



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
MANATŪ AORERE

Annual Report

2020 - 21

Te Tiriti o Waitangi

Te Tiriti o Waitangi is at the core of what we do and how we work.

Ko Te Tiriti o Waitangi kei te iho o ā mātou mahi, o te āhua o tā mātou mahi.

Our purpose

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



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**



Tā te Tumu Whakarae kupu whakataki – Te Pūrongo ā-Tau

Chief Executive's Foreword

Kua hipa te 18 marama, ā, kei te whakaritea tonutia e te urutā ā-ao KOWHEORI-19 he taiao whīwhiwhi mō Aotearoa. I te whakatutuki i ngā wero nui whakaharahara o te tau kua pahure ake, kua pukumahi ā mātou tāngata ki tāwāhi, ki te kāinga anō hoki hei whakatutuki i te take o tō mātou Manatū – arā, te mahi ki te ao hei hanga i te anamata haumarua ake, taurikura ake, toitū ake mō te hunga nō Aotearoa. I noho ngā uara ahurea-rua, ngā mātāpono e whakatinanatia ana ki Te Tiriti o Waitangi hoki hei tūāpapa mō te katoa o ā mātou mahi.

Kei te whakatakotoria e tēnei pūrongo tā te Manatū kōrero ekenga mō te tau 2020-21 ki ngā Takune Rautaki 2020-2024, ki ngā whāinga o te Kāwanatanga hoki kia tiaki i te noho haumarua a te hunga nō Aotearoa i te KOWHEORI-19; kia whakateri i te haumanutanga ā-oahoha o Aotearoa mā ngā putanga hokohoko whakaururu, toitū hoki; kia whakatutuki i ngā wero pūtaketake, pērā i te panoni āhuarangi.

Kei te whakamāramatia e te pūrongo te āhua o te noho pūtaketake ki ngā mātāpono o te ngātahitanga, o te whakaute tētahi ki tētahi, e whakatinanatia ana ki Te Tiriti o Waitangi tā mātou aronga auaha ki te kaupapa here tāwāhi.

The COVID-19 pandemic, 18 months in, continues to present a complex environment for Aotearoa New Zealand. In meeting the extraordinary challenges of the past year, our people abroad and at home have worked hard to fulfil our Ministry's purpose – to act in the world to build a safer, more prosperous, and more sustainable future for New Zealanders. The bicultural values and the principles embodied in Te Tiriti o Waitangi underpinned all of our work.

This report sets out the Ministry's performance story for the year 2020-21 against the Strategic Intentions 2020-2024 and the Government's goals to keep New Zealanders safe from COVID-19; to accelerate Aotearoa New Zealand's economic recovery through inclusive and sustainable trade outcomes; and to tackle foundational challenges, such as climate change.

The report describes how our innovative approach to foreign policy is grounded in the principles of partnership and mutual respect, embodied in Te Tiriti o Waitangi.

It details our ongoing efforts to increase the quality and scope of consultation and engagement with Māori, and to improve the capabilities of our people to engage with authenticity, integrity, and confidence.

E āta whakatakotoria ana ā mātou mahi haere tonu hei whakapiki i te koununga, i te hōkai hoki o te akoako, o te tūhonohono ki a Ngāi Māori, me te whakapiki i ngā āheinga o ā mātou tāngata ki te tūhono i runga i te houtupu, i te ngākau pono, i te māia hoki.

Kei te whakaaturia hoki e te pūrongo te āhua o tā mātou whakatutuki i ngā wero o te whakataetae rautaki-matawhenua (geostrategic) e piki haere ana whakawhiti atu i ngā tini take, i ngā tini matawhenua, tae atu hoki ki te rohe o Aotearoa – arā ko Te Moana-nui-a-Kiwa – me te takiwā kāinga – arā ko Te Moana o Īnia ki Te Moana-nui-a-Kiwa.

Kei te whakaaturia te āhua o tā mātou urutau, auaha hoki i tā mātou whakahangahanga, ki te kāinga, ki tāwāhi anō hoki, hei urupare ki KOWHEORI kia whakatutuki mō te hunga nō Aotearoa, kia tautoko hoki i ngā kiritata, i ngā hoa o Aotearoa.

He tere, he wawe tā te Manatū whakarite anō i runga i ngā āhuatanga o KOWHEORI-19 me te whakahangahanga matihiko, ā, i eke te huri kia manaaki ā-matihiko i te tau APEC21 o ngā hui. Kua tukuna kētia e o mātou kaiārahi ngā hua nui, ū hoki ki Aotearoa, ki te takiwā Te Moana o Īnia ki Te Moana-nui-a-Kiwa hoki, ā, e whakaahei ana kia tere tonu te haere a ngā mahi ki ngā mema APEC hei tautoko i te haumanutanga ohaoha o te takiwā i KOWHEORI.

Nā te whakataetae rautaki-matawhenua piki haere, nā te pānga o KOWHEORI-19 i taumaha ake te whai i o Aotearoa whāinga ki te pūnaha pūtaka-ture ā-ao, heoi anō, kua tukuna hoki he āheinga. Kua tino whakapau kaha mātou ki te whakapai i te urupare ā-ao ki te mate urutā ā-ao, ā, kua āwhina hei auaha i ngā hanganga mana whakahaere tini-whenua mō te mahi tahi e pā ana ki te kano ārai mate, ā, e mārakerake ana te kitea o ngā hua mō Te Moana-nui-a-Kiwa.

Nā mātou Te Moana-nui-a-Kiwa i tautoko kia āhei atu, kia tuku hoki i ngā kano ārai mate KOWHEORI-19 haumarū, pai hoki, ā, i hapahapai hoki kia taurite ai te tohatoha atu. Nā konei i tuku a Aotearoa, ētahi atu whenua anō hoki i ngā tini miriona kano ārai mate ki Te Moana-nui-a-Kiwa nā ngā taha e rua, nā te wāhi COVAX hoki.

Kei te rangona tonutia e Te Moana-nui-a-Kiwa ngā pānga kino o KOWHEORI-19. Ahakoa e wātea tonu ana ngā tini whenua o Te Moana-nui-a-Kiwa i ngā kēhi KOWHEORI, he pānga nui tō ngā aukatinga pae whenua wā roa, ngā here hāereere hoki ki o rātou ohaoha. I tautoko a Aotearoa (ā, kei te tautoko tonu) i o mātou kiritata Moana-nui-a-Kiwa nā ētahi kete tautoko ohaoha, ki te taha o ngā kete whakarite, urupare hoki ki te mate urutā.

I whakaahei te Manatū i te kokenga whakamua ki ngā putanga hokohoko o Aotearoa, i te whakamanatanga o te Digital Economy Partnership Agreement me te whakaaetanga PACER Plus, i te hainatanga o tētahi Whakaaetanga Hokohoko Herekore ki Haina kua whakahoungia, me te kokenga tonutanga ki ngā whiriwhiri mō ngā Whakaaetanga Hokohoko Herekore ki Te Kotahitanga o Ūropi, ki Piritana Nui hoki.

Nā te Manatū te tautoko waiwai ki tā te Kāwanatanga Rautaki Whakahaumanu Hokohoko i tana tautoko i te hunga tuku rawa ki tāwāhi nā te whakaputa i ngā pūrongo māramatanga māketē kātahi anō ka kitea te maha pēnei, te whakatau i ngā tini uiui tēpu āwhina kaituku rawa ki tāwāhi, me te mahi ki rō-māketē ki NZTE hei tuku i te tautoko ki runga i te whenua ina taea ana.

Nā KOWHEORI-19 i whakapōturi tonu ngā whiwhinga whakawhanaketanga, i whakararu tonu ngā mahi ngātahi kia koke whakamua ki raro i ngā United Nations Sustainable Development Goals. Heoi anō, i āhei tā Aotearoa hōtaka pāhekoheko whakawhanaketanga ā-ao ki te tuku i te tautoko pīngore, tere hoki

The report also describes how we met the challenges of increasing geostrategic competition across multiple issues and geographies, including in Aotearoa New Zealand's neighbourhood – the Pacific – and home region – the Indo-Pacific.

It describes how we have adapted and innovated our diplomacy, both at home and abroad, in response to COVID-19 to deliver for New Zealanders and to support Aotearoa New Zealand's neighbours and partners.

Adjusting quickly and early to COVID-19 realities and virtual diplomacy, the Ministry successfully pivoted to hosting the APEC21 year of meetings virtually. Our leadership has already delivered significant and enduring benefits to Aotearoa New Zealand and to the Indo-Pacific region, and is enabling work to continue apace with APEC members in support of the region's economic recovery from COVID-19.

Increasing geostrategic competition and the impact of COVID-19 have made pursuing Aotearoa New Zealand's objectives in the rules-based international system even more demanding, but have also provided opportunities. We have invested considerable effort into improving the global response to the pandemic, and helped to shape multilateral governance structures on vaccine cooperation, with clear benefits for the Pacific.

We supported the Pacific to access and roll-out safe and effective COVID-19 vaccines, and advocated for their equitable distribution. This saw Aotearoa New Zealand and other countries donate millions of vaccines to the Pacific bilaterally, and through the COVAX facility.

The Pacific continues to feel the harsh impacts of COVID-19. While many Pacific nations remain free of COVID-19 cases, prolonged border closures and travel restrictions are having a significant impact on their economies. Aotearoa New Zealand supported (and continues to support) our Pacific neighbours through a range of economic support packages, alongside pandemic preparedness and response packages.

The Ministry enabled progress towards Aotearoa New Zealand's trade outcomes, with the Digital Economy Partnership Agreement and the PACER Plus agreement entering into force, the signing of an upgraded Free Trade Agreement with China, and continued progress in negotiations for Free Trade Agreements with the European Union and the United Kingdom.

The Ministry made a vital contribution to the Government's Trade Recovery Strategy by supporting exporters through producing unprecedented numbers of market insights reports, resolving significant numbers of exporter helpdesk queries, and working in-market with New Zealand Trade and Enterprise to provide on-the-ground assistance where possible.

COVID-19 continued to set back development gains and disrupt shared efforts to make progress under the United Nations Sustainable Development Goals. However, Aotearoa New Zealand's International Development Cooperation programme was able to provide flexible and timely support to countries in crisis, while maintaining long-term funding commitments.

While COVID-19 slowed the momentum of international engagement on some environmental issues and negotiations, climate change diplomacy intensified in advance of key international meetings, and as we worked to support our neighbours in the Pacific to become more climate resilient.

ki ngā whenua e mōrearea ana, i te wā tonu e whakaū ana i ngā takohanga tuku pūtea wā-roa.

Ahakoā nā KOWHEORI-19 i whakapōturi te anga o te tūhononga ā-ao ki ētahi take, whiriwhiri taiao, i tere ake te whakahangahanga panoni āhuarangi i mua i ngā hui ā-ao matua, ā, i tā mātou mahi hei tautoko i ō mātou kiritata ki Te Moana-nui-a-Kiwa kia kaha ake te aumangea āhuarangi.

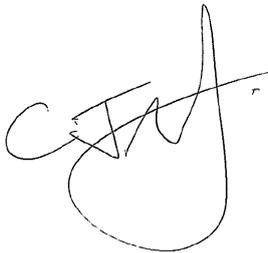
I whai mātou i ngā pānga o Aotearoa ki Te Kōpakatanga ki te Tonga, ki te Moana ki te Tonga hoki, tae atu ki te whakahaere i te kēhi pakihi kia whakawhanake anō a Scott Base mā reira e whakarite kia tiakina tā Aotearoa noho wā-roa ki Te Kōpakatanga ki te Tonga, ki te Moana ki te Tonga hoki. I pukumahi hoki mātou ki te tauīnei i te Antarctic Treaty System me te whakamahinga haepapa o te rohe o te Ross Sea.

I ū tonu te Manatū i tana tautoko nui ki tā te Kāwanatanga-Katoa urupare ki KOWHEORI, i te mahi ngātahi ki ērā atu pokapū, tae atu, hei tauira, ki te Border Executive Board hei kōkiri i ngā kaupapa ki te Hāereere kore Noho Rāhui, ngā takiwā hāereere haumarū, ngā take pae whenua ā-moana, ngā whare Noho Taratahi me te Whakanōhanga Taratahi me ngā aweretanga.

Putā noa i te mate urutā, nā tā te Manatū kōtuitui ki tāwāhi ētahi tautoko whaitake ki ngā pokapū o NZ Inc, i te tuku i ngā māramatanga ahurea nō ngā tōpito o te ao, i āwhinatia e te tohatoha mōhihio nui ake i waenganui i te Manatū rātou ko ngā hoa NZ Inc. Ā, ki te kāinga, i tukuna ētahi o ā mātou kaimahi ki ētahi atu pokapū hei tautoko i ngā mahi a te Kāwanatanga.

I te tau nui ngā wero, i whanake ake ā mātou tāngata kia whakatutuki i aua wero, i whiwhi pūkenga hou, i kawē i ngā haepapa hou. Nā tēnei wairua whakarato i haere tonu ā mātou kōtuitui puta noa i te ao i te wero tonu a KOWHEORI-19 i tā te Manatū aumangea ā-whakahaere.

E hiahia ana au ki te whakamahi i ngā mahi kairangi a ā te Manatū tāngata ki te kāinga, ki tāwāhi hoki – ko ngā kaimahi kua whiwhi mahi nā te tari matua ki Te Whanganui-a-Tara, waihoki ko ngā tini kaimahi kua whiwhi mahi ki rō whenua ki tētahi o ō mātou wāhi e 60 ki tāwāhi. I karawhiua tonutia e tēnei tau ngā wero ngaio nui, ngā mōrearea whaiaro nui hoki, ā, i whakaaturia e ā mātou tāngata te wairua kaha o te whakarato hei urupare atu. Me whakahīhī rātou ka tika i tā rātou tautoko kia hanga i tētahi anamata haumarū ake, taurikura ake, toitū ake mō te hunga nō Aotearoa.



Chris Seed

Secretary of Foreign Affairs and Trade

Hekeretari o Manatū Aorere

We pursued Aotearoa New Zealand's interests in Antarctica and the Southern Ocean, including facilitating the business case to redevelop Scott Base, which will ensure Aotearoa New Zealand's long-term presence in Antarctica and the Southern Ocean is safeguarded. We also worked hard to uphold the Antarctic Treaty System and responsible use of the Ross Sea region.

The Ministry maintained a strong contribution to the All-of-Government response to COVID-19, working collectively with other agencies, including for example, on the Border Executive Board to advance initiatives on Quarantine-free Travel, safe travel zones, maritime border issues, and Managed Isolation and Quarantine facilities and exemptions.

Throughout the pandemic, the Ministry's offshore network made valuable contributions to NZ Inc agencies, providing unique insights from around the world, helped by increased information-sharing between the Ministry and NZ Inc partners. And at home, a number of our people were seconded into other agencies to support the Government's efforts.

In a year of challenges, our people rose to meet them, adopted new skillsets, and took on new responsibilities. This spirit of service has kept our networks around the world going as COVID-19 continues to test the Ministry's organisational resilience.

I want to acknowledge the exceptional work of the Ministry's people onshore and offshore – both staff who are employed through the head office in Wellington, and also the many staff who are employed in country by one of our 60 offshore posts. This year continued to present significant professional challenges and personal risks, and our people demonstrated a strong spirit of service in response. They should all be proud of their contribution to building a safer, more prosperous, and more sustainable future for New Zealanders.

Who we are

The Ministry of Foreign Affairs and Trade acts in the world to make a safer, more prosperous, and more sustainable future for all New Zealanders. Our values guide how we interact with people within and outside the Ministry. They also reflect to our global partners and to New Zealanders the qualities of the country we represent: a tolerant, diverse, inclusive and welcoming society.

In line with our purpose and values, we engage and seek to influence outcomes that align with Aotearoa New Zealand's values and interests in:

- a rules-based international system that supports Aotearoa New Zealand priorities
- a security environment that keeps Aotearoa New Zealand 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.

Protecting and advancing these is the purpose of Aotearoa New Zealand's diplomacy.

Te Tiriti o Waitangi is at the core of our work

Te Tiriti o Waitangi¹ sets out a partnership framework between Māori and the Crown and provides the foundation for Aotearoa New Zealand's foreign policy approach.

As a public service department, the Ministry is required to actively protect Māori interests and provide redress where previous wrongs are identified. This is reflected in the Ministry's ongoing commitment to delivering on our obligations as a Treaty partner with authenticity and integrity. This includes consulting and engaging with Māori appropriately.

Te Tiriti principles of partnership, mutual respect and redress provide the foundation for how Aotearoa New Zealand conducts its foreign policy. Equally, our work is guided by the values that are derived from our bicultural heritage – manākitanga², kotahitanga³, kaitiakitanga⁴, and whanaungatanga⁵.

In this way, Te Tiriti also offers a foreign policy framework where respect and equality between peoples and countries is recognised, and relationships exercised in a way that affirms kāwanatanga⁶ and tino rangatiratanga⁷.

Te Tiriti o Waitangi and Aotearoa New Zealand's bicultural experience help to define our unique identity as a nation.

The Māori–Crown relationship therefore shapes and informs the Strategic Goals within the Ministry's Strategic Framework (see page 8 to 9).

In the past year, we continued to explore ways to ensure Māori views and interests are actively sought and reflected in our work. This includes the work of Te Taumata, a group of Māori leaders chosen by Māori to work with the Ministry to advance our trade work programme, alongside our ongoing engagement with the Federation of Māori Authorities, Iwi Chairs and other interest groups within Te Ao Māori (see the case study on page 43).

The Ministry continued to build the capability and confidence of our people to draw on mātauranga Māori in their work in a way that represents Māori interests with authenticity, to enable them to engage with Māori stakeholders effectively, and to bring mana to the Ministry and to Aotearoa New Zealand (see page 41).

¹ Te Tiriti in this document refers to all versions of Te Tiriti o Waitangi – in Te Reo Māori and English.

² Process of showing respect, generosity and care for others.

³ Unity, togetherness, solidarity, collective action.

⁴ Guardianship, stewardship, trusteeship, trustee.

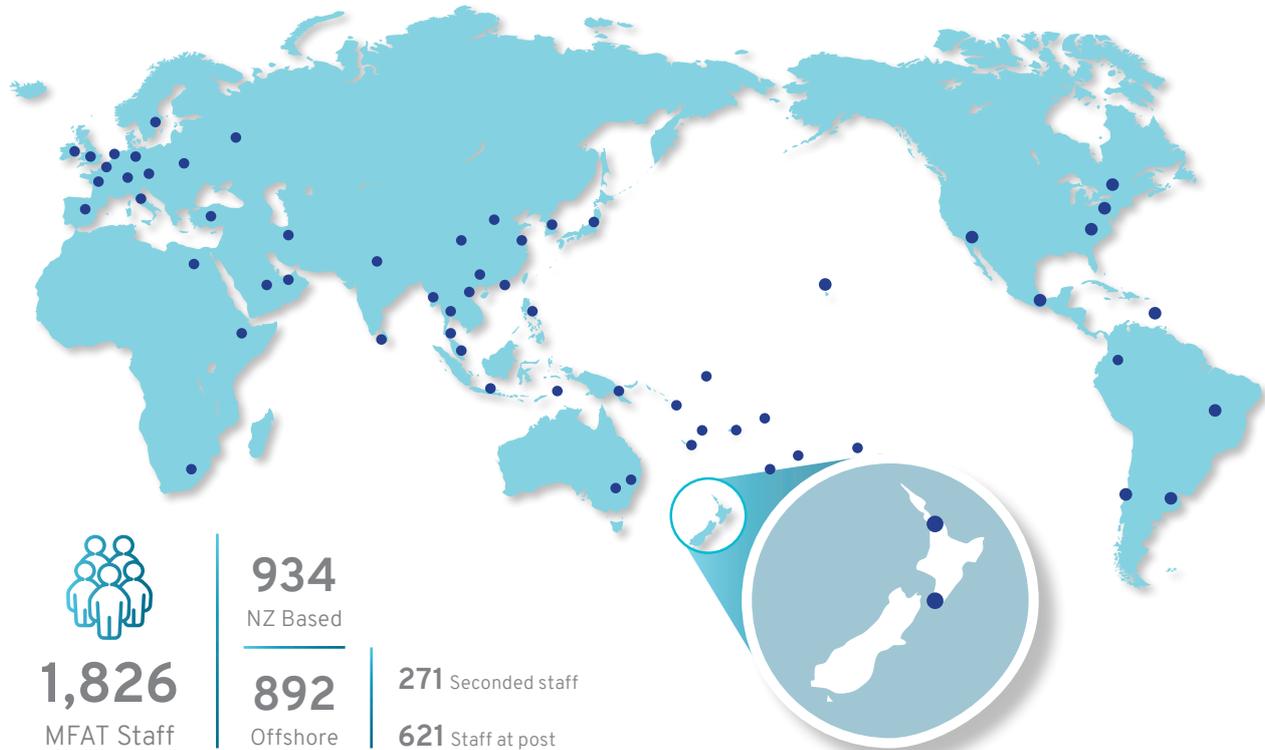
⁵ A relationship through shared experiences and working together, which provides people with a sense of belonging.

⁶ Right to govern.

⁷ Right to sovereignty.

The Ministry at a Glance

MFAT locations around the world and in NZ



In 2020-21 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
- 32** pieces of legislation administered
- 13** NZ Inc agency partners offshore
- 168** missions/consular posts resident in or accredited to New Zealand

Vote Foreign Affairs Expenditure for 2020-21

\$1,413.1
MILLION

INCLUDING:
International Development
Cooperation

\$804 MILLION

Capital

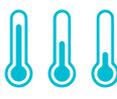
\$45.2 MILLION

Our Highlights

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.

 <p>\$17 Million of ODA funding provided to the COVAX facility</p>	 <p>\$142.2 million dispersed to the Pacific to support COVID-19 responses</p>	 <p>Scott Base redevelopment project progressed</p>	 <p>New Zealand supported Pacific countries to respond to sea level rise</p>	 <p>New Zealand supported progress on Pacific climate resilience</p>
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Influence

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

 <p>Successfully hosting a virtual APEC21</p>	 <p>Maintained close ties with New Zealand's partners</p>	 <p>100% delivery on our 2016-2020 ASEAN Plan of Action</p>	 <p>Progressed New Zealand values in international rules and norms</p>	 <p>Sir Robert Martin re-elected to the UN Committee on the Rights of Persons with Disabilities</p>
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Prosperity

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

 <p>Quarantine-free Travel secured with Australia, Cooks Islands, and Niue</p>	 <p>64.5% of exports covered by Free Trade Agreements</p>	 <p>Continued to deepen and strengthen engagement with Māori</p>	 <p>\$195 million estimated worth of Non-Tariff Barriers resolved</p>	 <p>77,000 views of MFAT market insights reports</p>
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Security

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

 <p>New Zealand hosted the Christchurch Call's Second Anniversary Summit</p>	 <p>2,750 + Global consular cases managed</p>	 <p>Pursued efforts to uphold international rules on disarmament and non-proliferation</p>	 <p>New Zealand signed the Artemis Accords</p>	 <p>New Zealand took up a role on the Board of Governors of the International Atomic Energy Agency</p>
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Strategic Framework

OUR PURPOSE

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



TŌ TĀTOU KAUPAPA

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



Rt Hon Jacinda Ardern, Prime Minister of New Zealand, virtually addresses the General Assembly High-level Special Session in Response to the COVID-19 Pandemic in December 2020. Credit: UN Photo/Eskinder Debebe.

International Rules & Institutions

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

Aotearoa New Zealand derives security and prosperity from the stability and safeguards of a rules-based international system. This system is founded on relationships between states through international law, frameworks, and multilateral organisations, such as the United Nations (UN), World Trade Organization (WTO), and World Health Organization (WHO).

We benefit from agreed rules, standards and norms that govern international cooperation on peace and security, trade, human rights, the environment, and other economic and social issues.

Within the rules-based international system, conflict, trans-border and global challenges can be addressed collectively, effectively and fairly.

However, trends such as the rise of authoritarianism, the pressures on democratic systems, and resurgent protectionist trade measures mean Aotearoa New Zealand can no longer take for granted the continuity of the post-Second World War international system.

In this uncertain environment, the Ministry maintained efforts in the past year to ensure existing rules are respected, and that new norms reflect our national values and interests.

OUTCOME 1: Aotearoa New Zealand has used international rules and institutions to progress national interests

The results we aim to achieve:

- 1.1 Challenges to Aotearoa New Zealand's international legal rights have been successfully defended
- 1.2 Aotearoa New Zealand has secured outcomes through the WTO that advance our economic and wider interests
- 1.3 Aotearoa New Zealand has been effective in its efforts to protect core principles of international law, rights and norms, especially in our region
- 1.4 Aotearoa New Zealand has contributed to international cooperation that has improved global readiness in relation to pandemics and other health emergencies
- 1.5 Rules and norms that respond to emerging global challenges (such as cyber, space, and sea-level rise) reflect Aotearoa New Zealand's priorities
- 1.6 The 2030 Agenda for Sustainable Development has been effectively supported by multilateral institutions and Aotearoa New Zealand has successfully influenced their performance in delivering results for the Pacific region.

Efforts to strengthen, protect, and use the rules-based international system faced challenges this year. The intensification of geopolitical rivalries and the ongoing COVID-19 pandemic affected international cooperation on several important issues. However, the Ministry made good progress on a number of objectives.

We continued to seek to advance Aotearoa New Zealand's interests through the WTO. Negotiations on fisheries subsidies did not deliver hoped-for progress in this period, but we continue to press hard to seek a meaningful outcome before the Twelfth WTO Ministerial Conference (MC12) in late 2021. Our top priority for MC12 is to launch negotiations to cap and reduce global agriculture domestic support entitlements by at least half by 2030.

Aotearoa New Zealand played a lead role in developing a normative declaration on the protection of maritime zones. Unanimous support from the Pacific Islands Forum (PIF) was achieved for the *Declaration on Preserving Maritime Zones in the Face of Climate Change-related Sea Level Rise* (see the case study on page 31).

Along with other NZ Inc agencies, we made a positive contribution to international efforts to address COVID-19 and global health issues. Our health diplomacy helped to develop and strengthen relationships with a range of countries, partners, and institutions like the WHO. This enabled Aotearoa New Zealand to help shape and influence multilateral governance structures on global vaccine cooperation. Through our work with partners and a \$17 million contribution from Official Development Assistance funding, we were also able to secure sufficient vaccines for all countries in the Pacific region.

COVID-19 affected delivery of results against the 2030 Agenda for Sustainable Development. However, this was counterbalanced by multilateral efforts to support the pandemic response. Core funding for multilateral agencies of \$370 million will be available under the Agenda for the three years from 1 July 2021.

Aotearoa New Zealand's signing of the Artemis Accords was a highlight of work aimed at developing shared norms for space exploration. Aotearoa New Zealand is one of 12 countries, including the United Kingdom and United States that had signed the Artemis Accords as of June 2021.

INDICATOR:



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

PROGRESS:

- Asian Development Bank:**
- In 2020 new lending to the Pacific increased by 142%, to US\$1,098 million.
- World Bank:**
- The World Bank portfolio in the Pacific increased by 29% in 2020-21.

INDICATOR:



Assessment of performance of multilateral agencies that receive core funding from New Zealand

PROGRESS:

12 out of 21 activities recorded a score of "Good" or higher (down from 18 out of 21 last year), and 7 recorded a score of "Adequate".

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

The results we aim to achieve:

- 2.1 The relevance, coherence, effectiveness and efficiency of key institutions have been improved through reform and better governance
- 2.2 International treaty regimes and norms that are priorities for Aotearoa New Zealand (Law of the Sea, nuclear testing and transboundary harm) have been defended and, where necessary, strengthened
- 2.3 An effective rules-based system for trade centred on the WTO has been re-invigorated
- 2.4 The UN has effectively protected and promoted human rights through the Human Rights Council and integration of human rights in its wider operations
- 2.5 Aotearoa New Zealand's advocacy has helped to uphold and universalise international rules on disarmament and non-proliferation
- 2.6 Aotearoa New Zealand has met its international obligations.

Aotearoa New Zealand continued to engage and cooperate with close partners to oppose attempts to undermine the rules-based international system. We worked with partners to secure stronger leadership for the Commonwealth, and intensified engagement with the UN Development Programme to encourage improved governance. In December 2020, we succeeded in securing the re-election of New Zealander Sir Robert Martin to the UN Committee on the Rights of Persons with Disabilities.

Aotearoa New Zealand continued to defend and strengthen international treaty regimes and norms. Aotearoa New Zealand is a founding member of the Group of Friends of UNCLOS (the UN Convention on the Law of the Sea). This new group provides a forum for UN member states to share information and practices in support of UNCLOS. The Ministry continued to advocate for the development of a robust Mining Code as part of International Seabed Authority work. This code will help protect and preserve the marine environment by regulating exploitative activities.

Progress was made towards the restoration of a fully functioning WTO. Although the outlook for WTO revitalisation and reform remains uncertain, this goal remains a top priority for Aotearoa New Zealand. Positive steps in 2020-21 included; the appointment of a new Director General; progress made on a WTO Trade and Public Health initiative, aimed at reducing obstacles to the trade of medical goods; and New Zealand Ambassador David Walker's appointment as facilitator leading the WTO COVID-19 response.

The WTO Multi-Party Interim Arrangement (MPIA) came into effect. Its aim is broadly to replicate the practices and procedures of the WTO Appellate Body. Over 50 countries have agreed to participate in the MPIA. These countries represent a large proportion of Aotearoa New Zealand's export markets, so this is a positive development for Aotearoa New Zealand. New Zealander and international law specialist Dr Penelope Ridings was appointed as one of 10 arbiters on the MPIA for a two-year term.

Aotearoa New Zealand continued to be active in the UN and with close partners on human rights issues. Guided by the priorities in Aotearoa New Zealand's International Human Rights Action Plan 2019 we were an active participant in the sessions of the UN Human Rights Council (HRC). This included leading the resolution on Preventable Maternal Mortality and Morbidity at the 47th HRC session. We also participated in Universal Periodic Reviews, where the human rights record of UN member states are considered, as well as the Third Committee of the UN General Assembly.

Although disrupted by COVID-19, Aotearoa New Zealand pursued efforts to uphold international rules on disarmament and non-proliferation. We led Aotearoa New Zealand's efforts to promote the Treaty on the Prohibition of Nuclear Weapons. We also helped sustain Pacific engagement in the first-ever meeting of States Parties to the Treaty of Rarotonga, which prevents the placement of nuclear weapons in the South Pacific. The Ministry prepared for the Review Conference of the Parties to the Treaty on the Non-Proliferation of Nuclear Weapons, rescheduled to January 2022. Aotearoa New Zealand will contribute to a number of initiatives at the Conference, including pushing for progress on nuclear disarmament as one of 16 members of the Stockholm Initiative for Nuclear Disarmament.

INDICATOR:



Aotearoa New Zealand candidates elected to key bodies and positions

PROGRESS:

1 - successful re-election of Sir Robert Martin to the United Nations Committee on the Rights of Persons with Disabilities, in December 2020 (up from 0 in 2019-20).

INDICATOR:



Subscription to global disarmament treaties

PROGRESS:

Treaty on the Prohibition of Nuclear Weapons

- 55 states parties (up from 38 in 2019-20).

Arms Trade Treaty

- 110 states parties (up from 106 in 2019-20).

Convention on Cluster Munitions

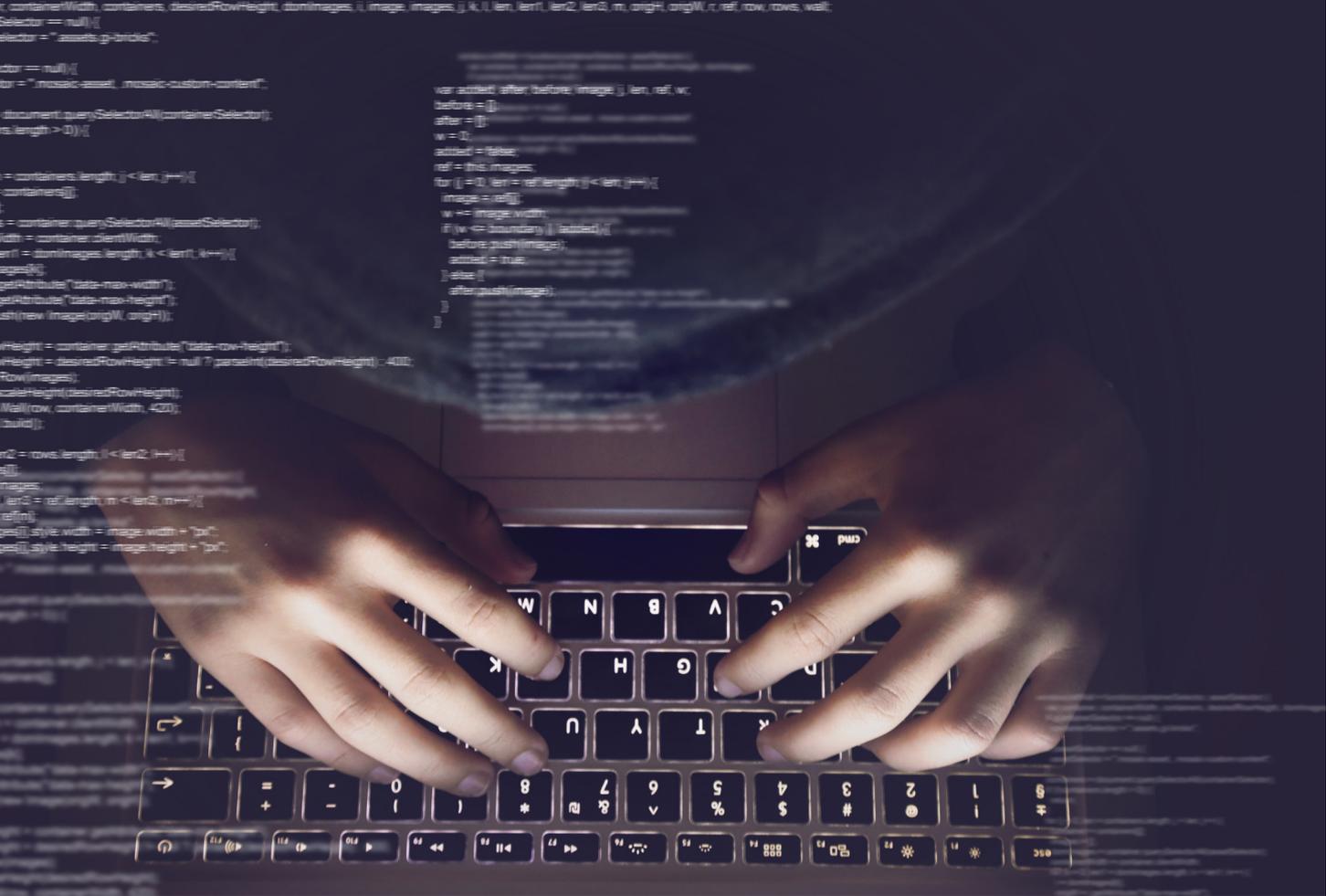
- 110 states parties (up from 108 in 2019-20).

Comprehensive Nuclear-Test-Ban Treaty

- No change.

Treaty on the Non-Proliferation of Nuclear Weapons

- No change.



Credit: alexsl.

CASE STUDY

Aotearoa New Zealand's Position Statement on the Application of International Law to State Activity in Cyberspace

As a champion of the rules-based international system, it is important for Aotearoa New Zealand to be clear how international law applies to emerging challenges.

One such challenge is the malicious use of cyberspace by states, which is a growing cause for concern.

Advances in cyber capability and a rise in malicious activity online have raised questions about what rules and norms govern cyber activities by states. This is because international law has largely evolved with a territorial, physical conception of the world.

In an increasingly online world, there is a critical need to identify what rules apply to cyberspace and how they apply. This is essential for maintaining peace, stability, and prosperity, as well as protecting Aotearoa New Zealand's own security.

States agree that international law applies equally online as offline. However, the question of how international law applies to the online world is nuanced.

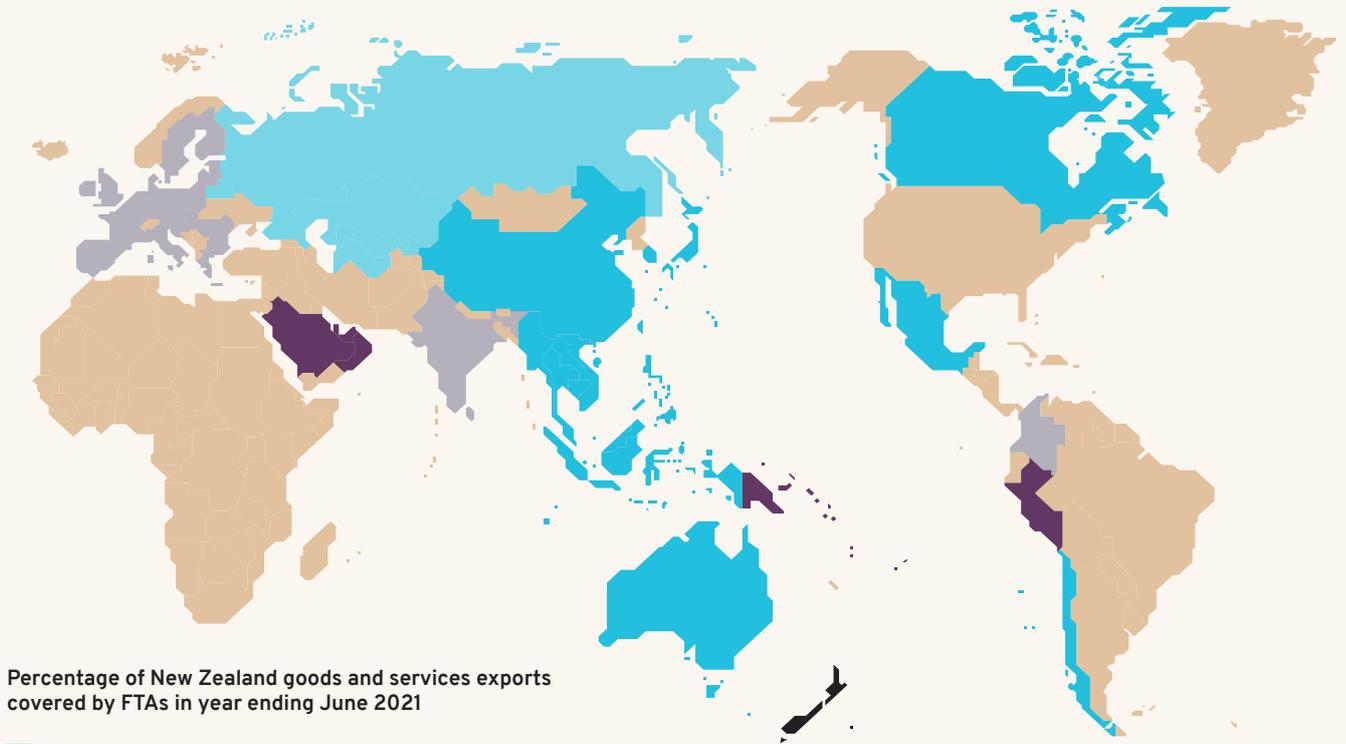
In order to contribute towards building international consensus on this important issue, Aotearoa New Zealand released a position statement on 1 December 2020 that sets out how international law applies to state activity in cyberspace.

