The Treasury

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Submission on Phase 2 of RBNZ Act review

Document 2A

Grant Spencer

16 August 2019

In this submission, I give comments on the in-principle decisions and follow-up questions related to part 1 of the Phase 2 Review, as set out in document 2A.

Ch2. RBNZ Financial policy Objectives

There are many ways to set out the objectives in legislation, the challenge is not to get too complicated, especially with the interrelated pieces of legislation.

I agree with the proposed legislative structure set out in Figure 2F: an overarching RBNZ Act with separate subsidiary Acts for Deposit takers, Insurance and FMIs. This means that the RBNZ Act should include high level objectives and overarching principles while the subsidiary Acts should include specific objectives for regulation, supervision and crisis management.

Commenting on the overall objective structure for the RB Act, as per the illustrative example on p35:

- I agree a simple top-level objective of financial stability makes sense, however I would prefer "…the objective of protecting and promoting the stability of NZ's financial system" rather than the proposed: "protecting and enhancing". The word "enhancing" suggests that no matter how safe and secure the system is, the RB should always be trying to enhance it.
- Associated with the primary objective there is a need for a section on secondary or "have regard to" objectives and a section on principles about **how** the Bank should pursue its objectives. I would not have secondary objectives **and** a "have regard to" list, that would be too complicated.
- The secondary objectives should not be set up as a waterfall hierarchy where they cannot be pursued unless the primary objective is achieved. It is too difficult to make that assessment. The secondary objectives should be a simple list of objectives that prudential policy "shall have regard to" in pursuing its primary objective.
- In my view the **list of secondary objectives** should include promoting confidence in the financial system; financial system efficiency; facilitating competition in financial services; the economic objectives of the MPC; and Govt expectations set out in the Financial policy Remit. The list should not include consumer protection.
- The **list of principles** that RB must adhere to in pursuing its objectives should include transparency; collaboration with other regulators; avoiding unnecessary compliance costs; and an even-handed yet proportionate approach.

- There are several other potential secondary objectives and principles discussed in this chapter that I do not support but will not go in to. One that I will mention is **climate change risk**. My view is that effective management of climate change risk will only be achieved if it is effectively "mainstreamed", ie brought within the broad financial stability mandate. If climate change risk is treated separately with a separate secondary objective or principle, then there is a greater risk that it will be marginalized. An elaboration of objectives related to climate change could be included in the financial policy Remit.

Regarding the idea of a **financial policy Remit**, I believe this could be the best way to formalize Government's expectations of the Bank around financial policy. It would be a useful focal point for the Bank-Govt relationship around financial policy and Treasury's monitoring of the Bank. It would allow Govt to convey its views about relative emphasis between the RB's "have regard to" objectives and also its approach to regulation and supervision. I do not favor a "Risk Appetite" approach which implies a spurious degree of precision. I prefer an approach based on comparisons with international peers. In my view the Remit should be renewed say every three years. The Remit would be a useful vehicle for replacing the current Macro-prudential MOU.

Ch3. Reserve Bank governance

I agree with the in-principle decision to establish a Governance board that has responsibility for all financial policy decisions, as well as the governance of the Bank. As discussed in the paper it will be crucial to get the delegation structure right so that the bulk of day-to-day financial policy decision making is pushed down to the Governor and below. I would expect only significant financial policy framework changes to come to the board for sign-off. In this sense the new board would replace the current role played by the Minister in signing off significant financial policy initiatives. The shape of the delegation structure could be described in a new board Charter that would be approved by the Minister.

Given the in-principle decision to move to a full governance board and to have Treasury as the monitoring agent, the logic suggests that the new legislation adopt other governance and accountability characteristics of the **Independent Crown Entity** (ICE) model, including removing the ability of the Minister to give the Bank directions. This should help to clarify the relationship between the Bank and the Minister on financial policy issues which has been ill-defined and variable over many years. However, I am not very familiar with the ICE structure and there may be aspects that do not work for the Bank.

