

The Treasury

Budget 2017 Information Release

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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: T2017/200

SH-11-1-8



Date: 23 February 2017

To: Minister of Finance (Hon Steven Joyce)
Minister of Tourism (Hon Paula Bennett)
Minister for Economic Development (Hon Simon Bridges)
Minister for Primary Industries (Hon Nathan Guy)
Minister of Foreign Affairs (Hon Murray McCully)
Minister of Trade (Hon Todd McClay)
Minister for Tertiary Education, Skills and Employment (Hon Paul Goldsmith)
Minister of Customs (Hon Nicky Wagner)
Minister of Commerce and Consumer Affairs (Hon Jacqui Dean)
Minister for Māori Development (Hon Te Ururoa Flavell)

Deadline: BGA Export Ministers meeting, Monday 27 February 2017 at 9:00am

Aide Memoire: BGA Export Markets Budget 2017 Discussion

Purpose

This Aide Memoire supports the discussion among Export Market Ministers on the relative priority of Budget 2017 initiatives that relate to the Business Growth Agenda (BGA) Export Market workstream.

The Treasury assessments focus on the merits of the initiatives, and their alignment with the BGA 2017 Refresh priorities. Our assessments are informed by the supporting information that has been provided by agencies, including cost benefit templates. Our advice also reflects the assessment of selected BGA budget initiatives by the BGA Peer Review Process.¹

Once each of the BGA Ministerial groups has discussed the initiatives relevant to their sectors, Ministers Joyce and Bridges will consider options for prioritised packages across the BGA to fit into the available allowance, with advice from the BGA Leadership Group.

Discussion points for Workstream Ministers

- What are Ministers' highest priority initiatives under this stream?
- Which initiatives do Ministers want to deprioritize?
- *Trade Strategy Implementation*: are Ministers comfortable to support a small package to address immediate pressures, and push further decisions to Budget 18 once the sector has identified its priorities and reprioritization options?

¹ The selected initiatives which were assessed by the Peer Review Process are marked in Annex II

BGA refresh priorities for the Export Markets workstream

The Business Growth Agenda has provided a strong organising framework for delivering the Government’s economic growth agenda. BGA Ministers have expressed their intention for the BGA Refresh themes to shape the BGA Budget package. The BGA Export Markets workstream has three outcomes. Initiatives have been grouped into sub-themes under each outcome.

Outcome 1: Secure access to diverse markets	
<i>Protect existing trade, Diversify into new markets</i>	<i>Implement the new Trade Policy Strategy</i>
Outcome 2: Diversify the export base, and drive for higher value	
<i>Exploit opportunities in the primary sector</i>	<i>Grow knowledge-intensive and tech-based export companies</i>
<i>Realise tourism’s full potential</i>	<i>Sustainable growth for international education</i>
Outcome 3: Protect our people, reputation and investments	
<i>Advance the world’s best border</i>	<i>Protecting our people, reputation and investments</i>

The total amount of funding sought over the next four years in the Export Markets workstream is [33] **operating** and [33] **capital expenditure**. Of the initiatives we have assessed, Treasury recommends supporting [33] **operating** and [33] **capital expenditure** over the next four years. Of this, [33] non-discretionary spending for the *New Zealand Screen Production Grant – International MYA*.

An overview of the bids is provided in Annex I, a more detailed analysis of bids is included in Annex II.

	Sought (4yrs)	Recommended (4yrs)
Outcome 1: Secure access to diverse markets	[33]	
Outcome 2: Diversify the export base, and drive for higher value		
Outcome 3: Protect our people, reputation and investments		

Outcome 1: Secure access to diverse markets

The initiatives that support this outcome are focused on protecting existing trade relationships (e.g. managing Brexit response), diversifying into new markets (e.g. [1] Sri Lanka, [1] as well as advancing work that supports the new trade strategy (e.g. addressing NTBs).

