



Departmental Forecast Report

**Ministry of
Foreign Affairs
and Trade**

for the year ending 30 June 2002

*Presented to the House of
Representatives pursuant to Section 34A
of the Public Finance Act 1989*

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RESPONSIBLE MINISTER

The Minister of Foreign Affairs and Trade is the Responsible Minister for the Ministry of Foreign Affairs and Trade

STATEMENT OF RESPONSIBILITY

The forecast financial statements of the Ministry of Foreign Affairs and Trade presented in this report for the year ended 30 June 2002 have been prepared in accordance with section 34A(5) of the Public Finance Act 1989.

The Chief Executive of the Ministry of Foreign Affairs and Trade acknowledges, in signing this statement, that he is responsible for the forecast financial statements contained in this report.

The financial performance forecast to be achieved by the Ministry for the year ending 30 June 2002 that is specified in the statement of objectives is as agreed with the Minister of Foreign Affairs and Trade who is the Minister responsible for the financial performance of the Ministry of Foreign Affairs and Trade.

The performance for each class of outputs forecast to be achieved by the Ministry for the year ending 30 June 2002 specified in the statement of objectives is as agreed with the Minister of Foreign Affairs and Trade, who is responsible for the Vote administered by the Ministry.

We certify that the information contained in this report is consistent with the appropriations contained in the Estimates for the year ending 30 June 2002 that are being laid before the House of Representatives under section 9 of the Public Finance Act 1989.

Signed:



Chief Executive
23 April 2001

Countersigned:



Director of Finance
23 April 2001

PART A : INTRODUCTION AND FINANCIAL HIGHLIGHTS

INTRODUCTION

In 2001/2002 the Ministry expects:

- to earn \$176.446 million in revenue from the Crown and \$12.687 million from other purchasers of services it will supply under the seven departmental output classes detailed in the Statement of Objectives in this report. It expects to incur expenses of \$189.133 million in providing these services.

In addition, the Ministry administers the following non-departmental appropriations:

- seven output classes totalling \$82.660 million for the purchase of services in Antarctic research and support from the New Zealand Antarctic Institute; facilitation of foreign investment and business location, promotion of exporting, international business consultancy and policy support from the Trade Development Board; promotion of Asian skills and relationships from the Asia 2000 Foundation; and purchase of a short wave service to the South Pacific from Radio New Zealand; and
- four appropriations totalling \$254.736 million for New Zealand Official Development Assistance payments; subscriptions to international organisations; payments in accordance with the Diplomatic Privileges and Immunities Act 1968; and payments made on behalf of other governments and international organisations.
- one appropriation of \$4.462 for a one-off capital contribution to Trade New Zealand for an e-commerce for Exporters strategy.

The Ministry expects to collect \$0.500 million of Crown revenue in 2001/2002 from recoveries of payments made on behalf of other governments and international organisations and interest and principal repayments on a loan provided to the Government of Samoa as part of New Zealand's Official Development Assistance Programme.

FINANCIAL HIGHLIGHTS

GST EXCLUSIVE	2000/2001		2001/2002
	BUDGET	ESTIMATED	BUDGET
	\$000	ACTUAL \$000	\$000
REVENUE: CROWN	161,599	165,878	176,446
REVENUE: DEPARTMENT	9,925	9,441	10,128
REVENUE: OTHER	2,559	2,559	2,559
INTEREST	430	837	430
OUTPUT EXPENSES	174,083	177,878	189,133
OTHER EXPENSES	–	1,142	–
NET SURPLUS/(DEFICIT)	430	(305)	430
TAXPAYERS' FUNDS	133,970	125,010	107,510
NET CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES	6,064	7,026	8,320

- Revenue: Crown is expected to increase by \$10.568 million in 2001/2002. This increase in Revenue Crown is predominantly compensation for adverse foreign exchange/CPI movements on offshore operations. Other increases in Revenue Crown are for increases in Crown owned property rentals and for the full year operating costs of the Ministry's Embassy in Brasilia. There has been a decrease in Revenue Crown due to a reduction in the capital charge rate, and the subsequent capital charge expense.
- Revenue: Department and Revenue: Other are expected to increase by \$0.687 million in total in 2001/2002. This increase reflects foreign exchange/CPI movements on offshore operations.
- Output expenses are expected to increase by \$11.255 million in 2001/2002 reflected in the changes as detailed above.
- Other expenses represents a one-off appropriation of \$1.142 million to reflect the write-off of the book value of artworks gifted to public galleries and museums. No cash funding is involved.
- The increase in cash flows during 2001/02 of \$1.294 million reflects property sales planned to release capital for higher priority investments.

PART B : FORECAST FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2002

	2000/2001		2001/2002
	BUDGET	ESTIMATED	BUDGET
	\$000	ACTUAL \$000	\$000
REVENUE			
CROWN	161,599	165,878	176,446
DEPARTMENTS	9,925	9,441	10,128
OTHER	2,559	2,559	2,559
INTEREST	430	837	430
TOTAL REVENUE	174,513	178,715	189,563
OUTPUT EXPENSES			
PERSONNEL	69,684	73,086	79,098
OPERATING	49,418	49,921	49,882
RENTAL AND LEASING COSTS	28,903	29,767	36,706
AUDIT FEES	252	233	253
DEPRECIATION	12,041	11,888	11,888
CAPITAL CHARGE	13,785	12,983	11,306
TOTAL OUTPUT EXPENSES	174,083	177,878	189,133
OTHER EXPENSES¹	-	1,142	-
NET SURPLUS/(DEFICIT)	430	(305)	430

¹ Expenses associated with the write-off of artworks gifted to public galleries and museums.

