This document contains survey monkey responses as written.

Those who said they did not want their responses published have been removed.

Those who said their responses can be published without their names have had their names removed.

1. Do you have any comments on our design principles for the Remit review or the description of global practice? Are there any other principles that you think would be important for the Remit review?

2. The current Remit sets a target to "keep future annual inflation between 1 and 3 percent over the medium term, with a focus on keeping future inflation near the 2 percent midpoint." Do you think this target is about right? If not, what do you suggest that the target range be changed to, and why?

3. The Remit states that inflation should be measured using the "All Groups Consumer Price Index as published by Statistics New Zealand". What are your views of this measurement approach, and whether alternatives should be considered?

4. Do you have any thoughts on how maximum sustainable employment could be measured reliably, or whether the Remit should include reference to the benefits of high employment?

5. Do you think the Remit gives the Monetary Policy Committee the right level of guidance to achieve the price stability objective? What changes, if any, should the Reserve Bank focus on?

6. Do you think the Remit should include guidance on the weight of the inflation and employment objectives? What changes, if any, should the Reserve Bank focus on?

7. Should the Remit be changed to aid the MPC's response to future economic downturns? If changes should be made, what options should we focus on?

8. Do you have any comments about the current additional considerations included in the Remit?

9. Do you have any comments about the relevance of house price sustainability for monetary policy?

10. Do you have any comments on the relevance of distributional effects for monetary policy?

11. Do you have any comments on the relevance of climate change for monetary policy?

12. Are there any other issues that the Reserve Bank should consider for inclusion in the additional considerations of the Remit?

114073659919, Bill Macky

1 It is foolish to target CPI. This was set in place in the 1970s when, if you went to buy a car, television, clothes, or toys, it was all made or at least assembled in NZ. Now none of it is. This target was set because of inflation in the 1970s, and the target range because some thought that no one would buy anything if the price was dropping. There is no explanation why anyone would be so stupid as to think that. It must be people who had never heard of a sale or a bargain. The assumption was that if prices dropped, we would all starve to death despite having plenty of money and being surrounded by cheap food. It didn't happen in Japan so there is no justification for carrying on with that insane nonsense. Asset prices are a completely different issue, in particular non-productive assets. As my chart of S&P P/E ratios shows, since the end of the 1970s, asset prices have gone mad and should be regarded collectively as non-productive. Their value is maintained by FOMO and central bank failure to carry out their prime function. Now asset prices are governed by the predictions of central bank response to events rather than fundamentals. Hence, they are severely unstable. S&P is probably a reasonable proxy for asset prices. If this halved, you might think we would be approaching a sensible value, but if they did halve, earning would also drop so share prices would have to drop further. Last millennium in Europe, it appears consumer prices rose a thousand times. This millennium, the plan is that with price stability, prices will rise a billion times and house prices at least a quadrillion times. It will take a million years or so to save up for a house deposit. That's obviously mad, and if it is mad plan in the long term, it is mad in the short term. Though a thousand years is not a long period of time for a species. In Auckland, between 1960 and 1980, house prices remained roughly in line with consumer prices. It's after that time that we have got ourselves into this dangerous delusional state. The remit must concentrate on 3 issues: a. The current account must be brought into balance. We have not saved in any year since the UK entered the EEC as it was then, 50 years ago. We have relied on borrowing and selling things like Bank of New Zealand, Auckland Savings Bank, New Zealand Breweries and so on to foreigners, who then set about fleecing us. Now we need to sell the land. Foreigners are sifting out the valuable in New Zealand and leaving us the dross. It wouldn't matter if we were spending the money on buying ANZ and the like, but we are spending it on holidays, SUVs, kitchen and bathroom upgrades, all gone now. Interest rates must be raised until people save. Otherwise, it is Sri Lanka, here we come. We cannot rely indefinitely on the fact that we are predominantly white to protect ourselves. b. We must target stability in asset prices, not consumer prices. Asset prices are probably 3 times overpriced now. We want them to come back gradually so that not too many young people are bankrupted. Look at rent rates: they do not justify house prices. And rents cannot rise because incomes are low in New Zealand. House prices are justified by central bank ineptitude. Why work when you can make much more money just borrowing money and buying non productive assets. It doesn't need to be houses, it can be paintings, used sneakers, Olympic memorabilia, and the like. This means we must raise interest rates. Do we have a shortage of houses? We cannot tell now because providing accommodation is a minor part of a house's function. Consequently, the houses that are being built are unsuitable for the people buying them. They may cost a million dollars to build but they are only worth what is supported by NZ wage levels, and that is about a third of that. I can buy a Maserati for half a million dollars, but it is providing the function of a $10k car and that is all it is worth. c. The Reserve Bank should be representing the consumer in the price battle between the owners, employees, and the consumers for fair shares of the productivity growth. The reserve Bank should target winning half that growth and the remaining half be shared out between the owners and employees. Bizarrely, the current arrangement is the 2% or so productivity growth is shared out 2% for the owners, 2% for the employees and -2% for the consumers.

