Embassy of the State of Palestine

General Delegation of Palestine to Australia, New Zealand, and the Pacific



INTERN POLICY REPORT

Foreign Aid to Palestine under the Coalition Government

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Executive Summary

The Israel/Palestine conflict is one of the world's longest ongoing crises. The continued occupation and blockade of the Palestinian Territories has severely hampered the region's economic growth and even the ability of Palestinians to access basic humanitarian goods and services. Consequently, the sizeable foreign programs that operate within Palestine are of crucial importance not only for the people who live there but for global politics as a way of preventing the growth of radicalism and also as a way for countries to express their support for a two-state solution and international law.

This report seeks to examine Australia's aid program to Palestine as it has existed since the current Coalition Government came into power with Tony Abbott in 2013. It analyses how aid is administrated by the Australia and how these arrangements affect aid policy, how the Palestinian aid program has been treated by the Coalition Government and what internal dynamics of the Coalition Government may have been affecting its policy.

This report concludes that the aid program has become significantly politicised during the tenure of the Coalition Government in comparison to the preceding Labor Government and even previous Coalition Governments. The following recommendations are provided to the General Delegation of Palestine:

- 1. Persist through the current Coalition Government.
- 2. Respectfully communicate with key conservative MPs about Palestinian issues.
- 3. Impress upon Labor MPs the value and importance of an independent aid agency.

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Abbreviations

ADAA = Australian Development Assistance Agency

AMENCA = Australia Middle East NGO Cooperation Agreement

AusAID = Australian Agency for International Development

DFAT = Department of Foreign Affairs and Trade

GDP = Gross Domestic Product

MDTF = Multi-Donor Trust Fund

MP = Member of Parliament

PA = Palestinian Authority

PFLP = Popular Front for the Liberation of Palestine

PTs = Palestinian Territories

UAWC = Union of Agricultural Work Committees

UNRWA = United Nations Relief and Works Agency

US = United States

SECTION 1: BACKGROUND

The Israel/Palestine conflict exists today as one of the most enduring confrontations in world history. Currently, the West Bank remain under the occupation of Israel with limited Palestinian self-governance, while the Gaza Strip continues to be placed under a tight blockade after more than a decade. This situation has contributed to Palestine being one of the poorest regions in the Middle East. Economic growth in the West Bank has stalled, while the Gaza Strip has experienced an effective 'de-development' in the last two decades, with income per capita declining by a third¹. Foreign aid to these two geographic units, known collectively as the 'Palestinian Territories' (PTs), constitutes approximately 15% of the revenue of the Palestinian Authority (PA), however flows of aid, both humanitarian and development, have precipitously declined in recent years².

In 2014-2015, Australia sent \$62.9 in development assistance to the Palestinian Territories, however aid cuts announced in May 2015 reduced this sum by ~40% and in the financial year 2016-2017, Australia sent \$43 million in development and humanitarian aid to the Palestinian Territories³. \$9 million of this sum was sent to the World Bank's 'Palestine Reform and Development Plan' Multi-Donor Trust Fund (MDTF)⁴, which receives budget support from multiple donor countries and channels it directly to the Palestinian Authority (PA). Funds from this fund are released to try to achieve the PA's goals as outlined in the Palestinian National Development Plan and the National Policy Agenda⁵. \$7.4 million was provided to the Australia Middle-East NGO Cooperation Agreement (AMENCA), which focuses on longer-term agricultural projects in the PTs by working with private organisations. This program is currently in its third iteration. Lastly, \$22.5 million was provided to the United Nations Relief and Works Agency (UNWRA) for Palestine which provides basic services in education, health care, and emergency assistance in the occupied territories and in refugee camps in neighbouring countries.

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¹ Department of Foreign Affairs and Trade, "Aid Program Performance Report 2017-18 – Palestinian Territories," *DFAT Publications*, last modified September, 2018, https://dfat.gov.au/about-us/publications/Documents/palestinian-territories-appr-2017-18.pdf

² United Nations, "Aid funding for Occupied Palestinian Territories at 'all-time low'," *UN News*, last modified 17 August 2018, https://news.un.org/en/story/2018/08/1017332.

³ Department of Foreign Affairs and Trade, "Aid Program Performance Report 2014-15 – Palestinian Territories," *DFAT Publications*, last modified October, 2015, https://dfat.gov.au/about-us/publications/Documents/palestinian-territories-appr-2014-15.pdf.

⁴ Department of Foreign Affairs and Trade, "Aid Program Performance Report 2016-17 – Palestinian Territories," *DFAT Publications*, last modified September 2017, http://dfat.gov.au/about-us/publications/Documents/palestinian-territories-appr-2016-17.pdf.

⁵ The World Bank, "Palestinian Recovery and Development Trust Fund," *The World Bank*, last modified July 25, 2018, http://www.worldbank.org/en/programs/palestinian-recovery-and-development-program-trust-fund#2.

Australian development assistance to the PTs makes up neither a critical proportion of the PA's budget nor a large part of Australia's global aid contributions. The total sum of Australia's aid program in the PTs is less than half of a percent of the PA's GDP. Moreover, the PA has made significant progress in reducing its dependence on foreign revenue. Currently, approximately 70% of the PA's budget is sourced from its own tax revenues⁶. Conversely, while Palestine is the largest recipient of Australian aid in the Middle East, over 90% of Australia's development assistance is target to the Indo-Pacific region; the Middle East is of negligible importance in comparison⁷.

Given the lack of material significance for either side, why is Australia's aid in the PTs important? Put simply, despite the relatively small size of the program, it is very effective, and Australia is one of the most generous donors in Palestine. The program has two main objectives. First is providing 'improved public financial management and a more competitive agriculture economy in the PTs' and second is ensuring that 'Palestinian refugees in the PTs and across the region are able to access quality basic services'. Through the avenues outlined in the previous paragraph, Australia makes a significant difference in the lives of countless Palestinians. Additionally, Australia's aid program in the PTs serve a political purpose as a tangible contribution to the development of a two-state solution, which Australia has long tradition of supporting. In its Aid Investment Plan for the PTs, DFAT noted that 'Australia continues to call for a negotiated two-state solution, with Israel and a Palestinian state existing side-by-side in peace and security within internationally-recognised borders. Australia aid is a tangible demonstration of support for that outcome⁹. Consequently, interruption to this aid program would represent an interruption to Australia's long-standing policy on Israel/Palestine.

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⁶ The General Delegation of Palestine to Australia, New Zealand and the Pacific, "The Palestinian Authority's (PA) policy position on the social welfare payments to the families of prisoners," *GDOP Position Papers*, http://www.palestine-australia.com/assets/Uploads/The-Palestinian-Authoritys-PA-policy-position-on-the-social-welfare-payments-to-the-families-of-prisoners-.pdf.

⁷ Department of Foreign Affairs and Trade, "Performance of Australian Aid 2016-17," *DFAT Publications*, last modified May, 2018, https://dfat.gov.au/about-us/publications/Documents/performance-of-australian-aid-2016-17.pdf.

⁸ Department of Foreign Affairs and Trade, "Aid Program Performance Report 2017-18 – Palestinian Territories."

⁹ Department of Foreign Affairs and Trade, "Aid Investment Plan – Palestinian Territories 2015-2019", *DFAT Publications*, last modified September 30, 2015, https://dfat.gov.au/about-us/publications/Documents/palestinian-territories-aid-investment-plan-2015-19.pdf.

SECTION 2: METHODOLOGY

The goal of this report is to determine whether, and to what extent, Australia's foreign aid program to the Palestinian Territories has become politicised during the tenure of the current Liberal-National Coalition Government. Politicisation is taken to mean making something political or more conscious of political matters.

