

The Treasury

Budget 2017 Information Release

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[1]	to prevent prejudice to the security or defence of New Zealand or the international relations of the government	6(a)
[4]	to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial	6(c)
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[38]	to enable the Crown to negotiate without disadvantage or prejudice	9(2)(j)
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[40]	Not in scope	

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) and section 18 of the Official Information Act.

Reference: T2016/2159 DH-10-0-8

Date: 10 November 2016

To: Minister of Finance
(Hon Bill English)

Minister of Economic Development
(Hon Steven Joyce)

Deadline: 15 November 2016
(if any)

Aide Memoire: BGA: Building Export Markets Budget Initiatives - Initial Questions

The next BGA Export Ministers' meeting is on Tuesday 15 November 2016. Item 3 on the agenda will be a discussion of indicative Building Export Markets budget bids for Budget 2017.

We are aware that the following agencies are putting forward bids:

- Ministry of Foreign Affairs & Trade – 8 initiatives
- Ministry for Primary Industries – 2 initiatives
- New Zealand Customs Service – 2 initiatives
- Ministry of Business, Innovation & Employment – 3 initiatives
- Education New Zealand – 3 initiatives
- The Treasury – 2 initiatives

We have included some initial questions that you may wish to ask of your colleagues regarding each bid in the attached table. We will not formally assess the bids until we receive the full details of each initiative on 2 December 2016. However these questions provide an early steer on what we are likely to be looking at based on our current understanding of the initiatives.

Given your interest in proposed changes to New Zealand's overall offshore presence, we have included a blue triangle [▲] to indicate where the bid includes an offshore presence component. In total, [33] additional offshore FTEs have been proposed.

[23]

Chris Nees, Team Leader, International, [39]

Initiative title and short description [▲ indicates bid includes an offshore presence component]	Total new funding required (indicative over four years) [Additional agencies]	Initial Questions
MINISTRY OF FOREIGN AFFAIRS & TRADE [33] ▲		
<p>Making New Zealanders More Prosperous ▲</p> <p>This bid is for increased capability onshore and at existing Posts, to allow the Ministry to:</p> <ul style="list-style-type: none"> • negotiate the best possible trade deal with Europe and manage BREXIT • protect current trade flows, and diversify markets • advance a Comprehensive Strategic Partnership with Singapore • [33] • implement the Trade Policy strategy refresh • [33] • continue logistical planning for APEC 	<p>[33] over four years.</p> <p>The initiative proposes [33]</p>	<p><i>Trade Policy strategy refresh: Are we likely to see a detailed proposal for future departmental resourcing before Budget 17 decisions, and if not, is it appropriate to fund this activity for 17/18?</i></p> <p><i>Trade deal with Europe/Brexit: If additional funding were not secured and we maintained our current level of engagement, what would the flow on effects be for our position in Europe going forward?</i></p>
<p>Making New Zealanders Safer ▲</p> <p>This bid is for increased capability onshore and at existing Posts, to allow the Ministry to:</p> <ul style="list-style-type: none"> • increase consular resource to meet demand and heightened levels of threat to the safety of New Zealanders offshore • [1] • [33] • 	<p>[33] over four years.</p> <p>The initiative proposes [33]</p>	<p>[33]</p>
<p>Opening a new post in Sri Lanka ▲</p> <p>A new post in Sri Lanka will:</p> <ul style="list-style-type: none"> • safeguard New Zealand's \$250m dairy exports: Sri Lanka is the only of Fonterra's eight strategic markets without a New Zealand Embassy or High Commission. • develop other economic opportunities for New Zealand including in aviation (e.g. pilot training), food & beverage (e.g. lamb, wine and seafood), agritechology (e.g. cold storage), sports consultancy and education. • support services trade growth with Sri Lanka, especially through increased international student and tourist numbers. • [1] • <p>A post in Sri Lanka would also increase the effectiveness of Sri Lanka-focused NZ Inc. investment.</p>	<p>\$10.5 million over four years.</p> <p>The post has an ongoing annual operating cost of approximately \$3.3 million.</p> <p>Total capital costs for post opening are approximately \$5.9million.</p>	<p>With the relationship already on a strongly upward trajectory, why is it critical to fund the embassy in 17/18 rather than in a few years' time?</p>
<p>[1]</p>	<p>[33]</p>	<p>[1]</p>

