



Report of the
Ministry of
Foreign Affairs and Trade
Manatū Aorere
for the year ended
30 June 2002

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pursuant to Section 39 of the Public Finance Act 1989*

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Minister of Foreign Affairs and Trade

I have the honour to present to you the report of the Ministry of Foreign Affairs and Trade for the year ended 30 June 2002.

A handwritten signature in black ink, appearing to read "Neil Walter". The signature is fluid and cursive, with a long horizontal stroke at the end.

Neil Walter
Secretary of Foreign Affairs and Trade

CHIEF EXECUTIVE'S REPORT

OVERVIEW

OUR WORLD HAS CHANGED

For the members of this Ministry, the past year will be remembered as one marred by tragedy at both the global and personal level. The attack on the World Trade Centre in New York was global in its impact. The loss of a dear colleague in the Solomon Islands, Bridget Nichols, was a personal blow to all of us in the Ministry.

It has become almost a cliché of foreign policy to say that we are tasked with planning the unplannable. We saw the most graphic demonstration of this last September 11, when a new style of terrorism was unleashed with deadly effect. The attack on the World Trade Centre was not just an attack on the United States, but a challenge to the very notion of global interdependence. Many nations, including New Zealand, lost citizens in the attack, making the immediate crisis for New Zealand a consular one. The Ministry and its posts in the United States worked long days and nights to establish the safe whereabouts of New Zealanders in the vicinity of New York and reassure thousands of anxious friends and relatives.

New Zealand responded to the call for concerted international action against terrorism by committing special forces to the campaign against the Taleban and Al Qaeda, as well as contributing to the United Nations-mandated International Security Assistance Force in **Afghanistan**. New Zealand also pledged humanitarian assistance to Afghanistan through its ODA programme. The impact of September 11 has been felt across many sectors in New Zealand, and has profoundly affected the Ministry's own operations. It translates into tighter security in many of our posts, intensified engagement on Middle East issues, closer involvement in regional security groupings and heightened levels of inter-agency activity on security issues.

One symbol of our new level of preparedness has been the Ministry's establishment of a permanent crisis and call centre. An indication of the

global reach of the terrorism problem has been New Zealand's assistance with anti-terrorism preparations in Pacific Island states.

THE AMERICAS

The APEC economic leaders meeting in Shanghai last October provided the venue for the Prime Minister's first meeting with **United States** President George W Bush. The Prime Minister exchanged views with the President on terrorism and other global issues and made a successful visit to Washington in March. The visit confirmed the improvement in tone of our bilateral dealings and the potential to build on this.

We are, in the words of Secretary of State Colin Powell, "a very, very, very close friend". Security and terrorism were high on the agenda in Washington, but the Prime Minister was also able to register New Zealand's interest in a free trade agreement with the US. The importance of the economic relationship was underscored by the presence of a high-level New Zealand business delegation, which accompanied the Prime Minister on to New York. In a moving ceremony, she accepted a New Zealand flag which had been recovered from the ruins of the Twin Towers.

Elsewhere in the Americas, the opening of our Embassy in **Brasilia** was a milestone for the **Latin American strategy**. The Prime Minister attended the opening ceremony, as part of a visit which also covered Mexico, Chile, Argentina and Uruguay. She was able to visit Sir Peter Blake on board his boat in the Amazon basin, just weeks before his murder by river pirates. In January, Foreign Minister Phil Goff visited Cuba, El Salvador, Guatemala and Peru. Another milestone was a round of CE-level Foreign Ministry consultations in six Latin American capitals.

AUSTRALIA – THE IMPORTANCE OF BEING NEIGHBOURS

Through good times and bad, close neighbours remain important. The importance of the **Australia** relationship, and our mutual dependence, were again demonstrated by the events of the past year. This is a uniquely close and open relationship that has had to endure some bad news, much of it beyond the direct control of governments. The collapse of Ansett airlines and the loss by New Zealand of hosting rights for the Rugby World Cup tested the

strength of the relationship. Conversely, the importance of New Zealand tourists to the Australian economy became more widely appreciated, and New Zealand's offer to accept some of the asylum seekers off the Tampa generated much goodwill. There was a timely opportunity to put business relationships back on a sound footing when the Prime Minister visited Australia with a high level economic mission in June. Sessions with business leaders in key centres underscored the degree of business interdependence and highlighted the real benefits of this for both countries.

At the political level, the Prime Minister's talks with the Australian leadership reflected both the good relationship between governments and the extent of cooperation between Australia and New Zealand in our region. Defence interoperability, East Timor, Bougainville, the Solomon Islands and people smuggling are all issues which have commanded joint attention in the past year. New Zealand's hope is that the success of the Prime Minister's visit will have given fresh momentum to moves to progress the economic relationship to a new level of harmonisation.

FOCUS ON THE MIDDLE EAST

The new focus on global terrorism put a spotlight on the Middle East, and taxed the resources of the small number of posts we still maintain there. Nor have the old issues gone away. The **Arab/Israel conflict** has continued to worsen. In voicing its concern, New Zealand has maintained its balanced and constructive approach. We have also campaigned for a more targeted system of sanctions against **Iraq**, but have been clear that the primary issue with Iraq is weapons of mass destruction. New Zealand continues to hold, in the **IAEA** and other forums, that full weapons inspections must take place.

Beyond the reporting and security demands, our Middle East posts have still kept an eye on the trade picture, to advance the prospects for New Zealand business in this key region. A visit to the **UAE** by Trade Minister Jim Sutton was the perfect opportunity to obtain agreement to the establishment of a Consulate-General in **Dubai**, which will be managed by Trade New Zealand. Dubai will also become the focal point for trade and tourism promotion and visa issues in the region. In June, a high level Saudi delegation visited New Zealand for trade talks and was able to reach agreement with New Zealand on conditions for accession to the WTO. These and other trade

contacts have demonstrated the potential for New Zealand to supply knowledge based products as well as our traditional commodity exports to the region.

SOUTH ASIAN INTEREST

The same paradoxical mix of security tensions and trading opportunities applied to South Asia. Terrorism issues and nuclear tensions have put the region in the spotlight, and New Zealand joined the international community in urging restraint. But the business picture has been a positive one for New Zealand, buoyed by strong interest in New Zealand from Indian tourists, filmmakers, students and skilled migrants. The surge of interest has put further pressure on the capacity of our High Commission in New Delhi.

THE SOUTH PACIFIC – GOOD IN PARTS

The South Pacific presented a mixed picture for New Zealand. We can take satisfaction from the fact that in **Bougainville** the peace appears to have held, and that there has been reasonable support for arms containment. Similarly in **Fiji** we have been able to mark measured progress towards a return to democratic institutions in a normalised relationship. New Zealand provided support for the elections process in Fiji and worked closely with the Commonwealth to adjust its sanctions policy. But bright spots like these have been eclipsed by the dark shadow of instability hanging over **Solomon Islands** and some other parts of Melanesia. Countries with just one generation of experience as a nation state face the cumulative stresses of ethnic tensions, widening income gaps, failure of governance, economic stagnation and population growth.

The problems that have arisen have been a challenge to conventional assumptions about effective development assistance, and have obliged us to acknowledge that development begins with law and order. Accordingly, we have widened the already substantial support for governance programmes in the Pacific to include direct assistance for the police force in the Solomon Islands. More generally, the South Pacific can expect to continue to take a major proportion of our ODA resources.

In those polities with special links to New Zealand, work continued on social and political evolution. The **Tokelau** “Modern House” project made further progress and further work was done on a “Living Communities”

project for **Niue**. The Prime Minister's visit to Samoa in June affirmed the special nature of our links with that country.

EAST TIMOR – SMALL NEIGHBOURS COUNT TOO

In another epic year for this tiny country, **East Timor** held its first parliamentary and Presidential elections and made the transition to full independence. New Zealand continued to be a good neighbour, providing the continuing security benefit of the New Zealand battalion and an election observer team. The Governor-General visited East Timor in February, and Foreign Minister Phil Goff in August 2001 and again for the independence celebrations in May 2002. The Prime Minister headed the New Zealand delegation for the independence celebrations. New Zealand also participated in donor conferences in Oslo and Dili, pledging \$10 million in ODA over a four-year period, which will be concentrated on human resource development. New Zealand's small representative office in Dili became a Consulate-General on independence.

ASEAN AND NORTH ASIA

The Asian region retains its paramount importance for us. Five of our top eight trading partners are in the Asian region. North Asia alone accounts for more than a quarter of our exports, nearly a fifth of our tourists and some three quarters of our overseas students. Security issues in the region such as **North Korea** and **Taiwan** have direct implications for the wider Asia Pacific region, including New Zealand. Small wonder, then, that much of our diplomatic effort involves working in the Asian region or with our Asian friends in forums such as the UN, WTO, APEC and AFR. Growing interest in the idea of East Asia cooperation between **China, Japan, Korea** and ASEAN makes it all the more important that we stay engaged. We have set ourselves the objective of a new level of engagement with Japan. China and Korea are also vital relationships for us. We are working with Australia to advance the Closer Economic Partnership between CER and ASEAN countries.

Following visits to China, Japan and Korea by the Prime Minister in early 2001 there has been a steady flow of visitors in the other direction, most notably from Japanese Prime Minister Koizumi in May and Chinese Foreign Minister Tang Jiaxuan in March. Mr Goff's visit to Malaysia in March underlined the importance of our relations with that country.

The Prime Minister and Foreign Minister both visited **Indonesia** and were able to engage with President Megawati's administration on a wide range of international, regional and domestic issues. Indonesia still faces daunting challenges in bedding down economic recovery, political reform, social cohesion and respect for human rights. As the "Tampa" incident showed, Indonesia is a likely staging point for boat people intent on reaching Australia or New Zealand, and a close working relationship with Indonesia is indispensable. Indonesia and Australia co-hosted a regional Ministerial Meeting on People Smuggling, Trafficking in Persons and Related Transnational Crime in Bali in February. New Zealand has coordinated one of the two working groups established at Bali to develop a strategy for collective regional action against people smuggling. With Indonesian Government agreement, and in cooperation with the UNHCR and IOM, New Zealand was able to distribute a pamphlet to hostels in Indonesia in June explaining the dangers of attempting an illegal voyage here.

APEC AND CLOSER ECONOMIC PARTNERSHIPS

Membership of **APEC** gives New Zealand access to one of the most important economic groupings in the world, including as it does the US, Japan, China, Canada, Australia and other major Asian and Latin American trading partners. The APEC economic leaders meeting provides an opportunity not merely to progress the goals of regional trade liberalisation and cooperation, but also to focus on pressing political and security issues. Global terrorism dominated the informal agenda when China hosted APEC in Shanghai last October. Nonetheless, leaders also reaffirmed APEC's trade goals and gave strong and specific support to the launch of the WTO round. This was further endorsed by trade ministers in their meeting in **Mexico** in May 2002. A number of APEC trade ministers have expressed interest in the **Closer Economic Partnership** (CEP) concept, following New Zealand's successful conclusion of a CEP with **Singapore**. Our detailed CEP negotiations with **Hong Kong**, however, have so far failed to resolve some outstanding issues relating to rules of origin.

EUROPE – AN EXPANDING AND COMPLEX EU

The European Union is our third largest trading partner, and was our second biggest foreign investor in 2001. The impending expansion of the EU

requires our posts in Europe to spread their effort wider, stretching scarce resources still further. Relationship building will be the key to meeting the challenges and opportunities of an expanded EU, particularly in the field of agricultural policy. To the extent possible within resource constraints, New Zealand has made a point of engaging with Eastern European countries eligible for EU membership, and has hosted a number of ministerial visits. Outside the EU rubric, we have also made a point of involving ourselves closely in **Russia's** WTO negotiations, with the aim of securing fair access for our agricultural and services exports to the Russian market.

Our good relationship with the EU has not spared us from ongoing battles over the terms of access for various products. In the UK the Dairy Board and its successor Fonterra face a court case, through a UK subsidiary, over back duty claims for earlier butter shipments. In Brussels and other EU posts we have registered our concerns over EU proposals for wine labelling and proposals for labelling and traceability of sheep meat, both of which could impose significant compliance costs for New Zealand exporters.

MAKING THE RULES STICK – THE WTO

The **WTO rules** bind big and small members alike, and New Zealand has been vigorous in pursuing its rights through the WTO disputes settlement mechanism. New Zealand won its latest appeal in an ongoing case against **Canada** over milk subsidies, and is currently taking similar action against the United States over steel safeguards.

At the global level, Trade Minister Jim Sutton led the NZ delegation to the meeting of WTO Ministers in Doha last November, which agreed to launch a new round of multilateral negotiations under the banner of the “**Doha Development Agenda**”. The DDA sets an ambitious timetable for progress on a wide range of trade liberalisation issues of major interest to New Zealand. These include the opening up of markets for goods and services and agriculture, and the elimination of the trade distorting effects of subsidies. As its name implies, this round puts special emphasis on developing country interests, and makes an explicit linkage between trade and development. By conservative estimates, NZ stands to gain between \$1 billion and \$1.5 billion a year from a successful Doha Round.

ODA PROGRAMME – NEW STRUCTURE, NEW RESOURCES

Following a review of New Zealand's official development assistance programme, Cabinet agreed that a new semi-autonomous body would be established within the Ministry and be called NZAID – the New Zealand Agency for International Development. The new Executive Director, Peter Adams, is a member of the Ministry's senior management group and reports to the Chief Executive. Importantly, the new body has been given extra resources to enable it to carry out the additional evaluative and analytical work required of it.

NZAID will continue to be co-located with the Ministry in Wellington and at overseas posts. The transition to the new body was a heavy diversion of resources for all concerned, but NZAID starts life with the goodwill of the development community and the rest of the Ministry.

GOOD INTERNATIONAL CITIZENSHIP – NEW ZEALAND IN THE MULTILATERAL SYSTEM

Beyond the narrow pursuit of our basic security and market access objectives, our diplomacy has also been driven by the need to promote New Zealand values and to reflect the expectation of New Zealanders that their country will be a good international citizen. Our signature of the **Kyoto Protocol** in 1998 was acknowledgement that we cannot expect bigger countries to do their bit for the environment if we do not do ours. At the Marrakesh Conference of Parties in October, Hon Pete Hodgson, Convenor of the Ministerial Group on Climate Change, helped pull together the package of rules which is paving the way for entry-into-force. New Zealand plans to ratify this year. It has also continued its active promotion of the protection of whales in the IWC and other forums.

The Ministry coordinated New Zealand's extensive preparations for the **World Summit on Sustainable Development**, which along with the Doha round is one of the building blocks in a proposed new global consensus for promoting sustainable development. New Zealand was also represented at another of these building blocks, a conference at Monterrey in March on **Financing for Development**.

In the area of **human rights**, New Zealand was again active at the multilateral, regional and bilateral levels. New Zealand participated actively in the inaugural May 2002 meeting of the new UN Permanent Forum on Indigenous Issues and at the UNGA Special Session on Children. The Ministry continued to monitor closely human rights developments in a number of countries. Sadly, that list now includes **Zimbabwe**. The Ministry has also maintained close contacts with civil society in New Zealand over human rights issues.

New Zealand played a full part in the return of the **New Agenda group** to international discussion of **nuclear disarmament**, attending the Nuclear Non-Proliferation Treaty preparatory committee in New York in April. In New York too, the first formal contacts between the Pacific Islands Forum Secretariat and OPANAL, the Organisation for the Latin American and Caribbean Nuclear Free Zone, marked a step forward in the move to strengthen links among various nuclear weapon free zones in the southern hemisphere.

CITIZENS IN DISTRESS – GROWING CONSULAR DEMAND

September 11 tested our ability to respond to a large scale consular crisis, but that was far from being the only consular problem to confront the Ministry. The death of Sir Peter Blake in Brazil was a tragic individual case. Hundreds of cases of New Zealand travellers in distress and tensions in many parts of the world placed a heavy strain on the Ministry's consular resources. The trend, common to most Western countries, is one of growing expectations of consular intervention, fuelled by greater ease of travel, easy communications and close media interest.

A WHOLE OF GOVERNMENT APPROACH

Preparatory work for the Ministry's first **Statement of Intent** has underlined how many of the outcomes this Ministry seeks are shared with other agencies, and the need for close cooperation between us. It has been my privilege to chair a group of chief executives involved in external relations and defence matters, and to have my Ministry work actively at the practical level to promote outcomes that are in the best interests of "New Zealand Incorporated". One small example was the commitment of Ministry

resources to help secure UAE approval for the establishment of a Consulate-General in Dubai, even though the Ministry itself will not be represented there. The government's **Growth and Investment Framework** also requires close coordination between economic agencies and businesses, and the Ministry has been active in establishing working links with both private business and other government agencies. We have endeavoured to widen our outreach programme, improving our contact with Māori, academia, trade union groups and various non-governmental organisations.

AN IMPROVING ORGANISATION

When I became Chief Executive in 1999, I established a programme aimed at upgrading and improving the Ministry's working environment and operational systems. Most of the suggestions for change came not from me but from staff themselves, whose views were thoroughly canvassed by independent consultants. The result was a series of **organisational improvement projects** which tackled specific problems identified in our capability and the way we worked. These projects aim to improve our day-to-day performance, our future capability and our linkages with the community. The biggest change will follow the weekend after my departure, when the Ministry moves into its new premises at 195 Lambton Quay. That will see the entire Ministry under the same roof for the first time in five decades, in a modern, open plan layout that will encourage greater efficiency and closer coordination of effort.

THE CAPABILITY GAP

Given the necessary resources, New Zealand can continue to play a role in the world that every New Zealander can be proud of. This applies to the three main areas of the Ministry's operations: protecting New Zealand's security, enhancing our economic well being and playing a constructive and useful role as a member of the international community. But globalisation and the challenge of making our way in an increasingly interdependent world are making it harder and harder to deliver all that New Zealand citizens expect. At the same time, the long-standing policy of not compensating public service agencies for cost increases continues to erode our baseline capability. The Ministry has accordingly begun work on a major capability review, in parallel with work on its first Statement of Intent, to establish what

level of resourcing will be needed over the next few years. Bridging the widening capability gap is the biggest organisational challenge the Ministry will face in the year ahead.

