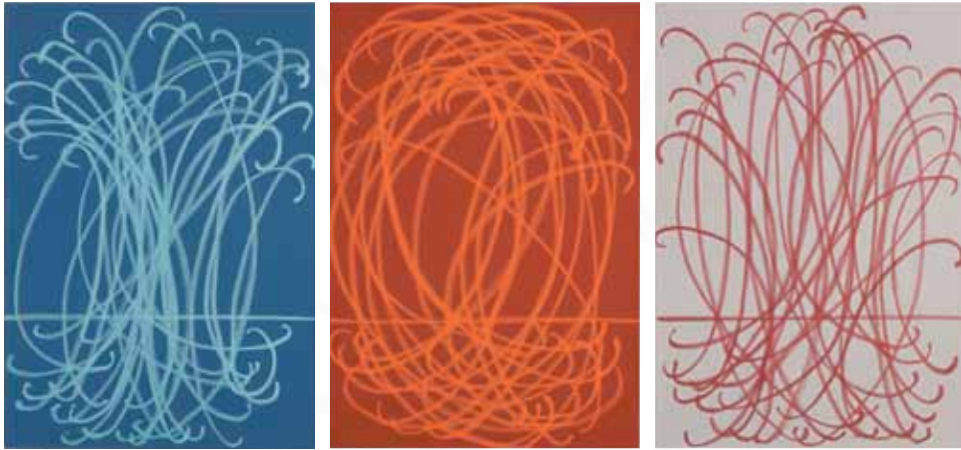


## STATEMENT OF INTENT 2011–2014







## **STATEMENT OF INTENT 2011–2014**

MINISTRY OF FOREIGN AFFAIRS AND TRADE

PRESENTED TO THE HOUSE OF REPRESENTATIVES  
PURSUANT TO SECTION 38 OF THE PUBLIC FINANCE ACT 1989  
ISSN: 1176-2470



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## Foreword: Minister of Foreign Affairs

The Government is focused on lifting New Zealand's economic performance. As a small and relatively remote trading nation, this will require creative and flexible engagement with other countries to ensure ongoing influence in a global environment that continues to change at a fast pace.

The Ministry of Foreign Affairs and Trade is charged with delivering on these goals. It will build on the achievements of the last year to ensure New Zealand is represented in the right places and encourage current and emerging powers to do more business with New Zealand.

Bilateral relationships with long-standing partners such as Australia, the United States and the European Union will continue to be developed. Signing the Wellington Declaration was a significant step forward in New Zealand's relationship with the United States last year and the Government is determined to leverage this. Working towards a single economic market with Australia is another priority to support export growth.

Significant effort will be placed on developing relationships with emerging economies in line with predictions for growth in the next decade. China is a key area of focus – exports have doubled since the Free Trade Agreement was implemented and further gains will be sought. Opportunities with India, predicted to become the fastest growing large economy, will be progressed.

Elsewhere in Asia, New Zealand's relationship with Japan will continue to be significant. Expanding trade and diplomatic engagement with the Association of Southeast Asian Nations (ASEAN) grouping is a newer priority, with a Free Trade Agreement and programme of actions geared towards a regional common market by 2015 recently implemented. Other markets are becoming increasingly important to New Zealand's future and the Ministry will continue to evaluate and progress opportunities, for example in the Middle East and Africa.

New Zealand also seeks to maintain strong multilateral credentials and is actively campaigning for election to the United Nations Security Council for a term in 2015/16.

Strengthening New Zealand's leadership role in the Pacific to deal with mounting challenges and reshaping the Ministry's development assistance programme to focus on sustainable economic development is another key priority. This will mean doing fewer projects than previously but with more tangible results.

The reintegration of the management of the New Zealand Aid Programme into the Ministry has occurred in Wellington, but a major work programme is required to achieve coherence and efficiencies within Pacific Posts, and for Heads of Mission to be accorded the tools to deliver the results that they will in future be accountable for.

The Rugby World Cup will be a major event in the 2011/12 financial year. Following the tragedy of the earthquake in Christchurch, this represents a prime occasion to showcase New Zealand's products and services and confirm that the country is "open for business".

The Government is committed to using this event to raise New Zealand's profile internationally and a number of high-level visitors are expected to come and see their countries play. The Ministry will maximise opportunities from these visits to ensure longer-term benefits are achieved in line with foreign policy goals.

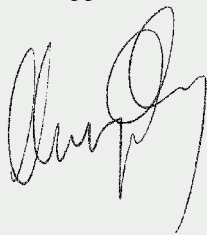
The opening of the Rugby World Cup in September 2011 will coincide with New Zealand hosting the 40th Anniversary of the Pacific Island Forum. An ambitious programme of work will be promoted on the key pillars for development in the region – education, fisheries, agriculture, tourism, transport and renewable energy.

The Government's objectives for New Zealand's foreign policy agenda are ambitious and require a modern, efficient and effective Ministry to achieve them. Furthermore, the Christchurch earthquake has added greater stimulus to the Government's drive for fiscal restraint.

The period immediately ahead will be one of fixed or shrinking budgets and consequential need for improved efficiencies and considered priority setting. The Government's overarching commitment to reducing back office costs in order to move resources to the front line will mean significant change for the Ministry and its staff.

The intention is that efficiencies realised will be used to develop the Ministry's front office, ensuring close alignment of offshore representation with shifting patterns of New Zealand's trade and security interests.

In this way, the Ministry is supporting the Government's drive to lift New Zealand's economic performance and reshape its resources to better meet global challenges and opportunities.

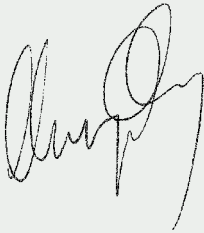


**Hon Murray McCully**  
Minister of Foreign Affairs  
Responsible Minister for the Ministry of Foreign Affairs and Trade

**13 APRIL 2011**

# Ministerial Statement of Responsibility

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



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

**13 APRIL 2011**

# Introduction from the Chief Executive

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The Ministry of Foreign Affairs and Trade is focused on creating an edge for New Zealand internationally. This means establishing the conditions for New Zealand to thrive and make its mark by being in the right places at the right time to actively drive growth opportunities for New Zealand.

There are five outcomes set out in this Statement of Intent that overlay the Ministry's diplomatic, trade and development programme in order to deliver on the Government's goal of lifting economic performance and enhancing New Zealand's security.

Negotiating trade agreements and creating relationships that are conducive to trade are crucial elements for New Zealand's success as a trading nation. The Ministry will continue to lead an ambitious programme of regional and bilateral free trade agreements this year, as well as seeking to maintain gains in the World Trade Organisation's Doha Round of negotiations. Discussions will also be advanced on the Trans-Pacific Partnership with the United States and other partners.

Maintaining the framework of multilateral organisations and processes designed to keep the world safe from nuclear weapons, counter the threat of terrorism and promote fundamental principles like human rights, democracy and the rule of law is also critically important.

The value of New Zealand's consular service was clear last year, with the rights of Kiwis abroad protected during the uprising in Egypt and subsequent earthquake and tsunami in Japan. The Christchurch earthquake presented a different type of challenge for the Ministry – assisting the families of foreign nationals who were impacted by the tragedy. Work is underway to consider new ways of delivering consular services in the future and the experience of these events will be taken into account.

The Ministry will continue to play a central role in coordinating across other Government agencies to implement a number of country and regional strategies. These will help guide and prioritise what NZ Inc agencies are delivering in key markets offshore. NZ Inc strategies for Australia, China, India and the United States developed last year will be followed by discussions with ASEAN, the European Union and the Middle East.

The Ministry is mindful of the need for fiscal constraint as well as improving its ability to anticipate and respond to the challenges of a fast-moving international environment. A major change programme called Ministry 20/20 is underway, with the aim to create a more responsive, flexible and efficient organisation, while retaining the kernels of New Zealand's diplomacy that make it unique. This programme is organised around seven streams of work: strategy; structure; measures; people; culture and values; technology and knowledge management; and efficiency.

During 2011/12, the Ministry will implement a number of initiatives, including:

- implementing changes to the way the Ministry delivers administrative and support services in its offshore posts
- introducing new performance management tools and leadership development capability to support a high-performing organisation
- reviewing the way foreign policy will optimally be delivered to meet future needs.



Benefits from the integration of NZAID into the Ministry will also be consolidated to reduce administration costs and reshape the development assistance programme to focus on sustainable economic development.

It will be challenging but also rewarding to see these changes come to fruition during 2011/12. Along with a significant visits programme aligned with the Rugby World Cup, a United Nations Security Council campaign that is gaining momentum, and hosting of the Pacific Island Forum, the Ministry will continue to build connections at home and abroad.

Taking a distinctive New Zealand approach and maintaining the highest standards of professionalism in diplomacy, trade negotiations and development assistance will help secure New Zealand's place on an international stage that will only keep moving.

A handwritten signature in black ink, appearing to read 'John Allen', with a stylized flourish extending to the right.

**John Allen**  
Secretary of Foreign Affairs and Trade

# Chief Executive Statement of Responsibility

In signing this statement, I acknowledge that I am responsible for the information contained in the *Statement of Intent* for the Ministry of Foreign Affairs and Trade. This information has been prepared in accordance with the Public Finance Act 1989. It is also consistent with the proposed appropriations set out in the Appropriations (2011/12 Estimates) Bill, as presented to the House of Representatives in accordance with section 13 of the Public Finance Act 1989, and with existing appropriations and financial authorities.



**John Allen**  
Secretary of Foreign Affairs and Trade



**Paul Laplanche**  
Director of Finance

# Nature and Scope of Functions

## Vision

To give New Zealand an edge internationally.