The statement addresses a number of critical legal issues, including what the threshold is for determining whether cyber activity amounts to a use of force or an armed attack, and what the options are for responding, including collective countermeasures.

Other issues addressed include:

- when state cyber activity may be deemed inconsistent with the non intervention rule – a rule of international law that restricts the ability of outside states to interfere with the internal affairs of another state
- the "due diligence" norm that states have to prevent their territory from being used for cyber activity harmful to the legal interests of other states
- how international human rights law and international humanitarian law apply to state activity online.

Aotearoa New Zealand's statement is an important contribution towards building international consensus on these issues. It underscores that the international community will not tolerate unlawful state behaviour online.



Percentage of New Zealand goods and services exports covered by FTAs in year ending June 2021

- FTAs in force (64.5% of goods and services trade is with countries we have an FTA with)
- FTAs concluded but not in force (2.6%)
- FTAs under negotiation (10.4%)
- FTA negotiations on hold (0.5%)

Total FTAs in force, concluded or under negotiation **77.9%**

Economic Returns & Resilience

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

Overseas trade and investment are essential for Aotearoa New Zealand's prosperity and wellbeing, and quality living standards.

One in four Aotearoa New Zealand jobs is dependent on exports; and exporting firms are more productive, employ more staff, and pay better wages.

Our trade work is aimed at realising the vision of a productive, sustainable, and inclusive economy that will be net carbon zero by 2050. A big part of this is about securing access on favourable terms to a diverse range of international markets.

This helps make Aotearoa New Zealand companies more competitive, and the nation more resilient to change and external shocks.

The Ministry continued to support Aotearoa New Zealand to navigate a path through the considerable disruptions caused by the pandemic, as exports, imports, and resilient supply chains play a critical part in enabling a sustained economic recovery from COVID-19.

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 results we aim to achieve:

- 1.1 Market access for a wider range of higher value Aotearoa New Zealand goods, and especially services, exports by market and sector has been protected and improved
- 1.2 Balanced digital trade rules have been developed that enable Aotearoa New Zealand businesses to succeed
- 1.3 More Trade Barriers have been resolved, which have high commercial materiality across diverse markets
- 1.4 Aotearoa New Zealand's supply chains for essential products have remained open, connected and resilient
- 1.5 Opportunities for Aotearoa New Zealand businesses to invest in export markets and attract investment have been supported.

By collaborating with other NZ Inc agencies, we helped to resolve 17 Non-Tariff Barriers – measures other than tariffs that countries and economies use to restrict trade, such as licences, quotas, or restrictive requirements – covering trade worth around \$190 million. This provided enhanced access to overseas markets for New Zealand firms from a broad range of sectors and sizes including services, investment, manufacturing, and the primary industry. For instance, we helped a large New Zealand manufacturer import key components from the Philippines, which enabled medical devices manufactured in Auckland to be exported globally. In another case, the Ministry worked with NZ Inc agencies to expedite import licences, which enabled significant volumes of onion exports to Indonesia to proceed.

Work progressed on a number of Free Trade Agreements (FTAs) that helped to improve overseas market access for Aotearoa New Zealand exports. The Regional Comprehensive Economic Partnership – a mega-regional FTA covering 15 countries in ASEAN (Association of South East Asian Nations), North Asia, Australia, and Aotearoa New Zealand – was signed; and an upgrade to the China FTA was also signed. Major FTAs currently being negotiated with the United Kingdom and European Union moved closer to potential conclusion, and negotiations began with ASEAN on upgrading the ASEAN-Australia-New Zealand FTA.

We supported All-of-Government work to improve the resilience of New Zealand supply chains. COVID-19 disrupted many supply chains that Aotearoa New Zealand relies on for critical imports, and exporters rely on to get their goods to market, with reduced air travel and changes to shipping availability.

This work was supported through the Ministry's negotiation of Ministerial Joint Statements on maintaining open global supply chains; as well as the Asia-Pacific Economic Cooperation (APEC) Ministers Responsible for Trade Statement to speed up the flow of medical supplies, vaccines, and related goods and services through land, sea and air ports.

We provided information services to businesses through the Ministry's website. These included six reports on global supply chain disruptions.

The **Digital Economy Partnership Agreement (DEPA)** came into force on 7 January 2021 for Aotearoa New Zealand and Singapore, with Chile yet to ratify. The DEPA aims to help Aotearoa New Zealand exporters take advantage of opportunities from digital trade.

We are currently tracking 160 COVID-19-related measures affecting global trade. The most common are subsidies and export restrictions. While some of these no longer apply, many remain in force and 17 new measures have been identified since July 2020.

Ongoing negotiations and lobbying aim for greater international cooperation on issues including climate change, inclusive trade and fossil fuel subsidy reform. Aotearoa New Zealand used its position as host of APEC21 to press for more concrete deliverables in these areas.

This work is being conducted in the context of initiatives, such as the recently launched Agreement on Climate Change, Trade and Sustainability (ACCTS), and the Inclusive Trade Action Group (established by Aotearoa New Zealand, Canada, and Chile to pursue more inclusive trade policies, and to ensure that the benefits of trade and investment are shared more broadly).

INDICATOR:



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

PROGRESS: 64.5% (up from 61% in 2019-20).

INDICATOR:



Estimated trade value of Non-Tariff Barriers resolved

PROGRESS: \$190 million (down from \$195 million⁸ in 2019-20).

⁸ Calculated for July to November 2019.

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 results we aim to achieve:

- 2.1 Trade agreements and initiatives have advanced Aotearoa New Zealand's sustainability objectives and supported New Zealand businesses to transition to and succeed in a low emissions global economy
- 2.2 Trade agreements and initiatives have enhanced trade participation of the regions, Māori, women, and small and medium-sized enterprises (SMEs).

The Ministry continued to coordinate with other agencies to implement the Government's response to the recommendations of the Trade for All Advisory Board (TFAAB). Established in 2018, the TFAAB provided independent advice on how to make international trade work for the benefit of all New Zealanders. A Trade for All Implementation Fund was established, and funding requests are now being considered from agencies with ideas on how to deliver outcomes consistent with the TFAAB's recommendations.

There was ongoing engagement with Canada and Chile to advance the aims of the Global Trade and Gender Arrangement (GTAGA). Signed by relevant Ministers in August 2020, the GTAGA aims to increase women's participation in global trade, and is Aotearoa New Zealand's first dedicated trade and gender initiative.

INDICATOR:



Effective provisions on environment and labour standards in Aotearoa New Zealand FTAs

PROGRESS: Aotearoa New Zealand is advancing high-quality commitments on labour and environment in negotiations with the European Union and the United Kingdom and on environment in ACCTS.

OUTCOME 3: International connections have supported Aotearoa New Zealand businesses to compete better in the global economy

The results we aim to achieve:

- 3.1 Aotearoa New Zealand companies have been able to compete more effectively overseas as a result of services, connections and insights provided by MFAT including through NZ Inc collaboration
- 3.2 Aotearoa New Zealand has benefited from stable air and maritime connections.

With overseas travel restrictions in place, we continued to support Aotearoa New Zealand's connections virtually. These included; a presentation by Prime Minister, Rt Hon Jacinda Ardern, to United States' business audiences; a first-ever virtual trade mission with Japan (see the case study on page 17); and a virtual seminar for Aotearoa New Zealand exporters interested in trade opportunities to Gulf countries.

In March 2021, we supported the launch by the Prime Minister and the Minister for Trade and Export Growth of Aotearoa New Zealand's presence at Expo 2020 in Dubai from October 2021. As an opportunity to physically reconnect Aotearoa New Zealand with the world, the presence at the Expo aims to support businesses by increasing Aotearoa New Zealand's profile among new trading partners, and growing our trade with existing partners.

Our market insights reports on overseas markets provided information for businesses. These were viewed 77,000 times, with an average of three reports available per week on the Ministry's website.

We progressed the International Education Recovery Plan with the Ministry of Education and Education New Zealand. This enabled some international students at tertiary degree level and above to re-enter Aotearoa New Zealand, while border restrictions remain in place.

We supported Tourism New Zealand (TNZ) to help maintain Aotearoa New Zealand's international brand to ensure our country remains top-of-mind as a potential destination, if and when borders begin to open more broadly. Our work with TNZ supported tourism in Aotearoa New Zealand and Australia, made possible by Quarantine-free Travel (QFT).



Minister for Trade and Export Growth, Hon Damien O'Connor, with MFAT's Japan and Korea Unit Manager, Rachel Crump, speaking to participants at the Virtual Trade Mission to Japan. Credit: MFAT.

CASE STUDY

Virtual Trade Mission to Japan

COVID-19 had a significant impact on exporters, particularly those used to travelling overseas to meet business partners face-to-face. This gave rise to our first-ever virtual trade mission to Japan.

Japan is one of Aotearoa New Zealand's largest trading partners. The virtual trade mission – held on 4 June 2021 – was a way of strengthening relationships and seizing new opportunities for trade and investment in challenging times.

The Ministry and New Zealand Trade and Enterprise (NZTE) organised the event, which was led by Aotearoa New Zealand's Minister for Trade and Export Growth, Hon Damien O'Connor, and supported by a welcome video from Prime Minister, Rt Hon Jacinda Ardern.

Delegates from both countries took part, with the Aotearoa New Zealand delegation representing a diverse range of businesses from the premium food and beverage, technology, and renewable energy sectors. These sectors represent around 60 percent of Aotearoa New Zealand's current exports to Japan.

As part of the trade mission, participants from each sector engaged in separate sessions to discuss trends and opportunities, before regrouping and sharing the themes discussed with Minister O'Connor.

The programme incorporated tikanga and te reo Māori. It closed with remarks from NZTE's Chief Executive Peter Chrisp, along with a virtual pounamu gift, presented by the Minister to the Japanese delegates.

As proof that COVID-19 need not discourage exporters looking for new markets, immediately after the event AuOra, a Māori-led business that had participated in the mission, announced its entry into the Japanese market with a kiwifruit powder.

The virtual trade mission marked the culmination of a series of high-level engagements by the Minister for Trade and Export Growth with Japan. These included virtual meetings with two Japanese ministers, and speaking to the prestigious Nikkei Future of Asia Conference.

These engagements helped to maintain economic relationships in the context of the pandemic, while also supporting New Zealand exporters' connections with a key market.



The photo is of the completion ceremony for Manaaki New Zealand Scholarship scholars at Lincoln University in June 2021. The photo includes graduating Manaaki New Zealand Scholars, Lincoln University staff and Stu Horne, Divisional Manager Middle East and Africa. Credit: Lincoln University.



Indo-Pacific

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

Aotearoa New Zealand’s prosperity and security depend on peace and stability in our wider home region, the Indo-Pacific. Our interests include: a freer-flow of goods, services, people and capital; the resolution of differences in accordance with international law, rights and norms; and the UN Sustainable Development Goals, especially those that underpin peace, security and human rights.

The regional environment is increasingly complex, with COVID-19 exacerbating pre-existing challenges and fault lines, including geopolitical tensions, terrorism, and population displacement.

This drives the Ministry to support Aotearoa New Zealand’s efforts to engage with and support regional organisations, and to work with a network of partners on shared interests.

ASEAN-centred regional architecture remains at the core of our efforts.

Aotearoa New Zealand’s hosting of APEC21 is providing additional opportunities to shape the future direction of the region.

OUTCOME 1: The existing Indo-Pacific architecture has delivered greater regional prosperity and security outcomes that advance our interests

The results we aim to achieve:

- 1.1 Aotearoa New Zealand's hosting of APEC21 contributed to the region's recovery from COVID-19 through realisation of APEC's post-2020 Vision
- 1.2 Aotearoa New Zealand advocacy and diplomacy in key capitals has been effective in encouraging the region's major powers to remain committed to peaceful, open and cooperative regionalism underpinned by the rule of law
- 1.3 The East Asia Summit has become the leading regional forum for strategic dialogue, valued for its convening authority and delivery of tangible results
- 1.4 Aotearoa New Zealand's contribution and leadership within the Indo-Pacific regional architecture has enhanced its effectiveness
- 1.5 Like-minded partners from outside the region have been substantively and constructively engaged in supporting Aotearoa New Zealand's regional economic and security goals.

Aotearoa New Zealand's hosting of APEC in 2021 is proceeding successfully despite COVID-19, involving 180 virtual meetings and over 5,000 delegates, and months of preparation by the Ministry. Aotearoa New Zealand was instrumental in securing a new 20-year vision for APEC that embraces three drivers for economic growth: trade; innovation; and sustainability and inclusion. Many tangible outcomes resulted from these meetings, with the Ministers Responsible for Trade (MRT) meeting being particularly noteworthy.

The subsequent joint statement released by Ministers included various commitments to strengthen regional prosperity and security, including: expediting the distribution of COVID-19 vaccines and related goods; reinvigorating the work of the WTO; and advancing initiatives on the environment.

At the ASEAN Regional Forum, Aotearoa New Zealand chaired the first virtual intersessional meeting on counter-terrorism and transnational crime. The Ministry also supported efforts to develop best practice on combating violent extremism online through a workshop on preventing terrorist use of the internet. Aotearoa New Zealand also co-chaired a virtual workshop with Indonesia and the United States on preventative diplomacy, one part of a three-part series that is ongoing in 2021-22.

Aotearoa New Zealand co-chaired the Bali Process on people smuggling, people trafficking, and related transnational crime, and a working group on disrupting people smuggling and people trafficking networks. The Ministry also worked with the Indonesian National Police and the Jakarta Centre for Law Enforcement Cooperation to deliver capacity-building to combat transnational organised crime and people smuggling.

Aotearoa New Zealand was instrumental in ensuring the delivery of five leaders' statements at the 15th East Asia Summit in November. The statements addressed the COVID-19 recovery; women, peace and security; marine cooperation; infectious diseases; and commemorating the Summit's 15th anniversary.

We worked with a number of countries from outside the Indo-Pacific that are interested in engaging with the region to support its stability and prosperity. The Ministry continued to share Aotearoa New Zealand's principles-based approach to the Indo-Pacific, encouraging others to share a focus on open markets, inclusiveness, transparency, sovereignty, freedom of navigation and overflight, international rules, and ASEAN centrality.

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 results we aim to achieve:

- 2.1 Aotearoa New Zealand is included in emergent regional initiatives which align with our interests
- 2.2 Aotearoa New Zealand's interests have been addressed in the structure and functions of regional initiatives.

Aotearoa New Zealand's leadership of APEC21 ensured a focus on trade and investment issues of high interest. These included economic recovery from COVID-19, inclusiveness and sustainability. Aotearoa New Zealand's concerns were well reflected in the APEC MRT Joint Statement 2021.

While aspects of our South East Asia development assistance were unable to be delivered due to COVID-19-related border restrictions, effort was redirected to pandemic relief activities. Over \$19 million assisted high-need countries affected by the pandemic, including Cambodia, Myanmar, and the Philippines. Tranche One of the Global Security Fund 2020-21 enabled support to a range of South East Asia initiatives, including countering violent extremism.

The Ministry facilitated an active programme of bilateral and regional discussions focused on cooperation on regional issues, including COVID-19; climate change; Democratic People's Republic of Korea; tensions in the South China Sea; and the coup in Myanmar.

Aotearoa New Zealand also participated in the inaugural Friends of Mekong policy dialogue. This dialogue supports countries bordering the Mekong to address issues of transboundary river governance, and other emerging threats in the sub-region.

INDICATOR:



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

PROGRESS: Benefits Management Strategy has been finalised. A comprehensive report will be produced following completion of the host year.

OUTCOME 3: Levels of integration and engagement with ASEAN have delivered significant benefits to Aotearoa New Zealand in economic and security terms

The results we aim to achieve:

- 3.1 Effective Aotearoa New Zealand cooperation initiatives have strengthened ASEAN's capacity to remain central to the region's security and prosperity
- 3.2 Aotearoa New Zealand's targeted development cooperation in South East Asia has contributed to regional integration, prosperity and stability, a greater Aotearoa New Zealand profile and stronger connections to Aotearoa New Zealand.

Aotearoa New Zealand delivered 100 percent of its commitments in the ASEAN-New Zealand Plan of Action (2016-2020), and enhanced our country's reputation as a reliable and trusted partner.

We supported Aotearoa New Zealand's virtual attendance at the five-yearly summit with ASEAN leaders in November 2020, which also marked the 45th anniversary of New Zealand-ASEAN dialogue and relationship. During the summit, Prime Minister Ardern set a new direction for the relationship, as reflected in both the joint vision statement issued by ASEAN leaders, and the new 2021-2025 ASEAN-New Zealand Plan of Action. This sets out 69 areas for cooperation on areas of shared concern, including green recovery, water scarcity, and disaster management.

Aotearoa New Zealand invested over \$77.2 million in development projects aimed at fostering ASEAN regional prosperity in 2020-21. This included: projects to support economic and climate resilience; inclusive and democratic governance; and knowledge and skills building. New regional aid activities announced in November 2020 responded to ASEAN's green growth agenda.

Despite closed borders and disrupted travel, the Ministry continued to support a range of education and training initiatives, including through online delivery in some instances. Over 150 participants in Cambodia and Myanmar participated in English language training to increase their effectiveness in public sector and leadership roles. Scholarships also supported training for geothermal energy sector personnel located in Indonesia and the Philippines.



Inside one of the meeting rooms at the Wellington venue where New Zealand-based meetings are being held. Each meeting room has its own control centre and up to 10 meetings can be held simultaneously. Credit: Olly Coleman/APEC 2021.

CASE STUDY

Hosting a Virtual APEC21

Challenged by the prospect of border closures during Aotearoa New Zealand's host year, the Government made an early decision to host APEC21 virtually.

Although APEC is best known for the high-profile annual leaders' meeting, it actually consists of hundreds of meetings spread throughout the year – so moving everything to a virtual format was no small task.

Fortunately, the Ministry was able to reorganise people and teams, and build and deploy the different capabilities needed to make a virtual APEC work.

Aotearoa New Zealand had an overriding objective to lead a collaborative regional response to the economic impact of COVID-19. And while there are still more meetings to be held before APEC21 wraps up in November 2021, a number of notable outcomes have already been achieved.

Two key ministerial meetings in particular, each attended by over 30 Ministers, marked real progress.

The MRT meeting, saw a commitment to reduce vaccine costs and speed up vaccine movement across borders. This means people

can get vaccinated faster and more cheaply. The MRT meeting also reinvigorated the work of the WTO, as reflected in the MRT Statement. It represents one of the most ambitious statements from APEC Trade Ministers for some time.

Meanwhile, the Structural Reform Ministerial Meeting reset the agenda for removing barriers that stand in the way of people and economic opportunity. Less red tape that slows down business will enhance regional competition, and help people impacted by COVID-19 to transition to other work.

APEC21 pushed the boundaries of virtual technology and diplomacy, at the same time reinvigorating the forum's relevance as an influential multilateral body.

APEC economies are committed to realising an open, dynamic, resilient, and peaceful Asia-Pacific community by 2040, for the prosperity of all our people and future generations. The Ministry will continue to support Aotearoa New Zealand's commitment to this vision.

Haumi ē, Hui ē, Tāiki ē.
Join, Work, Grow. Together.



The UnBlocked Cash Project in Vanuatu, led by Oxfam and funded by New Zealand and Australia, used blockchain technology to provide a voucher-based system that allowed the most at-need families to purchase essential items from selected local businesses (vendors). *Credit: Oxfam in Vanuatu.*

Pacific

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

Aotearoa New Zealand's home and heart are in the Pacific. Engagement within the region is steered by the desire for a peaceful, stable, prosperous, and resilient Pacific in which Aotearoa New Zealand operates as a partner, collaborating with others in the shared stewardship of our Blue Ocean Continent – Te Moana-nui-a-Kiwa.

While the Pacific region will continue to be hit hard by the economic and health impacts of COVID-19, climate change remains the most critical long-term challenge for Pacific countries with significant environmental, economic and humanitarian implications.

Aotearoa New Zealand's strategic environment is influenced by how resilient, well-governed, and economically sustainable Pacific countries are. However, current challenges are contributing to an increasingly contested strategic space, with more external players active in the region, creating layers of opportunity as well as risk for Pacific countries.

Aotearoa New Zealand will continue to work closely with Australia and other partners to support Pacific countries to resume their pathways towards long-term resilience.

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

The results we aim to achieve:

- 1.1 Functioning Pacific economies have continued to support livelihoods despite COVID-19 impacts and benefited from trade, labour mobility and other safe people movement
- 1.2 Pacific Island populations facing vulnerability and marginalisation have benefited from Aotearoa New Zealand's inclusive development approach
- 1.3 Pacific health systems deliver improved health outcomes for Pacific peoples and benefit from closer links with Aotearoa New Zealand's health system
- 1.4 Pacific learners at all levels have improved access to high-quality, equitable and relevant education
- 1.5 Strengthened economic governance has supported Pacific Island countries to manage COVID-19 impacts and sustain responsible use of resources
- 1.6 Pacific countries have improved access to sustainably financed public infrastructure.

Pacific countries continued to be affected by COVID-19, causing harm to health and disrupting economies. Ongoing outbreaks in Fiji and Papua New Guinea were particularly devastating. Most other Pacific countries remained COVID-19 free, but did not escape the associated economic impacts, with countries dependent on tourism worst affected.

Border closures restricted the movement of people, goods, and services and affected the delivery of the Ministry's programme in the region. In this environment, we adopted a flexible approach, seeking to preserve existing projects under the International Development Cooperation (IDC) programme, while reprioritising work to support the pandemic response and recovery. Our COVID-19-related support focused on funding health system preparedness, supporting vaccine roll out, supporting Quarantine-free Travel (QFT) and other border arrangements, providing emergency grant funding to reduce the risks of economic and fiscal crises and provide social protection, promoting a private-sector-led recovery, and responding to COVID-19 outbreaks in Fiji and Papua New Guinea.

We disbursed \$114.65 million of emergency economic and fiscal grant funding (budget support) in 2020-21. This enabled countries to respond directly and rapidly to their priorities for COVID-19 response and recovery.

Closer links between the Aotearoa New Zealand and Pacific health systems proved beneficial during the pandemic. Aotearoa New Zealand (together with Australia) committed to and made significant progress towards delivering comprehensive coverage of

COVID-19 vaccines across the Pacific. This will be a critical foundation for Pacific countries' social and economic recovery.

In addition, with Aotearoa New Zealand's support, all Pacific countries can now test for COVID-19. Under the Polynesian Health Corridors Programme, support for pandemic preparedness and access to essential medicines were provided to six participating countries: the Cook Islands, Niue, Samoa, Tokelau, Tonga and Tuvalu.

Aotearoa New Zealand started to reconnect with the Pacific through Quarantine-free Travel. Two-way QFT was established between Aotearoa New Zealand and the Cook Islands, along with one-way QFT between Niue and Aotearoa New Zealand. The Ministry played a key role in working with other agencies to develop QFT processes. These will continue to provide a framework when travel to other Pacific countries resumes, once deemed safe. We also helped develop processes for a range of border exemptions, enabling essential safe travel to Pacific countries via Aotearoa New Zealand. This enabled the safe movement of people, and a continued functioning of maritime supply chains.

The Pacific Agreement on Closer Economic Relations (PACER) Plus came into effect in December 2020. PACER Plus establishes a common set of trading rules for the region, and will make it easier for businesses to trade throughout the Pacific. It will also help Pacific countries attract investment and increase exports, driving economic growth and recovery from COVID-19.

We helped enable Aotearoa New Zealand border exemptions for Recognised Seasonal Employer workers. This allowed over 2,000 workers from Fiji, Samoa and Vanuatu to enter Aotearoa New Zealand early in 2021 to meet critical staff shortages. Another 300 workers per month were due to arrive from July 2021.

We continued to support a work programme aimed at creating employment opportunities for Pacific peoples over 2020-2024.

The programme was adjusted to help Pacific businesses respond to the economic impact of the pandemic, with a focus on supporting business continuity and job retention. This included a \$9.6 million finance facility for small and medium-sized enterprises to enable emergency adaptation and stabilisation, as well as longer-term recovery and sustainability. Initiatives in the tourism sector included support for Aotearoa New Zealand Māori Tourism to commence Aho Rua - Va'a tele, a Māori-Pacific indigenous tourism partnership programme.

Helping the Pacific region to improve gender equality is an ongoing focus. Our recently launched Gender Action Plan to guide New Zealand's IDC includes a target for increased spending to meet gender equality goals. In Fiji, we supported the Ministry of Women, Children and Poverty Alleviation to initiate the first Government-led Fiji Country Gender Assessment, reporting on the status of women and girls in Fiji.

Child and youth wellbeing was progressed through various initiatives. Those included: support for governments to mitigate the impacts of COVID-19 on children and families; and infrastructure investment, such as the new Honiara Multi-purpose Centre, which features a youth hub. We also supported initiatives focused on early childhood development and maternal health.

The Ministry's inclusive development approach seeks to benefit Pacific populations facing vulnerability and marginalisation. We commenced funding the Pacific Sexual Gender Diversity Network, which provides support to advance LGBTQIA+ rights throughout the Pacific. We also increased investment to support people with disabilities, including initiating a new multi-country inclusive education programme.

The Ministry helped to facilitate education and training in the Pacific, despite COVID-19 challenges. Aotearoa New Zealand's education support in the Pacific addressed three areas – education systems, scholarships, and sector-based training. By rolling out e-learning under the Ministry-supported Open, Distance and Flexible Learning Partnership, online learning was made available to education professionals in eight Pacific countries.

The Ministry also facilitated initiatives to improve literacy rates across 85 schools in Solomon Islands, enhance secondary level education opportunities in Tokelau, and improve engagement of students by providing vocational pathways through secondary education in Tonga.

Core budget support focused on strengthening economic governance in Fiji, Kiribati, Nauru, Papua New Guinea, Samoa, Solomon Islands, Tonga and Tuvalu. **Seven of the eight countries remain on track with planned economic and public sector reform programmes.**

The Pacific Infrastructure Technical Assistance Fund (PITAF) continued to deliver value across the region. It provided technical advice on the practical and economic feasibility of infrastructure projects and better-positioned governments to access high-quality finance. This year the PITAF also contributed to renewable energy generation in Kiribati.

INDICATOR:



Measures of Sustainable Development Goal (SDG) progress in Pacific Island countries

PROGRESS: Number of goals with improving trends against the total number of goals with data available:

- Fiji (8/14), Kiribati (6/9), Nauru (5/9), Papua New Guinea (4/14), Samoa (8/15), Solomon Islands (4/14), Tonga (9/12), Tuvalu (4/9) and Vanuatu (8/14).

Overall 6/9 countries show an improving trend for more than 50% of the goals - where data is available⁹.

INDICATOR:



Amount and percentage of official development assistance resources spent on Aid for Trade (SDG: 8.a.1)¹⁰

PROGRESS: Not met 12.05% (\$96.9 million) against a target of 20%. (down from 16.48% (\$121.3 million) in 2019-20).¹¹

OUTCOME 2: Partnership with Aotearoa New Zealand has enabled a stable, secure, resilient and well-governed region

The results we aim to achieve:

- 2.1 The Pacific has an enhanced ability to address transboundary security threats
- 2.2 Pacific national security sectors are able to manage internal security challenges in a manner that is consistent with human rights
- 2.3 Pacific countries are leading effective humanitarian responses, with support from Aotearoa New Zealand as required
- 2.4 Pacific countries have increased resilience to natural hazards and the intensifying impacts of climate change
- 2.5 Pacific natural resources have been sustainably managed and the environment protected
- 2.6 Pacific states have more effective and accountable institutions and better public services
- 2.7 Regional organisations have been effective and well-governed.

We invested \$32 million under the Pacific Climate Change Programme (CCP) to improve resilience to climate change.

CCP achievements in 2020-21 included:

- contributions to the Pacific Insurance and Climate Adaptation Programme to improve financial preparedness for the impacts of climate change and natural hazards
- installation of 48 new water tanks in Tokelau to improve water security
- maintenance and repairs to rainwater infrastructure in the Cook Islands
- development of tools, such as a new coastal inundation model to help governments make more resilient, evidence-based planning decisions.

Investment supported the sustainable management of natural resources and protection of the environment. This included a five-year \$18 million arrangement with the Pacific Islands Forum Fisheries Agency (FFA) to address critical issues, such as the strategic management of coastal fisheries. We also began a new \$1.8 million activity to improve understanding of environmental impacts on valuable tuna fisheries. Funding was significantly increased to a range of projects with biodiversity and environmental benefits.

Investments in emergency preparedness aimed at enabling Pacific countries to lead effective responses to natural disasters included supporting technical advisers based at Fiji's National Disaster Management Office to assist with disaster risk management and emergency coordination. Aotearoa New Zealand also supported

⁹ Note that this data does not include Cook Island, Niue or Tokelau, and that it is unlikely this data reflects the impact of COVID-19.

¹⁰ Sustainable Development Goal indicator.

¹¹ This figure varies from the value reported in 2019-20 (\$135.4 million) due to a minor revision of the methodology in 2020-21.

locally-led humanitarian responses. Following Tropical Cyclones Yasa and Ana, we provided relief supplies and other assistance in accordance with requests made by the Government of Fiji.

Cooperation between Aotearoa New Zealand and Pacific security agencies helped to strengthen Pacific borders and prevent transnational crime. Agencies including New Zealand Police, New Zealand Customs Service, and Immigration New Zealand worked closely with their Pacific counterparts to deliver initiatives including:

- the Pacific detector dog programme
- a restructure of the Cook Islands Customs Service
- the Pacific Islands Chiefs of Police Women’s Advisory Network exchange programme.

The deployment of New Zealand Police to Fiji as part of the \$11 million Fiji Policing Programme was a step forward in our bilateral security relationship. The Programme strengthened cooperation in areas including policing and border security, ensuring Aotearoa New Zealand is considered a credible and preferred security partner.

We provided support for the region’s parliamentary systems and processes. This included inductions for new Members of Parliaments, workshops for parliamentary committees, assistance to draft legislation, support for budget analysis, and advocacy for increased representation of women; and outreach by the Aotearoa New Zealand Speaker to his Pacific counterparts.

The Ministry provided support for Aotearoa New Zealand’s efforts to help build public sector capability in the Pacific via initiatives, such as the Pacific Public Sector Fale based in the New Zealand Public Service Commission. Uptake of remotely-delivered training and other support for public servants in the Pacific by the Fale was extremely positive.

The Ministry supported collective action against corruption with the signing of two statements. Pacific Islands Forum (PIF) leaders endorsed the Teieniwa Vision, which encourages all Pacific States to unite against corruption, as well as the political declaration agreed in the June 2021 UN General Assembly Special Session Against corruption.

Although hampered by COVID-19, regional organisations maintained core functions by moving to online communication platforms. Regional unity was tested by disagreements over governance of some key institutions, particularly the PIF and the University of the South Pacific.

The Secretariat of the Pacific Regional Environment Programme (SPREP) continued its important advocacy on environmental issues; and the FFA performed well against its key objectives to better manage, control, and develop the region’s tuna fisheries. The Pacific Community (SPC) had a productive year with a higher proportion of results showing significant progress compared with previous years.

INDICATOR:  **Aotearoa New Zealand responses to natural disasters in the Pacific that are launched within mandated timeframes**

PROGRESS: 100% within mandated timeframes (equal to the 2019-20 result). The responses launched:

1. Water insecurity Kiribati
2. Tropical Cyclone Yasa
3. Tropical Cyclone Ana
4. Tropical Cyclone Harold.

INDICATOR:  **Proportion of key tuna fish stocks within biologically sustainable levels, in the Pacific (SDG: 14.4.1)**

PROGRESS: 100% (4 out of 4 key tuna stocks)(equal to the 2019-20 result).

INDICATOR:  **Government Effectiveness Index in bilateral partner countries**

PROGRESS: Average rank of 39.5, down from 40.7¹² in 2019-20, across 12 bilateral partner countries where data was available. 6/12 show an improving trend over the last 10 years (2010-2019). (Source: World Bank).

OUTCOME 3: A Pacific strategic environment conducive to New Zealand’s interests and values has been preserved and our influence as a preferred and prominent partner maintained

The results we aim to achieve:

- 3.1** Strong and collaborative Pacific partnerships have enabled effective shared responses to the region’s challenges
- 3.2** Domestic and international policy decisions by Pacific island countries have been aligned with Aotearoa New Zealand values and interests
- 3.3** Aotearoa New Zealand has reinforced its coordination and engagement with Australia on shared Pacific objectives
- 3.4** External actors have been engaged in the Pacific in a way which promotes the region’s objectives and supports New Zealand’s values.

¹² This figure varies from the value reported in 2019-20 (33) due to a minor revision of the methodology in 2020-21.

The Ministry supported 11 high-level consultations with Pacific leaders, including an in-person visit to Aotearoa New Zealand by the Cook Islands Prime Minister.

Bilateral relationships benefited from a new approach that recognises the inherent mana and kāwanatanga of the countries Aotearoa New Zealand partners with. Shared responses to regional challenges included the Humanitarian Pathway on COVID-19, which ensured a transportation lane remained open for moving essential health and humanitarian supplies through the region.

Critical new relationship architecture was established through delivery of the first Fiji Aotearoa New Zealand High-Level Consultations. The annual talks are an important step in normalising government-to government engagement. They also provide a forum where Fiji and Aotearoa New Zealand can set shared ambitions and reflect on previous commitments.

The Ministry improved transparency and communication about engagement in the Pacific. This reflected recommendations from the Foreign Affairs, Defence and Trade Committee following its *Inquiry into New Zealand's Aid in the Pacific*. For example, we conducted a nation-wide series of public consultations with the Pacific diaspora and other stakeholders to inform revised planning. Consultations were held in Auckland, Christchurch, Dunedin, and Wellington, in addition to an online survey and online talanoa with PACIFICA women's group.

We worked hard to engage with the Pacific region on international and domestic issues important to Aotearoa New Zealand. These included the COVID-19 response and subsequent vaccine procurement and rollout, as well as the normative declaration on sea-level rise.

Australia remained an indispensable partner in the region.

It operates at scale, and in a way that is well-aligned to Aotearoa New Zealand's Pacific priorities. Aotearoa New Zealand and Australia participate in various high-level trilateral meetings and strategic dialogues on development, security, and geopolitical issues. Pacific partners realise their development objectives are maximised when Aotearoa New Zealand and Australia work in a coordinated and collaborative way.

Renewed support from the United States for Pacific climate change priorities offers new opportunities for cooperation.

A long-term, aligned approach with the United States would allow Aotearoa New Zealand to respond more systematically, particularly in the North Pacific.

Close coordination continued with the Asian Development Bank, the International Monetary Fund and World Bank. This was important as Aotearoa New Zealand developed economic responses to the pandemic.

INDICATOR:



Evidence of partnerships between Aotearoa New Zealand and Pacific bilateral partners strengthened

PROGRESS:

6/12 assessed as "very strong and constructive", and 6/12 assessed as "somewhat strong and constructive" (compared to 7/12 and 5/12 respectively in 2019-20).



The Pacific Community's Director-General Stuart Minchin and the Spokesperson for the Ministry of Foreign Affairs and Consul-General in New Caledonia Belinda Brown, listen as Pacific Data Hub Manager Sioeli Tonga addresses the press conference for the launch of the Pacific Data Hub in December 2020. *Credit: SPC.*

CASE STUDY

Pacific Data Hub Launched

Good data is crucial to good decision-making – and a new central source of reliable, current Pacific data will help governments, agencies, donors and civil society alike when making decisions that affect Pacific peoples.

The Pacific Data Hub (PDH) was launched on 1 December 2020.

PDH provides authoritative data on a wide range of topics, from education, fisheries, and geoscience to energy, the environment and economic development. A selection of visualisation tools makes the data easy to access.

The Ministry partnered with SPC to develop the new digital hub. SPC is the lead regional agency on statistics and has been a custodian of Pacific data for decades.

SPC began working on the concept of a Pacific data hub in 2018. In 2019, Aotearoa New Zealand agreed to provide \$6.5 million over four years to support the collation and analysis of Pacific development statistics, and to build the hub as a platform for dissemination.

PDH's data-sharing capacity will help Pacific countries to collaborate better, and ensure development partners are supporting the Pacific's most important needs.

The access PDH offers to the latest Pacific development statistics, including progress towards the UN SDGs, will also help to shape and prioritise the Ministry's work with Pacific countries.

The hub is set up in a way that enables any government, donor, academic, or community member to store and control their own data, with all users able to view and access the entire range of data held.

The PIF Secretariat, SPREP, and Australia have all acknowledged the value of the hub, and supported the important work SPC is doing. As Pacific governments and development partners make complex decisions to respond to the impacts of COVID-19, up-to-date and accurate data is more important than ever.

The Ministry will continue to encourage other development partners to consider supporting the PDH. As part of a wider portfolio of Ministry support for Pacific-led initiatives to improve evidence-informed decision-making, the hub is an important catalyst for better outcomes for Pacific communities.

View the Pacific Data Hub at <https://pacificdata.org>.



109 kW rooftop solar project constructed on the Palau Community Centre roof. Credit: MFAT.

Environment & Climate Change

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

Climate change and other threats to the world's environment pose risks to the security and prosperity of Aotearoa New Zealand and our people, our region and the world.

Consistent with the concept of kaitiakitanga, the Ministry has a responsibility to act as a guardian of the natural environment and to support collective global action.

Our geographical location means we have a particular interest in ensuring that the Pacific, the Southern Ocean and Antarctica are effectively governed, sustainably managed, and environmentally resilient.

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

OUTCOME 1: The global response to climate change reflects Aotearoa New Zealand's ambitions, including for Pacific climate resilience

The results we aim to achieve:

- 1.1 The Paris Agreement and other international mechanisms are effective and fairly accommodate Aotearoa New Zealand's circumstances
- 1.2 Pacific climate resilience is improved through multilateral support and finance
- 1.3 Robust and effective guidelines for environmental integrity are in place and support credible options for international carbon trading
- 1.4 Aotearoa New Zealand has successfully influenced global action on climate change mitigation.

COVID-19 continued to impact environment and climate change ambitions this year. Nevertheless, the Ministry achieved progress against a number of important goals.

Progress was made towards completing the implementation guidelines for the Paris Agreement ahead of the 2021 UN climate change conference (COP26) to be held in Glasgow in late 2021.