HIGHLIGHTS

Programme 1: Political/Security

- Effective response to demands of **September 11** terrorism attack, a major challenge for the Ministry's systems. Continuing Ministry commitment to **global anti-terrorism campaign** with ongoing security and reporting requirements
- Successful **visits by Prime Minister to the US** (March) and **Australia** (May). Talks held with political leadership and business leaders in both countries
- Implementation of the **Middle East Strategy**, including approval obtained for the establishment of a Consulate-General in Dubai
- Milestone **visit to New Zealand by Japanese Prime Minister, Koizumi** in May
- **Engagement with Indonesian Political Administration** on a wide range of international, regional and domestic issues including human rights, governance reform, people smuggling and the campaign against terrorism during separate visits by the Prime Minister and Minister of Foreign Affairs and Trade
- Effective **dialogue and cooperation with Australia** on all key topical issues such as the Russian WTO accession, regional refugee issues and Pacific Island issues, particularly the Solomon Islands
- Inaugural **bilateral discussions with Australia** on International Environment and Antarctic matters. Continental Shelf delimitation negotiations are underway
- Enhanced New Zealand **overseas representation** with additional accreditations to Cuba, El Salvador and North Korea; the appointment of Honorary Consuls in Dublin, Edinburgh, Guatemala City, Nairobi, Durban, Capetown, Croatia and Slovenia
- Coordinate New Zealand's effective policy response to **East Timor**, including organisation of a NZ election observer team, participation in

Donors Conference (four year \$10m NZODA programme), Prime Ministerial led delegation to Independence celebrations, close bilateral relations with Australia, other countries and relevant UN Officials (UNTAET and UNMISSET) for successful outcome to 31 October UN Security Council debate

- Delegation led by the Minister for Communications and Information Technology increased contacts in key growth areas with **India**
- Management and facilitation of a large number of other high level **political and official visits**

Programme 2: Trade and Economic

- Contributed to successful launch of **new WTO round** at Doha
- **Affirmation of APEC trade goals** and specific support for the launch of the **new WTO Round** obtained at the APEC Shanghai Leaders' Meeting, further endorsed by Trade Ministers meeting in Mexico
- New levels of economic engagement pursued with **Korea** and **Japan** on key aspects of the trading relationships
- Active **participation in WTO issues** including; pursuit of dispute settlements (eg. the US steel safeguards, Japan on apples and Canadian dairy subsidies); development of NZ positions on WTO accessions (eg. Russia, Saudi Arabia and Algeria)
- Resolution to a number of ongoing **trade access issues** – aircraft maintenance services (Canada), meat offal, petfoods, animal fats and fishmeal (China), oysters (Hong Kong), lifting of dairy safeguards (Chile), potatoes (Philippines), chilled beef and live ostriches (South Korea) and agricultural products (Egypt)
- Comprehensive **CEP** negotiations undertaken with **Hong Kong**
- Progress made on **CEP** negotiations with **Chile**
- Discussions with Australia on a range of **proposals to extend CER**
- Discussions with Australia and ASEAN partners on **advancing the Closer Economic Partnership between CER and ASEAN** countries. Agreement reached on draft Ministerial declaration

- Signature to the agreement on **Closer Economic Relations within the Pacific**
- **Latin American Strategy** implemented with visit by Prime Minister to Argentina, Brazil, Chile, Mexico and Uruguay, and formal opening by PM of Embassy in Brasilia. Visit by Foreign Minister Goff to Cuba, El Salvador, Guatemala and Peru. First CEO level trade and foreign policy talks held in Latin America
- Successful negotiations and **Air Service Agreements** signed with Spain, Austria, Chile and Tonga
- Conclusion of **phytosanitary/sanitary protocols** with China, Iran and Peru resulting in the signing of MOUs
- Increased cooperation with **Gulf States** fostered to develop closer economic links with affluent Gulf States, focussing on tourism, education and investment. A number of high profile visits to New Zealand from UAE Ministry of Finance, Kuwait National Assembly and Bahrain Ministry of Education over this period
- Successful Joint Ministerial Commission with **Saudi Arabia** with agreement reached on conditions for accession to the WTO
- Formation of an “**APEC Cluster Group**” made up from government agencies under the External Relations and Defence Network
- Enhancement of people-to-people links through the conclusion of **Working Holiday Schemes** with Argentina, Uruguay and Norway. Good progress achieved on negotiations with Spain, Finland, Mexico and Brazil
- Wide ranging **domestic consultations** with the private sector and Māori on key issues. WTO accession workshops undertaken in four NZ cities for New Zealand businesses on China and Taiwan

Programme 3: Multilateral

- Strong New Zealand contribution and extensive domestic consultation on key **human rights issues**, notably indigenous peoples, children’s rights and racism. Attendance at the World Conference against

Racism, Racial Discrimination, Xenophobia and Related Intolerance in Durban

- Management of **heavy consular workload** resulting from events and developments post **11 September**, the **Middle East** (Israel/Palestine), **Zimbabwe** and the **Indian sub-continent** (India/Pakistan and Nepal) along with a number of high profile consular cases (eg. Peter Blake in Brazil and Diana Routley in India) has seen a substantial increase in day-to-day consular activities. Good relationships have been maintained with families and the media
- Comprehensive review of **delivery of the Ministry's Consular Services**
- **Candidature nominations** of Bill Mansfield to the International Law Commission, and re-election of the Rt Hon Sir Kenneth Keith to the International Humanitarian Factfinding Commission
- **Consultations** undertaken with the business community, local government, agriculture representatives, NGO's, union representatives and academics to explain and further develop policy on issues such as climate change, sustainable development and bio-diversity
- Participation at the **Regional Ministerial Conference on People Smuggling, Trafficking Persons and Related Transnational Crime** in Bali
- Successful outcomes to the **Conservation of Antarctic Marine Living Resources Meeting** (CCAMLR) with extension of seabird bycatch measures to other Antarctic waters outside the Western Ross Sea, strengthened catch documentation schemes, and processes for dealing with non cooperation by non contracting parties
- Signature and ratification of the **Agreement on the Conservation of Albatrosses and Petrels**
- **Access to fisheries** in the Western and Eastern Ross Sea and other areas secured for New Zealand

- Signed Memorandum of Understanding with the UN on standby arrangements for **peacekeeping operations**
- Active role played by New Zealand at the Conference of the Parties (COP7) Convention of Climate Change meeting in securing agreement and finalising rules by which **the Kyoto Protocol** will operate
- Advancement of New Zealand interests through participation in preparatory meetings for the **World Summit on Sustainable Development**
- Engagement in dialogue with Brazil and Mexico in the New Agenda and Southern Hemisphere Initiatives for **nuclear disarmament** by the Minister for Disarmament and Arms Control during visit. First meeting between the Pacific Islands Forum and the Organisation for the Latin American and Caribbean Nuclear Free Zone (OPANAL) held in New York

Programme 4: Corporate Services

- Construction and fit-out on schedule for **move of Head Office to Lambton Tower** building in September
- Successful roll-out of Windows 2000 as part of **the Risk Mitigation Project** completed in Wellington. Post pilots due to commence in July
- Continuing programme of overseas **property sales** has seen the successful disposal of assets in Geneva, Hong Kong, Kuala Lumpur, London and New York for good returns
- A review of the **Performance Management System** has resulted in streamlining the internal review process
- Progression of **six Organisational Improvement Projects**, with completion and implementation of projects one and two. Devolution of the skills development fund and further resource management to Deputy Secretary or programme levels as part of this process

- Reduction of Ministry **debt exposure** achieved through improvements in the recovery of payments made on behalf of other departments and staff
- Re-establishment of **Visitors Units** has seen a reduction of pressure on units involved in heavy visitor programmes
- New **EEO Plan** developed with further emphasis on the commitment to diversity
- **Independent Quality Assurance** process was used to identify and plan further improvements to the Ministry's Information Technology project management systems and processes
- Preliminary work commenced on the **Capability Review** and the Ministry's first **Statement of Intent**
- **Restructure and outsourcing** of mailroom operations completed with successful tender, contract negotiations and signing of services over to DHL

Programme 5: Pacific, Development Cooperation, Kaupapa Māori, Information and Public Affairs

- Continuation of **domestic outreach and communication strategy** with further development and improvements in the Ministry's website, with all divisions now represented. Eight Post websites had gone 'live' and a further thirteen were in development stage
- Transition to **NZAID** organisation with all Relationship and Accountability documents, resources and staffing requirements in place. ODA Policy Framework, Assessment Frameworks for bilateral, regional and multilateral programmes, Monitoring and Evaluation Frameworks developed. Poverty Study initiated
- Continued monitoring of **developments in the Pacific** with active New Zealand responses to the changing needs, including support for law and order in the Solomon Islands and democratic processes in Fiji

- Constructive New Zealand role in supporting and facilitating **Bougainville Peace Process** and Agreement welcomed by all key players
- Engagement with **Niue** (“Living Community” study) and **Tokelau** (“Modern House” project) on evolution of relationships with New Zealand
- Progression of the Ministry **art holdings divestment** programme with the first 28 of 59 works now passed onto NZ public galleries or museums
- Negotiation on an ‘**open skies**’ **civil aviation agreement with Tonga** has secured opportunity for New Zealand to participate in a future Regional Air Services Liberalisation Agreement (PIASA)
- Active **ODA consultations** with partner governments and other donors explaining new policy and organisation frameworks
- Attendance at the **International Conference on the Financing for Development** in Monterrey, Mexico, by the Associate Minister of Foreign Affairs and Trade
- **Hiki tapu** ceremony conducted by kaumatua for the opening of a new Chanceries in Brasilia and Apia by the Prime Minister
- Maintenance of ongoing programmes to support **responsiveness to Māori** and the **bicultural identity of the Ministry**, eg. outreach activities through hui with concerned iwi, te reo and tikanga staff training and briefings to diplomatic corps and visiting groups
- Participation at **Pacific Island Forum Meetings** with New Zealand objectives achieved

ORGANISATIONAL INFORMATION

VISION STATEMENT

“Securing New Zealand’s place in the world”

“Toitū Aotearoa”

STATEMENT OF BUSINESS

The Ministry of Foreign Affairs and Trade manages the Government’s business with foreign countries and their governments, and with international organisations.

On behalf of the Government, it intervenes with other governments to promote New Zealand’s interests. It advises the Government on where New Zealand’s advantage lies in relation to other countries.

It looks at New Zealand’s relations with other countries as a whole. It draws together the various aspects of New Zealand’s national interests to achieve most benefit for the people of New Zealand in relation to the Government’s security, political, trade and economic objectives.

The Ministry also manages New Zealand’s official development assistance (ODA) programme; provides consular services for New Zealanders abroad; administers diplomatic privileges and immunities in New Zealand; provides a range of services to other government agencies overseas; administers export controls on strategic goods, administers various statutory regulations and maintains a register of international treaties.

The Ministry has formal responsibility for three Crown Entities: Trade New Zealand; the Asia 2000 Foundation and Antarctica New Zealand.

The work of the Ministry involves consultation with a wide range of other government departments and agencies, with non-governmental and business organisations and with private sector enterprises which have interests overseas.

Important amongst the Ministry's partners is the New Zealand Trade Development Board (Trade NZ) with which the Ministry works closely in New Zealand and overseas in the development and implementation of programmes to promote foreign exchange earnings. The Ministry also has close working relationships with the Ministries of Agriculture and Forestry, Culture and Heritage, Defence, Economic Development, Environment, Fisheries, Pacific Island Affairs, Transport and Women's Affairs, the Departments of Internal Affairs and Labour, Te Puni Kokiri, The Treasury, the State Services Commission, the Department of the Prime Minister and Cabinet, the New Zealand Defence Force, and the New Zealand Tourism Board.

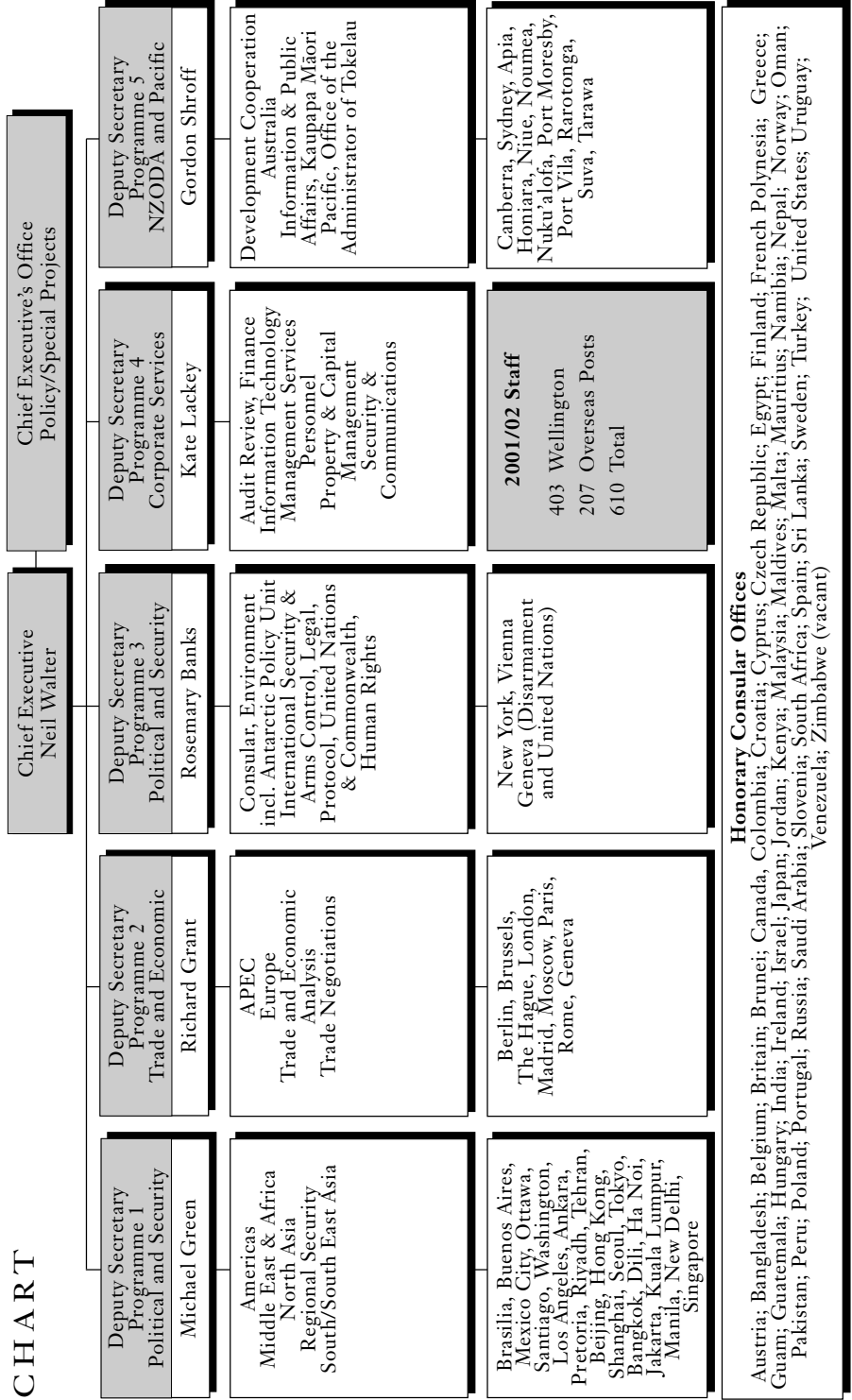
Overseas, Ministry staff work closely with other New Zealand representatives where a coordinated approach helps achieve the Government's objectives.

RESPONSIBLE MINISTERS

The Secretary of Foreign Affairs and Trade is responsible directly to the Minister of Foreign Affairs and Trade, the Minister for Trade Negotiations and the Minister for Disarmament and Arms Control.

The Ministry of Foreign Affairs and Trade's statutory authority is embodied in the Foreign Affairs Act.

ORGANISATION CHART



CROWN ENTITIES

The relationship of the Ministry to crown entities and providers of Non-Departmental Output Classes funded under Vote: Foreign Affairs and Trade is as follows:

New Zealand Antarctic Institute

The Ministry's main responsibilities for the Institute are to assist in the negotiation of the purchase agreement between the Institute and the Minister, manage the budget setting process and provide advice on the Institute's strategic direction and capability.

Trade Development Board

The Minister of Foreign Affairs and Trade has delegated the Government's responsibilities in relation to Trade New Zealand to the Minister for Trade Negotiations and the Associate Minister of Foreign Affairs and Trade. Notwithstanding this delegation, the Minister of Foreign Affairs and Trade remains formally accountable to Parliament for all expenditure in the Vote, including expenditure incurred by Trade New Zealand.

Responsibility for the Crown's ownership and purchase interests in Trade New Zealand is split between Ministers: the ownership interest rests with the Minister of Foreign Affairs and Trade; and the purchase interest rests with the Minister for Trade Negotiations and the Associate Minister of Foreign Affairs and Trade.

In relation to the Minister's ownership interest in Trade New Zealand, the Ministry coordinates the appropriation process, monitors Trade New Zealand's financial performance and output pricing/delivery, provides advice on strategic direction and capability and liaises with Trade New Zealand on accountability and compliance issues. The Treasury provides purchase advice to the Minister for Trade Negotiations.

Asia 2000 Foundation of New Zealand

The Ministry acts as purchase adviser and contract manager 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 annually to the Minister.

LEGAL RESPONSIBILITIES

The following Acts are administered by the Ministry of Foreign Affairs and Trade:

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

New Zealand Antarctic Institute Act 1996

New Zealand Export-Import Corporation Dissolution Act 1992

New Zealand Government Property Corporation Act 1953

New Zealand Nuclear Free Zone, Disarmament and Arms Control Act 1987

New Zealand Trade Development Board Act 1988

Niue Act 1966

Niue Constitution Act 1974

Nuclear-Test-Ban Act 1999

Territorial Sea, Contiguous Zone, and Exclusive Economic Zone Act 1977

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 1996. The Ministry also administers a number of statutory regulations made under the above Acts, particularly in the area of United Nations Security Council sanctions, diplomatic privileges and immunities and Tokelau.

TREATIES

The following international agreements were signed, ratified, accepted, approved and acceded to by New Zealand, or entered into force for New Zealand, between 1 July 2001 and 30 June 2002:

Bilateral Treaties

- 1 *Letter of Assist New Zealand/ UNTAET Assist/ 2001-130: Provision of Helicopter Support for UNTAET – 12 February 2001 To 28 February 2002 (and Amendment)*
– Signed at New York on 30 August 2001. Entered into force retroactively 8 February 2001.
- 2 *Letter of Assist New Zealand/ UNTAET Assist/ 2001-52 (UNO) For UNTAET: Provision of Professional Services of Civilian Medical Personnel*
– Signed at New York on 30 August 2001. Entered into force retroactively 6 June 2001.
- 3 *Agreement Between the Government of New Zealand and the Government of the Italian Republic Concerning Air Services*
– Signed at Rome on 12 September 2001.
- 4 *Agreement on a Working Holiday Scheme Between the Government of New Zealand and the Government of the Oriental Republic of Uruguay*
– Signed at Montevideo on 16 November 2001.
- 5 *Agreement on a Working Holiday Scheme Between the Government of New Zealand and the Government of the Argentine Republic*
– Signed at Buenos Aires on 22 November 2001.
- 6 *Agreement Between the Government of New Zealand and the Government of the Russian Federation for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (with Protocol)*
– Signed at Wellington on 5 September 2000. Ratified 10 December 2001.
- 7 *Convention Between New Zealand and the Kingdom of the Netherlands for Mutual Assistance in the Recovery of Tax Claims*
– Signed at Wellington on 20 December 2001

- 8 *Second Protocol Amending the Convention Between the Government of the Kingdom of the Netherlands for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, with Protocol, Signed at the Hague on 15 October 1980*
– Signed at Wellington on 20 December 2001
- 9 *Agreement Between the Government of New Zealand and the Government of the Republic of South Africa for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income*
– Signed at Pretoria on 6 February 2002.
- 10 *Air Services Agreement Between the Government of New Zealand and the Government of the Kingdom of Tonga*
– Signed at Nuku'alofa on 12 February 2002. Entered into force 12 February 2002.
- 11 *Exchange of Notes Amending the Agreement on Social Security Between the Government of Australia and the Government of New Zealand*
– Third Person Notes Canberra 21 February 2002.
- 12 *Protocol Amending the Convention Between the Government of New Zealand and the Government of the Republic of the Philippines for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income*
– Signed at Wellington on 21 February 2002.
- 13 *Air Transport Agreement Between the Government of New Zealand and the Austrian Federal Government*
– Signed at Vienna on 14 March 2002.
- 14 *Agreement Between the Government of New Zealand and the Government of the United States of America for Promotion of Aviation Safety*
– Signed at Washington on 26 March 2002.
- 15 *Agreement Between the Government of New Zealand and the Government of the Federative Republic of Brazil on the Partial Abolition of Visa Requirements*
– Signed at Brasilia 20 November 2001.

- 16 *Agreement Between the Government of New Zealand and the Government of the Federative Republic of Brazil on the Performance of Remunerated Activity by Dependants of Personnel of Diplomatic, Consular, Administrative, Military and Technical Staff*
– Signed at Wellington on 25 October 2001.
- 17 *Air Transport Agreement Between New Zealand and the Kingdom of Spain*
– Signed at Madrid on 6 May 2002.
- 18 *Exchange of Letters Constituting an Agreement Between the Government of New Zealand and the Government of Samoa on Arrangements for a Visit by a New Zealand Defence Force Contingent to Samoa for Tunex Astra 02*
– Signed at Apia on 15 May 2002. Entered into Force 19 May 2002. Expired 29 May 2002.
- 19 *Exchange of Letters Amending the Agreement Between the Government of New Zealand and the Government of Australia Establishing a System for the Development of Joint Food Standards*
– Signed at Canberra/ Wellington on 25 October 2001. Entered into force 1 July 2002

Multilateral Treaties

- 1 *Convention for the Unification of Certain Rules for International Carriage by Air (Montreal Convention)*
– Signed at Montreal 13 July 2001.
- 2 *Convention to ban the Importation into Forum Island Countries of Hazardous and Radioactive Wastes and to Control the Transboundary Movement and Management of Hazardous Wastes Within the South Pacific Region [Waigani Convention]*
– Signed at Port Moresby on 16 September 1995. Ratified on 30 November 2000. Entered into force 21 October 2001.
- 3 *Agreement on the Conservation of Albatrosses and Petrels*
– Signed at Canberra on 19 June 2001. Ratified 1 November 2001.
- 4 *Labour Statistics Convention, 1985 (ILO 160)*
– Ratified 6 November 2001.