## Mission

To create the conditions for New Zealand to thrive and to make its mark as a global citizen by:

- being in the right places at the right time to create new opportunities for New Zealand as well as to manage challenges
- building connections at home and internationally that enable New Zealand to achieve more than we could alone
- taking a distinctly New Zealand approach, reflecting our diversity, heritage and integrity
- maintaining the highest standards of professional excellence in diplomacy, trade negotiations, international development and consular services.

## Our purpose

The purpose of the Ministry of Foreign Affairs and Trade is to provide objective advice on international relations, advance and protect New Zealand's security and trade interests abroad, manage New Zealand's overseas official development assistance programme, and provide consular support for New Zealanders overseas. It is also the channel for the Government's official communications to and from other governments and international organisations.

## The scope of our work

The Ministry works for Ministers in four portfolio areas: Foreign Affairs, Trade, Disarmament and Arms Control, and International Climate Change Negotiations. As part of the Foreign Affairs portfolio, the Ministry is responsible for the delivery of New Zealand's official development assistance.

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

The Ministry administers two votes on behalf of the Minister: Vote Foreign Affairs and Trade, and Vote Official Development Assistance. The Foreign Affairs and Trade Vote also provides funding to the New Zealand Antarctic Institute, the Asia New Zealand Foundation and the Pacific Cooperation Foundation. In conjunction with the Ministry of Economic Development, the Ministry has a joint role in monitoring the performance of New Zealand Trade and Enterprise (NZTE).

## The Ministry's key activities

### REPRESENTATION AND ADVOCACY

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

### NEGOTIATION WITH OTHER GOVERNMENTS

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

### DESIGN AND IMPLEMENTATION OF VISITS AND OTHER EVENTS

The Ministry plays a central role in supporting visits by foreign dignitaries to New Zealand, alongside the Visits and Ceremonial Office of the Department of Internal Affairs, and visits by New Zealand Ministers overseas. The Ministry also undertakes a number of activities specially designed to further New Zealand's foreign policy objectives. These include participation in election monitoring and peace support missions, and hosting international meetings.

### MANAGEMENT OF OFFICIAL DEVELOPMENT ASSISTANCE

The Ministry is responsible for the management of New Zealand's \$524,932,000 official development assistance programme, including policy advice on international development issues, and design and management of development assistance programmes and activities.

### CONSULAR SERVICES

The Ministry is responsible for providing assistance to New Zealanders in distress overseas, including support for New Zealanders in the aftermath of major emergencies. The Christchurch earthquake has also highlighted the importance of the Ministry's role and the application of these skills in facilitating the international dimension of a major natural disaster in New Zealand.

### ANALYSIS AND ADVICE

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

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

The Ministry seeks to achieve its outcomes as part of the international community. This means working with other governments, international organisations and NGOs to achieve our goals. The Ministry's critical resource is its diplomatic staff, operating through its global network of 54 overseas posts.

## Strategic Direction

Strong relationships with other countries are the foundation of New Zealand’s foreign policy. Our ability to achieve all our foreign and trade policy goals rests on the quality of our relationships with other countries, and our ability to influence them to act in a way that supports New Zealand’s interests. In a constantly shifting and increasingly unpredictable global environment, the challenge for the Ministry is to develop a set of relationships that provides New Zealand with continuing influence across a range of possible futures. This is reflected in the Ministry’s outcome “New Zealand’s security and economic interests safeguarded through its political and security relationships”.

In order to build a brighter future for New Zealand, the Government has a goal to “build the foundations for a stronger economy”. Helping exporters sell more of their goods to the world at a better price is a critical component. The Ministry plays a central role in achieving this goal through:

- progressing free trade agreements (FTAs)
- promoting and supporting business overseas
- contributing to whole-of-government efforts to make the most of the opportunities offered by the Rugby World Cup.

This work forms the base of the Ministry’s outcome “Economic growth and international competitiveness advanced through New Zealand’s international connections”. This work will inevitably include some renewed focus on economic growth in the Canterbury region in the wake of the Christchurch earthquake.

Our ability to turn international connections into increased exports and economic growth, relies on the existence of a stable and secure international environment. Contributing to global security efforts, and to the development of the world’s poorer nations, is therefore an indispensable support to our more direct work in improving the competitiveness of New Zealand exporters. Our willingness to carry our share of the burden in the international arena also supports the relationships we have with others. In recent years our understanding of threats to New Zealand’s prosperity has broadened to include environmental threats such as climate change and the unsustainable use of shared resources, such as high seas fisheries. We have long seen ourselves as having a particular responsibility to, and interest in, our near neighbourhood of the Pacific. These work programmes are encompassed by the Ministry’s outcomes “New Zealand’s interests secured through regional and multilateral engagement and effective international rules” and “Sustainable development in developing countries in order to reduce poverty and to contribute to a more secure, equitable and prosperous world”.

The Ministry is also responsible for assisting New Zealanders in distress overseas, ensuring their rights are respected by other countries, and providing travellers with information and advice to keep themselves safe. This work also extends to coordinating the international dimension of a major natural disaster in New Zealand. The Ministry’s outcome “The rights of New Zealanders abroad protected” reflects this part of the Ministry’s role.

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



## Working with other agencies

In a globalised world, New Zealand's foreign policy needs to reflect the domestic environment, and domestic policy needs to recognise the international context. Ultimately the Ministry is responsible for New Zealand's international reputation, which contributes to the full range of the Government's work.

The Ministry works with a wide range of departments on policy goals. We work closely with the Ministry of Agriculture and Forestry, the Ministry of Economic Development, the Treasury, and the Customs Service on negotiating free trade agreements. We have a close partnership with NZTE in promoting and supporting New Zealand exporters offshore. We work with the New Zealand Defence Force (NZDF), New Zealand Police, and the intelligence agencies to ensure New Zealand's security and to support international security and development. We work with the Ministry of Agriculture and Forestry, the Ministry for the Environment, the Ministry of Fisheries and the Department of Conservation in advocating for New Zealand's views in international environment agreements. We also support the work of the Department of Labour, the Ministry of Education, and the Ministry of Science and Innovation offshore.

Over the period of this Statement of Intent the Ministry will play a central role in coordinating and implementing, with other government agencies, a number of NZ Inc country and regional strategies. These strategies strengthen the strategic planning and operational coordination among NZ Inc agencies, and in turn guide and prioritise what NZ Inc agencies are delivering offshore in our key markets. NZ Inc strategies are due to be completed for Australia, China, India and the United States (US) by 1 July 2011. Work on a number of important regional relationships – the Association of Southeast Asian Nations (ASEAN), the European Union (EU) and the Middle East – will follow.

## Our Operating Environment: International Trends

The complex and fast-changing international environment presents significant risks, opportunities and challenges for New Zealand. The main longer-term trends with the potential to affect New Zealand are outlined below.

### Economic and trade

Recovery from the global economic crisis is slow with weak household spending constraining employment growth in key developed countries (eg US, EU, Japan). Business confidence and profitability is improving for major corporates less dependent on consumer spending in developed markets.

Financial stability has improved but lending is still constrained, as financial institutions continue to build up their reserves. The impetus for financial market reforms has weakened.

Most advanced economies remain in weak fiscal positions with increasing debt levels. The lack of external rebalancing from surplus to deficit countries adds a difficult dimension to international discussions (especially between the US and China). Australia, Sweden and Switzerland are exceptions to the developed country trend and are expected to outperform the industrial country average.

By contrast, Asia, Latin America and other emerging markets have better growth prospects. This is consolidating an ongoing shift in relative global economic importance towards these developing players, most notably Asia, and China in particular. Japan was overtaken by China as the world's second largest economy in 2010.

GDP growth in emerging Asian economies – on the back of solid fiscal positions, high personal savings, relatively low corporate debt, robust credit growth and favourable demographics – is expected to be twice the global average and these economies are expected to account for roughly half the total global growth in 2011.

An emerging risk, particularly in China, is overheating in emerging economies as a result of continuing stimulatory monetary conditions. Measures to constrain inflationary pressures and asset price bubbles have the potential to result in a hard economic landing.

Competition among states to secure control over energy, food, water assets and other raw materials will continue to intensify. Future-proofing control over or achieving guaranteed access to food supplies is now a major international preoccupation, and is intensified by pressure from burgeoning populations and diet changes. At the same time, food production is likely to become more vulnerable to changing weather/climate conditions.

Further serious delays in the World Trade Organization (WTO) Doha Round would weaken the WTO rules-based system which underpins international trade. Already, signs of rising protectionism and subsidisation are evident. Bilateral and regional FTAs are proliferating, and are increasingly driving trade liberalisation. The overlap between trade and sustainable development agendas is increasingly complex. Exporters must respond to rising public and commercial concerns, including food safety, sustainability of products and services, carbon footprints and animal welfare.



As governments struggle to achieve collective responses, pressure to address global environmental issues through unilateral measures could mean more trade tensions.

Globalisation, demographic change and the search for higher productivity dividends to spur growth in a challenging global environment is driving competition for skills, entrepreneurs, business and scarce capital. Supply chains increasingly operate across borders and those controlled by large corporates account for an increasing proportion of world trade. The ability to link into these global supply chains through exports or investment will be a key factor in the degree to which New Zealand is successful in increasing its international connections.

The effects of climate change, efforts to mitigate its impact and to finance adaptation will attract ongoing international effort. More damaging consequences from weather events are also possible.

In the Pacific, the global economic crisis exacerbated structural weaknesses including unsustainable budget deficits, a narrow economic base, a shallow financial sector and population pressures (declining in some states, rising in others). Some Pacific countries struggle with weak state institutions, poor governance and economic performance. Added to ongoing vulnerabilities to climate change and economic marginalisation, these factors constrain Pacific countries' ability to respond to lower economic growth, a weaker macroeconomic position, falling government revenues and increased poverty.

