



STATEMENT OF INTENT 2010-2013



NEW ZEALAND MINISTRY OF
FOREIGN AFFAIRS & TRADE
MANATŪ AORERE

New Zealand Government

COVER ARTWORK:

Ellie Fa'amauri (born 1979)

Adorned 2009

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Collection of the Ministry of Foreign Affairs and Trade



STATEMENT OF INTENT 2010–2013

MINISTRY OF FOREIGN AFFAIRS AND TRADE

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Foreword: Minister of Foreign Affairs

The Government's overarching goal is to lift the long-term performance of the economy, to make New Zealand a prosperous country capable of providing well-paid jobs and a better standard of living to all, and to provide the world-class public services needed to give opportunity and security to New Zealanders and their families. The Ministry has a crucial role in helping realise that vision by putting it at the centre of its work.

Improved international connections are important for lifting New Zealand's productivity and economic growth. The challenge for the Ministry is to develop and maintain a set of relationships with other countries that provide New Zealand with continuing influence across a range of possible futures. Well-functioning international connections will support New Zealand's trade interests, our science and innovation sector, and our access to foreign capital, and to skills and ideas. This Statement of Intent for 2010 to 2013 sets out the top priorities for the Ministry of Foreign Affairs and Trade to help the Government achieve its overarching goal.

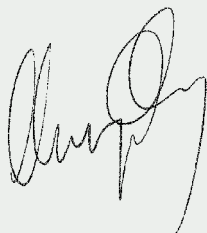
The global economic recession in 2008/09, and the uncertainties and unevenness around the current economic recovery, make it imperative that the Ministry sharpen its focus in helping New Zealand be in as good a shape as possible to take advantage of trade and other economic opportunities and to defend our interests. This means that our overseas network of posts will keep support for our export sector as a top priority.

To this end, in the year ahead, the Ministry will commence implementation of the review of NZ Inc's offshore network carried out in 2009 to ensure that the offshore platform is fit for purpose and focused on key markets and countries. Arrangements will also be put in place to ensure that strategic planning by all major New Zealand agencies working offshore – New Zealand Trade and Enterprise and Tourism New Zealand, in particular – is well coordinated to deliver the best return for New Zealand.

The Government's specific medium-term priority goals set out in the Statement of Intent include:

- > Strengthening our relations with key bilateral partners – Australia, the United States and Europe
- > Deepening our engagement in the Asia region and with Asian regional architecture
- > Strengthening our leadership role in the South Pacific and intensifying efforts to secure the long-term health and viability of South Pacific neighbours through using Official Development Assistance (ODA) to support sustainable economic development, effective management of resources such as fisheries, and support for renewable energy resources. Emphasising an increased commercial focus that helps generate income including through tourism, trade facilitation and private sector development
- > Pursuing a full agenda of free trade agreements and strengthening the promotion of exports of goods and services through a more determined NZ Inc approach
- > Advocating for New Zealand's interests in international climate change, resource and security and disarmament negotiations, and effective and more targeted engagement with multilateral institutions.

Delivery of these outcomes over the next three years will be underpinned by a comprehensive organisational review and change programme to ensure the Ministry is effective and efficient in its operations. This includes the completion of the integration of the former semi-autonomous body, NZAID, into the Ministry as the International Development Group.

A handwritten signature in black ink, appearing to read 'Murray McCully', written in a cursive style.

Hon Murray McCully

Minister of Foreign Affairs

Responsible Minister for the Ministry of Foreign Affairs and Trade

30 MARCH 2010

Ministerial Statement of Responsibility

I am satisfied that the information on future operating intentions provided by my department in this Statement of Intent is in accordance with sections 38, 40 and 41 of the Public Finance Act 1989 and is consistent with the policies and performance expectations of the Government.



Hon Murray McCully
Minister of Foreign Affairs
Responsible Minister for the Ministry of Foreign Affairs and Trade

30 MARCH 2010

Introduction from the Chief Executive

New Zealand's future success depends on its international connectedness. As a small open economy we must compete to secure trading relationships and a place at the table when key decisions affecting our future are made.

The work of the Ministry, whether in trade, multilateral diplomacy or development, has a clear objective – the economic growth and success of our country. That is why we are negotiating free trade agreements – while not giving up on the Doha Round. It is why we are engaged in international dialogue on issues of significance to our country whether in relation to security, climate change, or international governance; and it is why we are deeply involved in supporting the development of many countries, particularly in the Pacific, whose path to economic independence depends on skills, expertise and funding from New Zealand and a range of other countries and organisations.

In the year ahead, the Ministry will be embarking on a significant change process. This includes a number of strands of work:

- > The implementation of the review of NZ Inc's offshore network. This will ensure close alignment of our overseas representation with the shifting patterns of New Zealand's trade and other interests. It will lead to improved planning and coordination across New Zealand government agencies, the business community, and the New Zealand diaspora to ensure better strategic decision-making and coordination. This will deliver more effective results.
- > An organisational change programme within the Ministry to modernise its management systems, review its business models, and prioritise investment and outcomes over the next period. This programme comprises six work streams – collectively called Ministry 20/20. This work will be informed by the outcome of the Performance Improvement Framework assessment which is, at the time of writing, nearing completion.
- > Further progress on the move to integrate our development effort (conducted under the NZAID brand) with our diplomatic effort. Progress is well advanced but there is more to do to ensure that both effectiveness and efficiency gains are captured.

These changes, once embedded, will build on the current strength of the Ministry and help equip and position it to better deliver results for New Zealand over the 2010–2013 period addressed in this Statement of Intent.

This is an exciting time to be working in the Ministry. There are real challenges and opportunities for New Zealand in the changing international environment. The country is fortunate to have, in the people of the Ministry, experienced professionals who have created strong foundations for sustained economic growth.



John Allen
Secretary of Foreign Affairs and Trade

Chief Executive Statement of Responsibility

In signing this statement, I acknowledge that I am responsible for the information contained in the Statement of Intent for the Ministry of Foreign Affairs and Trade. This information has been prepared in accordance with the Public Finance Act 1989. It is also consistent with the proposed appropriations set out in the Appropriations (2010/11 Estimates) Bill, as presented to the House of Representatives in accordance with section 13 of the Public Finance Act 1989, and with existing appropriations and financial authorities.



John Allen
Secretary of Foreign Affairs and Trade




Paul Laplanche
Acting Director of Finance

Nature and Scope of Functions

Our purpose

The purpose of the Ministry of Foreign Affairs and Trade (“the Ministry” or “MFAT”) is to provide objective advice on international relations, advance and protect New Zealand’s security and trade interests abroad, manage New Zealand’s overseas Official Development Assistance (ODA) programme, and provide consular support for New Zealanders overseas. It is also the channel for the Government’s official communications to and from other governments and international organisations. This is expressed in the Ministry’s overarching mission:

 **New Zealand’s security and prosperity interests are advanced and protected, our voice is heard abroad.**

The scope of our work

The Ministry works for Ministers in three portfolio areas: Foreign Affairs, Trade, and Disarmament and Arms Control. As part of the Foreign Affairs portfolio, the Ministry is responsible for the delivery of New Zealand’s ODA.

The Minister of Foreign Affairs is the Responsible Minister who oversees the Government’s ownership interest in the Ministry.

The Ministry administers two votes on behalf of the Minister: Vote Foreign Affairs and Trade, and Vote Official Development Assistance. The Foreign Affairs and Trade Vote also provides funding to one Crown Entity and two Crown charitable trusts (see pages 41-42). In conjunction with the Ministry of Economic Development (MED), the Ministry has a joint role in monitoring the performance of New Zealand Trade and Enterprise (NZTE).

Our role

The Ministry leads the Government’s interaction with other countries. It is the Government’s lead adviser on foreign and trade policy, international law and development assistance. It provides consular assistance to New Zealanders in distress overseas, and administers privileges and immunities for the diplomatic community in New Zealand.

The key activities the Ministry undertakes in order to fulfil its role are:

REPRESENTATION AND ADVOCACY

Presenting New Zealand’s case to other governments and advocating for New Zealand’s interests. In a crowded and complex international environment, this means engaging not just with governments, but also with non-governmental organisations (NGOs), businesses, and the wider public.

NEGOTIATION WITH OTHER GOVERNMENTS

The Ministry leads the majority of the government’s negotiations with other governments, in both bilateral (country-to-country) and multilateral (many countries at once) contexts.

DESIGN AND IMPLEMENTATION OF EVENTS AND ACTIVITIES

The Ministry undertakes a number of activities specially designed to further New Zealand's foreign policy objectives. These include participation in election monitoring and peace support missions, hosting international meetings, and supporting high-level visits.

