The Reserve Bank of New Zealand Bill 2020

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I INTRODUCTION

In November 2017, the Labour/New Zealand First coalition Government announced it was undertaking a review of the Reserve Bank of New Zealand Act 1989 (the "Act").[1] The purpose of the review? To "create a modern monetary and financial policy framework".[2]

Since then, the Treasury Te Tai Ōhanga and the Reserve Bank of New Zealand Te Pūtea Matua (the "Reserve Bank") have jointly undertaken the review in two phases. Phase one concerned amending monetary policy; phase two involved reforming the institutional and accountability arrangements, financial stability, and regulatory and supervision work of the Reserve Bank.[3]

The focus of this article is on phase two's key vehicle for change: the Reserve Bank of New Zealand Bill (the "Bill").[4] The Bill's is now enacted, receiving Royal Assent on 16 August 2021, with reforms coming into force mid-2022.[5]

The purpose of this article is to provide a broad snapshot of the legislative reforms introduced by the Bill, before drilling deeper into the proposed modernisation of the Reserve Bank's governance arrangements. Part II provides a précis of the review, and Part III introduces the Bill. Part IV picks up key areas of change from the Act. Part V looks deeper at one of the most significant changes: a shift in the Reserve Bank's governance arrangements, from a single decision-maker model to a governance board, including the Finance and Expenditure Committee's (the "Committee") concerns regarding the

1 New Zealand Government "Review of Reserve Bank Act announced as Policy Targets Agreement re-signed" (7 November 2017) Beehive <beehive.govt.nz>.

2 The Treasury "Review of the Reserve Bank Act 2017 – 2021" (20 August 2021) <www.treasury.govt.nz/>.

3 The Treasury, above n 2.

4 Reserve Bank of New Zealand Bill 2020 (315-1).

5 The Treasury, above n 2.

proposed governance changes.[6] This article suggests potential changes to the governance model proposed by the Bill, based on recent analysis in a Treasury Regulatory Impact Statement.[7] Part VI offers a conclusion: if the proposed governance model is tweaked, the Bill is well-placed to strengthen the Reserve Bank's institutional and governance arrangements and financial stability role.

II A PRÉCIS OF THE REVIEW

Some background to the review is necessary, but I attempt to be brief.[8]

The Act is over 30 years old. Consequently, the purpose of the review is to modernise monetary and financial stability policy frameworks, as well as the Reserve Bank's governance and accountability structure.[9] The Government considered this fundamental to supporting good economic management and reflecting the changing environment in which New Zealanders live and work.[10]

The Treasury and the Reserve Bank undertook the review alongside an Independent Expert Advisory Panel. Both phases of the review are now complete, but work to enact phase two measures is ongoing.

Phase one of the review, completed in 2018, focused on monetary policy.[11] The Reserve Bank of New Zealand (Monetary Policy) Amendment Act 2018 came into force on 1 April 2019.[12] "Supporting maximum sustainable employment" was added to the economic objectives of the Reserve Bank, joining the maintenance of price stability over the medium term.[13] The Monetary Policy

6 Reserve Bank of New Zealand Bill 2020 (315-2) (select committee report) [Select Committee Report] at 5.

7 The Treasury *Impact Summary: Further Changes to the Institutional Framework for the Reserve Bank* (June 2021).

8 The Treasury and the Reserve Bank of New Zealand have proactively released documents pertaining to the review: see The Treasury "Proactive releases, speeches and announcements" (18 June 2021) <www.treasury.govt.nz/>; and Reserve Bank of New Zealand "Reserve Bank Act Review" <www.rbnz.govt.nz/>.

9 Select Committee Report, above n 6, at 1.

10 At 1.

11 The Treasury, above n 2.

12 Reserve Bank of New Zealand (Monetary Policy) Amendment Act 2018, s 2(b).

13 Section 4(1A).

Committee was created.[14] It is subject to a formal remit, charter and code of conduct. These guiding documents aim to promote greater transparency, accountability and rigor in the Reserve Bank's monetary policy decision-making framework.[15] The Monetary Policy Committee is tasked with formulating monetary policy directed to the dual economic objectives of the Reserve Bank, having regard to the "efficiency and soundness of the financial system" and any matter provided for in a remit.[16]

Phase two has a broader scope: reforming institutional and accountability arrangements of the Reserve Bank, financial stability, and regulatory and supervision work.[17] It has resulted in two broad outcomes. First, a Deposit Takers Bill anticipated to be introduced to Parliament at the end of 2021 or early 2022. This Bill will progress prudential regulation and the supervision of deposit takers, alongside the introduction of deposit insurance.[18] The second outcome is the Bill.

