



Self-Assessment against the Business Transformation Business Case

Business Transformation Programme

March 2022

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Executive summary

The purpose of this document is to capture the outcomes achieved by the Business Transformation Programme against the Business Case. The process used was a self-assessment to the Business Case and the Business Blueprints that were formed to deliver on the business case objectives. This document is the basis for the final Gateway review of the BT Programme, completed in April 2022. The final Gateway review is a Gate 0, a strategic assessment focused on the achievement of the investment objectives and outcomes set out in the Business Case.

The intent of transformation was to deliver a modern, digital revenue system that made tax and payments simpler and more certain for customers. This has been achieved.

The capabilities delivered as part of the transformation programme are reducing effort for customers, enabling them to do far more for themselves, and providing them with certainty sooner. They are enabling other organisations who play key roles in the revenue system to better serve their clients. And new capabilities are enabling Inland Revenue itself to work far more efficiently and effectively.

A comprehensive programme of policy changes has been implemented. This has provided the foundation for some fundamental and far-reaching changes such as the introduction of automatic issuing of end-of-year income tax assessments for individuals. As each release went live, policy changes were introduced to help simplify things for customers and improve the administration of products.

Vastly improved online services make it easy for customers to see and track their tax and social policy affairs. All their information is in one place in their myIR account, which is robust, reliable, and available when they need to use it. Most individuals and families now only need to check the information we hold about them. Routine transactions such as these have been automated and moved online, which is freeing us up to help support customers with more complex circumstances.

The information we hold is more accurate and near real time and we are better able to analyse and act on it. We can now respond far more quickly to help customers pay and receive the right amounts. Checks now happen at the time of a transaction, so errors are picked up at the earliest possible opportunity. For example, around 150,000 applications for either the small business cashflow (loan) scheme (SBLS) or resurgence support payment (RSP), implemented in response to COVID-19, were stopped by up front checks. A further 168,000 applications for the RSP were referred to our experts to review. Prior to transformation, it would simply not have been possible for us to check this volume of applications and make payments to customers quickly. A high trust model no longer has to mean high risk.

For the first time, we have a single, end-to-end view of our customers. All transactions across all products are held in our new system START¹. Not only does this make it much easier to support customers; it also makes it much easier for new products to be added as the full customer base is already there in one place. Common processes that all products rely on such as registration, payments, and myIR access are already in place. This means that new products can be added at considerably lower cost and effort. This was evidenced by what we were able to achieve with the COVID-19 response initiatives, both in terms of the speed at which we were able to stand up new products, but also our ability to assess risk on a customer-by-customer basis.

¹ START stands for simplified tax and revenue technology and is the name we have chosen for the GenTax software provided by FAST Enterprises LLC

We have significantly expanded and improved our digital channels. In turn this has enabled a far wider range of organisations to participate in the revenue system. We now partner with a much wider variety of organisations and make more of the information we hold readily available to them, with appropriate security permissions. We are increasingly partnering with others to deliver services to New Zealanders. For example, working with the software industry to enable businesses to use their own systems to meet their obligations.

Decision-makers have significantly more agility to make changes to policy and legislative settings. Common rules and established design patterns mean that new products or services can be implemented much more quickly. Products such as the SBLS and the RSP were available to customers within weeks, with funds in their account within days of their application. These timeframes were simply unthinkable prior to transformation. We are now able to work at a pace which was not previously possible.

The way Inland Revenue itself works has changed significantly. A new organisation design centred around customers and their needs, new intelligence and knowledge management tools which enable us to harness the power of the information we hold, and a new enterprise support services platform enabling our people to self-serve are helping us to work more efficiently and effectively. Management layers have been streamlined to support the move to broad-based roles, with leaders focusing on managing people rather than managing work or tasks. Devolved decision making is empowering our customer-facing staff to resolve more issues for customers at first contact.

The amount of revenue we collected grew by 50% for the year ended 30 June 2021 compared to the year ended 30 June 2016, the last full year before transformation began. Over the same period, the number of our full-time equivalents reduced by 28%.

We have completely simplified our technology landscape with the majority of our services now supplied and supported by trusted partners and vendors. We now have a significantly smaller technology team focused on managing the vendors and service levels. The buy rather than build approach is now well ingrained.

The investment made in transformation has created the capabilities that are enabling us to operate successfully in the digital age. There are opportunities to further build on what has been achieved, particularly for some of the internal systems and processes our people use. We have plans in place to continue the work to fully embed and leverage the capabilities that have been delivered.

What business transformation set out to achieve

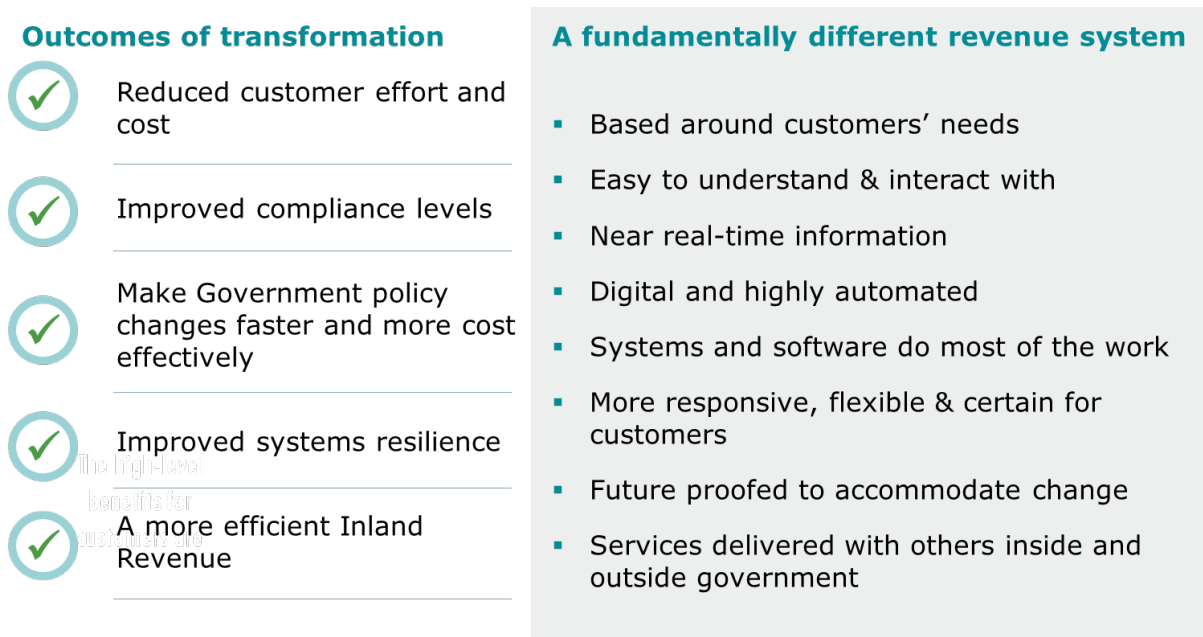
In November 2015, the government agreed to invest in transformation to reduce customer effort and cost, improve compliance levels, make policy changes faster and more cost effectively, improve systems resilience, and make Inland Revenue more efficient.