**STATEMENT OF ESTIMATED
FINANCIAL POSITION AS AT
30 JUNE 2001, AND FORECAST
FINANCIAL POSITION
AS AT 30 JUNE 2002**

	ACTUAL POSITION AS AT 30 JUNE 2000 \$000	ESTIMATED POSITION AS AT 30 JUNE 2001 \$000	FORECAST POSITION AS AT 30 JUNE 2002 \$000
ASSETS			
<i>CURRENT ASSETS</i>			
CASH AND BANK BALANCES	6,253	2,000	2,000
SHORT-TERM DEPOSITS WITH THE CROWN	16,300	17,146	7,129
PREPAYMENTS	2,427	2,427	2,427
RECEIVABLES AND ADVANCES	819	819	819
<i>TOTAL CURRENT ASSETS</i>	25,799	22,392	12,375
<i>NON-CURRENT ASSETS</i>			
RECEIVABLES AND ADVANCES	2,375	2,375	2,375
PHYSICAL ASSETS ²	128,990	120,720	112,830
<i>TOTAL NON-CURRENT ASSETS</i>	131,365	123,095	115,205
TOTAL ASSETS	157,164	145,487	127,580
LIABILITIES			
<i>CURRENT LIABILITIES</i>			
PAYABLES AND PROVISIONS	5,852	4,543	4,543
PROVISION FOR PAYMENT OF SURPLUS	2,603	837	430
PROVISION FOR EMPLOYEE ENTITLEMENTS ³	7,181	7,181	7,181
<i>TOTAL CURRENT LIABILITIES</i>	15,636	12,561	12,154
<i>TERM LIABILITIES</i>			
OTHER TERM LIABILITIES ³	7,546	7,916	7,916
<i>TOTAL TERM LIABILITIES</i>	7,546	7,916	7,916
TOTAL LIABILITIES	23,182	20,477	20,070
TAXPAYERS' FUNDS			
GENERAL FUNDS	133,691	124,719	107,219
REVALUATION RESERVE	291	291	291
TOTAL TAXPAYERS' FUNDS	133,982	125,010	107,510
TOTAL LIABILITIES AND TAXPAYERS' FUNDS	157,164	145,487	127,580

² Further details of Physical Assets are contained on page 12 of this document.

³ These include annual, long service and retirement leave provisions.

**STATEMENT OF CASH FLOWS FOR
THE YEAR ENDING 30 JUNE 2002**

	2000/2001		2001/2002
	BUDGET	ESTIMATED ACTUAL	BUDGET
	\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES			
CASH PROVIDED FROM:			
SUPPLY OF OUTPUTS TO: CROWN	161,599	165,878	176,446
DEPARTMENTS	9,925	9,441	10,128
OTHER	2,559	2,559	2,559
INTEREST	430	837	430
CASH DISBURSED TO:			
COST OF PRODUCING OUTPUTS:			
OUTPUT EXPENSES	147,887	153,946	165,939
CAPITAL CHARGE	13,785	12,983	11,306
NET OPERATING CASH FLOWS	12,841	11,786	12,318
CASH FLOWS FROM INVESTING ACTIVITIES			
CASH PROVIDED FROM:			
SALE OF PHYSICAL ASSETS	19,783	9,679	29,956
CASH DISBURSED TO:			
PURCHASE OF PHYSICAL ASSETS	26,560	14,439	33,954
NET INVESTING CASH FLOWS	(6,777)	(4,760)	(3,998)
CASH FLOWS FROM FINANCING ACTIVITIES			
CASH DISBURSED TO:			
PAYMENT OF SURPLUS TO THE CROWN	530	2,603	837
CAPITAL REPAYMENTS	-	7,830	17,500
NET FINANCING CASH FLOWS	(530)	(10,433)	(18,337)
NET INCREASE/(DECREASE) IN CASH HELD	5,534	(3,407)	(10,017)
OPENING TOTAL CASH BALANCES AT 1 JULY	9,174	22,553	19,146
CLOSING TOTAL CASH BALANCES AT 30 JUNE PROJECTED	14,708	19,146	9,129

RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO NET SURPLUS / (DEFICIT) IN THE OPERATING STATEMENT FOR THE YEAR ENDING 30 JUNE 2002

	2000/2001		2001/2002
	BUDGET	ESTIMATED	BUDGET
	\$000	ACTUAL \$000	\$000
OPERATING SURPLUS/(DEFICIT)	430	(305)	430
<i>ADD/(DEDUCT) NON-CASH EXPENSES/ (REVENUES) FROM OPERATING STATEMENT</i>			
DEPRECIATION AND AMORTISATION	12,041	11,888	11,888
OTHER NON CASH ITEMS	-	1,142	-
<i>ADD/(DEDUCT) NON CASH WORKING CAPITAL REDUCTIONS/(INCREASES) FROM BALANCE SHEET</i>			
INCREASE/(DECREASE) IN PROVISION FOR EMPLOYEE ENTITLEMENTS	370	370	-
INCREASE/(DECREASE) IN PAYABLES AND PROVISIONS	-	(1,309)	-
<i>OTHER OPERATING ACTIVITY CASH FLOWS</i>	370	(939)	-
NET OPERATING CASH FLOWS	12,841	11,786	12,318

**STATEMENT OF MOVEMENTS IN
TAXPAYERS' FUNDS (EQUITY)
AS AT 30 JUNE 2002**

	ESTIMATED POSITION AS AT 30 JUNE 2001 \$000	FORECAST POSITION AS AT 30 JUNE 2002 \$000
TAXPAYERS' FUNDS AT START OF PERIOD	133,982	125,010
<i>MOVEMENTS DURING THE YEAR (OTHER THAN FLOWS TO AND FROM THE CROWN)</i>		
ADD/(DEDUCT) NET SURPLUS/(DEFICIT)	(305)	430
<i>TOTAL RECOGNISED REVENUES AND EXPENSES FOR THE PERIOD</i>	(305)	430
<i>ADJUSTMENT FOR FLOWS TO AND FROM THE CROWN</i>		
PROVISION FOR PAYMENT OF SURPLUS TO THE CROWN	(837)	(430)
CAPITAL REPAYMENTS	(7,830)	(17,500)
<i>TOTAL ADJUSTMENTS FOR FLOWS TO AND FROM THE CROWN</i>	(8,667)	(17,930)
TAXPAYERS' FUNDS AT THE END OF THE PERIOD	125,010	107,510