## Political power shifts

The rebalancing of global influence currently underway is rapidly elevating the importance of Asia. The increasing political weight of emerging developing countries such as China, India, Brazil, Russia and South Africa is gradually reshaping existing global power dynamics including through the G20 and in the United Nations (UN), Bretton Woods Institutions and the WTO, and continues the trend towards a multi-polar world.

China faces some risks of social unrest, but is a global economic power with steadily increasing influence. India is likely to achieve China's economic scale in about 15 years. By contrast, Japan, now the world's third largest economy, is hampered by a low growth economic performance, an ageing population and a shrinking workforce. The 11 March 2011 earthquake and tsunami are likely to further weaken its economic performance in the short to medium term. The importance of ASEAN is growing, including as a force for regional cohesion. Other emerging powers are becoming more forceful, in particular Brazil and Russia. By 2020, Brazil's economy is expected to match Japan's, and Russia is expected to be the world's largest energy exporter. The EU is the world's largest economic bloc, but is focused internally on addressing the impact of the global financial crisis and associated economic downturn, in particular the financial positions of Portugal, Ireland, Greece and Spain. Nevertheless, EU cohesion and influence is likely to grow following entry into force of the Lisbon Treaty.

## International security

The international community faces ongoing risks from state and non-state threats, especially terrorism. Afghanistan and the stability of Pakistan remain major international security preoccupations. The dangers of nuclear proliferation remain, and Iran's nuclear ambitions remain of concern. There is renewed international interest in the nuclear non-proliferation and disarmament agenda. Protests from disenfranchised populations against established Middle East governments have sharply increased instability in the region, with unpredictable spillover effects including for the Arab-Israeli conflict. People smuggling, piracy and illegal immigration remain global problems, and are likely to rise in scale in the Asia-Pacific region.

## International development

The global poverty gap and sustainable development remain high on the international development agenda. With recognition that sustained economic growth is required for human development, employment creation, increased private sector investment and export revenue, more donors are prioritising economic development for their aid (eg Canada, UK and New Zealand). After a long period of under-investment, donors are showing renewed interest in agriculture and food security. There is also greater recognition of the importance of international development for foreign policy objectives.

Efforts to improve aid effectiveness are ongoing, including increasing transparency of aid flows, strengthening and using partner systems, donor coordination, and alignment of donor efforts with partners' own development priorities. As philanthropic aid becomes increasingly significant globally, aid delivery is becoming more fragmented.

Despite significant levels of aid, the Pacific remains off track to achieve the Millennium Development Goals by 2015, with maternal mortality and education quality particular challenges. Fragile states have much higher poverty rates than developing countries (55% vs 23%), and there are five fragile states in the Pacific region with commensurate higher risks associated with poor governance and lack of law and order. The US has begun to re-engage in the Pacific region. In addition to existing aid flows from China and Taiwan, a number of other donors from outside the Organisation for Economic Cooperation and Development's (OECD) Development Assistance Committee, such as Israel, Thailand, Cuba and Russia are seeking increased influence in the region. There is also a growing trend towards south-south cooperation which falls outside agreed international parameters for development assistance, including environmental and social safeguards.

# Operating Intentions

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

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### What are we seeking to achieve?

New Zealand's relationships with other countries are the foundation of New Zealand foreign policy. Our ability to secure New Zealand's interests in a constantly shifting and increasingly unpredictable global environment is reliant on our ability to sustain and build New Zealand's international influence through a network of strong bilateral relationships. These relationships also support the work of other agencies, by facilitating access to decision-makers who can assist them in achieving their objectives, particularly where these have an offshore component.

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

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

- strengthened political, defence and security, trade and economic, and people-to-people links with Australia
- improved stability, security, governance, economic growth and sustainable development in Pacific island countries
- opportunities in the bilateral relationship with the US maximised to secure benefit for New Zealand and our region
- New Zealand positioned to capitalise on economic growth and development in Asia
- a more influential relationship with the EU
- maintaining New Zealand's global influence.

### How will we demonstrate success in achieving this?

We will know if our bilateral relationships are securing New Zealand interests when assessments of critical bilateral relationships show progress against a range of qualitative and quantitative indicators of people-to-people links, political engagement, security cooperation and economic cooperation.

For more information on data and trends for these indicators, see Annex 2.

## How will we achieve this?

### **STRENGTHENED POLITICAL, DEFENCE AND SECURITY, TRADE AND ECONOMIC, AND PEOPLE-TO-PEOPLE LINKS WITH AUSTRALIA**

We will maintain a regular pattern of high-level contact with the Australian government in order to cement existing positive relationships. We will continue to advocate for the further development of the Single Economic Market, including through establishing a joint patents examination system, more competitive mobile phone roaming charges, and accelerating cooperation on joint trade and investment initiatives. We will support other agencies in further streamlining trans-Tasman travel. We will take opportunities to work with Australia on joint policy goals in areas such as climate change, people smuggling and Pacific development. We will engage with a broad range of private and public sector decision-makers in order to develop an enduring constituency for New Zealand in Australia.

### **IMPROVED STABILITY, SECURITY, GOVERNANCE, ECONOMIC GROWTH AND SUSTAINABLE DEVELOPMENT IN PACIFIC ISLAND COUNTRIES**

We will host the 40th anniversary meeting of Pacific Island Forum leaders in Auckland in September 2011. As Forum chair we will promote longer-term initiatives in key economic sectors such as tourism, fisheries, agriculture and horticulture, transport, renewable energy and education. We will continue to advocate for improved governance and invest in supporting better financial management and policy reform to underpin economic growth in the region. We will promote Forum and broader international community unity in support of a return to democratic government in Fiji, and pursue constructive engagement with the regime in support of Forum objectives.

### **OPPORTUNITIES IN THE BILATERAL RELATIONSHIP WITH THE US MAXIMISED TO SECURE BENEFIT FOR NEW ZEALAND AND OUR REGION**

We will pursue opportunities to further develop high-level contact with the US. We will seek to maximise value from the Wellington Declaration on a new strategic partnership between New Zealand and the US, engaging in close dialogue on international issues, and taking opportunities to work with the US on foreign policy issues where we can most add value as a partner. We will deepen engagement with key sectoral government agencies, as well as Congress and State governments. We will continue to build a US constituency that is supportive of New Zealand, and prepare the ground for future Congressional approval of the Trans-Pacific Partnership trade negotiations.

### **NEW ZEALAND POSITIONED TO CAPITALISE ON ECONOMIC GROWTH AND DEVELOPMENT IN ASIA**

Through our membership of regional organisations, particularly the Asia-Pacific Economic Cooperation (APEC) forum, the East Asia Summit (EAS), the ASEAN Regional Forum (ARF) and the Asia-Europe Meeting (ASEM), we will continue to press for the strengthening of economic and security arrangements that advance New Zealand's economic, trade and security interests. We will support business to realise the economic benefits from the implementation of the FTAs with China, Hong Kong, Malaysia and Thailand, and will continue to progress the further negotiations and reviews mandated within those FTAs.

We will continue to maintain high-level dialogue and wide-ranging engagement with China to support our economic and trade interests, and to work with China to promote our regional and international political, environmental and security objectives. We will implement the outcomes of the comprehensive partnership arrangement with ASEAN, and work with ASEAN members to realise the benefits of the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA). We will continue to build our relations with key regional economic and political powers, in particular with Japan, Korea and India.

#### **A MORE INFLUENTIAL RELATIONSHIP WITH THE EUROPEAN UNION**

We will build on the momentum of the 2007 Joint Declaration on Cooperation and Relations in order to further our long-term goal of a Comprehensive Agreement with the EU, one that covers all aspects of our relations. We will work to secure regular high-level consultations with the new EU leadership. We will engage with the European Commission and EU member states to ensure the best possible access rights for New Zealanders to the EU, particularly the UK and Schengen countries.

#### **MAINTAINING NEW ZEALAND'S GLOBAL INFLUENCE**

We will seek to reinforce New Zealand's global influence through developing our relationships with influential countries and regions, and, in particular, those whose influence is rising. To this end, we will seek to increase our contact with Brazil as a growing international player. We will engage with Russia as an important global and regional player, and help New Zealand businesses assess the relative risks and rewards of the economic opportunities it offers. We will also seek to fully realise the partnership potential of Canada, particularly as a partner in multilateral and security issues.

We will further develop relations with the Persian Gulf states to enhance trade prospects. We will increase our engagement with Africa, in particular through our accreditation to the African Union.

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

### What are we seeking to achieve?

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

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

- protect benefits negotiated for New Zealand thus far in the WTO Doha Round, and bring the round closer to a conclusion
- greater competitiveness and opportunities for New Zealand exporters through the negotiation of FTAs and improved existing trade and economic frameworks
- minimal impact on exports of trade access problems
- improved economic growth and productivity in New Zealand through increased international linkages
- New Zealand maintains a capacity to influence a rapidly changing world economy.

The Ministry also expects to play a role in leveraging New Zealand's international connections to assist Christchurch to recover from the 22 February earthquake. It is already actively involved in promoting the Government's Christchurch Earthquake Appeal offshore.

### How will we demonstrate success in achieving this?

We will know that New Zealand's economic growth and international competitiveness are advanced when:

- New Zealand's exports grow as a percentage of GDP
- New Zealand inwards and outwards foreign direct investment grows as a percentage of GDP
- New Zealand's performance on internationally recognised indices of international competitiveness improves.

For more detail on data and trends for these measures, and how the Ministry will demonstrate its impact, see Annex 2.

