

To the Panel,

Limited resources should be used in a manner that maximises the effectiveness of it. This is particularly important for aid as its effectiveness or ineffectiveness dictates the amount of future aid a particular region or country will require. Value for money should be a

mandatory requirement for all aid projects. Unfortunately, Australia's current aid provision is politically motivated, ad hoc and often appears to be more concerned with giving contracts to Australians (e.g. farmers). Inevitably, this increases the cost of aid and leads to a public misconception that the recipient countries are wasting the money when we have designed the program to be unnecessarily expensive.

Inefficient aid programs are inherently wasteful and are therefore against the national interest. One way to address this is to remove the requirement for aid to be in the national interest. However, if that is not politically possible the test should be changed to a negative one that limits aid where it is against the national interest, rather than having to prove that it is in the national interest.

Increased transparency in the program would create greater surveillance and incentive to maximise the effectiveness of aid. This unlikely to be achieved whilst it is part of DFAT. A new body dedicated to international aid should be established.

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