

7 December 2023

Hon Nicola Willis
Minister of Finance
Parliament
Wellington

Dear Minister Willis

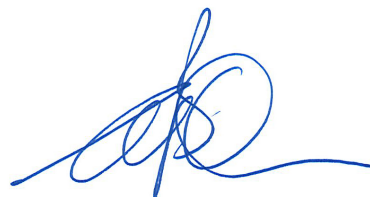
Thank you for your letter received 7 December seeking our views on proposed changes to the Monetary Policy Committee's Remit. The Reserve Bank is supportive of your intention to amend the Reserve Bank Act to focus the economic objective of the Monetary Policy Committee (MPC) on achieving and maintaining price stability.

This intended focus is consistent with the views we expressed in our recent Monetary Policy Committee Remit Review published in June 2023: Giving the inflation objective priority will assist the credibility of the inflation target; maintaining the flexible inflation targeting approach will best minimise unnecessary instability in output, interest rates, and the exchange rate; and simplifying the Remit's context section will clarify the Reserve Bank's operational independence.

Yours sincerely



Neil Quigley
Chair



Adrian Orr
Governor