

O MEIN PAPA: SUBMISSION TO THE INDEPENDENT REVIEW OF AID EFFECTIVENESS

Summary

This submission to the Independent Review of Aid Effectiveness discusses the following issue on which, among others, the review will focus:

c. An examination of the program's approach to efficiency and effectiveness and whether the current systems, policies and procedures in places maximise effectiveness

d. The appropriate future organizational structure for the aid program including:

Arrangements for the coordination of Australia's overseas development assistance across the public service and with other donors and institutions

e. The appropriateness of current arrangements for:

Review and evaluation of the aid program, including an examination of the role of the Office of Development Effectiveness and options to strengthen the evaluation of the aid program

The management of fraud and risk in the aid program

The submission explains the process of quality management which is also necessary for the future organizational structure of aid and related programs and projects. It requires:

1. Consultative development of clear program and related project aims and objectives (with or without numerical targets)
2. Clear strategies to achieve the program aims and the related project objectives
3. The provision of the budgets necessary to undertake the program and its project/s
4. Monitoring of project performance and evaluation of the outcomes
5. Clear accountabilities for aid program and project management and expenditure

Criticisms are made later about current aid review efforts. No-one can evaluate the outcomes of expenditure against the aims of its provision in the absence of clear and reliable information about what aid money was spent on. What exactly was the aid money *supposed* to be spent on and what was it spent on? The review does not appear to recognize that the objective of the Australian aid program appear ideally related to achievement of UN Millennium Development Goals and targets for poverty reduction. The Independent Review of Aid Effectiveness and the AusAID Office of Development Effectiveness must also define what they mean by 'effectiveness' and 'efficiency'.

The charge is made that financial and legal interests and 'efficient market theory' in which price ideally drives all, have led away from their supposedly related goals of

perfectly informed and perfectly clearing markets. The old paradigm protects secret operations, not the transparency which would assist comparison of producer efforts in the consumer and related public interest. The attached submission on the PC draft research report on Bilateral and Regional Trade Agreements (2010) accordingly argues the ideal aims of trade should be to improve the quality of life for current and future generations. This depends on the quality of the social and natural environment, as well as on increased economic gain and its distribution. Planned protection of many endangered species where habitat is rapidly being destroyed is logically first taken up globally and regionally in the interests of current and future generations. Welfare of the poor (aid?) is ideally addressed in related rural and urban contexts. Effective management of reproduction, communication, education, housing, illness, disability and death are key considerations.

1. Decide consultatively on aid aims to follow the quality management recipe for better internationally, regionally and locally joined up governance

From historical and international perspectives aid has traditionally been thought of as charity and ideally provided from religious motivations. Philanthropists, governments, and community self-help insurances have augmented the charitable services traditionally provided by the lord's manor and the church for a wide variety of reasons. The capitalist relations of production which drove the development of technology and science produced increasing wealth and the related development of a welfare state in some countries, including Australia. In this historical and international context, the national and regional aid efforts are ideally related and thought of as part of more broadly managed progression of more scientific and democratic development for all current and future generations.

The theoretical perspective of this discussion is influenced most by Marx and Weber. Keynesian views on development from the UK and Europe, and as they may be seen in the work of JK Galbraith and related dual and segmented market theorists also inform it. It also recognizes the contributions of Engels, Freud and Mao in grasping the role of human reproduction in the development of societies, their civilizations and their breakdowns. Such broad perspectives have been carried forward recently by many public servants and others in Australia. Wilenski and Hilmer are best known to me. Key UN directions, whether or not adopted into laws, are central to this sustainable development trajectory.

An Australian preferred direction is outlined in speeches of Kevin Rudd, the Australian Minister for Foreign Affairs. One key speech commemorated the 75th Anniversary of the Establishment of the Modern Department of Foreign Affairs. In it he said:

We must never content ourselves with being the world's best describers of unfolding challenges. We are at our best when we go to the next and necessary step of determining what we must then do in anticipation of the challenges.