In this report, three major adjustments of aid to Palestine made by the Coalition Government will be examined in order to determine whether decisions were made because of the government's official justification or whether domestic political matters were the primary motivation. To supplement these three cases, an analysis of the administrative structure of Australia's foreign aid policy, and how it has changed under various governments, will be undertaken. Lastly, this report will briefly investigate Australia's foreign aid to other Middle Eastern countries, and then an in-depth examination of the internal dynamics of the Liberal Party will be undertaken. This party will be examined, and not its partner in the Coalition, the National Party, as foreign policy is typically the exclusive domain of the Liberal party; it is primarily determined by the executive and both the positions of Prime Minister and Foreign Minister are held by Liberal MPs.

SECTION 3: ADMINISTRATION OF AUSTRALIAN FOREIGN AID

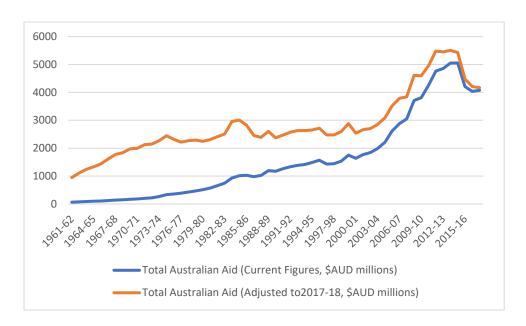


Figure 1: Historical Levels of Australian Foreign Aid¹⁰

For much of the history of Australia's foreign aid program there has existed a broad bipartisan consensus between the two major parties. Both parties have historically raised expenditure on foreign aid, for example John Howard doubled the aid budget in 2005¹¹ and Kevin Rudd made a large increase in 2011. Going back even further, one might assume that levels of Australian development assistance would rise quicker, or at least be cut less in periods of Labor government than in periods of Coalition government. However, this is not the case. Aid as a proportion of GNI actually decreased all the way from the early 1970s regardless of which government was in charge and reached its lowest point under the Labor government of Bob Hawke¹². Figure 1 shows the level of Australian aid since the early 1960s, and there are no significant trends that correspond with one major party being in power, the only exception being from 2013 onwards. The two major parties have also generally agreed on the methods of aid provision (what Australian aid should hope to achieve in terms of development). They have both favoured a neoliberal agenda, whereby aid is a technical enterprise that encourages economic growth in the recipient countries and helps lift them out of poverty¹³. This contrasts with a social justice agenda that is primarily concerned with the basic

¹⁰ Development Policy Centre, "Australian Aid Tracker – Trends," *Australian Aid Tracker*, http://devpolicy.org/aidtracker/trends/.

¹¹ Jack Corbett and Sinclair Dinnen, "Examining recent shifts in Australia's foreign aid policy: new paradigm or more incremental change?" *Australian Journal of International Affairs*, 70:1 (2016): 98-100.

¹² Stephen Dziedzic, "Rudd announces foreign aid overhaul," *ABC News*, last modified July 6, 2011, https://www.abc.net.au/news/2011-07-06/rudd-announces-foreign-aid-overhaul/2784526.

¹³ Corbett and Dinnen, "Examining recent shifts in Australia's foreign aid policy: new paradigm or more incremental change?" 90.

needs of the poor, human rights and equality. The latter agenda is primarily supported by NGOs such as World Vision and Oxfam¹⁴. For example, the first (and ergo the more important) of the two objectives that DFAT pursues in its development assistance to the Palestinian Territories expressly aims to improve the economy of the region¹⁵. The only major point of disagreement between the major two parties until recently has been how aid administration is structured within the public service, and this can be seen in the history of the Australian foreign aid program.

Foreign aid policy administration began its existence as a low priority initiative scattered between several branches of the Department of External Affairs (the predecessor of the Department of Foreign Affairs). Moreover, the aid program had to regularly contend with the Treasury, as the latter body was reluctant to recognise commitments to longer term aid projects ¹⁶. The report of an Inter-Departmental review committee in 1964/5 emphasised the profit-based objective of Australian foreign aid policy, that it should be primarily directed towards enhancing Australia's political relations with recipient countries¹⁷. In the late 1960s, the Department of External Affairs underwent an overhaul of its aid administration. Its importance was strengthened, more resources and experienced personnel were dedicated to it, and foreign aid overall was increased. However, the stated goal of all this change was to maximise the efficiency and effect that aid would have on Australia's relationships¹⁸. Foreign Minister (and later Prime Minister) William McMahon stated in 1970 in a speech to Parliament about foreign aid that 'Aid is intended to foster development. I do not believe that aid can 'buy' allies. Nor can we expect aid to guarantee stability', perhaps suggesting a shift towards a social-justice model. But McMahon also later said: 'We have worked constantly and with a good deal of success to strengthen our relations with our Asian neighbours. And we have established, we believe, a reputation for sincerity and goodwill, supported by our economic and military aid programs', indicating that overall the profit-based model was dominant in this time period.

The first experiment with a different approach to foreign aid occurred under the Labor government of Gough Whitlam. In the 1972 election when Gough Whitlam won government, an independent aid

¹⁴ Andrew Rosser, "Asia's rise and the politics of Australian aid policy," *The Pacific Review*, 29:1 (2016): 17.

¹⁵ Department of Foreign Affairs and Trade, "Aid Program Performance Report 2017-18 – Palestinian Territories."

¹⁶ Alan E. Wilkinson, "The politics of Australian foreign aid policy 1950-1972," *Open Research Repository ANU*, last modified June, 1976, https://openresearch-repository.anu.edu.au/handle/1885/11402, 215.

¹⁷ Ibid., 216.

¹⁸ Ibid., 242.

agency was included in Labor's policy platform¹⁹. Administration of foreign aid was still split between multiple different departments, with the largest portion falling under the Department of Foreign Affairs. Among the major departments there was little traction for an independent aid agency and some of them even saw such an agency as threatening their interests and influence²⁰. In particular, the Department of Foreign Affairs still held to a profit-based approach towards foreign aid. In a submission to the Royal Commission on Australian Government Administration (RCAGA) of 1974-6, the Department declared that 'Coordination of aid programs with Australia's foreign relations is also a matter requiring close and constant attention. Aid lies with the framework of foreign policy and must be consonant with the Government's objectives in our relations with foreign countries. The amount and direction of our aid must be determined in the light of foreign policy objectives and are subject to diplomatic negotiation'. Nonetheless, in 1973, the federal cabinet approved the creation of a 'Australian Development Assistance Agency' (ADAA) as a statutory body which would assume the aid functions previously carried out by the Department of Foreign Affairs, External Territories (administering PNG), Education and the Treasury. The rationale given was that "A fully unified aid administration will ensure that a comprehensive, rational approach is adopted to foreign aid. The dispersal of aid functions among various departments has reflected and sustained the sometimes conflicting viewpoints of individual Departments and has complicated the whole process of coordination". ²¹ Put simply, after more than twenty years of Liberal government in Australia, as soon as Labor got into power it aimed to give greater autonomy to aid administration.

However, this didn't mean the immediate triumph of an independent agency. Due to delays, the legislation for the agency hadn't yet passed by the deadline of 1 December 1973. Thus, by default the ADAA started its life as an office within the Department of Foreign Affairs, which was also responsible for the initial staffing of the agency²². Tensions arose primarily on the issue of reporting. The Department of Foreign Affairs maintained that reports should go through the Secretary of the Department to avoid conflicting reports going to the Minister. In response, the director of ADAA submitted to the RCAGA that 'we sympathise with the desire of the Department of Foreign Affairs to achieve a better coordination of Australian foreign policy ... We do not think however that this coordination could effectively be achieved by subordinating the administration of such fields as aid, trade, energy, and many others to the pursuit of particular foreign policy objectives. This, in our

¹⁹ Peter Wilenski and Nancy Viviani, *The Australian Development Assistance Agency: A Post-Mortem Report* (Brisbane:

Q.I.T Printing Centre, 1978), 6.

²⁰ Ibid., 7.

²¹ Ibid., 8.

