

VOTE FOREIGN AFFAIRS AND TRADE
AND
VOTE OFFICIAL DEVELOPMENT ASSISTANCE

“LINE-BY-LINE” EXPENDITURE REVIEW

BUDGET 2009

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Summary

The Ministry and NZAID have undertaken a “line-by-line” expenditure review of Votes Foreign Affairs and Trade and Official Development Assistance. The key results of the review are:

Vote Foreign Affairs and Trade

- **Ministry of Foreign Affairs and Trade** 2008/09 operating expenditure (\$309.089m) is aligned with the Government’s priorities.
- **The Minister’s savings target of \$265m has been exceeded.**
- **Gross savings totalling \$279.7m** (operating (\$240.7m) and capital (\$39.0m)) over this and the next four years have been identified. After absorbing \$12.9m of extra funding needs, **net savings of \$266.8m has been freed up.**
- These savings are made up of the withdrawal of pre-committed operating funding of \$154.7m, capital requirements being re-phased and release of the \$39m capital pre-commitment, and \$86.0m of baseline savings.
- *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*
- The Ministry’s **properties overseas were recently valued upwards by \$179.2m (74%).** This has a positive impact on the net wealth of the Government.
- There are **three agencies funded through the Vote: New Zealand Antarctic Institute (\$12.473); Pacific Cooperation Foundation (\$1.347m); and Asia New Zealand Foundation (\$4.0m).** There is limited scope for immediate savings.
- *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

- **Subscriptions to International Organisations** (\$47.9m) are compulsory by virtue of New Zealand's membership of multilateral organisations or from international treaties and conventions to which New Zealand is a party. Savings can only be made by New Zealand withdrawing its membership of a multilateral organisation based on a review and decision by Government.

Vote Foreign Affairs and Trade Savings Summary: Annual Basis

	08/09 \$m	09/10 \$m	10/11 \$m	11/12 \$m	12/13 \$m
Gross Savings:					
Budget Contingency	3.322	3.322	3.322	3.322	3.322
Pre-committed	-	8.563	22.306	41.161	66.078
Baseline Appropriation	10.000	8.300	15.700	21.900	30.600
Capital Pre-committed	-	7.031	5.007	15.655	11.307
Total	13.322	27.216	46.335	82.038	111.307
Requirements:					
Global Environment Fund	-	0.500	-	-	-
<i>[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials] -</i>					
AANZFTA	-	1.300	1.300	1.100	0.900
Net Annual Savings	13.322	24.916	42.535	78.438	107.907

Vote Official Development Assistance (ODA)

- **New Zealand Agency for International Development (NZAID)** 2008/09 operating expenditure is \$37.570m and ODA expenditure \$443.7m.
- It is **proposed that there be no change to ODA funding levels.**
- *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*
- Different types of programmes have different management costs. For example, in-country bilateral projects are more expensive for NZAID to monitor and manage than funding to international agencies. *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*
- **NZAID's programmes are efficient and effective**, and weaknesses in systems previously identified by Audit NZ in 2007 have now largely been addressed. The Agency is increasingly able to report on results.
- **ODA programme funding levels are driven by political priorities and informed by affordability, effectiveness and broader foreign policy objectives.** Levels until 2010/11 were set based on GNI projections as they stood at the time of BEFU 2008. These projections have been revised downwards since BEFU.
- NZAID's departmental budget levels are derived from what is required to effectively manage programme funding levels. This is typically around 7.6% of Vote ODA. *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

Analysis of Vote Foreign Affairs and Trade

2 The 2008 October Baseline Appropriations and pre-committed funding for Vote Foreign Affairs and Trade is summarised in the following table:

Operating	2008/09 \$m	2009/10 \$m	2010/11 \$m	2011/12 \$m	2012/13 \$m
MFAT	309.089	350.711	373.349	389.787	409.522
NZAI	12.473	12.968	12.918	12.918	12.918
PCF	1.347	1.400	1.400	1.400	1.400
ANZF	4.000	1.547	1.547	1.547	1.547
Diplomatic Exemptions	1.150	1.150	1.150	1.150	1.150
Payments on behalf of other Governments	0.100	0.100	0.100	0.100	0.100
International Subscriptions	47.926	49.374	49.680	49.944	49.794
Pre-commitment	3.322	11.885	25.628	44.483	69.400
Total	379.407	429.135	465.772	501.329	545.831

Capital	2008/09 \$m	2009/10 \$m	2010/11 \$m	2011/12 \$m	2012/13 \$m
MFAT	9.000	30.000	20.000	-	-
NZAI	0.800	0.300	-	-	-
Pre-commitment	-	7.031	5.007	15.655	11.307
Total	9.800	37.331	25.007	15.655	11.307

Ministry's Cost Structure

3 The Ministry's core operating budget for this year is \$309m but the amount that actually impacts the Crown's operating balance is \$234.7m (\$74.3m or 24% lower) after deducting \$59.3m paid to the Crown in the form of FBT (\$34.5m) and capital charge (\$24.8m), and \$15m received from the provision of services to other departments and agencies. As a result, the savings that have been identified are from the lower baseline after such adjustments.

4 In terms of capital, the Ministry manages an asset portfolio of \$502m including land and buildings valued at \$442m. The capital expenditure programme for the five years to 2012/13 totals \$236m (\$177m funded from internal resources and \$59m from a capital injection) and has been adjusted to remove the pre-committed funding and phase the capital projects over a longer period.

Through an input lens

5 A high proportion of the Ministry's costs are relatively fixed. The largest costs are its people and property as illustrated in the following table:

Expenditure Category	\$m	%
Staff (NZ and Locally Employed)	174.8	50%
Property and Infrastructure	109.1	32%
Other Operating Costs	26.6	8%
Ring-fenced funding ¹	15.3	4%
Representation, Travel and Outreach	13.5	4%
Training	5.9	2%

[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]

Through a geographic lens

7 The Ministry's operating costs are split \$209m (68%) offshore and \$100m (32%) onshore. As the cost of doing business overseas is high we centralise corporate support services for posts as much as possible.

8 The resources invested in our offshore foot-print by region and in New Zealand are as follows (refer annex for details of offshore foot-print at post level):

Region	Dollars		Current Staff		Posts
	\$m	%	NZ	Local	Number
Asia	64.7	21	56	122	14
Europe	51.6	16	48	75	10
Americas	27.4	9	26	55	8
Pacific	24.4	8	34	52	10
Multilateral ²	18.1	6	21	16	3
Middle East/Africa	14.6	5	15	32	5
Australia	8.2	3	13	13	4
Wellington/Auckland	100.1	32	512	-	-
Totals	309.1		725	365	54

[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]

¹ Ring-fenced for specific purposes – e.g. Pacific Security (inter-agency) Fund, Asia Security Fund, Growth and Innovation (inter-agency) Fund etc

² Geneva, New York & Vienna

Through an output lens

Region	Total \$m	Trade/ Economic		Political/ Security	
		\$m	%	\$m	%
Bilateral					
Asia	75.8	43.5	57	32.3	43
Europe	48.5	23.9	49	24.6	51
Americas	30.4	17.5	58	12.9	42
Pacific	33.5	11.5	34	22.0	66
Middle East/Africa	15.2	7.8	51	7.4	49
Australia	9.6	5.1	53	4.5	47
Pacific Security Fund	4.5	-	-	4.5	100
Trade Access Support	1.0	1.0	100	-	
Growth & Innovation	5.6	5.6	100	-	
Foreign Direct Investment	0.8	0.8	100	-	
Multilateral					
World Trade Organisation	10.7	10.7	100		
OECD	3.8	3.8	100		
United Nations	10.3	-		10.3	100
Commonwealth	1.1			1.1	100
Disarmament	8.5			8.5	100
Environment	5.7			5.7	100
Human Rights	5.0			5.0	100
Collective Security	4.9			4.9	100
Antarctic Institutions	1.5			1.5	100
Consular Services	12.7				
Administer Diplomatic Immunities & Privileges	0.6				

[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]

Interagency Funds

9 The Ministry manages two inter-agency funds: the Growth and Innovation Fund and the Pacific Security Fund.

10 ***The Growth and Innovation Fund (\$6.0m per annum)*** is an interagency pool of resources to support the negotiation and implementation of trade agreements. The funding is divided into three funding pools (Travel, Cooperation and Capacity Building, and Promotion and Outreach) for activities that are over and above core, on-going, reprioritised departmental activity.

11 The Travel pool pays for attendance at FTA negotiation meetings, and also covers regulatory cooperation, dumping and subsidies and WTO negotiating group meetings.

12 The Cooperation and Capacity Building pool funds activities designed to underpin negotiated outcomes and commitments; facilitate resolution of non-tariff barriers and regulatory issues. Other activities help leverage opportunities by facilitating relationships at the government level in labour, environment, education, customs, and technical regulatory frameworks.

13 The Promotion and Outreach pool funds activities, both onshore and offshore, identified and managed under specific whole-of-government strategies to leverage gains for New Zealand business and the wider economy from completed FTAs.

14 Funding for all three pools is held by the Ministry. At the beginning of the year, and as required over the course of the year, as a collective view emerges on where the resources should be applied, a series of appropriation transfers, to be approved by Ministers, take place from Vote Foreign Affairs and Trade to other Votes to enable resources to be applied to the areas where New Zealand's trade negotiation efforts can be maximised.

15 The following departments and agencies are represented in the decision-making process: MFAT, Customs, DoL, Education, MAF, MED, MfE, MFish, MORST, MOT, NZFSA, NZIS, NZQA, NZTE, Tourism NZ, Transport and Treasury.