This is the vital first part of the quality management process. It involves being able to understand environments so as to identify and prioritize the risks or challenges arising from them, in order to give advice to elected decision makers on the steps towards better management. Before this speech, the Minister had addressed the importance of aid

effectiveness in speaking to the Australian Council for International Development. He pointed to the centrality of Millennium Development Goals (MDG) in the government mission and to the fact that their focus is poverty reduction. He also said part of the government mission is 'giving voice to the voiceless'. At the MDG summit it was stated that between now and 2015 Australia expects to contribute considerable sums to women and children's health, education and food security. The Minister discussed a related Pacific Partnerships Development program. One wonders how this direction was received at the Mercosur Council of Foreign and Trade Ministers, where he spoke later.

This submission naturally recommends all involved in aid are familiar with the principles of quality management and implement them in aid programs consistent with other government projects. Principles are made clear, for example, in the book entitled 'Better Health Outcomes for Australians: National Goals, Targets and Strategies for Better Health Outcomes into the Next Century'. This was produced by the Minister for Human Health and Services in 1994. Its direction ideally exists in the broader context of the UN Declaration of Alma-Ata which states that primary health care 'involves, in addition to the health sector, all related sectors and aspects of community development, in particular agriculture, animal husbandry, food, industry, education, housing, public works, communications and other sectors; and demands the coordinated efforts of all sectors'. The quality management approach also sees all work and other activities as being located in communities and natural environments. Many risks and related challenges arise while we are all busy pursuing life and trying to make it better. This is not only about ideal medical and related insurance practices but also about the management requirements for all work activity, because work not only has impacts on investors, employers and workers but also on clients, other communities and natural environments. Join up governance.

All non-profit sector development ideally requires related clarification to support the G20 London Summit Leaders Statement and Declaration on Strengthening the Financial Systems (2.4.09) as effectively as possible. The Productivity Commission study on the 'Contribution of the Not for Profit Sector' is addressed later. Carbon pollution reduction and offset development requires related consideration. In the Alma-Ata Declaration the concept of industry seems unusual and may test current international and national industry classification systems such as the Australian and New Zealand Standard Industry Classification. However, the identification and control of risks and challenges to regional communities is ideally attempted in related development contexts where the comparative outcomes of all key projects are openly monitored and evaluated to see how effectively they achieved the aims of production, which are ideally social, environmental and economic. One might have hoped this comparatively clear and straightforward program and project management process would have been widely grasped in Australia by now.

The Independent Review of Aid Effectiveness ideally should assess the capacity of the Australian aid program to reduce poverty, guided by the UN Millennium Development Goals, but does not appear to see this is necessary as the UN Goals are not put as central to the Review terms of reference. The Independent Review of Aid Effectiveness and also the AusAID Office of Development Effectiveness ideally must also define their key terms such as 'effectiveness' and 'efficiency' but do not do so. This is discussed later.

One assumes both reviews are captured by traditional legal and financial interests which, being feudally driven by the particular case, cannot be effectively linked to serving the people. Seek Chinese government advice for an antidote. One reads the Chinese government always prefers big rather than small undertakings. One hopes they may consider global partnerships to protect endangered species and to pursue more parks, reforestation and clean and abundant water. Otherwise much vulnerable life appears lost as a result of current rates of development in Asia, America and elsewhere. Greener energy development and the related construction of housing and transport are related key necessities for more sustainable development in rural and urban environments which are more effectively linked and managed. Waste management is ideally considered in related production contexts. Communication, education, dispute resolution, entertainment and related heritage protection are also discussed in the following attachments:

- ‘From the Constitutional Past to the New Education Ideal’ (in ‘Public Administration Today’, (Oct.-Dec. 2007)
- Submission on the Productivity Commission (PC) draft research report on Bilateral and Regional Trade Agreements (2010)
- Advice on the treatment of books and new digital platforms (2010) (also addresses many logically related national and regional communications directions, products and services besides books)
- Discussion and support for the PC recommendations on rural research and development (R&D) direction to improve all regional, national and international management and development.

The PC suggests a new Research Development Corporation called Rural Research Australia intended to sponsor non-industry specific research and development (R&D) to promote more productive and sustainable resource use by Australia’s rural sector. RRA’s remit is expected to broadly encompass land, water and energy use, with precise coverage of its activities determined in the light of further input to its inquiry. The PC seeks input on the appropriate remit and funding for the proposed RRA and, among other things, on the areas and types of non-industry specific rural R&D most relevant for promoting productive and sustainable resource use. Consult widely outside Australia for advice.

