
FOREIGN AID DECLINES FURTHER IN AUSTRALIAN BUDGET, WITH FOCUS ON PACIFIC

-

03.04.2019

The Guardian (4 April 2019)

Foreign aid continues to be one of the losers of the federal budget, with projected falls of more than 11% over coming years, and a change in emphasis from Asia to the Pacific.

The head of Australias peak foreign aid body has warned Australia risks becoming irrelevant in the Asian region, with other donors such as China taking its place.

The budget papers reveal foreign aid expenditure is expected to increase, in real terms, by 6.6% from this financial year to 2019-20, before decreasing by 11.8% by 2022-23.

Foreign aid has been a vexed issue among non-government organisations who have criticised successive cuts or cuts to planned increases by successive governments.

Our budget is in freefall and there are some things that are really worrying, said the chief executive of the Australian Council for International Development, Marc Purcell. Weve gone from 0.21% of gross national income to 0.19% in 21-22. The UK has 0.7%.

We have dropped from 13th as a donor in the world to 19th, and well probably drop further.

Prof Stephen Howes, director of the Development Policy Centre at the Australian National University, said the 0.2% club is not a club you want to be a part of. Countries that gave comparably low aid contributions included those in or coming out of crisis such as Spain, Portugal and Greece.

Its not where Australia should be.

Before the budget was announced Howes had questioned whether a surplus would lead to an increase to aid, given deficits had previously been the explanation for aid cuts.

Howes said aid will have fallen 27% within this budget year after being adjusted for inflation, and 31% by 2022-23.

Money is being redirected away from Asia to fund Australias push in the Pacific, which is now taking an unprecedented 35% of the aid budget, with \$1.4bn pledged for 2019-20.

The foreign affairs minister, [Marise Payne](#), said the government was deepening its engagement with partners and allies across the Indo-Pacific region [and] taking our relationship with our Pacific neighbours to new levels.

The \$2bn Australian infrastructure financing facility for the Pacific will now be funded out of the aid budget.

They're halving aid to Pakistan and Nepal, but there are cuts to five Asian countries, Purcell said. This goes to the bigger problem that while trying to win the Pacific over they're at real serious risk of losing Asia.

Australia's bilateral aid to Pakistan has been cut from \$39m to \$19m.

On Wednesday morning, Howes said there was no correlation between the performance of programs and where there were cuts.

It's nothing to do with performance, it's really to do with the Pacific step up, and that for strategic reasons we need to provide more aid to the Pacific, he said.

Howes said the Pacific was already the most aid-dependent region in the world and he had previously advised government not to spend aid increases there, but that was history.

Claire Rogers, the chief executive of World Vision Australia, said the changes to the aid budget were unfair and strategically short-sighted.

The government is shuffling money around the aid budget to make it look like it is bolstering development cooperation, but this could mean other communities are left behind, Rogers said. Australia's increased involvement in the Pacific region should not come at the expense of withdrawing from other parts of the world.

Rogers said the government could afford to invest more in the Pacific without robbing Peter to pay Paul, and called for 10% annual increases to the aid budget to catch up.

If the government was serious about stepping up in the Pacific, it would show true leadership and invest additional funds in the region and grow the aid budget overall this year, she said.

As for Purcell said the engagement in the Pacific was welcome.

How are we doing some of those things, particularly the defence-driven agenda, we'd question whether that's what the Pacific needs. Climate is the greater issue that Pacific Island governments think need attention. But our focus instead is fending off China.

It's questionable whether if we get into a lending race with China whether we can in the long term prevail, because China has bigger profits than we do.

Strategically we'll make ourselves irrelevant in the Asian region and other donors, perhaps China, will take our place in time.

<https://www.theguardian.com/australia-news/2019/apr/03/foreign-aid-declines-further-in-australian-budget-with-focus-on-pacific>