



KiwiSaver Communications  
and Awareness Evaluation

Research Report **1.1**

Provider Feedback on  
the Engagement Model

Prepared by

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October 2007

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# EXECUTIVE SUMMARY

## Introduction

The primary purpose of the KiwiSaver communications and awareness evaluation, undertaken by Colmar Brunton on behalf of Inland Revenue and the Retirement Commission, is to measure whether and how Inland Revenue's external communications activities and the Retirement Commission's KiwiSaver decision making guides have contributed towards informing participation in KiwiSaver.

An important component of Inland Revenue's communications activities has been relationship management with the KiwiSaver scheme providers<sup>1</sup> and this report represents the findings from this strand of the evaluation.

The purpose of this report is to document the findings from research with KiwiSaver scheme providers, and is intended to be read in conjunction with the overall findings of the KiwiSaver Communications and Awareness Evaluation.

The findings of this report are from qualitative in-depth interviews with 18 scheme providers who engaged with Inland Revenue during the KiwiSaver engagement period starting from July 2006. The interviews took place in Wellington and Auckland in July 2007.

## Key Findings

### Context

Providers consider that implementing KiwiSaver has been a huge challenge for both the superannuation industry and Inland Revenue. Inland Revenue is perceived to be operationalising KiwiSaver under tight timeframes and with a range of stakeholders and providers. Nonetheless, Inland Revenue was considered the natural choice for KiwiSaver administration. It was seen as a stable 'hub' for employees to retain a connection with the scheme providers over the course of their working career.

### The model is well received by all providers

Overall, providers considered the engagement model to be successful. Providers valued the engagement process and considered this to be a new and innovative development on Inland Revenue's part.

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<sup>1</sup> Scheme providers means organisations that offer investment products or funds that meet the prescribed requirements (based on Superannuation Scheme Act 1989 requirements, with additional KiwiSaver components) and are registered as a KiwiSaver Scheme with the Government Actuary.

## Inland Revenue is perceived to be listening and consulting

They consider that although Inland Revenue was initially perceived to have little experience in the superannuation industry, the department gained knowledge by consulting within the industry.

Indeed, providers considered that Inland Revenue had been generally more flexible and consultative than they had expected.

## Perceptions of customer service received

Although providers are in agreement about the engagement model itself, there is variation in perception of customer service throughout the engagement by some providers. It was generally accepted that the engagement with default providers was prioritised. Large providers were generally happy with the level of service received. Some smaller providers perceive they have not received the required level of responsiveness and timeliness throughout the engagement period.

## Strengths of the model are based on the use of relationship manager positions

Providers are particularly appreciative of two elements of the engagement model: the relationship manager positions and the forums. These were seen as appropriate and innovative ways for Inland Revenue to engage with the superannuation industry.

The relationship manager positions provided a point of contact, a liaison with the department, which has greatly helped providers by facilitating the channels of communication. The relationship managers themselves were generally regarded as enhancing the engagement by being responsive, friendly, customer-focused and helpful in their attitudes. They also had some experience of the superannuation industry which gave providers reassurance that Inland Revenue was "speaking their language". For any further changes or amendments to the KiwiSaver scheme, providers recommend this element is implemented again.

The forums were appreciated by providers as informative and timely. Many valued the opportunity to meet and discuss KiwiSaver with others the industry.

## Weaknesses based on short timeframes and lack of adequate communication

Weaknesses in the engagement from providers' perspectives arise from the context within which the department is operating. This gave rise to issues such as changing or shortening of the timeframes, short notice for forums and amendments to the Act<sup>2</sup> (including the Budget surprise), and lack of consultation with providers on interpretation of the Act.

Weaknesses also centred on the limited number of relationship managers in relation to the number of scheme providers and contacts. This meant some providers considered they did not receive optimum customer service in terms of response times to queries and access to information.

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<sup>2</sup> KiwiSaver Act 2006, No 40

## Lessons learnt

Overall, providers endorse the engagement model. They acknowledge both they and Inland Revenue have been challenged by the rapid pace and scope of the KiwiSaver implementation. They consider Inland Revenue has provided a range of communications and information distribution channels to manage the process.

The providers recommend Inland Revenue retain the key features of the model for ongoing management of KiwiSaver (particularly the relationship managers) until at least July 2008 to allow it to become part of scheme providers' normal business.

Providers suggested the following operational improvements:

- provide a higher ratio of relationship managers to scheme providers
- keep a central location of draft 'versions' of documentation (a secure website) to ensure providers can access the latest version at any time
- communicate better when timeframes slip or deadlines are moved so providers are aware of both what they need to do, and what Inland Revenue is doing
- provide adequate notice of the agenda and timing of the forums to allow those providers who need to travel, time to attend.

# BACKGROUND AND RESEARCH OBJECTIVES

## Strategic overview and background

Inland Revenue, in conjunction with Ministry for Economic Development, Housing New Zealand Corporation, and the Treasury, is undertaking an evaluation of KiwiSaver. Evaluation of communications and awareness is one of the early research projects which will address the Joint KiwiSaver Evaluation Strategy objectives. In particular it will contribute to Objective A, which is:

*to assess the early implementation and delivery of KiwiSaver as a whole and the various components to inform the early and on-going development and service delivery of KiwiSaver.*

The evaluation, undertaken by Colmar Brunton on behalf of Inland Revenue and the Retirement Commission, reflects the central role communications plays in the implementation and rollout of KiwiSaver.

The primary purpose of the KiwiSaver communications and awareness evaluation is to measure whether and how Inland Revenue's external communications activities and the Retirement Commission's KiwiSaver decision making guides have contributed towards informing participation in KiwiSaver.

The evaluation will be used to:

- provide Inland Revenue and the Retirement Commission, and other interested organisations, with feedback on how the communications messages were received and understood, and where future communications could be targeted
- inform Government about the awareness of KS and the effectiveness of the external communications
- give an early indication of factors influencing participation in KiwiSaver.

An important component of Inland Revenue's communications activities has been relationship management with the KiwiSaver scheme providers<sup>3</sup> and this report represents the findings from this strand of the evaluation. This research should be read in conjunction with the overall communications and awareness evaluation report.

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<sup>3</sup> Scheme providers means organisations that offer investment products or funds that meet the prescribed requirements (based on Superannuation Scheme Act 1989 requirements, with additional KiwiSaver components) and are registered as a KiwiSaver Scheme with the Government Actuary.

## **Research objectives for the KiwiSaver scheme providers consultation**

The purpose of the research with KiwiSaver providers is to understand what the relationship with Inland Revenue over the rollout of KiwiSaver has been like from the KiwiSaver providers' perspective.

### **Specific information needs**

The information needs were to understand how providers assess:

- The timing/information/communications/contact/responsiveness of Inland Revenue
- How well Inland Revenue managed the relationship
- Their expectations versus the actual engagement process
- The strengths and weaknesses of the Inland Revenue approach
- Implications for the overall business relationship
- Implications for rollout and on-going management of KiwiSaver
- Lessons.

This report contains the findings from 18 interviews with KiwiSaver scheme providers in July 2007.

# RESEARCH METHODOLOGY

## Research approach

The research was conducted using a qualitative methodology. This methodology uses in-depth interviews and a semi-structured topic guide to draw out the key themes from respondents. This allows for a range of information to be collected, and for topics that respondents themselves consider relevant, to be captured.

