

House of Representatives

Supplementary Order Paper

Tuesday, 29 June 2021

Reserve Bank of New Zealand Bill

Proposed amendments

Hon Grant Robertson, in Committee, to move the following amendments:

Clause 2

Replace *clause 2(3)* (page 12, lines 11 and 12) with:

- (3) However, any provision that has not earlier been brought into force comes into force on 1 October 2022.

Clause 5

In *clause 5(1)*, definition of **information**, after “2006)” (page 16, line 17), insert “and data”.

Clause 26

In *clause 26(1)*, replace “of the Bank” (page 25, line 34) with “of the board”.

Clause 70A

In *clause 70A(1)(a)*, delete “or recommending” (page 39, line 32).

Clause 88

In *clause 88(1)(aa)*, replace “breach):” (page 46, line 17) with “breach); and”.

Clause 196

In *clause 196(4)*, delete “or data” (page 82, line 3).

Clause 212

In *clause 212(1)*, insert in its appropriate alphabetical order (page 88, after line 8):

Minister has the meaning set out in **section 5(1)**

Clause 254

In *clause 254(2)*, delete “relating to a financial institution” (page 107, line 24).

Clause 259

In the heading to *clause 259*, delete “**or data**” (page 110, line 15).

In *clause 259(1)*, delete “or data” in each place (page 110, lines 20 and 21).

In *clause 259(2)*, delete “and data” (page 110, line 22).

Clause 260

In *clause 260*, delete “or data” in each place (page 110, line 33 and page 111, line 1).

Clause 261

In the heading to *clause 261*, delete “**or data**” (page 111, line 5).

In *clause 261*, delete “or data” (page 111, line 7).

Clause 262

In the heading to *clause 262*, delete “**or data**” (page 111, line 11).

Clause 263

In the heading to *clause 263*, delete “**or data**” (page 111, line 23).

In *clause 263(1)(b)*, delete “or data” in each place (page 111, lines 27 and 28).

Cross-heading above clause 264

In the cross-heading above *clause 264*, delete “*or data*” (page 112, line 1).

Clause 264

In the heading to *clause 264*, delete “**or data**” (page 112, line 2).

In *clause 264(1) and (2)*, delete “or data” in each place (page 112, lines 4, 6, and 9).

Clause 266

In the heading to *clause 266*, delete “**or data**” (page 112, line 27).

In *clause 266(1), (2), (4), (5), and (6)*, delete “or data” in each place (page 112, lines 30, 31, and 33 and page 113, lines 1, 4, 11, 13, 18, 23, 24, and 26).

Clause 267

In *clause 267*, delete “or data” (page 113, line 31).

Clause 268

In the heading to *clause 268*, delete “**or data**” (page 113, line 34).

In *clause 268(1)*, delete “or data” in each place (page 113, lines 35 and 37).

Clause 269

In the heading to *clause 269*, delete “**or data**” (page 114, line 4).

In *clause 269*, delete “or data” in each place (page 114, lines 5, 6, 10, 11, 17, and 18).

In *clause 269(2)*, before “disclosed” (page 114, line 10), insert “published or”.

Clause 279

Replace *clause 279(6)* (page 117, lines 37 and 38) with:

- (6) This section does not limit any provision of this Act or any other legislation that allows the Bank to use or disclose information.

Schedule 1

In *Schedule 1, clause 4(4)*, replace “**and (3)**” (page 127, line 12) with “**to (3)**”.

In *Schedule 1, clause 14*, compare note, replace “(1), (2)” (page 129, line 27) with “(3)”.

In *Schedule 1*, replace *clauses 18 and 19* (page 130, lines 22 to 31) with:

18 Determination of annual dividend for financial year that starts on 1 July 2021

- (1) **Section 210** (instead of section 162 of the 1989 Act) applies to the annual dividend for the financial year that starts on 1 July 2021.
- (2) The Bank must make a recommendation under **section 210** for the financial year that starts on 1 July 2021 as soon as practicable after a statement of financial risk management is first published under **section 248**.
- (3) **Subclause (2)** applies despite anything to the contrary in **section 210**.