There are two sub-themes under this outcome:

[A] Protect existing trade, diversify into new markets	Sought (4yrs)	[33]
	Recommended (4yrs)	\$14.687 m

Given significant political changes in some of New Zealand's traditional export markets, there is a case for further investment to protect existing trading links as well as diversify our export focus. We assess the top priorities are responding to Brexit (MFAT & MPI²) and strengthening existing relationships with China and the USA (MFAT).

We recommend:

- increasing resource to MFAT and MPI to bolster teams onshore and offshore in response to Brexit,
- additional resource to service the USA and China relationships,
- a modest increase in Latin America and the Middle East to support export diversification (MFAT),
- a modest increase in NZ Inc.'s representation in Singapore (MFAT), Vietnam and Malaysia (MPI), and
- [33]

MFAT undertook a comprehensive and systematic review of their offshore network and identified the top priority opportunities for new posts. These are *Sri Lanka*³, [1] and *Ireland*. The combined funding sought is [33] **operating** and [33] **capital expenditure** over the next four years. In our view, "deepening" the existing network is of a higher priority than "broadening" the network by creating new posts. The Treasury recommends deferring these investments as none are time critical and there are higher priority pressures on the budget allowance.

If Ministers would like to consider a new post (or posts) in Budget 18, they should task MFAT with pursuing further scoping activities from within baselines. However, if Ministers would like to invest in the NZ Inc. offshore footprint in Budget 17, we recommend funding *Sri Lanka* and/or *Ireland*. We recommend deferring a decision on [1] to allow for more detailed scoping.

² Funding for MPI's response to Brexit is included under the Trade Policy Strategy sub-theme.

³ In October 2016, Prime Minister John Key and the Sri Lankan Prime Minister committed to establishing High Commissions in Wellington and Colombo "in the next few years". Despite this, we still see some flexibility around timing.

[B] *Implement the new Trade Policy Strategy*

Sought (4yrs)

[33]

Recommended (4yrs)

The refreshed Trade Policy Strategy will be considered by Cabinet shortly, and we understand there is a strong interest in having something to announce at the public launch, due to take place in March. However, we are concerned that substantial cross-sector conversations around the resourcing implications of the refreshed strategy are yet to occur.

We recommend deferring the majority of investment until Budget 18 to allow the sector time to consider resourcing priorities as a group. The Treasury will support the sector to determine priorities and reprioritisation options.

Given this context, we encourage Ministers to think strategically about what resources are needed when. In the short term, the highest priority is ensuring the government has a coherent response to Brexit (discussed above).

While we have assessed there to be merit in the Trade Policy Strategy related initiatives from MPI and MFAT, we see a stronger case for deferring a significant proportion of funding until the longer-term resourcing implications of the new strategy are clear. Therefore, in the interim, we recommend only some scaled funding to deal with immediate resourcing pressures regarding NTBs in MPI and MFAT. Note that the MPI bid under this sub-theme encompasses the response to Brexit.

[33]

Outcome 2: Diversify the export base, and drive for higher value

The initiatives that support this outcome are focused on helping key sectors respond to current demand, drive for higher value and ensure sustainable growth. These initiatives are grouped largely by sector.

There are four sub-themes under this outcome:

[A] *Exploit opportunities in the primary sector*

Sought (4yrs)

[33]

Recommended (4yrs)

MPI has submitted a bid to *Maximize the Benefits from Trade Agreements as well as Accelerate Growth in Primary Sector Industries* through a variety of interventions. Three of the four components of this bid fall under this sub-theme (the *NTB* component is considered above).

Treasury considers that two of the components have merit as we have relative confidence that net benefits can be realised. However, these initiatives also relate to the Trade Policy Strategy and therefore we recommend scaling support for these bids in Budget 17 to allow for cross-sector resourcing conversations to take place.

Given the complexity that primary sector businesses face when navigating New Zealand and export market requirements, Treasury supports the establishment of an ‘*Export Regulatory Advice Service*’ to help exporters meet these requirements [33]

The **BGA peer review process** was supportive, but suggest that the service be more explicitly targeted at small and medium sized businesses. [33]

The peer reviewers were also generally supportive of the ‘*Economic Intelligence Unit*’ component though noted that the benefits of the initiative [34]

Treasury recommends scaled funding of **\$9.6 million**. There may be scope for private providers to develop similar or related services, and industry buy-in is unclear. An alternate option is to support time-limited funding, with ongoing funding sought after an evaluation of the unit.

