

A technical note on the revised allocation of Australian aid, as at 18 January 2014

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In its pre-election [costings table](#) (p. 6), the Coalition said it intended to reduce aid by \$4.5 billion relative to Labor's 2013-14 budget and Labor's forward estimates for the next three years. This reduction was to commence with a within-year budget cut of \$656 million in 2013-14. That represents about 12 per cent of the Official Development Assistance (ODA) envelope announced by Labor in the May 2013-14 budget.

The government has now [released](#) general information on the allocation of the above cuts, as shown in the table on pages 3 and 4 below, which amalgamates a table made public by the Australian government ([here](#)) and another obtained by *The Australian* newspaper ([here](#)), and adds columns showing percentage changes.

Some of the figures below require some explanation, as follows.

First, the actual total cut is \$638 million. A further \$12 million was reallocated with the aid budget, bringing the total 'reprioritisation' to \$650m. This latter amount is only \$6 million short of the previously-announced cut but \$12 million of it does not represent net savings.

Second, despite the low bottom line figure shown on the 'Country and global programs total' line (coloured orange), the revised aid budget will in fact be just above \$5 billion in 2013-14. There was some confusion last year when, in a [pre-election statement](#) about savings, the Coalition indicated its \$656 million cut would bring the aid program down to \$4 billion rather than \$5 billion. That confusion has now been compounded by the fact that the government's allocations table puts the revised budget even lower, at \$3,598 billion.

However, the discrepancies may be explained by two factors:

- i. The government has applied the cuts almost entirely to that part of the aid program formerly managed by AusAID, which in 2012-13 totalled \$3.9 billion and at the time of the 2013-14 budget was set to increase to \$4.6 billion (see page 6-14 of [Budget Paper No. 1 for 2013-14](#)). Total ODA was projected to be a billion dollars higher (\$5.6 billion) owing to ODA-eligible expenditures by other government departments and cash payments flowing from past commitments to multilateral replenishments.
- ii. The government now (correctly) regards the \$375 million appropriated to the Department of Immigration and Border Protection for domestic asylum seeker costs in 2013-14 as ODA-eligible expenditure by an agency other than DFAT and, presumably on that basis, appears to have removed it from the baseline figure to which the total cut was applied.

Thus the budgeted figure has been revised from \$4.6 billion to \$4.2 billion to exclude domestic asylum-seeker costs, and the government's cuts further reduce the bottom line to \$3.6 billion. Adding back in ODA-eligible expenditures by other government departments, cash payments flowing from past commitments to multilateral replenishments and the allocation for domestic asylum-seeker costs brings total ODA up to the promised level of \$5 billion.

If the above explanation of the discrepancies is correct, several observations may be made:

- i. By allocating the cuts almost entirely to DFAT's appropriations—with the exception of a \$10 million reduction in the allocation to the Australian Federal Police (AFP)—the government increases the required percentage reduction in 2013-14 from 12 per cent (already very large for a within-year reduction) to 15 per cent. The reduction relative to the 2012-13 spending outcome is four per cent, contrary to the government's statements following the election that it was merely reducing the growth of aid.
- ii. By removing the \$375 million for asylum seekers from the baseline the government has passed up one of the first cuts it might have been expected to make. The Coalition in opposition was [strident](#) in its criticism of the use of aid for onshore asylum-seeker costs.
- iii. By refusing to apply cuts of around 12 per cent to the balance of other government departments' expenditure (projected to total \$800 million in 2013-14, or \$425 million without the asylum-seeker-related expenditure), the government has forced additional savings of about \$40 million upon the core aid program (this takes account of the \$10 million in savings from the AFP).

Why protect almost all other government departments' expenditure from the cuts? Perhaps there was a view that other departments spend money more effectively, or more in line with the national interest, than AusAID did, though there is little evidence for such a view.

More likely savings were simply divided up on a portfolio basis prior to the election, with the result that little thought was given to cutting non-DFAT aid. However, this doesn't explain the case of the Australian Centre for International Agricultural Research (ACIAR), which has a budget this year of almost \$100 million and which is part of the Foreign Affairs and Trade portfolio.