19 Former statement of intent requirements cease to apply

- (1) Sections 162A and 162C of the 1989 Act cease to apply on 31 December 2021.
- (2) However, section 162B of the 1989 Act continues to apply for the purposes of any amendment under section 162D of that Act.

In *Schedule 1*, replace *clause 20(3)* (page 131, lines 3 and 4) with:

- (3) The statement of intent must relate to the financial year that starts on 1 July 2022 and at least the following 3 financial years.

In *Schedule 1*, replace *clause 21(3)* (page 131, lines 19 and 20) with:

- (3) The statement of performance expectations must relate to the financial year that starts on 1 July 2022.

In *Schedule 1*, after *clause 22(1)* (page 131, after line 36), insert:

- (1A) The annual report must relate to the financial year that starts on 1 July 2021 (and, accordingly, sections 163, 164, and 165 of the 1989 Act do not apply to that financial year).
- (1B) The Bank must provide to the Minister the annual report under **section 236** before the later of the following:
- (a) 1 October 2022;
 - (b) the date that is 3 months after the main commencement date.
- (1C) The statements and information referred to in **section 244(1)** that will be included in the annual report must be forwarded to the Auditor-General under that section before the later of the following:
- (a) 1 September 2022;
 - (b) the date that is 2 months after the main commencement date.

In *Schedule 1*, after *clause 22(2)* (page 131, after line 38), insert:

- (2A) Despite **section 211**, the Bank may, but is not required to, include the information referred to in that section in the annual report. If the information is not included in the annual report, the Bank must instead publish the information on an Internet site maintained by, or on behalf of, the Bank.
- (2B) The financial statements for the financial year to which the annual report relates are not required to contain the forecast statement referred to in **section 241(2)(c)**.
- (2C) For the purpose of including in the annual report the information required by **section 239**, references in that section to a member of the board include each person who was a director of the Bank under the 1989 Act at any time during the financial year to which the annual report relates.

In *Schedule 1*, *clause 26(1)(a)*, after “237(1)(u)” (page 132, line 36), insert “or (6)”.

In *Schedule 1*, in the *Part 3* heading, replace “**Part 3**” (page 133, line 11) with “**Part 2**”.

Schedule 4

In *Schedule 4*, *Part 1*, item relating to section 105(2)(d) of the Reserve Bank of New Zealand Act 1989, replace “legislation; or” (page 159, line 19) with “legislation:”.

In *Schedule 4*, *Part 1*, item relating to *new section 156ZN(1)(c)* of the Reserve Bank of New Zealand Act 1989, after “the Bank” (page 160, line 3), insert “or the FMA”.

In *Schedule 4*, *Part 1*, item relating to *new section 156ZN(1)(d)* of the Reserve Bank of New Zealand Act 1989, replace “(which relates to information sharing)” (page 160, lines 6 and 7), with “or section 30 of the Financial Markets Authority Act 2011 (which relate to information sharing)”.

In *Schedule 4*, *Part 1*, after the item relating to *new section 156ZN(1)(c)* and (d) of the Reserve Bank of New Zealand Act 1989 (page 160, after line 7), insert:

Replace section 156ZO(1)(a)(i) with:

- (i) for the purposes of, or in connection with, the performance or exercise of any function, power, or duty referred to in that paragraph; and

In *Schedule 4, Part 3*, item relating to the Financial Market Infrastructures Act 2021, new definition of **BPS Act 1989**, after “Banking (Prudential Supervision) Act 1989” (page 164, line 5), insert “(being the Act that was previously called the Reserve Bank of New Zealand Act 1989)”.

In *Schedule 4, Part 3*, before the item relating to Schedule 2 of the Financial Service Providers (Registration and Dispute Resolution) Act 2008 (page 164, before line 29), insert:

In section 67(1)(c)(i), replace “Reserve Bank of New Zealand Act 1989” with “Banking (Prudential Supervision) Act 1989”.

In *Schedule 4, Part 3*, after the item relating to the Insolvency Act 2006 (page 165, after line 24), insert:

Insolvency (Cross-border) Act 2006 (2006 No 57)

In Schedule 1, Article 1(2), replace “Reserve Bank of New Zealand Act 1989” with “Banking (Prudential Supervision) Act 1989”.

In *Schedule 4, Part 3*, delete the item relating to the Methodist Charitable and Educational Trusts Act 1911 (page 167, lines 30 to 32).