## Sample

Colmar Brunton interviewed 18 scheme providers from Wellington and Auckland. The sample is made up of six default providers, six larger active choice providers, and six smaller active choice providers<sup>4</sup>. Definitions of larger and smaller within the active choice providers is based on providers' own assessments of their size.

Table 1: Breakdown of Sample

Size	Default	Active
Large	6	6
Small	0	6
<b>Total</b>	18 Interviews across Wellington and Auckland	

## Process

Inland Revenue provided Colmar Brunton with the list of contacts for all KiwiSaver scheme providers<sup>5</sup>. Each of these contacts were given the opportunity to participate. Some providers had more than one contact person and in these cases one person from the organisation was nominated to participate. This process ensured all scheme provider contacts were given the opportunity to participate. Those that did not participate individually were represented by another contact.

Inland Revenue relationship managers made initial contact with the providers, and the researchers followed up by telephone to book times for the appointments.

<sup>4</sup> **Default providers** are providers who manage a scheme specified as a Default KiwiSaver Scheme under an instrument of appointment, that is; a KiwiSaver scheme that a member is allocated to if that member does not choose their own KiwiSaver scheme and their employer does not choose a Preferred Scheme. **Active choice providers** is a provider who is not operating a default scheme but is operating a KiwiSaver scheme which members can actively chose to join.

<sup>5</sup> The list included the 22 registered KiwiSaver scheme providers as at June 30 2007.

Two senior researchers conducted the interviews in July 2007. Each interview took up to an hour, and was conducted at the providers' workplaces during office hours.

## **Notes to this report**

### Qualitative analysis

This research is qualitative in nature, and is not intended to give any indication of relative weighting of opinion within the target audience. Indeed, with a sample of 18 this is not possible. The aim of qualitative research is to provide an in-depth understanding of the topic in the target audience, and to provide an open-ended questioning methodology which allows the respondents to discuss the issues in the most meaningful way to them. It relies on a small and carefully selected sample of people from the target audience.

### Analysis groupings

The provider comments have been grouped for analysis. This is both to ensure individual comments are not attributable to any specific person or organisation, and also to report themes. We have grouped the responses by larger and smaller organisations where there is differentiation. This means the six default providers are included in the larger group, along with other six active choice providers that are also larger corporates. The six smaller organisations are all active choice providers.

Where the size or status of a provider is relevant context to their comment, this is highlighted by dividing them into three groups:

- Default providers – Large (All the default provider are in this group)
- Active choice provider – Small
- Active choice provider – Large.

### Verbatim comments

For evidence, and to add richness to this report, verbatim comments are used to illustrate key points. In the report comments are attributed to default or active choice providers and where relevant size is also noted. Location is not noted in order to preserve confidentiality.

## PROVIDERS' PERCEPTIONS OF THE WIDER CONTEXT

### The context of providers' comments

Providers' comments on the KiwiSaver engagement process reflect their understanding of the context within which the process happened<sup>6</sup>. They are able to separate out Inland Revenue's performance from the time and cost pressures under which the department has been working. It is within this overall context that providers discuss the engagement process.

They consider both Inland Revenue and the provider industry has been "stretched" by the work involved in getting the policy up and running by the 1 July 2007 deadline. Providers "take their hats off" to Inland Revenue for achieving what it has done within this context.

*"They have cut their cloth to suit the timeframes. That is all they can do, and that's what we have done too. You can have it done well in a long time, or you can have it done as best you can in the timeframes we were all given."*

Active choice provider - Small

*"It's Michael Cullen's legacy and we just all have to make it work. They have struggled manfully to do this."*

Active choice provider - Small

*"Inland Revenue isn't pulling the strings."*

Active choice provider – Small

*"We felt a bit sorry for them. They had a lot of constraints, and like everyone else, they had to scramble to meet tight deadlines when the Budget surprise came out."*

Active choice provider - Small

*"KiwiSaver has been a massive challenge for everyone involved in the industry. Given the work that needed to be done and the processes that need to be established and the technology that needed to be implemented, its just been a huge huge task to even get close to meeting the deadlines, given what this means in terms of the breadth of change for this industry. And those timeframes are very challenging and were very aggressive from day one."*

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<sup>6</sup> Some providers also criticised tax policy and the KiwiSaver Act itself, although this was outside the scope of this research. These are the overall concerns they have with how KiwiSaver itself has been designed. It includes concerns about the drafting and interpretation of the Act, the default provider registration and tendering process, the overall KiwiSaver scheme (including their reaction to the timeframes and Budget amendments to the scheme).

*I certainly hope that for anything like this that the Government would maybe seek a little bit more counsel from the industry before they push on with this sort of thing next time.”*

Default provider

One provider thought the shorter timeframe was beneficial to “moving things along”. They considered that, given a longer timeframe, the industry and Inland Revenue may have got “bogged down” in consultation and indecision. Having only a short window meant the industry and Inland Revenue were “forced” to move quickly.

### **Perceptions of providers’ role in the KiwiSaver**

Providers chose to take part in KiwiSaver. They are aware their participation as providers is not mandatory, and that KiwiSaver as a product will be enormously beneficial to the industry.

*“We all know this is a good thing for the industry, and we all actively chose to take part because we knew it was a way to grow our customers. So it’s a win win from our perspective. So we just need to make the best of it.”*

Active choice provider - Large

*“Both Inland Revenue and the providers have got a huge job to do and we all have to go about it the best we can. Inland Revenue has to do its bit, and provider have their role to play. We have to be quite pragmatic about it and just get on with it. We are here for our members, that is why we are offering them a KiwiSaver product. So getting that to them is our main focus.”*

Active choice provider - Small

*“KiwiSaver is a good thing for the industry, and for New Zealand. We have to do it.”*

Default provider

### **Perceptions of Inland Revenue prior to KiwiSaver**

Few providers had strongly negative or positive perceptions of Inland Revenue prior to their involvement in KiwiSaver apart from their perceptions as taxpayers. As such, the relationship with Inland Revenue, for most of the providers, has being part of their accounting function. In contrast, their KiwiSaver project managers tended to be project managers, product managers, IT professionals, or principals in the small provider companies.

Those from smaller organisations have had some interaction on PAYE and other general tax matters. Those from larger organisations did not. All (to one extent or another) expected Inland Revenue to be “a typical government department” and to be bureaucratic, large and faceless, to have few personal points of contact, difficult to access, and dictatorial or monolithic in its interactions with others.

*“KiwiSaver is a whole different way of thinking for them. Inland Revenue is used to taking your money, not safeguarding it. It’s a shift in the way they work.”*

Default provider

*“I imagined they would be slow and not particularly timely.”*

Active choice provider - Large

*“They are a bit autocratic in the way they do things, in their approach.”*

Active choice provider - Large

*“My preconceptions are pretty much the same as everyone’s preconceptions about Inland Revenue. They’re a large bureaucracy, what they do is they take your money, and process refunds and stuff like that. But they seem reasonably efficient at what they do. And really that’s about the extent of it.”*

Default provider

## Views on Inland Revenue’s role in KiwiSaver

Despite these views, providers consider Inland Revenue’s role as the administrator of the KiwiSaver scheme to be a natural fit, and a sensible decision on the part of government. They cite the Australian example, where there is no ‘hub’ between individuals and providers, and the problems this has created. However, one provider was concerned that the roles of the different parties could confuse the public. They felt some people may believe their money is being held for them by Inland Revenue, rather than invested for them by a third party. They felt the public should have a more direct relationship with their provider.

