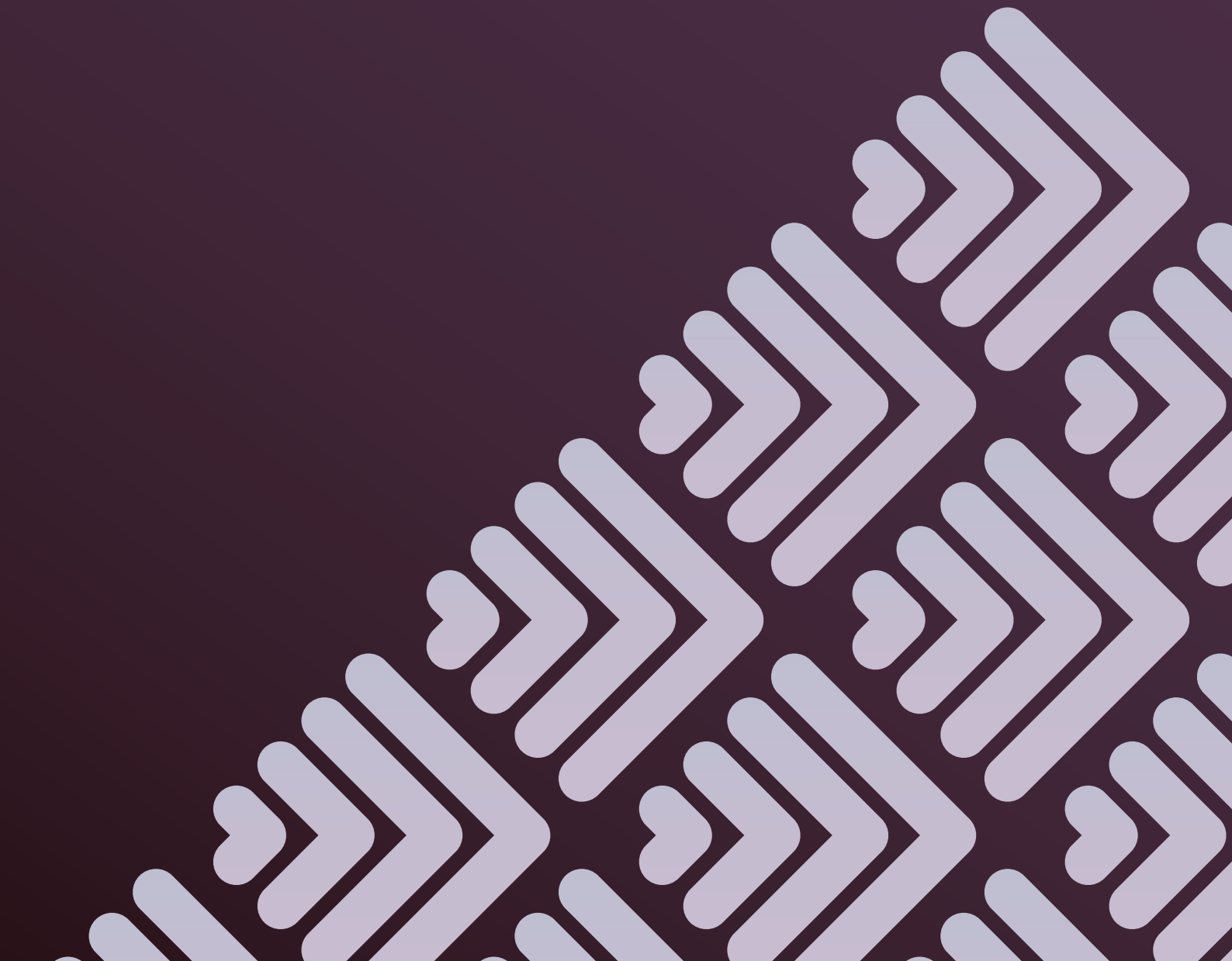




# Annual Report

2021 - 22



# Te Tiriti o Waitangi

Te Tiriti o Waitangi is at the core of what we do and how we work and has been reflected in our approach to implementing foreign policy.

*Ko Te Tiriti o Waitangi kei te uho o ā mātou mahi me te tikanga mahi, ā, kua whakaatatia tēnei i roto i tā mātou ahunga ki te whakatinana i te kaupapa-here aorere.*

## Our purpose | Tā mātou kaupapa

The Ministry acts in the world to build a safer, more prosperous and more sustainable future for New Zealanders.

*Kia hāngai ake e te Manatū he ao-haumarū, ao-tōnui, ao-pūmau, ki te oranga tonutanga mō Aotearoa whānui.*

## Our values | Ō mātou uara



### Impact

*We achieve for Aotearoa New Zealand, every day, everywhere*



### Kotahitanga

*We draw strength from our diversity*



### Courage

*We do the right thing*



### Manākitanga

*We honour and respect others*

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



# Te wāhinga kōrero a te Tumu Whakarae | Chief Executive's foreword

He tau uaua tēnei mō Te Manatū Aorere i a mātou e urungi haere ana i te taiao tuatini o tawāhi, i te wā e piki ana ngā whakatete tōrangapū ā-whenua, i te wā hoki e urupare ana, e pāngia ana hoki e te urutā KOWHEORI-19.

Nā te aumangea me te pūmau o ā mātou kaimahi, i konei, i tawāhi hoki, i whakarite i te āhei o Te Manatū ki te tuku i tana kaupapa ki te hanga i tētahi anamata haumarua ake, haumako ake, toitū ake hoki mā Aotearoa. Nā te mahi ngātahi i whakaratoa ngā putanga ōkiko — otirā he horo i ētahi wā — mā Aotearoa.

He mea ārahi te kōkiritanga o te kaupapahere aorere motuhake o Aotearoa e Te Manatū, e ō mātou uara kākanorua, e tō mātou hononga me te tūnga i roto o Te Moana-nui-a-Kiwa, ā, e ngā mahi ngātahi pakari me ō mātou hoa o tawāhi.

Ka whakatakotoria e tēnei pūrongo ngā mahi a te Manatū mō te tau 2021-22 ki ngā *Takune Rautaki 2021-2025*. Ka pūrongo hoki i te ahunga o ngā whāinga a te Kāwanatanga ki te tiaki i a Aotearoa mai i te KOWHEORI-19; ki te whakatere i te whakaoranga, me te whakatūnga mai anō o Aotearoa, ā, me te kōkiri i ngā wero pūtaketake, pēnei i te hurihanga āhuarangi.

He nui ngā mōreareatanga i te roanga o te 2021-22, ko te mea nui rawa ko te urutomo a Rūhia ki roto i te Ukraine, otirā he nui ngā wero nui ki te tūāpapa o te pūnaha o tawāhi i poua ki ngā ture. Kua tū pakari Te Manatū ki te whakaea i ēnei wero, otirā nāna i ārahi te whanaketanga whiti-tari o te *Russian Sanctions Act 2022*, te whakarato i ētahi huinga whiu whānui, me te tautoko hoki i te Ukraine.

This was a challenging year for the Ministry of Foreign Affairs and Trade, as we navigated an increasingly complex international environment, with escalating geopolitical tensions, while also responding to and being impacted by the COVID-19 pandemic.

The resilience and commitment of our people, both at home and abroad, ensured that the Ministry continued to deliver on its purpose to build a safer, more prosperous, and more sustainable future for New Zealanders. Together we delivered tangible outcomes — often at pace — for Aotearoa New Zealand.

The Ministry's advancement of Aotearoa New Zealand's independent foreign policy continued to be guided by our bicultural values, our connection to and place in the Pacific, and through strong collaboration with our international partners.

This report sets out the Ministry's performance for the year 2021-22 against the *Strategic Intentions 2021-2025*. It also reports on progress against the Government's goals to keep New Zealanders safe from COVID-19, accelerate Aotearoa New Zealand's recovery and rebuild, and tackle foundational challenges, including climate change.

The 2021-22 period was punctuated by a series of crises, most notably Russia's invasion of Ukraine, which has presented sharp challenges to some of the foundations of the rules-based international system. The Ministry has risen to these challenges, leading the cross-agency development of the landmark *Russian Sanctions Act 2022* and delivering a wide-ranging suite of sanctions, as well as providing support to Ukraine.

Ko te aronga matua puta noa i taua wā, ko te tuitui anō i ngā hononga a Aotearoa ki te ao. Ka uru ki tēnei, ko te whiwhi pāhi kano ārai mate i whaimana i te ao whānui, nā aua pāhi i tautoko i a Aotearoa kia tūhono anō, ā, me te whakarite kia āhei ngā kaimahi waiwai te whakawhiti i te rohenga. I urungi haere Te Manatū i te whakatinanatanga o te haerenga taratahi kore (QFT) ki Ahitereiria, i whiriwhiri i ngā whakaritenga QFT me ngā hoa matua o Te Moana-nui-a-Kiwa, me te whakakake i ngā hononga ki ngā hoa o tāwāhi mā ngā kōrerorero KOWHEORI-19 motuhake e pā ana ki ngā rohenga whenua. I whakamōhioia e te pūrongo me ngā kitenga mai i ā mātou whakatūrangā ki rāwāhi he maha ngā mahi kaupapahere ā-kāinga, tae atu ki ngā urupare hokohoko KOWHEORI-19 me ngā urupare whakaora hauora.

Nā Te Manatū i ārahi i ngā mahi whakarite kia noho tuwhera, tūhono, aumangea tonu hoki ngā ara whiwhi rawa, otirā i whai wāhi ai ki te whakaoranga mai anō o te ōhanga o Aotearoa i te urutā KOWHEORI-19. Nā te whakahou ā-whiti-tari o te Rautaki Whakaora Tauhokohoko, i whai mātou kia whakarato tonu te kaupapahere tauhokohoko o Aotearoa mā ngā tāngata o Aotearoa, tae atu ki ngā rohe, ngā wāhine, te Māori, me ngā pakihi iti, wawaenga hoki.

He nui ngā putanga kaupapahere tauhokohoko i tutuki i Te Manatū i te roanga o te tau, tae atu ki ngā Whakaaetanga Tauhokohoko Herekore (FTA) me Peretānia me te Ūniana o Ūropi. I te taha o te whakapiki i te āheinga mākete mō te huhua o ngā hokonga rawa me ngā ratonga ki tai, puta noa i te kanorau o ngā mākete whānui, i tautoko ēnei whakaaetanga i te kokenga whakamua o ngā āwangawanga ā-ao, ā-rohe hoki, pēnei i ngā take taiao me ngā paerewa mahi. He mea whakarite i ngā FTA e rua ngā paerewa hou, pēnei i ngā upoko motuhake o te Tauhokohoko Māori me te Mahi Ngātahi ā-Ōhanga.

Nā te pai o te taurima o Aotearoa i a APEC 2021, i hiki i tō tātou mana hei whenua whai mā tāpono, tōtōpū, auaha hoki puta noa i te ao. I whakaatu ā mātou kaihautūtanga i te pūmautanga ki te ā-rohetanga mārie, tuwhera, mahi ngātahi hoki, otirā nā tērā i whakarite i te urupare ngātahi ki ngā pānga ā-ōhanga o te KOWHEORI-19, me te tāmau i te whakamanatanga ā-ōhanga o ngā iwi taketake i roto i ngā mahi angamua a APEC mō te wā tuatahi.

I te tau 2021-22, i kitea hoki te hōhonutanga o te whakatinanatanga a Aotearoa i te Huarahi Aumangea o Te Moana-nui-a-Kiwa a Aotearoa, me te tautoko i te whanaketanga i ārahitia e Te Moana-nui-a-Kiwa, tae atu ki te mahi ngātahi ki te tiaki i tō tātou Moana Rahi — Te Moana-nui-a-Kiwa.

I tautokona e te Manatū ngā hoa o Te Moana-nui-a-Kiwa ki te urupare ki ngā mōrearea o te ohaoha me te hauora i whakaaratia e te KOWHEORI-19. Nā Aotearoa i utu i ngā rautaki me ngā kaupapa tautoko KOWHEORI-19, tae atu ki te tapeke o te \$162.3 miriona o te tautoko tahua ohotata. Nā tēnei i āhei ai ngā hoa o Te Moana-nui-a-Kiwa ki te urupare raungāwari, tere hoki ki te urutā, i runga anō i ō rātou ake whāinga, kaupapa hoki. I whakarato hoki mātou i te tautoko kano ārai mate, hauora hoki, ngā kākahu ārai tinana, me ngā rawa hauora.

I noho tonu hei aronga nui te tautoko i te aumangea o Te Moana-nui-a-Kiwa ki ngā pānga o te āhuarangi. I whakaputaina e Aotearoa te NZD\$1.3 piriona hei tahua āhuarangi ki te whakawhanake i ngā whenua hei ngā tau e whā e tū mai nei, otirā ko te huarua ka haere ki te tautoko i ngā whenua o Te Moana-nui-a-Kiwa, e tutuki ai ā rātou wero whitawhita e pā ana ki te hurihanga āhuarangi.

Re-establishing Aotearoa New Zealand's global connections was a core focus throughout this period. It included achieving internationally recognised vaccine passes that supported New Zealanders to reconnect, and enabling critical workers to move across the border. The Ministry navigated the implementation of quarantine-free travel (QFT) with Australia, negotiated QFT arrangements with key Pacific partners, and advanced relationships with international partners through bespoke COVID-19-related border discussions. Reporting and insights from our overseas posts informed a number of domestic policy initiatives, including COVID-19 trade and health recovery responses.

Contributing to Aotearoa New Zealand's economic recovery from the COVID-19 pandemic, the Ministry led work to ensure supply chains remained open, connected, and resilient. Through a cross-agency refresh of the Trade Recovery Strategy, we sought to ensure that Aotearoa New Zealand's trade policy delivered for all New Zealanders, including the regions, women, Māori, and small and medium-sized enterprises.

Significant trade policy outcomes were achieved by the Ministry during the year, including Free Trade Agreements (FTAs) with both the United Kingdom and the European Union. Alongside improving market access for a wide range of goods and services exports across a diverse range of markets, these agreements supported progress on global and regional concerns, such as environmental issues and labour standards. Both FTAs established new benchmarks, such as dedicated chapters on Māori Trade and Economic Cooperation.

Aotearoa New Zealand's successful hosting of APEC 2021 enhanced our reputation as a principled, reliable, and innovative global player. Our leadership demonstrated a commitment to peaceful, open, and cooperative regionalism, ensured a collaborative response to the economic impacts of COVID-19, and embedded the economic empowerment of indigenous peoples in APEC's forward work for the first time.

2021-22 also saw deepening implementation of Aotearoa New Zealand's Pacific Resilience Approach and support for Pacific-led development, including the shared stewardship of our Blue Ocean Continent — Te Moana-nui-a-Kiwa.

The Ministry supported Pacific partners to respond to the concurrent economic and health crises prompted by COVID-19. Aotearoa New Zealand funded COVID-19 support plans and packages, including a total of \$162.3 million in emergency budget support. This allowed Pacific partners to respond flexibly and rapidly to the pandemic, in line with their own objectives and interests. We also provided vaccine and health support, personal protective equipment, and medical equipment and supplies.

Supporting the Pacific's resilience to climate impacts remained an important focus. Aotearoa New Zealand announced NZD\$1.3 billion in climate finance to developing countries over the next four years, with at least half to support Pacific island countries to meet their urgent climate change challenges.

The Ministry engaged actively at the 2021 United Nations (UN) Climate Change Conference of the Parties (COP26) in Glasgow, contributing to positive results for global climate action, including agreement on guidelines for implementing the Paris Agreement. The Ministry also sustained Aotearoa New Zealand's global leadership role in reforming fossil-fuel subsidies.

I uru hohe Te Manatū ki te Hui Hurihanga Āhuarangi a te Kotahitanga o ngā Iwi o te Ao (UN) 2021 o ngā Rōpū (COP26) i tū ki Glasgow, otirā i whai pānga ai ki ngā hua pai o ngā mahi āhuarangi ā-ao, tae atu ki te whakaae ki ngā aratohu mō te whakatinana i te Whakaaetanga o Paris. I kawea hoki e Te Manatū te tūranga kaihautū o Aotearoa i te ao, ki te whakahou i ngā whakahenga utu koranehe.

I rongu tonu te pūnaha ā-ao i poua ki ngā ture whānui, i te taumahatanga mai i te nekeneketanga o te horanuku tōrangapū ā-whenua, ko te tikanga o tērā, he uaua te kōkiritanga o ētahi o ngā whāinga o Aotearoa. I tautoko tonu mātou i te whanaketanga haere o ngā ture ā-ao o te hīkinga o ngā taumata o te moana, hei tautoko i ngā iwi o Te Moana-nui-a-Kiwa ki te pupuri tonu i ngā motika ki ōna rohe moana, me te whakauru hohe ki te whakapiki i te aumangea o te pūnaha hauora iwi-maha, ina koa rā te whakapakari ake i te āraitanga urutā, te noho rite, me te urupare.

I whai wāhi ngā āpiha a Te Manatū ki ētahi putanga nui mō Aotearoa i te Hui Taurima ā-Minita 12 (MC12) a te World Trade Organization (WTO), ina koa rā te hāmene i ngā moni whiwhi hao ika, me te whakawāteatanga mai i te Trade-Related Aspects of Intellectual Property Rights (te Whakaaetanga TRIPS) mō ngā kano ārai mate KOWHEORI-19. I whakaatu ēnei kawenga whakaarotau i te whai pānga tonu o te mahi ngātahi, me tana tūpono mana ki te whakatau i ngā take ā-ao.

Kō tō mātou huarahi ki te kaupapahere tuawhenua he mea ārahi e ngā uara i takea mai i ngā kōrero tuku iho kākano rua ahurei o Aotearoa, arā e whakaatatia mai i ngā mātāpono o Te Tiriti o Waitangi. I te tau kua hori, he nui te ahu whakamua a Te Manatū ki te whakapakari ake i tō mātou raukaha kia noho hei hoa Tiriti whai hua, tae atu ki te whakapiki i tō mātou raukaha mātauranga Māori.

I haere tonu ngā mahi a Te Manatū ki te whakapiki i te whānuitanga me te hōhonutanga o tōna toronga ki te whakarite i te māramatanga pai ki ngā take e whai pānga nui ai ki ngā kaiwhaipānga o te motu. He pai te wairua o ngā kōrero o te uiui kaiwhaipānga o te tau 2021–22, otirā he 85 ōrau ngā kaiwhaipānga i rata ki te whaihua a Te Manatū ki te whakakanohi i ngā hiahia o Aotearoa.

Nā te taunga o ngā rāhui rohenga mō te uinga o te tau, i toro atu ngā ringa o Te Manatū ki te whiriwhiri kōrero whakahangahanga ā-matihiko. I noho tēnei hei tūnga matua i roto i ngā mahi a Te Manatū ki te tautoko i ngā hononga ā-ao, otirā i hanga hoki i ngā āheinga hou ki te whakawhiti kōrero whaihua ki ngā kaiwhaipānga o te motu nei. Ināianei ko te Digital Diplomacy Suite hou a Te Manatū ake kei te tautoko i Te Manatū kia whaihua ake tēnei mahi.

Ko ā mātou kaimahi te tino rawa, ā, e ū ana mātou ki te whakapiki i te ahurea wāhi mahi kia noho whakauru, whakarite, uara hoki ngā kaimahi. Mā te hiki ngātahi i tō mātou raukaha mātauranga Māori, kua noho ngā ahurea wāhi mahi hei whakaarotau ā-rōpū whakahaere. I te tau 2021–22, i kitea te whanaketanga me te whakatinanatanga o ngā momo awamahi hei tautoko i ngā whakaarotau e rua.

I roto i te wā whakararu, tautini nui hoki, e hiahia ana au ki te mihi ki ngā kaimahi a Te Manatū — i tēnei motu, i tāwāhi hoki — me ō rātou whānau. Kua urutau rātou ki ngā āhuatanga kukune, i aumangea, i pāuaua, ā, whakaatu tonu i te atawhai me te ngākau māhaki, hei painga katoa mō Aotearoa, me te whai anō ki te hanga i tētahi anamata haumarua ake, taurikura ake, toitū ake hoki mō ngā tāngata o Aotearoa.

The broader rules-based international system continued to weather pressure from the shifting geopolitical landscape, meaning progress on some of Aotearoa New Zealand's objectives has been challenging. We continued championing the progressive development of international law on sea-level rise to support the Pacific to retain rights to its maritime zones, and engaged actively in improving the resilience of the multilateral health system, particularly by strengthening pandemic prevention, preparedness, and response.

Ministry officials contributed to a number of significant outcomes for Aotearoa New Zealand at the World Trade Organization's (WTO) 12th Ministerial Conference (MC12), in particular the disciplining of fisheries subsidies and a waiver from the Agreement on Trade-Related Aspects of Intellectual Property Rights (the TRIPS Agreement) for COVID-19 vaccines. These priority deliverables demonstrated the continued relevance of collective action and its potential to address global issues.

Our approach to foreign policy is guided by the values derived from Aotearoa New Zealand's unique bicultural heritage as reflected in the principles of Te Tiriti o Waitangi. In the past year the Ministry has taken significant steps to strengthen our capacity to be an effective Treaty partner, including enhancing our capability in mātauranga Māori.

The Ministry continued to improve the breadth and depth of its outreach to ensure that there was a good understanding of issues that mattered most to domestic stakeholders. The 2021–22 stakeholder survey was positive, with 85 percent of stakeholders satisfied with the Ministry's effectiveness in representing Aotearoa New Zealand's interests.

With border restrictions in place for much of the year, the Ministry embraced digital diplomacy. This not only played a key role in the Ministry's work supporting international connections and relationships, but also created new opportunities for valuable engagement with domestic stakeholders. The Ministry's new in-house Digital Diplomacy Suite is now supporting the Ministry to be more effective in this work.

Our people are our greatest asset and we are committed to enhancing our workplace culture so that all staff feel included, enabled, and valued. Together with lifting our mātauranga Māori capability, workplace cultures is now an organisational priority. 2021–22 saw the development and implementation of a range of workstreams in support of both priorities.

In a time of significant disruption and complexity, I want to acknowledge the Ministry's people — onshore and offshore — and their families. They have adapted to evolving circumstances, showed resilience and tenacity, and continued to act with kindness and compassion, all in the service of Aotearoa New Zealand with the aim of building a safer, more prosperous, and more sustainable future for New Zealanders.



**Chris Seed**

Secretary of Foreign Affairs and Trade  
Hekeretari o Manatū Aorere

# Our highlights

## Ā mātou mahi hira

In line with our purpose, the Ministry delivers value to New Zealanders and contributes to their wellbeing. We do this in line with our four value propositions for New Zealanders.

### Kaitiakitanga

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



Provided \$162.3 million in emergency budget support to Pacific countries



552,100+ people globally were provided with essential and useful humanitarian assistance following a natural or human-induced disaster



27 Pacific governments and institutions supported to develop climate resilient plans



New WTO Agreement disciplining fisheries subsidies agreed



Led actions to reform fossil fuel subsidies with the Joint Ministerial Statement at the WTO attracting 45 co-sponsors

### Influence

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



Successfully hosted a fully virtual APEC 2021



Aotearoa New Zealand was instrumental in the adoption of a UN General Assembly resolution holding the five permanent members of the UN Security Council accountable for their use of the veto



Dr Penelope Ridings elected to the International Law Commission



Supported visits by the Prime Minister, Minister of Foreign Affairs, and Minister for Trade and Export Growth to 19 countries



Louisa Wall appointed as Ambassador for Gender Equality (Pacific)/Tuia Tāngata

### Prosperity

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



Established one-way quarantine free travel with Samoa, Tonga, and Vanuatu



64.6% of exports now covered by Free Trade Agreements (increasing to 73.4% once UK and EU FTAs enter into force)



\$354 million estimated worth of Non-Tariff Barriers resolved



Ensured Aotearoa New Zealand's supply chains remained open, connected and resilient



Supported Aotearoa New Zealand's participation with NZ Inc partners at the Dubai Expo, including supporting Māori business at Te Aratini, the Festival of Indigenous and Tribal Ideas

### Security

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



Worked closely with international partners on security initiatives, including on the response to Russia's invasion of Ukraine



Supported 1,700+ New Zealanders and eligible Afghan nationals depart Afghanistan in Operation Whakahokinga Mai



Pursued efforts on the Treaty on the Prohibition of Nuclear Weapons First Meeting of States Parties



Strengthened the Export Controls counter-proliferation regime



Provided consular services to 3,864 New Zealanders overseas and responded to 42,262 consular advice enquiries



# Ko wai mātou

E mahi ana Te Manatū Aorere ki te ao ki te hanga i tētahi anamata haumarua ake, taurikura ake, toitū ake mā ngā tāngata katoa o Aotearoa. Ka whai mātou i ngā uara e ārahi ana i te āhua o ā mātou whakawhiti kōrero ki ngā tāngata i roto, i waho hoki o Te Manatū. Ka whakaatu ēnei uara ki ō mātou hoa ā-motu, ā-ao hoki, me ngā tāngata o Aotearoa, i ngā āhuatanga o te motu e whakakanohitia ana e mātou: he porihanga ngāwari, he kanorau, he tuwhera, he kauawhi, manaaki hoki.

I runga anō i te hāngai ki tō mātou kaupapa, ka whāia e mātou ngā putanga e ārai ana, e kōkiri ana hoki i ngā uara me ngā hiahia o Aotearoa:

- He pūnaha ā-ao i poua ki ngā ture, e tautoko ana i ngā whakaarotau o Aotearoa.
- He taiao haumarua e noho haumarua ai ngā tāngata me ngā mahi a Aotearoa.
- Ngā āhuatanga ā-ao me ngā hononga e mātua whakarite ana kia puāwai ngā tāngata o Aotearoa.
- Ngā mahi ā-ao ki ngā take toitūtanga e whai pānga ana ki Aotearoa.

## Ko Te Tiriti o Waitangi te iho matua o ā mātou mahi

Ka whakatakotoria e Te Tiriti o Waitangi<sup>1</sup> he anga rangapūtanga i waenga i te Māori me te Karauna, me te whakarato i te tūāpapa mō te huarahi o Aotearoa ki te kaupapahere tuawhenua.

I te mea he tari ratonga tūmatanui te Manatū, he hiraunga ō ngā mātāpono o Te Tiriti, arā te rangapūtanga, te kaitiakitanga me te puretumu, ki ā mātou mahi. Me mātua tiaki Te Manatū i ngā hiahia a te Māori me te whakarato puretumu i ngā wā ka kitea he hara o mua. He pūmautanga mauroa tō te Manatū ki te tuku i runga anō i ā mātou takohanga hei hoa Tiriti, i runga i te wairua motuhenga, whakapono hoki — tae atu ki ngā whakawhitinga kōrero tika ki te Māori.

Ka āwhina hoki a Te Tiriti o Waitangi me ngā wheako kākanorua o Aotearoa ki te whakamārama ake i tō mātou tuakiri ahurei hei whenua. E ārahitia ana hoki ngā mahi a Te Manatū e ngā uara i takea mai i tēnei kaupapa tuku iho kākanorua — manākitanga<sup>2</sup>, kotahitanga<sup>3</sup>, kaitiakitanga<sup>4</sup>, me te whanaungatanga<sup>5</sup>.

Mā tēnei huarahi, ka tāpae ake Te Tiriti i tētahi anga kaupapahere tuawhenua, e whakanuia nei te whakaute me te manarite i waenga i ngā iwi me ngā whenua, ā, ka whakatinanahia hoki ngā hononga mā ngā tikanga e whakaū ana i te kāwanatanga<sup>6</sup> me te tino rangatiratanga<sup>7</sup>.

# Who we are

The Ministry of Foreign Affairs and Trade acts in the world to build a safer, more prosperous, and more sustainable future for all New Zealanders. We hold values that guide the way we interact with people within and beyond the Ministry. These values demonstrate to our regional and global partners, and to New Zealanders, the qualities of the country we represent: a tolerant, diverse, open, inclusive, and welcoming society.

In line with our purpose, we pursue outcomes that protect and advance Aotearoa New Zealand's values and interests:

- A rules-based international system that supports Aotearoa New Zealand priorities.
- A security environment that keeps Aotearoa New Zealand's people and activities safe.
- International conditions and connections that enable New Zealanders to prosper.
- Global action on sustainability issues that matter to Aotearoa New Zealand.

## Te Tiriti o Waitangi is at the core of our work

Te Tiriti o Waitangi<sup>1</sup> sets out a partnership framework between Māori and the Crown and provides the foundation for Aotearoa New Zealand's approach to foreign policy.

As the Ministry is a public service department, Te Tiriti principles of partnership, active protection, and redress have implications for our work. The Ministry must actively protect Māori interests and provide redress where previous wrongs are identified. The Ministry has an ongoing commitment to deliver on our obligations as a Treaty partner with authenticity and integrity — including through appropriate engagement with Māori.

Te Tiriti o Waitangi and Aotearoa New Zealand's bicultural experience also help to define our unique identity as a nation. The Ministry's work is also guided by values that derive from this bicultural heritage — manākitanga<sup>2</sup>, kotahitanga<sup>3</sup>, kaitiakitanga<sup>4</sup>, and whanaungatanga<sup>5</sup>.

In this way, Te Tiriti offers a foreign policy framework where respect and equality between peoples and countries are recognised, and where relationships are exercised in ways that affirm kāwanatanga<sup>6</sup> and tino rangatiratanga<sup>7</sup>.

<sup>1</sup>E kōrero ana Te Tiriti i tēnei tuinga ki ngā putanga katoa o Te Tiriti o Waitangi — i Te Reo Māori me te Ingarihi hoki. Te Tiriti in this document refers to all versions of Te Tiriti o Waitangi — in Te Reo Māori and English.

<sup>2</sup>Te tukanga o te whakaute, te māhorahora me te manaaki i te tangata. Process of showing respect, generosity and care for others.

<sup>3</sup>Te kotahitanga, te ngātahitanga, me te mahi ngātahi. Unity, togetherness, solidarity, collective action.

<sup>4</sup>Te kaitiakitanga. Guardianship, stewardship, trusteeship.

<sup>5</sup>He hononga mā ngā wheako ōrite, me te mahi ngātahi, e whakarato nei i te toi whenuatanga ki te tangata. A relationship through shared experience and working together, which provides people with a sense of belonging.

<sup>6</sup>Te tika ki te whakahaere i te mana kāwanatanga. Right to govern.

<sup>7</sup>Te tika ki te tino rangatiratanga. Right to sovereignty.



Nō reira ko te hononga a te Māori-Karauna, ka hoahoa, ka whai mōhio hoki i ngā whāinga kua whakatakotoria i te Anga Rautaki a Te Manatū (tirohia ngā whārangi 10–11).

I te roanga o te tau, i haere tonu ngā mahi a Te Manatū ki te tūhura i ngā huarahi e mātua whakarite ai i te urunga me te whakaatatanga o te tirohanga me ngā hiahia a te Māori i roto i ā mātou mahi. Ko ētahi o ngā mahi whakawhiti kōrero ki ngā hoa Tiriti mō te kaupapahere tauhokohoko me ētahi whakaaetanga tauhokohoko motuhake, ko te mahi ngātahi me Te Taumata, he rōpū kaiārahi Māori i kōwhiria e te Māori, me te rōpū whakatū taupua a te kerēme Wai 2522 a Ngā Toki Whakarūranganga, ngā upoko o ngā iwi, ina koa Te Whetereihana o ngā Rōpū Māori, otirā ki te kōkiri i te hōtaka mahi tauhokohoko o Aotearoa. I whai mōhio hoki i ngā whakawhiti kōrero me Te Whetereihana o ngā Rōpū Māori, ngā upoko o ngā iwi, me ētahi atu rōpū, te tukunga a Te Manatū o āna hōtaka mahi whānui. Ko te whakaatu i te hua o ēnei whakawhitinga kōrero, ko te urunga matua, mīharo hoki o ngā hiahia me ngā wāhanga mō te Māori i roto i ngā FTA ki a Peretānia me te Ūniana o Ūropi kātahi anō ka mutu ake. E whakarākei tonu ana mātou mā tētahi tauira whakawhiti kōrero, e whakarite ai, e whakamahi ai hoki i ngā tirohanga ao Māori puta noa i ngā rāngai kaupapahere tuawhenua.

I te tau kua hori, i haere tonu ngā mahi a Te Manatū ki te whakapakari i tō mātou raukaha kia noho hei hoa Tiriti whaihua, mā te nanao atu ki te mātaraunga Māori i roto i ā mātou mahi. Hei wāhanga o ā mātou mahi, e ū ana Te Manatū ki ngā mahi i te whānuitanga o ngā wāhanga mahi, tae atu ki te hautūtanga, te hanganga, te raukaha, te mana whakahaere, te whakatau take me te mahere rautaki.

The Māori-Crown relationship therefore shapes and informs the goals outlined in the Ministry's Strategic Framework (see pages 10–11).

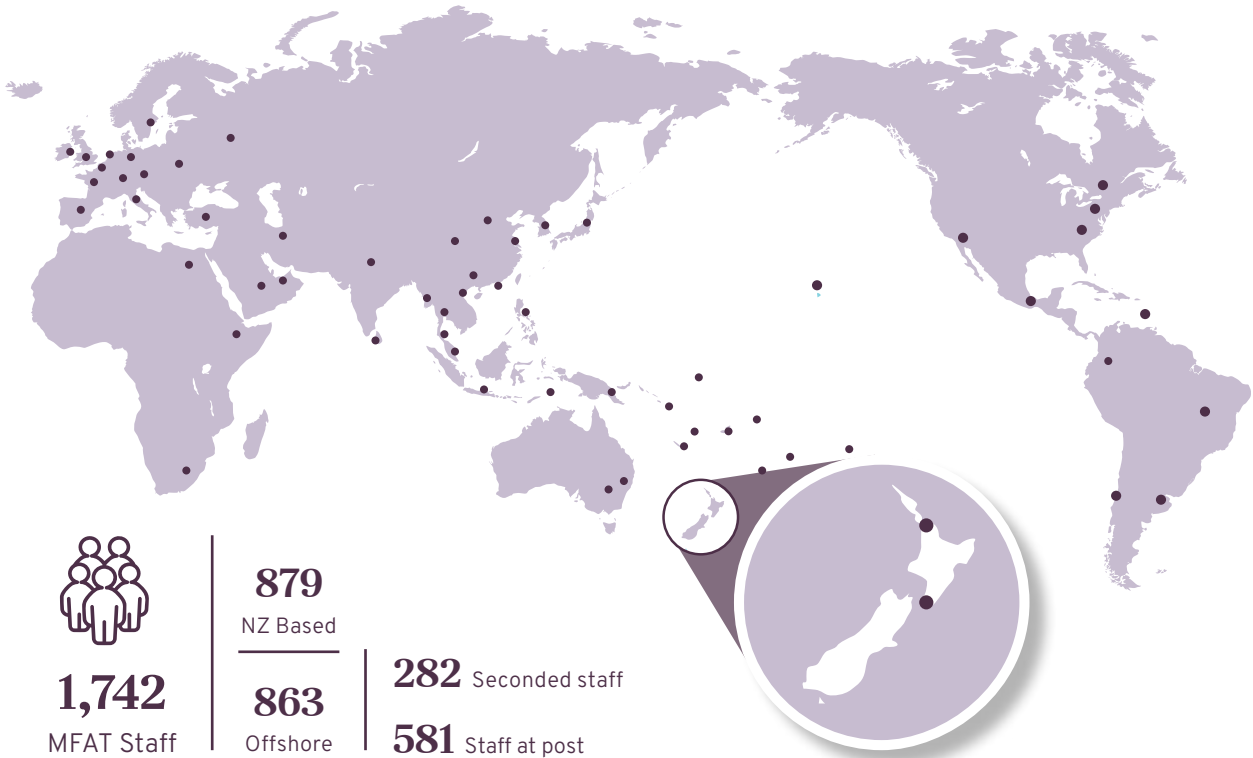
Throughout the year, the Ministry continued to explore ways to ensure Māori views and interests were actively sought and reflected in our work. Engagement with Treaty partners on trade policy and specific trade agreements included active work with Te Taumata, a group of Māori leaders chosen by Māori, and the WAI 2522 claimant interim establishment group Ngā Toki Whakarūranganga, iwi chairs, and the Federation of Māori Authorities, in particular, advanced Aotearoa New Zealand's trade work programme. Engagement with the Federation of Māori Authorities, iwi chairs, and other groups also informed the Ministry's delivery of its wider work programme. The significant and ground-breaking coverage of Māori interests and provisions within the recently concluded FTAs with the United Kingdom and European Union is a reflection of the fruit of these engagements. We continue to refine through our engagement approach a model that enables and leverages te ao Māori perspectives across foreign policy domains.

In the past year the Ministry has continued its efforts to strengthen its capacity to be an effective Treaty partner, drawing on mātauranga Māori in our work. As part of our work, the Ministry has committed to actions in a range of areas including leadership, structure, capability, governance, decision-making, and strategic planning.

# The Ministry at a glance

## He paku tirohanga ki Te Manatū

MFAT locations around the world and in NZ



In 2021-22 MFAT's global network comprised of **60** posts in **53** countries with **119** accreditations to other countries and **70** Honorary Consuls.

The MFAT network supports NZ Inc to achieve its international objectives.

**MFAT acts in the world to build a safer, more prosperous, and more sustainable future for New Zealanders.**

### MFAT supports

- 4** ministerial portfolios
- 33** pieces of legislation administered
- 13** NZ Inc agency partners offshore
- 271** missions/consular posts resident in or accredited to New Zealand

### Vote Foreign Affairs Expenditure for 2021-22

**\$1,502**  
MILLION

INCLUDING:  
International Development  
Cooperation

**\$826.9** MILLION

Capital

**\$61.7** MILLION

# A shifting strategic context

## He horopaki rautaki nekeneke

The Ministry's *Strategic Intentions 2021-2025* forecast a much more challenging period ahead for Aotearoa New Zealand's ability to progress its interests and values in the international sphere. Following decades during which the strategic environment and economic conditions for Aotearoa New Zealand were comparatively favourable, we pointed to growing uncertainty and risk, rising geostrategic competition, a rules-based international order under pressure, and an amplifying effect of the COVID-19 pandemic.

We anticipated a world that would be less open, less prosperous, less secure, and less free. This projection of a less favourable outlook has held, and possibly deteriorated further over the course of the year.

Foremost among these was Russia's invasion of Ukraine – returning open warfare between states to Europe, causing devastating humanitarian consequences, and provoking a major international response. In addition to its direct impacts on Ukraine, the invasion was an assault on some of the most fundamental tenets of the rules-based international system, including state sovereignty and territorial integrity. While drawing wide condemnation at the UN General Assembly, Russia's aggression also highlighted the shortcomings of the UN Security Council, charged with preventing and resolving such conflict.

The conflict is reverberating strongly and worryingly around the globe in the form of direct and indirect impacts on food and fuel markets, rising inflation, and tense international relations. The international community's response has been resolute, with many countries showing a willingness to accept local costs in order to both support Ukraine and defend the basic principles at stake.

But there are other, less tangible costs exacted by a continuing war that distracts from the collective action required on the pressing social and environmental challenges facing the world.

Geostrategic tensions also sharpened in our region – the Indo-Pacific – as well as in our neighbourhood – the Pacific. These tensions show little sign of let-up and add complexity to our relationships in these regions and beyond. 2021-22 required strong engagement to support continued kotahitanga within the Pacific Islands Forum. It saw new concern at the potential for militarisation of the Pacific and new urgency to ensure that Pacific countries and their priorities remained at the centre of the regional agenda.

The year's events underlined for the Ministry the fundamental centrality of our Pacific regional home to our international relations. It reinforced the importance of taking a Pacific partner-led approach, whether that be in relation to economic or geostrategic resilience, or to the increasingly pressing response to climate change mitigation and adaptation challenges.

2021-22 was also a year in which the impacts of a changing climate were felt tangibly and directly by many people around the globe, via higher temperatures, extreme weather events and resulting floods, droughts, and wildfires. The climate change trajectory is clear and concerning, with global emissions reaching their highest-ever level in 2021. The urgency of the climate response is increasing rapidly as the window for action shortens. The related trends of biodiversity loss and pollution are of comparable concern and also require urgent action.

Vaccination coverage during the year mitigated some of the worst impacts of COVID-19 on the health and movements of people, but new variants and infection waves have continued, further stretching health systems and disrupting economies, shipping, and supply chains. In many developing countries, the Pacific in particular, direct and indirect economic impacts have deepened, setting back development progress, exacerbating poverty and inequality, squeezing private-sector activity and public services, and adding to debt. Many Pacific countries continued to manage without the economic mainstays of tourism and labour mobility, and all face a protracted recovery.

Global growth projections have fallen while interest rates and inflation have risen. Households, businesses, and governments have all had to absorb additional costs. The global economy is at significant risk of financial instability in an environment where many governments are carrying increased debt and there is uncertainty over asset prices.

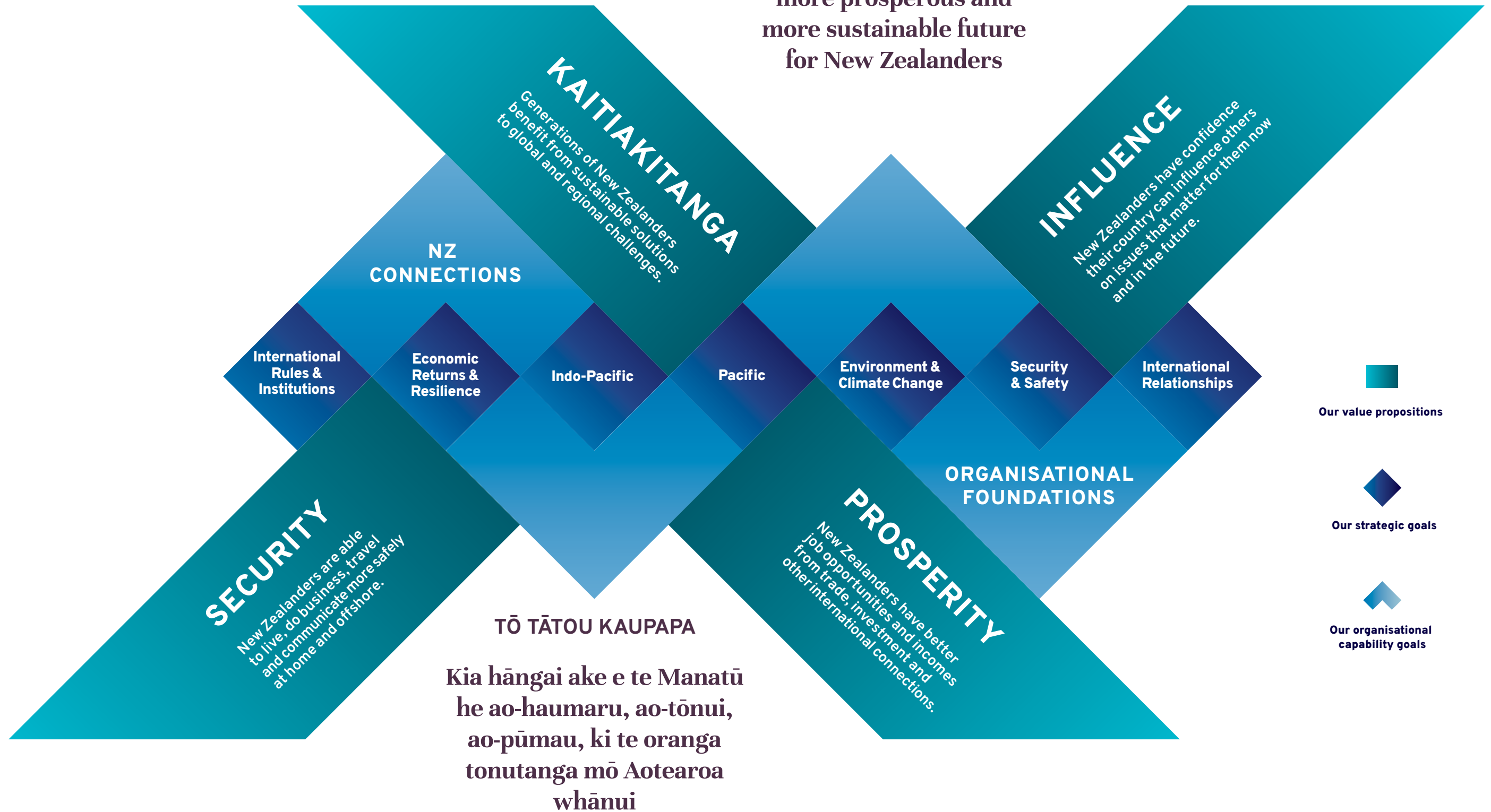
This context has also challenged the Ministry. We responded to the arrival of COVID-19 onshore, and many offshore posts continued to operate remotely. With travel constrained, digital diplomacy featured strongly. The Ministry learned to navigate and respond to multiple crises at once, took steps to invest in the resilience of our people and our posts, and worked creatively to maintain Aotearoa New Zealand's international relationships.

# Strategic Framework

## Te anga rautaki

### OUR PURPOSE

The Ministry acts in the world to build a safer, more prosperous and more sustainable future for New Zealanders







Minister of Foreign Affairs Nanaia Mahuta addresses the UN Human Rights Council in Geneva.  
Credit: UN Media

## International Rules & Institutions

### **Strengthen, protect and use international rules and institutions to pursue Aotearoa New Zealand's values and interests**

Support of, and participation in, the rules-based international order has been a consistent and significant pillar of Aotearoa New Zealand's foreign policy. The system is founded on relationships between states through international law, frameworks, and multilateral organisations such as the UN, the WTO and the World Health Organization (WHO).

We believe collective will and action leads to more ambitious, durable, and equitable solutions. Common problems are best addressed together and global initiatives are accelerated when all participate. We value and work actively to promote and protect democratic values, human rights, and the rule of law.

Escalating geopolitical tensions and the ongoing impacts of the COVID-19 pandemic are continuing to challenge multilateral institutions and the underlying rules-based system. Significant outcomes have been achieved, however, on the UN and WTO agendas, including on: holding the permanent members of the UN Security Council accountable for their use of the veto; eliminating fisheries subsidies; and improving the resilience of the multilateral health system.

## OUTCOME 1:

### Aotearoa New Zealand has used international rules and institutions to progress national interests

The rules-based international system continued to weather pressure in 2021–22 due to escalating geopolitical tensions, most significantly Russia's invasion of Ukraine and the continuing COVID-19 pandemic.

The Ministry secured a number of significant achievements in strengthening, protecting, and utilising the rules-based international system during the year. The Ministry supported Parliament to establish, under urgency, a legislative sanctions regime against Russia (see case study, page 15). This regime has been a key pillar of Aotearoa New Zealand's response to support Ukraine and the rules-based international system.

