

## Request for communications between Minister of Finance and the Reserve Bank

<b>Legislation</b>	Official Information Act 1982, 9(2)(g)(i)
<b>Agency</b>	Minister of Finance
<b>Ombudsman</b>	Sir Brian Elwood
<b>Case number(s)</b>	W33518
<b>Date</b>	June 1995

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*Request for communications between Minister of Finance and the Reserve Bank regarding economic growth, monetary policy and inflation outlook—information withheld under ss 6(e)(iv), 9(2)(d), 9(2)(f)(iv) and 9(2)(g)(i)—markets are extremely sensitive and react to the most subtle signals—if released, Reserve Bank would be likely to become more guarded about what was said at, and recorded after, meetings with Minister—s 9(2)(g)(i) applied and no countervailing public interest considerations which outweighed need to withhold*

A political party researcher made a request to the Minister of Finance for all communications over a specific period between the Minister’s Office and the Reserve Bank relating to economic growth, monetary policy settings and the medium term inflation outlook. The Minister provided copies of some information, but refused to provide any records relating to meetings or discussions between his Office and the Reserve Bank. He advised the requester that he had based this decision on the provisions of sections 6(e)(iv), 9(2)(d), 9(2)(f)(iv) and 9(2)(g)(i) of the OIA.

It became apparent at an early stage in the investigation that the only records held were file notes written by Reserve Bank employees following meetings between the Reserve Bank and the Minister of Finance. These records were held by the Reserve Bank and not by the Minister of Finance. Accordingly, the matter was transferred to the Reserve Bank for further consideration under the OIA.

The Reserve Bank was concerned that irrespective of the actual content of the information at issue, a decision on some occasions to withhold information and on other occasions to release

information, could lead to speculation or inappropriate inferences being drawn by financial markets about decisions on monetary policy. It said that the markets are extremely sensitive and react to the most subtle signals. Accordingly, should such information be released, the Reserve Bank would be likely to become more guarded about what was said at and recorded after meetings with the Minister.

These concerns are reflected in section 9(2)(g)(i) which is directed at protecting the process by which the expression of opinions is generated in order to maintain the effective conduct of public affairs. It is not so much the content of the information which needs to be protected, but rather the manner in which the information is expressed or the process of which it forms a part.

From discussions with the Governor of the Reserve Bank, it was clear that in the context of the Governor's and the Bank's role in formulating and implementing monetary policy, the concerns expressed were valid. Their role in this respect is unique in that both have been given by statute, a measure of independence from Government in carrying out their respective responsibilities, yet have an obligation to consult with and give advice to the Government and others. Their roles can be seen as sensitive and such that the free and frank expression of opinions is likely to be a common occurrence during the process of consultation.

It was therefore accepted that disclosure of the information at issue would have an inhibitory impact on the future free and frank expression of opinions by the Governor and officers of the Reserve Bank to the Minister of Finance. It was also acknowledged that this would have an adverse impact on the effective conduct of the consultation process imposed on the Bank by section 10 of the Reserve Bank of New Zealand Act. The consultation obligation was clearly deemed by Parliament to be essential to the effective conduct of public affairs and any reduction in the frankness of those consultations would likely render less effective the conduct of public affairs in a critical area.

In considering the question of whether there were any countervailing public interest considerations in terms of section 9(1) which outweighed the need to withhold the information at issue, regard was had to the provisions of the Reserve Bank of New Zealand Act. This appears to be designed to ensure that the objectives and targets of the Bank are transparent. Policy targets made in agreement between the Minister and the Governor are tabled in Parliament and published in the Gazette. New objectives must be made by an Order-in-Council. Given the statutory regime of transparency imposed upon the Bank, it is in the public interest that the scheme of the Act in this regard be upheld. For example, if the information at issue were to reveal inconsistency between the published targets and objectives and what the Reserve Bank was advising the Government, there could be a significant public interest in its release which might outweigh the need to withhold the information. However, there was no such inconsistency in this particular case.

The final view was that section 9(2)(g)(i) applied to the information at issue, and there were no countervailing public interest considerations which outweighed the need to withhold. Having formed that view, it was not necessary to consider the application of any of the other withholding grounds advanced.

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