16 ***The Pacific Security Fund (\$3m per annum)*** is an interagency pool of money drawn on by New Zealand Government departments and agencies to advance or protect New Zealand's security interests by reducing risks from threats arising in or operating through Pacific Island Countries. In establishing the fund Cabinet noted that it would be used for one-off, pilot or contingency activities in the Pacific and would fund initiatives that would not generally fit within NZAID's policy framework or priorities, and which could not be funded from baselines.

17 Projects under the PSF are considered in light of New Zealand's broader Pacific Security Strategy and are recommended by the Pacific Security Coordinating Committee (PSCC), which includes a range of New Zealand Government departments and agencies.

18 The Ministry manages the fund on a day-to-day basis and has delegated authority to approve the PSCC recommendations, which are then formalised in a Memorandum of Understanding between MFAT and the relevant department or agency. All agencies are required to complete a written report on completion of a project and to provide brief progress reports on projects that are spread over a long period.

Analysis of Vote Official Development Assistance

19 The current (OBU 2008) baseline funding for Vote ODA is summarised in the following table. Projected growth was agreed in Budget 2008, based on achieving particular ODA expenditure as a percentage of GNI. Corresponding increases in planned departmental expenditure were set indicatively only and were to be reviewed following completion of NZAID's Organisational Development Framework (ODF). The ODF has defined a more robust business model for the effective management of an increased ODA programme. The ODF has also proposed realignment of the Agency's structure to improve effectiveness, and a progressive shift of capability offshore to improve the quality of delivery and outcomes. *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

	2008/09 \$m	2009/10 \$m	2010/11 \$m	2011/12 \$m	2012/13 \$m
Pacific Bilateral	209.7	250.3	305.1	305.1	305.1
Global Bilateral	111.8	111.8	108.5	108.5	108.5
NZ Agencies	32.8	36.8	39.8	39.8	39.8
International Agencies	89.4	99.4	113.4	113.4	113.4
Total Crown	443.7	498.3	566.8	566.8	566.8
Departmental	37.6	44.1	44.9	44.9	44.9
Total NZAID	481.3	542.4	611.7	611.7	611.7

20 Note that the above figures differ from OBU in that the rollover of under-expenditure from 07/08 (\$40.43m), that was nominally deducted from 09/10, has been reinstated to 09/10 and now reduces the 08/9 budget figures shown above. The adjustment impacts on Pacific Bilateral figures for both years.

21 Analysis of the current year's departmental operating budget is shown in the next table.

Expenditure Category 2008/09	\$m ³	%
Staff	26.1	70%
Property	6.1	16%
Travel	1.9	5%
Other	3.5	9%
Total	37.6	100%

³ This includes the \$16.2m of services provided by MFAT to NZAID under the Shared Services Agreement.

Staff Costs

22 At 70%, staff salaries are the largest individual departmental budget line. Staffing levels are closely linked to the size of NZAID's programme funding. As the number of programmes and activities increase, the numbers of staff required for management and monitoring is also driven upwards. Though larger programmes are more efficient to manage, control environment strengthening work to address previously identified deficiencies in contracting, monitoring and evaluation have offset these efficiencies in the short term. As a consequence, numbers of staff relative to dollars managed through Vote ODA has remained steady at around one-to-\$1.8m over most of the last six years.

23 NZAID has a current staff establishment of 257, being 188 in Wellington and 69 at Posts. Geographically, and by Output category, staff numbers (with %'s in brackets) are shown in the table below. *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

Staff Numbers Includes	Direct Delivery		Indirect Delivery		Support	
	NZ	Posts	NZ	Posts	NZ	Posts*
Pacific Bilateral	50 (19.5%)	48 (18.7%)	53 (20.6%)	0 -	49 (19.1%)	0 -
Global Bilateral & NZ Agencies	29 (11.3%)	16 (6.2%)				
International Agencies	7 (2.7%)	5 (1.9%)				
Sub Total	86 (33.5%)	69 (26.8%)	53 (20.6%)	0 -	49 (19.1%)	0 -
Total	155 (60.3%)		53 (20.6%)		49 (19.1%)	

24 Within the output categories shown above, indicative costs are shown in the table below.

Staff Costs \$m	Direct Delivery		Indirect Delivery		Support	
	NZ	Posts	NZ	Posts	NZ	Posts*
Pacific Bilateral	\$4.1 (15.7%)	\$7.3 (28.0%)	\$6.4 (24.5%)	\$0 -	\$2.0 (7.7%)	\$1.0 (3.8%)
Global Bilateral & NZ Agencies	\$2.2 (8.4%)	\$1.7 (6.5%)				
International Agencies	\$0.6 (2.3%)	\$0.8 (3.1%)				
Sub Total	\$6.9 (26.4%)	\$9.8 (37.6%)				
Total	\$16.7 (64.0%)		\$6.4 (24.5%)		\$3.0 (11.5%)	

*Includes allocation for the contribution of other MFAT administration staff towards NZAID work

25 The majority of NZAID's corporate support is provided by MFAT through a Shared Services Agreement. In general, NZAID only provides its own support services when it is demonstrated that it is not duplicating services that could be better provided by MFAT. For example, all administration at posts is provided by MFAT under this Shared Services Agreement. The following services are currently provided to NZAID by MFAT under this agreement:

- Accommodation (post and Wellington)
- Administrative support at all posts
- HR policy
- HR management of staff postings
- Collective employment agreement negotiations
- Information technology – all common applications and hardware along with the MFAT network
- Corporate planning (MFAT manages estimates, and SOI processes)
- Printing & mailroom services
- Facilities management
- Financial accounting services & payments
- Payroll
- Library services, and
- Legal advice

Property expenses

26 Property expenses, at 16% of total expenditure, are the second largest expense category. These represent overheads of \$4m allocated by MFAT where NZAID staff are present at Posts. The balance represents the direct costs of \$1.9m associated with office space occupied within the Ministry offices in Wellington, and depreciation costs of \$0.2m.

Travel

27 This item involves the various requirements for travel associated with activity design, management and monitoring, meeting with bilateral partners, other aid organisations, regional and international agencies, and grant recipients.

28 The current allocation across outputs is: Pacific - \$0.6m; Global and NZ Agencies - \$0.5m; Indirect Delivery - \$0.5m; and Support - \$0.3m.

29 Much of the travel meets international obligations and representation as members of regional organisations.

Other

30 Other expenses (\$3.5m for 08/09) include publications, staff training, staff recruitment, audit fees and consultancy costs. The consultancy costs include short term contract staff where positions have not yet been filled.

Match to Government's Priorities: Vote Foreign Affairs and Trade

31 Drawing on the Government's pre-election Foreign and Trade Policy documents and advice received from Ministers to date, we have assessed the Government's foreign and trade policy priorities against the Ministry's current Estimates, Statement of Intent and internal planning documents, and the Ministry's "Response to Foreign and Trade Policy Challenges Strategy" that underpinned the "step change" funding increase approved in Budget 2008.

32 The Ministry's Senior Management Group has also carried out for Ministers a detailed revalidation of every new position created this year onshore and at posts to ensure that these resources are aligned with the Government's broad policy directions. As a result some positions created this year will be reassigned, and in out-years some will be deferred or removed altogether. Further realignment will occur to meet emerging policy and operational requirements through the Ministry's capability assessment carried out each year by SMG.

33 Broadly speaking, given the largely bipartisan approach to foreign policy goals, and New Zealand's enduring foreign and trade policy interests, there is a high degree of congruence between the deployment of the Ministry's current baseline resources and those added this year from the step change budget for the prosecution of the Government's foreign and trade policy goals. In some areas Government policy has not yet been articulated in detail and we would expect this to occur through ongoing policy planning discussions with Ministers and as the Ministry's Estimates and Statement of Intent and internal planning documents for 2009/10 are finalised with Ministers in the next few weeks. This will then provide further guidance to the CEO on any requirement to realign marginal resources to pursue immediate high priority foreign and trade policy objectives.

34 With respect to the resource added this year under the Ministry's "Response to Foreign and Trade Policy Challenges Strategy", the following are the key areas that have been strengthened and are judged as aligning strongly with the Government's broad policy objectives – both thematic and regional, and in terms of providing a stronger and more cost effective NZ Inc approach offshore.

- Economic diplomacy - trade and economic outcomes (multilateral, plurilateral and bilateral) with strengthened onshore legal and specialist support for trade negotiations, and resources added to posts in Asia, South Pacific, Australia, Europe, and Latin America
- Strengthened MFAT NZ Inc leadership and coordination role offshore

- Deepening resources in Pacific Division and at Pacific posts to pursue our security and trade interests as well as support for NZAID, NZDF, INZ etc
- Strengthening of resources in Asia Division and at key Asian posts for trade and security outputs and engagement on regional diplomacy
- Deepening support for multilateral resource, security and environment diplomacy
- Improved capability to support major events offshore involving New Zealanders, and to respond to offshore emergencies involving New Zealanders
- Modernisation of MFAT IT and communications systems and information management
- Reinforcing corporate services to support the modernisation programme, and support NZ Inc, including NZAID

Match to Government Priorities: Vote ODA

35 High level priorities for ODA were agreed with the Government in 2005 and have remained largely unchanged since then. These are:

- significantly expanded bilateral programmes in Vanuatu, Papua New Guinea, Solomons Islands, and Indonesia;
- sectoral programmes that would see New Zealand lift its contribution in the Pacific to achieve the outcomes of strengthening governance, achieving economic growth and improved livelihoods, improving access to education and health, and reducing vulnerability to poverty as a consequence of conflict and natural disasters;
- continued support for whole of government approaches where we have special relationships with the objectives of increasing economic and social resilience in Niue and Tokelau, and sustaining economic growth and addressing vulnerability in the Cook Islands;
- ongoing humanitarian support (including rehabilitation and reconstruction) following natural disasters and conflict worldwide. In parallel, raising our contributions to and engagement with key international humanitarian aid agencies;
- increased support for New Zealand-based development NGOs and key multilateral agencies that are assessed as highly effective and particularly relevant to New Zealand's interests.