In late 2021 the Ministry launched Aotearoa New Zealand's dispute-settlement proceedings against Canada regarding its implementation of dairy tariff rate quotas under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership. The objective of this action was to ensure Aotearoa New Zealand dairy exporters had meaningful access to benefits negotiated under the Agreement. This was the first dispute settlement proceeding initiated by Aotearoa New Zealand under an FTA.

Aotearoa New Zealand played a key role in the WTO's MC12 in June 2022. Significant outcomes were delivered for Aotearoa New Zealand, including a new WTO agreement disciplining fisheries subsidies, an extension to the moratorium on charging customs duties on electronic transmissions, and a waiver of the TRIPS Agreement for COVID-19 vaccines. There was also a collective recognition of the need for WTO reform, with a view to having a fully functioning dispute-settlement system in place by 2024.

Aotearoa New Zealand engaged actively in improving the resilience of the multilateral health system, particularly by strengthening pandemic prevention, preparedness, and response. The Ministry supported Ministerial engagement with the WHO leadership in Geneva on strengthening governance in global health architecture, supplemented with bilateral engagement with a range of countries and partners.

Significant progress was made on the development of international norms in respect of outer space during the first half of 2022.

Aotearoa New Zealand participated in the first session of the UN working group to develop norms, rules, and principles of responsible behaviour in outer space, which is due to report to the UN General Assembly in 2023.

Progress towards achieving the 2030 Agenda for Sustainable Development was adversely affected by the global situation, specifically higher fuel and food prices, supply chain issues, and the continuing health impacts of COVID-19. However, the Ministry was able to positively influence multilateral institutions in increasing their concessional funding to support the 2030 Agenda in the Pacific, including the Asian Development Bank (ADB) and the World Bank.

#### INDICATOR:

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

#### PROGRESS:

##### ASIAN DEVELOPMENT BANK

In 2021:

- ADB's new financing commitments (including co-financing) totalled USD\$1.276 billion in the Pacific;
- ADB had 82 active loan and grant projects in the Pacific; and
- ADB's loan and grant portfolio in the Pacific totalled USD\$3.012 billion.

All of the above metrics were down slightly over 2020, but up substantially over 2019.

##### WORLD BANK

Total World Bank net commitments in the Pacific in 2021–22 stood at USD\$1.094 billion, up from USD\$482.5 million in 2020–21.

The World Bank's net portfolio and number of active operations in the Pacific stood at USD\$3.064 billion and 104 respectively in 2021–22.



**OUTCOME 2:**  
**Aotearoa New Zealand has helped protect and strengthen international rules and the effectiveness of the multilateral system**

Aotearoa New Zealand has long advocated for key international institutions to remain relevant, coherent, effective, and efficient, and demonstrate good governance. Accordingly, we have been a strong supporter of the UN Secretary General's programme of UN reform, known as "Our Common Agenda", which seeks to renew and refresh multilateralism. The Ministry was also instrumental in the UN General Assembly adopting a landmark resolution holding the five permanent members of the UN Security Council to accountable for their use of the veto. This resolution enhanced the effectiveness of the UN in exercising its collective political responsibility under the UN Charter to address matters of international peace and security.

In late 2021 Aotearoa New Zealand was successful in having its candidate to the International Law Commission, Dr Penelope Ridings, elected for a five-year term. Support for Dr Ridings demonstrated Aotearoa New Zealand's commitment to ensuring good governance and strong leadership within the multilateral rules-based system.

As a member of the International Seabed Authority, Aotearoa New Zealand continued to work for the protection of the ocean and the marine environment. In March 2022 we put forward a significant proposal to ensure that deep-sea mining, if permitted in the future, does not cause harm to the ocean and its biodiversity by requiring robust environmental decision-making on mining applications. The Ministry also continued to support the development of a UN treaty on marine biological diversity, including by participating actively in the fourth negotiating round in March 2022.

The major outcomes at the WTO's MC12 demonstrated that the WTO is an effective rules-based system for trade able to deliver key substantive results. The outcomes laid a strong foundation for reform to reinvigorate the WTO and the multilateral trading system and allow for further outcomes on issues of critical importance to Aotearoa New Zealand, including agricultural trade reform.

Aotearoa New Zealand continued to engage actively in the UN to pursue an ambitious human rights programme in close alignment with Aotearoa New Zealand's priorities, including through an integration of human rights across the UN agenda. We supported accountability initiatives in the UN Human Rights Council on the human rights situations in Myanmar, Ethiopia, Afghanistan, and Ukraine, and led negotiations on resolutions on the Rights of Persons with Disabilities in both the Council and the UN General Assembly Third Committee.

The Ministry led Aotearoa New Zealand's efforts at the Treaty on the Prohibition of Nuclear Weapons First Meeting of States Parties in Vienna, which saw the adoption of a political declaration and action plan. These positive outcomes will help set the course for the Treaty's implementation, upholding and universalising international rules on nuclear disarmament and non-proliferation.

The Ministry supported the Minister for Disarmament and Arms Control Phil Twyford in Aotearoa New Zealand's active advocacy of the Stockholm Initiative on Nuclear Disarmament, which seeks to promote an ambitious yet realistic agenda for nuclear disarmament in the lead-up to the Review Conference for the Treaty on the Non-Proliferation of Nuclear Weapons in August 2022.



Minister of Disarmament and Arms Control Phil Twyford meeting IAEA Director-General Rafael Mariano Grossi during his official visit to the Agency headquarters in Vienna in June 2022. Credit: IAEA Imagebank

INDICATOR:	Subscription to global disarmament treaties
PROGRESS:	<p><b>TREATY ON THE PROHIBITION OF NUCLEAR WEAPONS</b> 61 states parties (up from 55 in 2020–21).</p> <p><b>ARMS TRADE TREATY</b> 111 states parties (up from 110 in 2020–21).</p> <p><b>CONVENTION ON CLUSTER MUNITIONS</b> 110 states parties (no change from 2020–21).</p> <p><b>COMPREHENSIVE NUCLEAR-TEST-BAN TREATY</b> 172 states parties (up from 168 in 2020–21), with Tuvalu ratifying from the Pacific region.</p> <p><b>TREATY ON THE NON-PROLIFERATION OF NUCLEAR WEAPONS</b> No change.</p>



# Russia Sanctions Act 2022

Public Act  
Date of assent  
Commencement  
Contents

2022 No 6  
11 March 2022  
see section 2

## CASE STUDY

# Russian sanctions

Russian aggression posed one of the gravest threats to the international system in 2021–22.

Shortly after President Putin's announcement on 24 February 2022 of a "special military operation" in eastern Ukraine, Russian armoured units and air support began crossing the border in a full invasion of Ukraine. This was the culmination of months of Russian military build-up and speculation about President Putin's intentions in Ukraine.

Russia's actions were a clear violation of international law and the UN Charter by a permanent member of the UN Security Council. They also showed a brazen disregard for the fundamental principles of international law that underpin Aotearoa New Zealand's security and the international system as we know it.

The Russia Sanctions Act 2022 has been a key pillar of Aotearoa New Zealand's response to support Ukraine and the rules-based international system. The Act was developed and passed under urgency in March 2022 over the course of eight days. In the three months since its passage, sanctions have been applied to more than 780 individuals and entities, including political and military leaders, disinformation actors, defence entities, financial institutions, and economic elites with close ties to President Putin or the Russian regime.

The Act enables Aotearoa New Zealand (acting in concert with many others) to hold Russia to account for its ongoing and illegal aggression. It also exerts pressure on those responsible within Russia with the aim of upholding the rules-based international system and promoting adherence to fundamental principles of international law.

The Act provides the ability to prohibit or restrict activity in Aotearoa New Zealand in relation to persons responsible for or associated with Russia's invasion. It establishes a framework that imposes a wide range of sanctions against Russia, responsible individuals, and any other states that provide illegal aid or assistance to Russian aggression (such as Belarus).

A significant cross-agency effort was required to develop the Act and create and implement a wide-ranging suite of sanctions. The MFAT website [sanctions page](#) contains further details about our work, the sanctions register, and FAQs.

Percentage of  
New Zealand  
goods and  
services exports  
covered by FTAs  
in year ending  
June 2022

■ FTAs in force (64.6%)  
of goods and services  
trade is with countries  
we have an FTA with)

■ FTAs concluded  
but not in force  
(8.7%)

■ FTAs under  
negotiation  
(3.6%)

Total FTAs in force,  
concluded or under  
negotiation

**76.9%**

## Economic Returns & Resilience

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

Trade and investment are essential for Aotearoa New Zealand's prosperity, productivity, and employment and New Zealanders' standard of living. We support international trade rules that, alongside other government policies, support sustainable and inclusive economic development.

The Ministry strives to secure access for exporters on favourable terms to a diverse range of international markets. The conclusion of negotiations for FTAs with the United Kingdom and the European Union will support increased trade diversification, and include significant outcomes for Māori trade and economic cooperation, and environment and labour standards. Important outcomes at the WTO's MC12 demonstrated the value of Aotearoa New Zealand's continued support for the rules-based multilateral trading system.

The Ministry continued to lead work on trade recovery from COVID-19, which included strengthening the resilience of Aotearoa New Zealand's supply chains. This remains a key focus to ensure a sustained economic recovery from the pandemic.

## OUTCOME 1:

### Aotearoa New Zealand's trade policy has been a key enabler of economic recovery from the COVID-19 pandemic, diversified market access and increased export earnings and resilience to future shocks

The Ministry has delivered significant achievements under the Economic Returns and Resilience goal in the past year. These achievements have directly contributed to improved market access for a wide range of goods and services exports in a diverse range of markets.

On 28 February 2022 Aotearoa New Zealand signed a gold-standard FTA with the United Kingdom. Once ratified, this agreement will mean the elimination of all tariffs on New Zealand exports, with duties removed on 99.5 percent of current trade from entry into force. There are significant new duty-free quota access for beef, sheep meat, butter, and cheese, with all quotas and tariffs removed after 5–15 years. It is expected that this FTA will boost Aotearoa New Zealand's GDP by \$700 million to \$1 billion, while New Zealand exporters will save approximately \$37 million per year on tariff elimination alone from day one. Significantly, the agreement has established new benchmarks, including chapter on Māori Trade and Economic Cooperation.

Considerable efforts were made in 2021–22 on the European Union–New Zealand FTA (which was subsequently signed on 1 July 2022). The agreement provides commercially meaningful market access outcomes, particularly in horticulture, fisheries, and services and includes new commitments by 27 European Union Member States for services such as engineering, environment, and education. It is estimated that by 2035 New Zealand exports to the European Union will have increased by 17 percent as a result of the FTA. In sensitive areas of beef and dairy, the FTA delivers new quota access opportunities for exports to the European Union, which will be worth up to \$600 million combined per annum once fully implemented, seven years after entry into force.

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership has continued to expand, with accession requests received from China, Chinese Taipei, and Ecuador. The process for United Kingdom accession continues, and as a Depositary for the agreement Aotearoa New Zealand has worked closely with members to maintain high standards in the general accession process.

The New Zealand–China FTA upgrade entered into force in April, providing better conditions for services exporters, improved market access for goods, and reduced barriers to trade.

Digital trade provisions continue to enable Aotearoa New Zealand businesses to succeed, with new e-commerce chapters in the China FTA upgrade, and the Regional Comprehensive Economic Partnership, agreed in 2020–21, entering into force. Aotearoa New Zealand has also secured review provisions within the digital trade chapters in the United Kingdom and European Union FTAs as part of a range of mechanisms to respond to the findings of the Waitangi Tribunal's Wai 2522 report, while also providing meaningful outcomes for exporters.

New Zealand's trade policy strategy includes a focus on open plurilaterals, with the Digital Economy Partnership Agreement providing a practical demonstration of its effectiveness. Founding members Chile, New Zealand, and Singapore have seen continued progress in accession negotiations with G-20 member the Republic of Korea, and accession requests from G-7 members Canada and China have been received, with accession working parties established in both cases to formally consider these requests for membership.

#### INDICATOR:

**FTAs cover 75% of Aotearoa New Zealand goods and services exports by 2028**

#### PROGRESS:

64.6% (up from 64.5% in 2022–21). Note United Kingdom is 2.7% and European Union is 6.1% but neither is yet in force.

The Ministry has worked with other NZ Inc agencies to resolve 15 non-tariff barriers (NTBs) – measures other than tariffs that countries and economies use to restrict trade, such as licences, quotas, and restrictive requirements – worth an estimated \$354 million in trade. The Ministry worked to remove a new NTB that prevented a tariff-free entry of New Zealand onions to Thailand, as previously agreed under the Thailand–Aotearoa New Zealand Closer Economic Partnership. Additionally, the United States has now added Aotearoa New Zealand to the Committee on Foreign Investment in the United States' list of "excepted foreign states". This will make it easier for New Zealand firms to invest in the United States, particularly when investing in firms developing critical technologies or that deal with critical infrastructure and sensitive personal data. In another case, after nine years of lobbying, access to the Brazilian market for meat and dairy products has improved following the announcement that 38 additional meat- and dairy-processing facilities can export to Brazil.

Work on pandemic trade recovery and supply chains continued to be led by the Ministry in collaboration with other agencies. Aotearoa New Zealand's supply chains remained open and connected. The Ministry played a key role in securing access to critical medical goods, and in conjunction with NZ Inc agencies progressed international engagement on supply chains, including through the announcement of a Supply Chain Working Group with Singapore and a Supply Chain Dialogue with Australia. In order to assist New Zealand businesses, the Ministry published quarterly supply-chain reports, with recipients increasing from 645 in January 2022 to 2,000 by the end of the financial year.

#### INDICATOR:

**Estimated trade value of non-tariff barriers resolved**

#### PROGRESS:

In 2021–22, 15 NTBs covering an estimated NZD\$354 million in trade were resolved. In comparison, 17 NTBs covering approximately NZD\$190 million in trade were resolved in 2020–21.

OUTCOME 2:

Trade and investment have grown in a way that is sustainable and benefits all sectors of Aotearoa New Zealand society and enjoys wider public support

The Ministry remains committed to ensuring Aotearoa New Zealand’s trade policy delivers for all New Zealanders.

The Environment chapter of the United Kingdom FTA sets out a shared commitment to environment and climate change, and demonstrates global leadership on these issues by including a list of 293 environmental goods that qualify for liberalised tariffs. It also contains commitments on areas including deforestation, biodiversity, sustainable agriculture, and the transition to a circular economy, and strengthens cooperation on these issues. The Trade and Sustainable Development chapter of the European Union FTA builds on these outcomes, and has innovative new provisions on trade and gender equality, requiring the effective implementation of obligations under the UN Convention on the Elimination of All Forms of Discrimination against Women. It also includes ground-breaking commitments to implement the Paris Agreement effectively, with the possibility of trade sanctions for serious and substantial violations.

Market access outcomes achieved under trade agreements, particularly the United Kingdom and European Union FTAs, benefit a broader sector of Aotearoa New Zealand society, including the regions, women, Māori, and small and medium-sized enterprises (SMEs). Both the United Kingdom and the European Union FTAs contain leading-edge commitments in trade and labour, and trade and the environment, as well as new commitments to trade and gender equality and chapters on Consumer protection and SMEs. Negotiators involved in both the United Kingdom and the European Union FTAs engaged extensively with Māori. Māori economic and trade interests were prioritised, with chapters on Māori Trade and Economic Cooperation and accelerated tariff elimination for goods of Māori interests achieved.

Treaty partner views on a range of other issues were reflected as far as possible (for example in the Digital chapter of the European Union FTA).

Parties to the Agreement on Climate Change, Trade and Sustainability (ACCTS) – another New Zealand-led open plurilateral agreement – made progress in expanding the list of prospective environmental goods for tariff elimination. The removal of tariffs on environmental goods would help ensure that these products and technologies are incentivised as part of green economic recovery initiatives. Significant progress is also being made under this agreement to classify and develop an environmentally ambitious list of environmental and environmentally related services, recognising that services can contribute to addressing pressing environmental challenges, and thus also contribute to sustainable development.

INDICATOR:	Effective provisions on environment and labour standards in Aotearoa New Zealand FTAs
PROGRESS:	Aotearoa New Zealand secured high-quality binding and enforceable commitments on labour and environment in the United Kingdom and European Union FTAs and is advancing the same in the ACCTS.

OUTCOME 3:

International connections have supported Aotearoa New Zealand businesses to compete better in the global economy

As borders gradually reopened throughout the year, the Ministry led a cross-agency refresh of the Trade Recovery Strategy, positioning Aotearoa New Zealand to recover from the impacts of COVID-19 and to seize new opportunities for exports and investment. A number of successful Prime Minister-led trade-supporting visits supported the refresh, with Prime Minister Ardern visiting Singapore, Japan, the United States, and Belgium in 2021-22.

With travel restrictions still in place for most of the 2021-22 year, the use of traditional MFAT connections to support business was hampered. However, the Ministry sought to support businesses by continuing to ensure comprehensive market analyses were available, including through publishing 135 “Market Intelligence” reports. These reports were avidly read by businesses, with more than 131,000 page views of the “MFAT Market Report” section of the Ministry’s website in the past year.

The Ministry continued to work in country to enable New Zealand businesses to compete more effectively. For example, NZ Inc cooperation enabled New Zealand businesses to maintain their profiles in the North Asia region.





Minister for Trade and Export Growth Damien O'Connor, acting as Minister-Facilitator for the fisheries subsidies negotiations at the WTO's 12th Ministerial Conference. Credit: WTO/Jay Louvion

## CASE STUDY

# Aotearoa New Zealand leadership at the WTO

The WTO is of vital importance to Aotearoa New Zealand. As a small, export-orientated economy, we rely on a predictable rules-based trading system to deliver returns to our exporters and provide goods and services to our people. The WTO is central to that system. However, the WTO and multilateral institutions more broadly have been facing increasing pressure from rising protectionism, exacerbated by the war in Ukraine, and deep differences among its members.

Given these pressures, the outcomes achieved at the WTO's MC12 provided a welcome boost to the multilateral system. As a consistent supporter of the WTO, Aotearoa New Zealand played a significant role in these outcomes, including via Minister for Trade and Export Growth Damien O'Connor's appointment as Minister-Facilitator of the fisheries subsidies negotiations.

After 21 years of negotiations, in which Aotearoa New Zealand was at the forefront in calling for an agreement on fisheries subsidies, disciplines were agreed on subsidies related to: illegal, unreported, and unregulated fishing; over-fished stocks; and fishing taking place on the unregulated high seas – the WTO's first agreement on a trade and environment issue. Although WTO members could not agree to all the proposed disciplines, they did agree to continue negotiations on outstanding issues ahead of the WTO's 13th Ministerial Conference.

Ministers also committed to reforming the WTO itself, including with a full and well-functioning dispute-settlement system accessible to all members by 2024. This has been a long-standing objective for Aotearoa New Zealand. It is important to ensure that the international trading system is built on rules that all can support, abide by, and, where necessary, enforce.

WTO members also agreed on a package of responses to global crises, including pandemics and food insecurity. As an early supporter of a TRIPS Agreement waiver for vaccines, this was a welcome outcome for Aotearoa New Zealand. It will make it easier for developing countries to access vaccine intellectual property.

Finally, WTO members agreed to renew the e-commerce moratorium until the next Ministerial Conference. This will continue the long-standing practice of not applying tariffs or duties to electronic transmissions, which is crucial to growing the digital sector.

Disappointingly, however, consensus was not possible on agriculture trade reform. Aotearoa New Zealand will continue to advocate for meaningful reductions in domestic support subsidies, which contribute to climate change and harm oceans and biodiversity.





Prime Minister Jacinda Ardern and Japanese Prime Minister Fumio Kishida inspect an honour guard ahead of the Japan–New Zealand Summit in Japan in April 2022. Credit: Yuichi Yamazaki

## Indo-Pacific

### **Embed Aotearoa New Zealand as an active and integral partner in shaping an Indo-Pacific order that delivers regional stability and economic integration**

The Indo-Pacific region is vital for the prosperity and security of Aotearoa New Zealand. It is important that Aotearoa New Zealand continues to be an active partner in helping shape an Indo-Pacific order that delivers regional stability and economic integration in a sustainable and inclusive way.

Geopolitical tensions are rising in the region. COVID-19 and climate change have aggravated pre-existing challenges, including in respect of economic resilience, human development, and regional cohesion.

The past year has seen Aotearoa New Zealand's engagement in the region continue to intensify. Our hosting of APEC 2021 further enhanced Aotearoa New Zealand's reputation as a principled, reliable, and innovative global citizen. The Ministry delivered a number of significant policy initiatives, including a collaborative regional response to the economic impacts of COVID-19, an enhanced connection of Indigenous Peoples to the work of APEC, and a mainstreaming of climate change across the APEC agenda.

## OUTCOME 1:

### The existing Indo-Pacific architecture has delivered greater regional prosperity and security outcomes that advance our interests

Aotearoa New Zealand's hosting of a fully virtual APEC 2021 (see case study on page 23) enhanced our reputation as a principled, reliable, and innovative global player.

A number of important new policy initiatives were achieved in our host year, including: the distribution of COVID-19 vaccines; a standstill on fossil fuel subsidies; the promotion of paperless trade and fully digitalised border processes; the mainstreaming of climate change as a priority issue in APEC's agenda; and the economic empowerment of indigenous peoples being embedded as an APEC focus going forward.

Such tangible and practical results on a range of difficult and contentious issues demonstrated the **relevance of APEC in ensuring greater regional prosperity**.

Aotearoa New Zealand was also seen as an enabler of digital diplomacy, able to adeptly improve processes and practices to enable the delivery of significant outcomes in a hitherto novel environment.

Aotearoa New Zealand continues to support engagement on strategic regional issues through the **East Asia Summit**, which is the premier leader-level political and security forum in the Indo-Pacific. This included the Ministry supporting the attendance of the Prime Minister and Minister of Foreign Affairs at the East Asia Summit and the preceding Foreign Ministers Meeting, hosted virtually by Brunei Darussalam in October and August 2021 respectively.

Aotearoa New Zealand also continues to demonstrate its **commitment to peaceful, open, and cooperative regionalism**. In the wake of Russia's invasion of Ukraine, we invested in ensuring a collective, strategic approach to managing potential disruptions within the regional architecture, while ensuring the architecture itself remained robust and centred on ASEAN (the Association of Southeast Asian Nations).

Speeches by both the Prime Minister and the Minister of Foreign Affairs, as well as high-level visits to the region, underlined Aotearoa New Zealand's commitment to and engagement in the Indo-Pacific.

#### INDICATOR:

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

#### PROGRESS:

The Success Management Report assessed that **85%** of the key performance indicators were achieved against the five strategic objectives:

1. Lead a collaborative regional response to the economic impacts of COVID-19.
2. Demonstrate the relevance of APEC.
3. Demonstrate New Zealand's partnership with Māori and inclusive approach by connecting Indigenous Peoples to the work of APEC.
4. Profile New Zealand to support our trade recovery strategy.
5. Position New Zealand as an enabler of digital diplomacy.

## OUTCOME 2:

### Emerging Indo-Pacific regional and sub-regional systems include Aotearoa New Zealand, support free trade and open regional development, and champion the rule of law

The most significant legacy of Aotearoa New Zealand's APEC 2021 host year was the Aotearoa Plan of Action (APA). The APA, in which we play a decisive role, sets out a new mission statement for APEC for the next 20 years, elaborating on the organisation's trade and economic agenda.

Under Aotearoa New Zealand's chairing, APEC reviewed the overall structure, efficiency, and effectiveness of its institutional ecosystem. While significant change was not agreed, the exercise to review and reflect on the structure provided valuable learnings to the organisation.

Aotearoa New Zealand and 12 other economies joined the United States in launching the Indo-Pacific Economic Framework for Prosperity on 23 May 2022. The IPEF is intended as a future-focused economic cooperation framework, covering a range of priority economic and trade issues. There is potential for it to become a forum for regional rule-making and norm-setting in areas such as digital, supply chain resilience, trade facilitation and the removal of non-trade barriers, carbon pricing and markets, and potentially border-adjustment measures. The Framework also presents a valuable opportunity to pursue Aotearoa New Zealand's climate objectives at a regional level.

## OUTCOME 3:

### Levels of integration and engagement with ASEAN have delivered significant benefits to Aotearoa New Zealand in economic and security terms

2021 saw ASEAN and Aotearoa New Zealand implement a new, five-year ASEAN-NZ Plan of Action under the four pillars of peace, prosperity, people, and planet. The Plan of Action provides an opportunity to enhance cooperation, reinforce ASEAN centrality, and demonstrate Aotearoa New Zealand's reputation as a reliable and trusted partner.

At the end of 2021 the Ministry supported the Minister of Foreign Affairs' visit to Indonesia to celebrate the 46th year of dialogue relations between Aotearoa New Zealand and ASEAN. Significant new initiatives were announced: the ASEAN Trade Academy; the first of three courses targeting transnational organised crime and maritime security; and a contribution of \$500,000 to the establishment of the ASEAN Centre for Climate Change in Brunei. The Ministry also successfully launched a capacity-building initiative to implement e-learning within the ASEAN Coordinating Centre for Humanitarian Assistance on disaster management.

Under the new Plan of Action, Aotearoa New Zealand's actions have reinforced our commitment to implementing our shared ambition for a deeper, stronger, and mutually beneficial ASEAN-New Zealand Strategic Partnership, with a focus on areas where ASEAN and New Zealand have expertise and mutual interests.

Within the first year of the Plan of Action, we delivered 88 percent (61/69) of the cooperation areas agreed under the Plan, spanning peace and stability, agriculture, renewable energy, scholarships and training, disaster resilience, health, climate change response, socioeconomic recovery from COVID-19 impacts, and efforts to narrow the development gaps between ASEAN Member States through the Initiative for ASEAN Integration. We invested \$45.24 million in these initiatives in 2021-22, including \$7.27 million for the COVID-19 response measures, bringing the total ASEAN COVID-19 response funding to \$36.79 million since the pandemic began (in addition to the 683,000 doses of the AstraZeneca vaccine that were provided through COVAX to Indonesia in 2021).

Despite ongoing border restrictions continuing to affect Aotearoa New Zealand's scholarship programmes, strong connections have been maintained. A set of Short Term Training Scholarships for 98 ASEAN participants were provided, themed on public health management, public sector leadership, trade policy, and good governance, while a refresher course was provided for 160 alumni of the English Language Training for Officials programme.





## APEC Economic Leaders' Meeting

12 November 2021

### CASE STUDY

# APEC Leaders Week 2021

Chaired by Prime Minister Jacinda Ardern, the APEC Economic Leaders' Meeting 2021 saw 21 Asia-Pacific economies join together to agree on a regional response to the COVID-19 pandemic, and to launch the Aotearoa Plan of Action (APA) – a workplan to realise an open, dynamic, resilient, and peaceful Asia-Pacific community by 2040. The endorsement of the APA reaffirmed the long-term commitment held by leaders to APEC as an institution.

Aotearoa New Zealand's host year achievements were the culmination of more than 350 virtual meetings of officials, ministers, and leaders from throughout the region. Policy highlights included: building consensus on accelerating access to vaccines; successfully taking a stand against protectionism (in support of the multilateral trading system); a mainstreaming discussion of climate change and sustainability; and ensuring the region's 270 million indigenous peoples had, for the first time, a place in APEC's agenda.

Reaching consensus on defining policy issues was important, but the success of the 2021 APEC Economic Leaders' Week was not limited to this. During a time of closed borders and physical distance, the Leaders' Week events enabled people from throughout the region to reach out and connect – to bring different perspectives to common problems, and to share their experiences and expertise.

At a two-day flagship CEO Summit of senior business people from the Asia-Pacific region and beyond, discussions focused on the biggest challenges facing the planet. Attracting more than 1,000 online delegates and reaching many more "livestreamed", the

event provided a unique opportunity for New Zealand businesses to engage with world leaders, influential chief executives, thought leaders, and investors from around the region. They included former German Chancellor Angela Merkel, human rights lawyer Amal Clooney, Microsoft President Brad Smith, PwC Global Chair Bob Moritz, and seven APEC leaders.

Approximately 90 youth delegates from around the region came together in this online conference (also livestreamed). A further 45 Aotearoa New Zealand students participated in a parallel online domestic event organised by the APEC Voices NZ Trust and the Auckland University of Technology. The conference provided opportunities for young people to learn about and discuss the issues on the table for APEC ministers and leaders and to voice their opinions through a Youth Declaration, which was presented to the Prime Minister, who addressed the delegates and took part in a Q&A session.

In the lead-up to Leaders' Week, Te Manawatōpū was a highly successful Indigenous to Indigenous Dialogue, attended by 75 participants and viewed by an estimated 17,000 people. The Dialogue was hosted by Te Rangitūkupu (the APEC 2021 Māori Partnership Group). With Indigenous speakers from Canada, the Philippines, and Mexico, attendees connected on issues surrounding indigenous enterprises and community.

The APEC Economic Leaders' Week 2021 was truly an opportunity to Join, Work, Grow, Together.

Haumi ē, Hui ē, Tāiki ē



Minister of Foreign Affairs Nanaia Mahuta greeting an elder of Tamavua-i-Wai, an informal settlement in Suva where the implementation of the Revitalising Informal Settlements and their Environments (RISE) programme – which is supported by International Development Cooperation programme funding – has improved site drainage and sanitation, strengthened homes' water resilience, and reduced vulnerability to flooding and the effects of climate change. Source: MFAT

## Pacific

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

Aotearoa New Zealand is a Pacific country. We share an ocean, a past, and a future with our Pacific whanaunga. We work actively to secure a peaceful, stable, prosperous, and resilient Pacific in which Aotearoa New Zealand is a true partner. Being of the Pacific shapes Aotearoa New Zealand's outlook and priorities in the world.

The Pacific region is facing an array of challenges and changes — climate, social, environmental, economic, and security. Aotearoa New Zealand's Pacific Resilience Approach provides a framework for our values-based approach to working in the Pacific, affirming Pacific-owned and -led development, and working within established regional practices while supporting regional institutions. Our strength and success as a region rely on Pacific countries acting together. We have continued to support regional unity, good governance, and strong regional institutions.



## OUTCOME 1:

### **Aotearoa New Zealand has supported Pacific island countries to weather the storm of COVID-19 and resume a pathway to enduring economic and social wellbeing**

In order to better reflect Aotearoa New Zealand's values-based approach, the Ministry led an NZ Inc shift to a Resilience Approach to working in the region, which acknowledges that building long-term resilience throughout the region requires an ecosystem response. We implemented this approach in all workstreams and have sought to work with each of our Pacific partners to identify shared objectives that create impact and build positive change. In light of our shared communities and the cross-regional nature of challenges as well as opportunities, the approach addresses the significant overlap in the effects of our domestic and international policies where the Pacific is concerned.

Pacific countries continued to support their own livelihoods, with many establishing COVID-19 support plans and packages. Aotearoa New Zealand acted quickly, alongside other development partners, to contribute to funding these packages. In 2021-22 the Ministry disbursed a total of \$162.3 million in emergency budget support to Pacific countries.

Aotearoa New Zealand's budget support allowed Pacific governments to respond flexibly and rapidly to the pandemic in line with their own objectives and interests, and recognised that each country had different priorities for their response and recovery. The budget support: contributed to improving the macroeconomic and social stability of Pacific countries; demonstrated Aotearoa New Zealand's commitment to the wellbeing of the Pacific; and supported Pacific countries to resume their paths towards economic resilience and achieving the UN Sustainable Development Goals in line with broader International Development Cooperation (IDC) programme objectives.

Vaccines and other health support were key to guarding against serious health impacts and supporting Pacific countries in their recovery from COVID-19. We focused our bilateral Pacific vaccine support on Samoa, Tonga, the Cook Islands, Tokelau, Niue, Tuvalu, and Fiji. Aotearoa New Zealand provided vaccines from our domestic portfolio supply to these countries, contributing to high vaccination coverage. To date we have provided a total of 298,130 Pfizer vaccine doses to Polynesian countries, and 59,560 doses to Fiji (with the majority of these in the 2021-22 financial year). Other health support included providing personal protective equipment, medical and testing equipment and supplies, and clinical support.

The Ministry helped ensure that Aotearoa New Zealand's border settings took into consideration our Pacific relationships and our commitment to supporting resilience in the region and helping to prevent the spread of COVID-19. Extensive cross-agency efforts, led by the Ministry, opened one-way, QFT with Samoa, Tonga, and Vanuatu in October 2021, enabling the entry of more than 11,000

Recognised Seasonal Employment (RSE) workers to Aotearoa New Zealand. As Aotearoa New Zealand reopened in 2022, the Ministry worked to ensure that access from the Pacific was prioritised, reflecting the importance of our cultural, economic, and social connections across the region.

The Ministry continued to assist the Pacific region in addressing gender inequality during the year, by implementing its inclusive development approach. The Government appointed Louisa Wall as Ambassador for Gender Equality (Pacific)/Tuia Tāngata, and the Ministry's IDC Human Rights Strategic Plan was endorsed in November 2021. The Ministry also commenced providing core funding to the Pacific Sexual and Gender Diversity Network, enabling capacity building and technical support for civil society organisations working on sexual orientation, gender identity, gender expression, and sex characteristics rights throughout the region.

The Ministry supported Pacific health systems to improve health outcomes and advance towards universal health coverage, particularly through a focus on augmenting primary healthcare and community-based services for vulnerable populations. This support was especially valuable during the pandemic to mitigate disruptions in the delivery of essential health services that were caused by the pandemic. The Ministry of Health's IDC-funded Polynesian Health Corridors programme strengthened connections between Aotearoa New Zealand's health system and the health systems of six Polynesian countries. This was instrumental in facilitating the exchange of knowledge and insights on the COVID-19 response between countries.

Improving access of Pacific learners to high-quality, equitable, and relevant education is an ongoing focus. Aotearoa New Zealand's investment in secondary education was a key priority, with investments aimed at helping to diversify pathways for students to pursue alternative education and training opportunities that can help them thrive. Our largest investment in post-secondary-school education continues to be the Manaaki Aotearoa New Zealand Scholarships Programme. Aotearoa New Zealand's funding for early childhood education (ECE) has increased in the past year. The Aotearoa New Zealand-UN Pacific partnership has supported UNICEF (the United Nations Children's Fund) to deliver outcomes in ECE in Solomon Islands, Tonga, Tuvalu, Vanuatu, and Fiji, with our funding supporting ECE analysis and planning in all five countries.

Aotearoa New Zealand continued a programme of reform-linked general budget support, focused on strengthening economic governance in Fiji, Kiribati, Nauru, Papua New Guinea, Samoa, Solomon Islands, Tonga, and Tuvalu. These countries remain on track with their planned economic and public-sector reform programmes.

The Ministry's Pacific Infrastructure Technical Assistance Fund has continued to assist Pacific governments to access high-quality construction finance by providing the economic and technical viability of infrastructure projects. The fund's value to the region has been demonstrated by Pacific partners requesting follow-up support.



<b>INDICATOR:</b>	<b>Measures of Sustainable Development Goal progress in Pacific island countries</b>
<b>PROGRESS:</b>	<p>Number of goals with improving trends against the total number of goals with data available:</p> <ul style="list-style-type: none"> <li>Federated States of Micronesia (6/9), Fiji (11/16), Kiribati (6/11), Marshall Islands (3/8), Nauru (5/9), Palau (5/8), Papua New Guinea (6/15), Samoa (8/16), Solomon Islands (5/14), Tonga (11/12), Tuvalu (5/9), and Vanuatu (6/15).</li> </ul> <p>Overall 8/12 countries show an improving trend for at least 50% of the goals – where data is available.</p>

<b>INDICATOR:</b>	<b>Growth rate of GDP (% per year) for Pacific bilateral partners</b>
<b>PROGRESS:</b>	<p>2021: -0.6%.</p> <p>2022: 3.9%.</p> <p>(Source: <a href="#">Asian Development Outlook</a>)</p>

## OUTCOME 2:

### Partnership with Aotearoa New Zealand has enabled a stable, secure, resilient and well-governed region

Aotearoa New Zealand's support for more capable and better-performing law-enforcement and border-security agencies at both regional and bilateral levels contributed to better governance and stronger democracies in the Pacific region.

The Ministry continued to provide support to Pacific national and regional law-enforcement agencies to build capacity and capability to respond to transboundary security threats, including through the provision of support to both the Pacific Transnational Crime Unit and the Pacific Transnational Crime Coordination Centre.

The Ministry-funded Pacific Detector Dog Programme continued providing remote support for Detector Dog Units in Fiji, Cook Islands, Samoa, and Tonga.

The Ministry worked collectively with Aotearoa New Zealand agencies, including New Zealand Police, the Ministry of Business, Innovation and Employment (MBIE), Immigration New Zealand, and the New Zealand Customs Service to maintain progress, even as COVID-19 continued to constrain the delivery of key initiatives. Immigration New Zealand supported the operationalisation of the new Cook Islands Immigration Act 2021, while the New Zealand Customs Service provided mentorship and training to enhance Pacific officials' knowledge and skills.

Our regional security initiatives were supplemented by significant bilateral policing partnerships with Bougainville, Fiji, Solomon Islands, Tonga, and Vanuatu. For example, New Zealand Police continued to provide advisory and capacity-

building support to the Royal Solomon Island Police Force through the long-standing Solomon Islands Policing Support Programme, which has a focus on community policing and crime prevention. Aotearoa New Zealand also continued to support Bougainville and Papua New Guinea in ongoing consultations under the umbrella of the Bougainville Peace Agreement.

The Ministry continued to support Pacific governments to lead their own responses to natural disasters and ensure that our responses are based on priority needs. We worked closely with governments and their respective national disaster-management offices to identify the gaps in their responses that Aotearoa New Zealand could fill most effectively.

Following the January 2022 eruption of the Hunga Tonga-Hunga Ha'apai volcano, which led to the combined impacts of ashfall and tsunami affecting multiple Tongan islands, Aotearoa New Zealand provided a package of assistance aligned with Tonga's post-disaster priorities, with a total value of \$3.3 million. The Ministry provided timely and impactful emergency assistance actions, including facilitating New Zealand Defence Force (NZDF) P3 surveillance flights of affected areas, delivering a wide range of relief supplies, including personal protective equipment and transformers, from Aotearoa New Zealand on five NZDF C-130 flights, and providing more than 500,000 litres of safe drinking water from the HMNZS Aotearoa and HMNZS Canterbury.

Pacific countries were supported in strengthening their effective evidence-based decision-making to improve their sustainable resource management and reduce their vulnerability to climate risks. For example, the Aotearoa New Zealand–Japan-funded Pacific Climate Change Centre provided training for 200 country officials on coastal management, climate science, access to climate finance, and disaster risk management.

The Ministry continued its implementation of a dedicated programme of climate change support in the Pacific. Aotearoa New Zealand met its 2019–2022 \$300 million climate finance commitment in July 2021, 18 months ahead of schedule. As a result of this programme, 27 Pacific governments and institutions were supported to develop long-term climate-resilience plans under Aotearoa New Zealand-funded programmes. In addition, the Climate Resilient Islands Programme in Tonga and Fiji, which supports nature-based adaptation solutions at community levels, was officially launched.

The mainstreaming of climate change investment across the IDC programme continues to be successful. In addition to climate-change-specific activities, more than 75 IDC-funded initiatives reported contributions to climate-change goals in the Pacific.

The Ministry supported the sustainable management of natural resources and the protection of the environment in the Pacific through core funding to regional agencies, targeted bilateral and multi-country projects, and policy engagement with Pacific partners. Te Pāui fisheries capacity-building programme, an IDC-funded programme delivered by the Ministry for Primary Industries (MPI) and regional agencies, successfully delivered capacity-building programmes in fisheries management

and monitoring, control, and surveillance. Ecosystem-based adaptation was also supported through a range of initiatives. These include the invasive species management activity, a partnership with the Department of Conservation, Manaaki Whenua – Landcare Research, and the Secretariat of the Pacific Regional Environment Programme (SPREP). One outcome from this was the establishment of the **Pacific Regional Invasive Species Management Support Service office to help Pacific countries manage introduced pests and weeds.**

Aotearoa New Zealand focused on **strengthening resilience through improved governance in the region**, with three priority workstreams: **strengthening transparency and accountability; improving access to justice; and public sector capacity and capability building.** The Ministry provided support, through the Pacific Association of Supreme Audit Institutions and the New Zealand Office of the Auditor-General, to Pacific national audit offices to strengthen their independence and help them to present more timely audits that meet international standards. We also continued to raise the profile of corruption as a serious national and regional development challenge, including through establishing a partnership to implement the Teieniwa Vision on Pacific Unity Against Corruption.

Aotearoa New Zealand continued to core fund regional organisations to provide technical and scientific support to Pacific countries as they regroup and rebuild from COVID-19. For example, SPREP has carried out important work, notably on **Pacific countries' need for increased access to climate finance, the need for COVID-19 recovery packages to promote climate resilience, and the need to ensure that the Pacific voice is present in the global conversation on climate change and biodiversity.** The Pacific Community, with its mandate and focus as the premier science and technical organisation in the Pacific, delivered well under strong leadership, and its investment in virtual and digital technology meant the agency reached more people than ever before to deliver training and capacity building. The **Pacific Islands Forum Fisheries Agency also performed well** against its key objectives, including ensuring effective fisheries management regimes are in place and supported.

<b>INDICATOR:</b>	<b>Proportion of Aotearoa New Zealand responses to natural disasters in the Pacific that are launched within mandated timeframes</b>
<b>PROGRESS:</b>	One response launched – 100% within mandated timeframes: <ul style="list-style-type: none"> <li>Hunga Tonga-Hunga Ha'apai volcano – Tonga.</li> </ul>

<b>INDICATOR:</b>	<b>Proportion of key tuna fish stocks within biologically sustainable levels, in the Pacific (Sustainable Development Goal: 14.4.1)</b>
<b>PROGRESS:</b>	100% (4 out of 4 key tuna stocks, equal to the 2020–21 result).

#### INDICATOR:

#### Government Effectiveness Index in bilateral partner countries

#### PROGRESS:

Average rank of 41.8 up from 39.4 in 2020–21 across 12 bilateral partner countries where data was available. 9/12 showed improving trend in the past 10 years (2011–2020).  
(Source: World Bank).

### OUTCOME 3:

#### A Pacific strategic environment conducive to Aotearoa New Zealand's interests and values has been preserved and our influence as a preferred and prominent partner maintained

In 2021–22 Aotearoa New Zealand continued to work to ensure that **strong and collaborative Pacific partnerships** could deliver effective shared responses to the region's challenges. The Minister of Foreign Affairs had a number of in-person and virtual engagements with Pacific counterparts and other senior Pacific leaders in the region. The Samoan Prime Minister's visit to Aotearoa New Zealand in June 2022 was a notable and very successful example of bilateral engagement.

The Pacific Islands Forum Leaders' Declaration on Preserving Maritime Zones in the Face of Climate Change-Related Sea-Level Rise was the culmination of strong regional consensus on addressing the potential reduction of maritime zones due to sea-level rise. The outcome was a key priority for Aotearoa New Zealand and regional agencies, and Forum members were active in advocating for the Declaration internationally. This included advocacy at the 2021 Our Ocean Conference in Palau, for which the Ministry provided financial support. The Associate Minister of Foreign Affairs' Aupito William Sio participation at the event highlighted both Aotearoa New Zealand's and the broader region's ambition on ocean issues.

Given the **importance of regional unity**, the Ministry encouraged all Pacific Island Forum members to remain members and be actively engaged in Forum processes. This contributed to greater Forum unity and cohesion than there had been 12 months earlier. Our engagement included: participating in the committee drafting the Appointment Procedures for the Secretary-General; providing funding for logistics costs for members to attend the Political Dialogue Mechanism; engaging bilaterally to better understand the issues at hand; and providing significant support for and involvement in drafting the 2050 Strategy for the Blue Pacific Continent.

The Ministry also engaged with Pacific countries on international and domestic issues of importance to Aotearoa New Zealand. This included working closely with Pacific countries as they developed and then implemented their border re-opening plans, sharing our own experiences, and supporting Pacific countries to reopen safely on their own terms.

In order to strengthen resilience in the region to mitigate security threats and increase stability, Aotearoa New Zealand targeted appropriate action and support. Our support for law-enforcement and border-security agencies continued to contribute significantly to creating peaceful and stable civic foundations built on trust. We also supported responses to immediate threats in the region, including by participating in the deployment of a regional security contingent to Honiara in late 2021 to support the Royal Solomon Islands Police Force following civil unrest. 2021-22 saw multi-agency efforts by Aotearoa New Zealand to support preparations for the important upcoming general elections in Fiji and Papua New Guinea, which will take place in the next financial year.

We continued to work closely with Australia, with reinforced coordination and engagement on shared Pacific objectives. We participated with Australia in a range of high-level trilateral meetings and strategic dialogues with key partners on an array of development, security, and geopolitical issues affecting the Pacific region. Responding to the impacts of the COVID-19 pandemic in the region allowed for further cooperation on an assortment of issues, including health security. We also continued to work closely with Australia on the governance of Pacific regional agencies, with our coordination reinforcing the importance of regional architecture.

We worked to strengthen engagement with other key partners in the region. Aotearoa New Zealand worked actively to encourage external partners (such as the United States, China, Japan, and Europe) to link engagement with the region to the Pacific’s own priorities – including the 2050 Strategy for the Blue Pacific Continent. We sought to ensure that new initiatives supported and upheld the existing Pacific-led regional architecture. For example, Partners in the Blue Pacific (announced in June 2022) is an inclusive and informal mechanism designed to drive resources, remove duplication, and close gaps among partners. Aotearoa New Zealand’s engagement has ensured that this mechanism is guided by Pacific priorities, is respectful of the existing regional architecture, and delivers outcomes in partnership with Pacific countries. Separately, close cooperation with the ADB, the International Monetary Fund, and the World Bank remained important as the Ministry designed Aotearoa New Zealand’s economic responses to the pandemic in the region.



Associate Minister of Foreign Affairs Aupito William Sio at the 7th Our Ocean Conference hosted by Palau and the United States in Palau in April 2022. Credit: Jesse Alpert/U.S. Department of State

<b>INDICATOR:</b>	<b>Evidence of partnerships between Aotearoa New Zealand and Pacific bilateral partners strengthened</b>
<b>PROGRESS:</b>	3/12 partnerships assessed as “extremely strong and constructive”, 2/12 assessed as “very strong and constructive”, and 7/12 assessed as “somewhat strong and constructive” (compared to 6/12 assessed as “very strong and constructive” and 6/12 as “somewhat strong and constructive” in 2020–21).



