

The Treasury

Reserve Bank Act Review - Deposit Takers Bill Information Release

April 2021

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Cabinet Economic Development Committee

Minute of Decision

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Reserve Bank Act Review - Deposit Takers Bill: Overview (Paper 1)

Portfolio **Finance**

On 14 April 2021, the Cabinet Economic Development Committee:

- 1 **noted** that the paper under DEV-21-SUB-0076 is a companion and overview paper to the following three decision papers (together, the suite of papers) seeking agreement to a new prudential framework for deposit takers and the introduction of deposit insurance:
 - 1.1 Paper 2: the prudential framework for regulating and supervising deposit takers [DEV-21-SUB-0077];
 - 1.2 Paper 3: deposit insurance [DEV-21-SUB-0078];
 - 1.3 Paper 4: crisis management and resolution [DEV-21-SUB-0079];
- 2 **noted** that the suite of papers contain specific recommendations on the foundational aspects of the new prudential framework under the relevant topics;
- 3 **noted** that the Minister of Finance expects that further policy decisions (including the matters set out in Annex 1 to the paper under DEV-21-SUB-0076) will be needed to finalise the proposed Deposit Takers Bill (the DTA), and that it is possible that additional Cabinet decisions will be required;
- 4 **noted** that a number of the decisions on the matters set out in Annex 1 to the paper under DEV-21-SUB-0076 will be able to be made under the delegations referred to in paragraphs 7 to 9 below, and that this will be determined at the time the relevant policy work is undertaken;
- 5 **agreed** that provisions that are necessary or desirable to ensure consistency with other prudential legislation and the Reserve Bank of New Zealand Bill (the RBNZ Bill) will be included in the DTA;
- 6 **agreed** that prudential provisions (such as certain supervisory powers) that are approved by Cabinet for inclusion in the DTA, but also appear in other prudential legislation (such as the Insurance (Prudential Supervision) Act 2010) should be consolidated into the RBNZ Bill, where this is feasible and appropriate;
- 7 **authorised** the Minister of Finance to further clarify and develop policy matters relating to suite of papers in a manner not inconsistent with Cabinet's decisions, in consultation with the Associate Ministers of Finance and the Minister of Commerce and Consumer Affairs;

- 8 **authorised** the Associate Ministers of Finance and the Minister of Commerce and Consumer Affairs jointly to further the proposals in the suite of papers (along with the Minister of Finance), where the clarification and development of policy matters involves their Ministerial portfolios;
- 9 **authorised** the Minister of Finance and the Minister of Revenue to make decisions relating to the tax implications of statutory bail-in;
- 10 **invited** the Minister of Finance to report back to Cabinet, at the point of seeking Cabinet's agreement to the Bill, on the decisions taken under the delegated authority referred to in paragraphs 7 to 9 above;
- 11 **invited** the Minister of Finance to issue drafting instructions to the Parliamentary Counsel Office to give effect to the proposals in the suite of papers;
- 12 **authorised** the Minister of Finance to develop commencement, transitional and any savings provisions with the Parliamentary Counsel Office, through the drafting process;
- 13 **noted** that the drafted commencement and transitional provisions will be subject to approval by Cabinet when it considers the Bill for introduction.

Janine Harvey
Committee Secretary

Present:

Hon Grant Robertson (Chair)
Hon Dr Megan Woods
Hon Carmel Sepuloni
Hon David Parker
Hon Nanaia Mahuta
Hon Poto Williams
Hon Damien O'Connor
Hon Stuart Nash
Hon Willie Jackson
Hon Michael Wood
Hon Dr David Clark
Hon Phil Twyford
Rino Tirikatene, MP
Dr Deborah Russell, MP

Officials present from:

Office of the Prime Minister
Officials Committee for DEV

Hard-copy distribution:

Minister of Finance