

Toru

Governance and
accountability

Te taha
whakaruruhau me
te kawē haepapa

Governance and accountability

Te taha whakaruruhau me te kawe haepapa

Our legislation

We perform functions derived from several pieces of legislation. They are the:

- RBNZ Act 2021, which specifies the Reserve Bank's high-level objectives, functions, governance and funding arrangements;
- Banking (Prudential Supervision) Act 1989, which specifies the Reserve Bank's banking supervision and financial market infrastructures oversight functions;
- IPSA, under which we issue licences to insurers operating in New Zealand and supervise licensed insurers;
- Non-bank Deposit Takers Act 2013, under which we act as the prudential regulator and licensing authority for NBDTs;
- Financial Market Infrastructures Act 2021, which provides for our role as prudential regulator and supervisor of financial market infrastructures, alongside the Financial Markets Authority; and
- Anti-Money Laundering and Countering Financing of Terrorism Act 2009, under which we act as the supervisor for banks, life insurers and NBDTs.

These statutes, and regulations made under them, can be viewed on the New Zealand legislation website.

The Deposit Takers Act 2023 received Royal Assent on 6 July 2023 and will replace the Banking (Prudential Supervision) Act 1989 and Non-bank Deposit Takers Act 2013 once it fully comes into force.

Under the RBNZ Act 2021, the Reserve Bank carries out its functions under the direction of the Board, apart from monetary policy, which is formulated independently by the MPC, chaired by the Governor, for the Reserve Bank to implement.

The MPC is subject to a monetary policy Remit, Charter and Code of Conduct that together form the Monetary Policy Framework⁶ under which the MPC operates and makes decisions. The Minister of Finance sets the operational objectives for monetary policy through the Remit.

Our funding is based on a five-year funding agreement⁷ between the Governor and the Minister of Finance, which states how much of the Reserve Bank's income may be used to meet operating expenses in each financial year. We also receive an annual Letter of Expectations⁸ from the Minister of Finance setting out the Minister's expectations of the Reserve Bank for the year ahead.

Our governance and accountability

We play an important role in promoting economic wellbeing and prosperity for all New Zealanders. We have statutory independence from the Government. This means we have operational autonomy to achieve our long-term objectives for the financial system.

To ensure trust and confidence in our day-to-day operations, we have an accountability structure that enables our Board, the Minister of Finance and our monitor, the Treasury, to review and ensure we act in a manner consistent with our objectives and the delivery of our outcomes.

We publish a range of accountability documents, including:

- Monetary Policy Statements;
- Financial Stability Reports;
- our Statement of Intent;
- our Statement of Performance Expectations;
- our Statement of Performance, which is included in our Annual Report;
- Statement of Prudential Policy;
- our Statement of Financial Risk Management, which is included in our Annual Report; and
- our Annual Report.

6 Monetary Policy Framework – Reserve Bank of New Zealand – Te Pūtea Matua (rbnz.govt.nz)

7 Our funding agreements – Reserve Bank of New Zealand – Te Pūtea Matua (rbnz.govt.nz)

8 Letter of Expectations 2023 – Reserve Bank of New Zealand – Te Pūtea Matua (rbnz.govt.nz)

The Financial Policy Remit came into force on 1 July 2022 after being issued by the Minister of Finance under the RBNZ Act 2021. It specifies or provides for matters that the Minister of Finance considers are desirable for the Reserve Bank to have regard to in relation to our financial stability objective, the objectives or purposes of our prudential legislation, and our actions as a prudential regulator and supervisor.

In December 2022 the Reserve Bank and Minister of Finance agreed to the FRCF. It sets out expectations for the management and use of foreign reserves in New Zealand and the respective roles of the Reserve Bank and Minister of Finance.

Our activities are examined by Parliament’s Finance and Expenditure Committee. Typically, select committee hearings are held to cover the quarterly Monetary Policy Statements, the six-monthly Financial Stability Reports and the Reserve Bank’s annual review.

Our Board

The RBNZ Act 2021 and the Board Charter set out the responsibilities of the Board and its members. The Board has overall responsibility for our strategic direction, functions and operations, and is ultimately accountable for the delivery of our outcomes.