²² Ibid., 15.

view, would be an unfortunate result of the sort of unified administration which is suggested in the Foreign Affairs submission '23'. The influence of the ADAA and its ability to lobby for the aid budget was severely hampered by the animosity it faced from other departments, and the divisions it faced within its own staff who were sourced from these other departments²⁴. The ADAA was only created due to ministerial backing and its existence only lasted as long as that backing was forthcoming. When the Coalition came back into power after Gough Whitlam's dismissal, the ADAA was effectively dismantled and absorbed back into the Department of Foreign Affairs by early 1976. The primary arguments for the merger presented by the new Liberal Foreign Minister Andrew Peacock was that the content of the aid program was ineffective and that reincorporation of the Agency would achieve proper coordination of policies²⁵. The latter argument will be seen again soon.

After the abolishment of the ADAA, aid administration remained unified but under the control of the Department of Foreign Affairs. This arrangement again changed under the Labor government of Kevin Rudd. In 2010, the contemporary iteration of Australia's aid program, AusAID, was upgraded to an executive agency which gave it a degree of independence from DFAT. This changed again when the Coalition government came into power under Tony Abbott in September 2013 and AusAID was abolished and merged completely into DFAT²⁶. Julie Bishop stated that the merger would result in the 'the alignment of Australia's foreign, trade and development policies and programs in a coherent, effective and efficient way' and that this alignment would connect 'the goal of poverty reduction with the pursuit of regional economic growth ... This goal is in Australia's national interest'²⁷. Bishop also cited World Bank research that each dollar invested in aid-for-trade resulted in a return of a \$8 increase in Australian exports to developing countries²⁸. Put simply, in moving aid administration back under the purview of foreign policy, the Coalition government almost directly quoted the arguments of Andrew Peacock when he abolished the ADAA in 1976 and demonstrated that it firmly supports a profit-based approach to development assistance whereby the primary purpose of said assistance is to further its own initiatives and goals.

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²³ Ibid., 16.

²⁴ Ibid., 27.

²⁵ Ibid., 29.

²⁶ Wendy Bruere & Cameron Hill, "Changes to Australia's overseas aid program under the Abbott and Turnbull governments 2013-2016: key policies and responses," *Parliamentary Library*, last modified September 22, 2016, https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1617/AustralianAidProgram#_Toc456604532.

²⁷ Julie Bishop, "A new era in diplomacy," *Minister for Foreign Affairs – The Hon Julie Bishop MP (archived)*, last modified 1 November, 2013, https://foreignminister.gov.au/releases/Pages/2013/jb mr 131101a.aspx?ministerid=4.

²⁸ Julie Bishop, "The new aid paradigm," *Minister for Foreign Affairs – The Hon Julie Bishop MP (archived)*, last modified June 18, 2014, https://foreignminister.gov.au/speeches/Pages/2014/jb_sp_140618.aspx.

To summarise the history of Australia's foreign aid administration, whenever aid administration is brought under the control of the department responsible for foreign policy development, a profitbased approach is emphasised, and these mergers tend to happen under Coalition governments. Alignment of foreign policy and aid policy isn't necessarily a detriment to Australia's interests. Conversations with DFAT have indicated that bringing these two policy domains closer together within the bureaucracy allows for improved communication, whereas previously it was possible for issues to slip between the cracks. Furthermore, alignment enhances Australia's ability to press for improved humanitarian and political outcomes within recipient countries. This is especially pertinent in Palestine, where Australia can effectively lobby Israel for positive changes. However, bringing aid policy under the tighter control of government interests can have detrimental impacts on said policy, as there is the risk that DFAT or the government may be tempted to interfere in aid programs for the benefit of their own initiatives. At the time of the merger in 2013, former deputy director-general of AusAID Annmaree O'Keefe expressed concern that placing aid under the direct jurisdiction of DFAT would tempt the department to treat AusAID as a 'diplomatic ATM'. Specifically, O'Keefe wrote that 'Having AusAID just a little distanced from the daily pressures confronting the Department of Foreign Affairs and Trade meant that the aid program has not been constantly distracted in its long-term development endeavours'29. The effect of this on the Palestinian aid program will be discussed next.

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²⁹ Annmaree O'Keefe, "AusAID reintegration a backward step," *The Interpreter*, last modified September 18, 2013, https://www.lowyinstitute.org/the-interpreter/ausaid-reintegration-backward-step.

SECTION 4: CASES

i. World Vision

World Vision is a Christian NGO that receives aid from DFAT as part of the Australia-Middle East NGO Cooperation Agreement (AMENCA) program for development projects in the West Bank and Gaza. World Vision is the only NGO to operate in Gaza under the program, where it runs agricultural projects that improve the food security and incomes of local Palestinians. In particular, World Vision's programs benefit women and children, and also offer mental health and psychosocial support³⁰. World Vision has been a recipient of Australian development under the previous 2nd and 3rd AMENCA programs. This section will cover multiple instances of World Vision's programs being impacted on by government decisions.

The first instance occurred on 'Land Day'. Land Day is an annual day of commemoration for the people of Palestine. It is held on March 30. It originated from an incident 42 years ago where Israeli police shot dead half a dozen Palestinians who were protesting the Israeli government's expropriation of Palestinian land. Palestinians use the day as an occasion to protest and resist what they consider as Israeli land theft³¹. In Gaza, these commemorations often turn violent. This year Israeli soldiers killed 17 civilians and injured more than 1,400 others during demonstrations on the border³². World Vision's operations in the Gaza strip at this time were mainly run in conjunction with the Union of Agricultural Work Committees (UAWC). This organisation in 2016 organised protests on the border of Gaza which DFAT deemed glorified Palestinian martyrs. The Department then instructed World Vision to cease its work with UAWC, which World Vision promptly did. The DFAT review of AMENCA 2, the previous iteration of the AMENCA program that ran until 2015, described the UAWC as 'highly respected across Gaza for its professionalism and the validity of its approaches to the current needs of Gaza'³³.

Later in 2016, World Vision saw all of its funding suspended by DFAT after it was alleged by Israeli domestic security that the regional manager for the charity in Gaza, Mohammed El-Halabi, abused his position to divert the majority of the Gazan program's funding (roughly \$7 million per year) to

³⁰ Scott Rankin, "Program Review: Australia Middle-East NGO Cooperation Agreement (AMENCA) Phase Two (2006-15)," *DFAT Publications*, last modified March 3, 2015, https://dfat.gov.au/about-us/publications/Documents/aus-middle-east-ngo-coop-agreement-amenca-phase2-review-report-jan-15.pdf.

³¹ Yara Hawari, "Palestine Land Day: A day to resist and remember," *Aljazeera*, last modified March 30, 2018, https://www.aljazeera.com/indepth/opinion/palestine-land-day-day-resist-remember-180330054113738.html.

³² Haider Eid, "What next for Gaza after Israel's Land Day Massacre?" *Aljazeera*, last modified April 5, 2018, https://www.aljazeera.com/indepth/opinion/gaza-israel-land-day-massacre-180404120852381.html.

³³ Rankin, "Program Review: Australia Middle-East NGO Cooperation Agreement (AMENCA) Phase Two (2006-15)."

Hamas³⁴._El-Halabi was held by Israeli security forces for more than 50 days before being brought to trial, 25 of these without a lawyer³⁵. In August the Israeli Ministry of Foreign Affairs announced that he had confessed to diverting funds to Hamas, but later he recanted that confession – the principle piece of evidence. Kevin Jenkins, president of World Vision International, claimed that the cumulative budget of World Vision over the past decade was approximately \$22.5 million, which makes the claim that up to \$50 million had been diverted 'hard to reconcile'³⁶. As a result of the suspension, World Vision was obliged to lay off local 120 contractors in the Gaza strip, stating that Israel had frozen its bank accounts in Jerusalem³⁷.

