

Monetary Policy Committee Remit

Context

The Reserve Bank of New Zealand Act 2021 (the Act) has the purpose of promoting the prosperity and wellbeing of New Zealanders, and contributing to a sustainable and productive economy.

The Remit defines the operational objectives for the formulation of monetary policy. The Monetary Policy Committee (MPC) has operational independence to pursue these objectives.

In pursuing these operational objectives, the MPC should be aware of the broader context in which monetary policy is conducted. Where appropriate, the MPC should seek to understand and communicate material interactions between monetary policy and the Government's economic objectives.

Remit for Monetary Policy Committee

This Remit is issued by the Minister of Finance to the MPC under section 122 of the Act.

Under section 117 of the Act, the Reserve Bank of New Zealand, acting through the MPC, is required to formulate monetary policy in accordance with the economic objectives in the Act.

Operational Objectives

(1) *For the purpose of this Remit, the MPC's operational objective shall be to:*

- i. Achieve and maintain future annual inflation between 1 and 3 percent over the medium term, with a focus on keeping future inflation near the 2 percent mid-point. This target will be defined in terms of the All Groups Consumers Price Index, as published by Statistics New Zealand. For the purposes of this target, the MPC should discount disturbances to inflation that are expected to be temporary in a manner consistent with meeting the medium-term target.

(2) *In pursuing the operational objective, the MPC shall:*

- i. have regard to the importance of protecting and promoting the stability of New Zealand's financial system; and
- ii. seek to avoid unnecessary instability in output, employment, interest rates, and the exchange rate.

This Remit comes into effect on 20 December, 2023, which is the day after Royal assent of the Reserve Bank of New Zealand (Economic Objective) Amendment Act 2023. This Remit replaces previous versions of the Remit.



Hon Nicola Willis
Minister of Finance

Date: 12/12/23