Office of the Auditor-General
Briefing to the Foreign Affairs, Defence and Trade Committee

2011/12 Year

16 June 2011

Vote Foreign Affairs and Trade and Vote Official Development Assistance
Assistance to the Committee

The Foreign Affairs, Defence and Trade Committee is conducting an Estimates examination of Vote Foreign Affairs and Trade and of Vote Official Development Assistance for the 2011/12 financial year in accordance with Standing Order 328.

The Controller and Auditor-General provides Parliament with assurance on the performance and accountability of public entities. The Office of the Auditor-General’s assistance to select committees with their Estimates examinations is guided by the Code of Practice for the Provision of Assistance by the Auditor-General to Select Committees and Members of Parliament.

Our suggested lines of enquiry are informed by the Auditor-General’s mandate under the Public Audit Act 2001. This mandate covers matters of performance, accountability, waste, probity and authority within public entities.

In preparing our Estimates briefing we have reviewed the following documents:

- the 2011/12 Estimates of Appropriations (Estimates);
- the 2011/14 Statement of Intent (SOI) for the administering department (Ministry of Foreign Affairs and Trade (MFAT));
- the 2009/10 Annual Report of the administering department (MFAT); and
- the Minister’s response to the Standard Estimates Questionnaire (SEQ) for each Vote.

We have also drawn from other sources, including information we have received in the course of our duties as the administering department’s statutory auditor.

In developing the advice within this briefing, the Office of the Auditor-General consulted with such parties as was necessary to ensure that the advice was correct. This process involved providing factual information of audit interest to the parties concerned (in either oral or written form), and obtaining confirmation of those facts, before giving advice to the Committee. The process did not involve providing to the parties any contemplated or actual advice.

If the Committee would like further explanation or elaboration of any aspect of this report, please contact Dave Cox, Sector Manager, on (04) 917-3083 or email on dave.cox@oag.govt.nz at the Office of the Auditor-General.
Summary of Key Issues

Introduction

The Minister of Foreign Affairs is responsible for the appropriations in Vote Foreign Affairs and Trade, and is also responsible for the appropriations in Vote Official Development Assistance. The Ministry of Foreign Affairs (MFAT) is the administering department for both Votes.

The SOI sets out five outcomes for MFAT, of which one (sustainable development in developing countries) is predominantly funded by Vote Official Development Assistance. Activities to achieve the other outcomes are funded by Vote Foreign Affairs and Trade.

MFAT has 1363 staff and its network comprises 54 overseas posts, 123 countries and territories of accreditation, 9 Consulates-General managed by NZTE, and 63 Honorary Consuls.

MFAT is undergoing a period of transformational change. A major change programme called Ministry 20/20 is underway with the aim to create a "more responsive, flexible and efficient organisation, while retaining the kernels of New Zealand diplomacy that make it unique".

Vote Foreign Affairs and Trade

Trend in Vote Foreign Affairs and Trade

The appropriations sought for Vote Foreign Affairs and Trade for 2011/12 total $510.172 million (2010/11 estimated actual: $440.541 million).

The principal contributions to the increase in the Vote are an increase of $38.071 million in Departmental Output Expenses, (due mainly to funding to expand the Ministry’s capability, provide for costs associated with organisational transformation, and fund activities specific to the 2011/12 year), and an increase of $32.754 million for Departmental Capital Expenditure (arising from rephrasing funding following a review of the capital plan and the slowdown in some projects).

Organisational Transformation

While MFAT had already commenced organisational change a number of recent developments have underlined the need for organisational transformation. The Performance Improvement Framework (PIF) assessment of MFAT, the Better Administrative and Support Services benchmarking, and the Review of Expenditure on Policy Advice have all addressed aspects of MFAT’s capability and performance.

The Government has announced it expects the State sector to find savings over three years from July 2012. Targets for each agency will be finalised after Budget 2011 and agency chief executives are to decide how the savings will be achieved.

We suggest questions on actions consequent to these reports and on the targets for efficiency savings for MFAT.
Ministry 20/20 is the comprehensive organisational change programme with seven work streams. Undertaking major change whilst maintaining business as usual is challenging. In additional the tight fiscal environment adds additional pressure.

