

Hon Grant Robertson

MP for Wellington Central

Minister of Finance

Minister for Sport and Recreation

Minister Responsible for the Earthquake Commission

Associate Minister for Arts, Culture and Heritage



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

Dear Adrian

Thank you for your letter on 6 August relating to alternative monetary policy. You will be aware that I have agreed to your request to amend the Crown's indemnity for the large scale asset purchase programme. A new Letter of Indemnity has been provided to you separately for your signing.

I also wanted to thank you for informing me of the Reserve Bank's work to develop a Funding for Lending Programme (FLP). Given the ongoing economic headwinds and uncertainty, I share your view regarding the importance of the Monetary Policy Committee (MPC) being able to respond quickly and effectively to support its economic objectives under the Remit. Achieving these objectives is monetary policy's best contribution to the prosperity and wellbeing of New Zealanders and to a sustainable and productive New Zealand economy.

To this end, I support the Reserve Bank's intention to become operationally ready for FLP and to begin consultations with relevant parties. The design of such a tool offers the potential to meaningfully promote the provision of new credit to the real economy and encourage lower rates for end customers, and in doing so support monetary policy's economic objectives.

I look forward to further discussions with you as the work progresses and discussing the fiscal and balance sheet risks associated with an FLP.

Yours sincerely,

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

Hon Grant Robertson
Minister of Finance