Aotearoa New Zealand's support enabled good progress towards improved climate resilience in the Pacific. This was achieved via the Ministry's engagement on the governing bodies of the Green Climate Fund (GCF) and Global Environment Facility (GEF), aimed at improving Pacific countries' access to finance to fund resilience-related projects. Support was also provided to regional agencies in the Pacific, including SPC and SPREP, to assist countries to develop climate-related finance proposals.

We worked with participating countries towards completing the ACCTS. This agreement between Aotearoa New Zealand, Costa Rica, Fiji, Iceland, Norway, and Switzerland recognises the role that trade policies, practices, and rules play in supporting sustainable development and managing climate change. Five rounds of negotiations were completed in 2020-21, with the aim to conclude negotiations by July 2022.

We welcomed the Netherlands joining the Friends of Fossil Fuel Subsidy Reform. Aotearoa New Zealand advocated for increased membership of this grouping, reflecting our commitment to the reduction and ultimate elimination of fossil fuel subsidies. An APEC21 statement from Ministers Responsible for Trade was significant in that it referenced fossil fuel subsidy reform for the first time since 2016.

INDICATOR:



Pacific Initiative delivered with multilateral climate finance

PROGRESS: In 2020-21, 3 projects for the Pacific were approved by the GCF and 9 by the GEF. (2019-20 result was 1 from GCF and 8 from GEF).

INDICATOR:



Number of Pacific Island Countries (PICs) that submit reports, inventories, Nationally Determined Contributions (NDCs) and long-term low emissions and development strategies (LT-LEDS)¹³

PROGRESS:

- All PICs that are Parties to the Paris Agreement have NDCs
- 50% have updated their NDC in 2020-21
- 14% have communicated LT-LEDS
- 7% have submitted Biennial Update Reports on national Greenhouse Gas inventories
- 50% have submitted a National Communication in the last 4 years.

INDICATOR:



Credible options for linking carbon markets are developed, consistent with Aotearoa New Zealand standards for environmental integrity

PROGRESS: 2 credible partners are ready to negotiate linking carbon markets (this is a new measure for 2020-21).

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

The results we aim to achieve:

- 2.1 Aotearoa New Zealand has sustained a fit for purpose and permanent presence in Antarctica
- 2.2 The Antarctic Treaty System continues to ensure the effective governance and management of Antarctica and its environment
- 2.3 Aotearoa New Zealand's specific interests in the Ross Sea region have been promoted, including through an enhanced leadership role
- 2.4 Christchurch continues to be an Antarctic gateway of choice for country partners.

¹³ This year is the baseline for this new indicator. The indicator measures progress only for the 14 Pacific countries that are party to the Paris Agreement. Tokelau, American Samoa, French Polynesia, New Caledonia, and Wallis and Futuna are not party to the Paris Agreement.

We worked with NZ Inc agencies to ensure Christchurch remains the gateway of choice for partner countries' Antarctic operations. This is important for our Antarctic partnerships and our profile as a key player in the protection and sustainable management of Antarctica and Christchurch's economy. Keeping the gateway open required careful navigation of COVID-19 border, Managed Isolation and Quarantine (MIQ), and health protocols, and close cooperation with NZ Inc agencies and partner countries.

Budget was committed in May 2021 for the redevelopment of Scott Base, subject to approval of the environmental impact assessment for the project. If approved, the project will see \$344 million invested to replace outdated buildings and other facilities including the base's windfarm. The project will create hundreds of jobs, predominantly in the Canterbury region. It will also safeguard Aotearoa New Zealand's long-term presence in Antarctica and the Southern Ocean.

We supported ongoing work to ensure the Antarctic Treaty System is an effective means of governing and managing Antarctica and its environment. An Antarctic Treaty Meeting was held virtually in May 2021. The Parties progressed the agreed Aotearoa New Zealand-led Resolutions on COVID-19 and on climate change. The Ministry also led Aotearoa New Zealand's work at the Commission for the Conservation of Marine Living Resources, supporting conservation and preventing illegal fishing in the Southern Ocean. We also sought feedback on revised research directions and priorities for Antarctica and the Southern Ocean.

OUTCOME 3: International stewardship of oceans, especially Pacific and Southern Oceans, has improved

The results we aim to achieve:

- 3.1 Illegal, Unreported, and Unregulated (IUU) fishing has been maintained at zero in the Southern Ocean and reduced in the Pacific
- 3.2 Marine pollution, in particular marine plastic debris, has been reduced through effective regional and international action
- 3.3 The International Whaling Commission has been reformed and the moratorium on commercial whaling maintained
- 3.4 Harmful fisheries subsidies have been eliminated.

Aotearoa New Zealand continued to address IUU fishing. IUU is a major threat to marine ecosystems, potentially undermining national and regional efforts to manage fisheries sustainably and conserve marine biodiversity. This year, an Aotearoa New Zealand patrol identified a Russian vessel fishing illegally in the Southern Ocean. The work we led was successful in listing the vessel on the Commission for the Conservation of Antarctic Marine Living Resources' IUU list.

We supported multilateral efforts towards a new global agreement to combat marine litter and plastic pollution. This will be facilitated by the UN Environment Programme, with the next step to establish a formal process to negotiate a global agreement.

Ongoing work aimed to ensure the 1982 moratorium on commercial whaling remains in force and is respected. We also supported reforms to strengthen the effectiveness of the International Whaling Commission, and we continue to build scientific and research partnerships aimed at enhancing cetacean conservation in the Pacific.

OUTCOME 4: Better international stewardship of biodiversity has halted its global decline and reflected Aotearoa New Zealand's national and regional priorities

The results we aim to achieve:

- 4.1 Marine biological diversity of areas beyond national jurisdiction has been sustainably conserved and managed, and its benefits are equitably distributed
- 4.2 A post-2020 Global Biodiversity Framework and resulting workstreams which address global biodiversity loss, support sustainable use, and are science-based, are adopted and implemented.

We took part in intersessional dialogue meetings leading up to the Fourth Session of the UN Intergovernmental Conference on Marine Biodiversity of Areas Beyond National Jurisdiction (BBNJ). This conference, now postponed to 2022, aims to develop international, legally binding ways to help conserve and ensure sustainable use of BBNJ areas. These include the sea column beyond countries' Exclusive Economic Zones and the seabed beyond countries' continental shelves. We also worked with the Māori Working Group to ensure our biodiversity stewardship reflects mātauranga Māori.

Aotearoa New Zealand was actively engaged in formal and informal meetings on the post-2020 Global Biodiversity Framework. This framework is being developed by Parties to the UN Convention on Biological Diversity, and identifies 21 action targets over the decade to 2030, as well as a vision to 2050.



Virtual diplomacy in action: officials and experts discuss how to protect maritime zones in the face of sea-level rise. Credit: PIF.

CASE STUDY

2020 Regional Conference on Securing the Limits of the Blue Pacific

The Regional Conference on Securing the Limits of the Blue Pacific was a testament to the fact that virtual diplomacy can work and deliver great results for Aotearoa New Zealand and the region. It brought Pacific officials together with experts from around the world to explore legal options to protect maritime zones from sea-level rise.

It is no secret that rising sea levels are a threat to coastal communities around the world, with Pacific Island countries particularly vulnerable. Loss of land is one obvious impact of sea-level rise, especially for low-lying islands. But just as concerning is the risk that Pacific countries could lose rights in and access to the maritime zones they currently enjoy.

UNCLOS provides the international legal framework governing maritime zones, including the territorial sea, and the exclusive economic zone. Coastal states enjoy certain rights in each zone, including to fisheries and mineral resources.

As maritime zones are measured from a baseline, which is generally the low water line along the coast, some commentators suggested that baselines will move with rising sea-levels. If accurate and maritime zones diminish due to sea-level rise, there would be deeply inequitable outcomes for the Pacific from the potential loss of sovereign rights in vast areas of the Pacific Ocean.

In 2019, PIF Leaders committed to collective efforts to ensure that once a PIF Member's maritime zone is delineated in accordance with UNCLOS, those maritime zones could not be challenged or reduced as a result of sea-level rise.

To take this forward, the region met in September 2020 for the Regional Conference on Securing the Limits of the Blue Pacific, held virtually over four days.

The Ministry's work ensured Aotearoa New Zealand contributed significantly to the conference. This included the decision to develop a regional normative declaration, putting on record the region's view on how UNCLOS' rules on maritime zones apply to climate change-related sea-level rise.

Following the conference, PIF Members worked together to develop the *Declaration on Preserving Maritime Zones in the Face of Climate Change-Related Sea-Level Rise*, endorsed by PIF Leaders on 6 August 2021.



Aotearoa New Zealand humanitarian relief supplies being delivered to Timor-Leste in April 2021, supporting the response to flooding and COVID-19. Credit: MFAT.

Security & Safety

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

Aotearoa New Zealand is facing greater and more complex security challenges, including increasing instability in the region and beyond. The rules-based international system is under pressure, including through the undermining of agreed norms of state behaviours and growing strategic competition, particularly in the Indo Pacific. Additionally, COVID-19 presented a further destabilising influence with potential for lasting consequences.

This exacerbated some existing security threats, such as violent extremism and terrorism, while new and emerging security issues, such as malicious cyber activities, foreign interference, and space are requiring increased attention.

There is a 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.

COVID-19 also increased the risk to the safety of New Zealanders overseas. This required an ongoing and unprecedented response, particularly from the Ministry's offshore network, as part of its overall response to the pandemic.

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 results we aim to achieve:

- 1.1 Aotearoa New Zealand's international programme for countering terrorism and violent extremism aligned with the lessons learnt from the 2019 Christchurch terrorist attack, and provided a constructive contribution to global policy and practice
- 1.2 Aotearoa New Zealand's engagement in South East Asia has had a demonstrable impact on mitigating the risk of the region being either a target or source of terrorism
- 1.3 Aotearoa New Zealand has enhanced the region's capacity to prevent irregular migration
- 1.4 Aotearoa New Zealand's contributions to global counter-proliferation efforts, including our own strategic goods regime, have helped prevent the further spread of weapons of mass destruction and conventional weapons
- 1.5 Aotearoa New Zealand diplomatic efforts have mitigated cyber, space and emerging security risks.

The Ministry supported ongoing engagement with international partners on the response to the 2019 Christchurch terrorist attack. This included leadership of the Christchurch Call to eliminate terrorist and violent extremist content online, along with outreach with international partners on lessons learned from the attack, Aotearoa New Zealand's response, and impacts for traditional counter-terrorism policy. A highlight this year was supporting the Prime Minister in her leadership of the Christchurch Call, including as co-chair of the Christchurch Call virtual summit on 15 May 2021 to mark the Call's second anniversary and chart the next steps for the Call into 2022 (see the case study on page 35).

We were involved in various initiatives to mitigate terrorism risks associated with the South East Asia region. We chaired the ASEAN Regional Forum Intersessional Meeting on counter-terrorism, including delivery of a workshop on preventing terrorist use of the internet. The workshop drew on actions, commitments, and multi-stakeholder relationships formed out of the Christchurch Call. We also led the inaugural bilateral joint working group with Indonesia on counter-terrorism, and provided funding towards the Global Community Engagement and Resilience Fund Philippines programme, which supports grass-roots initiatives to prevent violent extremism, particularly in Mindanao. High-level engagement included the Aotearoa New Zealand Justice Minister's participation in a regional meeting on counter-terrorism, alongside partners from South East Asia and Australia.

Our work addressed security threats in space. Along with the Ministry of Business, Innovation and Employment, we helped develop a policy outlining Aotearoa New Zealand's position on the use of space resources; and facilitated Aotearoa New Zealand's signing of the Artemis Accords, which set out principles to guide space exploration. We also submitted a national statement to the UN on responsible behaviour in space. Work is ongoing towards a responsible behaviour-based framework to address space threats, which addresses weaponisation and how to avoid an arms race in space.

A refreshed New Zealand Cyber-Security International Engagement Plan, was submitted to Ministers in June 2021. We also announced Aotearoa New Zealand's intention to join the Budapest Convention on cyber-crime, and issued a statement on the application of international law to state activity in cyberspace (see the case study on page 13). Reflecting the growing threat of cyberattacks, the Government publicly attributed Russia's compromise of the SolarWinds platform.

Our work helped to prevent the export of goods with potential undesirable end-use, including conventional weapons and weapons of mass destruction. This included outreach to Aotearoa New Zealand businesses to raise awareness of export control obligations. New catch-all controls are already proving an effective security tool. We also commissioned an independent review of our export controls programme, and the report will be concluded in the next financial year.

By taking up a role on the Board of Governors of the International Atomic Energy Agency, Aotearoa New Zealand is contributing to global efforts to secure the safe and peaceful use of nuclear technology and support the global nuclear non-proliferation efforts.

INDICATOR:



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

PROGRESS: Met – See narrative above (this is a new measure for 2020-21).

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 results we aim to achieve:

- 2.1 Targeted contributions of defence, intelligence, development and diplomatic support have made a material positive impact on international military and peace support operations
- 2.2 Aotearoa New Zealand's major security partners value our contributions to collective security efforts.

We 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 supporting maritime security in the Middle East; a UN Mission in South Sudan; long-standing peacekeeping deployments to the Golan Heights and Sinai; Royal New Zealand Air Force maritime patrols to monitor sanctions against North Korea; and establishing a new information-sharing facility in Singapore to support counter-terrorism efforts in South East Asia.

Through our oversight of Official Development Assistance, the Ministry ensured support was provided for a range of international security outcomes and peace support initiatives. These included contributions towards explosive ordnance risk education in Palestine; de-mining operations in Iraq; and stabilisation activities in Iraq provided through the UN Children's Fund and the International Organisation for Migration to support the return of populations displaced by conflict.

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

The results we aim to achieve:

- 3.1 Our fundamental security partnerships with Five Eyes countries (including our alliance with Australia) have made Aotearoa New Zealand more secure
- 3.2 Aotearoa New Zealand's targeted security cooperation in our region and beyond has advanced our own national and regional security interests.

Membership of the Five Eyes partnership remains fundamental to Aotearoa New Zealand's security. Aotearoa New Zealand has continued to work closely with Five Eyes partners to share information to address a range of mutual security concerns.

Our work with other international partners also advanced a number of important security initiatives. For example, we have established a regular high-level Indo-Pacific dialogue with Germany. We also helped advance defence cooperation between Aotearoa New Zealand and India.

Through the Global Security Fund that we manage, the Ministry supported 14 projects, including in South and South East Asia, the Middle East, Africa, and the Caribbean. These projects are aimed at building local capacity to address a broad range of issues, from counter-terrorism and people smuggling to disarmament, and conflict prevention and resolution.

Aotearoa New Zealand played a leading role in a capacity building workshop for the Women in Cyberspace Fellowship connected to the UN Open Ended Working Group process. Aotearoa New Zealand's funding, managed by us, facilitated a series of virtual workshops on negotiating skills in the time of COVID-19.

OUTCOME 4: New Zealanders are safer overseas

The results we aim to achieve:

- 4.1 New Zealanders have been provided with information that enabled them to make informed decisions about travelling overseas
- 4.2 New Zealanders abroad have been able to access easily high-quality consular advice and assistance
- 4.3 The Ministry has effectively planned for, and responded to, events and emergencies affecting New Zealanders overseas.

Over 2,700 consular cases were managed globally during the year. Despite this workload and an increase in complex cases, 68 percent of respondents to our annual Consular Services survey reported satisfaction with the quality of advice and support received.

Over 6,200 New Zealanders were repatriated with some level of government assistance during the year. This took place via a mix of government repatriation flights, as well as commercial and other non-scheduled flights, with the Ministry leading coordination and advice to citizens offshore.

Over 1,200 messages were sent to travellers who registered with the SafeTravel website. SafeTravel registration enables us to contact travellers in an emergency. The volume of messages was less than earlier in the pandemic, but three times higher than pre-COVID-19 figures.

An evaluation of our consular response to COVID-19 will see a number of enhancements made to consular services, particularly to the way these operate during an emergency. This work is feeding into a continuous improvement review that includes enhanced training of consular staff, support for contingency planning across the offshore network, and improvements to the consular function of our crisis centre to support New Zealanders affected by emergencies overseas.

270 consular loans were issued to New Zealanders in need while overseas in 2020-21, at a total value of \$220,618.77.

We ensured the interests of New Zealanders offshore were taken into account during the development of domestic COVID-19 policies. These included policies that apply to border processes, MIQ facilities and safe travel zones.

INDICATOR:



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

PROGRESS: 68% (down from 75% last year).



Prime Minister Jacinda Ardern and MC Stacey Kirk listen to live stream questions from international media during the Christchurch Call international leaders' summit on 15 May 2021 in Wellington, New Zealand.
Credit: Mark Tantrum / Stringer.

CASE STUDY

Christchurch Call Second Anniversary

Aotearoa New Zealand's Prime Minister, Rt Hon Jacinda Ardern, and French President, Emmanuel Macron, jointly chaired a virtual summit on the second anniversary of the Christchurch Call, on 15 May 2021.

The summit brought together leaders of governments, tech companies, and representatives of civil society from the Christchurch Call community.

Building on two years of collective effort to eliminate terrorist and violent extremist content online, the summit's aim was to endorse a forward work plan into 2022.

Because of COVID-19, the summit was the first opportunity for leaders to meet since September 2019.

With 34 governments, eight companies, and 30 civil society organisations represented, the summit reinforced political, technical, and wider support for the Christchurch Call.

As new supporters have come on board, the Call community has grown to include 55 governments, the European Commission, two international organisations, 10 online service providers, and a dedicated advisory network of academics and civil society organisations.

Leaders from all sectors acknowledged progress on Call commitments, with Prime Minister Ardern and President Macron recapping key achievements such as:

- improved crisis response by companies
- the relaunch of the Global Internet Forum to Counter Terrorism as an independent non-government organisation, supporting a broad spectrum of multi-stakeholder activity on Call priorities
- helping to drive progress in other international initiatives, such as the OECD (Organisation for Economic Co-operation and Development), G20 and Aqaba Process.

Government, industry and civil society participants alike renewed their commitment to the Call, with widespread endorsement of its unique, unifying vision, achieved through a multi-stakeholder approach.

The forward work plan focuses on:

- building a self-sustaining, capable and more diverse Call community
- updating and strengthening collective crisis-response capability
- improving transparency and reporting
- building understanding of how algorithms, at-risk internet users, and extremist networks interact on the path to radicalisation, so that ways can be collectively found to intervene positively.

More information about the Christchurch Call's forward work plan can be found at <https://www.christchurchcall.com/second-anniversary-summit-en.pdf>.



Australian Foreign Minister, Hon Marise Payne, welcomed into Wellington by Head of the Australia Division, Dawn Bennet, ahead of Australia-New Zealand Foreign Ministry Consultations. *Credit MFAT.*

International Relationships

Build and leverage targeted international relationships to achieve our goals

Aotearoa New Zealand's strength comes through its connections with others. Its prosperity and security depend on building, deriving value from, and strengthening relationships with other countries.

Geostrategic tensions are creating an increasingly turbulent and unpredictable world. COVID-19 has added further challenges. Diplomatic engagements have and need to be adapted to take advantage of new opportunities to help Aotearoa New Zealand and the Pacific grapple with the effects of the pandemic.

Against this backdrop, the Ministry continued efforts to deepen the relationship with Aotearoa New Zealand's closest partner, Australia; continued to work closely with other traditional friends such as Canada, the European Union, the United Kingdom and the United States; and worked to maintain mutually-beneficial and constructive engagement with China, while preserving Aotearoa New Zealand's independence of thought and action. We also sought opportunities to partner with other countries that share Aotearoa New Zealand's interests and values.

OUTCOME 1: Our diplomacy is aligned to changing global realities

The results we aim to achieve:

- 1.1 Our relationships with Australia, the United States, the United Kingdom, Canada, and the European Union have been sustained through continued investment so that our closest partners have supported us when we have needed them
- 1.2 Our comprehensive strategic partnership with China has remained on a sound basis to realise benefits, work constructively on mutual interests and manage risks
- 1.3 A deliberate programme of investing discretionary effort has grown our relationships with Singapore, Japan, Germany, India and Indonesia, and delivered tangible benefits for Aotearoa New Zealand.

COVID-19 continued to impact what we do and how we work.

Restrictions on international travel mean digital diplomacy became the new norm. COVID-19 required changes at borders, such as pre-departure tests. Border issues with partner countries were managed effectively. However, we remained actively engaged in forward-focused work streams, such as a travel health pass.

Australia remains Aotearoa New Zealand's most important partner. This was reflected through the Ministry's close collaboration with Australian counterparts on foreign policy issues and the ongoing response to COVID-19, which enabled two-way QFT between our countries. QFT assisted Aotearoa New Zealand's COVID-19 recovery by regenerating business and social connections, and enabling high-level in-person visits (see the case study on page 39).

While significant differences remain with Australia over the effect of some of its immigration policies on Aotearoa New Zealand these were managed frankly in the context of an overall extremely close relationship.

Benefits were gained from our efforts to ensure Aotearoa New Zealand was well-positioned for the outcome of the United States presidential election and transition to a new administration. These included an early congratulatory phone call between Prime Minister Ardern and then President-elect Biden, and a further boost to the New Zealand-United States relationship when the United States joined the Christchurch Call.

Aotearoa New Zealand's relationship with the United Kingdom was invigorated post-Brexit. The Ministry supported engagement that included a virtual Strategic Dialogue, and the first in-person Ministerial visit since the pandemic began, by the Minister of Trade and Economic Growth. We made positive progress on the New Zealand-United Kingdom Free Trade Agreement (FTA). The United Kingdom also indicated support for Aotearoa New Zealand's global interests, particularly in the Pacific region.

Aotearoa New Zealand maintained positive engagement with the European Union through the Ministry's support for high-level contacts, and expert-led discussions on issues ranging from agriculture to cyber security, human rights, and vaccine diplomacy. Negotiations on the European Union-New Zealand FTA were a significant focus for the year. New Zealand's bilateral relationship with Germany was strengthened with Prime Minister Ardern's virtual participation in the German Day of Industry and a new dialogue on the Indo-Pacific, reflecting Germany's growing interest in the region.

Aotearoa New Zealand maintained a constructive relationship with China. Our support for high-level engagement included a phone call between Foreign Ministers. We also completed the **upgrade of the New Zealand-China FTA**, and trade volumes continued to grow. Our foreign policy advice recognised the complexity of the relationship, and enabled sensitive handling of issues where both countries have differences of view.

Relationships with Indo-Pacific countries were maintained.

Support for Aotearoa New Zealand's relationship with Singapore included cooperation on digital trade, international supply chain connectivity, and COVID-19 priorities. **Engagement with Indonesia helped to realign bilateral areas of cooperation and to support other key regional and multilateral issues.** This included a Joint Ministerial Commission involving Foreign Ministers. **The first-ever virtual Aotearoa New Zealand trade mission to Japan saw 42 business leaders from both countries participate** (see the case study on page 17). The Ministry supported Aotearoa New Zealand's facilitation of Japan's engagement with the Pacific on its proposed release of treated water from Fukushima, which helped to strengthen New Zealand's credentials as a useful regional partner for Japan.

In India, COVID-19 dominated the Ministry's work with careful handling required, particularly when travel restrictions were imposed. We supported a call between the Aotearoa New Zealand and Indian Foreign Ministers, which marked the start of a number of Ministerial engagements, including three Ministerial speeches delivered at business-related events.

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

The results we aim to achieve:

- 2.1 The relationships we invested in have delivered tangible results for Aotearoa New Zealand
- 2.2 Significant differences with other countries have been managed in a way that preserved Aotearoa New Zealand's interests and values and built resilience for key relationships.

Despite constraints from COVID-19, Aotearoa New Zealand's interests were advanced and delivered on a number of fronts. We successfully leveraged Aotearoa New Zealand's international relationships in support of key priorities, including vaccine diplomacy, economic recovery, safe travel zones, APEC, and the Christchurch Call.

On 14 May 2021, **Aotearoa New Zealand and France co-convened the Christchurch Call virtual leaders' summit** to mark the second anniversary of the Christchurch terror attacks, supported by the Ministry. Leaders agreed a refreshed work plan for the next 12 months (see the case study on page 35).

Aotearoa New Zealand's relationships with other countries and potential vaccine suppliers were leveraged to help secure sufficient supplies of COVID-19 vaccines for both Aotearoa New Zealand and the Pacific. As a result of our work, Aotearoa New Zealand donated 1.6 million vaccines to Pacific countries. We engaged with Japan and the United States to secure vaccine donations for the Pacific, with Japan undertaking to supply three million doses.

We contributed to Aotearoa New Zealand's border management to support safe travel between Aotearoa New Zealand and the Pacific in a COVID-19 era. This included border exemptions for cargo crew servicing the Pacific; improvements to the medical evacuation process for Pacific patients; and new policies for pre-departure testing.

Difficulties such as human rights issues in the Middle East and Africa were managed effectively, through our principled foreign policy approach and engagement that reflected Aotearoa New Zealand's values.

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

The results we aim to achieve:

- 3.1 Investment in new tools and practices has enhanced our ability to build relationships
- 3.2 The coalitions we have built and participated in with other countries and organisations have delivered results for Aotearoa New Zealand
- 3.3 New Zealanders' skills and comfort in operating in Asian cultures have increased.

Although virtual diplomacy has real limits, **by adapting to virtual ways of engagement Aotearoa New Zealand maintained vital contact with key partners.** We were also able to engage with a wider range of countries more regularly than in-person travel would allow. In the absence of international travel, we engaged more with the New Zealand-based diplomatic representatives from other countries.

The Ministry continued to support Te Ātea – an NZ Inc digital global campaign, created to highlight Aotearoa New Zealand's priorities through a mātauranga Māori lens. This reflected our use of digital public diplomacy in a COVID-19 environment.

The Ministry works to support New Zealanders to build skills and confidence when working in Asia, so they are more likely to succeed in this important region for Aotearoa New Zealand. The Ministry continued to lead activities to improve awareness in the public sector through the China Capable Public Sector programme. The number of active participants in the programme rose to 1,750 compared with 1,600 last year.

We continued to support the work of the Asia New Zealand Foundation – Te Whītau Tūhono. The Foundation, of which our Chief Executive is an ex-officio Trustee, has a mandate to "equip New Zealanders to thrive in Asia".

In the Foundation's *New Zealanders' Perceptions of Asia and Asian People - 2020 Annual Survey*, New Zealanders' confidence in engaging with Asian cultures and perceptions of Asia remained stable, despite COVID-19 disruptions, with 41 percent of people surveyed stating that COVID-19 had not negatively impacted their perceptions of Asia.

INDICATOR:



New Zealanders' confidence in engaging with Asian cultures increases

PROGRESS: 50% of New Zealanders feel they know at least a fair amount about Asia (down from 51% in 2019).¹⁴

¹⁴ According to the Asia New Zealand Foundation's *New Zealanders' Perceptions of Asia and Asian Peoples – 2020 Annual Survey*.



The first trans-Tasman bubble flight from Australia to Wellington lands at Wellington Airport on 19 April 2021 in Wellington, New Zealand.
Credit: Handout / Handout.

CASE STUDY

Quarantine-free Travel

With the onset of COVID-19 in 2020, borders began to close, cutting off friends, whānau, tourism, and business connections.

On 19 April 2021, Aotearoa New Zealand began two-way QFT with Australia, followed by the Cook Islands on 17 May.

These arrangements were the result of extensive efforts led by the Ministry, working across the public sector.

The ability to implement QFT was a direct result of our countries' responses to the pandemic and marked a significant step in the recovery from COVID-19. Families, friends, and whānau could reconnect, commercial arrangements resume, and holiday destinations visited.

Work on two-way QFT began soon after the pandemic arrived, with officials building on the existing depth and breadth of their relationships. Since two-way QFT began in April, over 193,000 people entered Aotearoa New Zealand from Australia.

In the eight weeks to the end of June 2021, over 8,000 people left Aotearoa New Zealand for the Cook Islands, many for holiday travel that injected much needed revenue into the Cook Islands' economy. In the same period, 5,500 people entered Aotearoa New Zealand from the Cook Islands.

Work on QFT included everything from how to prepare airports for receiving "green" flights to information-sharing between health authorities.

QFT has enabled Aotearoa New Zealand to reconnect kano ki te kano (face-to-face) with Australia and the Cook Islands. This has included in-person high-level political engagement with the Cook Islands Prime Minister, Hon Mark Brown, visiting Aotearoa New Zealand in March 2021 under one-way QFT, and the Australian Foreign Minister, Hon Marise Payne and the Australian Prime Minister, Hon Scott Morrison both visiting Aotearoa New Zealand in April and May 2021 respectively.

QFT commenced on the understanding that travel could be paused at any time due to COVID-19 cases in either country. Those undertaking QFT do so on the understanding that there is a need to plan for travel disruptions if there is an outbreak.

Excellent cooperation on QFT with Australia and the Cook Islands continues as we manage the ongoing challenges of the pandemic.



The Minister of Foreign Affairs, Hon Nanaia Mahuta, and MFAT Chief Executive Chris Seed, arriving at the Waitangi day reception on 6 February 2021. The reception, hosted by the Minister of Foreign Affairs, was where she delivered her first foreign policy speech to the New Zealand-based Diplomatic Corps. *Credit: MFAT.*

NZ Connections

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

The Ministry recognises that the growing complexity of international relations and trade, the critical impacts on Aotearoa New Zealand of global issues, such as climate change, and the increasing interplay between foreign and domestic policy, makes deeper collaboration within Aotearoa New Zealand even more significant.

The strength of the Ministry's connections with Māori as Treaty Partner, NZ Inc partners, domestic stakeholders and New Zealanders sustains the social licence to carry out our work. The Ministry is committed to authentic engagement with Māori as a Treaty partner, placing Te Tiriti o Waitangi at the centre of our relationships with Māori on a widening portfolio of policy issues.

Our partnership with NZ Inc agencies are also vital to advancing Aotearoa New Zealand's foreign policy priorities. The Ministry continues to play a leadership and coordination role in All-of-Government efforts, including: the preparation for and response to COVID-19 events and recovery; convening the APEC Leaders' Forum and other high-level meetings; and supporting Aotearoa New Zealand exporters, including through securing better market access.

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

The results we aim to achieve:

- 1.1 MFAT's leadership has enabled a high-functioning Aotearoa New Zealand government team
- 1.2 MFAT has worked as a team player with NZ Inc agencies on shared objectives
- 1.3 Domestic policy has been informed by the international context and has taken into account Aotearoa New Zealand's international objectives.

COVID-19 disruptions made it challenging to maintain some stakeholder connections, but also saw us work with agencies in new ways, forge relationships with new partners and provide new services. We seconded Ministry staff into other organisations to help with the coordinated, inter-agency approach to address COVID-19-related issues, enhancing trust in the Ministry's insights and leadership. We continued to identify and take up new opportunities for information sharing and collaboration.

We co-led the Trade Recovery Strategy with NZTE, and contributed to interagency work to keep vital supply chains open. As part of this, we provided 157 market insights reports delivered by the Ministry's overseas posts, shared via the Ministry's social media channels.

Our overseas posts made important contributions towards a wide range of domestic New Zealand policy developments. Reports were produced for The Treasury and other agencies, on a variety of topics, including digital services taxation and uptake of digital technologies among small to medium enterprises, housing policy, and COVID-19-related aviation-assistance packages.

A new strategy was developed to enhance the way we contribute to the development of economic policy. This will see us work with The Treasury and the Ministry of Business, Innovation and Employment in new ways, drawing on the work of our overseas posts.

INDICATOR:



Stakeholder satisfaction with MFAT's effectiveness representing Aotearoa New Zealand interests

PROGRESS: 78.4%¹⁵

OUTCOME 2: MFAT's commitment to its Treaty partnership with Māori is understood and embedded in our work

The results we aim to achieve:

- 2.1 The Ministry has delivered on its obligations as a Treaty partner with authenticity and integrity
- 2.2 Māori interests have been advanced in our international work.

We continued to implement our Māori Engagement Strategy, including a commitment to lift our mātauranga Māori capability. This included the roll-out of a new Te Tiriti training programme, which was completed by 300 staff.

A new role and in-house working group was established to support the Ministry's contribution to cross-government work associated with the Waitangi Tribunal Report, *Ko Aotearoa Tēnei: A Report Into Claims Concerning Aotearoa New Zealand Law and Policy Affecting Māori Culture and Identity*. This will see us apply our knowledge and expertise to contribute to wide-ranging reforms to laws and policies that affect Māori culture and identity.

We are lifting our engagement with Māori on trade policy. A dedicated mechanism, Te Taumata, was established in 2019 and works alongside our ongoing engagement with the Federation of Māori Authorities, Iwi Chairs and other interest groups within Te Ao Māori. We also established a strategic partnership with Ngāti Whātua.



Confidence of Māori in their partnership with the Ministry

PROGRESS: Good progress is being made (equal to the 2019-20 result) – see narrative.

INDICATOR:



MFAT staff who are able to apply mātauranga Māori in their mahi

PROGRESS: The number of Te Reo Māori classes has trebled, with more than 200 staff attending courses and a near 100% completion rate in the first half of the year. Tailored work-shops are helping to lift staff understanding of Te Tiriti and its application to the work of the Ministry.

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

The results we aim to achieve:

- 3.1 The Ministry has used professional and co-ordinated processes for engaging with domestic stakeholders
- 3.2 The Ministry has been attuned to the values and issues that matter to domestic stakeholders
- 3.3 The Ministry has worked in partnership with domestic stakeholders to deliver mutually beneficial results.

¹⁵ Due to the impacts of COVID-19 on stakeholders, the Ministry's stakeholder engagement survey was not conducted during the 2020-21 year. This result is aggregated from five separate stakeholder satisfaction surveys undertaken in 2020-21. These surveys are based on the Ministry's services and effectiveness and include stakeholder segments of NZ Inc, New Zealand exporters and businesses, trade organisations, aid NGOs, and New Zealanders travelling or living overseas. The Ministry's next stakeholder engagement survey will be conducted in 2021-22.

The importance of trade to Aotearoa New Zealand's economy and COVID-19 recovery meant that engagement with stakeholders on trade policy was a significant focus. We developed a trade and economic outreach strategy to support the Government's post-COVID-19 Trade Recovery Strategy and to take forward recommendations from the Trade for All Advisory Board.

The Ministry continued to embed the stakeholder engagement maturity model. We provided stakeholder engagement training at a foundations level, and one-off support for the rest of the Ministry. A new training module for leaders is in development.

The Ministry undertook 280 engagements with Māori, businesses, and civil society, and we developed new channels and platforms to connect with these audiences. We also engaged extensively with stakeholders in support of Aotearoa New Zealand's hosting of APEC.

INDICATOR:**Domestic stakeholders' satisfaction with engagement with MFAT****PROGRESS:** 78.4%¹⁶

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 we aim to achieve:

- 4.1 The Ministry's reputation with New Zealanders has improved and social licence to operate on behalf of the government has been enhanced
- 4.2 The Ministry's value to New Zealanders is better demonstrated and understood
- 4.3 Aotearoa New Zealand public have been satisfied with their participation in MFAT-led consultations, initiatives and hui and with how the Ministry has responded to inquiries
- 4.4 Public has had easy access to accurate and relevant information about Aotearoa New Zealand's international relations, development and trade policies and activities.

The Ministry recorded a consistent reputation score of 98 in the 2021 Colmar Brunton Public Reputation Index. Leadership was the reputational pillar we scored most highly on in the Colmar Brunton Index. There was a lift in the perception that we are easy to do business with in a digital environment. Building this capability is an important focus.

Significant growth in the Ministry's social media following, and our adoption of digital platforms for engagement, have provided opportunities to build awareness, understanding, and engagement in our work with a broader audience of New Zealanders.

Our Economic Diplomacy Programme's unclassified reporting initiative received positive feedback from stakeholders and the public. This included publishing of market insights reports on the Ministry website.

Our exporter helpdesk received 526 enquiries, up from 476 last year. The satisfaction rate for enquiries was 90.1 percent, in line with the previous year.

We remain committed to the proactive release of information, including Cabinet papers and Official Information Act (OIA) responses. We responded to increased numbers of Parliamentary Questions (485, up from 256 in 2019-20) and OIA requests (348, up from 257 in 2019-20); and took part in a review by the Ombudsman of our OIA compliance and processes.

We met our goal for releasing historical declassified files in June 2021. The release attracted media interest.

INDICATOR:**Ministry reputation measures (leadership, trust, fairness, social responsibility)****PROGRESS:** 90% (down from 91% in 2019-20).**INDICATOR:****Visit numbers to MFAT's websites and social media platforms**

PROGRESS:

- 682,517 New Zealand-based sessions to mfat.govt.nz (down from 1,029,409 in 2019-20)
- 19,512 Twitter followers (up from 14,000 in 2019-20)
- 35,317 Facebook followers (up from 28,694 in 2019-20).

INDICATOR:**Timeliness of response to Official Information Act requests and ministerials¹⁷**

PROGRESS:

- OIA requests – 96.3% (down from 96.4% in 2019-20)
- Ministerials – timeliness of responses 96% (down from 98% in 2019-20).

¹⁶ Due to the impacts of COVID-19 on stakeholders, the Ministry's stakeholder engagement survey was not conducted during the 2020-21 year. This result is aggregated from five separate stakeholder satisfaction surveys undertaken in 2020-21. These surveys are based on the Ministry's services and effectiveness and include stakeholder segments of NZ Inc, New Zealand exporters and businesses, trade organisations, aid NGOs, and New Zealanders travelling or living overseas. The Ministry's next stakeholder engagement survey will be conducted in 2021-22.

¹⁷ This indicator relates to the timeliness of all of the Ministry's OIAs and Ministerials.



As part of our work to understand and support the trade and community development aspirations of iwi and Māori, staff at the Ministry's Auckland Office visited Ngāti Whātua Ōrākei at their Ōrākei marae, of cultural and historical significance. *Credit: MFAT.*

CASE STUDY

Lifting Māori Engagement on Trade Policy

The Ministry heard the strong message that Māori want to have their say on the development of Aotearoa New Zealand's trade policy, and our trade deals.

In response, we stepped up our engagement with Māori - recognising the unique perspectives and interests they bring to trade and economic matters, and the Ministry's Te Tiriti o Waitangi obligations.

In September 2019, we signed a partnership memorandum of understanding with Te Taumata, a dedicated and independent mechanism through which Māori could deepen their engagement with the Ministry on trade policy issues of interest to them. This relationship has grown constructively since, with Te Taumata leading four regional hui in Te Arawa (Rotorua), Te Tairāwhiti (Gisborne), Wakatū (Nelson), and Te Tai Tokerau (Kerikeri). A fifth hui is planned for Waikato-Tainui later in 2021.

These hui provided important opportunities for Māori to hear from Ministers and other key figures, and for Māori to have their say on trade and economic issues.

Te Taumata continued to engage directly with us on a range of issues, including ongoing free trade negotiations to ensure Māori perspectives and interests were heard.