36 NZAID's programme has been shaped to match this. All programmes are shown in the attached annex with indications as to size, number of activities and key areas of focus.

37 The National Party's Foreign Affairs Policy (October 2008), details a number of additional priorities or areas of focus. These are shown in the following table, along with NZAID's current response:

National Party Foreign Affairs Policy Priority or Focus Area	NZAID Response/Action
<ul style="list-style-type: none"> • Maintaining aid levels as set out in Budget 2008 to see ODA reach \$600m by 2010. 	<ul style="list-style-type: none"> • Subject to adequate departmental resourcing, NZAID is confident that it is well placed to deliver effective, efficient aid programmes at this level, targeted in line with Government priorities.
<ul style="list-style-type: none"> • Ensuring that aid expenditure is efficiently and effectively delivered. 	

<ul style="list-style-type: none"> • Winding down engagement in distant regions that are not grounded in any realistic appraisal of NZ's interests or capacity to make a difference. 	<ul style="list-style-type: none"> • NZAID will work with the Minister to identify a profile of programmes and activities that best support Government priorities and areas of focus. We hope to agree this profile as a part of Budget 2009, and to progressively implement it as new aid funding comes on line and as existing activities that are less aligned with Government priorities are wound down. • Diseconomies of scale, low levels of human capital and low incomes in many Pacific Island countries (PICs) constrain their ability to provide the government services necessary to create the conditions for economic development and respond to issues like climate change, security and social development. Regionalism and regional agencies assist by supplementing capacity, and providing fora for countries to work on common agendas. New Zealand and Australia are working to strengthen agency effectiveness and improve their ability to deliver results at the country level.
<ul style="list-style-type: none"> • An increased focus on the South Pacific – through increased consultation and engagement with Pacific Island Forum countries. 	
<ul style="list-style-type: none"> • Countering 'cheque-book diplomacy' in the Pacific. 	
<ul style="list-style-type: none"> • Addressing threats posed by climate change, including the development of alternative energy sources. 	
<ul style="list-style-type: none"> • Recognise the importance of the United Nations and international system to a small country like New Zealand. 	<ul style="list-style-type: none"> • The international community has established a number of intergovernmental development and humanitarian agencies – the majority under the auspices of the UN. As a small donor, New Zealand relies greatly on these agencies to address issues and needs that exceed our own capacity, as well as to set international agendas and norms around practice. New Zealand is a highly regarded participant in these bodies, and, as such, we have a strong voice in their deliberations. New Zealand works closely with both Australia and Canada on the governing boards of multilateral agencies, especially on reform of the UN. At present around 20% of Vote ODA goes to Multilateral Agencies. This percentage is broadly in-line with that of other donor countries, with the OECD DAC average at 19%, Canada committing 28% and Australia at 17% (with a commitment by the new government to significant increases).
<ul style="list-style-type: none"> • Addressing problems left unattended from the 2005 report by Professor Marilyn Waring. 	<ul style="list-style-type: none"> • The majority of recommendations arising from this review were around matters for Ministers to consider, or for other

	<p>departments. The key NZAID recommendations have either all been met, or NZAID is working towards them (for example, reducing the number, focus and spread of ODA programmes).</p>
<ul style="list-style-type: none"> Addressing 2007 findings from Audit NZ and the Office of the Auditor-General regarding weaknesses in NZAID systems. 	<ul style="list-style-type: none"> NZAID has made strong progress in its two-year Control Environment Strengthening Programme. 18 months into this programme, the Agency is on track to meet all improvement objectives by the middle of 2009 - subject somewhat to proceeding with the institutional strengthening proposed under NZAID's review of staffing and structures: the Organisational Development Framework. In their management letter to MFAT for 2008, Audit New Zealand advised: <ul style="list-style-type: none"> <i>"NZAID is on track to full implementation of its Control Environment Strengthening Programme over the two year target timeframe [by June 2009]"</i>

38 In addition, the Government has signalled that it will also want to see some re-balancing in existing programme allocations for financial year 2009/10.

[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]

41 This is shown in scenarios in the Efficiency & Effectiveness section of this paper.

42 Significant changes will require careful planning and implementation, in conjunction with MFAT, as there will be implications for broader foreign policy interests, or bilateral relationships, or our voice in various international and regional bodies.

Disciplined, Accountable Approach to Government Spending

43 There have been two reviews of the Ministry in the past ten years, the 1998 Output Pricing Review and the 2003 Capability Review. Both confirmed that the Ministry was producing what the Government wanted and it was well managed.

44 A baseline analysis of Vote Foreign Affairs and Trade was completed for Budget 2007. The report concluded that:

- the Ministry's financial management of both capital and operating funding is very good
- there have been no large fiscally neutral adjustments or expense and capital transfers in recent years, and
- there have been no large under-spends or over-spends in any particular area.

45 The Ministry has received positive comments from Audit New Zealand in its annual management report to the Ministry on the annual audit and the Departmental Internal Control Environment review has graded the Ministry as "Good" in terms of a range of key financial control elements and "Excellent" in the areas of Output Performance – Planning and Budgeting and in the management of Foreign Exchange Exposure.

Areas Warranting Further Review

46 In the guidance provided on how to go about line-by-line reviews and what they could and should cover we are invited to identify the spending that delivers the lowest value for money.

47 *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

Efficiency and Cost Effectiveness: Vote Foreign Affairs and Trade

Budget Contingency and Pre-Committed Funding

48 The Minister of Finance has abolished the tagged contingency for Vote Foreign Affairs and Trade's 2008 Funding Package. The Ministry has cancelled phases two and three of its growth strategy "Response to Foreign and Trade Policy Challenges". This has produced savings of \$154.7m as follows:

Operating	08/09 \$m	09/10 \$m	10/11 \$m	11/12 \$m	12/13 \$m
Budget Contingency	3.322	3.322	3.322	3.322	3.322
Pre-committed	-	8.563	22.306	41.161	66.078
Total Savings	3.322	11.885	25.628	44.483	69.400

49 Pre-committed capital funding has also been withdrawn and this has produced savings of \$39m as follows (refer "Managing Future Capital Requirements" section for details on how this will be managed and risks).

Capital	2008/09 \$m	2009/10 \$m	2010/11 \$m	2011/12 \$m	2012/13 \$m
Pre-commitment	-	7.031	5.007	15.655	11.307
Total	-	7.031	5.007	15.655	11.307

Baseline Appropriations

50 Although longer term, strategic savings require a look at the totality of New Zealand's offshore operations, as noted above, the Ministry has identified some immediate savings.

51 A large proportion of the Ministry's expenditure is relatively fixed so there is a limit to how far we can reach into the core budget and unlock savings. We are also reluctant to cut back on "capability maintenance" expenditure, eg property maintenance, as this has proven to cost more in the long run. Despite this we can tighten our belt. We will look to cut our core baseline budget by:

	08/09 \$m	09/10 \$m	10/11 \$m	11/12 \$m	12/13 \$m
One-off savings from slow down	10.000	-	-	-	-
Lower cost increases expected	-	0.100	7.100	12.800	20.500
Lower Global Network Costs	-	2.400	2.400	2.400	2.400
NZ Staff Remuneration assumptions revisited	-	1.800	1.900	2.200	2.500
Local Staff Salary assumptions revisited	-	0.500	0.500	0.500	0.500
Manage Rental costs lower	-	1.500	1.800	2.000	2.300
Cut Travel and Representation 10%	-	1.000	1.000	1.000	1.000
Cut Training 10%	-	0.500	0.500	0.500	0.500
Cut Consultants and Contractors 10%	-	0.300	0.300	0.300	0.300
Cut Printing Costs and Publications 10%	-	0.200	0.200	0.200	0.200
'Line-by-line" Cuts	10.000	8.300	15.700	21.900	30.200

52 All up, this will produce gross savings from the baseline of \$86.1m over the period.

53 The costs of New Zealand's contribution to the AANZFTA Economic Co-operation Work Programme, the Online Authentication funding required by SSC and New Zealand's participation in the fifth replenishment of the Global Environment Fund have been taken into account. *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials].*

Efficiency and Cost Effectiveness: Vote ODA

54 The Government has stated its intention of maintaining aid levels as set out in Budget 2008, that would see ODA reach \$600m by 2010.

55 NZAID has planned for these increases and is confident it can deliver a range of effective, efficient programmes that make good use of this money in line with Government priorities.

56 Aid levels are, however, ultimately driven by political priorities and informed by broader foreign policy objectives, affordability and effectiveness.

57 Alternative scenarios are provided in the event that Ministers wish to revisit the currently agreed position. Resulting ODA:GNI percentages are shown alongside each scenario for information. As there is no direction, yet, regarding funding levels or ODA:GNI ratios beyond 2010/11 the available cumulative savings for each scenario are shown for both the 3 and 4 year periods beginning 2008/09. For the purposes of current assessment we have, therefore, provided savings totals for both the three and five year periods.

58 **Scenario 1**, is the Budget 2008 financial position showing agreed increases for the 2009/10 and 2010/11 financial years. This scenario takes Vote ODA to \$611m by 2010 and was predicated on providing sufficient funds for New Zealand to report 0.35% ODA as a percentage of GNI in that year. The levels were based on economic growth forecasts from BEFU 2008. The 2011/12 year is based on maintaining the appropriation level of the previous year.