2. One cannot evaluate the outcomes of expenditure against the aims of its provision in the absence of clear and reliable information about what the money was spent on

This submission first explains some of the problems of the Independent Review of Aid Effectiveness in the light of similar problems faced by the Office of Development Effectiveness (ODE) established in 2006. According to the ODE ‘Law and Justice Evaluation Concept Note’ (2010):

‘the ODE reports directly to the Director General of AusAID as Chair of the Development Effectiveness Steering Committee, which is a group consisting of deputy secretaries of the Australian Government departments of the Prime Minister and Cabinet (PM&C), Foreign Affairs and Trade, Treasury and Finance and Deregulation’.

Australian governments have historically operated according to many 19th century and earlier theoretical and regulatory assumptions which are hidden and/or wrong. Occasionally a completely new idea will be thrown into the older, growing legal mix.

A recent PC paper claims economic regulations ‘intervene directly in market decisions such as pricing, competition, market entry or exit’. Social regulations ‘protect public interests such as health, safety, the environment and social cohesion.’(2008, p.5). From quality (i.e. more scientific and democratic) management perspectives this division is false, as most economic activity is undertaken with the social aim of supporting current and future life and its associations, as most families can attest. The Environmental Planning and Assessment Act (1979) was groundbreaking in having as its objective an integrated and consultative understanding of relevant environmental, social and economic issues when making land use planning decisions. Future generations are ideally best protected if all are thinking globally before acting locally. This approach logically seeks planned protection of endangered species and habitats for future generations before they are destroyed by others who may understandably have little or no interest in a bigger picture. ‘Efficiency’ and ‘effectiveness’ of aid are discussed in this context later.

Today, the universal and regional concepts related to the maintenance and advance of community standards required in law or anywhere else, ideally should not derive from the accretion of even more narrow, outdated and incomprehensible statutes and case law which are also narrowly rooted in regional and national feudal belief and practice. One ideally relates to more clearly specified and openly measured qualities of production, service provision, choice and life instead. Ideal standards are based on the UN Declaration of Human Rights, the Covenant on Economic, Social and Cultural Rights, the Covenant on Civil and Political Rights and related directions such as the Rio Declaration on Environment and the Millennium Development Goals. Their directions admit documented deviations in practice to achieve wellbeing, based on particular geographic, cultural, economic, political and individual conditions which people face. Effective administration for development ideally is also research to assist later development.

UN directions are not ideally seen as legal directions because the administration of law has normally proceeded according to pre-scientific principles, as discussed later. UN directions are ideally seen as international guidelines for service provision which regional communities may naturally tailor to their economic, cultural and other environmental circumstances. The more openly they do so, the more effectively their service provision can be evaluated against aid or other program or project aims. The Law and Justice Evaluation Issues Paper (2010) claims the UK White Paper on Development states the UK will treat security and access to justice as a basic service, on a par with education.

One wonders how else they could be viewed - as a gift from God, a lord or a queen? One wonders if and how the UK perspective affects courts which historically have driven us.

The attached article entitled 'From the Constitutional Past to the New Education Ideal', explains good governance normally requires separation of policy from its administration, with the former driving competitive, transparent, service provision (Rich, 1989; Hilmer, 1993) so all may identify a range of economic, social and environment related outcomes. Program budgeting, as partially implemented in the public service by Wilenski (1982; 1986) and others, is central to this approach. Managers ideally start with program or related project *aims* which have been consultatively developed (and which may or may not also involve numerical *targets*); establish *strategies* to meet these aims and prepare related *budgets*. Activities are *monitored* and *outcomes* measured in the light of aims.

The Office of Fair Trading Home Building Contract provides a helpfully related approach to contract direction. It must be filled in properly for quality management. Ideally, the people who originally called for the contract must see that it clearly reflects what they wanted most. If additional minutes or other documents have to be signed again and added to the contract to achieve it, this is an extra confusing waste of time. Clause 11 of the contract is the *prime cost items schedule*. When filled in it should clearly display the required inputs and amounts related to the specified step by step achievement of the key conditions which originally led to the contract agreement and its expected production outcomes. Clause 12 provides the *progress payments schedule* which is also related to the staged and approved completion of the expected work. The *schedule for inspections* should ideally provide for the proper sign-off of the quality of work, the resulting periodic payment and ideally may also provide accreditation for skills development on the job.