[B] <i>Grow knowledge-intensive and tech-based export companies</i>	Sought (4yrs)	[33]
	Recommended (4yrs)	

There are two significant bids under this sub-theme, *Participation and leveraging opportunities with Expo 2020 Dubai* and the *New Zealand Screen Production Grant – International*. The funding sought for these initiatives is over [33] across four years.

Cabinet has had early visibility of the strategic rationale for participating in Dubai Expo 2020 [ERD-16-MIN-0025; CAB-16-MIN-0652]. The Minister recommended that New Zealand attend the event and build a modest pavilion with adequate meeting and entertainment facilities. The funding sought for this initiative is **\$53.2 million** over four years.

The *New Zealand Screen Production Grant – International* (NZSPG) is an uncapped, non-discretionary grant and must be supported unless there is a policy change. The bid is for [33] and covers known and anticipated calls on the appropriation for the two remaining years of the multi-year appropriation. The **BGA peer review process** and Treasury consider that a broader review of all screen related funding should be part of the scheduled 2018 review. [37]

This bid is accompanied by a smaller bid in the “Other” stream for the *New Zealand Screen Production Grant – New Zealand MYA* which faces similar pressures, albeit at a smaller scale. Treasury recommends deferring funding for this initiative until the scheduled review has been completed.

[C] <i>Realise tourism’s full potential</i>	Sought (4yrs)	[33]
	Recommended (4yrs)	

The tourism package seeks to manage increased demand on publically provided infrastructure as a result of increasing visitor arrivals. There are two significant bids under this sub-theme. Across the next four years, MBIE is seeking [33] for the *Tourism Infrastructure Fund*, and the Department of Conservation is seeking [33] for the *Tourism Growth Initiative* to develop new tourism sites and manage pressures on existing sites.

The *Tourism Infrastructure Fund* initiative is still being developed. We understand it is designed to fund small, locally provided tourism-related infrastructure such as toilets and carparks. We do not recommend supporting this initiative at this stage as it is substantially under developed. We have some concern that the fund may result in lower value projects being prioritized that would not be funded through the centralised budget process.

Over half of the funding we recommend for this sub-theme is for the tourism-related cost pressures faced by the Department of Conservation [33]

[33]

[D] <i>Sustainable growth for international education</i>	Sought (4yrs)	[33]
	Recommended (4yrs)	\$6.800 m

Education New Zealand (ENZ) is facing cost pressures arising from a managed spend-down of cash reserves, the end of time-bound Export Education Levy funding, and increased expectations to manage New Zealand education reputational risks. ENZ intends to refocus its core marketing activities on New Zealand as a quality education destination. Treasury supports the refocusing of current activity and recommends supporting the cost pressure initiative, *Strengthening the Foundations for Sustainable Growth of International Education*.

[33]

Note that Treasury supports two initiatives from Immigration NZ (INZ) (in the BGA SSW workstream) that aim to preserve New Zealand’s reputation as an immigration destination and protect the integrity of immigration settings in a high migration environment with a changing risk profile.

Outcome 3: Protect our people, reputation and investments

The initiatives under this outcome fall into two groups. First, allowing New Zealand and New Zealand businesses to continue to be competitive on a global stage. Second, protecting people and other investments. This outcome also includes ongoing work to ensure that New Zealand has the world's best border system but there are no border-related bids in Budget 17.

Protect our people, reputation and investments

Sought (4yrs) [33]
Recommended (4yrs)

There are two bids under this sub-theme. The Treasury assesses MPI's *Biosecurity 2025* initiative as investment ready. The need for extra funding was signalled to Cabinet when the updated Direction Statement for New Zealand's biosecurity system was approved [EGI-16-MIN-0269; CAB-16-MIN-0580]. To meet the targets set out in this updated strategy, this initiative will push biosecurity risk offshore and detect biosecurity incursions more rapidly by increasing the number of import health standards that MPI completes. This element is closely linked to the non-tariff barriers initiatives.

