The Treasury

Treasury Advice on the Reserve Bank's Proposed Scope of Remit Advice Information Release

October 2022

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

[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;

[39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage

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TE TAI ŌHANGA
THE TREASURY

Treasury Report: The Reserve Bank's Monetary Policy Committee Remit Review

Date:	Thursday, 1 September 2022	**Report No:**	T2022/1724
		File Number:	MC-1-2-1

Action sought

	Action sought	Deadline
Hon Grant Robertson **Minister of Finance**	Note the contents of this report and discuss with officials on 5 September 2022.	Monday, 5 September 2022

Contact for telephone discussion (if required)

Name	Position	Telephone		1st Contact
Carlos So	Analyst, Macroeconomic and Fiscal Policy	[39]	N/A (mob)	✓
Renee Philip	Manager, Macroeconomic and Fiscal Policy		[35]	

Minister's Office actions (if required)

Return the signed report to Treasury.

Note any feedback on the quality of the report	

Enclosure: No

Treasury Report: The Reserve Bank's Monetary Policy Committee Remit Review

Executive Summary

The Reserve Bank of New Zealand (RBNZ) is currently undertaking a review of the Monetary Policy Committee (MPC) Remit (the Remit) as required by the Reserve Bank of New Zealand Act 2021 (the Act) at least every five years. The RBNZ is required to undertake public consultation, and to consult you on the scope of its Remit advice. The RBNZ undertook its first phase of public consultation in July 2022 and is consulting you ahead of its second phase of public consultation.

From here, the RBNZ will advise you about any recommended changes to the Remit early next year. The Act requires a decision as soon as practicable after the Remit Review is complete, although there will be scope for you to request follow-up advice if required. The Treasury will provide accompanying advice on any recommended changes to the Remit and will advise you further on the process at that point. A new Remit is required to be issued by February 2024.

As outlined in its report to you, the RBNZ is proposing to cover a broad set of topics in depth in its Remit advice. These topics are intended to address the issues that have posed, and will likely continue to pose, challenges for monetary policy. These issues include the low interest rate environment and risk of the effective lower bound and managing trade-offs between multiple objectives. The RBNZ has indicated that the second public consultation will be completed in early 2023.

Prior to the commencement of the second public consultation, the RBNZ will be releasing the results of its Review and Assessment of the Formulation and Implementation of Monetary Policy (RAFIMP). The RAFIMP is another requirement of the Act. It is expected to critically assess monetary policy decisions in recent years, including the impacts of additional monetary policy tools used during the COVID-19 pandemic. The RAFIMP will also be informed by an external review of how the MPC has performed against the Charter in recent years.

The Treasury is in broad support with the approach that the RBNZ has taken and the list of topics it intends to consider in its Remit advice. In addition to the RBNZ's proposed scope, the Treasury recommends that the following areas be included or expanded on in the review:

1. **Guidance on Additional Monetary Policy (AMP) tools:**

    - Various documents were introduced at pace during the COVID-19 pandemic to set out when AMP tools would be used and the processes and principles guiding their use. The Remit Review provides an opportunity to consolidate this documentation and consider any changes in light of recent experience.

      [29] and [33]

- The Treasury acknowledges that the RBNZ is doing an internal review of its decision-making responsibilities and financial backing arrangements. However, we consider it appropriate to also review the MPC's role as part of the Remit and Charter reviews.

2. **The MPC Charter:**

- The Act requires the Minister and MPC to consider whether it is necessary or desirable to replace the Charter if a new Remit is issued. In your response to the RBNZ on the scope of the review, we recommend that you set out any particular issues with the Charter that you would like to see reviewed. Two areas that we recommend you request the RBNZ to consider are whether changes to the Charter should be made to support greater transparency about the range of views within the MPC, and to incentivise individual MPC members to be more visible and accountable to the public. The review of the Charter could also include an assessment of whether the current consensus-based decision-making model remains the best option.

- Together with the external review of the MPC in the RAFIMP, a robust and in-depth review of the Charter would provide more confidence that the MPC is performing as intended, and allow you to consider whether the accountability and transparency around MPC decisions should evolve.