III AN INTRODUCTION TO THE BILL

The Hon Grant Robertson, the Minister of Finance (the "Minister"), introduced the Bill on 28 July 2020. The Bill repeals a large part of the Act and seeks to replace it as the key piece of empowering legislation for the Reserve Bank.[19] The purposes of the Bill are two-fold, to:[20]

> (a) provide for the continuation of the Reserve Bank of New Zealand; and
>
> (b) promote the prosperity and well-being of New Zealanders and contribute
>
> to a sustainable and productive economy.

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14 Reserve Bank of New Zealand, above n 8; and Reserve Bank of New Zealand "Monetary Policy Committee" <www.rbnz.govt.nz>.

15 Reserve Bank of New Zealand, above n 8; and Reserve Bank of New Zealand "Monetary policy framework" <www.rbnz.govt.nz/>.

16 Reserve Bank of New Zealand (Monetary Policy) Amendment Act, s 8.

17 The Treasury, above n 2.

18 The Treasury, above n 2.

19 Select Committee Report, above n 6, at 1.

20 Reserve Bank of New Zealand Bill, cl 3.

The Bill focuses on reforming the overall governance and accountability arrangements of the Reserve Bank while retaining the changes made through the Reserve Bank of New Zealand (Monetary Policy) Amendment Act.[21] It repeals and replaces the parts of the Act which provide for the institutional form, governance and accountability arrangements, and central bank powers of the Reserve Bank.[22] It is equally useful to understand what the Bill does not do: the Bill does not replace provisions currently in the Act relating to the regulatory requirements for banks, payment systems, and settlement systems.[23] These separate provisions remain in force, but are renamed the Banking (Prudential Supervision) Act 1989.[24] The Government intends to replace the Banking (Prudential Supervision) Act with the Financial Market Infrastructures Act 2021 and the aforementioned Deposit Takers Bill.[25]

The Government has confirmed that the Reserve Bank's independence remains paramount.[26] Clause 168 takes steps to safeguard the Reserve Bank's independence.

The Bill divides into six parts:

(a) Part 1 sets out the preliminary provisions, including the purposes of the Bill.[27]
(b) Part 2 provides for key governance mechanisms, including the continuation of the Reserve Bank,[28] the Minister's role in relation to the Reserve Bank,[29] the governance board of the Reserve Bank and its members,[30] the Governor of the Reserve Bank ("Governor"),[31] and the Monetary Policy Committee.[32]
(c) Part 3 stipulates central bank functions, such as the Reserve Bank acting as the central bank,[33] formulating and implementing monetary policy,[34] managing foreign exchange,[35] and regulating currency.[36]

21 Reserve Bank of New Zealand Bill 2020 (315-1) (explanatory note) [Explanatory Note] at 1.

22 At 1.

23 Select Committee Report, above n 6, at 1.

24 Explanatory Note, above n 21, at 1; and Select Committee Report, above n 6, at 1.

25 Select Committee Report, above n 6, at 1–2.

26 At 1.

27 Reserve Bank of New Zealand Bill, cl 3.

28 Part 2, sub-pt 1.

29 Part 2, sub-pt 3.

30 Part 2, sub-pt 4.

31 Part 2, sub-pt 6.

32 Part 2, sub-pt 7.

33 Part 3, sub-pt 1.

34 Part 3, sub-pt 2.

35 Part 3, sub-pt 3.

36 Part 3, sub-pt 4.

(d) Part 4 concerns the operation of the Reserve Bank and safeguards its independence.
(e) Part 5 deals with financial and accountability matters, including providing a financial policy remit,[37] provision for funding agreements,[38] and reporting obligations.[39]
(f) Part 6 concerns miscellaneous provisions, such as the Reserve Bank's information-gathering powers[40] and information sharing with specific law enforcement or regulatory agencies.[41]

This whirlwind tour through the Bill provides a basis to consider the critical areas of the Bill's changes to the Act.