Treasury recommends partial support of [33] across the next four years, in part due to significant pressures on this budget. Funding at this level will establish [33] new FTEs to review and set new Import Health Standards, develop an engagement strategy and investigate biosecurity incursions. There is scope to increase funding for the initiative which would deliver a commensurate increase in output.

The Treasury recommends partly supporting MFAT's *Making New Zealanders safer* bid to advance a number of security-related objectives (**\$6.7 million**). Treasury recommends supporting additional consular resource [1]

[33]

Annexes

There are three appendices attached to this document:

- Annex I: high level overview of all initiatives in the BGA Export Markets workstream submitted as part of Budget 2017.
- Annex II: provides a summary of Treasury's initial assessment of the initiatives
- Annex III: shows Treasury's assessment of relative value for money and strategic alignment across the BGA Export Markets workstream.

[23]

[39]

Sebastian Doelle, Analyst, Economic Performance & Strategy (Policy), [39]

Chris Nees, Team Leader, International, [39]

Annex I: Overview of initiatives

	Sought						TSY Rec					
	2017/18	2018/19	2019/20	2020/21	Opex (4yrs)	Capex	2017/18	2018/19	2019/20	2020/21	Opex (4yrs)	Capex
[A] Protect existing trade, Diversify into new markets	[33]						2.491	3.867	4.136	4.193	14.687	-
<i>Making New Zealanders more prosperous^</i>							2.491	3.867	4.136	4.193	14.687	
<i>Creating Economic Opportunity: A Treasury Presence Offshore (Singapore)</i>	0.854	0.854	0.854	0.854	3.416		-	-	-	-	-	
<i>Establishment of a New Zealand Embassy in Dublin, Ireland</i>	1.432	1.149	3.191	3.361	9.133	4.781	-	-	-	-	-	-
[1]	[33]						-	-	-	-	-	-
<i>Establishment of a New Zealand High Commission in Colombo, Sri Lanka</i>	0.937	1.942	3.067	2.917	8.863	6.236	-	-	-	-	-	-
[1]	[33]						-	-	-	-	-	-
[B] Implement the new Trade Policy Strategy							[33]	4.029	4.487	4.494	[33]	-
<i>Maximise the benefits of trade agreements^</i>								3.688	4.139	4.139		
<i>Making New Zealanders more prosperous^</i>							0.142	0.341	0.348	0.355	1.186	
[33]							-	-	-	-	-	-
[A] Exploit opportunities in the primary sector	[33]						[33]					
<i>Maximise the benefits of trade agreements^</i>												
[B] Grow knowledge-intensive and tech-based export companies												
<i>Additional funding for the New Zealand Screen Production Grant – International</i>												
<i>Participation and leveraging opportunities with Expo 2020 Dubai</i>	3.010	7.790	32.100	10.340	53.240		3.010	7.790	32.100	10.340	53.240	
<i>Rollover funding for G2G Partnerships Office (G2G Know-How)</i>	[33]						[33]					
[33]												
[C] Realise tourism's full potential	[33]											
<i>Tourism Infrastructure Fund</i>	[33]						-	-	-	-	-	
[33]							[33]					
<i>Tourism Growth Initiative</i>												
[33]							-	-	-	-	-	
							[33]					
[D] Sustainable growth for international education							1.700	1.700	1.700	1.700	6.800	
<i>Strengthening the Foundations for Sustainable Growth of International Education</i>	1.700	1.700	1.700	1.700	6.800		1.700	1.700	1.700	1.700	6.800	
[33]	[33]						-	-	-	-	-	
							-	-	-	-	-	
Protect our people, reputation and investments							[33]					
<i>Biosecurity 2025</i>												
<i>Making New Zealanders Safer</i>							1.497	1.593	1.557	2.055	6.702	
Total												

Note: ^ Denotes bid is split across multiple sub-themes.

