



# Annual Report

2018 - 19

# Contents

2

CHIEF EXECUTIVE'S FOREWORD

4

OUR PURPOSE AND VALUES

5

MINISTRY AT A GLANCE

6

OUR CONTRIBUTION TO NEW ZEALANDERS' WELLBEING

8

STRATEGIC FRAMEWORK

10

FINANCIAL PERFORMANCE SUMMARY

11

HOW WE MEASURE AND REPORT ON OUR  
STRATEGIC FRAMEWORK PERFORMANCE

**Presented to the  
House of Representatives  
pursuant to Section 44(1) of the  
Public Finance Act 1989**

12	56
INTERNATIONAL RULES & INSTITUTIONS	DATA AVAILABILITY FOR INDICATORS
16	57
ECONOMIC RETURNS & RESILIENCE	STATEMENT OF RESPONSIBILITY
20	58
ASIA-PACIFIC ARCHITECTURE	STATEMENT OF PERFORMANCE
24	73
PACIFIC	FINANCIAL STATEMENTS
28	112
ENVIRONMENT & CLIMATE CHANGE	OUR LEGAL RESPONSIBILITIES
32	115
SECURITY & SAFETY	INDEPENDENT AUDITOR'S REPORT
36	119
INTERNATIONAL RELATIONSHIPS	DIPLOMATIC IMMUNITY CASES SUMMARY
40	120
OUR PEOPLE	ASSET PERFORMANCE
44	
OPERATIONAL EXCELLENCE	
48	121
NZ CONNECTIONS	ANNEX: MINISTER OF FOREIGN AFFAIRS' REPORT ON VOTE OFFICIAL DEVELOPMENT ASSISTANCE NON-DEPARTMENTAL APPROPRIATIONS
52	
ENTERPRISE PERFORMANCE	



# Chief Executive's foreword

The increasingly dynamic global operating environment the Ministry anticipated and experienced in 2018-19 affected New Zealand interests in many areas, and contested values we support. This made our role of **acting in the world to make New Zealanders safer and more prosperous** challenging but, equally, highlighted the value of our contribution to New Zealanders' wellbeing.

This report outlines how the Ministry of Foreign Affairs and Trade has delivered on our *Strategic Intentions 2018-2022*, supported the Government's priorities and managed the complex mix of upsides and downsides for New Zealand in our global environment.

The biggest issue for the Ministry in 2018-19 was the tragic **Christchurch** terrorist attack in March 2019 – a domestic event that brought the world closer to New Zealand. The Ministry, more used to responding to such events in other countries, immediately became part of the national response. We liaised with other governments regarding victims who were foreign nationals, co-ordinated official visits and offers of assistance, and helped support victims' families. The Ministry's diplomatic network and social media channels helped protect New Zealand's global reputation by ensuring the domestic response to the attack was understood around the world. The Ministry then led an international coalition of governments and tech companies that committed to eliminate terrorist and violent extremist content online through the 'Christchurch Call'.

Implementing the Government's **Pacific Reset** policy was the major planned focus for the Ministry in 2018-19. The region faces many challenges in an increasingly contested strategic environment, and what happens in the Pacific directly affects New Zealand's national interests. The Government accorded high priority to New Zealand's Pacific relationships, our support for Pacific countries' prosperity, security and resilience, and our coordination with other countries in the region, most importantly Australia. New Zealand's approach of building genuine, mature partnerships resonated in the region. The quality of our engagement was matched by a significant increase in the volume of official visits to and from the Pacific and in New Zealand's diplomatic presence. The Pacific Reset involves a cross-government commitment to Pacific issues. We worked closely with 32 New Zealand agencies, and provided advice on the implications for the Pacific of domestic policy decisions.



With the **aid budget** increasing to \$2.2 billion for the triennium starting in 2018-19, the Ministry undertook planning to align the scaled up budget with Pacific Reset priorities. A major new programme focused on climate change adaptation was established, along with other initiatives to help Pacific countries improve education, health, governance, and employment outcomes.

The international **rules-based system**, on which small countries like New Zealand rely, faced strong head winds in 2018-19. Challenges to the system were experienced most acutely in the **World Trade Organisation (WTO)**, a critical part of the multilateral system for New Zealanders in the export sector. We worked hard to protect the WTO dispute settlement system and support wider reform. Little progress was made given the protectionist environment that characterised 2018-19. On the upside, parties to the **Paris Agreement** reached consensus in December 2018 on a set of rules to make the Agreement operational from 2020 and drive global action on reducing carbon emissions. As co-chair of these challenging negotiations, New Zealand played a prominent part in their success. With climate change leadership a key element of the Government's priority of creating an international reputation New Zealanders can be proud of, the Ministry actively supported the Government's efforts to promote ambitious global climate action and amplified the Pacific voice on this critical issue.

Concrete progress was made in a number of plurilateral and bilateral **trade agreements** offsetting the negative trends in the global trading environment. Entry into force of the **Comprehensive and Progressive Trans-Pacific Partnership** offers particular benefits to New Zealand exporters through new market access to Canada, Japan, Mexico and Peru. Good progress was also made in other negotiations, including with Singapore (with whom we concluded negotiations on upgrading our 2001 agreement), the European Union and China. The Ministry improved its services to exporters and worked with other agencies to resolve non-tariff barriers estimated at \$950 million.

New Zealand's wider **Asia-Pacific** region is a centre of geostrategic competition and home to a number of flashpoints. The Ministry was active in supporting New Zealand's security and prosperity interests in the regional bodies we belong to, in emerging Indo-Pacific structures and through our bilateral relationships. The Deputy Prime Minister met with counterparts in Washington in December, and the Prime Minister's visit to Beijing in April was a significant milestone. In May, the New Zealand and Singaporean Prime Ministers launched the New Zealand/Singapore Enhanced Partnership. In parallel, cross-agency preparations for hosting APEC in 2021 picked up pace.

**Brexit** was a source of uncertainty throughout the year. The Ministry secured agreements with the United Kingdom to provide continuity for exporters and raised awareness among businesses of the need to prepare for Brexit. However, the issue of New Zealand's Tariff Rate Quotas was not able to be resolved.

A number of significant external **security** threats impacted on New Zealand in 2018-19, including from cyber actors, irregular migration and foreign interference. Responding to these as part

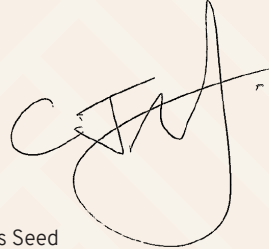
of the national security sector was a Ministry priority alongside the Christchurch response. Proactive work to reduce risks to New Zealand from trans-border security threats received less attention than planned but will be increased in the coming year.

The Ministry's **consular** staff continued providing high quality services to New Zealanders overseas. Despite a 20 percent increase in the number of cases and an increasing number of complex cases, satisfaction levels rose by 6 percent to 84 percent. Strong relationships with our **New Zealand partners** are important to us and the Ministry has prioritised efforts to improve these. We increased our engagement with Auckland Pasifika communities and introduced new approaches to lift the quality of our consultation on trade policy and strengthen partnerships with development NGOs in the Pacific. We conducted extensive consultation on the Trade for All agenda. A national hui in April 2019 opened the way for the Ministry and Māori to deepen our engagement on trade policy through the 'Taumata Māori', a key outcome for our Māori Engagement Strategy. The Ministry's 2019 stakeholder survey showed welcome improvements in feedback from many New Zealanders with whom we work, while also pointing to areas for us to continue improving.

Internally, significant progress was made towards the goal of building a **happy, healthy and high-performing Ministry for all**, launched by my predecessor, Brook Barrington. The values we adopted last year became a touchstone for the Ministry, influencing our culture and behaviour. Changed approaches to recruitment and retention enabled us to significantly increase the diversity of our staff. Another milestone under our Diversity and Inclusion Strategy was the implementation of the Speak Up Safely programme.

The Ministry has carefully applied the **funding received in Budget 2018**. At least 50 additional foreign policy staff were deployed to boost our Pacific capability, advance trading opportunities such as the European Union Free Trade Agreement, influence the global response to climate change, and add depth to the relationships New Zealand is seeking to lift (Germany, India, Indonesia, Japan, and Singapore). New embassies were opened in **Dublin** and **Stockholm**, enabling New Zealand to influence European Union policy settings and benefit from closer engagement with like-minded partners.

I want to acknowledge our talented and dedicated staff – onshore and offshore – for their highly professional leadership and work to generate value and wellbeing for New Zealanders in a testing international environment.



Chris Seed  
Secretary of Foreign Affairs and Trade

# Our purpose



# Our values



# Ministry at a glance

## OUR POSTS:



## WE ADMINISTER TWO VOTES:

Foreign Affairs and Trade  
Official Development Assistance

## WE WORK FOR MINISTERS IN FOUR PORTFOLIOS:

Foreign Affairs  
Disarmament and Arms Control  
Trade and Export Growth  
Climate Change

## WE MONITOR:

Antarctica New Zealand  
The performance of New Zealand Trade and Enterprise, with  
the Ministry of Business, Innovation and Employment  
The Pacific Cooperation Foundation and the  
Asia New Zealand Foundation

**60** posts in  
53 countries

**115** accreditations to  
other countries

**73** Honorary  
Consuls

**3** New Zealand  
offices

**330** properties  
managed

**1,673** total staff

**• 821** staff located in  
New Zealand

**• 852** staff at our  
overseas posts

**- 248** staff seconded  
from  
New Zealand

**- 604** staff employed  
at post





# MFAT's contribution to New Zealanders' wellbeing and what we do to deliver this in 2018-19



## KAITIAKITANGA

Generations of New Zealanders benefit from sustainable solutions to global and regional challenges.



Credit: MFAT

New Zealanders' long-term wellbeing depends on the international community working together to safeguard shared global resources, promote global norms and achieve sustainable development. We lead New Zealand's contribution to these efforts, ensuring New Zealand has a say on decisions that affect it and people around the world now, and in the future.

This year we:

- co-chaired the negotiations that decided the rules for how countries will implement the Paris Agreement work programme, ensuring the commitment to set carbon emission reduction targets and report progress will start in 2020
- expanded New Zealand's aid activities in the Pacific, following an increase in total aid funding to \$2.2 billion for the three years to 2020-21
- advocated in the United Nations and directly with other countries for respect of human rights and consulted with New Zealanders on priorities for future advocacy
- supported the Government's consideration of rebuilding Scott Base. Cabinet's in principle agreement to proceed reinforced New Zealand's commitment to preserving Antarctica's environment and maintaining a permanent presence there.

## INFLUENCE

New Zealanders have confidence their country can influence others on issues that matter for them now and in the future.



Credit: MFAT

The international dimension of New Zealanders' wellbeing depends on New Zealand's ability to influence the decisions of other countries and organisations. The Ministry works to ensure that, despite being a small country, New Zealand has the relationships and levers to achieve what matters to us. This year we:

- used our diplomatic and social media channels following the Christchurch terrorist attack to ensure that people around the world were aware of New Zealand's response, helping to preserve New Zealand's global reputation as a tolerant country
- led and participated in coalitions to amplify New Zealand's voice on issues including terrorist and violent extremist online content, climate change and inclusive trade
- supported increased Ministerial engagement under the Pacific Reset policy to demonstrate New Zealand's commitment to genuine partnerships and to position New Zealand as a preferred partner of Pacific countries
- enhanced New Zealand's ability to influence two key European partners with the opening of posts in Dublin, Ireland and Stockholm, Sweden
- created 14 positions in the Pacific and elsewhere to support the Pacific Reset.

## SECURITY

New Zealanders are able to live, do business, travel and communicate more safely at home and offshore.



Credit: Jaromir Chalabala/EyeEm

New Zealanders' ability to operate in safe environments, whether in New Zealand, offshore or online, can be threatened by international factors ranging from conflict to cyber attacks. The Ministry is New Zealand's voice in the forums that address security issues affecting New Zealand, our region and the world. We also provide the consular services that help keep New Zealanders safe and informed when they live or travel overseas.

This year we:

- led New Zealand's work on the Christchurch Call and persuaded the world's major tech companies to take action to eliminate terrorist and violent extremist content online
- reinforced New Zealand's long-standing commitment to nuclear disarmament by ratifying the Treaty on the Prohibition of Nuclear Weapons and actively supporting other countries joining it
- helped develop a new regional security declaration – the Boe Declaration – adopted by the Pacific Islands Forum to address growing security challenges affecting Pacific countries and New Zealand
- supported New Zealanders caught up in the Lombok earthquake and 36 other emergencies with assistance and advice, and provided other consular assistance to 26,551 New Zealanders.

## PROSPERITY

New Zealanders have better job opportunities and incomes from trade, investment and other international connections.



Credit: Paul Sutherland Photography

International trade and investment are essential for New Zealanders' prosperity and standard of living. The Ministry negotiates and defends access to overseas markets and helps exporters succeed. This supports jobs for around 624,000 New Zealanders. This year we:

- helped exporters benefit from improved access in countries such as Canada, Japan, Mexico and Peru after the Comprehensive and Progressive Agreement for Trans-Pacific Partnership entered into force
- upgraded and modernised the Closer Economic Partnership with Singapore, extending visa-free access for business visitors to Singapore from one to three months
- implemented a faster and more transparent system for handling trade inquiries to help New Zealand businesses succeed in overseas markets, and with other agencies removed non-tariff barriers worth an estimated \$950 million
- worked hard to preserve the WTO dispute settlement system in the face of challenges to its future viability
- concluded agreements with the United Kingdom to provide continuity for exporters in the event of a 'no deal' Brexit and kept stakeholders informed on the Brexit process.



# Strategic Framework

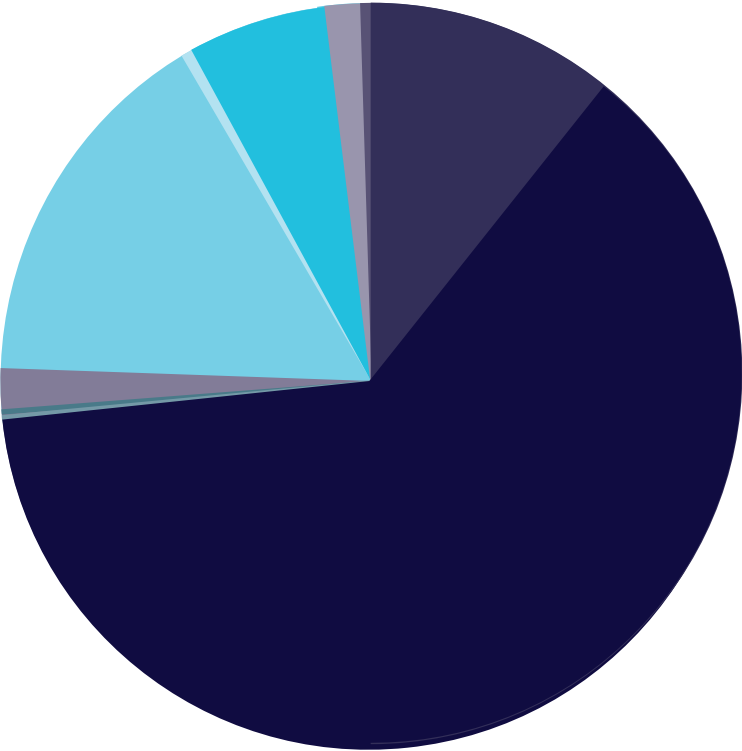
## OUR PURPOSE

The Ministry acts  
in the world to make  
New Zealanders  
safer and more  
prosperous



# Financial performance summary

BREAKDOWN OF DEPARTMENTAL OPERATING EXPENDITURE BY OUTPUT



- Foreign policy advice on international organisations to support multilateral cooperation  
\$46.547 million
- Foreign policy advice on other countries and regional organisations of significance to New Zealand  
\$275.714 million
- Superannuation for staff employed at post  
\$0.02 million
- Promoting investment in New Zealand by other countries  
\$0.008 million
- Services for New Zealand agencies overseas  
\$8.35 million
- Management of New Zealand Official Development Assistance  
\$72.346 million
- Administration of diplomatic privileges and immunities  
\$0.957 million
- Consular services  
\$27.412 million
- Hosting APEC 2021  
\$6.65 million
- Pacific Security Fund  
\$2.109 million

## Key financial highlights

GLOBAL PROPERTY  
PORTFOLIO

\$438.4  
million

VALUE

DEPARTMENTAL  
EXPENDITURE

\$440.1  
million

TOTAL OPERATING EXPENDITURE

\$50.4  
million

CAPITAL  
EXPENDITURE

NON-DEPARTMENTAL  
EXPENDITURE

\$97.5  
million

FOREIGN AFFAIRS AND TRADE

\$707.9  
million

OFFICIAL DEVELOPMENT  
ASSISTANCE

(SEE PAGE 121)

# How we measure and report on our Strategic Framework performance

Our Strategic Framework sets out Goals, Outcomes and Results that express the impact we are aiming to achieve over a ten year period. We deliver this through a combination of 'Priority Deliverables' over a rolling four-year period and enduring work streams, both of which are identified for each Goal in the Strategic Intentions.

The Ministry adjusted its approach to monitoring performance against the Strategic Framework under its governance system in 2018-19. This drove delivery of the Priority Deliverables through quarterly monitoring of delivery and risk, and assessed the impact the Ministry is making through an Annual Goal Assessment at the end of the year. The Annual Goal Assessment consisted of a qualitative assessment at the Goal/Outcome level, and a more detailed qualitative assessment against each Result. This was supported by measurement of progress where Indicators had been identified.

The provisional Indicators included in the 2018-22 Strategic Intentions were reviewed during the year to ensure they added measurement value to the qualitative assessment against Outcomes and Results, and were supported by evidence. This review resulted in a smaller but more informative set of Indicators as reflected in this Annual Report and the Strategic Intentions for 2019-23. The level of correlation between Indicators and Results varies: in some cases it is direct and in others is less closely aligned, but still supportive of the assessment.

Availability of 2018-19 data for Indicators in several Goals has constrained the Ministry's ability to report against them. We have used other measures to support the qualitative assessment where possible. Where progress could not be measured, we have not included the Indicators in the reporting against Goals and have relied on the qualitative assessment. Those Indicators that we could not measure are listed on page 56.

In the Indicators, we use a symbol to represent the future trend we would like to see:

- ↓ a desired downward trend aimed at reducing a problem
- current level maintained
- ↑ a desired upward trend aimed at creating benefits
- ✓ we aim to achieve the Indicator every year (where relevant).







Secretary-General António Guterres (left) meets with Jacinda Ardern, Prime Minister of New Zealand, upon his arrival to the country. Credit: United Nations/Mark Garten

## International Rules & Institutions

### Strengthen, protect and use international rules and institutions to pursue New Zealand values and interests

**New Zealand's interests are best served by an international rules-based system where conflict and trans-border and global challenges are addressed. This helps create a stable and predictable operating environment where all countries benefit. The system is, however, under considerable strain.**

New Zealand presented its report to the United Nations (UN) on our progress towards the Sustainable Development Goals (SDGs) and was active in fora on multilateral financing for the Pacific. We advocated for human rights, nuclear disarmament and non-proliferation, and upholding the ban on chemical weapons.

New Zealand was active in safeguarding and strengthening the rules-based system from which we gain numerous benefits. A key priority was addressing the deep challenges faced by the WTO through efforts to advance the WTO's negotiation arm, strengthen its monitoring role, and protect its dispute settlement system.

We also launched an initiative to protect maritime zone entitlements from being eroded by sea-level rise, engaged actively in negotiations for a new high seas biodiversity regime, and worked to strengthen the International Criminal Court.



## OUTCOME 1: International rules and institutions protect and progress New Zealand interests

### Make progress through our advocacy on the 2030 Agenda for Sustainable Development, conflict prevention and human rights, particularly in the Asia-Pacific

We submitted New Zealand's first Voluntary National Review to the UN in July 2019. This report demonstrates our progress towards implementing the UN SDGs and reinforces our commitment to the 2030 Agenda for Sustainable Development. We commenced work on a policy statement on New Zealand's international cooperation for sustainable development.

New Zealand advocated on a range of human rights issues in Asia and the Pacific. We raised our long-standing opposition to the death penalty with several countries and in the UN Human Rights Council (HRC). We developed a Human Rights Action Plan that sets out our advocacy priorities for the next five years (see case study on page 15).

Improving the UN's conflict prevention capability has been a key priority in New Zealand's engagement on UN peace and security reform.

### Progress the international rules on disarmament and a strengthened non-proliferation regime

New Zealand ratified the Treaty on the Prohibition of Nuclear Weapons and hosted a meeting on the Treaty for Pacific Island countries in December 2018.

New Zealand continued to advocate for the obligations of the Treaty on the Non-Proliferation of Nuclear Weapons (NPT), maintaining active involvement in the New Agenda Coalition through a resolution at the UN General Assembly and its working paper for the 2019 NPT Preparatory Committee meeting.

New Zealand supported international efforts to uphold the ban on chemical weapons, backing work on attributing chemical weapons use in Syria and joining the International Partnership against Impunity for the Use of Chemical Weapons.

#### INDICATOR:



#### Subscription to global disarmament treaties

#### PROGRESS:

- Treaty on the Prohibition of Nuclear Weapons – 23 state parties; up from 10 in 2017-18
- Arms Trade Treaty – 104 state parties; up from 96 in 2017-18
- Convention on Cluster Munitions – 105 state parties; up from 103 in 2017-18
- Comprehensive Nuclear-Test-Ban Treaty – four Pacific Island Countries yet to ratify (no change).

### Challenges to New Zealand's international legal rights are defended

New Zealand supported Australia in the first of two appeal hearings in the Australia Tobacco Plain Packaging WTO case. This case is important in protecting the right to regulate for public health.

### Core principles of international law, rights and norms are protected, especially in our region

New Zealand advocated for core principles of international law in a range of fora. In particular, New Zealand and Australia led the adoption of new bottom fishing rules for the South Pacific Regional Fisheries Management Organisation area, increasing the credibility of the legal regime.

### UN agencies and International Financial Institutions deliver better results for the Pacific

As part of our drive to increase the amount and quality of multilateral financing and development activity in the Pacific, New Zealand helped secure US\$168 million funding for Pacific members of the Asia Development Bank. We also supported Niue's admission as a member. New Zealand advocacy also contributed to the World Food Programme's first Pacific strategy. We reviewed New Zealand's engagement in the multilateral development system and developed a strategy to guide our engagement to 2030.

#### INDICATOR:



#### Maintain or increase volume of concessional financing from World Bank and Asian Development Bank to the Pacific

#### PROGRESS:

##### World Bank

- Grant and loan funding in the Pacific of US\$539m for 2018-19
- The combined Pacific grant and loan allocation in the period 2017-2020 is US\$802m, up from US\$228m for the previous 3 years.

##### Asia Development Bank

- Grant and loan funding of US\$195.1m for 2018
- Concessional funding of US\$74.9m for 2018.

#### INDICATOR:



#### Assessment of performance of multilateral agencies that receive core funding from New Zealand-Bank and Asian Development Bank to the Pacific

#### PROGRESS:

All of the multilateral agencies were assessed as having a "Good" rating or better.

## New Zealand's reputation and influence in the UN and key institutions is enhanced

UN Secretary-General, António Guterres', visit to New Zealand reinforced our reputation as a committed multilateral player and global leader on climate change and countering violent extremism.

NZ pursues positions in multilateral bodies to enable us to influence issues that are important to us and to promote our values. We launched two international candidatures: Robert Martin for re-election to the Committee for the Rights of Persons with Disabilities and Dr Penelope Ridings for the International Law Commission.

We influenced the structure and content of the high level UN meeting taking place in September 2019 to review action from the 2014 international conference on Small Island Developing States (SIDS).

### INDICATOR:



New Zealand candidates elected to key bodies and positions

### PROGRESS:

No elections involving NZ candidates.

## OUTCOME 2: International rules are respected and institutions are strengthened

### The relevance, coherence, effectiveness and efficiency of key institutions is improved through UN reform and sound governance

New Zealand is working with other countries in support of peace and security reform. New Zealand's priority in wider UN reform has been to make the UN more effective for Pacific Island members, through practical actions such as improving the way UN multi-country offices operate.

### Respect for the UN Charter and compliance with fundamental principles of international humanitarian law is improved through New Zealand advocacy

New Zealand sponsored statements on international humanitarian law in the HRC in response to ongoing issues in Syria and Venezuela.

New Zealand continued to promote international humanitarian law treaties and provide funding to peacekeeping and victim support programmes. With our Pacific partners, we offered international humanitarian law and international human rights law training for armed forces. New Zealand also spoke about the importance of all parties to conflicts, states or otherwise, abiding by international humanitarian law in the UN Security Council Open Debate on the Protection of Civilians in Armed Conflict.

Work was initiated on refreshing New Zealand's humanitarian policy and will be completed in 2019-20.

## International treaty regimes for law of the sea, international environmental and climate law and international criminal law are strengthened

New Zealand continued to advocate for the International Criminal Court which faced increased criticism. We worked with like-minded countries to enhance the performance and reputation of the Court.

## Human Rights Council's mechanisms strengthened and human rights more effectively integrated into the wider UN system

In delivering its UN Universal Periodic Review to the HRC in January 2019, New Zealand helped strengthen the HRC by supporting universal, transparent and open participation in international human rights processes. Our report openly acknowledged the work that still needs to be done.

## An effective rules-based system for trade, centred on the WTO is sustained

New Zealand continued to work with like-minded WTO members to defend, improve and strengthen the multilateral trading system, as it faces sustained challenges. We worked actively on preserving the WTO dispute settlement system (see result below). New Zealand Ministers participated in three 'Ottawa Group' meetings on WTO reform, and two WTO mini-ministerial meetings. We led advocacy for new WTO disciplines on fisheries subsidies, and were active in negotiations for stronger disciplines on agriculture subsidies and new plurilateral negotiations on e-commerce and services domestic regulation.

In fora such as Asia-Pacific Economic Cooperation (APEC), the Organisation for Economic Cooperation and Development (OECD), and the Commonwealth, and in regional trade negotiations such as the Regional Comprehensive Economic Partnership (RCEP) and the Pacific Alliance, we advocated for trade rules that build on and support the WTO's rules-based trading system.

## Dispute settlement and compliance mechanisms are effective and respected

Maintaining the effective functioning of, and compliance with, the WTO dispute settlement system is critical for New Zealand. New Zealand's Ambassador to the WTO is playing a central role in the process to help resolve the impasse relating to the Appellate Body. New Zealand also supported the dispute settlement system as a third party to several WTO disputes.

## Sound rules and norms are developed to respond to emerging global challenges (such as cyber, space, and sea-level rise) and the standards and integrity of the system are maintained

New Zealand launched an initiative to ensure that maritime zones, once delineated, cannot be challenged or reduced as a result of sea level rise. The Pacific Islands Forum committed to work together towards this aim.

New Zealand participated in the UN Committee on the Peaceful Uses of Outer Space and the UN Open Ended Working Group on international cyber issues.





A wide view of the room as Secretary-General António Guterres (at podium) makes remarks at the opening of the 40th session of the Human Rights Council.  
Credit: UN Photo/Violaine Martin

## CASE STUDY

# New Zealand's International Human Rights Action Plan 2019-2023

In 2018-19 New Zealand adopted a Human Rights Action Plan. It sets out our priorities for international advocacy on human rights issues for the next five years.

The Action Plan identifies areas where New Zealand can have a positive impact on advancing human rights issues by leading and supporting initiatives. It also provides guidance for advocacy and policy engagement on human rights to ensure our approach is consistent and coordinated across multilateral and bilateral settings.

New Zealand will be a global leader on issues relating to the rights of persons with disabilities, gender equality and women's empowerment, sexual orientation and gender identity, and abolition of the death penalty. We will also actively engage on the rights of indigenous peoples, children and

young people, violence and discrimination against minorities, freedom of expression and torture and arbitrary detention.

To develop these priorities, we consulted widely, including with other government agencies and the New Zealand Human Rights Commission. The Ministry's internal Human Rights Coordination Network ensured a consistent approach to human rights issues across different work streams, including in our development programme and the Pacific Reset. We reconsidered the proposed priorities in the aftermath of the Christchurch terror attack, particularly in relation to New Zealand's engagement on issues relating to violence and discrimination against minorities.

In setting the priorities in the Action Plan, we took into account New Zealand's

existing role and profile in the multilateral system. We also considered issues of importance to New Zealanders (including those identified during nationwide hui), pressing human rights issues in the Asia-Pacific region, our consular work, and alignment with broader foreign policy, trade, and development interests. We identified areas where New Zealand could have a tangible impact on progressing global human rights standards and prevent regression of core principles.

Work is underway on an implementation plan with specific targets and indicators so that we can measure New Zealand's impact on human rights issues.





Credit: Chris Williams

## Economic Returns & Resilience

### Grow sustainable economic returns and resilience from trade, investment and other international connections

**Trade and investment are essential for New Zealand's prosperity and for New Zealanders' standard of living. While the global trade policy environment became increasingly challenging, we achieved tangible progress this year.**

Implementation of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) will increase Free Trade Agreement (FTA) coverage of New Zealand goods exports to 69 percent, with new FTA partners Canada, Japan, Mexico, and Peru offering improved and more diverse market access. FTA negotiations with other partners progressed and the Ministry stepped up its services to support companies overseas.

Growing trade and investment in a way that sustainably benefits all sectors of society and enjoys greater public support was a key focus for the Ministry. At home, the Ministry led public consultation on trade and investment policy under the Trade for All agenda. Internationally, New Zealand launched the Inclusive Trade Action Group with Canada and Chile.

## OUTCOME 1: Improved and more diverse market access increases export earnings and resilience to shocks

### Market access for a wider range of higher value New Zealand goods and services exports by market and sector protected and improved

New Zealand's ratification of the CPTPP and the agreement's entry into force on 30 December 2018 opened up significant new market access for New Zealand. We helped New Zealand businesses to capitalise on new tariff-free access under CPTPP, particularly in Canada, Japan, Mexico and Peru. We also progressed arrangements for future expansion of the CPTPP and addressed implementation issues in some markets.

An upgrade to the Closer Economic Partnership with Singapore was signed in May 2019. As well as modernising the original 2001 Agreement, the upgrade includes a new chapter on e-commerce and extends visa free access for business visitors to Singapore from one to three months.

We held the first four rounds of FTA negotiations with the European Union (EU) and continued negotiating an FTA upgrade with China. We also continued negotiations for the RCEP and the Pacific Alliance and commenced discussions on upgrading the ASEAN (Association of South East Asian Nations) Australia New Zealand FTA (AANZFTA). New Zealand remains positioned to negotiate an FTA with the United Kingdom when it is in a position to do so.

Circumstances did not permit other FTA processes, such as signature of the FTA negotiated with the Gulf Cooperation Council, to progress.

#### INDICATOR:



**FTAs cover 80% of NZ goods exports by 2028**

#### PROGRESS:

69% as at June 2019 (up from 56.7% June 2017).

#### INDICATOR:



**Successful dispute settlement cases**

#### PROGRESS:

There were no dispute settlement cases concluded this year.

### More Non-Tariff Barriers (NTBs) are resolved which have high commercial materiality

The Ministry, in partnership with other agencies, delivered solutions to 39 problems New Zealand exporters were experiencing in international markets (see case study on page 19), with significant commercial benefit.

In the Ministry's 2019 Stakeholder Survey, 67 percent of business or trade stakeholders were very/fairly satisfied that MFAT improves market access through resolving NTBs and other problems for New Zealand exporters outside FTAs, up from 64 percent in 2017.

#### INDICATOR:



**Value of commercially material NTBs resolved by NZ Inc grows by 7.5% CAGR<sup>1</sup> by 2028; KPIs met**

#### PROGRESS:

An estimated \$950 million of NTBs were resolved in 2018-19. KPIs met.

<sup>1</sup> Compound Annual Growth Rate

### Opportunities for New Zealand businesses to invest in export markets and use digital trade increased

Opportunities for New Zealand companies to invest in export markets were supported through the work of embassies, FTA negotiations, and active monitoring and implementation of existing agreements.

The Ministry's work on improving opportunities for New Zealand businesses through digitalisation of trade focused on developing and establishing rules. We participated in the WTO-based plurilateral e-commerce negotiations, launched the ambitious Digital Economic Partnership Agreement negotiations with Chile and Singapore, and negotiated e-commerce chapters in FTAs. These negotiations targeted solutions to emerging digital economy issues such as privacy and consumer protection, cross border data flows, and digital tools to facilitate trade.

## OUTCOME 2: Trade and investment grown in a way that is sustainable and benefits all sectors of New Zealand society and enjoys wider public support

### New Zealand trade policy contributes to New Zealand's transition to a sustainable and low emissions global economy

One way in which trade policy supports our domestic transition is by reducing tariffs on low emissions products and improving access for environmentally beneficial services and investment. For example, CPTPP (New Zealand's first free trade agreement with Japan, one of the largest auto manufacturers in the world) provides legal certainty that a zero tariff will be applied on low emissions vehicles.

### Agreements and trade initiatives enhance trade participation of the regions, Māori, women, and small and medium-sized enterprises (SMEs)

The Trade for All agenda aims for trade to support inclusive economic development benefiting all New Zealanders (see result below). To provide evidence of the benefits, the Ministry continued work to develop measures of trade participation of the regions, Māori, women and SMEs.

### New Zealand values and sustainability ambition reflected in international trade and investment policy engagement and negotiations

The Ministry continued to progress the Government's Trade for All agenda. Public consultation gathered New Zealanders' views and an independent Trade for All Advisory Board was established to bring together recommendations.

New Zealand initiated the Inclusive Trade Action Group with Canada and Chile which seeks to advance work that will ensure the benefits of trade are widely shared.

New Zealand pressed for key Trade for All concepts and alignment of trade, and environment objectives in FTA negotiations.

The Ministry continued to promote engagement in a range of fora that influence trade policy, including seeking opportunities to contribute to the G20 trade work stream and advancing Commonwealth Closer Economic relations. The Special Envoy for Commonwealth Trade Integration contributed to work under the Commonwealth Connectivity Agenda.

## INDICATOR:



More countries take up key 'Trade for All' concepts, including through new New Zealand FTAs and Inclusive Trade Action Group initiatives

## PROGRESS:

New Zealand initiated the Inclusive Trade Action Group with Canada and Chile in which we continued to advocate for key 'Trade for All' concepts.

