

30 September 2022

Hon Grant Robertson MP

Minister of Finance
Executive Wing 7.082 (Suite 7.6)
Parliament Buildings
Wellington 6140



Dear Minister,

RE: Reserve Bank of New Zealand - Governor Reappointment

I am writing on behalf of the National Party in response to your letter of 19 September 2022 regarding the proposed reappointment of Mr Adrian Orr as Governor of the Reserve Bank.

We do not support the recommendation to reappoint Mr Orr for another five years as Governor of the Reserve Bank. Inflation is at a 32-year high of 7.3 per cent. It has now been outside the 1-3 per cent target range for five quarters and the Reserve Bank forecasts it will remain outside that range for another two years. These sustained levels of high inflation have contributed to a cost of living crisis for New Zealanders.

In light of these facts we have previously called for an independent review of the Reserve Bank's performance. In the absence of any such external assessment we are unable to endorse Mr Orr in his position as Governor.

It would be reckless for the current Government to proceed with this appointment without the support of the Opposition. Therefore, we propose that a temporary appointment is made so that the incoming Government has the opportunity to endorse a Governor that they have confidence in.

We note that a temporary appointment was made by then-Finance Minister Steven Joyce in the lead up to the 2017 election, whereby Grant Spencer was appointed Acting Governor for six months to "... give the next Government time to make a decision on the appointment of a permanent Governor for the next five year term."

This decision was taken out of respect for the bipartisan consensus that underpins New Zealand's monetary policy framework.

A decision by the Government to unilaterally appoint Mr Orr for a period of 5 years without support from the Opposition would put that bipartisan consensus at risk. We strongly counsel you against this course of action.

It is our expectation that you will be in touch with us to hold further discussions about the best way forward. We note our disappointment that no further consultation was undertaken after we raised concerns with your proposed appointments to the Reserve Bank Board earlier this year. We suggest more substantive engagement is required in order for you to fulfil the consultation requirements of the Reserve Bank Act.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Nicola Willis'.

Nicola Willis MP

National Party Finance Spokesperson

NICOLA WILLIS

National Party Spokesperson for Finance

Funded by the Parliamentary Service. Authorised by Nicola Willis, Parliament Buildings, Wellington.