## How will we achieve this?

### **PROTECT BENEFITS NEGOTIATED FOR NEW ZEALAND THUS FAR AND BRING THE WTO DOHA ROUND CLOSER TO CONCLUSION**

We will seek to maintain gains made in WTO negotiations to date, in particular on the elimination of agricultural export subsidies and improved market access conditions for goods and services. We will continue to advocate for improved rules in areas such as trade facilitation, domestic regulation of services, fish subsidies and environmental goods and services.

### **GREATER COMPETITIVENESS AND OPPORTUNITIES FOR NEW ZEALAND EXPORTERS THROUGH THE NEGOTIATION OF FTAS, AND IMPROVED EXISTING TRADE AND ECONOMIC FRAMEWORKS**

We will continue to advocate for the further development of the Single Economic Market with Australia. We will advance negotiations on the Trans-Pacific Partnership with the United States and other partners. We will advance FTA negotiations with Korea and India, and investment negotiations with Hong Kong. We will seek to retain gains achieved so far in negotiations with the Gulf Cooperation Council, while improving prospects for overall conclusion. We will pursue a constructive way forward on the Pacific Agreement on Closer Economic Relations (PACER) Plus negotiations, with some Pacific island countries wishing to proceed quickly and others focussing on national feasibility studies before determining a timetable for progress. We will advance negotiations with Russia, Belarus and the Kazakhstan Customs Union. We will continue to pursue a Japan-New Zealand Economic Partnership Agreement.

### **MINIMAL IMPACT ON EXPORTS OF TRADE ACCESS PROBLEMS**

We will resolve trade access issues wherever they arise and as soon as possible. We will make use of WTO dispute settlement mechanisms to protect our trade interests. We will act to support the WTO Sanitary and Phyto-sanitary and Technical Barriers to Trade agreements, and monitor the development of private standards to ensure continuing access to markets for New Zealand exporters.

### **IMPROVED ECONOMIC GROWTH AND PRODUCTIVITY IN NEW ZEALAND THROUGH INCREASED INTERNATIONAL LINKAGES**

We will continue a whole-of-government programme to help New Zealand businesses to capitalise on the FTAs with China and Hong Kong. We will work with other agencies to identify approaches to internationalisation that help improve the position of New Zealand firms in global and regional value chains. We will actively support whole-of-government efforts to leverage the Rugby World Cup to New Zealand's economic advantage. We will work alongside other agencies to improve flows of capital, ideas, people, science and technology to New Zealand.

### **NEW ZEALAND MAINTAINS A CAPACITY TO INFLUENCE A RAPIDLY CHANGING WORLD ECONOMY**

We will work with key bilateral partners and use ad hoc initiatives to influence processes for shaping the international economic environment, especially the G20 and the international financial institutions.

## Outcome 3: New Zealand's interests secured through regional and multilateral engagement and effective international rules

### What are we seeking to achieve?

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

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

- enhanced security through more effective responses to international and regional security challenges
- progress in advancing an international environmental and natural resource agenda that advances New Zealand interests and supports New Zealand economic competitiveness
- a more effective and accountable UN that is more responsive to New Zealand's interests
- a relevant and more effective Commonwealth that advances respect for the rule of law.

For more detail on data and trends for these measures, and how the Ministry will demonstrate its impact, see Annex 2.

### How will we demonstrate success in achieving this?

We will know we have been successful in securing New Zealand's interests through regional and multilateral institutions and effective international rules when:

- there are improvements in security in situations where New Zealand has chosen to make a contribution, and these contribute to improvements at the global level
- the UN and other international bodies take positions that reflect New Zealand's views and the views of other countries with which we are cooperating
- countries take action that is likely to reduce greenhouse gas emissions by 50% by 2050, and New Zealand's share of the cost of doing so is fair
- the number of whales caught in the Southern Ocean is reduced, and whaling is phased out as soon as possible
- illegal fishing in the Southern Ocean and Western and Central Pacific is reduced or, in the case of the Southern Ocean, maintained at current low levels
- New Zealand is elected onto the United Nations Security Council.



## How will we achieve this?

### **ENHANCED SECURITY THROUGH MORE EFFECTIVE RESPONSES TO INTERNATIONAL AND REGIONAL SECURITY CHALLENGES**

We will engage in integrated diplomatic, development and defence engagement in response to conflict in the Asia-Pacific region, the Middle East and Afghanistan. We will contribute to international efforts against terrorism and towards building state capacity to counter terrorism and other transboundary threats. We will contribute to an improved national counter-terrorism framework, in particular through maintaining an effective designation process. We will support international disarmament and non-proliferation efforts, in particular through engagement in the International Atomic Energy Agency, in the follow-up to the 2010 Nuclear Non-Proliferation Treaty Review Conference with key partner countries, chairing the Nuclear Suppliers' Group, and engaging in Arms Trade Treaty negotiations. We will support international efforts to combat cross-border criminal activity, including people-smuggling and trafficking, piracy, weapons smuggling and cyber attacks.

### **PROGRESS IN ADVANCING AN INTERNATIONAL ENVIRONMENTAL AND NATURAL RESOURCE AGENDA THAT ADVANCES NEW ZEALAND INTERESTS AND SUPPORTS NEW ZEALAND ECONOMIC COMPETITIVENESS**

We will advocate for effective international efforts and rules on climate change that accommodate New Zealand's circumstances and interests and are affordable. We will sustain the momentum of the Global Research Alliance on agricultural greenhouse gas mitigation. We will advance New Zealand's interests in international marine and oceans institutions, including promoting strong measures to arrest depletion of world fish stocks. We will promote measures to ensure the stability of the Antarctic treaty system and protection of New Zealand interests in the Ross Dependency. We will support resolution of divisive issues in the International Whaling Commission, maintaining whale conservation, and seeking to bring about an end to whaling in the Southern Ocean as soon as possible.

### **A MORE EFFECTIVE AND ACCOUNTABLE UN THAT IS MORE RESPONSIVE TO NEW ZEALAND'S INTERESTS**

We will capitalise on renewed US multilateral engagement to pursue our goals, including Security Council reform. We will actively prosecute New Zealand's campaign for a seat on the Security Council in 2015–16. We will advocate balanced and coordinated approaches by the UN system to new global challenges including food security, pandemics, and the effectiveness of international financial and economic institutions. We will work to restore the credibility of the UN's human rights institutional practices and continue to advocate for upholding human rights standards. We will support efforts to make UN peace-keeping operations more effective and their governance arrangements more responsive to troop-contributing countries.

### **A RELEVANT AND MORE EFFECTIVE COMMONWEALTH THAT ADVANCES RESPECT FOR THE RULE OF LAW**

We will actively engage to improve the functioning of the Commonwealth's Ministerial Action Group. We will work with key Commonwealth members and the Commonwealth Secretariat to build momentum for Commonwealth reform.

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

### What are we seeking to achieve?

Development cooperation advances New Zealand's well-being by contributing to New Zealand's relationships with partner countries and the building of a secure, equitable and prosperous world. It is a core pillar of New Zealand's wider foreign and trade policy.

The New Zealand Government wants aid that works. This means achieving tangible results that make a positive difference to people's lives. We are carefully targeting our efforts to where we can make a difference, with our primary focus on supporting sustainable economic development, particularly in the Pacific region. As a small donor committed to effective development, the New Zealand Aid Programme will build on our comparative advantage and align with New Zealand's approach to foreign and trade policy.

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

- more prosperous and secure Pacific island countries
- enhanced sustainable development in Asia, Africa and Latin America
- effective responses to humanitarian crises and natural disasters (including peace-building efforts)
- effective support for the international development system to address global issues, enhance New Zealand's international relationships and to improve the effectiveness of multilateral agencies
- increased engagement with New Zealand-based partners and stakeholders.

### How will we demonstrate success in achieving this?

We will know we have been successful when there is:

- a significant improvement in the balance of trade and business environment in key partner countries in the Pacific by 2015
- progress towards a reduction in partner countries' dependence on aid
- an increase in key partner countries' scores on the Human Development Index at an annualised rate of 1% per year from 2007
- improved progress towards the 2015 Millennium Development Goals for New Zealand's bilateral partners in the Pacific and Asia
- annual progress towards the medium-term outcomes identified in the strategic frameworks for New Zealand's official development assistance.

For more detail on data and trends for these measures, and how the Ministry will demonstrate its impact, see Annex 2.

## How will we achieve this?

Four priority themes will guide the New Zealand Aid Programme in stimulating sustainable development:

- investing in economic development
- promoting human development
- improving resilience and responding to disaster
- building safe and secure communities.

In pursuing these themes, MFAT will prioritise approaches that:

- make aid more effective
- improve efficiency and value for money
- enhance accountability for results
- integrate cross-cutting and thematic issues
- increase responsiveness and flexibility
- ensure consistency of official development assistance and foreign policy.

Full details of how this will take place are available in the recently launched policy statement *Supporting Sustainable Development*.

In 2011/12, we will manage \$525 million of official development assistance, including administration expenses. A new programme framework has been adopted that brings the number of programmes down from 33 to 24.

### THE PACIFIC

We will enhance support for sectoral activities such as agriculture, fisheries, tourism, renewable energy and other infrastructure that can drive or enable economic growth. We will strengthen our support for private sector development. We will support strengthened security and improved governance including the rule of law, electoral processes and access to justice. We will support activities that invest in people, particularly health and education including through the new Pacific Scholarships Scheme and other training initiatives. We will enhance support for climate change mitigation and adaptation to reduce vulnerability. In Niue, Tokelau and the Cook Islands we will focus on activities that foster resilience.

