

advice and consent of the Executive Council and with the concurrence of the Chief Justice and the President of the Court of Appeal, has been pleased to appoint

The Right Honourable Sir Gordon Ellis Bisson, a former member of the Court of Appeal

to act as an additional Judge of the Court of Appeal for a period commencing on the 11th day of February 1991 and expiring on the 31st day of March 1991.

Dated at Wellington this 4th day of February 1991.

PAUL EAST, Attorney-General.

go1680

Education

Education Act 1989

Appointment of Commissioner

Pursuant to section 106 (1) (aa) of the Education Act 1989, as inserted by section 10 of the Education Amendment Act 1990, for the reason that so many casual vacancies have arisen that there is no longer any member of the Board who is eligible to preside at meetings of the Board, I hereby dissolve the Meremere School Board of Trustees and appoint Rex Dowman as Commissioner to act in its place.

This notice shall come into force after the date of its notification in the *Gazette*.

Dated at Wellington this 15th day of February 1991.

M. O'ROURKE, Secretary of Education.

go1828

Finance

Reserve Bank of New Zealand Act 1989

Reserve Bank of New Zealand Policy Targets Agreement

This agreement replaces that signed under section 9 (2) of the Reserve Bank of New Zealand Act 1989 ("the Act") on 2 March 1990.

In terms of section 9 (4) of the Act, the Minister of Finance (the Minister) and the Governor of the Reserve Bank of New Zealand (the Governor) agree as follows:

1. *Price Stability Target*—Consistent with section 8 of the Act and with the provisions of this agreement, the Reserve Bank shall formulate and implement monetary policy with the intention of achieving a stable general level of prices by the year ending December 1993 and maintaining price stability beyond that date.

2. Measurement of Price Stability

(a) In pursuing the objective of a stable general level of prices, the Bank will monitor prices as measured by a range of price indices. The formal price stability target will be defined in terms of the All Groups Consumers Price Index (CPI), being the measure that is monitored most closely by the public.

(b) For the purposes of this agreement, annual rises in the CPI of between 0 and 2 percent will be considered consistent with price stability.

(c) The CPI is unusual amongst OECD consumer price indices in its treatment of housing costs. The Bank is to continue to publish quarterly its housing-adjusted (consumer

price index (HAPI), which incorporates a different approach to the measurement of housing costs compared with the CPI.

3. Deviations from the Targets

(a) There is a range of possible price shocks arising from external sources, certain government policy changes, or a natural crisis which are quite outside the direct influence of monetary policy. The Bank shall generally react to such shifts in relative prices in a manner which prevents general inflationary pressures emerging.

(b) This approach means that the CPI inflation rate can be expected to move outside the 0–2 percent range in response to particular shocks. The principal shocks are considered to be:

- significant changes in the terms of trade arising from an increase or decrease in either import or export prices;
- an increase or decrease in the rate of GST, or a significant change in other indirect tax rates;
- a crisis such as a natural disaster or a major disease-induced fall in livestock numbers which is expected to have a significant impact on the price level;
- a significant price level impact arising from changes to government or local authority levies; and
- a significant divergence between the CPI and HAPI inflation rates.

(c) In the event of such shocks, the Reserve Bank shall be fully accountable for its handling of the price effects, and, in particular, for any movements outside the 0–2 percent band. In each Policy Statement made under section 15 of the Act, the Bank shall detail fully its estimate of the direct price impact of any such shock and the impact on the Bank's achievement of the price stability target. The Bank shall also detail what measures it has taken, or proposes to take, to ensure that the effects of such shocks on the inflation rate are transitory.

4. *Renegotiation of the Targets*—The policy targets are established on the understanding that the monetary policy instruments available to the Bank are adequate to achieve the objective. The Governor shall inform the Minister if he considers that any changes in these policy instruments impair the effective conduct of monetary policy. The Minister and the Governor may then set new policy targets.

5. Implementation

(a) The Bank shall implement monetary policy in a sustainable, consistent and transparent manner.

(b) Each Policy Statement released by the Bank under section 15 of the Act shall contain a statement of how the Bank proposes to formulate and implement monetary policy to ensure that price stability is achieved and maintained over the succeeding 5 years. The Policy Statement should also contain a projected path for inflation for each of the years until the price stability target is achieved.

Dated this 19th day of December 1990.

RUTH RICHARDSON, Minister of Finance.

D. T. BRASH, Governor, Reserve Bank of New Zealand.

go1689

Justice

Law Practitioners Act 1985

Law Commissioner and President of the Law Commission Appointed

Pursuant to sections 9, 10 and 11 of the Law Commission Act 1985, Her Excellency the Governor-General has been pleased to appoint

Sir Kenneth James Keith, barrister and solicitor of Wellington