

## THE ORGANISATIONAL STRUCTURE OF THE RESERVE BANK

During 1984, the Bank undertook the first major restructure of its organisation since establishment in 1934. This article provides some background information on the nature of the changes which have been implemented and discusses details of the new organisational arrangements.

Given that the Bank's first Governor, Mr Leslie Lefeaux, was a former Bank of England official, it was not surprising that the Bank's original organisational structure was modelled on that of the Bank of England. In addition to the Governor and Deputy Governor, the Bank initially had a staff of about 60 employees spread over three departments. These were the Chief Cashier's Department, which was the main operating department of the Bank; the Secretary's Department, which was the administrative arm; and the Chief Accountant's Department, which was responsible for maintaining the Bank's books and managing the public debt registry. Branches were opened in Auckland and Christchurch in the early 1950s but essentially the initial structure was preserved until 1960 when the Research and Statistics office in the Secretary's Department became a separate Economic Department.

Over time, as the range of policy issues and operational matters handled by the Bank expanded and became more complex, pressures developed on the existing organisational structure. Some of the departments became rather large and unwieldy, handling a wide variety of unrelated functions; new functions were allocated to various departments in a manner which sometimes made co-ordination difficult; individual and departmental workloads gradually became rather unevenly distributed; closely related functions were at times spread over several departments; and the layers of management became excessive in a number of cases.

In late 1983 the senior management of the Bank and the Board of Directors decided that a review of the Bank's organisation was warranted in order to address these matters. As a result of this review process, it was decided in 1984 to make a number of changes;

1. The number of departments within the Bank was increased in order to make them a more manageable size and to facilitate the regrouping of functions to ensure that interrelated responsibilities were drawn together as far as possible within individual departments.
2. The senior management team was reorganised and now comprises the Governor, Deputy Governor, Assistant Governor and Executive Adviser. The Economic Adviser is a member of this team also, although he is at present on secondment abroad.
3. The number of levels of administrative management within departments was reduced and complemented by the creation of a number of advisory positions at various levels. These positions have a major emphasis on policy work or particular projects rather than being in-line administrative positions. This arrangement also facilitates appropriate recognition of individual professional and technical skills of qualified staff members without necessarily having them in management positions.
4. After details of the reorganisation had been finalised by the Board, it was decided to implement the changes as quickly as possible. The departmental restructuring thus took place during the second half of 1984 and the process was completed early in 1985. The functions of the four previously large departments i.e. Chief Cashier's Department, Economic Department, Chief Accountant's Department and Secretary's Department, were reallocated over seven departments as follows:
  - (i) The Banking and Currency Department was created to take over that half of the operations of the Chief Cashier's Department which fell under this heading i.e. banking operations, currency operations, and overall responsibility for security.
  - (ii) The new International Department brought together all aspects of external operations and policy including exchange rate policy, foreign exchange operations, overseas reserves management, liaison with international organisations, overseas exchange transactions statistics and forecasting, exchange control (which was abolished at the end of 1984) and the Overseas Investment Commission Secretariat. These functions were previously located mainly in the Chief Cashier's Department although the Economic Department also had a balance of payments section and international research unit, both of which are now in the International Department.

