

The Treasury

Additional Documents Related to Phase 2 of the Reserve Bank Act Review - December 2019 to April 2021 - Proactive Release

June 2021

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Key to sections of the Act under which information has been withheld:

- [7] 6(e)(ii) - to prevent serious damage to the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the regulation of banking or credit
- [27] 9(2)(ba)(ii) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest
- [29] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment
- [36] 9(2)(h) - to maintain legal professional privilege
- [39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage

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Reference: T2020/435

MC-1-7-3-1-13

Date: 26 February 2020

To: Minister of Finance
(Hon Grant Robertson)

Deadline: None

Aide Memoire: Timelines for the Reserve Bank Act review and associated work

This Aide Memoire responds to questions raised in an email from your office on 19 February 2020 regarding the timing of the Reserve Bank Act Review (the Review) and associated work. Further clarity has been requested on the timeframes for key actions/decisions up to the point the Institutional Bill is introduced.

A timeline of key actions/decisions for the remainder of Phase 2 of the Review, up until the introduction of the Institutional Act and Cabinet decisions on the Deposit Takers Act (DTA), is set out below.

The timeframes are indicative only and are subject to change. The timeframes for the DTA have been designed so that legislative drafting can begin before the election. As outlined in earlier advice, this goal is ambitious.

We have provided further detail on the main areas where Cabinet decisions will be sought on the DTA later in 2020. In addition, we have provided more information on the three questions specifically raised in the email.

Timeline for Phase 2 of the Review up until 3 August

Indicative timelines	Action/Decision
10 March 2020	Release of the third consultation document (C3) on the DTA
18 March 2020	Cabinet paper with outstanding policy issues relating to the Institutional Act to be considered
20 April 2020	C3 consultation period closes
19 May 2020	C3 Summary of Submissions published and proactive release of individual submissions
19 May 2020	Final policy recommendations to the Minister on the DTA
10 June 2020	Institutional Bill to be lodged

Indicative timelines	Action/Decision
11 June 2020	Draft Cabinet paper on the DTA to be presented to the Minister
25 June 2020	Introduction of the Institutional Act
3 August 2020	Cabinet to consider recommendations on the DTA

Cabinet paper on the DTA

The Cabinet paper containing recommendations on decisions required to progress the DTA is expected to cover:

- purposes and principles of the DTA;
- the regulatory perimeter;
- standards and licensing;
- liability and accountability;
- supervision and enforcement powers;
- bank resolution and crisis management; and
- depositor protection.

This is consistent with the contents of the C3 document. Depending on the Review's progress, decisions on some policy areas covered in the consultation document could be deferred until after the election.

Responses to specific questions raised

When will the Minister be asked to take a decision on the shape and implications of the Financial Policy Remit and when would we anticipate it to be issued?

The Minister and Cabinet have agreed that the Institutional Act will require the Minister to issue a Financial Policy Remit (the Remit). The Minister also recently agreed to more detailed recommendations on the Remit relating to its shape and implications. It is currently anticipated that the Institutional Act will be passed in mid-2021. It is expected that there will be a one year transition period to enable the establishment of the new Reserve Bank Board and governance structure. The Minister will then be empowered to issue the Financial Policy Remit when the rest of the Institutional Act comes into force, in approximately mid-2022.

When will the Minister be asked to take a decision on administration of the Act and when would we anticipate this to be announced?

The Minister will be asked to take a decision on the administration of the Deposit Takers Act as part of the final policy recommendations on the DTA in May. A decision on the administration of the Act and which agency will issue drafting instructions is necessary prior to the drafting instructions being issued to the Parliamentary Counsel Office.

Are there any public milestones for the executive accountability work in 2020?

The work on executive accountability is being undertaken outside of the Review Team [refer to T2020/154]. A project team to consider the executive accountability work will be established in June 2020. The project team will provide the Minister with advice on consultation on the objectives of the executive accountability work in August. Cabinet approval for the release of a consultation paper on objectives would then be sought in approximately September to October.

Elizabeth Bolton, Senior Analyst, Reserve Bank Act Review, [39]
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