

31 July 2024

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OIA 29406

Tēnā koe

I refer to your email of 29 May 2024 in which you request the following under the Official Information Act 1982 (OIA):

*All correspondence between Foreign Minister Winston Peters and the Ministry of Foreign Affairs regarding cuts and/or savings, between 27 November 2023 and 24 May 2024.*

*My interest is in correspondence relating to the Minister's announcement of \$60-million savings over four years (on May 24), and any additional savings/cuts discussed or proposed in the lead-up to this decision.*

On 4 June 2024, we advised you that responding to your request as currently framed would capture a significant volume of information and as such it was likely that your request would be refused under section 18(f) of the OIA, as it would require substantial collation and research.

We sought your agreement to refine your request to be for:

*"All briefings and aide memoires between Foreign Minister Winston Peters and the Ministry of Foreign Affairs regarding cuts and/or savings, between 27 November 2023 and 24 May 2024."*

You agreed to this refinement on the same date.

On 3 July 2024, the time limits for responding to your request were extended by an additional 20 working days because responding to your request necessitated the review of a large quantity of information and the consultations necessary to make a decision on your request are such that a proper response couldn't reasonably be made within the original time frame (section 15A(1) of the OIA refers).

The following briefings are being released to you:

1. Alignment of resources to priorities and realising required savings, dated 3 May 2024
2. Budget 2024 Initial Baseline Exercise Submission, dated 15 February 2024

We have withheld some information under the following sections of the OIA:

- 6(a): to avoid prejudicing the security or defence of New Zealand or the international relations of the New Zealand Government;
- 9(2)(a): to protect individuals' privacy;
- 9(2)(f)(iv): to protect the confidentiality of advice tendered by Ministers of the Crown and officials;

- 9(2)(g)(i): to protect the free and frank expression of opinions by departments;
- 9(2)(g)(ii): to protect officers and employees from improper pressure or harassment; and
- 9(2)(j): to avoid prejudice to negotiations.

Where the information has been withheld under section 9 of the OIA, we have identified no public interest in releasing the information that would override the reasons for withholding it.

Further information relating to Budget 2024 is available via the following links:

- The Budget 2024 proactive release which will become available when published by the Treasury here: [budget.govt.nz/](https://budget.govt.nz/)
- Vote Foreign Affairs Budget 2024 here: [budget.govt.nz/budget/2024/by/vote/faffairs.htm](https://budget.govt.nz/budget/2024/by/vote/faffairs.htm)

The Ministry has had to find savings within Vote Foreign Affairs in order to return \$5.000 million departmental and \$10.000 million non-departmental expenditure back to the Government. Some specific reductions were implemented to achieve these savings as follows:

Specific reductions implemented to provide NZ\$10 million non-departmental savings were:

- o Cessation of funding for the Pacific Cooperation Foundation (NZ\$1.400 million)
- o A reduction in funding to Asia New Zealand (NZ\$0.355 million)
- o A reduction in funding to Antarctica New Zealand (NZ\$0.630 million)
- o A reduction in International Development Cooperation funding (NZ\$7.615 million).

Specific reductions implemented to provide NZ\$5.000 million of departmental savings were:

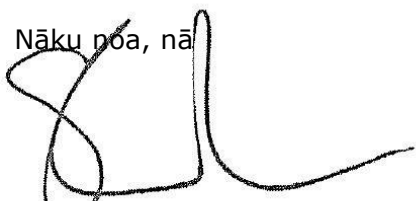
- o Delivery of New Zealand Foreign Policy NZ\$4.255 million (taken from contractors and consultants, specialised funds, and back-office savings)
- o Management of International Development Cooperation NZ\$0.745 million (reflecting the reduction in International Development Cooperation funding).

The information relevant to your request is attached. We have withheld some information under the following sections of the OIA:

Please note that it is our policy to proactively release our responses to official information requests where possible. Therefore, our response to your request (with your personal information removed) may be published on the Ministry website: [www.mfat.govt.nz/en/about-us/contact-us/official-information-act-responses/](https://www.mfat.govt.nz/en/about-us/contact-us/official-information-act-responses/),

If you have any questions about this decision, you can contact us by email at: [DM-ESD@mfat.govt.nz](mailto:DM-ESD@mfat.govt.nz). You have the right to seek an investigation and review by the Ombudsman of this decision by contacting [www.ombudsman.parliament.nz](https://www.ombudsman.parliament.nz) or freephone 0800 802 602.

Nāku nōa, nā



Sarah Corbett  
for Secretary of Foreign Affairs and Trade



13 February 2024

Minister of Foreign Affairs

For action by

15 February 2024

### Budget 2024 Initial Baseline Exercise Submission

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**BRIEFING**      Decision Submission

**PURPOSE**      Enclosed for your approval and signature is the Budget 2024 Initial Baseline Exercise submission for Vote Foreign Affairs. The submission is due with the Minister of Finance by 1:00pm on 16 February.

### Contact details

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NAME	ROLE	DIVISION	WORK PHONE
Rob Taylor	Deputy Chief Executive People and Operations	DCE P&O	s9(2)(a)
Wayne Verhoeven	Divisional Manager Finance	Finance	

### Minister's Office to complete

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- |  |   |                                    |
|--|---|------------------------------------|
| <input type="checkbox"/> Approved            | <input type="checkbox"/> Noted                | <input type="checkbox"/> Seen      |
| <input type="checkbox"/> Needs amendment     | <input type="checkbox"/> Declined             | <input type="checkbox"/> Withdrawn |
| <input type="checkbox"/> Overtaken by events | <input type="checkbox"/> See Minister's notes |                                    |

**Comments**

## Budget 2024 Initial Baseline Exercise

## Key points

- Treasury Circular 2023-15 requires that the Ministry submit an Initial Baseline Exercise (IBE), which forms the basis of Budget 2024.
- The IBE comprises the following processes across operating and capital expenditure:
  1. **Operating:** This is a targeted and directive process with a focus on ensuring Government spending represents value for money.
  2. **Capital:** Cabinet has agreed to conduct a review of the capital investment pipeline in order to build a more stable pipeline that is better aligned to the Government's priorities, better matches market, agency and fiscal capacity and has a strong focus on delivery and value for money.
  3. **New spending and cost pressures across operating and capital expenditure:** only a select number of new spending and cost pressure initiatives have been invited for submission.
- Savings targets for Vote Foreign Affairs have been set at <sup>s9(2)(g)(i)</sup> and are ongoing. The Ministry has not been invited to bid for new or cost pressure operating expenditure funding.
- While noting that you remain in consultation with the Prime Minister over the level of savings the Ministry is expected to achieve, your approval is sought to lodge the savings returns in order to meet the 16 February deadline. In consultation with your office we have drafted the required cover letter to the Minister of Finance caveated to reflect that these are subject to ongoing discussions with the Prime Minister.
- The savings of <sup>s9(2)(g)(i)</sup> have been allocated as of this date as follows:
  - International Development Cooperation (IDC) <sup>s9(2)(g)(i)</sup>
  - Department Output Expense Multi-Category Expenses <sup>s9(2)(g)(i)</sup> operating savings per annum). The reductions proposed are the closure of two posts <sup>s9(2)(g)(i)</sup> reductions to the management of <sup>s9(2)(g)(i)</sup> (linked to the IDC reduction of <sup>s9(2)(g)(i)</sup> above), reduced expenditure on contractors and consultants, reduced expenditure on specialised funds and a general reduction in Head Office budgets <sup>s9(2)(g)(i)</sup>
  - Reduction to Antarctic Research and Support <sup>s9(2)(g)(i)</sup> this excludes funding for the Scott Base redevelopment).
  - Reduction to the Asia New Zealand Foundation of <sup>s9(2)(g)(i)</sup>
- The savings target applied to the Ministry has been calculated on the basis of the Ministry's total departmental and non-departmental appropriation. IDC is the biggest part of Vote Foreign Affairs by a significant proportion and officials have apportioned proposed savings to take this into account.
- People and Posts make up the major portion of our Departmental vote. If the overall savings target was required to be found from our departmental appropriation alone this would constitute a significant reduction (some 15 percent) and would severely impact on the Ministry's ability to deliver services and meet the new Government's international agenda.
- Out of scope

## Budget 2024 Initial Baseline Exercise

Out of scope

- The submissions to be lodged with Treasury are:
  - Three savings templates (International Development Cooperation, Ministry operations, and Crown Entities)  
Out of scope
  - Summary annex
  - Two submission letters (one for operating expenditure and one for capital expenditure) to the Minister of Finance for your signature
- The submission to the Minister of Finance is required to be signed and submitted to her no later than 1pm on Friday 16 February.