RSE workers board the first quarantine-free-travel flight from Vanuatu to Aotearoa New Zealand on 4 October 2021. Credit: Vanuatu Tourism Office

## CASE STUDY

# Establishing quarantine-free travel with Samoa, Tonga and Vanuatu

Maintaining connections with the Pacific has been a priority for Aotearoa New Zealand during the COVID-19 pandemic – and part of Aotearoa New Zealand's approach to supporting Pacific resilience. While border restrictions were in place to keep COVID-19 out, the Ministry led a process to establish QFT from COVID-19-free Pacific island countries.

In July 2021 Cabinet directed the Ministry to lead the discussions with Samoa, Tonga, and Vanuatu. Securing one-way QFT was a win-win. It would help to address critical labour shortfalls in the horticultural sector through increasing the flow of RSE scheme workers, reduce pressure on managed isolation and quarantine (MIQ) facilities, and support economic recovery in the Pacific. It would also mean that Pacific partners would not be exposed to the unnecessary risk of COVID-19 being imported from Aotearoa New Zealand while they increased vaccination levels.

This achievement required commitment, expertise, and collaboration from people in the Ministry and in the public service, our posts, and partner governments. Work on QFT included everything from health settings and vaccination requirements, to the ability of travellers to

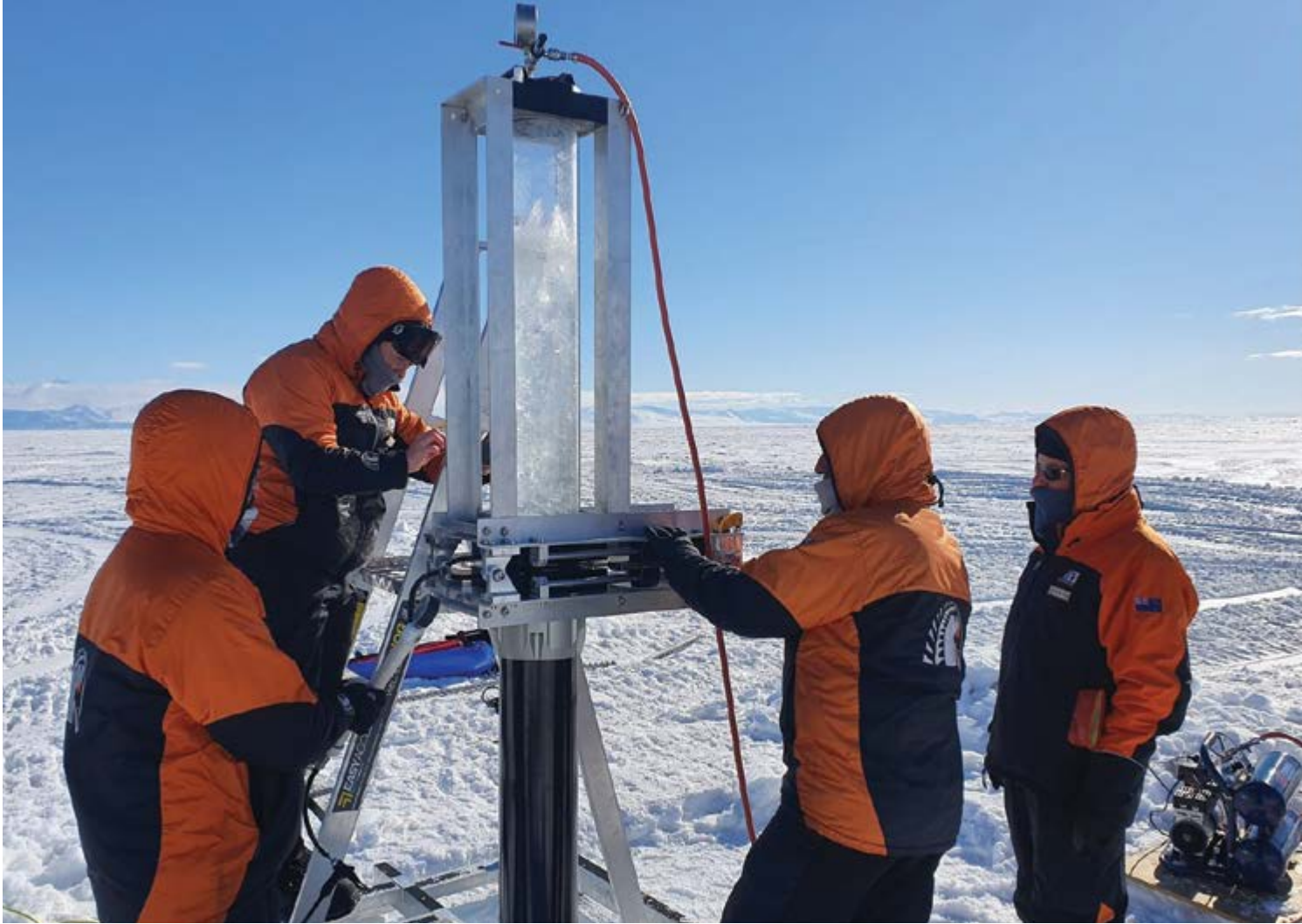
return home. Support from airlines and the horticulture industry was also essential. It was kotahitanga in action. Manākitanga was shown by everyone involved.

There were twists and turns along the way – including the Coronavirus-Delta variant outbreak in Aotearoa New Zealand. After numerous Cabinet discussions, prime ministers signed the arrangements and the first QFT flights arrived from Vanuatu and Samoa in early October 2021 under a trial for RSE workers only. Following a month of success, Aotearoa New Zealand extended QFT to New Zealand citizens, government representatives, medical transfers from Samoa, Tokelau, Tonga, and Vanuatu and, later, Manaaki scholars.

Ahead of the wider Reconnecting Aotearoa New Zealanders approach, QFT brought in thousands of RSE workers, generating economic benefits for New Zealand and Pacific partners. QFT supported our Pacific relationships, and the important connections between our countries.







Scientists collecting platelet ice samples from underneath the sea ice in Antarctica. Photo: Brett Grant

## Environment & Climate Change

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

The climate and environmental risks facing Aotearoa New Zealand and our people, our region, and the world are becoming increasingly complex. Global cooperation and ambitious action are needed more than ever to tackle these challenges.

Aotearoa New Zealand is party to a range of global environmental treaties, including treaties on climate change and biodiversity. The Ministry supports Aotearoa New Zealand's responsibility to ensure that those treaties and other international actions deliver tangible global progress and reflect national values and interests.

Despite the difficult international operating environment, progress has been made on delivering strong environmental outcomes. These have included the garnering of global support for establishing an agreement to end plastic pollution in the marine environment, and increases in global climate change ambitions.

## OUTCOME 1:

### The global response to climate change reflects Aotearoa New Zealand's ambitions, including for Pacific climate resilience

While COVID-19 has continued to affect the Ministry's work on international environment issues in the past 12 months, significant progress has been made on ensuring that the **Paris Agreement and other international mechanisms are effective** and reflect Aotearoa New Zealand's ambitions and circumstances.

The Minister of Climate Change led Aotearoa New Zealand's delegation to COP26 in Glasgow, where the remaining **Paris Agreement guidelines were completed**. Rules relating to scrutiny, environmental integrity, and ambition, including on the enhanced transparency framework and carbon markets, were agreed. **Multilateral rules that support cooperation** in reducing emissions in other countries, allowing for use towards meeting Nationally Determined Contributions under the Paris Agreement, provide clarity that such cooperation will need to include measures that ensure environmental integrity and compliance with the rules.

Aotearoa New Zealand has continued to deliver on its commitment to **building capacity and capability in the Pacific to access climate finance** from multilateral institutions. This has included supporting both SPREP and the Pacific Community, as well as continuing to advocate at both the Global Environment Facility and the Green Climate Fund for **simplified procedures and processes in accessing finance**. In April 2022 we announced an increase in funding for the **Global Environment Facility to \$23.5 million** for the period 2022-2025. This increase is in line with our recognition that multilateral solutions have a key role to play in scaling up our climate finance portfolio.

Aotearoa New Zealand continues to **lead international actions to reform fossil-fuel subsidies**. The **Joint Ministerial Statement on Fossil Fuel Subsidy Reform** at the WTO attracted **45 co-sponsors** when it was launched on 14 December 2021, a further increase in support. Following Aotearoa New Zealand's successful leadership of APEC 2021, APEC countries agreed to take **practical steps to transition away from carbon**, with further agreements to halt the increase in subsidies to fossil fuels.

The **FTA with the European Union**, negotiated through much of 2021-22 and concluded on 1 July 2022, delivered significant outcomes on environmental issues, including new commitments by the European Union on **fossil fuel subsidy reform, fisheries**

subsidies, and legal enforcement of the Paris Agreement on climate change. The agreement also immediately eliminated tariffs and other barriers on the goods, services, and new technologies essential for energy efficiency and clean energy.

Negotiations on the ACCTS continued during the year. At the WTO's MC12, the ACCTS trade ministers issued a **Joint Statement** to reiterate the need for urgent action to meet the goals of the Paris Agreement and make meaningful contributions to addressing climate change (also refer to the Economic goal on page 16).



Minister of Climate Change James Shaw at COP26 in Glasgow in November 2021. Credit: IISD Earth Negotiations Bulletin



## OUTCOME 2:

### Antarctica and Aotearoa New Zealand's place in it are protected

Aotearoa New Zealand remains committed to the **protection and sustainable management of Antarctica**. The Ministry has worked closely with Antarctica New Zealand to ensure **Scott Base remains fit for purpose**, despite escalating costs in the construction sector challenging the redevelopment project. Effective monitoring mechanisms have been put in place to ensure the Government's significant investment in the project meets its objectives.

The Ministry has worked with close partners to maintain the **effectiveness of the Antarctic Treaty System** in the face of a difficult geopolitical context. Aotearoa New Zealand remains **well connected to our Ross Sea region partners**, particularly through our work in facilitating the use of the Christchurch Antarctic gateway during the pandemic. Christchurch continues to be the gateway of choice for the Ross Sea region, with programme plans in place for the coming season.

As the primary funder of Aotearoa New Zealand's science work in the Antarctic and the Southern Ocean, the government sets the Antarctic Research Directions and Priorities. From 2019 to 2021 MFAT led a refresh of the government's Research Directions and Priorities, which included a survey seeking feedback on the 2010–2020 Directions and Priorities, a Cabinet-mandated public consultation process, and engagement with iwi, hapū, and Māori. The culmination of this process was the **2021–2030 Aotearoa New Zealand Antarctic and Southern Ocean Research Directions and Priorities, which was signed off by Cabinet in December 2021**.

## OUTCOME 3:

### International stewardship of oceans, especially Pacific and Southern Oceans, has improved

Illegal, unreported, and unregulated (IUU) fishing remains one of the greatest threats to marine ecosystems. It has the potential to undermine national and regional efforts to manage fisheries sustainably as well as undercut endeavours to conserve marine biodiversity.

Aotearoa New Zealand continues to play a key role in **Southern Ocean** surveillance to deter and detect IUU fishing, and **none was detected in 2021**. In the **Pacific Ocean**, Aotearoa New Zealand supported regional monitoring, control, and surveillance operations, and IUU fishing was **estimated to be decreasing** due to these efforts coupled with improved data and reporting.

Following last year's global commitment to negotiate a new **global agreement to combat marine litter and plastic pollution**, Aotearoa New Zealand supported the UN Environment Assembly in deciding to establish an international committee to complete negotiations on this agreement.

COVID-19 continued to affect multilateral meetings, and momentum on reforming the **International Whaling Commission** slowed accordingly, with a key meeting postponed to late 2022. With this meeting now confirmed, we expect modernisation proposals to be firmly back on the agenda. The **moratorium on commercial whaling remains in place** and Aotearoa New Zealand continues to work to protect and advocate for the moratorium.

Following a 20-year effort led by the Ministry, the **WTO's MC12** saw a new **agreement disciplining fisheries subsidies**. The new agreement applies a set of rules prohibiting subsidies for IUU fishing, for the fishing of overfished stocks, and for fishing on the high seas outside the control of regional fisheries management organisations.

## OUTCOME 4:

### Better international stewardship of biodiversity has halted its global decline and reflected Aotearoa New Zealand's national and regional priorities

Nearly two-thirds of the ocean lies outside any country's national jurisdiction or control, including the high seas and the deep seabed area beyond a country's continental shelf. In order to protect these areas of incredible biodiversity, Aotearoa New Zealand is actively participating in negotiations for a **new UN treaty on the conservation and sustainable use of marine biodiversity in areas beyond national jurisdiction**. While COVID-19 has slowed progress, the Ministry has continued to lead Aotearoa New Zealand's participation in the negotiations for the treaty, including at the fourth round in March 2022.

The Ministry led Aotearoa New Zealand's efforts in negotiations on the **post-2020 Global Biodiversity Framework** during 2021–22. While the final Conference of the Parties to the Convention on Biological Diversity at which the Framework is due to be finalised has been postponed until late 2022, the Ministry is working in advance of the Conference to ensure Aotearoa New Zealand's priorities are reflected in the outcome.



"Flexing for 1.5" – Aotearoa New Zealand negotiators celebrating with others after agreement on the Glasgow Climate Pact was reached. Credit: MFAT

## CASE STUDY

# Climate change and COP26: "Keeping 1.5 alive"

Well before COP26 (Glasgow, November 2021), the science told us that urgent action was required if we wanted to prevent global warming exceeding the Paris-agreed limit of 1.5 degrees Celsius. It had not been possible to meet in 2020 due to COVID-19, so COP26 was the first meeting in two years at which decisions could be made – upping the pressure.

Aotearoa New Zealand's delegation was led by the Minister of Climate Change, James Shaw, and included officials from MFAT, the Ministry for the Environment and MPI. Representatives of the Government of Tokelau, iwi/Māori, and business were also part of Aotearoa New Zealand's delegation.

To influence global ambition effectively, Aotearoa New Zealand needed to have its own house in order. Leading up to COP26, Aotearoa New Zealand: increased its Nationally Determined Contribution to align it with limiting global warming to 1.5 degrees; quadrupled its contribution of climate finance to developing countries; set out Aotearoa New Zealand's long-term low-emissions development strategy; and was well underway to delivering its whole-of-economy Emissions Reduction Plan (released in May 2022). MFAT led or contributed to all these processes.

In the formal negotiations, Aotearoa New Zealand contributed to the completion of the rules to operationalise the Paris Agreement. The final chapters of the rulebook, delivered at Glasgow, related to:

- transparency – enabling scrutiny of all parties' actions (with Aotearoa New Zealand co-facilitating these negotiations at both Ministerial and officials' levels);
- ensuring the environmental integrity of international carbon markets; and
- common timeframes for future Nationally Determined Contributions.

Aotearoa New Zealand worked closely with Pacific negotiators on their priority issues, including 1.5 degrees, climate finance, loss and damage, and delivering an overall reduction in global emissions from international carbon markets. MFAT also supported the Pacific by working closely with SPREP, providing a shared office space, and funding side events highlighting Pacific issues.

COP26 and its Glasgow Climate Pact focused on the scale and urgency of action required to keep global warming to 1.5 degrees. Critically for Aotearoa New Zealand, COP26 saw the ambition gap narrowed substantially. While 1.5 degrees has not yet been secured, the Glasgow Climate Pact forms the basis for ratcheting-up action.



Australia's Prime Minister Anthony Albanese, Japan's Prime Minister Fumio Kishida, NATO Secretary General Jens Stoltenberg, New Zealand Prime Minister Jacinda Ardern and South Korea's President Yoon Suk-yeol during the NATO summit in Madrid, on 29 June 2022. Credit: Pierre-Philippe MARCOU

## Security & Safety

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

Aotearoa New Zealand is facing greater and more complex security challenges, including: escalating global geopolitical tensions; growing strategic competition, particularly in the Indo Pacific; and increasing instability exacerbated by climate change and food insecurity.

Russia's illegal invasion of Ukraine has challenged the rules-based international order, with Aotearoa New Zealand's response requiring coordination with the Ministry and government.

New and emerging security issues, including in respect of cyber threats, space weaponisation, and foreign interference underline the need for Aotearoa New Zealand to be deliberate in mitigating and responding to threats to national security. Security cooperation with key partners is a vital component of our work.



## OUTCOME 1:

### Reduced risk to Aotearoa New Zealand from trans-border security issues, including terrorism, malicious cyber activity, irregular migration, transnational crime, foreign interference and weapons proliferation

The 2019 Christchurch terrorist attack continues to affect Aotearoa New Zealand's profile in global and regional counter-terrorism efforts.

The Ministry continued to engage with international partners and lead work in support of the Christchurch Call to eliminate terrorist and violent extremist content online in alignment with the four key workstreams identified at the 2021 Leaders' Summit. We have worked to attract new tech company supporters to the Call Community and they have added breadth and depth to ongoing efforts under the four workstreams. We have also engaged with a range of domestic agencies on initiatives, including the use of algorithms and the process of online radicalisation.

The value of the Ministry's work under the Christchurch Call – through the Global Internet Forum to Counter Terrorism hash-sharing database – was evident in the response to the terrorist shooting in Buffalo, United States in May 2022, when it helped to limit the spread of the attacker's livestream. However, further work is required on preventing the exploitation of the internet for terrorist and violent extremist purposes.

Aotearoa New Zealand continued to focus efforts on mitigating terrorism risks in the South East Asian region. We co-chaired the ASEAN Regional Forum Inter-Sessional Meeting on counterterrorism and co-hosted a Forum seminar on the "role of youth in building digital resilience to prevent and counter terrorism". The Ministry also funded a New Zealand Police-led initiative in Indonesia on "Countering Violent Extremism through Community Engagement", through the Jakarta Centre for Law Enforcement Cooperation.

Efforts to enhance the region's capacity to prevent irregular migration have been strengthened, including through support for MBIE to deploy three new Irregular Migration Liaison Officers. These roles will: build our offshore footprint focused on prevention; enable Aotearoa New Zealand to strengthen relationships with regional partners on irregular migration; and increase the effectiveness of capacity building.

Following an independent review in 2021, the Ministry has placed a strong focus on strengthening the design and operation of the export controls counter-proliferation regime to meet contemporary challenges and to ensure that New Zealanders can have confidence that Aotearoa New Zealand is a responsible exporter of strategic and military end-use goods. The regime supports our nation's security and national interests and, within its scope, prevents exports where they may contribute to human rights abuses or contravene international humanitarian law. The regime enabled a rapid response to Russia's invasion of Ukraine, through a notice prohibiting exports of military and dual-use goods, and any other goods that might be intended for use by Russian and Belarus military and security forces.

The Ministry has continued to engage on issues relating to outer space, with ongoing policy development including a position on space weaponisation, partner engagement and involvement in multilateral initiatives. We engaged at the first meeting of the UN Open Ended Working Group on responsible behaviours in outer space, which worked to complete a stocktake of existing international law and identify where gaps existed.

The Ministry also continued to contribute to mitigating cyber risks with the implementation of the Cyber International Engagement Plan. We led engagement at the UN Open-Ended Working Group on responsible behaviour in cyber space, including supporting attributions by likeminded partners and condemning Russia's attacks against Ukraine. Aotearoa New Zealand also continued to contribute to cyber security in the Pacific, including by supporting capacity-building in the region.

#### INDICATOR:

Government policies to mitigate the risk from emerging security issues contain clearly articulated international engagement priorities

#### PROGRESS:

Met – See narrative.

## OUTCOME 2:

### Aotearoa 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

The Ministry worked closely with the Ministry of Defence and New Zealand Defence Force to advise the Government on a number of overseas military deployments. These included: Aotearoa New Zealand's evacuation operation in Afghanistan; the contribution to support the Coalition to Defeat the Islamic State of Iraq and Syria; contributions in support of UN sanctions against the Democratic People's Republic of Korea; long-standing peacekeeping deployments, including in South Sudan; supporting maritime security in the Middle East; providing security support to the Solomon Islands; and contributing equipment and personnel in support of Ukraine.

As recommended by the Government Inquiry into Operation Burnham, the Ministry led stakeholder consultation on the development of a new policy framework on persons detained in connection with Aotearoa New Zealand forces in their operations offshore.

Aotearoa New Zealand continues to contribute to collective security efforts, including through supporting deployments and freedom-of-navigation efforts, as well as engaging in multinational exercises and ship visits. Our IDC funding supports a range of international-security and peace-support initiatives, including: de-mining operations in Iraq; explosive ordinance risk education in Palestine; stabilisation activities in Iraq through UNICEF and the International Organization for Migration; and the Global Community Engagement and Resilience Fund's Philippines programme.



**OUTCOME 3:**  
**Aotearoa New Zealand’s security partnerships directly contribute to New Zealand’s security**

Our membership of the Five Eyes partnership remains fundamental to Aotearoa New Zealand’s security. In 2021–22 we continued to work closely with Five Eyes partners to share information to address a range of mutual security concerns.

We also continued to **work closely with other international partners on various security initiatives**, including Aotearoa New Zealand’s response to Russia’s invasion of Ukraine. We engaged with regional groups, including the ASEAN Regional Forum, on key security initiatives. Aotearoa New Zealand continued its close cooperation with France in the Pacific, including through delivering disaster-relief supplies to Tonga following the volcanic eruption.

Through the **Ministry-managed Global Security Fund, funding was provided for 10 projects**, including projects in South and South East Asia, the Middle East, and Africa. These projects were aimed at building local capacity to address a broad range of issues, such as counter-terrorism, cyber security, and conflict prevention and resolution.

**OUTCOME 4:**  
**New Zealanders are safer overseas**

The Ministry’s ability to provide New Zealanders overseas with access to consular advice and assistance has continued to be heavily affected by the ongoing COVID-19 pandemic. The health and economic effects of COVID-19, and the public health responses to it that have included evolving quarantine, testing, and vaccination requirements imposed by both Aotearoa New Zealand and foreign governments, have **increased the number and complexity of cases** that the Ministry’s consular officials have needed to manage (compared to pre-COVID-19 baselines). They have **also reduced the options available to provide assistance and resolve situations in many cases**.

The Ministry responded to a number of significant events during the year that involved consular issues. These included the Afghanistan response, involving more than 250 New Zealand citizens and immediate family members, and the invasion of Ukraine. In both cases **New Zealanders were able to access high-quality advice and assistance**, including from dedicated case-management teams in the case of Afghanistan and consular officials deployed to the Polish border in the immediate aftermath of the invasion of Ukraine. The Ministry also worked closely with MBIE and border agencies to support stranded New Zealanders following the suspension of QFT with Australia in July 2021.

Notwithstanding these challenges, a high level of service continued to be provided to New Zealanders around the world. **The Ministry managed 3,864 consular cases**. In addition to cases that required active management, **the Ministry’s offshore network responded to more than 42,000 general consular enquiries**.

The Ministry has made **substantial progress** towards completing the implementation of the **changes recommended in the internal evaluation of the Ministry’s COVID-19 consular response**, including the introduction to the House of a legislative amendment to regularise the provision of consular loans where required. The Ministry has made steady progress in **reviewing the Safe Suite of consular tools**.

INDICATOR:	85% or more respondents are satisfied with the quality of consular services
PROGRESS:	58% (down from 68% last year).

INDICATOR:	80% of consular survey respondents are aware of SafeTravel
PROGRESS:	75% (new indicator in 2021–22).



MFAT officials Rory MacDonald and Anna Reid converse with recently evacuated Afghans at Al Minhad, United Arab Emirates. Credit: MFAT

## CASE STUDY

# Afghanistan — Operation Whakahokinga Mai

Operation Whakahokinga Mai played a key role in Aotearoa New Zealand's largest humanitarian response in decades. Aotearoa New Zealand's response to the Taliban takeover in August 2021 resulted in the successful departure from Afghanistan of more than 1,700 New Zealanders and eligible Afghan nationals who had worked for or alongside Aotearoa New Zealand.

The operation was established by the Ministry in September 2021, with support from MBIE, the New Zealand Defence Force, and other relevant agencies.

The Ministry's Afghanistan Departures Taskforce was set up to deliver on the operation's objective of providing end-to-end support to facilitate the departure of New Zealand citizens and eligible visa holders who remained in Afghanistan after the immediate military evacuations. This was in the absence of commercial flights in and out of Kabul, and in the face of a deteriorating security situation.

Those eligible for assistance were assigned a case manager who facilitated transport of travel documentation, entry to transit countries, accommodation and other essentials, flights, MIQ access (when it was applicable), and settlement in Aotearoa New Zealand.

The operation needed to be innovative and constantly evolve due to: the challenging security situation in Afghanistan and transit countries; the lack of commercial flights out of Afghanistan and into Aotearoa New Zealand; the readiness of travellers to move; COVID-19 situations and requirements; and changing pressures on MIQ capacity.

Operation Whakahokinga Mai was comprehensive, complex, unprecedented, and resource intensive, and necessitated working closely with advocates and international partners. More than 100 public servants from several agencies and in several countries, including Ministry staff deployed into the region for this purpose, were involved.

By the time Operation Whakahokinga Mai formally ended on 29 July 2022, it will have successfully assisted approximately 99 percent of the people eligible for assistance to travel safely to Aotearoa New Zealand.





Singapore Foreign Minister Vivian Balakrishnan and Minister of Foreign Affairs Nanaia Mahuta, June 2022. Credit: Office of the Minister of Foreign Affairs

## International Relationships

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

Geostrategic tensions and the continuing impacts of the pandemic are contributing to an increasingly dynamic and disordered world. Careful management and the leverage of Aotearoa New Zealand's international relationships are required in order to respond effectively to global developments. The events of the past year have demonstrated the importance to Aotearoa New Zealand of close international partners that we can rely on and work with in times of crisis.

Despite the difficult global context, consistent and considered investment in our relationships across many decades have delivered significant results for Aotearoa New Zealand in the past year.



## OUTCOME 1:

### Our diplomacy is aligned to changing global realities

Building, maintaining, and investing in Aotearoa New Zealand's international relationships is a core function of the Ministry. This work is especially important as the complex strategic context and continued disruption from the COVID-19 pandemic continue to affect our interests and priorities. The value of these relationships has been demonstrated in our close collaboration with partners in response to a number of major events, such as Russia's illegal invasion of Ukraine and the Taliban takeover of Afghanistan.

**Australia remains Aotearoa New Zealand's most significant partner**, with deep and enduring links in all facets of the bilateral relationship. Coordination on global and regional issues, including Ukraine, Afghanistan and the Pacific have demonstrated the value to Aotearoa New Zealand of this vital relationship. There were a number of Ministerial visits in both directions, including the biannual Australia–Aotearoa New Zealand Foreign Minister Consultations, held in Katoomba, New South Wales in November 2021 and Wellington in June 2022.

The Ministry supported visits by the **Prime Minister, Minister of Foreign Affairs and Minister of Trade and Export Growth to the United States**, which energised the bilateral relationship. Prime Minister Ardern met with President Biden and Vice-President Harris in May 2022 (see case study on page 41), delivering a commitment to advance the strategic partnership between the United States and Aotearoa New Zealand, including to work together in defence of the rules-based international order and to support Pacific resilience.

The key milestone for the bilateral relationship with the **United Kingdom was the conclusion and signing of a FTA in February 2022**. Various ministerial visits to London underpinned our close ties. Multilateral cooperation on climate change, cyber security, and human rights demonstrated our alignment on key priorities and underlying values.

The Ministry also led the work to conclude a FTA with the **European Union**, signed on 1 July 2022 following many years of diplomatic effort. The investment in the bilateral relationship with Germany also provided valuable results, with continued cooperation on the Christchurch Call, human rights, upholding the rules-based international system, and climate ambition.

Aotearoa New Zealand continued to maintain its significant relationship with China. While the geopolitical landscape has made areas where there is a difference of view more prominent, an enduring relationship and clear communication have enabled issues to be handled sensitively. High-level contact at leader and ministerial levels has further allowed for continued engagement. The upgrade to the bilateral FTA came into force in April 2022.

**Relationships with Indo-Pacific countries remain a priority for Aotearoa New Zealand**, as our prosperity and security depend on peace and stability in the wider region. The Ministry supported visits by the **Prime Minister to Japan and Singapore and the Minister of Foreign Affairs to Indonesia during 2021–22**, and these were critical to fostering relationships in the region. While COVID-19 significantly constrained other high-level in-person engagement, hosting an entirely virtual APEC 2021 enabled Aotearoa New Zealand to remain connected to the region. A significant lift was seen in the relationship with Japan, with potential cooperation on a range of matters, including renewable energy, trade, and Pacific matters. Meanwhile, the Prime Minister's visit to Singapore saw outcomes on climate change and the green economy, and supply chain collaboration involving the private sector.

The Minister of Foreign Affairs developed a warm relationship with the **Indian Minister of Foreign Affairs**, following several virtual and in-person meetings. In June 2022, Foreign Ministry Consultations took place in New Delhi, along with trade and economic talks, and progress was made in several areas on cooperation agreements.

Despite the challenges of COVID-19 travel restrictions, the Ministry managed to maintain relationships with key Pacific partners and continued to provide effective and responsive IDC support to Pacific countries. More information on Aotearoa New Zealand's relationship with countries in the Pacific region can be found under the Pacific goal at page 24.



## OUTCOME 2:

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

Aotearoa New Zealand's investment in its international relationships in past decades allowed for the **delivery of significant results in 2021-22, despite the challenges and disruptions of the pandemic and various geopolitical events.** A number of valuable outcomes were achieved, including FTAs with the United Kingdom and European Union, the Japan-New Zealand Information Sharing Agreement, and several high-level outwards visits that complemented virtual engagements and demonstrated the depth and quality of many of Aotearoa New Zealand's relationships.

The Ministry engaged with NZ Inc partners to support Aotearoa New Zealand's participation in **Expo 2020 Dubai**, including **Te Aratini, the Festival of Indigenous and Tribal Ideas.** Te Aratini was held during the Expo's Tolerance and Inclusivity Week and was Aotearoa New Zealand's single most important event at Expo, as it provided a platform to demonstrate New Zealand's values and leadership on indigenous issues on the world stage.

Te Aratini delegates from New Zealand also built key indigenous-to-indigenous business relationships alongside the event, and this resulted in a set of tangible Māori business deals in the region.

In response to **Russia's illegal invasion of Ukraine, Aotearoa New Zealand swiftly responded in concert with the international community to condemn Russia and put in place measures to support Ukraine.** Aotearoa New Zealand's comprehensive set of actions against Russia have included: implementing a legislative sanctions regime against Russia and any country or person assisting Russia; punitive trade measures; a downgrade of bilateral and multilateral diplomatic engagement; and formally calling in Russia's Ambassador. A range of measures that support Ukraine have also been taken and these include the provision of humanitarian assistance, military funding, and equipment, and the deployment of New Zealand Defence Force personnel and assets.

**Aotearoa New Zealand's reputation and established connections enabled us to work closely with partners to access information, pool resources, and join collective efforts** on issues such as the Taliban's takeover in Afghanistan and the war in Ukraine. These two examples demonstrate how **essential it is for Aotearoa New Zealand that we work as part of a wider coalition of nations to advance our global interests.**

The Ministry's initiative to develop and deliver a strategy of **sharing Aotearoa New Zealand's indigenous experience** to support our foreign objectives was incorporated into the Ministry's mātauranga Māori programme, which can be found under the NZ Connections goal on page 42.

## OUTCOME 3:

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

The pandemic had a significant impact on our ability to engage with international partners. **Virtual diplomacy played a key role in the Ministry's work supporting international connections and relationships,** until the easing of COVID-19-related travel restrictions enabled physical engagement with our partners. Where travel was possible, it continued to be complicated and subject to disruption by COVID-19.

In order to ensure that its representation in virtual events was of the highest possible quality, the **Ministry commissioned a new Digital Diplomacy Suite, complete with high-end, dedicated video-conferencing facilities.**

As the impact of the pandemic continued, **the Ministry worked to re-establish Aotearoa New Zealand's global connections.** This included supporting efforts to reconnect New Zealanders, including achieving internationally recognised vaccine passes, and working to find ways to allow critical workers to move across the border consistent with Aotearoa New Zealand's national interests and international obligations, including to Pacific and Antarctic gateway partners. The Ministry also navigated issues around the implementation of QFT with Australia, negotiated QFT arrangements with key Pacific partners, and advanced relationships with international partners through bespoke COVID-19-related border discussions.

The Ministry's work to equip New Zealanders with the skills required to operate with comfort in Asian cultures was ongoing, despite travel being limited. We continued to support the work of the Asia New Zealand Foundation Te Whaitau Tūhono. The Ministry also led activities to improve awareness in the public sector through the China Capable Public Sector programme.

#### INDICATOR:

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

#### PROGRESS:

In 2021, 79% of New Zealanders believed it was important for New Zealand to develop political, social, and economic ties with Asia, up from 73% in 2020. This is the highest level ever.

(Source: New Zealanders' Perceptions of Asia and Asian Peoples survey 2021).



Prime Minister Jacinda Ardern meets with United States President Joe Biden on 31 May 2022. Credit: Pool

## CASE STUDY

# Prime Minister's visit to the United States

Prime Minister Ardern visited the United States from 23 to 31 May 2022, accompanied by the Minister for Trade and Export Growth and 13 business leaders. Short visits to New York, Seattle, and San Francisco focused on the themes of reconnection and sustainability. Engagements with United States tech companies also provided opportunities to discuss the Christchurch Call and related policy challenges. The Prime Minister also visited Boston to deliver the commencement address at Harvard University, and then Washington, DC to meet President Joe Biden and Vice President Kamala Harris. In Washington, DC the Prime Minister also met with 15 senators from both sides of the aisle.

High on the agenda for discussions with President Biden and other political leaders was supporting the Pacific region's resilience, including working as partners of Pacific countries on climate change and the COVID-19 economic recovery, and promoting peace and stability. Prime Minister Ardern welcomed the United States' intention to deepen its engagement in the Pacific and provided Aotearoa New Zealand's perspective on partnering effectively alongside Pacific island countries, including through the existing architecture in the region.

Economic and trade issues were also prominent in discussions. Prime Minister Ardern reiterated Aotearoa New Zealand's wish that the United States would ultimately join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership. She also expressed Aotearoa New Zealand's support for advancing the Indo-Pacific Economic Framework for Prosperity and the need to ensure it delivers concrete benefits to participants.

In the context of the significant shooting tragedies that took place in the United States at the time, Prime Minister Ardern also highlighted how the Christchurch Call's crisis protocol had delivered in terms of removing coverage of those tragedies from the internet.

Key policy and trade deliverables from the visit included:

- a Leaders' Joint Statement on the bilateral relationship, updating the 2010 Wellington Declaration;
- Prime Minister Ardern and Vice President Harris announcing the conclusion of the NASA–New Zealand Space Framework Agreement;
- the signing of the California–New Zealand memorandum of cooperation on climate change; and
- the promotion of Aotearoa New Zealand as a destination at a number of high-level and high-profile events.

Aotearoa New Zealand businesses Parkable, NZ Merino, and Silver Fern Farms also announced significant business deals with United States partners during the visit.

The visit reaffirmed the strength and continued growth of our bilateral relationship and advanced Aotearoa New Zealand's profile with United States leadership and the extent to which we share many values and interests in the world. It also showcased the Ministry's ability, alongside key partners including New Zealand Trade and Enterprise and NZDF, to deliver a logistically complex visit covering five cities across the United States, in a travel environment made more complicated by COVID-19.





United Arab Emirates-based group Ngāti Koraha and Ngāti Rānana London Māori Club performing at Expo 2020 in Dubai, held from October 2021 to March 2022. Credit: New Zealand at Expo

## NZ CONNECTIONS

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

Strong connections with NZ Inc agencies, Māori, domestic stakeholders, and the public are vital to the effective delivery of Aotearoa New Zealand's international priorities.

Against a backdrop of increasingly complex international relations and ongoing global disruption, the Ministry plays a lead role in working with government agencies to advance NZ Inc objectives and shares insights from our network of overseas posts.

The Ministry is committed to embedding Te Tiriti o Waitangi and mātauranga Māori in its work as the foundations for authentic engagement with Māori on a broad scope of policy issues.

The Ministry also needs to be attuned to the perspectives, values, and priorities of a wide range of domestic stakeholders, including business and civil society, in ways that help broaden public connections with Aotearoa New Zealand's foreign policy.

## OUTCOME 1:

### Effective leadership and partnership enhances NZ Inc delivery of the Government's international objectives

The Ministry provides effective strategic leadership and coordination with NZ Inc agencies domestically and offshore, enabling the delivery on Aotearoa New Zealand's international priorities.

The NZ Inc COVID-19 Working Group, which successfully coordinated early vaccine access in Aotearoa New Zealand, led a consolidated approach to the challenges of MIQ in the second half of 2021. This monthly forum continued to operate as the NZ Inc Operations Coordination Group, with a broader focus on issues concerning operational coordination.

The Ministry led the negotiation of QFT arrangements with Pacific partners, convening inter-agency colleagues in a collaborative approach that resulted in Pacific seasonal workers being able to enter Aotearoa New Zealand. The Ministry worked closely with MBIE and border agencies in response to the suspension of QFT with Australia. As a member of the Border Executive Board, the Ministry also supported an integrated and effective border system.

The Ministry continued to work collectively with other domestic agencies, including through staff seconded to the inter-agency COVID-19 response, to advance the Government's COVID-19 response and recovery goals. Our overseas posts provided insights from international partners to inform the domestic policy response. The Trade for All and Trade Recovery Strategies were closely informed by analyses of the international context and our international objectives. The Ministry produced 438 global COVID-19 situation reports during the pandemic, which kept ministers apprised of developments and informed Aotearoa New Zealand's domestic efforts.

The Ministry also conducted an exercise to identify lessons from the Ministry's contribution to the All-of-Government COVID-19 response in the period June 2020 to June 2022. The exercise was an opportunity to reflect on the Ministry-wide coordination, coherence, and operational issues that would be relevant should we need to undertake a similar response in future.

INDICATOR:	Ratings for leadership and collaboration from NZ Inc agencies
PROGRESS:	<ul style="list-style-type: none"> <li>70% of NZ Inc agencies agree that MFAT provides strategic direction for New Zealand's international engagement (up from 69% in 2019 survey).</li> <li>52% agree MFAT leadership enables agencies to function as one team (up from 44% in 2019 survey).</li> <li>66% of NZ Inc respondents agree MFAT collaborates as a team player with NZ Inc agencies on shared objectives (up from 60% in 2019 survey).</li> </ul>

## OUTCOME 2:

### MFAT's commitment to its Treaty partnership with Māori is understood and embedded in our work

The Ministry is committed to embedding Te Tiriti o Waitangi in its work.

Increasing mātauranga Māori capability is an organisational priority and work is underway to upskill and increase competency in this area. Efforts to support greater coherence across the Ministry in its engagement with Māori as Treaty partners are ongoing.

The Ministry engaged extensively with Māori in the negotiation of the newly concluded FTAs with the United Kingdom and European Union. Māori economic and trade interests were prioritised, and Māori Trade and Economic Cooperation chapters and the Treaty of Waitangi/Te Tiriti o Waitangi exception are included in both agreements.

INDICATOR:	Confidence of Māori in their partnership with the Ministry
PROGRESS:	81% of Māori partners are satisfied with their recent interactions with MFAT. The overall perception of Māori survey participants is that engagement has improved.

INDICATOR:	MFAT staff who are able to apply mātauranga Māori in their mahi
PROGRESS:	<ul style="list-style-type: none"> <li>222 MFAT staff attended te reo Māori classes, with a 75% completion rate (up from 200 in 2020-21, although completion rates were down on the near 100% rate last year due to COVID-19 disruptions).</li> <li>194 staff attended the Te Tiriti at MFAT course (down from more than 300 in 2021-22 due to COVID-19).</li> <li>99 staff attended the Crown-Māori Relations workshop (a new course in 2021-22).</li> </ul>



### OUTCOME 3:

#### Mature and sustainable relationships with Aotearoa New Zealand domestic stakeholders enhances the Ministry's policy development and international engagement and reputation

The importance of being attuned to the issues that matter to domestic stakeholders has driven the Ministry to improve the breadth and depth of its outreach. The Ministry continues to improve engagement on trade policy and trade negotiations, including through the use of webinars and virtual hui to conduct outreach on various FTAs in early 2022. The Ministry's Auckland office has strengthened its relationships across civil society, including with businesses and academia. Coordinated and effective domestic stakeholder engagement was a key feature of Aotearoa New Zealand's hosting of APEC 2021.

Crises and global challenges have been a catalyst for engagement with Aotearoa New Zealand-based stakeholders, including Pacific communities, exporters, academia, and community groups. The Ministry hosted roundtables and held events with senior staff speaking on issues such as Ukraine, Russia sanctions, and the European Union–New Zealand FTA.

The Auckland office's reporting on the manufacturing sector, aviation sector, and gaming sector fed directly into policymaking, including the Manufacturing Industry Transformation Plan, while work on Maintaining International Air Connectivity helped the Ministry to understand the key issues for exporters last year. During 2021's Auckland lockdown, the Ministry was one of only two government agencies that engaged with the Auckland Business Roundtable on lockdown-specific issues for exporting firms.

The Ministry's partnerships with domestic stakeholders also provided mutually beneficial results during the year. The Auckland office facilitated connections between stakeholders and offshore posts, for example by connecting our post in Geneva with Fisher & Paykel Healthcare in respect of its work on WHO's COVID-19 Global Respiratory Taskforce.

**INDICATOR:**

**Stakeholder satisfaction with the Ministry's effectiveness representing Aotearoa New Zealand interests is maintained**

**PROGRESS:**

85% (up from 79% in the 2019 survey)<sup>8</sup>.

**INDICATOR:**

**Domestic stakeholders' satisfaction with engagement with the Ministry**

**PROGRESS:**

87% (down from 91% in the 2019 survey)<sup>8</sup>.

### OUTCOME 4:

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

The results of the Public Sector Reputation Index and 2022 Partner Stakeholder Survey show the Ministry has maintained a positive reputation and social licence.

The Ministry continued to deliver on its commitment to proactively release information, including Cabinet papers and Official Information Act (OIA) requests. The Ministry managed a significant number of releases even with a high volume of COVID-19-related OIA requests.

**INDICATOR:**

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

**PROGRESS:**

- 87% of stakeholders say they have a lot or moderate understanding of what MFAT offers (up from 84% in the 2019 survey).

**INDICATOR:**

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

**PROGRESS:**

- 1,853,966 sessions on MFAT website (down from 2,712,665 in 2020–21 – previously reported as 2,408,789).
- 12,035 sessions on Trade Barriers (down 65% from 2020–21).
- 22,895 Twitter followers (up 3,345 on previous year).
- 35,703 Facebook followers (up 2,615).
- 34,638 LinkedIn followers (up 5,869).

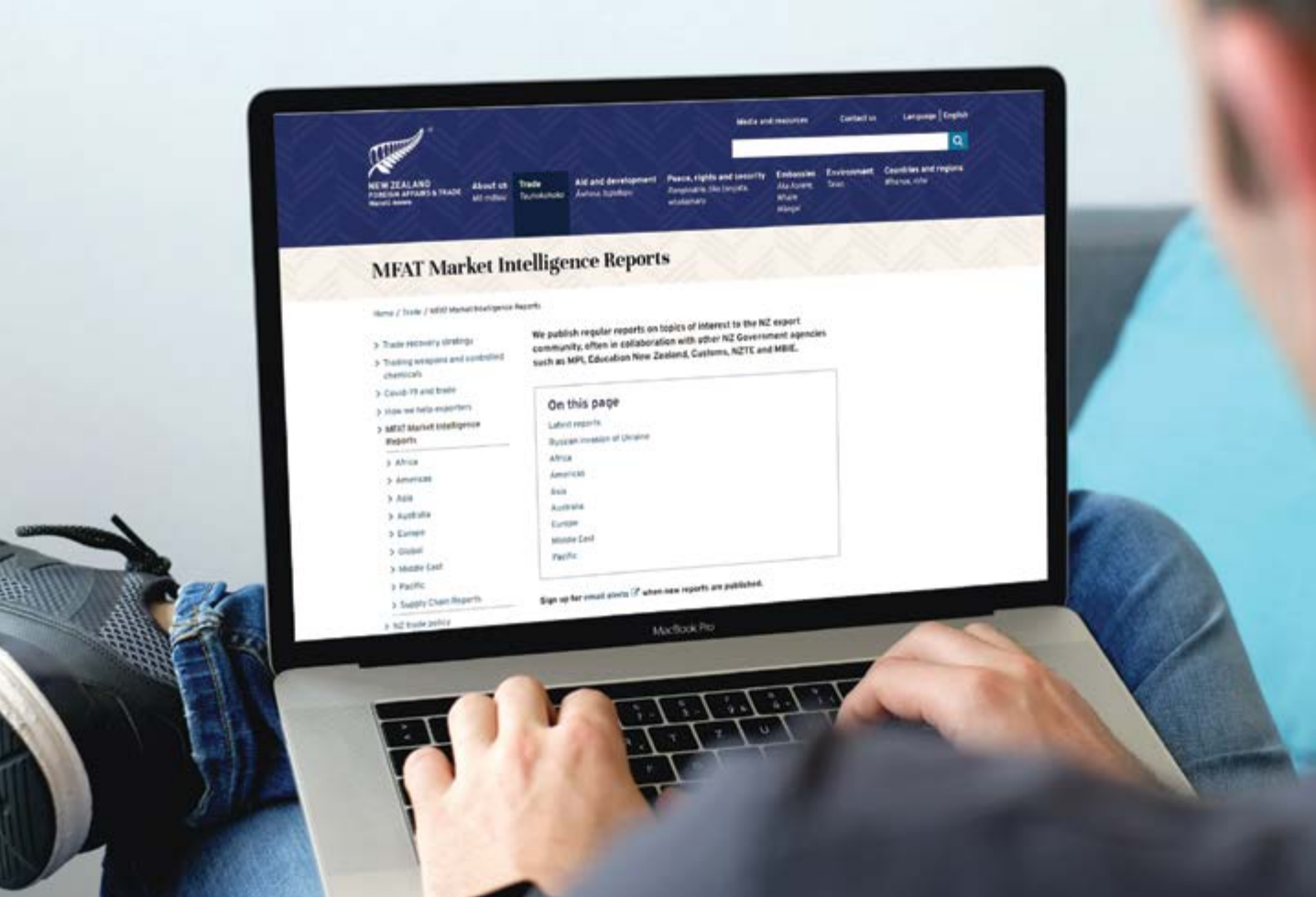
**INDICATOR:**

**Timeliness of response to Official Information Act requests and ministerials**

**PROGRESS:**

- OIA requests – 97% (up from 96.3% in 2020–21).
- Ministerials – timeliness of responses 87.4% (down from 96% in 2020–21).

<sup>8</sup>Kantar Public Sector Reputation Index, 2022. Refer to note on pages 62 and 63.



## CASE STUDY

# Market intelligence reporting for the New Zealand export community

Border restrictions, planes grounded: the Ministry's 60 posts in 53 countries provided an invaluable window to the world during the pandemic.

