



Reserve Bank
of New Zealand
Te Pūtea Matua

**Te Tauākī o Ngā
Tūmanakohanga
Whakatutuki**

**Statement
of Performance
Expectations**

2026/27

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Kupu whakataki

Foreword

Our Statement of Performance Expectations 2026/27 (SPE) reflects our ongoing strategic shifts and work programmes, and the changes to our operating environment since last year.

We aim to clearly explain our impact and our progress against our desired outcomes – how we are delivering results for New Zealanders.

We assess and report on our performance using a mix of quantitative and qualitative performance measures, as set out in this SPE. The SPE needs to be read alongside our Statement of Intent for a complete picture of our key activities and strategic goals.

Our performance framework continues to develop and mature. This year we have introduced new performance measures following the establishment of the Financial Policy Committee, and further developed others to enhance transparency and accountability.

We report against our output classes and performance measures every year in our Statement of Performance contained in our audited financial statements, published in our Annual Report.



Rodger Finlay
Chair



Dr Anna Breman
Governor

22 June 2026

Ko tā tā mātou Tauākī o ngā Tūmanakohanga Whakatutuki 2026/27 (SPE) he whakaata i ā mātou panonitanga rautaki mutunga kore me ā mātou hōtaka mahi, me ngā panonitanga i tō mātou horopaki whakahaere mai o tērā tau.

Ko tā mātou whāinga kia āta whakamāramatia ngā pānga o ā mātou mahi me tō mātou kokenga whakamua, i runga anō i ā mātou putanga e hiahiaatia nei - he pēhea mātou e hora painga nei mō ngā tāngata o Aotearoa.

Ka aromatawai, ka whakapūrongo hoki mātou mō ā mātou mahi mā te whakamahi i tētahi ranunga tātai whakaotinga mahi ā-inerahi, ā-kounga hoki, e tākina atu nei i tēnei tauākī. Me pānui te Tauākī Tūmanakohanga Whakatutuki i te taha o tā mātou Tauākī Whakamaunga Atu mō te whakaahua nui tonu o ā mātou mahi matua me ā mātou whāinga rautaki.

Kei te whanake tonu, kei te puāwai tonu tā mātou anga mō te pai o ngā mahi. I tēnei tau kua whakaurua e mātou ētahi tātai whakaotinga mahi hou, i muri i te whakatūranga o te Komiti Kaupapa Here Ahumoni, me te tārai anō i ētahi atu tātai hei whakapiki i te noho ātea me te noho haepapa.

Whakapūrongo ai mātou i runga anō i ā mātou momo huaputa me ngā tātai whakaotinga mahi ia tau i roto i tā mātou Tauākī Whakatutukitanga kei roto i ā mātou ripanga kaute kua arotakea, e whakairia ā-wharetia nei i roto i tā mātou Pūrongo ā-Tau.

Te tauāki noho haepapa

Statement of responsibility

This SPE is prepared in accordance with section 229 of the Reserve Bank of New Zealand Act 2021 (the Act) and presented to the House of Representatives in accordance with section 237 of the Act.

The SPE contains our forecast statement of comprehensive revenue and expense for the 2026/27 financial year, prepared in accordance with generally accepted accounting practice, and includes a statement of all significant assumptions underlying the statement and any additional information and explanations needed to fairly reflect the forecast financial operations of the Reserve Bank of New Zealand (RBNZ), and is prepared in a manner that allows for a comparison with actual revenues and output expenses.

The RBNZ proposes to supply only reportable classes of outputs in the financial year.

In accordance with the Act, RBNZ has consulted with the Minister of Finance in the preparation of this SPE.



Rodger Finlay
Chair



Dr Anna Breman
Governor

22 June 2026

Ā mātou whāinga, mahi hoki

Our objectives and functions

Objectives

Our objectives are:

- the economic objective of achieving and maintaining stability in the general level of prices over the medium term, with the Monetary Policy Committee's operational objective being to achieve and maintain future annual inflation between 1 and 3 percent over the medium term, with a focus on keeping future inflation near the 2 percent midpoint;
- the financial stability objective of protecting and promoting the stability of New Zealand's financial system; and
- otherwise acting as New Zealand's central bank in a way that furthers the purposes of the Act.

Functions

As a full-service central bank, we have wide-ranging functions, including:

- implementing monetary policy (formulated by the Monetary Policy Committee);
- managing foreign reserves and otherwise dealing in foreign exchange for the purposes of the RBNZ's objectives;
- acting as prudential regulator and supervisor under prudential legislation¹;
- monitoring the financial system;
- issuing bank notes and coins, managing their quality, and monitoring both their distribution and the impact of technological innovation on the needs of the public;
- liaising and co-operating with other central banks, institutions, agencies and authorities, and acting as chairperson (jointly with the Financial Markets Authority) of the Council of Financial Regulators (CoFR);
- providing information to the public that is relevant to the RBNZ's objectives, including publishing statistical information;
- providing liquidity facilities in order to manage liquidity in the financial system, and/or protect or promote the stability of the financial system;
- providing settlement accounts;
- operating the Exchange Settlement Account System (ESAS) and NZClear payment systems; and
- management and administration of the Depositor Compensation Scheme (DCS).

¹ Prudential legislation means the Banking (Prudential Supervision) Act 1989, Insurance (Prudential Supervision) Act 2010, Non-bank Deposit Takers Act 2013, Financial Market Infrastructures Act 2021, and secondary legislation (including standards) made under any of those acts.

Te aromatawai me te whakapūrongo mō ā mātou mahi

Assessing and reporting our performance

We regularly review the way we assess our performance, to ensure we focus on measuring the impacts we want to have and to clearly articulate to our stakeholders how well we are performing against our desired outcomes.

This SPE should be read together with our Statement of Intent to gain a full picture of how we assess and report on our performance.

Assessment

Most of our performance measures will be assessed against a three-tier rating system:

Achieved	Mostly Achieved	Not Achieved
Where our performance meets the target (or better)	Where our performance does not meet the target but is within our tolerance threshold	Where our performance does not meet the target and is outside our tolerance threshold

However, our performance measures will be assessed as only Achieved or Not Achieved where there is no tolerance for Mostly Achieved.

Reporting

We report against the performance measures in this SPE in the Statement of Performance contained in our audited financial statements, published in our Annual Report. We report more broadly on our performance in the front section of our Annual Report, including the outcomes of our work in delivering against Government priorities outlined in our Letter of Expectations from the Minister of Finance, e.g. how we have had regard to efficiency and competition in our regulatory work.

Performance measures and our output classes

Our performance measures have been designed to measure our performance against all our functions. The measures are grouped into four Output classes that tie back to our legislated objectives and functions and allow for year-on-year comparison of our forecast revenue and expenditure for a financial year against our actual revenue and expenditure.

In linking our Output classes with our legislated objectives, we have articulated the impacts we seek to have on New Zealand's financial system and in promoting the prosperity and wellbeing of New Zealanders. See the table on the next page.

Many of our performance measures contribute to more than one statutory objective. For the purposes of this SPE we have grouped the measures and output classes to the objective and impact to which they most strongly align.

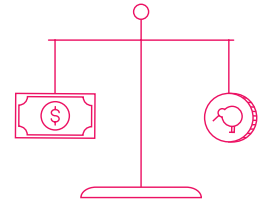
Because our SPE is a public document, some service performance information and targets are described in general terms, so we maintain the necessary confidentiality for consistent market functioning.

