

Financial Policy Committee Charter

December 2025



Reserve Bank
of New Zealand
Te Pūtea Matua

Introduction

The Financial Policy Committee (FPC) is a committee of the Board of the Reserve Bank of New Zealand (RBNZ) established under the Reserve Bank of New Zealand Act 2021 (RBNZ Act).

The FPC assists the Board in carrying out its duties and has delegated authority from the Board to make financial policy decisions. The FPC also has advisory, and oversight functions as set out in the FPC's Terms of Reference (**Appendix 1**). Operational matters such as dealing with supervisory, enforcement, or resolution issues concerning a particular regulated entity is not within the FPC's mandate.

The Board remains ultimately accountable for the exercise of functions and powers that it delegates to the FPC and will annually review the FPC's statutory delegations. The Board will review this Charter at least every two years.

This Charter sets out the operational framework for the FPC, including roles and responsibilities, approach to decision making, transparency and accountability arrangements, approach to communication and engagement and other matters to ensure the proper management and functioning of the Committee. This Charter should be read in conjunction with the Board Charter, which includes responsibilities and procedures applying to the Board's committees.

Roles and responsibilities

FPC Chair

The FPC Chair's responsibilities include:

- ensuring the efficient organisation and conduct of the FPC
- facilitating consensus decision-making and the effective contribution of FPC members
- fostering a Committee culture that is respectful and inclusive, where there is robust testing of ideas and respectful engagement
- reporting to the Board on the activities of the FPC
- bringing to the attention of the Board Chair any matters of significant concern arising from the performance of the FPC or its members.
- managing the FPC's succession planning in conjunction with the Board Chair.

Governor

The Governor's responsibilities include:

- ensuring that RBNZ staff and other resources are available to support the FPC as needed for the FPC to fulfil its mandate and responsibilities
- keeping the FPC Chair informed of any potential issues relating to the FPC or its members
- acting as primary spokesperson for the FPC

- implementing the decisions of the FPC, subject to the RBNZ Decision-making policy and any input and direction from the Board.

FPC members

The responsibilities of FPC members include:

- contributing their views, opinions and judgements in a respectful and collegial manner
- exchanging ideas freely to promote excellence in the FPC's work
- respecting each other's contributions and embracing differences in view
- supporting and maintaining a Committee culture that is respectful and inclusive
- ensuring any conflicts of interest related to the FPC's agenda items, papers, discussion and scope of work are disclosed (see the section below on Conflicts of Interest).

The Board

The Board's responsibilities include:

- deciding on advisory recommendations from the FPC
- deciding on the resource allocation for policy projects in line with the matters reserved to the Board under the RBNZ Decision-making policy
- monitoring the activities of the FPC through the regular reporting provided to the Board by the FPC Chair
- overseeing performance reviews of the FPC.

Assistant Governor Financial Stability

The Assistant Governor Financial Stability is the lead RBNZ adviser to the FPC and leads the expert RBNZ staff of the Financial Stability Group who advise the FPC. As lead FPC adviser, the Assistant Governor Financial Stability's responsibilities include:

- ensuring that the FPC Chair and Governor are kept fully informed about work in progress and have clear sight of items relating to future FPC meetings that are being developed
- ensuring that robust policy making processes are followed by the Financial Stability Group with appropriate quality assurance processes
- ensuring the adequacy of information provided to the FPC to enable the FPC to fulfil its mandate and responsibilities.

Board Secretariat

The Board Secretariat supports and provides governance advice to the FPC to ensure its proper functioning. The Board Secretariat's responsibilities include:

- managing the FPC's meeting schedule and work programme

- maintaining a register of the FPC's policy decisions to enable regular reporting to the Board on the exercise by the FPC of its delegated decision-making authority.

Refer to section 2.4 of the Board Charter for other roles carried out by the Board Secretariat.

External FPC members

External FPC members will be appointed by the Board for terms of up to four years, renewable for a further term of up to four years.

Various provisions of the RBNZ Act are applied to FPC members who are not Board members (see clause 15 of Schedule 2, RBNZ Act). For example, external FPC members have the same responsibilities as Board members for declaring conflicts of interest in FPC matters and not disclosing information (**Appendix 2** contains a full list of RBNZ Act provisions that are applied to the external FPC members). Additionally, the external FPC members are subject to the rules and procedures in the Board Charter as though they were Board members.