With offshore markets affected, the network of posts seized the opportunity to connect Aotearoa New Zealand exporters to the changing global situation.

Insights from other countries helped to guide the New Zealand Government's COVID-19 response. The intelligence from posts overseas also became a huge asset for Aotearoa New Zealand exporters.

Posts began to research and write Market Intelligence Reports, providing snapshots of events and situations from different countries. Today, the free and easy-to-access reports continue to aid Aotearoa New Zealand's recovery from the impacts of COVID-19.

Since the beginning of the pandemic, more than 320 free and easy-to-access reports have been made available at [mfat.govt.nz/market-reports](https://mfat.govt.nz/market-reports). The reports are published by the Ministry's Economic Division.

Topics range from export opportunities in Japan to the rapid growth of plant-based milk options in the United States and the impacts of Russia's invasion of Ukraine on the Aotearoa New Zealand economy.

The Ministry's posts have also kept a watchful eye on international sea and air connections. Regular Supply Chain reports have provided updates from affected countries. Delays at ports and in the wider global transport network have reduced how quickly New Zealanders can get their hands on, and export, consumer goods. The Supply Chain reports provide a breakdown of significant events affecting global connections and other issues front of mind for Aotearoa New Zealand exporters and importers.

The Aotearoa New Zealand perspectives on offshore markets have boosted exporters, giving them the facts they need to seize new opportunities.

More than 2,000 people are regular subscribers to the reports. The reports have been read more than 100,000 times in the past year, and surveys show that 90 percent of readers have found them useful. The reports are often picked up and re-published by other websites, increasing their reach. Collaboration with other Government agencies, including MPI, the New Zealand Customs Service and MBIE, make them useful for a wide range of readers.

The offshore insights have empowered exporters, and will remain valuable as the world is rapidly changing. With the pandemic far from over and the disruption caused by Russia's invasion of Ukraine ongoing, posts will continue to provide the reports free for all on the Ministry's website.



Representatives of the New Zealand High Commission in London as part of the Diplomats for Equality group.  
Photo: MFAT

## ORGANISATIONAL FOUNDATIONS

### **Deliver optimal outcomes for Aotearoa New Zealand through our people, network, systems and services**

The Ministry's goal is to get the best possible outcomes for Aotearoa New Zealand and New Zealanders.

To do this the Ministry needs to make sure we maximise our people's potential by providing clear strategic direction, sound governance, and fit-for-purpose systems and services.

It is also important that we continue to provide an environment that values and utilises diverse and inclusive thinking and behaviours, while creating opportunities for our people to develop throughout their career.

The pandemic has changed the way the Ministry operates. Some of these changes have been for the better. Others, however, have meant that our people working around the world have felt less connected.



## OUTCOME 1:

### The Ministry functions as a happy, healthy and high-performing community for all

The Ministry has made steady progress in refreshing its **People Strategy**, which shows the areas on which we need to focus to build a happy, healthy, high-performing community. The refresh is now scheduled to be completed by October 2022.

**Workplace cultures** is a new and ongoing organisational priority that builds on work the Ministry has done in recent years focusing on our values, diversity, and inclusion. This work programme will ensure Ministry staff experience a workplace that is safe, inclusive, and rewarding – no matter where they are in the world.

Developing our people is key to ensuring they are engaged and happy, and feel well supported. To do this the Ministry continues to provide a range of **development opportunities** for staff across the network. As part of this, a new **Learning Management Information System** was recently launched. The System will track, monitor, and report on the effectiveness of the training offered. An ongoing focus has been on training programmes for new graduates and outgoing Heads of Mission. A new leadership development module for new people leaders has been introduced to help build staff capability in people leadership.

During the COVID-19 pandemic the Ministry focused on supporting our people. A dedicated organisational resilience team and **in-house counselling and psychologist services** were retained this year to provide additional support for staff health, safety, and wellbeing. Positive feedback was received about these services, and **strengthening the Ministry's organisational resilience** will be an ongoing focus.

The Ministry continued to focus on ensuring our people, both in Aotearoa New Zealand and around the world, had **access to vaccines**. A small number of locations remain high risk for COVID-19 due to secondary considerations such as affected health systems. Mainstreaming vaccination remains an ongoing priority due to supply constraints; however, strong relationships with partners remain in place.

## OUTCOME 2:

### Excellent global networks, systems, and services enable Ministry business to be delivered effectively and efficiently

The Ministry continues to modernise its Information and Communications Technology (ICT) services to ensure the system remains fit for purpose. This has helped our people, both onshore and offshore, to work flexibly and remotely.

In 2021–22 the Ministry's transition to **activity-based working** (Mahi Anamata) for our head office was supported by extensive changes to ICT networks and systems. Floors were refurbished with new layouts to allow for a more modern and agile work environment.

The Ministry continued to invest in improving communications tools. For example, a **Digital Diplomacy Suite**, a custom-built video-conferencing facility located at our head office, was launched in May 2022. These enhanced tools supported engagement in bilateral negotiations, including those for the New Zealand–Canada Economic Policy Dialogue. The new facility provided a professional setting for virtual meetings and a sense of close connection when meeting in person was not possible. The facility was also used to host a series of policy “deep dives” for MFAT leaders as part of the build-up to the Ministry's second virtual leaders' hui, Tūhono. This meant that our people could take part regardless of where they were in the world.

Despite being affected by the pandemic, we have achieved some significant milestones for the Ministry's offshore property projects. In August 2021 we opened the **Colombo High Commission**, which marked a significant step in strengthening Aotearoa New Zealand's relationship with Sri Lanka. In the same month the **London High Commission** relocated to temporary accommodation so work could start on refurbishing **New Zealand House**. The removal and conservation of Te Pouihi (see the case study on page 49) marked the start of the project.

The Ministry's programme to **upgrade property in the Pacific**, with the intention of **lifting liveability standards** by 2025, trialled a new model of facilities management in Port Vila to inform decisions on the future maintenance-management model for the Pacific properties. Approval was also given for the programme to develop a standardised housing design for our Pacific properties that can be manufactured in Aotearoa New Zealand and assembled offshore, increasing efficiency for the programme delivery.



The Ministry is about halfway through the Human Resources Information Systems modernisation project to integrate and streamline our human resources systems. This year the Ministry introduced new recruitment, on-boarding and employee information systems, a new health, safety, and wellbeing system, and a new learning-management system. Work to roll out the remaining modules will continue into 2022-23.

Significant progress was made on developing the **Information and Digital Services Strategy and technology plan**. This work was informed by engagement with staff across the Ministry to understand the future needs of the organisation. The Strategy will guide the Ministry's future technology investments.

The Ministry has seen an **increase in crisis responses in the past few years**. Along with responding to the impacts on our workforce due to the pandemic, teams had to reprioritise as the Ministry responded to events in Afghanistan and Ukraine and the immediate aftermath of the Tongan eruption. The Ministry is considering options for moving from the current reactive response model to a readiness model that will allow for scaled responses.

## OUTCOME 3:

### The Ministry ensures it delivers the best achievable outcomes for Aotearoa New Zealand from the resources invested in it

The Ministry initiated a review of its Governance Framework in March 2022 to assure senior leaders that fit-for-purpose arrangements were in place for effective governance. The review provided an opportunity to improve the efficiency of delivery and to ensure clarity of purpose.

The Ministry's approach to **strategic planning** this year emphasised the need to prioritise resources against Ministerial and other Ministry priorities. Establishing a **Ministry-wide evaluation capability** was once again deferred this year. A different approach is now under consideration, potentially drawing on expertise within specialist areas of the Ministry.

The Ministry's **data and analytics** gained greater visibility with the launch of a centralised site. The site supports more informed policy advice and decision-making through providing access to a range of interactive dashboards and static reports. The first tranche of dashboards and reports focused on consular and supply-chain information. Work started this year on increasing information about the Ministry's posts, international trade, and Ministerial visits.

The Ministry initiated work on a **2022 Foreign Policy Strategic Assessment**, a three-yearly exercise that informs Aotearoa New Zealand's foreign policy priorities. The final product will be delivered towards the end of 2022.

Work is ongoing to publish a **Ministry emission-reduction plan**, with emission inventories completed from the previous three financial years. Preliminary analyses to underpin the components of the emission-reduction plan have started. For more information, please see page 57.



A ceremony to mark the removal of Te Pouihi, attended by Ministry officials and members of Inia te Wiata's family, including Wikuki Kingi (grandson), Aniwaniwa Kingi (great-granddaughter), Rima Te Wiata (daughter), and Marae Tukere (granddaughter). Ngāti Rānana President Esther Kerr Jessop, QSM, is also pictured. Credit: Westminster Digital, London

## CASE STUDY

# Te Pouihi – A Pillar of Mana

I te hekenga mai o te rā  
Ka whakararo-hia, ka whakamoea  
Ka maumahara tonu tātou ki Te Pouihi  
He Pouihi mō ngai tātou katoa

At the going down of the sun  
We dismantle, we put to rest  
We will always have Te Pouihi in our thoughts  
It is a Pouihi for us all

The redevelopment of New Zealand House in London achieved a major milestone this year, with all Aotearoa New Zealand agencies successfully relocated to temporary premises. The removal of Te Pouihi for conservation as part of the project is an example of the importance of applying an understanding of mātauranga Māori to our work.

Te Pouihi is a three-storey high pou, carved in the 1960s by whakairo expert and celebrated opera singer Inia Te Wiata MBE, Ngāti Raukawa (1915–1971). Te Wiata began carving in 1963 in the basement of New Zealand House, using timber from a 600-year-old giant tōtara from Pureora Forest. Sadly, Te Wiata passed away before finishing the work, so his two sons Inia Jnr and Ianui, and his son-in-law Wikuki Kingi (Snr) completed the pou under the guidance of Ngāti Koroki master carver, Piri Poutapu.

High Commissioner Bede Corry speaks of Te Pouihi as the metaphorical spine of New Zealand House, of its representation of kotahitanga – the concept of togetherness between Māori and Pākehā, of its telling of the creation story of Te Āo Māori, and of the way Te Pouihi confers mana on the work done in the building and the work of Aotearoa New Zealand's diplomacy in the United Kingdom.

To protect Te Pouihi from possible damage he needed to be removed for the duration of the redevelopment project. A tikanga-based Protocol of Care framework was established to guide the dismantling, storage, conservation, and restoration of Te Pouihi through to his return back to New Zealand House in 2026. The Ministry has partnered with a taonga Māori conservation specialist at Heritage New Zealand Pouhere Taonga to provide expertise from a tikanga and whakairo practice perspective.

A feature of the Protocol of Care was the holding of a Whakararo-Whakamoe ceremony to prepare the way for the “taking down and putting to rest” of Te Pouihi. Members of the Te Wiata whānau attended, with Ngāti Rānana, one of whose members was at the unveiling in 1972, providing powerful support. The reverberating sounds of pūtātara/conch, karanga, karakia, waiata, and haka filled the spaces around Te Pouihi, acknowledging his mana and lifting the spirits of all those who attended.

Te ihi, te wehi, te wanawana o Te Pouihi.

# Diversity, equity and inclusion

The Ministry continues to make steady progress in delivering against our diversity and inclusion goals, taking an agile and flexible approach in the pandemic environment.

With the ongoing impacts of the pandemic, the Ministry's focus has been on supporting the wellbeing and resilience of its employees in the global network. With half of the Ministry's people based offshore and experiencing various states of COVID-19 disruption, continued agility and flexibility has been required to deliver initiatives.

In 2018 the Ministry launched a 10-year Diversity and Inclusion Strategy. A stocktake of our progress against the Strategy was completed in 2021. A number of recommendations from the stocktake were identified and are being implemented.

The Ministry's efforts in 2021-22 have seen a stronger focus on initiatives to promote inclusion and actions to advance its commitment to a diverse and inclusive workforce. This has included:

- progressing the Ministry's Papa Pounamu commitments, particularly Inclusion@MFAT learning such as Unconscious Bias and Inclusive Leadership. The expectation is for our people leaders to attend these workshops then have conversations with their teams on the various kaupapa of the modules. This will support our leaders in continuing to build positive and inclusive relationships;
- focusing on workplace cultures, an organisational priority, and creating an inclusive and meaningful culture for our people at the Ministry. Focus areas for the period ahead are: investing time in the development of the Senior Leadership Team's understanding of organisational culture; building the capability of managers as great people leaders; reviewing and aligning policy and practice to support positive workplace experiences; and implementing a new "voice of the people" strategy to hear more regularly about what is working and what is not;
- developing and strengthening policies and guidelines to support our inclusion goals, and in particular increasing our focus on what we can do to support staff with disabilities within the Ministry;
- further embedding our flexible work policy and opportunities with staff;
- increasing the number of women in Head of Mission/Post roles, along with increasing the representation of women in senior positions across the whole Ministry. The Ministry has committed to achieving a gender ratio for its Heads of Mission/Post of 40/40/20 by 2025 (40 percent women; 40 percent men; 20 percent any gender). In 2021-22 the proportion of women in Head of Mission/Post roles increased to 42 percent;
- receiving, in the graduate intake for the 2021-22 year, 1,203 applications, with Māori representing 8.9 percent of the applications and Pasifika representing 7.6 percent. Māori represented 34 percent of the successful candidates and Pasifika represented 12.7 percent. The Ministry's intake of Māori staff has increased from 16.1 percent in 2019 to 22.5 percent in 2020 and 34 percent in 2021. Females made up 57 percent of applicants for the 2022 intake and 59 percent of the successful candidates. In last year's intake, females represented 74 percent of the total intake. While these results are pleasing, there is still more work to do to increase the number of applicants and create a more diverse pool to choose from;
- recording that, of the 11 boards the Ministry administers, 52.1 percent of positions were held by women as at 31 December 2021, above the Government's target of 50 percent women on public-sector boards. Māori representation is at 18.8 percent (below the public-sector average of 25.3 percent), Pasifika representation is at 18.8 percent (above the average of 6.4 percent), Asian representation is at 8.3 percent (above the average of 4.9 percent), and Middle East, Latin America, and Africa (MELA) representation is at zero percent (below the average of 0.9 percent)<sup>9</sup>;
- reaccrediting the Rainbow Tick in 2022. The Ministry is implementing further recommendations and support for our Rainbow staff to ensure true inclusion. These include e-learning options and gender transition guidelines for managers; and
- continuing Employee Led Networks that help to foster an inclusive work environment and strong community for Ministry employees. This is achieved through advocacy, support, and social opportunities. The Ministry currently has Rainbow, Women's, Vaka Pasifika, Te Pou Māori, Flexible Work, Solo Parents, Kaitiaki, Ethnic, and Disability Networks.

<sup>9</sup>Source: Ministry for Women's Stocktake of Gender, Māori, Pacific, and Ethnic Diversity on public sector boards and committees – 31 December 2021.

### Gender and ethnic action

The past 12 months have seen an increase in the Ministry's gender pay gap, to 14.33 percent. While this is lower than the initial 18.5 percent average pay gap in 2016, there is more work to do to address the increase considering the significant steps we have taken in the past few years.

The increase is due to the Ministry's intentionally hiring of a greater proportion of women to build a stronger future pipeline of women in leadership and senior roles. This approach has affected the Ministry's pay gap. Investigating and changing the Ministry's vertical segregation will be part of an ongoing focus through the Gender and Ethnic Pay Action Plan. The Ministry's median pay gap is 8.51 percent.

Currently only 74 percent of Ministry staff have disclosed their ethnic identity. The disclosure rate is not high enough for the Ministry to fully calculate and review its ethnic pay gap. The Ministry continues to actively encourage all staff to register their ethnic identity so this calculation can be made.

For staff identifying as Asian, Māori, Pasifika, and women, there is a cluster of people below leadership level in our foreign policy and development business functions. This breakdown accounts for 15 percent of Asian staff, 11 percent of Māori staff, 8 percent of Pasifika staff, and 64.5 percent of women. Therefore we know that we have a good supply of talented Asian, Māori, Pasifika, and women employees at the mid and lower levels of our organisation and this provides a pool of potential future Ministry leaders.



MFAT foreign policy graduates. Photo: MFAT

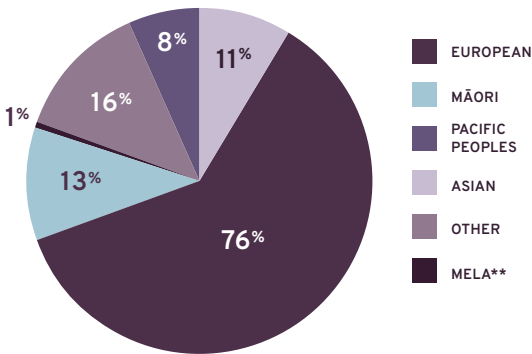


The following demographic information is based on voluntary, self-disclosed information on our New Zealand-employed staff as of 30 June 2022.

GENDER

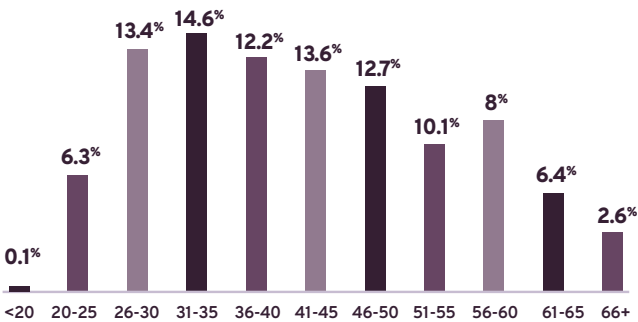


ETHNICITY\*

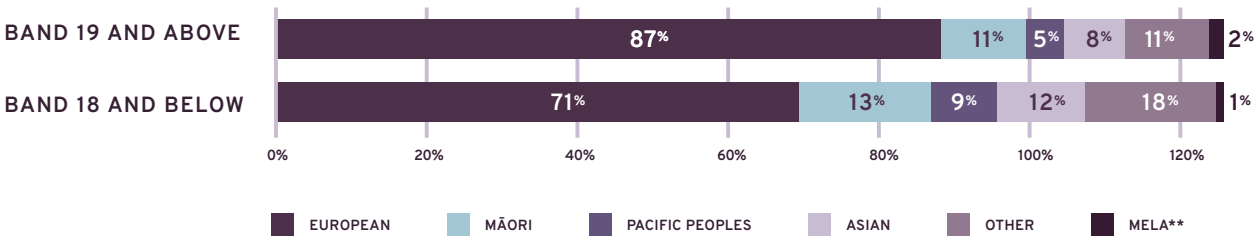


\*Staff are able to disclose up to three ethnicities so the total is more than 100%

AGE

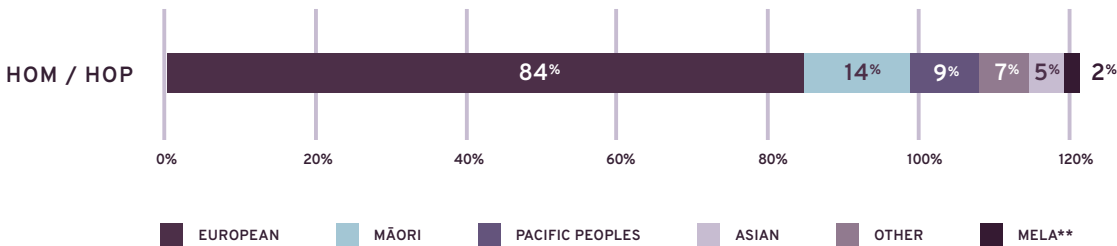


ETHNICITIES OF LEADER (BAND 19+) AND NON LEADER ROLES (BAND 18 AND BELOW)



ETHNICITIES OF OUR HEADS OF MISSION AND POST

Staff are able to disclose up to three ethnicities so the total is more than 100%



DISABILITY

**1.8%** of our staff employed in Aotearoa New Zealand have disclosed a disability

\*\*MELA – our people from the Middle East, Latin America, and Africa.

# Health, safety and wellbeing

The health, safety and wellbeing of our people is paramount, regardless of whether they are employed in Aotearoa New Zealand or offshore.

The implementation of the Ministry's health, safety and wellbeing programme has progressed over the year, and also taken on new meaning with the wellbeing of our people a key focus in the COVID-19 environment. Improving wellbeing at the Ministry will lead to increased resilience and productivity and ensure we take care of our most important resource – our people.

## Supporting our people

The Ministry stood up the Emergency Coordination Centre a number of times and/or established taskforces during 2021–22 in response to significant world events, such as the withdrawal of coalition forces from Afghanistan, the volcanic eruption and tsunami in Tonga, Russia's invasion of Ukraine, and the civil unrest in Colombo. The Ministry provided support to those in the Emergency Coordination Centre, including nine psychosocial workshops, group decompression sessions, and weekly drop-in sessions.

These events, coupled with the working-from-home requirements due to COVID-19 and the MIQ settings within Aotearoa New Zealand, increased the demand for psychosocial support, particularly from the Ministry's in-house Counsellor and Organisational Psychologist. During the year, 725 counselling sessions were provided on top of the service provided by the external Employee Assistance Programme. Our Organisational Psychologist developed and delivered support material, *Taratahi-nui: Maintaining Psychological Health in MIQ*, for our staff while they were in border facilities.

The Ministry's Network Assessment Committee considered 42 post risk assessments designed to manage risks to staff and families at posts from the impacts of COVID-19.

More than 150 pre-departure briefings for Ministry staff were delivered, and we ensured that our travellers had the right personal protective equipment on their travels. For those working from home during restrictions and lockdowns, the Ministry enabled virtual work-station assessments and provided equipment to posts to enable staff to work from home comfortably, therefore mitigating the risk of pain and discomfort developing.

The GoodYarn programme, which is an evidence-based, peer-delivered mental health literacy programme, was adopted by the Ministry during the year. Focusing on mental health as part of everyday conversations, the programme has three key aims:

- Increase awareness of the signs and symptoms of common mental illnesses.
- Build confidence in starting a conversation where you are concerned.
- Improve knowledge of where and how to get help.

At year end there were nine in-house facilitators (soon to be 15); 78 staff had attended GoodYarn sessions.

## Health, safety and wellbeing critical risks

Seventy-four percent of the health, safety and wellbeing incidents reported in 2021–22 were communicable diseases related to the COVID-19 pandemic. Due to lockdowns imposed by many countries to reduce the spread of COVID-19, the Ministry saw a reduction on the previous financial year in the number of incidents reported regarding contract work, property, and travel and violence/threatening behaviour.

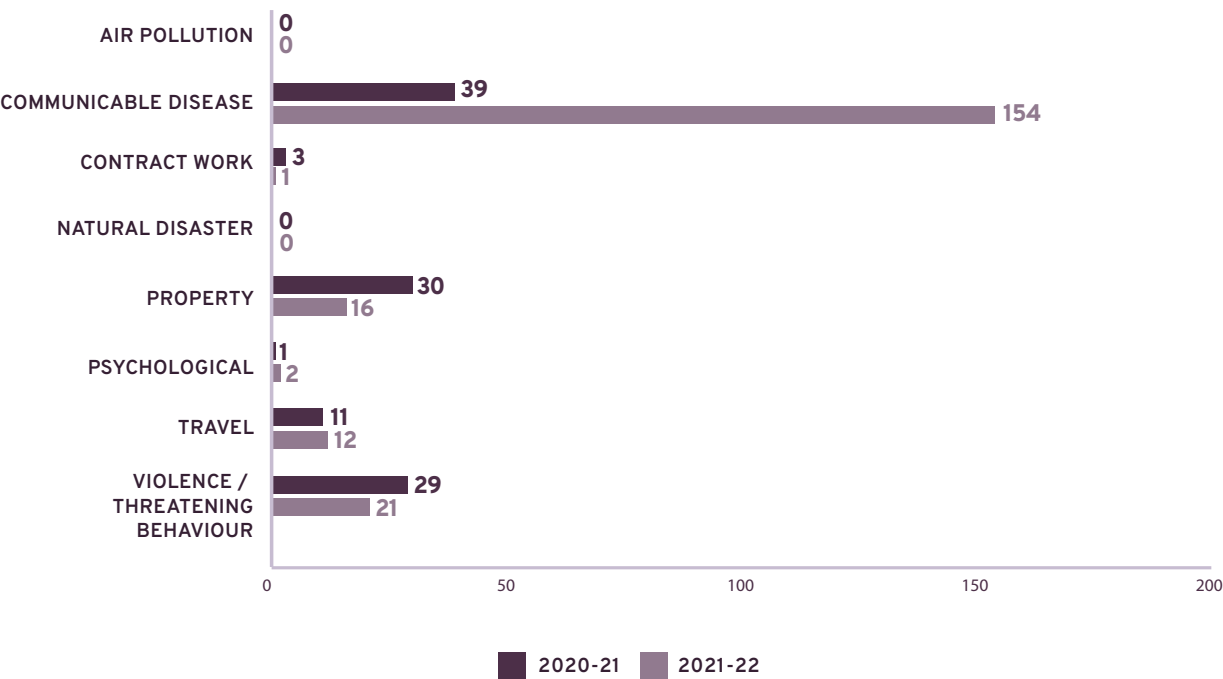
Notable increases in reports were observed in Europe during 2021–22, with much smaller increases seen in the Americas, Australia, the Middle East, North Asia, the Pacific, and South East Asia. These increases were all related to the COVID-19 pandemic<sup>10</sup>.

<sup>10</sup>New Zealand contracted cases is not reported within this data.

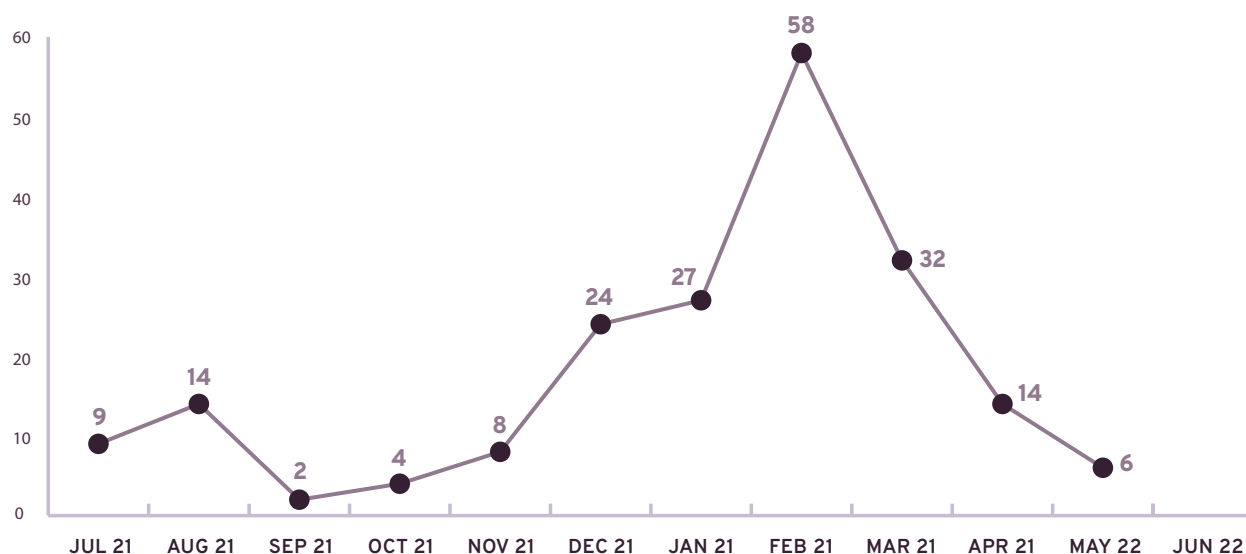
FINANCIAL YEAR COMPARISON OF NUMBER OF CRITICAL RISK REPORTS BY REGION



FINANCIAL YEAR COMPARISON OF NUMBER OF CRITICAL RISK REPORTS BY TYPE



## NUMBER OF COVID-19 CASES ACROSS THE OFFSHORE NETWORK DURING 2021-22



### Communicable diseases — how we did offshore?

The number of reported COVID-19 cases in the MFAT offshore network was highest in mid-February 2022. According to WHO, this period saw a 5 percent increase in new COVID-19 cases around the world. This was also when Omicron, a less severe but more transmissible variant of the COVID-19 virus, started to take hold. Significant outbreaks occurred in regions where the Ministry has posts, including Colombo, Dili, Jakarta, Port Moresby, Riyadh, and Washington, DC.

There were high vaccination rates among Ministry staff and family members, as well as a high number of staff working from home during this time. Staff observing COVID-19 safety measures, such as wearing masks, limiting travel, and maintaining social distances, also assisted with managing the risk of transmission.

### Risk management in the Ministry

During the year the Ministry implemented the “Risk Manager” tool, which provides a platform for employees to report incidents, hazards, and risks as well as confidentially report inappropriate/sensitive behaviour. It also maintains a central depository of health and safety documents and templates such as site safety profiles.

The risk-management methodology known as Bow Tie Analysis was further integrated to support the Ministry’s critical risk programme. Utilising this methodology ensures that the preventive and protective measures for keeping our people safe are in place and are monitored for effectiveness.

In addition, the Ministry has designed and developed a new in-house investigation course for understanding problems. The “5 Whys?” basic investigation course will enable Ministry staff to undertake root-cause analysis after an event.



## The Health, Safety and Wellbeing Framework

As the Ministry continued to enhance its health, safety, and wellbeing (HSW) systems, the operating model to support its Health, Safety, and Wellbeing Framework was defined. The Ministry's critical risk programme has now been supplemented with the arrival of Risk Manager software and the in-house facilitation of incident and risk courses. These tools are central

to a model that is focused on engagement and co-design. The framework is designed to be led by engagement with the right people in the right places: those who know where opportunities for unwanted events and harm might occur. Collaboratively, we can design and implement solutions to lessen the likelihood of our people being negatively affected so far as is reasonably practicable.



# Organisational sustainability

The Ministry acts in the world to build a safer, more prosperous and more sustainable future for New Zealanders. A key element of our Strategic Framework is Kaitiakitanga: Generations of New Zealanders benefit from sustainable solutions to global and regional challenges.



The new Vienna Embassy opened in March 2022. The Icon Building, where the Embassy is located, has achieved the highest certification – LEED Platinum – in the Leadership in Energy and Environmental Design (LEED) green building rating system.

It is essential that the Ministry does not limit the pursuit of this vision to foreign policy, but applies it to how we operate as an organisation. With the establishment in August 2021 of the Ministry's Decarbonisation Programme, we have embarked on the pathway to being a more sustainable organisation.

One of the key activities in the past year has been scaling up the Ministry's emissions accounting to include the Ministry's international operations as well as its onshore emissions. An overview of the Ministry's emissions is included in Table 1.

**Table 1: MFAT onshore and offshore emissions: 2018–19 to 2021–22 (tCO<sub>2</sub>e)\***

Source	2018–19	2019–20	2020–21	2021–22
Air travel	21,092	14,410	4,578	9,885
Electricity	7,254	8,037	7,777	8,161
Freight	2,306	2,158	2,113	2,897
Accommodation	957	690	392	671
Natural gas	601	640	608	678
Vehicle fuels	584	480	298	383
Fuel oil	281	213	230	365
Diesel for generators	206	169	201	183
Refrigerants	106	106	106	106
Waste/water	101	112	121	120
Taxis, rail, rental cars	90	67	37	39
<b>TOTAL tCO<sub>2</sub>e</b>	<b>33,578</b>	<b>27,082</b>	<b>16,461</b>	<b>23,488</b>

\*Tonnes (t) of carbon dioxide (CO<sub>2</sub>) equivalent.

As we are a foreign service that represents Aotearoa New Zealand in the world, the Ministry’s profile is dominated by travel-related emissions, followed by emissions generated through electricity consumption at its more than 300 domestic and international properties. Together, these emissions comprised 85 percent of the Ministry’s inventory in our baseline year, and 76 percent of our inventory in 2021–22. Domestic emissions comprise 3–5 percent of the Ministry’s inventory; international emissions comprise the remaining 95–97 percent.

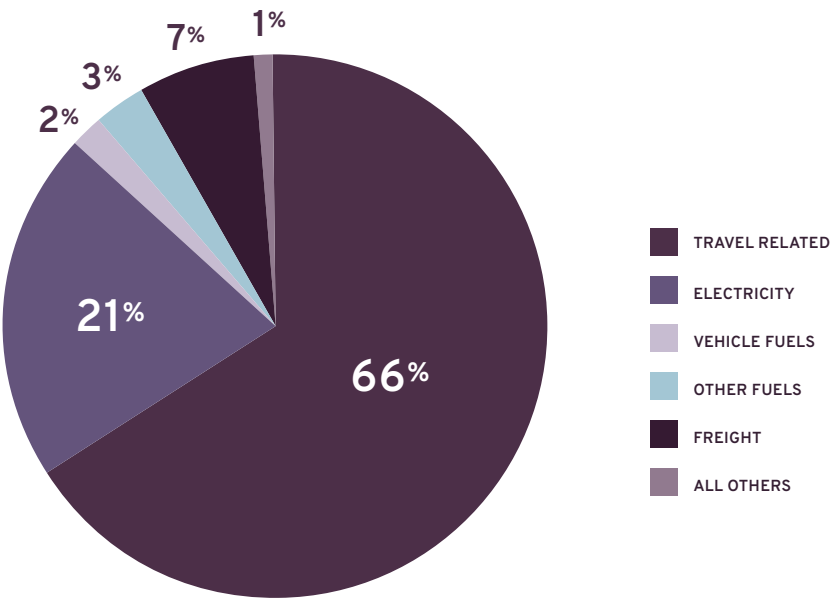
The Ministry has set the following emission reduction targets, which are in line with a global emissions pathway that limits warming to no more than 1.5 degrees Celsius; a 21 percent reduction (7,050 tCO2e) by 2024–25 from the 2018–19 baseline, and a 42 percent reduction (14,100 tCO2e) by 2029–30 from the 2018–19 baseline. The Ministry will seek to reduce emissions from all sources, although we recognise that the largest gains will be made through focusing on our two primary sources.

The Ministry is currently assessing the relative effectiveness and feasibility of a range of options to reduce our emissions to meet these targets. The COVID-19 conditions in the past few years have led to limited in-person engagement in all areas of the Ministry’s work. Insights from this experience are invaluable as we seek to identify opportunities to reduce the Ministry’s emissions.

An emission-reduction plan will be developed in the 2022–23 financial year. In the meantime, the Ministry already has a number of sustainability and decarbonisation initiatives under way. These include:

- replacing our existing vehicle fleet with low/no-emission vehicles as they come up for replacement and in countries where conditions allow;
- launching a custom-built Digital Diplomacy Suite to deliver high-quality video conferencing to enable diplomatic impact in our virtual engagements and reduce air travel emissions;
- initiatives to improve the energy efficiency of properties (for example, the installation of LED lighting and integrating efficiency measures into building projects); and
- making emission-related criteria part of business cases for major asset projects.

MFAT’S BASELINE EMISSIONS - 2018-19 (tCO2e)



# Acronyms

ACCTS – Agreement on Climate Change, Trade and Sustainability

ADB – Asian Development Bank

APEC – Asia-Pacific Economic Cooperation

ARF – ASEAN Regional Forum

ASEAN – Association of Southeast Asian Nations

ASEM – Asia Europe Meeting

ATS – Antarctic Treaty System

BBNJ – Biodiversity of Areas beyond National Jurisdiction

COP26 – 2021 United Nations Climate Change Conference of the Parties

CPTPP – Comprehensive and Progressive Agreement for Trans-Pacific Partnership

DEPA – Digital Economy Partnership Agreement

EAS – East Asia Summit

FEALAC – Forum for East Asia Latin America Cooperation

FMC – Foreign Ministry Consultation

FTA – Free Trade Agreement

IDC – International Development Cooperation

IUU – illegal, unreported, and unregulated

MBIE – Ministry of Business, Innovation and Employment

MCA – Multi Category Appropriation

MC12 – World Trade Organisation's 12th Ministerial Conference

MIQ – managed isolation and quarantine

MPI – Ministry for Primary Industries

MCA – Multi-Year Appropriation

NTB – non-tariff barrier

NZDF – New Zealand Defence Force

OECD – The Organisation for Economic Co-operation and Development

PIF – Pacific Islands Forum

PLA – Permanent Legislative Authority

QFT – quarantine-free travel

RSE – Recognised Seasonal Employment

SDG – UN Sustainable Development Goals

SPREP – Secretariat of the Pacific Regional Environment Programme

tCO<sub>2</sub>e – tonnes (t) of carbon dioxide (CO<sub>2</sub>) equivalent

TRIPS Agreement – Agreement on Trade-Related Aspects of Intellectual Property Rights

UN – United Nations

UNICEF – United Nations Children's Fund

WHO – World Health Organization

WTO – World Trade Organization



# 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 annual report fairly reflects the operations, progress, and the health and capability of the Ministry;
- the financial statements fairly reflect the financial position of the Ministry as at 30 June 2022 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 2023 and its operations for the year ending on that date.



**Chris Seed**

Chief Executive and  
Secretary of Foreign Affairs and Trade  
30 September 2022

# Statement of performance

The Minister of Foreign Affairs purchased the following from Vote Foreign Affairs:

## Vote Foreign Affairs

- Analysis and advice to inform New Zealand's foreign policy.
- Delivery of New Zealand's foreign policy.
- Delivery of services.
- Management of New Zealand's International Development Cooperation.
- Hosting APEC 2021 (MYA).
- Policy advice and representation – other countries (PLA).

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

Vote Foreign Affairs departmental expenditure is funded through the following:

- An annual multi-category output expense appropriation, comprising four categories within the Multi-Category Appropriation (MCA).
- A multi-year output expense appropriation for hosting APEC 2021.
- An annual output expense appropriation for policy advice and representation – other countries (PLA).
- An annual Departmental Capital Expenditure appropriation (PLA).

The following statement of performance records results and services delivered for each of the above appropriations, as outlined in the 2021–22 Estimates of Appropriations for Vote Foreign Affairs and 2021–22 Supplementary Estimates of Appropriations for Vote Foreign Affairs, as required by section 19C of the Public Finance Act 1989.

The Ministry selected its service performance information to align with the Ministry's Strategic Framework. The Ministry uses its Strategic Framework to define its purpose and the impacts it is seeking to make, to set out how it is going to realise its purpose and achieve collective impact, and to enable it to assess our collective performance as articulated in this report. The Ministry's Senior Leadership Team approves the Framework and assesses performance against it.

The service performance information in the multi-category output expense appropriation "Act in the world to build a safer, more prosperous, and more sustainable future for New Zealanders" represents the key outputs the Ministry delivers:

- The provision of analysis and advice to inform New Zealand's foreign policy.
- The delivery of representation, advocacy, and negotiation of New Zealand's foreign policy.
- The delivery of services to support New Zealanders overseas who require consular services, New Zealand businesses, NZ Inc agencies, and host government services to the diplomatic and consular corps in New Zealand.
- The management of New Zealand's International Development Cooperation.

The Ministry works with NZ Inc agencies – onshore and offshore – to achieve the government's international objectives as expressed in our Strategic Framework.

Service standards for output performance measures have been adjusted in some cases to reflect the COVID-19 environment. Comparative information is also provided for the preceding period.

This section reports on the performance for the multi-category output expense appropriation in the Estimates of Appropriations 2021–22 for Vote Foreign Affairs. A summary of the performance of the MCA and four categories is provided in the table below.

Of the 95 performance measures in the MCA, 51 are quantitative measures and represent key outputs the Ministry delivers. While these measures are part of the Ministry's service performance information, they provide context to account for the Ministry's work and many are demand driven. They have therefore not been included in the table below. The remaining 44 performance measures are quality or timeliness measures, the results of which the Ministry is able to control. Assessing these measures is considered a more accurate indicator of performance.

Of the 44 performance measures that were assessed, 26 (59 percent) were achieved. A further nine (20 percent) were just below the budgeted standard.

The level of the Ministry's performance was affected by the ongoing impacts of COVID-19 and increasing geopolitical tensions that added complexity across the Ministry's work.

Where a budgeted standard has not been met, or there is a major variance between the current and the prior year results, an explanation has been provided in a footnote, where appropriate.

	Total	Standard met	Standard not met	Not measured
<b>Multi-Category Appropriation</b>	1	1		
<b>Analysis and advice to inform New Zealand's foreign policy</b>	10	4	6	
<b>Delivery of New Zealand's foreign policy</b>	10	7	1	2
<b>Delivery of services</b>	5	3	2	
<b>Management of New Zealand's International Development Cooperation</b>	18	11	7	
<b>Total</b>	44	26	16	2

# Act in the world to build a safer, more prosperous and more sustainable future for New Zealanders (MCA)

This appropriation is intended to achieve the provision of analysis and advice, and delivery of New Zealand’s foreign policy through representation, advocacy and negotiation; the delivery of services to support New Zealand individuals, businesses and agencies overseas, and host government services to the diplomatic and consular corps in New Zealand; and management of New Zealand's international development cooperation (including related advice, representation and advocacy).

ASSESSMENT OF PERFORMANCE	2021-22		2020-21
	Budgeted Standard	Actual Standard	Actual Standard
Percentage of stakeholders who are satisfied with MFAT’s effectiveness at representing New Zealand interests	80%	85% <sup>11</sup>	78.4%

<sup>11</sup>Kantar Public Sector Reputation Index, 2022. Due to the impacts of COVID-19 on stakeholders, the Ministry's stakeholder engagement survey was not conducted during the 2020-21 year. The 2020-21 result was based on an aggregation of five separate stakeholder surveys and is therefore not directly comparable to the 2021-22 result. . MFAT provided contact details for 1,343 stakeholders to Kantar Public for the purpose of this research. The maximum margin of error on the total sample of 268 survey respondents was +/- 5.36%. The sample size for this result was 234.

# Analysis and advice to inform New Zealand's foreign policy

This category is limited to providing analysis, advice and Ministerial services, and undertaking related domestic engagement, on all elements of New Zealand's foreign policy, other than international development cooperation.

	2021-22		2020-21
ASSESSMENT OF PERFORMANCE	Budgeted Standard	Actual Standard	Actual Standard
<b>Policy advice</b>			
Policy submissions produced for Ministers	550-750	1,563 <sup>12</sup>	1,126
Assessment of performance of the quality of the agency's policy advice papers	4	3.93 <sup>13</sup>	4.03
Distribution of scores on quality of the agency's policy advice papers	40% of papers scoring 4.5 or higher	30% of papers were 4.5 or above <sup>14</sup>	New measure
Satisfaction of the portfolio Minister with the policy advice service	4 or above	3.95 <sup>15</sup>	2.96
<b>Ministerial services</b>			
Number of Ministerial letters prepared	1,000-1,150	2,333 <sup>12</sup>	1,314
Number of Parliamentary Question responses provided	170-250	767 <sup>12</sup>	458
Number of Ministry Official Information Act request (OIA) responses provided	250-300	329 <sup>12</sup>	284
Percentage of Ministerial correspondence completed within 15 working days	90%	89% <sup>12</sup>	92%
Percentage of Ministry OIA requests responded to within statutory timeframes	90%	98%	95%
Percentage of Ministerial OIA request replies completed five days prior to the statutory time limit, unless otherwise agreed	90%	90%	90%
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%	100%
Average number of days to send final OIA request response to a requestor (for Ministry OIAs)	25 days	26 days	27 days
<b>Monitor Crown entities</b>			
Ministers receive advice on the performance of Crown entities within agreed timeframes	100%	100%	100%
<b>New Zealand domestic engagement</b>			
Percentage of domestic stakeholders who are satisfied with their engagement with MFAT	90%	87% <sup>16</sup>	78.4%

<sup>12</sup>Due to international events and the resumption of international travel following the lowering of COVID restrictions, the number of policy submissions, Ministerial correspondence, Parliamentary Questions and OIA requests were higher than initially forecast. While the Ministry exceeded its budgeted standard for responding to OIA requests, the unexpected increase in volumes combined with the organisational impact of COVID-19 meant that some of our Ministerial correspondence took longer to respond to than anticipated.

<sup>13</sup>While the result is a slight decrease on last year's result, the NZIER review noted that the Ministry is still ranked amongst the top agencies.

<sup>14</sup>The result corresponds to the slight decrease on the score regarding the assessment of the quality of policy advice papers.

<sup>15</sup>The result is an averaged satisfaction score across the Ministry's four portfolio Ministers. The previous year's result was the score from the Ministry's Responsible Minister.

<sup>16</sup>Kantar Public Sector Reputation Index, 2022. Due to the impacts of COVID-19 on stakeholders, the Ministry's stakeholder engagement survey was not conducted during the 2020-21 year. The 2020-21 result is based on an aggregation of five separate stakeholder surveys and is therefore not directly comparable to the 2021-22 result. MFAT provided contact details for 1,343 stakeholders to Kantar Public for the purpose of this research. The maximum margin of error on the total sample of 268 survey respondents was +/- 5.36%. The sample size for this result was 201.



Financial performance (figures are GST exclusive)

30/06/21 Actual \$000		30/06/22 Actual \$000	30/06/22 Appropriation \$000	30/06/22 Variance \$000
42,116	Analysis and advise to inform New Zealand's foreign policy	62,878	64,861	1,983

Explanation of significant budget variance

No significant variance.

# Delivery of New Zealand's foreign policy

This category is intended to achieve international representation, advocacy and negotiation on all elements of New Zealand's foreign policy, other than international development cooperation.

ASSESSMENT OF PERFORMANCE	2021-22		2020-21
	Budgeted Standard	Actual Standard	Actual Standard
<b>Strengthen, protect and use international rules and institutions to pursue New Zealand values and interests</b>			
Number of multilateral meetings in which Ministers are supported to participate (UN, WTO, Commonwealth, OECD and other relevant meetings)	15-25	6 <sup>17</sup>	New measure
Number of resolutions New Zealand leads or co-sponsors in the UN General Assembly and the Human Rights Council	20-30	91 <sup>18</sup>	New measure
Number of negotiations concluded in line with Cabinet mandates	5-10	0 <sup>19</sup>	New measure
Proportion of issues raised by New Zealand in WTO committees resolved to the satisfaction of our domestic traders	10%	No issues to resolve in 2021-22	New measure
Percentage of WTO notification obligations that New Zealand has complied with in a timely manner	90%	90%	New measure
<b>Grow sustainable economic returns and resilience from trade, investment and other international connections</b>			
Number of visits on which New Zealand Trade Ministers are supported by the Ministry	Pending removal of restrictions	15 <sup>20</sup>	New measure
Number of trade negotiations concluded in line with Cabinet mandate and signed	3	2	New measure
Number of trade negotiations in progress	5-8	12	New measure
Number of Non-Tariff Barriers resolved for exporters	15	15 <sup>21</sup>	17
<b>Embed New Zealand as an active and integral partner in shaping an Indo-Pacific order that delivers regional stability and economic integration</b>			
Number of APEC, ASEAN, EAS, ARF, ASEM, FEALAC meetings in which Ministers are supported to participate	20-30	24	New measure
Number of official-level Indo-Pacific regional meetings MFAT participates in	100-140	200 <sup>22</sup>	New measure
Number of policy statements and initiatives initiated or co-sponsored by New Zealand in Indo-Pacific regional fora	22-32	20 <sup>23</sup>	7
Percentage of New Zealand's commitments in the ASEAN Plan of Action assessed as on track or completed at the end of the financial year	70%	88%	80%
<b>Promote a stable, prosperous and resilient Pacific in which New Zealand's interests and influence are safeguarded</b>			
Inwards Guest of Government visits from Pacific countries supported by the Ministry	Pending removal of travel restrictions	2 <sup>24</sup>	1
Number of outwards bilateral visits to Pacific countries on which New Zealand Ministers are supported by the Ministry	Pending removal of travel restrictions	2 <sup>25</sup>	0
Number of High Level Consultations between New Zealand and Pacific bilateral partners	12	8 <sup>26</sup>	New measure
Number of High Level Consultations between New Zealand and Pacific Regional Agencies	2	2	New measure
Formal engagements focused on the Pacific between New Zealand and non-Pacific bilateral partners	5	7 <sup>27</sup>	New Measure

<sup>17</sup>This is a new measure that reports the number of multilateral meetings in which the Governor-General, Prime Minister and MFAT Ministers are supported to participate. The budget standard includes both the number of meetings and number of Ministers supported for each multilateral meeting. As the measure is new, the budget standard was a forecast.

