



Inland Revenue
Te Tari Taake

Business Transformation



Future State Organisation Design Blueprint (for 2023)

Strategy Governance Board endorsed
Business Transformation

Final Version 1.0

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Document control

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Document Review History

No	Date	Change Description	Contact
v0.8	31 July 2015	Documented completed and issued to CIR for review	
v0.9	3 August 2015	Update based on comments from CIR BT DIF	
v1.0	17 August 2015	Final document updated based on comments from SGB	
V1.0	8 September 2015	Final released to the BT Programme Director for sign off	

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Document Sign Off (Notes: refer to the PEP for the RACI)

Formal Review Area	Name	Signature	Date
Accountable person			
Accountable Person	Strategic Governance Board		
Responsible Person			
The following have supported the development of this document:			
The following have been consulted:	People and Culture Leadership Team Chief People Officer IR ELT		
The following people have been informed	BT OCM Team DIF Solution Design Teams PGA P&C Leadership Team Business Group Leadership Teams		
Gateway checkpoints	The following gateway check points were also incorporated: Pre Gate (CIR), Gate 1 (ODC), Gate 2 (CIR), Gate 3 (SGB), Post Gate (PGA)		

Context: Document Background

What is the Organisation Design Blueprint?

- A document that describes the conceptual design of the future state organisation envisioned to be in place by 2023. This is developed as part of the high level design phase of the Business Transformation Programme.
- This blueprint is directed by IR's strategies, industry research and futuristic thinking by the Executive Leadership Team (ELT).
- This blueprint has five parts that together create a complete picture of IR's future organisation: (a) definition of the 'target state', (b) guiding principles for the organisation design process, (c) the six organisation shifts, (d) the ten key design decisions, and (e) the conceptual organisation model that emerges by 2023.

Why is this Organisation Design Blueprint important?

- This blueprint articulates the future state organisation as a modern revenue agency and world-class public service for New Zealand.
- This blueprint will serve as a 'north star' to guide but not prescribe how the organisation will transform over the next 8 years. The organisation will be expected to transform through multiple transition states to achieve the future state by 2023. Hence, this blueprint may evolve as the organisation transitions and responds to environment changes.

How did we get here?

- This has been an ELT led and CIR sponsored design that commenced in February 2015 with the assessment of IR strategies, industry research and robust ELT discussion.
- Using those insights, the target state definition and organisation design principles were completed and endorsed in March 2015.
- From that, 10 key design decisions and 6 shifts were developed through a series of ELT interactive workshops and discussions. These were endorsed in June 2015.
- The 10 key design decisions were then translated into a conceptual model that describes the future state organisation in nine different 'chapters'. The conceptual model tells an important multifaceted story wherein IR will truly transform when all aspects of the organisation are holistically considered– it is not just about structures and accountabilities, it is also about the right outcomes, people capabilities, workforce management, culture, leadership, governance and geographic considerations. The conceptual model was refined through 'open house' sessions with ELT and their leadership teams at the end of June 2015.

Context: Next Steps

What will happen next?

On 12 August, the Strategy Governance Board endorsed three (3) points and noted three (3) points below:

1. Completion of the Future State Organisation Design Blueprint as a part of high level design. Endorsement is for its five (5) component parts – see slide 4

- Definition of the target state
- The 20 guiding principles for the organisation design process
- The 6 organisation shifts
- The 10 key design decisions
- The conceptual organisation model that emerges by 2023 (the nine chapters)

2. To move to the Detailed design of Transition State 1 which will include

‘Must dos’ activities to support Stage 1

- Detailed Job/Role (JE) and team design to support the adoption of the Stage 1 releases and solutions. This work will be the bottom up design that contribute towards the future state organisation.
- Design of the TS&O/ICT support structure and jobs required by the end of Stage 1
- Proceed with further design and rollout of the future state Culture Plan
- Proceed with further design and rollout of the Leadership plan

Build organisation foundations for Transition States 1-4

- Construct for future state job architecture
- Commence review and recommendations for future core workforce management components, mainly performance management, talent management. This scope requires further discussion with P&C and the ESS team.

3. To come back in mid November 2015 apply a set of decision criteria to determine KDD and organisational capability candidates for Transition State 1

Armed with a better understanding of the Stage 1 change landscape, the ELT will come back and apply a set of decision criteria to determine KDD and organisational capability candidates for further design and implementation in Transition State 1. In the interim, the detailed organisation design will remain responsive as necessary to changes proposed to IR’s strategic direction, enterprise-level strategies, updating of the TOM and any refresh of IR4TF.

In addition, the SGB is being asked to note that:

- The CIR will continue to sponsor the detailed organisation design process which will continue to be governed by the ODC and SGB.
- All BAU organisation changes are tabled to ODC for alignment to the Organisation Design Blueprint and for ODCT to provide recommendations to ELT/SGB.
- The Organisation Design Blueprint will be communicated to Tier 3 leaders.

The ELT have led the process to develop a holistic organisation design blueprint directed by IR strategies, industry research and futuristic thinking. This blueprint conceptually describes the future state organisation that will emerge at the end of the transformation journey by 2023.

IR Strategies, Industry Research and ELT Futuristic Thinking

IR4TF Compliance Integrated Channel ICT Workforce TOM Industry Research & External Transforming Organisations ELT Futuristic Thinking



Organisation Design Blueprint - the 'North Star' that will guide the transformation of the organisation

Defined a desired Target State

6 Organisation Shifts



Organisation Design Principles to guide process

10 Key Design Decisions

Future State Conceptual Organisation Model

Nine interconnected chapters will build on one another to collectively describe the future organisation in terms of our organisation capabilities, our outcomes, our people and how we manage.

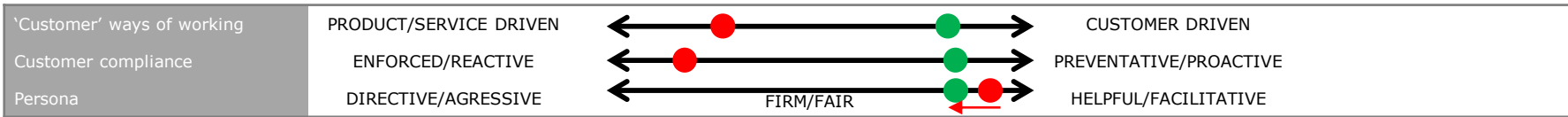
Organisation Capability <i>Grouping of organisation capabilities</i>	Accountabilities & Responsibilities <i>Accountabilities and responsibilities in the target state</i>	People Capabilities <i>Workforce profile and key skills for the target state</i>
Workforce Management <i>Advanced Management practices to manage and motivate people</i>	Geographical Considerations <i>Framework of factors to consider for geographic direction</i>	Culture <i>Vision of culture and its dimensions.</i>
Leadership <i>Vision of leadership and expectations</i>	Organisation Outcomes <i>Framework for outcomes and organisation measures</i>	Governance <i>Framework for organisation governance</i>

As the first step, the ELT described the future aspirations against a set of continuums using insights from research and practices of leading organisations. The ELT also described the magnitude of change required to transform the current world to achieve that target state.

Legend: ● Current state assessment ● Future state direction { } Sample leading organisations based on observed organisation practices

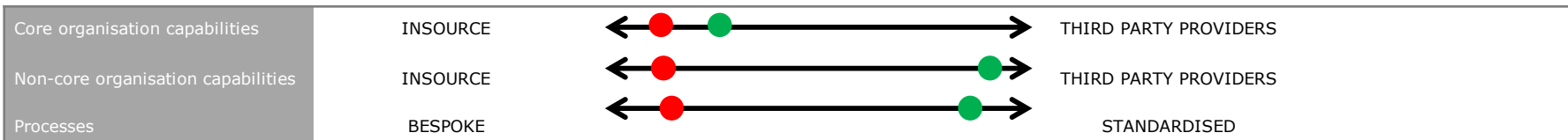
Category 1: The customer

An organisation that is **focused on customer experience across multiple touch points and enables them to meet their obligations.**