We suggest the Committee explores the overall change programme, and then follows up on particular projects. We provide some more detail on the project to modernise the offshore delivery platform and suggest questions on its progress, the impact on support services in Wellington, and on arrangements for providing policy advice and diplomacy.

The ability and willingness of people to accept change provides particular challenges in a period of change, especially for an organisation such as MFAT which has strong traditions, a well established culture, and expectations of a career path. We mention work underway to provide important enablers of change, and suggest questions on staff attitude, morale and change willingness/ability.

Response to emergencies

We suggest questions on MFAT’s response to a number of emergency situations: most notably the Canterbury earthquakes, the Japanese earthquake and tsunami, and the unrest in North Africa and the Middle East.

Vote Official Development Assistance

Cabinet approved a policy mandate for our ODA programme, so that it is focused on sustainable economic development and directed a greater proportion of aid to the Pacific.

The priorities within Vote ODA for 2011/12 are: the streamlining and simplification of aid administration processes; the devolution of responsibility for implementation of activities to posts; and an increase in the average size of activities and a reduction in the number of small, administratively intensive activities being funded.

Trend in Vote Official Development Assistance

The annual and permanent appropriations sought for Vote Official Development Assistance for 2011/12 total $188.568 million (2010/11 estimated actual: $194.514 million). In addition two multiyear appropriations are expected to expend $397.606 million in 2011/12 (2010/11 estimated actual $361.971 million).

The decrease in the annual and permanent appropriations for 2011/12 arises primarily from: the restructure of the management of ODA and further reintegration of NZAID into MFAT; and from the deferral of increases to baselines so that the target level of ODA expenditure will be reached in 2014/15 rather than 2012/13.

Reintegration into MFAT

The reintegration of the management of the NZ aid programme into MFAT has occurred in Wellington. During 2011/12 benefits from the reintegration will be consolidated to reduce administrative costs and reshape the development assistance programme to focus on sustainable economic development.

We suggest questions on the savings and efficiency improvements that result from the reintegration, and on how the percentage of Vote ODA required to administer aid activities will be further reduced.
New business model and changing aid focus

A 2011/12 priority for MFAT is implementing changes to its business model for the delivery of official development assistance. We understand that the new business model will involve greater engagement by Heads of Mission in aid delivery, access to global development best practice, improved operational rules, and changing the way aid is managed.

We suggest questions on changes to the business model, how success will be measured, and on any changes to MFAT’s processes and controls to address any change in the risk profile created by focusing on bigger activities.
1 Introduction

1.1 The Minister of Foreign Affairs is responsible for the appropriations in Vote Foreign Affairs and Trade, and is also responsible for the appropriations in Vote Official Development Assistance. The Ministry of Foreign Affairs (MFAT) is the administering department for both Votes.

1.2 The Vision for MFAT is:

To give New Zealand an edge internationally

1.3 MFAT sets out to achieve five outcomes:

- New Zealand’s security and economic interest safeguarded through its political and security relationships
- Economic growth and international competitiveness advanced through New Zealand’s international connections
- New Zealand’s interest secured through regional and multilateral engagement and effective international rules
- Sustainable development in developing countries, in order to reduce poverty and to contribute to a more secure, equitable and prosperous world
- The rights of New Zealanders abroad protected

1.4 Activities to achieve the fourth outcome listed above (sustainable development in developing countries) are basically funded by Vote Official Development Assistance. Activities to achieve the other outcomes are funded by Vote Foreign Affairs and Trade.

1.5 Four of the outcomes listed above are the same as they were in the previous SOI (for 2010 – 2013). The remaining outcome New Zealand’s interest secured through regional and multilateral engagement and effective international rules in the 2011-2014 SOI replaces an outcome Trans-boundary solutions and effective international rules promoted in the 2010-2013 SOI.

1.6 The Committee may wish to ask:

The Committee notes that, with one exception, the outcomes in the 2011-2014 SOI are the same as those in the 2010-2013 SOI.

- What change in emphasis or activity, if any, arises from the adoption of the outcome New Zealand’s interest secured through regional and multilateral engagement and effective international rules for 2011-2014 in place of the 2010-2013 outcome Trans-boundary solutions and effective international rules promoted?

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1.7 MFAT has 1363 staff, (684 are in New Zealand, 254 are New Zealand staff seconded overseas and 425 are overseas locally employed staff). The MFAT network comprises 54 overseas posts, 123 countries and territories of accreditation, 9 Consulates-General managed by NZTE, and 63 Honorary Consuls.

