

The Treasury

Budget 2014 Information Release

Release Document

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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] 6(a) - to prevent prejudice to the security or defence of New Zealand or the international relations of the government
- [2] 6(c) - to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial
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- [9] 9(2)(h) - to maintain legal professional privilege
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- [11] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [12] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [13] Not in scope
- [14] 6(e)(iv) - 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.

Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, a [3] appearing where information has been withheld in a release document refers to section 9(2)(a).

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



Office of Hon Murray McCully

Minister of Foreign Affairs
Minister for Sport and Recreation

9 DEC 2013

Hon Bill English
Minister of Finance
Parliament Buildings
WELLINGTON

Dear Minister

2014 BUDGET: FOUR YEAR PLAN

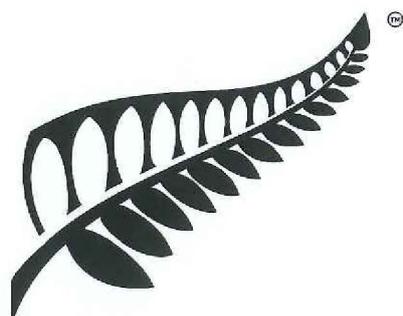
Please find enclosed the 2014 Budget: Four-year Plan for the Ministry of Foreign Affairs and Trade.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'Murray McCully', written over the typed name and title.

Hon Murray McCully
Minister of Foreign Affairs

Encl



NEW ZEALAND
FOREIGN AFFAIRS & TRADE

BUDGET 2014

MINISTRY OF FOREIGN AFFAIRS AND TRADE FOUR-YEAR PLAN

- **VOTE FOREIGN AFFAIRS AND TRADE**
- **VOTE OFFICIAL DEVELOPMENT ASSISTANCE**

9 December 2013

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1. Introduction

The Ministry of Foreign Affairs and Trade is committed to contributing to the Government's goal of returning to budget surplus in 2014/15. The Ministry also has a critical role to play in the Government's goal of growing exports from 30% to 40% of GDP by 2025. The Ministry's modernisation programme has delivered efficiency gains and resulted in a new operating model to better deliver foreign policy, trade and development outcomes in a sustainable way. The Ministry has adapted its diplomatic footprint by placing its limited resources where they can make the most impact. This will need to continue.

These changes have taken place in a context of reduced baselines. Budget reductions and operating surpluses amounted to total savings returned to the Crown of \$39 million in 2011/12 and \$31 million in 2012/13. The Ministry's required "6% efficiency dividend" will result in ongoing savings of \$24 million annually from 2014/15. The Ministry has adopted the approach of securing and demonstrating these savings before pursuing new priorities/projects.

☐

In 2015/16, Vote Official Development Assistance will increase to \$602 million. This Four-year Plan presents a budget bid for consideration through Budget 2014 for an ☐ over each of the following two years of the next multi-year appropriation to take New Zealand's development cooperation to ☐

This is to step up New Zealand's international development profile and to deliver major new initiatives, including renewable energy and sustainable agricultural production.

2. Strategic direction

2.1 Operating environment

Global environment

Change is evident across the global landscape, as the lines between international and domestic environments become increasingly blurred. An integrated part of the Asia-Pacific region, New Zealand is impacted, directly and indirectly, through change across multiple fronts, including in the global economy, regional power dynamics, global

demographic change, energy and resource security and the implications of climate change.

A shift of economic and political power is taking place to include a more dispersed range of players. Emerging economies in Asia, Africa and Latin America are rapidly increasing in importance. The geographical spread of economic growth underlines the need to make the most out of near-term opportunities arising from our own Asia-Pacific region, and to develop relationships with a wider range of partners in new parts of the world, in order to set up returns for New Zealand in the longer term.

Economic challenges remain following the global financial crisis. A shift in the 'centre of gravity' towards the Asia-Pacific region is an advantage for New Zealand, as our businesses continue to look offshore for growth opportunities. Traditional value and supply chains are transforming as the global economy becomes increasingly interconnected. Around 60% of OECD trade in goods and close to three quarters of trade in services are traded as inputs in supply chains. Alongside this, more attention is being paid to supply chain risk and resilience.