To protect the integrity and impartiality of the FPC's decision-making and avoid any perception that an external FPC member may obtain an unfair advantage by reason of their membership on the FPC, a person who is a director or an employee of a regulated entity is disqualified from serving on the FPC. In addition, a person who has been employed by the RBNZ must have a cooling off period of 12 months before they may apply to be an external FPC member.

Decision-making

Decisions of the FPC are made by consensus wherever possible. This is to ensure that the FPC engages in in-depth discussions and a true exchange of perspectives before decisions are made. Consensus refers to a decision that all FPC members can support.

Where the FPC Chair is of the opinion that consensus cannot be reached, the decision will be by majority vote of the FPC members present and voting. In the case of an equality of votes, the Governor has a second casting vote.

The FPC members will accept the decision as binding, whether it is made by consensus or voting. However, the minutes may record the views of an FPC member in the minority at the member's request.

The external FPC members provide independent perspectives to the FPC's decision-making.

[Ref: section 4.4 of the Board Charter]

Out-of-cycle decision making

The FPC may make decisions outside of scheduled meetings by written resolutions (out-of-cycle decisions). Out-of-cycle decisions are made when a majority of non-interested FPC members approve or provide similar clear consent that they agree with the decision, including by electronic means. An out-of-cycle decision may (but is not required to be) ratified at a subsequent FPC meeting.

[Ref: section 4.5 of the Board Charter]

Reliance on information and advice

In fulfilling their responsibilities, FPC members may rely on information and advice from certain persons, including the Governor and Assistant Governor Financial Stability.

[Ref: section 8.3 of the Board Charter]

FPC papers and other advice with statutory decision-making recommendations are reviewed and signed off by RBNZ's General Counsel.

[Ref: section 8.4 of the Board Charter]

Performance Reviews

The FPC will regularly review its performance either through an internal FPC Chair-led evaluation, an externally facilitated self-evaluation, or a full externally managed and independent Committee performance evaluation. The outcome of performance reviews and recommended actions to address areas for improvement will be reported to the Board.

[Ref: section 6 of the Board Charter]

Transparency and accountability

To promote accountability and transparency in its decision-making, the FPC Chair will report on the activities of the FPC at the next Board meeting following a meeting of the FPC. The minutes of the Board meeting will record the decisions made by the FPC under its delegated authority, with Board meeting minutes proactively released on a quarterly schedule.

On a six-monthly basis the FPC will approve the *Financial Stability Report* to provide publicly accessible information on the stability of the financial system and the regulation of the system by the RBNZ. As the FPC's primary spokesperson, the Governor (in conjunction with expert RBNZ staff) leads the press conferences and hearings of Parliament's Finance and Expenditure Committee following the publication of *Financial Stability Reports*. The FPC Chair and other FPC members may attend these events.

The record of FPC member meeting attendances is reported in the Annual Report.

The remuneration for the external members of the FPC is determined by the Remuneration Authority, based on daily rates. The total value of remuneration paid or payable to each external FPC member in a financial year is disclosed on the Annual Report.

The FPC will be integrated into the performance and monitoring frameworks applicable to the RBNZ.

External Communications

The FPC's communications – both collective and individual – should contribute to the public's understanding of financial policy, and the accountability of the FPC.

The Governor is the primary spokesperson for the FPC and therefore presents the FPC's official position in public forums.

In any public remarks on decisions of the FPC, FPC members are to draw on the FPC's official communications and on remarks made at FPC related media conferences as appropriate.

Any non-public remarks by FPC members on decisions of the FPC must be consistent with the FPC's official communications to avoid providing, or appearing to provide, new information to a subset of individuals.

FPC members are not to make public, or non-public statements or remarks including social media posts relating to FPC matters that are under active consideration.

Conflicts of Interest

FPC members must disclose their personal interests in FPC matters and identify actual or potential conflicts so that the RBNZ can carry out, and be seen to carry out, its functions and to exercise its powers impartially and in the public interest.

The Board's Conflicts of Interest policy applies to external FPC members as though they were members of the Board. Conflict of interest disclosures of external FPC members must be made to the FPC and to the Board (see clause 15(2) of Schedule 2, RBNZ Act).

