



**RESERVE
BANK**

O F N E W Z E A L A N D
T E P Ū T E A M A T U A

Adrian Orr
Governor

23 July 2018

Gabriel Makhlouf
C/- Treasury
1 The Terrace
Wellington

Dear Gabs

MONETARY POLICY COMMITTEE – TREASURY OBSERVER

As recently discussed, I am pleased to invite you to be an observer on the Bank's Monetary Policy Committee (MPC) – our key monetary policy decision-making process. I anticipate that Treasury's constructive, insightful, and collegial participation will be both welcomed and beneficial to the MPC.

This invitation comes with the knowledge that a formal observer position for a Treasury Official is forthcoming in the amendment of the Reserve Bank Act later this year. As an observer you will participate in the analysis and assessment process for setting the Official Cash Rate (OCR). This will include the final Governing Committee meeting at which provisional OCR judgement is made. You will not be required to provide formal written advice.

The Bank must ensure that participants on the MPC are free of conflicts of interest. A disclosure form is attached that will help you assess and disclose any actual or perceived conflicts. You must also treat as personally confidential any matters relating to the monetary policy decision making in which you were involved. These issues must not be discussed or shared with anyone, including your staff or a Minister of the Crown.

For the meetings you attend, we will provide documents relating to monetary policy matters. These documents are to be returned to the Bank after the Governing Committee makes its decision. You are also expected to comply with the attached Bank's information security policy. Any requests for additional data, information, or analysis should be directed to myself.

Listed below are the likely dates of the "forecast weeks" through to February 2019. You should be planning to be available to attend meetings throughout Monday to Friday. If you could indicate when you are available we can make arrangements.

MPS – 9 August 2018

Monday 30 July – Friday 3 August

MPS – 8 November 2018

Monday 29 October – Friday 2 November

MPS – 13 February 2019

Monday 4 – Friday 8 February (tentative dates)

Please return a signed copy of this letter to indicate your acceptance of the conditions under which you will participate as an observer on the MPC. Please also initial the attached disclosure form and complete as necessary, as well as the Bank's document security form.

All the best



Adrian Orr
Governor

Please sign and initial the attached documents and return to Helen Kincaid, Reserve Bank of New Zealand

SIGNED:

Gabriel Makhlouf

Attachments

1. Disclosure policy on actual or perceived conflicts of interest
2. Document Security Policy