Rob Taylor  
for Secretary of Foreign Affairs and Trade

Budget 2024 Initial Baseline Exercise

Recommendations

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It is recommended that you:

- |   |   |                 |
|---|---|-----------------|
| 1 | <b>Approve</b> the attached annexes detailing savings totalling <sup>s9(2)(g)(i)</sup>  | <b>Yes / No</b> |
| 2 | Out of scope  | <b>Yes / No</b> |
| 3 | <b>Sign</b> the attached submission letters (one for operating expenditure and one for capital expenditure) and forward to the Minister of Finance. | <b>Yes / No</b> |

Rt Hon Winston Peters  
Minister of Foreign Affairs

Date:        /        /

Released under the Official Information Act 1982

The following two (2) pages are out of scope

Released under the Official Information Act 1982

Released under the Official Information Act 1982



# Rt Hon Winston Peters

Deputy Prime Minister

Minister of Foreign Affairs

Minister for Racing



15 February 2024

Hon Nicola Willis  
Minister of Finance  
Parliament Buildings  
WELLINGTON

Dear Minister

## Initial Baseline Exercise for Vote Foreign Affairs – savings proposals

I refer to your letter of 21 December 2023, addressed to me in my capacity as Minister of Foreign Affairs and setting out the Coalition Government's fiscal objectives and Budget 2024 expectations.

In that letter you asked that I write to you by 16 February 2024 outlining the savings proposals within the foreign affairs portfolio to be considered for Budget 2024.

As you are aware, I am in discussion with the Prime Minister on the Coalition Government's priorities for the foreign affairs portfolio, in light of the seriously challenging global environment and with careful regard to the Coalition Government's fiscal sustainability programme. Comments in this letter and the savings proposed are therefore caveated as those discussions continue.

The Ministry of Foreign Affairs and Trade has advised on possible options to meet the savings target set for the Ministry of <sup>s9(2)(g)(i)</sup> from 2024/25 <sup>(s9(2)(g)(i))</sup> and will submit returns in accordance with your instructions to a value of <sup>s9(2)(g)(i)</sup>. These options, however, would limit the Ministry's ability to advance the Government's international agenda.

### *Delivering the Coalition Government's priorities for the foreign affairs portfolio*

The Coalition Government has been clear in its intent for New Zealand to be an outward looking nation that is ambitious on the world stage. It plans to strengthen New Zealand's international connections, so that New Zealand business has access to markets, skills and capital.

Priorities identified in the Coalition Government Agreements relevant to Vote Foreign Affairs include: growing economic prosperity and restoring New Zealand's former reputation as being a world economic and social leader; working towards New Zealand again becoming an export powerhouse; prioritising free and fair trade agreements, <sup>s6(a)</sup> and strengthening international supply networks.

The Speech from the Throne noted New Zealand requires an active foreign, defence and trade policy agenda that: enhances our security; signals New Zealand is open for business and outwardly engaged; makes us a participant and not a spectator in major global and regional developments; and sees us working tirelessly to grow trade and prosperity.

The work of the Ministry of Foreign Affairs and Trade, with its global network of relationships, will be critical to delivering these goals. The foreign affairs portfolio provides leadership to, and has strong linkages with, all aspects of the Coalition Government's international agenda, including trade, climate change, defence, international peace and security, disarmament, education, tourism, primary industries, customs, police, space and migration. The trade portfolio will make an important contribution to the Budget 2024 priority of "building for growth and enabling private enterprise".

In a more challenging and contested world, we will need to work harder and smarter to build our international profile, our reach, and our presence. Cabinet will on 19 February consider advice on a reset of New Zealand's foreign policy to provide a sharper focus on issues that matter most to New Zealand, and to pare away those areas where our inputs deliver at best marginal returns.

*Delivering the savings target: options and trade-offs*

Despite recent increases in funding, New Zealand's Foreign Service including its offshore network remains relatively modest by international standards.

Additional funding appropriated to the Ministry of Foreign Affairs and Trade since 2017/18 has been applied towards: the Ministry administering a larger aid budget; the opening of new overseas posts; the implementation of a Russia Sanctions Unit; increased departmental capability reflecting additional responsibilities in areas such as our consular responses as well as responses to international crises; and addressing departmental pressures.

The Ministry's operational funding reduces over the next four financial years mainly due to climate finance funding (part of New Zealand's International Development Cooperation) ending in 2025-26. While it received additional funding for cost pressures in Budget 2023, the Ministry's future budget is flat-lined and faces rising non-discretionary costs.

The largest portion of Vote Foreign Affairs, by some measure, is the non-departmental International Development Cooperation (IDC) appropriation, which is used to promote security, prosperity and sustainability in the Pacific, Indo-Pacific and globally. <sup>s6(a)</sup>

Savings in the IDC appropriation would flow through to reduce the Ministry's departmental expenditure on IDC management.

<sup>s6(a)</sup>

The Ministry plans to realign existing baseline resources to focus on the issues that matter most to New Zealand, and will reduce expenditure on contractors and consultants in line with the Coalition Government's expectation. Reduced operating costs will also be delivered through new policies on vacancy management, travel and the administration of specialised funds. Some savings will be made in the budgets of Crown Entities funded by Vote Foreign Affairs.

Achieving savings from Vote Foreign Affairs, while also delivering on the priorities in the Coalition Government's international agenda, will be a challenge. For the past three years, New Zealand's foreign affairs and trade efforts have been allowed to drift and this situation

cannot continue. I am committed to ensuring we have a foreign policy that delivers a safer, more prosperous and more sustainable future for New Zealanders.

Yours sincerely

Rt Hon Winston Peters  
**Minister of Foreign Affairs**

Released under the Official Information Act 1982

## Annex 1: Budget 2024 Initial Baseline Exercise Summary Template

### Section 1: Overview

Summary of proposed operating baseline changes through Budget 2024

	Impact \$m increase/(decrease)					
	2023/24	2024/25	2025/26	2026/27	2027/28	Total Over 4 years
Total submitted for baseline reduction target	s9(2)(g)(i)					
If required: total amount of targeted policy savings						
Total amount of revenue options						
<b>Total savings proposed</b>						

### Capital bid and flow on operating costs

If invited: cost pressure funding sought <b>capital</b>	s9(2)(g)(i)
If invited: cost pressure funding sought <b>operating flow on of capital</b>	
If invited: new spending sought <b>capital</b>	
If invited: new spending sought <b>operating flow on of capital</b>	
<b>Total new funding sought</b>	
<b>Net impact of all Budget 2024 proposals</b>	

### Section 2: Alignment with Government Priorities

The Coalition Government has signalled its intent for New Zealand to be an outward looking nation that is ambitious on the world stage. It plans to strengthen New Zealand's international connections, so that New Zealand business has access to markets, skills and capital. Priorities identified in the Coalition Government Agreements relevant to Vote Foreign Affairs include: growing economic prosperity and restoring New Zealand's former reputation as being a world economic and social leader; working towards New Zealand again becoming an export powerhouse, including through maximising added value before exporting; prioritising free and fair trade agreements, and strengthening international supply networks.

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The Speech from the Throne recognised that achieving the Coalition Government priorities will require focused effort beyond New Zealand's borders. It noted that in order for New Zealand to seize the opportunities and to manage the risks in an increasingly complex and contested world, New Zealand will require an active foreign, defence and trade policy agenda that: enhances our security; signals New Zealand is open for business and outwardly engaged; makes us a participant in major global and regional developments, not a spectator; and sees us working tirelessly to grow trade and prosperity.