114073659919, Bill Macky	
2	The 2% or so target is inappropriate, and the concept is inappropriate. We don't have control of this issue. Could the Reserve Bank have prevented COVID from infecting the world, or the Russian invasion of Ukraine? Next, we have Global Warming, and waiting in the wings are resource issues, plastics contamination of the environment and who knows what else. Instead, a target must be to make sure the consumers do as well as the other parties in the negotiations over prices. It's not the biggest issue the Reserve Bank should be looking at. It's not related to the collapse of the economy, like the first two issues on which the bank should be concentrating.
3	Asset price inflation is dangerous and must be contained. Capital gains tax is just an admission of failure to maintain the value of the fiat currency. Obviously, we have got into a situation where if interest rates returned to sustainable levels, there would be widespread bankruptcy. The Reserve Bank should set out to manage asset prices down by about 3% for 30 years.
4	It is inappropriate for the Reserve Bank to be involved in this. The function of the Reserve Bank should be around creating stability, not instability.
5	The Reserve Bank has completely failed to maintain price stability. Asset prices are seriously out of control. Printing money to solve problems! Yes, I understand the money was laundered thorough mainly foreign, wealthy operators, who took a few hundred million for their trouble, but essentially the problem was printing money. That the Remit provided cover for this activity demonstrates serious deficiencies. It didn't work for Mugabe and it's amazing that anyone thought it would work now. The 2008 GFC was caused by excessively low interest rates, as was NZ's own meltdown immediately before. Because interest rates were too low, the response to aggressively lower them further.
6	No
7	The Remit should be about stability. Fighting off reality is dangerously destabilising.
8	I don't see anything in the Remit that is required for the proper function of the Reserve Bank.
9	House prices are asset prices. They are crucial to the stability of the country. Unfortunately, mismanagement has put our society at severe risk.
10	You cannot have a fair society with inappropriately low interest rates. In such a scenario, the government is unable to advance matters of national significance in the flood of money under which we operate. Working for a living is silly. People either have the assets that allow them to become rich, or they will lose. They can turn to crime, but that leads everyone to misery. Low interest rates prevents effective action on health, education, welfare, crime, COVID, global warming and so on.
11	Unless interest rates are raised, nothing can be done about climate change.
12	Find a way to raise interest rates. The Government should borrow more in support. Borrowing targets those who currently pay little tax. Warren Buffett says he pays less tax than his secretary. It's typical. Borrowing has low compliance cost, and combined with gift and estate duty, will come to an equilibrium. Push up interest rates until the country stops living beyond its means.

114072552947, [redacted]

1 I agree with the design principles. Nothing to add here.

2 I would definitely lower the floor to 0% and seriously consider raising the ceiling to 4%. There are two reasons for this: First, as Figure 7.A.1 on page 29 shows, New Zealand and many other countries have been unable to meet their inflation targets for many years. This has led us (and them) to lower our OCR (or comparable) over and over in a futile attempt to stimulate the economy. This has led to problems that I will detail later. Also see page 33 Figure 7.2 where neutral and actual OCR are shifted downward post GFC. This Federal Reserve paper expresses the problems: Thus, in thinking about whether to raise the inflation target to a certain level, central banks need to take into account whether they are able to raise inflation to the new target level. If a new inflation target is too ambitious, and the central bank fails to attain it, the central bank may lose its credibility, which may render less effective any other policies it pursues. Also, the central bank may face the risk of getting trapped in a never-ending monetary accommodation even when real economic activity is strong or when financial stability risks accumulate. https://www.federalreserve.gov/econres/notes/feds-notes/raising-the-inflation-target-lessons-from-japan-20200108.htm The second reason is that I feel that Central Banks have been too interventionist, trying to tweek and micro-manage the economy to achieve their targets. I think this often causes more harm than good. Just sit back more and let the market have a chance to work things out. Let market discover play out. I feel this intervention is allowing market imbalances and distortions to build up and I fear the ultimate corrections are made worse due to the delay. Quite simply, I do not think reserve banks have the ability to do this effectively; your tools are too imprecise, frankly too crude. I find David McWilliams views in this regard highly persuasive: https://www.rnz.co.nz/national/programmes/saturday/audio/2018833936/david-mcwilliams-the-global-economy-is-like-a-tube-of-toothpaste

3 There a joke about a drunk man who's looking for his keys one night under the street lamp. A cop comes up and asks, "What are you looking for?" to which the man replies, "I'm looking for my keys." The cop then asks, "Did you lose them here?" The man replies, "No, but the light is better." That is my view of the CPI. We look at the price of tomatoes and flat-screens and largely ignore the elephant in the room which is housing. The single largeest expense that people have is woefully under represented. I realise that it's problematic to combine consumption with investment, but a home shouldn't be an investment...it should be a place to live. Investments should be in productive assets. The discussion document mentioned alternative methods for including owner-occupied housing - well the problem is really rental home investment and people that have dozens of homes. Net acquisitions approach and just looking at construction cost still isn't enough. I feel we've got this whole housing situation so distorted now in so many ways that it's almost impossible to extricate ourselves from this mess. However, continuing to 'look under the street lamp' will only make things worse. I don't have an answer on how to fix this CPI issue, but I think this problem is leading to huge societal damage (perhaps irreparably) and also damaging both the credibility of the RBNZ and successive Governments. Shamubeel-Eaqub wrote about this back in 2016 and I think he was absolutely correct. https://www.stuff.co.nz/business/opinion-analysis/83106207/shamubeel-eaqub-is-time-to-include-house-prices-in-inflation-calculations Not getting this metric right has both driven bad monetary policy and failure to bring forward effective policies to tackle the problem. Both Key and English called high house prices 'a good problem to have' and Adian Orr assumed the

alternative was a depression. When he said that in November 2020 a depression was not the risk, an over-heated property market was. https://www.newshub.co.nz/home/politics/2020/11/reserve-bank-governor-adrian-orr-describes-high-house-prices-as-first-class-problem-alternative-is-depression.html

