

04 November 2025

ref: OIA2526\_87

9(2)(a)

By email: 9(2)(a)

Dear 9(2)(a)

**Information Central Bank magazine**

Thank you for your 15 October 2025 request under the Official Information Act 1982 (OIA). You requested:

*- under the Official Information Act all material (including but not limited to both internal comment/analysis/advice and any external communications or representations sent or received) relating to an article by me that appeared on the website of Central Banking magazine on or about 22 September for several days on events at the Reserve Bank this year surrounding/following the resignations of the Governor and Board chair,*

Please find attached information within the scope of your request. Some information has been withheld under section 9(2)(a) of the OIA, to protect the privacy of natural persons, and section 9(2)(h) of the OIA, in that the information requested is subject to legal privilege.

We have considered whether there is any countervailing public interest as per section 9(1) of the OIA. However, in this case we do not think there is.

We hope you found this helpful. We encourage you to raise any concerns you have about this response with the RBNZ directly.

Alternatively, you have the right to seek an investigation and review of this response from the Office of the Ombudsman. Further information about how to make a complaint is publicly available, at [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz) or freephone 0800 802 602.

Yours sincerely

Governance and OIA  
Reserve Bank of New Zealand – Te Pūtea Matua

**From:** [Nick McBride](#)  
**To:** [chris.jeffery@centralbanking.com](mailto:chris.jeffery@centralbanking.com)  
**Subject:** From Reserve Bank of New Zealand  
**Date:** Thursday, 25 September 2025 7:07:00 pm  
**Attachments:** [Letter to central bank publications \(003\).pdf](#)  
[image001.png](#)  
[image002.png](#)

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Dear Mr Jeffery

Please see the attached letter. We look forward to your response.

Nick McBride

**Nick McBride**  
Director of Legal Services and General Counsel

Reserve Bank of New Zealand – Te Pūtea Matua  
2 The Terrace, Wellington 6011. PO Box 2498, Wellington 6140

9(2)(a)

E [nick.mcbride@rbnz.govt.nz](mailto:nick.mcbride@rbnz.govt.nz) W [rbnz.govt.nz](http://rbnz.govt.nz)



Released under the Official Information Act 1982

25 September 2025

Christopher Jeffery  
Editor-in-chief  
Central Banking Publications

By email: [chris.jeffery@centralbanking.com](mailto:chris.jeffery@centralbanking.com)

Dear Mr Jeffery

**Your article of 23 September about the Reserve Bank of New Zealand**

We would like to draw to your attention that an article you have published that breaches the Infopro Digital Editorial Code and contains defamatory content. We request that you remove it from your website and suggest you consider apologising for publishing it.

The article we refer to is "Lessons from the RBNZ debacle", written by Michael Reddell and published on 23 September 2025.

We comment on your Code as it relates to accuracy as follows:

*Infopro Digital must take all reasonable steps to ensure accuracy.*

While Mr Reddell's article is almost entirely opinion and conjecture, it could be expected that you would make some effort to ensure the opinions and conjecture was reasonably founded. You have not done so.

For instance, you repeat allegations about bullying behaviour and "examples of Mr Orr appearing to mislead parliamentary committees". Both these contentions are supported by footnotes (footnotes 2 and 3). Footnote 2 links to a media article where one of two complainants of bullying is Mr Reddell himself. The other complainant is another former staff member who resigned in 2007. Footnote 3 is a reference to Mr Reddell's own blog. Most of the other footnotes are also to the author's own blog. Allowing this spurious referencing suggests you did not take reasonable steps to ensure accuracy. No other evidence is provided to support the serious bullying allegation.

The same applies to Mr Reddell's allegation about Mr Orr misleading Parliament. This is an allegation he has made repeatedly. Mr Reddell himself has blogged about his futile attempts to interest Parliament itself in this allegation. Contempt of Parliament is a serious matter but the lack of interest by the supposed victim itself undermines the credibility of those allegations. It also indicates you could have taken more care to ensure accuracy.

Mr Reddell's description of the freedom of information requests (known in New Zealand as "OIA's" or "Official Information Act" requests) is another example where the facts are inaccurate.

