

# House of Representatives

# Supplementary Order Paper

Tuesday, 29 June 2021

## Reserve Bank of New Zealand Bill

### *Proposed amendments*

Andrew Bayly, in Committee, to move the following amendments:

#### *Clause 10*

In *clause 10(1)(h)* (page 20, line 9), replace “Minister” with “Governor-General”.

#### *Clause 11*

Replace *clause 11* (page 20, lines 30–35) with:

#### **11 Power to add functions**

- (1) The Governor-General may, by Order in Council, on the recommendation of the Minister, direct the Bank to perform any additional function that is consistent with the Bank’s objectives.
- (2) An Order made under **subsection (1)** —
  - (a) is secondary legislation (*see* Part 3 of the Legislation Act 2019 for publication requirements); and
  - (b) must be confirmed by an Act (*see* subpart 3 of Part 5 of the Legislation Act 2019).

#### *Clause 22*

In *clause 22(1)(g)* (page 24, line 29), delete “if requested by the Bank”.

#### *Schedule 4*

In *Schedule 4, Part 3*, item relating to Legislation Act 2019 (page 167, after line 17), insert:

In Schedule 4, Part 1, insert in the appropriate order:

Act	Empowering section(s)
Reserve Bank of New Zealand Act <b>2020</b>	<b>11(1)</b>

### Explanatory note

This amendment returns the clause to one where the ability to add a new Bank function is entirely in the control of the Executive, which is what the Bill provided for when it was first introduced. Officials recommended to the Finance and Expenditure Committee that a direction from the Minister needed to be at the request of the Reserve Bank lest the direction could compromise the Reserve Bank's 'independence'. The Reserve Bank has never had independence over what functions it should perform. The Bank's functions have always been governed by its legislation. If the Minister of Finance is going to have an ability to require the Bank to perform an additional function, then it is important that that ability should not be subject to an effective veto by the Reserve Bank. The Bank should be able to request a new function, but the giving of a new function should *require* the Bank making a request. This amendment also seeks to introduce an appropriate oversight role for Parliament in relation to additional Reserve Bank functions but without thwarting the ability of the Minister of Finance to require the performance of a new function at short notice. It does this by providing for a new function to be made by Order in Council and for that Order to be confirmable secondary legislation. As confirmable secondary legislation, the Order will expire if not confirmed by Parliament by the applicable deadline set out in section 121 of the Legislation Act 2019. A parliamentary oversight role is appropriate given the significance of the Reserve Bank as an economic institution and because it is normally *primary legislation* which specifies the Reserve Bank's functions.