

The Treasury

Budget 2018 Information Release

Release Document August 2018

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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]	to prevent prejudice to the security or defence of New Zealand or the international relations of the government	6(a)
[2]	to avoid prejudice the entrusting of information to the Government of New Zealand on a basis of confidence by the Government of any other country or any agency of such a Government	6(b)(i)
[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	
[41]	that the making available of the information requested would be contrary to the provisions of a specified enactment	18(c)(i)
[42]	information is already publicly available or will be publicly available soon	18(d)

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.



Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

2018 Budget Package: Vote Foreign Affairs and Trade

On 9 April 2018, Cabinet:

- 1 **approved** the Budget initiatives for the above Vote for inclusion in the 2018 Budget package, as listed in the summary below and detailed in the attached initiative documents;

Summary of initiatives included in the attached initiative documents:

Operating Initiatives (Impact on Operating Balance)

Initiative ID	Initiative Name	\$m - increase/(decrease)					
		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23 & Outyears
10212	APEC21 Programme - Operations and Hosting	-	13.778	15.707	23.358	46.717	-
10249	Foreign and Trade Policy Challenges - Departmental Capital Pressures	-	6.962	8.172	9.889	9.889	9.889
10247	Foreign and Trade Policy Challenges - Increasing Departmental Capability	-	9.250	13.500	17.750	22.000	22.000
10246	Foreign and Trade Policy Challenges - Meeting Departmental Pressures	-	6.357	9.861	15.259	21.545	21.545
10248	New Zealand Embassy in Stockholm, Sweden - Establishment	-	-	-	-	-	-
10210	Asia New Zealand Foundation - Equipping New Zealanders to Thrive in the Asian Century	-	1.000	1.000	1.500	1.500	1.500
Total Operating		-	37.347	48.240	67.756	101.651	54.934

Capital Initiatives (Impact on Debt)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
10212	APEC21 Programme - Operations and Hosting	-	-	-	-	-
10249	Foreign and Trade Policy Challenges - Departmental Capital Pressures	-	12.500	12.500	10.500	-
10247	Foreign and Trade Policy Challenges - Increasing Departmental Capability	-	-	-	-	-
10246	Foreign and Trade Policy Challenges - Meeting Departmental Pressures	-	-	-	-	-
10248	New Zealand Embassy in Stockholm, Sweden - Establishment	-	-	4.781	-	-
10210	Asia New Zealand Foundation - Equipping New Zealanders to Thrive in the Asian Century	-	-	-	-	-
Total Capital		-	12.500	17.281	10.500	-

- 2 **agreed** to establish new appropriations where required to implement these initiatives, as described in the attached initiative documents;
- 3 **approved** changes to appropriations and the capital injections to the administering department to implement the initiatives, as set out in the attached initiative documents;
- 4 **approved** the additional recommendations to give effect to the initiatives, as set out in the attached initiative documents;
- 5 **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 2017/18 Supplementary Estimates, the 2018/19 Estimates and the fiscal forecasts;
- 6 **authorised** the chief executives of departments that monitor Crown entities directly affected by decisions in this minute to inform the chair and/or chief executive of a Crown entity, on a budget-in-confidence-until-budget-day basis, of decisions that directly affect that Crown entity for the purpose of planning and preparation of their Statement of Intent;
- 7 **noted** that all communications relating to the 2018 Budget are co-ordinated by a Budget communications committee, and that any requests for early announcement will need to have both the written approval of the Minister of Finance and sign-off from the Prime Minister's office;
- 8 [33]

[33], [38]

Michael Webster
Secretary of the Cabinet

Hard-copy distribution:

Prime Minister
Minister of Foreign Affairs
Minister of Finance
Minister of Trade and Export Growth

Initiative No: 10212

Vote: Foreign Affairs and Trade

Title: APEC21 Programme - Operations and Hosting

Description: This funding will enable the planning and delivery of the operations and hosting elements of the year-long Asia-Pacific Economic Cooperation (APEC) 2021 mega-event.

New appropriation approval

Vote	Appropriation Minister	Name	Period	Type	Scope
Foreign Affairs and Trade	Minister of Foreign Affairs	Hosting APEC 2021	Multi-Year Appropriation Start: 1/07/2018 Finish: 30/06/2022 Amount (\$m): 99.560	Departmental Output Expenses	This appropriation is limited to enabling the planning and delivery of the year-long Asia-Pacific Economic Cooperation 2021.

Appropriation changes

	\$m - increase/(decrease)					
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23 & Outyears
Operating Balance Impact	-	13.778	15.707	23.358	46.717	-
Debt Impact	-	-	-	-	-	-
No Impact	-	-	-	-	-	-
Total	-	13.778	15.707	23.358	46.717	-

	\$m - increase/(decrease)					
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23 & Outyears
Departmental Output Expenses:						
Hosting APEC 2021 (MYA) (funded by revenue Crown)	-	13.778	15.707	23.358	46.717	-
Total Operating	-	13.778	15.707	23.358	46.717	-

Additional recommendations

- 13 **agreed** the Multi Year Appropriation: "Hosting APEC 2021" is increased by \$99.560 million;
- 14 **noted** that amounts shown in the appropriations changes table for the Multi Year Appropriation: "Hosting APEC 2021" is the change to the indicative annual spending profile;