Refer to sections 3.2 and 9.1 of the Board Charter, the Board's Conflict of Interest Policy and sections 61-72 of the RBNZ Act for additional conflict of interest rules that FPC members must adhere to.

Confidentiality and information handling

FPC members will have access to confidential information on the deliberations of the FPC and the FPC's business and operations. This information will often be market sensitive. FPC members are responsible for keeping the information confidential.

FPC members must never use inside information for personal gain or gain of any other party.

Refer to section 9.2 of the Board Charter and section 54 of the RBNZ Act for additional rules on the confidential and secure handling of information obtained as FPC members.

Engagement with stakeholders and regulated entities

FPC members are not expected to proactively engage or meet with stakeholders of the RBNZ or regulated entities on their own in connection with FPC matters.

Refer to section 9.4 of the Board Charter for additional rules that FPC members must adhere to in their engagements with stakeholders and regulated entities.

Hospitality and gifts

FPC members must not accept a gift or hospitality in relation to their role on the FPC, if this could be seen as an inducement or a reward that might place the FPC member under an obligation to a third party.

Refer to section 9.5 of the Board Charter and the RBNZ Gifts and hospitality policy for additional rules that FPC members must adhere to when being offered gifts or hospitality in connection with their membership of the FPC.

Procedures

Meetings

The FPC will meet a minimum of 5 times per year. FPC meetings may be attended by Board members who are not FPC members.

Agendas and papers

Refer to section 4.3 of the Board Charter for the procedures relating to the FPC's agendas and papers.

Minutes

Refer to section 4.6 of the Board Charter for the procedures relating to preparation of minutes of the FPC's meetings.

Management of absences

Refer to section 4.7 of the Board Charter for the procedures relating to managing absences at the meetings of the FPC.

Vacancies

FPC member vacancies do not affect the exercise of delegated decision-making by the FPC.

Where there is an FPC Chair vacancy, or the FPC Chair is absent or unable to act for any reason, the Governor may act as the FPC Chair. If neither the FPC Chair nor the Governor is present, the other FPC members present may appoint one of themselves as temporary FPC Chair for the meeting.

[Ref: section 1.5 of the Board Charter and section 78, RBNZ Act]

Policies supporting the Charter

Refer to the Board Charter for Board and RBNZ corporate policies that provide further detail on FPC member responsibilities.

Information about the FPC's delegated authority may be found in the RBNZ Decision-making policy.

Document information

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Appendix 1: FPC Terms of Reference

Purpose of the Committee	<p>To decide financial policy under delegation, and otherwise assist the Board in fulfilling its duty to ensure that the RBNZ acts in a manner consistent with:</p> <ul style="list-style-type: none"> • RBNZ's financial stability objective of protecting and promoting the stability of New Zealand's financial system; • RBNZ's objective of acting in a way that furthers the purposes of the prudential legislation; and • RBNZ's functions to: <ul style="list-style-type: none"> o act as a prudential regulator and supervisor under prudential legislation; and o monitor the financial system; and o perform and exercise functions or powers under the prudential legislation.
Mandate	<p>Decision making</p> <p>The Committee has specific statutory decision-making authority delegated by the Board for financial policy (i.e. policies under the prudential legislation, including macro-prudential policies and measures).</p> <p>The decision-making authority of the Committee includes:</p> <ul style="list-style-type: none"> • 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. loan-to-value ratio restrictions, debt serviceability restrictions). • Advice to the Minister of Finance on legislative reform, regulation or other regulatory activity. • The approval of RBNZ's <i>Financial Stability Reports</i>. <p>The Board approves the policy work programme and may identify policy initiatives that are to be submitted to the Board for decision, on the recommendation of the FPC.</p> <p>At any time, the Board may direct the Committee to refer a matter to the Board for consideration prior to the Committee deciding on a matter.</p> <p>In addition, the Board may set conditions on the exercise by the Committee of its delegated decision-making authority.</p> <p>The Committee also has advisory and oversight functions in respect of matters relating to the Committee's purpose.</p> <p>Advisory</p> <p>The Committee provides advice and/or recommendations to the Board related to the following:</p> <ul style="list-style-type: none"> • The preparation and approval of RBNZ's <i>Statement of the Prudential Policy</i>.