It is proving increasingly difficult to achieve our foreign policy goals of promoting a safer, more prosperous and more sustainable future for New Zealanders in a contested and complex world. We are having to work harder and smarter to build our international profile, our reach, and our presence. At the same time, we are finding ourselves compelled to react to a rolling series of unanticipated crises

It is intended that the Ministry implement a foreign policy with a sharper focus on issues that matter most to New Zealand, and pare away those areas where our inputs deliver at best marginal returns. Towards this end, priority areas for New Zealand's foreign policy in the period ahead will be:

- a significantly increased focus on and resources applied to South East Asia, South Asia <sup>s6(a)</sup> and North Asia;
- renewed attentiveness to traditional like minded partnerships, including Australia, Canada, the United Kingdom and United States;
- a deep and comprehensive focus on the Pacific, working closely with Pacific leaders, Australia and like-minded partners;
- targeted multilateral engagement in global or transboundary issues, supplemented by support for new mini-lateral groupings; and
- an intensive and targeted programme of trade and economic diplomacy and negotiations, in support of the goal of doubling export value over the next decade.

New Zealand's network of 58 diplomatic posts is a significant asset and enabler in support of these priorities.

### **Vote Foreign Affairs and Budget 2024 priorities**

The Ministry of Foreign Affairs and Trade is committed to the Coalition Government's fiscal sustainability programme and Budget 2024 priorities of: addressing the rising cost of living; delivering effective and fiscally sustainable public services; and building for growth and enabling private enterprise.

The foreign affairs portfolio provides leadership to, and has strong linkages with, all aspects of the government's international agenda, including trade, climate change, defence, disarmament, education, tourism, primary industries, customs, police, space and migration.

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The trade portfolio will make an important contribution to the Budget 2024 priority of “building for growth and enabling private enterprise”. Trade is an important driver of productivity, employment and incomes: <sup>s6(a)</sup>

### **Key areas of existing expenditure, and how they align with or contribute toward the Government’s priorities and deliver outputs and outcomes (based on budget estimates for 23/24)**

MFAT departmental expenditure is split roughly 50:50 between head office and our network of 58 Posts offshore. This covers: provision of analysis and advice to government; international representation, advocacy and negotiation; delivery of services to support New Zealand individuals, businesses and agencies overseas; host government services to the diplomatic corps in NZ and; advice on development and management of IDC.

Of MFAT non-departmental expenditure, around \$1.3 billion is International Development Cooperation, which is used to promote security, prosperity and sustainability in the Pacific, Indo-Pacific and globally. This includes a time-limited Climate Finance commitment of \$250 million in the 2023/24 year. IDC’s humanitarian focus has also recently supported humanitarian efforts in Ukraine, Gaza, the Pacific and various relief responses.

Other non-departmental expenditure includes funding for three Crown entities/trusts, the biggest of which is Antarctica NZ, and other expenses, mainly subscriptions to international organisations.

### **Other information**

From 2017/18 to 2022/23, MFAT’s departmental spending increased by 35% and FTEs increased by 31%. Key reasons for this increased spending and head count were: managing a significantly increased IDC budget (including increased funding for Climate Finance); new posts in Bogota, Colombo, Dublin and Stockholm; new/enhanced responsibilities such as Russia sanctions, COVID and Afghanistan repatriations; and higher costs due to inflation, wage pressures, rent increases and higher taxes.

The key feature in baselines for Budget Ministers to be aware of is that the climate finance commitment (\$800m over four years) ends in 2025 and there is an expectation from the international community that New Zealand’s contribution to this work will continue. The Ministry has no unused tagged contingencies to reprioritise.

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The Ministry's Chief Executive set up a Senior Leadership Subcommittee – Organising for Impact, tasked with developing the approach to recommending the areas for savings.

Please provide a ranking of preferred savings proposals (up to top 10),

Out of scope	
<b>Ranking of savings proposals</b>	
1.	International Development Cooperation
2.	MFAT Operational
3.	Crown Entities

### Section 3: Planning for Managing Within Baselines

The table below summaries key cost pressures or variance risks emerging (including cost escalations for existing priority capital projects not signalled through capital pipeline review) that will affect the Ministry's ability to manage within smaller baselines:

	\$m					Total
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears*	
<b>Larger operating cost pressures to be managed in baselines</b>						
<b>Departmental</b>						
CPI	-	11.695	14.611	13.503	12.566	52.365
The move to as a service software and other cloud based ICT solutions	-	3.472	3.877	4.024	4.025	15.398
<b>Capital cost pressures to be managed in baselines (if not signalled through capital pipeline review)</b>						
Replacement assets costing significantly more than accumulated depreciation on assets to be replaced. Which will require us to seek funding before starting large property projects s9(2)(g)(i)	s9(2)(g)(i)					
The impact of capital to operating swaps to manage as-a service software	<i>Not quantified at this time</i>					

\*CPI is an ongoing cost pressure

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### Non Departmental risks from HYEFU

	\$m					Total
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears*	
Time-limited International Climate financing Funding: Unfunded 2026-30 commitment period	-	-	s9(2)(f)(iv)			
International Biodiversity Finance funding: Unfunded 2026 to 2030 Commitment period	-	-				

The Ministry will manage reprioritisation for unfunded departmental cost pressures with a view to protecting delivery of the Government's priorities.

The key risks to note from the savings proposals are:

- s6(a)
- s9(2)(g)(i)
- s9(2)(g)(i)

The reprioritisation to manage unfunded cost pressures has not yet been developed.

The Ministry of Foreign Affairs and Trade will continue to manage cost pressures through its standard budgeting process and a new Senior Leadership Team Subcommittee - FY 25 Baseline Implementation Project.

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## Annex 2: Budget 2024 Savings Template

### Section 1: Overview

Section 1A: Basic initiative information										
Initiative title (max 120 characters)	International Development Cooperation – B24 Baseline reduction									
Lead Minister	Minister of Foreign Affairs	Agency	Ministry of Foreign Affairs and Trade							
Initiative description (max 800 characters)	This initiative reduces the International Development Cooperation baseline. s9(2)(g)(i)									
Type of saving (PA objective in CFISnet)	<input checked="" type="checkbox"/>	Baseline reduction	<input type="checkbox"/>	Targeted policy savings	<input type="checkbox"/>	Capital pipeline review				
Is this a cross-Vote initiative?	N	N/A								
Is this a revenue initiative?	N									
Agency contact	Name: Wayne Verhoeven Phone: s9(2)(a) Email: s9(2)(a)		Treasury contact (Vote Analyst)	Name: Ephriam Williams Phone: s9(2)(a) Email: ephriam.williams@treasury.govt.nz						
Section 1B: Summary of savings profile										
Operating funding available for return (\$m)										
2023/24	2024/25	2025/26	2026/27	2027/28 & outyears*	Total					
s9(2)(g)(i)										
*For irregular outyears, add additional rows above to display the full profile of the initiative. Delete "& outyears" for time-limited funding. See the Guide to Submitting Initiatives on CFISnet for Budget 2024 for more information on entering outyears into CFISnet.										
Capital funding available for return (\$m)										
23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33*	Total
-	-	-	-	-	-	-	-	-	-	-
*Extend the profile above if funding is needed beyond 2032/33.										