<sup>18</sup>This is a new measure that reports on the number of resolutions New Zealand leads or co-sponsors. As the measure is new, the budget standard was a forecast.

<sup>19</sup>The result is Nil for the 2021-22 year. Negotiations span a number of years with few concluded in any one year.

<sup>20</sup>This measure reports the number of outward visits in which Trade Ministers are supported to participate. The budget standard includes both number of visits and number of Ministers supported for each country visited.

<sup>21</sup>MFAT resolved 15 Non-Tariff Barriers (NTBs), covering exports valued at NZD\$354 million.

<sup>22</sup>The number reported includes individual plenary official-level Indo-Pacific regional meetings. As the measure is new, the budget standard was a forecast.

<sup>23</sup>A number of meetings in which Ministers participated in produced a joint policy statement.

<sup>24</sup>The number of inwards Guest of Government visits reflects the impact of COVID-19 and the subsequent travel and border restrictions.

<sup>25</sup>The number of outwards visits by New Zealand Ministers reflects the impact of COVID-19 and the subsequent travel and border restrictions.

<sup>26</sup>COVID-19 outbreaks across the Pacific region, and the resultant pressure this placed on partner Governments and Posts, impacted the Ministry's ability to hold High-Level consultations in 2021-22.

	2021-22		2020-21
ASSESSMENT OF PERFORMANCE <i>continued</i>	Budgeted Standard	Actual Standard	Actual Standard
<b>Promote a stable, prosperous and resilient Pacific in which New Zealand's interests and influence are safeguarded <i>continued</i></b>			
Percentage of implemented Pacific Security Fund projects which meet stated objectives	100%	100%	New measure
Percentage of implemented Pacific Enabling Fund projects which meet stated objectives	100%	86% <sup>28</sup>	New measure
<b>Promote sustainable international solutions to global environment and natural resource challenges that impact on New Zealand</b>			
Number of multilateral or plurilateral environment and climate change-related meetings in which Ministers are supported to participate	15-20	7 <sup>29</sup>	New measure
Initiatives New Zealand leads or co-leads are adopted by the Antarctic Treaty System	Met	Met	New measure
Number of countries that support New Zealand's proposals on fossil fuel subsidy reform	At least 20	45 <sup>30</sup>	New measure
New Zealand's proposals on fish subsidy disciplines are adopted by other countries	Met	Partially met <sup>31</sup>	New measure
Number of negotiations concluded in line with Cabinet mandates	3	2	New measure
Number of High-Level Consultations between New Zealand and bilateral partners on climate change issues	5	10 <sup>32</sup>	New measure
<b>Lead New Zealand's international action to advance and protect New Zealanders' safety and New Zealand's security</b>			
Number of multilateral and regional security-related meetings in which Ministers are supported to participate	20-25	3 <sup>33</sup>	New measure
Number of people trained to lift security capability in the South East Asia region from MFAT's Global Security Fund	250-300	190 <sup>34</sup>	1,010
Number of export control permits assessed	700-800	812	New measure
Number of space payload approvals assessed	15-20	18	New measure
Number of peace and security-related deployments approved by Cabinet	1-3	13 <sup>35</sup>	New measure
<b>Build and leverage targeted international relationships to achieve our goals</b>			
Inwards Guest of Government visits supported by the Ministry (from outside the Pacific)	Pending removal of travel restrictions	0 <sup>36</sup>	1
Number of outwards bilateral visits on which New Zealand Ministers are supported by the Ministry (from outside the Pacific)	Pending removal of travel restrictions	40 <sup>37</sup>	1
Percentage of visits rated as 4 or better on a scale of 1-5 by internal review against the Ministry's quality standard for visits management	Pending removal of travel restrictions	Result not available this year <sup>38</sup>	Result not available this year
Number of joint Ministerial statements delivered with bilateral partners	15-25	28	New measure
Number of Foreign Ministry Consultations between New Zealand and bilateral partners	30-40	19 <sup>39</sup>	New measure

## Financial performance (figures are GST exclusive)

30/06/21 Actual \$000		30/06/22 Actual \$000	30/06/22 Appropriation \$000	30/06/22 Variance \$000
267,426	Delivery of New Zealand's foreign policy	274,679	272,950	(1,729)

## Explanation of significant budget variance

No significant variance.

<sup>27</sup>Heightened geostrategic competition in the region and Aotearoa New Zealand's Pacific Resilience Approach led to increased engagement with non-Pacific bilateral partners.

<sup>28</sup>24 out of 28 projects were either completed or ongoing, and meeting stated objectives. 4 projects were not implemented: 3 projects were moved to the next financial year 2022-23 and 1 project was cancelled.

<sup>29</sup>This is a new measure that reports the number of multilateral or plurilateral environment and climate change-related meetings in which the Prime Minister and MFAT Ministers are supported to participate. The budget standard includes both number of meetings and number of Ministers supported for each meeting. As the measure is new, the budget standard was a forecast.

<sup>30</sup>The Joint Ministerial Statement on Fossil Fuel Subsidy Reform at the WTO attracted 45 co-sponsors when it was launched on 14 December 2021.

<sup>31</sup>The result for this measure is partially met, as while substantive results were achieved at the WTO's 12th Ministerial Conference, some important issues remain outstanding for further negotiation.

<sup>32</sup>High-Level Consultations on climate change issues are attributed to those undertaken by New Zealand's Ambassador for Climate Change.

<sup>33</sup>This is a new measure that reports the number of multilateral and regional security-related meetings in which the Prime Minister and MFAT Ministers are supported to participate. The budget standard includes both number of meetings and number of Ministers supported for each multilateral meeting. As the measure is new, the budget standard was a forecast.

<sup>34</sup>As a result of COVID-19, there was an impact on our ability to train people in the region. Reductions to the Global Security Fund and had an impact and led to the lower number of people trained compared to the previous year (where there was also a large online training session of several hundred individuals).

<sup>35</sup>The result includes mandate renewals and extensions as well as new assistance to Ukraine.

<sup>36</sup>Inwards Guest of Government visits to New Zealand were impacted by COVID-19 and the subsequent travel and border restrictions.

<sup>37</sup>This measure reports the number of outward visits in which the Governor-General, Prime Minister and MFAT Ministers are supported to participate. The budget standard includes both number of visits and number of Ministers supported for each country visited.

<sup>38</sup>The review that informs the result for this measure is calculated on the basis of the Ministry's support for in-person visits by guests of the New Zealand Government and visits by New Zealand Ministers travelling overseas. The Ministry did not undertake the survey due to both the level of in-person visits in 2021-22 and implementing a new process for collecting data on Ministerial visits.

<sup>39</sup>The Ministry undertook some Foreign Ministry Consultations virtually over 2021-22, while others were postponed until face to face FMCs are possible.

# Delivery of services

This category is intended to achieve the delivery of services to support New Zealand individuals, businesses and agencies overseas, and host government services to the diplomatic and consular corps in New Zealand.

	2021-22		2020-21
ASSESSMENT OF PERFORMANCE	Budgeted Standard	Actual Standard	Actual Standard
<b>Services to New Zealand exporters and businesses to help them succeed overseas</b>			
Percentage of exporters who are satisfied that MFAT solved their queries	95%	84% <sup>40</sup>	90.1%
Number of unique visits on Tradebarriers.govt.nz and Tariff finder online services	35,000-40,000	Trade Barriers: 12, 035 Tariff Finder: 33,760 <sup>41</sup>	Trade Barriers: 35,047 Tariff Finder: 27,750
Number of "market insight" report pages on the Ministry website	90-110	134 <sup>42</sup>	New measure
Number of unique visits on "market insight" report pages on the Ministry website	25,000-35,000	131,698 <sup>43</sup>	New measure
<b>Consular services to keep New Zealanders safer abroad</b>			
Number of overseas locations where consular services are provided	69	69	72
Distressed New Zealanders overseas who received consular services (demand driven)	3,000-3,500	3,864 <sup>44</sup>	2,760
General consular advice enquiries responded to (demand driven)	25,000-35,000	42,262 <sup>45</sup>	51,454
Notarial services provided (demand driven)	7,000-10,000	6,710 <sup>46</sup>	8,200
Consular emergencies responded to	30	23 <sup>47</sup>	36
Percentage of seconded MFAT staff who undertake consular training before beginning an overseas posting	80%	64% <sup>48</sup>	New measure

<sup>40</sup>In 2021-22, MFAT responded to 539 exporter queries, and did so with an 84% satisfaction level, a decline on the previous year's satisfaction rate of 90.1% but similar to the 2019-20 satisfaction rate of 84.3%.

<sup>41</sup>This is a demand-based measure that will fluctuate year on year. In addition, the visits to the Trade Barriers website decreased from the previous year due to a Trade Barriers video no longer showing on a new website platform.

<sup>42</sup>134 reports were published over the year. 333 reports have been published in total since publishing began in February 2020.

<sup>43</sup>This measure is demand driven and reflects page views on the market insight report pages on our website.

<sup>44</sup>This measure is demand driven. The increase from the previous year reflects the ongoing impact of COVID-19 travel disruptions through the period under review, and, in particular, disruptions to trans-Tasman quarantine free travel. In addition, a significant number of New Zealand citizens and their families received consular assistance to depart Afghanistan.

<sup>45</sup>This measure is demand driven. The Ministry continued to respond to a high number of general enquiries that related to COVID-19 travel disruptions and to significant offshore events, notably Afghanistan and Ukraine, although the number decreased on the previous year as COVID-19-related travel restrictions eased during the year.

<sup>46</sup>This measure is demand driven. Reductions in overseas travel through the reporting period, as well as reductions in international business and education reduced offshore demand for notarial services in New Zealand and offshore in this financial year.

<sup>47</sup>The consular emergencies responded to include: Hurricane Douglas; Beirut Explosions; Beirut Demonstrations; California Wildfires; Typhoon Bavi; Hurricane Laura; Typhoon Maysak; Typhoon Haishen; Bangkok Demonstrations; Hurricane Delta; Abuja Demonstrations; Riyadh Missile Attacks; USA Presidential Election Protests; Typhoon Rolly; Warsaw Protests; Vienna Shooting Incident; Tigray Military Action; Typhoon Ulysses; Hurricane Iota; Ghana Demonstrations; Sana'a Explosions; Civil Unrest in New Caledonia; Tropical Cyclone Yasa; Washington Security Incident; Netherlands Demonstrations; Tropical Cyclone Lucas; Western Australia Bush Fires; Military Action in Myanmar; Erbil Rocket Fire; Catalonia Protests; Tropical Cyclone Niran; Cook Islands Tsunami Threat; Cabo Delgado Terrorist Attacks; Niamey Civil Unrest; Severe Flooding in Dili; Jerusalem Civil Unrest. While the number of consular emergencies responded to are fewer than the previous year, such events are becoming more complex and continue for a longer period of time.

<sup>48</sup>COVID-19 related limitations on staff deployments have reduced demand for specific pre-post training through the reporting period.



	2021-22		2020-21
ASSESSMENT OF PERFORMANCE <i>continued</i>	Budgeted Standard	Actual Standard	Actual Standard
<b>Host government services to the diplomatic and consular corps in New Zealand</b>			
Number of foreign diplomatic missions and consular posts resident in New Zealand (including those led by Honorary Consuls or Honorary Consuls General)	160-180	167	168
Number of foreign diplomatic and consular staff (and their dependents) resident in New Zealand	1,300-1,450	1,302	1,295
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	80-100%	84% <sup>49</sup>	90.8%
<b>Services for other New Zealand agencies overseas</b>			
Average satisfaction score on the Ministry's service provision on a five point scale	3.5	3.97 <sup>50</sup>	Result not available this year

## Financial performance (figures are GST exclusive)

30/06/21 Actual \$000		30/06/22 Actual \$000	30/06/22 Appropriation \$000	30/06/22 Variance \$000
56,342	Delivery of services	57,613	58,162	549

## Explanation of significant budget variance

No significant variance.

<sup>49</sup>The decline in the result from the previous year is due to servicing an increasing number of accredited missions to New Zealand and also managing MIQ arrangements for 1,112 diplomats and their family members during this period.

<sup>50</sup>Kantar Public Sector Reputation Index, 2022. Due to the impacts of COVID-19 on stakeholders, the Ministry's stakeholder engagement survey was not conducted during the 2020-21 year. MFAT provided contact details for 1,343 stakeholders to Kantar Public for the purpose of this research. The maximum margin of error on the total sample of 268 survey respondents was +/- 5.36%. The sample size for this result was 48.

# Management of New Zealand's International Development Cooperation

This category is limited to advice (including related domestic engagement and Ministerial services), representation and advocacy on international development issues, and the management of the New Zealand Aid Programme.

ASSESSMENT OF PERFORMANCE	2021-22		2020-21
	Budgeted Standard	Actual Standard	Actual Standard
<b>Policy advice</b>			
Policy submissions produced for Ministers	150-200	320 <sup>51</sup>	257
Assessment of performance of the quality of the agency's policy advice papers	4	3.93 <sup>52</sup>	4.03
Distribution of scores on the quality of the agency's policy advice papers	40% of papers scoring 4.5 or higher	30% of papers were 4.5 or above <sup>53</sup>	New measure
Satisfaction of the portfolio Minister with the policy advice service	4 or above	3.95 <sup>54</sup>	2.96
<b>Ministerial services</b>			
Number of Ministerial letters prepared	75-125	107	89
Number of Parliamentary Question responses provided	20-50	64 <sup>51</sup>	27
Number of Official Information Act request (OIA) responses provided	30-60	60	64
Percentage of Ministerial correspondence completed within 15 working days	90%	85% <sup>51</sup>	98%
Percentage of Ministry OIA requests responded to within statutory timeframes	90%	95%	95%
Percentage of Ministerial OIA request replies completed five days prior to the statutory time limit, unless otherwise agreed	90%	91%	50%
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%	100%
Average number of days to send final OIA request response to a requestor (for Ministry OIAs)	25 days	25 days	30 days

<sup>51</sup>Due to international events and the resumption of international travel following the lowering of COVID restrictions, the number of policy submissions and Parliamentary Questions was higher than initially forecast. The unexpected increase in volumes combined with the organisational impact of COVID-19 meant that some of our Ministerial correspondence took longer to respond to than anticipated.

<sup>52</sup>While the result is a slight decrease on last year's result, the NZIER have noted that the Ministry is still ranked amongst the top agencies.

<sup>53</sup>The result corresponds to the slight decrease on the score regarding the assessment of the quality of policy advice papers.

<sup>54</sup>The result is an averaged satisfaction score across the Ministry's four portfolio Ministers. The previous year's result was the score from the Ministry's Responsible Minister.

	2021-22		2020-21
ASSESSMENT OF PERFORMANCE <i>continued</i>	Budgeted Standard	Actual Standard	Actual Standard
<b>New Zealand domestic engagement</b>			
Percentage of domestic stakeholders who are satisfied with their engagement with MFAT	90%	88% <sup>55</sup>	78.4%
<b>Representation and advocacy</b>			
Participation in governance mechanisms of targeted multilateral institutions which New Zealand core funds (% of institutions)	100%	100%	100%
Participation in governance mechanisms of targeted Pacific regional institutions which New Zealand core funds (% of institutions)	100%	100%	New measure
<b>Delivery of the New Zealand Aid Programme</b>			
Percentage of Crown IDC for the partner government sector disbursed in year for which it was scheduled (Bilateral programmes only)	90%	97% (\$248.0m)	97% (\$210.6m)
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%	100% (12 out of 12 Pacific bilateral partners) <sup>56</sup>	8% (1 out of 12 Pacific bilateral partners)
Amount and percentage of Crown IDC resources <sup>57</sup> spent on the Pacific	60% for the triennium (+/- 5% for any given year)	\$586.3m (70.9%) <sup>58</sup>	\$524.6m (65.2%)
Amount and percentage of Crown IDC resources spent in vulnerable countries <sup>59</sup>	Baseline to be set	\$426.8m (51.6%)	Revised measure
Amount and percentage of Crown IDC resources spent on Activities where climate change is a principal objective	Increasing trend	\$47.8m (5.8%)	\$49.7m (6.2%)
Amount and percentage of Crown IDC resources spent on Activities where gender equality and women's empowerment is a principal objective	At least 4%	\$21.4m (2.6%) <sup>60</sup>	\$24.0m (3.0%)
Amount and percentage of Crown IDC resources spent on Aid for Trade <sup>61</sup>	At least 20% of IDC	\$96.2m (11.6%) <sup>62</sup>	\$96.9m (12.0%)
Amount and percentage of Crown IDC resources spent on scholarships	No more than 10% of core baseline annual spend	\$35.8m (4.3%)	\$52.1m (6.5%)
Amount and percentage of Crown IDC resources spent on strengthening Pacific statistics	Increasing trend	\$6.1m (0.7%)	\$7.1m (0.9%)
Percentage of Activity Monitoring Assessments (AMAs) and Activity Completion Assessments (ACAs) rated as robust (as assessed annually by the independent Annual Assessment of Results)	Increasing trend	AMAs: 50% ACAs: 62% <sup>63</sup>	Result not available this year

<sup>55</sup>Kantar Public Sector Reputation Index, 2022. This result relates to International Development Cooperation only. Due to the impacts of COVID-19 on stakeholders, the Ministry's stakeholder engagement survey was not conducted during the 2020-21 year. The 2020-21 result is based on an aggregation of five separate stakeholder surveys and is therefore not directly comparable to the 2021-22 result. MFAT provided contact details for 1,343 stakeholders to Kantar Public for the purpose of this research. The maximum margin of error on the total sample of 268 survey respondents was +/- 5.36%. The sample size for this result was 54.

<sup>56</sup>Forward allocations for the current funding triennium (of which 2021-22 is the first year) are now published on our website, and this information was shared with all partner governments.

<sup>57</sup>International Government Cooperation (IDC) is defined by the OECD Development Assistance Committee (DAC) as government funding designed to promote the economic development and welfare of developing countries. New Zealand's support under the International Development Cooperation appropriation within Vote Foreign Affairs is more expansive than the OECD DAC definition in that some high-income Pacific countries are also eligible.

<sup>58</sup>Funding to the Pacific continued to increase in 2021-22, as we reprioritised to respond to the social and economic impacts of COVID-19 in the Pacific.

<sup>59</sup>This revised measure replaces the previous measure for 2020-21: 'Amount and

percentage of Crown ODA resources spent in Least Developed Countries. The revised measure uses a multidimensional vulnerability index to assess development need. This is a more complete measure for assessing a country's development need, and overall resilience, than Least Developed Country status.

<sup>60</sup>We have reshaped Aotearoa New Zealand's International Development Cooperation programme to support partner countries to respond to the COVID-19 pandemic. In particular, we have reprioritised funding to support health preparedness and response, and to provide emergency fiscal support to some Pacific island countries. As a result we are not on track to meet our gender target in the short-term.

<sup>61</sup>The methodology (and data for 2019-20) has been updated to align to New Zealand's Aid for Trade commitments. The Indicator now reports the amount and percentage of total Crown ODA resources spent on Aid for Trade in the Pacific.

<sup>62</sup>We have reshaped Aotearoa New Zealand's International Development Cooperation programme to support partner countries to respond to the COVID-19 pandemic. In particular, we have reprioritised funding to support health preparedness and response, and to provide emergency fiscal support to some Pacific island countries. As a result we are not on track to meet our Aid for Trade target in the short-term.

<sup>63</sup>After a break of three years, the Annual Assessment of Results has been reinstated with an updated methodology. As such, this score should be considered a baseline. These scores are provisional.

	2021-22		2020-21
ASSESSMENT OF PERFORMANCE <i>continued</i>	Budgeted Standard	Actual Standard	Actual Standard
<b>Delivery of the New Zealand Aid Programme <i>continued</i></b>			
Percentage of evaluations (or summaries) that are published to the MFAT website within 3 months of completion	100%	100% <sup>64</sup>	33%
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>65</sup>	>90%	100%	100%
Percentage of Activities rated 4 or higher on a scale of 1-5 by review against the Ministry's quality standard for activity management <sup>66</sup>	>90%	100%	100%
New Zealand score in Aid Transparency Index	Increasing trend	64.4% <sup>67</sup>	Index is run every 2 years (77.6% in 2020)

## Financial performance (figures are GST exclusive)

30/06/21 Actual \$000		30/06/22 Actual \$000	30/06/22 Appropriation \$000	30/06/22 Variance \$000
77,605	Management of New Zealand's International Development Cooperation	90,398	94,438	4,040

## Explanation of significant budget variance

No significant variance.

<sup>64</sup>We improved systems for tracking and publishing evaluations of IDC activities in 2021-22. Six reports were published in 2021-22, all within three months of completion.

<sup>65</sup>The ratings are based on a Quality Management Review of a sample of Aid programmes and activities, undertaken by the Ministry's Audit Division.

<sup>66</sup>After a break of three years, the Annual Assessment of Results has been reinstated with an updated methodology. As such, this score should be considered a baseline. These scores are provisional.

<sup>67</sup>Aotearoa New Zealand's 2022 Aid Transparency Index rating is 64.4%. This is a drop from 2020's rating of 77.6% but is still higher than the 2022 average of all assessed donor agencies of 61.8%, retaining Aotearoa New Zealand's ranking of "good". The drop in our rating is due to a combination of the assessment method of the Aid Transparency Index changing to use more demanding criteria – a change that is designed to continuously raise the bar for transparency – and the Ministry's decision to take a more sustainable approach to improvements, embedding ongoing improvements to our transparency systems and processes.



# Policy advice and representation

## — other countries PLA

This appropriation is limited to meeting the costs, as set out in section 11 of the Foreign Affairs Act 1988, 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.

	2021–22		2020–21
ASSESSMENT OF PERFORMANCE	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)

30/06/21 Actual \$000		30/06/22 Actual \$000	30/06/22 Appropriation \$000	30/06/22 Variance \$000
1	Policy advice and representation - other countries PLA	-	20	20

### Explanation of significant budget variance

On a dollar basis the variance is not significant.

# Hosting of APEC 2021 (MYA)

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.

	2021-22		2020-21
ASSESSMENT OF PERFORMANCE	Budgeted Standard	Actual Standard	Actual Standard
Confirmed calendar of meetings, for all meetings during host year	Met	Met	Met
Fit for purpose and secure virtual meeting venues and technology	Met	Met	Met
Workforce planning completed and confidence in sourcing	Met	Met	Met
Establishment of SOM Chair Office <sup>68</sup>	Met	Met	Met
Decommissioned and evaluated APEC 2021 host year	Met	Met	New measure

## Financial performance (figures are GST exclusive)

30/06/21 Actual \$000		30/06/22 Actual \$000	30/06/22 Appropriation \$000	30/06/22 Variance \$000
19,911	Hosting of APEC 2021 (MYA)	18,298	38,175	19,877

## Explanation of significant budget variance

This variance is due to the change in delivery methodology to mostly virtual meetings for the APEC 2021 event as a result of COVID-19. The Multi Year Appropriation (MYA) is in its last year with underspend returned to the Crown.

<sup>68</sup>Senior Officials Meeting.

# Capital Expenditure PLA

This appropriation is intended to achieve the provision of modern, secure and effective premises for accommodating NZ Inc's requirements offshore and modernising the Ministry's IT systems.

	2021-22		2020-21
ASSESSMENT OF PERFORMANCE	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%	95%	90%
Percentage of time our networks are available	99.7%	99.6%	99.7%
Percentage of time our critical services are available	99.7%	100%	100%

## Financial performance (figures are GST exclusive)

30/06/21 Actual \$000		30/06/22 Actual \$000	30/06/22 Appropriation \$000	30/06/22 Variance \$000
-	Land	-	-	-
28,278	Property, plant and equipment	35,921	40,508	4,587
9,523	Intangibles	2,684	22,000	19,316
<b>37,801</b>	<b>Total</b>	<b>38,605</b>	<b>62,508</b>	<b>23,903</b>

### Explanation of significant budget variances

The Capital Expenditure variance mostly relates to Intangibles (88%) and is the result of the budget including Software as a Service (SaaS) projects, which following the Treasury guidance issued later in the year, have now been expensed. The Property, Plant and Equipment variance (12%) is mostly the result of COVID-19 impacting projects in relation to supply lines and delays in getting projects restarted.

# Financial statements

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE For the year ended 30 June 2022

Actual 2021 \$000		Notes	Actual 2022 \$000	Unaudited Budget 2022 \$000	Unaudited Forecast 2023 \$000
	<b>Revenue</b>				
480,712	Revenue Crown	2	515,629	500,848	496,626
10,075	Other Revenue	2	14,523	9,985	10,815
5	Interest		4	20	20
127	Gain on sale of assets		158	-	-
<b>490,919</b>	<b>Total revenue</b>		<b>530,314</b>	<b>510,853</b>	<b>507,461</b>
	<b>Expenses</b>				
214,909	Personnel	3	214,781	229,996	214,771
180,640	Operating	4	210,942	206,471	207,517
28,442	Depreciation	8	33,727	32,228	35,127
6,491	Amortisation on intangible assets	9	7,086	8,440	10,913
32,919	Capital charge	5	37,330	33,698	39,113
<b>463,401</b>	<b>Total expenses</b>		<b>503,866</b>	<b>510,833</b>	<b>507,441</b>
<b>27,518</b>	<b>Surplus/(deficit) before re-measurement</b>		<b>26,448</b>	<b>20</b>	<b>20</b>
	<b>Re-measurement</b>				
2,482	(Gain)/loss on derivative financial Instruments	17	(10,173)	-	-
(204)	Movement in discount rate for long service leave and retirement leave	13	(661)	-	-
<b>2,278</b>	<b>Total re-measurement</b>		<b>(10,834)</b>	<b>-</b>	<b>-</b>
<b>465,679</b>	<b>Total expenses</b>		<b>493,032</b>	<b>510,833</b>	<b>507,441</b>
<b>25,240</b>	<b>Net surplus/(deficit)</b>		<b>37,282</b>	<b>20</b>	<b>20</b>
	<b>Other comprehensive revenue and expense</b>				
85,578	Gain on property revaluations		-	-	-
<b>110,818</b>	<b>Total comprehensive revenue and expense</b>		<b>37,282</b>	<b>20</b>	<b>20</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 CHANGES IN EQUITY**  
**For the year ended 30 June 2022**

Actual 2021 \$000		Notes	Actual 2022 \$000	Unaudited Budget 2022 \$000	Unaudited Forecast 2023 \$000
661,616	Balance at 1 July		744,714	661,616	755,213
110,818	Total comprehensive revenue and expense		37,282	20	20
(27,722)	Return of operating surplus to the Crown	11	(25,440)	(20)	(20)
-	Capital injections		10,500	21,200	31,600
744,714	Balance at 30 June	14	767,056	682,816	786,813

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 2022**

Actual 2021 \$000		Notes	Actual 2022 \$000	Unaudited Budget 2022 \$000	Unaudited Forecast 2023 \$000
	<b>ASSETS</b>				
	<b>Current assets</b>				
12,328	Cash and cash equivalents		31,577	23,329	23,295
170,048	Debtor Crown		171,973	123,335	147,667
3,922	Debtors and other receivables	6	3,691	2,336	3,190
8,986	Prepayments	7	8,497	10,803	8,986
392	Derivative financial instruments	17	6,339	46	391
<b>195,676</b>	<b>Total current assets</b>		<b>222,077</b>	<b>159,849</b>	<b>183,529</b>
	<b>Non-current assets</b>				
5,080	Debtors and receivables	6	5,175	5,253	5,081
3,107	Prepayments - leased land	7	3,033	3,181	3,107
611,201	Property, plant, and equipment	8	613,293	545,944	637,812
30,998	Intangible assets	9	26,596	28,245	30,198
<b>650,386</b>	<b>Total non-current assets</b>		<b>648,097</b>	<b>582,623</b>	<b>676,198</b>
<b>846,062</b>	<b>Total assets</b>		<b>870,174</b>	<b>742,472</b>	<b>859,727</b>
	<b>LIABILITIES</b>				
	<b>Current liabilities</b>				
19,259	Creditors and other payables	10	29,754	14,231	18,528
27,722	Return of operating surplus	11	25,440	20	20
3,905	Provisions	12	1,893	891	2,355
26,034	Employee entitlements	13	27,259	28,624	29,635
4,894	Derivative financial instruments	17	669	2,066	4,893
<b>81,814</b>	<b>Total current liabilities</b>		<b>85,015</b>	<b>45,832</b>	<b>55,431</b>
	<b>Non-current liabilities</b>				
11,135	Employee entitlements	13	9,220	9,415	9,084
8,399	Provisions	12	8,883	4,409	8,399
<b>19,534</b>	<b>Total non-current liabilities</b>		<b>18,103</b>	<b>13,824</b>	<b>17,483</b>
<b>101,348</b>	<b>Total liabilities</b>		<b>103,118</b>	<b>59,656</b>	<b>72,914</b>
<b>744,714</b>	<b>Net assets</b>		<b>767,056</b>	<b>682,816</b>	<b>786,813</b>
	<b>EQUITY</b>				
481,063	General funds	14	503,405	504,744	523,162
263,651	Property revaluation reserve	14	263,651	178,072	263,651
<b>744,714</b>	<b>Total equity</b>		<b>767,056</b>	<b>682,816</b>	<b>786,813</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 2022**

Actual 2021 \$000		Actual 2022 \$000	Unaudited Budget 2022 \$000	Unaudited Forecast 2022 \$000
	Notes			
	<b>Cash flows from operating activities</b>			
442,890	Receipts from Revenue Crown	513,703	513,583	476,291
10,093	Receipts from other revenue	13,229	10,005	10,815
5	Interest	4	-	-
(1,763)	Goods and services tax (net)	3,464	-	-
(210,836)	Payments to employees	(211,923)	(229,588)	(214,360)
(171,126)	Payments to suppliers	(206,327)	(206,879)	(207,928)
(32,919)	Payments for capital charge	(37,330)	(33,698)	(39,113)
<b>36,344</b>	<b>Net cash flow from operating activities</b> 18	<b>74,820</b>	<b>53,423</b>	<b>25,705</b>
	<b>Cash flows from investing activities</b>			
146	Sale of property, plant, equipment	256	300	300
(28,278)	Purchase of property, plant, equipment	(35,921)	(47,123)	(48,083)
(9,523)	Purchase of intangible assets	(2,684)	(8,300)	(9,200)
<b>(37,655)</b>	<b>Net cash flow from investing activities</b>	<b>(38,349)</b>	<b>(55,123)</b>	<b>(56,983)</b>
	<b>Cash flows from financing activities</b>			
-	Capital injections	10,500	21,200	31,600
(18,419)	Return of operating surplus	(27,722)	(22,320)	(20)
<b>(18,419)</b>	<b>Net cash flow from financing activities</b> 22	<b>(17,222)</b>	<b>(1,120)</b>	<b>(31,580)</b>
(19,730)	<b>Net increase/(decrease) in cash</b>	19,249	(2,820)	302
32,058	Add cash at the beginning of the year	12,328	26,149	22,993
<b>12,328</b>	<b>Closing cash at the end of the year</b>	<b>31,577</b>	<b>23,329</b>	<b>23,295</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 2022

Actual 2021 \$000		Actual 2022 \$000
	<b>CAPITAL COMMITMENTS</b>	
	<b>Land and buildings</b>	
22,379	Less than one year	17,262
-	One to five years	-
<b>22,379</b>	<b>Total capital commitments</b>	<b>17,262</b>
	<b>Non-cancellable operating leases</b>	
	<b>Accommodation</b>	
41,847	Less than one year	43,657
76,627	One to five years	73,463
15,764	More than five years	29,342
<b>134,238</b>	<b>Total non-cancellable operating lease commitments</b>	<b>146,462</b>
<b>156,617</b>	<b>Total commitments</b>	<b>163,724</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 2022.

### 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 2022

MFAT has a contingent liability in the form of an indemnity as at 30 June 2022 to HSBC for \$1.000 million as part of the Chancery lease conditions in New York (30 June 2021: \$0.889 million). MFAT also has one contingent liability in the form of an indemnity authorised by the Minister of Finance of up to \$10.000 million to indemnify airlines involved in repatriation flights into New Zealand during COVID-19 from March 2020. (30 June 2021: \$10.000 million).

MFAT also has one contingent liability in the form of an indemnity authorised in November 2021 for \$8.000 million to cover for personal accident, personal effect and car self-insurance where such insurance cover is currently unobtainable.

We have other contingent liabilities relating to employment and property disputes as at 30 June 2022 for \$0.849 million (30 June 2021: \$0.771 million). Disclosure of the individual disputes may prejudice the Ministry's position.

MFAT has no contingent assets as at 30 June 2022. (30 June 2021: \$1.600 million, this is no longer a contingent asset, it was received in June 2022).

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

# Notes to the financial statements

## For the year ended 30 June 2022

### 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 5 of the Public Service Act 2020 and is domiciled in New Zealand, operating globally. The relevant legislation governing MFAT's operations includes the Public Finance Act 1989, Public Service Act 2020 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 these 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 2022 and were approved for issue by the Chief Executive on 30 September 2022.

#### 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 and the useful lives – see Note 8
- Estimating the retirement and long service leave obligations – see Note 13.

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

##### *PBE IPSAS 41 Financial instruments*

PBE IPSAS 41 replaces PBE IFRS 9 Financial Instruments and is effective for the year ending 30 June 2023, with earlier adoption permitted. The Ministry has assessed that there will be little change as a result of adopting the new standard as the requirements are similar to those contained in PBE IFRS 9. The Ministry does not intend to early adopt the standard.

##### *PBE FRS 48 Service Performance Reporting*

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective for the year ending 30 June 2023, with early adoption permitted. The Ministry has not yet determined how application of PBE FRS 48 will affect its statement of service performance. However, the Ministry has made progressive steps in adopting parts of the standard, with a view to full adoption next year.

## 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. Other costs are allocated to categories within the Multi-Category Output appropriation. 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 categories 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.

The only change is the allocation to category within the Multi-Category Output appropriation in cost accounting policies, since the date of the last audited financial statements.

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

The 2022 budget figures are for the year ended 30 June 2022 and were published in the 2020-21 annual report. They are consistent with MFAT's best estimate financial forecast information submitted to Treasury for the year ending 2021-22 in the Budget Economic and Fiscal Update (BEFU) for Budget 2021.

The 2022 forecast figures for the year ending 30 June 2023 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 2022.

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.

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.

### *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 2022-23 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 2021-22 was used as the opening position for the 2022-23 forecasts.

The actual financial results for 30 June 2023 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 2022-23 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 2023 included in BEFU 2022. These were authorised for issue on 11 April 2022 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 Act 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 earned from Consular services and the provision of other miscellaneous services to third parties. Revenue in advance is recognised in the balance sheet as unearned revenue until the period the service is provided.

Actual 2021 \$000		Actual 2022 \$000
480,712	Revenue crown	515,629
	<b>Other revenue</b>	
8,686	Revenue department - Services for other New Zealand agencies	9,980
463	Revenue other - Consular services	415
926	Revenue other - Miscellaneous	4,128
<b>490,787</b>	<b>Total Crown and other revenue</b>	<b>530,152</b>

The high Revenue – Miscellaneous is due to two one-off events. APEC 2021 received \$1.400 million in Corporate Sponsorship, \$0.422 million in Corporate Ticket sales for the CEO Summit held in November 2021. An insurance claim \$1.669 million for the Canberra Chancery roof was also received this year.

## Note 3: Personnel costs

### ACCOUNTING POLICY

#### Salaries and wages

Salaries and wages are recognised as an expense as employees provide services.

#### Superannuation schemes

The Ministry only supports Defined contribution schemes. Employee contributions to the State Sector Retirement Savings Scheme, KiwiSaver, Individual Retirement Plan and the Government Superannuation Fund are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

Actual 2021 \$000		Actual 2022 \$000
191,926	Salaries and wages	189,488
3,190	Vacancy backfill	4,415
9,650	Employer contributions to defined contribution plans	9,685
388	Accident Compensation Corporation levy	(306)
2,376	Increase/(decrease) in employee entitlements	1,954
7,379	Fringe Benefit Tax	9,545
<b>214,909</b>	<b>Total personnel costs</b>	<b>214,781</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 2021 \$000		Actual 2022 \$000	Unaudited Budget 2022 \$000	Unaudited Forecast 2023 \$000
253	Fees to auditors:	372	485	485
-	- fees to Audit NZ for audit financial statements	16	-	-
53,523	- fees to Audit NZ for other assurance services statements	52,297	53,936	53,169
8,422	Rentals and operating leases	12,922	17,773	15,942
8,153	Travel	16,954	12,006	13,923
13,929	Contractors	26,142	25,449	21,883
4,689	Dedicated and special funding	1,982	-	-
13,184	Net foreign exchange loss/(gain), excluding derivatives	9,851	9,219	8,417
15,378	Maintenance	19,978	25,365	36,402
7,065	Contracted services	7,435	8,408	7,548
4,016	Wide area network costs	6,070	5,128	3,672
8,151	Consultants fees	8,412	8,214	9,070
5,156	Software maintenance	4,871	4,708	4,643
4,098	Rates, taxes and communal charges	4,704	5,120	5,288
1,264	Utilities	1,952	1,933	2,415
3,842	Representation	5,251	3,496	3,778
3,086	Freight	3,074	5,239	5,361
1,819	Staff training	1,523	1,757	1,656
24,612	Telecommunication charges	27,136	18,235	13,865
<b>180,640</b>	<b>Total operating costs</b>	<b>210,942</b>	<b>206,471</b>	<b>207,517</b>

## 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 2022 was 5.0 percent (2021: 5.0 percent).

## Note 6: Debtors and receivables

### ACCOUNTING POLICY

Trade and other receivables are recognised at face value less any provision for expected credit losses.

Actual 2021 \$000		Actual 2022 \$000
	<b>Current</b>	
2,519	Trade debtors	3,038
671	GST receivables	653
732	Other receivables	-
<b>3,922</b>	<b>Total current</b>	<b>3,691</b>
	<b>Non-current</b>	
353	Deposit bonds	296
4,727	Lease deposits	4,879
<b>5,080</b>	<b>Total non-current</b>	<b>5,175</b>
<b>9,002</b>	<b>Total debtors and receivables</b>	<b>8,866</b>
	<b>Total receivables comprise:</b>	
9,002	Receivables from the sale of goods & services (exchange transactions)	8,866
-	Receivables from non-exchange transactions	-

As at 30 June 2022 and 2021, all receivables have been assessed for impairment and no provision was required as majority are due from other Government entities.

Actual 2021 \$000		Actual 2022 \$000
1,143	Not past due	883
1,093	Past due 1-30 days	1,895
137	Past due 31-60 days	109
-	Past due 61-90 days	21
146	Past due >91 days	130
<b>2,519</b>	<b>Total</b>	<b>3,038</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 taxpayer's 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%-33%
- Leasehold improvements	5 to 15 years	7%-20%
Furniture & Fittings	7 to 10 years	10%-15%
Plant & Equipment		
- Plant	10 to 15 years	7%-10%
- Equipment	5 to 20 years	5%-20%
Motor Vehicles	8 years	12.5%
Computer Equipment (excluding computer software)	3 to 8 years	12.5%-33%

\* The economic life may be altered from the policy standard if deemed to be more appropriate.

### ***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 – overseas properties***

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 October 2020. This valuation was conducted by an independent registered valuer, Kane Sweetman, National Director – Valuation and Advisory Services, Colliers International New Zealand Limited, FNZIV, AREINZ and FPINZ, on MFAT's behalf. In performing the valuation, 83% 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 2023-24.

	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 2020	281,436	175,968	125,513	34,872	10,542	52,587	680,918
Additions	-	4,394	18,672	1,121	446	3,645	28,278
Asset class adjustment - reclassification	-	(187)	187	-	-	-	-
Revaluation	48,700	11,732	-	-	-	-	60,432
Disposals	-	-	(2,827)	(1,666)	(551)	(5,023)	(10,067)
<b>Balance at 30 June 2021</b>	<b>330,136</b>	<b>191,907</b>	<b>141,545</b>	<b>34,327</b>	<b>10,437</b>	<b>51,209</b>	<b>759,561</b>
Balance at 1 July 2021	330,136	191,907	141,545	34,327	10,437	51,209	759,561
Additions	-	12,389	12,909	3,220	706	6,697	35,921
Asset class adjustment - reclassification	-	-	(43)	205	(161)	-	1
Revaluation	-	-	-	-	-	-	-
Transfer to held for sale	-	-	-	-	-	-	-
Disposals	-	-	(802)	(249)	(505)	(1,137)	(2,693)
<b>Balance at 30 June 2022</b>	<b>330,136</b>	<b>204,296</b>	<b>153,609</b>	<b>37,503</b>	<b>10,477</b>	<b>56,769</b>	<b>792,790</b>
<b>Accumulated depreciation</b>							
and impairment losses							
Balance at 1 July 2020	-	22,056	71,298	21,279	5,002	35,480	155,115
Depreciation expense	-	10,659	8,019	3,074	1,190	5,500	28,442
Eliminate on disposal	-	-	(2,822)	(1,666)	(537)	(5,023)	(10,048)
Asset class adjustment - reclassification	-	(1)	-	-	-	(1)	(2)
Revaluation	-	(25,147)	-	-	-	-	(25,147)
<b>Balance at 30 June 2021</b>	<b>-</b>	<b>7,567</b>	<b>76,495</b>	<b>22,687</b>	<b>5,655</b>	<b>35,956</b>	<b>148,360</b>
Balance at 1 July 2021	-	7,567	76,495	22,687	5,655	35,956	148,360
Depreciation expense	-	10,944	11,954	3,243	1,161	6,425	33,727
Eliminate on disposal	-	-	(773)	(249)	(431)	(1,137)	(2,590)
Asset class adjustment - reclassification	-	-	1	(1)	-	-	-
Revaluation	-	-	-	-	-	-	-
<b>Balance at 30 June 2022</b>	<b>-</b>	<b>18,511</b>	<b>87,677</b>	<b>25,680</b>	<b>6,385</b>	<b>41,244</b>	<b>179,497</b>
<b>Carrying amounts</b>							
At 1 July 2020	281,436	153,912	54,215	13,593	5,540	17,107	525,803
At 30 June and 1 July 2021	330,136	184,340	65,050	11,640	4,782	15,253	611,201
<b>At 30 June 2022</b>	<b>330,136</b>	<b>185,785</b>	<b>65,932</b>	<b>11,823</b>	<b>4,092</b>	<b>15,525</b>	<b>613,293</b>

### Work in progress

The total amount of property, plant and equipment in the course of construction is \$37.407 million (2021: \$39.619 million).

Actual 2021 \$000		Actual 2022 \$000
	<b>Property, plant and equipment under construction</b>	
6,926	Freehold buildings	18,468
30,730	Furniture and fittings	17,764
352	Plant and equipment	722
1,611	Computer equipment	453
<b>39,619</b>	<b>Balance at 30 June 2022</b>	<b>37,407</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 \$243.865 million (2021: \$233.004 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 \$50.283 million as at 31 October 2020.

## 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 2020	59,378
Additions	9,523
Disposals	(2,801)
<b>Balance at 30 June 2021</b>	<b>66,100</b>
Balance at 1 July 2021	66,100
Additions	13,168
Reclassification	(10,484)
Disposals	-
<b>Balance at 30 June 2022</b>	<b>68,784</b>
<b>Accumulated Amortisation and Impairment Losses</b>	
Balance at 1 July 2020	31,412
Amortisation expense	6,491
Eliminate on disposal	(2,801)
<b>Balance at 30 June 2021</b>	<b>35,102</b>
Balance at 1 July 2021	35,102
Amortisation expense	7,086
<b>Balance at 30 June 2022</b>	<b>42,188</b>
<b>Carrying Amounts</b>	
At 1 July 2020	27,966
At 30 June and 1 July 2021	30,998
<b>At 30 June 2022</b>	<b>25,596</b>

The total amount of intangible assets in the course of development is \$4.348 million (2021: \$6.477 million).

There are no restrictions over the title of MFAT's intangible assets, nor are any intangible assets pledged as security for liabilities.

As a result of a recent IFRIC agenda decision, MFAT have expensed \$10.484 million of costs previously included in capital work in progress in relation to configuration and customisation costs incurred in implementing software as a service arrangements.

## 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 2021 \$000		Actual 2022 \$000
	<b>Payables under exchange transactions</b>	
9,014	Trade creditors	7,092
700	Unearned revenue	-
6,819	Accrued expenses	16,435
<b>16,533</b>	<b>Total payables under exchange transactions</b>	<b>23,527</b>
	<b>Payables under non-exchange transactions</b>	
2,726	FBT payable	3,495
-	GST payable	2,732
<b>2,726</b>	<b>Total payables under non-exchange transactions</b>	<b>6,227</b>
<b>19,259</b>	<b>Total payables</b>	<b>29,754</b>

## Note 11: Return of operating surplus

Actual 2021 \$000		Actual 2022 \$000
25,240	Net surplus/(deficit)	37,282
	Plus/(less)	
2,482	Net loss/(gain) on derivative financial instruments	(10,173)
-	Retention of operating surplus	(1,669)
<b>27,722</b>	<b>Total return of operating surplus payable to Crown</b>	<b>25,440</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 2021 \$000		Actual 2022 \$000
	<b>Current</b>	
1,550	Holidays Act 2003	22
2,355	Lease make-good	1,871
<b>3,905</b>	<b>Total current</b>	<b>1,893</b>
	<b>Non-current portion</b>	
8,399	Lease make-good	8,883
<b>8,399</b>	<b>Total non-current</b>	<b>8,883</b>
<b>12,304</b>	<b>Total provisions</b>	<b>10,776</b>

	Holiday Act 2003 \$000	Make-good \$000	Restructuring \$000	Total \$000
Balance as 1 July 2020	2,014	4,476	131	6,621
Additional provisions made	-	6,278	-	6,278
Amounts used	(464)	-	(131)	(595)
<b>Balance as at 30 June 2021</b>	<b>1,550</b>	<b>10,754</b>	<b>-</b>	<b>12,304</b>
Balance as 1 July 2021	1,550	10,754	-	12,304
Amounts used	(271)	-	-	(271)
Unused amounts reversed	(1,257)	-	-	(1,257)
<b>Balance as at 30 June 2022</b>	<b>22</b>	<b>10,754</b>	<b>-</b>	<b>10,776</b>

#### Holidays Act 2003

The Ministry has made remediation payments from the provision to the value of \$0.271 million within this fiscal year. After completing the full remediation payment exercise, the remaining balance of \$1.257 million has been returned back to surplus.