## INDICATOR:



Effective provisions on environment and labour standards in New Zealand FTAs

## PROGRESS:

Concrete progress made in 2018-19 as part of continuing wider FTA negotiations which are not yet able to be publicly announced.

### OUTCOME 3: International connections strengthen returns to New Zealand from participation in the global economy

**New Zealand companies are able to compete more effectively overseas as a result of services, connections and insights provided by MFAT including through NZ Inc collaboration**

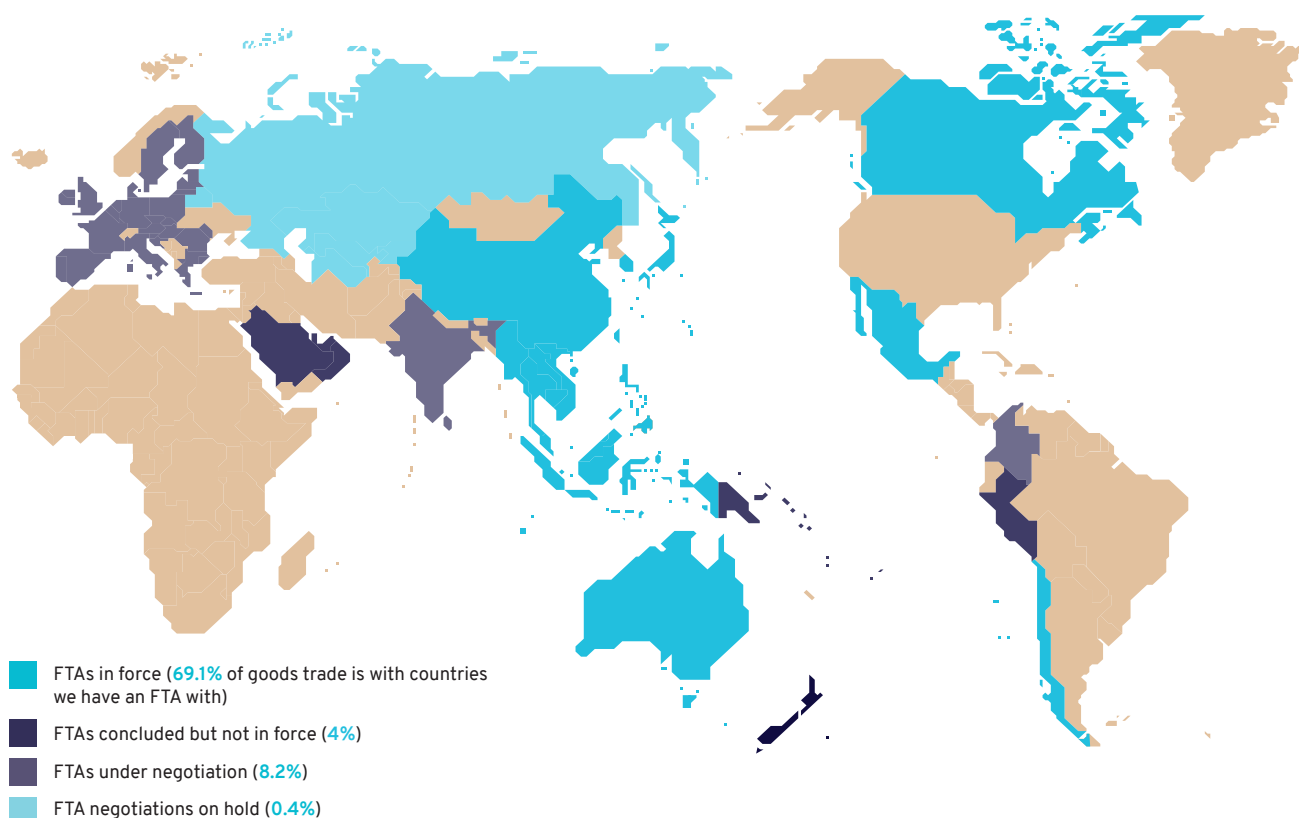
In 2019 the Ministry launched its Economic Diplomacy Programme which provides better support for New Zealand's exporters. It also captures work to remove NTBs, fosters the distribution of market insights from offshore posts, contributes international insights on domestic policy issues and promotes deeper collaboration with stakeholders.

We conducted the campaign for Dr John Barker to be Director General of the International Organisation of Vine and Wine (OIV). While ultimately unsuccessful, the campaign raised New Zealand's influence in the OIV and the profile of the New Zealand wine industry.

**Increased high quality Foreign Direct Investment attracted to New Zealand**

In 2018-19, the Ministry's work towards increasing high quality foreign direct investment included contributing the insights of New Zealand's offshore network to the Investment Attraction Taskforce and supporting the review of the Overseas Investment Act 2005. Over the last four years, the Investment Promotion Fund has supported a NZ Inc initiative profiling New Zealand at the Superyacht Cup in Spain. Each year, New Zealand companies have been able to secure multi-million dollar projects, with more projects in the pipeline for future years.

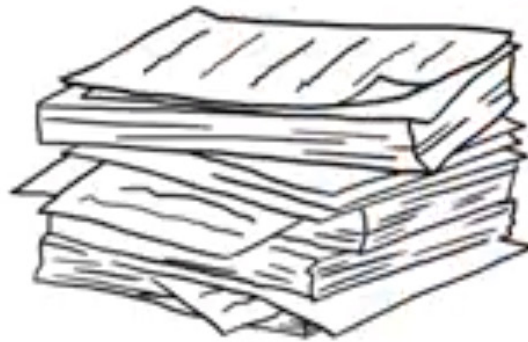
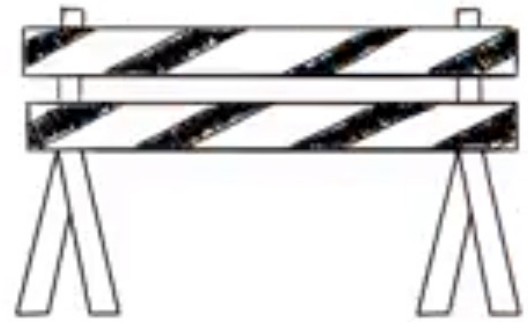
Percentage of New Zealand goods exports to economies covered by FTAs in year ending June 2019



Total FTAs in force, concluded or under negotiation **81.7%**



# HOW DO YOU OVERCOME NON-TARIFF BARRIERS?



A screen shot from MFAT's video series on NTBs

## CASE STUDY

# Resolving barriers to trade

Resolving barriers to trade is an important part of the Ministry's Economic Diplomacy Programme, which seeks to use the Ministry's diplomatic network to help New Zealand exporters succeed in overseas markets.

A 2016 study by the New Zealand Institute of Economic Research put the annual cost to New Zealand of non-tariff measures (all of the rules and regulations) in the 21 countries of the APEC region at US\$5.9 billion.<sup>2</sup>

An estimated NZ\$950 million worth of barriers faced by New Zealand exporters

were addressed in 2018-19. To resolve barriers to trade, the Ministry works in partnership with other agencies such as the Ministry for Primary Industries, the Ministry of Business, Innovation, and Employment, the Ministry of Transport and New Zealand Trade and Enterprise. Recent successful outcomes include finalisation of Air Services Agreements enabling access to new markets, and obtaining approval for food processing plants to supply ingredients into a European market, where we worked closely with the Ministry for Primary Industries to achieve a positive resolution.

A further example of success resulted from joint effort with the New Zealand Civil Aviation Authority (CAA) to assist a New Zealand aircraft manufacturer having difficulty obtaining approval to export aircraft parts to the European Union. We worked with the CAA to obtain a decision confirming the conditions for approval and which provided a good basis for New Zealand authorities to obtain a solution for the whole aviation sector.

<sup>2</sup> New Zealand Institute of Economic Research (2016), Quantifying the costs of non-tariff measures in the Asia-Pacific region: Initial estimates, NZIER public discussion paper, Working paper 2016/4



Credit: Chris Williams

## Asia-Pacific Architecture

### Embed New Zealand as an active and integral partner in building Asia-Pacific architecture in support of regional stability and economic integration

**New Zealand needs peace and stability in the Asia-Pacific region for our own prosperity and security. Geopolitical change makes our work on building regional consensus on rules and shaping norms that advance our interests even more important.**

Recognition of New Zealand's important role in regional discussions was evident in the demand from other countries for New Zealand to act as chair or intermediary. As well as progressing issues in the East Asia Summit (EAS), New Zealand worked hard with key partners to resist pressure within the APEC forum to step back from trade liberalising goals.

Refining New Zealand's Indo-Pacific policy principles enabled the clear projection of our views and positioned us to consider new regional initiatives as they emerge. New Zealand's investment in building strong relations with the ASEAN and support of regional initiatives, including with targeted development investments, showed our Asia-Pacific partners that we are committed to enhancing regional resilience.



## OUTCOME 1: The existing Asia-Pacific architecture delivers greater regional prosperity and security outcomes that advance our interests

### New Zealand's hosting of APEC in 2021 enhances New Zealand's reputation as a leader in the region and supports achievement of APEC's post-2020 vision

Preparation for hosting the APEC summit in 2021 is on track. We secured funding for the event operations and hosting through Budget 2019, and developed a Benefits Management Strategy. The strategy sets the approach for maximising the national benefits of hosting the summit.

New Zealand, with its regional partners, invested heavily in supporting Papua New Guinea to run a series of APEC meetings throughout 2018. At the APEC Economic Leaders' Meeting in Port Moresby, the Prime Minister and New Zealand officials were at the heart of efforts to broker compromise on a Leaders' declaration, although trade tensions and geopolitical differences ultimately proved too wide to bridge. At a meeting in May 2019, New Zealand's advocacy contributed to APEC trade ministers agreeing on their first consensus statement since 2015. The meeting also focused on the need to counter violent extremist content online following the Christchurch attack.

#### INDICATOR:



The benefits identified for the hosting of APEC in 2021 are realised.

#### PROGRESS:

A Benefits Management Strategy has been developed.

### New Zealand's advocacy and diplomacy in key capitals is effective in encouraging the region's major powers to remain committed to peaceful, open and cooperative regionalism underpinned by the rule of law

With great power competition increasingly entrenched, New Zealand increased advocacy to highlight its interests and to encourage major powers to see how their enduring interests can be delivered through regional institutions. We did this by engaging with partners in Indo-Pacific capitals in support of regional and international institutions, including EAS, WTO, APEC and ASEAN Regional Forum.

### The East Asia Summit, centred on ASEAN, is embedded as the leading regional forum for strategic dialogue, and is valued for its convening authority and delivery of tangible results

New Zealand was an active participant in the EAS leaders meeting. Our successful initiatives in the EAS included co-sponsoring a leaders' statement on marine plastic debris (see case study on page 23) and participating in the ASEAN Smart Cities Initiative. We were pleased to see more countries engaging on climate change issues at the 2018 summit. Bringing the RCEP negotiations to conclusion is a litmus test in building further enduring links among most of the countries of the EAS. Although it was not achieved in 2018-19, New Zealand has worked hard to encourage progress towards this outcome.

### New Zealand's contribution and leadership within the Asia-Pacific regional architecture enhances its effectiveness

Within regional systems, New Zealand is positioned and respected as a constructive and effective participant. We are frequently sought as a chair to steer conflicting country positions towards consensus, for example, leading discussions on counter-terrorism issues and countering violent extremism in the 2018 ASEAN Regional Forum.

## OUTCOME 2: Emerging Asia-Pacific regional and sub-regional systems include New Zealand, support free and open regional development, and champion the rule of law

### New Zealand has an opportunity to participate in new Asian political, security or economic governance, architecture, and initiatives

New Zealand engaged with China on the Belt and Road Initiative, including during visits to China by the Prime Minister and the Minister for Trade and Export Growth. Officials have resumed negotiations with China on a Belt and Road Initiative work plan.

New Zealand clarified and articulated the principles that we will apply in all Indo-Pacific and Asia-Pacific organisations, which enabled partners to understand our core interests and values. We contributed to discussions led by Indonesia that brought about clearer alignment of regional views on the principles that underpin regional architecture.

New Zealand and Singapore agreed and launched an Enhanced Partnership in May 2019. This provided a platform for commencing negotiations with Singapore and Chile on a pioneering Digital Economy Partnership.

### New Zealand is valued for playing a useful and constructive role

In addition to established regional meetings, New Zealand Ministers were invited to participate in major regional events including Indonesia's discussions on the approach countries are taking to the concept of the Indo-Pacific in April 2019.

### **OUTCOME 3: Levels of integration and engagement with ASEAN deliver significant benefits to New Zealand in economic and security terms**

#### **Innovative New Zealand cooperation initiatives catalyse ASEAN and broader regional cooperation**

Implementation of the 2016-2020 ASEAN-New Zealand Plan of Action has seen delivery of 98 percent of New Zealand's commitments. This included funding over 600 scholarships and training programmes in agriculture, education, good governance, renewable energy, and disaster risk management. We made substantial progress on the foundations for a 2021-2025 Plan of Action to advance the New Zealand-ASEAN relationship, and in planning events to celebrate the 45th anniversary of the ASEAN-New Zealand relationship.

#### **New Zealand's targeted development cooperation in South East Asia contributes to regional integration, prosperity and stability, a greater New Zealand profile and stronger connections to New Zealand**

In 2018-19, New Zealand's development cooperation programme in South East Asia delivered \$73.11 million in assistance to six countries in ASEAN and \$20.51 million to Timor-Leste. Assistance focused on sharing New Zealand expertise in building knowledge and skills, agriculture, renewable energy, and climate and disaster resilience.

Key achievements included supporting regional integration through English language training for officials, with the 50th intake of ASEAN students graduating in 2019. Our agriculture projects supported prosperity through the development of new dragonfruit varieties and production methods in Vietnam, improvements lifting incomes for 50,000 coffee farmers in Timor-Leste, higher milk production in the Philippines through support for genetic improvements of stock, and two new climate-smart horticulture projects in Cambodia.

Resilience and stability were enhanced by New Zealand's support for a Disaster Response Framework adopted by Indonesia in 2019, work with Myanmar Red Cross to build relief supply warehouses in Rakhine, support for the ASEAN Humanitarian Action Centre, and for small dam safety inspections in Laos.

We also developed our approach to transitioning relationships beyond development into broader partnerships.

#### **New Zealand is widely known for conducting policy dialogue, and delivering practical support, as a reliable and principled partner, responsive and aligned with evolving needs**

New Zealand has engaged in political, security, development and trade discussions that have consistently and transparently represented New Zealand's interests and priorities, and sought to develop solutions that address shared regional needs. Our work in the EAS, in regional trade negotiations such as RCEP, in discussions on counter-terrorism, and with Latin American economies have secured New Zealand's role as an active participant in discussions on establishing shared rules for regional economic and political engagement.





## CASE STUDY

# East Asia Summit: Action on marine plastic debris

New Zealand is committed to the principle of kaitiakitanga, and advocates for collective action on sustainability and environmental issues in a wide range of forums to ensure future generations can benefit from a more sustainable world.

New Zealand has worked closely with partners to establish maritime cooperation as one of the priority areas of the EAS, the premier political consultative forum in the Indo-Pacific region centred on ASEAN. The EAS brings together political leaders and policy makers from New Zealand and 17 other members to work on a wide range of issues confronting the region. We use the

EAS and other regional forums to advance international rules and to reinforce norms that are consistent with New Zealand's interests and values.

To jump-start regional political action, New Zealand and Indonesia collaborated on a regional workshop to explore the legal and environmental issues around marine plastic debris. We chose this issue because the top three sources of mismanaged plastic waste are located in the Indo-Pacific region and because the initiative could establish a collective to address this challenge. The workshop drew together senior representatives from government,

business and civil society to explore the issues that governments need to address and to recommend potential actions.

At the EAS Leaders' Meeting in November 2018, New Zealand co-sponsored with Indonesia and other partners, a statement on combating marine plastic debris. This drew attention to the threat that marine plastic pollution poses to marine ecosystems and to human health. The statement also called on countries to improve their management of plastic waste through strengthening research, education and policy.





A traditional welcome to Port Vila as part of the Pacific Mission 2019. Credit: MEAT

## Pacific

### Promote a stable, prosperous and resilient Pacific in which New Zealand's interests and influence are safeguarded

**New Zealand's Pacific Reset represents a refreshed New Zealand approach to the Pacific region. New Zealand's engagement in the Pacific is driven by our strong Pacific identity and interconnectedness with the region, coupled with the direct impact the Pacific's stability and prosperity has on New Zealand's national interests.**

The Pacific Reset recognises the Pacific faces a broad array of challenges and is becoming an increasingly contested strategic space, in which New Zealand has to work hard to maintain our influence. This year, New Zealand deepened its engagement with the Pacific and worked to ensure our relationships with Pacific Island countries are built on understanding, friendship, mutual benefit, and a collective ambition to achieve sustainable results.

Guided by these policy settings, we scaled up our development assistance with \$423 million invested in the Pacific, focusing on climate change, health and education, effective governance, economic resilience, human rights, youth, gender and women's empowerment.

## OUTCOME 1: Improved economic and social wellbeing in Pacific Island countries, which reduces risk for New Zealand and promotes shared prosperity

### Pacific Island countries make meaningful progress towards achieving the SDGs in areas that New Zealand is supporting

The first Pacific Islands Forum (PIF) report on the SDGs found that the Pacific is making advances in many areas where New Zealand provides support, including infant and maternal health, access to education, health, water, sanitation and electricity services, women's empowerment and environmental protection. New Zealand remains committed to supporting Pacific countries to address areas of vulnerability and inequality also identified in the report.

See Vote Official Development Assistance (ODA) annex (page 121) for examples of New Zealand's support for Pacific economic and social wellbeing.

### Gender equality and women's empowerment is improved in Pacific countries

Pacific countries are working to establish gender equality policies, implement domestic violence legislation, and ensure institutions are gender responsive. However, the region faces challenges in women's health, safety and empowerment. New Zealand's support for gender equality in the Pacific addresses gender-based violence, sexual and reproductive health, and economic empowerment.

### Unemployment among young people is reduced

We completed a draft youth inclusion framework to support increased youth leadership and decision making, economic empowerment, and improved access to services including mental and reproductive health.

### Two-way trade between New Zealand and the Pacific is increased

In the year to December 2018, New Zealand imports from the Pacific increased by 10.7 percent to \$1.5 billion, while two-way trade with the Pacific increased by 4.1 percent to \$3.6 billion.

New Zealand supported Pacific export growth through a number of means, including working with Australia on the 'Pacific Horticulture and Agriculture Market Access Plus Programme' to help Pacific Island countries address barriers to export; supporting the Pacific Trade and Invest Auckland office; and partnering with the Asian Development Bank to deliver the 'Pacific Private Sector Development Initiative'.

Under the Pacific Agreement on Closer Economic Relations (PACER Plus), at least 20 percent of ODA must be used for 'Aid for Trade' activities. New Zealand is prepared to meet this commitment when the agreement comes into force.

#### INDICATOR:



**Amount and percentage of official development assistance resources spent on Aid for Trade**

#### PROGRESS:

\$150.04 million (21.2% against a target of 20% of ODA).

#### Major initiatives contributing to the entire Pacific goal:

Implementing the shifts involved in the Government's Pacific Reset was our top priority in 2018-19. 18 months in, we are seeing results and have embedded new approaches in our work (see case study on page 27).

The Ministry undertook the planning necessary to effectively invest a significant scale up in aid funding for the Pacific for the 2018-19/2020-21 triennium. Vote ODA has increased to \$2.2 billion from \$1.7 billion in the previous triennium, with 60% allocated to the Pacific.

Cabinet approved a Pacific Realm Policy Framework, which provides clarity on the respective obligations of New Zealand, Cook Islands, Niue, and Tokelau, and a mandate to core public service departments to provide coordinated administrative assistance to Pacific Realm countries.

### Mutual benefits from labour mobility are increased

In November 2018, the cap for the Recognised Seasonal Employer scheme was increased by 1,750 places to 12,850, providing increased incomes for Pacific people and reducing labour availability risks in New Zealand's agriculture sector. New Zealand Aid Programme funding supported a successful pilot project, which offered trained Pacific carpenters and hammer-hands work opportunities in New Zealand.

### The implementation of PACER Plus supports the Pacific's wider regional and global economic integration

New Zealand supported Pacific Island signatories to prepare for PACER Plus ratification. Pacific customs and trade administrations received training to meet new transparency obligations. Online Trade Portals established in eight countries make export and import procedures information more readily available.

## OUTCOME 2: A more stable, secure, resilient and well-governed Pacific

### The Pacific has an enhanced ability to address trans-boundary security threats

New Zealand played an important role in the Boe Declaration, the key outcome from the 2018 PIF. The Declaration establishes an expanded concept of security and strengthens regional cooperation to respond to growing security challenges.

New Zealand continued to support regional security institutions: the Pacific Islands Chiefs of Police, the Pacific Immigration Development Community, and the Oceania Customs Organisation. New Zealand agencies were funded through the Pacific Security Fund to build capacity and provide security assistance in a range of security areas including border control and aviation security.

### Robust national security sectors manage internal security challenges

We partnered with the New Zealand Defence Force to launch a development programme for security force leaders in Fiji, Papua New Guinea, Tonga and Vanuatu. The programme aims to strengthen forces' performance and professionalism.

The benefits of New Zealand's support to the Royal Solomon Islands Police Force were seen as they managed tensions and built trust and confidence among communities during the 2019 election.

### Pacific countries are leading effective humanitarian responses, with support from New Zealand as required

The 2018-19 Pacific cyclone season was on par with previous years in terms of number and severity of weather systems generated, but without direct or significant impact on populated areas. Affected countries were largely able to deal with the impact themselves but New Zealand provided a small amount of funding in Vanuatu and Solomon Islands to assist the response to Tropical Cyclone Oma. New Zealand also supported the Government of Vanuatu's response to additional volcanic activity on Ambae Island (including providing support to relocated communities) and funded the assessment of ongoing volcanic eruptions on Ambrym Island.

#### INDICATOR:



New Zealand responses to natural disasters in the Pacific that are launched within mandated time-frames

#### PROGRESS:

No significant New Zealand responses were required this year.

### Pacific countries have an increased resilience to natural hazards and the impacts of climate change

The Ministry began implementing a dedicated climate change programme enabling Pacific countries to lead their climate change response. The programme provides \$150 million over four years in bilateral and regional funding, including support for the Pacific Climate Change Centre, working with Australian counterparts on the Climate and Ocean Support Programme, and strengthening water security in low-lying countries.

### The Pacific can sustainably manage natural resources and protect the environment

New Zealand continued funding for the Secretariat of the Pacific Regional Environment Programme to support its regional mandate for environmental protection, and the Pacific Islands Forum Fisheries Agency to help Pacific countries sustainably manage their fisheries.

We supported the Pacific region's response to a new strain of Coconut Rhinoceros Beetle. This beetle threatens economic resilience and food security due to its ability to devastate coconut palms.

#### INDICATOR:



Proportion of key tuna fish stocks within biologically sustainable levels, in the Pacific

#### PROGRESS:

100% (4 out of 4 key tuna stocks).

### Pacific states have more effective and accountable institutions and better public services

We reinforced our support for effective governance in Pacific countries, both through policy engagement and aid activities, targeting transparency and accountability, and institutional capability and capacity. We launched new public financial management and economic policy reform initiatives in Fiji, Nauru, and Solomon Islands.

Democracy is fundamental to stability and resilience in the Pacific. New Zealand supported and monitored the election process in Fiji and supported the Bougainville Peace Agreement process in the lead-up to the referendum on Bougainville's status, now scheduled for November 2019.

### Regional organisations are effective and well-governed

New Zealand increased its engagement with and funding for key Pacific regional organisations, to help strengthen their sustainability, governance, leadership, and delivery. The visit by PIF Secretary-General, Dame Meg Taylor, reinforced our support for Pacific regionalism.

## OUTCOME 3: A Pacific strategic environment conducive to New Zealand's interests and values, with our influence as a preferred and prominent partner maintained

#### INDICATOR:



Evidence of partnerships between New Zealand and Pacific bilateral partners strengthened

#### PROGRESS:

10 out of 12 were rated as good or above, and 2 were adequate.

### Strong collaborative Pacific relationships enable effective shared responses to regional challenges

At the centre of the Pacific Reset is a fundamental shift in the way we work with our Pacific partners, moving away from donor-recipient dynamics, to building genuine and more mature partnerships. This year we held eleven high level consultations with our Pacific partners, and signed four statements of partnership (see page 27).

### External actors engage in the Pacific in a way which promotes the region's objectives and supports New Zealand's values

Through working closely with other countries involved in the Pacific, we encourage constructive engagement that advances Pacific priorities and respects our values. We coordinated closely with Australia as it implements its 'Step Up' Pacific policy. We also lifted our Pacific-focused engagement with other key donors in the region, including China, the EU, France, Japan, and the United States.

New Zealand is co-funding the Office of the Pacific Oceans Commissioner with Australia, and working with France and other countries to tackle interconnected challenges of climate change and biodiversity in the Pacific.

### Decisions by Pacific Island countries align with New Zealand interests in regional and international fora

The Boe Declaration aligns strongly with New Zealand's concern to broaden security and secured PIF Leaders' commitment to strengthening regional security architecture.

The resolution adopted by the Western and Central Pacific Fisheries Commission to implement labour standards on fishing vessels, enforced through members' licencing processes, aligned with New Zealand's objectives.





Minister of Foreign Affairs Rt Hon Winston Peters unveiled a plaque at the NZ-funded Tuvalu Fisheries building. Credit: MFAT

## CASE STUDY

# The Pacific Reset: A year on

New Zealand has always had a strong focus on the Pacific as we are a Pacific country, connected to the region by culture, history and politics. The Pacific's stability and prosperity impact directly on New Zealand's national interests. New Zealand has significantly lifted its ambition and investment in the region through the Pacific Reset policy launched in March 2018.

Alongside an increase in aid funding, we have focused on strengthening our relationships with Pacific countries in order to work collaboratively on strategic challenges and opportunities in the region.

An important mechanism has been the increased frequency of ministerial engagement. Following on from the Prime Minister's Pacific missions in early 2018, the Minister of Foreign Affairs led two missions covering Fiji, Kiribati, Solomon Islands, Tuvalu, and Vanuatu. Pacific engagement across a range of portfolios

has expanded, and New Zealand has hosted an increased number of Pacific leaders and ministers.

New bilateral statements of partnership were signed with Niue, Samoa, Solomon Islands, and Tuvalu. These reflected comprehensive discussions on development and policy issues and a more inclusive and cohesive approach. The message that New Zealand is a partner, and not just a donor, has resonated and enabled frank conversations about policy priorities and challenges. The Secretary-General of the PIF remarked to the Prime Minister on the 'profound shift in the mindset and actions of your Government machinery'.

The Prime Minister has invited Pacific leaders to attend APEC Leaders week in 2021 and we will lead a year-long programme to link the Pacific to our APEC hosting year.

The Reset aims to achieve greater coherence across these contributions. A new mandate was agreed for agencies to provide coordinated administrative assistance to our Pacific Realm partners Cook Islands, Niue, and Tokelau.

We boosted New Zealand's Pacific-focused footprint with 14 new diplomatic and development positions: 10 in the Pacific, and four Pacific-focused positions in Beijing, Brussels, New York and Tokyo.

The Ministry's partnerships with New Zealand non-government organisations (NGOs) are important in achieving Pacific Reset objectives. We co-invested \$45 million on a range of human development initiatives. 2018-19 also saw the launch of our new approach to partnering with NGOs, to increase our shared development impact in the Pacific.





Credit: Regina Eisert

## Environment & Climate Change

### Promote sustainable international solutions to global environment and natural resource challenges that impact on New Zealand

**Complex threats to the world's natural environment pose risks to the security and prosperity of New Zealand, our region, and the world.**

To address these, New Zealand was active in promoting an effective global response to climate change, protection of Antarctica, and international stewardship of oceans and biodiversity. New Zealand's leadership was instrumental in the parties to the UN Framework Agreement on Climate Paris Agreement reaching agreement in December 2018 on a set of rules to make the Agreement operational.

Cabinet's agreement in principle to rebuild Scott Base will help protect New Zealand's presence in Antarctica. Japan decided to end its so-called 'scientific' whaling in the Southern Ocean, an outcome New Zealand has long advocated for.



## OUTCOME 1: An effective global response to climate change to which New Zealand contributes credibly and through which Pacific climate resilience improves

### The Paris Agreement and other international mechanisms are effective and fairly accommodate New Zealand's circumstances

At the 24th Conference of the Parties to the UN Framework Convention on Climate Change (COP24) New Zealand's co-chairing efforts led to agreement on a fair and effective set of rules to enable the Paris Agreement to be operationalised on schedule (see case study on page 31). We also worked to find solutions on issues of priority to the Pacific and other SIDS at COP24.

To help achieve the Paris Agreement's targets, we promoted action on sustainable agriculture, carbon markets and clean energy, including through the Global Research Alliance on Agricultural Greenhouse Gases and an 'Act!on Agriculture' event at COP24. We continued to build international support for reforming fossil fuel subsidies through the WTO, APEC and the OECD. Our Prime Minister and the Marshall Islands President co-hosted the inaugural meeting of the Carbon Neutrality Coalition. The Coalition's 19 members share experience on, and advocate for, stronger climate policies and actions.

### Pacific climate resilience is improved through multilateral support and finance

In September 2018, the Prime Minister announced a commitment to spend at least \$300 million on climate-related initiatives over 2019-2022.

Multilateral funds are a critical source of finance for building Pacific countries' resilience to climate change. New Zealand contributes to three funds: the Green Climate Fund (GCF), the Global Environment Facility (GEF) and the Adaptation Fund (new \$3 million contribution announced at COP24 in 2018). New Zealand works through constituencies led by Australia to promote greater access by the Pacific to these funds. This includes advocating for more projects in the Pacific (see results below) and ensuring policies and procedures reflect Pacific priorities. For example, simplified project approvals process and ensuring the reporting obligations are not burdensome on SIDS.

#### INDICATOR:



**Pacific initiatives delivered with multilateral climate finance**

#### PROGRESS:

Over 2018-19, two projects gained approval from the GCF, and five from the GEF.

### Robust and effective guidelines for environmental integrity in place that support credible options for international carbon trading

New Zealand was disappointed the Paris Agreement rules on carbon markets were not finalised at COP24 but is working to help conclude the rules in 2019.

#### INDICATOR:



**At least two options for use of international carbon markets identified**

#### PROGRESS:

Options have been identified and work is on track.

## OUTCOME 2: Antarctica and New Zealand's place in it are protected

### New Zealand sustains a fit-for-purpose and permanent presence in Antarctica

Cabinet's agreement in principle to rebuild Scott Base and provide funding for the first two years of work will help New Zealand maintain a permanent and sustainable presence in Antarctica and the Southern Ocean.

Following public consultation, the Ministry issued New Zealand's Statement of Commitment to Antarctica and the Southern Ocean. The Statement outlines why and how New Zealand is involved in Antarctica.

### The Antarctic Treaty System ensures the effective governance and management of Antarctica and its environment

New Zealand continues to support the effective governance of Antarctica and the Southern Ocean through our work in the Antarctic Treaty System. We achieved our objectives for strengthening the Treaty System and protecting the Antarctic environment at the 42nd Antarctic Treaty Consultative Meeting and the Committee for Environmental Protection. The parties agreed the Prague Declaration on the 60th Anniversary of the Antarctic Treaty, which recognises the Treaty's achievements and underlines the ability of the Treaty system to evolve and adapt to challenges.

### New Zealand's specific interests in the Ross Sea region are promoted including through an enhanced leadership role

New Zealand continued to develop science, environmental and logistics collaborations with our Ross Sea partners. This included working with Korea, Italy and the United States to undertake research and monitoring of the Ross Sea region Marine Protected Area.

### Christchurch continues to be an Antarctic gateway of choice for country partners

New Zealand continues to provide gateway support in Christchurch to Ross Sea partners, including through welcoming their vessels, shared office spaces, and consular and visa support.



The preferred design of the Scott Base redevelopment.  
Credit: Jasmax - Hugh Broughton Architects

## OUTCOME 3: Better international stewardship of oceans, especially Pacific and Southern Oceans

### Illegal, unreported, and unregulated fishing reduced in the Pacific and the Southern Ocean

New Zealand continued its efforts to curb illegal, unreported and unregulated (IUU) fishing, including through regular deployment of maritime surveillance aircraft and vessels. This has led to a decrease in IUU fishing activity in the Ross Sea region over recent years.

### Marine pollution, in particular marine plastic debris, is reduced through effective regional and international action

New Zealand is committed to the UN's SDGs on oceans and its target of preventing and reducing marine pollution. New Zealand funds waste management activities in the Pacific. We also support alliances focused on reducing marine pollution including the Global Ghost Gear Initiative, the Clean Seas Campaign and the Commonwealth Clean Ocean Alliance. New Zealand pursued action on marine debris through partnering with Indonesia on an East Asia Summit leaders' statement on marine debris (see case study on page 23). New Zealand also co-chaired a United Nations Environment Programme Expert Group on marine debris.

### Whaling eliminated in the Southern Ocean

Japan's decision to end its so-called 'scientific' whaling in the Southern Ocean this year met a longstanding New Zealand objective. However, Japan also announced its withdrawal from the International Whaling Commission which took effect on 30 June 2019 and intention to resume commercial whaling inside its Exclusive Economic Zone from 1 July 2019.

### Harmful fisheries subsidies are eliminated

New Zealand worked hard to advance the negotiations for a WTO fisheries subsidies agreement, including by leading and co-sponsoring several proposals. New Zealand also proposed disciplines on fisheries subsidies in our FTA with the EU.

## OUTCOME 4: Better international stewardship of biodiversity to halt its global decline and reflecting New Zealand's national and regional priorities

### Marine biological diversity of areas beyond national jurisdiction is sustainably conserved and managed, and its benefits are equitably distributed

We participated in two negotiating rounds towards the UN Biodiversity Beyond National Jurisdictions Treaty and chaired the Working Group on Marine Protected Areas, helping to shape the first draft of the treaty.

### A post-2020 global framework that encourages the reduction of direct pressures on biodiversity and its sustainable use

The international community will negotiate new global biodiversity targets under the Convention on Biological Diversity in 2020. We are well placed to pursue ambitious new targets consistent with New Zealand's interests having undertaken initial public consultation, engaged with iwi and stakeholders and coordinated with other agencies to prepare an initial mandate.