Increasing numbers of bilateral and regional trade agreements are being pursued. New Zealand is an active participant in some, such as the Trans-Pacific Partnership and Regional Comprehensive Economic Partnership negotiations; and the outcomes of others, such as the European Union–United States Free Trade Agreement (FTA) will indirectly impact on New Zealand. Trade policy progress on a multilateral basis, however, is limited by the lack of progress in the Doha Round. Nevertheless, the World Trade Organization remains important, including through its dispute settlement and monitoring roles. If this trend continues regional and bilateral FTAs will increasingly define the global trade policy environment for market access and rules. This will open up new opportunities for New Zealand in countries and regions that we have not traditionally invested in. Experience tells us that a calibrated suite of political, security and people-to-people linkages will need to be built to underpin trade and economic growth.

Relationships are at the heart of New Zealand's internationalism and future prosperity. The Ministry leverages key relationships to achieve its strategic outcomes. Alongside this, improving technologies that connect people physically (for example, through improved air links) and virtually (for example, through social media) are changing the way in which people participate in politics and society and the way we do business. A large and expanding global middle class is changing market demand, providing opportunity for New Zealand exporters in a wider range of countries; it also brings new expectations on governments (as evidenced by the Arab Spring).

Multilateralism continues to provide an important anchor internationally with the rules-based system providing an essential vehicle for progressing trade, economic, security, and environmental agendas. Those agendas are increasingly complex, posing challenges to finding effective solutions, for example with climate change and people smuggling. International conflict resolution still takes place in, and around, the UN Security Council and the United Nations itself provides a forum for building credibility and nurturing new relationships where few bilateral contacts exist. For some emergent issues, such as

cyber-security, there is debate about how to proceed and New Zealand needs to be active in these new issues to secure our interests.

Beyond the multilateral system, a wide range of regionally-based and other groups, such as APEC, Pacific Islands Forum, G20, and the African Union, have a role in tackling issues of common interest. In some cases regionalism has emerged where progress is limited through multilateral bodies. Conversely more traditional territorial disputes may emerge within regions, for example as climate change opens up Arctic sea lanes and potentially unlocks vast energy resources.

With 700 million fewer people living in conditions of extreme poverty in 2010 than in 1990, global investment in economic and social development has delivered significant gains. Nevertheless, challenges remain. Resource scarcity and climate change demand new approaches to supporting agricultural production and food security and renewable energy deployment. Rising inequality impedes development and can manifest in political fragility and social disruption. Bilateral support to development partners will remain essential. As the 2015 deadline for the achievement of the Millennium Development Goals approaches, the international community is preparing to negotiate a post-2015 sustainable development agenda as part of the solution to this.

Domestic and Ministry environments

Among the Government's current priorities, MFAT leads the 'Building Export Markets' work stream of the Business Growth Agenda and contributes towards the Government's overall goal of increasing exports as a percentage of GDP from 30% to 40% by 2025.

There is an increased expectation from the Government, stakeholders and public for government agencies to deliver Better Public Services for less and in a more joined up "NZ Inc" way to deliver better outcomes and impact for New Zealanders. MFAT plays a lead role in NZ Inc, on and offshore, and engages with partners across government (for example, MBIE and NTZE), and closely with business, including through the NZ Inc strategy programme.

