



**Inland Revenue**  
Te Tari Taake



**COLMAR BRUNTON**  
A Kantar Company

# Trust Perceptions

Trust in the tax system and Inland Revenue

**Organisation:** Inland Revenue

**Date:** 5 November 2019



# Disclaimer

The views, opinions, findings, and conclusions expressed in this report do not necessarily reflect the views of Inland Revenue.

Inland Revenue has made every effort to ensure that the information contained in this report is reliable, but does not guarantee its accuracy or completeness and does not accept any liability for any errors.

The information and opinions contained in this report are not intended to be used as a basis for commercial decisions and Inland Revenue accepts no liability for any decisions made in reliance on them.

Crown copyright ©.

This paper by Inland Revenue is licensed under a Creative Commons Attribution 3.0 New Zealand Licence. Please note that the Inland Revenue emblem and logo may not be used in any way which infringes any provision of the Flags, Emblems, and Names Protection Act 1981 or would infringe such provision if the relevant use occurred within New Zealand. Attribution should be in written form and not by reproduction of this emblem. If you publish, distribute or otherwise disseminate this work to the public without adapting it, the following attribution to Inland Revenue should be used: "Source: Inland Revenue and licensed by Inland Revenue for re-use under the Creative Commons Attribution 3.0 New Zealand Licence." If you adapt this work in any way or include it in a wider collection, and publish, distribute or otherwise disseminate that adaptation or collection to the public, the following style of attribution to Inland Revenue should be used: "This work is [based on/includes] Inland Revenue's research and evaluation activities which [is/are] licensed by Inland Revenue for re-use under the Creative Commons Attribution 3.0 New Zealand Licence."

ISBN: 978-0-478-41849-1

# Contents

Page number

1	Background to the research	4
2	How we did the research	5
3	Executive Summary	11
4	To what extent do people trust the New Zealand tax system and Inland Revenue?	16
5	Who trusts the tax system and Inland Revenue?	23
6	What are the drivers of trust?	34
7	What can Inland Revenue do to improve trust?	48
	Appendix	67

# 1 Background to the research

New Zealand's tax system is based on the voluntary compliance of individuals and businesses. This means public perceptions of the integrity of this system are critical to its success. A number of studies have indicated that trust in the tax system is a key driver of voluntary compliance<sup>1</sup>.

Inland Revenue therefore wants to better understand trust in the tax system and Inland Revenue within a New Zealand context; in particular, what drives trust in the tax system and Inland Revenue, and the ways in which Inland Revenue could foster trust over time.

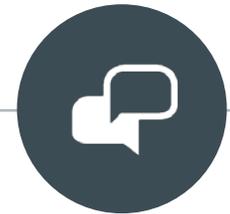
The research objectives include the following:



Identify the key factors that influence customers' overall trust in Inland Revenue and New Zealand's tax system;



Determine which of these can be influenced by Inland Revenue's actions;



Understand how Inland Revenue's communications and behaviours build or erode customers' trust and identify tangible next steps and actions.

# 2 How we did the research

	Page number
Method overview	6
Qualitative approach	7
Quantitative approach	8-9
Reporting	10



# 2

## Method overview

The research included three stages, as set out below.



### Environmental scan:

The environmental scan consisted of a literature review of research on the determinants of trust. The purpose of the environmental scan was to ensure the current research built on what is already known on the subject.



### Qualitative phase

(dyads / triads and focus groups):

Qualitative research was used to gain an in-depth understanding of how trust can be earned, re-earned and lost. Findings from the qualitative research helped to shape the quantitative questionnaire by identifying potential drivers of trust. It also provided us with greater context for the quantitative research findings.



### Quantitative phase:

The focus of the quantitative component was to determine the key drivers of trust in Inland Revenue and the tax system, and the extent to which perceptions of trust could be influenced by Inland Revenue. It also sought to identify how Inland Revenue could maintain and build trust levels.

# 2.1 Qualitative approach

## Qualitative summary

A series of dyads and triads were undertaken with a mix of individual and business customers. Each dyad/triad consisted of a semi-structured discussion (up to 90 minutes) with two or three participants from a family or business network. A mix of gender, age, and ethnicity, and individuals with varying levels of trust in Inland Revenue, were included in the overall sample, which is displayed to the right.

	Customer group	Auckland	Wellington	Whangārei	New Plymouth	Total number of dyads /triads
<b>INDIVIDUALS</b>	Individuals	2	-	1	-	3
	Māori	-	3	-	1	4
	Pacific peoples	4	-	-	-	4
	Asian migrants	4	-	-	-	4
<b>BUSINESS</b>	SME – decision makers	3	-	1	-	4
<b>Total</b>		<b>13</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>19</b>

Because most New Zealanders don't interact with Inland Revenue on a regular basis, we ensured that all triads/dyads had interacted with Inland Revenue at least once in the past 12 months. Five of the dyad/triad groups had interacted with Inland Revenue in at least three different ways during the same period.