We recommend that you:

a **note** that you will be meeting with RBNZ and Treasury officials to discuss scope of the Remit advice on 5 September.

b **note** that the RBNZ is proposing a range of issues be covered in its Remit advice, as outlined in its memorandum to you.

c **agree** to seek advice from the RBNZ about the pros and cons of providing guidance relating to additional monetary policy tools into the Remit and Charter.

agree / disagree

d **agree** to seek advice from the RBNZ on whether there should be any changes to the Charter to:

a. support greater transparency about the range of views within the MPC; and

agree / disagree

b. incentivise individual MPC members to be more visible and accountable to the public.

agree / disagree

e **agree** to send a written response to the RBNZ's proposed scope of its Remit advice. The Treasury can assist you with drafting based on your feedback.

agree / disagree

f **note** that the RBNZ intends to release a summary of its first Remit consultation in late September, which may include their report and related communications on the scope of the Remit advice, including your response.

Renee Philip
Manager

Hon Grant Robertson
Minister of Finance

Treasury Report: The Reserve Bank's Monetary Policy Committee Remit Review

Purpose of Report

1. The Reserve Bank of New Zealand (RBNZ) is required to consult the Minister of Finance as part of its review of the Monetary Policy Committee Remit. This report aims to assist your response to the RBNZ's proposed scope of its Remit advice.

Background

2. The RBNZ is required to conduct a review of its Monetary Policy Committee (MPC) Remit (Remit) under the Reserve Bank of New Zealand Act 2021 (the Act) at least every five years. The Remit is issued by the Minister of Finance and sets out the operational objectives for monetary policy. It also outlines some secondary considerations for the MPC's monetary policy decisions.

3. The MPC Charter (Charter) needs to be reviewed to evaluate whether it is necessary or desirable to replace it whenever a new Remit is issued. The Charter is an agreement between the Minister of Finance and the MPC that outlines how decisions at the MPC will be made, how the MPC will be transparent and accountable, and how it will handle external communications.

4. A number of other major central banks have conducted monetary policy reviews in recent years. These include the reviews done by the Federal Reserve (2020), European Central Bank (2021) and the Bank of Canada (2021). A review of the Reserve Bank of Australia is currently under way and is due to be completed by March 2023. There have also been recent calls for a review of the Bank of England.

5. The RBNZ held the first round of public consultation on the Remit Review in June-July 2022. A range of views were expressed from multiple sources of engagement with the public. The feedback received suggested that there should be further consideration of various aspects of monetary policy, including the relative weighting of the inflation and employment objectives, the measurement of prices and the role of sustainable house prices in the Remit.

6. The RBNZ is currently consulting you on the proposed scope of its Remit advice. Your feedback will inform the options that are assessed in the RBNZ's second public consultation on the Remit Review. This is expected to be completed in early 2023. The timing for delivering advice on any changes to the Remit and / or Charter is yet to be finalised, but the RBNZ has indicated that they are aiming for April 2023 at this stage. You will be required to consider the proposed changes as soon as practicable, although there will be scope for you to request follow-up advice if required. The current Remit is set to expire in February 2024.

7. Alongside the Remit Review, the RBNZ is undertaking a Review and Assessment of the Formulation and Implementation of Monetary Policy (RAFIMP), which is also a requirement of the Reserve Bank Act (2021). The RAFIMP will include matters relating to the Remit advice as well as whether the current charter should be replaced or not. The RBNZ intends to send the RAFIMP report to you in November 2022, before publishing it shortly afterwards.

Analysis

We agree with the RBNZ that the Remit Review should be broad

8. The new approach to reviewing the Remit set out in the Act allows for greater transparency and public input into the way monetary policy is formulated than in the past, thereby facilitating public debate and supporting greater democratic legitimacy in the setting of operational objectives over time. A Remit Review that has a broad scope and sufficient depth will be more likely to produce a credible and meaningful conversation with the public about the objectives of monetary policy and how they are achieved. This will be in line with the monetary policy reviews conducted by other central banks around the world. A broad review would also allow consideration of issues related to the current economic environment, such as issues related to high inflation and the recent use of AMP tools.

Monetary policy will need to confront several challenges in the years ahead…

9. The context in which monetary policy operates has changed over time. Many central banks, including the RBNZ, have operated at very low interest rates, reflecting the multi-decade decline in neutral interest rates. Heightened geopolitical risks have arisen in recent years following multiple decades of globalisation. Most recently, the COVID-19 pandemic led to the use of AMP tools for the first time in New Zealand.

