Our Corporate Strategy - *Customer*

May 2016

Customer: Executive Summary

What is our strategic approach to customers?

We put the customer at the centre of everything we do

What does that mean?
Putting customers at the centre means that we…
- Understand our customers
- Make it easy to deal with us
- Provide personalised customer service
- Anticipate and address our customers' needs
- Design around the customer

Why does that matter?
Being customer-centric will enable us to improve the customer experience and decrease the burden of dealing with tax and social policy. We will increase the effectiveness of our activities – making better use of our resources to achieve value and better outcomes for New Zealanders. We will foster trust and confidence in Inland Revenue and the integrity of the tax and social policy system, which will serve us in the long run, and improve compliance by helping customers get it right from the start.

How will we implement this approach?

Organise ourselves around customers
- Create an organisation that centres on customers, not products and services
- Build the people capabilities we need to understand our customers and design the right customer experiences
- Align our accountabilities and measures to customers' outcomes, rather than our outputs.

Use customer insights to continuously inform and improve our activities
- Make use of analytics, data sharing, and direct engagement so we better understand our customers and how they interact with us
- Use these insights to improve what we do, with a continuous learning loop for improvement.

Design the right customer experiences
- Build compliance right from the start
- Anticipate key events in customers' lives and provide proactive support
- Partner with others to design and deliver integrated services that make tax and social policy easy
- Enable self-management and provide certainty
- Tailor our services to the needs of different customer groups.

This will enable us to provide customer experiences that are…

Seamless - *integrated across government and other business partners*
Timely - *we anticipate and act at the time we can add most value*
Tailored - *personalised to the needs of the customer*
Easy - *services are easy to access and use, and obligations fit into what customers already do*
Professional - *services are efficient, knowledgeable, and respectful*

- ✓ I know what I need to do, and can do it quickly and easily
- ✓ I get the support I need when I need it
- ✓ I know when I've done the right thing

What are our main vehicles for change?

Programme	Initiative	Description of contribution
BT	Organisation Design	Implementation of organisational structure requirements.
	Customer Experience Blueprint	Development of processes, tools and architecture to build customer-centric services.
BT/BAU	Information Sharing	Improved legislative foundations for information sharing. Strategic, tactical and operational initiatives to share information safely with other government agencies.
	Customer Value Workstreams	Development of an advanced analytical platform, closed loop learning process, customer-centred managed information and enhanced ways of working.
BAU	Compliance Approach Integration	Guidance to staff on facilitating compliance.
	Culture Approach Integration	Development of a customer-centric culture.

How will we measure our success?

Source	Layer	Description
Performance Management Framework	Outcome	Revenue is available to fund government programmes through people meeting payment obligations of their own accord
		People receive payments they are entitled to, enabling them to participate in society
	Impact	Customer effort is reduced over time
	Integrity	The integrity of the tax system is protected

Purpose and Strategic Alignment

Purpose and Scope

The purpose of this document is to outline our strategy for becoming a proactive and customer-centric organisation. It sets out the approach that we will use to implement the strategy, and the foundational enablers needed to support it. This is intended to be an enduring artefact which will guide us as we transform.

The Customer Strand has been developed to unify and update our thinking on compliance and creating value and better outcomes for New Zealanders. The Strand provides guidance which will inform our planning process and measures to assess the successful implementation of our customer thinking.

Strategic Alignment

This Strand is a key enabler of our three strategic objectives:

Grow voluntary compliance by making it easier for people to get it right	Reduce compliance costs	Make Government policy changes faster and more cost effectively

It sets out the approach we will follow in order to deliver these objectives and how we will:

1. Make more intelligent use of information by using customer analytics and insights to continuously improve our services and design for the right outcomes
2. Fit tax and social policy seamlessly into people's lives by building understanding of our customers and their key events, and designing compliance right from the start
3. Link our systems across government agencies and the private sector to provide cohesive support to customers and produce the right outcomes.

The Strand utilises the six shifts outlined in Inland Revenue's Future State Organisation and aligns with the Target Operating Model business capabilities, with strong links to the themes within Understand Customer, Build Social Norms, Assist and Inform.

The Strand also draws on the Compliance Model, which sets out our approach to facilitating compliance, and the Inland Revenue Charter, which outlines the principles of how we interact with customers. It has been informed by and aligns to the Customer Experience and Intelligence Led Blueprints that guide the Business Transformation Programme, and harmonises existing functional strategies.

The Customer Strand forms part of the Corporate Strategy, and closely links with the other 5 strands:

The People Strand is a key enabler – setting out how we will develop and maintain the workforce with the skills, knowledge, experience and attitudes required to meet our goals.	The Digital Strand also plays an important role, as our technology infrastructure will shape the design of customer experiences and support an analytics capability to inform customer understanding.	The External Collaboration Strand sets out how we will collaborate and engage across government, service providers, and other partners to deliver seamless experiences and the right outcomes for customers.	Intelligence and analytics are an input into customer understanding. The Information and Intelligence Strand supports the approach to effectively building, sharing, and using customer and performance information.	Policy is a lever for customer experience and outcomes. The Policy Agility Strand supports an agile and integrated process of policy design based on customer understanding and environmental scanning.

Our Customer-Centric Future

We put the customer at the centre of everything we do

What does being customer-centric mean?

For Inland Revenue, being customer-centric starts with understanding our customers – their environment, what drives their behaviour, and their life events and needs – both now and in the future. Once we understand our customers we can:

- Make it easier for them to interact with us and to comply
- Provide personalised services – based on their profile and needs
- Anticipate and proactively support the key events in their lives with activities at the right time
- Design products, processes and services that fit into their lives, rather than our internal process requirements.

What will it achieve?

Adopting a customer-centric approach will have benefits for customers, Inland Revenue and the Government.

- ✓ Improved customer experiences
- ✓ Reduced compliance cost and effort

CUSTOMERS

- ✓ More effective use of resources
- ✓ Improved public trust in IR

INLAND REVENUE

- ✓ Improved compliance
- ✓ Cohesive Government services

GOVERNMENT

Our services will become more effective as we increasingly understand our customers – making it easy for them, providing personalised and proactive services, and designing around their needs.

- ✓ This will enable us to help customers get it right from the start, improving customer experiences and reducing compliance cost and effort – so customers spend less time dealing with their tax and social policy obligations.
- ✓ It will support improved targeting and earlier intervention, to prevent issues arising and reduce our costs. We can make more effective use of our resources, realising a greater return on our investments.
- ✓ It will help us to foster trust and confidence in Inland Revenue, and protect the integrity of the tax and social policy system.
- ✓ It will support us to improve compliance, making sure people pay the taxes and get the entitlements they should.
- ✓ It will help us to organise not just ourselves, but wider government, around customers – to provide cohesive government services that enable value and better outcomes for New Zealand.

Approach

How do we become customer-centric?

Organise ourselves around customers	We will build our foundations to focus on customers and outcomes rather than products and outputs. Our people culture and capabilities will support understanding our customers and designing the right customer experiences.
Use customer insights to inform our activities	We will build our understanding of our customers, and embed the use of customer insights throughout Inland Revenue. We will use a continuous learning loop to refine our activities, improving as we go.
Design the right customer experiences	We will design customer experiences that reduce customers' compliance cost and effort, and positively influence their personal and social norms and trust in Inland Revenue. The experiences we provide will be personalised, timely and seamless – and delivered with service excellence.

Implementation

Organise ourselves around customers

Our people are the heart of our organisation. To become truly customer-centric, understanding and consideration for our customers should be ingrained in every person in the organisation, from front line staff to senior leaders – and be reflected in how we organise, recruit, manage, and develop our people. We will do this by building:

An organisation that centres on customers, not products and services

We will implement a structure based on customer groupings and events, rather than products and services, and staff this with multi-disciplinary teams that can effectively target and maximise value. We will foster a culture that supports collaboration to improve customer outcomes and the overall value delivered.

People capabilities to understand our customers and design the right customer experiences

We will continue to develop our internal capability to analyse customers, design customer experiences, and deliver proactive services – investing into building the skills, knowledge, experience and attitudes that underpin what we want to achieve.

Accountabilities and measures aligned to customers outcomes, rather than Inland Revenue process output

We will design measures effective in driving the right behaviours in staff, moving away from Inland Revenue process output measures to measuring what we want to improve – outcomes to customers, efficiency and agility. Accountabilities will cross over functions, and measures will align to customer outcomes and maximising value.

Key Enablers

- *Leadership that consistently communicates, demonstrates and champions a customer-centric culture and mind-set*
- *Organisational design and change management to embed enhanced ways of working*
- *An enterprise-wide performance management system that aligns to customer outcomes and value*

Implementation

Use customer insights to continuously inform and improve our activities

Being customer-centric means understanding our customers – their context, behaviour, and preferences – and applying this understanding to better achieve outcomes. We will invest in developing the foundations for an effective, integrated organisational system to generate intelligence and action it for improvement. This requires building the capability to:

Understand our customers and the customer experience

We will increase our understanding of customers and customer experiences by:
- Directly engaging with customers
- Developing effective processes and channels to capture and share the range of customer intelligence that is spread across the organisation and to create a cohesive view of customers
- Investing in an advanced analytics platform and capability that can make sense of data and information from a range of sources and test hypotheses
- Understanding the many elements that define, drive and impact on our customers, both now and in the future, by behavioural analysis, customer impact assessment, environmental scanning, and research and evaluation.

Use these insights to improve what we do, with a continuous learning loop for improvement

We will embed the use of customer insights across the organisation to allow us to identify opportunities to create value, and to inform everything we do – from policy design to education to audit.

We will invest into understanding the effectiveness of what we do, with clear measures and feedback mechanisms to assess the value of our actions. We will treat every intervention, engagement, success, and failure as an opportunity to learn. This will help us to make better decisions, refine our activities, and continuously improve customer experiences.

Measure effectiveness

Understand customers

Apply insights
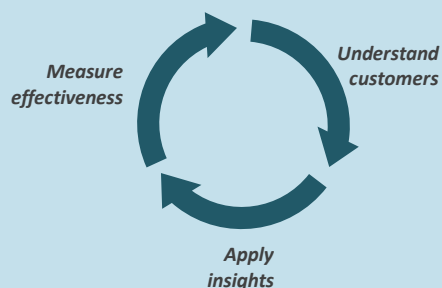
Key Enablers

- *A technology platform and infrastructure to enable analytics and information sharing*
- *A culture and environment that incentivises testing and learning what works, reinforced by performance management and incentives that support continuous learning*
- *People with the skills, knowledge and experience needed to develop, apply and learn from insights*
- *Commitment from leadership to champion change, learning, and the use of intelligence*
- *Organisational agility and flexibility to respond efficiently to insights and implement change*
- *Data and information available from a range of sources, and the infrastructure to capture and share it*

Implementation

Design the right customer experiences

Our people capabilities and customer understanding will enable us to design customer experiences that reduce customers' compliance cost and effort, and positively influences their personal and social norms and trust in Inland Revenue. We will do this by:

Building compliance right from the start

Building compliance right from the start means that we help customers get their obligations and entitlements right upfront. Our insight and understanding will be applied to design customer experiences where compliance is the natural result of the customers' actions – it will be easy to comply and difficult not to. This will involve a range of activities including:
- Integrating compliance requirements into processes and systems that customers already use
- Providing education and support so that customers know what they need to do and how to do it
- Designing legislation that is easy to comply with and is based on an understanding of customers – their environment, behaviour and what impact legislative change will have
- Removing opportunities for errors , fraud and evasion
- Enforcement activity to correct non-compliance and establish future compliant behaviour.

Anticipating key events in customers' lives and providing proactive support

We will understand the lifecycles of our customers, and identify key events in our customers' lives – changes that impact on a customers' obligations and entitlements. These might include entering the workforce, having a baby or starting a business. We will identify opportunities to add value, and develop proactive and tailored activities to improve compliance and customer outcomes. Our activities will be designed to intervene at the "right-time" – at the time which optimises value.

Partnering with others to design and deliver integrated services that make tax and social policy easy

We will collaborate with other Government departments and private providers to fit tax and social policy seamlessly into customers' lives and deliver integrated services that result in better outcomes for customers and government. We will use customer input to understand customer needs and improve customer experiences.

Enabling self-management and providing certainty

We will enable customers to manage their own affairs through channels of their choice and, where appropriate, provide confirmation that they have done the right thing.

Tailoring our service to the needs of different customer groups

We will use customer understanding to inform what services we offer to customers based on their profile and needs. We will have a flexible suite of interventions and channels, and our staff will know how to tailor their approach based on the needs of the customer.

Key Enablers

- *Technology infrastructure that is useable, accessible, and flexible to support changing customer expectations and preferences*
- *Cooperation and collaboration across government and with business partners to integrate processes and systems*
- *Digital channels that enable self-management and the provision of certainty to customers*
- *Intelligence and insight to understand customer lifecycles, key events, and futures*
- *Culture and attitudes targeted towards proactive services, right time activities and service excellence*
- *An agile policy function that enables legislative change based on customer understanding*
- *Policy foundations and administrative processes for collaboration and information sharing across Inland Revenue, Government and the private sector*

Delivery

Vehicles for delivery/change

Programme	Initiative	Description of contribution
Business Transformation	Organisation Design	KDD 1 - The processes, technology and capability to understand customers' lifecycles and intelligence to support increasingly proactive customer experiences.
		KDD 2 - Implementation of an organisational structure based on customer groups and staffed with multi-disciplinary teams.
		KDD 3 - Establishment of an Information & Intelligence Hub which will consolidate information from across the organisation and embed customer insight into the organisation.
		KDD 9 - People capabilities to analyse customers, develop insights, design customer experiences, and deliver proactive services (linked to the implementation of the Workforce Strategy).
		Organisation Design Blueprint – Delivery of supporting capabilities – see the Chapters on Organisation Capability, Accountabilities & Responsibilities, People Capabilities, Culture, Leadership, Organisation Outcomes and Governance
	Customer Experience Blueprint Implementation	Development of processes, tools and architecture to build a flexible suite of services and channels which are designed with the customer at the centre and enable increased self-management.
Business Transformation / Business as Usual	Customer Value Workstreams	Development of an advanced analytical platform, closed loop learning process, customer-centred managed information and enhanced ways of working to maximise customer value.
	Information Sharing	Improved legislative foundations for information sharing through changes to the Tax Administration Act 1994. Strategic, tactical and operational initiatives to share information safely with other government agencies.
Business as Usual	Integration of the Compliance Approach	Guidance on customer behaviour and approaches to facilitating compliance which will contribute to the design of the desired customer experience
	Implementation of the Culture Approach	Development of a customer-centric culture that supports pro-active and innovative activity, and collaboration to improve customer outcomes.
	Corporate Strategy Set	Delivery of people, collaboration, policy, digital, and information and intelligence capabilities.

Risks

The high-level strategic risks for the Customer Strand are outlined below. These risks cover the implementation, delivery and post-delivery stages of the Strand, as well as unintended consequences.

- There is not sufficient investment into and/or prioritisation of delivery vehicles.
- Inland Revenue's existing culture inhibits a shift in ways of working.
- The speed of implementation of the Strand is not fast enough and Inland Revenue cannot adapt to a changing environment.
- Technological and people capabilities required to deliver the Strand can not be sourced or developed.
- Legislative and administrative restrictions limit opportunities to share information and partner with other Government departments and private providers.
- The individual success of the Strand cannot be measured as it only contributes to the achievement of Performance Measurement Framework measures and initiatives are not sustained.
- Changes to Inland Revenue's role, the regimes it administers or the customers it serves happen at a faster rate than the Strand can be adapted.
- Increased proactive activity based on deeper understanding of customers results in a decrease in trust in Inland Revenue and less engagement with the tax and social policy system.

Delivery

Measures of success

Successful implementation of the Customer Strand will result in customer experiences that are:

Seamless - *integrated across government and other business partners*
Timely - *we anticipate and act at the time we can add most value*
Tailored - *personalised to the needs of the customer*
Easy - *services are easy to access and use, and obligations fit into what customers already do*
Professional - *services are efficient, knowledgeable, and respectful*

✓ I know what I need to do, and can do it quickly and easily
✓ I get the support I need when I need it
✓ I know when I've done the right thing

The Customer Strand contributes to the achievement of the following measures:

Source	Layer	Description	Measures
Performance Management Framework	Outcome	Revenue is available to fund government programmes through people meeting payment obligations of their own accord	Distribution of total system revenue
			Percentage of assessed revenue paid on time
		People receive payments they are entitled to, enabling them to participate in society	Percentage of tax refunds paid to customers which are both accurate and on time
			Percentage of social policy customers receiving payments which are both accurate and on time
	Impact	Customer effort is reduced over time	Average percentage of customers who find it easy to comply
			Average customer time spent on compliance activities
			Average customer satisfaction – 'Overall accessibility and convenience'
	Integrity	The integrity of the tax system is protected	Percentage of customers who have trust and confidence in Inland Revenue

Our Corporate Strategy – *External Collaboration*

September 2016

External Collaboration Strand: Executive Summary

What is our strategic approach to external collaboration?

