Reserve Bank of New Zealand (Monetary Policy) Amendment Act 2018

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Commencement	see section 2

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The Parliament of New Zealand enacts as follows:

1 Title

This Act is the Reserve Bank of New Zealand (Monetary Policy) Amendment Act 2018.

2 Commencement

(1) Sections 5(1), 6, and 36 and Schedule 2 come into force on the day after the date of Royal assent.

(2) The rest of this Act comes into force on the earlier of the following dates:

(a) a date appointed by the Governor-General by Order in Council:

(b) 1 April 2019.

3 Principal Act

This Act amends the Reserve Bank of New Zealand Act 1989 (the **principal Act**).

Part 1
Main amendments

4 Section 1A amended (Purpose)

Replace section 1A(1) with:

(1) The purpose of this Act is to promote the prosperity and well-being of New Zealanders, and contribute to a sustainable and productive economy, by providing for the Reserve Bank of New Zealand, as the central bank, to be responsible for—

(a) formulating and implementing monetary policy directed to the economic objectives set out in subsection (1A), while recognising the Crown's right to determine economic policy; and

(b) promoting the maintenance of a sound and efficient financial system; and

(c) issuing bank notes and coins in New Zealand to meet the needs of the public; and

(d) carrying out other functions, and exercising powers, specified in this Act.

(1A) The economic objectives are—

(a) achieving and maintaining stability in the general level of prices over the medium term; and

(b) supporting maximum sustainable employment.

5 Section 2 amended (Interpretation)

(1) In section 2(1), insert in their appropriate alphabetical order:

charter means a charter issued under this Act (*see* section 63F and clauses 5 to 7 of Schedule 1)

code of conduct means a code of conduct for members of the MPC that is approved under this Act (*see* section 63J and clause 8 of Schedule 1)

MPC or **monetary policy committee** means the committee of the Bank that is established under section 63A

remit means a remit issued under this Act (*see* sections 10 and 13, clauses 2 to 4 of Schedule 1, and clause 6 of Schedule 2)

remit advice means the advice given by the Bank under clause 2 of Schedule 2

(2) In section 2(1), insert in their appropriate alphabetical order:

economic objective means an economic objective set out in section 8(1) (or in an Order in Council made under section 12)

formulating, in relation to monetary policy, has the meaning set out in section 8(3)

(3) In section 2(1), replace the definitions of **Deputy Chief Executive** and **Deputy Governor** with:

Deputy Governor means the Deputy Governor of the Bank appointed under section 43 or 48B

(4) In section 2(1), replace the definition of **Governor** with:

Governor means the Governor of the Bank appointed under section 40 or 48

6 New section 3A inserted (Transitional, savings, and related provisions)

After section 3, insert:

3A Transitional, savings, and related provisions

The transitional, savings, and related provisions set out in Schedule 1 have effect according to their terms.

7 Section 5 amended (Reserve Bank of New Zealand)

In section 5(2), delete "and a common seal".

8 Sections 8 to 15 replaced

Replace sections 8 to 15 with:

8 Function to formulate monetary policy through MPC

(1) The Bank, acting through the MPC, has the function of formulating a monetary policy directed to the economic objectives of—

(a) achieving and maintaining stability in the general level of prices over the medium term; and

(b) supporting maximum sustainable employment.

(2) The MPC must, in acting under this section, have regard to—

(a) the efficiency and soundness of the financial system; and

(b) any matter provided for in a remit under section 10(3)(d).

(3) The function of **formulating** monetary policy includes deciding the approach by which the operational objectives set out in a remit are intended to be achieved.

9 Function to implement monetary policy

The Bank has the function of implementing monetary policy in accordance with this Act.

10 Remit for MPC

(1) The Minister must, after having regard to remit advice, issue a remit for the MPC (the **remit**).

(2) The remit must set out operational objectives for carrying out the function of formulating monetary policy.

(3) The remit may specify or provide for the operational objectives in any way that the Minister thinks fit, including by specifying or providing for 1 or more of the following matters:

- (a) a target or targets for an economic objective:
- (b) a framework for weighting the economic objectives:
- (c) defining any matters in connection with an economic objective:
- (d) a requirement for the MPC to have regard to 1 or more matters in connection with seeking to achieve an economic objective.

(4) A matter under subsection (3) must not be inconsistent with an economic objective.

(5) The Minister must take all reasonable steps to ensure that a remit is in force at all times (whether the remit is issued by the Minister under this section or clause 3 of Schedule 1 or is in force under an Order in Council made under section 12, clause 4 of Schedule 1, or clause 6 of Schedule 2).

11 Other matters relating to remit

Part 1 of Schedule 2 provides for other matters relating to the remit.

12 Order providing for different economic objective or objectives

(1) The Governor-General may, by Order in Council, on the advice of the Minister, direct the MPC to formulate, and the Bank to implement, monetary policy for 1 or more economic objectives for a period not exceeding 12 months that is specified in the order.

(2) The economic objective or objectives may be—

- (a) only 1 of the objectives specified in section 8 (instead of both); or
- (b) 1 or more new objectives in addition to or instead of either or both of the economic objectives specified in section 8.

(3) While the Order in Council is in force,—

- (a) the MPC must formulate, and the Bank must implement, monetary policy in accordance with the economic objective or objectives specified in the Order in Council; and

(b) the MPC and the Bank must disregard either or both of the economic objectives specified in section 8 if so required by the Order in Council.

13 Order must include replacement remit

(1) The order under section 12 must include a remit that will remain in force while the order is in force (in place of the remit that is suspended under section 14).

(2) Section 10(2) to (4) applies with all necessary modifications.

14 Effect of order on current remit

(1) The application of the current remit is suspended while the order under section 12 remains in force.

(2) The following applies when the order is revoked:

(a) if the term of the current remit has not expired, that remit again comes into force (but may be replaced under clause 6 of Schedule 2):

(b) if the term of the current remit has expired, a new remit must be issued to come into effect immediately after the revocation of the order (whether under section 10 or clause 6 of Schedule 2).

(3) In this section, **current remit** means the remit that is in force immediately before an order under section 12 comes into force.

15 Period may be extended

(1) The Governor-General may, by Order in Council, on the advice of the Minister, extend the period specified in an order under section 12 for a period not exceeding 12 months, and may in the same manner extend that period on successive occasions.

(2) An extension may only be made before the end of the period to be extended.

15A Revocation of order

(1) An order under section 12 may be revoked at any time.

(2) If the order is not revoked under subsection (1), the order is revoked on the close of the last day of the period specified in the order or of any extension of that period under section 15.

15B Functions under sections 8 and 9 not affected

(1) Nothing in this Act or in any other Act limits or affects the obligation of the MPC or the Bank to carry out the functions under sections 8 and 9 (or under an order under section 12).

(2) This section applies except as provided in sections 12 to 15A.

15C Regular reports on monetary policy

(1) The Bank must, at least 4 times a year (or more frequently if required by the charter),—

(a) deliver reports on monetary policy to the Minister; and

(b) publish a copy of each report on an Internet site maintained by, or on behalf of, the Bank.