- 5 *Universal Postal Convention Final Protocol*
– Ratified 9 November 2001.
- 6 *Sixth Additional Protocol to the Constitution of the Universal Postal Union*
– Ratified 9 November 2001.
- 7 *Pacific Agreement on Closer Economic Relations*
– Signed at Nauru 18 August 2001. Ratified 21 November 2001.
- 8 *Convention Abolishing the Requirement of Legalisation for Foreign Public Documents*
– Acceded 7 February 2001. Entered into force 22 November 2001.
- 9 *Agreement on Mutual Acceptance of Oenological Practices, with Annex*
– Signed at Toronto on 18 December 2001.
- 10 *Multilateral Agreement on the Liberalization of International Air Transportation*
– Signed at Washington on 1 May 2001. Entered into force 21 December 2001.
- 11 *Protocol to the Multilateral Agreement on the Liberalization of International Air Transportation*
– Signed at Washington on 1 May 2001. Entered into force 21 December 2001.
- 12 *Final Acts of the Plenipotentiary Conference of the International Telecommunication Union: Instruments Amending the Constitution and the Convention of the International Telecommunication Union (Geneva, 1992) As Amended by the Plenipotentiary Conference (Kyoto, 1994)*
– Ratified 18 January 2002.
- 13 *Agreement Concerning the Establishing of Global Technical Regulations for Wheeled Vehicles, Equipment and Parts which can be Fitted and/or be Used on Wheeled Vehicles*
– Acceded 27 November 2001. Entered into force 26 January 2002.
- 14 *Agreement Concerning the Adoption of Uniform Conditions of Approval and Reciprocal Recognition of Approval for Motor Vehicle Equipment and Parts*
– Acceded 27 November 2001. Entered into force 26 January 2002.

- 15 *Statute of the Hague Conference on Private International Law*
– Acceded 5 February 2002. Entered into force 5 February 2002.
- 16 *Optional Protocol to the Convention on the Rights of the Child on the Involvement of Children in Armed Conflict*
– Signed at New York on 7 September 2000. Entered into force 12 February 2002.
- 17 *Agreement Establishing the Pacific Islands Forum Secretariat*
– Signed at Tarawa on 30 October 2000. Ratified 18 February 2002.
- 18 *1988 Protocol to the International Convention on Load Lines, 1966*
– Acceded to on 13 December 2000. Entered into force 6 March 2002.
- 19 *Regulation Nos. 1, 2, 3, 4, 5, 6, 7, 8, 11, 12, 13, 14, 16, 17, 19, 21, 22, 23, 25, 26, 30, 31, 36, 37, 43, 46, 52, 54, 64, 66, 75, 87, 94, 98, 108 and 109 of the Agreement Concerning the Adoption of Uniform Technical Prescriptions for Wheeled Vehicles, Equipment and Parts which can be Fitted and/ or be Used on Wheeled Vehicles and the Conditions for Reciprocal Recognition of Approvals Granted on the Basis of these Prescriptions, Geneva 1958*
– Acceded 18 January 2002. Entered into force 19 March 2002.

MINISTRY PUBLICATIONS 2001/02

Publications produced by the Ministry during 2001/02 included:

Annual Report

Departmental Forecast Report

Diplomatic and Consular List

Overseas Posts

New Zealand in Outline (published in 17 languages)

United Nations Handbook

New Zealand Foreign Affairs and Trade Record (published at two-monthly intervals)

New Zealand Treaty Series

Business Calendar and Files

New Zealand External Trade Statistics

Succeeding in Singapore: Guide to the New Zealand-Singapore Closer Economic

Partnership

China and Taiwan in the WTO: Information for New Zealand Businesses

Newsletters:

Hong Kong Review

Japan Report

Korea Update

Sino File

Pacific Economic and Business Update

Middle East Economic and Business Update

Human Rights

New Zealand Official Development Assistance:

Programme Profiles

Development Business

Development Cooperation

Transitional NZAID Documents:

Policy Statement

Human Rights Policy Statement

Te Kaupapa Tikanga

Towards a Strategy for the Pacific Islands Region

Website:

The Ministry's website (www.mfat.govt.nz) provided further means for external communication.

As at 30 June 2002, eight Post websites had gone 'live' and a further thirteen were in development stage

MANAGEMENT PERFORMANCE

Organisational Development

The Ministry proceeded with the six major projects it had set itself under its programme of Organisational Improvement, which forms part of the Ministry's Business Plan. The plan itself covers a wide variety of work including the Ministry's new IT system, the new building, mid level recruitment, property sales, rationalisation of works of art and streamlining of planning and accountability requirements. Particular focus has been given to direction of effort, outreach and inter-agency coordination. The six major projects, which were worked on by Ministry teams, are:

Project One: Role definition and resource responsibility

This project has sought to define roles at the senior level, clarify management accountabilities and devolve more responsibility for managing resources to deputy secretaries and divisions. This devolution process proved its value when the Ministry needed to make informed decisions to reduce the Ministry's budget deficit by June 2002.

Project Two: Performance Management

The main changes from this project were a new performance management form, new ratings and some streamlining of the advisory process. The new system was introduced for the 2001/2 Performance Appraisal period.

Project Three: A Learning Organisation

This project aims to keep the Ministry open to new ideas and capable of building on lessons learned. Further changes to the Ministry's culture are likely after the Ministry shifts to its new premises.

Project Four: Working Smarter

This project sought to identify "smarter" work practices which would harness the full potential of the Ministry's people, systems and technology. Its report was completed and will be considered by staff after their move to the new building.

Project Five: Cultural Diversity: Treaty and Pacific Islands Interests in the Ministry

This project has been looking at how Māori and Pacific Islands interests are reflected in the Ministry's work and workplace and how the Ministry could improve.

Project Six: The New Building

The Ministry has sought to involve all staff in planning for the move to the new building at 195 Lambton Quay, and in developing new protocols for working in an open plan environment. The building project itself is on track for a smooth transition on Tuesday 10 September.

T r a i n i n g a n d D e v e l o p m e n t

A Training and Development Strategy which clearly links professional development activities to core business objectives is in place. The skills development programme, now devolved out to Programmes to manage, has contributed to improving the Ministry's capacity in the widened key focal areas of trade policy, multilateral diplomacy, regional/bilateral diplomacy, conflict resolution/peacebuilding/good governance and management/specialist capability. Comprehensive training programmes for new staff are in place.

E q u a l E m p l o y m e n t O p p o r t u n i t i e s

The Ministry places emphasis on responsiveness to Māori and to Pacific Peoples, work and family balance, developing an inclusive culture and managing workforce diversity. In consultation with the State Services Commission, targets were set in 2000 for the representation within the Ministry of women, Māori and Pacific Peoples. Good progress has been made towards these targets.

Other activities included a review of the position of Pacific Peoples within the Ministry, ongoing management training on employee diversity; and continued family liaison support. The Ministry continues to negotiate with governments which host New Zealand diplomatic posts over reciprocal employment arrangements for partners, achieving agreements with three governments in the last year.

The Ministry offers a number of scholarships each year for Māori and Pacific students, to assist students in their final year of study and also to encourage students to consider a career in foreign affairs and international trade. This year three Aorere scholarships and three Pacific Peoples scholarships were awarded.

I n f o r m a t i o n T e c h n o l o g y

The Risk Mitigation Project to implement a new technology environment to replace the Ministry's current outdated systems in Wellington and at overseas posts is progressing well. In Wellington all PCs have been replaced and the new system was installed in June 2002. Installation at posts will be completed by the end of 2002. The project complies with the Guidelines for Managing and Monitoring Major IT Projects. The updated IT environment provides a platform from which the Ministry can build on to work smarter and achieve the Government's e-government objectives.

A c c o m m o d a t i o n

Construction and fitout work on the Ministry's new head office in Lambton Tower progressed according to schedule, leaving the Ministry well placed to vacate its existing four Wellington office buildings on schedule in September 2002. Major contracts for supply of furniture and other fittings and services were also on schedule.

Overseas the Ministry owns 49 properties. The five offices the Ministry owns and most of the housing, some of it in purpose-built compounds, are all in the Pacific. These total 70% of Ministry owned properties and reflect the limited rental market in most countries in the Pacific. Most offices (42) are leased and most staff and families live in the 160 leased apartments or houses. Office space and/or housing in 8 posts is rented in properties owned by Treasury as Crown Assets, with \$9.4m currently paid as rent to the Crown. Overall leases cost \$30.14 million.

The Ministry continually reviews the suitability and cost-effectiveness of its property investments. This year eight properties, including three high value properties in London, Hong Kong and New York, were sold. In New York the Head of Mission is moving to a smaller, Ministry-owned, Manhattan apartment. In Hong Kong the Head of Post's apartment was sold and leased

back, and in London the High Commissioner's residence was sold with some of the proceeds retained to buy a smaller Ministry-owned house/apartment. The balance of the proceeds received from the London sale, together with capital freed up from the other property sales, has been returned to the Crown.

An active programme of property maintenance and refurbishment and vehicle fleet management is undertaken each year. From the capital programme, the Ankara, Noumea and Dili offices were reconfigured in 2001/02. The Brasilia office opened. Preparatory work commenced for an office reconfiguration in Madrid and on options for Mexico, Rarotonga and Seoul offices to be considered in 2003. The Ha Noi office moved at the end of its lease in April, to be located in a modern office building. The small Shanghai office was enlarged and refitted. The new High Commission building in Apia neared final completion. Investigatory and design aspects for code compliance and upgrade work required in the Washington D.C. chancery building were progressed. A substantial refurbishment project for the Paris chancery building was commenced, with completion scheduled for January 2003.

FOREIGN AFFAIRS AND TRADE EVENTS 2001/02

JULY 2001

- 1-7 Visit by Chilean Human/Indigenous Rights Delegation
(Wellington, Auckland, Paeroa)
- 1-8 Visit to Pacific by Minister of Foreign Affairs and Trade
(Vanuatu, Solomon Islands, Papua New Guinea)
- 5-6 Australia-New Zealand Consultative Council and Defence
Ministers' Meeting (Melbourne)
- 5-6 CER Officials' Consultations (Canberra)
- 8-11 Visit to Brazil and Mexico by Minister for Disarmament and
Arms Control
- 8-12 Visit to New Zealand by Dr Martin Palouš, Deputy Foreign
Minister of the Czech Republic (Wellington, Auckland)
- 9-11 21st Sanitary/Phytosanitary Committee Meeting (Geneva)
- 9-20 Antarctic Treaty Consultative Meeting (St Petersburg)
- 9-20 UN Conference Meeting on the Illicit Trade in Small Arms
and Light Weapons in All Its Aspects (New York)
- 16-19 NZODA: Programme discussions with Tonga (Nuku'alofa)
- 16-27 International Whaling Commission Annual Meeting
(London)
- 16-27 Sixth Session (resumed) of the Conference of the Parties to
the UN Framework Convention on Climate Change (Bonn)
- 18-20 First Round of Negotiation towards a Hong Kong/
New Zealand Closer Economic Partnership Agreement
(Hong Kong)

- 19-20 Australia-New Zealand Foreign Ministers' Meeting (Sydney)
- 23-24 FAO: South West Pacific Ministers' of Agriculture Meeting (Port Vila)
- 23-27 UN Working Group Meeting on Indigenous Populations (Geneva)
- 24-27 ASEAN Regional Forum and Post Ministerial Conference (Ha Noi)
- 27 July-11 Aug Trade Mission to Latin America led by the Minister for Trade Negotiations (Argentina, Brazil and Chile)
- 28 July - 3 Aug Visit to NZ by Sally Shelton-Colby, OECD Deputy Director General (Wellington, Auckland)
- 30 July - 10 Aug Third Preparatory Committee Meeting for the World Conference Against Racism, Racial Discrimination, Xenophobia and Related Intolerance (Geneva)

AUGUST

- 1-8 Visit to NZ by Fanny Law, Secretary for Education and Manpower for the Hong Kong Administrative Region (Auckland, Wellington)
- 5-8 Visit to NZ by Dr Fawaz Zu'bi, Jordanian Minister for Post and Communications (Wellington, Auckland)
- 6-10 Visit to New Zealand by Fukuoka (Japan) Economic Mission (Wellington, Auckland)
- 13 Papua New Guinea-New Zealand Foreign Ministers' Consultations (Wellington)
- 14-21 Visit to NZ by Paul Neaoutyine, President of the Northern Province Assembly of New Caledonia (Wellington, Taupo, Rotorua, Auckland)
- 15-16 CER Trade Ministers' Meeting (Hunter Valley, Australia)

- 16-21 32nd Pacific Islands Forum and Post Forum Dialogue Partners' Meetings (Nauru)
- 16-20 Visit to NZ by Tan Sri Musa Mohamad, Malaysian Education Minister (Wellington, Auckland)
- 16-24 Third APEC Senior Officials' Meeting (Dalian, China)
- 19-23 Visit to New Zealand by Ministry of Public Security delegation, People's Republic of China (Wellington)
- 19-29 Visit to Hong Kong and Singapore by Graham Kelly, MP
- 26-29 Visit to NZ by Knesset delegation (Auckland, Wellington)
- 27-30 Visit to NZ by the Papua New Guinea Department of National Planning and Monitoring (Wellington, Palmerston North, Hamilton)
- 31 Aug – 7 Sep World Conference Against Racism, Racial Discrimination, Xenophobia and Related Intolerance (Durban)

S E P T E M B E R

- 1-4 Visit to New Zealand by Kyogon Hagiwara, Japanese Senior Defence Vice Minister (Wellington)
- 2-3 Visit to NZ by Japanese Lower House of Representatives delegation (Wellington)
- 2-4 Visit to NZ by Croatian Ministers of Foreign Affairs and Finance (Auckland, Wellington)
- 2-7 Visit to NZ by Zhang Fusen, Justice Minister, People's Republic of China (Christchurch, Wellington, Auckland)
- 3-4 Visit to NZ by Jean-Claude Faure, OECD Development Assistance Committee Chair (Wellington)
- 3-5 Attendance by the Minister for Trade Negotiations at the Cairns Group Agriculture and Trade Ministers Meeting (Punta del Este, Uruguay)

- 5-7 Pacific sub-regional consultations on the World Summit on Sustainable Development (Apia)
- 6-7 10th Pacific Regional Disaster Management Meeting (Auckland)
- 6-9 APEC Finance Ministers Meeting (Sozhou, China)
- 10-14 12th South Pacific Regional Environment Programme Officials' Meeting (Apia)
- 11-13 WTO Working Party Meeting on China's Accession (Geneva)
- 12-14 WTO Working Party Meeting on Taiwan's Accession (Geneva)
- 11 Sep – 21 Dec 56th Session of the United Nations General Assembly (New York)
- 16 ASEAN-CER Economic Ministers Meeting (Ha Noi)
- 17-21 International Atomic Energy Agency (IAEA) General Conference (Vienna)
- 18-19 Forum Aviation Ministers' Meeting (Apia)
- 18-21 Biotechnology Mission to Singapore and Australia led by the Minister of Research Science and Technology
- 18-21 Third Meeting of States Parties to the Ottawa Convention (Managua, Nicaragua)
- 19-21 UN General Assembly Special Session on Children (New York)
- 19-29 Visit to Europe and New York by the Minister of Foreign Affairs and Trade (Brussels, London, Dublin, New York)
- 20 New Zealand-European Commission Agrtrade Talks (Brussels)
- 22-26 Vist to NZ by Dr Supachai Panitchpakdi, WTO Director-General Designate (Christchurch, Wellington, Auckland)
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- 22 Sep – UNHCR: Global Consultations, Standing and Executive
5 Oct Committee Meetings (Geneva)
- 24-27 Second Round of Negotiation towards a Hong Kong/
New Zealand Closer Economic Partnership Agreement
(Auckland)
- 24-28 Preparatory Committee Meeting on the Convention on
Certain Conventional Weapons (Geneva)
- 24-28 Visit to China by the Minister of Education (Tertiary)
(Beijing, Nanjing, Shanghai)
- 25-27 Attendance by Minister of Foreign Affairs and Trade at
Comprehensive Nuclear Test Ban Treaty into Force
Conference (New York)

OCTOBER

- 1-2 New Zealand-Indonesia Joint Commission on Economic
and Trade Relations (Wellington)
- 1-4 Australia Group Plenary Meeting on Chemical and
Biological Weapon Proliferation through Export Licensing
Measures (Paris)
- 1-5 Visit to New Zealand by the Kuwait Parliamentary
Friendship Group (Wellington)
- 1-5 Second Intergovernmental Committee Meeting on the
Cartagena Protocol on Biosafety (Nairobi)
- 1-12 Fifth Conference of Parties to the UN Convention to
Combat Desertification (Geneva)
- 8-12 Eighth Session Rotterdam Convention – Negotiation
Committee Meeting (Rome)
- 8-18 Working Group Meeting on Fish Stock Assessment (WG-
FSA) of Antarctic Finfish (Hobart)
- 9-12 Visit to New Zealand by Ahmed Qurie (Au Ala), Palestinian
Legislative Assembly Speaker (Wellington)

- 11-12 Sustainable Development Committee 10 (CSD10) – Fourth Bureau Meeting (New York)
- 15-16 APEC Informal Senior Officials’ Meeting (Shanghai)
- 15-19 Eighth Meeting of the Commission for the Conservation of Southern Bluefin Tuna (Miyako, Japan)
- 17-18 13th APEC Ministers Meeting (Shanghai)
- 18 Oct – Commission for the Conservation of Antarctic Living
2 Nov Marine Resources (CCAMLR) Meeting (Hobart)
- 20-21 Nineth Informal APEC Economic Leaders’ Meeting (Shanghai)
- 23-26 Korea–New Zealand Forestry Consultations (Wellington)
- 26 WTO Dispute Settlement Appellate Body Hearing on Canada Subsidised Dairy Exports (Geneva)
- 29-30 OECD: Executive Committee in Special Session Meeting (Paris)
- 29 Oct – Visit to New Zealand by Bahrain Ministry of Education
2 Nov delegation (Wellington, Auckland)
- 30 Oct – Visit to Asia by Hon Mark Burdon
10 Nov (Malaysia, Singapore, China)

NOVEMBER

- 5 Forum Fisheries Agency Meeting (Nadi)
- 9-12 Fourth WTO Ministerial Meeting (Doha, Qatar)
- 11-13 Comprehensive Nuclear Test Ban Treaty – Entry into Force Conference (New York)
- 11-14 Visit to NZ by Sam Rainsy, Cambodian Opposition Leader (Auckland, Palmerston North, Wellington)

- 12-16 Seventh Meeting of the Subsidiary Body on Scientific, Technical and Technological Advice for the Convention on Biodiversity (Montreal)
- 14-16 28th Japan/New Zealand Business Council Meeting (Kyoto)
- 14-16 Secretariat of the Pacific Community: 31st Meeting of the Committee of Representatives of Governments and Administrators (Noumea)
- 19 Japan–New Zealand Joint Economic Consultations (Tokyo)
- 19-20 Secretariat of the Pacific Community: Second Meeting of the Conference of the Pacific Community (Noumea)
- 19 Nov – Fifth Review Conference of Parties to the Biological
7 Dec Weapons Convention Meeting (Geneva)
- 20 Japan–New Zealand Foreign Ministry Consultations (Tokyo)
- 22 China–New Zealand Foreign Ministry Consultations (Beijing)
- 25-29 13th Commonwealth Health Ministers’ Meeting (Christchurch)
- 26-30 First Review Meeting of the Global Programme of Action (GPA) for the Protection of the Marine Environment from Land-based Activities (Montreal)
- 27 First Ministerial Review of the Singapore/New Zealand Closer Economic Partnership (Singapore)
- 27-29 World Summit on Sustainable Development: CSD 10 Asia/Pacific Preparatory Meeting (Phnom Penh, Cambodia)
- 28-30 14th General Meeting of the Pacific Economic Cooperation Council (Hong Kong)
- 28 Nov – Visit to Singapore and India by the Minister for
9 Dec Communications and Information Technology