Finally, it should be noted that the allocations table obtained by *The Australian*, and incorporated into the table below, refers to 'additional budget cuts' of \$44 million in 2014-15. These are most likely reallocations within the promised envelope rather than net savings. It seems unlikely the government would breach its firm commitment to maintain the aid budget in real terms in order to achieve savings of only \$44 million.

I. DFAT Country & Regional Programs						
	2012-13 bilateral program expenditure \$m	2013-14 projected expenditure as at budget \$m	Change between 2012-13 & 2013-14 budgets	2013-14 bilateral program expenditure as revised \$m	Change between revised expenditure & 2012-13 budget	Change between revised expenditure & 2013-14 budget
Papua New Guinea	448.5	453.8	1%	448.5	0%	
Solomon Islands	102.7	104.6	2%	90.4	-12%	-14%
Vanuatu	41.9	47.1	12%	40.9	-2%	-13%
Samoa	26.1	26.7	2%	23.1	-11%	-13%
Fiji	27.4	37.0	35%	34.2	25%	-8%
Tonga	16.2	19.9	23%	17.2	6%	-14%
Nauru	23.5	20.7	-12%	20.7	-12%	0%
Kiribati	21.4	22.7	6%	19.7	-8%	-13%
Other Small Pacific Islands	19.0	18.5	-3%	14.9	-22%	-19%
Pacific Regional	194.2	192.6	-1%	172.6	-11%	-10%
Pacific Total	920.8	943.7	2%	882.2	-4%	-7%
Indonesia	484.7	591.5	22%	532.4	10%	-10%
Vietnam	103.9	112.0	8%	95.0	-9%	-15%
Philippines	99.2	109.0	10%	109.0	10%	0%
Timor-Leste	69.7	78.0	12%	70.0	0%	-10%
Cambodia	49.7	59.0	19%	51.1	3%	-13%
Myanmar	58.5	64.1	10%	62.1	6%	-3%
Laos	34.7	40.0	15%	33.5	-3%	-16%
Mongolia	6.3	11.0	75%	9.6	52%	-13%
East Asia Regional	70.8	78.8	11%	63.9	-10%	-19%
East Asia Total	977.4	1143.4	17%	1026.6	5%	-10%
Afghanistan	132.9	151.5	14%	130.9	-2%	-14%
Pakistan	63.3	74.1	17%	64.0	1%	-14%
Bangladesh	84.8	82.1	-3%	61.6	-27%	-25%
Sri Lanka	25.7	37.5	46%	32.4	26%	-14%
Nepal	15.1	20.2	34%	15.2	1%	-25%
Bhutan and the Maldives	7.8	8.6	10%	6.4	-18%	-26%
South and West Asia Regional	22.6	29.8	32%	22.4	-1%	-25%
South & West Asia Total	352.1	403.8	15%	332.8	-5%	-18%
Iraq	17.3	7.7	-55%	3.7	-79%	-52%
Palestinian Territories	36.4	38.7	6%	33.4	-8%	-14%
Middle East and North Africa	64.3	41.7	-35%	29.7	-54%	-29%
Sub-Saharan Africa	211.2	224.9	6%	133.0	-37%	-41%
Africa & the Middle East Total	329.2	313.0	-5%	199.8	-39%	-36%
Latin America & Caribbean	15.8	20.4	29%	15.1	-4%	-26%
Latin America and the Caribbean Total	15.8	20.4	29%	15.1	-4%	-26%
Australian Scholarships & Education	109.0	130.9	20%	113.7	4%	-13%
Health, Water and Sanitation	38.0	80.7	112%	59.5	57%	-26%
Infrastructure & Rural Development	55.2	62.5	13%	46.1	-16%	-26%
Governance	27.2	32.0	18%	16.7	-39%	-48%
Climate Change & Environmental Sustainability	17.0	4.5	-74%	0.5	-97%	-89%
Disability & Gender	29.0	28.7	-1%	25.0	-14%	-13%
Direct Aid Program (DAP)	8.9	11.0	24%	11.0	24%	0%
Office of Development Effectiveness	2.1	2.2	5%	2.2	5%	0%
Other Cross-Regional Programs	6.4	92.8	1350%	34.5	439%	-63%
Cross Regional Programs Total	292.9	445.2	52%	309.1	6%	-31%