(2) The Governor must ensure that the report is approved by the MPC before it is delivered to the Minister.

(3) Every report under this section must—

(a) specify the approach by which the MPC intends to achieve the operational objectives:

(b) state the MPC's reasons for adopting that approach:

(c) contain all other information required by the charter (if any).

(4) Every report under this section stands referred, by virtue of this section, to the House of Representatives.

15D Longer-term report on formulation and implementation of monetary policy

(1) The Bank must review and assess the formulation and implementation of monetary policy at least every 5 years (or more frequently if required by the charter).

(2) The Bank must—

(a) deliver a report on the review and assessment to the Minister as soon as practicable after the review and assessment is completed; and

(b) publish a copy of the report on an Internet site maintained by, or on behalf of, the Bank.

(3) The Governor must consult the MPC on a draft of the report under this section and the Governor must consider the comments (if any) of the MPC on the draft.

(4) The report under this section must contain the information required by the charter (if any).

(5) Every report under this section stands referred, by virtue of this section, to the House of Representatives.

9 Section 19 replaced (Effect of directions on policy targets)

Replace section 19 with:

19 Effect of directions on operational objectives

(1) This section applies if the Governor considers that giving effect to a direction under section 17 or 18 (while not being inconsistent with the economic objectives of monetary policy) would be inconsistent with 1 or more operational objectives set out in a remit.

(2) The Governor may, by notice in writing,—

(a) advise the Minister that the Bank will, in giving effect to the direction, be unable to give effect to those operational objectives; and

(b) request that the operational objectives be amended or replaced.

(3) The Governor may only give a notice with the approval of the MPC.

(4) If a notice is given,—

(a) the MPC and the Bank are not required to give effect to the existing operational objectives:

(b) the Minister must, within 1 month after the notice is given,—

(i) make a recommendation under clause 6 of Schedule 2 for the purpose of replacing a remit to amend or replace the operational objectives; or

(ii) give advice under section 12 for the purpose of amending or replacing the operational objectives in a remit that is included in an order in force under that section.

(5) Subsection (4) does not apply if the Minister withdraws the direction.

10 Section 20 replaced (Effect of directions on monetary policy)

Replace section 20 with:

20 Effect of directions on monetary policy

(1) If the Governor considers that giving effect to a direction under section 17 or 18 would be inconsistent with the economic objectives of monetary policy, the Governor may, by notice in writing, advise the Minister that the MPC and the Bank do not propose to give effect to the direction.

(2) The Governor may only give a notice with the approval of the MPC.

(3) If a notice is given, the MPC and the Bank are not required to comply with the direction unless an Order in Council is made under section 12 that requires the MPC to formulate, and the Bank to implement, monetary policy in accordance with 1 or more economic objectives that are consistent with the direction.

11 Section 41 amended (Duties of Governor)

(1) After section 41(1), insert:

(1A) The office of Governor includes performing and exercising functions, powers, and duties as the chairperson and a member of the MPC (*see* clause 28 of Schedule 2 for the Governor's duties as chairperson).

(2) In section 41(2), after "the Board", insert "or the MPC".

12 Section 42 amended (Conditions of employment of Governor)

(1) In the heading to section 42, replace "**employment**" with "**appointment**".

(2) Replace section 42(1) with:

(1) The Governor must be appointed under section 40 for a term of 5 years and may be reappointed under that section for 1 further term of up to 5 years.

(3) After section 42(1), insert:

(1A) *See* section 48(1) (which provides for a single term of up to 6 months for a Governor appointed under that section).

(1B) If a person (**A**) who serves as the Governor under section 48 is subsequently appointed under section 40, the term of the appointment under section 48 does not reduce the length of A's term under subsection (1).

(4) In section 42(2), replace "employment" with "appointment".

(5) In section 42(3), replace "the agreement" with "appointment".

13 Sections 43 to 45 replaced

Replace sections 43 to 45 with:

43 Deputy Governor

(1) There is a Deputy Governor of the Bank who must be appointed by the Minister on the recommendation of the Board.

(2) The Board must consult the Governor before making its recommendation.

(3) The Deputy Governor must perform the duties and functions that are determined by the Governor (to the extent that those duties and functions are consistent with the conditions of appointment determined by the Board).

44 Term of appointment and conditions of appointment of Deputy Governor

(1) The Deputy Governor must be appointed under section 43 for a term of 5 years and may be reappointed under that section for 1 further term of up to 5 years.

(2) *See* section 48B(1) (which provides for a single term of up to 6 months for a Deputy Governor appointed under that section).

(3) The conditions of appointment of the Deputy Governor must be determined by the Board after consulting the Minister.

(4) The conditions must specify the grounds on which the Board may recommend that the Deputy Governor be removed from office under section 50(2)(b).

45 Extension of term of Governor or Deputy Governor

(1) The Minister may extend—

(a) the Governor's term of appointment by up to 6 months by written notice to the Governor (with a copy to the Board):

(b) the Deputy Governor's term of appointment by up to 6 months by written notice to the Deputy Governor (with a copy to the Governor and the Board).

(2) If the Governor's or Deputy Governor's term is extended and that person is reappointed for a further term in the same office, the length of the further term must be reduced by the length of the extension.

(3) Subsection (2) does not prevent the further term from being extended under subsection (1).

(4) The Minister must ensure that the following are notified in the *Gazette* as soon as practicable after an extension is made:

(a) the fact that the Governor's or Deputy Governor's term of appointment has been extended; and

(b) the period of the extension.

(5) This section applies only to a Governor appointed under section 40 or a Deputy Governor appointed under section 43.

45A Validity of appointments

The appointment of a person as the Governor under section 40 or 48 or as the Deputy Governor under section 43 or 48B is not invalid only because a defect existed in the appointment of the person.

14 Section 46 amended (Disqualification of Governor and Deputy Governor)

(1) In section 46(1), replace ", Deputy Governor, or a Deputy Governor," with "or Deputy Governor".

(2) In section 46(1)(b), before "an employee", insert "a director or".

(3) Replace section 46(1)(e) with:

(e) is an undischarged bankrupt; or

(4) After section 46(1)(j), insert:

(k) is subject to a property order under the Protection of Personal and Property Rights Act 1988.

(5) After section 46(1), insert:

(1A) No person may be appointed or reappointed, or continue to hold office, as Deputy Governor, if that person is a member of the Board (except where the Deputy Governor is acting as the Governor).

(6) In section 46(2), replace ", the Deputy Governor, or a Deputy Governor, as the case may be," with "or Deputy Governor".

(7) After section 46(2), insert:

(3) If the Governor or Deputy Governor becomes aware that he or she is likely to become disqualified, he or she must disclose that fact to the Board and the Minister as soon as practicable.

15 Section 47 amended (Incapacity of Governor and Deputy Chief Executive)

(1) In the heading to section 47, replace "**Deputy Chief Executive**" with "**Deputy Governor**".