DECEMBER

- 1-9 Visit to New Zealand by José Silva Rodríguez, Director-General of Agriculture, European Commission (various NZ cities)
- 3-7 International Conference on Freshwater (Bonn)
- 3-7 Third Replenishment of the Global Environment Facility (GEF) and GEF Council Meeting (Washington, DC)
- 3-7 China and Taiwan in the WTO: Workshops for New Zealand Businesses (Auckland, Hamilton, Wellington, Christchurch)
- 7 New Zealand–Papua New Guinea Business Council AGM (Auckland)
- 10-11 New Zealand–Nuie Joint Consultative Group Meeting (Wellington)
- 10-14 Second World Assembly on Aging: Preparatory Committee Meeting (New York)
- 11-13 East Timor Donors' Meeting (Oslo)
- 11-21 Second Review Conference of the Convention on Prohibitions or Restrictions on the use of Certain Conventional Weapons (Geneva)
- 12 Pacific Islands Forum 30th Anniversary (Suva)
- 12-16 Visit to Hong Kong by Hon Annette King and Racing Industry Representatives (Hong Kong)
- 15-16 Australia–New Zealand Foreign Ministers' Talks (Queenstown)
- 16-19 Meeting of New World Wine Producers Group (Toronto)
- 17-20 Second World Congress against the Commercial Sexual Exploitation of Children (Yokohama)

- 18-19 Visit to New Zealand by Peter Beattie, Premier of Queensland (Wellington, Auckland)
- 19-21 ASEAN Regional Forum Intersessional Support Group Meeting on Confidence Building Measures (New Delhi)
- 20-21 Visit to NZ by Sir Michael Jay, Permanent Under-Secretary Designate of the British Foreign and Commonwealth Office (Wellington, Auckland)

J A N U A R Y 2 0 0 2

- 13-27 Visit to Latin America by the Minister of Foreign Affairs and Trade (Guatemala City, San Salvador, Havana, Lima)
- 14-25 Working Group Meeting on the Draft Optional Protocol to the Convention Against Torture (Geneva)
- 14-25 Indigenous Peoples Development Conference (Santiago)
- 18-21 Visit by Governor General to Antarctica
- 28 Jan – Ottawa Convention (Mine Ban Treaty) Intersessional
1 Feb Meeting (Geneva)
- 28 Jan – Working Group Meeting on the Draft Declaration of the
8 Feb Rights of Indigenous Peoples (Geneva)
- 28 Jan – World Summit on Sustainable Development: Second
8 Feb Preparatory Meeting (New York)
- 30 Jan – Fifth Round of Negotiation towards a Hong Kong/
1 Feb New Zealand Closer Economic Partnership Agreement (Hong Kong)

F E B R U A R Y

- 4-5 Negotiation of Mutual Legal Assistance Treaty with Singapore (Wellington)
- 4-8 Convention on Biological Diversity: Intersessional Working Group Meeting (Montreal)

- 6-10 Visit by Princess Anne to Antarctica
- 7-8 Meeting to discuss an International Code of Conduct on Ballistic Missile Proliferation (Paris)
- 9-19 Visit to New Zealand by Herman Versteijlen, Head of Dairy Unit, Agriculture Directorate-General of the European Commission
(Auckland, Whangerei, Hawera, Wellington, Christchurch)
- 10-16 Visit to NZ by H.E Prof. Dr Hünsü Gölkalp, Minister of Agriculture, Turkey
(Christchurch, Wellington, Hamilton, Auckland)
- 18 Feb – APEC Senior Officials’ Meetings (Mexico City)
2 Mar
- 24-28 Visit to NZ by Wang Chen, Editor of the People’s Daily, China (Auckland, Wellington, Christchurch)
- 25 Feb – World Assembly on Aging: Preparatory Committee Meeting
1 Mar (New York)
- 25 Feb – Ad Hoc Committee Meeting on the Convention Against
1 Mar Human Cloning (New York)
- 25 Feb – Second Preparatory Conference Meeting on the Western
1 Mar and Central Pacific Fisheries Convention
(Madang, Papua New Guinea)
- 27-28 Regional Ministerial Conference on People Smuggling,
Trafficking in Persons and Related Transnational Crime
(Bali, Indonesia)

MARCH

- 1 Commonwealth Ministerial Group Meeting on Small States
(Coolum, Queensland)
- 2-5 Commonwealth Heads of Government Meeting (CHOGM)
(Coolum, Queensland)

- 3-16 Trade Mission to Northern China led by the Minister for Trade Negotiations (Shanghai, Harbin, Beijing, Dalian, Qingdao)
- 4-15 Commission on the Status of Women (New York)
- 4-15 United Nations Forest Forum (New York)
- 15-18 Visit to New Zealand by Dr Lee In-ho, President of Korea Foundation (Wellington, Auckland)
- 18-22 International Conference on Financing for Development (Monterrey, Mexico)
- 18 Mar – 26 Apr UN: Commission on Human Rights (Geneva)
- 20-23 Visit to NZ by Tang Jiaxuan, Minister of Foreign Affairs, China (Wellington, Rotorua, Auckland)
- 21-22 WTO: Trade and Environment Committee Meeting (Geneva)
- 25-27 Visit to NZ by Dennis McNamara, Deputy Special Representative of the UN Secretary-General, UNTAET (Wellington)
- 25 Mar – 5 Apr World Summit on Sustainable Development: Third Preparatory Meeting (New York)
- 26-28 Visit to Washington and New York by the Prime Minister
- 31 Mar – 9 Apr Visit to UAE, Egypt and Iran by NZ trade delegation led by the Minister for Trade Negotiations

A P R I L

- 3-5 Sister Cities New Zealand 2002 Convention (Blenheim)
- 7-19 Convention on Biological Diversity: Sixth Conference of the Parties (COP6) Meeting (The Hague)
- 8-9 Third Replenishment of the Global Environment Facility Trust Fund Meeting (Copenhagen)

- 8-19 Nuclear Non-Proliferation Treaty: First Preparatory Committee Meeting for the 2005 Review Conference (New York)
- 11-16 Visit to NZ by Wu Guanzheng, Shandong Party Secretary, China (Auckland, Rotorua, Tauranga, Wellington)
- 15 Korea–New Zealand Foreign Ministry Consultations (Wellington)
- 17-19 ASEAN Regional Forum Counter-Terrorism Workshop (Bangkok)
- 19-23 Visit of the Governor-General to Bahrain and Kuwait
- 21 IMF/World Bank Development Committee Meeting (Washington)
- 22 European Commission–New Zealand High Level Consultations (Brussels)
- 22-23 Visit to NZ by Mexican Trade Mission (Wellington, Auckland)
- 22-24 ASEAN Regional Forum Intersessional Support Group Meeting on Confidence Building Measures (Ha Noi)
- 22-26 Third Intergovernmental Committee Meeting on the Cartagena Protocol on Biosafety (The Hague)
- 22-26 APEC: First Ocean-Related Ministerial Meeting (Seoul)
- 23 Taiwan–New Zealand Informal Economic Consultations (Taipei)
- 23 France–New Zealand Political and Military Talks (Paris)
- 24 ASEAN–CER Experts Group Meeting on Closer Economic Partnership (Bangkok)
- 24-26 Visit to Thailand by the Governor-General
- 25 WTO: Russian Accession–Working Party Meeting (Geneva)

- 28 Apr – Visit to New Zealand by Thai Ombudsman, Mr
2 May Soontornpitit (Wellington, Auckland)
- 28 Apr – Visit to New Zealand by Singaporean Trade Delegation
4 May (Wellington, Palmerston North, Auckland)
- 29 Apr – Visit to NZ by Saudi Minister of Commerce, Dr Osama
3 May Faqeeh (Auckland, Wellington, Dunedin, Queenstown,
Christchurch)
- 29 Apr – Visit to Europe by the Minister of Foreign Affairs and Trade
12 May (Bosnia, Croatia, Italy, Spain, Poland, Czech Republic)
- 30 Apr-1 May Visit to New Zealand by APEC SOM Chair
(Auckland, Wellington)

M A Y

- 1-3 Forum for East Asian-Latin American Cooperation
Political/Cultural Working Group Meeting (Singapore)
- 2-3 Visit to NZ by Japanese Prime Minister, Koizumi
(Wellington)
- 6-8 WTO: Rules Negotiations Group Meeting (Geneva)
- 7-9 APEC Transport Ministers' Meeting (Lima)
- 12-24 International Whaling Commission Annual Meeting and
Working Groups (Shimonoseki, Japan)
- 13-14 Brazil–New Zealand Political/Economic Consultations
(Wellington)
- 13-17 Visit to New Zealand by Croatian Minister of Agriculture
and Forestry, Bozidar Pankretic
(Christchurch, Wellington, Auckland)
- 13-17 2002 Plenary of the Nuclear Suppliers Group (Prague)
- 13-24 First Session of the UN Permanent Forum on Indigenous
Peoples (New York)

- 15-25 APEC Senior Officials' Meeting (SOM II) and Related Meetings (Merida, Mexico)
- 18-20 New Zealand Delegation led by the Prime Minister to attend East Timor Independence Celebrations (Dili)
- 19-23 Visit to Europe by the Minister for Trade Negotiations (London, Copenhagen, Brussels)
- 20-22 NZODA-Niue Annual Bilateral Talks (Niue)
- 20-24 Visit to NZ by Eileen Claussen, President of the Pew Centre on Global Climate Change (Auckland, Wellington, Christchurch)
- 22-23 New Zealand-Niue Joint Consultative Group Meeting (Niue)
- 23-27 NZ Delegation for NZ/US Trade and Investment Framework Agreement talks led by the Minister for Trade Negotiations (Washington)
- 23 May – Visit to Latin America by the Secretary of Foreign Affairs and Trade (Uruguay, Argentina, Chile, Brazil, Peru, Mexico)
- 17 Jun
- 27-31 Fifth APEC Ministerial Telecommunications and Industries Meeting (Shanghai)
- 27 May –7 Jun World Summit on Sustainable Development: Final Preparatory Meeting (Bali)
- 28-31 Prime Minister's Economic Mission to Australia (Sydney, Melbourne, Brisbane)
- 29-30 APEC Trade Ministers' Meeting (Puerto Vallarta)
- 29-30 WTO Market Access Seminar (Geneva)

J U N E

- 2-6 Visit to New Zealand by delegation led by Guo Jinlong, Chinese Communist Party Secretary for the Tibetan Autonomous Region (Auckland, Rotorua, Wellington)
-

- 3 South Pacific Board for Educational Assessment Issues Meeting (Tonga)
- 3-5 ASEAN-New Zealand Dialogue Meeting (Singapore)
- 3-6 Australia Group Plenary Meeting on Chemical and Biological Weapon Proliferation through Export Licensing Measures (Paris)
- 3-7 NZODA consultations with Tonga (Nuku'alofa)
- 3-14 Meeting of Subsidiary Bodies of the UN Framework Convention on Climate Change (Bonn)
- 9-10 Visit to NZ by the Greek President, Costantinos Stephanopoulos (Wellington)
- 17 Architects: Mutual Recognition Agreement Negotiations with Singapore (Singapore)
- 17-21 WTO: Russian Accession–Working Party Meeting (Geneva)
- 19, 21 WTO: India: Trade Policy Review (Geneva)
- 20 Joint Trade and Economic Commission Consultations with China (Beijing)
- 24-27 Intersessional Meeting on the Permanent Secretariat for the Antarctic Treaty (Buenos Aires)
- 25 Korea-New Zealand Joint Economic Committee Meeting (Wellington)
- 25-28 WTO: Council Meeting and Special Session on Trade Related Aspects of Intellectual Property Rights (Geneva)

This is the last time this information will be included within the Ministry's Annual Report. A Diary of Events is available on the Ministry website, updated fortnightly. (www.mfat.govt.nz)

GOVERNMENT GOALS AND OUTCOME STATEMENTS

The Ministry's work contributes to the government's key goals of:

strengthening national identity and upholding the principles of the Treaty of Waitangi

growing an inclusive, innovative economy for the benefit of all

protecting and enhancing the environment

restoring trust in government

Ministry effort was directed to the achievement of the following outcomes as set out in the 2001/02 Estimates:

<i>Output Class</i>	<i>Principal Related Outcomes</i>
D1 Policy Advice and Representation: Other Countries	New Zealand's interests are protected and advanced through a range of active bilateral and regional relationships.
D2 Policy Advice and Representation: International Institutions	New Zealand's interests are protected and advanced through a range of multilateral mechanisms.
D3 Management of New Zealand Official Development Assistance	New Zealand development programmes are delivered to partners according to agreed principles.
D4 Consular Services	New Zealanders overseas are provided with appropriate support and assistance.
D5 Services for Other New Zealand Agencies Overseas	Agency services are delivered effectively through New Zealand's representation overseas.
D6 Administration of Diplomatic Privileges and Immunities	As for Output Class D1.
D7 Promotional Activities: Other Countries	As for Output Class D1.

PERFORMANCE OF THE MINISTRY

STATEMENT OF RESPONSIBILITY

In terms of sections 35 and 37 of the Public Finance Act 1989, I am responsible, as Chief Executive of the Ministry of Foreign Affairs and Trade, for the preparation of the Ministry's financial statements and the judgements made in the process of producing those statements.

I have the responsibility of establishing and maintaining, and I have established and maintained, a system of internal control procedures that provides reasonable assurance as to the integrity and reliability of financial reporting.

In my opinion, these financial statements fairly reflect the financial position and operations of the Ministry for the year ended 30 June 2002.



N. D. Walter
Chief Executive

Countersigned by:



P.A. Goulin
Director of Finance

6 September 2002



Audit New Zealand

REPORT OF THE AUDITOR-GENERAL

TO THE READERS OF THE FINANCIAL STATEMENTS OF THE MINISTRY OF FOREIGN AFFAIRS AND TRADE FOR THE YEAR ENDED 30 June 2002.

We have audited the financial statements on pages 59 to 121. The financial statements provide information about the past financial and service performance of the Ministry of Foreign Affairs and Trade and its financial position as at 30 June 2002. This information is stated in accordance with the accounting policies set out on pages 87 to 92.

Responsibilities of the Chief Executive

The Public Finance Act 1989 requires the Chief Executive to prepare financial statements in accordance with generally accepted accounting practice in New Zealand that fairly reflect the financial position of the Ministry of Foreign Affairs and Trade as at 30 June 2002, the results of its operations and cash flows and service performance achievements for the year ended on that date.

Auditor's responsibilities

Section 15 of the Public Audit Act 2001 and section 38(1) of the Public Finance Act 1989 require the Auditor-General to audit the financial statements presented by the Chief Executive. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and report that opinion to you.

The Auditor-General has appointed A J Shaw, of Audit New Zealand, to undertake the audit.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Chief Executive in the preparation of the financial statements; *and*
- whether the accounting policies are appropriate to the Ministry of Foreign Affairs and Trade's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with the Auditing Standards published by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have performed assurance-related assignments in the areas of risk management and tender assurance reviews for the Ministry of Foreign Affairs and Trade. Other than these assignments, and in our capacity as auditor acting on behalf of the Auditor-General, we have no relationship with or interests in the Ministry of Foreign Affairs and Trade.

Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion the financial statements of the Ministry of Foreign Affairs and Trade on pages 59 to 121:

- Comply with generally accepted accounting practice; *and*
- fairly reflect:
 - the Ministry of Foreign Affairs and Trade's financial position as at 30 June 2002

- the results of its operations and cash flows for the year ended on that date *and*
- the service performance achievements in relation to the performance targets and other measures set out in the forecast financial statements for the year ended on that date.

Our audit was completed on 6 September 2002 and our unqualified opinion is expressed as at that date.



A J Shaw

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand

STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2002

The Ministry was contracted by the Minister of Foreign Affairs and Trade to produce seven output classes:

- D1 Policy Advice and Representation : Other Countries
- D2 Policy Advice and Representation : International Institutions
- D3 Management of New Zealand Official Development Assistance
- D4 Consular Services
- D5 Services for Other New Zealand Agencies Overseas
- D6 Administration of Diplomatic Privileges and Immunities
- D7 Promotional Activities: Other Countries

The Government's Key Goals, the Ministry's Key Priorities and Outcome Statements formed the basis for Ministry planning for 2001/02 and the framework for the definition of operational objectives, activities, related performance measures and resource allocations by divisions and posts within the Ministry.

The Ministry uses a comprehensive set of management documents, systems and procedures to deliver service performance and quality assurance. These include:

- Business Plan
- Strategic Framework
- Unit Operational Plans – priorities, action steps, performance measures
- Performance Management System
- Code of Conduct
- Framework for Responsiveness to Māori

- Guidelines for Consultation with Māori
- Procedures for NZODA Management
- Consular Instructions
- Security Instructions
- Guidelines for Post Management of Agency Service Operations
- Overseas Property Manual
- Guidelines and Instructions in Financial Management
- Financial Management Information Systems User Manuals
- Foreign Exchange Management Policy
- Fixed Assets and Depreciation Policy
- Tax Policy and Procedures
- Guidelines for Employing Consultants
- Manual of Purchasing Policies and Procedures
- Records Management Standards
- Travel Arrangers' Guide
- Style Book
- Guidelines: Official Information Act
- Employee Diversity Strategy
- Workplace Harassment Policy
- Guidelines for New Zealand Honorary Consuls
- Civil Defence Emergency Response Plan
- Guide to Delegations
- Guidelines for the Diplomatic and Consular Corps in New Zealand
- Training and Development Programme management document
- Protected Disclosures Policy and Procedures

The Ministry has in place planning and evaluation systems which ensure that outputs in all classes are delivered to agreed specifications. Evaluation of unit operational plans and individual performance management reviews are carried out six-monthly.

Interaction with Ministers orally and in writing is ongoing. Consultation included presentation of analyses of international and domestic developments with implications for New Zealand's international interests and advice on responses. Weekly summaries of developments affecting New Zealand's foreign affairs and trade interests were provided and the Chief Executive reported six-monthly to the Minister on achievements. Responses from Ministers indicated they were satisfied with the Ministry's performance.

Service performance is set out under each output class. The Ministry provided a range of services dealing with domestic and collective interests that relate to all its outputs. These included:

- Provision of a "New Zealand Treaty List" publication;
- Answering treaty enquiries from a wide range of enquirers;
- Providing advice on law papers and legislative proposals;
- Maintaining a business communications programme with speeches, calls, and publication of a Business Calendar and Business Files;
- Provision of media information services, management of an archival project and assistance with academic research.

More comprehensive descriptions of output classes are set out in the Ministry's 2001-02 Estimates of Appropriation and the Departmental Forecast Report.

OUTPUT CLASS D1: POLICY ADVICE AND REPRESENTATION: OTHER COUNTRIES

This output class is concerned with policy advice and activities directed to the management of New Zealand's foreign affairs and trade relations with other countries, including individual country relationships and regional organisations of significance to New Zealand.

Performance

Relations were managed at levels and according to priorities agreed with Ministers. Priorities agreed with Ministers were translated into work programmes for each unit in the Ministry. Performance of planned activities included:

Area of Focus	Achievements
Working in cooperation with external partners and in regional groupings to resolve conflict, promote good governance and advance development, particularly in East Timor, Solomon Islands, Fiji and Papua New Guinea	<p>– Active involvement in Forum Regional Security Committee meeting promoting adherence to Biketawa principles, and stronger regional response to transnational crime.</p> <p>East Timor: Organisation of NZ election observer team & ministerial visit; participation in Donors' Conference (agreement in July on 4 year \$10m NZODA programme); Prime Ministerial delegation for independence celebrations; close working bilateral relations with Australia, other countries and relevant UN officials (UNTAET and UNMISSET) with cooperative lobbying for successful outcome to 31 October UN Security Council debate.</p> <p>Solomon Islands: Provided support and cooperation with Australia to ensure credible elections held, with good</p>

Area of Focus	Achievements
	<p>governance and economic development promoted, particularly in relation to policing, law and justice and other security matters (eg. International Peace Monitoring Team).</p> <p>Fiji: Support provided for Fiji elections; sanctions policy adjusted in concert with Commonwealth.</p> <p>Papua New Guinea: Ongoing active support of the Peace Monitoring Group (PMG) in Bougainville with good progress made in weapons containment. Continuing engagement with Papua New Guinea government on legislative changes required for enhanced autonomy for Bougainville.</p>
<p>Monitor developments in Indonesia, managing their effects on the bilateral relationship, and engaging in appropriate dialogue in bilateral and regional settings to encourage Indonesia towards peaceful resolution of its internal conflicts</p>	<p>– PM’s and Minister’s visits to Jakarta built upon 2001 visit by former President Wahid. Visit to NZ by Foreign Minister Wirajuda provided an opportunity to demonstrate support for Indonesian efforts to address its problems and reinforce NZ expectations of Indonesia in areas such as governance reform and human rights.</p> <p>– Engagement in international/regional issues with people smuggling and the campaign against terrorism adding new dimensions to the bilateral relationship.</p>
<p>Develop constructive linkages with new governments in the region (Thailand, The Philippines and elsewhere)</p>	<p>– Good links with new Japan Government.</p> <p>– Rapport established with new Administrations in Thailand and the Philippines.</p>

Area of Focus	Achievements
<p>Undertake effective dialogue with Australia on topical issues (eg. Defence capability, CER matters) to strengthen the bilateral relationship, and advance the pursuit of common interests</p>	<ul style="list-style-type: none"> - Successful Economic mission led by Prime Minister in May 2002. - Effective dialogue maintained at PM and senior Minister level (Foreign Affairs, Defence, Finance & Trade) on all issues, contributing to handling the difficult airlines and Australian Stock exchange rule change issues. - Inaugural bilateral talks with Australian officials on international environment and Antarctic matters held. Continental shelf delimitation negotiations are underway. - Close consultation with Australia over topical issues such as Russia's WTO accession negotiations, regional refugee issues and all Pacific issues, particularly the Solomon Islands. - Continued liaison with Australian agencies on common interest issues, including food safety (beef import regime to protect against BSE). New model for establishment of Trans Tasman Therapeutics Agency identified.
<p>Implementing outcomes of the Pacific Policy review</p>	<ul style="list-style-type: none"> - Key elements of strategic framework approved by Cabinet as template to guide interventions in the region. - All interventions in the region measured against agreed framework elements.