The contract must be filled in clearly in regard to all the above and to reflect the original meeting which clinched the deal. If this does not occur, quality management has broken down and the contract rules. The *prime cost items schedule* is an ideal reference for the nominated project manager to use for project management purposes and also to post on site, so that everybody who lives or arrives there has a reasonable idea of what is expected to go on and when, as well as how to contact the project manager. The *prime cost items schedule* may be compared with a recipe (a common household form of quality management). It provides a list of key inputs (material and human steps for satisfaction of contracting parties). Work approval, payment, mediation and related quality management concerns are ideally handled in related industry and government contexts.

In this submission, however, the charge is made that neither the Independent Review nor the ODE understands the required evaluation. Their joint failure is to define their key terms 'effective and efficient' as well as the aid program and project *aims* and supporting *strategies* clearly. This must be done prior to an evaluation of the aid *outcomes*. Their failure appears linked to the limitations of legally and financially driven minds and related feudal structures. Historically, most laws have never had clear aims or related definitions of key terms. The court paradigm is authoritarian because the legal Word is ideally followed, with little or no evaluation of the outcomes of applying the law. One merely wins or loses a war conducted by lawyers who supposedly represent our interests.

The current reviews appear not to grasp quality management approaches to production, to developing a free and protective order, to the resolution of disputes and to evaluation of the outcomes of practice. The traditional legal paradigm presents no hope of being consumer or community driven because it is purely based on financial interest and political patronage which defend secrecy and/or the absence of knowledge as proper.

Laws drive an ancient adversarial process, which is ideally conducted as a fair fight according to feudal rules, rather than as an open inquiry where ideally the attempt is made by all involved to value evidence about a matter openly, honestly and broadly, rather than partially, secretively and narrowly according to law. Dueling lawyers and those they call to the box would lose their supreme status, money and their comparative lack of any accountability if legal provision were treated as a service to the community and the principles of quality management, which depend on a scientific approach ideally conducted with a broader understanding of the self and others, were applied. The legal business instead thrives on complexity and claiming this is outside the lawyers' doing and control. There is little point setting up quality management systems under courts as lawyers rule and destroy them quickly by their constant reference back to courts.

For example, the Law and Justice Evaluation Issues Paper (2010) limply states that 'law and justice assistance traditionally has a fairly poor record on monitoring and evaluation'. (p. 22) I am not surprised. In order to monitor and evaluate how money has been spent, one first has to know exactly what it has been spent on. Because they traditionally assume the God given right to rule, court and related legal expenditures naturally remain unaccountable to men below. It is pointless to be asked '*Do Australian law and justice projects have credible monitoring and evaluation strategies?*', if one has no idea what the law and justice projects are and what their aims were. Who has this information and can therefore answer the questions in the Law and Justice Evaluation Issues Paper?

Even if up to one's elbows in one or more Law and Justice Projects, this hardly allows one to generalize about anything outside one's particular experience, which may be atypical as it has naturally been bound by one's particular environment. The individual so placed would find it impossible to answer most of the questions in the Law and Justice Evaluation Issues Paper, because these assume broader knowledge which one guesses that no respondent has. Lawyers appear unaware that logically one cannot move from particular knowledge to the general rule with any confidence. They appear to think that acting locally also puts them in a position to act nationally and presumably globally. Because lawyers generally lack an administrative practice which allows them to speak with more scientific and popular authority, they prefer the endlessly theoretical realm to testing it in any more real community life. They are pre-scientific and anti-democratic.

In short, one must first know the aid aims and what the \$300 million Australians paid out in law and justice aid in 2008-2009 was spent on if one wishes to evaluate the outcome of expenditure. If those who took the money have no clear idea of what the money was given for and what it was spent on, they should naturally be asked to create more open and clear accountabilities for management in future. This is only common sense.

3. The review does not appear to recognize that the objective of the Australian aid program appear necessarily related to achievement of UN Millennium Development Goals and targets for poverty reduction.

