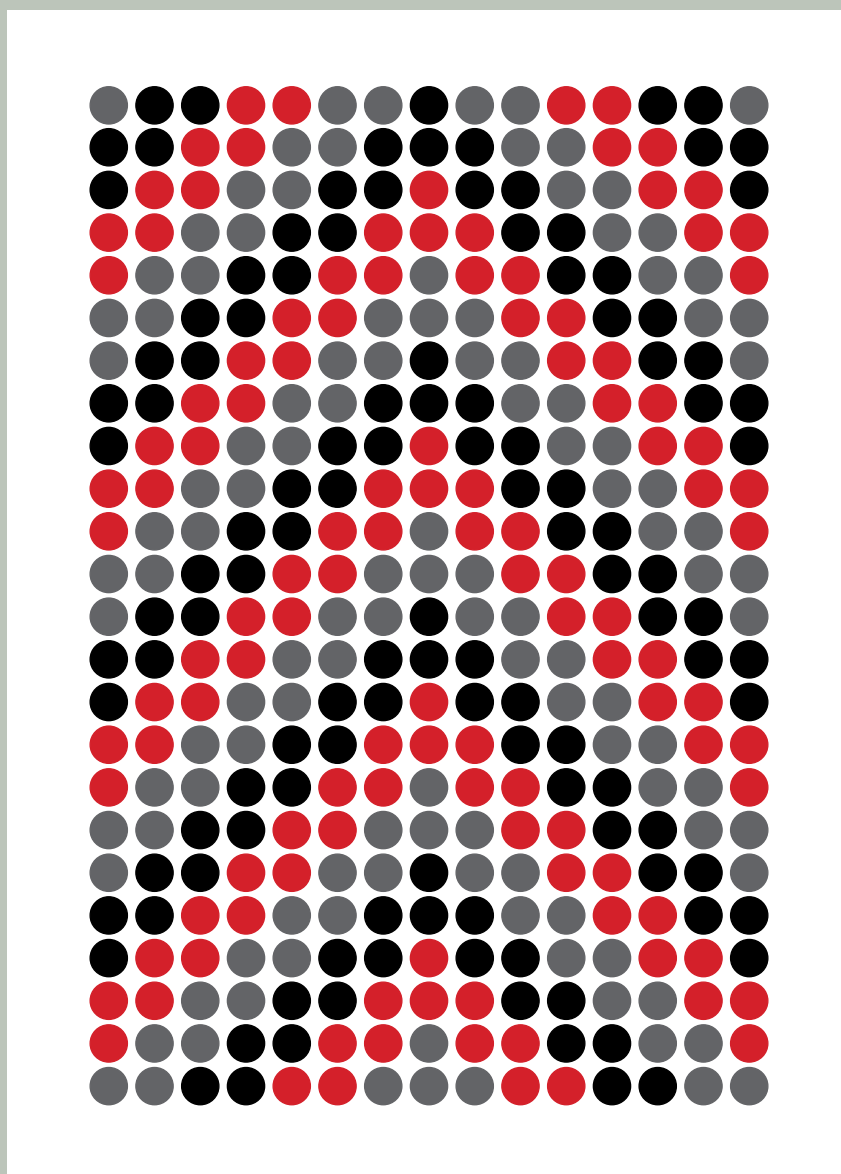


STATEMENT OF INTENT 2009–2012



NEW ZEALAND MINISTRY OF
FOREIGN AFFAIRS & TRADE
MANATŪ AORERE

New Zealand Government

Cover artwork:

Gina Matchitt

Niho Taniwha (whero) 2005

adhesive dots on board

625 x 435 mm

Ministry of Foreign Affairs and Trade collection

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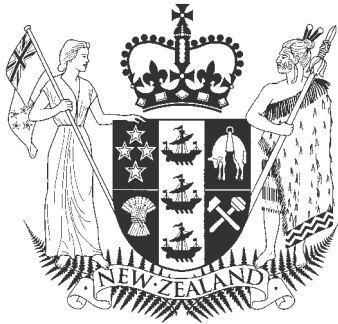
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New Zealand Government



STATEMENT OF INTENT 2009–2012

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

This *Statement of Intent* sets out the Government's key strategic priorities for the next three years. It reflects the Government's view that foreign and trade policy is essential to achieving its overall goal – growing the economy in order to deliver greater prosperity, security, and opportunities for all New Zealanders. Implementing that vision means keeping New Zealand's core interests, strengths and capabilities at the centre of our external policies and engagements.

The global recession has made re-focusing on New Zealand's core interests and strengths an even greater imperative as negative growth and declining international trade and capital flows impact on our major trading partners. With the prospect of a prolonged economic slow-down, the Ministry of Foreign Affairs and Trade and partner government agencies will need to focus on implementing initiatives that help our economy – especially the tradeables sectors and their access to markets and capital – to get through the recession in as strong a condition as possible to take advantage of the recovery and the opportunities it will bring. In practice it will mean putting support for exporters as the top priority for most of our overseas posts. It will also mean a heightened focus on our near neighbourhood and giving priority to assisting the economic development of our Pacific Island partners.

The Government's specific medium-term priority goals set out in the *Statement of Intent* require a stronger focus on our relations with the Asia-Pacific region, on boosting sustainable economic development in our South Pacific neighbourhood, on a dynamic FTA strategy for a nation with global trading interests, on advocacy of New Zealand's interests in international climate change negotiations, and on more targeted engagement with multilateral institutions. Re-focusing New Zealand's external policies in these directions will change the balance of the Ministry's efforts going forward.

As part of the overall re-focusing of policies required by Government, the Ministry will also engage in the near-term in an inter-agency process to develop more flexible and cost-effective options for government agencies to pursue New Zealand's offshore interests. The aim is to have a more cooperative, productive and effective whole-of-government (NZ Inc) operation overseas. The Ministry, New Zealand Trade and Enterprise and Tourism NZ, in particular, will need to work more closely together on market development and investment promotion. The Ministry will also be a key participant in a review to ensure that New Zealand's offshore network is fit-for-purpose and focused on key countries and markets, especially in Asia.

NZAID, similarly, will re-focus the aid programme and delivery mechanisms to ensure they are well targeted on the Government's priorities, effective and efficient. That process will involve some institutional change with NZAID becoming directly accountable to the Secretary of Foreign Affairs and Trade Chief Executive under the State Sector Act rather than continuing to operate as a semi-autonomous body.

These priorities and structural changes will help position the Ministry to have a sharper focus on the challenges that New Zealand is facing in the twenty-first century. Implementing them is crucial to creating the opportunities and confronting the risks flowing from the pressures of the global recession. I have every confidence that the Ministry will be successful in meeting these challenges.



HON MURRAY McCULLY
Minister of Foreign Affairs
Responsible Minister for the Ministry of Foreign Affairs and Trade

4 May 2009

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

4 May 2009

INTRODUCTION FROM THE CHIEF EXECUTIVE

As a small independent country New Zealand relies on an open and peaceful world and international cooperation to achieve its goals. Diplomacy is our main vehicle for ensuring an external environment that is stable and rules-based, and for opening up opportunities to pursue our trading and other objectives. An increasingly complex and globalised world requires a Ministry that is skilled, strategic, and agile; able to identify risks and opportunities and develop policy responses so that New Zealand can influence developments in its favour and not be limited to reactive options. In the present global recession diplomacy also has a key role to play in managing New Zealand's international relations and prospects to ensure New Zealand is well placed for the eventual recovery.

This will include engaging in ongoing evaluation and review to ensure our activities and interventions are sharply focused on the Government's priorities and New Zealand's core interests, strengths and capability. The Ministry is also committed to contributing to the Government's overriding requirement for delivering better value for money from public expenditure.

Over the period 2009–2012 the Government's priorities include intensifying efforts to secure the long-term security and economic growth of the South Pacific and key partner countries in the region; pursuing a rich agenda of trade negotiations that will deliver growth opportunities for the future; strengthening the promotion of New Zealand goods and services, and opportunities in trade and investment; working within the multilateral system to achieve New Zealand goals particularly in the areas of security, resource diplomacy, consular assistance and climate change; and enhancing the operational effectiveness of Official Development Assistance. Well-conceived and well-executed bilateral diplomacy will remain at the core of New Zealand's international relations.

In all our areas of work, we work closely with other departments and agencies, reflecting the increasing international dimension of many of the Government's domestic policies. A particular priority over the immediate period will be identifying the ways in which we can re-prioritise NZ Inc activities offshore to focus on those which are crucial to bringing New Zealand through the recession and achieving value for money from the Government's offshore network.

The following pages explain in detail how we will pursue these goals. Essentially, our job is to use our international connections to ensure New Zealand is positioned on the right side of trends that impact on the Government's goal of enhancing the security and prosperity of all New Zealanders. The Ministry will advise and support our Ministers and other New Zealand sectors as they engage with international events, personalities and organisations. Our heads of Mission and other New Zealand public servants offshore will capably represent and defend our interests under direction from the Ministry. This total effort impacts over the long term on the security and prosperity of many New Zealanders and their families.

I am very grateful to all Ministry staff, at home and abroad, whose commitment, professionalism and dedication will ensure delivery of the Government's priorities in these extraordinarily difficult times.




SIMON MURDOCH
Secretary of Foreign Affairs and Trade

4 May 2009

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 (2009/10 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.



SIMON MURDOCH
Secretary of Foreign Affairs and Trade

4 May 2009



PAUL HELM
Director of Finance

NATURE AND SCOPE OF FUNCTIONS

Our purpose

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

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

The scope of our work

The Ministry works for Ministers in three portfolio areas: Foreign Affairs, Trade, and Disarmament and Arms Control.

The New Zealand Agency for International Development (NZAID) is an agency within the Ministry. With a mandate to ensure that Official Development Assistance (ODA) outcomes are consistent with and support New Zealand’s foreign policy outcomes, the agency is responsible for policy advice on, and the design and management of, development cooperation programmes with New Zealand’s development partners. The agency’s core geographic and policy focus is on sustainable economic development in the Pacific.

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

The Ministry administers two Votes on behalf of the Minister: Vote Foreign Affairs and Trade, and Vote: Official Development Assistance. The Foreign Affairs and Trade Vote also provides funding to one Crown Entity and two Crown charitable trusts (see pages 52–53). In conjunction with the Ministry of Economic Development (MED), the Ministry has a joint role in monitoring the performance of New Zealand Trade and Enterprise (NZTE).

Our role

The Ministry is the Government’s lead adviser on foreign and trade policy, international law, and diplomatic, consular and development assistance issues. As a career diplomatic service it competes for influence internationally by means of well-delivered initiatives and interventions using presence, persuasion and negotiation. It also has a key role to play in presenting New Zealand’s face and case to the non-government international audience in an increasingly crowded and complex public space.

Working with foreign governments and organisations

The Ministry is responsible for advising the Government on the management of its security and prosperity interests abroad including its ODA programmes. It manages the Government’s relations with other governments and international organisations, advocates and represents New Zealand positions and views to foreign governments and organisations, and negotiates agreements on behalf of the Government.

It also administers some 30 pieces of legislation, including those relating to the special status of the Cook Islands, Niue and Tokelau, Antarctica, New Zealand’s nuclear-free zone, the Geneva Conventions and other treaties.

The Ministry's critical resource is its staff who are highly skilled and knowledgeable with an extensive range of professional qualifications and experience, and an ability to work in foreign cultures and settings and communicate effectively to diverse groups. The Ministry also maintains the Government's specialist expertise in areas such as international trade negotiations and trade disputes, international climate change negotiations, international law, security dialogue, disarmament and arms control, and development assistance. Its key resources include a global network of posts and information systems to cultivate influence over time and prepare the ground for specific initiatives and interventions. The Ministry supports Government Ministers and official delegations abroad.

Working with other government agencies

The Ministry works very closely with other government agencies in New Zealand and offshore. The Ministry chairs the External Relations and Defence network (ERD) comprising the Chief Executives of 30 agencies with external interests. Numerous inter-agency sub-groups meet at the working level on specific issues. These working groups cover issues ranging from cooperation on New Zealand's participation in international peace support operations to joint activities with NZTE to help New Zealand companies compete abroad. The Ministry has also agreed on a shared long-term policy outcome with MED and NZTE – to advance sustainable economic growth and international competitiveness through New Zealand's international connections – and consults regularly with them on policies and activities to achieve this.

The Government has authorised the heads of New Zealand's diplomatic posts around the world to ensure that all New Zealand government agencies in a country operate in a coherent and aligned way in pursuit of the Government's goals. Further guidelines to enhance this process are being developed as part of a review of NZ Inc and its mode of operating offshore.

The Ministry's network of overseas posts provides office accommodation and support services to some 110 staff from other government agencies serving abroad. Ministry staff offshore also act on behalf of other agencies when required.

Working with the wider community

The Ministry provides consular advice and services to New Zealanders travelling overseas. This is done through travel advisories on its SafeTravel website and by direct assistance from its overseas posts.

The Ministry also engages with the wider community on international issues and the direction of New Zealand's foreign and trade and development policy. Its domestic stakeholders include business organisations and the private sector, academia and the media, non-government organisations (NGOs), Māori and various interest groups. At times the Ministry conducts domestic consultative processes with civil society and specific interest groups to secure the widest possible ownership of initiatives or policy positions, eg the private sector has a key role in our work to negotiate Closer Economic Partnerships or Free Trade Agreements (FTAs) with other countries.

STRATEGIC DIRECTION

In the speech from the throne on 9 December 2008, the Government stated that its driving goal is “to grow the New Zealand economy in order to deliver greater prosperity, security and opportunities for all New Zealanders”.

Raising productivity has been identified as one of the major economic challenges to achievement of this goal and raising New Zealanders’ living standards over the medium term. It has been shown¹ that improved international connections are important for lifting productivity and long-term economic growth.

The Ministry is the Government’s chief adviser on international relations and the changing global environment. It is also the steward of New Zealand’s network of overseas staff and posts, and the coordinator of NZ Inc² in other countries. The focus of our effort over the period of this *Statement of Intent* will be to pursue and support a set of international connections in support of the Government’s driving goal to raise productivity and growth. The activities prioritised under this approach will assist the flow of people, capital, trade, technology and ideas to New Zealand to build a more competitive resource base for the economy. Inter-agency efforts on a set of agreed international connections will encourage the development of domestic policy settings that target, attract and exploit the factors most likely to increase New Zealand’s competitive advantage and productivity. They will also encourage better use of New Zealand’s offshore resources to support New Zealand business in key foreign markets and countries.

