

Monetary Policy Committee Charter

Reserve Bank of New Zealand

Effective from 1st April 2019

The Monetary Policy Committee (MPC) is responsible for formulating monetary policy directed at achieving the economic objectives of price stability and support of maximum sustainable employment, as set out in section 8 of the Reserve Bank of New Zealand Act (1989) (“the Act”) and in accordance with the remit. This charter aims to facilitate effective decision making by the MPC and ensure transparency of these decisions and the decision-making process, in order to aid the effectiveness of monetary policy and hold the MPC accountable.

1) **Decision making**

- a) MPC members are tasked to abide by the code of conduct, and engage constructively with each other to achieve informed and timely monetary policy decisions. The MPC’s decision making is enhanced by embracing diverse opinions that reflect, for example, members’ unique personal and professional experiences and educational backgrounds. Members will respect each other’s contributions and embrace any difference in view as a benefit of a diverse committee.
- b) The MPC will seek consensus in decision making. This is to ensure that the MPC engages in in-depth discussions and a true exchange of perspectives regarding monetary policy strategy – including consideration of the expected time taken to achieve operational objectives, any trade-offs that arise, and communication of this strategy – before specific decisions are taken.
- c) When consensus cannot be reached, specific policy decisions will be determined by a simple majority vote as per clause 44 of schedule 2 of the Act (which includes that the Governor, as chairperson, has a casting vote if required).

2) **Transparency and accountability**

- a) The MPC will publish each monetary policy decision promptly on the Bank’s website. The announced decision of the MPC will include a summary record of the MPC meeting that includes an overview of the economic outlook, the risks and policy options discussed, any material differences of view or judgement, and an unattributed record of any vote taken.
- b) On a quarterly basis, the announced decision will also be accompanied by a *Monetary Policy Statement* that will, in addition to the requirements set out in section 15C of the Act:
 - (i) Explain how the MPC has sought to meet the requirements of section 2b in the remit; and
 - (ii) When inflation outcomes, and/or expected inflation outcomes, are outside of the target range explain the reasons for this; and
 - (iii) Explain how the current monetary policy decisions contribute to supporting maximum sustainable employment within the economy.
- c) If the MPC decides that the Bank should intervene in financial markets, it shall also consider whether prompt publication of details of the decision would impede the achievement of the intervention’s purpose. If so, the MPC may withhold such

details until it deems that publishing them is no longer likely to create such impediment.

3) External communication

- a) The MPC's communications – both collective and individual – should contribute to the overall effectiveness of the monetary policy decision, the public's understanding of monetary policy, and the accountability of the MPC.
- b) The Governor (or another member of the MPC with the Governor's permission) will be the sole spokesperson for the official announcement of the decision.
- c) In any public remarks regarding the MPC's policy strategy and decision, members are to draw on the MPC's official communications and on the Governor's media conference remarks where appropriate. Any non-public remarks on monetary policy or the economic outlook must be consistent with the MPC's official communications, to avoid providing, or appear to be providing, new information to a subset of individuals. A MPC member who wishes to publicly express his or her view around the balance of risks and/or economic outlook may, but should do so with respect for other members and the MPC as a whole. Members are to consult with the MPC within a reasonable timeframe in advance of any public communication, refrain from characterising the individual views of other MPC members, and ensure such communication is publicly advised in advance and on the record (on the Bank's website) in real-time.
- d) Given financial market sensitivities, MPC members must refrain from any public communications relevant to monetary policy following receipt of MPC briefing papers and prior to the decision being announced.

Agreed by

Hon Grant Robertson
Minister of Finance

Adrian Orr
**Governor of the Reserve Bank of
New Zealand**