1.8 In the 2011/12 year MFAT expects to have total income of $416.054 million and expenses of $415.954 million, generating a surplus of $0.100 million. These figures compare to an estimated actual income of $390.016 million, expenses of $379.916 million and a surplus of $10.100 million in 2010/11.

1.9 The Minister in his forward to the SOI points to a number of significant developments, including: the Wellington Declaration (with respect to our relationship with the United States), working towards a single economic market with Australia, developing relations with emerging economies, campaigning for election to the Security Council, the Rugby World Cup and hosting the 40th anniversary of the Pacific Island Forum.

1.10 MFAT is undergoing a period of transformational change. A major change programme called Ministry 20/20 is underway with the aim to create a “more responsive, flexible and efficient organisation, while retaining the kernels of New Zealand diplomacy that make it unique”. We cover this topic in more detail below.

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Vote Foreign Affairs and Trade

1.11 Vote Foreign Affairs and Trade provides the bulk of MFAT’s funding from Departmental Output Expenses appropriations ($354.712 million from this Vote, compared to $61.242 million from Vote Official Development Assistance). In this part of the briefing we cover three topics:

- Trend in Vote Foreign Affairs and Trade
- Organisational Transformation
- Response to emergencies

2 Trend in Vote Foreign Affairs and Trade

2.1 The appropriations sought for Vote Foreign Affairs and Trade for 2011/12 total $510.172 million (2010/11 estimated actual: $440.541 million). The trend in Vote Foreign Affairs and Trade in recent years is shown in Figure 1 below

![Fig 1: Trends in Appropriations](chart)

2.2 The structure of the Vote has not changed since the 2010/11 year. We note that there are five appropriations in the Budget for 2011/12 that did not appear in the main Estimates for 2010/11. These new appropriations were introduced in the supplementary estimates for 2010/11, for generally obvious reasons. The five new appropriations cover Hosting the Pacific Islands Forum Meeting in September 2011, the Rugby World Cup Guest of Government, our Contribution to Australian Flood Relief, the Contribution to the March 2011 Japan earthquake and tsunami relief effort, and Hardship Assistance for Families of Foreign National Victims of the Canterbury Earthquake.

2.3 The following factors have impacted on the appropriations for 2011/12 compared to those for 2010/11:

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5 The Estimates of Appropriation 2011/12 B.5 pages 149 and 225.
6 Vote Foreign Affairs and Trade, The Estimates of Appropriations 2011/12 B.5 page 150.
An increase of $38.071 million (12.0%) in Departmental Output Expenses, due mainly to funding to expand the Ministry’s capability, provide for costs associated with organisational transformation, and fund activities specific to the 2011/12 year (such as the Rugby World Cup).

An increase of $32.754 million (69.3%) for Departmental Capital Expenditure. Funding provided in earlier years to maintain and upgrade property, offices, and other capital items has been rephrased to later years following a review of the capital plan and the slowdown in some projects. In 2011/12 there will be a final capital injection of $20.000 million to increase New Zealand’s foreign policy footprint.

Non-Departmental Output Expenses have remained unchanged at $18.568 million, maintaining the level of funding provided to the New Zealand Antarctic Institute, the Pacific Cooperation Foundation, and the Asia New Zealand Foundation.

Non-Departmental Other Expenses have decreased by $1.194 million (2.1%), due mainly to decreased payments to the United Nations for its regular budget assessment and peacekeeping missions mandated by the Security Council. There is new funding provided to assist: with Australian flood relief, Japanese earthquake and tsunami relief, and foreign nationals killed or seriously injured in the Christchurch earthquakes.

The Committee may wish to ask:

- Please brief the Committee on the main points of MFAT’s capital plan.
- Which capital projects have been delayed in starting, progression or completion?
- What impact have these delays had on the capability and operations of MFAT?

3 Organisational Transformation

Environment and Context

In this section we brief the Committee on the Performance Improvement Framework (PIF) assessment that was completed on MFAT, the Better Administrative and Support Services (BASS) report across a number of agencies (including MFAT), the Review of Expenditure on Policy Advice, and the drive for better smarter public services. We then focus on the change programme underway in MFAT (Ministry 20/20), the modernisation of the offshore delivery platform, and on MFAT’s capacity to change.