Objective

Output class

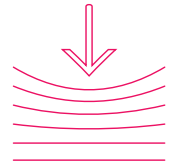
The economic objective of achieving and maintaining stability in the general level of prices over the medium term

Monetary policy formulation and implementation



The financial stability objective of protecting and promoting the stability of New Zealand's financial system

Financial stability and prudential regulation and supervision



Otherwise acting as New Zealand's central bank in a way that furthers the purposes of the Act

Central bank functions



Contribute towards protecting and promoting financial stability

Depositor Compensation Scheme



Impact

The Monetary Policy Committee (MPC) is well supported to make decisions that achieve price stability

MPC decisions about monetary policy are effectively communicated and implemented

The Financial Policy Committee (FPC) is well supported to make decisions that achieve financial stability

Stakeholders are informed of relevant risks to financial stability

Regulatory framework enhances the resilience of financial system

Regulated entities build their capacity to manage risks

Regulated entities are motivated to comply with and meet our requirements

Disruption and costs of failure to the financial system are minimised

New Zealanders trust the Reserve Bank

New Zealand's payments and settlements infrastructure meets the needs of New Zealanders

New Zealand's money and cash system meets the needs of New Zealanders

Monetary policy implementation and financial stability support the New Zealand economy and a resilient financial system

Disruption and costs of failure to the financial system are minimised

Performance measures

1.1 Research for MPC

1.2 MPC functional support

1.3 Communication of MPC decisions

1.4 Implementation of MPC decisions

2.1 Advice for FPC

2.2 FPC functional support

2.3 Communication of Financial Stability Report messages

2.4 Quality of policy proposals

2.5 Implementation of prudential policy

2.6 Regulated entities adopt recommendations

2.7 Engagement with regulated entities

2.8 Enforcement actions

2.9 Resolution framework

3.1 Public understanding and trust

3.2 Financial transactions happen in real time

3.3 Exchange Settlement Account System and NZClear resilience

3.4 Liquidity supports settlements

3.5 Cash system monitoring

3.6 Quality of policy proposals

3.7 Management of foreign reserves

4.1 Depositor Compensation Scheme readiness

Ngā panonitanga i tēnei Tauākī Tūmanakohanga Whakatutuki

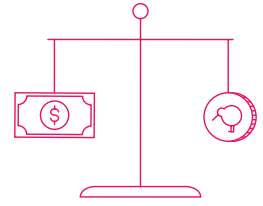
Changes in this SPE

Most of the performance measures in this SPE have been carried over from the SPE for the previous financial year.

For financial year 2026/27, we have introduced:

- a new impact statement and new performance measures 2.1 and 2.2 for the support we provide to the Financial Policy Committee (FPC);
- a new performance measure for our implementation of prudential policy;
- a new target, method and tolerance level for our work to detect counterfeits in circulation, within performance measure 3.5 'We monitor and maintain an efficient, resilient and sustainable cash system'; and
- a new performance measure for Money and Cash on the quality of policy proposals.

The Appendix outlines the changes to our performance measures relative to the SPE for 2025/26 and the SPE for 2024/25.

Output Class 1 | Momo Huaputa 1**Te tārei kaupapa here moni
me te whakatinanatanga****Monetary policy formulation
and implementation****Economic objective**

Our economic objective is achieving and maintaining stability in the general level of prices over the medium term.

The Monetary Policy Committee (MPC)

The MPC is a statutory committee responsible for formulating monetary policy in New Zealand. The Minister of Finance appoints MPC members, based on recommendations from the Board. Under the Act, the Board is required to assess whether the MPC and its members have adequately discharged their responsibilities during the financial year. We publish a statement about this every year at the front of our Annual Report. The Board is accountable to the Minister in performing its duties.

We support the MPC's independent decision-making by providing research, analysis, and advice, and by implementing the MPC's decisions through our communication channels and our market operations.

Support provided to MPC

We support the MPC to make the best possible decisions for New Zealand, to achieve our inflation target over the medium term, as set out in the MPC Remit.

We support the MPC to follow the MPC Charter, which outlines how its members must make decisions. This includes ensuring members have access to appropriate decision-making material, including research on, and analyses of, economic developments, academic papers and minutes from relevant internal meetings.

We provide research, analysis and advice for the MPC to consider when formulating monetary policy. Our research, analysis and advice cover all matters relevant to the goals of monetary policy and its interaction with the stability of the financial system.

We ensure our people, processes and technology are set up to support the decision-making processes and functioning of the MPC. The Board is also supported in its annual assessment of the MPC.

The tolerance for Mostly Achieved indicates that we set a high bar for our performance in the delivery of research and advice to MPC members, even when the target has not been met.

For our functional support, we have built in a tolerance for Mostly Achieved that affords a slight allowance for when assessment activities are not fully completed for reasons beyond our control.

The **Impact** we want to achieve is that the MPC is well supported to make decisions that achieve price stability.

SPE 1.1 The research we provide to the MPC supports members in making informed decisions

Target	2024/25 assessment	2023/24 assessment
Achieved: Responses for all members do not drop below 100 percent 'Agree' or 'Strongly agree' for more than two consecutive quarters	Achieved We provided the MPC with high quality research, forecasts and analysis	Achieved We provided the MPC with high quality research, forecasts and analysis
Method: Survey of all MPC members after each MPC meeting of five quality criteria related to whether the material, research, and advice received on current economic conditions and the outlook were sufficient for MPC members to make an informed policy decision.		
Tolerance for Mostly Achieved: Responses for all members do not drop below 100 percent 'Agree' or 'Strongly agree' for more than two consecutive quarters for four of five existing quality criteria.		

SPE 1.2 The functional support we provide to the MPC and the Board assists MPC and Board members to comply with their procedural responsibilities

Target	2024/25 assessment	2023/24 assessment
Achieved: 100 percent of the MPC assessment activities during the financial year have been completed	Achieved	Achieved
Method: Verify that the MPC assessment activities in the MPC Assessment Framework have been completed.		
Tolerance for Mostly Achieved: 95-99 percent of the MPC assessment activities during the financial year have been completed.		

Communication and implementation of MPC decisions

We communicate the MPC's decisions, considerations and strategy by publishing and publicising Monetary Policy Statements (MPS). We supplement each MPS with a range of other communications and outreach, including interviews, speeches and other engagements with media, the public and other stakeholders.

The MPS set out the MPC's reasoning for the current policy decision in terms of the MPC's published strategy. It is essential that MPC decisions are communicated properly so that they are well understood and help influence inflation expectations. We assess the effectiveness of our communications and outreach effort after the release of every MPC decision.

We implement the MPC's monetary policy decisions by undertaking financial market activities. Should the MPC require, we also have access to a range of additional monetary policy tools to provide sufficient stimulus to the economy if needed, such as forward guidance, term lending programmes, and large-scale asset purchase programmes.

For the communication of MPC decisions, the target for achieving this performance measure is more specific than for the previous financial year. A result within the tolerance for Mostly Achieved is regarded as effective performance. For implementation of monetary policy decisions, there is no tolerance for a rating of Mostly Achieved.

The **Impact** we want to achieve is that MPC decisions about monetary policy are effectively communicated and implemented.