Following this initial phase of fieldwork, two focus groups were conducted in Auckland: one comprised of individuals with low levels of trust in Inland Revenue, and the other with people with a 'high trust' relationship<sup>2</sup>. Participants were a mix of individual and business customers who had taken part in the dyads/triads.

## 2.2 Quantitative approach



### Online survey summary

The quantitative phase of the research was carried out online. Inland Revenue provided Colmar Brunton with contact details for 42,259 individual and business customers.

Inland Revenue sent an email to all potential participants, informing them of the survey and giving them the option to opt-out. Those who chose to opt-out of the survey were then removed from the sample, along with those who had recently been invited to complete an Inland Revenue survey through Colmar Brunton<sup>3</sup>. This left us with a total sample of 40,815.



All 40,815 were sent an email inviting them to complete the survey, we received 567 bounce-back emails. A targeted reminder was sent to those who did not initially respond. Respondents were not incentivised to take part in the online survey.



The final response rate achieved was 9.4%. A total of 3,768 respondents completed the survey (2763 individuals and 1,005 businesses). A sample size of 3,768 has a maximum margin of error of +/- 1.6%.



Surveying took place between 31 January 2019 and Monday 11 February 2019. The median duration for the quantitative survey was 14 minutes.

## 2.2 Quantitative approach



### Weighting

The sample was weighted to ensure the final profile was representative of the population of interest. The weighting process was applied to correct for any disproportionality introduced through the sampling process, as well as response bias.

Individuals data were weighted by type of social policy, and age within gender. Business data were weighted by business type. At the total level (i.e. individuals and business responses combined) the data were weighted by sample type.



### Path analysis

One of the key outputs of this research was a path analysis model. A path model shows the directional relationships between a set of variables, and the relative strength of these relationships. It is used to determine what variables are driving a single outcome variable (e.g. trust in the tax system), and the relative importance each of these variables have when it comes to influencing the outcome variable.

## 2.3 Reporting

This report details the findings from both the qualitative and quantitative research components. It summarises the findings overall and where possible makes subgroup comparisons.

As few differences were observed between the survey responses for individuals and business customers during the analysis phase, results have only been split out by these two groups where relevant. A separate path analysis for each group has been carried out.

Any sub-group differences noted in the report are statistically significant at the 95% confidence level, unless stated otherwise. This means we are 95% confident that the difference is genuine, rather than a 'chance' result that can occur from surveying a sample of the population.

### Interpreting the qualitative research

Qualitative research is used to gain an understanding of why people feel and act the way they do. Qualitative research differs from quantitative research in that it provides in-depth information about how individuals see the world.

While sample sizes for the qualitative research are not statistically representative, care has been taken to ensure a range of individual and business customers were included in the research (see section 2.1 for sample details). Because qualitative research cannot be quantified, we have used terms such as 'some' or 'many' in the report to provide an indication of how prevalent an idea is.

# 3 Executive Summary

	Page number
To what extent do customers trust the tax system and Inland Revenue?	12
What are the drivers of trust?	13
How to improve trust	14-15



# 3.1

## To what extent do customers trust the tax system and Inland Revenue?

Trust in the tax system is similar to trust in other public systems, while trust in Inland Revenue compares favourably against a range of high-profile public and private sector organisations.

\* This figure differs from IR's 2019 Annual Report. This is because the figure in this report is based on the OECD-recommended measurement (on a scale of zero to ten, responses of 7-10 are considered to be trusting).

Trust the tax system



Trust Inland Revenue



Overall, 52% of customers trust the tax system, and 58% trust Inland Revenue\*. While trust in Inland Revenue is slightly higher than trust in the tax system, the two are very highly correlated, suggesting most customers do not distinguish between the two.

Findings from the qualitative research indicate trust is higher for Inland Revenue because it is a tangible entity (i.e. individuals can interact with systems and processes, and form relationships with Inland Revenue staff), whereas the tax system is more nebulous.

The research found that culture and ethnicity are critical in pulling apart those who are more or less trusting of the tax system and Inland Revenue.



**Migrants (particularly Asian migrants) are more trusting.**

Qualitative research revealed that Asian migrants compare their experience with the New Zealand tax system and Inland Revenue, to previous experiences with the tax system in their country of origin. Both Inland Revenue and the tax system are generally viewed more favourably. There is a perception that the use of tax monies is more visible and transparent within New Zealand. Inland Revenue's streamlined processes and proactive attitude towards tax returns are two things which contribute to this.