While the Chief Ombudsman investigated complaints about RBNZ's handling of OIA requests concerning Mr Orr's departure, he never "overruled" the RBNZ. The Chief Ombudsman did not require a single document withheld by the Reserve Bank to be released. Rather the Ombudsman found the RBNZ was entitled to withhold all the documents that it had decided to. The Chief Ombudsman found:

- That the Governor and the Board should have been able to engage in confidential free and frank dialogue about disagreements to do with the governance of RBNZ. It was not in the public interest to release such information.
- That Mr Orr had a strong privacy interest that should be protected by withholding much of the information requested.
- That the release of the information about Mr Orr's exit agreement would be likely to damage the public interest as there is a need for public sector organisations to enter into employment processes confidentially so that both parties can engage freely to achieve resolution. Releasing this type of information would undermine the ability of the parties to engage effectively, which would limit the ability to achieve settlement.
- That information released by the RBNZ was in the public interest. The Chief Ombudsman did consider there were some gaps in the information released. This included, at a high level, that concerns were raised about Mr Orr's willingness to continue in the role of Governor. Therefore, RBNZ was required to release a summary timeline of the information that had been requested.

The RBNZ did not hire a lawyer to "fight off" OIA requests. Rather, in making decisions to release information, we had to balance the public interest with legitimate concerns of privacy, confidentiality obligations, and with a mind to preserving space for confidential free and frank dialogue in the future for serious issues of governance. We took legal advice to navigate this complex matter, and our approach was investigated and largely supported by the Chief Ombudsman.

The Chief Ombudsman did not criticise RBNZ's handling of its OIA requests (which often happens). OIA decisions inherently involve a degree of judgement and there is no requirement for "full transparency". Rather there is a principle of availability of official information balanced by grounds to withhold information that, if applied, must also be balanced against the public interest. Mr Reddell's narrative is a simplistic description of the Act and the outcome of the Ombudsman's review.

These examples of factual inaccuracy are illustrative of the entire article. There is also context that he is unaware of and unwilling to acknowledge he maybe unaware of.

*Infopro Digital must correct any significant inaccuracy with due prominence, which should normally be equal prominence, at the earliest opportunity.*

Mr Reddell's article is so reliant on inaccurate presentation of facts and spurious referencing that a correction is futile. The appropriate response would be to remove the article and for you to explain why you had done so.

*Infopro Digital must always distinguish clearly between statements of fact, conjecture and opinion.*

This standard has clearly not been met. Almost the entirety of Mr Reddell's article is conjecture and opinion. He seems unable or unwilling to present facts in an objective light. His "evidence" amounts to only his own unsubstantiated opinion.

Mr Reddell repeatedly refers to "cover ups", attempts to "actively mislead", "obstruct", and "deception" by respectable public figures. He only occasionally provides qualifiers such as "appears to". There are other colourful phrases like "stormed-off". He presents these serious allegations as fact, but they are conjecture.

*Whilst free to be partisan, publishers must not misrepresent or distort the facts.*

As outlined above, Mr Reddell presents an almost entirely distorted set of facts. This could have been avoided if you had taken more care to check the facts and Mr Reddell's motivations.

The resignation of the Governor and its aftermath has been a challenging event for those involved and for the institution itself. A degree of trust and confidence of the public in RBNZ has been lost. While we understand how that perception may arise, the situation we were dealing with was complex and difficult to navigate. It was not generally fairly presented in the media. One exception was your own publication, which quoted former Chairman of RBNZ, Arthur Grimes, who provided a very balanced summary that acknowledged the very difficult situation our former Chair was in.

Mr Reddell left the RBNZ over 10 years ago. He has not held a management position in the RBNZ for over 20 years. These days he devotes a significant amount of time to commenting on the RBNZ on his blog in a manner that is unbalanced at best and often crosses into defamation (see his numerous posts on Mr Orr). He is not subject to the codes of conduct that New Zealand mainstream media are. While he is often quoted by the media, the media normally stops short of giving full unqualified space to his invective. Your choice to do so suggests a lack of due diligence and care.

We highly value Central Banking News as well informed and authoritative on central banking matters. We are conscious that our peer central banks read it. Publication of Mr Reddell's article does harm and, in our view, does not meet expected standards of journalistic integrity or your own Code. We believe you can address this through removal of the article with an appropriate explanation and should consider apologising for publishing it.

Yours sincerely



**Nick McBride**  
General Counsel

**From:** [Diana Voerman-Tam](#)  
**To:** [Nick McBride](#)  
**Cc:** [Emma Matson](#)  
**Subject:** RE: [urgent] Article for Central Banking magazine on Orr/Quigley/Willis saga, and lessons  
**Date:** Thursday, 25 September 2025 1:52:22 pm  
**Attachments:** [image003.png](#)  
[image004.png](#)  
[Lessons from the RBNZ debacle \[Annotated\].docx](#)  
[image002.png](#)

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IN CONFIDENCE

Nick

See **attached** with comments. This is a high-level review of comments that may be of concern, not a legal view on whether they are defamatory.