The above strategy is a vital means for the public sector to help New Zealand lift its economic performance. It is even more critical at a time of global recession. The world is currently in its worst recession since the 1930s and when it ends, the international environment, attitudes, and relations among states will not be the same as we have known them over the past three decades. The challenge for the Government is to bring New Zealand through the recession in the best possible position to face the future. The core task for the Ministry is to manage the Government’s international relations in ways that contribute to bringing New Zealand through the recession and able to take advantage of the recovery. This is not a time for business as usual.

The three great challenges for the medium term are therefore to:

- manage the Government’s international political and security relationships with other governments to meet the challenges posed by the global recession
- support exporters and business offshore and leverage our international connections to position New Zealand to survive the recession and respond quickly to opportunities when they start to emerge
- manage NZ Inc’s international connections and outputs to help lift productivity and growth and achieve better value for money from New Zealand’s offshore resources.

1 See New Zealand Treasury Productivity Paper (09/01) International Connections and Productivity: Making Globalisation Work for New Zealand

2 NZ Inc is used here to refer to New Zealand Government agencies staff that are stationed, on fixed-term assignments, in New Zealand Government posts (Embassies, High Commissions, Consulates-General, Consulates, other New Zealand Government offices) for the purpose of representing New Zealand’s external policies and/or delivering services on behalf of Government.

It is against this backdrop, that the Government has identified six priorities relevant to the Ministry's work:

- Strengthen New Zealand's key bilateral relationships to support our security and economic aspirations
- Intensify efforts to secure the long-term security and economic growth of the South Pacific and key partner countries in the region
- Pursue a rich agenda of trade negotiations that will deliver growth opportunities for the future
- Strengthen the promotion of New Zealand goods and services, and opportunities in trade and investment, through more determined and efficient NZ Inc approaches
- Work within the multilateral system to achieve New Zealand goals particularly in the areas of security, resource diplomacy and climate change
- Enhance the operational effectiveness of Official Development Assistance within the approved levels of aid expenditure.

How will we work to support the Government's priorities?

The Ministry will seek to deliver the Government's priorities through its work in the international relations, security, trade, resource and development areas. These are reflected in four of the Ministry's five long-term policy outcomes:

- I. New Zealand's **security and economic interests safeguarded** through its political and security relationships
- II. **Economic growth and international competitiveness** advanced through New Zealand's international connections
- III. **Trans-boundary solutions and effective international rules** promoted
- IV. **Sustainable development in partner countries**
- V. The rights of **New Zealanders abroad** protected.

Outcome I is primarily aimed at the ongoing need for the Ministry to invest in the network of political and security relations that underpin our economic linkages. It is important to recognise that there are strong linkages between achieving the Government's long-term economic objectives and maintaining strong and positive political relationships. An FTA with China could not, for example, have been achieved without a positive bilateral relationship as the size of the New Zealand market would not, on pure economic grounds, have warranted the negotiation from China's perspective. The work of the Ministry frequently involves building the logic and momentum for engagement, and then pursuing positive relations using policies and activities delivered through the resources and outputs of our posts, policy divisions and partner agencies. This is frequently a long-run process taking years. It also draws on the contributions of other agencies whose own outcomes, in turn, are supported by positive bilateral relationships.

Outcome II reflects the Ministry's direct contribution to New Zealand's international competitiveness and is a long-term outcome shared with MED and NZTE. The focus of the Ministry's work in this area is opening up access to new markets, preserving ongoing access to existing markets, removing other countries' regulatory and policy barriers to New Zealand exporters in the form of tariffs, subsidies and unjustified or unreasonable technical standards, and working with NZTE and other

agencies to promote and develop new trade opportunities. The Ministry achieves its results in a variety of ways: engagement with the World Trade Organisation (WTO), the negotiation of bilateral or regional free trade agreements, direct representations to other governments, and supporting New Zealand business overseas. A major focus for the Ministry in response to the Government's priorities will be working with NZTE to ensure more coordinated NZ Inc support for New Zealand exporters.

Outcomes III and IV deal primarily with the production of wider global outputs that affect the external environment in which we live and work as a nation. In a globalised world, New Zealand's prosperity depends on the prosperity of the global markets in which we trade. But the prosperity of those markets depends in turn on their security, a stable external environment, and the rule of law. The Ministry plays a key role in defining and contributing to these global conditions. Examples to which New Zealand actively contributes include effective responses to security threats such as terrorism or internal conflicts, sustainably managing shared natural resources such as the global climate system or high seas fisheries, and, through NZAID, supporting the economic growth and prosperity of developing countries. One of the purposes of our engagement is to broaden the framework for dealing with international issues and to negotiate legal instruments through which to regulate the behaviour of states, especially on issues where we have direct national economic or security interests at stake, including where these intersect with those of our neighbours in the Pacific.

Decisions about what matters most to New Zealand's future in a globalised world are not straightforward. This is because our foreign and trade policy goals are interdependent – what New Zealand does in order to achieve one goal can either help or hinder our achievement of another. For example, the aim of international trade negotiations and the development of trade rules through the WTO is to increase the wealth of all countries and provide a level playing field for trade to take place. As a small country New Zealand benefits from these broader aims. Efforts to reduce climate change, through the United Nations Framework Convention on Climate Change, could have significant implications for New Zealand's international competitiveness unless we work to ensure our concerns are registered and accommodated to the extent possible. The degree to which New Zealand contributes to these processes not only helps shape their overall outcome but also influences other countries' views of us, and their willingness to accommodate our interests.

Outcome V reflects the Ministry's role in providing consular services for New Zealanders abroad.

Within the first four long-term outcomes, the Ministry has identified specific medium-term outcomes and impacts that will contribute to the achievement of each of the Government's six priorities above. These are set out in the *Operating Intentions* chapter where we describe what we will do and the results we are aiming for in each of these areas over the next three years. Annex 3 summarises how these results will help the Government achieve its priorities.

Additional information on the Ministry's outputs can be found in the *Information Supporting the Estimates* for the Ministry's two Votes. Annex 4 shows how each Appropriation in the Estimates supports our outcomes.

Across all our work we will focus on delivering greater value for money in the more constrained national fiscal environment.

How will we measure progress?

The Ministry has identified a number of indicators to help us evaluate whether we are moving closer towards our intended results. The main focus of our work has been on measuring progress towards the series of short-term outcomes described in the *Operating Intentions* chapter. This is because these represent tangible incremental outcomes towards a long-term policy outcome. They are steps over which the Ministry has some ability to influence the desired outcome. For the period of this *Statement of Intent*, they are more readily measurable.

Achievement of a long-term policy outcome not only takes years but usually depends on more than New Zealand's efforts to reach the goal. This is partly because the nature of much international work is incremental. It is often only in crisis or emergency situations that major shifts occur. Progress also usually requires the agreement or support of others. New Zealand is usually only one of many players (eg other countries or organisations) whose activities impact on the situations we are trying to change or improve. For example, measurable sustainable economic development in a South Pacific country may depend not only on New Zealand's aid but also the capacity of the country to absorb and make good use of New Zealand's and other donors' assistance, as well as changing internal and external conditions. Nonetheless, the Ministry keeps its long-term goals in focus and regularly reviews and re-calibrates its activities to progress towards them. We can, in fact, point to examples of our interventions that led, directly, to the achievement of a long-term policy outcome after periods as long as 10 years.

We will measure our performance in achieving our short-term outputs against the performance measures set out in the *Information Supporting the Estimates*.

How will we work with other agencies?

A major Government priority is to require agencies working offshore to cooperate more closely to leverage international connections and support New Zealanders engaged in foreign exchange earning activities, especially exporters.

The Ministry has a mandate to lead the Government's engagement with other governments on behalf of a range of agencies that have significant offshore interests. The heads of our overseas posts have been given specific responsibility to ensure that the policies and activities pursued within a country are coherent with the Government's overall priorities for that country. That process is supported by close cooperation onshore with a range of domestic agencies including those that have their own staff or operations offshore. The Ministry will work with other agencies over the next few months to develop proposals to achieve the Government's objective of a more effective NZ Inc. This will involve developing proposals for more flexible and productive use of offshore resources.

The nature of the Ministry's close working relationships with other agencies is described more fully on page 10.

OUR OPERATING ENVIRONMENT

The Ministry's long- and short-term outcomes must be pursued and delivered in a complex and changing international environment presenting significant risk, opportunities and challenges. The main longer-term trends with the potential to affect New Zealand's policy settings and our outcomes are outlined below.

Dominant global trends

The global recession represents a paradigm shift for the world economy and for the overall environment in which the Government is seeking to lift New Zealand's long-term growth and prosperity. It is the dominant global trend affecting all countries. At the same time, other significant global problems are intensifying, overlaid by nascent shifts in the global order. The recession has also added further pressure to states already under significant stress from threats such as terrorism, conflict or political instability, and uncertain access to resources and capital – the basis for economic growth.

The United States is still the world's most powerful country, but the emergence of other economic power centres with growing political weight is making a multi-polar world a reality. The longer-term shape of that reality, and the relative weight of the major powers, is far from clear. Relations among the great powers are generally peaceful and stable, underpinned by numerous inter-dependencies reinforced by globalisation. Tensions between states exist in parts of the world (the Middle East, the Korean peninsula) but most active conflicts are intra-state hostilities or insurgencies. Some of these spill across borders and de-stabilise neighbouring countries or provide sanctuaries from which dispersed terrorist cells or criminal syndicates can operate. Others have the potential to develop in these directions. The global recession could be a catalyst for civil unrest or re-activate dormant inter-state disputes, with negative impacts in some parts of the world on regional cooperation and regional integration initiatives. Conversely, it could hasten regional integration in other parts of the world. Among the most serious threats to global security, however, is the risk of proliferation of weapons of mass destruction, including the risk that terrorist groups may gain access to chemical, biological or nuclear weapons. This risk has become an increased focus of activity for a range of international and regional security arrangements.

Despite the global economic contraction, wealth continues to shift towards Asia. Growth in some of the region's major emerging economies such as India and China has slowed. But the impact of the global economic crisis has been, and will be, most severe on the world's poorest, for whom the international community's ability to deliver comprehensive solutions remains limited.

The sudden and pervasive impact of the recession underlines the interdependency of the international economy. Ongoing fallout includes a sharp, widespread decline in confidence, negative growth forecasts for the world economy for the first time in 60 years, restricted access to credit, declining trade and capital flows, rising unemployment, and pressures on social security systems.

The global trading system is also under pressure from growing protectionist moves, including some masked in fiscal stimulus packages designed to respond to the recession. The prospects for a global trade agreement, though more important than ever, have receded as countries turn their attention inward. Ambitions for the WTO Doha Round have not recovered since the significant blow dealt by the impasse reached in July 2008. Many countries are now more focused on completing bilateral and regional trade agreements, of varying quality, and in competition with each other. Pressure for fundamental changes in the international financial system has increased in the wake of the widespread failures of financial institutions in 2008. Better multilateral coordination in more representative international groupings would help avoid a recurrence of the crisis and have a positive influence on developing countries.

These broad global trends, and developments by region, are explored in more detail below.

Contemporary challenges

The greatest contemporary challenges to international peace and security are the downside risks of the global recession to the stability of individual countries and regions, and other transboundary threats. The most serious of the latter include terrorism, the proliferation of weapons of mass destruction (WMD), cross-border expansion of long-running complex conflicts and post-conflict instability, the spread of infectious diseases and risk of pandemics, gross abuses of human rights, as well as climate change, the depletion of natural resources, and the problems of failed or failing states.

Economic and trade trends

The global economic outlook has deteriorated extremely rapidly, even within the first three months of 2009. The financial crisis is now having an adverse impact on the real economy of many countries. This is reflected in global growth which is projected to be negative for 2009, the first time this has occurred since World War II, and presenting the biggest economic challenge since the Great Depression. Trade, a key driver of economic growth, has been forecast by the WTO to fall by nine percent in 2009, also the largest drop since World War II, as the recession deepens.

Despite this, the integration of major emerging markets into the global economy will continue, as major developing countries such as China, India and Brazil expand their commercial power and negotiating influence over time, albeit at a slower pace than in recent years. Technological innovation, falling information and communication costs, combined with more sophisticated global supply chains, will continue to underpin the integration of these countries into global markets for goods, services and capital. Along with efforts towards regional economic integration in Asia and the Americas, this trend will continue to shape and add to the complexity of the trading environment for some time to come.

While in the longer term trade diplomacy will remain focused on global and regional trade liberalisation, in the short term recent political reaction to the crisis means a more difficult environment for trade negotiations. Protecting existing market access and restraining protectionist measures are now important goals for countries like New Zealand with open economies. Threats to trade may increasingly be from non-tariff barriers, including trade distorting subsidies which risk weakening already low international commodity prices, particularly in dairy.

A successful outcome to the WTO's Doha Round would do more than any other process to liberalise and develop international trade. But it is not yet clear whether the political will exists among key countries to conclude a framework agreement, let alone the wider negotiations in 2009. The pace of WTO progress has encouraged a lot of activity on bilateral and regional FTA agendas, particularly in the Asia-Pacific region. However, the WTO, with its dispute settlement procedures, continues to provide a solid rules-based system for world trade.

Growing consumer concerns about the environment, food security and domestic job security are affecting the international trading framework. Interest in how goods are produced, particularly the environmental impact of production, has popularised simplistic concepts like "food miles". More importantly, however, it has spawned serious research into carbon foot-printing. Food safety issues will continue to require attention. Governments may come under pressure to respond with more regulation and labelling, with implications for the nexus between trade rules and environmental outcomes. Measures intended to address climate change may also impact on trade. The relationship between trade and labour is likely to attract greater scrutiny as governments seek to minimise perceived impacts on their labour markets resulting from trade liberalisation.

Terrorism

Terrorism remains a defining challenge for international and regional security and has the potential to compound other transnational threats such as state fragility and WMD proliferation. While government responses worldwide have generally made it more difficult for terrorist groups to operate, the risk of further attacks persists. The types of incidents and their location are also changing with a greater range of civilian activities (eg international sports teams) and countries now being targeted. This is indicative of the changing nature of the terrorist threat, as various groups decentralise and disperse into loosely related networks, or alternatively coalesce under a common ideology to pursue their objectives. Success in containing the threat to the greatest extent possible depends on the willingness and ability of governments and the international community to sustain coordinated action. Progress in ongoing stabilisation and reconstruction efforts in areas such as Afghanistan and Iraq, and positive political developments on key international issues like the Middle East peace process would help deter the recruitment of terrorists over time.