(2) In section 47(1) and (4), before "or the Non-bank Deposit Takers Act 2013", insert ", the Insurance (Prudential Supervision) Act 2010,".

(3) In section 47(1), (2), and (5)(a), replace "Deputy Chief Executive" with "Deputy Governor".

16 Section 48 replaced (Vacancy in office of Governor)

Replace section 48 with:

48 Vacancy in office of Governor

(1) If the office of Governor becomes vacant, the Minister must, on the recommendation of the Board, appoint any of the following as Governor for a period not exceeding 6 months:

- (a) a director of the Bank:
- (b) an officer of the Bank:
- (c) any other person.

(2) The circumstances in which the office becomes vacant include where 1 or more persons have been acting as Governor under section 47 for a total consecutive period of 3 months (unless the Minister gives a notice to the Bank that this subsection does not apply in the particular circumstances).

(3) A Governor who has vacated office (for example, at the end of the Governor's term) may not be appointed under subsection (1).

(4) If a Deputy Governor (**D**) is appointed under subsection (1), D's term as Deputy Governor—

- (a) is suspended during the period in which D is the Governor; and
- (b) is resumed at the end of that period (unless D is appointed as Governor under section 40); and
- (c) ends when that term would otherwise have ended under this Act.

48A Deputy Governor may act pending appointment

(1) Pending the appointment of a person as Governor under section 48, the Deputy Governor must act as Governor for a period of 28 days or until a person is appointed under that section, whichever is less.

(2) The Deputy Governor, so long as that person acts as Governor under this section,—

- (a) has all the duties, responsibilities, and functions of the Governor under this Act and may exercise all the powers of the Governor under this Act; and

(b) must be treated as being a director of the Bank.

48B Vacancy in office of Deputy Governor

(1) If the office of Deputy Governor becomes vacant, the Minister must, on the recommendation of the Board, appoint any person (other than a director of the Bank) as Deputy Governor for a period not exceeding 6 months.

(2) The Deputy Governor who has vacated office (for example, at the end of the Deputy Governor's term) may not be appointed under subsection (1).

17 Section 49 amended (Removal of Governor from office)

(1) In section 49(2)(a), after "functions", insert "(other than functions performed by the MPC)".

(2) After section 49(2)(b), insert:

(ba) that any of the matters set out in clause 19(2)(a) to (e) of Schedule 2 apply to the Governor as a member of the MPC; or

(3) Replace section 49(2)(c) with:

(c) that the Governor has obstructed, hindered, or prevented the Board or the MPC from discharging responsibilities under this Act (for example, by failing to give the Board or the MPC information that is necessary to discharge those responsibilities); or

(4) Repeal section 49(2)(d) to (f).

(5) In section 49(2)(h), delete ", except as provided in his or her conditions of employment,".

(6) In section 49(2)(h)(iii) and (iv), replace "an interest" with "an ownership interest".

(7) Replace section 49(2)(i) with:

(i) that the Governor is unable to carry out the responsibilities of office, or has been guilty of serious neglect of duty, or has been guilty of misconduct.

(8) In section 49(3), after "53(3)", insert "or (5)".

18 Section 50 amended (Removal of Deputy Governor from office by Order in Council)

(1) In section 50(1), delete "or a Deputy Governor".

(2) In section 50(2), delete "the Deputy Governor".

(3) Replace section 50(2)(b) with:

(a) the Deputy Governor has not adequately discharged the responsibilities of office; or

(b) the Board has recommended the removal on 1 or more of the grounds specified in the Deputy Governor's conditions of appointment under section 44(4); or

(4) Replace section 50(2)(c) with:

(c) the Deputy Governor has obstructed, hindered, or prevented the Governor, the MPC, or the Board from discharging responsibilities under this Act; or

(5) After section 50(2)(c), insert:

(ca) any of the matters set out in clause 19(2)(a) to (e) of Schedule 2 apply to the Deputy Governor as a member of the MPC; or

(6) In section 50(2)(d), replace "except as provided in his or her conditions of employment," with "the Deputy Governor".

(7) In section 50(2)(d)(iii) and (iv), replace "an interest" with "an ownership interest".

(8) After section 50(2)(d), insert:

(e) the Deputy Governor is unable to carry out the responsibilities of office, or has been guilty of serious neglect of duty, or has been guilty of misconduct.

(9) Replace section 50(3) with:

(3) The Minister may tender advice under this section whether or not the Board has made a recommendation under section 53(4) or (5) that the Deputy Governor be removed from office (except that a recommendation is required under subsection (2)(b)).

19 Section 51 amended (Delegation)

(1) In section 51(1) and (3), replace "Deputy Chief Executive" with "Deputy Governor".

(2) Replace section 51(2) with:

(2) The Governor may, at any time, delegate any of the Governor's functions and powers to any other officer of the Bank.

(3) In section 51(4), replace "A Deputy Governor who is not the Deputy Chief Executive and any" with "Any other".

20 Section 53 amended (Duties of Board)

(1) Replace section 53(1)(a)(i) with:

(i) its functions under sections 8 and 9 (or under an Order in Council under section 12); and

(2) Replace section 53(1)(c) and (d) with:

(c) keep under constant review the performance of the Deputy Governor in discharging the responsibilities of that office:

(d) keep under constant review the performance of the MPC, and each member of the MPC, in discharging responsibilities under this Act:

(3) In section 53(3)(a), after "functions", insert "(other than functions performed by the MPC)".

(4) Replace section 53(3)(c) and (d) with:

(c) that the Governor has obstructed, hindered, or prevented the Board or the MPC from discharging responsibilities under this Act (for example, by failing to give the Board or the MPC information that is necessary to discharge those responsibilities); or

(5) In section 53(3)(f), delete ", except as provided in his or her conditions of employment".

(6) In section 53(3)(f)(iii) and (iv), replace "an interest" with "an ownership interest".

(7) After section 53(3), insert:

(4) The Board must advise the Minister in writing and may recommend to the Minister that the Deputy Governor be removed from office if the Board is satisfied—

(a) that the Deputy Governor has not adequately discharged the responsibilities of that office; or

(b) that 1 or more of the grounds specified in the Deputy Governor's conditions of appointment under section 44(4) apply; or

(c) that the Deputy Governor has obstructed, hindered, or prevented the Governor, the MPC, or the Board from discharging responsibilities under this Act; or

(d) that the Deputy Governor has, while holding office as Deputy Governor,—

(i) held any other office of profit; or

(ii) engaged in any other occupation for reward; or

(iii) had an ownership interest in a registered bank or a licensed NBDT as defined in the Non-bank Deposit Takers Act 2013 or a licensed insurer; or

(iv) had an ownership interest in a bank carrying on business outside New Zealand; or

(e) that the Deputy Governor is unable to carry out the responsibilities of office, or has been guilty of serious neglect of duty, or has been guilty of misconduct.

(5) The Board must advise the Minister in writing, and may recommend that the Governor, Deputy Governor, or any other member of the MPC be removed from office, if the Board is satisfied of any matter referred to in clause 19(2)(a) to (e) of Schedule 2.

