



Reserve Bank
of New Zealand
Te Pūtea Matua

DECISIONS FOR SENIOR LEADERSHIP ROLES.

8 October 2021

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Foreword.

Foreword

On 28 September 2021, a consultation document was released proposing a series of changes to the structure of the SLT roles, with some resulting realignment to reporting lines of Tier 3 roles across the Bank. It is important that the RBNZ has the right leadership structure in place to support the future strategic direction of the Bank and ensure we have the right capabilities and resources focussed in the right areas to ensure Te Pūtea Matua's sustainable success.

A total of 14 feedback submissions were received, both from groups and individuals. All submissions were carefully considered and have helped focus our thinking in making final decisions. This decision document responds to the themes that have been raised. There were some one-off pieces of feedback and suggestions which this document does not address specifically.

I want to thank all who made submissions on the consultation document. I appreciated your contributions which have helped towards my final decisions. These decisions will now be implemented to help ensure we are well positioned for the future.

I am confident this direction enables us to lead the Bank into the future with a focus and clarity that will bring benefit to us all.

Adrian Orr
Governor



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Feedback Themes and Responses.

Feedback Themes (1 of 4)

General Feedback Themes

General Themes:

- Drivers for change and the Design Principles are clear and set the right direction.
- There was overall support for the proposed changes with the structure being clear and coherent.
- There was support for an increase in roles for the SLT with specific support for the establishment of a Chief Risk Officer and AG Digital and Security.

Specific Feedback Themes

Response / Decision

Recommended refinement of the purpose statement for AG Digital Solutions and Security and AG Finance & Commercial Operating to better reflect leadership responsibilities.

Response: Noted and agreed.

Decision: Purpose statements have been updated accordingly.

Recommended change of AG title from AG – Strategy, ESG, Governance and Audit to AG – Strategy, Governance and Sustainability.

Response: Noted and agreed

Decision: Title has been changed to AG – Strategy, Governance and Sustainability

To avoid risk of creating “shadow IT”, Information, Data and Analytics could be combined with Digital and Security.

Response: To support the future direction and proposition of the Bank, it is considered vital that Data and Analytics joins the SLT and drives the desired increased focus in this area and for current and future services provided by the Bank.

There will be very clear lines of accountability established between the AG Data and Analytics and the AG Digital and Security.

Decision: No change to the proposal.



Feedback Themes (2 of 4)

Feedback Theme	Response / Decision
<p>The weighting of SLT roles is heavily toward the “enabling” functions rather than core central banking functions. Due to that balance, combined with an increased number of roles, focus will need to be on ensuring consistency in direction and clarity of decision making.</p>	<p>Response: All functions are equally important in representing the RBNZ and must work collaboratively in order for the RBNZ to function sustainably and successfully into the future.</p> <p>Embedding consistency in direction and clarity of decision making is part of the ongoing ways of working that we are focused on achieving as an SLT. Refreshing our leadership and organisational culture, behaviours and ways of working also forms part of our Transformation and this work will be ongoing to ensure our practices and processes reinforce and support our desired way of working.</p> <p>Decision: No change to the proposal.</p>
<p>We need to embed a new way of working to ensure we don’t create new siloes but work more collaboratively and ensure the portfolios support each other to enable collective success.</p>	<p>Response: Embedding new ways of working forms part of our Transformation and this work will be ongoing to ensure our practices and processes reinforce and support our desired ways of working.</p> <p>Decision: No change to the proposal.</p>
<p>There needs to be a clear connection with a supporting committee structure to align with the proposed new model.</p>	<p>Response: Work has commenced on reviewing the Committees that exist within the Bank and this process will ensure alignment through to the new SLT structure.</p> <p>Decision: No change to the proposal.</p>

Feedback Themes (3 of 4)

Feedback Theme	Response / Decision
<p>Realignment of T3 roles is generally supported, although there were four key themes of feedback here:</p> <ul style="list-style-type: none"> • Some roles currently cover two SLT portfolios but were put under one (e.g. Head of Risk and Audit, Manager Property, Assets and Security). • Currently a lack of consistency of titles and scope across the Tier 3 roles. This needs to be addressed and greater clarity achieved. • The Money Group and FSG Tier 3 roles have very wide spans of responsibility. The number of Tier 3 roles in those groups needs to be considered to ensure their success. • Investment needs to be made in lifting the leadership capability of the Tier 3 cohort. 	<p>Response: These comments have been noted for incorporation into our design process for the proposed Tier 3 structure, which is Phase 2 of this process.</p> <p>Decision: No change to the proposal.</p>
<p>Recommend any “new” SLT roles are advertised internally and externally with a transparent process to support our drive for diversity across our leadership population and build confidence in our recruitment processes.</p>	<p>Response: This feedback has been noted and an adjustment made to the appointment process accordingly.</p> <p>Decision: The EOI process will apply only for those permanent SLT members whose current roles have been disestablished.</p> <p>Those filling SLT roles in an Acting Capacity will be required to submit an application and be considered through a contestable recruitment process, which includes steps aimed at meeting our objectives for Diversity and Inclusion.</p>



