



# Aid and the Pacific in the Coalition's third term

By Stephen Howes

Aid hardly rated a mention during the 2019 Australian election campaign. Penny Wong [talked](#) about it, and Labor [promised](#) more aid. The Liberals eventually put out a [foreign policy statement](#), which defends their record on aid but promises nothing new.

But will it just be business as usual? Aid is a policy domain with enormous ministerial discretion. As Ben Day has [argued](#), it is one area where a foreign

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4/

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minister can actually make a difference. And the Coalition will be under pressure. Their unconvincing climate change policy will be a constant target for Pacific criticism. PNG's ongoing economic woes, corruption scandals, and health crisis will put pressure on the government to get a better return from our biggest aid program. And Labor will likely continue their attacks on the high level of outsourcing of the aid program to private contractors, and the lack of transparency. There are a number of upcoming multilateral replenishments, ongoing humanitarian crises will continue to demand a funding response, and, sadly, there is always the risk of new humanitarian crises in our region.

What can we expect from the Coalition in its third term? While in many areas policy directions are clearly set, and ministerial appointments are yet to be finalised, here I canvas six areas where we might see positive change.

1. **Increases in aid?** This might sound unrealistically optimistic, especially given One Nation's [more-than-doubling](#) of its primary vote share and that party's [obsession with attacking foreign aid](#). There is also the risk of a recession. On the other hand, later-term governments are more likely to increase aid than first-term ones. This was true of the Fraser, Hawke and Howard governments. Early on, these governments were all focused on deficit reduction, as this government has been. In later terms, the respective Prime Ministers got more involved in regional and global affairs. International relations may not be Morrison's thing, but he does have an [evangelical commitment](#) to increasing foreign aid. Australia's aid/GNI ratio is about to [head south of 0.2% of GNI](#). If the budget does, as predicted, move into surplus, such a low ratio will be very hard for anyone to justify, and might lead to some modest increases, especially if a crisis demands a funding response.
2. **New aid policy?** Bishop began her reign as Foreign Minister with a bang, abolishing AusAID in late 2013, and introducing in 2014 a new aid policy, indeed a new aid language. But her "[new aid paradigm](#)" and "[economic](#)

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[diplomacy](#)” have by now completely disappeared. The [White Paper hardly mentions aid](#). Given that the [current aid policy](#) is now five years old, and clearly out-of-date, it is hard to believe that it won't be replaced during this term.

3. **Aid benchmarks.** In 2014, as part of her new aid policy, Julie Bishop established [ten benchmarks](#) by which Australian aid effectiveness was to be judged. All except one were easily achieved, and a process was put in place long ago to refresh the benchmarks. The new set didn't get to see the light of day before the elections, and will presumably be released fairly early on in this new term. A litmus test for their credibility is whether [project-level transparency](#) is one of the benchmarks.
4. **Labour mobility.** Although Labor started the Seasonal Worker Programme (SWP), the Coalition presided over its rapid growth, and made labour mobility a centrepiece of the Pacific step-up. Expect a lot of welcome attention to growing both the SWP and the Pacific Labor Scheme. (On the other hand, don't expect a revisiting of the new [three-year backpacker agricultural visa](#), which threatens to stymie the growth of the SWP.)
5. **A development financing institution?** Late in their last term, the Coalition gave the export financing agency Efic an [overseas infrastructure financing role](#), presumably because it was something they could do quickly to respond to China's growing influence in the Pacific. Many commentators have [argued for](#) a development financing institution. John Evers' report for DFAT on private sector financing options is still to be released. Presumably it will be soon, and perhaps that will be the start of a push towards an approach to private sector financing that is focused on development rather than benefits for Australia, the maximisation of which is Efic's mandate.
6. **International medical R&D.** The Medical Research Future Fund

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(MRFF) was an achievement of the Coalition's first term in office. In November last year, MRFF released a short [statement](#) of its priorities for the next three years. One of priorities is "global health and health security". Under this is a commitment to the "[c]reation of an Australian Global Health Challenges Research Fund that can leverage contributions from other portfolios, philanthropy and global health funds to purposefully stimulate public good research that addresses global health and health security issues of relevance to Australia. This fund could work similar to the Biomedical Translation Fund but have a not-for-profit focus." This is a very positive (ODA-eligible) initiative that will build on Australia's [growing commitment](#) to global medical research and development, which could become a hallmark of aid under the Coalition.

To be sure, a returned Coalition government will result in a much greater emphasis on continuity than if Labor had been elected. But continuity is not the same as stasis, and positive change in a range of areas is possible over the next three years.

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