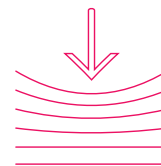
SPE 1.3 Monetary policy decisions are effectively communicated

Target	2024/25 assessment	2023/24 assessment
Achieved: Accurate external pickup of 70 percent or more of pre-identified key messages	Achieved	Achieved ²
Method: Internal qualitative, evidence-based assessment drawing on the large number of data sources evidenced in the Post Communications and Engagement Report of whether pre-identified key messages have been accurately picked up externally.		
Tolerance for Mostly Achieved: Accurate external pickup of 60 percent or more but less than 70 percent of pre-identified key messages.		

SPE 1.4 Monetary policy decisions are effectively implemented

Target	2024/25 assessment	2023/24 assessment
Achieved: Specific short-term market interest rates are within Board approved tolerance ranges	Achieved	Achieved
Method: Tracking of the following short-term market interest rates: <ul style="list-style-type: none"> • in the overnight secured and unsecured interbank cash markets; and • implied from NZD foreign exchange swap market, with a focus on the tomorrow/next tenor. 		
Tolerance for Mostly Achieved: None.		

2 In 2023/24, SPE 3, that "[w]e are transparent and effective in our communications on monetary policy to media, the public, government and market participants", was assessed as Achieved.

Output Class 2 | Momo Huaputa 2

Te tūtika ahumoni, me te whakarite, te arotake hoki i runga i te mātau

Financial stability and prudential regulation and supervision

Financial stability objective

The financial stability objective is to protect and promote the stability of New Zealand's financial system. A stable financial system is one where resilient financial markets, institutions and infrastructures enable a productive and sustainable economy, and ultimately prosperity and wellbeing for New Zealanders. This means ensuring that the financial system remains functional and supports the economy and society, even in a crisis.

We license and supervise regulated entities – banks, insurers, non-bank deposit takers (NBDTs), and financial market infrastructures (FMIs) – and take appropriate action when needed in line with our approach to regulation, supervision, enforcement and resolution as set out in our Statement of Prudential Policy.³

The Financial Policy Committee (FPC)

The FPC is a committee of the Board, established under the Act. The Board appoints the members of the FPC, including the external members.

The FPC assists the Board in carrying out its duties and has delegated authority from the Board to make key decisions related to financial stability, including:

- the issuance and review of standards under the prudential legislation;
- the macro-prudential policy framework and decisions to implement, remove or change the calibration of macro-prudential tools (e.g., Debt-to-Income and Loan-to-Value ratios for commercial bank lending);
- advice to the Minister of Finance on legislative reform, regulation or other regulatory activity; and
- approval of Financial Stability Reports.

The FPC also has advisory, and oversight functions, including in relation to the setting of prudential strategic intentions in the Statement of Intent, and the RBNZ's ongoing work to achieve the financial stability objective.

Operational matters such as dealing with supervisory, enforcement, or resolution issues concerning a particular regulated entity are not within the FPC's mandate.

The FPC was established with effect from 1 January 2026 and held its first meeting in February 2026. The FPC meets a minimum of five times a year.

Support provided to FPC

We support the FPC to make the best possible decisions for New Zealand, to achieve the financial stability objective, having regard to the Financial Policy Remit issued by the Minister of Finance.⁴

We provide monitoring information, and policy advice and analysis for the FPC to consider when fulfilling its decision-making, advisory and oversight functions.

³ Our Statement of Prudential Policy – Reserve Bank of New Zealand – Te Pūtea Matua

⁴ Our Financial Policy Remit – Reserve Bank of New Zealand – Te Pūtea Matua

We ensure our people, processes and technology are set up to support the decision-making processes and functioning of the FPC.

We support the FPC to act consistently with the FPC Charter, which outlines how its members must make decisions, the responsibilities of its members, transparency and accountability measures, and communication and conflict of interest protocols. We also support the FPC to review its performance under the Board's oversight.

For our functional support, we have built in a tolerance for Mostly Achieved that affords a slight allowance for when assessment activities are not fully completed for reasons beyond our control.

The **Impact** we want to achieve is that the FPC is well supported to make decisions that achieve financial stability.

SPE 2.1 The information, policy advice and analysis we provide to the FPC supports members in making informed decisions

Target	2024/25 assessment	2023/24 assessment
Achieved: Responses for all members do not drop below 100 percent 'Agree' or 'Strongly agree' for more than two consecutive quarters	N/A	N/A
Method: Survey of all FPC members after each FPC meeting of how well the meeting papers supported their understanding and decision making, based on five quality criteria related to the quality of the policy advice, including whether stakeholder perspectives were appropriately considered, and whether the FPC members had the information, advice and analysis needed to have regard to the matters specified in the Financial Policy Remit, when relevant.		
Tolerance for Mostly Achieved: Responses for all members do not drop below 100 percent 'Agree' or 'Strongly agree' for more than two consecutive quarters for four of five existing quality criteria.		

SPE 2.2 The functional support we provide to the FPC and the Board assists FPC and Board members to comply with their responsibilities

Target	2024/25 assessment	2023/24 assessment
Achieved: <ul style="list-style-type: none"> Responses for all members do not drop below 100 percent 'Agree' or 'Strongly agree' for more than two consecutive quarters; and 100 percent of FPC members complete their twice-yearly checklists 	N/A	N/A
Method: <ul style="list-style-type: none"> Survey of all FPC members after each FPC meeting of three quality criteria related to the administrative aspects and logistical support for their meetings. Verify that twice-yearly FPC member checklists have been completed, confirming that FPC members are meeting their obligations and adhering to expected standards of behaviour, including confidentiality, conflicts of interest, the FPC Charter, attendance and participation. 		
Tolerance for Mostly Achieved: <ul style="list-style-type: none"> Response for all members do not drop below 100 percent 'Agree' or 'Strongly agree' for more than two consecutive quarters for two of three existing quality criteria; and 95-99 percent of FPC member checklists have been completed during the financial year. 		

System Risk monitoring

We continually monitor New Zealand’s financial system. We collect and analyse information, and publish research, statistics and other information about the financial system, including in our twice-yearly Financial Stability Reports.

We undertake system-wide or sector-wide thematic reviews to better understand financial stability risks and issues and conduct stress tests to assess whether entities and the system can withstand severe but plausible shocks. We publish our high-level findings and provide feedback and recommendations to entities.

Our goal is to improve the knowledge and understanding of regulated entities and our other stakeholders, including the public as appropriate, about existing and emerging risks to the financial system. We actively seek to reach a wide audience with our research.

The target for communicating key messages in our Financial Stability Reports is set at a high level. A result within the tolerance for Mostly Achieved would be a positive result.

The **Impact** we want to make is for stakeholders to be informed of relevant risks to financial stability.

SPE 2.3 Key messages from Financial Stability Reports reach intended audiences

Target	2024/25 assessment	2023/24 assessment
Achieved: Accurate external pickup of 70 percent or more of pre-identified key messages	N/A ⁵	N/A ⁶
Method: Internal, qualitative, evidence-based assessment drawing on the large number of data sources evidenced in the Post Communications and Engagement Report of whether pre-identified key messages have been accurately picked up externally.		
Tolerance for Mostly Achieved: Accurate external pickup of 50 percent or more but less than 70 percent of pre-identified key messages.		