Inland Revenue’s business transformation programme involved a combination of changes to policy, process, technology, and people capabilities. It has been far more than an upgrade of technology and has changed every aspect of the way Inland Revenue operates:

- Simplifying policy and legislative settings.
- Making more intelligent use of information to proactively ensure customers get it right from the start.
- Fitting revenue processes seamlessly into people’s lives.
- Creating an organisation that works together and with partners better, and empowers its people to improve outcomes for customers.
- Implementing a modern technology platform (START) that is digitally based and highly automated.

Transformation provided the opportunity to fundamentally review how the revenue system is administered to make tax and payments simpler and more certain for customers. The intent was to deliver a modern, digital revenue system that enabled customers to do as much for themselves as possible in a way and at a time that suited them. The intended outcomes of transformation are shown in the figure below.

Figure : Outcomes of transformation



The programme had 6 investment objectives:

- Improving agility so that policy changes can be made in a timely and cost-effective manner.
- Minimising the risk of protracted system outages and intermittent systems failure.
- Improving the customer experience by making it easier and simpler for our taxation and social policy customers, with a particular focus on enhanced digital provision of services.

- Delivering new and more effective services to improve customer compliance and help support the outcomes of social policies.
- Increasing the secure sharing of intelligence and information to improve delivery of services to New Zealanders and improve public sector performance.
- Improving productivity and reducing the cost of providing Inland Revenue's services.

Implementation of customer-facing changes is now complete, with six releases across four stages implemented successfully on time and under budget. The modern, digital, revenue system envisaged by transformation is now in place.

The programme will close by 30 June 2022, once final decommissioning is complete.

What transformation has delivered

In just over 5 years, Inland Revenue has successfully transformed the revenue system.

From 2017 to 2021, six releases across four stages progressively moved products to new systems and processes and significantly improved the services available to customers. The first customer-facing changes were implemented in February 2017 and the final changes in October 2021. The starting point was GST, as it was a simple, stand-alone tax, to prove the approach. We learned and adapted as we went through each release, which made the final release run exceptionally smoothly, despite including child support.

During the programme a significant amount of data was migrated, including 29 million customer accounts, 77 million returns and 470 million transactions. A touch under 270,000 tests were completed and 747 hours were spent moving information and data from the old to the new system. We directly contacted customers and tax intermediaries more than 5 million times, some more than once, and ran around 600 in-person seminars and 70 online webinars to ensure that customers and those that represent them knew what to expect and when. We ran almost 1,200 classroom training sessions for our people, with many, many more held online once COVID-19 arrived, to ensure they were ready to support customers.

The programme has been delivered on time, under budget and has achieved the intended outcomes². We achieved this while continuing to deliver services to New Zealanders, navigating earthquakes and building closures, and supporting the government to respond to a global pandemic.

We have reflected on the factors that made it possible to successfully implement a multi-year, multi-stage, highly complex programme. These include:

- **Invest in the right capability.** We recruited an experienced team with a track record in delivering transformational change.
- **Choose the right partners.** Having the right partners is critical and we developed very strong partnerships with our delivery partners and made our core technology decisions early.
- **Lead from the top.** Transformation can't be an add on to a busy day job.
- **Develop a clear vision and roadmap.** The programme roadmap set out the overall phasing and strong programme disciplines ensured we remained on schedule. We managed scope tightly by strongly relying on out-of-the-box processes to avoid unnecessary configuration or customisation.
- **Establish strong and effective governance.** This was instrumental in establishing the disciplines needed for successful delivery and was supported by a robust approach to risk management and active financial management practices.
- **Build and maintain stakeholder and customer support.** Actively engaging with customers and stakeholders helped us to put customer needs at the centre of our thinking.
- **Take your people on the journey.** From early on, we were open with our people about what the changes would mean, including being a smaller organisation at the end. A significant investment in capability development readied our people for their next opportunity, whether that was with Inland Revenue or not.

The programme will close by 30 June 2022 as planned, having delivered what it set out to achieve.

² The March 2022 Cabinet paper titled *Inland Revenue's Final transformation update* and the *Final Programme Business Case Addendum* describe and confirm the outcomes that have been achieved and confirm the funding to be handed back to the Crown.

Assessing what transformation has delivered

Inland Revenue has regularly and transparently reported its progress throughout the transformation programme. Reporting has been comprehensive, ranging from detailed tracking of delivery progress each fortnight, through to reporting every 6 months to Cabinet.

Now that the programme is nearing its end, Inland Revenue has conducted self-assessments at different levels of detail to determine whether the intended outcomes have been achieved. All conclude that the outcomes of transformation have been achieved.

The assessments completed are complementary, as shown in the table below.

Table: Self-assessments completed by Inland Revenue

Focus of assessment	Description	Documentation
Outcomes	Assessment of the outcomes achieved through new capabilities	Final Cabinet paper Final addendum
Capabilities	Assessment of the capabilities enabled by functional changes	Self-Assessment to BT Business Case (this document)
People, process, policy and platform changes	Assessment of the functional changes delivered	Detailed assessments

There are undoubtedly opportunities to continue the work begun in the programme to ensure that Inland Revenue makes the most of the new capabilities delivered to further improve outcomes for New Zealanders.

Approach to this assessment

In 2014/15, business solution blueprints were developed that outlined how Inland Revenue would move from its current ways of working to future ways of working. The blueprints described how Inland Revenue would need to operate in the future to ensure it could continue to meet the needs of New Zealanders. Blueprints were developed for seven areas:

- Core tax and social policy
- Customer experience
- Intelligence led
- Technology change and Technology enterprise integration
- Organisation design
- Policy
- Enterprise support services.

In late 2021/early 2022, following the final release in the transformation programme, Inland Revenue completed a self-assessment of the progress made in delivering the capabilities described in the blueprints. This built on an earlier self-assessment conducted in July 2020.

The self-assessments confirm that the changes delivered by transformation have provided Inland Revenue with the capabilities required to administer a modern, digital revenue system.

