



ECONOMIC BULLETIN

Reforms that might be considered by the incoming RBNZ Governor.



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Some things to think about...

- A decision on a new permanent RBNZ Governor is likely in coming weeks.
- The new permanent RBNZ leadership might consider advancing reforms with the Minister of Finance to monetary policy formulation and communications.
- Introduction of publicised formal votes at each meeting would be of benefit, especially if votes are attributed.
- Publishing additional material on Monetary Policy Committee (MPC) members' views on the balance of risks around the RBNZ's forecasts would also be of benefit.
- All meetings could be followed by press conferences.
- The addition of a January meeting and a shift in the timing of remaining meetings seems sensible and should occur.
- An increase of the inflation target to a 2.5% midpoint could be considered and might better align with historical performance.
- Increasing the visibility and frequency of outside MPC members would be desirable subject to resourcing and availability constraints.

Recent commentary from both the Minister of Finance (MoF) and the Prime Minister indicates that the appointment process for a new permanent governor of the RBNZ is well advanced. An announcement might arrive within the next few weeks.

This report focuses on the priorities and reform opportunities that the incoming Governor will likely encounter, particularly in the realms of monetary policy formulation and implementation.

This note outlines a selection of ideas that the new Governor may wish to consider advancing with the MoF, drawing on both international best practice and local experience.

Increasing transparency and accountability.

Introducing regular votes at the MPC.

A significant step toward greater transparency and accountability would be the formalisation of regular votes at each MPC meeting, a practice already adopted by many advanced economy central banks. This would require a change to the RBNZ's MPC Charter if attribution of votes is to occur.

Currently, the RBNZ MPC has held formal votes only on three occasions: May 2023, where the decision was between no change or a 25bp hike; May 2025, where options considered were no change or a 25bp cut; and August 2025 where the options were a 25bp or 50bps cut. On other occasions, the meeting's Statement of Record has indicated that various options were debated, but no formal votes were held.

This lack of regular, publicised voting means market participants and the public are often left to infer the preferences and convictions of committee members from sometimes ambiguous meeting summaries. While

the Governor has noted, as in the August 2025 Monetary Policy Statement press conference, that members are free to “out themselves” if they wish, no member has ever chosen to do so.

Comparisons with other central banks are instructive. The US Fed, the Bank of England, the Bank of Japan, and Sweden’s Riksbank all conduct formal votes – with attribution – at their policy-setting meetings. Norway’s Norges Bank also holds votes, though it sometimes withholds disclosure of individual votes. The Bank of Canada, the Reserve Bank of Australia (RBA), and the European Central Bank (ECB) usually do not hold votes, although the RBA did conduct a formal vote at their May 2025 Statement of Monetary Policy meeting.

We think regular, publicised votes at every Official Cash Rate (OCR) review would significantly enhance the transparency of the RBNZ’s decision-making. The current practice of providing a Statement of Meeting offers some information on the range of views expressed, but it leaves much to the interpretation of the reader. Explicit votes, combined with an explanation of each member’s rationale, would clarify both the options under consideration and the level of support for each. This reform would help anchor expectations and potentially reduce market volatility surrounding policy announcements.

Publicising MPC members’ voting choices.

A logical extension to regular voting is the public disclosure of which options individual MPC members voted for. The current MPC Charter requires such votes to be unattributed. Such transparency would improve accountability and ensure that market participants and the public are better able to understand the diversity of views within the committee. This is especially important in moments of policy divergence or uncertainty, as it reveals where consensus breaks down and what alternative perspectives exist.

Currently, the anonymity of committee members’ votes may be intended to foster frank debate and shield members from external pressure. However, international experience suggests that publicizing individual votes can strengthen institutional credibility and foster more robust policy debate. The Fed and Bank of England, for instance, have successfully balanced transparency with the protection of individual reputations, and their example underscores the value of openness.

By making individual votes public, the RBNZ would give New Zealanders a clearer picture of how monetary policy decisions are reached, who holds minority viewpoints, and how the balance of opinion may shift over time. This would also allow policymakers to be held to account for their decisions and rationales, ultimately strengthening the credibility of the institution.

Enhancing information on the range of Committee views.

Another area ripe for reform is the communication of the diversity of views among MPC members regarding the balance of risks around the RBNZ’s forecasts. At present, the Statement of Record provides an overview of the range of issues and risks discussed, but it is difficult to attribute positions to individual members or to discern which risks are seen as most significant.

The MPC process already collects views from members on the extent of risk—both upside and downside—perceived ahead of final discussions and again after the decision is made. But we think the RBNZ could usefully go further. The material published quarterly by the Fed, including histograms capturing meeting participants’ sense of the balance of risk around key forecast variables, provides valuable information not conveyed in the baseline forecast.