Increasingly, counter-terrorism programmes are being complemented by “soft power” approaches to stemming the terrorist threat in the medium to long term. Many governments are pursuing counter-radicalisation initiatives that address the complex inter-play of religion, culture, ideology, history and personal circumstance that can feed violent extremism. These include international inter-cultural and inter-faith initiatives as well as programmes at the national and local levels involving both governments and community organisations.

Disarmament and non-proliferation

The rapidly changing international environment makes it harder to gauge how countries may contribute effectively to disarmament initiatives. Progress on reducing nuclear weapons has stalled since 2005. The five-yearly review of the Nuclear Non-Proliferation Treaty (NPT) will take place in 2010. While there are hopes the disarmament debate can be re-invigorated, the prospects for significant forward movement on the NPT are as yet unclear. The focus of collective international efforts to combat wider WMD proliferation has been concentrated on preventing new states from developing WMD capabilities (ie nuclear, chemical, biological weapons and their means of delivery (missiles)) and non-state actors (in particular terrorists) from gaining access to them. The Proliferation Security Initiative and the Global Initiative to Combat Nuclear Terrorism are foremost among recent such initiatives. There has also been renewed focus on containing the spread of conventional weapons. These efforts are directed at regulating access to inhumane and other conventional weapons as well as small arms and light weapons.

Complex conflict and post-conflict fragility

Demand for international peace support deployments is increasing, with United Nations (UN) led deployments at their highest level ever. Mission tasks are increasingly complex involving a diverse range of civil and military actors. The gap between mandates and resources is widening at a time when global economic resources are constrained.

Climate change and environment

The year 2009 will be a crucial one for international efforts to address climate change, as countries gather at the UN Climate Change Conference in Copenhagen, 7–18 December, to shape a broad and effective long-term international response to climate change. Costs of both mitigation and adaptation will be significant, and expectations on developed countries are high. The complexity and political challenge of the negotiations, especially given the global economic recession, raise both the stakes and the difficulty of achieving a comprehensive agreement. The change in direction of the United States climate change policy and its stated intention to take an international leadership role improve prospects for a lasting solution.

Severe weather events, food and water shortages, collapsing fisheries stocks, species under threat of extinction, and updated scientific information and analysis of the economic impact of these developments have also heightened political and public concern about the state of the environment more generally. Translating these concerns into effective global action remains a challenge, but has been given some impetus by the inclusion of “green” measures in governments’ fiscal recovery packages in response to the global financial crisis. The necessity of finding solutions to water, energy, transport, waste and land management issues is also being increasingly recognised as important to countries’ economic and social well-being.

International rules-based system

The UN, while still the pre-eminent global organisation, faces multiple challenges. Expectations differ on the role it should play in peacekeeping, national political crises, disruptions to global food and financial markets, terrorism and climate change. Reform of its structures is a difficult but necessary task.

Americas

A secure and prosperous United States, engaged on global issues, continues to be crucial for stability and economic progress throughout the world. The United States strategic presence in Asia, for example, is an important element in regional security and economic diplomacy and the management of friction between states.

While the United States recession is the major domestic preoccupation for the Obama Administration, the campaign against terrorism continues to influence United States foreign policy. The new Administration has signalled that it will seek to work with other countries, not just its traditional partners, to address international security issues such as terrorism, Afghanistan, Iraq, Iran, WMD proliferation, major power relationships and the Middle East. The Obama Administration has also signalled a desire to be in the forefront of developing a response to the challenge of climate change.

Latin America, in general, is better placed to face the current global economic crisis than in the past, following a period of strong economic growth, stable governance and sound macro-economic policies. But the fall in commodity prices, weak external demand, currency depreciation and tight financial conditions are dampening growth in the region.

Asia

The global economic crisis is affecting the region with varying degrees of severity, but underscores the growing importance to New Zealand of China and India, and of supportive regional architecture in advancing New Zealand’s interests in Asia. New Zealand’s growing Asian community will play an increasing role in shaping relationships and business interaction. China’s increasing political and economic influence remains the dominant trend, with other regional players continuing to position themselves in response. Japan remains an important actor by virtue of its economic strength, but domestic political constraints have hampered its efforts to pursue a more assertive diplomatic and security role. India continues to exert political and economic influence despite deteriorating security in South Asia. The Republic of Korea has become a powerful economic player, actively strengthening relationships in the region. North Korea’s nuclear ambitions remain a focus for the international community, including China whose role in the Six-Party Talks has been indicative of its more active role in regional security. Cross-strait relations have improved significantly.

The Association of Southeast Asian Nations (ASEAN) remains the vehicle for integration in Southeast Asia, and the adoption of the ASEAN Charter will add to its standing. ASEAN will seek to maintain its centrality in the wider process of Asian integration. Indonesia is reasserting its regional leadership. Malaysia, Singapore and increasingly Viet Nam are key players in ASEAN. Thailand's return to democracy has been marked by uncertainty. In Myanmar, the prospects for democracy remain slim. The difficulties with reconstruction and nation-building in Timor-Leste require long-term engagement by the UN and external partners.

Recent momentum towards closer regional integration and community building in Asia may be tested by growing protectionist sentiment in response to the financial crisis. Maintaining momentum will require continuing efforts to promote "open" regionalism through Asia Pacific Economic Cooperation (APEC), East Asia Summit (EAS), ASEAN and a Trans-Pacific Partnership regional FTA. Further evolution of the regional architecture is likely, with the EAS a possible basis for an emerging Asian community.

Australia

While Australia has benefited from a decade of strong mineral commodity-based economic growth and is better placed than most other developed countries to weather the global economic crisis, it is not immune from the impacts of the crisis, with rising unemployment as a result of softening global demand an early indicator of tougher times ahead. Australia is an active player in international efforts to improve global financial and economic structures, particularly through the G20, WTO and other forums. In foreign policy, the Rudd government puts major store on its important links with the United States and East Asia. It has proposed new initiatives in the areas of regional structures (the Asia Pacific Community), nuclear disarmament, and engagement with the UN (including ratifying the Kyoto Protocol and seeking a non-permanent seat on the UN Security Council). Australia remains significantly engaged in the South Pacific, as a major donor, and is seeking to re-orient its development assistance through new partnerships which place emphasis on measurable results.

The Pacific

The outlook for the Pacific remains troubling. Weak institutions, political instability and capacity concerns are signs of persistent regional fragilities that for much of the Pacific pose risks to future stability and development. Fiji is an example, particularly in light of the 2006 coup and its aftermath. The impact of the global economic downturn will exacerbate problems around stability and sustainable economic development. Limited progress in addressing these issues has been made through the provision of targeted development and good governance assistance to regional countries by external partners. But sustained efforts over time will be needed to entrench improvements and to advance cross-boundary priorities such as fisheries, the broadening security agenda, the environment, regional approaches to trade, and to address longer-term social trends with serious implications such as population growth and migration, the threat of HIV/AIDS and land issues. The quality of the engagement by external partners will be critical to the longer-term prosperity of the region. Official development activities will need to support wealth creation and business development as well as public sector goals, if long-run contractionary influences and trends towards dependency are to be reversed by Pacific Island governments. Particular attention will be required for the countries of the Realm of New Zealand – the Cook Islands, Niue and Tokelau – as each deals with the particular challenges associated with small and diminishing populations, the lure of New Zealand for most of their peoples and in the case of the latter two, almost total reliance on New Zealand assistance.

Europe

The global recession has affected Europe, with no recovery forecast until 2010. Major economies such as Germany, Britain and Spain as well as smaller states such as Ireland are in recession. Several Central European EU members have been especially hard hit by the crisis, and the financial sectors of others – notably Austria and Ireland – have been badly affected.

In 2007 the European Union (EU) reached agreement on a new reform treaty to update its institutional structures. That treaty is expected to be ratified in late 2009, coming into force at the start of 2010. Now a union of 27 members, the continuing process of EU enlargement is focused mainly on the Balkans.

The EU can be expected to play an increasingly important global role with the combined weight of its members. It will also continue to have internal preoccupations related to its constitutional status and issues such as its ageing population, immigration policy and the security of its energy supply.

While the EU's foreign policy efforts are focused on its own backyard (in particular the Balkans), the EU is also moving to formalise its relationships with Middle Eastern and North African countries, and with former Soviet states. China remains firmly on the EU radar screen, along with Africa (the EU is the largest ODA provider to Africa). The EU is also a large ODA donor to the Pacific. The EU is increasingly active on global issues such as climate change, sustainability and interfaith dialogue. The EU remains active in the WTO Doha round, but has broadened its trade policy approach and is increasingly seeking greater engagement with emerging economies in Asia, particularly China and India. The EU has also launched a series of free trade agreement negotiations with the Republic of Korea, Canada, India, ASEAN, and with Andean and Central American countries.

Russia remains a political and economic force in the region, particularly in the energy sector, although it too is feeling the financial and social effects of the global recession. The brief military confrontation in 2008 between Russia and Georgia did not resolve the underlying political and ethnic rivalries in the South Caucasus.

Middle East and Africa

Events in Iraq, Iran, Israel/Palestine and Afghanistan demonstrate that the wider Middle East region remains a strategic fulcrum – the stage on which major international political and economic challenges are being played out. The combination of oil revenues, inter-state and intra-state tensions, religious/ideological divides, democratic deficit, population growth, economic under-performance, outside intervention and violent extremism means ongoing risks to international security. Deteriorating situations in the Horn of Africa, its surrounding region and in the Democratic Republic of Congo and Zimbabwe, continue to present security challenges both for African countries and for the wider international community.

Official Development Assistance

The effects of the global recession are likely to be severe and protracted in their impact on developing countries. The Food and Agriculture Organization has reported that poor countries continue to suffer from the effects of high food prices, compounded by sharply lower growth and remittances, declining inward flows of investment and lack of trade finance. The World Bank estimates that every percentage reduction in developing countries' growth pushes 20 million people back into poverty.

These trends will hinder the achievement of development targets and may even cause reversals. Projections of economic growth in New Zealand's aid partner countries in the Pacific and Asia are being sharply revised downwards. Gains in poverty reduction are being slowed or reversed, with possible flow-on impacts even on social and political stability.

Even before the crisis, it was clear that many countries in the Pacific would struggle to meet the Millennium Development Goals (MDGs). Of 11 Pacific island countries (and Timor-Leste) where data is available, seven were assessed as unlikely to meet the first MDG to halve extreme poverty and hunger by 2015. Only a significant increase in sustainable economic growth will make success more likely. There is a danger that the Pacific will continue to be largely left behind by the extraordinary economic growth in developing countries over the past six decades.

Aid-Effectiveness

Government and non-government aid agencies around the world continue to come under increasing pressure to strengthen the effectiveness of their aid and the evidence of its results. In 2008, New Zealand (along with more than 100 other countries and aid agencies) signed the Accra Agenda for Action which sets out the steps needed to make aid more effective. Developing countries are committing to take control of their own futures, donors to coordinating better amongst themselves, and both parties to the Agenda are pledging to account to each other and their citizens. The Accra Agenda for Action builds on the 2005 Paris Declaration on Aid Effectiveness. It agrees to strengthen predictability and transparency of aid; use partner countries' own systems where possible; and further relax restrictions that prevent developing countries from buying the goods and services they need from whomever and wherever they can get the best value for money.

OPERATING INTENTIONS

LONG-TERM OUTCOME I: NEW ZEALAND'S SECURITY AND ECONOMIC INTERESTS SAFEGUARDED THROUGH ITS POLITICAL AND SECURITY RELATIONSHIPS

What are we seeking to achieve?

Long-term Outcome I deals with safeguarding New Zealand's economic and security interests. Our influence and standing in global and regional affairs is a key tool in this regard. We need to maintain and develop a network of strong relationships that we can draw on in order to achieve many of the Government's priorities. The relationships the Ministry builds and sustains 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.

The Ministry's priorities are determined by the Government's focus on economic growth, and its intention of focusing New Zealand's diplomatic effort on Asia and the Pacific. Australia and the United States are key partners for New Zealand in these regions as well as globally.

Australia: Australia is a key foreign policy partner for New Zealand in the Pacific, in our broader region, and in helping us achieve our global objectives. Because of its larger size, it is often engaged in processes that New Zealand is not, such as international efforts to improve global financial and economic structures through the G20. Enhanced cooperation with Australia on shared foreign policy, trans-boundary and security interests, especially in the Asia-Pacific region is a key medium-term outcome for the Ministry.

Pacific: New Zealand's long-term security depends on the security and prosperity of our neighbours. But the outlook for the Pacific is troubling. The quality of engagement by external partners, including New Zealand, will be critical for the longer-term prosperity and stability of the region. In some parts of the Pacific we also have constitutional or historical responsibilities. We therefore aim to see New Zealand's security enhanced through improved economic growth, security, governance and quality of life in the Pacific.

Asia: There is an ongoing trend of economic activity and growth shifting towards Asia. At the same time, the Asian region has been developing momentum towards closer regional integration and community building. New Zealand needs to be well-positioned in the evolving architecture of Asian regional relationships in order to connect itself to emerging powers in the region, and ensure that it is integrated into regional political, security and economic structures. Over the last 20 years, Asia has steadily increased its share of the world's wealth. Continuing to develop our engagement and influence in Asia therefore has global and regional implications.

United States: As the world's most important power and largest economy, the United States is crucial for stability and economic progress throughout the world, and the relationship with the United States is an important part of the foreign policy of most countries. Ensuring that the warmth in the United States–New Zealand relationship is maintained with the new Administration will be a key objective for the Ministry.

Europe: A key priority will be to develop a new, more formal, comprehensive arrangement that consolidates and advances our broad mutual interests with the European Union.

How will we demonstrate success in achieving this?

The success of the Ministry's approach will be demonstrated by our ability, and the ability of other New Zealand agencies, to call on our network of relationships in order to achieve other objectives.

