



Inland Revenue
Te Tari Taake



Our Corporate Strategy – *External Collaboration*

September 2016

UNCLASSIFIED

External Collaboration Strand: Executive Summary



What is our strategic approach to external collaboration?

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

What does that mean?

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

Being collaborative means that we work with others to:

- better deliver services and infrastructure
- co-design and develop services and infrastructure
- facilitate compliance through relationships across our external environment
- leverage information and expertise for the public sector
- influence the way the domestic and international system operates
- enable better consultation

Why does that matter?

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

How will we implement this approach?

Understand our external environment and position ourselves accordingly

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

Extend the boundaries

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

Adapt the way we work

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

What are our key vehicles for change?

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

How will we measure our success?



Purpose and Strategic Alignment

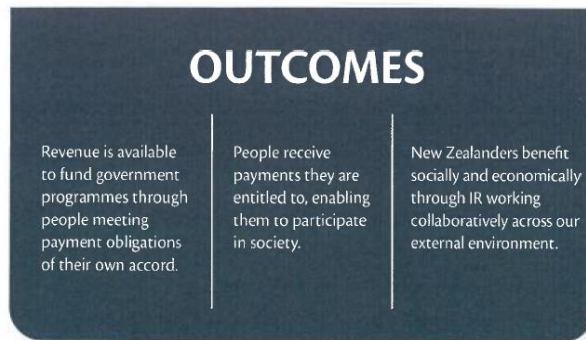
Purpose

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

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

Strategic alignment

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



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

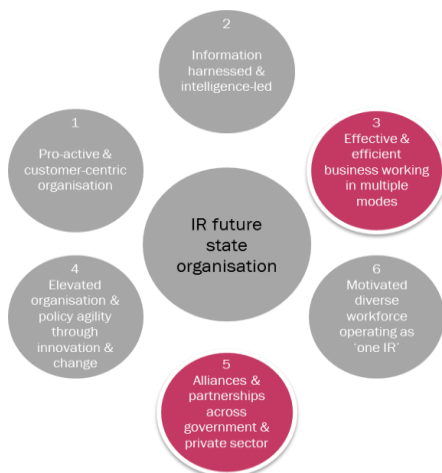


Reduce compliance costs



Make Government policy changes faster and more cost effectively

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



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

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

The Corporate Strategy

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



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



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



The **Customer Strand** sets out how we will become a proactive and customer-centric organisation and put the customer at the centre of everything we do.



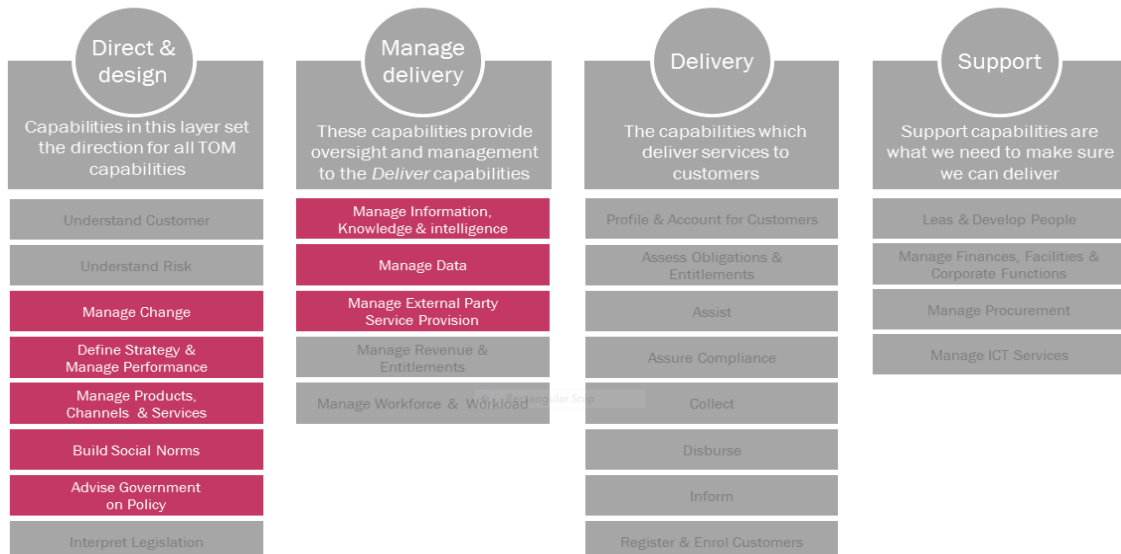
The information we collect and the insight and intelligence we generate is a strategic asset. The **Information and Intelligence Strand** supports collaboration across the wider ecosystem.