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### Section 2: Alignment and options analysis

Section 2A: Alignment			
The answer to each question must not exceed 1-2 paragraphs			
<b>Does this savings initiative have consequences for the Budget priorities?</b> (if there are implications for multiple Priorities, select the most relevant)	<input type="checkbox"/>	Addressing the rising cost of living	<input type="checkbox"/>
	<input checked="" type="checkbox"/>	Building for growth and enabling private enterprise	<input type="checkbox"/>
	The priority identified in the Coalition Government Agreements relevant to Vote Foreign Affairs include: growing economic prosperity and restoring New Zealand's former reputation as being a world economic and social leader.		
Section 2B: Options analysis			
The answer to each question must not exceed 1-2 paragraphs			
<b>What was the process used to select the preferred option?</b>	<p><i>A Senior Leadership subcommittee was formed to manage the B24 baseline reduction exercise. This option was developed through the subcommittees processes.</i></p> <p><i>No external consultation has been undertaken.</i></p> <p><i>The amount presented is part of the IDC programme.</i></p>		

### Section 3: Costs and benefits analysis

Section 3A: Benefits and non-fiscal costs			
The answer to each question must not exceed 1-2 paragraphs. The primary benefit of savings is fiscal. Therefore, the primary purpose of this section is to highlight any risks or impacts of the savings initiative.			
The Risks and Impacts section below is required for all initiatives invited into the capital pipeline review, regardless of whether there are any changes are proposed to this initiative.			
<b>Where do the savings or revenue arise from?</b>	The specific activities within the IDC programme that will not be funded has not yet been established. A separate process has been established to deliver this.		
<b>Risks and impacts</b>	There will be a material impact on our international relationships.		
<b>Impact on frontline services</b>	<input type="checkbox"/>	High	<input type="checkbox"/>
	<input type="checkbox"/>	Medium	<input checked="" type="checkbox"/>
What is the level of risk to your Agency's service delivery expected from the proposed savings? In the context of frontline services N/A.			
<b>Climate impact</b>	<input type="checkbox"/>	Yes - positive	<input type="checkbox"/>
	<input type="checkbox"/>	Yes - negative	<input checked="" type="checkbox"/>
Assuming IDC climate activities are not impacted by this reduction. This decision is yet to be made.			
Section 3B: Status quo			
The answer to each question must not exceed 1-2 paragraphs.			

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<b>Status quo</b>	This is a non-departmental programme. The expenditure in this programme is contained within one appropriation, International Development Cooperation, in Vote Foreign Affairs. On that basis the tables below have not been completed.
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**Existing operating funding for programme/service (\$m)**

2023/24	2024/25	2025/26	2026/27	2027/28 & outyears*	Total
[•]	[•]	[•]	[•]	[•]	[•]

\*Extend the profile above to a "steady state" if funding into outyears is irregular. Delete "& outyears" for time-limited funding.

**Existing capital funding for programme/service (\$m)**

23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33*	Total
[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]

\*Extend the profile above if funding is needed beyond 2032/33.

**Section 3C: Savings profile and cost breakdown**

The answer to each question must not exceed 1-2 paragraphs.

<b>Formula and assumptions underlying costings</b>	
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Provide a breakdown of total initiative expenditure by individual expense category. Total operating and capital expenses in this section must match the totals in Section 1B: Summary of funding profile. Insert additional rows as appropriate for additional expense categories.

**Recommended operating savings (\$m)**

Operating expense category	2023/24	2024/25	2025/26	2026/27	2027/28 & outyears*	Total
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[Name of Departmental operating expense category]	s9(2)(g)(i)					
Vote Foreign Affairs: Non departmental other expense: International Development Cooperation						
Depreciation and/or capital charge (if relevant)						
Net FTE funding						
Net contractor/consultant funding						
Net FTE and contractor/consultant overhead funding						
[Name/type of contingency]						
<b>Total (\$m)</b>						

**BUDGET SENSITIVE**



**BUDGET SENSITIVE**

\*Extend the profile above to a "steady state" if funding into outyears is irregular. Delete "& outyears" for time-limited funding.

Headcount Change	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Total # of net FTEs (employees)	s9(2)(g)(i)					
Total # of net FTEs (contractors/consultants)						
<b>Total # of net FTEs (employees and contractors/consultants)</b>						

**Additional occupation breakdown of FTE changes (count and funding) over the forecast period**

Occupation	Net count changed	Net funding changed (\$m)	Net amount overheads changed (\$m)
Managers	s9(2)(g)(i)		
Policy Analyst			
Information Professionals			
Social, Health and Education Workers			
ICT Professionals and Technicians			
Legal, HR and Finance Professionals			
Other Professionals not included elsewhere			
Inspectors and Regulatory Officers			
Contact Centre Workers			
Clerical and Administrative Workers			
Other Occupations			

**Recommended capital savings (\$m)**

Capital expense category	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33*	Total
[Name of Departmental capital expense category]	s9(2)(g)(i)										
[Name of Non-Departmental capital expense category]											
[Name/type of contingency]											
<b>Total (\$m)</b>											

\*Extend the profile above if funding is needed beyond 2032/33.

**BUDGET SENSITIVE**

## Section 4: Delivery

Implementation of savings					
The answer to each question must not exceed 1-2 paragraphs					
Implementation of savings from this programme, activity or investment	From 1 July 2024				
Transition costs associated with the savings initiative (\$m)					
2023/24	2024/25	2025/26	2026/27	2027/28 & outyears*	Total
s9(2)(g)(i)					
Was this activity funded from the Climate Emergency Response Fund?	N				

## Section 5: Equity

The answer to each question must not exceed 1-2 paragraphs	
Timing of costs and benefits	Indicate if the key risks and costs will accrue over the short term (<5 years), medium term (5-10 years), long term (>10 years) or inter-generationally. Indicate whether, and why, risks and costs vary across different timeframes.
Specific implications regarding the Crown's obligations under the Treaty of Waitangi	N
Distributional Impacts	Distribution impacts do not affect New Zealanders.

## Section 6: Capital pipeline review - Project detail

For initiatives being considered as part of the Capital Pipeline Review:

For initiatives that are being reported as a programme, please list all the individual projects in that programme with a capital value of over \$50m for Infrastructure, or \$15m for Data and Digital and Organisational Change investments, and provide the additional details noted below. For initiatives that refer to a single project, please complete a single line for your project.

Please ensure that details and figures in this table align to your capital pipeline summary in Annex Five.

Project name	Region of delivery	Planning start date	Expected delivery start date	Expected delivery end date	Total capex (\$m)	Total opex (\$m)
[Name of project]	[•]	[•]	[•]	[•]	[•]	[•]
[Name of project]	[•]	[•]	[•]	[•]	[•]	[•]
[Name of project]	[•]	[•]	[•]	[•]	[•]	[•]

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## Annex 2: Budget 2024 Savings Template

### Section 1: Overview

Section 1A: Basic initiative information					
Initiative title (max 120 characters)	Ministry of Foreign Affairs and Trade – operational B24 Baseline reduction				
Lead Minister	Minister of Foreign Affairs	Agency	Ministry of Foreign Affairs and Trade		
Initiative description (max 800 characters)	This initiative reduces the Ministry of Foreign Affairs and Trade operational expenses overseas and at Head Office. s9(2)(g)(i)				
Type of saving (PA objective in CFISnet)	<input checked="" type="checkbox"/> Baseline reduction	<input type="checkbox"/> Targeted policy savings	<input type="checkbox"/> Capital pipeline review		
Is this a cross-Vote initiative?	N	N/A			
Is this a revenue initiative?	N				
Agency contact	Name: Wayne Verhoeven Phone: s9(2)(a) Email: s9(2)(a)		Treasury contact (Vote Analyst)	Name: Ephriam Williams Phone: s9(2)(a) Email: ephriam.williams@treasury.govt.nz	

### Section 1B: Summary of savings profile

Operating funding available for return (\$m)					
2023/24	2024/25	2025/26	2026/27	2027/28 & outyears*	Total
s9(2)(a)					

\*For irregular outyears, add additional rows above to display the full profile of the initiative. Delete “& outyears” for time-limited funding. See the Guide to Submitting Initiatives on CFISnet for Budget 2024 for more information on entering outyears into CFISnet.

Capital funding available for return (\$m)										
23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33*	Total
s9(2)(a)										

\*Extend the profile above if funding is needed beyond 2032/33.



## Section 2: Alignment and options analysis

Section 2A: Alignment				
The answer to each question must not exceed 1-2 paragraphs				
Does this savings initiative have consequences for the Budget priorities? (if there are implications for multiple Priorities, select the most relevant)	<input type="checkbox"/>	Addressing the rising cost of living	<input type="checkbox"/>	Delivering effective and fiscally sustainable public services
	<input checked="" type="checkbox"/>	Building for growth and enabling private enterprise	<input type="checkbox"/>	No consequences
	The Coalition Government has signalled its intent for New Zealand to be an outward looking nation that is ambitious on the world stage. It plans to strengthen New Zealand's international connections, so that New Zealand business has access to markets, skills and capital. Priorities identified in the Coalition Government Agreements relevant to Vote Foreign Affairs include: growing economic prosperity and restoring New Zealand's former reputation as being a world economic and social leader; working towards New Zealand again becoming an export powerhouse, including through maximising added value before exporting; prioritising free and fair trade agreements, s6(a); and strengthening international supply networks.			
Section 2B: Options analysis				
The answer to each question must not exceed 1-2 paragraphs				
What was the process used to select the preferred option?	A Senior Leadership subcommittee was formed to manage the B24 baseline reduction exercise. This option was developed through the subcommittees processes.  No external consultation has been undertaken.			