### International risk management frameworks keep pace with new technologies designed to protect biodiversity

At the Convention on Biological Diversity Conference of Parties in November 2018, New Zealand played a significant role in facilitating decisions that reflected science based, case by case treatment of genetically modified organisms to protect the environment from potential adverse effects. New Zealand was invited to join an expert group to work on a ten-year implementation plan for the Cartagena Protocol on Biosafety.



APA Co-Chairs Sarah Baashan, Saudi Arabia, and Jo Tyndall, New Zealand, gavel the APA to a close for the last time. Credit: IISD/Kiara Worth ([enb.iisd.org/climate/cop24/enb/8dec.html](http://enb.iisd.org/climate/cop24/enb/8dec.html))

## CASE STUDY

# New Zealand: An ‘ideas engine’ in the multilateral world order

The rulebook for the landmark Paris Agreement on Climate Change was agreed at COP24 in December 2018. New Zealand diplomat Jo Tyndall played a prominent role in reaching this milestone.

The Paris Agreement has been described as ‘the world’s greatest diplomatic success’. In her role as New Zealand’s Climate Change Ambassador, Jo Tyndall, and her Saudi Arabian co-chair Sarah Bashaan, managed the negotiating body to deliver rules to make the Paris Agreement operational. It was a delicate and complex task. The same divides and differences of interpretation that proved challenging to get the Paris Agreement across the line in 2015 remained in play. But the co-chairs

succeeded in getting the rulebook agreed in time ready for the Agreement to come into effect in 2020. The rules provide guidance on implementing the Paris Agreement including setting emissions reduction targets, and reviewing and reporting progress.

Despite New Zealand’s small size, we have a significant voice in the climate change world, providing leadership and putting forward creative solutions.

Climate change is a global problem needing universal action. New Zealand’s approach in the lead-up to the Paris Agreement was to design an agreement that would get other countries’ buy-in, but still be robust. New Zealand took the

view that the perfect agreement counts for nothing if only a handful of parties sign up to it. Stringent penalties are pointless if governments choose to leave when faced with their imposition. Our approach both during negotiation of the Paris Agreement and in the lead up to COP24 was to establish a rules framework supported by domestic policies. It forms a solid foundation allowing countries to increase their pace of action.

This success has bolstered the international view of New Zealand as an ‘ideas engine’ and an effective upholder of the multilateral system.





A Royal New Zealand Air Force C-130 Hercules.  
Credit: Kai Schwoerer / Stringer

## Security & Safety

### Lead New Zealand's international action to advance and protect New Zealanders' safety and New Zealand's security

#### We strive to make the world more secure so New Zealanders can live, do business, travel and communicate safely.

The Ministry responded to a number of security threats and proactively worked with partners to mitigate risks from terrorism, cyber actors, irregular migration and foreign interference. Extensions to troop deployments in Iraq, Afghanistan and elsewhere, as well as an aerial maritime surveillance commitment to enforce UN sanctions against North Korea advanced New Zealand's work with the international community to build a more stable global environment.

New Zealand's leadership of the 'Christchurch Call' secured commitments to action on eliminating terrorist and violent extremist content online from both supporting countries and all major social media and internet tech companies.

We continued providing high quality consular services to New Zealanders requiring assistance. There was a 20 percent increase in the number of cases handled, and a higher number of complex cases. Satisfaction levels rose this year, confirming the value our consular staff deliver.

## OUTCOME 1: Reduced threats to New Zealand from terrorism, cyber actors, irregular migration, transnational crime, weapons proliferation and other trans-border security issues

*New Zealand leadership of the 'Christchurch Call' brought countries and tech giants together to take action on reducing the risk posed by violent extremism and the internet. (see page 35).*

### New Zealand's engagement in South East Asia has a meaningful impact on mitigating the risk of the region being either a target or source of terrorism

The Ministry worked with other agencies to create a counter-terrorism strategy for South East Asia. The strategy provides a blueprint for New Zealand's engagement in the region, focusing on three principal areas: the strengthening of existing security relationships; investment in initiatives to counter the root causes of terrorism and violent extremism; and the promotion of greater coordination through support for regional mechanisms. Implementation was delayed with re-prioritisation of effort following the Christchurch terrorist attack, but the Ministry led delivery of valuable initiatives with Indonesia, Malaysia, Philippines, and Singapore. This work will help mitigate terrorism risks over time.

### New Zealand enhances regional capacity to support our approach to averting mass arrivals

The Ministry led and supported cross-government efforts to enhance capacity in South East Asia, and the Pacific. Our work focused on building capability to deter, detect and prevent people smuggling, including through participation in the Bali Process. We also provided advice to the Government on new areas for regional cooperation on maritime people smuggling to strengthen our defences.

### New Zealand's contributions to global counter-proliferation efforts, including our own strategic goods regime, help prevent the further spread of weapons of mass destruction and small arms

New Zealand will chair the Missile Technology Control Regime in 2019-20. In preparation, we have developed our priorities and consulted with partners to ensure we deliver credible and engaged chairing that advances the Regime's objectives.

We made good progress towards reviewing New Zealand's export control legislative framework, including planning for broadening 'catch all' controls.

### New Zealand diplomatic efforts mitigate cyber and other emerging security risks

The Ministry is delivering a cyber security work programme that supports the refreshed New Zealand Cyber Strategy. We secured funding for a cyber capacity-building programme in the Pacific, one of the seven priority areas in the strategy. We have contributed to all of government efforts to respond to malicious behaviour online. We have also strengthened international partnerships, including with Singapore and Japan to advance collective interests in global cyber security.

## OUTCOME 2: New Zealand's participation in international military and peace support operations mitigates direct security threats, contributes to a more stable global environment, and delivers benefits to our major relationships

### Targeted contributions of defence, intelligence, development and diplomatic support make a material positive impact on international military and peace support operations

Providing advice to the Government on defence, intelligence and development contributions to countering terrorism and violent extremism in the Middle East was a priority this year. Cabinet extended New Zealand's deployment to Iraq until June 2020 and extended New Zealand's deployment to Afghanistan with an increased focus on women, peace and security. The Government also continued New Zealand's deployments in a range of peacekeeping missions in the Middle East and Africa.

The Government's decision to deploy a P3 Orion in support of UN Security Council sanctions enforcement against North Korea was a well-targeted and positively received contribution to peace and security in our region.

To help make New Zealand and the international community more secure from threats, such as terrorism and trans-national crime, a new \$10 million Peace and Stabilisation Fund was established. This will provide development, stabilisation and capacity-building assistance.

### New Zealand's major security partners value our contributions to collective security efforts

The Government decisions reported under the previous result demonstrate the value that New Zealand adds to collective security efforts. Our key security partners have responded positively to our efforts.

### OUTCOME 3: New Zealand's security partnerships directly contribute to New Zealand's safety

**Our close security partnership with Five Eyes countries, and particularly our alliance with Australia, tangibly contributes to the security of New Zealand**

Risks from foreign interference, terrorism, cyber-attacks, illegal migration, and espionage all rely on the maintenance of strong international security partnerships. Following the Christchurch terrorist attack, New Zealand received immediate offers of assistance on a range of operational and policy matters, indicating our relationships are in good shape. We have also received invaluable operational and policy support from partners that helped mitigate direct security threats to New Zealand.

**New Zealand deepens its bilateral security cooperation with targeted Asia-Pacific partners; and our engagements with those countries advance our own national and regional security interests**

Security cooperation was included in strategies with Singapore, Japan, and Indonesia. The Singapore Enhanced Partnership, launched in 2019, will strengthen bilateral defence and security cooperation through an annual defence ministers meeting, security and intelligence talks, and an arrangement for cyber security cooperation. We also signed an arrangement with Indonesia to advance cooperation on counter-terrorism.

### OUTCOME 4: New Zealanders are safer overseas

**New Zealanders are provided with accurate and timely information that enable them to make informed decisions about travelling overseas**

The Ministry increased its focus on preventing consular cases through outreach. The SafeTravel website received 1.4 million views this year. The Ministry published 103 travel advisories and issued 64 news features providing up-to-date information on situations in different countries.

**New Zealanders abroad can easily access high-quality consular advice and assistance; and the Government effectively plans for, and responds to, events and emergencies affecting New Zealanders overseas**

Increased levels of satisfaction with the quality of consular services were recorded beyond an already high base (see Indicator). The number of new cases handled grew by 20 percent to 2,716.

To provide a more streamlined and reliable service for New Zealanders seeking emergency consular assistance outside embassy working hours, we set up a new contact centre arrangement with the Ministry of Business, Innovation and Employment for the handling of after-hours consular calls.

#### INDICATOR:



**Percentage of respondents satisfied with the quality of consular services rated at 85% or above**

#### PROGRESS:

84%, up from 78% in 2018.





## CASE STUDY

# Response to Christchurch terror attack and the Christchurch Call

The impact of the 15 March terrorist attack was felt around the world and required a wide-ranging response from the Ministry as part of the whole-of-government national security system response. This included supporting affected foreign nationals, managing VIP visits and preserving our international reputation for tolerance. The Minister of Foreign Affairs and Minister for Ethnic Communities attended a special session of the Organisation of Islamic Cooperation a week after the attack, to underscore New Zealand's commitment to spreading tolerance, compassion and understanding. In countries where New Zealand is represented in the Islamic world, our embassies amplified these messages, reassuring governments and populations that New Zealanders stood with our Muslim community and rejected the

terrorist act. This traditional diplomacy was undertaken in parallel with a social media campaign to inform public opinion and counter misinformation. During the campaign period, the Ministry's digital diplomacy reached almost 10 million people, in seven languages, with more than 3 million views of our video content.

The attack stood out in the way it weaponised the internet, being explicitly designed to go viral. Concerted efforts were made to subvert the systems that social media platforms use to counter terrorist and violent extremist content online. The online impact of the Christchurch attack was greater than any other attack of this nature. It required a response that went beyond previous international efforts to counter terrorist use of the internet. The 'Christchurch Call

to Action to eliminate terrorist and violent extremist content online' was adopted in Paris on 15 May 2019. Our partnership with co-host France was critical to the success of the 'Christchurch Call', which was supported by 17 countries plus the European Commission and eight tech companies. It secured commitments to action from both supporting countries and, critically, all major social media and tech companies. Ministry officials, with the Department of Prime Minister and Cabinet, are continuing to engage with company and country supporters to progress the commitments made under the 'Call', with an eye to reporting on progress during Leaders' Week at the UN General Assembly in late September 2019.



Minister of Foreign Affairs at the opening of the new embassy in Stockholm. Credit: MFAT

## International Relationships

### Build and leverage targeted international relationships to achieve our goals

**Our ability to build and leverage relationships with other countries and international entities is central to ensuring New Zealand's prosperity and security.**

All of our major relationships continued to generate economic, political, and social dividends for New Zealand. To keep our diplomacy aligned with changes in the global political and economic landscape, the Ministry pursued its focus on targeting discretionary effort towards five 'lift' relationships. The conclusion of our Enhanced Partnership with Singapore was an important part of this strategy.

The Ministry's ability to create impactful connections and leverage benefit from these for New Zealand was exemplified in the aftermath of the Christchurch terror attack when we were able to use existing relationships and networks around the world to ensure our international reputation was preserved. New connections were built with the major tech companies and used effectively to deliver the Christchurch Call.



## OUTCOME 1: Our diplomacy is aligned to changing global realities

**Our relationships with Australia, the United Kingdom, the European Union and the United States are sustained, so that our closest partners support us when we need them**

Our relationships with our closest partners continued to generate economic, security and social benefits for New Zealand. Engagement by the Prime Minister, Minister of Foreign Affairs and other Ministers saw progress in many areas and helped manage points of difficulty. Among these was the continuing uncertainty surrounding Brexit. Our efforts to secure New Zealand's interests and strengthen our relationship with the United Kingdom saw the Ministry leading work on contingency arrangements, securing regulatory frameworks with the United Kingdom and keeping key stakeholders informed. Agreement with the United Kingdom and EU on preserving market access under our Tariff Rate Quotas was not reached this year.

**Our comprehensive strategic partnership with China remains on a sound basis to realise benefits, work constructively on mutual interests and manage risks**

New Zealand and China cooperated on major common interests including climate change and the world trade system. We have been clear on issues where we differ and have sought to manage these in a mutually respectful way. The Prime Minister's visit to Beijing included meeting China's leaders and opening our new embassy building. We also reached agreement to resume FTA upgrade negotiations and to progress a bilateral Belt and Road Initiative work plan.

**A deliberate programme of investing discretionary effort grows our relationships with Japan, Singapore, Germany, India and Indonesia, delivering tangible benefits for New Zealand**

The Singapore Enhanced Partnership, launched during the Prime Minister's visit to Singapore in May, will lift cooperation across many areas (see case study on page 39).

The Ministry is implementing strategies to strengthen New Zealand's relationships with Japan and Germany. The focus is now on progressing strategies for India and Indonesia.

## OUTCOME 2: The quality of all our relationships enables us to achieve our objectives

**Effective leveraging of all the relationships we have invested in delivers tangible results for New Zealand over time**

The network of relationships across nations and within governments, built over time by Ministers and officials, has been instrumental in supporting our trade negotiations, unlocking NTBs, and advancing our bilateral and multilateral policy objectives. For example, our important partnership with Jordan on the 'Christchurch Call' is built on the work of our Embassy in Ankara, high level visits to Amman, and our past hosting of His Majesty King Abdullah II on a state visit to New Zealand.

As part of the Ministry's responsibility for ensuring New Zealand makes the most of the opportunities offered by hosting APEC in 2021, we will lead specific activities and events to enhance relationships with each of the APEC economies. Work has begun to identify opportunities and the Prime Minister has agreed to host two state visits linked to APEC Leaders week.

We have developed our approach to transitioning relationships currently focused on development into broader partnerships.

**Significant differences with other countries have been managed in a way that preserves New Zealand's interests and values**

The Ministry has helped manage tensions in relationships in areas including human rights, market access, and diverging positions on regional or global issues. As one example, we have been clear we disagree with Australia's deportations policy, while still maintaining a broad and deep relationship that contributes directly to New Zealand's prosperity and security.



New Zealand's new chancery in Beijing. Credit: MFAT

## New Zealand is positioned to take advantage of opportunities and manage risks across all our relationships

The global profile of the Christchurch terrorist attack posed a significant risk to New Zealand's international reputation. We played an important role in signalling the response of the New Zealand Government and our wider communities through our post networks and via social media channels. We also proactively used our networks and media channels to monitor feedback and trends in opinion about New Zealand and tailor our messaging appropriately.

Diplomatic presence helps New Zealand seize opportunities and manage risks. We opened new embassies in, Dublin, Ireland, and Stockholm, Sweden enabling New Zealand to better influence EU policy settings. This brings the Ministry's network of posts to 60.

## OUTCOME 3: We adapt to ensure we continue to create impactful connections and leverage benefits

### Investment in new tools and practices enhances our ability to build relationships

The Ministry's use of social media is developing into a sophisticated programme that uses data analytics, digital marketing, and coordinated messaging. We used social media in the response to the Christchurch terrorist attack to reach over 10 million social media users and achieve significant engagement with New Zealand's messaging.

### We identify and support impactful links (political, business, social, cultural and people-to-people) between individuals, influencers, institutions and agencies

The Tokyo Embassy facilitated contact between representatives from Te Puia and the Ainu and Lake Akan community in Hokkaido, Japan, to explore potential cooperation and tourism opportunities for Māori business in Lake Akan.

Informal mechanisms for engagement involving academics and think tanks across Asia were expanded to cover other regions, for example, a mission to Europe led by the Centre for Strategic Studies.

The Oceania Exhibition, on which New Zealand partnered with the Royal Academy in London and the Musée du Quai Branly in Paris, was leveraged to build wider links. The High Commission in London hosted events which raised the profile of climate change, oceans, and security issues in the Pacific, as well as inclusive trade and women in leadership. The Embassy in Paris organised a well-attended conference on 'Blue Futures: addressing the Pacific Ocean-Climate nexus' with the Institute for Sustainable Development and International Relations.

## The coalitions we build and participate in with other countries and organisations deliver results for New Zealand

The Christchurch Call is a result of coalition building with constructive and engaged tech companies, and other countries, particularly France (see case study on page 35).

We continued to work with diverse coalitions of countries to deliver benefits to New Zealand. We supported the Carbon Neutrality Coalition, the Global Research Alliance on Agricultural Greenhouse Gases and Inclusive Trade Action Group. We also continued our long-standing involvement in the New Agenda Coalition on nuclear disarmament and joined new coalitions of like-minded countries to work on cyber threats and ensure the peaceful use of outer space.

## New Zealanders' skills and comfort in operating in Asian cultures increases

The Ministry works to support New Zealanders build skills and confidence when working in Asia as they are then more likely to succeed. Asia is a region of critical importance to New Zealand's current and future prosperity, security, and wellbeing.

The China Capable Public Sector programme (CCPS) the Ministry leads continued its activities to improve China awareness in the public sector. In close partnership with the New Zealand Centre for Contemporary Research on China, CCPS has delivered a substantial programme of events and launched a knowledge portal website. The programme has over 1,500 active participants from the New Zealand public sector.

The Ministry continued to support the work of the Asia New Zealand Foundation (including as a Trustee), which has a mandate to 'equip New Zealanders to thrive in Asia'.

### INDICATOR:



**New Zealanders' confidence in engaging with Asian cultures increases**

### PROGRESS:

According to the Asia New Zealand Foundation's 2018 *Perceptions of Asia* survey, 48% of New Zealanders feel they know at least a fair amount about Asia. This is an increase of 15% since 2013.



Prime Minister, Jacinda Ardern (Left), and Singapore's Prime Minister, Lee Hsien Loong, launch the New Zealand-Singapore Enhanced Partnership. Credit: MFAT

## CASE STUDY

# Conclusion of the Singapore Enhanced Partnership

This year saw the successful conclusion to negotiations on the Singapore Enhanced Partnership. This once-in-a-generation agreement with Singapore will substantially lift our relationship and provide tangible benefits to New Zealanders now and in the future.

Singapore is similar to New Zealand in that we are both island nations with advanced economies and relatively small populations. We share a historic defence relationship and Singapore's economic success has long presented New Zealanders with opportunity – our 2001 Closer Economic Partnership (CEP) with Singapore was New Zealand's second ever FTA.

Our ambition is for a relationship beyond our strong trade ties and shared history. Over the last three years the Ministry worked with over 20 other New Zealand agencies to negotiate the New Zealand

– Singapore Enhanced Partnership. The Enhanced Partnership includes a range of initiatives under four pillars: people-to-people, defence and security, trade and economic, and science, technology and innovation.

Prime Minister Jacinda Ardern visited Singapore in May 2019 to launch the Enhanced Partnership alongside Singaporean Prime Minister Lee Hsien Loong, highlighting the importance that New Zealand places on the agreement and the relationship.

In addition to upgrading the CEP, the Enhanced Partnership focuses on linking the countries' science and innovation sectors and on connections between New Zealanders and Singaporeans.

By strengthening people-to-people links, we will create a group of advocates that are familiar with each other's countries. Key

outcomes under this pillar include a range of arts and culture initiatives, reciprocal visa-free 90-day stays, mutual use of passport control eGates and a refreshed reciprocal Working Holiday Scheme. Approximately 4,000 Kiwis already live and work in Singapore.

A Science and Innovation Arrangement, with a focus on joint data science and future food research initiatives, is supported by \$57 million in funding. This will coordinate and promote long-term science cooperation and commercialisation opportunities.

New Zealand and Singapore will strengthen cooperation on defence and security, with a focus on cyber-security.

We anticipate that the Enhanced Partnership will evolve as we implement the initiatives.





MFAT Staff at a stand up on Pink Ribbon day. Credit: MFAT

## Our People

### Build and sustain a happy, healthy and high-performing community, for all

**The Ministry's success relies on building a happy, healthy and high-performing community, for all. Our people are our greatest assets and through their efforts, we realise our strategic objectives.**


This year we made significant progress towards our aspiration of being a diverse and inclusive organisation that lives its values. Our Diversity and Inclusion Strategy and our refreshed values were established within Ministry processes and programmes, and we implemented the Speak Up Safely programme.

Large recruitment intakes provided opportunities to improve the Ministry's diversity profile, progress our goal of having the right people, in the right place, at the right time, and improve our induction programme. We also took practical steps to improve staff wellbeing, invest in staff development and improve frameworks for future capability development.

## OUTCOME 1: We have the right people in the right place at the right time

### Workforce planning enables the Ministry to meet future capability and capacity requirements

We completed phase 1 of a workforce planning project. It included a gap analysis, set a vision for the future and created a road map.

<b>INDICATOR:</b>	 <b>Workforce planning maturity increases to an advanced level by 2028</b>
<b>TARGET:</b>	Strategic alignment: 5 – advanced Process: 5 – advanced Information: 5 – advanced People & Culture: 5 – advanced.
<b>PROGRESS:</b>	This year was a baseline year and our results were: Strategic alignment: 2 – emerging Process: 2 – emerging Information: 1 – basic People & Culture: 3 – developing.

### We achieve clearer alignment of people resources with organisational priorities, and are more flexible and agile in accommodating emerging issues and short-term operational needs

The Ministry responded to resourcing demands in high priority areas through intensive recruitment programmes. As a result, we hired 45 staff for our Pacific work and 136 for other priorities, including those for which the Ministry received Budget funding. While the Ministry continues to improve its practice around agile alignment of resources, its response to the Christchurch terror attack demonstrated the ability to shift resources effectively when needed (see text box 'Agile response').

### Flexible and innovative ways of working are standard practice of how we resource roles

The Ministry is on a path to make flexible and innovative ways of working standard practice. This year we developed a draft flexible working arrangements policy and established a flexible work network to share experiences and provide input into policies.

At present, nine percent of our New Zealand workforce has taken up the option of working part time, compared to eight percent in 2017.

#### Agile response: 15 March 2019 and beyond

The Ministry activated its Emergency Coordination Centre (ECC) on the afternoon of the Christchurch terror attack. For the following four weeks, 181 staff worked in shifts around the clock in the ECC, in the National Crisis Management Centre and Police HQ, along with other staff at posts and in divisions, to manage engagement with foreign governments, notification of victims and international offers of assistance. A team of 12 was deployed to Christchurch to liaise with consular representatives. To play our part in the response, keep the Ministry delivering on other priorities and ensure staff welfare, significant reprioritisation of work was undertaken. Further reprioritisation was required as the Ministry set up a five-strong project team to deliver the 'Christchurch Call' (see case study on page 35).

## OUTCOME 2: We develop our people for the future

### Improved access to development opportunities aligned with talent management gives our staff the skills and expertise to be successful in their current and future roles

We are developing new talent management and capability frameworks, and updated guidance to improve access to development opportunities. We are also revising the progression and development framework for foreign policy and development staff. A new induction programme for all staff was successfully launched to ensure all new staff have the tools they need to excel.

### Investment in building great managers and authentic leaders translates into higher levels of capability in leading staff and managing resources

The Ministry made significant investment in developing the capability of leaders and managers. We introduced leadership training for Deputy Heads of Mission, developed a dedicated leadership induction programme, and expanded our existing leadership programmes.


### Leaders consistently provide staff with regular, honest and constructive feedback on their performance and appropriately deal with poor performance

The Ministry is working toward setting clear expectations and responsibilities of leaders that are guided by our values when providing feedback and managing performance. Leaders are supported with guidance for performance coaching.

## OUTCOME 3: We care for and value our people

### Investment in our offshore facilities ensures that, as far as practicable, all our working environments are safe and healthy

The Ministry's Health and Safety assessment programme will be completed over the next three years. Action Plans to mitigate identified risks in the Pacific, Middle East, Africa and South East Asia regions made good progress. We strengthened governance and resourcing of the Ministry's wider Health and Safety work programme. A four-year Health and Safety work plan will be developed in 2019.

<b>INDICATOR:</b>	 <b>80% of our offshore buildings have had a health and safety assessment and have an agreed management plan in place for those risks that have not been eliminated</b>
<b>PROGRESS:</b>	51% of offshore working environments have been assessed. Action Plans to mitigate identified risks are under way and over the next 3 years the all of the portfolio will be assessed.

### Changes in our organisational culture increase work-life balance and staff wellbeing

The Ministry undertook significant changes in our organisational culture to increase work-life balance and wellbeing this year. As well as the progress made on flexible working, our new Speak Up Safely Programme provided staff with a safe and secure way of raising concerns about unacceptable behaviour in the workplace (see case study page 43). We also introduced a mentoring pilot programme and a Diversity and Inclusion speaker series, created and supported new staff networks, and extended our health and wellbeing and study assistance policies to staff employed at posts.

### Staff are recognised and rewarded for good performance and positive behaviours

The Ministry's performance management framework has been implemented to reward performance and behaviour in a way that is consistent with our values.

### The Ministry's internal communications are supporting high levels of staff engagement

A 2018 internal communications audit found 59 percent of staff were satisfied with the Ministry's internal communication and 63 percent felt the communication was open and honest. To improve on this, the Ministry has developed an internal communications strategy and has scheduled an intranet upgrade, due for completion by mid-2020.

## OUTCOME 4: We are diverse and inclusive

### Valuing and utilising diverse and inclusive thinking, people and behaviours enables the achievement of the Ministry's goals

The first year of the Ministry's Diversity and Inclusion Strategy was implemented in 2018-19. In addition to the Speak Up Safely Programme, this was notable for successful delivery of:

- The pilot of four Aorere Summer Internships for applicants of Māori descent
- The implementation of mandatory unconscious bias training for recruitment panels
- A further reduction in the Ministry's gender pay gap and the maintenance of our functional zero percent gender pay gap within band.

#### INDICATOR:



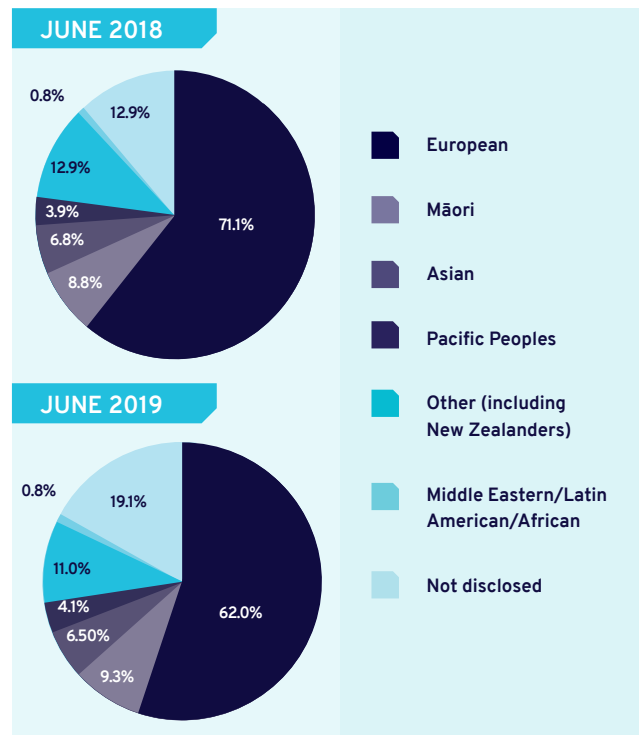
Meet the 40 Diversity and Inclusion Strategy goals and targets by 2028

#### PROGRESS:

1 goal completed  
23 goals have associated work programmes in progress and on track  
3 goals have been delayed due to external factors  
13 goals will have their associated work programmes commence in 2021.

### Our staff reflect the diversity of New Zealand and the countries we work in

The Ministry changed recruitment, retention, and progression processes to help attract and retain a diverse New Zealand based workforce. As a result, 39.8 percent of our staff identified as Māori, Asian, Pacific, or Middle Eastern/Latin American/African in 2019, compared to 32 percent in 2018.



#### INDICATOR:



Gender pay gap reduced to zero by 2028

#### PROGRESS:

A gender pay review was completed to address some residual in-band gender pay issues. This has reduced the Ministry's overall gender pay gap by 0.5% to approximately 14%.

## OUTCOME 5: We live our values, every day, everywhere

### Our staff embrace our values and this positively influences behaviours

Our values have become a touchstone in the Ministry, positively influencing our organisational culture and the behaviour of our people. The way staff embrace our values was visible at the Ministry's first annual Values Day held in May. Staff took part in workshops and discussed how to continue getting the most out of our values. Overseas posts translated the values into their local languages.

### We recruit, develop and reward our staff in line with the values

The Ministry's values have been incorporated into the recruitment process, training, induction, job descriptions, performance and development plans, and policies across the Ministry.





MFAT Staff at the launch of Speak Up Safely. Credit: MFAT

## CASE STUDY

# Speak Up Safely

We launched the Speak Up Safely programme as part of the Ministry's push to ensure it cares for and values its people – reinforcing our commitment to a happy, healthy and high-performing community.

The programme established the Speak Up Safely ecosystem, which creates an environment where all staff, both on and offshore, feel safe to raise any matter of unacceptable behaviour with the assurance that it will be treated with appropriate confidentiality, sensitivity and action. Our ecosystem provides staff with a single point of reference for all the Ministry's policies, processes and support mechanisms.

The ecosystem is supported by Speak Up Safely Advisers, a group of 16 staff who are stationed both on and offshore. The advisers were selected and trained from a large pool of applicants. Keep receive ongoing mentoring, support and training. All new staff are informed about Speak Up Safely in their induction, letting them know there is a comprehensive and well-resourced avenue for raising any concerns.

Speak Up Safely has been well-supported by the Ministry's senior leaders. The senior leadership team (SLT) affirmed 'we are committed to leading a Ministry which is safe, inclusive and free from bullying and harassment – of any kind.' The SLT received

training in unacceptable behaviours and tier 2, 3 and 4 managers have undertaken Speak Up Safely training.

The Speak Up Safely programme pulls together, and adds to, the Ministry's existing strong foundations, and identifies areas for improvement. A Principal Adviser is working to ensure that Speak Up Safely becomes part of the everyday work of the Ministry.



The newly opened chancery in Dublin. Credit: MFAT

## Operational Excellence

### Enable effective and efficient delivery of Ministry business through fit for purpose and resilient global network and systems/services

**The Ministry is dependent on the quality of our support functions and systems to enable 24/7 delivery of frontline functions, including those of many New Zealand agencies operating offshore.**

Efforts to adapt our networks, systems and services for future needs focused on improving resilience. We did this by replacing ageing infrastructure and establishing a new data centre, enhancing our ICT and physical environments to support staff to work flexibly, productively, and securely, and completing the roll-out of a new aid management system. Core operations and services continued to support frontline functions effectively, including during the challenging period of responding to the Christchurch terrorist attack.

The property portfolio was maintained in line with fit-for-purpose targets, with 80 percent of our chanceries and 85 percent of official residences reaching our target.

## OUTCOME 1: Our networks, systems and services are adapted to respond to future opportunities and challenges for the Ministry's business

### Evolution in our virtual and physical work environments enables staff to work more flexibly and productively as well as securely

The Ministry has been applying its Workplace Design Guidelines to ensure all of our locations are safe and secure, and can adapt to new ways of working and changing business priorities. This year we implemented Skype for Business and piloted Zoom as an unclassified video conferencing tool, enabling staff to work more flexibly and the Ministry to engage more easily with external partners.

### The Ministry takes full advantage of innovation in digital technology within appropriate security risk parameters

The introduction of Skype and Zoom has improved efficiency by significantly reducing transaction time in our communication.

We made progress in identifying the requirements for digitising content for visits and events and for a Ministry contact database.

### Our post network model sustains fit for purpose representation and operations across the range of locations and circumstances we work in

This year the Ministry opened new embassies in Dublin and Stockholm. Following MFAT workplace principles, the aim was to provide effective and efficient working environments with a distinct expression that enhances the reputation of New Zealand. Open plan environments provided collaborative space benefits and also reduced construction to the shortest possible time frame.

### Initiatives to improve infrastructure, systems, processes and services deliver clear and measurable benefits including for staff and their delivery of the Ministry's strategic goals

The Ministry launched its new aid management system, Enquire, which has improved our ability to track and report on the \$2.2 billion of aid funding we are managing in the current three year period (see case study on page 47).

We made progress on the Human Resources Information System upgrade with business requirements scoped and a business case under development.

### Our systems and processes are kept resilient to cope with unexpected events

With all nine recommendations from the 2017 KPMG audit of our organisational resilience functions addressed, the Ministry is well positioned to cope with unexpected events, as seen in the response to the Christchurch terrorist attack.

We commissioned a new datacentre in Hamilton to improve resilience of document management and messaging systems.

#### INDICATOR:



**Organisational resilience assessment**

#### PROGRESS:

Nine recommendations were made in the 2017 KPMG audit and all have been addressed.

## OUTCOME 2: Property/IT networks and systems, and operational business services form an effective backbone for 24/7 frontline functions

### The Ministry's offshore property portfolio is effectively managed and kept fit for purpose, enabling optimal results to be delivered for New Zealand

The Ministry has an ongoing work programme to ensure that the property portfolio is kept up to date and fit for purpose. This year we moved to a new chancery in Niue, and started work on replacing our chanceries in Addis Ababa and Honiara. We also started planning to replace our chanceries in London, Suva, and Riyadh.

When reviewing our 2018 asset plans, fit for purpose targets were achieved as follows:

	TARGET	RESULT
Chanceries	80%	Met – 80%
Official residences	85%	Exceeded – 89%

### Fit for purpose, reliable information technology and information management systems/services enable staff in all locations to do their jobs and collaborate with ease

The Ministry aims to ensure that all of its information management and technology services are in good condition and fit-for-purpose. In 2018-19, 95 percent of the Ministry's server computers had software patches applied each month, and 89 percent of desktop devices had software patches applied each month. The ICT network was available 99.8 percent of the time with critical applications available 99.97 percent of the time.

### Staff and the information and assets for which we are responsible are kept secure

The Ministry has continued to build staff awareness and capabilities to keep its people, information and assets secure. Under the Protective Security Programme, security awareness training was provided to 382 staff, our access control systems were upgraded, and risk reporting for posts improved. Our annual Protective Security Requirements self-assessment rating has shown significant improvement against the mandatory requirements and our capability targets.

### The Ministry's finances are effectively managed and spent efficiently

The Ministry spent all but 0.004 percent (\$5 million) of its \$1.254 billion appropriations, a significant improvement on previous years. However, two out of ten departmental appropriations were exceeded. Our capital expenditure, although higher than last year, was well below both appropriation and the Ministry's internal budget. Action on improving capital management is covered under Outcome 2 in the Enterprise Performance Goal.