- (iii) The Economic Department was reduced in size and now has responsibility for overall monetary policy strategy, economic forecasting, analysis of domestic economic conditions and policy, economic and econometric research, and the Bank's publications. Those sections of the old Economic Department which previously had responsibility for the implementation of monetary policy (part of the Banking section and the Capital Market section) were transferred to the new Financial Markets Department. As mentioned above, two of the sections handling International work in the old Economic Department were transferred to the new International Department.
- (iv) A new Financial Markets Department was created to assume responsibility for the oversight of financial markets and the financial system, implementation of monetary policy and oversight of liquidity management (particularly through Treasury Bill tenders and open market operations), prudential surveillance of the financial system, and oversight of new institutional developments within the financial system. This department was drawn together from sections which had previously been located in three other departments. The sections involved in being transferred to the new department were part of the Banking section and Capital Market section of the old Economic Department, the Money Market section of the Chief Cashier's Department, and the now abolished Regulations Office of the old Chief Accountant's Department.
- (v) The Registry Department was formed from the former Chief Accountant's Department and is responsible for the Government and Local Body debt registries. The internal accounting functions which were previously located in the old Chief Accountant's Department have been transferred to the new Corporate Services Department.
- (vi) The Corporate Services Department has taken over the work of the previous Secretary's Department other than that related to Computer Services and has also assumed responsibility for the Bank's internal accounting system. Corporate Services also covers personnel, premises, legal matters, communications, equipment and buildings, general administration, and provision of the Secretariat for the Board and Governors.
- (vii) A Computer Services Department was formed from that part of the previous Secretary's Department which handled matters under this heading.
- (viii) The three other smaller departments which were part of the original structure remain unchanged. This includes the Internal Audit Department and the Auckland and Christchurch Branches.

The result of these changes is ten smaller departments in place of the original four large and three small units. Two organisation charts accompany this article, one outlining the old structure and the other the new arrangements.

As part of the reorganisation process, the former executive titles were largely abolished and heads of departments are now called Chief Managers with other

executives having the titles of Manager where they are in management or administrative positions, while the titles of Senior Adviser and Adviser are used for advisory type positions. With the abolition of the position of Chief Cashier, the signature appearing on future issues of bank notes will be that of the Governor.

Within departments there are now generally only two layers of executive line management, comprising the Chief Manager and the Managers of the various sections reporting to each Chief Manager. Senior Advisers report to the Chief Manager of their Department and other Advisers have various reporting arrangements depending on the nature of their duties and the structure of the various departments. Under the old executive structure, there had been four layers of management in each Department: Heads, Deputies, Assistants and Principals.

At a senior management level, the Governor has overall responsibility for the formulation and implementation of economic policy within the Bank as well as the administration and operations of the Bank. The Governor is also Chairman of the Board. In the Governor's absence, the Deputy Governor acts for him. The Deputy Governor's major responsibilities include co-ordination of economic policy matters across the three policy departments (Economic, Financial Markets and International) and oversight of administrative and operational policy matters within the Bank, in close association with the Executive Adviser. The Deputy Governor is the Deputy Chairman of the Bank's Board.

