



18 February 2011

Prime Minister

Deputy Prime Minister

Minister of State Services

Associate Minister of Finance (Hon. Simon Power)

Associate Minister of Finance (Hon. Stephen Joyce)

FUTURE STATE PROJECT, SECOND REPORT: FOREWORD

Attached, for consideration at your 22 February State Sector Ministers' meeting, is the second report from the central agencies "Future State" project on options for a smaller and better State Sector.

This second report follows direction from the State Sector Ministers' Group at your 19 January meeting. Specifically, Ministers sought further advice on:

- A clear articulation of what these changes are about (principles);
- First cabs off the rank for organisational change: Crown entities and departments;
- An indicative work programme (including governance proposals).

Since then, the Project Team has worked hard to develop firm proposals to assist Ministers to move ahead in this important area. The report's recommendations have been worked on within our respective organisations and are endorsed by us as Chief Executives.

Care will still be needed to ensure that Cabinet has what it needs to make final decisions; and the report's recommendations reflect this in terms of the due diligence that is still needed to support any agreed proposals. We also see an early need for a suitable communications strategy including for State Sector entities, Chairs, CEs and staff so that positive engagement can be encouraged.

The attached proposals outline a programme of work with some early gains, as well as initiatives that can unfold over time in a deliberate and coherent way. These proposals are also intended to work in with and link to the significant number of change initiatives already underway or foreshadowed for the State Sector. This message has already been reflected in the Prime Minister's speech at the opening of Parliament and will be further reinforced in the Minister of Finance's speech to IPANZ on 23 February.

We look forward to your feedback, and to supporting you as this vital work unfolds.

Maarten Wevers

Chief Executive

On behalf of Iain Rennie and John Whitehead