

Hon Phil Heatley
Parliament Buildings
WELLINGTON

Dear Minister

Baseline Alignment Proposals (BAPs) were submitted for your Votes on 8 March. 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 the proposals on Tuesday 16 March and agreed that the submission for Votes Housing and Fisheries covered the main areas Budget Ministers were expecting to see in the submission. The submissions 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.

For Vote Housing, Budget Ministers are aware extensive work is being undertaken outside the BAP process to improve some services and manage cost pressures.

The BAP for Vote Fisheries notably aimed to deliver on the Government priority of aquaculture reform, and proposed reprioritisation to manage other pressures. I acknowledge the recent organisational design review of the Ministry of Fisheries as a credible effort to achieve better public services for less.

For the majority of Votes there will be no new money in future Budgets. As such, it is expected that you are making the necessary trade-offs that will allow you to deliver on your priorities within your existing funding, which includes managing all your departmental pressures in this time.

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', written in a cursive style.

Hon Bill English
Minister of Finance