While MFAT had already commenced organisational change (and reported this in the last annual report) a number of recent developments have underlined the need for organisational transformation.

In September 2010 the Performance Improvement Framework (PIF) assessment was completed on MFAT. The reviewers said that meeting the challenges facing MFAT would require change in four key areas (a more proactive and strategic Ministry, strengthening

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8 MFAT Annual Report 2009/10 page 5.
Ministry management, better alignment of the organisational structure to the Ministry’s mission and purpose, and better aligning values culture and behaviours to the mission and culture).  

3.4 MFAT prepared an action plan in response to the PIF report, in which it said that many of the challenges had been anticipated to some extent and included in Ministry 20/20.  

3.5 In April 2011 the Treasury released the Better Administrative and Support Services (BASS) report. This benchmarked 33 agencies (including MFAT) on ICT, property management, corporate & executive support, human resources, finance, and procurement expenditure.  

3.6 The Review of Expenditure on Policy Advice across the public service identified several significant issues with the cost, quality and management of policy advice and a number of recommendations. The Government’s response (April 2011) to the review focused on: providing better financial and management information to drive value for money and efficiency, improving the leadership and management of policy advice within agencies, and driving stronger central agency stewardship.  

3.7 To support the drive for better smarter public services the Government announced it expected the State sector to find savings over three years from 1 July 2012. The aim is to reduce costs across the public sector and reprioritise investment in front-line services. The savings will come from a new requirement for State sector employers to meet superannuation costs ($600 million) and to generate efficiency savings ($330 million).  

3.8 The Minister of Finance has said that public sector agencies are being given time to identify the savings of $330 million and that most of the savings are expected to come from back office efficiencies. Targets for each agency will be finalised after Budget 2011 and agency chief executives are to decide how the savings will be achieved.  

3.9 The Committee may wish to ask:  

- What monitoring arrangements were put in place to assess progress in implementing the PIF action plan?  
- What progress has been made in implementing the priority areas in the action plan?  
- Have all planned actions been undertaken and completed?  
- Please provide details about any actions that are still in progress?  
- Are there any planned actions for which it was subsequently decided that these actions would/could not be implemented? If so, please provide details.
• Did the BASS benchmarking report identify any areas needing action by MFAT (such as particular areas where MFAT had high expenditure compared to other agencies)?
• What action is planned or underway to address these areas?

The Committee notes the Government’s response to the Review of Expenditure on Policy Advice, and its intention to produce better financial and management information to drive value for money and efficiency through improvements in policy advice and to improve leadership and management of policy advice within agencies.
• What areas of potential improvements in the efficiency, effectiveness and leadership of its policy advice has the Ministry identified?
• What are the targets for efficiency savings for MFAT from 1 July 2012 and how will these be met?
• What will it cost MFAT to fund KiwiSaver and SSRSS from 1 July 2012, and how does MFAT plan to fund this cost?

Ministry 20/20

3.10 Ministry 20/20 is the comprehensive organisational change programme designed to help articulate and drive the changes needed for MFAT to deliver its foreign policy, trade and development outcomes in a cohesive and strategic way.

3.11 Ministry 20/20 commenced in 2009 and was described in the last SOI as having six work streams: strategy, measures, people, culture & values, technology & knowledge management, and structure\(^{13}\). The current SOI lists these six work streams and one additional work stream (efficiency). It comments that the relative priority of particular streams of work has changed as projects move from design phase, through implementation, and into business as usual\(^{14}\).

3.12 Undertaking major change whilst maintaining business as usual is challenging. In addition the tight fiscal environment adds additional pressure. The need to change organisational culture and maintain staff morale highlights the challenges involved in organisational transformation.

3.13 We suggest the Committee explores the overall change programme, and then follows up on particular projects. The priorities for individual programmes of work for 2011/12 are listed and briefly described in the SOI\(^{15}\).

\(^{13}\) MFAT Statement of Intent 2010-2013, page 31.
\(^{15}\) MFAT Statement of Intent 2011-2014, pages 33-35.
The Committee may wish to ask:

The Committee notes that a seventh work stream (efficiency) was added to the Ministry 20/20 change programme (comparing the 2011-2014 SOI to the 2010-2013 SOI).

