



2012 ANNUAL REPORT

AID

WATCH

Action on Aid, Trade and Debt

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CHAIRPERSON'S REPORT

By James Goodman

2012 was a very active year for AID/WATCH, reflecting major changes underway in Australia's aid program. In dollar terms the aid program has been exposed to budget cuts, as planned aid increases have been delayed. At the same time, the aid program has become increasingly orientated to Australia's commercial and security interests.

AusAID defines the purpose of aid as to help 'overcome' poverty' and to 'serve' the national interest. In several contexts, national interests as defined by the government, occlude poverty alleviation.

One particularly egregious example, symptomatic of the wider trend, was the allocation of about seven-and-a-half percent of the aid budget to 'border protection'. The government, in a peculiarly Orwellian twist, insisted that funding 'community detention' of refugees and asylum seekers in Australia is a form of poverty alleviation.

The aid program was also shown to be vulnerable to political manipulation with the rise and rise of the 'mining for development' program. AusAID states this serves Australia's 'commercial interests', and its principal purpose is to rehabilitate mining as a vehicle for development. The program contradicts evidence recently published by the World Bank that mining produces a resource curse in developing countries.

A third area where Australian aid is failing is in climate change. Aid for climate adaptation remains derisory. Since 2009 the World Bank has said that, to prevent the reversal of poverty reduction under climate change, aid for adaptation must be equivalent to an additional two-thirds of development aid. Instead, Australia has been using its aid to influence the agenda at the United Nations climate negotiations. Meanwhile, Australia's aid for climate adaptation is not additional and remains at about seven percent of the total aid budget.

In 2012 AID/WATCH highlighted and condemned these and other abuses of the aid program. Our position is clear - national interest purposes discredit the aid program.

Aid should be directed to needs – not to donor interests.

About AID/WATCH

AID/WATCH is an independent membership-based watchdog on aid, trade and debt, working with communities in the Global South. We challenge practices which undermine the ability of communities to determine their own futures, and promote development alternatives based on social and environmental justice. We research and evaluate development policies and practices, and we campaign around these issues as part of the global justice movement.

Our vision

A thriving global justice movement, based on mutual solidarity, and on social and environmental justice. A world free from structural inequalities, where people can determine their own futures within a global framework of mutual respect for the environment and for one another. A world where trade, aid and debt no longer exploit peoples, but instead promote environmental and social justice.

Our values

We believe in solidarity not charity

We are committed to global justice and equality. We campaign as much for our futures as for the futures of others. We are respectful of the different approaches and views of others in the movement for global justice. We acknowledge and aim to strengthen the power and agency of communities.

We are independent and fearless

We are a member-based organization. We do not take funds from governments or corporations. We respect diversity of ideas. We are free to make critical comment and are uncompromising in advocating for social and environmental justice. We are principled and where necessary pugnacious. We are never afraid to say what we think.

We are informed and transformative

Our campaigns are grounded in experience and our research is thorough and constructive. We believe in building alternative futures, founded on experience and on community-level capacity. In this respect we are innovative and creative.

We are activist and movement-based

We are a member-driven activist organization, working as part of the wider global justice movement. Our campaigns provoke public debate to generate engagement with development issues, and to inspire public participation in efforts to transform development policies and practices.

PEOPLE AND PARTNERS

Staff

Thulsi Narayanasamy (November onwards)
Liz Barrett (January – October)
Mandy L (January – October)

Committee-of-Management (CoM)

The Committee of Management (CoM) is elected from the AID/WATCH membership.

Throughout the course of 2010, the following members gave generously of their time by serving on the CoM:

Gary Lee	Zoe Roberts
Sam Porter (January – June)	Hannah Ireland (January – June)
Gareth Bryant	Alicia Pearce (June – August)
Nisha Disanyake (January – June)	James Goodman
Claire Parfitt (June onwards)	Zetty Brake (June onwards)
Ryan Coelho	Matt Hilton
Hayley Robertson (January – October)	Louise Lavergne (June onwards)
Nadia Rosenman (June – October)	Pooja Chowdhary

Our thanks go to all of them for their involvement, leadership and energy.

AID/WATCH Volunteers and Interns

Volunteers' efforts are the backbone of AID/WATCH, and we cannot thank enough all those who gave so generously of their time and effort.

A special thank you to Lisa Arnold and Mike Egan who dedicated significant time and skills to support AID/WATCH's accounting and administration.

