



Cabinet

CAB Min (07) 12/1(24)

Minute of Decision

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Minister of Foreign Affairs

Copies to:

Prime Minister
Deputy Prime Minister
Minister of Finance
Hon Jim Anderton
Minister of Trade
Associate Minister of Finance
(Hon Trevor Mallard)
Controller and Auditor-General

2007 Budget Package: Vote Foreign Affairs and Trade

On 19 April 2007, Cabinet:

- 1 **approved** the Budget initiatives for the above Vote for inclusion in the 2007 Budget package, as listed in the summary below and detailed in the attached initiative documents;

Summary of initiatives included in the attached initiative documents:

Operating Initiatives (Impact on Operating Balance)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
4019	Antarctica NZ: Maintaining Antarctic Logistics Support Capability	-	1.100	1.600	1.600	1.600
4028	Asia New Zealand Foundation: Increased Funding for Strategy Implementation	-	1.804	-	-	-
4036	Pacific Cooperation Foundation: Increase in Baseline Funding	-	0.900	-	-	-
4045	Response to Foreign and Trade Policy Changes	-	14.922	30.000	30.000	30.000
4046	Dili: Upgrade to Embassy Status	-	1.176	1.394	1.411	1.428
4048	Physical Security & Agency Accommodation	-	(0.024)	(0.021)	0.007	0.007
Total Operating		-	19.878	32.973	33.018	33.035

Capital Initiatives (Impact on Debt)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
4046	Dili: Upgrade to Embassy Status	-	3.169	-	-	-
4048	Physical Security & Agency Accommodation	-	(1.550)	-	-	-
Total Capital		-	1.619	-	-	-

2. **agreed** to establish new appropriations where required to implement these initiatives, as described in the attached initiative documents;
3. **approved** the changes to appropriations and/or projected balances of net assets of the administering department (where applicable) to implement the initiatives, as set out in the attached initiative documents;
4. **approved** the additional recommendations (where applicable) to give effect to the initiatives, as set out in the attached initiative documents;
5. **agreed** that the proposed changes to appropriations and/or projected balances of net assets for 2006/07 above be included in the 2006/07 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
6. **authorised** the Minister of Finance and the Vote Minister to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2006/07 Supplementary Estimates, the 2007/08 Estimates and the fiscal forecasts;
7. **noted** that all communications relating to the 2007 Budget are co-ordinated by a Budget communications committee, and that any requests for early announcement will need to have both the written approval of the Minister of Finance and sign-off from the Prime Minister's office.

Secretary of the Cabinet

Reference: CAB (07) 135, CAB (07) 135A

Initiative No: 4019

Vote: Foreign Affairs and Trade

Title: Antarctica NZ: Maintaining Antarctic Logistics Support Capability

Description: Increase in operating funding to fund New Zealand's ongoing contribution to the joint New Zealand/US Antarctic logistics pool.
[information withheld that would prejudice the international relations of the NZ Government]

Theme: Other

Theme Objective: Other

Performance Information

Performance Text

This initiative maintains Antarctica New Zealand's existing capability to deliver all the outputs within the current Statement of Intent and retains the current performance measurement system.

Appropriation Changes

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Operating Balance Impact	-	1.100	1.600	1.600	1.600
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	1.100	1.600	1.600	1.600

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Non-Departmental Output Expenses: Antarctic Research and Support	-	1.100	1.600	1.600	1.600
Total Operating	-	1.100	1.600	1.600	1.600
Total Capital	-	-	-	-	-

Initiative No: 4028

Vote: Foreign Affairs and Trade

Title: Asia New Zealand Foundation: Increased Funding for Strategy Implementation

Description: New strategic direction for Asia:NZ that is more ambitious and effective in stimulating widespread, urgent change to meet the challenges which Asia's increasing economic influence presents to New Zealand's national well-being and to respond to recommendations of the recent organisation review.

Theme: Other

Theme Objective: Other

Performance Information

Performance Text

Three strategic priorities have been identified - increasing knowledge of Asia, committing to Asian communities, and engaging with Asia. Taking the results of the Asia:NZ review and government White Paper on Relations with Asia, an evaluation framework will be developed to monitor a range of outputs as diverse as tracking attitudinal change, stimulating action to fill identified gaps in knowledge, research, enabling Asian communities, and increasing Track II and other engagement with Asia.

Appropriation Changes

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Operating Balance Impact	-	1.804	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	1.804	-	-	-

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Non-Departmental Output Expenses: Promotion of Asian Skills and Relationships	-	1.804	-	-	-
Total Operating	-	1.804	-	-	-
Total Capital	-	-	-	-	-

Initiative No: 4036

Vote: Foreign Affairs and Trade

Title: Pacific Cooperation Foundation: Increase in Baseline Funding

Description: An increase in funding for 2007/08 to enable the Pacific Cooperation Foundation (PCF) to deliver better outcomes in support of Government's Pacific policies.