Publishing some of this information would be valuable. It would enable markets and the public to identify the most salient areas of perceived risk around the forecasts, enhancing their ability to anticipate changes in the MPC’s thinking and reducing the likelihood of unexpected policy shifts. Changes to the MPC Charter may be required to facilitate these kinds of disclosures.

This approach would improve transparency and clarity on the rationale for policy decisions. It may also foster a more informed public debate around monetary policy and better allow markets to anticipate future changes in policy settings.

Press conferences to follow every MPC meeting.

At present, the RBNZ only holds press conferences when a Monetary Policy Statement (MPS) is produced. This is out of step with many central banks, including the Fed, the ECB, the Bank of Japan and the RBA, which hold press conferences following every policy decision.

Additional press conferences at the inter-MPS meetings would add to the transparency of monetary policy, providing interested observers with additional information about the factors driving the Bank’s decisions and additional opportunities for the media to hold the RBNZ to account on behalf of the New Zealand public.

Increasing opportunities for MPC member speeches.

Currently, there is limited visibility into the views of non-RBNZ MPC members on the economic outlook and the priorities for monetary policy. To further boost transparency, there is significant value in hearing more regularly from these members, as their perspectives can illuminate the range of thinking within the MPC and highlight key issues for markets and the public. Changes

to the MPC Charter might be required to formalize this and allow MPC members to discuss their own views.

Encouraging more frequent speeches by MPC members would enhance transparency and allow for a broader exchange of ideas. Of course, there may be practical considerations: some members might require additional analytical support or paid hours to prepare speeches, particularly if their other professional obligations are significant. For this reason, it may be desirable to make such speeches voluntary, ensuring that only those best placed to speak regularly take on this responsibility.

Expanding the number of OCR reviews.

The scheduling of OCR reviews is an active issue, with the MoF having signalled a desire to shorten the lengthy gap between the current November and February meetings.

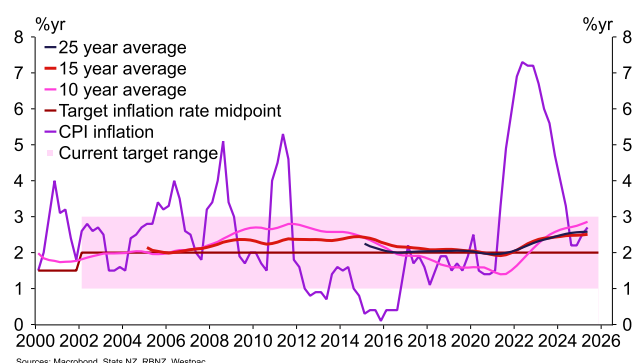
Expanding the number of OCR reviews in the annual schedule would reduce these gaps and allow for a more consistent flow of information and decision-making. Ideally, the MPS's would revert to the March, June, September, and December cadence, with Monetary Policy Reviews fitted in between these meetings. RBNZ has already announced OCR review dates up to mid-2026, so any changes to the schedule could be implemented relatively quickly and communicated well in advance.

Revisiting the policy targets.

Would an RBA-style 2-3% inflation target be more realistic?

A more contentious question the incoming Governor could consider is whether to revisit the RBNZ's inflation target. Over the past two decades, the RBNZ has struggled to consistently achieve its target. Inflation has averaged around 2.6% over the last 25 years – although CPI inflation has been above and below 2% around 50% of the time.

New Zealand CPI inflation and the target range



This historical record suggests that the 2% midpoint target has been challenging to meet – mainly because inflation has tended to rise further above the 2% mid-

point compared to periods when it has been lower than 2%. Public expectations of inflation tend to be above the target, and often higher than measured inflation itself. While New Zealand's target falls within the norms of advanced economies, it is worth noting that Australia's target is specified around a midpoint of 2.5%. Aligning the target with historical outcomes and regional norms could be sensible.

A 2.5% inflation target (perhaps expressed as a 2-3% range, to align with the RBA's target) might better match New Zealand's historical capacity to deliver price stability and bring expectations closer to reality. Now that inflation is within the 1-3% target range, a change would be easier to justify and implement. Such an adjustment would require changes to the MPC's Remit and as such require endorsement by the MoF. Raising the mid-point of the inflation target would need to be matched with increased focus on the MPC to ensure the future average inflation rate doesn't drift higher with the target midpoint.

A new Governor is an opportunity to revitalise monetary policy formulation. Most of the reforms discussed here could strengthen the effectiveness, accountability, and transparency of the RBNZ's policymaking. Market participants and the public should consider the possibility of reforms once a new Governor is embedded.

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