Initiative No: 10212

- 15 **noted** that the scope of this funding contributes to the operations and hosting costs and excludes security, and leverage and legacy costs, which will be submitted in Budget 2019 and Budget 2020 respectively, and will include a reassessment of overall project risk;
- 16 **noted** that a Specific Fiscal Risk will appear in the Budget Fiscal and Economic Update covering the unfunded security, leverage and legacy costs, as well as remaining unfunded operating and hosting costs;
- 17 **directed** APEC 2021 Programme Officials to provide the Minister of Foreign Affairs and Minister of Finance with progress updates twice a year;
- 18 **directed** APEC 2021 Programme Officials to report to joint Ministers if any significant issues arise with fiscal implications for the operations and hosting elements of APEC 2021;
- 19 [33], [38]

Initiative No: 10249

Vote: Foreign Affairs and Trade

Title: Foreign and Trade Policy Challenges - Departmental Capital Pressures

Description: This funding will allow the Ministry of Foreign Affairs and Trade to fund the capital investment required to comply with updated health and safety legislation, and to keep the Ministry's people, information, and physical assets safe.

Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	-	6.962	8.172	9.889	9.889
Debt Impact	-	12.500	12.500	10.500	-
No Impact	-	-	-	-	-
Total	-	19.462	20.672	20.389	9.889

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Departmental Output Expenses:					
Consular Services (funded by revenue Crown)	-	0.443	0.520	0.629	0.629
Policy Advice and Representation - International Institutions (funded by revenue Crown)	-	0.941	1.104	1.336	1.336
Policy Advice and Representation - Other Countries (funded by revenue Crown)	-	5.578	6.548	7.924	7.924
Capital Injections:					
Ministry of Foreign Affairs and Trade - Capital Injections	-	12.500	12.500	10.500	-
Total Operating	-	6.962	8.172	9.889	9.889
Total Capital	-	12.500	12.500	10.500	-

Initiative No: 10247

Vote: Foreign Affairs and Trade

Title: Foreign and Trade Policy Challenges - Increasing Departmental Capability

Description: This funding will allow the Ministry of Foreign Affairs and Trade to increase the resources dedicated to high risk and high value relationships, and make it easier to ensure the most appropriate staff are in the right locations.

Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	-	9.250	13.500	17.750	22.000
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	9.250	13.500	17.750	22.000

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Departmental Output Expenses:					
Consular Services (funded by revenue Crown)	-	0.588	0.859	1.129	1.399
Policy Advice and Representation - International Institutions (funded by revenue Crown)	-	1.250	1.824	2.399	2.973
Policy Advice and Representation - Other Countries (funded by revenue Crown)	-	7.412	10.817	14.222	17.628
Total Operating	-	9.250	13.500	17.750	22.000

20 **directed** the Ministry of Foreign Affairs and Trade to report back to the Minister of Foreign Affairs and the Minister of Finance by December 2018, outlining the planned use of the funding and how this will contribute to the Ministry's strategic objectives;

Initiative No: 10246

Vote: Foreign Affairs and Trade

Title: Foreign and Trade Policy Challenges - Meeting Departmental Pressures

Description: This funding will allow the Ministry of Foreign Affairs and Trade to meet pressures faced across its global network of posts and in New Zealand. This will allow the Ministry to continue providing its outputs and services.

Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	-	6.357	9.861	15.259	21.545
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	6.357	9.861	15.259	21.545

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Departmental Output Expenses:					
Consular Services (funded by revenue Crown)	-	0.404	0.627	0.971	1.370
Policy Advice and Representation - International Institutions (funded by revenue Crown)	-	0.859	1.333	2.062	2.911
Policy Advice and Representation - Other Countries (funded by revenue Crown)	-	5.094	7.901	12.226	17.264
Total Operating	-	6.357	9.861	15.259	21.545

Initiative No: 10248

Vote: Foreign Affairs and Trade

Title: New Zealand Embassy in Stockholm, Sweden - Establishment

Description: This funding will allow the establishment of an embassy in Stockholm, Sweden. This will enable the strengthening of the bilateral relationship with an increasingly valued and like-minded country in a region of growing economic importance.

Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	-	4.781	-	-
No Impact	-	-	-	-	-
Total	-	-	4.781	-	-

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Capital Injection:					
Ministry of Foreign Affairs and Trade - Capital Injection	-	-	4.781	-	-
Total Capital	-	-	4.781	-	-

21 **noted** that the operating costs of establishing and operating New Zealand's embassy in Stockholm, Sweden will be met from the additional funding provided for "Foreign and Trade Policy Challenges – Increasing Departmental Capability" (Initiative 10247).

Initiative No: 10210

Vote: Foreign Affairs and Trade

Title: Asia New Zealand Foundation - Equipping New Zealanders to Thrive in the Asian Century

Description: This funding will enable the Asia New Zealand Foundation to provide additional expert commentary and research on Asia; improve youth awareness of the opportunities provided by Asia; increase the quantity of engagement and events with priority countries; and increase the scale of business, entrepreneurship and residency programmes.

Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	-	1.000	1.000	1.500	1.500
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	1.000	1.000	1.500	1.500

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Non-Departmental Output Expenses:					
Promotion of Asian Skills and Relationships	-	1.000	1.000	1.500	1.500
Total Operating	-	1.000	1.000	1.500	1.500