**FORECAST DETAILS OF FIXED ASSETS
BY CATEGORY AS AT 30 JUNE 2002**

	30 JUNE 2001	30 JUNE 2002 FORECAST POSITION		
	ESTIMATED ACTUAL POSITION	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE
	\$000	\$000	\$000	\$000
LAND	48,704	33,640	-	33,640
BUILDINGS	36,980	34,100	4,150	29,950
PLANT AND EQUIPMENT	18,571	88,674	55,553	33,121
FURNITURE AND FITTINGS	12,119	25,590	14,100	11,490
MOTOR VEHICLES	2,779	6,462	3,475	2,987
WORK IN PROGRESS	1,567	1,642	-	1,642
TOTAL	120,720	190,108	77,278	112,830

**STATEMENT OF OBJECTIVES
SPECIFYING THE FINANCIAL
PERFORMANCE FORECAST FOR THE
MINISTRY FOR THE YEAR ENDING
30 JUNE 2002**

	2000/2001		2001/2002
	BUDGET	ESTIMATED	BUDGET
	\$000	ACTUAL \$000	\$000
OPERATING RESULTS (in \$000s)			
REVENUE: DEPARTMENTAL AND OTHER	12,484	12,000	12,687
REVENUE: INTEREST	430	837	430
OUTPUT EXPENSES	174,083	177,878	189,133
DEPARTMENT OTHER EXPENSES	–	1,142	–
NET SURPLUS/(DEFICIT)	430	(305)	430
WORKING CAPITAL			
NET CURRENT ASSETS (in \$000s)	7,449	9,831	221
CURRENT RATIO	1:1.6	1:1.8	1:1.1
AVERAGE DEBTORS OUTSTANDING (in days)	27	26	27
AVERAGE CREDITORS OUTSTANDING (in days)	20	20	20
RESOURCE UTILISATION (in \$000s)			
PHYSICAL ASSETS:			
TOTAL PHYSICAL ASSETS AT YEAR END	131,839	120,720	112,830
VALUE PER EMPLOYEE	135	126	117
PURCHASES AS A % OF TOTAL PHYSICAL ASSETS	20.0	12.0	30.1
TAXPAYERS' FUNDS:			
LEVEL AT YEAR-END	133,970	125,010	107,510
LEVEL PER EMPLOYEE	138	130	112
FORECAST NET CASH FLOWS (in \$000s)			
SURPLUS/(DEFICIT) OPERATING ACTIVITIES	12,841	11,786	12,318
SURPLUS/(DEFICIT) INVESTING ACTIVITIES	(6,777)	(4,760)	(3,998)
SURPLUS/(DEFICIT) FINANCING ACTIVITIES	(530)	(10,433)	(18,337)
NET INCREASE/(DECREASE) IN CASH HELD	5,534	(3,407)	(10,017)
HUMAN RESOURCES			
STAFF TURNOVER ⁴ (as a percentage)	11.4	10.0	10.0
AVERAGE LENGTH OF SERVICE ⁴ (in years)	12	12	12
TOTAL STAFF	970	961	961

⁴ Excludes locally employed staff.

**STATEMENT OF OBJECTIVES
SPECIFYING THE PERFORMANCE
FORECAST FOR EACH CLASS OF
OUTPUTS FOR THE YEAR ENDING
30 JUNE 2002**

The Ministry of Foreign Affairs and Trade has committed to providing output classes in 2001/02 which meet the requirements of its Vote Minister in terms of their nature, timeliness, quality and quantity specifications, and cost.

**SUMMARY OF DEPARTMENTAL
OUTPUT CLASSES**

Departmental output classes to be delivered by the Ministry of Foreign Affairs and Trade, and their associated revenue, expenses and surplus or deficit are summarised below:

**OUTPUT OPERATING STATEMENTS:
2001 / 02**

DEPARTMENTAL OUTPUT CLASS	DESCRIPTION	REVENUE: CROWN \$000	REVENUE: DEPTS \$000	REVENUE: OTHER \$000	TOTAL EXPENSES \$000	SURPLUS/ (DEFICIT)
VOTE: FOREIGN AFFAIRS AND TRADE						
D1: POLICY ADVICE AND REPRESENTATION: OTHER COUNTRIES	MANAGEMENT OF NZ'S FOREIGN AND TRADE RELATIONS WITH OTHER COUNTRIES, BILATERALLY AND IN REGIONAL ORGANISATIONS	127,141	-	420	127,561	-
D2: POLICY ADVICE AND REPRESENTATION: INTERNATIONAL INSTITUTIONS	MANAGEMENT OF NZ'S MEMBERSHIP OF, AND FOREIGN AND TRADE INTERESTS IN, INTERNATIONAL INSTITUTIONS	27,461	-	-	27,461	-
D3: MANAGEMENT OF NZ'S OFFICIAL DEVELOPMENT ASSISTANCE	MANAGEMENT OF THE RESOURCES ALLOCATED TO NZ OFFICIAL DEVELOP- MENT ASSISTANCE	16,454	-	-	16,454	-

**OUTPUT OPERATING STATEMENTS:
2001/02 (Continued)**

<i>DEPARTMENTAL OUTPUT CLASS</i>	<i>DESCRIPTION</i>	<i>REVENUE: CROWN \$000</i>	<i>REVENUE: DEPTS \$000</i>	<i>REVENUE: OTHER \$000</i>	<i>TOTAL EXPENSES \$000</i>	<i>SURPLUS/ (DEFICIT)</i>
D4: CONSULAR SERVICES	PROVISION OF CONSULAR SERVICES TO NEW ZEALANDERS ABROAD	4,233	-	245	4,478	-
D5: SERVICES FOR OTHER NZ AGENCIES OVERSEAS	PROVISION OF SERVICES TO OTHER NZ AGENCIES WITH OVERSEAS INTERESTS	-	10,128	1,894	12,022	-
D6: ADMINISTRATION OF DIPLOMATIC PRIVILEGES AND IMMUNITIES	ADMINISTRATION OF THE DIPLOMATIC PRIVILEGES AND IMMUNITIES ACT 1968 AND THE CONSULAR PRIVILEGES AND IMMUNITIES ACT 1971	647	-	-	647	-
D7: PROMOTIONAL ACTIVITIES: OTHER COUNTRIES	ACTIVITIES PROMOTING NZ'S INTERESTS IN OTHER COUNTRIES	510	-	-	510	-
TOTAL		176,446	10,128	2,559	189,133	-