Theme: Other

Theme Objective: Other

Performance Information

Performance Text

The review assessed that increased funding would enable PCF to leverage greater impact in promoting increased understanding and cooperation between New Zealand and the Pacific Islands and affirming New Zealand's identity as a Pacific nation. The extra resources would result in steps towards a better informed New Zealand public, deeper NZ/Pacific Islands relations, promotion of Pacific business development, community and cultural exchanges and more Pacific input into schools and universities.

Appropriation Changes

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11& Outyears
Operating Balance Impact	-	0.900	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	0.900	-	-	-

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11& Outyears
Non-Departmental Output Expenses: Pacific Cooperation Foundation	-	0.900	-	-	-
Total Operating	-	0.900	-	-	-
Total Capital	-	-	-	-	-

Vote: Foreign Affairs and Trade

Title: Response to Foreign and Trade Policy Changes

Description: An increase in resources for foreign and trade policy changes will be focussed on reinforcing the current MFAT network. This network reinforcement will focus on the Pacific and Asia in the first instance and as funding allows, broader regional efforts and the growing areas of resource diplomacy.

Theme: Other

Theme Objective: Other

Performance Information

Performance Text

The major output will be more in-depth policy analysis that will allow NZ to target emerging opportunities to actively engage in evolving regional, political and trade architectures. This will allow MFAT to prioritise resources in order to target the interventions and relationships that will count towards reinforcing our current diplomatic network.

Appropriation Changes

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11& Outyears
Operating Balance Impact	-	14.922	30.000	30.000	30.000
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	14.922	30.000	30.000	30.000

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11& Outyears
Departmental Output Expenses (General):					
Consular Services (funded by Revenue Crown)	-	0.604	1.223	1.223	1.223
Policy Advice and Representation - International Institutions (funded by Revenue Crown)	-	2.579	5.220	5.220	5.220
Policy Advice and Representation - Other Countries (funded by Revenue Crown)	-	11.739	23.557	23.557	23.557
Total Operating	-	14.922	30.000	30.000	30.000
Total Capital	-	-	-	-	-

Additional Recommendations

noted that there is a specific operating fiscal risk of up to \$440 million over five years and respective capital funding related to the 'Response to Foreign and Trade Policy Changes' bid, including the opening of new posts. The Minister of Finance and the Minister of Foreign Affairs will hold discussions on this initiative prior to Budget 2008; and

agreed that the 'Response to Foreign and Trade Policy Changes' initiative be included as a specific fiscal risk.

Vote: Foreign Affairs and Trade

Title: Dili: Upgrade to Embassy Status

Description: In the 2005 Budget Round, capital funding and one-year of operating funding was approved to upgrade the Dili Consulate-General to 'Embassy' status. Operating costs can now be forecast with some precision, but capital requirements have increased.

Theme: Other

Theme Objective: Other

Performance Information

Performance Text

The performance specification is integrated within the Ministry's overall performance measurement framework. The mid-year and year-end unit evaluation and review exercise ensures performance data is sourced from individual and unit level achievements. Criteria and professional judgement are applied to determine where the Ministry has had the most impact. These assessments are reflected in the Ministry's Annual Report.

Appropriation Changes

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11& Outyears
Operating Balance Impact	-	1.176	1.394	1.411	1.428
Debt Impact	-	3.169	-	-	-
No Impact	-	0.288	0.535	0.535	0.535
Total	-	4.633	1.929	1.946	1.963

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11& Outyears
Departmental Output Expenses (General):					
Policy Advice and Representation - Other Countries (funded by Revenue Crown)	-	1.464	1.929	1.946	1.963
Net Asset Schedule:					
Capital Investment	-	3.169	-	-	-
Total Operating	-	1.464	1.929	1.946	1.963
Total Capital	-	3.169	-	-	-

Initiative No: 4048

Vote: Foreign Affairs and Trade

Title: Physical Security & Agency Accommodation

Description: Increased capital funding for agency space requirements in Apia offset by the return of previously appropriated funding due to construction plans for the Ankara chancery.

Theme: Other

Theme Objective: Other

Performance Information

Performance Text

An initial reduction in the capital and flow-on operating costs, required to meet MFAT and agency accommodation demands offshore.

Appropriation Changes

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Operating Balance Impact	-	(0.024)	(0.021)	0.007	0.007
Debt Impact	-	(1.550)	-	-	-
No Impact	-	(0.086)	(0.145)	(0.117)	(0.117)
Total	-	(1.660)	(0.166)	(0.110)	(0.110)

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Departmental Output Expenses (General):					
Policy Advice and Representation - Other Countries (funded by Revenue Crown)	-	(0.110)	(0.166)	(0.110)	(0.110)
Net Asset Schedule:					
Capital Investment	-	(1.550)	-	-	-
Total Operating	-	(0.110)	(0.166)	(0.110)	(0.110)
Total Capital	-	(1.550)	-	-	-