Policy

We develop regulatory policy and implement standards or other requirements, and set expectations for, our regulated entities, to address financial stability risks. Our regulatory approach is set out in our Statement of Prudential Policy.

We have set a high target for the quality of our policy proposals. Accordingly, a result within the tolerance range for Mostly Achieved would indicate that our policy proposals are of good quality, albeit with some room to improve.

We have introduced a new performance measure 2.5 for FY2026/27 assessing our implementation of prudential policy. The target for this measure, and the tolerance threshold for Mostly Achieved, have been set based on the desirability of regulatory certainty for our population of regulated entities, while also accepting that timetables can change for a variety of legitimate reasons, in which case clear communication of those changes is needed.

The **Impact** we want to achieve is that our regulatory framework enhances the resilience of the financial system.

⁵ In 2024/25, SPE 3.1 ‘Key messages from Financial Stability Reports, Special Topic Publications, thematic reviews and stress tests reach intended audiences’, was assessed as Achieved based on a qualitative assessment that media accurately conveyed key messages.

⁶ In 2023/24, SPE 7 ‘We identify, monitor and assess opportunities risks and gaps related to our financial stability objective and promote public awareness and understanding of these opportunities, risks and gaps and our responses’, was assessed as Achieved based on our internal qualitative assessment.

SPE 2.4 Policy proposals are of high quality

Target	2024/25 assessment	2023/24 assessment
Achieved: Average score of assessed papers is 3.5 or more	Achieved ⁷	N/A ⁸
Method: Assessment by a combined External and Internal panel using Department of Prime Minister and Cabinet Policy Project quality metrics and scoring system. Papers are assessed on a scale of 1 (lowest) and 5 (highest).		
Tolerance for Mostly Achieved: Average score of assessed papers is between 3.0 or more, but less than 3.5.		

SPE 2.5 Prudential policy decisions are effectively implemented

Target	2024/25 assessment	2023/24 assessment
Achieved: Standards under prudential legislation come into effect in the financial year, or remain on track to come into effect in subsequent financial years, within published timeframes	N/A	N/A
Method: Internal evidence-based assessment drawing on published timeframes as at 1 July 2026.		
Tolerance for Mostly Achieved: Timeframes are not met for documented reasons, and new timeframes published.		

Supervision

We carry out the licensing and prudential supervision of our regulated banks, insurers and FMIs. We also regulate and license NBDTs: credit unions, building societies and finance companies. We work with trustee companies that supervise NBDTs' compliance with their trust deeds.

Supervision involves monitoring and assessing compliance with our requirements and risks to individual entities and contributing insights to our system-wide assessments.

From July 2026 the Department of Internal Affairs has been responsible for supervising all reporting entities under the Anti-Money-Laundering and Countering the Financing of Terrorism (AML/CFT) Act 2009, and we ceased to be the AML/CFT supervisor for banks, NBDTs and life insurers.

We make recommendations to regulated entities based on our risk monitoring work (thematic reviews and stress tests). The target for the adoption of our recommendations by regulated entities is set at a high level. Our tolerance for Mostly Achieved indicates a good level of response from regulated entities. The target and the tolerance threshold were based on the outcomes of a pilot exercise looking at how findings from our Governance thematic review in 2022/23 were being addressed by participating entities.

The **Impact** we want to make is for regulated entities to be informed of relevant risks to financial stability and for them to build their capability to manage these risks.

⁷ In 2024/25, SPE 4.1 'Prudential policy proposals are of high quality' was assessed as Achieved based on internal quality criteria, internal governance guidance and the Regulatory Impact Assessment framework. During 2024/25 we engaged an external plain language consultancy to establish a baseline for external quality assessment of our prudential policy proposals that formed the basis for the target, method and tolerance for Mostly Achieved for SPE 2.3 in 2025/26.

⁸ In 2023/24 our SPE did not include targets for assessing the quality of prudential policy proposals. We note that SPE 2.3 overlaps to some extent with the former SPE 9 'We develop, adapt and implement prudential regulatory tools, taking action when appropriate to address identified opportunities, risks and gaps'. SPE 9 was assessed as Achieved in 2023/24.

SPE 2.6 Regulated entities adopt recommendations to improve risk management practices in response to our risk monitoring work

Target	2024/25 assessment	2023/24 assessment
<p>Achieved:</p> <ul style="list-style-type: none"> 100 percent of action plans are provided within agreed timeframes; and 80 percent or more of action plan items are completed within agreed timeframes 	Achieved ⁹	N/A
<p>Method: Post-implementation documented internal reviews of key projects (i.e. thematic reviews; and stress testing).</p>		
<p>Tolerance for Mostly Achieved: At least 80 percent of action plan items are provided within agreed timeframes, and at least 65 percent of action plan items are completed within agreed timeframes.</p>		

Prudential relationships with stakeholders

We attach significant value to successfully engaging with our financial system stakeholders. Accordingly, we work throughout each year to maintain positive and productive relationships.

We assess our effectiveness in engaging with regulated entities using the Relationship Charter Survey. We aim for a high level of results in this survey. When setting these targets, we have made the distinction between the tenor of overall relationships, and relationships involving prudential policy development where there are more likely to be differences of opinion between ourselves and regulated entities.

The **Impact** we want our supervision activities to have is for regulated entities to be motivated to comply with and meet our requirements.

SPE 2.7 We successfully engage with regulated entities

Target	2024/25 assessment	2023/24 assessment
<p>Achieved: 75 percent or more of regulated entity survey respondents rate RBNZ's overall engagement as 4/5 or 5/5; and</p>	Achieved 97 percent	Achieved 88 percent
<p>Achieved: 70 percent or more of regulated entity survey respondents rate our prudential policy process and engagement as 4/5 or 5/5</p>	Achieved 78 percent	N/A 67 percent ¹⁰
<p>Method: Annual relationship charter survey of regulated entities.</p>		
<p>Tolerance for Mostly Achieved:</p> <ul style="list-style-type: none"> Engagement overall: 65-74 percent of respondents rate engagement as 4/5 or 5/5; and Engagement on prudential policy: 65-69 percent of respondents rate engagement as 4/5 or 5/5. 		

⁹ In 2024/25, SPE 3.3 'Regulated entities adopt recommendations to improve risk management practices in response to our risk monitoring work', was assessed as Achieved based on the provision and completion of follow-up plans and other evidence of entities considering and adopting key recommendations within a reasonable timeframe.

¹⁰ In 2023/24, SPE 4.2 did not include a target for prudential policy process and engagement, so we have not rated this Achieved or Not Achieved for the 2023/24 assessment. However, the Relationship Charter survey for 2023/24 collected this data and it has been included in the table for comparative purposes.

Enforcement

Where serious non-compliance is identified, we can investigate and take enforcement action where appropriate. The spectrum of available regulatory responses, including potential enforcement action, provides a credible deterrent, promotes broader compliance, and has a positive effect on industry behavior.

The **Impact** we want our enforcement activities to have is for regulated entities to be motivated to comply with and meet our requirements and for the public to have confidence that our published enforcement framework is being applied.

There should be no distance between our activity and the published enforcement framework. Accordingly, there is no tolerance for Mostly Achieved for this measure.