IV KEY AREAS OF CHANGE

The Bill introduces reform in two key areas: the Reserve Bank's institutional and governance arrangements and the Reserve Bank's financial stability role.[42] The Bill strengthens the institutional and governance arrangements of the Reserve Bank in several respects.[43]

First, cl 24 creates a new governance board:[44]

> **24** Board's role
>
> (1) The board is the governing body of the Bank, with the authority, in the Bank's name, to exercise the powers and perform the functions of the Bank.
>
> (2) All decisions relating to the operation of the Bank must be made by, or under the authority of, the board in accordance with this Act.
>
> (3) However, this section does not apply to—

37 Part 5, sub-pt 1.

38 Part 5, sub-pt 2.

39 Part 5, sub-pt 3.

40 Part 6, sub-pt 1.

41 Part 6, sub-pt 3.

42 This is not to say that the Bill does not make changes to the Reserve Bank's other functions, but those are not canvassed in this note.

43 Explanatory Note, above n 21, at 2.

44 Reserve Bank of New Zealand Bill, cl 24. A visual depiction of the changes made to the Reserve Bank's governance structure can be found in the Select Committee Report, above n 6, at 3. A number of governance options were also canvassed, including a Financial Policy Committee: see The Treasury "Information release: Reserve Bank Act Review Phase 2 – July 2020 Proactive Release" <www.treasury.govt.nz/>.

> (a) the functions or powers of the [Monetary Policy Committee] under section 94:
>
> (b) any statutory responsibilities given to the Minister, including in relation to the appointment or removal of the Governor (*see* section 22).

Clause 24 shifts the powers and responsibilities of the Reserve Bank from the Governor, a single decision-maker, to the governance board.[45] Responsibility for financial policy would sit with the governance board. Group decision-making will utilise a breadth of skills and perspectives to support the decisions the Reserve Bank makes.[46] Members are appointed by the Governor-General, on the recommendation of the Minister, and are accountable to the latter.[47] The governance board possesses the functions, powers and responsibilities similar to those of Crown entity boards.[48] The governance board is discussed more extensively in Part V.

Secondly, the Bill increases oversight and accountability of the Reserve Bank. Schedule 4, pt 3 of the Bill amends the Ombudsman Act 1975. It adds the "Reserve Bank of New Zealand and any subsidiary of the Reserve Bank of New Zealand" into sch 1, pt 2 of the Ombudsman Act which stipulates the organisations, other than local organisations, to which the Ombudsman Act applies. The Ombudsmen may now investigate any decision or recommendation made, or any act done or omitted, relating to a matter of administration and affecting any persons in their personal capacity, by the Reserve Bank.[49]

Schedule 4, pt 3 of the Bill also amends the Public Audit Act 2001. Currently, the Reserve Bank is expressly excluded from being subject to the Auditor-General's performance audit and inquiries powers.[50] The Bill removes this exclusion. The Auditor-General may now examine, amongst other matters, the extent to which the Reserve Bank is carrying out its activities effectively and efficiently, and the Reserve Bank's compliance with its statutory obligations.[51] The Auditor-General may now also inquire, on request or on the Auditor-

45 Explanatory Note, above n 21, at 2.

46 At 2.

47 Reserve Bank of New Zealand Bill, cls 26 and 27. See also cls 28–40 for further information regarding the appointment and removal of board members.

48 Explanatory Note, above n 21, at 2. See Reserve Bank of New Zealand Bill, cls 43–52.

49 Ombudsmen Act 1975, s 13(1).

50 Public Audit Act 2001, ss 16(3) and 18(2).

51 Public Audit Act, s 16(1)(a) and (b).

General's own initiative, into any matter concerning the Reserve Bank's use of its resources.[52]

These changes allow the Ombudsmen and the Auditor-General to review the activities of the Reserve Bank. This more closely aligns the Reserve Bank's reporting and monitoring requirements with wider state sector practices applying to Crown entities.[53]

Thirdly, cl 77 empowers the Minister to appoint a monitoring agency:

> **77 Appointment and role of monitor**
>
> (1) The Minister may appoint a department as the monitor of the Bank.
>
> (2) The role of the monitor is, in relation to the Bank,—
>
> (a) to assist the Minister to carry out the Minister's role (which is described in **section 22**); and
>
> (b) to perform or exercise any or all of the following functions or powers:
>
> (i) administering appropriations:
>
> (ii) administering legislation:
>
> (iii) tendering advice to Ministers:
>
> (iv) any other functions or powers in this Act or another Act that may, or must, be performed or exercised by the monitor.