**Māori (particularly those with close ties to their iwi/hapū) are less trusting.**

Qualitative research findings suggest that lower trust levels are largely to do with a wider distrust of government institutions and feelings of marginalisation. There is an expectation that negative experiences will be repeated, meaning Māori feel they always need to be on guard when dealing with government more generally (including the tax system).

## 3.2 What are the drivers of trust?

**For both individuals and business customers, there are two main pathways to building trust in Inland Revenue; a functional pathway, and a relationship-based pathway.**

What this suggests is that building trust requires a two-pronged approach. At a functional level, Inland Revenue needs to foster perceptions of being straight-forward, reliable and capable. At the same time, it needs to build a relationship with customers by demonstrating that it is a caring organisation which treats the customer as an equal - working with people to come up with a solution that works for all parties. The two pathways reflect different elements of customer experience. That is, making it easy for customers to interact with the organisation, and building a lasting relationship.



The main difference between the individual and business models is that, for business customers, easily completing tasks on the Inland Revenue website is one of the drivers of trust. This likely reflects greater levels of interaction with Inland Revenue and the website for business customers. As there are no substantial differences between the two models other than this, a similar strategy will likely work for both customer groups when it comes to building trust.



Drivers of trust differ to some extent for Māori. For Māori, perceptions of Inland Revenue being accountable to the people have greater influence on trust, as do perceptions of Inland Revenue being on the side of the taxpayer. To build trust in Inland Revenue among Māori the focus should be on improving these perceptions in particular.

# 3.3 How to improve trust

Building the relationship between customers and Inland Revenue



Among individuals, perceptions of Inland Revenue being on the side of the taxpayer and having a human touch have been identified as priority areas for improvement. Agreement with these statements is low, however their relative importance to building trust is high.



Similar priority areas have been identified for businesses, however more important to businesses are perceptions of dealing with everyone fairly. The qualitative research revealed that there is a perception amongst business customers that some businesses get an 'easier deal' than others within the tax system.



Among both individual and business customers, perceptions of Inland Revenue as being reliable and trusting customers to do the right thing are most important for Inland Revenue to maintain. Agreement with these statements is high, as is their importance to building trust. This means that if agreement with these statements falls, so too will overall trust levels.

# 3.3 How to improve trust

## Improving the customer experience

The touchpoints which offer the most opportunity for improvement are consistent across individuals and business. They include:

-  Call waiting times,
-  Ease of dealing with Inland Revenue,
-  Taking an empathetic approach when dealing with customers,
-  Ease of completing a tax return
-  Consistent messaging.

**These touchpoints occur the most frequently and have a negative impact on trust in Inland Revenue.**

For individuals and business customers there is an opportunity to improve trust by increasing exposure to advertising and communications. Those who have seen positive advertising or marketing communications are considerably more likely to trust Inland Revenue, than those who haven't seen anything. However, relatively few recall seeing or hearing anything.

For Māori in particular there is an opportunity for Inland Revenue to demonstrate that it is an understanding organisation that is willing to work with customers in coming up with solutions. Those who had experienced one of the following were more likely to trust Inland Revenue than those who had not:



Giving customers time to rectify mistakes



Arranging an affordable payment plan for money owed



Enabling customers to pay back money owed in a manageable timeframe.

# 4 To what extent do people trust the New Zealand tax system and Inland Revenue?

Page number

Trust in Inland Revenue and the tax system	17-19
Trust in Inland Revenue and the tax system – individuals and businesses	20
How trust in the tax system compares to other public systems	21
How trust in Inland Revenue compares to other organisations	22