MANAGEMENT OF OFFICIAL DEVELOPMENT ASSISTANCE

The Ministry is responsible for the management of New Zealand's \$484,967,000 ODA budget, including policy advice on, design, and management of development assistance programmes and activities.

CONSULAR SERVICES

The Ministry is responsible for providing assistance to New Zealanders in distress overseas, including support for New Zealanders in the aftermath of major emergencies.

ANALYSIS AND ADVICE

The Ministry is the Government's lead policy adviser on foreign and trade policy, international law and development assistance.

The Ministry is also responsible for coordinating the activities of New Zealand agencies offshore as part of NZ Inc.

The Ministry seeks to achieve its outcomes as part of the international community. This means working with other governments, international organisations and non-governmental organisations to achieve our goals. The Ministry's critical resource is its diplomatic staff, operating through its global network of 53 overseas posts.

Strategic Direction

The Government's goal is to “lift the long-term performance of the economy, to make New Zealand a prosperous country capable of providing well-paid jobs and a better standard of living to all, and to provide the world-class public services needed to give opportunity and security to New Zealanders and their families”¹.

Raising productivity has been identified as one of the major economic challenges to achievement of this goal and raising New Zealanders' living standards over the medium term. Improved international connections are important for lifting productivity and long-term economic growth. In addition to the obvious link to trade, international connections also support New Zealand's science and innovation sector, its access to foreign capital, and its access to skills and ideas.

Our ability to turn international connections into economic growth relies on the existence of a stable and secure international environment. New Zealand has recognised the importance of contributing to global security efforts, and of contributing to the development of the world's poorer nations as a contribution to our own security and prosperity. We have long seen ourselves as having a particular responsibility to and interest in our near neighbourhood of the Pacific. In recent years our understanding of threats to New Zealand's prosperity has broadened to include environmental threats such as climate change, and the unsustainable use of shared resources, such as high seas fisheries.

Ultimately, however, our ability to achieve our foreign and trade policy goals rests on the quality of our relationships with other countries, and our ability to influence them to act in a way that supports New Zealand's interests. In a constantly shifting global environment, the challenge for the Ministry is to develop a set of relationships that provides New Zealand with continuing influence across a range of possible futures.

The Ministry is also responsible for assisting New Zealanders in distress overseas, ensuring their rights are respected by other countries, and providing travellers with information and advice to keep themselves safe.

The Ministry's work is divided into five broad outcome areas:

BILATERAL RELATIONSHIPS

Outcome 1: New Zealand's security and economic interests safeguarded through its political and security relationships

ECONOMIC GROWTH

Outcome 2: Economic growth and international competitiveness advanced through New Zealand's international connections

INTERNATIONAL SOLUTIONS

Outcome 3: Trans-boundary solutions and effective international rules promoted

¹ Prime Minister Hon John Key, Statement to Parliament, 9 February 2010.

SUSTAINABLE DEVELOPMENT

Outcome 4: Sustainable development in developing countries, in order to reduce poverty and to contribute to a more secure, equitable and prosperous world

CONSULAR

Outcome 5: The rights of New Zealanders abroad protected.

In the Prime Minister's statement to Parliament on 9 February 2010, the Government identified five priority areas directly relevant to the Foreign Affairs and Trade portfolio:

Government priorities²

- > Work towards free trade agreements (FTAs) with the United States (through the Trans-Pacific Partnership), India and Korea.
- > Strive for conclusion of the World Trade Organisation (WTO) Doha Round.
- > Push the Single Economic Market with Australia.
- > Drive domestic and international research into agricultural greenhouse gas emissions.
- > Work with Pacific nations to grow their economies.

Ministers have also identified the following additional priority areas:

- > Strengthen New Zealand's key bilateral relationships to support our security and economic aspirations.
- > Strengthen the promotion of New Zealand goods and services, and opportunities in trade and investment, through more determined and efficient NZ Inc approaches.
- > Work within the multilateral system to achieve New Zealand goals particularly in the areas of security and climate change.
- > Progress the nuclear disarmament and non-proliferation agenda through the Review Conference for the Treaty on the Non-Proliferation of Nuclear Weapons.
- > Contribute to negotiations on an arms trade treaty.
- > Enhance the operational effectiveness of ODA within the approved levels of aid expenditure.

These priorities are reflected in the Ministry's intermediate outcomes, set out in the operating intentions on pages 18 to 28. Government priorities are highlighted in that section by the arrow motif and bold text.

Working with other agencies to achieve our outcomes

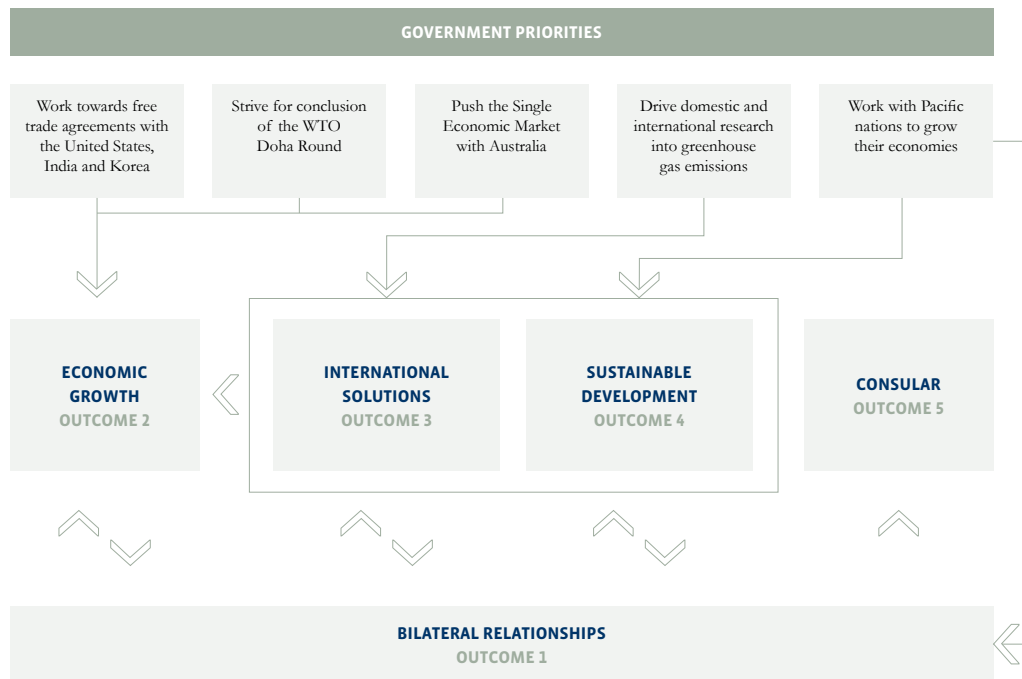
In a globalised world, New Zealand's foreign policy needs to reflect the domestic environment, and domestic policy needs to recognise the international context.

² As set out in "The Economy: Our 2010 Priorities" at www.beehive.govt.nz/sites/all/files/2010_theeconomy_min.pdf

Working with other agencies is therefore a critical part of the Ministry’s business, with most government departments having contact with the Ministry in some shape or form. In particular the Ministry works closely with agencies that have an offshore presence as part of NZ Inc, specifically NZTE, the New Zealand Defence Force, Tourism New Zealand, Immigration New Zealand, Customs, Police, the Ministry of Education, the Ministry of Research, Science and Technology, the Ministry of Agriculture and Forestry, Department of Internal Affairs, Treasury, New Zealand Food Safety Authority and the Ministry of Economic Development.



HOW THE MINISTRY’S OUTCOMES RELATE TO EACH OTHER AND TO GOVERNMENT PRIORITIES



HOW THE MINISTRY’S OUTCOMES INTERLINK

Outcome 2 represents the Ministry’s direct contribution to the central goal of the Government to grow the New Zealand economy. Outcomes 3 and 4 contribute indirectly to economic growth through the creation of a stable, secure and prosperous international environment, with a particular focus on the Pacific region. Outcome 5 represents the role the Ministry plays in assisting New Zealanders when they travel overseas. Our ability to achieve Outcomes 2 to 5 rests on the quality of our relationships with other countries, which is the focus of Outcome 1.

Our Operating Environment: International Trends

The Ministry pursues and delivers outcomes in a complex and uncertain international environment. More than anytime in recent history, the changing international environment presents significant risks, opportunities and challenges for New Zealand. The main longer-term trends with the potential to affect New Zealand are outlined below.

Economic and trade

Recovery from the global economic crisis is underway in major economies, but improvements are slow and uneven. The medium-term outlook is uncertain. The aggregate world economy has shrunk, and world trade is likely to have declined by around 12% in 2009. New Zealand's key traditional markets have a lower growth outlook, though prospects in Asia are better, with some developing economies returning closer to trend growth. Asian growth recovery will be constrained by slower growth in other developed economies, which have not yet achieved self-sustaining recoveries in private sector spending and employment.