Providers, while considering Inland Revenue to be a stable choice in administering the scheme, had some misgivings about the department’s capacity to deliver on this new scheme. Their main concerns relate to:

- Inland Revenue’s unfamiliarity with the superannuation industry
- Providers were concerned that the tight labour market for the industry would hamper Inland Revenue’s ability to hire the appropriate people for the engagement<sup>7</sup>
- the short timeframes (which were cause for concern for providers’ capacity as well)
- Inland Revenue’s risk-averseness, which impacts on the overall behaviour of the organisation and generates an overly cautious response to innovation.

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<sup>7</sup> Providers noted they found it difficult to recruit good people into their businesses, and saw the KiwiSaver project as stretching resources for themselves, and also for Inland Revenue.

*“They take money from you to pay your taxes – they’re not going to help you wisely.”*

Active choice provider - Large

Overall, providers consider Inland Revenue to be a sensible, stable home for KiwiSaver.

*“People move around employers, they move in and out of the workforce. And providers will come and go, so it makes sense to have one organisation in the middle there, to provide some stability. They are the natural choice really, given they already do things like deduct payments out of peoples’ wages like tax.”*

Larger provider

*“They have proven themselves with other things like student loans, so they have shown they are up to the task.”*

Active choice provider

*“They seem like a natural fit, I can’t think of any other government department more suitable.”*

Active choice provider - Small

*“Well you need to have a central administrator, who should that be? The Inland Revenue have a few ticks beside them in that regard, in that; one, they are starting afresh, and two, they have a relationship with employers. And it’s good to make these deductions at the time tax is paid. So it’s not a silly choice.”*

Default provider

## Perceptions of Inland Revenue’s understanding of the industry

Providers did not regard Inland Revenue as at all familiar with the superannuation industry at the start of the KiwiSaver engagement. They consider the department has made a real effort to try to understand it (with varying degrees of success). Providers are divided in their opinions on this matter:

- Some regard it of little consequence how well Inland Revenue understands the industry as a whole, as long as the interface between the department and the industry is managed well
- Some regard it as imperative that Inland Revenue has a good understanding of the industry, in order to interact effectively with it.

Those providers who are members of ASFONZ took part in early joint submissions on KiwiSaver, and did not have any overall negative comments on this process. They tended not to associate this directly with Inland Revenue’s performance or the KiwiSaver engagement in any way.

*“Sometimes it does feel as if there is a lack of trust in the industry. For example, some of the compliance requirements are quite onerous to the industry, and it feels like they don’t trust us to do what we say we will do.”*

Active choice provider

*“The whole industry has been stressed by this. And people have been working long hours on both sides. Partially this is the technical requirements, but I think we are over the main hump now, there is another deadline on 1 October, but I think it is starting to ease off now.”*

Active choice provider

*“I think they understood the industry as much as they needed to.”*

Active choice provider - Small

*“I think they understood the superannuation environment where it affected them, so they knew the things they needed to without being part of the industry. It’s about them doing the bits they need to, and us doing ours.”*

Active choice provider - Large

### Lack of commercial understanding the main criticism

Those providers who are less happy with the KiwiSaver engagement cite lack of understanding in general of “commercial realities” by Inland Revenue, as a reason for their unhappiness. The size or status of provider is not a key determinant of this attitude.

By this, providers mean the delays and changes in KiwiSaver policy have cost them money. They consider Inland Revenue does not recognise the commercial implications of their decisions, simply because it is a government department and not subject to commercial imperatives. This is, to providers, the nature of the difference between a public and a private entity, and not necessarily unique to Inland Revenue.

For some providers, the government’s (and therefore Inland Revenue’s) lack of commercial understanding has been not only frustrating, but costly. The scheme’s development, and the “constantly changing goal posts” has meant some providers have spent a lot on accounting and tax advice, which has then been made obsolete. Others have spent money on IT requirements and builds, which have had to be adapted or changed at short notice.

*“It’s like making plans to build a house, agreeing on these, and then pouring the foundations. And then coming along and saying ‘lets do it another way, we need a room over here.’”*

Active choice provider

*“They didn’t really give much thought to the commercial environment, it’s a whole new world to them. They focused on the process rather than the intricacies of the commercial world. It doesn’t matter to them. Perhaps that is a legislative process rather than Inland Revenue’s role. They are just the conduit to get the funds to the providers.”*

Active choice provider

## **Inland Revenue got up to speed very quickly**

Providers all acknowledge Inland Revenue has progressed from knowing little about the superannuation industry, to learning a lot from it. This steep learning curve, and the rapidity of Inland Revenue “getting up to speed” is viewed favourably by providers. However, those providers who still consider Inland Revenue is unaware of the commercial implications of its actions, do not consider the department has demonstrated a good understanding of the industry overall.

*“Overall I would rate them at 7.5 out of 10. They have done pretty well. They took responsibility when it was given to them, they tried hard with difficult subject matter and tight timeframes. They have done well.”*

Active choice provider

*“So that was probably the biggest one, was the time factor. I guess in the back of our mind was the whole fact that things are done differently in the private sector, with what they are in the public sector. And how the approach would work in terms of building those relationships and for providers to be able to contribute to those relationships in a meaningful way.”*

Default provider

*“They just have no idea of the commercial implications some of their decisions. Just no idea! Like all government departments really, they have no idea of the commercial implications of delays on our ability to deliver to a deadline. That if you delay something but you still need to deliver it on 1 July or whenever, that has a financial implication.”*

Default provider

*“Inland Revenue is not a commercial entity, that’s not their role. But they did well to try and understand the industry. They struggled in the early stages, that was clear, but they got up to speed as much as they could be expected to.”*

Active choice provider

## **Interconnection with other agencies**

Providers did not spontaneously mention how connected they felt Inland Revenue was with other departments. When prompted, they considered their main interactions to have been with Inland Revenue, and not any other organisations to the same degree.

## Relationship between Inland Revenue and the Ministry of Economic Development

All the providers who applied to register as a default provider had interaction with the Ministry of Economic Development during the registration process. Most found this straightforward. Those that did comment considered the two agencies to have different roles, and therefore, did not feel comfortable comparing Inland Revenue's performance with the Ministry of Economic Development. Some providers commented negatively about not being able to ask questions of Inland Revenue during the tendering process. While they understood this was to maintain impartiality on Inland Revenue's part, and was not Inland Revenue's design, some providers found the process frustrating.

*"I don't think I can compare the two departments, their tasks are quite different."*

Active choice provider

One provider commented that the Ministry of Economic Development and Inland Revenue had conflicting timeframes around the registration process, and they had pointed this out to both. This led to a perceived lack of communication between government departments.

Providers tended to contact the Retirement Commission or the Ministry of Economic Development directly when and if they needed to, rather than through Inland Revenue. This was fine from their perspective.

# PROVIDERS' PERCEPTIONS OF THE ENGAGEMENT MODEL

## Introduction

This section provides providers' assessment of the KiwiSaver engagement model overall, and then comments on specific issues under the appropriate headings.