2.2 Strategic outcomes

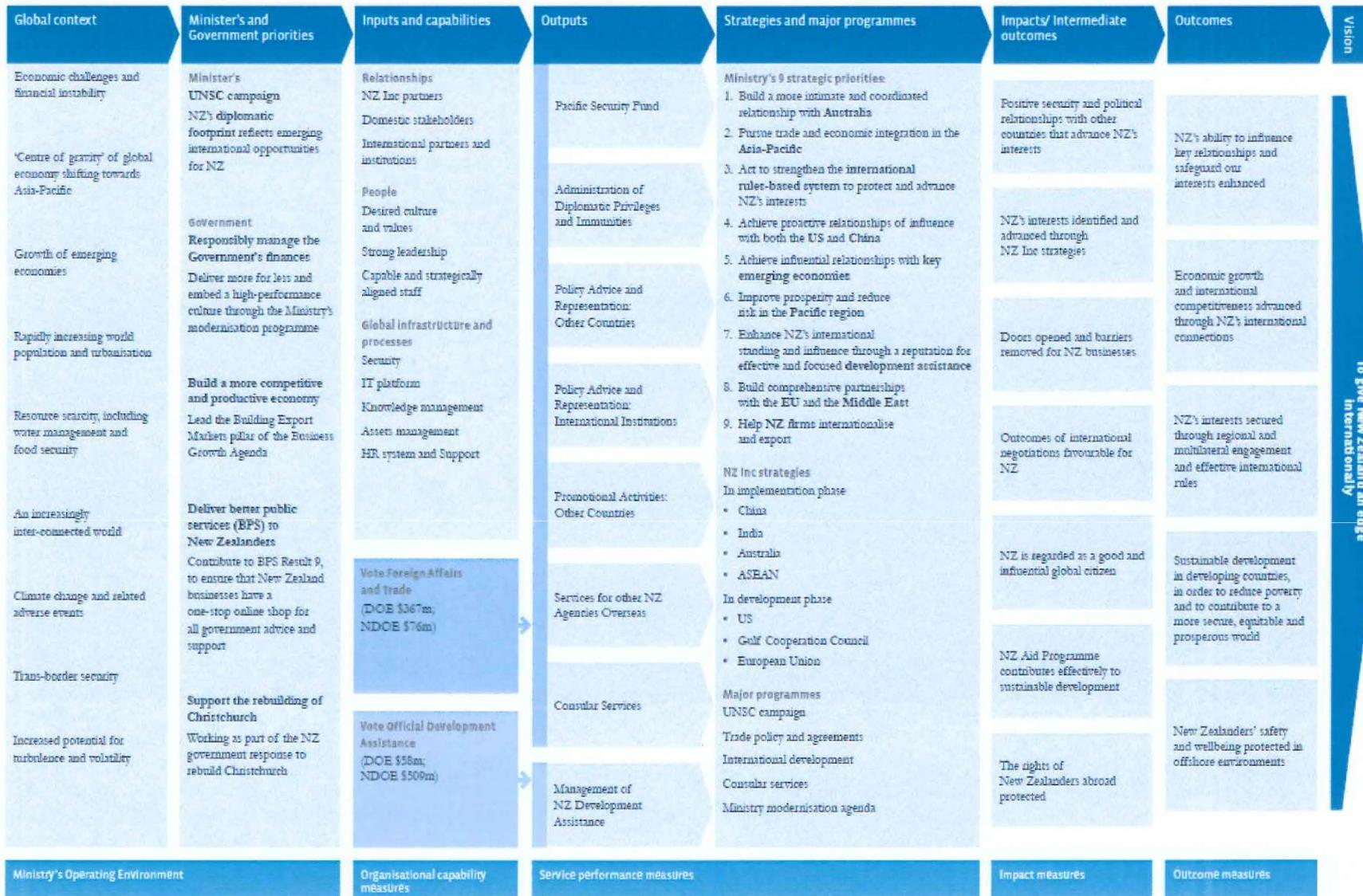
MFAT is responsible for promoting and protecting New Zealand's interests abroad. Its vision is to give New Zealand an edge internationally, and its mission is to create the conditions for New Zealand to thrive and to make its mark as a global citizen.

The Ministry's outcomes framework for 2013/14, provided below, tells the story of MFAT on a page. It includes the Government's priorities, and the Ministry's major strategies and programmes, five outcomes and nine strategic priorities to guide its work, in order to enable the Ministry to achieve its goals in light of the trends identified in the operating environment. It shows the components that contribute to the Ministry's vision, and the flow from inputs and capabilities to producing outputs and their effect on the Ministry's desired impacts and outcomes. This framework is intended to evolve over time. Further information on the Ministry's functions is provided in its *Statement of Intent 2013-2016*.