The AusAID Office of Development Effectiveness Annual Review of Development Effectiveness 2009 states that the *objective* of the Australian aid program is:

To assist developing countries reduce poverty and to achieve sustainable development in line with Australia's development assistant focus on poverty *as guided by the Millennium Development Goals (MDG), the internationally agreed targets for poverty reduction in the national interest.* (My emphasis)

Ideally, one assumes, the Independent Review of Aid Effectiveness should therefore conceptualise its review as an evaluation of how 'effectively and efficiently' (Sic.) the Australian aid program *reduces poverty as guided by the Millennium Development Goals*. One assumes this has previously been agreed by government, yet the MDG are not mentioned in the Independent Review terms of reference which state the objective of the review is *to examine the effectiveness and efficiency of the Australian aid program and make recommendations to improve its structure and delivery*. The terms of reference background discussion states that the aim of the aid program is *to assist developing countries reduce poverty and achieve sustainable development in line with Australia's national interests*. Has the independent review no interest in Millennium Development Goals and if not, why not? Do concepts of 'effectiveness and efficiency' differ? How are they to be sought or tested? The independent review appears confused.

The UN Millennium Declaration is comparatively long. However, AusAID appears to have usefully captured its essence in the following eight goals to be achieved by the *target date of 2015*:

1. An end to poverty and hunger
2. Universal education
3. Gender equality
4. Child health
5. Maternal health
6. Combat HIV/AIDS
7. Environmental sustainability
8. Global partnerships

The recent speech of Kevin Rudd, the Minister for Foreign Affairs to the Australian Council for International Development stressed the importance of the UN Millennium Development Goals and their focus on poverty reduction. He advocated related evidence based decision making principles and for 'an aid program that is fully knowledgeable of, and when appropriate, fully engaged with the UN, UN agencies and the International Financial Institutions, including the World Bank'. The Minister also seeks aid program with the 'active and creative engagement of Australian non-government organizations'.

This all seems more desirable if one knows clearly what the Australian taxpayers' money is expected to be doing and can evaluate the results and report them to the people. It is galling to see one's money disappear to financial interests one has little or no knowledge of, especially if they are pursuing the kind of development goals contrary to one's own with one's money but few less risky investment options appear available to those who have little trust that any fund investment advisors seek the interests of smaller clients. In God we trust. All others bring clear data, not just about price, and starting from the top in stable systems. This is discussed later in regard to 'effectiveness and efficiency'.

Commemorating the 75th Anniversary of the Establishment of the Department of Foreign Affairs and Trade in November 2010, the Minister for Foreign Affairs referred to the need for the diplomatic service to apply 'skillcraft and tradecraft', to the changing strategic and economic circumstances of the times in order to advance the national interest in the light of related international interests. He also stated:

The very nature of globalization means that there is no longer a clear and clean delineation between the foreign and the domestic, the national and the international, the internal and the external. There were effective taxonomies for the 20th century. That is no longer the case for the 21st century.

However, in a world with increasingly porous borders, broadly accepted scientific classification and contract management systems which are openly questionable become increasingly important to avoid the global financial push towards ignorance, inequality and corruption, which also brought the global financial crisis. Scientific and democratic management approaches at the highest international and national levels are now necessary to avoid the destruction of many vulnerable forms of life and heritage in which we traditionally delight and hopefully will do so more in future, if they are not wiped out. If the necessary openness is not led from the top, history suggests it is unlikely to come in rebellion. While supporting the UN goals and direction above, one has little confidence top government and legal institutions can achieve them if institutions are feudally driven. Journalists, film-makers and others may more capably, quickly and cheaply tell the truth.

The Minister pointed out Australia appears to have the smallest diplomatic footprint, with posts in less than half the capitals of the world. Especially in a nation like Australia, where anybody can email a politician with a good idea, it seems natural that taxpayers would seek to avoid paying huge sums on real estate across the globe, especially if poor. If government organizations do not work cost-effectively together to achieve national and international goals they may easily appear to be far worse than a waste of public money. For example, if all the luxurious embassies in Tokyo around the Imperial Palace grounds were reduced the ten million inhabitants of the concrete jungle of Tokyo might have a park which I guess would be very welcome. Ueno Park appears to have been filled up with an increasing range of concrete money-making ventures and the unemployed also put up many blue plastic tents in Ueno Park to sleep in every night. One wonders how such international issues are raised in order to provide better for all, rather than for elites.