Area of Focus	Achievements
<p>Promote further development in the constitutional and good governance areas with Niue and Tokelau</p>	<ul style="list-style-type: none"> -Discussions underway on provision of sustainable air services to Niue. Phase one of Niue “Living Community” study on governance and service delivery completed with consultations held. -Initiated draft Tokelau/NZ relationship framework. One village, Nukunonu, accomplished transition to a strengthened village based governance system under the “Modern House of Tokelau” project. Collaborative efforts to assist the other two villages continue.
<p>Progressing the Latin America strategy, including opening an Embassy in Brazil</p>	<ul style="list-style-type: none"> -Successful Prime Ministerial, Minister of Foreign Affairs and Trade and CEO visits to Latin American countries for foreign policy and trade discussions. -Brasilia Embassy opened on schedule and fully operational. Comprehensive support provided after death of Sir Peter Blake. Brazilian Foreign Affairs undersecretary visits NZ for Foreign Policy discussions. -Conclusion of bilateral agreements (eg. Visa Waiver and Science and Technology with Brazil, Sanitary/Phyiotsanitary agreement signed with Peru) with negotiations well advanced on Double Taxation and Science and Technology Agreements with Chile. -Significant progress made with Chilean Government with terms of reference agreed for NZ/Singapore/Chile “P3” negotiations. Possibility of commencing CEP study with Mexico on agenda.

Area of Focus	Achievements
	<ul style="list-style-type: none"> - Latin America Strategy Fund sponsored science and education group to a Forum for East Asia Latin America Cooperation (FEALAC) meeting. - NZ participation at indigenous peoples workshop in Chile.
<p>Working to progress trade linkages with key trading partners, including the US, on a bilateral and plurilateral basis</p>	<ul style="list-style-type: none"> - NZ continued to build political support for a bilateral FTA with the US in Washington amongst key Administration figures, members of Congress and the US and NZ business community. PM's visit added significantly to NZ's case, as did MTN's visit to Washington in May, where talks on trade and agricultural issues were held with the Administration. - Ministerial review of the NZ/Singapore CEP concluded. - New levels of economic engagement pursued with Korea and Japan. Key sectors of these trading relationships progressed, including through the milestone visit of Japanese Prime Minister Koizumi. - Unimpeded access for New Zealand exports sought in the significant North Asian markets with progress made in relation to timber standards, sliced deer and velvet to Korea. China WTO negotiations, including tariff quota arrangements for wool, concluded. - NZ/EU trade access issues pursued by NZ Ministers with the EU Presidency. Issues also raised in NZ/EU senior officials talks,

Area of Focus	Achievements
	<p>April 2002. Positive AgTrade talks held in September 2001.</p> <p>– Pacific Agreement on Closer Economic Relations signed at Nauru Forum; NZ ratification completed.</p>
<p>Negotiating to achieve a new bilateral economic partnership with Hong Kong</p>	<p>– New Zealand positions developed and pursued on services, subsidies, labour and environment Progress made in Closer Economic Partnership (CEP) negotiations, but Rules of Origin the main sticking point to conclusion of comprehensive agreement.</p>
<p>Undertaking consultation within New Zealand on labour and environment issues in the context of trade negotiations, to promote greater community awareness of trade policy issues, and to provide for policy advice to more fully reflect differing views in the community; incorporating labour and environment issues within negotiations of trade agreements</p>	<p>– Policy and negotiating frameworks on trade and labour issues and trade and environment issues developed, approved by Cabinet.</p> <p>– Consultative network re-established on trade and environment; regular consultations established with CTU covering WTO Round and sector specific negotiations; positions on environment and labour for Doha Ministerial Conference developed in consultation with all interested parties, including government agencies, unions, NGOs; union and environment representatives included in NZ delegation to Doha – and played a full role.</p> <p>– Understanding reached with Hong Kong that dialogue on labour issues is a requirement for a CEP.</p> <p>– Comprehensive programme of consultations undertaken to promote greater community awareness of trade policy issues.</p>

Area of Focus	Achievements
	<ul style="list-style-type: none"> -References to sustainable development secured in APEC Leaders' Declaration -Work to ensure a coherent national position on trade and environment developed and progressed for World Summit on Sustainable development (WSSD). Regular meetings held with CTU to ensure labour dimension addressed in NZ positions on WTO issues. -Submissions called for and meetings with business people held prior to bilateral trade talks with Taiwan and China. WTO accession seminars on China and Taiwan in Auckland, Wellington and Christchurch. Seminar on Korea organised with Canterbury Chamber. -Regular participation in regional business council meetings and regular consultation with senior business people involved in key export markets.
<p>Liaising closely with the EU and the US on evolving positions concerning labour and the environment, as well as the WTO</p>	<ul style="list-style-type: none"> -Consultations on labour with the EU and US regarding the WTO Ministerial declaration. -Productive Ministerial discussions undertaken with EU Presidency, UK Secretary of State for the Environment, Beckett, and members of the Parliamentary Committee on environmental issues.

Area of Focus	Achievements
<p>Maintaining and enhancing relationship with the New Zealand Trade Development Board, so that direction of effort is coordinated and synergies are produced to the benefit of New Zealand business</p>	<ul style="list-style-type: none"> - Close liaison and good working relationships maintained between the Ministry and TradeNZ at all posts. - China access issues and Japan ‘new level of engagement’ notable examples of joint cooperation. Strong Links between European posts and TradeNZ in Milan, in relation to the Americas Cup challenge. - Coordination and liaison with TradeNZ and Investment NZ to prepare investment strategies and briefings in preparation for PM’s visit to Europe and Economic Mission to Australia.
<p>Continuing active support for the launch of AFTA/CER</p>	<ul style="list-style-type: none"> - Endorsement of AFTA/CER Closer Economic Partnership framework by Trade Ministers at September meeting.
<p>Working to build broad consensus among APEC member countries to give impetus to launch of WTO round</p>	<ul style="list-style-type: none"> - Support from APEC Economic Leaders in Shanghai for launching new WTO Round a key element in the 2001 Leaders Declaration. This was reaffirmed at the APEC Trade Ministers meeting in the Statement of the Chair, Puerto Vallarta, Mexico, May 2002. - Agreement of “Shanghai Accord” included measures which will give further impetus to liberalisation within the region, and is likely to have positive flow-into multilateral negotiations. - Worked in close cooperation with WTO members of APEC in Geneva and Doha in securing broader WTO consensus

Area of Focus	Achievements
Using APEC meetings in China to develop relationships between New Zealand Ministers and other key players to advance New Zealand's bilateral and regional economic interests	<ul style="list-style-type: none"> <li data-bbox="482 269 981 424">–Productive Prime Ministerial and other Ministerial meetings in Shanghai in October laid the foundations for NZ to further register its interest in a Free Trade <li data-bbox="482 451 981 606">–Agreement with the US during the PM's visit. Agreement in principle from Australia to join "P3" discussions among NZ, Singapore, and Chile. <li data-bbox="482 633 981 788">–A number of APEC members have expressed interest in the CEP concept during the Trade Ministers Meeting in May.

The Ministry informed and advised the Government on individual relations with implications for New Zealand and the New Zealand response to these as they occurred. This also involved consultation with the New Zealand business community and other interest groups as well as other departments and government agencies. Advice was also provided on domestic developments with potentially significant implications for New Zealand's foreign affairs and trade interests, existing policy guidelines and the representation of New Zealand's interests overseas. Representation of the Government's position was undertaken both overseas and in New Zealand as and when required. Briefing was provided for Ministers for visits and meetings which occurred during the year.

Quality assurance measures implemented by managers included directing the completion of work, ensuring deadlines were met and controlling quality either directly or through delegation procedures. This was backed up by Senior Management oversight of unit and staff performance related to individual and unit operational plans.

Work on operational and strategic objectives was carried out within relevant timeframes and agreed deadlines for particular work were met. Where deadlines needed to be adjusted to take account of unforeseen

developments this was decided by Senior Management, in consultation with Ministers as necessary.

Appropriate and well-presented responses to Parliamentary Questions and *Official Information Act* requests were prepared to agreed quality standards and timeframes.

Responses to Ministerial correspondence were prepared to agreed quality standards.

The Minister's satisfaction with output delivery will be measured in the following ways:

- Confirmation of Ministerial satisfaction through ongoing regular dialogue between Senior Management and Ministers;
- Formal feedback from the Minister through a six monthly assessment of the quality of advice and reporting (including replies to the Ministerial correspondence, parliamentary questions and Official Information Act requests).

Formal feedback indicated that the Minister was satisfied with quality standards.

FINANCIAL PERFORMANCE (Figures are GST exclusive)

30/6/01		30/6/02	30/6/02	30/6/02
			MAIN	SUPP.
ACTUAL		ACTUAL	ESTIMATES	ESTIMATES
\$000		\$000	\$000	\$000
	REVENUE			
118,478	- CROWN	124,995	127,141	124,995
393	- OTHER	1,064	420	1,120
118,871	TOTAL REVENUE	126,059	127,561	126,115
	EXPENSES			
118,769	- ANNUAL APPROPRIATIONS	107,636	127,276	108,097
235	- OTHER APPROPRIATIONS	275	285	278
119,004	TOTAL EXPENSES	107,911	127,561	108,375
(133)	NET SURPLUS/(DEFICIT)	18,148	0	17,740

OUTPUT CLASS D2: POLICY ADVICE AND REPRESENTATION: INTERNATIONAL INSTITUTIONS

This output class is concerned with policy advice and representation activities directed to the management of New Zealand's membership of, and interests in, international institutions. This includes areas of multilateral cooperation to which the Government has decided to give special attention such as international trade, disarmament, human rights and international environmental issues. The organisations include the United Nations and its associated institutions, the Commonwealth and its associated institutions, the World Trade Organisation, the OECD, international disarmament and environment fora, and other international institutions.

Performance

Interests were managed taking into account the obligations of institutional membership, at levels and according to priorities agreed with Ministers. Priorities agreed with Ministers were translated into work programmes for each unit in the Ministry. Performance of planned activities included:

Area of Focus	Achievements
Pursuing resumed multilateral trade negotiations under the WTO	<ul style="list-style-type: none"> -Successful WTO cases against the US on lamb safeguard measures and Canada on Dairy subsidies. -Close liaison and useful exchanges maintained with EU contacts in lead-up to Doha WTO launch. -New round launched at Doha Ministerial conference, incorporating fully NZ objectives and priorities in the negotiating mandate.

Area of Focus	Achievements
<p>Incorporating outreach and consultative activities within policy development on global issues, such as the environment, disarmament and human rights, to promote greater community awareness and to provide for policy advice to more fully reflect differing views in the community on these issues</p>	<p>Human Rights: Strong NZ contributions, informed by substantial domestic consultation, to multilateral consideration of key human rights issues, notably indigenous peoples, racism, children's rights, at key fora, including UNGA Third Committee, World Conference Against Racism and preparations for UNGA Special Session on Children. Managed ratification process of Optional Protocol on children in armed conflict</p> <p>Disarmament: New initiatives for disarmament policy undertaken with outreach to Parliamentary Committee on Disarmament and Arms Control (PACDAC) and also to business, universities and NGO's.</p> <p>Environment: Consultations held with business community, local government, agriculture representatives, NGOs, union representatives and academics to explain and develop policy on issues such as climate change, sustainable development and bio-diversity; NGOs, industry and academic representatives included in delegations to some international meetings.</p> <p>–Consultation held with NGOs and Māori representatives on whales and new Antarctic strategic interests.</p>

Area of Focus	Achievements
Maintaining and developing New Zealand interests in international climate change negotiations and preparation for the World Summit on Sustainable Development	<ul style="list-style-type: none"> - New Zealand interests advanced through participation in Pacific and Asia/Pacific preparatory meetings for World Summit on Sustainable Development - Ministerial visits and UN fora used to promote New Zealand's views on sustainable development. - Rules by which the Kyoto Protocol will operate finalised at Conference of the Parties (COP7) Convention of Climate Change meeting, clearing the way for NZ to move to ratification. Active role played by NZ in securing agreement on these issues
Promoting New Zealand interests in international environment and conservation issues, including on whales, ocean issues and Antarctica	<ul style="list-style-type: none"> - Successful outcomes achieved at Convention for the Conservation of Antarctic Marine Living Resources (CCAMLR) meeting; seabird bycatch measures extended to other areas in Antarctic waters outside Western Ross Sea, strengthened catch documentation scheme and measures for dealing with non-cooperation by non-contracting parties. - New Zealand access to fisheries in the Western and Eastern Ross Sea and other areas secured. - Significant progress made on liability issues at Antarctic Treaty Consultative meeting in July with agreement to establish new Treaty Secretariat.

Area of Focus	Achievements
	– Consolidated progress made in Convention on the Conservation of Southern Bluefin Tuna (CCSBT) with accession of Korea and advances made with Taiwan.
Sustain New Zealand influence in multilateral nuclear disarmament efforts through the New Agenda and Southern Hemisphere initiatives	– New Agenda and Southern Hemisphere initiatives pressed by Minister for Disarmament and Arms Control during visits to Brazil and Mexico in July 2001; reinforcing of New Agenda through preparation for New Agenda group Ministerial communiqué and collaboration at the 56 th UN General Assembly.

The Ministry informed and advised the Government on New Zealand interests in individual institutions and representation of the Government's position was undertaken as and when required. Briefing was provided to Ministers for relevant conferences and meetings.

Quality assurance measures implemented by managers included directing the completion of work, ensuring deadlines were met and controlling quality either directly or through delegation procedures. This was backed up by Senior Management oversight of unit and staff performance related to individual and unit operational plans.

Work on operational and strategic objectives was carried out within relevant timeframes and agreed deadlines for particular work were met. Where deadlines needed to be adjusted to take account of unforeseen developments this was decided by Senior Management, in consultation with Ministers as necessary.

Appropriate and well-presented responses to Parliamentary Questions and *Official Information Act* requests were prepared to agreed quality standards and timeframes.

Responses to Ministerial correspondence were prepared to agreed quality standards.

The Minister's satisfaction with output delivery will be measured in the following ways:

- Confirmation of Ministerial satisfaction through ongoing regular dialogue between Senior Management and Ministers;
- Formal feedback from the Minister through a six monthly assessment of the quality of advice and reporting (including replies to the Ministerial correspondence, parliamentary questions and Official Information Act requests).

Formal feedback indicated that the Minister was satisfied with quality standards.

FINANCIAL PERFORMANCE (Figures are GST exclusive)

<i>30/6/01</i>		<i>30/6/02</i>	<i>30/6/02</i>	<i>30/6/02</i>
<i>ACTUAL</i>		<i>ACTUAL</i>	<i>ESTIMATES</i>	<i>ESTIMATES</i>
<i>\$000</i>		<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
	REVENUE			
26,497	- CROWN	29,695	27,461	29,695
0	- OTHER	0	0	0
26,497	<i>TOTAL REVENUE</i>	29,695	27,461	29,695
	EXPENSES			
26,418	- ANNUAL APPROPRIATIONS	20,077	27,461	20,054
0	- OTHER APPROPRIATIONS	0	0	0
26,418	<i>TOTAL EXPENSES</i>	20,077	27,461	20,054
79	<i>NET SURPLUS/(DEFICIT)</i>	9,618	0	9,641

OUTPUT CLASS D3: MANAGEMENT OF NEW ZEALAND OFFICIAL DEVELOPMENT ASSISTANCE

This output class involves management of the resources allocated to New Zealand Official Development Assistance (NZODA). Outputs focus on formulation, delivery and evaluation of NZODA programmes in different countries and regions and through multilateral agencies.

The implications of the NZODA Independent Review were addressed by MFAT participation in an inter-agency process that prepared Cabinet papers containing advice on its implementation. Following the Government's decisions on implementation, taken on 10 September 2001, officials in the Development Cooperation Division (DEV) undertook a staffing review, prepared a business case and budget bid and developed core policy, assessment and review documents in accordance with Cabinet and Ministerial timetables. In addition MFAT managed an intensive inter-agency implementation project to complete all necessary machinery of government steps for the establishment of the New Zealand Agency for International Development (NZAID) on 1 July 2002.

Performance

In managing NZODA, Development Cooperation Division:

- Undertook 17 annual programme discussions with bilateral partner countries and regional organisations (2000/01: 18);
- Managed 63 assistance programmes under the bilateral schedule and 38 assistance programmes under the multilateral schedule as defined in New Zealand Official Development Assistance: Programme Profiles (2000/01: 58 bilateral schedule assistance programmes; 40 schedule assistance programmes);
- Managed 133 contracts with service providers to manage NZODA inputs into projects and 22 contracts with educational institutions for the placement and support of students in New Zealand (2000/01: over 80 contracts with service providers; 17 contracts with educational institutions);

- Regularly evaluated NZODA activities, including 9 country strategy, thematic and sectoral reviews (2000/01: 7) and 18 project reviews (2000/01: 23);
- Attendance at the High Level Meeting of the Development Assistance Committee of the OECD (DAC) as well as the attendance at two specialist meetings of the DAC. Eight consultation meetings with other donors, and three meetings with Australia took place. There were three High Level consultations with the World Bank and the Asian Development Bank as well as numerous country and issue specific consultations with the Banks.

Programme proposals were prepared in accordance with the Government's endorsed NZODA Policy Framework and delivered in accordance with Ministerial approval, the Ministry's systems and procedures, and guidelines and standards required by the OECD Development Assistance Committee (DAC). During the year DAC was kept fully informed as the various stages of the NZAID set up took place.

Quality assurance measures implemented by managers included directing the completion of work, ensuring deadlines were met and controlling quality either directly or through delegation procedures. This was backed up by Senior Management oversight of unit and staff performance related to individual and unit operational plans.

Work on operational and strategic objectives was carried out within relevant timeframes and agreed deadlines for particular work were met. Where deadlines needed to be adjusted to take account of unforeseen developments this was decided by Senior Management, in consultation with Ministers as necessary.

The NZODA Annual Review was not published by June due to transition of the Development Cooperation Division to the semi-autonomous body NZAID. The Annual Review covering the eighteen-month period January 2001 to June 2002 will be published during September 2002. The NZODA Programme profiles were published during July 2001.

PERFORMANCE OF THE MINISTRY

FINANCIAL PERFORMANCE (Figures are GST exclusive)

<i>30/6/01</i>		<i>30/6/02</i>	<i>30/6/02</i>	<i>30/6/02</i>
<i>ACTUAL</i>		<i>ACTUAL</i>	<i>MAIN</i>	<i>SUPP.</i>
<i>\$000</i>		<i>\$000</i>	<i>ESTIMATES</i>	<i>ESTIMATES</i>
	REVENUE			
15,296	- CROWN	16,869	16,454	16,869
0	- OTHER	0	0	0
15,296	<i>TOTAL REVENUE</i>	16,869	16,454	16,869
	EXPENSES			
15,294	- ANNUAL APPROPRIATIONS	16,545	16,454	16,437
0	- OTHER APPROPRIATIONS	0	0	
15,294	<i>TOTAL EXPENSES</i>	16,545	16,454	16,437
2	<i>NET SURPLUS/(DEFICIT)</i>	324	0	432

OUTPUT CLASS D4: CONSULAR SERVICES

This output class concerns the provision of consular services for New Zealanders abroad.