In response to the allegations against World Vision, DFAT announced an internal review³⁸. In April 2017, the review concluded that there was nothing to suggest that funds had been diverted to Hamas, stating 'DFAT has reviewed the management of its funding to World Vision in the Palestinian territories. The review uncovered nothing to suggest any diversion of government funds.' However, this doesn't mean the issue was resolved. The report went on to announce that 'Australia's funding to World Vision in the Palestinian territories remains suspended until we have considered the outcomes of the court case against Mr El Halabi and reviews being undertaken by World Vision Australia and World Vision International into this issue' ³⁹. Dave Sharma, ambassador to Israel at the time, further clarified that this didn't reflect Australia's perspective on the actual guilt of El-Halabi himself, and that aid wouldn't resume until the outcome of the Israeli court case had been considered ⁴⁰. In January 2017, Israeli courts added additional terrorism charges to El-Halabi's trial and the case is ongoing to

³⁴ Paul Karp, "Australia suspends World Vision's Palestine aid after allegations funds were diverted," *The Guardian*, last modified August 5, 2016, https://www.theguardian.com/global-development/2016/aug/05/australia-suspends-world-visions-palestine-aid-after-allegations-funds-were-diverted.

³⁵ Sophie McNeill, "World Vision 'shocked' by Israel allegations Gaza manager diverted charity money to Hamas," *ABC News*, last modified August 5, 2016, http://www.abc.net.au/news/2016-08-05/world-vision-boss-gaza-accused-by-israel-diverting-money-hamas/7692594.

³⁶ Kevin Jenkins, "Statement from Kevin Jenkins, President of World Vision International," *World Vision Media Centre*, last modified August 9, 2016, https://www.worldvision.com.au/media-centre/resource/statement-from-kevin-jenkins-president-and-chief-executive-officer-of-world-vision-international.

³⁷ Nidal al-Mughrabi, "World Vision lays off contractors in Gaza after Israel allegations," *Reuters*, last modified September 9, 2016, https://www.reuters.com/article/us-palestinians-gaza-worldvision/world-vision-lays-off-contractors-in-gaza-after-israel-allegations-idUSKCN11F1RP?il=0.

³⁸ Department of Foreign Affairs and Trade, "Allegations of diversion of Australian aid funds to Hamas," *DFAT news, speeches and media,* last modified August 5, 2016 https://dfat.gov.au/news/media/Pages/allegations-of-diversion-of-australian-aid-funds-to-hamas.aspx.

³⁹ Agence France-Presse, "Inquiry clears World Vision Gaza of diverting funds to Hamas," *The Guardian*, last modified March 21, 2017, https://www.theguardian.com/global-development/2017/mar/21/inquiry-clears-world-vision-gaza-of-diverting-funds-to-hamas.

⁴⁰ Renee Westra, "World Vision, Gaza and Hamas: aid diversion case still unresolved," *Parliamentary Library*, last modified October 24, 2017.

https://www.aph.gov.au/About Parliament/Parliamentary Departments/Parliamentary Library/FlagPost/2017/October/World_Vision_Gaza_and_Hamas.

this day⁴¹. Accordingly, after two years World Vision has still not resumed receiving development assistance from DFAT for its projects in the PTs, undermining Australia's goals of encouraging agricultural growth, particularly in the Gaza Strip where World Vision is the only NGO to operate under the AMENCA program. Former Foreign Minister Julie Bishop was largely silent on the issue. There are no media releases from her time as Foreign Minister concerning the issue, and when asked during a visit to Israel, she only described it as 'deeply concerning'⁴²

In February 2012, similar allegations were made by a pro-Israel lobby group called Shurat HaDin, which argued that World Vision was working with an arm of the Popular Front for the Liberation of Palestine (PFLP) in its development projects with the UAWC⁴³, and that this work was in violation of Section 21 of the United Nations Charter Act (the parliamentary motion from the 1940s ratifying the charter in Australia). The UAWC is a non-profit company registered with the Israeli Justice Ministry and as previously mentioned was consiedered a trustworthy organisation by DFAT⁴⁴. An AusAID investigation found that there was no evidence to support Shurat HaDin's claims. Then Foreign Minister Bob Carr stated that "Taking into account the thorough nature of AusAID's examination and advice from AGS that no offence has been identified, the AFP has advised it would not accept this matter for further investigation", and that "the material provided by the Israel Law Center has been carefully examined by AusAID in consultation with other agencies including the Australian Federal Police and the Australian Security Intelligence Organisation"⁴⁵. It is unclear whether aid was suspended to World Vision during this investigation; DFAT could not confirm for sure based on their own records and World Vision declined to comment at all, however it is clear that funding was at least resumed if World Vision could be instructed to cease world with the UAWC in 2016 and then have its funding cut in 2016. Regardless, this case demonstrates a different attitude to addressing allegations of fraud. The government didn't leave the impetus to resume aid to the Israeli court system and dismissed the allegations based off of its own investigation.

⁴¹ Yonah Jeremy Bob, "More terrorism charges added against manager of World Vision Gaza," *The Jerusalem Post*, last modified January 13, 2017, https://www.jpost.com/Middle-East/More-terrorism-charges-added-against-manager-of-World-Vision-Gaza-478319.

⁴² Sophie McNeill, "Julie Bishop raises allegation of World Vision employee aiding Hamas with Israeli PM during Jerusalem visit," *ABC News*, last modified September 5, 2016, http://www.abc.net.au/news/2016-09-05/bishop-raises-world-vision-employee-case-with-israeli-pm/7813296.

⁴³ Tim McCormack, "World Vision Australia Rejects Allegations it Provided Financial Aid to Terrorists," *Galus Australia*, last modified May 20, 2013, http://galusaustralis.com/2013/05/7111/world-vision-australia-rejects-allegations-it-provided-financial-aid-to-terrorists/.

⁴⁴ Rankin, "Program Review: Australia Middle-East NGO Cooperation Agreement (AMENCA) Phase Two (2006-15)." ⁴⁵ Bob Carr, "Union of Agricultural Work Committees", *Australian Minister for Foreign Affairs – Senator the Hon Bob Carr (archived)*, last modified May 31, 2012, https://foreignminister.gov.au/releases/2012/bc_mr_120531.html.

ii. Union Aid Abroad-APHEDA

Union Aid Abroad-APHEDA is an Australia-based NGO that receives aid from several domestic sources (such as DFAT and various trade unions) to support agricultural development projects in 15 difference countries, including Palestine. This funding comes from the AMENCA 3 program⁴⁶. In 2014, Julie Bishop described World Vision and APHEDA as 'established development partners'⁴⁷. In 2018 one of APHEDA's client organisations, the Ma'an Development Centre, temporarily contracted a man called Ahmed Abdullah Al-Adine on one of its projects. Al-Adine was killed by sniper-fire in May of this year during protests on the border between Israel and Gaza. More than 55 other Palestinians were killed in these protests and 950 injured⁴⁸. Al-Adine was an alleged member of the PFLP, considered a terrorist organisation by the Australian government. It is important to note that the one project that al-Adine worked on was not funded using any Australian funds⁴⁹. Moreover, it is unclear what level of involvement al-Adine has in the PFLP. After his death the PFLP labelled him as a martyr on their website and claimed that he was part of the organisation's leadership in Deir al-Balah, but there is no other mention of him on the website⁵⁰.

Nonetheless, after an article written by the Daily Telegraph in June drew attention to these allegations, APHEDA saw all its funding frozen by the Australian government pending a DFAT audit. As of the writing of this report this report has not yet been concluded and APHEDA's projects in the Palestinian Territories are at risk of collapsing due to the lack of funds. APHEDA has rejected the allegations and publicly stated that it checks all staff who work on '[their] *projects, all partner organisations, their senior staff and board members, and all external contractors and their senior staff'*. Furthermore, APHEDA stated that it 'adheres to all of DFAT's counter terrorism procedures.'