Ministry of Foreign Affairs and Trade Outcomes Framework 2013-16



VISION: To give New Zealand an edge internationally
MISSION: To create the conditions for New Zealand to thrive and make its mark as a global citizen
VALUES: Respect, Professionalism, Leadership, Innovation, Collaboration



In the context of the evolving nature of the framework, the four top priorities with the highest impact and resourcing implications for the Ministry head the list below, followed by the ten most critical deliverables over the coming four year period:

1. *Conclude* the campaign for **UN Security Council** election ☒

2. *Lead* NZ Inc efforts in **China**, by rebuilding the New Zealand brand and ensuring New Zealand's approaches take full account of the significant and evolving nature of our interests in China now and in the future, build China literacy, ensure appropriate resourcing and maintain strong political engagement.

3. *Deliver* economic benefits by: continuing to pursue the FTA agenda, including **completing TPP** and bilateral agreements and ensuring the best possible value is gained by increasing FTA implementation efforts from those agreements already concluded; improving **trade access** through influencing the regulatory environments of our trading partners; and pursuing **G2G partnerships** that deliver commercial value.

4. ☒

5. *Lead* NZ Inc efforts to build and strengthen global confidence in the **New Zealand brand**.

6. *Develop* stronger **relationships with NZ exporters**, including in Auckland, to foster internationalism, maximise export growth and contribute to the 40% goal.

7. *Support* the **Pacific** region's sustainable economic development, including through delivering tangible renewable energy projects on the back of the 2013 Pacific Energy Summit; continue to actively promote and assist Fiji's return to democracy.

8. *Build* connectivity, influence and awareness in our relationship with **ASEAN** by driving a deepening of our trade and broader economic relationships, strengthening political relationships, strengthening development partnerships, and working with ASEAN nations.

9. *Progress* our relationship with the **US** by continuing to implement the Wellington and Washington Declarations, engaging on international issues of mutual interest in a manner consistent with our foreign policy interests and growing trade and broader economic opportunities (with a focus on services, high value manufacturing, science and investment).

10. *Extend* NZ reach and influence into **new geographies** (e.g. Caribbean, ☒ Myanmar, Africa) and **groups** (Small Island Developing States (SIDS) Summit September 2014, African Union, Pacific Alliance), including through utilising

New Zealand's expertise and solutions in targeted areas, including in **disaster risk management** and **food security**.

11. *Leverage* significant **commemorative and sporting events** to build/refresh New Zealand relationships with key partners: **Australia** (2015 CER anniversary), **ASEAN** (NZ-ASEAN Summit 2015), **Brazil** (Olympics 2016), **United Kingdom** (Rugby World Cup 2015), **WWI00** (a number of relationships and dates), joint hosting of **Cricket World Cup** (2015).
12. *Progress* New Zealand's interests in **international oceans issues**, in particular the conservation and sustainable use of fisheries and other marine resources, marine research, and the protection of the marine environment, including establishing a marine protected area in the Ross Sea region of Antarctica.
13. [REDACTED]
14. *Engage* on **international security** issues of critical importance to New Zealand, including people smuggling, cyber security, internet governance, and peacekeeping or peace support commitments.

Aid programme strategic investment

After the recent pause in increases to the ODA budget, MFAT has the fundamentals in place to manage a step up in New Zealand's investment in ODA: an integrated aid structure, clear policy framework and thematic priorities, embedded focus on the Pacific and sustainable economic development, strong comparative advantage lens, and a results framework. Improvements in ODA management have achieved maximum value for dollar spent.

In 2015/16 Vote ODA will increase to \$602 million. The [REDACTED] sought over each of the following two years of the next multi-year appropriation will take New Zealand's ODA [REDACTED]. Management costs will be reduced from 10% to 9.75% of Vote ODA by 2017/18.

