

## Reserve Bank of New Zealand Funding Agreement - 2010

Between

The Minister of Finance

And

The Governor of the Reserve Bank of New Zealand

1. This Agreement is between the Minister of Finance and the Governor of the Reserve Bank pursuant to section 159 of the Reserve Bank of New Zealand Act 1989 ("the Act") and supersedes the Agreement signed on 20 April 2005 and varied on 28 April 2008.
2. The Agreement takes effect from the date that it is ratified by Parliament.

### It is agreed that:

3. The amount of the Bank's income to be applied in meeting the operating expenses incurred in carrying out the functions and exercising the powers specified in section 159(1) of the Act is the sum of:

(a)								
\$47,800,000	for	the	year	commencing	1	July	2010	
\$50,200,000	for	the	year	commencing	1	July	2011	
\$52,700,000	for	the	year	commencing	1	July	2012	
\$55,200,000	for	the	year	commencing	1	July	2013	
\$56,400,000	for	the	year	commencing	1	July	2014	

and

(b)

the amount of income actually earned by the Bank in the applicable year in respect of the following activities:

- i. Provision of settlement account services (ESAS);
  - ii. Property management rental;
  - iii. Collectors' currency;
  - iv. Scrapping obsolete coins (including related hedging activities);
  - v. Registry and depository services;
  - vi. Application fees received from persons applying for registration as a bank and operators of settlement systems applying for designation of those systems under the Act; and
  - vii. Hedging of operating expenses.
4. For the purposes of this agreement, as provided for in section 2 of the Act, it is agreed that operating expenses exclude actuarial losses and actuarial gains on the Reserve Bank Staff Superannuation and Provident Fund. Such losses and gains shall be separately disclosed in the Bank's financial statements.
  5. Pursuant to section 160(d) of the Act, the activities specified in paragraph 3(b) are included within the amounts specified in paragraph 3(a) on the basis of operating expenses less income.
  6. Pursuant to section 159 (1)(f) of the Act, operating expenses incurred under this agreement shall include operating expenses incurred in dealing in foreign exchange and in providing settlement banking, government banking and securities registry services as defined in sections 16, 32, 34 and 35 of the Act.

7. Pursuant to section 160 (d) of the Act, the Bank shall include in its annual report a comparison of expenditure against the specified amount of net operating expenses for each year, together with a comparison of cumulative expenditure against the cumulative specified amount of net operating expenses for the term of the agreement.

**Signed by:**



Hon Bill English  
Minister of Finance  
8 June 2010



Dr Alan Bollard  
Governor, Reserve Bank of New Zealand  
8 June 2010