10. The trend decline in interest rates domestically and globally in previous decades reflects the effect of falling productivity growth, slower population growth and an ageing population that has changed preferences for savings and investment over time. While nominal interest rates have risen recently to contain multi-decade high levels of inflation, they remain relatively low by historical standards and the risk of the RBNZ reaching the effective lower bound (ELB) in a future crisis remains elevated. The RBNZ may find that it will need to use AMP tools again to respond to a future shock.

11. The COVID-19 pandemic and the Russian invasion of Ukraine has exacerbated supply-side inflationary pressures. There are a range of factors that could increase production costs or inflationary pressures in the years ahead, including increased regionalisation and continued sporadic disruptions to supply to contain COVID-19, and climate change and the shift towards more sustainable production practices. The MPC could therefore face situations requiring a trade-off between its inflation and employment objectives.

…so the Remit Review should explore options to address those challenges

12. The Remit Review represents an opportunity to evaluate whether the current strategies and processes remain the best ways for monetary policy to maintain price stability and maximise sustainable employment. We have identified the following as being important topics for the Bank to consider in the next phase of the Remit Review. The RBNZ is mostly aligned with our view of what should be in scope, but where differences exist, these have been highlighted in the points below:

13. <u>The continued appropriateness of the current inflation target:</u>

    a A key consideration for any updated Remit is whether the current inflation target remains appropriate. The inflation target has been updated several times since 1990, with the latest revision to the target band being in 2002 when it was changed from 0%-3% to 1%-3%. In 2012, an explicit focus on the 2% target midpoint was added. It is advisable that you consider from time to time the continued appropriateness of any inflation target, and we recommend that you seek further advice from the RBNZ on this issue. The RBNZ has indicated that they will be looking to discuss the appropriate inflation target in the Remit review, although their preliminary position is that there is not a strong enough case for change.

    b There are arguments for either raising, lowering, or maintaining the inflation target. On the one hand, a lower inflation target that reduces inflation outcomes may lower the costs of inflation (for example, businesses needing to update menu prices more frequently and adverse impacts on people's ability to plan future spending). However, a lower inflation target raises the risk of deflation if inflation falls below target. On the other hand, a higher inflation target could potentially mitigate the issue of the ELB as a higher target would, in equilibrium, produce higher nominal interest rates. That would give the MPC more room to reduce the Official Cash Rate before reaching the ELB in a future downturn. However, this may also have costs associated with higher inflation levels, such as exacerbating the distortions in the tax system, which could impact house prices.

    c Consideration should also be given to the current environment where inflation has reached multi-decade highs. Raising the inflation target in such an environment could be seen as a way to make the MPC's job easier, which could impact on inflation expectations if the public expect similar changes in the future. Nevertheless, given its importance, considering the ongoing appropriateness of the inflation target should be within the scope of the RBNZ's advice.

14. <u>Alternative approaches to measuring and achieving price stability</u>

    a The MPC currently adopts a flexible-inflation-targeting (FIT) approach, meaning that it does not consider previous deviations of inflation from target when setting monetary policy. Operationally, this is consistent with the way most other central banks, such as the Reserve Bank of Australia and the Bank of Canada, seek to achieve price stability.

b An alternative approach is to use a framework that incorporates a degree of history dependence. These frameworks require the central bank to consider historical deviations from target when setting monetary policy. Research from the Bank of Canada and the Federal Reserve suggests that these frameworks could be welfare-improving compared to the FIT approach, particularly in situations where inflation expectations are below target and the economy is operating near the ELB. The Federal Reserve moved to an average-inflation-targeting (AIT) approach in 2020 after their Review of Monetary Policy Strategy, Tools, and Communications. An AIT approach requires the central bank to maintain inflation at a predetermined average level over a period of time.

c In the RBNZ's first public consultation paper on the Remit Review, they noted that, while there are merits to history-dependent frameworks, there are also several drawbacks. In particular, they noted that history-dependent frameworks could produce increased volatility if the MPC is required to produce a period of lower inflation to offset a period of higher inflation, and vice versa. Inflation expectations would be at risk of becoming destabilised as a result of this over- and undershooting of the target, particularly as such a framework can be harder for the public to understand.

d The RBNZ believes that the current FIT framework remains the best policy framework to achieve its policy objectives, but will be discussing alternative policy frameworks in its Remit advice. Given the possibility for alternative regimes to help partially mitigate the ELB constraint, we agree with the RBNZ that this issue should be in scope.