In summary, it is very possible that APHEDA's administrative procedures failed and Ahmad Abdullah Al-Adine was affiliated with a terrorist organisation. However, even if he was, this

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 ⁴⁶ Rankin, "Program Review: Australia Middle-East NGO Cooperation Agreement (AMENCA) Phase Two (2006-15)."
 ⁴⁷ Julie Bishop, "Australian humanitarian assistance for Gaza, Media Release," *Minister for Foreign Affairs – The Hon Julie Bishop MP (archived)*, last modified July 28, 2014,
 https://foreignminister.gov.au/releases/Pages/2014/jb mr 140728.aspx?w=tb1CaGpkPX%2FlS0K%2Bg9ZKEg%3D%3

⁴⁸ Union Aid Abroad-APHEDA, "Media Release – APHEDA condemns killing of Palestinians, including ," *APHEDA*, last modified May 15, 2018, http://apheda.org.au/wp-content/uploads/2018/05/180515 Union-Aid-Abroad-Media-Release-on-the-Killing-of-Palestinians-including-MAAN-colleague.pdf.

⁴⁹ Union Aid Abroad-APHEDA, "Crisis in Palestine set to worsen as aid organisations come under attack," *APHEDA*, last modified August 31, 2018, http://apheda.org.au/aid-orgs-under-attack-palestine/.

⁵⁰ Popular Front for the Liberation of Palestine, "PFLP mourns comrade Ahmad al-Adaini," *PFLP*, last modified May 16, 2018, http://pflp.ps/english/2018/05/16/pflp-mourns-comrade-ahmad-al-adaini/.

⁵¹ Union Aid Abroad-APHEDA, "Public Statement," *APHEDA*, last modified June 28, 2018, http://apheda.org.au/wp-content/uploads/2018/06/Public-statement-by-Union-Aid-Abroad-APHEDA-28-6-18.pdf.

connection between Australian aid and the PFLP is incredibly tenuous. Supposedly, Australian development assistance was used by an NGO that worked with another NGO that temporarily employed a man who may have been linked to a terrorist organisation on a project that was not in any way supported by Australia, and this link when mentioned by a newspaper is enough to justify the long-term suspension of aid. This decision stands in stark contrast to the Shurat Hadin allegations against World Vision, where the latter organisation was accused of directly working with the PFLP by a private company, but at that time a DFAT report swiftly dispelled the notion.

iii. Martyrs Fund

At the end of May 2018, the Foreign Minister wrote to the PA to seek assurances that no Australian aid had been used to support the PA's 'martyr payments' 52. These payments are made as part of the 'Welfare Law for Prisoners'. Under this program, families of Palestinians killed or imprisoned by Israel receive intermittent payments in addition to other benefits, such as basic government healthcare and partial scholarships. The size of financial benefits scale with the length of imprisonment. Detainees themselves only receive canteen money while in prison but are entitled to significant financial support once they leave and while they have no other source of income⁵³. This policy has existed in one form or another since 1965, when the Palestinian Liberation Organisation (PLO) began operation of the Commission of Martyrs and the Injured. Currently there are approximately 13,000 men and women who benefit from this, a number which represents only 1.5% of the total number of detainees and ex-detainees⁵⁴. The controversy of this system comes from the fact that payments are indiscriminately made to the families of victims regardless of the terms of their injury, death or imprisonment. Thus, this includes Palestinians who have been convicted of planning or carrying out violent attacks on Israel⁵⁵. Hence this policy has recently caused alarm amongst some Australian politicians who are concerned that Australian aid is being used to support a 'pay-to-slay' scheme in the PTs⁵⁶. Eric Abetz in particular has been very outspoken regarding this issue, arguing that until the Martyrs Fund system is removed all Australian aid to Palestine should be

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⁵² Special Broadcasting Service, "Julie Bishop questions use of Australian aid in Palestine," *SBS*, last modified May 31, 2018 https://www.sbs.com.au/news/julie-bishop-questions-use-of-australian-aid-in-palestine.

⁵³ The General Delegation of Palestine to Australia, New Zealand and the Pacific, "The Palestinian Authority's (PA) policy position on the social welfare payments to the families of prisoners."
⁵⁴ Ibid.

⁵⁵ Glenn Kessler, "Does the Palestinian Authority pay \$350 million a year to 'terrorists and their families'?" *The Washington Post*, last modified March 14, 2018, <a href="https://www.washingtonpost.com/news/fact-checker/wp/2018/03/14/does-the-palestinian-authority-pay-350-million-a-year-to-terrorists-and-their-families/?noredirect=on&utm_term=.eff75d11e7f7.

⁵⁶ Eric Abetz, "Government issues 'please explain' to Palestinian Authority," *Senator Eric Abetz*, last modified May 31, 2018, https://abetz.com.au/news/government-issues-please-explain-to-palestinian-authority.

ended. Interestingly, the National Insurance Institute of Israel has a similar welfare program for 'Prisoners of Zion and Families of Martyrs', which provides benefits and compensation for individuals anywhere who have been imprisoned for pro-Israel activities and their families⁵⁷.

The PA receives roughly \$9 million AUD from Australia, which is administered and audited by the World Bank MDTF⁵⁸. In response to Julie Bishop's earlier enquiry, the Palestinian Foreign Minister, Riad Malki, responded with assurances that none of Australia's contribution to the MDTF was used for the Martyrs Fund and argued that Israel neglects its responsibilities as an occupying power under the Fourth Geneva Convention. Under this convention Israel must provide maintenance for those dependent on detainees, yet it does not. Accordingly, Malki argues that the PA has a responsibility to 'ensure assistance of and protection to all vulnerable families, including families of prisoners', and the Martyrs Fund is the PA's solution⁵⁹.

Nonetheless, Julie Bishop announced the following month that Australia was redirecting its contribution to the MDTF, citing the risk that Australia's aid be misused, despite agreeing that all prior aid had been used properly⁶⁰. Bishop stated that "I am confident that previous Australian funding to the PA through the World Bank has been used as intended. However, I am concerned that in providing funds for this aspect of the PA's operations there is an opportunity for it to use its own budget to activities [sic.] that Australia would never support"61. Instead, the contribution would be sent to the United Nations' Humanitarian Fund for Palestine, which directs the vast majority of its funding and activities towards the Gaza Strip⁶². As the Gaza strip lies out of the de facto control of the PA, Australian aid towards the PA, the internationally recognised government of the Palestinian people, has been effectively cut. The Palestinian Ministry for Foreign Affairs & Expatriates responded harshly, commenting in a press statement that 'The Palestinian government takes note of Australia's predictable position of tailing the Israeli right-wing agenda in hostility against

⁵⁷ National Insurance Institute of Israel, "Prisoners of Zion and Families of Martyrs," National Insurance Institute of

https://www.btl.gov.il/English%20Homepage/Benefits/Benefits%20for%20Prisoners%20of%20Zion%20and%20Familie s%20of%20Martyrs/Pages/default.aspx.

⁵⁸ Department of Foreign Affairs and Trade, "Aid Program Performance Report 2016-17 – Palestinian Territories."

⁵⁹ Riad Malki, "Letter of Response," GDOP, last modified June 11, 2018, http://www.palestineaustralia.com/assets/Uploads/Letter-of-response-11.06.2018.pdf.

⁶⁰ Julie Bishop, "Reallocation of aid to the Palestinian Authority," Minister for Foreign Affairs – The Hon Julie Bishop MP (archived), last modified July 2, 2018,

https://foreignminister.gov.au/releases/Pages/2018/jb mr 180702a.aspx?w=tb1CaGpkPX%2FlS0K%2Bg9ZKEg%3D% 3D. 61 Ibid.

⁶² United Nations Office for the Coordination of Humanitarian Affairs, "Occupied Palestinian Territory Humanitarian Fund - Annual Report," oPT Humanitarian Fund, last modified 2017, https://www.ochaopt.org/sites/default/files/opt hf - annual report 2017.pdf.