#### Restructuring

Redundancies arising from previous restructuring has been completed during the year, resulting in the provision ceasing.

#### 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, 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 2022 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 4.01% (2021: 2.75%)
- a salary inflation rate of 2.99% (2021: 2.88%)

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 \$0.413 million higher (2021:\$0.498 million) or \$0.377 million lower (2021: \$0.549 million) 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 \$0.381 million lower (2021:\$0.537 million) or \$0.410 million higher (2021:\$0.496 million) respectively.

Actual 2021 \$000		Actual 2022 \$000
	<b>Current Liabilities</b>	
17,977	Annual leave	18,701
690	Long service leave	546
1,020	Retirement leave	1,341
1,715	Retirement gratuities	1,894
246	End of posting leave	244
3,250	Salaries and allowances	3,790
276	Sick leave liability	333
860	ACC levy	410
<b>26,034</b>	<b>Total current</b>	<b>27,259</b>
	<b>Non-current liabilities</b>	
3,071	Long service leave	2,518
6,100	Retirement leave	4,844
1,473	Retirement gratuities	1,369
491	End of posting leave	489
<b>11,135</b>	<b>Total non-current</b>	<b>9,220</b>
<b>37,169</b>	<b>Total Provision for employee entitlements</b>	<b>36,479</b>

## 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 reserve

These reserves relate to the revaluation of land and buildings to fair value.

Actual 2021 \$000		Actual 2022 \$000
	<b>Taxpayers' funds</b>	
483,543	Balance at 1 July	481,063
25,242	Surplus/(deficit)	37,282
-	Capital injections	10,500
(27,722)	Return of operating surplus to the Crown	(25,440)
<b>481,063</b>	<b>Balance at 30 June</b>	<b>503,405</b>
	<b>Property revaluation reserve</b>	
178,073	Balance at 1 July	263,651
85,578	Property revaluation	-
<b>263,651</b>	<b>Balance at 30 June</b>	<b>263,651</b>
<b>744,714</b>	<b>Total Equity</b>	<b>767,056</b>
	<b>Property revaluation reserve consists of:</b>	
192,162	Land revaluation reserve	192,162
71,489	Buildings revaluation reserve	71,489
<b>263,651</b>	<b>Total property revaluation reserve</b>	<b>263,651</b>

## Note 15: Capital (equity) management

MFAT'S capital is its equity, which comprises taxpayers' funds and property revaluation reserves. In 2021-22 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 that MFAT achieves its goals and objectives, 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 of 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 2021 \$000		Actual 2022 \$000
	<b>Leadership Team, including the Chief Executive</b>	
4,005	Total Remuneration, including long-term benefits	3,907
10.0	Total full time equivalent personnel	10.0

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 the Ministry.

## 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 surplus or deficit.

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 2021 \$000		Note	Actual 2022 \$000
	<b>Financial assets at amortised cost</b>		
12,328	Cash and cash equivalents		31,577
9,002	Debtors and other receivables (excluding taxes receivable)	6	8,866
170,048	Debtor Crown	2	171,973
<b>191,378</b>	<b>Total financial assets measured at amortised cost</b>		<b>212,416</b>
	<b>Fair value through surplus and deficit</b>		
392	Derivative financial instrument assets		6,339
(4,894)	Derivative financial instrument liabilities		(669)
<b>(4,502)</b>	<b>Total fair value through surplus and deficit</b>		<b>5,670</b>
	<b>Financial liabilities measured at amortised cost</b>		
15,833	Creditors and other payables (excluding unearned income and taxes payable)	10	23,527

## 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 2021 \$000		Actual 2022 \$000
	<b>Financial assets</b>	
-	Quoted market price	-
392	Observable market inputs	6,339
-	Significant non-observable inputs	-
<b>392</b>	<b>Total financial assets at fair value</b>	<b>6,339</b>
	<b>Financial liabilities</b>	
-	Quoted market prices	-
4,894	Observable market inputs	669
-	Significant non-observable inputs	-
<b>4,894</b>	<b>Total financial liabilities at fair value</b>	<b>669</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 Ministry is permitted to deposit funds in New Zealand only with Westpac (Standard & Poor's credit rating of AA-), a registered bank, and hold for operational purposes, funds in overseas locations primarily through the Citibank NA (Standard & Poor's credit rating of A+) and ANZ Banking Group (Standard & Poor's credit rating of AA-) networks. The Ministry is also permitted to enter into foreign exchange forward contracts with the New Zealand Debt Management Office (Standard & Poor's credit rating of AA) and Citibank NA.

The notional principal amounts of outstanding forward exchange contracts in New Zealand dollar equivalent at 30 June 2022 was:

2021 \$000	Foreign Exchange Contracts	2022 \$000
17,242	United States Dollar	15,815
4,008	Japanese Yen	3,425
20,227	European Union Euro	19,502
59,782	Other	53,750
101,259	<b>Total</b>	<b>92,492</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.

2021 \$000	Impact on surplus/deficit	2022 \$000
13,298	Increase in foreign exchange rates of 10%	3,253
6,248	Decrease in foreign exchange rates of 10%	16,577

#### 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 2022, the New Zealand Dollar had weakened/strengthened by 5 percent, with all other variables held constant.

2021 \$000	Impact on surplus/deficit (5% movement in NZD on creditors)	2022 \$000
2,941	United States Dollar	7
-	Japanese Yen	-
889	European Union Euro	1,517
374	Other	-

### 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 the Ministry's financial liabilities (excluding derivatives) into 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.

	Carrying amount \$000	Contractual cash flows amount \$000	Cash flows less than 6 months \$000	Cash flows 6 months to 1 year \$000	Cash flows 1 year to 5 years \$000	Cash flows over 5 years \$000
<b>2021</b>						
Creditors and other payables (excl. unearned income and taxes)	15,833	15,833	11,871	3,257	705	-
<b>2022</b>						
Creditors and other payables (excl. unearned income and taxes)	23,527	23,527	23,169	-	358	-

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>2021</b>						
Gross settled foreign exchange contracts:	4,894	392				
- outflow			101,259	53,671	47,588	-
- inflow			96,757	51,359	45,398	-
<b>2022</b>						
Gross settled foreign exchange contracts:	669	6,339				
- outflow			92,492	46,855	45,637	-
- inflow			98,162	49,614	48,548	-

## Note 18: Reconciliation of net surplus to net cash flow from operating activities

Actual 2021 \$000		Actual 2022 \$000
25,240	<b>Net surplus/(deficit)</b>	37,282
	<b>Add/(less) non-cash items</b>	
34,933	Depreciation and amortisation expense	40,813
2,482	Net (gains)/loss on derivative financial instruments	(10,173)
(6)	Other non-cash movement	-
(204)	Movement in discount rate for long service leave and retirement leave	(661)
<b>37,205</b>	<b>Total non-cash items</b>	<b>29,979</b>
	<b>Add/(less) items classified as investing or financing activities</b>	
(127)	(Gains)/losses on disposal of property, plant and equipment	(153)
	<b>Add/(less) movements in statement of financial position items</b>	
(37,804)	(Increase)/decrease in receivables	(3,220)
1,891	(Increase)/decrease in prepayments	563
3,804	Increase/(decrease) in payables	12,586
5,684	Increase/(decrease) in provisions	(1,528)
451	Increase/(decrease) in employee entitlements	(689)
<b>(25,974)</b>	<b>Total net movement in working capital items</b>	<b>7,712</b>
<b>36,344</b>	<b>Net cash flow from operating activities</b>	<b>74,820</b>

## Note 19: Major budget variations

Explanations for major variances from MFAT's original 2021-22 budget are as follows:

### Statement of comprehensive revenue and expense

Revenue Crown over the period increased from an initial Budget of \$500.800 million to \$515.600 million and total actual revenue is \$530.300 million. The net budget increase in Revenue Crown of \$14.800 million mainly relates to:

- An net increase of \$15.400 million in the APEC 2021 Budget moving the under-spend in 2020-21 of \$17.400 million into 2021-22 offset by a \$2.000 million decrease transferred to 2022-23 to fund ongoing activity related to APEC 2021.
- Revaluation of the global land and building assets increased Revenue Crown by \$5.100 million to fund the increased depreciation and capital charge.
- The variance also includes transfers of funding to 2022-23 that are mainly the net result of expense transfers to 2022-23 to complete 2021-22 activities and transfers for Ukraine support to other appropriation types and other Votes.
- \$1.700 million of the other revenue is from an insurance claim and will be retained as part of the surplus.

The actual expenditure is \$7.000 million less than the original budget. The budget was increased by \$17.000 million to \$528.000 million through a transfer of the unspent 2020-21 APEC 2021 funding. The variance against the updated budget is \$25.000 million and \$19.900 million of this variance is APEC 2021 under-expenditure due to the reduced cost of operating a virtual APEC 2021; and the balance is small underspends across a number of activities.

The above changes have been effected through the October 2021 and March 2022 Baseline Updates, and reflected in the 2020-21 Supplementary Estimates.

### Statement of financial position

Debtor Crown recognises funding due to the Ministry that has not been drawn down as cash. The Debtor Crown balance of \$171.900 million is similar to the 30 June 2021 balance, and is \$48.600 million higher than the original budget. The \$48.600 million increase over budget is a reflection of a slow capital programme spend that is under by \$17.000 million and the APEC 2021 underspend of \$19.900 million. These areas of underspend are the result of COVID-19 delaying building projects; and APEC 2021 using a virtual format with other planned in person activities not able to take place in the COVID-19 environment.

### Statement of cash flows

Receipts from Revenue Crown close to budget. Other revenue is \$3.000 million in excess of the budget and mainly relates to an insurance claim receipt of \$1.700 million not budgeted and increased revenue of \$0.265 million for the supply of services to New Zealand agencies off shore.

Payments to employees compared to budget were \$18.000 million lower, mostly due to the high vacancy rate resulting in lower personnel costs. Payments to suppliers are on budget and the increase in capital charge of \$3.600 million is due to the revaluation of properties.

Cash outflows related to the purchase of property, plant and equipment are \$11.000 million below budget. This was COVID-19 impacting on the delivery of capital works, which affected all overseas building projects, with projects paused and now starting to slowly restart.

## Note 20: Financial effects of COVID-19

The main impacts on the Ministry's financial operations were:

- reduced travel continues due to COVID-19 but has increased compared to 2020-21 resulting in expenditure being \$5.800 million below budget, and \$4.500 million higher than 2020-21.
- capital expenditure continues to come in below budget with supply chain delays on property projects mainly the result of COVID-19.
- COVID-19 impacting staff taking leave where air travel would normally be part of the leave, and leave was not taken resulting in the annual leave provision increasing by \$0.724 million. The total annual leave provision is \$18.701 million.

## Note 21: Events after the balance date

There have been no significant events after the balance date of 30 June 2022 (2021: Nil).

## Note 22: Changes in liabilities arising from financing activity

The Ministry's only financing activity is Capital Injections from the Crown (2021: Nil, 2022: \$10.500 million), which is reported as part of Note: 14 Equity.

# 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.

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

The performance information for the output expenses will be reported by the supplier in its Annual Report to be tabled in the New Zealand House of Representatives.



# Non-departmental statements and schedules

## For the year ended 30 June 2022

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 2022

Actual 2021 \$000		Actual 2022 \$000
	<b>Non-departmental revenue</b>	
284	Other operational revenue	828
-	Gain on derivatives	569
-	Gain on re-measurement of shares in foreign organisations	443
-	Net gain on foreign exchange	162
<b>284</b>	<b>Total revenue</b>	<b>2,002</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 International Development Cooperation programme in prior years.

*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 2021-22.*

## SCHEDULE OF NON-DEPARTMENTAL EXPENDITURE

For the year ended 30 June 2022

Actual 2021 \$000		Actual 2022 \$000
	<b>Output funding</b>	
20,820	New Zealand Antarctic Institute	22,820
5,500	Asia New Zealand Foundation	5,500
1,400	Pacific Cooperation Foundation	1,150
15,190	Expo 2020 Dubai	15,493
<b>42,910</b>	<b>Total outputs</b>	<b>44,963</b>
	<b>Other expenses</b>	
54,956	Subscriptions to International Organisations	55,074
2,291	Diplomatic exemptions	1,681
-	Support for Ukraine	7,500
804,412	International Development Cooperation	826,901
70	Consular loan expenses	163
1,108	Loss on derivatives	-
2,202	Loss on re-measurement of shares in foreign organisations	-
36	Net loss on foreign exchange	-
<b>865,075</b>	<b>Total other expenses</b>	<b>891,319</b>
<b>907,985</b>	<b>Total operating expenses</b>	<b>936,282</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 2021-22.

## SCHEDULE OF NON-DEPARTMENTAL ASSETS

As at 30 June 2022

Actual 2021 \$000		Actual 2022 \$000
	<b>CURRENT ASSETS</b>	
28,452	Cash	38,295
1,230	Debtors and receivables	1,260
5,666	Prepayments	3,426
-	Derivatives in gain	29
<b>35,348</b>	<b>Total current assets</b>	<b>43,010</b>
	<b>NON-CURRENT ASSETS</b>	
3,579	Shares in foreign organisations	4,022
<b>3,579</b>	<b>Total non-current assets</b>	<b>4,022</b>
<b>38,927</b>	<b>Total assets</b>	<b>47,032</b>

### Current assets

Debtors and receivables includes consular loans (\$0.792 million) being the temporary financial assistance to New Zealanders in distress overseas. Consular loans are generally required to be repaid within 30 days.

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.

*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 2021-22.*

**SCHEDULE OF NON-DEPARTMENTAL LIABILITIES****As at 30 June 2022**

Actual 2021 \$000		Note	Actual 2022 \$000
	<b>CURRENT LIABILITIES</b>		
45,570	Creditors and payables		57,937
548	Derivatives in loss	4	7
<b>46,118</b>	<b>Total current liabilities</b>		<b>57,944</b>
	<b>NON-CURRENT LIABILITIES</b>		
37,904	Creditors and payables		23,675
<b>37,904</b>	<b>Total non-current liabilities</b>		<b>23,675</b>
<b>84,022</b>	<b>Total liabilities</b>		<b>81,619</b>

**Current liabilities**

Creditors and payables, includes \$43.709 million of accruals and accounts payable for contracts providing for the delivery or implementation of development activities under the New Zealand International Development Programme. The balance of \$14.228 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 2023.

**Non-current liabilities**

Creditors and payables of \$23.675 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 2023-24 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.

**SCHEDULE OF NON-DEPARTMENTAL COMMITMENTS****As at 30 June 2022**

MFAT on behalf of the Crown has no non-cancellable capital or lease commitments (2021: 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 2021-22.*

## STATEMENT OF NON-DEPARTMENTAL CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at 30 June 2022

	Foreign currency 2021 '000	NZD 2021 \$000	Note	Currency type	Foreign currency 2022 '000	NZD 2022 \$000
			<b>Guarantees – Asian Development</b>			
			<b>Bank for loans to the Cook Islands Government</b>			
SDR*	1,453	2,962	Telecommunications loan	SDR	1,300	2,778
SDR	520	1,061	Multi-Project loan	SDR	440	941
SDR	38	78	Development Bank Loan	SDR	-	-
SDR	380	775	Development Bank Loan	SDR	344	735
SDR	133	270	Telecommunications Loan	SDR	120	257
<b>SDR</b>	<b>2,524</b>	<b>5,146</b>		<b>SDR</b>	<b>2,204</b>	<b>4,711</b>
			<b>OECD</b>			
EUR	31,944	54,319	Pensions & Healthcare	EUR	23,887	40,147
			<b>European Bank for Reconstruction and Development</b>			
EUR	7,000	11,903	Uncalled share capital	EUR	7,000	11,765
		<b>71,368</b>	<b>Total non-departmental contingent liabilities</b>			<b>56,623</b>

\* International Monetary Fund 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 (2021: 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 (2021: unquantifiable).

The Crown also has an unquantifiable Contingent Liability to indemnify vaccine manufactures to allow New Zealand to provide vaccines to Polynesia and the Realm countries.

**Contingent assets**

The Crown has no contingent assets (30 June 2021: 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 2021-22.*

## STATEMENT OF TRUST MONIES

For the year ended 30 June 2022

As at 2021 \$000	Trust Account	Contribution \$000	Distribution \$000	Revenue \$000	Expense \$000	As at 2022 \$000
9,633	Enga Electrification Project, PNG Trust			80		9,713
1,631	Niue Development Assistance Trust		(1,634)	3		-
2,676	Pacific SME Finance Facility Trust Fund		(675)	19		2,020
-	Pacific Community CFA Trust	2,127		18		2,145
2,899	Solomon Islands Provincial Airfields Trust			24		2,923
-	SI Provincial Airfields DFAT Trust Account	10,671		88		10,759
1,333	Tonga Parliament Buildings Project Trust			11	-	1,344
18,172	<b>Total</b>	<b>12,798</b>	<b>(2,309)</b>	<b>243</b>	<b>-</b>	<b>28,904</b>

## PURPOSE OF TRUST ACCOUNTS

### 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 Enga Province of Papua New Guinea.

### 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.

### Pacific SME Finance Facility Trust Fund

The Pacific SME Trust account was opened to receive funds from the Australian Government to manage the delivery of this pilot programme to enhance financial capability in Pacific SME's. This was established via a Delegated Cooperation Arrangement with DFAT.

### Pacific Community CFA Trust

The purpose of this Trust to enter into a delegated cooperation arrangement with the Australian Department of Foreign Affairs and Trade for the management and delivery of the Pacific Community Coastal Fisheries and Aquaculture Activity project.

### Solomon Islands Provincial Airfields Trust

The purpose of this Trust account is to receive funds from the Solomon Islands government towards the delivery of the New Zealand Aid Programme's Solomon Islands provincial airfields upgrade project.

### SI Provincial Airfields DFAT Trust

The purpose of this Trust to enter into a delegated cooperation arrangement with the Australian Department of Foreign Affairs and Trade to make financial contributions to the management and delivery of the New Zealand Aid Programme's Solomon Islands provincial airfield upgrade project.

### Tonga Parliament Buildings Project Trust

The purpose of this Trust account is to receive funds for the management and delivery of the Tonga Parliament Buildings project in cooperation with the Australian Department of Foreign Affairs.

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



# Notes to the non-departmental statements and schedules

For the year ended 30 June 2022

## 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 2022. 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

Grants may be provided as either conditional or unconditional. Where conditional the expense is recognised when the conditions have been met. Where the grants are unconditional the expense is recognised once the Grants contract has been signed.

Where grants are paid in advance of the conditions being met these will be recorded as prepayments and expensed when the conditions are met. The majority of International Development Cooperation (IDC) expenditure is accounted for as discretionary grant funding with conditions and milestones.

#### 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 Vote Foreign Affairs 2021-22 main estimates for the year ended 30 June 2022.

## Note 2: Prepayments

Prepayments relate to the International Development Cooperation (IDC) programme for advances made under contracts for service and New Zealand's membership to Regional Agencies recognised over a calendar year. This year we also have prepayments for Expo Dubai 2020 in relation to the closing of the exhibition.

## Note 3: Shares

### ACCOUNTING POLICY

Where MFAT holds shares in an entity but does not have control over the operating and financial policies, i.e. the shares are non-trading, the investment has been valued by the equity method in the financial statements.

MFAT held the following shares as at balance date.

### European Bank for Reconstruction and Development

2021 At cost \$000	At net current value \$000	Type	Number	2022 Share value EUR'000	Paid in value EUR '000	At net current value NZD \$000	At cost NZD \$000
5,781	3,579	Ordinary	1,050	10,500	3,500	4,022	5,781
<b>5,781</b>	<b>3,579</b>	<b>Total</b>				<b>4,022</b>	<b>5,781</b>

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 paid in shares have been valued at net current value of the Bank's shareholder funds.

## Note 4: Financial instruments – non-departmental

### 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 non-departmental cash and cash equivalents within the scope and limits of the 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 surplus or deficit.

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.

#### 4A FINANCIAL INSTRUMENT CATEGORIES

The carrying amounts of financial assets and financial liabilities in each of the financial instrument categories are as follows:

Actual 2021 \$000		Actual 2022 \$000
	<b>Financial assets measured at amortised cost</b>	
28,452	Cash and cash equivalents	38,295
1,300	Debtors and other receivables (excluding taxes receivable)	1,260
<b>29,752</b>	<b>Total financial assets measured at amortised cost</b>	<b>39,555</b>
	<b>Fair value through surplus and deficit</b>	
-	Derivative financial instrument assets	29
(548)	Derivative financial instrument liabilities	(7)
<b>(548)</b>	<b>Total fair value through surplus and deficit</b>	<b>22</b>
	<b>Financial liabilities measured at amortised cost</b>	
<b>83,474</b>	Creditors and other payables (excluding unearned income and taxes payable)	<b>81,612</b>

#### 4B FAIR VALUE HIERARCHY

For those instruments recognised at fair value in the schedule of non-departmental assets and liabilities, 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 schedule of non-departmental assets and liabilities.

Actual 2021 \$000		Actual 2022 \$000
	<b>Financial assets</b>	
-	Quoted market price	-
-	Observable market inputs	29
-	Significant non-observable inputs	-
-	<b>Total financial assets at fair value</b>	<b>29</b>
	<b>Financial liabilities</b>	
-	Quoted market price	-
548	Observable market inputs	7
-	Significant non-observable inputs	-
<b>548</b>	<b>Total financial liabilities at fair value</b>	<b>7</b>

There were no transfers between the different levels of the fair value hierarchy.

## 4C 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 Ministry is permitted to deposit funds in New Zealand only with Westpac (Standard & Poor's credit rating of AA-), a registered bank, and hold for operational purposes, funds in overseas locations primarily through the Citibank NA (Standard & Poor's credit rating of A+) and ANZ Banking Group (Standard & Poor's credit rating of AA-) networks. The Ministry is also permitted to enter into foreign exchange forward contracts with the New Zealand Debt Management Office (Standard & Poor's credit rating of AA) and Citibank NA.

The notional principal amounts of outstanding forward exchange contracts in New Zealand dollar equivalent at 30 June 2022 was:

2021 000	Foreign Exchange Contracts	2022 000
12,074	United Arab Emirates Dirham	22
<b>12,074</b>	<b>Total</b>	<b>22</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 non-departmental foreign exchange contracts.

2021 \$000	Impact on surplus/ deficit	2022 \$000
1,596	Increase in foreign exchange rates of 10%	22
733	Decrease in foreign exchange rates of 10%	22

### 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 the Ministry's financial liabilities (excluding derivatives) into 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

	Carrying amount \$000	Contractual cash flows amount \$000	Cash flows less than 6 months \$000	Cash flows 6 months to 1 year \$000	Cash flows 1 year to 5 years \$000	Cash flows over 5 years \$000
<b>2021</b>						
Creditors and other payables (excl. unearned income and taxes):	83,474	83,474	45,570	14,229	22,239	1,436
<b>2022</b>						
Creditors and other payables (excl. unearned income and taxes):	81,612	81,612	57,937	20,550	3,125	-

The table below analyses MFAT's non-departmental 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>2021</b>						
Gross settled foreign exchange contracts:		548				
• outflow			12,075	6,410	5,299	366
• inflow			11,527	6,111	5,065	351
<b>2022</b>						
Gross settled foreign exchange contracts:	-	22				
• outflow			22	22	-	-
• inflow						

# Appropriation statements

## STATEMENT OF DEPARTMENTAL EXPENDITURE AND CAPITAL EXPENDITURE AGAINST APPROPRIATIONS For the year ended 30 June 2022

Actual 2021 \$000		Actual 2022 \$000	Appropriation Voted* 2022 \$000	Location of end-of -year performance information **
	<b>VOTE: FOREIGN AFFAIRS</b>			
	<b>Non-Annual</b>			
19,911	Hosting APEC 2021 - MYA	18,298	38,175	1
<b>19,911</b>	<b>Departmental Output expenses Non-Annual</b>	<b>18,298</b>	<b>38,175</b>	
	<b>Annual</b>			
1	Policy Advice and Representation: Other Countries (Permanent Legislative Authority)	-	20	1
	<b>Act in the world to build a safer, more prosperous and more sustainable future for New Zealanders (MCA)</b>			
42,116	Analysis & advise to inform NZ's Foreign Policy	62,878	64,861	1
267,426	Delivery of NZ's Foreign Policy	274,679	272,950	1
56,342	Delivery of Services	57,613	58,162	1
77,605	Management of NZ's International Development Cooperation	90,398	94,438	1
<b>443,490</b>	<b>Departmental Output expenses Annual</b>	<b>485,568</b>	<b>490,431</b>	
<b>463,401</b>	<b>Departmental Output expenses</b>	<b>503,866</b>	<b>528,606</b>	
<b>463,401</b>	<b>Total departments expenditure / Appropriation</b>	<b>503,866</b>	<b>528,606</b>	
	<b>Re-measurements</b>			
2,482	Unrealised (gain) / loss on the re-measurement of foreign exchange contracts	(10,173)	-	
(204)	Movement in discount rate for Long Service Leave and Retirement Leave	(661)	-	
<b>2,278</b>	<b>Total re-measurements</b>	<b>(10,834)</b>	<b>-</b>	
<b>465,679</b>	<b>Total departmental expenditure including re-measurements</b>	<b>493,032</b>	<b>528,606</b>	
	<b>Appropriations for Departmental Capital Expenditure</b>			
37,801	Ministry of Foreign Affairs and Trade - Capital expenditure (Permanent Legislative Authority)	38,605	62,508	1
<b>37,801</b>	<b>Total Capital Expenditure</b>	<b>38,605</b>	<b>62,508</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 EXPENDITURE AND CAPITAL EXPENDITURE AGAINST APPROPRIATIONS

### For the year ended 30 June 2022

During the year ended 30 June 2022, MFAT had one output expenses multi-year appropriation in Hosting APEC 2021.

This appropriation is limited to enabling the planning and delivery of the year-long Asia-Pacific Economic Cooperation 2021 and was commenced on 1 July 2018 and expired in 30 June 2022.

Appropriation	Hosting APEC 2021 \$000
Original appropriation	99,560
Adjustments 2018/19	84,580
Adjustments 2019/20	(107,600)
Adjustments 2020/21	-
Adjustments 2021/22	590
<b>Adjusted appropriation</b>	<b>77,130</b>
Actual to 2018/19 year end	(6,650)
Actual to 2019/20 year end	(12,394)
Actual to 2020/21 year end	(19,911)
Actual to 2021/22 year end	(18,298)
<b>Appropriation remaining</b>	<b>19,877</b>

## STATEMENT OF DEPARTMENTAL EXPENSES AND CAPITAL EXPENDITURE INCURRED WITHOUT, OR IN EXCESS OF, APPROPRIATION OR OTHER AUTHORITY

For the year ended 30 June 2022

The Ministry has not had any departmental expenses and capital expenditure during the year without, or in excess of, authority. (30 June 2021: Nil).

## STATEMENT OF DEPARTMENTAL CAPITAL INJECTIONS

For the year ended 30 June 2022

Actual 2021 \$000		Actual 2022 \$000	Approved appropriation 2022 \$000
	VOTE: FOREIGN AFFAIRS		
-	Ministry of Foreign Affairs and Trade - Capital injection	10,500	21,200

## STATEMENT OF DEPARTMENTAL CAPITAL INJECTIONS WITHOUT, OR IN EXCESS OF, AUTHORITY

For the year ended 30 June 2022

MFAT has not received any capital injections during the year without, or in excess of, authority. (30 June 2021: 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 2022**

Actual 2021 \$000		Actual 2022 \$000	Appropriation Voted* 2022 \$000	Location of end-of-year performance information**
	<b>VOTE FOREIGN AFFAIRS</b>			
	<b>Non-Departmental output expenses</b>			
	<b>Annual</b>			
20,820	Antarctic Research and Support	22,820	22,820	2
5,500	Promotion of Asian Skills and Relationships	5,500	5,500	3
1,400	Pacific Cooperation Foundation	1,150	1,400	4
	<b>Non-Annual</b>			
15,190	Expo 2020 Dubai	15,493	21,323	6
<b>42,910</b>	<b>Total non-departmental output expenses</b>	<b>44,963</b>	<b>51,043</b>	
	<b>Non-departmental other expenses</b>			
	<b>Annual</b>			
54,956	Subscriptions to International Organisations	55,074	60,729	5
-	Support for Ukraine	7,500	7,500	5
70	Consular Loans Expense	163	250	5
	<b>Non-Annual</b>			
804,412	International Development Cooperation*	826,901	841,492	1
2,291	Disbursements made, and exemptions from taxation - permanent legislative authority	1,681	2,700	5
<b>861,729</b>	<b>Total non-departmental other expenses</b>	<b>891,319</b>	<b>912,671</b>	
<b>904,639</b>	<b>Total non-departmental expenditure</b>	<b>936,282</b>	<b>963,714</b>	
	<b>Non-departmental capital expenditure</b>			
7,100	New Zealand Antarctic Institute	23,000	23,000	2
271	Consular Loans	95	500	5
<b>7,371</b>	<b>Total capital expenditure</b>	<b>23,095</b>	<b>23,500</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 2021-22.

## STATEMENT OF NON-DEPARTMENTAL EXPENDITURE AND CAPITAL EXPENDITURE AGAINST APPROPRIATIONS (CONTINUED)

### MULTI-YEAR APPROPRIATION FOR VOTE FOREIGN AFFAIRS: INTERNATIONAL DEVELOPMENT COOPERATION For the year ended 30 June 2022

During the year ended 30 June 2022, MFAT had one non departmental multi-year appropriations in Vote Foreign Affairs: 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 2021 and expires on 30 June 2024.

Appropriation	International Development Cooperation \$000
Original appropriation	2,538,709
Adjustments 2021-22	471,905
<b>Adjusted appropriation</b>	<b>3,010,614</b>
Actual to 2021-22 year end	(826,901)
<b>Appropriation remaining</b>	<b>2,183,713</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 2021-22.*

## STATEMENT OF NON-DEPARTMENTAL EXPENSES AND CAPITAL EXPENDITURE INCURRED WITHOUT, OR IN EXCESS OF, APPROPRIATION OR OTHER AUTHORITY

### For the year ended 30 June 2022

The Ministry had \$23 million unappropriated capital expenditure at as 30 June 2022 (30 June 2021: Nil).

In Budget 2021 Vote Foreign Affairs received funding for the redevelopment of Scott Base for payment to the New Zealand Antarctic Institute (NZAI). However, the scope of the appropriation was limited to maintaining Scott Base buildings and services infrastructure.

This unappropriated capital expenditure has been approved by the Minister of Foreign Affairs under section 26C of the Public Finance Act 1989.

*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 2021-22.*

# Our legal responsibilities

## For the year ended 30 June 2022

### Crown entities

The Ministry of Foreign Affairs and Trade's relationship with Crown entities and other organisations that provide non-departmental output classes funded under Vote Foreign Affairs 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, and maintain and enhance the quality of New Zealand Antarctic scientific research while cooperating with other institutions and organisations that have similar objectives.

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 activities 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. The Foundation's Board of Trustees includes one MFAT representative. We act on behalf of the Minister as purchase and ownership adviser in respect of the Foundation. We assist with the preparation of the annual Statement of Performance Expectations 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 to the Minister.

### Asia New Zealand Foundation – Te Whītau Tūhono

The Asia New Zealand Foundation – Te Whītau Tūhono 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 statement of performance expectations agreed at the beginning of each financial year by the Foundation and the Responsible Minister.

The Foundation works to deepen New Zealanders' knowledge and understanding of Asia through its activities in education, business, media, Track II informal diplomacy dialogues, research, arts, entrepreneurship, leadership and sports. We act on behalf of the Minister as purchase adviser and contract manager in respect of the Foundation. We oversee the preparation of the annual statement of performance expectations and coordinate the appropriation process as part of the Foundation's performance and financial monitoring.

Our Chief Executive is an ex-officio member of the Board of Trustees.

### New Zealand Trade and Enterprise – Te Taurapa Tūhono

New Zealand Trade and Enterprise (NZTE) is a Crown entity. MFAT, in conjunction with the Ministry of Business, Innovation and Employment (MBIE), has a joint role in monitoring the performance of NZTE on behalf of the Ministers for Trade and Export Growth and the Minister for Economic Development, although NZTE is not funded from Vote Foreign Affairs. We work with MBIE to provide 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.

## PRIMARY LEGISLATION WE ADMINISTER

### 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 Prohibition Act 2009
- Geneva Conventions Act 1958
- International Crimes and International Criminal Court Act 2000 (jointly administered with the Ministry of Justice)
- Maritime Powers Act 2022
- Mercenary Activities (Prohibition) Act 2004
- New Zealand Nuclear Free Zone, Disarmament and Arms Control Act 1987
- Nuclear-Test-Ban Act 1999
- Russia Sanctions Act 2022
- Terrorism Suppression Act 2002 (jointly administered with Ministry of Justice)
- United Nations Act 1946

### Antarctica

- Antarctica Act 1960
- Antarctica (Environmental Protection) Act 1994
- Antarctic Marine Living Resources Act 1981
- New Zealand Antarctic Institute Act 1996

### Law of the sea

- Continental Shelf Act 1964
- Territorial Sea, Contiguous Zone, and Exclusive Economic Zone Act 1977
- United Nations Convention on the Law of the Sea Act 1996

### 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 2021 and 30 June 2022.

#### Multilateral treaties:

1. Entered into force 14/10/2021: Amendments to article 8 of the Rome Statute of the International Criminal Court (2010 war crimes amendments).
2. Entered into force 14/10/2021: Amendments to Article 8 of the Rome Statute of the International Criminal Court (2017 war crimes amendments).
3. Entered into force 01/11/2021: Convention on the International Recovery of Child Support and Other Forms of Family Maintenance

#### Bilateral treaties:

1. Signed 29/09/2021, entered into force 29/09/2021: Amendment, in the form of an exchange of Third Party Notes, to the Agreement between the Government of New Zealand and the Government of the French Republic relating to the Protection of Classified Defence Information.
2. Entered into force 01/01/2022: Regional Comprehensive Economic Partnership Agreement.
3. Signed 28/02/2022: Free Trade Agreement between New Zealand and the United Kingdom of Great Britain and Northern Ireland.
4. Entered into force 01/03/2022: Agreement on Social Security between the Government of the Republic of Korea and the Government of New Zealand.
5. Signed 10/03/2022: Agreement between New Zealand and the Kingdom of the Netherlands on Mutual Administrative Assistance in Customs Matters.
6. Entered into force 07/04/2022: The Wood and Paper Products Side Letter to the Protocol to Upgrade the Free Trade Agreement between New Zealand and China.
7. Entered into force 07/04/2022: Upgrade to the Free Trade Agreement between the Government of New Zealand and the Government of the People's Republic of China.
8. Signed 23/04/2022, entered into force 23/04/2022: Air Services Agreement between the Government of New Zealand and the Government of the Republic of Rwanda.



# Independent Auditor's Report

## To the readers of the Ministry of Foreign Affairs and Trade's annual report for the year ended 30 June 2022

The Auditor-General is the auditor of the Ministry of Foreign Affairs and Trade (the Ministry). The Auditor-General has appointed me, Karen Young, 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 75 to 100, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2022, 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 2022 on pages 12 to 49 and 61 to 74;
- the statements of expenses and capital expenditure of the Ministry for the year ended 30 June 2022 on pages 113 to 117;
- the schedules of non-departmental activities which are managed by the Ministry on behalf of the Crown on pages 102 to 112 that comprise:
  - the schedules of assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2022;
  - the schedules of expenses; and revenue for the year ended 30 June 2022;
  - the statement of trust monies for the year ended 30 June 2022; 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 75 to 100:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2022; 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 Reporting Standards.
- the performance information of the Ministry on pages 12 to 49 and 61 to 74:
  - presents fairly, in all material respects, for the year ended 30 June 2022:
    - 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 113 to 117 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 112 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 2022; and
  - expenses; and revenue for the year ended 30 June 2022; and
  - the statement of trust monies for the year ended 30 June 2022.

Our audit was completed on 30 September 2022. 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; and
- 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 2021-2025, the Estimates and Supplementary Estimates of Appropriation 2021/22 and the 2021/22 forecast financial figures included in the Ministry's 2020/21 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 1 through to the Directory, 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.

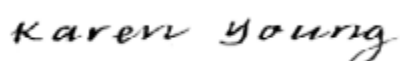
## Independence

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: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to this audit, we carried out probity assurance reviews in the procurement of satellite and global wide area network services and InvestPacific.

The independent Chair of the Ministry's Audit and Risk Committee is also the independent Chair of the Auditor-General's Audit and Risk Committee. The Auditor-General's Audit and Risk Committee is regulated by a Charter that specifies that it provides independent advice to the Auditor-General and does not assume any management functions. There are appropriate safeguards to reduce any threat to auditor independence, as the member of the Auditor-General's Audit and Risk Committee has no involvement in, or influence over, the audit of the Ministry.

Other than in our capacity as auditor, the probity assurance reviews, and the relationship with the Auditor-General's Audit and Risk Committee, we have no relationship with, or interests, in the Ministry.



**Karen Young**

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, along with requests for waivers of foreign diplomatic immunity. 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 the diplomatic corps resident in New Zealand, 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. Not all requests for waivers of immunity relate to offending; in many cases waivers are requested to enable New Zealand Police to interview members of the Diplomatic Corps when they are witnesses to or victims of crime in New Zealand.

The table below outlines the number 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 the Ministry, and whether a waiver of immunity was granted by the sending Government.

Offence Reporting Period: July 2016-June 2022	
Number of alleged serious offences <sup>69</sup>	4
Number of alleged serious offences considered to warrant prosecution <sup>70</sup>	2
Waivers of immunity sought <sup>71</sup>	12
Waivers of immunity granted	6
Percentage of cases warranting prosecution where waiver sought	100%
Percentage of waivers granted to waivers sought	50%

<sup>69</sup>A serious offence is defined as one which carries a penalty of imprisonment for 12 months or more.  
<sup>70</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.  
<sup>71</sup>A waiver can be requested for any matter that involves the Aotearoa New Zealand judicial or administrative system.

# Asset performance

The Ministry is a tier-two investment-intensive public service department. It has a \$642 million asset base that comprises property (92 percent), information and communications technology assets (7 percent) and motor vehicles (less than 1 percent).

The Ministry actively manages a portfolio of 360 owned and leased properties around the world to support the Ministry's goals.

## Measuring performance

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	Actual level
Property	Chancery buildings with a performance gap $\leq 2$ <sup>72</sup>	Functionality (Fitness for Purpose)	More than 80%	82%
Property	Official Residences with a performance gap $\leq 2$ <sup>72</sup>	Functionality (Fitness for Purpose)	More than 85%	95%
Property	Head Office occupancy rate <sup>73</sup>	Utilisation	Less than 16m <sup>2</sup>	13m <sup>2</sup>
Property	Assessed Chancery buildings with an overall Building Quality gap of $\leq 2$	Condition	More than 80%	73% <sup>74</sup>
Property	Assessed Official Residences with an overall Building Quality gap of $\leq 2$	Condition	More than 80%	80%
ICT	Proportion of time networks are available	Functionality (Fitness for Purpose)	More than 99.7%	99.6%
ICT	Proportion of time critical applications are available	Functionality (Fitness for Purpose)	More than 99.7%	100%
ICT	Proportion of available data storage capacity being used in the production environment: SAN MGMT pools	Utilisation	Less than 85%	78%
ICT	Proportion of available data storage capacity being used in the production environment: SAN IC pools	Utilisation	Less than 85%	62%
ICT	Proportion of available data storage capacity being used in the production environment: SAN Restricted pools	Utilisation	Less than 85%	74%
ICT	Proportion of available data storage capacity being used: Data Domain	Utilisation	Less than 85%	82%
ICT	Proportion of server machines patched each month	Condition	More than 95%	95%

<sup>72</sup>The Ministry uses a Fit-for-Purpose framework that rates every Chancery (office) and Official Residence property against five asset management criteria of location, *building and infrastructure quality, brand, functionality, and flexibility*. Weighted sub-criteria are used to reflect the criticality of each asset management criteria relative to specific locations. The current performance of each property asset in the above mentioned class is scored against pre-determined business defined target scores. The target scores reflect the relative importance of each of the five asset criteria as an enabler supporting the specific objectives and business model in each location.

<sup>73</sup>Occupancy of Head Office assessed using the GPG standard as a target, as at December 2021 there were 1,116 onshore staff (excl. contractors) in Head Office and Willeston St occupying a total of 13,600m<sup>2</sup>.

<sup>74</sup>While the performance of the Chancery portfolio has dipped slightly, the properties that have building quality gaps of 2 or greater are reflected in the Investment Plan with projects identified to remedy those gaps.



# ANNEX 1: Minister of Foreign Affairs' report on the non-departmental statement of performance

## Consular loans (Capital)

This appropriation is limited to recoverable financial assistance provided to New Zealanders in distress overseas to help them meet essential and immediate needs, including the costs of repatriation.

ASSESSMENT OF PERFORMANCE	2021-22		2020-21
	Budgeted Standard	Actual Standard	Actual Standard
The number of new approved consular loans	50	25	46 <sup>75</sup>

## Financial performance (figures are GST exclusive)

30/06/21 Actual \$000		30/06/22 Actual \$000	30/06/22 Appropriation \$000	30/06/22 Variance \$000
271	Consular loans (Capital)	95	500	405

30/06/21 Balance \$000		30/06/22 Loans \$000	30/06/22 Repayments \$000	30/06/22 Impairment \$000	30/06/22 Balance \$000
1,186	Consular loans (Balance)	95	(558)	(163)	560

## Explanation of significant budget variance

The variance is due to lower than expected activity in consular cases requiring financial assistance for New Zealanders in distress overseas through the provision of loans.

<sup>75</sup>25 new loans were provided to New Zealanders in distress overseas in 2021-22. The number of new loans provided in 2020-21 was 49, however, the Ministry reported 270 in last year's Annual Report which was the number of open cases as at 30 June 2021.

## Consular loan expenses

This appropriation is limited to unrecoverable financial assistance provided to New Zealanders in distress overseas and expenses arising from any concessional terms and conditions that apply to recoverable financial assistance provided.

ASSESSMENT OF PERFORMANCE	2021-22		2020-21
	Budgeted Standard	Actual Standard	Actual Standard
Under 10% of the opening loans balance is expensed in the year	Met	Met	Met

### Financial performance (figures are GST exclusive)

30/06/21 Actual \$000		30/06/22 Actual \$000	30/06/22 Appropriation \$000	30/06/22 Variance \$000
70	Consular loans expenses	163	250	87

#### Explanation of significant budget variance

Loan impairment increased by \$0.163 million to a total of \$0.233 million.

## 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(2)(b)(ii) of the Public Finance Act 1989.

### Financial performance (figures are GST exclusive)

30/06/21 Actual \$000		30/06/22 Actual \$000	30/06/22 Appropriation \$000	30/06/22 Variance \$000
54,956	Subscription to International Organisations	55,074	60,729	5,655

#### Explanation of significant budget variance

Subscriptions to International Organisations underspent as unfavourable foreign exchange movements and increases did not occur to the level expected.

## 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.

ASSESSMENT OF PERFORMANCE	2021-22		2020-21
	Budgeted Standard	Actual Standard	Actual Standard
Number of rate reimbursements processed	65-80	67	65

### Financial performance (figures are GST exclusive)

30/06/21 Actual \$000		30/06/22 Actual \$000	30/06/22 Appropriation \$000	30/06/22 Variance \$000
2,291	Disbursements made and exemptions from taxation PLA	1,681	2,700	1,019

### Explanation of significant budget variance

The timing of these refunds is dependent on claims being submitted by the New Zealand based overseas diplomatic missions and the appropriation includes a contingency for unexpected prior year claims.

## Support for Ukraine

This appropriation is limited to the provision of support Ukraine not within the scope of other appropriations.

ASSESSMENT OF PERFORMANCE	2021-22		2020-21
	Budgeted Standard	Actual Standard	Actual Standard
Funding to enable the provision of support to Ukraine is delivered as directed by the Government of New Zealand	Achieved	Achieved	New measure

### Financial performance (figures are GST exclusive)

30/06/21 Actual \$000		30/06/22 Actual \$000	30/06/22 Appropriation \$000	30/06/22 Variance \$000
-	Support for Ukraine	7,500	7,500	-





# Annex 2: Minister of Foreign Affairs' report on the International Development Cooperation non-departmental appropriation within Vote Foreign Affairs 2021-22

*This report is prepared under Section 19B of the Public Finance Act 1989: Provision of end of year performance information by Ministers.*

Aotearoa New Zealand's International Development Cooperation (IDC) Programme is funded by a non-departmental appropriation within Vote Foreign Affairs. The Pacific and Development Group of the Ministry of Foreign Affairs and Trade (MFAT) manages the IDC Programme, disbursing the funding provided under this appropriation to a range of delivery partners (including Aotearoa New Zealand government agencies, partner governments, non-government organisations, companies, and regional and multilateral organisations).

The non-departmental IDC appropriation for the triennium July 2021 - June 2024 is **\$2,558.97 million**<sup>76</sup>. Three-year appropriations allow expenditure to be managed across years, which enables the Ministry to focus on longer term quality and impact. A separate departmental appropriation is provided under Vote Foreign Affairs to fund the Ministry's management of the IDC Programme.

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<sup>76</sup>This figure is current at 30 June 2022, and does not include additional climate finance, which was added to appropriation on 1 July 2022. For latest allocation figures, see: <https://www.mfat.govt.nz/en/aid-and-development/our-approach-to-aid/where-our-funding-goes/our-planned-aid-expenditure/>





Hands-on-Training in Vegetable Nursery Management and Cultivation for women's groups in Tonga. Training conducted by Mainstreaming of Rural Development Innovation (MORDI) Tonga Trust. Credit: MFAT.