As the programme progressed, in some areas the intent of the blueprints was superseded by developments, such as the evolution of technology, and/or events such as earthquakes and pandemics.

In some cases the blueprints were augmented with more detailed scoping documents including solution blueprints that further translated the intent of the high-level design into more practical solutions.

And as we have progressed through transformation we have made design decisions to deliver on the outcomes that are more relevant and have taken advantage of our commercial-off-the-shelf (COTS) products and emerging technology offerings.

Core tax and social policy

The changes made to our core tax and social policy systems and processes were intended to make tax and social policy as easy and as self-manageable as possible. We aimed to reduce uncertainty, reduce the effort required to comply, and reduce complexity for all participants in the revenue system.

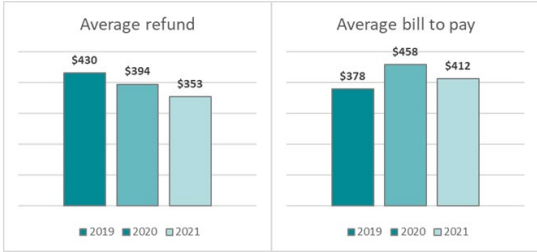
This would be achieved by:

- Using common services and business rules.
- Removing mundane, routine work enabling our people to focus on higher-value interactions with customers.
- Improving the accuracy and timeliness of the information we hold.
- Capturing information correctly the first time.
- Responding earlier and more effectively to customers' events and circumstances.
- Enabling greater use of customers' natural systems.

Assessment

The examples provided in the table below are illustrative of the outcomes that have been achieved and support the assessment rating, rather than an exhaustive list of all the changes introduced.

Capability	Assessment	Commentary
Common services and business rules	Achieved	<p>There are established design patterns within START, our new core system. This validates our decision to select a commercial-off-the-shelf (COTS) solution and is providing greater agility. Now that core patterns are established, it is quicker and easier to add new products as the change is more incremental. This approach enabled us to quickly support the Government's response to COVID-19. It also results in fewer post go-live issues once existing design patterns are adhered to.</p> <p>For example, the Resurgence Support Payment (RSP) shares a common design with the small business cashflow (loan) scheme (SBLs). The RSP was announced by the Minister of Finance on 15 December 2020 and went live for the first time on 23 February 2021. It would not have been possible to meet these timeframes prior to transformation.</p>
Focus on higher value interactions	Achieved	<p>High-volume, simple transactions have moved online as intended and changes in customer behaviour are freeing us up to provide more personal support to customers who have complex needs.</p> <p>Processing times are much faster, with many transactions processed straight through. This provides customers with certainty sooner. For example, for the year ending 30 June 2021, 95% of KiwiSaver members' contributions were transferred to their scheme providers within two days. Previously it took an average of 20 to 23 working days. This means members funds are invested more quickly. Around 93% of GST returns are processed straight through, ensuring customers get valid refunds quickly.</p> <p>Through their myIR account customers can file returns, make payments, advise us of changes in their circumstances, and apply for support. As at 31 December 2021, 99% of returns were filed digitally.</p>

Capability	Assessment	Commentary
		<p>Customers who can are using self-service options. For example, customers can set up instalment arrangements themselves online. From 1 July to 31 December 2021, 44% of instalment arrangements were set up automatically through myIR. Previously, customers would have had to contact us to set this up. We know that customers who set up their own arrangements are more likely to stick to them and pay the amount they owe.</p>
<p>Improved accuracy and timeliness of information</p>	<p>Achieved</p>	<p>New reporting requirements for employment and investment income information were introduced progressively from 1 April 2018 to 1 April 2020. The year ended 31 March 2021 was the first full year we received employment income information every payday and more detailed investment income information more regularly.</p> <p>This is helping to ensure customers increasingly pay and receive the right amounts during the year. For individuals, end-of-year refunds and bills to pay have reduced as intended in the 3 years since they have been automatically assessed as shown in the graphs below.</p>  <p>Since the year ending 31 March 2021, we have been automatically issuing individual customers with their end-of-year income tax assessment. This was the most significant change to the tax system in almost 20 years for individual customers.</p> <p>We now pre-populate information in customers' myIR accounts and calculate the refund or tax to pay for them. Customers only need to let us know if this information is incorrect or incomplete and refunds are automatically paid into customers' bank accounts. Since automatic assessments were introduced, we have paid around \$1.8 billion directly into people's bank accounts. Prior to transformation, customers had to work out for themselves whether they were due to receive a refund and then apply for it. Some used intermediaries to do this for them, who then charged a percentage of the refund as their fee.</p> <p>Social policy customers are also benefitting from the significant improvements we have made in receiving and processing information in a timely way.</p> <p>[Information redacted]</p>
<p>Information captured correctly</p>	<p>Substantially achieved</p>	<p>New systems and processes are reducing errors. Higher levels of automation and rules built into systems mean straight forward transactions are processed with no human intervention. For example, around 93% of GST returns are processed straight through.</p> <p>We have also enabled a wider range of partners to access and update the data we hold to ensure it is correct. For example, the IRD number validation service is being used by banks, KiwiSaver providers, tax agents and payroll providers to ensure that their</p>

Capability	Assessment	Commentary
		<p>clients are correctly identified thus improving data quality and reducing error rates.</p> <p>The introduction of payday filing has had an impact on the time small-to-medium sized businesses spend on their compliance obligations. There is an opportunity to reinforce the wider benefits of payday filing.</p> <p>Data quality has improved considerably through transformation as data has been checked and updated prior to each release. It will require an on-going focus to ensure quality is maintained.</p> <p>We are continuing to implement our data and information governance programme. Two immediate areas of focus are improving how we record and report collection and sharing of data, and building the capabilities of our people.</p>
<p>Earlier and more effective responses to customer events and circumstances</p>	<p>Achieved</p>	<p>We are now better able to target activity.</p> <p>We can proactively notify customers about upcoming events. For example, before the 2021 end-of-year square up for Working for Families customers we contacted all families new to the scheme to let them know what to expect.</p> <p>Using analytics we identified disaster support workers whose unplanned income, as a result of the Whakaari/White Island eruption, could have led to a loss of support or benefits. We intervened to stop this happening.</p> <p>We proactively notify customers about their obligations. Since August 2021, we have been sending information to customers (or their agent) within a month of a property sale reminding them that if the sale is subject to income tax due to the bright-line rule, then any profits must be declared in their income tax return when it becomes due. Voluntary disclosures have increased as a result.</p>
<p>Greater use of customers' natural systems</p>	<p>Achieved</p>	<p>Businesses are able to meet their obligations through their natural business systems. They can file through software and easily provide Inland Revenue with information at the time they're carrying out a normal business process. For example, reporting employment income information when they do their payroll. As at 31 December 2021, just over 210,000 small to medium sized businesses and tax agents were using business accounting or payroll software to manage their GST obligations.</p>

Conclusion

Our core technology and processes are now flexible and agile, cheaper for the government to run, and support simplicity, efficiency and predictability for customers.