GST STATUS OF DEPARTMENTAL OUTPUT CLASSES

DEPARTMENTAL OUTPUT CLASSES	GST EXCLUSIVE (DFR) \$000	GST \$000	GST INCLUSIVE VOTE \$000
D1: POLICY ADVICE AND REPRESENTATION: OTHER COUNTRIES	127,561	3,458	131,019
D2: POLICY ADVICE AND REPRESENTATION: INTERNATIONAL INSTITUTIONS	27,461	1,554	29,015
D3: MANAGEMENT OF NZ'S OFFICIAL DEVELOPMENT ASSISTANCE	16,454	1,372	17,826
D4: CONSULAR SERVICES	4,478	166	4,644
D5: SERVICES FOR OTHER NZ AGENCIES OVERSEAS	12,022	325	12,347
D6: ADMINISTRATION OF DIPLOMATIC PRIVILEGES AND IMMUNITIES	647	98	745
D7: PROMOTIONAL ACTIVITIES: OTHER COUNTRIES	510	68	578
TOTAL DEPARTMENTAL OUTPUT CLASSES	189,133	7,041	196,174

Explanatory notes: The forecast financial statements in this report present expenses and revenue exclusive of GST, in accordance with generally accepted accounting practice. When appropriated by Parliament, these expenses are inclusive of GST, in accordance with legislation. Thus:

- the GST exclusive amounts for each departmental output class correspond to “total expenses” for 2001/02 appearing in the Output Operating Statements on page 15 of this report, and also to “total output expenses” for 2001/02 in the Statement of Financial Performance on page 6 of this report;
- the GST inclusive amounts for each departmental output class correspond to the bolded annual and other appropriations for 2001/02 appearing in Part B1 of Vote Foreign Affairs and Trade in the Estimates of Appropriations.

KEY PRIORITIES

In 2001/02 the Ministry will direct effort to a number of Key Priorities. Success in achieving these Priorities will be demonstrated by progress on and completion of associated Action Steps within the Output Classes described below.

Key Priorities

KPI Active and constructive engagement on political, security, economic and development issues in the Asia-Pacific region, including Australia, through strengthened bilateral relations and participation in regional groupings.

This priority is achieved in Output Classes D1 and D3, and contributes towards the Government goal of *strengthening national identity and upholding the principles of the Treaty of Waitangi*.

KPII Carry forward external trade and economic initiatives which benefit the New Zealand economy (through bilateral partnerships, regional groupings, eg AFTA/CER, APEC and international bodies, eg WTO), while upholding particular New Zealand values such as the protection of labour and the environment.

This priority is achieved in Output Classes D1 and D2, and contributes towards the Government goal of *growing an inclusive, innovative economy for the benefit of all*.

KPIII Sustained constructive engagement on global issues, particularly through multilateral institutions to achieve an improved international order.

This priority is achieved in Output Classes D1 and D2, and contributes towards the Government's goals of *strengthening national identity and upholding the principles of the Treaty of Waitangi and protecting and enhancing the environment*.

In addition the Ministry will deliver on Key Priority IV:

KPIV Maintain and enhance departmental capability, and continue a programme of organisational improvement.

This priority contributes to the Government's goal of *restoring trust in government*, and will be achieved through:

- progressing work on the implementation of activities outlined in the Ministry's Business Plan
- progressing the project for new consolidated Wellington accommodation
- implementing IT Strategic Review recommendations in accordance with staged priorities

SERVICE PERFORMANCE OBJECTIVES — OUTPUT PERFORMANCE

Departmental Output Classes

Output Class D1: Policy Advice and Representation: Other Countries

Description

This output class is concerned with policy advice and representation activities directed towards the management of New Zealand's foreign affairs and trade relations with other countries, focused on individual country relationships and through regional organisations of significance to New Zealand.

Definition

Policy advice and representation involves:

- provision of informed and comprehensive advice and recommendations to the Government on external issues and events, based on thorough research and analysis
- close liaison with other government agencies and the maintenance of a strong network of relationships with relevant departments
- outreach and communication with key groups in New Zealand
- provision of advice to Ministers on proposals from other departments which affect New Zealand's foreign and trade policy interests
- maintenance of an appropriate pattern of representation abroad
- organisation of visits and meetings, and liaising and consulting with relevant interests
- maintenance of a strong network of relationships with key governments and international institutions
- advocacy and representation of the Government's positions and views, and

- negotiation of agreements, in the Ministry's capacity as the internationally accepted formal channel of communication with other governments.

2001/02 Key Priority Action Steps

- working in cooperation with external partners and in regional groupings to resolve conflict, promote good governance and advance development, particularly in East Timor, Solomon Islands, Fiji and Papua New Guinea
- monitoring developments in Indonesia, managing their effects on the bilateral relationship, and engaging in appropriate dialogue in bilateral and regional settings to encourage Indonesia towards peaceful resolution of its internal conflicts
- developing constructive linkages with new governments in the region (Thailand, The Philippines and elsewhere)
- undertaking effective dialogue with Australia on topical issues (eg, defence capability, CER matters) to strengthen the bilateral relationship, and advance the pursuit of common interests
- implementing outcomes of the Pacific Policy Review
- promoting further development in the constitutional and good governance areas with Niue and Tokelau
- progressing the Latin American strategy, including opening an embassy in Brazil
- working to progress trade linkages with key trading partners, including the US, on a bilateral or plurilateral basis
- negotiating to achieve a new bilateral economic partnership with Hong Kong
- undertaking consultation within New Zealand on labour and environment issues in the context of trade negotiations, to promote greater community awareness of trade policy issues, and to provide for policy advice to more fully reflect differing views in the community; incorporating labour and environment issues within negotiations of trade agreements

