

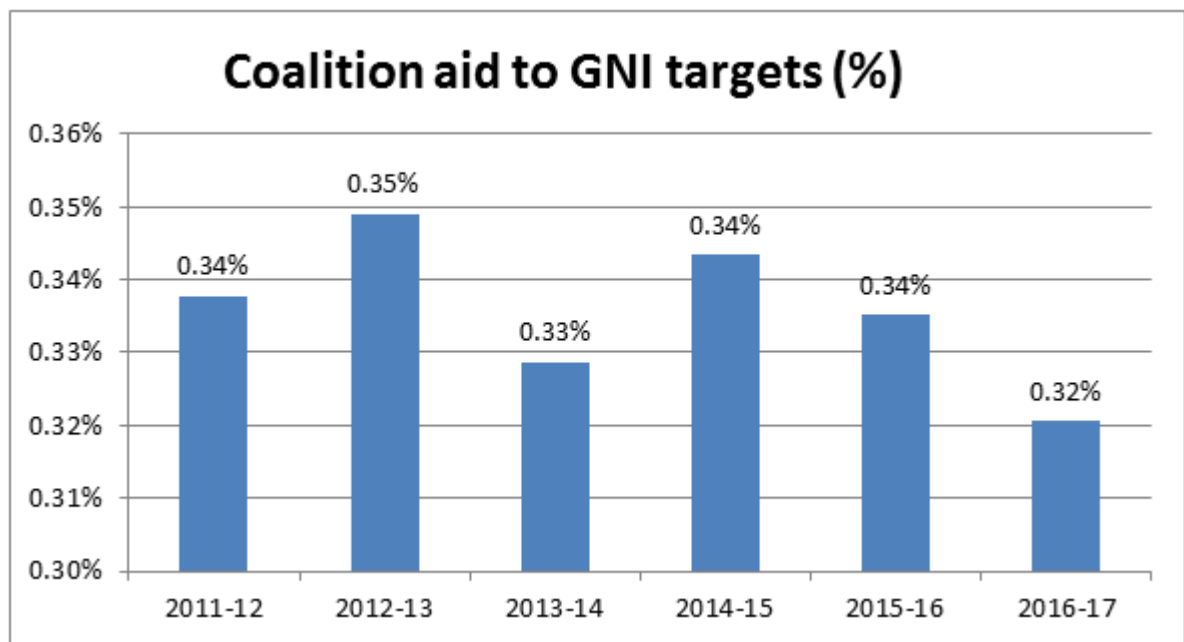
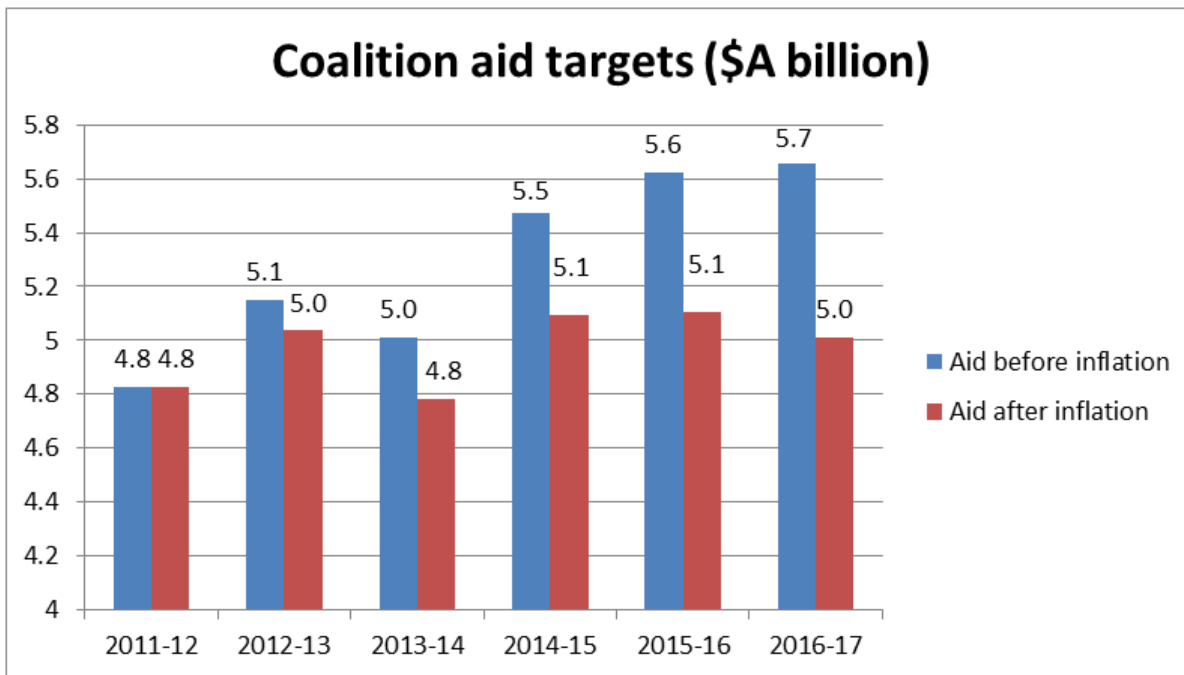
Aid in 2016-17 to be back at 2012-13 levels under Coalition plan

