Office of the Minister of Finance

Chair
Cabinet Economic Development Committee

REVIEW OF THE RESERVE BANK OF NEW ZEALAND ACT 1989: Phase 2

Proposal

1. This paper seeks Cabinet's agreement to the scope and Terms of Reference for phase 2 of the Review of the Reserve Bank of New Zealand Act 1989 (the Act).

Executive Summary

2. The Review of the Reserve Bank of New Zealand Act 1989 (the Review) is being conducted in two phases. Phase 1 is implementing changes to the objectives of monetary policy to give due consideration to maximising employment alongside price stability and making provision for a committee decision-making model for monetary policy. Phase 2 is to look at other possible reforms to the Act. I am now in a position to report to Cabinet on the proposed scope for phase 2.

3. Phase 2 of the Review will be broadly-scoped and comprehensive, as recommended by the Independent Expert Advisory Panel (the Panel), the Reserve Bank and the Treasury. The proposed scope is set out in detail below and in the attached draft Terms of Reference. The scope also responds to a range of issues raised in a stakeholder engagement process run by the Treasury in February and March, including around institutional structure.

4. The scope of phase 2 will include considering whether to introduce deposit insurance, as invited by the Cabinet Economic Development Committee [DEV-18-MIN-0031, 28 March 2018].

5. Much has changed in the international financial environment and with financial system regulatory frameworks around the world since the Act was first enacted. The proposed scope for phase 2 will enable the Review to ensure the Act is fit for purpose and aligned with what the government considers will provide a strong, flexible, and enduring regulatory framework that enjoys broad public and industry support.

6. The Review will continue to be supported by an Independent Expert Advisory Panel chaired by Suzanne Snively. I will report separately to Cabinet on changes to the make-up of the Panel to ensure it contains the necessary expertise for phase 2.

7. The Review will be governed by a steering committee jointly chaired by the Treasury and the Reserve Bank and reporting to me. The Chair of the Independent Expert Advisory Panel will sit on the steering committee as a member. A co-located Review team jointly resourced by the

Treasury and the Reserve Bank will carry out the work. As its first task, the Review team will develop a detailed work programme and identify key deliverables. This will include advice on the prioritisation and sequencing of workstreams and timelines for the development and introduction of legislation.

8. I intend to announce the Terms of Reference for phase 2 in June.

Background

9. Last year, the Government announced it would undertake a Review of the Reserve Bank of New Zealand Act 1989 (the Review) to modernise the monetary and financial stability policy frameworks and the Reserve Bank's governance and accountability settings.

10. To provide input and support to the Review, I appointed an Independent Expert Advisory Panel (the Panel), tasking it with the initial functions of assisting in the development of high-priority improvements to the monetary policy framework during phase 1 of the Review, as well as making recommendations on the areas to be included in the broader considerations of phase 2.

11. The Panel's approach to this has been to establish a well-founded set of questions and considerations that should be included in phase 2. It has done this by considering the evolution of the global and New Zealand financial systems since the Act came into force with a particular focus on the last ten years, by considering reports and critiques from major institutions and independent commentators, and by considering feedback from a stakeholder engagement process on the scope of phase 2.

12. In addition to the Panel's recommendations on phase 2, I sought advice from the Treasury and the Reserve Bank.

13. I am now in a position to announce the scope and terms of reference for phase 2 of the Review and how phase 2 will be managed.

Proposed scope of phase 2 of the Review

14. Taken together, this process has identified a wide range of topics for inclusion in phase 2 that supports a comprehensive review of the legislation.

15. A draft Terms of Reference for phase 2 of the Review is attached. To ensure the Act continues to support the operation of the Reserve Bank, phase 2 will consider the following:

- The institutional arrangements for prudential regulation and supervision
- Objectives, objective setting processes, and alignment with government policy and risk appetite
- Statutory functions and powers
- Role clarity for the Minister of Finance, Board and Governor, including the allocation and co-ordination of powers, functions, and tools
- Accountabilities
- The strengths of current legislation, including its flexibility

- The balance between primary, secondary, and tertiary legislation, including in respect of setting policy
- Co-ordination across government, including pre-existing forums such as the Council of Financial Regulators (CoFR)
- Alignment with the domestic regulatory management system
- Procedural approaches, fairness, and safeguards
- International experience and best practice