## Inland Revenue has done a good job

All providers were complimentary about the engagement model and were generally very positive. They may have some concerns in the margins around the quality of some of the elements of the model, but did not criticise the overall approach Inland Revenue has taken. Providers' expectations that Inland Revenue could have been difficult to access, and interact with, were not realised. Indeed, many took the opportunity to express their view that Inland Revenue has done a good job under difficult circumstances.

*"I would give them a 7 out of 10. They started from scratch, and they instigated the whole thing. They did it off their own bat, they didn't have to. It's important that the industry and Inland Revenue work together for the same purpose."*

Active choice provider - Small

*"I think Inland Revenue have done a great job, they have learned a hell of a lot really quickly. It's a credit to them really."*

Active choice provider

*"My perception of Inland Revenue has probably gone up. They have the capacity to do these kind of things now. They are still an organisation that needs a lot of outside help from contractors and third parties, but they have shown they can do something with a job that wasn't necessarily of their own destiny."*

Active choice provider

*"It's hard for us to recruit and retain good people in our business, so I don't know how Inland Revenue has been able to find good people. I am not sure they got enough good people internally. They need to be able to understand where the industry is coming from."*

Active choice provider

## Providers value the engagement model

While some *expected* Inland Revenue to provide relationship managers others were surprised and delighted that these were part of the engagement.

Some providers divided the engagement process into two stages: prior to the introduction of the relationship managers, and post the introduction. They characterised the engagement process prior to being assigned a relationship manager as more hands off and uncommunicative. One described Inland Revenue as “like a sponge – things went in but nothing came out.”

Once the relationship managers were in place, the two-way engagement between the department and each provider developed, with the relationship managers providing an effective channel into the department for providers to funnel questions and communications.

*“It was a master stroke to appoint those people. It felt like Inland Revenue was thinking about it and had brought people in to be a conduit into the industry.”*

Active choice provider - Larger

The key differentiation in their assessments related to how accessible and communicative providers perceived their relationship manager had been. While some criticised specific aspects of the engagement’s quality and delivery, they did not criticise the overall model.

## Feeling supported by Inland Revenue

Support was not generally something most providers either expected or wanted from the engagement process and was not a strong influencer on providers’ feedback.

Those few providers who were looking for support felt that Inland Revenue had provided them with the appropriate level of support.

*“We felt well supported by Inland Revenue. Our expectations were never that high. You can understand their position. We didn’t really expect to be supported – we just got on with it.”*

Active choice provider

*“We did feel supported by the relationship manager, they answered our questions.”*

Active choice provider

*“Our relationship manager went into bat for us.”*

Active choice provider - Large

However, most providers do not consider 'support' the most appropriate term for the type of relationship they have with Inland Revenue, and did not seek or expect it as an element of the engagement model. While providers are working with Inland Revenue, they do not consider it an equal relationship. Providers did not therefore miss support, as they do not consider it part of the relationship they have with Inland Revenue.

## Perceptions on Inland Revenue's feedback and consultation

The opportunities Inland Revenue provided to consult with the industry was a key element of value in the KiwiSaver engagement. Providers see this as new and innovative for Inland Revenue. They did not consider this "the usual way that Inland Revenue goes about things". Providers' comments in this area were related not to the *opportunities for consultation* (which were considered to be at a high level), but *the degree to which feedback from the industry was taken on board*. Providers do not expect everything they commented on to Inland Revenue to be implemented. They feel that *overall* Inland Revenue has listened to, and taken on feedback from the industry, where it is able.

Where the department has not taken on suggestions from the industry, many providers consider this "*just the way things go – you can't please everyone.*" Providers are philosophical about the level of consultation from Inland Revenue and, while they would always like to have had more input, they are generally comfortable with the level of influence the industry has had.

*"I think they consulted at the right level. I think the default providers had more clout, they are the bigger users, and I think the smaller players felt out of the loop sometimes. Sometimes some issues got resolved and agreed on, and we just heard about it. Some of that was frustrating, but some of it was understandable, you can't have too many people having input."*

Active choice provider

*"They listened to the feedback from the industry. You can't always have your way, but we did try to influence the decisions we could. You have to pick your battles. I think they got the balance about right."*

Active choice provider

## Consultative versus prescriptive balanced well

Providers characterise Inland Revenue's behaviour towards them as generally more flexible and consultative than they expected. Most providers consider, where possible, Inland Revenue at least tried to consult the industry and listen to their responses. Where consultation is not possible, or Inland Revenue has prescribed a process or outcome, providers have usually accepted this "as the way it has to be". They certainly would have liked more consultation but they are fairly pragmatic about Inland Revenue's need to make some decisions overall. Where decisions from Inland Revenue have "not gone our way", providers feel generally the department has handled this well and communicated the reasons clearly to them.

*"Inland Revenue have been adaptable and flexible where there is the ability to be, and they have negotiated the parameters where they could. Where they couldn't, the relationship*

*manager has relayed this in the nicest possible way that “that’s how it’s got to be”. They have tried to find a middle ground among all the stakeholders.”*

Default provider

*“There are specific issues and stuff, sometimes where we agree to differ. There are different views on some of these things where the Inland Revenue has gone away and come up with a position. And we might not have liked that. And that hasn’t always been resolved satisfactorily. And that’s also, part and parcel of being a large and complex sort of undertaking. I think in general terms what they have done on the KiwiSaver project, where there have been able to change things, they have been reasonably accommodating. There are other aspects which they may be very clear from our standpoint, with our limited view, that something should happen a certain way. But it doesn’t make sense for them, because they’ve got all sorts of other inter-dependencies that we’re just not aware of. So we are conscious of that, so there are certain points of difference.”*

Default provider

Some providers expressed disappointment over being consulted on an issue, but then having their feedback ignored. This was particularly evident in discussions with providers in relation to Schedule E<sup>8</sup>. They prefer to channel their resources into issues where they may have the ability to effect change. Their criticism would be that Inland Revenue did not adequately identify which issues might be “negotiable” and therefore worthwhile for providers to offer feedback. If providers know an issue is “non-negotiable”, they felt they could direct their energies elsewhere.

*“Tell us where we have influence, and where we haven’t. Don’t pretend we might be able to influence things if we can’t.”*

Default provider

### Not necessarily considered a true partnership

Providers have generally positive descriptions of the relationship between themselves and Inland Revenue. However, few would go so far as to say the overall relationship was a partnership. While some may characterise their relationship with their individual relationship manager and themselves as a kind of partnership, overall, providers do not feel they are ‘in partnership’ with Inland Revenue in implementing KiwiSaver. This is because Inland Revenue still has the capacity to mandate or dictate to providers.

Providers see this as the way things are, and are not necessarily looking for a partnership type relationship with Inland Revenue. Providers have their role, and Inland Revenue has its role, and both organisations need to fulfil their obligations within this framework. Providers have a sense that the people within Inland Revenue are “working with them”, even if Inland Revenue as an entity, may not be.