By Stephen Howes

The Coalition today announced \$4.5 billion of cuts in aid over the forward estimates. Our analysis shows that, adjusting for inflation, aid in 2015-16 will be \$5.6 billion (in 2011-12 prices) which is back at its 2012-13 level. As a percentage of GNI, aid will decline from .35% of GNI in 2012-13 to .32% of GNI in 2016-17, its lowest level since 2000-01. This makes it hard to take seriously any statement that the Coalition is still committed to 0.5%. The Coalition plan will basically keep aid flat in real terms. The cuts also imply \$656 million being taken from the aid budget in the current year.

Graphs and details of the calculations follow below.

(Details on the Coalition's foreign policy announcement [here](#))



Calculati

ons

Note that forward estimates for aid (Official Development Assistance) are not actually available. The cuts from the Coalition are actually to forward estimates which apply largely to AusAID and make up about 80% to ODA.

To work out impact on ODA, we subtract the forward estimate cuts from ODA (for the current year) and projected ODA given ODA/GNI ratios provided by AusAID in its budget (blue) book, and budget assumptions on GNI. Budget assumptions on inflation used to deflate into constant price figures.

It is because of these indirect calculations that ODA does not come out as actually flat every year after inflation, despite the Coalition's intent that it would only increase ODA for inflation. However, though it moves around from year to year, it can be seen that over several years, with the Coalition's cuts, ODA does indeed show no increase after inflation.

Aid numbers including Labor August cuts and Coalition election cuts.

(Aid and GNI figures in \$ million)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
AusAID spending as per 2013-14 budget*			3,863	4,616	4,912	5,538	6,694
Labour cuts in August						170	710
Coalition cuts				656	873	1,230	1,741
AusAID after Coalition cuts				3,960	4,039	4,138	4,243
ODA as per 2013-14 budget**		4,825	5,149	5,666	6,343	7,019	8,108
ODA after August cuts		4,825	5,149	5,666	6,343	6,849	7,398
ODA after Coalition cuts		4,825	5,149	5,010	5,470	5,619	5,657
Assumed GNI nominal growth			3.3%	3.3%	4.5%	5.3%	5.3%
Assumed inflation			2.3%	2.5%	2.5%	2.5%	2.5%
GNI (nominal)		1,428,810	1,475,246	1,524,520	1,593,123	1,676,762	1,764,792
Price index		1.00	1.02	1.05	1.07	1.10	1.13
Aid after the Coalition cuts							
ODA nominal		4,825	5,149	5,010	5,470	5,619	5,657
ODA after inflation		4,825	5,035	4,781	5,092	5,103	5,012
ODA/GNI		0.34%	0.35%	0.33%	0.34%	0.34%	0.32%

Note: This is an updated version of the post. Our 2016-17 aid/GNI projection is now 0.32% not 0.31%. Other aid projections unchanged.

Read more of our analysis on the new government and aid [here](#).

About the author/s

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