



## Office of Hon Bill English

Deputy Prime Minister  
Minister of Finance  
Minister for Infrastructure

18 December 2008

Dr Alan Bollard  
The Governor  
The Reserve Bank of New Zealand  
PO Box 2498  
WELLINGTON 6140

Dear Alan

As you will be aware, the Government is committed to price stability and the existing monetary policy framework. We consider low inflation is a necessary building block to a prosperous economy and the achievement of wider objectives like fairness.

We are very much aware of the current international financial and economic turmoil and the challenges this creates for policy-makers. Despite this, the Government is committed to achieving stable economic outcomes for New Zealand and anticipates the Policy Targets Agreement (PTA) is able to be interpreted in this light.

Like previous administrations, this Government considers it desirable that the PTA recognise the current Government's wider policy objectives. To this end, we are proposing that an amendment be made to Clause 1b of the PTA, replacing the existing words with:

"The Government's economic objective is to promote a growing, open and competitive economy as the best means of delivering permanently higher incomes and living standards for New Zealanders. Price stability plays an important part in supporting this objective."

I wish you well in your endeavours, and I look forward to a cordial and close relationship with you, working towards a more prosperous New Zealand.

Yours sincerely

Hon Bill English  
Minister of Finance

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