15. Guidance about weighting and trading-off the policy objectives in the Remit:

a Economic theory and historical experience suggest that monetary policy does not affect real economic activity in the long run, meaning that there is no long-run trade-off between price stability and maximum sustainable employment (MSE). However, in the short to medium term, shocks can lead to temporary deviations of inflation and employment from their respective targets. Depending on the nature of the shock, there might not necessarily be a trade-off between the two objectives – for instance, when both inflation and employment are below target (the conventional monetary policy response in this case would be to reduce interest rates). On the other hand, a trade-off could occur if, for instance, inflation is above target while employment is below target.

b The current Remit does not provide guidance about how the MPC should respond when such a trade-off occurs, which leaves the MPC the ability to formulate its own approach. The RBNZ has communicated the MPC's current approach in its Monetary Policy Handbook, which explains that the MPC generally considers that maintaining inflation expectations near the inflation target is the best way of supporting MSE. When there is a trade-off, the MPC takes a balanced approach.[1] Such guidance could be formalised in the MPC Remit, increasing clarity and credibility.

c Acknowledging price stability as the best way of supporting stable economic activity in the Remit would be consistent with how other remits (or equivalent documents) are used at other central banks. The Statement on the Conduct of Monetary Policy (their equivalent to the Remit) at the Reserve Bank of Australia for example, explicitly states that the Reserve Bank Board should focus on price stability as a precondition for its other objectives of achieving long-term economic growth and maintaining full employment in Australia.

[1] For example, the central bank could let inflation overshoot the target for a time if employment is projected to be below its long-run sustainable level, and vice versa.

d Some of the remit/remit-equivalents at other central banks also include guidance on how the decision-making body should respond if there is a trade-off between the central bank's policy objectives.[2]

e On the other hand, providing clearer guidance about the hierarchy of the policy objectives could limit the flexibility of the MPC's response to a shock. It could also lead to perceptions that the MPC favours targeting inflation rather than employment, which may not align with the public or the Government's preferences.

16. <u>The level of flexibility in the Remit:</u>

a There is a trade-off between a Remit that is prescriptive in nature and one that is flexible. Both have merits to them, with a prescriptive Remit offering more clarity about what the MPC will do, while a flexible Remit would allow the MPC more room to respond as they see fit. It is generally accepted that a degree of flexibility is desirable to allow the MPC to deal with each shock as it arises, as the response would depend on both the nature of the shock and the economic conditions at the time.

b Currently, the Remit provides the MPC with flexibility to choose the best strategy for achieving price stability, in terms of both method and timing. The current Remit requires that the MPC return inflation to target over the 'medium term', with a focus on the mid-point, and instructs the MPC to discount events that are expected to only have transitory effects on inflation. This level of discretion is common amongst inflation-targeting central banks, with the Federal Reserve and Reserve Bank of Australia seeking to achieve their targets 'over time'.

c Our initial discussions with you indicated that you would be interested in an assessment of whether the Remit could be clearer in terms of the timeframe in which monetary policy is expected to return inflation and employment to their targets. This issue is relevant in the context of the recent persistence of inflationary pressures, which have led to expectations that inflation will remain above target for several years. The RBNZ is intending to discuss the width of the inflation target band, whether an explicit mid-point should be retained, and the horizon for the price stability target in its Remit advice.

17. <u>Consideration for the governance of AMP tools:</u>

a The COVID-19 pandemic resulted in the use of AMP tools for the first time in New Zealand. In March 2020, bespoke documents were put in place quickly to support the use of these tools, including the Memorandum of Understanding (MoU) on the use of AMP tools, the Letter of Indemnity, and the RBNZ's Remit Principles and Operational Principles for the use of AMP tools. No changes were made to the Remit or Charter at that time.