4	When the MSE was added, I thought it might be a good idea. I don't think that anymore. The RBNZ's tools are not appropriate to address these issues; the Government is better placed to handle unemployment. I would like to see the Government move to a Guaranteed Minimum Income and a Job Guarantee. The Jobs for Nature Program was much better targeted at the people who were actually unemployed, unlike the 'Shovel-Ready' projects which largely stimulated the already overstretched construction and roading sectors. As one of my professors said (tongue firmly in cheek), "It's easy to reduce unemployment, just ban farm machinery." Jobs for Nature basically uses hand tools. Whenever you're using heavy machinery, you're not employing that many people. Then the RBNZ could support the resulting deficit spending by directly purchasing bonds from the Treasurer (OFMG) instead of using Quantitative Easing - as was advocated by Raf Manji. https://www.interest.co.nz/opinion/104209/raf-manji-urges-rbnz-not-make-mistake-previous-overseas-qe-programmes-focusing https://www.interest.co.nz/news/104815/raf-manji-lessons-christchurch-covid-19-world-and-lesson-japan-pointing-way-fixing-local According to Adair Turner, the issues re OFMG are political, not academic. The Case for Overt Monetary Finance – An Essentially Political Issue: https://www.imf.org/external/np/res/seminars/2015/arc/pdf/adair.pdf The discussion document mentions the Phillips Curve on page 30 and the weakening relationship between inflation and employment. I've lost confidence in this theory as I think many others have. I feel that many of the theories and models from the inflationary experience of the 70's have questionable application today due to globalisation, demographic changes, technological change and other factors. It is a very different world today and it seems to me that we need to question the usefulness of these models in today's circumstances and search for alternatives that may serve us better now.
5	Basically answered in # 2. I'm fine with the time horizon and the transitory effects standards. However, it is very hard to distinguish between what is transitory and what is more persistent. As with much of economics, it's when you're looking in the rear-vision mirror that you really understand what was going on. We can look to the past and learn from that, but each time is a little different.
6	Yes
7	Answered in #4 - lower the target floor to 0% and remove the EMS. I'm not a fan of the PLT and the AIT either. I fear they would unnecessarily constrain flexibility, could have negative effects and would encourage even more RBNZ intervention. I have read that there is much debate about what the neutral rate is and the ability of central banks to accurately judge this. Again, looking at Figure 7.2 on page 33, I feel the rates have been declining post GFC because central banks policies have been ineffective at stimulating the various economies. There have been several papers with the view that the Taylor Rule does not work in reverse; lowering interest rates does not stimulate the economy. We're all 'turning Japanese'. https://sites.bu.edu/perry/2016/09/09/beyond-the-taylor-rule/ https://finance.yahoo.com/news/bill-gross-shuns-taylor-rule-210408964.html Central banks don't seem to know what else to do and so we get QE after QE - what 7 times now in the ECB? Five times from the Fed? We don't need to change the Remit so much as question the theories and

models that drive the policies. Before Covid-19 began, there was much commentary about how central banks had lowered interest rates too much and that it was distorting markets, causing unintended consequences and that they would be 'out of ammunition' if another crisis came. Of course people were anticipating GFC 2.0 and in fact that world economy was slowing almost to a stall. Many countries were not even at the ELB, they were below it with negative interest rates! Interest rates had never been so low for so long in history. Then Covid hit and central banks really slammed their foot down on the accelerator. Instead of learning from the other central bank's mistakes, the RBNZ followed them off the cliff with our own AMP's: 1) Cutting the OCR to unprecedented historic lows; 2) Remove the LVR (I made a submission literally pleading with you to not do that); 3) the LSAP program (our own QE). The RBNZ turned the 'money hose' on full blast, then kept it there for way too long. By September 2020, it was clear that the economy wasn't collapsing as you feared. Aside from the hospitality and tourism sectors, the rest of the economy was doing fine. Then you added the FLP in November and it's still operating! You kept the loose policy going for far, far too long whilst house prices went to the moon. I honestly can't see how you can call this program "Least Regrets", "Willful Blindness" is more I like it. You reference Hawkesby's speech on Least Regrets – that September 2021! I'm sorry to be so harsh, but there were numerous voices sounding the alarm including your own former RBNZ Chair Arthur Grimes 22.2.2021: https://www.interest.co.nz/bonds/109169/former-rbnz-chairman-arthur-grimes-says-reserve-bank-should-tighten-monetary-policy Ryan Greenaway from the University of Auckland 20.11.2020: https://www.interest.co.nz/opinion/108112/ryan-greenaway-mcgrevy-says-reintroducing-lvr-restrictions-property-investors Though not a monetary economist, I find Keith Woodford's views quite good; here's what he said in monetary policy and QE in December 2020: https://www.interest.co.nz/opinion/108516/reducing-house-price-inflation-depends-identifying-drivers-right-now-means-interest Even earlier, in an interview with Jenee Tibshraeny (8.7.2020), James Shaw said that QE was flowing into asset prices rather than the 'real economy'... QE done in other countries in response to the 2008 Global Financial Crisis created asset bubbles and had "huge secondary impacts" on house price affordability. https://www.interest.co.nz/news/105399/central-banks-money-printers-fired-green-party-co-leader-james-shaw-says-theres-even All the major CB's made this mistake and the RBNZ is to be commended for reversing direction first, but in my view it is very important to learn from this experience and not repeat these mistakes again. So, I am not happy to see the future use of AMP's being discussed. I feel these policies don't do what you want and have bad unintended consequences.

8 I agree with all of these considerations, though frankly don't understand what 'unsustainable house prices' means. On 1.8.2021, the ANZ said it would take 37 years for the house to income multiple to return to 2019 levels! https://www.interest.co.nz/news/111536/anz-economists-estimate-it-would-take-37-years-and-low-house-price-growth-house-price That was when the ratio over 8. We need to be aiming to get back to 3 or 4 as is used to be – but that is utterly impossible now. Regarding Distributional outcomes – a fair bit of that is due to the appalling housing/rental situation. I'm very pleased to see Climate Change increasingly being an increasingly important factor. This is the biggest challenge we face and tackling this will have implications for the whole of society and the economy.