SPE 2.8 Enforcement actions are risk-based, proportionate, and transparent

Target	2024/25 assessment	2023/24 assessment
Achieved: RBNZ's published enforcement framework is applied to 100 percent of matters formally referred to RBNZ's enforcement function	Achieved	Achieved ¹¹
Method: Documented assessment of enforcement action decision-making.		
Tolerance for Mostly Achieved: None.		

Resolution

We want New Zealand's financial system to have few failures, but we do not run a zero-failure regime. When firms do fail, we will use our regulatory tools so that this happens in a controlled and managed fashion and to avoid significant damage to the financial system that could flow from that failure. Our approach is set out in our Statement of Prudential Policy.

We implement appropriate policies and procedures which deal with the recovery and resolution of distressed entities. We maintain an appropriate level of readiness to respond to distress and failure, and we ensure that entities are prepositioned in line with our regulatory requirements.

We test our processes and procedures on a regular basis and we aim to meet testing deadlines. Our tolerance for Mostly Achieved reflects that our preparedness, and our alignment with our multi-year testing programme, should remain at a high level even if specific deadlines are missed.

The **Impact** we want to achieve is that disruption and costs of failure to the financial system are minimised.

SPE 2.9 We have an operational resolution framework

Target	2024/25 assessment	2023/24 assessment
Achieved: Regulated entities can be resolved under our current and future resolution framework	Achieved ¹²	N/A
Method:		
<ul style="list-style-type: none"> External testing of deposit takers resolution readiness. Development of operational capability to implement our Deposit Takers Act 2023 resolution framework. 		
Tolerance for Mostly Achieved: Remediation plans are in place, or new tools or plans are being developed, to address gaps in external or internal resolution plans identified by testing.		

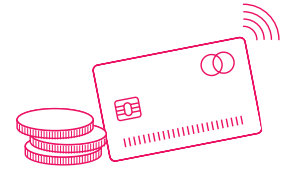
¹¹ In 2023/24, SPE 8 'We supervise regulated entities, investigate instances of conduct that (may or are likely to) constitute contraventions of sectoral legislation, policy and standards; and take appropriate action, including enforcement action' was assessed as Achieved based on our conclusion that where suspected serious non-compliance was identified by regulated entities, referrals were made to and investigated by the Enforcement team, and enforcement action was taken where appropriate, in accordance with our published Enforcement Framework.

¹² In 2024/25, SPE 5.5 'Our resolution framework is comprehensive' was assessed as Achieved based on testing of our internal and external preparedness, our resolution framework meeting incoming legislative requirements, and our resolution framework having regard to international experience.

Output Class 3 | Momo Huaputa 3

Ngā mahi pēke matua

Central banking



Central bank objective

The central bank objective requires us to act as New Zealand’s central bank in a way that furthers the purposes of the Act.

Engagement with the public and other stakeholders

We engage widely with a diverse range of stakeholders – from financial institutions and markets to the media, academics, the public and other regulatory agencies and fora within New Zealand and overseas. We publish statistics and a wide range of publications.

We work closely with CoFR to support effective and responsive regulation of New Zealand’s financial system. CoFR facilitates co-operation and co-ordination between us, the Treasury, the Ministry of Business, Innovation and Employment, the Financial Markets Authority, and the Commerce Commission.

We regularly appear before Parliament’s Finance and Expenditure Committee (FEC), to answer the FEC’s questions about financial stability, monetary policy, and our overall performance.

Increasing public understanding of our work is a precursor to improving New Zealanders’ level of trust in us. Baseline research in October 2024 established that 38 percent of New Zealanders surveyed had a “good understanding” of RBNZ. Our aim is that in 2030, 50 percent of New Zealanders will have a good understanding of our work (4 or 5 on a rating scale of 1-5). The 2024 baseline research also benchmarked trust levels for RBNZ and similar agencies including the Treasury, MBIE and Commerce Commission. We will continue to benchmark our performance on trust.

The tolerance for Mostly Achieved reflects both the multi-year nature and significance of this target. For trust, our tolerance for Mostly Achieved would indicate that we are in the leading group of agencies.

The **Impact** we want to achieve is that New Zealanders trust the RBNZ.

SPE 3.1 We work to increase public understanding and trust

Target	2024/25 assessment	2023/24 assessment
<p>Achieved:</p> <ul style="list-style-type: none"> • More New Zealanders have a good understanding of our work than in the previous year; and • The public’s level of trust in RBNZ matches or exceeds the benchmarking of 3 or more similar public sector agencies 	Not Achieved ¹³	N/A
<p>Method: Agency TRA will conduct yearly qualitative research to track understanding.</p>		
<p>Tolerance for Mostly Achieved:</p> <ul style="list-style-type: none"> • More New Zealanders have a good understanding of our work than in the previous year; and • the public’s level of trust in RBNZ matches or exceeds the benchmarking of two similar public sector agencies. 		

¹³ In 2024/25, SPE 6.2 ‘New Zealanders understand what we do and why we do it’ was assessed as Not Achieved based on Verian’s Public Sector Index, and the RBNZ’s reputation scores falling below benchmarked agency scores by a small margin.

Payments, settlements and system liquidity

We operate the ESAS and NZClear systems. These are used by major financial institutions to settle payments between each other. All New Zealand dollar transactions ultimately settle in ESAS.

Our payment and settlement systems and our domestic market facilities support market functioning, financial stability and the economy. A safe, efficient and resilient payment system that enables day-to-day financial transactions is critical to New Zealanders and to the smooth functioning of the economy.

NZClear is a system that provides the financial markets with settlement services for high-value transactions involving debt securities and equities. We closely monitor both systems, and test them regularly to ensure they are robust, resilient and work all the time.

We provide domestic market facilities to financial institutions to manage liquidity in the banking system, supporting market functioning and financial stability.

For system availability and system resilience, our tolerance for Mostly Achieved is very small, and reflects the essential nature of the service we provide to New Zealanders. Because liquidity must remain sufficient at all times, there is no tolerance for Mostly Achieved.

The **Impact** we want to achieve is for New Zealand's payment and settlements infrastructure to meet the needs of New Zealanders.

SPE 3.2 Financial transactions happen in real time

Target	2024/25 assessment	2023/24 assessment	2022/23 assessment
Achieved: <ul style="list-style-type: none"> ESAS systems availability on an annual basis is at or above 99.90 percent; and NZClear systems availability on an annual basis is at or above 99.90 percent 	Achieved <ul style="list-style-type: none"> 100 percent 100 percent 	Achieved <ul style="list-style-type: none"> 99.99 percent 99.99 percent 	Achieved <ul style="list-style-type: none"> 100 percent 99.91 percent

Method: ESAS and NZClear system monitoring.

Tolerance for Mostly Achieved:

- ESAS systems availability on an annual basis is at 99.01-99.89 percent.
- NZClear systems availability on an annual basis is at 99.01-99.89 percent.

SPE 3.3 ESAS and NZClear systems operate in a highly resilient mode

Target	2024/25 assessment	2023/24 assessment
<p>Achieved:</p> <ul style="list-style-type: none"> Site swaps confirm the ongoing ability to switch sites within a two-hour timeframe; and Audit and compliance results are positive in confirming key controls that mitigate payment systems are operating effectively; and ESAS and NZClear are not subject to any external compromises 	Achieved ¹⁴	N/A

Method: Regular testing of ESAS and NZClear.

