



19 December 2023

Ganesh Nana  
Chair  
New Zealand Productivity Commission  
PO Box 8036  
WELLINGTON 6143

Dear Ganesh

## **Letter of Expectations for the New Zealand Productivity Commission**

Thank you for your letter to me on 5 December 2023. I am writing to inform you of the Government's expectations of the New Zealand Productivity Commission (the Commission). This letter replaces the Letter of Expectations issued to the Commission on 9 March 2023.

### **Cabinet has agreed a process to disestablish the Commission**

On 18 December 2023, Cabinet agreed a process to disestablish the Commission subject to the enactment of legislation through Parliament. I intend to seek Cabinet's approval on 12 February 2024 to introduce legislation to the House under urgency that will formally disestablish the Commission and board, and transfer residual disestablishment responsibilities to the Treasury.

### **In line with Cabinet's intention, I expect that the substantive operations of the Commission will cease by end February 2024**

Subject to meeting its statutory obligations, I request that the board starts the wind up of the Commission's substantive functions, staffing and contracts immediately, and is in a position to cease the substantive operations of the Commission by the end of February 2024. This will include undertaking employer obligations to staff, exiting commercial agreements and meeting any management responsibilities.

### **I expect the costs associated with disestablishment are funded through the Commission's existing cash reserves**

Due to the timeframes for disestablishing the Commission, my expectation is that the remainder of the Commission's appropriation for 2023/24 financial year will not be invoiced.

I expect the costs associated with disestablishment are funded by the Commission's existing cash reserves. These cash reserves should be used to affect the disestablishment and should not compromise the financial position of the Commission.

### **I expect the Commission meets the Crown's obligations as a good employer**

I acknowledge this is a very challenging and uncertain time for the Commission's staff, particularly over the Christmas period. I thank you for the assurances to enable an orderly and efficient wind up and to meet the Crown's obligations as a good employer in your letter to me, and I confirm this is also my expectation. This will include relevant employment obligations required under the Employment Relations Act 2000.

It is Cabinet's intention that disestablishment by legislation will dissolve all employment positions within the Commission, as well as your role as Commissioners. Where applicable for staff, this will require the payment of the redundancy entitlements. I expect that these processes will be completed in parallel with legislation to disestablish the Commission.

**I request that you discuss the current work programme with officials**

I encourage you to discuss the current work underway with officials as to what could be completed before end February 2024.

**Next steps and engagement with officials**

As a next step I request that you consider your current activities and financial position and report back to officials on proposed steps and timeline for an orderly wind up of the operations of the Commission and smooth transition of assets and liabilities to the Treasury by end February 2024. Officials from the Treasury and Public Service Commission will work with you to support you through the wind up period.

I would like to thank you and the other Commissioners for your work and direction of the Commission throughout your tenure on the board. I acknowledge the Commission's work throughout its lifetime and the valuable contributions its staff have made through its inquiries and other research into productivity matters in New Zealand.

Yours sincerely



Hon Nicola Willis  
**Minister of Finance**

CC:

Hon David Seymour  
**Associate Minister of Finance**

Dr Caralee McLiesh  
**Secretary to the Treasury**