(6) The Board may act under subsections (3) to (5) with as little formality and technicality, and as much expedition, as is permitted by—

(a) the principles of natural justice; and

(b) a proper consideration of the matter.

21 Section 53A amended (Board must prepare annual report)

After section 53A(1), insert:

(1A) The report must—

(a) include a statement as to whether, in the Board's opinion, the MPC, the Governor, the Deputy Governor, and the other members of the MPC have adequately discharged their respective responsibilities during the financial year; and

(b) describe how the Board has assessed the matter under paragraph (a).

(1B) The statement must address (without limitation) whether, in the Board's opinion, the MPC has formulated monetary policy consistent with the operational objectives set out in a remit over the financial year.

22 New sections 53B and 53C inserted

After section 53A, insert:

53B Board must supply reports or other information to Minister

(1) The Board must supply to the Minister any reports or other information relating to the performance of its duties that the Minister requests.

(2) The reports or information must be supplied at the time and in the manner reasonably required by the Minister.

53C Bank must supply reports or information to Board

(1) The Bank must supply to the Board any reports or other information requested by the Board that is reasonably necessary to facilitate the performance of the Board's duties.

(2) The reports or information must be supplied at the time and in the manner reasonably required by the Board.

23 Section 54 amended (Membership of Board)

In section 54(5), replace "48" with "48A".

24 Section 58 amended (Disqualification of non-executive directors)

(1) In section 58, replace "No person shall be appointed, or reappointed, to the office of non-executive director of the Bank, or hold that office, if that person—" with "No person may be appointed or reappointed, or continue to hold, the office of non-executive director of the Bank if that person—".

(2) In section 58(b), before "an employee", insert "a director or".

(3) Replace section 58(c) with:

(c) is a member of the MPC; or

(ca) is subject to a property order under the Protection of Personal and Property Rights Act 1988; or

(cb) is an undischarged bankrupt; or

25 Section 59 amended (Removal from office of non-executive directors)

Replace section 59(2)(c) with:

(c) has obstructed, hindered, or prevented—

(i) the Governor from discharging the responsibilities of the Governor under this Act; or

(ii) the MPC from discharging the responsibilities of the MPC under this Act.

26 Section 59A replaced (Chairperson of Board)

Replace section 59A with:

59A Chairperson and deputy chairperson of Board

(1) The Minister must appoint—

(a) a non-executive director of the Bank to be chairperson of the Board; and

(b) another non-executive director of the Bank to be deputy chairperson of the Board.

(2) A chairperson or deputy chairperson holds that office for a term determined by the Minister unless that person—

(a) resigns from that office; or

(b) is removed from that office, at any time, by the Minister; or

(c) ceases to be a non-executive director.

(3) A chairperson or deputy chairperson whose term of office has expired—

(a) is eligible for reappointment so long as that person continues to be a non-executive director; and

(b) continues to hold that office until a successor is appointed.

(4) A vacancy in the office of chairperson or deputy chairperson must be filled as soon as practicable in the manner set out in subsection (1).

27 Section 60 amended (Meetings of Board)

Replace section 60(5) with:

(5) If a vote is tied, the following has a casting vote:

(a) the chairperson:

(b) the deputy chairperson or other director presiding at the meeting in accordance with section 60C.

28 Section 60C amended (Who presides at meetings of Board)

Replace section 60C(2) and (3) with:

(2) The deputy chairperson must be the chairperson for the meeting if—

(a) the chairperson is not present; or

(b) there is no chairperson; or

(c) the chairperson is present, but is unwilling or unable to preside.

(3) Despite subsection (2), another non-executive director appointed by the other non-executive directors must be the chairperson for the meeting instead of the deputy chairperson if—

(a) the deputy chairperson is not present; or

(b) there is no deputy chairperson; or

(c) the deputy chairperson is present, but is unwilling or unable to preside.

(4) The deputy chairperson or that non-executive director has and may exercise and perform all the powers, duties, and functions of the chairperson for the purposes of that meeting.

29 New sections 63A to 63N and cross-headings inserted

After section 63, insert:

Monetary policy committee

63A Establishment of monetary policy committee

(1) The monetary policy committee (**MPC**) is established.

(2) The MPC is a committee of the Bank.

63B Functions of MPC

The MPC must—

(a) perform the function of formulating monetary policy in accordance with this Act; and

(b) perform or exercise any other function, power, or duty conferred on it under this Act.

63C Membership of MPC

(1) The MPC must have not fewer than 5 members and not more than 7 members.

(2) The members must comprise—

(a) the Governor:

(b) the Deputy Governor:

(c) 1 or 2 persons who are employees or officers of the Bank (the **internal members**):

(d) 2 or 3 persons who are not employees or officers of the Bank (the **external members**).

(3) The internal members, together with the Governor and the Deputy Governor, must be a majority of the membership of the MPC (subject to any vacancies in the membership).

63D Charter

(1) A charter must be in force under this Act (*see* clauses 5 to 7 of Schedule 1 and section 63F).

(2) The purpose of the charter is to provide for the following to the extent that those matters are not otherwise provided for in this Act:

(a) requirements to promote transparency and accountability in connection with the performance of the MPC's functions; and

(b) decision-making procedures.

63E Content of charter

(1) The charter must include the following:

(a) requirements for summary records of the MPC's meetings under clause 46 of Schedule 2 (including the content of the records, when and how those records must be published, and matters relating to the record of votes); and

(b) guidelines or requirements relating to the publication or disclosure by a member of the MPC of any matter relating to the MPC or its functions, powers, or duties.

(2) The charter may also include—

(a) requirements relating to other information that must or may be published by or on behalf of the MPC, including when and how that information must or may be published; and

(b) decision-making procedures; and

(c) any other matters that—

(i) this Act provides are to be or may be dealt with by the charter; or

(ii) are otherwise for the purpose set out in section 63D.

(3) The charter must not be inconsistent with anything in this Act.

63F Replacement charter

(1) The Minister and the MPC may agree to issue a replacement charter at any time.

(2) The Minister and the MPC must consider whether it is necessary or desirable to issue a replacement charter when a new remit is to be issued by the Minister.

(3) If a report is provided under section 63G, the Minister and the MPC must have regard to the report.

(4) A replacement charter takes effect on and from—

(a) the date on which it is issued; or

(b) a later date specified in the charter.

(5) Until a replacement charter is issued, the existing charter continues in force.

63G Consultation about replacement charter

(1) This section applies if the Bank is required to act under clauses 2 and 3 of Schedule 2 (which relate to the Bank giving remit advice).

(2) The Bank must, before remit advice is given under clause 2 of Schedule 2, seek the views of members of the public on the matters that the Bank considers would assist the Minister and the MPC when considering—

(a) whether it is necessary or desirable to issue a replacement charter; and

(b) the content of a replacement charter (if any).

(3) The Governor must, when the remit advice is given under clause 2 of Schedule 2, give the Minister and the MPC a report that summarises the comments that are provided by those members of the public within the time and in the manner specified by the Bank.