II. DFAT Global Programs	2012-13 global program expenditure \$m	2013-14 projected expenditure as at budget \$m	Change between 2012-13 & 2013-14 budgets	2013-14 global program expenditure as revised \$m	Change between revised expenditure & 2012-13 budget	Change between revised expenditure & 2013-14 budget
Humanitarian and Emergency Response	163.3	194.1	19%	137.4	-16%	-29%
International Committee of the Red Cross	22.0	28.5	30%	22.0	0%	-23%
<i>United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA)</i>	9.0	9.0	0%	9.0	0%	0%
<i>World Food Programme (WFP)</i>	46.0	46.0	0%	46.0	0%	0%
<i>United Nations Central Emergency Response Fund (UNCERF)</i>	11.0	18.0	64%	11.0	0%	-39%
<i>United Nations High Commissioner for Refugees (UNHCR)</i>	19.0	23.0	21%	19.0	0%	-17%
<i>United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)</i>	15.0	20.0	33%	19.8	32%	-1%
<i>United Nations Peacebuilding Fund (UN PBF)</i>	0.0	1.0		0.0		-100%
UN-Humanitarian Total	100.0	117.0	17%	104.8	5%	-10%
Humanitarian, Emergencies and Refugees Total	285.2	339.6	19%	264.2	-7%	-22%
<i>United Nations Development Programme (UNDP)</i>	20.7	26.0	26%	20.7	0%	-20%
<i>United Nations Children's Fund (UNICEF)</i>	34.1	38.3	12%	34.1	0%	-11%
<i>United Nations Population Fund (UNFPA)</i>	15.0	18.2	21%	15.0	0%	-18%
<i>United Nations Programme on HIV and AIDS (UNAIDS)</i>	7.2	9.2	28%	7.2	0%	-22%
<i>World Health Organization (WHO)</i>	20.0	23.4	17%	20.0	0%	-15%
<i>UN Women</i>	8.0	9.5	19%	8.0	0%	-16%
<i>Other UN</i>	9.2	6.6	-28%	0.4	-96%	-94%
UN-Development Total	114.2	131.2	15%	105.4	-8%	-20%
Commonwealth Organisations	17.4	12.0	-31%	12.0	-31%	0%
Contribution to Global Health Programs	129.3	175.0	35%	181.4	40%	4%
Contribution to Global Environment Programs	74.6	1.5	-98%	0.0	-100%	-100%
Contribution to Global Education Programs	30.0	70.0	133%	70.0	133%	0%
Contribution to Other Global Programs	31.0	3.0	-90%	0.0	-100%	-100%
UN, Commonwealth & Other International Organisations	396.4	392.7	-1%	368.8	-7%	-6%
Global NGO Programs	107.9	143.9	33%	133.9	24%	-7%
Australian Volunteers Program	58.5	65.3	12%	55.3	-5%	-15%
Development Effectiveness & Research	11.5	12.5	9%	10.3	-10%	-18%
NGO, Volunteer and Community Programs Total	177.9	221.7	25%	199.4	12%	-10%
Country and global programs total	3747.8	4223.5	13%	3598.0	-4%	-15%

DFAT - Australian Aid Programme - Administered -625,463.0
DFAT - Australian Aid Programme - Departmental -1,885.0

Other government departments

Australian Federal Police -10,000.0
Attorney-General's -0.4
Treasury - Departmental -0.2

Contingency Reserve -0.4
Total cuts to budget -638,301.0

Reallocations in the aid budget -11,800.0
Total reprioritisation -650,101.0

Additional budget cuts in 2014-15 -44.00