1. Budget 2008 Agreed ODA Profile \$m (Per National Party Manifesto)	2008/09	2009/10	2010/11	Net Cumulative Savings, 3 Years	2011/12	2012/13	Net Cumulative Savings, 5 Years
Vote ODA: Budget 2008 Dollars Agreed	\$481.300	\$542.400	\$611.600	\$0.000	\$611.600	\$611.600	\$0.000
ODA in other Votes	\$37.575	\$37.575	\$37.575		\$37.575	\$37.575	
Total Reported ODA	\$518.875	\$579.975	\$649.175		\$649.175	\$649.175	
Reported ODA:GNI Ratio	0.31%	0.35%	0.37%		0.34%	0.32%	

59 *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

60 One possible profile for ODA under Scenario 1 is shown below. In this scenario bilateral funding to the Pacific is progressively increased to 50% by 2011/12 (an increase of \$125.1m – or 69% over the next three years). Funding for Pacific Regional Agencies has been maintained at current levels for the purpose of this scenario.

Scenario 1 \$m	2008-09	2009-10	2010-11	2011-12	2012-13
Total ODA (Scenario 1)	\$481.3	\$542.3	\$611.6	\$611.6	\$611.6
Total Pacific	\$209.7	\$245.9	\$304.2	\$334.8	\$334.8
Pacific Country Aid	\$180.7	\$216.9	\$275.2	\$305.8	\$305.8
Pacific Regional Agencies	\$29.0	\$29.0	\$29.0	\$29.0	\$29.0
Pacific Country Aid as % of total	37.6%	40.0%	45.0%	50.0%	50.0%
Total Non Pacific	\$271.6	\$296.4	\$307.4	\$276.8	\$276.8

61 **Scenario 2**, The Minister of Foreign Affairs has indicated an intention to move away from GNI percentages as a driver of ODA levels and to let the case for ODA levels be set with regard to the effectiveness of aid programmes and allocations made according to outcomes being achieved in particular countries and sectors. Though this will apply in future, New Zealand has previously announced internationally that it will be moving to the 0.35% figure by 2010. GNI forecasts have been revised downwards since BEFU, and Budget 2008 figures could be reduced by \$18-\$30m in each year to achieve the same ODA:GNI percentage and the Government's stated intention of ODA reaching \$600m. Although funding for Vote ODA would fall below \$600m, other departments (particularly Defence, Immigration and MFAT) collectively add another \$35.9m to Vote ODA in reported aid. Overall aid would therefore remain above the \$600m target. The 2011/12 year is based on maintaining the appropriation level of the previous year.

62 This scenario shows the \$18m-\$30m reduction discussed above, across the three years. The 2011/12 year is based on maintaining the appropriation level of the previous year.

2. Budget 2008 Reflecting HYEPU \$m	2008/09	2009/10	2010/11	Net Cumulative Savings, 3 Years	2011/12	2012/13	Net Cumulative Savings, 5 Years
Vote ODA	\$460.924	\$516.893	\$575.859	\$81.624	\$575.859	\$575.859	\$153.106
ODA in other Votes	\$37.575	\$37.575	\$37.575		\$37.575	\$37.575	
Total Reported ODA	\$498.499	\$554.468	\$613.434		\$613.434	\$613.434	
Reported ODA:GNI Ratio	0.30%	0.33%	0.35%		0.32%	0.31%	

63 Assuming that a similar profile was sought for allocations across programmes as outlined in Scenario 1, this might appear as follows:

Scenario 2 \$m	2008-09	2009-10	2010-11	2011-12	2012-13
Total ODA (Scenario 2)	\$460.9	\$516.9	\$575.9	\$575.9	\$575.9
Total Pacific	\$198.0	\$235.7	\$288.1	\$316.9	\$316.9
Pacific Country Aid	\$169.0	\$206.8	\$259.1	\$287.9	\$287.9
Pacific Regional Agencies	\$29.0	\$29.0	\$29.0	\$29.0	\$29.0
Pacific Country Aid as % of total	36.7%	40.0%	45.0%	50.0%	50.0%
Total Non Pacific	\$262.9	\$281.2	\$287.8	\$259.0	\$259.0

64 **Scenario 3**, shows ODA increasing in smaller steps and total reported ODA only reaching \$600m in 2010/11 financial year, rather than 2010 calendar year. The 2011/12 year is based on maintaining the appropriation level of the previous year.

3. Slower Growth - Report \$600m in 2010 \$m	2008/09	2009/10	2010/11	Net Cumulative Savings, 3 Years	2011/12	2012/13	Net Cumulative Savings, 5 Years
Vote ODA	\$481.300	\$522.673	\$564.045	\$67.283	\$564.045	\$564.045	\$162.393
ODA in other Votes	\$37.575	\$37.575	\$37.575		\$37.575	\$37.575	
Total Reported ODA	\$518.875	\$560.248	\$601.620		\$601.620	\$601.620	
Reported ODA:GNI Ratio	0.31%	0.33%	0.34%		0.31%	0.30%	

65 Assuming a similar profile was sought for allocations across programmes as outlined in Scenario 1, this might appear as follows:

Scenario 3 \$m	2008-09	2009-10	2010-11	2011-12	2012-13
Total ODA (Scenario 3)	\$481.3	\$522.7	\$564.0	\$564.0	\$564.0
Total Pacific	\$198.0	\$238.0	\$282.8	\$311.0	\$311.0
Pacific Country Aid	\$169.0	\$209.1	\$253.8	\$282.0	\$282.0
Pacific Regional Agencies	\$29.0	\$29.0	\$29.0	\$29.0	\$29.0
Pacific Country Aid as % of total	35.1%	40.0%	45.0%	50.0%	50.0%
Total Non Pacific	\$283.3	\$284.6	\$281.3	\$253.1	\$253.1

66 Note that this level of funding to the Pacific could only be achieved by reprioritising funding away from existing non-Pacific programmes.

67 **Scenario 4**, shows ODA held at its current budgeted level of 0.30% of GNI. The 2011/12 year is based on maintaining the ODA:GNI ratio of 0.30%.

4. Hold at current ODA:GNI % \$m	2008/09	2009/10	2010/11	Net Cumulative Savings, 3 Years	2011/12	2012/13	Net Cumulative Savings, 5 Years
Vote ODA	\$460.924	\$466.487	\$488.226	\$219.664	\$541.989	\$565.125	\$335.750
ODA in other Votes	\$37.575	\$37.575	\$37.575		\$37.575	\$37.575	
Total Reported ODA	\$498.499	\$504.062	\$525.801		\$579.564	\$602.700	
Reported ODA:GNI Ratio	0.30%	0.30%	0.30%		0.30%	0.30%	

68 An indicative allocation, in line with that shown above in Scenario 1, might appear as follows:

Scenario 4 \$m	2008-09	2009-10	2010-11	2011-12	2012-13
Total ODA (Scenario 4)	\$460.9	\$466.5	\$488.2	\$542.0	\$565.1
Total Pacific	\$198.0	\$215.6	\$248.7	\$300.0	\$311.5
Pacific Country Aid	\$169.0	\$186.6	\$219.7	\$271.0	\$282.6
Pacific Regional Agencies	\$29.0	\$29.0	\$29.0	\$29.0	\$29.0
Pacific Country Aid as % of total	36.7%	40.0%	45.0%	50.0%	50.0%
Total Non Pacific	\$262.9	\$250.9	\$239.6	\$242.0	\$253.6

69 This scenario would also require reallocation of aid from non-Pacific programmes.

70 **Scenario 5**, shows ODA held at current dollar figures. The 2011/12 year is based on maintaining the appropriation level of the previous year.

5. Hold ODA at current dollar levels \$m	2008/09	2009/10	2010/11	Net Cumulative Savings, 3 Years	2011/12	2012/13	Net Cumulative Savings, 5 Years
Vote ODA	\$460.924	\$460.924	\$460.924	\$252.529	\$460.924	\$460.924	\$553.882
ODA in other Votes	\$37.575	\$37.575	\$37.575		\$37.575	\$37.575	
Total Reported ODA	\$498.499	\$498.499	\$498.499		\$498.499	\$498.499	
Reported ODA:GNI Ratio	0.30%	0.30%	0.28%		0.26%	0.25%	

71 An indicative allocation, in line with that shown above in Scenario 1, would appear as follows:

Scenario 5 \$m	2008-09	2009-10	2010-11	2011-12	2012-13
Total ODA (Scenario 5)	\$460.9	\$460.9	\$460.9	\$460.9	\$460.9
Total Pacific	\$198.0	\$213.3	\$236.4	\$259.4	\$259.4
Pacific Country Aid	\$169.0	\$184.4	\$207.4	\$230.5	\$230.5
Pacific Regional Agencies	\$29.0	\$29.0	\$29.0	\$29.0	\$29.0
Pacific Country Aid as % of total	36.7%	40.0%	45.0%	50.0%	50.0%
Total Non Pacific	\$262.9	\$247.6	\$224.5	\$201.5	\$201.5

72 This scenario would require an extensive reallocation of aid from non-Pacific programmes.

Departmental Costs Savings

73 The potential to realise cost savings in the departmental output classes of Vote ODA is directly affected by decisions around ODA levels.

74 If ODA increases as proposed in Scenario1, *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

75 The following table details future budgets based on current assumptions regarding ODA growth, staff increases to accommodate this and implementation of ODF. No provision is currently made for market adjustments to salaries in this table.

1. Maintain ODA Growth Scenario (Scenario 1 or 2)

Expenditure Category	2008/09	2009/10	2010/11	2011/12	2012/13
	\$m	\$m	\$m	\$m	\$m
Staff	26.1	31.4	35.3	36.3	36.3
Property	6.1	6.3	6.5	6.7	6.7
Travel	1.9	1.9	2.0	2.1	2.1
Other	2.4	2.0	2.1	2.1	2.1
Total	36.5	41.6	45.9	47.2	47.2
Current Baseline	37.6	44.1	44.9	44.9	44.9
Possible Savings*	1.1	2.5	0	0	0

*Analysis of possible savings detailed below.