### All operational services and systems meet targeted quality standards and are aligned with customer needs

Overall, the services and systems for which we measure quality standards were maintained at targeted levels. The Internal Client Satisfaction Survey found staff satisfaction with services had increased from the previous year.



**INDICATOR:**

Score in the MFAT Internal Client Satisfaction Survey maintained at 4 or above

**PROGRESS:**

Target met. Score has increased from 3.95 in 2017-18 to 4.17 (out of 5) in 2018-19.

### Simple operational policy and processes enable staff to work effectively and efficiently

Key simplification initiatives targeted our commercial processes and delegations policy.

We piloted a centralised 'training hub' on the intranet as a useful resource for new staff and for staff employed at post.

### Our NZ Inc partners operate and collaborate easily with the Ministry onshore and offshore

The Ministry continued to work with, and provide services to, other New Zealand agencies represented overseas to ensure effective management of New Zealand's presence offshore. Cross-agency coordination was enhanced through implementation of the NZ Inc operational improvement programme. Agencies' satisfaction with the Ministry's services increased in 2018-19.

**INDICATOR:**

Agency Services Survey satisfaction scores maintained at 3.5 or above

**PROGRESS:**

Target met. The satisfaction score for 2018-19 is 4.3 out of 5.

## OUTCOME 3: The Ministry's operations are legally compliant and meet standard All of Government best practice

The Ministry remains effective in financial and service performance across our environment, systems and controls as measured by Audit NZ. We have continuously improved our capabilities across a number of protective security dimensions, as measured by the Government's Protective Security Capability Maturity Model. We have also improved in almost all areas of how well we meet Privacy Act requirements, as measured by the Department of Internal Affairs Privacy Maturity Assessment Framework.

**INDICATOR:**

Audit Management rating maintained at 'Good' or above

**PROGRESS:**

The Ministry was rated as 'Good' in 2018.

**INDICATOR:**

Year-on-year improvements towards Protective Security Requirements self-assessment targets

**PROGRESS:**

Met 17/20 mandatory requirements (85%) – last year's result was 21/29 (72%) under the previous system.

**INDICATOR:**

Privacy self-assessment ratings

**PROGRESS:**

There was an increase on all ratings from 2017-18 to 2018-19, with the exception of Information Management.



Credit: MFAT

## CASE STUDY

# Using technology to support the New Zealand Aid Programme

This year saw the introduction of the Enquire aid management system. With data relating to aid programmes and activities previously distributed across multiple systems, it was time-consuming and costly to collate information to support decision-making and to meet the Ministry's reporting responsibilities.

Enquire is an efficient and simple solution that integrates into the Ministry's processes and allows transparent and cohesive collaboration for staff. It also has the ability to manage all aid programmes in detail, and support the full lifecycle of activities from concept stage, through implementation, to the capture of outcomes and results.

The launch of Enquire in 2018-19 was well timed given the increase in Official Development Assistance (ODA) funding in Budgets 2018 and 2019. ODA funding has risen to \$2.22 billion in the current three year cycle (2018-19 to 2020-21), and the volume of activities the Ministry manages has increased substantially as a result. During 2018-19, 417 new activities were initiated in Enquire with 610 activities under implementation. In contrast, 167 new activities were initiated in 2017-18, with approximately 413 activities under implementation.

The Enquire system represents a significant investment in technology for the Ministry and it will improve the

efficiency and transparency of one of its core business areas. Enquire's introduction has led to positive changes and many of the intended benefits of the solution are already being realised.

With the roll out complete, a plan for continuous improvements to Enquire has been established. This will include enhancements to closely align the system with new management frameworks, and to address areas of the system where user experience and efficiency can be improved.





## NZ Connections

### Foster mutually beneficial relationships with NZ Inc partners, Māori, domestic stakeholders and New Zealanders

**Stronger domestic connections enable the Ministry to deliver better-informed policy advice and achieve mutual benefit with NZ Inc agencies, Māori, and domestic stakeholders.**

Reflecting our commitment to improving relationships with our New Zealand partners over the past two years, our 2019 Stakeholder Engagement Survey found 91 percent of stakeholders were very or fairly satisfied with Ministry staff – an increase of seven percent since 2017.

In line with our Māori Engagement Strategy, we established the Taumata Māori to improve how Māori interests are understood and embedded in our work. We consulted with New Zealanders on issues such as biodiversity negotiations, trade, and reporting to the UN on human rights and the SDGs. The Ministry also increased its contribution to domestic policy-making through international insights and advice on implications for Pacific countries.



## OUTCOMES 1-3

## INDICATOR:



Stakeholder satisfaction with MFAT's effectiveness representing New Zealand interests

## TARGET:

In the Ministry's 2019 Stakeholder Survey<sup>3</sup> 80% of stakeholders are positive.

## PROGRESS:

Not met – 79% of stakeholders were satisfied, up from 75% in 2017.

## INDICATOR:



Domestic stakeholders satisfaction with engagement with MFAT

## TARGET:

90% domestic stakeholders confirm 'high' or 'very high' levels of satisfaction with engagement with MFAT.

## PROGRESS:

Met – 91%, up from 84% in 2017.

## OUTCOME 1: Effective leadership and partnership enhances NZ Inc delivery of the government's international objectives

### MFAT's leadership enables a high-functioning NZ government team

MFAT aims to enable strong cross-agency delivery on international issues and leadership of the NZ Inc presence offshore. The 2019 Stakeholder Survey indicates some improvement in perception of the Ministry's leadership.

## INDICATOR:



Ratings for leadership from NZ Inc agencies

## TARGET:

- In the Stakeholder Survey:
- 70% of NZ Inc agencies agree MFAT provides strategic direction for New Zealand's international engagement.
  - 45% agree MFAT leadership enables agencies to function as one team.

## PROGRESS:

- Not met – 69%, but up from 64% in 2017.
- Not met – 44%, but up from 39% in 2017.

### MFAT works as a team player with NZ Inc agencies on shared objectives

The Ministry has identified relationships with NZ Inc colleagues as a priority. Self-assessments of divisions' NZ Inc relationships will continue next year, along with an increased focus on the Ministry's cultural approach to engagement. The Stakeholder Engagement Survey confirmed the need for ongoing improvement in how we work as a team player with NZ Inc agencies and how we value other agencies as equal partners.

## INDICATOR:



Ratings for collaboration from NZ Inc agencies

## TARGET:

In the Stakeholder Survey 65% of NZ Inc respondents agree MFAT collaborates as a team player with NZ Inc agencies on shared objectives.

## PROGRESS:

Not met – 60%, down from 61% in 2017.

### Domestic policy is informed by the international context and takes into account New Zealand's international objectives

New Zealand is committed to considering the implications for the Pacific Islands of domestic policy decisions. Key examples in 2018-19 included raising the priority of NZDF's ability to operate in the South Pacific to the same level as they do in New Zealand territory, and exempting Pacific countries from the International Visitor Conservation and Tourism Levy.

Posts have delivered policy insights from other countries to inform domestic policy on the 'future of work', housing, and food standards.

## INDICATOR:



Evidence of MFAT advice informing domestic decision making, particularly in relation to a) Pacific impacts and b) policy areas targeted for post reporting

## PROGRESS:

Achieved – see narrative above.

## OUTCOME 2: Māori interests and New Zealand's Māori identity are understood and embedded in our work

### The Ministry is delivering on its duties as a Treaty partner with authenticity and integrity

We made progress implementing the Māori Engagement Strategy. A national hui in April 2019 agreed to establish the Taumata Māori to help the Ministry and Māori deepen engagement on trade policy. We are establishing guidelines to care for our taonga Māori in consultation with Te Papa and Auckland Museum and providing training to help Posts represent taonga internationally. We ensured the host institutions in London and Paris for the Oceania exhibition in 2018 respected tikanga. Our Mātauranga Māori programme will ensure our people are confident representing Aotearoa New Zealand and Māori culture. The Ministry also worked to attract staff with knowledge of Te Ao Māori through graduate and mid-career recruitment.

### Māori interests are being advanced in our international work

Consultation on the Trade for All agenda gathered views from 11 hui around New Zealand. We engaged with Māori and benefited from Māori representation in delegations on biodiversity and climate change negotiations. Consultation on our United Nations Framework Convention on Climate Change (UNFCCC) negotiation mandate informed decisions about how to engage in the UNFCCC Local Communities and Indigenous Peoples Platform.

Our increased efforts to position Māori to lead international work on expanding indigenous connectivity and participation in global trade included supporting the Australia New Zealand Leadership

<sup>3</sup> Colmar Brunton surveyed MFAT stakeholders in May/June 2019 with 35 qualitative interviews and 325 quantitative questionnaires completed. Stakeholders included NZ exporters, NZ industry, NGOs, academics and NZ Inc agencies. 47 of those surveyed identified as Māori. Data in this section is from Colmar Brunton 2017 and 2019 surveys.

Forum Indigenous Business Sector Group. With Canada and Chile, we initiated the Inclusive Trade Action Group to encourage participation of indigenous people in international trade.

### OUTCOME 3: Mature and sustainable relationships with New Zealand domestic stakeholders enhance the Ministry's policy development and international engagement and reputation

#### The Ministry has professional and co-ordinated processes for engaging with domestic stakeholders

We implemented more deliberate approaches to stakeholder engagement, with new tools and training for staff. The Auckland office exemplified the Ministry's engagement approach, and increased the capability of its Pacific Connections team.

While stakeholders' overall satisfaction with their engagement with the Ministry has improved, satisfaction levels with our internal coordination (37 percent) and with our systems and processes (42 percent) is low.

#### The Ministry is attuned to the values and issues that matter to domestic stakeholders

The Ministry organised consultation events to inform our work on trade policy, New Zealand's reports to the UN on our human rights and implementation of the UN SDGs, the Human Rights Action Plan, a policy statement on international cooperation for sustainable development, and global biodiversity targets. A new 'Have Your Say' website provided valuable input on the United Kingdom FTA and SDGs implementation.

Our Stakeholder Survey found 62 percent of stakeholders believe the Ministry understands what matters to New Zealanders on key international issues. 70 percent of stakeholders agree that the Ministry is open to new perspectives and 65 percent agree that the Ministry listens to the needs of others.

#### The Ministry works in partnership with domestic stakeholders to deliver mutually beneficial results

Our new negotiated partnerships programme responds to a call from development NGOs for predictable, longer-term funding that reduces uncertainty and enables them to play to their strengths. The aim is to increase our shared development impact in the Pacific and beyond. Child and youth-centred partnerships are being designed with World Vision NZ, Save the Children NZ and ChildFund NZ.

### OUTCOME 4: MFAT has raised understanding and support among the New Zealand public for New Zealand's international objectives and the work we do

#### The Ministry's reputation with New Zealanders has improved and social licence to operate on behalf of the government is enhanced

#### The Ministry's value to New Zealanders is better demonstrated and understood

Efforts to increase understanding of the purpose and value of the work we lead on behalf of the government included the public consultation as reported under other outcomes and strategic outreach campaigns.

#### INDICATOR:



**Ministry reputation measures (leadership, trust, fairness, social responsibility)**

#### TARGET:

Awareness of the Ministry in the Colmar Brunton 2019 Public Sector Reputation Index continue to improve.

#### PROGRESS:

This stayed steady at 89%.

#### INDICATOR:



**Understanding of Ministry's role and what it delivers for New Zealanders**

#### TARGET:

In the Stakeholder Survey, 50% claim to know 'a lot' about MFAT.

#### PROGRESS:

Met – 50%, up from 47% in 2017.

#### New Zealand publics are satisfied with their participation in MFAT-led consultations, initiatives and hui and with how the Ministry responds to inquiries

The new consultation website received 449 submissions and over 1,400 opinion poll answers. We promoted regional meetings on trade issues through social media channels reaching 198,429 people with 3,983 people visiting consultation webpages.

#### Public has easy access to accurate and relevant information about NZ's international relations, development and trade policies and activities

We handled 348 Official Information Act (OIA) requests (up 25 percent) and 1,168 Ministerial responses (up 14 percent). We responded to 98 percent of OIA requests within the legally stipulated timeframe for requests, and increased the timeliness of Ministerial responses. This year, we focused on proactively releasing information, policy advice and OIA responses. MFAT's website traffic and social media engagement increased steeply.

#### INDICATOR:



**Timeliness of response to OIA requests and ministerials**

#### TARGET:

Improve on 2017-18 timeliness:  
OIA requests – 94%  
Ministerials – 73%.

#### PROGRESS:

Met – 2018-19 timeliness:  
OIA requests – 98%  
Ministerials – 80.3%.

#### INDICATOR:



**Visit numbers and user satisfaction with MFAT's websites and social media platforms**

#### PROGRESS:

There were 973,214 website sessions (643,721 in 2018) and the Twitter handle and Facebook page have 9,564 (7,313) and 21,112 (5,159) followers respectively.

In 2019, 36% of stakeholders rate the Ministry's website as very good/good, up from 33% in 2017.



Deputy Secretary Trade and Economic Group Vangelis Vitalis discusses trade policy at a Trade for All consultation meeting in Auckland. Credit: Michael Morris

## CASE STUDY

# Lifting engagement on trade policy

New Zealand is a trading nation that benefits from international trade rules and access to offshore markets, and now more than ever we have heard a strong message that New Zealanders want to have their say on our country's trade negotiations.

With the establishment of a new Trade Policy Engagement Unit (TPEU), the Ministry has focused on lifting the quality of consultation on trade negotiations and the Government's Trade for All agenda. This is an improvement on the past where those overseeing negotiations were also responsible for engagement, balancing the increasing expectations that come with complex trade deals and the need to communicate them effectively. The TPEU is a tangible demonstration of the Ministry's commitment to meaningful and comprehensive consultation.

Improvements include:

- More information: Easy-to-access information ranging from short updates to technical detail on New Zealand's trade negotiations is now available on the Ministry's website, and shared through social media and stakeholder networks.
- More face-to-face and online outreach: In the 2018-19 financial year, we supported 23 public consultation events and 14 hui throughout New Zealand. The Ministry launched an online 'Have Your Say' consultation website for Trade for All, as another way people can share their comments and submissions.
- More listening, less talking: At our events, we spend less time repeating information already available on our

website and more time answering questions. People can put their questions directly to our negotiators. This places the concerns and interests of the audience at the core of our engagement with them.

- Turning ideas into action: New Zealanders' views, comments, concerns and questions gathered through our engagement are shared with our negotiators and with our Trade Minister, informing how we approach trade talks.
- More te reo Māori; e kia nei ko te mauri o te mana Māori.

We are committed to optimising our engagement and that means speaking with New Zealanders early on new trade topics so that the Government understands the breadth of New Zealanders' views and can reflect them in our trade negotiations.





Credit: Towfiqu Photography

## Enterprise Performance

### Ensure the Ministry delivers the best achievable outcomes for New Zealand from the resources invested in it

**Enterprise performance is about how we lead, assess and organise ourselves to deliver collective outcomes in changing international and domestic contexts.**

The Ministry continued to improve its systems to ensure the Government and, in turn, New Zealanders achieve a good return on their investment in the Ministry. Planning and performance systems were enhanced to support delivery of the refreshed Strategic Framework. Risk management and planning were formally aligned and we reached our target risk management maturity level. We made significant progress towards improving the strategic and evidence base for investment of resources, including through development of the Long Term Investment Plan and by changing how we plan and manage capital investment. The successful roll-out of the International Policy Framework *Poutama Here Ki Te Ao* filled a key gap in our organisational frameworks.

The Ministry's management and governance mechanisms played a strong role in driving these strategic performance initiatives and in monitoring delivery.

## OUTCOME 1: Strong strategic performance means MFAT delivers demonstrable results in changing international and domestic contexts

### Strategic planning, performance and risk management are aligned

This year we implemented a refreshed Strategic Framework, using a planning and performance approach that integrates risk management and has a stronger focus on assessment of performance.

### Our Strategic Framework is founded on a programme of strategic assessment

To keep the Strategic Framework fit-for-purpose in a rapidly changing global environment, we commenced the next three-yearly strategic assessment, due for completion by the end of 2019.

### We compellingly demonstrate the impact of the Ministry's work

The Ministry is working to improve how we define the impact we aim to achieve, the evidence to support this and communication of the impact to stakeholders. The Ministry's contribution to the four capitals in the Government's wellbeing approach is an additional way of demonstrating the value of our work to New Zealanders.

### Systematic approaches to monitoring and evaluating our performance improve our decision-making, learning, accountability and communication

Building on existing practice, we developed a new approach that integrates monitoring, evaluation, research and learning to inform governance of the New Zealand Aid Programme, improve development effectiveness and answer strategic questions about New Zealand's value, impact and influence. In 2018-19, we completed 29 evaluations.

While planned work on scoping a Ministry-wide approach to evaluating performance was delayed, we used a more evaluative approach to assess progress against the Strategic Framework and applied findings from evaluations of the health and safety work programme.

## OUTCOME 2: MFAT's investment of resources is grounded in our Strategic Framework and a strong evidence base

### Our Long Term Investment Plan supports delivery of our strategic outcomes now and in the future

We made sound progress on our Long Term Investment Plan (LTIP). It will be submitted to Treasury in late 2019. The LTIP analyses the asset implications of both the Strategic Framework and the Ministry's operating model.

### Decisions on strategic prioritisation and resource allocation are underpinned by assessments of benefits and impact, and consistent evidence-based frameworks

We improved the Investment Management Cycle, focusing on clarifying roles and responsibilities for capital investment decisions, delivery oversight and benefits realisation. A new approach to capital budgeting and planning has improved governance oversight, driven more rigorous planning, and led to trade-off decisions. The Ministry started work to prioritise resourcing for APEC 2021 and developed a Relationship Prioritisation Framework that will help prioritise investment.

### Benefits of investments are systematically identified, monitored and evaluated

Work is underway on a benefits framework and a set of indicators has been developed across ICT, property and security investments.

## OUTCOME 3: MFAT's excellence in governance, leadership and management ensures we achieve our strategic outcomes and meet all legal obligations and public sector requirements

### INDICATOR:



Internal Control Assessment of Departments (ICAT) overall ratings

### TARGET:

Maintain equal or better scores when compared to previous year results.

### PROGRESS:

2019 average score over 9 control statements is 3.31 (on a scale of 1-5), a slight increase on the 2018 score of 3.27.

### INDICATOR:



Environment, Systems and Controls (ESCO) audit rating of good

### TARGET:

Maintain equal or better scores when compared to previous year results.

### PROGRESS:

The 2018 result was rated as 'Good', equal to the 2017 result.

## Well-considered, quality decisions are taken in a timely fashion by the appropriate person or body

This result was broadly met, with the impact of any exceptions mitigated by management and governance safeguards. The Ministry holds itself to a high standard of continuous improvement. A newly established Risk, Governance and Assurance Branch will be responsible for any work required to improve how the governance system functions.

## Risk is identified, mitigated and managed in ways that are proportionate to its potential impact and that support innovation

The Ministry completed the risk management maturity programme. The following improvements brought the self-assessed maturity rating up to the targeted level:

- updating and expanding our key risk management guidance and tools
- improving the process to identify and report the Ministry's top organisational and policy risks every quarter
- aligning the risk management system to the Ministry's Strategic Framework
- ensuring risk management is integrated with the Ministry's project management processes (including APEC 2021) and annual business unit planning.

### INDICATOR:



### Risk maturity rating

### TARGET:

Maturity rating to increase to Level 4 by end of June 2019.

### PROGRESS:

Achieved – 4 out of 5.

## A culture of sustained organisational improvement and adaptive change lifts our enterprise performance

The Ministry is benefiting from a wide range of organisational improvement initiatives. These include embedding the Ministry's values in our work and behaviour, building protective security awareness, making the Ministry more diverse and inclusive, building Mātauranga Māori capability, empowering staff to 'Speak Up Safely', sharpening our approach to capital investment, and strengthening policy-making. These initiatives involve some significant shifts for the Ministry, and are contributing to the Ministry's goal of being a happy high performing community for all.

## Our organisational strategies and frameworks drive performance and allow the Ministry to operate as a modern organisation

Our Diversity and Inclusion Strategy and refreshed values have been influential throughout the Ministry. As organisational priorities in 2018 and 2019, they received strong leadership support.

The International Policy Framework *Poutama Here Ki Te Ao* (IPF) was successfully introduced to Wellington staff with an intensive training programme. This drives a systematic and consistent approach to policy development across the Ministry and fills a critical gap in the Ministry's frameworks for enterprise performance (see case study on page 55).

### INDICATOR:



### Progress towards policy maturity target

### TARGET:

Staff trained on the IPF by June 2019:

- 95% of Foundation Programme staff
- 85% of Wellington policy officers
- 75% of Wellington managers

### PROGRESS:

- 80% of Foundation Programme staff (42 of 52 trained)
- 69% of Wellington policy officers (207 of 298 trained)
- 74% of Wellington managers (95 of 129 trained).



MFAT staff on the training course for the IPF. Credit MFAT





## CASE STUDY

# Strengthening our policy advice through the International Policy Framework *Poutama Here Ki Te Ao*

The Ministry strengthened its policy practice this year with the launch of our International Policy Framework *Poutama Here Ki Te Ao* and accompanying training programme for leaders and staff on how to apply it.

The IPF was developed within the Ministry, drawing on the Department of Prime Minister and Cabinet's Policy Project, to provide a common foundation for developing policy throughout the Ministry's New Zealand and offshore offices. It establishes a shared understanding of what good policy looks like, and sets out a clear process to develop it.

Providing advice to the Government on New Zealand's international agenda is a core output of the Ministry. The unpredictability of the global environment in which we operate, as well as our

lack of control and influence over it, distinguishes international policy from domestic policy. The Ministry's role in the face of international complexity is to provide clear guidance to the Government about opportunity and risk to New Zealand's security and prosperity. We do this through developing robust policy advice that provides Ministers and other decision-makers with context, options, and recommendations for acting on New Zealand's interests.

Engagement with stakeholders, and with Māori as partners, is integral to developing international policy advice, to ensure we understand their views and perspectives. The IPF reinforces other efforts the Ministry is making through our NZ Connections Goal to engage more effectively with New Zealanders. The poutama - the stepped patterns that mirror

tukutuku panels – in *Poutama Here Ki Te Ao* illustrate the building of knowledge through the policy process, including from the New Zealanders we engage with.

Training our people is essential to embedding the IPF across the Ministry. Since its launch, 372 staff have been trained in the systematic policy process set out in the IPF and in the use of tools such as scenario planning, backcasting, and pressure analysis. The IPF is becoming widely used, including in shaping our approach to delivering the 'Christchurch Call'.

# Data availability for Indicators

## Where Indicators could not be reported on, the data was not available for the following reasons:

- No Employee Engagement Survey was undertaken in 2018-19 as the Ministry's survey provider withdrew from the market. The Ministry has engaged a new provider to conduct the survey in 2019-20.
- The results from Treasury's Investor Confidence Rating (ICR) will not be available until March 2020.
- The Ministry has not yet had a further Performance Improvement Framework (PIF) Review.
- The Ministry is refining its approach to gathering feedback from Māori on their partnership with the Ministry and other aspects of our engagement. The approach will be developed in consultation with Māori partners in 2019-20.
- Work on surveying New Zealanders' confidence in MFAT's trade and investment work will be undertaken in 2019-20.
- In the 'Pacific' Goal, there was insufficient 2018-19 data for some Indicators and for others the latest data is for previous financial years.

## The Indicators not reported on are listed below:

### Economic Returns and Resilience

- ↑ New Zealanders' confidence in MFAT's trade and investment work increases.

### Pacific

- ✓ Measures of SDG progress in Pacific Island countries
- ✓ Measures of gender progress in Pacific Leaders Gender Equality Declaration
- ↓ Proportion of youth (aged 15-24 years) not in education, employment or training
- ↑ Number of countries that adopt and implement national disaster risk reduction strategies in line with the Sendai Framework for Disaster Risk Reduction 2015-2030
- ↑ Government Effectiveness Index in bilateral partners countries.

### Our People

- ↑ People leaders engagement index is within the top 25% of the public sector by 2022
- ↑ Staff engagement index is within the top 25% of NZ companies by 2028
- ↑ Flexible working is embedded with a 90% score on engagement survey question "I have the freedom and flexibility I need to do my job effectively" by 2028.

## Operational Excellence

- ↑ ICR One – Increase Asset Management Maturity to 83%
- ↑ ICR Two – Increase NZP3M portfolio and project level maturity to 3 (out of 5)
- ↑ ICR Four – Increase Procurement Capability Index maturity to 3.8 (out of 4)
- ↑ ICR Five – Increase Organisational Change Management Maturity to 3.1 (out of 4)
- → ICR Six – Maintain Benefits Delivery Performance at 16 (out of 20)
- → ICR Seven – Maintain Project Delivery Performance at 10 (out of 10)
- → ICR Eight – Maintain Asset Performance at 10 (out of 10)
- ↑ ICR Nine – Increase System Performance (compliance) to 4 (out of 5)
- ↑ Level of agreement to the question "This organisation's systems and processes allow me to do my job effectively" in the Employee Engagement Survey to reach public sector top 25% benchmark.

## NZ Connections

- ↑ Confidence of Māori in their partnership with the Ministry
- ↑ MFAT staff who are able to apply Mātauranga Māori in their mahi.

## Enterprise Performance

- ↑ PIF ratings for Results; Review; and Purpose, Vision and Strategy
- ↑ PIF ratings for Leadership and Direction
- ✓ Investor Confidence Rating (ICR) of 'A' maintained
- ↑ ICR Three – increases in the quality of the LTIP to 6 (out of 10).

# Statement of responsibility

I am responsible, as Chief Executive of the Ministry of Foreign Affairs and Trade (the Ministry), for:

- the preparation of the Ministry's financial statements, and statements of expenses and capital expenditure, and for the judgements expressed in them;
- having in place a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting;
- ensuring that end-of-year performance information on each appropriation administered by the Ministry is provided in accordance with sections 19A to 19C of the Public Finance Act 1989, whether or not that information is included in this annual report; and
- the accuracy of any end-of-year performance information prepared by the Ministry, whether or not that information is included in the annual report.

In my opinion:

- the financial statements fairly reflect the financial position of the Ministry as at 30 June 2019 and its operations for the year ended on that date; and
- the forecast financial statements fairly reflect the forecast financial position of the Ministry as at 30 June 2020 and its operations for the year ending on that date.



**CHRIS SEED**  
CHIEF EXECUTIVE

30 September 2019



# Statement of performance

The Minister of Foreign Affairs purchased from us provision of the following nine output expenses in Vote Foreign Affairs and Trade, and one output expense in Vote Official Development Assistance:

## Vote Foreign Affairs and Trade

- Administration of diplomatic privileges and immunities
- Consular services
- Pacific Security Fund
- Policy advice and representation – international institutions
- Policy advice and representation – other countries
- Policy advice and representation – other countries PLA
- Promotional activities – other countries
- Services for other New Zealand agencies overseas
- Hosting of APEC 2021 (MYA)

## Vote Official Development Assistance

- Management of New Zealand Official Development Assistance

In addition, the Ministry has a capital expenditure appropriation for the purchase of assets by and for the use of the Ministry.

The following statement of performance records results and services delivered for each of the above output expenses as required by section 19C of the Public Finance Act 1989.

# Administration of Diplomatic Privileges and Immunities

This output expense involves the administration of diplomatic and consular privileges and immunities under the Diplomatic Privileges and Immunities Act 1968 and the Consular Privileges and Immunities Act 1971.

Services we provided included the:

- Administration and facilitation of privileges and immunities to members of the diplomatic and consular corps and their dependents
- Resolution of immunity issues arising under the Vienna Conventions on Diplomatic and Consular Relations
- Facilitation, documentation and formalities for the appointment of diplomatic and consular staff for foreign missions, and consular posts accredited to New Zealand provision of host government services to diplomatic and consular corps
- Provision of advice to Ministers, diplomatic missions, government agencies, and other partners regarding the interpretation and application of diplomatic consular privileges and immunities in New Zealand.

PERFORMANCE MEASURES	2018-19		2017-18
	Budgeted Standard	Actual Standard	Actual Standard
Number of foreign diplomatic missions and consular posts resident in New Zealand (including those led by Honorary Consuls or Honorary Consuls General)	170-180	170	168
Number of foreign diplomatic and consular staff (and their dependents) resident in New Zealand	1,350-1,450	1,414	1,344
Percentage of relevant formal New Zealand appointment documentation prepared in compliance with the Diplomatic Privileges and Immunities Act 1968 and Consular Privileges and Immunities Act 1971 and the Vienna Convention on Diplomatic Relations and the Vienna Convention on Consular Relations	100%	100%	100%
Percentage of arrival and departure documentation for foreign diplomatic and consular staff resident in New Zealand completed within 10 working days	90-100%	89.6% <sup>4</sup>	99%

## Financial performance (figures are GST exclusive)

30/06/18 Actual \$000		30/06/19 Actual \$000	30/06/19 Appropriation \$000	30/06/19 Variance \$000
1,018	Annual appropriations	957	1,016	59

## Explanation of significant variances

No significant variance.

<sup>4</sup> The decline in the result from the previous year is due to servicing an increasing diplomatic corps in New Zealand.

# Consular services

This output expense concerns the provision of consular and notarial services to New Zealand abroad. This includes helping New Zealanders in distress; providing a response capability in the event of an emergency involving New Zealand overseas, such as a terrorist incident or natural disaster; and formally validating documentation for use in other countries.

	2018-19		2017-18
PERFORMANCE MEASURES	Budgeted Standard	Actual Standard	Actual Standard
Number of overseas locations where consular services are provided	66	71 <sup>5</sup>	67
Distressed New Zealanders overseas who received consular services (demand driven)	3,000-3,500	2,716	2,821
General consular advice enquiries responded to (demand driven)	47,000-52,000	26,551	34,530
Notarial services provided (demand driven)	11,000-14,000	11,913	12,616
Consular emergencies responded to	6-8	37 <sup>6</sup>	24
Percentage of respondents satisfied with quality of consular services	85%	84%	78%

## Financial performance (figures are GST exclusive)

30/06/18 Actual \$000		30/06/19 Actual \$000	30/06/19 Appropriation \$000	30/06/19 Variance \$000
20,135	Annual appropriations	27,412	27,097	(315)

## Explanation of significant variances

The variance of \$0.315 million is in excess of appropriation and is primarily due to identifying at a late stage an increase in the Holidays Act 2003 remediation liability.

<sup>5</sup> This includes NZTE posts.

<sup>6</sup> These include a mass shooting in Toronto, Canada; a 6.9 magnitude earthquake in Lombok & the Gili Islands, Indonesia; a vehicle terror attack outside UK Parliament; a 7 magnitude earthquake in Venezuela; a mass shooting at a video game conference in Florida, USA; a riot and fire at Yongah Hill Detention Centre in Northern WA, Australia; a tourist bus crash in Lesotho; a 7.5 magnitude earthquake and tsunami in Sulawesi, Indonesia; a high speed train crash in Yilan, Taiwan; a Lion Air Boeing 737 crash in Jakarta, Indonesia; a bus crash in Manicaland Province, Zimbabwe; an attack on a G43 Security compound in Kabul, Afghanistan; a volcanic eruption triggering a tsunami in Sunda Strait, Indonesia; an explosion near a tour bus in Cairo, Egypt; an attack on a hotel in Nairobi, Kenya; a train crash and fire at a central train station in Cairo, Egypt; a Boeing 737 crash in Addis Ababa, Ethiopia; a mass shooting in Utrecht in the Netherlands; a 6.1 magnitude earthquake in Hualien County, Taiwan; a terrorist attack in Colombo, Sri Lanka; ongoing civil unrest (Yellow Vest protests) in France; bomb blasts in Kathmandu, Nepal; a stabbing incident in Kawasaki, Japan; a mass shooting in Virginia, USA; a cruise ship collision with another boat in Venice, Italy; a shooting incident in Darwin, Australia; ongoing violent civil unrest in Sudan; ongoing civil unrest Hong Kong; a shooting incident at an NBA parade in Toronto, Canada; a skydiving plane crash in Hawaii, USA; attack on government in Bahir Dar, Ethiopia, and associated violence in the capital, Addis Ababa; ongoing protests in Georgia; and bombings in Tunisia.



# Pacific Security Fund

This output expense supports the implementation of New Zealand's Pacific Security Strategy. The Pacific Security Fund (PSF) is a contestable inter-agency fund, which MFAT administers. The fund is drawn on by government departments and agencies to meet the cost of activities that advance or protect the security interests of New Zealand and Pacific Island Countries, and that reduce security risks in the region.

	2018-19		2017-18
PERFORMANCE MEASURES	Budgeted Standard	Actual Standard	Actual Standard
All project bids and evaluations are assessed as consistent with Government objectives for the Pacific Security Fund, and this is confirmed by independent annual audit	Met	Met	Met
Funds are accessed, disbursed and monitored in accordance with the management process established by the Pacific Security Coordinating Committee	Met	Met	Met
Independent assessments of at least one project over \$100,000 finds that they were successful in achieving the majority of their objectives	Met	Met	Met

## Financial performance (figures are GST exclusive)

30/06/18 Actual \$000		30/06/19 Actual \$000	30/06/19 Appropriation \$000	30/06/19 Variance \$000
2,403	Annual appropriations	2,109	2,672	563

## Explanation of significant variances

The variance of \$0.563 million between appropriation and actual expenditure was primarily due to delays receiving applications for Pacific Security Fund.

# Policy advice and representation - international institutions

This output expense is concerned with policy advice and representation activities directed to the management of New Zealand's membership of, and management of 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, counter-terrorism, disarmament and arms control, international environment, and human rights issues.

The organisations include:

- the United Nations and its associated institutions
- the World Trade Organisation (WTO)
- the Commonwealth and its associated institutions
- the Organisation for Economic Cooperation and Development (OECD)
- Antarctic organisations
- international environmental organisations
- international disarmament organisations

	2018-19		2017-18
PERFORMANCE MEASURES	Budgeted Standard	Actual Standard	Actual Standard
Binding international treaties concluded by the Ministry under this output expense class <sup>7</sup>	9-11	15	19
Policy submissions produced for Ministers under this output expense class	300-500	255	289
Average score out of 10 of a sample of policy papers reviewed by an external reviewer (NZIER) <sup>8</sup>	7.5	7.3	7.3
MFAT is effective at influencing key relationships and safeguarding New Zealand's interests	Met	Substantially met – 79% of stakeholders satisfied <sup>9</sup>	Substantially met
<b>Ministerial Services</b>			
Number of Ministerial letters prepared	100-150	271	102
Number of Parliamentary Question responses provided	20-50	78	101
Number of Ministry Official Information Act request (OIA) responses provided	50-70	77	32
Percentage of Ministry OIA requests responded to within statutory timeframes	90%	97.4%	96.9%

<sup>7</sup> Binding international treaties include multilateral, plurilateral and bilateral treaties. Concluded means signed or, if signature is not provided for in the treaty, acceded to, adopted, accepted or ratified.