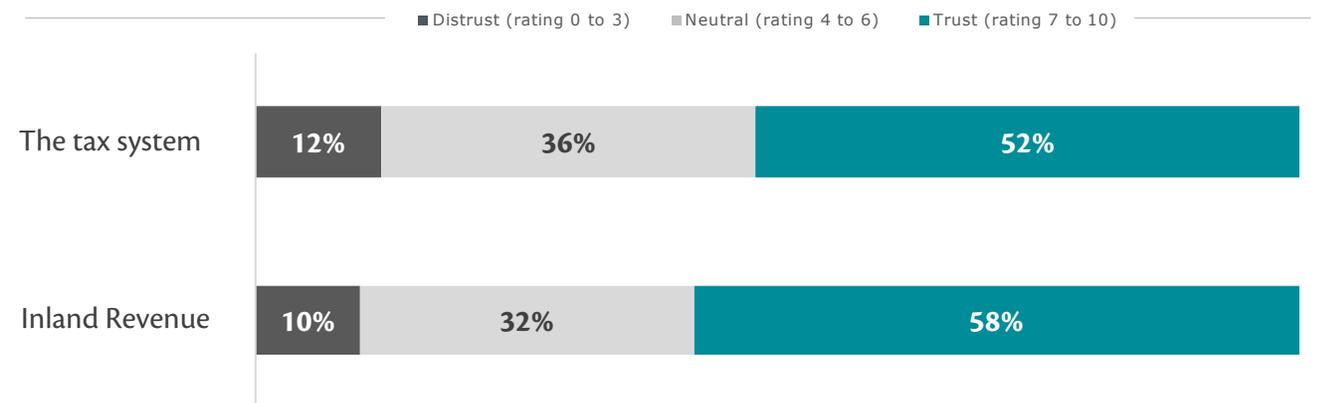
# 4.1 Trust in Inland Revenue and the tax system

The survey asks respondents to indicate how much they trust the New Zealand tax system, and Inland Revenue on an eleven-point scale ranging from zero 'not at all' to 10 'completely'. This is consistent with the OECD approach to measuring trust. On its scale the OECD classifies someone who scores between seven and ten as trusting. Someone who scores between zero and three is considered distrustful, while someone who scores between four and six is seen as indifferent or neutral.

Fifty-two percent of customers<sup>4</sup> trust the tax system, and only 12% do not. Trust in Inland Revenue is slightly higher, with 58% of customers indicating they trust the organisation.

There is a very strong correlation between trust in the tax system, and trust in Inland Revenue ( $r=.83$ )<sup>5</sup>, suggesting that many customers do not distinguish between the two. This means that if trust in Inland Revenue improves, you can expect to see a similar level of improvement in trust in the tax system.

## Q How much do you personally trust the following in New Zealand?



Base size: All respondents (n=3,768). Excludes unsure and prefer not to say responses.

# 4.1 Trust in Inland Revenue and the tax system

Qualitative insights explain both the proximity of the relationship and the relatively higher level of trust placed in Inland Revenue versus the tax system. In summary, customers often see them as two 'sides of the same coin', while those who do make a distinction are more likely to empathise with Inland Revenue as both the administrator, and human face of the tax system.

The qualitative research reveals that some customers do not differentiate between the tax system and Inland Revenue and view them as a single entity. This was apparent during discussions when interviewees found it difficult to define their relationship, and included explicit statements indicating this viewpoint:

“I have minimal knowledge of Inland Revenue so I would think they're the same.”

Male, 26-35 years, Asian migrant, individual

“I have never thought about the New Zealand tax system as a separate entity.”

Male, 26-35 years, NZ European, individual

For others, Inland Revenue is perceived as the executor of the tax system. It is therefore seen to be the organisation that carries out the government's directives as stipulated within this system – e.g. it calculates and collects taxes on its behalf. As such, while the two bodies are viewed as closely connected, Inland Revenue is perceived to have limited or no ability to operate independently:

“Inland Revenue are the ones who do the computing or the collecting of tax, they don't have the power to change it or make a decision on how much it is.”

Male, 26-35 years, Asian migrant, individual

“I have just been watching Narcos Mexico, first thing that comes to mind is the government is the leader of the cartel and the tax department is the hit man, who does as they're told.”

Female, 46-59 years, New Zealand European, business

# 4.1 Trust in Inland Revenue and the tax system

This perceived lack of autonomy could be contributing to a slightly more empathetic view of Inland Revenue, and higher trust in the organisation amongst some:

“Personally, I don't think it's Inland Revenue that is ripping people off, they don't set the tax rates, it's the government...They're just doing their job, just collecting the taxes and making sure that people are paying taxes and that people aren't ripping the system off.”

Female, 46-59 years, New Zealand  
European, business

Further, findings suggest that customers sometimes felt a stronger connection with Inland Revenue due to the direct and tangible relationship they have with either staff or the organisation's systems and processes. By comparison, the tax system is viewed as a more indeterminate or unknown entity:

“It's not something you really trust or distrust, it just is.”