Happy to discuss with you.

My overall impression is that this is a questionably cited opinion piece, with most of the footnotes linking back to MR's own blog. There are also links to KiwiBlog, which in my view is similarly opinionated and not particularly credible. There is also a view attributed to a family member of MR. My personal view is that I do not think it appropriate as a lead piece for a publication like CentralBanking.com and I would've expected better fact-checking or a degree of editorialising prior to publication, requiring MR to provide a better evidential basis for his claims.

Thanks  
Diana

IN CONFIDENCE

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**From:** Nick McBride <Nick.McBride@rbnz.govt.nz>  
**Sent:** Thursday, 25 September 2025 8:38 am  
**To:** Diana Voerman-Tam <Diana.Voerman-Tam@rbnz.govt.nz>; Emma Matson <Emma.Matson@rbnz.govt.nz>  
**Subject:** Fw: [urgent] Article for Central Banking magazine on Orr/Quigley/Willis saga, and lessons

IN CONFIDENCE

Kia ora both

Interesting issue, [@Diana Voerman-Tam](#) if you have ca  
the attached article and identify defamatory elements. 9(2)(h)(i) ew  
what Rodger and Na on

Nick

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**From:** [Susan Paterson](#)  
**To:** [Nick McBride](#); [RBNZ Board](#)  
**Cc:** [Naomi Mitchell](#); [Scott Sinclair](#); [Board Secretariat](#)  
**Subject:** Re: From Reserve Bank of New Zealand  
**Date:** Friday, 26 September 2025 1:06:46 pm  
**Attachments:** [image001.png](#)  
[image002.png](#)  
[Outlook-Text\\_Desc.png](#)  
[Outlook-q3h1p5kc.png](#)  
[Outlook-Text\\_Desc.png](#)  
[Outlook-aytrmtwq.png](#)

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IN CONFIDENCE

Great letter Nick - they should be really questioning whether they ever give him airtime again!!

A published apology from them saying they recognise much of Mr Redells article is unsubstantiated opinion would be good!! But as is always the case sometimes better not to 'fan a fire'.

Thank you.

Susan

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**From:** Nick McBride <Nick.McBride@rbnz.govt.nz>  
**Sent:** Friday, September 26, 2025 8:02:51 AM  
**To:** RBNZ Board <RBNZboard@rbnz.govt.nz>  
**Cc:** Naomi Mitchell <Naomi.Mitchell@rbnz.govt.nz>; Scott Sinclair <Scott.Sinclair@rbnz.govt.nz>; Board Secretariat <Board.Secretariat@rbnz.govt.nz>  
**Subject:** Re: From Reserve Bank of New Zealand

IN CONFIDENCE

Good morning

Central Banking has agreed to remove Michael Reddell's article; for now, while they investigate our complaint.

I don't expect it will be republished.

Nick

**Nick McBride**

**Director of Legal Services and General Counsel**

Reserve Bank of New Zealand – Te Pūtea Matua

2 The Terrace, Wellington 6011. PO Box 2498, Wellington 6140

9(2)(a)

E [nick.mcbride@rbnz.govt.nz](mailto:nick.mcbride@rbnz.govt.nz) W [rbnz.govt.nz](http://rbnz.govt.nz)



IN CONFIDENCE

**From:** Nick McBride <Nick.McBride@rbnz.govt.nz>  
**Sent:** Thursday, September 25, 2025 7:10 PM  
**To:** RBNZ Board <RBNZboard@rbnz.govt.nz>  
**Cc:** Naomi Mitchell <Naomi.Mitchell@rbnz.govt.nz>; Scott Sinclair <Scott.Sinclair@rbnz.govt.nz>; Board Secretariat <Board.Secretariat@rbnz.govt.nz>  
**Subject:** Fw: From Reserve Bank of New Zealand

IN CONFIDENCE

Kia ora koutou

As discussed today, I have written to the editor of Centralbanking.com asking him to take down Michael Reddell's article.

For anyone who hasn't seen it, I attach the article we are complaining about.

Nick

**Nick McBride**

**Director of Legal Services and General Counsel**

**Reserve Bank of New Zealand – Te Pūtea Matua**

2 The Terrace, Wellington 6011. PO Box 2498, Wellington 6140

9(2)(a)

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IN CONFIDENCE

**From:** Nick McBride  
**Sent:** Thursday, September 25, 2025 7:07 PM  
**To:** chris.jeffery@centralbanking.com <chris.jeffery@centralbanking.com>  
**Subject:** From Reserve Bank of New Zealand

Dear Mr Jeffery

Please see the attached letter. We look forward to your response.

