

# Reserve Bank of New Zealand (Monetary Policy) Amendment Bill

## Purpose of monetary policy in New Zealand

To promote the prosperity and well-being of New Zealanders, and contribute to a sustainable and productive economy

### Economic objectives

Monetary policy to be directed at achieving and maintaining stability in the general level of **prices** over the medium term and supporting maximum sustainable **employment**

### Remit

Operational objectives to be set out in a remit, set by the Minister of Finance following the receipt of non-binding public advice from the Reserve Bank (currently set in the *Policy Targets Agreement*)

### Monetary Policy Committee (MPC) responsible for formulating monetary policy

7 voting members (the Act will allow 5 to 7), majority internal members  
All members to be nominated by the Reserve Bank Board, appointed by the Minister of Finance

#### Internal members

Governor and Deputy Chief Executive  
*ex-officio* members, Governor as Chair, casting vote if required  
5-year terms (staggered)  
Max 2 terms in one role  
Full-time



Non-voting  
Treasury observer

#### External members

Non-Bank staff with relevant knowledge and experience  
4-year terms (staggered)  
Max 2 terms  
Part-time

### Reserve Bank Board

Minister of Finance to appoint the Chair and Deputy Chair

Board responsible for monitoring performance of the MPC and its individual members in their duties

The MPC to be required to publish a summary record of meetings. The MPC and Minister of Finance to agree a Charter setting out the approach to issues defined in the Act, including the approach to communications

Details of the first Charter are yet to be determined, but it is the **Minister's intention** that:

- The MPC aims to reach decisions by consensus • Non-attributed votes are published where there is not consensus
- Non-attributed records of meetings that reflect any differences of view are published (the Act will require that records of meetings are published, but the Charter will specify the nature of these records)