Government and industry investment are required to provide for an aging workforce and for related diverse communities and individuals who generally seek to be better off, ideally while protecting and enhancing natural environments for future generations. The OECD report, 'Learning for Jobs' (2010) recently identified the following problems:

- A shortage of teachers and trainers in vocational programs as the current workforce approaches retirement age
- Some trainers have insufficient workplace preparation
- In-company trainers have insufficient preparation including educational preparation
- Effective trainers need both educational capability and workforce experience

These problems are likely to exist in other countries besides Australia, if only because the concept and practice of sustainable development is a comparatively unfamiliar post-war direction which is ideally now made profitable for many, for broadest and best results.

An attached submission to the Minister for Innovation, Industry, Science and Research outlines communications and skills development directions that government may take with industry partners and communities to address their concerns. Goods, services and their supply chains are ideally conceptualised in their related communities to see how many regional environments may be improved together from current and future environmental and social perspectives, as well as financial ones. The goal is to assist all industries and communities to achieve more sustainable development more broadly, quickly and entertainingly through more open, broad, expert and/or fun communication.

Elaine Henry's view on retiring from the position of Chief Executive Officer of the Smith Family outlined in 'Taking care of family', (Australian Financial Review 21.12.10) is:

'You need a social network – you have to work to change patterns in society – boards are fantastic for that and for trying to get more entrepreneurs linked to investors. You want your own organizational transformation embedded in a broader movement'.

This greener, more socially inclusive, development direction has been made reasonably clear by many Australian politicians in Commonwealth, state and local government.

Globally, one assumes the rise of Japan after WW2 was also as a new frontier of US investment and both economies now appear more stagnant as a result of overproduction. Under-consumption has traditionally been fixed, at least until the next crash, by encouraging individual or government purchase of debt which must be serviced. The Asahi Shimbun (11.8.10, p.20) recorded the visit of UN Secretary General Ban Ki Moon to Japan, including stops to commemorate US atomic bombings, to renew his pledge to abolish nuclear weapons and to discuss a 21 member panel on global sustainability which is looking for ways to lift people out of poverty, tackle climate change and ensure economic development is environmentally friendly. We must understand how money is best made from an apparent reversal of the normal elite male direction of development

based on continuing production for destruction followed by new construction to encourage similar shopping. One assumes change comes from open and planned investment of sovereign, pension and other institutional funds to gain social and environmental goals of key stakeholder communities and individuals more cost-effectively than in systems driven by feudal and related bureaucratic interests.

4. The Independent Review of Aid Effectiveness and the AusAID Office of Development Effectiveness should define ‘efficiency’ and ‘effectiveness’ but do not

According to Popper (1972), science aims to be objectively grounded in the outcomes of experiment and test. This treatment must usually first depend on known and shared, consistently understood and applied definitions and related classification and measurement systems which seek to achieve clear goals. UN and related international scientific approaches and the common dictionary generally provide directions and related definitions for classification purposes. Expected treatment systems ideally accept deviations from normally recommended practice, on the grounds of the particular evidence pertaining to particular cases and environments, ideally so as to improve all treatments further by monitoring and evaluating their comparative outcomes.

Scientific practice is foreign to the lawyer. Its conscious origins are in the Enlightenment and common dictionaries, not the legal Word. In comparison with Australian health care provision, for example, legal data gathering systems tell almost nothing about how to improve performance. As their brethren monopolies traditionally inhabit and interfere in many adversarial, bureaucratic, academic and related theoretical realms this problem seems set to constantly reproduce and grow forever larger. Aid program aims and related project management and funding requirements are ideally addressed in this broader and cautionary context. Stay away from lawyers and their feudal paradigms or rue their effects on clear and straightforward management of aid and other projects.

In the absence of definitions of key terms, one assumes the terms *‘aims, objectives and goals’* mean roughly the same thing. However, in my experience of program and project management as a NSW public servant, an objective is often considered to be a more specific and concrete subset of a larger and more general aim. For example, the MDG *‘aim of ending poverty and hunger by 2015’* might entail a range of coordinated national or regional projects which each seek many more specific *objectives*, such as:

- The guaranteed provision of free or heavily subsidised basic foodstuffs and shelter to people facing national, regional, family or personal disasters.
- The guaranteed provision of paid work or social security benefits to those disadvantaged by unemployment, sickness, disability, age or parental status.