Palestinian rights by using the social safety net provided to the families of Palestinian prisoners as pretext to reallocate its aid to Palestine.⁶³

This decision was taken rather unexpectedly. As outlined before, the Martyrs Fund program has existed in one form or another since the 1960s⁶⁴, so after half a century it is unclear why Julie Bishop chose that specific time to attack the fund when by even her own judgement there was no evidence to suggest that Australian aid had been used to support it. It most likely wasn't a decision that was heavily circulated around the Department in advance. The DFAT Australian Aid Budget Summary for 2018-19 still highlights the World Bank MDTF as a key investment area⁶⁵. It is possible that the policy of the United States was an influence on the government's decision. In 2018, the US Congress passed the 'Taylor Force Act', a piece of legislation named for an American who was killed by a Palestinian terrorist attack in Israel. This act discontinues direct US aid to the PA unless the Martyrs Fund program is terminated⁶⁶. The attack that killed Taylor Force was carried out in 2016, but the resulting legislation was only passed in March 2018, only two months before Julie Bishop announced that she had written to the PA. Such proximity indicates that there is likely a correlation, however at no point did Julie Bishop attribute or connect her decisions to the US legislation⁶⁷.

In short, regardless of what may have prompted the government's decision to end direct aid to the PA, there is no rationale for it. The World Bank MDTF is very closely managed, no funding was misused, and the Australian government agrees, but yet it ended aid anyway.

iv. Summary

In each case the government has seemingly gone out of it way to target its aid program in Palestine. Normally, DFAT closely audits the activities and performance of its client organisations. Whenever an agreement is reached with an NGO or other private organisation to use Australian development aid, a contract is signed that sets out the reporting requirements of the organisation on both program effectiveness and financial matters. The 2015-16 DFAT Aid Program Performance Report noted that 'The PTs aid program, and the Australian aid program more broadly, has strong measures in place

⁶³ Riad Malki, "Press Statement by Minister Riad Malki on Australian Reallocation of Assistance to Palestine," *Ministry of Foreign Affairs & Expatriates*, last modified July 3, 2018 http://www.mofa.pna.ps/en/2018/07/03/press-statement-by-minister-riad-malki-on-australian-reallocation-of-assistance-to-palestine/.

⁶⁴ The General Delegation of Palestine to Australia, New Zealand and the Pacific, "The Palestinian Authority's (PA) policy position on the social welfare payments to the families of prisoners."

⁶⁵ Commonwealth of Australia - DFAT, "Australian Aid Budget Summary," *DFAT Publications*, https://dfat.gov.au/about-us/corporate/portfolio-budget-statements/Documents/2018-19-australian-aid-budget-summary.pdf.

⁶⁶ Congress.gov, "S.1697 – Taylor Force Act," 115th Congress, https://www.congress.gov/bill/115th-congress/senate-bill/1697.

⁶⁷ Bishop, "Reallocation of aid to the Palestinian Authority."

to manage these risks. We maintain a zero-tolerance approach to corruption and fraud, and we continue to make use of and monitor our systems and processes (and those of our partners) to help prevent, detect and control fraud. All contractual arrangements have counter-terrorism clauses to minimise the risk of Australian aid funding being diverted for terrorist purposes '68. Julie Bishop herself stated in early 2017 in defence of Australia's aid to the PA that the program has robust risk management and due diligence assessment process⁶⁹. However, despite all of these safeguards, and despite additional investigations in each instance, DFAT has not once discovered evidence of Australian aid being misused to support terrorism. These abrupt interruption to aid flows significantly undermine Australia's development objectives in the PTs; the 2016-17 DFAT Performance Report stated in relation to AMENCA 3 that 'the suspension of World Vision in August 2016 also impacted on the program'. ⁷⁰

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⁶⁸ Department of Foreign Affairs and Trade, "Aid Program Performance Report 2015-16 – Palestinian Territories," *DFAT Publications*, last modified September, 2016, https://dfat.gov.au/about-us/publications/Documents/palestinian-territories-appr-2015-16.pdf.

⁶⁹ Special Broadcasting Service, "Bishop rejects Tony Abbot's criticism of Palestinian aid," *SBS*, last modified January 2, 2017, https://www.sbs.com.au/news/bishop-rejects-tony-abbott-s-criticism-of-palestinian-aid.

⁷⁰ Department of Foreign Affairs and Trade, "Aid Program Performance Report 2016-17 – Palestinian Territories."

SECTION 5: OTHER RECIPIENTS OF AUSTRALIAN AID IN THE MIDDLE EAST

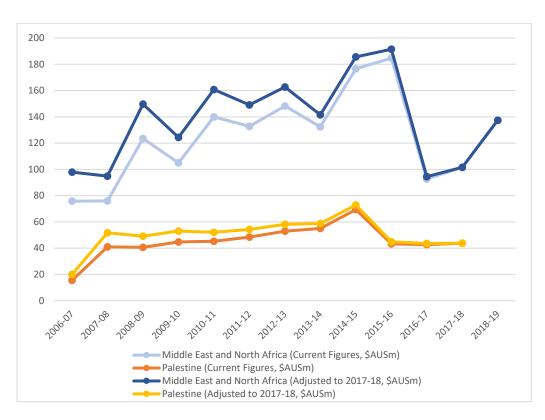


Figure 2: DFAT development assistance to the Palestinian Territories, Middle East & North Africa – debt relief to Iraq in the mid-2000s is not included in the total Middle East and North Africa figures but it is included in the aid figures from that time. Additionally, the 2018-19 budget summary only has a figure for Australia's total aid to Middle East and North Africa and no separate number for just the Palestinian Territories. It is also likely that the actual 2018-2019 figure will be lower than the estimate, this has been the case in past years⁷¹.

While the PTs is the largest recipient of Australian development assistance in the Middle East, it is not the only one. Multiple other countries in the Middle East such as Iraq, Syria and Lebanon receive Australian aid. This section will briefly examine whether Australia's aid program in these other countries face similar difficulties and interruptions as the aid program in Palestine. It is difficult to determine to what degree the government interferes with an aid program. Whilst there have been multiple, ongoing suspensions and redirections of aid to Palestine, this cannot be seen in Figure 2 as technically speaking, there have been no official cuts to the Palestinian aid program. Thus, from

⁷¹ Commonwealth of Australia – DFAT, "Australia's International Development Assistance – Official Sector Statistical Summary, 2016-17," *DFAT Publications*, https://dfat.gov.au/about-us/publications/Documents/aus-international-devassistance-official-sector-stats-summary.pdf. P.6.

official figures it seems as though the program has functioned uninterruptedly since the broader aid cuts in 2015.

In 2016-17, \$92.6 million was sent to the Middle East and North Africa (excluding the PTs) in Australian development assistance⁷². This is similar to the level of the previous year, but represents a massive decline from 2014-15, when the Abbott government announced large cuts to the foreign aid budget. These cuts disproportionately affected the Middle East and reflected the governments shift to the Indo-Pacific, where since 2016 at least 90% of Australia's total overseas development assistance has been concentrated⁷³. In Iraq and Syria, Australia's foreign aid is mainly intended to help stabilise these countries and provide humanitarian assistance. In mid-2017, Julie Bishop announced a three-year 'Iraq Humanitarian and Stabilisation' package to help vulnerable and displaced peoples and communities recover⁷⁴.

Conversations with DFAT indicate that there do exist claims of corruption and fraud in these countries' aid programs, but either there are not nearly as many as in Palestine, or they are not as significant or publicised. The primary concern with Australia's aid in Palestine is that it could be diverted to terrorist organisations, and all of the aid suspensions have occurred on this basis. In contrast, there are no news articles about corruption in Australia's aid program to any other Middle Eastern country. Moreover, in the archives of the website of the Foreign Minister, there are multiple media releases from the tenure of Julie Bishop and her predecessor Bob Carr concerning allegations of corruption in Australian aid program, however there are none concerning such allegations in nearby states. The 'Iraq Humanitarian and Stabilisation' package is described by DFAT as 'high risk' and is specifically designed to rebuild after the defeat of the Islamic State of Iraq and the Levant (ISIL), a terrorist group that had almost complete control over Northern Iraq, but there have been no public accusations of fraud in these programs. In summary, whilst Australia's aid programs to regions similar to Palestine are certainly not immune to charges of corruption, the Palestinian program is unique in the attention it draws from both the public sphere and the government itself.