We also deepened our engagement with other key Māori partners on trade and economic matters. These partners include:

- the National Iwi Chairs Forum Pou Tahua (economic), which meets regularly to discuss and promote Māori social and economic aspirations
- the Federation of Māori Authorities, a peak industry body representing more than 150 Māori Authorities. It was established by Māori to provide a strong national voice and advance the economic interests of its members
- Ngā Toki Whakarururanga – a body led by Waitangi Tribunal claimants, created to advance and protect Māori treaty interests in trade negotiations.

These engagements provided opportunities to hear directly from Māori on key issues, and ensure Māori interests are reflected in the Ministry's work.

Our work continued to ensure Māori interests and perspectives were reflected in trade negotiations with other countries, including for goods market access, services, digital, intellectual property, environment, gender, and trade promotion.

Aotearoa New Zealand as a whole stands to benefit, as increased engagement leads to improved and measurable outcomes for Māori.

We continue to look to deepen and strengthen the Ministry's engagement with Māori in meaningful ways.



MFAT and NZTE staff in Ottawa, Canada, commemorating ANZAC Day 2021 with a virtual baking event, as they have been in lockdown since March 2020. Credit: MFAT



Organisational Foundations

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

Our people are the foundation of our organisation. Together with our systems, corporate services, and international network, our people are critical to the delivery of our strategic goals and the achievement of the best possible outcomes for Aotearoa New Zealand and New Zealanders.

We aspire to support a workforce that is highly engaged and where we foster each other's diversity and help everybody to reach their maximum potential.

We also aim to have resilient and fit-for-purpose systems and processes that enable us to work efficiently and effectively, respond to emergencies, take advantage of opportunities, and manage risk.

As the ongoing impacts of COVID-19 were felt throughout the world, we continued efforts to ensure we can adapt to support business continuity and staff wellbeing.

OUTCOME 1: The Ministry functions as a happy, healthy and high-performing community for all

The results we aim to achieve:

- 1.1 Our organisational culture and behaviours align with the Ministry's values – manākitanga, impact, kotahitanga and courage
- 1.2 Staff are supported through development opportunities and performance feedback to be successful in current and future roles
- 1.3 Investment in building staff capability creates great managers and authentic leaders
- 1.4 Staff feel cared for, valued, and confident the Ministry prioritises their health, safety and wellbeing
- 1.5 The Ministry values diverse and inclusive thinking, people and behaviours.

COVID-19 continued to affect our organisation, but staff rose to the challenge and exceeded expectations. Some of our people assumed new responsibilities and learned new skills, stepping out of existing roles to fill gaps or relieve pressures elsewhere. Our people also gained experience operating in a virtual landscape, and through their dedication and flexibility kept the organisation functioning effectively, both on and offshore, and often under difficult circumstances.

To address the ways COVID-19 impacts our people and how we work, we developed a suite of new HR policies. These address everything from the protocols that apply during office closures to managing the impacts of COVID-19 when offshore.

COVID-19's impact on our people's lives, particularly when offshore, saw wellbeing become an organisational priority. We now have a dedicated Health, Safety and Wellbeing team, including an organisational psychologist and in-house counsellor to provide psycho-social support.

We facilitated access to COVID-19 vaccines at the earliest opportunity for staff and their whānau based overseas.

Following a review of HR functions, we established a new People Division. The Division is responsible for driving organisational culture, leadership, wellbeing, workforce planning, and mātauranga Māori capability development.

We introduced a flexible work policy that sets out a range of options available to staff. A staff engagement survey found that:

- 71 percent of staff feel that the Ministry's working arrangements allow them to manage their work and personal obligations
- 69 percent of staff feel comfortable in requesting a flexible working arrangement.

We organised a virtual global hui, Tūhono, which provided an opportunity for our Heads of Mission to connect with Ministers and senior leadership and to share experiences of working in a pandemic. (see the case study on page 48).

We continued our work on making the Ministry a more diverse and inclusive workplace (see the Diversity & Inclusion section on page 49). **2021 marked the 25th anniversary of our Rainbow network** and we were proud to achieve Rainbow Tick accreditation.

INDICATOR:



Year-on-year decrease in our Ethnic and Gender pay gap

PROGRESS:

Ethnic Pay Gap

- MFAT has begun to measure and understand our ethnic pay gap by looking at the intersection of gender and ethnicity.

Gender Pay Gap

- 13.6% (up from 11.5% in 2019-20).

OUTCOME 2: Excellent global networks, systems and services enable Ministry business to be delivered effectively and efficiently

The results we aim to achieve:

- 2.1 Fit-for-purpose property, ICT networks and systems are optimally aligned with business needs and enable staff in all locations to work flexibly and collaboratively while promoting sustainability
- 2.2 Corporate services meet established quality standards aligned with customer needs
- 2.3 Our staff, information, and assets are kept secure
- 2.4 Policies and processes are simple, accessible, and kept up-to-date
- 2.5 The Ministry operates effectively in unexpected events and emergency situations
- 2.6 The Ministry meets all legal and public sector requirements.

ICT improvements enabled more staff to access the Ministry computer network remotely. This supported more flexible working options. Most of our people based in Aotearoa New Zealand and in some overseas posts enjoy remote access; and we are working to expand this to more overseas staff. These changes, alongside the streamlining of short-term assignments and the monitoring and assessment of our networks, helped ensure we could respond to an ongoing crisis that dominated our focus and affected all other priorities.

We have begun the transition to cloud-based ICT services. This will help make our systems more accessible to staff, especially those based offshore.

Offshore property projects were severely hampered by the pandemic. However, we were able to progress projects, such as: the fit-out of our temporary premises in London (while New Zealand House is redeveloped); the fit-out of a new post in Colombo; and the services overhaul at the Embassy in Riyadh.

Budget 2020 confirmed additional funding for post infrastructure in the Pacific over the next four years. This includes capital funding of \$47.8 million and operating funding of \$14.6 million to support new chanceries, official residences and staff houses, and a new facilities management and maintenance model.

We took steps to ensure we would meet the Government's requirements for a carbon neutral public sector by 2025 (see page 57 for environmental reporting).

The Ministry's response to COVID-19 demonstrated our ability to operate effectively in unexpected situations. We were largely able to maintain business-as-usual processes, while setting up and staffing emergency responses as required. Updated crisis planning systems and tools are now in use across half our posts, with implementation under-way for the remainder.

We began implementing the Mahi Anamata project at our Head Office in Wellington. The project optimises floor space and creates a more modern, agile work environment.

INDICATOR:



80% of our chanceries meet the Aotearoa New Zealand (or equivalent local) building standards by 2024

PROGRESS:

For new or refurbished properties, we have a high level of confidence that we meet New Zealand or local building standards. The fit-for-purpose framework informs our forward work programme to lift standards across the network (this is a new indicator for 2020-21).

INDICATOR:



Year-on-year improvements in our Toitū (Enviromark) accreditation toward sustainability

PROGRESS:

The baseline year for this indicator was the 2018-19 year. The 2018-19 results are currently being audited by Toitū. Further information on organisational sustainability can be found on page 57 (this is a new indicator for 2020-21).

INDICATOR:



Continue to meet Protective Security Requirements

PROGRESS:

Our compliance against the 20 mandatory Protective Security Requirements is 18 out of 20 (90%) equal to last year.

INDICATOR:



Year-on-year improvements on privacy self-assessment ratings

PROGRESS:

MFAT's overall rating is "basic".¹⁸

INDICATOR:



Maintain or improve Internal Control Assessment of Departments ratings

PROGRESS:

2021 average score over the 9 control statements is 3.4 out of 4 (up from last year's score of 3.3).

¹⁸ The Government Chief Privacy Officer changed the framework this year from a five point scale to a simpler three descriptor approach - "informal", "basic", "managed". This year's results are not comparable to previous years results.

OUTCOME 3: The Ministry ensures it delivers the best achievable outcomes for Aotearoa New Zealand from the resources invested in it

The results we aim to achieve:

- 3.1 Clear strategic direction, sound planning, and robust performance evaluation enable the Ministry to deliver demonstrable results
- 3.2 Investment of resources and people are prioritised in line with our strategy and frameworks
- 3.3 Excellence in governance, leadership and management ensures we achieve our targeted outcomes
- 3.4 Risks are identified, mitigated and managed in ways that are proportionate to impact and support innovation
- 3.5 Investments in organisational improvement and well-managed change lift our performance
- 3.6 The Ministry’s finances are effectively managed.

A refresh of our strategic framework saw us adopt a new purpose statement and strategic goals. This followed an extensive COVID-19-related strategic assessment, aimed at informing the Government’s recovery objectives.

We continued to align strategic planning, performance, and risk management. Risk monitoring and reporting was strengthened, with new tools developed to monitor and assess risk, especially in relation to COVID-19 and our Post network.

Investment in a data and analytics capability enabled us to lift performance in key areas. This included our ability to rapidly answer All-of-Government COVID-19 response questions, and support policy decision-making. Our data and information governance group drove new approaches to data collection and management, including new processes to manage complex technical change.

COVID-19 had a significant impact on our financial performance, with operating expenditure 9 percent under budget and capital expenditure 40 percent under budget. This impact was not unexpected, and allocated budgets were deliberately recalibrated to reflect what could reasonably be achieved in a COVID-19 environment.

A revised Vote and appropriation structure took effect on 1 July 2020. This saw the previous two Votes merged into one, and nine previous appropriations merged into a single multi-category appropriation.

INDICATOR:	Environment, Systems and Controls Audit Management rating maintained at "Good" or above
PROGRESS:	The Ministry was rated as "Good" in 2020 (equal to the 2019 result).
INDICATOR:	Investor Confidence Rating (ICR) of at least a "B"
PROGRESS:	ICR "B" rating achieved. The last ICR rating was received in 2019-20. The next one is due in 2022-23.
INDICATOR:	The Ministry’s expenditure is within appropriations
PROGRESS:	Met (equal to the 2019-20 result).
INDICATOR:	Maintain risk maturity rating at 4
PROGRESS:	3 out of 5 in 2020-21 (down from 4 out of 5 in 2019-20). ¹⁹

¹⁹ The change in result from 2019-20 is due to a change in methodology used to assess risk maturity. In 2020-21, the Ministry adopted the Department of Internal Affairs’ All-of-Government Enterprise Risk Maturity Assessment Framework, and intends to apply this Framework in future years.



The Minister of Foreign Affairs, Hon Nanaia Mahuta, with MC, Jehan Casinader, listening to questions from the Ministry's Heads of Mission from around the globe. Credit: MFAT.

CASE STUDY

Tūhono – Connecting Together

With international air travel severely restricted by the global pandemic, many Ministry Heads of Mission experienced a longer-than-expected time outside Aotearoa New Zealand.

That prompted us to come up with a way of ensuring our people offshore still felt connected to, and a part of, the Ministry whānau.

The result was Tūhono, a virtual Heads of Mission global hui, held over two, two-hour sessions on 12 and 13 May 2021.

Tūhono included sessions with the Minister of Foreign Affairs, Hon Nanaia Mahuta, as well as the Ministry's Chief Executive and Senior Leadership Team (SLT), and external guests.

The sessions were punctuated by Post Pulse Checks from Heads of Mission around the world, who shared the challenges, triumphs and lessons of the last year. This included posts being hampered by travel restrictions preventing many staff from returning to Aotearoa New Zealand when scheduled. Also noted were the challenges of working virtually and living in sustained lockdown environments, meaning many offshore staff were under considerable pressure.

Conversations covered a range of topics, from internal organisational matters to the changing political and strategic landscape in Aotearoa New Zealand and around the world.

The sessions were interactive, with offshore staff taking the lead in asking questions of the Minister and SLT. Key sessions were recorded and shared with the wider Ministry.

The project drew on the experience of Aotearoa New Zealand's APEC21 hosting, to provide a high-quality and seamless virtual meeting experience.

Prior to the hui, our organising team consulted with a small group of offshore Heads of Mission to obtain feedback on what they wanted to get out of the event. A reference group of staff in Wellington also helped to test ideas along the way.

One of the most challenging aspects was managing the different time zones across all the Ministry posts around the world. As a result, Tūhono took place over two separate sessions at 8am and 8pm New Zealand time.

The Ministry's waiata group recorded a performance of the Ministry's waiata, "Aorere E", especially for Tūhono.

As one offshore staff member put it, "It brought a tear to the eye. It was a really comforting sight for those of us who haven't been home for a long, long time. I for one felt very supported and uplifted by that great expression of kotahitanga and manākitanga."

Diversity & Inclusion

Despite the challenges of the pandemic, the Ministry made progress towards our diversity and inclusion goals, although in a different way than originally planned.

Around half of our people are based offshore, and have been in various states of lockdown as new variants and waves of COVID-19 emerged. In this environment, the Ministry's focus was on supporting the wellbeing and resilience of our employees.

In 2018, the Ministry launched a 10-year Diversity and Inclusion Strategy. We continued to implement this with over 65 percent of initiatives either completed or underway.

The past year saw a smaller scope of work aimed at specific improvements. This included:

- increased focus on awareness and inclusion of our rainbow staff, to coincide with the 25th anniversary celebration of our Rainbow Staff Network
- broadening and increasing the opportunities for flexible working
- developing the foundations for progressing our Papa Pounamu commitments
- increasing the number of women in senior offshore positions.

We also continued to focus on strengthening policies and fostering a work environment where all of our people feel they belong. Creating meaningful culture change will take time, and the Ministry is committed to this important journey.

Rainbow staff

A significant milestone was achieved in April 2021 when the Ministry became Rainbow Tick certified.

As we undertake recertification each year, this will provide a framework for identifying and achieving visible actions to ensure we continue to support our Rainbow staff.

Papa Pounamu

In early 2020, the Ministry began developing a multi-year diversity and inclusion learning programme, tailored to staff across our global network.

The Inclusion@MFAT Programme includes six modules:

- unconscious bias
- social and emotional intelligence
- inclusive leadership
- cultural intelligence
- gender equality
- inter-generational workforces.

Operational impacts of COVID-19, including a focus on staff wellbeing meant we were unable to launch the programme this year; but rollout of the unconscious bias module is now under way with the inclusive leadership module to follow.

As part of our efforts to continue to build positive and inclusive relationships and ensure people leaders are well positioned to lead a diverse and inclusive workforce, the programme's delivery will see our leaders attend workshops and subsequently lead conversations and activities with their teams. Our people leaders are vital to the success of this programme.

The Ministry has a number of well-established employee-led networks (ELNs) that help foster an inclusive work environment through advocacy, support, and social opportunities. They include Rainbow, Women's, Vaka Pasifika, Te Pou Māori, Flexible Work, Solo Parents, Kaitiaki, Ethnic, and Disability networks.

The Diversity and Inclusion Strategy was influential in making support available to the ELNs, through financial resources, support for significant events including the Diversity and Inclusion Speaker Series, and providing a regular forum to share agendas and engage with the People Division and SLT. Each ELN has an SLT member who champions their work, and they meet periodically with the Chief Executive.

Gender action

The Ministry has made significant progress in the past five years to reduce our average gender pay gap from 18.5 percent to 11.5 percent in 2019-20.

In the past 12 months our average gender pay gap increased to 13.6 percent. This increase was due to a combination of factors. The Ministry is intentionally hiring a greater proportion of women. This includes more female foreign policy graduates to provide a future pipeline of women for leadership and senior roles. In the shorter-term this will perpetuate our gender pay gap. In the past 6-12 months our starters and leavers have collectively contributed to vertical segregation – where we have more men in higher-paid roles and more women in lower-paid roles. We are investigating these factors further as part of our Gender Pay Action Plan update for 2021. Our median gender pay gap is 9.1 percent.

Our overall gender action efforts this year focused on four areas:

- improving data collection and reporting
- embedding a culture of flexible working
- developing the diversity and inclusion learning programme, including a gender equality module
- increasing the number of women in offshore Heads of Mission and Post positions.

Flexible working

In August 2020, we launched our updated Flexible Working policy and guidelines, underpinned by a flexible-by-default approach.

Managers are now expected to ask, "How can I make this work?" rather than "Can I make this work?"

The following demographic information is based on voluntary self-disclosed information for our New Zealand employed staff as at 30 June 2021.

GENDER

58%

WOMEN

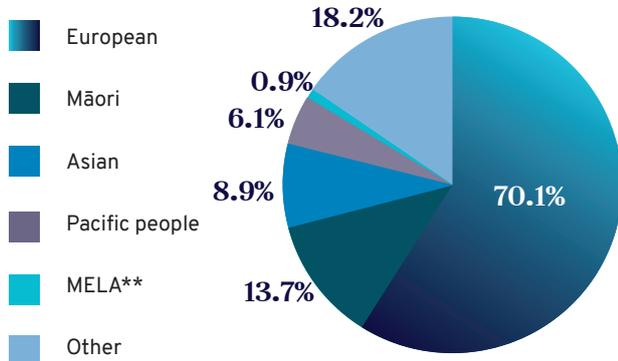
41%

MEN

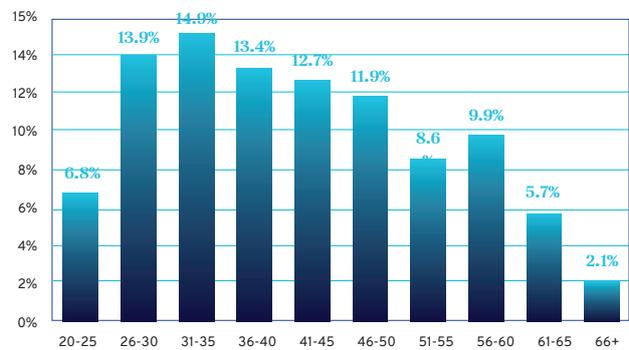
1%

GENDER DIVERSE
OR PREFER NOT TO SAY

ETHNICITY*

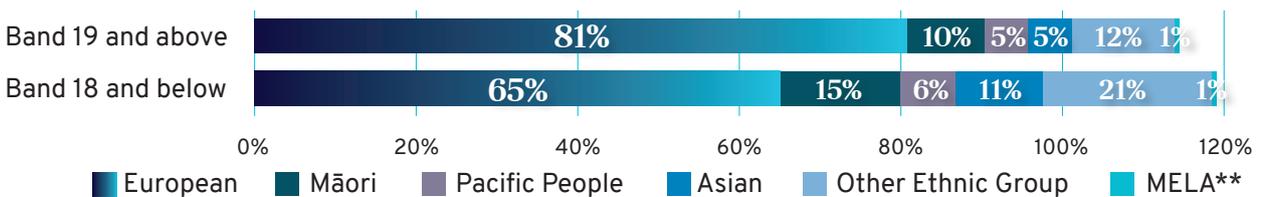


AGE

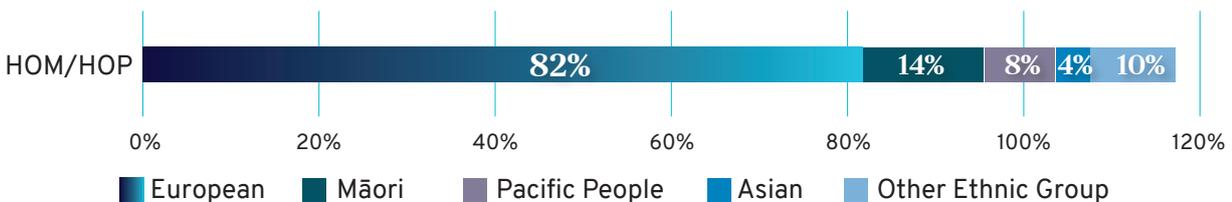


* Staff are able to disclose up to three ethnicities so that the total is more than 100%.

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



ETHNICITIES OF OUR HEADS OF MISSION AND POST



DISABILITY 1.7%

STAFF EMPLOYED IN AOTEAROA NEW ZEALAND HAVE DISCLOSED A DISABILITY.

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

Health, Safety & Wellbeing

The health, safety and wellbeing of our people is paramount for all our workers, others in the workplace, and those impacted by our work, such as staff seconded offshore and their families. Our people face a variety of risks in their work, both onshore and offshore. In 2019, the Ministry through consultation with our people, identified nine "critical risks" (see over page).

The Ministry undertook a SafePlus assessment in 2018 and has been working steadily to meet the assessment's recommendations to reach SafePlus' maturity stage of "Performing" by the end of 2023. SafePlus offers a government-endorsed model of what good health and safety practices and performance looks like. In 2020-21, the risk management programme of work was re-prioritised to focus on identifying and implementing control measures to mitigate the risk of COVID-19, and associated secondary risks (psychosocial, remote work, ergonomic discomfort) resulting from long periods of lockdown.

COVID-19 response

The COVID-19 response and recovery continues to be the focus for health, safety and wellbeing. We established the Network Assessment Committee (NAC) – a sub-group of the Ministry's SLT – to undertake risk assessments of posts and regions to determine network settings, and support Ministry leaders in keeping across risks associated with COVID-19.

The NAC oversees activity to mitigate risks to staff and their families overseas of contracting COVID-19, and related risks. Mitigations include:

- no fault return – this allows seconded staff to choose to end their posting early and return to Aotearoa New Zealand
- vaccines for seconded staff – either on returning to Aotearoa New Zealand for leave, or before departure, or obtaining the vaccine in their country of posting
- vaccinating outbound staff against COVID-19
- ongoing assessment of essential staff levels
- working from home or in split teams
- pre-deployment health assessments to protect staff
- supplying posts with Personal Protective Equipment
- guidance and support on managing staff wellbeing, social distancing, and operational management of office spaces.

The Ministry is continuing to grow its data and analytics capability, including an interactive dashboard that provides an overview of the current network situation and identifies areas of risk to support the NAC.

Last year, there were 55 active and recovered cases of COVID-19 across our staff.

Wellbeing of our people

There are currently 892 Ministry seconded and locally engaged staff, and their dependants at posts throughout our global network of diplomatic missions.

In part a response to COVID-19 impacts, wellbeing has been established as an organisational priority, alongside and mutually reinforcing our other priorities – Values, Diversity and Inclusion, and mātauranga Māori.

To support the new priority, a Wellbeing team was established alongside the Health and Safety team, including the appointment of an in-house organisational psychologist and counsellor.

The Ministry has adopted Sir Mason Durie's "Te Whare Tapa Whā" approach to organisational wellbeing. This framework recognises that wellbeing is influenced by a wide range of factors, and that it is very personal (see the diagram on page 53). A systematic evaluation of Ministry-specific psychosocial risk encountered in the workplace is underway.

Other wellbeing functions within the Health, Safety and Wellbeing work programme include:

- the Speak Up Safely initiative – this aims to create an environment where staff on and offshore feel safe to raise any matter, with the assurance it will be treated with appropriate confidentiality, sensitivity, and action
- Aorere Community Support – working with partners and dependants of those seconded offshore.

The Ministry's Health, Safety and Wellbeing critical risks



Communicable Disease

The risk of death or severe harm from exposure to a range of diseases spread person to person or transmitted by insects, air, water or food. Examples include Dengue, Malaria, Zika and COVID-19.



Property

The risk of death or severe harm from exposure to property related hazards such as fire, electricity, asbestos, structural issues, working at height, falling objects from height and poor-structural issues.



Psychosocial

The risk of death or severe harm due to work content and the way work is designed and organised. This includes excessive workloads, distressing work content, inadequate levels of resourcing, inadequate support, bullying and harassment.



Air Pollution

The risk of death or severe harm as a result of exposure to highly polluted air which may lead to cancer, respiratory disorders, heart conditions and impacts on quality of life.



Violence/Threatening Behaviour

The risk of death or severe harm by being exposed to terrorist acts, conflict zones, assaults, civil unrest (riots/protests), military coups, crime, insurgent activity, car-jacking and robberies.



Natural Disasters

The risk of death or severe harm from being exposed to severe events like earthquakes, tsunami, tropical storms (including lightning), severe flooding, cyclones, heatwaves and eruptions.



Travel

The risk of death or severe harm from incidents including vehicle/plane crashes, the sinking of a boat, being injured while transferring off or on a boat, or being struck by a vehicle while walking.



Contract Work

The risk of death or severe harm as a result of hazardous activities incl. physical works undertaken at our workspaces and NZ Aid Programme activities such as agricultural and economic development projects in physically hazardous environments, and the use of chainsaws and other dangerous equipment.



Remote Work

The risk of death or severe harm due to the nature of remote work where medical facilities are limited, communications, transportation and other infrastructure services may be limited and the environments are challenging.

Wellbeing at Manatū Aorere

The Senior Leadership Team have agreed to use Sir Mason Durie's **Te Whare Tapa Whā** as the model for understanding wellbeing. It is a Māori philosophy of health and wellbeing unique to Aotearoa New Zealand that has been used by other organisations, business, government agencies and health experts. It provides a clear

framework through which wellbeing can be promoted as an organisational priority. The original whare (house) had just four pou (pillars) which represent the four domains of wellbeing, however modern interpretations now include whenua (land/sustainability).



Whenua | Environment Wellbeing

Ensure we reduce our organisational impact on the environment and collaborate with local communities to provide a healthy foundation for wellbeing at the Ministry

The Ministry has a new strategic intention to work more sustainably. Our new stated purpose is to – act in the world to build a safer, more prosperous and more sustainable future for New Zealanders. Sustainability will be considered in business operations and policies through our aid and development programme, property and building sustainability targets, travel practices, resource consumption (procurement) and disposal (rubbish/recycling).

Taha Tinana | Physical Wellbeing

Support our people to have the capacity for a healthy physical presence

The Ministry supports individual health through fitness subsidies, sports teams, changing facilities and health insurance. At work we ensure clean and safe spaces that support a range of activities, represent diversity and cater to a range of social and emotional engagement. We provide training and equipment to help people to stay safe wherever they work.

Taha Hinengaro | Mental and Emotional Wellbeing

Support our people to have the capacity for a healthy thoughts, feelings and emotions

The Ministry supports individuals through performance and development plans, mentoring, clear role descriptions, opportunities to progress through learning and development, access to career advisers and flexible work arrangements. The Ministry also has in place external services such as Employee Assistance Programme (EAP) and resilience training through Umbrella.

Taha Whanaungatanga | Social Wellbeing

Ensure a healthy workplace culture where our people have the capacity to belong, to care and to share

The Ministry has a range of policies that define our social structure and culture. This culture is formed by clear expectations on behaviours demonstrated through our values, diversity and inclusion, gender equity, transparency, prevention of harassment and discrimination and support to families. Staff networks, social clubs, waiata and kapa haka groups and sports teams also support social wellbeing.

Taha Wairua | Spiritual Wellbeing

Support our people to have a sense of purpose and connection to why their work matters

The Ministry works to provide clarity on our purpose, priorities and vision through Our People Strategy, Priority Initiatives and Programmes (PIPs), Strategic Framework and regular CE messages.

Governance and worker engagement

Worker engagement and participation is an important component of health, safety and wellbeing (HSW) at the Ministry. We have three engagement structures shown in the adjacent diagram.

The Health, Safety and Wellbeing Governance Committee (HSWGC) of the SLT meets every two months to provide oversight on HSW performance, strategic direction and assurance on the Ministry's HSW performance.

The Te Hautahi Engagement Committee has matured over the past year and provides feedback on papers for HSWGC on a regular basis.

A key achievement for worker engagement was the presentation of the 2021 Health and Safety Representative of the Year award to Natalie Price, chair of the Ministry's Health and Safety Representative Committee.

HSW Governance Committee of SLT

- Strategic direction, leadership and oversight.

Te Hautahi Engagement Committee

- Meaning "Health and Safety together" the naming of the Committee reflects its role in engagement, participation and representation with our workers on HSW matters.
- Members include HSRs, unions and groups who are key partners in delivering.
- safe outcomes such as AMD, SEC, FBS and organisational resilience.
- Further people to be co-opted on particular issues as required.

Health, Safety & Wellbeing Representatives (HSRs)

- Elected by their work group to represent workers in that work group on HSW matters.

Natalie Price – 2021 Health and Safety Representative of the year

This Award acknowledges outstanding work by HSRs across government. Agencies are encouraged to nominate HSRs who have played a significant role in delivering specific health, safety or wellbeing initiatives, or have shown leadership and commitment to health and safety, encouraging engagement and development of staff or the organisation.

The Government Health and Safety Lead says this award was presented *in recognition of how Natalie has fundamentally changed the way workers at MFAT view health and safety within the agency; and improved their overall willingness to engage on health and safety matters. Natalie exemplified the role of a health and safety representative by helping to create a culture in which the Health and Safety Rep Committee and HSRs are recognised as the voice of the workers.*

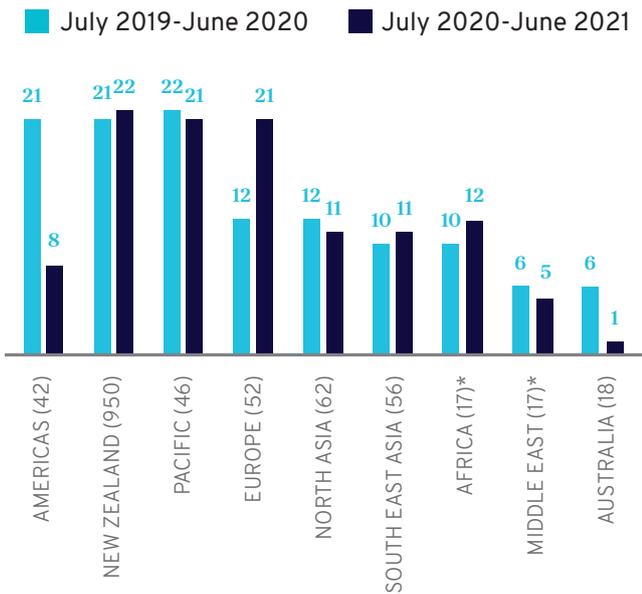


Tracy Klenner (Public Service Association), Natalie Price (MFAT), and Ray Smith, (Director-General, Ministry for Primary Industries, and Government Health & Safety Lead).

Critical Health, Safety and Wellbeing risk measurements

The graphs below show a financial year comparison of our critical risk reports by region and by type. The numbers in the brackets show the number of staff in each region, for reference.

Financial year comparison of number of critical risk reports by region



* Africa/Middle East share 34 staff between the two regions.

Most incident reports received were associated with the COVID-19 pandemic, with 35 percent related to communicable disease. 26 percent of incidents related to violence/threatening behaviour, which is connected to countries where lives were disrupted in fundamental ways, such as loss of employment.

An increase of reports was observed in Europe during 2020-21, due to the spread of COVID-19 and an increase in financially-motivated street crime and residential burglaries.

A decrease was observed in the Americas during 2020-21 due to the United States progressing a widespread vaccination programme, and a more settled period following civil unrest in 2020.

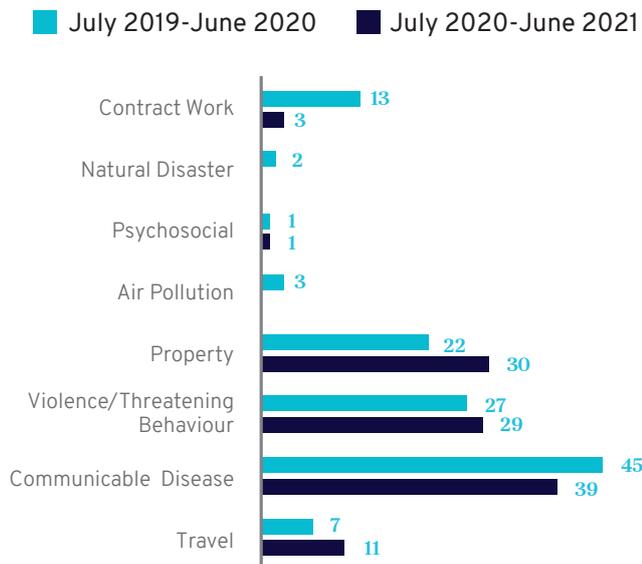
Property

The Ministry continued to work with post staff and local contractors to deliver a health and safety programme and mitigate property risks. The current health and safety property risk assessment and remediation programmes continue to be impacted by the pandemic and associated travel restrictions, reliance on local contractors to deliver property maintenance, and risk mitigation works to a suitable standard.

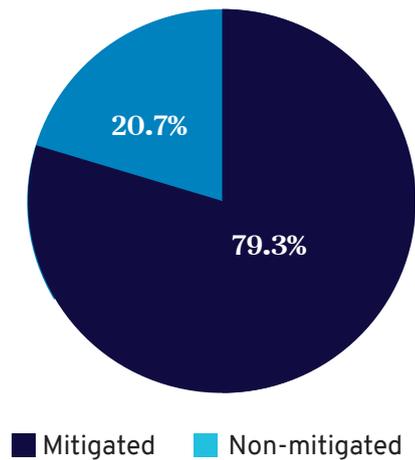
To date, three tranches of assessments were completed across 28 posts, with 2,260 individual risks identified. The risks are now recorded and managed in the Asset Information Management System Health and Safety module to improve auditability and access for post staff.

As at the end of June 2021, the following risks were mitigated:

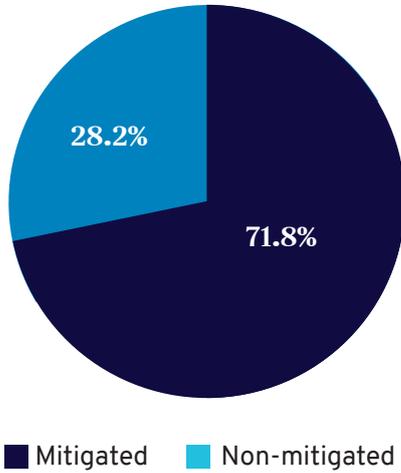
Financial year comparison of number of critical risk reports by type



Tranche 2 (Pacific region), 2017



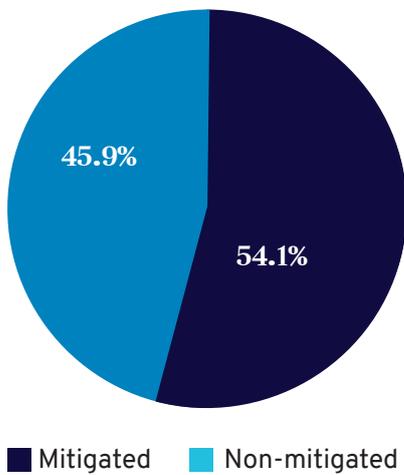
Tranche 3 (Middle East, Africa & part South East Asia regions), 2018



Other significant work streams

- IMPAC's Risk Manager tool - we began to implement a tool to support hazard, risk and incident management.
- Mahi Anamata, the Ministry's new way of activity-based working provides workspaces designed for various tasks. We continued to ensure all workspaces were safe and healthy.
- Business process portal - there was an ongoing focus on communicating key processes on the Business Process Portal to support health and safety at work.
- Air pollution - we continued to manage air pollution by formalising a monitoring programme with certified occupational health monitoring devices, which will help identify high-risk areas and inform investment decisions.

Tranche 4 (North Asia region), 2019



Organisational sustainability

Over the past year, the Ministry undertook a number of initiatives to advance organisational sustainability and demonstrate its commitment to kaitiakitanga.

We commenced greenhouse gas (GHG) emissions reporting on our domestic footprint, starting with a baseline year of 2018-19. This baseline year was chosen because it represents a time of normal operation before the COVID-19 pandemic.

The direct and indirect GHG emissions sources we report on include:

- refrigerants from air conditioning systems
- business travel
- consumption of electricity and natural gas
- waste to landfill
- freight/couriers
- other third-party procurement, including onshore Ministry property projects.

We have contracted Toitū (Envirocare) to support our measurement of GHG emissions. Toitū provides tools and guidance to assist us with measuring and reducing our emissions. Toitū also arranges an independent audit of the inventory to verify our reporting is accurate and complete, and that it meets international standards. Once the inventory is confirmed as having met these standards, the Ministry will have achieved Toitū's carbon reduce certification.²⁰ Results of the audit and certification are expected before the end of 2021.

In accordance with certification requirements, we will develop an emissions reduction plan and targets once our baseline for 2018-19 is finalised. We will also start working toward the inclusion of our offshore carbon emissions in the inventory.

In addition to emissions accounting, the Ministry has been taking action to reduce its emissions. We purchased our first hybrid vehicle for the MFAT fleet in 2015, and our first electric vehicle in 2019, and processes to decarbonise our fleet are underway.

Other emissions reduction and sustainability initiatives have also been undertaken. For example, our main office in Wellington underwent an energy audit and achieved a four-star NABERSNZ²¹ tenancy rating, and we had a waste system audit undertaken to identify ways to improve our waste management and decrease waste to landfill. Solar panels have been installed on the new Chancery in Honiara (along with efficient ventilation and water use systems), and solar panels are currently being installed on the roof of the Official Residence in Honolulu.

The Ministry also has an active staff green team – our Kaitiaki Network. The Network currently has membership in New Zealand and at 24 offshore posts. The Network organises regular events – for example, during the Ministry's Climate Week and for Plastic-free July – and has produced guidance for waste management at our offshore posts. The Kaitiaki Network has also supported Ministry sustainability initiatives by providing technical advice on emissions accounting, vehicle procurement, and building projects.

We will continue to seek ways to reduce our organisational emissions to meet Carbon Neutral Government Programme commitments.

²⁰ This refers to both the Toitū CarbonReduce and the Toitū CarbonZero programme.

²¹ NABERSNZ is an adaptation of the National Australian Built Environment Rating System – a rating system that measures the environmental performance of buildings.



MFAT's new purpose-built Chancery in Honiara opened in 2019. This project introduced many active and passive sustainability features, such as solar photo-voltaic power generation, an energy efficient ventilation system, and features that reduce heat from sunlight. Credit: MFAT.

Indicator data gaps

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

Economic Returns and Resilience

In the Economic Returns and Resilience Goal, the *Attitudes Toward Trade survey of New Zealanders*, which measures confidence in the Ministry's trade and investment work was not conducted this year due to the impacts of COVID-19.

The indicator not reported on is:

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

Pacific

In the Pacific Goal the latest data for the following indicator was from previous financial years.

The indicator not reported on is:

- ↓ Proportion of youth (aged 15-24 years) not in education, employment or training (SDG: 8.6.1 ).

New Zealand Connections

In the New Zealand Connections Goal, two indicators could not be reported on as the Ministry's stakeholder engagement survey was not conducted in 2020-21 due to the impacts of COVID-19 on stakeholders. The next survey will be conducted in 2021-22, and reported on in the Ministry's Annual Report 2021-22.

The indicators not reported on are:

- ↑ Ratings for leadership and collaboration from NZ Inc agencies
- ↑ Understanding of Ministry's role and what it delivers for New Zealanders.

Organisational Foundations

In the Organisational Foundations Goal, some indicators could not be reported for the following reasons:

- the staff engagement survey has only been run once using an inclusion and values index, and these indices are currently being reviewed
- the Ministry's *Internal Client Satisfaction Survey* was not conducted due to COVID-19 impacts on stakeholders
- the Ministry's stakeholder engagement survey was not conducted due to COVID-19 impacts on stakeholders also, but will be conducted in 2021-22
- the Ministry's assessment process of offshore buildings was paused due to travel restrictions. We are considering alternative approaches for assessing building safety and compliance.