Annex II: Detailed summary of Treasury's initial assessment of all initiatives in the BGA Export Markets workstream

Outcome 1: Secure access to diverse markets			Sought (4yrs) [33]								
[A] Protect existing trade, Diversify into new markets			Recommended (4yrs) \$14.687								
Agency	Initiative	Initiative Description	TSY Rec	Treasury Advice	2017/18	2018/19	2019/20	2020/21	Opex (4yrs)	Capex	
MFAT	Making New Zealanders more prosperous^	The best possible trade deal with Europe and managing Brexit	Support	There is a strong case for a modest increase in resource both across the existing European network (5 FTE) and in Wellington (3 FTE) to help ensure NZ has the best possible access to Europe following Brexit and through the proposed EU-FTA.	Sought	0.762	1.273	1.419	1.439	4.893	
					TSY Rec	0.762	1.273	1.419	1.439	4.893	
		Protection of current trade flows: North Asia and United States	Support	Support a small increase in resources to strengthen the resilience in New Zealand's engagement with the United States (1 FTE in Los Angeles and 1 onshore) and China (2 onshore), given the growing complexities associated with both relationships.	Sought	0.770	0.858	0.914	0.926	3.468	
					TSY Rec	0.770	0.858	0.914	0.926	3.468	
		Diversification of trade relationships: Latin America and Middle East	Partial support	While there is a case to diversify trade risk by deepening posts in Latin America and the Middle East, we support only a modest increase of one additional FTE in Tehran, Abu Dhabi, Mexico City, and one additional FTE in Wellington.	Sought	0.474	1.703	1.867	2.405	6.449	
					TSY Rec	0.474	1.242	1.300	1.314	4.330	
		A Comprehensive Strategic Partnership with Singapore	Partial support	An enhanced partnership with Singapore presents an opportunity for New Zealand. While negotiations are still in early stages, we support a modest increase in FTE onshore (1) and offshore (1 LES) to focus on advancing an ambitious agreement.	Sought	0.425	0.396	0.650	0.732	2.203	
					TSY Rec	0.239	0.244	0.248	0.253	0.984	
		APEC Logistics	Partial support	Given the importance of APEC 2021, we support two additional FTE to support the policy and logistical planning for this event. However, we recommend this funding be time-bound for five years.	Sought	0.246	0.250	0.255	0.261	1.012	
					TSY Rec	0.246	0.250	0.255	0.261	1.012	
		[33]	Defer	[33]	Sought	[33]					
					TSY Rec	0.000	0.000	0.000	0.000	0.000	
Treasury	Creating Economic Opportunity: A Treasury Presence Offshore (Singapore)	This initiative will support exports and economic growth, and reduce economic risk by strengthening ties with key markets. It will also inform economic strategy through better economic intelligence and support innovation in public services.	Defer	Given MFAT is looking at advancing opportunities for an Enhanced Partnership between New Zealand and Singapore (a Budget 17 initiative has been submitted to this end – with scaled support from Vote Team), it would make sense to allow that initiative to unfold and then think about how a Treasury resource could optimally link in with MFAT to support a growing relationship. On this basis, we suggest deferring until Budget 18.	Sought	0.854	0.854	0.854	0.854	3.416	
					TSY Rec	0.000	0.000	0.000	0.000	0.000	
MFAT	Establishment of a New Zealand Embassy in Dublin, Ireland	A New Zealand Embassy in Dublin will allow New Zealand to pursue economic interests in Ireland and in the EU and will bolster relations with a close likeminded partner on a range of multilateral issues.	Defer	While there is a strategic case for establishing a post in Dublin, given the uncertainty that persists around Brexit and the EU FTA, we recommend deferring this initiative until the operating environment is clearer, and the criticality of this post within New Zealand's overall response to Brexit is more certain.	Sought	1.432	1.149	3.191	3.361	9.133	4.781
					TSY Rec	0.000	0.000	0.000	0.000	0.000	0.000
	[1]		[33]	Defer	[33]	Sought	[33]				
					TSY Rec	0.000	0.000	0.000	0.000	0.000	0.000