Specific medium-term indicators of success will be:

- Australian foreign policy accommodates critical New Zealand interests
- Effective whole-of-government responses by New Zealand help address common challenges and counter risks of instability within the Pacific region
- Pacific governments are able to improve the international competitiveness of their business sector
- Political and security relations with key Asian partners are strengthened in ways that underpin our trade and economic interests and enable New Zealand to be an active participant in regional processes
- United States foreign policy recognises New Zealand as a valuable partner and takes account of our perspectives on issues of importance to us
- The EU agrees to develop a more formal, comprehensive arrangement with New Zealand.

How will we achieve this?

Australia: We will look for opportunities to work together with Australia on key regional and international issues, particularly in the Pacific. Taking forward the Single Economic Market and deepening economic integration between the two countries also offers opportunities to work more closely together.

Pacific: We will continue to actively support Pacific countries' initiatives to improve governance including sound economic and trade policy settings. We will increase our focus on initiatives that support economic growth and bolster private sector activity.

Asia: We will continue to engage with key North Asian countries, particularly China, Japan and Korea, including through high-level visits in both directions. We will also maintain close links to those countries with which we have had strong relationships in Southeast Asia, especially Indonesia and Viet Nam, and seek to broaden our constituency in support of New Zealand's engagement in the wider region, including India. We will participate constructively in regional forums and encourage them to take on substantive agendas.

United States: We will actively look for opportunities to work with the new Administration where our interests are aligned. We will look to build personal connections with senior United States decision-makers, both within the Administration and in Congress. We will maintain strong support for the United States–New Zealand Partnership Forum as a key mechanism to broaden New Zealand's influence.

Europe: We will get a process underway to deliver a more formal New Zealand–EU relationship “instrument”, including through negotiations.

LONG-TERM OUTCOME II: 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, help to build more competitive firms, and to increase the ratio of exports of goods and services as a percentage of GDP.

The Government has stressed the fundamental importance of international engagement in raising New Zealand's productivity and growth performance. The Ministry has a key role to support external economic activity. It does this through its negotiation of trade agreements and support for trade and investment liberalisation, and furthering the transfer of skills and technology to New Zealand. It also supports exporters, particularly in those countries where there are close links between business and government. The Government has also stipulated that it wants improved coordination among New Zealand agencies represented offshore (NZ Inc). The Ministry will have a central role in facilitating this.

World Trade Organisation: Multilateral liberalisation through the World Trade Organisation (WTO), and the completion of negotiations as part of the Doha Development Agenda offer the prospect of long-term improvements in market access and trading conditions for New Zealand on a global scale. In particular, WTO negotiations offer the opportunity to secure benefits for New Zealand exporters, such as the elimination of agricultural export subsidies, which are not possible in bilateral or regional negotiations.

Trade negotiations that deliver growth opportunities: A major focus of the Ministry's current work to improve the competitiveness of New Zealand exporters is the negotiation of a network of free trade agreements, with a focus on Asia. These agreements are aimed at opening up new market access opportunities (or preserving existing market access). They directly improve the competitiveness of New Zealand exporters in key markets by reducing tariffs and other costly trade barriers. In many cases, the Ministry will act directly to remove "non-tariff" barriers to trade. Given their interdependency, New Zealand and Australian economic and trade relations also need to remain dynamic in this period of global recession.

Internationalisation of New Zealand business: International connections are important for supporting flows in skills, capital and ideas to New Zealand businesses, as well as being critical to growing New Zealand exports. The Ministry seeks to support and facilitate these connections by the private sector. Better coordination of government agencies offshore will assist the Ministry and other agencies to achieve their outcomes in this area.

Global financial crisis: The global financial crisis has already spurred an international response. It cannot be assumed, however, that solutions or policy responses that suit other countries will also work for New Zealand. It is important therefore that ongoing international responses to the global financial crisis accommodate New Zealand's interests.

Greater value for money from NZ Inc: With the increasing pace of globalisation, many government agencies have needed to engage more closely with their sectors internationally or regionally. This has led to their posting staff overseas to monitor and pursue their interests. Currently about one-third of all New Zealand based staff working at MFAT posts offshore are from government agencies other than the Ministry. The Government has identified NZ Inc as a key tool for growing the New Zealand economy and lifting productivity and export performance. It has also signalled that support for New Zealand exporters should be the single most important priority for MFAT posts and indicated that the network of New Zealand posts should be reviewed to ensure they are concentrating on key locations and key markets.

How will we demonstrate success in achieving this?

The success of the Ministry's approach will be demonstrated by increased flows of skills, capital and ideas to New Zealand, and increased exports.

Specific medium-term indicators of success will be:

- securing maximum net benefit from a completed WTO Doha Round, in particular, elimination of agricultural export subsidies
- completion of trade negotiations with the United States (as part of the Trans-Pacific Partnership Agreement), Republic of Korea, Malaysia, the Gulf Cooperation Council and India
- completion of further initiatives to deepen economic integration with Australia as part of a Single Economic Market
- increased engagement by New Zealand exporters in key markets
- New Zealand's specific interests reflected in internationally agreed responses to the global financial crisis
- a review led by the Ministry identifies ways in which NZ Inc can operate more efficiently and effectively offshore and provide greater value for money from the Government's investment in key overseas locations and markets.

How will we achieve this?

World Trade Organisation: The Ministry leads New Zealand's negotiations in the WTO. We will lead work to develop New Zealand's negotiating position with the support of other agencies, such as the Ministry of Agriculture and Forestry and the Ministry of Economic Development (MED). We will support our participation in negotiations with representations to governments and other key decision-makers through our network of overseas posts.

Trade negotiations that deliver growth opportunities: The Ministry is currently negotiating free trade agreements with the Republic of Korea, Malaysia, Hong Kong and the Gulf Cooperation Council. We hope to soon commence negotiations with India, and with the United States, Chile, Peru, Viet Nam, Brunei, Singapore and Australia as part of the Trans-Pacific Partnership Agreement. We are also working to launch a joint study with Japan on a bilateral Economic Partnership Agreement (EPA). The Ministry leads negotiation of these agreements with support from other agencies, including the Ministry of Agriculture and Forestry, MED and Customs. Once negotiations are complete, work continues to ensure that the agreements are effectively implemented. Implementation of the recently signed China FTA is a current priority.

Internationalisation of New Zealand business: We will work with other agencies, in particular NZTE, to support the exploitation of FTA opportunities by New Zealand companies. We will work with other agencies to shape and expand our policies and international connections in critical areas for increasing productivity such as science, education and technology transfer. We will be working with other agencies to develop greater coordination between agencies offshore in the service of New Zealand's trade and economic interests.

Global financial crisis: We will pursue bilateral channels and *ad hoc* initiatives to influence relevant processes, including the G20. We will work with Treasury and other agencies to develop appropriate New Zealand responses to specific challenges.

Greater value for money from NZ Inc: The Ministry will work with other agencies over the next few months to develop proposals for more innovative, efficient and effective modes of deploying resources offshore and achieving better value for money from New Zealand's network of overseas posts. Improving value for money from public sector expenditure will be a key objective.

LONG-TERM OUTCOME III: TRANS-BOUNDARY SOLUTIONS AND EFFECTIVE INTERNATIONAL RULES PROMOTED

What are we seeking to achieve?

New Zealand's ongoing prosperity depends on the prosperity and security of the markets we trade with. It also depends on the willingness of other countries to respect international rules. Where common resources are concerned, internationally agreed rules are often required to avoid over-exploitation. A particular priority for the Government is the development of an international agreement on climate change that both reduces greenhouse gas emissions and accommodates New Zealand's unique agricultural emissions profile.

International security: International security challenges threaten New Zealand's prosperity through a number of means, including increased activity by extremist and criminal organisations, reduced growth in potential markets under stress, and "leakage" of internal security problems across borders. Not all security challenges are immediate threats to New Zealand's interests. Conversely, security challenges are increasingly complex, and New Zealand is not able to deal effectively with security challenges on its own. We therefore have an abiding interest in effective collective responses to security challenges, in particular in our own region.

Climate change and natural resources: Internationally agreed rules regulating impacts on the environment or the use of natural resources are important in underpinning long-term global prosperity by aiming to ensure that limited resources are used sustainably. Increasing concerns about the environment are also affecting the international trading framework, particularly through the development of standards by the private sector which aim to provide information on how products are produced.

Many international environmental rules deal with issues of importance to New Zealand's economically important primary production sector, such as climate change, biodiversity, forestry and fisheries. It is important for New Zealand therefore that environmental rules are both effective in protecting the environment, and allow for the continuing competitiveness of this key export sector.

United Nations: As a small export-dependent country, New Zealand is dependent on the rule of law. The UN system is its key institutional support. If the UN is to become more effective and accountable in facing global challenges, reform will be necessary.

Disarmament and arms control: Over many years of diplomatic effort, New Zealand has built up a profile and influence on nuclear disarmament that provides us with the ability to make a distinctive contribution to global efforts to reduce risks from this threat to international peace and security. In our own region, threats from the proliferation of conventional weapons, in particular small arms, are of more immediate concern. Effective international approaches to reduce threats from weapons of mass destruction (WMD) and more effective controls over conventional weapons are key objectives of the Ministry.

How will we demonstrate success in achieving this?

In some of these contexts, such as responses to international security challenges, measures of effectiveness can be a matter of judgment. The Ministry is continually evaluating these issues as part of its policy advice. We also consider the views of key foreign policy partners in arriving at these judgments.

Specific medium-term indicators of the Ministry's success in achieving these goals will be:

- New Zealand's participation in international security operations is recognised as being of value and of high quality by security partners, particularly with regard to the integration of military and civilian elements
- an international agreement on climate change that will result in meaningful reductions of global CO2 emissions and accommodate New Zealand's agricultural emissions profile
- New Zealand's interests reflected in the outcomes of key environmental forums on biodiversity, forestry, oceans and fisheries issues
- renewed progress in the United Nations on its reform agenda
- renewed forward movement on nuclear disarmament and non-proliferation.

How will we achieve this?

International security: We will support efforts to counter terrorism, including by facilitating support for counter-terrorism capacity in our region, and supporting initiatives to counter radicalisation. We will provide diplomatic and policy support to deployments by the New Zealand Defence Force and other agencies in a range of peace support operations, and leverage those deployments to argue for effective responses to crises. We will contribute to conflict resolution where we can make a difference, and where broader New Zealand interests are engaged.

Climate change and natural resources: We will work with other agencies such as the Ministry for the Environment, the Ministry of Agriculture and Forestry, the Ministry of Fisheries and the Department of Conservation to develop policy and represent New Zealand's interests in international environment forums. Priority areas will be climate change, biodiversity, marine and oceans issues, fisheries and whales. The Ministry will also work with other agencies such as NZTE to monitor and respond to market trends in favour of environmentally sustainable products.

United Nations: The Ministry will maintain an active engagement in discussions on UN reform. We will encourage the UN system to undertake balanced and coordinated approaches to emerging global challenges. We will advocate for upholding human rights standards, and for the UN's human rights institutions to play a credible and effective role in that process.

Disarmament and arms control: The Ministry will actively participate in a range of initiatives aimed at preventing the proliferation of WMD and in particular potential proliferation to terrorists. We will work for a credible outcome to the Nuclear Non-proliferation Treaty Review Conference in 2010 that makes progress towards nuclear disarmament. We will support the central role of the International Atomic Energy Agency (IAEA) in combating the proliferation of WMD, in particular during our term on the IAEA Board of Governors. We will also pursue multilateral approaches to combat the illicit trade in conventional weapons, including small arms.

LONG-TERM OUTCOME IV: SUSTAINABLE DEVELOPMENT IN PARTNER COUNTRIES

What are we seeking to achieve?

In April 2009, Cabinet agreed that the mission statement for New Zealand's Official Development Assistance (ODA) should be to "support sustainable development in developing countries, in order to reduce poverty and to contribute to a more secure, equitable and prosperous world". This accords with New Zealand's national interest and as such is a key foreign policy objective. Within the mission, the core focus is to be the pursuit of sustainable economic development. The Pacific is to remain the core focus and receive an increased proportion of New Zealand's development assistance.

Sustainable economic development, as the new core focus of the programme, will ensure that programme outcomes are aimed at lifting the economic performance of our development partners, especially in the Pacific, and the prosperity of their peoples. There are strong linkages between sustainable economic development, human development, safe and just societies, and poverty reduction. Sustainable economic development is necessary to address poverty, and is itself necessarily underpinned by health, education, environmental considerations, accountable governments with competent service delivery, and a regulatory environment and infrastructure that facilitate private sector development.

The central focus on sustainable economic development is a new emphasis within this broad approach. In the Pacific, it will involve three broad areas of action:

- making globalisation work regionally
- improving the enabling environment for business
- fostering private sector development.

New Zealand's development assistance serves the country's wider interests by contributing to the building of a peaceful, prosperous and just world. Development assistance contributes to New Zealand's reputation as a good international citizen, with strong Pacific links. It also responds to New Zealanders' wish to "do their bit" and respond to genuine need.

NZAID manages 33 programmes in a range of countries and sectors, all with their own development challenges and objectives. For each there is a strategy or framework that sets out the development objectives relevant to the particular context. The Pacific region remains the core focus and will receive an increased share of New Zealand's ODA. Of 17 bilateral programmes, 11 are in the Pacific. These represent 85 percent of country-level ODA. These strategies define in more detail the achievements that are intended for each programme.

Under each of the 33 programmes, more detailed outcomes and objectives are defined for individual ODA Activities³. At any one time, NZAID is administering roughly 800 Activities. The relationship between what we are trying to achieve at the Activity, Programme and Agency level is illustrated in the following table.

Examples of the outcomes set for programmes from recently approved strategies include:

Programme	Example objective	Link to core focus	Example indicators of success
Cook Islands (constitutional relationship)	To provide sound infrastructure that will support sustained growth and basic services for outer islands	Direct link	Progress against the priorities in the Cook Islands Preventative Infrastructure Master Plan, particularly in the outer islands Access to quality water services in both Rarotonga and outer islands increases by 40 percent
Solomon Islands (major bilateral)	To improve livelihoods and promote broad-based economic growth	Direct link.	Oceanic fisheries industry is developed in a sustainable manner, and is generating significant new income, employment and government revenue Increased connectivity of rural communities to markets and services improves people's lives and livelihoods and promotes broad-based economic growth
Africa (regional)	To bring about improvements in child health and nutrition, and maternal health for target groups in Zambia and Zimbabwe	As well as being an objective in its own right, improvements in health address a constraint on economic development	Improvements for assisted communities in the appropriate indicators

New Zealand and Australia's Prime Ministers agreed in March 2009 on the need for continued close cooperation on developments in the Pacific, especially helping Pacific island countries achieve the MDGs. It will be essential to sustain support for developing Pacific island nations in the face of the effects of the global economic crisis on the region. As part of New Zealand's overall relationship, partnership and support for the Pacific, effective aid has a crucial role to play.

