

Date: 28 January 2011

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To: Minister of Finance

AIDE MEMOIRE: BRIEFING FOR MEETING WITH MURRAY SHERWIN, CHAIR, PRODUCTIVITY COMMISSION – 1 FEBRUARY 2011

You are scheduled to meet with Murray Sherwin on 1 February. This meeting provides an opportunity for you to signal your expectations of the Commission during its establishment phase. These can then be reflected in a formal Letter of Expectation, which the Commission is likely to find useful in its development of a Statement of Intent. This is particularly important for a new entity. A Statement of Intent is required to be produced as soon as practical after the Commission is established.

The Commission will commence its operations on 1 April 2011. At that time it is expected to have a number key staff on board, and within a short time after that be able to commence its first inquiry. The strong advice of the Australian Productivity Commission is that in the first year it should concentrate on producing a high quality and credible inquiry, as this is the best way to establish its reputation.

Consistent with this, the expectations of the Commission may be as follows:

1. To initiate the first Inquiry given to the Commission by the responsible Minister within the first month of its establishment on 1 April 2011, and the deliver a high quality report within the timeframes specified in the Terms of Reference for the Inquiry.
2. To ensure that the Commission has in place the people, processes and methodologies to enable it to undertake the first Inquiry.
3. To build the relationship with the Australian Productivity Commission.
4. To build stakeholder relationships across a wide range of stakeholder groups.
5. To comply with all statutory requirements.
6. To progressively build institutional capability in productivity-related matters.

In relation to appointments, we plan to provide you with advice on the Commissioner appointments next week (Gabs Makhoul will brief you verbally, followed by a written Treasury Report). This advice will include any considerations that will need to be made regarding the ideal mix of skills and experience for the NZPC Commissioners, as well as any potential conflict issues.

[Withheld under s.9(2)(a)]

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James Beard, Manager, Economic Performance Overview and Coordination, Dynamic Economy, [Withheld under s.9(2)(a)]