*“The relationship felt very supportive, we felt we could ask questions any time.”*

Active choice provider

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<sup>8</sup> Schedule E of the Scheme Provider Agreement is part of the contract between providers and Inland Revenue which sets out operational support requirements. Provider comments refer to section where Inland Revenue is (perceived to be) able to amend or review the terms and conditions of the contract

*"I would describe our relationship as healthy. It's very open. We have access when we need it."*

Active choice provider

## Perceptions of the customer service received

There are little real difference between the feedback given by default or active choice providers, or larger or smaller organisations. While some providers (regardless of their size or status) commented that it was inevitable that default providers *may* have received *better* service (i.e. more responsive, or more timely) from Inland Revenue than the smaller/active choice providers, this was not a criticism and providers that did comment on this did not feel aggrieved.

It was considered to be appropriate that Inland Revenue prioritised default providers, as these are the public 'face' of KiwiSaver. Those smaller/active choice providers who perceived they did not receive optimum customer service (i.e. less responsive, or less timely) tended to have concerns relating to themselves as smaller organisations, rather than as 'non-default' providers, and their comments were taken as such. Those smaller or active choice providers that did raise concerns did not represent all smaller/active choice providers, as many did not feel at all that they got 'second class' treatment compared to larger/default providers.

Default providers did not feel advantaged or treated better than active choice providers. Some providers considered Inland Revenue's processes and policies were designed to be more suited to the needs and processes of large organisations. They considered this was a symptom of Inland Revenue itself being a large organisation. Smaller providers recognised this was part and parcel of how Inland Revenue is likely to implement new policy. However, some smaller providers felt they had to adapt to how the larger (i.e. the default providers) did things. But other smaller providers felt the smaller, 'fleet of foot' providers were better able to adapt to changes more quickly than larger providers. In these cases, they saw it as a beneficial aspect of the engagement that they perceived themselves more adaptable and flexible than larger organisations

*"I think the whole system probably should be built around the way larger organisations do things, they are essentially the same. The larger organisations just have bigger volumes of transactions. The emphasis should be on how default providers do things, and let the active choice ones fall into line. The active ones are more fleet of foot anyway and can move quicker."*

Active choice provider - Small

*"We are a small organisation, there is only one IT person. So sometimes we feel the Inland Revenue talk is all directed at bigger organisations. We just need to ask the IT guy to set things up and we are away, whereas some of the bigger ones, they have to go through a lot of people to get something done. That works well for us, but it has also stretched us. We have had to hire another person to deal with all the KiwiSaver IT related tasks."*

Active choice provider - Small

*"I am not surprised the default providers got more attention [from Inland Revenue]. That is probably the way it's supposed to be. We certainly don't feel less listened to or our requests not responded to because we aren't a default provider, not at all."*

Active choice provider - Large

*“The sheer volume of work tends to mean the big guys get the priority, but I am not resentful of this. IRD has to find a solution that meets the needs of the majority. There is a saying that if everyone is happy you are doing something wrong!”*

Active choice provider - Small

*“We probably felt further down the food chain than the default providers. But then again, it would have been egg on everyone’s faces if they fell over. The default providers needed to be helped. The active ones can look after themselves. We might be further down the food chain but that’s probably just the way things are.”*

Active choice provider

## PROVIDERS' PERCEPTIONS OF ASPECTS OF THE ENGAGEMENT

### Summary

This section discusses the providers' assessment of the different aspects of the engagement model. Providers' comments on the aspects of the model were on the whole positive. However, in much of the discussion providers compared what they considered had work well with what had not worked as well in their experience.

The following table summarises providers' comments. The aspects of the engagement model that worked well outweigh the aspects that did not work so well. However, it is important to note the aspects that are not perceived to work to ensure balance and to ensure that feedback, where providers were less than satisfied, is not lost.

Table 2: Aspects of the engagement that worked well and not so well

Engagement aspect	Worked well	Worked less well
IR understanding	Quick "getting up to speed" on key aspects of the industry where required.	Poor understanding of commercial implications of some compliance issues for the superannuation industry.
IR feedback and consultation	Good balance between consultation and prescriptive.	Some perceived feedback was not taken into account, or ignored in final decisions.
Relationship Managers	Use of relationship managers was innovative and appealing. Relationship managers had good understanding of the industry. Some providers wanted and received support from relationship managers and Inland Revenue	Lack of adequate numbers of relationship managers and Inland Revenue resourcing for these positions.
Industry Forums	Allowed all providers to get up to date at once. Allowed the industry to talk together as a whole.	Some perceptions of lack of notice and therefore, scrambling to get the right people available for the forum.
Communications and responsiveness	Mostly timely and appropriate, and tailored to their queries and needs.	Lack of communication around IT testing deadlines. Some issues with communication delays.
IT and link testing	Good, timely and successful for some providers.	Some providers' testing dates were delayed. There was a lack of communication around this that caused some concern.

The remainder of this section describes in more detail providers' feedback on individuals aspects of their engagement with Inland Revenue.

## Relationship Managers

The relationship managers were commended for their service by most providers. All recognised their role was not an easy one given the number of providers, the tight timeframes, and the fact that there were only two of them. A third was recruited later in June 2007<sup>9</sup>.

Their role was seen to provide a conduit between the industry and Inland Revenue. This greatly facilitated communication, understanding and implementation for providers. Providers generally considered relationship managers have been:

- helpful and friendly
- communicative
- pragmatic
- reasonable
- responsive
- acted as a conduit into the department
- indispensable for being the one person to contact
- working long hours (i.e. receiving emails from them late into the night)
- advocating on their behalf to the department where this was possible
- clear and comprehensive in their responses.

## Relationship managers valued for their liaison between industry and Inland Revenue

The relationship managers were the main element providers valued in the engagement process, as these positions greatly assisted them in accessing the right people, the right information, and the right communications from Inland Revenue. Providers could not imagine the effect of *not* having the relationship managers' roles in place (i.e. they did not think the engagement could have worked without them). For many providers, their assessment of the relationship managers has driven their assessment of the engagement model overall.

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<sup>9</sup> As the third relationship manager was engaged only a month before the interviews the feedback in this report generally refers to the two existing relationship managers.

The majority of providers judged that they had received good customer service and generally considered that their relationship manager had done well under difficult circumstances. This included keeping them in touch with what was happening internally at Inland Revenue. Providers considered their relationship manager a liaison point or a *conduit* into the department as whole. Those who had good service, felt that their relationship manager was working *with* the industry, rather than simply *for* Inland Revenue.

*“Our relationship manager was great, really communicative. They made an effort on our part to advocate to Inland Revenue, so it felt like they were on our side when they could be. They made a genuine effort to help, I really thought that.”*

Active choice provider

*“It was great to have them there, but of course people take holidays and get sick. It would have been good to have backup during those times.”*

Active choice provider

*“Having one point of contact was valuable.”*

Active choice provider

*“They did bloody well in a difficult situation.”*

Active choice provider

*“It was their attitude more than anything. Very helpful. Sometimes you know they have to go and ask another department for the answer to our questions. Sometimes we would get an idea of when we get an answer, and sometimes we would have to chase them.”*

Active choice provider

*“I would have liked to see them come up to Auckland more often. Sometimes you need to sit down face to face. We have quite a unique way of doing business and sometimes it’s just easier to explain it with that person in the room.”*

Active choice provider

### Relationship managers valued for their understanding of the industry

Providers also valued the relationship managers for their understanding of the industry, or at least, for their lack of “ingrained Inland Revenue cut-throatedness”. The relationship managers were valued for either their industry experience, or their ability to communicate with them as providers, and to ‘translate’ this into asking queries of the department.