We will support New Zealand's hosting of the 2011 Pacific Islands Forum (see also Outcome 1) and strengthen cooperation with Australia and other donors. We will advocate for and engage in improving the performance of Pacific regional agencies, and multilateral agencies working in the Pacific, notably the World Bank/International Finance Corporation and the Asian Development Bank.

### INTERNATIONAL DEVELOPMENT SYSTEM

A substantial proportion of official development assistance goes to multilateral institutions, at the expense of enhanced bilateral programmes. We will lead a greater discussion of the effectiveness of New Zealand's multilateral official development assistance spend.

We will continue to advocate for increased effectiveness and impact of international agencies, notably the World Bank and Asian Development Bank, particularly in the Pacific.

We will continue to encourage donor coordination and cooperation in the Pacific, especially with the EU, Japan and the US, and initiate dialogue with other important donors such as China.

#### **ASIA, AFRICA AND LATIN AMERICA**

We will refocus engagement in Southeast Asia through new ASEAN flagship programmes, especially on agriculture, disaster risk reduction, business and an increased scholarships programme. For Southeast Asia we will increase our impact on sustainable economic development through partnerships in tourism, energy, education and an enhanced English language training programme. We will also develop new strategic approaches for Africa and Latin America that leverage New Zealand's comparative advantage in agriculture and private sector development.

#### **HUMANITARIAN CRISES AND NATURAL DISASTERS**

We will contribute to global humanitarian responses and support effective international humanitarian agencies. Working with New Zealand agencies and NGOs, we will lead New Zealand's response to natural disasters overseas, particularly in the Pacific. We will also enhance support for risk reduction and preparedness to humanitarian crises and natural disasters.

#### **NEW ZEALAND PARTNERS AND STAKEHOLDERS**

We will increase partnership initiatives with the New Zealand private sector and NGOs. We will also strengthen relationships with New Zealand government partners with relevant expertise to improve development outcomes.



## Outcome 5: The rights of New Zealanders abroad protected

### What are we seeking to achieve?

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

The Ministry's consular emergency response capacity would also be activated in the event of a major natural disaster in New Zealand in order to facilitate international assistance and liaise with foreign missions.

### How will we demonstrate success in achieving this?

We will know we have been successful in protecting the rights of New Zealanders abroad when:

- we receive consistently positive feedback on our service performance in our surveys of recipients of consular services
- lessons-learned reviews of our performance in consular emergencies find that the Ministry has a sustainable capacity and capability to respond to consular emergencies.

### How will we achieve this?

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

## Managing in a Changeable Operating Environment

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The Ministry scans its operating environment for major trends, risks and opportunities for New Zealand on an ongoing basis. The Ministry's protection of and advocacy for New Zealand's interests offshore requires constant engagement in a wide range of international negotiations, and in regional and global political, economic and security forums. Combined with internal analysis and regular interaction with key stakeholders, this work helps Ministry leaders and staff remain attuned to New Zealand's evolving international risks and opportunities. Domestically, the Ministry is responding positively to requirements to better account for and improve performance, while adapting to an ongoing tight fiscal environment, and a cap on employee numbers. In addition, the Ministry's ongoing role in responding to the Christchurch earthquake is likely to require a substantial resource allocation over the medium term.

Internally, at the start of each annual planning cycle, the Ministry reassesses key international trends, which are taken into account by the Senior Leadership Team in business priority and resource allocation decisions. The Ministry also regularly performs more targeted scans to support work in specific areas. In 2011/12 the Ministry participated in in-depth environment scans of India, China, the US and Australia. These scans, conducted with NZ Inc partner agencies during 2010/11, initiated whole-of-government NZ Inc engagement strategies for those countries. Other specific scans and strategies are planned in 2011/12.

In 2010/11 the Ministry's Senior Leadership Team endorsed a refreshed risk management policy and framework. The framework, which is integrated with the Ministry's whole-of-organisation planning process, will be fully implemented by 2011/12. Business managers assess risks to outcomes, including how to manage these risks, as an integral part of business planning. The Senior Leadership Team uses a strategic level risk register to anticipate, track and manage strategic level risks facing the Ministry. This risk register is regularly reviewed by the Ministry's independent Audit and Risk Committee, which provides feedback to the Senior Leadership Team.

TABLE OF INDICATIVE STRATEGIC RISKS AND RISK MITIGATION STRATEGIES

AREA OF RISK	POSSIBLE CONSEQUENCES	KEY MITIGATIONS
<p><b>Strategic leadership</b></p> <ul style="list-style-type: none"> <li>Insufficient long-term assessment of, or strategy in place to either capitalise on opportunities or mitigate risks for New Zealand internationally</li> </ul>	<ul style="list-style-type: none"> <li>Missed opportunities for New Zealand</li> <li>NZ Inc cohesion is undermined</li> <li>MFAT effort not aligned with most important strategic challenges</li> </ul>	<ul style="list-style-type: none"> <li>Senior Leadership Team focus shifts from operational to strategic level issues</li> <li>Sustained MFAT effort to lead improved NZ Inc coordination, including through joint strategies</li> <li>Whole-of-organisation planning better aligns MFAT with strategic priorities</li> </ul>
<p><b>Capability</b></p> <ul style="list-style-type: none"> <li>Not enough people with the right skills in the right places to deliver required outcomes in a cost-effective way</li> <li>Ongoing fiscal constraints</li> </ul>	<ul style="list-style-type: none"> <li>Lack of specific expertise damages ability to influence and protect key New Zealand interests</li> <li>MFAT does not establish a strong staff capability base to conduct core business and achieve priority objectives</li> <li>MFAT cannot sustain current level of operations or service</li> </ul>	<ul style="list-style-type: none"> <li>Design and implement new whole-of-organisation capability delivery model</li> <li>Within fiscal constraints, ensure capability is matched to and sustains work to achieve priority objectives</li> <li>Reprioritise activities, achieve productivity and efficiency gains</li> </ul>
<p><b>Change management</b></p> <ul style="list-style-type: none"> <li>MFAT lacks the change management experience and capacity to successfully execute change initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Change initiatives partially or completely fail</li> <li>Scarce resources wasted on failed initiatives</li> <li>Staff engagement level declines</li> </ul>	<ul style="list-style-type: none"> <li>New change governance processes to improve coordination and senior oversight</li> <li>Senior change leadership expertise recruited</li> <li>Change management training for all staff</li> <li>Proactive, systematic whole-of-organisation approach to raising level of staff engagement</li> </ul>

AREA OF RISK	POSSIBLE CONSEQUENCES	KEY MITIGATIONS
<p><b>Relationships</b></p> <ul style="list-style-type: none"> <li>• New Zealand not optimally represented offshore</li> </ul>	<ul style="list-style-type: none"> <li>• New Zealand’s influence with key partners and institutions declines</li> <li>• Cannot achieve objectives</li> <li>• New Zealand misses critical economic, security and political opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• International Development Group restructure and business model refresh</li> <li>• Offshore Organisational Design Project</li> <li>• Develop new MFAT business model</li> <li>• Tighter NZ Inc coordination onshore drives more effective whole-of-government activity offshore</li> </ul>
<p><b>Crisis management</b></p> <ul style="list-style-type: none"> <li>• Severe, and/or multiple international or domestic crises coincide</li> </ul>	<ul style="list-style-type: none"> <li>• MFAT’s ability to respond effectively is overstretched</li> <li>• Competing priorities hamper a rapid, sufficiently flexible response</li> <li>• Longer term, MFAT may struggle to maintain diversion of significant resources required for ongoing crisis response</li> </ul>	<ul style="list-style-type: none"> <li>• Crisis centre established</li> <li>• Specialist disaster management team established in International Development Group</li> <li>• Business continuity planning refreshed</li> </ul>



# Assessing Organisational Health and Capability

In 2009, the Ministry embarked on a comprehensive organisational change programme designed to help articulate and drive the changes needed for the Ministry to deliver on its foreign policy, trade and development outcomes in a cohesive and strategic way. Under Ministry 20/20, the Ministry is fundamentally reviewing all parts of the organisation to ensure that investment is targeted at the areas that will create the most impact. This means re-engineering our front and back offices, and their associated platforms, business processes, conventions and cultures.

Ministry 20/20 is organised around several streams of work including: strategy, structure, measures, people, culture and values, technology and knowledge management, and efficiency. The relative priority of particular streams of work has changed as projects move from design phase, through implementation, and into business as usual.

Beginning in the 2010/11 financial year, the Ministry's priorities are:

- modernisation of its offshore delivery platform
- NZ Inc coordination
- implementation of changes to the Ministry's business model for the delivery of official development assistance
- implementing a new toolkit for developing capability in the organisation, including a redesigned performance management system, more targeted learning and development opportunities, and a new leadership development framework
- developing a new set of knowledge management tools that will enable the Ministry to work smarter, and more productively, and the information technology (IT) infrastructure to support them.

## Modernisation of the offshore delivery platform

In June 2010, the Ministry launched a project to design a blueprint for a more efficient, flexible and streamlined offshore platform. The aim is to release investment for greater foreign and trade policy and development assistance impact and refine consular services for New Zealanders at less cost. The project's focus has been on designing improved administrative and consular processes at overseas posts. Decisions on proposals for improvements are expected to be taken early in the 2011/12 financial year.

## NZ Inc coordination

The Ministry is working to leverage the capability of NZ Inc agencies across the globe in order to reduce duplication of investment and provide a unified back office capability. The Ministry will also play a central role in coordinating and implementing, with other government agencies, a number of NZ Inc country and regional strategies. NZ Inc strategies are due to be completed for Australia, China, India and the US by 1 July 2011. Work on a number of important regional relationships – ASEAN, the EU and the Middle East – will follow.