We work with external parties to innovate, gain insight, and achieve wider government economic and social outcomes

What does that mean?

We work with others (public, private and not for profit) to create value and better outcomes – for customers, government, New Zealand, and ourselves. Collaboration is the way of working within Inland Revenue, and between Inland Revenue and others. Our internal capability has been developed to support this. We influence and understand the opportunities and risks presented by our environment.

Being collaborative means that we work with others to:
- better deliver services and infrastructure
- co-design and develop services and infrastructure
- facilitate compliance through relationships across our external environment
- leverage information and expertise for the public sector
- influence the way the domestic and international system operates
- enable better consultation

Why does that matter?

New Zealanders will benefit socially and economically through Inland Revenue working collaboratively and being part of the wider system. We will work with external parties to collect and distribute money but the information and expertise we have are strategic assets that will be shared to benefit government and society. Customers cross boundaries and borders in an ever-changing environment. In order to provide better support and deliver a seamless experience for customers of government we need to cross them too. We will fully embrace our place in the digitally connected world and ensure our decisions and actions are intelligence-led. We will maintain our world-class tax and social policy system and play an influential role in our external environment.

How will we implement this approach?

Understand our external environment and position ourselves accordingly
- Develop and maintain an holistic view across our external environment that enables us to adapt to changes and innovate
- Use different types of partnerships, commercial and non-commercial, to achieve better outcomes for customers, Inland Revenue and government
- Build the capabilities we need to support the development and leveraging of relationships and business partners' strengths and expertise

Extend the boundaries
- Participate in the wider system to further the good of New Zealand(-ers)
- Work with private and not-for-profit sector parties and alongside other government agencies when and where it makes good sense
- Create easy and seamless dealings with government for customers
- Create an open environment that encourages early conversations, minimises prescription and enables engagement
- Develop and maintain strong policies and processes to support collaboration
- Use trusted and credible external parties to add value to customers, Inland Revenue and government
- Effective, easy, and right time consultation with customers and their representatives, with business partners and across the eco-system

Adapt the way we work
- Use greater commercial understanding to drive changes to the way we operate
- Use sophisticated relationship management skills to effectively interact with a variety of stakeholders
- Reduce or remove barriers – legislative and operational – to leveraging our information and expertise to deliver value

What are our key vehicles for change?

Programme	Initiative	Description of contribution
BT	New technology	Improved ability to deliver integrated services
	Policy change	Improved legislative foundations that enable us to work with others, including information sharing and customer consented sharing
	Organisation design	Implementation of organisational structure requirements
	Capability uplift	Delivery of required future capability, including: Business Acumen and Partnering, Change Management, Customer Advisory, ICT Design & Integration, Information and Knowledge Management, Leadership, Policy Quality and Agility, Workforce Management
Other Activity	IR Leadership Dimensions	The five behaviours we want demonstrated by IR leaders - Deliver, Clear, Collaborate, Connect and Curious
	Public sector participation	Delivery of State Sector Reform, ICT Partnership Framework, and Better Public Services
	International collaboration	Influencing the improvement of universal standards and implementation of global mandates and standards

How will we measure our success?

PRIMARY MEASURES

BT Business Case   PMF   Trust in Government

SUPPORTING MEASURES

Stakeholder Engagement   Internal Engagement Levels   Public Sector Focus   Service Level Agreements
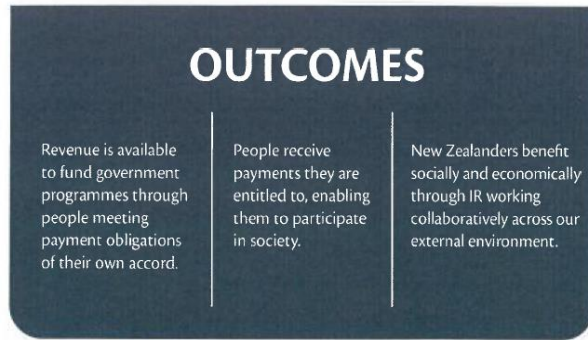
Purpose and Strategic Alignment

Purpose

The purpose of this document is to set out a framework for understanding how we will work with others (public, private and not for profit) to create value and better outcomes – for customers, government, New Zealand, and ourselves. It addresses Inland Revenue's role in the changing external environment and describes the changes needed in how we work with – and how we view our relationships with – others.

The **External Collaboration Strand** has been developed to update our thinking on external parties and our role in the wider system. We know the shared value from collaboration will continue to evolve over time in order for us to deliver the best experience for our customers and stakeholders.

Strategic alignment

Inland Revenue contributes to the economic and social wellbeing of New Zealand by collecting and distributing money. We also have a growing role in the information-sharing space. **External Collaboration** is fundamental to delivering on our three outcomes and three strategic objectives:

OUTCOMES

| Revenue is available to fund government programmes through people meeting payment obligations of their own accord. | People receive payments they are entitled to, enabling them to participate in society. | New Zealanders benefit socially and economically through IR working collaboratively across our external environment. |

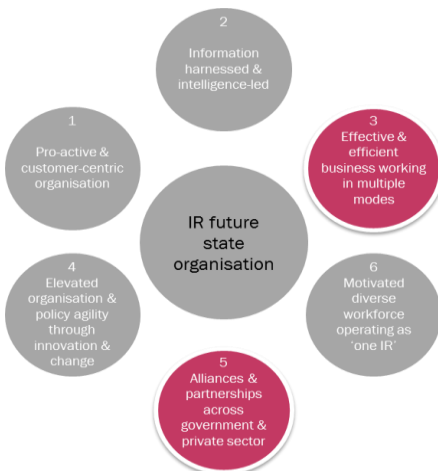Grow voluntary compliance by making it easier for people to get it right

Reduce compliance costs

Make Government policy changes faster and more cost effectively

Inland Revenue also exists in a wider public sector. Government and society benefit from us being part of this wider system.

The *Six Shifts* outlined in Inland Revenue's Future State Organisation tell us what we want to look like in the future. We know working with external parties is key to this.

The **External Collaboration Strand** draws on the *Enterprise Stakeholder Management Framework*, which sets out our approach to engaging with our external stakeholders. Our approach has also been informed by and aligns to the *BT Customer Experience Blueprint* and existing functional strategies.

The Corporate Strategy

The Corporate Strategy is made up of six interconnected strands. The Corporate Strategy provides more information about what we'll do over time and how we'll do it.

The People Strand sets out how we will ensure that IR has access to a high performing workforce with the capabilities and behaviours we need to operate, including collaboration.

The Digital Strand supports making it easy to collaborate with customers, agencies, and others by IR fully embracing its place in the digitally connected world.

The Customer Strand sets out how we will become a proactive and customer-centric organisation and put the customer at the centre of everything we do.
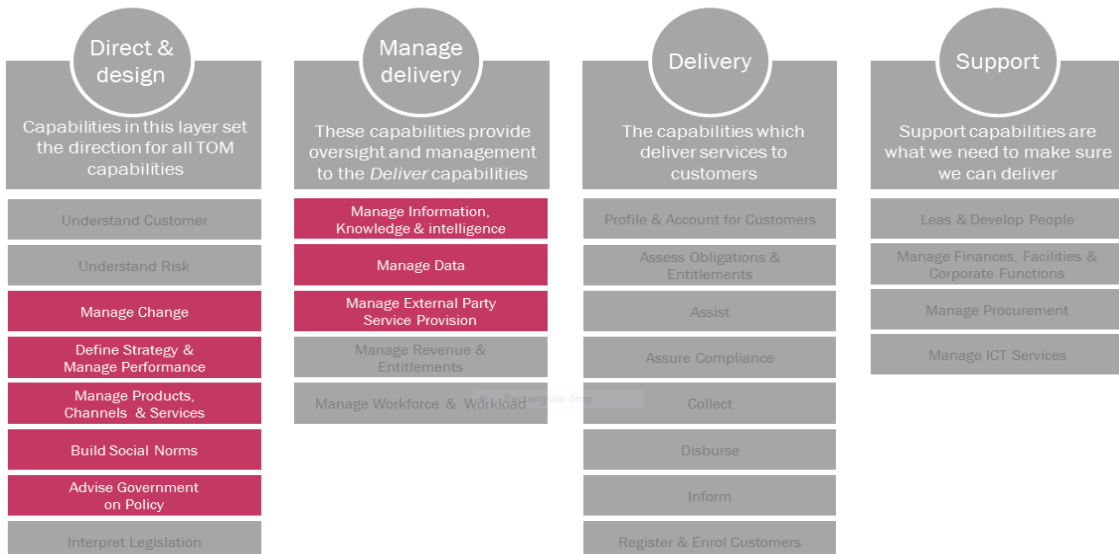
The information we collect and the insight and intelligence we generate is a strategic asset. The Information and Intelligence Strand supports collaboration across the wider ecosystem.

The Policy Agility Strand describes the shifts in capability, approach and process to allow IR to be response ready. This includes external relationships and future focus.

Target Operating Model

This document utilises the target future states for Inland Revenue as described in the Target Operating Model. The **External Collaboration Strand** aligns in particular with the 'Direct and Design' and 'Manage Delivery' layers.

Direct & design	Manage delivery	Delivery	Support
Capabilities in this layer set the direction for all TOM capabilities	These capabilities provide oversight and management to the *Deliver* capabilities	The capabilities which deliver services to customers	Support capabilities are what we need to make sure we can deliver
Understand Customer	Manage Information, Knowledge & intelligence	Profile & Account for Customers	Leas & Develop People
Understand Risk	Manage Data	Assess Obligations & Entitlements	Manage Finances, Facilities & Corporate Functions
Manage Change	Manage External Party Service Provision	Assist	Manage Procurement
Define Strategy & Manage Performance	Manage Revenue & Entitlements	Assure Compliance	Manage ICT Services
Manage Products, Channels & Services	Manage Workforce & Workload	Collect	
Build Social Norms		Disburse	
Advise Government on Policy		Inform	
Interpret Legislation		Register & Enrol Customers	

Our Approach

We work with others to create value and better outcomes. Collaboration is the way of working within Inland Revenue, and between Inland Revenue and others.

Collaboration dimensions — The 6 ways we collaborate with others

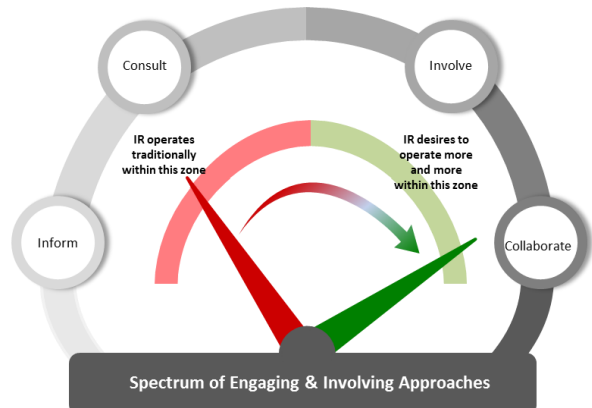| Dimension	Description
Consultation	Targeted and timely engagement with stakeholders to gain insight and inform decisions
Compliance	Working with others across our external environment to facilitate compliance
Information sharing	Leveraging information, expertise and insights to benefit government and society
Operating model	Participating in our external environment to meet domestic and international responsibilities and opportunities
Co-design	Working with others to design and develop services and infrastructure
Service delivery & infrastructure	Improving and streamlining the delivery of services and infrastructure by partnering with others

See the Annex for the 'From →To' statements for each dimension. These indicate where we want to be by 2025 and set out the enablers to achieve this future state.

Stakeholder Clusters and Purpose

We engage with over 180 external stakeholders. These parties can be grouped into several major clusters. *See Appendix 1 for the comprehensive list.* We may collaborate with the actors within a cluster in a number of different ways:

CLUSTER	PURPOSE					
	CONSULTATION	COMPLIANCE	INFORMATION SHARING	OPERATING MODEL	CO-DESIGN	SERVICE DELIVERY
Advocacy | Consultative | Industry	●	●	●		●	
Development and Service Provision & Infrastructure	●	●	●		●	●
NZ Government and Governance	●	●		●		
Other Government & Crown Agencies	●	●	●	●	●	●
International Partners	●	●	●	●		

Relationship management places the parties at the heart of the collaboration – not just the issue. This ensures our approach is genuine and our activities and methodologies are effective, impactful and engaging to deliver our desired outcomes.

Consult — Involve
Inform — Collaborate
IR operates traditionally within this zone
IR desires to operate more and more within this zone
Spectrum of Engaging & Involving Approaches

Our Approach

Overarching principles

Our principles provide a basis for informed decision making and underpin our direction. The principles are guided by existing artefacts. They can be used as the basis to derive more specific guidance.

PRINCIPLE ONE	The integrity of the tax system and trust in the tax administration is paramount to our collaboration outcomes
PRINCIPLE TWO	Relationships will be based on the purpose of the situation and involve the right people at the right time
PRINCIPLE THREE	Our stakeholders' experience is one of commitment to building genuine engagement resulting in enduring relationships fit for our contemporary society
PRINCIPLE FOUR	Inland Revenue's brand will be maintained, protected and reviewed as the environment and our relationships change
PRINCIPLE FIVE	Risks will be managed collaboratively with risk management allocated appropriately

Inland Revenue will...

- Work with private and not-for-profit sectors alongside other government agencies when and where it makes good sense

- Participate in the wider system to further the good of New Zealand(-ers)

- Use different types of partnerships, commercial and non-commercial, to achieve better outcomes for customers, Inland Revenue and government

- Share information and resources using appropriate safeguards

- Create an open environment that encourages early conversations, minimises prescription and enables engagement

- Co-create efficient and effective services, adapting our business model where appropriate

- Leverage our information assets and expertise to create mutual benefits

- Build the capabilities we need to support the development and leveraging of relationships and business partners' strengths and expertise

Delivery

The target state for External Collaboration relies on Inland Revenue building its internal capability as part of the capability uplift. Collaboration is a key capability and will become the way of working within Inland Revenue.

The list of delivery mechanisms below is illustrative and not exhaustive.

Programmes	Directions & Frameworks	Delivered Through

Business Transformation will enable a modern, customer-centric tax and social policy system. It is a step change for Inland Revenue. The programme will make us more efficient, effective and agile through the delivery of four core components:
 	
 • New technology – improved ability to deliver connected services
 • Policy change – improved legislative foundations that enable us to work with others, including information sharing and customer consented sharing
 • Organisational change
 • Capability uplift including:
   • Business Acumen and Partnering
   • Change Management
   • Customer Advisory
   • ICT Design and Integration
   • Information and Knowledge Management
   • Leadership
   • Policy Quality and Agility
   • Quality Decision Making
   • Workforce Management
	International Collaboration, e.g. **OECD**
	
	 Inland Revenue's **Leadership Dimensions** (Deliver, Clear, Collaborate, Connect and Curious)
	
	 State Services Reform through the State Sector Directions and Priorities work committed to by Chief Executives
	
	 ICT Partnership Framework
	
	 Better Public Services including Results 7,9 and 10 in particular.
	