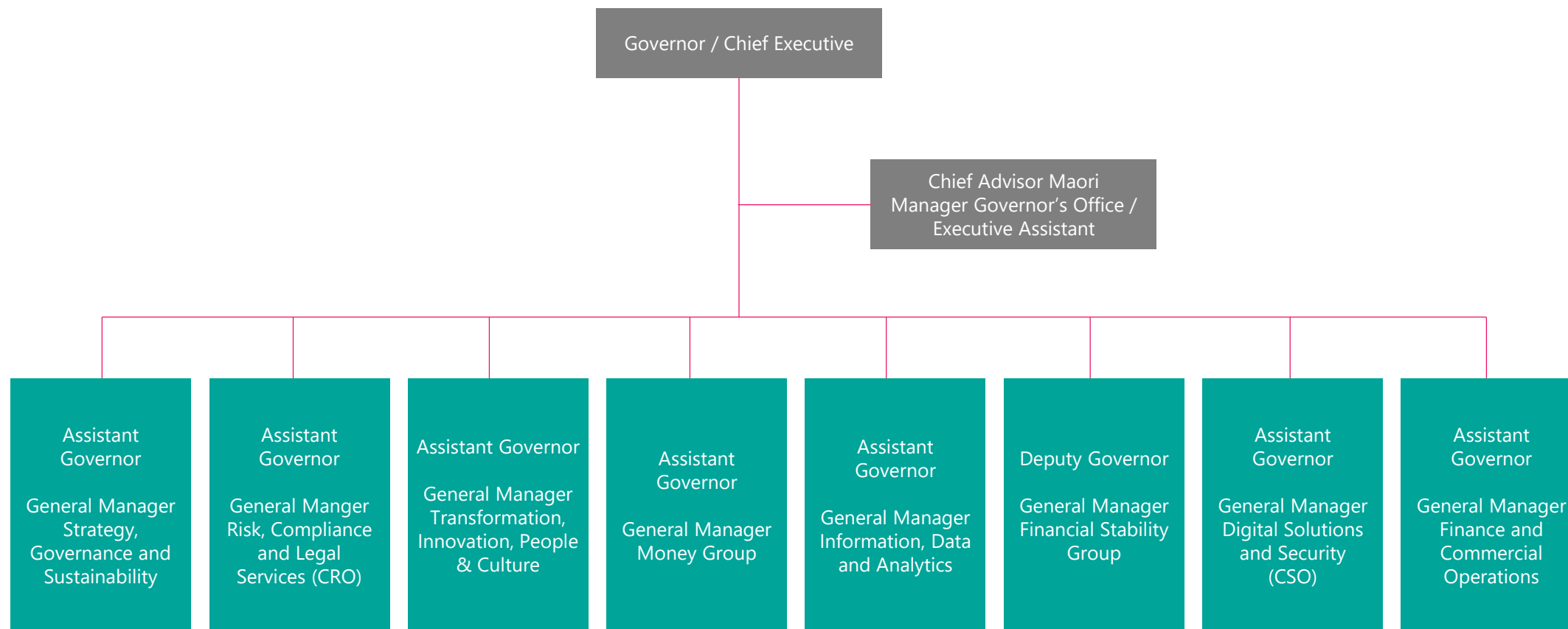
Feedback Themes (4 of 4)