<sup>8</sup> The review by NZIER uses a 5-point scale ranging from 5 to 9+. The following interpretation is applied to NZIER's assessment: 5 – Poor; 6 – Borderline: does the job but with risks; 7 – Adequate; 8 – Good: goes beyond the task at hand somewhat; 9+ Excellent.

<sup>9</sup> This is the percentage of respondents who gave a rating of either "very effective" or "fairly effective" to the question of "overall, how effective do you think MFAT is at representing and advocating for New Zealand's interests internationally" in the Ministry's 2018-19 survey of stakeholders. Met = higher than 80%; Substantially met = 70%-80%; Partially met = 60%-70%; Not met = lower than 60%.

	2018-19		2017-18
PERFORMANCE MEASURES	Budgeted Standard	Actual Standard	Actual Standard
Percentage of Ministerial OIA request replies completed five days prior to the statutory time limit, unless otherwise agreed	90%	81.25% <sup>10</sup>	70%
Percentage of Ministerial correspondence completed within 15 working days	90%	79.7% <sup>11</sup>	79.4%
Percentage of Ministerial OIA request responses that are factually accurate, meet any legislative requirements, and contain no avoidable errors, measured by rejection rates by the office of each Minister	95%	100%	90%
Average number of days to send final OIA request response to a requestor (for Ministry OIAs)	25 days	19.1 days	37 days
Average Ministerial satisfaction score	4 or above on a 5 point scale	4 <sup>12</sup>	4

### Financial performance (figures are GST exclusive)

30/06/18 Actual \$000		30/06/19 Actual \$000	30/06/19 Appropriation \$000	30/06/19 Variance \$000
43,092	Annual appropriations	46,546	47,092	546

### Explanation of significant variances

No significant variance.

<sup>10</sup> There was a high number of "omnibus" OIAs in which large numbers of Ministerial submissions were requested on a range of topics that cut across the Ministry's operations; these required a significant amount of consultation and sign out, and the unusual level of administration required at times placed significant pressure on timeliness of delivery to Ministers' offices to meet the five-day measure.

<sup>11</sup> Ministerial volumes were higher than forecast across all appropriations and while we did not meet our timeliness on this particular measure our overall response rate has improved on last year.

<sup>12</sup> The Ministerial satisfaction survey was completed on behalf of the Minister of Foreign Affairs by staff in the Minister's Office on the Minister's authority.



# Policy advice and representation - other countries

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

	2018-19		2017-18
PERFORMANCE MEASURES	Budgeted Standard	Actual Standard	Actual Standard
Non-binding arrangements concluded by the Ministry under this output expense class <sup>13</sup>	35-45	47	49
Inwards visits supported by the Ministry under this output expense class	30-50	59	45
Outwards visits by New Zealand Ministers supported by the Ministry under this output expense class	45-60	133 <sup>14</sup>	94
Total number of days of outward visits by New Zealand Ministers supported by the Ministry under this output expense class	290-340	610 <sup>14</sup>	387
Policy submissions produced for Ministers under this output expense class	300-500	575	457
Percentage of visits rated as 4 or better on a scale of 1-5 by internal review against the Ministry's visits quality standard for visits management	80%	71.4% <sup>15</sup>	62%
Average score out of 10 of a sample of policy papers reviewed by an external reviewer (NZIER)	7.5	7.3	7.3
MFAT is effective at influencing key relationships and safeguarding New Zealand's interests	Met	Substantially met – 79% of stakeholders satisfied <sup>16</sup>	Substantially met
<b>Ministerial Services</b>			
Number of Ministerial letters prepared	900-1,000	744	909
Number of Parliamentary Question responses provided	150-200	419	114
Number of Ministry Official Information Act request (OIA) responses provided	200-250	195	183
Percentage of Ministry OIA requests responded to within statutory timeframes	90%	98.97%	92.9%

<sup>13</sup> Concluded means signed or, if signature is not provided for in the arrangement, acceded to, adopted, accepted or ratified.

<sup>14</sup> The significant variation in the number of visits can be attributed to a combination of 2017 being an election year with less time available for travel, and the increasingly complex global environment in 2018-19. This required higher levels of Ministerial engagement on issues that affect New Zealand's interests and in relationships with other countries that are important to New Zealand and the Government's priorities. For example, the Pacific Reset contributed to a substantial uplift in Ministerial visits to the region.

<sup>15</sup> The review is based on a sample of 10 inward and outward visits completed during the year. The standard of 80% is a stretch target. The review panel found room for improvement in risk management, and media and communication planning.

<sup>16</sup> This is the percentage of respondents who gave a rating of either "very effective" or "fairly effective" to the question of "overall, how effective do you think MFAT is at representing and advocating for New Zealand's interests internationally" in the Ministry's 2018-19 survey of stakeholders. Met = higher than 80%; Substantially met = 70%-80%; Partially met = 60%-70%; Not met = lower than 60%.

	2018-19		2017-18
PERFORMANCE MEASURES	Budgeted Standard	Actual Standard	Actual Standard
Percentage of Ministerial OIA request replies completed five days prior to the statutory time limit, unless otherwise agreed	90%	84.2% <sup>17</sup>	97.3%
Percentage of Ministerial correspondence completed within 15 working days	90%	84.8%	78.8%
Percentage of Ministerial OIA request responses that are factually accurate, meet any legislative requirements, and contain no avoidable errors, measured by rejection rates by the office of each Minister	95%	98.97%	99%
Average number of days to send final OIA request response to a requestor (for Ministry OIAs)	25 days	24 days	27 days
Average Ministerial satisfaction score	4 or above on a 5 point scale	4 <sup>18</sup>	4

### Financial performance (figures are GST exclusive)

30/06/18 Actual \$000		30/06/19 Actual \$000	30/06/19 Appropriation \$000	30/06/19 Variance \$000
248,530	Annual appropriations	275,713	274,235	(1,479)

### Explanation of significant variances

The variance of \$1.479 million is in excess of appropriation and is primarily due to identifying at a late stage an increase in the Holidays Act 2003 remediation liability.

<sup>17</sup> There was a high number of "omnibus" OIAs in which large numbers of Ministerial submissions were requested on a range of topics that cut across the Ministry's operations; these required a significant amount of consultation and sign out, and the unusual level of administration required at times placed significant pressure on timeliness of delivery to Ministers' offices to meet the five-day measure.

<sup>18</sup> The Ministerial satisfaction survey was completed on behalf of the Minister of Foreign Affairs by staff in the Minister's Office on the Minister's authority.

# Policy advice and representation - other countries PLA

This output expense is limited to the costs set out in the Foreign Affairs Act 1998 of superannuation for local staff employed by overseas posts to help with the management of New Zealand’s foreign and trade relations with other countries.

	2018-19		2017-18
PERFORMANCE MEASURES	Budgeted Standard	Actual Standard	Actual Standard
New Zealand Government Superannuation Scheme for locally recruited staff in the United States of America continues to be funded to the required level by the Crown	Met	Met	Met

## Financial performance (figures are GST exclusive)

30/06/18 Actual \$000		30/06/19 Actual \$000	30/06/19 Appropriation \$000	30/06/19 Variance \$000
1	Permanent appropriations	20	20	-

## Explanation of significant variances

No significant variance.



# Promotional activities - other countries

This output expense supports the promotion of investment in New Zealand by funding a range of activities including:

- enhancing the understanding of New Zealand and offshore markets as investment destinations
- demonstrating the Government's interest in attracting investment to New Zealand and support for New Zealand industries undertaking overseas direct investment activities
- establishing and maintaining influential overseas investment contacts
- supporting investment related visits to and from New Zealand
- enabling New Zealand industries to undertake overseas direct investment activities to support their sustainable growth and international competitiveness

PERFORMANCE MEASURES	2018-19		2017-18
	Budgeted Standard	Actual Standard	Actual Standard
Annual review of fund finds that projects met agreed objectives outlined in their application <sup>19</sup>	100%	100%	100%

## Financial performance (figures are GST exclusive)

30/06/18 Actual \$000		30/06/19 Actual \$000	30/06/19 Appropriation \$000	30/06/19 Variance \$000
35	Annual appropriations	8	110	102

## Explanation of significant variances

Variance due to fewer suitable activities meeting criteria over the period.

<sup>19</sup> This is the Investment Promotion Fund.

# Services for other New Zealand agencies overseas

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

In 2018-19, services were provided to the following departments by our diplomatic and consular posts overseas:

- Department of Internal Affairs
- Education New Zealand
- Ministry for Primary Industries
- Ministry of Business, Innovation and Employment
- New Zealand Customs Service
- New Zealand Police
- New Zealand Trade and Enterprise
- Tourism New Zealand
- The Treasury

These services included assistance with staff transfers to and from posts, accommodation management, general administration such as the provision of receipting and banking facilities, and diplomatic facilitation. Ministry staff also undertook core agency work on behalf of agencies (for example, issuing emergency travel documents on behalf of the Department of Internal Affairs and processing on behalf of Immigration New Zealand).

PERFORMANCE MEASURES	2018-19		2017-18
	Budgeted Standard	Actual Standard	Actual Standard
Average satisfaction score on the Ministry's service provision on a five point scale <sup>20</sup>	3.5	4.3	4.1

## Financial performance (figures are GST exclusive)

30/06/18 Actual \$000		30/06/19 Actual \$000	30/06/19 Appropriation \$000	30/06/19 Variance \$000
8,000	Revenue			
	Other	8,350	8,923	(573)
8,000	Total revenue	8,350	8,923	(573)
8,000	Expenditure			
	Annual appropriations	8,350	8,923	573
8,000	Total expenses	8,350	8,923	573
-	Net surplus/(deficit)	-	-	-

## Explanation of significant variances

No significant variance.

<sup>20</sup> Based on a survey of NZ Inc secondees and head office contacts.

# Hosting of APEC 2021 (Multi-Year Appropriation)

This appropriation is intended to achieve the planning and delivery of the operations and hosting elements of the year-long Asia-Pacific Economic Cooperation (APEC) 2021 mega-event.

PERFORMANCE MEASURES	2018-19		2017-18
	Budgeted Standard	Actual Standard	Actual Standard
Confirmed calendar of meetings, locations and venues for all meetings during host year	Met	Met	New measure
Secured sufficient accommodation in Auckland for Leaders Week	Met	Met	New measure
Entered into contract to procure IT accreditation and registration systems	Met	Met	New measure
Developed a security plan and associated business case	Met	Met	New measure
Provided advice to Government on legislative changes necessary to support hosting	Met	Met	New measure

## Financial performance (figures are GST exclusive)

30/06/18 Actual \$000		30/06/19 Actual \$000	30/06/19 Appropriation \$000	30/06/19 Variance \$000
0*	Annual appropriations	6,650	8,778	2,128

\*2018/19 first year of this appropriation

## Explanation of significant variances

There were delays in procuring systems to manage the registration of attendees.



# Ministry of Foreign Affairs and Trade - capital expenditure PLA

This appropriation is limited to the purchase or development of assets by and for the use of the Ministry of Foreign Affairs and Trade, as authorised by section 24(1) of the Public Finance Act 1989.

	2018-19		2017-18
PERFORMANCE MEASURES	Budgeted Standard	Actual Standard	Actual Standard
Percentage of chanceries with a Fit-for-Purpose performance gap of <=2	80%	82%	80%
Percentage of official residences with a Fit-for-Purpose performance gap of <=2	85%	89%	89%
Percentage of time our networks are available	99.7%	99.8%	99.78%
Percentage of time our critical services are available	99.7%	99.9%	99.88%

## Financial performance (figures are GST exclusive)

30/06/18 Actual \$000		30/06/19 Actual \$000	30/06/19 Appropriation \$000	30/06/19 Variance \$000
-	Land	-	-	-
38,529	Property, plant and equipment	42,575	57,760	15,185
6,701	Intangibles	7,785	11,974	4,189
45,230	Total	50,360	69,734	19,374

## Explanation of significant variances

The variance of \$15.185 million in Property, Plant and Equipment between appropriation and actual expenditure was primarily due to savings from scope changes for new Post establishments in Dublin and Stockholm (\$4.2 million). There was also lower expenditure due to time delays for chancery projects in Addis Ababa and Colombo (\$3 million).

The variance of \$4.189 million in Intangible Assets between appropriation and actual expenditure is primarily due to delays with various software upgrades and business systems projects.

# Management of New Zealand Official Development Assistance

This appropriation is limited to advice and representation on international development issues and the management of the New Zealand Official Development Assistance programme.

PERFORMANCE MEASURES	2018-19		2017-18
	Budgeted Standard	Actual Standard	Actual Standard
<b>Financial management</b>			
Percentage of development cooperation funding for the partner government sector disbursed in year for which it was scheduled (Bilateral programmes only)	90%	\$104.951m, or 99.9% <sup>21</sup>	99%
Proportion of Pacific country partner governments provided with an indicative Total Country Aid Programme Budget for the current year plus projections for two or more years in the future	100%	92% (11 out of 12 Pacific Bilateral countries)	New measure
Amount and percentage of Crown ODA resources spent on the Pacific	60% for the triennium (+/- 5% for any given year)	\$423.02m (60%) for 2018-19	\$379.8m (59%) for 2017-18; 58% across the triennium
Amount and percentage of Crown ODA resources spent on Activities where climate change is a principle objective	TBC from baseline analysis	\$43.1m or 6.1%	New measure
Amount and percentage of Crown ODA resources spent on Activities where gender equality and women's empowerment is a principle objective	Increasing trend	\$17.5m or 2.5%	New measure
Amount and percentage of Crown ODA resources spent on Aid for Trade	At least 20% of ODA	\$150.04m or 21.2%	New measure
Amount and percentage of Crown ODA resources spent on core contributions to multilateral agencies	Maintain spend	\$110.8m or 15.7%	New measure
Amount and percentage of Crown ODA resources spent on scholarships	Standard to be set	\$80.3m or 11.4%	New measure
Amount and percentage of Crown ODA resources spent on strengthening Pacific statistics	Increasing trend	\$4.8m or 0.7%	New measure
Amount and percentage of Crown ODA resources allocated to humanitarian activities	Increasing trend	\$77.7m or 11.0%	New measure
Policy submissions produced for Ministers under this output expense class	150-200	198	159

<sup>21</sup> The result reflects the average across all 12 bilateral programmes. 'Government Sector' means disbursed in the context of an agreement with the partner government (Ministry/Department/Local Government).

	2018-19		2017-18
PERFORMANCE MEASURES	Budgeted Standard	Actual Standard	Actual Standard
<b>Quality/performance</b>			
Percentage of Activity Monitoring Assessments (AMAs) and Activity Completion Assessments (ACAs) rated as robust (as assessed annually by the independent Annual Assessment of Results) <sup>22</sup>	Increasing trend	AMAs: 75%; ACAs: 77% (2017/18)	New measure
Percentage of evaluations (or summaries) that are published to MFAT website within 3 months of completion	100%	86%	70%
Percentage of Programmes rated 4 or higher on a scale of 1-5 by review against the Ministry's quality standard for programme management <sup>23</sup>	>90%	100%	75%
Percentage of Activities rated 4 or higher on a scale of 1-5 by review against the Ministry's quality standard for activity management	>90%	88%	80%
NZ score in Aid Transparency Index	Increasing trend	2018 score of "poor" or 31.0	New measure
Average score out of 10 of a sample of policy papers reviewed by an external reviewer (NZIER)	7.5	7.3	7.3
<b>Ministerial Services</b>			
Number of Ministerial letters prepared	60-90	159	219
Number of Parliamentary Question responses provided	20-50	33	New measure
Number of Ministry Official Information Act request (OIA) responses provided	20-50	76	45
Percentage of Ministry OIA requests responded to within statutory timeframes	90%	97.4%	98%
Percentage of Ministerial correspondence completed within 15 working days	90%	71.1% <sup>24</sup>	New measure
Percentage of Ministerial OIA request replies completed five days prior to the statutory time limit, unless otherwise agreed	90%	91.7%	75%
Percentage of Ministerial OIA request responses that are factually accurate, meet any legislative requirements, and contain no avoidable errors, measured by rejection rates by the office of each Minister	95%	100%	95%
Average number of days to send final OIA request response to a requestor (for Ministry OIAs)	25 days	25 days	20 days
Average Ministerial satisfaction score	4 or above on a 5 point scale	4 <sup>25</sup>	3.9

## Financial performance (figures are GST exclusive)

30/06/18 Actual \$000		30/06/19 Actual \$000	30/06/19 Appropriation \$000	30/06/19 Variance \$000
63,959	Annual appropriations	72,347	73,239	892

## Explanation of significant variances

No significant variance.

<sup>22</sup> AMAs are annual internal assessments completed by the Ministry of Foreign Affairs and Trade to monitor the performance of Activities in implementation, while ACAs are internal Ministry of Foreign Affairs and Trade assessments of performance undertaken after the completion of the Activity.

<sup>23</sup> Four year plans have replaced programmes to manage delivery of ODA. The 2018-19 result is based on four year plans which is the new structure by which the Aid Programme is managed. The four-year plans also align with the relevant 20-year country strategy, as well as government policy and direction. The 2017-18 result was based on programmes which was the previous management structure.

<sup>24</sup> Ministerial volumes were higher than forecast across all appropriations and while we did not meet our timeliness on this particular measure our overall response rate has improved on last year.

<sup>25</sup> The Ministerial satisfaction survey was completed on behalf of the Minister of Foreign Affairs by staff in the Minister's Office on the Minister's authority.

# Financial statements

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 30 June 2019

Actual 2018 \$000	Notes	Actual 2019 \$000	Unaudited Budget 2019 \$000	Unaudited Forecast 2020 \$000
	<b>Revenue</b>			
385,962	Revenue Crown 2	432,827	444,043	483,633
10,585	Other Revenue 2	9,702	9,160	9,310
17	Interest	11	20	20
188	Gain on sale of assets	438	-	-
<b>396,752</b>	<b>Total revenue</b>	<b>442,978</b>	<b>453,223</b>	<b>492,963</b>
	<b>Expenses</b>			
169,104	Personnel 3	201,183	198,288	209,748
160,223	Operating 4	174,411	190,726	213,543
18,952	Depreciation 8	21,935	21,458	22,628
3,822	Amortisation on intangible assets 9	5,431	7,396	8,082
35,072	Capital charge 5	37,153	35,335	38,942
<b>387,173</b>	<b>Total expenses</b>	<b>440,113</b>	<b>453,203</b>	<b>492,943</b>
9,579	Surplus/(deficit) before re-measurement	2,865	20	20
	<b>Re-measurement</b>			
(5,090)	(Gain)/loss on derivative financial Instruments 17	5,472	-	-
177	Movement in discount rate for Long Service Leave and Retirement Leave 13	659	-	-
<b>(4,913)</b>	<b>Total re-measurement</b>	<b>6,131</b>	<b>-</b>	<b>-</b>
<b>382,260</b>	<b>TOTAL EXPENSES</b>	<b>446,244</b>	<b>453,203</b>	<b>492,943</b>
<b>14,492</b>	<b>Net surplus/(deficit)</b>	<b>(3,266)</b>	<b>20</b>	<b>20</b>
	<b>Other comprehensive revenue and expense</b>			
31,480	Gain on property revaluations	-	-	-
<b>45,972</b>	<b>Total comprehensive revenue and expense</b>	<b>(3,266)</b>	<b>20</b>	<b>20</b>

## STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

Actual 2018 \$000	Notes	Actual 2019 \$000	Unaudited Budget 2019 \$000	Unaudited Forecast 2020 \$000
<b>582,649</b>	<b>Balance at 1 July</b>	<b>619,219</b>	<b>582,649</b>	<b>649,034</b>
45,972	Total comprehensive revenue and expense	(3,266)	20	20
(9,402)	Return of operating surplus to the Crown 11	(2,206)	(20)	(20)
-	Capital injections	29,815	29,815	17,691
<b>619,219</b>	<b>Balance at 30 June 14</b>	<b>643,562</b>	<b>612,464</b>	<b>666,725</b>

The accompanying accounting policies and notes form part of these financial statements. For information on major variances against budget refer to Note 19.



## STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

Actual 2018 \$000		Notes	Actual 2019 \$000	Unaudited Budget 2019 \$000	Unaudited Forecast 2020 \$000
	<b>ASSETS</b>				
	<b>Current assets</b>				
15,037	Cash and cash equivalents		28,388	22,074	20,582
114,951	Debtor Crown		113,731	73,080	88,858
7,139	Debtors and other receivables	6	2,068	2,465	7,139
8,270	Prepayments	7	10,592	10,400	8,270
3,253	Derivative financial instruments	17	431	294	3,253
<b>148,650</b>	<b>Total current assets</b>		<b>155,210</b>	<b>108,313</b>	<b>128,102</b>
	<b>Non-current assets</b>				
4,929	Debtors and receivables	6	5,051	4,445	4,929
3,329	Prepayments - leased land	7	3,329	3,403	3,329
496,754	Property, plant and equipment	8	517,253	517,040	554,550
28,077	Intangible assets	9	30,431	34,558	28,953
<b>533,089</b>	<b>Total non-current assets</b>		<b>556,064</b>	<b>559,446</b>	<b>591,761</b>
<b>681,739</b>	<b>Total assets</b>		<b>711,274</b>	<b>667,759</b>	<b>719,863</b>
	<b>LIABILITIES</b>				
	<b>Current liabilities</b>				
20,874	Creditors and other payables	10	21,184	21,661	20,873
9,402	Return of operating surplus	11	2,206	20	20
2,335	Provisions	12	5,395	1,444	1,011
16,275	Employee entitlements	13	21,644	18,618	19,317
165	Derivative financial instruments	17	2,815	2,296	165
<b>49,051</b>	<b>Total current liabilities</b>		<b>53,244</b>	<b>44,039</b>	<b>41,386</b>
	<b>Non-current liabilities</b>				
11,456	Employee entitlements	13	12,406	8,733	8,953
2,013	Provisions	12	2,062	2,523	2,799
<b>13,469</b>	<b>Total non-current liabilities</b>		<b>14,468</b>	<b>11,256</b>	<b>11,752</b>
<b>62,520</b>	<b>Total liabilities</b>		<b>67,712</b>	<b>55,295</b>	<b>53,138</b>
<b>619,219</b>	<b>Net assets</b>		<b>643,562</b>	<b>612,464</b>	<b>666,725</b>
	<b>EQUITY</b>				
441,146	General funds	14	465,489	465,872	488,653
178,073	Property revaluation reserve	14	178,073	146,592	178,072
<b>619,219</b>	<b>Total equity</b>		<b>643,562</b>	<b>612,464</b>	<b>666,725</b>

The accompanying accounting policies and notes form part of these financial statements. For information on major variances against budget refer to Note 19.

## STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

Actual 2018 \$000		Notes	Actual 2019 \$000	Unaudited Budget 2019 \$000	Unaudited Forecast 2020 \$000
	<b>Cash flows from operating activities</b>				
387,409	Receipts from Revenue Crown		434,047	469,700	504,069
5,692	Receipts from other revenue		14,651	9,160	9,310
17	Interest		11	20	20
(1,873)	Goods and services tax (net)		(92)	-	-
(165,450)	Payments to employees		(187,274)	(198,288)	(209,748)
(161,556)	Payments to suppliers		(181,461)	(195,726)	(213,543)
(35,072)	Payments for capital charge		(37,153)	(35,335)	(38,942)
<b>29,167</b>	<b>Net cash flow from operating activities</b>	<b>18</b>	<b>42,729</b>	<b>49,531</b>	<b>51,166</b>
	<b>Cash flows from investing activities</b>				
351	Sale of property, plant, equipment		568	300	300
(38,529)	Purchase of property, plant, equipment		(42,575)	(62,705)	(57,033)
(6,701)	Purchase of intangible assets		(7,785)	(9,968)	(7,188)
<b>(44,879)</b>	<b>Net cash flow from investing activities</b>		<b>(49,792)</b>	<b>(72,373)</b>	<b>(63,921)</b>
	<b>Cash flows from financing activities</b>				
-	Capital contribution		29,815	29,815	17,691
(12,470)	Return of operating surplus		(9,401)	(5,020)	(6,063)
<b>(12,470)</b>	<b>Net cash flow from financing activities</b>		<b>20,414</b>	<b>24,795</b>	<b>11,628</b>
(28,182)	<b>Net increase/(decrease) in cash</b>		<b>13,351</b>	<b>1,953</b>	<b>(1,127)</b>
41,902	Add cash at the beginning of the year		15,037	20,121	21,709
1,317	Effect of exchange translation adjustments		-	-	-
<b>15,037</b>	<b>Closing cash at the end of the year</b>		<b>28,388</b>	<b>22,074</b>	<b>20,582</b>

The GST (net) component of operating activities reflects the net GST paid and received to/from the Inland Revenue Department. The GST component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

*The accompanying accounting policies and notes form part of these financial statements.*

**STATEMENT OF COMMITMENTS****As at 30 June 2019**

Actual 2018 \$000		Actual 2019 \$000
	<b>CAPITAL COMMITMENTS</b>	
	Land and buildings	
13,437	Less than one year	3,495
-	One to five years	-
13,437	<b>Total capital commitments</b>	<b>3,495</b>
	<b>Non-cancellable operating leases</b>	
	Accommodation	
35,478	Less than one year	38,051
56,473	One to five years	60,374
19,196	More than five years	19,023
111,147	<b>Total non-cancellable operating lease commitments</b>	<b>117,448</b>
124,584	<b>Total commitments</b>	<b>120,943</b>

**Capital commitments**

Capital commitments are the aggregate amount of capital expenditure contracted for the acquisition of property, plant and equipment and intangible assets that have not been recognised as a liability as at 30 June 2019.

**Non-cancellable operating leases**

MFAT leases property, plant and equipment in the normal course of its business. The majority of these leases are for premises which have a non-cancellable leasing period.

Our non-cancellable operating leases have varying terms, escalation clauses and renewal rights. There are no restrictions placed on us by any of these leasing arrangements.

**STATEMENT OF CONTINGENT LIABILITIES AND CONTINGENT ASSETS****As at 30 June 2019**

MFAT has a contingent liability in the form of an indemnity as at 30 June 2019 to HSBC for \$0.930 million as part of the Chancery lease conditions in New York (30 June 2018: \$0.923 million). MFAT also has a contingent liability in the form of an indemnity authorised by the Minister of Finance in the event emergency medical care is required for staff in Baghdad.

We have other contingent liabilities relating to employment and property disputes as at 30 June 2019 for \$0.666 million (30 June 2018: \$1.244 million). Disclosure of the individual disputes may prejudice the Ministry's position.

MFAT has contingent assets of \$0.028 million which relate to employment and property issues as at 30 June 2019 (30 June 2018: \$0.046 million).

*The accompanying accounting policies and notes form part of these financial statements.*

# Notes to the financial statements

## For the year ended 30 June 2019

### Note 1: Statement of accounting policies

#### REPORTING ENTITY

The financial statements presented are those of the Ministry of Foreign Affairs and Trade ("MFAT"). MFAT has also reported on Crown activities and trust monies that it administers.

MFAT manages the Government's business with foreign countries and their governments, and with international organisations. The primary objective of MFAT is to provide services to the Government rather than making a financial return.

MFAT has designated itself as a Public Benefit Entity (PBE) for financial reporting purposes.

#### STATUTORY BASE

MFAT is a government department as defined by section 2 of the Public Finance Act 1989 and is domiciled in New Zealand, operating globally. The relevant legislation governing MFAT's operations includes the Public Finance Act 1989 and the Foreign Affairs Act 1988. MFAT's ultimate parent is the New Zealand Crown.

#### BASIS OF PREPARATION

MFAT's financial statements have been prepared in accordance with the requirements of the Public Finance Act 1989, which include the requirement to comply with New Zealand generally accepted accounting practice ("NZ GAAP") and Treasury Instructions. NZ GAAP includes Public Benefit Entity ("PBE") accounting standards. These financial statements have been prepared in accordance with Public Sector PBE Accounting Standards (PBE Standards) – Tier 1. These standards are based on International Public Sector Accounting Standards (IPSAS).

The financial statements for MFAT are for the year ended 30 June 2019 and were approved for issue by the Chief Executive on 30 September 2019.

#### Basis of measurement

The financial statements have been prepared on a going concern basis and are presented in New Zealand Dollars which is MFAT's functional currency. All values are rounded to the nearest thousand dollars (\$000).

#### Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and

are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are:

- Estimating the fair value of land and buildings – see note 8
- Estimating the retirement and long service leave obligations – see note 13
- Estimating the Holidays Act liability – see note 12

#### Standards issued and not yet effective that have been early adopted

MFAT adopted PBE IFRS 9 in 2017-18 and this new standard does not have any impact on MFAT's financial statements as at 30 June 2019.

#### Standards issued and not yet effective, and not early adopted

There are no standards and amendments, issued but not yet effective that have not been early adopted, and are relevant to MFAT.

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all periods presented.

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

#### Foreign currency transactions

Foreign currency transactions (including those for which forward exchange contracts are held) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive revenue and expense.



### ***Goods and services tax (GST)***

All items in the financial statements, including appropriation statements, are stated exclusive of GST except for Creditors and Payables and Debtors and Receivables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The amount of GST owing to, or owed by Inland Revenue at balance date, being the difference between Output GST and Input GST, is included in Creditors and Payables or Debtors and Receivables (as appropriate).

Commitments and contingencies are disclosed exclusive of GST.

### ***Income tax***

As a Government department, MFAT is exempt from the payment of income tax (Income Tax Act 2007) and no charge for income tax has been provided for.

### ***Statement of cost accounting policies***

MFAT has determined the cost of outputs using the cost allocation system outlined below:

Our policy is to directly charge costs to outputs wherever possible. This is done using the following activity based principles: i) total corporate costs are allocated to operational cost centres based on head count, and ii) operating costs are accumulated in operational cost centres and attributed to outputs on the basis of pre-established ratios. Output allocation factors are based on estimates of the time that staff intend to spend on producing various outputs. They are reviewed annually as part of an operational planning and evaluation exercise to ensure they provide an accurate measure of resource consumption.

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

### ***Basis of the budget and forecast figures (unaudited)***

The 2019 budget figures are for the year ended 30 June 2019 and were published in the 2017-18 annual report. They are consistent with MFAT's best estimate financial forecast information submitted to Treasury for the Budget Economic and Fiscal Update (BEFU) for the year ending 2018-19.

The 2020 forecast figures for the year ending 30 June 2020 are consistent with MFAT's best estimate financial forecast information submitted to Treasury as part of the Budget Economic and Fiscal Update (BEFU) for Budget 2019.

The purpose of the forecast financial statements is to facilitate Parliament's consideration of the appropriations for, and planned performance of the Ministry. Use of this information for other purposes may not be appropriate. Readers are cautioned that actual results are likely to vary from the forecast information presented and that the variations may be material.

The forecast financial figures have been prepared in accordance with the PBE FRS 42 Prospective Financial Statements and comply with PBE FRS 42.

The budget and forecast figures are unaudited and have been prepared using the accounting policies adopted in preparing these financial statements.

While MFAT regularly updates its forecasts, updated forecast financial statements for the year ending 30 June 2020 will not be published.

The budget and forecast figures are unaudited and have been prepared using the accounting policies adopted in preparing these financial statements.

### ***Significant assumptions used in preparing the unaudited forecast financial figures***

The forecast figures contained in these financial statements reflect MFAT's purpose and activities and are based on a number of assumptions on what may occur during the 2019-20 year.

The forecast figures have been compiled on the basis of existing government policies and Ministerial expectations at the time the Main Estimates were finalised. The main assumptions were as follows:

- MFAT's activities and output expectations will remain substantially the same as for the previous year focusing on the Government's priorities;
- input costs for personnel and other operating costs will be consistent with MFAT's current cost structure;
- estimated year-end information for 2018-19 was used as the opening position for the 2019-20 forecasts.

The actual financial results achieved for 30 June 2020 are likely to vary from the forecast information presented, and the variations may be material.

There are no significant events or changes that would have a material impact on the BEFU forecast. Factors that could lead to material differences between the forecast financial statements and the 2019-20 actual financial statements include changes to the baseline budget through new initiatives, or technical adjustments.

### ***Authorisation statement***

The forecast figures reported are those for the year ending 30 June 2020 included in BEFU 2019. These were authorised for issue on 23 April 2019 by the Chief Executive who is responsible for the forecast financial statements as presented.

It is not intended that the prospective financial statements will be updated subsequent to presentation.

## Note 2: Revenue

### ACCOUNTING POLICY

#### Revenue Crown

Revenue from the Crown is measured based on MFAT's funding for the reporting period. The funding is established by Parliament when it passes the Appropriation Acts for the financial year. The amount of revenue recognised takes into account any amendments to appropriations approved in the Appropriation (Supplementary Estimates) Act for the year and certain other unconditional funding adjustments formally approved prior to balance date.

There are no conditions attached to the funding from the Crown. However, MFAT can only incur expenses within the scope and limits of its appropriations.

The fair value of Revenue Crown has been determined to be equivalent to the funding authorised by Parliament.

**Revenue department** - MFAT derives revenue through the provision of services to other New Zealand agencies. This revenue is recognised at the fair value of the consideration received or receivable when earned. Rental revenue, from sub-let and residential accommodation provided to support other New Zealand agencies offshore is also included. Rental revenue is recognised on a straight-line basis over the lease term.

**Revenue other** - includes revenue from Consular services and other miscellaneous revenue from services to third parties recognised upon the provision of the service.