Tolerance for Mostly Achieved: One or more of the targets was not fully met, but the underlying risk is assessed as low and not materially impacting on operations.

SPE 3.4 Sufficient liquidity is available to support settlements within payment systems

Target	2024/25 assessment	2023/24 assessment
<p>Achieved: Settlement cash is maintained above a board approved minimum level (confidential)</p>	Achieved ¹⁵	Achieved ¹⁶

Method: Monitoring of settlement cash levels.

Tolerance for Mostly Achieved: None.

Maintaining the integrity of the cash system

Reliable and efficient money, cash and payment systems are essential to protect and promote a financial system that works for all. We ensure that the supply and integrity of our currency and physical cash, along with the system that moves and stores it, meets the needs of the public. This includes designing, printing, issuing and distributing cash, exercising sound stewardship of the New Zealand money and cash system, exploring how to secure the role of central bank money in the face of a changing cash system, and modernising New Zealand's payment system so it is fit-for-purpose.

We have introduced new performance measures that allow us to show the impact of our work in maintaining the integrity of the cash system. In doing so, we have focused on targets that measure how we are monitoring and maintaining a reliable and efficient cash system, the quality of our policy advice, and our engagement with deposit takers.

The **Impact** we want to achieve is that New Zealand's money and cash system meets the needs of New Zealanders.

¹⁴ In 2024/25, SPE 7.2 'ESAS and NZClear demonstrate strong resilience against disruptions' was assessed as Achieved based on compliance with the 2-hour recovery time criteria specified in standards under the Financial Market Infrastructures Act 2021.

¹⁵ In 2024/25, SPE 7.3 'Sufficient liquidity to support settlements within payment systems. Facilities are available to manage the level of settlement cash on a day-to-day and extraordinary basis' was assessed as Achieved based on each of settlement cash and settlement cash volatility being within the Board's tolerance range.

¹⁶ In 2023/24, SPE 6 'We monitor and manage the level of banking system cash to be within target ranges to facilitate the settlement of day-to-day financial transactions and provide emergency liquidity assistance in extraordinary circumstances' was assessed as Achieved based on the settlement cash level (SCL) and its volatility, and the low usage of backstop facilities such as the Overnight Reverse Repurchase Facility.

SPE 3.5 We monitor and maintain an efficient, resilient and sustainable cash system

Target	2024/25 assessment	2023/24 assessment
<p>Achieved:</p> <ul style="list-style-type: none"> Banknote and coin orders are fulfilled within predetermined timeframes (confidential) Retailers feel supported to identify counterfeit banknotes and coins by the emails they receive from the Reserve Bank and/or the identification tools published on the Reserve Bank's website (4 or 5 on a rating scale of 1-5) 	Achieved ¹⁷	Achieved ¹⁸
<p>Method:</p> <ul style="list-style-type: none"> Monitoring banknote order processing times. Median score of responses to an annual survey of retailers by an external research specialist. Respondents are asked to rate how supported they feel to identify counterfeit banknote and coins on a scale of 1 (strongly disagree), 2 (disagree), 3 (neutral), 4 (agree), and 5 (strongly agree). 		
<p>Tolerance for Mostly Achieved:</p> <ul style="list-style-type: none"> 95-99 percent of banknote and coin orders are fulfilled within predetermined timeframes (confidential). Median score of responses is 3 out of 5. 		

SPE 3.6 Policy proposals are of high quality

Target	2024/25 assessment	2023/24 assessment
<p>Achieved: Average score of assessed papers is 3.5 or more</p>	N/A	N/A
<p>Method: Assessment by a combined External and Internal panel using Department of Prime Minister and Cabinet Policy Project quality metrics and scoring system. Papers are assessed on a scale of 1 (lowest) and 5 (highest).</p>		
<p>Tolerance for Mostly Achieved: Average score of assessed papers is between 3.0 or more, but less than 3.5.</p>		

¹⁷ In 2024/25, SPE 8.1 'We monitor and maintain an efficient, resilient and sustainable cash system' was assessed as Achieved based on timeframes for fulfilling banknote orders, the rate of detected counterfeits in circulation, and the internal evaluation of the design, establishment and conduct of cash trials.

¹⁸ In 2023/24, SPE 11 'We monitor and maintain an efficient, resilient and sustainable cash system that meets the public's needs' was assessed as Achieved based on timeframes for fulfilling banknote orders, the rate of detected counterfeits in circulation, and the internal evaluation of our policy work programme.

Management of foreign reserves to support statutory objectives

We hold and manage foreign reserves to be able to intervene in the New Zealand dollar (NZD) market for financial stability or monetary policy reasons. Foreign reserves are safe and liquid assets held in currencies such as United States dollars, Euros, and Australian dollars.

The Foreign Reserves Management and Coordination Framework is an agreement between our Board and the Minister of Finance. The Framework sets expectations for the management and use of foreign reserves in New Zealand. The Framework sets a level of foreign reserves that we need to hold to meet our monetary policy and financial stability objectives.

New Zealand's foreign reserves must remain at the levels needed to maintain our ability to intervene in financial markets when necessary. Therefore, we have not assigned a tolerance for Mostly Achieved to this measure.

The **Impact** we want to achieve is that monetary policy implementation and financial stability support the New Zealand economy and a resilient financial system.

SPE 3.7 Foreign reserves and foreign intervention capacity are maintained within mandated limits

Target	2024/25 assessment	2023/24 assessment
<p>Achieved:</p> <ul style="list-style-type: none"> Foreign reserves are within limits specified by the Minister of Finance; and Foreign intervention capacity does not breach specified limits 	Achieved	Achieved ¹⁹
Method: Tracking of foreign reserves levels and foreign intervention capacity.		
Tolerance for Mostly Achieved: None.		

¹⁹ In 2023/24, SPE 5 'Our foreign reserves are managed effectively within the range set by the Minister of Finance to support economic objectives and to ensure markets operate in an orderly fashion' was assessed as Achieved based on foreign reserves being within limits specified by the Minister, the Foreign Currency Liquidity metric not breaching specified limits, and daily risk report updates on breaches of any risk limits.

Output Class 4 | Momo Huaputa 4



Te Whakahaere me te Kawe i te DCS

Management and Administration of the DCS

The DCS contributes to the resilience of New Zealand's financial system by supporting resolution measures aimed at minimising the impact of a deposit taker's failure. The DCS is funded by levies collected from deposit takers, including banks, credit unions, and building societies. We manage and administer the DCS.

Our role as manager and administrator requires us to undertake activities set out in the Deposit Takers Act 2023. We work closely with the Treasury to meet the requirements set out in the Statement of Funding Approach. This is a document that the Minister of Finance publishes at least every five years, which outlines the estimated costs of the DCS and details the funding strategy for those costs for the five-year period. We work to enhance DCS payout processes and undertake ongoing system testing to ensure preparedness should a DCS payout be required.

The DCS came into force on 1 July 2025. The measure in this SPE reflects a performance goal for the initial establishment and operational phase. Performance measures will be evolved out to FY2028/29, as the scheme is further operationalised in accordance with requirements in the Deposit Takers Act 2023.

We expect ongoing testing to reveal opportunities for refinement. Our tolerance for Mostly Achieved reflects our expectation that issues revealed by testing would be non-substantive and could be mitigated in the medium-term, and would not prevent us from performing a payout, a key functional capability.