Customer experience

We set out to make tax and social policy as painless and manageable as possible, by reducing effort and maximising certainty for customers when dealing with us.

This would be achieved by:

- Basing services around customers' circumstances and life-events.
- Removing manual work and focusing on higher-value tasks facilitating compliance.
- Expanding and improving our channels to enable customers to self-manage.
- Improving our ability to communicate with and educate customers.
- Developing a customer-centric workforce.
- Leveraging our partner network to embed interactions at natural points for customers.

Assessment

The examples provided in the table below are illustrative of the outcomes that have been achieved and support the assessment rating, rather than an exhaustive list of all the changes introduced.

Capability	Assessment	Commentary
Basing services around customers' needs	Achieved	<p>All customer information is now held in one place, providing a full view of customers' circumstances. This is enabling us to help ensure customers pay and receive the right amounts during the year.</p> <p>For example, to help ensure people receive the payments they are entitled to, each week we identify between 50 and 100 customers who should be receiving Working for Families tax credits that aren't and get in touch with them. This was not possible before transformation.</p> <p>Customer-centric design practices have been used extensively when designing our digital self-service channels. This has allowed us to better understand customers' circumstances and needs and design our services to meet these. This design ethos has also been applied in building services that support customers in their natural systems, where co-design has allowed us to optimise the data exchange through application programming interfaces (APIs) connecting us to software providers.</p>
Focus on higher value interactions to facilitate compliance	Achieved	<p>We are now able to work more efficiently and effectively when transactions are identified that do require a closer look. Automated rules enable the right checks and balances to be put in place upfront so things that need to be looked at get stopped and those that don't get processed more quickly, providing certainty to customers sooner.</p> <p>[Information redacted]</p>
Expand and improve channels	Achieved	<p>Use of digital channels has increased massively, while equivalent 'analogue' options have declined. For example, the number of myIR sessions has nearly tripled from around 17 million for the year ending 30 June 2016, the year immediately before transformation began, to more than 50 million for the year ending 30 June 2021.</p> <p>Customers access our services from the platform of their choice, be it a busy parent checking their working</p>

Capability	Assessment	Commentary
		<p>for families tax credits from a mobile device, or an accountant seamlessly filing returns through their accounting software integrated with our application programme interfaces (APIs). A huge amount of the growth in myIR sessions, nearly 20 million sessions each year, are the result of customers accessing myIR from a mobile device. This was not possible before transformation.</p> <p>A suite of new gateway services was made available in April 2021. They provide improved support and are enabling external partners to securely query and update the data we hold about customers in real-time from their systems. These APIs are heavily used by tax agents and software providers. The improvement in the accuracy and timeliness of this data benefits Inland Revenue, its partners, and the other government agencies with whom we share data.</p> <p>This shift in interaction patterns fundamentally changes the way customers and those who interact with them communicate and transact with us and re-shapes their experience of us as a service organisation.</p>
Greater ability to communicate with and educate customers	Achieved	<p>Multiple new platforms and channels have been implemented as part of the programme and are supporting communication to and education of customers. Our public website, www.ird.govt.nz, has been completely rebuilt and all content rewritten to make it easier for customers to search, access and understand. This has helped customers to better manage their tax affairs and entitlements.</p> <p>The analytical capabilities in START and the data and intelligence platform enable us to better target our messaging and activity to customer need. We have also introduced web and text messaging, along with broader notifications in myIR.</p> <p>The introduction of automatic end-of-year income tax assessments for individual customers has educated them about the need to ensure their tax rates are correct, in particular the prescribed investor rate applied to some investment income, and that all their income is reported to us.</p> <p>Notwithstanding the huge success that the revamped myIR has been, there are opportunities to improve how information is presented and how we describe things to make it simple for customers to understand what they need to do. For example, we refer to processing dates whereas customers are interested in payment dates. Further enhancements to myIR to reduce confusion could further reduce customer contacts. The upgrade to online services as part of the October 2021 release has fixed some, but not all, usability issues.</p> <p>The one area that will require on-going work is customer notifications. Notifications could benefit from a focus on simplifying legislation and operational risk tolerances being reviewed.</p>
Developing a customer centric workforce	Achieved	<p>New organisation groups were established in February 2018 to enable a stronger focus on meeting customers' needs - two Customer & Compliance Services groups, one focused on individuals, families and micro-businesses and one on small, medium and significant enterprises.</p> <p>All our people are now on broad, capability-based roles enabling them to provide a wider range of services to customers. Management layers have been streamlined</p>

Capability	Assessment	Commentary
		<p>to support the move to broad-based roles, with leaders focusing on managing people rather than managing work or tasks.</p> <p>Devolved decision making is empowering our customer-facing staff to resolve more issues for customers at first contact. In addition, now that all the products we administer are in one place, our people have been provided with the opportunity to cross-skill in areas such as voice and families to resolve a wider range of issues for customers.</p> <p>Our ability to re-prioritise work and re-direct people to support customers with COVID-19 products is evidence of our ability to easily and quickly move resources to the areas of greatest customer need.</p>
Leveraging our partner network	Achieved	<p>Through transformation, the role of third parties in the revenue system has been significantly expanded. Services are increasingly being delivered in partnership with other organisations in both the public and private sectors.</p> <p>Use of software platforms by customers has increased, in particular the big accounting and business management platforms, the banks and payroll providers (employers and payroll intermediaries). Previously our digital channels were not available to many software platforms so most customers used a combination of myIR, phone and paper.</p> <p>During transformation we were able to set standards and parameters for third parties to meet. We now need to maintain strong standards and a clear view about what we want to achieve as the eco-system expands further to ensure we retain agility. The recently released Issues Paper addresses this issue.</p> <p>To continue to be successful in the future, we will need on-going capability to respond to emerging demand and to continue enabling partners. It is also important we recognise that product and service evolution now requires complex change management across multiple parties with long lead times.</p>

Conclusion

Customer experiences have significantly improved as a result of transformation. Digital services put customers in control, enabling them to do as much for themselves as possible in a way and at a time that suits them. We have organised ourselves around customer segments and enabled a far wider range of intermediaries and organisations to better manage their clients' affairs.