<p>Opening a new post in Ireland ▲</p> <p>Post-Brexit, New Zealand will need to work harder to exert influence in the EU. The UK has been an important partner for New Zealand within the EU, advocating on our behalf in terms of our FTA campaign [1]</p> <p>Ireland currently represents a close like-minded EU member state and the establishment by New Zealand of an Embassy in Dublin will serve to both protect our interests within the EU but enable closer engagement with an important bilateral partner.</p>	<p>\$6 million over four years.</p> <p>The post has an ongoing annual operating cost of approximately \$3.3 million.</p> <p>Total capital costs for post opening are approximately \$4 million.</p>	<p>With such uncertainty around Brexit, and its impact on Ireland, is this the best time to make a long term capital commitment?</p> <p>Could the relationship be enhanced from additional resource in London?</p>
<p>[1]</p>	<p>[33]</p>	<p>[1]</p>
<p>[33]</p>	<p>[33]</p>	<p>[33]</p>
<p>Dubai 2020</p> <p>This bid would enable New Zealand to take up the United Arab Emirates' formal invitation to participate in Dubai Expo 2020. Participation in Expo 2020 (pre, during and post) would allow New Zealand to showcase its innovative trade and economic story to a global and regional audience, with an estimated attendance of 25 million visitors. Expo 2020 represents an opportunity to focus on export diversification to MENA, India, Central Asia and Europe, in addition to tourism and commodities. It will also provide a platform for tech-based New Zealand products and services. Initial feedback from several high profile New Zealand firms operating in the broader region (including Fonterra, Tait, Mainfreight, Fisher & Paykel Healthcare, Silver Fern Farms, Alliance, TimberLabs, Zespri, Orion Health, Cognition, Opus, Maven Consulting and Douglas Pharmaceuticals) highlights the value of having a presence at the event.</p>	<p>\$53 million in Budget 2017. \$5 million from MFAT baseline.</p> <p>[MFAT with NZTE and other relevant agencies.]</p>	<p>How tangible are the relationship risks that participation in Expo 2020 is intended to mitigate?</p> <p>Is it justifiable to ask agencies to divert resources away from their own priority regions and put them into Dubai just to ensure New Zealand gets some economic benefit from attending the Expo?</p>
<p>MINISTRY FOR PRIMARY INDUSTRIES 6 offshore FTEs ▲</p>		
<p>Maximise the benefits of trade agreements and accelerate value growth in primary sector exports ▲</p> <p>This bid would fund work to improve market access and grow the value of primary exports. It includes the following initiatives:</p> <ul style="list-style-type: none"> • NTB-focused work: additional MPI staff offshore and onshore to accelerate the removal of non-tariff barriers and secure New Zealand's trade interests in relation to the EU and UK as Brexit unfolds. Onshore staff would provide necessary technical, policy and administrative support to address NTB-related work. • Regulatory advice service: Develop MPI's regulatory advice service to provide bespoke advice and proactive support so that exporters are better able to respond to domestic and international regulatory requirements, and develop new products. • Economic Intelligence Unit: Strengthen MPI's analytical capability (data and staff) so it can help exporters identify and act on opportunities as well as enable MPI to better target its growth-enhancing activities. • [33] 	<p>[33]</p> <p>[MPI with MFAT and other relevant agencies for NTB-related initiative.]</p>	<p>Multiple initiatives are seeking to increase offshore footprints, why would this bid deliver the best value?</p> <p><i>Regulatory advice service: How does the proposed regulatory advice service align with the Customs proposal for a trade-enquiry portal?</i></p> <p><i>Economic Intelligence Unit: What evidence do you have that industry is looking for this information and will use it? What is the role of government?</i></p> <p>[33]</p>