The Board’s responsibilities include:

- ensuring the Reserve Bank acts in a manner consistent with its objectives, functions, current Statement of Intent and current Statement of Performance Expectations;
- nominating the Governor and recommending the appointment of MPC members;
- regularly reviewing the performance of the MPC and the MPC members;
- approving our key accountability documents;
- having regard to the Financial Policy Remit when acting in relation to prudential strategic intentions, and issuing and reviewing standards in relation to our financial stability objective;
- ensuring the Reserve Bank performs its functions efficiently and effectively and in collaboration with other public entities, in a manner consistent with the spirit of service to the public; and
- ensuring we operate in a financially responsible manner.

Non-executive directors’ remuneration and meeting attendance

In 2022/23 the Board established another two committees, in addition to the Audit Committee. They are the Financial Stability Oversight Committee and People, Culture and Change Committee. The remuneration paid to all non-executive directors is included in Tables 7 to 10. No fees are paid to the Governor, who is an executive director of the Reserve Bank.

Table 7: Non-executive directors’ meeting attendance

Non-executive directors	Board meeting attendance (total of 10 meetings for the year)	Audit Committee attendance (total of 5 meetings for the year)	Financial Stability Oversight Committee attendance (total of 4 meetings for the year)	People, Culture and Change Committee attendance (total of 1 meeting for the year)
N Quigley (Chair)	10	5	4	1
R Finlay (Deputy Chair)	9	5	4	N/A*
J Banks	9	5	4	N/A*
R Higgins (Chair of the People, Culture and Change Committee)	9	3	N/A*	1
S Paterson (Chair of the Audit Committee)	10	5	4	N/A*
B Pepper	9	4	4	N/A*
H Raumati	9	5	N/A*	1

*Denotes Board members who are not members of the relevant committee.

Table 8: Board-hosted functions (1 July 2022 to 30 June 2023)*

Date	Location
March 2023	Auckland
April 2023	Christchurch
June 2023	Wellington

* Industries invited included utilities, accountancy, agriculture and farming, arts/entertainment, business, community, education, energy, hospitality, Government, healthcare, iwi/iwi organisations, local government, transport/logistics, manufacturing/industrial, property, finance/sharebrokers/investment, technology, research, MPs, retail, tourism, automotive, construction, legal and wholesalers.

Table 9: Board workshops (1 July 2022 to 30 June 2023)

Date	Topic
8 September 2022	Foreign reserves framework
31 October 2022	RAFIMP
1 November 2022	Te Ao Māori strategy
25 January 2023	Deposit Takers Bill
8 February 2023	Board strategy
8 March 2023	Financial risk management

Non-executive directors' remuneration

Table 10: Total non-executive directors remuneration

Non-executive directors	2023 \$
N Quigley (Chair)	170,127
R Finlay (Deputy Chair and Chair of the Financial Stability Oversight Committee)	96,375
J Banks	77,875
R Higgins (Chair of the People, Culture and Change Committee)	80,750
S Paterson (Chair of the Audit Committee)	80,750
B Pepper	77,875
H Raumati	77,875
Total	661,627

* Remuneration of non-executive directors is set by the Remuneration Authority.

MPC members' remuneration

The remuneration for the external members of the MPC is determined by the Minister of Finance in accordance with the Government's fees framework. The remuneration of external MPC members is based on hours worked.

Table 11: Total MPC external members' remuneration

MPC external members	2023 \$
B Buckle	71,890
C Saunders	67,200
P Harris	66,500
Total	205,590

Insurance and indemnity arrangement

The RBNZ Act 2021 permits the Reserve Bank to indemnify members of its Board in respect of certain acts or omissions committed in carrying out their duties in that role. The Reserve Bank provides an indemnity policy to Board members for certain acts and omissions to the maximum extent permitted by the RBNZ Act 2021.

Conflicts of interest

We maintained policies and practices to avoid or manage conflicts of interest among all personnel, including the Governor and Board members. The policies and practices for Board members are consistent with the relevant provisions of sections 61 to 68 of the RBNZ Act 2021. The policies and practices require all personnel to act honestly and impartially, and not use sensitive non-public information for personal gain for themselves or others.

The policies state that personnel must identify and declare their personal interests that may conflict or be seen to conflict with their duties to the Reserve Bank and continue to do this on an ongoing basis.

Financial disclosure of the Governor

As the Reserve Bank has extensive responsibilities, and in the interests of promoting sound organisational governance and transparency, there is merit in reporting the Governor's financial disclosure. This is reported in each Annual Report, and any changes made during the previous 12 months are highlighted.

