

The Treasury

Budget 2017 Information Release

Release Document July 2017

www.treasury.govt.nz/publications/informationreleases/budget/2017

Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

[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)
[11]	to damage seriously the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the entering into of overseas trade agreements.	6(e)(vi)
[23]	to protect the privacy of natural persons, including deceased people	9(2)(a)
[25]	to protect the commercial position of the person who supplied the information or who is the subject of the information	9(2)(b)(ii)
[26]	to prevent prejudice to the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied	9(2)(ba)(i)
[27]	to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information - would be likely otherwise to damage the public interest	9(2)(ba)(ii)
[29]	to avoid prejudice to the substantial economic interests of New Zealand	9(2)(d)
[31]	to maintain the current constitutional conventions protecting collective and individual ministerial responsibility	9(2)(f)(ii)
[33]	to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials	9(2)(f)(iv)
[34]	to maintain the effective conduct of public affairs through the free and frank expression of opinions	9(2)(g)(i)
[36]	to maintain legal professional privilege	9(2)(h)
[37]	to enable the Crown to carry out commercial activities without disadvantages or prejudice	9(2)(i)
[38]	to enable the Crown to negotiate without disadvantage or prejudice	9(2)(j)
[39]	to prevent the disclosure of official information for improper gain or improper advantage	9(2)(k)
[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.

Treasury Report: Budget 2017 Decisions for Trade Agenda 2030

Date:	2 March 2017	Report No:	T2017/419
		File Number:	SH-11-1-8

Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Steven Joyce)	Indicate which trade-related Budget initiatives you wish to be included in a package to be announced with the refreshed Trade Strategy.	8 March 2017
Associate Minister of Finance (Hon Simon Bridges)	Indicate which trade-related Budget initiatives you wish to be included in a package to be announced with the refreshed Trade Strategy.	8 March 2017

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
[23]		[39]	N/A (mob) ✓
Chris Nees	Team Leader, International		N/A (mob)
Ben Temple	Senior Analyst, Natural Resources		N/A (mob)

Actions for the Minister's Office Staff (if required)

Return the signed report to the Treasury.

Refer a copy of this report with decisions to Minister of Primary Industries, Minister of Foreign Affairs and Minister of Trade

Note any feedback on the quality of the report

Enclosure: Yes (attached)

Treasury Report: Budget 2017 Decisions for Trade Agenda 2030

Purpose of Report

1. At the BGA Budget 2017 meeting with officials on Monday 27 February, you discussed a trade initiative package that the Prime Minister could announce at the launch of the Trade Agenda 2030 in March.
2. This report seeks your confirmation of what to include in that package and then be reflected in the Minister of Trade's paper to be considered by Cabinet on Monday 20 March.

Overview of Packages

3. We understand Ministers would like to invest in strengthening New Zealand's international connections as well as other trade related resource as part of a package to be announced with the launch of the Trade Agenda 2030.
4. The focus of this package will be to protect existing trade relationships (e.g. managing Brexit response), diversify into new markets (e.g. Sri Lanka), as well as advancing work that supports the themes of the trade strategy refresh (e.g. assisting exporters, addressing NTBs).
5. We understand this will include a High Commission in Sri Lanka and an Embassy in Ireland. In addition, Ministers indicated support for MFAT, MPI and the Treasury's trade-related bids. However, Ministers have choices around the scale of funding for some of these bids.
6. Table 1 below sets out a priority package for investment that averages **\$19.8 million operating** p.a. and **\$11 million capital**.

Table 1

Trade Agenda 2030 priority package	2017/18	2018/19	2019/20	2020/21	Avg.	Capex
High Commission in Colombo, Sri Lanka	0.937	1.942	3.067	2.917	2.216	6.236
Embassy in Dublin, Ireland	1.432	1.149	3.191	3.361	2.283	4.781
Making New Zealanders more prosperous (MFAT)	2.634	4.209	4.485	4.546	3.969	-
Making New Zealanders safer (MFAT)	1.497	1.593	1.557	2.055	1.676	-
Maximize benefits of Trade Agreements (MPI)	7.286	8.794	9.625	9.625	8.833	-
Creating Economic Opportunity: Singapore (The Treasury)	0.854	0.854	0.854	0.854	0.854	
Total	14.640	18.541	22.779	23.358	19.830	11.017

7. The following section sets out choices for additional investment if Ministers wish to invest further in trade related resource beyond what is outlined above.