Male, 60+ years, New Zealand  
European, business

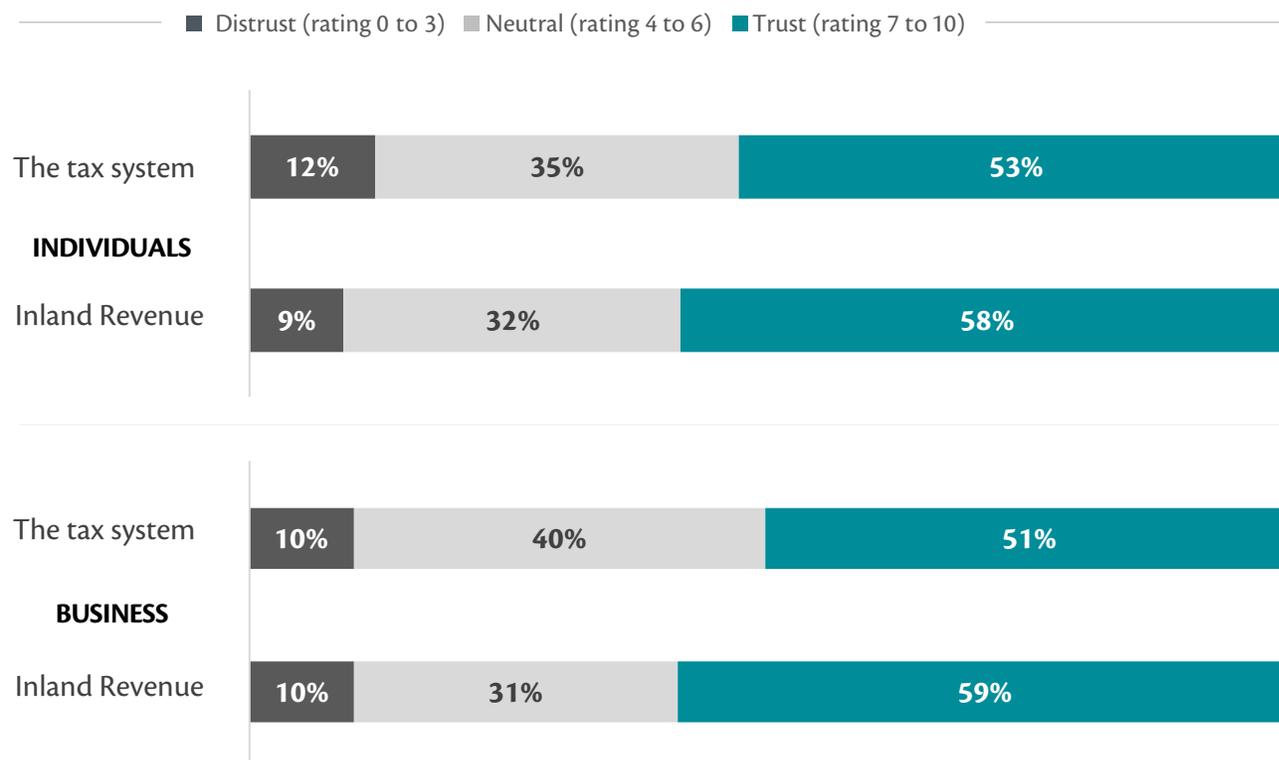
## 4.2 Trust in Inland Revenue and the tax system individuals and businesses

There are no significant differences in trust when we break the results down by individual and business customers (see Figure 2). Because of this, results for individual and business customers have been reported together throughout the report unless otherwise specified.

As shown in Figure 2, more than half of individuals and businesses say they trust the tax system and Inland Revenue. Of those who aren't classified as trusting, most are ambivalent. Only one in ten distrust the tax system and Inland Revenue.