## Changes to the Ministry's business model for delivery of official development assistance

Work on refreshing the Ministry's business model for delivery of official development assistance is well underway following consultation with staff. The vision, development pillars and business drivers for the International Development Group (IDG) within the Ministry have been refined. A detailed onshore organisation design has been finalised, with two bilateral divisions; a Partnerships, Humanitarian and Disaster Management division; a Sustainable Economic Development and Thematic division; and a Development Strategy and Effectiveness division. More capacity has been created for delivery through the disestablishment of purely advisory positions, and the creation of new positions fusing sectoral advice and programme management. Process and IT systems for managing aid are being improved, simplified and streamlined. Corporate functions have been centralised with those of the wider Ministry. Work to simplify workflow processes, and an approach to achieving "Bigger, Fewer, Deeper, Longer" activities is being finalised. Work on greater devolution of development strategy and delivery away from Wellington and out to posts is also underway.

## Implementing a new toolkit for developing capability

The Ministry's performance management and remuneration systems are being redesigned to create one system for the Ministry to replace the two separate systems that currently operate in IDG and the rest of the Ministry. The new system will be simple to understand and operate. It will devolve decision-making on staff performance and remuneration recognition to line managers and will focus on outcomes rather than inputs. It will provide differentiated rewards based on achievement of stretch outcomes. Remuneration will be more closely linked to performance with those performing more strongly receiving greater reward and recognition. The new performance management framework will be effective from 1 July 2011.

Learning and development is being targeted toward lifting leadership capability. A programme is being designed that all managers will be required to complete over time. The initial focus will be on improving staff performance through providing good coaching and feedback. This programme will support the gradual devolution of staff and resource management responsibilities. Learning and development is also being targeted toward new foreign policy staff and in preparing Heads of Mission for their offshore role. Lifting capability in trade and economic growth also remains a focus.

A Leadership Development Framework has been designed and is currently being road tested through pilot activities. Development programmes to deliver on this framework will be designed and implemented to lift leadership capability across the Ministry.

## Technology and knowledge management

Information is critical to the practice of foreign policy. Having the right information in the right place at the right time can be the difference between success and failure.

Changes to information and communications technology over the last two decades have radically changed how information is produced and disseminated. It has also provided opportunities for the Ministry to make use of internal and external information more effectively and efficiently across its global network. To this end the Ministry is making significant investments in its processes and practices around the creation, sharing and use of information, and in the infrastructure to support it.

The two key deliverables under this workstream are to:

- deliver a set of new knowledge management tools and processes that enable the Ministry to work smarter by enhancing collaboration and simplifying access to tacit and explicit knowledge within the organisation
- transition the Ministry to a lower classification IT environment in order to provide greater flexibility and increased mobility at lower costs.

### Main measures of our health and capability

The Ministry’s measures of our health and capability are based around our need to manage a complex and challenging internal change programme, while maintaining a high level of business as usual performance. They therefore seek to track the execution and effects of change, as well as broader indicators of health.

DOMAIN	MEASURE	BASELINE
<b>Change</b>	Successful implementation of key change programmes	
<b>People</b>	Improvement in the Ministry’s staff engagement scores	Engaged 24.9%, Ambivalent 63.8%, Disengaged 11.3%
	Maintaining the Ministry’s low sick leave and turnover rates	Sick leave: 4.21 days per person in the 12 months to 31 January 2011 Turnover: 12.1% in the 12 months to 31 January 2011.
	Reduce the Ministry’s outstanding annual leave balances	Number of balances over 30 days: 225.1 (12-month rolling average to 31 January 2011)
<b>IT</b>	Reliability: maintain a high level of availability (>98%) of core systems	99.4% in the 12 months to 28 February 2011
	Flexibility: continue to increase the number of users of mobile tools deployed to users	1,197 as at 28 February 2011
<b>Financial management</b>	Ministry’s appropriations not exceeded	

DOMAIN	MEASURE	BASELINE
<b>Stakeholders</b>	Positive feedback from stakeholders on the Ministry's performance	No baseline currently available
<b>Value for money</b>	Improvements on efficiency and cost-effectiveness measures (See separate section on cost effectiveness)	

## Equal employment opportunities

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

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

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

All managers and staff have a responsibility for promoting a work culture in which all staff – whatever their gender, ethnic or social background, sexual orientation, or role – are valued, and treated equitably and with respect. The Ministry now surveys staff on a regular basis to assess staff engagement and the work climate. This survey provides a measure of the quality of the work culture and environment for staff.

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

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

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

## Capital intentions

The Ministry's capital programme is focused on providing modern, secure and effective premises for accommodating NZ Inc's requirements offshore, and modernising its IT systems.

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

Work on modernisation of the Ministry's offshore platform creates some uncertainty for the Ministry at this time and its recommendations may result in changes to the capital expenditure programme outlined below.

#### **PROPERTY ASSETS**

A property asset management plan, aligned to the property strategy, is under development. It aggregates the past three years of building condition investigations for owned properties, and sets out a programme of works over 10 years (replacement and maintenance) for each asset. Review of condition assessment and ongoing requirements for leased premises is undertaken throughout the lease period to determine potential maintenance and refurbishment expenditure.

Building condition reports and work programmes for most of the owned property assets have been completed during the last three years. Condition reports completed have resulted in a substantial works programme for 2011/12 and out years.

The following major capital works initiatives are included in the three-year capital forecast:

- Beijing: rebuild of chancery and official residence on leased land
- New Delhi: development of chancery and staff housing on leased compound
- Paris: chancery relocation and purchase of official residence
- Canberra: fit out of owned premises for chancery
- Singapore, Washington, The Hague and Canberra: refurbishment of official residences
- Seoul: official residence rebuild
- Taipei: chancery relocation and fit out
- Implementation of a new property strategy which will see the Ministry move towards greater ownership of official residences. This strategy involves replacing up to 16 leased official residences by purchasing residences over the next one to three years.

This programme of intensified capital expenditure helps to address the diminishing level of service that has arisen from a period of deferred maintenance, to meet asset renewal objectives/targets, and to reflect the Official Residence Strategy. The completion of the four-year peak of the programme (2010–2014) will increase the percentage of fit for purpose assets across the portfolio and official residence ownership, which will then be maintained via a normalised works programme. The Ministry is focused on continual improvement in asset management tools and methodologies which are closely aligned to capital asset management criteria as identified by the Office of the Auditor General.

#### **TECHNOLOGY**

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

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

IT capital expenditure will also be used to migrate the current Ministry operating platforms to Windows 7 and Office 2010.

Major initiatives relating to technology and communication planned for 2011–2014 include:

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

Many of the projects aim to improve the efficiency of deployment and management of information and services. For instance, the new offshore data centres ensure information stored in Wellington is available to all posts worldwide. The deployment of Windows 7 and new servers aims to reduce our current IT power consumption by 20%, which will be tracked using a power monitoring system. The establishment of the new satellite-based network system for Pacific posts is designed to improve link availability from a typical figure of 87% to 95% availability.

#### TARGET ASSET PERFORMANCE LEVEL FOR 2011/12

ASSET NAME	AVAILABILITY		UTILISATION	
	MEASURE	% TARGET	MEASURE	% TARGET
Owned chanceries	% available	85	% utilised	75
Owned official residencies & staff houses	% available	90	% utilised	90
Leased chanceries and residential buildings	% available	80	% utilised	75
Security measures and systems	% available	95	% utilised	80
IT hardware	% available	95	% utilised	85
IT software	% available	95	% utilised	85
Internal communication system	% available	95	% utilised	85

**FORECAST DETAILS OF DEPARTMENTAL CAPITAL EXPENDITURE FOR THE PERIOD 2010-2015**

	2010/11 FORECASTED ACTUAL \$000	2011/12 FORECAST \$000	2012/13 FORECAST \$000	2013/14 FORECAST \$000	2014/15 FORECAST \$000
Land	1,000	4,000	4,000	6,000	-
Buildings	18,480	56,477	38,317	36,633	11,001
Plant and equipment	3,545	3,100	3,000	4,358	2,200
Furniture and fittings	8,611	6,000	5,200	4,800	4,300
Motor vehicles	2,336	821	1,298	902	1,821
Computer hardware	5,668	2,600	2,000	2,200	2,400
Computer software	7,604	7,000	3,100	3,400	2,200
<b>Total</b>	<b>47,244</b>	<b>79,998</b>	<b>56,915</b>	<b>58,293</b>	<b>23,922</b>

CONDITION		FUNCTIONALITY	
MEASURE	TARGET RATING	MEASURE	TARGET RATING
\$ spend on maintenance	Average	% fit for purpose	Moderate
\$ spend on maintenance	Average	% fit for purpose	Moderate
\$ spend on maintenance	Average	% fit for purpose	Moderate
% assets requiring replacement	Good	% compliance with service level	Good
% assets requiring replacement	Good	% compliance with service level	Moderate
% assets requiring replacement	Good	% compliance with service level	Moderate
% assets requiring replacement	Good	% compliance with service level	Moderate

Measures are directly translated from the Ministry's Capital Asset Management reporting to Treasury. Asset condition is measured on a five point scale from 1 "very poor" through to 5 "excellent". Asset functionality is measured on a five point scale from 1 "unfit" through to 5 "full". For further detail see Annex 2 "Data Sources and Trends for Performance Measures".

## Cost Effectiveness

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The Ministry has recently begun a project to develop a cost-effectiveness framework that can be broadly applied across the Ministry's work. In simple terms, the Ministry can demonstrate it is improving its cost effectiveness when:

- costs remain static, but output quantity and/or quality increase, leading to improved outcome achievement
- costs reduce, but output quantity and/or quality increase or remain static, leading to outcome achievement that is either improved or static.