³ NZAID uses the term "Activity" to refer to a package of ODA working towards defined outcomes with a specific budget and plan or design. Approval of funds occurs at the Activity level. Activities may be projects, or other aid modalities such as "sector-wide approaches".

How will we demonstrate success in achieving this?

NZAID continues to develop and implement the new performance reporting framework that was introduced in the 2008–2011 *Statement of Intent*. From 2008/09 this includes systemic reporting on progress towards programme-level outcomes. By 2009/10, more comprehensive reporting than is possible now will also be available on the achievement of Activity-level outcomes. Taken together with reviews and evaluations, these assessments of success at the Activity, programme and regional level will allow judgement on the contribution of NZAID to the outcomes sought by the Government.

Economic indicators are particularly important in measuring the contribution of sustainable economic development to outcomes and have been incorporated into the framework from 2009/10.

These economic indicators are complemented by continued use of the MDGs which have a 2015 target date. The MDGs were agreed in 2000 by the international community including New Zealand. The MDGs aim to substantially reduce poverty and poverty-related conditions for hundreds of millions of people and, in doing so, create a more stable, prosperous world for all nations. By setting targets for decreased poverty and increased standard of living (eg health), the MDGs articulate one significant reason for economic development. There are also linkages in the other direction – poor health, low levels of education, and higher initial levels of inequality (including between men and women) have all been shown to constrain economic development.

Measures of NZAID's contribution to outcomes

Indicators and measures	Current status (more detail will be available in the Ministry's Annual Report)	NZAID contribution
<p>Progress in high-level economic indicators in key partner countries in the region:</p> <ul style="list-style-type: none"> • Positive real growth in gross domestic product per capita • Improving balance of trade • Improving ratings for "ease of doing business" 	<p>Annual GDP per capita for our key partners in the Pacific ranges from US\$653 in Kiribati to US\$8,553 in the Cook Islands. Generally, Melanesia is much poorer than Polynesia. Economic growth has recently picked up in Melanesia, with Papua New Guinea, Vanuatu and Solomon Islands experiencing between five percent and seven percent annual growth in recent years. Other key countries, particularly the Cook Islands, Fiji and Tonga, have experienced less growth. However, the economic crisis will certainly impact negatively upon the whole region⁴</p> <p>On latest data (which has many omissions), the balance of trade in goods and services for key Pacific partners ranges from a deficit of 52 percent of GDP for Tonga, to a surplus of 16 percent for Papua New Guinea. Fiji, Vanuatu, Solomon Islands and Samoa have deficits ranging from 11 percent to 26 percent of their GDP</p> <p>Ease of doing business in the Pacific, rated by the World Bank, varies from 95th and 89th most difficult in the world (Papua New Guinea and Solomon Islands) to 39th and 43rd (Fiji and Tonga)⁵</p>	<p>NZAID – or indeed, New Zealand – is only a small contributor to this overall outcome. Programmes and Activities are coordinated under an overall strategy for assistance in the economic development area. Programme and Activity outcomes contribute towards the broader effort to improve partners' economic outcomes</p>

⁴ Sourced from AusAID's *Tracking development and governance in the Pacific*

⁵ <http://www.doingbusiness.org>

Indicators and measures	Current status (more detail will be available in the Ministry's Annual Report)	NZAID contribution
<p>Progress towards the Millennium Development Goals (MDG) in relevant regions and countries:⁶</p> <ol style="list-style-type: none"> 1. Eradicate extreme poverty and hunger 2. Achieve universal primary education 3. Promote gender equality and empower women 4. Reduce child mortality 5. Improve maternal health 6. Combat HIV/AIDS, malaria and other diseases 7. Ensure environmental sustainability 8. Develop a global partnership for development 	<p>Some countries in the region are unlikely to achieve the MDGs. Papua New Guinea, Solomon Islands, Vanuatu, Kiribati, Tuvalu and Timor-Leste are the countries facing the most serious problems. All these countries face challenges on the targets for halving poverty and hunger and many of them other targets for universal education, child mortality, and TB prevalence. Polynesian countries are having more success</p>	<p>NZAID's contribution is only a small part of the overall effort of our partners to achieve the MDGs. The whole NZAID programme can be seen as contributing – directly or indirectly – to the MDGs</p>
<p>Progress towards intermediate level economic indicators in key partner countries in the region including infrastructure, remittances, trade access, business skills and access to finance</p>	<p>Data will be presented in the Ministry's Annual Reports from 2009/10 onwards</p>	<p>These indicators are set out in more detail in NZAID's strategy for assistance for economic development. NZAID has more control over factors leading to change for these indicators than the high-level indicators, but progress is still dependent on many external factors</p>
<p>Progress towards outcomes identified in NZAID programme strategies⁷</p>	<p>A pilot application of this system for 2007/08 showed roughly 60 percent of objectives for Pacific programme strategies were undergoing good or better progress. Eight percent were rated as "unsatisfactory". Strategic objectives relate to development outcomes in partner countries and unsatisfactory performance is usually the result of factors outside of NZAID's control. Future Annual Reports will have more analysis</p>	<p>NZAID has a moderate degree of control over the objectives set for each of its 33 programmes (examples provided earlier in the text)</p>

6 The MDGs can be found in full at <http://www.un.org/millenniumgoals/goals.html>

7 NZAID's programme strategies are available in full at <http://www.nzaid.govt.nz>

Indicators and measures	Current status (more detail will be available in the Ministry's Annual Report)	NZAID contribution
Summary evaluative results (relevance, effectiveness, efficiency, impact and sustainability) for Activities completing a phase, funding cycle, or all New Zealand assistance	Example: review showed that the Timor-Leste Social and Community Development Fund has delivered value for money and provided a flexible and responsive vehicle for NZAID to meet the needs of the Timorese communities and civil society organisations and institutions that support community and social development	NZAID's 800+ Activities contribute to defined development objectives. From 2009/10, systemic information will be available on achievement of objectives (effectiveness) and the other criteria
Example impacts of NZAID Activities	Example: evaluation showed that the Pacific Regional Blindness Prevention Programme substantially achieved its objectives and delivered benefits of 'inestimable value' that will become increasingly evident during the next five to 10 years and beyond	Activities administered by NZAID aim to achieve specific development impacts appropriate to their context, challenges and resources available
Example impacts from third parties funded by NZAID	Example: the World Bank's 2008 <i>Annual Review of Development Effectiveness</i> found that "development outcomes from Bank lending have improved over the medium term... Achievements of country programs in meeting their objectives – typically including growth, poverty reduction, and environmental sustainability – have been moderately satisfactory or better in three-fifths of countries"	NZAID funding contributes to outcomes managed by third parties such as the World Bank, United Nations agencies and NGOs. Evidence of the impact "on the ground" of these Activities will be reported on where possible

The Ministry's Annual Report will also include lessons learned and emerging themes across programmes.

How will we achieve this?

NZAID seeks to strengthen our partners' ability to achieve sustainable development and to reduce poverty through four key areas of action:

- providing Ministers with high quality policy advice on development cooperation issues in general and the New Zealand ODA programme in particular. NZAID also works to ensure there is policy coherence for development within the New Zealand government
- effective management of a range of bilateral, regional, multilateral, humanitarian and agency programmes and relationships
- policy engagement with our developing country partners, other donors, NGOs, and regional and multilateral agencies and processes
- supporting public outreach and development education. This facilitates New Zealanders' understanding and appreciation of development.

In developing programmes and activities, cross-cutting issues such as gender, environment, human rights and youth will be pursued as a means to ensure good outcomes and to manage risks.

In line with international good practice for aid effectiveness, NZAID will support larger, longer-term, more comprehensive initiatives with clear development outcomes. These measurable results will be pursued through programmes that are well coordinated with other donors and closely aligned to partner country needs.

In 2009/10, NZAID will manage ODA totalling \$500 million including administration expenses. With this amount and the ODA provided through other departments, total reported ODA for the year is expected to be \$537.6 million, or 0.32 percent of GNI.

The key priorities for assistance are:

The Pacific: We will increase our direct support of countries in the Pacific region over the coming four-year period. This will be complemented with support to regional programmes and regional agencies where we are confident they provide effective solutions to the collective challenges facing Pacific countries. New Zealand's direct support to the Pacific will be focused on the following countries: Solomon Islands, Papua New Guinea, Vanuatu, Tokelau, Niue, the Cook Islands, Tonga, Samoa, Kiribati, Fiji and Tuvalu.

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

Multilateral engagement: We will contribute to the core funding, governance and delivery work of key international agencies like the UN, and international banks where their work and their focus complements our aid priorities. Our priorities will be policy engagement and promotion of reforms that improve agencies' efficiency and effectiveness.

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

New Zealand NGOs: Recognising that NGOs have proven capability and competence in delivering aid, we will continue to support them where they are demonstrated to be an effective and efficient channel.

LONG-TERM OUTCOME V: THE RIGHTS OF NEW ZEALANDERS ABROAD PROTECTED

What are we seeking to achieve?

The Ministry is responsible for ensuring that the rights of New Zealanders are respected when they are in foreign countries. We also assist New Zealanders in distress overseas, including in the event of a natural disaster or other large-scale emergency. Public expectations of consular support are increasing. It will be a challenge to meet these expectations.

How will we demonstrate success in achieving this?

The Ministry's outputs under this outcome are services provided directly to the public. Indicators of our success in achieving this outcome will be:

- the Ministry responds effectively to consular emergencies as they arise
- the Ministry provides a high quality consular service.

How will we achieve this?

The Ministry's network of overseas posts provides a range of services to New Zealanders. We also work with other countries to extend consular support to New Zealanders in countries where we are not represented. We prepare contingency plans and have emergency response plans in place to deal with large-scale emergencies. We also run the "Safe Travel" campaign to raise the awareness of New Zealanders travelling and living overseas of the importance of being prepared for risks they may encounter.

MANAGING IN A CHANGEABLE OPERATING ENVIRONMENT

The Ministry faces a range of strategic, organisational and operational risks with the potential to affect its ability to achieve the outcomes in this *Statement of Intent*. It mitigates this by having in place sound governance structures and practices to identify, assess and treat risk at regular stages of the planning, monitoring, and evaluation phases of its policy and operational processes.

The Ministry operates a broad risk matrix or framework listing the strategic and organisational capability risks it faces, and the treatments and measures of success for identifying and managing them. The 10 high-level risks in that framework, and the structures and processes in place for mitigating them, are set out in the table overleaf.

At the beginning of each calendar year the Ministry conducts an environmental scan of the key trends and risks in the international environment. This scan is based on reporting by the Ministry's overseas posts, surveys, visits and research conducted as part of the ongoing provision of policy advice to Ministers, and the results of ongoing contacts, discussions and consultations with key stakeholders in New Zealand and abroad. The results of the most recent scan are included in the *Strategic Direction* chapter.

In 2007 the Ministry's senior management piloted a scheme to strengthen systems for assessing and mitigating significant strategic and capability risks, particularly those with medium-term implications. This involved the in-depth investigation of selected strategic or capability risks over the course of the year. This review was over and above those conducted in the course of the standard monitoring and evaluation cycle. The scheme has since been adopted as an additional control for strengthening the Ministry's systems for managing significant risks with potential medium-term impact.

There are a number of major risks which the Ministry will be monitoring in the course of the next three years through one or more of its processes such as the standard monitoring and evaluation cycle, project management and quality assurance controls, internal audits, or strategic reviews. These include the close monitoring of NZ Inc coordination under a new and improved operating model including any changes involving NZAID, fragilities in the Pacific, security and regional integration trends in Asia, new forms of trade policy challenges in responding to climate change, managing scarce financial resources in the recession, modernisation of infrastructure and systems through progressive implementation of the Ministry's information and communications technology, knowledge management and property and capital asset management strategies, and planning for changing staff demographics including retirements.

The Ministry operates separate risk registers with mitigation measures for a number of major projects which it manages, eg in the information technology area. In the period of this *Statement of Intent* the Ministry also plans to review and strengthen its risk management reporting systems.