	 Business Growth Agenda
	
	 The **Enterprise Stakeholder Management Framework** including an external relationship management tool
		The **Stakeholder Advisory Group** supporting stakeholder engagement capability
		
		 The **External Provider Relationships** and **International Revenue Strategy** Teams
		
		 Inland Revenue's **Scanning and Futures Community of Practice**
		
		 Government Legal Network providing training and leadership across government
		
		 Implementation of the **Corporate Strategy**, particularly the *People and Customer Strands*
		
		 Refreshes of the **Cross Agency Strategy**
		
		 Functional Strategies including the development of an **Outsourcing Strategy**

Strategic risks

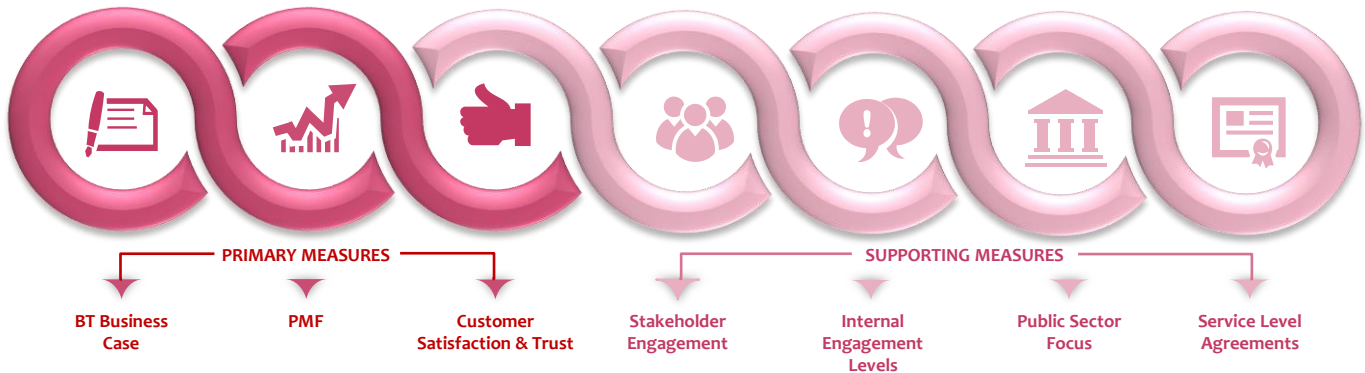| Nature of risk	Description
Lack of understanding of our environment	Without an holistic view across our external environment we are unable to maximise the opportunities and mitigate the challenges presented to us
Protecting the boundaries	Complexity and barriers to engage or access are not tested, limiting innovation and insights and our ability to improve the customer experience
Failure to build a genuine engagement culture	We do not embed a culture that recognises the transformative power of connectivity and customer-centric engagement practices We fail to draw on expertise and insight in a timely manner impacting on our ability to develop a comprehensive and innovative suite of solutions
Collective impact	We fail to operate cohesively with appropriate feedback loops, impacting our engagement with external parties
Failure to invest in capability uplift	We do not maximise the potential of our collaboration by failing to grow the skills and expertise required We fail to recognise, acknowledge or manage the different drivers between private and public sectors
Our credibility is influenced by business partners	Our credibility and integrity is positively or negatively influenced by our relationship with external parties - both commercial and public sector.
Inland Revenue as a lead agency	We position ourselves in a leading role but are unable to lead due to internal uncertainty We lead in the transformation of public services but are out of step/ahead of others' culture and values How we see our role and level of control may not be how other actors see us

Measures

Successful implementation of the External Collaboration strand of the Corporate Strategy will be evident in the following categories:

PRIMARY MEASURES

BT Business Case	PMF	Customer Satisfaction & Trust

SUPPORTING MEASURES

Stakeholder Engagement	Internal Engagement Levels	Public Sector Focus	Service Level Agreements

Primary Measures

Source	Description
Business Transformation Business Case	Measures and targets have been developed for each of the programme's six investment objectives
Performance Management Framework	Measures have been developed to measure the impacts we want to make over the next four years and the outcomes we want to achieve
Customer Satisfaction & Perceptions Survey	Measuring customer satisfaction and trust in government

Supporting Measures

Category	Source	Description
Stakeholder Engagement Levels	Litmus Survey	Perception of engagement
Internal Engagement Levels	Kōrero Mai	*Collaboration Driver* – The extent to which employees see effective teamwork within and between different areas in the organisation
Contribution to Public Sector Focus Areas	External measures from State Sector Reform	State Sector Directions & Priorities 2016: The 12 Month Outlook
	Performance Improvement Framework	*Collaboration and Partnerships* and *Sector Contribution* Elements of Organisational Management
	R9 Effort to do Business Survey	Measuring effort required to deal with government agencies
	Better Public Services targets	Result 9 and Result 10
Service Level Agreements		

Appendix 1: Stakeholder Clusters

Cluster	Stakeholders	Purpose
Advocacy | Consultative | Industry	• NZ Institute of Chartered Accountants, CPA, Accountants and Tax Agents Institute NZ, Online Tax Association NZ, NZ Bookkeepers Association • NZ Law Society, NZ Banking Association, Corporate Tax Group, NZ Federation of Family Budgeting Services, Citizens' Advice Bureau, etc. • Financial Services Council, Workplace Savings, Tax Pooling Intermediaries Forum • Other Business & Social groups • Industry Regulators • National Bodies • Academia	⊙ Information Sharing ⊙ Consultation ⊙ Compliance ⊙ Co-design
Enterprise	• *Procurement* • *HR panels*	
Development and Service Provision & Infrastructure	• Accenture • FAST • Software Developers • KiwiSaver Scheme Providers • Complying Superannuation Fund Provider • Accounting providers • Banks • Tax pooling intermediaries, Payroll intermediaries, Nominated persons, Bookkeepers, PTS intermediaries, Tax Agents	⊙ Information Sharing ⊙ Consultation ⊙ Compliance ⊙ Co-design ⊙ Service Delivery & Infrastructure
Executive Government & Functional Leads	• Ministers • Cabinet • Parliament • Select Committees • Central Agencies • Office of the Auditor-General, Privacy, Ombudsman • Government Chief Information Officer • Other statutory officers	⊙ Consultation ⊙ Compliance ⊙ Operating Model
Government and Crown Agencies	• Ministry of Social Development, Customs, Ministry of Business, Innovation and Employment, Internal Affairs, Ministry of Justice • Education, ACC, Financial Markets Authority, Statistics NZ • Serious Fraud Office, Police, Organised and Financial Crime Agency NZ, Crown Law • Cross Agency Groups, Specialist Committees and Working Parties (e.g. State Sector Leadership Group, ICT Partnership Framework, Data Futures Partnership) • Local Government • Treasury	⊙ Information Sharing ⊙ Consultation ⊙ Compliance ⊙ Co-design ⊙ Service Delivery & Infrastructure ⊙ Operating Model
International Partners	• OECD • Australian Tax Office, HM Revenue and Customs etc. • Double Tax Agreement partners • International Bodies & Forums • Interpol and other trans-national enforcement agencies	⊙ Information Sharing ⊙ Consultation ⊙ Compliance ⊙ Operating Model

Our Corporate Strategy – *People*

July 2016

People: Executive Summary

What is our strategic vision for our people?

Working as part of IR is unique, exciting, fulfilling and career enhancing

What does that mean?
- We value individuals and diversity of thought and capability
- We find, develop and deploy people on the basis of their capabilities, which are a mix of skills, knowledge, experience and attitudes
- We design roles to be adaptable, interesting and empowering
- We recognise and measure performance through behaviours and individual and team contribution to outcomes
- We work with other organisations to develop fulfilling career journeys in, through and beyond IR.

Why do we need this strategy?
The way we view and value our people, and how our people behave and deliver, is key to achieving a **customer-centric, intelligence-led** and **agile** future organisation. We will need to ensure we can support customers wherever they're geographically located, making use of digital technology and permanent or mobile physical presence to best meet customer needs. Our workforce will need to be supported to use information and insights to work effectively with all our customers so that they easily comply with and benefit from the tax and social welfare system. Our people and workforce management practices will need to focus on ensuring we quickly and efficiently match people with the right capabilities to changing work demands.

Inland Revenue's success is based on our people. Our workforce in 2025 will be a mix of employees, independent contractors, and those who work for a range of partner organisations. We anticipate more people will want a wider range of options for how they interact with IR as a source of work. **By evolving our workforce management approach to provide a range of choices, we will maximise our access to the right people with the capabilities we need in order to achieve our business objectives**. This will also increase the diversity of our workforce, reflecting the evolving diversity of our customers and improving and sustaining IR's performance.

How will we implement this approach?

To achieve this, we need to focus on shifting four interconnected elements:

1. **Ethos** – IR's values, spirit and mind-set
2. **Experience** – the practice and reality of working as part of IR
3. **Environment** – the settings and surroundings within which IR work is done
4. **Expectations** – the performance assumptions that define the working relationships between IR and our people.

These will be delivered in line with three guiding principles:
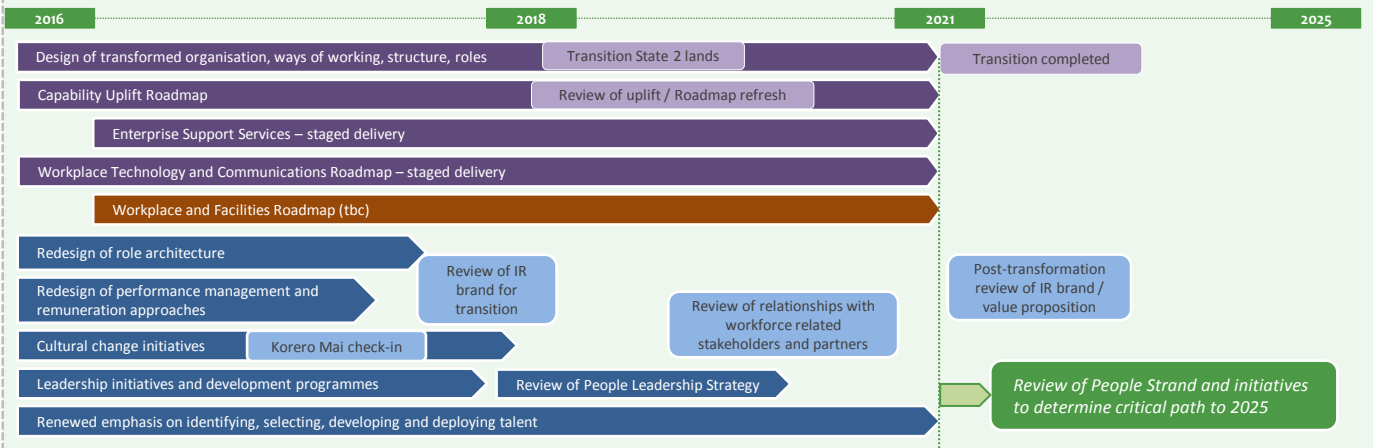
- ✓ **Individuality matters.** We approach issues from the perspective of what will work for each member of our workforce, in line with how we approach each customer.
- ✓ **Empowerment guides our practice.** As an organisation we continually work to provide a range of options for our people, enabling them to make the decisions about how best they can deliver and perform for IR.
- ✓ **Agility keeps us relevant.** We design and manage as flexibly as we can, with simple approaches and processes that can adapt as we need them to.

What are our key vehicles for change?

Delivery led by BT	Delivery led by P&C	Delivery led by PFF

2016	2018	2021	2025

- Design of transformed organisation, ways of working, structure, roles
- Transition State 2 lands
- Transition completed
- Capability Uplift Roadmap
- Review of uplift / Roadmap refresh
- Enterprise Support Services – staged delivery
- Workplace Technology and Communications Roadmap – staged delivery
- Workplace and Facilities Roadmap (tbc)
- Redesign of role architecture
- Redesign of performance management and remuneration approaches
- Review of IR brand for transition
- Review of relationships with workforce related stakeholders and partners
- Post-transformation review of IR brand / value proposition
- Cultural change initiatives
- Korero Mai check-in
- Leadership initiatives and development programmes
- Review of People Leadership Strategy
- *Review of People Strand and initiatives to determine critical path to 2025*
- Renewed emphasis on identifying, selecting, developing and deploying talent

Measures of success

Outcomes	Measures / Evidence		Benefits
Valuing individuals, diversity of thought and capability	Diverse people / individuals	People value others, people bring their own self/wider experience to work	**Culture:** • Behaviours and everyday experience match target culture (journey progresses across anchors and scales)
Finding, developing and deploying on the basis of capability	Efficient matching of supply of capability to demand for capability	More differentiated workforce	**Engagement:** • Engagement levels are higher
Designing roles to be adaptable, interesting and empowering	Matching work with the person	Role provides sense of belonging ('as part of IR') rather than constraints of what work is done	**Performance:** • Organisational performance is higher – achievement of business objectives
Recognising and measuring performance contribution	Behaviour-based performance recognised	Outcome-based / network performance recognised	**Brand:** • Working at IR is sought after • Internal experience matches external perspective / proposition
Working with other organisations to develop career journeys	Incubation of capability as pool across wider sector	More career journeys in and out of IR	

Delivery Summary (indicative)

This table provides:
- a high level description and timeframe for the key initiatives (either underway or planned)
- an indication of how strongly they will enable the People Strand (dark green – vital, mid-green – influential, light green – alignment)

Note that reviews which may lead to initiatives are not yet included.

Key Initiatives	How (Summary – more detail in initiative delivery plans)	When (indicative – timeframes may change)	Ethos	Experience	Environment	Expectations
Organisation design	• Will design organisational capabilities, ways of working, functions and roles in line with 10 KDDs to meet requirements for customer-centric, intelligence-led and agile organisation. • Transition pathway processes and leader decision-making will shape post-transition workforce composition.	• December 2016 – first view of proposed design for first 4 organisational capabilities • 2017-2018 – finalise design and implement formal change management processes include transition pathway process • April 2018 – first 4 organisational capabilities implemented • 2018-2021 – remaining organisation capabilities designed and established.	dark	dark	light	dark
Capability uplift	• 12 capability streams identified from BT Blueprints, and each describes knowledge, skills, experience and attitudes required to apply capability in changing future organisation. • Capability approach will be embedded into role architecture, performance management approach, learning, career support, and workforce management practice.	• June 2016 – Roadmap 2016-18 approved • June 2016 – December 2018 – implementation of Roadmap • September 2018 – Review of uplift progress/refresh roadmap for 2019-21	mid	dark	light	dark
Enterprise Support Services	• User requirements for ESS will be determined by future people management practice needs, and how data/information will be used internally to shape and manage evolving workforces. • Complimentary people processes and guidelines will be developed to support maximised use of system and new ways of working.	• June-October 2016 – Stage 1 (remediation) implementation. • October 2016-March 2017 – User requirements gathering for Stage 2 (Talent Management). • April 2017-July 2018 – Stage 2 Implementation. • July 2018-December 2021 – Design and implementation of Stages 3-4.			mid	dark
Workplace Technology and Communications	• Design, procurement and implementation of enabling work and communications technology to support future ways of working and diversity of workforce requirements. Includes network (Wifi/remote access), devices (desktop/mobile), communications (soft phones/Skype).	• April-December 2017 – Pilot (500 users) of new technologies and workplace facilities • 2017-2019 – full implementation of network, device and communications technologies.	mid	mid	dark	dark
Workplace and Facilities (Tbc)	• Will need to design and implement workplace approach to enable future ways of working and diversity of workforce requirements. IR facilities location, size and composition will need to be procured/updated in line with this.	• TBC	mid		dark	light
Role architecture	• Redesign of the framework, policies and constructs that connect role design, role description/expectation, job sizing and remuneration, employment arrangements, recruitment, learning and development, performance management, and other people management processes. • New role architecture will be adaptable, capability-focused, and enable differentiation across workforce types.	• June-August 2016 – development of new role architecture and design of key supporting constructs (e.g. role description) • September-November 2016 – implementation planning and prioritisation • From November 2016 – implementation of role architecture and key constructs.	dark	dark	mid	dark
Performance management and remuneration	• Review of performance management and REM approaches to match future workforce and work requirements. • Includes significant engagement with people and union joint working party in redesign.	• June 2016-March 2017 – evaluation and redesign processes • July 2017 – implementation of redesigned performance management approach • From July 2017 TBC – implementation of redesigned remuneration approach	mid	mid		dark
Culture	• Engagement and initiatives aimed at supporting people to recognise and change behaviours in line with cultural anchors and progress towards target end states of culture scales.	• 2017 – Korero Mai check-in	dark	mid	light	mid
Leadership	• Initiatives and development programmes that shift and uplift people leadership capability across multiple levels, supporting leaders to be effective with members of future workforces.	• 2016-2017 – initiatives to embed leadership dimensions • 2016-2018 – rolling cohorts of leaders engage with suite of development programmes • 2018 – review of People Leadership Strategy to determine future fit	dark	dark	mid	dark
Talent	• Range of initiatives to adapt workforce management practice in line with future capability and culture requirements, including review of sourcing approaches and selection criteria, and emphasis on talent management and deployment.	• Ongoing	mid	mid	light	dark

Purpose and Strategic Alignment

Purpose and Scope

The purpose of this document is to outline how we will ensure that IR has access to a high performing workforce with the capabilities and behaviours we need to operate as a customer-centric, intelligence-led and agile organisation. This includes what IR needs from our people, and what our people need from IR.

The People Strand has been developed to stretch our thinking on organisation design, leadership, workforce management, organisational value proposition and performance, with the aim of creating a better work experience for the workforce. There are explicit links and references to the **Organisation Design Blueprint,** and particularly **Key Design Decisions 9 and 10**. The People Strand will need to be refreshed regularly as there are many aspects that we don't currently know, and many changes that we cannot accurately forecast. The Strand provides guidance which will inform our planning, prioritisation and benefits assessment of our people-focused initiatives to ensure that every investment of effort, change and funding takes us closer to our future vision.

Strategic Vision

IR has 3 strategic objectives which define our organisational performance:

| Grow voluntary compliance by making it easier for people to get it right | Reduce compliance costs | Make Government policy changes faster and more cost effectively |

To deliver on these, IR needs to evolve to be truly **customer-centric, intelligence-led and agile**. We will need to ensure we can support customers wherever they're geographically located, making use of digital technology and permanent or mobile physical presence to best meet customer needs. Our workforce will need to be supported to use information and insights to work effectively with all our customers so that they easily comply with and benefit from the tax and social welfare system. Our people and workforce management practices will need to focus on ensuring we quickly and efficiently match people with the right capabilities to changing work demands.

Inland Revenue's success is based on our people. Our workforce in 2025 will be a mix of employees, independent contractors, and those who work for a range of partner organisations. We anticipate more people will want a wider range of options for how they interact with IR as a source of work. **By evolving our workforce management approach to provide a range of choices, we will maximise our access to the right people with the capabilities we need in order to achieve our business objectives**. This will also increase the diversity of our workforce, reflecting the evolving diversity of our customers and improving and sustaining IR's performance.