⁷² Ibid

⁷³ Department of Foreign Affairs and Trade, "Performance of Australian Aid 2016-17."

⁷⁴ Department of Foreign Affairs and Trade, "Iraq Humanitarian and Stabilisation Package: Investment Design Summary," *DFAT Publications*, last modified December, 2017, https://dfat.gov.au/about-us/publications/Documents/iraq-humanitarian-and-stabilisation-package-investment-design-summary.pdf.

SECTION 6: LIBERAL PARTY DYNAMICS

The current Coalition government naturally shares a lot of similarities with its predecessor under John Howard. Although Howard significantly increased foreign aid he did so at least in part to enhance Australia's national interests vis-à-vis other powers, saying 'If we just throw up our arms and go away ... you'll end up with these places being taken over by interests very hostile to Australia'⁷⁵. The then-Foreign Minister Alexander Downer also made clear his government's commitment to a profit-based approach to foreign aid, identifying the objective of said aid as 'to advance Australia's national interest by assisting developing countries to reduce poverty and achieve sustainable development'⁷⁶. This is an attitude shared with the current government, however it has a fundamentally different approach to foreign aid policy than its predecessors. Historically there has existed rough bipartisan consent over what Australian aid aims to achieve and what level should be provided, for example Howard's budget increases were supported by both major parties⁷⁷. However, the cut presided over by Prime Minister Tony Abbott and Julie Bishop in 2014-15 was the biggest single-year change ever to the aid budget⁷⁸. Moreover, the Howard government understood the counter-productivity of suddenly suspending aid contributions. In a 2001 joint-standing committee report on the 'Link between Aid and Human Rights', which featured amongst its members the current Foreign Minister Marisa Payne, it was noted that 'considerable care will continue to be applied to the use of aid sanctions associated with human rights concerns ... such sanctions ... would only be used in extreme circumstances, since it can jeopardise the welfare of the poorest people and may be counter-productive, 79. By contrast, the current government saw fit to suspend aid to World Vision, APHEDA and the PA at a moment's notice. The end of the bipartisan consensus was noted by then-Shadow Foreign Minister Tanya Plibersek and by professor Andrew Rosser, who wrote that 'while these moves undoubtedly reflect long-held Coalition views that aid policy should be subordinated to the national interest ... they mark a dramatic shift, not only from Labor's aid policies, but also their own during the Howard years.'80

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⁷⁵ Rosser, "Asia's rise and the politics of Australian aid policy," 128.

⁷⁶ Joint Standing Committee on Foreign Affairs, Defence and Trade, "Completed Inquiry: The Link between Aid and Human Rights," *Parliament of Australia – Committees*, last modified September 17, 2001, https://www.aph.gov.au/Parliamentary Business/Committees/House of Representatives Committees?url=jfadt/hr aid/h rrptindex.htm.

⁷⁷ Rosser, "Asia's rise and the politics of Australian aid policy," 126.

⁷⁸ Bruere and Hill, "Changes to Australia's overseas aid program under the Abbott and Turnbull governments 2013-2016: key policies and responses."

⁷⁹ Joint Standing Committee on Foreign Affairs, Defence and Trade, "Completed Inquiry: The Link between Aid and Human Rights."

⁸⁰ Rosser, "Asia's rise and the politics of Australian aid policy," 129.

The Coalition's position towards the Israel/Palestine conflict has generally leant towards favouring Israel. In the United Nations, Australia has consistently abstained or opposed resolutions that in any way empower the Palestinian delegation or criticise Israel. For example, in May of 2018, Australia voted against a resolution in the Human Rights Council which condemned Israel for its use of force against protestors in Gaza. The only other country to oppose the resolution was the United States, who left the council a month later over the council's 'anti-Israel bias'. Australia remained but expressed sympathy with the US' reasons⁸¹. Additionally, two years earlier a resolution passed the United Nations Security Council which reiterated that Israeli settlements in the West Bank were a violation of international law⁸². Notably, the resolution passed due to President Barack Obama's administration's decision to not exercise the US veto, however Australia's official position supported Israel. Julie Bishop stated that 'in voting at the UN, the Coalition Government has consistently not supported one-sided resolutions targeting Israel' and indicated that had Australia held a seat on the Security Council at the time, it would have voted against the resolution⁸³.

A possible conclusion that could be drawn from the Coalition Government's support for Israel would be that this government is expressing this support by undermining the Palestinian aid program. However, the government's attacks on aid to Palestine have been very half-hearted. It is entirely within the power of the government to cut the official level of development assistance to Palestine, as was done to the whole aid program in 2015. Yet as discussed earlier, at no point has the official level been reduced; there have only been 'temporary' suspensions and redirections of aid from one recipient in Palestine to another⁸⁴. This indicates the lack of an actual government strategy and suggests a fitful conflict within the party whereby the leadership and backbench are at odds over policy towards Israel and Palestine. For example, Malcolm Turnbull and Julie Bishop, while Prime Minister and Foreign Minister, respectively, maintained a consistent policy. They supported a two-state solution, and opposed moving Australia's embassy in Israel to Jerusalem⁸⁵. Nevertheless, in June 2018, a motion was passed at the Liberal Party National Conference by the Young Liberals that advocated for recognising Jerusalem as the capital of Israel. This motion wasn't binding upon the

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⁸¹ ABC News, "US pulls out of UN Human Rights Council, cites 'bias against Israel'," *ABC News*, last modified June 20, 2018, http://www.abc.net.au/news/2018-06-20/us-pulls-out-of-united-nations-human-rights-council/9888906.

⁸² United Nations, "S/RES/2334," UN Docs, last modified December 23, 2016, https://undocs.org/S/RES/2334(2016).

⁸³ Andrew Greene, "Australia distances itself from Obama administration's stance against Israeli settlements," *ABC News*, last modified December 30, 2016, http://www.abc.net.au/news/2016-12-30/australia-rejects-obama-stance-against-israeli-settlements/8153504.

⁸⁴ Bruere and Hill, "Changes to Australia's overseas aid program under the Abbott and Turnbull governments 2013-2016: key policies and responses."

⁸⁵ Andrew Tillet, "PM to express support for two-state solution to Israeli Palestinian conflict," *Australian Financial Review*, last modified October 25, 2017, https://www.afr.com/news/pm-to-express-support-for-twostate-solution-to-israelipalestinian-conflict-20171025-gz7s1a.

Federal Coalition Government, and Julie Bishop swiftly dispelled the notion, but it demonstrates that a non-insignificant part of the Liberal Party supports shifting Australia's foreign policy to back Israel even more than it does now⁸⁶.

That there is a conflict within the Liberal Party is beyond dispute. The intricacies of this divide are too complex to fully examine in this report, but in summary, the Liberal party is finding itself torn between moderate and conservative worldviews, and this conflict manifests itself in policy disagreements⁸⁷. In the last weeks of his Prime Ministership, Malcolm Turnbull progressively watered-down and then scrapped his plans for a National Energy Guarantee, which had come under heavy attack from conservatives within his government⁸⁸. These conservative members have been the most outspoken regarding Israel and Palestine. For example, in December 2016, former Prime Minister Tony Abbott wrote an opinion piece in which he argued that Australia should 'demonstrate its unswerving support for Israel' by moving the embassy to Jerusalem. He also cited the possibility of the US Trump administration making such a move as a reason⁸⁹. Additionally, prominent conservative Senator Eric Abetz has been very publicly outspoken about the Palestinian aid, issuing statements about both the Martyrs Fund and APHEDA decisions in which he called for all aid to those bodies to be ended or suspended⁹⁰. Lastly, the aforementioned motion at the Liberal Party National Conference advocating for Jerusalem to be recognised as Israel's capital was copied almost verbatim from the conference of the Victorian Liberal Division, which is dominated by a religiousright, conservative faction⁹¹. Consequently, it is likely that pressure from the conservative elements of the Liberal party, emboldened by the actions of the US, is pushing the Coalition government to take more hard-line positions vis-à-vis Palestine and the decisions of the government regarding the Palestinian aid program are compromises to assuage these demands.