Options to invest further

Making New Zealanders more prosperous [MFAT]

8. MFAT's *Making New Zealanders more prosperous* bid contains multiple sub-components. As outlined in our previous advice (T2017/253), the Treasury's priority package includes:
 - increasing resource to MFAT to bolster teams onshore and offshore to respond to Brexit (8 FTE),
 - additional resource to service the USA and China relationships (4 FTE),
 - a modest increase in Latin America and the Middle East to support export diversification (4 FTE),
 - a modest increase in representation to advance an ambitious Enhanced partnership with Singapore (2 FTE),
 - partial support for some high priority work around NTBs (2 FTE), and
 - time-bound resource for APEC 2021 policy and logistics planning (2 FTE for 5 years).

9. This package reflects our advice to defer the majority of investment relating to implementing the refreshed trade strategy until Budget 2018 to allow the sector to consider resourcing priorities as a group.

Opportunities to invest further (Additional Elements)

10. If Ministers wish to invest further, Table 2 outlines the additional elements of this bid which most closely relate to the objectives of the Trade Agenda 2030 (yellow) and the components that are not well linked (red). The closely related elements are:
 - [33]

 - a larger trade package focusing on maximizing the benefits of FTAs, increasing support for exporters, and addressing NTBs (6 additional FTE);
 - full support to advance the Enhanced Partnership with Singapore (2 additional FTE); and
 - full support to resource export diversification into Latin America and the Middle East (3 additional FTE).

Table 2

Making New Zealanders more prosperous		2017/18	2018/19	2019/20	2020/21	Avg.	Capex
Priority package [TSY recommended]:		2.634	4.209	4.485	4.546	3.969	-
+ <i>Priority relationships: Europe, USA, China</i>		1.532	2.131	2.333	2.365	2.090	-
+ <i>Singapore (scaled)</i>		0.239	0.244	0.248	0.253	0.246	-
+ <i>Latin America, Middle East (scaled)</i>		0.474	1.242	1.300	1.314	1.083	-
+ <i>NTBs resource (scaled)</i>		0.142	0.341	0.348	0.355	0.297	-
+ <i>APEC logistics (time bound)</i>		0.246	0.250	0.255	0.261	0.253	-
Opportunities to invest further:	[33]						-
+ [33] <i>Trade Negotiations (fully funded)</i>							-
+ <i>Singapore (fully funded)</i>		0.186	0.152	0.402	0.479	0.305	-
+ <i>Latin America, Middle East (fully funded)</i>		0.000	0.461	0.567	1.091	0.530	-
Lower priority elements:	[33]						-
[33]							-
							-

Making New Zealanders safer [MFAT]

11. MFAT's *Making New Zealanders safer* bid also contains multiple sub-components as shown in Table 3. The priority package includes fully supporting:

- additional resource to manage increasingly complex consular cases (2 FTE), and
- [1]

12. [33]

Table 3

Making New Zealanders safer		2017/18	2018/19	2019/20	2020/21	Avg.	Capex
Priority package [TSY recommended]:		1.497	1.593	1.557	2.055	1.676	-
+ <i>Additional consular resource</i>		0.250	0.255	0.260	0.265	0.258	-
+ [1]		1.247	1.338	1.297	1.790	1.418	-
Lower priority elements:	[33]						-
+ [33]							-
+							-

Maximising the benefits of Trade Agreements [MPI]

13. MPI's *Maximising the Benefits from Trade Agreements* bid contains four sub-components. The priority package includes:

- scaled funding to accelerate work on priority non-tariff barriers and secure New Zealand's trade interests post-Brexit. This will increase MPI presence in Europe and South East Asia (4 FTE offshore), and support work on market access, systems audit, and assurance & monitoring (10 FTE onshore),

- establishment of an Export Regulatory Advice Service to help exporters meet complex export market requirements, and
 - scaled support for an increased Economic Intelligence Unit.
14. This package reflects our advice to focus on responding to Brexit, securing entry into key markets by focusing on priority non-tariff barrier concerns, and recognises that some aspects of the Economic Intelligence Unit may be usefully generated by private providers developing similar or related services.