Agency	Initiative	Initiative Description	TSY Rec	Treasury Advice	2017/18	2018/19	2019/20	2020/21	Opex (4yrs)	Capex	
MFAT	Establishment of a New Zealand High Commission in Colombo, Sri Lanka	Open a High Commission in Colombo to support an intensified bilateral relationship with Sri Lanka, which helps to safeguard New Zealand's dairy trade, promote other commercial opportunities, support services trade (especially in education and tourism), [1]	Defer	Given the current momentum in the relationship between Sri Lanka and New Zealand, it seems unlikely that a delay of a few years would significantly disrupt relations. The strategic value of this post appears lower than the other proposals from MFAT. Despite the announcement by PM John Key in 2016, this investment is not time critical.	Sought	0.937	1.942	3.067	2.917	8.863	6.236
					TSY Rec	0.000	0.000	0.000	0.000	0.000	0.000
MFAT	[1]		Defer	[1]	Sought	[33]					
					TSY Rec	0.000	0.000	0.000	0.000	0.000	0.000

Outcome 1: Secure access to diverse markets
[B] Implement the new Trade Policy Strategy

Agency	Initiative	Initiative Description	TSY Rec	Treasury Advice	2017/18	2018/19	2019/20	2020/21	Opex (4yrs)	Capex		
MPI	Maximise the benefits of trade agreements^ [PRP]	Non-tariff barriers This funding will accelerate work on priority non-tariff barriers and secure New Zealand's trade interests post-Brexit.	Partial support	An increase in market access capability will provide good value for money through reducing Non-Tariff Barriers that hinder exports, and to address issues stemming from Brexit: - Support for an increase in approx. 10 FTE onshore to work on issues around implementation including market access, systems audit, and assurance & monitoring. - Support for increasing MPI presence in Europe to respond to increased work programme following Brexit (2 FTE: London and Brussels), as well as an increase in South East Asia to address growing demand regarding NTBs (2 FTE: Vietnam and Kuala Lumpur).	Sought	[33]						
					TSY Rec		3.688	4.139	4.139			
MFAT	Making New Zealanders more prosperous^	Increasing support for exporters, to maximise the benefits of FTAs and to address NTBs and other measures affecting goods, services, investment and the digital economy.	Partial support	Decisions regarding the resourcing implications of the trade strategy refresh should be deferred to Budget 18 to provide time for a whole of sector discussion about priorities and resourcing. However, we do support a small increase (2 FTE) to work on addressing NTBs in the nearer term as cross-agency work is already underway. Budget 2016 provided funding for 4 additional FTE in the trade implementation unit for three years; ongoing funding is now being sought. We recommend deferring this decision until the impact of the time limited funding has been demonstrated and opportunities for reprioritization within TND have been explored.	Sought	0.265	0.466	0.475	1.047	2.253		
					TSY Rec	0.142	0.341	0.348	0.355	1.186		
			Do not support	[33]	Sought	[33]						
					TSY Rec	0.000	0.000	0.000	0.000	0.000	0.000	
Defer		Sought	[33]									
		TSY Rec	0.000	0.000	0.000	0.000	0.000	0.000				

Agency	Initiative	Initiative Description	TSY Rec	Treasury Advice	2017/18	2018/19	2019/20	2020/21	Opex (4yrs)	Capex	
Customs	[33]		Defer	[33]	Sought	[33]					
					TSY Rec	0.000	0.000	0.000	0.000	0.000	0.000

Outcome 2: Diversify the export base, and drive for higher value

[A] Exploit opportunities in the primary sector

Sought (4yrs)

[33]

Recommended (4yrs)

