

17 March 2022

Adam Irish

Via email: fyi-request-18629-85aac1d8@requests.fyi.org.nz

Dear Adam

Thank you for your request of 22 February 2022 to the Reserve Bank of New Zealand – Te Pūtea Matua made under the Official Information Act 1982 (OIA) for the following information:

1. *What advice has the RBNZ provided internally that forecasts the impact that increasing the OCR will have on house prices.*
2. *What advice has the RBNZ provided decision makers on inflation being driven by genuine offshore supply disruptions and shortages as opposed to excessive domestic demand and current monetary policy settings.*
3. *Lastly has the bank looked at other leavers as opposed to just the OCR to combat inflationary pressures.*

Response

Parts one and two of your request are being withheld under the following sections of the OIA:

- Section 9(2)(d) – withholding the information is necessary to avoid prejudice to the substantial economic interests of New Zealand.

The advice concerns the development of monetary policy. The Monetary Policy Committee (MPC) makes decisions based on advice provided by the RBNZ. In this context, the release of the advice and information may have unintended and distortionary effects on financial markets.

The financial sector trades on the basis of its perception of the RBNZ's view of market conditions, and how it intends to respond to those. The RBNZ is therefore very careful about how it conveys information to the market.

- Section 9(2)(g)(i) – withholding the information is necessary to ensure the free and frank expression of opinions by RBNZ staff in the course of developing monetary policy recommendations.

An integral part of the development of monetary policy forecasts and judgements is the encouragement of vigorous internal debate. If details of internal debates and reviews were disclosed, staff would be less likely to provide free and frank views. This would diminish the quality of the debates and ultimately of the advice available to the MPC in discharging its role.

The RBNZ has a statutory duty to make official information available unless there is good reason for withholding it. However, the RBNZ has publicly released information on its forecasting and information about the tools it uses to address inflationary pressures. We do

not consider the additional public interest in releasing the advice as requested to outweigh the reasons in favour of withholding it. As such, in terms of section 9(1) of the OIA, I am satisfied that the withholding of this information is not outweighed by other considerations that render it desirable to make the information available in the public interest.

To assist you, we have created a table with details of publicly available information relating to both the OCR and house prices. This includes links to the 23 February 2022 Monetary Policy Statement and to a speech the RBNZ Governor delivered on 25 February 2022 in which he discussed both global and domestic inflationary pressures.

Date	Title/document	Link
25/02/2022	Speech by RBNZ Governor on global and domestic inflationary pressures	https://www.rbnz.govt.nz/research-and-publications/speeches/2022/speech2022-02-25
23/02/2022	Monetary Policy Statement, February 2022	https://www.rbnz.govt.nz/monetary-policy/monetary-policy-statement/mps-february-2022
23/02/2022	OCR decisions and current rate	https://www.rbnz.govt.nz/monetary-policy/official-cash-rate-decisions
2/11/2021	Measures for assessing the sustainability of house prices in New Zealand	https://www.rbnz.govt.nz/research-and-publications/analytical-notes/2021/an2021-08
30/08/2021	Monetary policy pass-through to mortgage rates	https://www.rbnz.govt.nz/research-and-publications/analytical-notes/2021/an2021-07
2/08/2021	Reserve Bank response to FEC questions about house price projections – Introduction, August 2021	https://www.rbnz.govt.nz/research-and-publications/information-releases/2021/ir-2021-04
NA	Links to all Monetary Policy Statements	https://www.rbnz.govt.nz/monetary-policy/monetary-policy-statement

In regards to part three of your request, the OCR is the primary tool used by the MPC to address upward inflationary pressures. Information about the RBNZ's monetary policy tools, particularly in the context of a global pandemic, is available on the RBNZ's website at <https://www.rbnz.govt.nz/research-and-publications/reserve-bank-bulletin/2021/rbb2021-84-01>.

The OIA allows charges to be imposed for the preparation of information in response to requests. The Reserve Bank is resourced to meet disclosure obligations for a reasonable level of requests and the cost of providing free responses to official information requests is generally borne by taxpayers. However, the Reserve Bank believes that requesters should bear some of

the costs, where allowable under the OIA, when requests are made for large amounts of information, where a response is particularly complex, or where individuals or organisations make frequent requests. In this instance, no charge is being made under the OIA.

You have the right to seek an investigation and review of this response by the Ombudsman, in accordance with section 28(3) of the OIA. The relevant details can be found on the Ombudsman's website at www.ombudsman.parliament.nz.

Please note that we intend to publish a copy of this response on the Reserve Bank's website: www.rbnz.govt.nz/research-and-publications/official-information-requests. Responses to requests are published in order to improve public transparency and provide an additional resource for anyone seeking information.

Yours sincerely

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