Opportunities to invest further (Additional Elements)

15. If Ministers wish to invest further, Table 4 outlines additional elements of this bid that support deeper market access:
- faster establishment of the Export Regulatory Advice Service to deliver services and earlier focus on markets beyond fruit and vegetables, processed foods, and honey,
 - a larger Economic Intelligence Unit to broaden its focus to deliver market intelligence reports (up to 12 per year), drawing on offshore data sources primarily focussed on China, US, UK and Australian markets, and
 - [33]
- 16.

Table 4

Maximize the benefits of Trade Agreements	2017/18	2018/19	2019/20	2020/21	Avg.	Capex
Priority package [TSY recommended]:	7.286	8.794	9.625	9.625	8.833	-
+ <i>Non-tariff barriers (scaled)</i>	2.688	3.688	4.139	4.139	3.664	-
+ <i>Exporter Regulatory Advice Service (scaled)</i>	2.721	2.546	2.926	2.926	2.780	-
+ <i>Economic Intelligence Unit (scaled)</i>	1.877	2.560	2.560	2.560	2.389	-
Opportunities to invest further:						-
+ [33]						-
+						-
+						-
Lower priority elements:						-
+ [33]						-
+						-

Other trade-related bids

17. Table 5 sets out other trade-related initiatives received from agencies that we understand Ministers did not wish to include in this package:

Table 5

Other trade related bids	2017/18	2018/19	2019/20	2020/21	Avg.	Capex
[33]						
Rollover funding for G2G Partnerships Office (NZTE)						-
[33]						-
Dubai Expo 2020 (MFAT)	3.010	7.790	32.100	10.340	13.310	-
Biosecurity 2025 (MPI)	[33]					-

18. MPI's Biosecurity 2025 bid is closely linked to the non-tariff barriers component of the Maximising Trade Agreements initiative. Fully funding this initiative would push biosecurity risk offshore and detect biosecurity incursions more rapidly by increasing the number of import health standards that MPI completes [33]
19. The Treasury considers there is scope to scale funding to [33] There may be further opportunities to scale funding, as we understand MPI officials are further considering the potential contribution of levies vis-à-vis Crown funding.

Recommended Action

We recommend that you:

Trade Agenda 2030 Priority Package

- a **note** the Trade Agenda 2030 Priority Package proposed by the Treasury, following the BGA budget discussion on 27 February, is an average of \$19.8 million p.a. operating and \$11 million capital.
- b **note** the focus of this package is to protect existing trade relationships (e.g. managing Brexit response), diversify into new markets (e.g. Sri Lanka), and advance work that supports themes of the Trade Agenda 2030 (e.g. assisting exporters, addressing NTBs).
- c **confirm** your support for the following elements of the Trade Agenda 2030 priority package: **(tick boxes)**

✓	Trade Agenda 2030 priority package	2017/18	2018/19	2019/20	2020/21	Avg.	Capex
<input type="checkbox"/>	High Commission in Colombo, Sri Lanka	0.937	1.942	3.067	2.917	2.216	6.236
<input type="checkbox"/>	Embassy in Dublin, Ireland	1.432	1.149	3.191	3.361	2.283	4.781
<input type="checkbox"/>	Making New Zealanders more prosperous (MFAT)	2.634	4.209	4.485	4.546	3.969	-
<input type="checkbox"/>	Making New Zealanders safer (MFAT)	1.497	1.593	1.557	2.055	1.676	-
<input type="checkbox"/>	Maximize the benefits of Trade Agreements (MPI)	7.286	8.794	9.625	9.625	8.833	-
<input type="checkbox"/>	Creating Economic Opportunity: Singapore (The Treasury)	0.854	0.854	0.854	0.854	0.854	-

- d **note** that the tables below set out a package of up to ^[33] (including the above package) if Ministers want to invest further in trade related initiatives.

