

The Treasury

Reserve Bank of New Zealand 2020-25 Funding Agreement Information Release

August 2020

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- [35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment
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RESERVE BANK

O F N E W Z E A L A N D
T E P Ū T E A M A T U A

2020 – 25 Funding Agreement

To	Hon Grant Robertson Minister of Finance	Date	12 May 2020
Authorised by	Adrian Orr Governor Reserve Bank of New Zealand	Report no	5578
Prepared by	Nick Jeffs, Head of Performance and Corporate Relations Sophie Bishop, Adviser Planning and Performance	Security	

Action Sought

Action sought	Deadline
Note the information provided in this memorandum.	N/A

Reserve Bank Contact for Telephone Discussion (if required)

Name	Position	Telephone
Adrian Orr	Governor	[39]
Simone Robbers	Assistant Governor, Governance, Strategy and Corporate Relations	[35]
Mike Wolyncewicz	Assistant Governor and Chief Financial Officer	[35]

Actions for the Minister's Office Staff

N/A

Additional information for the Reserve Bank of New Zealand Funding Agreement

Purpose

1. This memorandum provides information on the FTE changes at the Reserve Bank of New Zealand (the Bank) from the late 1980's to 2020. This information has been requested by the Minister of Finance to support discussions on the 2020-25 Funding Agreement.

Changes to FTE from the late 1980's

2. From 1989 to 1994, staff numbers were reduced by 180 FTE (including some compulsory redundancies) as a result of lower labour requirements in operational areas, substantial organisational change and a concerted effort to reduce costs. In the mid-to late 1990's the Bank introduced a banking regulatory regime primarily based on disclosure rather than supervision. As a result, policy and supervision of all registered banks was undertaken by a team of twelve staff. Staff numbers remained relatively consistent until 1999.
3. Staffing levels decreased from 283 FTE in 1999 to 237 FTE in 2000. This was due to the closure of the Auckland and Christchurch branches of the Bank, the introduction of polymer bank notes and outsourcing the registry business.
4. From 2002 to 2014 the Bank's staffing levels increased by 90 FTE due to a gradual strengthening in the regulatory pillar of the 'three pillar approach' and undertaking new prudential responsibilities, including implementing the Bank's outsourcing policy (BS11), the new Basel II Capital Framework (followed by Basel III in 2013), the prudential liquidity policy and expanding the Bank's prudential role to include non-bank deposit takers and insurers. Throughout this period the Bank's supervisory resources remained low compared to other jurisdictions, reflecting the light-handed regulatory approach by international standards due to the absence of on-site inspections.
5. The Bank's staffing levels reduced by about 10% from 2014 to 2015. These FTE changes were required to provide cost savings in order to operate within a tight funding agreement for 2015 to 2020.
6. As signalled in the Bank's Statement of Intent for 2019-2022, the Bank has commenced an investment phase which includes a significant increase in staff numbers. The majority of these staff will be assigned to improving our regulatory policy settings, undertaking additional research and providing more intensive supervision and enhanced enforcement capability of regulated entities, as well as enhancing the Bank's information technology capabilities.

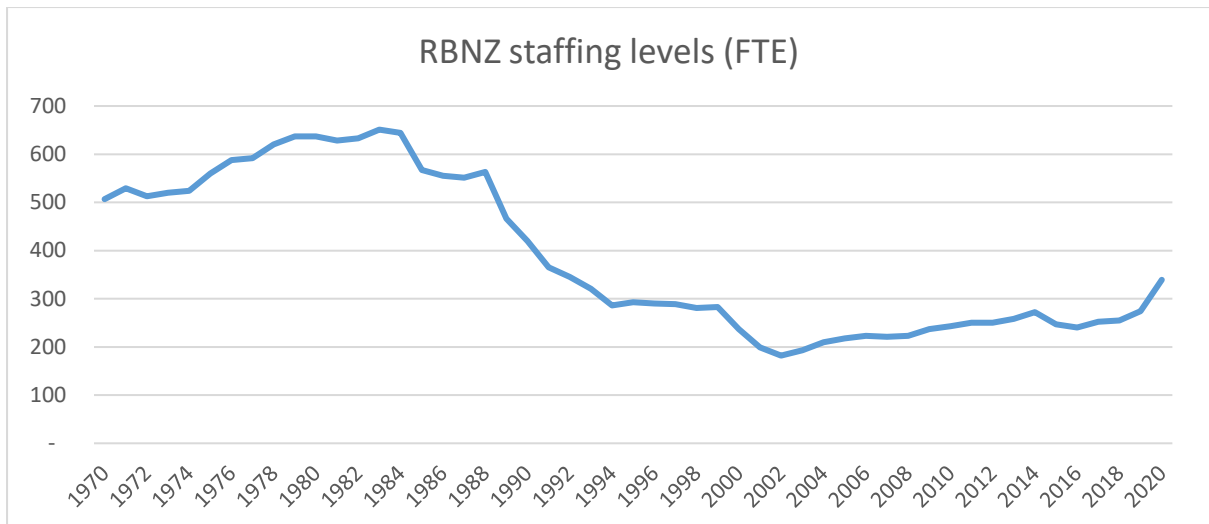


Figure 1: RBNZ staffing levels, 1970 -2020

Recommendation

1. It is recommended that you:
 - a) **Note** the information provided in this memorandum.

Hon Grant Robertson
Minister of Finance

Adrian Orr
Governor
Reserve Bank of New Zealand

12/05/2020