(4) The Bank must, as soon as practicable after the remit is issued, publish a copy of the report on an Internet site maintained by, or on behalf of, the Bank.

63H Publication of charter

The charter must be published on an Internet site maintained by, or on behalf of, the Bank.

63I Status of charter

(1) A charter issued under section 63F (or clause 6 of Schedule 1) is neither a legislative instrument nor a disallowable instrument for the purposes of the Legislation Act 2012 and does not have to be presented to the House of Representatives under section 41 of that Act.

(2) However, an Order in Council under clause 7 of Schedule 1 is a legislative instrument and a disallowable instrument for the purposes of the Legislation Act 2012 and must be presented to the House of Representatives under section 41 of that Act.

63J Code of conduct

(1) A code of conduct for the members of the MPC must be approved by the Board.

(2) The Board must ensure that a code is in force at all times.

(3) The code may be amended or replaced at any time with the approval of the Board, but the Board may give its approval only if it is satisfied that the code (as amended or replaced) adequately addresses the matters in section 63K.

(4) The code (or the code as amended or replaced) comes into force on—

(a) the date on which the Board gives its approval; or

(b) a later date specified by the Board in the resolution that gives its approval.

63K Content of code

(1) The code must provide for minimum standards of conduct that must be demonstrated when acting as a member of the MPC, including—

(a) rules for managing and avoiding conflicts of interest; and

(b) rules for maintaining the confidentiality of information; and

(c) rules to promote active participation and preparation; and

(d) any other minimum standards of ethical behaviour.

(2) The rules about conflicts of interest may provide for the disclosure of interests, including—

(a) defining the nature of interests to be disclosed; and

(b) providing for what must be disclosed, to whom disclosure is made, and how disclosures of interests must be made; and

(c) providing for the consequences of non-disclosure; and

(d) regulating or prohibiting participation of an interested member in decision making; and

(e) providing for the establishment and maintenance of an interests register.

(3) The code must not be inconsistent with anything in this Act or the charter.

63L Publication and status of code

(1) The code of conduct must be published on an Internet site maintained by, or on behalf of, the Bank.

(2) The code is neither a legislative instrument nor a disallowable instrument for the purposes of the Legislation Act 2012 and does not have to be presented to the House of Representatives under section 41 of that Act.

63M Other matters

The provisions set out in Part 2 of Schedule 2 regulate other matters relating to the MPC and its members.

Appointment procedure

63N Appointment procedure

(1) This section applies to the appointment of any of the following:

(a) the Governor:

(b) the Deputy Governor:

(c) an internal or external member of the MPC.

(2) The appointment of the person must be made by written notice to the appointee (with a copy to the Board and, except in the case of subsection (1)(a), to the Governor).

(3) The notice must state—

(a) the date on which the appointment takes effect, which must not be earlier than the date on which the notice is received; and

(b) the term of the appointment; and

(c) the conditions of appointment.

(4) The Minister must ensure that the following are notified in the *Gazette* as soon as practicable after an appointment is made:

(a) the name of the appointee; and

(b) the date on which the appointment takes effect; and

(c) the term of the appointment.

30 Section 159 amended (Funding agreements)

In section 159(1)(a), replace "(except sections 16, 32, 34, and 35)" with "(except section 16)".

31 Section 162B amended (Content of statement of intent)

(1) In section 162B(1)(d), after "Bank", insert "(whether acting itself or through the MPC)".

(2) In section 162B(2), replace "Deputy Chief Executive" with "Deputy Governor".

32 Section 163 amended (Annual reports and accounts)

In section 163(2)(d), replace "any policy statements published under section 15" with "any reports published under section 15C or 15D".

33 Section 165 amended (Management statements)

In section 165(1), replace "Deputy Chief Executive" with "Deputy Governor".

34 Section 178 amended (Evidence)

Replace section 178(1) with:

(1) A copy of a decision of the Bank or the MPC certified by the Governor to be correct is, in the absence of proof to the contrary, sufficient evidence of the decision in any proceeding.

Part 2
Repeals and schedules

35 Repeals

The provisions set out in Schedule 1 are repealed.

36 Schedule 1 replaced

Replace Schedule 1 with the Schedule 1 set out in Schedule 2 of this Act.

37 Schedule 2 replaced

Replace Schedule 2 with the Schedule 2 set out in Schedule 3 of this Act.

Schedule 1
Repeals

s 35

Section 6

Section 32

Section 33(2)

Section 34

Section 35

Section 46(1)(c)

Section 55(2)

Section 81A(3)

Sections 181 to 186

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s 3A

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Part 1
Provisions relating to Reserve Bank of New Zealand (Monetary Policy) Amendment Act 2018

1 Interpretation

(1) In this Part, unless the context otherwise requires, references to provisions are references to provisions as inserted or amended by the 2018 Act.

(2) In this Part, unless the context otherwise requires,—

2018 Act means the Reserve Bank of New Zealand (Monetary Policy) Amendment Act 2018

date of the Royal assent means the date of the Royal assent of the 2018 Act

main commencement means the commencement of the rest of the 2018 Act under section 2(2) of that Act.

(3) If a provision that is applied for the purposes of this Part comes into force on the main commencement, that provision applies for those purposes as if it were in force.

2 First remit for MPC

(1) Despite section 10(1), the first remit is to be issued in accordance with clause 3 or 4.

(2) The following apply with all necessary modifications to the first remit (whether issued under clause 3 or 4):

(a) section 10(2) to (4):

(b) clauses 4, 6, and 7 of Schedule 2.

(3) Clause 5 of Schedule 2 applies with all necessary modifications to a first remit issued under clause 3.

(4) The first remit comes into force on the main commencement.

3 First remit issued with agreement

(1) The Minister must issue the first remit after reaching agreement on the contents of the remit with the Governor.

(2) The Minister and the Governor must take all reasonable steps to ensure that the remit is issued before the expiry of the 2-month period that starts on the date of the Royal assent.

(3) Subclause (1) ceases to apply if the first remit is, instead, issued under clause 4.

4 First remit issued without agreement

(1) The Governor-General may, by Order in Council made on the recommendation of the Minister, issue the first remit.

(2) The Minister may make a recommendation if the Minister is satisfied that the Minister and the Governor have not agreed on the content of the first remit before the expiry of the 2-month period that starts on the date of the Royal assent.

5 First charter

(1) The first charter is to be issued in accordance with clause 6 or 7.

(2) Sections 63D(2), 63E, 63F, 63H, and 63I apply with all necessary modifications to the first charter (whether issued under clause 6 or 7).

(3) The first charter comes into force on the main commencement.

6 First charter issued with agreement

(1) The first charter must be issued by agreement between the Minister and the Governor (rather than between the Minister and the MPC).

(2) The Minister and the Governor must take all reasonable steps to ensure that the first charter is agreed before the expiry of the 2-month period that starts on the date of the Royal assent.

(3) Subclause (1) ceases to apply if the first charter is, instead, issued under clause 7.