We are creating a **2025 workforce experience** where people have diverse role models, receive equitable treatment, and are supported by leading edge skill building when they work as part of Inland Revenue:
- Everyone feels valued as an individual and for their diversity of thought and capability
- Practices and systems help us find, develop and deploy people on the basis of their capabilities (a mix of skills, knowledge, experience and attitudes)
- Roles are adaptable and interesting, and people feel empowered to shape their experience, performance and careers
- Performance is measured through behaviours and individual and team contribution to outcomes
- IR works with other organisations to develop fulfilling career journeys in, through and beyond IR.

Alignment to the other Strands

The People Strand is enabled by and will enable the other Strands of the Corporate Strategy:

Ensuring we have the ethos, capabilities and expectations to use information, data and intelligence to generate valuable insights. Using data and intelligence to understand our people and guide workforce planning.

Ensuring we evolve the digital capabilities of our people to maximise the potential of digital technology. Using digital technology to support the choice we offer our people in how, when and where they work.

Creating the ethos, capabilities and expectations that effectively support customer centricity. Ensuring our people can support customers through interactions that suit their needs whether through physical or digital presence.

Ensuring we have the ethos, capabilities and expectations to support the development and implementation of effective, agile and integrated policy.

Ensuring we have the ethos, capabilities and expectations that support effective collaboration. Supporting career journeys into and beyond IR through greater connections with other agencies.

People Strand Approach

To achieve this, we need to focus on shifting four interconnected elements:

Ethos – IR's values, spirit and mind-set

Experience – the practice and reality of working as part of IR

Environment – the settings and surroundings within which IR work is done

Expectations – the performance assumptions that define the working relationships between IR and our people.

Changes across these elements will need to strengthen our business performance, and will be guided by the **3 key principles that define our ethos:**
- individuality matters
- empowerment guides our practice
- agility keeps us relevant.

Delivery

These elements do not stand alone. To achieve the change we envisage, we need to shift our approach across all four in tandem. There are a range of initiatives that will drive significant steps forward across these four elements, particularly within the **Business Transformation** and **People & Culture work programmes**.

Ethos

… IR's values, spirit and mind-set

As the common thread that strongly connects the four elements of our people approach, ethos is the most critical to get right, the least tangible, and the area we have least control. So how do we describe ethos? How do you capture and distil the spirit or mind-set of an organisation? How does this translate into changes in how we act and what we do in terms of our people, leadership and workforce management practices? Alongside our core set of values, the answer lies in *three principles* that will both shape and check the actions we take across all of our vehicles for change.

IR's Values:
- ❑ **Trust and integrity**
- ❑ **Innovating to make a difference**
- ❑ **Valuing people**
- ❑ **Working together**

ETHOS PRINCIPLES:

✓ *Individuality matters.*
This means that we approach issues from the perspective of what will work for each member of our workforce, in line with how we approach each customer. One-size-fits-all is no longer our default. We don't therefore have one workforce, but a collection of workforces, down to a 'workforce-of-1' in many circumstances.
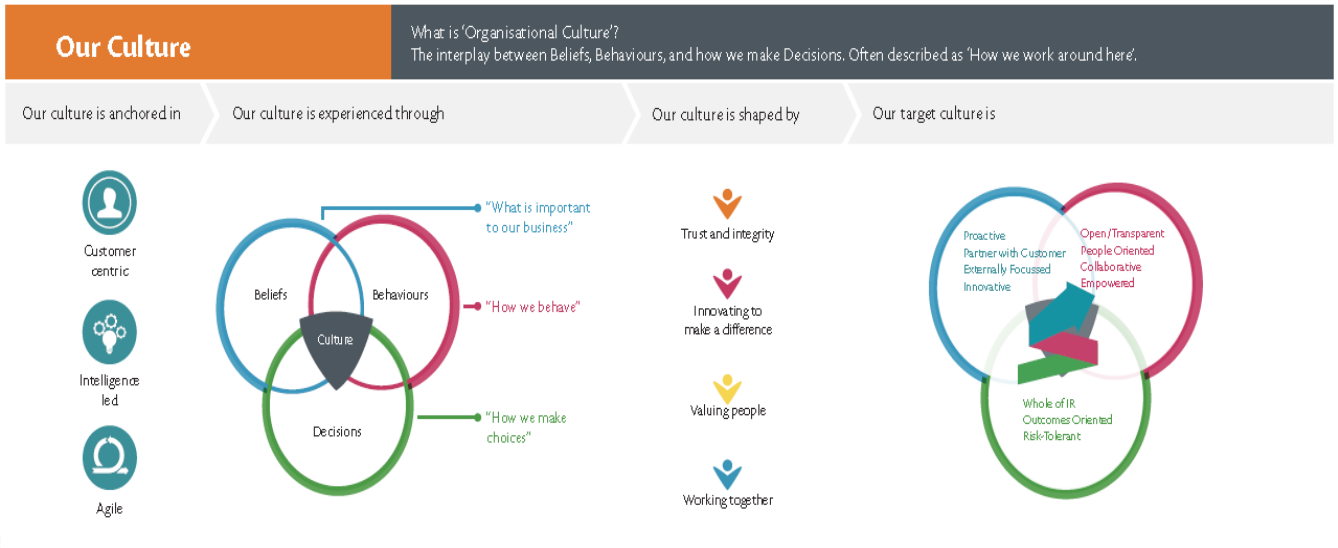
✓ *Empowerment guides our practice.*
This means that as an organisation we continually work to provide a range of options for our people, enabling them to make the decisions about how best they can deliver and perform for IR. We trust that our offerings, and the calibre and behaviours of our people, will form and re-form positive and productive working relationships.

✓ *Agility will keep us relevant.*
This means we design and manage as flexibly as we can, with simple approaches and processes that can flex and change as we need them to.

We have collectively developed a picture of what kind of culture we want, and we are using a 3-tiered model and set of 11 cultural scales to describe the shifts we want and to measure progress in the gaps we need to bridge.

Our Culture

What is 'Organisational Culture'?
The interplay between Beliefs, Behaviours, and how we make Decisions. Often described as 'How we work around here'.

Our culture is anchored in	Our culture is experienced through	Our culture is shaped by	Our target culture is

- Customer centric
- Intelligence led
- Agile

"What is important to our business"
"How we behave"
"How we make choices"

Beliefs — Behaviours — Culture — Decisions

- Trust and integrity
- Innovating to make a difference
- Valuing people
- Working together

Proactive Partner with Customer Externally Focussed Innovative

Open/Transparent People Oriented Collaborative Empowered

Whole of IR Outcomes Oriented Risk-Tolerant

How will we deliver this?

The Delivery Summary provides a detailed overview of the key initiatives that will deliver this change.

Our values and ethos principles need to shape decisions across all our leadership, communications and investment. *These change enablers relate to all four elements – connecting our ethos with decisions that will shape the experience, environment and expectations our current and future wider workforce feel, see and hear.*

In particular, we will need:

➤ Agile and simple organisation design, that reflects differentiated work and workforce requirements.
➤ Clear messages to shape our engagement across IR, the public sector, partners and with potential members of our future workforce.
➤ Clarity around the people capabilities we need, and various approaches to uplift, maintain and develop capability.
➤ Role architecture that allows for flexibility and different types of work or employment relationship.
➤ Culture build and change initiatives that embed the ethos deeply within 'how things are done around here'.
➤ People guidelines, processes and systems that cater for workforces-of-1 and which support leaders to maximise the contribution of each individual.
➤ Strong data, intelligence and insights about our current workforce, and potential members of our future workforce.
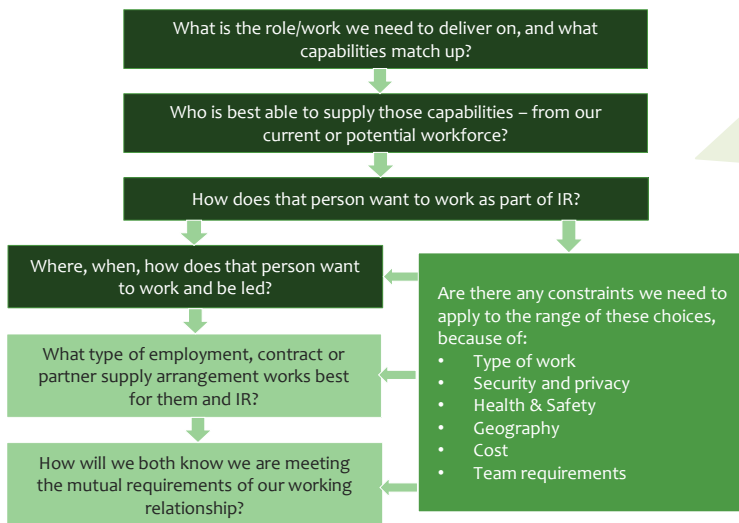
Experience

… the practice and reality of work as part of IR

The practice and reality of what each individual experiences when they work as part of IR needs to fundamentally match-up with the ethos we aspire to. Transforming the experience of working as part of IR will require a seamless alignment of work and people policies, processes and technology, with the every-day leadership and management of people and work. The approach and style of leaders and how we organise and manage work will be the key markers of this alignment.

Our Organisation Design Blueprint describes **6 transformative shifts** and **10 Key Design Decisions** that describe the future IR work experience.

1 Pro-active and customer centric organisation

#1 We will increasingly provide **proactive customer assistance that is relevant to the customer lifecycle**. We will be better at influencing customer compliance behaviour through rapid problem-solving, greater use of insight and more empowered staff.

#2 We will **adopt a customer-centric organisation model and establish clearer accountabilities to manage customers**. We will integrate end-to-end services and have more focused delivery to influence customer compliance.

2 Information harnessed and intelligence-led

#3 We will **consolidate information across the organisation and embed insight in the business.** We will drive the sharing of information and use of intelligence to support effective decision-making to meet IR's accountabilities.

3 Effective and efficient business working in multiple modes

#4 We will **direct and design the revenue system** and **leverage delivery of processes by partners** to improve IR's **effectiveness and efficiency**. We will **drive value to government while protecting the integrity of the system**.

#5 We will **consolidate and streamline the delivery of business services** to increase the value to IR, our customers and the government.

#6 We will **manage strategic and advisory services more holistically** to better direct IR's strategy and steer the organisation towards achieving an IR for the future.

4 Elevated organisation and policy agility through innovation and change

#7 We will **elevate organisation and policy agility through integrated design and implementation of policy, change and innovation**. We will better **collaborate** with industry, government and NGOs, to increase our ability to respond to environmental changes and quickly realise value.

5 Alliances and partnerships across government and private sector

#8 We will **build stronger alliance and partnership management capability** to support the fostering of relationships with private, intra/inter government and non-government sectors. We will achieve greater value of services through our partnerships.

6 Motivated diverse workforce operating as 'one IR'

#9 Our **future workforce will shift to be more knowledge based**. Our people will be equipped with business acumen, more focused on problem solving and less on transactional processes. We will be a smaller future organisation with higher skills.

#10 We will **motivate and enable the future workforce through enhanced workforce management**. We will modernise our performance management, have more relevant employee value, a renewed organisation culture and inspiring leadership.

As we implement these shifts and for IR to deliver at an individual level for our people, *we will need to re-orient our people approach so that the our ethos principles* are embedded in our thought processes and decision-making. What this means is that *each individual makes their own experience* – if they have the capabilities and can deliver what IR needs to achieve our business objectives:

What is the role/work we need to deliver on, and what capabilities match up?

Who is best able to supply those capabilities – from our current or potential workforce?

How does that person want to work as part of IR?

Where, when, how does that person want to work and be led?

What type of employment, contract or partner supply arrangement works best for them and IR?

How will we both know we are meeting the mutual requirements of our working relationship?

Are there any constraints we need to apply to the range of these choices, because of:
- Type of work
- Security and privacy
- Health & Safety
- Geography
- Cost
- Team requirements

What will be different for leaders?
Leaders will need to balance the wishes and needs of each member of their team with IR's work and business needs in how they apply policies and processes. They will need to be adept at managing a range of different types of connections and relationships – through varied employment and contractual arrangements, and across multiple working styles, physical and digital locations, and different times.

How will we deliver this?

The Delivery Summary provides a detailed overview of the key initiatives that will deliver this change.

➢ Organisation design – including role design, ways of working, location, customer and collaboration requirements.

➢ Capability Uplift Roadmap – identification and prioritisation of uplifts, decisions about build, buy and augment.

➢ Role architecture – building in agility and flexibility for how work is done.

➢ Leadership development – expanding the depth and agility of leadership capability to support individual empowerment and choice of experience.

➢ Review of performance approach – ensuring we are clear about the expectations of behaviours, understanding the impact these have on others' experience of working with IR.

➢ Enterprise Support Services – data, information and analytics about current workforce capabilities.

Environment

As we embed the ethos, we need to ensure that the settings and surroundings within which IR operates are aligned and fit for our future workforce requirements.

Geographical presence:
An evolving approach to our geographical presence will be shaped by how well our agility matches with our customer-centricity. Where IR will be present and where work will be done will be based on:

(a)   Who our customers are, how we interact with them, and where they are (nationally, internationally)
(b)   how our business stays responsive, and who we partner with to deliver services
(c)   how we access the required people capabilities
(d)   organisational considerations like cost, leadership and presence.

This evolution will be shaped by data, information and intelligence about what customers want and where they are, and how far and fast the changes to digital and virtual technology can take us in meeting these needs.

Workforce presence:
Within our re-oriented approach to people and customers, we will need a redefinition of what 'presence' means, and to provide a range of evolving choices about where, when and how work will be done.

We will need a shift in beliefs, a shift in how leaders lead, and a shift in our understanding and recognition of how work gets done.

In particular, we need to consider:
➢ A change in our definition of what counts as 'working time' – the concept of a standard working week (Monday-Friday 9-5) will morph to the understanding of a 'professional day' concept.
➢ A professional day may be different between different people, doing different types of work. One segment of our workforce may largely stay within the Monday-Friday boundaries, others may extend this to evenings, and others will fit work around life events and complete it in short bursts throughout a 24-hour period.
➢ This will lead to different requirements of the 'office' and where work is done. Many people will want access to a range of workplace options – an IR/partners' office to go to, technology that enables mobile working and working from home.
➢ We will need leaders who can manage their people across a variety of locations, times and places – with the supporting technology and facilities they need.

Workplace requirements:
To support this choice, we need to design approaches to workplace that cater for a range of different requirements, across a range of types of workforces and locations, within limits of cost and feasibility.

To deliver on the ethos and attract and retain the capabilities required, we will need to offer:
➢ Leading edge (and regularly evolving) digital tools for leaders and staff to use to communicate, collaborate and learn
➢ Workplace facilities that offer a choice of traditional desks/offices, collaborative spaces, activity-based work settings and lone-working options – many of our facilities will need to offer all or most of these options
➢ Workplace technology and security settings that enable people to choose the device(s) they use, how mobile they are, and where they work
➢ Policies and practices that make it easy to work within and across a range of places, times and methods
➢ A redefinition of how we recognise the value of work – from a when (worked hours) to what (delivery) and how (in line with objectives and cultural anchors).

How will we deliver this?

The Delivery Summary provides a detailed overview of the key initiatives that will deliver this change.
➢ Organisation design – particularly around role design and working practices
➢ Workplace Communications and technology Roadmap – delivery of a range of enabling options for devices and locations
➢ Workplace and facilities Roadmap – designing a range of choices for where people undertake work in 'IR' locations
➢ Leadership development – that focuses on enabling leaders to lead a range of people, in a range of locations, over a range of work-time and type.

Expectations

Expectations within a working relationship are a 2-way street – IR will have to change and refine its expectations of our people, and our people will need to adapt what they expect from IR.

A key part of our transformation is how we shape the individual and collective behaviours of a group of highly talented, collaborative, curious people – within IR and across our growing network of partners. The Organisation Design Blueprint describes a workforce where individuals, teams, functions and organisations work together to deliver high quality customer-focused services and achieve business objectives. The common threads are:
1) capability focused and learning agile – where people focus not only on continually developing what they know (skills, experience) but also how they apply and adapt it
2) collaboration and curiosity – where people are comfortable working in a range of formal and informal teams (both within IR and with other agencies) and using shared information and intelligence to generate valuable insights
3) devolved decision-making and empowerment – where people are supported and accountable for applying their capabilities in order to make quality decisions about what is best for the customer.

