

Recycling money in New Zealand's aid budget

By Terence Wood and Jo Spratt

[Unlike Australia](#), New Zealand's budget contains no surprises for aid. We've had a National Party government for nearly six years, and those years have already proven lean ones for aid. This year's budget does not change that.

As it is budgeted, New Zealand's aid spend for the coming financial year is effectively identical to this year's. Although starting July 2015 (which is the first year of a new three year spending tranche) aid is - as Figure 1 below shows - forecast to rise in nominal terms.

However, as Figure 2 below shows, once inflation is taken into account, even this increase is very small.

And as a ratio of GNI we actually see a slight decline before stagnation at around 0.26% of GNI.

To make matters worse, a significant slice of the money that will fund the nominal aid increase from 2015 appears merely to be old, unspent aid money being recycled. At the end of the 2012/13 financial year, the aid programme, presumably struggling to find large, viable, 'transformational' projects as per the Minister's diktat, came in nearly \$NZ 75 million underspent (witness the

difference between projected spends in the budget for the financial year ending 2013 shown in red in Figure 1 and what was actually spent shown in the blue bars in Figure 1). And this money - as best we can translate the [vote ODA budget document](#) - will be rolled forwards into the next three year spending tranche, providing a major chunk of the nominal boost to our aid spending moving ahead.

Rolled forwards is better than lost. But there is no danger of New Zealand being mistaken for a generous aid donor any time soon.

An earlier version of this post stated there had been an underspend in the 2013/14 financial year; this has now been corrected to reflect the year of the actual underspend, which was 2012/13.

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