7 First charter issued without agreement

(1) The Governor-General may, by Order in Council made on the recommendation of the Minister, issue the first charter.

(2) The Minister may make a recommendation if the Minister is satisfied that the Minister and the Governor have not agreed on the first charter before the expiry of the 2-month period that starts on the date of the Royal assent.

8 First code of conduct

(1) The Bank must—

(a) prepare the first code of conduct for the members of the MPC; and

(b) submit that code to the Board for approval before the expiry of the 1-month period that starts on the date of the Royal assent.

(2) The Board may give its approval only if it is satisfied that the first code adequately addresses the matters in section 63K.

(3) The Bank and the Board must take all reasonable steps to ensure that the first code of conduct is prepared, approved, and in force before the expiry of the 2-month period that starts on the date of the Royal assent.

(4) Sections 63J(4), 63K, and 63L apply with all necessary modifications to the first code of conduct.

9 First appointment of external and internal members

(1) The first internal and external members of the MPC may be appointed by the Minister before the main commencement (with the appointment in each case to take effect on that commencement).

(2) Section 63C and clauses 1, 8 to 13, and 15 of Schedule 2 apply for that purpose with all necessary modifications.

10 First Treasury observer

(1) The first Treasury observer may be nominated by the Secretary to the Treasury before the main commencement (with the nomination to take effect on that commencement).

(2) Clause 23 of Schedule 2 applies for that purpose with all necessary modifications.

11 Minimum number of meetings of MPC

A requirement in this Act to have at least 4 meetings of the MPC each year does not apply to the year in which this clause comes into force.

12 Transitional provisions for office holders

(1) The person holding office at the commencement of this clause—

(a) as Governor must be treated as continuing to hold that office for the balance of the term for which that person was appointed:

(b) as Deputy Governor must be treated as continuing to hold that office for the balance of the term for which that person was appointed (and may be reappointed under section 43 at the end of that term for 1 further term of up to 5 years):

(c) as chairperson or deputy chairperson of the Board must be treated as continuing to hold that office for the balance of the term for which that person was appointed.

(2) This clause does not limit any provision of this Act under which a person referred to in subclause (1) may be removed from office or under which that person otherwise ceases to hold office.

(3) Section 44(1) (as in force after the main commencement) is subject to subclause (1)(b).

Schedule 3
Schedule 2 replaced

s 37

Schedule 2
Remit and monetary policy committee

ss 11, 63M

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1 Interpretation

In this schedule,—

collective duty means a duty under clause 31 or 32

external member means a member of the MPC who is not an employee or officer of the Bank

individual duty means a duty under clauses 33 to 39

internal member means a member of the MPC who is an employee or officer of the Bank (other than the Governor or Deputy Governor)

member means a member of the MPC.

Part 1
Remit

2 Bank's advice on remit to be issued under section 10

(1) The Bank must, no later than 3 months before the specified date, give the Minister advice (**remit advice**) about a remit that the Minister is to issue under section 10.

(2) If the Bank fails to give remit advice within the time frame set out in this clause, the Minister may issue the remit without receiving the advice.

(3) The Bank must, as soon as practicable after the remit is issued, publish a copy of the remit advice on an Internet site maintained by, or on behalf of, the Bank.

(4) In this clause, **specified date** means, in relation to a remit that will be issued to replace another remit (the **existing remit**), the date on which the term of the existing remit will expire.

3 Process for developing advice

(1) The Governor must, before the remit advice is given, consult the MPC.

(2) The Bank must, before the remit advice is given,—

(a) seek the views of members of the public on the matters that the Bank considers would assist it to prepare the advice; and

(b) have regard to the comments that are provided by those members of the public within the time and in the manner specified by the Bank; and

(c) consult the Minister on the scope of the remit advice.

(3) *See* section 63G, which provides for the Bank to seek the views of members of the public on a replacement charter.

4 Period during which remit is in force

(1) A remit issued under section 10 (or Schedule 1 or clause 6 of this schedule) is in force for 5 years on and from—

(a) the date on which it is issued; or

(b) a later date specified in the remit.

(2) However,—

(a) the Minister may, by notice to the Bank, extend the period for which a remit under section 10 (or clause 3 of Schedule 1) is in force for a period of up to 6 months if the Minister considers that an extension is necessary or desirable:

(b) a remit issued under clause 6 of this schedule is in force for less than 5 years if the order under that clause—

(i) specifies that the order is in force for a shorter term; or

(ii) is revoked before the expiry of the 5-year period.

(3) The Minister's notice under subclause (2)(a) must be—

(a) published in the *Gazette*; and

(b) published on an Internet site maintained by, or on behalf of, the Bank.

(4) The Bank must, as soon as practicable, update remit advice that it has previously given if—

(a) the advice was given before the term of the current remit is extended under subclause (2)(a); and

(b) the Minister requests the Bank to update the advice.

(5) *See* sections 12 to 15A (which provide for when a remit is in force when an Order in Council is made under section 12).

5 Publication and presentation of remit

(1) The Minister must, as soon as practicable after a remit is issued under section 10 (or clause 3 of Schedule 1),—

(a) notify the issue of the remit in the *Gazette*; and

(b) present a copy of the remit to the House of Representatives.

(2) If a remit is issued under section 10 (or clause 3 of Schedule 1), the Bank must publish a copy of the remit on an Internet site maintained by, or on behalf of, the Bank.

6 Remit may be replaced or issued

(1) The Governor-General may, by Order in Council made on the recommendation of the Minister,—

(a) replace a remit issued under section 10 (or Schedule 1 or this clause) before the term of that remit expires; or

(b) issue a new remit as referred to in section 14(2)(b).

(2) The Minister must, before making a recommendation,—

(a) consult the Bank on the proposed remit; and

(b) consider the Bank's comments (if any) on the proposal.

(3) The MPC may ask the Minister to make a recommendation.

(4) A remit may be replaced before the expiry of its term only in accordance with this clause or section 13.

(5) Section 10(2) to (4) applies with all necessary modifications.

(6) Despite section 15 of the Interpretation Act 1999, a remit may not be amended.

(7) Subclause (6) does not prevent the operational objectives in a remit from being amended or replaced as referred to in section 19(4)(b).

7 Status of remit

(1) A remit issued under section 10 (or clause 3 of Schedule 1) is neither a legislative instrument nor a disallowable instrument for the purposes of the Legislation Act 2012 and does not have to be presented to the House of Representatives under section 41 of that Act.

(2) However, an Order in Council under section 12, clause 4 of Schedule 1, or clause 6 of this schedule is a legislative instrument and a disallowable instrument for the purposes of the Legislation Act 2012 and must be presented to the House of Representatives under section 41 of that Act.

Part 2
MPC and its members

Appointment of members

8 Appointment of internal and external members

The Minister must appoint the internal and external members on the recommendation of the Board.

9 Board must consult Governor

The Board must consult the Governor before making a recommendation under clause 8 in respect of an internal member.