The proposed scaling up of aid funding will support the New Zealand Aid Programme's:

- Pacific Focus: New Zealand has a national interest in supporting improved prosperity and increased stability in the Pacific and needs to address evolving challenges and risks through quality development partnerships underpinned by sufficient resources.
- Global Reach: New Zealand needs to contribute effectively to solving development problems on the global stage in the context of the post-2015 development agenda with targeted, thematically focused engagement which leverages New Zealand's comparative advantage and also supports the New Zealand brand internationally.
- [REDACTED]

Additional funding would be directed at a set of new targeted strategic investments that would offer maximum impact and value for money while also underpinning New Zealand's wider interests. Subject to further analysis and research, eight priority investments are envisaged:

- A new flagship investment in agriculture and food security,
 - leveraging New Zealand's agriculture services sector;
- Renewable energy and energy efficiency in the Pacific;
- Enhanced engagements in post-election Fiji, Samoa, Cook Islands;
- A new bilateral programme with Myanmar;
- Intensified partnerships with ASEAN;
- Increased investment in peace/security, humanitarian assistance and disaster preparedness;
- Climate change adaptation priorities in the Pacific.

3. Strategic delivery

3.1 Operating model

The Ministry helps New Zealand to navigate the global environment by representing New Zealand's interests abroad, and by providing quality policy advice to the New Zealand Government.

The Ministry's new operating model focuses on building a modern Ministry. MFAT is now better placed to deliver foreign policy, trade and development outcomes in a sustainable way, such as through the priorities and deliverables outlined on pages 7-8, both through its own work and through collaboration with other government agencies. Structural change is largely over, but improving and modernising operations is now an ongoing part of the Ministry's everyday work. Capability building is taking place both onshore and offshore. An example is the project to devolve responsibility and accountability for decision-making on people and resourcing to managers.

The Ministry is also adapting its diplomatic footprint by placing its limited resources where they can make the most impact. We have strengthened our presence in Africa and shifted resource within Asia. Our political and economic relationship with Europe remains significant to New Zealand, but relative to emerging relationships requires less resources.

We have taken leadership of the Consulate General in Guangzhou in China, opened new posts in Addis Ababa and Yangon, and agreed to establish new posts in Chengdu, Bridgetown and Honolulu, along with a dedicated Ambassador to ASEAN, who will be based in Jakarta.

Budget reductions and operating surpluses amounted to total savings returned to the Crown of \$39 million in 2011/12 and \$31 million in 2012/13. The Ministry's required "6% efficiency dividend" will result in ongoing savings of \$24 million annually from 2014/15.

The Ministry has adopted the approach of securing and demonstrating these savings before pursuing new priorities/projects.

MFAT works with other government agencies to achieve its goals, particularly those with an economic, security, environment, and international development focus.

NZ Inc

The Ministry leads the development, implementation, and monitoring of NZ Inc strategies to strengthen New Zealand's economic, political and security relationships with key international partners. These interagency plans support better alignment and coordination among more than 20 government agencies, so they are more effective and efficient, including in the support they provide to New Zealand business. The Chief Executive of the Ministry of Foreign Affairs and Trade chairs a permanent steering group of Chief Executives that oversees this work. The Ministry intends to take a stronger leadership role in future to ensure NZ Inc has a greater collective impact in key geographies.

New Zealand Aid Programme Strategic Plan and drive for effectiveness

The New Zealand Aid Programme Strategic Plan 2012-2015 sets out the themes and expected outcomes for New Zealand's assistance for international development and the overall strategy that is to be pursued to deliver these over the three-year period from 2012/13 to 2014/15. In 2014, MFAT will undertake the analysis and research required to prepare a new strategic plan for the next triennium, 2015-2018. This plan will identify a set of new targeted strategic investments that would offer maximum impact and value for money while also underpinning New Zealand's foreign, economic and international personality policy ambitions.

The New Zealand Aid Programme targets delivery of high quality, value-for-money outcomes. Strategic focus and a commitment to longer, larger activities are critical to achieving development impact. A performance system is employed to measure results and drive quality within the Aid Programme. Progress against the expected results from the three-year Strategic Plan is tracked through a Strategic Results Framework. Annual reporting against programme and activity level results frameworks is mandatory. In addition, strategic, programme, and activity-level evaluations are undertaken. MFAT has a commitment to continuous improvement, and to strengthening the results focus of the New Zealand Aid Programme. MFAT will start tracking internationally agreed development effectiveness indicators this year, and use these not only to demonstrate accountability on the global stage, but to drive further performance improvements within the programme.