We have a set of 12 capabilities that are required for our transformed organisation, and are developing an uplift and learning approach that will support our people to develop or deepen their capabilities. The 12 capabilities are:

Business acumen and partnering	Data, analytics and insights	Leadership
Change management	Digital literacy	Policy quality and agility
Complex compliance management	ICT design and integration	Quality decision making
Customer advisory	Information and knowledge management	Workforce management

There are a number of ways we currently define expectations – and all of these will need to be refined and changed over time:
➢ **Employment or contract** – the basis upon which people access work and IR accesses people – currently primarily focused on 'employment agreements' – but increasingly will consist of a mix of employment, contractual and partnering arrangements.
➢ **Job expectations and role description**s – the construct in which we employ and pay for people, currently relatively fixed and constrained – but will need to change to reflect the need for agility, changing customer and work demands, and changing choices of how and what people want to do as their work.
➢ **Remuneration system and approach** – the policies and approach we take to how we set salary bands and when and how we can use salary as an active part of our value proposition for in-demand capabilities – will be reviewed as part of IR's planned review, and also needs to cater for public-sector principles and settings.
➢ **Performance management approach** – how we define great and poor performance (and evolve this over time), how and when we assess performance, and the real-time and tailored recognition people receive for good performance – will be reviewed as part of IR's planned review. Also needs to cater for a n expanded range of employment and commercial relationships (which may define performance in a range of ways).
➢ **Recognition and reward** – what is celebrated and what we talk/tell stories about – how we open up opportunities for people to learn and stretch their capabilities while ensuring they are able to make and learn from mistakes in a risk-tolerant and learning-focused environment.
➢ **IR's brand and value proposition** – and whether the promise matches up with reality – which will largely be shaped by the rest of the workforce, leadership and culture – the brand and value proposition will be reviewed post the initial organisation design and redesign of role architecture, remuneration system and approach, and in line with evolving market forces. This will also be shaped by our ability to partner with other organisations, as an incubator of talent and to support our people to take career enhancing journeys beyond IR.
➢ **Leadership** – how our people, strategic, process and technical leaders regularly coach people on-the-job – which is a critical part of how we define, redefine expectations and manage people and performance.
➢ **Health and safety** – processes and structures that keep our people safe with new ways of working both inside and outside of traditional workplaces, from home, digitally – we will need to ensure that we and our people are able to identify, eliminate/mitigate, and monitor health and safety risks.

How will we deliver this?

The Delivery Summary provides a detailed overview of the key initiatives that will deliver this change.
➢ Capability uplift approach – defining capability requirements and supporting people to uplift their capabilities to required levels
➢ Review of performance approach and remuneration system – defining performance options, refreshing our approach to remuneration in line with capabilities and supply issues
➢ Leadership development – to enable leaders to understand and assess different types of performance in different ways – covers technical, process and strategic leaders as well as people leaders.
➢ Role architecture – to provide as much flexibility and simplicity as possible to adapt and evolve with different employment or commercial arrangements, types of work and working arrangements.

2025 Picture

Workforce Management lifecycle:

The standard approach to workforce management is enhanced, with particular emphasis on items in dark green. Dotted lines indicate additional options within the cycle to support enhancements.

We will have well-known and distinct value propositions across the major capability markets we need access to. This will enable differentiation of employment arrangements, recognition and reward approaches and career pathways. IR will be recognised as an important 'career-building' step for a number of specialist capability streams.

IR will have a variety of partner arrangements with other organisations, within NZ and internationally, to support the supply and exchange of capabilities depending on our reciprocal needs. We will use these partner arrangements to access capability where our need for it is short-term or variable, or where the costs of accessing the level of talent we need are above our remuneration and reward levels.

We will combine workforce forecasting data with insights about how our workforce are performing and feeling about their work environment to make adjustments to our leadership, talent management and engagement programmes. We will actively manage our pipelines, which will include internal career development, partnerships with other agencies, and relationships with education and training organisations.

I first came to work at IR through a secondment from another government agency as part of a cross-agency career development pathway. After having children I went on to become a contractor so I could shape my working hours around my childcare commitments while retaining my specialist knowledge. Over the last year I have had three assignments with IR as a technical tax expert.

IR values me as a specialist in my field and my role includes leading and participating in problem-based teams, and co-ordinating an active community of practice with members from within IR and across partner agencies.

As a people leader, I make weekly decisions about deployment of people, and to forecast where, when and how I access supplementary talent. I use every discussion with my people to look at how they are performing, how their behaviour is contributing to IR's culture and brand, and how we are supporting them to meet their aspirations.

Roles in IR will be clustered by capability, defined as a mix of skills, knowledge, experience and aptitudes. People will be flexibly deployed through assignments on the basis of business need – through a mix of cohort-based and problem-specific teams that will enable them to maximise their ability to contribute. There will be different expectations on performance depending on assignment objectives, and how people's behaviours are embodying IR's culture.

Through our extensive partnering arrangements and flexible employment arrangements, we will be able to increase and decrease the supply of capability based on business need.

Cycle diagram labels: potential talent, attract, recruit, predicted demand, partner, access, alumni, culture, performance, leadership, induct, exchange, exit, retain, develop, deploy

Predictive analytics informing advanced workforce management practice

Strategic Choices and Risks

There are a number of strategic choices to make as we re-orient our approach, covering issues such as:
- How much do we invest in building or buying capability?
- How much will demographics and supply of specialised capabilities influence or constrain our choices?
- How do we support people's career expectations, with IR and across public and other sectors?
- How do we support the development of pools of talent, within IR and across sectors/partners?
- How do we support our leaders to understand and adapt to the changing nature of leadership/teams?
- Where do we position ourselves in the different markets we need to access for capabilities?
- How do we generate insights about the different markets we are in/need to be in to inform workforce decisions?

Risks to the People Strand:
- Cost of change and level of investment required (will and skill)
- Nature of engagement with current workforce and leaders
- Demographics and skills supply of accessible labour market
- Public sector employment arrangements and sector-wide approaches
- Plans and processes for transition decisions
- Choice of incremental or disruption approach.

Risks of the People Strand:
- Cost of change and level of investment required (will and skill)
- Nature of engagement with current workforce and leaders.

Workforce (and risk) context:
- *The labour force aged under 25 years is projected to remain under 400,000 between 2015 and 2068. Young workers will account for about 1:7 of the labour force in 2021, and 1:8 by the 2050s (median projection).*
- *In 2038, the number of single parent families will have increased from 166,000 in 2013 to 191,000. 22% of these will be single male parents compared with 18 % in 2013.*
- *Retirement demand will be 31,000 per year from 2014 to 2024, mostly in the highly skilled area (12,000 – managerial and professional roles mainly in these industries: education and training (teachers); professional and technical services; health and social assistance; and agriculture (farmers and farm managers)).*
- *The number of people identifying with Asian ethnicities is likely to exceed the number identifying with the Māori ethnicity from the mid-2020s.*
- *According to McKinsey analysis, fewer than 5% of occupations can be entirely automated using current technology. However, about 60% of occupations could have 30% or more of their constituent activities automated. In other words, automation is likely to change the vast majority of occupations—at least to some degree—which will necessitate significant job redefinition and a transformation of business processes.*
- *Aron predicts that by 2020, 30% of the work will be performed by permanently employed, self-managed clusters. (Clusters are populated by talent with established shared values, work practices, tools, roles and identified strengths or proficiencies).*

Appendix

Relevant TOM Business Capability Target States

Type	Target State aspirations	Aligned
Strategy and Governance	1. Clear strategic priorities and objectives on how to develop and lead people, supported by effective governance and accountabilities.	Y
	2. Strategic decision making is fully informed by the priorities and objectives for developing and leading our people.	Y
	3. Enterprise performance management enables strategic priorities and objectives for developing and leading our people to be managed through clearly defined performance measures.	Y
	4. A collaborative approach is taken with business partners for developing and leading our people.	Y
People	5. Our people have the ability to effectively make informed decisions.	Y
	6. Our people are effective collaborators and can engage with business partners to deliver on business outcomes.	Y
	7. Our people can use appropriate tools such as environmental scanning and analytics to fully inform their activities.	Y
	8. Our people have right levels of technical knowledge and advisory skills.	Y
	9. Our people are change agile and flexible to deliver today whilst supporting the build of tomorrow.	Y
	10. Our people and teams form/re-form to meet business outcomes and individual/team capability development requirements.	Y
	11. Roles and responsibilities for developing and leading people are clearly defined across IR and business partners.	Y
	12. Leaders inspire and influence our people to deliver on the IR culture, vision and outcomes.	Y
	13. Digitally savvy workforce capable and confident in using our systems and analytics.	Y
	14. Our people understand the importance of brand and reputation	Y
	15. Our people have the capability to manage relationships and influence.	Y
Process	16. Processes and business rules are embedded to support performance, career and talent management to be delivered seamlessly to our people.	Y
	17. Strong feedback loop and collaboration exists for the continuous improvement of the way we develop and lead our people.	Y
	18. Practices to lead and develop our people are aligned across government, agile and respond to current and future ways of working.	Y
Technology	19. Technology supports the seamless integration of the identification, developing and leading of our people across IR and business partners.	Y
	20. Technology to support people development and management provides a seamless user experience supported by effective self-management tools.	Y
Data, Information and Metrics	21. Right time insights and analytics are available and used to develop and lead our people.	Y
	22. Metrics are defined and captured to support developing, leading and managing the performance of our people.	Y

Current IR Workforce Stats *(as at May 2016)*

Tenure *(permanent staff)*	HC	HC%	Average Tenure
<1	562	9.8%	0.5
1 – 2	960	16.7%	2.1
3 – 4	538	9.4%	3.9
5 – 9	1216	21.2%	7.8
10 – 14	846	14.7%	12.0
15 – 19	482	8.4%	16.9
20 – 24	310	5.4%	22.6
25 – 29	313	5.5%	27.4
30+	514	9.0%	35.9
Grand Total	5741	100.0%	11.5

Age	%	Average Age
<20	0.5%	19.4
20 - 24	7.2%	23.2
25 - 29	12.2%	27.4
30 - 39	22.1%	34.9
40 - 49	25.2%	45.3
50 - 54	12.4%	52.5
55 - 59	10.3%	57.4
60+	10.1%	64.1
Grand Total	**100.0%**	**43.1**

Type of arrangement	%
Agency Staff	4.7%
Casuals	0.2%
External Contractors	6.7%
Permanent	86.9%
Temporary	1.5%
Grand Total	**100.0%**

- *NZ has the second oldest workforce in the world after Iceland. 20% of permanent IR staff are 55 or older.*
- *91.3% of IR's permanent staff are currently full time, and 8.7% are part-time. 21% of part-time staff are receiving the childcare subsidy compared to 5% of full-time staff.*

Our Corporate Strategy – *Information & Intelligence*

May 2016

Information & Intelligence: Executive Summary

What is our strategic approach for information & intelligence?

Our decisions and actions – for delivering today and shaping our future – are intelligence-led

What does that mean?
Being information harnessed and intelligence-led means we...
- Value our organisational knowledge and the experience of our people
- Use our information and intelligence as an asset
- Can better realise value
- Target and prioritise what we do
- Make confident decisions based on relevant information
- Know we are achieving our objectives

Why does that matter?
Being able to harness our information, and become intelligence-led, will allow us to deliver a better customer experience through improved understanding of customers and their context. We will be able to target our services to reduce the compliance burden while at the same time increasing compliance. We will adapt and respond to our changing environment allowing us to more effectively deliver outcomes and support wider government objectives.

How will we implement this approach?

Recognise information and intelligence as a strategic asset
- Have an internal culture that respects richer and more managed information
- Maximise the value of our information by following good information management practices
- Share information with each other, across government and with business partners to deliver better services for customers

Utilise information and insights to create actionable intelligence
- Build capability to effectively manage information and create actionable intelligence
- Develop processes and techniques to extract intelligence and continually learn from our information assets
- Create an advanced analytics platform that enables seamless data flow and self-service analytics

Use intelligence to achieve sustainable outcomes
- Build a culture where intelligence-led decision making is part of our DNA
- Ensure intelligence is available and accessible to support informed and proactive decisions
- Consistently measure and evaluate our activities to focus on what works

This will enable us to develop information and intelligence capability that is…

Self-learning – we constantly learn from our activities improving government, business and customer value and enhancing performance
User-friendly – users and customers can access and contribute information to deliver better intelligence and inform decisions
Timely – right time delivery to support Inland Revenue's policy, strategic and operational requirements
Superior – decisions informed by contextually rich information, rigorous processes and robust technology
Secure – information and intelligence is available to those who need it, without affecting privacy and customer rights

What are our main vehicles for change?

Programme	Initiative	Description of contribution
BT	Organisation Design	Implementation of organisational structure requirements including the establishment of the Information and Intelligence Hub.
	Implementation of the Intelligence Led Blueprint	Development of processes, tools and architecture to enable intelligence-led working.
BT/BAU	Implementation of functional strategies	Implementation of the functional strategies will deliver information management practices, information sharing processes and integrated business intelligence and analytics capabilities.
	Customer Value Programme	Development of people, platform, process, and data capabilities.
BAU	Culture Approach	Development of an intelligence-led culture.
	Corporate Strategy Set	Delivery of customer, people, collaboration, policy, and digital capabilities.

How will we measure our success?

Source	Measure	Description
Performance Management Framework	We use information and insight to improve potential future revenue	- Year on year forward receipts baseline - Case study ROI for specific interventions
Information & Intelligence Strategy	Functional Strategy Delivery	The target future states identified in the supporting functional strategies are delivered.

Purpose and Strategic Alignment

Purpose and Scope

The purpose of this document is to outline our strategy for becoming an information harnessed and intelligence-led organisation. It sets out the approach that we will use to implement the Strand, and the foundational enablers needed to support it. This is intended to be an enduring artefact which will guide us as we transform.

The Information & Intelligence Strand has been developed to harmonise Inland Revenue's information and intelligence-led artefacts creating a holistic perspective of information and intelligence, and how it delivers value and better outcomes for New Zealanders. The Strand provides guidance as to how Inland Revenue will realise the value of its information and intelligence assets as a strategic resource.

Strategic Alignment

This Strand is a key enabler of our three strategic objectives:

Grow voluntary compliance by making it easier for people to get it right	Reduce compliance costs	Make Government policy changes faster and more cost effectively

It sets out the approach we will follow in order to deliver these objectives and how we will:

1. Make more intelligent use of information by using analytics and insights to continuously improve our services and design for the right outcomes
2. Fit tax and social policy seamlessly into people's lives by building understanding of our customers and their key events, to enable compliance to be designed right from the start
3. Link our systems across government agencies and the private sector by sharing and accepting information and intelligence

The Strand utilises the six shifts outlined in Inland Revenue's Future State Organisation and aligns with the Target Operating Model business capabilities, with strong links to the themes within Understand Risk, Understand Customers, Profile and Account for Customers, Manage Data, Manage Information, Knowledge & Intelligence, and Manage Change.

The Strand also draws on the Compliance Model, which sets out our approach to facilitating compliance and how we interact with customers. It has been informed by and aligns to the Intelligence-led Blueprint that guide the Business Transformation Programme, and harmonises existing functional strategies such as the Information Management Strategy, the Business Intelligence and Analytics Strategy, and the Information Sharing work.

The Information & Intelligence Strand forms part of Our Corporate Strategy, and closely links with the other five strands:

| The People Strand is a key enabler – setting out how we will develop and maintain the workforce with the skills, knowledge, experience and attitudes required to meet our goals.	The Digital Strand also plays an important role, as our technology infrastructure will shape the design of the customer experience and support an analytics capability to inform customer understanding.	The External Collaboration Strand sets out how we will collaborate, engage and share information across government, service providers, and other partners to deliver seamless experiences and the right outcomes for customers.	Intelligence and analytics are an input into customer understanding. The Customer Strand supports the approach to effectively building, sharing, and using customer and performance information.	The Policy Agility Strand supports an agile and integrated process of decision-making and advice based on the use of information and intelligence.

Our Intelligence-led Future

Our decisions and actions – for delivering today and shaping our future – are intelligence-led

What does being intelligence-led mean?

The information we collect and the insight and intelligence we generate through the knowledge and experience of our people is a strategic asset. It allows us to understand our customers, our operating environment and our performance. It can be used to direct our strategic, tactical and operational activity and can be shared with others to unlock benefits for Government and society.

By harnessing our information and using insight and intelligence to inform our actions we can:

- Better realise opportunities and predict the value of our actions
- Improve our ability to target and prioritise our activities and services
- Be confident that the decisions we make are based on complete information
- Continuously learn and adapt our activities to achieve objectives
- Measure and evaluate the effectiveness of our actions.

Information → Insight → Intelligence
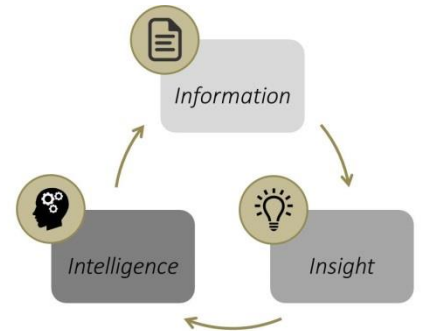
What will it achieve?

Being an information-harnessed and intelligence-led organisation will have benefits for customers, Inland Revenue, the Government and society.