There were many others who contributed to AID/WATCH in 2011 and we acknowledge their generosity in volunteering and the significant value to the organisation this represents.

Networks – AID/WATCH is a member of the following networks

AFTINET
Publish What You Pay
MILDA
Reality of Aid Network

Funders

AID/WATCH extends a very special thanks to our funding partner, The Christensen Fund for its ongoing support and collaboration.

Cambodian Railways Report



February 2012 saw the launch of our report '*Off the Rails: AusAID and the Cambodian Railways Project*¹'. The report revealed the extent of one of AusAID's worst projects which is ostensibly about rehabilitating Cambodia's railways to foster 'economic growth'. The report revealed a reality that has driven large numbers of vulnerable people into poverty. The project incorporates the worst of Australian aid, including a defacto privatisation agenda, links to an Australian multinational, forced evictions and violence against the poor.

The report received coverage in the media, including interviews on ABC radio. It also was raised in the federal senate by NSW Greens Senator Lee Rhiannon. AusAID responded by announcing the implementation of an Income Restoration Program, a program targeted at training people displaced by the project. AID/WATCH welcomed the announcement but questioned why AusAID was launching yet another development project when people were clearly entitled to compensation.

AID/WATCH is still concerned about the level of knowledge of AusAID staff of the human rights abuses occurring under the project and demands that AusAID be held to account. In July 2012, AID/WATCH submitted a Freedom of Information (FOI) request for the reports of the resettlement advisor that was employed to prevent human rights abuses.

AusAID refused to release the report, saying that to do so would threaten the bilateral relationship between Cambodia and Australia. AID/WATCH is deeply concerned about what

¹ <http://aidwatch.org.au/news/aidwatch-new-report-off-the-rails-ausaid-and-the-troubled-cambodian-railways-project-0>

the report contains that might damage diplomatic relations and cause AusAID to ignore its own transparency charter. The FOI dispute escalated to the Office of the Information Commissioner in October 2012.

Late in 2012, groups in Cambodia lodged a complaint with the Australian Human Rights Commission. In response, AusAID Director General Peter Baxter released a misleading article, claiming that AusAID had always been doing the right thing and that it was a human rights project all along. AID/WATCH released a stinging rebuttal through New Matilda².

We look forward to continuing the move to bring AusAID to accountability in 2013.

Afghanistan Inquiry

In December 2012 AID/WATCH gave evidence to a Senate Inquiry into Australia's aid program to Afghanistan. AID/WATCH made a written submission to the Inquiry which raised serious concerns about the militarisation of Australia's aid in Afghanistan, through its delivery by, and close relationship to, the Australian Defence Force and the Australian Federal Police. We also raised concerns about the use of aid to promote mining in Afghanistan as part of the Mining for Development Initiative.

Management committee members James Goodman and Gareth Bryant travelled to Parliament House in Canberra to give face-to-face evidence to the Senate Committee, where we continued to raise questions over whether Australia's aid program to Afghanistan constituted Official Development Assistance. The OECD precludes aid being used for police training for counter insurgency work and all anti-terrorism activities, which is the stated goal of the war in Afghanistan.

Following our initial statement, it was revealed that the Department of Defence had earlier in the day admitted that 80% of their 'aid' spending in Afghanistan did not meet rules on ODA, as we had argued in our submission, and included spending on things like military check points.

Mining for Development

In late 2012 AID/WATCH focused on AusAID's Mining for Development Initiative, where Australian aid funding was being used to support the expansion of Australian mining interests overseas.

AID/WATCH with the Mineral Policy Institute coordinated an open letter to Australia's Foreign Minister Senator Bob Carr, which 7 other organisations signed onto (ESCR-Net Corporate Accountability Working Group (CAWG) MiningWatch Canada, ActNow! PNG, Deep Sea Mining Campaign (an affiliate of Friends of the Earth Australia), Proyecto de Derechos Económicos, Sociales y Culturales, A.C. (ProDESC), The Jus Semper Global Alliance Urgewald), raising the serious concerns with this program, and highlighting examples. One such example was Paladin Energy Ltd who received funds through AusAID's Direct Aid Project but have been implicated in serious labour and environmental abuses in Africa and are currently the subject of allegations of corruption in Malawi.

² <http://newmatilda.com/2012/11/02/all-aid-good-aid>

In response to this letter and the subsequent media coverage, AID/WATCH received a letter from lawyers acting on behalf of Paladin Energy Ltd threatening legal action. This threat was meritless and subsequently dealt with. The threat highlights the sensitivity of this aid program and how wary it was of being monitored and criticised.