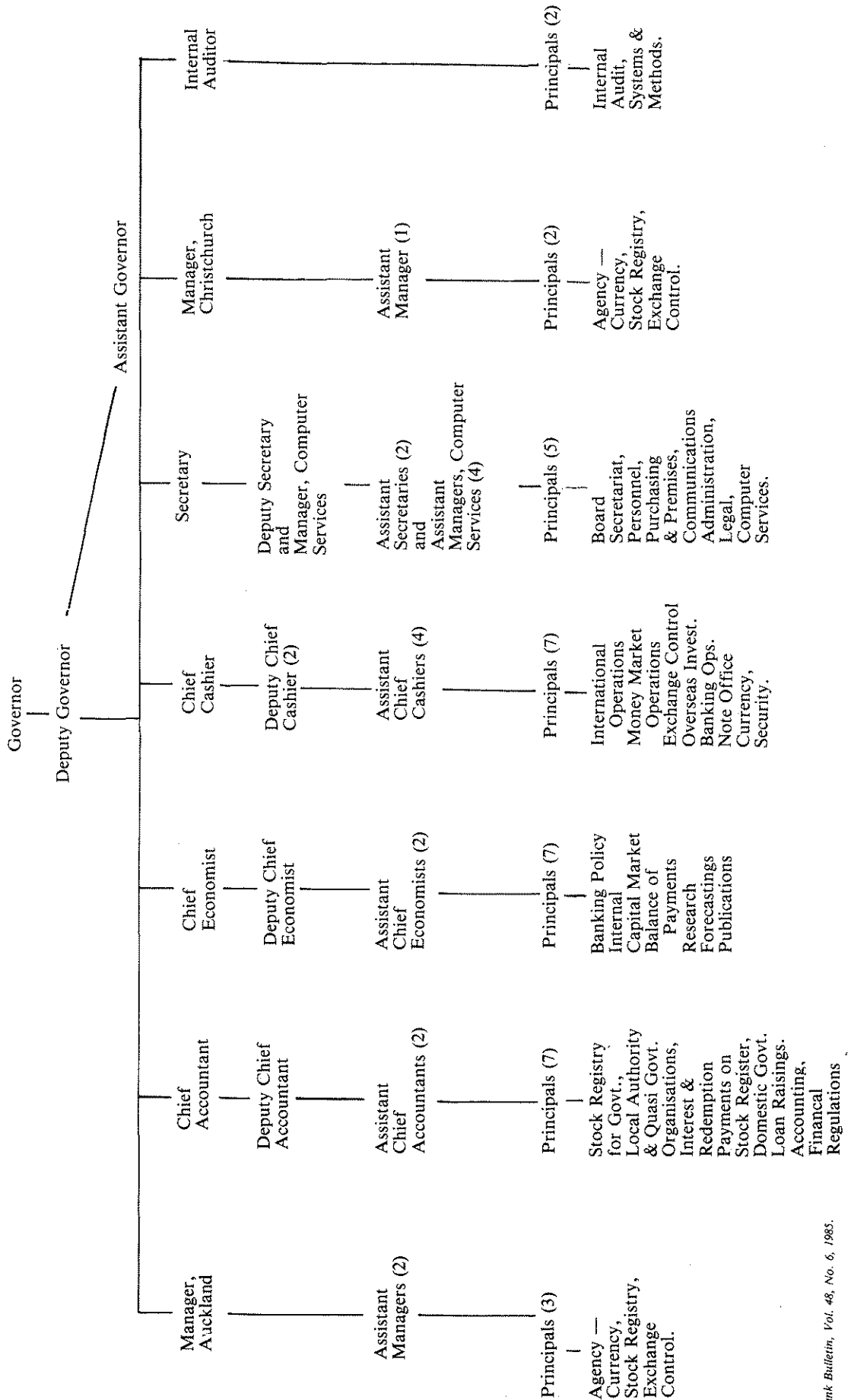
The Assistant Governor is responsible particularly for matters related to the Bank's responsibilities with respect to financial institutions and financial markets. He is also a member of the Overseas Investment Commission. The Executive Adviser has general oversight of administrative and operational matters within the Bank across all departments.

The reorganisation of the Bank has necessitated a restructure of the internal committee arrangements. Under the new structure, the Governor meets daily with the senior management team and weekly with this group together with the heads of the three policy departments. This extended grouping comprises the Economic Advisory Committee, chaired by the Governor. There is also a Governor's Committee which normally meets monthly, comprising the senior management group and the Chief Managers of all departments, including the Auckland and Christchurch Branches. The Governor's Committee discusses economic policy matters as well as internal operational and administrative policy issues. The weekly meetings of the Economic Advisory Committee concentrate on economic policy matters.

The structure of the Board of Directors remains unaltered, as does its sub-committee arrangements. There is an Executive Committee of the Board to handle urgent issues which may arise between Board meetings, a Staff Committee which handles senior personnel appointments and staff conditions which need to be decided at Board level, and the Board is also represented on the Trustees Committee which oversees the Bank's pension arrangements.

It is hoped that the new organisational arrangements within the Bank will facilitate a higher degree of adaptability and flexibility in response to the varied demands which are placed on the Bank, both in terms of economic policy matters and operational issues. It is not intended that they will survive unaltered for another fifty years, but instead will be reviewed from time to time in the light of changing circumstances.

**RESERVE BANK OF NEW ZEALAND  
ORGANISATION CHART  
APRIL 1984**



# RESERVE BANK OF NEW ZEALAND ORGANISATION CHART

MAY 1985