ICT strategy

In line with the All-of-Government approach noted in the *Government ICT Strategy and Action Plan to 2017* for providing services online, the Ministry will transform its focus to a customer-centric model, providing better enabling computing and an enhanced self-service culture for its staff and external partners.

Asset Management Strategy

The Asset Management Strategy is to provide an appropriate and cost effective asset platform that is both enduring and adaptive to support the Ministry and the New Zealand Government in achieving its strategic priorities and objectives.

3.2 Outputs, services and delivery activity

The Ministry's outputs, services and delivery activity are provided in the outcomes framework, with further information provided in its *Statement of Intent 2013-2016* and Information Supporting the Estimates.

4. Risks to implementation

MFAT is responsible for promoting and protecting New Zealand's interests abroad. It faces a particularly wide array of risks arising from uncertainties in the international and domestic environments in which it operates. From cyber-security threats to natural disasters at home and abroad, MFAT's success in fulfilling its mandate largely depends on its ability to manage risks that it can control and influence and remain agile to respond to developments beyond its control. Through 2012/13, MFAT has refreshed and redeveloped its risk profile to align with the Ministry's outcomes framework.

The key risks to the delivery of this plan are:

1. Maintain workforce capability and capacity required by the Ministry, both on and offshore, to deliver strategic objectives.
2. Uncoordinated crisis and disaster management results in the inability to restore operations to an appropriate level in the event of a disaster or business interruption.
3. Protection of information and data resulting in information falling into the wrong hands.
4. Staff engagement levels post establishment of the new business model.
5. Delivery of a focused programme of International Development Activities.
6. Financial Management.

MFAT's senior managers have agreed collective responsibility to manage risk across the organisation and will be actively managing the key risks identified.

MFAT considers its overall resilience to be 3 out of 5: Resilient to some eventualities, but need strengthening in some areas to be within risk appetites.

5. Organisational capability and workforce

Capacity

The Ministry has largely completed the first stage of its modernisation programme that included the change associated with the new Ministry Business Model. While its focus has shifted to embedding these changes, there is also a need for ongoing assessment of its business needs and resource allocation. The Ministry continues to prioritise frontline business needs, including our changing offshore footprint, over back office support. The modernisation agenda aims to improve the efficiency of the back office. A number of staff remain affected as a consequence of the change process, primarily in the offshore offices, and resolving these situations is an immediate priority.

In terms of capacity, the Ministry is expecting to shift/increase its resources in response to the following pressures and opportunities:

- A successful UNSC campaign would require the redeployment of campaign staff as well as additional dedicated staff to support New Zealand's term on the Council;
- Vote Official Development Assistance funding increases will require additional capacity;
- Further expansion of our presence in China requires additional diplomatic and local staff;
- Establishing a presence in Addis Ababa, Yangon, Bridgetown and Myanmar, and a dedicated Ambassador to ASEAN based in Jakarta, also add to overall resourcing requirements;
- The need to be agile and respond to emerging markets and world events will likely mean the potential for further new investment in a range of other geographies over time.

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In the main, the Ministry recruits and develops its foreign policy staff to meet its resourcing needs, but it is increasingly complementing this "grow our own" strategy with the recruitment of staff at a range of levels by "buying-in" capability. The growing demand for skilled foreign policy staff for Wellington based and offshore foreign policy positions combined with the time needed to develop staff to be effective (including language training) inevitably means there can be a lag between identifying a need and resourcing it. The Ministry is taking a longer term focus on potential resourcing needs and the need to recruit and develop staff proactively.

A scaled up aid programme for the next triennium (2015/16-2017/18) may require a very modest increase in staffing to ensure effective delivery, which the Ministry is discussing with the Minister.

Capability

The Ministry expects to maintain a high standard of capability. Pressure on resourcing in the shorter term is likely until the requisite capability has been developed. Following a hiatus in recruitment in 2012, the Ministry has recently recruited a particularly large number of entry level foreign policy staff. This requires intensive investment in terms of time and opportunity for their development. The Ministry has also recently experienced a high degree of change at all levels, particularly management levels, as a consequence of the Ministry Business Model change. At the same time, MFAT is demanding more of its managers: the Ministry Business Model set in motion the devolution of a highly centralised model of resource management to one where authority is fully vested in managers.