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- liaising closely with the EU and the US on evolving positions concerning labour and the environment, as well as the WTO
 - maintaining and enhancing relationship with the New Zealand Trade Development Board, so that direction of effort is coordinated and synergies are produced to the benefit of New Zealand business
 - continuing active support for the launch of AFTA/CER
 - working to build broad consensus among APEC member countries to give impetus to launch of WTO Round
 - using APEC meetings in China to develop relationships between New Zealand Ministers and other key players to advance New Zealand's bilateral and regional economic interests

Delivery Standards

Delivery of the outputs in D1 will be assessed against the following measures:

Quantity

- Management of relationships with countries and regional organisations, and of issues arising, will be undertaken as agreed with the Minister. Priorities for each issue and relationship will be translated into annual work programmes for each unit in the Ministry incorporating objectives, activities, performance measures and timelines where appropriate.
- Briefings and reports on external events and issues will be provided for Ministers, Members of Parliament, Select Committees and relevant organisations and groupings.
- Responses will be prepared for all Ministerial correspondence, Parliamentary Questions and *Official Information Act* Requests.

Quality

- The purpose of advice will be clearly stated; its assumptions made explicit; its arguments logical; all material facts will be included and accurate; a range of options will be presented and assessed for benefits, costs and consequences; consultation will be undertaken; implementation issues will be considered and professionally presented.

- Representation, negotiation and implementation will effectively convey and advance the Government's policies and views.
- Quality assurance measures will be implemented through managers directing the completion of work, maintaining approval processes, ensuring deadlines are met and controlling quality either directly or through delegation procedures. This will be supported by an individual performance management system, and Senior Management oversight of unit performance through internal operational planning and evaluation. Confirmation of Ministerial satisfaction will be obtained through ongoing, regular dialogue between Senior Management and Ministers.
- Responses to Ministerial Correspondence, Parliamentary Questions and *Official Information Act* requests will be well presented.

Timeliness

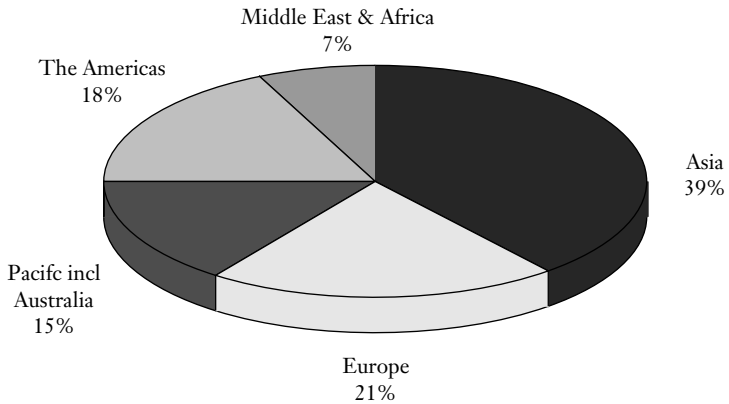
- Advice will be given, and action taken in a prompt and appropriate manner.
- Substantive responses to Ministerial correspondence will be prepared within 14 days, unless otherwise agreed.
- Responses to Parliamentary Questions and Cabinet papers will be prepared, in time for the Minister to consider and review the response prior to the due date.
- Responses to *Official Information Act* Requests will be referred to the Minister's office no later than five working days before the statutory deadline.

Cost

Outputs in this class will cost \$127.561 million (exclusive of GST). Within this sum the estimated cost of policy advice and representation on a regional basis is:

	2001/02 \$000	2000/01 \$000
SUB-CLASSES		
ASIA	49,739	47,274
EUROPE	27,319	25,071
THE AMERICAS	23,104	18,602
PACIFIC INCLUDING AUSTRALIA	18,881	18,020
MIDDLE EAST AND AFRICA	8,518	7,454
TOTAL	127,561	116,421

Policy Advice & Representation: Other Countries



Output Class D2: Policy Advice and Representation: International Institutions

Description

This output class is concerned with policy advice and representation activities directed towards the management of New Zealand's membership of, and foreign affairs and trade interests in, international institutions. This includes major areas of multilateral cooperation to which the Government has decided to give special attention, such as international trade in goods and services, disarmament and international environment issues.

The organisations include:

- the United Nations and its associated institutions
- the Commonwealth and its associated institutions
- the World Trade Organisation
- the OECD
- Antarctic organisations
- international environmental organisations⁵
- international disarmament organisations⁶

Definition

Policy advice and representation involves:

- provision of informed and comprehensive advice to the Government based on thorough research and analysis
- close liaison with other government agencies and the maintenance of a strong network of relationships with relevant departments
- outreach and communication with key groups in New Zealand
- provision of advice to Ministers on proposals from other departments

⁵ **Environmental Organisations** include: the Montreal Protocol, the Commission on Sustainable Development, the Global Environment Facility, the International Whaling Commission, the Convention on Biological Diversity, the Basel Convention, the Valdivia Group, the South Pacific Regional Environment Programme, the UN Framework Convention on Climate Change and the Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES).

⁶ **Disarmament Organisations** include: the Conference on Disarmament, the CTBT Preparatory Commission and its Provisional Technical Secretariat, the International Atomic Energy Agency, the Organisation for the Prohibition of Chemical Weapons, the Australia Group, the Missile Technology Control Regime, the Nuclear Suppliers Group and, the Wassenaar Arrangement. In addition New Zealand works within the meetings of states parties to the following treaties: Nuclear Non proliferation Treaty, the Biological Weapons Convention and its Ad Hoc Group and the Ottawa Convention on Landmines.

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- maintenance of an appropriate pattern of representation at international institutions
 - organisation of visits, meetings and liaison with relevant interests
 - advocacy and representation of the Government's positions and views, and the negotiation of agreements, in the Ministry's capacity as the internationally accepted formal channel of communication with the institutions themselves, and with other governments with interests in the same institutions
 - ensuring New Zealand's interests in international institutions are managed in accordance with their scope and functions and the rights and obligations of membership.

