

The Treasury

Budget 2018 Information Release

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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.

From: Laura Browne [TSY]
Sent: Tuesday, 3 April 2018 2:35 PM
To: Tamsin Royson; ^Parliament: Craig Renney
Cc: Rachel Pettigrew [TSY]; Rachele Earwaker [TSY]; Kosal Kong [TSY]
Subject: RE: MFAT funding - proposed additional recommendations

Follow Up Flag: Follow up
Flag Status: Flagged

Hi Tamsin and Craig,

Following on from our previous message on Thursday, here are some additional recommendations we have drafted (following further discussions with MFAT) that the Minister may wish to consider.

I. ODA Departmental Funding.

1. *note that departmental funding is currently set at 9.75% of the total funding for ODA;*
2. *direct Ministry of Foreign Affairs and Trade officials to conduct a review of the operating model and resources required to administer ODA and report back to the Minister of Foreign Affairs and the Minister of Finance by July 2019, outlining the departmental funding required to administer the New Zealand Aid programme;*
3. *authorize the Minister of Foreign Affairs and the Minister of Finance to jointly approve transfers between 'Management of New Zealand's International Development Cooperation' and the 'International Development Cooperation – MYA' resulting from this report back;*

II. ODA Strategic Review.

1. *direct Ministry of Foreign Affairs and Trade officials to provide a report to Cabinet by July 2019 on the New Zealand Aid programme strategy for the current triennium and how it is expected to meet the changing needs of Pacific Island and developing countries;*

III. MFAT Departmental Funding.

- We recommend including a report back to provide Ministers with visibility of the 'additional capability' component of the MFAT departmental funding. This would provide ex post transparency given there was no supporting information or indication as to where the additional FTE would be deployed. The report back would require the Ministry to outline how they planned to use this extra resource to deliver on the strategic objectives more quickly and/or effectively.
- Given the largest funding boost is for FTE and we have had the least visibility of this component, we think this is the most important aspect of the departmental funding to request additional transparency. There are existing accountability measures for other areas of funding, particularly around capital.

Proposed recommendation:

1. *direct Ministry of Foreign Affairs and Trade officials to report back to the Minister of Foreign Affairs and the Minister of Finance by July 2019, outlining the planned use of the funding and how this will contribute to the Ministry's strategic objectives;*

Cheers,
Laura

Laura Browne | Analyst | **The Treasury**
[39]

From: Laura Browne [TSY]
Sent: Thursday, 29 March 2018 4:28 PM
To: Tamsin Royson [39] ^Parliament: Craig Renney [39]
Cc: Rachel Pettigrew [TSY] [39] Rachele Earwaker [TSY] [39]
Subject: RE: MFAT funding - proposed additional recommendations

Hi Tamsin & Craig,

In response to the question concerning the peak ODA/GNI in the last Labour Government: according to the OECD data, NZ's ODA was 0.304% of GNI in 2008.

Cheers,
Laura

Laura Browne | Analyst | **The Treasury**

[39]

From: Laura Browne [TSY]
Sent: Thursday, 29 March 2018 4:20 PM
To: Tamsin Royson [39] Parliament: Craig Renney [39]
Cc: Rachel Pettigrew [TSY] [39] Rachele Earwaker [TSY] [39]
Subject: MFAT funding - proposed additional recommendations

Hi Tamsin and Craig,

As mentioned in the meeting with the Budget Team last night, we are suggesting some additional recommendations be included for the MFAT budget increase. Please note the recommendations are still drafts and we will still need to engage with MFAT on Tuesday. At this stage we have only had very initial chats with MFAT.

I. ODA Departmental Funding.

What we're trying to achieve:

- At present, the funding for MFAT to administer New Zealand's aid programme is **9.75%** of the total funding for ODA. MFAT's proposal is to keep this breakdown constant, which will result in a significant increase in departmental resourcing.
- While some increase will be necessary, we expect that the full increase in departmental funding will not be needed, especially if the mode of delivering some ODA shifts. However, at the outset, it is difficult to assess the optimal amount of departmental funding required without more clarity as to how MFAT will deal with the funding boost.
- Therefore we are proposing that MFAT report back to the Minister of Foreign Affairs and the Minister of Finance within 12 months outlining the departmental funding required to administer the aid programme. Any departmental savings could then be transferred to the MYA to spend on projects and programmes.

To achieve this, we're proposing including the following recommendations:

1. ***note that departmental funding is currently set at 9.75% of total funding;***
2. ***direct Ministry of Foreign Affairs and Trade officials to conduct a review of the operating model and resources required to administer ODA and report back to the Minister of Foreign Affairs and the Minister of Finance outlining the departmental funding required to administer the aid programme by July 2019;***
3. ***authorize the Minister of Foreign Affairs and the Minister of Finance to jointly approve transfers between 'Management of New Zealand's International Development Cooperation' and the 'International Development Cooperation – MYA' resulting from this report back;***

II. ODA Strategic Review.

What we're trying to achieve:

- The proposals being discussed all represent a significant increase in the level of ODA. We recommend including a report back to ensure Cabinet has visibility of this funding increase and confidence that it is meeting government priorities.
- One of the aims of the report back is to inform any future funding requests which are most likely to happen at the beginning of the next triennium. This report back would provide an assessment of the value for money of ODA spending which could look at the delivery of desired outcomes and the optimal modes of delivery.
- If the Minister of Finance is interested in this report back, we will work with MFAT to and scope the report back and develop a recommendation.

III. MFAT Departmental Funding.

- The Minister of Finance may also be interested in including a similar value for money report back regarding the MFAT departmental funding, particularly around the additional capability component. Again, if the Minister is interested, we will work with MFAT to scope this.

Happy to discuss,

Cheers,
Laura

Laura Browne | Analyst | The Treasury
[39]

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