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

Target Operating Model

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



Our Approach

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

Collaboration dimensions

The 6 ways we collaborate with others

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

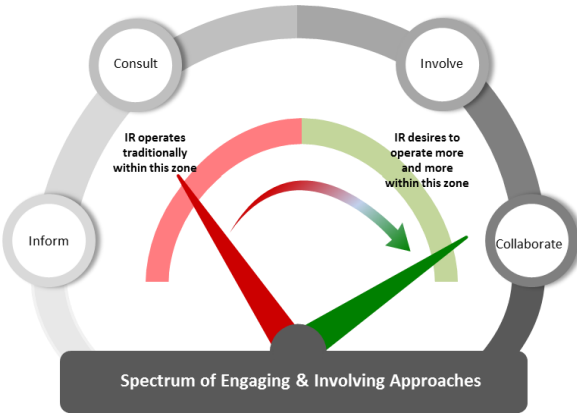
See the Annex for the 'From → To' statements for each dimension. These indicate where we want to be by 2025 and set out the enablers to achieve this future state.

Stakeholder Clusters and Purpose

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

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

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



Our Approach

Overarching principles

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



Inland Revenue will...



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



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



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



Share information and resources using appropriate safeguards



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



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



Leverage our information assets and expertise to create mutual benefits



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

Delivery

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

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

Programmes	Directions & Frameworks	Delivered Through
<p>Business Transformation will enable a modern, customer-centric tax and social policy system. It is a step change for Inland Revenue. The programme will make us more efficient, effective and agile through the delivery of four core components:</p> <ul style="list-style-type: none"> • <u>New technology</u> – improved ability to deliver connected services • <u>Policy change</u> – improved legislative foundations that enable us to work with others, including information sharing and customer consented sharing • <u>Organisational change</u> • <u>Capability uplift</u> including: <ul style="list-style-type: none"> • Business Acumen and Partnering • Change Management • Customer Advisory • ICT Design and Integration • Information and Knowledge Management • Leadership • Policy Quality and Agility • Quality Decision Making • Workforce Management 	<p>International Collaboration, e.g. OECD</p> <p>Inland Revenue’s Leadership Dimensions (Deliver, Clear, Collaborate, Connect and Curious)</p> <p>State Services Reform through the State Sector Directions and Priorities work committed to by Chief Executives</p> <p>ICT Partnership Framework</p> <p>Better Public Services including Results 7,9 and 10 in particular.</p> <p>Business Growth Agenda</p> <p>The Enterprise Stakeholder Management Framework including an external relationship management tool</p>	<p>The Stakeholder Advisory Group supporting stakeholder engagement capability</p> <p>The External Provider Relationships and International Revenue Strategy Teams</p> <p>Inland Revenue’s Scanning and Futures Community of Practice</p> <p>Government Legal Network providing training and leadership across government</p> <p>Implementation of the Corporate Strategy, particularly the People and Customer Strands</p> <p>Refreshes of the Cross Agency Strategy</p> <p>Functional Strategies including the development of an Outsourcing Strategy</p>