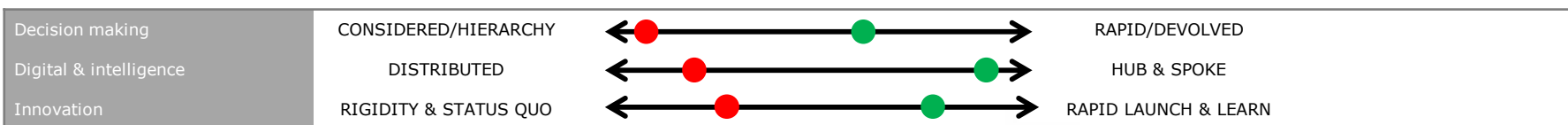
Category 2: Efficiency and effectiveness

An organisation that focuses on **organisational efficiency and the enhanced delivery of its core services.**



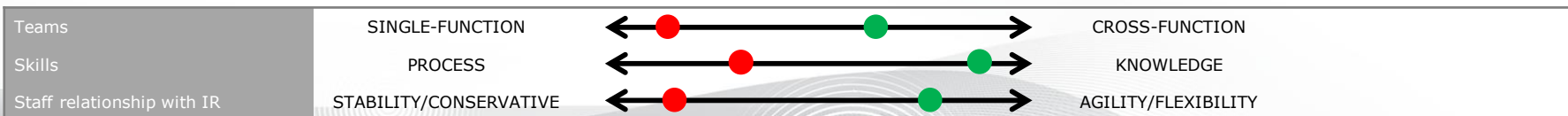
Category 3: Agility, Intelligence

An **agile organisation** that quickly adapts to legislation and realises strategies into benefits, **fuelled with intelligence, risk-based decision making, and innovation.**



Category 4: The workforce

An organisation with an **empowered, motivated, connected and flexible workforce.**



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The ELT then agreed on 20 design principles that will guide how the organisation needs to be designed in order to achieve the target state across customer experience, organisation efficiency and effectiveness, agility and intelligence and the workforce.

Organisation Design Principles and Objectives	
Category 1: The customer	<ol style="list-style-type: none"> Structures and ways of working will be designed to enable, manage and champion the customer experience of the future that will facilitate customer compliance from the start. Organisation will structure to keep pace with evolving channels, technologies, shifting customer needs, including customer lifecycle services. Customer-facing (external and internal) parts of the organisation will be enabled by more customer-centric ways of working with customer metrics used as measures of performance. IR's services will be accessible through multiple channels and methods, including digital, mobile workforce, and collaboration with other government agencies and intermediaries. Proactive customer assistance is enabled by devolving decision making closer to front line who interact directly with customers.
Category 2: Efficiency and effectiveness	<ol style="list-style-type: none"> Structures are configured to enable non-core capabilities to leverage third party innovation and expertise that will enhance supply chain efficiency, effectiveness and customer experience. Core capabilities that direct overall design and integration of the ecosystem is retained in IR in order to deliver on its accountabilities. Continuous improvement is embedded in the way we work, consistently increasing the effectiveness and efficiency of all services delivered.
Category 3: Agility and intelligence	<ol style="list-style-type: none"> Policy agility is enabled by agile structure, adaptable technology, process flexibility and skilled decision making. Structures and organisational processes improve information sharing and enhance relationships with government, as well as enable all-of-government federated service delivery. Effective decision making through clear decision accountabilities and streamlined governance processes that focus on decision outcomes and speed to value rather than bureaucracy (internal and external). Rapid and devolved risk-based decision making enabled through readily available information, analysis and value-based frameworks. Decision makers consider the organisation beyond own functional area, taking an IR-wide and outcome-focused approach. Innovation is enabled by removing structural barriers (avoiding a deep hierarchy and siloed functions) and through collaborative work practices.
Category 4: The workforce	<ol style="list-style-type: none"> Intellectual property associated with our core capabilities and specialist knowledge workers is protected, retained and institutionalised. Individual jobs are designed for meaningful work, motivated by congruent reward and support arrangements that deliver a strong employee value proposition. Individual performance measures have a direct line of sight to the organisational performance and score card measures. Multi-disciplinary, problem solving and knowledge based teams that are flexible and adaptive to meet business needs. Formal and informal mechanisms to connect the organisation internally and externally, creating an environment that fosters collaboration and thought leadership. Span of control and layers of management are optimised and adaptable to promote speed and accuracy of decision making.

Guided by the design principles, the ELT set out the 6 essential shifts that the organisation will need to make in order to modernise IR as a revenue agency and create a world-class public service for New Zealand.



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The six shifts will shape IR to be a fundamentally different organisation. These shifts are anchored on the 10 key design decisions made by the ELT.

Shifts

Ten future state organisation key design decisions

1
Pro-active and customer centric organisation

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

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

2
Information harnessed and intelligence-led

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

3
Effective and efficient business working in multiple modes

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

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

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

4
Elevated organisation and policy agility through innovation and change

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

5
Alliances and partnerships across government and private sector

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

6
Motivated diverse workforce operating as 'one IR'

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

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

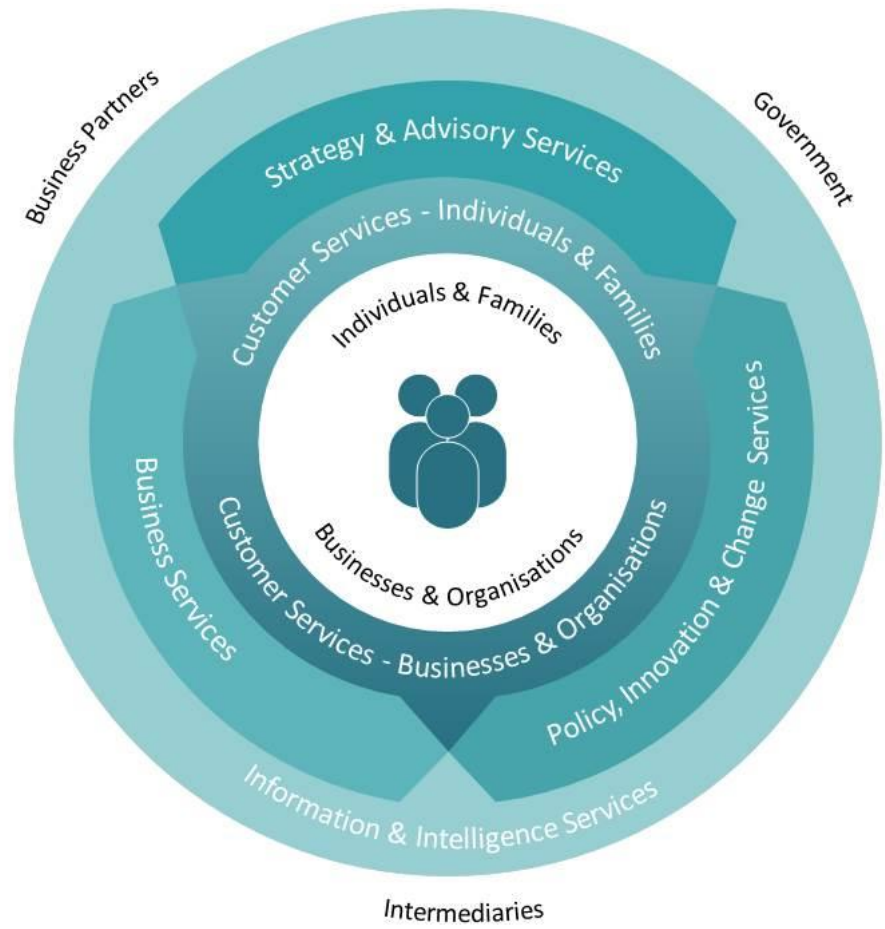
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The key design decisions will result in the emergence of six key organisational capabilities. These capabilities will embed the target goal of customer centricity, intelligence led and organisation agility.