Nick McBride

**Nick McBride**

**Director of Legal Services and General Counsel**

**Reserve Bank of New Zealand – Te Pūtea Matua**

2 The Terrace, Wellington 6011. PO Box 2498, Wellington 6140

9(2)(a)

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**From:** [Rodger Finlay](#)  
**To:** [Nick McBride](#); [RBNZ Board](#); [Naomi Mitchell](#)  
**Subject:** Re: From Reserve Bank of New Zealand  
**Date:** Thursday, 2 October 2025 12:27:06 pm  
**Attachments:** [image001.png](#)  
[image002.png](#)

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IN CONFIDENCE

This has made my day.  
Thank you Nick, extremely well handled.  
Rodger

IN CONFIDENCE

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**From:** Nick McBride <[Nick.McBride@rbnz.govt.nz](mailto:Nick.McBride@rbnz.govt.nz)>  
**Sent:** Thursday, October 2, 2025 9:02:50 AM  
**To:** RBNZ Board <[RBNZboard@rbnz.govt.nz](mailto:RBNZboard@rbnz.govt.nz)>; Naomi Mitchell <[Naomi.Mitchell@rbnz.govt.nz](mailto:Naomi.Mitchell@rbnz.govt.nz)>  
**Subject:** Fw: From Reserve Bank of New Zealand

IN CONFIDENCE

FYI if not aware already.

Nick McBride  
General Counsel  
9(2)(a)

IN CONFIDENCE

---

**From:** Chris Jeffery <[chris.jeffery@centralbanking.com](mailto:chris.jeffery@centralbanking.com)>  
**Sent:** Thursday, October 2, 2025 1:13 AM  
**To:** Nick McBride <[Nick.McBride@rbnz.govt.nz](mailto:Nick.McBride@rbnz.govt.nz)>  
**Subject:** RE: From Reserve Bank of New Zealand

**Without prejudice**

Dear Mr McBride,

Following a review, Central Banking has decided not to republish the opinion article "Lessons from the RBNZ debacle", which was removed from its website on September 25. Instead, in place of the article, we have included the following text:

**"Clarification: 'Lessons from the RBNZ debacle'**

*Central Banking has removed the opinion piece 'Lessons from the RBNZ debacle' dated September 23, 2025, from its website. This decision was taken following a review, which found that some parts of the article failed to meet the publication's strict editorial standards."*

Best regards,

Chris Jeffery

---

**From:** Nick McBride <Nick.McBride@rbnz.govt.nz>  
**Sent:** 25 September 2025 08:08  
**To:** Chris Jeffery <chris.jeffery@centralbanking.com>  
**Subject:** From Reserve Bank of New Zealand

IN CONFIDENCE

Dear Mr Jeffery

Please see the attached letter. We look forward to your response.

Nick McBride

**Nick McBride**  
**Director of Legal Services and General Counsel**

**Reserve Bank of New Zealand – Te Pūtea Matua**  
2 The Terrace, Wellington 6011. PO Box 2498,  
Wellington 6140

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**From:** [Nick McBride](#)  
**To:** [Chris Jeffery](#)  
**Subject:** Re: From Reserve Bank of New Zealand  
**Date:** Friday, 26 September 2025 8:09:55 am  
**Attachments:** [image001.png](#)  
[image002.png](#)  
[Outlook-Text\\_Desc.png](#)  
[Outlook-ooan3i1z.png](#)

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IN CONFIDENCE

Thank you. If you need any information from us to assist your investigation please let me know. For instance, we can provide further information on the character of Mr Reddell's blogging and about the Ombudsman review.

Nick

**Nick McBride**

**Director of Legal Services and General Counsel**

**Reserve Bank of New Zealand – Te Pūtea Matua**

2 The Terrace, Wellington 6011. PO Box 2498,  
Wellington 6140

9(2)(a)

E [nick.mcbride@rbnz.govt.nz](mailto:nick.mcbride@rbnz.govt.nz) W [rbnz.govt.nz](http://rbnz.govt.nz)



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**From:** Chris Jeffery <[chris.jeffery@centralbanking.com](mailto:chris.jeffery@centralbanking.com)>

**Sent:** Friday, September 26, 2025 1:51 AM

**To:** Nick McBride <[Nick.McBride@rbnz.govt.nz](mailto:Nick.McBride@rbnz.govt.nz)>

**Subject:** RE: From Reserve Bank of New Zealand

Dear Mr McBride,

Thank you for your email. I can confirm that we are removing the article subject to your letter as a gesture of goodwill, and the removal should not be construed as an admission of liability. We reserve the right to reinstate the article at a later date following our further investigation of your complaint.