76 If ODA increases at a slower rate, or holds, or reduces, then departmental resourcing requirements will be adjusted accordingly. With the current budget, however, a large proportion (84%) of NZAID expenditure is relatively fixed and relates to staff and property costs. This includes the NZAID contribution towards the overhead costs locally and overseas which are incurred by MFAT. The following table shows a scenario where ODA does not increase, where staff levels remain largely static and the only parts of ODF implemented are those essential to improving efficiency and effectiveness.

2. Maintain Current ODA Levels (Scenario 5)

Expenditure Category	2008/09	2009/10	2010/11	2011/12	2012/13
	\$m	\$m	\$m	\$m	\$m
Staff	26.1	27.3	28.3	29.3	29.3
Property	6.1	6.3	6.5	6.7	6.7
Travel	1.9	1.9	2.0	2.1	2.1
Other	2.4	2.0	2.1	2.1	2.1
Total	36.5	37.5	38.9	40.2	40.2
Current Baseline	37.6	44.1	44.9	44.9	44.9
Possible Savings*	1.1	6.6	6.0	4.7	4.7

*Analysis of possible savings detailed below.

77 Depending on the levels of implementation or maintenance of planned changes, the possible savings on currently projected baselines lie somewhere between \$3.6m and \$23.1m total for the 5 year period ending 2013. An analysis of these possible savings is shown in the tables below.

1. Maintain Growth Scenario

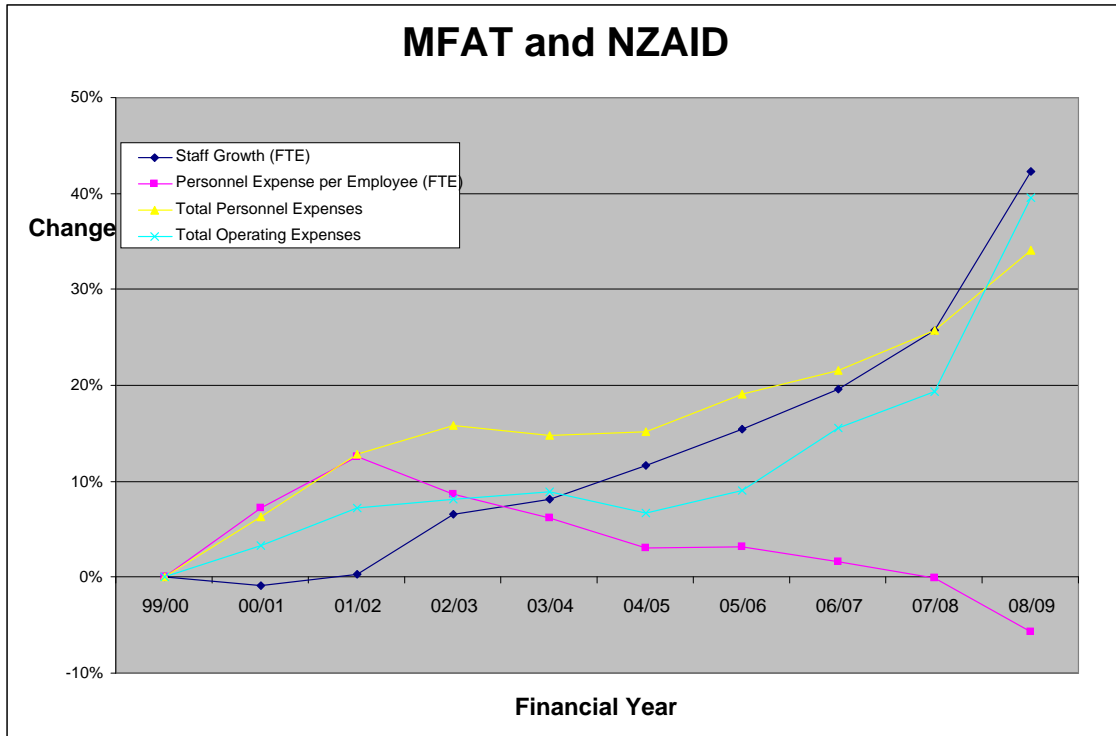
	2008/09 \$m	2009/10 \$m	2010/11 \$m	2011/12 \$m	2012/13 \$m
Savings from reduced implementation of ODF recommendations	.250	-	-	-	-
Savings from delayed recruitment	.750	1.316	-	-	-
NZ staff numbers revisited in light of decreasing GNI forecasts	-	-	-	-	-
NZ staff remuneration assumptions revisited	-	1.044	-	-	-
Local staff salary assumptions revisited	-	-	-	-	-
Cut training by 10%	-	.040	-	-	-
Cut Consultants and Contractors by 10%	.100	.100	-	-	-
Total Possible Savings	1.100	2.500	0	0	0

2. Maintain Current Levels

	2008/09 \$m	2009/10 \$m	2010/11 \$m	2011/12 \$m	2012/13 \$m
Savings from reduced implementation of ODF recommendations	.250	4.110	2.830	0.730	0.730
Savings from delayed recruitment	.750	-	-	-	-
NZ staff numbers revisited in light of decreasing GNI forecasts	-	1.700	1.700	1.700	1.700
NZ staff remuneration assumptions revisited	-	0.650	1.330	2.130	2.130
Local staff salary assumptions revisited	-	-	-	-	-
Cut training by 10%	-	.040	.040	.040	.040
Cut Consultants and Contractors by 10%	.100	.100	.100	.100	.100
Total Possible Savings	1.100	6.600	6.000	4.700	4.700

Aggregate View on the Size and Growth of the Ministry and Vote

78 The following graph shows the real growth in the Ministry's net operating and personnel expenses.



Staff Growth

79 Total staff numbers have grown 42% over the past ten years. Resources directed to Foreign Affairs and Trade work and ODA work have increased by 31% and 138% respectively.

- MFAT*: The 31% growth in Ministry resources mainly reflects the implementation of a five year Capability Package approved in 2003, to restore capability eroded during the 1990s, implementation of year one of the “step-change” funding package approved in Budget 2008, and the Government’s decision to open seven new posts over the period. Ten percent of the increase in the Ministry’s resources has occurred in 2008/09 alone, reflecting the establishment of 114 new positions, including three new posts.
- NZAID*: The 138% growth in NZAID’s resources mirrors the increase in ODA (\$265m or 121%) since 1999/2000. During the 1990’s management resources increased 11% and ODA programmes 60%.

Total Personnel Expenses

80 Growth in personnel expenses has generally been in line with growth in staff numbers apart for the first few years of the decade, when a salary catch-up was required to bring Ministry remuneration levels into line with public sector market rates. The divergence of the two lines this year simply reflects the fact that staff numbers reflect all positions established whereas personnel expenses reflect the cost of those positions for only part of the year.

Personnel Expenses per Employee

81 This line shows the Ministry's personnel expenses being brought into line with public sector benchmarks early in the decade and that the "real" increase in personnel expenses per employee since has been in line with the Labour Price Index published by the Department of Statistics.

Change in Price of Major Outputs: Last 10 Years

82 The Total Operating expense line in the graph above shows that the “real” increase (taking into account the consumer price index over the period) in the Ministry’s operating expenses is 32%. The main increases in operating funding are summarised in the following table⁴:

Operating Expense	\$m
MFAT: 1998 Output Pricing Review: Cost Increases	2.8
MFAT: 2003 Capability Review: Cost Increases	19.5
IT and Communications Systems/Network Growth	3.4 6.1
MFAT: Response to Foreign and Trade Policy Challenges: Cost Increases	20.0
Property, IT and Communications Systems Growth	6.0 12.0
MFAT: New Posts: Brasilia, Dili, Warsaw, Cairo, Stockholm, Brisbane and Melbourne	19.0
MFAT: Security Measures: Physical and Information	8.7
MFAT: Trade Negotiations	4.9
MFAT: Pacific Security Fund	4.3
MFAT: Asia Security and Governance Fund	1.0
MFAT: Accommodate Other Departments/Agencies Staff	3.7
NZAID: Operating Costs: Growth and Cost Increases	20.9

83 Additional funding for the Ministry of this decade has been mainly directed to:

- Cost increases (\$42.3m) - consumer price index increased by 34.6% over period,
- NZAID Growth and Cost Increases (\$20.9m) - reflects Government decision to establish NZAID and increase level New Zealand ODA,
- Government decisions to open new posts (\$19.0m), and
- MFAT Growth (\$18.1m) - initially for restoring capability eroded in the 1990’s and latterly in response to foreign and trade policy challenges.

⁴ Note the amounts in the table are nominal, not discounted by consumer price index

84 Funding has also been provided to:

- Catch up with deferred property projects, upgrade IT systems, replace global communications network and implement ICT and Knowledge Management Strategies (\$9.4m),
- Harden physical security measures following 9/11 terrorist attacks and Bali bombings (\$8.7m),
- Secure and maximise gains from trade negotiations e.g. P4, China and ASEAN/Australia (\$4.9m), and
- Establish inter-agency funds to improve security in New Zealand's near neighbourhood (\$5.3m).

85 The additional cost of accommodating increased numbers of NZ Inc staff co-located with the Ministry at posts overseas has been recovered from the agencies concerned (\$3.7m).

86 The appropriation for ODA has increased from \$230.2m in 2002/03 to \$443.7m in 2008/09 reflecting the Government's decision to increase the level of New Zealand ODA. In addition ODA is now appropriated via a multi-year appropriation.

Transferring Resources to the Front Line

87 Reflecting the high cost of having staff posted overseas the Ministry has for some time had a policy of minimising the administrative burden on posts, where this is practicable, and without detriment to quality and speed of service, or exposing the Ministry to unacceptable risks.

88 The major deliverables of this strategy were realised in the 1990s through the modernisation of corporate, information, communication and technology systems, streamlining administrative requirements and localising offshore administrative support. In the late 1980s 123 MFAT positions overseas (48%) were Administrative compared to just 51 positions (23%) today.

