



Policy costing

Green climate finance for developing countries, and increase funding for overseas development assistance

Party: Australian Greens

Summary of proposal:

This proposal has three components.

- Component 1: Increase Official Development Assistance aid funding annually from 2019-20 on a linear trajectory, in order to reach 0.7 per cent of gross national income by 2029-30.
- Component 2: Provide Official Development Assistance climate finance funding of \$1,320 million in 2019-20, and \$1,600 million ongoing from 2020-21. This amount is additional to the funding increase in Component 1.
- Component 3: Establish an independent government agency to oversee Australia's aid budget and reinstate a Minister for International Development and the Pacific.

The proposal would have effect from 1 July 2019.

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$22,453 million over the 2019-20 Budget forward estimates period. This impact reflects an increase in administered expenses of \$21,180 million and departmental expenses of \$1,273 million over this period.

This proposal would be expected to have an ongoing impact beyond the 2019-20 Budget forward estimates period. A breakdown of the financial implications from 2019-20 to 2029-30 is provided at [Attachment A](#).

The financial implications of this proposal are sensitive to changes in gross national income projections.

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

	2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Fiscal balance	-2,917	-4,893	-6,547	-8,096	-22,453
Underlying cash balance	-2,917	-4,893	-6,547	-8,096	-22,453

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

(b) Figures may not sum to totals due to rounding.

Methodology

The financial implications for Component 1 represent the difference between:

- the baseline funding amounts for Official Development Assistance, which is to be maintained at \$4.0 billion per year, then indexed by the consumer price index from 2022-23
- the proposed funding arrangements, which would see funding as a proportion of gross national income grow from 0.2 per cent in 2018-19 to 0.7 per cent by 2029-30.

The financial implications for Component 2 represent the specified amounts.

Departmental costs for Component 3 were estimated based on the cost of similar agencies/roles.

Estimated departmental expenses required to administer the proposal are based on historical departmental cost data for similar proposals and international comparisons of the cost of operating large Official Development Assistance programs.

Administered expenses have been rounded to the nearest \$10 million. Departmental expenses have been rounded to the nearest \$1 million.

Data sources

Commonwealth of Australian, 2019. *2019-20 Portfolio Budget Statements, Foreign Affairs and Trade Portfolio*, Canberra: Commonwealth of Australia.

The Department of Finance provided economic parameters as at the 2019-20 Budget.

The Department of the Treasury provided Official Development Assistance estimates as at the 2019-20 Budget.

Attachment A – Green climate finance for developing countries, and increase funding for overseas development assistance – financial implications

Table A1: Green climate finance for developing countries, and increase funding for overseas development assistance – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30	Total to 2022–23	Total to 2029–30
Expenses													
<i>Administered</i>													
<i>Official Development Assistance – aid</i>	-1,420	-3,010	-4,580	-6,050	-7,520	-8,990	-10,470	-11,950	-13,430	-14,910	-16,390	-15,060	-98,700
<i>Official Development Assistance – climate finance</i>	-1,320	-1,600	-1,600	-1,600	-1,600	-1,600	-1,600	-1,600	-1,600	-1,600	-1,600	-6,120	-17,320
Total – administered	-2,740	-4,610	-6,180	-7,650	-9,120	-10,590	-12,070	-13,550	-15,030	-16,510	-17,990	-21,180	-116,020
<i>Departmental</i>													
<i>Department of Foreign Affairs and Trade</i>	-177	-283	-367	-446	-520	-590	-655	-716	-773	-825	-874	-1,273	-6,226
Total – departmental	-177	-283	-367	-446	-520	-590	-655	-716	-773	-825	-874	-1,273	-6,226
Total – expenses	-2,917	-4,893	-6,547	-8,096	-9,640	-11,180	-12,725	-14,266	-15,803	-17,335	-18,864	-22,453	-122,246

- (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.
- (b) Figures may not sum to totals due to rounding.