The Minister is required to give written notice to the monitor to set out the Minister's expectations of the monitor in carrying out that role.[54] The explanatory note to the Bill suggests the Treasury as one such appropriate monitoring department.[55] This would enable the Treasury to seek information from the Reserve Bank and review its operations.[56]

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52 Section 18(1).

53 Explanatory Note, above n 21, at 2; and The Treasury "Reserve Bank of New Zealand Bill: Institutional and accountability reform" <www.treasury.govt.nz/>.

54 Reserve Bank of New Zealand Bill, cl 78.

55 Explanatory Note, above n 21, at 2.

56 At 2.

Finally, the Bill establishes a more robust process for the Minister and the Reserve Bank to agree on the Reserve Bank's funding.[57] The provisions for funding agreements have widened slightly; the Act requires funding agreements to make provision for the operating expenses incurred by the Bank.[58] The Bill requires funding agreements to separately provide for capital and operating expenditure.[59] Further, the Bill introduces a power for the Reserve Bank to collect levies from regulated entities such as registered banks and licensed insurers.[60] Clause 291(3)(a) requires levies to be prescribed on the basis that a portion, as determined by the Minister, of the Bank's costs in "performing or exercising its functions or powers under prudential legislation" must be fully covered by the levies. This fairly distributes the cost of regulation on the parties that benefit from it.[61]

The Bill also cements the Reserve Bank's financial stability role in various respects. First, the Bill introduces an overarching financial stability objective. It sets out the Reserve Bank's three main objectives as follows:[62]

> *Economic objectives*
>
> (a) the economic objectives of—
>
> (i) achieving and maintaining stability in the general level of prices over the medium term; and
>
> (ii) supporting maximum sustainable employment; and
>
> *Financial stability objective*
>
> (b) the financial stability objective of protecting and promoting the stability of New Zealand's financial system; and

57 At 2.

58 Reserve Bank of New Zealand Act 1989, ss 160–161.

59 Reserve Bank of New Zealand Bill, cls 206–207.

60 Clause 290.

61 Explanatory Note, above n 21, at 2.

62 Reserve Bank of New Zealand Bill, cl 9(1). Supplementary Order Paper 2021 (49) Reserve Bank of New Zealand Bill 2020 (315-1) inserts "and efficiency" after "promoting the stability" at cl 9(1)(b).

Central bank objective

> (c) otherwise acting as New Zealand's central bank in a way that furthers the purposes of this Act.

The financial stability objective is new to the Bill. It replaces one of the Reserve Bank's current purposes, under the Act, to promote "the maintenance of a sound and efficient financial system".[63] The financial stability objective strengthens the Reserve Bank's role as a prudential regulator and supervisor of financial institutions.[64]

Secondly, cl 200 provides that the Minister must issue a financial policy remit:

> **200 Financial policy remit**
>
> (1) The Minister must, after consulting the Bank, issue a financial policy remit.
>
> (2) *See* **section 47**, which requires the board to have regard to the financial policy remit when it is acting in relation to the Bank's prudential strategic intentions and prudential standards.
>
> (3) The Minister must take all reasonable steps to ensure that a financial policy remit is in force at all times.

The remit may specify matters the Minister considers desirable for the Reserve Bank to have regard to, in relation to:[65]

> (a) achieving the financial stability objective:
>
> (b) acting in a way that furthers the objectives or purposes of the prudential legislation:
>
> (c) performing the Bank's function under **section 10(1)(b)** (which relates to acting as a prudential regulator and supervisor under the prudential legislation).

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63 Reserve Bank of New Zealand Act, s 1A(1)(b).

64 Explanatory Note, above n 21, at 1.

65 Reserve Bank of New Zealand Bill, cl 201(1). Clause 5 of the same Bill defines "prudential legislation" as: the Banking (Prudential Supervision) Act 1989, the Insurance (Prudential Supervision) Act 2010, the Non-bank Deposit Takers Act 2013 and any secondary legislation made under those three Acts.