Intelligence led

The intent of our intelligence-led work is to ensure we apply insights at the right time when making decisions. We aimed to significantly improve the way we collect, store and analyse data and information and make it readily available when it is needed to our people.

This would be achieved by:

- Incorporating a wider range of data from business partners and third parties.
- Providing actionable insights to support right-time decision-making by people and systems.
- Providing a single, richer view of our customers and their behaviours.
- Significantly improving the way knowledge is collaboratively created, shared and reused.

Assessment

The examples provided in the table below are illustrative of the outcomes that have been achieved and support the assessment rating, rather than an exhaustive list of all the changes introduced.

Capability	Assessment	Commentary
Incorporating a wider range of data	Achieved	<p>We receive more frequent and more detailed income information which is resulting in more accurate assessments for customers. We can now pre-populate the data we hold about customers and associate different sources of income with a customer. For example, investment income information is now pre-populated in customers' myIR accounts enabling them to ensure they are on the correct prescribed investor rate (PIR). Prior to transformation, it was not possible to do this and, as a result, approximately 1.5 million people were on an incorrect PIR. If they were paying too much tax as a result, they could not get this refunded.</p> <p>[Information redacted]</p> <p>We now have more confidence in sharing the data we hold with others.</p> <p>Having more up-to-date employment income information has enabled us to effectively support the Ministry of Social Development (MSD) in delivering the COVID-19 wage subsidy scheme. Information about self-employed individuals, employers and employees was shared with MSD which enabled many applications to be automatically approved. Many however needed further clarification and initially a direct 0800 number was established for MSD staff to call us. A portal has been in place since 11 June 2020 and allows approved MSD people to access the information they need to verify applications directly, reducing the number of calls and the manual work, and ensuring applications are processed efficiently.</p>
Providing actionable insights to support decision making	Achieved	<p>The analytical capabilities in both the data and intelligence platform and START, our new core platform, are making it easier for customers to comply and harder not to. A significant amount of non-compliant activity can now be stopped at the earliest possible stage.</p> <p>For example, in the first week of April 2021, 68% of customers filing their IR3s who received a wage subsidy as part of the COVID-19 response were either</p>

Capability	Assessment	Commentary
		<p>not including it or including an incorrect amount. Within a week, we pre-populated this information for customers. Figures as at the end of July 2021, show that around 75% of customers were then getting it right.</p> <p>Around 4,000 returns were stopped by Integrity Manager. If nothing had been done, this figure would have been significantly higher and customers trying to finalise their returns would have experienced considerable delays. This shows how quickly we can now react to what customers are doing and make changes to help them get things right and provide them with certainty sooner.</p> <p>Compliance is increasingly occurring at the time of a transaction. For example, checks are built into application processes for COVID-19 products.</p>
A single view of customers	Achieved	<p>All customer information is now held in START, providing a full view of customers' circumstances.</p> <p>Text analytics mean we can automatically analyse customer notes in START each day to see what people are calling us about and why. Previously, team leads would call one another daily to discuss call trends.</p> <p>myIR provides full visibility to customers of the status of their applications. For example, customers are able to apply for and track the progress of their paid parental leave application, view next payment details, and view and maintain their personal details. Customers and their employers no longer have to provide an income estimate, as we pre-populate customers' income for them as part of the application process. Previously, everything was paper based.</p>
Significantly improved knowledge management	Achieved	<p>The way we store and access information has been completely over-hauled through transformation.</p> <p>Stax is our enterprise records management system and is where we store finalised business information. Security permissions ensure sensitive information is locked down and that documents are held, accessed, and shared appropriately.</p> <p>Our new intranet, called Haukāinga, an intelligent, context-based search is in place. This enables our people to quickly search for and find the information they need to do their jobs.</p> <p>Te Mātāwai is the primary source for our knowledge content. It includes instructions, guidance and experience for tax and social policy products and Inland Revenue processes.</p> <p>A new and improved tax technical website for tax professionals has been very well received. The site makes rulings, determinations, interpretation statements and other tax technical documents readily accessible and easily searchable.</p>

Conclusion

The quality and frequency of the data we collect has improved and a significant investment has been made in analytics. The focus is now on real time integrity, providing opportunities to intervene earlier when customers get it wrong, either accidentally or deliberately. This

reduces the need for post-return work, whether that is debt collection or audit and investigation.

Technology change and Technology enterprise integration

We set out to improve the quality, agility, availability and predictability of our systems and services to reduce the risk of failure.

This would be achieved by:

- Using proven, commercial-off-the-shelf (COTS) applications to support a highly digital and responsive revenue system.
- Implementing an up to date, scalable and redundant technology infrastructure.
- Rationalising and consolidating applications and decommissioning systems no longer needed.
- Ensuring FIRST (our old system) could co-exist with START (our new system) until the completion of the programme.

Assessment

The examples provided in the table below are illustrative of the outcomes that have been achieved and support the assessment rating, rather than an exhaustive list of all the changes introduced.

Capability	Assessment	Commentary
Proven COTS applications	Achieved	<p>All the products we administer are now running on START – the name we have chosen for the COTS package supplied by FAST. The decision to go with a COTS application for our core processing system has proven to be a key one. In October 2021, as part of the final release we upgraded to the latest version of FAST’s software, which included a significant upgrade to online services. In our old environment, if we had had to build these improvements ourselves, the cost would have been considerably higher and it would have taken considerably longer.</p> <p>GenTax was a fit-for-purpose revenue package that was fundamental to us achieving the outcomes we committed to deliver in return for the government’s investment.</p> <p>In addition to START, and in line with the all-of-government strategy of moving to digital first and cloud-based solutions, we have adopted a number of other COTS applications:</p> <ul style="list-style-type: none"> • Sitecore – manages the content of all our public facing websites, as well as our internal intranet. • Microsoft 365 – the platform on which all our staff operate. This enabled us to roll out laptops and tablets to all our people which allowed us to react to and operate seamlessly during the recent COVID-19 disruptions. It also ensures all information created by any staff member is stored securely centrally, thus reducing the risk of data loss. • Oracle cloud applications – a fully cloud based ‘as-a-Service’ solution supporting all our finance and human resources functions, which we have named Atea. • Oracle web centre content – supports our knowledge and document management platform, which we have named Stax. • ServiceNow – Supporting our IR wide Service Desk.