**Figure 2.** Perceptions of trust in the tax system and Inland Revenue by business and individuals

### Q How much do you personally trust the following in New Zealand?



**Base size:** Individuals (n=2,763), business (n=1,005). Excludes unsure and prefer not to say responses.

## 4.3 How trust in the tax system compares to other public systems

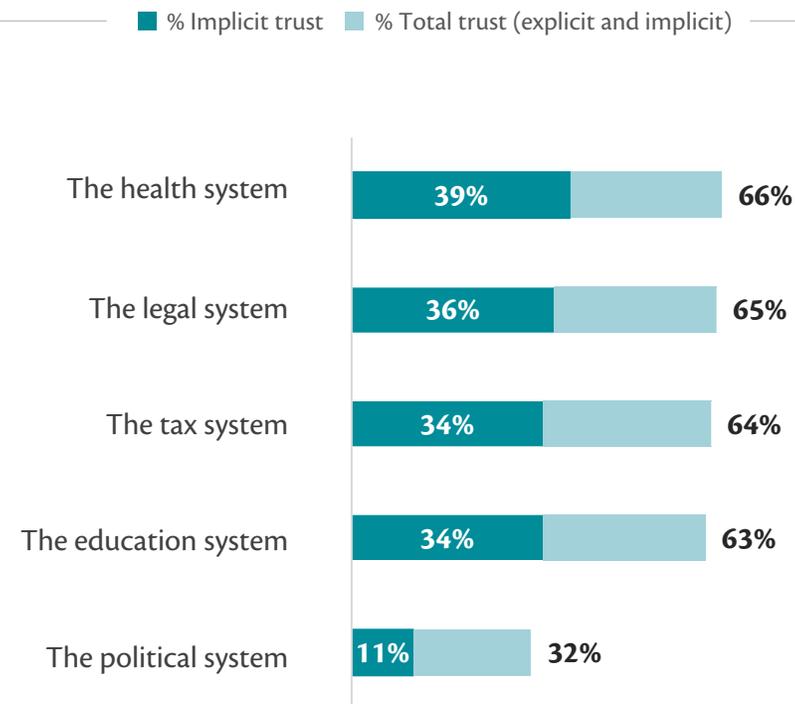
To help contextualise trust in the tax system, we asked respondents to indicate whether they trust a number of public systems (see Figure 3). To elicit a more intuitive response, respondents were given only three seconds to provide a yes/no answer. Because of this, the results for the tax system are not directly comparable to the those presented on the previous pages (which use a different question and scale).

Total trust includes all those who gave a yes response, and implicit trust is the proportion who provided a fast yes (i.e. faster than their average response time).

Trust in the tax system is very similar to trust in the health, legal and education systems – and is markedly higher than trust in the political system. Two thirds of New Zealanders trust the tax system, and for a third the association between trust and the tax system is particularly strong (or more intuitive).

Figure 3. Trust in public systems

### Q Do you trust the following?



Base size: All respondents (n=3,768). Excludes no response.

## 4.4 How trust in Inland Revenue compares to other organisations

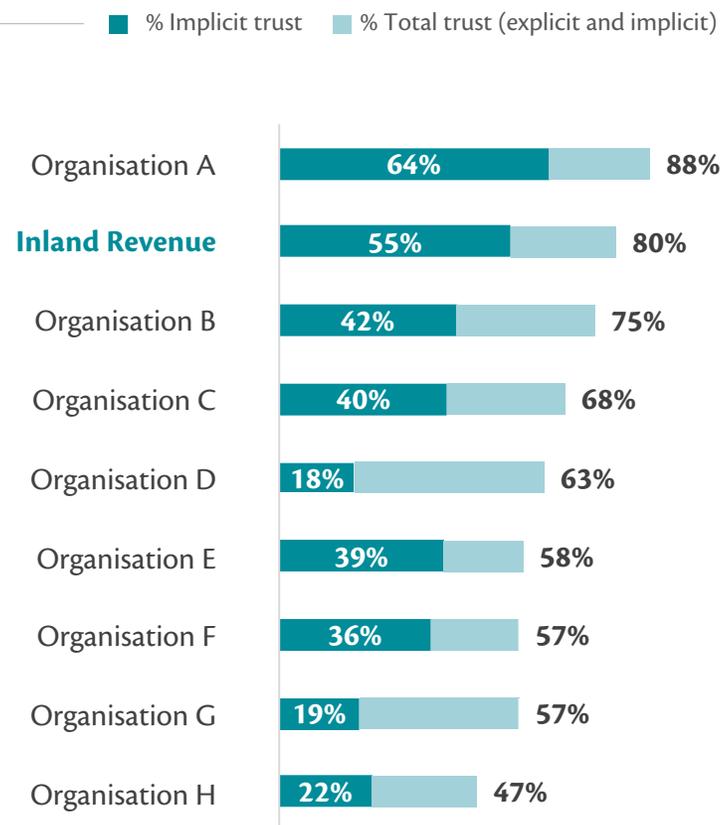
We did a similar exercise to contextualise trust in Inland Revenue (see Figure 4). Again, respondents were only given three seconds to provide a yes/no answer and therefore the results for trust in Inland Revenue are not comparable to those presented in section 4.1.

Total trust includes all those who gave a yes response, and implicit trust is the proportion who provided a fast yes (i.e. faster than their average response time).

Inland Revenue enjoys high levels of trust relative to the other organisations<sup>6</sup>. Eighty percent of New Zealanders agree they trust Inland Revenue and for over half (55%) the association between trust and Inland Revenue is strong (or more intuitive).

Figure 4. Trust in organisations

### Q Do you trust the following?



Base size: All respondents (n=3,768). Excludes no response.

# 5 Who trusts the tax system and Inland Revenue?

Section 4.1 highlights that over half of all customers trust the tax system (52%) and Inland Revenue (58%). These ratings are based on the OECD approach to measuring trust. This section unpacks the differences in trust levels by the various subgroups of interest.

