed goods.

WWF Australia promotes market transformation through influencing supply chains that make the costs of production of products, including palm oil and wood products, more expensive. These certification standards are directly linked to WWF Australia’s environmental objectives rather than pro-economic development objectives.\textsuperscript{34}

Considering WWF founded and effectively controls certification schemes, it is unsurprising that they’ve continually contributed to their ongoing development. Under the banner of Multi-Stakeholder Sustainability Initiatives (MSIs) certification schemes are designed to “transform business practices ... for a given sector or product.”\textsuperscript{35}

Coupled with efforts to add costs on imported products into Australia through legislation, these NGOs are directly harming the development of sustainable industries in the same countries that Australia’s aid program is designed to assist.


6.0 Conclusions

Even with a short-term set-back, the Australian government’s aid spend is expected to increase for the foreseeable future. But increased spending should be coupled with increased accountability. The Australian government already spends around AUD$5.2 billion in aid and development, or nearly AUD$250 per Australian, annually. It is significant.

Questions surrounding the efficacy of aid spending outside the Asia Pacific region deserve scrutiny. Speculation that the government’s aid priorities are being distorted to support former Prime Minister Kevin Rudd’s ambitions to secure a seat on the United Nations Security Council increases the justification for greater scrutiny. But scrutiny also needs to be applied to the government’s NGO aid delivery partners.

Increasingly NGOs have become key agents in the delivery of Australia’s aid and development program. The government has supported their involvement because of their not-for-profit status and often laudable objectives to address poverty alleviation. However, NGOs are not only acting to deliver aid projects.

Increasingly NGOs are agents of political action domestically and internationally, and often that runs contrary to the objectives of the Australian aid program. Considering the inappropriateness of government funding used for political activities, such conduct is of great concern.

Domestically, aid program-funded NGOs have become key actors to advance increased funding for aid, which they will likely take a slice of. They are now securing millions of taxpayers’ dollars.

They have also become key players in domestic political debates supporting the introduction of legislation that would harm imports of primary commodities such as wood products and palm oil. Collaborating with other NGOs and politicians, these NGOs are seeking to put in place laws and regulations that would harm the development of these industries within countries that are receiving Australian government aid funding.

One of the clear objectives of the Australian aid program is to promote sustainable economic development. Aid-funded NGOs are effectively undermining that objective with actions within Australia and also in the individual countries concerned.

This report has not assessed the merits of increasing Australian aid government spending to 0.5 per cent of gross national income. However, should the Australian government wish to continue increasing funding for foreign aid wholesale, review and scrutiny needs to be applied to the aid budget and especially to funding that is provided to NGOs.

These NGOs are supposed to be delivering components of the Australian aid program because they can effectively provide services at low cost. It’s essential that no resources are misdirected towards socio-political and environmental activities that run contrary to the aims of Australia’s aid program and undermine the objective of sustainable economic development for the same countries. This report therefore recommends:

- The definition of political activities within the aid program’s restrictions be revised to stop NGOs from securing government funding that may finance activities that undermine the objectives of Australia’s aid program.
- A full audit of how government finances are spent by NGOs to ensure that no public money is being misdirected toward political activities.
7.0 Reference list


8.0  About the Institute of Public Affairs

The Institute of Public Affairs, founded in 1943, is the world’s oldest free market think tank. The IPA is a not-for-profit research institute based in Melbourne, Australia with staff and associates based around Australia. Think tanks act as public policy incubators and develop public policy solutions.

The objective of the IPA is to promote evidence-based public policy solutions rooted in a liberal tradition of free markets and a free society. The IPA achieves these objectives by undertaking and disseminating research; participating in national and international policy debate through the media; and engaging with opinion leaders, stakeholders and public policy makers.

All work completed by the IPA is published in the public domain for the consumption of governments, politicians, domestic and international policy makers and the public-at-large.

The IPA has a demonstrated track record of contributing to, and changing the terms of the public policy debate in Australia and internationally. In particular, in recent years the IPA has been at the centre of public discussion in Australia and in appropriate international fora on:

- Regulation
- Trade
- Intellectual property
- Water
- Energy
- Housing
- Industrial relations
- Taxation
- Investment

9.0  About the Sustainable Development project

Sustainable Development is a blog to promote environmentally, socially and economically sustainable evidence-based public policy for the developing world. SD supports a market-based approach to achieve sustainable development that improves the living standards of the world’s poor, environmental standards and social cohesion. SD is a program of the Institute of Public Affairs and is led by Tim Wilson.

10.0  About the author | Tim Wilson

Tim’s currently Director of the Intellectual Property and Free Trade Unit at the Institute of Public Affairs - the world’s oldest free market think tank. Tim also serves on the Department of Foreign Affairs and Trade’s IP industry consultative group, as a Senior Fellow at New York’s Center for Medicine in the Public Interest. He regularly appears on Australian and international television, radio and in print media.

He’s worked in international development across South East Asia, including delivering Australia’s aid program for the Vietnamese government to host APEC and advising state and federal politicians. In 2009 The Australian newspaper recognised him as one of the ten emerging leaders of Australian society and is a recipient of an Australian Leadership Award from the Australian Davos Connection.

At University Tim was twice elected President of the Student Union as well as to the University’s Board of Directors.

Tim’s currently completing a Graduate Diploma of Energy and the Environment (Climate Science and Global Warming) at Perth’s Murdoch University. He has a Masters of Diplomacy and Trade and a Bachelor of Arts from Monash University, a Diploma of Business and has completed Asialink’s Leaders Program at the University of Melbourne. He has also completed specialist executive education on IP at the WIPO Worldwide Academy and international trade and global health diplomacy at the Institut de Hautes Études Internationales et du Développment, Geneva.