Actual 2018 \$000		Actual 2019 \$000
385,962	Revenue crown	432,827
	<b>Other revenue</b>	
8,032	Revenue department - Services for other New Zealand agencies	8,348
648	Revenue other - Consular services	591
1,905	Revenue other - Miscellaneous	763
<b>396,547</b>	<b>Total Crown and other revenue</b>	<b>442,529</b>

## Note 3: Personnel costs

Actual 2018 \$000		Actual 2019 \$000
149,270	Salaries and wages	173,622
2,913	Vacancy backfill	5,093
7,945	Employer contributions to defined contribution plans	8,654
237	ACC levy	337
1,872	Increase/(decrease) in employee entitlements	6,960
6,867	FBT	6,517
<b>169,104</b>	<b>Total personnel costs</b>	<b>201,183</b>

## Note 4: Operating costs

### ACCOUNTING POLICY

#### Grant expenditure

Where grants are discretionary until payment, the expense is recognised when the payment is advised. Otherwise, the expense (and corresponding liability) is recognised when MFAT does not have discretion over the payment. For grants without conditions attached, the expense/liability is recognised when MFAT has an unconditional obligation to make payment.

#### Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives for accommodation are recognised evenly over the term of the lease as a reduction in rental expense.

Actual 2018 \$000		Actual 2019 \$000	Unaudited Budget 2019 \$000	Unaudited Forecast 2020 \$000
536	Audit fees and disbursements	484	510	555
40,672	Rentals and operating leases	41,902	45,094	44,776
21,242	Travel	25,043	25,229	27,439
12,006	Contractors	14,245	16,610	14,111
16,074	Dedicated and special funding	14,847	28,930	22,311
(3,354)	Net foreign exchange loss/(gain), excluding derivatives	(2,312)	-	-
*6,632	Maintenance	8,197	6,962	8,012
6,747	Contracted services	8,658	7,974	11,754
5,186	Wide area network costs	6,753	6,100	6,670
5,107	Consultants fees	4,808	9,259	5,972
4,927	Software maintenance	5,512	5,399	6,369
3,402	Rates, taxes and communal charges	3,786	3,595	4,120
4,395	Utilities	3,955	4,221	4,985
3,408	Representation	3,655	3,275	3,841
3,453	Freight	3,563	3,209	3,233
3,199	Staff training	3,606	3,229	4,879
2,203	Telecommunication Charges	2,157	2,344	2,103
24,388	Other operating	25,552	18,786	42,413
160,223	<b>Total operating costs</b>	<b>174,411</b>	<b>190,726</b>	<b>213,543</b>

\*2018 Amounts re-stated to new Maintenance codes as per Treasury requirement

## Note 5: Capital charge

### ACCOUNTING POLICY

The capital charge is expensed in the financial year to which the charge relates. MFAT pays a capital charge to the Crown on its taxpayers' funds balance as at 30 June and 31 December

each year. The capital charge rate for the year ended 30 June 2019 was 6.0 percent (2018: 6.0 percent).

## Note 6: Debtors and receivables

### ACCOUNTING POLICY

Trade and other receivables are recognised at face value less any provision for impairment.

Actual 2018 \$000		Actual 2019 \$000
	<b>Current</b>	
4,903	Trade debtors	1,543
2,236	Other Receivables	525
<b>7,139</b>	<b>Total current</b>	<b>2,068</b>
	<b>Non-Current</b>	
308	Deposit bonds	449
4,621	Lease deposits	4,602
<b>4,929</b>	<b>Total non-current</b>	<b>5,051</b>
<b>12,068</b>	<b>Total debtors and receivables</b>	<b>7,119</b>
	<b>Total receivables comprise:</b>	
12,068	Receivables from the sale of goods & services (exchange transactions)	7,119
-	Receivables from non-exchange transactions	-

As at 30 June 2019 and 2018, all receivables have been assessed for impairment and no provision was required as majority are due from other Government entities.

Actual 2018 \$000		Actual 2019 \$000
1,873	Not past due	675
2,030	Past due 1-30 days	743
18	Past due 31-60 days	82
394	Past due 61-90 days	34
588	Past due >91 days	9
<b>4,903</b>	<b>Total</b>	<b>1,543</b>



## Note 7: Prepayments

Current prepayments include expenditure paid in advance for property leases. Non-current prepayments include our Beijing

Embassy land lease which is amortised over the remaining life of the lease.

## Note 8: Property, plant, equipment

### ACCOUNTING POLICY

#### *Property, plant and equipment*

Property, plant and equipment (PPE) consists of the following asset classes: land, buildings, furniture and fittings, plant and equipment, motor vehicles and computer equipment.

Land is measured at fair value, and buildings are measured at fair value less accumulated depreciation. All other asset classes are measured at cost, less accumulated depreciation and impairment losses.

Individual assets, or group of assets, are capitalised if their cost is greater than \$5,000.

#### *Additions*

The cost of an item of PPE is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to MFAT and the cost of the item can be measured reliably. Work in progress is recognised at cost less impairment and is not depreciated.

#### *Disposals*

Realised gains and losses arising from disposal of PPE are generally recognised in the statement of comprehensive revenue and expense when the significant risks and rewards of ownership of the asset have transferred to the acquirer. Any balance attributable to the disposed asset in the asset revaluation reserve is transferred to taxpayers funds.

#### *Subsequent costs*

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to MFAT and the cost of the item can be measured reliably. The cost of day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive revenue and expense as they are incurred.

#### *Depreciation*

Depreciation is calculated to write down the cost of assets on a straight line basis to an estimated residual value over their economic lives as follows:

Buildings		
Structure	35 to 60 years	1.6% - 3%
Fit out/services	3 to 20 years	5.0% - 33%
Leasehold improvements	5 to 15 years	7%-20%
<b>Furniture &amp; Fittings</b>	<b>7 years</b>	<b>15%</b>
Plant & Equipment		
Plant	10 years	10%
Equipment	5 to 20 years	5% - 20%
<b>Motor Vehicles</b>	<b>8 years</b>	<b>12.5%</b>
<b>Computer Equipment (excluding computer software)</b>	<b>3 to 5 years</b>	<b>20% - 33.3%</b>

### ***Impairment of property, plant and equipment (PPE) and intangible assets***

Property, plant and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in extinguishing the balance in the revaluation reserve, the residual loss balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

### ***Revaluations***

Land and buildings are revalued with sufficient regularity to ensure that the carrying amount does not differ materially from their fair value and at least every three years by an independent valuer.

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Buildings are valued at fair value using market-based evidence. The Optimised Depreciated Replacement Cost approach has been used when the fair value of an asset cannot be determined by reference to the price in an active market for the same asset or a similar asset. Under these circumstances, depreciated replacement cost is considered to be the most appropriate basis for determination of the fair value.

When an item of PPE is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Unrealised gains and losses arising from changes in the value of PPE are recognised as at balance date. Gains are added to the asset revaluation reserve for that class of asset. To the extent that there is a balance in the asset revaluation reserve for the asset class, any loss is deducted from that reserve.

## CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

### *Estimating the fair value of land and buildings*

Land and Buildings were revalued at fair value as at 31 January 2018. This valuation was conducted by an independent registered valuer, S N Dean, Director – Valuation and Advisory Services, Colliers International New Zealand Limited, FNZIV, AREINZ and FPINZ, on MFAT's

behalf. In performing the valuation, 75% of the value of the entire portfolio was individually inspected. A market indexation approach has been adopted for the remaining uninspected portfolio. The next valuation will be performed in 2021 based on our policy.

	Freehold Land \$000	Freehold Buildings \$000	Furniture & Fittings \$000	Plant & Equipment \$000	Motor Vehicles \$000	Computer Equipment \$000	Total \$000
<b>Cost or valuation</b>							
Balance at 1 July 2017	260,548	152,326	95,611	24,135	8,873	35,489	576,982
Additions	-	24,875	723	3,172	1,196	8,562	38,528
Revaluation	20,888	(14,014)	-	-	-	-	6,874
Disposals	-	(1,517)	(2,180)	(226)	(958)	(25)	(4,906)
<b>Balance at 30 June 2018</b>	<b>281,436</b>	<b>161,670</b>	<b>94,154</b>	<b>27,081</b>	<b>9,111</b>	<b>44,026</b>	<b>617,478</b>
Balance at 1 July 2018	281,436	161,670	94,154	27,081	9,111	44,026	617,478
Additions	-	14,746	16,063	4,716	2,073	4,977	42,575
Asset class adjustment – reclassification	-	(6,917)	968	5,969	-	(21)	(1)
Disposals	-	(71)	(1,636)	(1,017)	(1,117)	(309)	(4,150)
<b>Balance at 30 June 2019</b>	<b>281,436</b>	<b>169,428</b>	<b>109,549</b>	<b>36,749</b>	<b>10,067</b>	<b>48,673</b>	<b>655,902</b>
<b>Accumulated depreciation &amp; Impairment losses</b>							
Balance at 1 July 2017	-	21,866	57,910	18,379	4,414	28,525	131,094
Depreciation expense	-	7,642	5,971	1,382	1,061	2,896	18,952
Eliminate on disposal	-	(1,516)	(2,160)	(226)	(789)	(25)	(4,716)
Revaluation	-	(24,606)	-	-	-	-	(24,606)
<b>Balance at 30 June 2018</b>	<b>-</b>	<b>3,386</b>	<b>61,721</b>	<b>19,535</b>	<b>4,686</b>	<b>31,396</b>	<b>120,724</b>
Balance at 1 July 2018	-	3,386	61,721	19,535	4,686	31,396	120,724
Depreciation expense	-	9,196	5,645	2,477	1,127	3,490	21,935
Eliminate on disposal	-	(71)	(1,627)	(1,017)	(985)	(308)	(4,008)
Asset class adjustment - reclassification	-	-	-	(1)	(1)	-	(2)
<b>Balance at 30 June 2019</b>	<b>-</b>	<b>12,511</b>	<b>65,739</b>	<b>20,994</b>	<b>4,827</b>	<b>34,578</b>	<b>138,649</b>
<b>Carrying amounts</b>							
At 1 July 2017	260,548	130,460	37,701	5,756	4,459	6,964	445,888
At 30 June and 1 July 2018	281,436	158,284	32,433	7,546	4,425	12,630	496,754
<b>At 30 June 2019</b>	<b>281,436</b>	<b>156,917</b>	<b>43,810</b>	<b>15,755</b>	<b>5,240</b>	<b>14,095</b>	<b>517,253</b>

## Work in progress

The total amount of property, plant and equipment in the course of construction is \$24.116 million (2018: \$51.526 million).

Actual 30/06/18 \$000		Actual 30/06/19 \$000
	<b>Property, plant and equipment under construction</b>	
44,558	Freehold buildings	10,230
926	Furniture and fittings	9,097
783	Plant and equipment	304
5,259	Computer equipment	4,485
<b>51,526</b>	<b>Balance at 30 June 2019</b>	<b>24,116</b>

## Restrictions on sale of land and buildings

MFAT owns property in 13 locations globally that have restrictions on their sale, mostly in relation to their use, or requiring that country's Government's approval to sell. The carrying amount of the property is \$206.619 million (2018: \$213.331 million).

There are conditions that apply to the land leased by MFAT in New Delhi. The following restrictions in relation to the sale and treatment of sale proceeds apply:

- If the sale is to another diplomatic mission we retain 100 percent of the proceeds, and the purchaser inherits the same terms of ownership;
- If the sale is to other than a diplomatic mission, then the Indian Government has the first right of refusal and if accepted we retain 20 percent of the land value increase since the original purchase and 100 percent of the buildings proceeds; and

- If the Indian Government does not purchase it, then it can be offered to a non-diplomatic third party with MFAT retaining 20 percent of the increased value of the land proceeds and 100 percent of the buildings proceeds, with the Indian Government receiving 80 percent of the land value. The purchaser inherits the same terms of ownership.

Based on the above restrictions our valuer has valued the New Delhi land at 20 percent of the fair value, which is \$51.837 million as at 31 January 2018.



## Note 9: Intangible assets

### ACCOUNTING POLICY

#### *Intangible assets*

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use by MFAT are recognised as an intangible asset. Direct costs include the costs of materials and services, employee costs and any directly attributable overheads. Expenditure incurred on research of internally generated software is expensed when it is incurred.

Costs of software updates or upgrades are only capitalised when they increase the usefulness or value of the software. Costs associated with maintaining computer software are recognised as an expense when incurred.

Website development costs are only recognised as an intangible asset if they will provide future services potential.

#### *Amortisation*

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the statement of comprehensive revenue and expense.

The useful lives have been estimated as follows:

**Computer software 3 to 8 years** 12.5% - 33%

#### *Impairment of intangible assets*

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

For further details, refer to the policy for impairment of property, plant and equipment in Note 8.

COST	Computer Software \$'000
Balance at 1 July 2017	43,541
Additions	6,701
Disposals	-
<b>Balance at 30 June 2018</b>	<b>50,242</b>
Balance at 1 July 2018	50,242
Additions	7,785
Disposals	(2,015)
<b>Balance at 30 June 2019</b>	<b>56,012</b>
<b>Accumulated Amortisation and Impairment Losses</b>	
Balance at 1 July 2017	18,343
Amortisation expense	3,822
Eliminate on disposal	-
<b>Balance at 30 June 2018</b>	<b>22,165</b>
Balance at 1 July 2018	22,165
Amortisation expense	5,431
Disposals	(2,015)
<b>Balance at 30 June 2019</b>	<b>25,581</b>
<b>Carrying Amounts</b>	
At 1 July 2017	25,198
At 30 June and 1 July 2018	28,077
<b>At 30 June 2019</b>	<b>30,431</b>

The total amount of intangible assets in the course of development is \$3.979 million (2018: \$8.374 million).

There are no restrictions over the title of MFAT's intangible assets, nor are any intangible assets pledged as security for liabilities.

## Note 10: Creditors and payables

### ACCOUNTING POLICY

Short-term creditors and other payables are generally settled within 30 days so are recorded at their face value.

Actual 2018 \$000		Actual 2019 \$000
	<b>Payables under exchange transactions</b>	
9,292	Trade creditors	10,676
9,069	Accrued expenses	8,133
<b>18,361</b>	<b>Total payables under exchange transactions</b>	<b>18,809</b>
	<b>Payables under non-exchange transactions</b>	
2,349	FBT payable	2,303
164	GST payable	72
<b>2,513</b>	<b>Total payables under non-exchange transactions</b>	<b>2,375</b>
<b>20,874</b>	<b>Total payables</b>	<b>21,184</b>

## Note 11: Return of operating surplus

Actual 2018 \$000		Actual 2019 \$000
14,492	Net surplus/(Deficit)	(3,266)
	Plus/(Less)	
(5,090)	Net loss/(gain) on derivative financial instruments	5,472
<b>9,402</b>	<b>Total return of operating surplus payable to Crown</b>	<b>2,206</b>

## Note 12: Provisions

### ACCOUNTING POLICY

#### Provisions

A provision is recognised when MFAT has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the provision can be reliably measured.

#### Restructuring

A restructuring provision is recognised when MFAT is demonstrably committed, without the realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date.

Actual 2018 \$000		Actual 2019 \$000
	<b>Current portion</b>	
1,000	Holidays Act 2003	4,263
1,011	Lease make-good	913
324	Restructuring	219
<b>2,335</b>	<b>Total Current</b>	<b>5,395</b>
	<b>Non-current portion</b>	
2,013	Lease make-good	2,062
-	Restructuring	-
<b>2,013</b>	<b>Total Non-Current</b>	<b>2,062</b>
<b>4,348</b>	<b>Total</b>	<b>7,457</b>

	Holiday Act 2003 \$000	Make-good \$000	Restructuring \$000	Total \$000
Balance as 1 July 2017	1,000	3,243	521	4,764
Additional provisions made	-	-	-	-
Amounts used	-	(219)	(145)	(364)
Unused amounts reverse	-	-	(52)	(52)
<b>Balance as at 30 June 2018</b>	<b>1,000</b>	<b>3,024</b>	<b>324</b>	<b>4,348</b>
Balance as 1 July 2018	1,000	3,024	324	4,348
Additional provisions made	5,000	-	-	5,000
Amounts used	(1,737)	(49)	(105)	(1,891)
Unused amounts reversed	-	-	-	-
<b>Balance as at 30 June 2019</b>	<b>4,263</b>	<b>2,975</b>	<b>219</b>	<b>7,457</b>

#### Holidays Act 2003

As part of on-going work on the Holidays Act 2003 remediation, the Ministry recognised an addition to the provision of \$5.0 million. The provision is now substantially reflective of the remediation value the Ministry will incur. Whilst on-going, the Ministry have made remediation payments from the provision within this fiscal year.

#### Restructuring

The remaining restructuring provision arises from MFAT's organisational change decisions and relates to the cost of expected redundancies (\$0.219 million). Management anticipate

that the restructuring will be completed over the next year and the amount of the liability is considered to be reasonably certain.

#### Make-good

MFAT is required, at the expiry of its leases, to make-good any damage caused and remove any fixtures or fittings installed by us. In many cases, we have the option to renew these leases, which may change the timing of the expected cash outflows to make-good the premises.

## Note 13: Employee entitlements

### ACCOUNTING POLICY

Employee benefits that are due to be settled within 12 months after the end of the year in which the employee provides that related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

Employee benefits that are due to be settled beyond 12 months after the end of the year in which the employee provides the related service, such as retirement and long service leave, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlement information; and
- the present value of the estimated future cash flows.

Sick leave, annual leave and vested long service leave are classified as a current liability. Non-vested retirement and long service leave expected to be settled within 12 months of balance date are also classified as a current liability. All other employee entitlements are classified as a non-current liability.

### CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

#### *Estimating retirement and long service leave obligations*

An independent actuarial valuation was undertaken by AON Consulting New Zealand Limited as at 30 June 2019 to estimate the present value of retirement leave and long service leave. The key assumptions used in determining the present values were:

- a weighted average discount rate of 2.07%
- a salary inflation rate of 2.70%

The discount rates and salary inflation factor used are those advised by Treasury.

If the discount rate were to increase/decrease by 1 percent more than the actuarial estimates, with all other factors held constant, the carrying amount of the liability would be \$0.585 million lower or \$0.651 million higher respectively.

If the salary inflation factor were to increase/decrease by 1 percent more than the actuarial estimates, with all other factors held constant, the carrying amount of the liability would be \$0.638 million higher or \$0.584 million lower respectively.

Actual 2018 \$000		Actual 2019 \$000
	<b>Current Liabilities</b>	
10,786	Annual leave	16,031
757	Long service leave	675
727	Retirement leave	1,060
1,423	Retirement gratuities	1,378
191	End of posting leave	214
1,828	Salaries and allowances	1,674
337	Sick leave liability	210
226	ACC levy	402
<b>16,275</b>	<b>Total Current</b>	<b>21,644</b>
	<b>Non-Current Liabilities</b>	
2,410	Long service leave	2,873
7,301	Retirement leave	7,561
1,362	Retirement gratuities	1,544
383	End of posting leave	428
<b>11,456</b>	<b>Total Non-Current</b>	<b>12,406</b>
<b>27,731</b>	<b>Total Provision for Employee Entitlements</b>	<b>34,050</b>

### Annual Leave Provision

The Annual Leave valuation was reviewed to ensure it complied with the Holidays Act valuation requirement. The review resulted in an increase of \$4.200 million to the Annual Leave liability.



## Note 14: Equity

### ACCOUNTING POLICY

#### Equity

Equity is the Crown's investment in MFAT and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified as taxpayers' funds and property revaluation reserves.

#### Property revaluation reserves

These reserves relate to the revaluation of land and buildings to fair value.

Actual 2018 \$000		Actual 2019 \$000
	<b>Taxpayers' funds</b>	
436,056	Balance at 1 July	441,146
14,492	Surplus/(deficit)	(3,266)
-	Capital injections	29,815
(9,402)	Return of operating surplus to the Crown	(2,206)
<b>441,146</b>	<b>Balance at 30 June</b>	<b>465,489</b>
	<b>Property revaluation reserves</b>	
146,593	Balance at 1 July	178,073
-	Transfer to taxpayers' funds on disposal	-
31,480	Property revaluation	-
<b>178,073</b>	<b>Balance at 30 June</b>	<b>178,073</b>
<b>619,219</b>	<b>Total Equity</b>	<b>643,562</b>
	<b>Property revaluation reserve consists of:</b>	
143,463	Land revaluation reserve	143,463
34,610	Buildings revaluation reserve	34,610
<b>178,073</b>	<b>Total property revaluation reserves</b>	<b>178,073</b>

## Note 15: Capital (equity) management

MFAT'S capital is its equity, which comprises taxpayers' funds and property revaluation reserves. In 2018-19 equity is represented by net assets.

MFAT manages its revenue, expenses, assets, liabilities and general financial dealings prudently. MFAT's equity is largely managed as a by-product of managing revenue, expenses, assets,

liabilities and compliance with the Government budget processes, Treasury Instructions and the Public Finance Act 1989.

The objective of managing MFAT's equity is to ensure we effectively achieve goals and objectives for which MFAT has been established, whilst remaining a going concern.

## Note 16: Related party transactions

MFAT is a wholly owned entity of the Crown.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect MFAT would have adopted in dealing with the party at arm's length in the

same circumstances. Further, transactions with other government agencies are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

### KEY MANAGEMENT PERSONNEL COMPENSATION

Actual 2018 \$000		Actual 2019 \$000
	<b>Leadership Team, including the Chief Executive</b>	
4,680	Total Remuneration, including long-term benefits	5,022
12.0	Total full time equivalent personnel	13.0

The above key management personnel disclosure excludes the Minister of Foreign Affairs who is the responsible Minister for the Ministry. The Minister's remuneration and other benefits are set by the Remuneration Authority under the Civil List Act 1979 and are paid under Permanent Legislative Authority, and not paid or funded by MFAT.

## Note 17: Financial instruments

### ACCOUNTING POLICY

#### *Cash and cash equivalents*

Cash and cash equivalents includes balances denominated in foreign currencies translated to New Zealand dollars at the foreign exchange rate at balance date.

MFAT is only permitted to expend its cash and cash equivalents within the scope and limits of its appropriations.

#### *Derivative financial instruments*

MFAT uses forward foreign exchange contracts to manage exposure to foreign exchange movements. MFAT does not hold these contracts for trading purposes. MFAT has not adopted hedge accounting.

Forward foreign exchange contracts are initially recognised at fair value on the date a contract is entered into and are subsequently re-measured at their fair value at each balance date. Movements in the fair value are recognised in the statement of comprehensive revenue and expense.

Foreign exchange derivatives are classified as current if the contract is due for settlement within 12 months of balance date. Otherwise, the full fair value of foreign exchange contracts are classified as non-current.

### 17A FINANCIAL INSTRUMENT CATEGORIES

The carrying amounts of financial assets and financial liabilities in each of the financial instrument categories are as follows:

Actual 2018 \$000		Actual 2019 \$000
	<b>Loans and Receivables</b>	
15,037	Cash and cash equivalents	28,388
12,068	Debtors and other receivables	7,119
114,951	Debtor Crown	113,731
<b>142,056</b>	<b>Total Loans and Receivables</b>	<b>149,238</b>
	<b>Fair Value through Surplus and Deficit - Held for Trading</b>	
3,253	Derivative financial instrument assets	431
(165)	Derivative financial instrument liabilities	(2,815)
<b>3,088</b>	<b>Total Fair Value through Surplus and Deficit - Held for Trading</b>	<b>(2,384)</b>
	<b>Financial Liabilities measured at Amortised Cost</b>	
20,874	Creditors and other payables	21,184

## 17B FAIR VALUE HIERARCHY

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy.

- Quoted market price (level 1) – Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical

or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

- Valuation techniques with significant non-observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position.

Actual 2018 \$000		Actual 2019 \$000
	<b>Financial assets</b>	
0	Quoted market price	0
3,253	Observable market inputs	431
0	Significant non-observable inputs	0
<b>3,253</b>	<b>Total financial assets at fair value</b>	<b>431</b>
	<b>Financial liabilities</b>	
0	Quoted market price	0
165	Observable market inputs	2,815
0	Significant non-observable inputs	0
<b>165</b>	<b>Total financial liabilities at fair value</b>	<b>2,815</b>

There were no transfers between the different levels of the fair value hierarchy.



## 17C FINANCIAL INSTRUMENT RISKS

MFAT is exposed to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk. We have a series of policies to manage the risks associated with financial instruments and seek to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

## MARKET RISK

### Currency risk

Currency risk is the risk that debtors and creditors, due in foreign currency, will fluctuate because of changes in foreign exchange rates.

The notional principal amounts of outstanding forward exchange contracts in New Zealand dollar equivalent at 30 June 2019 was:

2018 \$000	Foreign Exchange Contracts	2019 \$000
15,841	USD	14,426
3,204	JPY	3,212
17,463	EUR	17,863
47,492	Other	45,849
<b>84,000</b>	<b>Total</b>	<b>81,350</b>

## Sensitivity analysis

### Forward foreign exchange contracts

The following table summarises the impact of a 10 percent movement in foreign exchange rates on the valuation of MFAT's foreign exchange contracts.

Impact on surplus/deficit 2018 \$000		Impact on surplus/deficit 2019 \$000
4,829	Increase in foreign exchange rates of 10%	9,563
12,765	Decrease in foreign exchange rates of 10%	6,390

### Creditors denominated in foreign currencies

The following table summarises the movement in the surplus/deficit for the year, attributable to foreign exchange gains/losses if, at 30 June 2019, the NZD had weakened/ strengthened by 5 percent, with all other variables held constant.

Impact on surplus/deficit 2018 \$	5% movement in NZD on creditors	Impact on surplus/deficit 2019 \$
4,100	United States Dollar	2,769
20	Japanese Yen	5
3,300	European Union Euro	3,981
550	Pound Sterling	17

## INTEREST RATE RISK

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This could impact on the return on investments or the cost of borrowing. MFAT has no significant exposure to interest rate risk on its financial instruments.

The Public Finance Act 1989 stipulates that MFAT cannot raise a loan without ministerial approval and no such loans have been raised. Accordingly, there is no interest rate exposure as no funds were borrowed.

## CREDIT RISK

Credit risk is the risk that a third party will default on its obligations to MFAT, causing us to incur a loss. In the normal course of its business, MFAT incurs credit risk from trade debtors, and transactions with financial institutions.

Our maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents, net debtors, and derivative financial instrument assets. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

MFAT does not require any collateral or security to support financial instruments with financial institutions that we deal with as these entities have high credit ratings. For its other financial instruments, we do not have significant concentrations of risk.

## LIQUIDITY RISK

The liquidity risk is the risk that MFAT will encounter difficulty raising liquid funds to meet commitments as they fall due.

In meeting our liquidity requirements we closely monitor our forecast cash requirements with expected cash drawdowns from the New Zealand Debt Management Office. MFAT maintains a target level of available cash to meet its liquidity requirements.

The table below analyses MFAT's forward exchange contract derivatives into the relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Liability carrying amount \$000	Asset carrying amount \$000	Contractual cash flows \$000	Less than 6 months \$000	6-12 months \$000	Greater than 12 months \$000
<b>2018</b>						
Gross settled foreign exchange contracts:	165	3,253				
- outflow			84,000	41,678	42,322	-
- inflow			87,088	43,221	43,867	-
<b>2019</b>						
Gross settled foreign exchange contracts:	2,815	431				
- outflow	-	-	81,351	33,856	47,495	-
- inflow	-	-	78,967	32,884	46,083	-

## Note 18: Reconciliation of net surplus to net cash flow from operating activities

Actual 2018 \$000		Actual 2019 \$000
14,492	Net surplus/(deficit)	(3,267)
	Add/(less) non-cash items	
22,774	Depreciation and amortisation expense	27,366
(5,090)	Net (gains)/loss on derivative financial instruments	5,472
(1,317)	Other non-cash movement	11
177	Movement in discount rate for long service leave and retirement leave	659
16,544	Total non-cash items	33,508
	Add/(less) items classified as investing or financing activities	
(162)	(Gains)/losses on disposal of property, plant and equipment	(438)
	Add/(less) movements in statement of financial position items	
(2,563)	(Increase)/Decrease in receivables	6,168
2,205	(Increase)/Decrease in prepayments	(2,323)
(2,111)	Increase/(Decrease) in payables	(347)
(418)	Increase/(Decrease) in provisions	3,110
1,180	Increase/(Decrease) in employee entitlements	6,317
(1,707)	Total net movement in working capital items	12,925
29,167	Net cash flow from operating activities	42,728

## Note 19: Major budget variations

Explanations for major variances from MFAT's original 2018-19 budget are as follows:

### Statement of comprehensive revenue and expense

Total expenses are \$13 million less than budgeted with a resulting reduction in the amount of revenue required; and revenue is \$11 million less than the original budget. Changes in revenue and budgeted expenditure have been effected through the October 2018 and March 2019 Baseline Updates and reflected in the 2018-19 Supplementary Estimates.

There are two significant funding reductions in 2018-19 totalling \$8 million:

- a change in the expense profile of the APEC 2021 multi year appropriation with \$5 million transferred from 2018-19 to 2019-20 – 2021-22; and
- the first tranche of the 1 percent savings required by Government reduced funding by \$2.888 million in 2018-19.

There were a number of smaller funding changes that further reduced funding in 2018-19 by a \$5 million. These included:

- expense transfers (\$2.6 million), these relate to:
  - deferral of \$1.667 million to 2021-22 for a Free Trade Agreement; and
  - transfer of \$1 million from the Trade Negotiation Fund due to deferral of two significant activities for the CPTPP and the Europe NZ FTA.
- forecast underspend transferred to 2019-20 (\$2.4 million), these relate to:
  - underspend of operational funding budgeted for investigation and design phases for capital projects that have been delayed with the funding of \$1.2 million transferred to 2019-20; and
  - \$1.2 million of forecast underspend transferred to fund those activities that sit outside the formal aid funding arrangements of the Pacific Enabling Fund.

The above funding reductions are offset by revenue increases for forecasting changes totalling \$2.2 million for foreign exchange movements (\$0.944 million), funding increases from third parties (\$0.600 million) and increased revenue from NZ Inc agencies and for increased demand for Consular Services (\$0.651 million). The increase in Capital Charge is due to an increase in property values that were effective from 31 January 2018.

The reduced expenditure compared to 2019 Budget is a reflection of the above funding changes and reduced expenditure of \$2.1 million in the APEC 2021 multi-year appropriation.

### Statement of financial position

Debtor Crown recognises funding due to the Ministry that has not being drawn down as cash. The \$40.651 million increase over the budget is a reflection of no requirement to draw down accumulated depreciation/capital funding partly due to the reduced capital expenditure and drawing down the capital injection of \$29.815 million in cash.

Cash balances are \$6.314 million higher than budget mainly due to drawing down the capital injection of \$29.815 million in cash and lower than expected capital expenditure.

Intangibles are \$4.127 million lower than budget and reflects delays in four software projects that progressed slower than expected.

Total provision of \$3.951 million is higher than budget due to a late addition for increased Holiday Pay Act remediation.

Employee entitlements (current and non-current) have increased by \$6.699 million compared to budget mainly as the result of the 30 June 2019 valuation using a lower weighted average discount rate and a slightly higher salary inflation rate; and revaluing annual leave entitlements to comply with the Holidays Act 2003.

### Statement of cash flows

Receipts from Revenue Crown are lower than budgeted as cash drawdowns were reduced to reflect changes to revenue from decreases to output expenditure as the higher balances that were held for resilience did not need to be at the higher levels.

Payments to employees compared to budget were \$11.014 million lower mostly due to the level of vacancies carried during the year.

Cash outflows related to the purchase of property, plant and equipment are \$20.130 million below budget. This was due to reduced capital expenditure arising from project savings, projects taking longer to get started and/or encounter delays. Projects with significant underspend arising from savings are new Post establishments in Stockholm and Dublin (\$4.2 million). Those with time delays include a project to setup and relocate hardware between data centres (\$2.5 million), chancery projects in Addis Ababa and Colombo (\$3 million).

## Note 20: Events after the balance sheet date

There have been no significant events after the balance sheet date.



# Non-departmental statement of performance

The Minister of Foreign Affairs purchased from various New Zealand Government agencies provision of the following output expenses in Vote Foreign Affairs and Trade.

Output Expense	Supplier
Antarctic Research and Support	New Zealand Antarctic Institute
Expo 2020 Dubai	New Zealand Trade and Enterprise
Promotion of Asian skills and relationships	Asia New Zealand Foundation
Pacific Co-operation Foundation	Pacific Co-operation Foundation
Pacific Broadcasting Services	Pacific Co-operation Broadcasting Limited*
	*(100% Wholly owned by Pacific Cooperation Foundation)

The performance information for the output expenses will be reported by the supplier in its Annual report to be tabled in the House.

The Minister of Foreign Affairs also requires us to administer the following non-departmental other expenses in Vote Foreign Affairs and Trade.

- Subscriptions to International Organisations
- Asia Pacific Economic Cooperation 2018 support to Papua New Guinea
- Disbursements made and exemptions from taxation.

The following statement of performance records results and services delivered for each of the above other expenses as agreed between the Minister of Foreign Affairs and the Secretary of Foreign Affairs and Trade in the *Strategic Intentions 2018-2022* and the *2018-19 Estimates of Appropriations* as required by section 19C of the Public Finance Act 1989.

# Subscriptions to international organisations

This appropriation is limited to non-discretionary payments required as formal obligations arising from New Zealand’s membership of international organisations, and as a signatory to international treaties and conventions.

An exemption from reporting performance measures for this appropriation has been granted under s15D(6)(ii) of the Public Finance Act.

## Financial performance (figures are GST exclusive)

Actual 2018 \$000		Actual 2019 \$000	Appropriation 2019 \$000	Variance 2019 \$000
46,984	Annual appropriations	53,271	55,129	1,858

## Explanation of significant variances

Subscriptions to International Organisations are \$1.858 million (3.4 percent) below budget due to the contingency for unexpected UN Peacekeeping Operations not being required.

# Asia Pacific Economic Cooperation 2018 support to Papua New Guinea

This appropriation is limited to support and assistance to Papua New Guinea for the delivery and hosting of Asia Pacific Economic Cooperation 2018.

	2018-19		2017-18
PERFORMANCE MEASURES	Budgeted Standard	Actual Standard	Actual Standard
High quality and targeted support provided to Papua New Guinea for the delivery and hosting of Asia Pacific Economic Cooperation 2018	Achieved	Achieved	Achieved

## Financial performance (figures are GST exclusive)

Actual 2018 \$000		Actual 2019 \$000	Appropriation 2019 \$000	Variance 2019 \$000
862	Annual appropriations	3,760	7,138	3,378

## Explanation of significant variances

The under expenditure of \$3.378 million in the Asia Pacific Economic Cooperation 2018 support to Papua New Guinea appropriation was due to an over estimation of the likely level of support required. The appropriation underspend will be transferred to Vote ODA International Development Cooperation as part of the October 2019 Baseline Update.