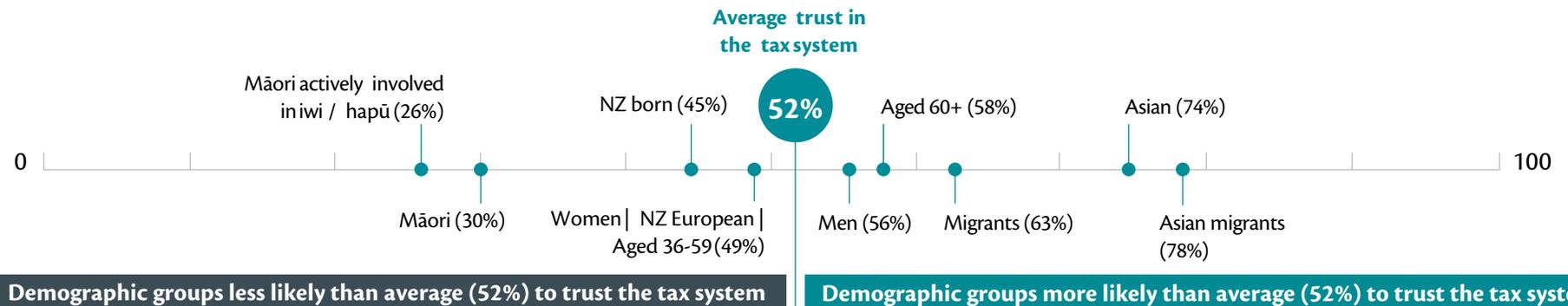
	Page number
Trust in the tax system – subgroup differences	24-25
Differences in trust among Māori	26-28
Differences in trust among Asian migrants	29-32
Pacific peoples	33



# 5.1 Trust in the tax system – subgroup differences

Asian migrants, and those aged 60 plus are more trusting of both Inland Revenue and the tax system (see Figure 5 and 6). Least trusting are Māori, particularly those actively involved in their iwi/hapū.

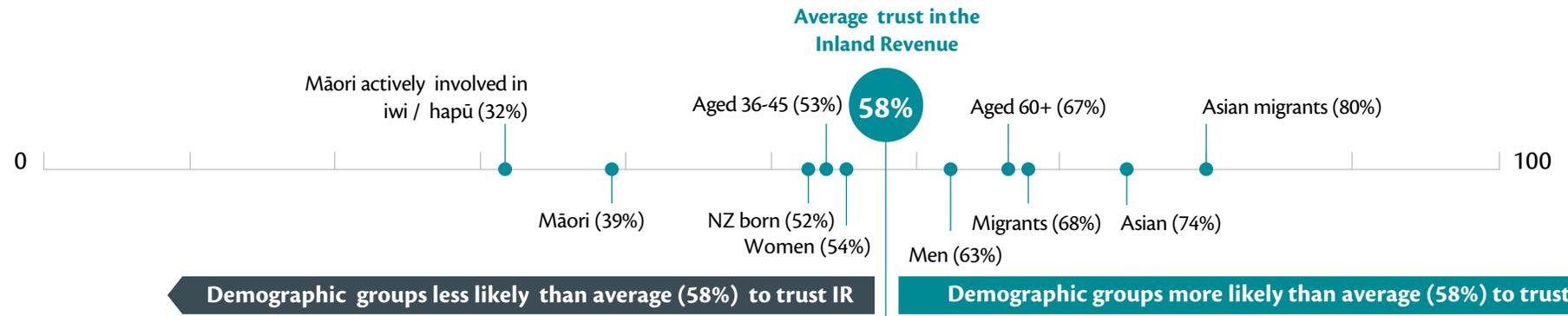
## Trust in the tax system -subgroup differences



**Figure 5.** Subgroup differences in trust in the tax system and Inland Revenue

**Base size:** All respondents (n=3,768). Excludes unsure and prefer not to say responses.

## Trust in Inland Revenue - subgroup differences



**Figure 6.** Subgroup differences in trust in the tax system and Inland Revenue

**Base size:** All respondents (n=3,768). Excludes unsure and prefer not to say responses.

# 5.1 Trust in the tax system – subgroup differences

Those who feel they are on the margins of society and those who want spending on social welfare increased tend to be less trusting of the tax system and Inland Revenue (see Figure 7 and 8). The extent to which people trust Inland Revenue and the tax system also more broadly reflects the extent to which they are willing to trust more generally (at both an interpersonal level and a wider institutional level). Māori are over-represented on many of the factors which relate to low trust levels.