Developing countries are facing reduced foreign direct investment and remittance flows, with the more globalised countries hardest hit. Responses to the global economic crisis could trend towards a greater state role in some market economies. The G20 (countries representing 85% of the world economy) emerged from the crisis as a potentially significant forum for international economic cooperation.

In the WTO, the outcome of the Doha Round remains uncertain, and signs of rising protectionism and subsidisation are evident. If the Doha Round fails or is seriously delayed, the WTO rules-based system could be weakened or threatened.

Bilateral and regional FTAs are proliferating, and are increasingly driving trade liberalisation. Some, but not all, agreements are of good quality. There is an increasingly complex overlap between trade and sustainable development agendas, with rising public and commercial interest in food safety and sustainable products and services. As governments struggle to agree on collective responses, pressure to address global environmental issues through unilateral measures could mean more trade tensions, including WTO dispute settlement cases.

Globalisation, demographic change and the search for higher productivity dividends to spur growth is driving competition for skills, entrepreneurs, business and capital. There is further transformation and growth of global supply chains across borders. Competition for natural resources (including energy, water and food) is intensifying, including for fisheries in New Zealand's region.

Climate change – its effects and efforts to mitigate its impact and to finance adaptation – is an increasing preoccupation internationally. Catastrophic consequences from more extreme weather events are likely, and pandemics (HIV/AIDS and H1N1 influenza) are continuing.

In the Pacific the global economic crisis has exacerbated structural weaknesses such as unsustainable budget deficits, a narrow economic base, shallow financial sector and population pressures (in some states declining, in others rising).

Fragile Pacific countries struggle with weak state institutions, poor governance and economic performance, and with ongoing vulnerabilities to climate change and economic marginalisation. These factors constrain Pacific countries' ability to respond to current lower economic growth, a weaker macroeconomic position, falling government revenues and increased poverty. They underline the need for stronger development coordination and effectiveness, including with non-traditional partners (eg China).

Political power shifts

The increasing political weight of emerging developing countries such as China, India, Brazil, Russia and South Africa is gradually reshaping existing global power dynamics including in the United Nations (UN), WTO and International Monetary Fund, and continues the trend towards a multi-polar world.

The United States is currently suffering from a large fiscal deficit, high unemployment and sluggish demand, brought about in part by an increase in savings rates as households seek to rebuild wealth that has been lost. Australia has proved reasonably resilient, with growth underpinned by resource exports, and is one of the better performing developed economies. Economic growth in the European Union is slower and uneven with some states at risk of diving into deep recession.

The rebalancing of global influence currently underway is elevating the importance of Asia more rapidly than expected. In 2009, China became the world's number one exporter, and is widely expected to overtake Japan as the world's second largest economy in 2010. Though there are some risks to domestic stability, it is a global economic power whose influence is still growing and causing others to adjust. Japan has a low growth economic performance, ageing population and shrinking workforce, but is still the world's second largest economy. On present trends India is likely to achieve China's economic scale in about 15 years, and in about 10 years, Brazil's economy is likely to match Japan's.

Security

The international community faces ongoing risks from state and non-state threats, especially terrorism. The dangers of nuclear proliferation remain, but there is a renewed international interest in the nuclear non-proliferation and disarmament agenda. The effects of Middle East tensions continue to be unpredictable, especially those deriving from the Arab-Israeli conflict. Afghanistan remains challenging, as does the situation in Pakistan. Instability is also evident in parts of New Zealand's Pacific neighbourhood, through to Timor-Leste. People smuggling, piracy and illegal immigration are likely to rise in scale in the Asia-Pacific region.

At the UN, the Security Council has a mixed record in handling crises particularly in Africa and the Middle East, adding to a sense that the UN struggles to deal effectively with complex situations. An absence of meaningful structural and associated reforms hampers the UN from achieving its potential as the pre-eminent global institution.

International development

Development challenges, especially the global poverty gap and sustainable development, remain high on the international agenda, given the global economic crisis and climate change. At the same time, despite significant levels of aid, the Pacific remains off track to achieve Millennium Development Goals³ by 2015, with aid fragmentation calling for more effective solutions by Pacific island countries and donor partners. Many developed countries are prioritising their commitments to financing for development. As these commitments are linked to the gross national income (GNI), the dollar value has reduced as economies contract. Strong drivers to improve the effectiveness of aid in line with the Paris declaration and Accra Agenda for Action remain. These include transparent aid flows, strengthening and using partner systems, coordination of efforts by donors and alignment of donor efforts with partners' own development priorities. Alongside these initiatives there is increasing emphasis on simplification and reform of the global aid architecture.

³ The Millennium Development Goals are: eradicate extreme poverty and hunger; achieve universal primary education; promote gender equality and empower women; reduce child mortality; improve maternal health; combat malaria, HIV and TB; ensure environmental sustainability; and develop a global partnership for development. Each of these goals has precise quantitative targets, available from UN websites and elsewhere.

Operating Intentions

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BILATERAL RELATIONSHIPS



Outcome 1: New Zealand's security and economic interests safeguarded through its political and security relationships

What are we seeking to achieve?

New Zealand's bilateral relationships with other countries play a central role in achieving New Zealand's broader foreign and trade policy interests. In order to achieve the government's priorities over the long term, we need to sustain and build New Zealand's international influence through a network of strong relationships. These relationships also support the work of other agencies, by facilitating access to decision-makers who can assist them in achieving their objectives, particularly where these have an offshore component.

In the Pacific, our priority is to improve the security and prosperity of our near neighbours.

In support of this outcome we will be seeking to achieve the following intermediate outcomes:

- > a relationship where New Zealand fully engages Australia, improving our ability to advance New Zealand interests
- > improved economic growth, security, governance and sustainable development in Pacific island countries
- > New Zealand positioned to capitalise on economic growth and development in Asia
- > consolidation of improvements in the bilateral relationship with the United States as a new level of "business as usual"
- > a more influential relationship with the European Union.

How will we demonstrate success in achieving this?

Over the long term our effectiveness against this outcome will be demonstrated by our ability to continue to contribute to the achievement of outcomes two to five. In the medium term there are two key markers of the strength of our relationships with other governments, namely:

- > our ability to engage other countries at the highest levels (eg Foreign Minister, Head of Government)
- > other governments take our position into account in their decision-making.

Assessing our performance against these two measures, however, is challenging. Judgements will be necessarily qualitative in nature. We are designing a system that will allow us to make robust judgements against these two measures, with a rigorous methodology so the often anecdotal evidence can be considered in a consistent framework allowing comparisons across years.

How will we achieve this?

AUSTRALIA

We will seek to capitalise on the positive relationship between the two countries' Prime Ministers. We will look for opportunities to work together with Australia on key regional and international issues, in particular in the Asia-Pacific region. We will seek to broaden support for New Zealand's interests in Australia by more closely engaging key decision-makers and constituencies at state levels, and through the Australia-New Zealand Leadership Forum.

PACIFIC

We will work through bilateral and regional mechanisms on trade, fisheries, transport, infrastructure, energy and tourism to help Pacific countries to grow their economies. We will support Pacific island governments to promote good governance and security, including through supporting elections in the Solomon Islands and Tonga, and seeking a return to democratic governance in Fiji. We will explore options for further refreshing New Zealand's relationships with Niue, Tokelau and the Cook Islands as part of the Realm of New Zealand.

UNITED STATES

We will identify issues where New Zealand can add value to foreign policy priorities we share with the United States, in particular countering terrorism and proliferation of weapons of mass destruction, and in regional governance and security. We will seek to broaden engagement with sectors of the US Government, in particular the US Department of Agriculture, Department of Homeland Security, Office of the US Trade Representative, as well as Congress, State governments and security agencies.

ASIA

We will continue to pursue and seek to consolidate New Zealand's inclusion in regional political, economic and security groupings and in discussion of possible new options. We will maintain high-level contact with China and will actively encourage China to engage in the Pacific as a responsible stakeholder. We will seek reciprocal high-level visits and other opportunities to raise New Zealand's profile in Japan. We will increase the intensity and scope of our engagement with India. We will continue to strengthen relationships with Indonesia and Viet Nam and strengthen ties with ASEAN.

EUROPEAN UNION

We will build on the momentum of the 2007 Joint Declaration on Cooperation and Relations in order to develop a more formal New Zealand-EU relationship "instrument" that also includes our trade and economic interests. We will engage with the European Commission and EU member states to defend temporary access rights for New Zealanders to the EU, particularly the UK and Schengen countries.

ECONOMIC GROWTH



Outcome 2: Economic growth and international competitiveness advanced through New Zealand's international connections

What are we seeking to achieve?