Six emerging organisation capabilities

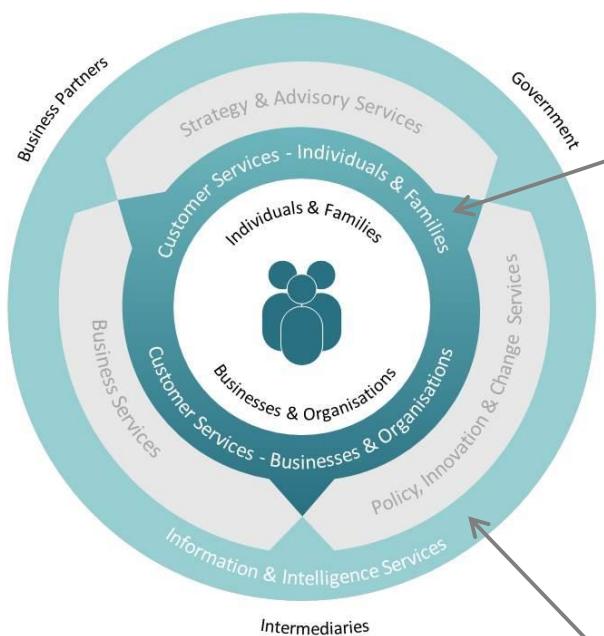
- Customer Services – Individuals & Families will provide**
 - End-to-end management of all customer services for individuals and families.
 - Management of the integrated channels used by all customers (individuals, families, businesses and organisations).
- Customer Services – Businesses & Organisations will provide**
 - End-to-end management of all customer services for businesses and organisations.
 - Management of all intermediaries and business partners
- Strategy & Advisory Services will provide**
 - Long range strategy and corporate planning, formal representative for IR at the inter- and intra-government, industry and community level.
 - Tax counsel, risk and assurance and governance as an independent body.
- Information & Intelligence Services will be**
 - The Data Custodian, Governor of information for IR and the Information & Intelligence Liaison to external stakeholders and alliance partners.
 - Providing and advocating for analytics capability, enabling the generation of insight and intelligence across IR through embedding or up-skilling individual business groups.
- Policy, Innovation & Change Services will provide**
 - An integrated capability of policy design and development, change implementation and innovation that leverages external partners to better inform and engineer changes in the organisation.
 - Frameworks, tools and internal support to increase IR’s agility, intelligence and customer centricity.
- Business Services will provide**
 - Consolidated organisation support services for customer and internal functions to drive greater efficiency and value.
 - Management of operational delivery and optimisation, transactional and submissions processing, and tax technical and litigation services.

The six organisation capabilities form a model that will collectively deliver services to customers



Organisation Capability Grouping of organisation capabilities

The six organisational capabilities will each have specific functions and collectively contribute to the achievement of the target state. The functions are detailed below (1/2).



Customer Services

There will be an end-to-end management of all customer services through two customer segment streams (**Individuals & Families** and **Businesses & Organisations**). Customer services will be proactive and supportive, but also firm and fair, focussing on value interactions and complex transactions that aim to ensure customers are:

- Aware of, understand and able to comply with their obligations.
- Receiving their entitlements.

External Focus:

- Understand and accurately profile customers within the system.
- Deliver proactive and targeted customer service and support through proactive detection of compliance risk (using predictive analytics and intelligence).
- Collect and distribute revenue.
- Assure the provision of entitlements.
- Ensure compliance and determine interventions and enforcement actions once customers are confirmed as non-compliant.
- Manage delivery of products and services, and tax interpretation to customers.
- Conduct customer audits.
- Deliver targeted marketing, communications, facilitation and community education to assist customers in understanding and complying with their obligations.

Internal Focus:

- Identify and manage customer information.
- Identify and generate customer trends, insights and analytics to support organisation strategy and help drive near-to-mid term performance plans.

Customer Service - Individuals & Families (I&F) will cover

- Where income is derived from salary, wages, entitlements and/or investments (including those of high net worth and trusts).
- I&F will be responsible for integrated channel management to ensure a holistic approach to customer contact (eg, phone, paper, face to face and digital).

Customer Service - Businesses & Organisations (B&O) will cover

- Entities that conduct business activity or are registered for GST/PAYE. This includes out of jurisdiction entities and not for profits.
- B&O will be responsible for fostering, managing and educating all business partners and intermediaries in the service deliver chain (including banks, tax agents). Contributing to holistic relationship management with the business or organisation.

Information & Intelligence Services

A 'hub' that will govern and manage IR's information and intelligence, support internal groups in data use and insight generation and enable information exchange for all revenue related activities in the broader eco-system. Data and analytic specialists will be embedded into business lines (the 'spokes') in order to grow the organisation's information and intelligence capability.

External Focus

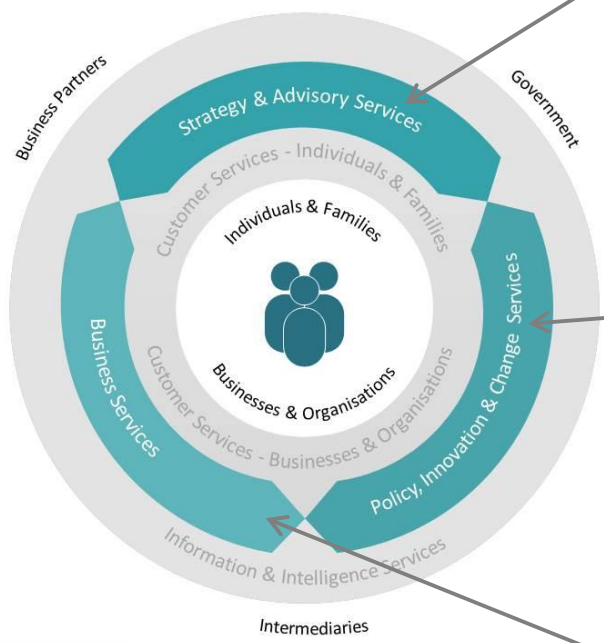
- Identify, foster and leverage information sources across the eco-system.
- Develop and maintain strategic alliances for analytics and intelligence expertise.

Internal Focus

- Govern the collection and use of information and intelligence in IR.
- Develop and maintain framework and standards for information governance data handling, archiving and cleansing.
- Enable the organisation with information and intelligence through advanced analytics and insight generation and modelling.
- Supply and develop in-business analytics capability to facilitate business lines' ability to generate relevant insight.
- Use business level information to generate whole of organisation operating insight.

Organisation Capability Grouping of organisation capabilities

The six organisational capabilities will each have specific functions and collectively contribute to the achievement of the target state. The functions are detailed below (2/2).



Strategy & Advisory Services

A consolidated strategic capability that will ensure IR moves towards its corporate mission and operates sustainably in line with the wider revenue and government landscape, while maintaining the integrity and health of the tax system.

External Focus:

- Act as IR representative to the whole of government, and manage all formal government and community-facing functions (national and international).
- Manage all public sector accountability requirements.
- Manage corporate external communications, including media.

Internal Focus:

- Design organisation strategy, manage corporate planning and provide strategic direction for HR, ICT, Finance and Procurement.
- Oversee organisation governance, risk management, assurance and internal audit (including security, business continuity, health and safety, privacy, integrity and liability).
- Provide independent tax advice /counsel.*
- Provide adjudication and dispute reviews.
- Provide guidance on strategic alliances, partnerships and commercial framework for whole of IR.
- Manage corporate internal communications

Policy, Innovation & Change Services

A consolidated management of policy design, development, change implementation and innovation capability that will grow value for IR.

External Focus:

- Provide free, frank and good quality policy advice.
- Foster and manage collaborations and relationships (external and internal) for innovation (eg, forums, consortiums, accelerator labs).

Internal Focus:

- Implement policy and other change and support whole of organisation to delivery greater innovation.
- Establish and maintain the innovation framework and process to help operations harvest ideas.
- Commercialise ideas including value realisation.
- Manage whole of organisation business process architecture and operating model.
- Develop and maintain internal policies and guide operations in their use and application.

Business Services

A consolidated business services capability that will continue to increase the efficiency and effectiveness of IR's operations and align with industry practices and internal customer needs. Services provided will include elements of operational management, customer-support, internal support operations.

External Focus:

- Manage other party service provision.
- Collections and simple enforcement processing.
- Litigation management.

Internal Focus:

- Retained transactional aspects of HR, finance, procurement, ICT.
- Payments and accounting.
- Resource, workload and workflow management, process management and optimisation.
- Corporate legal services.
- Operational risk analysis and management.
- Tax technical expertise/advice.