# Disbursements made and exemptions from taxation PLA

Refund of New Zealand local body rates for offices and residential premises of overseas diplomatic missions and consular posts pursuant to section 21 of the Diplomatic Privileges and Immunities Act 1968.

PERFORMANCE MEASURES	2018-19		2017-18
	Budgeted Standard	Actual Standard	Actual Standard
Number of rate reimbursements processed	65-80	64	76

## Financial performance (figures are GST exclusive)

Actual 2018 \$000		Actual 2019 \$000	Appropriation 2019 \$000	Variance 2019 \$000
1,779	Annual appropriations	1,575	2,400	825

## Explanation of significant variances

The timing of these refunds is dependent on claims being submitted by the New Zealand based overseas diplomatic missions and the appropriation includes a buffer for unexpected prior year claims; however the budget variance is larger than expected. The lower level of expenditure compared to 2017-18 indicates that some Missions may submit late claims in the new year.



# Non-departmental statements and schedules

## For the year ended 30 June 2019

The following non-departmental statements and schedules record the revenue expenses, assets, liabilities, commitments, contingent liabilities, contingent assets and trust accounts that we manage on behalf of the Crown.

### SCHEDULE OF NON-DEPARTMENTAL REVENUE

For the year ended 30 June 2019

Actual 2018 \$000		Actual 2019 \$000
	<b>Non-departmental revenue</b>	
1,910	Other operational revenue	870
<b>1,910</b>	<b>Total revenue</b>	<b>870</b>

Other operational revenue is primarily the repayment of unspent grant funding, on completion of development activities by Partners. These grants were provided for the delivery or implementation of development activities under the New Zealand Development Assistance Programme in prior years.

### SCHEDULE OF NON-DEPARTMENTAL EXPENDITURE

For the year ended 30 June 2019

Actual 2018 \$000		Actual 2019 \$000
	<b>Output Funding</b>	
20,852	New Zealand Antarctic Institute	21,049
4,000	Asia New Zealand Foundation	5,000
1,400	Pacific Cooperation Foundation	1,400
941	Pacific Broadcasting Services	941
2,291	Expo 2020 Dubai	10,457
<b>29,484</b>	<b>Total outputs</b>	<b>38,847</b>
	<b>Other expenses</b>	
46,984	Subscriptions to International Organisations	53,271
862	Asia Pacific Economic Cooperation 2018 Support to Papua New Guinea	3,760
1,779	Diplomatic exemptions	1,575
643,037	Official Development Assistance	707,877
(8)	Net loss on foreign exchange	64
<b>692,654</b>	<b>Total other expenses</b>	<b>766,547</b>
<b>722,138</b>	<b>Total operating expenses</b>	<b>805,394</b>

The accompanying accounting policies and notes are an integral part of these statements and schedules. These non-departmental balances are consolidated into the Financial Statements of the Government and therefore readers of these statements and schedules should also refer to the Financial Statements of the Government for 2018-19.

**SCHEDULE OF NON-DEPARTMENTAL ASSETS****As at 30 June 2019**

Actual 2018 \$000		Note	Actual 2019 \$000
	<b>CURRENT ASSETS</b>		
50,370	Cash		45,087
2,049	Debtors and receivables		449
2,593	Prepayments	2	3,397
<b>55,012</b>	<b>Total current assets</b>		<b>48,933</b>
	<b>NON-CURRENT ASSETS</b>		
5,781	Shares in foreign organisations	3	5,781
<b>5,781</b>	<b>Total non-current assets</b>		<b>5,781</b>
<b>60,793</b>	<b>Total assets</b>		<b>54,714</b>

In addition, MFAT monitors the New Zealand Antarctic Institute – a Crown entity. We also monitor two other entities as defined by Schedule 4 of the Public Finance Act 1989: the Pacific Cooperation Foundation, and the Asia New Zealand Foundation. The investment in these entities is recorded within the Crown Financial Statements on a line-by-line basis. No disclosure is made in this schedule.

**SCHEDULE OF NON-DEPARTMENTAL LIABILITIES****As at 30 June 2019**

Actual 2018 \$000		Actual 2019 \$000
	<b>CURRENT LIABILITIES</b>	
84,981	Creditors and payables	80,308
<b>84,981</b>	<b>Total current liabilities</b>	<b>80,308</b>
	<b>NON-CURRENT LIABILITIES</b>	
48,712	Creditors and payables	44,061
<b>48,712</b>	<b>Total non-current liabilities</b>	<b>44,061</b>
<b>133,693</b>	<b>Total liabilities</b>	<b>124,369</b>

**Current liabilities**

Creditors and payables, includes \$51.808 million of accruals and accounts payable for contracts providing for the delivery or implementation of development activities under the New Zealand Development Assistance Programme (Vote Official Development Assistance). The balance of \$28.5 million is for promissory notes issued to the Asian Development Bank, World Bank and Global Environment Fund by New Zealand that will be due for encashment during the year ended 30 June 2020.

**Non-current liabilities**

Creditors and payables of \$44.061 million is for promissory notes issued to the Asian Development Bank, the World Bank and Global Environment Fund by New Zealand, that will be due for encashment during 2020-21 and out-years.

Creditors and other payables are non-interest bearing and are normally settled no later than 20 Business Days from receipt of an accurate and valid invoice, therefore the carrying value of creditors and other payables approximate their fair value.

*The accompanying accounting policies and notes are an integral part of these statements and schedules. These non-departmental balances are consolidated into the Financial Statements of the Government and therefore readers of these statements and schedules should also refer to the Financial Statements of the Government for 2018-19.*

**SCHEDULE OF NON-DEPARTMENTAL COMMITMENTS****As at 30 June 2019**

MFAT on behalf of the Crown has no non-cancellable capital or lease commitments.

**STATEMENT OF NON-DEPARTMENTAL CONTINGENT LIABILITIES AND CONTINGENT ASSETS****As at 30 June 2019**

	Foreign currency 2018 '000	NZD \$000	Note	Currency type	Foreign currency 2019 '000	NZD 2019 \$000
			<b>Guarantees – Asian Development</b>			
			<b>Bank for loans to the Cook Islands Government</b>			
SDR*	1,912	3,990	Telecommunications loan	SDR	1,759	3,642
SDR	131	274	Multiple small-project loan	SDR	78	162
SDR	760	1,587	Multi-project loan	SDR	680	1,409
SDR	155	323	Development bank loan	SDR	116	240
SDR	489	1,020	Development bank loan	SDR	453	937
SDR	169	353	Telecommunications loan	SDR	157	325
<b>SDR</b>	<b>3,616</b>	<b>7,547</b>		<b>SDR</b>	<b>3,243</b>	<b>6,715</b>
			<b>Other</b>			
EUR	6,900	11,842	Guarantees – other	EUR	16,883	28,659
NZD	-	2,000	Indemnity – other	NZD	-	2,000
FJD	369	266	Contingent liability - other	FJD	369	265
			<b>European Bank for Reconstruction and Development</b>			
EUR	7,000	12,013	Uncalled share capital	EUR	7,000	11,883
		<b>33,668</b>	<b>Total non-departmental contingent liabilities</b>			<b>49,522</b>

\* IMF Special drawing rights

**Unquantified contingent liabilities**

The Crown has an unquantifiable Contingent Liability for site restoration costs at Scott Base Antarctica should New Zealand withdraw from the Antarctic programme (2018: unquantifiable).

In addition to this the Crown has an unquantifiable Contingent Liability for the cost of replacement of Scott Base, the base fit-out and any other Antarctica New Zealand assets in Antarctica in the event of any material loss or damage totalling more than \$100,000 (2018: unquantifiable).

**Contingent assets**

The Crown has no contingent assets (30 June 2018: nil).

*The accompanying accounting policies and notes are an integral part of these statements and schedules. These non-departmental balances are consolidated into the Financial Statements of the Government and therefore readers of these statements and schedules should also refer to the Financial Statements of the Government for 2018-19.*

## STATEMENT OF TRUST MONIES

For the year ended 30 June 2019

As at 2018 \$000	Trust Account	Contribution \$000	Distribution \$000	Revenue \$000	Expense \$000	As at 2019 \$000
3	Afghanistan New Zealand Aid Programme Trust	-	-	-	-	3
1	Cook Islands Trust Fund	2,000	(1,676)	2	-	327
-	Enga Electrification Project, PNG Trust	6,341	-	6	-	6,347
53	NZ/France Friendship Trust Fund	58	(47)	1	(13)	52
34	Niue Admin Building Trust Fund	-	-	-	-	34
6,173	Niue Development Assistance Trust	1,382	(2,286)	79	-	5,348
6,264	Total	9,781	(4,009)	88	(13)	12,111

## PURPOSE OF TRUST ACCOUNTS

### Afghanistan New Zealand Aid Programme Trust

The Afghanistan New Zealand Aid Programme Trust account was set up in May 2012 to hold and manage donor funds relating to the New Zealand Development Assistance Programme in Afghanistan for the purpose specified within each donor co-operation agreement for (a) Agricultural Support Programme and (b) Renewable Energy Programme.

### Cook Islands Trust Fund

The Cook Islands Trust account was opened to hold funds provided by AusAID. The Trust was established following the decision by AusAID and New Zealand Development Assistance Programme to harmonise the development assistance programmes for the Cook Islands under the New Zealand Aid Programme's management.

### Enga Electrification Project, Papua New Guinea Trust

The Enga Electrification Project, Papua New Guinea Trust account was set up to enter into a Delegated Cooperation Arrangement with the Australian Government to deliver power line construction and connections in the Ega Province of Papua New Guinea.

### New Zealand/France Friendship Fund

The New Zealand/France Friendship Fund was established to manage the distribution of revenue from funds held in France as part of the Rainbow Warrior event. Funds are used for projects promoting relations between France and New Zealand.

### Niue Admin Building Trust Fund

The Niue Admin Building Trust was established to receive funds held on behalf of the French Government committed to the construction of a new government administration building in Niue, to replace the temporary structures used since most of the government buildings on the island were damaged/destroyed in a cyclone several years ago.

### Niue Development Assistance Trust

The Niue Trust account was opened to hold funds provided by the Australian Department of Foreign Affairs and Trade (DFAT). The Trust was established following the decision by DFAT and the New Zealand Development Assistance Programme to harmonise the development assistance programmes for Niue under the New Zealand Development Assistance Programme's management for the benefit of the Niue Government and the Niue Development Assistance Programme.

*The accompanying accounting policies and notes form part of these financial statements. The Kiribati Green Climate Fund trust account was closed as it was not used.*

# Notes to the non-departmental statements and schedules

## For the year ended 30 June 2019

### Note 1: Non-departmental statement of accounting policies

#### REPORTING ENTITY

These non-departmental schedules and statements present financial information on public funds managed by MFAT on behalf of the Crown.

These non-departmental balances are consolidated into the Financial Statements of the Government for year ended 30 June 2019. For a full understanding of the Crown's financial position, results of operations and cash flows for the year, reference should also be made to the Financial Statements of the Government.

#### BASIS OF PREPARATION

The non-departmental schedules and statements have been prepared in accordance with the accounting policies of the Financial Statements of the Government, Treasury Instructions and Treasury Circulars.

Measurement and recognition rules applied in the preparation of these non-departmental schedules and statements are consistent with New Zealand generally accepted accounting practice (Tier 1 Public Sector Public Benefit Entity Accounting Standards) as appropriate for public benefit entities.

#### SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

##### *Grants*

Where grants are discretionary until payment, the expense is recognised when the payment is advised. Otherwise, the expense (and corresponding liability) is recognised when MFAT does not have discretion over the payment. For example, for grants with conditions attached, the expense/liability is recognised when the specified criteria have been fulfilled. For grants without conditions attached, the expense/liability is recognised when we have an unconditional obligation to make payment.

##### *Foreign currency transactions*

Foreign currency transactions are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the schedule of non-departmental revenue or expenses.

##### *Contingent liabilities*

Contingent liabilities and contingent assets are recorded in the Statement of Contingent Liabilities and Contingent Assets at the point at which the contingency is evident. Contingent liabilities are disclosed if the possibility that they will crystallise is not remote. Contingent assets are disclosed if it is probable that the benefits will be realised.

##### *Other liabilities and provisions*

Other liabilities and provisions are recorded at the best estimate of the expenditure required to settle the obligation. Liabilities and provisions to be settled beyond 12 months are recorded at their present value.

##### *Goods and services tax (GST)*

All items in the financial statements, including appropriation statements, are stated exclusive of GST. Receivables and payables are stated on a GST inclusive basis. In accordance with Treasury instructions, GST is returned on revenue received on behalf of the Crown, where applicable. However, an input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense and eliminated against GST revenue on consolidation of the financial statements of the government.

##### *Critical accounting estimates and assumptions*

There are no critical estimates or assumptions that would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### *Budget figures*

The budget figures are those included in the MFAT 2018-19 main estimates for the year ended 30 June 2019.



## Note 2: Prepayments

Prepayments relate to the Official Development Assistance (ODA) programme for advances made under contracts for service and New Zealand's membership to Regional Agencies recognised over a calendar year.

## Note 3: Shares

### ACCOUNTING POLICY

Where MFAT holds a non-controlling, minority interest, the shares are valued at cost in the financial statements.

Associates are entities in which MFAT has significant influence, but not control over their operating and financial policies. In our financial statements, our investment in associates has been valued by the equity method.

MFAT held the following shares as at balance date.

### European Bank for Reconstruction and Development

2018 At cost NZD \$000	At net current value NZD \$000	Type	Number	2019 Share value EUR'000	Paid in value EUR '000	At net current value NZD \$000	At cost NZD \$000
5,781	3,238	Ordinary	1,050	10,500	3,500	3,225	5,781
5,781	3,238	Total				3,225	5,781

The European Bank for Reconstruction and Development's authorised share capital is EUR 30 billion divided into 3 million shares, having a face value of EUR 10,000 each. New Zealand has been allocated 1,050 shares, amounting to 0.04 percent of the Bank's capital. The authorised share capital is divided into paid-in and callable shares. The total par value of paid-in shares is EUR 3,500 million. A contingent liability exists for EUR 7 million for uncalled share capital. The shares have been valued at cost.

# Appropriation statements

## STATEMENT OF DEPARTMENTAL EXPENDITURE AND CAPITAL EXPENDITURE AGAINST APPROPRIATIONS

For the year ended 30 June 2019

Actual 2018 \$000		Actual 2019 \$000	Appropriation Voted* 2019 \$000	Location of end-of-year performance information **
	<b>VOTE: FOREIGN AFFAIRS AND TRADE</b>			
	<b>Appropriations for Output Expenses</b>			
1,018	Administration of Diplomatic Privileges and Immunities	957	1,016	1
20,135	Consular Services	27,412	27,097	1
-	Hosting APEC 2021 (MYA)	6,650	8,798	1
2,403	Pacific Security Fund	2,109	2,672	1
43,092	Policy Advice and Representation: International Institutions	46,547	47,092	1
248,530	Policy Advice and Representation: Other Countries	275,714	274,235	1
1	Policy Advice and Representation: Other Countries (Permanent Legislative Authority)	20	20	1
35	Promotional Activities: Other Countries	8	110	1
8,000	Services for Other New Zealand Agencies Overseas	8,350	8,923	1
<b>323,214</b>	<b>Sub-total</b>	<b>367,767</b>	<b>369,963</b>	
	<b>VOTE: OFFICIAL DEVELOPMENT ASSISTANCE</b>			
	<b>Appropriations for Output Expenses</b>			
63,959	Management of New Zealand Official Development Assistance	72,346	73,240	1
<b>63,959</b>	<b>Sub-total</b>	<b>72,346</b>	<b>73,240</b>	
<b>387,173</b>	<b>Total departmental output expenditure</b>	<b>440,113</b>	<b>443,203</b>	
	<b>Re-measurements</b>			
(5,090)	Unrealised (gain)/loss on the re-measurement of foreign exchange contracts	5,472	-	
177	Movement in discount rate for Long Service Leave and Retirement Leave	659	-	
<b>(4,913)</b>	<b>Total re-measurements</b>	<b>6,131</b>	<b>-</b>	
<b>382,260</b>	<b>Total departmental expenditure including re-measurements</b>	<b>446,244</b>	<b>443,203</b>	
	<b>Appropriations for Departmental Capital Expenditure</b>			
45,230	Ministry of Foreign Affairs and Trade - Capital expenditure (Permanent Legislative Authority)	50,360	69,734	1
<b>45,230</b>	<b>Total Capital Expenditure</b>	<b>50,360</b>	<b>69,734</b>	

\* This includes adjustments made in the supplementary estimates.

\*\* The numbers in this column represent where the end-of-year performance information has been reported for each appropriation administered by MFAT, as detailed below:

1. MFAT's annual report

## STATEMENT OF DEPARTMENTAL EXPENSES AND CAPITAL EXPENDITURE INCURRED WITHOUT, OR IN EXCESS OF, APPROPRIATION OR OTHER AUTHORITY

### For the year ended 30 June 2019

The Ministry had \$1.794 million unappropriated expenditure in two appropriations as at 30 June 2019 (30 June 2018: nil) in the output expense “Policy Advice and Representation – other Countries (\$1.479 million)” and “Consular Services (\$0.315 million)”.

The unappropriated expenditure was primarily due to the Ministry at a late stage identifying a larger Holiday Pay Act remediation liability. The allocation of the increased costs across the appropriations for the Supplementary Estimates of Appropriation 2018-19 was on the basis of high-level trend analysis which resulted in an under allocation of the increased costs attributed to these two output class appropriations.

Overall the Ministry had an operating surplus of \$3.088 million across the Departmental Appropriations.

The Ministry received approval from the Minister of Finance through Section 26B of the Public Finance Act 1989.

## STATEMENT OF DEPARTMENTAL CAPITAL INJECTIONS

### For the year ended 30 June 2019

Actual capital injections 2018 \$000		Actual capital injections 2019 \$000	Approved appropriation 2019 \$000
-	<b>VOTE: FOREIGN AFFAIRS AND TRADE</b>		
	Ministry of Foreign Affairs and Trade - Capital injection	29,815	29,815

## STATEMENT OF DEPARTMENTAL CAPITAL INJECTIONS WITHOUT, OR IN EXCESS OF, AUTHORITY

### For the year ended 30 June 2019

MFAT has not received any capital injections during the year without, or in excess of, authority. (30 June 2018: nil)

*The accompanying accounting policies and notes form part of these financial statements.*

## STATEMENT OF NON-DEPARTMENTAL EXPENDITURE AND CAPITAL EXPENDITURE AGAINST APPROPRIATIONS

### For the year ended 30 June 2019

Actual 2018 \$000		Actual 2019 \$000	Appropriation Voted 2019 \$000	Location of end-of-year performance information
	<b>VOTE: FOREIGN AFFAIRS AND TRADE</b>			
	<b>Non-departmental output expenses</b>			
	<b>Annual</b>			
20,852	Antarctic Research and Support	21,049	21,049	2
4,000	Promotion of Asian Skills and Relationships	5,000	5,000	3
1,400	Pacific Cooperation Foundation	1,400	1,400	4
941	Pacific Broadcasting Services	941	941	4
	<b>Non-Annual</b>			
2,291	Expo 2020 Dubai*	10,457	17,126	4
<b>29,484</b>	<b>Total non-departmental output expenses</b>	<b>38,847</b>	<b>45,516</b>	
	<b>Non-departmental other expenses</b>			
	<b>Annual</b>			
46,984	Subscriptions to International Organisations	53,271	55,129	5
862	Asia Pacific Economic Cooperation 2018 Support to Papua New Guinea	3,760	7,138	5
	<b>Non-Annual</b>			
1,779	Disbursements made, and exemptions from taxation - permanent legislative authority	1,575	2,000	5
-	Indemnity cover for ACC - permanent legislative authority	-	135	5
<b>49,625</b>	<b>Total non-departmental other expenses</b>	<b>58,606</b>	<b>64,402</b>	
<b>79,109</b>	<b>Total</b>	<b>97,453</b>	<b>109,918</b>	
	<b>Non-departmental capital expenditure</b>			
1,200	New Zealand Antarctic Institute	2,800	2,800	2
<b>1,200</b>	<b>Total</b>	<b>2,800</b>	<b>2,800</b>	
	<b>VOTE: OFFICIAL DEVELOPMENT ASSISTANCE</b>			
	<b>Other expenses incurred by the crown</b>			
98,818	International Agency Funding	-	-	1
544,219	International Development Assistance	-	-	1
-	International Development Cooperation *	707,877	697,311	1
<b>643,037</b>	<b>Total</b>	<b>707,877</b>	<b>697,311</b>	

\* Multi-Year Appropriation

\*\* The numbers in this column represent where the end-of-year performance information has been reported for each appropriation administered by MFAT, as detailed below:

1. To be reported in the Minister of Foreign Affairs report appended to this annual report.
2. To be reported by Antarctica NZ in their Annual Report to be tabled in Parliament.
3. To be reported by the Asia New Zealand Foundation in their Statement of Service Performance to be tabled in Parliament.
4. To be reported by the Pacific Cooperation Foundation in their Statement of Service Performance to be tabled in Parliament.
5. MFAT's annual report.
6. NZTE's annual report.

The accompanying accounting policies and notes are an integral part of these statements and schedules. These non-departmental balances are consolidated into the Financial Statements of the Government and therefore readers of these statements and schedules should also refer to the Financial Statements of the Government for 2018-19.

## STATEMENT OF NON-DEPARTMENTAL EXPENDITURE AND CAPITAL EXPENDITURE AGAINST APPROPRIATIONS

### For the year ended 30 June 2019

During the year ended 30 June 2019, MFAT had one multi-year appropriations in Vote Official Development Assistance: International Development Cooperation.

This appropriation funded non-departmental expenses to be incurred by the Crown for the provision of assistance for development activities for Pacific Island and non-Pacific countries (including Asian, African, Latin American, Caribbean, and Middle Eastern countries).

This assistance, which included some humanitarian assistance, was provided to development organisations, partner countries and through other delivery mechanisms, to implement a range of development activities including the design, management, implementation and evaluation of those partner-led activities. This assistance is also provided to multilateral agencies and international voluntary agencies to assist them to provide development.

This appropriation commenced on 1 July 2018 and will expire on 30 June 2021.

Appropriation	International Development Cooperation \$000
Original appropriation	2,186,718
Adjustments 2018-19	-
Adjustments 2019-20	-
Adjustments 2020-21	-
<b>Adjusted appropriation</b>	<b>2,186,718</b>
Actual to 2018-19 year end	(707,877)
Actual to 2019-20 year end	-
Actual to 2020-21 year end	-
<b>Appropriation Remaining</b>	<b>1,478,841</b>

The accompanying accounting policies and notes are an integral part of these statements and schedules. These non-departmental balances are consolidated into the Financial Statements of the Government and therefore readers of these statements and schedules should also refer to the Financial Statements of the Government for 2018-19.



# Our legal responsibilities

## For the year ended 30 June 2019

### CROWN ENTITIES

MFAT's relationship to Crown entities and other organisations that provide non-departmental output classes funded under Vote Foreign Affairs and Trade is as follows.

#### New Zealand Antarctic Institute (Antarctica New Zealand)

The New Zealand Antarctic Institute is a Crown entity established under the New Zealand Antarctic Institute Act 1996. Its purpose is to develop, manage, and execute New Zealand's activities in Antarctica and the Southern Ocean, in particular the Ross Dependency, in cooperation with us and other government agencies.

Our main responsibility is to monitor on behalf of the Minister the institute's effectiveness, efficiency, and management of risks. We do this by providing advice on strategic direction and capability, assessing the appropriateness of output and performance measures for the Statement of Intent, providing advice to the Minister on board appointments and inductions, and monitoring performance against expected outputs and outcomes.

#### Pacific Cooperation Foundation

The Pacific Cooperation Foundation was established as a charitable trust in June 2002 with accountability to the Crown under the Public Finance Act 1989. By undertaking targeted projects the foundation acts as a catalyst for strengthening New Zealand-Pacific relationships, providing information, facilitating outcomes, and developing networks within the Pacific region.

The foundation has been funded since 2004 through Vote Foreign Affairs and Trade. Our Chief Executive is an ex-officio member of the Foundation's Board of Trustees. We act on behalf of the Minister as purchase and ownership adviser in respect of the foundation. We assist with the preparation of the purchase agreements between the foundation and the Minister, coordinate the appropriation process, provide financial and performance monitoring, advise on the foundation's strategic direction and capability, and report quarterly to the Minister.

### Asia New Zealand Foundation

The Asia New Zealand Foundation was established in 1994 as an incorporated trust with accountability to the Crown under the Public Finance Act 1989. The Government provides funding to the foundation through MFAT on the basis of an annual output agreement.

The foundation works to deepen New Zealanders' knowledge and understanding of Asia through its activities in education, business, media, Track II (i.e. non-government discussion of policy issues), research, arts, and community. We act on behalf of the Minister as purchase adviser and contract manager in respect of the foundation. We oversee preparation of the annual output agreement and coordinate the appropriation process as part of the foundation's performance and financial monitoring.

### New Zealand Trade and Enterprise (NZTE)

New Zealand Trade and Enterprise is a Crown entity. MFAT, in conjunction with the Ministry of Business, Innovation and Employment, has a joint role in monitoring the performance of NZTE on behalf of the Ministers of Trade and of Economic Development, although NZTE is not funded from Vote Foreign Affairs and Trade. We provide regular briefing and comment to Ministers on NZTE's performance. Our Chief Executive acts as a special adviser to the NZTE board. This dialogue ensures high-level policy coordination and close alignment of goals between the two organisations.

## LEGISLATION

The primary legislation we administer is as follows.

### Foreign affairs

- Commonwealth Countries Act 1977
- Consular Privileges and Immunities Act 1971
- Diplomatic Privileges and Immunities Act 1968
- Foreign Affairs Act 1988

### Peace, rights and security

- Anti-Personnel Mines Prohibition Act 1998
- Brokering (Weapons and Related Items) Controls Act 2018
- Chemical Weapons (Prohibition) Act 1996
- Cluster Munitions Prohibitions Act 2009
- Geneva Conventions Act 1958
- International Crimes and International Criminal Court Act 2000 (jointly administered with the Ministry of Justice)
- Mercenary Activities (Prohibition) Act 2004
- New Zealand Nuclear Free Zone, Disarmament and Arms Control Act 1987
- Nuclear-Test-Ban Act 1999
- Terrorism Suppression Act 2002 (jointly administered with Ministry of Justice)
- United Nations Act 1946

### Antarctica

- Antarctica Act 1960
- Antarctica (Environmental Protection) Act 1994
- New Zealand Antarctic Institute Act 1996
- Antarctic Marine Living Resources Act 1981

### Law of the sea

- United Nations Convention on the Law of the Sea Act 1996
- Continental Shelf Act 1964
- Territorial Sea, Contiguous Zone, and Exclusive Economic Zone Act 1977

### Realm of New Zealand and the Pacific

- Cook Islands Act 1915
- Cook Islands Constitution Act 1964
- Kermadec Islands Act 1887
- Niue Act 1966
- Niue Constitution Act 1974
- Pitcairn Trials Act 2002
- Tokelau Act 1948
- Tokelau (Territorial Sea and Exclusive Economic Zone) Act 1977
- Western Samoa Act 1961

### Trade

- Comprehensive and Progressive Agreement for Trans-Pacific Partnership Amendment Act 2018.

## TREATIES

The following international agreements were signed, ratified, accepted, approved, or acceded to by New Zealand, or entered into force for New Zealand, between 1 July 2018 and 30 June 2019.

### Multilateral treaties:

1. Acceded 17/12/2018, Entered into force 17/03/2019: WIPO Copyright Treaty
2. Acceded 17/12/2018, Entered into force 17/03/2019: WIPO Performances and Phonograms Treaty (WPPT)
3. Acceded 17/12/2018, Entered into force 17/03/2019: Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure
4. Acceded 17/12/2018, Entered into force 17/03/2019: Berne Convention for the Protection of Literary and Artistic Works Paris Act 1971
5. Entered into force 1/10/2018, Ratified 1/07/2018: Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting
6. Acceded to/Entered into Force 29/09/2018: Protocol of 2003 to the 1992 International Fund for Compensation for Oil Pollution Convention (Supplementary Fund Protocol)
7. Entered into Force 30/12/2018: Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

**Bilateral treaties:**

1. Entered into Force 16/11/2018: Agreement between the Government of New Zealand and the Government of Brunei Darussalam on Bilateral Consultation
2. Entered into Force 1/10/2018: Agreement in the form of an Exchange of Letters between the European Union and New Zealand pursuant to Article XXIV:6 and Article XXXVIII of the General Agreement on Tariffs and Trade 1994 relating to the modification of concessions in the schedule of Croatia in the course of its accession to the European Union
3. Entered into Force 26/08/2018: Air Services Agreement between the Government of New Zealand and the Government of the Republic of Kiribati
4. Entered into Force 3/12/2018: Air Service Agreement between the Government of New Zealand and the Government of the Republic of Poland
5. Entered into Force 22/08/2018: Agreement between the Government of Papua New Guinea and the Government of New Zealand Regarding the Status of Visiting Forces and Defence Cooperation
6. Entered into Force 09/07/2018: Air Services Agreement between the Government of New Zealand and the Government of the State of Israel
7. Entered into Force 9/08/2018: Second Protocol to Amend the Agreement between the Government of New Zealand and the Government of the Hong Kong Special Administrative Region of the People's Republic of China for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, signed at Auckland on 1 December 2010 and the Protocol thereto
8. Signed 17/05/2019: Mutual Recognition Agreement on Conformity Assessment between the Government of New Zealand and the Government of the Republic of Singapore
9. Signed 17/05/2019: Protocol to Amend the Agreement between New Zealand and Singapore on a Closer Economic Partnership
10. Signed 21/01/2019: Agreement on Sanitary Measures Applicable to Trade in Live Animals and Animal Products between the Government of New Zealand and the United Kingdom of Great Britain and Northern Ireland
11. Signed 21/01/2019: Agreement on Mutual Recognition in Relation to Conformity Assessment between the Government of New Zealand and the Government of the United Kingdom of Great Britain and Northern Ireland
12. Signed 25/04/2019: Protocol to amend the text of the Air Services Agreement between New Zealand and the Kingdom of Denmark signed at Wellington on 7 February 2001 (Notice given of New Zealand's completion of internal procedures necessary for entry into force dated 6/05/2019)
13. Signed 24/04/2019: Protocol to Amend the Air Services Agreement between the Government of New Zealand and the Government of the Kingdom of Norway signed at Wellington on 7 February 2001 (Notice given of New Zealand's completion of internal procedures necessary for entry into force dated 6/05/2019)
14. Signed 1/04/2019: Agreement between the Government of New Zealand and the Government of the People's Republic of China for the Elimination of double Taxation with Respect to Taxes on Income and the Prevention of Tax Evasion and Avoidance
15. Signed 16/11/2018: Air Services Agreement between the Government of New Zealand and the Government of the Republic of Peru.

# Independent Auditor's Reports

## To the readers of the Ministry of Foreign Affairs and Trade's annual report for the year ended 30 June 2019

The Auditor-General is the auditor of the Ministry of Foreign Affairs and Trade (the Ministry). The Auditor-General has appointed me, Stephen Lucy, using the staff and resources of Audit New Zealand, to carry out, on his behalf, the audit of:

- the financial statements of the Ministry on pages 73 to 97, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2019, the statement of comprehensive revenue and expense, statement of changes in equity, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the performance information prepared by the Ministry for the year ended 30 June 2019 on pages 13 to 56, 58 to 72 and 98 to 101;
- the statements of expenses and capital expenditure of the Ministry for the year ended 30 June 2019 on pages 108 to 111; and
- the schedules of non-departmental activities which are managed by the Ministry on behalf of the Crown on pages 102 to 107 that comprise:
  - the schedules of assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2019;
  - the schedules of expenses; and revenue for the year ended 30 June 2019;
  - the statement of trust monies for the year ended 30 June 2019; and
  - the notes to the schedules that include accounting policies and other explanatory information.

### Opinion

In our opinion:

- the financial statements of the Ministry on pages 73 to 97:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2019; and
    - its financial performance and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards.
- the performance information of the Ministry on pages 13 to 56, 58 to 72 and 98 to 101:
  - presents fairly, in all material respects, for the year ended 30 June 2019:
    - what has been achieved with the appropriation; and
    - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
  - complies with generally accepted accounting practice in New Zealand.
- the statements of expenses and capital expenditure of the Ministry on pages 108 to 111 are presented fairly, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989.

- the schedules of non-departmental activities which are managed by the Ministry on behalf of the Crown on pages 102 to 107 present fairly, in all material respects, in accordance with the Treasury Instructions:
  - the assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2019; and
  - expenses; and revenue for the year ended 30 June 2019; and
  - the statement of trust monies for the year ended 30 June 2019.

Our audit was completed on 30 September 2019. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Secretary of Foreign Affairs and Trade and our responsibilities relating to the information to be audited, we comment on other information, and we explain our independence.

### Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of the Secretary of Foreign Affairs and Trade for the information to be audited

The Secretary of Foreign Affairs and Trade is responsible on behalf of the Ministry for preparing:

- financial statements that present fairly the Ministry's financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand.
- performance information that presents fairly what has been achieved with each appropriation, the expenditure incurred as compared with expenditure expected to be incurred, and that complies with generally accepted accounting practice in New Zealand.
- statements of expenses and capital expenditure of the Ministry, that are presented fairly, in accordance with the requirements of the Public Finance Act 1989.
- schedules of non-departmental activities, in accordance with the Treasury Instructions, that present fairly those activities managed by the Ministry on behalf of the Crown.

The Secretary of Foreign Affairs and Trade is responsible for such internal control as is determined is necessary to enable the preparation of the information to be audited that is free from material misstatement, whether due to fraud or error.

In preparing the information to be audited, the Secretary of Foreign Affairs and Trade is responsible on behalf of the Ministry for assessing the Ministry's ability to continue as a going concern. The Secretary of Foreign Affairs and Trade is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Ministry, or there is no realistic alternative but to do so.

The Secretary of Foreign Affairs and Trade's responsibilities arise from the Public Finance Act 1989.