Contributing to the Government's Business Growth Agenda means that MFAT staff increasingly need to build their understanding of the value chain, market access, distribution and supply chain strategies in a global, technologically advanced environment and with a focus on brand protection and enhancement.

Depth of country knowledge, expertise and, in some cases, language skills for growing and new markets is a capability need, to the extent the growth in demand exceeds MFAT's current level of supply. The Ministry is focused on growing capability to keep pace with demand.

MFAT managers need to build leadership capability. This is central to organisational performance and is at the centre of the Ministry's values and culture development programme, which draws together strategy; structure, capacity and capability; people systems and processes; and employee engagement to deliver organisational performance.

Moving from a highly centralised human resource management model to a highly devolved people manager model requires emphasis on the development of management capability of Ministry managers, particularly those new to this model or to the devolved management responsibilities.

Many Ministry managers will require support and development with financial management, delegations, people management and the development of people, recruiting, rewarding, retaining, managing performance and exiting staff.

MFAT priority capability development areas include:

- Leadership – leading people, leading cultural change, creating a high performance culture;
- Cross-agency leadership – leading and influencing across agencies;
- Strategic planning and prioritisation – lifting the policy agenda to a strategic level, leading its partners at a strategic level, increasing its business focus and economic agenda;

- Understanding business, its opportunities, and ability to engage at an entrepreneurial level - business acumen and commercial savvy;
- Expertise in aid programme flagship sectors, especially agriculture and energy, as well as in Pacific countries;
- Core management capability;
- Cultural, language and associated capability in relation to growing and emerging markets;
- Programme and project management;
- Media and Public Relations management including brand protection and development.

Leadership

There are two aspects to the Ministry's leadership challenge. One relates to its external role as leaders, and the other to its internal role as leaders.

The Ministry will be taking a stronger leadership role in working with NZ Inc agency partners and the business world. This may have a structural component to it in future. There is certainly a capability component to ensure MFAT has the credibility to be influential across a range of stakeholders and are able to operate effectively across government and private sector/commercial interests.

In order to lead successfully externally, MFAT must lead, and be seen to lead, its own organisation well. Ministry leaders at all levels need to understand how to effect improvement in its culture and the demonstration of its values, to motivate and inspire, and to engage its people.

Diversity

The Ministry will continue to focus on building a diverse workforce to reflect its role and position in the Pacific and to ensure the Ministry reflects the cultural diversity of New Zealand. Specific recruitment initiatives aim to attract Māori and Pacific Island staff to the Ministry and to promote career opportunities within the Ministry, consistent with defined business needs.

6. Financial summary

The tables below are based on the October 2013 baseline update (OBU). They reflect the Cabinet's approved operating budget (2013/14) and the Budget baseline for the next four years.

A. Vote Foreign Affairs and Trade

	2013/14	2014/15	2015/16	2016/17	2017/18
Baseline profile – OBU 2013	\$0.000m	\$0.000m	\$0.000m	\$0.000m	\$0.000m
Operating expenditure – departmental	375.263	326.972	319.727	318.060	318.060
Operating expenditure – non-departmental	75.763	75.428	75.386	75.177	75.177
Total Vote Foreign Affairs and Trade	451.026	402.400	395.113	393.237	393.237

B. Vote Official Development Assistance

	2013/14	2014/15	2015/16	2016/17	2017/18
Baseline profile – OBU 2013	\$0.000m	\$0.000m	\$0.000m	\$0.000m	\$0.000m
Operating expenditure – departmental	58.864	56.036	55.606	55.386	55.386
Operating expenditure – non-departmental	540.000	553.398	546.845	546.845	546.845
Total Vote Official Development Assistance	598.864	609.434	602.451	602.231	602.231
Total Budget Initiative	-	-	-		
Proposed Vote ODA New Baseline	598.864	609.434	602.451	☒	