9 I question the value to Figure 8.3 regarding the decline in people per dwelling. This downward shift may be due to reducing birth rates/smaller families compared to the 70's and more smaller housing units (more 2-bedrooms) being built. Still, it shows the decline in home ownership which

(coincidentally?) began with the inflation target standard. There are no doubt multiple factors behind this decline, but I feel that the RBNZ's policies have been a major contributing factor. On Page 45, there is mention of Economic Forecasts. As my professor at the University of Chicago said, "Whenever you hear an economic forecast, the only thing you can be certain about is that's what WON'T happen. Here's Rodney Dickens view from way back in 2016, but I'll bet the track record hasn't improved since then. https://www.interest.co.nz/opinion/83877/rodney-dickens-puts-boot-economic-forecasters-getting-it-so-wrong-sees-myriad I support Chloe Swarbrick's call for a Parliamentary enquiry into Treasury's forecasts and we should include the RBNZ's forecasts in that analysis as well as the Covid response – fiscal and monetary. Projections have been badly off for years and that then drives bad policy. As for the question of Risk – frankly I can't see how the RBNZ can claim to be complying with the Financial Stability mandate. We now have a big property bubble and some people have very high levels of debt. My understanding is that just 3% of mortgages failed in the US and that was enough to trigger the GFC and in the US mortgages tend to be non-recourse. There's no 'jingle mail' possible here in NZ. The LVR never should have been removed – that just encouraged more reckless debt. I wish you had the DTI long ago – didn't you ask Bill English for it? More Macro-prudential tools please and less reliance on the OCR and definitely less (or no) AMP tools.

10 Again, Figure 8.4 on page 47 shows a (coincidental?) increasing gap in income inequality before and after housing costs are added. There are many factors, but the effects of Monetary Policy should not be discounted. Figure 8.A.1 on page 49 clearly showed the dramatic shift of wealth distribution to the top quintile. I find this appalling and I'm in that quintile. I don't want to see this happening in our country. It is so damaging and the consequences will be long-lasting. I think we really need to reconsider the 'benefits' of the 'wealth effect'. I've heard Bernard Hickey talk about a recent $850 million wealth increase (as memory serves). Well that money isn't real in my opinion. What we are actually looking at is 'The Last Marginal Sale'. A house sells on your street, then that price goes on a website and now everyone thinks that's what their house is worth. But if everyone tried to sell and capture that gain, the price would collapse again. The problem is that you can go to the bank and borrow against that mythical value – and many people did just that in the last couple of years. I heard Raj Manji at The Tuesday Club in Christchurch and he said that Audi had their best year ever. The other car dealers no doubt had similar results. Plus home renovations and all the rest of the spending orgy we've had recently. The problem is later when the debt has to be paid. All you've done is pull later consumption forward, then you have the hangover. It's like a heroin addict – they get the fix, then they crash. For years the various central banks around the world have tried to stimulate the economy by lowering interest rates and driving up debt levels. Now private debt for many people, not all, has both driven increased financial risk coupled with increased inequality. The AMP tools just threw petrol on the fire, in my opinion.

11 OMFG of Green Bonds would be good to consider, but I can't understand why you persist in wanting to purchase through the secondary market and add to the bankers' profits. I also like the BoE's remit and perhaps we should consider adding that to the RBNZ remit. Climate change emergencies are being declared at all levels of Government and the RBNZ can be a powerful force to help us face this challenge. This is another reason to raise the ceiling on the inflation target remit. Inflation is an evil, it is like cancer, but climate change is even more deadly. More flexibility may be needed. This effort is akin to World War 2 and there were all sorts of unusual policies put in place to support that effort.

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12 Regarding the Remit, as I've said before, basically I think we should drop the MSE, definitely lower the inflation target floor to 0% and probably raise the inflation target ceiling to 4%, aiming for 2% and a mid-term horizon. Keep it simply and focus on monetary stability. The Principles are fine too. The problem I have is with the underlying theories, models and tools and I strongly urge you to reevaluate how well the currently accepted conventional and unconventional practices work. First, though, I wish to express my gratitude, gentle reader, as you slog through all that I've written and attempt to make sense of it. I hope that you will find some of it of value and pass it on to others. I mainly read business websites and the comment sections. Some commenters are suspect, but many clearly have good levels of experience and have thought long about these issues. I learn much from fellow readers and have been exposed to many new concepts. Finance, economics, tax and investments has been my work for over 40 years, but I have come to question what I was taught and what I thought worked and didn't work. I don't remember a single course at either undergrad or graduate level where economic history was taught. I think that's a grave mistake. I basically learned Monetarism, while Keynesianism was blamed for the inflation of the 70's. I don't recall energy cost being mentioned much as a factor even though oil quadrupled! Even today, energy cost is still rarely considered. Oil is mentioned a couple of times in your discussion document as well as Ukraine once. I feel this instilled the idea that reserve banks and their tools are more effective and predictable than they really are. The fiscal side was devalued and balanced budgets became the focus (though rarely achieved). We adopted these ideas from the US as did much of the world as if they were a template that could be applied with little regard to local differences. New Zealand is like a flea on a hog's back or a cork floating in the ocean. Much of what affects our economy is outside our control. The Government and the RBNZ tries to handle the various shocks as best they can and are often blamed even though the causes are beyond our border. However, a government and central bank can cause harm, maybe not today, maybe not for years or even decades. The seeds are sown and the result often lies far in the future. When we look at the past, we see many times where the currently accepted theories break down and new theories take their place. The adoption of inflation targeting is an example. Then after a while, the flaws and excesses inherent in the new theories become apparent and the reforms are in need a reform. I believe we are at such a point now. However, all too often, central bankers will not admit they got it wrong. Greenspan's famous mea culpa is probably the best example, Mario Draghi did a wee bit at the end of his turn at the ECB. Can you think of others? Let's not forget Bernacke's famous speech in 2004, The Great Moderation, which gave far too much credit to central bank's abilities to limit volatility – right before being blind-sided by The Great Recession. Above I've mentioned other imbalances and harm that is being done and reserve banks can say, "That's not our mandate"...but what there are doing is part of the cause. We can't keep looking under the street lamp and ignore the damage being done elsewhere. I believe that reserve banks are part of the problem and must be part of the solution. We don't' need to clutter the Remit with details; we just need to admit the problem and look at alternatives. Again, I want to see Chloe Swarbrick's proposal for a commission to examine house prices, forecasts and the Covid response – fiscal and monetary into that. We now have an entire generation that either will never own their own home or will be condemned to a live of debt slavery. The RBNZ is considering Climate Change, but I want to add in The Limits to Growth and our slavish devotion to the GDP metric. If it's up – we're rock star economy. If it's down even slightly and for a while, it's a crisis and political heads soon roll. My understanding is that GDP's roots are in the Great Depression and World War 2. It basically counts items going over a bar-code scanner. No transaction, not really counted. Of course, there's Marilyn Waring's excellent work on what we count

