

Labor on aid: 2022

by Stephen Howes and Huiyuan Liu

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Senator Penny Wong at an ALP fundraising event last year

Photo Credit: Jenny Scott/Flickr

While Labor has ditched some of the policies that proved unpopular at the last election, it has so far retained its policy on international development. As per the [2021 ALP platform](#), “Labor will, over time, achieve a funding target for the international development program of at least 0.5 per cent of Gross National Income. Labor will increase aid as a percentage of Gross National Income every year that we are in office starting with our first budget.”

This is [identical language](#) to that used in the 2019 election campaign. Whether that same language will make it into this year’s election platform (as against party platform) remains to be seen, but it did at the last election, when it was [converted](#) into a costed promise to stabilise aid/GNI.

Here we run the numbers again to compare what aid might look like after the next election, depending on who wins it.

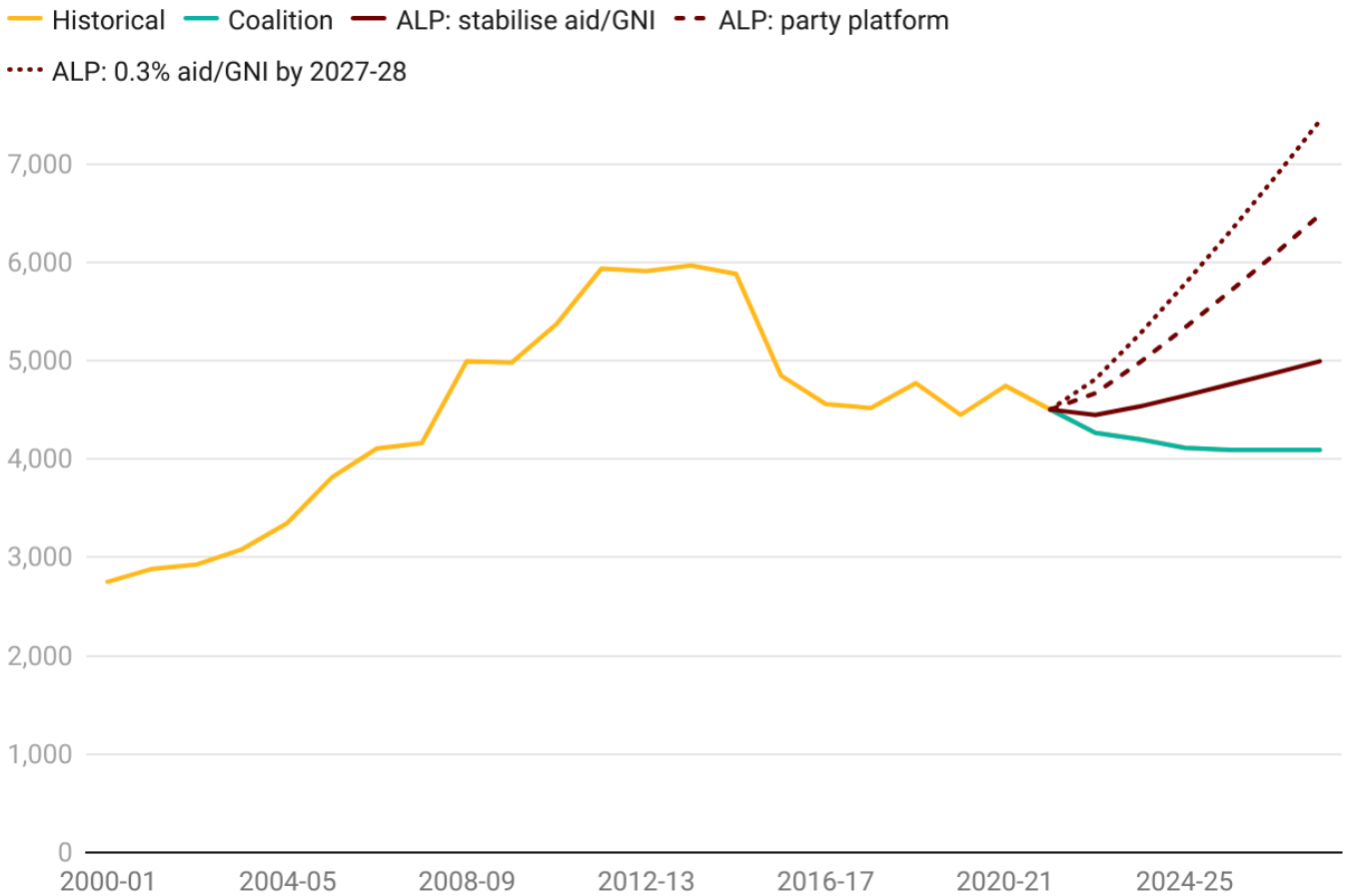
Forward budget estimates up to 2024-25 are taken from the latest (February) [Senate Estimates](#) and [Portfolio Additional Estimates](#), which are similar to those presented in the [2021-22 budget](#). Thereafter, aid is assumed to include no temporary measures, and to grow under the Coalition at the same rate as CPI inflation.

If the ALP wins the next election, their proposed policies are expected to first impact the 2022-23 budget. (In its last election’s costings, Labor proposed increases to aid starting with the current year.) We consider three different scenarios out to 2027-28, that is, over a two-term (six-year) period: (a) aid/GNI is stabilised (as at the last election); (b) the aid/GNI ratio is increased by 0.01 percentage points annually, which is [consistent](#) with the party platform; and (c) aid/GNI increases from its current level of about 0.2% of GNI to 0.3% over the projection period to bring Australia back roughly into line with the global average.

