

1 April 2021

Adam Irish

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Dear Adam

Thank you for your request of 8 March 2021 under the Official Information Act 1982 (OIA). You requested the following:

- *“all advice to the Minister of Finance since 16 March 2020 relating to the impacts of monetary policy and LVRs on first home buyers.”*

### **Response**

The Reserve Bank of New Zealand is New Zealand’s central bank. Its statutory mandate includes:

- Promoting the maintenance of a sound and efficient financial system
- Maintaining price stability and supporting maximum sustainable employment.

The Reserve Bank uses financial policy to promote the maintenance of a sound and efficient financial system, one of the tools it can employ towards this end is to place restrictions on high ‘loan-to-value ratio’ (LVR) lending. The Reserve Bank uses monetary policy to maintain price stability and support maximum sustainable employment.

On 24 November 2020 the Minister of Finance wrote to the Governor of the Reserve Bank, requesting his views on ways the Government and Reserve Bank could work together to address the issue of rising house prices.

The Reserve Bank’s detailed response to the above letter was provided to the Minister on 9 December and subsequently published on the Reserve Bank website, you can access it here: <https://www.rbnz.govt.nz/news/2020/12/reserve-banks-response-to-minister-of-finance>.

While this response does not specifically reference first-home buyers, it does include advice on the relationship between both monetary and financial policy and house prices.

The Reserve Bank issued the following Regulatory Impact Assessments regarding the removal and reinstatement of LVR restrictions:

- Regulatory Impact Assessment: Removal of Loan-to-Value Restrictions following the onset of COVID-19: <https://www.rbnz.govt.nz/news/2020/04/reserve-bank-removes-lvr-restrictions-for-12-months>.
- Regulatory Impact Assessment: Reinstating Loan-to-Value Ratio Restrictions: <https://www.rbnz.govt.nz/news/2021/02/financial-stability-strengthened-by-firmer-lvr-restrictions>.

While these do not constitute advice to the Minister, they do include considerations of the impact on first-home buyers and may therefore prove of interest.

Finally, we understand that the Treasury will soon be publishing information relevant to your request, which you will be able to access here: <https://www.treasury.govt.nz/publications/other-official-information/information-releases>.

The Official Information Act 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 allowable under the OIA as no new information is being released.

Please note that we intend to publish a copy of this response (with personal information removed) on the Reserve Bank's website [www.rbnz.govt.nz/research-and-publications/official-information-requests](http://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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