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[2] The Federal Reserve for example, highlights in its Statement on Longer-Run Goals and Monetary Policy Strategy that it "takes into account the employment shortfalls and inflation deviations and the potentially different time horizons over which employment and inflation are projected to return to levels judged consistent with its mandate" when a trade-off between its objectives occurs.

b You have agreed with the Governor in the MoU on the use of AMP tools that the RAFIMP review would incorporate an analysis of any AMP tools used, including their effectiveness in enabling the MPC to achieve its economic objectives and any other consequences of these tools on the New Zealand economy. In the Letter of Expectations to the RBNZ earlier this year, you outlined your expectation that the RBNZ would undertake a thorough review of the experience with AMP tools, including the degree to which they provided economic stimulus, the unintended distribution impacts of these tools, and the financial risks for the Crown's balance sheet.

c The five-yearly review of the Remit and Charter provides an opportunity to consider whether any aspects of the governance framework around AMP tools should be incorporated into the Remit and / or Charter. This could include aspects from the existing bespoke documents, or any additional requirements that are appropriate, drawing on the lessons learned through the RBNZ's RAFIMP analysis.

d The use of AMP tools in conjunction with significant stimulus from fiscal policy likely led to a faster economic recovery than might have otherwise occurred in the absence of such measures. However, these measures were not costless, with the Large Scale Asset Purchase (LSAP) programme (that included indemnified bond purchases) in particular leading to significant interest costs for the Crown. In July 2022, the Crown's indemnity on the RBNZ's LSAP bond portfolio was estimated to be $7.7 billion, but this does not account for some offsetting benefits, such as any fiscal savings that may have been generated by lower interest rates.

e [29] and [33]

[29] and [33]

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j While the broader governance review is a complicating factor, we think it is possible for the RBNZ to consider these issues simultaneously and to cover this topic as part of its final Remit advice. The use of AMP tools has attracted public interest and including this issue in scope may help to provide legitimacy to the framework. We recommend that you ask the RBNZ to provide advice on whether AMP tools should be reflected in the Remit and/or Charter when it provides you with final Remit advice.

[29] and [33]

18. The measurement of inflation:

a You have indicated an interest in receiving advice on the appropriate measure of inflation in the Remit, which currently uses the Consumers Price Index (CPI). The use of the CPI when setting monetary policy is common amongst most advanced economies around the world. A CPI-based measure has been used in past Remits and Policy Targets Agreements in New Zealand.

b While the RBNZ currently believes that the CPI remains fit for purpose, they will be considering the definition, or measurement, of prices in the second consultation. The RBNZ's first public consultation document outlined the benefits and drawbacks of several alternative price / cost indices, including the CPI. However, we agree with the RBNZ that it would be useful to include a further discussion about the continued appropriateness of the CPI and alternative price measures that could be used as the price measure targeted by the MPC.

c There are two potential concerns commonly raised with the CPI. The first is the treatment of housing and whether the CPI accurately measures housing costs. In New Zealand, the CPI includes the cost of construction of new houses and rents. It does not include the price of houses sold in the market and imputed rent for owner occupiers. Similar concerns with the CPI have resulted in the European Central Bank acknowledging that incorporating owner-occupied housing costs in the Harmonised Index of Consumer Prices would better reflect the actual inflation experienced by households. The RBNZ intends to include the issue in the scope of the Remit advice, partly reflecting that the first consultation highlighted public concerns around how housing costs are reflected in the CPI. However, it should be noted that the CPI is produced independently by Statistics NZ, and it would be outside the scope of the Remit Review to change the way the CPI is constructed.

d The second potential concern is that CPI inflation does not adequately reflect increases in the cost of living particularly for those in the lower end of the income distribution. This reflects the CPI's intention to be a measure of average expenditure weights in aggregate, to calculate inflation experienced by average consumers. Lower-income households have different expenditure patterns than what is captured by the CPI. The Household Living-Cost Price Index (HLPI) is a way to measure inflation for different household types, which typically shows that lower-income households experience a higher rate of inflation than is reflected in the CPI, reflecting that they generally spend more of their income on housing-related costs and food. However, the HLPI includes interest costs that are directly influenced by monetary policy actions, which makes the HLPI an unsuitable target when setting monetary policy.

There are some topics that we recommend should be out of scope

19. While there may be some public interest in pursuing a more in-depth discussion on other topics not listed above, we think the following could be excluded from the second public consultation due to timing and resourcing constraints. These include:

- **Defining maximum sustainable employment.** The RBNZ and the Treasury agree that there are limited practical options to define an operational target for supporting MSE. The MPC should continue using a range of measures to assess labour market conditions.