Depending on the surrounding environments the above objectives might generate a wide range of openly managed projects which may be similar or different from each other but which clearly have the realistic aim of meeting objectives which serve the wider MDG aims of ending poverty and hunger (by 2015). One assumes the definition of poverty

must depend on economic and cultural contexts. One also wonders how different the treatment of an Aboriginal person should be to that of everybody else if similar outcomes are expected to those gathered on all populations in our national statistics. What different skills, if any, do Aborigines seek? To what extent are those who specifically claim an Aboriginal heritage to be conceptualised as custodians of the land or heritage in ways different to the rest of us? This requires openly connected discussion in urban, rural and remote areas in the light of broader concern about inequality of education, work and other expressive opportunity which may result from rural and socio-economic disadvantage.

As the ODE report notes in its summary of findings, the aid program objectives are often unclear and the aid program 'still struggles to clearly define what it means by performance and how it should be measured' (p. 18). One may read the ODE annual review of development effectiveness for 2009 and still have little or no idea of exactly who is expected to be doing exactly what and why. As a product, the ODE report appears to be the victim of a generally poor approach to aid which it also reflects. The ODE notes 'a disturbing trend towards too many activities' and that 'donors providing small amounts of aid through separate projects can lead to fragmentation and high transaction costs'. The number of activities carried out or the related services provided does not necessarily appear problematic. Openly and clearly directed and effective management of projects to achieve the MD Goals appears the key necessity.

The terms of reference of the Independent Review of Aid Effectiveness state the **objective** of the review is *to examine the effectiveness and efficiency of the Australian aid program....*, yet the concepts of 'effectiveness' and 'efficiency' are not defined. The Office of Development Effectiveness makes no reference to 'efficiency', only 'effectiveness'. One naturally may wonder to what extent, if any, these terms may differ.

Key terms such as 'effectiveness' and 'efficiency' require clear definition because the way they are understood is often variable, confused and confusing. The legal ideal of interpretation, where key concepts in the law are not explained, is a feudal practice, different from the modern concept of definitions, such as those found in the common dictionaries produced in the European Enlightenment. Legal 'interpretations' often repeat any key word likely to be questioned. One is normally expected to depend upon particular rule bound judgments in the court to guess the meanings of these key words in rules which must be followed. In some more recent statutes the stated 'definitions' are really just 'interpretations' in that they contain the usual lawyers' rubbish where key words are ignored or not defined but just repeated, or the reader is constantly referred elsewhere for explanation. This is not clear, scientific or democratic practice. It appears a nasty exercise of the power to keep us ignorant and exploitable in and outside the court.

The dominant view of efficiency is found in 'efficient market theory'. This underpins modern finance theory and practice and the administration of all related law. In this view, all available information about a commodity (a share or other investment) is reflected in its price and price is also taken as the forecast and measure of all value. In this view it is taken for granted that the primary goal is to make money for oneself and clients. This is assumed to serve all others but there is evidence markets need government correction.

Ballooning personal and/or government debt in the US, Japan and some European Union nations suggests markets are not working well and require more direction. Increasing income differentials between rich and poor and the latest, most severe and unexpected global financial collapse also suggest markets are never going to clear smoothly, as is theoretically assumed. Increasing destruction of the natural environment also suggests a purely market price driven concept of efficiency does not protect future generations well.

If Hilmer's report of his independent inquiry into a national competition policy, presented to Australian Heads of Government in 1993 had been implemented properly, Australia would have been able to proceed further towards sustainable development much earlier and more cheaply. Hilmer crucially and newly defined competition as, 'striving or potential striving of two or more persons or organizations against one another for the same or related objects' (1993, p.2). The main impact of the Competition Policy Reform Act appears to have been to introduce another handful of amendments to the centrally flawed Trade Practices Act which assumes pursuit of financial interests naturally achieves all other goals. From the purest market perspective government is conceived as just a nuisance if it is not breaking up monopolies or preparing to defend the faith in war.

More sensible discussion than lawyers, financial advisors and their acolytes normally employ, suggests the meanings of 'efficiency' and 'effectiveness' are similar – i.e. being comparatively more capable of producing a desired and stated outcome or effect, no matter whether the desired outcomes or effects are economic, social and/or environmental. The common dictionary defines '*efficient*' as '*capable, competent, producing effect*' and '*effective*' as '*having power to produce effect*'.