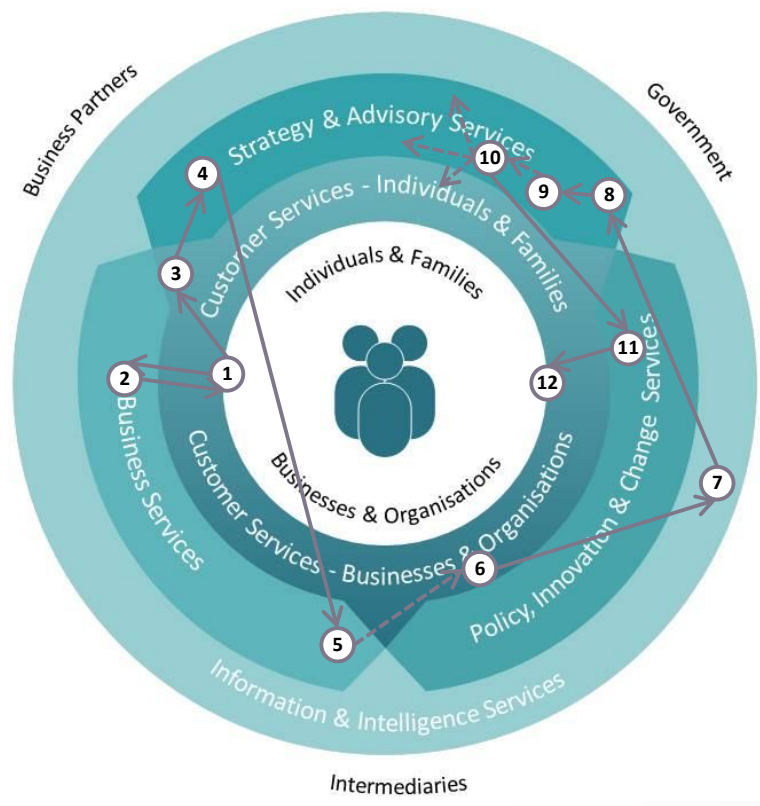
*Note: Suggested organisation design alternatives for Tax Counsel functions has been included in the appendix.

The organisational capabilities and its people will work seamlessly together to deliver the target customer experience and organisation outcomes

An example of how the six organisation capabilities will work together

The organisation will collaborate together to provide seamless Customer Service.

- 1 Customer Services (CS) will use an event-circumstance engagement approach, contacting and notifying customers of their obligations. Customers can respond to notifications, update their profile and make submissions through a range of integrated communication channels.
 - a. Complex case or anomalies will be flagged in system for further review and evaluation by the relevant CS segment group.
 - b. Cases or activities that are simple or require more transactional processing will be resolved and processed by Business Services (BS).
- 2 Where queries or cases require further technical expertise, CS will engage with Tax Technical Specialists within BS to obtain advice and information. This information is used to further evaluate the customer's case.
- 3 CS will determine compliance actions for customers confirmed as non-compliant. Notifications are issued in system by CS.
- 4 Customers may request independent adjudication in response. Strategy & Advisory (SAS) will provide the independent adjudication.
- 5 Once avenues for assisting with non-compliance issues are exhausted, CS will further determine intervention and enforcement actions. For cases that require legal intervention, CS will progress the case to BS for litigation.



Information will flow through the organisation, contributed to by all parties, and is used to derive intelligence and inform business plans.

- 6 Customer information, customer service outcomes and operational metrics will be used by CS to generate insights.
- 7 Information & Intelligence (IIS) will provide data governance and management frameworks. IIS will retrieve insight and information from all business lines to generate corporate level insight.
- 8 SAS will consume insight and analytics from:
 - a. IIS and by other business lines.
 - b. SAS's external collaborations (to obtain external thought leadership, government and legislative direction).
- 9 SAS will develop organisation level strategies and corporate plans, establish organisation performance metrics, and cascade to all areas.
- 10 All areas will leverage, interpret and align operational and tactical plans towards the organisation strategy.

Plans may involve the development of new services that will be prototyped, tested and then implemented.

- 11 Policy, Innovation and Change (PIC) will introduce, develop and prototype as well as implement new policies, products and services identified in the business plans.
- 12 CS will test, market, communicate and roll out the new product/service to customers. CS will gather data and information on product/service effectiveness for continuous improvement, supported by all other organisation capabilities.

Accountabilities & Responsibilities
Accountabilities and responsibilities in the target state

Each organisation capability will have specific accountabilities and responsibilities aligned to the Target Operating Model. All six will collectively deliver to IR's outcomes.

TOM Capability		Organisation Capabilities					
Lvl 1	Level 2 Capability	Customer Services (Individuals & Families)	Customer Services (Businesses & Organisations)	Information & Intelligence Services	Strategy & Advisory Services	Policy, Innovation & Change Services	Business Services
Direct and Design System	1.1 Define Strategy & Manage Perform.	R (I&F Customers)	R (B&O Customers)	R (Information)	A/R (Organisational)	R (Innovation)	R (Operational)
	1.2 Manage and Design 'System' Change	R	R	R	R	A/R (Business System)	R
	1.3 Advise Government on Policy	-	-	-	-	A/R	-
	1.4 Interpret Legislation	-	-	-	A/R (Indepen. Advice)	-	A/R (Tax Technical)
	1.5 Analyse Risk	R (Project, Business & Operations)	R (Project, Business & Operations)	R (Security, Business & Operations)	A/R (Enterprise)	R (Portfolio, program)	R (Legal, Business & Operations)
	1.6 Manage Products, Channels & Services	A/R (I&F Customers)	A/R (B&O Customers)	-	-	-	-
	1.7 Analyse Customers	A/R (I&F Customers)	A/R (B&O Customers)	R (Support analytics)	-	-	-
	1.8 Influence Society	A/R (I&F Customers)	A/R (B&O Customers)	-	A/R (Organisational)	-	-
Manage Delivery	2.1 Manage Third Party Service Provision	R (I&F Customers)	R (B&O Customers)	R (Information)	A (Organisational)	R (Innovation Portf.)	R (Operations)
	2.2 Manage Resources & Workload	A/R (I&F Customers)	A/R (B&O Customers)	A/R (Information)	A/R (Strategy)	A/R (Innovation & Change)	A/R (Operations)
	2.3 Manage Revenue & Entitlements	R	R	-	R	-	A/R (Organisational)
	2.4 Manage Information & Knowledge	-	-	A/R (Organisational)	-	-	-
	2.5 Manage Data Quality & Exchange	-	-	A/R (Organisational)	-	-	-
Deliver System	3.1 Collect	A/R (I&F Customers)	A/R (B&O Customers)	-	-	-	R
	3.2 Assess Obligations & Entitlements	A/R (I&F Customers)	A/R (B&O Customers)	-	-	-	R
	3.3 Disburse	A/R (I&F Customers)	A/R (B&O Customers)	R	-	-	R
	3.4 Assure Compliance	A/R (I&F Customers)	A/R (B&O Customers)	-	-	-	R
	3.5 Register and Enrol	A/R (I&F Customers)	A/R (B&O Customers)	-	-	-	R
	3.6 Inform Customers	A/R (I&F Customers)	A/R (B&O Customers)	-	-	-	R
	3.7 Assist Customers	A/R (I&F Customers)	A/R (B&O Customers)	-	-	-	R (Processing & Litigation)
	3.8 Profile and Account Customers	A/R (I&F Customers)	A/R (B&O Customers)	-	-	-	-
Support System	4.1 Develop and Manage People	R	R	R	A (Org Strategy)	R	R (Organisational)
	4.2 Manage Financial & Physical Resources	-	-	-	A (Org Strategy)	-	R (Operations)
	4.3 Manage Procurement	R	R	R	A (Org Strategy)	R	R (Organisational)
	4.4 Manage and Develop ICT Resources	R	-	R	A/R (Organisational)	-	R (IT Operations)

R = Responsible Parties who will carry out the work to achieve a task. There can be multiple responsible parties in a process.*

A = Accountable The party answerable (signs off) for the completion of the task/deliverable (also approver or final decision maker).*

*Note Accountabilities and responsibilities will be influenced by any decisions made for other parties to deliver any capabilities or processes for IR. An initial assessment was performed to identify processes that would be suitable candidates for delivery by other parties in the appendix.



Each organisational capability will have a distinct workforce profile and requirements for new and uplifted people capabilities.

