



Mr Adrian Orr
Governor
Reserve Bank of New Zealand
PO Box 2498
WELLINGTON 6140

Dear Adrian

Response to the Reserve Bank's proposed scope of Remit advice

Thank you for consulting me on the scope of the review of the Monetary Policy Committee Remit (MPC Remit). This is the first review of the MPC Remit to be led by the Reserve Bank of New Zealand (RBNZ) under the new RBNZ Act 2021. These five-yearly reviews provide an opportunity to assess whether any improvements can be made to the Remit to better promote the prosperity and well-being of New Zealanders.

The context in which monetary policy operates has changed over time, both as economic conditions have evolved, and our collective understanding of how monetary policy works has grown. As you have outlined in your reports to me, monetary policy has encountered challenges in recent years, and will continue to face challenges in the future. These challenges include the heightened likelihood of monetary policy reaching the effective lower bound in the future, and how the MPC Remit will support the MPC in managing trade-offs between multiple objectives.

I agree with the proposed set of topics the RBNZ intends to consider in its MPC Remit review advice. I expect the RBNZ will produce sufficient documentation and engage with the public in a manner that promotes a robust and genuine conversation about possible improvements to the MPC Remit.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Grant Robertson'.

Hon Grant Robertson
Minister of Finance

3 / 10 / 2022