## Overview of Aotearoa New Zealand's International Development Cooperation Programme – Ngā Hoe Tuputupu-mai-tawhiti

The Ministry of Foreign Affairs and Trade – Manatū Aorere (hereafter 'the Ministry') is the agency with primary responsibility for administering Aotearoa New Zealand's international development cooperation. The Ministry administers this development cooperation through Aotearoa New Zealand's International Development Cooperation (IDC) Programme – Ngā Hoe Tuputupu-mai-tawhiti<sup>77</sup>.

Aotearoa New Zealand delivers Official Development Assistance (ODA)<sup>78</sup>, knowledge and skills to help improve sustainable development and reduce poverty in developing countries, with a strong focus on the Pacific. Our humanitarian action saves lives and relieves suffering in natural disasters and protracted crises. We seek coherence across our development, diplomatic, trade and economic, climate change, environment, and security objectives to ensure we deliver sustainable progress in developing countries, and advance Aotearoa New Zealand's interests and values. Aotearoa New Zealand's international development cooperation (both policy and financial) is an integral pillar of our foreign policy. It reflects our network of international relationships and commitments, and is an expression of our values.

Aotearoa New Zealand's Policy Statement on International Cooperation for Effective Sustainable Development<sup>79</sup> identifies the overall purpose of Aotearoa New Zealand's IDC as being: to contribute to a more peaceful world, in which all people live in dignity and safety, all countries can prosper, and our shared environment is protected.

Aotearoa New Zealand's IDC priorities support individual country objectives and needs in order to promote sustainable development, are aligned to the Sustainable Development Goal (SDG) pillars of people, planet, prosperity and peace, and reinforce the global commitment to leave no one behind: kua tētahi e whakarērea.

We seek effective, inclusive, resilient, and sustained outcomes<sup>80</sup>, and work in line with international development effectiveness principles.

<sup>77</sup>'The paddles that bring growth from afar'.

<sup>78</sup>**ODA definition:** New Zealand is a member of the OECD Development Assistance Committee (OECD DAC) which determines at a high level what can be counted and reported internationally as Official Development Assistance (ODA). Only support which has as its primary purpose the economic development and welfare of developing countries and which is provided on concessional terms can be counted. New Zealand's support under the International Development Cooperation appropriation within Vote Foreign Affairs is more expansive than the OECD DAC definition in that some high income Pacific Island countries are also eligible under this appropriation (Cook Islands in 2021-22).

<sup>79</sup><https://www.mfat.govt.nz/assets/Aid-Prog-docs/Policy/Policy-Statement-New-Zealands-International-Cooperation-for-Effective-Sustainable-Development-ICESD.pdf>

<sup>80</sup><https://www.mfat.govt.nz/assets/Aid-Prog-docs/Policy/New-Zealands-International-Development-Principles.pdf>





## Executive Summary

Aotearoa New Zealand's international development cooperation (IDC) efforts – both policy and financial – in the 2021–22 financial year continued to be dominated by the COVID-19 pandemic. The pandemic, alongside worsening global conflicts, has set back development gains globally and in our region, and disrupted shared efforts to support achievement of the SDGs. In this increasingly unsettled environment, Aotearoa New Zealand's IDC Programme has been able to provide flexible, responsive and impactful support, responding to crises while maintaining our long term funding commitments where possible. Foreign and domestic policy levers and approaches, as well as strong and trusted relationships augmented our financial contributions.

### Global challenges and responses

The challenging global context, including the ongoing impacts of the COVID-19 pandemic, has seen development and humanitarian needs worsen over 2021–22. The increasingly severe impacts of climate change and Russia's invasion of Ukraine have further spiked the already-acute levels of food insecurity in many countries around the world. In 2022, an additional 47 million people are expected to be food insecure, bringing the total number of food insecure people to 323 million globally<sup>81</sup>. This includes 36 million people who are at risk of facing emergency conditions or worse in at least 36 countries.

In this context, Aotearoa New Zealand's IDC programme beyond the Pacific has provided a targeted contribution to the global response to these challenges, delivering a range of development and humanitarian interventions, focussing on the broader Indo-Pacific region.

### A Pacific focus

Complex and interconnected global and regional challenges have affected every aspect of Pacific resilience in the past year. Among these challenges are: COVID-19 reaching most Pacific countries for the first time; climate impacts from tidal surges to droughts continuing to increase in severity; a devastating volcanic eruption affecting Tonga; geo-strategic pressures; and the Russian invasion of Ukraine bringing rising fuel prices and record levels of inflation to the region.

As the Pacific continues to respond to and emerge from these waves of disruption, Aotearoa New Zealand has stood alongside our Pacific whānau, facing these challenges together. We launched the Pacific Resilience Approach; a new values-based policy guiding Aotearoa New Zealand's engagement in the region, including our development cooperation. In line with this approach, we have worked to provide responsive support to help lessen the impact of crises, including through vaccines and other health support, fiscal crisis financing, and ensuring our own border settings took Pacific interests into account. At the same time, Aotearoa New Zealand continued to honour our commitment to working alongside our partners in delivering tangible long-term impact and strengthened resilience with an emphasis on promoting climate change adaptation, economic resilience; peace and stability; and good governance, including women's leadership and human development.

<sup>81</sup>World Food Programme data.

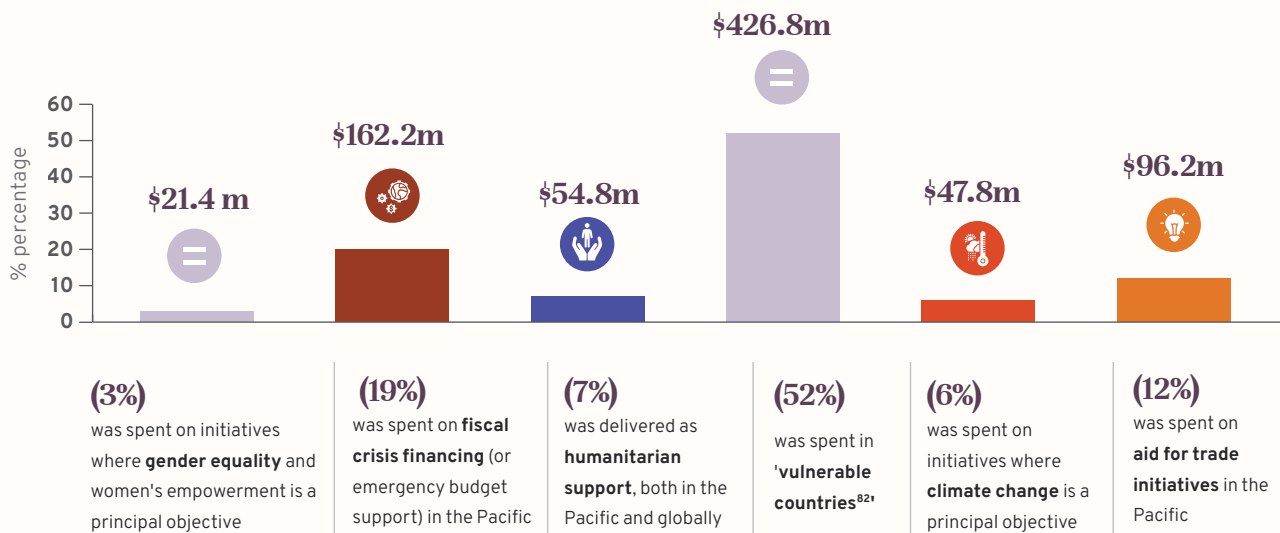


## Expenditure

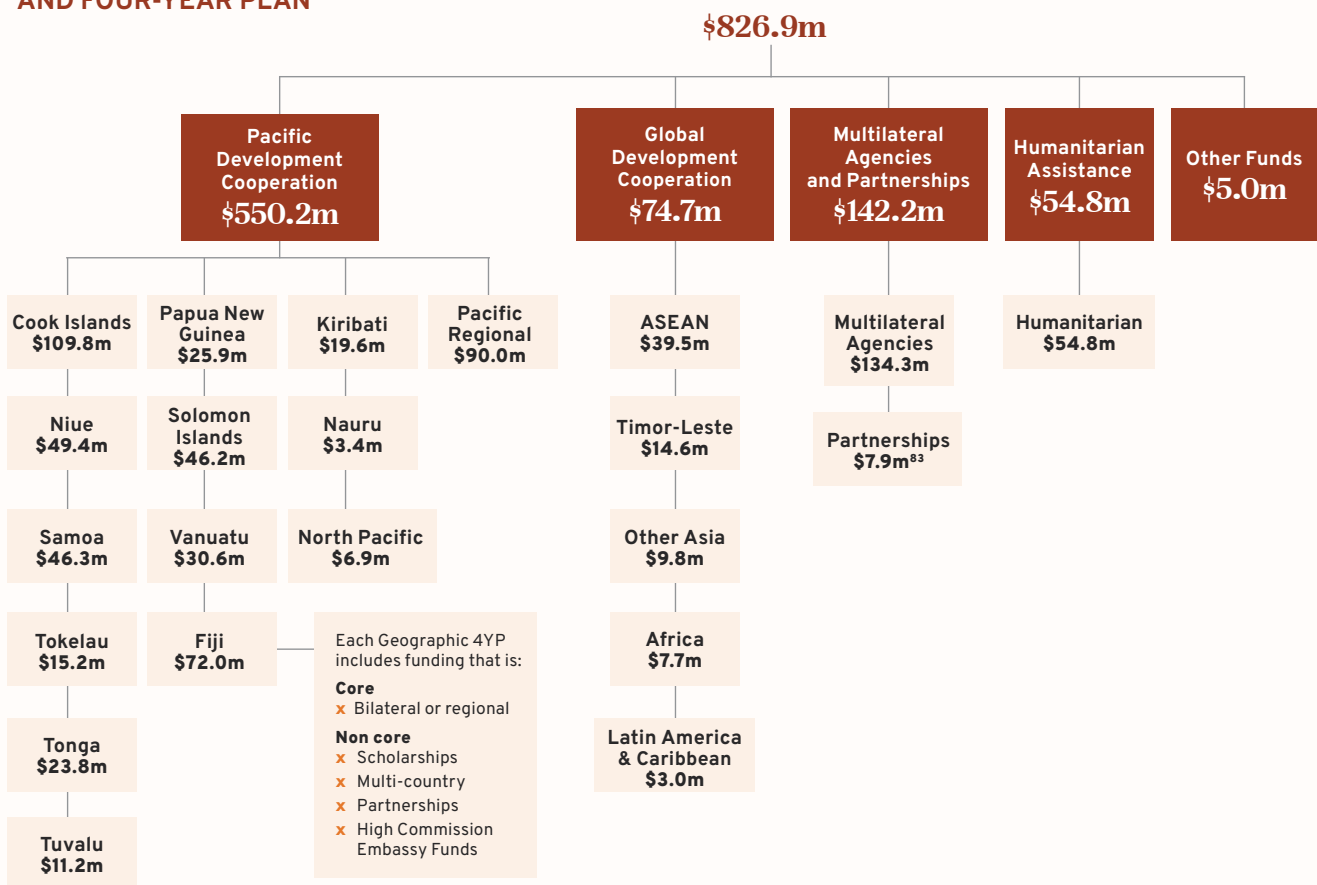
Total expenditure for the IDC appropriation in 2021–22 (the first year of the funding triennium) was \$826.9 million. We are committed to providing at least 60% of our IDC funding to the Pacific region, and in the 2021–22 financial year we exceeded this target, delivering **71%** of our total IDC funding to the Pacific (\$586.3 million).

In addition:

**FIGURE 1: PROPORTION OF IDC FUNDING SPENT ON KEY PRIORITIES 2021–22**



**FIGURE 2: NGA HOE TUPUTUPU-MAI-TAWHITI: 2021–22 EXPENDITURE BY ALLOCATION GROUP AND FOUR-YEAR PLAN**



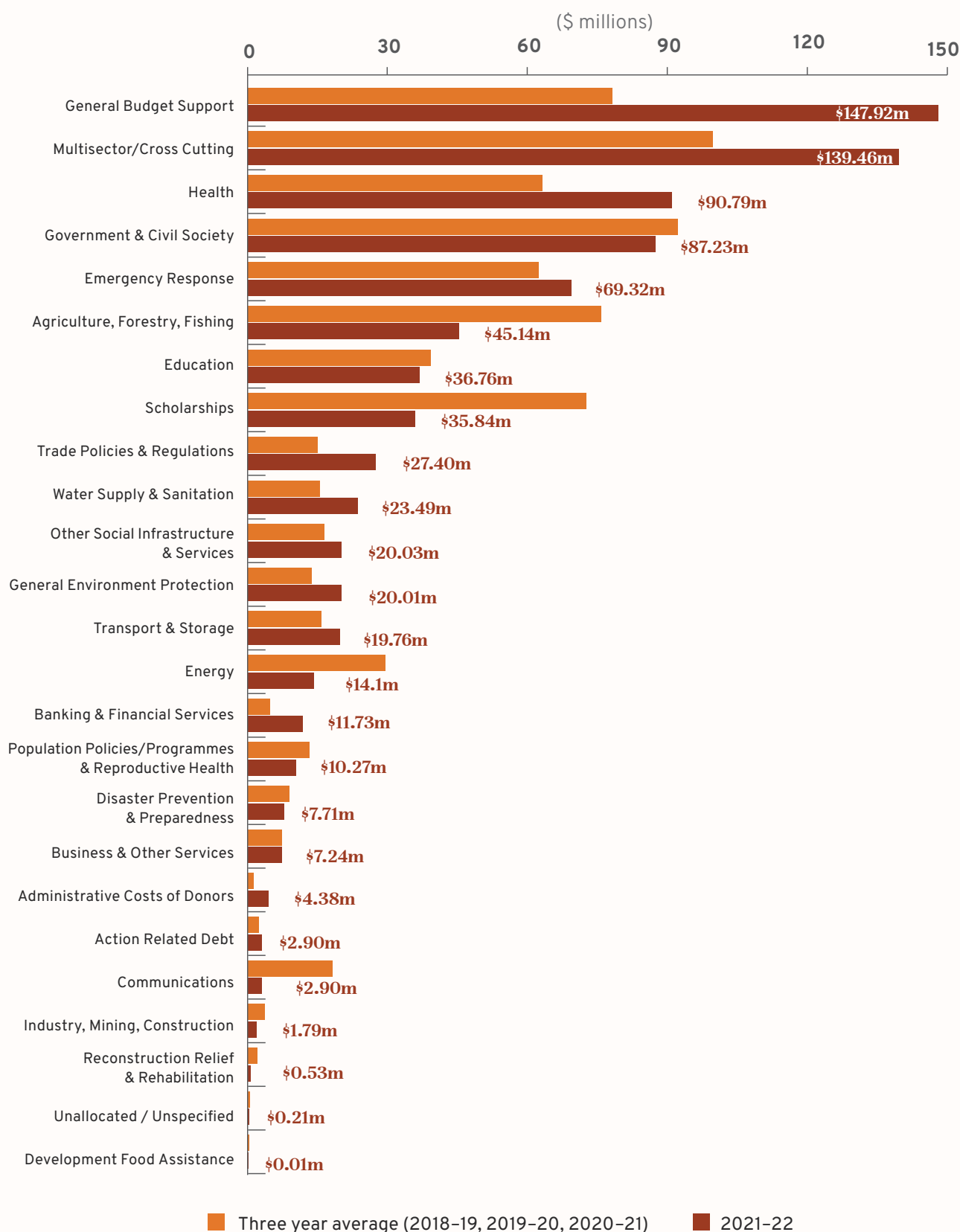
<sup>82</sup>Vulnerable countries are defined as countries which have a score of 36 or greater on the UN Economic and Environmental Vulnerability Index, see: <https://www.un.org/development/desa/dpad/least-developed-country-category/idc-criteria.html> (EVI tab). NB. The EVI does not include data on non-UN member states i.e. territories. In absence of country-specific data we have deemed all micro-state territories (population <100,000) to be vulnerable by definition.

<sup>83</sup>Note that the total spend for the Partnerships programme was \$24.97 million, most of which is allocated to geographic four-year plans.



**FIGURE 3: NGĀ HOE TUPUTUPU-MAI-TAWHITI: 2021-22 EXPENDITURE BY SECTOR**  
(COMPARED WITH THREE YEAR AVERAGE FROM 2018-19, 2019-20, 2020-21)

Aotearoa New Zealand's total IDC spend for 2021-22 was \$826.9 million. Of this, the top three sectors were general budget support, multi-sector activities, and health - together totalling more than \$378 million.





# Strengthening our focus on accountability and transparency

Aotearoa New Zealand's International Cooperation for Effective, Sustainable Development policy (the ICESD policy) confirms our support for the SDGs, and commits us to delivering development assistance that is effective, inclusive, resilient and sustained. An important aspect of this commitment is ensuring we deliver ongoing improvements to the transparency of and accountability for our IDC spend. This commitment also reflects recommendations from the Foreign Affairs Defence and Trade Committee's 2020–21 Inquiry into New Zealand's Aid in the Pacific<sup>84</sup>. The following are key achievements from 2021–22 to strengthen accountability and transparency:

- For the current funding triennium we commenced publishing financial allocation data on our website, and updating this on a quarterly basis<sup>85</sup>.
- We developed and published 22 geographic and thematic four-year plans for the current funding triennium. These were consulted with external stakeholders (including partner country governments, Aotearoa New Zealand Government agencies, non-government organisations (NGOs), and Pasifika communities) and are now all publicly accessible on our website for the first time<sup>86</sup>.
- We have now been publishing regular data files in line with the International Aid Transparency Initiative (IATI) Standard<sup>87</sup> for over a year, resulting in the Ministry joining a group of only 56 organisations that publish monthly (out of the 1,444 organisations that publish data according to the IATI standard).
- Aotearoa New Zealand's 2022 Aid Transparency Index rating is 64.4%. This is a drop from 2020's rating of 77.6% but is still higher than the 2022 average of all assessed donor agencies of 61.8%, retaining Aotearoa New Zealand's ranking of "good". The drop in our rating is due to a combination of IATI's assessment method changing to use more demanding criteria – a change that is designed to continuously raise the bar for transparency – and the Ministry's decision to take a more sustainable approach to improvements, embedding ongoing improvements to our transparency systems and processes.
- We continue to publish all activity and strategic evaluations<sup>88</sup>, and their management responses on our website. In 2021–22 we published 6 out of 6 evaluations within three months of completion. Our ability to complete strategic evaluations has been constrained by COVID-19 travel restrictions over the past two years. However, in the final quarter of 2021–22 we commenced a forward programme of strategic four-year plan evaluations, starting with the Tuvalu four-year plan.

<sup>84</sup>See: [https://www.parliament.nz/en/pb/sc/reports/document/SCR\\_99947/inquiry-into-new-zealands-aid-to-the-pacific](https://www.parliament.nz/en/pb/sc/reports/document/SCR_99947/inquiry-into-new-zealands-aid-to-the-pacific)

<sup>85</sup>See: <https://www.mfat.govt.nz/en/aid-and-development/our-approach-to-aid/where-our-funding-goes/our-planned-aid-expenditure/>

<sup>86</sup>See: <https://www.mfat.govt.nz/en/aid-and-development/our-approach-to-aid/where-our-funding-goes/our-planned-aid-expenditure/>

<sup>87</sup>IATI is a global initiative to improve the transparency of development and humanitarian resources and their results to address poverty and crises. See: <https://iatistandard.org/en/>

<sup>88</sup>See: <https://www.mfat.govt.nz/en/aid-and-development/our-approach-to-aid/evaluation-and-research/>



Local Nauru Utility Corporation staff and MFAT-engaged engineers worked on the 1.1 Megawatt Solar photovoltaic (PV) generation system in the Menang district of the Republic of Nauru. Credit: MFAT.

## Responding to the Climate Emergency – stepping up our action

The environmental, economic, social, cultural and humanitarian damage caused by cyclones, droughts, flooding and tidal surges continues to take a toll on our region and world. Pacific countries are some of the most exposed in the world to the impacts of climate change. There are indications that some locations are approaching the limits of climate adaptation. Extreme weather events are expected to intensify, sea levels expected to rise, and temperatures to increase.

In this context, climate change remains the predominant challenge to long term resilience in the region and the key issue for the Pacific on the international and regional stage. The impacts on communities and economic costs are becoming increasingly apparent.

While climate change and environmental issues have long been areas of focus in our partnerships around the world, the increasing impacts of climate change in our region and globally have driven a significant step-up in the Ministry's engagement in this area, including through the IDC programme.

Aotearoa New Zealand met our 2019–2022 (\$300 million) climate finance commitment in July 2021, 18 months ahead of schedule. The Ministry expects around \$490-500 million in climate-related finance will be delivered in that four year commitment period (ending December 2022). Overall, the IDC Climate Change programme reported substantial achievements over the 2021–22 year, particularly in the Pacific, including:

- As a direct result of Aotearoa New Zealand's development assistance, more than 9,700 people directly benefited from initiatives which aim to increase resilience to climate change and environmental degradation.
- 27 Pacific governments and institutions were supported to develop long-term climate resilience (adaptation) plans, update or complete Nationally Determined Contribution documents and monitoring systems, and implement risk-informed policy development.
- Our partnership with the International Organisation for Migration through the Pacific Climate Change Migration and Human Security Programme (PCCMHS) supported a regional dialogue on climate mobility and national consultations with 14 Pacific countries.
- The *Climate Resilient Islands Programme* in Tonga and Fiji, supporting nature-based adaptation solutions at the community-level, was launched.
- Our partnership with the Department of Conservation, Manaaki Whenua Landcare Research and SPREP resulted in the establishment of the *Pacific Regional Invasive Species Management Support Service* to help Pacific countries manage introduced pests and weeds.

In addition to these climate change-specific achievements, efforts to 'mainstream' climate change considerations across the broader IDC programme has resulted in 171 IDC-funded initiatives (which are not specifically targeting climate change) now reporting contributions to climate change goals.





Handover ceremony of vegetable seeds to the Tongan Government as part of the Pacific Seeds for Life programme with the Centre for Pacific Crops and Trees (CePaCT). Credit: MFAT.

### A significant scale up in funding

In October 2021, Aotearoa New Zealand committed to providing \$1.3 billion in **climate finance** to developing countries between 2022 and 2025. This includes \$800 million in new funding. This funding will be delivered through the IDC appropriation as grant funding to development partners. Of that \$800 million, \$450 million will be delivered as additional funding in the current funding triennium. **At least 50 percent of the total funding will support Pacific countries and at least 50 percent of the total will target climate change adaptation.**

This new commitment is **more than four times the size of Aotearoa New Zealand's previous commitment** (NZD \$300 million, 2019–2022). It underlines the importance Aotearoa New Zealand attaches to global and regional efforts to work together to combat climate change. This finance will support developing countries to **reduce their carbon emissions**, support measures to **adapt to climate change**, and **build climate change capacity and capabilities**.

The Ministry has drafted an **International Climate Finance Strategy** to help guide delivery of Aotearoa New Zealand's climate finance commitments.

In developing the Strategy, the Ministry held talanoa with Pasifika academics, community and youth groups. We consulted extensively with Non-Government Organisations engaged in climate change work and we used our network of Posts to engage with partner governments to ensure the Strategy reflects their climate change priorities.





# Ngā Hoe Tuputupu-mai-tawhiti: Aotearoa New Zealand's development and humanitarian programmes in 2021-22

The following pages provide an overview of impact achieved through Aotearoa New Zealand's IDC programme in 2021-22 from the four major funding allocations within the IDC appropriation: Pacific, Global, Multilateral agencies and Partnerships, and Humanitarian.



NZDF support leaving Auckland Harbour bound for Tonga following January's volcanic eruption and tsunami. Credit: MFAT.



# Results at a glance

In the 2021-22 financial year as a direct result of Aotearoa New Zealand's international development cooperation funding:



3,500+

PEOPLE

in the education workforce received training or capability-building support

640

PEOPLE

completed tertiary or vocational scholarships

8,000+

PEOPLE

benefitted from enhanced learning through ICT



14,800+

PEOPLE

participated in a labour mobility initiative



1,900+

PEOPLE

received training or capability-building support in fisheries and oceans'



89,300+

PEOPLE

benefitted from sexual and reproductive health services

6,300+

PEOPLE

in the health workforce received training for capability-building support



2,000+

PEOPLE

received training or capability-building support in equity and inclusion



9,700+

PEOPLE

directly benefitted from initiatives which aim to increase resilience to climate change and environmental degradation



552,100+

PEOPLE

were provided with essential and useful humanitarian assistance following a natural or human-induced disaster



45,200+

PEOPLE

directly benefitted from improved infrastructure and services

2,700+

PEOPLE

received training or capability-building support in infrastructure



68,100+

PEOPLE

received training or capability-building support in peace and security



3,800+

PEOPLE

received training or capability-building support in governance



69,800+

PEOPLE

were supported to improve their livelihoods



# Pacific Development Cooperation

\$550.20  
MILLION

Aotearoa New Zealand's home and heart is in the Pacific. Our engagement in the Pacific is partner-led. It supports each country's determination to chart its own development, with the SDGs as a shared commitment.

## The Pacific Resilience Approach was agreed by Cabinet in October 2021

In October 2021, Cabinet approved a "Resilience Approach"<sup>89</sup> to guide Aotearoa New Zealand's overall engagement in the Pacific. With our IDC programme, taking a Resilience Approach means:

- Recognising the mana of each nation and reinforcing our whanaungatanga connections with the wider Pacific
- Affirming that we will accompany our partners on a path towards achieving the Sustainable Development Goals as a shared commitment
- Targeting our international development cooperation to support long-term resilience
- Harnessing regional and multilateral action to support Pacific priorities.

We recognise that each partner has a different starting point, and we work with our Pacific partners to support them to chart their own resilience journeys, using local and culturally-relevant approaches, and strengthening the capacity of the partners we work with. We balance flexible and responsive COVID-19 crisis support with maintaining a programme that builds long-term (inter-generational) resilience across multiple (and interconnected) dimensions including: governance, social, economic, cultural and environmental.

The Pacific Resilience Approach is an amplification of New Zealand's domestic focus on wellbeing and resilience (confirmed in the Government's Wellbeing Budget) out into the wider region, including to ensure that those most vulnerable are not left behind. It also recognises that there is a significant overlap between the effect of our domestic and international policies where the Pacific is concerned. The figure and box on the following page set out new principles for engagement in the Pacific, which increasingly guide our overall engagement in the region. Navigating our approach to engagement in the Pacific will require us to draw on all the tools available in our kete to help guide our journey – much like our tupuna before us.

We have taken this concept and developed a **compass**, built around various elements found in Māori and Pacific navigation narratives.

<sup>89</sup>See: <https://www.mfat.govt.nz/en/media-and-resources/proactive-release-new-zealands-pacific-engagement-from-reset-to-resilience/>; and <https://www.mfat.govt.nz/assets/OIA/Proactive-Release-New-Zealands-Pacific-Engagement-v2.pdf>



TABLE 1: AOTEAROA NEW ZEALAND'S ENDURING PRINCIPLES OF PARTNERSHIP IN THE PACIFIC

PRINCIPLES	DESCRIPTION
<b>Tātai Hono</b> (Recognition of Deep and Enduring Whakapapa Connections): represented by <b>the ocean</b> – and its current – binding us all through whakapapa and connection.	Shared history and meaningful relationships will shape our engagement, reinforcing Aotearoa New Zealand's depth of connection within the region and increasing understanding of Pacific peoples. These connections can be further enhanced by the shared value of reciprocity, shared national and regional priorities, shared language connections, and the recognition and celebration of the diversity between and within our indigenous values and those of Pacific partners.
<b>Turou Hawaiki</b> (Navigating Together): represented by <b>the navigation winds</b> , carrying manu and waka, charting our course and direction, and recognising our shared common values.	Our engagement will recognise that we share common values, and will reflect the unique and substantial overlap with Aotearoa New Zealand domestic policy decisions in respect of the Pacific. The development of Aotearoa New Zealand regional and national policies will actively consider their implications for the Pacific. We will also actively consider the impact on Pacific countries from international treaties and agreements that Aotearoa New Zealand is negotiating.
<b>Whāia te Taumata Ohanga</b> (Journey Towards a Circular Economy): like <b>the sun</b> , setting and rising, but always on the horizon, showing us that although the journey may be different, the long-term perspective remains the same.	Our engagement will recognise that the journey we each take is different but our horizon is the same. We will collaborate in support of the SDGs, with the long-term inter-generational perspective these Goals bring consistent with Aotearoa New Zealand's and Pacific countries' enduring journey together. We will aim to achieve lasting resilience through Pacific countries' enhanced capability to deliver on national and regional priorities through supporting sustainable human, economic, and social development. We recognise each country's mana to determine and protect its own kaitiakitanga.
<b>Tātou Tātou</b> (All of us Together): reflecting the strength of our friendships – and where we are headed – in the faces, and phases, of <b>the moon</b> .	Our cooperation will be underpinned by the principles of whanaungatanga and friendship, including honesty, trust, and respect. We will listen and have conversations. We will act with predictability, consistency, and based on the values we share as people of the Pacific. We will harmonise our efforts with others. We will confidently share Aotearoa New Zealand's views and perspectives, being clear about the things we will do and the things we will not do. The strength of friendship allows us to communicate openly even when our views differ.
<b>Arongia ki Rangiātea</b> (Focus toward Excellence): represented by <b>Matariki me nga purapura whetu</b> , drawing a common architecture across the night's sky that reinforces our integration.	We will actively take an integrated approach across each Aotearoa New Zealand Government agency to recognise the centrality of the Pacific. We will amplify our value in the Pacific through encouraging impactful co-investment from actors outside the region, and by supporting regional architecture that reinforces Pacific ownership and priorities.





## North Pacific

TOTAL SPEND: \$6.92m

HIGHLIGHT: Renewable energy activities are significantly displacing diesel fuel reliance in Palau, FSM<sup>90</sup> and RMI<sup>91</sup>, with renewable energy systems now providing as much as 50% of energy need on some islands.



## Nauru

TOTAL SPEND: \$3.36m

HIGHLIGHT: The Nauru Accountable and Inclusive Governance (NAIG) Project produced positive outcomes for engagement of women and girls in politics and public life, for example by supporting publicity, which encourages women to run for public office. As a result, in 2021, 12 women (14%) declared intentions to run, up from 5 in 2019.



## Solomon Islands

TOTAL SPEND: \$46.17m

HIGHLIGHT: The Mekem Strong Solomon Islands Fisheries programme provided support for sustainable fisheries management (inshore and offshore), targeting long term outcomes from the National Fisheries Policy of contributing to the socio-economic needs of all Solomon Islanders, and providing increased revenue and food security from fisheries.



## Kiribati

TOTAL SPEND: \$19.55m

HIGHLIGHT: Kiribati National Statistics Office was supported to undertake the Kiribati Population and Housing Census. Completed in 2022, the census generates data, which is critical for good governance, policy formulation, development planning, and risk reduction, including for planning the COVID-19 response.



## Papua New Guinea

TOTAL SPEND: \$25.90m

HIGHLIGHT: The Aotearoa New Zealand-funded Rural On-Grid Project achieved its completion milestone, providing around 30,000 people with new access to electricity.



## Vanuatu

TOTAL SPEND: \$30.59m

HIGHLIGHT: Aotearoa New Zealand provided further funding of \$1.9 million under our TC Harold recovery package to the support rebuild and repair of educational facilities and replacement of school materials.



## Fiji

TOTAL SPEND: \$72.03m

HIGHLIGHT: The Fiji Women's Crisis Centre delivered 7,317 counselling sessions to survivors and vulnerable women/girls, registered 2,429 new clients, and delivered 44 community education sessions as well as provided 101 women and 17 children with access to safe emergency shelter.



## Tonga

TOTAL SPEND: \$23.77m

HIGHLIGHT: Our trilateral ten year policing programme (with Australia and Tonga) ended this year. Under this programme the Tonga Police Force became more professional, improved community confidence in Tonga Police and helped to reduce crime by 14%.



## Niue

TOTAL SPEND: \$49.43m

HIGHLIGHT: The IDC-funded Polynesian Health Corridors programme delivered and prepared Niue to administer 4,530 COVID-19 vaccines for all of their eligible populations at the same time that Aotearoa New Zealand was rolling out COVID-19 vaccines.



## Samoa

TOTAL SPEND: \$46.31m

HIGHLIGHT: Aotearoa New Zealand procured and installed an oxygen generator at the Tupua Tamasese Meaole Hospital in Apia (increasing Samoa's access to medical oxygen by 400%).



## Tuvalu

TOTAL SPEND: \$11.24m

HIGHLIGHT: As part of the Vaitupu Water Security Activity, plans are under way for construction of a groundwater infiltration gallery and storage facilities that will provide access to potable drinking water in times of drought.



## Tokelau

TOTAL SPEND: \$15.16m

HIGHLIGHT: The Aotearoa New Zealand-funded Tokelau submarine cables were installed on Nukunonu. The international and domestic submarine cables will connect the three atolls to high speed internet. Onshore works and commissioning are expected to be completed in 2022.



## Cook Islands

TOTAL SPEND: \$109.76m

HIGHLIGHT: The Cook Islands Government's Economic Response Plan, funded with Aotearoa New Zealand support, included wage subsidies, smart-agritech grants and business grants. To be eligible to access this business support, registration and tax compliance was a pre-requisite. Business Link Pacific, an IDC funded programme, was critical to assist Cook Islands' small businesses to become tax compliant and access this support.

# Pacific Impacts

<sup>90</sup>Federated States of Micronesia.

<sup>91</sup>Republic of the Marshall Islands.



An NZDF C-130 transported essential medical equipment to Kiribati in February 2022, including paracetamol, and personal protective equipment to assist with the COVID-19 response. Credit: MFAT.

# COVID-19: Aotearoa New Zealand responds to support a resilient Pacific

Aotearoa New Zealand's overall goal is to support Pacific Island countries to prepare for, respond and adapt to living with COVID-19 in a way that minimises the social and economic impacts of the pandemic and builds long-term resilience.

In the 2021-22 financial year, the COVID-19 pandemic reached most Pacific countries for the first time. Aotearoa New Zealand provided a range of flexible and responsive support to ensure Pacific countries could prepare for, respond to, and recover from the social and economic impacts of the pandemic in line with their own priorities.

## Health system preparedness and response

Vaccines and other health support have been key to supporting Pacific countries in their response to, and social and economic recovery from, COVID-19. We have focused our bilateral Pacific vaccine support on six Polynesian countries (Samoa, Tonga, Cook Islands, Tokelau, Niue and Tuvalu) and Fiji. We provided vaccines from our domestic portfolio supply to these countries, with accompanying technical support, contributing to high vaccination coverage.

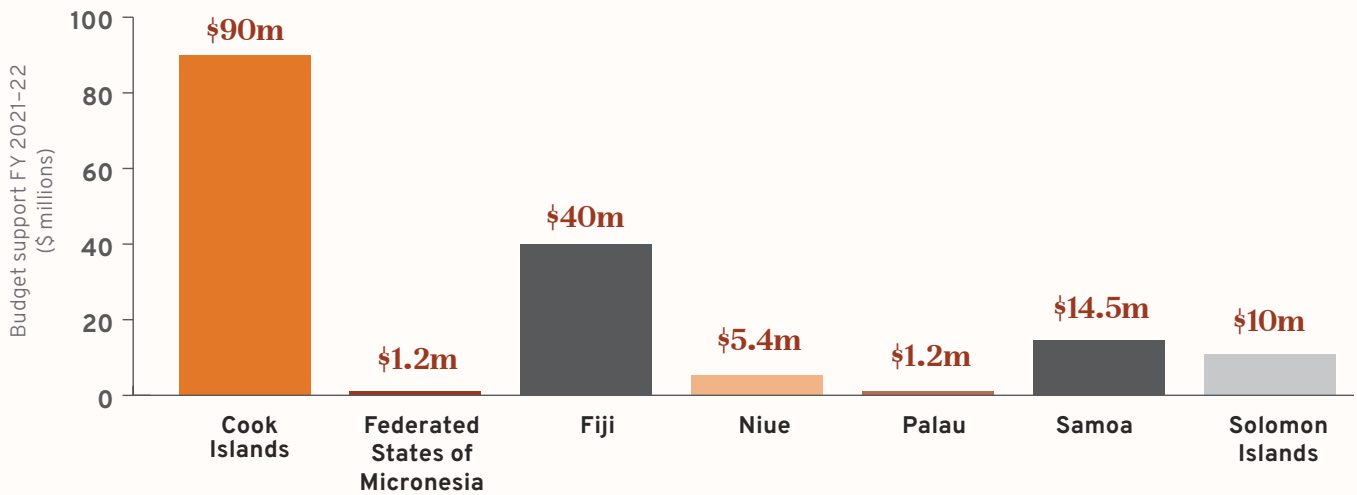
**BY THE END OF THE 2021-22 YEAR, WE HAD PROVIDED 298,130 PFIZER COVID-19 VACCINE DOSES TO POLYNESIAN COUNTRIES, AND 59,560 DOSES TO FIJI (THE MAJORITY OF THIS IN THE 2021-22 FINANCIAL YEAR).**

Our support to the wider Pacific vaccine efforts has been in partnership with other donors. Our vaccine support helped protect against more serious health impacts, hospitalisations and deaths as the virus reached the Pacific.

Other COVID-19 health support has included providing personal protective equipment (PPE), medical and testing equipment and supplies, and on the ground personnel delivered via commercial and New Zealand Defence Force (NZDF) assets (including relief flights to Fiji, Tonga, Solomon Islands, Kiribati, Vanuatu (2022), Papua New Guinea, Solomon Islands, and Fiji (2021). In addition, we supplied on the ground clinical support in both Fiji and Papua New Guinea during their Delta outbreaks in 2021.

Through the IDC-funded Polynesian Health Corridors programme Aotearoa New Zealand has donated over 217,000 rapid antigen tests to the six Polynesian countries. IDC funding for the Pacific Pathology Training Centre (PPTC) enabled Aotearoa New Zealand to respond quickly, facilitating transportation of COVID-19 samples to Aotearoa New Zealand for genome sequencing and the provision of much needed laboratory and testing equipment for COVID-19. PPTC adopted innovative methods, including developing 'container laboratories' which enabled testing to take place in remote locations.



**FIGURE 4: AOTEAROA NEW ZEALAND EMERGENCY BUDGET SUPPORT TO THE PACIFIC 2021-22**

### Emergency economic and fiscal grant funding

To ensure stability in the region, it is essential that Pacific governments are able to meet critical spending needs in order to maintain law and order, provide basic public services, prepare health systems and fund social protection mechanisms. To help Pacific countries address these challenges, Aotearoa New Zealand disbursed \$162 million in emergency grant funding (budget support) in the 2021-22 financial year (see figure above). This was in addition to \$114.65 million disbursed in 2020-21 and \$40 million in 2019-20.

Our emergency budget support funding has allowed countries to respond directly and rapidly to their own priorities for COVID-19 response and recovery. It is a form of support that provides for strong country ownership and alignment to strategic priorities. It places reliance on country systems for the budgeting, accounting, reporting, and audit of funds. Working in this way aligns to the Pacific Resilience approach by acknowledging that each country will have different priorities for their emergency response and recovery, and different approaches to achieve their prioritised SDGs.

### Additional economic and private sector support

Additional programmes were aimed at building the resilience of Pacific economies through the pandemic by increasing the availability of local food, strengthening agricultural exports, readying and positioning the tourism industry for a return of international tourists, increasing businesses' access to investment capital and bank financing, and diversifying economies through support for new, emerging sectors.

For example, our **Business Link Pacific** (\$12.5 million) and the **Pacific SME Finance Facility** pilot (\$10.0 million) supported Pacific businesses in eight Pacific countries with access to advice and finance to respond to the economic impacts of the pandemic while investing in long-term sustainability, resilience and growth. Specific achievements include:

- Enabling 626 businesses (including 414 women-led businesses) to access \$1.6 million in business advisory services, leveraging \$535k in private co-investment.
- Enabling 469 businesses (including 309 women-led businesses) to access \$3.3 million in adaptation grants.

### Aotearoa New Zealand's border settings

As a gateway into the region, we worked to ensure that our border settings took into consideration our commitment to supporting the resilience of the Pacific. After extensive cross-agency efforts led by the Ministry, Aotearoa New Zealand negotiated and opened one-way quarantine free travel with Samoa, Tonga and Vanuatu in October 2021, enabling the entry and employment of more than 11,000 RSE workers. Then, as Aotearoa New Zealand reopened in 2022, the Ministry worked to ensure access from the Pacific was prioritised (for example, bringing forward timeframes for reopening visitor visa access), reflecting the importance of cultural, economic and social connections across the region. We also provided support and advice where requested as Pacific countries have planned and implemented their own border re-opening strategies.



Pacific flags on Nauru beach. Credit: MFAT.

## Supporting Pacific regionalism

A strong regional architecture – owned by all Pacific countries – enables the Pacific to deliver its own solutions to priority regional challenges and take better advantage of strategic opportunities. The image of **Te Kupenga a Māui** (the net of Māui) builds on the principle of **Turou Hawaiki** (navigating together) and gives us a useful way to frame how we want the regional architecture to support regional governance.

As we reconnect as a region, our key message is that our strength and success as a region relies on Pacific countries acting together to secure the future of our Blue Pacific Continent. Aotearoa New Zealand remains a long-standing member of the Pacific *whānau*, including the way in which we are embedded into existing Pacific regional architecture.

We are a member and funder of **Pacific regional agencies**, and this is a key aspect of our **Resilience Approach**. These intergovernmental organisations work toward the common goal of sustainable development in the Pacific. They apply their technical and policy capacity, established programmes and relationships, and deep knowledge of the region to support Pacific countries to strengthen their resilience, rebuild from COVID-19 impacts and achieve the SDGs. Aotearoa New Zealand's core funding to these organisations supports them to deliver on their work programmes and strategic priorities. In **2021-22 we provided \$24.88 million** in core contributions to six Pacific regional agencies. Key achievements from each agency are set out on the next page.



# Results from Pacific Regional Agencies

## Pacific Islands Forum Secretariat (PIFS)

Coordinates implementation of Pacific Leaders' decisions including policy advice on regional economic growth, political governance and security.

Key achievements in 2021-22:

- As directed at the 2021 Forum Leaders' Retreat, the Secretariat continued working through the Pacific Humanitarian Pathway on COVID-19 and the WHO Joint Incident Management Team to support Member countries in their management and response to the pandemic.
- Supported Pacific leaders to issue the Declaration on Preserving Maritime Zones in the face of Climate Change-Related Sea-Level Rise.
- Supported Fiji to Chair the inaugural Pacific Islands Forum Women Leaders' Meeting.

## The Pacific Community (SPC)

Scientific and technical services to Pacific countries in agriculture, public health, geosciences, fisheries, statistics, educational assessment, disaster risk reduction, transport, energy, climate change, gender, youth and human rights.

Key achievements in 2021-22:

- Played a key role in the WHO-led Joint Incident Management Team (JIMT), advising member governments on responses to COVID-19; and providing leadership and expertise in pandemic coordination, surveillance, infection prevention and control, laboratory services and clinical services.
- Provided capacity building for Pacific countries with over 11,800 people trained in areas such as fisheries, agriculture, public health, disaster management and statistics.

## University of the South Pacific (USP)

Research institute and the Pacific region's provider of tertiary education, including distance and flexible learning.

Key achievements in 2021-22:

- Pivoted to online and remote teaching and learning methodologies to ensure that students could continue their studies following the closure of borders.
- Enhanced international reputation through inclusion in the Times Higher Education rankings for the first time. USP was also recognised well in the Times Impact rankings (for SDG impact) and the World Universities Real Impact rankings (for crisis management).
- 2022 saw the largest ever cohort of graduates, with over 2,600 graduates, 60% of these women.

## Forum Fisheries Agency (FFA)

Advice and services to enable Pacific countries to maximise economic and social benefits from the sustainable management of their tuna fisheries.

Key achievements in 2021-22:

- Enhanced and maintained monitoring, control and surveillance tools and operations in the face of COVID-19. FFA worked closely with the United States, France, Aotearoa New Zealand and Australia to deliver four key regional fisheries compliance operations.
- To increase the participation of women in tuna fisheries, FFA delivered financial literacy training and training of an all-female crew. This resulted in a world-first initiative between FFA and SeaQuest with an all-female deck crew setting off on their first fishing trip on a tuna longline vessel.

## Secretariat for the Pacific Regional Environment Programme (SPREP)

Technical and policy assistance on environmental issues such as climate change, biodiversity and ecosystem management, waste management and pollution control.

Key achievements in 2021-22:

- Hosted the Moana Blue Pacific Spaces and Event Programme at the 2021 UN Climate Change Conference (COP26), despite the challenges and uncertainties of COVID-19.
- Working with Manaaki Whenua Landcare Research, beetles have been released in Cook Islands as a biocontrol to manage the spread of the African tulip tree, which is affecting biodiversity and climate resilience across the Pacific.

## Pacific Aviation Safety Office (PASO)

Providing aviation safety and security services to the Pacific.

Key achievements in 2021-22:

- Established and remotely delivered off site inspection services to assess safety oversight in Pacific countries.
- Acted as secretariat for the second Regional Aviation Ministers' Meeting (RAMM2), which is advancing a treaty for a new regional aviation organisation, a 10 year Regional Aviation Strategy, and analysis and lessons for (aviation) recovery from the pandemic.





# Highlights from New Zealand's international development cooperation in the Pacific

## Investing in sustainable agriculture in Samoa

Growth in the cocoa sector supports a more diversified economy which increases resilience in the face of shocks to the tourism sector such as those caused by COVID-19. Aotearoa New Zealand contributes toward the sector through two initiatives: the Samoa Cocoa Industry Development Initiative (SCIDI) and the Improved Livelihoods Cocoa Samoa activity. Since 2019, SCIDI has helped the Samoa Koko Industry Association (SKIA) create model nurseries, provide on-farm training, and share technologies. The SCIDI and SKIA engages with a wide range of government and industry stakeholders in Samoa's cocoa sector.

The Improved Livelihoods Cocoa Samoa Activity has helped export Samoan cocoa to Aotearoa New Zealand for a single origin Samoan chocolate product whilst also improving the quality of Samoa cocoa through on the ground training in farming and processing techniques. The activity has been delivered in partnership with local organisations and has contributed to the viability of the local cocoa industry.

In the past year, 65 growers were trained in best production practices and 50 staff from the Samoa Ministry of Agriculture and Fisheries received training on seedling production. Eight larger in-country training events were attended by 105 farmers. While formal employment across Samoa dropped by 11.6% in 2021, there is anecdotal evidence from local partners that there was a minor uptick in agricultural employment (although agriculture only makes up 0.6% of the labour market).