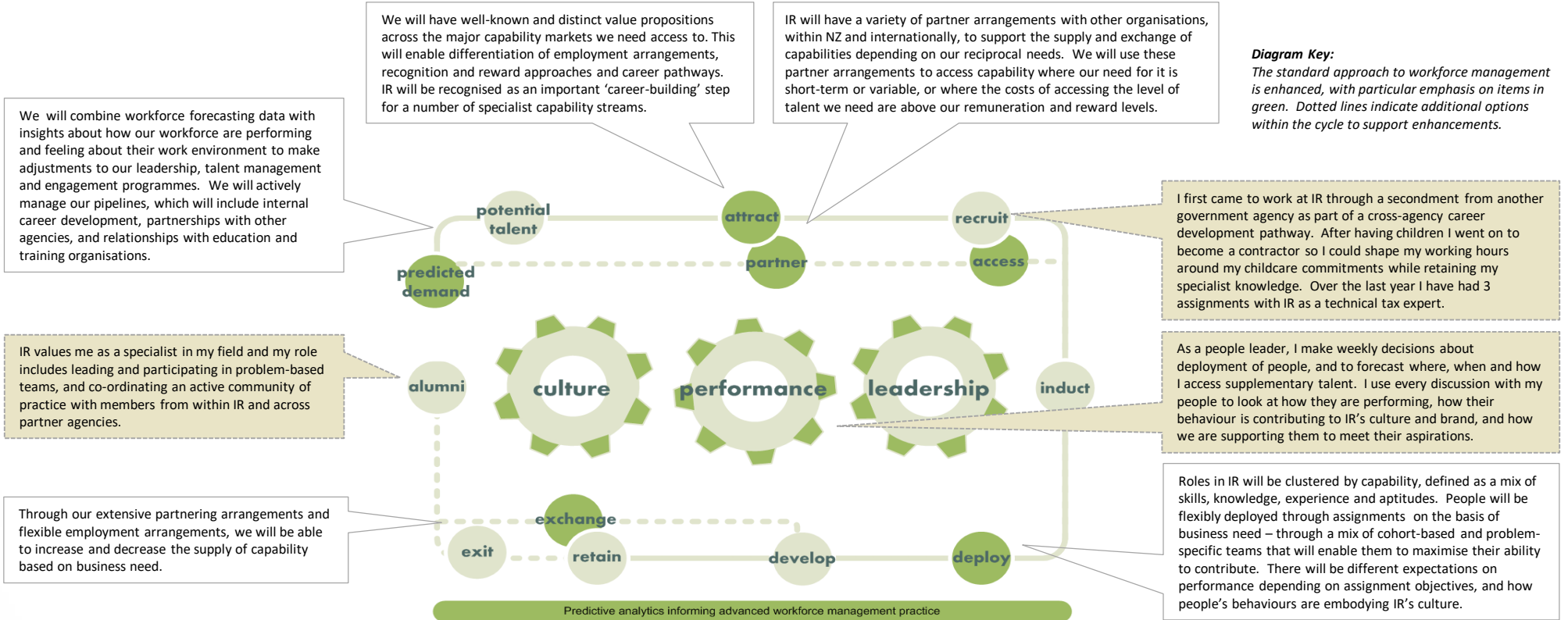
Our future state organisation will be different in shape, size, form and will be:

- More knowledge-based, business acumen and problem solving.
- Able to operate and collaborate effectively in digital and intelligence-led environments.
- Collaborative, working to achieve shared outcomes with customers and colleagues.
- Agile and flexible to deliver services and respond to changing customer and business conditions.

	Workforce Profile		People Capabilities
Customer Services (CS) • Individuals & Families • Businesses & Organisations	A multi-skilled workforce that will focus on customers, product and services using analytical, tax technical, relationship and problem solving skills to influence compliance.	➔	<ul style="list-style-type: none"> • Understanding customer’s life events, applying insight at each customer interaction. • Leveraging intelligence and tax knowledge to understand and influence customer behaviour and ensure customer compliance. • Knowledge of diverse customer products and services. • Problem diagnosis and resolution and conflict resolution and negotiation skills. • Manage other party delivery.
Policy, Innovation & Change Services	Deep expertise will be required for highly technical and knowledge based functions such as policy and managing and executing change. These functions will apply specialist methodologies and processes to solve problems and maximise opportunities.	➔	<ul style="list-style-type: none"> • Expert in legislative frameworks and evidence based policy development skills. • Policy agility and implementation and the ability to leverage innovation. • Prototyping skills and agile solution development critical to enabling innovation. • Change management expertise. • Strong governance skills to enable risk-based experimentation. • Service design expertise with experience in working in agile and innovative environments. • Project and programme capabilities.
Information & Intelligence Services	The highly specialised workforce will require advanced analytics, insight, information and data capabilities concentrated in a hub and distributed analytical capabilities across the organisation.	➔	<ul style="list-style-type: none"> • Specialised and advanced analytical skills and experience. • Extensive experience and knowledge of data, information, analytics and knowledge management capabilities. • Knowledge and understanding of the business to enable analysis and identification of business insights. • Predictive modelling.
Strategy & Advisory Services	A small and focussed workforce will provide enterprise-wide services in strategy and corporate planning, governance, risk and assurance, relationship management and tax interpretation capabilities.	➔	<ul style="list-style-type: none"> • Organisational strategy development and implementation. • Public sector accountability management and corporate planning. • Organisation governance skills and strong and effective risk management. • Relationship management and business partnering. • Technical leadership and expertise in tax interpretation, disputes review and adjudication.
Business Services	Will comprise of operational, technical and corporate expertise and will focus on delivering to internal customer needs, streamlining services, and increasing efficiency.	➔	<ul style="list-style-type: none"> • Commercial and other party relationship management skills. • Workflow management. • Straight-through processing for collections, enforcement and customer transactions. • Tax technical expertise in interpretation, litigation, rulings. • Operational HR, finance, procurement and ICT capabilities. • Corporate legal services and corporate audit.

Workforce Management
Advanced Management practices to manage and motivate people

Each organisation capability will need to access to the required people capabilities to deliver its accountabilities. Workforce management practices will need to be enhanced and holistic, connected with culture and leadership and powered by analytics.



	Customer Services – Individual & Families and Businesses & Organisations	Information & Intelligence Services	Strategy & Advisory Services	Policy, Innovation & Change Services	Business Services
Workforce Management Implications	<ul style="list-style-type: none"> Workforce intelligence and forecasting will need to include predictive analytics about trends in customer service requirements, including diversity. Workforce sourcing strategies will need to meet requirements for high degree of customer specific knowledge, across end-to-end service provision. Partnerships with other organisations (including international jurisdictions) who share customers / have similar customer specific knowledge base will be required to cope with fluctuating demand. 	<ul style="list-style-type: none"> Pro-active and long-term pipeline management will ensure a supply of workforce at the required specialisations Branding and value proposition will need to be mature and robust to match highly competitive market for talent. Partnerships with other organisations will be required to provide career opportunities and expert mentoring as part of value proposition. Will require focused performance management and active management of deployment due to limited and specialised nature of resource. 	<ul style="list-style-type: none"> Branding and value proposition will need to be robust and innovative to match mature and highly competitive State Services market. Workforce requirements will be relatively stable, but engagement and productively will need to be actively managed given the span and size of the group. 	<ul style="list-style-type: none"> Branding and value propositions will need to be differentiated to reflect variety of talent markets (eg, policy versus innovation). Workforce predictive analytics will need to support balance of stability and fluctuation in workforce requirements. Partnerships with other organisations will be required to ensure sufficient flow of new perspectives, and to cope with fluctuating demand. 	<ul style="list-style-type: none"> Branding and value propositions will need to be differentiated to reflect variety of talent markets (eg, tax expertise versus financial management). Workforce requirements will be relatively stable, although some workforce requirements will be linked to forecast internal pipeline for customer service capability. Workforce sourcing strategies will need to meet requirements for high degree of technical knowledge across a variety of disciplines. Partnerships with other agencies who can provide or support operations will be required

Geographical Considerations
 Framework of factors to consider for geographic direction

Where IR will be and where work will be done, will be based on (a) how we will interact with customers, (b) how our business will stay responsive, (c) how we will access the required people capabilities and (d) organisational considerations like cost, leadership and presence.

In the future, IR will interact with customers primarily through digital channels. This will require less physical contact and site locations. Community and customer interactions will not always require a physical presence and there will be a different approach to ensuring community presence. Access to talent, centres of excellence and economies of scale will be the drivers behind establishing physical locations. Geography and organisation considerations in detailed design will be used to determine IR's future footprint for 2023. The below geography considerations tool has been developed to assist with such decisions.

