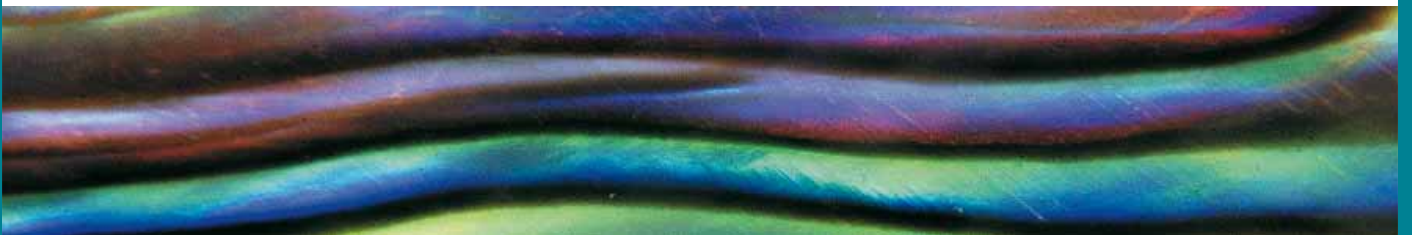


INLAND REVENUE OUR WAY FORWARD 2006 – 2011



NEW ZEALAND GOVERNMENT

www.ird.govt.nz



Inland Revenue
Te Tari Taake

WELCOME TO OUR WAY FORWARD 2006 – 2011



Inland Revenue plays a critical role in improving the economic and social wellbeing of New Zealanders.

Our policy role is to provide ministers with robust and comprehensive advice on the design of our tax system and other areas that interact with it. In addition to having a strong international focus in our work, we also

interact with all New Zealand businesses and most people in New Zealand. Simply stated, what we do and the way we go about it can impact on the whole of New Zealand society.

In recent years we have been given additional responsibilities by government and we have shown that we are able to cope very successfully with a broader and more complex role. We can clearly show that the community believes we perform our role very well.

Looking ahead in this business plan *Our Way Forward*, we have set out some new aspirations for the future—our “Desired Future”. Some of these flow from our previous business plan while others are new.

I believe we have the balance right between what needs to change and what should continue.

We have also refreshed some aspects of our “Strategic Direction”. However, one of the most important areas that we will continue to focus on is the ongoing investment in our people. I see this as critical if we are to be an agile and responsive organisation where our people know what is expected of them and have the necessary skills and expertise.

I am proud of what our people have achieved and I am confident that we are well placed to successfully deal with all the challenges we will face in the future.

A handwritten signature in black ink, appearing to read 'David Butler', written in a cursive style.

David Butler
Commissioner of Inland Revenue

OUR DESIRED FUTURE

Our aspirations:

- **Inland Revenue is responsive in meeting the changing and increasing expectations of government and society.**
- **We make it easy for customers to get it right and hard to get it wrong.**
- **Society has confidence that appropriate action will be taken against customers who do not comply.**
- **Increasingly, paying tax is seen as contributing to society.**
- **We are professional, approachable, effective and efficient.**

To make our desired future a reality and support our strategic direction as an organisation we:

- are agile—responding appropriately to our customers and the wider environment
- make informed decisions based on risk
- are a technologically-smart and effective organisation
- use collaborative work practices
- have broad capabilities, with an engaging environment that maximises the skills and experience of our people.

OUR ENVIRONMENT

Our environment is changing – so must we

The world is changing – Business operates globally and people are more internationally mobile. The pace of change is accelerating and international developments in behaviours and trends are increasingly being noticed in our local environment.

The local environment is also changing – We have a more diverse customer base and more complex relationships. As we have improved our performance, the breadth, volume and complexity of our activities have increased. Our customers' and stakeholders' expectations have also changed.

The state sector is changing – Our position within the state sector and the expectations of government and society also influence how we go about our work. We now work more closely with other agencies. What we do must align with state sector-wide initiatives and the State Services Development Goals.

We are changing – Understanding our environment and how we adapt to it will require agility and innovation. To do this we need to continually test our understanding of the changing environment so we can plan for the future.

OUR ROLE

Our role continues to broaden

As a policy advisor to the government, we have important responsibilities to provide robust and comprehensive advice. Everything we do should be directed at our primary outcome—improving the economic and social wellbeing of New Zealanders.

