2019/20 Estimates for Vote Foreign Affairs and Trade and Vote Official Development Assistance

Report of the Foreign Affairs, Defence and Trade Committee

July 2019

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Vote Foreign Affairs and Trade and Vote Official Development Assistance

Recommendation

The Foreign Affairs, Defence and Trade Committee recommends that the appropriations for the year ending 30 June 2020 for Vote Foreign Affairs and Trade and Vote Official Development Assistance, as set out in Parliamentary Paper B.5 Vol.4, be accepted.

Overview of funding under these Votes

The appropriations sought for Vote Foreign Affairs and Trade in 2019/20 total $589.7 million. This represents an 11 percent increase from estimated actual spending of $530.7 million in 2018/19. The increase is mainly for

- hosting APEC in 2021
- consular services and policy advice and representation associated with the opening of new embassies in Ireland, Sweden, and Sri Lanka (planned for this year)
- the renewal of existing assets
- developing a plan for the regeneration of Scott Base.

The appropriations sought for Vote Official Development Assistance in 2019/20 total $822.2 million. This represents a 6.7 percent increase from estimated actual spending of $770.5 million in 2018/19. The increase reflects multi-year funding for a Budget 2018 policy initiative to increase aid, and a new policy initiative: Increasing New Zealand’s Investment to Deliver on the Pacific Reset and to Demonstrate Global Leadership.

The Minister of Foreign Affairs, Rt Hon Winston Peters, is responsible for all of the appropriations in Vote Foreign Affairs and Trade and Vote Official Development Assistance. We heard from the Minister and from the Ministry of Foreign Affairs and Trade (MFAT), which administers the appropriations.

Bipartisanship in foreign affairs

Historically, there has been more bipartisan agreement on New Zealand’s foreign policy than in most other policy areas. We asked how the Minister intends to strengthen that bipartisanship, and whether there would be future opportunities for parliamentary scrutiny of foreign policy.

The Minister expressed his support for bipartisanship, but noted that parliamentary debate on foreign affairs was constrained by a lack of information available to members outside the Executive. While New Zealand’s foreign policy is far more transparent than in the past, members outside the Executive simply do not have access to the same amount of information. Nonetheless, the Minister hopes that there will be further Opposition input into foreign policy in the future.
Hosting the APEC 2021 forum

Auckland, Wellington, and Christchurch will host the Asia Pacific Economic Cooperation (APEC) forum in 2021. Budget 2019 provides a further $84.58 million over three years to host APEC, on top of an appropriation of $99.56 million in Budget 2018. $38.92 million of the total funding is to support APEC planning in 2019/20.

We noted that hosting APEC 2007 cost the Australian Government A$331.5 million, while APEC 2018 cost the Government of Papua New Guinea just over A$330 million. Considering this, some of us were concerned that the Government has not sought enough money to host the forum.

MFAT assured us that it understands its obligations as the host. It said that APEC presents a key opportunity to leverage economic relationships in the Asia-Pacific region. MFAT emphasised that there is detailed budgeting in place and that it is confident that it can meet the Government’s objectives within existing appropriations. The Minister said that all expenditure on APEC would be closely scrutinised to ensure it was justified.

Benefits to Māori

MFAT’s website states that APEC will provide specific benefits for Māori. We asked what they would be, and how the Government would measure them. The Minister told us that the Government’s approach is “gender blind, creed blind, and race blind”, and that APEC will benefit every New Zealander.

Contracting issues

In our 2018 annual review of MFAT, the Office of the Auditor-General raised concerns about the procurement of a consultant for APEC. Consequently, MFAT has reviewed its procurement process. We asked for an update on progress.

MFAT told us the review is complete. As a result of it, the ministry has made various enhancements and improvements in its procurement practices.

The Pacific reset

In 2017, the Minister of Foreign Affairs announced a “reset” of regional relations with the Pacific. This has been characterised by greater engagement and aid contributions toward states in that region. We asked the Minister to provide us with an update.

The Minister emphasised the importance of treating all countries equally and fairly, regardless of whether they are as small as Niue or as large as China. He noted that New Zealand’s work in the Pacific could not be viewed through western or New Zealand lenses. Rather, it must be aligned to the local culture following local consultation.

In his opening remarks, the Minister emphasised the importance of New Zealand’s foreign engagement addressing climate change. We asked about the role New Zealand is playing in addressing climate change challenges in the Pacific.

