

Director General Statement for Budget Estimates

Introduction

Senators, I would like to begin by briefly highlighting some of the progress made by AusAID since our previous hearing in the implementation of the Government's aid policy, *An Effective Aid Program for Australia*.

Partnerships

We continue to strengthen the way we work with partners, both domestically and internationally.

We launched a new Civil Society Engagement Framework in June 2012.

The Framework sets out how we will work with civil society organisations to improve the effectiveness of our assistance, better manage risk, and enhance efficiency, accountability and value for money.

The Framework was developed in close consultation with the NGO community, in Australia and overseas.

It includes an agreed approach to linking AusAID funding to civil society organisations' effectiveness, capacity and relevance to Australia's aid objectives.

A Steering Committee has been established to oversee implementation of actions agreed under the Framework, which includes representatives of the NGO community.

Our first Consultative Forum with Business was held in August 2012.

The Forum brought together over 120 business leaders and development professionals to discuss the role of the private sector in promoting development, and to share examples of projects that have achieved both commercial and development outcomes.

It included speeches from the Managing Director of Rio Tinto Australia, David Peever, and the International Finance Corporation's Vice President for the Asia Pacific, Karen Finkelston.

Preparations for the Forum were driven by a Business Engagement Steering Committee, which includes representatives from the Australian Chamber of Commerce and Industry, the Business Council of Australia and the Australian Industry Group.

This Committee continues to advise AusAID on our approach to business engagement.

At the forum, the Minister launched the Private Sector Development Strategy, which sets out how the aid program will support private sector growth in partner countries.

To build on the momentum generated, we are convening a series of country-specific roundtables with bilateral business councils focusing on Indonesia, Papua New Guinea, the Pacific and Africa.

The first of these roundtables, covering Indonesia, will be held on 25 October in Melbourne.

The Multilateral Engagement Strategy was released in October 2012.

The strategy prioritises our engagement with multilateral organisations to ensure our aid dollars are invested in the most effective way possible.

The strategy builds on the Australian Multilateral Assessment, published in March 2012, which for the first time rated the performance of multilateral organisations based on their poverty orientation and impact, capacity to make a difference, value for money and relevance to Australia's development objectives.

These ratings will influence our future funding decisions and ensure our funding is targeted to those organisations with proven track records of performance.

Fraud

Fraud in the aid program has been an issue of great interest to the committee and an area where AusAID has made substantial investments to improve performance.

In March 2012, a new Risk Management and Fraud Control Branch was established.

This is in addition to a separate Audit Branch, led by a Chief Auditor.

Our Audit Committee has been substantially strengthened, and now includes four external members and an independent Chair - a former Deputy Commonwealth Ombudsman and Deputy Auditor-General.

We have doubled the number of fraud control officers based in Canberra and established four dedicated overseas positions in our highest risk Posts.

In 2011-12 we more than doubled the number of staff from AusAID and our partner organisations receiving risk and fraud training.

The result is that we have more than halved the rate of potential loss to fraud from 0.03 per cent of ODA in 2010-11 to 0.012 per cent in 2011-12.

During a recent visit to PNG I signed a joint statement on zero tolerance to fraud in Australia's aid program with the new Minister for National Planning and Monitoring, Charles Abel.

The statement commits both sides to comprehensively investigate any suspected fraud in the aid program, with perpetrators prosecuted to the full extent of PNG law.

It establishes a regular forum to review cases of fraud, to which PNG authorities will report.

And it includes joint commitments to improve PNG's anti-corruption measures and procurement and financial systems.