

**BUDGET MINISTERS MEETING – 16 MARCH 2010: RECORD OF DECISIONS**

**SUMMARY**

The aggregation of all of the Baseline Alignment Proposals provides the basis for a Budget package that is consistent with the Government’s fiscal strategy and comes within the allowance of \$1.1 billion of new operating spending. As it currently stands, Health (\$417 million of new spending), Education (\$300 million of new spending) and Justice (\$38 million of new spending) would be the major components of the Budget (excluding infrastructure initiatives).

For most Votes the BAPs do not propose significant reprioritisation options, and therefore with no new spending across these Votes, there will be little scope for substantive Budget announcements of new initiatives.

**Next Steps - Post-Budget 2010**

- ECC discussions regarding value for money of spending
- ECC process to consider relativities across baselines

**ACCEPT AS SUBMITTED**

**Small Votes (<\$150m p.a.), that balance and have no significant issues:**

- Arts, Culture and Heritage
- Commerce
- Communications
- Community and Voluntary Sector
- Conservation
- Consumer Affairs
- Crown Research Institutes
- Defence (MoD)
- Education Review Office
- Emergency Management
- Employment
- Food Safety
- Immigration
- Internal Affairs
- Local Government
- Maori Affairs
- Finance
- Ministerial Services
- National Archives
- National Library
- Office of the Clerk
- Pacific Island Affairs
- Parliamentary Counsel
- Parliamentary Service
- Prime Minister and Cabinet
- Revenue
- Security Intelligence
- Senior Citizens
- Sport and Recreation
- State Services
- State-Owned Enterprises
- Statistics
- Tourism
- Veterans' Affairs - Defence Force
- Veterans' Affairs - Social Development
- Women's Affairs

**Votes that balance, with good proposals and trade-offs:**

- Agriculture and Forestry
- Biosecurity

**Votes that balance, but have disappointing proposals and trade-offs:**

- Customs
- Energy
- ODA
- Racing
- Transport

**Agree** for the purposes of Budget 2010 to confirm the BAPs listed above.  
*agree/disagree*

**FIX LATER**

**Agree** that issues in the following Votes should be addressed post-Budget as they do not affect the development of the Budget package:

- Climate Change – ETS implementation funding needs in 2010/11 and 2011/12.
- Environment – use of the Sustainable Management Fund for Tui Mine cleanup.  
*agree/disagree*

**Agree** that requests for additional funding in the following Votes should be considered at Budget Ministers meeting on 31 March:

- *[information deleted in order to protect New Zealand’s security, defence or international interests]*
- Treaty Negotiations – \$6.5m between 2010/11 and 2012/13 for additional OTS capability  
*agree/disagree*

**Agree** that issues in the following Votes be addressed through the processes listed:

- Defence Force – funding pressures beyond 2010/11 through the Defence Review
- Foreign Affairs and Trade – better alignment of activities with priorities through the NZ Inc Offshore review and the MFAT Capability Review
- Housing – improving value for money through the ECC work programme and the Housing Shareholders Advisory Group.

**DISCUSS IN BILATERAL MEETING**

**Agree** to hold a bilateral for Vote Health on 22 March to discuss balancing the Health BAP; improving information on new initiatives; and ensuring adequate reprioritisation to risk provisioning.  
*agree/disagree*

**Agree** to hold a bilateral for Vote Education on 23 March to discuss managing demand driven pressures in ECE and the schooling sector.  
*agree/disagree*

**Agree** to hold a bilateral for the Justice Sector on 23 March to discuss outstanding capital initiatives.  
*agree/disagree*

**FIX NOW**

Direct officials to resolve issues relating to unbalanced BAPs in the following Votes:

- **Vote ACC:** *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials].*

- **Vote Economic Development:** overspent by \$6.625 million in 2010/11 owing to proposed contributions from other Votes to establish a multi-year appropriation to ‘leverage’ off Rugby World Cup. The rest of the \$17.25 million for the proposed appropriation comes from transfers with the Vote and previous Cabinet decisions.

- **Votes Environment and Climate Change:** does not include a provision for the transfer of aquaculture funding to Vote Fisheries.
- **Vote Fisheries:** overspent by \$451,000 as a transfer for Aquaculture from Vote Environment and Climate change has not been included.

- **Vote Labour:** *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials].*

- **Vote Land Information:** overspent by \$607,000 in outyears. Extra funding for Treaty of Waitangi implementation costs, Geospatial work, Ministry for the Environment properties and policy resources are not offset by sufficient savings.

- **Vote Research Science and Technology:** currently underspent as BAP recommends that savings generated from another Vote should be used to fund Creative Commons as this initiative is expected to generate savings for many departments. If it cannot be funded from other votes it should be funded from within Vote State Services or Vote RS&T.  
*agree/disagree*

**Agree** to request the Minister for Social Development defer the SOC paper allocating Pathways to Partnership funding to allow consideration of how proposals in Social Development fit with Government priorities.  
*agree/disagree*

**CONTINGENCY AND ROLLING MAUL**

**Note** that decisions have already been taken against the between Budget contingency and the Rolling Maul, including weathertight homes, Health underspends (BBC) and the Research, Science and Technology package (RM).

**Note** that because of these decisions the current balances of the 2010 contingency and the Rolling Maul Fund are (\$m):

Table 1

	10/11	11/12	12/13	13/14	Total
<b>BBC</b>	67	80	88	89	<b>324</b>
<b>RMF</b>	69	49	30	25	<b>173</b>

If the allocations are swapped the balances become:

Table 2

	10/11	11/12	12/13	13/14	Total
<b>BBC</b>	26	39	47	48	<b>160</b>
<b>RMF</b>	110	90	71	66	<b>337</b>

**Agree** to swap the 2010 BBC and RMF allocations as per table 2 below.  
*agree/disagree*

**Note** that the \$128m (e.g. \$32m p.a.) ACC allocation is unspent and that this funding is available for other priorities.

**Agree** to top up the between Budget contingency by up to \$32m p.a.  
*agree/disagree*

NB. This would result in the following balances:

Table 3

	10/11	11/12	12/13	13/14	Total
<b>BBC</b>	58	71	79	80	<b>288</b>
<b>RMF</b>	110	90	71	66	<b>337</b>