The indicators not reported on are:

- ↑ Year-on-year increase in Wellbeing, Inclusion, and Values indexes from the Engagement Survey
- Score in the MFAT Internal Client Satisfaction Survey maintained at 4 or above
- Agency Services Survey satisfaction scores maintained at 3.5 or above
- ✓ 90% of offshore buildings have had a Health & Safety assessment and agreed management plan for risks that have not been eliminated by 2023.

Acronyms

ACCTS – Agreement on Climate Change, Trade and Sustainability	MYA – Multi-Year Appropriation
ADB – Asian Development Bank	NAC – Network Assessment Committee
APEC – Asia-Pacific Economic Cooperation	NDCs – Nationally Determined Contributions
APEC21 – APEC’s 2021 meeting programme	NZTE – New Zealand Trade and Enterprise
ASEAN – Association of Southeast Asian Nations	ODA – Official Development Assistance
BBNJ – Biodiversity of Areas Beyond National Jurisdiction	OECD – The Organisation for Economic Co-operation and Development
CCP – Pacific Climate Change Programme	OIA – Official Information Act
COP 26 – 2021 UN Climate Change Conference	PACER – Pacific Agreement on Closer Economic Relations
DEPA – Digital Economy Partnership Agreement	PDH – Pacific Data Hub
ELNs – Employee-led Networks	PICs – Pacific Island Countries
FFA – Pacific Islands Forum Fisheries Agency	PIF – Pacific Islands Forum
FTA – Free Trade Agreement	PIITAF – Pacific Infrastructure Technical Assistance Fund
GCF – Green Climate Fund	PLA – Permanent Legislative Authority
GEF – Global Environment Facility	QFT – Quarantine-free Travel
GHG – Greenhouse Gas	RSE – Recognised Seasonal Employer
GTAGA – Global Trade and Gender Arrangement	SDG – UN Sustainable Development Goals
HSRs – Health and Safety Representatives	SLT – Senior Leadership Team of MFAT
HRS – UN Human Rights Council	SPC – The Pacific Community
HSW – Health, Safety and Wellbeing	SPREP – The Secretariat of the Pacific Regional Environment Programme
HSWGC – Health, Safety and Wellbeing Governance Committee	TFAAB – Trade for All Advisory Board
ICR – Investor Confidence Rating	TNZ – Tourism New Zealand
IDC – International Development Cooperation	UN – United Nations
IUU – illegal, unreported and unregulated	UNCLOS – United Nations Convention on the Law of the Sea
LT-LEDS – Long-term low emissions and development strategies	UNEA – United Nations Environment Assembly
MCA – Multi-Category Appropriation	WHO – World Health Organization
MC12 – Twelfth WTO Ministerial Conference	WTO – World Trade Organization
MIQ – Managed Isolation and Quarantine	
MRT – Ministers Responsible for Trade	
MPIA – Multi-Party Interim Arrangement	

NOTE: Unless otherwise indicated in the text, “Ministry” refers to the Ministry of Foreign Affairs and Trade.

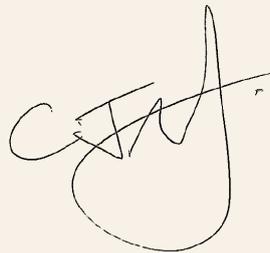
Statement of responsibility

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
- 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 2021 and its operations for the year ended on that date
- the forecast financial statements fairly reflect the forecast financial position of the Ministry as at 30 June 2022 and its operations for the year ending on that date.



Chris Seed

Chief Executive and
Secretary of Foreign Affairs and Trade

30 September 2021

Statement of performance

The Minister of Foreign Affairs purchased from us provision of the following six output expenses in 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 is a restructured Vote beginning 1 July 2020. This Vote contains a new multi-category appropriation, comprising of four categories of output expense within the multi-category expenses appropriation, and retains the multi-year appropriation output expense Hosting APEC, Policy advice and representation – other countries (PLA) and the Capital Expenditure appropriation output expense (PLA). Prior year comparisons of the new multi-category appropriation's four categories are not calculable and have been reported as Non Applicable (N/A).

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

The Vote has been restructured as at 1 July 2020 and incorporates the appropriations previously contained in Vote Foreign Affairs and Trade, as well as Vote Official Development Assistance with Vote Foreign Affairs. Because of the Vote restructure there is no prior year actual expenditure by Output expenses within the new multi-category expenses appropriation "Act in the world to build a safer, more prosperous and more sustainable future for New Zealanders".

Act in the world to make New Zealanders safer and more prosperous (MCA)

This appropriation is intended to achieve the provision of analysis and advice, and delivery of representation, advocacy and negotiation of New Zealand's foreign policy and international development cooperation; 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.

ASSESSMENT OF PERFORMANCE	2020-21		2019-20
	Budgeted Standard	Actual Standard	Actual Standard
Percentage of stakeholders who are satisfied with MFAT's effectiveness at representing New Zealand interests	80%	78.4% ²²	Result not available this year ²³

²² Due to the impacts of COVID-19 on stakeholders, the Ministry's stakeholder engagement survey was not conducted during the 2020-21 year. This result is aggregated from five separate stakeholder satisfaction surveys undertaken in 2020-21. These surveys are based on the Ministry's services and effectiveness and include stakeholder segments of NZ Inc, New Zealand exporters and businesses, trade organisations, aid NGOs, and New Zealanders travelling or living overseas. The Ministry's stakeholder engagement survey will be conducted in 2021-22.

²³ Reporting against this measure is based on a stakeholder engagement survey, which the Ministry undertakes every two years. The last survey was held in 2018-19.

Analysis and advice to inform New Zealand's foreign policy

This category is intended to achieve the provision of analysis, advice and Ministerial services on all elements (international and domestic) of New Zealand's foreign policy, other than international development cooperation.

ASSESSMENT OF PERFORMANCE	2020-21		2019-20
	Budgeted Standard	Actual Standard	Actual Standard
Policy advice			
Policy submissions produced for Ministers	550-850	1,126 ²⁴	761
Assessment of Performance of the quality of the agency's policy advice papers	3.5	4.03	4.03
Satisfaction of the portfolio Minister with the policy advice service	4 or above	2.96	4.47
Ministerial services			
Number of Ministerial letters prepared	1,000-1,150	1,314 ²⁵	1,046
Number of Parliamentary Question responses provided	170-250	458 ²⁶	158
Number of Ministry Official Information Act request (OIA) responses provided	250-320	284	206
Percentage of Ministerial correspondence completed within 15 working days	90%	92%	97%
Percentage of Ministry OIA requests responded to within statutory timeframes	90%	95%	96%
Percentage of Ministerial OIA request replies completed five days prior to the statutory time limit, unless otherwise agreed	90%	90%	93%
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%	97%
Average number of days to send final OIA request response to a requestor (for Ministry OIAs)	25 days	27 days ²⁷	27 days
Monitor Crown entities			
Ministers receive advice on the performance of Crown entities within agreed timeframes	100%	100%	New measure
New Zealand domestic engagement			
Percentage of domestic stakeholders who are satisfied with their engagement with MFAT	90%	78.4% ²⁸	Result not available this year ²⁹

²⁴ The significant increase in policy submissions produced for Ministers reflects the increase in the number of new Ministers supported by the Ministry post-election 2020. The Ministry provided new Ministers with advice on the issues within their portfolios, and briefings on COVID-19-related issues.

²⁵ The increase in the number of Ministerial letters prepared reflects the increase in the number of MFAT Ministers post-election, and public interest in the work of the new Government.

²⁶ The increase in the number of Parliamentary Questions responded to reflect the increase in the number of MFAT Ministers post-election; it is also in contrast to the previous year, which was impacted by COVID-19 and the general election.

²⁷ The increase in the number and complexity of OIAs received over the previous year required longer timeframes to respond.

²⁸ Due to the impacts of COVID-19 on stakeholders, the Ministry's stakeholder engagement survey was not conducted during the 2020-21 year. This result is aggregated from five separate stakeholder satisfaction surveys undertaken in 2020-21. These surveys are based on the Ministry's services and effectiveness and include stakeholder segments of NZ Inc, New Zealand exporters and businesses, trade organisations, aid NGOs, and New Zealanders travelling or living overseas. The Ministry's stakeholder engagement survey will be conducted in 2021-22.

²⁹ Reporting against this measure is based on a stakeholder engagement survey, which the Ministry undertakes every two years. The last survey was held in 2018-19.

Financial Performance (figures are GST exclusive)

30/06/20 Actual \$000		30/06/21 Actual \$000	30/06/21 Appropriation \$000	30/06/21 Variance \$000
N/A*	Analysis and advice to inform New Zealand's foreign policy	42,116	44,919	2,803

Explanation of significant budget variance

The variance is lower activity due to the impact of COVID-19.

* Prior year comparisons of the new multi-category appropriation's four categories are not calculable and have been reported as N/A.

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	2020-21		2019-20
	Budgeted Standard	Actual Standard	Actual Standard
Strengthen, protect and use international rules and institutions to pursue New Zealand values and interests			
International treaties concluded by the Ministry ³⁰	9-11	11 ³¹	18
Grow sustainable economic returns and resilience from trade, investment and other international connections			
Number of trade agreements signed	3	3 ³²	New measure
Embed New Zealand as an active and integral partner in building Asia-Pacific architecture in support of regional stability and economic integration			
Number of policy statements and initiatives initiated by New Zealand in Asia-Pacific regional fora	At least 4	7 ³³	New measure
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%	80%	New measure
Promote a stable, prosperous and resilient Pacific in which New Zealand's interests and influence are safeguarded			
Inwards Guest of Government visits from Pacific countries supported by the Ministry	10-14	1 ³⁴	7
Outwards visits by New Zealand Ministers to Pacific countries supported by the Ministry	20-24	0 ³⁵	11
All project bids and evaluations are assessed as consistent with Government objectives for the Pacific Security Fund, and this is confirmed by independent annual audit	Met	Met	Met
Independent assessment of at least one project over \$100,000 funded from the Pacific Security Fund finds that they were successful in achieving the majority of their objectives	Met	Met	Met
Promote sustainable international solutions to global environment and natural resource challenges that impact on New Zealand			
Number of proposals to Multilateral Climate Finance to build climate resilience in the Pacific developed with New Zealand support	5-10	12	New measure
Number of countries that support New Zealand's proposals on fossil fuel subsidy reform	At least 20	Result not available this year ³⁶	New measure

³⁰ Binding international treaties include multilateral, plurilateral and bilateral treaties. Concluded in this context means signed, acceded to, adopted, accepted or ratified.

³¹ This year fewer international treaties were concluded due to the ongoing impacts of the COVID-19 pandemic.

³² This includes the Digital Economic Partnership Agreement, the upgrade to the China-New Zealand Free Trade Agreement, and the Regional Comprehensive Economic Partnership.

³³ Includes: workshop on preventing terrorist use of the internet; co-sponsorship of Asia-Pacific Regional Fora statement on youth, peace and security; the APEC Ministerial Meeting Statement 2020; the APEC Economic Leaders' Meeting Declaration 2020; the Putrajaya Vision; the Ministers' Responsible for Trade Statement 2021; and the Structural Reform Ministers Meeting Statement 2021 (including its associated Roadmap).

³⁴ Inwards Guest of Government visits to New Zealand were impacted by COVID-19 and the subsequent travel restrictions and border requirements.

³⁵ Outwards visits by New Zealand Ministers were impacted by COVID-19 and the subsequent travel restrictions and border requirements.

³⁶ The Ministry is not able to report on this result as the World Trade Organization 12th Ministerial Conference originally scheduled to take place in June 2020 was postponed to November/December 2021 due to the COVID-19 pandemic.

ASSESSMENT OF PERFORMANCE <i>continued</i>	2020-21		2019-20
	Budgeted Standard	Actual Standard	Actual Standard
Lead New Zealand's international action to advance and protect New Zealanders' safety and New Zealand's security			
Number of people trained to lift security capability in the South East Asia region from MFAT's Global Security Fund	250-300	1,010 ³⁷	New measure
Build and leverage targeted international relationships to achieve our goals			
Inwards Guest of Government visits supported by the Ministry (from outside the Pacific)	30-40	1 ³⁸	13
Outwards visits by New Zealand Ministers supported by the Ministry (from outside the Pacific)	40-50	1 ³⁹	76
Percentage of visits rated as 4 or better on a scale of 1-5 by internal review against the Ministry's visits quality standard for visits management	80%	Result not available this year ⁴⁰	Result not available this year

Financial performance *(figures are GST exclusive)*

30/06/20 Actual \$000		30/06/21 Actual \$000	30/06/21 Appropriation \$000	30/06/21 Variance \$000
N/A*	Delivery of New Zealand's foreign policy	267,426	279,882	12,456

Explanation of significant budget variance

The variance is lower activity due to the impact of COVID-19.

* Prior year comparisons of the multi-category appropriation's four categories are not calculable and have been reported as N/A.

³⁷ This is a new measure, which will fluctuate year-on-year due to the number, design and scale of projects delivered under the Global Security Fund. The Ministry delivered 14 projects, of which one provided training to a larger group of people than would normally be the case in a single project (895 participants). This was in part due to the uptake of virtual delivery for part of the project.

³⁸ Inwards Guest of Government visits to New Zealand were impacted by COVID-19 and the subsequent travel restrictions and border requirements.

³⁹ Outwards visits by New Zealand Ministers were impacted by COVID-19 and subsequent travel restrictions and border requirements.

⁴⁰ 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. Due to COVID-19-related travel restrictions, the Ministry did not undertake the survey due to the low level of in-person visits in 2020-21.

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.

ASSESSMENT OF PERFORMANCE	2020-21		2019-20
	Budgeted Standard	Actual Standard	Actual Standard
Services to New Zealand exporters and businesses to help them succeed overseas			
Percentage of exporters who are satisfied that MFAT solved their queries	95%	90.1% ⁴¹	New measure
Number of Non-Tariff Barriers resolved for exporters	At least 28	17 ⁴²	New measure
Number of unique visits on Tradebarriers.govt.nz and Tariff finder online services	35,000-40,000	Trade Barriers: 35,047 Tariff Finder: 27,750 ⁴³	New measure
Consular services to keep New Zealanders safer abroad			
Number of overseas locations where consular services are provided	70	72	71
Distressed New Zealanders overseas who received consular services (demand driven)	3,000-3,500	2,760 ⁴⁴	3,644
General consular advice enquiries responded to (demand driven)	25,000-35,000	51,454 ⁴⁵	52,914
Notarial services provided (demand driven)	11,000-13,000	8,200 ⁴⁶	10,432
Consular emergencies responded to	25	36 ⁴⁷	44
Percentage of respondents satisfied with quality of consular services	85%	68% ⁴⁸	75%

⁴¹ In 2020-21, MFAT responded to 526 exporter queries, and did so with a 90.1% satisfaction level. While below the target for this measure, it represents a significant increase both in volume and satisfaction from 2019-20. In 2019-20, MFAT responded to 476 exporter queries, with an 84.3% satisfaction rate.

⁴² MFAT resolved at least 17 Non-Tariff Barriers (NTBs), covering exports valued at \$190 million. In 2019-20, prior to the target of 28 being set, MFAT resolved NTBs covering exports valued at \$195m.

⁴³ This is a demand-based-measure that will fluctuate year-on-year.

⁴⁴ This measure is demand driven. The drop in result compared to 2019-20 is due to the initial outbreak of COVID-19 around the world. The number of consular cases has now returned to pre-COVID-19 levels (2018-19).

⁴⁵ This measure is demand-driven and based on the assumption that general enquiries would return to pre-COVID-19 levels, however enquiries continue to hold steady at over 50,000 for another year.

⁴⁶ Many locations around the world were in lockdown conditions, which have limited offshore demand for notarial services; as well as restrictions on overseas travel limiting the demand for authentications in New Zealand for overseas universities or business transactions.

⁴⁷ 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.

⁴⁸ Decline in satisfaction is a result of the pandemic and its impact on the nature of enquiries and cases where border restrictions and securing a place in MIQ continues to be challenging.

ASSESSMENT OF PERFORMANCE <i>continued</i>	2020-21		2019-20
	Budgeted Standard	Actual Standard	Actual Standard
Host government services to the diplomatic and consular corps in New Zealand			
Number of foreign diplomatic missions and consular posts resident in New Zealand (including those led by Honorary Consuls or Honorary Consuls General)	170-180	168	168
Number of foreign diplomatic and consular staff (and their dependants) resident in New Zealand	1,350-1,450	1,295	1,318
Percentage of relevant formal New Zealand appointment documentation prepared in compliance with the Diplomatic Privileges and Immunities Act 1968 and Consular Privileges and Immunities Act 1971 and the Vienna Convention on Diplomatic Relations and the Vienna Convention on Consular Relations	100%	100%	100%
Percentage of arrival and departure documentation for foreign diplomatic and consular staff resident in New Zealand completed within 10 working days	90-100%	90.8%	96.4%
Services for other New Zealand agencies overseas			
Average satisfaction score on the Ministry's service provision on a five point scale	3.5	Result not available this year ⁴⁹	Result not available this year ⁵⁰

Financial performance (figures are GST exclusive)

30/06/20 Actual \$000		30/06/21 Actual \$000	30/06/21 Appropriation \$000	30/06/21 Variance \$000
N/A*	Delivery of services	56,342	58,618	2,276

Explanation of significant budget variance

No significant variance.

* Prior year comparisons of the multi-category appropriation's four categories are not calculable and have been reported as N/A.

⁴⁹ The Ministry's stakeholder engagement survey was not conducted during the 2020-21 year due to the impacts of COVID-19 on stakeholders. The next survey will be conducted in 2021-22.

⁵⁰ Reporting against this measure is based on a stakeholder engagement survey, which the Ministry undertakes every two years. The last survey was held in 2018-19.

Management of New Zealand's International Development Cooperation

This category is intended to achieve the provision of advice, representation and advocacy on international development issues, including Ministerial services and domestic engagement, and the management of the New Zealand Aid Programme.

ASSESSMENT OF PERFORMANCE	2020-21		2019-20
	Budgeted Standard	Actual Standard	Actual Standard
Policy advice			
Policy submissions produced for Ministers	150-200	257 ⁵¹	255
Assessment of Performance of the quality of the agency's policy advice papers	3.5	4.03	4.03
Satisfaction of the portfolio Minister with the policy advice service	4 or above	2.96	4.47
Ministerial services			
Number of Ministerial letters prepared	60-90	89	144
Number of Parliamentary Question responses provided	20-50	27	32
Number of Official Information Act request (OIA) responses provided	20-50	64 ⁵²	51
Percentage of Ministerial correspondence completed within 15 working days	90%	98%	95%
Percentage of Ministry OIA requests responded to within statutory timeframes	90%	95%	98%
Percentage of Ministerial OIA request replies completed five days prior to the statutory time limit, unless otherwise agreed	90%	50% ⁵³	80%
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	30 days ⁵⁴	26 days

⁵¹ The increase in policy submissions produced for Ministers reflects the increase in MFAT Ministers following the election, and policy advice provided on COVID-19-related issues.

⁵² The number of OIA responses provided reflects requests for information relating to support to the Pacific following the impacts of COVID-19, the provision of COVID-19 vaccines to the Pacific, and safe travel zones and Quarantine-free Travel.

⁵³ The increase in number of Ministerial OIAs received, and complexity of many OIA requests responded to, involving COVID-19-related issues, such as safe travel zones and Quarantine-free Travel, meant more time was required to respond to requests. 95% of requests were responded to within statutory timeframes.

⁵⁴ The increase in number of Ministerial OIAs received, and complexity of many OIA requests responded to, involving COVID-19-related issues, such as safe travel zones and Quarantine-free Travel, meant more time was required to respond to requests. 95% of requests were responded to within statutory timeframes.

ASSESSMENT OF PERFORMANCE <i>continued</i>	2020-21		2019-20
	Budgeted Standard	Actual Standard	Actual Standard
New Zealand domestic engagement			
Percentage of domestic stakeholders who are satisfied with their engagement with MFAT	90%	78.4% ⁵⁵	Result not available this year ⁵⁶
Representation and advocacy			
Participation in governance mechanisms of targeted multilateral institutions which New Zealand core funds (% of institutions)	100%	100%	New measure
Delivery of the New Zealand Aid Programme			
Percentage of development cooperation funding for the partner government sector disbursed in year for which it was scheduled (Bilateral programmes only)	90%	97% (\$210.6m)	91.2% (\$134.6m)
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%	8% (1 out of 12 Pacific bilateral partners) ⁵⁷	67% (8 out of 12 Pacific bilateral countries)
Amount and percentage of Crown ODA resources spent on the Pacific	60% for the triennium (+/- 5% for any given year)	\$524.6m (65.2%)	\$446.9m (61%)
Amount and percentage of Crown ODA resources spent ⁵⁸ in Least Developed Countries (LDCs)	Baseline to be set	\$196.2m (24.4%) ⁵⁹	New measure
Amount and percentage of Crown ODA resources spent on Activities where climate change is a principal objective	Increasing trend	\$49.7m (6.2%)	\$51.1m (6.9%)
Amount and percentage of Crown ODA resources spent on Activities where gender equality and women's empowerment is a principal objective	Increasing trend	\$24.0m (3.0%)	\$19.5m (2.7%)
Amount and percentage of Crown ODA resources spent on Aid for Trade ⁶⁰	At least 20% of ODA	\$96.9m (12.0%) ⁶¹	\$121.3m (16.5%) ⁶²
Amount and percentage of Crown ODA resources spent on scholarships	10-12% of annual spend	\$52.1m (6.5%) ⁶³	\$85.1m (11.6%)
Amount and percentage of Crown ODA resources spent on strengthening Pacific statistics	Increasing trend	\$7.1m (0.9%)	\$4.5m (0.6%)

⁵⁵ Due to the impacts of COVID-19 on stakeholders, the Ministry's stakeholder engagement survey was not conducted during the 2020-21 year. This result is aggregated from five separate stakeholder satisfaction surveys undertaken in 2020-21. These surveys are based on the Ministry's services and effectiveness and include stakeholder segments of NZ Inc, New Zealand exporters and businesses, trade organisations, aid NGOs, and New Zealanders travelling or living overseas. The Ministry's next stakeholder engagement survey will be conducted in 2021-22.

⁵⁶ Reporting against this measure is based on a stakeholder engagement survey, which the Ministry undertakes every two years. The last survey was held in 2018-19.

⁵⁷ Significant variance is due to the process of establishing forward allocations for the new triennium in a complex and rapidly changing environment caused by COVID-19. This led to a delay in communicating forward budgets to partner governments.

⁵⁸ ODA 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.

⁵⁹ On 4 December 2020, Vanuatu graduated from the Least Developed Country (LDC) category. Crown IDC resources spent in Vanuatu between July and November 2020 are included in this result.

⁶⁰ Methodology (and data for 2019-20) has been updated to align to New Zealand's Aid for Trade commitments. The indicator now reports amount and percentage of total Crown ODA resources spent on Aid for Trade in the Pacific.

⁶¹ COVID-19-related reprioritisation and implementation delays have impacted the Ministry's ability to focus on our Aid for Trade investment. The entry into force of PACER Plus in December 2020, and New Zealand's commitment under PACER Plus to ensure that 20% of development assistance is spent on Aid for Trade activities in the Pacific, will ensure increased attention and focus. To this end, the Ministry is developing a Pacific Aid for Trade Strategy to meaningfully increase New Zealand's Aid for Trade investment and maximise its effectiveness, as well as support the Pacific to build back better from the effects of COVID-19.

⁶² This figure varies from the value reported in 2019-20 (\$135.4 million) due to a minor revision of the methodology in 2020-21.

⁶³ While COVID-19 border closures significantly impacted the ability for scholars to enter New Zealand, 2020-21 has seen a great deal of innovation with the development of modular, professional development scholarships, and online delivery of tertiary and vocational scholarships added to the IDC Programme for the first time. This resulted in lower spend, meaning funds could be re-directed towards addressing the impacts of COVID-19 in partner countries.

ASSESSMENT OF PERFORMANCE <i>continued</i>	2020-21		2019-20
	Budgeted Standard	Actual Standard	Actual Standard
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	Result not available this year ⁶⁴	Result not available this year ⁶⁵
Percentage of evaluations (or summaries) that are published to MFAT website within 3 months of completion	100%	33% ⁶⁶	67%
Percentage of Programmes rated 4 or higher on a scale of 1-5 by review against the Ministry's quality standard for programme management ⁶⁷	>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 ⁶⁸	>90%	100%	100%
New Zealand score in Aid Transparency Index	Increasing trend	Index is run every 2 years	2020 score of "Good" or 77.6/100

Financial performance *(figures are GST exclusive)*

30/06/20 Actual \$000		30/06/21 Actual \$000	30/06/21 Appropriation \$000	30/06/21 Variance \$000
N/A*	Management of New Zealand's International Development Cooperation	77,605	87,348	9,743

Explanation of significant budget variance

The variance is lower activity due to the impact of COVID-19.

* Prior year comparisons of the multi-category appropriation's four categories are not calculable and have been reported as N/A.

⁶⁴ Annual Assessments of Results (AAR) not completed this year, due to re-prioritisation as a result of the COVID-19 pandemic.

⁶⁵ Annual Assessments of Results (AAR) not completed this year, due to an update in the AMA/ACA process.

⁶⁶ Six evaluations were published in 2020-21, of which two were published within three months of completion. Resourcing and communication issues as a result of COVID-19 led to delays in publishing evaluations (or summaries) in a timely manner.

⁶⁷ The ratings are based on a Quality Management Review of a sample of aid programmes and activities, undertaken by the Ministry's Audit Division.

⁶⁸ The ratings are based on a Quality Management Review of a sample of aid programmes and activities, undertaken by the Ministry's Audit Division.

Policy advice and representation - other countries PLA

This appropriation is intended to achieve the Ministry's obligation, as set out in section 11 of the Foreign Affairs Act 1988, of superannuation for local staff employed by overseas posts.

ASSESSMENT OF PERFORMANCE	2020-21		2019-20
	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)

30/06/20 Actual \$000		30/06/21 Actual \$000	30/06/21 Appropriation \$000	30/06/21 Variance \$000
20	Policy advice and representation - other countries PLA	1	20	19

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.

ASSESSMENT OF PERFORMANCE	2020-21		2019-20
	Budgeted Standard	Actual Standard	Actual Standard
Confirmed calendar of meetings, for all meetings during host year	Met	Met	New measure
Fit for purpose and secure virtual meeting venues and technology	Met	Met	New measure
Workforce planning completed and confidence in sourcing	Met	Met	APEC 2021 hosting revised
Establishment of SOM Chair Office ⁶⁹	Met	Met	New measure

Financial performance (figures are GST exclusive)

30/06/20 Actual \$000		30/06/21 Actual \$000	30/06/21 Appropriation \$000	30/06/21 Variance \$000
12,394	Hosting of APEC 2021 (MYA)	19,911	37,356	17,445

Explanation of significant variances

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 output was reduced as part of the Supplementary Estimate process to \$37.356 million.

⁶⁹ 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.

ASSESSMENT OF PERFORMANCE	2020-21		2019-20
	Budgeted Standard	Actual Standard	Actual Standard
Percentage of chanceries with a Fit-for-Purpose performance gap of <=2	80%	80%	80%
Percentage of official residences with a Fit-for-Purpose performance gap of <=2	85%	90%	90%
Percentage of time our networks are available	99.7%	99.7%	99.4%
Percentage of time our critical services are available	99.7%	100%	100%

Financial performance (figures are GST exclusive)

30/06/20 Actual \$000		30/06/21 Actual \$000	30/06/21 Appropriation \$000	30/06/21 Variance \$000
-	Land	-	-	-
33,631	Property, plant and equipment	28,278	53,159	24,881
3,366	Intangibles	9,523	10,200	677
36,997	Capital Expenditure PLA	37,801	63,359	25,558

Explanation of significant budget variance

The variance of \$25.558 million in Property, Plant and Equipment was due to time delays as a result of COVID-19 for building projects in offshore posts.

Financial statements

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 30 June 2021

Actual 2020 \$000	Notes	Actual 2021 \$000	Unaudited Budget 2021 \$000	Unaudited Forecast 2022 \$000
	Revenue			
465,515	Revenue Crown 2	480,712	547,677	500,848
9,797	Other Revenue 2	10,075	9,531	9,985
9	Interest	5	20	20
237	Gain on sale of assets	127	-	-
475,558	Total revenue	490,919	557,228	510,853
	Expenses			
213,741	Personnel 3	214,909	230,620	229,996
173,835	Operating 4	180,640	247,824	206,471
24,881	Depreciation 8	28,442	32,080	32,228
5,831	Amortisation on intangible assets 9	6,491	6,909	8,440
38,614	Capital charge 5	32,919	39,775	33,698
456,902	Total expenses	463,401	557,208	510,833
18,656	Surplus/(deficit) before re-measurement	27,518	20	20
	Re-measurement			
(363)	Gain/(loss) on derivative financial Instruments 17	2,482	-	-
237	Movement in discount rate for Long Service Leave and Retirement Leave 13	(204)	-	-
(126)	Total re-measurement	2,278	-	-
456,776	Total expenses	465,679	557,208	510,833
18,782	Net surplus/(deficit)	25,240	20	20
	Other comprehensive revenue and expense			
-	Gain on property revaluations	85,578	-	-
18,782	Total comprehensive revenue and expense	110,818	20	20

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 2021

Actual 2020 \$000		Notes	Actual 2021 \$000	Unaudited Budget 2021 \$000	Unaudited Forecast 2022 \$000
643,562	Balance at 1 July		661,616	661,253	661,616
18,782	Total comprehensive revenue and expense		110,818	20	20
(18,419)	Return of operating surplus to the Crown	11	(27,722)	(20)	(20)
17,691	Capital injections		-	12,700	21,200
661,616	Balance at 30 June	14	744,714	673,953	682,816

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 2021

Actual 2020 \$000	Notes	Actual 2021 \$000	Unaudited Budget 2021 \$000	Unaudited Forecast 2022 \$000
ASSETS				
Current assets				
32,058	Cash and cash equivalents	12,328	21,763	23,329
132,225	Debtor Crown	170,048	102,140	123,335
2,335	Debtors and other receivables	3,922	2,068	2,336
10,803	Prepayments	8,986	10,592	10,803
46	Derivative financial instruments	392	430	46
177,467	Total current assets	195,676	136,993	159,849
Non-current assets				
5,254	Debtors and receivables	5,080	5,051	5,253
3,181	Prepayments - leased land	3,107	3,329	3,181
525,803	Property, plant and equipment	611,201	559,909	545,944
27,966	Intangible assets	30,998	34,196	28,245
562,204	Total non-current assets	650,386	602,485	582,623
739,671	Total assets	846,062	739,478	742,472
LIABILITIES				
Current liabilities				
14,230	Creditors and other payables	19,259	21,184	14,231
18,419	Return of operating surplus	27,722	20	20
3,036	Provisions	3,905	963	891
24,719	Employee entitlements	26,034	27,939	28,624
2,066	Derivative financial instruments	4,894	2,814	2,066
62,470	Total current liabilities	81,814	52,920	45,832
Non-current liabilities				
12,000	Employee entitlements	11,135	9,806	9,415
3,585	Provisions	8,399	2,799	4,409
15,585	Total non-current liabilities	19,534	12,605	13,824
78,055	Total liabilities	101,348	65,525	59,656
661,616	Net assets	744,714	673,953	682,816
EQUITY				
483,543	General funds	481,063	495,881	504,744
178,073	Property revaluation reserve	263,651	178,072	178,072
661,616	Total equity	744,714	673,953	682,816

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 2021

Actual 2020 \$000	Notes	Actual 2021 \$000	Unaudited Budget 2021 \$000	Unaudited Forecast 2022 \$000
	Cash flows from operating activities			
447,021	Receipts from Revenue Crown	442,890	558,832	513,583
9,327	Receipts from other revenue	10,093	9,531	10,005
9	Interest	5	20	-
959	Goods and services tax (net)	(1,763)	-	-
(209,500)	Payments to employees	(210,836)	(233,733)	(229,588)
(184,381)	Payments to suppliers	(171,126)	(244,711)	(206,879)
(38,614)	Payments for capital charge	(32,919)	(39,775)	(33,698)
24,821	Net cash flow from operating activities 18	36,344	50,164	53,423
	Cash flows from investing activities			
361	Sale of property, plant, equipment	146	300	300
(33,631)	Purchase of property, plant, equipment	(28,278)	(53,519)	(47,123)
(3,366)	Purchase of intangible assets	(9,523)	(9,200)	(8,300)
(36,636)	Net cash flow from investing activities	(37,655)	(62,419)	(55,123)
	Cash flows from financing activities			
17,691	Capital injections	-	12,700	21,200
(2,206)	Return of operating surplus	(18,419)	(20)	(22,320)
15,485	Net cash flow from financing activities	(18,419)	12,680	(1,120)
3,670	Net increase/(decrease) in cash	(19,730)	425	(2,820)
28,388	Add cash at the beginning of the year	32,058	21,338	26,149
32,058	Closing cash at the end of the year	12,328	21,763	23,329

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 2021

Actual 2020 \$000		Actual 2021 \$000
	CAPITAL COMMITMENTS	
	Land and buildings	
20,603	Less than one year	22,379
-	One to five years	-
20,603	Total capital commitments	22,379
	Non-cancellable operating leases	
	Accommodation	
40,526	Less than one year	41,847
72,394	One to five years	76,627
18,123	More than five years	15,764
131,043	Total non-cancellable operating lease commitments	134,238
151,646	Total commitments	156,617

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 2021.

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 2021

MFAT has a contingent liability in the form of an indemnity as at 30 June 2021 to HSBC for \$0.889 million as part of the Chancery lease conditions in New York (30 June 2020: \$0.969 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.

We have other contingent liabilities relating to employment and property disputes as at 30 June 2021 for \$0.771 million (30 June 2020: \$0.875 million). Disclosure of the individual disputes may prejudice the Ministry's position.

MFAT has contingent assets of \$1.600 million which relate to insurance claim issues as at 30 June 2021. (30 June 2020: \$0.027 million).

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

Notes to the financial statements

For the year ended 30 June 2021

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 2021 and were approved for issue by the Chief Executive on 30 September 2021.

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 useful lives – see note 8
- Estimating the Holidays Act liability – see note 12
- Estimating the retirement and long service leave obligations – see note 13.

Standards issued and not yet effective, and not early adopted

Amendment to PBE IPSAS 2 Cash Flow Statement

An amendment to PBE IPSAS 2 requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes arising from both cash flows and non-cash changes. This amendment is effective for the year ending 30 June 2022, with early application permitted. This amendment will result in additional disclosures. The Ministry does not intend to early adopt the amendment.

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 adopted permitted. The Ministry has not yet determined how application of PBE FRS 48 will affect its statement of service performance. It does not plan to adopt the standard early.

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:

MFAT's 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 2021 budget figures are for the year ended 30 June 2021 and were published in the 2019-20 annual report. They are consistent with MFAT's best estimate financial forecast information submitted to Treasury for the year ending 2020-21 in the Budget Economic and Fiscal Update (BEFU) for Budget 2020.

The 2022 forecast figures for the year ending 30 June 2022 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 2021.

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

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

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

While MFAT regularly updates its forecasts, updated forecast financial statements for the year ending 30 June 2022 will not be published.

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

Significant assumptions used in preparing the unaudited forecast financial figures

The forecast figures contained in these financial statements reflect MFAT's purpose and activities and are based on a number of assumptions on what may occur during the 2021-22 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 2020-21 was used as the opening position for the 2021-22 forecasts.

The actual financial results for 30 June 2022 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 2021-22 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 2022 included in BEFU 2021. These were authorised for issue on 1 April 2021 by the Chief Executive who is responsible for the forecast financial statements as presented.

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

Note 2: Revenue

ACCOUNTING POLICY

Revenue Crown

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

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

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

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

Revenue other – includes revenue 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 2020 \$000		Actual 2021 \$000
465,515	Revenue crown	480,712
	Other revenue	
8,435	Revenue department - Services for other New Zealand agencies	8,686
505	Revenue other - Consular services	463
857	Revenue other - Miscellaneous	926
475,312	Total Crown and other revenue	490,787

Note 3: Personnel costs

Actual 2020 \$000		Actual 2021 \$000
190,002	Salaries and wages	191,926
4,185	Vacancy backfill	3,190
9,503	Employer contributions to defined contribution plans	9,650
368	Accident Compensation Corporation levy	388
2,981	Increase/(decrease) in employee entitlements	2,376
6,702	Fringe Benefit Tax	7,379
213,741	Total personnel costs	214,909

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 2020 \$000		Actual 2021 \$000	Unaudited Budget 2021 \$000	Unaudited Forecast 2022 \$000
	Fees to auditors:			
398	- fees to Audit NZ for audit of financial statements	253	475	485
24	- fees to Audit NZ for other services	-	-	-
48,217	Rentals and operating leases	53,523	53,265	53,936
18,534	Travel	8,422	18,191	17,773
9,870	Contractors	8,153	16,371	12,006
10,302	Dedicated and special funding	13,929	19,998	25,449
(1,042)	Net foreign exchange loss/(gain), excluding derivatives	4,689	-	-
8,925	Maintenance	13,184	8,455	9,219
14,258	Contracted services	15,378	29,231	25,365
7,533	Wide area network costs	7,065	7,556	8,408
4,508	Consultants fees	4,016	5,320	5,128
6,942	Software maintenance	8,151	8,028	8,214
4,601	Rates, taxes and communal charges	5,156	4,462	4,708
4,595	Utilities	4,098	5,376	5,120
2,507	Representation	1,264	4,117	1,933
3,236	Freight	3,842	3,217	3,496
2,432	Staff training	3,086	5,167	5,239
2,043	Telecommunication charges	1,819	2,170	1,757
25,952	Other operating	24,612	56,425	18,235
173,835	Total operating costs	180,640	247,824	206,471

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 2021 was 5 percent (2020: 6 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 2020 \$000		Actual 2021 \$000
	Current	
1,572	Trade debtors	2,519
-	GST receivables	732
763	Other receivables	671
2,335	Total current	3,922
	Non-Current	
376	Deposit bonds	353
4,878	Lease deposits	4,727
5,254	Total non-current	5,080
7,589	Total debtors and receivables	9,002
	Total receivables comprise:	
7,589	Receivables from the sale of goods & services (exchange transactions)	9,002
-	Receivables from non-exchange transactions	-

As at 30 June 2021 and 2020, all receivables have been assessed for impairment and no provision was required as the majority are due from other Government entities.