Clause 47 requires the governance board to have regard to the financial policy remit when "acting in relation to prudential strategic intentions and prudential standards":

> (1) The board must have regard to the financial policy remit when—
>
> (a) the board is setting the prudential strategic intentions in the Bank's statement of intent; and
>
> (b) the board is making significant policy decisions about how to achieve those prudential strategic intentions; and
>
> (c) the board is monitoring, and reporting on, the Bank's performance in achieving those prudential strategic intentions; and
>
> (d) the Bank is issuing and reviewing standards.
>
> (2) In this section,—
>
> **prudential strategic intentions** means the strategic objectives that the Bank intends to achieve or contribute to in relation to—
>
> (a) the financial stability objective; and
>
> (b) the objective of acting in a way that furthers the objectives or purposes of the prudential legislation; and
>
> (c) the Bank's function under **section 10(1)(b)** (which relates to acting as a prudential regulator and supervisor under the prudential legislation)
>
> **standards** means any of the following:
>
> (a) fit and proper standards issued under section 36 of the Insurance (Prudential Supervision) Act 2010:
>
> (b) solvency standards issued under section 55 of the Insurance (Prudential Supervision) Act 2010.

The remit does not apply to the Reserve Bank's operational decisions or decisions in respect of certain entities.[66] This provides a balance

66 Explanatory Note, above n 21, at 2.

between democratic oversight and operational independence.[67] The financial policy remit replaces the power of the Minister to direct the Reserve Bank to consider government policies.[68]

Thirdly, the Bill increases coordination in the regulation of the financial sector. It legislatively recognises the role of the Council of Financial Regulators, whose function is "to facilitate co-operation and co-ordination between members of the council to support effective and responsive regulation of the financial system in New Zealand".[69] Members include, amongst others, the Reserve Bank, the Financial Markets Authority and the Treasury.[70] Further, cl 279 provides a function for the Reserve Bank to cooperate with specified law enforcement or regulatory agencies. The Reserve Bank will have the power to share information it "holds in relation to the performance or exercise of the Bank's functions or powers under this Act or any other legislation".[71] These changes formalise and improve how the Reserve Bank cooperates with other bodies.

V FROM A SINGLE DECISION-MAKER MODEL TO A GOVERNANCE BOARD

The Finance and Expenditure Committee identifies three areas that the implementation of the governance board, as currently proposed by the Bill, may cause issues in: monetary policy decision-making and implementation, policy coordination, and the status of the Governor.[72]

As the Bill does not provide for an explicit mechanism to coordinate monetary and financial policy making, the Committee points out that there is a risk of the Reserve Bank implementing conflicting policies.[73] The Committee says the Bill is predicated on the presumption that coordination would occur at the executive level.[74] The governance board and the Monetary Policy Committee would rely on Reserve Bank advice to perform their respective

67 At 2.

68 Explanatory Note, above n 21, at 2. See Reserve Bank of New Zealand Act, s 68B.

69 Reserve Bank of New Zealand Bill, cl 283.

70 Clause 285.

71 Clause 279(1).

72 Select Committee Report, above n 6, at 5–6.

73 At 5.

74 At 5.

functions.[75] The Committee expresses concern that this level of coordination is not sufficiently robust as monetary and financial policy have implications on each other, despite being separate functions.[76]

Next, tension lies between the Reserve Bank's obligation to implement the Monetary Policy Committee's monetary policy decisions, and the governance board's wider duty of financial responsibility, including its obligation to manage the Reserve Bank's assets and liabilities prudently.[77] In particular, the Committee says:[78]

> … the use of the Reserve Bank's balance sheet to implement monetary policy as formulated by the [Monetary Policy Committee] could conflict with the [governance] board's obligation to manage the Reserve Bank's assets and liabilities in a responsible manner.

The Committee expresses concern that the Bill is not clear how to resolve any such conflicts.[79]

Finally, there is a lack of clarity about the Governor's status. The Committee notes that the Governor has no independent statutory authority or powers other than as chair of the Monetary Policy Committee, possessing only one vote out of seven.[80] While appointments and removals of the Governor ultimately lie with the Minister, the governance board delegates the Governor's functions and powers.[81] The Committee is concerned that this creates a risk of blurred accountabilities for the Governor and tensions between the Governor and the governance board.[82] The Committee considers this may exacerbate the first two issues detailed above and create confusion as to whether the chair of the governance board or the Governor is the head of the Reserve Bank.[83]

In a June 2021 Regulatory Impact Statement, the Treasury identifies similar concerns pursuant to further testing of the governance model.[84] It considers that these potential issues present