Regarding the **new governance board**:

- It should be majority non-executive with the Governor (and possibly also the Deputy Gov) as non-chair members.
- For effective operation the total number of directors should be 7 or 8, ie similar in size to the current board

- Directors should be free from political influence and a significant number should have expertise in financial policy.
- Treasury should not be represented on the board. As the monitoring agent they would be conflicted
- An FMA director could be present on the board but there should not be an ex-officio FMA position
- I agree that under the new structure there is a need to reconsider board and MPC appointment processes. The idea of an independent nominating committee (for both board and MPC positions) is a good one, provided it is apolitical and has an effective veto power. A requirement for new appointees to appear before select committee would help to support the standard of appointments over time.
- In moving towards the ICE model, serious consideration should be given to having the Governor appointed by the board, in consultation with the Minister. In making the Governor appointment, the board would be free to call on the services of the independent nominating committee.
- Agree the legislative requirement for a Deputy governor can be removed, however it will be important for the new board's delegation authorities to make clear who is in charge when the Governor is away/unobtainable.
- Agree the new board should have a charter and code of conduct, both signed off by the Minister. The board should adopt a consensus approach to decision making and a collegial approach to communications with the Chair speaking for the board.

Ch5. Depositor protection

- **Objectives for DP**: The Govt should adopt the dual objective of: 1) protecting retail depositors; and 2) contributing to financial stability and public confidence. The first objective is about protecting depositors from bank insolvency, so the proposed higher capital requirements for banks will reduce the need for (and cost of) DP. The second objective is more about the liquidity protection that DP provides banks, ie it makes retail deposits stickier. From this point of view, the need for DP is more a function of liquidity risk (maturity mismatches) in the system. During the GFC, the introduction of the DGS was in response to a concern about systemic liquidity risk, not widespread insolvency.
- Regarding the moral hazard risk, I agree with the comment that this can be mitigated by good scheme design, in particular risk-adjusted insurance premia. However, achieving this is politically challenging. The designers of the insurance (DI) scheme will need to be persistent on this point.
- I would support a DI scheme supported by retail depositor preference with risk-adjusted premia and covering up to $50k per person per institution.
- As mentioned in the paper, the introduction of preference for insured depositors will reduce the cost of the DI scheme and therefore the insurance premia. For the banks, the cost of retail deposit funding may reduce

somewhat while the cost of market (bond) funding will increase. The “market discipline” imposed by (retail and wholesale) bond investors will be enhanced.

- Regarding the level of coverage, the Minister needs to pick a number between $30-$50k. The discussion in the paper runs the risk of over-engineering this decision.

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16 August 2019

Submission on Phase 2 of RBNZ Act review

Document 2B

Grant Spencer

16 August 2019

In this submission, I give comments on the in-principle decisions and follow-up questions related to the second part of the Phase 2 Review, as set out in document 2B.

Ch1. RBNZ Regulatory tools and powers

For the Reserve Bank to do its job properly it is important that the legislation retains a broadly permissive approach to setting prudential rules and standards. These standards are technical, they may require prompt revision/adjustment as new circumstances arise and they should be free of political influence. As the Productivity Commission has noted, out-of-date rules have been a common feature of regulatory failures. While the current legislation has been permissive of such flexibility - demonstrated in the post-GFC period, I agree with the consultation document that the current Act has weaknesses around accountability that should be addressed through the addition of certain safeguards.

Of the three models put forward, I prefer either the Enhanced CORs model or the Standards model, with a leaning towards the latter. The use of delegated legislation rather than CORs offers a more disciplined approach in terms of the accountability structure and the requirement for clarity and transparency of standards. However, I would only support Standards over Enhanced CORs if flexibility in implementation can be maintained. The consultation paper suggests that standards can be specified in such a way that the RB would retain flexibility to recalibrate standards through time. This would be essential for example in the adjustment of LVR speed limits over time. If LVR recalibrations required the setting of new standards then I would revert to the Enhanced CORs model. I agree that the third Regulation model would be inappropriate. It would be too inflexible and threaten the RBs independence in prudential regulation.

Whether model 1 or 2 is adopted, it will be important to incorporate a number of supporting elements, including:

- A list of risk areas where standards may be applied (as at present)
- A list of principles relevant to standards, including clarity, transparency and public consultation ahead of promulgation
- New standards to be subject to Judicial Review
- A clear set of powers and guidance as to their use. Enforcement should be proportionate to the degree/severity of non-compliance
- Provision for a (3 yearly) Remit would provide a transparent channel for Government to express its view on the style and direction of prudential policy and to set the high-level parameters of macro-prudential policy

The consultation paper discusses the potential enhancement of the current attestation regime and raises the issue of executive accountability, as addressed for example by APRA's "BEAR" regime. In my view the attestation regime would benefit from additional guidance and closer enforcement. Also, there may well be elements of BEAR that could be used to reinforce the RBs first pillar of self-discipline and good governance. However, these matters are for the RB to deal with in its ongoing development of prudential policy. While there should be scope in the legislation for such policies to be developed, I do not believe they should be dealt with as part of the current review.