A strategic priority for the Government is to promote New Zealand's economic growth. International connections are a critical underpinning of the Government's economic growth agenda. Economic growth relies on New Zealand firms exporting, and developing their ability to grow their business, customer base and profits offshore. The ability of New Zealand firms to achieve this will depend on the international regulatory environment in which they work, and on identifying policy tools to mitigate New Zealand's distance from major global markets.

In support of this outcome we will be seeking to achieve the following intermediate outcomes:

- > greater competitiveness and opportunities for New Zealand exporters through the negotiation of FTAs, and improved existing trade and economic frameworks
- > maximum benefits for New Zealand from a successful WTO Doha Round
- > minimal impact on exports of trade access problems
- > improved economic growth and productivity in New Zealand through increased international connectedness
- > international responses to the global economic crisis that accommodate New Zealand's interests.

How will we demonstrate success in achieving this?

The Ministry has identified a set of high-level measures to assess our progress against this outcome in the period to 2013. These are:

- > an increase in New Zealand GDP per capita due to increased trade
- > an increase in inward foreign direct investment and outward investment by New Zealand businesses
- > increased international connectedness.⁴

The Ministry is not solely responsible for achieving these outcomes. But in our performance reporting we will be able to demonstrate that the Ministry has made a contribution to improvements in these indicators, with specific reference to the intermediate outcomes set out under the section "What are we seeking to achieve?".

⁴ The Ministry will be looking to develop or identify an index or composite measure for New Zealand's international connectedness. Important potential components include people flows (tourists, business people, students), levels of exports and imports, levels of inwards and outwards foreign direct investment, and research collaboration.

How will we achieve this?

BILATERAL AND REGIONAL TRADE AGREEMENTS

We will pursue the further development of the Single Economic Market with Australia. We will advance trade liberalisation with the United States and other partners through the Trans-Pacific Partnership. We will advance FTA negotiations with Korea and India, and PACER Plus negotiations with the Pacific island countries. We will pursue agreement on an inter-governmental joint study into a Japan-New Zealand Economic Partnership Agreement. We will also pursue other achievable agreements that can add value for New Zealand exporters.

WORLD TRADE ORGANISATION

We will strive for conclusion of the WTO Doha round, and pursue elimination of agricultural export subsidies, improved market access conditions for exports of goods and services, and improved rules in trade facilitation, domestic regulation of services, fish subsidies and environmental goods and services.

TRADE ACCESS

We will resolve trade access issues wherever they arise and as soon as possible. We will make use of WTO dispute settlement mechanisms to protect our trade interests.

INTERNATIONAL CONNECTEDNESS

We will 'open doors' for New Zealand businesses offshore. In particular, we will encourage businesses to take advantage of FTAs that have recently been completed. We will continue a whole-of-government programme to help New Zealand businesses to capitalise on the FTA with China. We will work with other agencies to identify approaches to maximise the returns to New Zealand from trade and from outward investment. We will work with other agencies in New Zealand and offshore (bilaterally and in international organisations, eg the OECD) to improve flows of capital, ideas, people, knowledge/research, and science and technology to New Zealand. We will take advantage of the Rugby World Cup to promote New Zealand. We will implement the outcomes of the offshore review to strengthen NZ Inc approaches.

GLOBAL ECONOMIC CRISIS

We will work with key bilateral partner countries and use ad hoc initiatives to influence responses to the global economic crisis, especially those of the G20.



INTERNATIONAL SOLUTIONS

Outcome 3: Trans-boundary solutions and effective international rules promoted

What are we seeking to achieve?

New Zealand's ongoing prosperity depends on the prosperity and security of the markets we trade with. It also depends on the willingness of other countries to respect international rules, many of which are set by the UN and related organisations. Where common resources are concerned, internationally agreed rules are often required to avoid over-exploitation. As a small country, New Zealand has an interest in a rule-setting system that is effective and gives us a voice.

In support of this outcome we will be seeking to achieve the following intermediate outcomes:

- > more effective responses to international and regional security challenges, including proliferation, terrorism and radicalisation
- > an international environmental and natural resource agenda that advances New Zealand interests and supports New Zealand economic competitiveness
- > a more effective and accountable UN.

How will we demonstrate success in achieving this?

The Ministry has identified a set of high-level measures to assess our progress against this outcome in the period to 2013. These are:

- > a reduction in the number of whales caught in the Southern Ocean
- > a reduction in illegal fishing in the Southern Ocean⁵
- > the world on track to reduce greenhouse gas emissions by 50% by 2050
- > no new nuclear-armed states
- > development of international rules improves or maintains the efficient functioning of international food markets
- > inclusive international organisations continue to be important in global decision-making alongside smaller ad hoc groups of countries (eg the G20), and New Zealand has influence with both.

The Ministry is also seeking to identify a measure that will allow us to make judgements about New Zealand's security, and how that is affected by the Ministry's interventions.

⁵ Regular academic studies have been published estimating levels of illegal, unreported and unregulated fishing in various regions, using a range of methodologies. This literature will form the basis for this measurement.

The Ministry is not solely responsible for achieving these outcomes. Furthermore, progress against the third, fifth and sixth of the measures above will require us to make qualitative judgements. But in our performance reporting we will be able to demonstrate that the Ministry has made a contribution to improvements in these measures, with specific reference to the intermediate outcomes set out under the section “What are we seeking to achieve?”.

How will we achieve this?

INTERNATIONAL SECURITY

We will work for improved civil-military interaction in peace support operations. We will promote New Zealand’s broader security and humanitarian concerns by continued positive engagements in the Middle East and Afghanistan. We will counter radicalisation through inter-cultural and inter-faith dialogue involving Islamic nations and those with significant Islamic communities, especially in Southeast Asia. We will support international disarmament and non-proliferation efforts, including through engagement in the International Atomic Energy Agency, in the follow-up to the 2010 Nuclear Non-Proliferation Treaty Review Conference with key partner countries, chairing the Nuclear Suppliers’ Group, and engaging in Arms Trade Treaty negotiations. We will support international efforts to combat cross-border criminal activity, including people smuggling and trafficking, piracy, weapons smuggling and cyber attacks.

CLIMATE CHANGE AND NATURAL RESOURCES

We will promote effective international efforts and rules on climate change that accommodate New Zealand’s circumstances and interests, and are affordable.

We will sustain the momentum of the Global Research Alliance on agricultural greenhouse gas mitigation. We will advance New Zealand’s interests in international marine and oceans institutions, including promoting strong measures to arrest depletion of world fish stocks. We will support resolution of divisive issues in the International Whaling Commission, maintaining whale conservation.

UNITED NATIONS

We will capitalise on renewed US multilateral engagement to pursue our goals, including Security Council reform. We will secure support for New Zealand’s Security Council candidature. We will encourage balanced coordinated approaches by the UN system to new global challenges including food security, pandemics and the effectiveness of international financial and economic institutions. We will work to restore the credibility of the UN’s human rights institutional practices and continue to advocate for upholding human rights standards.



SUSTAINABLE DEVELOPMENT

Outcome 4: Sustainable development in developing countries, in order to reduce poverty and to contribute to a more secure, equitable and prosperous world

What are we seeking to achieve?

Development cooperation advances New Zealand's well-being by contributing to New Zealand's relationships with partner countries and the building of a secure, equitable and prosperous world. Contributing to effective development of others strengthens New Zealand's reputation as a trusted partner and as a good international citizen. It responds to New Zealanders' desire to "do their bit" to address genuine need and to do it well.

The central focus within this outcome is the pursuit of sustainable economic development. The core geographic focus is the Pacific region. The Pacific will receive an increasing proportion of New Zealand's development assistance over the period with the goal of lifting the region's economic performance.

In the Pacific, the central focus on sustainable economic development will involve three broad areas of action:

- > improving the enabling environment for business
- > fostering private sector development
- > strengthening trade, migration and other international opportunities.

Sustainable economic development is necessary to address poverty. It is underpinned by health, education, a healthy environment, accountable governments with competent service delivery, and a regulatory environment and infrastructure that facilitates private sector development.

The Government's development cooperation programme will involve managing ODA, policy engagement on international development issues and contributing a development perspective to whole-of-government initiatives.

How will we demonstrate success in achieving this?

The Ministry has identified a set of high-level measures to assess our progress against this outcome in the period to 2013. These are:

- > a significant improvement in balance of trade and ratings for “ease of doing business” in key partner countries in the Pacific⁶ by 2015, as rated by the annual survey conducted by the World Bank
- > progress towards a reduction in partner countries’⁷ dependence on aid over time as measured by total development assistance as a proportion of the recipient’s GNI. This will not necessarily be an immediate reduction for all countries, but that is the long-term objective in every case
- > an increase in key partner countries’ scores on the Human Development Index (a composite measure of GDP per capita, life expectancy and education outcomes) at an annualised rate of 1% per year from 2007
- > improved progress towards the 2015 Millennium Development Goals (MDGs)⁸ compared to 38% on track or achieved for New Zealand’s bilateral partners in the Pacific and Asia reported in the 2008/09 MFAT Annual Report
- > annual progress towards the medium-term outcomes identified in the programme strategies and strategic frameworks for New Zealand ODA, measured by the Ministry’s annual programme reporting cycle. These outcomes are specified in more detail than those reported above.