10 Validity of appointments and acts done by MPC

(1) The appointment of a person under clause 8 is not invalid only because a defect existed in the appointment of the person.

(2) Nothing done by the MPC is invalid because of—

(a) a vacancy in the membership of the MPC at the time the thing was done; or

(b) the subsequent discovery of a defect in the appointment of a person acting as a member; or

(c) the subsequent discovery that the person was disqualified from continuing to hold office as a member.

11 Qualifications of internal and external members

(1) A natural person who is not disqualified by this clause may be appointed or reappointed, and may continue to hold office, as an internal or external member.

(2) A person is disqualified if the person is—

(a) a member of Parliament; or

(b) a director or an employee of—

(i) a registered bank; or

(ii) a licensed NBDT as defined in the Non-bank Deposit Takers Act 2013; or

(iii) a licensed insurer; or

(c) a chief executive of a Government department or an employee of a Government department, appointed under the State Sector Act 1988; or

(d) a member of the Board; or

(e) subject to a property order under the Protection of Personal and Property Rights Act 1988; or

(f) an undischarged bankrupt; or

(g) a person who is convicted of any offence punishable by imprisonment for a term of 2 years or more; or

(h) a person who is convicted of any offence punishable by imprisonment for a term of less than 2 years and is sentenced to imprisonment for that offence; or

(i) prohibited from being a director or promoter of, or being concerned or taking part in the management of, an incorporated or unincorporated body under the Companies Act 1993, or the Financial Markets Conduct Act 2013, or the Takeovers Act 1993.

(3) A member must be treated as having resigned office if that person is prohibited from continuing to hold office under this clause.

12 Requirements before appointment

(1) Before a person is appointed under clause 8, the person must—

(a) consent in writing to being a member; and

(b) certify that the person is not disqualified from being a member; and

(c) disclose to the Minister the nature and extent (including monetary value, if quantifiable) of all interests that the person has at that time, or is likely to have, in matters relating to the MPC.

(2) The Board must notify the Minister of a failure to comply with subclause (1)(c) as soon as practicable after becoming aware of the failure.

13 Term of appointment

(1) An internal member must be appointed for a term of up to 5 years and may be reappointed for 1 further term as an internal member of up to 5 years.

(2) An external member must be appointed for a term of up to 4 years and may be reappointed for 1 further term as an external member of up to 4 years.

(3) This clause does not prevent a person who has served as a member in a particular capacity from being appointed, or holding office, as a member in a different capacity.

Examples

A, as an employee of the Bank, has been an internal member of the MPC for 2 terms.

If A becomes the Deputy Governor, A may hold office as a member in that capacity.

If A ceases to be an employee of the Bank, A may be appointed as an external member for 1 or 2 further terms.

14 Extension of term

(1) The Minister may, by written notice to an internal or external member (with a copy to the Governor and the Board), extend the member's term of appointment by up to 6 months.

(2) If a member's term is extended and the member is reappointed for a further term in the same capacity (for example, as an employee of the Bank), the length of the further term must be reduced by the length of the extension.

(3) Subclause (2) does not prevent the further term from being extended under subclause (1).

(4) The Minister must ensure that the following are notified in the *Gazette* as soon as practicable after an extension is made:

(a) the name of the member; and

(b) the period of the extension.

15 Criteria for appointment of internal or external members

(1) The Minister may only appoint as an internal or external member a person who, in the Minister's opinion, has the appropriate knowledge, skills, and experience to assist the MPC to perform its functions (for example, in economics, banking, or public policy).

(2) A person must not be appointed on the basis that the person represents a particular industry sector.

When members cease to hold office

16 Internal or external member ceases to hold office

An internal or external member ceases to hold office if the member—

(a) dies; or

(b) resigns under clause 18 (*see also* clause 11(3)); or

(c) is removed from office under clause 19; or

(d) otherwise ceases to hold office under this Act.

17 Internal or external member may continue in office at end of term

(1) An internal or external member continues in office despite the expiry of the member's term of office until—

(a) the member is reappointed; or

(b) the member's successor is appointed; or

(c) the Minister informs the member by written notice (with a copy to the Governor and the Board) that the member is not to be reappointed and no successor is to be appointed at that time.

(2) The Minister must, before acting under subclause (1)(c), be satisfied that there is a good reason for not appointing a successor at that time.

(3) This clause is subject to clause 16.

18 Resignation of internal or external member

(1) An internal or external member may resign from office by written notice to the Minister (with a copy to the Governor and the Board) signed by the member.

(2) The resignation is effective on receipt by the Minister of the notice or at any later time specified in the notice.

19 Removal of internal or external member

(1) The Governor-General may, by Order in Council, on the advice of the Minister, remove an internal or external member from office.

(2) The Minister may only give the advice in relation to a member (**M**) if the Minister is satisfied that—

(a) the MPC has breached a collective duty (but *see* subclause (3)); or

(b) M has breached an individual duty; or

(c) M has been absent from 3 or more meetings within a term of appointment without the consent of the chairperson; or

(d) M has been guilty of misconduct (including a breach of the code of conduct); or

(e) M has obstructed, hindered, or prevented the MPC or the Board from discharging responsibilities under this Act.

(3) Subclause (2)(a) applies to M only if the Minister is satisfied that M has agreed or consented to 1 or more decisions or acts of the MPC that have materially contributed to the breach of the collective duty.

(4) The Minister may tender advice under this clause whether or not the Board has made a recommendation under section 53(5) that the member be removed from office.

20 Other provisions relating to removal

(1) The Minister may advise the removal of an internal or external member with as little formality and technicality, and as much expedition, as is permitted by—

(a) the principles of natural justice; and

(b) a proper consideration of the matter.

(2) The Minister may have regard to the process undertaken by the Board under section 53(5) in considering what is required for the purposes of subclause (1)(a) and (b).

21 No compensation for loss of office

An internal or external member is not entitled to any compensation or other payment or benefit relating to the member ceasing, for any reason, to hold office as a member.

22 Effect of removal on other positions

An employee or an officer of the Bank who is removed as a member under clause 19 is not, because of that removal, removed from their position as an employee or officer.

Treasury observer

23 Treasury observer

(1) The Secretary to the Treasury must ensure that the Secretary, a Deputy Secretary to the Treasury, or any other Treasury officer or employee is nominated to be a Treasury observer.

(2) The Treasury observer has the same rights to attend and speak at a meeting of the MPC as a member but has no right to vote on any question before the MPC and is not subject to the duties that apply to members.

(3) The nomination must be made by written notice to the Governor (with a copy to the officer or employee if it is a person other than the Secretary to the Treasury).

24 Conditions of performing role as Treasury observer

(1) The Treasury observer must perform that role subject to any conditions that are agreed by the Secretary to the Treasury and the Governor.

(2) Those conditions must include matters relating to confidentiality and avoiding conflicts of interest.

(3) Those conditions remain in effect until the Secretary to the Treasury and the Governor agree to amend the conditions (regardless of changes to the person who holds any office or role).