16. In considering these matters, the Review will be organised around the following key topics:

    (1) Overarching objectives and the scope, coverage, and coherence of the legislation

    (2) Institutional governance, and decision-making

    (3) Trans-Tasman co-ordination

    (4) Prudential regulation

    (5) Supervision and enforcement

    (6) Resolution and crisis management

    (7) Macro-prudential policy

    (8) Resourcing and funding

    (9) Miscellaneous issues

Deposit insurance

17. In its recent consideration of the proposed response to foreign margin requirements for over-the-counter (OTC) derivatives, the Cabinet Economic Development Committee discussed the potential implications for depositors. In agreeing to the proposals, the Committee "invited the Minister of Finance to include work on depositor insurance as part of phase 2 of the review of the Reserve Bank of New Zealand Act 1989." [DEV-18-MIN-0031, 28 March 2018]

18. Deposit insurance will be considered as part of the 'resolution and crisis management' topic above.

Climate Change

19. The risk that climate changes poses to financial stability over the long term is a growing question internationally and is increasingly receiving central bank attention in other jurisdictions. The Review presents a timely opportunity to consider the role of the central bank in assessing and responding to the risks to New Zealand's financial stability posed by climate change. Options for monitoring and managing the impact of climate risk on the financial system will be included in the Review's consideration of the Reserve Bank's supervisory role.

Institutional structure

20. One thematic area raised during the stakeholder engagement process was separating the Reserve Bank's prudential supervision function into a separate entity. Having considered a range of arguments both for and against institutional separation, the Panel recommended

excluding institutional separation from phase 2 of the review on the basis that the outcomes sought by its proponents can be achieved through other means including strong leadership of change within the Reserve Bank in conjunction with any changes to the Bank's internal governance arrangements that might result from this Review.

21. The Panel also emphasised the Review must ensure that the criteria for effective supervision are in place. These include clear objectives and a structure that is independent, accountable, adequately resourced to undertake effective enforcement powers, and supported by appropriate regulations that take into account the unique characteristics of the banking and financial industry structure in New Zealand

22. This view was supported by officials. It is not my intention that prudential supervision be moved into a separate entity. Nonetheless, stakeholders' strong and continued interest in this issue supports its further consideration during the Review. I have therefore asked the Review team to further explain the rationale for retaining prudential supervision inside the Reserve Bank as a part of the first round of public consultation on phase 2 issues. This will enable further submissions on the concept, but will make clear that the government does not plan to go down the separation path at this stage.

Out of scope

23. The following areas will be out of scope of phase 2:

- Fundamental change to the New Zealand-Australian home-host relationship, whereby APRA becomes the sole regulator and supervisor of Australian banks operating in New Zealand
- The Insurance (Prudential Supervision) Act 2010, Non-Bank Deposit Takers Act 2013, or the proposed Financial Markets Infrastructures Bill, except where consequential changes are necessary or could encourage alignment
- Covered bonds or netting, except to the extent that any issues requiring change are identified during the review process (for example, if work on crisis management or depositor protection created the need to also look at how encumbrance limits are set)
- Clearing, payment, and settlement systems and the regulation of Financial Market Infrastructures
- Anti-money laundering (AML) functions (to be reviewed in 2019 as part of the Financial Action Task Force (FATF)/Countering Financing of Terrorism (CFT) review)
- Other financial system functions within the Reserve Bank such as market operations, other than those that are relevant to the areas for phase 2.

Why phase 2 of the Review is important

24. The Reserve Bank holds a central position in the institutional architecture of the New Zealand economy. It oversees two of the three pillars of New Zealand's macro-economic framework: stable prices delivered by monetary policy and a stable financial system (a sustainable fiscal policy being the third pillar). It is essential that, as one of New Zealand's principal regulators, the Reserve Bank is afforded the soundest of legislative footings to operate at an appropriate degree of arm's length separation from government with the powers necessary to discharge its responsibilities.

25. It is similarly essential that the wider financial stability regulatory framework is robust and fit for purpose. A well-functioning and efficient financial system is important for improving the well-being and living standards of New Zealanders. The regulatory framework is a key driver in the performance of the financial system.

26. Prudential regulation is a key plank in the financial system's regulatory framework. At its most simple level, prudential regulation is a set of requirements for regulated institutions to manage risks and support market and self-discipline. For banks, these requirements include adequate capital and liquidity buffers so that they can withstand shocks, and disclosure obligations so that stakeholders can make well-informed decisions. For the regulator/resolution authority, prudential enforcement powers are also complemented with crisis management powers.