4th generation of chocolate industry veterans. Credit: Whittaker's.



Tonga Live & Learn with their food cube container, part of the food security component for the Climate Resilient Islands Programme. Credit: Tonga Live & Learn Team.



### Pivoting Aotearoa's support to respond to Tongan volcanic eruption

In the wake of the destructive Hunga Tonga–Hunga Ha'apai volcanic eruption and tsunami, Aotearoa New Zealand worked with partners to quickly adapt to Tonga's changed priorities. This included our contribution of \$6 million to Tonga's Building Resilient Water Management System delivered through the Tonga Climate Change Fund. The National Water Tank project is supporting Tonga's efforts to build long-term, inter-generational resilience. This includes delivering 1500 water tanks and 400 latrines to Tonga's most vulnerable households, including those now more at risk because of ashfall or from the tsunami.

Aotearoa New Zealand responded swiftly by pivoting our partnership with Live & Learn Tonga on the Climate Resilient Islands programme, which works at the community level to strengthen nature-based climate change adaptation. After the January 2022 volcanic eruption and tsunami, food security became an urgent issue. The programme was adapted to provide 'food cubes' to help affected households re-establish food growing options. Community workshops and a guidebook, published in Tongan and English, are further building local skills and tools for long-term food security.

### Significant results from reform-linked budget support in Nauru

Aotearoa New Zealand provides reform-linked budget support in Nauru through the Asian Development Bank-led Improving Fiscal Sustainability and Social Protection programme, which aims to strengthen the Government of Nauru's public investment management and fiscal sustainability. Since the 1990s, when the Government of Nauru defaulted on its debt repayments, Nauru's debt situation has been unclear. However, in 2020 the Government commenced implementation of a debt action plan to resolve outstanding long-term liabilities, including state-owned enterprise arrears, outstanding membership arrears, and historical payments relating to the liquidation of Bank of Nauru. Support from the ADB programme to resolve these long standing external debt obligations has, for the first time in over 20 years, provided a complete picture of Nauru's debt situation, improved Nauru's debt sustainability, and removed a key obstacle to accessing additional donor financing, as well as potentially accessing credit markets in the future. Nauru's debt situation has recently been assessed by the International Monetary Fund as 'sustainable', an improvement on its previous 'unsustainable' rating.

The social protection system in Nauru has recently expanded, allowing a larger proportion of the population to be covered, but the system has weaknesses – it has been ranked the second lowest in terms of comprehensiveness and impact compared to other Pacific countries. COVID-19 has exposed an urgent need to improve efficiency in the administration and targeting of Nauru's social assistance programmes, and ensuring that the delivery of services is enhanced towards the intended target groups, including informal workers. With support from the ADB programme, the Nauru government is developing a new social protection strategy, including a mechanism to better track the implementation of social protection expenditures. The new social protection system will be guided by a comprehensive, evidence-based, and financially sustainable strategy that will be enduring for Nauru over the long-term.





Christian Bule running a sexual and reproductive health and rights awareness session as part of the Planem Gud Famili Blong Yumi Project – Gaua, Vanuatu. Credit: Channel Village (Kenny Josaiah) for the Vanuatu Family Health Association and Family Planning New Zealand.

### Supporting access to sexual and reproductive health and rights (SRHR) in the Pacific

Our funding, through International Planned Parenthood Federation (IPPF) and its local member associations in Cook Islands, Fiji, Kiribati, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu, has increased access to contraception, sexual and gender based violence services, and cervical cancer screening and treatment, with 732,736 sexual and reproductive health services delivered in 2021, an increase of 28% from 2020. Local organisations have also been supported to engage in high level advocacy for SRHR and to position themselves well to shape their national SRHR agendas, for example through representation on related government committees.

For example, in Tuvalu, IPPF worked with the Tuvalu Family Health Association to support cervical cancer screening and capacity strengthening in staff, to provide outreach services to Nanumaga Island (which reached 60% of young people on the island with information, condoms and educational material), and to provide SRHR awareness sessions in workplaces and a SRHR awareness workshop for pregnant mothers.

In Kiribati, IPPF worked with the Kiribati Family Health Association to reach 20,242 clients with SRHR services, held an SRHR workshop with Catholic community leaders to strengthen relationships and reached 3,259 clients through outreach to seven islands. In addition, 58 young people from three outer islands were trained as community based distributors for contraceptive and SRHR information.

### Diversifying pathways for Pacific secondary learners

Aotearoa New Zealand's investment in secondary education in the Pacific is a key priority and is mostly through education sector budget support or through new stand-alone programmes currently under development (for example in Vanuatu). While there have been significant improvements to the number of students enrolling and completing basic education, this is not the case for secondary education. There are high levels of dropout rates and the quality of learning is low. Further, the opportunities and choices for secondary students are limited and are heavily weighted towards pursuing tertiary education. Aotearoa New Zealand's investments in secondary education aim to help diversify pathways for students to pursue alternative education and training opportunities that can help them thrive. The following are key achievements from 2021-22:

- In **Tokelau**, 49 students are now enrolled in secondary education pathways through partnerships with New Zealand institutions, including Year 12 students who would otherwise have left school.
- In **Tonga**, 3,650 students have completed the TVET in secondary schools programme. Over 1,615 graduated with a Level 2 Certificate in Technical and Vocational Skills with progression to specialised trades at the Tonga Institute of Science and Technology.
- In **Vanuatu**, support is being provided towards curriculum development for Junior Secondary Years 8-10.
- In **Niue**, 10 teachers completed courses at the University of the South Pacific contributing to lifting teacher quality.





The Myanmar Humanitarian Fund extended support to include COVID-19 related actions for displaced and crisis-affected people. Credit: Myanmar Humanitarian Fund.

# Global (non-Pacific) Development Cooperation

**\$74.70**  
MILLION

Aotearoa New Zealand's global development vision is:

***‘Kia tuitui i ngā muka, koa herea ki tōna painga’***

*Tying together the strands to make a strong bind for the greater good.*

Beyond the Pacific region, our development cooperation boosts Aotearoa New Zealand's credibility as an international actor. Our development initiatives give Aotearoa New Zealand a platform to advocate for what we and our partners care about. We support partners to actively pursue progress against the SDGs.

Aotearoa New Zealand's IDC outside the Pacific region has a secondary geographic focus on South East Asia, including Timor-Leste, where we are actively working to narrow the economic disparity across, and within, countries in the South East Asia region. Aotearoa New Zealand provides targeted support in the areas of economic and climate resilience (including renewable energy and agriculture); governance; peace and security; and knowledge and skills, particularly to the region's Least Developed Countries, while supporting the regional role of ASEAN<sup>92</sup>.

<sup>92</sup>Association of South East Asian Nations (ASEAN), established on 8 August 1967, is a collective of ten Southeast Asian states.



Aotearoa New Zealand's Ambassador to Viet Nam, Tredene Dobson, and Vice Minister of the Ministry of Foreign Affairs Nguyen Minh Vu announced a NZD 2 million contribution from Aotearoa New Zealand to support Viet Nam's recovery from the COVID-19 pandemic. Credit: High Commission in Viet Nam.

COVID-19 continued to have a global impact over the past year, including in South East Asia. By June 2022, there were a total 58.1m confirmed cases of COVID-19 in ASEAN countries, and 324,000 confirmed deaths<sup>93</sup>. Economic output dropped by an average of 5% in South East Asia during the pandemic, but impacts were not equal across the region; in the Philippines, for example, GDP dropped by 8.4%<sup>94</sup>. The impacts of this economic downturn were exacerbated by disrupted supply chains, rising unemployment, and labour migration patterns which saw many migrant labourers across the region return to their homes without employment to sustain them. Lower wages combined with increased food production costs have led to increased food insecurity in Lao People's Democratic Republic, Cambodia and Myanmar. In Myanmar, the social and economic trajectory of the country has deteriorated significantly following the military coup in February 2021; more than 1 million people have now been displaced, more than 13 million people are food insecure, and an estimated half of the population has fallen into poverty<sup>95</sup>.

Our development programme has continued to balance timely crisis support with a focus on our long term funding commitments. Aotearoa New Zealand has provided a total

of \$36.79 million in COVID-19 response support for ASEAN countries since the start of the pandemic, including \$7.4 million in 2021-22. While in 2020-21 our support was primarily focused on health responses, over 2021-2022 our focus has shifted towards supporting the Least Developed Countries in South East Asia to respond to and recover from the socioeconomic impacts of COVID-19, including loss of livelihoods (particularly in the tourism and informal sectors), disruptions in supply chains, and in some areas increasing food insecurity due to higher costs of agricultural inputs and lack of access to markets. For example, in Timor-Leste figures show that 47% of the nation's under-5s are affected by stunting and wasting caused by malnutrition, and we are adjusting agricultural and human development initiatives to address these challenges.

In addition, smaller regional programmes in Latin America, the Caribbean and Africa have allowed us to make an impact and engage on issues of importance, such as on Small Island Developing States interests and on good governance. In the Middle East, Aotearoa New Zealand's Cabinet-mandated programmes continue to focus on peace and security.

<sup>93</sup>Case/mortality numbers via WHO, <https://covid19.who.int/>

<sup>94</sup>GDP impacts from World Bank Report: <https://www.worldbank.org/en/region/eap/publication/uneven-recovery-east-asia-and-pacific-economic-update-april-2021>

<sup>95</sup><https://thediplomat.com/2022/06/myanmars-total-displaced-population-tops-1-million-says-un/>





Children in Aileu, Timor-Leste, holding copies of the Lafaek educational magazine, which is produced in Timor-Leste's indigenous language – Tetun. Credit: High Commission in Dili.

## Highlights from Aotearoa New Zealand's development cooperation beyond the Pacific region

### Supporting equitable access to early childhood education in Timor-Leste

In Timor-Leste, early childhood education and basic education is hindered by lack of access to quality, relevant and linguistically appropriate teaching and learning resources. Printed materials remain necessary for raising the quality of education, since online learning options are either difficult to access, or of poor quality. Since 2005, the Ministry has funded Cooperative for Assistance and Relief Everywhere (CARE) International to produce and distribute learning resource magazines and community and teacher magazines through the Lafaek Learning Media Activity. These resources are produced by Timorese in the Tetun language in collaboration with the Ministry of Education, Youth and Sports (MoEYS) to ensure they closely align with the national curriculum. The Lafaek publications reach about 66% of Timor-Leste's population, focusing on those in the most hard-to-reach communities.

A mid-term evaluation<sup>96</sup> was undertaken in 2021 to assess the effectiveness of these magazines in improving education outcomes. Findings revealed Lafaek was the most commonly used study material during COVID-19 school closures, used by 68% of students surveyed. Overall literacy scores were strongly and positively linked to a student having read Lafaek, and students who used Lafaek to study during school closures showed a 5% increase in overall literacy scores. Data also revealed that Lafaek is a trusted and valued teaching tool that is utilised by teachers. Incorporating recommendations into the next phase of the activity, through development of a teaching and learning resource package to support teachers with classroom management and to facilitate curriculum delivery, will further strengthen Lafaek's effectiveness. In this new phase, increasing

the number of learning resources in class and the provision of resources for students to take home, will also support learning continuity and increase parents' involvement in their child's learning.

### Delivering increased access to affordable, reliable and renewable energy in Indonesia

Aotearoa New Zealand's portfolio of renewable energy activities in Indonesia provides policy and planning support, capacity building, and technical assistance to develop renewable energy resources. Through a multi-faceted approach, it contributes to climate and economic resilience by supporting Indonesia to meet its target of renewable energy contributing 23% of the total energy supply by 2025, thus reducing Indonesia's reliance on unsustainable fossil fuels. Over the past year:

- The IDC-funded Improving Energy Access in Maluku (NZMATES) Activity worked on pre-feasibility studies for 52 off-grid and hybrid photovoltaic sites for the National Electricity Company (PLN), provided training for PLN staff on how to conduct these feasibility studies, and mentored them through an additional 45 studies for sites in North Maluku.
- NZMATES also developed guidelines for PLN to continue evaluating the feasibility of new proposed sites. The activity supported the development of two concept notes by PLN for Green Climate Fund funding for 17 different renewable energy sites.
- The installation of the Pūngao-Pattimura Mini-Grid Training Laboratory at Pattimura University, marked the first grid-connected solar installation in Ambon and will support delivery of renewable energy training.

<sup>96</sup>Care International (2021). Lafaek Learning Media Mid Term Evaluation: [https://www.careevaluations.org/wp-content/uploads/CARE-Timor\\_Lafaek\\_project-evaluation-brief\\_Nov-21-compressed-2.pdf](https://www.careevaluations.org/wp-content/uploads/CARE-Timor_Lafaek_project-evaluation-brief_Nov-21-compressed-2.pdf)





Horticulture farm in Bantaey Meanchey, Cambodia, supported by the Cambodia Climate Smart Commercial Horticulture (C-SMART) project. Credit: MFAT.

### Strengthening the horticulture industry in Cambodia

The IDC-funded Cambodia Quality Horticulture (CQHI) project, in partnership with New Zealand Plant and Food Research and the Cambodian Ministry of Agriculture, Forestry and Fisheries has contributed to impressive results. For example:

- The average annual net income for farmers across five pilot supply chains has almost tripled, from a baseline of US\$400 per annum in 2017 to US\$1,089 in 2021.
- Despite COVID-19 issues, the average daily rate of incomes of employees across the pilot supply chains has increased by 14%, from US\$7.20 per day in 2020 to US\$8.50 per day in 2021.
- The activity has supported the General Directorate of Agriculture to adopt the Cambodia Good Agricultural Practice (CamGAP) certification manual and checklist and, to 31 December 2021, had certified 309 farms for CamGAP. This certification incentivises farmers to reduce the use of pesticides and chemical fertilisers, to minimise the adverse environmental impacts of their farming practices through ensuring effective irrigation and water use, and to improve soil health for more sustainable agriculture production.

### Protecting the human rights of vulnerable groups, including women and girls in Iraq

Aotearoa New Zealand's support to UNICEF's Iraq programme (\$2 million in 2021-22) contributed (along with other partners) to the following results:

- 2.8 million people, including those in humanitarian settings, were provided with access to safe water and over one million people were provided access to improved sanitation.
- An estimated 4.2 million children were able to access basic education; 8,185 children accessed early childhood education; 32,637 out-of-school children accessed basic education; and 6,044 adolescent girls continued lower secondary education.
- 83% of children under five were vaccinated against measles and (working with other partners) 30% of the population received at least one COVID-19 vaccination.
- 621,398 people received child protection and gender-based violence (GBV) prevention and response services; 2,742 children (5% girls) in contact with the law benefited from specialised support. Of these, 217 foreign children (88% girls) accused of affiliation with ISIL were supported and repatriated to their countries of origin.
- 523,114 live births were delivered in health facilities supported by UNICEF and over 30,000 infants and young children were screened for growth and development in humanitarian settings.
- 17,412 young people, including refugees and internally displaced people, demonstrated their leadership skills by identifying and addressing key issues and concerns in their communities through social and advocacy initiatives. 16,600 vulnerable young people strengthened their life, employability, entrepreneurship, and digital skills.





Ms Bridget Mwangi (Olivado EPZ Limited, Kenya) and Dr Bob Fullerton (Plant and Food Research Ltd.) examining grafted avocado plants in the Olivado high-health (phytophthora-free) nursery. Credit: Zion Masters Production, Thika, Kenya.

### Strengthening climate-smart agriculture in Kenya

Aotearoa New Zealand's Kenya Avocado activity contributes to increased economic returns and food security benefits from climate-smart agriculture. Research completed in the last year confirmed the affordability and long-term productivity of "high health nursery seedlings" developed through this activity. Although they cost 43% more than seedlings from other nurseries, they were proven to be cheaper in the long term with 96% still alive after four years compared to 56% from other nurseries. Nearly 19,000 high health seedlings were purchased over the past year, well in excess of anticipated targets. In addition, this initiative delivered the following results in the last year:

- 504 farmers (62% female) and 25 field offices across nine countries were trained in good avocado cultivation.
- Climate-smart farming practices were disseminated through the television programme Shamba Shape Up (five episodes), which has a weekly audience of 3.4 million households in Kenya, Uganda and Tanzania.
- A Time to Harvest Fruit Maturity Predictor was developed with farmers in Kenya and recorded data from over 7,000 villages. It was also extended to at least 52 exporter/trading companies in partnership with the Horticulture Crops Directorate.

### Scholarships - Building mana through manaaki

The Ministry's Manaaki New Zealand Scholarships Programme is committed to supporting 112 developing countries across the globe to achieve their development goals. Our work this year continued to reflect our response to COVID-19 border settings. As we moved into a new phase of the pandemic, we continued to design and deliver new innovative scholarships at pace - whether online, in a hybrid format (with an online and an in person component) or locally in country. The Ministry continued supporting stranded scholars and their repatriation in an ongoing COVID-19 environment. In parallel, we shifted our focus to re-connecting Aotearoa New Zealand with the world as borders began to re-open. This meant resetting and readjusting our policies to a changed world and re-engaging with our providers to prepare for scholars arriving from across the world once again. We also began implementation of our alumni strategy through the launch of our scholar and alumni event fund.



NZSTTS aviation scholars learning remotely with Airways International Ltd, prior to further simulation and on-the-job training. Credit: Airways International.

In the year to June 2022, a total of 640 scholars across all programmes completed their study, with a 91% completion rate. This was an increase from 416 scholars last year as a result of offering more short courses online and in country. Of the scholars who completed this year, 295 studied at a tertiary institution (130 male and 165 female), 166 studied on vocational Short Term Training Scholarships (STTS) (75 male and 90 female and 1 other) and 179 studied English Language Training for Officials (NZELTO) courses (75 male and 104 female).





A medical staff member at Nair Hospital in Mumbai, India, checks the vitals of a patient with suspected COVID-19. Credit: The Global Fund/Atul Loke/Panos.

# Multilateral Agencies and Partnerships

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**\$142.17**  
M I L L I O N

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## Multilateral agencies

Aotearoa New Zealand invests financially and diplomatically to strengthen the international rules and norms-based order to solve global problems such as poverty, conflict, instability, and climate change, and to strengthen human rights. We engage in policy dialogue with multilateral institutions, and provide core, programme, and project funding to help them deliver global development and humanitarian outcomes. Reflecting our size in the global system, we focus our engagement where we can have the most impact and add the most value, building on Aotearoa New Zealand's robust and long-standing relationships. Partners include multilateral development banks, UN development and humanitarian organisations, non-government organisations and Commonwealth agencies.

We work to ensure effective, transparent, and collaborative action by institutions to development (including sustainable and inclusive social and economic development), peace, human rights, and humanitarian challenges, to deliver results on the ground. We have a particular interest in delivery by institutions in the Pacific, and ensuring that they account for the region's unique needs and vulnerabilities.

Aotearoa New Zealand delivered \$134.31 million in core funding to multilateral organisations in 2021-22, and participated in the governance mechanisms of agencies we fund. In addition in 2020-21 we reviewed and refreshed our multilateral portfolio. Over the past year, the multilateral development system continued to demonstrate its value, despite the impact of funding constraints and the increasing humanitarian burden. Pandemic financing has again been the area where this value is most evident.



# Highlights from Aotearoa New Zealand's multilateral development cooperation

## Supporting the World Bank to deliver results for our region and the world

In June 2022, Cabinet approved Aotearoa New Zealand's \$55 million contribution to the World Bank's International Development Association 20th replenishment (IDA20). IDA is the World Bank arm that provides concessional finance to the world's poorest and most vulnerable countries. IDA is donor funded and Aotearoa New Zealand has been a member since 1975. IDA is normally replenished every three years. However, in response to the adverse impacts of COVID-19 on developing countries, donors agreed to shift the IDA20 replenishment ahead by one year. IDA20 took effect in July 2022.

The World Bank is a significant and growing source of finance to the Pacific – it is the third largest donor to the region, with IDA making up most of its assistance. IDA20 promotes development in the region by supporting countries to emerge from COVID-19 on a greener, more resilient, more inclusive development path. Its policy commitments are closely aligned with our own development priorities, including climate change.

## Refreshed support to the multilateral debt initiative

Aotearoa New Zealand has refreshed its commitment to the Multilateral Debt Relief Initiative (MDRI), with Cabinet agreeing to a NZ\$34.48 million contribution to the Initiative from 2023 to 2044. The MDRI reimburses the concessional financing arms of multilateral development banks (MDBs) for the loss of debt service arising from the forgiveness of the debt outstanding in 2003 of the then most indebted poorest countries, thereby ensuring that the MDRI does not weaken the financial positions of the banks.

The MDRI benefits thirty-eight countries, mostly in Africa, which have in return each adopted an IMF poverty reduction programme. The Initiative has delivered its intended impact, with low income country debt levels falling from 110 percent of their aggregate GDP in 1994 to 34 percent in 2018, placing them in a better position to respond to the COVID-19 pandemic and invasion of Ukraine.

## Global pandemic response financing

In December 2021, Aotearoa New Zealand announced a further \$9 million contribution to the COVAX<sup>97</sup> Advanced Market Commitment (AMC) for vaccine delivery to support vaccine uptake, minimise wastage and ensure developing countries have equitable access to COVID-19 vaccines. This investment reinforced our global reputation as a strong and early supporter of COVAX, including as a pioneer of dose-sharing through the COVAX facility, as an advocate for equitable access to vaccines, and as a supporter of global health systems. Through Aotearoa New Zealand's \$26 million

total contribution to the COVAX AMC<sup>98</sup>, as well as our dose donations and funding of ancillary costs, we successfully helped to shape the multilateral governance structures on vaccine cooperation to focus on equity as well as impact.

Reflecting the inter-connectedness of the barriers facing developing countries' response to COVID-19, Aotearoa New Zealand also contributed \$8 million under the ACT-Accelerator to the Global Fund to Fight AIDS, Tuberculosis and Malaria's (Global Fund) COVID-19 Response Fund (C19RM)<sup>99</sup>.

Aotearoa New Zealand has already contributed \$500,000 in annual core funding to the Global Fund. The \$8 million additional one-off contribution diversified our COVID-19 support for developing countries to include access to testing, treatments, personal protective equipment, medical oxygen, and other critical supplies. It also contributes to strengthening health systems and mitigating the impact of COVID-19 on progress towards the Sustainable Development Goals.

## Advocating for increased access to finance for Pacific countries

In 2021, the Asian Development Bank (ADB) adopted a new approach to working with both fragile and conflict affected states (FCAS) and small island developing states (SIDS). This was due in part to the sustained advocacy of donors, including Aotearoa New Zealand and Australia, for an approach built around flexible processes and procedures that allow the ADB to tailor interventions to the specific challenges of FCAS and SIDS, with the goal of improving results. This approach recognises that, despite their contextual differences, fragile and small-island states face similar challenges and vulnerabilities. But the approach also allows for tailored approaches that effectively address both the transient vulnerabilities of fragile states and the more permanent fragilities of SIDS.

An immediate manifestation of this differentiated approach has been the extension by ADB of access to concessional (i.e. low interest) finance to three Pacific countries – Fiji, Niue, and Cook Islands by reclassifying them as Group B countries, thus making them eligible for both concessional and non-concessional financing. Aotearoa New Zealand advocated strongly for this reclassification.

The reclassifications for Fiji and Niue took effect 1 January 2022, while the Cook Islands reclassification will take effect 1 January 2023. This reclassification has already begun to pay dividends for Fiji, which accessed US\$60 million in concessional lending for the Sustainable and Resilient Recovery Program, which was approved by ADB in June 2022. These reclassifications were important not only for opening up access to concessional finance, but also for widening the range of factors considered in determining eligibility for concessional finance to such factors as vulnerability.

<sup>97</sup>COVAX is the vaccines pillar of the ACT-Accelerator and is housed within Gavi, the Vaccine Alliance.

<sup>98</sup>COVID-19 Vaccines Advance Market Commitment.

<sup>99</sup>Through C19RM, the Global Fund is the primary channel for providing grant support to low- and middle-income countries for COVID-19 tests, treatments (including medical oxygen), personal protective equipment and critical elements of health system strengthening.





## Partnerships

Civil society plays a vital role in promoting sustainable development, democratic processes, human rights, good governance, active citizenship and a strong sense of community. The IDC programme supports Aotearoa New Zealand non-government organisations (NZ NGOs) to deliver a range of development outcomes. NZ NGOs tend to have long-standing relationships with local authorities, civil society actors and local communities. These established networks enable Aotearoa New Zealand to expand and extend our reach to communities and vulnerable and marginalised populations, including in remote and hard to reach places in the Pacific.

This work is delivered through a range of partnerships with NZ NGOs across the sector and thematic areas where they have technical expertise, and in countries and communities where they have strong connections that can extend the reach of the IDC Programme.

In 2021–22, the IDC-funded Partnerships programme worked across 19 countries in the Pacific and South East Asia, through 34 NZ NGOs and 58 programmes and activities. We reached 410,000 direct beneficiaries and an estimated 1.8 million indirect beneficiaries through our partnerships with NGOs in areas such as economic self-reliance, human rights and inclusive development, governance and democracy, climate change and human development.



The launch of a Cooperative building, as part of the ADRA NP work in Timor Leste. Credit: ADRA.



# Key results for 2021–22 from Aotearoa New Zealand's partnerships with NGOs



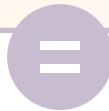
## Health

- 1,316 people visited sexual and reproductive health outreach clinics in **Vanuatu**, with a further 2,904 people attending sexual and reproductive health and rights awareness-raising workshops. (Family Planning)
- 12,512 children and adults had vision and hearing screenings in **Papua New Guinea**. 767 clients with disabilities or impairments have regularly accessed services, and 335 children with disabilities had Inclusive Education Plans completed. (CBM - Christian blind mission)



## Industry and Innovation

- Over 260 participants completed training focused on organic farming, food security, peanut planting and coffee production in **Fiji**, **Solomon Islands**, and **Vanuatu**. (TearFund)
- Save for Transformation (S4T) in **Bougainville** has seen nine different groups established and they have collectively saved a total of PGK \$127,886, equating to USD \$36,436. This averages at PGK347 (US\$98.30) per person. (World Vision)
- Seven cooperatives have now been established in **Timor-Leste**, and have received business training and will receive ongoing mentoring. (ADRA)
- 71 farmer groups have formed in **Nepal** to support farmer's food security and their earnings. 1,114 farmers (63% female, and 37% male) have benefited from the support, 1,091 of those farmers included vegetable growing. (Save the Children)



## Equity and Inclusion

- 16 youth workers and three youth counsellors in **Honiara, Solomon Islands**, gained qualifications to support youth to develop social and emotional skills. (ChildFund)
- 131 people in **Viet Nam** attended a training on child protection, learning about forms of child abuse, and the role of parents, duty bearers, and help-seeking behaviour. (ChildFund).
- In **Solomon Islands**, the Child Protection Working Group, consisting of 16 people (6 males, 10 females) meet regularly to discuss child protection looking at where gaps are, developing solutions, activities and plans to roll out policy across the country. (Save the Children)
- In **Fiji**, training was provided to four communities, including 10 community leaders, 20 gatekeepers, 30 school teachers, and 43 community members on sexual violence prevention, response, and awareness. (TearFund)
- Five targeted districts in **Papua New Guinea** received training on peacebuilding, gender equity, and negotiation and conflict resolution. 153 adults (45 males, 108 females), 93 youth (39 males, 54 females) and 44 children (13 boys, 31 girls) attended the courses. (World Vision)



## Climate Change, Disaster Risk Reduction and Environment

- 13 Disaster Risk Reduction committees have been established in **Viet Nam** to enhance resilience to natural hazards, including 63 members (15 female, 58 male; 13 of whom were youth). (ChildFund)
- Hazard Vulnerability Capacity Assessment training has been delivered to six different communities in **Fiji**, to which action plans have been implemented to manage any potential impacts from natural disasters, mainly flooding and droughts. (Save the Children)
- In **Fiji**, as part of health, nutrition and education needs support, 11 schools have now established food gardens which the produce is being used for school lunches that reach 1,341 students (716 boys, and 648 girls). (Save the Children)
- 8 target islands in **Kiribati** have had assessment and trainings for water sanitation and hygiene (WASH) completed, contributing to the strengthening frameworks and institutions outcomes. (UNICEF)





P3 Orion leaving as part of Aotearoa New Zealand's humanitarian response to the Hunga Tonga-Hunga Ha'apai volcanic eruption and tsunami. Credit: NZDF.

## Humanitarian

**\$54.84**  
M I L L I O N

Aotearoa New Zealand's humanitarian action saves lives and relieves suffering in natural disasters and conflict-driven crises around the world. Our primary focus for humanitarian action is the Pacific region, which is particularly vulnerable to natural disasters, and where Aotearoa New Zealand has the most capacity to respond. Aotearoa New Zealand's second geographic priority is South-East Asia. We also play our part in responding to major crises beyond Asia and the Pacific.

2021-22 saw ongoing humanitarian need in the Pacific region and beyond, and Aotearoa New Zealand was able to provide timely, effective and well targeted humanitarian responses. In addition to leading the major response to the volcanic eruption and tsunami in Tonga, we mobilised support to a number of other natural disasters including water stress in Kiribati, the significant earthquake in Haiti, and Typhoon Rai in Philippines. Our humanitarian support also formed an important part of Aotearoa New Zealand's response to the significant COVID-19 surges in Fiji, Papua New Guinea, and Indonesia. Further afield, we continued to respond to significant spikes in need in the many of the world's largest and most severe conflict-related humanitarian crises.

Over 2021-22 Aotearoa New Zealand's disbursed \$54.84 million in humanitarian assistance. We allocated across 24 different countries, with \$6.6 million (12%) going to humanitarian responses, \$42.0 million (77%) going to global humanitarian action, and \$6.2 million (11%) going to Pacific disaster preparedness (see figure on next page). A relatively quiet Pacific cyclone season, with no severe cyclones impacting significantly populated areas in the region allowed us to direct additional humanitarian funding towards global crises driven by conflict and climate change, with significant response funding going to crises outside the Pacific.

Overall in 2021-22, as a direct result of Aotearoa New Zealand support, over 552,000 people were provided with essential humanitarian assistance following a natural or human-induced disaster globally.





## Highlights from our humanitarian support

### Supporting Tonga to respond to the impacts of the Hunga Tonga-Hunga Ha'apai volcano

A major eruption of the Hunga Tonga-Hunga Ha'apai volcano occurred on 15 January 2022. The combined impacts of the subsequent ashfall and tsunami impacted multiple Tongan islands. The disaster caused three fatalities and displaced thousands of Tongans. It damaged or destroyed a large number of buildings, disrupted water supplies and impacted crops. Aotearoa New Zealand's response to this disaster included a broad range of timely and impactful emergency assistance including:

- New Zealand Defence Force (NZDF) surveillance flights
- Release of in-country prepositioned supplies
- Delivery of a wide range of relief supplies, PPE and transformers from Aotearoa New Zealand
- Support to Tonga's National Emergency Management Office
- Provision of safe drinking water from HMNZS Aotearoa and HMNZS Canterbury
- Communications support
- Funding to the International Federation of the Red Cross (IFRC)
- Two deployments of Pasifika Medical Association health professionals from Aotearoa New Zealand to provide psychosocial support during the early recovery phase
- Funding for NGO relief and early recovery activities.

Aotearoa New Zealand's package of assistance was aligned to Tonga's post-disaster priorities and coordinated with other development partners. Our total contribution to this disaster response was \$3.3 million.

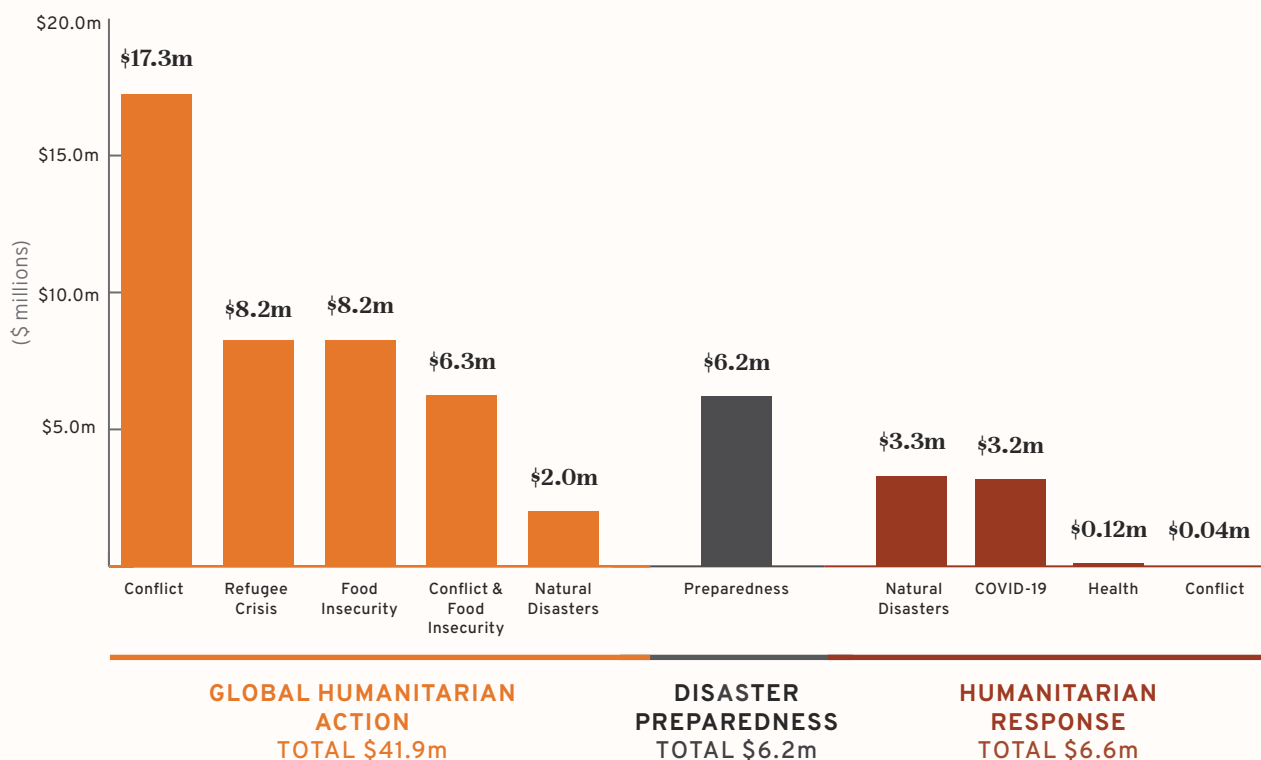
### Responding to conflicts in Afghanistan, Ukraine and Myanmar

In 2021–22 three conflicts, in particular, saw massive increases in humanitarian need, accompanied by strong public interest.

In Afghanistan, significant existing needs spiked rapidly following the takeover by the Taliban in August 2021. Afghanistan quickly became one of the worst humanitarian crises globally. Aotearoa New Zealand mobilised multiple packages of humanitarian support:

- \$3 million in August 2021 to the ICRC and UNHCR (The UN agency for refugees) for the initial humanitarian response
- \$3 million in October 2021 to UNICEF and UNFPA (the United Nations Population Fund) focused on humanitarian needs for women and girls
- \$3 million in April 2022 to the World Food Programme as food security massively deteriorated
- \$1 million in June 2022 to UNICEF following the deadliest earthquake in Afghanistan since 1998.

**FIGURE 5: AOTEAROA NEW ZEALAND'S HUMANITARIAN ASSISTANCE IN 2021-22 BY RESPONSE TYPE**





In the space of only a few months, **Ukraine** went from a crisis with 2.9 million people in humanitarian need to a crisis with 15.7 million people in need of assistance and over 6 million refugees registered across the rest of Europe. Aotearoa New Zealand rapidly provided humanitarian funding through a range of partners. \$6 million was provided to the ICRC, the Ukraine Humanitarian Fund, and UNHCR in March 2022, with a further \$2 million going in June 2022 to support New Zealand NGOs to respond to the refugee crisis in neighbouring countries.

In **Myanmar**, the number of people in need of humanitarian assistance increased more than tenfold from 1 million people in 2021 to 14.4 million people in 2022. In order to respond to those growing needs, we increased our funding to a total of \$4.75 million to the Myanmar Humanitarian Fund and ICRC. In neighbouring Bangladesh, there are still nearly 1 million Rohingya refugees, and also vulnerable host community members. Aotearoa New Zealand provided \$3.5 million in support via UNHCR, UNFPA and in partnerships with NGO partners.

### Pivoting to support COVID-19 responses in the Pacific

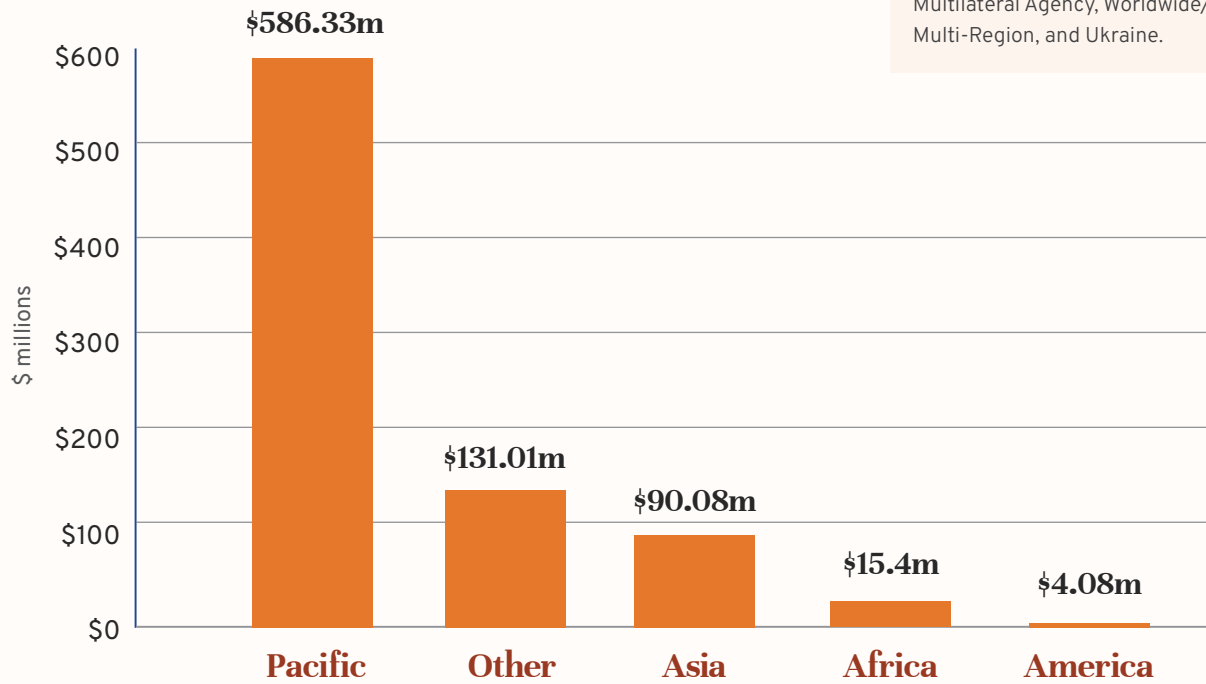
Before the COVID-19 pandemic, Aotearoa New Zealand's offshore humanitarian response capabilities were primarily set up to respond to natural disasters such as cyclones, earthquakes and tsunami rather than infectious disease outbreaks. During 2021-22 we continued to pivot our humanitarian assistance to respond to the pandemic, and explored new health deployment capabilities and modalities including:

- Embedding New Zealand Medical Assistance Team (NZMAT) personnel in the Australian Medical Assistance Team's deployment architecture to form an 'ANZMAT' deployment to respond to the delta outbreak in Fiji in 2021.
- Deploying an NZDF public health professional to Fiji who provided strategic public health advice to the Government of Fiji and worked alongside NZMAT.
- Deploying a private sector health response provider and NZDF personnel to Papua New Guinea to support their COVID-19 response.

Lessons from recent health responses provide an opportunity to strengthen our offshore response capabilities for future health emergencies.



**FIGURE 6: EXPENDITURE 2021-22 BY REGION**



**TABLE 2: EXPENDITURE BY REGION, SUB-REGION, AND PACIFIC BILATERAL COUNTRY 2021-2022**

REGION, SUB REGION & COUNTRY	Expenditure 2021-22 (\$)	% of total IDC
<b>PACIFIC</b>	<b>586,330,486</b>	<b>71%</b>
<b>PACIFIC POLYNESIA</b>	<b>262,223,758</b>	<b>32%</b>
Cook Islands	110,333,402	13%
Niue	49,887,485	6%
Samoa	47,049,963	6%
Tokelau	15,542,963	2%
Tonga	26,911,705	3%
Tuvalu	11,321,169	1%
Other Polynesia	1,177,070	0%
<b>PACIFIC MELANESIA</b>	<b>177,203,340</b>	<b>21%</b>
Papua New Guinea	27,262,192	3%
Solomon Islands	46,401,947	6%
Vanuatu	30,716,931	4%
Fiji	72,703,303	9%
New Caledonia	118,967	0%
<b>PACIFIC REGIONAL</b>	<b>116,152,714</b>	<b>14%</b>
Pacific Regional/Multi-Country	116,152,714	14%
<b>PACIFIC MICRONESIA</b>	<b>30,750,674</b>	<b>4%</b>
Kiribati	20,469,662	2%
Nauru	3,364,210	0%
Other Micronesia	6,916,802	1%
<b>ASIA</b>	<b>90,076,291</b>	<b>11%</b>
<b>OTHER - MULTILATERAL &amp; WORLDWIDE</b>	<b>131,011,111</b>	<b>16%</b>
<b>AFRICA</b>	<b>15,401,162</b>	<b>2%</b>
<b>AMERICAS</b>	<b>4,082,352</b>	<b>0%</b>
<b>Grand Total</b>	<b>826,901,403</b>	<b>100%</b>



# International Development Cooperation (MYA)

This appropriation is intended to achieve progress by Pacific Island and developing countries against their sustainable development priorities and against the 2030 Agenda and Sustainable Development Goals.

	2021-22		2020-21
ASSESSMENT OF PERFORMANCE	Budgeted Standard	Actual Standard	Actual Standard
International Development Cooperation Results (more directly attributable to New Zealand support)			
Number of Pacific Island countries that remain on track on their economic and public sector reform programme	Maintain or improve trend	8/8 countries assessed as “on track” (Fiji, Kiribati, Nauru, PNG, Samoa, Solomon Islands, Tonga, Tuvalu)	7/8 countries assessed as “on track” (Fiji, Kiribati, Nauru, PNG, Samoa, Tonga, Tuvalu)
Number of people participating in a labour mobility initiative (No., M/F)	Maintain or improve trend	14,882 people (M: 13,722, F: 1,148, Not specified: 12)	10,748 people (M: 9,730, F: 1,018)
Number of people directly benefitting from activities which aim to increase resilience to climate change and environmental degradation (No., M/F)	Standard dependent on need <sup>100</sup>	9,795 people (M: 2,538, F: 2,256, Gender diverse: 5, Not specified: 4,996)	7,929 people (M: 2,811, F: 3,191, Not specified: 1,927)
Number of people supported to improve their livelihoods (No., M/F)	Standard dependent on need	69,880 people (M: 34,873, F: 32,519, Not specified: 2,488)	124,206 people (M: 50,324, F: 38,177, Not specified: 35,705)
Number of people directly benefitting from improved infrastructure and services (No., M/F)	Standard dependent on need	45,271 people (M: 3,922, F: 3,903, Not specified: 37,447)	100,194 people (M: 15,761, F: 16,800, Not specified: 67,633)
Number of people benefitting from sexual and reproductive health services (No., M/F)	Standard dependent on need	89,314 people (F: 41,503, Not specified: 47,811)	42,155 people (M: 1,766, F: 2,914, Not specified: 37,475)
Number of people benefitting from enhanced learning through ICT (No., M/F)	Standard dependent on need	8,037 people (M: 1,331, F: 2,470, Not specified: 4,236)	1,453 people (M: 33, F: 217, Not specified: 1,203)

<sup>100</sup>Performance measures which include the standard ‘standard dependent on need’ are output measures designed to quantify and aggregate the number of beneficiaries reached through a collection of IDC-funded initiatives every year. In general, where our funding increases, we would expect the numbers of beneficiaries reached to slowly increase. However, this varies greatly from year to year depending on the stage of delivery of individual initiatives. As such it is not appropriate to assign a specific overall target or ‘increasing trend’ standard to these aggregated measures, and this could in fact lead to perverse incentives around volume of delivery.

ASSESSMENT OF PERFORMANCE <i>(continued)</i>	2021-22		2020-21
	Budgeted Standard	Actual Standard	Actual Standard
Number of people receiving training or capability-building support in priority sectors (No., M/F)	Standard dependent on need	88,441 (M: 31,090, F: 42,495, Not specified: 14,856)	101,507 people (M: 44,727, F: 41,362, Not specified: 15,418)
People that complete tertiary or vocational training scholarships	>90% of people who were awarded scholarships	Vocational training scholarships: 345/399 or 87% completed their training (M: 150, F: 194, Other: 1) Tertiary scholarships: 295/303 or 97% completed their scholarship (M: 130, F: 165)	Vocational training scholarships: 89 or 99% of people completed their training (34 Female, 55 Male). Tertiary scholarships: 327 or 94% of people completed their scholarship (173 Female, 153 Male, 1 Other)
New Zealand responses to natural disasters in the Pacific are launched within mandated timeframes (%)	100%	100% (1/1) launched within mandated timeframes: Hunga Tonga-Hunga Ha'apai volcano - Tonga	100% launched within mandated timeframes (4/4) • Water insecurity Kiribati • Tropical Cyclone Yasa • Tropical Cyclone Ana • Tropical Cyclone Harold
Number of affected people provided with essential and useful assistance following a natural or human induced disaster (No., M/F)	Standard dependent on need	552,135 people (M: 6,258, F: 6,870, Not Specified: 539,007)	412,348 people This included Rohingya Crisis Response, Pacific cyclone responses, and Pacific and Timor Leste COVID-19 response and others
Quality			
Percentage of Activities with effectiveness rated as good or better (based on MFAT Activity Completion Assessments)	Maintain or improve trend	62% <sup>101</sup>	65%

## Financial performance (figures are GST exclusive)

30/06/21 Actual \$000		30/06/22 Actual \$000	30/06/22 Appropriation \$000	30/06/22 Variance \$000
804,412	International Development Cooperation (MYA)	826,901	841,492	14,591

### Explanation of significant budget variance

On a percentage basis the variance (2%) is not significant.

<sup>101</sup>The slight downward trend is reflective of delays and disruptions caused by COVID-19 over the last 2.5 years, which have impacted on effectiveness in terms of delivery of short term outcomes for IDC-funded initiatives.





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MINISTRY OF FOREIGN AFFAIRS AND TRADE



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