If costs increase, output quantity and/or quality must increase, and outcome achievement must improve in order to demonstrate that the Ministry is not becoming less cost effective.

In practice, applying this simple model is complex. It requires not only identification of the major drivers of cost, good measures of output quality and quantity, and robust assessment of outcomes, but also a sound understanding of how each part of the chain interacts, what the causes of change are, and whether measures at each part of the chain are sufficient for analysis across the chain.

Since 2009/10 the Ministry has reported against a set of measures of cost effectiveness for Crown expenditure on official development assistance. These measures draw on a significant body of international research on the cost effectiveness of development assistance. Furthermore, cost effectiveness is a routine component of evaluations of official development assistance programmes and activities, and synthesised findings from these are included in the Annual Report.

### COST-EFFECTIVENESS INDICATORS FOR THE NEW ZEALAND AID PROGRAMME

MEASURE	LATEST VALUE	TARGET FOR 2011/12	COMMENT OR EXPLANATION
<b>USE OF FEWER BUT LARGER, MORE COMPREHENSIVE INTERVENTIONS</b>			
Number of activities	715	650 or less	
Median annual expenditure	\$143,000	\$175,000	
Use of 'higher aid modalities'	55.8%	58%	Includes methods for delivering aid such as support for a sector as a whole (rather than a single project), or international pooled funds. These approaches allow a deeper and more cost-effective engagement



MEASURE	LATEST VALUE	TARGET FOR 2011/12	COMMENT OR EXPLANATION
<b>USE OF INTERNATIONAL GOOD PRACTICE IN COORDINATION WITH OTHER DONORS</b>			
Use of partner financial and procurement systems	44% (financial) 49% (procurement)	80%	Internationally agreed target is to increase this, to utilise efficiencies in administration and increase likelihood of sustainable benefits
Use of programme-based approaches	51%	66%	Internationally agreed target is to increase this, to reduce transaction costs of the partner government working with many donors, and to allow a sector (such as education) to be addressed as a whole
Performance against Good Humanitarian Donorship indicators	Best performance in: protection and international law; and prevention, risk reduction and recovery	Improved ratings	Assessment against the international benchmarks is undertaken independently of all donors

# Additional Information

## Other entities

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

### NEW ZEALAND ANTARCTIC INSTITUTE

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

### PACIFIC COOPERATION FOUNDATION

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

The Foundation's mission is:

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

### ASIA NEW ZEALAND FOUNDATION

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

The Ministry works closely with the Foundation and other stakeholder agencies to support alignment of Foundation programmes with New Zealand Government priorities in Asia.

#### **NEW ZEALAND TRADE AND ENTERPRISE**

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

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

### **Administered legislation**

The following Acts are administered by the Ministry:

- Antarctica Act 1960
- Antarctica (Environmental Protection) Act 1994
- Antarctica Marine Living Resources Act 1981
- Anti-Personnel Mines Prohibition Act 1998
- Chemical Weapons Prohibition Act 1996
- Cluster Munitions Prohibition Act 2009
- Commonwealth Countries Act 1977
- Consular Privileges and Immunities Act 1971
- Continental Shelf Act 1964
- Cook Islands Act 1915
- Cook Islands Constitution Act 1964
- Diplomatic Privileges and Immunities Act 1968
- Foreign Affairs Act 1988
- Geneva Conventions Act 1958
- International Crimes and International Criminal Court Act 2000  
(jointly administered with the Ministry of Justice)
- Kermadec Islands Act 1887
- Mercenary Activities (Prohibition) Act 2004
- New Zealand Antarctic Institute Act 1996
- New Zealand Export-Import Corporation Dissolution Act 1992
- New Zealand Nuclear Free Zone, Disarmament and Arms Control Act 1987
- Niue Act 1966
- Niue Constitution Act 1974
- Nuclear-Test-Ban Act 1999
- Pitcairn Trials Act 2002

- Territorial Sea, Contiguous Zone, and Exclusive Economic Zone Act 1977
- Terrorism Suppression Act 2002  
(jointly administered with the Ministry of Justice)
- Tokelau Act 1948
- Tokelau (Territorial Seas and Exclusive Economic Zone) Act 1977
- United Nations Act 1946
- United Nations Convention on the Law of the Sea Act 1996
- Western Samoa Act 1961.

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

# Annex 1: Assets

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

## VOTE: FOREIGN AFFAIRS AND TRADE

Departmental operating expenditure	\$354,712,000
Departmental capital expenditure	\$79,998,000
Non-departmental expenditure	\$75,462,000
<b>Total</b>	<b>\$510,172,000</b>

## VOTE: OFFICIAL DEVELOPMENT ASSISTANCE

Departmental operating expenditure	\$61,242,000
Official development assistance	\$524,932,000
<b>Total</b>	<b>\$586,174,000</b>

## Our network

54 overseas posts  
 123 countries and territories of accreditation  
 9 Consulates-General managed by NZTE  
 63 Honorary Consuls

## Our people

<b>IN NEW ZEALAND</b>	<b>(684)</b>
682 Head Office	
2 Auckland	
<b>OVERSEAS</b>	<b>(679)</b>
254 seconded staff	
425 locally employed staff	
<b>TOTAL</b>	<b>1,363</b>

## Annex 2: Data Sources and Trends for Performance Measures

MEASURE	DATA SOURCES/EVIDENCE
<p><b>Outcome 1:</b> New Zealand's security and economic interests safeguarded through its political and security relationships</p> <p>Assessments of critical bilateral relationships show progress against a range of qualitative and quantitative indicators of political engagement, people-to-people links and security cooperation</p>	<p>Examples of indicators that would make up an assessment of a bilateral relationship include</p> <p><b>Political</b></p> <ul style="list-style-type: none"> <li>• Our ability to engage other countries at the highest levels (eg Foreign Minister, Head of Government)</li> <li>• The frequency and significance of high-level visits from the country</li> <li>• Expressions by the bilateral partner of the extent to which they value the relationship</li> <li>• Conclusion of formal or informal agreements that expand or reinforce structures for bilateral cooperation</li> <li>• Resolution of long-standing or rapidly emerging bilateral issues in New Zealand's favour.</li> </ul> <p><b>People-to-people links</b></p> <ul style="list-style-type: none"> <li>• Changes in short-term visitor number trends</li> <li>• Significant cultural exchanges</li> <li>• Changes in migration trends.</li> </ul> <p><b>Security</b></p> <ul style="list-style-type: none"> <li>• Improvements in the extent of or commitment to cooperation in defence and security.</li> </ul> <p>Not all indicators are relevant to all bilateral relationships or relevant for any particular time period.</p> <p>Economic aspects of relationships are generally covered under measures for Outcome 2.</p>
<p><b>Outcome 2:</b> Economic growth and international competitiveness advanced through New Zealand's international connections</p>	
New Zealand's exports grow as a percentage of GDP	Statistics New Zealand data
Inwards and outwards foreign direct investment grow as a percentage of GDP	Statistics New Zealand data
New Zealand's performance on key indicators of international competitiveness improves	<p>The indices we are tracking against this measure are:</p> <ul style="list-style-type: none"> <li>• the KOF globalisation ranking</li> <li>• World Economic Forum competitiveness ranking</li> <li>• World Economic Forum enabling trade ranking</li> <li>• World Bank World Trade indicators.</li> </ul>

DEMONSTRATING THE MINISTRY'S IMPACT

TRENDS/CURRENT STATE

The indicators we intend to use for reporting against this measure vary in the level of attribution – for instance, the resolution of bilateral issues in New Zealand's favour is likely to be fairly directly attributable to the Ministry's action. Changes in migration trends much less so. The aim will be to present the evidence in such a way that it demonstrates how the Ministry's actions have resulted in changes to the relationship.

The Ministry has not kept consistent records of historical trends in these types of indicators, so it is difficult to establish a clear trend. A review of previous performance reporting suggests that over the last five years, relationships with the US, Australia, China and ASEAN have made significant steps forward. Our relationship with the EU has required significant investment in order to maintain it at a constant level.

Establishing attribution for changes to exports as a percentage of GDP will be established by identifying the Ministry's key impacts through:

- free trade agreements and closer economic partnerships concluded, or new negotiations commenced
- major trade access issues mitigated or resolved
- specific efforts to support NZ Inc endeavours to grow the New Zealand economy, and assessments on them
- qualitative assessments of the extent to which we have maintained New Zealand's influence in the international economic system.

Reporting on competitiveness indicators will also focus on those sub-indices that are most relevant to the Ministry's work programme.

Since 2004, exports as a percentage of GDP have remained largely static at around 30% of GDP.

Inwards and outwards Foreign Direct Investment have been largely static for the last five years, at around 50% and 12% of GDP respectively.

New Zealand performs well on indicators of its domestic regulatory environment. It performs less well in composite measures that seek to track international connections more broadly. Recurring themes of particular relevance to the Ministry are:

- a difficult external tariff environment (although there is some evidence of this responding to success in negotiating FTAs)
- limited market size.