25 Replacing Treasury observer

The Secretary to the Treasury may, at any time and entirely at the Secretary's discretion, replace the Treasury observer by giving written notice to the Governor.

26 Function of Treasury observer

The function of the Treasury observer is to—

(a) support decision making by the MPC (for example, by sharing information on fiscal policy); and

(b) facilitate the co-ordination of monetary and fiscal policy; and

(c) carry out any other function agreed between the Governor and the Secretary to the Treasury.

Chairperson and deputy chairperson of MPC

27 Chairperson

The Governor is the chairperson of the MPC.

28 Duties of chairperson

The chairperson must—

(a) preside at meetings of the MPC; and

(b) perform all other duties imposed on the chairperson by this Act or the charter.

29 Deputy Governor may act as chairperson

In the case of the absence or incapacity of the Governor, section 47 applies in respect of the duties, responsibilities, functions, and powers of the chairperson of the MPC.

Accountability for duties

30 Accountability of members to Minister

(1) Members of the MPC must comply with—

(a) the MPC's collective duties; and

(b) their individual duties as members.

(2) Members are accountable to the Minister for performing their duties as members.

Collective duties

31 Formulating monetary policy

(1) The MPC must formulate monetary policy in a manner consistent with—

(a) the economic objectives set out in section 8 (or in an Order in Council in force under section 12); and

(b) the remit.

(2) The MPC must perform or exercise its functions, powers, or duties in a manner that is consistent with this Act.

32 Compliance with charter

The MPC must ensure that it complies with the charter.

Individual duties of members

33 Member must act consistently with remit, charter, code, and Act

A member must act in a manner that is consistent with—

(a) the remit; and

(b) the charter; and

(c) the code of conduct; and

(d) this Act.

34 Member must act with honesty and integrity

A member must, when acting as a member, act with honesty and integrity.

35 Member must act in good faith

A member, when acting as a member, must act in good faith and without regard to the member's own interests.

36 Member must act with reasonable care, diligence, and skill

A member must, when acting as a member, exercise the care, diligence, and skill that a reasonable member would exercise in the same circumstances, taking into account (without limitation)—

(a) the nature of the functions of the MPC; and

(b) the nature of the action; and

(c) the position of the member and the nature of the responsibilities undertaken by the member.

37 Member must disclose if member is likely to become disqualified

If an internal or external member becomes aware that the member is likely to become disqualified under clause 11, the member must disclose that fact to the Board and the Minister as soon as practicable.

38 Use of information by external member

An external member who has information in the member's capacity as a member, being information that would not otherwise be available to the member,

must not disclose that information to any person, or make use of or act on the information, except—

(a) for the purposes of the performance or exercise of the functions, powers, or duties of the MPC; or

(b) as permitted or required by the charter; or

(c) to comply with the provisions of the code of conduct that relate to the disclosure of interests; or

(d) as otherwise required by law.

39 Other individual duties of chairperson

The duties imposed under this schedule on the chairperson are individual duties of the Governor (and of the Deputy Governor if the Deputy is acting under clause 29).

Meeting procedures

40 Regular meetings

The MPC must hold a meeting at least 4 times a year.

41 Methods of holding meetings

(1) A meeting of the MPC may be held—

(a) by a quorum of the members, being assembled together at the time and place appointed for the meeting; or

(b) by means of audio, audio and visual, or electronic communication provided that—

(i) all of the members who wish to participate in the meeting have access to the technology needed to participate in the meeting; and

(ii) a quorum of members can simultaneously communicate with each other throughout the meeting.

(2) This clause is subject to clause 43.

42 Quorum

(1) A quorum for a meeting of the MPC is the number that is a majority of the members.

(2) However, the quorum must include—

(a) the Governor or the Deputy Governor; and

(b) 1 internal member (unless both the Governor and the Deputy Governor are present); and

(c) at least 1 external member.

(3) No business may be transacted at a meeting of the MPC if a quorum is not present.

(4) This clause is subject to clause 43.

43 Emergency procedures

(1) Despite the lack of a quorum, the Governor and other members of the MPC that are available (if any) may make any decision on behalf of the MPC or perform or exercise any other function, power, or duty of the MPC if the Governor is satisfied that—

(a) exceptional circumstances exist; and

(b) an urgent action is necessary to prevent, correct, or mitigate harm to the economy; and

(c) despite the use of all reasonable means available, other members of the MPC have not been able to be contacted on the matter or are unable to fully participate in dealing with the matter; and

(d) action on the matter is required before a quorum will be able to be obtained.

(2) If a decision is made or other thing is done under this clause,—

(a) the Governor must make a record of—

(i) the Governor's reasons for being satisfied of the matters referred to in subclause (1); and

(ii) the decision or thing; and

(b) the Governor must, as soon as practicable, provide a copy of that record to—

(i) the Minister; and

(ii) the Board; and

(iii) the members of the MPC that were not available when the decision was made or the other thing was done.

44 Voting at meetings

(1) Each member has 1 vote.

(2) In addition to the chairperson's general vote, the chairperson at a meeting has, in the case of an equality of votes, a casting vote.

(3) A resolution of the MPC is passed if it is agreed to by all members present without dissent or if a majority of the votes cast on it are in favour of it.

(4) A member present at a meeting of the MPC is presumed to have agreed to, and to have voted in favour of, a resolution of the MPC unless the member expressly dissents from or votes against the resolution at the meeting.

(5) Subclause (4) is subject to the charter (which may vary or disapply the matter referred to in that subclause or provide for an alternative matter).

45 Unanimous written resolutions

(1) A resolution signed or assented to in writing (whether sent by delivery or electronic communication) by all members who are entitled to vote on the matter is as valid and effectual as if it had been passed at a meeting of the MPC duly called and constituted.

(2) The resolution may consist of several documents containing the same resolution, each signed or assented to in writing by 1 or more members.

46 Meeting record

(1) The Bank must publish a summary record of each meeting of the MPC on an Internet site maintained by, or on behalf of, the Bank.

(2) The summary record must include the information required by the charter.

Procedure generally

47 Procedure generally

The MPC may regulate its own procedure except as provided in this Act and in the charter and code of conduct.

Remuneration of external members

48 Remuneration of external members

(1) An external member is entitled to be—

(a) paid remuneration by the Bank for services as an external member at a rate and of a kind determined by the Minister in accordance with the fees framework; and

(b) reimbursed by the Bank for actual and reasonable travelling and other expenses incurred in carrying out the member's duties as a member in accordance with the fees framework.

(2) In subclause (1), **fees framework** means the framework determined by the Government from time to time for the classification and remuneration of statutory and other bodies in which the Crown has an interest.

Legislative history

23 July 2018	Introduction (Bill 79–1)
26 July 2018	First reading and referral to Finance and Expenditure Committee
15 November 2018	Reported from Finance and Expenditure Committee (Bill 79–2)
4 December 2018	Second reading
11 December 2018	Committee of the whole House (Bill 79–3)
18 December 2018	Third reading
20 December 2018	Royal assent

This Act is administered by the Reserve Bank of New Zealand.

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