

# House of Representatives

# Supplementary Order Paper

Tuesday, 4 December 2018

## Reserve Bank of New Zealand (Monetary Policy) Amendment Bill

### *Proposed amendments*

Hon Grant Robertson, in Committee, to move the following amendments:

#### *Clause 2*

In *clause 2(1)*, replace “**Schedule 1**” (page 3, line 6) with “**Schedule 2**”.

#### *Clause 5*

In *clause 5(1)*, delete the definitions of **economic objective** and **formulating** (page 4, lines 33 to 36).

After *clause 5(1)* (page 5, after line 6), insert:

(1A) 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)**

#### *Clause 9*

In *clause 9*, replace *new section 19(2)(b)* (page 9, line 6) with:

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

In *clause 9*, replace *new section 19(4)* (page 9, lines 8 to 13) with:

(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,—

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- (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.

*Clause 17*

After *clause 17(5)* (page 13, after line 21), insert:

- (5A) In section 49(2)(h)(iii) and (iv), replace “an interest” with “an ownership interest”.

*Clause 18*

After *clause 18(6)* (page 14, after line 8), insert:

- (6A) In section 50(2)(d)(iii) and (iv), replace “an interest” with “an ownership interest”.

*Clause 20*

After *clause 20(5)* (page 15, after line 6), insert:

- (5A) In section 53(3)(f)(iii) and (iv), replace “an interest” with “an ownership interest”.

In *clause 20(6)*, new *section 53(4)(d)(iii) and (iv)* (page 15, lines 22 and 24), replace “an interest” with “an ownership interest”.

*Clause 29*

In *clause 29*, new *section 63J(2)(d)*, after “regulating” (page 21, line 14), insert “or prohibiting”.

*Clause 34*

In *clause 34*, new *section 178(1)*, after “Bank” (page 22, line 25), insert “or the MPC”.

*Schedule 3*

In *Schedule 3*, new *Schedule 2*, after *clause 6(6)* (page 32, after line 36), insert:

- (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)**.

In *Schedule 3*, new *Schedule 2*, delete new *clause 20(3) and (4)* (page 37, lines 9 to 14).

### **Explanatory note**

This Supplementary Order Paper amends the Reserve Bank of New Zealand (Monetary Policy) Amendment Bill to make minor technical amendments, including—

- to correct minor errors relating to the commencement of the Bill. In particular, 2 new definitions should only come into force on the main commencement of the Bill under *clause 2(2)* (see the amendments to *clauses 2 and 5*):
- to clarify the process that applies if the Governor considers that giving effect to a direction under section 17 or 18 of the Reserve Bank of New Zealand Act 1989 (relating to dealings in foreign exchange) would be inconsistent with 1 or more operational objectives set out in a remit (see the amendments to *clause 9*). The Bill currently allows new operation objectives to be set under *new clause 6 of Schedule 2*. However, this process does not work if an Order in Council that sets different economic objectives is in force under *new section 12*. The amendment in the SOP allows the Order in Council in force under *new section 12* to be amended in this situation in order to amend or replace the operational objectives in the remit. A consequential change is made to *new clause 6 of Schedule 2* (in *Schedule 3* of the Bill):
- to clarify certain provisions relating to when the Governor or the Deputy Governor can be removed from office on the basis that they have an interest in a registered bank, a licensed non-bank deposit taker, a licensed insurer, or a bank carrying on business outside New Zealand. The amendments clarify that the interest concerned must be an ownership interest (see the amendments to *clauses 17, 18, and 20*):
- to clarify the provision that allows rules about conflicts of interest to be included in the code of conduct for members of the monetary policy committee (the **MPC**). The amendment in the SOP allows the rules to prohibit participation of an interested member in decision making (currently the provision refers only to regulating participation). See the amendment to *clause 29*:
- to amend *new section 178(1)* (as inserted by *clause 34* of the Bill) to provide for evidence of the MPC's decisions (which is consistent with the approach to evidence of the Bank's decisions):
- to remove *clause 20(3) and (4) of Schedule 2* as inserted in *Schedule 3* of the Bill (which provide for notice of removal of a member of the MPC). These provisions are unnecessary because the removal is made by way of an Order in Council under *new clause 19 of Schedule 2*.

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**Departmental disclosure statement**

The Treasury considers that a departmental disclosure statement is not required to be prepared for this Supplementary Order Paper.

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Wellington, New Zealand:

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