In *Schedule 4, Part 3*, after the item relating to the Social Security Act 2018 (page 170, after line 14), insert:

State-Owned Enterprises Act 1986 (1986 No 124)

In section 30(1), replace “Reserve Bank of New Zealand Act 1989” with “Banking (Prudential Supervision) Act 1989”.

In *Schedule 4, Part 3*, replace the first item relating to section 2(1) of the Summary Proceedings Act 1957 (page 170, lines 16 and 17) with:

In section 2(1), definition of **bank**, paragraph (b), replace “established under the Reserve Bank of New Zealand Act 1989” with “continued under the Reserve Bank of New Zealand Act **2020**”.

In *Schedule 4, Part 3*, delete the item relating to the Westpac New Zealand Act 2011 (page 170, lines 28 to 30).

In *Schedule 4, Part 4*, before the item relating to the Companies Act 1993 Liquidation Regulations 1994 (page 171, before line 3), insert:

**Anti-Money Laundering and Countering Financing of Terrorism
(Class Exemptions) Notice 2018 (LI 2018/101)**

In the Schedule, Part 13, clause 2, definition of **registered bank**, replace “Reserve Bank of New Zealand Act 1989” with “Banking (Prudential Supervision) Act 1989”.

Commodity Levies (Meat) Order 2015 (LI 2015/307)

In clause 3, definition of **trust account**, replace “Reserve Bank of New Zealand Act 1989” with “Banking (Prudential Supervision) Act 1989”.

In *Schedule 4, Part 4*, before the items relating to Schedule 6 of the Financial Markets Conduct Regulations 2014 (page 171, before line 26), insert:

In regulation 238(1), definition of **hedging counterparty**, paragraph (c), replace “Reserve Bank of New Zealand Act 1989” with “Banking (Prudential Supervision) Act 1989”.

In regulation 238(2)(a), replace “Reserve Bank of New Zealand Act 1989” with “Banking (Prudential Supervision) Act 1989”.

In *Schedule 4, Part 4*, after the item relating to the Reserve Bank of New Zealand (Australian Financial Authorities) Regulations 2006 (page 172, after line 15), insert:

Reserve Bank of New Zealand (Designated Settlement System—NZClear) Order 2012 (SR 2012/258)

In clause 3(2), replace “Reserve Bank of New Zealand Act 1989” with “Banking (Prudential Supervision) Act 1989”.

In the Schedule, clause 1(h), replace “Reserve Bank of New Zealand Act 1989” with “Banking (Prudential Supervision) Act 1989”.

Reserve Bank of New Zealand (Designated Settlement Systems) Order 2004 (SR 2004/376)

In clause 4(2), replace “Reserve Bank of New Zealand Act 1989” with “Banking (Prudential Supervision) Act 1989”.

In clause 12(2), replace “Reserve Bank of New Zealand Act 1989” with “Banking (Prudential Supervision) Act 1989”.

Explanatory note

This Supplementary Order Paper makes minor or technical changes to the Reserve Bank of New Zealand Bill to improve the workability of the Bill and to correct minor errors. The changes include—

- amending *clause 2*, which provides for most of the Bill to come into force by Order in Council. The backstop date for this commencement is currently the first anniversary of the date on which the Bill receives the Royal assent. This has been adjusted so that any provision that has not earlier been brought into force comes into force on 1 October 2022;
- clarifying that the Bank’s information-sharing powers under *clause 279* do not limit any other powers to disclose or use information (for example, under *clause 14*);
- clarifying that the first annual report under this Bill will be for the Bank’s 2021/22 financial year. Some other changes are made to clarify the transitional

provisions relating to the determination of the Bank's annual dividend and the Bank's first statement of intent, statement of performance expectations, and annual report under this Bill. In particular, the changes confirm whether various requirements of this Bill apply to particular financial years:

- clarifying that all references in the Bill to information include data (*see* the amendment to the definition of information in *clause 5*). Some unnecessary references to data have been consequentially removed:
- updating the consequential amendments in *Schedule 4*.

Departmental disclosure statement

The Treasury considers that a departmental disclosure statement is not required to be prepared for this Supplementary Order Paper.