- What change in scope has occurred in the Ministry 20/20 change programme since its inception in 2009?
- What change in emphasis or priority is implied by the addition of an efficiency work stream?
- What are the overall objectives of Ministry 20/20 and how will MFAT be different in five years time?

- What efficiencies is Ministry 20/20 expected to generate, and what impact will these have on future appropriations?
- What confidence does the Minister have that Ministry 20/20 and other actions will generate sufficient efficiency gains to meet Government expectations of savings over the three years from July 2012?

- What oversight or governance arrangements are in place to ensure that all components of Ministry 20/20 are coordinated and viewed in an integrated way?
- What change capability has been put in place to manage and deliver the change agenda?
- What are the key risks inherent in the change programme and how are these being managed and mitigated?

- What are the major milestones for the Ministry 20/20 programme in the 2011/12 financial year?

Please supply a brief description of the main projects within each of the Ministry 20/20 work streams, including a description of their scope, key milestones and current state of progress.

Offshore Delivery Platform

3.15 The SOI describes the project to modernise the offshore delivery platform\(^\text{16}\). It says that the project’s focus has been on designing improved administrative and consular processes at overseas posts. We understand that options for the offshore operating model have been developed and work is underway to customise generic concepts to specific posts. Decisions on proposals are expected to be taken early in the 2011/12 year.

3.16 These options include an Embassy light (hub and spoke) model, which has been progressed in our European posts. This concept involves support from a hub to smaller spoke posts. We understand that issues identified in pilot work are being considered and measures to evaluate the effectiveness of a spoke post are being developed.

3.17 The changes to the offshore delivery platform will change the method of service that members of the public will receive and will have an impact on support functions in Wellington. Work has also commenced on the future business model, looking at all front office functions covering the provision of the full range of policy advice and diplomacy.

3.18 The Committee may wish to ask:

Please brief the Committee on the Offshore Delivery Platform project.

- What reports or papers can be provided to assist the Committee to better understand the progress of this project and the changes it will have on the method of service that members of the public will receive?
- How will changes in the method of delivery, level or type of services to the public be communicated to the public?
- What is the likely impact of changing the offshore delivery platform on support services in Wellington and on arrangements for providing policy advice and diplomacy?

Change capability

3.19 The ability and willingness of people to accept change provides particular challenges in a period of change, especially for an organisation such as MFAT which has strong traditions, a well established culture, and expectations of a career path.

3.20 Work is underway to provide important enablers of change, including: the introduction of a new leadership development framework, development of new performance management and remuneration systems, and more targeted learning and development opportunities.

3.21 The Committee may wish to ask:

- What governance arrangements have been put in place to ensure that Business as Usual is delivered during a period of change?
- What particular challenges does MFAT face in changing its organisational culture and assisting staff through significant change?
- What assessments have been made of staff attitude, morale and change willingness/ability?
- Are there any groups or areas for which these assessments give rise to concern or require particular action?
- How are situations being managed in which particular staff or groups of staff are vulnerable or unsettled by change?
- How will MFAT track and respond to developments in staff attitude, morale and change willingness/ability?
4 Response to emergencies

4.1 MFAT has had to respond to a number of emergency situations, most notably the Canterbury earthquakes, the Japanese earthquake and tsunami, and the unrest in North Africa and the Middle East (Egypt, Libya, and other nations).

4.2 The scale of these emergences impacted on MFAT and we understand that work had to be reprioritised to accommodate the need to respond. We note that the SEQ states that there were no changes to the Vote arising from the Canterbury earthquakes, with the costs of approximately $0.350 million being absorbed by MFAT\(^{17}\).

4.3 The Committee may wish to ask:

pleas brief the Committee on MFAT's response to the emergency situations arising from the Canterbury earthquakes, the Japanese earthquake and tsunami, and the unrest in North Africa and the Middle East.

- What assessment has been made of the effectiveness of MFAT's response to each of these situations, what worked well, and what lessons were learnt to apply to future situations?
- What impact did the need to respond to these situations have on MFAT's resources and other work priorities?

\(^{17}\) Standard Estimates Questionnaire, answer 5.
Vote Official Development Assistance

4.4 Cabinet approved (in 2009) a policy mandate for New Zealand’s ODA programme, so that it focused on sustainable economic development and directed a greater proportion of aid to the Pacific.