Yours sincerely,

Chris Jeffery

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**From:** Nick McBride <Nick.McBride@rbnz.govt.nz>  
**Sent:** 25 September 2025 08:08  
**To:** Chris Jeffery <chris.jeffery@centralbanking.com>  
**Subject:** From Reserve Bank of New Zealand

IN CONFIDENCE

Dear Mr Jeffery

Please see the attached letter. We look forward to your response.

Nick McBride

**Nick McBride**  
**Director of Legal Services and General Counsel**

**Reserve Bank of New Zealand – Te Pūtea Matua**  
2 The Terrace, Wellington 6011. PO Box 2498,  
Wellington 6140  
**9(2)(a)**  
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**From:** [Byron Pepper](#)  
**To:** [Nick McBride](#); [RBNZ Board](#); [Naomi Mitchell](#)  
**Subject:** Re: From Reserve Bank of New Zealand  
**Date:** Thursday, 2 October 2025 9:09:06 am  
**Attachments:** [image001.png](#)  
[image002.png](#)

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IN CONFIDENCE

Thanks Nick. I also note that the original author has deleted the article from his blog and also published a copy of the "clarification". I am hopeful that your pushback results in an improved level of accuracy and balance in future comments. Well done to you and the team.

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**From:** Nick McBride <Nick.McBride@rbnz.govt.nz>  
**Sent:** Thursday, October 2, 2025 9:02 AM  
**To:** RBNZ Board <RBNZboard@rbnz.govt.nz>; Naomi Mitchell <Naomi.Mitchell@rbnz.govt.nz>  
**Subject:** Fw: From Reserve Bank of New Zealand

IN CONFIDENCE

FYI if not aware already.

Nick McBride  
General Counsel  
9(2)(a)

IN CONFIDENCE

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**From:** Chris Jeffery <chris.jeffery@centralbanking.com>  
**Sent:** Thursday, October 2, 2025 1:13 AM  
**To:** Nick McBride <Nick.McBride@rbnz.govt.nz>  
**Subject:** RE: From Reserve Bank of New Zealand

**Without prejudice**

Dear Mr McBride,

Following a review, Central Banking has decided not to republish the opinion article "Lessons from the RBNZ debacle", which was removed from its website on September 25. Instead, in place of the article, we have included the following text:

**"Clarification: 'Lessons from the RBNZ debacle'**

Central Banking has removed the opinion piece 'Lessons from the RBNZ debacle' dated September 23, 2025, from its website. This decision was taken following a review, which found that some parts of the article failed to meet the publication's strict editorial standards."

Best regards,

Chris Jeffery

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**From:** Nick McBride <Nick.McBride@rbnz.govt.nz>  
**Sent:** 25 September 2025 08:08  
**To:** Chris Jeffery <chris.jeffery@centralbanking.com>  
**Subject:** From Reserve Bank of New Zealand

IN CONFIDENCE

Dear Mr Jeffery

Please see the attached letter. We look forward to your response

Nick McBride

**Nick McBride**  
**Director of Legal Services and General Counsel**

**Reserve Bank of New Zealand – Te Pūtea Matua**  
2 The Terrace, Wellington 6011. PO Box 2498,  
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# Lessons from the RBNZ debacle

## CENTRAL BANKING

**Institutions wielding delegated power must be led and held accountable by individuals of character, disciplined temperament and a strong commitment to integrity, even when it costs, argues Michael Reddell**



*Image: Flickr/Central Bank of Chile (<https://shorturl.at/eXpiV>)*

In the space of a little less than six months, the second-term governor of the Reserve Bank of New Zealand (RBNZ), Adrian Orr, resigned with no notice, in the wake of a showdown over conduct and trust issues; and then the chair of the bank's board also resigned under pressure. At the time of writing (mid-September) the bank has a temporary governor only and an acting board chair. The RBNZ's reputation, already in decline, has been severely damaged in 2025, and no-one involved emerges with much, if any, credit.

A quarter of a century ago, the RBNZ was widely lauded in central banking circles. It was the first central bank to undertake formal inflation targeting (in 1990) and the first to publish endogenous policy interest rates forecasts. The bank was a source of innovative – if not widely followed – ideas on banking regulation. Large cost savings had been achieved with new governance models. And new central bank legislation was seen as striking an innovative – and workable – formal balance between operational autonomy for monetary policy, in particular, and explicit accountability – including over policy and spending.

