

Hon Bill English
Minister of Finance
Parliament Buildings
WELLINGTON 6011

Dear Bill

RE: Funding for the Kiwi Expats' Association in Budget 2010

I am writing to seek your agreement to provide a further three years of funding for the Kiwi Expats Association (KEA), and to this agreement being reflected in the 2010/11 Estimates, under the authority delegated to you by Cabinet on 19 April 2010 to finalise the 2010 Budget package.

As you know, Cabinet agreed to provide \$1.89m of funding over three years to KEA at Budget 2007, with the aim of enabling KEA to hire key staff and move towards financial self-sufficiency. That funding is due to run out at the end of this financial year.

While KEA has not yet achieved self-sufficiency, I consider there are grounds for the Government to continue providing support for the network in the short-term. In particular, I believe that KEA provides an important mechanism through which New Zealand can connect to and utilise the skills, knowledge and links of the Kiwi diaspora, and should be given some further, time-limited assistance to allow it to establish itself on a permanent basis.

I am conscious that an evaluation of KEA in 2009 raised concerns that Government funding might 'crowd out' private sector support for the network. Therefore, I propose to provide \$1.2m from the Emerging Priorities Contingency over three years on a sliding scale, so as to send a strong signal and incentives for KEA to seek private sector contributions.

Recommendations

I recommend that you:

- a. **agree** to provide \$1.2m in funding to the Kiwi Expats Association (KEA) over three years, with the aim of assisting KEA to achieve self-sufficiency;
- b. **agree** that this funding for KEA will be sourced from the Emerging Priorities Contingency;

- c. **approve** the following changes to appropriations to provide funding to KEA, with a corresponding impact on the operating balance:

Vote Economic Development Minister for Economic Development	\$m – increase/(decrease)			
	2010/11	2011/12	2012/13	2013/14
Non-Departmental Other Expense: Regional and Industry Development Fund	0.600	0.400	0.200	-

- d. **agree** that these decisions will be reflected in the 2010/11 Estimates of Appropriations.

Hon John Key
Prime Minister

Hon Bill English
Minister of Finance

Hon Gerry Brownlee
Minister for Economic Development