	1987	2009	Change	%
Policy Staff	131	168	+37	+28%
Administrative Staff	123	51	-72	-58%
Total Ministry Staff Overseas	254	219	-35	-14%

89 This strategy has not only produced significant cost efficiencies (circa \$35m p.a. in today's dollars) but also enabled more resources to be directed to the front line.

90 Likewise in Head Office there has been similar reduction in the proportion of staff in corporate service divisions relative to the number of staff in policy divisions and at posts. In the late 1980s there was 232 staff (35%) in corporate service divisions compared to 209 (29%) today.

91 While the major 'resources to the front line' dividends have already been realised the Ministry has not sat back and left it at that. The Ministry does have a continuous improvement culture evidenced by the current modernisation programme. The Ministry is currently implementing its ICT and Knowledge Management strategies which will deliver modern, open, flexible and secure systems enabling staff to work smarter and more efficiently through accessing information, including the internet from the desktop, and communication systems anytime, anywhere for the first time.

92 The challenge of delivering modern, open and flexible (mobile access) systems within the secure environment in which the Ministry operates has required innovative solutions. The Ministry's work in this area has recently been described by an independent quality assurer as "leading edge" and has also attracted the attention of our partners in the United States, Canada and Australia.

93 The Ministry has temporarily ramped up its corporate back-bone to implement its modernisation programme but 12 fixed term positions will end in two to three years time and resources released will be redirected to the front line.

Managing Future Capital Requirements

94 After a number of years of relatively low capital expenditure, 2007/08 was the start of a period of significantly increased expenditure. The increased expenditure is to be financed from depreciation funding held on the Ministry's balance sheet and capital injections approved in Budget 2008.

95 The Ministry's capital programme mainly reflects a catch-up on deferred property projects, rental property fit-outs (coming to their end of life), and lease expiries that in some cases require new fit-outs in the current property location, or a move to a new property.

96 The capital programme also reflects, in part, growth of the Ministry and NZ Inc. The Ministry's strong preference is for staff from NZAID, government departments and other agencies to be co-located with it offshore and share back office services on a pro-rata basis. To help make this happen the Ministry is responsible for providing office accommodation that is appropriate, fit-for-purpose and flexible to meet NZ Inc's needs.

Capital Assets Portfolio

97 The capital assets managed by the Ministry have a book value of \$502 million, of which 79% consists of owned land and buildings.

Asset Category	% of Portfolio	Cost/Value \$'000	Depreciation \$'000	Book Value \$'000
Owned Property-Land	53%	302,159	-	302,159
Owned Property-Buildings	26%	139,733	(1,222)	138,511
Leased Property	7%	39,388	(19,002)	20,386
Computer Equipment	3.5%	20,832	(10,456)	10,376
Software	3%	18,234	(5,766)	12,468
Plant, Machinery & Equipment	4%	23,557	(17,332)	6,225
Furniture & Fittings	2%	15,437	(10,487)	4,950
Vehicles	1%	7,057	(3,695)	3,362
Works of Art	0.5%	3,270	-	3,270
Total Asset Values		\$569,667	(\$67,960)	\$501,707

98 The property portfolio consists of 300 properties (mix of Chanceries, Official Residences, and Staff Houses), spread across 52 different countries. Owned properties total 80 (27%) worth \$442m and have a forecast capital expenditure over the next five years of \$89m. Leased properties total 220 (73%) with rents payable of \$26.5m p.a.

Property Revaluation

99 The above reflects a recent revaluation of the Ministry's properties which saw them increase in value by \$177m.

100 The increased property values will have a positive impact on the Crown's balance sheet but will also have an impact on depreciation (\$2.9m p.a.) and capital charge (\$13.5m p.a.). In accordance with previous Cabinet agreement these increases are fully funded by the Crown, with the latter being fiscally neutral.

Revised Capital Expenditure Programme

101 The Ministry's capital expenditure plan has been reviewed for savings and projects that could be slowed down. The revised expenditure forecast over the five year period 2008/09 to 2012/13 is \$239m, and is \$22m lower than originally planned.

Expenditure	2008/09 Estimate \$'000	2009/10 Forecast \$'000	2010/11 Forecast \$'000	2011/12 Forecast \$'000	2012/13 Forecast \$'000	5 Year Total \$'000
Property – land and buildings	42,650	44,677	36,800	24,200	24,450	172,777
Information Technology	16,295	7,123	7,065	7,065	7,065	44,613
Equipment, Furniture & Fittings	4,560	2,650	2,900	3,100	3,350	16,560
Motor Vehicles	600	1,000	1,050	1,100	1,150	4,900
Total Capital Expenditure	64,105	55,450	47,815	35,465	36,015	238,850
Original Budget	68,936	63,388	56,839	38,858	32,946	260,967
Increase (Decrease)	(4,831)	(7,938)	(9,024)	(3,393)	3,069	(22,117)

Remove Pre-Committed Funding: Risks

102 Removing the pre-committed capital injection of \$39m would give a revised funding stream of \$242m and leave the Ministry with a capital reserve of \$3m at 30 June 2013. A capital reserve of just \$3m is manageable but would be running things close to the wire and the Ministry would be exposed to the following risks:

- Insufficient capital to meet business-as-usual replacement purchases (will need to finance capital expenditure from current depreciation),
- Insufficient capital to progress projects deferred to 2014, notably the construction of a new chancery in Suva.
- Not much buffer to manage the effect of exchange rate movements.

Non-Departmental Output Expenses

New Zealand Antarctic Institute

103 Antarctica New Zealand is a Crown Entity established under the New Zealand Antarctica Institute Act 1996, to develop, manage and execute New Zealand's activities in Antarctica and the Southern Ocean, in particular the Ross Dependency.

104 The outcomes that the institute seeks to contribute to are:

- Maintain an effective New Zealand presence in Antarctica
- Strengthen their support for the Antarctic treaty system
- Improve protection for intrinsic environmental values
- Enhance New Zealand's internationally respected science programme
- Raise national and international awareness of Antarctica and the Southern Ocean.

105 Antarctica New Zealand receives \$12.473m of Crown funding (increasing to \$12.968m next year). It is the Ministry's view that there is little scope for significant savings in the short term particularly as Antarctica New Zealand is in the middle of the current summer season on the ice. In the medium term the opportunity for savings is largely dependant on the demand placed on the services provided by Antarctica New Zealand by the science community.

Pacific Cooperation Foundation

106 The Foundation is an independent partnership between the public and private sectors in New Zealand and Pacific Island countries and its mission is to strengthen New Zealand/Pacific relationships by providing information and commentary, brokering outcomes and developing networks within the Pacific region.

107 The Foundation has four goals:

- Fostering understanding of the Pacific on the part of all New Zealanders and promoting New Zealand's identity as a Pacific nation
- Promoting stability and economic sustainability in the region
- Providing informed, independent commentary and encouraging debate, and
- Engaging with, and providing support to communities and institutions in the region.

108 The Foundation, which is a Crown Trust, receives \$1.4m of Crown funding. The Ministry is preparing advice about the Foundations medium/long term future but it is the Ministry's view that there is limited scope for significant savings in the short term.

Asia New Zealand Foundation

109 The Asia New Zealand Foundation (formerly Asia 2000 Foundation) works to build and sustain New Zealanders' knowledge and understanding of Asia. Through its activities in education, business, media, culture, and research, the Foundation promotes initiatives which deepen understanding and relationships between New Zealanders and the peoples of Asia.

110 The Ministry is working closely with the Foundation to help it align its offshore programmes more closely with New Zealand's foreign and trade policy priorities. This includes building influential networks and enhancing private sector linkages in New Zealand and Asia.

111 *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

Other Non-Departmental Expenditure

113 **Subscriptions to International Organisations** (\$47.926m) are compulsory by virtue of New Zealand's membership of multilateral organisations or from international treaties and conventions to which New Zealand is a party.

114 The organisations New Zealand of which is a member and the treaties and conventions to which New Zealand is a party are listed in the following table:

Subscription	2008/09 \$m
NZ / US Educational Foundation	0.578
Total Americas	0.578
APEC	0.193
APEC Business Advisory Council	0.017
APEC Pacific Economic Cooperation Council	0.067
Organisation for Economic Cooperation and Development	1.775
Organisation for International Vintners	0.034
World Trade Organisation	0.620
Total Trade and Economic	2.706
Conservation of Antarctic Marine Living Resources	0.154
Convention to Combat Desertification	0.042
Conservation of Southern Hemisphere Albatross	0.030
Global Environment Facility ⁵	3.220
International Whaling Commission	0.070
Secretariat for the Antarctic Treaty	0.051
Climate Change in Developing Countries ⁶	1.900
SREP Noumea Convention	0.009
Total Environment	5.476
Biological Weapons Convention	0.004
Comprehensive Test Ban Treaty	0.400
Chemical Weapons Convention	0.350
International Atomic Energy Agency	1.360
Inhumane Weapons Convention	0.004
Ottawa Mine-ban Convention	0.010
Export Control for Arms and Ammunitions	0.010
Treaty on the Proliferation of Nuclear Weapons	0.003
Total International Security	2.141
International Criminal Court	0.615
International Humanitarian Fact Finding Mission	0.001
International Seabed Authority	0.026
Law of the Sea	0.052
Permanent Court of Arbitration	0.011
Total Legal	0.705
Commonwealth Foundation	0.199
Commonwealth Secretariat	0.858
United Nations Organisation	8.015
UN Peacekeeping and International Tribunals	27.248
Total Commonwealth & United Nations	36.320
Grand Total	47.926

⁵ 96% qualifies as ODA

⁶ Qualifies as ODA

115 Savings can only be made by New Zealand withdrawing its membership of a multilateral organisation.

116 A stock-take exercise conducted several years ago, across all agencies significantly involved in multilateral organisations, confirmed that New Zealand's membership of those organisations was linked to national interests and values. In addition a set of criteria for deciding New Zealand's level of commitment was developed and is applied to existing and new multilateral commitments.