Capability	Assessment	Commentary
		<ul style="list-style-type: none"> • SAS – a managed suite of products making up our data and intelligence platform (DIP). • Microsoft Sentinel – an information security repository allowing us to manage any information security risks or incidents. • One Identity Manager – a cloud-based service that enables identity governance and administration including privileged access management. • Atlassian (Jira, Confluence) – a suite of products supporting project delivery and risk and issue management. <p>Systems are configured to our requirements with minimal customisation.</p> <p>Our focus is now on buy rather than build and we have significantly simplified our technology landscape. As a result, we have considerably reduced the number of people required to support our technology environment. The changes made to our technology team are significant and reflect changes to the mix of skills, capabilities and resources now required. Overall, around 90 people remain in the team, compared to approximately 330 prior to transformation.</p>
<p>Up to date, scalable and redundant technology infrastructure</p>	<p>Achieved</p>	<p>Our infrastructure continues to perform very well as evidenced by its stability in coping with a significant increase in volumes. The third round of automatic income tax assessments in 2021 saw our systems handle substantially higher loads than in 2020. Our systems would simply not have been able to cope with the volumes we experienced as recently as 2-3 years ago. We consistently exceeded our system availability targets during 2020/21.</p> <p>The number of critical priority (P1) incidents we are experiencing has declined, with few if any affecting customer-facing services.</p> <p>We have moved to a new workplace environment, where everyone is mobile-enabled. This is enabling us to respond quickly and smoothly to disruptions, such as COVID-19 and building closures.</p> <p>The evergreen nature of the services and products that we now use to deliver our services, including our technology infrastructure, means these are all delivered as-a-service and kept up to date by our trusted partners and vendors. As a result, our services and products will always be up to date.</p> <p>Three disaster recovery exercises have been successfully run, with the most recent in November 2020.</p> <p>Our new workplace tools have enabled us to continue to deliver services for customers through several significant disruptions in recent years. These include earthquakes, building closures due to seismic issues, and the COVID-19 pandemic. It was not possible for us to operate remotely effectively prior to transformation, as our experience following the Kaikoura earthquake in late 2016 showed.</p> <p>At that time, it quickly became clear that we were grossly under-prepared for an event that meant we did not have physical access to our buildings. Very few of our people had laptops and we did not have the network or security infrastructure to enable the few who did to work remotely effectively. As a result of that experience and the realisation we could not afford for this to happen again, work was accelerated to ensure</p>

Capability	Assessment	Commentary
		that as many of our people as possible could work remotely easily and effectively if the need arose again.
Rationalising, consolidating and decommissioning old applications and systems	In progress and forecast to be achieved	<p>As at January 2022, we had decommissioned approximately 81% of our heritage systems, and removed about 30% of the infrastructure components from our heritage data centres. There is no direct correlation between applications and infrastructure, as much of the infrastructure supports multiple applications.</p> <p>Our heritage core processing system, FIRST, was decommissioned on 1 December 2021.</p> <p>Our high-level timetable is:</p> <ul style="list-style-type: none"> From 1 December 2021 until early April 2022, we will shut down old heritage systems, archive any data that is to be retained, and then remove the systems and databases. In April 2022, once all the systems have been removed, the network connections and supporting services will be shut down, and the process of dismantling and disposing of the infrastructure will begin. We remain on track to exit our heritage [Information redacted] data centres by 30 June 2022.
Co-existence	Achieved	<p>Co-existence, running old and new systems in parallel, was among the most complex challenges we faced and was the biggest risk we faced at the beginning of the programme. In an innovative approach, we partnered with Accenture to access a global network of the critical coding resources required to make changes to heritage systems.</p> <p>To extract processing from heritage systems, a 'co-existence solution' was designed, built and tested ahead of Stage 1. This solution was then adjusted for every release as one by one products and the mastering of data were migrated to our new system.</p> <p>The co-existence solution was an undoubted success as all our systems kept running through multiple releases. In addition, the approach we took minimised the impacts of co-existence on customers and stakeholders as much as possible.</p>

Conclusion

Our technology is reliable, robust and available when customers need to use it and can now be re-configured quickly and easily to accommodate changes.

Our systems are no longer the constraint when making changes, provided requirements are simple and clear, established design patterns are adopted, and data sources are well understood.

Organisation design

Our aim through transformation was to become a proactive, customer-centric organisation, putting our customers and their compliance at the centre of everything we do. We recognised the need to work in different ways both within Inland Revenue and with our partners so we can more effectively serve New Zealanders.

This would be achieved by:

- Adopting a customer-centric organisation model.
- Harnessing the power of all the information we hold.
- Working in multiple ways, including with our partners.
- Having greater innovation and change capability.
- Having effective partnerships and alliances across Government and the private sector.
- Having a more diverse knowledge based workforce.

Assessment

The examples provided in the table below are illustrative of the outcomes that have been achieved and support the assessment rating, rather than an exhaustive list of all the changes introduced.

Capability	Assessment	Commentary
A customer-centric organisation model	Achieved	<p>Our organisation design has fundamentally changed to support the move to a customer-centric, intelligence-led, agile, and inclusive organisation.</p> <p>The first of our new organisation groups were established in February 2018 to enable a stronger focus on meeting customers' needs - two Customer & Compliance Services groups, one focused on individuals, families and micro-businesses (CCS-I) and one on small, medium and significant enterprises (CCS-B). The Information & Intelligence Services (IIS) group was established at the same time to help keep the customer at the heart of everything we do.</p> <p>Organisation design changes were progressively introduced in the following years to reshape our functions.</p> <p>As part of the re-design, management layers have been streamlined to support the move to broad-based roles, with leaders focusing on managing people rather than managing work or tasks.</p> <p>With the establishment of CCS-I and CCS-B we adopted a new model for delegations, empowering our customer-facing staff to resolve more issues for customers at first contact.</p>
Harnessing the power of our information	Achieved	<p>The intelligence-led programme brought together our data, analytics, information and knowledge streams, helping us to make timely decisions and reach the right outcomes for customers.</p> <p>The Intelligence Centre houses a collection of insights developed from ours and others analytical efforts. It houses documents, presentations, reports, and dashboards produced by Inland Revenue and others, organised by topic for ease of locating, and automatically delivered to people who subscribe to updated content. It enables our people to have easy and timely access to insights about key areas of our</p>