and what we don't and the inherent problems. GDP and CPI and probably other metrics are flawed and we need to have a discussion about that. The Wellbeing concept to me is an attempt to count the Six Capitals' instead of the that are focused on money. What we don't count, we don't value and we need to properly count human capital, social capital and the biggie – natural capital. At the foundation of both accounting and economics are two enormous errors: 1) Nature is assumed to be infinite, 2) Therefore it is not counted. This is literally destroying our planet. We count our money and pat ourselves on the back on how well we're doing when in reality we're like that Air New Zealand plane that flew into Mt Erebus because their navigation instruments were off a bit. Actually it's worse - we're running our whole world with metrics that 180 degrees wrong. It's worse than flying blind. If we look at the last 20 years, I think there are several things to consider and lessons to learn... From 2003 to 2007, house prices took their first major leap – up over 50%. Alan Bollard responded by increasing the OCR, ultimately raising it to 8%. Well, my view is that there were to big factors, in other countries, at work here. Richard Koo has a whole chapter in his book, The Holy Grail of MacroEconomics, about how Japan's QE program (advocated by Bernacke) didn't stimulate the Japanese economy, it stimulated the New Zealand property market. I remember at the time reading about the Japanese housewives and the KiwiDashi. They didn't keep their money in Japan and suffer the low interest rates, they brought their money here and the more Bollard increased that differential, the more money came here. Much of it went into our property market. Monetary policy was counter-productive. At the same time, the UK and Ireland had loose banking regulation. I remember when the average price of the average home in Dublin passed $1million pounds (about 2006-2007 as memory serves). And I remember hearing that our biggest immigrant group was from the UK. You could sell your London home, get three NZD for each pound and buy almost any house here back in those days...and many did obviously. Koo advocates currency controls to protect against hot money or imbalances in monetary/bank regulatory policies. Why should we leave ourselves open to the damaging consequences from what other countries are doing? In the 2010's, I have already mentioned the excessive QE practiced in many other countries and the Taylor Rule and the futile attempts to stimulate economies. Lowering and lowering interest rates distorted markets and put reserve banks in a vulnerable position. In the recession of the '90's (when Clinton's campaign advisory, James Carville famously said, "It's the economy stupid"), I remember reading Robert Barro in the WSJ that higher interest rates are a sign of a healthy economy, that people have the confidence to start new ventures. Low interest rates are evidence of an anemic economy: https://scholar.harvard.edu/barro/publications/pray-high-interest-rates (pay-wall). See also R. Barro: World Interest Rates and Investments: "For the period since 1959, the common component of expected real interest rates for these countries relates especially to developments on world stock and oil markets and secondarily, to world monetary and fiscal policies."
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2020 to present – I've already described what I think of the RBNZ's 'Least Regrets' and failure to react to the quite obvious economic resilience. Of course, there's the famous quote from Keynes, "When the fact change, I change my mind – what do you do, sir? The RBA said they would not raise rates until 2024, then the facts changed and so did they – good on them. I didn't see evidence of that at the RBNZ. There seemed to be more concern about not upsetting the bankers by changing tack. On page 33 you express concern for bank profits may drop due to narrowing margins to pay depositors more...was that the reason for the FLP? We have some the most profitable (foreign)

114072552947, [redacted]

banks in the world. Were you afraid their profits were going to drop below $5 billion? There's the excellent recent interview with Mervyn King blaming central bankers for inflation by printing too much money then getting unlucky with a war...just like in the 70's: https://news.sky.com/video/in-full-boe-governor-inflation-warning-12617683 The markets are now so distorted, we don't even know what normal rates and P/E ratios look like any more. Price discovery has been suppressed for years. Private debt is so high now, you can't normalize rates without pricking the bubble and crashing the economy. The recent OCR raises may be all you can do. Central banks have painted us into a corner. I also think we need learn from Asia and Germany more and reduce the Anglo/American influence. I've mentioned Richard Koo, I would also recommend his book, How to Escape the Balance Sheet Recession and the Quantitative Easing Trap published several years before we jumped off the QE cliff. I would also mention Richard Werner and his Quantity Theory of Disaggregated Credit which distinguished between credit for productive uses, consumption and asset speculation. In the past both Japan and Germany have made use of credit window/credit guidance. Why don't we? Apparently, Geoff Bascand thinks we can't: https://www.interest.co.nz/banking/107943/rbnz-deputy-governor-geoff-bascand-says-prudential-regulator-cant-direct-banks-lend It appears that the RBNZ is only unable or unwilling to apply different LVRs and DTI for first-time buyers, owner-occupiers and property investor/speculator. Frankly, I don't get this. I also don't understand why we persist with the Risk Weight Averages advocated by the BIS that skew lending to property and home mortgages in particular. Yes, that does reflect the risk, but productive sectors face higher lending hurdles whilst the money hose is pointed at residential property driving housing unaffordability. Arguably this is increasing financial instability, not lessening it. As I said, I mainly read business websites and the comment sections. Many commenters are questioning and criticisingthe RBNZ and frankly engaging in highly insulting and disparaging name-calling of the Adrian Orr . That's what happens on the internet. Most people have no understanding and interest of this area and it sure doesn't get eyeballs in front of advertisers. But those who are interested and knowledgeable are losing confidence in central bankers here and around the world. The evidence is in the daily news and it increasingly looks as if the emperor has no clothes. If you got this far, I thank you for your perseverance.