117 New Zealand has been asked to contribute to the fifth replenishment of the Global Environment Facility. New Zealand has contributed to all four replenishments to date. There is a \$0.500m shortfall in baseline funding between when earlier replenishments phase out and the fifth replenishment starts. This shortfall can be managed within baseline appropriations

118 **Disbursements Made, Exemptions from Taxation, etc (\$1.0m) and Payments on Behalf of Other Governments (\$0.1m)**, are legal obligations appropriated under permanent legislative authority so there is no scope for savings.

ANNEXES

List of all posts, cost (gross, less recovered from NZAID and other agencies, net), by region and staffing.

Region/Post	Gross Cost \$m	NZAID Recovery \$m	Net (of NZAID) Cost \$m	Other Agencies Recovery \$m	Net MFAT Cost \$m
Buenos Aires	2.282	-0.065	2.217	-0.135	2.082
Brasilia	3.361	-0.181	3.180	-0.012	3.168
Los Angeles	2.215	0.000	2.215	-0.495	1.720
Mexico	2.766	-0.101	2.665	-0.042	2.623
Ottawa	3.572	0.000	3.572	-0.434	3.138
Sao Paulo	0.474	0.000	0.474	0.000	0.474
Santiago	2.324	-0.077	2.247	-0.186	2.061
Washington	10.854	0.000	10.854	-1.795	9.059
Total Americas	27.849	-0.425	27.424	-3.100	24.324
Beijing	7.327	-0.219	7.108	-0.915	6.193
Bangkok	3.601	-0.257	3.344	-0.158	3.186
Dili	2.097	-0.059	2.038	0.000	2.038
Ha Noi	2.852	-0.657	2.195	-0.018	2.177
Hong Kong	2.888	0.000	2.888	-0.095	2.793
Jakarta	5.198	-0.576	4.622	-0.204	4.418
Kuala Lumpur	2.478	-0.018	2.460	-0.128	2.332
Manila	3.294	-0.223	3.071	-0.481	2.590
New Delhi	4.101	-0.051	4.050	-0.741	3.309
Seoul	5.535	0.000	5.535	-0.579	4.956
Shanghai	2.633	0.000	2.633	-0.100	2.533
Singapore	4.657	-0.034	4.623	-0.239	4.384
Taipei	3.343	0.000	3.343	-0.010	3.333
Tokyo	16.816	0.000	16.816	-0.886	15.930
Total Asia	66.818	-2.093	64.725	-4.552	60.173
Brisbane	0.993	0.000	0.993	0.000	0.993
Canberra	5.512	0.000	5.512	-0.289	5.223
Melbourne	0.620	0.000	0.620	0.000	0.620
Sydney	1.042	0.000	1.042	0.000	1.042
Total Australia	8.167	0.000	8.167	-0.289	7.878
Berlin	5.319	0.000	5.319	-0.540	4.779
Brussels	5.680	0.000	5.680	-0.744	4.936
The Hague	3.471	0.000	3.471	-0.114	3.357
London	10.097	0.000	10.097	-0.418	9.679
Madrid	3.208	0.000	3.208	-0.192	3.016
Moscow	5.348	-0.064	5.284	-0.144	5.140
Paris	10.331	-0.495	9.836	-0.637	9.199
Rome	3.883	0.000	3.883	-0.212	3.671
Stockholm	2.108	0.000	2.108	0.000	2.108
Warsaw	2.668	0.000	2.668	-0.038	2.630
Total Europe	52.114	-0.559	51.555	-3.041	48.514

Region/Post	Gross Cost \$m	NZAID Recovery \$m	Net (of NZAID) Cost \$m	Other Agencies Recovery \$m	Net MFAT Cost \$m
Ankara	3.046	-0.016	3.030	-0.089	2.941
Cairo	3.051	0.000	3.051	-0.009	3.042
Pretoria	2.488	-0.159	2.329	-0.217	2.112
Riyadh	4.099	-0.035	4.064	-0.228	3.836
Tehran	2.132	-0.045	2.087	-0.044	2.043
Total Middle East & Africa	14.816	-0.253	14.563	-0.589	13.974
Geneva	9.383	-0.140	9.243	-0.609	8.634
New York	7.368	-0.135	7.233	-0.064	7.169
Vienna	1.590	0.000	1.590	0.000	1.590
Total Multilateral	18.341	-0.275	18.066	-0.673	17.393
Apia	3.355	-0.514	2.841	-0.327	2.514
Honiara	4.200	-1.369	2.831	-0.044	2.787
Niue	1.541	-0.251	1.290	-0.013	1.277
Noumea	2.034	-0.070	1.964	-0.071	1.893
Nuku'alofa	2.511	-0.739	1.772	-0.016	1.756
Port Moresby	5.130	-1.447	3.683	-0.138	3.545
Rarotonga	2.605	-0.545	2.060	-0.160	1.900
Suva	4.419	-0.813	3.606	-0.152	3.454
Tarawa	1.915	-0.258	1.657	-0.115	1.542
Port Vila	3.861	-1.187	2.674	-0.100	2.574
Total Pacific	31.572	-7.194	24.378	-1.135	23.243
Grand Total	219.677	-10.798	208.879	-13.380	195.499

MFAT and NZAID New Zealand and local staffing at Posts

Region/Post	MFAT Seconded Staff	NZAID Seconded Staff	MFAT Locally Engaged	NZAID Locally Engaged	Total
Buenos Aires	3		6		9
Brasilia	3		5		8
Los Angeles	1		6.57		7.57
Mexico	3		7		10
Ottawa	4		9.7		13.7
Sao Paulo	1		1		2
Santiago	3		5		8
Washington	8		15		23
Total Americas	26	0	55.27	0	81.27
Beijing (4)	8		13	1	22
Bangkok	4	1	9	2	16
Dili	2	1	4	2	9
Ha Noi	3	1	5.5	1	10.5
Hong Kong	2		6		8
Jakarta	6	1	11	3	21
Kuala Lumpur	4		7		11
Manila	3		12	2	17
New Delhi	4		8		12
Seoul	6		11.21		17.21
Shanghai	2		6		8
Singapore (1)	4		8		11
Taipei	3		5.88		8.88
Tokyo	6		15.21		21.21
Total Asia	57	4	121.8	11	193.8
Brisbane	1		2		3
Canberra	9.5		5.66		15.16
Melbourne	1		2		3
Sydney	1		3		4
Total Australia	12.5	0	12.66	0	25.16
Geneva	12		8	1	21
New York	7		6	1	14
Vienna	2		1.68		3.68
Total Multilateral	21	0	15.68	2	38.68

Region/Post	MFAT Seconded Staff	NZAID Seconded Staff	MFAT Locally Engaged	NZAID Locally Engaged	Total
Berlin	5		10.8		15.8
Brussels	7		7.6		14.6
The Hague	3		5		8
London (3)	9		14.6		23.6
Madrid	3		4		7
Moscow (4)	6		7		13
Paris	6	1	9.3		16.3
Rome	3		6.6		9.6
Stockholm	3		5		8
Warsaw	3		5		8
Total Europe	48	1	74.9	0	123.9
Ankara	2		7		9
Cairo	3		5		8
Dubai			1		1
Pretoria	3		7.5	3	13.5
Riyadh	4		6		10
Tehran	3		5		8
Total Middle East & Africa	15	0	31.5	3	49.5
Apia	4	1	5	3	13
Honiara (2)	5	3	6	4	18
Niue	3	1	2	1	7
Noumea	2		3		5
Nuku'alofa	4	1	5	4	14
Port Moresby	4	3	8.9	4	19.9
Rarotonga	2	1	3.19	4	10.19
Suva	5	3	9.19	5	22.19
Tarawa	2		3	2	7
Port Vila	3	3	7	5	18
Total Pacific	34	16	52.28	32	134.28
Grand Total	213.5	21	364.09	48	646.59

- (1) Singapore includes 1 APEC position
(2) Honiara includes 2 RAMSI positions
(3) London includes 3 Regional IT Technicians
(4) Beijing and Moscow includes 1 Maintenance position

Programme Name	Strategic Focus	2008/09 Allocation	Major Activities & Value Amounts shown are current year budget only, unless noted otherwise	Number of Activities	Education	Health	Governance	Economic Infrastructure	Sustainable Livelihoods	Environment	Humanitarian	Multisector
Fiji	-Governance	\$5m	Civics Education (\$3.6 m / 2 years)	18	\$0.31m	\$0.12m	\$1.03m	\$0.07m	\$0.28m	\$0.15m	\$0.21m	
	-Civil society		Strengthening Civil Society (\$1.8m)									
	-Squatter and informal settlements		Informal Settlements (up to \$2.0 m)									
Tuvalu	-Fiscal management	\$2.5m	Ship to Shore Transport Project - upgrade of reef channels and facilities (\$6.5 m / 5 years)	11	\$0.80m	\$0.09m	\$0.15m	\$1.18m	\$0.52m			
	-Outer island development		One-off Budget Support (December 2008 - \$4.4m)									
	-Health and education		Scholarships (\$0.9m)									
Kiribati	-Education	\$6m	Sustainable Towns Programme (up to \$15 m / 5 years)	15	\$1.63m	\$0.11m	\$0.11m	\$0.53m				\$0.41m
	-Human Resources		Marine Training Centre (\$4 m / 2 years)									
	-Public Sector Performance		Scholarships (\$1.5m)									
	-Urban Development											
Constitutional Relationship Partners												
Niue	-Governance	\$16.7m + \$5m Trust Fund	Direct budget support (\$7.6m)	25	\$0.42m	\$0.50m	\$3.78m	\$11.40m	\$0.84m	\$0.09m	\$0.01m	\$7.71m
	-Economic Development		New government building (\$4m, complete)									
	-Service Delivery		Tourism development programme (\$2m)									
Tokelau	-Economic & financial governance	\$17.125 m	Direct & targeted budget support (\$12.45m)	10	\$0.48m		\$1.07m	\$0.37m	\$0.06m			\$10.50m
	-Shipping	+ \$15m Trust	Improved shipping service (Cabinet approval totals \$183m over 25 years)									
	-Infrastructure	Fund	Infrastructure development (\$6-8m / 3 years)									
	-Service delivery											
Cook Islands	-Education and health	\$11m	Education sector-wide approach (\$4m)	17	\$3.35m	\$0.46m	\$0.73m	\$0.03m	\$2.04m		\$0.18m	\$2.7m
	-Infrastructure		Outer islands infrastructure (approx. \$2m)									
	-Economic growth		Support to Ministry of Marine Resources (\$1.5m)									