4.5 The priorities within Vote ODA for 2011/12 are: the streamlining and simplification of aid administration processes; the devolution of responsibility for implementation of activities to post; and an increase in the average size of activities and a reduction in the number of small, administratively intense activities being funded.\(^\text{18}\)

4.6 In this part of the briefing we cover three topics:

- Trend in Vote Official Development Assistance
- Reintegration into MFAT
- New business model and changing aid focus

5 Trend in Vote Official Development Assistance

5.1 The annual and permanent appropriations sought for Vote Official Development Assistance for 2011/12 total $188.568 million (2010/11 estimated actual: $194.514 million).\(^\text{19}\) The trend in Vote Official Development Assistance in recent years is shown in Figure 2 below.

5.2 The structure of the Vote has changed from the 2010/11 year. The previous two Departmental Output Expenses Management of Official Development Assistance Programme and Strategic Evaluation and Advice have been combined into one output expense Management of New

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\(^{18}\) Standard Estimates Questionnaire, answer 10.

\(^{19}\) Vote Foreign Affairs and Trade, The Estimates of Appropriations 2011/12 B.5 page 150.
Zealand Official Development Assistance. The SEQ explains that the new appropriation reflects that management of ODA combines both strategy and the management of activities.

5.3 The following factors have impacted on the appropriations for 2011/12 compared to those for 2010/11:

- A decrease of $2.033 million (3.2%) in Departmental Output Expenses, primarily from the restructure of the management of ODA and further reintegration of NZAID into MFAT.
- A decrease of $3.913 million (4.0%) in International Agency Funding, primarily due to the deferral of increases to baselines planned in accordance to the Government’s commitment to increase Vote ODA expenditure, so that the target level will be reached in 2014/15 rather than 2012/13.

5.4 Two multiyear appropriations commenced on 1 July 2009 and will expire on 30 June 2012. One appropriation Global Development Assistance will incur estimated expenditure of $128.619 million in 2011/12 (2010/11 estimated actual $90.221 million) while the Pacific Development Assistance appropriation will incur estimated expenditure of $268.987 million in 2011/12 (2010/11 estimated actual $271.750 million).

6 Reintegration into MFAT

6.1 The Minister notes that the reintegration of the management of the NZ aid programme into MFAT has occurred in Wellington, and he states that a major work programme is required to achieve coherence and efficiencies within Pacific Posts. The Chief Executive states that benefits from the reintegration will be consolidated to reduce administrative costs and reshape the development assistance programme to focus on sustainable development.

6.2 The percentage of Vote ODA directed to administration has been targeted for reduction. The Minister has publically stated his expectation that the current $61 million of overhead costs (10.45% of aid budget) be reduced to $55 million in 2011/12 and then by more in following years.

6.3 Support functions (such as communications, HR, information services, finance, and records) have been integrated into MFAT and one Audit Committee now oversees the whole of MFAT.

6.4 The Committee may wish to ask:

- What savings and efficiency improvements have been made as a result of reintegrating aid support functions into MFAT?
- What further changes, if any, are planned to any support or shared services?
- How will the percentage of Vote ODA required to administer aid activities be further reduced?

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21 Minister of Foreign Affairs, article in Dominion Post 31 May 2011.
7 New business model and changing aid focus

7.1 The SOI lists a number of priorities for 2011/12 for MFAT, one of which is “implementation of changes to the Ministry’s business model for the delivery of official development assistance”\(^{22}\).

7.2 The SOI (outcome 4, pages 26-28) contains more detail on New Zealand’s aid work, including what we are seeking to achieve, how success will be demonstrated, and how it will be achieved.

7.3 We understand that to support a shift to bigger, fewer, deeper and longer aid projects the new business model will involve greater engagement by Heads of Mission in aid delivery, access to global development best practice, improved operational rules, and changing the way aid is managed.