Performance

Consular services were provided for New Zealanders abroad, totaling 3,793 cases (3,416 in 2000/01) covering the deceased and distressed, including:

- Lost property 1,928 (2,409 in 2000/01);
- General advice and support 796 (not previously recorded),
- Advances in emergencies 31 (33 in 2000/01),
- Arrests 404 (316 in 2000/01),
- Prisoners assisted 93 (146 in 2000/01),
- Repatriations 5 (1 in 2000/01),
- Deaths 101 (118 in 2000/01),
- Medical 193 (167 in 2000/01),
- Missing persons 120 (146 in 2000/01),
- Child custody/abduction 122 (80 in 2000/01).

Legal or notarial services were provided in 7,321 instances (6,480 in 2000/01) covering affidavits, affirmations, statutory declarations, authentication of documents and provision of documents to facilitate travel.

Services in cases of distress and the deceased were delivered in an efficient and effective manner within the time limits permitted by international and domestic law.

Consular staff responded to requests for assistance within 24 hours of notification.

PERFORMANCE OF THE MINISTRY

FINANCIAL PERFORMANCE (Figures are GST exclusive)

<i>30/6/01</i>		<i>30/6/02</i>	<i>30/6/02</i>	<i>30/6/02</i>
			<i>MAIN</i>	<i>SUPP.</i>
<i>ACTUAL</i>		<i>ACTUAL</i>	<i>ESTIMATES</i>	<i>ESTIMATES</i>
<i>\$000</i>		<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
REVENUE				
4,278	- CROWN	4,488	4,233	4,488
306	- OTHER	352	245	245
4,584	<i>TOTAL REVENUE</i>	4,840	4,478	4,733
EXPENSES				
4,518	- ANNUAL APPROPRIATIONS	4,212	4,478	4,211
0	- OTHER APPROPRIATIONS	0	0	0
4,518	<i>TOTAL EXPENSES</i>	4,212	4,478	4,211
66	<i>NET SURPLUS/(DEFICIT)</i>	628	0	522

OUTPUT CLASS D5: SERVICES FOR OTHER NEW ZEALAND AGENCIES OVERSEAS

This output class involves the provision of a range of services for other New Zealand agencies with overseas interests.

Performance

Agreements were maintained with several agencies (Identity Services, Department of Internal Affairs; the New Zealand Immigration Service, Department of Labour; and the Chief Electoral Office, Ministry of Justice) for the Ministry to undertake work on their behalf offshore.

Agreements were also maintained to deliver administrative services for five other departments working overseas in the Ministry's diplomatic and consular posts, and to the New Zealand Trade Development Board and the New Zealand Tourism Board. These services included accommodation management, provision of receipting and banking facilities and diplomatic facilitation.

An annual fee schedule was negotiated with each agency on a full cost recovery basis; and invoices/payments managed according to this schedule.

Services under these agreements, and other miscellaneous services, were delivered within performance standards as agreed.

FINANCIAL PERFORMANCE (Figures are GST exclusive)

30/6/01		30/6/02	30/6/02 MAIN	30/6/02 SUPP.
ACTUAL		ACTUAL	ESTIMATES	ESTIMATES
\$000		\$000	\$000	\$000
	REVENUE			
0	- CROWN	0	0	0
11,370	- OTHER	11,358	12,022	11,624
11,370	<i>TOTAL REVENUE</i>	11,358	12,022	11,624
	EXPENSES			
11,215	- ANNUAL APPROPRIATIONS	11,357	12,022	11,624
0	- OTHER APPROPRIATIONS	0	0	0
11,215	<i>TOTAL EXPENSES</i>	11,357	12,022	11,624
155	<i>NET SURPLUS/(DEFICIT)</i>	1	0	0

OUTPUT CLASS D6: ADMINISTRATION OF DIPLOMATIC PRIVILEGES AND IMMUNITIES

This output class covers the Governments responsibilities and obligations under the Vienna Conventions on Diplomatic and Consular Relations, the *Diplomatic Privileges and Immunities Act 1968* and the *Consular Privileges and Immunities Act 1971*. Services include:

- the administration and facilitation of privileges and immunities to members of diplomatic and consular corps and their dependants;
- the facilitation, documentation and formalities for the appointment of Ambassadors and High Commissioners and staff of foreign missions in New Zealand, including honorary consuls;
- the provision of host government services to the diplomatic and consular corps, including liaison over diplomatic security, and the publication of diplomatic and consular list;
- the provision of advice to Ministers, diplomatic missions, government agencies and other parties regarding application of diplomatic and consular privileges and immunities in New Zealand.

Performance

- Services involving the administration and facilitation of privileges and immunities to members of diplomatic missions were provided for:

FOREIGN MISSIONS IN WELLINGTON	35
FOREIGN MISSIONS CROSS ACCREDITATIONS FROM OTHER CAPITALS	65
CONSULATES	18
HONORARY CONSULATES	79

- 27 new foreign Heads of Mission were accredited to New Zealand;
- 301 new members of the diplomatic and consular corps and dependents were processed;

- 8 new foreign honorary consuls were appointed to New Zealand;
- privileges and immunities to members of the diplomatic and consular corps were administered in accordance with legislation and in a timely manner;
- agréments for the appointment of Ambassadors and High Commissioners processed within the amended timeframe of one month (as advised to diplomatic corps); staff and dependants arrival processes completed within 4 days;
- host government services provided in accordance with Vienna Conventions and international practice; issues of security handled promptly; programmes of calls for Heads of Mission processed in a timely fashion, within external uncontrollable constraints; and Diplomatic and Consular List published twice a year in April and October;
- accurate and helpful advice regarding privileges and immunities provided on an ongoing basis to Ministers, diplomatic missions, government agencies and other parties.

FINANCIAL PERFORMANCE (Figures are GST exclusive)

30/6/01		30/6/02	30/6/02 MAIN	30/6/02 SUPP.
ACTUAL		ACTUAL	ESTIMATES	ESTIMATES
\$000		\$000	\$000	\$000
REVENUE				
698	- CROWN	725	647	725
0	- OTHER	0	0	0
698	<i>TOTAL REVENUE</i>	725	647	725
EXPENSES				
659	- ANNUAL APPROPRIATIONS	718	647	720
0	- OTHER APPROPRIATIONS	0	0	0
659	<i>TOTAL EXPENSES</i>	718	647	720
39	<i>NET SURPLUS/(DEFICIT)</i>	7	0	5

OUTPUT CLASS D7: PROMOTIONAL ACTIVITIES: OTHER COUNTRIES

This output class concerns services promoting New Zealand to other countries as an attractive market for trade and investment. This involves:

- working with Investment New Zealand to produce generic and specific investment promotional material, for dissemination, in hardcopy, through overseas posts, and electronically via the Investment New Zealand investment website;
- the translation of promotional material into a number of foreign languages;
- supporting New Zealand global marketing activities, particularly in North America;
- promotional activities at relevant overseas posts as part of post's mainstream activities, including through trade and investment seminars and public speaking engagements to be held for inward and outward economic/investment missions, visiting Ministers and officials, and to announce changes in investment/economic policy.

Performance

The Ministry works closely with other agencies working to promote New Zealand offshore as an attractive destination for investment. Interagency cooperation has expanded over the last year with the Ministry actively participating in the North American “virtual team” which brings together on a weekly basis all agencies involved in investment promotion within North America.

The Ministry participated actively in discussions towards the creation of a single investment promotion agency, Investment New Zealand. Once the new agency is up and running, the Ministry looks forward to closer coordination of Ministry investment promotion activities, especially through Posts, with that of the new agency, including the creation of additional “virtual teams” where all agencies work together on a coordinated business plan.

The Ministry coordinated closely with Investment New Zealand on the production of investment promotional material, which was distributed through overseas Posts, when appropriate opportunities arose.

Off-shore the Ministry's Posts were active in promoting inward direct investment. Numerous investment related events/functions were organised in pursuit of FDI objectives. Posts have been particularly active in seeking to take advantage of Lord of the Rings and America's Cup promotion activities for investment promotion.

Twenty-eight potential investors visited New Zealand under the Visiting Investor Programme (VIP) for Investment New Zealand. Posts were involved in supporting at least ten of these visits. Posts were also actively involved in supporting Investment New Zealand identify potential investors, certainly more than 30, although neither organisation has the statistical capacity at present to record all potential investment enquiries.

FINANCIAL PERFORMANCE (Figures are GST exclusive)

30/6/01		30/6/02	30/6/02	30/6/02
ACTUAL		ACTUAL	MAIN	SUPP.
\$000		\$000	ESTIMATES	ESTIMATES
	REVENUE			
631	- CROWN	618	510	618
0	- OTHER	0	0	0
631	<i>TOTAL REVENUE</i>	618	510	618
	EXPENSES			
498	- ANNUAL APPROPRIATIONS	588	510	618
0	- OTHER APPROPRIATIONS	0	0	0
498	<i>TOTAL EXPENSES</i>	588	510	618
133	<i>NET SURPLUS/(DEFICIT)</i>	30	0	0

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2002

REPORTING ENTITY

The Ministry of Foreign Affairs and Trade is a Government Department as defined by section 2 of the Public Finance Act 1989.

These financial statements of the Ministry of Foreign Affairs and Trade are prepared pursuant to section 35 of the Public Finance Act 1989.

In addition, the Ministry has reported Crown activities and trust Monies which it administers.

MEASUREMENT SYSTEM

The financial statements have been prepared on the basis of modified historical cost except for certain items with specific accounting policies outlined below.

ACCOUNTING POLICIES

Budget Figures

The Budget figures are those presented in the budget night Estimates of Expenditure (Main Estimates) as amended by the Supplementary Estimates of Expenditure (Supp. Estimates) and any transfer made by Order in Council under section 5 of the Public Finance Act 1989.

Revenue

The Ministry derives revenue through the provision of outputs to the Crown, for services to third parties, and interest. Such revenue is recognised when earned and is reported in the financial period to which it relates.

Cost Allocation

The Ministry has derived the costs of outputs using a cost allocation system which is outlined below.

Definition of Terms

“Operational Cost Centre” is a unit which produces outputs. All overseas posts and regional and functional divisions in Wellington are operational cost centres.

“Support Service Cost Centre” is a cost unit which provides support services to operational cost centres.

“Output Allocation Factor” is a ratio calculated from an estimate of time each officer spends on producing specified outputs.

“Direct Costs” are those costs directly attributed to outputs.

“Indirect Costs” are those costs attributed directly to operational cost centres.

“Corporate Costs” are those costs of Support Service cost centres attributed to operational cost centres as overhead.

Basis for assigning Corporate costs to Operational Cost Centres

This is a two stage process:

- (i) Reciprocal costing methodology is used to recognise the services provided between Support Services cost centres
- (ii) Corporate Costs are then allocated to the other Operational Cost Centres based on head count.

Corporate Costs account for approximately **17%** (2001 16%)

Basis for allocating Indirect costs to Outputs

Output Allocation Factors are used to allocate indirect costs to outputs

Indirect costs account for approximately **75%** (2001 83%) of the Ministry's costs

Direct costs assigned to outputs

Direct costing is used mainly for Trade Access Support Programmes; Overseas Visitor Programmes and some local staff pension schemes and makes up approximately **8%** (2001 1%) of the Ministry's costs.

Receivables

Receivables are recorded at estimated realisable value, after providing for doubtful debts.

Leases

The Ministry leases office premises, residential accommodation, vehicles and office equipment. As all the risks and ownership are retained by the lessor, these leases are operating leases. Operating lease costs are expensed in equal instalments over the lease term.

Property, Plant and Equipment

Land and buildings are stated at fair value as determined by an independent registered valuer. Fair value is determined using market-based evidence. Land and buildings are revalued every three years. Additions between revaluations are recorded at cost. A desktop revaluation was completed at 31 October 2001.

Works of Art are stated at market value as valued by an independent valuer. Works of Art were revalued at 1 February 2001.

All other assets, other than computer software, which cost more than \$2,000 are capitalised and recorded at cost. Software which costs more than \$5,000 is capitalised and recorded at historic cost.

Depreciation

Depreciation of fixed assets, other than freehold land and Works of Art, is provided on a straight-line basis to allocate the cost of assets over their useful lives. Revalued fixed assets are depreciated on their revalued amount on a straight-line basis over their remaining useful lives. The estimated economic useful lives are:

Buildings	35 to 65 years
Plant and Machinery	10 years
Computer equipment (includes computers, printers and software)	3 to 8 years

Equipment	5 to 20 years
Motor Vehicles	8 years
Furniture and Fittings	6 years 8 months

The cost of leasehold improvements is capitalised and amortised over the expected occupancy of the premises with a minimum of 5 years and a maximum of 20 years.

Provision for Employee Entitlements

Annual leave and Time In Lieu are recognised as they accrue to employees. Long service leave and retirement leave have been calculated on an actuarial basis based on the present value of expected future entitlements.

Foreign Currency

Foreign currency transactions are converted at the New Zealand dollar exchange rate ruling when the foreign currency was purchased. Where a forward exchange contract has been used to establish the price of a transaction then the forward rate specified in that contract is used to convert that transaction to New Zealand dollars. Consequently no exchange gain or loss resulting from the difference between the forward exchange contract rate and the spot exchange rate on date of settlement is recognised.

Monetary assets and liabilities are translated to New Zealand dollars at the closing mid-point exchange rate. The resulting unrealised exchange gain or loss is recognised in the Statement of Financial Performance. Other exchange gains or losses whether realised or unrealised are recognised in the Statement of Financial Performance in the period to which they relate.

As an integrated entity, all foreign non-monetary assets are recorded at the New Zealand dollar equivalent of their purchase cost until they are enhanced or revalued, at which time the value recognised in the financial statements is adjusted accordingly.

Financial Instruments

Revenue and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance. The Ministry enters

into foreign currency forward contracts to hedge foreign currency transactions. Any exposure to gains or losses on these contracts is generally offset by a related loss or gain on the item being hedged.

Apart from foreign currency forward contracts all financial instruments are recognised in the Statement of Financial Position.

Goods and Services Tax (GST)

The Statement of Financial Position is exclusive of GST except for Creditors & Payables and Debtors & Receivables which are GST inclusive. The Statement of Departmental Expenditure and Appropriations and the Statement of Non-Departmental Expenditure and Appropriations contain figures which are GST inclusive where applicable. All other statements are exclusive of GST.

The amount of GST owing to, or owed by the Inland Revenue Department at balance date, being the difference between Output GST and Input GST, is included in Creditors and Payables or Debtors and Receivables (as appropriate).

Taxation

Government Departments are exempt from the payment of income tax in terms of the Income Tax Act 1994. Accordingly, no charge for income tax has been provided for.

Commitments

Future expenses and liabilities to be incurred on contracts that have been entered into at balance date are disclosed as commitments to the extent that they are equally unperformed obligations. Commitments relating to employment contracts are not disclosed.

Contingent Assets and Liabilities

Contingent assets and contingent liabilities are disclosed at the point at which the contingency is evident.

Changes in Accounting Policies

The Ministry has changed its accounting policy for the valuation of land and buildings in order to comply with FRS-3, Property, Plant and Equipment. This standard came into effect for periods ending on or after 31 March 2002. It requires the Ministry to revalue its land and buildings at fair value which has been determined by reference to the highest and best use of those assets. The previous policy had been to determine the fair value of those items by reference to their existing use. This change has not resulted in any material increase or decrease in the value of land and buildings.

All other policies have been applied on a basis consistent with other years.

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2002

30/06/01		NOTES	30/06/02	30/06/02	30/06/02
TOTAL			TOTAL	MAIN	SUPP.
ACTUAL			ACTUAL	ESTIMATES	ESTIMATES
\$000			\$000	\$000	\$000
	REVENUE				
165,878	CROWN		177,390	176,446	177,390
12,069	OTHER	2	12,774	12,687	12,989
795	INTEREST	3	183	430	200
	REVERSAL OF PREVIOUS				
0	REVALUATION WRITE-DOWN	10	28,340	0	28,340
61	GAIN ON SALE OF ASSETS	9	0	0	0
178,803	<i>TOTAL REVENUE</i>		218,687	189,563	218,919
	EXPENDITURE				
72,760	PERSONNEL COSTS	4	78,967	79,098	79,158
48,147	OPERATING COSTS	5	52,582	50,135	52,202
30,295	RENTAL AND LEASING COSTS		34,327	36,706	35,605
13,421	DEPRECIATION	6	10,575	11,888	10,769
12,983	CAPITAL CHARGE	7	12,645	11,306	12,645
0	LOSS ON SALE OF ASSETS	9	652	0	0
177,606	<i>TOTAL OPERATING EXPENSES</i>		189,748	189,133	190,379
1,142	OTHER EXPENSES	8	634	0	634
178,748	<i>TOTAL EXPENSES</i>		190,382	189,133	191,013
55	<i>NET SURPLUS/(DEFICIT)</i>		28,305	430	27,906

*The accompanying accounting policies and notes form part of these financial statements.
For information on major variances against budget refer to Note 1 (page 103)*

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2002

<i>30/6/01</i>		<i>NOTES</i>	<i>30/6/02</i>	<i>30/6/02</i>	<i>30/6/02</i>
<i>ACTUAL</i>			<i>ACTUAL</i>	<i>MAIN</i>	<i>SUPP.</i>
<i>\$000</i>			<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
				<i>ESTIMATES</i>	<i>ESTIMATES</i>
	TAXPAYERS' FUNDS				
124,719	GENERAL FUNDS		125,546	107,219	111,770
516	REVALUATION RESERVES	10	7,604	291	18,339
125,235	<i>TOTAL TAXPAYERS' FUNDS</i>		133,150	107,510	130,109
	REPRESENTED BY:				
	CURRENT ASSETS				
3,609	CASH		20,047	2,000	14,452
12,000	SHORT-TERM DEPOSITS	11	0	7,129	0
5,599	DEBTORS AND RECEIVABLES	12	26,260	819	4,870
3,070	PREPAYMENTS	13	2,477	2,427	3,100
5,710	PROPERTIES INTENDED FOR SALE	15	0	0	0
29,988	<i>TOTAL CURRENT ASSETS</i>		48,784	12,375	22,422
	NON-CURRENT ASSETS				
2,519	DEBTORS AND RECEIVABLES	12	2,476	2,375	2,519
113,275	FIXED ASSETS	14	103,395	112,830	124,982
115,794	<i>TOTAL NON-CURRENT ASSETS</i>		105,871	115,205	127,501
145,782	<i>TOTAL ASSETS</i>		154,655	127,580	149,923
	CURRENT LIABILITIES				
4,278	CREDITORS AND PAYABLES	16	5,494	4,543	4,255
	PROVISION TO PAY SURPLUS TO THE CROWN	17	599	430	200
1,197	PROVISION FOR EMPLOYEE ENTITLEMENTS	18	6,765	7,181	6,684
6,693					
12,168	<i>TOTAL CURRENT LIABILITIES</i>		12,858	12,154	11,139
	NON-CURRENT LIABILITIES				
8,379	PROVISION FOR EMPLOYEE ENTITLEMENTS	18	8,647	7,916	8,675
8,379	<i>TOTAL TERM LIABILITIES</i>		8,647	7,916	8,675
20,547	<i>TOTAL LIABILITIES</i>		21,505	20,070	19,814
125,235	NET ASSETS		133,150	107,510	130,109

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

For information on major variances against budget refer to Note 1 (page 103).

