

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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[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.



Cabinet

Minute of Decision

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Trade Agenda 2030: Public Launch

Portfolio **Trade**

On 20 March 2017, following reference from the Cabinet Business Committee, Cabinet:

Refresh of Trade Policy Strategy

- 1 **noted** that trade remains vital to the New Zealand economy and supports the jobs of many thousands of New Zealanders;
- 2 **noted** that recent developments in the global environment facing New Zealand mean that there is now greater urgency for New Zealand to champion open global markets and seek to secure and sustain market access for our exports;
- 3 **noted** that the existing Trade Policy Strategy has served New Zealand well but that, after 20 years, it needs to be refreshed to reflect the changing international environment in which we trade;
- 4 **noted** that Business Growth Agenda Export Ministers agreed on key parameters regarding the Trade Policy Strategy refresh in 2016:
 - 4.1 that New Zealand's trade policy and wider economic policy must be mutually supportive;

[11]

 - 4.3 that non-binding normative processes are part of the ecosystem for New Zealand's trade policy strategy along with trade agreements, complementing as well as building a base for binding agreements;
- 5 **noted** that the Trade Policy Strategy refresh has been the subject of extensive consultation with business, Māori and civil society groups through a series of targeted meetings, workshops and open public meetings;
- 6 **noted** that the Trade Policy Strategy *Trade Agenda 2030 – securing our place in the world* (the Strategy) is intended to set a broad policy direction over a 10-15 year timeframe that encompasses the following 'four shifts' in emphasis:
 - 6.1 continuing with urgency to build on our network of Free Trade Agreements (FTAs) while also intensifying focus on implementation in order to maximize value from the agreements we already have;
 - 6.2 increased focus on Non-Tariff Barriers (NTBs)/Non-Tariff Measures while still looking to address tariff peaks and tariff escalation (especially important for dairy);

- 6.3 increasing our focus on services, investment and digital trade;
- 6.4 appropriately assisting New Zealand businesses to succeed overseas;
- 7 **noted** that an ambitious target of 90 percent of New Zealand’s goods exports to be covered by FTAs by 2030 is to be set;
- 8 **noted** that the full text of the Strategy, attached as an Annex under CAB-17-SUB-0108, and supporting communications materials based on the Strategy will be made public at a launch in Auckland by the Prime Minister supported by the Minister of Trade;
- 9 **noted** that the Minister of Trade will establish a Ministerial Advisory Group as a mechanism for further engagement with the public as the strategy is implemented;
- 10 **approved** the Strategy, attached to the submission under CAB-17-SUB-0108;
- 11 **authorised** the Minister of Trade to approve any minor technical changes of a non-policy nature required between now and release of the Strategy;

Proposed package of initiatives

- 12 **authorised** pre-Budget announcements with respect to the initiatives set out in paragraph 14 below;
- 13 **agreed** that the Ministry of Foreign Affairs and Trade, the Ministry for Primary Industries, the Ministry of Business, Innovation and Employment, the New Zealand Customs Service, and New Zealand Trade and Enterprise will have joint ownership of the NTB ‘Clearing House’, and that the further development of a pilot will be funded from within respective agencies’ baselines on an equal basis;
- 14 **agreed** to the policy initiatives set out in the tables below, **subject to** the Minister of Finance, Minister of Foreign Affairs and Minister of Trade reviewing the description and wording of the initiative on “Making New Zealanders safer” and making any changes they consider necessary:

Initiative Name	Description
New Zealand High Commission in Colombo, Sri Lanka – Establishment	This funding will enable the opening of a High Commission in Colombo to support an intensified relationship with Sri Lanka, and to advance New Zealand as a trusted partner in South Asia in order to support both trade and security objectives.
New Zealand Embassy in Dublin, Ireland – Establishment	This funding will enable the opening of an Embassy in Dublin to support an intensified relationship with Ireland and to support New Zealand’s trading relationship with the European Union.
Making New Zealanders more prosperous through trade	This funding will allow the Ministry of Foreign Affairs and Trade to increase activity in support of the Government’s Business Growth Agenda, in particular by improving market access for exporters, helping business internationalise, and by improving the support the Ministry provides businesses in addressing trade barriers including non-tariff barriers.
Making New Zealanders safer	This funding will allow the Ministry of Foreign Affairs and Trade to meet increased demand by New Zealanders for consular services globally, [1]

Boosting primary industry and food export value	This funding will enable acceleration of work on priority non-tariff barriers and maintain New Zealand's existing trade interests; support for primary sector exporters to navigate international regulatory requirements; and strengthen information and analysis to help primary sector exporters identify and act on market opportunities.
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Summary of Initiatives

