

The Treasury

Reserve Bank of New Zealand Bill Information Release

November 2021

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No information has been withheld.

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Cabinet Economic Development Committee

Minute of Decision

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Reserve Bank of New Zealand Bill: Matters for Inclusion in the Departmental Report

Portfolio Finance

On 24 March 2021, the Cabinet Economic Development Committee (DEV):

Background

- 1 **noted** that on 11 December 2019, DEV agreed to a new institutional framework for the Reserve Bank of New Zealand (the Reserve Bank), including a fully non-executive board [DEV-19-MIN-0345];
- 2 **noted** that the Reserve Bank of New Zealand Bill (the RBNZ Bill), which implements the institutional reforms to the Reserve Bank, is currently being considered by the Finance and Expenditure Committee;
- 3 **noted** that further analysis and engagement, along with issues raised during the select committee process, have highlighted the need for amendments to elements of the RBNZ Bill;

Proposed amendments to the Bill

- 4 **agreed** to amend the RBNZ Bill to provide that the Governor will be a member of the Reserve Bank board;
- 5 **agreed** to make further amendments to the RBNZ Bill as appropriate given the Governor's special status as chair of the Monetary Policy Committee, chief executive and (now) board member;
- 6 **agreed** to provide that the board's obligation to implement monetary policy developed by the Monetary Policy Committee is limited by its financial responsibility duties;
- 7 **agreed** to provide a duty on the board in relation to the management of the Reserve Bank's capital or equity, and to empower the Minister of Finance to specify elements of this duty from time to time following consultation with the Reserve Bank;

- 8 **agreed** to amend the remit provisions in the RBNZ Bill to provide that the Minister of Finance is empowered to replace or amend monetary policy remits without an Order in Council, and that remits (including a replacement or amended remit) should not be secondary legislation for the purposes of the Legislation Act 2019;
- 9 **agreed** to amend the remit provisions in the RBNZ Bill to provide that there should be appropriate procedural safeguards for replacing or amending the remit, including that the Reserve Bank is required to provide remit advice at five-year intervals;
- 10 **agreed** to amend the currency offences in the RBNZ Bill as necessary to ensure that they have an appropriate *mens rea* element, and to update the penalty levels;

Next steps

- 11 **authorised** the Minister of Finance to further clarify and develop policy matters relating to the above paragraphs in a manner not inconsistent with the policy proposals in the paper under DEV-21-SUB-0042 and to approve other more minor or technical amendments to the RBNZ Bill;
- 12 **noted** that the above proposals will be recommended to the Finance and Expenditure Committee in the Treasury's departmental report.

Janine Harvey
Committee Secretary

Present:

Hon Grant Robertson (Chair)
Hon Dr Megan Woods
Hon Carmel Sepuloni
Hon Poto Williams
Hon Damien O'Connor
Hon Stuart Nash
Hon Willie Jackson
Hon Michael Wood
Hon Dr Ayesha Verrall
Hon Meka Whaitiri
Hon Phil Twyford
Rino Tirikatene, MP
Dr Deborah Russell, MP

Officials present from:

Office of the Prime Minister
Officials Committee for DEV

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Minister of Finance