We also need to ensure we fulfil our intermediate outcomes, as set out below.

The variety of customer interactions we have is increasing. New activities require us to develop and maintain an expanded range of skills. These changes mean that we need to be more responsive and agile to meet a wide range of needs.

While our social policy activities are growing significantly, we will continue to maintain a strong tax focus.

Underpinning all our work are our statutory obligations under the Tax Administration Act to maintain the integrity of the laws we administer and guard the secrecy of the information we hold.

OUR OUTCOMES

What we're here to achieve

Primary outcome	<ul style="list-style-type: none">• Improving the economic and social wellbeing of New Zealanders.
Intermediate outcomes	<ul style="list-style-type: none">• 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.

We use these...

- **to describe what we are here to do**
 - Our primary outcome provides an overall goal for us—what we're here to achieve. The intermediate outcomes then describe the two key elements that contribute to this overarching goal. They help us focus and align our planning towards achieving these outcomes.
- **to monitor our progress**
 - We then monitor our progress towards achieving these outcomes and the results of what we do (our output measures). We adjust these in light of the results that contribute to meeting our outcomes. Over time, we are able to make more informed decisions on how we best deliver our commitments to government.

We plan to deliver these outcomes by focusing on four key areas – our strategic direction.

OUR STRATEGIC DIRECTION

Our framework for our plans and tactics:

- Target and tailor our activities through understanding our customers.
- Optimise organisational efficiency and reduce compliance costs over time.
- Create an environment which promotes compliance.
- Continually invest in our people and the tools to deliver our future outcomes.



Target and tailor our activities through understanding our customers

To continually improve customer compliance over time, we need to understand what will influence different customer groups to voluntarily meet their obligations to the maximum extent possible—customer insight.

To do this we will develop approaches to understand what information we need as well as what risks to the revenue may arise. We want to be able to gain real insights into customer behaviours and attitudes. This knowledge will become part of our normal decision-making process so we can be a more responsive and agile organisation, in tune with the changing demands of society.

These insights will help us design and deliver future interactions for our customers and enable us to do the following across all the activities we administer:

- improve our ability to develop policy and provide advice to ministers
- design our future systems and processes to make it easy for customers to comply and hard to avoid
- respond to new or changing needs, and develop more innovative solutions

- develop and maintain channels that meet both the customers' and our needs.

However, we are not looking to provide an individual solution for every customer. We will continue to use our process and technology strengths for bulk processing and communication. We will target and tailor our approach only where it makes sense to do so and where it will improve compliance and meet specific needs of a key customer group.



Optimise organisational efficiency and reduce compliance costs over time

To meet the growing expectations on us we must continually develop smarter ways of working and organising ourselves. At the same time, we must keep in mind our goals of delivering our outcomes and encouraging voluntary compliance. We will achieve this by focusing on:

- actively participating in delivering “joined-up” services across government agencies to provide a seamless approach to customers
- making our processes easy to use, effective and efficient, by focusing on our high-volume transactions to actively encourage the use of low-cost channels and processes
- making the most of the advantages of future “e” technology opportunities for both customers and Inland Revenue
- working collaboratively and gathering and sharing information smartly—making it readily available in a way that is coordinated, accurate and containing all the information to meet customers' needs
- identifying and pursuing organisational cost savings
- developing our future workflows and processes to build a flexible and responsive organisation.

Reducing compliance costs

We also recognise the burden on customers in complying with the laws we administer. To reduce the associated risks of non-compliance we will:

- use the information and insights we gain to strengthen our ability to provide alternative and lower compliance cost solutions
- seek to reduce these burdens on our customers over time by continuing to make this an important consideration in policy development, systems design and delivery processes.