Actual 2020 \$000		Actual 2021 \$000
838	Not past due	1,143
510	Past due 1-30 days	1,093
210	Past due 31-60 days	137
-	Past due 61-90 days	-
14	Past due >91 days	146
1,572	Total	2,519

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
Cost or valuation							
Balance at 1 July 2019	281,436	169,428	109,549	36,749	10,067	48,673	655,902
Additions	-	6,540	17,039	800	1,571	7,681	33,631
Asset class adjustment – reclassification	-	-	(25)	25	-	-	-
Disposals	-	-	(1,050)	(2,702)	(1,096)	(3,767)	(8,615)
Balance at 30 June 2020	281,436	175,968	125,513	34,872	10,542	52,587	680,918
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)
Balance at 30 June 2021	330,136	191,907	141,545	34,327	10,437	51,209	759,561
Accumulated depreciation & Impairment losses							
Balance at 1 July 2019	-	12,511	65,739	20,994	4,827	34,578	138,649
Depreciation expense	-	9,545	6,597	2,912	1,158	4,669	24,881
Eliminate on disposal	-	-	(1,038)	(2,627)	(983)	(3,767)	(8,415)
Revaluation	-	-	-	-	-	-	-
Balance at 30 June 2020	-	22,056	71,298	21,279	5,002	35,480	155,115
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)
Balance at 30 June 2021	-	7,567	76,495	22,687	5,655	35,956	148,360
Carrying amounts							
At 1 July 2019	281,436	156,917	43,810	15,755	5,240	14,095	517,253
At 30 June and 1 July 2020	281,436	153,912	54,215	13,593	5,540	17,107	525,803
At 30 June 2021	330,136	184,340	65,050	11,640	4,782	15,253	611,201

Work in progress

The total amount of property, plant and equipment in the course of construction is \$39.619 million (2020: \$20.280 million).

Actual 2020 \$000		Actual 2021 \$000
	Property, plant and equipment under construction	
3,450	Freehold buildings	6,926
13,922	Furniture and fittings	30,730
142	Plant and equipment	352
2,766	Computer equipment	1,611
20,280	Balance at 30 June 2021	39,619

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 \$233.004 million (2020: \$203.379 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

- 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 licences 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 2019	56,012
Additions	3,366
Disposals	-
Balance at 30 June 2020	59,378
Balance at 1 July 2020	59,378
Additions	9,523
Disposals	(2,801)
Balance at 30 June 2021	66,100
Accumulated Amortisation and Impairment Losses	
Balance at 1 July 2019	25,581
Amortisation expense	5,831
Eliminate on disposal	-
Balance at 30 June 2020	31,412
Balance at 1 July 2020	31,412
Amortisation expense	6,491
Disposals	(2,801)
Balance at 30 June 2021	35,102
Carrying Amounts	
At 1 July 2019	30,431
At 30 June and 1 July 2020	27,966
At 30 June 2021	30,998

The total amount of intangible assets in the course of development is \$6.477 million (2020: \$3.690 million).

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

Note 10: Creditors and payables

ACCOUNTING POLICY

Short-term creditors and other payables are generally settled within 30 days so are recorded at their face value.

Actual 2020 \$000		Actual 2021 \$000
	Payables under exchange transactions	
8,414	Trade creditors	9,014
-	Unearned revenue	700
3,072	Accrued expenses	6,819
11,486	Total payables under exchange transactions	16,533
	Payables under non-exchange transactions	
1,713	FBT payable	2,726
1,031	GST payable	-
2,744	Total payables under non-exchange transactions	2,726
14,230	Total payables	19,259

Note 11: Return of operating surplus

Actual 2020 \$000		Actual 2021 \$000
18,782	Net surplus/(deficit)	25,240
	Plus/(less)	
(363)	Net loss/(gain) on derivative financial instruments	2,482
18,419	Total return of operating surplus payable to Crown	27,722

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 2020 \$000		Actual 2021 \$000
	Current portion	
2,014	Holidays Act 2003	1,550
891	Lease make-good	2,355
131	Restructuring	-
3,036	Total current	3,905
	Non-current portion	
3,585	Lease make-good	8,399
3,585	Total non-current	8,399
6,621	Total	12,304

	Holiday Act 2003 \$000	Make-good \$000	Restructuring \$000	Total \$000
Balance as 1 July 2019	4,263	2,975	219	7,457
Additional provisions made		1,501	-	1,501
Amounts used	(2,249)		(88)	(2,337)
Balance as at 30 June 2020	2,014	4,476	131	6,621
Balance as 1 July 2020	2,014	4,476	131	6,621
Additional provisions made		6,278		6,278
Amounts used	(464)		(131)	(595)
Balance as at 30 June 2021	1,550	10,754	-	12,304

Holidays Act 2003

The Ministry has made remediation payments from the provision to the value of \$0.464 million within this fiscal year. Remediation payments are ongoing. The provision is substantially reflective of the remediation value the Ministry will incur.

Restructuring

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

Make-good

The Ministry 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
- 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 2021 to estimate the present value of retirement leave and long service leave. The key assumptions used in determining the present values were:

- a weighted average discount rate of 2.75% (2020: 1.43%)
- a salary inflation rate of 2.88% (2020: 2.51%).

The discount rates and salary inflation factor used are those advised by The 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 \$0.498 million lower (2020: \$0.567 million) or \$0.549 million higher (2020: \$0.633 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 \$0.537 million higher (2020: \$0.616 million) or \$0.496 million lower (2020: \$0.563 million) respectively.

Actual 2020 \$000		Actual 2021 \$000
	Current Liabilities	
17,353	Annual leave	17,977
663	Long service leave	690
1,311	Retirement leave	1,020
1,663	Retirement gratuities	1,715
251	End of posting leave	246
2,551	Salaries and allowances	3,250
308	Sick leave liability	276
619	ACC levy	860
24,719	Total Current	26,034
	Non-Current Liabilities	
3,071	Long service leave	3,071
6,925	Retirement leave	6,100
1,503	Retirement gratuities	1,473
501	End of posting leave	491
12,000	Total Non-Current	11,135
36,719	Total Provision for Employee Entitlements	37,169

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 reserve.

Property revaluation reserve

The Property revaluation reserve relates to the revaluation of land and buildings to fair value.

Actual 2020 \$000		Actual 2021 \$000
	Taxpayers' funds	
465,489	Balance at 1 July	483,543
18,782	Surplus/(deficit)	25,242
17,691	Capital injections	-
(18,419)	Return of operating surplus to the Crown	(27,722)
483,543	Balance at 30 June	481,063
	Property revaluation reserve	
178,073	Balance at 1 July	178,073
-	Property revaluation	85,578
178,073	Balance at 30 June	263,651
661,616	Total Equity	744,714
	Property revaluation reserve consists of:	
143,463	Land revaluation reserve	192,162
34,610	Buildings revaluation reserve	71,489
178,073	Total property revaluation reserve	263,651

Note 15: Capital (equity) management

MFAT'S capital is its equity, which comprises taxpayers' funds and property revaluation reserves. In 2020-21, 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 (2018) and the Public Finance Act 1989.

The objective of managing MFAT's equity is to ensure we effectively achieve goals and objectives for which MFAT has been established, whilst remaining a going concern.

Note 16: Related party transactions

MFAT is a wholly owned entity of the Crown.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier 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 2020 \$000		Actual 2021 \$000
	Leadership Team, including the Chief Executive	
4,896	Total Remuneration, including long-term benefits	4,005
10.3	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 2020 \$000		Note	Actual 2021 \$000
	Financial assets at amortised cost		
32,058	Cash and cash equivalents		12,328
7,589	Debtors and other receivables (excluding taxes receivable)	6	9,002
132,225	Debtor Crown		170,048
171,872	Total financial assets measured at amortised cost		191,378
	Fair Value through surplus and deficit		
46	Derivative financial instrument assets		392
(2,066)	Derivative financial instrument liabilities		(4,894)
(2,020)	Total Fair Value through surplus and deficit		(4,502)
	Financial Liabilities measured at amortised cost		
11,486	Creditors and other payables (excluding unearned income and taxes payable)	10	15,833

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 2020 \$000		Actual 2021 \$000
	Financial assets	
-	Quoted market price	-
46	Observable market inputs	392
-	Significant non-observable inputs	-
46	Total financial assets at fair value	392
	Financial liabilities	
-	Quoted market price	-
2,066	Observable market inputs	4,894
-	Significant non-observable inputs	-
2,066	Total financial liabilities at fair value	4,894

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 2021 was:

2020 \$000	Foreign Exchange Contracts	2021 \$000
16,945	United States Dollar	17,242
4,305	Japanese Yen	4,008
19,918	European Union Euro	20,227
60,106	Other	59,782
101,274	Total	101,259

Sensitivity analysis

Forward foreign exchange contracts

The following table summarises the impact of a 10 percent movement in foreign exchange rates on the valuation of MFAT's foreign exchange contracts.

Impact on surplus/deficit 2020 \$000		Impact on surplus/deficit 2021 \$000
11,043	Increase in foreign exchange rates of 10%	13,298
9,008	Decrease in foreign exchange rates of 10%	6,248

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 2021, the New Zealand Dollar had weakened/strengthened by 5 percent, with all other variables held constant.

Impact on surplus/deficit 2020 \$	5% movement in NZD on creditors	Impact on surplus/deficit 2021 \$
1,372	United States Dollar	2,941
-	Japanese Yen	-
656	European Union Euro	889
4,540	Pound Sterling	374

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 it to incur a loss. In the normal course of its business, MFAT incurs credit risk from trade debtors, and transactions with financial institutions.

MFAT's 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 it deals with as these entities have high credit ratings. For its other financial instruments, MFAT does 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 its liquidity requirements MFAT closely monitors its 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
2020						
Creditors and other payables (excl. unearned income and taxes):	11,486	11,486	8,928	2,024	534	-
2021						
Creditors and other payables (excl. unearned income and taxes):	15,833	15,833	11,871	3,257	705	-

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
2020						
Gross settled foreign exchange contracts:	2,066	46				
- outflow			101,274	42,964	58,310	-
- inflow			99,254	42,044	57,210	-
2021						
Gross settled foreign exchange contracts:	4,894	392				
- outflow			101,259	53,671	47,588	-
- inflow			96,757	51,359	45,398	-

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

Actual 2020 \$000		Actual 2021 \$000
18,782	Net surplus/(deficit)	25,240
	Add/(less) non-cash items	
30,712	Depreciation and amortisation expense	34,933
(363)	Net (gains)/loss on derivative financial instruments	2,482
76	Other non-cash movement	(6)
237	Movement in discount rate for long service leave and retirement leave	(204)
30,662	Total non-cash items	37,205
	Add/(less) items classified as investing or financing activities	
(237)	(Gains)/losses on disposal of property, plant and equipment	(127)
	Add/(less) movements in statement of financial position items	
(18,964)	(Increase)/decrease in receivables	(37,804)
(62)	(Increase)/decrease in prepayments	1,891
(7,192)	Increase/(decrease) in payables	3,804
(837)	Increase/(decrease) in provisions	5,684
2,669	Increase/(decrease) in employee entitlements	451
(24,386)	Total net movement in working capital items	(25,974)
24,821	Net cash flow from operating activities	36,344

Note 19: Major budget variations

Explanations for major variances from MFAT's original 2020-21 budget are as follows:

Statement of comprehensive revenue and expense

Revenue Crown over the period reduced from an initial Budget of \$547.700 million to \$496 million. The reduction of \$51.700 million mainly relates to:

- A reduction to the APEC21 Budget of \$38.700 million due to moving to virtual presentation APEC21 brought about by the impact of COVID-19.
- The ongoing impact of COVID-19 greatly reduced the level at which activities could be delivered resulting in transferring funding of \$21.500 million to 2021-22 to enable the activities to take place. These activities included:
 - o Delayed capital project requiring operating funding to be carried forward to 2021-22
 - o Depreciation funding for the delayed temporary Chancery in London due to COVID-19 and not being completed within 2020-21
 - o Trade Negotiation Inter- Agency Fund committed to activities that could not take place in 2020-21
 - o Global preventative maintenance, Health and Safety Assessments Programme and the Protective Security Programme that had been delayed and will take place in 2021-22.
- A further reduction of \$6.600 million was the result of the capital charge rate reducing from 6% to 5%.
- The above reductions (\$66.800 million) which took place towards the end of the year were offset by increases of \$15.200 million early in the year being funding transferred from 2019-20 for activities that had been delayed in 2019-20.

All the above changes have been effected through the Pre-Election and Fiscal Update 2020, October 2020 and March 2021 Baseline Updates, and reflected in the 2020-21 Supplementary Estimates.

The above reductions in Revenue are reflected in the lower expenditure with under expenditure of \$94 million compared to the original budget. The most significant under expenditure was the APEC21 Programme at \$17 million which was mainly the result of activities now planned for later in the calendar year.

The balance of the under-expenditure came from across the Ministry, with COVID-19 delaying activities and reducing what had been planned. This resulted in under-expenditure, especially in travel at \$10 million, contractors \$8 million and personnel costs under spent by \$15 million.

Statement of financial position

Debtor Crown recognises funding due to the Ministry that has not being drawn down as cash. The \$67.900 million increase over budget is a reflection of a slow capital programme spend,

with COVID-19 delaying building projects with planned capital expenditure underspent by \$26 million. This is offset by the planned capital injection of \$12.700 million that has been deferred to 2021-22.

Employee entitlements (current and non-current) have decreased by \$0.576 million compared to budget, mainly as the result of the 30 June 2021 valuation using a higher weighted average discount rate and a slightly higher salary inflation rate.

Statement of cash flows

Receipts from Revenue Crown are lower than budgeted, reflecting funding adjustments through the baseline updates, and lower cash drawdowns due to decreased output expenditure from the COVID-19 impact.

Payments to employees compared to budget were \$22 million (9.7%) lower, mostly due to an increased vacancy rate and staff overseas returning to New Zealand resulting in lower personnel costs. Lower payments to suppliers relates mainly to reduced travel at \$10 million, contracted services \$8 million and other operating costs at \$32 million under the original budgets.

Cash outflows related to the purchase of property, plant and equipment are \$26 million below budget. This was due to reduced capital expenditure resulting from COVID-19, 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:

- significant reduction in travel due to COVID-19 shutting down most travel and resulting in expenditure being \$10 million below budget
- significantly reduced capital expenditure mainly the result of COVID-19 with building projects shut down and work pausing on a range of projects
- 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 \$0.624 million
- due to COVID-19 causing uncertainty in 2019-20 as to whether the carrying costs of overseas properties reflected fair value. At the time there was no market on which to base a fair value estimate due to COVID-19. A revaluation was carried out as at 31 October 2020 resulting in a fair value increase of \$85 million.

Note 21: Events after the balance date

There have been no significant events after the balance date of 30 June 2021.

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 financial 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.

The Minister of Foreign Affairs also requires us to administer the following non-departmental other expenses in Vote Foreign Affairs.

- Subscriptions to international organisations
- Disbursements made and exemptions from taxation
- Consular loan expenses
- International Development Cooperation.

The following statement of financial performance records results and services delivered for each of the above other expenses as agreed between the Minister of Foreign Affairs and the Secretary of Foreign Affairs in the *Strategic Intentions 2020-2024* and the *2020-21 Estimates of Appropriations* as required by section 19C of the Public Finance Act 1989.

Pacific Broadcasting Services ceased to be an output expense in June 2020.

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.

Financial performance (figures are GST exclusive)

30/06/20 Actual \$000		30/06/21 Actual \$000	30/06/21 Appropriation \$000	30/06/21 Variance \$000
736,309	International Development Cooperation (MYA)	804,412	825,317	20,905

Explanation of significant budget variance

International Development Cooperation underspend primarily a timing variance due to delays in activity because of COVID-19.

Please refer to Annex 2: Minister of Foreign Affairs' report on the International Development Cooperation non-departmental appropriation within Vote Foreign Affairs on pages 159-160 for details on non-financial performance.

Subscriptions to international organisations

This appropriation is intended to achieve the funding of the 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)

30/06/20 Actual \$000		30/06/21 Actual \$000	30/06/21 Appropriation \$000	30/06/21 Variance \$000
56,516	Subscription to International Organisations	54,956	60,729	5,773

Explanation of significant budget variance

Subscriptions to International Organisations underspent as foreign exchange movements and increases in subscriptions did not occur to the level expected.

Consular loans (Capital)

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

Financial performance (figures are GST exclusive)

30/06/20 Actual \$000		30/06/21 Actual \$000	30/06/21 Appropriation \$000	30/06/21 Variance \$000
-	Consular loans (Capital)	271	3,000	2,729

30/06/20 Balance \$000		30/06/21 Loans \$000	30/06/21 Repayments \$000	30/06/21 Impairment \$000	30/06/21 Balance \$000
1,573	Consular loans (Capital) balance	271	(588)	(70)	1,186

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.

Please refer to Annex 1: Minister of Foreign Affairs' report on performance information for the Non-Departmental Statement of Performance on page 130 for details on non-financial performance.

Consular loan expenses

This appropriation is intended to achieve the coverage of 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.

Financial performance (figures are GST exclusive)

30/06/20 Actual \$000		30/06/21 Actual \$000	30/06/21 Appropriation \$000	30/06/21 Variance \$000
-	Consular loans expenses	70	150	80

Explanation of significant budget variance

Loan impairment \$70 thousand recognised at year end.

Please refer to Annex 1: Minister of Foreign Affairs' report on performance information for the Non-Departmental Statement of Performance on page 130 for details on non-financial performance.

Disbursements made and exemptions from taxation PLA

This appropriation is intended to achieve the fulfilment of New Zealand's obligations pursuant to section 21 of the Diplomatic Privileges and Immunities Act 1968.

Financial performance (figures are GST exclusive)

30/06/20 Actual \$000		30/06/21 Actual \$000	30/06/21 Appropriation \$000	30/06/21 Variance \$000
1,837	Disbursements made and exemptions from taxation PLA	2,291	2,400	109

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.

Please refer to Annex 1: Minister of Foreign Affairs' report on performance information for the Non-Departmental Statement of Performance on page 130 for details on non-financial performance.

Non-departmental statements and schedules

For the year ended 30 June 2021

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 2021

Actual 2020 \$000		Actual 2021 \$000
	Non-departmental revenue	
229	Other operational revenue	284
618	Gain on derivatives	-
847	Total revenue	284

Other operational revenue is primarily the repayment of unspent grant funding, on completion of development activities by partners. These grants were provided for the delivery or implementation of development activities under the New Zealand Development Assistance Programme in prior years.

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 2020-21.

SCHEDULE OF NON-DEPARTMENTAL EXPENDITURE

For the year ended 30 June 2021

Actual 2020 \$000		Actual 2021 \$000
	Output funding	
20,870	New Zealand Antarctic Institute	20,820
5,000	Asia New Zealand Foundation	5,500
1,400	Pacific Cooperation Foundation	1,400
941	Pacific Broadcasting Services	-
14,605	Expo 2020 Dubai*	15,190
42,816	Total outputs	42,910
	Other expenses	
56,516	Subscriptions to International Organisations	54,956
1,837	Diplomatic exemptions	2,291
736,309	International Development Cooperation	804,412
-	Consular loan expenses	70
-	Loss on derivatives	1,108
424	Net loss on foreign exchange	36
-	Re-measurement of shares in foreign organisations	2,202
795,086	Total other expenses	865,075
837,902	Total operating expenses	907,985

* Expo 2020 Dubai is the responsibility of New Zealand Trade and Enterprise with funding delivered to NZTE as required which is to fund the building of New Zealand's Expo pavilion and for running the Expo.

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 2020-21.

SCHEDULE OF NON-DEPARTMENTAL ASSETS

As at 30 June 2021

Actual 2020 \$000			Actual 2021 \$000
	CURRENT ASSETS		
67,312	Cash		28,452
1,615	Debtors and receivables		1,230
3,844	Prepayments	2	5,666
561	Derivatives in gain	4	-
73,332	Total current assets		35,348
	NON-CURRENT ASSETS		
5,781	Shares in foreign organisations	3	3,579
5,781	Total non-current assets		3,579
79,113	Total assets		38,927

Current assets

Debtors and receivables includes Consular Loans (\$1.186 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 2020-21.

SCHEDULE OF NON-DEPARTMENTAL LIABILITIES**As at 30 June 2021**

Actual 2020 \$000		Note	Actual 2021 \$000
	CURRENT LIABILITIES		
61,069	Creditors and payables		45,570
-	Derivatives in loss	4	548
61,069	Total current liabilities		46,118
	NON-CURRENT LIABILITIES		
47,692	Creditors and payables		37,904
47,692	Total non-current liabilities		37,904
108,761	Total liabilities		84,022

Current liabilities

Creditors and payables, includes \$28.245 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 \$17.325 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 2022.

Non-current liabilities

Creditors and payables of \$37.904 million is for promissory notes issued to the Asian Development Bank, the World Bank, and the Global Environment Fund by New Zealand, that will be due for encashment during 2021-22 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 2021**

MFAT on behalf of the Crown has no non-cancellable capital or lease commitments.

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 2020-21.

STATEMENT OF NON-DEPARTMENTAL CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at 30 June 2021

	Foreign currency 2020 '000	NZD \$000	Note	Currency type	Foreign currency 2021 '000	NZD 2021 \$000
			Guarantees – Asian Development			
			Bank for loans to the Cook Islands Government			
SDR*	1,606	3,438	Telecommunications loan	SDR	1,453	2,962
SDR	25	54	Multiple small-project loan	SDR	-	-
SDR	600	1,285	Multi-project loan	SDR	520	1,061
SDR	77	165	Development bank loan	SDR	38	78
SDR	417	892	Development bank loan	SDR	380	775
SDR	145	310	Telecommunications loan	SDR	133	270
SDR	2,870	6,144		SDR	2,524	5,146
			OECD			
EUR	25,133	43,991	Pensions & Healthcare	EUR	31,944	54,319
			European Bank for Reconstruction and Development			
EUR	7,000	12,252	Uncalled share capital	EUR	7,000	11,903
			Other			
NZD	-	2,000	Indemnity – other	NZD	-	-
		64,387	Total non-departmental contingent liabilities			71,368

* 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 (2020: 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 (2020: unquantifiable).

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

Contingent assets

The Crown has no contingent assets (30 June 2020: 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 2020-21.

STATEMENT OF TRUST MONIES**For the year ended 30 June 2020**

As at 2020 \$000	Trust Account	Contribution \$000	Distribution \$000	Revenue \$000	Expense \$000	As at 2021 \$000
3	Afghanistan New Zealand Aid Programme Trust	-	(3)	-	-	-
9,609	Enga Electrification Project, PNG Trust	-	-	24	-	9,633
35	Niue Admin Building Trust Fund	-	(35)	-	-	-
4,689	Niue Development Assistance Trust	1,286	(4,350)	6	-	1,631
3	New Zealand/France Friendship Trust Fund	-	(3)	-	-	-
	Pacific SME Finance Facility Trust Fund	2,675	-	1	-	2,676
	Solomon Islands Provincial Airfields Trust	2,893	-	6	-	2,899
	Tonga Parliament Buildings Project Trust	2,177	(848)	4	-	1,333
14,339	Total	9,031	(5,239)	41	-	18,172

PURPOSE OF TRUST ACCOUNTS**Afghanistan New Zealand Aid Programme Trust**

The function of the Afghanistan New Zealand Aid Programme Trust account has been fulfilled and the account closed as of 30 June 2021.

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 Admin Building Trust Fund

The function of the Niue Admin Building Trust Fund account has been fulfilled and the account closed as of 30 June 2021.

Niue Development Assistance Trust

The Niue Development Assistance 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.

New Zealand/France Friendship Fund

The New Zealand/France Friendship Fund was wound up in 2020-21 with the approval of the Trust Board and the Minister of Finance.

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.

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.

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 and Trade.

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 2021

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 2021. For a full understanding of the Crown's financial position, results of operations and cash flows for the year, reference should also be made to the Financial Statements of the Government.

BASIS OF PREPARATION

The non-departmental schedules and statements have been prepared in accordance with the accounting policies of the Financial Statements of the Government, Treasury Instructions and Treasury Circulars.

Measurement and recognition rules applied in the preparation of these non-departmental schedules and statements are consistent with New Zealand generally accepted accounting practice (Tier 1 Public Sector Public Benefit Entity Accounting Standards) as appropriate for public benefit entities.

SIGNIFICANT ACCOUNTING POLICIES

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

Grants

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

Foreign currency transactions

Foreign currency transactions are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the schedule of non-departmental revenue or expenses.

Contingent liabilities

Contingent liabilities and contingent assets are recorded in the Statement of Contingent Liabilities and Contingent Assets at the point at which the contingency is evident. Contingent liabilities are disclosed if the possibility that they will crystallise is not remote. Contingent assets are disclosed if it is probable that the benefits will be realised.

Other liabilities and provisions

Other liabilities and provisions are recorded at the best estimate of the expenditure required to settle the obligation. Liabilities and provisions to be settled beyond 12 months are recorded at their present value.

Goods and services tax (GST)

All items in the financial statements, including appropriation statements, are stated exclusive of GST. Receivables and payables are stated on a GST inclusive basis. In accordance with Treasury instructions, GST is returned on revenue received on behalf of the Crown, where applicable. However, an input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense and eliminated against GST revenue on consolidation of the financial statements of the government.

Critical accounting estimates and assumptions

There are no critical estimates or assumptions that would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Budget figures

The budget figures are those included in the Vote Foreign Affairs 2020-21 main estimates for the year ended 30 June 2021.

Note 2: Prepayments

Prepayments relate to the International Development Cooperation programme for advances made under contracts for service and New Zealand's membership to regional agencies recognised over a calendar year.

Note 3: Shares

ACCOUNTING POLICY

Where MFAT holds 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

2020 At cost NZD \$000	At net current value NZD \$000	Type	Number	2021 Share value EUR'000	Paid in value EUR '000	At net current value NZD \$000	At cost NZD \$000
5,781	3,671	Ordinary	1,050	10,500	3,500	3,579	5,781
5,781	3,671	Total				3,579	5,781

The European Bank for Reconstruction and Development's authorised share capital is EUR 30 billion divided into 3 million shares, having a face value of EUR 10,000 each. New Zealand has been allocated 1,050 shares, amounting to 0.04 percent of the Bank's capital. The authorised share capital is divided into paid-in and callable shares. The total par value of paid-in shares is EUR 3,500 million. A contingent liability exists for EUR 7 million for uncalled share capital. The 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 2020 \$000		Note	Actual 2021 \$000
	Financial assets measured at amortised cost		
67,312	Cash and cash equivalents		28,452
1,615	Debtors and other receivables (excluding taxes receivable)		1,300
68,927	Total financial assets measured at amortised cost		29,752
	Fair value through surplus and deficit - held for trading		
561	Derivative financial instrument assets		-
-	Derivative financial instrument liabilities		(548)
561	Total fair value through surplus and deficit - held for trading		(548)
	Financial liabilities measured at amortised cost		
108,761	Creditors and other payables (excluding unearned income and taxes payable)		83,474

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 2020 \$000		Note	Actual 2021 \$000
	Financial assets		
-	Quoted market price		-
561	Observable market inputs		-
-	Significant non-observable inputs		-
561	Total financial assets at fair value		-
	Financial liabilities		
-	Quoted market price		-
-	Observable market inputs		548
-	Significant non-observable inputs		-
-	Total financial liabilities at fair value		548

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 2021 was:

2020 000	Foreign Exchange Contracts	2021 000
14,500	United Arab Emirates dirham	12,074
14,500	Total	12,074

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.

Impact on surplus/ deficit 2020 \$000		Impact on surplus/ deficit 2021 \$000
808	Increase in foreign exchange rates of 10%	1,596
2,234	Decrease in foreign exchange rates of 10%	733

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 MFAT to incur a loss. In the normal course of its business, MFAT incurs credit risk from trade debtors, and transactions with financial institutions.

MFAT's 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 it deals with as these entities have high credit ratings. For its other financial instruments, MFAT does 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 its liquidity requirements MFAT closely monitors its 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
2020						
Creditors and other payables (excl. unearned income and taxes):	108,761	108,761	61,069	18,206	29,486	-
2021						
Creditors and other payables (excl. unearned income and taxes):	83,474	83,474	45,570	14,229	22,239	1,436

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
2020						
Gross settled foreign exchange contracts:	-	561				
• outflow			14,500	10,957	3,543	-
• inflow			15,061	11,365	3,696	-
2021						
Gross settled foreign exchange contracts:	548	-				
• outflow			12,075	6,410	5,299	366
• inflow			11,527	6,111	5,065	351

Appropriation statements

STATEMENT OF DEPARTMENTAL EXPENDITURE AND CAPITAL EXPENDITURE AGAINST APPROPRIATIONS For the year ended 30 June 2021

Actual 2020 \$000		Actual 2021 \$000	Appropriation Voted* 2021 \$000	Location of end-of-year performance information **
	VOTE: FOREIGN AFFAIRS			
	Appropriations for Output Expenses			
20	Policy Advice and Representation: Other Countries (Permanent Legislative Authority)	1	20	1
12,394	Hosting APEC 2021 (MYA)	19,911	37,356	1
12,414	Sub-total Departmental output expense	19,912	37,376	
	Multi-Category appropriations - Act in the world to make New Zealand safer and more prosperous			
	<i>Departmental output expenses</i>			
	Analysis & Advice NZ Policy	42,116	44,919	1
	Delivery NZ Policy	267,426	279,882	1
	Delivery of Services	56,342	58,618	1
	Management of NZ's International Development Cooperation	77,605	87,348	1
	Sub-total Multi-Category appropriations	443,489	470,767	
12,414	Sub-total Departmental output expense and Multi-Category appropriations	463,401	508,143	
	VOTE: FOREIGN AFFAIRS AND TRADE			
	Appropriations for Output Expenses			
1,019	Administration of Diplomatic Privileges and Immunities	-	-	1
30,321	Consular Services	-	-	1
1,067	Pacific Security Fund	-	-	1
43,117	Policy Advice and Representation: International Institutions	-	-	1
282,184	Policy Advice and Representation: Other Countries	-	-	1
24	Promotional Activities: Other Countries	-	-	1
8,435	Services for Other New Zealand Agencies Overseas	-	-	1
378,581	Sub-total			
	VOTE: OFFICIAL DEVELOPMENT ASSISTANCE			
	Appropriations for Output Expenses			
78,321	Management of New Zealand Official Development Assistance			1
78,321	Sub-total			
456,902	Total departmental output expenditure	463,401	508,143	
	Re-measurements			
(363)	Unrealised (gain) / loss on the re-measurement of foreign exchange contracts	2,482	-	
237	Movement in discount rate for Long Service Leave and Retirement Leave	(204)	-	
(126)	Total re-measurements	2,278	-	
456,776	Total departmental expenditure including re-measurements	465,679	508,143	
	Appropriations for Departmental Capital Expenditure			
36,997	Ministry of Foreign Affairs and Trade - Capital expenditure (Permanent Legislative Authority)	37,801	63,359	1
36,997	Total Capital Expenditure	37,801	63,359	

*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 2021

During the year ended 30 June 2020, 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 will expire on 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	-
Adjusted appropriation	76,540
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	-
Appropriation remaining	37,585

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

For the year ended 30 June 2021

The Ministry has not had any departmental expenses and capital expenditure during the year without, or in excess of, authority. (30 June 2020: Nil).

STATEMENT OF DEPARTMENTAL CAPITAL INJECTIONS

For the year ended 30 June 2021

Actual capital injections 2020 \$000		Actual capital injections 2021 \$000	Approved appropriation 2021 \$000
17,691	VOTE: FOREIGN AFFAIRS Ministry of Foreign Affairs and Trade - Capital injection	-	-

STATEMENT OF DEPARTMENTAL CAPITAL INJECTIONS WITHOUT, OR IN EXCESS OF, AUTHORITY FOR THE YEAR ENDED 30 JUNE 2021

MFAT has not received any capital injections during the year without, or in excess of, authority. (30 June 2020: 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 2021

Actual 2020 \$000		Actual 2021 \$000	Appropriation Voted 2021 \$000	Location of end-of-year performance information**
	VOTE: FOREIGN AFFAIRS			
	Non-departmental output expenses			
	Annual			
20,870	Antarctic Research and Support	20,820	20,820	2
5,000	Promotion of Asian Skills and Relationships	5,500	5,500	3
1,400	Pacific Cooperation Foundation	1,400	1,400	4
941	Pacific Broadcasting Services	-	-	4
	Non-Annual			
14,605	Expo 2020 Dubai (MYA)*	15,190	28,361	6
42,816	Total non-departmental output expenses	42,910	56,081	
	Non-departmental other expenses			
	Annual			
56,516	Subscriptions to International Organisations	54,956	60,729	7
-	Consular Loans Expense	70	150	1
	Non-Annual			
1,837	Disbursements made, and exemptions from taxation - permanent legislative authority	2,291	2,400	1
736,309	International Development Cooperation (MYA)*	804,412	825,317	1
-	Indemnity cover for ACC - permanent legislative authority			5
794,662	Total non-departmental other expenses	861,729	888,596	
837,478	Total non-departmental expenditure	904,639	944,677	
	Non-departmental capital expenditure			
8,200	New Zealand Antarctic Institute	7,100	7,100	2
2,179	Consular Loans	271	3,000	1
10,379	Total	7,371	10,100	

* 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 and granted exemption from reporting, as detailed below:

- To be reported in the Minister of Foreign Affairs' report appended to this Annual Report.
- To be reported by Antarctica New Zealand in its Annual Report to be tabled in Parliament.
- To be reported by the Asia New Zealand Foundation in its Statement of Service Performance to be tabled in Parliament.
- To be reported by the Pacific Cooperation Foundation in its Statement of Service Performance to be tabled in Parliament.
- N/A for 2020-21.
- NZTE's Annual Report.
- An exemption from reporting performance measures for the Subscriptions to International Organisations was granted under s15D(2)(b)(ii) 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 2020-21.

MULTI-YEAR APPROPRIATION FOR VOTE FOREIGN AFFAIRS: INTERNATIONAL DEVELOPMENT COOPERATION For the year ended 30 June 2021

During the year ended 30 June 2021, 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 and partner countries and through other delivery mechanisms, to implement a range of development activities including the design, management, implementation and evaluation of those partner-led activities. This assistance is also provided to multilateral agencies and international voluntary agencies to assist them to provide development.

This appropriation commenced on 1 July 2018 and expired on 30 June 2021.

Appropriation	International Development Cooperation \$000
Original appropriation	2,186,718
Adjustments 2018-19	33,817
Adjustments 2019-20	48,360
Adjustments 2020-21	607
Adjusted appropriation	2,269,502
Actual to 2018-19 year end	(707,877)
Actual to 2019-20 year end	(736,309)
Actual to 2020-21 year end	(804,412)
Appropriation remaining	20,904

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

For the year ended 30 June 2021

The Ministry has not had any non-departmental expenses and capital expenditure during the year without, or in excess of, authority. (30 June 2020: \$2.179 million).

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 2020-21.

Our legal responsibilities

For the year ended 30 June 2021

Crown entities

The Ministry of Foreign Affairs and Trade's relationship to Crown entities and other organisations that provide non-departmental output classes funded under Vote Foreign Affairs are 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 the Ministry on the basis of an annual statement of performance expectations agreed at the beginning of each financial year by the Foundation and 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 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

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

Antarctica

- Antarctica Act 1960
- Antarctica (Environmental Protection) Act 1994
- 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 2020 and 30 June 2021.

Multilateral treaties:

1. Signed 15/11/2020: Regional Comprehensive Economic Partnership.
2. Entered into force 13/12/2020: Pacific Agreement on Closer Economic Relations Plus.
3. Entered into force 13/12/2020: Protocol of 2014 to the Forced Labour Convention, 1930
4. Entered into force 07/01/2021: Digital Economy Partnership Agreement.
5. Entered into force 22/01/2021: Treaty on the Prohibition of Nuclear Weapons.

Bilateral treaties:

1. Signed 20/07/2020, entered into force 01/10/2020: Exchange of Letters Amending Annex 3 of the Aotearoa New Zealand– Malaysia Free Trade Agreement Upgrade to Allow for Third Party Invoicing.
2. Entered into force 10/12/2020: Protocol Amending the Convention Between New Zealand and the Swiss Confederation for the Avoidance of Double Taxation with Respect to Taxes on Income.
3. Signed 21/01/2021: Upgrade to the Free Trade Agreement between the Government of New Zealand and the Government of the People's Republic of China.
4. Entered into force 3/03/2021: Exchange of Notes for the Extension of the Air Transportation Agreement between the Government of the United Mexican States and the Government of New Zealand.
5. Entered into force 17/03/2021: Agreement between the Kingdom of Spain and the Government of New Zealand Relating to the Protection of Classified Information.
6. Signed 11/06/2021: Air Services Agreement between the Government of New Zealand and the Government of the Italian Republic.

Independent Auditor's Report

To the readers of the Ministry of Foreign Affairs and Trade's annual report for the year ended 30 June 2021

The Auditor-General is the auditor of the Ministry of Foreign Affairs and Trade (the Ministry). The Auditor-General has appointed me, Stephen Lucy, using the staff and resources of Audit New Zealand, to carry out, on his behalf, the audit of:

- the financial statements of the Ministry on pages 75 to 100, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2021, 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 2021 on pages 8 to 43 and 61 to 74;
- the statements of expenses and capital expenditure of the Ministry for the year ended 30 June 2021 on pages 117 to 121;
- the statements and schedules of non-departmental activities which are managed by the Ministry on behalf of the Crown on pages 107 to 116 that comprise:
 - the schedules of assets; liabilities; and commitments; and statement of contingent liabilities and contingent assets as at 30 June 2021;
 - the schedules of expenses and revenue for the year ended 30 June 2021;
 - the statement of trust monies for the year ended 30 June 2021; and
 - the notes to the statements and schedules that include accounting policies and other explanatory information.

Opinion

Qualified opinion on the financial statements – Our work was limited in relation to the comparative year carrying value of land and buildings, and the revaluation gain in the current year

In our opinion, except for the possible effects of the matter described in the *Basis for our qualified opinion* section of our report, the financial statements of the Ministry on pages 75 to 100:

- present fairly, in all material respects:
 - its financial position as at 30 June 2021; and
 - its financial performance and cash flows for the year ended on that date; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards.

Unmodified opinion on the performance information, statements of expenses and capital expenditure, and statements and schedules of non-departmental activities

In our opinion:

- the performance information of the Ministry on pages 8 to 43 and 61 to 74:
 - presents fairly, in all material respects, for the year ended 30 June 2021:
 - what has been achieved with the appropriation; and
 - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
 - complies with generally accepted accounting practice in New Zealand.

- the statements of expenses and capital expenditure of the Ministry on pages 117 to 121 are presented fairly, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989.
- the statements and schedules of non-departmental activities which are managed by the Ministry on behalf of the Crown on pages 107 to 116 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 2021; and
 - expenses; and revenue for the year ended 30 June 2021; and
 - the statement of trust monies for the year ended 30 June 2021.

Our audit was completed on 30 September 2021. This is the date at which our opinion is expressed.

