



Human Rights and Increase Foreign Aid

Party: Australian Greens

Summary of proposal:

The proposal would increase Official Development Assistance (ODA) funding for developing nations annually from 1 July 2022 on a linear trajectory in order to reach 0.7% of Gross National Income (GNI) by 2029-30. \$250 million of this increased funding would go towards the COVAX initiative.

This proposal would have effect from 1 July 2022.

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by about \$22,530 million over the 2022-23 Budget forward estimates period. This impact reflects an increase in administered expenses of about \$21,100 million and an increase in departmental expenses of about \$1,430 million.

The proposal would have an ongoing impact beyond the 2022-23 Budget forward estimates period. A breakdown of the financial implications (including separate PDI tables) over the period to 2032-33 is provided at Attachment A.

The financial implication of this proposal is sensitive to changes in GNI and ODA projections.

Table 1: Financial implications (\$m)^{(a)(b)}

	2022-23	2023-24	2024-25	2025-26	Total to 2025-26
Fiscal balance	-2,130.0	-4,590.0	-6,840.0	-8,970.0	-22,530.0
Underlying cash balance	-2,130.0	-4,590.0	-6,840.0	-8,970.0	-22,530.0

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

- Indicates nil.

Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions in costing this proposal.

- The PBO has assumed that GNI as reported to 2020-21 by the Australian Bureau of Statistics in the national accounts will grow in line with the 2022-23 Budget nominal Gross Domestic Product (GDP) projection published by the Treasury in the 2022-23 Budget chart data from 2022-23 to 2032-33.
- ODA expenditure over the 2022-23 Budget forward estimates period was provided by DFAT. Beyond the forward estimates period, ODA expenditure is projected to grow by 2.5% per year.
- Due to the large increase over the existing levels of ODA funding, it is expected that there would be a proportional increase in departmental expenditure. This is based on historical data on

departmental costs and international comparisons of the cost of operating larger ODA programs. Given the size of the departmental estimates, economies of scale in administering increased funding may emerge, resulting in lower departmental expenditure than currently included. However, this would be offset by an equivalent increase in administered expenses, as total expenditure would be equal to 0.7% of GNI under this proposal.

Methodology

The financial implications of this proposal represent the difference between:

- The estimated baseline funding amounts for ODA
- The proposed funding arrangements, which would see ODA funding as a proportion of GNI grow from 0.2% in 2022-23 to 0.7% by 2029-30.

Departmental expenses are included in the costing for the Department of Foreign Affairs and Trade to administer the increase in ODA funds. The proposed increase in departmental expenditure is derived from information included in the Department of Foreign Affairs and Trade Portfolio Budget Statement.

Financial implications were rounded consistent with the PBO's rounding rules as outlined on the PBO Costings and budget information webpage.¹

Data sources

Australian Bureau of Statistics, Australian System of National Accounts 2020-21 financial year, Commonwealth of Australia, Canberra.

Australian Government (2022), *Budget 2022-23*, Australian Government.

Department of Foreign Affairs and Trade 2022, 2022-23 Portfolio Budget Statements, Australian Government, Canberra.

The Department of Finance provided economic parameters as at the *Pre-election Economic and Fiscal Outlook 2022-23*.

The Department of Foreign Affairs and Trade provided Official Development Assistance projections as at the 2022-23 Budget.

¹ https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Costings_and_budget_information

Attachment A – Human Rights and Increase Foreign Aid– financial implications

Table A1: Human Rights and Increase Foreign Aid – Fiscal and underlying cash balances (\$m)^(a)

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
Expenses													
<i>Administered Expenses</i>	-2,000.0	-4,300.0	-6,400.0	-8,400.0	-10,400.0	-12,300.0	-14,300.0	-16,300.0	-17,300.0	-18,400.0	-19,500.0	-21,100.0	-129,600.0
<i>Departmental Expenses</i>	-130.0	-290.0	-440.0	-570.0	-690.0	-820.0	-950.0	-1,080.0	-1,150.0	-1,220.0	-1,300.0	-1,430.0	-8,640.0
Total – expenses	-2,130.0	-4,590.0	-6,840.0	-8,970.0	-11,090.0	-13,120.0	-15,250.0	-17,380.0	-18,450.0	-19,620.0	-20,800.0	-22,530.0	-138,240.0
Total (excluding PDI)	-2,130.0	-4,590.0	-6,840.0	-8,970.0	-11,090.0	-13,120.0	-15,250.0	-17,380.0	-18,450.0	-19,620.0	-20,800.0	-22,530.0	-138,240.0

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

Table A2: Human Rights and Increase Foreign Aid – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
Fiscal balance	-20.0	-100.0	-230.0	-420.0	-660.0	-990.0	-1,410.0	-1,940.0	-2,570.0	-3,290.0	-4,140.0	-770.0	-15,770.0
Underlying cash balance	-20.0	-90.0	-220.0	-390.0	-630.0	-950.0	-1,360.0	-1,870.0	-2,490.0	-3,200.0	-4,040.0	-720.0	-15,260.0

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals in the table above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary².
- (b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

² [Online budget glossary – Parliament of Australia \(aph.gov.au\)](https://aph.gov.au)