Feedback Theme	Response / Decision
<p>Some varied feedback on the inclusion of Internal Audit within Strategy, Governance and Sustainability Group.</p> <p>A majority of the feedback supported the alignment, noting the need for a clear line of independent accountability through to the Chief Executive and Board.</p>	<p>Response: We recognise the points raised and understand the importance of independence for Internal Audit.</p> <p>It is agreed that the lead of Internal Audit may need, from time to time, direct access and engagement with the Chief Executive and the Audit Committee of the Board.</p> <p>Consideration was made as to whether sufficient independence can be achieved for the Internal Audit function within one of the proposed Groups and with dotted lines to CEO and Audit Committee.</p> <p>Consideration was also given to what was the most appropriate Group if Internal Audit was to be retained within a Group. The need to separate the Risk and Audit functions was also a key rationale for placing Internal Audit within Strategy, Governance and Sustainability, rather than in the Risk function.</p> <p>Decision: A dotted reporting line to the CE and Chair of the Audit Committee will be included for the role that leads Internal Audit.</p> <p>For day-to-day support and team connection, Internal Audit remains part of Strategy, Governance and Sustainability.</p>
<p>Recommend more time is provided for consideration of any proposed changes in Phase 2 to ensure quality feedback and consideration is given to the extent and pace of change.</p>	<p>Response: This feedback is noted and more time will be provided both in the lead up to the next phase of consultation as well as for consideration of the proposal.</p> <p>While this process did propose some realignment of existing Tier 3 roles, it was primarily about the design of the Tier 2 (SLT roles). The SLT were all actively engaged through the design process which enabled us to adopt a shorter period of consultation on this occasion.</p> <p>Decision: No change to the proposal.</p>

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Final Decisions.

Confirmed SLT Structure



Confirmed Purpose Statements

SLT Role	Proposed Functional Purpose
Assistant Governor – General Manager Strategy, Governance and Sustainability	Lead the process for developing and communicating the RBNZ Strategy and for monitoring its delivery and performance. Lead on RBNZ Climate & Sustainability Strategy & Financial Inclusion. Ensure the RBNZ has robust governance, internal auditing frameworks and corporate policies in place that provide clear direction and enable effective delivery. Responsible for Corporate Relations, External Stakeholders (including COFR and International) and Communications in support to the Chief Executive.
Assistant Governor - General Manager Risk, Compliance and Legal Services (CRO)	Lead the development and embedding of a broad Risk, Compliance and Legal strategy and function for the Bank. Lead the implementation of a fit-for-purpose Enterprise Risk and Compliance Framework and ensure there are effective practices of continuous improvement across the bank. Operates as a Centre of Excellence for Legal Services, Risk, Compliance, Health and Safety and Business Resilience.
Assistant Governor – General Manager Transformation, Innovation, People & Culture	Lead the RBNZ Transformation strategy, function and portfolio. Establish enterprise change frameworks, programmes and culture required for the Bank to support the RBNZ strategy and vision. Ensure the Bank has the capability and practices to enable successful delivery of priority change projects. Function as a key business partner to support RBNZ's strategic and operational needs around Transformation, Innovation, People, Leadership and Culture. Lead the shaping of Organisational Culture, Organisational Development and the embedding of Te Ao Māori and Diversity and Inclusion across our organisation.
Assistant Governor – General Manager Money Group	Lead policy and operational activities relating to our role of steward of New Zealand's monetary system, including the money and cash system, protecting the purchasing power of our money through setting monetary policy, implementing monetary policy in financial markets and operating the large value payment system across our balance sheet. Lead on South Pacific Strategy and steward FinTech. Lead financial innovation initiatives for the Bank.



Confirmed Purpose Statements

SLT Role	Proposed Functional Purpose
Assistant Governor – General Manager Information, Data and Analytics	Lead and grow the data analytics function and systems of the RBNZ which includes setting bank-wide information and data policy, developing policies and processes for the collection, storage, manipulation, and dissemination of data to support evidence-based decision-making across the RBNZ. Manages data repositories (e.g. CRM) for bank-wide partnership activities. Conducts analysis to provide insights to the RBNZ and its stakeholders. Works in partnership with Digital Solutions who own the platforms and products that house RBNZ data.
Deputy Governor – General Manager Financial Stability Group	Lead strategy and delivery to protect and promote the stability of New Zealand’s financial system. Lead oversight of regulatory policy and analysis, supervision and enforcement. Sets the rules to guide the soundness of our regulated entities and monitor and sanction them if they put their customers and the wider financial ecosystem at risk. Ensure that financial institutions are licensed, effectively supervised, and where applicable, enforcement action is taken. Responsibility also resides within this group for the Financial Stability Report, recovery, resolution and crisis management of distressed financial institutions, Anti-Money Laundering (AML) and Countering Financing of Terrorism (CFT).
Assistant Governor - General Manager Digital Solutions and Security (CSO)	Lead the Digital and Security functions that enable delivery of the strategy, transformation, and operational needs through leadership across the Digital function. Lead the development of modern architecture, infrastructure, security and systems are enablers of the strategy, appropriately risk assured and that users have the tools and training to work efficiently, effectively and in collaboration with each other. Lead system innovation and automation for the enhanced utilisation of technology across the RBNZ in conjunction with Business needs. Leads the Banks Protective Security Requirements across all aspects of security – Security Governance, Personnel, Physical and Information Security.
Assistant Governor – General Manager Finance & Commercial Operations	Lead the strategy and delivery of the finance and commercial functions that deliver on RBNZ's strategy, transformation and operational requirements. Ensure the business has the underpinning financial systems, physical infrastructure, processes and reporting in place to support the Bank's direction and ensure the Bank's operations are efficient and represent value for money. Supports management and strategic reporting. Oversees and operates the framework for commercial procurement, asset management and RBNZ property and facilities strategy. Leads the administration of regulatory fees, levies, the Deposit Insurance Scheme, and related regulatory administration.