*“It’s good Inland Revenue got people in from the industry, so it felt like we could talk to them. They have been a voice for the industry. They have been able to navigate between the commercial side and the Inland Revenue side.”*

Active choice provider

*“Inland Revenue’s approach in establishing and imbedding relationship managers in the business, the central point of contact that we could go to for any question, no matter what it was, has worked well. And I think that’s largely due to the relationship manager that’s actually done that, and the approach that they’ve taken to deliver that. They have been very thorough, very diligent, they have repeatedly sought assurances and responses from colleagues within the Inland Revenue organisation. They have worked extremely hard, and extremely long hours to provide a good service. They respond well within acceptable timeframe and if they can’t get a response for you they’ll come back and say I can’t get this today or, this is when it will be back.”*

Default provider

### Poor customer service received by some providers

Whilst providers were generally complimentary about the role of the relationship managers, there were, inevitably, examples where their experience had not been so positive.

Some, particularly smaller/active choice providers, felt they had received less than optimal service, particularly with reference to Inland Revenue’s responsiveness to queries, from their relationship manager. While they attributed this to their stretched capacity, they were still unhappy that they had not received good service. They considered that Inland Revenue had under-resourced the relationship manager roles. They also attributed some of the lack of timeliness to the individuals concerned.

*“It would have been good if they had picked up the phone a bit more.”*

Active choice provider – Small

*“We didn’t get very timely answers to some of our questions [to relationship manager], at times it was hard to get hold of them. Answers were a long time coming, if at all. They were doing a good job, just not enough resources. They did make a genuine effort but at times we felt a bit up in the air.”*

Active choice provider

There were also some examples where providers had received little or no communication or responses to email queries from their relationship manager. They had sent a query two to three weeks earlier and not received a response. While they acknowledged some delay on complex questions is understandable, they also wanted a holding reply, and an indication of when they might expect a response.

*“Our main concern with the whole process has been that our relationship manager has been just unavailable. We leave messages, we call, we just can’t seem to get hold of them.”*

Default provider

Providers who did not receive good customer service felt their relationship manager was reactive to their questions. They wanted a more proactive approach, for example, sending out questions and answers, or arranging meetings to discuss overall work in progress. They considered they were “always chasing” their relationship manager, and this had contributed to a sense of dissatisfaction with the engagement as a whole.

*“They have been silent. I haven’t had anything to do with them. And they are hard to get in touch with, as well as get information out of. They have been of no benefit to me at all, we might as well not have had one. Our main source of information has been the [KiwiSaver] Act. I am not sure if the default providers got better access to the relationship managers, but we certainly didn’t.”*

Smaller/Active choice provider

*“Because we haven’t got responses from some of our queries, we are worried our interpretation of the Act on behalf of our clients will be wrong. We don’t know that further down the track Inland Revenue is going to say ‘no, that’s not the way we are going to interpret it’, so we feel concerned about that. We need the right information to tell our clients so they are set up correctly in KiwiSaver from the start.”*

Active choice provider – Small

One provider commented that while the relationship managers were a good and necessary part of the engagement process, he felt there was ‘a void’ behind them, that there was nothing behind the relationship managers to support them, or the providers.

*“Sometimes the communication was very ‘official’ and long winded. It was obviously the official Inland Revenue line on something so they had to make it like that. But we just sometimes wanted an informal opinion on something, and the response would come back very legal, rather than succinct.”*

Active choice provider

*“They seemed snowed under. It was hard to get hold of them, they didn’t always respond to messages left or emails. They had lots of providers and they couldn’t give them all the attention they needed. They would have done better if the team was larger.”*

Active choice provider – Small

One provider provided an example with reference to the KiwiSaver Act. He considered the Act to have been poorly drafted and thus easily misinterpreted and felt that this meant providers’ had to rely on their relationship managers to clarify Inland Revenue’s interpretation of aspects of the Act.

*“We have gone to [person who deals with tax policy] directly on various queries we have which has been excellent. Being in touch with the right person at Inland Revenue has been*

*important, because there are just a lot of technical [legal] questions we have about how they plan to administer the Act.”*

Active choice provider - Small

## The effect of customer service on the relationship with Inland Revenue

Overall, the feedback from providers on the engagement model comes mainly from their assessment of the interaction with their relationship manager. If they feel their relationship has been good, and communication has been frequent, timely and open, this has strengthened their perception of their overall relationship with Inland Revenue.

Where providers do not feel their relationship manager has provided good customer service, their assessment of the relationship with the department tends to be weaker or less positive. However, the providers are also taking into account interaction at the forums, with other people in the department, and Inland Revenue's relationship with the industry as a whole.

There is little evidence in either of above scenarios that providers consider these relationships will 'flow on' to their overall relationship with Inland Revenue. They believe, once KiwiSaver becomes business as usual, and these relationships are dissolved, that there will be no impact on their relationship with the department overall.

Now that providers have had their expectations raised, some consider the KiwiSaver engagement model would be an ideal model to roll out to other divisions within Inland Revenue. Now they see what the department is capable of, they see no reason why the whole organisation should not follow suit.

*“They have set the bar quite high for other business units in Inland Revenue to aspire to – now businesses might have higher expectations.”*

Active choice provider – Small

*“I see KiwiSaver as quite compartmentalised, like dealing with them on charitable trust tax issues – it's quite specialised. So I don't have 'one view' of Inland Revenue. And the KiwiSaver engagement hasn't changed that. It's hasn't made me think differently of them for the better or worse.”*

Active choice provider - Small

## Industry forums

Providers also rated the forums as being an important and valued element of the engagement. They felt the forums were:

- useful and relevant – the workshops were seen as useful and provided information that met their needs. The agendas were also relevant, and

provided enough information for providers to work out who needed to attend which forum.<sup>10</sup>

- timely – the workshops were seen as delivering the right information at the right time.
- flexible – the workshop agendas were seen as changing as required when the Budget changes were announced.
- appropriately staffed – participants appreciated that Inland Revenue had sent the right people at the right levels to answer their questions.

*“The forums covered off the topics they needed to cover off. They were good at keeping up with changes, and speedy when things did change.”*

Active choice provider – Small

*“The whole thing has been a pleasant surprise. Inland Revenue isn’t used to talking to people face to face, they are used to communicating through the Tax Information Bulletin. So I think getting up there and actually talking to people at the forums was hard for them. But they did it, and they are not used to that.”*

Active choice provider - Small

### Forums valued for bringing the industry together

For many providers, the chance to get together with others in the industry was another benefit of the forums. For some of those taking part, this ‘side effect’ of the engagement process was a useful opportunity to act as a group, rather than as competing organisations. In many ways, the KiwiSaver engagement has brought the industry together. For example, some providers commented that the forums gave them an opportunity to see that other providers were having the same problems as them (such as dealing with the invalid enrolment procedure set out by Inland Revenue).

The information disseminated at the forums was valued, useful, timely, and assisted providers in meeting their obligations implementing KiwiSaver. Many providers considered the forums an invaluable element.

*“They provided a good opportunity for us all to get together. The speakers were good on the whole, and the topics useful.”*

Active choice provider - Large

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<sup>10</sup> One provider did comment that the written materials that accompanied the workshop was often enough, and that attending the forum did not add to their understanding.