Strategic risks

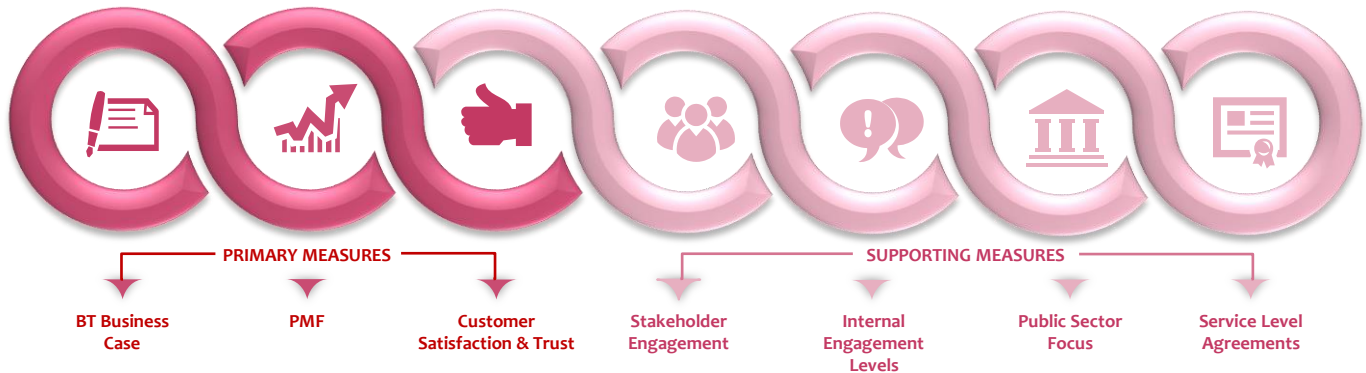
Nature of risk	Description
<i>Lack of understanding of our environment</i>	⊗ Without an holistic view across our external environment we are unable to maximise the opportunities and mitigate the challenges presented to us
<i>Protecting the boundaries</i>	⊗ Complexity and barriers to engage or access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

Measures

Delivery

How will we measure our success?

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



Primary Measures

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

Supporting Measures

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

Appendix 1: Stakeholder Clusters

Cluster	Stakeholders	Purpose
<i>Advocacy / Consultative / Industry</i>	<ul style="list-style-type: none"> NZ Institute of Chartered Accountants, CPA, Accountants and Tax Agents Institute NZ, Online Tax Association NZ, NZ Bookkeepers Association NZ Law Society, NZ Banking Association, Corporate Tax Group, NZ Federation of Family Budgeting Services, Citizens' Advice Bureau, etc. Financial Services Council, Workplace Savings, Tax Pooling Intermediaries Forum Other Business & Social groups Industry Regulators National Bodies Academia 	<ul style="list-style-type: none"> Information Sharing Consultation Compliance Co-design
<i>Enterprise</i>	<ul style="list-style-type: none"> Procurement HR panels 	
<i>Development and Service Provision & Infrastructure</i>	<ul style="list-style-type: none"> Accenture FAST Software Developers KiwiSaver Scheme Providers Complying Superannuation Fund Provider Accounting providers Banks Tax pooling intermediaries, Payroll intermediaries, Nominated persons, Bookkeepers, PTS intermediaries, Tax Agents 	<ul style="list-style-type: none"> Information Sharing Consultation Compliance Co-design Service Delivery & Infrastructure
<i>Executive Government & Functional Leads</i>	<ul style="list-style-type: none"> Ministers Cabinet Parliament Select Committees Central Agencies Office of the Auditor-General, Privacy, Ombudsman Government Chief Information Officer Other statutory officers 	<ul style="list-style-type: none"> Consultation Compliance Operating Model
<i>Government and Crown Agencies</i>	<ul style="list-style-type: none"> Ministry of Social Development, Customs, Ministry of Business, Innovation and Employment, Internal Affairs, Ministry of Justice Education, ACC, Financial Markets Authority, Statistics NZ Serious Fraud Office, Police, Organised and Financial Crime Agency NZ, Crown Law Cross Agency Groups, Specialist Committees and Working Parties (e.g. State Sector Leadership Group, ICT Partnership Framework, Data Futures Partnership) Local Government Treasury 	<ul style="list-style-type: none"> Information Sharing Consultation Compliance Co-design Service Delivery & Infrastructure Operating Model
<i>International Partners</i>	<ul style="list-style-type: none"> OECD Australian Tax Office, HM Revenue and Customs etc. Double Tax Agreement partners International Bodies & Forums Interpol and other trans-national enforcement agencies 	<ul style="list-style-type: none"> Information Sharing Consultation Compliance Operating Model