The Minister said Budget 2018 committed a further $300 million over four years (an increase of about 50 percent) to assist Pacific nations with climate change challenges. He noted the
importance of bringing other nations on board with these efforts, including Japan, the EU, the Nordic countries, and Switzerland.

**Upgrading Scott Base in Antarctica**

Budget 2019 seeks an additional $19.4 million for detailed planning work on the redevelopment of Scott Base, estimated to cost $250–290 million. The redevelopment plan was revealed by the Minister on 28 June 2019, one week after our hearing.

The Minister told us that $200 million for the project would come from future budget bids, while $50 million would come from private sources. We asked what private sources might be interested in funding the project. The Minister said there may be people with a charitable interest in supporting the country and the cause of Antarctica by backing this project. Businesses may also be interested in funding the project because of the continent’s scientific value.

We asked about the importance of Scott Base to New Zealand and the global community. The Minister said that Scott Base forms a critical part of New Zealand’s historical engagement in Antarctica and its relationship with the United States. He said that New Zealand has an international obligation to remain engaged, and that the more it engages, the less likely it is that unsatisfactory influences might do so.

**Women in peacekeeping and security**

We asked what work MFAT is doing to involve women in mainstream peace-building and security roles, such as through overseas development assistance work.

The Minister said that having a female Prime Minister, Chief Justice, and Governor-General is representative of the work New Zealand has done to promote women. He said there is still much work to be done to advance the roles of women.

As for women in the ministry, we were told that MFAT has recently been working to find female diplomats who had left the ministry, and inviting them to return. This includes Rosemary Banks, New Zealand’s Ambassador-designate to Washington.

The Minister highlighted that New Zealand has stuck to its policy of appointing women to senior positions, even in countries where women find it difficult. He expressed pride in New Zealand having stuck to its principles.

**West Papua**

Some of us expressed concern about the Indonesian authorities’ treatment of indigenous West Papuans. In 2018, the Prime Minister raised this matter with Indonesia’s President. We asked whether the Minister of Foreign Affairs planned to raise the issue again with his Indonesian counterpart.

The Minister assured us that the Government has put significant effort into engaging with the Indonesian President and Foreign Minister. He intends to raise the issue again, and to work jointly with Melanesian countries, who share the concern, to try to help Indonesia resolve the matter.
Venezuela

We are concerned that the Government has not condemned Venezuelan President Nicholas Maduro as strongly as our allies have. We asked why the Government has not been more vocal about the ongoing political crisis in that country.

The Minister said that the Venezuelan situation was a tragedy, and noted that it was once the most successful economy in South America. He explained that, while he had issued a statement calling for fresh elections, it has not attracted much media attention.

Israel

Immigration New Zealand recently published a map labelling Israel as “Palestine”. The Minister explained that the map was placed on its website in error, and has since been corrected. He told us an apology has been made to the Israeli Ambassador, and reiterated the Government’s continued support for a two-state solution.

While Israel has an embassy in New Zealand, New Zealand does not have a permanent mission in Israel. Rather, New Zealand’s diplomatic representation to Israel comes from the Embassy in Turkey. We asked whether the Minister considers this arrangement adequate.

The Minister told us that the Government is yet to hear a complaint about the current arrangement. MFAT said that New Zealand’s relationship with Israel continues to develop, including through recent visits by the Governor-General and Minister of Defence. However, the ministry is constrained by its budget in the number of foreign missions it can establish. The Minister expressed his desire to open more foreign missions in future.

Brexit

The Minister said that New Zealand is well positioned to respond to any outcome from the ongoing Brexit negotiations. He noted that New Zealand’s diplomats are in close contact with their British counterparts and are actively monitoring developments.

Iran

We note that the United States contends that Iran has not fulfilled its obligations under the Iran Nuclear Deal, and has subsequently re-imposed sanctions. In June 2019, the United States accused Iran of sabotaging two oil tankers travelling through the Gulf of Hormuz. Iran has denied involvement. We asked the Minister for his views on the matter.

The Minister said he was alarmed by the developments, but would not comment on the matter until an investigation was complete.