Sustainable, long-term improvements in some of the performance indicators outlined above will be achieved over decades rather than years. The Ministry will complement reporting on progress against the medium- to long-term indicators above, with separate annual reporting on the effectiveness and impact of ODA activities and programmes. This will give a picture of short-to-medium term outcomes that build towards the medium - to longer-term objectives. New Zealand makes a contribution to these development outcomes together with a range of other players therefore direct attribution is not possible.

⁶ Subject to data availability, these “key partners” include the following countries and territories: Cook Islands, Niue, Tokelau, Samoa, Tonga, Papua New Guinea, Solomon Islands, Vanuatu, Tuvalu, Kiribati and Fiji.

⁷ In addition to the Pacific countries and territories listed above, “key partners” for this and other indicators include Indonesia, Timor-Leste, Viet Nam, Philippines, Cambodia and Lao PDR.

⁸ The Millennium Development Goals are: eradicate extreme poverty and hunger; achieve universal primary education; promote gender equality and empower women; reduce child mortality; improve maternal health; combat malaria, HIV and TB; ensure environmental sustainability; and develop a global partnership for development. Each of these goals has precise quantitative targets, available from UN websites and elsewhere.

How will we achieve this?

Progress towards development outcomes depends on the policies, capability and capacity of developing countries. New Zealand must work with and through official and civil society channels in developing countries to be effective. We must work alongside other donor countries and development agencies.

In developing programmes and activities, cross-cutting issues such as gender, environment, human rights and youth will be pursued as a means to ensure good outcomes and to manage risks. In order to improve the effectiveness of our development assistance, we will look to support larger, longer-term and more comprehensive initiatives, with clearly identified development outcomes. We will aim to design well-coordinated programmes with other donors, which are closely aligned to partner country needs.

In 2010/11, we will manage ODA totalling \$525 million including administration expenses.

The key priorities for assistance are:

THE PACIFIC

We will increase our direct support to countries in the Pacific region over the coming four-year period. We will complement this with support to regional programmes and regional agencies where we are confident they provide effective solutions to the collective challenges facing Pacific countries. New Zealand's direct support to the Pacific will be focused on the following countries: Solomon Islands, Papua New Guinea, Vanuatu, Tokelau, Niue, the Cook Islands, Tonga, Samoa, Kiribati, Fiji and Tuvalu. We will emphasise infrastructure development (including transport and energy), tourism, private sector development, agriculture and fisheries.

OUTSIDE THE PACIFIC

We will maintain engagements in the countries of Southeast Asia – specifically Indonesia, Viet Nam, Timor-Leste, Lao PDR, the Philippines and Cambodia. We will continue to target niche regional engagements in Africa and Latin America.

MULTILATERAL ENGAGEMENT

We will contribute to the core funding, governance and delivery work of key international agencies like the UN and international banks where their work and their focus complements our international development priorities. We will engage to strengthen their performance and to promote reforms that improve agencies' efficiency and effectiveness.

HUMANITARIAN ASSISTANCE

We will continue to provide humanitarian support (including rehabilitation and reconstruction) following natural disasters and conflict worldwide, including in Afghanistan.

NEW ZEALAND NGOS

Recognising that NGOs have proven capability and competence in supporting international development and providing aid, we will continue to support them where they are demonstrated to be effective and efficient.



CONSULAR

Outcome 5: The rights of New Zealanders abroad protected**What are we seeking to achieve?**

The Ministry is responsible for assisting New Zealanders in distress overseas, including in the event of a natural disaster or other large-scale emergency. The Ministry also seeks to mitigate risks to New Zealanders by raising the awareness of New Zealanders travelling and living overseas of the importance of preparedness, and of the Ministry's consular role.

How will we demonstrate success in achieving this?

The primary test of whether the Ministry has protected the rights of New Zealanders abroad is whether the recipients of consular services are satisfied with the assistance provided – in short, whether they consider their rights have been protected. Detailed information on the Ministry's measures of the quality of the consular service it provides are set out in the Estimates 2010/11 under Vote Foreign Affairs and Trade – Performance Information for Appropriations.

We are in the process of developing systematic and cost-effective measures of our effectiveness in raising the awareness of New Zealanders travelling overseas.

How will we achieve this?

We will seek to continue the professional and efficient management of individual consular cases. Through the ongoing Safe Travel campaign, we will raise the awareness of New Zealanders travelling and living overseas of the importance of preparedness, and of the Ministry's consular role. We will undertake robust contingency planning for emergency responses, in particular around major events.

THE MINISTRY'S OUTCOME PERFORMANCE MEASURES

The Ministry has set itself an ambitious set of performance targets for the medium-term. The measures we have chosen are designed to challenge the organisation to think creatively about what it is trying to achieve for New Zealanders, and express this in real terms. They are also a means to answer the question “are we doing the right things?”.

Our outcome performance measures form the top layer of a larger system of performance measurement that the Ministry is developing in order to manage its business better. The Ministry's measures of the key services it provides – aimed at answering the question, “are we doing things well?” – can be found in the Information Supporting the Estimates.

Some of the outcome measures require qualitative judgements about the amount of progress being made. We will continue to work over time to identify means to ensure that these judgements are robust, and are seen to be robust.

A number of the outcome measures chosen are not able to be directly affected by the Ministry. We do, however, expect to make a significant contribution to improvements against each of the measures. Achieving many of the targets we have set ourselves will require us to demonstrate intellectual leadership, and to use that intellectual contribution to leverage the resources of others. This is the essence of diplomacy in an interconnected world.

The Ministry is still in the process of setting specific targets against the outcome measures where these are relevant.

We will be reporting on the contribution our interventions have made to improvements against these measures in our 2010/11 Annual Report.

Managing in a Changeable Operating Environment

The Ministry faces a range of external strategic, fiscal and operational risks that potentially affect its ability to achieve the outcomes outlined in this Statement of Intent.

At the start of each annual planning cycle the Ministry conducts a scan of the key trends and risks in the international environment. This scan draws on reporting by the Ministry's overseas posts, surveys, visits and research conducted as part of the ongoing provision of policy advice to Ministers, and the results of ongoing contacts, discussions and consultations with key stakeholders in New Zealand and abroad. The results of the most recent scan informing the Ministry's goal setting and wider operational planning are included in the section "Our Operating Environment: International Trends".

Recent domestic factors affecting the Ministry and its NZ Inc partner agencies include an increasingly tight fiscal environment, a cap on the number of employees and greater accountability for performance. For an organisation with global operations, with a wide mandate to identify, protect and advance New Zealand's interests in an increasingly fragmented international environment, achieving necessary outcomes within these parameters poses particular challenges.

In 2009, it was judged that addressing these challenges warranted a re-examination of some of the Ministry's governance, planning and management processes, including risk management.

As the re-integration of NZAID (now International Development Group) into the Ministry progresses, work is underway to upgrade the Ministry's ability to identify and address major risks, and facilitate appropriate whole-of-Ministry responses. Work includes a review of the Ministry's risk policy, testing the bedrock assumptions underpinning the Ministry's existing risk register, and reassessing the adequacy of the Ministry's current risk management framework and processes.

The Ministry's re-design of its risk management framework and processes, will be based on the new joint Australian New Zealand International Standard AS/NZS ISO 3100:2009. The Ministry's risk register will be refreshed and new risk management policies, structures and processes completed and implemented in the 2010/11 financial year. This work is a major initiative for the Ministry, and is tightly linked with related work streams including establishing better whole-of-Ministry performance measurement systems, and a comprehensive external review of the Ministry's internal audit and assurance function. Expected outcomes from those work streams are expected to reinforce the Ministry's risk management framework, and strengthen the Ministry's ability to systematically identify, assess and appropriately manage risks as they emerge.

As the Ministry's high-level risk register is being refined, indicative high-level risks only are represented below. More specific policy and other operational risks that sit underneath these are also being reassessed.

