

Hon David Carter
Parliament Buildings
WELLINGTON

Dear Minister

Thank you for your Baseline Alignment Proposals (BAPs). I am writing to you in relation to the decisions taken by Budget Ministers following a discussion of all BAPs submitted by Vote Ministers and to outline the challenges we face over the next two years.

Budget Ministers met to discuss your proposals on Tuesday 16 March and agreed that your submission for Votes Agriculture and Forestry and Biosecurity covered the main areas Budget Ministers were expecting to see in the submission. Your submission identified how your priorities linked to the Government's priorities and outlined how these would be delivered within existing baseline funding. Consequently, your BAPs have been accepted by Budget Ministers.

I note that the BAPs for Votes Agriculture and Forestry and Biosecurity proposed significant reprioritisation to manage key pressures, and offered clear guidance on the risks and trade-offs posed by these decisions. I am aware, however, that there are ongoing pressures in Vote Biosecurity relating to government-industry agreements on pest management, the trans-Tasman x-ray imaging project and the future of the Bovine Tuberculosis pest management strategy. Further reprioritisation in the coming year will be necessary to manage some or all of the impacts of these proposals.

Now that the process for Budget 2010 is almost complete, Ministers should be taking the opportunity to use the Statement of Intent process and discussions about CEO performance expectations to plan further improvements in value for money. Most BAPs focused on changes over the next year. However by Budget 2011 we will expect to see plans delivering value for money over the next four years which reflect flat or declining baselines.

Yours sincerely

A handwritten signature in black ink, appearing to read "Bill English". The signature is fluid and cursive, with a large initial "B" and "E".

Hon Bill English
Minister of Finance