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Independent review of Covid-19 monetary policy



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The Government has instigated an independent review of New Zealand's monetary policy response to the Covid-19 pandemic.

Finance Minister Nicola Willis says the purpose of the review is to identify any lessons New Zealand could learn to improve the monetary policy response to future major events.

"An independent review means the conclusions found can be objective and constructive.

"The Reserve Bank of New Zealand took unprecedented action in response to the Covid-19 pandemic. This included reducing the Official Cash Rate to 0.25 per cent, and the use of additional monetary policy tools, including a Large Scale Asset Purchase (LSAP) programme.

"These actions helped to preserve jobs and keep businesses afloat, but the indirect impacts included decades-high inflation, and losses of about \$10.3 billion on the LSAP programme and a significant spike in asset values with house prices increasing 30 per cent in one year.

"The purpose of the review is to learn from experience. It will focus on decisions by the Monetary Policy Committee (MPC), and analysis provided by the Reserve Bank to support those decisions. This includes MPC decision making and communication, the use of additional monetary policy tools, and the coordination of monetary and fiscal policy."

Monetary policy experts Athanasios Orphanides and David Archer have been appointed to conduct the independent review.

Dr Orphanides is a former governor of the Central Bank of Cyprus and member of the Governing Council of the European Central Bank, and a professor of the Practice of Global Economics and Management at the Massachusetts Institute of Technology.

Mr Archer is a former Reserve Bank assistant governor and former head of the Central Banking Studies Unit at the Bank for International Settlements.

The review is expected to be completed in August 2026 and publicly released in September 2026.



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