

Hon Kate Wilkinson
Parliament Buildings
WELLINGTON

Dear Minister

Thank you for your Baseline Alignment Proposals (BAP). 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 Conservation and Food Safety 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 Vote Conservation and Food Safety BAPs have been accepted by Budget Ministers.

Budget Ministers met to discuss your proposal for Vote Labour on Wednesday 31 March. Your Vote Labour BAP has been accepted with the following amendments:

- \$2.198 million p.a. in funding required for Hazardous Substances and New Organisms Act enforcement and compliance activities within Vote Labour is to be met by reprioritisation within the Vote Labour baseline *[deleted – confidentiality of advice]*.
- \$1 million in 2009/10 from the Skills Strategy Programme Office is not to be expense transferred to 2010/11 for use by the Skills Forum and, instead, is to be reprioritised for HSNO Act enforcement activities.
- Up to half of the funding available for Employment Relations Education Contestable Fund can be reprioritised for other activities if required.
- *[Information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials].*

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 fluid and cursive, with a prominent initial "B" and a long, sweeping tail.

Hon Bill English
Minister of Finance