2001/02 Key Priority Action Steps

- pursuing resumed multilateral trade negotiations under the WTO
- incorporating outreach and consultative activities within policy development on global issues, such as the environment, disarmament and human rights, to promote greater community awareness and to provide for policy advice to more fully reflect differing views in the community on these issues
- maintaining and developing New Zealand interests in international climate change negotiations and preparation for the World Summit on Sustainable Development.
- promoting New Zealand interests in international environment and conservation negotiations, including on whales, ocean issues and Antarctica.
- sustaining New Zealand influence in multilateral nuclear disarmament efforts through the New Agenda and Southern Hemisphere initiatives.

Delivery Standards

Delivery of the outputs in D2 will be assessed against the following measures:

Quantity

- Management of New Zealand's interests in international institutions will be undertaken as agreed with Ministers. Priorities and requirements for relationships with each institution will be agreed and translated into work programmes for each unit in the Ministry incorporating objectives, activities, performance measures and timelines where appropriate.

- Briefings and reports will be provided on international events and for meetings involving Ministers.

Quality and Timeliness

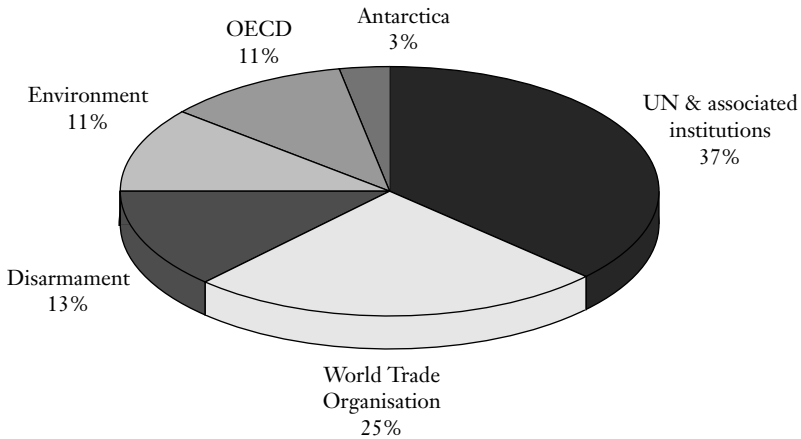
- As for Output Class D1.

Cost

Outputs in this class will cost \$27.461 million (exclusive of GST). Within this sum the estimated cost of managing relations with international institutions is:

	2001/02 \$000	2000/01 \$000
SUB-CLASSES		
UN, COMMONWEALTH AND ASSOCIATED INSTITUTIONS	10,187	9,461
WTO	6,920	6,829
DISARMAMENT	3,612	3,321
ENVIRONMENT	3,045	2,893
OECD	2,891	1,943
ANTARCTICA	806	674
TOTAL	27,461	25,121

Policy Advice: International Institutions



Output Class D3: Management of New Zealand's Official Development Assistance

Description

This output class involves activities directed to the management of New Zealand's Official Development Assistance, focused on the provision of bilateral and multilateral assistance programmes.

Definition

This output class involves:

- provision of advice on the policy framework for NZODA and on the allocation of resources to, and composition of, each development cooperation programme after consultation with partner governments or agencies
- delivery of development cooperation programmes within the parameters approved by the Minister, including appraisal of projects, appointment of contractors, management of disbursements, review of progress and evaluation upon completion
- projection of NZODA policy and performance through attendance at meetings of international development assistance institutions and publication of information.

The type of development cooperation delivered ranges from grants and education and training opportunities to the supply of materials and technical assistance. Further information on the assistance provided by NZODA is available from the annual publication *New Zealand Official Development Assistance: Programme Profiles*.

2001/02 Key Priority Action Step

- addressing the implications of the NZODA Independent Review

Delivery Standards

Delivery of the outputs in D3 will be assessed against the following measures:

Quantity

- Undertake 17 annual programme discussions with bilateral partner countries and regional organisations (2000/2001: 19).

- Manage 60 assistance programmes under the bilateral schedule and 38 assistance programmes under the multilateral schedule as defined in New Zealand Official Development Assistance: Programme Profiles (2000/2001: 60 bilateral schedule assistance programmes; 38 schedule assistance programmes).
- Manage over 50 contracts with service providers to manage NZODA inputs into projects and 18 contracts with educational institutions for the placement and support of students in New Zealand (2000/2001: over 50 contracts with service providers; 17 contracts with educational institutions).
- Regularly evaluate NZODA activities, including at least 6 country strategy, thematic and sectoral reviews (2000/2001: 3) and 16 project reviews (2000/2001: 23).
- Attendance at the High Level Meeting of the Development Assistance Committee of the OECD (DAC) and other specialist meetings of the DAC. Consultations with other donors, specifically Australia, the World Bank and the Asian Development Bank.

Quality and Timeliness

- Quality policy advice as for Output Class D1.
- All programme proposals for approval by the Minister will be prepared in accordance with NZODA policy guidelines.
- All approved programmes will be delivered in accordance with the approval given by the Minister and the Ministry's systems and procedures.
- Guidelines and standards required by the OECD Development Assistance Committee will be followed, and the Ministry's performance reviewed periodically by them..
- Publication of the NZODA Annual Review by June and of the NZODA Programme Profiles by July. Annual programme discussion reports are submitted to the Minister within three weeks of mission completion.

Cost

Outputs in this class will cost \$16.454 million (exclusive of GST). Within this sum the estimated cost of managing projects is:

	2001/02 \$000	2000/01 \$000
SUB-CLASSES		
BILATERAL COUNTRY AID	15,772	14,924
MULTILATERAL AID	682	658
TOTAL	16,454	15,582

Output Class D4: Consular Services

Description

This output class concerns the provision of consular services for New Zealanders abroad.

Definition

Consular services provided in this output class cover:

- assistance in cases of distress — advice, advances in emergencies, lost property, detained/imprisonment, medical cases and repatriation;
- assistance in cases of death; and
- notarial services — affidavits, affirmations, statutory declarations, authentication of documents and provision of documents to facilitate travel.