## Section 3: Costs and benefits analysis

Section 3A: Benefits and non-fiscal costs						
The answer to each question must not exceed 1-2 paragraphs. The primary benefit of savings is fiscal. Therefore, the primary purpose of this section is to highlight any risks or impacts of the savings initiative.						
The Risks and Impacts section below is required for all initiatives invited into the capital pipeline review, regardless of whether there are any changes are proposed to this initiative.						
Where do the savings or revenue arise from?	s6(a) reductions to the management of IDC s9(2)(g) this is linked to the IDC reduction of s9(2)(g) in a separate return), reduced contractors and consultants, reduced specialised funds and a general reduction in head office budgets s9(2)(a)(i).					
Risks and impacts	<ul style="list-style-type: none"> <li>s6(a)</li> <li>s9(2)(g)(i)</li> <li>s9(2)(g)(i)</li> </ul>					
Impact on frontline services	<input type="checkbox"/>	High	<input type="checkbox"/>	Medium	<input checked="" type="checkbox"/>	Low



**BUDGET SENSITIVE**

	What is the level of risk to your Agency's service delivery expected from the proposed savings? In the context of frontline services N/A.									
<b>Climate impact</b>	<input type="checkbox"/>	Yes - positive	<input type="checkbox"/>	Yes - negative	<input checked="" type="checkbox"/>	No impact				
<b>Section 3B: Status quo</b>										
The answer to each question must not exceed 1-2 paragraphs.										
<b>Status quo</b>	There is a project under way to operationalise the cuts detailed above. At this time the section below cannot be populated.									
<b>Existing operating funding for programme/service (\$m)</b>										
2023/24	2024/25	2025/26	2026/27	2027/28 & outyears*	Total					
[•]	[•]	[•]	[•]	[•]	[•]					
*Extend the profile above to a "steady state" if funding into outyears is irregular. Delete "& outyears" for time-limited funding.										
<b>Existing capital funding for programme/service (\$m)</b>										
23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33*	Total
[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
*Extend the profile above if funding is needed beyond 2032/33.										
<b>Section 3C: Savings profile and cost breakdown</b>										
The answer to each question must not exceed 1-2 paragraphs.										
<b>Formula and assumptions underlying costings</b>	The cuts were determined based on operational priorities and the departmental funding percentage for IDC management.									
Provide a breakdown of total initiative expenditure by individual expense category. Total operating and capital expenses in this section must match the totals in Section 1B: Summary of funding profile. Insert additional rows as appropriate for additional expense categories.										
<b>Recommended operating savings (\$m)</b>										
<b>Operating expense category</b>	2023/24	2024/25	2025/26	2026/27	2027/28 & outyears*	Total				
Vote Foreign Affairs: Departmental Output Expense: Act in the world to build a safer, more prosperous and more sustainable future for New Zealanders MCA: Management of New Zealand's International Development Cooperation.	s9(2)(g)(i)									
Vote Foreign Affairs: Departmental Output Expense: Act in the world to build a safer, more prosperous and										

**BUDGET SENSITIVE**

more sustainable future for New Zealanders MCA: Delivery of New Zealand's Foreign Policy s9(2)(g)(i)

Net FTE funding

Net contractor/consultant funding

Net FTE and contractor/consultant overhead funding

[Name/type of contingency]

**Total (\$m)**

\*Extend the profile above to a "steady state" if funding into outyears is irregular. Delete "& outyears" for time-limited funding.

Headcount Change	2023/24	2024/25	2025/26	2026/27	2027/28	Total
------------------	---------	---------	---------	---------	---------	-------

Total # of net FTEs (employees) s9(2)(g)(i)

Total # of net FTEs (contractors/consultants)

**Total # of net FTEs (employees and contractors/consultants)**

**Additional occupation breakdown of FTE changes (count and funding) over the forecast period**

Occupation	Net count changed	Net funding changed (\$m)	Net amount overheads changed (\$m)
Managers	s9(2)(g)(i)		
Policy Analyst			
Information Professionals			
Social, Health and Education Workers			
ICT Professionals and Technicians			
Legal, HR and Finance Professionals			
Other Professionals not included elsewhere			
Inspectors and Regulatory Officers			
Contact Centre Workers			
Clerical and Administrative Workers			
Other Occupations			

**Recommended capital savings (\$m)**

Capital expense category	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33*	Total
--------------------------	-------	-------	-------	-------	-------	-------	-------	-------	-------	--------	-------

**BUDGET SENSITIVE**

**BUDGET SENSITIVE**

[Name of Departmental capital expense category]	s9(2)(g)(i)
[Name of Non-Departmental capital expense category]	
[Name/type of contingency]	
<b>Total (\$m)</b>	

\*Extend the profile above if funding is needed beyond 2032/33.

**Section 4: Delivery**

**Implementation of savings**

The answer to each question must not exceed 1-2 paragraphs

**Implementation of savings from this programme, activity or investment** From 1 July 2024

**Transition costs associated with the savings initiative (\$m)**

2023/24	2024/25	2025/26	2026/27	2027/28 & outyears*	Total
---------	---------	---------	---------	---------------------	-------

s9(2)(g)(i)

**Was this activity funded from the Climate Emergency Response Fund?** N

**Section 5: Equity**

The answer to each question must not exceed 1-2 paragraphs.

**Timing of costs and benefits** The key risks will occur progressively from 1/7/24.

**Specific implications regarding the Crown's obligations under the Treaty of Waitangi** N

**Distributional Impacts** Not measureable.

## Section 6: Capital pipeline review - Project detail

For initiatives being considered as part of the Capital Pipeline Review:

For initiatives that are being reported as a programme, please list all the individual projects in that programme with a capital value of over \$50m for Infrastructure, or \$15m for Data and Digital and Organisational Change investments, and provide the additional details noted below. For initiatives that refer to a single project, please complete a single line for your project.

Please ensure that details and figures in this table align to your capital pipeline summary in Annex Five.

Project name	Region of delivery	Planning start date	Expected delivery start date	Expected delivery end date	Total capex (\$m)	Total opex (\$m)
[Name of project]	[•]	[•]	[•]	[•]	[•]	[•]
[Name of project]	[•]	[•]	[•]	[•]	[•]	[•]
[Name of project]	[•]	[•]	[•]	[•]	[•]	[•]

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## Annex 2: Budget 2024 Savings Template

### Section 1: Overview

Section 1A: Basic initiative information										
Initiative title (max 120 characters)	Ministry of Foreign Affairs and Trade – Crown Entities B24 Baseline reduction									
Lead Minister	Minister of Foreign Affairs	Agency	Ministry of Foreign Affairs and Trade							
Initiative description (max 800 characters)	This initiative reduces the funding of 2 Crown Entities funded through Vote Foreign Affairs (Antarctica NZ and Asia NZ Foundation). s9(2)(g)(i)									
Type of saving (PA objective in CFISnet)	<input checked="" type="checkbox"/> Baseline reduction	<input type="checkbox"/> Targeted policy savings	<input type="checkbox"/> Capital pipeline review							
Is this a cross-Vote initiative?	N	N/A								
Is this a revenue initiative?	N									
Agency contact	Name: Wayne Verhoeven Phone: s9(2)(a) Email: s9(2)(a)		Treasury contact (Vote Analyst)	Name: Ephriam Williams Phone: s9(2)(a) Email: ephriam.williams@treasury.govt.nz						
Section 1B: Summary of savings profile										
Operating funding available for return (\$m)										
2023/24	2024/25	2025/26	2026/27	2027/28 & outyears*	Total					
s9(2)(g)(i)										
*For irregular outyears, add additional rows above to display the full profile of the initiative. Delete "& outyears" for time-limited funding. See the Guide to Submitting Initiatives on CFISnet for Budget 2024 for more information on entering outyears into CFISnet.										
Capital funding available for return (\$m)										
23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33*	Total
s9(2)(g)(i)										
*Extend the profile above if funding is needed beyond 2032/33.										