Future Geography considerations

Customer Centric IR will provide end-to-end customer interactions primarily through digital channels recognising that some face-to-face interactions will still be needed.	<ul style="list-style-type: none"> Determine which functions will require face-to-face interaction with customers and which do not. Confirm where IR presence will be important for communities. Identify options for providing community presence eg, via digital, visits.
Agility Where and how we work will need to adapt and flex as work and demands change.	<ul style="list-style-type: none"> New and different ways of working will be required to facilitate an agile, dynamic and diverse workforce.
People capabilities Access and retention of people capabilities (workforce) will be a key consideration to where certain functions are located.	<ul style="list-style-type: none"> Determine when centralisation is important for products, services and specialists to enable economies of scale, consistent practice and communities of expertise. We will need to have 'critical mass' in the right places, as well as the ability to access sources of expertise wherever they may be.

Organisational considerations

Cost <ul style="list-style-type: none"> The availability and cost of facilities. Travel time and cost for servicing customers in remote locations. Opportunity to maximise economies of scale through centralisation.
Leadership <ul style="list-style-type: none"> Leading and managing individuals and teams across multiple locations and from outside agencies. Establishing infrastructure to facilitate remote management.
Location <ul style="list-style-type: none"> Alignment with the cross agency / government considerations. Our existing footprint. Regions or metro.

Key Design Decisions for Detailed Design

The KDDs will be formed using a decision tool that considers four perspectives:
 Customer/Stakeholder
 Centralisation
 Access to talent
 Location

Geography implications for organisational capabilities will have the following implications

	Customer Services – Individual & Families and Businesses & Organisations	Information & Intelligence Services	Strategy & Advisory Services	Policy, Innovation & Change Services	Business Services
Geography Implications	<ul style="list-style-type: none"> Non-location specific. Centralise for economies of scale. Visible community presence required to influence compliance. 	<ul style="list-style-type: none"> Access to talent and specialists. Centralise for centres of expertise. 	<ul style="list-style-type: none"> Location specific (most likely Wellington) for some functions. Centres of expertise for technical and specialist functions. Access to talent and resources. 	<ul style="list-style-type: none"> Location specific, Wellington for some functions (eg, Policy). Centralise for centres of expertise. 	<ul style="list-style-type: none"> Centralise for economies of scale. Centralise for centres of expertise. Access to talent and resources. Opportunities to leverage other parties.

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Culture
Vision of culture and its dimensions.

The future ways of work will be different and anchored on being customer centric, intelligence led and agile. These anchors will be embedded through a cultural model to change how we behave, how we make decisions and what is important to the organisation.

Our Culture is ...
Anchored in ...

Customer centric
"Our customers matter to us. Whether they are internal or external, the customer experience is at the heart of everything I do. In my job it is easy for me to make a difference for customers. Our policies and processes enable us to do our best."

Intelligence led
"In my job it is easy for me to get things done. I have access to great systems and data, and I have the authority to make decisions. I can trust the quality of the information we use to do my best for IR and our customers, and I am supported to make those decisions."

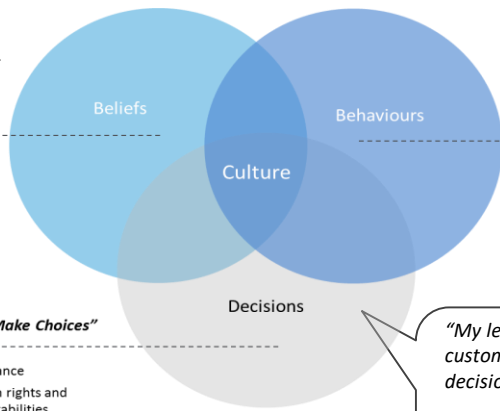
Agile
"We really get how 80/20 works at IR. I am part of a team that knows how to do the right thing to meet competing needs of customers, IR and the system and how to do that at pace. Our work place makes it easy to be flexible, valuing people whether they are staff or third party providers."

Experienced through ...

"I know what makes IR special, it's that we constantly innovate and improve to make sure we do our best, so our customers get the best tax authority in the world".

Partnering with Customers and **Innovative** will be the primary ways we describe culturally what is important to our business vision and mission and how we structure our operations.

- "What's important to our business"**
- Vision and Mission
 - Strategy
 - Business model
 - Values
 - Brand



"How we are rewarded and recognised here makes it clear that behaving according to our culture and values is non-negotiable. I truly collaborate with others, as their input shapes a better outcome for us and our customers."

People Oriented, Empowered and Collaborative will be how we describe how we behave towards each other internally and externally. Trust and IR values will be visible throughout IR and leaders build trust.

- "How we behave"**
- Leadership
 - Behaviour styles
 - Interpersonal dynamics

- "How We Make Choices"**
- Governance
 - Decision rights and Accountabilities
 - Company policies and processes

"My leader trusts and supports me to make the right decisions needed for customers and for IR. It's clear what I am accountable for and the impact my decisions make."

Whole of IR, Outcomes Oriented and **Risk Tolerant** will guide how we ensure decisions are made at lower levels and how we develop the policies, processes and systems we use to get our outcomes achieved.

Shaped by ...

Leadership will provide clarity on the future direction, and role model culture every day.

Enabling Infrastructures will be the critical decision making authorities, governance processes and systems that will be used.

People Programmes will be the performance and reward practices that reinforce culture-aligned behaviours at all levels.

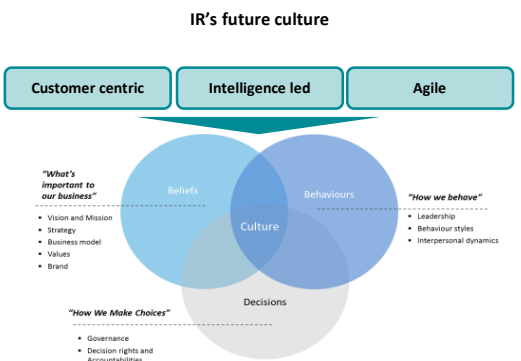
Measured and monitored regularly

Leadership
Vision of leadership and expectations

Leaders will be critical in achieving the target state. The future will see leadership exist in many ways and across all areas of IR. We will have people, technical, system and thought leaders.

- Good leaders will be found everywhere in IR and will **positively influence** the behaviour of others to achieve goals and promote an environment of **focus, cooperation, and energy**.
- Leadership **begins with the person, not the position**. There will be **different 'types' of leaders** on the basis of focus and influence: people/process leaders, technical stewards, engagement leaders and innovation/thought leaders. A leader may be enacting different 'types' of leadership according to the assignment or role or situation.
- Leaders will live and model IR's Culture & Values. Leaders will be 'customer centric' by keeping **customers (internal or external) at the heart of every decision** they make. Leaders will be 'intelligence-led' through their use of **intelligence for decision making**. Leaders will be 'agile' because **they embrace and lead change and can enact the different 'types' of leadership** required.

All IR leaders live and model the IR Culture & Values. Leadership will be a critical enabler of our future culture state.



Customer centric

- I ask proactively questions and seek to understand other perspectives - customers, colleagues, stakeholders and partners.
- I act with the customer in mind.
- My customers, colleagues, and stakeholders have seen that they can trust me.
- I can be held to account for commitments I make.

Intelligence-led

- I am curious about wider contextual subjects.
- I create and use insight to exercise sound judgement.
- I share knowledge and resources freely and behave transparently and with integrity.

Agile & responsive

- I maintain my composure and positivity when things are uncertain.
- I work with my peers to clear obstacles and problems.
- I lead, follow, coach and mobilise different people and teams to deliver on shared commitments.
- I place wider, organisational goals ahead of my own.
- I focus on outcomes and always try to do things better.
- My team are clear about what's expected and are given autonomy to deliver value.

Core Leadership Expectations - Leaders will be agile, enact different types of leadership and support IR's transformation

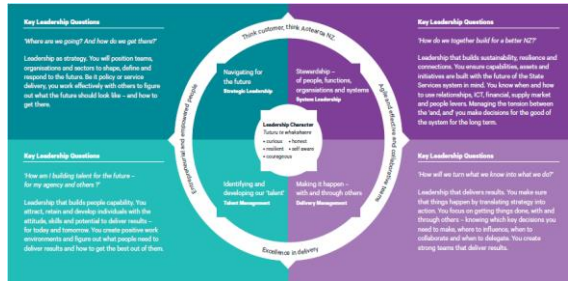
What we will expect of our leaders to transform IR

The capabilities a leader will need to demonstrate to deliver the expectations

IR Leadership Framework



SSC Leadership Success Profile



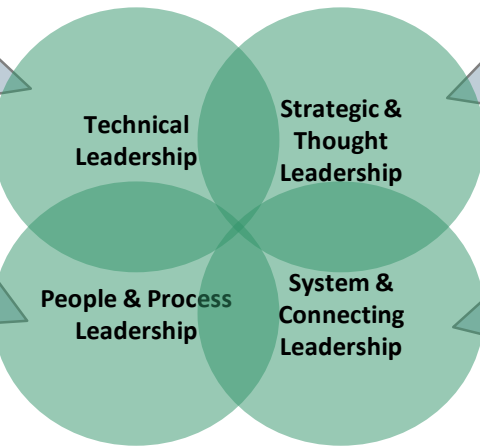
Leadership will exist across the organisation. A leader will be agile and will enact different types of leadership.