<p>Biosecurity 2025: Protecting to Grow New Zealand</p> <p>This initiative ensures New Zealand's biosecurity system is better able to deliver the outcomes articulated in the Biosecurity 2025 Direction Statement - Protecting to Grow New Zealand. This bid will ensure pre border import requirements are fit for purpose and up to date with new science, new threats, and new opportunities to manage biosecurity risk from trade and travel. It will also increase public understanding, participation and empowerment in biosecurity across the biosecurity system, and provide funding to assist with research, technology and innovation.</p>	[33]	<p>How is this different from the business as usual work that MPI undertakes for biosecurity?</p>
<p>NEW ZEALAND CUSTOMS SERVICES [33]</p>		
[33]	TBC	
<p>MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT</p>		
<p>Rollover funding for G2G Know-How Office</p> <p>Funding for the G2G Know-How Office is due to end on 30 June 2017. Since piloting the concept in Abu Dhabi, G2G deals have resulted in a contracted value of NZ\$13m. Rollover funding is sought to maintain and grow the government sector commercialisation initiative and to pursue/realise the current deal pipeline of:</p> <p>Opportunities in the pipeline: 46 Total non-discounted deal pipe value: NZ\$57m. Total discounted probability value: NZ\$15.6m</p>	<p>[33]</p> <p>[NZTE / G2G Know-How.]</p>	<p>The pipeline seems ambitious– has the pipeline been weighted to reflect what is “likely” vs. what is “highly ambitious, but unlikely”?</p> <p>Given the above, how scalable is this funding? i.e. could we halve the funding and get ¾ of the benefit?</p>
<p>New Zealand Screen Production Grant</p> <p>The NZSPG offers a 20% rebate on qualifying New Zealand production expenditure for international screen productions. Since its introduction in 2014, New Zealand has attracted a diverse range of screen productions to locate here, bringing new international spending that would not have otherwise occurred. To ensure that New Zealand can continue to attract international screen productions, additional funding is required for the last two years of the existing five-year multi-year appropriation.</p>	TBC	<p>The NZSPG is a significant call on budget allowances [33] How confident is MBIE that the benefits delivered to NZ as a whole (not just the industry) are sufficient to justify continued subsidisation at current levels?</p>
<p>Realising tourism's full potential</p> <p>This initiative supports the delivery of the government's tourism strategy, which aims to increase the net economic contribution made by tourism at a national and regional level by helping ensure we attract the right visitor mix, respond to increasing visitor demand and enable regions across New Zealand to benefit from tourism growth.</p> <p>Specific areas of focus are likely to include :</p> <ul style="list-style-type: none"> [33] ensuring the conservation estate continues to play a central role in the tourism experience. ensuring tourism makes the maximum possible contribution to regional economies, including through further co-investment in regional infrastructure and visitor attractions. [33] 	[33]	<p>Does MBIE have a view of the economic value, beyond GST revenue that tourism brings to NZ?</p> <p>How future focused is this bid – i.e. will it focus on investing to alleviate the known pressures or will it only suffice as a 'Band-Aid' to cover known shortfalls for the next couple of seasons?</p>

EDUCATION NEW ZEALAND	[33]		
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THE TREASURY			
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<p>Treasury Asia Presence ▲ Establish a Treasury presence in Asia (Beijing or Singapore) to: deepen links with offshore economic agencies that have significant economic ties with New Zealand; support development of markets for NZ firms by providing policy support for state sector reform and economic integration (e.g. Budget reform in China); strengthen economic intelligence for use in Treasury economic forecasts including how offshore policy changes will affect New Zealand (e.g. capital account liberalisation in China); collaborate on policy interests e.g. development of a Comprehensive Strategic Partnership with Singapore and support a more Asia-capable Treasury.</p>	<p>\$3.2 million (\$800,000 per annum).</p>	<p>To what extent does this bid duplicate outputs already delivered by MFAT, or information that we can already source through our membership of international organisations (e.g. Asian Development Bank)?</p>
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