Delivery Standards

Delivery of the outputs in D4 will be assessed against the following measures:

Quantity

- assistance cases — estimated 3,000, actual number will be demand driven, and the size of each case and effort required will vary depending on circumstances, (2000/01 projected 2,800).
- notarisation services — estimated 5,500, actual number will be demand driven (2000/01 projected 5,500).

Quality and Timeliness

- Services are delivered in an efficient, effective and timely manner, within the limits permitted by international and domestic law; and within quality assurance procedures as outlined in Output Class D1.

Cost

Outputs in this class will cost \$4.478 million (exclusive of GST).

Output Class D5

Services for Other New Zealand Agencies Overseas

Description

This output class involves the provision of a range of services to other New Zealand agencies with overseas interests.

Definition

Services are delivered for:

- Identity Services (IS): Department of Internal Affairs;
- New Zealand Immigration Service: Department of Labour;
- Chief Electoral Office: Department of Justice.

Administrative services are also provided to five other departments working overseas in the Ministry's diplomatic and consular posts, and to the New Zealand Trade Development Board.

Administrative services may include accommodation management, receipting and banking facilities and diplomatic facilitation.

Delivery Standards

Delivery of the outputs in D5 will be assessed against the following measures:

Quantity, Quality and Timeliness

- Service activity and performance standards will be determined with each agency on a full cost recovery basis. Those with representatives overseas and IS come under the aegis of agreements for the delivery of international administrative services. Miscellaneous services, with performance standards, will be agreed as required.
- Services will be delivered within performance standards set out in agency agreements and as agreed at overseas posts with relevant agency managers.
- Heads of Mission at overseas posts will be expected to ensure that any quality assurance requirements and reporting deadlines are met, and that outputs are produced within agreed time allocations.

Cost

Outputs in this class will cost \$12.022 million (exclusive of GST).

Output Class D6

Administration of Diplomatic Privileges and Immunities

Description

This output class involves the administration of the Diplomatic Privileges and Immunities Act 1968 and the Consular Privileges and Immunities Act 1971.

Definition

Services in this output class include:

- administration of privileges and immunities for members of diplomatic and consular corps, including immigration entry requirements, importation and duty free entitlements and issue of appropriate documentation
- arrangements for the accreditation and reception of Heads of Mission to New Zealand, including documents and appointments
- provision of advice to the Minister, diplomatic missions, government agencies and other parties regarding application of diplomatic and consular privileges and immunities in New Zealand
- provision of host government services to diplomatic and consular corps, including liaison over diplomatic security and issue of official lists and notices.

EXPECTED SERVICES PROVISION	2001/2002
FOREIGN MISSIONS IN WELLINGTON	36
CROSS-ACCREDITATIONS FROM OTHER CAPITALS	62
CONSULATES	17
HONORARY CONSULATES	73

- Approximately 24 new Heads of Mission accredited to New Zealand
- Approximately 235 new staff and dependents at foreign missions processed
- Approximately 50 programmes of calls for Heads of Mission processed

Delivery Standards

Delivery of the outputs in D6 will be assessed against the following measures:

Quantity, Quality and Timeliness

- Processing of arrival/departure documentation will be completed within four days.
- Head of Mission appointments will be processed within a timeframe of two weeks.
- Programmes of calls, as requested by Heads of Mission, will be processed within one week.
- Advice will be provided, on an ongoing basis, on cases or disputes involving issues of privileges or immunities. Such advice will be accurate within the parameters of international and domestic law and will contribute to resolution of the issues. Quality assurance measures will be implemented as for Output Class D1.
- The Diplomatic List will be issued twice a year, in April and October.

Cost

Outputs in this class will cost \$0.647 million (exclusive of GST).

Output Class D7

Promotional Activities: Other Countries

Description

This output class concerns services promoting New Zealand to other countries as an attractive market for trade and investment.

Definition

This output class involves:

- working with Investment New Zealand to produce generic and specific investment promotional material, for dissemination, in hard copy, through overseas posts, and electronically via the Investment New Zealand investment website
- the translation of promotional material into a number of foreign languages
- supporting Investment New Zealand global marketing activities, particularly in North America
- promotional activities at relevant overseas posts as part of post's mainstream activities, including through trade and investment seminars and public speaking engagements to be held for inward and outward economic/investment missions, visiting Ministers and officials, and to announce changes in investment/economic policy.

This output class also reflects the costs of the Ministry-owned transmitter utilised by Radio New Zealand International (RNZI), which promotes New Zealand to the countries in the South Pacific.

Delivery Standards

Delivery of the outputs in D7 will be assessed against the following measures:

Quantity

- MFAT posts will support Investment New Zealand in achieving its KPIs in relation to identifying 30 potential investors and succeeding in having 10 of these visit New Zealand under the Visiting Investor Programme (VIP) to further assess attractiveness for investment.

-
- In addition to supporting Investment New Zealand's specific investment activities the Ministry's posts will arrange/be involved with an estimated 10 seminars/events held to promote New Zealand investment opportunities, either generic or specific.

Quality and Timeliness

- Promotional material jointly produced by Investment New Zealand and the Ministry will be regularly updated to ensure its currency.
- Feedback from Investment New Zealand during regular ongoing dialogue with them will rate highly the work put into identifying potential investors and encouraging them to visit New Zealand under the VIP.
- Positive involvement of corporates/other agencies in Foreign Direct Investment promotional activities overseas and in New Zealand, as demonstrated by the range and seniority of attendees attracted to such activities.

Cost

Outputs in this class will cost \$0.510 million (exclusive of GST).

STATEMENT OF SIGNIFICANT UNDERLYING ASSUMPTIONS

These forecast financial statements of the Ministry of Foreign Affairs and Trade have been prepared on the basis of Government policies and the Ministry of Foreign Affairs and Trade's purchase agreement with the Minister of Foreign Affairs and Trade at the time the statements were finalised.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Standards

These forecast financial statements comply with generally accepted accounting practice and are in accordance with applicable Financial Reporting Standards approved by the Accounting Standards Review Board under the Financial Reporting Act 1993.

