

4 May 2022

Hon Grant Robertson
Minister of Finance
Parliament Building
Wellington

Dear Minister

RE: Letter of Expectations 2022/23

Thank you for your letter dated 29 March 2022 that sets out your expectations for the Reserve Bank, which we acknowledge and accept.

The Transition Board have made substantial progress in preparing to undertake the governance provisions in the Reserve Bank of New Zealand Act 2021. The key governance frameworks associated with a Charter, sub-committees, and the decision and delegation framework, are ready for Board agreement from 1 July 2022. We also continue to work collaboratively with Treasury in preparation for their new monitoring role.

We recognise the importance of Board evaluations, and the need for external review of Board performance. In addition, we will explore the potential to appoint a 'Future Director' once your decisions on new Board appointments are known.

We continue to work collaboratively to support the introduction of the Deposit Takers Bill into the House in late 2022. Our aim is to have the key elements of a new Depositor Compensation Scheme in place around six months after the new legislation is passed.

We have also completed the establishment of our new operating model for the Bank, including the organisation structure, and bolstering the capacity and capability of the Bank's management, systems and processes, and security. The new operating structure has been developed with the new Board's role in mind.

We recognise the importance of meeting our core mandates – money and financial stability – to the Government's overarching objectives. To best deliver on our core mandates, we will retain our focus on climate change risk. We will also continue to develop a Te Ao Māori lens on our work, and promote diversity and inclusion in our team and the wider financial sector.

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IN CONFIDENCE

I note that the Bank has commenced the 5-yearly review of the Monetary Policy Remit required by our Act. We will ensure significant public consultation occurs, including the use of third-party expertise, in the development of our advice to you on the Remit. We also remain committed to sharing our insights regarding the impact of our policy actions on income and wealth distribution.

I look forward to ongoing dialogue with you in the course of our business.

Yours sincerely

A handwritten signature in black ink, appearing to read 'N. Quigley', written in a cursive style.

Professor Neil Quigley
Chair