Figure 1 summarises the differences we find. Any of the three Labor commitments would make a big difference, with even the most modest leading to a \$1 billion increase in commitments in today's prices by the end of the projections period.

Figure 1: Different aid scenarios, 2022-23 to 2027-28

In 2022-23 \$AU million

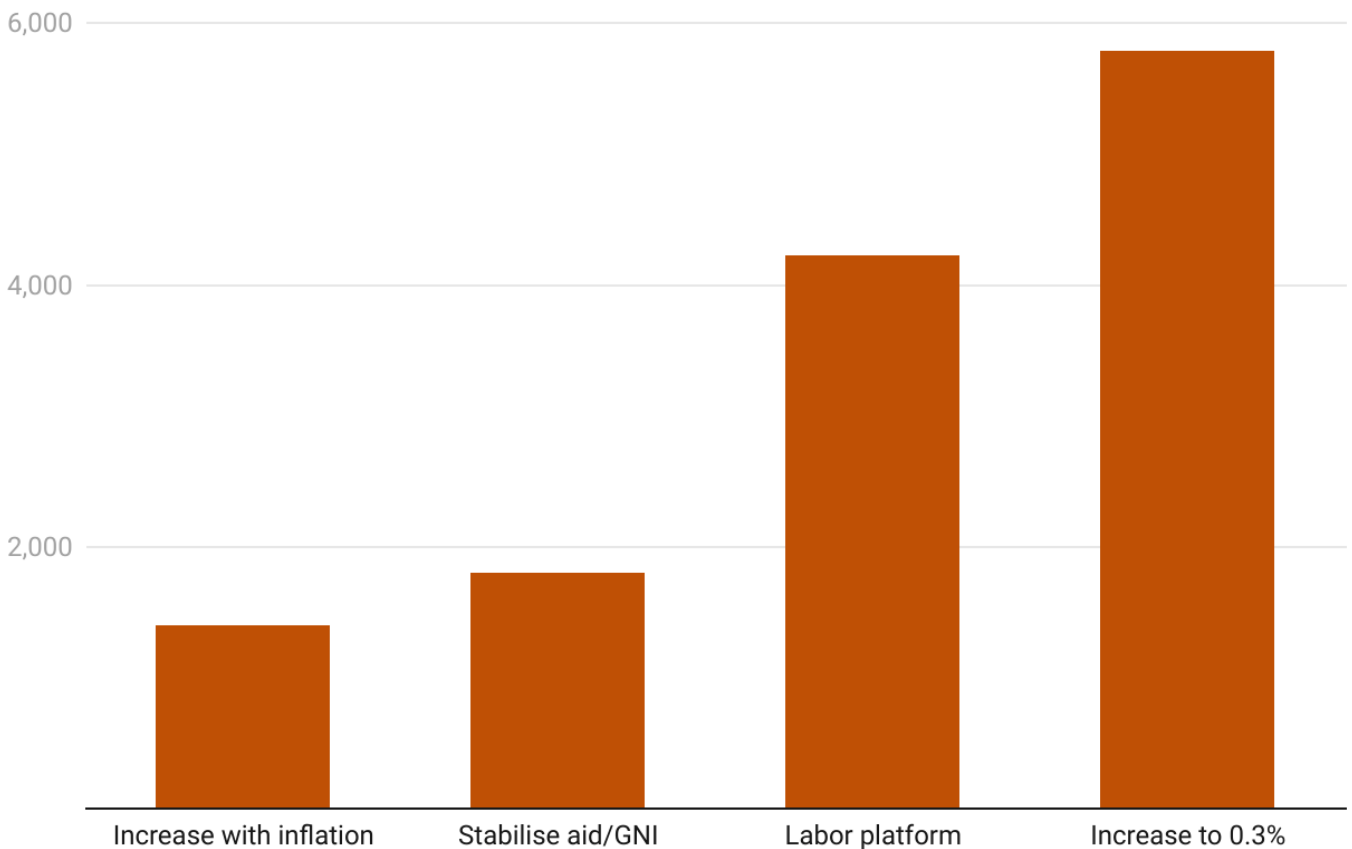


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During the last campaign, Labor **promised** to commit \$1.66 billion additional funding to the aid program over the forward estimates to stabilise the aid/GNI ratio, and the same amount this time would barely achieve the same goal. Most of this is needed just to get aid to increase with inflation. The Coalition is currently planning to **cut aid** as its temporary COVID-19 measures expire, though whether it actually follows through with that in the current budget remains to be seen. It is hard to believe that it will.

Figure 2: Costing different aid strategies over the forward estimates (2022-23 to 2025-26) relative to aid under the Coalition

In 2022-23 \$AU million



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Before the last budget, Labor’s Shadow Foreign Minister Senator Penny Wong **urged** the Coalition to “put an end to cutting Australia’s foreign aid budget and announce a permanent increase in spending”. Labor’s election costings will be its opportunity to take the Senator’s advice. It will be surprising if Labor goes beyond the minimum needed to put daylight between itself and the Coalition on aid volumes, but even a commitment to stabilise the aid/GNI ratio would make significantly more aid available.

Note: Data used in this blog is available in this [excel spreadsheet](#). We include the two Ukraine commitments (now at AU\$65 million) as additional to AU\$4 billion base ODA and AU\$329 million temporary measures to get a total ODA of AU\$4.394 billion for the 2021-22 budget.

Disclosures:

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Link: <https://devpolicy.org/labor-on-aid-2022-20220322/>