114072748578, [redacted]	
1	
2	
3	
4	No, keeping inflation stable should be the first priority. Impacts to employment will follow - short term decisions to boost employment could turn disasterous if it comes at the expense of inflation targets
5	
6	Yes
7	
8	Targeting house prices will reduce the credibility of other targets
9	Targeting house prices will reduce the credibility of other targets
10	
11	
12	

114070760352, [redacted]	
1	The design principles are appropriate
2	keep future annual inflation between 1 and 3 percent, with a focus on keeping future inflation near the 2 percent midpoint.
3	
4	
5	
6	Yes

114070760352, [redacted]	
7	The remit should focus on the Inflation target first, and the employment targets when the inflation is in the target zone. Inflation is more of a problem to the unemployed and low paid. Noting that people paid the Living wage will from 1 September be in a higher tax band which will reduce their effective income at a time of increasing inflation
8	Housing and Climate change affect the CPI as such needs to be taken into account. However, the primary influencers for these areas is the government. The Distributional outcomes discussion does not factor-in that the poor focus on bank savings for their retirement as they need 'safe' investments. While the rich can take more risks with their investments.
9	House prices need to be relatively stable but Local Government and Central Government actions have more effect on this.
10	The effect on people with fixed incomes should be considered. A pensioner needs certainty of income.
11	The government has more effect on climate change then monetary policy does. Having multiple organisations with differing priorities working in the same area is normal a recipe for disaster.
12	

114069925470, Dennis Wesselbaum	
1	
2	
3	
4	Preferably, you want to measure the output gap, rather than MSE. Having said that, there is no one measure of MSE. You want to employ a range of indicators related to the labor market (unemployment rate, participation rate, vacancy rate, matching efficiency, NAIRU). The official writing could be along the lines of "supporting maximum employment (the highest level of employment consistent with price stability)."
5	
6	No
7	
8	Remove anything outside of inflation (price stability) and output gap (employment). This, especially, includes anything related to well-being, house prices, inequality, and exchange rates.This is not what

114069925470, Dennis Wesselbaum	
	monetary policy is designed to do. Monetary policy is also not there to support the "government's economic objective". Monetary policy is there to achieve price stability (and, if you want, to oversee financial market regulation). Avoid anything that implies that the RBNZ is not independent.
9	Yes, it has none, if you think about monetary policy as interest rate policy. Macroprudential policies can and should be used to improve stability of the financial sector.
10	Has none - focus on price stability.
11	Has none - focus on price stability.
12	

114069720785, Daniel Taga	
1	
2	
3	Housing costs should be included in the CPI fully, including land costs. The statement "the CPI in New Zealand does not measure land price changes, as this is treated as the investment component of housing" disregards that the land price is now the main component of housing and it's unavoidable to household consumption (i.e. owner occupiers). Also, the housing costs as a component of household spending are creeping towards 40% and it's absurd to disregard any factor influencing these costs from monetary policy. If anything, they should be core, front and centre to the policy. In a nutshell, housing costs should be fully represented in CPI, incl. land costs.
4	
5	It should make it clearer that "price" in "price stability" should refer to typical household spending. Which, incidentally, includes housing costs.
6	Yes
7	
8	If housing costs were fully included in CPI (incl. land) it would've been obvious that NZ has, in fact, run high inflation in the past decade. Which is what the end consumers felt, materialised in terms of

	114069720785, Daniel Taga
	housing costs. The CPI calculation has failed to capture the most important aspect of household spending for the past decade (housing), thus making it a false measure of the true inflation and its effects on the typical household. Namely, it measured close to 0, while the costs increased considerably.
9	If CPI calculations captured the value of housing correctly (i.e. including land costs) there would be no need for explicit provisioning for house price stability in the policy, since the policy would've targeted it rightly from the beginning with the existing mechanisms.
10	
11	
12	Not necessarily in the Remit, but RBNZ could consider mandating a cap for banks in term of their investment portfolios: namely the ratio of housing (mortgage) vs real economic investments. Investing in housing is not productive in economic terms. RBNZ could help the banks invest in the health of the NZ economy by limiting how much of the banks' portfolios are invested in housing. Currently the rates are around 70-80% for most of the banks (housing out of total portfolio). Consider reducing them to 50%.