OUR STRATEGIC DIRECTION



Create an environment which promotes compliance

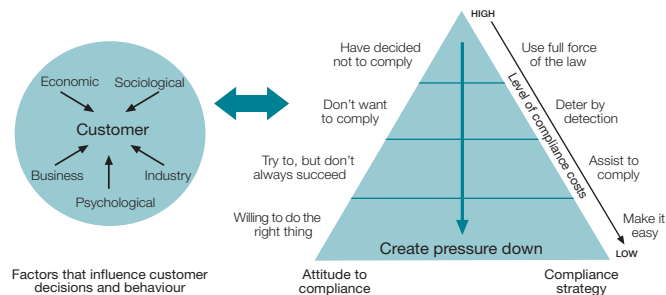
If we expect customers to meet their obligations voluntarily we must keep making it as easy as possible for them to do so. We also have a responsibility to make it hard to avoid meeting their obligations. We do this by creating an environment that informs customers of their obligations and encourages them to comply. We all have a role individually and collectively in maintaining a positive public profile of Inland Revenue within our society—this is integral to maintaining and improving voluntary compliance.

The compliance model

The model guides us in tailoring how we deal with our customers. It takes account of the factors that influence customers' decisions and behaviours. We will use and refine the compliance model across all the activities we administer. In applying the model we will:

- build strong relationships and partnerships—providing the right experience for customers through the right channels and making it easy to comply
- appropriately enforce the law to help move customers who have decided not to comply to a position where they are likely to do so in the future
- take an integrated approach, using both specialist and cross-functional teams to optimise our customer-understanding, risk assessment and compliance model thinking.

Underpinning the model is the need for us to maintain and build on our core technical, legal and policy skills.



Continually invest in our people and the tools to deliver our future outcomes

As a team of passionate and engaged people, equipped with the right tools and skills, we will successfully deliver our outcomes and achieve our desired future. We need an organisation where our people are technically-skilled and professional. It's also important that we have the right tools and infrastructure to help us be an agile and technologically-smart organisation. We will continually invest in our people, the tools they use, and the environments they operate within.

We will achieve this by ensuring our people:

- experience great leadership, with technical and people leadership being enhanced through succession planning and career development
- feel part of a learning organisation, sharing knowledge and learning from our collective experiences
- are proactively equipped with the right skills and experiences to do their current roles and to develop along their chosen career path. We will build on and enhance our critical skills such as legislative knowledge and relationship management
- are part of a passionate and engaged team who have clear goals and are recognised for their contribution and commitment.

Investment in our tools will focus on:

- ensuring our people have the right tools, including property, information, easy-to-use systems and processes
- continually investing in and maintaining a workplace that allows for ongoing agility in meeting our future objectives
- maintaining the integrity and sustainability of our systems and processes
- providing our customers with the right tools to make it easy for them to voluntarily comply.

Inland Revenue:

- collects 85% of government's revenue (\$42.0 billion in 2004–05)
- advises government, with The Treasury, on tax policy and social policy measures that interact with the tax system
- collects tax payments, child support and student loans
- distributes family assistance, child support, paid parental leave and tax refunds and rebates
- deals with a customer base of 5.9 million (including individuals, businesses, partnerships, trusts and other entities)
- manages high volumes (8.2 million customer contacts, 7.6 million returns and 7.7 million payments in 2004–05)
- works with over 4,700 tax agents who represent some 1.7 million customers
- operates from 17 cities and towns
- employs over 5,200 staff

OUR CORNERSTONES

There are a number of foundation documents that influence our corporate values, operating procedures and ultimately how we act and behave.

- Our outcome statements set out what we strive to achieve for the government and the community.
- The Tax Administration Act provides us with the authority to administer the Inland Revenue Acts and describes key areas of responsibility such as maintaining the integrity of the laws we administer.
- Our *Charter* outlines our commitments to the community.
- Our *Code of Conduct* provides us with guidance on how we should operate.
- Our compliance model outlines how we respond to any concerns with compliance that we may encounter.
- The State Services Development Goals describe how we play our part in achieving a world class professional state service.
- Our leadership expectations describe what our leaders aspire to achieve.



Our Charter



Our Code of Conduct

HOW DO I CONTRIBUTE?

We all contribute directly to *Our Way Forward* through our day-to-day work. We should each regularly ask ourselves, am I...?

- working collaboratively
- proactive, adaptable and responsive
- embracing change and seeking ongoing improvement
- accountable and taking ownership of uncertain situations
- working with the highest integrity in everything I do
- professional
- working to understand others' needs and striving to meet or exceed them
- encouraging innovation.

MY LINE OF SIGHT

Linking what I do and achieve to what the organisation achieves