Ch2. Macro-prudential policy

The Reserve Bank's Macro-prudential policy, introduced in 2013, has been a success and should be continued. However, the policy framework needs to be improved and brought explicitly into the legislation. While Macro-prudential should be brought in, and the MOU dispensed with, the policy should not simply be subsumed within the broader prudential framework. As the paper notes, the tools of macro-prudential are normal prudential tools used more actively to address emerging systemic risks. The objectives and decision process are somewhat different to normal prudential policy, so a separate framework is still required.

Regarding the objectives of Macro-prudential, the primary objective, consistent with the agreed overarching objective for prudential policy, should be the moderation of systemic risk. I believe it is important to retain the secondary "stabilization" objective that is currently in the MOU and widely adopted as a secondary objective internationally. Macro-prudential will be the most effective way in which prudential policy can "have regard to" the economic objectives of the MPC. This secondary stabilization role is likely to remain relevant in today's world of persistently low interest rates, where monetary policy needs all the friends it can get.

Regarding powers, I agree with the principle that any allowable prudential instrument should be allowable as a macro-prudential instrument; however, the governance framework should be different. The legislated list of risk areas that prudential instruments may address should include borrowers' capacity to repay and the coverage of collateral, or more generally: "key drivers of credit risk". On that basis, the RB should be able to adopt lending standards as part of normal prudential policy and adopt variable lending standards as part of macro-prudential policy. There should be no requirement for macro-prudential policies to be temporary. The RB has made it clear for some time that the LVRs could well become a permanent (but variable) fixture. This would be a sensible approach and is observed internationally.

I agree with the IMF and the consultation paper that the RBNZ should be delegated responsibility for macro-prudential policy. There is a potential time inconsistency issue and inaction bias when Governments get involved in macro-prudential policy. Also, policy decisions can be quite technical and require quick action to get the timing right. However, I also agree that macro-prudential policy decisions can be more high-profile and intrusive than normal prudential policy. Accordingly, macro-prudential policy should have an additional layer of transparency and accountability requirements. These might include:

- A separate macro-prudential section within the Act
- Distinct objectives and "have regards to" that support the overarching financial policy objective
- Government's expectations/preferences around macro-prudential to be included in the financial policy Remit.
- A requirement, as part of the Remit, to consult with the Minister before introducing any new macro-prudential policy instrument. (I would not include any formal requirement to consult with the CoFR)
- The Bank should be required to maintain and publish a "Macro-prudential framework" document that sets out its objectives, instruments and approach to macro-prudential policy adjustments through time, as well as the technical specifications of the instruments, for use by the banks, public and official monitors
- Accountability requirements including via parliamentary examination of annual SOIs and the six monthly FSRs

Ch3. Supervision and enforcement

The current legislation is non-prescriptive regarding the RBs approach to supervision and in my view the legislation should remain so. I am happy to give my views on the RBs supervision model but it is ultimately the job of management (and the new board) to assess the options and develop the supervision capability over time. The role of this Review should simply be to ensure that sufficient legislative powers are in place to permit a range of supervision models to operate effectively.

I broadly agree with the historical characterization of the RBs supervision function. The Bank's approach became increasingly more hands-on following the pure disclosure-based regime under Don Brash. There was an increase in engagement with management and boards and increasing collections of private data as a basis for desk-based risk assessments. However, the philosophical approach remained non-intrusive, with reliance on the Basel minimum regulatory requirements and the presence of APRAs oversight of the four majors. In the post-GFC period, the RB's regulatory intensity increased substantially with the rapid development and implementation of the Basel III capital regime, the new prudential liquidity policy, new governance requirements, OBR, Outsourcing and macro-prudential policy. At the same time, the Bank's coverage was expanding to include NBDTs and the Insurance sector. However, while the Bank's responsibilities and regulatory intensity were increasing, the banking supervision function remained low-key.

Greater attention was brought to the supervision function following the 2016/17 FSAP. The IMF's message was clear that the supervision function should be strengthened. PSD was also under increasing pressure from the need to support the expanded – and more complex - regulatory framework (eg approval of new capital instruments) and the increasing requests from management for thematic reviews and other one-off investigations. Thus, in recent years the Bank has been seeking to increase its supervision resources. The “low intensity supervision model” has increasingly been a function of resource constraints rather than management’s preferred supervision model.