Matrix of main strategic and organisational capability risks

Specific risk	Risk management measures	Key measures of success we will use
<p>1. Strategic leadership</p> <p>Failure to develop and convey a strategic vision for New Zealand's international relations</p>	<ul style="list-style-type: none"> • CEO and Senior Management Group (SMG) have the full range of competencies and time to formulate strategic vision • CEO and SMG keep up-to-date with global decision-makers • Annual strategic dialogue with Ministers 	<ul style="list-style-type: none"> • Confidence of Prime Minister and Ministers • International credibility and influence held in high regard • Vision is known and shared by Ministry staff
<p>2. Tradecraft capability</p> <p>Not having the human capability and operational means to support our tradecraft and maintain the Ministry's comparative advantage</p>	<ul style="list-style-type: none"> • Ensure that appropriate human capability and funding are available and directed to the right areas, including training and funds for travel and representation • A network of diplomatic posts • Appropriate accommodation and systems in Wellington 	<ul style="list-style-type: none"> • Human capability and funding levels (operational/capital/revenue) do not hinder our ability to deliver external policy outcomes to our Ministers
<p>3. Changing international environment</p> <p>Failure to understand and interpret the rapidly changing international environment and to develop and implement strategies that would best influence it to New Zealand's advantage</p>	<ul style="list-style-type: none"> • The Ministry's strategic planning and risk identification processes • Policy planning and information-sharing meetings 	<ul style="list-style-type: none"> • Ongoing acceptance by stakeholders that our understanding of the international environment is sound and the policy advice we offer is balanced and in New Zealand's best interests
<p>4. Responsiveness to unexpected events</p> <p>Failure to respond quickly and effectively to unanticipated events or unpredictable sudden changes in our operating environment</p>	<ul style="list-style-type: none"> • Ensure appropriate mechanisms in place to allow nimbleness, reprioritisation, and redirection of resources as circumstances require, eg contingency planning for natural disasters, terrorist incidents impacting on New Zealanders/New Zealand interests 	<ul style="list-style-type: none"> • Government and the public validate that our response to such events has been appropriate, effective, and in New Zealand's best interests
<p>5. Whole-of-government coordination mechanism</p> <p>Not having adequate coordination mechanisms in place and in use across government to ensure the coherent and consistent development and implementation of the Government's external policies</p>	<ul style="list-style-type: none"> • ERD Chief Executives' Network • Shared outcome with MED and NZTE • Joint engagement and negotiating groups • NZ Inc guidelines 	<ul style="list-style-type: none"> • Advice to Government clearly reflects a consultative and whole-of-government approach • Evidence of Ministry/agency alignment on- and offshore

Specific risk	Risk management measures	Key measures of success we will use
<p>6. Knowledge for policy planning</p> <p>Not having sufficient knowledge and evidence on which to base key decisions over the choice of outputs</p>	<ul style="list-style-type: none"> The creation of an enhanced capability for policy planning 	<ul style="list-style-type: none"> The Government's external policy settings are seen to work in New Zealand's medium- and longer-term interests
<p>7. Knowledge and tools for effective intervention</p> <p>Failure to use knowledge and evidence in deciding methods of intervention</p>	<ul style="list-style-type: none"> The introduction of improved research and knowledge management tools 	<ul style="list-style-type: none"> Policy response and recommendations to Government are accepted as being based on well-researched policy frameworks
<p>8. Understanding domestic concerns</p> <p>Lack of attention to the full range of relevant key domestic concerns or viewpoints in the Ministry's analysis</p>	<ul style="list-style-type: none"> Active consultation Public information and communication activities Auckland office 	<ul style="list-style-type: none"> Domestic stakeholders validate that they have been listened to and understood
<p>9. Internal leadership and management</p> <p>Not having adequate internal leadership and management to ensure ongoing efficient and effective delivery of the Ministry's outputs</p>	<ul style="list-style-type: none"> Close coordination at SMG level Authorising systems and empowering practices that are "fit for purpose" Strong internal leadership with shared vision and commitment of staff 	<ul style="list-style-type: none"> External and internal observation is one of a well-managed and effective organisation
<p>10. Attracting and retaining high-calibre staff</p> <p>Not having sufficient staffing capability (skills and quality) to deliver our outcomes to Ministers successfully</p>	<ul style="list-style-type: none"> Policies and processes that enable us to recruit, train, properly manage, deploy, reward, motivate and retain suitably qualified staff Recruitment of staff to take up assignments at all our overseas posts Prioritisation of scarce staff resources 	<ul style="list-style-type: none"> Measures of staff turnover at key career points are low Resources devoted to staff development Staff competency is continually developed

Additional NZAID-specific risks

NZAID shares many of the risks and risk mitigation strategies of the wider Ministry. It does, however, have a number of additional specific risk assessments and mitigations for the many activities and programmes which it delivers.

In 2007, an audit of NZAID's procurement and contracting identified a number of areas where policy and practices were not meeting public sector expectations. NZAID has implemented a comprehensive multi-year programme of change across policy, systems, practices and tools to address all issues identified in the audit. NZAID is on track to complete this programme by August 2009.

Specific risk	Risk management measures	Key measures of success we will use
Global economic crisis impacts on programme outcomes, through partners' fiscal constraints or through broader economic or social disruption and unrest	Strengthened monitoring of economic measures; new core focus on sustainable economic development	Programme reports in 2009 and 2010 conclude that NZAID adapted appropriately, in a timely fashion, and helped partners' responses to the crisis
Uncoordinated activities by donors in a country or region leading to duplication of effort, or contradictory activities that counter or cancel each other out	Monitoring of donor activities in countries, regions and sectors where New Zealand has ODA programmes	Surveys of donors show many or all donors working off one partner owned strategy Donors working in the same country or region and in the same sector have aligned and/or harmonised programme strategies
Insecurity and lack of safety for those implementing ODA activities in pre- and post-conflict situations Negative influences from inside and/or outside the country from such sources as international crime, drugs trafficking, etc	Close monitoring of the security and stability of countries and regions when staff and contractors are present The design and implementation of activities specifically mitigates the risks associated with these issues	Staff and contractors are not placed in-country or in-region where instability creates an unacceptable degree of personal risk.
Corruption, political instability and/or inadequate capacity in-country causing disruption, failure or cancellation of programmes and activities	International measures of corruption are considered in the design and implementation of programmes and ODA activities The capacity and capability of officials and agencies involved in programmes and activities is adequately assessed and reflected in the design of activities	There is a high degree of transparency and accountability around funding applied to ODA activities
Contracting and procurement systems cannot ensure suitable public sector accountability, value for money, openness, fairness, integrity or effectiveness leading to a loss of confidence in NZAID as the best vehicle for the management of New Zealand's ODA	All areas of weakness identified by Audit New Zealand in their audit of NZAID procurement and contracting are being systematically and comprehensively addressed	The annual audits of NZAID's procurement and contracting control environment by Audit NZ show that NZAID is making satisfactory progress towards addressing areas of weakness identified in September 2007, or have been adequately addressed

Specific risk	Risk management measures	Key measures of success we will use
Rapid growth of ODA funding and pressure to meet ODA expenditure targets may lead to poor decisions around the design and implementation of activities	Funding increases to bilateral programmes are identified 12–24 months before they come on stream so that NZAID can bring on programme staff and design new activities in a timely fashion	NZAID activity evaluations consistently report successful development outcomes
Rapid growth of ODA may lead to pressures on staff, structures and systems in NZAID	The Agency commits to monitoring and reviewing, as necessary, staffing levels and structures to identify and address pressure points	There is a smooth transition to any new staffing arrangements, structures and application of updated systems resulting from increased funding
Inability to recruit or retain staff of sufficient calibre	Potential difficult areas of recruitment are identified and recruitment initiatives developed to address concerns. Staff exits are monitored to identify any retention issues	Staff turnover and average tenure are within public sector norms Time to fill vacancies generally does not exceed three months, excluding any delay incurred to obtain a security clearance, and less than 10 percent of positions require re-advertising

ASSESSING ORGANISATIONAL HEALTH AND CAPABILITY

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

- pro-active diplomacy backed up by a strategically oriented, professional, dedicated, properly resourced diplomatic service including experts in specialist areas such as international law, trade policy and trade disputes, international negotiations, security issues and foreign languages
- development and consular experts and dedicated systems to provide professional advice and manage and deliver effective services, programmes and projects
- a network of overseas posts in key locations from which to operate and build influence over time
- modern, secure and effective knowledge management and information communications systems and processes
- well-directed whole-of-government coordination mechanisms to leverage opportunities, mitigate risks, exploit the synergies and multiply the impacts of all New Zealand government agencies' efforts offshore
- effective communication and stakeholder engagement at home and abroad
- efficient management of human and capital resources and tradecraft tools to enable sustained pursuit of New Zealand's interests at all times.

The risks from neglecting any of these areas are identified in the preceding risk framework.

The Ministry's total assets for pursuing the Government's business offshore are shown in Annex 1. The Ministry's policy units, and the corporate services units that provide the infrastructure and manage and support the people, networks, systems and assets that enable the Ministry to conduct its core business, are shown in the organisation chart in Annex 2.

MANAGEMENT PRIORITIES

This section shows how work on our capability will help us to deliver the Government's priorities.

What are we seeking to achieve?

Having the right people (capability) doing the right things (aligned with Government priorities), the right way (efficient), making a difference (effective) and delivering value for money.

We will continue to focus on:

Our planning and performance

- planning and delivering outputs that are tightly aligned with the Government's priorities.

Our people

- recruiting, training and retaining staff who are committed, highly skilled, flexible and able to work productively in foreign cultures, have a thorough grasp of the New Zealand policy-making environment, and are focused on delivering results for New Zealand
- continuing to train and maintain a cadre of specialist professional expertise in key areas such as international law and trade negotiations.

Our physical and financial resources

- managing our resources in ways that achieve value for money and reduce costs wherever possible
- maintaining a network of overseas posts in the locations where they will be most effective
- having modern, secure infrastructure, systems and processes to enable front-line staff to operate effectively in pursuit of the Government's objectives, and support other agencies in their work offshore.

Our processes and systems

- developing more efficient work practices, underpinned by appropriate training, tools and governance arrangements, so that our policy analysis, development and implementation draw more solidly on existing experience in a timely way.

Our public diplomacy

- having the skills and knowledge to craft and present targeted and effective messages about New Zealand positions and priorities to influence key overseas decision-makers.

Our partners

- leading the network of NZ Inc agencies to ensure more effective coordination, coherence and operational synergy in pursuing the Government's priorities offshore
- building and maintaining cooperative working relationships with key agencies, organisations and individuals to help us represent New Zealand positions and priorities more effectively offshore.

What will we do to achieve this?

Our planning and performance

- We will strengthen the Ministry's evaluation capability and processes, while maintaining strong planning and performance measurement systems.

Our people

- We will continue to retain and attract skilled staff by supporting career development and building leadership capability.
- We will ensure all staff receive appropriate training to deliver their functions and services and acquire the skills essential to a professional career service.
- As part of our ongoing focus on developing staff competencies and skill sets, we will undertake a review of our Learning and Development programmes over this period. We will also complete an analysis and modelling of our Corporate Services career structure to ensure it is targeted to provide staff who can manage our overseas posts and support NZ Inc effectively.

Our physical and financial resources

We will manage our resources in ways that achieve **value for money** and reduce costs wherever possible by continuously improving the way we work and being innovative in our thinking on how we might work in the future.

During 2009/10 our main initiatives will be to:

- continue with the implementation of our 2006 Information and Communications Technology (ICT) Strategy, specifically:
 - rolling out desktop internet, mobile computing, access to the intranet and a new document management system to posts
 - implement a new global infrastructure which, in addition to providing benefits to the Ministry, will provide the opportunity for improved sharing of information and systems amongst agencies co-located with the Ministry offshore
- explore the possibility of MFAT assuming the role of global network provider for co-located agencies to ensure cost-effective service provision
- update our 2005 Property Management Strategy and:
 - continue to roll out open plan office accommodation at posts to achieve good modern, flexible work-space design and maximise space utilisation
 - implement a new Property Management Information System to improve capital asset management.

Our processes and systems

We will begin implementation of our 2008 Knowledge Management Strategy and make it easier for staff to get things done by:

- making it easy to access existing knowledge through implementation of an electronic document and records management system and enterprise search
- streamlining corporate and policy business processes
- providing an intranet within which staff can collaborate and find and contribute to Ministry knowledge and information.

Our public diplomacy

- We will embed communications planning in unit operational planning and assist managers with implementation and delivery of key messages offshore.

Our partners

- We will review, in consultation with our NZ Inc partners, the modes of operating offshore and New Zealand's offshore footprint to ensure that resources are aligned with Government priorities and that the Government receives value for money from the use of offshore resources.

How will we demonstrate success in achieving this?

The following are measures of our health and capability and the key management priorities above:

Area	Activity	Indicators and measures
Our planning and performance	Strengthen MFAT's evaluation capability and processes	At least one substantive evaluation completed by 30 June 2010
	Plans and outputs tightly aligned with the Government's priorities	Satisfactory feedback from Ministers on quality of outputs
Our people	Recruit and retain high calibre staff	Staff turnover and average time to fill vacancies remain within public sector norms
	Maintain investment in our people	One percent of budget invested in training
Our physical and financial resources	Resources well managed	External audit and central agency reporting indicates MFAT is operating in accordance with good public sector practice.
	Maintain \$450 million property portfolio	Five percent of value of buildings and fit-outs spent on maintenance
Our processes and systems	Develop more collaborative systems, processes, and tools for sharing knowledge and working more efficiently	By the end of 2009/10, we will have improved the way we utilise and manage existing KM tools and prepared a new enterprise content management structure to apply new KM tools
Our public diplomacy	Upgrade Ministry's ability to influence key overseas decision-makers outside government about New Zealand's priorities and positions	Feedback from managers that communications planning has assisted them achieve their objectives
Our partners	Lead reviews of NZ Inc and New Zealand's offshore footprint	Reviews' recommendations accepted by Ministers

Additional NZAID-specific management priorities

Over the life of this *Statement of Intent*, NZAID will need to deliver the planned growth in ODA to \$600 million by 2012/13, and the 2009 change in focus in the programme. Recognising it takes time to adjust the programme balance, given forward commitments, the NZAID management priorities are as follows.

Re-focusing the programme

- Consistency between ODA and **foreign policy outcomes** evident in the overall ODA programme
- Increased percentage of ODA deployed for **sustainable economic development** including infrastructure, transport (including aviation), tourism, trade, private sector development, youth employment
- Increased proportion of ODA to the **Pacific**
- Relationships with partner countries with clear development objectives, focus on results and **mutual accountability**
- Working closely with **Australia** and other donors, including on joint initiatives
- Demonstrable **larger more comprehensive initiatives** that have bigger front-end impacts.

Improving effectiveness, efficiency and accountability

- Quality of development interventions lifted
- Full implementation of the strengthened performance framework (Activity Completion Report process running well, evaluations published, programme stock-takes and annual reports used effectively)
- Improved monitoring, review and evaluation
- Better utilisation of lessons learned and follow up of evaluations
- Strengthened processes for evaluating and monitoring value for money
- An annual report on development programme effectiveness, to be produced for the first time in late 2010 (covering 2009/10).

Consolidating organisational structures and processes

- Revised structure for executive decision-making that provides leadership appropriate to strategic and management demands
- Organisational reconfiguration that allows successful management of the growing ODA programme
- Implementation of a new Activity Planning Framework and other process improvements that strengthen quality control and quality assurance processes
- Strengthened control environment leading to financial and contract management rated good or higher.

