

MEDIA RELEASE:

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Report shows Australian aid inflated by over a billion dollars

A report released today by independent aid watchdog AID/WATCH finds that a billion dollars, or roughly a third of Australia's aid program provides no direct benefit to poverty alleviation in aid recipient countries.

Entitled '*Fighting Poverty or Fantasy Figures: The Reality of Australian Aid*', the AID/WATCH report reveals that Australia's aid budget is being substantially inflated by expenditure which has no direct poverty focus.

This includes funding spent on Australia's much criticised refugee program, the cancellation of Iraqi debt (principally accrued through deals with the Australian Wheat Board), aid funding spent through the Australian Federal Police, Defence Department and Attorney Generals Department, and the full-fee paying scholarships for foreign students to come to Australia.

AID/WATCH Co-director and Co-Author, Flint Duxfield commented, 'Whether you call it phantom aid, inflated aid or misleading figures, it is clear that currently over a billion dollars in Aid funds, if not more, is making no material contribution to the relief of poverty in our region. This inflation makes Australia look considerably more generous than it actually is'

The fact that funding to Australian detention centres is included our aid program suggest that Australia is not genuine about its contribution to the poorest communities in our region".

Of the remaining aid funds, totalling just over \$2 billion this year, the report finds a number of crucial areas which undercut the quality of the aid that Australia provides in the region. The report reveals that Australia's own aid priorities are entirely at odds with international aid effectiveness criteria that emphasise locally managed aid, aid that is focused on poverty relief and which is untied from donor agendas.

By contrast Australia favours objectives based on regional security and economic reform, tied closely to Australia's own economic and strategic objectives. Despite the formal untying of the aid program, vast proportions of Australian aid are still absorbed by the private sector premiums of Australian companies and private consultants.

The refusal to adequately consider the impact of climate change on the pacific within the aid program is likely to significantly impact upon the future effectiveness of Australian aid and potentially undermine development progress to date.

Australia also continues to ramp up its heavy handed approach to aid, through its security oriented funding to counter-terrorism, police, defence and border security, and more recently by instituting a 'performance based' program that will make additional aid conditional on economic an public sector reform 'milestones' to be achieved by recipient countries.

'Australian aid is being spent on programs that are a far cry from the public perceptions of how aid works. This report is a call to action for the public to ask – Where is Australia's aid money going? And how can we take urgent steps to do better.' Mr Duxfield said.

For more information contact Kate Wheen on **0410 470 781** or Flint Duxfield **0448 646 559**