*“People don’t pipe up in large groups, you are aware of the commercial sensitivities or giving something away. But having said that, it was good to be in a room with the other providers and realising we all had similar problems. Perhaps it would have been better in smaller groups.”*

Active choice provider

*“They [the workshops] got better over time. More focussed, more effective. The earlier ones were quite general, but as time went on they adjusted the topics.”*

Active choice provider

Some providers commented that they would have liked more notice for the forums. They felt that the one to two weeks was not enough, as they had to get busy people to clear the time, and sometimes bring people in from other offices (e.g. in Australia). Their preference would be to have the schedule of forums provided in advance, so that they could book people’s time well ahead.

Some providers would also have liked to have had more reading provided beforehand, so that they could prepare themselves and ensure they asked the right questions.

*“I would have liked to see some working examples at the workshops, like some scenarios of what might happen if an employee enrolled, take us through an example. The workshops had some very short timeframes to get organised, sometimes we wouldn’t get very much notice at all. If they had had more time, these kinds of things would be what I would have liked to have.”*

Active choice provider - Small

*“For some of the forums. They’ve tended to wait, in my opinion, a little long in terms of notifying providers of when the forums would be. A little bit more notice for some would be good. But that’s life.”*

Default provider

## **Inland Revenue’s communications and responsiveness**

Excluding the above comments on responsiveness in regard to the relationship managers, providers commented overall on the timeliness and responsiveness of Inland Revenue as whole. Most comments related to the Budget changes, and how these had affected both them and Inland Revenue. Their comments related to how timely and responsive Inland Revenue has been overall in response to changes in policy, rather than timeliness or responsiveness in relation to the individual relationship managers’ performance and customer service.

Some providers had used the website and found it useful for answering queries from their customers.

Providers note the short timeframes have made it difficult to prepare communication materials for their potential customers, and have not had access to enough information from Inland Revenue to get these out to customers who have been enquiring.

*"It would be good if there was a central website, so you could pick up the latest version of documents. Sometimes we would find we were working on an older version of something and you didn't know what was the latest version."*

Active choice provider - Small

An example of operational practicalities is one provider missing out on being on an email distribution list and having trouble accessing the forum agendas. Another commented on communications from Inland Revenue being repeatedly addressed to some who had since left the particular role.

### IT issues and the B2B<sup>11</sup> link testing

The strongest concerns expressed by providers revolved around IT testing and the B2B link between Inland Revenue and each provider. For many, this was their only concern and was about lack of clarity of timeframes and lack of communication around delays.

Providers had a sense, and had heard rumours about, Inland Revenue's internal IT systems delays. The length and scope of these delays had not been communicated to providers directly by Inland Revenue. This lack of clarity around timeframes had led to internal provider concerns about deadlines. They also considered timescales were too broad in many cases – e.g. 'August' as opposed to a set date in August.

This lack of certainty has caused providers some anxiety around their capacity to deliver what they need to Inland Revenue on time, and their capacity to address any systems issues after the testing deadline and before 1 October 2007.

Providers also had no news from Inland Revenue about the progress or otherwise of the link testing (which they considered to be a bad sign). While they understand IT delays are a fact of life, it was the lack of communication or any announcements of new timelines that caused the most angst for providers. IT project managers rely heavily on certainty and set deadlines, and the lack of reassurance or concrete documentation from Inland Revenue has been disconcerting.

*"There is word around that Inland Revenue is not going to meet the testing deadlines, but I haven't heard anything from them. I don't know what this means. Does it mean they will push back some of the work back onto providers? We feel a bit in the dark at the moment. If they are slipping past their deadlines then we need to know about it so we can adjust ours too."*

Default provider

*"I guess we've got some serious concerns at the moment around how this architecture is going to be tested. So this is all new here [with providers] and this is all new at this end here"*

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<sup>11</sup> business to business electronic data transfer

*[with Inland Revenue]. So what they're saying is, well if you want to test that this works, go and create a dummy site out here and do some dummy transmissions into there. Our concerns around that is, well we're not testing the real thing. What we're testing is that we can receive information from an external source here, what we're not testing is that we can receive information from your external source. And what we're also not testing is what the business processes are if things don't work."*

Default provider

*"To a certain extent, the technological capacity pushed what Inland Revenue wanted, rather than the other way around. So there were some constraints around what the industry wanted versus what was their capacity to deliver."*

Active choice/Small provider

*"If you're going to say to people be ready for testing in August or else you miss your slot, then in my view you have to give exact dates for when you expect people to be ready by."*

Default provider

*"They're running a bit behind on the testing. They're managing it well from a relationship standpoint. But at some point the actual testing still needs to happen."*

Default provider

*"Everyone is getting on with it and is working together within their own system constraints. It would be good if Inland Revenue acted as a software issuer, rather than us all having to buy our own different versions. Then we might be aware if others are having the same issues as us. At the moment they don't let us communicate through Inland Revenue so if we are having a software problem, we don't know if others might be too."*

Active choice provider

*"There was a delay but it didn't affect us because our IT people are extremely conservative as well. They were flexible on the timing. Strategically I have heard their IT solution is spot on, but they have had a huge challenge in implementing that. We did have a lot of doubt for quite a while, but over time, there has been closer dialogue, and we can see there is competence there. And we have done our testing now, so it's been a gradual build up in confidence."*

Active choice provider

*"Until 1 October, we don't know if it's going to work. There is all this money going in for three months, and nothing out. We haven't done our testing yet, and there is a very short window to fix things if things do go wrong after the testing."*

Active choice provider

## Schedule E<sup>12</sup>

Providers mentioning this element commented that it had not been handled in the same way as other parts of the engagement. The approach to the engagement process had been broadly consultative (or at least attempted to be). However, in relation to Schedule E, providers' commented that they considered themselves "dictated to" by Inland Revenue.

*"Inland Revenue showed a lot of flexibility and consultation and that contrasted with how they handled Schedule E. It was very contractual, more like how they normally operate, very dictatorial and heavy handed. Basically they can change things without consulting the providers, and it's supposed to be a contract between two parties...."*

Active choice provider

*"The process for agreeing to Schedule E was less consultative than the rest of the relationship. About 75% of our feedback on this wasn't listened to or included in the final draft. I wouldn't say it was unfair, but it felt like they had the upper hand."*

Active choice provider

*"Inland Revenue have taken the approach, and they've got legal backing for this, that they can change those schedules as and when they want to reflect latest thinking without agreeing that with the scheme providers. And I guess our view is, and whilst we understand the need for them to behave like this because there's a large number of providers out there and they'd never get agreement from everyone. Our view is that, hang on, an agreement is a legal binding contract between two parties. You don't just go out and make changes and direct those changes into the agreement. You need to agree those and have providers own internal legal teams have the opportunity to review those changes beforehand."*

Default provider

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<sup>12</sup> Schedule E of the Scheme Provider Agreement is part of the contract between providers and Inland Revenue which sets out operational support requirements.

## WHERE TO FROM HERE?

### Providers are uncertain about the immediate future

Providers generally consider the “worst is over” in terms of implementing KiwiSaver, and they and Inland Revenue are “on the home straight” for 1 October and beyond. They do not know what is planned for ‘business as usual’, although they have some preferences about this. Most consider the relationship manager positions should remain in place until at least April 2008.