Based on my experience as Head of Financial Stability at RBNZ from 2007 to 2017, the supervision function needs to be strengthened and brought more into line with international norms. My starting point is the growing pressure being put on the supervision team by the expanded regulatory framework and the expectation that they stay on top of all significant business and prudential developments. This is reinforced by the growing public mood of distrust of the sector and apparent inability of boards and management to provide assurance of regulatory compliance. Having said that, the RB needs to approach this task gradually and be smart about how it expands the supervision function. There is no point in cranking up the numbers if the supervision model is not right. For example, the pre-GFC US model had large numbers of embedded supervisors verifying regulatory compliance but unable to see the big emerging risks.

A smart supervision function should strengthen, not weaken incentives for effective board governance; it should make full use of transparency to maximize the deterrent effect of enforcement; it should make use of automated data collections (“Regtech”) and reduce the time wasted on data reconciliations. Of the three models discussed in the paper, I prefer the second “Spot checking” option. A system of Spot checks would provide a powerful incentive for boards to get it right. A system based on regular entity-based reviews risks undermining the self-discipline pillar and becoming a box-ticking exercise. Under the spot-checking model, leads for in-depth investigations would come from: desk-based and automated oversight; thematic reviews; and mandated self and third-party assessments.

Regarding enforcement, this is really the main issue of relevance for the current Review. In order to give the RB sufficient flexibility to shape the supervision function over time, there needs to be a full range (spectrum) of enforcement powers embedded in the Act. Some specific comments on the enforcement discussion in Chapter 3:

- All enforcement actions should be published, unless there is a good reason not to
- Don’t rely on court-based sanctions. As FMA and other regulators have found, this is a costly and risky approach
- The existing Act has too many nuclear options; the RB needs greater scope for proportionality of response
- The RB needs horses for courses, but not a stampede
- RB should be able to impose fines
- Use Civil not Criminal penalties
- Ministerial consent should not be required for RB directives

Ch4. Reserve Bank balance sheet functions

As I mentioned in my January submission, I fully agree that the legislative treatment of the RBs balance sheet functions needs improvement and elaboration. While not being too prescriptive, the Act should set out the key B/S functions, their objectives, governance and broad operating principles. There is also the issue of balance sheet governance and the principles to be applied in B/S management related to capitalization, risk exposures etc. I will return to these issues in the context of the funding model discussion (ch 7).

Regarding the proposed four B/S functions proposed, I suggest that the Review team give consideration to a broader market transaction-based function, perhaps titled: **"Market transactions in support of monetary and financial policy objectives".** This would replace the "monetary policy transactions" and FX trading" functions proposed in the consultation paper. This new function would give the Bank scope to transact in three markets: 1) the short term money market; 2) the FX market; and 3) high grade debt markets. Transactions would be in support of the MPC and Financial Policy objectives. Such a function would cover: open mkt operations to keep ST interest rates in line with OCR; FX intervention operations in support of monetary policy; QE type operations in debt markets to support monetary policy; and also liquidity support operations, potentially in all three of these markets, to support financial stability objectives in a crisis situation.

The Foreign exchange provisions in the existing Act should be scrapped as they are now outdated and effectively redundant. The objectives, governance and principles for FX dealing should be subsumed in the new "Market transactions" section of the Act. The principles applying to RB market transactions should include:

- Transactions should be undertaken by the RB independently of Govt and in support of its monetary and financial policy objectives
- The scope of transactions should be limited to the three market categories mentioned above (Money Mkt, FX mkt and high grade debt mkt), including the related derivatives markets
- RB should be required to have a comprehensive B/S risk management policy, to be signed off by the new RB governance board.

There is a question here about potential further Govt restrictions on the types and scale of transactions that the RB may undertake. In my view, any such further restrictions should come in via the monetary and financial policy Remits and also potentially via a "corporate" Remit which would refer to various aspects of financial and capital planning (cf. chapter 7).

If the Bank was seeking to stretch its market transactions domain, for example to purchase low grade debt for the purpose of "Credit Easing" or indeed purchase equities (a'la the Bank of Japan), then it would need to seek the agreement of Govt and likely also obtain Govt underwriting. However, in my view, such contingencies do not need to be dealt with in the legislation.