AID/WATCH and Friends of the Earth held a protest outside Senator Bob Carr's Sydney offices. The protest drew attention to Australia's mining obsession and that aid money was being spent to assist mining companies to expand their work in developing countries.

Work on this campaign will continue in 2013.

Pacific Project

In the Pacific project which ran throughout 2012, AID/WATCH continued its solidarity work for customary land rights in the Pacific.

AID/WATCH produced four short videos on the alienation of customary land in Melanesia. In the videos, customary landholders give an insight into the significance of land in Ni-Vanuatu communities, the impacts of reforms being driven by international interests and contrast Melanesian perspectives with corporate development agendas.

The DVD was launched in Australia in October 2012 with screenings at the University of Wollongong, University of Technology Sydney (UTS) in NSW, and the Athenaeum Front Theatre in Melbourne, Victoria. The UTS screening was followed by discussion led by Liz Barrett from AID/WATCH, Aboriginal land rights activist Dan Jones and Vicki Johns from the Bougainville Freedom Movement.

The DVD was distributed widely in the Pacific. Copies were sent to Fiji, Solomon Islands, Papua New Guinea, and Vanuatu.

AID/WATCH managed the MILDA website throughout 2012, updating it with news and reports relating to the Pacific. The MILDA website serves as an important platform for communication of the various resources and initiatives undertaken to support customary landholders in Melanesia. The MILDA website continues to be a key way to communicate with the public about Melanesian land issues.

AID/WATCH also worked on a detailed report on the historical and contemporary impact of land reform in Vanuatu. The paper is based on literature review, government (Australia and Vanuatu) document analysis, and interviews with local stakeholders. The paper argues that the current Mama Graon land program continues a long history of land reform in the Pacific against the interests of local communities. The Mama Graon project facilitates the pseudo-privatisation of land that has been taking place, contrary to the spirit of the Vanuatu national constitution for the last few decades. The report will be finalised and released in 2013.

COMMUNITY EDUCATION AND EVENTS

20th Anniversary

On 6 September we celebrated our 20th anniversary with our supporters, members, volunteers and former campaigners. It was an occasion to reflect on the changes and successes of the past 20 years, and how much further there is still to go in achieving aid justice.

The night was an opportunity for AID/WATCH staff and Committee of Management members to thank our many supporters and friends who, over two decades, have stood by us and stood with us in our numerous campaigns against destructive aid and development policies and practices. They have also supported our struggles to survive as an organisation.

Founding member Senator Lee Rhiannon gave an inspiring speech reminding us all of the passionate commitment to aid justice that has kept AID/WATCH going strong. Past campaigners, Liz Barrett, Kate Walsh, Tim O'Connor, Melita Grant, and Liam Phelan discussed their time at AID/WATCH, recounting some of their favourite campaigns.

Reality of Aid

In 2012, AID/WATCH contributed two chapters to the Reality of Aid (<http://www.realityofaid.org/>) Report. The Reality of Aid network is a collaborative, non-profit initiative involving non-government organisations in the North and South, which aims to promote effective strategies for poverty eradication built on solidarity and equity. The network publishes biennial reports that provide a critical analysis of how governments address the issue of poverty and the effectiveness of aid and development cooperation policies in practice.

The focus of the 2012 report is the role of the private sector in aid provision and its impact on the effectiveness of aid in reducing poverty and inequality. Since the 2011 OECD meeting on aid effectiveness, the private sector has been acknowledged as an "equal partner" in aid and development agencies around the world increasingly teaming up with corporations in aid delivery.

AID/WATCH's contribution to the RoA Report focused on AusAid's new \$127 million Mining for Development Initiative (M4D). The M4D puts the interests of Australian business ahead of the goal of eradicating poverty. The initiative focuses on opening markets for Australian mining companies; building relationships between foreign government officials and mining company executives; and providing scholarships for mining-related education in Australia that benefits Australian educational institutions. This initiative diverts funding away from more effective poverty eradication policies such as health services and local, primary and secondary education.

Multilateral Project

AusAID has significantly increased its contributions to multilateral organisations like the World Bank in recent years. Contributions to multilaterals amount to around \$1.3 billion per year from AusAID's budget. In early 2012, AusAID conducted and released a review into the multilateral organisations it funds. While the government claimed to be assessing the effectiveness, accountability and value for money of these organisations, the criteria was heavily influenced by neoliberal approaches to development and Australia's national interest.