While Malcolm Turnbull and Julie Bishop refused to concede the issue of Jerusalem during their tenure, that resolve changed very recently due to the comments of the new Prime Minister, Scott Morrison. On the 16th of October 2018, Scott Morrison announced that that he was open to moving

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⁸⁶ Josh Manuatu, "Standing with Israel," *Young Liberals*, last modified June 16, 2018, https://www.youngliberal.org.au/news/standing-with-israel.

⁸⁷ Grant Wyeth, "What Happened to Australia's Liberal Party," *The Diplomat*, last modified August 29, 2018, https://thediplomat.com/2018/08/what-happened-to-australias-liberal-party/.

⁸⁸ Louise Yaxley, "Malcolm Turnbull abandons emissions target as he fends off speculation about Peter Dutton challenge," *ABC News*, last modified August 21, 2018, https://www.abc.net.au/news/2018-08-20/cabinet-ministers-admit-disunity-amid-turnbull-dutton-spill-talk/10138850.

⁸⁹ Tony Abbott, "Jerusalem diary," *The Spectator*, last modified December 29, 2016, https://www.spectator.com.au/2016/12/jerusalem-diary-2/.

⁹⁰ Eric Abetz, "Government issues 'please explain' to Palestinian Authority."

⁹¹ Jane Norman, "Liberal Party members vote to privatise ABC and move Australia's Israel embassy to Jerusalem," *ABC News*, last modified June 16, 2018, http://www.abc.net.au/news/2018-06-16/liberal-members-vote-to-privatise-abc-move-embassy-to-jerusalem/9877524.

Australia's embassy in Israel to Jerusalem. He allegedly made this announcement after discussions with the Liberal Party's candidate for the by-election in Wentworth, Dave Sharma, who is a former ambassador to Israel and who has written in favour of moving the embassy before⁹². It is widely considered that Scott Morrison made this announcement in order to court the Jewish population of Wentworth, which makes up 13% of the population. The Prime Minister denies this, but all the evidence points towards the decision being a political ploy. The week before, Dave Sharma attempted to entice Jewish voters by promising \$2.2 million in security funding from the federal government for Jewish schools, institutions and community events. A moderate member of the government labelled the Jerusalem comments as 'completely mad ... this will not pick up one vote'93, and Jewish news site +61J wrote of the decision that 'Morrison's cynicism is, perversely, offensive to the Jewish community in that it presumes Jewish loyalty to Israel would trump their concerns with Australian issues. The announcement also treats Israel as if it is a domestic plaything. '94 Scott Morrison's announcement demonstrates that Coalition Government is more than willing to use major foreign policy decision for purely domestic purposes. Moreover, Scott Morrison himself, whilst he was still Treasurer under Malcolm Turnbull, stated in June 2018 that there was no sense in the Liberal Party supporting moving the embassy⁹⁵. This demonstrates the sharp dichotomy in opinion regarding Israel and Palestine that existed behind the leadership; beneath the veneer of Julie Bishop and Malcolm Turnbull's consistent policy there were likely many MPs outside of the vocal conservatives who held strong pro-Israel views.

In summary, the current Coalition Government, like its predecessors, brought aid administration back under the direct dominion of foreign policy, and favours a profit-based approach, seeking gain from aid contributions. However, this Government has a fundamentally different approach to foreign aid from its predecessors. It cut the aid budget by an unprecedented amount and has not only used foreign aid policy to advance its international political interests, but also its domestic ones. It is true that the previous Labor Government may have used foreign aid policy for political purposes to buy

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⁹² Dave Sharma, "US has broken taboo on Jerusalem – Australia should lend support," *The Sydney Morning Herald*, last modified May 18, 2018, https://www.smh.com.au/world/middle-east/us-has-broken-taboo-on-jerusalem-australia-should-lend-support-20180518-p4zg0v.html.

⁹³ Katharine Murphy, Michael McGowan and Anne Davies, "Jerusalem embassy move a 'sensible' proposal, says Scott Morrison," *The Guardian*, last modified October 16, 2018 https://www.theguardian.com/australianews/2018/oct/16/australia-may-move-embassy-in-israel-to-jerusalem.

⁹⁴ Panel Picks, "EDITORIAL: Dr Phelps stands for something better and appears capable of delivering," +61J, last modified October 19, 2018 http://plus61j.net.au/featured/plus61j-editorial-dr-phelps-demonstrated-superior-credentials-thinking-conviction/.

⁹⁵ Murphy, McGowan and Davies, "Jerusalem embassy move a 'sensible' proposal, says Scott Morrison."

votes for its bid for a seat on the UN Security Council⁹⁶, however neither it nor any historical Coalition Governments went to the length of using aid policy to ease internal political tensions.

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⁹⁶ Julie Bishop, "Bid for UN seat a price too high?" *Julie Bishop – Federal Member for Curtin*, last modified March 17, 2010, http://www.juliebishop.com.au/bid-for-un-seat-a-price-too-high-sp-1516505331/.

SECTION 7: SUMMARY AND POLICY RECOMMENDATIONS

This report concludes that foreign aid to Palestine has become heavily politicised since the Abbott Government was elected into office in 2013. Decisions about whether aid contributions to an NGO or to the PA should be suspended or resumed are no longer made with only Australia's national interest in mind, but now consider the domestic political utility for the Liberal Party above all else.

This situation developed as a result of a perfect storm of global and domestic factors. Firstly, the history of the administration of Australian aid shows the Liberal-National Coalition is disposed at any time to favour a profit-based approach to foreign aid and a close integration of aid administration with the authority responsible for foreign policy. This does not automatically result in the politicisation of policy, however due to conflict within the Liberal Party the conservative faction aggressively pushes for its policy preferences an any topic, be it climate change, same-sex marriage, or Israel/Palestine. Emboldened by the actions of US, which under the administration of Donald Trump has adopted a belligerently pro-Israel position and has directly attacked its own aid program to Palestine, conservative MPs have pushed for Australia to adopt similar policies. Under Malcolm Turnbull and Julie Bishop, both moderates within the party, this pressure manifested itself as drawnout suspensions of aid over flimsy allegations and redirections of aid away from actually Palestinian institutions, but no actual cuts and no policy shifts towards a two-state solution. However, Australia now has a Prime Minister who is willing to trade such major decisions as moving the embassy to Jerusalem in an effort to secure the support of a minority community of one electorate. Moving forwards, this new attitude may impact the Palestinian aid program even more.

This report provides the following recommendations for the General Delegation of Palestine and for NGOs who have been impacted or may yet be impacted by the government's decisions:

- Persist. The current government's position towards its own aid program has been caused by a
 particular alignment of several international and domestic factors, which make it exceedingly
 unlikely to happen again.
- Communicate with key conservative MPs. There is not a complete lack of support for Palestine within the Liberal Party; multiple Coalition MPs are members of the Parliamentary Friends of Palestinian and some have even chaired that group. However, vocal conservative MPs such as Eric Abetz and Tony Abbott exercise a disproportionate influence in dragging Australia's foreign policy towards supporting Israel. By respectfully engaging with these

MPs, potentially through specifically composed letters, their most extreme opinions may be blunted.

- Press upon Labor MPs the value and importance of an independent aid agency. While it is not a reliable strategy to rely on a particular outcome to an election, it is exceedingly unlikely that the Coalition will be able to maintain its government after the next federal election, and Labor will in turn form a government. As discussed in the section of aid administration, out of the two major parties Labor is more inclined to favour an independent agency, which is far less likely to arbitrarily suspend aid contributions. Additionally, the Labor Party has pledged to undo at least some of the Coalition's cuts to foreign aid. By stressing the value of an independent aid agency, the Delegation can increase the likelihood of aid policy regaining at least some independence in the coming years. The upcoming Labor National Conference in December would be a good opportunity to do this.

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