On the LOLR function, I agree with the Tucker principles, but they are not all needed in the primary legislation. The main principles to include would be:

- that such funding should be in exceptional circumstances in support of the Bank's financial stability objective; and
- that the RB should not lend to any institution it regards as likely to be insolvent

As the paper suggests, the Bank should produce a framework or policy document that elaborates on the criteria for access to the LOLR. However, I would not make this a requirement in the legislation.

Regarding other activities and powers, I agree that a section along the lines of S.39 should be retained, say under the header of: "Provision of Financial Services". The RB should retain the power to provide banking services and also payment and settlement services. The idea of "market maker of last resort" discussed in the paper is effectively covered by my proposed "market transactions" function above where the RB would have the power to give liquidity support to the three key markets. The Bank's purpose in providing such services should be to help achieve the RB's monetary and financial policy objectives, including the "have regard to" objective of promoting financial system efficiency and competition. In this regard, the RB should in general not be competing against (and potentially undermining) the private sector's provision of financial services. Also, the RB should not be favoring the established market incumbents over new market entrants by restricting access, for example, to Settlement account services.

Ch5. Crisis management regime

I found broad agreement with the discussion in this chapter. Some high-level comments:

- I agree that the existing crisis management regime is in need of overhaul and that revisions should be based on the FSB(2011) principles that have been widely adopted internationally
- It is important to build in a range of resolution options and provide flexibility for the authorities to respond to the specific circumstances of each crisis. Every crisis is different. OBR is **not** the default resolution scheme.
- The RB should be the Resolution Authority (RA), as recommended by the IMF. The Minister and Treasury will continue to play important roles, but these need to be reassessed and clarified
- The RB should be required to consult the Minister of Finance on a resolution strategy as soon as it appears that a regulated institution is likely to fail and may need to be placed into resolution. The Minister must approve any resolution plan involving the use of public funds and should be consulted on all resolution plans.

- While the use of public funds should be avoided, it should not be relegated to "last resort" status (as per Fig.5C). The temporary use of public funds may well be part of a preferred resolution plan for a significant institution.
- Box 5D on OBR says that Govt guarantees are required on all new and existing deposits after the unfreezing of funds. In my view this is incorrect; the guarantee would only be on existing deposits. Otherwise there would be a risk of repeating the South Canterbury Finance experience
- I agree the RB, as RA, should have access to a wider range of recovery and resolution tools, along the lines discussed in the paper. I agree these should be held directly by the RB, not through a Statutory manager. The recovery powers, unlike the resolution powers, would not require consultation with the Minister.
- The merits of a statutory bail-in tool could be considered, although this would seem to be a direct substitute for OBR.
- The RA should have the right to temporarily suspend continuous disclosure requirements, subject to consultation with the FMA
- I agree that the RA should have the power to alter the creditor ordering in order to achieve its systemic objectives, eg in an open bank resolution where creditors contribute to a recapitalization before shareholders are fully exhausted. However, such a power should be supported by a NCWO safeguard, as per the FSB principles.
- I do not support the idea of establishing an industry-funded resolution fund for use by the RA in "greasing the wheels" of P&A type resolutions. It would be very difficult to set up sensible rules for accessing the fund and potential "healthy acquirors" would be incentivized to drain the fund. Further, in P&A resolutions, assets can be acquired at a discount without recourse to a separate fund.

With regard to the proposed Resolution objectives set out in Table 5A, my top three objectives, in order of importance would be:

1. Promoting financial stability, including the four sub-bullets
2. Protecting public funds
3. Minimizing the cost of resolution and avoid unnecessary destruction of value

I do not see a case for the proposed second and third objectives on page 126. The insured depositors are protected by the insurance scheme and the insurance scheme will be protected by its position in the creditor ranking, particularly if depositor preference is introduced. I don't see a case for special protection of the insurance fund. Re the protection of client funds, this should not be a big issue in NZ where client funds in Trust are well protected.

Trans-Tasman aspects of the resolution framework are clearly important given the dominance of the big 4. The Trans-Tasman protections included in the RB Act over recent years should be retained and potentially improved. APRA should be consulted on the proposed changes to the resolution framework as well as the broader legislative changes. I agree that the proposed direction of the reforms, being in line with international norms, is likely to be supported by APRA, although Australia's general approach to resolution is much less averse to bail-outs than say the Europeans. The introduction of NCWO would potentially allow Australia to ease its APS222 policy which tightly restricts parent banks' exposures to the NZ subsidiaries.