AID/WATCH responded by conducting an alternative review of the multilateral organisations funded by Australia. Our independent criteria for assessing the effectiveness of the multilaterals focused on issues such as their ecological footprints, record on labour rights and commitment to working with the world's poor. We released reports on the World Bank, the Asian Development Bank, the International Labour Organisation and the Food and Agriculture Organisation on our website and held a well attended forum to publicise them and discuss the issues with our members and supporters.



AID/WATCH secured media coverage on a range of issues and campaigns. Coverage was secured in:

- Crikey
- New Matilda
- Openforum
- Community radio including 2SER and FBi Radio

Crikey published an article about the misuse of Australian aid in Afghanistan and (<http://www.crikey.com.au/2012/12/07/aid-for-checkpoints-the-militarisation-of-australias-aid>) and an interview with 2SER.

AID/WATCH campaigner Liz Barrett appeared on 2SER's Aidworks program, and former campaigner James Arvanitakis discussed 20 years of AID/WATCH on FBi Radio's Sociologic program.

Liz Barrett wrote a piece for openforum.com.au with a history of AID/WATCH campaigns.

Articles were published in New Matilda that mentioned AID/WATCH's work and campaigns over 20 years. Senator Lee Rhiannon's article, *Australia Invented Pacific 'Boomerang Aid'*, discussed the long fight to 'untie' Australia's overseas aid, including the role AID/WATCH played in this campaign.

Management Committee member Claire Parfitt's article, *When is Aid Good for Business*, discussed the most recent Reality of Aid report about private sector in aid provision, which includes two chapters by AID/WATCH.

The screenshot shows the top portion of a web article on the Crikey website. The header includes the Crikey logo, navigation tabs for POLITICS, BUSINESS, MEDIA, and CULTURE, and social media follow counts (24.3k Facebook, 80.3k Twitter). The article title is "Aid for checkpoints? The militarisation of Australia's aid" by Gareth Bryant, dated December 7, 2012. The main text snippet reads: "The Australian Defence Force directly delivers about half of Australia's aid to Afghanistan. There are myriad problems with this approach, writes Gareth Bryant from AID/WATCH." Below this, a second snippet begins: "At a Senate inquiry into Australia's aid program to Afghanistan this week, the Department of Defence revealed it had reported almost \$200 million in military spending as 'aid'. The acknowledgement raises serious concerns". On the left side, there are social sharing buttons for Facebook (37 likes) and Twitter (12 tweets).

FINACIAL REPORTS

AID/WATCH's financial year runs from January 1st to December 31st. These reports cover the timeframe from January 1 2012 to December 31 2012.

Statement by the Committee of Management of AID/WATCH Incorporated

In the opinion of the Committee:

a) The attached financial report presents fairly the financial position of AID/WATCH Inc. as 31 December 2012 and its performance for the year ended on that date in accordance with Australian Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board

b) At the date of this statement, there are reasonable grounds to believe that AID/WATCH Inc. will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Committee of Management of AID/WATCH Inc. and is signed for, and on behalf of, the Committee by:

James Goodman
Chair,
26 June 2013

Declaration by the chairperson of the Committee of Management of AID/WATCH Inc.

In my opinion,

a) the attached accounts give a true and fair view of all income and expenditure during the year ended 31 December 2012 with respect to fundraising appeals;