Programme Name	Strategic Focus	2008/09 Allocation	Major Activities & Value Amounts shown are current year budget only, unless noted otherwise	Number of Activities	Education	Health	Governance	Economic Infrastructure	Sustainable Livelihoods	Environment	Humanitarian	Multisector
	-Governance		Cyclone recovery (\$10m over 3 years)									
	-Cyclone recovery											
Regional Thematic Programmes												
Pacific Growth	-Enabling environment for growth	\$7.6m	Tuna Tagging Project (\$2.03m)	14			\$0.49m	\$2.45m				
	-Market development		Pacific Financial Technical Assistance Centre (\$1.28m)									
	-Trade facilitation		Pacific Regional Infrastructure Facility (\$1m)									
	-Infrastructure											
	-Economic development											
Pacific Governance	-Pacific leadership	\$13m	Pacific Judicial Development Programme (PJDP) (\$2m; AusAID/NZAID jointly funded)	27	\$0.08m		\$9.77m	\$0.70m				\$1.31m
	-Access to justice		Commonwealth Local Govt. Forum (\$1.5m)									
	-Participation		Prevention of Domestic Violence (PPDVP) (\$1m)									
	-Community safety											
Pacific Social development	-Health	\$11.5m	Prevention and Control of Non-Communicable Diseases (\$6m / 4 years)	22	\$2.48m	\$8.01m						
	-Education		Pacific HIV & STI Response Fund (\$7.5 m/ 5 years)									
	-Gender		Delivery of Basic Education (\$5.1 m / 5 years)									
	-Youth											
Pacific Environment and Vulnerability	-Natural resource management	\$6.5m	Co-funding of Global Environment Fund Pacific Small Grants Programme (\$2.2m)	19						\$3.56m	\$1.23m	
	-Disaster preparedness		Natural disaster emergency response (\$1.8m)									
	-Environmental change		FSPI Coping Communities (\$0.5m)									
Pacific Regional Agencies ¹⁷	-Regionalism /regional cooperation	\$22.86m	Secretariat of Pacific Community - technical assistance & capacity building (\$6.4m)	7	\$1.79m					\$1.54m		\$16.06m
	-Support regional approaches to		University of South Pacific (\$4m)									

⁷ Expenditure is shown against a specific sector for those regional organisations with a single sector focus. Most regional organisations work across multiple sectors and expenditure is shown in the multisector category

Programme Name	Strategic Focus	2008/09 Allocation	Major Activities & Value Amounts shown are current year budget only, unless noted otherwise	Number of Activities	Education	Health	Governance	Economic Infrastructure	Sustainable Livelihoods	Environment	Humanitarian	Multisector
	economic growth, governance, science, environment, health.		Forum Secretariat (\$3.7m)									
Other Funds												
New Zealand Government Agencies	-Capacity development, technical assistance, strategic partnerships in areas outside NZAID's areas of focus	\$8m	Oceania Customs Organisation (OCO) (\$2m)	34	\$0.14m	\$1.48m	\$0.88m	\$0.85m	\$0.55m	\$1.30m		\$0.28m
			Pacific Islands Mental Health Network (\$2.2m)									
			Waste Treatment for Fijian Villages (MoRST/NIWA) (\$1m). Note: Funding amounts are over three years.									
Pacific Island Countries Participation Fund	-Enable conference and training attendance to strengthen ownership of development outcomes	\$0.4m	Various, mostly small – e.g. attendance of 10 people at Pacific Islands Surgeons Association Workshop (40k)				\$0.24m			\$0.02m		\$0.33m
Heads of Mission Fund	-Short-term academic, technical and vocational training	\$0.98m	Various									\$0.98m
Pacific Regional Assistance to Nauru	-Support to Nauru focused on the Justice and Education sectors		Budget support for Department of Education \$1.9m Inline positions, Ministry of Justice and Court.\$1.3 m		\$0.55m		\$0.38m					
Other Pacific Regional Scholarships		\$4.57m	NZAID provides around \$18.5m of scholarships to the Pacific - most through bilateral programmes in lines shown above. This line is for other scholarships offered regionally (eg outside of bilateral programmes).		\$3.45m							
2. Global												
Major Partners												
Indonesia	Basic education	\$14	Basic education programme (\$4.2m)	18	\$4.47m	\$0.59m	\$2.30m	\$0.54m	\$0.03m	\$0.07m	\$2.94m	\$1.18m
	Sustainable rural livelihoods		Trust fund for Aceh reconstruction (post tsunami) (\$3.2m)									
	Tsunami reconstruction		Human rights capacity building (\$1.7m)									
	Human rights and conflict prevention		Conflict prevention and peacebuilding programme (\$1.4m)									
Bilateral Partners												
Viet Nam	Rural livelihoods	\$10m	National poverty reduction programme (World Bank)	19	\$3.84m	\$0.77m	\$0.33m		\$1.08m		\$0.00m	\$2.70m

Programme Name	Strategic Focus	2008/09 Allocation	Major Activities & Value Amounts shown are current year budget only, unless noted otherwise	Number of Activities	Education	Health	Governance	Economic Infrastructure	Sustainable Livelihoods	Environment	Humanitarian	Multisector
			(\$3.4m)									
	Basic education		Education for All - targeted budget support (\$1.9m)									
			One UN' coordinated development programme (\$1.9m)									
Timor Leste	Basic education	\$5m	NZ Police deployment - community policing (\$4m)	11	\$0.93m		\$4.23m	\$0.13m				\$1.71m
	Public sector reform		Strengthening Ministry of Finance & budget processes (\$1.8m)									
	Law and justice		Strengthening capacity of Ministry of Education (\$1.5m)									
Cambodia	Sustainable rural livelihoods	\$4.4m	Natural resource management and livelihoods(\$1.5m)	7			\$0.28m	\$0.05m	\$1.55m	\$0.10m		\$1.26m
	Human resource development		Scholarships (\$0.9m)									
			Pro-poor tourism - AngkorHeritage Park (\$0.7m)									
Philippines	Sustainable rural livelihoods	\$4m	Scholarships (\$1.4m)	15	\$1.23m		\$0.35m	\$0.27m	\$0.08m	\$0.85m		\$0.95m
	Effective governance		Coastal Resource Management (\$1m)									
	Human resource development		Community peacebuilding programme (UNDP), Mindanao (\$0.5m)									
Lao PDR	Sustainable rural livelihoods	\$3.4m	Scholarships (\$1.2m)	8	\$0.61m		\$0.19m	\$0.16m	\$0.30m	\$0.31m		\$342,657
	Human resource development		Public sector reform and capacity with World Bank (\$1.1m)									
			Pro-poor tourism programme with Lao Govt (\$0.5m)									
Multilateral, regional and thematic programmes												
Asia Regional	Human resource development	\$2.3m	South Asia Scholarships (\$0.9m)	7	\$1.77m	\$0.11m		\$0.08m	\$0.45m			\$0.20m
			China small project development fund (\$0.5m)									
			China/Mongolia Scholarships (\$0.3m)									

Programme Name	Strategic Focus	2008/09 Allocation	Major Activities & Value Amounts shown are current year budget only, unless noted otherwise	Number of Activities	Education	Health	Governance	Economic Infrastructure	Sustainable Livelihoods	Environment	Humanitarian	Multisector
Civil Society	Community level development	\$32.8m	NZ NGO development projects via KOHA-PICD (\$20.9m)		\$0.34m	\$0.46m	\$0.08m	\$0.23m	\$0.20m	\$0.02m	\$0.51m	\$27.45m
	Community participation in governance		Volunteer Service Abroad - NZers working overseas (\$9.3m)									
	NZ public awareness of aid		Supporting capability and effectiveness of NZ NGOs (\$2.3m)									
Asia Development Assistance Fund (NZ private sector fund)	Sustainable rural livelihoods	\$3m	Viet Nam tsunami hazard risk preparation (\$0.4m)	20	\$0.13m	\$0.70m		\$1.09m	\$1.43m	\$0.11m		
	Private sector development		Nepal sustainable cereals production (\$0.2m)									
			China: agricultural production in mountain terrain (0.2m)									
Global Scholarships	Human resource development	\$3.0m	NZ AID provides around \$10.4m of scholarships globally - most through bilateral and regional programmes in lines shown above. This line is for other scholarships offered outside of bilateral and regional programmes.		\$1.95m							
Police Deployments	Law and justice	\$3m	Drawn on in 2009/09 for NZ Police deployment in Timor Leste		\$0.00m							
	Community stability											
			TOTAL	574	\$64.30m	\$32.57m	\$53.75m	\$34.26m	\$22.11m	\$8.92m	\$34.13m	\$113.8m
					18%	9%	15%	9%	6%	2%	9%	31%