## Section 2: Alignment and options analysis

Section 2A: Alignment			
The answer to each question must not exceed 1-2 paragraphs			
Does this savings initiative have consequences for the Budget priorities? (if there are implications for multiple Priorities, select the most relevant)	<input type="checkbox"/>	Addressing the rising cost of living	X Delivering effective and fiscally sustainable public services
	<input type="checkbox"/>	Building for growth and enabling private enterprise	<input type="checkbox"/> No consequences
	No linkages or dependencies with other priorities.		
Section 2B: Options analysis			
The answer to each question must not exceed 1-2 paragraphs			
What was the process used to select the preferred option?	These cuts will be applied through operational efficiencies. No external consultation has been undertaken.		

## Section 3: Costs and benefits analysis

Section 3A: Benefits and non-fiscal costs						
The answer to each question must not exceed 1-2 paragraphs. The primary benefit of savings is fiscal. Therefore, the primary purpose of this section is to highlight any risks or impacts of the savings initiative.						
The Risks and Impacts section below is required for all initiatives invited into the capital pipeline review, regardless of whether there are any changes are proposed to this initiative.						
Where do the savings or revenue arise from?	Operational efficiencies. Antarctica NZ excludes any savings related to the Scott Base redevelopment project which is subject to a separate review process.					
Risks and impacts						
Impact on frontline services	<input type="checkbox"/>	High	X	Medium	<input type="checkbox"/>	Low
Climate impact	<input type="checkbox"/>	Yes - positive	X	Yes - negative	<input type="checkbox"/>	No impact
For Antarctica NZ, the savings noted above will be felt by MBIE funded science projects most of which are focused on the impact of climate change.						
Section 3B: Status quo						
The answer to each question must not exceed 1-2 paragraphs.						
Status quo	These agencies are funded through 1 appropriation (each) in Vote Foreign Affairs.					
Existing operating funding for programme/service (\$m)						
2023/24	2024/25	2025/26	2026/27	2027/28 & outyears*	Total	

**BUDGET SENSITIVE**

[•]	[•]	[•]	[•]	[•]	[•]
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\*Extend the profile above to a “steady state” if funding into outyears is irregular. Delete “& outyears” for time-limited funding.

**Existing capital funding for programme/service (\$m)**

23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33*	Total
[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]

\*Extend the profile above if funding is needed beyond 2032/33.

**Section 3C: Savings profile and cost breakdown**

The answer to each question must not exceed 1-2 paragraphs.

<b>Formula and assumptions underlying costings</b>	The cuts will be operationalised through the organisations 2024/25 budget process and implementation of savings will occur from 2024/25.
	The breakdown of where the cuts will be allocated has not yet been determined.

Provide a breakdown of total initiative expenditure by individual expense category. Total operating and capital expenses in this section must match the totals in Section 1B: Summary of funding profile. Insert additional rows as appropriate for additional expense categories.

**Recommended operating savings (\$m)**

Operating expense category	2023/24	2024/25	2025/26	2026/27	2027/28 & outyears*	Total
Vote Foreign Affairs: Non Departmental Output Expense: Antarctic Research and Support.	s9(2)(g)(i)					
Vote Foreign Affairs: Non Departmental Output Expense: Promotion of Asian Skills and Relationships.						
Net FTE funding						
Net contractor/consultant funding						
Net FTE and contractor/consultant overhead funding						
[Name/type of contingency]						
<b>Total (\$m)</b>						

\*Extend the profile above to a “steady state” if funding into outyears is irregular. Delete “& outyears” for time-limited funding.

Headcount Change	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Total # of net FTEs (employees)	s9(2)(g)(i)					
Total # of net FTEs (contractors/consultants)						

**BUDGET SENSITIVE**



**BUDGET SENSITIVE**

**Total # of net FTEs (employees and contractors/consultants)** s9(2)(g)(i)

Additional occupation breakdown of FTE changes (count and funding) over the forecast period			
Occupation	Net count changed	Net funding changed (\$m)	Net amount overheads changed (\$m)
Managers	s9(2)(g)(i)		
Policy Analyst			
Information Professionals			
Social, Health and Education Workers			
ICT Professionals and Technicians			
Legal, HR and Finance Professionals			
Other Professionals not included elsewhere			
Inspectors and Regulatory Officers			
Contact Centre Workers			
Clerical and Administrative Workers			
Other Occupations			

Recommended capital savings (\$m)											
Capital expense category	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33*	Total
[Name of Departmental capital expense category]	s9(2)(g)(f)										
[Name of Non-Departmental capital expense category]											
[Name/type of contingency]											
<b>Total (\$m)</b>											

\*Extend the profile above if funding is needed beyond 2032/33.

**Section 4: Delivery**

**Implementation of savings**  
 The answer to each question must not exceed 1-2 paragraphs



**BUDGET SENSITIVE**

Implementation of savings from this programme, activity or investment	From 1 July 2024				
<b>Transition costs associated with the savings initiative (\$m)</b>					
2023/24	2024/25	2025/26	2026/27	2027/28 & outyears*	Total
-	-	-	-	-	-
Was this activity funded from the Climate Emergency Response Fund?	N				

**Section 5: Equity**

The answer to each question must not exceed 1-2 paragraphs.	
Timing of costs and benefits	The key risks will occur progressively from 1/7/24.
Specific implications regarding the Crown's obligations under the Treaty of Waitangi	N
Distributional Impacts	Not measurable.

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## Section 6: Capital pipeline review - Project detail

**For initiatives being considered as part of the Capital Pipeline Review:**

For initiatives that are being reported as a programme, please list all the individual projects in that programme with a capital value of over \$50m for Infrastructure, or \$15m for Data and Digital and Organisational Change investments, and provide the additional details noted below. For initiatives that refer to a single project, please complete a single line for your project.

Please ensure that details and figures in this table align to your capital pipeline summary in Annex Five.

Project name	Region of delivery	Planning start date	Expected delivery start date	Expected delivery end date	Total capex (\$m)	Total opex (\$m)
[Name of project]	[•]	[•]	[•]	[•]	[•]	[•]
[Name of project]	[•]	[•]	[•]	[•]	[•]	[•]
[Name of project]	[•]	[•]	[•]	[•]	[•]	[•]

Released under the Official Information Act 1982

## Annex 2: Budget 2024 Savings Template

### Section 1: Overview

Section 1A: Basic initiative information			
Initiative title (max 120 characters)	Our Place in Antarctica, Scott Base Redevelopment – Rescope to deliver within budget		
Lead Minister	Minister of Foreign Affairs	Agency	New Zealand Antarctic Institute ("NZAI")
Initiative description (max 800 characters)	s9(2)(g)(i), s9(2)(i)		
Type of saving (PA objective in CFISnet)	<input type="checkbox"/> Baseline reduction	<input type="checkbox"/> Targeted policy savings	<input checked="" type="checkbox"/> Capital pipeline review
Is this a cross-Vote initiative?	N <a href="#">Click or tap here to enter text.</a>		
Is this a revenue initiative?	N		
Agency contact	Jonathan Ager Project Director Scott Base Redevelopment Antarctica New Zealand Phone: s9(2)(a) Email: j.ager@antarcticanz.govt.nz	Treasury contact (Vote Analyst)	Name: Ben Lindsay Phone: s9(2)(a) Email: ben.lindsay@treasury.govt.nz

### Section 1B: Summary of savings profile

Operating funding available for return (\$m)					
2023/24	2024/25	2025/26	2026/27	2027/28 & outyears*	Total
s9(2)(g)(i), s9(2)(i)					

\*For irregular outyears, add additional rows above to display the full profile of the initiative. Delete "& outyears" for time-limited funding. See the Guide to Submitting Initiatives on CFISnet for Budget 2024 for more information on entering outyears into CFISnet.