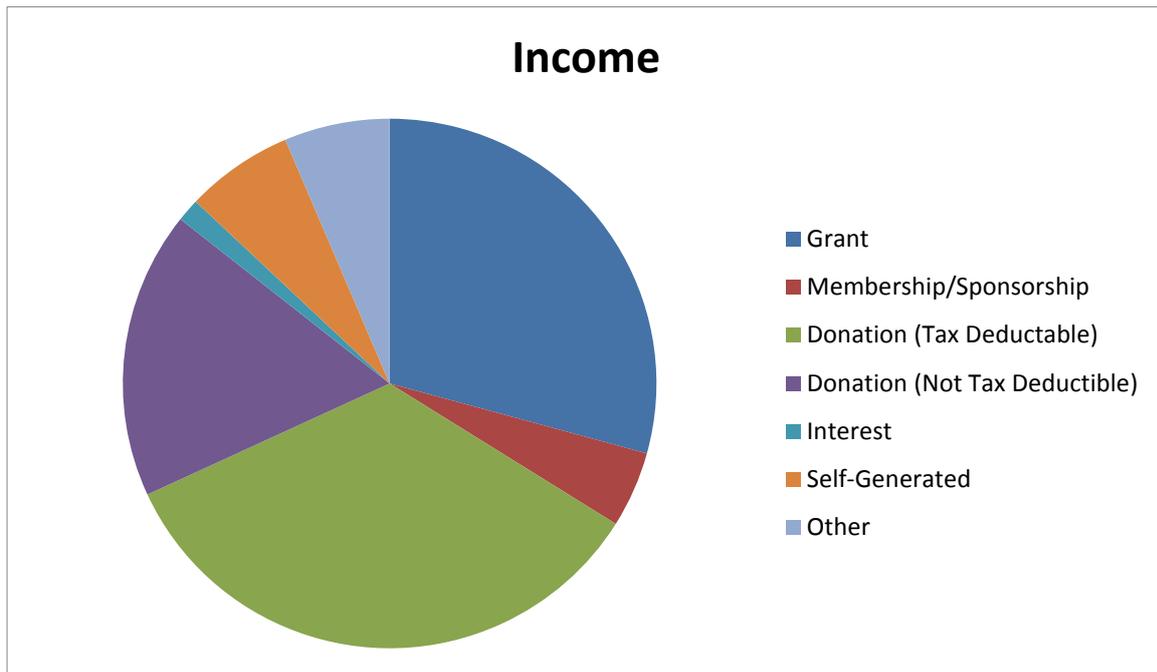
b) the Balance Sheet as at 31 December 2011 gives a true and fair view of the state of affairs of AID/WATCH Inc. with respect to fundraising appeals;

c) the provisions of the Charitable Fundraising Act 1991, the regulations under the Act and the conditions attached to the fundraising authority have been complied with by AID/WATCH Inc.; and

d) the internal controls exercised by AID/WATCH inc. are as appropriate and effective as is practicable in accounting for all income received and applied by AID/WATCH Inc. from any of its fundraising appeals.

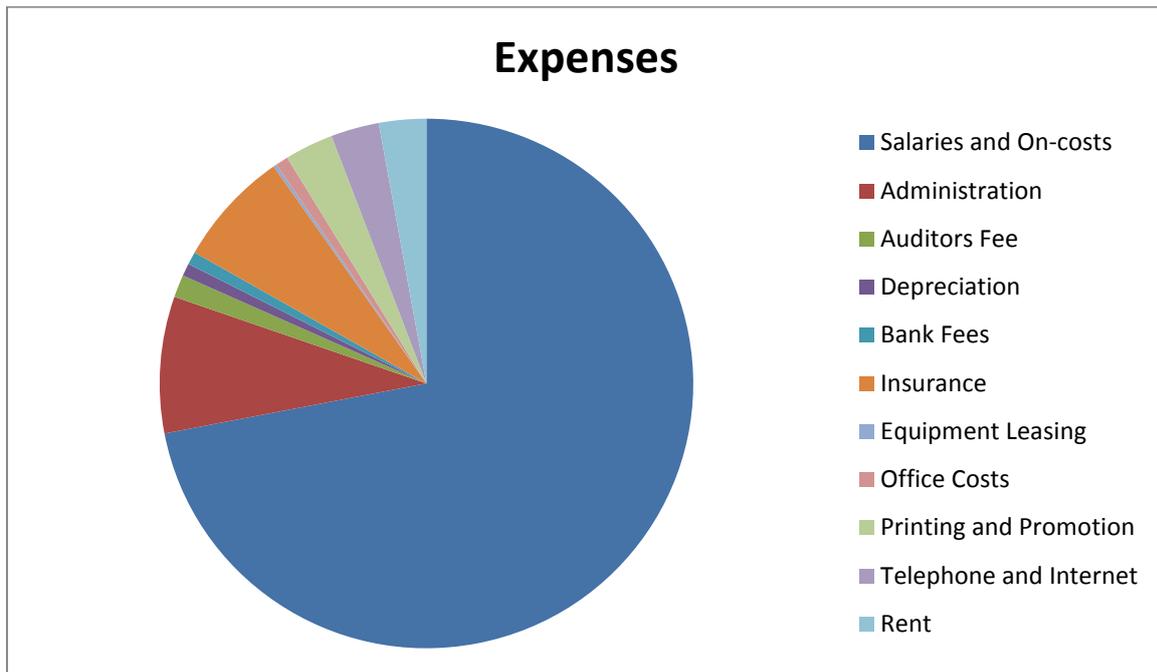
James Goodman
Chair,
26 June 2013

Income Statement



Grants	\$17,503
Membership/Sponsorship	\$2,774
Donation (Tax Deductible)	\$20,467
Donations (Not Tax Deductible)	\$10,492
Interest	\$835
Self-Generated Income (Fundraising)	\$3,922
Other	\$3,825
TOTAL	\$59,818