Measurement Base

The financial statements have been prepared on the basis of modified historical cost except for certain items with specific accounting policies outlined below.

Revenue

Revenue is recognised when earned and is reported in the financial period to which it relates.

Leases

Operating leases, where the lessors substantially retain the risks and rewards of ownership, are recognised in equal instalments over the lease term.

Taxation

Government Departments are exempt from the payment of income tax in terms of the Income Tax Act 1976. Accordingly, no charge for income tax has been provided for.

Goods and Services Tax (GST)

All Statements are exclusive of GST except where specified. The amount of GST owing to the Inland Revenue Department at balance date, being the difference between Output GST and Input GST, is included in Payables and Provisions in the Statement of Financial Position.

Depreciation Rates

Depreciation of fixed assets, other than freehold land and works of art, is provided on a straight line basis so as to allocate the cost of assets over their useful lives.

Receivables and Advances

Receivables and Advances are recorded at estimated realisable value, after providing for doubtful debts.

Prepayments

Payments that relate to future reporting periods have been treated as Prepayments and will be expensed in the financial period to which they relate.

Fixed Assets

The initial cost of a fixed asset is the value of the consideration given to acquire or create the asset and any directly attributable costs of bringing the asset to working condition for its intended use.

Land and Buildings are revalued every three years by an independent registered valuer. They are valued on a net realisable basis, ie. net of selling costs and capital gains tax. Properties with no market value are valued on a depreciated replacement cost basis.

Works of Art are revalued at intervals determined by the Ministry's Senior Management Group. They are valued on a market value basis by an independent valuer.

Provision for Employee Entitlements

Annual leave and time in lieu are recognised as they accrue to employees. Long service leave and retirement leave are recognised on a present value basis.

Cost Allocation

The Ministry has derived the costs of outputs shown in these statements using a cost allocation system which is expected to allocate 99% of annual costs with the balance charged direct to outputs.

Corporate costs are allocated to output producing cost centres based on:

- head count for indirect human resource costs and overheads, and
- resource usage analysis for all other costs.

Output allocation factors are used to allocate the costs of outputs producing divisions and posts to outputs.

Foreign Currency

Foreign currency transactions are converted into New Zealand dollars at the exchange rate at which the foreign currency was purchased. Foreign exchange gains or losses are not required to be forecast.

Financial Instruments

Revenue and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance. The Ministry enters into foreign currency forward contracts to hedge its foreign currency transactions. As the Ministry ensures that the term and value of the contracts match the term and value of the related commitments any exposure to gains and losses on these contracts is minimal.

Apart from foreign currency forward contracts all financial instruments are recognised in the Statement of Financial Position.

Commitments

Future payments are recognised as commitments at the point a contractual obligation arises to the extent that they are equally unperformed obligations.

Changes in Accounting Policies

There have been no other changes in accounting policies, including cost allocation accounting policies, since the date of the last audited financial statements.

PART C : OTHER INFORMATION

LEGAL RESPONSIBILITIES

The following Acts are administered by the Ministry of Foreign Affairs and Trade:

- Antarctica Act 1960
- Antarctica (Environmental Protection) Act 1994
- Antarctic Marine Living Resources Act 1981
- Anti-Personnel Mines Prohibition Act 1998
- Chemical Weapons Prohibition Act 1996
- Commonwealth Countries Act 1977
- Consular Privileges and Immunities Act 1971
- Continental Shelf Act 1964
- Cook Islands Act 1915
- Cook Islands Constitution Act 1964
- Diplomatic Privileges and Immunities Act 1968
- Foreign Affairs Act 1988
- Geneva Conventions Act 1958
- Kermadec Islands Act 1887
- New Zealand Antarctic Institute Act 1996
- New Zealand Export-Import Corporation Dissolution Act 1992
- New Zealand Government Property Corporation Act 1953
- New Zealand Nuclear Free Zone, Disarmament and Arms Control Act 1987
- New Zealand Trade Development Board Act 1988
- Niue Act 1966
- Niue Constitution Act 1974
- Nuclear-Test-Ban Act 1999
- Territorial Sea and Exclusive Economic Zone Act 1977
- Tokelau Act 1948
- Tokelau (Territorial Sea and Exclusive Economic Zone) Act 1977
- United Nations Act 1946
- United Nations Convention on the Law of the Sea Act 1996
- Western Samoa Act 1961

Regulations

Export controls on strategic goods are administered by the Ministry under the following regulations:

The Customs Export Prohibition Order 1996.

QUALITY ASSURANCE MECHANISMS

The Ministry uses a comprehensive set of strategic and management documents, systems and procedures to deliver service performance and quality assurance. These include:

- Business Plan
- Strategic Framework
- Unit Operational Plans — priorities, action steps, performance measures
- Performance Management System
- Ministry of Foreign Affairs and Trade Code of Conduct
- Framework for Responsiveness to Māori
- Guidelines for consultation with Māori
- Procedures for NZODA Management
- Consular Instructions
- Guidelines for Post Management of Agency Service Operations
- Overseas Property Manual
- Guidelines and Instructions in Financial Management
- Financial Management Information Systems User manuals
- Foreign Exchange Management Policy
- Fixed Assets and Depreciation Policy
- Tax Policy and Procedures
- Guidelines for Employing Consultants
- Manual of Purchasing Policies and Procedures
- Records Management Standards
- Travel Arrangers Guide
- Style Book
- Guidelines: Official Information Act
- Employee Diversity Strategy
- Workplace Harassment Policy
- Merlin II User Guide
- Guidelines for New Zealand Honorary Consuls
- Civil Defence Emergency Response Plan
- Guide to Delegations
- Guidelines for the Diplomatic and Consular Corps in New Zealand
- Training and Development Programme management document

The Ministry has in place planning and evaluation systems which ensure that outputs in all classes are delivered to agreed specifications. Evaluation of unit operational plans and individual performance management reviews are carried out six-monthly.