The basis for our qualified 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 qualified opinion

As disclosed in the accounting policies in Note 8 to the financial statements, the Ministry measures its land at fair value and its buildings are measured at fair value less accumulated depreciation. All of the Ministry's land and buildings are located overseas. PBE IPSAS 17 *Property, Plant and Equipment* requires entities that measure asset classes at fair value to carry out revaluations with sufficient regularity to ensure that revalued asset classes are not included in the financial statements at a value that is materially different to fair value.

Our audit report on the 30 June 2020 financial statements was qualified because the Ministry was unable to assess whether the carrying value of its land and buildings materially differed from their fair value as at 30 June 2020 because there was no reliable overseas market information available at the time. This arose due to the impacts of the Covid-19 pandemic. Consequently, the scope of our audit was limited in respect of the Ministry's land and buildings and we were unable to determine whether any adjustment to the 30 June 2020 carrying value was necessary.

As disclosed in Note 8 to the financial statements, the Ministry completed a revaluation of its land and buildings as at 31 October 2020 resulting in a gain on property revaluations of \$85.578 million recognised in the statement of comprehensive revenue and expense for the year ended 30 June 2021. We have obtained sufficient appropriate evidence over this valuation. However, any misstatement of the land and buildings' carrying value as at 30 June 2020 would consequently affect the revaluation gain recognised in the statement of comprehensive revenue and expense for the year ended 30 June 2021.

Because of the matters explained above, we were unable to obtain sufficient appropriate audit evidence to support the comparative year's carrying value of land and buildings recognised in the statement of financial position and the gain on revaluation that has been recognised in the current year in the statement of comprehensive revenue and expense.

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 qualified 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.
- statements 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 2020-2024, the Estimates and Supplementary Estimates of Appropriations 2020/21 and the 2020/21 forecast financial figures included in the Ministry's 2019/20 Annual Report.

We did not evaluate the security and controls over the electronic publication of the information we audited.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the information we audited, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary of Foreign Affairs and Trade.
- We evaluate the appropriateness of the reported performance information within the Ministry's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Secretary of Foreign Affairs and Trade and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ministry's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Ministry to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the information we audited, including the disclosures, and whether the information we audited represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Secretary of Foreign Affairs and Trade regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Secretary of Foreign Affairs and Trade is responsible for the other information. The other information comprises the information included on pages 2 to 7, 44 to 60, 101 to 106, 122 to 123 and 128 to 129, but does not include the information we audited, and our auditor's report thereon.

Our opinion on the information we audited does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the information we audited or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The Minister of Foreign Affairs' reports on relevant non-departmental appropriations that are appended to the Ministry's annual report are not part of the Ministry's annual report. The Public Finance Act 1989 does not require the information in the Minister's reports to be audited and we have performed no procedures over the information in the Minister's reports.

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.

For the year ended 30 June 2021 and subsequently, 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 the audit, and the relationship with the Auditor-General's Audit and Risk Committee, we have no relationship with or interests in the Ministry.



S B Lucy
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Diplomatic immunity cases summary

In the interests of transparency, the Ministry of Foreign Affairs and Trade publishes an aggregate list of alleged serious criminal offences committed by foreign representatives and accredited family members. The dates of the incidents and the names of the countries involved are not published. Given the small number of cases, and the small size of 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 victim(s)). We therefore use a rolling five-year reporting period.

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 2021	
Number of alleged serious offences ⁷⁰	6
Number of alleged serious offences considered to warrant prosecution ⁷¹	2
Waivers of immunity sought ⁷²	7
Waivers of immunity granted	1
Percentage of cases warranting prosecution where waiver sought	100%
Percentage of waivers granted to waivers sought	14%

⁷⁰ A serious offence is defined as one which carries a penalty of imprisonment for 12 months or more.

⁷¹ 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.

⁷² 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%), information and communications technology assets (7%) and motor vehicles (less than 1%).

The Ministry actively manages a portfolio of 330 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 <=2	Functionality (Fitness for Purpose)	More than 80%	80%
Property	Official Residences with a performance gap <=2	Functionality (Fitness for Purpose)	More than 85%	90%
Property	Head Office occupancy rate	Utilisation	Less than 16m ²	15m ²
Property	Assessed Chancery buildings with an overall Building Quality gap of <=2	Condition	More than 80%	76%
Property	Assessed Official Residences with an overall Building Quality gap of <=2	Condition	More than 80%	80%
ICT	Proportion of time networks are available	Functionality (Fitness for Purpose)	More than 99.7%	99.7%
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: SAN MGMT pools	Utilisation	Less than 85% ⁷³	76%
ICT	Proportion of available data storage capacity being used: SAN IC pools	Utilisation	Less than 85% ⁷⁴	59%
ICT	Proportion of available data storage capacity being used: SAN Restricted pools	Utilisation	Less than 85% ⁷⁵	66%
ICT	Proportion of available data storage capacity being used: Data Domain	Utilisation	Less than 85% ⁷⁶	71%
ICT	Proportion of server machines patched each month	Condition	More than 95%	92% ⁷⁷
ICT	Proportion of desktop machines patched each month	Condition	More than 90%	Not able to be meaningfully reported ⁷⁸

⁷³ Over the last two years increasingly active management of data storage assets has been implemented. This has enabled increased utilisation. For 2020-21, target maximum utilisations have been increased to 85%.

⁷⁴ Over the last two years increasingly active management of data storage assets has been implemented. This has enabled increased utilisation. For 2020-21, target maximum utilisations have been increased to 85%.

⁷⁵ Over the last two years increasingly active management of data storage assets has been implemented. This has enabled increased utilisation. For 2020-21, target maximum utilisations have been increased to 85%.

⁷⁶ Over the last two years increasingly active management of data storage assets has been implemented. This has enabled increased utilisation. For 2020/21, target maximum utilisations have been increased to 85%.

⁷⁷ During 2020-21 this performance measure was impacted by temporary patching freezes applied to server computers being moved between data centres.

⁷⁸ During 2020-21 this performance measure was significantly impacted by pandemic related lockdowns in Aotearoa New Zealand and at numerous posts, and desktop computers being replaced by laptop computers. Released patches are automatically applied to active computers connecting to the Ministry's networks. For significant periods during 2020-21, many desktop/laptop computers could not be turned on, or were isolated, therefore could not be patched.

ANNEX 1: Minister of Foreign Affairs' report on performance information for the Non-Departmental Statement of Performance

Consular loans (Capital)

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

ASSESSMENT OF PERFORMANCE	2020-21		2019-20
	Budgeted Standard	Actual Standard	Actual Standard
The number of new approved consular loans	50	270 ⁷⁹	New measure

Consular loans expenses

This appropriation is intended to achieve the coverage of 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	2020-21		2019-20
	Budgeted Standard	Actual Standard	Actual Standard
Under 10% of the opening Loans balance is expensed in the year	Met	Met	New measure

Disbursements made and exemptions from taxation PLA

This appropriation is intended to achieve the fulfilment of New Zealand's obligations pursuant to section 21 of the Diplomatic Privileges and Immunities Act 1968.

ASSESSMENT OF PERFORMANCE	2020-21		2019-20
	Budgeted Standard	Actual Standard	Actual Standard
Number of rate reimbursements processed	65-80	65	94

Please refer to the section on non-departmental statement of performance on pages 104-106 in the Ministry of Foreign Affairs and Trade Annual Report 2021-22 for details on financial performance.

⁷⁹ This is a new measure implemented this year. The Budget standard is based on the assumption that the number of consular loans advanced would return to pre-COVID-19 levels. The Ministry is currently experiencing increased demand for consular loans due to the ongoing impacts of the COVID-19 pandemic.

ANNEX 2: Minister of Foreign Affairs’ report on the International Development Cooperation non-departmental appropriation within Vote Foreign Affairs

Prepared under s19B 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 manages the IDC Programme, disbursing the funding provided under this appropriation to a range of delivery partners (including New Zealand government agencies, partner governments, non-government organisations, companies, and regional and multilateral organisations).

The non-departmental appropriation for the triennium July 2018 - June 2021 was \$2.269 billion. Three-year appropriations allow expenditure on projects 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.

Overview of Aotearoa New Zealand's International Development Cooperation Programme - Ngā Hoe Tuputupu-mai-tawhiti

The Ministry of Foreign Affairs and Trade – Manatū Aorere is the agency with primary responsibility for administering Aotearoa New Zealand's development cooperation. The Ministry administers this development cooperation through Ngā Hoe Tuputupu-mai-tawhiti⁸⁰ – Aotearoa New Zealand's International Development Cooperation (IDC) Programme.

Aotearoa New Zealand delivers Official Development Assistance (ODA)⁸¹, 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 Development⁸² identifies the overall purpose of Aotearoa New Zealand's international development cooperation 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 are supportive of individual country needs 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,⁸³ and work in line with international development effectiveness principles.

⁸⁰ The paddles that bring growth from afar.

⁸¹ 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 countries are also eligible (Cook Islands in 2020-21).

⁸² <https://www.mfat.govt.nz/assets/Aid-Prog-docs/Policy/Policy-Statement-New-Zealands-International-Cooperation-for-Effective-Sustainable-Development-ICESD.pdf>

⁸³ <https://www.mfat.govt.nz/assets/Aid-Prog-docs/Policy/New-Zealands-International-Development-Principles.pdf>

Executive Summary

Aotearoa New Zealand's IDC efforts in 2020-21 were dominated by the COVID-19 pandemic, which continued to wreak havoc both in the region and globally. The pandemic has set back development gains globally and disrupted shared efforts to support achievement of the SDGs. Aotearoa New Zealand's IDC Programme was able to provide flexible and responsive support, responding to the crisis 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

Current analyses estimate that the pandemic added 100 million people to the extreme poverty count in 2020, setting back global progress by about five years. These estimates also suggest that by 2030, 50 million more people will still be in extreme poverty than pre-COVID-19 estimates originally suggested.⁸⁴

The COVID-19 pandemic has both exacerbated the level of humanitarian need and created operational complications for responders. Humanitarian needs have reached record highs, with one in 33 people globally now in need of humanitarian assistance, a sharp increase from the one in 45 last year.⁸⁵

South East Asia is the main focus of our development cooperation outside of the Pacific region, and has seen over four million cases of COVID-19 and over 130,000 deaths across the region.⁸⁶ With border and movement restrictions continuing, the Association of Southeast Asian Nations (ASEAN) Secretariat is expecting that indirect economic impacts will see approximately 54 million more people forced into poverty. Vulnerability has been exacerbated, in particular for internally displaced people and migrants, indigenous people, women and girls, people with disabilities, people of diverse sexual orientation, gender identity and expression, and sex characteristics, older people, and informal workers, who face barriers to accessing services and social protection.

In 2020-21, our development programme outside of the Pacific region successfully pivoted to respond to the crisis, while maintaining long-term commitments to the priorities of climate and economic resilience, peace and security, knowledge and skills, good governance, and democracy. Our funding to global humanitarian crises as well as our core support to multilateral agencies continues to support global organisations to achieve results at scale.

A Pacific focus

While most Pacific countries have so far succeeded in preventing COVID-19 infections, the pandemic has amplified the Pacific's economic, social, environmental, governance and security vulnerabilities. The region faced an average 5.8 percent drop in GDP growth in 2020.⁸⁷ Tourism, the largest economic sector for many countries, has been devastated by border closures. The loss of job prospects and labour mobility has widened social inequalities. Widespread pressures on communities and families have increased the reported cases of abuse and domestic violence. COVID-19 also highlighted weaknesses in public health systems

to provide essential health care across remote populations. As the financial year ended, significant COVID-19 outbreaks in Fiji and Papua New Guinea continued to escalate.

During this challenging and unprecedented year, Aotearoa New Zealand lifted our engagement in the Pacific region, delivering greater investment and building long-term partnerships – the IDC Programme has been central to this. Over the year, we continued to respond to the crisis, while retaining our longer-term commitments, including to addressing the climate crisis. We successfully directed almost two thirds of our total support to the Pacific region, including delivery of timely Pacific humanitarian responses, and supporting Pacific countries to respond to the impacts of climate change. Our COVID-19 response support focused on:

- funding health system strengthening and preparedness, and supporting vaccine roll out
- preparing for Quarantine-free Travel
- emergency grant funding to reduce the risks of economic and fiscal crises in the most affected economies
- promoting a private sector-led recovery
- responding to COVID-19 outbreaks in Papua New Guinea and Fiji.

Looking forward, we are focused on building long-term resilience, with a high degree of Pacific ownership and a focus on innovation.

Expenditure

Total expenditure for the IDC appropriation in 2020-21 (the final year of the funding triennium) was \$804.41 million against a planned expenditure of \$825.32 million. We are committed to providing at least 60 percent of our IDC funding to the Pacific region. In 2020-21, we reached this target, delivering 65 percent of our IDC funding to the Pacific (\$524.54 million).

Funding for the 2020-21 financial year included \$50 million in additional IDC budget, which was channelled directly towards supporting the **COVID-19 response in the Pacific** alongside an additional approximately \$90 million in funds that were re-directed from existing baselines through reprioritisation. For example, \$2 million in underspend from the Papua New Guinea programme was re-directed to the Papua New Guinea COVID-19 response, including logistical assistance to the World Health Organization and support for vaccine rollout through UNICEF.

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 environmental, economic and humanitarian damage caused by cyclones, droughts, flooding and tidal surges continues to take a toll on Pacific countries, as seen with Cyclone Yasa in December 2020. By the close of 2020-21, and in spite of the challenge of closed borders, Aotearoa New Zealand's \$150 million Climate Change Programme had entered full implementation.

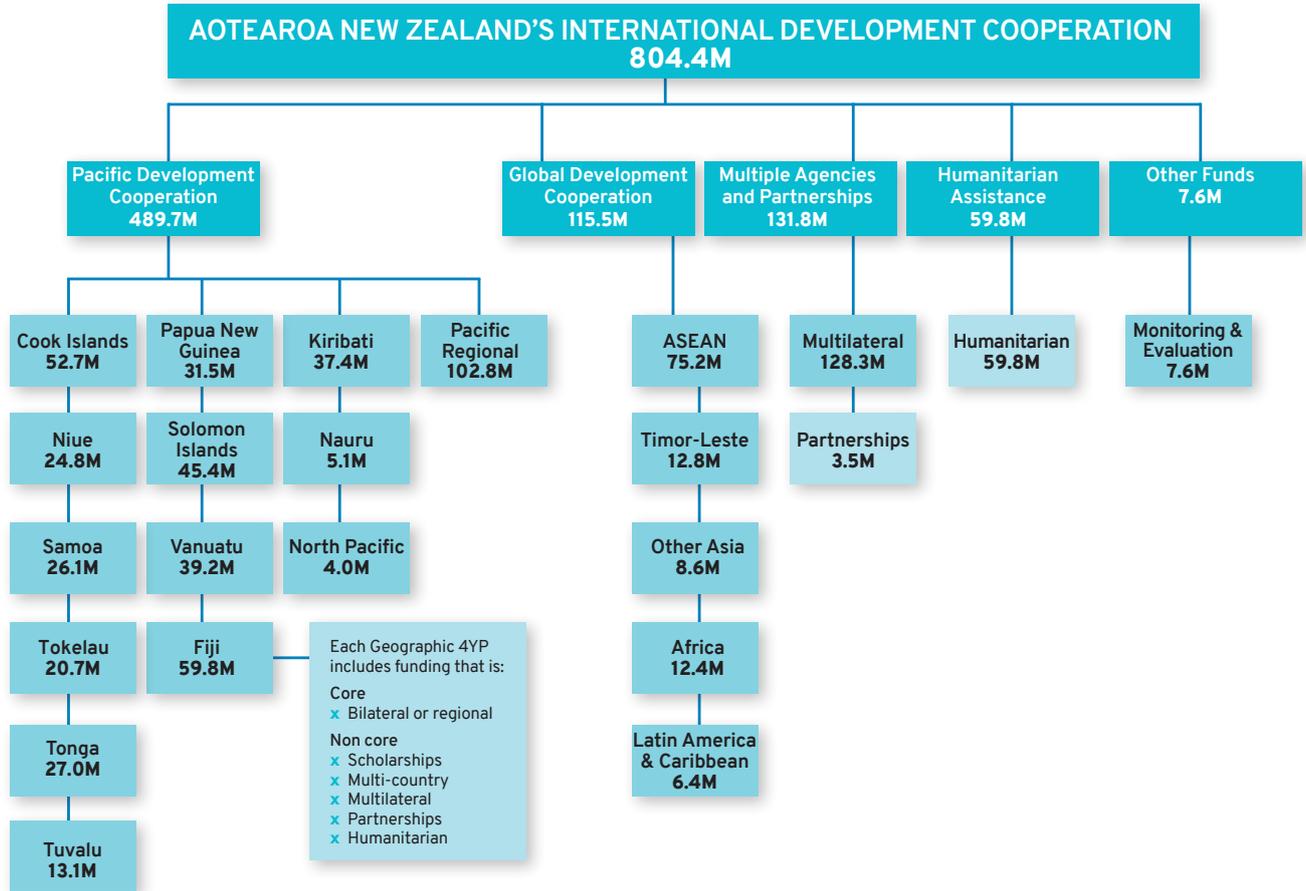
⁸⁴ <https://www.brookings.edu/wp-content/uploads/2021/06/Extreme-poverty-during-the-time-of-COVID-19.pdf>.

⁸⁵ <https://gho.unocha.org/>.

⁸⁶ Data as at 7 July 2021; <https://www.csis.org/programs/southeast-asia-program/southeast-asia-covid-19-tracker-0>

⁸⁷ Asian Development Outlook (ADO) 2021: Financing a Green and Inclusive Recovery, Asian Development Bank (adb.org)

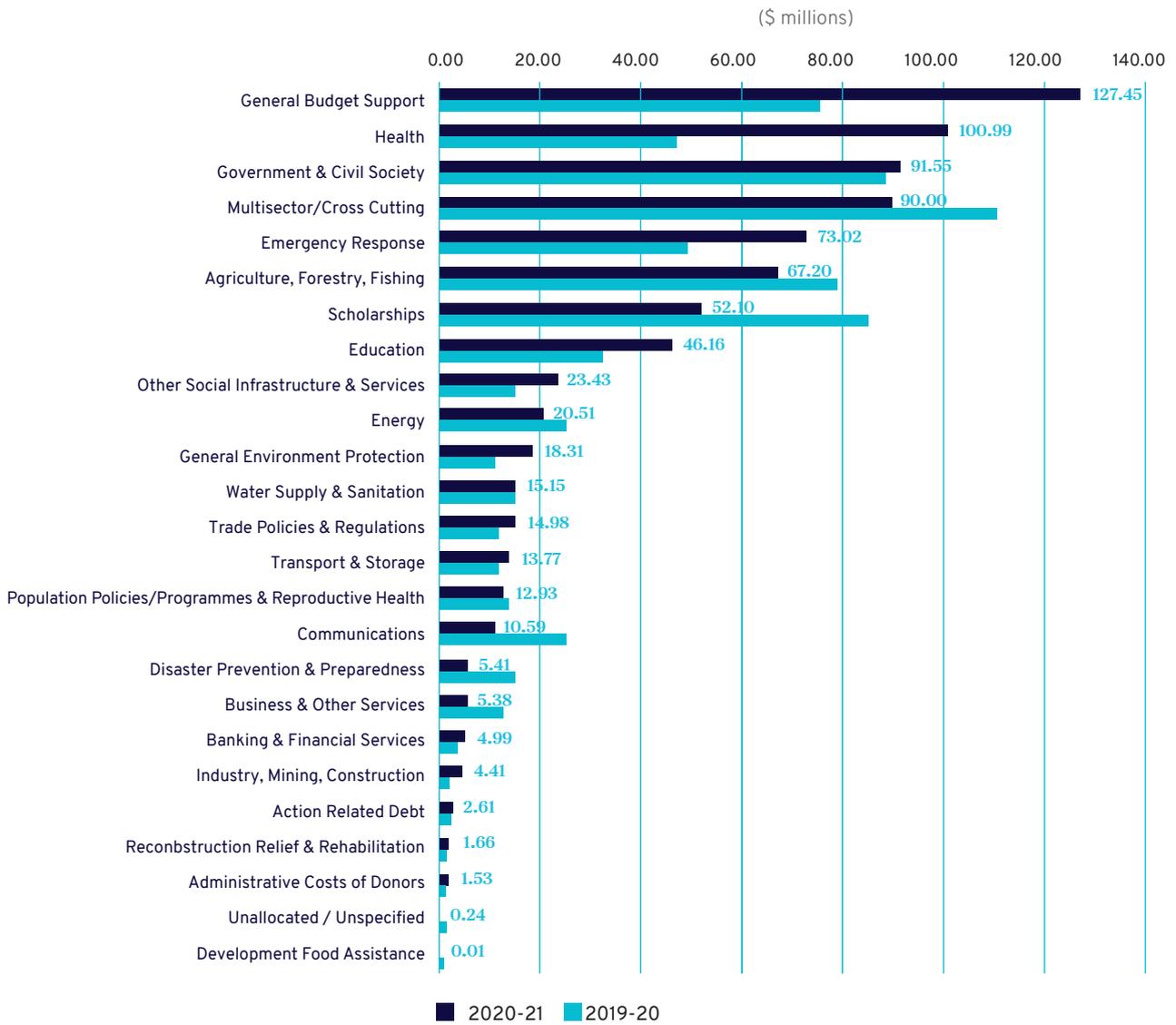
NGĀ HOE TUPUTUPU-MAI-TAWHITI: 2020-21 EXPENDITURE BY ALLOCATION GROUP AND FOUR-YEAR PLAN⁸⁸



⁸⁸ This figure sets out a "total country aid flow" view for each four-year plan in millions of New Zealand dollars. The total spend for the Partnerships programme was \$27.6 million, most of which is allocated to geographic four-year plans.

NGĀ HOE TUPUTUPU-MAI-TAWHITI: 2020-21 EXPENDITURE BY SECTOR (COMPARED WITH 2019-20)

Aotearoa New Zealand’s total IDC spend for 2020-21 was \$804.4 million. Of this, the top three sectors were general budget support, health, and government and civil society - together totalling more than \$300 million.



Effectiveness and impact

In February 2021, the Foreign Affairs Defence and Trade Committee tabled the report from its 2019-20 *Inquiry into New Zealand's Aid in the Pacific*.⁸⁹ The report was overwhelmingly supportive of our development cooperation in the region, and included a range of recommendations, including a call for enhanced communication and transparency, as well as an increased focus on equity and inclusion.

In 2020-21, the Ministry refreshed its strategic architecture by updating its **23 geographic and thematic four-year plans**. Each four-year plan includes a theory of change, and SDG-linked outcomes and indicators. These documents were consulted with partner governments, New Zealand government agencies and other key stakeholders, including Pacific diaspora in Aotearoa New Zealand (for the Regional Pacific four-year plan). The new plans will not only build transparency, but also strengthen our partnership-based approach and our commitment to ownership and effectiveness.

Promoting human rights and social inclusion across the Pacific is integral to Aotearoa New Zealand's International Human Rights Action Plan, as well as our commitment in the 2030 Agenda for Sustainable Development. In the 2020-21 financial

year we lifted our focus on inclusive development, ensuring those most vulnerable are not left behind. A **Gender Action Plan 2021-2025**⁹⁰ was launched in March 2021 with the goal of achieving transformative change of those formal and informal customs, norms, practices and laws in society that create or perpetuate gender inequality and social exclusion based on gender identity. It aims to increase Aotearoa New Zealand's gender principal investment to 4 percent of the IDC appropriation and gender significant investment to 60 percent, by targeting and mainstreaming gender equality and women's empowerment across our IDC programme. This year, 3 percent of spend had a principal focus on gender, compared to 2.7 percent in the previous year.

Child and youth wellbeing is also a critical focus area. This reflects Aotearoa New Zealand's domestic commitment to achieve greater equity through the national Child and Youth Wellbeing Strategy. The **Child and Youth Wellbeing Strategic Action Plan 2021-2025**⁹¹ aims to deliver greater impact and equity across our programming by advancing human rights for children and youth and through taking a targeted approach across the life-cycle – from birth, through the early years (0 – 5 years), primary years (6 – 12 years), secondary years (13 – 18 years), and tertiary years (19 – 30 years).



Supporting SDG achievement through our international development cooperation

The International Cooperation for Effective Sustainable Development Policy Statement affirms Aotearoa New Zealand's commitment to supporting our partners to achieve the SDGs, and frames our support around the SDG pillars of people, planet, prosperity, and peace.

The SDGs are a set of shared goals and targets. They hold the collective responsibility of all states to take action in order to improve the lives of our people and protect our planet. They help us and our partners to prioritise through a huge global agenda on which issues matter most for our region, and where to focus our resources.

Our IDC engagement supports each country's determination to chart its own development, with the SDGs as a shared commitment. We acknowledge investment over the long term is required to achieve impact, and we will measure our success by whether we have supported our partners to resume a positive path towards achieving the SDGs, which they prioritise.

Our ability as a Pacific region to make use of SDG data to assess progress against development goals depends on access to quality data and statistics, and we are committed to supporting and using Pacific-owned and led data, statistics and evidence. The Pacific region has prioritised the indicators it will focus on, and selected 132 indicators from the full SDG indicator set, which are seen as most relevant to the Pacific context. These form an important part of the Pacific Island Forum's Roadmap for Sustainable Development.⁹²

In 2020-21, we increased our support for Pacific data and statistics (\$7.1 million compared with \$4.5 million in the previous year). In addition to working with National Statistical Offices, we are supporting the Pacific Community's Pacific Data Hub⁹³ initiative to improve access by users (including Pacific governments, other development partners, and researchers) to credible and relevant data, including SDG indicator data.

⁸⁹ https://www.parliament.nz/en/pb/sc/reports/document/SCR_99947/inquiry-into-new-zealands-aid-to-the-pacific

⁹⁰ <https://www.mfat.govt.nz/assets/Peace-Rights-and-Security/International-security/Gender-Action-Plan-2021-2025.pdf>

⁹¹ https://www.mfat.govt.nz/assets/Aid-Prog-docs/Child_Youth-Well-being-Strategic-Action-Plan.pdf

⁹² <https://www.forumsec.org/wp-content/uploads/2018/10/The-Pacific-Roadmap-for-Sustainable-Development.pdf>

⁹³ <https://pacificdata.org/>

AOTEAROA NEW ZEALAND'S DEVELOPMENT AND HUMANITARIAN PROGRAMMES RESULTS AT A GLANCE

In the 2020-2021 financial year as a direct result of Aotearoa New Zealand's international development cooperation funding:



7,900+ people

directly benefitted from initiatives which aim to increase resilience to climate change and environmental degradation



590+ people

received training or capability-building support in fisheries and oceans



412,300+ people

were provided with essential and useful assistance following a natural or human induced disaster



10,700+ people

participated in a labour mobility initiative



680+ people

received training or capability-building support in equity and inclusion



3,600+ people

in the education workforce received training or capability-building support

410+ people

completed tertiary or vocational scholarships

1,400+ people

benefitted from enhanced learning through ICT



100,100+ people

directly benefitted from improved infrastructure and services

2,080+ people

received training or capability-building support in infrastructure



42,100+ people

benefitted from sexual and reproductive health services

16,300+ people

in the health workforce received training or capability-building support



124,200+ people

were supported to improve their livelihoods



60,400+ people

received training or capability-building support in peace and security



17,700+ people

received training or capability-building support in governance





NZDF helicopter delivers water tanks in Tokelau. NZDF delivered 10,000 and 15,000 litre water tanks along with down pipes, guttering and spouting to assist the atolls with their water resilience project. *Credit: NZDF.*

Working flexibly and responsively in rapidly changing contexts

Over the past year, Aotearoa New Zealand made efforts to ensure our funding and aid management mechanisms remained both flexible and responsive in order to respond to a rapidly changing environment and ongoing travel restrictions. Closed borders meant that many of our activities were adapted to enable innovative methods of delivery for planned outputs, such as in the examples below.

Improving water security in the Pacific

Implementing our work to improve water security in the Pacific required creative pivoting to work around border closures. A critical outcome we are seeking to improve is water harvesting and storage infrastructure in five countries (Cook Islands, Kiribati, Marshall Islands, Tokelau, and Tuvalu). Unable to get people or materials into these countries, we took advantage of the New Zealand Defence Force's (NZDF), HMNZS Canterbury and its crew to transport 48 water tanks and associated plumbing equipment to the three atolls of Tokelau. This required establishing COVID-19 risk protocols to ensure the NZDF crew and Tokelauans were appropriately socially distanced, and some serious logistical planning to ensure that the equipment could all be off-loaded – by helicopter, in a rolling ocean.

Virtual volunteering

Despite closed borders, Aotearoa New Zealand supported Volunteer Services Abroad to deliver 63 assignments, largely through e-Volunteering. These assignments were delivered across 10 country programmes in the Autonomous Region of Bougainville, Cook Islands, Fiji, Kiribati, Papua New Guinea, Samoa,

Solomon Islands, Timor-Leste, Tonga, and Vanuatu. The majority of assignments were in three sectors: economic resilience, education, and health – with others spread across agriculture, ICT, tourism, renewable energy, governance, labour mobility, and environment. For example, one volunteer built local capacity for bee keeping in Tonga from Aotearoa New Zealand entirely via messenger and teleconference.

Timor-Leste tourism

Our tourism investment in Timor-Leste, implemented by the Asia Foundation, pivoted to bolster COVID-19 prevention, and support communities to recover from flooding. This included reallocating tourism funding for COVID-19 prevention training for hotels serving as isolation centres; training and marketing support to enable a women's sewing group to produce reusable facemasks to generate new revenue; culinary training for restaurants and guest houses to cater for isolation facilities and flood evacuation shelters; and training for hotel staff on COVID-19 prevention measures to help them provide isolation services safely.

Progressing infrastructure in Tonga

Consultation and design services associated with the construction of the Tonga Parliament Buildings project have continued by requiring our tender respondents to identify local partners in Nuku'alofa. Local sub-consultants provided architectural peer review ensuring that Tongan architectural themes are integrated into the design. Others engaged to undertake topographic surveys, collect field data, and engage with local permit authorities, allowing the project to continue despite travel constraints.



Dragon fruit farmers in Viet Nam embracing new production systems to improve yield and reduce disease'. Credit: New Zealand Institute for Plant and Food Research and Wara Bullôt.

Ngā Hoe Tuputupu- mai-tawhiti: Aotearoa New Zealand's development and humanitarian programmes in 2020-21

The following pages provide an overview of key results and achievements in 2020-21 from the four major funding allocations within the IDC appropriation: Pacific, global, partnerships and multilateral agencies, and humanitarian.



Pacific Development Cooperation

\$489.68
MILLION

Aotearoa New Zealand's home and heart is in the Pacific. Our engagement in the Pacific supports each country's determination to chart its own development, with the SDGs as a shared commitment, and is therefore partner-led. Over the year, we have progressively moved from a "Reset" mind-set to a resilience one, where we recognise that each country has a different starting point for its resilience journey. A values-based approach enables us to make the most of our advantages as a bicultural nation grounded in strong Pacific linkages and a shared history of voyaging across a connecting ocean. Our development cooperation in the Pacific focuses on wellbeing and long-term resilience, acknowledges the whakawhanaungatanga that drives engagement in the region, and recognises the inherent mana and kāwanatanga of each of the countries we partner with.

COVID-19 has refocused Aotearoa New Zealand's efforts to help bolster countries' economic resilience, strengthen their health systems, ensure food security, and build resilience to the impacts of climate change. Aotearoa New Zealand's \$150 million Climate Change Programme has now entered full implementation in 14 Pacific countries. This significant investment will help support Pacific countries adapt to the devastating impacts of climate change.

PACIFIC HIGHLIGHTS

PAPUA NEW GUINEA
 TOTAL SPEND: \$31.5m
 HIGHLIGHT: Supported 319 health facilities to provide 60,066 infants with essential childhood vaccines.



NAURU
 TOTAL SPEND: \$5.1m
 HIGHLIGHT: The Nauru Electoral Support Project provided on-the-ground technical support for a by-election and a general election, including electoral follow up.



KIRIBATI
 TOTAL SPEND: \$37.4m
 HIGHLIGHT: Support provided to the Kiribati National Statistics Office enabled logistics and data processing for the national census.



TOKELAU
 TOTAL SPEND: \$20.7m
 HIGHLIGHT: The Pacific Public Service Fale supported Tokelau public service reform and building capability in human resource management, including virtual mentoring for leaders.



SAMOA
 TOTAL SPEND: \$26.1m
 HIGHLIGHT: Business Link Pacific's SME Finance Facility enabled 22 businesses to access adaptation grants to adjust to COVID-19 impacts.



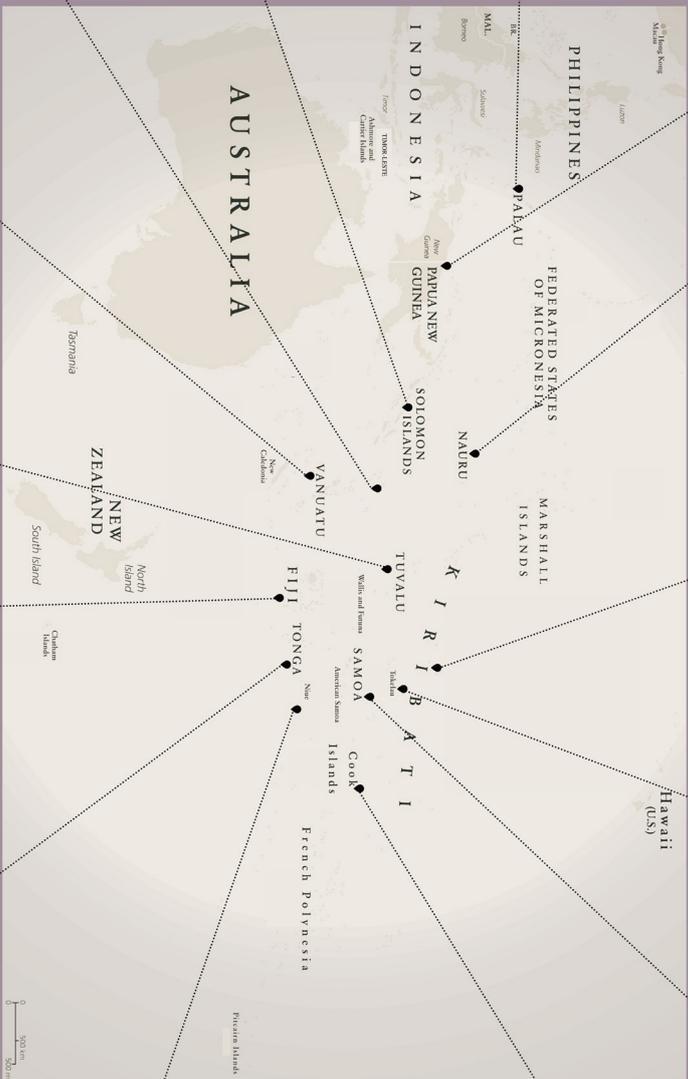
NORTHERN PACIFIC
 TOTAL SPEND: \$4m
 HIGHLIGHT: Palauan youth gained knowledge, pride and a sense of ownership of nature and natural resources through a New Zealand-supported education programme.



SOLOMON ISLANDS
 TOTAL SPEND: \$45.4m
 HIGHLIGHT: 21 Savings for Transformation groups resulted in 246 youth members being involved in running businesses, 302 youth participating in financial management training and 196 youth completing training on governance, leadership and management.



PACIFIC REGIONAL
 TOTAL SPEND: \$102.8m
 HIGHLIGHT: The Pacific Fisheries leadership programme delivered training to 133 participants (41% women), contributing to improved capacity and capability to sustainably manage Pacific fisheries.



VANUATU
 TOTAL SPEND: \$39.2m
 HIGHLIGHT: Funded completion of the Port Vila Female Correctional Facility, including disability access and space for mothers and infants. It is the first of its kind in Vanuatu.



TUVALU
 TOTAL SPEND: \$13.1m
 HIGHLIGHT: Essential repairs were made to Tuvalu's two dual purpose ferries, the Manu Folea and Nivaga III, in partnership with Maritime New Zealand to enhance safety.



FIJI
 TOTAL SPEND: \$59.8m
 HIGHLIGHT: The Fiji Dairy Industry Development Initiative contributed to reducing bovine tuberculosis infection by 22%, increasing farmer incomes due to more productive herds.



TONGA
 TOTAL SPEND: \$27m
 HIGHLIGHT: Supported Manukau Institute of Technology delivery of Certificate in Technical and Vocational Skills to improve engagement of students by providing a pathway through secondary education (3079 students completed programme since 2014).



NIUE
 TOTAL SPEND: \$24.8m
 HIGHLIGHT: Manatua ICT cable construction was completed and launched, resulting in significant improvement in resilience and performance of the international internet connection.





COVID-19: Aotearoa New Zealand responds to support a resilient Pacific

In the past year, Aotearoa New Zealand disbursed \$142.2 million from its Strategic International Development Fund⁹⁴ to support the COVID-19 response in the Pacific. Aotearoa New Zealand's support has contributed to a range of positive outcomes, which have helped curb the devastating impact of the pandemic on the region.

Health system preparedness and response

Aotearoa New Zealand provided significant preparedness and response support to Pacific health systems in the context of the COVID-19 pandemic. Our contributions (along with those of our partners) mean that all Pacific countries can now test for COVID-19, and their health systems are relatively well prepared to respond to the pandemic. Examples of the support provided includes: provision of personal protective equipment (PPE), upgrading hospitals, containerised testing labs, and assistance with establishing isolation and quarantine facilities.

Following the surge in COVID-19 cases in Papua New Guinea and Fiji, Aotearoa New Zealand was quick to respond. In both instances, Aotearoa New Zealand identified and mobilised a range of support options; these included deploying members of the New Zealand Medical Assistance Team to Fiji, financial support for organisations, such as the World Health Organization and St John Ambulance to support their response efforts on the ground, and the provision of critical relief items from Aotearoa New Zealand, such as medical equipment, mother and infant kits, and PPE. In Papua New Guinea, we also launched a New Zealand Disaster Response Partners round to support five New Zealand Non-Government Organisations and their local partners to undertake a broad range of COVID-19 response activities at the community level.

⁹⁴ The Strategic International Development Fund (SIDF) is a contestable fund within the Ministry's New Zealand IDC Programme. The SIDF was designed to allow for new initiatives or programmes of work which strongly aligned to Government priorities over and above existing programme baselines.



28,800 doses of AstraZeneca vaccines donated by New Zealand through COVAX arrive at Honiara International Airport, Solomon Islands. Credit: MFAT.