7.4 The Committee may wish to ask:

<table>
<thead>
<tr>
<th>Please brief the Committee on work to implement changes to the business model for the delivery of official development assistance.</th>
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<tbody>
<tr>
<td>• What criteria will be used to assess the success or otherwise of this new business model?</td>
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<tr>
<td>• The Committee notes the aim of reducing the number of aid activities and increasing the median size of these activities. What changes to MFAT’s processes and controls are required to address any changes in the risk profile created by focusing on bigger activities?</td>
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<td>• In what areas does MFAT need to enhance capability to successfully deliver the refocused aid programme?</td>
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The following information is sourced from the Estimates of Appropriations, a Guide to the Public Finance Act (PFA) and a Guide to Appropriations. 23

<table>
<thead>
<tr>
<th>Appropriation</th>
<th>Description</th>
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<tbody>
<tr>
<td>Appropriation</td>
<td>A parliamentary authorisation for the Crown or an Office of Parliament to incur expenses and capital expenditure, for a specified purpose. Appropriations are limited by their <strong>scope</strong> (limits on what the appropriation can be used for), <strong>amount</strong> (the maximum amount of expenditure allowed), and <strong>period</strong> (the timeframe over which the appropriation applies – usually annual or multi-year).</td>
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<thead>
<tr>
<th>Benefits and Other Unrequited Expense appropriations</th>
<th>Description</th>
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<tr>
<td>Benefits and Other Unrequited Expense appropriations</td>
<td>Authorises expenses incurred by the Crown (generally made to individuals for their benefit) for which no direct exchange of value is expected in return. Examples are the unemployment benefit and student allowances. These appropriations are non-departmental.</td>
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<tr>
<th>Capital expenditure appropriations</th>
<th>Departmental:</th>
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<tr>
<td>Capital expenditure appropriations</td>
<td>Authorises capital expenditure to be incurred by a department to acquire or develop assets for use by the department. Departmental capital expenditure funded from a department’s balance sheet (proceeds of the sale or disposal of any of its assets together with any working capital held) is authorised by a permanent legislative authority (PLA), under the PFA. The department can seek additional funding for capital expenditure (shown as capital injections in the net asset schedule in the Estimates).</td>
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<tr>
<th>Non-departmental:</th>
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<tr>
<td>Non-departmental:</td>
<td>Authorises capital expenditure to be incurred by the Crown (excluding departments) to acquire or develop Crown assets, including the purchase of equity or a loan to a person or organisation that is not a department. Examples include equity injections for Crown entities, and Residential Care Loans to older people.</td>
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<thead>
<tr>
<th>Explanation of Movements in Departmental Net Asset Schedules</th>
<th>Description</th>
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<tbody>
<tr>
<td>Explanation of Movements in Departmental Net Asset Schedules</td>
<td>A schedule showing the opening balance, projected movements, and closing balance of a department’s net assets. Specifically, it includes the details of any retained surplus, capital injections, or withdrawals.</td>
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<th>Output Expense appropriations</th>
<th>Departmental:</th>
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<tr>
<td>Output Expense appropriations</td>
<td>Authorise expenses to be incurred by a department in providing a class or type of outputs (goods and services).</td>
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<tr>
<td>Non-departmental:</td>
<td>Authorises expenses to be incurred by the Crown (excluding departments) in purchasing a class or type of outputs (goods and services) from Crown entities or other third parties.</td>
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<tr>
<th>Multi-class Output Expense appropriation (MCOA)</th>
<th>Description</th>
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<tr>
<td>Multi-class Output Expense appropriation (MCOA)</td>
<td>A single appropriation that covers more than one class of output expenses.</td>
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<tr>
<th>Other Expense appropriations</th>
<th>Departmental:</th>
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<tr>
<td>Other Expense appropriations</td>
<td>Authorises expenses to be incurred by a department not related to producing outputs. An example is the cost of the disposal of decommissioned Defence assets.</td>
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23 Published by the Treasury in August 2005 and November 2008 respectively.
| **Non-departmental:** | Authorises expenses to be incurred by the Crown (excluding departments) that are not output expenses, benefits, or borrowing expenses. An example is the cost of providing primary education. |
| Outcomes | States or conditions of society, the economy, or the environment, including changes in those states or conditions. |
| Minister responsible for appropriations | The Minister responsible for specific appropriations within a Vote. As several Ministers may now hold appropriations within a single Vote, each appropriation has a tag (M1.2 etc) identifying the Minister responsible for that line item. |
| Responsible Minister | The Minister responsible for the financial performance of a department or Crown entity. In relation to an Office of Parliament, the Office of the Clerk and Parliamentary Service, the Speaker is the Responsible Minister. |
| Vote | A grouping of one or more appropriations that are the responsibility of one or more Ministers and are administered by one department. |