Capability	Assessment	Commentary
		<p>business, whether they are using Inland Revenue-managed computers, mobile devices, or their own devices.</p> <p>Haukāinga has been a game changer. The intelligent search function links our people to all the tools and information they need to support customers, including, Corporate information, Te Mātāwai, our external website and Guided Help.</p>
Working in new ways	Achieved	<p>Working as part of a networked team is now standard practice across Inland Revenue. This was amply demonstrated by the way we responded to COVID-19.</p> <p>Implementing new products such as the small business loan scheme and the resurgence support payment in the timeframes required meant that multi-disciplinary teams had to come together from the outset and work with a high degree of collaboration. Teams were brought together remotely from across our different business groups in different parts of the country, and from other government agencies when required. Tools and technology enabled all the necessary expertise to be brought together to design and implement a new product from end-to-end at pace.</p> <p>Networked teams also focus on improving how we run the day-to-day business. For example, a networked team from CCS-I and IIS analyse customer contacts to inform the automatic income tax assessments process every year. The issuing of automatic income tax assessments is still a relatively new process, having run for the first time for the year ending 31 March 2019. Improvements are made each year, for example issuing assessments more quickly. We are continuing to focus on how we can make this process run as smoothly as possible, including how we communicate with customers. This is reducing the time customers have to wait to hear the outcome of their assessment and is significantly reducing contacts.</p>
Greater innovation and change capability	Achieved	<p>Our response to COVID-19 is the clearest proof of our ability to innovate and deliver change.</p> <p>In early 2020, we implemented a number of new products and services in a matter of weeks. At the same time we were supporting customers, delivering Release 4 of our transformation, organising our people to work from home and preparing for the automatic income tax assessment process. It simply would not have been possible to do this prior to transformation.</p> <p>We have established a new Planning Design and Delivery function (PDD) within CCS-B to provide an enduring home for the capability to manage change and effective end-to-end planning as the transformation programme comes to an end. Many of those appointed to roles in PDD have significant previous experience working in the programme.</p>
Effective partnerships and alliances	Achieved	<p>Our new systems and processes have assisted other agencies to support the government's response to COVID-19.</p> <ul style="list-style-type: none"> • Using our analytics capabilities we quickly and easily checked for any compliance issues with wage subsidy applications, developing a total risk score to support MSD in administering the subsidy. • PAYE data is shared with other government agencies such as the Treasury and MSD to better understand the country's economic position during

Capability	Assessment	Commentary
		<p>the various COVID response levels. As PAYE is some of the fastest data to market, it means Government can respond quickly to what the data shows.</p> <p>In 2017 after our first release, we recognised the need to build our external relationship management skills to reflect the impact of digital change on our customers and delivery partners. As a result, we have strengthened our relationships with many external organisations, recognising their needs and ways of working in our design, notably accounting and payroll software providers.</p> <p>While this has been fully delivered, as other agencies transform, it is likely we will need to make changes to our systems. Some of these relationships are highly complex and we may consider looking at ways to reduce this complexity where we could benefit Inland Revenue and other government agencies.</p>
<p>More diverse, knowledge-based workforce</p>	<p>Substantially achieved</p>	<p>All our people are now on broad, capability-based roles that focus on outcomes, providing people with more scope to shape their development. Capability-based roles set the platform for people and their leaders to focus on a match between strengths, aspirations and business need and allow for varied and interesting work, matching business need with personal aspirations. This is enabling our people to focus on the areas of greatest need, such as supporting the response to COVID-19 for example.</p> <p>We have invested significantly in our people through transformation. Many have had the opportunity to develop their skills by working directly on the programme and significant training programmes have been conducted ahead of each release. On average, our front line people have had around 3 days' of mandatory training for each release, equating to 18 days of training overall per person.</p> <p>Roles are focused on transferable skills such as customer service or digital literacy, as well as new capabilities such as data analytics. This is enabling people to build their capabilities as work changes.</p> <p>COVID-19 has had an impact in this area. Some of the change activity we had planned was deferred to enable our people to focus on supporting customers and to enable us to support the Government's response. Some of the work we had planned to do to further embed the new ways of working will now continue on beyond the end of the programme. Given the impact of COVID-19, we ran out of headroom with our people to complete this earlier.</p> <p>We will continue to focus on up-skilling our people and supporting their development. For example, we are beginning to see our people rotating between customer segments.</p>

Conclusion

We are a customer-focused organisation, better at using the information we hold to continually improve how we deliver services to customers. We are highly collaborative, both within Inland Revenue and when working with others, both in the public and private sector. Our assessment is that we have laid the foundations and are well set up to mature our approach and further drive the six shifts.

Policy

Changes to policy and legislative settings were required to frame and support the modernisation of the revenue system.

This would be achieved by:

- Supporting the use of digital technology in the provision of services and administration.
- Leveraging configurable systems and design patterns to help reduce timeframes for policy changes.
- Improving the accuracy, certainty and ability for customers to be compliant with minimal burden.
- Providing the Commissioner with a more flexible structure to support All-of Government goals while maintaining security and privacy of customer information.

Assessment

The examples provided in the table below are illustrative of the outcomes that have been achieved and support the assessment rating, rather than an exhaustive list of all the changes introduced.

Capability	Assessment	Commentary
Support the use of digital technology	Achieved	<p>The design of new products is digital by default, with exceptions minimised to support straight-through processing.</p> <p>Digital filing has been mandated for employers since 1 April 2019, with some specific exceptions. We enabled use of customers' natural systems by setting out the employment information to be provided rather than prescribing a form and the information to be included in it.</p> <p>More income is withheld at source and provided digitally, which helps support compliance.</p> <p>Out-dated legislative references have been removed, for example 'by post'.</p>
Leverage configurable systems and processes	Achieved	<p>Our ability to respond quickly to COVID-19 is the best demonstration of what is now possible. The speed with which products introduced in response to the COVID-19 pandemic have been implemented has been enabled by using established design patterns within START.</p> <p>The small business cashflow (loan) scheme (SBLS) was implemented in 39 working days from the initial decision to begin some preparatory work until the launch of the SBLS. It took just 10 days from when the Government confirmed its intentions until the SBLS was launched.</p> <p>The resurgence support payment was announced on 15 December 2020 and applications opened for the first time on 23 February 2021.</p>