The perfect market ideally depends on perfect openness. However, commercial in confidence behaviour has been championed by lawyers and financial service providers for centuries, to the increasing benefit or detriment of many other producers and consumers to which they may be linked. Championing secrecy makes it harder to distinguish between 'corruption' and 'family values'. In the latter case, one may naturally look after one's own family and supporters in confidential dealings and hang the rest. This might be considered normally expected feudal practice. Apparent incapacity to address the historical reality that current wellbeing involved the technology aided progression from many earlier feudal or tribal relations based on capture of land and/or goods may infect AusAID and much other intellectual product. It seems professional elites may often prefer not to understand our historical progression so as to keep judging comfortably by our present standards.

Going forward towards sustainable development

For anybody not a traditional economist, it requires a giant leap of faith to assume, as the Australian government's carbon pollution reduction scheme green paper (08) did, that making as much money as possible and reducing greenhouses gases as much as possible are naturally best achieved through normal market trading. If this were true, one would expect the US market to have produced better health care for the whole US population more cheaply than occurs in other developed countries such as Australia, where specified health care services are guaranteed to all and the price of each service is controlled by

government through the Medicare price schedule. Service provider competition is ideally used to widen the available services, put brakes on price increases and to make a range of added health care services available in the market. In the US, the power of health service providers and insurers to dictate prices has led to more expensive health care provision across the board, to denial of service to many people with pre-existing conditions and to lack of health care cover for many who cannot afford to pay the rising premiums. In such a challenging context of health care provision, administrative costs are also very high.

One assumes many quality management directions are ideally now pursued in related regional contexts and with many communities and governments, where all are also concerned about preserving land and water quality, reversing deforestation and loss of biodiversity and avoiding rural and urban over-population. Energy production to reduce carbon pollution is central to the general broad approach. Fixing the lack of employment, education and access to the many services and freedoms that assist avoidance of violent disorder, so everybody can enjoy a better situation are also vital. All human and other forms of production waste are ideally also managed and researched better in this context.

The PC supports general retention of the existing Rural Research and Development Corporations model and makes recommendations for better and fairer management and data capture by governments on one hand and by the business sector on the other, to clarify their respective research funding sources, aims, performance outcomes and accountabilities. This is to judge all performance better and to improve research partnerships further in the light of key regional, national and international goals. This direction can also provide vital support for the new Australian and international government and community paradigm which ideally attempts to attain more sustainable regional development through better related investment and risk management.

Crucially, the PC finds it would not be appropriate to establish a target level for overall spending on rural R&D – nor a target for rural R&D intensity. Rather, it expects funding and investment should emerge from assessment of all the various programs through which governments currently contribute funding to rural R&D, to judge them against the primary aim of government funding. This PC direction appears to challenge the old ‘efficient markets hypothesis’ which has traditionally driven development. It reflects instead the new global paradigm where all social and environmental goals are not assumed automatically to be achieved best in market operations. This regional planning approach also has implications for discussion of how risk is ideally to be treated. Issues related to levies that businesses may or may not make to support R&D are addressed in this context in the attached. Vocational education development is ideally understood in related regional contexts in which comparative rural disadvantage is also treated.

The PC Issues Paper entitled ‘Contribution of the Not for Profit Sector’ stated that ‘the defining characteristic of a non profit organization is that it does not distribute profits to members’ (p. 7). This structure, which includes industry superannuation funds, can be compared to the commercial organizational structure which distributes profits (or losses) to stockholders. Many non profit organizations may be funded or have their funding augmented by government, as well as provided by members or other contributors. In this

case a stakeholder management model, in which the fund is managed to maximise the interests of the stakeholders, (i.e. all those who have an interest in its effective management) appears necessary, instead of the stockholder model which is normally applied in profit driven organizations. The key stakeholders are ideally those who contributed to the fund and so may appear to own it, and those for whose benefit the fund was established. One assumes the latter are the ideal beneficiaries.

Thank you for the opportunity to make this submission,
Yours truly, Carol O'Donnell, St James Court, 10/11 Rosebank St., Glebe, Sydney 2037.
www.Carolodonnell.com.au