27. Prudential supervision monitors institutions' compliance with prudential requirements and helps them to remain strong so that they do not pose a risk to the stability of the financial system. Where threats do arise, effective supervision also helps to ensure that authorities are informed as early as possible and have the information available to take appropriate action to manage the distress of individual institutions, thereby minimising any damage to the wider financial system. Choices around prudential policies and supervision have an impact on how much confidence one can have in the financial system and the level of risk to which the Crown and, ultimately, taxpayers are exposed. It is not possible to eliminate that risk completely and there are often trade-offs to be made between financial stability and financial efficiency.

A quality regulatory framework helps to deliver a high-performing regime

28. A strong and clear regulatory framework is therefore essential for providing the conditions in which the financial system can perform well and for managing risk to government finances and the wider economy. Getting it right matters. As the Productivity Commission noted in its 2014 report on Regulatory Institutions and Practices, the 'price' of regulation in general may often be invisible, but the costs of poor regulation can be all too clear (as evidenced by, for example, the events of the 2007-2008 global financial crisis).

29. The global financial crisis highlighted that financial crises can impose large and prolonged costs on economies and governments. Although having had only a moderate impact on the banking sector in New Zealand unlike in other jurisdictions like the UK and USA, it demonstrated that the approach taken to financial regulation has to provide long term stability, be consistent through time, and give effect to the government's objectives and its desired level of risk mitigation. Trust and confidence in the financial system are essential in a modern, advanced economy. Institutional arrangements and accountability mechanisms support the necessary buy-in from the public and industry and broad political support.

30. The Productivity Commission noted that the institutional arrangements and regulatory practices that constitute the architecture of regulatory regimes shape how regulators and those regulated behave, the quality of decision-making, and ultimately the success of regulatory regimes in achieving desired outcomes. Ensuring that the regulatory regime is fit for purpose not only means the objectives of regulation will more likely be achieved but, importantly, it builds legitimacy and trust in the regulator and regulatory regime.

31. Internationally, the International Monetary Fund (IMF) provides guidance as to what constitutes best practice financial regulation and institutional arrangements. Uppermost for the IMF is the notion that a prudential regulator should be independent and operate at arm's

length from government. For the IMF there are four dimensions to this independence: institutional, regulatory, supervisory, and budgetary. Institutional independence refers to the status of the regulator outside the executive government and the legislature. Regulatory independence defines the ability of the regulator to autonomously set prudential rules and regulations within the parameters set by the relevant legislation. Supervisory independence is the ability of the agency to exercise judgement on matters pertaining to individual institutions such as licensing, how these institutions are monitored and supervised, as well as the ability to undertake enforcement actions. Budgetary independence refers to the nature of the agency's funding arrangements and the extent to which such arrangements act to reduce the risk of arbitrary political interference.

32. A strong regulatory regime that is based on the delegation of powers to an independent regulator requires robust accountability arrangements. Well-designed accountability arrangements provide for robust public oversight, maintain and enhance the legitimacy of the regulator, and improve the overall performance of the regulator.

A review of the Act is good regulatory stewardship

33. The Government Expectations for Good Regulatory Practice (April 2017) set out expectations for regulatory stewardship. These expectations include:

- reviewing a regulatory system at appropriate intervals to determine whether it is still fit-for-purpose and likely to remain so in the medium to longer term
- testing existing operating assumptions, and considering the perspective and experience of regulated parties and others directly affected by the regulatory system's rules and practices, when undertaking review work, and
- periodically looking at similar regulatory systems, in New Zealand and other jurisdictions, for possible trends, threats, linkages, opportunities for alignment, economies of scale and scope, and examples of innovation and good practice.

34. These expectations respond to the findings and recommendations of the Productivity Commission, which noted that in-depth reviews of regulatory regimes in New Zealand often followed a crisis rather than a systematic and strategic approach to review. The Commission also noted the importance of periodic review and endorsed clearly articulated review processes that combine both breadth and depth to keep regulatory regimes up to date.

