

House of Representatives

Supplementary Order Paper

Tuesday, 29 June 2021

Reserve Bank of New Zealand Bill

Proposed amendment

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

Clause 28

After *clause 28(2)* (page 26, after line 31), insert:

- (2A) In recommending an appointment, the Minister must take all reasonable steps to ensure that at least a majority of the members of the board have between them a strong understanding of—
- (a) financial stability; and
 - (b) prudential regulation (including, but not limited to, capital adequacy and liquidity); and
 - (c) macro-prudential policy; and
 - (d) crisis management and resolution.

Explanatory note

This Supplementary Order Paper amends the Reserve Bank of New Zealand Bill (the **Bill**). The single most significant reform that the Bill makes to the Reserve Bank's legislation is the replacement of the single decision-maker model with a new governance board. Under the Bill, all the functions and powers of the Bank, other than those of the Monetary Policy Committee, which are currently vested in the Governor will be vested in the new board. The board will be responsible for all financial policy decisions of the Bank. The responsibilities vested in the new board will be unlike any other New Zealand statutory corporation or Crown entity.

For this model to succeed, board members must possess sufficient technical competence in a wide range of areas. Without sufficient technical competence in these areas,

the board will not be able to challenge management or provide appropriate strategic direction for the organisation.

This amendment seeks to ensure that sufficient members with the appropriate skills and expertise will be appointed to the board. The amendment does this by elaborating on the more general existing *clause 28(2)* by specifying the key technical areas in which a majority of members should, between them, share a high degree of competency.