✓ More effective use of resources
✓ Increased organisational agility

INLAND REVENUE

✓ Improved customer experience
✓ Reduced compliance cost and effort

CUSTOMERS

✓ Improved compliance
✓ Cohesive Government services
✓ Robust advice

GOVERNMENT

Improving how we create, use and share information and intelligence will:

✓ Enable us to deliver an improved customer experience through advanced systems and policies resulting from an increased understanding of our customers
✓ Reduce compliance cost and effort – through the delivery of cohesive Government services and the reduction of duplication
✓ Improve compliance by enabling us to make it easier for customers to get it right from the start
✓ Enable us to quickly and effectively respond to non-compliance
✓ Increase our ability to deploy people and resources (financial, physical, and ICT) and effort into targeting opportunities to create value – being more effective and increasing the Government's return on investment
✓ Enable informed decision-making on Inland Revenue's short, medium and long-term future
✓ Assist with the delivery of robust advice to Government on policy and other matters
✓ Enable other Government departments and business partners to provide value and better outcomes to New Zealanders by utilising our information for strategy development and decision-making.

Approach

Recognise information and intelligence as a strategic asset

We will have an internal culture that creates richer information and uses good information management practices to maximise the value of our information. We will collaborate across government, with business partners and internationally to share information, resulting in better services for customers.

Utilise information and insights to create actionable intelligence

We will build our people capabilities to harness the value of our information and create intelligence we can turn into action. Our analytical techniques and processes will encourage continuous learning allowing Inland Revenue to adapt and maximise value. We will implement technology that supports secure, easy and right time access to the information needed.

Use intelligence to achieve sustainable outcomes

We will build a culture that understands the value of intelligence-led decision making, and applies information and intelligence to effectively design and deliver outcomes. We will ensure intelligence is readily available to those that need it and we will demonstrate the value of what we do through measures that incentivise the right behaviour.

Implementation

Recognise information and intelligence as a strategic asset

To operate as an organisation that recognises and uses information and intelligence as a strategic asset, we require information to be managed in a way that aligns with our organisational values and strategic direction. To do this we need to:

Have an internal culture that supports richer and more managed information
Everyone plays a role in turning information into a strategic asset. There are a large number of structured and unstructured data sources available for staff to access as required, including information from our customers, our people, government agencies and business partners. We will have a culture of collective ownership, where our people understand the value in identifying information (whether it be from interactions, feedback or experiences), then protecting and curating it appropriately.

Maximise the value of our information by following good information management practices
We will have high quality information to better inform decisions and improve intelligence-led activities. We will adhere to governance and processes to effectively capture, store, manage and dispose of our data and information. This will add value and ensure the right information is available to the right person in the right format at the right time.

Share information with each other, across government and with our business partners to deliver better services for customers
Customers expect us to use their information better in order to provide intuitive and personalised services. We will do this in a way that adds value while maintaining their trust and confidence. We will collaborate across a wider ecosystem, including overseas if necessary, to appropriately share and collect information from other agencies and business partners, using this broader perspective to improve services and solve problems.

Key Enablers
- *Information collection processes include relevant context and meaning to support analytics*
- *Adaptable information sharing processes allow for rapid integration of new and emerging data sources*
- *Culture of use and enhancement*
- *Technology to support good information management practices and information sharing*
- *Establishment of the Information and Intelligence Hub and supporting information sharing agreements*

Implementation

Being information harnessed means that we derive intelligence we can then action by asking questions, seeking insights and applying purpose to our information. Our ability to harness information is dependent on integrated people capability, learning processes and analytics platforms. This requires us to:

Build capability to effectively manage information and create actionable intelligence

We will continue to develop and enhance our internal capability to manage and manipulate information, derive intelligence and apply that intelligence in all levels of decision making – investing in the skills, knowledge, techniques and experience required to achieve our outcomes.

Where the need arises, we will add highly specialised analytics capability, industry experience and best practice to increase internal capability.

Develop processes and techniques to extract intelligence and continually learn from our information assets

We will design processes for continuous learning. Our analytics processes and intelligence delivery will be dynamic, iterative and responsive to change – keeping pace with our changing environment. Our processes will integrate the knowledge and experience of our people, with advanced analytics techniques to generate intelligence.

We will use feedback loops to continuously adapt and learn from our activities so that we can refine our analytics techniques to improve our effectiveness and targeting of value for customers, Inland Revenue and government. This will include techniques to collect and share information, define customer segments, identify value opportunities, as well as design, test and validate interventions based on the desired outcomes.

Create an advanced analytics platform that enables seamless data flow and self-service analytics

We will implement technology infrastructure that will support:
- Analysis, manipulation and enrichment of information to identify insights, patterns and predictive models
- Analytical tools that are easy to use and turn insights and models into operational actionable intelligence
- A flexible service model, based on proven industry standards, that enables secure enterprise-wide data management, information sharing and easy access to information and intelligence
- The use of information and intelligence to support delegated and agile decision making
- Customer lifecycle orientation – enabling proactive customer assistance, automation and targeted interventions to improve the customer experience.

Key Enablers

- *Leadership that facilitates the connection between data creation, management, analysis and decision making*
- *Governance systems and processes that facilitate the development and use of intelligence*
- *Technology platform that support diverse information and intelligence requirements, secure and easy access, and delivers a single-view-of-customer*
- *People with the required skills, knowledge and experience to manage and derive intelligence from available information assets and insights*
- *Information and Intelligence Hub appropriately integrated with external data sources and Inland Revenue's analytics platform*
- *A culture of continuous learning that values testing and validation to learn what works*
- *Continuing investment in technology and platforms that recognises the essential value of information and intelligence for New Zealand*

Implementation

Being intelligence-led means we understand the impact of what we do and how to achieve the outcomes we seek. We will apply intelligence within our decision making processes to maximise value and influence the design and delivery of policy, systems, products and services. We will:

Build a culture where intelligence-led decision making is part of our DNA

We will have a culture of natural curiosity, where we use information and intelligence to realise value and make informed decisions. We will have the confidence and courage to act on the information and intelligence gathered from across the wider ecosystem to deliver value for customers, government and Inland Revenue.

We will make decisions using relevant information and intelligence as part of our normal activity, from front-line staff to senior decision makers. Disciplined use of our information and intelligence will provide a wider system view of risk, opportunity and value - that is represented in our decision making processes, application of resources and culture of accountability.

Ensure intelligence is available and accessible to support informed and proactive decisions

We will build a seamless flow of data – independent of function, service, product or source. We will reduce the complexity and improve the transparency of our information and intelligence assets so that the needs of users are met – providing access to the right level of detail to support everything we do, from customer interactions to policy advice.

We will ensure that our staff are empowered to use information and intelligence, and that it's available for use by those closest to internal and external customers. We will develop our internal capability to make reasoned and informed choices through analysis of risk, utilising lessons learned, and an ingrained understanding of customer and Inland Revenue's objectives.

Consistently measure and evaluate our activities to focus on what works

We will measure in a way that ensures accountability and delivery of business outcomes. We will demonstrate the effectiveness of our intelligence delivery and decision making processes through continuous testing, validation, and relevant metrics that evaluate our actions and drive the right culture and behaviours.

We will use agile and iterative work practices to continuously learn and adapt – integrating the insights and results of our actions to inform intelligence delivery. This will allow us to be more effective, improve customer experience and demonstrate value.

Key Enablers

- *A technology platform that allows easy access, use and sharing of information and intelligence*
- *People with the skills and experience to apply information and intelligence in their normal decision making processes*
- *A culture that encourages continuous learning, curiosity, and reinforces accountability*
- *Information sharing arrangements that deliver the right information to inform our decisions*
- *A flexible and agile organisation that can respond effectively to emerging insight and intelligence*
- *Measures that accurately demonstrate the outcomes we have achieved and the value of our actions*
- *Performance environment that incentivises and rewards the right behaviours.*

Delivery

Vehicles for delivery/change

Programme	Initiative	Description of contribution
BT	Organisation Design	KDD 1 - The processes, technology and capability to understand customers' lifecycles and intelligence to support increasingly proactive customer experiences.
		KDD 3 - Establishment of an Information & Intelligence Hub which will consolidate information from across the organisation and embed customer insight into the organisation.
		KDD 9 - People capabilities to manage information and knowledge, analyse information, model scenarios and generate insights and intelligence (linked to the implementation of the Workforce Strategy).
		Organisation Design Blueprint – Chapters on Organisational Capability, Accountabilities & Responsibilities, People Capabilities, Culture, Leadership, Organisation Outcomes and Governance
	Implementation of the Intelligence-Led Blueprint	Development of processes, tools and architecture to enable intelligence-led working.
BT/BAU	Information Sharing Work Programme	Strategic, tactical and operational Initiatives to share information safely with other government agencies.
	Customer Value Programme	Development of an advanced analytical platform, closed loop learning process, customer-centred managed information, and enhanced ways of working to maximise customer value.
BAU	Tax Administration Act changes	Improved legislative foundations for information sharing.
	Implementation of the Culture Approach	Development of an intelligence-led culture where all staff have access to insights and can make decisions where appropriate.
	Corporate Strategy	Delivery of Customer, People, External Collaboration, Policy Agility, and Digital Strands.
	Implementation of functional strategies	Implementation of the functional strategies will deliver information management practices, information sharing processes and integrated business intelligence and analytics capabilities.

Measures of success

Successful implementation of our Strand will result in an information and intelligence capability that is:

Self-learning – we constantly learn from our activities improving government, business and customer value and enhancing performance
User-friendly – users and customers can access and contribute information to deliver better intelligence and inform decisions
Timely – right time delivery to support Inland Revenue's policy, strategic and operational requirements
Superior – decisions informed by contextually rich information, rigorous processes and robust technology
Secure – information and intelligence is available to those who need it, without affecting privacy and customer rights

The following measures show how the strategy is a contributor towards achieving Inland Revenue's mission and vision:

Source	Measure	Description
Performance Management Framework	We use information and insight to improve potential future revenue	• Year on year forward receipts baseline • Case study ROI for specific interventions
Information & Intelligence Strategy	Functional strategy delivery	The target future states identified in the supporting functional strategies are delivered.

Strategic Risks

The high-level strategic risks for the Information and Intelligence Strand are outlined below. These are underpinned by consideration of the risks with the Strand in the implementation, delivery, and post-delivery stages as well as unintended consequences of the Strand.

1. The investment in people and platforms is insufficient.
2. Inland Revenue is too slow in its implementation of the Strand and does not stay abreast of developments in information and intelligence.
3. The required culture change is not embedded in the organisation.
4. Legislative or administrative restrictions impact on the ability to deliver the Strand.
5. Inland Revenue changes in a way that is not aligned with the documented strategic direction.
6. Too much information impedes staff decision making and results in less trust from customers.
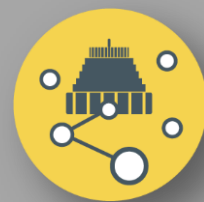
Our Corporate Strategy – *Policy Agility*

June 2016

Policy Agility: Executive Summary

What is our vision?

Policy change is faster, cheaper and better – fit for a changing world.

What does that mean?

Policy agility for IR means we…
- Develop quality advice at the right pace and in the right way
- Are joined up, inclusive, and influential
- Have a learning approach to design and implementation
- Make the best use of our assets – information and intelligence, human capital, relationships, and deep technical know how

Why does that matter?

Growing our policy agility is critical to IR being response ready, maintaining our world class tax system, and navigating in an increasingly complex and changing world. To meet stakeholder and customer expectations, IR needs to retain and grow mind-sets, skill-sets and tool-sets to provide high quality and timely policy advice – this advice being evidence based, future focused, credible, and addressing current issues and opportunities.

How will we implement this approach?

Getting "match fit"

To ensure we are ready to maximise the value from BT, and also take advantage of agility gains in the short-medium term, there are a number of areas that we can focus on.

These include people, process and platform improvements both within the PAS business unit, and across end to end policy design and implementation.
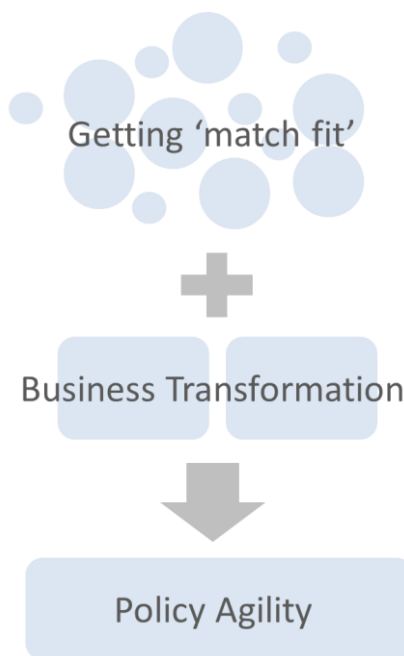
Better implementation, which requires :

- A new technology platform
- Working better across the business, continually learning and improving
- An organisational design that supports our new ways of working
- Understanding of the drivers of flexibility and limitations in our system and processes
- Capability uplift in impact assessment (i.e. operating in a new environment)

Information and analytics capability to enable:

- **Identification** of policy issues
- **Modelling i**mpacts of policy proposals, including economic, revenue, compliance, behavioural and administrative impacts.
- **Evaluation** of policy

This increased capability is crucial to reach our target state.

Getting 'match fit'

+

Business Transformation

↓

Policy Agility

What are our vehicles for change?

Organisational change initiatives	Getting match fit	Choices
Business Transformation is building a flexible tax and social policy platform that will enable: ▪ Faster and cheaper implementation ▪ Better analytics ▪ An organisational structure that integrates end to end policy The components of Policy Agility delivered through BT are in later phases i.e. starting **mid-2018**	There are considerable gains to be made through activity over the short-medium term – before BT delivered activity. These shifts will yield some agility gains, but are mostly about being ready to make the most of what BT delivers – being 'match fit'.	Within the non-BT space, there are areas where investment choices can be made. Investment in areas such as analytics, people capability and closed loop learning could accelerate the realisation of agility benefits.

How will we measure our success?

Focus	Description
Design	Performance measures will encourage collective responsibility, for both quality design and good implementation
Advice	Ministers can make decisions based on full and realistic advice. Measures are likely to reflect Ministerial perception as well as peer/expert review.
Implementation	All Ministerial decisions can be implemented. 'Time to market', or similar measures, ensure implementabillity is considered at all stages of policy design.
Influence	IR is considered an economic thought leader. Measures of success will reflect inclusion (i.e. we are in the conversations), and impact of our contribution.

Purpose and Strategic Alignment

Purpose and Scope

The purpose of this document is to outline how we will ensure IR's policy capability is agile and future focussed, to maintain the quality and integrity of the tax and social policy systems today and in the future.

It sets out the approach that we will use, and describes progressive changes in what we are currently doing needed to achieve our policy agility vision, and support the wider aspiration of IR for the Future. Our approach is intended to be an adaptive one that will both guide us as we transform, and reflect IR's evolving policy environment.

The **Policy Agility Strand** draws together various components of better practice policy design and implementation, and describes the shifts in capability, approach, and process to allow IR to be response ready in our changing world. It provides a guiding framework to inform more detailed planning processes across a number of areas of IR, and measures to assess the successful development and delivery of policy agility capability.

Strategic Alignment

Policy Agility is a **critical component** to deliver on the commitments made in the BT business case, as well as our three strategic objectives…

Grow voluntary compliance by making it easier for people to get it right	Reduce compliance costs	Make Government policy changes faster and more cost effectively

The **Policy Agility** utilises the six shifts outlined in **Inland Revenue's Future State Organisation** and aligns with the **Target Operating Model** business capabilities. Business Transformation provides a key delivery mechanism for the capability required.

| The **People Strand** is a key enabler – setting out how we will develop and maintain a workforce with the skills, knowledge, experience and attitudes we need in the future. **Policy Agility** enables the people strand by providing a strong employee value proposition.	The **Digital Strand** also plays a role, as our technology infrastructure will shape the design of the customer experience and support an analytics capability to inform our policy capability. **Policy Agility** enables IR to think digitally – to structure itself around natural interactions with IR that make sense for people.	The **External Collaboration Strand** sets out how we will collaborate and engage across government, service providers, and other partners . **Policy Agility** provides the vehicle for demonstration of the benefits of collaboration, and sets out the terms of engagement for policy delivery partners.	The **Information and Intelligence Strand** sets out how we develop and maintain the intelligence capability required to identify, inform, and evaluate policy. This is a **critical enabler** of the Policy Agility Strand. **Policy Agility** ensures that our powers to collect, use and share information and intelligence are fit for the future.	The **Customer Strand** guides us in becoming a truly customer-centric organisation. **Policy Agility** enables IR to build a customer-centric approach, through legislation that is easy and simple for customers to understand and comply with.

The change delivered through **Business Transformation** underpins everything we do. The BT programme enables us to reach our desired target state for Policy Agility by building a flexible platform for tax and social policy, enabling:

- ✓ Faster and cheaper implementation;
- ✓ Better analytics; and
- ✓ An organisational design that integrates end to end policy.