Agency	Initiative	Initiative Description	TSY Rec	Treasury Advice	2017/18	2018/19	2019/20	2020/21	Opex (4yrs)	Capex	
MPI	Maximise the benefits of trade agreements^ [PRP]	Exporter Regulatory Advice Service This will support exporters navigate complex regulatory requirements.	Support	MPI is responsible for multiple complex regulatory systems and this service will assist exporters in meeting the requirements that are set by New Zealand and export markets.	Sought	[33]					
		Economic Intelligence Unit This will strengthen information and analysis to help exporters identify and act on opportunities.	Partial support	MPI has successfully trialled this unit, which will make market intelligence, including MPI data, more accessible to assist companies in identifying export opportunities. Scaling recommended to reduce the cost of this component.	Sought	[33]					
		[33]	[33]	[33]	TSY Rec	1.877	2.560	2.560	2.560	9.557	
			Do not support	[33]	Sought	[33]					
					TSY Rec	0.000	0.000	0.000	0.000	0.000	

Outcome 2: Diversify the export base, and drive for higher value

[B] Grow knowledge-intensive and tech-based export companies

Sought (4yrs)

[33]

Recommended (4yrs)

Agency	Initiative	Initiative Description	TSY Rec	Treasury Advice	2017/18	2018/19	2019/20	2020/21	Opex (4yrs)	Capex	
MBIE	Additional funding for the New Zealand Screen Production Grant – International [PRP]	This funding will increase the size of the existing multi-year appropriation (MYA), in its final two years, to allow New Zealand to meet its grant obligations under existing policy settings [37]	Support	NON-DISCRETIONARY: current policy settings obligate the Crown (legal opinion still being sought to confirm) This initiative seeks funding for anticipated calls on the <i>New Zealand Screen Production Grant – International</i> based on existing policy settings for the remaining two years of the Multi-Year Appropriation. The Treasury notes that further funds will need to be sought from 2019 onwards to cover any grant costs should the policy continue in its current form.	Sought	[33]					
					TSY Rec						
MFAT	Participation and leveraging opportunities with Expo 2020 Dubai	New Zealand participation in Expo 2020 Dubai. This funding will support: Development and implementation of inter-agency region and sector strategies to deliver shared outcomes from participation in Expo 2020; Construct a temporary Pavilion at Expo 2020 with a BGA theme and emphasis; Bilateral and non-monetised benefits unable to be achieved without participation; Monetised benefits unable to be achieved without participation.	Support	The case for participating in Dubai Expo 2020 is convincing from a wider foreign policy perspective (i.e. not just economic). The benefits likely from attendance are modest but positive, [1] provide a compelling case for participation. The proposal assumes a level of support from NZ Inc. agencies and businesses which if not committed, would put the delivery of benefits at risk.	Sought	3.010	7.790	32.100	10.340	53.240	
					TSY Rec	3.010	7.790	32.100	10.340	53.240	

Agency	Initiative	Initiative Description	TSY Rec	Treasury Advice	2017/18	2018/19	2019/20	2020/21	Opex (4yrs)	Capex
NZTE	Rollover funding for G2G Partnerships Office (G2G Know-How)	This funding will deliver net new business to New Zealand through the commercialisation of state sector IP and net new business to NZ Private Sector by leveraging off Government imprimatur in G2G projects. The initiative has delivered \$13 million in net new business to NZ through 13 projects across 7 jurisdictions since its inception in 2014. G2G has a current non-discounted deal pipe value of \$66.470m.	Support	The G2G project team has developed a pipeline of projects that spans the next 2-5 years. While not all of these projects will be successful, stopping funding will stop future work on the projects and reduce the level of international revenue coming into New Zealand. Treasury is supportive of the idea to commercialise public sector IP. However, there are current challenges to the ongoing success of the G2G programme. Along with the partial support, Treasury recommends that the G2G programme undertake a review to evaluate their success to date, and to also design an operational model to address these challenges. A future budget bid could then be based on this suggested operational model.	Sought [33] TSY Rec					
MCH	[33]			[33]	Sought [33] TSY Rec					

Outcome 2: Diversify the export base, and drive for higher value
[C] Realise tourism's full potential