Operating Initiatives (Impact on Operating Balance)

Ref.	Initiative	\$m – increase/(decrease)					
		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23& Outyears
Vote Foreign Affairs and Trade							
17	New Zealand High Commission in Colombo, Sri Lanka – Establishment	0.937	1.942	3.067	2.917	2.917	2.917
17	New Zealand Embassy in Dublin, Ireland – Establishment	1.432	1.149	3.191	3.361	3.361	3.361
17	Making New Zealanders more prosperous through trade	2.943	4.947	5.581	6.808	6.808	6.547
17	Making New Zealanders safer	1.497	1.593	1.557	2.055	2.055	2.055
Vote Primary Industries and Food Safety							
17	Boosting primary industry and food export value	7.286	8.794	9.625	9.625	9.625	9.625
Total Operating		14.095	18.425	23.021	24.766	24.766	24.505

Capital Initiatives (Impact on Debt)

Ref.	Initiative	\$m – increase/(decrease)			
		2017/18	2018/19	2019/20	2020/21
Vote Foreign Affairs and Trade					
17	New Zealand High Commission in Colombo, Sri Lanka – Establishment	0.877	4.949	0.410	-
17	New Zealand Embassy in Dublin, Ireland – Establishment	1.095	3.686	-	-
Total Capital		1.972	8.635	0.410	

- 15 **noted** that the Minister of Finance and the Minister for Primary Industries have agreed to add the following category to the Multi-category appropriation “Development and Implementation of Primary Industries Policy Advice”:

Name	Type	Scope
Trade and Market Access Primary Industries	Departmental Output Expenses	This category is limited to the implementation of government interventions, including the coordination of activities, development and delivery of frameworks that facilitate international trade in primary products with the exception of food-related safety aspects, and implementation of agreements and arrangements which influence and improve multilateral, regional and bilateral relationships.

- 16 **agreed** to increase expenditure to provide for the initiatives in paragraph 14, with the following impacts on the operating balance and debt:

	\$m – increase/(decrease)					
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23& Outyears
Operating Balance Impact	14.095	18.425	23.021	24.766	24.766	24.505
Debt Impact	1.972	8.635	0.410	-	-	-
No Impact	-	-	-	-	-	-
Total	16.067	27.060	23.431	24.766	24.766	24.505

- 17 **approved** the following changes to appropriations and departmental capital injections to give effect to the policy decisions in paragraph 14 above:

	\$m – increase/(decrease)					
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23& Outyears
Vote Foreign Affairs and Trade						
Minister of Foreign Affairs						
Departmental Output Expense: <i>Policy Advice and Representation - Other Countries</i> (funded by revenue Crown)	4.834	6.838	9.511	10.750	10.750	10.565
Departmental Output Expense: <i>Policy Advice and Representation - International Institutions</i> (funded by revenue Crown)	1.566	2.215	3.081	3.483	3.483	3.422
Departmental Output Expense: <i>Consular Services</i> (funded by revenue Crown)	0.409	0.578	0.804	0.908	0.908	0.893
Ministry of Foreign Affairs and Trade: Capital Injection	1.972	8.635	0.410	-	-	-
Vote Primary Industries and Food Safety						
Minister for Primary Industries						
Multi-Category Expenses and Capital Expenditure: Development and Implementation of Primary Industries Policy Advice MCA	1.877	2.560	2.560	2.560	2.560	2.560
Departmental Output Expenses: <i>Policy Advice - Agriculture and Forestry</i> (funded by revenue Crown)						
<i>Trade and Market Access Primary Industries</i> (funded by revenue Crown)	2.721	2.546	2.926	2.926	2.926	2.926
Multi-Category Expenses and Capital Expenditure: Food Safety MCA	2.688	3.688	4.139	4.139	4.139	4.139
Departmental Output Expense: <i>Information</i> (funded by revenue Crown)						
Total Operating	14.095	18.425	23.021	24.766	24.766	24.505
Total Capital	1.972	8.635	0.410	-	-	-

- 18 **agreed** that the operating balance and debt impacts in paragraph 16 above of expenses and capital expenditure incurred under paragraph 17 above be charged as a pre-commitment against the Budget 2017 operating and capital allowances;
- 19 **authorised** the Minister of Finance and the appropriation Minister to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2016/17 Supplementary Estimates, the 2017/18 Estimates and the fiscal forecasts;

Report back

- 20 **invited** officials to report back to EGI by December 2017 to outline how they are implementing the new strategy in a coordinated way.

Michael Webster
Secretary of the Cabinet

Hard-copy distribution:

Prime Minister
Minister of Trade
Secretary, EGI