- **House price sustainability.** The RBNZ will be looking at whether the requirement to consider the impact of monetary policy decisions on the Government's policy of supporting more sustainable house prices should remain in the Remit or be moved to another part of the monetary policy framework (for example, the Letter of Expectations). You have previously indicated that you will not be looking to retract or diminish this part of the Remit. You may wish to make this intention clear to the Bank in your response. Given your views on this topic, and that this clause was only recently added to the Remit, we consider it a lower priority to review compared to other issues.

- **Distributional outcomes and climate change.** We agree with the RBNZ that, while these are important topics for the wellbeing of society, they are less directly relevant for the Remit compared to the other topics identified above.

We recommend you request advice on potential changes to the Charter

20. The Charter is a key document that sets out the requirements to promote transparency and accountability and the MPC's decision-making procedures. A review of the Charter can help provide more confidence that the Charter is achieving the outcomes that were intended when it was introduced after the first phase of the review of the RBNZ Act and allow you to consider whether the way the MPC operates should evolve.

21. Unlike the Remit, the Charter is an agreement between the Minister of Finance and the MPC. This makes changing the Charter a more difficult exercise than changing the Remit because both parties must agree to any changes. However, you and the MPC must consider whether it is necessary or desirable to issue a replacement Charter when a new Remit is issued.

22. The RBNZ will be reviewing the Charter as required by the Act. In your response to the RBNZ on the scope of the review, we recommend that you set out any particular issues with the Charter that you would like to receive advice on. The Reserve Bank's further work on the Charter will also be informed by an external assessment of the way the MPC has functioned in recent years in accordance with the Charter.

23. We recommend that you request the RBNZ to consider at least the following two topics in their review of the Charter:

a **Whether the range of views on the MPC should be made more transparent**. In the current Charter, the MPC aims to reach a consensus decision, with a vote taking place if consensus cannot be reached. However, there is no public record of any voting taking place at the MPC even during the COVID-19 period when uncertainty levels were (and remain) elevated. There may be value in the Charter being amended to encourage votes to take place during meetings where it is proving difficult to reach consensus. Even if this could hinder the clarity of the MPC's messaging, the range of views expressed could be helpful for the public to assess the level of uncertainty in the MPC's economic outlook.

b **Whether individual MPC members could be more accountable and visible to the public.** This could be in the form of speeches or other public appearances that have messages that are consistent with the MPC's economic outlook. While the Charter does not strictly prohibit public speaking by external members, in practice there have been very few public remarks made. The Charter could be amended to set a minimum expectation for communication by individual members in order to increase the public visibility of the external MPC members and the extent to which they are held accountable as part of their roles contributing to the MPC.

24. The Treasury believes that these topics can be addressed as part of the Charter review above, within the context of the current consensus-based decision-making model for the MPC. However, the review of the Charter could also include assessing whether the current approach remains the best way of formulating monetary policy. The governance and decision-making framework for the RBNZ was discussed in detail during the first phase of the review of the Act (TR T2018/321 refers).

Next Steps

25. You are scheduled to meet with RBNZ and Treasury officials to discuss the next phase of the Remit Review on 5 September. You will need to respond to the RBNZ to confirm the scope of advice you would like to receive as part of its Remit advice.

26. As this is a statutory consultation process, we recommend you respond to the RBNZ in writing. The Treasury can provide you with a draft letter reflecting your feedback after the meeting on 5 September. The RBNZ intends to release their report and related communications on the scope of the Remit advice together with a summary of the results of its first round of public consultation in September..

27. The RBNZ intends to release its RAFIMP documents to the public ahead of the second round of public consultation on the Remit Review. The RBNZ intends to complete its second round of public consultation in early 2023.

28. The RBNZ has indicated that it intends to provide you with its formal Remit advice by April 2023 to advise whether there should be any change to the Remit and detailing these recommendations. The Remit needs to be replaced by February 2024. The Act requires a decision as soon as practicable, although there will be scope for you to request follow-up advice if required. The Treasury will provide accompanying advice on any recommended changes to the Remit and will advise you further on the process at that point.