Ch6. RBNZ coordination with other agencies

There are growing numbers of reasons for the RB to collaborate with other regulators and financial policy makers. The regulatory policies of the RB, FMA and others are becoming more intensive and complex and the twin peaks model is becoming less distinct with the growing attention to Governance, culture and accountability (GCA) risks. Further, with interest rates approaching zero, there may be a greater need for monetary/fiscal coordination. However, there is a real question here about the extent to which inter-agency cooperation can usefully be mandated or articulated in legislation.

The RB currently collaborates with a wide range of external entities, both domestic and international. The intensity of collaboration varies over time with the nature of the RB's work program and also with the strength of collaboration incentives on both sides. Identifying the need for collaboration on different issues with different entities, and making the relationships work, is part of management and running an effective policy institution. In my view this is not something that can or should be legislated in any detail. In my submission on the RBs objectives (paper 2A) I proposed that one of the principles to be followed in pursuing the RBs financial policy objectives should be to "collaborate with other regulators." There could be some elaboration of this principle in the policy Remits, however I would not get any more specific in the primary legislation.

The consultation paper reviews specific options for giving legislative substance to the Council of Financial Regulators (CoFR). In my experience, the CoFR has been an effective vehicle for informal cross-agency discussion and initiation of cross-agency collaborative initiatives over a number of years. The joint chairing by RB and FMA works well and it provides a good basis for open discussion without threatening the mandates of the individual member agencies. I fear that any attempt to formalize the CoFR would potentially reduce its effectiveness. It could become bureaucratic with a fixed agenda, potentially becoming less agile in responding to emerging issues. Like the Australians with their own CFR, I would prefer to see the CoFR remain an informal structure.

Ch7. RBNZ funding arrangements

The five-year Funding Agreement (FA) model has certainly achieved budgetary discipline but it has not achieved budgetary independence for the RB. In my experience the FA has been viewed by the RB as an absolute ceiling that cannot be breached. It has been associated with a continuous conservative approach to budgeting, with the FA being used as the reason for project deferrals and payroll restraint. Whether Governors would have been less conservative under alternative arrangements is a moot point. Ministers of finance have made their budgetary (and pay) expectations clear in face-to-face meetings with the RB and Governors have seen “running a tight ship” as an important performance measure. Nevertheless, there is a clear case in my view to seek an alternative funding arrangement that gives greater budgetary independence and greater flexibility to adapt resourcing to the changing policy environment.

Given the Minister’s intention to set up a full governance board with responsibility for all corporate and non-MPC policy decisions, the logic suggests that the board should be responsible for signing off the RB’s budgets and capital plans. It would also be subject to an ICE accountability framework. A three-year financial planning cycle would make more sense than the current five. The board would annually sign off a three-year financial plan that supported the SOI. The financial plan would include the current year’s budget and three-year projections for Profit and Loss and the Balance sheet. It would also include projections for economic (risk) capital and dividend flows to Govt. The board should be required to consult with the Minister/Treasury before finalizing the financial plans. The Minister could set expectations for the Financial plan and SOI through the annual LOE or similar communications. A “corporate” Remit would be an alternative to the LOE, which would sit alongside the monetary and financial policy Remits.

Regarding the funding of the Prudential regulatory function, I have sympathy for the application of a financial system levy applied to regulated entities. This seems to work well for APRA and is a widely used funding tool amongst international financial regulators. In my view the levy should be signed off by the Minister and collected by Treasury. This approach is used by APRA and would give an extra layer of protection for the RB against “industry accusations”. Unlike the APRA model, I would still have the prudential oversight budget signed off by the RB board. The Minister would just sign off the levy, which should aim to cover most of the prudential oversight budget.

As the paper says, it is important to have transparency and clarity around the funding arrangements and financial plans. The RB would continue to be accountable to the Minister/Treasury (as owner), parliament through FEC and the public. The current corporate and financial accountability documents (Annual Report and SOI) should be enhanced with the addition of the medium-term financial plan, to be produced annually. The consultation paper suggests that more detailed analysis could be added to the current documents. However, in my experience, the media, public and the FEC have struggled to digest the level of information in the existing documents. The Treasury, as the Minister’s monitor, should have access to a wider range of internal documents and information.

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