Policy agility – fit for a changing world
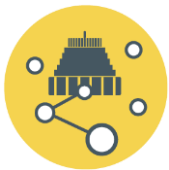
What is Policy Agility?

End-to-end policy that needs access to good information and insights to be more effective, responsive and evidence based.

Scope of Policy Agility

Policy, for the purposes of this document, means 'Big P' - everything that flows into, and out of, **legislative change**. That is, identification to design, legislation, implementation and evaluation

It is important to note that Inland Revenue **shares responsibility** for policy development and advice with the Treasury, and other social policy agencies. This co-ownership distinguishes **Policy Agility** from the other five strands that make up IR's corporate strategy.
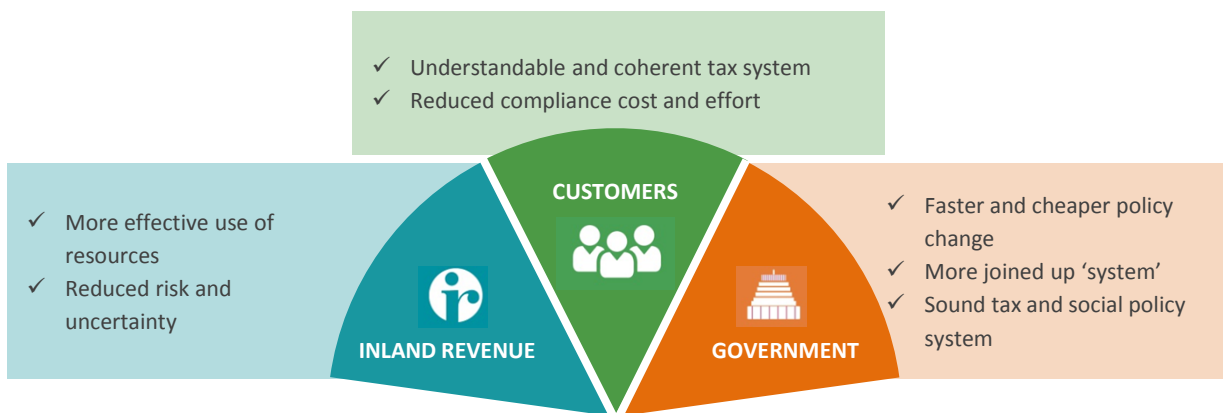
Agility reflects our ability **to shift, to change and adapt**; to provide the best possible policy advice given the environment we operate within.

Being agile can mean being able to change more quickly, and more cost effectively. It can also mean investing in getting it right the first time, and avoiding cost and time further down the track.

Quality

Cost   Speed
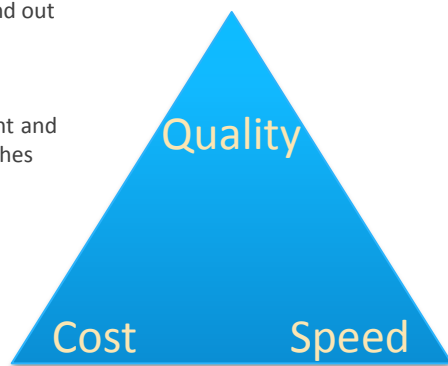
What will it achieve?

A focus on developing greater Policy Agility will have benefits for customers, Inland Revenue and the Government.

- ✓ Understandable and coherent tax system
- ✓ Reduced compliance cost and effort

CUSTOMERS

- ✓ More effective use of resources
- ✓ Reduced risk and uncertainty

INLAND REVENUE

GOVERNMENT

- ✓ Faster and cheaper policy change
- ✓ More joined up 'system'
- ✓ Sound tax and social policy system

In 2025, Policy is an **organisational capability**. Across IR, there is a broad understanding of how and why policy decisions are made.

- ✓ We will use **better intelligence** to know that we are focussing energy in the right areas
- ✓ Policy change will be faster and smoother – through better systems, and a better integrated process
- ✓ Policy design is not constrained by systems
- ✓ We have the **right mix** of people, systems, frameworks and relationships
- ✓ We engage a wide variety of experts in our design process
- ✓ We consult in a meaningful way, and produce **high quality, implementable policies**
- ✓ We use information in intelligent ways to inform, test and evaluate policy
- ✓ We're around the table, helping to set the agenda for government priorities
- ✓ We know what other agencies are working on, and **we work collaboratively** toward outcomes for NZ
- ✓ We're recognised for providing insightful, quality advice

Approach

How do we develop Policy Agility?

The target state for Policy Agility requires a focus on developing a set of inter-related capabilities. Some of these will require greater investment, and more change, than others.

	CAPABILITY	FUTURE STATE
Why (OUR PURPOSE)	Stewardship	We contribute (where appropriate) to broader economic outcomes for New Zealanders
	Future focus	We are spending our time and resources focussing on the right things, and we know what is on our horizon
How (INPUTS)	Intelligence	We use information more intelligently through the policy process - to identify problems and opportunities, model impacts and evaluate policy.
	External Relationships	We engage with the right people, at the right time. We understand the value of investing in our networks and relationships as assets.
	People	We have smart people, and maximise the value of their technical knowledge, technology, data and relationships.
	Frameworks	We invest in the development and socialisation of core frameworks, so that we can apply them readily when we need them.
What (OUTPUTS)	Influence	We are at the table (or influencing those who are) when government priorities are being set. We are seen as trusted and credible.
	Implementation	Our advice considers implementation, and once policy decisions are made, implementation is smooth and effective.
	Advice	We provide high quality, credible advice that strikes the right balance between good economic policy, and implementable policy.

How will we implement this approach?

Achieving our target future state requires significant change. Some of this will be delivered through Business Transformation, and other shifts will come from non-BT activity, both ahead of and alongside BT itself. Key focus areas are outlined below.

1 Getting "match fit" – short and medium term activity to ensure we are ready to maximise the value from BT, and also take advantage of agility gains.
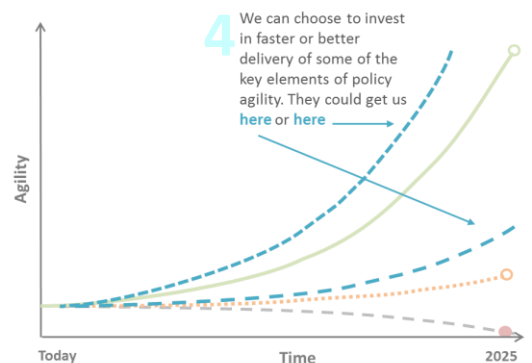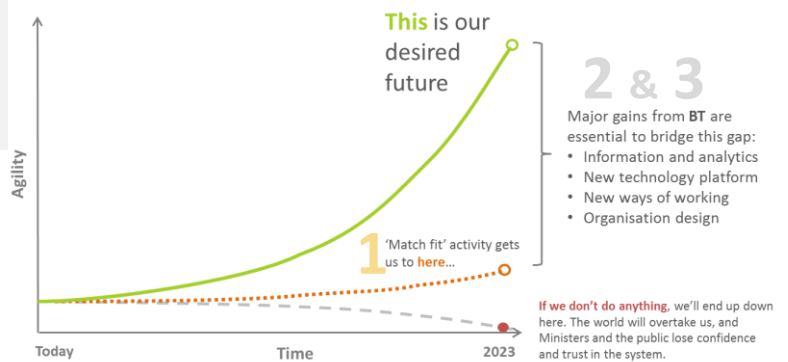
2 Better implementation – faster and cheaper, working in more joined up ways across IR and Government

3 Information and analytics capability to enable:
- Identification of policy issues
- Modelling of impacts, including economic, revenue, compliance, behavioural and administrative.
- Evaluation of policy

This increased capability is crucial to reach our target state.

4 Investment choices - there are areas where investment choices can be made. Increased investment in areas such as analytics and people capability could accelerate the realisation of agility benefits.

This is our desired future

2 & 3
Major gains from **BT** are essential to bridge this gap:
- Information and analytics
- New technology platform
- New ways of working
- Organisation design

1 'Match fit' activity gets us to **here**…

If we don't do anything, we'll end up down here. The world will overtake us, and Ministers and the public lose confidence and trust in the system.

Agility — Today — Time — 2023

4 We can choose to invest in faster or better delivery of some of the key elements of policy agility. They could get us **here** or **here**

Agility — Today — Time — 2025

How we'll achieve it

Getting 'match fit'

There are a number of core areas where, over the short-medium term, the **Policy Agility Strand** provides direction for activity – primarily within the Policy group, but also more broadly across IR.

The increased organisational capability will not get us all the way to our desired future, but it will ensure we are 'match fit' and ready when the larger scale change (i.e. BT) arrives – from 2018 onwards.

Below are some of the indicative delivery mechanisms, based on what we know now. There will be continuous iterations of this 'match-fit' activity, as we progress and learn more.

CAPABILITY	Delivery mechanism (examples)
People	Recruiting for agility – considering future capabilities when recruiting today, working with 'best of breed' across sector to define the capabilities required
	Succession planning and risk management – mitigate key person risk, consider whether current pathways produce best return on investment. Considering knowledge transfer and retention.
	Intensive capability uplift for Policy – early initiative through BT capability
	Inform organisational design – provide the best current thinking into BT on how policy agility can be enhanced through organisational design
Frameworks	Modernising the Generic Tax Policy Process (GTPP) – likely to be multiple phases; review, consolidate and invest. Further detail of considerations included in appendix 1.
	Increasing economic capability – succession planning and future focus
	Defining social policy framework – i.e. 'BBLR' for social policy
External relationships	Increasing the external network – for example, working better with researchers/academics – greater engagement with researchers improves policy quality and agility
	Risk management – invest in relationships to maintain trust and confidence through change, both domestic and international.
	Consultation impact assessment – considering IR wide consultation schedule and impact on stakeholders – seeks to maximise value and avoid consultation fatigue
Future focus	Tax policy work programme review - coherent and consistent prioritisation process, ensuring resource is dedicated to the right activities
	Environmental scanning – developing a framework and standard practice for identification of possible future policy issues
	Best current thinking for the future – building up capability to stay up to date with current developments in research and applying to big picture economic considerations. Includes focus on influencing/thought leadership across government.

How we'll achieve it

Ministers want:

- Good advice on impacts of policy proposals

- A broad range of options (not constrained by systems)

- To be able to implement whatever policy they choose, quickly and without surprises.

There are two key areas of focus:

Business Transformation
Implementation   Intelligence

Implementation

We provide advice that gives best possible understanding of implementation impacts. Once policy decisions are made, the changes are implemented quickly and smoothly.

The end to end policy lifecycle needs to work efficiently, supported by process, technology and structure designed to be adaptable.

Key enablers of this include:

- A joined up approach to policy – considering it as an **end to end capability**

- A **new tax and social policy platform** (through Business Transformation) which should

    - be able to be reconfigured relatively easily to implement policy change quickly;

    - lower the cost of implementing policy changes;

    - allow the implementation of policy options that are currently not practicable due to the high cost and risk of implementation.

- **Feedback loops within IR**, across business partners and customer groups, which will be used to inform and drive policy development.

- **Customer centric design** ensures that policy is more effective, reducing compliance cost and effort and increasing overall compliance.

Decisions on the choice of policy instruments are made using rigorous criteria, and proven design frameworks ,so that policy options are feasible and can be delivered.

Intelligence - evidence based policy

We will invest in the collection, analysis and use of information and intelligence for:

- **Early identification** of areas for policy improvement, from gaps in the tax base, to emerging issues from our broader environment that may require policy responses..

- **Developing frameworks** to consider policy issues , for example working with academics and researchers to extend the frameworks we have

- **Testing the impacts** of policy proposals to understand how they will affect the economy, customer behaviour, the tax bases, and the administration of the system

- **Evaluating policy,** and understanding both economic and administrative effectiveness, and using these insights to improve subsequent policy design

Core assumptions and risks

CORE ASSUMPTIONS:

- Growing our policy agility is critical to IR being response ready, maintaining our world class tax system, and navigating in an increasingly complex and changing world.

- Agility is a necessary capability for IR, as we collaborate more broadly and work in different ways across our ecosystem.

- A focus on quality as well as speed and cost is necessary to ensure we stay ahead of an increasingly complex environment.

- Policy capability sits structurally within IR, and responsibility for tax policy advice is joint with Treasury.

- IR's 'core' business doesn't change, but we have the capability and capacity to respond to future government expectations.

- Government focus continues to drive toward an 'agency agnostic' approach to policy and delivery.

- Any material changes in the Business Transformation programme scope or phasing would affect delivery mechanisms designed to build **Policy Agility**.

Strategic risks

Risks mitigated by Policy Agility	Risks to achieving Policy Agility
Policy Agility seeks to mitigate a number of organisational risks: • **Loss of trust and confidence** – by providing Ministers a better range of options, and better information about the options. In the public, by reviewing consultation practises, modernising GTPP, to ensure that the tax community and the wider public retain confidence in IR, our policy advice and in the tax and social policy systems. • **Revenue / tax base** – in an increasingly complex world, policy agility ensures IR has the right capability to stay a step ahead – anticipating environmental shifts and being ready to respond. • **Quality – speed – cost –** as part of IR's transformation, we've committed to delivering agility which will enable policy change to be made faster and more cost effectively. The policy agility strand sets out the key areas of focus to ensure future **quality**, as well as speed and cost effectiveness.	**Advanced analytics capability** – the Information and Intelligence strand, and the Customer Value Work stream (through IIC) set out the analytics capability envisaged for IR. Advanced intelligence and analytics is a critical enabler for Policy Agility. **Business continuity** – our people are critical to delivering Policy. The transition to new ways of thinking and working causes considerable people risk. This is being mitigated through working closely with the People Strategy / BT and the PAS leadership. Early initiatives include an intensive capability uplift, and reviewing Policy recruitment practise. **Environment** – Changes to Inland Revenue's role, the regimes it administers or the customers it serves may happen at a faster rate than IR can adapt – before we have a chance to get 'match-fit'. **Budget/resourcing** – 'match-fit' activity has been broadly assumed to be budget neutral, primarily within the PAS budget. However if significant other pressures arise, reprioritisation may put aspects of the Policy Agility 'match-fit' activity at risk.

Performance measures

Measures of success

The current Policy performance measures do not reflect or encourage agility. Work is underway to identify alternatives, with a focus on developing **lead indicators** that can **diagnose and signal** areas for improvement. Key focus areas include:

- Integration of end to end policy design (strategic foresighting through to implementation)
- Measure quality of strategic decision making (i.e. *what* we advise on) as well as the quality of the policy design/advice given
- Evaluation of the policy objectives (economic evaluation) as well as the administrative effectiveness

The framework below sets out a multi-level approach to measuring Policy Agility. **Current best thinking**, including the Policy Quality framework from The Policy Project, alongside IR's **case study approach**, as outlined in the BT business case, form the core of this framework.

1. Self review – using a tool such as the Policy Quality Framework developed by DPMC/The Policy Project, regular internal reviews seek to identify areas for focus in improving capability.

Self review

Peer review

2. **Peer review** - an external 'fresh set of eyes' perspective can add an extra layer of insight. This takes a number of forms, including:

- *Non-policy input*: including someone from other functions within IR, provides insight into the interface between functions

- *Critical friend peer review*: including someone from another agency can enable cross-fertilisation of ideas, and neutral challenge

Independent review

Quantitative measures

3. Independent review - an independent external review by an experienced reviewer can provide insight from across the system, neutral challenge, and often a more detailed assessment. These may also involve Ministerial feedback.

4. These **qualitative reviews** can be used alongside more **quantitative measures** such as:

- Time-to-market metrics – aiming to measure reduction in the total time taken to implement policy changes

- Customer satisfaction / perception scores (on Policy specific topics)

Outlined below are some of the key areas Policy Agility performance measures should seek to give confidence in. These are indicative only, and not intended to be exhaustive.

Policy design and advice	Influence	Implementation
Are we giving advice on the right things? Is the advice we are giving of high quality?	Are we proactively sought out for advice?	Was implementation fast? Were there any surprises?
Are Ministers able to choose their first option? Was the Ministers choice constrained?	Are we surprised by other agencies legislation?	Did it cost what was expected?
Were all foreseeable impacts of the policy advised on? Was the policy supported by data and analytics? Did the Minister know who would be affected by the policy, and the what extent?	Are we leading or following in key government conversations?	Did the policy have the impact expected?
To what degree was the departmental impact considered?	How much of our work programme do we control?	Are there any unintended impacts?
Was the policy/advice progressed at the right speed? Was the external and internal engagement appropriate?		

Appendix 1 - GTPP

Modernising GTPP

A key factor of agility is having the right capability to frame and analyse a problem *before* it is required. The example below shows how considering our existing frameworks in a future context allows us to identify opportunities for capability uplift.