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2002

<i>30/6/01</i>		<i>30/6/02</i>	<i>30/6/02</i>	<i>30/6/02</i>
<i>ACTUAL</i>		<i>ACTUAL</i>	<i>ESTIMATES</i>	<i>ESTIMATES</i>
<i>\$000</i>		<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
	OPERATING ACTIVITIES			
	CASH PROVIDED FROM:			
165,878	SUPPLY OF OUTPUTS – TO CROWN	177,390	176,446	177,390
9,400	– TO CUSTOMERS	8,621	12,687	11,604
796	INTEREST	185	430	202
176,074		186,196	189,563	189,196
	CASH DISBURSED TO:			
72,415	PRODUCE OUTPUTS – PERSONNEL	78,895	79,098	78,862
81,049	– OPERATING	84,774	86,841	87,869
12,983	– CAPITAL CHARGE	12,645	11,306	12,645
166,447		176,314	177,245	179,376
9,627	<i>OPERATING ACTIVITIES NET CASH FLOWS</i>	9,882	12,318	9,820
	INVESTING ACTIVITIES			
	CASH PROVIDED FROM:			
1,708	SALE OF FIXED ASSETS	48,561	29,956	64,781
	CASH DISBURSED FOR:			
8,092	PURCHASE OF FIXED ASSETS	14,545	33,954	33,906
(6,384)	<i>INVESTING ACTIVITIES NET CASH FLOWS</i>	34,016	(3,998)	30,875
	FINANCING ACTIVITIES			
	CASH DISBURSED FOR:			
	REPAYMENT OF CAPITAL TO CROWN (INCORPORATING REPAYMENT OF REVALUATION RESERVE REALIZED)	37,615	17,500	40,655
2,603	PAYMENT OF SURPLUS TO CROWN	1,197	837	1,197
(10,433)	<i>FINANCING ACTIVITIES NET CASH FLOWS</i>	(38,812)	(18,337)	(41,852)
(7,190)	<i>NET DECREASE IN CASH HELD</i>	5,086	(10,017)	(1,157)
22,553	ADD OPENING CASH AND DEPOSITS	15,609	19,146	15,609
	UNREALISED FOREIGN			
246	EXCHANGE GAIN/(LOSS)	(648)	0	0
15,609	<i>CLOSING CASH AND DEPOSITS</i>	20,047	9,129	14,452
	<i>CASH AND DEPOSITS COMPRISES</i>			
3,609	CASH	20,047	2,000	14,452
12,000	SHORT-TERM DEPOSITS	0	7,129	0
15,609		20,047	9,129	14,452

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

PERFORMANCE OF THE MINISTRY

RECONCILIATION OF NET SURPLUS TO NET CASH
FLOW FROM OPERATING ACTIVITIES
FOR THE YEAR ENDED 30 JUNE 2002

30/6/01		30/6/02	30/6/02	30/6/02
ACTUAL		ACTUAL	MAIN	SUPP.
\$000		\$000	ESTIMATES	ESTIMATES
			\$000	\$000
55	NET OPERATING SURPLUS/(DEFICIT)	28,305	430	27,906
	ADD/(LESS) NON-CASH ITEMS			
13,421	DEPRECIATION	10,575	11,888	10,769
	UNREALISED FOREIGN			
(246)	EXCHANGE (GAIN)/LOSS	648	0	0
1,142	OTHER NON-CASH ITEMS	(28,339)	0	(27,706)
14,317	TOTAL NON-CASH ITEMS	(17,116)	11,888	(16,937)
	ADD/(LESS) WORKING			
	CAPITAL MOVEMENTS			
	(INC)/DEC IN DEBTORS AND			
(2,668)	RECEIVABLES	(4,151)	0	969
	(INC)/DEC IN NON-CURRENT			
(144)	DEBTORS AND RECEIVABLES	43	0	0
(643)	(INC)/DEC IN CURRENT PREPAYMENTS	593	0	(30)
(1,574)	INC/(DEC) IN CREDITORS AND PAYABLES	1,216	0	(23)
	INC/(DEC) IN CURRENT EMPLOYEE			
(488)	ENTITLEMENTS	72	0	287
	INC/(DEC) IN NON-CURRENT			
833	EMPLOYEE ENTITLEMENTS	268	0	0
(4,684)	WORKING CAPITAL MOVEMENTS – NET	(1,959)	0	1,203
	ADD/(LESS) INVESTING ACTIVITY ITEMS			
	NET (GAIN)/LOSS ON SALE OF			
(61)	FIXED ASSETS	652	0	0
(61)	TOTAL INVESTING ACTIVITY ITEMS	652	0	0
9,627	OPERATING ACTIVITIES NET CASH FLOWS	9,882	12,318	12,172

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

STATEMENT OF COMMITMENTS
AS AT 30 JUNE 2002

The Ministry has long-term leases on its premises in New Zealand and overseas. The annual lease payments are subject to regular reviews, ranging from one year to five years.

<i>30/6/01</i>		<i>30/6/02</i>
<i>ACTUAL</i>		<i>ACTUAL</i>
<i>\$000</i>		<i>\$000</i>
CAPITAL COMMITMENTS		
LAND AND BUILDINGS		
2,692	<i>LESS THAN ONE YEAR</i>	9,026
92	<i>ONE TO TWO YEARS</i>	0
2,784		9,026
2,784	TOTAL CAPITAL COMMITMENTS	9,026
OPERATING LEASES		
ACCOMMODATION		
29,146	<i>LESS THAN ONE YEAR</i>	28,148
22,568	<i>ONE TO TWO YEARS</i>	13,745
23,662	<i>TWO TO FIVE YEARS</i>	21,915
57,578	<i>MORE THAN FIVE YEARS</i>	69,834
132,954		133,642
GOODS AND SERVICES		
3,145	<i>LESS THAN ONE YEAR</i>	2,709
487	<i>ONE TO TWO YEARS</i>	223
1,081	<i>TWO TO FIVE YEARS</i>	301
118	<i>MORE THAN FIVE YEARS</i>	54
4,831		3,287
137,785	TOTAL OPERATING LEASE COMMITMENTS	136,929
140,569	TOTAL COMMITMENTS	145,955

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

STATEMENT OF CONTINGENT LIABILITIES
AS AT 30 JUNE 2002

<i>30/6/01</i>		<i>30/6/02</i>
<i>ACTUAL</i>		<i>ACTUAL</i>
<i>\$000</i>		<i>\$000</i>
0	OVERSEAS PROPERTY TAXES	46
1,889	EXIT COSTS – PROPERTY LEASES	2,229
88	LIQUIDATION LIABILITY	0
1,977		2,275

STATEMENT OF UNAPPROPRIATED EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2002

The Ministry did not incur any unappropriated Departmental expenditure for the year ended 30 June 2002 (30 June 2001: nil).

The Ministry did not incur any unappropriated Crown expenditure for the year ended 30 June 2002 (30 June 2001: nil).

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

STATEMENT OF DEPARTMENTAL EXPENDITURE
AND APPROPRIATIONS
FOR THE YEAR ENDED 30 JUNE 2002

(Figures are GST inclusive where applicable)

	<i>30/6/02</i> <i>EXPENDITURE</i> <i>ACTUAL</i> <i>\$000</i>	<i>30/6/02</i> <i>APPROPRIATION</i> <i>VOTED*</i> <i>\$000</i>
VOTE: FOREIGN AFFAIRS AND TRADE		
APPROPRIATIONS FOR CLASSES OF OUTPUTS		
D1 – POLICY ADVICE AND REPRESENTATION: OTHER COUNTRIES	111,209	111,926
D2 – POLICY ADVICE AND REPRESENTATION: INTERNATIONAL INSTITUTIONS	21,540	21,562
D3 – MANAGEMENT OF NEW ZEALAND OFFICIAL DEVELOPMENT ASSISTANCE	17,733	17,871
D4 – CONSULAR SERVICES	4,369	4,370
D5 – SERVICES FOR OTHER NEW ZEALAND AGENCIES OVERSEAS	11,397	11,697
D6 – ADMINISTRATION OF DIPLOMATIC PRIVILEGES AND IMMUNITIES	805	813
D7 – PROMOTIONAL ACTIVITIES: OTHER COUNTRIES	625	676
	167,678	168,915
APPROPRIATIONS FOR OTHER EXPENSES		
ASSET WRITE-OFFS	634	634
	634	634
	168,312	169,549

* This includes adjustments made in the Supplementary Estimates.

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

STATEMENT OF NON-DEPARTMENTAL
EXPENDITURE AND APPROPRIATIONS
FOR THE YEAR ENDED 30 JUNE 2002

(Figures are GST inclusive where applicable)

	30/6/02 EXPENDITURE ACTUAL \$000	30/6/02 APPROPRIATION VOTED* \$000
APPROPRIATION FOR NON-DEPARTMENTAL OUTPUT CLASSES		
O1 – ANTARCTIC RESEARCH AND SUPPORT	6,954	6,954
O2 – FOREIGN DIRECT INVESTMENT FACILITATION	4,388	4,388
O3 – PROMOTION OF EXPORTING	1,187	1,187
O4 – INTERNATIONAL BUSINESS CONSULTANCY	66,120	66,120
O5 – INTERNATIONAL RADIO SERVICES	688	688
O6 – PROMOTION OF ASIAN SKILLS AND RELATIONSHIPS	1,740	1,740
O7 – POLICY SUPPORT	791	791
	81,868	81,868
APPROPRIATION FOR OTHER EXPENSES TO BE INCURRED BY THE CROWN		
DISBURSEMENTS MADE, EXEMPTIONS FROM TAXATION, ETC	848	1,011
OFFICIAL DEVELOPMENT ASSISTANCE	222,928	222,977
PAYMENTS ON BEHALF OF OTHER GOVERNMENTS	89	400
SUBSCRIPTIONS TO INTERNATIONAL ORGANISATIONS	29,942	34,209
	253,807	258,597
CAPITAL CONTRIBUTIONS TO OTHER PERSONS OR ORGANISATIONS		
TRADE NEW ZEALAND	4,462	4,462
	4,462	4,462
TOTAL	340,137	344,927

* This includes adjustments made in the Supplementary Estimates.

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

STATEMENT OF TRUST MONIES
FOR THE YEAR ENDED 30 JUNE 2002

<i>ACCOUNT</i>	<i>AS AT 1/7/01</i>	<i>CONTRIBUTION</i>	<i>DISTRIBUTION</i>	<i>REVENUE</i>	<i>EXPENSES</i>	<i>AS AT 30/6/02</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
NZ-FRANCE						
FRIENDSHIP	9	166	(128)	1	(10)	38
CAPE ROBERTS						
PROJECT	97	-	(74)	2	-	25
TOTAL	106	166	(202)	3	(10)	63

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

NOTE 1: MAJOR BUDGET VARIATIONS

Statement of Financial Performance

The increase in total operating expenses and the consequential movements in Revenue Crown and Revenue Other result primarily from the following:

- (a) Additional capital charge and depreciation as a result of the property revaluation (\$2.466m) (Departmental Output Classes 1-4).
- (b) A fiscally neutral adjustment from Non-departmental Other Expense – Official Development Assistance to Departmental Output Class – Management of Official Development Assistance for the costs associated with the establishment of NZAID (\$0.800m).
- (c) An expense transfer of \$1.832m from Departmental Output Classes 1-4 and 6-7 from 2001/02 to 2002/03 for costs associated with the Ministry's new accommodation in Wellington.

Movements in personnel costs, operating costs, rental and leasing costs and depreciation from Budget Night Estimates, reflect calibration of internal budgets and reprioritisation of resources.

Statement of Financial Position

The increase in taxpayers funds and net fixed assets reflects the impact of the revaluation of land and buildings at 31 October 2001 (\$46.164m) less capital withdrawals over and above those originally foreseen and budgeted for within the Main Estimates.

The increase in debtors and receivables is driven by the fitout and other costs associated with the Ministry's new Wellington premises. In the short term the Ministry is funding these costs out of its working capital, but these will be reimbursed by the lessor.

NOTE 2: OTHER REVENUE

Services for Other Agencies: Recovery of costs for a range of support services provided to other New Zealand agencies with overseas interests. Services include general office services; access to communications and courier systems; operational support to agency representatives working overseas out of the Ministry's posts and fees for work performed on behalf of other agencies.

Rents: Rental income from sub-let office and residential accommodation.

Consular services: Notarial and legal charges, consular call out fees, diplomatic passports and authentication of document charges.

Miscellaneous: Sale of publications including the United Nations Handbook, discounts received, and miscellaneous service charges. In addition for 2001/02 there was one-off revenue from the Ministry's share of surplus from a local staff pension scheme.

		30/6/02	30/6/02	30/6/02
			MAIN	SUPP.
30/6/01		ACTUAL	ESTIMATES	ESTIMATES
		\$000	\$000	\$000
10,900	SERVICES FOR OTHER AGENCIES	10,837	11,501	11,103
470	RENTS	521	521	521
306	CONSULAR SERVICES	352	245	245
393	MISCELLANEOUS	1,064	420	1,120
12,069	TOTAL OTHER REVENUE	12,774	12,687	12,989

NOTE 3: INTEREST

The Ministry receives interest on its bank accounts and until the facility was removed during the 2001/02 year, from term deposits placed with the New Zealand Debt Management Office.

		30/6/02	30/6/02	30/6/02
			MAIN	SUPP.
30/6/01		ACTUAL	ESTIMATES	ESTIMATES
		\$000	\$000	\$000
651	NEW ZEALAND INTEREST	93	330	100
144	OVERSEAS INTEREST	90	100	100
795	TOTAL INTEREST	183	430	200

PERFORMANCE OF THE MINISTRY

NOTE 4: PERSONNEL COSTS

<i>30/6/01</i>		<i>30/6/02</i>	<i>30/6/02</i>	<i>30/6/02</i>
			<i>MAIN</i>	<i>SUPP.</i>
<i>ACTUAL</i>		<i>ACTUAL</i>	<i>ESTIMATES</i>	<i>ESTIMATES</i>
<i>\$000</i>		<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
68,836	SALARIES AND WAGES	74,642	74,894	74,833
3,924	PENSION EXPENSES	4,325	4,204	4,325
72,760	TOTAL PERSONNEL COSTS	78,967	79,098	79,158

NOTE 5: OPERATING COSTS

<i>30/6/01</i>		<i>30/6/02</i>	<i>30/6/02</i>	<i>30/6/02</i>
			<i>MAIN</i>	<i>SUPP.</i>
<i>ACTUAL</i>		<i>ACTUAL</i>	<i>ESTIMATES</i>	<i>ESTIMATES</i>
<i>\$000</i>		<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
233	AUDIT FEES TO AUDIT NEW ZEALAND	237	253	238
47,782	OTHER OPERATING COSTS	51,554	49,882	51,964
127	ASSET WRITE-OFFS	785	0	0
5	DEBT WRITE-OFFS	6	0	0
48,147	TOTAL OPERATING EXPENSES	52,582	50,135	52,202

The Ministry also engaged Audit New Zealand to undertake the following tasks during 2001/02:

- (a) Risk management services for the Ministry's Information Technology Upgrade project, \$130,000 (Capital expenditure).
- (b) End of Project review (Mekong Institute, Thailand) \$26,250 (Non Departmental expenditure)

NOTE 6: DEPRECIATION

<i>30/6/01</i>		<i>30/6/02</i>	<i>30/6/02</i>	<i>30/6/02</i>
			<i>MAIN</i>	<i>SUPP.</i>
<i>ACTUAL</i>		<i>ACTUAL</i>	<i>ESTIMATES</i>	<i>ESTIMATES</i>
<i>\$000</i>		<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
1,632	FREEHOLD BUILDINGS	1,915	1,638	1,985
1,739	LEASEHOLD IMPROVEMENTS	1,455	1,647	1,457
330	PLANT & MACHINERY	313	332	309
754	FURNITURE & FITTINGS	730	605	730
629	MOTOR VEHICLES	669	637	660
1,531	EQUIPMENT	1,315	1,056	1,305
6,806	COMPUTER EQUIPMENT	4,178	5,973	4,323
13,421	TOTAL DEPRECIATION CHARGE	10,575	11,888	10,769

NOTE 7: CAPITAL CHARGE

The Ministry pays a capital charge to the Crown on its average taxpayers' funds as at 30 June and 31 December each year. The capital charge rate for the year ended 30 June 2002 was 9.0% (2001: 10.0%).

NOTE 8: OTHER EXPENSES

This represents the loss on sale on Radio New Zealand International assets sold by the Ministry to Radio New Zealand.

NOTE 9: GAIN/(LOSS) ON SALE OF ASSETS

This represents the difference between the net disposal proceeds received from asset sales and the book value of those assets.

<i>30/6/01</i>		<i>30/6/02</i>	<i>30/6/02</i>	<i>30/6/02</i>
			<i>MAIN</i>	<i>SUPP.</i>
<i>ACTUAL</i>		<i>ACTUAL</i>	<i>ESTIMATES</i>	<i>ESTIMATES</i>
<i>\$000</i>		<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
33	LAND AND BUILDINGS	(1,016)	0	0
164	MOTOR VEHICLES	253	0	0
(136)	OTHER	111	0	0
61	NET GAIN/(LOSS) ON SALE OF ASSETS	(652)	0	0

NOTE 10: TAXPAYERS' FUNDS

General Funds

<i>30/6/01</i>		<i>30/6/02</i>	<i>30/6/02</i>	<i>30/6/02</i>
			<i>MAIN</i>	<i>SUPP.</i>
<i>ACTUAL</i>		<i>ACTUAL</i>	<i>ESTIMATES</i>	<i>ESTIMATES</i>
<i>\$000</i>		<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
133,691	GENERAL FUNDS AS AT 1 JULY	124,719	124,719	124,719
55	NET OPERATING SURPLUS / (DEFICIT)	28,305	430	27,906
	GAINS ON REVALUATION REALIZED (FROM REVALUATION RESERVE)	10,736		
0	REPAYMENT OF REVALUATION RESERVE REALISED	(10,736)	0	0
(7,830)	REPAYMENT OF CAPITAL	(26,879)	(17,500)	(40,655)
125,916		126,145	107,649	111,970
(1,197)	PROVISION FOR REPAYMENT OF SURPLUS TO THE CROWN	(599)	(430)	(200)
124,719	GENERAL FUNDS AS AT 30 JUNE	125,546	107,219	111,770

Revaluation Reserves

<i>30/6/01</i>	<i>30/6/01</i>		<i>30/06/02</i>	<i>30/6/02</i>	<i>30/6/02</i>
<i>WORKS</i>				<i>WORKS</i>	
<i>OF ART</i>	<i>TOTAL</i>		<i>PROPERTY</i>	<i>OF ART</i>	<i>TOTAL</i>
<i>\$000</i>	<i>\$000</i>		<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
291	291	BALANCE BROUGHT FORWARD	0	516	516
		GAINS ON REVALUATION REALIZED (TRANSFERRED TO GENERAL FUNDS)	(10,736)	0	(10,736)
0	0				
225	225	REVALUATION CHANGES AT 30 JUNE	17,824	0	17,824
516	516	BALANCE AT 30 JUNE	7,088	516	7,604

The total increase in the value of land and buildings from the revaluation conducted as at 31 October 2001 was \$46.164m. \$28.340m is reflected in the Statement of Financial Performance as the Reversal of Previous Revaluation Write-Down, to offset write-downs from previous revaluation losses in 1996 and 1999 shown in the Statement of Financial Performance.

NOTE 11: SHORT-TERM DEPOSIT

As at balance date the following term deposit had been placed with the New Zealand Debt Management Office (NZDMO):

<i>30/6/01</i> <i>ACTUAL</i> <i>\$000</i>	<i>COUNTERPARTY</i>	<i>INTEREST</i> <i>RATE</i>	<i>TERM</i>	<i>30/6/02</i> <i>ACTUAL</i> <i>\$000</i>
12,000	NZDMO	N/A	N/A	0
12,000	TOTAL SHORT-TERM DEPOSIT			0

NOTE 12: DEBTORS AND RECEIVABLES

<i>30/6/01</i> <i>ACTUAL</i> <i>\$000</i>		<i>30/6/02</i> <i>ACTUAL</i> <i>\$000</i>
	SHORT TERM	
3,328	TRADE DEBTORS	7,286
(30)	LESS: PROVISION FOR DOUBTFUL DEBTS	(30)
3,298	NET TRADE DEBTORS	7,256
136	RECEIVABLES	367
2	INTEREST ACCRUED	0
51	STAFF DEBTORS/LOANS	15
2,112	FIXED ASSETS: PROPERTY SALES	18,622
5,599	TOTAL SHORT TERM	26,260
	LONG TERM	
169	DEPOSIT BONDS	120
2,166	LEASE DEPOSITS	2,199
184	STAFF LOANS	157
2,519	TOTAL LONG TERM	2,476
8,118	TOTAL DEBTORS AND RECEIVABLES	28,736

NOTE 13: PREPAYMENTS

Prepayments include expenditure paid in advance for property leases.