When I am a technical leader:

- I am interested in what's happening with social policy measures globally.
- I enjoy solving problems that no one has solved before.
- I value the contributions and perspectives of others.

When I am a people & process leader:

- I understand what drives my people and use this to motivate them.
- I provide clarity on priorities so my team can get them done.
- I encourage debate to make decisions and accept responsibility for outcomes.



When I am an strategic & thought leader:

- I am curious about future trends and possibilities.
- I connect ideas across industries.
- I am productive when things are uncertain.
- I act with the customer in mind.

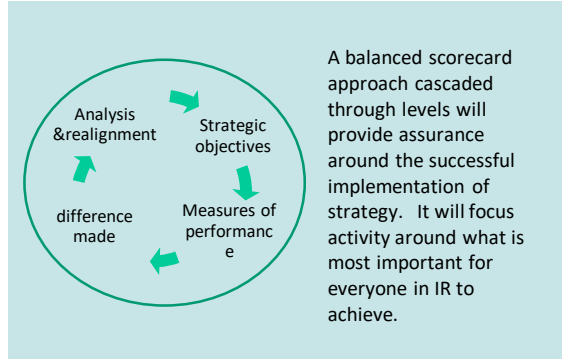
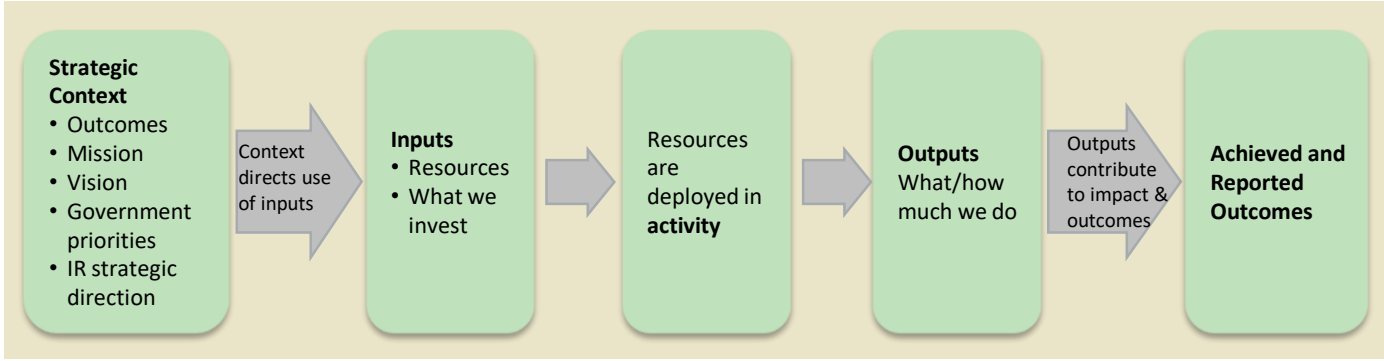
When I am a connector

- I listen to understand what my stakeholders value.
- I find common ground when there is conflict.
- People trust me to be a settling influence in tough times.

A public value balance score card will be used to drive towards whole of organisation achievement of goals and outcomes.

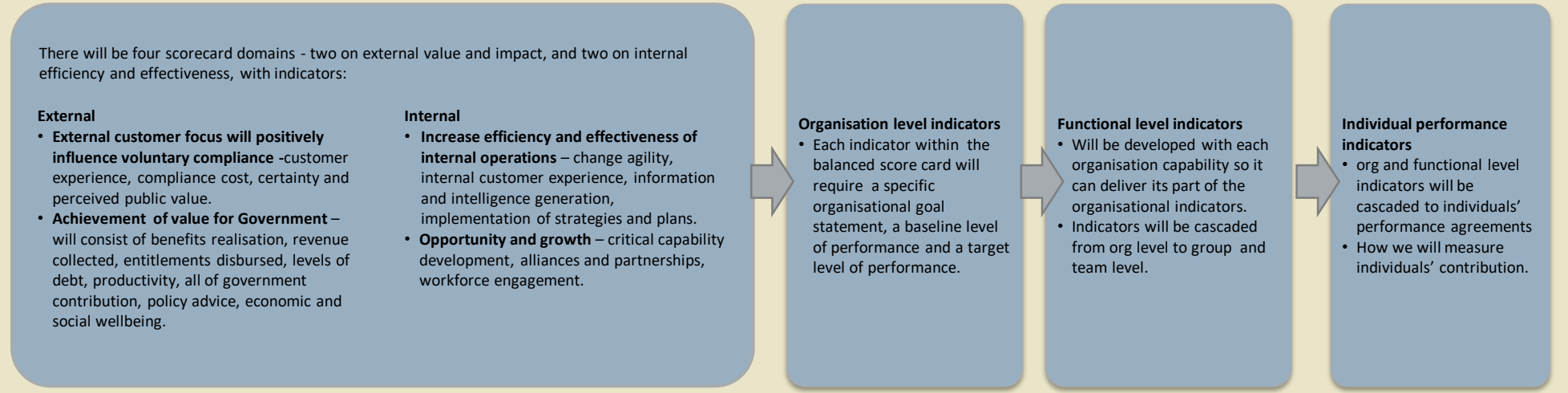
The organisational outcomes work will build on the outcomes, measurement frameworks and thinking that already exists and is being taken forward in IR (PF&F).

Simplified Outcomes Framework



Organisational achievement will be driven and measured through a **Public Value Balanced Scorecard**.

The indicator targets will be cascaded from organisational to functional and team level, and then to individuals.