*The governor and the board together adopted what is viewed as an unethical, and dubiously legal, attempt to 'bounce' the minister of finance into agreeing to higher long-term spending levels*

It was a model that seemed to have worked well for a small country – a lean (around 200–250 staff), full-service central bank, achieving both low and stable inflation and a sound financial system. The bank’s strong rhetorical commitment to transparency was matched by high scores on cross-country comparative measures.

The central bank legislation itself had been overhauled in the last few years. Whereas the governor had, unusually, been a single decision-maker, a Monetary Policy Committee was established, and in 2022 the other functions of the bank, including prudential policy and budgetary matters, were handed to an external board. Board members, including the governor, could be dismissed by the minister of finance but only ‘for cause’ – various specific grounds are identified in the law. The legislative revisions also drew from New Zealand’s highly regarded system of public sector management to mandate specific requirements to publish, and consult with the finance minister on, forward-looking material on strategic priorities, proposed resource use and performance expectations, all without trespassing on areas where the bank had clear operational autonomy.

How then did things get from there to where they stand today?

## Shock and Orr

With all the attention at present on US president Donald Trump’s attempts to influence Fed Reserve System monetary policy calls and replace key personnel, it might be natural to wonder whether something of that sort had been in play in New Zealand. It hadn’t, and monetary policy plays no part in what has gone on over the past year or so – the build-up, the crisis and the continuing aftermath.

This year’s chaos is probably best seen as having its roots in the late 2022 decision by the previous government to reappoint governor Orr, over the explicit opposition of the other parties in parliament, who were required by law to be consulted.

The governor, an extrovert who could be very engaging on a good day or to junior staff, was widely seen as prickly in the face of any criticism and intolerant of dissent or challenge. Stories from both insiders and outsiders spoke of bullying behaviour<sup>2</sup>, and there were many documented examples of him appearing to mislead parliamentary committees<sup>3</sup>.

Orr had presided over a very large increase in staff numbers, with limited growth in statutory responsibilities. The bank was widely seen to have lost focus, devoting energy and attention more to non-core causes dear to the governor himself. The breakout in inflation and large losses on quantitative easing undertaken during Covid-19, while common to many countries, didn’t help his standing.

Nicola Willis, the incoming minister of finance after the change of government in 2023, was among those who believed that Orr’s 2019 contentious decisions on bank capital had been unnecessarily demanding<sup>4</sup> – recent consultants’ reports commissioned by the RBNZ confirm that core capital ratios for New Zealand banks are among the highest in the world. There was a sense in which the governor had already ‘lost the room’.

*These extraordinary displays appear to have been the last straw for the non-executive directors, who sent Orr a ‘statement of concerns’ letter*

Things came to a head in a dispute over future funding. The RBNZ’s operational spending levels are, in principle, governed by a five-yearly ‘funding agreement’ between the minister of finance and the board. Such agreements specify how much can be spent each year. The 2020 to 2025 funding agreement was due to expire on 30 June this year, and so plans were afoot for a new agreement. In tough fiscal times, pretty much every government department and agency had faced spending cuts within months of the new government taking office.

But against this backdrop, the governor and the board together adopted what is viewed as an unethical, and dubiously legal, attempt to ‘bounce’ the minister of finance into agreeing to higher long-term spending levels. They did this, first, by setting a budget for the 2024/25 June year that was almost 25% above<sup>5</sup> the level allowed to them in the funding agreement<sup>6</sup> that was then in place, and then they used that much higher spending level as a baseline against which to offer up modest future savings<sup>7</sup>.

The bank was required to consult with the minister on its plans for 2024/25, but it emerged only recently that

when they had sent her a draft of that ‘statement of performance expectations’ for comment they had simply left out the numbers. Neither the minister nor the Treasury appear for months to have realised what had happened. Meanwhile, the bank went on rapidly adding staff, reaching a peak of around 660 in January this year.

It was not until February 2025 that the minister of finance and the Treasury finally made it clear that RBNZ’s future spending bids were quite unacceptable and would need to be dramatically pared back.