35. Parts of the Reserve Bank Act are nearly thirty years old. In 2008, a number of targeted reforms were made to provide additional accountability requirements on the Reserve Bank, in part to address its additional functions for the non-bank deposit taker and insurance sectors. Much has changed in the international financial environment and with financial system regulatory frameworks around the world since then. Reviewing the Act now is good regulatory stewardship, is consistent with the Government Expectations for Good Regulatory Practice, and offers an opportunity to take account of the findings of the Productivity Commission and the IMF's 2017 Financial Sector Assessment Programme (FSAP) (see paragraph 37 below) where relevant.

Development of the scope of phase 2

36. The Panel, the Reserve Bank, and the Treasury all support a broad scope for phase 2 of the Review. The proposed scope provides the flexibility required to consider the range of issues identified by officials, the IMF, industry practitioners, expert commentators, and stakeholders. The scope would enable the Review to consider whether the features of the Act remain fit for purpose and aligned with what the government considers will provide a strong, flexible, and enduring regulatory framework that enjoys broad public and industry support. These features might include:

- ensuring a well-resourced and empowered regulator
- an appropriate role for government, with clarity as to the role of the government in setting objectives
- an appropriate degree of operational independence of the regulator, recognising that there is widespread support for regulation being undertaken by independent regulators to protect the impartiality of decision-making, to create a stable and predictable regulatory environment, to ensure that a long-term view for prudential regulation is taken, and to maintain public confidence
- an appropriate role for Parliament in overseeing the process around the setting of prudential rules for banks, and
- ensuring the Act retains sufficient flexibility to deal with unknowable future changes in the financial system.

Addressing the IMF Financial Sector Assessment Programme recommendations

37. The IMF's 2017 FSAP report on New Zealand provides a starting point for several aspects of the Review. Officials have yet to provide comprehensive advice to Ministers on the IMF recommendations (the key IMF recommendations are attached at Appendix 2). The IMF commended the record of the Reserve Bank and its staff in many areas and challenged the Bank, and the government, in others. A number of the IMF's key recommendations raise questions that touch on fundamental tenets of the financial stability regulatory framework. These questions include statutory objectives for the Act and operational objectives of the Reserve Bank, resourcing of the Reserve Bank, and the government's interest in the Bank's approach to prudential supervision while protecting the Bank's operational independence as a major financial sector regulator.

38. The IMF also made a number of recommendations around New Zealand's crisis management framework such as depositor protection, clarity of roles, responsibilities, and Ministerial powers (including removing the requirement for Ministerial consent when issuing directions in cases not involving systemic implications).

39. A comprehensive review of the Act is an appropriate approach for addressing these topics.

Alignment with stakeholder concerns

40. The Treasury ran a stakeholder engagement process for input on the scoping of phase 2 of the Review. The proposed scope for phase 2 does justice to the range of issues that surfaced in this stakeholder engagement process. Many stakeholders were supportive of a review with a broad scope focusing on financial policy. There was not full consensus on all issues and not every stakeholder raised every issue. However, when the views of stakeholders are aggregated, a picture emerges of a desire for a comprehensive review.

Role of the Independent Expert Advisory Panel

41. In the Review to date, an Independent Expert Advisory Panel has played an important role in providing advice and making critical judgements on key issues. The diverse and well informed perspectives of Panel members, and a focus on building consensus, provided considerable assurance around the quality of the solutions proposed. The Panel has brought independence and legitimacy to the process thus far, and will form a valuable part of the phase 2 governance framework. The Panel will be engaged on all major issues covered by the Review, with its advice and conclusions informing key Review outputs. The Panel will also report directly to me, as appropriate.

42. The Panel will continue to be chaired by Suzanne Snively. As phase 2 of the Review will focus on prudential supervision rather than monetary policy, I will be considering the composition of the panel to ensure it contains the necessary expertise. I will report separately to Cabinet on any changes to the Panel's composition. I may consider adding additional panel members, and rotating members for phase 2 of the Review.

Review Organisation

43. The Review will be governed by a steering committee jointly chaired by a Treasury Deputy Secretary and Reserve Bank Deputy Governor. The Chair of the Independent Expert Advisory Panel will sit on the steering committee as a member. The committee will report to me on the progress of the Review and to seek further guidance on issues as the Review progresses. A co-located Review team jointly resourced by the Treasury and the Reserve Bank will be led by a Review Director and carry out the detailed work of the Review.