Opportunities to invest further

- e **indicate** if you wish to include any additional elements of MFAT's Making New Zealanders more prosperous or Making New Zealanders safer initiatives: **(tick boxes)**

✓	Making New Zealanders more prosperous	2017/18	2018/19	2019/20	2020/21	Avg.	Capex
	Opportunities to invest further:						
<input type="checkbox"/>	+ [33] Trade Negotiations (fully funded)	[33]					-
<input type="checkbox"/>	+ Singapore (fully funded)	0.186	0.152	0.402	0.479	0.305	-
<input type="checkbox"/>	+ Latin America, Middle East (fully funded)	0.000	0.461	0.567	1.091	0.530	-
	Lower priority elements:						
<input type="checkbox"/>	+ [33]						-
<input type="checkbox"/>	+						-
	Making New Zealanders safer						
<input type="checkbox"/>	+ [33]						-
<input type="checkbox"/>	+						-

- f **indicate** if you wish to include any additional elements of MPI's Maximize the benefits of Trade Agreements initiative: **(tick boxes)**

<input checked="" type="checkbox"/>	Maximize the benefits of Trade Agreements	2017/18	2018/19	2019/20	2020/21	Avg.	Capex
Opportunities to invest further:							
<input type="checkbox"/>	+ [33]						-
<input type="checkbox"/>	+						-
<input type="checkbox"/>	+						-
Lower priority elements:							
<input type="checkbox"/>	+ [33]						-
<input type="checkbox"/>	+						-

- g **note** the following trade-related initiatives that are not included in the above packages

	Other trade related bids	2017/18	2018/19	2019/20	2020/21	Avg.	Capex
	[33]						
	Rollover funding for G2G Partnerships Office (NZTE)						-
	[33]						-
	Dubai Expo 2020 (MFAT)	3.010	7.790	32.100	10.340	13.310	-
	Biosecurity 2025 (MPI)	[33]					-

- h **refer** a copy of this report with decisions to Minister of Primary Industries, Minister of Foreign Affairs and Minister of Trade.

referred/not referred.

Chris Nees
Team Leader, International

Steven Joyce
Minister of Finance

Hon Simon Bridges
Associate Minister of Finance

Appendix: overview of total trade-related funding sought

Initiative	Initiative Description	2017/18	2018/19	2019/20	2020/21	Avg.	Capex
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] and advance New Zealand as a trusted partner in South Asia.	0.937	1.942	3.067	2.917	2.216	6.236
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.	1.432	1.149	3.191	3.361	2.283	4.781
Making New Zealanders more prosperous	The best possible trade deal with Europe and managing Brexit	0.762	1.273	1.419	1.439	1.223	-
	Protection of current trade flows: North Asia and United States	0.770	0.858	0.914	0.926	0.867	-
	Diversification of trade relationships: Latin America and Middle East	0.474	1.703	1.867	2.405	1.612	-
	A Comprehensive Strategic Partnership with Singapore	0.425	0.396	0.650	0.732	0.551	-
	APEC Logistics	0.246	0.250	0.255	0.261	0.253	-
	[33]						-
	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.	0.265	0.466	0.475	1.047	0.563	-
	[33]						-

Initiative	Initiative Description	2017/18	2018/19	2019/20	2020/21	Avg.	Capex
Making New Zealanders Safer	[33]						-
	Increased consular resource to meet demand.	0.250	0.255	0.260	0.265	0.258	-
	[33]						-
	[1]	1.247	1.338	1.297	1.790	1.418	-
Maximise the benefits of trade agreements	Non-tariff barriers This funding will accelerate work on priority non-tariff barriers and secure New Zealand's trade interests post-Brexit.	[33]					-
	Exporter Regulatory Advice Service This will support exporters navigate complex regulatory requirements.	[33]					-
	Economic Intelligence Unit This will strengthen information and analysis to help exporters identify and act on opportunities.	[33]					-
	[33]						-
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.	0.854	0.854	0.854	0.854	0.854	-