75 At 5.

76 At 5.

77 At 5–6.

78 At 6.

79 At 6.

80 At 6.

81 Reserve Bank of New Zealand Bill, cls 71–74, 79–80 and 86–87.

82 Select Committee Report, above n 6, at 6.

83 At 6.

84 The Treasury, above n 7.

risks to the effectiveness of the Reserve Bank's operations under the new governance regime.[85] In response, the Treasury considers several (not mutually exclusive) alternative structures: maintaining the status quo in the current Bill; appointing the Governor as a governance board member; appointing the Governor as chair of the governance board; creating a statutory Financial Policy Committee; or clarifying the governance board's monetary policy obligations.[86]

After assessing each option against certain decision-making criteria,[87] the Treasury concludes that having the Governor on the governance board and clarifying the governance board's monetary policy responsibilities would together provide the best response to the issues identified.[88] This response aligns with the recommended amendments the Committee suggested to address the issues with the present governance arrangements.[89]

But, what would these two changes mean?

Having the Governor join the governance board means it gains an executive member.[90] The chair of the governance board would remain a non-executive member.[91] As under the present arrangements, the governance board would retain responsibility for governance and financial policy.[92] As the Governor is chair of the Monetary Policy Committee, they would not be involved in the governance board's monitoring of the Monetary Policy Committee.[93]

The overall assessment of this change is positive. There is greater clarity around the accountabilities and duties of the Governor, who currently has limited statutory duties.[94] It clarifies expectations on the Governor to take a visible role in formulating and communicating policy, in line with international practice.[95] The coordination of monetary and financial policy formation is improved due to the overlap in members of the governance board and the Monetary Policy Committee.[96] This increases the efficiency of

85 At 4.

86 At 5–6.

87 At 6–8.

88 At 9.

89 Select Committee Report, above n 6, at 6.

90 The Treasury, above n 7, at 5.

91 At 5.

92 At 5.

93 At 5.

94 At 7.

95 At 7.

96 At 7. See also Select Committee Report, above n 6, at 6.

decision-making.[97] The balance of non-executive member governance expertise and executive member institutional knowledge is strengthened.[98] However, there may be a lessening in the effectiveness of governance and oversight as there is no longer a clear split between Reserve Bank governance and management.[99]

Clarifying the governance board's monetary policy obligations involves making it clear that the governance board will determine how much exposure it is prepared to take onto its balance sheet to support monetary policy.[100] This may involve explicitly providing that the governance board's obligation to implement monetary policy is subordinate to its financial responsibility mandate.[101] In practice, the governance board would provide guidance to the Monetary Policy Committee on how much balance sheet exposure it is prepared to take on when implementing monetary policy.[102] The Monetary Policy Committee would then continue to make monetary policy independently from the governance board, bearing in mind that guidance.[103] The Monetary Policy Committee can seek an indemnity or capital injection from the Crown if they decide that a larger intervention than what the governance board is willing to accommodate is required.[104]

Again, the overall assessment of this change is positive. There is more clarity regarding the extent of the governance board's obligation to implement monetary policy and the level of balance sheet risk it is willing to accept.[105] It strengthens accountability for balance sheet management,[106] reducing the scope for conflict between the Monetary Policy Committee and the governance board.[107] This feeds into increased effectiveness in decision-making.[108]

These changes would address the identified problems with minimal disruption to the current legislative process.[109] The

97 At 8.

98 At 7.

99 At 7.

100 At 6.

101 At 6.

102 At 6.

103 At 6.

104 At 6.

105 At 7.

106 At 7.

107 At 7.

108 At 8.

109 At 11.

Committee recommends consequential amendments to give effect to having the Governor on the governance board.[110]

VI CONCLUSION

The Bill is well-placed to meet the objective of the review: it contributes to the strengthening and modernising of New Zealand's monetary and financial policy framework. It does so through its two key areas of reform: the Reserve Bank's institutional and governance arrangements and the Reserve Bank's financial stability role. The Bill cements the Reserve Bank's financial stability role by introducing an overarching financial stability objective and a financial policy remit, and by increasing coordination in the regulation of the financial sector. The Bill also reworks the institutional and governance arrangements of the Reserve Bank by introducing a governance board, increasing oversight and accountability of the Reserve Bank, providing for a monitor agency, as well as a more robust process for the Minister and Reserve Bank to agree on funding. This article suggests that if the proposed governance model is tweaked in line with the suggestions of the Committee and the Treasury, the governance board will effectively strengthen the Reserve Bank's institutional and governance arrangements, and financial stability role.

110 Select Committee Report, above n 6, at 7–9.