MEASURE	DATA SOURCES/EVIDENCE
<b>Outcome 3: New Zealand's interests secured through regional and multilateral engagement and effective international rules</b>	
Assessments show improvements in the security situations in Bamyan province in Afghanistan, Timor Leste and the Solomon Islands	<p>Qualitative assessments of the security situations in Bamyan Province in Afghanistan, Timor Leste, and the Solomon Islands, drawing on a range of data sources, including, where relevant:</p> <ul style="list-style-type: none"> <li>• economic data that is responsive to conflict, or the risk of conflict</li> <li>• governance indicators where these are available, and a factor</li> <li>• diplomatic reporting</li> <li>• key security milestones, particularly around the transition of Bamyan province to Afghan government leadership.</li> </ul>
United Nations and other international bodies take positions that reflect New Zealand's views and the views of other countries with which we are cooperating	Voting records on resolutions and other decisions of international bodies. Qualitative data will also be used, for instance for judgments about the significance of particular decisions.
Countries take action that is likely to reduce greenhouse gas emissions by 50% by 2050, and New Zealand's share of the cost of doing so is fair	<p>Qualitative assessment of progress in international action to combat climate change, backed, when available, by Intergovernmental Panel on Climate Change assessments of the impacts of policy.</p> <p>The Ministry will make use of assessments of costs of action to reduce climate change where these are calculated.</p>
The number of whales caught in the Southern Ocean is reduced, and whaling is phased out as soon as possible	International Whaling Commission data
Illegal fishing in the Southern Ocean and Western and Central Pacific is reduced, or in the case of the Southern Ocean, maintained at current low levels	<p>Convention on the Conservation of Antarctic Marine Living Resources (CCAMLR) estimates of illegal, unregulated and unreported fishing activity.</p> <p>The specific data set for the Western and Central Pacific is still to be determined, although the Western and Central Pacific Fisheries Commission IUU vessels blacklist will be used in the event that better data sets are not available.</p>
New Zealand is elected onto the UN Security Council	Matter of public record.



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Attribution is relatively direct insofar as New Zealand efforts are part of a larger post-conflict effort in the locations chosen.

Bamyan province is likely to begin transition to Afghan leadership in the first half of 2011.

The peaceful change of government in the Solomon Islands in the last year was a positive sign, but the security environment remains reliant on the presence of the Regional Assistance Mission.

The security situation in Timor Leste is broadly stable but underlying historic grievances and major economic and development challenges remain.

Attribution will be demonstrated by reference to New Zealand efforts to advocate for particular positions. This is almost always undertaken in concert with other countries.

We have not systematically analysed trend data on this issue. Anecdotal evidence suggests that the multilateral environment has become more complex in recent years, and more challenging for the achievement of New Zealand's objectives.

The Ministry will demonstrate attribution through reference to its role in supporting international action, and the extent to which New Zealand objectives with regard to burden-sharing are achieved.

The current Intergovernmental Panel on Climate Change business as usual model of Greenhouse Gas emission growth predicts ongoing growth in emissions through to 2050.

The Ministry will demonstrate attribution by specific reference to initiatives undertaken bilaterally and in the International Whaling Commission.

681 whales were taken in the Southern Ocean in the 2008/09 season. This figure has fluctuated between 440 and 866 over the last 10 years.

The Ministry will demonstrate attribution through reference to efforts to maintain the integrity of the treaty systems governing the two fisheries areas, specific measures successfully promoted in those bodies to combat IUU fishing, and through reference to inter-agency efforts to deter and detect IUU fishing.

CCAMLR estimates current IUU fishing rates in the CCAMLR area for the 2008/09 season at 938T. This represents a significant decline since 2001, when rates were at 11,857T. Academic literature attributes this reduction to the efforts of CCAMLR members in more vigorously policing the area.

A recent academic estimate of IUU fishing in the Western and Central Pacific was that IUU fishing was equivalent to 34% of the total legal catch in the period 2003–2008, and that this percentage had declined only slightly over the preceding 20 years<sup>1</sup>.

Directly attributable to the Ministry's efforts

<sup>1</sup> Agnew DJ, Pearce J, Pramod G, Peatman T, Watson R, et al (2009) Estimating the Worldwide Extent of Illegal Fishing. PLoS ONE 4(2): e4570. doi:10.1371/journal.pone.0004570

MEASURE	DATA SOURCES/EVIDENCE
<b>Outcome 4: Sustainable development in developing countries, in order to reduce poverty and to contribute to a more secure, equitable and prosperous world</b>	
A significant improvement in the balance of trade and ratings for 'ease of doing business' in key partner countries in the Pacific	Asian Development Bank World Bank ("Doing Business" survey)
Progress towards reduction of partner countries' dependence on aid over time	OECD Development Assistance Committee.
An increase in key partner countries' scores on the Human Development Index	UNDP Human Development Reports
Improve progress towards the 2015 Millennium Development Goals (MDGs)	MDG Tracking Report for the Pacific (funded by AusAID, produced by the Pacific Island Forum Secretariat. United Nations (for non Pacific)
Annual progress towards the medium-term outcomes identified in the programme strategies and strategic frameworks for the New Zealand aid programme	Programme annual reports from the MFAT programme planning and reporting cycle.
<b>Outcome 5: Consular Services</b>	
Positive feedback on our service performance in our surveys of recipients of consular services	Qualitative and quantitative feedback from surveys of recipients of consular services.
Lessons-learned reviews of our performance in consular emergencies find that the Ministry has a sustainable capacity and capability to respond to consular emergencies	Lessons-learned reviews are conducted after major consular emergencies. These are intended to identify successes, and areas with room for improvement.

### Measurement scales for Capital Asset Performance

GRADE	FUNCTIONALITY
5	full      Asset fully fit for intended purpose
4	good      Asset fit for intended purpose in all material respects
3	moderate      Asset largely fit for intended purpose
2	partial      Asset not fit for intended purpose in some material respects
1	unfit      Asset generally not fit for intended purpose

DEMONSTRATING THE MINISTRY'S IMPACT

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The Ministry's contribution to this outcome is as one of many partners working to similar objectives. The New Zealand Aid Programme is managed through 24 programmes (such as the Samoa programme, or the multilateral agencies programme), each of which has a strategic framework that specifies appropriate objectives and development outcomes. Progress towards these outcomes, and the Ministry's contribution to them, is measured in an annual report prepared for each programme, drawing on the full range of monitoring and evaluation data available. These objectives form the "link" between the impacts of individual aid Activities (of which MFAT manages more than 700, and evaluative results are summarised in the Annual Report) and the high-level sustainable development objectives listed in this table. Attribution is demonstrated through the logic in programme strategies and evidence in programme reports.

Balance of trade figures are unreliable and volatile, but no significant improvement is apparent in recent time series data. Recent "ease of doing business" results show improvements in Samoa, Indonesia and Timor Leste in recent years, but deteriorations in Papua New Guinea, Tonga, Solomon Islands and Cambodia.

An immediate reduction is not expected in most countries. Instead, this is a long-term objective. First reporting will be provided in the 2010/11 Annual Report.

The average annualised growth in this indicator in key partner countries until 2007 was 0.8%.

Only 35% of MDGs for Pacific partners were reported in the 2009/10 Annual Report as on track.

For 2009/10, of the 117 strategic objectives that were rated, 68% were rated good or better. See the 2009/10 Annual Report.

Direct attribution

No trend data currently available.

Direct attribution

No trend data currently available.

GRADE CONDITION

5	excellent	Sound physical condition: <i>no work required</i>
4	good	Acceptable physical condition; minimal risk of failure: <i>only minor work required</i>
3	average	Significant deterioration evident; failure likely in near future: <i>Work required but asset still serviceable</i>
2	poor	Failure likely in short term. Substantial work required in short term: <i>asset barely serviceable</i>
1	very poor	Has failed or failure imminent. Safety risk: <i>major work or replacement required urgently.</i>

# Annex 3: Links between Outcomes and Departmental Appropriations

	OUTCOME 1: New Zealand's security and economic interests safeguarded through its political and security relationships	OUTCOME 2: Economic growth and international competitiveness advanced through New Zealand's international connections
<b>VOTE FOREIGN AFFAIRS AND TRADE</b>		
<b>Policy Advice and Representation – Other Countries</b> Representation and advocacy Negotiation with other governments Visits and events Analysis and advice	<ul style="list-style-type: none"> <li>• Australia</li> <li>• Pacific</li> <li>• United States</li> <li>• Asia</li> <li>• European Union</li> <li>• Maintaining global influence</li> </ul>	<ul style="list-style-type: none"> <li>• Bilateral and regional trade agreements</li> <li>• Trade access</li> <li>• International linkages</li> </ul>
<b>Policy Advice and Representation – International Institutions</b> Representation and advocacy Negotiation with other governments Analysis and advice		<ul style="list-style-type: none"> <li>• World Trade Organisation</li> <li>• Influencing the world economy</li> </ul>
<b>Pacific Security Fund</b> Visits and events	<ul style="list-style-type: none"> <li>• Pacific</li> </ul>	
<b>Promotional Activities – Other Countries</b> Visits and events Representation and advocacy		<ul style="list-style-type: none"> <li>• International linkages</li> </ul>
<b>Rugby World Cup</b> Visits and events	Various regions depending on actual visitors	
<b>Pacific Island Forum</b> Visits and events	<ul style="list-style-type: none"> <li>• Pacific</li> </ul>	
<b>Consular Services</b> Consular services		
<b>Administration of Diplomatic Privileges and Immunities</b> Administration of legislation	<b>Objective:</b> To administer the Government's responsibilities and obligations under the Vienna Conventions on Diplomatic and Consular Relations	
<b>Services for other New Zealand Agencies Overseas</b> Services for other New Zealand agencies	<b>Objective:</b> To provide services for other New Zealand agencies with overseas interests	
<b>VOTE OFFICIAL DEVELOPMENT ASSISTANCE</b>		
<b>Management of New Zealand Official Development Assistance</b> Management of Official Development Assistance Analysis and advice		

**OUTCOME 3:**

New Zealand's interests secured through regional and multilateral engagement and effective international rules

- International security

- International security
- Climate change and natural resources
- United Nations
- Commonwealth

**OUTCOME 4:**

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

- Sustainable development in partner countries

**OUTCOME 5:**

The rights of New Zealanders abroad protected

- Consular services