Fully autonomous weapons systems - “killer robots”

We recently heard from the Campaign to Stop Killer Robots, which is calling for an international treaty to ban fully autonomous weapons systems. Its representatives have expressed concern that New Zealand has not developed a national policy toward autonomous weapons systems. We asked the Minister for a response.
The Minister said that autonomous weapons systems (which have not yet been invented) have not been a top priority since the Government took office 18 months ago. Nonetheless, the international security and legal divisions at MFAT are participating in discussions about autonomous weapons systems at United Nations forums. New Zealand’s position is that international humanitarian law requires a human element in all decisions when operating weapons. MFAT noted that it is unclear whether a new international treaty is necessary when existing humanitarian law already applies.

**Free trade agreements**

**United States**

We agree with the Minister about the importance of securing a free trade agreement with the United States. We asked how this is progressing.

The Minister said he has received a personal commitment from Vice-President Mike Pence to work on a free trade agreement. He stated that New Zealand would need to address the principle of preserving sovereignty and find a way of preserving the Pharmac model. Nonetheless, it remains completely realistic to secure a free trade agreement with the United States. The Minister told us he is confident that personal relationships and New Zealand’s credible reputation as a democratic country would see a deal struck.

**European Union**

The fifth round of negotiations for a New Zealand–European Union free trade agreement took place in July 2019. While both parties are hopeful of striking a deal by the end of the year, obstacles include securing market access for New Zealand dairy and meat. We asked what MFAT expects to get out of negotiations in these areas.

MFAT informed us that its core challenge in negotiations is striking a balance between getting market access and meeting the EU’s expectations, particularly in regard to geographic indications. Other key challenges include protecting tariff rate quotas for agricultural products (which allow New Zealand to export a certain amount of products at a lower tariff rate). These quotas were negotiated in 1994 when the EU had 12 member states including the United Kingdom (it now has 28, set to fall to 27 when the United Kingdom leaves). The EU has indicated it intends to unilaterally reduce the tariff rate quotas for New Zealand post-Brexit—something that MFAT has told the EU is unacceptable.

**Environmental and human rights protections**

We asked whether environmental and human rights protections would be built into the EU free trade agreement. MFAT informed us that it has proposed including enforceable environmental and human rights chapters similar to those in the CPTPP. However, the EU has refused to discuss this.

**Global migration compact**

On 19 December 2018, the Minister announced that New Zealand would support the United Nations’ Global Compact for Safe, Orderly and Regular Migration. This follows independent legal assurances that it would not compromise New Zealand’s sovereignty or take...
precedence over domestic immigration laws. We asked why the Government took this approach.

The Minister told us that a misinformation campaign, originating from the Austrian far-right, had led to the spread of misinformation about the compact. He said that any move to stop people-trafficking is positive, which is why New Zealand supports the compact.

We asked why there had been no parliamentary scrutiny of the compact. The Minister told us that when he took up the portfolio it was a work in progress inherited from the previous Government. Nonetheless, he agreed that there could be more parliamentary debate on these matters.

Some of us expressed concern with the Minister’s characterisation of opposition to the issue, and consider it to be more complex than the sole domain of the Austrian far-right. We noted that several countries have concerns, and that the United States and Australia have not joined the compact. Some of us consider that there should be more openness and transparency in the decision-making process when governments enter into international agreements. The Minister made an offer to set aside occasions for Parliament to debate issues of foreign affairs.
Appendix

Committee procedure
We met on 20 June and 25 July 2019 to consider Vote Foreign Affairs and Trade and Vote Official Development Assistance. We heard evidence from the Minister of Foreign Affairs, Rt Hon Winston Peters, and the Ministry of Foreign Affairs and Trade, and received advice from the Office of the Auditor-General.

Committee members
Simon O’Connor (Chairperson)
Hon Gerry Brownlee (from 24 July 2019)
Paulo Garcia
Golriz Ghahraman
Hon Tim Macindoe (until 24 July 2019)
Hon Todd McClay
Priyanca Radhakrishnan
Hon Aupito William Sio (from 24 July 2019)
Jamie Strange (until 24 July 2019)
Louisa Wall

Advice and evidence received
In addition to the standard Estimates documents, we considered the following documents as evidence and advice. They are available on the Parliament website, www.parliament.nz, along with a transcript of our hearing.

Standard Estimates Questionnaire responses (Vote Foreign Affairs and Trade).
Standard Estimates Questionnaire responses (Vote Official Development Assistance).
Minister of Foreign Affairs (Responses to additional questions).
Office of the Auditor-General (Briefing on Vote Foreign Affairs and Trade, and Vote Official Development Assistance).