Confirmed Tier 3 reporting line changes to align with confirmed Tier 2 changes

The below table outlines the confirmed reporting lines of the **current** Tier 3 roles* to align with the proposed Tier 2 positions:

AG Strategy, Governance and Sustainability	AG Risk, Compliance and Legal Services	AG Transformation, Innovation, People & Culture	AG Money Group	AG Information, Data and Analytics	DG Financial Stability Group	AG Digital Solutions and Security	AG Finance & Commercial Operations
<ul style="list-style-type: none"> • Group EA • Head of Communications • Head of Performance and Corporate Relations • Manager Governance Services • Manager Audit Services • Head of Risk and Audit 	<ul style="list-style-type: none"> • General Counsel • Business Continuity and Resilience Advisor 	<ul style="list-style-type: none"> • Group EA • Head of Transformation • Head of OD – Culture & Capability • Head of Human Resources • Head of Diversity & Inclusion and Wellbeing • Head of PMO 	<ul style="list-style-type: none"> • Group EA • Head of Economics / Chief Economist • Head of Financial Markets • Head of Money and Cash • Head of Payments and Settlements 	<ul style="list-style-type: none"> • Head of Data and Statistics 	<ul style="list-style-type: none"> • Group EA • Manager Enforcement • Head of Financial System Policy and Analysis • Head of Supervision 	<ul style="list-style-type: none"> • Group EA • Business Operations Strategy Lead • Chief Information Security Officer • Manager Property, Assets & Security • Chief Information Officer • Business Operations Advisor 	<ul style="list-style-type: none"> • Coordinator • Procurement Advisor • Finance Advisor • Manager Treasury Unit • Financial Controller

Note:

- Some of the positions listed above are currently vacant but they are represented due to them being current roles and included in the FTE of RBNZ
- Project roles are not listed above but stay reporting to SLT project sponsor.
- Where a Tier 3 role could report to more than one AG role, the role is confirmed for reporting to the AG that is most aligned to current state. Phase 2 consultation will address any changes required.



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Confirmed Impact Assessment.

Confirmed Impacts for current Tier 2 roles

Role	Impact
Deputy Governor and General Manager Financial Stability Group	Minor change – Data and Statistics shift to proposed new role of Assistant Governor Information, Data and Analytics
Assistant Governor and General Manager Governance, Strategy & Corporate Relations	Role disestablished
Assistant Governor and General Manager Transformation and People	Minor change – inclusion of Enterprise Programme Management responsibilities and procurement of people contractors. Shift of Health & Safety (retaining Well-Being)
Assistant Governor and General Manager Business Operations	Role disestablished
Assistant Governor and General Manager Money Group	No change
Assistant Governor and Chief Financial Officer	Role disestablished
Chief Advisor Maori	No change
Manager Governors Office / Executive Assistant	No change

Non
SLT
roles



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Selection Process and Implementation Timeframes.

Tier 2 Selection Process

Transition (8 October – December 2021)

Reconfirmation and Reassignment
(8 – 13 October 2021)



Phase 1

- Reconfirm current incumbents into those roles for which there is no / minimal change.
- 'Expression of Interest' process for permanent Tier 2 staff members whose current role is disestablished through this process. Written indication of interest required.

Advertising
(13 October onwards)



Phase 2

- Remaining vacant Tier 2 roles will be advertised.
- This advertising process will be concurrent internal and external processes.



Implementation Timeframes

Implementation Activity	Date and Time
Final decisions announced to SLT	8 October
Final decisions announced to Tier 3	8 October
Reconfirmation and Reassignment Processes	8 – 13 October <i>(announcements will occur once appointments are confirmed)</i>
Advertising to commence for vacant Tier 2 positions	13 October 2021 onwards <i>(announcements will occur once appointments are confirmed)</i>
Target effective date for new SLT structure and change in T3 reporting lines	December 2021 <i>(This will be dependent upon the outcomes of the T2 appointment process. An update will be provided by mid November)</i>

