

Hon Steven Joyce  
Parliament Buildings  
WELLINGTON

Dear Minister

Thank you for your Baseline Alignment Proposals (BAPs). I am writing to you in relation to the decisions we, as Budget Ministers took following a discussion of all BAPs submitted by Vote Ministers.

We met to discuss Vote Ministers' proposals on Tuesday 16 March and were pleased to see that you are able to operate within your existing baselines and have therefore agreed that your submissions for Votes Transport and Communications should be accepted.

Although a BAP was not submitted for tertiary education, your proposed Budget package was discussed on Thursday 25 March and agreed, subject to final costings and the Cabinet decisions required for the changes to student support and fee regulation.

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". The signature is written in a cursive, flowing style.

Hon Bill English  
Minister of Finance