Phillip Capper (<https://bit.ly/3Wyn0IG>)

Reserve Bank of New Zealand

The non-executive members of the board seem to have adapted fairly quickly to this cold blast of reality, but the governor – who had always seemed happiest expanding organisations he led – balked. What followed was not calm and considered official discourse. Instead, first the governor lost his cool in an emotion-laden meeting with the Treasury<sup>8</sup> (and it appears he refused to apologise as the Board chair had to send a written apology to the Treasury staff concerned). And then, a few days later, in a similarly emotional vein, the governor simply walked out of a meeting with the minister of finance and the secretary to the Treasury on future funding issues<sup>9</sup>, leaving the chair to try to tidy up the mess.

These extraordinary displays appear to have been the last straw for the non-executive directors, who sent Orr a ‘statement of concerns’ letter, apparently covering both these immediate behavioural issues and ones dating back several years, requesting a response within days. The minister, in turn, was advised that the board expected to recommend within days that she dismiss the governor<sup>10</sup>. Orr is said to have rejected the assertions in the letter while accepting there was a lack of trust between the parties. Ultimately, the governor took leave and an exit agreement started rapidly being drawn up and the board withdrew its statement of concerns when Orr agreed to resign.

Weeks later, a new funding agreement was announced, requiring modest cuts relative to what the bank had been allowed to spend under the previous agreement, but large cuts and significant staff losses relative to what the board and governor had been spending with their 2024/25 operating budget. Staff numbers seem set to remain roughly twice what they’d been when Orr took office.

All that makes for grim reading, but it is still only the first part of the story.

## Transparency lacking

Almost none of what had happened was disclosed on March 5, when Orr's departure was publicised. Instead, the public and markets were presented with a story that it was just a "personal decision" and that, with inflation now back in the target range, the governor had decided it was time for a change. 'Nothing to see here', was the intended message in the official press statement, buttressed when the minister of finance urged the board chair to hold a press conference later that day, where the chair explicitly denied that there were any conduct, performance, or policy issues behind the governor's departure. And when media outlets, finding the story puzzling, asked if the minister of finance had regarded the chair's explanation as satisfactory, she said simply, "yes".

Orr himself has not spoken despite attempts to contact him for comment since his resignation, although it is not clear to what extent the non-disclosure provisions of his exit agreement prevent him from doing so.

Something approaching the truth has emerged only over a period of months, through a combination of leaks, repeated use of freedom of information legislation, interviews and parliamentary scrutiny, against a background of repeated obstruction and, in time, misleading, selective disclosures. New information is still seeping out every few days.

*It has all been a dreadful look, whether for bemused international investors looking at New Zealand markets, or for the public of New Zealand*

The lead player in the obstruction and the months-long active misleading of the public was the RBNZ itself, particularly board chair Neil Quigley. He'd been controversially reappointed to his role by the new minister of finance only months earlier, and at one point declared, in effect, that the public had no right to know what had happened<sup>11</sup>. The bank engaged senior outside lawyers to attempt to fight off freedom of information requests, only finally to be overruled by the independent arbiter – the Ombudsman – months later. The chair himself was caught expressing in writing to the Treasury his irritation that a crucial meeting with the minister showing the governor in a poor light had been minuted. After that information emerged, Quigley's position finally became untenable and he too resigned, with the minister of finance confirming that had he not done so she would have sought his resignation.

And even that is only the second part of the story.

At the time of writing, the minister of finance's own role has moved into the spotlight. For months she sought to portray herself as being as much in the dark as the public. Quite how much she knew and when is still unclear, but she has now confirmed, unsurprisingly, that she had known what was going on and had been advised that there might soon be a recommendation to her to dismiss Orr. And of course she had been in that crucial high-level meeting that the governor had stormed out of.

The most charitable interpretation could be that she had enabled, and acquiesced in, the choice led by the board chair to actively mislead the public and market for months. She realised before the board chair did that the obstruction and cover-up could not go on indefinitely, and it appears she asked for greater transparency, but never at any point used her position and the information she had to ensure a straightforward and honest explanation.

To many observers, it still seems unlikely that she had no direct or indirect hand in the activities of the board – non-expert part-timers, mostly appointed by the previous government – in those 10 days or so prior to the announcement of the governor's resignation, or in the initial choices as to how that decision was going to be presented.

It has all been a dreadful look, whether for bemused international investors looking at New Zealand markets, or for the public of New Zealand. Trust in the RBNZ has been badly damaged. As a family member who doesn't follow these things closely commented to me recently "how can anyone trust anything the bank says now?"

## The people choice

So, what lessons can one draw from this New Zealand imbroglio?