Capability	Assessment	Commentary
Improved accuracy and certainty for customers	Achieved	<p>Changes to employment and investment income reporting are helping to ensure that customers pay and receive the right amounts during the year. For most individuals, tax is being correctly withheld and assistance provided at the time it is needed. These changes to income reporting requirements enabled more far-reaching changes to be made.</p> <ul style="list-style-type: none"> • A new year-end process for individuals has been in place since the year ending 31 March 2019, meaning refunds are automatically paid to customers. • Previously, the information needed to close a student loan took time to arrive, as employer monthly schedules (replaced by payday filing in April 2019) were filed at the end of the following month. This meant the majority of loans were overpaid by the time we took any action to close them. In most cases, multiple contacts with customers were required to sort things out. This meant delays in closing the loan and refunding overpayments. Customers could wait months for overpaid amounts to be refunded to them, resulting in unnecessary frustration. Overall, each account took about 40 to 45 days to finalise and required considerable follow up with employers and customers. Now, the vast majority of loan closures are processed overnight. For example, between January and June 2021, 97% of straightforward closures were processed overnight. <p>Several changes were made to provisional tax rules to reduce the impact on customers of getting things wrong. The accounting income method (AIM) option for provisional tax was introduced, enabling small businesses to better match their provisional tax payments to when they earn their income. AIM means businesses can pay smaller amounts of provisional tax more often and get refunds of overpaid provisional tax during the year. Until AIM, businesses paid provisional tax at set times of the year, regardless of when they earned their income.</p> <p>Legislative changes are enabling our analytical capabilities to help support compliance. For example, we can now let employers know when an employee's tax code is incorrect and provide the correct code.</p> <p>Short process rulings were introduced on 1 October 2019 as a way for individuals and smaller businesses to apply for a binding ruling on how a tax law applies to a situation.</p>
Support all-of-Government goals	Achieved	<p>We already work with many other agencies to deliver outcomes for customers.</p> <p>With MSD, we distribute Working for Families payments. We jointly administer student loans with the Ministries of Education and Social Development (StudyLink). We administer paid parental leave for the Ministry of Business, Innovation and Employment. We also have a range of information-sharing arrangements in place, including with the Department of Internal Affairs, the New Zealand Police, the Ministry of Social Development and the Accident Compensation Corporation.</p> <p>We are committed to playing our part in realising a more joined-up and citizen-focused Public Service.</p>

Capability	Assessment	Commentary
		A good example of how much more efficiently and effectively we can work as a result of transformation is the portal we established for MSD to improve the administration of the wage subsidy scheme introduced in response to COVID-19. To enable MSD to self-serve the majority of queries, we provided Ministry staff with read only access to the relevant information held in START. It took just 15 working days from when the portal was approved by our governance forums until it was up and running.

Conclusion

The government now has substantially improved agility for the products we administer.

Enterprise support services

Enterprise support services (ESS) are the internal processes and systems that support the day-to-day running of Inland Revenue, for example finance, procurement and human resources.

The changes made through transformation were about improving our performance, adopting integrated enterprise tools and systems, and supporting our people to achieve.

This would be achieved by:

- Simplifying, standardising and integrating processes.
- Reducing highly administrative or manual processes, extending self-service functions, and providing access to the information our people need to do their jobs.
- Enabling our people to make informed and well-considered timely decisions.
- Using a digital first approach and automating tasks wherever possible.

Assessment

The examples provided in the table below are illustrative of the outcomes that have been achieved and support the assessment rating, rather than an exhaustive list of all the changes introduced.

Capability	Assessment	Commentary
Simple, standard, integrated processes	Achieved	<p>We have adopted out-of-the box processes for finance, procurement and human resources. The software, which we have named Ātea, is an integrated toolset that supports activities such as onboarding of new people, buying and paying for the things Inland Revenue needs, and managing our financial processes. By adopting an 'off the shelf' solution, we can take advantage of improvements as they are introduced by our supplier.</p> <p>Ātea and the related processes are, in the main, delivering our core system requirements and providing an appropriate control environment for transactions.</p> <p>The governance of processes across Inland Revenue sits in Enterprise Design and Integrity, its enduring home in our new organisation design. There are different levels of maturity, with front office processes more mature than back office processes.</p> <p>Overall, with regards to simplified, standardised and integrated processes we are partially standardised and still developing in this area. The majority of the work still to do is focussed on change management.</p>
Enabling self-service	Partially achieved	<p>Users across Inland Revenue are not finding the system and related processes as intuitive or simple as expected. Support and training material has not consistently provided the assistance required to address this challenge.</p> <p>As a result, users are having trouble completing tasks. Many transactions require assistance from the core delivery teams.</p>

Capability	Assessment	Commentary
Supporting decision-making	Partially achieved	<p>We have improved our enterprise performance management framework and considerably enhanced our planning framework. A new planning process and initiative management lifecycle have been implemented and we are starting to build out supporting tools such as value and prioritisation frameworks. Enterprise planning processes and tools have been transitioned to Enterprise Design and Integrity, their enduring home in our new organisation design.</p> <p>There are some gaps in data and information flows between modules within Ātea and with [INFORMATION REDACTED], and some role and access privileges are preventing users from accessing everything they need.</p> <p>Some functionality was deferred from the original implementation scope. For example, the lack of insights and reporting is compounding the usability issue, resulting in the current practice of off-system workarounds within Excel/PowerBI.</p>
Increased automation	Partially achieved	<p>Users across Inland Revenue are having trouble completing tasks, there is an increased risk of data and process error, and off-system workarounds are becoming increasingly abundant.</p> <p>Many transactions require assistance from the core delivery teams to either enable the transaction or to resolve data quality issues from user error. As a result some tasks are not yet automated.</p>

Conclusion

Ātea is working, however in some areas it can be improved.

An additional factor is our decision in March 2021 to move our existing payroll solution to a cloud-based solution (provided by [INFORMATION REDACTED]) rather than implement a completely new payroll solution. As a result, we have some rework to do and will take the opportunity to optimise how Ātea and the [INFORMATION REDACTED] solution work together.

Opportunities

Of the 34 assessed in this review:

- 28 are rated as *Achieved*
- 2 are rated as *Substantially Achieved*
- 3 are rated as *Partially Achieved* (all in enterprise support services)
- 1 is rated as *In progress and forecast to be achieved*.

This section looks at the work planned to address the 3 capabilities rated as *Partially achieved*.

Enterprise support services - enabling self-service, supporting decision-making and increasing automation

In August 2021, our Strategic Governance Board approved a programme of work to optimise Ātea. The focus of this work is on improving user experiences, reducing manual effort, and improving the quality of information to deliver improved insights and better decision-making.

A large part of this work is as a result of making the decision to move our payroll solution into the cloud rather than procure new. We implemented an Oracle cloud solution for our enterprise support services (i.e. human resources, procurement and finance). Moving our payroll to the cloud has required us to address the Oracle design and while we are doing this, we will also optimise Ātea in areas that we now see can be better.