RISK	LEADING TO....	KEY MITIGATIONS
<p>Strategic leadership: that MFAT does not have a long-term view of the international and domestic issues New Zealand faces and does not have a strategy to address them</p>	<ul style="list-style-type: none"> > Achieving optimal longer-term foreign policy outcomes is less likely > NZ Inc cohesion is threatened > Policy advice lacks alignment to strategic challenges 	<ul style="list-style-type: none"> > New position Director Strategy leading improved strategic thinking and planning > Annual strategic consultation with Ministers > MFAT leading improved NZ Inc coordination processes > Apply quality measures for policy advice
<p>Finance: that MFAT expenditure exceeds budget allocations in the medium term</p>	<ul style="list-style-type: none"> > MFAT's current level of operations cannot be sustained 	<ul style="list-style-type: none"> > Reprioritise activities > Identify productivity and efficiency gains and other savings
<p>Capability: that MFAT might not have the people with the right skills to deliver on its mandate and achieve required outcomes</p>	<ul style="list-style-type: none"> > Mismatch between growing demands and capability to engage in and influence increasingly specialist, technical policy areas, eg ODA, trade, environment, climate change, disarmament > Cannot exert leverage in areas of comparative advantage 	<ul style="list-style-type: none"> > Revised Human Resources strategy based on clearer knowledge of capability gaps and needs > Implement Corporate Services Review
<p>Relationships: that MFAT is not optimally represented offshore</p>	<ul style="list-style-type: none"> > MFAT lacks sufficient depth in key relationships and is unable to exert sufficient influence with the right external partners to achieve outcomes 	<ul style="list-style-type: none"> > Implement review of NZ Inc's offshore network

Assessing Organisational Health and Capability

Capability

In order to deliver the foreign, trade, development and consular interventions and outputs to contribute to the outcomes sought by Government the Ministry needs:

- > pro-active diplomacy backed up by a focused and appropriately resourced foreign service that has expertise in international law, trade policy and trade disputes, international negotiations, security issues and foreign languages
- > development and consular experts, and dedicated systems, to design, manage and deliver effective services, programmes and projects
- > a network of overseas posts in key locations to advocate for New Zealand and build influence
- > modern, secure and flexible knowledge management and information and communications technology (ICT) systems and processes
- > effective whole-of-government coordination mechanisms that allow all New Zealand Government agencies offshore to work together in order to reduce duplication and exploit synergies
- > effective communication and stakeholder engagement at home and abroad
- > efficient management of human and capital resources.

In 2009 the Ministry embarked on a process in three main areas to review, refresh and enhance its capability:

- > an organisational change programme “Ministry 20/20”
- > the organisational arrangements review, which fully reintegrates NZAID as International Development Group into the Ministry of Foreign Affairs and Trade
- > the offshore review of the Ministry’s network of posts, and the working and strategic planning arrangements of NZ Inc on and offshore.

These three initiatives are set out in the Ministry’s Performance Improvement Action Plan.

Ministry 20/20

Ministry 20/20 is a comprehensive organisational change programme designed to help articulate and drive the changes needed for the Ministry to deliver on its development, foreign policy and trade outcomes in a cohesive and strategic way. Ministry 20/20 is about building on the Ministry’s existing strengths as well as looking for ways to improve its working methods.

Ministry 20/20 has six streams of work:

- > strategy
- > measures
- > people
- > culture and values
- > technology and knowledge management
- > structure.

The strategy stream of work is aimed at developing a long-term view of the issues facing the Ministry and a direction to address those issues. The Ministry is in the process of appointing a Director of Strategy to lead this work.

The measures project is working on the development of a suite of measures across the key areas of strategy, people, financial performance and progress on critical projects or tasks. It includes work on outcome and output measurement that will also be used for the Ministry's accountability documents, as well as developing an ability to measure the Ministry's cost-effectiveness. The aim is that the measures will highlight areas needing attention, and will drive organisational improvement.

The people stream of Ministry 20/20 has an overarching framework of five key strategic work streams, each with supporting projects:

- > Managing change – ensuring we plan and manage people change effectively, engaging and supporting people through change
- > Workforce planning – ensuring that we understand the nature of our workforce, have the right resourcing strategies, and have targeted approaches to meet the needs of locally engaged staff
- > Organisation development – proactively developing MFAT as an organisation.
- > Building capability – building people capability through learning and development
- > Human resources development – developing the capacity and capability of the HR function.

The culture and values work stream is designed to identify the values that will support the culture needed for the Ministry to undertake its work effectively in a rapidly changing international environment.

Information is a key tool of diplomacy. The Ministry's information and communications technology infrastructure embeds its diplomats in a global information environment, and links them back to Ministers, partner agencies and stakeholders in New Zealand. It plays a central enabling role in the Ministry's business. Changes in the way information is used and shared over the last decade due to the internet provide new risks and opportunities for how the Ministry gathers, manages, communicates and uses information.

The structure stream of work is aimed at ensuring that the Ministry is led and organised in a way that best suits the tasks it has to carry out.

Integration of NZAID into the Ministry of Foreign Affairs and Trade

In April 2009 Cabinet decided to formally reintegrate NZAID, the semi-autonomous agency responsible for managing New Zealand's ODA, into the Ministry of Foreign Affairs and Trade. As part of the implementation of that decision, the Ministry has been examining which, if any, of NZAID's functions should remain autonomous in the reintegrated structure. The review, completed in November 2009, reintegrated communications, human resources, information services and records management.

The NZAID internal audit function was integrated as part of a wider review of the Ministry's audit function, completed in April 2010. Financial management was integrated insofar as the accountability for financial management of ODA and its administration lies with the Chief Financial Officer of the Ministry.

Offshore review

A review of NZ Inc's offshore network was initiated in mid-2009 and completed in March 2010. It flowed out of the Government's economic growth strategy and was part of a pre-election commitment to ensure optimal fit between the Government's growth priorities and the agencies operating offshore which contribute to economic growth. The review was asked to focus on identifying NZ Inc's offshore objectives, on verifying that agencies' resources were in the right places and doing the right things to take advantage of the opportunities for growing New Zealand's returns from exports of goods and services both now and in the medium term, and on advising the priorities for strengthening the NZ Inc network onshore and offshore. Changes arising from the review will be implemented over the next 12–18 months.

Measuring our health and capability

Part of the Ministry's 20/20 project is developing a suite of measures of the Ministry's health and capability. A final suite of measures, however, will not be developed until the Ministry has developed its longer-term organisational strategy, as this process will provide critical guidance as to what should be measured, and what targets should be set. As key streams in the Ministry's 20/20 programme report, measures will be designed to track whether implementation is having the desired effect.

In order to assess its health and capability on an operational basis the Ministry tracks a limited number of measures of its finances, its people and its information technology. These are supplemented by more detailed reporting in each of those domains.

High-level measures for financial information are encompassed in the budget information contained in the Ministry's Estimates of Appropriation. Similarly, measures of the Ministry's information technology are being considered as part of the measures of capital adequacy, and are addressed in the section "Capital intentions" below.

The remaining measures for the organisation fall within the people domain. Key measures are:

- > time to fill vacancies
- > annual leave balances
- > sick leave
- > turnover.

We are currently tracking trends in these data sets, in order to identify any emerging negative trends, and with the aim of setting targets at some point in the future.

For sick leave and turnover, the Ministry has rates significantly lower than the general public sector average. Because the Ministry fills the majority of its positions through a rotational pool of staff, the time to fill vacancies measure is not directly comparable to similar measures used by other organisations. The Ministry currently has a historic problem with annual leave balances. Our ability to manage these down will be a key indicator of the Ministry's developing organisational health.

The Ministry is also putting in place a systematic programme to survey its stakeholders. It is likely that this programme will make use of the State Services Commission's Common Measurement Tool, so that our results can be benchmarked against other agencies. These surveys will also seek qualitative feedback on the Ministry's interaction with stakeholders.

Equal employment opportunities

The Ministry places strong emphasis on fostering a diverse workplace and inclusive culture. In representing New Zealand it is important for the Ministry to have a strong internal culture that respects and reflects the diversity of New Zealand and its society.

The Ministry is committed to the principle and practice of equality. The Ministry bases appointments on merit, while recognising the employment aspirations of Māori, Pacific Island, ethnic and minority groups, women, and people with disabilities. The Ministry will ensure fairness in employment for all persons and groups of persons.

The Ministry recognises the special place of the Treaty of Waitangi in New Zealand as the founding document and is therefore committed to working with Māori to achieve better outcomes, for both Māori and New Zealand.

All managers and staff have a responsibility for promoting a work culture in which all staff – whatever their gender, ethnic or social background, sexual orientation or role – are valued, treated equitably and with respect.

The Ministry's 2009–2013 Equality and Diversity Plan aims to promote recognition of diversity by fostering a workplace that values the full range of abilities of Ministry staff.

The Ministry Plan has been developed in accordance with specific legislative requirements (including the State Sector Act 1988 and the Human Rights Act 1993); public service EEO policy (specifically Equality and Diversity: New Zealand Public Service Equal Employment Opportunities Policy); key Government goals to guide public sector policy and performance; and the Ministry's internal EEO/equality and diversity documents and policies.