In addition to monitoring implementation of the management priorities listed above, NZAID uses the following measures of its health and capability, including its capacity to engage with partners:

Indicators and measures	Degree of NZAID responsibility for progress	Current status
Staff turnover and average time to fill vacancies remain within public sector norms	High	Yes
External audit and central agency reporting indicates NZAID is operating in accordance with good public sector practice	High	Office of the Auditor General found in its audit for 2007/08 that NZAID had “moved quickly to put in place a wide range of initiatives to address the issues raised in the last audit. As a result the issues in Wellington have been largely addressed and NZAID is making very good progress in addressing the issues in overseas posts. NZAID has done well to get where they are in less than a year”
Policies and programme strategies are up to date and/or finalised in accord with the NZAID Five Year Strategy or other agreed timelines	Medium	Eight of the nine policies identified in the Five Year Strategy to be completed by 2009/10 have been completed. A programme framework, defining the 33 programmes that need strategies, was finalised in 2008. Currently there are 15 programme strategies on the NZAID website
Satisfactory feedback from Ministers on quality of outputs	High	Yes
Satisfactory feedback from partners on policy and programmes and NZAID commitments under mutual accountability frameworks	Medium	Yes. More detail will be provided in the Ministry’s Annual Report
Surveys show that the public generally understands and supports New Zealand’s ODA programme	Low	A study in July 2007 found interest in overseas aid the same as in 2004, with two thirds of New Zealanders expressing some interest and 13 percent very interested. Thirty-four percent know “a fair amount” or “a lot” about overseas aid. Seventy-six percent approve of the Government providing overseas aid
Satisfactory feedback from partners on quality of NZAID engagement	Medium	Yes, but little systematic data currently available
NZAID operating within its desired values and cultural principles	High	Yes

COST-EFFECTIVENESS

The Ministry's core work of providing policy advice and representation does not lend itself to direct cost-effectiveness analysis (*cost per unit of benefit obtained*). Few of our outcomes have a readily quantifiable measure of impact, and most are realised incrementally over years. This makes it difficult to define timeframes for assessing the level of success within the period covered by the *Statement of Intent*. Further, even those activities which offer direct positive benefits for New Zealand (eg laying the groundwork for, negotiating, and concluding a trade agreement with a key trading partner) may be dependent on other parties and factors before concrete benefits can be realised for New Zealand. Other Ministry activities are aimed at avoiding or minimising negative outcomes or impacts for New Zealand (eg avoiding the spread of conflict in our region, maintaining access to a key market after a change in local conditions or rules). The cost-effectiveness of both types of activity is not quantifiable, especially as the Ministry is rarely the sole player influencing the outcome.

During the period of this *Statement of Intent*, the administration of all Ministry resources in its two Votes will be in accordance with best public sector management practice. In addition to regular reporting under standard six-monthly reporting and evaluations, internal audit capabilities will be reinforced to ensure strict adherence to policies and procedures.

Since it is important for government agencies to be able to demonstrate that their expenditure of public funds adds value, the Ministry has examined its cost-effectiveness using a number of other measures. These are quite separate from its ongoing efforts to ensure that all expenditures are valid and competitively priced. The Ministry's *Statement of Intent* for 2007–2010 provided two examples of alternative approaches to cost-effectiveness. One showed the effectiveness of the Ministry's cost structure alongside other foreign services. This has been independently confirmed by comparative material contained in a recent report by the Lowy Institute for International Policy entitled *Australia's Diplomatic Deficit: Reinvesting in our instruments of international policy*. The other example illustrated the unit costs for delivering consular services to New Zealand citizens. Last year's *Statement of Intent* for 2008–2011 gave an example of the return on the costs of investing in international trade negotiations, which we summarise below. All three examples remain valid illustrations of the Ministry's cost-effectiveness.

The Ministry leads the whole-of-government effort to negotiate FTAs and generally deploys the largest resource. The Ministry's costs to negotiate the FTA with China were of the order of \$760,000 for travel, accommodation and other direct costs in 2007/08, the final year of the negotiations when there was less travel than in the previous two years. This suggests a broadly indicative investment of about \$1 million a year in direct negotiating costs. A Joint Study Report in 2004 estimated that this FTA could boost New Zealand's real GDP by US\$1.9 billion and potentially increase New Zealand's exports to China by US\$180 million – \$280 million a year over 20 years. While quantification of benefits can only be indicative and depends on the rate at which commercial opportunities are taken up by New Zealand business, the potential export gains from the FTA represent a significant return on the Ministry's three-year investment in negotiations.

Additional cost-effectiveness for NZAID

Cost-effectiveness and value for money are also very important concerns for NZAID. Value for money is a key consideration in Activity selection, procurement processes, review and evaluation. However, measuring cost-effectiveness is a complex task.

The indicators below have been carefully chosen to reflect a broad range of aspects of value for money. While some are clearly related to efficiency (eg findings from evaluations relating to value for money) others have more indirect links but are necessary to give a fully rounded picture of cost-effectiveness. The proxies of overall agency cost-effectiveness are included because they reflect international consensus on what makes efficient and effective aid that delivers value for money. For example, the United Kingdom's Department for International Development estimates conservatively that programme-based approaches "will result in benefits of at least 20 percent compared to the channelling of equivalent funds through project support". Increased use of programme-based approaches is one of the commitments of the Paris Declaration on Aid Effectiveness, and hence our compliance with this Declaration is taken as one proxy for overall value for money for bilateral programmes. Effective implementation of management priorities and Government policy (including, for example, compliance with sectoral policies) is seen as an important part of the "value" in "value for money".

NZAID indicators of cost-effectiveness and value for money

Indicators and measures	Current status (more detail will be available in the Ministry's 2008/09 Annual Report)		
Effective implementation of management priorities and Government policy			
	Economic development ODA	2007/08	Target
Increasing amount and proportion of ODA spent on economic development	Expenses	\$51.9m	↑
	As a percentage of sector-allocable ODA	28%	↑
	Pacific allocation	2008/09	Target
Increasing percentages of bilateral ODA, bilateral and regional ODA, and all ODA go to the Pacific	Of bilateral ODA	80%	↑
	Of all bilateral + regional ODA	77%	↑
	Of all ODA	53%	↑
Evidence of increasing consistency between ODA and foreign policy objectives in programme strategies and Activities	Formal reporting will begin in 2009/10.		
		2007/08	Target
Declining number of Activities, allowing focus on a smaller number of larger and more comprehensive initiatives Increasing median annual expenses of Activities Increasing percentage (by count and by expenses) that are delivered using "high order aid modalities"	Number of Activities	882	↓
	Median annual expenses	\$119,535	↑
	Activities in high order modalities	14%	↑
	Expenses in high order modalities	54%	↑
Evidence of compliance with sectoral and thematic policies (education, health, human rights, etc)	Reporting will begin in the Ministry's 2008/09 Annual Report		

Indicators and measures	Current status (more detail will be available in the Ministry's 2008/09 Annual Report)		
Proxies of overall agency cost-effectiveness			
Progress towards the 2010 targets for aid effectiveness including 66 percent of bilateral aid to use programme approach; increased use of partner financial management and procurement systems; 50 percent of technical cooperation to be coordinated with other donors; higher proportion of ODA to be recorded on partners' budgets; and qualitative assessment of progress towards the aid effectiveness principles	A review in 2007 of NZAID implementation of the Paris Declaration on Aid Effectiveness found that there was good overall performance and a good alignment between NZAID leadership and culture with the Declaration		
NZAID performance assessed against Good Humanitarian Donorship benchmarks ⁸	In 2008 New Zealand was rated by the inter-governmental Good Humanitarian Donorship group positively compared with other donors for committing a high proportion of humanitarian funds under flexible terms; un-earmarked; and not requiring donor-specific reporting. New Zealand was rated less positively than other donors for timeliness of commitment and the proportion of humanitarian funds going to internationally identified priorities		
NZAID performance assessed by external peer or other review	OECD peer review in 2005 found that the re-orientation of NZ development cooperation since 2002 was "impressive" The 2008 Commitment to Development Index by Washington-based think tank, the Center for Global Development, rated New Zealand low relative to other donors on aid, because of a low ODA to GNI ratio; and for its many small projects. However, New Zealand was rated 7 th out of 22 donors for its overall Commitment to Development, with high scores on trade, security and environment policies		
Findings on programme and activity cost-effectiveness			
Summary findings from reviews and evaluations relating to value for money	Example: the mid-term review of the Commonwealth Local Government Forum Pacific project found it represented good value for money		

8 The Good Humanitarian Donorship targets are at <http://www.goodhumanitariandonorship.org/>

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 an internal culture that respects and reflects the diversity of New Zealand and its society.

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

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

The Ministry will continue to focus on emphasizing equality and diversity through the initiatives outlined in the Ministry's EEO plan, including:

- working closely with our staff networks, unions and other staff representatives, to develop an EEO plan which will be monitored and updated on an ongoing basis
- continuing to negotiate with other governments on reciprocal employment arrangements for partners of diplomatic officers
- providing support to the EEO staff networks
- incorporating equality- and diversity-related learning and development opportunities into the learning and development of all staff
- endeavouring to incorporate equality and diversity into all aspects of our business.

The Ministry is committed to a whole-of-government approach and will continue to liaise with the State Services Commission on ongoing development of the Ministry's EEO plan in line with the revised EEO/Diversity policy for 2009/10 and the Office for Disability Issues for development of its 2009/10 Disability Strategy.

THE MINISTRY'S CAPITAL INTENTIONS

Forecast details of Departmental Capital Expenditure for the period 2009–2012

	2009/10 Forecast \$000	2010/11 Forecast \$000	2011/12 Forecast \$000
Buildings	31,746	35,518	18,455
Plant and equipment	2,400	2,500	2,400
Furniture and fittings	8,650	8,650	4,650
Motor vehicles	950	1,150	1,150
Computer hardware	2,500	2,500	1,500
Computer software	14,266	11,300	2,000
Total	60,512	61,618	30,155

Over the next few years the Ministry's capital programme will focus on accommodating NZ Inc's and NZAID's evolving requirements offshore, and modernising the ICT system, eg global wide area network and secure mobile computing.

Successful capital asset management will be achieved by "making the right choice" and "doing the right thing well" supported by specialist staff that will ensure a high level of asset management practices.

In managing its capital assets the Ministry's standard practices are used to ensure that: major capital projects are aligned with business objectives (strategy) and supported by needs analysis; options are identified; business cases are prepared that include costs and benefits; peer or independent review is sought at the selection phase and/or during the implementation phase depending on risk assessment and post-implementation review to verify benefits realisation. These practices are encapsulated within a governance framework.

Success measures include:

- Independent Quality Assurance: no significant issues reported
- Project Post-Implementation reviews: benefits substantially realised
- Project Financial: project implemented within budget
- Appropriation: capital appropriation not exceeded.

ADDITIONAL INFORMATION

OTHER BODIES FOR WHICH THE MINISTRY EXERCISES A FUNDING OR MONITORING ROLE

Through its 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, in conjunction with MED, has a joint role in monitoring the performance of NZTE.

Its role in relationship to these bodies is as follows:

New Zealand Antarctic Institute

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

In the next financial year the Institute, in partnership with Meridian Energy, will complete the installation of three wind turbines on Ross Island, Antarctica.

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

- 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
- promoting stability and sustainable development in the region
- 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 as a non-profit Crown trust focused on building links and promoting greater understanding between New Zealand and its Asian neighbours. It is an entity named in the fourth schedule of the Public Finance Act 1989, and subject to certain sections of the Crown Entities Act. The Foundation is active in a wide range of programmes including education, business, media, culture, research and policy studies. 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.

Following an independent review of the Foundation in 2007, Cabinet endorsed a series of recommendations aimed at strengthening the Foundation's strategic focus and governance. The Ministry is monitoring the implementation of these recommendations and works closely with the Foundation to support alignment of its programmes with New Zealand's foreign and trade policy goals and priorities in Asia.

New Zealand Trade and Enterprise

The Ministry, in conjunction with MED, has a joint role in monitoring the performance of NZTE on behalf of the responsible Ministers (although NZTE is not funded from Vote: Foreign Affairs and Trade). Regular briefing and comment is provided to Ministers on NZTE's performance within agreed timeframes. This covers such issues as consistency of NZTE proposals and activities with the Government's overarching policy objectives. Advice is also provided to Ministers on their responsibilities under the Crown Entities Act, on Ministers' letter of expectations, NZTE's *Statement of Intent*, annual Output Plan, quarterly reports including financial reporting, and any issues affecting their portfolios where the Ministers' views need to be conveyed to the NZTE Board. The Secretary of Foreign Affairs and Trade is a Special Adviser on the Board as is the Chief Executive of MED.

During the period of this *Statement of Intent*, the Ministry will foster tight coordination between MFAT, NZTE (and MED) to ensure *economic growth and international competitiveness is supported through New Zealand's international connections*. The Ministry will work collaboratively with NZTE as it implements changes to the Government's industry support and business services programmes. MFAT will work with NZTE to support globally competitive New Zealand firms which deliver growth and jobs for New Zealanders. Dynamism in the delivery of services offshore and changes in NZTE's strategic footprint will be handled with minimum disruption to end-users. A wider NZ Inc approach will emphasise cooperation onshore and offshore and a shared stake in New Zealand's economic wellbeing. This combined effort will help ensure New Zealand emerges from the financial crisis in a strong and competitive position.

LEGISLATION ADMINISTERED BY THE MINISTRY

The following Acts are administered by MFAT:

- 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
- Commonwealth Countries Act 1977
- Consular Privileges and Immunities Act 1971
- Continental Shelf Act 1964
- Cook Islands Act 1915
- Cook Islands Constitution Act 1964
- Diplomatic Privileges and Immunities Act 1968
- Foreign Affairs Act 1988
- Geneva Conventions Act 1958
- International Crimes and International Criminal Court Act 2000 (jointly administered with the Ministry of Justice)
- Kermadec Islands Act 1887
- Mercenary Activities (Prohibition) Act 2004
- New Zealand Antarctic Institute Act 1996
- New Zealand Export-Import Corporation Dissolution Act 1992
- New Zealand Nuclear Free Zone, Disarmament and Arms Control Act 1987
- New Zealand Trade and Enterprises Act 2003 (jointly administered with the Ministry of Economic Development)
- Niue Act 1966
- Niue Constitution Act 1974
- Nuclear-Test-Ban Act 1999
- Pitcairn Trials Act 2002
- Territorial Sea, Contiguous Zone, and Exclusive Economic Zone Act 1977
- Terrorism Suppression Act 2002 (jointly administered with the Ministry of Justice)
- Tokelau Act 1948
- Tokelau (Territorial Seas and Exclusive Economic Zone) Act 1977
- United Nations Act 1946
- United Nations Convention on the Law of the Sea Act 1996
- Western Samoa Act 1961.