Agency	Initiative	Initiative Description	TSY Rec	Treasury Advice	2017/18	2018/19	2019/20	2020/21	Opex (4yrs)	Capex
	Tourism Infrastructure Fund	This funding will help to address the current need for new or enhanced tourism infrastructure resulting from the current and projected growth in visitor numbers.	Do not support	We do not recommend supporting this initiative at this stage as it is substantially under developed. We have some concern that the fund may result in lower value projects that would not be funded through the centralised budget process being prioritised.	Sought [33] TSY Rec	0.000	0.000	0.000	0.000	0.000
MBIE	[33]				Sought [33] TSY Rec					
TPK					Sought [33] TSY Rec					

Agency	Initiative	Initiative Description	TSY Rec	Treasury Advice	2017/18	2018/19	2019/20	2020/21	Opex (4yrs)	Capex
DOC	Tourism Growth Initiative	This bid is for 1) directly addressing pressure on DOC land and 2) building infrastructure to disperse tourists from current sites while contributing to regional economic development in rural areas.	Partial support	Support facilities/services to meet critical needs at high-use tourism sites. Defer initiatives aimed at dispersing tourists and contributing to regional economic development to ensure alignment with DOC's developing tourism strategy.	Sought [33] TSY Rec					
MBIE	[33]				Sought [33] TSY Rec					
					Sought [33] TSY Rec					

Outcome 2: Diversify the export base, and drive for higher value

[D] Sustainable growth for international education

Sought (4yrs) [33]
Recommended (4yrs)

Agency	Initiative	Initiative Description	TSY Rec	Treasury Advice	2017/18	2018/19	2019/20	2020/21	Opex (4yrs)	Capex
Education NZ	Strengthening the Foundations for Sustainable Growth of International Education	ENZ faces cost pressures due to decreases in funding. The pressures put quality of existing activities at risk.	Support	ENZ require funding to continue its existing role in the international education sector. This role is important given the significant growth in international education as a key NZ export market and the risks around immigration and student experience in recent years. ENZ aims to shift the focus from volume to quality of students and build capability to take on more of a leadership role in the sector. Industry funding options have now been exhausted.	Sought 1.700 TSY Rec 1.700	1.700	1.700	1.700	6.800	
	[33]		Do not support	[33]	Sought [33] TSY Rec 0.000	0.000	0.000	0.000	0.000	
			Do not support		Sought [33] TSY Rec 0.000	0.000	0.000	0.000	0.000	

Outcome 3: Protect our people, reputation and investments				Sought (4yrs)	\$42.836						
				Recommended (4yrs)	\$29.492						
Agency	Initiative	Initiative Description	TSY Rec	Treasury Advice		2017/18	2018/19	2019/20	2020/21	Opex (4yrs)	Capex
MPI	Biosecurity 2025	Use the Import Health Standard (IHS) system to push more risk offshore in the most cost effective way.	Partial Support		Sought [33]						
					TSY Rec						
		Significantly lift public participation in biosecurity.	Partial Support	Greater investment in the biosecurity system will deliver benefits from harm avoided and also assist MPI in negotiating through Non-Tariff Barriers (see the initiative "Maximising Trade Agreement Benefits and Accelerating Value Growth in Primary Sector Exports").	Sought						
					TSY Rec						
		Accelerate the development and uptake of technology	Partial Support		Sought						
					TSY Rec						
MFAT	Making New Zealanders Safer	[33]	Defer	[33]	Sought						
					TSY Rec	0.000	0.000	0.000	0.000	0.000	
		Increased consular resource to meet demand.	Support	Support additional resource to deal with increasingly complex consular cases. We judge that this increase in funding will lift MFAT's consular service delivery, improving outcomes for New Zealanders using this service. They have a clear customer-focus and this service directly to the Ministry's strategic outcome of promoting stability.	Sought	0.250	0.255	0.260	0.265	1.030	
					TSY Rec	0.250	0.255	0.260	0.265	1.030	
		[33]	Defer	[33]	Sought [33]						
					TSY Rec	0.000	0.000	0.000	0.000	0.000	
		[1]	Support	[1]	Sought	1.247	1.338	1.297	1.790	5.672	
					TSY Rec	1.247	1.338	1.297	1.790	5.672	

Annex III: Bubble diagram showing Treasury's assessment of the relative value for money and strategic alignment across the Export Markets workstream

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