Four key objectives have been identified for the Ministry's 2009–2013 Equality and Diversity Plan. They are:

- > building an inclusive culture
- > balancing work and life
- > fostering a diverse workforce
- > responsiveness to Māori.

Capital intentions

The Ministry's capital programme continues to focus on providing modern, secure and effective premises for accommodating NZ Inc's requirements offshore, and modernising information technology (IT) systems.

Capital asset management within the Ministry continues to take a more long-term focus with the formulation of multi-year asset management plans, and ensuring investment decisions fit within the Ministry's overall strategic direction and are justified based upon an analysis of full life costs and perceived benefits.

Measures of success for the Ministry's capital asset management include:

- > assets availability to meet requirements (physical assets: 24 hours a day, 7 days a week; IT: 98.5% available 24 hours a day, 7 days a week)
- > optimal space requirements to meet current and anticipated future needs
- > the functionality of assets is fit for the required purpose
- > the physical status and condition of the assets
- > appropriate governance of capital project management.

PHYSICAL ASSETS

An overall property asset management plan, incorporating strategy, is under development. It aggregates the past two years of detailed building condition investigations for owned properties, and sets out 10-year work (replacement and maintenance) programmes for each asset. Review of condition assessment and ongoing requirements for leased premises is undertaken throughout the lease period to determine potential maintenance and refurbishment expenditure.

Building condition reports and work programmes for approximately 64 of the 86 owned property assets will have been completed by June 2010. Condition reports completed in the 2008/09 and 2009/10 years have resulted in substantial work programmes in 2010/11 and out years for official residences in Seoul, Singapore, Washington, The Hague and Canberra.

The following major capital works initiatives included in the capital forecast will develop our assets base:

- > Honiara: construction of chancery and staff houses on owned land
- > Beijing: rebuild of chancery and official residence on owned land
- > Ankara: fit out of leased premises for chancery and official residence
- > New Delhi: construction of additional office and staff housing on owned compound
- > Paris: chancery and official residence refurbishment/fit out
- > Seoul: fit out of leased premises for chancery
- > Washington: chancery and official residence services refurbishment.

This programme of intensified capital works continues to address the diminishing level of service that has arisen from a period of deferred maintenance and to meet asset renewal objectives/targets. The completion of the three-year peak of the programme (2010–2013) will increase the percentage of fit-for-purpose assets across the portfolio, which will then be maintained via a normalised works programme. The Ministry is focused on continual improvement in asset management tools and methodologies which are closely aligned to capital asset management criteria as identified by the Office of the Auditor General.

TECHNOLOGY

The Ministry's IT capital planning revolves around an overall goal to make the IT environment more dynamic and flexible for staff. This includes building on recent desktop to internet and mobile computing projects, with increased deployment of the restricted network to a higher number of users and development of a restricted wide-area network to posts.

The planned implementation of new offshore data centres in Washington, Tokyo and London will contribute to higher availability of systems and information, a more robust IT infrastructure, and a reduction of single points of failure.

IT capital expenditure will also be used to migrate the current Ministry operating platforms to Windows 7 and Office 2007.

Major initiatives relating to technology and communication planned for the period 2009 to 2013 include:

- > development of knowledge management tools
- > replacement of encryption equipment
- > replacement of servers
- > further development of the Ministry's restricted network
- > development of a property management information system.

Many of the significant projects aim to reduce current inefficiencies in deployment and management of information and services. For instance, the new offshore data centres will ensure information stored in Wellington is available to all posts world-wide (currently not available). The deployment of Windows 7 and new servers aims to reduce our current IT power consumption by 20%, which will be tracked using a power monitoring system. The establishment of the new satellite-based network system for Pacific posts is designed to improve link availability from a typical figure of 87% to 95–98% availability.

The following table outlines the Ministry's capital expenditure programme.

FORECAST DETAILS OF DEPARTMENTAL CAPITAL EXPENDITURE FOR THE PERIOD 2009–2013

	2009/10 FORECAST \$000	2010/11 FORECAST \$000	2011/12 FORECAST \$000	2012/13 FORECAST \$000
Buildings	13,501	35,379	47,130	35,460
Plant and equipment	4,000	5,150	5,150	2,800
Furniture and fittings	5,658	12,719	8,669	1,513
Motor vehicles	1,500	1,050	1,100	1,150
Computer hardware	3,000	4,000	3,000	2,000
Computer software	4,800	7,800	5,800	5,400
Total	32,459	66,098	70,849	48,323

Cost-effectiveness

Direct measures of cost-effectiveness

For much of the Ministry's work it is not practical to undertake full cost-benefit or cost-utility analysis. This is because in most cases it is not possible to quantify the Ministry's contribution to outcomes, which is a pre-requisite for cost-benefit analysis. The Ministry is however, working on three sets of tools for measuring cost-effectiveness.

There are some areas where some cost-effectiveness analysis is possible, particularly around the Ministry's contribution to increased trade. The Ministry has not systematically analysed the cost-effectiveness of its trade interventions in the past. This is because the scale of the gains to the economy, typically measured in broader modelling exercises both prior to negotiation of an agreement and post-negotiation through the National Impact Assessment process, clearly indicate the benefit derived from the intervention. We are, however, continuing to develop our ability to undertake analyses of the cost-effectiveness of our trade interventions that are sufficient to demonstrate value for money.

Recent changes to the Ministry's costing methodology mean that it is now able to identify costs directed towards particular intermediate outcomes. This will allow us to compare results achieved against those intermediate outcomes to expenditure.

These measures will become more meaningful once there is time series data, so that contemporary performance can be compared to historical performance, in order to analyse improvements in effectiveness. In the interim it will only be possible to make relatively subjective judgements about the value of particular outcomes against the costs incurred.

A significant body of international research has been undertaken on the cost-effectiveness of development assistance. Drawing on this research, the Ministry has been able to develop a set of proxy measures of the cost-effectiveness of our development assistance, set out on the next page:

MEASURE	LATEST VALUE	TARGET FOR 2010/11	COMMENT OR EXPLANATION
USE OF FEWER BUT LARGER, LONGER-TERM INTERVENTIONS			
Number of activities	776	750	
Median annual expenditure	\$135,000	\$150,000	
Use of 'higher aid modalities'	48%	55%	Includes methods for delivering aid such as support for a sector as a whole (rather than a single project), or international pooled funds. These approaches allow a deeper and more cost-effective engagement.
USE OF INTERNATIONAL GOOD PRACTICE IN COORDINATION WITH OTHER DONORS			
Use of partner financial and procurement systems	45%	80%	Internationally agreed target is to increase this, to utilise efficiencies in administration and increase likelihood of sustainable benefits.
Use of programme-based approaches	34%	66%	Internationally agreed target is to increase this, to reduce transaction costs of the partner government working with many donors, and to allow a sector (such as education) to be addressed as a whole.
Performance against Good Humanitarian Donorship indicators	Positive: flexibility Negative: timeliness	Improved ratings	Assessment against the international benchmarks is undertaken independently of all donors.

The reporting of performance against these measures will be complemented by the cost-effectiveness findings from reviews and evaluations commissioned by the Ministry which assess specific ODA activities or programmes.

Efficiency

The Ministry is also in the process of identifying measures of efficiency in order to develop a fuller picture of how its cost-effectiveness is developing.

The Ministry has an efficiency target for delivery of ODA, to reduce the proportion of vote ODA spent on administration by 12% between the 2009/10 and 2012/13 financial years. This target seeks to measure whether the Ministry is achieving economies of scale as the development assistance budget increases.

Initial measures elsewhere in the Ministry will be based on targeting key areas of cost. The most significant cost for the Ministry is the cost of our overseas network – our Embassies, High Commissions and other posts offshore. Over time, the Ministry will be looking to reduce the dollar cost per policy full time equivalent (FTE) offshore. The Ministry is currently examining options to reduce this cost.

The Ministry is also looking at means to reduce the cost of some specific outputs through modification of business processes. Before and after measurement of cost and performance will be an important component of this process to ensure that costs are reduced (and not just moved) and performance remains constant or improves.

Additional Information

Other entities

Through Vote Foreign Affairs and Trade the Ministry provides funding to one Crown Entity (New Zealand Antarctic Institute) and two Crown charitable trusts (Pacific Cooperation Foundation and Asia New Zealand Foundation). It also has a joint role in monitoring the performance of NZTE in conjunction with MED.

Its role in relationship to these bodies is as follows:

NEW ZEALAND ANTARCTIC INSTITUTE

The New Zealand Antarctic Institute is a Crown Entity established under the New Zealand Antarctic Institute Act 1996 to develop, manage and execute New Zealand's activities in Antarctica and the Southern Ocean, in particular the Ross Dependency. The Ministry's main responsibilities for the Institute are to assist in the negotiation of the output agreement between the Institute and the Minister, manage the budget-setting process, provide advice on the Institute's strategic direction and capability, monitor the performance of the Institute, and assist the Minister in making appointments to its Board of Management.