The **Impact** we want to achieve is that disruption and costs of failure to the financial system are minimised.

SPE 4.1 Processes, resources and systems for handling a payment and resolution support are ready to deploy

Target	2024/25 assessment	2023/24 assessment
Achieved: Testing indicates that capability and processes are viable and a DCS payment could be enacted.	N/A	N/A
Method: Regular testing of operational readiness, including capability and resources required to enact a DCS payment.		
Tolerance for Mostly Achieved: Issues revealed during testing require mitigation in the medium-term but are low risk to key functional capabilities.		

Ngā tauākī pūtea matapae

Forecast financial statements

Table 1. Forecast statement of comprehensive revenue and expense – RBNZ

For the year ended 30 June 2027	2027 Forecast \$M
Operating revenue	
Net investment income	521
Other revenue	31
Total operating revenue	552
Operating expenses	
Staff expenses	120
Asset management expenses	17
Other operating expenses	82
Total operating expenses	219
Operating surplus	333
Total operating expenses split by funding type	
Five Year Funding Agreement operating expenditure	145
Excluded expenditure*	74
Total operating expenses	219

* Expenses incurred by the RBNZ which are excluded from the funding agreement include:

- (a) Expenditure described in section 209(5)(b)(i) to (vii) of the Reserve Bank of New Zealand Act 2021; and
- (b) The following expenditure agreed by the Minister of Finance and the Bank to be exempt expenditure under section 209(5) (viii) of the Act:
 - (i) Expenses, costs or losses arising from the Reserve Bank Staff Superannuation and Provident Fund;
 - (ii) Expenses, costs or losses arising from litigation;
 - (iii) Expenses, costs or losses relating to property management;
 - (iv) Security custodian expenses;
 - (v) Bank and broking fees;
 - (vi) Expenses, costs or losses associated with the provision of ESAS and NZClear services;
 - (vii) Costs and expenses directly associated with the production, management and removal of currency, including that incurred by the Bank in performing or exercising its functions or powers under sections 149 to 151 of the Act, up to a maximum of \$65 million over the Agreement Term;
 - (viii) Costs and expenses incurred by the Bank to prepare detailed business cases and subsequent costs and expenses for the following capital projects; 2 The Terrace refurbishment or replacement, new cash vaulting infrastructure, and Central Bank Digital Currency;
 - (ix) Costs and expenses incurred by the Bank in response to a failure of the cash distribution system that results in the Bank's direct involvement in the transport or distribution of cash; and
 - (x) Costs and expenses incurred by the Bank in respect of the Deposit Takers Act 2023 implementation project delivery, in accordance with the Board approved business case, and up to a maximum of \$15 million in the period 1 July 2025 to 30 June 2028.

Costs and expenses incurred by the Bank referred to in sections 199 and 230 of the Deposit Takers Act 2023 are included in tables 3 and 4 on the page overleaf.

Table 2. Forecast statement of comprehensive revenue and expense by output class – RBNZ

For the year ended 30 June 2027	Operating revenue \$M	Operating expenses \$M	Surplus/ (deficit) \$M
Monetary policy formulation and implementation	126	39	87
Financial stability and prudential regulation and supervision	–	74	(74)
Central bank functions	426	106	320
Total	552	219	333

Table 3. Forecast Statement of comprehensive revenue and expense – DCS

For the year ended 30 June 2027	2026 Forecast \$M
Operating revenue	
Net investment	1
Levy revenue	82
Total operating revenue	83
Operating expenses	
Staff expenses	4
Other operating expenses	6
Total operating expenses*	10

Table 4. Forecast Statement of comprehensive revenue and expense by output class – DCS

For the year ended 30 June 2027	Operating revenue \$M	Operating expenses \$M	Operating surplus \$M
Management and Administration of the DCS	83	10	73

*Expenditure incurred by the Bank in performing and exercising its functions, powers and duties relating to the DCS as provided for under Part 6 of the Deposit Takers Act 2023, to operate and continue the build and implementation of the Bank's DCS responsibilities (which commenced on 1 July 2025). This includes expenses relating to resourcing core DCS operations; support from the Bank's enabling functions; technology, system and framework build and testing.

Statement of Comprehensive Revenue and Expense

Our forecast statement of comprehensive revenue and expense is made up of our most recent reforecast net investment income and our FY2026/27 approved budget. The key assumptions are outlined below.

Operating revenue includes net investment income and other revenue. Net investment income is split between currency seigniorage income, classified as maintaining the integrity of the cash system, and communication and implementation of MPC decisions. Foreign exchange and fair value movements are not projected and are therefore not included. The RBNZ's assets and liabilities are sensitive to changes in interest rates and exchange rates, and actual financial results could differ materially from those forecast (see also sensitivity analysis below).

Operating expenses also include our support service functions as well as project investments.

Support service functions and overhead costs have been allocated to all output classes and subcategories using appropriate cost drivers and are distinct from internal operating budgets allocated to teams within the RBNZ. For example, within Output Class 3 (Central bank functions), 'Engagement with the public and other stakeholders' is broadly defined and includes both direct communication efforts and investment in systems, processes and infrastructure that support and enable engagement, such as our physical offices, IT systems, and software.

Sensitivity

Based on our balance sheet position as at 31 March 2026, a 1% increase in market interest rates for all terms would reduce the forecast revenue through mark-to-market losses of around \$395m, and a 1% reduction in market interest rates would increase this through mark-to-market gains of around \$422m. Interest rate sensitivities for the Large Scale Asset Purchase (LSAP) programme are nil as the LSAP Crown indemnity offsets any bond revaluation gains or losses. A 10% appreciation in the value of the New Zealand dollar would reduce our comprehensive income through foreign exchange related losses of around \$759m, and conversely a 10% depreciation in the value of the New Zealand dollar would add around \$928m of foreign exchange related gains to our comprehensive income.

Statement of significant assumptions

Our accounting policies and standards are described in our Annual Report and are in accordance with section 244 of the Act and Tier 1 Public Benefit Entity Accounting Standards, issued by the New Zealand Accounting Standards Board, and comply with generally accepted accounting practice. Table 1 outlines our forecast revenue and expenses for 2026/27.

The key underlying assumptions are:

- Interest rate projections applied to the forecast are market based and independent of any internal Official Cash Rate expectations;
- Foreign exchange rate movements have not been forecast, with the RBNZ taking a neutral stance on any foreign exchange movements;
- Large Scale Asset Purchase programme close-outs will continue as planned; and
- There is no change in the creditworthiness of the RBNZ's counterparties

Appendix

Changes to our performance measures

Performance measure	Change in SPE 26/27 relative to SPE 25/26	Change in SPE 25/26 relative to SPE 24/25
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Output Class 1: Monetary policy formulation and implementation

Impact: The MPC is well supported to make decisions that achieve price stability

1.1 The research we provide to the MPC supports members in making informed decisions	We have expanded the description of the Method and what the five quality criteria relate to.	We added a tolerance for Mostly Achieved.
1.2 The functional support we provide to the MPC and the Board assists MPC and Board members to comply with their procedural responsibilities	No change.	We added a tolerance for Mostly Achieved.