Capital funding available for return (\$m)										
23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33*	Total
s9(2)(g)(i), s9(2)(i)										

\*Extend the profile above if funding is needed beyond 2032/33.

## Section 2: Alignment and options analysis

Section 2A: Alignment				
The answer to each question must not exceed 1-2 paragraphs				
Does this savings initiative have consequences for the Budget priorities? (if there are implications for multiple Priorities, select the most relevant)	<input type="checkbox"/>	Addressing the rising cost of living	<input type="checkbox"/>	Delivering effective and fiscally sustainable public services
	<input type="checkbox"/>	Building for growth and enabling private enterprise	X	No consequences
	N/A			
Section 2B: Options analysis				
The answer to each question must not exceed 1-2 paragraphs				
What was the process used to select the preferred option?	s9(2)(g)(i), s9(2)(i)			

## Section 3: Costs and benefits analysis

Section 3A: Benefits and non-fiscal costs	
The answer to each question must not exceed 1-2 paragraphs. The primary benefit of savings is fiscal. Therefore, the primary purpose of this section is to highlight any risks or impacts of the savings initiative.	
The Risks and Impacts section below is required for all initiatives invited into the capital pipeline review, regardless of whether there are any changes are proposed to this initiative.	
Where do the savings or revenue arise from?	s9(2)(g)(i), s9(2)(i)
Risks and impacts	s6(a), s9(2)(g)(i), s9(2)(i)



**BUDGET SENSITIVE**

s9(2)(g)(i), s9(2)(i)

**Impact on frontline services**

s6(a), s9(2)(g)(i)

**Climate impact**

**Section 3B: Status quo**

The answer to each question must not exceed 1-2 paragraphs.

**Status quo**

Scott Base was established in 1957. The base has evolved to 11 buildings that are the workplace and home for up to 100 people including scientists and support personnel. Some people can spend up to 13 months living and working there. Many of the Scott Base buildings and infrastructure were last upgraded 40 years ago. They have now deteriorated to a point where there are increasing risks to health, safety and the environment. The base is also becoming increasingly expensive to operate and maintain, and practically difficult to incrementally renew or upgrade.

New Zealand's significant and enduring interests in Antarctica and the Southern Ocean were agreed by Cabinet in August 2017 and reaffirmed in 2019. In Budget 2021, Cabinet agreed to a complete rebuild of Scott Base, which is essential to these interests, to ensure a 50-year life and to also enhance science facilities.

**The existing operating funding profile below excludes the associated funding for capital charge.**

**Existing operating funding for programme/service (\$m)**

2023/24	2024/25	2025/26	2026/27	2027/28	Total
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s9(2)(g)(i), s9(2)(i)

\*Extend the profile above to a "steady state" if funding into outyears is irregular. Delete "& outyears" for time-limited funding.

**Existing capital funding for programme/service (\$m)**

23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33*	Total
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s9(2)(g)(i), s9(2)(i)

\*Extend the profile above if funding is needed beyond 2032/33.

**Section 3C: Savings profile and cost breakdown**

The answer to each question must not exceed 1-2 paragraphs.

s9(2)(g)(i), s9(2)(i)

**Formula and assumptions underlying costings**

**BUDGET SENSITIVE**

**BUDGET SENSITIVE**

Provide a breakdown of total initiative expenditure by individual expense category. Total operating and capital expenses in this section must match the totals in Section 1B: Summary of funding profile. Insert additional rows as appropriate for additional expense categories.

Recommended operating savings (\$m)						
Operating expense category	2023/24	2024/25	2025/26	2026/27	2027/28 & outyears*	Total
[Name of Departmental operating expense category]	s9(2)(g)(i), s9(2)(i)					
[Name of Non-Departmental operating expense category]						
Depreciation and/or capital charge (if relevant)						
Net FTE funding						
Net contractor/consultant funding						
Net FTE and contractor/consultant overhead funding						
[Name/type of contingency]						
<b>Total (\$m)</b>						

\*Extend the profile above to a "steady state" if funding into outyears is irregular. Delete "& outyears" for time-limited funding.

Headcount Change	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Total # of net FTEs (employees)	s9(2)(g)(i), s9(2)(i)					
Total # of net FTEs (contractors/consultants)						
<b>Total # of net FTEs (employees and contractors/consultants)</b>						

Additional occupation breakdown of FTE changes (count and funding) over the forecast period			
Occupation	Net count changed	Net funding changed (\$m)	Net amount overheads changed (\$m)
Managers	s9(2)(g)(i), s9(2)(i)		
Policy Analyst			
Information Professionals			
Social, Health and Education Workers			
ICT Professionals and Technicians			
Legal, HR and Finance Professionals			
Other Professionals not included elsewhere			

**BUDGET SENSITIVE**

**BUDGET SENSITIVE**

Inspectors and Regulatory Officers	s9(2)(g)(i), s9(2)(i)										
Contact Centre Workers											
Clerical and Administrative Workers											
Other Occupations											
Recommended capital savings (\$m)											
Capital expense category	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33*	Total
[Name of Departmental capital expense category]	s9(2)(g)(i), s9(2)(i)										
[Name of Non-Departmental capital expense category]											
[Name/type of contingency]											
<b>Total (\$m)</b>											
*Extend the profile above if funding is needed beyond 2032/33.											

**Section 4: Delivery**

**Implementation of savings**

The answer to each question must not exceed 1-2 paragraphs

Implementation of savings from this programme, activity or investment	s9(2)(g)(i), s9(2)(i)
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**BUDGET SENSITIVE**

No policy decisions, regulatory or legislative changes are required.					
Transition costs associated with the savings initiative (\$m)					
2023/24	2024/25	2025/26	2026/27	2027/28 & outyears*	Total

s9(2)(g)(i), s9(2)(i)

Was this activity funded from the Climate Emergency Response Fund?	N	
--	---	--

**Section 5: Equity**

The answer to each question must not exceed 1-2 paragraphs.

Timing of costs and benefits	Project risks will be managed within the project as usual and factored into a Quantitative Risk Assessment (QRA) based contingency within the total approved budget.	
Specific implications regarding the Crown's obligations under the Treaty of Waitangi	N	
Distributional Impacts	Nil.	

Released under the Official Information Act 1982



## Section 6: Capital pipeline review - Project detail

For initiatives being considered as part of the Capital Pipeline Review:

For initiatives that are being reported as a programme, please list all the individual projects in that programme with a capital value of over \$50m for Infrastructure, or \$15m for Data and Digital and Organisational Change investments, and provide the additional details noted below. For initiatives that refer to a single project, please complete a single line for your project.

Please ensure that details and figures in this table align to your capital pipeline summary in Annex Five.

Project name	Region of delivery	Planning start date	Expected delivery start date	Expected delivery end date	Total capex (\$m)	Total opex (\$m)
Our Place in Antarctica - Scott Base Redevelopment	s9(2)(g)(i), s9(2)(i)					

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23 April 2024

Minister of Foreign Affairs

For information by

3 May 2024

## Alignment of resources to priorities and realising required savings

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**BRIEFING** Overview Submission

**PURPOSE** This submission provides you with information on the Ministry of Foreign Affairs and Trade's processes and plans for ensuring alignment of resources to Government priorities, and the realisation of required savings.