Timeframe for the Review

44. Phase 2 of the Review will be wide-ranging, and the work programme will have to take into account the interconnectedness of the issues under consideration. For example, questions about structure, roles, responsibilities, functions and powers sit at the head level of the Act, but also within individual functions of the Reserve Bank; trans-Tasman co-ordination issues sit across all of the functional areas identified for review; and changes to the role of the Board need to integrate with the introduction of any new committees for decision-making.

45. At the same time, a range of choices is available to prioritise certain aspects of the Review that are particularly important or sensitive, and accelerate progress towards the implementation of legislative amendments in those areas. Careful sequencing of the review will facilitate a streamlined and efficient process and potential staggering of legislative amendments. It is envisaged that most of the major legislative amendments could be advanced within the current Parliamentary term.

46. As its first task, the Review team will develop a work programme for phase 2 of the Review and identify key deliverables. This will include advice on the prioritisation and sequencing of workstreams and timelines for the development and introduction of legislation.

Consultation

47. This paper largely reflects the advice of the Independent Expert Advisory Panel and was jointly prepared by the Treasury and the Reserve Bank. The Department of Prime Minister and Cabinet has been informed of this paper.

48. I have consulted the Associate Ministers of Finance Hon. Shane Jones, Hon. David Parker, and Hon. James Shaw in the production of this paper. They will continue to assist in the review process as it develops.

49. As noted above, a stakeholder engagement process was run by the Treasury to obtain stakeholder input on the scope of phase 2 of the Review.

Financial Implications

50. There are no financial implications arising from the recommendations in this paper.

51. Changes to the Act may have financial implications if the Reserve Bank requires any additional resources to implement policy changes. I will report to Cabinet on any financial implications when progressing policy proposals.

Human Rights

52. There are no human rights implications arising from the recommendations in this paper.

Legislative Implications

53. There are no legislative implications arising from the recommendations in this paper.

54. Legislation will be required to amend the Act once the Review is complete. I will report to Cabinet on proposed options for reform as policy progresses.

Publicity

55. Since the coalition agreement was announced, there has been considerable media attention on what the Review will entail. To provide certainty to the financial markets, I intend to announce these Terms of Reference for the Review in June.

Recommendations

56. I recommend that Cabinet:

    1 **note** that on 6 November 2017 the Minister of Finance informed Cabinet of his intention to announce a Review of the Reserve Bank of New Zealand Act 1989 (the Review), to be undertaken in two phases [CAB-17-MIN-0495];

2 **note** that on 19 March 2018 Cabinet agreed the recommendations of phase 1 of the Review, implementing changes to the objectives of monetary policy to give consideration to maximising employment alongside price stability and making provision for a committee decision-making model for monetary policy (CAB-18-MIN-0086);

3 **agree** that that in line with the Government's coalition agreement to review and reform the Reserve Bank Act 1989, phase 2 will now look at a range of other possible reforms to the Act;

4 **agree** to the attached Terms of Reference for phase 2 of the Review of the Reserve Bank Act that sets out a broad scope of areas to be considered during this phase;

5 **note** the proposed scope reflects the recommendations of the Independent Expert Advisory Panel (the Panel), the Reserve Bank, and the Treasury, and the range of issues raised in a stakeholder engagement process run in February and March 2018;

6 **note** the Terms of Reference propose that phase 2 of the Review be organised around the key topics of:

6.1 Overarching objectives and the scope, coverage, and coherence of the legislation

6.2 Institutional governance, and decision-making

6.3 Trans-Tasman co-ordination

6.4 Prudential regulation

6.5 Supervision and enforcement

6.6 Resolution and crisis management

6.7 Macro-prudential policy

6.8 Resourcing and funding

6.9 Miscellaneous issues

7 **agree** that the scope of phase 2 will include considering whether to introduce deposit insurance, which the Cabinet Economic Development Committee has invited me to include in phase 2 [DEV-18-MIN-0031, 28 March 2018];

8 **note** that phase 2 will include consideration of monitoring and managing the risk that climate change poses to financial stability;

9 **note** that the Review will continue to be supported during phase 2 by the Panel;

10 **note** my intention to retain Suzanne Snively as Chair of the Panel for phase 2 of the Review, with her appointment ending at a date to be determined by the Minister of Finance;

11 **note** that I will report separately to Cabinet on the constitution of the Panel for phase 2 to ensure it contains the necessary expertise for this phase of the Review. I may consider adding additional members to the Panel, or rotating Panel members, for phase 2 of the Review;