PACIFIC COOPERATION FOUNDATION

The Pacific Cooperation Foundation was established as a charitable trust in June 2002. The Foundation has been funded since 2004 through Vote Foreign Affairs and Trade. The Ministry acts on behalf of the Minister as purchase and ownership adviser for the Foundation. The Ministry assists with the preparation of the purchase agreement between the Foundation and the Minister, coordinates the appropriation process, provides financial and performance monitoring, advises on the Foundation's strategic direction and capability, and reports quarterly to the Minister. The Secretary of Foreign Affairs and Trade is an ex-officio member of the Board.

The Foundation has adopted a revised mission statement supported by three strategic goals:

- > Promoting stability and sustainable economic development in the region
- > Fostering understanding of the Pacific on the part of all New Zealanders and promoting New Zealand's identity as a Pacific nation by informed independent commentary and debate
- > Engaging with and supporting communities and institutions in the region.

ASIA NEW ZEALAND FOUNDATION

The Asia New Zealand Foundation (formerly the Asia 2000 Foundation) was established in 1994. It is listed as a Fourth Schedule entity in the Public Finance Act 1989, and is also subject to certain sections of the Crown Entities Act. The Foundation's activities are focused on building links and promoting New Zealanders' knowledge and understanding of Asia through programmes in education, business, media, academic exchange, culture and research. The Ministry acts as purchase adviser and contract manager for the Foundation. It assists with the preparation of the output agreement between the Foundation and the Minister, coordinates the appropriation process, undertakes financial and performance monitoring, advises on the Foundation's strategic direction and capability, and reports periodically to the Minister.

Following an independent review of the organisation in 2007, the Foundation has been engaged in implementing a series of recommendations aimed at strengthening its strategic focus and governance. The Ministry monitors the Foundation's ongoing progress in this area and works closely with it and other stakeholder agencies to support alignment of Foundation programmes with New Zealand Government priorities in Asia.

NEW ZEALAND TRADE AND ENTERPRISE

MFAT has an operational and a policy relationship with NZTE, as well as a role in supporting the Minister of Trade who is jointly responsible for NZTE. Where required, briefing and comment is provided to Ministers (both the Trade Minister and the Minister for Economic Development, the Vote Minister). This includes reviewing alignment of NZTE proposals and activities with the Government's overarching policy objectives.

The Secretary of Foreign Affairs and Trade is a Special Adviser to the Board, as is the Chief Executive of the MED. Advice is provided to the NZTE Board through the special advisers on areas of mutual interest, and towards assisting the board to align its strategy and activities with government policy.

During the period of this Statement of Intent, the Ministry will foster tight coordination between MFAT, NZTE (and MED) to ensure improved international linkages that allow New Zealand firms to benefit from trade and the flows of investment, skills and technology, delivering on the Government's priority to effect a step change in the New Zealand economy. MFAT will work with NZTE to improve access for New Zealand firms to opportunities in overseas markets.

Changes in NZTE's and MFAT's offshore operations as a result of the review of NZ Inc's offshore network will be handled with minimum disruption to end-users. A wider NZ Inc approach will emphasise cooperation onshore and offshore and a shared stake in advancing productivity and international competitiveness through New Zealand's international connections.

Administered legislation

The following Acts are administered by the Ministry:

- > Antarctica Act 1960
- > Antarctica (Environmental Protection) Act 1994
- > Antarctica Marine Living Resources Act 1981
- > Anti-Personnel Mines Prohibition Act 1998
- > Chemical Weapons Prohibition Act 1996
- > Cluster Munitions Prohibition Act 2009
- > 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
- > International Crimes and International Criminal Court Act 2000
(jointly administered with the Ministry of Justice)
- > Kermadec Islands Act 1887
- > Mercenary Activities (Prohibition) Act 2004
- > New Zealand Antarctic Institute Act 1996
- > New Zealand Export-Import Corporation Dissolution Act 1992
- > New Zealand Nuclear Free Zone, Disarmament and Arms Control Act 1987
- > New Zealand Trade and Enterprises Act 2003
(jointly administered with the Ministry of Economic Development)
- > Niue Act 1966
- > Niue Constitution Act 1974
- > Nuclear-Test-Ban Act 1999
- > Pitcairn Trials Act 2002
- > Territorial Sea, Contiguous Zone, and Exclusive Economic Zone Act 1977
- > Terrorism Suppression Act 2002
(jointly administered with the Ministry of Justice)
- > Tokelau Act 1948
- > Tokelau (Territorial Seas 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.

Export controls on strategic goods are administered by the Ministry under the Customs Export Prohibition Order 2008. The Ministry also administers a number of statutory regulations made under the above Acts, particularly in the area of UN Security Council sanctions, diplomatic privileges and immunities, and Tokelau.

Annex 1: Assets

The Ministry's appropriations are contained in two Votes: Foreign Affairs and Trade, and Official Development Assistance. In 2010/11 the amounts appropriated for each are:

VOTE: FOREIGN AFFAIRS AND TRADE

Departmental operating expenditure	\$ 357,629,000
Departmental capital expenditure	\$ 66,098,000
Non-departmental expenditure	\$ 76,406,000

VOTE: OFFICIAL DEVELOPMENT ASSISTANCE (MANAGED BY NZAID)

Departmental operating expenditure	\$ 39,563,000
Official Development Assistance	\$ 484,967,000

Our network

- 53 overseas posts
- 121 countries of accreditation
- 8 Consulates-General managed by NZTE
- 65 Honorary Consuls
- 105 staff from other government agencies collocated at our posts

Our people

IN NEW ZEALAND	681
<hr/>	
> 493 Head Office	
> 186 International Development Group (IDG)	
> 2 Auckland	
OVERSEAS	660
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> 230 seconded staff (including 22 from IDG)	
> 430 locally employed staff	
TOTAL	1,341
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Annex 2: Links between outcomes and departmental appropriations

The following table links the Ministry's outcomes to its output expense classes and activities under those output expense classes.

	OUTCOME 1 BILATERAL RELATIONS	OUTCOME 2 ECONOMIC GROWTH	OUTCOME 3 MULTILATERAL AND SECURITY	OUTCOME 4 DEVELOPMENT	OUTCOME 5 CONSULAR
VOTE FOREIGN AFFAIRS AND TRADE					
Policy Advice and Representation – Other Countries Representation and advocacy Negotiation with other governments Design and implementation of events and activities Analysis and advice	<ul style="list-style-type: none"> > Australia > Pacific (Government priority) > United States > Asia > European Union 	<ul style="list-style-type: none"> > Bilateral and regional trade agreements (Government priority) > Trade access > International connectedness > Global economic crisis 	<ul style="list-style-type: none"> > International security 		
Policy Advice and Representation – International Institutions Representation and advocacy Negotiation with other governments Analysis and advice		<ul style="list-style-type: none"> > World Trade Organisation (Government priority) > Global economic crisis 	<ul style="list-style-type: none"> > Climate change and natural resources (includes Government priority) > United Nations 		
Pacific Security Fund Design and implementation of events and activities	<ul style="list-style-type: none"> > Pacific 				
Promotional Activities – Other Countries Design and implementation of events and activities Representation and advocacy		<ul style="list-style-type: none"> > International connectedness 			
Consular Services Consular services					<ul style="list-style-type: none"> > Consular services
Administration of Diplomatic Privileges and Immunities Administration of legislation					
Services for other New Zealand Agencies Overseas Services for other New Zealand agencies					
VOTE OFFICIAL DEVELOPMENT ASSISTANCE					
Management of Official Development Assistance Management of Official Development Assistance					
Strategic Advice and Evaluation Analysis and advice				<ul style="list-style-type: none"> > Sustainable development in partner countries (includes Government priority) 	

Glossary

ACRONYM	MEANING
ASEAN	Association of Southeast Asian Nations
EEO	Equal Employment Opportunities
EU	European Union
FTA	Free Trade Agreement
GDP	Gross Domestic Product
GNI	Gross National Income
ICT	Information and Communications Technology
MDGs	Millennium Development Goals
MED	Ministry of Economic Development
MFAT	Ministry of Foreign Affairs and Trade
NGO	Non-government organisation
NZ Inc	“New Zealand Incorporated” (New Zealand government agencies represented offshore)
NZAID	New Zealand Agency for International Development (when referring to 2009 and earlier) The New Zealand Government aid programme (when referring to 2010 and later)
NZTE	New Zealand Trade and Enterprise
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
UN	United Nations
WTO	World Trade Organisation