## Recommended referrals

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Minister for Trade

For information by

3 May 2024

Minister of Climate Change

For information by

3 May 2024

## Contact details

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NAME	ROLE	DIVISION	WORK PHONE
Brook Barrington	Acting Chief Executive	Office of the Chief Executive	s9(2)(a)
Rob Taylor	Deputy Chief Executive	People and Operations	

## Minister's Office to complete

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<input type="checkbox"/> Approved	<input type="checkbox"/> Noted	<input type="checkbox"/> Referred
<input type="checkbox"/> Needs amendment	<input type="checkbox"/> Declined	<input type="checkbox"/> Withdrawn
<input type="checkbox"/> Overtaken by events	<input type="checkbox"/> See Minister's notes	

**Comments**

## Alignment of resources to priorities and realising required savings

### Key points

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- The Ministry has three pieces of work under way to ensure that its resources are aligned to Government priorities and that it is able to make its \$5 million departmental contribution to the whole-of-government savings exercise:
  - The standard 2024/25 budget setting process. This involves the application of financial reductions to absorb cost pressures using orthodox budgeting practices through the Ministry's internal budget process.
  - "The 10% exercise" whereby Groups are creating a long-list of options before the start of the new financial year, totalling to 10% of their New Zealand-based budgets. This is to enable the Ministry to meet its \$5 million departmental savings requirement, to address other cost pressures, and to provide flexibility of resourcing as we move into the longer-term work.
  - Longer-term work. This work remains in its scoping phase but involves identifying improvements to the Ministry's operating model, productivity opportunities, and ensuring the alignment of resources to the Government's priorities.
- The Ministry is exploring options for voluntary early exits although remains mindful of the need to maintain foreign policy and trade capability and capacity.
- The Ministry has made significant cuts to specialised funds for the next financial year, but has a process in place to ensure that those critical to the Government's priorities remain of a sufficient scale.
- The Ministry is undertaking benchmarking of the foreign services of similar sized countries to inform work on its future operating model.

Brook Barrington  
Acting Secretary of Foreign Affairs and Trade

### Recommendations

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It is recommended that you:

1 **Note** the contents of this submission

**Yes / No**

Rt Hon Winston Peters  
Minister of Foreign Affairs

Date:        /        /



## Alignment of resources to priorities and realising required savings

### Report

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#### Purpose

1. This submission provides you with information on the Ministry of Foreign Affairs and Trade's (MFAT's) processes and plans for ensuring alignment of resources to Government priorities, and the realisation of required savings.

#### Background

2. On 19 March 2024 you wrote to the Prime Minister acknowledging the need to bring greater discipline to public spending and, to this end, offering to:
  - 2.1. s6(a), s9(2)(f)(iv)
  - 2.2. s6(a), s9(2)(f)(iv)
  - 2.3. s9(2)(f)(iv)
  - 2.4. Achieve \$15 million in annual savings in Votes Foreign Affairs.
3. You subsequently had a meeting with the Minister of Finance on 21 March, and then exchanged letters in which you provided the following details on how the \$15 million in annual savings would be realised:
  - 3.1. \$10 million from non-departmental appropriations:
    - 3.1.1. Pacific Cooperation Foundation \$1.4m.
    - 3.1.2. Promotion of Asian Skills and Relationships (Asia New Zealand Foundation) \$0.355m.
    - 3.1.3. Antarctic Research and Support (Antarctica New Zealand) \$0.630m.
    - 3.1.4. International Development Cooperation \$7.615m (to be taken from non-priority areas).
  - 3.2. \$5 million from departmental appropriations:
    - 3.2.1. Delivery of New Zealand Foreign Policy \$4.255m (to be taken from contractors and consultants, specialised funds, back-office savings, and other efficiencies).
    - 3.2.2. Management of International Development Cooperation \$0.745m (reflecting the reduction in International Development Cooperation funding).

## Alignment of resources to priorities and realising required savings

### The Ministry's work programme

4. The Ministry has commenced a work programme ("the Baseline Project") to deliver on the commitments outlined above, in addition to addressing related issues such as the management of cost pressures, and modernising some aspects of its business model.
5. The Ministry's best estimate of cost pressures requiring management within its departmental budgets is \$15 million cumulative pressure per annum. That is, each year, an estimated \$15 million ongoing funding needs to be found within departmental budgets to manage costs. This is in addition to the \$5 million ongoing departmental savings required by the Minister of Finance in 2024/25. The work outlined below would thus be necessary even if our savings target was zero.
6. The Baseline Project is currently comprised of three areas of work:
  - 6.1. The standard 2024/25 budget setting process. This involves the application of financial reductions to absorb cost pressures using orthodox budgeting practices through the Ministry's internal budget process.
  - 6.2. "The 10% exercise" whereby Groups are creating a long-list of options before the start of the new financial year, totalling to 10% of their New Zealand-based budgets. This is to enable the Ministry to meet its \$5 million departmental savings requirement, to address other cost pressures, and to provide flexibility of resourcing as we move into the longer-term work.
  - 6.3. Longer-term work. This work remains in its scoping phase but involves identifying improvements to the Ministry's operating model, productivity opportunities, and ensuring the alignment of resources to the Government's priorities.
7. Each of these three areas is discussed further below.

### The standard 2024/25 budget setting process

8. Each year the Ministry runs an internal budget setting process to set Group budgets for the following financial year. Groups are provided financial parameters within which to budget and plan, and there is an iterative process between Groups and the Finance Division to make adjustments prior to finalisation and agreement from the Senior Leadership Team.
9. This year the internal budget setting exercise has provided tighter financial parameters within which Groups are to operate in order to manage costs. In particular:
  - 9.1. Funding for contractors and consultants has been capped to align with directions from the Public Service Commission.
  - 9.2. Groups have been directed to manage cost pressures within existing budgets.
  - 9.3. Project contingency funds have been centralised and the total quantum reduced.
  - 9.4. Specialised Funds have been reduced by 43% (with a process and funding pool available to ensure frontline trade and diplomacy work is supported).
  - 9.5. A vacancy audit is under way to identify long-term vacancies and to remove them from budgets and the Ministry's FTE establishment. This has no impact on individuals.

## Alignment of resources to priorities and realising required savings

10. The Ministry has a variety of Specialised Funds that vary widely in their criticality to delivering the Government's priorities. The most timely approach to reducing expenditure in this area has been to provide a blanket reduction but to provide a process, backed by a centralised contingency, to ensure that those critical to the Government's priorities remain of a sufficient scale. <sup>s9(2)(f)(iv)</sup>
11. In addition to the vacancy audit noted above, the Ministry has implemented a vacancy freeze (with a whole-of-SLT level exceptions process in place for critical roles) and work has been commenced on voluntary early exit options.
12. While the voluntary early exit work has yet to be implemented, SLT will retain control of who is able to access these options, and will be guided by the imperative to maintain the capability and capacity of our foreign policy and trade expertise. <sup>s9(2)(g)(i)</sup>

Consistent with the "no surprises" principle, we will communicate with your office prior to implementing any voluntary early exit options.

### The 10% exercise

13. In order to create a long list of options for MFAT's Senior Leadership Team to consider, Groups have been directed to identify savings options totalling 10% of their New Zealand-based budgets (that is, posts are explicitly excluded from this exercise).
14. This is a short-term piece of work that will be completed before the commencement of the new financial year. It is a blunt exercise and assumes the status quo operating model. The purpose is to surface options that could be implemented rapidly, and to provide the SLT with the ability to trade-off such options across the whole Ministry.
15. This exercise was commenced prior to knowing the level of departmental savings that would need to be contributed to the whole-of-government savings exercise.
16. The 10% exercise will be used to identify savings to:
  - 16.1. Enable the Ministry's \$5 million departmental contribution to the whole-of-government savings exercise.
  - 16.2. Help fund general unavoidable costs such as inflationary pressures.
  - 16.3. Fund specific unavoidable costs such as the continuation of the Sanctions Unit (created to administer Russia sanctions).
  - 16.4. To enable resourcing options and flexibility as we move into the longer-term phase of work.

### Longer-term work

17. A longer-term piece of work is currently being scoped that will look at issues such as the future operating model, and the alignment of resources to Government priorities. As this scoping evolves, the work is likely to be split into smaller and more specific projects.
18. In particular, and as signalled in your letter to the Prime Minister noted above, there will be specific projects that will consider the alignment of Ministry resources and International Development Cooperation funding to the Government's Foreign Policy Reset priorities.

## Alignment of resources to priorities and realising required savings

19. Beyond these alignment elements, there is a very large body of work that could fall under the future operating model work and care will be required to prioritise and sequence it appropriately.
20. Given the potential implications of this work over the longer-term, the scope will not be finalised until the Chief Executive-designate has taken office and has been able to engage with it. <sup>s9(2)(f)(iv)</sup>
21. Preparatory work under way includes collecting benchmarking data from the foreign services of similar sized countries.
22. Further advice will be provided once the scope of the work is better developed. The intent overall is to ensure the sustainable management of our resources, both financial and capability.

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