12 **note** that the Review will be governed by a steering committee jointly chaired by the Treasury and the Reserve Bank reporting to me, and that the Chair of the Independent Expert Advisory Panel will sit on the steering committee as a member;

13 **note** that a co-located Review team jointly resourced by the Treasury and the Reserve Bank will carry out the work;

14 **note** that as its first task the Review team will develop a detailed work programme and identify key deliverables. This will include advice on the prioritisation and sequencing of workstreams and timelines for the development and introduction of legislation;

15 **note** that I intend to announce the attached Terms of Reference for phase 2 of the Review in June.

Authorised for lodgement
Hon Grant Robertson
Minister of Finance

Date:

Appendix 2: IMF FSAP Key Recommendations

Table 1. 2016 New Zealand FSAP: Key Recommendations	
Financial Stability and Financial Sector Resilience	**Time**[1]
Increase RBNZ resources for the supervision and regulation of banks, insurance companies, and FMIs (¶30, 36).	ST
Strengthen cooperation and collaboration arrangements with Australian authorities (¶32).	ST
Clarify responsibilities of the Treasury and RBNZ on financial sector issues to reinforce the role of RBNZ as prudential regulator and supervisor (¶31, bullet 4).	ST
Issue enforceable standards on key risks, governance, risk management, and controls to make RBNZ's supervisory expectations more transparent and support supervisory preventive action (¶31, bullet 1).	ST
Review and extend the enforcement regime to promote preventive action and enhance sanctions powers, including by eliminating ministerial consent for directions, and making compliance with RBNZ Policy documents evidence of prudent practice (¶31, bullet 2).	MT
Initiate on-site programs to test the foundation of the three pillar approach and directors' attestations, and increase supervisory engagement with institutions in order to require appropriate action (¶31, bullet 3).	ST
Refine FMA supervision by a) direct monitoring of aspects of asset management relevant to financial stability; b) ensuring quality of Financial Markets Supervisors; and c) enhancing insurance intermediary and conduct regulation and supervision (¶30, 34).	I
Expand the FMA's regulatory perimeter to include licensing and supervision of custodians and appropriate oversight of wholesale asset managers (¶35).	ST
Adopt and implement proposed FMI legislation on the regulation, oversight, and enforcement powers (¶36).	I
Adopt the PFMI through detailed requirements in secondary legislation; change the frequency of FMI self-assessments in the proposed regime from three to two years; and enhance compliance of the designated FMIs with PFMI requirements (¶37).	ST
Ensure that designated nonfinancial businesses and professions are subject to AML/CFT requirements, particularly company service providers, lawyers, and accountants (¶39).	MT
Expand data collection and modeling efforts to develop structural models for credit risk in commercial real estate (CRE) and corporate portfolios (¶13).	MT
Macroprudential Framework	
Strengthen arrangements for macroprudential policy by increasing communication efforts; increasing the transparency of the process to adjust the framework; and by maintaining an accountability framework that does not jeopardize the integrity and independence of the macroprudential decision-making process (¶23).	C
Introduce DTI measures in the macroprudential toolkit.(¶25).	I
Implement DTI measures if the changes to the LVR do not reduce the risks in the housing sector (¶25).	I
Increase capital buffer requirements to reflect the concentration of the financial sector in four banks (¶26).	I
Crisis Readiness, Management, and Resolution	
Strengthen domestic crisis management arrangements by reaching ex ante agreement on roles, responsibilities, and processes; prepositioning, mobilization, logistics, and communications plans; and testing through simulation exercises (¶42).	MT
Reconsider the merits of deposit insurance, or in the absence of policy support, introduce a limited depositor preference to provide legal certainty for the *de minimis* exemption in the OBR (¶44).	MT
Revise the RBNZ Act to provide greater clarity and certainty in resolution, by inserting objectives in resolution including protection of depositors and the public interest and requiring accountability reporting against these objectives; by clarifying that the RBNZ is the sole resolution authority, and inserting an express requirement for ministerial consent for resolutions with fiscal implications only (¶42).	MT
[1] C = continuous; I (immediate) = within one year; ST (short-term) = 1–3 years; MT (medium-term) = 3–5 years.	

Source: *New Zealand Financial System Stability Assessment*, IMF, 10 April 2017