Vaccines and vaccine roll-out

Aotearoa New Zealand's All-of-Government COVID-19 Vaccine Strategy includes a commitment to supporting equitable access to vaccines for Aotearoa New Zealand and the Pacific at the earliest opportunity. Vaccines will be key to Pacific countries' social and economic recovery from COVID-19. Aotearoa New Zealand (together with Australia) has committed to the outcome of delivering comprehensive coverage of safe and effective COVID-19 vaccines across the Pacific at the earliest possible time. Aotearoa New Zealand's support for vaccine access initiatives in the Pacific to date has consisted of the following.

Polynesia

We have offered Cook Islands, Niue, Tokelau, Samoa, Tonga, and Tuvalu comprehensive vaccine coverage via access to Aotearoa New Zealand's vaccine portfolio, and full support for vaccine rollout through the Polynesian Health Corridors programme (which is delivered by the Ministry of Health). We aim to have supported these Polynesian countries to complete their vaccine rollouts by the end of the 2021 calendar year.

In the first half of 2021, we successfully supported the preparations for and delivery of the Pfizer vaccine to the eligible populations in the Cook Islands and Niue (vaccines were delivered to Tokelau in July-October 2021).

Rest of the Pacific:

- We have donated 1.668 million doses of AstraZeneca vaccine to COVAX (enough for 800,000 people) from Aotearoa New Zealand's unneeded AstraZeneca COVAX allocation. These have been earmarked for the Pacific, and the first tranche of doses was delivered to Fiji (2,400), Papua New Guinea (146,400), Solomon Islands (28,800), Tonga (4,800) and Tuvalu (4,800), in June 2021.
- We contributed \$6.5 million to Australia's partnership with UNICEF to purchase vaccines for the Pacific (Aotearoa New Zealand's contribution is tagged to Melanesia and Kiribati).
- We also provided UNICEF with \$3 million to support vaccine rollout in Papua New Guinea, and an additional \$2 million to support its rollout efforts in the wider Pacific.
- We provided \$2 million each for Fiji, Kiribati, Vanuatu, Solomon Islands, and Papua New Guinea for their national vaccine rollout plans.

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, and fund social protection mechanisms. To help Pacific countries address these challenges, Aotearoa New Zealand disbursed \$114.65 million in emergency grant funding in the 2020-21 financial year (see table over the page). This was in addition to \$40 million in 2019-20.

Our emergency economic and fiscal grant funding (budget support) allows countries to respond directly and rapidly to their own priorities for COVID-19 response and recovery. It is an aid modality that provides for strong country ownership and alignment to strategic priorities. It places reliance on country systems for the budgeting, accounting, reporting, and auditing of funds. Working in this way acknowledges that each country will have different priorities for their emergency response and recovery, different approaches to their building of resilience, and varying abilities to achieve their prioritised SDGs. Aotearoa New Zealand's emergency budget support contributes to the following outcomes:

- improved macroeconomic and social stability of Pacific countries
- mitigating the risk of national or regional instability arising from fiscal crises
- reducing the debt burden for Pacific countries, providing them with more fiscal space for economic recovery
- supporting Pacific countries to resume their paths towards economic resilience
- supporting the achievement of the SDGs in line with broader international development programme objectives
- ensuring social protection for vulnerable sections of the population
- demonstrating Aotearoa New Zealand's commitment to the wellbeing of the Pacific.

TABLE: AOTEAROA NEW ZEALAND EMERGENCY BUDGET SUPPORT TO THE PACIFIC 2020-21

Country	Budget support FY 2020-21 (\$ millions)
Cook Islands	35.0
Fiji	40.0
Marshall Islands	1.2
Niue	16.0
Samoa	14.5 ⁹⁵
Solomon Islands	5.95
Tonga	8.0
Vanuatu	8.5

Additional economic and private sector support

The COVID-19 pandemic has demonstrated the critical role of the private sector in driving both economic and social wellbeing. With tourism industries devastated by global travel restrictions, the Ministry is working to respond to Pacific partner economic needs by investing in diversification of their economies and developing cross-cutting sectors, high-value agricultural programmes, and private sector-led initiatives.

Existing initiatives were adjusted to support Pacific businesses to respond to the economic impact of COVID-19 by focusing on business continuity, access to finance/grants, and job retention. In addition, we have designed and commenced implementation of a new \$6.94 million Pacific SME Finance Facility pilot, to provide Pacific businesses with access to finance for emergency adaptation/stabilisation and for longer-term recovery, sustainability, resilience and growth.

⁹⁵ Agreed in 2020-21, and disbursed in 2021-22.

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.

Aotearoa New Zealand continues to support key regional institutions as essential delivery partners for our investment in the region. We have maintained our engagement with and support

for the five key agencies: the Pacific Islands Forum Secretariat, the Forum Fisheries Agency, the Secretariat of the Pacific Regional Environment Programme, the University of the South Pacific, and the Pacific Community (SPC). These contributions supported the achievement of significant results such as those below.

Impressive results for 2020 from the Pacific Community (SPC)

SPC is the Pacific's leading science and technical agency, with a regional mandate across multiple sectors including agriculture, public health, education quality, coastal fisheries and fisheries science, energy, disaster management, human rights, gender and youth, and statistics.

As a founding member in 1947, Aotearoa New Zealand provides core funding to enable SPC to deliver its work programme, currently \$9 million per year (approximately 18% of SPC's total core funding). SPC has released its 2020 Results Report, and it is an impressive example of Pacific regional reporting that provides a positive overall assessment of SPC's performance in 2020, with a higher proportion of results showing "significant progress" compared with previous years (60% in 2020, 57% in 2019 and 48% in 2018). A sample of key results shows the breadth of SPC's work across the Ministry's priority sectors:

Health

- 400 health-care workers, including clinicians, nurses and technical staff, improved their understanding of COVID-19 following virtual webinars and training.
- 96 health officers from eight Pacific Countries who enrolled in the Postgraduate Certificate in Field Epidemiology were able to identify areas for system improvement, analyse data and write situation reports.
- Six Pacific countries strengthened and demonstrated implementation of non-communicable diseases related policies and legislation (Cook Islands, Federated States of Micronesia, Niue, Samoa, Tonga, and Tuvalu).

Industry and innovation

- 15 aquaculture enterprises and two farmer associations from 10 Pacific countries were mentored in business development and technology transfer.
- 260 farmers benefited from plant disease diagnostics.

Equity and inclusion

- 90 women trained in Fiji practised improved land resource management and leadership.

- A Pacific Energy and Gender Strategic Action Plan 2021–2030 was developed to increase women's participation in the energy sector.
- Justice service providers were supported to issue 95 protection orders in cases of domestic violence in Kiribati, Marshall Islands, Solomon Islands and Tonga.
- 22 human rights campaigns supported by SPC led to changes in policy or legislation.

Climate change and environment

- Greenhouse gas emissions were reduced for the main ports in Fiji, Kiribati, and Solomon Islands.

Infrastructure and energy

- 10 Pacific countries improved their capacity and systems for safe navigation.
- Seven national meteorological and hydrological services produced monthly ocean outlooks.

Governance

- Monthly and quarterly COVID-19 economic impact data was collated into regional summaries.
- The SDG dashboard of 131 Pacific Sustainable Development Indicators provided an effective means of visualising progress against the 2030 Agenda for Sustainable Development.

Education

- 1,233 regional Form 7 students, from Kiribati, Tuvalu, and Vanuatu successfully completed the requirements for the South Pacific Form Seven Certificate.
- 32 participants from 13 Pacific Island countries improved their capacity in education policy development following training.

Link to full report: <https://purl.org/spc/digilib/doc/f6ijz>



Children participating in a Water, Sanitation, and Hygiene (WASH) activity in Vanuatu. Credit: MEAT.

Highlights from Aotearoa New Zealand's development cooperation in the Pacific

Improving access to clean water in Vanuatu

The *Water Sector Partnership 2017-2021* activity is working towards all people in Vanuatu having reliable access to safe drinking water and sanitation infrastructure. We worked closely with partners and made good progress towards providing safely managed drinking water to the population and supporting Vanuatu's vision of 100 percent access to safely managed drinking water by 2030 (SDG 6.1). In 2020-21 the activity completed 101 Drinking Water Safety and Security Plans of which 60 were funded by Aotearoa New Zealand. Of these 60, 17 communities have also received training.

There are plans in place for the rest of the communities to receive their plumbing and water management training in 2021-22. We have been working with the Department of Water Resources on this activity since 2014 and have built up sustainable systems and processes to manage the Department's work. Aotearoa New Zealand further supported the Department of Water Resources to manage a response to Tropical Cyclone Harold, COVID-19, drought, and the Tanna ash fall.

The approach to developing water systems in communities is inclusive in its design. The Director of the Department acknowledges that a lack of water in communities disproportionately impacts women because of societal expectations around cooking, washing and performing care work. Communities are encouraged to have women in leadership roles on the Community Water Committees and the Committees must have at least 50 percent female membership.

Reducing emissions and increasing access to energy in the North Pacific

Aotearoa New Zealand's development activities support the North Pacific to make progress towards meeting their emission reduction targets. Aotearoa New Zealand supported three solar plants in Marshall Islands, Federated States of Micronesia, and Palau, and these continue to operate optimally. In Federated States of Micronesia, 296 megawatt hours (MWh) of electricity was produced in the first 10 and a half months, well on track for the target of 338MWh in the first year.

The Kayangel Solar Hybrid System in Palau was awarded Best Off-Grid Renewable System at the Sustainable Electricity Association of New Zealand's 2021 Energy Awards. The system was commissioned last year and is the first of its kind in Palau. With the installation of this system, the Kayangel Power Station saves 720 gallons of fuel per month, and has achieved a 40 percent reduction in greenhouse gas emissions for Kayangel.

In addition, the North Pacific Development Fund supported a number of small projects to increase climate resilience in the North Pacific, including the purchase of solar units to provide electricity to 170 households in an outer Marshall Islands atoll. The success of the project has resulted in further funds being sought by the Marshall Islands local government in the new fiscal year.



Solar panels in Kayangel, Palau. Credit: Infratec.

Reducing violence against women in Papua New Guinea

In Papua New Guinea, the Gender Based Violence (GBV) Helpline implemented through Child Fund New Zealand, demonstrated resilience in a complex and chaotic time where there was a significant reduction in social services due to COVID-19. The service has continued to strengthen professional counselling for survivors of GBV. In Q1 and Q2 of 2020-21 alone, the Helpline received a total of 8,376 calls, of which over 40 percent reported GBV or related issues. The Helpline is now available 24 hours a day, 365 days a year and available in three languages: Hiri Motu, Tok Pisin and English in order to respond to a growing number of clients (including children); and was an important support function during the COVID-19 crisis. The activity is responsive to changing circumstances and context, while strengthening referral pathways in the provinces to establish a more formal system of access to support services to assist survivors of GBV across the country.

Reducing the cost of remittances in Tonga

Tonga is the most remittance dependent country in the world. While Tonga's participation in the Recognised Seasonal Employment scheme and other forms of labour mobility has been heavily restricted due to COVID-19, remittances to Tonga have thankfully held steady. However, the cost of remitting money has been an on-going concern through the pandemic, with Aotearoa New Zealand exploring ways to encourage remitting services to lessen the cost to users. One approach has been through the Private Sector Development: Pacific Partnership II (International Finance Cooperation) initiative, which has helped reduce the cost of sending remittances to Tonga by 5 percent and has saved Tongan remitters approximately \$1.5 million to date through the Ave Pa'anga Pau digital voucher. More than 2,000 bank accounts have also been opened in Tonga as a result of the Ave Pa'anga Pau digital voucher. The Partnership has also expanded the Ave Pa'anga Pau digital remittance voucher to Australia in the past year.

Strengthening science teaching in Pacific schools

The "E-learning for Science" activity is a pilot that aims to improve access to and quality of science learning in secondary schools. It works to upskill non-specialist teachers to effectively use science teaching and learning e-resources. It is trialling the use of mobile phone technology to provide access to teaching and learning resources linked to Year 10 science curricula in four countries (Cook Islands, Samoa, Solomon Islands and Vanuatu). This provides teachers with a low cost, largely offline mode of accessing high-quality materials and job-embedded learning opportunities that are contextualised to the experiences of students and teachers in the region.

The content utilises the skills, experience and feedback from Pacific educators, and is specialised for a Pacific school context. For example, one lesson uses simple, locally available resources to demonstrate how mangrove forests can protect Pacific coastlines from erosion. The "E-learning for Science" activity was designed prior to COVID-19, but became even more relevant due to the need to find alternative ways of teaching and learning outside classrooms.



Pacific E-Learning Video. Credit: Dr Michelle Dickinson

Global (non-Pacific) Development Cooperation

\$115.52
MILLION

Aotearoa New Zealand's global development vision is:

'Kia tuitui i ngā muku, 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 care about, for us and our partners. 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 disparities 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); governance; peace and security; and knowledge and skills, particularly to the region's Least Developed Countries, while supporting the regional role of ASEAN.

In addition, smaller regional programmes in Latin America, the Caribbean and Africa allow us to make an impact and engage on issues of importance, such as on Small Island Developing States and good governance. In the Middle East, Aotearoa New Zealand's Cabinet-mandated programmes focus on peace and security.

Over the past year, our strong partnerships and the capabilities of a range of suppliers and implementing partners, including New Zealand Government agency partners, were demonstrated by their flexibility in adapting to challenges, while continuing to safely achieve sound development outcomes over the year. Aotearoa New Zealand's programme successfully pivoted in 2020-21 to respond to the severe and ongoing impacts of the pandemic. Over the past year, \$26.4 million was committed to support the response in worst affected areas of South East Asia (Cambodia, Indonesia, Myanmar, the Philippines, and Timor-Leste), Sub-Saharan Africa, Latin America and the Caribbean.



Coffee testing at a cooperative facility in Dili. Credit: MFAT.

Highlights from Aotearoa New Zealand’s development cooperation beyond the Pacific region

Growing Fairtrade Coffee and Cocoa production in Timor-Leste

Under a cost-share partnership with the Timor-Leste national coffee cooperative (CCT) since 2015, Aotearoa New Zealand has supported large-scale rehabilitation across 15,300 coffee farms and demonstrated strong potential for commercial cocoa production. Project coffee farms are now realising on average 280 percent greater yields from rehabilitated trees, providing up to an average of US\$300 of much-needed additional annual household income in a country where over 40 percent of people live below the national poverty line of US\$1,100.

Despite the need to stump prune an additional 450,000 trees and the challenging COVID-19 environment, cooperative farmers were able to harvest almost 14,000 tonnes of organic coffee cherries during the 2020 season – translating to 2,130 tonnes of grade 1 green coffee bean sold and exported in-full to the cooperative’s global customer networks in Australia, Canada, the United States, and here in Aotearoa New Zealand. The fair trade premium paid by customers provides funding for 24 medical clinics operated by CCT, which treat up to 12,000 patients per month in rural areas, and are key for the COVID-19 vaccination rollout in those communities. It is projected that approximately 150,000 Timorese (12% of the population) will be lifted out of poverty as a result of these investments.

Strengthening the horticulture sector in Viet Nam

This initiative contributed to achieving sustainable and equitable economic development of the horticulture sector in Viet Nam

through the development and commercialisation of a high-value dragon fruit variety that meets market requirements. Dragon fruit farmers who have adopted the new protocols are increasing yield by as much as 100 percent, reducing fruit losses by up to 50 percent, and reducing fungicide use and cost by up to 33 percent and 50 percent respectively. The Dragon Fruit initiative also released three new varieties for commercialisation in August 2020, which have been met with a high level of interest from private-sector partners in the industry. This activity will establish partnerships that endure beyond the provision of aid; implementing partner Plant and Food Research’s involvement in achieving licensing for the new dragon fruit varieties developed through the activity will have ongoing benefits, including sustainable income from and investment in premium varieties, and exchange opportunities for scientists.

Assisting Indonesia’s COVID-19 response

In 2020-21, Aotearoa New Zealand contributed \$5 million to UNICEF Indonesia’s response to the COVID-19 pandemic through: improved risk communication and community engagement; provision of PPE and sanitation supplies; improved health sector preparedness and response; and maintenance of essential services. Indonesia is one of the worst-hit countries in South East Asia with cases of COVID-19 totalling more than 1.7 million to date. Our support directly contributed to:

- reaching 40 million people with COVID-19 prevention messages.
- providing 680,000 people with essential water, sanitation, and hygiene supplies to prevent infection spread



Dragon fruit farmers embracing new production systems to improve yield and reduce disease. Credit: New Zealand Institute for Plant and Food Research and Wara Bullôt

- 7,718 health workers receiving training on infection prevention control and treatment protocols and 73,800 receiving PPE
- supporting 9 million children through remote learning either online or offline to keep their schooling on track during periods of school closures
- keeping 340,000 women and children connected to critical basic health services including pre- and postnatal care, medical care for childhood illnesses, and life-saving vaccinations.

UNICEF was embedded in the National Disaster Management Agency and Government of Indonesia's COVID-19 Task Force to ensure sustainability of guidelines established for dealing with the pandemic. This includes: guidance for primary health care facilities, learning from home and school reopening; and increasing coverage

and benefits of unconditional cash transfers for a poverty- and child- focused grant programme. The relationship with UNICEF also provided Aotearoa New Zealand with crucial information about the pandemic and response in Indonesia.

Contributing to peace and security in South East Asia

Aotearoa New Zealand provides demining support in South East Asia to release contaminated land for safe use for activities supporting economic recovery. Examples of success include:

- in Lao PDR, despite the disruption of COVID-19, over six square kilometres were cleared in Xieng Khouang province, directly benefiting 22,427 people. Aotearoa New Zealand's support also contributed to the national programme that cleared over 30 square kilometres across the country
- in Cambodia, 11.42 square kilometres of land was cleared of mines/explosive remnants of war, enabling 6,630 households (28,979 individuals) to access safe land.

Scholarships - Building mana through manaaki

We have offered scholarships to Asia since the Colombo Plan in 1950, and to some Pacific neighbours even earlier. The Ministry's Manaaki New Zealand Scholarships Programme is committed to supporting 112 developing countries across the globe to achieve their development goals. In 2020-21, 416 people (207 women, 208 men and one not-specified) completed tertiary, short-term professional, or vocational scholarships funded by Aotearoa New Zealand's IDC.

While COVID-19 border closures significantly impacted the ability for scholars to enter Aotearoa New Zealand, 2020-21 has seen a great deal of innovation with the development of modular, professional development scholarships, and online delivery of tertiary and vocational scholarships added to the Programme for the first time. The repatriation of stranded scholars has also been a focus (as of July 2021, 91 percent of scholars were successfully repatriated).

For those who remained in Aotearoa New Zealand, there has also been strong focus on student wellbeing and pastoral care. A reduced 2021 selection round has prioritised Pacific school leavers to undertake tertiary study in the Pacific and in Aotearoa New Zealand (once border settings permit).



Eleven-year-old Elma attends class at her school in East Lombok, Indonesia. While most of the nation's 68 million students still have to study from home, Elma's school has reopened. UNICEF has supported the government's efforts to keep children learning during the pandemic and is also working with the Ministry of Education and Culture to make sure schools are ready to re-open when the time comes. Credit: Dayne

Multilateral Agencies and Partnerships

\$131.79
M I L L I O N

Multilateral agencies

Aotearoa New Zealand invests financially and diplomatically to strengthen the rules and norms-based international system 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 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 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.

Over the past year, while progress towards the SDGs has been set back by COVID-19, there is evidence of enhanced effort by multilaterals to respond to the challenges of the pandemic, for example the Asian Development Bank (ADB) reprioritised 58 percent of its financial commitments to COVID-19 responses. Independent reports (including by donor network MOPAN⁹⁶) continue to provide good evidence of effective work by multilateral organisations overall.

⁹⁶ Multilateral Organisation Performance Network: <http://www.mopanonline.org/home>.



The first doses of vaccines donated by Aotearoa New Zealand through COVAX arrive in Papua New Guinea. Credit: MFAT.

Highlights from Aotearoa New Zealand's multilateral development cooperation

Contributing to global vaccination efforts

COVAX is the vaccines pillar of the Access to COVID-19 Tools Accelerator launched by the World Health Organization and other partners. COVAX has a window for developed countries to purchase on their own behalf, and one for developed countries to assist developing countries, known as the COVAX Advanced Market Commitment (AMC).

The primary focus of the COVAX AMC is to ensure that the 92 middle and lower-income countries that cannot fully afford to pay for COVID-19 vaccines themselves get the same access to COVID-19 vaccines as higher-income self-financing countries, and at the same time. For many, this will be their main avenue for accessing a vaccine. By June 2021, funding pledged to COVAX AMC was enough to secure 1.8 billion fully subsidised doses for delivery to lower-income countries and economies in 2021 and early 2022. This is enough to protect nearly 30 percent of the population in AMC-eligible economies.

In 2020-21, Aotearoa New Zealand contributed \$17 million to the COVAX AMC to support equitable access to vaccines for developing countries. In addition, with Australia, we successfully advocated for the eligibility criteria for the COVAX AMC to be expanded to include most Pacific Island countries (with the exception of Cook Islands, Nauru, Niue, Palau and Tokelau). We also donated 1.668 million doses of AstraZeneca vaccine to COVAX AMC (enough for 800,000 people) from Aotearoa New Zealand's unneeded AstraZeneca COVAX Facility purchase for use in the Pacific (particularly Fiji).

Working with the ADB to support the needs of the Pacific region

Aotearoa New Zealand contributes core funding to the ADB's Asian Development Fund and Pacific Partnership Facility, which provides grants to its lower-income developing member countries (including 11 Pacific nations). We contributed \$12.5 million in the 2020-21 financial year.

Aotearoa New Zealand's advocacy for the Pacific helps ensure a greater share of ADB's resources are channelled into the Pacific. Over the triennium, we have consistently advocated for a scaling-up of ADB operations in the Pacific, arguing that the Pacific's unique vulnerabilities and diseconomies of scale should be reflected in the Asian Development Fund's allocation formulas, including by raising the minimum allocation received by each country every year. As a result of this and other changes, new Asian Development Fund commitments in the region have grown from about US\$60 million per year in 2012, to more than US\$750 million per year in 2020, and an expected US\$1.1 billion per year in 2021.

Partnerships

The IDC programme supports New Zealand non-government organisations (NGOs) to deliver a range of development outcomes. 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 vulnerable and marginalised populations, including in remote and hard to reach places in the Pacific.

This work is delivered through long-term partnerships and Partnering for Impact partnerships (P4I). P4I represents a deliberate shift to engaging with New Zealand NGOs in 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 Aotearoa New Zealand's IDC Programme.

In 2020-21, we partnered with 15 New Zealand NGOs to design new projects/programmes worth a total of \$103 million over the next five years. The following table is a snapshot of where we will make an impact in the lives of over 400,000 people directly and 1.8 million indirectly. The table includes the three Negotiated Partnerships that we contracted in the previous financial year

TABLE: AOTEAROA NEW ZEALAND PARTNERSHIPS WITH NGOS TO DELIVER IDC OVER THE NEXT FIVE YEARS

Themes / Sectors	Investment over the next 5 years (\$ millions)	Countries
Human development	30.9	Cambodia, Fiji, Kiribati, Lao PDR, Samoa, Solomon Islands, Tokelau, Tonga, Vanuatu, Viet Nam
Human Rights and Inclusive Development	29.8	Cambodia, Fiji, Kiribati, Lao PDR, Myanmar, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tokelau, Tonga, Vanuatu
Economic self-reliance	22.6	Cambodia, Fiji, Kiribati, Myanmar, Nepal, Papua New Guinea, Solomon Islands, Sri Lanka, Timor-Leste, Tonga, Vanuatu, Viet Nam
Climate Change	14.0	Cambodia, Fiji, Kiribati, Lao PDR, Myanmar, Papua New Guinea, Solomon Islands, Sri Lanka, Timor-Leste, Tuvalu, Vanuatu
Governance and Democracy	5.7	Kiribati, Papua New Guinea, Solomon Islands, Timor-Leste, Tuvalu



Evacuation centre with open sides in Lotofaga, Samoa, constructed by the community with support from Adventist Development and Relief Agency Samoa and Habitat for Humanity New Zealand. Credit: Habitat for Humanity New Zealand.

Key results for 2020-21 from Aotearoa New Zealand's partnerships with NGOs

Health

- 510 health volunteers delivered improvements in maternal health for Hiliduho and Gido communities in Indonesia (SurfAid).
- 2,000 households in Betio, Kiribati improved their parenting skills and household hygiene practices (ChildFund New Zealand).
- A men's drop in centre was established in Port Vila, Vanuatu to provide an accessible and inviting space for men on their change journeys to creating violence-free families (World Vision New Zealand).

Equity and Inclusion

- More than 300 people with leprosy felt more included in their communities as a result of awareness-raising campaigns to 12,000 community members in Papua New Guinea (Leprosy Mission New Zealand).
- 20,474 indigenous people from 36 villages in Ratanakiri and Mondulkiri provinces, Cambodia improved their livelihoods and food security outcomes (Caritas).
- 15 single mothers in Fiji have completed business and life skills training to increase their economic independence. 10 of these mothers have launched successful businesses and five are working towards this (International Needs).
- The number of women participating in a Young Farmers Development Programme in rural Vanuatu has doubled to 33. This is an important opportunity for land access not usually granted to women, as all young farmers enrolled in the YFDC must have a written agreement with their families to be able to access village land for agriculture (Oxfam).

Industry and Innovation

- 486 farmers increased their farm production (78% of training participants) and 1,341 children received school lunches through food gardens in Koro, Fiji (Save the Children New Zealand).
- 1,200 ethnic minority farming households in Viet Nam experienced an average of 60 percent increase in incomes through increasing agricultural skills and productivity, reducing costs, and increasing the sales price of crops (World Vision).

Climate Change and Environment

- A training programme for 12 Samoan communities comprising 199 people (94 women) provided communities with the knowledge and resources to plan and implement resilient shelter projects (Habitat for Humanity).
- Rural communities in Cakaudrove and Naitasiri in Fiji have clean water and better sanitation and hygiene due to the construction of 15 community water systems (Rotary New Zealand).
- Climate and livelihoods resilience was strengthened across target groups in 30 districts in Fiji. Women's and youth livelihoods projects experienced a 20 percent increase in income; and 86 teachers/school management (41 males and 45 females) and 51 students (24 girls and 27 boys) were trained in School Disaster Risk Management (SDRM) preparedness, including provision of Fiji-contextualised handbooks and education material (Save the Children New Zealand).



PPE delivery to support COVID-19 outbreak via Fiji Airways flights.
Credit: MFAT.

Humanitarian

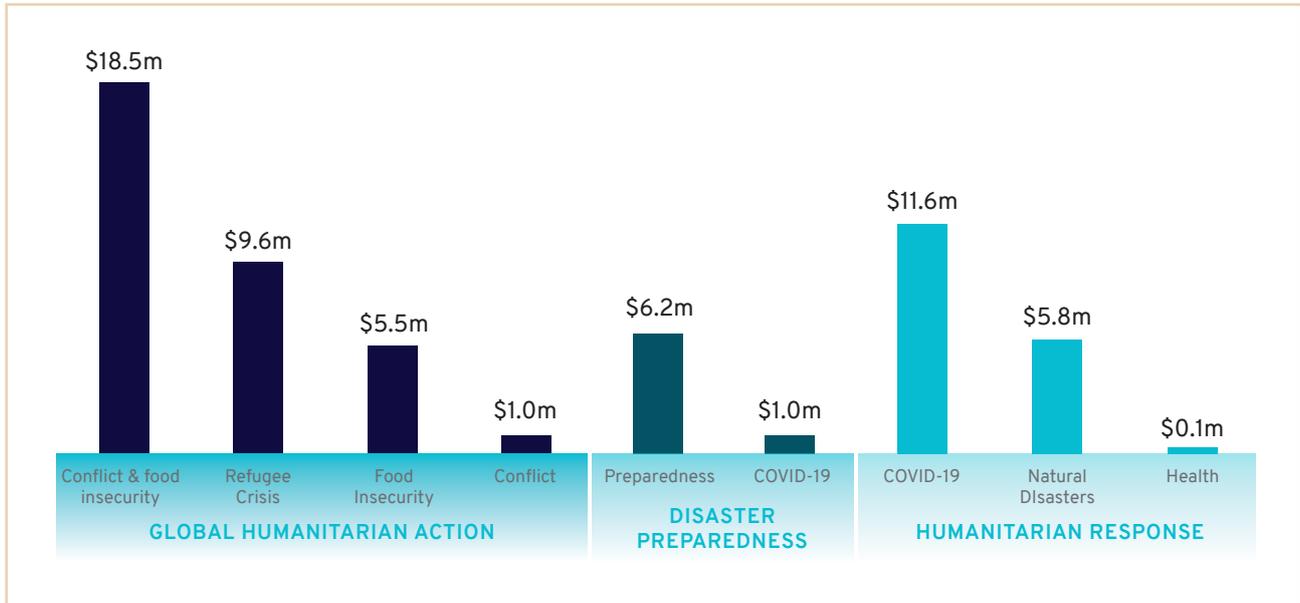
\$59.83
MILLION

Aotearoa New Zealand’s humanitarian action saves lives and relieves suffering in natural disasters and protracted 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 priority is South East Asia, where the Rohingya crisis remains the most significant humanitarian situation in the region.

2020-21 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. Travel restrictions as a result of COVID-19 required new ways of working for our humanitarian responses, with no “boots on the ground” deployments in 2020-21. Aotearoa New Zealand delivered COVID-19 response efforts in Fiji, Papua New Guinea and Timor-Leste while also actively managing responses to natural disasters including tropical cyclones (TCs) and flooding in the Pacific (TC Yasa and TC Ana), typhoons and flooding in South East Asia, and global spikes in the world’s most complex humanitarian crises.

The Humanitarian Programme disbursed \$59.83 million, an increase of \$9.8 million from the 2019-20 financial year. Funding was drawn from 53 activities across 25 different countries, with \$17.6 million (30%) going to disaster responses, \$34.6 million (58%) going to Global Humanitarian Action, and \$7.2 million (12%) going to disaster preparedness (see graph on the following page).

Overall in 2020-21, as a direct result of Aotearoa New Zealand support, over 412,300 people were provided with essential humanitarian assistance following a natural or human-induced disaster globally.



Highlights from the humanitarian programme

Multiple responses to natural disasters in the Pacific and Timor-Leste

Tropical Cyclone Yasa impacted Fiji in late December 2020, passing across Vanua Levu and the Northern Lau Group as a category five system causing localised extensive damage along its path. Aotearoa New Zealand mobilised a \$2.5 million package of assistance for Fiji. The following month, after a week of heavy rain, Tropical Cyclone Ana caused further damage in Fiji, leading to widespread flooding across the country which displaced over 10,000 people. Aotearoa New Zealand responded quickly to mobilise a \$1 million package of assistance.

In early April 2021, Timor-Leste was impacted by heavy flooding and landslides, which created major humanitarian impacts at the same time it was facing a resurgence of COVID-19. Aotearoa New Zealand responded to the twin crises with a package of assistance, which was designed to meet needs for both responses. Aotearoa New Zealand's support included PPE from our warehouse in Auckland, standard and bespoke relief items, and a round of funding to allow local NGOs to provide humanitarian relief.

Supporting disaster preparedness in the Pacific

Twelve percent of Aotearoa New Zealand's total 2020-21 humanitarian budget was used to support disaster preparedness in the Pacific. This funding was used for initiatives, such as The Pacific Islands Emergency Management Alliance. Over the past year, the Alliance continued its pivotal work, supporting 246 people (74 women, 172 men) across all emergency management agencies in the Pacific with training courses, workshops, and the provision of technical assistance.

In addition, the Alliance completed and launched its Gender Equality and Empowerment Strategy and Learning Pathways, which will support efforts in addressing gender equality and empowerment in the emergency management sector. This initiative continued the development of national Strategic Roadmaps for Emergency Management (SREMs) and to date three SREMs have been endorsed in Niue, Kiribati, and Cook Islands, one has been finalised for Solomon Islands, five have been drafted for Vanuatu, Tonga, Nauru, Tuvalu, and Papua New Guinea, and one is currently under development for Samoa.

Addressing global humanitarian need

Outside of our direct response work in the Asia-Pacific, Aotearoa New Zealand continues to monitor and engage with the world's most significant humanitarian crises. In 2020-21, we provided \$34.6 million in response to multiple protracted humanitarian crises.

Aotearoa New Zealand prioritised continued humanitarian assistance for Myanmar and the Rohingya in Bangladesh, where conditions remain dire. We also continued to provide assistance in Ethiopia and in Syria. Yemen, the world's largest humanitarian crisis, also received further financial support.

Globally, food insecurity was central to conversations on humanitarian need, with an 82 percent increase in acutely food insecure people since pre-COVID-19. The UN warned that millions of people are on the brink of famine, the scale of which had not been seen in recent history. Aotearoa New Zealand reacted quickly, providing anticipatory finance to the UN early in the financial year before committing an additional package, including a global un-earmarked contribution and targeted assistance to Yemen and South Sudan - two of the countries most at-risk of famine.



Relief supplies arrive in Timor-Leste in response to April 2021 Flooding and COVID-19 outbreak. Credit: MFAT.

Expenditure 2020-21–Additional Statistics

EXPENDITURE BY REGION

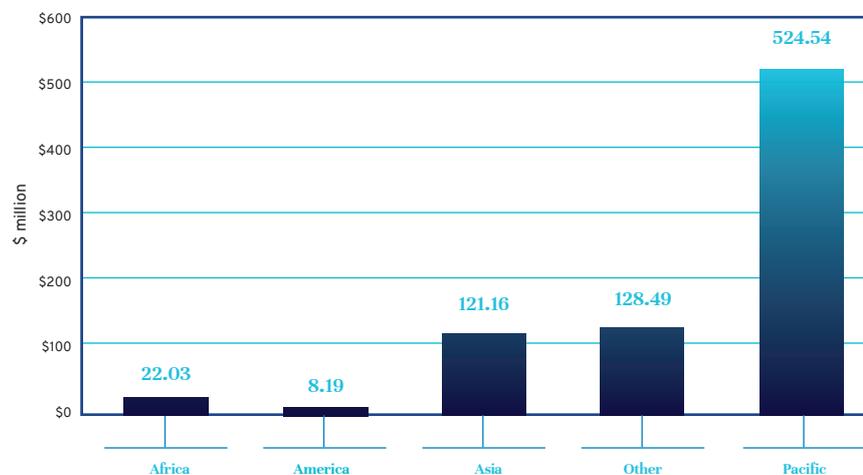


TABLE: Expenditure by region, Pacific bilateral country and sub-regions 2020-21

REGION, SUB REGION & COUNTRY	\$millions 2020-21	% of total IDC
PACIFIC	524.543	65%
PACIFIC POLYNESIA	168.721	21%
Cook Islands	53.460	7%
Niue	25.252	3%
Samoa	26.751	3%
Tokelau	21.705	3%
Tonga	27.311	3%
Tuvalu	13.385	2%
Other Polynesia	0.856	0%
PACIFIC MELANESIA	186.986	23%
Papua New Guinea	36.640	5%
Solomon Islands	45.477	6%
Vanuatu	39.264	5%
Fiji	65.286	8%
Other Melanesia	0.319	0%
PACIFIC REGIONAL	122.052	15%
Pacific Regional/Multi-Country	122.052	15%
PACIFIC MICRONESIA	46.785	6%
Kiribati	37.670	5%
Nauru	5.097	1%
Other Micronesia	4.018	0%
ASIA	121.156	15%
OTHER - MULTILATERAL & WORLDWIDE	128.493	16%
AFRICA	22.030	3%
AMERICAS	8.189	1%
Grand Total	804.412	100%

Non-financial performance information for 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.

ASSESSMENT OF PERFORMANCE	2020-21		2019-20
	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	7/8 countries assessed as "on track" (Fiji, Kiribati, Nauru, PNG, Samoa, Tonga, Tuvalu)	8/9 countries assessed as "on track". (Cook Islands, Fiji, Kiribati, Nauru, Niue, Samoa, Tonga, Tuvalu)
People that complete tertiary or vocational training scholarships	>90% of people who were awarded tertiary or vocational training scholarships	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 Not specified).	Vocational Training: 263 or 99.6% of people completed their training (128 Female, 135 Male) Tertiary Scholarships: 347 or 89% of people completed their scholarship (178 Female, 169 Male)
New Zealand responses to natural disasters in the Pacific are launched within mandated timeframes (%)	100%	100% launched within mandated timeframes (4/4) <ul style="list-style-type: none"> • Water insecurity Kiribati • Tropical Cyclone Yasa • Tropical Cyclone Ana • Tropical Cyclone Harold 	100% launched within mandated timeframes (4/4) Tropical Cyclone Sarai - Fiji, Tropical Cyclone Tino, Fiji flooding, Tropical Cyclone Our most significant 2019-20 Pacific humanitarian response was to the measles outbreak in the Pacific; however, we do not classify this as a natural disaster
Number of affected people provided with essential and useful assistance following a natural or human induced disaster (No., M/F)	Standard dependent on need	412,348 people This included Rohingya Crisis Response, Pacific cyclone responses, and Pacific and Timor-Leste COVID-19 response and others	814,923 people. This included Rohingya Crisis Response, Pacific Measles Outbreak Response, Tuvalu Dengue Outbreak response and others
Number of people participating in a labour mobility initiative (No., M/F)	Maintain or improve trend	10,748 people (M: 9,730; F: 1,018)	New measure

ASSESSMENT OF PERFORMANCE <i>continued</i>	2020-21		2019-20
	Budgeted Standard	Actual Standard	Actual Standard
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	7,929 people (M: 2,811, F: 3,191, Not specified: 1,927)	New measure
Number of people supported to improve their livelihoods (No., M/F)	Standard dependent on need	124,206 people (M: 50,324, F: 38,177 Not specified: 35,705)	New measure
Number of people directly benefitting from improved infrastructure and services (No., M/F)	Standard dependent on need	100,194 people (M:15,761, F: 16,800, Not specified: 67,633)	New measure
Number of people benefitting from sexual and reproductive health services (No., M/F)	Standard dependent on need	42,155 people (M: 1,766, F: 2,914, Not specified: 37,475)	New measure
Number of people benefitting from enhanced learning through ICT (No., M/F)	Standard dependent on need	1,453 people (M: 33, F: 217, Not specified: 1,203)	New measure
Number of people receiving training or capability-building support in priority sectors (No., M/F)	Standard dependent on need	101,507 people (M: 44,727, F: 41,362, Not specified: 15,418)	New measure
Quality			
Percentage of activities with effectiveness rated as good or better (based on MFAT Activity Completion Assessments)	Baseline to be established	65%	67%
Commitment to Development Index score	Improve trend	New Zealand ranked 15th out of 40 countries in the 2020 CDI	The CDI was not produced in 2019

Please refer to the section on non-departmental statement of performance on page 102 in the Ministry of Foreign Affairs and Trade Annual Report 2020-21 for details on financial performance.

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MFAT

MINISTRY OF FOREIGN AFFAIRS AND TRADE

New Zealand Government