NOTE 14: FIXED ASSETS

30/6/01		30/6/02
<i>\$000</i>		<i>\$000</i>
FREEHOLD LAND		
26,915	AT VALUATION – 31/10/01	28,693
2,005	AT COST	0
(4,757)	LESS PROPERTIES INTENDED FOR RESALE	0
24,163		28,693
LEASEHOLD LAND – NON-DEPRECIABLE		
22,111	AT VALUATION – 31/10/01	7,223
22,111		7,223
FREEHOLD BUILDINGS		
40,348	AT VALUATION – 31/10/01	34,739
(2,720)	ACCUMULATED DEPRECIATION	(1,656)
(953)	LESS PROPERTIES INTENDED FOR RESALE	0
36,675	<i>BUILDINGS – NET CURRENT VALUE</i>	33,083
LEASEHOLD IMPROVEMENTS		
15,504	AT COST	15,260
(7,121)	ACCUMULATED DEPRECIATION	(7,436)
8,383	<i>LEASEHOLD IMPROVEMENTS – NET CURRENT VALUE</i>	7,824
WORKS OF ART		
132	AT COST	266
1,279	AT VALUATION – 30/6/01	1,279
1,411	<i>WORKS OF ART – NET CURRENT VALUE</i>	1,545
WORK IN PROGRESS		
2,197	AT COST	10,034
2,197	<i>WORK IN PROGRESS – NET BOOK VALUE</i>	10,034
PLANT & MACHINERY		
4,009	AT COST	4,168
(2,492)	ACCUMULATED DEPRECIATION	(2,754)
1,517	<i>PLANT & MACHINERY – NET BOOK VALUE</i>	1,414
FURNITURE & FITTINGS		
9,856	AT COST	10,049
(7,365)	ACCUMULATED DEPRECIATION	(7,726)
2,491	<i>FURNITURE & FITTINGS – NET BOOK VALUE</i>	2,323

NOTE 14: FIXED ASSETS - CONTINUED

30/6/01 \$000		30/6/02 \$000
MOTOR VEHICLES		
5,381	AT COST	5,732
(2,653)	ACCUMULATED DEPRECIATION	(2,566)
2,728	<i>VEHICLES - NET BOOK VALUE</i>	3,166
EQUIPMENT		
18,661	AT COST	15,378
(14,745)	ACCUMULATED DEPRECIATION	(12,862)
3,916	<i>EQUIPMENT - NET BOOK VALUE</i>	2,516
COMPUTER EQUIPMENT		
36,158	AT COST	36,565
(28,475)	ACCUMULATED DEPRECIATION	(30,991)
7,683	<i>COMPUTER EQUIPMENT - NET BOOK VALUE</i>	5,574
113,275	TOTAL CARRYING AMOUNT OF FIXED ASSETS	103,395

Movements in Values

Land and Buildings were revalued at fair value as at 31 October 2001. This valuation was conducted by an independent registered valuer, A G Stewart FNZIV of Darroch Ltd on the Ministry's behalf. Land and Buildings have been translated into New Zealand dollars at the exchange rate prevailing as at that date.

Buildings purchased or capitalised since 31 October 2001 have been recorded at cost.

Works of Art purchased since 1 February 2001 have been recorded at cost.

Summary of Assets - Net Current Value

30/6/01 \$000		30/6/02 \$000
91,164	FREEHOLD	96,172
22,111	LEASEHOLD	7,223
113,275		103,395

NOTE 15: PROPERTIES INTENDED FOR RESALE

There are no properties intended for resale at 30 June 2002 (30 June 2001, \$5.710m).

NOTE 16: CREDITORS AND PAYABLES

<i>30/6/01</i>		<i>30/6/02</i>
<i>ACTUAL</i>		<i>ACTUAL</i>
<i>\$000</i>		<i>\$000</i>
2,183	TRADE CREDITORS	3,264
1,039	ACCRUED EXPENSES	1,377
1,056	GST PAYABLE	853
4,278	TOTAL CREDITORS AND PAYABLES	5,494

NOTE 17: PROVISION TO PAY SURPLUS TO THE CROWN

<i>30/6/01</i>		<i>30/6/02</i>
<i>ACTUAL</i>		<i>ACTUAL</i>
<i>\$000</i>		<i>\$000</i>
55	NET SURPLUS	28,305
	ADD: OTHER EXPENSES (NOT USED FOR THE PRODUCTION	
1,142	OF OUTPUTS)	634
0	DEDUCT: REVALUATION GAIN (NON CASH ITEM)	(28,340)
1,197	NET SURPLUS FROM THE DELIVERY OF OUTPUTS	599
1,197	TOTAL PROVISION FOR REPAYMENT OF SURPLUS	599

NOTE 18: PROVISION FOR EMPLOYEE ENTITLEMENTS

<i>30/6/01</i>		<i>30/6/02</i>
<i>ACTUAL</i>		<i>ACTUAL</i>
<i>\$000</i>		<i>\$000</i>
	NON CURRENT LIABILITIES	
8,379	RETIREMENT AND LONG SERVICE LEAVE	8,647
8,379	TOTAL NON-CURRENT	8,647
	CURRENT LIABILITIES	
2,838	ANNUAL LEAVE	2,853
3,045	SALARIES AND ALLOWANCES	2,982
124	ACC LEVY	288
686	LONG SERVICE LEAVE	642
6,693	TOTAL CURRENT	6,765
15,072	TOTAL PROVISION FOR EMPLOYEE ENTITLEMENTS	15,412

NOTE 19: CONTINGENCIES

Contingent liabilities are separately disclosed in the Statement of Contingent Liabilities.

The Ministry does not have any contingent assets as at 30 June 2002. (30 June 2001: nil)

NOTE 20: FINANCIAL INSTRUMENTS

The Ministry is party to financial instrument arrangements as part of its everyday operations. These include instruments such as bank balances, investments, accounts receivable and foreign currency forward contracts.

Credit Risk

Credit risk is the risk that a third party will default on its obligations to the Ministry, causing the Ministry to incur a loss. In the normal course of its business, the Ministry incurs credit risk from trade debtors, and transactions with financial institutions.

The Ministry does not require any collateral or security to support financial instruments with financial institutions that the Ministry deals with as these entities have high credit ratings. For its other financial instruments, the Ministry does not have significant concentrations of risk.

Fair Value

The fair value is equivalent to the carrying amount disclosed in the Statement of Financial Position.

The forward contracts of \$90.823m (30 June 2001: \$68.799m) have an estimated fair value of \$84.681m (30 June 2001: \$66.521m).

Currency Risk

Currency risk is the risk that debtors and creditors due in foreign currency will fluctuate because of changes in foreign exchange rates.

The Ministry uses foreign exchange forward contracts to manage foreign exchange exposures. The Ministry classifies currencies to which it is exposed as being either Group 1 or Group 2 currencies. Group 1 currencies are those for which liquid forward markets exist whereas no forward markets exist for Group 2 currencies. The following foreign currency exposures exist:

NOTE 20: FINANCIAL INSTRUMENTS - CONTINUED

30/6/01			30/6/02			
GROUP 1	GROUP 2	TOTAL		GROUP 1	GROUP 2	TOTAL
\$000	\$000	\$000		\$000	\$000	\$000
68,799	22,882	91,681	DEPARTMENTAL	79,107	18,696	97,803
13,339	0	13,339	CROWN	11,716	0	11,716

The discounted net aggregate New Zealand dollar equivalent exposure for Group 1 currencies as at 30 June 2002 did not exceed the Ministry's Foreign Exchange Management Policy limit.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This could impact on the return on investments or the cost of borrowing. The Ministry has no significant exposure to interest rate risk on its financial instruments.

Under section 46 of the Public Finance Act the Ministry cannot raise a loan without Ministerial approval and no such loans have been raised. Accordingly, there is no interest rate exposure on funds borrowed.

NOTE 21: RELATED PARTY INFORMATION

The Ministry is a wholly owned entity of the Crown. The Government significantly influences the roles of the Ministry as well as being its major source of revenue. The Ministry enters into numerous transactions with other Government departments, Crown agencies and state-owned enterprises on an arms length basis. These transactions are not considered to be related party transactions.

**CROWN STATEMENT OF FINANCIAL
PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2002**

<i>30/6/01</i>	<i>NOTES</i>	<i>30/6/02</i>	<i>30/6/02</i>	<i>30/6/02</i>
<i>ACTUAL</i>		<i>ACTUAL</i>	<i>ESTIMATES</i>	<i>ESTIMATES</i>
<i>\$000</i>		<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
	REVENUE			
	CROWN RECOVERIES -			
290	FROM TOKELAU	99	400	400
0	PACIFIC FORUM LINE DIVIDEND	156	0	78
	CROWN INTEREST -			
8	INTEREST - LOAN TO SAMOA	5	5	5
298	TOTAL REVENUE	260	405	483
	EXPENDITURE			
	OUTPUTS -			
67,418	TRADE NEW ZEALAND	72,486	72,589	72,486
	NEW ZEALAND ANTARCTIC			
6,796	INSTITUTE	6,954	6,954	6,954
1,740	ASIA 2000 FOUNDATION	1,740	1,740	1,740
	RADIO NEW ZEALAND			
1,377	INTERNATIONAL	688	1,377	688
77,331	TOTAL OUTPUTS	81,868	82,660	81,868
	OTHER EXPENSES -			
	SUBSCRIPTIONS TO INTERNATIONAL			
25,276	ORGANISATIONS	29,942	26,959	34,209
	OFFICIAL DEVELOPMENT			
226,485	ASSISTANCE	222,928	226,527	222,977
882	DIPLOMATIC EXEMPTIONS	848	850	1,011
290	PAYMENTS ON BEHALF OF TOKELAU	89	400	400
	WRITE UP IN THE VALUATION			
(192)	OF SHARES	(877)	0	0
252,741	TOTAL OTHER EXPENSES	252,930	254,736	258,597
330,072	TOTAL OPERATING EXPENSES	334,798	337,396	340,465
	CAPITAL CONTRIBUTIONS TO OTHER ORGANISATIONS -			
1,892	TRADE NEW ZEALAND	4,462	4,462	4,462
331,964	TOTAL EXPENSES	339,260	341,858	344,927

*The accompanying accounting policies and notes form part of these financial statements.
For a full understanding of the Crown's financial position and the results of its
operations for the period, reference should be made to the consolidated audited
Crown Financial Statements for the year ended 30 June 2002.*

STATEMENT OF MOVEMENTS IN CROWN FUNDS
FOR THE YEAR ENDED 30 JUNE 2002

30/6/01	NOTES	30/6/02	30/6/02 MAIN	30/6/02 SUPP.
ACTUAL		ACTUAL	ESTIMATES	ESTIMATES
\$000		\$000	\$000	\$000
13,544	CROWN FUNDS BROUGHT FORWARD AT 1 JULY	17,719	15,071	17,719
	DISBURSEMENTS FROM			
334,018	THE CROWN	351,250	341,858	351,250
298	TOTAL REVENUE	260	405	483
(330,072)	TOTAL EXPENSES	(334,798)	(337,396)	(340,465)
	RECEIPTS RETURNED TO			
(69)	THE CROWN	(281)	(500)	(578)
4,175	TOTAL RECOGNISED REVENUES AND EXPENSES FOR THE YEAR	16,431	4,367	10,690
	FUNDS RETURNED TO			
0	THE CROWN	(8,631)	0	(8,631)
17,719	CROWN FUNDS AS AT 30 JUNE	25,519	19,438	19,778

*The accompanying accounting policies and notes form part of these financial statements.
For a full understanding of the Crown's financial position and the results of its
operations for the period, reference should be made to the consolidated audited
Crown Financial Statements for the year ended 30 June 2002.*

CROWN STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2002

<i>30/6/01</i>	<i>NOTES</i>	<i>30/6/02</i>	<i>30/6/02</i>	<i>30/6/02</i>
<i>ACTUAL</i>		<i>ACTUAL</i>	<i>ESTIMATES</i>	<i>ESTIMATES</i>
<i>\$000</i>		<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
CROWN FUNDS				
17,719	GENERAL FUNDS	25,519	19,438	19,778
17,719	<i>TOTAL CROWN FUNDS</i>	25,519	19,438	19,778
REPRESENTED BY:				
CURRENT ASSETS				
8,631	CASH	10,164	0	0
142	DEBTORS AND RECEIVABLES	74	119	142
	LOAN TO THE GOVERNMENT			
95	OF SAMOA	0	0	0
8,868	<i>TOTAL CURRENT ASSETS</i>	10,238	119	142
NON-CURRENT ASSETS				
SHARES IN FOREIGN				
8,112	ORGANISATIONS	8,989	7,919	8,112
	INVESTMENT IN CROWN			
7,212	ENTITIES	11,674	11,674	11,674
15,324	<i>TOTAL NON-CURRENT ASSETS</i>	20,663	19,593	19,786
24,192	<i>TOTAL ASSETS</i>	30,901	19,712	19,928
CURRENT LIABILITIES				
6,473	CREDITORS AND PAYABLES	5,382	274	150
6,473		5,382	274	150
6,473	<i>TOTAL LIABILITIES</i>	5,382	274	150
17,719	NET ASSETS	25,519	19,438	19,778

The accompanying accounting policies and notes form part of these financial statements. For a full understanding of the Crown's financial position and the results of its operations for the period, reference should be made to the consolidated audited Crown Financial Statements for the year ended 30 June 2002.

**CROWN STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2002**

<i>30/6/01</i>	<i>NOTES</i>	<i>30/6/02</i>	<i>30/6/02</i>	<i>30/6/02</i>
<i>ACTUAL</i>		<i>ACTUAL</i>	<i>ESTIMATES</i>	<i>ESTIMATES</i>
<i>\$000</i>		<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
OPERATING				
CASH PROVIDED FROM:				
RECEIPTS ON BEHALF OF				
290	THE CROWN	260	400	478
8	INTEREST	0	5	5
334,018	CROWN APPROPRIATION	5	341,858	351,250
334,316		351,510	342,263	351,733
CASH DISBURSED TO:				
75,879	NON-DEPARTMENTAL OUTPUTS	90,905	89,726	90,698
249,748	OTHER EXPENSES	245,793	247,670	256,090
325,627		336,698	337,396	346,788
<i>OPERATING ACTIVITIES NET</i>				
8,689	<i>CASH FLOWS</i>	14,812	4,867	4,945
INVESTING				
CASH PROVIDED FROM:				
PRINCIPAL REPAYMENTS – LOAN				
55	TO GOVERNMENT OF SAMOA	95	95	95
CASH DISBURSED TO:				
1,892	TRADENZ: CAPITAL INJECTION	4,462	4,462	4,462
<i>INVESTING ACTIVITIES NET</i>				
(1,837)	<i>CASH FLOWS</i>	(4,367)	(4,367)	(4,367)
FINANCING				
CASH DISBURSED TO:				
BANK BALANCES REPAID				
0	TO THE CROWN	8,631	0	8,631
RECEIPTS RETURNED				
69	TO THE CROWN	281	500	578
<i>FINANCING ACTIVITIES NET</i>				
(69)	<i>CASH FLOWS</i>	(8,912)	(500)	(9,209)
6,783	<i>NET INCREASE IN CASH HELD</i>	1,533	0	(8,631)
1,848	<i>ADD OPENING CASH</i>	8,631	0	8,631
8,631	<i>CLOSING CASH</i>	10,164	0	0

The accompanying accounting policies and notes form part of these financial statements. For a full understanding of the Crown's financial position and the results of its operations for the period, reference should be made to the consolidated audited Crown Financial Statements for the year ended 30 June 2002.

STATEMENT OF CROWN COMMITMENTS
AS AT 30 JUNE 2002

<i>30/6/01</i>		<i>30/6/02</i>
<i>ACTUAL</i>		<i>ACTUAL</i>
<i>\$000</i>		<i>\$000</i>
	OPERATING	
	OFFICIAL DEVELOPMENT ASSISTANCE	
226,527	<i>LESS THAN ONE YEAR</i>	230,394
226,527	<i>ONE TO TWO YEARS</i>	226,608
226,527	<i>TWO TO FIVE YEARS</i>	226,487
0	<i>MORE THAN FIVE YEARS</i>	0
679,581		683,489
	SUBSCRIPTIONS TO INTERNATIONAL ORGANISATIONS	
27,216	<i>LESS THAN ONE YEAR</i>	35,720
0	<i>ONE TO TWO YEARS</i>	0
0	<i>TWO TO FIVE YEARS</i>	0
0	<i>MORE THAN FIVE YEARS</i>	0
27,216		35,720
706,797	TOTAL OPERATING COMMITMENTS	719,209
706,797	TOTAL COMMITMENTS	719,209

The accompanying accounting policies and notes form part of these financial statements. For a full understanding of the Crown's financial position and the results of its operations for the period, reference should be made to the consolidated audited Crown Financial Statements for the year ended 30 June 2002.

STATEMENT OF CROWN CONTINGENT
LIABILITIES AS AT 30 JUNE 2002

30/6/01			30/6/02	
FOREIGN			FOREIGN	
CURRENCY	NZD		CURRENCY	NZD
\$000	\$000		\$000	\$000
		GUARANTEES TO THE ASIAN DEVELOPMENT BANK FOR LOANS TO THE COOK ISLANDS GOVERNMENT		
SDR 3,506	10,777	TELECOMMUNICATIONS LOAN	SDR 3,435	9,391
USD 780	1,925	MULTIPLE SMALL-PROJECT LOAN	USD 740	1,513
SDR 1,922	5,908	MULTI-PROJECT LOAN	SDR 1,881	5,142
USD 1,230	3,035	DEVELOPMENT BANK LOAN	USD 1,200	2,454
SDR 939	2,886	DEVELOPMENT BANK LOAN	SDR 929	2,541
SDR 291	894	TELECOMMUNICATIONS LOAN	SDR 291	797
		EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT		
ECU 7,000	14,603	UNCALLED SHARE CAPITAL		14,143
	40,028	TOTAL CROWN CONTINGENT LIABILITIES		35,981

*The accompanying accounting policies and notes form part of these financial statements.
For a full understanding of the Crown's financial position and the results of its
operations for the period, reference should be made to the consolidated audited
Crown Financial Statements for the year ended 30 June 2002.*

NOTES TO THE CROWN FINANCIAL STATEMENTS

NOTE 1: DEBTORS AND RECEIVABLES

Debtors and receivables relate principally to recoveries of payments made on behalf of the Tokelau Apia Liaison Office.

NOTE 2: LOANS TO FOREIGN GOVERNMENTS

A loan had been provided to the Government of Samoa as a part of the Ministry's official development assistance programme. This loan has been repaid.

<i>30/6/01</i>		<i>30/6/02</i>
<i>ACTUAL</i>		<i>ACTUAL</i>
<i>\$000</i>		<i>\$000</i>
150	PRINCIPAL BROUGHT FORWARD ON 1 JULY	95
(55)	LESS REPAYMENT	(95)
95	PRINCIPAL AS AT 30 JUNE	0

NOTE 3: SHARES

The Ministry held the following shares as at balance date. The shares have been valued at their net asset backing at 31 December 2001. This is in accordance with the Crown's accounting policy to record investments at the lower of cost and net current value.

<i>TYPE</i>	<i>NUMBER</i>	<i>SHARE VALUE</i>	<i>PAID IN VALUE</i>	<i>AT COST</i>	<i>AT NET CURRENT VALUE</i>
		<i>\$</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
PACIFIC FORUM LINE					
A SHARES	10,000	0.64	6	7	7
B SHARES	4,318,000	0.64	2,764	3,191	2,878
B SHARES	450,000	0.64	288	1,771	300
				4,969	3,185
EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT					
ORDINARY	1,000 (ECU)	10,000 (ECU)	3,000,000	6,697	5,804
TOTAL				11,666	8,989

As at 30 June 2002 an additional 62,500 B Shares were held on behalf of the Government of Vanuatu.

The European Bank for Reconstruction and Development's authorised share capital is ECU 20,000 million divided into 2 million shares, having a face value of ECU 10,000 each. New Zealand has been allocated 1000 shares, amounting to 0.05% of the Bank's capital. The authorised share capital is divided into paid-in and callable shares. The total par value of paid-in shares is ECU 3,000 million. A contingent liability exists for ECU 7 million for uncalled share capital.

NOTE 4: INVESTMENT IN CROWN ENTITIES

In 1996/97 the New Zealand Antarctic Institute received a \$5,321,000 capital contribution from the Crown to purchase the New Zealand Antarctic Programme assets from the Ministry.

In 2000/01 Trade New Zealand received a \$1,891,000 capital contribution from the Crown to purchase assets for an e-commerce strategy for exporters. In 2001/02 Trade New Zealand received an additional capital contribution of \$4,462,000 from the Crown for this purpose.

NOTE 5: CROWN APPROPRIATION

This is money appropriated to the Ministry for payments to be made on behalf of the Crown.

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Auditor

Alan Shaw
Audit New Zealand
Wellington,
on behalf of the Controller and Auditor-General

Bankers

WestpacTrust