

# The Good Neighbour: As Aid Cuts Abound, Australia Steps Forward

Melissa Conley Tyler, Tom Barber and Grant Wyeth



With the re-election of the Albanese Government this month, the [substance and direction](#) of Australia's development aid program looks to be settled for the next three years. With a commitment to indexation in line with inflation, the dollar amount will actually increase. In doing so, Australia's development assistance will become a stabilising factor in uncertain times.

This is in stark contrast to what is occurring around the world, with at least eleven countries including the [United Kingdom](#), [Germany](#), [France](#) and [Belgium](#) significantly reducing their official development assistance as well as the extraordinary dismantling of USAID by the Trump Administration.

Australia's commitment to its current development assistance is not solely an initiative of the governing Labor Party. The opposition coalition of the Liberal and National parties were also careful to say they [wouldn't cut aid](#) if they had won the election (although they would have removed indexation). There appears to be a consensus within Australian politics that it shouldn't follow the lead of the United States and the Europeans.

## Why Australia bucks the trend

How can we explain this divergence in views on development between Australia and many of its like-minded partners? Some might say it's easy to hold the line when the amount involved is so little – Australia is at historic lows at 28th of 30 providers of official development – but I think it is still striking not to follow the US' and UK's lead.

First, there is the reality of Australia's [strategic circumstances](#). Australia's immediate region of the Pacific Islands, Southeast Asia and the northeast Indian Ocean is dominated by low and middle-income countries. The development of these countries is imperative to Australia's security and economic interests. Vacating the field on development issues would incur unacceptable reputational, diplomatic and strategic costs. Being a good neighbour is central to Australian diplomacy.

The Pacific Islands region especially is seen as [vital to Australia's security](#). In Australia's strategic thinking there is deep discomfort about the potential presence of hostile powers in the region. This discomfort leads to a desire to be the partner of choice in the Pacific, and thus to care about

what these countries care about. A similar dynamic drives engagement with [Southeast Asia](#) and the northeast [Indian Ocean](#) countries with a view of maintaining stability within Australia's northern approaches.

Second, there has been a clear recognition from all major political parties of the need for an '[all tools of statecraft](#)' approach. In this paradigm, development is positioned as one of many levers of national power, alongside diplomacy, defence, policing, trade, intelligence and many more. Each play unique and vital roles in promoting the national interest. In recent years this framing has become [embedded](#) within key policy documents and is regularly articulated in ministerial speeches.

Third, Australia has already tried some of the ideas currently pursued by other countries. In 2013, the separate aid agency AusAID was folded into the Department of Foreign Affairs and Trade. Although not without [difficulties](#) at the time, it means that the omelette can't be unscrambled and a US-style dismantling is not possible. Similarly, during the Abbott Government in 2013-2015 there were major cuts to foreign aid. Very quickly this came to be seen as a [significant strategic mistake](#) in light of increased Chinese presence in the Pacific Islands region.

Australia has worked out through a process of trial and error that development cooperation is key to Australia's national interests. Pitting it against defence for funding – as countries like the UK have done – makes as much sense as funding emergency wards by taking money from preventive health.

## A good neighbour is also helping themselves

This paradigm of development was evident in the government's budget announcement in March: "At a time of great global uncertainty, the Albanese Labor Government continues to keep Australia secure while preparing for the opportunities of tomorrow, with responsible investments in all elements of our national power.... our prosperity, security and economic future is tied to our region."

It was also evident in comments from opposition politicians during the campaign, including that it is "[absolutely critical](#) that we maintain [aid spending]... that we continue to step up and be part of the solution" and that "[foreign aid is not a 'nice to have'](#)... It is a key component of our identity as a compassionate neighbour and nation."

Overall, this bipartisan agreement on development assistance indicates that Australia views it differently from countries that are cutting their aid. Rather than narrowly being seen as expenditure that could be directed towards current domestic or defence concerns, foreign aid is a [cost-effective tool](#) for the prevention of problems that may be [far more costly](#) in the future – and an essential tool for [building relationships](#) in its region. It may take other countries repeating Australia's mistakes to remember the enlightened self-interest in development cooperation.

As one of a small group of countries that is not retreating from its global responsibilities, there are [strong opportunities for cooperation](#) with other countries that share this thinking. In particular, there is great potential for Australia and South Korea to enhance their shared cooperation on international development – a somewhat underdone aspect of the bilateral relationship to date, yet one with significant scope for growth. At a massive time of change, countries that see the benefit of development cooperation need to work together for [whatever comes next](#).

## ABOUT THE AUTHORS

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**Cover image:** Australian Defence Advisor South Pacific Lieutenant Colonel Matthew Quinn helping to unload Australian relief supplies following Cyclone Gita (Australian High Commission, Nuku'alofa).

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