

# 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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Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act).

Where this is the case, the relevant sections of the Act that would apply have been identified.

Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

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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Date: 17 March 2020

To: Minister of Finance  
(Hon Grant Robertson)

Deadline: None

## **Aide Memoire: Speaking points on Institutional Act**

You are taking the paper: Reserve Bank Act Review: Further policy matters for the Institutional Bill to the Cabinet Economic Development Committee on 18 March 2020.

This paper covers a number of second order decisions that are required to progress the Reserve Bank of New Zealand Bill 2020, which provides a new governance and accountability framework for the Reserve Bank (“the Bank”).

Officials are working to introduce the Bill into Parliament in mid-June. This will allow for the Bill to receive its first reading in late June or early July.

The key decisions in the paper are as follows:

- Information gathering: the Bill will carry over the Bank’s power to gather information for the purposes of its central banking functions. The scope of entities that the Bank can gather information from will be expanded. A key expansion will be to allow the Bank to collect information from entities involved in the distribution of bank notes and coins (cash).
- Information sharing: it is proposed that the Bank be empowered to share information with a defined set of regulatory agencies where it considers it would assist those agencies in undertaking their functions. This will support greater regulatory co-operation.
- Protection from liability for individuals and the Bank: it is proposed employees and agents of the Bank, and the Bank itself, be protected from liability when acting in the course of the Bank’s operations in good faith. For individuals, this is consistent with practice for state sector employees. For the Bank, this ensures that the Bank can undertake its functions without fear of litigation.
- Indemnity: the Bank, and employees and agents of the Bank currently have a standing indemnity from the Crown for all liabilities incurred in the course of the Bank’s operations. It is proposed the scope of this liability be reduced to only cover liabilities arising in the exercise of statutory management powers. A broad indemnity is unnecessary due to the proposed broad protection from liability.
- Foreign exchange management: it is proposed that the Bank’s use of foreign exchange reserves be subject to a Reserves Management and Co-ordination Framework agreed between the Minister and the Bank. This would set out the

intended purposes of the Bank's use of foreign reserves and the limit on the Bank's holdings of foreign reserves. The Minister would retain the power to direct the Bank to deal in foreign exchange within guidelines.

- The paper also addresses a number of minor matters:
  - It is proposed that the remuneration of the Governor be set by the Remuneration Authority;
  - It is recommended that the Bank's functions be specified so as to provide the Bank with a system oversight role in relation to the 'cash system';
  - It is recommended that the appointment of members of the Reserve Bank Board be by the Governor-General following a recommendation of the Minister (rather than just by the Minister as previously agreed).

Felicity Barker, Principal Advisor, Reserve Bank Act Review, [39]

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