



Cabinet

CAB Min (07) 12/1(36)

Minute of Decision

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Minister of Foreign Affairs

Copies to:

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

2007 Budget Package: Vote Official Development Assistance

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
4234	Increase to Take New Zealand's Reported ODA to 0.35% of gross national income by 2010/11	-	70.000	102.000	174.000	246.000
Total Operating		-	70.000	102.000	174.000	246.000

Capital Initiatives (Impact on Debt)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Total Capital		-	-	-	-	-

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

Vote: Official Development Assistance

Title: Increase to Take New Zealand's Reported official development assistance (ODA) to 0.35% of gross national income (GNI) by 2010/11

Description: Funding is sought to take New Zealand's reported official development assistance (ODA) to 0.30% of gross national income (GNI) in 2007/08 and then progressively to 0.35% of GNI by 2010/11. This increase will immediately redress this country's low ODA levels relative to other OECD donors and will allow us to address urgent Pacific and Asian development needs.

Theme: Other

Theme Objective: Other

Performance Information

Performance Text

With New Zealand's reported ODA at 0.27% of GNI in 2006/07, New Zealand is ranked 17th of 22 OECD donor nations during a period when there are real and urgent development needs across the Pacific and near-Asia regions and at a time when New Zealand's ability to influence the development of the region is directly affected by the extent to which New Zealand is seen to be engaged in it. A staged increase to 0.35% of GNI is sought by 2010/11.

Appropriation Changes

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Operating Balance Impact	-	70.000	102.000	174.000	246.000
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	70.000	102.000	174.000	246.000

Initiative No: 4234

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Departmental Output Expenses (General):					
Management of Official Development Assistance Programme (funded by Revenue Crown)	-	1.600	2.300	4.000	5.600
Strategic Advice and Evaluation (funded by Revenue Crown)	-	0.500	0.800	1.300	1.800
Other Expenses to be Incurred by the Crown:					
Global Development Assistance	-	-	-	37.000	52.400
Global Development Assistance	-	14.900	21.700	-	-
International Agency Funding	-	8.500	13.100	22.300	31.600
New Zealand Voluntary Agency Grants	-	5.500	7.300	12.400	17.600
Pacific Development Assistance	-	39.000	56.800	-	-
Pacific Development Assistance	-	-	-	97.000	137.000
Total Operating	-	70.000	102.000	174.000	246.000
Total Capital	-	-	-	-	-

Additional Recommendations

noted that the indicated funding increases will deliver an official development assistance (ODA):gross national income (GNI) ratio of 0.30% in 2007/08 and 2008/09, 0.32% in 2009/10 and 0.35% in 2010/11 based upon GNI projections as at December 2006.

noted that the indicative funding profile for the multi-year appropriations and annual appropriations is as follows:

Initiative No: 4234

Vote: Official Development Assistance - Minister of Foreign Affairs	\$m – increase/(decrease)					2010/11 & Outyears
	2006/07	2006/07 to 2008/09			2009/10	
Multi-year Appropriations for Other Expenses to be Incurred by the Crown						
Global Development Assistance	-	36.600			-	-
Pacific Development Assistance	-	95.800			-	-
Total Operating	-	132.400			-	-
		2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
<i>Annual Appropriations for Other Expenses to be Incurred by the Crown</i>						
International Agency Funding	-	-	8.500	13.100	22.300	31.600
Global Development Assistance	-	-	-	-	37.000	52.400
Pacific Development Assistance	-	-	-	-	97.000	137.000
New Zealand Voluntary Agency Grants	-	-	5.500	7.300	12.400	17.600
<i>Annual Appropriations for Department Output Expenses:</i>						
Strategic Advice and Evaluation	-	-	0.500	0.800	1.300	1.800
Management of Official Development Assistance Programme	-	-	1.600	2.300	4.000	5.600
Total Operating	-	-	16.100	23.500	174.000	246.000

agreed to delegate to the Ministers of Finance and Foreign Affairs the ability to adjust the departmental funding allocation within the overall amount of Crown funding appropriated for Vote ODA in the October Baseline Update 2007 after NZAID and Treasury officials have undertaken an exercise to determine NZAID's departmental funding needs in light of the funding profile for Vote ODA agreed in Budget 2007;

noted that the Minister of Foreign Affairs is still to be consulted on the appropriation splits;

noted that the out-year appropriation splits are indicative;

agreed to delegate to the Ministers of Finance and Foreign Affairs the ability to adjust the appropriations within the overall amount of Crown funding appropriated for Vote ODA in October Baseline Update 2007 after NZAID and the Minister of Foreign Affairs have finalised the allocations;

noted that NZAID officials (in consultation with Ministry of Education and Treasury officials) were directed to report to the Minister of Finance, Minister of Foreign Affairs, and Minister for Tertiary Education by 18 April 2007 with a breakdown of where funding will be directed, including funding for an increase in development scholarships;

noted that on 19 April 2007 Cabinet:

- noted that the Minister of Finance will be discussing further with Ministers the initiative on Solomon Islands Deployment Capability in Vote Police;
- authorised the Prime Minister, Minister of Finance and the Associate Minister of Finance (Hon Trevor Mallard), in consultation with relevant Vote Ministers, to take decisions on this initiative.

[CAB Min (07) 12/1]

Secretary's note: The decisions of the Ministers were subsequently reported to the Cabinet Business Committee on 23 April 2007 [CBC Min (07) 8/32].