Expenses Statement



Salaries and On Costs	\$54,794
Administration	\$6,347
Auditors Fees	\$1,050
Depreciation	\$581
Bank Fees	\$599
Insurance	\$5,375
Equipment Leasing	\$143
Office Costs	\$588
Printing and Promotion	\$2,249
Telephone and Internet	\$2,226
Rent	\$2,182
TOTAL	\$76,135

Balance Sheet

AID/WATCH INC.

BALANCE SHEET AS AT 31 DECEMBER 2012

2011 \$		2012 \$
	Current Assets	
90,110	Cash at Bank	52,830
77	Petty Cash	132
7,404	GST Receivable	
<u>97,591</u>	Total Current Assets	<u>52,962</u>
	Non-current Assets	
5,073	Plant & Equipment - at Cost	5,944
- 5,073	Less: Accumulated Depreciation	- 5,204
3,000	Intangible Assets - at Cost	3,000
- 1,350	Less: Accumulated Depreciation	- 1,800
<u>1,650</u>	Total Non-current Assets	<u>1,940</u>
<u>99,241</u>	Total Assets	<u>54,902</u>
	Less Current Liabilities	
17,503	Unspent Grants	-
5,221	Accounts Payable	3,494
9,399	Accrued Employee Entitlements	607
<u>32,123</u>	Total Current Liabilities	<u>4,101</u>
<u>\$ 67,118</u>	NET ASSETS	<u>\$ 50,801</u>
	Represented by	
20,700	Retained Earnings	67,118
46,418	Surplus(Deficit) for the year	- 16,317
67,118		<u>50,801</u>
-	Emergency Reserve Fund	-
<u>\$ 67,118</u>	TOTAL	<u>\$ 50,801</u>

Auditors Report

ROSS N. ARKINSTALL

Chartered Accountant
ABN 85 297 876 486

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CHATSWOOD NSW 2057

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FAX: (02) 9411 1478

AUDITOR'S REPORT

I have audited the attached special purpose financial report for Aid/Watch for the year ended 31 December 2012. Your association's Committee of Management is responsible for the financial report and has determined that the accounting policies used are consistent with the financial reporting requirements of the constitution of Aid/Watch and are appropriate to meet the needs of the members. I have conducted an independent audit of the financial report in order to express an opinion on it to the members of Aid/Watch. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the members.

The financial report has been prepared for distribution to members for the purpose of fulfilling the Committee of Management's financial reporting requirements under the Aid/Watch's constitution. I disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

My audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the organisation's financial position, the results of its operation and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Qualifications

Receipts from donations and other fundraising activities are a significant source of revenue for Aid/Watch. Aid/Watch has determined that it is impracticable to establish control over the collection of donations and other fundraising activity revenue prior to entry in the accounting records. Accordingly, as the evidence available to me regarding revenue from these sources was limited, my audit procedures with respect to donations and other fundraising activity revenue had to be restricted to the amounts recorded to the financial records. I therefore am unable to express an opinion on whether donations and other fundraising activity revenue obtained by Aid/Watch are complete.

Qualified Audit Opinion

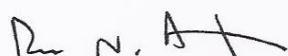
In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the limitation discussed in the qualification paragraph not existed, the financial report does give a true and fair view of Aid/Watch's financial position as at 31 December 2012 and of its performance for the year ended on that date. I also report that, subject to any effect of the adjustments outlined in the qualification,

the financial statements show a true and fair view of the financial results of fundraising appeals conducted during the year

the accounting and associated records have been properly kept in accordance with the Charitable Fundraising Act 1991 legislation and regulations

monies received from fundraising throughout the year have been properly accounted for and applied in accordance with Charitable Fundraising Act

at the date of this report, there are reasonable grounds to believe that Aid/Watch will be able to pay its debt as and when they fall due.



Ross N Arkinstall
Chartered Accountant
Registered Company Auditor
14 May 2013



AID/WATCH

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