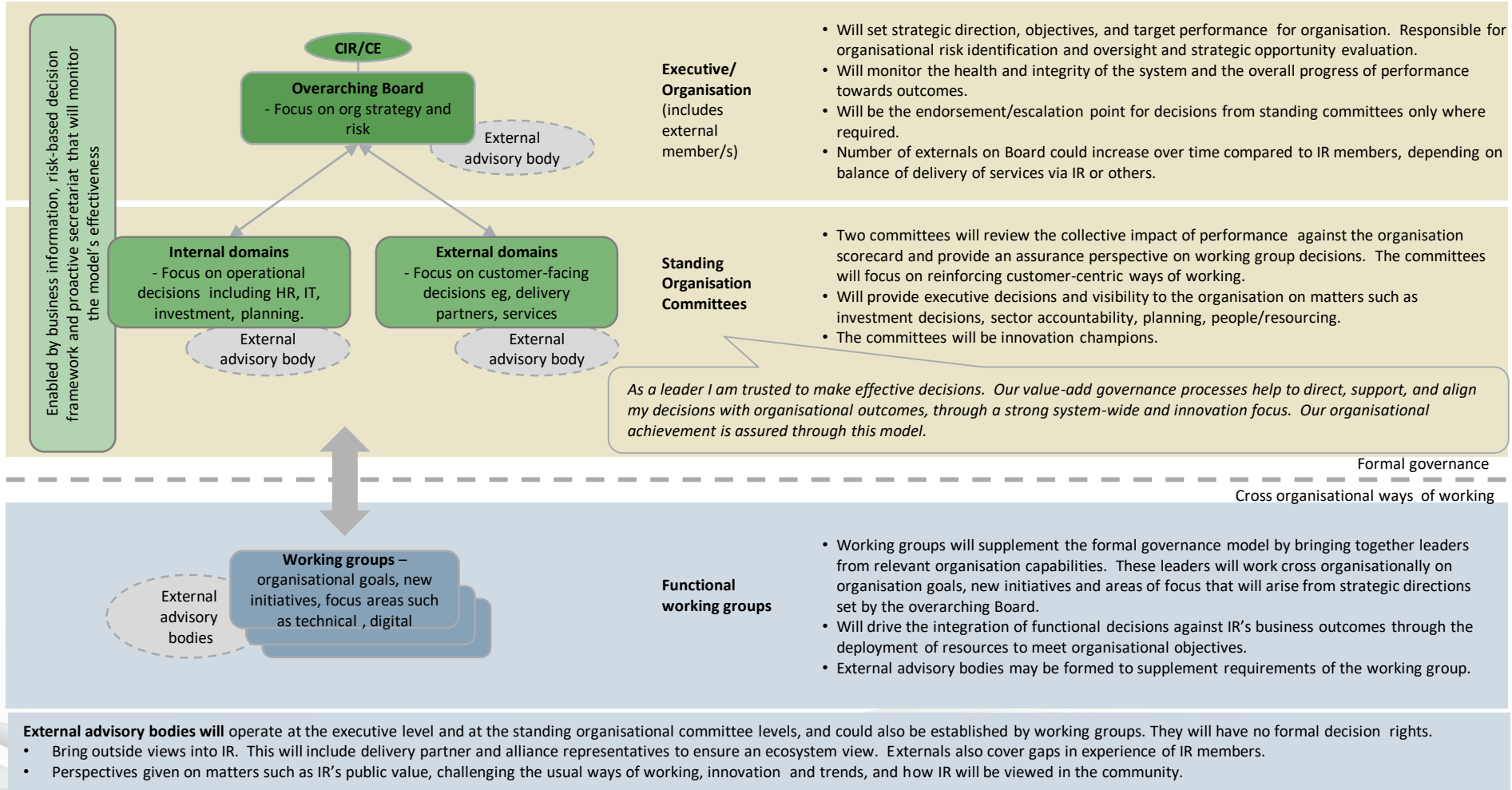


Note: The domains and indicators noted are indicative and will be used as the basis of further analysis and development in the next phase of work. Indicators should be few (<20) and critical.

Organisation decision making and assuring organisation performance will be carried out through a tiered governance model that will reflect the future state culture and ways of working

Future state governance and decision making concepts:

- Governance is supported by a strong culture of trust and whole-of-organisation way of working. Decision making will be aligned to leaders' accountabilities and responsibilities so that only the most critical decisions are endorsed via governance.
- Inclusion of wider eco-system perspectives throughout the model. The model will evolve towards progressive and increasing effectiveness.
- Risk-aware decision making will be supported by intelligence-led approaches and functional expertise. Governance will be responsible for challenging the status quo, supporting our innovation impetus, and providing a check and balance of risk and assurance.
- Governance standards and settings cater to the statutory roles of the Commissioner and Chief Executive.



Note: The model presented is indicative and the concepts noted in this material will be used as the basis of further design work as our future state takes shape.

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APPENDIX: Suggested organisation design alternatives for Tax Counsel functions

Reactions to this design aspect (as represented through KDDs 5 and 6) from various groups is summarised as:

- Perceived reduced efficiencies in the process of routing a customer’s case from the point of interaction (CS) for deep tax technical clarification (BS), for adjudication (SAS) or for the enforcement and litigation (BS).
- Perceived reduced effectiveness due to the split of tax/legal stewardship, advice and independent adjudication (SAS) from the operational tax and legal functions (BS). SAS will not easily be able to exercise oversight, influence and control without appropriate resource and contact points for funnelling cases or escalations.
- Escalation and adjudication can be viewed as ‘operational’ functions that can be consolidated as part of BS. This however, will trade off independence of adjudication from other operations, and will be mitigated by appropriate process and governance.

Considerations: There are two options as alternative to the design of the future state:

Option	Future Design: Independent Tax Advisory, Escalation and Adjudication in SAS, Taxpayer and Public Rulings in BS	Option 1: All of OCTC current functions in SAS	Option 2: All of OCTC current functions merged into BS
Description	<ul style="list-style-type: none"> • Segregation and independence of escalations, advice, dispute review and adjudications from aspects of operations. • Legal / tax technical will be consolidated in BS as a professional service to be accessed by other parts of the organisation (particularly CS) for advice. Legal and tax practitioners will sit within BS. • Stewardship for legal / tax will lie with Tax Counsel role in SAS. • CS workforce will be up-skilled to understand tax products generally and be able to apply it to the customer lifecycle and context. • Taxpayer Rulings (TRU) and Public Rulings (PRU) will be in BS. 	<ul style="list-style-type: none"> • Rulings, escalation and adjudication will be grouped into Strategy and Advisory Services. • Legal / tax technical, other than those noted, will be consolidated in BS as a professional service to be accessed by other parts of the organisation (particularly CS) for advice. • Stewardship of tax technical community will sit within Tax Counsel role in SAS. • Segregation and independence of escalations and adjudications from operations in CS and BS. 	<ul style="list-style-type: none"> • Rulings, escalation and adjudication grouped in Business Services. • Stewardship of tax technical community closely connected to all technical functions in BS. • Legal / tax technical capability and functions are consolidated in BS as a professional service to be accessed by other parts of the organisation (particularly CS) for advice.
Benefits	<ul style="list-style-type: none"> • Consolidation of nearly all legal and tax operational functions in BS. • The legal/technical parts of the business, and their governance/oversight, are and will be of strategic importance to IR. • Escalation & Advice (E&A) does and will produce advice as a “release valve” for issues that are uncertain in BS. • The independence of Dispute Review Unit (DRU) adjudication/review decisions will be reinforced structurally with the separation of the operational arms of the business. 	<ul style="list-style-type: none"> • Groups many expert technical functions together for synergies and better building of capability. • Assists “Tax Counsel” oversight and governance as it provides critical mass, resources, involvement and attraction of issues (is a possible vehicle for exception management?). • Tax Counsel ability to shift resources between units to meet relative demands. • Issues of equivalent importance/difficulty will be done in a single (specialised) group. • Easier to sustain a culture of technical excellence in a smallish, more specialised, group. • Less disruption to OCTC functions during parts of Transformation. • Independence of adjudications from rest of operations in CS/ BS (except for rulings). 	<ul style="list-style-type: none"> • Consolidation of whole tax technical and legal capability, including stewardship results in possible efficiencies. • All customer facing operations grouped into CS and BS, will make work flows easier to manage. • Broad and cohesive management of all legal/technical functions under a single functional manager. • Can still retain the 4 OCTC functions, or decide to merge/rearrange. • The legal aspects of rulings and advice will be done in a single (large) group – but not all rulings, as investigators are heavily (even primarily) involved in binding rulings done by I+A. • Greater legal/technical resources in the large group to adjust to meet temporary demands. • Telegraphs a shift in expectation of BS (Managers) for being the centre of technical excellence.
Trade-offs	<ul style="list-style-type: none"> • Perceived reduced efficiencies as a result of segregation. • The E&A and DRU functions are different in kind from other parts of Strategy & Advising. • Insufficient critical mass/resources and involvement in issues to guarantee effective “Tax Counsel” oversight and issues management in relation to the IR legal/technical Business. • Small number of total personnel will result in limitations to outputs and also limited resource flexibility. • Adjudication is a customer-facing function and does not purely align with the proposed segregation. • Potential for difficulties in ensuring streamlined decision-making as segregation causes issues for resolving inconsistencies / differences in perspectives between E&A/DRU and TRU/PRU/BS. 	<ul style="list-style-type: none"> • SAS will have no other operational arms. Greater dilution of SAS role. • The segregation of the rulings functions from rest of operational legal technical expertise will limit the potential efficiencies of combining all legal functions. • OCTC itself has relatively limited resources, which are inevitably constraining. • Retains a relatively complicated management structure for the legal/technical functions. • Possible loss of opportunity to create a culture of technical excellence in the larger group. • Raises questions regarding the role/expectations of senior managers in BS, and the legal/technical issues management and decision-making (compared to OCTC), and whether this will be different to the present state. • Inability to monitor the rulings and advices to taxpayers that may continue to be done in different parts of the Department. 	<ul style="list-style-type: none"> • No separate/specific oversight of technical/legal at an organisational Governance/Strategic level. • No separation/independence from Business Services, in a structural sense, for adjudication/dispute review. This will require mitigation by process and governance. • Uncertainty regarding the role or placement of - or even need for - a “Tax Counsel” function (rather than position). <p><i>Note: CS = Customer Services SAS = Strategy & Advisory Services BS = Business Services</i></p>