	114052446212, Oliver Krollmann
1	
2	Keep the midpoint but allow a wider range of 0% to 4%, to account for larger swings in the future, without having to resort to aggressive OCR changes. A wider range allows for more short-term price pressure which might be needed to change behaviours to support our low-carbon transition.
3	
4	
5	
6	No
7	More short-term economic downturns and larger swings are to be expected, as we adjust our economies and transition to a low-carbon world. Change the remit to allow these to play out

	114052446212, Oliver Krollmann
	naturally, to support the necessary change in behaviours, rather than reining them in too early and too aggressively.
8	While BoE's secondary objective of "strong, sustainable, and balanced growth that is environmentally sustainable and consistent with the transition to a net zero economy" is not achievable (since strong growth is not possible in our current scenario where we are already in overshoot), an objective that directly supports the low-carbon transition is needed. What's the point of managing just price stability and MSE if it eventually leads us to an unliveable planet?
9	Exclude house price sustainability from the remit. The reasons for housing unaffordability are cultural and related to unfair taxation, and they cannot be addressed by monetary policy alone.
10	
11	I strongly disagree with excluding climate change from the remit because of a perceived conflict with price stability and MSE. Please include support for the transition to a circular, sustainable, low-carbon economy in the remit. Government agencies increasingly sing from the same song sheet regarding this transition (e.g. Emissions Reduction Plan and Infrastructure Strategy). Supporting this transition should be considered as a new objective, to be added to the Reserve Bank Act at the earliest opportunity. This is essential to best support economic wellbeing and provide robustness to past and future changes in the economy. Climate change is by far the largest challenge ahead of us and will change the economy considerably. Monetary policy must not ignore that.
12	

	114049205791, Barry A Brook
1	Maybe one principle is missing - Effectiveness. You might say this is covered by Achievability but not in the way it is expressed eg "measureable effect"
2	2-4 per cent. I think 1-3 is too low and leads to interest rates being too low and inflationary on asset prices
3	The main concern I have is that we've seen rampant inflation in house prices when interest rates are very low. The CPI only measures this through rent which seems inadequate. I'd like to see an improved way of incorporating house prices in the inflation measure.
4	The key measure could be what % of available working hours are actually worked. Eg of the nations available working hours, what % is actually worked without impacting negatively on the nations well being ?
5	We have seen recently a disturbing growth in inequality within NZ. I believe interest rates were taken too low when the pandemic hit and this triggered the massive rise in house prices in NZ to

114049205791, Barry A Brook

dangerous, unsustainable levels hugely impacting inequality. Higher inequality leads to unrest and stress within families and communities and is not sustainable. This needs to be incorporated somehow.

6 Yes

7 Pre pandemic there was a growing feeling that inflation was dead and GDP growth was an upward continuum. Enter modern monetary theory (MMT) and quantitative easing was the solution to future economic downturns. Now we see how MMT has triggered inflation. I think the RBNZ needs to do more serious research itself on MMT and it's effectiveness. Also we need to learn as we go (iethe RBNZ). In my view the OCR was taken too low at the pandemic commencement and the RB was too slow to begin raising the OCR when house prices were booming unsustainably.

8 I've already talked about house prices in earlier answers. One factor that is not talked about in the discussion notes much is the level of the NZ dollar relative to the rest of the world. Yet it is often talked about in the OCR review notes. Given the high reliance for NZ on international trade and thus the level of our exchange rate, I think more attention should be given to this factor. I believe the relative level of a country's exchange rate should reflect accurately the relative economic well being of its citizens in much the same way as a company share price reflects the relative performance of various companies.

9 Recent experience has shown how rampant house price growth has led to disturbing growth in inequality. New Zealanders have a distorted view of the benefits of investing in rental houses compared with other asset classes. In my view the OCR went too low for too long and led in a significant way to the house price bubble in NZ. Therefore sustainable house prices is an important component of having a sustainable community of interest and sustainable levels of inequality.

10 I've covered the inequality issue in previous answers.

11 Climate change impacts globally are already having serious economic impacts. Climate change is rapidly rising up the risk charts of countries and businesses in need of serious mitigation actions. It is obvious that climate change has relevance to the considerations of the MPC. Just how that is done needs to be researched by the RBNZ.

12 Further consideration of how wellbeing of the nation and its citizens can be measured would be helpful, albeit very difficult. However Treasury have been working in this space and co-operation may help derive better measures in this space.

114047237567, [redacted]

1 There is no such thing as global best practice when it comes to central banks worldwide. Their policies over the last decade have caused the greatest asset bubbles ever seen. The remit needs to focus on NZ house prices never again exceeding 5 times median income - no matter what pain we have to go through to get there.

114047237567, [redacted]

2	
3	Include house prices
4	Measure vs house prices and average rents.
5	
6	Yes
7	Save the savers and sacrifice the reckless borrowers.
8	You cannot back away from inflation now under any circumstances. The NZ dollar would be destroyed.
9	It must be considered as a once in a life time event where a completely unsustainable bubble was encouraged by RBNZ's covid response policy on removal of LVRs. The truth is, LVRs should not even be required as the risk should not exist based on houses costing no more than 5 times median income. Lvrs have punished the poorest.
10	The poor have suffered and asset owners have had a party.
11	
12	

114045771868, [redacted]

1	We have nearly double digit inflation in every country you're comparing to, so comparing yourself against them is not exactly a gold standard. The Remit should be as minimal as possible, as your goal at the end of the day is to maintain faith in the currency that the RBNZ prints, and high inflation reduces faith in that. You'll also note none of the other central banks are getting involved in indigenous culture, because it has absolutely nothing to do with preserving the national currency.
2	
3	You are underestimating the cost of shelter which means your CPI measurement hasn't accurately captured the skyrocketing increase in house prices relative to incomes since 1982. The "Household income and housing-cost statistics: Year ended June 2021" report from Stats NZ shows total housing costs at $360/week ($18,720 per year) against an average disposable household income of $88,454, making shelter costs 21% per household, whereas the all groups CPI only includes actual rents and