The first, surely, is that good laws – and New Zealand’s were pretty good on paper – only take you so far. All sorts of things can be written down, but having the best laws in the world doesn’t ensure either that they’ll be followed consistently or that there will be good institutional outcomes. The choice of people to hold such key roles really matters. It was former US president Calvin Coolidge who memorably declared a century ago that character is the only secure foundation of the state, and if – as it surely is – that is true of the state as a whole, this episode reveals afresh its importance in central banking, where unelected officials exercise so much delegated power.

*The evidence suggests the RBNZ had a volatile and undisciplined governor who had been left unchecked for far too long*

In 2018, former Bank of England deputy governor Paul Tucker published *Unelected Power*, his weighty tome on the scope for, and limits to, the delegation of power to unelected bodies (I [reviewed it](#) for *Central Banking*). In the years since, I’ve often quoted his list of delegation criteria. But the New Zealand debacle this year suggests there was an important omission from Tucker’s list: institutions wielding considerable delegated power need to be led, and held to account by, people of character, of a disciplined temperament, and of a fierce commitment to integrity, even when it hurts. And, of course, there is the general lesson that all parents learn early: jump on bad behaviour quickly and don’t let it become entrenched.

Beyond that, I’m not sure things generalise. The RBNZ episode seems to reflect the toxic combination of three specific individuals: the governor, the chair and the minister. Any of them acting as one would have hoped from such high officeholders might have avoided the episode ending quite this badly.

The evidence suggests the RBNZ had a volatile and undisciplined governor who had been left unchecked for far too long – including being caught out appearing to mislead a parliamentary committee just hours before the crisis that saw him ousted escalated. There was a board chair who had failed to pull the governor into line early, covered for him sufficiently to recommend his reappointment and who shared in the decisions to go on one last spending spree even as the fiscal net was tightening generally for New Zealand government agencies. And we had a minister, whose instincts about the governor were probably sound, but who did little to follow through until very late and then proceeded to acquiesce in months of deception of New Zealanders as to what had gone on at their central bank. Fortunately, it is hard to imagine quite such a combination of people and circumstances being repeated here or elsewhere.

Bleak as the picture is right now, there is a pathway back. Full disclosure, even at this late stage, would help. But so would the appointment of first-rate, independent and highly credible people as governor and board chair; people with a serious commitment to excellence in the core business of the bank, and to the heightened transparency, around policy and governance, that we should be able to expect heading forward – transparency not just about the things the bank wants to reveal, where it has historically been good, but about the sometimes uncomfortable things that need to be revealed routinely if trust is to be rebuilt and maintained.

Trust in institutions is in short supply these days around the world. But good people acting with excellence, openness, integrity and discipline can still make a difference for the better.

<sup>1</sup> Michael Reddell is an independent economic commentator, who spent more than 30 years at the Reserve Bank of New Zealand, including as head of financial markets. He also worked as resident economic adviser at the Bank of Zambia and the Bank of Papua New Guinea and spent time on the board of the IMF. He writes about economic policy and central banking issues at [www.croakingcassandra.com](http://www.croakingcassandra.com) and also serves on the board of the Bank of Papua New Guinea.

<sup>2</sup> See: *Reserve Bank board asked to investigate complaints about Governor Adrian Orr’s conduct*, Stuff; *The bully strikes back*, Kiwiblog; *Adrian Orr resigns*, Kiwiblog

<sup>3</sup> *Orr at it again*, croaking cassandra; *Misleading Parliament*, croaking Cassandra; *Making stuff up and misleading Parliament*, croaking cassandra

<sup>4</sup> *Reserve Bank capital review welcomed*, Beehive.govt.nz

<sup>5</sup> *Statement of Performance Expectations 2024/25 – Reserve Bank of New Zealand – Te Pūtea Matua*

<sup>6</sup> *August 2023 Variation to the 2020-2025 Funding Agreement – Reserve Bank of New Zealand – Te Pūtea Matua*

<sup>7</sup> *The RBNZ's initial bid was for a 7.5% cut for the [new Funding Agreement](#)*

<sup>8</sup> *Correspondence released by the Treasury to the author under the Official Information Act on July 24 references an email by the then-RBNZ chair Quigley stating that Orr “lost his cool” in an apology to Treasury official Andrew Wood.*

<sup>9</sup> *That 24 February meeting again, croaking cassandra*

<sup>10</sup> *See [text messages](#) between finance minister Nicola Willis and secretary and chief executive to the Treasury Iain Rennie from February 2025 regarding Orr, which were released by the Treasury on September 10, 2025.*

<sup>11</sup> *Why is Neil Quigley still RB board chair? croaking cassandra*

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