Modernise the Generic Tax Policy Process (GTPP)

GTPP has served us well, and continues to do so. A modernised version of GTPP provides the core framework for tax into the future. Below is a high level outline of the key considerations:

Strategic	Tactical	Operational	Legislative	Implement/ Review
Government economic, fiscal and revenue strategies	*18 month tax policy work programme, IR policy work and resource plans*	*Policy design and consultation*	*Drafting, bill process, select committee, passage of legislation*	*Implementation of legislation, post implementation evaluation, review*
Do we have enough influence on the wider system agenda?	Is our funding and resource mix right? Are we focussing on the right things?	How do we get the most out of the information and technology we have access to? Our customers worlds are evolving. What does fit-for-purpose consultation look like in a customer focussed, digital world?	How could this process be more agile? Where do we trade-off between speed and quality?	Efficiency of making change - where is the right balance between legislation and CIR discretion? How do we get the right focus on evaluation when there is the 'tyranny of the present'?

One of the strengths of the current frameworks is that they are widely understood. It is important that the principles are coherent and clear, as well as the specific rules.

Continuing pro-active engagement with the tax community, international experts, and academics will enable us to maintain sound frameworks, ready for when they are needed.
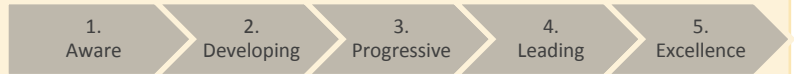
BUT what about social policy? Is GTPP sufficient? The 'match-fit' work-streams - modernising GTPP, and strengthening our economic frameworks - will consider whether we should have separate frameworks for social policy, for example: *What would the social policy version of BBLR look like?*

Appendix 2 – TOM alignment

TOM capabilities

The **TOM maturity assessments** considered 14 capabilities relating to Policy.

The **Policy Agility Strand**, through both the 'match fit' and BT activity, sets out how we will achieve these capability shifts.
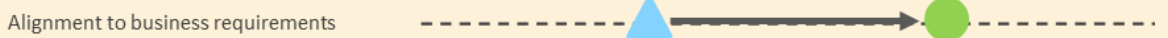
▲ Current   ● Future

	1. Aware	2. Developing	3. Progressive	4. Leading	5. Excellence

Operational Strategy and governance

Environmental context

Organisational leadership

Governance and accountability

People

Change management

Competencies, training and development

Individual performance management

Roles and responsibilities

Culture and behaviours

Process

IR processes

Process standardisation and improvement

Integration of processes

Technology

Alignment to business requirements

Information and metrics

Fit for purpose data and information

Organisational performance management

Integration of processes:
Current – "Not good enough at the end-to-end view"

Environmental context :
Current –"there is a tension between free & frank, and considering input"
Future vision = **key economic agency**

Organisational leadership:
Future vision ="IR's people are considered **thought leaders**, and their **insight is consistently sought** by Government and Ministers"

Fit for purpose data:
Current – "Don't have the detail needed to identify costs, impacts etc."

Our Corporate Strategy – *Digital*

Proposed Content for Discussion

9 May 2016

Digital: Executive Summary

What is our strategic digital vision?

We fully embrace our place in the digitally connected world

Our strategic approach to the digital world
- focuses on people's behaviour to understand their digital lives and needs
- uses internal and external digital ecosystems to ensure we collect and provide the right customer information and insights
- shapes the way we will enable digital services to link into people's events at the right time and at their natural point of interaction
- maximises our digital capability with the least amount of effort
- will be refreshed to keep pace with our digital world.

Why do we need this strategy?
We are facilitating a 'think digital' approach because IR is an integral part of the wider digital ecosystem. Our approach will ensure we meet the needs of our people, harness opportunities, and manage the risks and potential disruptions of our increasingly digital world. We want to be an organisation that ensures success by moving at pace and actively practices collaboration, keeps up with factors affecting our operating environment, leverages advantages, and empowers people.

Our customers', people's, business partners', and government's needs and behaviours are more reliant on the digital world to enrich work and personal lives to achieve goals. The rapidly changing digital world offers unprecedented potential to connect with others and share useful information quickly, in a way that feels natural, seamless and inclusive.

The digital strand is the next enabling step to ensure our organisation is moving in the right direction, making sure we're ready to take advantage of digital opportunities and prepare for disruptions. As the digital world evolves, we'll modify our approaches and improve technology, process, and our people capabilities to meet the needs of our customers and our workforce.

There isn't one digital end goal — we'll need to continuously assess our digital direction and maturity in this changing world.

How will we implement our vision?

1. We have flexible and collaborative ICT services and platforms.

2. We have a single point of accountability by empowering a leader for digital with a multi-disciplinary team—a Digital Centre of Excellence (DCoE). This provides stewardship of our digital capability (from strategy, to delivery, to operations), to ensure we are proactive and effect change in the digital world. This team's roles and responsibilities include:

   - digital oversight and maturity assessment
   - change and project management
   - strategy and execution
   - promoting digital best practices, methodologies and tools
   - design, innovation, prototyping and development
   - Marketing.

   The DCoE consistently works with other government departments and Ministers to ensure we're addressing people's needs and behaviours and harnessing all-of-government opportunities.

3. We consistently review and iterate our short and long-term plans and prioritise adoption of digital plans and responses. Iterate/In order to strategically manage digital opportunities and disruptions

What are our key deliverables and delivery vehicles

Support flexible and collaborative ICT services and platforms

- Flexible, agile ICT services and connectivity
- More leverage and provisioning of digital services
- A platform to support and test advanced analytics
- Implement a technology platform that is digitally based and highly automated
- Manage a range of secure authentication solutions to ensure seamless customer experiences.

DELIVERY TIMEFRAME
Business Transformation – one to five years

Establish a Digital Centre of Excellence

A multi-discipline team who provide stewardship of our digital capability, to ensure we are proactive and effect change in the digital world.

Goals:
- Improved digital governance and business process
- Digital capability maturity and best practices
- Improved capability to test and leverage smarter processes, services, tools to drive better digital insights and decisions
- Processes that adjust based on digital insights, information, and smart rules
- Better modelling including scenario testing of processes and services across our ecosystem
- Change in culture that supports investments decisions that are potentially short-lived or can be expected to fail, versus expecting long term investments

DELIVERY TIMEFRAME
Up to two years for intitial set up and then ongoing stewardship

Actively iterate as a result of listening to people identify digital opportunities and disruptions

Once the Digital Centre of Excellence is in place, they will actively seek input from customers, our people, business partners and other government agencies.

Goals:
- Improve collaboration across government and business partners to encourage digital innovation and continuous improvements
- Culture / workforce where digital systems and insights are fully leveraged to make better decisions
- Respond to customers' and crowd-sourced innovative ideas

DELIVERY TIMEFRAME
As determined through organisation design

How will we measure our success?

Success of the Digital Strand will be measured by frequent digital maturity assessments. The steps we'll take include:

- ✓ Adopt a digital maturity model. Examples include: Gartner Digital Government Maturity Model, Forrester Digital Maturity Model Interactive Tool, and PWC's "ten critical attributes for driving stronger digital performance"
- ✓ Complete initial baseline assessment (internally or externally)
- ✓ Digital Centre of Excellence to conduct an assessment every six months.

Inland Revenue

DIGITAL STRATEGY

6 May 2016

Why do we need a digital strategy?

Digital — making sense of the 1s and 0s

We fully embrace our place in the digitally connected world

We think digital, because we are an integral part of the wider digital ecosystem, where we can addresses the needs of our people, harness opportunities and manage risks and potential disruptions in an increasingly digital world. We want to be an organisation that ensures success by moving at pace, and actively practices collaboration, keeps up with factors affecting our operating environment, leverages opportunities, and empowers people.

The rapidly changing digital world offers unprecedented opportunities to connect with others and share useful information quickly, in a way that feels natural, seamless and inclusive. Our customers', people's, business partners' and government's needs and behaviours, are more reliant on the digital world to enrich work and personal lives to achieve goals.

The digital strategy is the next enabling step to ensure our organisation is moving in the right direction, to ensure we're ready to take advantage of digital opportunities and prepare for disruptions. As the digital world evolves, we'll modify our approaches and improve technology, process and our people capabilities to meet the needs of our customers and our workforce.

There isn't one end goal — we'll need to continuously assess our digital direction and maturity in this changing world.

Our strategic approach to the digital world

- focuses on people's behaviour to understand their digital lives and needs
- uses internal and external digital ecosystems to ensure we collect and provide the right customer information and insights
- shapes the way we will enable digital services to link into people's events at the right time and at their natural point of interaction
- maximises our digital capability with the least amount of effort
- will be refreshed to keep pace with our digital world.

A digital strategy ensures we're enabling a right-from-the-start, people-centric, information-led approach to ensure IR achieves its mission and outcomes:

"We contribute to the economic and social wellbeing of New Zealand by collecting and distributing money."

1 Revenue is available to fund government programmes through people meeting payment obligations of their own accord

2 People receive payments they are entitled to, enabling them to participate in society

3 New Zealanders benefit economically and socially through IR working collaboratively across our external environment

The current digital world

The digital world encompasses four key components:
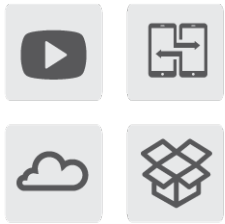
■ VIRTUAL SPACES

Virtual spaces and places
the World Wide Web, applications, myIR, peer-to-peer marketplaces, collaboration spaces, on-demand services, software and content sharing services, interfaces and content.

■ CONNECTIVITY

Connectivity
networks, wifi, broadband, narrowband, 4G and beyond.

■ BEHAVIOURS

Our needs and behaviour
why and how we engage with these things and the opportunities they provide.

■ DEVICES

Devices
computer, tablet, mobile phone, digital watch, tv, internet of things (IoT) wearable devices and appliances

Examples of trends we're assessing for implications for us and the revenue system

1. On-demand services – Subscription and free services you can access when you want, such as cloud data storage and web-streamed movies and music. This can also include taxi and delivery services. **Impacts:** we'll be able to take advantage of these services instead of building our own, where practical. There are also points-of-sale revenue implications.

2. Peer-to-peer exchanges through virtual marketplaces – Most people are familiar with New Zealand and international auction sites, where anyone can be a seller or a buyer. **Impacts:** There are income and goods and services tax effects.

3. Digital identity management and authorisation – This is important for enabling trusted remote interactions and delivery of personalised services. **Impacts:** We need to ensure we balance simplicity and collaborative sharing with appropriate cyber-security.

4. The darknet and the deep web- Areas of the World Wide Web that are not accessible via search engines and require specific software, configurations or authorization to access. Many sites enable people to hide information or enable criminal activities. **Impacts:** Tax return identity information can be obtained via security breaches and sold to the highest bidder on the darknet. This may lead to tax fraud. Illegal activity and income may be hidden and escape taxation.

5. The rise of virtual assistants. This will change the way people find and access information, prioritise and make decisions. **Impacts:** Customers and our people have expectations that we will provide them with relevant, timely and trustworthy information. We need to ensure we design or purchase the expected digital services.

Strategic alignment

A mature digital organisation ensures success by moving at pace, actively practices collaboration, keeps up with factors affecting its operating environment, leverages opportunities, and empowers its people. Addressing Inland Revenue's entire desired future is beyond the scope of this strategy alone. Other corporate strategies pick up on many of these elements, and it should be noted that the Future State Organisation Design Blueprint that is being delivered through our Business Transformation Programme has these concepts at its core.

Scope

This strategy synthesises information from existing government strategies and a number of current Inland Revenue functional strategies, business unit plans, and world-wide digital trends. The scope is confined to the digital world as it supports or could support our successful outcomes.

It provides a vision (our desired future) and a plan (our deliverables) for managing emerging digital opportunities and disruptions, and enabling the other five corporate strategies.

Horizon

When we think about digital at Inland Revenue, we tend to focus on our current processes, products and channels and how to make them more "digital". This strategy stretches us to look and prepare for emerging and future digital trends that may have an impact on our customers, our organisation or the entire New Zealand economy. Because of the fast pace of change in the digital world, it is impossible for us to create a digital strategy that presents a 10-year roadmap, but we will implement a structure to ensure we are prepared to continuously address digital opportunities, challenges and our digital maturity.

The Digital Strategy enables our desired future as detailed in the other five Corporate Strategies: Customer, Collaboration, People, Policy and Agility, and Information and Intelligence.

Assumptions

Our assumptions about digital underpin the way in which our direction has been developed. The need to review and update this strategy will depend on the continued relevance of these assumptions.

• The pace of technology innovation and adoption is accelerating, and will have an impact on all us.

• International tax collection and disbursement systems will need to change to address the impacts of digital.

• We don't need to be innovators or early adopters of all digital tools or services, but need frameworks and methodologies to effect the changes we desire and safeguard the assets we wish to protect.

• People are increasingly expecting government services delivered through modern digital experiences.

• We will continue to improve our partnerships with other government agencies to promote seamless digital services for New Zealanders.

• We won't do everything ourselves.

Our desired future

As part of the digital world, we make it easy to collaborate with customers, agencies, and others

We use the digital environment to help generate actionable insights

Our culture and flexible systems mean we design and make changes quickly

Our customers can easily access secure digital services anywhere, any time

We encourage, empower, and up-skill our people to make best use of digital ways of working

We strategically manage digital opportunities and disruptions.

The Digital Strategy enables our desired future as detailed in the other five Corporate Strategies: Customer, Collaboration, People, Policy and Agility, and Information and Intelligence.

We strategically manage digital opportunities and disruptions.

We consistently review our short and long-term plans and prioritise adoption of digital opportunities and responses to digital disruptions.

We have a single point of accountability by empowering a digital leader and multi-disciplinary team—a Digital Centre of Excellence (DCoE), which provides stewardship of our digital capability (from strategy to delivery to operations), to ensure we are proactive and effect change in the digital world. This team's roles and responsibilities include:

- Digital oversight and maturity assessment
- Change and project management
- Strategy and execution
- Promoting digital best practices, methodologies and tools
- Design, innovation, prototyping and development
- Marketing

Customer experience and accurate information drives all decisions.

The Digital Centre of Excellence consistently works with other government departments and Ministers, to ensure we're addressing people's needs and behaviours and harnessing all-of-government opportunities.

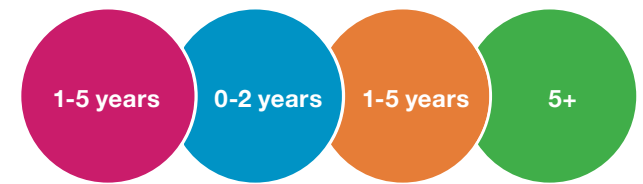How will we know we've embraced our place in the digitally connected world?

Success of the Digital Strategy will be **measured** by frequent digital maturity **assessments**. The steps we'll take include:

1) **Adopt a model.** Examples include: Gartner Digital Government Maturity Model, Forrester Digital Maturity Model Interactive Tool and PWC's "ten critical attributes for driving stronger digital performance"
2) **Complete initial assessment (internally or externally)**
3) **DCoE to complete an assessment every six months**.

OPPORTUNITY *– offers advancement and progress towards our mission*

DISRUPTION *– a short or long term threat that affects our ability to fulfil our mission*

Stepping towards our desired future

1-5 years | **0-2 years** | **1-5 years** | **5+**

Support flexible and collaborative ICT services and platforms

- Flexible, agile ICT services and connectivity
- More leverage and provisioning of digital services
- A platform to support and test advanced analytics
- Implement a technology platform that is digitally based and highly automated
- Manage a range of secure authentication solutions to ensure seamless customer experiences.

DELIVERY TIMEFRAME
Business Transformation – one to five years

Establish a Digital Centre of Excellence

A multi-discipline team who provide stewardship of our digital capability, to ensure we are proactive and effect change in the digital world.

Goals:

- Improved digital governance and business process
- Digital capability maturity and best practices
- Improved capability to test and leverage smarter processes, services, tools to drive better digital insights and decisions
- Processes that adjust based on digital insights, information, and smart rules
- Better modelling including scenario testing of processes and services across our ecosystem
- Change in culture that supports investments decisions that are potentially short-lived or can be expected to fail, versus expecting long term investments

DELIVERY TIMEFRAME
Up to two years for intitial set up and then ongoing stewardship

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Actively iterate as a result of listening to people identify digital opportunities and disruptions

Once the Digital Centre of Excellence is in place, they will actively seek input from customers, our people, business partners and other government agencies.

Goals:

- Improve collaboration across government and business partners to encourage digital innovation and continuous improvements
- Culture / workforce where digital systems and insights are fully leveraged to make better decisions
- Respond to customers' and crowd-sourced innovative ideas

DELIVERY TIMEFRAME
As determined through organisation design

(Candidate) Risks to the Digital Strategy implementation

- As an enabling strategy, the success of the Digital strategy is tied into the success of other corporate strategies.
- If currently scoped foundational work (ICT services and platforms) isn't completed by the Business Transformation Programme, then digital maturity will be compromised or delayed.
- If the Digital Centre of Excellence is unable to obtain the required people capability, the strategy's vision may not be realised.
- If IR is unable to identify and mitigate cyber security threats, then we will not be able to seize new digital opportunities.