### Responsibilities of the auditor for the information to be audited

Our objectives are to obtain reasonable assurance about whether the information we audited, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the information we audited.



For the budget information reported in the information we audited, our procedures were limited to checking that the information agreed to the Ministry's Strategic Intentions 2018-2022, Estimates and Supplementary Estimates of Appropriations 2018/19 for Vote Foreign Affairs and Trade, and the 2018/19 forecast financial figures in the Ministry's 2017/18 Annual Report.

We did not evaluate the security and controls over the electronic publication of the information we audited.

As part of an audit in accordance with the Auditor General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the information we audited, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary of Foreign Affairs and Trade.
- We evaluate the appropriateness of the reported performance information within the Ministry's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Secretary of Foreign Affairs and Trade and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ministry's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Ministry to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the information we audited, including the disclosures, and whether the information we audited represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Secretary of Foreign Affairs and Trade regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

## Other information

The Secretary of Foreign Affairs and Trade is responsible for the other information. The other information comprises the information included on pages 2 to 10, 57, 112 to 114, and 119 to 120, but does not include the information we audited, and our auditor's report thereon.

Our opinion on the information we audited does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the information we audited or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The Minister of Foreign Affairs' report on relevant non-departmental appropriations that is appended to the Ministry's annual report is not part of the Ministry's annual report. The Public Finance Act 1989 does not require the information in the Minister's report to be audited and we have performed no procedures over the information in the Minister's report.

## Independence

We are independent of the Ministry in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in the Ministry.



S B Lucy

**AUDIT NEW ZEALAND**

On behalf of the Auditor-General

Wellington, New Zealand

# Diplomatic immunity cases summary

In the interests of transparency, the Ministry of Foreign Affairs and Trade publishes an aggregate list of alleged serious criminal offences committed by foreign representatives and accredited family members. The dates of the incidents and the names of the countries involved are not published. Given the small number of cases, and the small size of New Zealand's resident diplomatic corps, releasing the yearly statistics on immunity cases could lead to the identification of the individual(s) concerned (including the alleged victims). We therefore use a rolling five year reporting period.

The table below outlines the number and nature of alleged serious offences involving foreign representatives (and members of their families) who held immunity, whether the offences were considered to warrant prosecution by Police, whether a waiver of immunity was sought by MFAT, and whether a waiver of immunity was granted by the sending Government.

Offence Reporting Period: July 2014-June 2019	
Number and category of alleged serious offences <sup>26</sup>	6
- Assault (5)	
- Careless driving causing injury (1)	
Number of alleged serious offences considered to warrant prosecution <sup>27</sup>	2
Waivers sought	2
Waivers granted	0
Percentage of cases warranting prosecution where waiver sought	100%
Percentage of waivers granted to waivers sought	0%

<sup>26</sup> A serious offence is defined as one which carries a penalty of imprisonment for 12 months or more.

<sup>27</sup> Police do not prosecute in every serious case for a variety of reasons, e.g. strength of evidence, alleged offender no longer in New Zealand.

# Asset performance

The Ministry is a tier-two investment-intensive agency. It has a \$708 million asset base that comprises property (83 percent), information and communications technology assets (15 percent) and motor vehicles (less than 2%). The Ministry actively manages a portfolio of 330 owned and leased properties around the world to support the Ministry’s goals.

The following measures are used to monitor the performance of our property and information and communications technology assets. These measures inform the Investor Confidence Rating indicator on asset performance.

Asset Portfolio Name	Asset Performance Measure	Asset Performance Indicator	Target level	2018-19 Actual level
Property	Chancery buildings with a performance gap <= 2	Functionality (Fitness for Purpose)	More than 80%	82%
Property	Official Residences with a performance gap <= 2	Functionality (Fitness for Purpose)	More than 85%	89%
Property	Head Office occupancy rate	Utilisation	Less than 16m <sup>2</sup>	14m <sup>2</sup>
Property	Assessed Chancery buildings with an overall condition rating of 3 or better	Condition	More than 90%	96%
Property	Assessed Official Residences with an overall condition rating of 3 or better	Condition	More than 90%	98%
ICT	Proportion of time networks are available	Functionality (Fitness for Purpose)	More than 99.7%	99.8%
ICT	Proportion of time critical applications are available	Functionality (Fitness for Purpose)	More than 99.7%	99.97%
ICT	Proportion of available data storage capacity being used: SAN MGMT pools	Utilisation	Less than 70%	61%
ICT	Proportion of available data storage capacity being used: SAN IC pools	Utilisation	Less than 60%	50%
ICT	Proportion of available data storage capacity being used: SAN Restricted pools	Utilisation	Less than 60%	58%
ICT	Proportion of available data storage capacity being used: Data Domain	Utilisation	Less than 70%	66%
ICT	Proportion of server machines patched each month	Condition	More than 95%	95%
ICT	Proportion of desktop machines patched each month	Condition	More than 90%	89%

# **ANNEX:**

## **Minister of Foreign Affairs’ report on Vote Official Development Assistance non-departmental appropriations**

This report is prepared under s19B of the Public Finance Act 1989: Provision of end of year performance information by Ministers.

The Ministry is committed to international cooperation, and humanitarian assistance, that supports wellbeing and sustainable development in the Pacific and in developing countries around the world.

We work closely with partner countries to help them achieve their development priorities, such as addressing climate change, economic resilience, health and education, and to promote gender equality, human rights, and effective governance.

### **Appropriations**

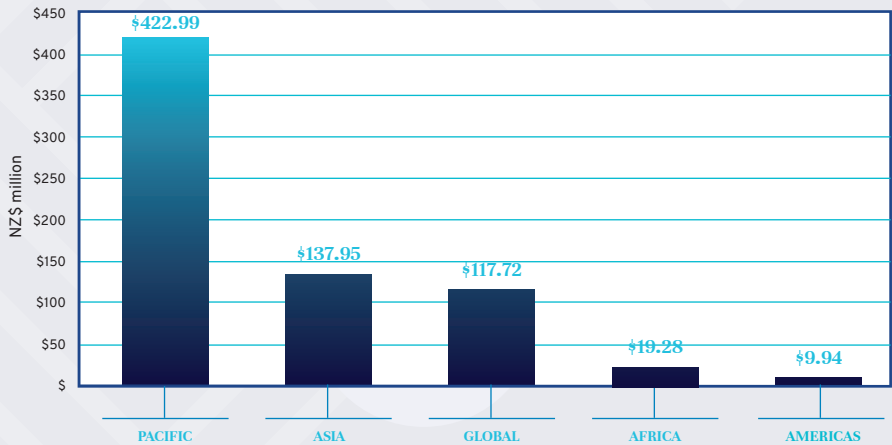
The total non-departmental appropriation for Vote Official Development Assistance (ODA) is \$2.221 billion for the triennium (2018-19 to 2020-21).

Three-year appropriations allow expenditure on projects to be managed across years, which enables us to focus on longer term results and quality.



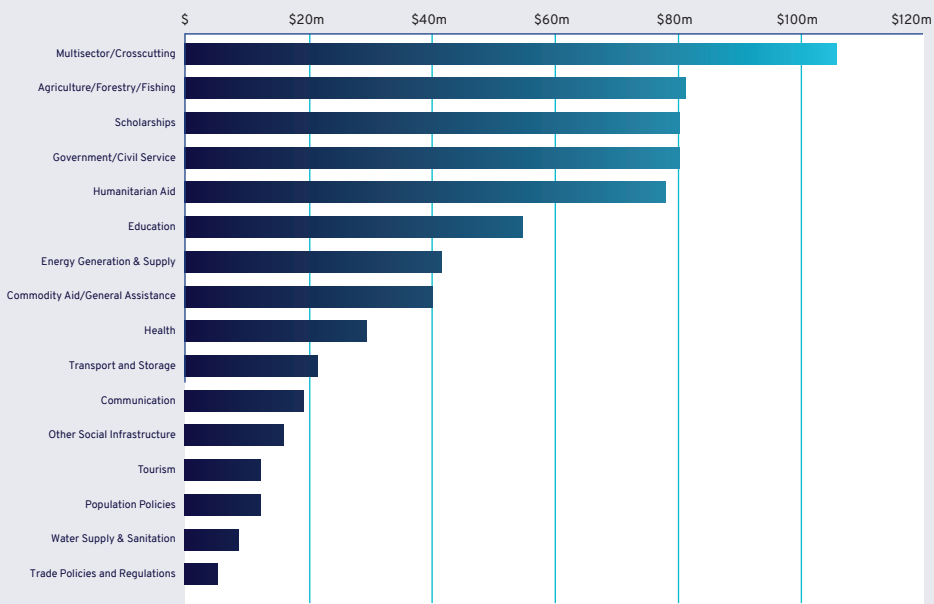
# Expenditure 2018-19

EXPENDITURE BY REGION



60% of our expenditure went to the Pacific during the 2018-19 financial year.

EXPENDITURE BY SECTOR



Many of our activities deliver benefits across multiple sectors.

## EXPENDITURE BY REGION AND PACIFIC SUB REGION AND BILATERAL COUNTRY

REGION, SUB REGION & COUNTRY	NZ\$ 2018-19	% of total ODA 2018-19
<b>PACIFIC</b>	<b>422,992,257.77</b>	<b>60%</b>
<b>PACIFIC POLYNESIA</b>	<b>149,677,339.17</b>	<b>21%</b>
Cook Islands	34,580,360.44	5%
Niue	34,502,945.80	5%
Samoa	27,995,344.77	4%
Tokelau	26,288,420.91	4%
Tonga	15,870,716.00	2%
Tuvalu	10,348,448.75	1%
Other Polynesia	91,102.50	0%
<b>PACIFIC MELANESIA</b>	<b>125,242,411.58</b>	<b>18%</b>
Papua New Guinea	40,504,362.97	6%
Solomon Islands	37,622,509.43	5%
Vanuatu	29,472,681.04	4%
Fiji	17,577,125.63	2%
Other Melanesia	65,732.51	0%
<b>PACIFIC REGIONAL</b>	<b>118,228,929.40</b>	<b>17%</b>
Pacific Regional/multi-country	118,228,929.40	17%
<b>PACIFIC MICRONESIA</b>	<b>29,843,577.62</b>	<b>4%</b>
Kiribati	19,692,866.82	3%
Nauru	6,508,712.38	1%
Other Micronesia	3,641,998.42	1%
<b>ASIA</b>	<b>137,945,079.71</b>	<b>19%</b>
<b>OTHER</b>	<b>117,718,055.17</b>	<b>17%</b>
<b>AFRICA</b>	<b>19,279,644.82</b>	<b>3%</b>
<b>AMERICA</b>	<b>9,941,533.80</b>	<b>1%</b>
<b>Grand Total</b>	<b>707,876,571.27</b>	<b>100%</b>

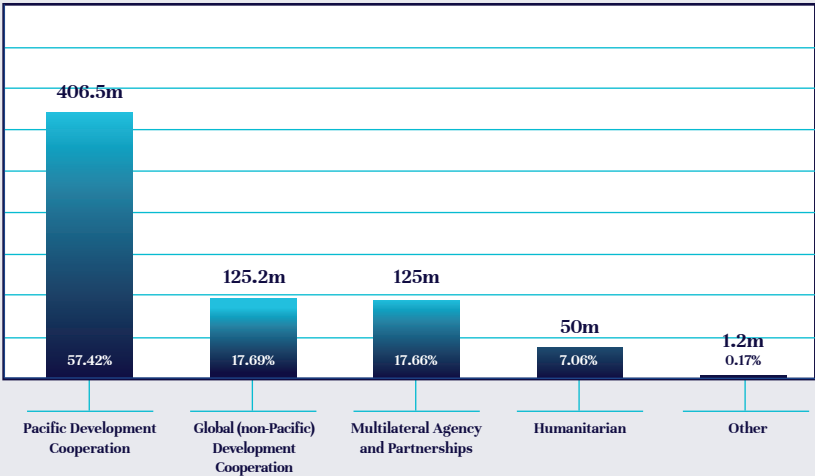
# Our development and humanitarian programmes

**\$707.9**  
MILLION

Budget 2018 increased New Zealand's ODA to 0.28 percent of Gross National Income (GNI), after it had dropped to 0.23 percent in 2017. This increase was a significant amount for our Programme, with an additional \$714 million over a four-year period to help improve the wellbeing of Pacific people as well as addressing regional and global development challenges. In addition, Budget 2019 provided an additional \$128 million to Vote ODA over the next four years to maintain ODA at 0.28 percent of GNI. This increased our development spending by 30 percent from the previous triennium (\$1.708 billion) to \$2.221 billion for the current triennium (2018-19 to 2020-21).

New Zealand's ODA comprises five three-year allocations managed by the Ministry.

## 2018-19 EXPENDITURE BY ALLOCATION





# Pacific Development Cooperation

---

**\$406.5**  
MILLION

---

New Zealand is a Pacific country connected to the region by culture, history, politics, and shared interests. Now, more than ever, the wellbeing of New Zealand's people, economy, and environment is closely linked to the wellbeing of the Pacific region in which we live. Sixty percent of New Zealand's ODA is targeted at addressing development and humanitarian challenges in the Pacific region.

While we have increased our focus on areas such as climate change, health and education under the Pacific Reset, our priorities are dependent on individual country needs to support sustainable development, and can be broadly framed through the Sustainable Development Goals (SDGs) pillars of:

- **People** – health, education, scholarships, human rights, and inclusive development targeting women and youth, and humanitarian action;
- **Planet** – climate change, renewable energy, resilience, environment, and oceans;
- **Prosperity** – economic governance, information and communication technology, agriculture, trade, labour mobility and employment; and
- **Peace** – effective governance, peacebuilding, security, and preventing violence.



## New Zealand's work with Pacific countries

New Zealand works closely with our Pacific partners (the governments of Pacific countries) to help them achieve their countries' development goals. The Pacific Goal section (page 24) of this report details how we have stepped up our engagement with partners through the Pacific Reset.

### HIGHLIGHTS

#### Enhancing literacy and numeracy outcomes in the Pacific

New Zealand continues to focus on improving core elements of quality education in the Pacific, including teacher development, developing literacy and numeracy skills, and qualification attainment. Our ongoing support to education in the Pacific is starting to show results. For example the 2019 Pacific Islands Literacy and Numeracy Assessment report found that across both years 4 and 6, literacy and numeracy rates have improved since 2015 (or remained stable for year 4 numeracy). Not only are more students reaching the benchmarks, there are increasing numbers of students achieving in the higher proficiency levels and fewer students achieving in the lower proficiency levels.

#### Upgraded wharves and reef passages for Tokelau

New Zealand and Tokelau co-financed the construction of wharves and reef channels in three locations in remote Tokelau. This significantly increased the safety and efficiency of ship-to-shore transfers of passengers and cargo on Tokelau's three atolls. The wider and deeper reef passages have enabled a new vessel to operate in these channels, significantly improving connectivity between the atolls. This in turn provides opportunities for better delivery of services and to building a stronger sense of nationhood.

#### Supporting credible elections across the Pacific

To promote stable democracies, New Zealand provides election support across the Pacific. For example, our support for the Fiji Elections Office contributed to them delivering a credible election in Fiji in November 2018, with the Multi-National Observer Group noting that the 2018 process was transparent and credible overall. Voter turnout was 72.5 percent.

#### Tourism Growth Partnership in Samoa

In addition to a wider tourism programme to strengthen destination marketing and develop sites and attractions, we completed the high profile Apia Waterfront development. This connects downtown Apia with the seafront and provides a multi-purpose space for events. This is a cornerstone infrastructure project for tourism, which is a significant and growing contributor to Samoa's GDP.



#### Papua New Guinea Electrification Partnership

New Zealand began a partnership with the governments of Australia, Japan, Papua New Guinea, and the United States on a major new electrification programme in PNG. The PNG Electrification Partnership (PEP) was announced at APEC 2018, to support the PNG government to lift access to electricity from 13 percent of population to 70 percent by 2030.

# 12,331

people provided with new  
or improved access to  
electricity in PNG.

#### Vanuatu's first National Eye Clinic

The Ministry partnered with the Fred Hollows Foundation New Zealand to construct Vanuatu's first National Eye Clinic. This is in addition to the multi-country Strengthening Pacific Eye Care Services Programme (2015 to 2020) which is already in place and benefiting the people of Vanuatu.





Vanuatu Prime Minister Salwai visits recognised seasonal employees in Queenstown May 2019.

## New Zealand's work within the Pacific region

New Zealand is committed to Pacific regionalism and we continue to support key regional institutions that are essential delivery partners for New Zealand investment in the region.

We work in different ways, including collaborating with countries and agencies from the Pacific and around the world to address challenges faced across the region.

We are working to increase our funding and engagement with the five key agencies: Pacific Islands Forum Secretariat, the Forum Fisheries Agency, the Secretariat of the Pacific Regional Environment Programme, the University of the South Pacific and The Pacific Community (SPC).

As a member of these agencies, we are more able to actively engage in their governance, policy-setting processes and strategic management. This year our priorities for New Zealand's engagement with agencies led to improved development results in areas such as fisheries, agriculture, trade and investment, governance and security, natural resource and environmental management, education and health.

### HIGHLIGHTS

#### Climate change

New Zealand increased its global climate change finance commitment to \$300 million over four years. As part of this, we have established a dedicated programme of Pacific climate-related financial support (\$150m over four years), policy leadership, and international engagement. The programme will promote global action to reduce greenhouse gas emissions, enable Pacific countries to lead their climate change response, increase resilience in the region, and support them to avert, delay and prepare for internal climate-related human mobility.

#### Recognised Seasonal Employer scheme

New Zealand is focused on growing Pacific labour mobility opportunities beyond our successful Recognised Seasonal Employer (RSE) scheme. The RSE scheme facilitates the temporary entry of up to 12,850 workers into New Zealand annually for horticulture and viticulture jobs. We are supporting MBIE to develop labour mobility opportunities for semi-skilled, higher paid occupations in the construction and fisheries sector.

#### Pacific Regional Navigation Initiative

The Pacific Regional Navigation Initiative (PRNI) is improving maritime safety in the Pacific by mapping the sea floor around the Cook Islands, Niue, Samoa, Tokelau, Tonga and other parts of the Pacific. This will create updated electronic navigation charts which will help countries meet international guidelines for shipping and cruise vessels, and create new economic development opportunities. The initiative relies on collaboration between New Zealand government agencies, local maritime authorities and local communities, and is funded until 2021.



# Global (non-Pacific) Development Cooperation

---

**\$125.2**  
MILLION

---

Outside the Pacific we look to leverage New Zealand's comparative advantage and expertise in the areas of agriculture, renewable energy and disaster risk management. New Zealand Scholarships also support building knowledge and skills.

## BY REGION

### South East Asia

South East Asia is our largest priority region outside the Pacific. We work with six countries in ASEAN to advance effective governance, economic and climate resilience and peace and stability in the region.

Bilateral development priorities are to focus on the least developed countries in South East Asia: Cambodia, Lao PDR, Myanmar and Timor-Leste. We also work with Indonesia, Philippines and Viet Nam, and through ASEAN regional mechanisms.



## The Caribbean

In the Caribbean we've moved our dialogue with CARICOM<sup>28</sup> from one of direct aid delivery to a more strategic one, leveraging New Zealand's expertise in the Pacific for advocacy and supporting joint approaches on Small Island Developing States (SIDS) issues, including climate change. Our technical geothermal assistance in the region has generated support from governments, investors and donors in geothermal project development, and established New Zealand as a partner of choice.

## Africa

In Africa, we have continued to target investment at increasing economic returns and food security benefits from climate-smart agriculture, and (in conjunction with the Africa Union) we have established an Africa Geothermal Facility to expand access to clean energy in targeted countries. Support for governance initiatives will be a future focus for our work in Africa.

## Middle East

In Iraq and Afghanistan, New Zealand is contributing to international funds to support stabilisation efforts, including the safe return of internally displaced persons in Iraq and the safe removal of the explosive remnants of war.



Valisi Tovia's New Zealand Scholarship for her Second Language teaching diploma has benefited hundreds of people in Tuvalu. Most people working in the Tuvalu Government were taught English by Valisi. Credit: MFAT

## HIGHLIGHTS

### Viet Nam Dragon fruit

In Viet Nam, work to develop and commercialise new varieties of disease-resistant premium dragon fruit has been a success and the introduction of new technologies have increased yields by up to 100 percent for small holder farmers.

### Timor-Leste Aquaculture

In Timor-Leste, freshwater aquaculture is showing promise as both a source of protein to combat childhood stunting (more than 50 percent of all Timorese children are affected) and for income generation, with 220 fish farms deriving income from their first year of full production and plans to expand fish farms to other municipalities.

### Leadership Development for the ASEAN Humanitarian Assistance Centre

More than 120 participants from across ASEAN have benefited from crisis management and leadership development training drawing on New Zealand's experience in civil defence and emergency management.

### Scholarships

New Zealand's ODA funds New Zealand Scholarships for tertiary study, English language training and short term vocational training. In 2018-19 we offered 1,105 scholarships to people from 112 developing countries, at a cost of \$80.3 million.

**95%** of people completed  
their Vocational Training and  
**95%** of people completed  
their tertiary scholarships.

<sup>28</sup> The Caribbean Community is an organisation of fifteen Caribbean nations and dependencies having primary objectives to promote economic integration and cooperation among its members, to ensure that the benefits of integration are equitably shared, and to coordinate foreign policy.



School children in Guadalcanal, Solomon Islands, practise good hygiene after training from UNICEF New Zealand and UNICEF Solomon Islands, funded by PFID. Credit: MFAT

## Multilateral Agency and Partnerships

---

**\$125**  
MILLION

---

New Zealand supports international agencies to tackle international challenges at scale. This includes helping developing countries achieve SDGs and address the consequences of disaster and conflict. Our contribution also gives us a voice to advocate on policy positions that are a priority for New Zealand.

In 2018-19 we updated our multilateral support priorities to align them with a changed multilateral environment, and current government priorities. We were active on UN reform negotiations, which contributed to the outcome of stronger UN leadership in countries, and greater collaboration.

Internationally, our advocacy focuses on the unique development challenges faced by SIDS, and the utilisation of our Pacific-related SIDS knowledge. Compared to other donors, New Zealand provides the highest percentage of total ODA funding to SIDS.

In 2018-19 we provided funding for the Association of Small Island States to engage in climate change advocacy at the UN in New York, and supported Australian efforts to change the way the World Bank allocates resources to SIDS. The main effect of this was to grant Fiji access to concessional finance for the first time.

To increase understanding of the unique funding challenges by SIDS and explore solutions, we helped design and fund two studies drawing on input from 15 Pacific countries. Both reports have attracted considerable international interest for the way they strengthen research on development funding and offer new ideas on how to respond.

The Ministry is rolling out a new approach to engaging with NGOs that aims to strengthen the delivery of our priorities, including the Pacific Reset and SDGs. This is called *Partnering for Impact*. Within this new approach are negotiated partnerships, multi-year, multi-country and multi-sector arrangements, which will be agreed with New Zealand NGOs with a record of delivery. Another element is the contestable fund, Manaaki, outlined below.

## HIGHLIGHTS

### Manaaki launch

2018-19 was a year of increased collaboration with and support of non-government organisations, including the launch of *Manaaki*, the New Zealand Aid Programme's contestable fund for New Zealand NGOs, in March 2019. Up to \$5 million is available each year for NGOs to co-invest with MFAT on regional activities.

### Advocacy for the Pacific

Our advocacy led to the World Food Programme's first Pacific Strategy, Niue's successful Asian Development Bank (ADB) membership, and an additional US\$168 million ADB is providing for the Pacific over a two-year period.



MFA Winston Peters and Tuvalu PM Enele Sopoaga signed a Statement of Partnership. Credit: MFAT





New Zealand's humanitarian response to the Ambae volcanic eruption. Credit: MFAT

# Humanitarian

---

**\$50**  
MILLION

---

New Zealand's humanitarian assistance helps save lives and alleviates suffering caused by natural disasters and complex emergencies.

In the Pacific, we provide assistance that is both financial and practical, responding quickly to requests for assistance and promoting and supporting Pacific leadership in disaster preparedness and response.

This year's Pacific Cyclone Season (1 November 2018–30 April 2019) was quieter than previous years with a typical number of Pacific cyclones forming but very few making landfall or reaching a level of intensity requiring international assistance.

We supported Pacific governments to respond to small-scale events in Solomon Islands, Tonga and Kiribati, and provided funding and technical support to Vanuatu in response to the Ambae and Ambrym volcanic eruptions.

Beyond the Pacific, New Zealand plays our part in responding to the world's major humanitarian emergencies. Countries in South East Asia are part of our wider region, and our secondary geographic priority.

In 2018-19 we supported Indonesia after the Lombok earthquakes in August, the Sulawesi earthquake and tsunami in October and the Sunda Strait tsunami in December.

We also made humanitarian contributions to the Rohingya crisis, famine relief in Ethiopia, Yemen, Syria, South Sudan, Venezuela and Palestine, contributed to Myanmar and Ethiopian Country Based Pooled Funds, and secured a seat (shared with Australia) on the Myanmar Humanitarian Fund Advisory Board.

## HIGHLIGHTS

### Seismic events in Indonesia

New Zealand contributed \$7.5 million to support Indonesia after the Lombok earthquakes, Sulawesi earthquake and tsunami, and the Sunda Strait tsunami. A New Zealand Defence Force C-130 served as an air bridge in the Sulawesi earthquake and tsunami response carrying goods and personnel between Balikpapan and Palu city.

### World Health Organisation's Contingency Fund for Emergencies

New Zealand made our first contribution to the World Health Organisation's Contingency Fund for Emergencies (CFE) which enables rapid deployment of technical experts, essential medicines, vaccinations and medical supplies to disease outbreaks and health emergencies around the world. The CFE was drawn on heavily in the last year to respond to the Ebola outbreak in the Democratic Republic of Congo.

---

# 225,759

people provided with useful and  
essential assistance following natural  
and human-induced disasters.

---

# International Development Cooperation

ASSESSMENT OF PERFORMANCE	2018-19		2017-18
	Budgeted Standard	Actual Standard	Actual Standard
Development results (long term outcomes that NZ contributes to alongside many other partners)			
Wellbeing			
Proportion of population below the international poverty line <sup>29</sup>	Maintain or increase number with improving trend	National Poverty Line rates vary across the 9 Pacific countries where data was available; from 12.7% in Vanuatu to 36.9% in PNG	New measure
Mortality rate in the Pacific attributed to cardiovascular disease, cancer, diabetes or chronic respiratory disease (probability of dying between the ages of 30 and 70 years)	Maintain or increase number with improving trend	Mortality rates vary between 18.5% -31.4% from 9 countries (2015-2017 data). Data not sufficient for trend analysis	New measure
Proportion of children and young people in the Pacific at the end of primary education achieving at least a minimum proficiency level in (i) reading and (ii) mathematics	Maintain or improve trend	Literacy: 75.9% at minimum level or above Numeracy: 83.44% at minimum level or above (2018)	Revised measure
Proportion of youth (aged 15-24 years) not in education, employment or training, in the Pacific	Maintain or increase number with improving trend	Results vary across the 10 countries where data was available, from a low of 2.9% in Niue to 44.4% in Kiribati. The average across the 10 countries was 23%. Data was insufficient to assess trend	New measure
Neonatal mortality rate (per 1,000 live births), in the Pacific	Maintain or increase number with improving trend	Limited trend data was available for 5 countries, all of which showed an improving trend between 2008 and 2017. Rates range from 47 to 3.4 deaths per 1,000 live births	New measure

<sup>29</sup> Sufficient data for is unavailable for the international poverty line in the Pacific so National Poverty Line data has been used. Note data is insufficient for trend analysis.

	2018-19		2017-18
ASSESSMENT OF PERFORMANCE	Budgeted Standard	Actual Standard	Actual Standard
Proportion of population with new or improved access to electricity, in the Pacific	Maintain or increase number with improving trend	Across our Pacific bilateral countries, access rates range from over 99% in Fiji, Cook Islands and Nauru to less than 60% in PNG, Solomon Islands and Vanuatu <sup>30</sup>	New measure
Environment			
Proportion of key tuna fish stocks within biologically sustainable levels, in the Pacific	Maintain	100% (4 out of 4 key tuna stocks)	100% (4 out of 4 key tuna stocks)
Economy and governance			
Annual growth rate of real GDP per capita	Maintain or increase number with improving trend	5/9 countries showed an improving trend (data to 2017)	New measure
Governance and effectiveness index (Rank) in bilateral partner countries	Increasing average rank	Average rank of 35 across 11 bilateral partner countries where data was available (2017 data). 6/10 countries show an improving trend over the last 10 years where complete data was available	Average rank of 29 across 14 bilateral partner countries
Development Cooperation results in the Pacific (short to medium term outcomes more attributable to NZ support)			
Wellbeing			
Age-standardized prevalence of current tobacco use among persons aged 15 years and older, in the Pacific	Maintain or increase number with improving trend	Trend data is unavailable in the Pacific, but rates range from a high of 48% in Kiribati to a low of 15% in Niue	New measure
People in the Pacific that have received essential medicines or services at primary health facilities	80% of activities meet their respective targets	17,705 people received essential medicines or services. (note individual activity targets per the standard unavailable for 2018-19)	New measure
People that complete tertiary or vocational training scholarships	>90% of people who were awarded scholarships	Vocational Training: 556 or 95% of people completed their scholarships: (268 Female, 288 Male). Tertiary Scholarships: 387 or 95% of people completed their scholarships: (194 Female, 193 Male)	Revised measure

<sup>30</sup> Data on new or improved access was unavailable so the result reflects the proportion of the population with access to electricity in Pacific bilateral countries (SDG 7.1.1). Note data was unavailable for Tokelau and was insufficient for a reliable trend analysis.

	2018-19		2017-18
ASSESSMENT OF PERFORMANCE	Budgeted Standard	Actual Standard	Actual Standard
<b>Environment</b>			
Renewable energy share in the total final energy consumption (in targeted area) in the Pacific	Maintain or improve trend	Quality data for the Pacific was unavailable at time of publication	26.6% across 14 bilateral partner countries
Progress by Pacific Island countries in the degree of implementation of international instruments aiming to combat illegal, unreported and unregulated fishing	Maintain or increase number with improving trend	4 / 12 Western and Central Pacific Fisheries Commission (WCPFC) countries implementing the obligations of the FAO Port State Measure Agreement	New measure
<b>Economy and governance</b>			
Number of Pacific Island countries that remain on track on their economic and public sector reform programme	Maintain or improve trend	7 / 7 countries assessed as "on track". (Cook Islands, Fiji, Kiribati, Niue, Solomon Islands, Tokelau, Tuvalu)	New measure
Pacific Island people who return home with improvements in skills or qualifications after participating in labour mobility programme (M/F)	Maintain or improve trend	1,414 people from the RSE Worker Training Programme	New measure
People showing improvements in knowledge, attitude or practice after receiving fisheries training/support	90% of respondents show improvement	108 people across 5 activities received training or support. 3 Activities recorded that 77 people showed an improvement in knowledge, attitude or practice <sup>31</sup>	New measure
<b>Resilience and humanitarian response</b>			
New Zealand responses to natural disasters in the Pacific are launched within mandated timeframes (%)	100% (Timeframes: 24 hours in Polynesia and 48 hours for the wider Pacific)	There were no significant responses required during 2018-19 <sup>32</sup>	100%
People trained to strengthen resilience (disaster risk reduction and climate change adaptation) (No., M/F)	Maintain or improve trend	We trained 855 people across Asia, the Pacific and the Caribbean, including 111 females and 473 males in Indonesia	We trained 1,263 people in Indonesia, Viet Nam and Fiji

<sup>31</sup> A percentage assessment was not available with current data.

<sup>32</sup> A significant response is defined as: New Zealand responses to natural disasters in the Pacific that are launched within 24 hours (Polynesia) or 48 hours (Wider Pacific) of the receipt of an official request for assistance from the partner government. Also expressed as a proportion of all NZ responses to natural disasters in the Pacific. A response must be of a magnitude to require NZ teams to be sent and the Emergency Coordination Centre to be set up.



	2018-19		2017-18
ASSESSMENT OF PERFORMANCE	Budgeted Standard	Actual Standard	Actual Standard
Number of affected people provided with essential and useful assistance following a natural or human induced disaster (No., M/F)	Standard dependent on need	We provided 225,759 people with useful and essential assistance following natural and human-induced disasters. This included responses to the Vanuatu volcanic eruption, the PNG earthquake, the Sulawesi (Indonesia) earthquake and tsunami, a typhoid outbreak in Tonga, and a storm surge event in Kiribati	We provided 301,134 people with useful and essential assistance following natural or human-induced disasters. This included responses to Tropical Cyclone Gita in Samoa and Tonga, and the meningococcal outbreak in Fiji <sup>33</sup>
Quality			
Percentage of Activities with effectiveness rated as good or better (based on MFAT Activity Completion Assessments)	Baseline to be established	69%	New measure
Commitment to Development Index score	Improve trend	2018 score: 5.09	New measure

<sup>33</sup> People may have benefitted from more than one assistance activity, and therefore be counted twice as a person provided with assistance.



# Directory

## MINISTRY OF FOREIGN AFFAIRS AND TRADE

195 Lambton Quay

Private Bag 18901

Wellington 6160

New Zealand

Phone +64 4 439 8000

Fax +64 4 472 9596

**[www.mfat.govt.nz](http://www.mfat.govt.nz)**

CROWN COPYRIGHT ©

ISBN 1176 2470

This work is licensed under the Creative Commons Attribution 3.0 New Zealand licence. In essence, you are free to copy, distribute and adapt the work, as long as you attribute the work to the Crown and abide by the other licence terms.

To view a copy of this licence, visit <http://creativecommons.org/licenses/by/3.0/nz/>. Please note that no departmental or governmental emblem, logo or Coat of Arms may be used in any way which infringes any provision of the Flags, Emblems, and Names Protection Act 1981. Attribution to the Crown should be in written form and not by reproduction of any such emblem, logo or Coat of Arms.

The background of the entire page is a solid teal color. Overlaid on this is a large, intricate geometric pattern. It consists of two main diamond shapes, one in the upper right and one in the lower left, which are composed of many smaller, concentric diamond outlines. These outlines are in various shades of teal, creating a sense of depth and movement. The pattern is symmetrical and fills a significant portion of the upper half of the page.

# MFAT

MINISTRY OF FOREIGN AFFAIRS AND TRADE

New Zealand Government