Impact: MPC decisions about monetary policy are effectively communicated and implemented

1.3 Monetary policy decisions are effectively communicated	No change.	We specified the outreach target more clearly. We added a tolerance for Mostly Achieved.
1.4 Monetary policy decisions are effectively implemented	The scope of the assessment method has been reduced to focus on short-term market interest rates in the overnight interbank cash market, and those implied from the NZD foreign exchange swap market.	None.

Performance measure	Change in SPE 26/27 relative to SPE 25/26	Change in SPE 25/26 relative to SPE 24/25
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Output Class 2: Financial stability and prudential regulation and supervision

Impact: The FPC is well supported to make decisions that achieve financial stability

2.1 The information, policy advice and analysis we provide to the FPC supports members in making informed decisions	With the establishment and operationalisation of the FPC for the first time in February 2026 we have added the impact statement and performance measure for the FPC.	There was no FPC prior to February 2026 and therefore no impact statement or performance measure.
2.2 The functional support we provide to the FPC and the Board assists FPC and Board members to comply with their responsibilities	As above.	As above.

Impact: Stakeholders are informed of relevant risks to financial stability, and entities build their capacity to manage these risks

2.3 Key messages from Financial Stability Reports reach intended audiences	No change.	<p>We introduced a more specific outreach target and rationalised two separate measures (3.2 and 6.1) into one.</p> <ul style="list-style-type: none"> • Performance measure 3.2 related to the quality of Financial Stability Reports, along with special topic publications, thematic reviews and stress tests. • Performance measure 6.1 set quantitative targets for the publication of documents and external engagements. <p>We added a tolerance for Mostly Achieved.</p>
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Performance measure	Change in SPE 26/27 relative to SPE 25/26	Change in SPE 25/26 relative to SPE 24/25
Impact: Regulatory framework enhances resilience of the financial system		
2.4 Policy proposals are of high quality	No change.	<p>We enhanced the method by introducing a combined external and internal panel using Department of Prime Minister and Cabinet Policy Project quality metrics and scoring system, replacing the internal and external quality assurance process.</p> <p>We added a tolerance for Mostly Achieved.</p>
2.5 Significant prudential policy decisions are effectively implemented	This is a new performance measure for FY2026/27.	This performance measure did not exist.
Impact: Regulated entities build their capacity to manage risks		
2.6 Regulated entities adopt recommendations to improve risk management practices in response to our risk management work	No change.	<p>We introduced a more specific two-part target measuring regulated entities' adoption of recommendations to improve their risk practices, focusing on the impact of our supervisory approach. This replaced two separate performance measures (5.2 and 5.3).</p> <ul style="list-style-type: none"> • Performance measure 5.2 measured whether our supervisory risk assessments were completed on time. • Performance measure 5.3 measured whether regulated entities had action plans in place that met our quality criteria. <p>We added a tolerance for Mostly Achieved.</p>

Performance measure	Change in SPE 26/27 relative to SPE 25/26	Change in SPE 25/26 relative to SPE 24/25
Impact: Regulated entities are motivated to comply with and meet our requirements		
<p>2.7 We successfully engage with regulated entities</p>	<p>No change.</p> <p>We have moved the performance measure (and re-numbered it) to make clearer that it does not relate solely to our supervision function.</p>	<p>We rationalised two separate performance measures (4.2 and 5.1) relating to our engagement with regulated entities into a single measure.</p> <ul style="list-style-type: none"> • Performance measure 4.2 used the relationship charter survey to assess whether policy development was informed by stakeholders. • Performance measure 5.1 used the relationship charter survey to assess whether we successfully engaged with regulated entities. <p>We added a tolerance for Mostly Achieved.</p>
Impact: Regulated entities are motivated to comply with and meet our requirements and for the public to have confidence that our published enforcement framework is being applied		
<p>2.8 Enforcement actions are risk-based, proportionate and transparent</p>	<p>No change.</p> <p>We introduced an impact statement for Enforcement based on the joint one for Supervision and Enforcement in the SPE for FY2025/26.</p>	<p>No substantive change.</p>
Impact: Disruption and costs of failure to the financial system are minimised		
<p>2.9 We have a fit for purpose resolution framework</p>	<p>We updated the drafting to make our target and assessment method more transparent.</p>	<p>We changed the phrasing of the performance measure to focus on the desired outcome: “We have a fit for purpose resolution framework”.</p> <p>We simplified the target to refer to testing of internal and external preparedness, which encompassed incoming legislative requirements and having regard to international experience (which had been separately specified in the target for performance measure 5.5 in SPE 24/25).</p> <p>We added a tolerance for Mostly Achieved.</p>

Performance measure

Change in SPE 26/27 relative to SPE 25/26

Change in SPE 25/26 relative to SPE 24/25

Output Class 3: Central bank functions

Impact: New Zealanders trust the RBNZ

3.1 We work to increase public understanding and trust

We have corrected the first target for performance measure 3.1 as the reference in the previous SPE to '4 or 5 on a rating scale of 1-5' was incorrect. We have removed the reference to the 1-5 rating scale under the first target.

The introduction of this performance measure in SPE 25/26, and the reference to trust, represented a step-change in our assessment of the desired impact.

This performance measure replaced 6.2, which used the Verian survey to measure public understanding only. It also allowed us to remove 6.3 which attempted to measure whether we enabled effective oversight of Parliament, through the Finance and Expenditure Committee.

We included a tolerance for Mostly Achieved.

Impact: New Zealand's payments and settlements infrastructure meets the needs of New Zealanders

3.2 Financial transactions happen in real time

No change.

We added a tolerance for Mostly Achieved.

3.3 ESAS and NZClear operate in a highly resilient mode

No change.

We expanded the target from one reference point (the two-hour recovery time) to a more detailed three-part target.

We added a tolerance for Mostly Achieved.

3.4 Sufficient liquidity is available to support settlements within payment systems

No change.

No substantive change. We removed the reference to the availability of facilities to inject or withdraw liquidity, as this was no longer considered material.

Performance measure	Change in SPE 26/27 relative to SPE 25/26	Change in SPE 25/26 relative to SPE 24/25
Impact: New Zealand's money and cash system meets the needs of New Zealanders		
3.5 We monitor and maintain an efficient, resilient and sustainable cash system	We introduced new target, method and tolerance for Mostly Achieved regarding supporting retailers to identify counterfeit banknotes and coins instead of using the rate of detected counterfeits as a proxy for New Zealanders' trust in our currency (as in previous SPEs).	We removed the third target and method, which related to design, establishment and conduct of cash trials leading to insights. We added a tolerance for Mostly Achieved.
3.6 Policy proposals are of high quality	This is a new performance measure, based on the same assessment target and method as performance measure 2.4.	We did not have a performance measure for money and cash policy proposals in previous years.
Impact: Monetary policy implementation and financial stability support the New Zealand economy and a resilient financial system		
3.7 Foreign reserves and foreign intervention capacity are maintained within mandated limits	No change.	No change.

Performance measure	Change in SPE 26/27 relative to SPE 25/26	Change in SPE 25/26 relative to SPE 24/25
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Output Class 4: Depositor Compensation Scheme

Impact: Disruption and costs of failure to the financial system are minimised

<p>4.1 Processes, resources and systems for handling a payment and resolution support are ready to deploy</p>	<p>No change.</p>	<p>This was a new performance measure, introduced for the DCS coming into force and being operationalised on 1 July 2025.</p>
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