Total remuneration paid to the Governor during the financial year

The Governor's remuneration includes base salary, KiwiSaver employer contributions and other employee benefits:

Table 12: Governor's remuneration

Reserve Bank Governor	2023 \$
Adrian Orr	853,810

* Remuneration of the Governor is set by the Remuneration Authority.

Governor's financial disclosure as at 30 June 2023⁹

Marketable securities, real estate, rights, proprietary and other interests, business and other assets owned during 2022/23 and valued above \$10,000:

Real property:

- Two residential properties (Wellington and Bay of Plenty).

Deposits and marketable securities:

- Deposit at Kiwibank; KiwiSaver employee and employer contributions; passive investment fund with Simplicity (an index fund of listed assets in which the Governor has no decision-making role).

Sources of non-Bank income over \$5,000 during 2022/23 (other than from listed investments):

- None.

Liabilities over \$50,000 owed during 2022/23:

- None.

Trading in foreign currency or in financial instruments:

- None.

Positions held outside the Reserve Bank:

- Director: Kai Waho Ltd, Taupō; Chair of Fale Malae Charitable Trust; Trustee of Nikau Foundation Charitable Trust (excluded from all investment decisions).

9 All assets are jointly owned with the Governor's spouse.



Our Board members Ō mātou Mema Poari



Professor Neil Quigley
Board Chair



Rodger Finlay
Deputy Chair



Jeremy Banks
Board member



Professor Rawinia Higgins
Board member



Adrian Orr
Governor/CEO
and Board member



Susan Paterson, ONZM
Board member



Byron Pepper
Board member



Hinerangi Raumati, MNZM
Board member



Our Executive Leadership Team

Tō Mātou Tira Hautū Whakahaere



Adrian Orr
Governor/CEO



Christian Hawkesby
Deputy Governor/
General Manager
Financial Stability



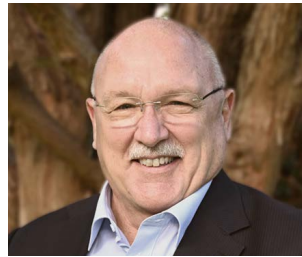
Kate Kolich
Assistant Governor/
General Manager Information,
Data and Analytics



John McDermott
Assistant Governor/
General Manager
Digital Solutions and Security



Sarah Owen
Assistant Governor/
General Manager Risk,
Compliance and Legal Services



Nigel Prince
Strategic Advisor



Simone Robbers
Assistant Governor/
General Manager Strategy,
Governance and Sustainability



Karen Silk
Assistant Governor/
General Manager Economics,
Financial Markets and Banking



Greg Smith
Assistant Governor/
General Manager Finance
and Commercial Operations



Juliet Tainui-Hernandez
Assistant Governor/General
Manager Transformation,
Innovation, People and Culture



The Monetary Policy Committee

Te Komiti Kaupapahere Moni

The MPC is the decision-making committee at the Reserve Bank responsible for making monetary policy decisions in Aotearoa New Zealand, directed towards the economic objectives of:

- achieving and maintaining stability in the general level of prices over the medium term; and
- supporting maximum sustainable employment.

The MPC is subject to a Remit, Charter and Code of Conduct that together form the Monetary Policy Framework under which the MPC operates and makes decisions.

Internal members¹⁰



Adrian Orr
MPC Chair/Governor

Appointed for a five-year term from March 2023 to 2028



Christian Hawkesby
Deputy Governor/General Manager Financial Stability

Appointed for a five-year term from January 2022 to 2027



Paul Conway
Chief Economist and Director of Economics

Appointed for a five-year term from September 2022 to 2027



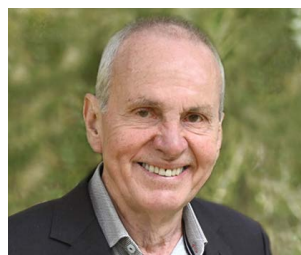
Karen Silk
Assistant Governor/
General Manager Economics,
Financial Markets and Banking

Appointed for a five-year term from May 2022 to 2027

External members



Professor Bob Buckle
Reappointed for a three-year term from April 2022 to 2025



Peter Harris
Reappointed for an 18-month term from April 2022 and extended for a term commencing October 2023 and ending March 2024



Professor Caroline Saunders
Reappointed for a term commencing April 2023 and ending June 2024

¹⁰ As at 30 June 2023.



Tāne Mahuta

Māhanga
Māhanga

Risk?

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GREAT
TEAM!
BEST CAPITAL
BANK!

?

La...
...

Innovation

Post

8

Inclusion
Integrity