C. Total Ministry of Foreign Affairs and Trade

	2013/14	2014/15	2015/16	2016/17	2017/18
Baseline profile – OBU 2013	\$0.000m	\$0.000m	\$0.000m	\$0.000m	\$0.000m
Operating expenditure – departmental	434.127	383.008	375.333	373.446	373.446
Operating expenditure – non-departmental	615.763	628.826	622.231	621.962	621.962
Total – Ministry of Foreign Affairs and Trade	1,049.890	1,011.834	998.564	995.408	995.408
Total Vote ODA Budget Initiative	-	-	-		
Proposed New Baseline	1,049.890	1,011.834	998.564	☒	

Operating – Departmental

The following table summarises the total financial implications of planned changes and cost pressures on the departmental operations of the Ministry and the available funding for those changes.

	2013/14	2014/15	2015/16	2016/17	2017/18
	\$0.000m	\$0.000m	\$0.000m	\$0.000m	\$0.000m
Current operating funding baseline	434.127	383.008	375.333	373.446	373.446
Add any indicative allocation advised of	-	-	-	-	-
Equals Total funding level for planning	434.127	383.008	375.333	373.446	373.446
Financial movements					
Add cost of new activity to be funded from current baselines	4.462	20.347	10.247	10.027	10.427
Add total cost pressures	0	5.698	11.294	16.998	22.979
Subtract significant changes that will generate savings	4.462	26.045	21.541	27.025	33.406
Add or Subtract vote transfers	-	-	-	-	-
Subtract any indicative allocation advised of (as above)	-	-	-	-	-
Equals Total funding level for planning	434.127	383.008	375.333	373.446	373.446
Add cost of Vote ODA: Budget Initiative	-	-			
Equals Total funding level for planning plus Budget Bid	434.127	383.008	Σ		

Operating – Non Departmental

The following tables identify that there are no financial implications for Vote ODA, but from 2016/17 an initiative to increase development assistance funding will be sought (refer to aid programme strategic investment on page 8). There are no financial implications or cost pressures arising for Vote FAT on the non-departmental operations of the Ministry.

(i) Vote ODA

	2013/14	2014/15	2015/16	2016/17	2017/18
	\$0.000m	\$0.000m	\$0.000m	\$0.000m	\$0.000m
Current operating expenditure baseline	540.000	553.398	546.845	546.845	546.845
Add any indicative allocation advised of	-	-	-	-	-
Equals total funding level for planning	540.000	553.398	546.845	546.845	546.845
Financial Movements					
Add cost of Budget Initiative	-	-	Σ		
Add total cost pressures	-	-	-	-	-
Subtract significant changes that will generate savings	-	-	-	-	-
Add or Subtract vote transfers	-	-	-	-	-

	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Subtract any indicative allocation advised of (as above)	-	-	-	-	-
Total	540.000	553.398			

(ii) Vote FAT

	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Current operating expenditure baseline	75.763	75.428	75.386	75.177	75.177
Add any indicative allocation advised of	-	-	-	-	-
Equals total funding level for planning	75.763	75.428	75.386	75.177	75.177
Financial Movements					
Add cost of new activity to be funded from current baselines					
Add total cost pressures	-	-	-	-	-
Subtract significant changes that will generate savings	-	-	-	-	-
Add or Subtract vote transfers	-	-	-	-	-
Subtract any indicative allocation advised of (as above)	-	-	-	-	-
Total	75.763	75.428	75.386	75.177	75.177

Capital – Departmental

The following table summarises the total financial implications of planned changes and cost pressures on the departmental capital expenditure operations of the Ministry and the available funding for those changes.

	Increase (Decrease)				
	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Operating balance funding available	128.947	111.875	115.108	63.477	41.157
Add depreciation funding received	19.069	21.442	23.546	26.726	28.055
Add receipts from sale of assets	10.300	28.300	300	300	300
Add other (Capital Injection)	-	20.000	-	-	-
Equals total baseline funding available	158.316	181.617	138.954	90.503	69.512
Subtract capital investments funded from baselines	46.441	66.509	75.477	49.346	50.594
Equals closing baseline funding available	111.875	115.108	63.477	41.157	18.918