114045771868, [redacted]	
	"Purchase of newly constructed dwellings (excluding land)", which neglects the inflation in land costs, as well as the mortgage costs for owners who have bought on the secondary market. The US Fed uses an "Owner's Equivalent Rent" metric which the RBNZ should use and should be weighting correctly in the basket
4	The NAIRU is a moving target and is influenced by a range of factors. House prices relative to incomes have been increasing steadily for 40 years now, so having a high rate of employment is a bit of a wooden spoon when realising that none of us born after 1982 can ever reasonably afford a house without the RBNZ keeping the cost of money ridiculously low
5	NZ has low unemployment and skyrocketing inflation, so clearly the focus has been on the wrong thing
6	Yes
7	One could argue the current remit has contributed to the current economic downturn through years of unsustainably low interest rates. If nothing else, the reserve bank should be independent of the government and the ease of which the RBNZ was complicit in working lock-step with the government reduces my faith in the independence of the organisation.
8	You have one job and you are currently failing at it. You should stop digging. Housing sustainability: If you captured this correctly in CPI then we would have seen the colossal increase in housing reflected in this value and raised interest rates earlier as a result. Inequality: This is the government's job, not the RBNZ. Given asset prices have soared without being reflected in the CPI, it means you are measuring the CPI incorrectly, as mentioned above. Climate change: This is not your job. Having said this, there has been no redundancy in our energy supply chains, and the focus on stopping growth of fossil fuels while building out renewable options is the equivalent of burning down your current house while you're moving to a new one that is still being built. New Zealand's zero tolerance for nuclear power is also very harmful, note that France's electricity sector has one of the lowest carbon emissions in all of Europe due to their use of nuclear power. I must also add that the recent revamp and focus on indigenous culture has absolutely nothing to do with your sole job of maintaining faith in the currency that you print and the economy that it is based on.
9	Measure CPI correctly and you will capture this. Land costs need to be included as they are half of the cost of a house, and the Fed's Owner's Equivalent Rent should be included in the basket
10	This is not your job
11	This is not your job

114045771868, [redacted]	
12	Indigenous culture is not your job and you need to stop focusing on it

114044950342, [redacted]	
1	Consider reviewing the nominal variable to be targetted.
2	A gross labour income target would be preferable (assuming NGDP target is inappropriate for NZ). It would incorporate both policy goals - inflation and employment. If CPI is kept as target variable I recommend increasing the target to 2-3% as per the RBA to reduce the frequency of hitting the ELB
3	As above consider an alternative nominal variable such as gross labour income or NGDP
4	As above, target a nominal variable that incorporates employment and avoids tightening monetary policy in reaponse to negative supply shocks.
5	Remit should commit the MPC to targetting the market forecast of the nominal variable. A futures market should be set up to enable the market forecast to be measured where the RBNZ buys/sells futures contracts consistent with its target.
6	Yes
7	Increase inflation target if using inflation, use a GLI or NGDP target and adopt a level target.
8	Avpiding instability interest rates and the exchange rate could cause the MPC to act too slowly to unfolding events than would otherwise be warranted. The sustainable house price consideration is very unsuited to monetary policy and should be removed. Differentiating between investors and owner occupiers is completely beyond what the RBNZ should have regard to.
9	It is not a relevant consideration.
10	It is not relevant. Distributional issues are a matter for fiscal policy.
11	Its not relevant.
12	No

114042490358, [redacted]	
1	
2	
3	HLPI's or CPI with the addition of housing costs such as rent, board, and mortgage payments
4	I would like the RBNZ to consider under-employment figures to more accurately demonstrate the amount of 'slack' in the economy.
5	
6	Yes
7	
8	Unsustainable house prices should be added to the remit as it has fundamentally shifted wealth to older property owners, by indebting younger property owners
9	House prices changes need to move with wages so that each generation is no better or worse off than the last in its ability to purchase shelter. Because of monetary policy settings, debt has ballooned to a level that does not reflect lower and middle incomes, meaning that in future as interest rates trend towards the long term average will significantly impair their disposable income.
10	
11	
12	

114042468170, [redacted]	
1	1. All inflation is bad, and we have ignored house price inflation, it is detrimental to growth in nz, and severely disadvantages low income. widening the income brackets 2.inflation is very 1 dimensional, the inflation for low income vs high income will be different. You should get inflation measures for someone on minimum hourly wage, median, high 3. you should ask for a new measure to target low inflation, the ability to raise hourly rates for all people. incl minimum wage. If inflation was at 0.5%, you could make wages increase for all employers by $1/hour

	114042468170, [redacted]
	4. regional use of interest rates. so you can help maintain house prices regionally, so you don't get auckland and queenstown running away
2	
3	inflation is very 1 dimensional, the inflation for low income vs high income will be different. You should get inflation measures for someone on minimum hourly wage, median, high
4	
5	
6	Yes
7	
8	
9	RBNZ should aim to have house prices within a ratio of incomes. it should be in remit of RBNZ to maintain house prices into a sustainable level for population. I own my own house, but my kids will struggle.. and people on low incomes don't have a chance.
10	
11	
12	

	114042389929, Sam Xu
1	N/A
2	
3	
4	N/A
5	
6	No

114042389929, Sam Xu	
7	
8	
9	I agree that house prices are structurally a product of supply/demand dynamics and NZ has consistently underbuilt while simultaneously allowing high levels of population growth. If this trend continues and wages don't keep up, there are clear financial stability risks in the event of an economic downturn. The RBNZ should be much more hawkish on housing risks and use its toolbox of LVR + DTI levers to tame unsustainable rises before they increase the fragility of the system. The current RBNZ language on housing is far too dovish which encourages risk taking and use of leverage to purchase these financial assets.
10	I agree with the RBNZ's views on distribution of monetary policy and reducing wealth inequality seems more a realm of fiscal policy. Maybe there needs to be a rethink of the 'wealth effect' and 'trickle down' economics as those with the most wealth/financial assets benefit more from loose monetary policy.
11	While a noble and pragmatic consideration, in the current climate of things, the focus should solely be on price stability and maximum employment. Considering the RBNZ is already behind on inflation and losing credibility, it does not seem the right time to add any more responsibilities.
12	