They would also like to see some type of ‘transition phase’ for providers rather than moving directly to ‘compliance mode.’ From providers’ perspectives, most will be moving on to other projects, and leaving the KiwiSaver product role for others to manage as part of the overall business.

*“I’d like to see the relationship managers stay on for at least another six months, certainly while we go through bedding down everything new. I would hate to have them taken away just yet.”*

Active choice provider - Smaller

*“The trouble is, they haven’t told us what the business as usual model is going to be – will the providers have a dedicated 0800 number and call centre? I don’t know, I would like to think so.”*

Active choice provider - Smaller

Where providers talked about the future and expressed some thoughts about where they would like to see KiwiSaver sit within Inland Revenue and their organisation, they had the following two main comments.

### A transition stage is desirable

Some providers felt that, because KiwiSaver was such a major change for the industry, Inland Revenue should have a ‘transition stage’ between the project being set up and business as usual. So, rather than being compliance driven straight away, the providers are given at least one tax year to get their KiwiSaver ‘ducks in a row’. Providers considered the compliance driven and heavy handed approach was Inland Revenue’s modus operandi for business as usual, and considered a ‘grace period’ of leniency would stand Inland Revenue in good stead for positive relationships with providers in the future.

*“They shouldn’t go straight into compliance mode. They should keep in an education mode for provider while it all beds down. We have talked about the implementation and the quality of that, and they should remain open and communicative over the next phase. I am talking*

*about PIE and KiwiSaver as well because they are integrated. Give providers an educational opportunity rather than going straight to a heavy handed approach.”*

Default provider

### **Retention of the role of relationship managers**

Providers would like to see the relationship manager roles kept on for at least another year (1 April 2008). This is to reassure them they will still have a person to call if they have any issues. It also arises from nervousness that providers will have to ‘revert’ to a call centre 0800 number arrangement with people who have not been part of the engagement process and will not be sufficiently aware of the nuances of their situation. They would like some reassurance from Inland Revenue that providers will receive some form of ‘special handling’ for the foreseeable future. At least until KiwiSaver is embedded.

END

# Appendix 1: Interview Guide

## Providers Discussion Guide – Inland Revenue

*Final as at 10 July*

This document is a guide only. The sequence in which topics are covered may vary according to the natural flow of the interview. Regardless of the sequence of the conversation, please be assured all the objectives will be covered.

### Research Objectives

To understand how KiwiSaver Providers consider the overall relationship with Inland Revenue over the rollout of the KiwiSaver scheme has been.

Particularly:

- The timing/information/communications/contact/responsiveness
- How well Inland Revenue managed the relationship
- Their expectations versus the actual engagement process
- Strengths and weaknesses of the Inland Revenue approach
- Implications for the overall business relationship
- Implications for rollout and on-going management of KiwiSaver
- Lessons for next time

### Target audience

Scheme providers of KiwiSaver schemes in:

- Auckland
- Wellington

And a mix of:

- Default
- Active choice KiwiSaver providers.

### Introduction and Warm Up (5 mins)

- We're talking about the KiwiSaver rollout from your perspective
- 45 - 60 minutes duration
- Confidentiality or attributed comments, ask again at the end
- Taping

### General engagement and context (15 mins)

- Tell me about your role? (probe on if this was different than before ie are they on a project team specifically) – what was your role before/what will you go back to? How long in it?
- How long in the organisation? Other/previous interaction with Inland Revenue? What parts of Inland Revenue (if any)?
- Overall characterisation of relationship between [provider name] and Inland Revenue prior to KiwiSaver? Probe here on overall perceptions of Inland Revenue prior to the engagement process – note any changes in perceptions based on the engagement and check again at the end of the interview) (note: this may be personal, or it may be on an organisational level – even if no prior relationship get an understanding of perceptions and what these are based on)
- Thoughts on the KiwiSaver initiative overall and implications on the financial sector/citizens of New Zealand from your perspective before we talk about your views on the KiwiSaver engagement process specifically).
- Did you have any contact with other government departments/quangos/sector organisations in relation to KiwiSaver (which ones)? (probe on Ministry of Economic Development, Government Actuary and any others)

*Note: They may have been consulted before the Bill was submitted/they may have made submissions during select committee process/consulted informally prior to tendering process.*

*Gauge how IR/MED contact was related time and process wise (trying here to understand the context for their relationship with Inland Revenue in particular the timing and their general interest and involvement regarding the development of KiwiSaver) over and above their particular role as providers).*

### Expectations and actual experience (20 mins)

- What are your thoughts on Inland Revenue's selection as the KiwiSaver administration (probe on other suitable organisations? Concerns?)
- How long was the rollout/engagement period for you?
- What were your expectations of this before you started?
- Probe on issues such as:
  - Inland Revenue's knowledge of the financial sector
  - Previous interaction with Inland Revenue
  - Positive or negative perceptions of Inland Revenue prior to engagement
- Where you surprised/disappointed? In what way?
- How would you describe to me the nature of the relationship between you and Inland Revenue? (ie intense/not intense/hands off/hands on/partnership - what characterises this for you?) How come? What factors/characteristics define how you have responded? How does the person you dealt with at Inland Revenue feed into this evaluation (probe, are they talking about Inland Revenue or a specific person and can they differentiate).
- How strong would you consider the relationship has been during this time and how come? What might have strengthened it? What might have helped?

- What has been of particular value to you? In what way? What would you have missed if it wasn't available or hadn't been done? How come?
- What worked really well? What didn't work so well?
- What are your concerns about the process? What would you have liked to be better? In what way/how come?
- What delighted you? In what way/how come? (probe here on cost, if not spontaneously mentioned – did they expect to pay for it?)
- How supported did you feel? (technical, other aspects?) Did they take on board your feedback (ie did Inland Revenue listen to your concerns) did they provide feedback at all, and if not, why not) - (if not, how did you feel, did they explain why?)
- Did any other agencies involved in this process support you as well/if at all? In what way? What did they do well/better than Inland Revenue? How important was Inland Revenue's support versus these other agencies? Who supported you/assisted you the most? In what ways?
- Did you feel Inland Revenue was integrated with other sources of information (ie the Government Actuary, Retirement Commission)

### Specific issues (15 mins)

*Please note: these issues may arise in talking generally about the relationship, if so, we will probe on these as they arise.*

- How well do you think Inland Revenue understood your business?
- How well do you think Inland Revenue understood the environment in which you are working (ie legislation, commercial, technical)
- How did you feel about:
  - The timeliness of response from Inland Revenue (examples)
  - The level of support (anything you would want different next time)
  - Issues like IT testing and system compatibility (did Inland Revenue understand your systems and work through any issues?)
  - Communications from Inland Revenue (ie telephone calls, newsletters, seminars, booklets, information on the internet or helpline, FAQ, and other communications, default provider panel meetings (if they are one of the default providers), and industry forums).
- Finally, what would you say are the implications from this engagement for your overall business with Inland Revenue (if no effect, probe on how come, if some effect, probe on what areas). Has the engagement process changed your views of Inland Revenue at all – in what way and why?
- What are the lessons for next time?

Anything else to say / add / thank and close.