Export controls on strategic goods are administered by the Ministry under the Customs Export Prohibition Order 2005. 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.

ANNEXES

ANNEX 1: THE MINISTRY'S ASSETS

The Ministry's appropriations are contained in two Votes: Foreign Affairs and Trade, and Official Development Assistance. In 2009/10 the amounts appropriated for each are:

Vote: Foreign Affairs and Trade

• Departmental operating expenditure	\$ 363,010,000
• Departmental capital expenditure	\$ 60,512,000
• Non-departmental expenditure	\$ 68,714,000
• Non-departmental capital expenditure	\$ 300,000

Vote: Official Development Assistance (managed by NZAID)

• Departmental operating expenditure	\$ 38,696,000
• Official Development Assistance	\$ 461,304,000

Our Network

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

Our People

In New Zealand (681)

- 516 Head Office
- 163 NZAID
- 2 Auckland

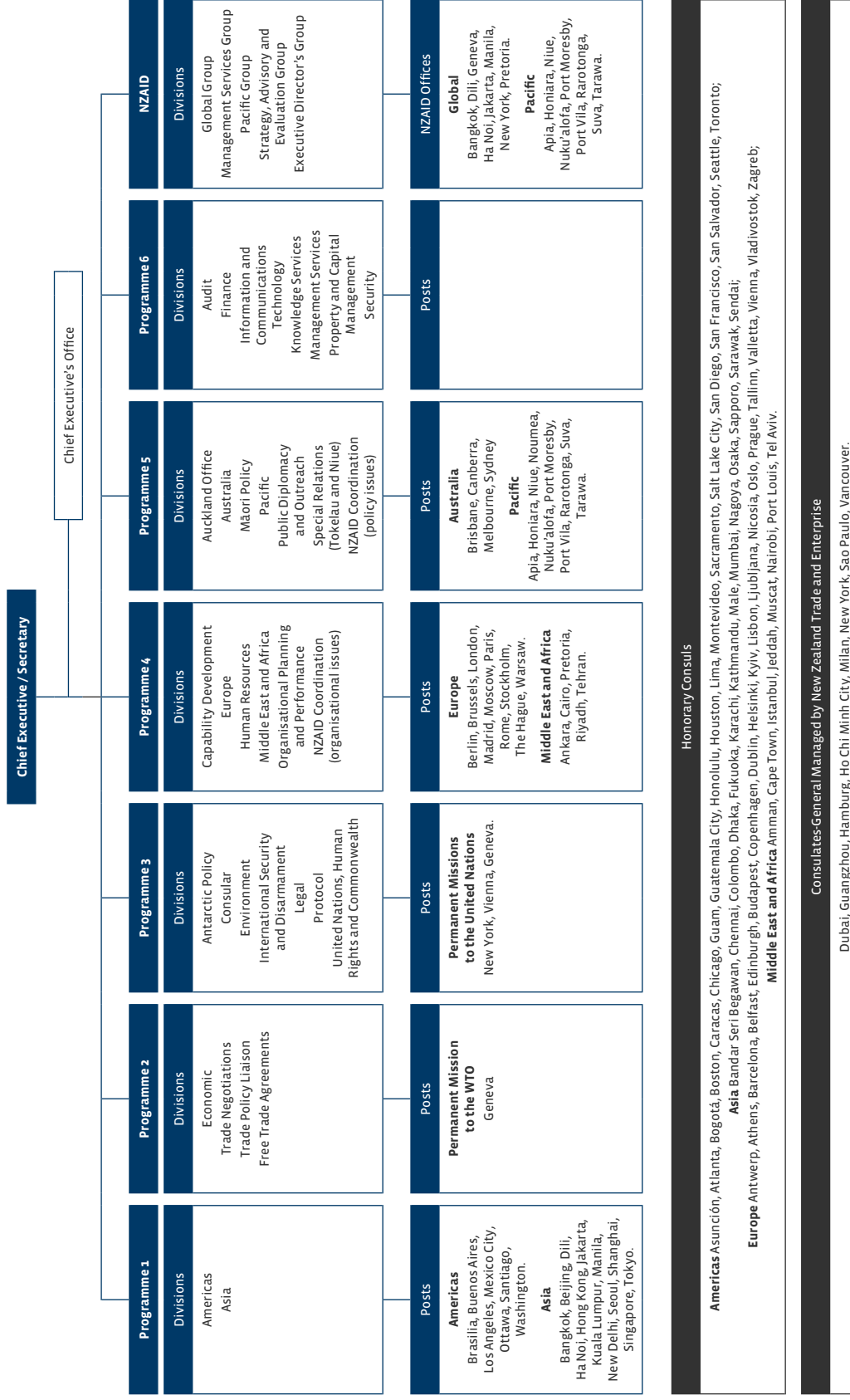
Overseas (674)

- 254 seconded staff (including 18 from NZAID)
- 420 locally employed staff

Total 1,355⁹

⁹ Ministry establishment, comprising full-time equivalent positions and unfilled vacancies, is 935.

ANNEX 2: MINISTRY ORGANISATION CHART



ANNEX 3: HOW THE MINISTRY'S OUTCOMES AND RESULTS CONTRIBUTE TO THE GOVERNMENT'S PRIORITIES

The Government's overall goals

- Grow the economy in order to deliver greater prosperity, security and opportunities to all New Zealanders
- Improve value for money from public spending

The Government's priorities

<ul style="list-style-type: none"> • Strengthen key relationships • Intensify efforts to secure the long-term security and economic growth of the South Pacific and key partner countries in the region 	<ul style="list-style-type: none"> • Pursue a rich agenda of trade negotiations that will deliver growth opportunities for the future • Strengthen the promotion of New Zealand goods and services, and opportunities in trade and investment, through more determined and efficient NZ Inc approaches 	<ul style="list-style-type: none"> • Work within the multilateral system to achieve New Zealand goals particularly in the areas of security, resource diplomacy and climate change 	<ul style="list-style-type: none"> • Enhance the operational effectiveness of Official Development Assistance within the approved levels of aid expenditure 	<ul style="list-style-type: none"> • Deliver high quality consular services for New Zealanders travelling abroad
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The Ministry's mission

- New Zealand's security and prosperity interests are advanced and protected, our voice is heard abroad

The Ministry's long-term outcomes

<ul style="list-style-type: none"> • New Zealand's security and economic interests safeguarded through its security and economic relationships 	<ul style="list-style-type: none"> • Economic growth and international competitiveness advanced through New Zealand's international connections 	<ul style="list-style-type: none"> • Transboundary solutions and effective international rules promoted 	<ul style="list-style-type: none"> • Sustainable development in partner countries 	<ul style="list-style-type: none"> • The rights of New Zealanders abroad are protected
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The Ministry's intended impacts	
<ul style="list-style-type: none"> • Australian foreign policy accommodates critical New Zealand interests • Effective whole-of-government responses by New Zealand help address common challenges and counter risks of instability within the Pacific region • Pacific governments are able to improve the international competitiveness of their business sectors • Political and security relations with key Asian partners are strengthened in ways that underpin our trade and economic interests and enable New Zealand to be an active participant in Asian regional processes • The United States recognises New Zealand as a valuable partner and takes account of our perspectives on issues of importance to us • The European Union agrees to a more formal comprehensive arrangement with New Zealand 	<ul style="list-style-type: none"> • Maximum net benefit secured for New Zealand from a completed WTO Doha Round, in particular, elimination of agricultural export subsidies • Completion of trade negotiations with the United States (as part of the Trans-Pacific Partnership Agreement), Republic of Korea, Malaysia, Gulf Cooperation Council and India • Completion of further initiatives to deepen economic integration with Australia as part of a Single Economic Market • Increased engagement by New Zealand exporters in key markets • New Zealand's specific interests reflected in internationally agreed responses to the global economic crisis • Ministry-led review identifies ways in which NZ Inc can operate more efficiently and effectively offshore and provide greater value for money from the Government's investment in key overseas locations and markets
<ul style="list-style-type: none"> • New Zealand's participation in international security operations is recognised as being of value and of high quality by security partners, particularly with regard to the integration of military and civilian elements • An international agreement on climate change that will result in meaningful reductions of global CO2 emissions and accommodate New Zealand's agricultural emissions profile • New Zealand's interests reflected in the outcomes of key environmental forums on biodiversity, forestry, oceans and fisheries issues • Renewed progress in the United Nations on its reform agenda • Renewed forward movement on nuclear disarmament and non-proliferation • Neighbouring countries' capacity to deal with trans-boundary threats is enhanced by New Zealand's initiatives and support 	<ul style="list-style-type: none"> • New Zealand's expenditure on ODA remains effective while maintaining and implementing a \$600 million ODA programme by 2012/13, increasing the aid focus on the Pacific and on sustainable economic development, pursuing concrete measurable results, and reducing administrative overheads as a percentage of the ODA budget
<ul style="list-style-type: none"> • The Ministry responds effectively to consular emergencies as they arise • The Ministry provides a high quality consular service 	

ANNEX 4: LINKS BETWEEN THE MINISTRY'S OUTCOMES AND DEPARTMENTAL APPROPRIATIONS

The Ministry's mission				
<ul style="list-style-type: none"> New Zealand's security and prosperity interests are advanced and protected, our voice is heard abroad 				
The Ministry's long-term outcomes				
New Zealand's security and economic interests safeguarded through its political and security relationships	Economic growth and international competitiveness advance through New Zealand's international connections	Trans-boundary solutions and effective international rules promoted	Sustainable development in partner countries	The rights of New Zealanders abroad protected

Vote: Foreign Affairs and Trade: Output Expenses				
Policy Advice and Representation – Other Countries <ul style="list-style-type: none"> Gathering and analysing information on the views of other governments, and on trends in countries' economies and society Lobbying other governments and influential decision-makers in favour of New Zealand interests Developing networks of relationships with decision-makers 	<ul style="list-style-type: none"> Australia Pacific Asia United States Europe 	<ul style="list-style-type: none"> Trade negotiations that deliver growth opportunities Internationalisation of New Zealand business Global financial crisis 	<ul style="list-style-type: none"> International security Climate change and natural resources 	

Vote: Foreign Affairs and Trade: Output Expenses					
<p>Policy Advice and Representation – Other Countries <i>continued</i></p> <ul style="list-style-type: none"> • Representation of New Zealand in regional organisations • Negotiation of bilateral agreements (including trade agreements) • Supporting Ministerial visits (briefing, policy advice, logistics) • Promoting New Zealand in other countries (eg cultural diplomacy) • Provision of advice to the Government on international law • Policy advice: eg on interventions to achieve outcomes 					
<p>Policy Advice and Representation – International Institutions</p> <ul style="list-style-type: none"> • Representation and negotiation in international forums • Provision of advice to the Government on international law • Policy advice: eg on interventions to achieve outcomes 	<ul style="list-style-type: none"> • World Trade Organisation • Trade negotiations that deliver growth opportunities • Global financial crisis 	<ul style="list-style-type: none"> • Climate change and natural resources • United Nations • Disarmament and arms control • International security 			
<p>Pacific Security Fund</p> <ul style="list-style-type: none"> • Coordination of inter-agency fund to enhance Pacific islands' security and mutually reinforce New Zealand's security interests 	<ul style="list-style-type: none"> • Pacific 				

Vote: Foreign Affairs and Trade: Output Expenses				
<p>Promotional Activities – Other Countries</p> <ul style="list-style-type: none"> Administration of funds to promote New Zealand as an attractive market for trade and investment 		<ul style="list-style-type: none"> Internationalisation of New Zealand business 		
<p>Consular Services</p> <ul style="list-style-type: none"> Provision of consular services to New Zealanders overseas including notarial services Provision of policy advice to the Government including on international law relevant to the rights of New Zealand citizens overseas 				<ul style="list-style-type: none"> Delivery of services that contribute directly to the above outcome “The rights of New Zealanders abroad protected”
<p>Administration of Diplomatic Privileges and Immunities</p> <ul style="list-style-type: none"> Administration of the diplomatic and consular privileges and immunities under the Diplomatic Privileges and Immunities Act 1968 and the Consular Privileges and Immunities Act 1971 Provision of policy advice to the Government on international law relevant to privileges and immunities 			<p>Ministry objective: Delivery of services to meet New Zealand’s international obligations and ensure reciprocal benefits</p>	

Vote: Foreign Affairs and Trade: Output Expenses			
Services for other New Zealand Agencies Overseas	Ministry objective: Indirect contribution to other agencies' outputs and to each of the above Ministry outcomes		
<ul style="list-style-type: none"> Provision of accommodation and support services to other New Zealand agencies with external interests 		<ul style="list-style-type: none"> Outcomes for NZAID programmes and Activities funded through ODA 	
Vote: Official Development Assistance: Output Expenses			
Management of Official Development Assistance			
<ul style="list-style-type: none"> Design, management and monitoring of multilateral, regional and bilateral development assistance programmes in consultation with partners (governments, agencies, NGOs, etc) Provision of policy analysis on the preparation of development programmes 			
Strategic Advice and Evaluation			
<ul style="list-style-type: none"> Provision of policy advice and strategies for delivery of ODA including to sectors and on cross-cutting issues Provision of policy advice and strategies for delivery of multilateral, regional and bilateral ODA Evaluation and appraisal of ODA proposals, programmes and projects Representation of New Zealand views and positions in international development forums 		<ul style="list-style-type: none"> Outcomes for NZAID programmes and Activities funded through ODA 	

GLOSSARY

ACRONYM	Meaning
APEC	Asia Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
CEO	Chief Executive Officer
EAS	East Asia Summit
ERD	External Relations and Defence network
EU	European Union
FTA	Free Trade Agreement
GNI	Gross National Income
ICT	Information and Communications Technology
IAEA	International Atomic Energy Agency
KM	Knowledge Management
MDGs	Millennium Development Goals
MED	Ministry of Economic Development
MFAT	Ministry of Foreign Affairs and Trade
NGO	Non-government organisation
NPT	Nuclear Non-Proliferation Treaty
NZ Inc	“New Zealand Incorporated” (New Zealand government agencies represented offshore)
NZAID	New Zealand Agency for International Development
NZTE	New Zealand Trade and Enterprise
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
PICs	Pacific Island Countries
SMG	Senior Management Group
UN	United Nations
WMD	Weapons of mass destruction
WTO	World Trade Organisation

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