	<ul style="list-style-type: none"> • The setting of prudential strategic intentions in RBNZ's <i>Statement of Intent</i>. • The Financial Policy Remit issued by the Minister. • RBNZ's overarching strategy in response to the risks, vulnerabilities, and opportunities in relation to financial stability, including risk appetite and tolerances relating to the financial stability objective. <p>Oversight</p> <p>The Committee's oversight role includes monitoring, guiding and evaluating RBNZ's ongoing work to achieve its financial stability objective and the objectives under the prudential legislation, including:</p> <ul style="list-style-type: none"> • The assessment of risks, vulnerabilities, and opportunities in relation to financial stability and the resilience of the financial system. • RBNZ's financial policy work programme and policy project initiation. • Assessments of the regulatory impacts of significant policies to be adopted under the prudential legislation, and reports of those assessments. • The administration of the prudential legislation and register of secondary legislation. • RBNZ's approach to regulatory and legislative stewardship and best practice policymaking. • Assessments of the effectiveness of financial policy. <p>In carrying out its mandate in relation to prudential strategic intentions and prudential standards, the Committee ensures that appropriate consideration is given to the Financial Policy Remit.</p> <p>In line with the RBNZ's decision-making policy and delegation frameworks the Committee's advisory and oversight functions are exercised in respect of matters of a material or significant nature.</p>
Meeting frequency	A minimum of 5 times a year. Additional meetings may be scheduled at the discretion of the Committee Chair.
Membership and Quorum	<p>The Committee will have a membership of at least three Board members. In addition to these members, the RBNZ Board Chair is an <i>ex officio</i> member and the Governor is a permanent member.</p> <p>The Board will appoint a minimum of one and not more than two persons who are neither Board members nor employees of the RBNZ as members of the Committee.</p> <p>The Board will appoint a Committee Chair from among the non-executive RBNZ Board members.</p> <p>A Committee Membership register, maintained by the Board Secretariat, will record the current membership.</p> <p>The quorum for a Committee meeting is four members. The <i>ex officio</i> member may be included for purposes of calculating a quorum.</p>

Management and advisers	<p>The Assistant Governor Financial Stability will have access to the Committee Chair at any time and both will be collectively responsible for the effective operation of the Committee.</p> <p>ELT and other leadership team members (as required) to attend the Committee meetings, except for Committee-only time or when the Committee Chair has determined that they should not attend.</p> <p>The Committee may obtain external advice, either independently or via management, on matters within its mandate as appropriate.</p>
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Appendix 2: RBNZ Act provisions applicable to external FPC members

Table of RBNZ Act provisions applied to external FPC members

RBNZ Act provision	Description of the provision
Section 43	The remuneration of external FPC members is set by the Remuneration Authority.
Section 44	External FPC members are entitled to be reimbursed for actual and reasonable travelling and other expenses.
Section 40	External FPC members are not entitled to any compensation or other payment or benefit if they cease being FPC members (for any reason).
Section 54	External FPC members are under the same duty as board members not to disclose information, subject to limited exceptions.
Sections 61-72	The conflict of interest disclosure rules that apply to board members apply to the external FPC members as though they were board members.
Section 78	The powers and functions of the RBNZ are not affected by any vacancy in the external FPC members.
Section 177	The RBNZ's good employer obligations apply to external FPC members.
Sections 180-188	The protection from liability and indemnity and insurance provisions of the RBNZ Act apply to the external FPC members.
Section 242(1)(g) and (h) and (4)	Details of any indemnities or insurance cover provided to external FPC members (including former members) must be disclosed in RBNZ's annual report.
Section 200	External FPC members are subject to certain Crimes Act provisions relating to bribery and corruptly using official information.

The above provisions are applied to members of committees who are not Board members under clause 15 of Schedule 2 of the RBNZ Act.

In addition to the above:

- Conflict of interest disclosures of external FPC members must be made to the FPC and to the Board (clause 15(2) of Schedule 2, RBNZ Act).
- The total value of remuneration paid or payable to each external FPC member in a financial year must be disclosed in the RBNZ's annual report (section 242(1)(d)).