## Trust in the tax system

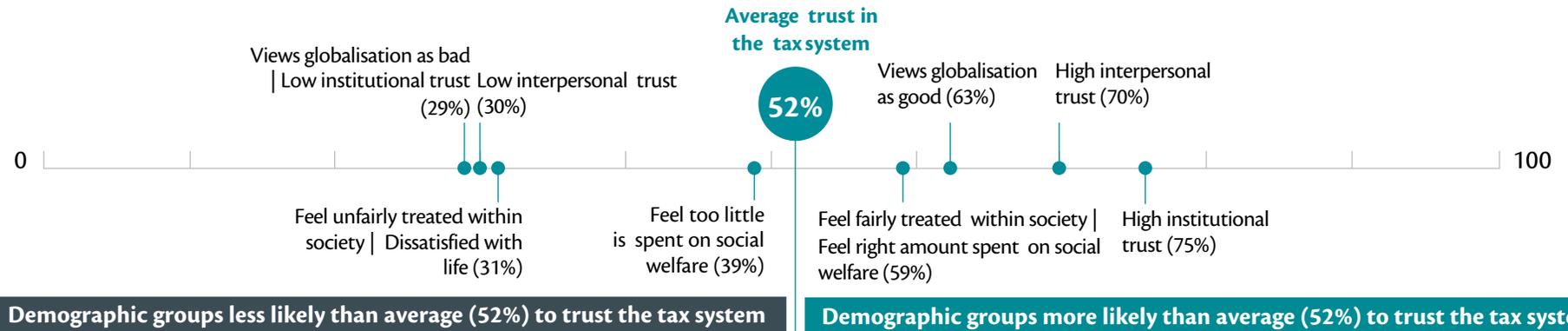


Figure 7. Subgroup differences in trust in the tax system

Base size: All respondents (n=3,768). Excludes unsure and prefer not to say responses.

## Trust in Inland Revenue

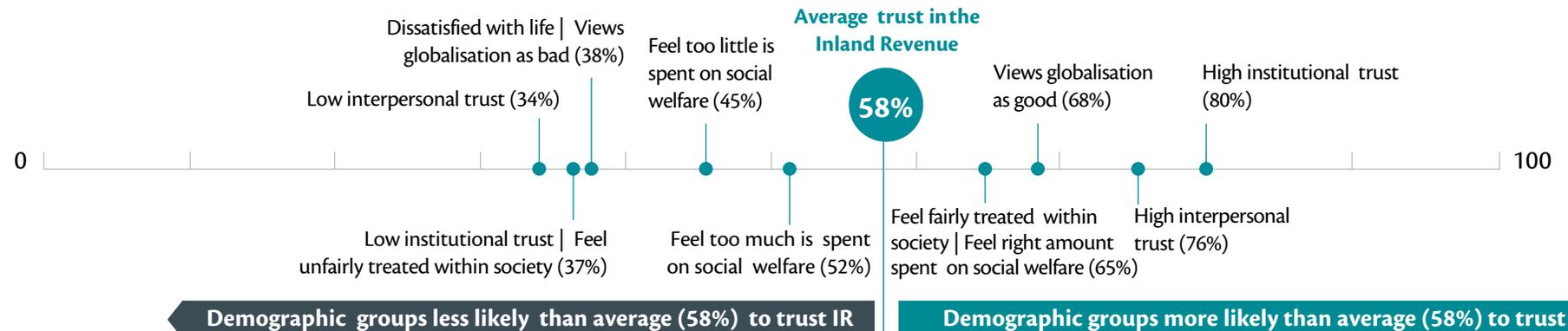


Figure 8. Subgroup differences in trust in Inland Revenue

Base size: All respondents (n=3,768). Excludes unsure and prefer not to say responses.

## 5.2 Differences in trust among Māori

For Māori, like other Inland Revenue customers, trust is built over time. Whanaungatanga – relationships are fundamental. Derived from whānau, the foundational unity of Māori society, whanaungatanga affirms the centrality of whānau-like relationships and ways of working together that support the interest of the ‘whānau’ or the collective. Inherent within whanaungatanga are the “rights and responsibilities, commitments and obligations, and supports that are fundamental to the effective functioning and wellbeing of the whānau or collectivity.”<sup>7</sup> Whanaungatanga has a time dimension, that spans the past, present and future and elevates the importance of maintaining good relationships. Good relationships allow for the acknowledgement of obligations and past acts of generosity and enable tangible expressions of reciprocity to be channelled.

The qualitative research identified several factors that influence trust. Some are specific to Māori experiences of customer service and some are often linked to personal and cultural values as well as social, cultural and historical factors.

Significantly lower levels of trust in the tax system among Māori reflects a wider distrust of government institutions and feelings of marginalisation. There is a sense that Māori feel they don’t get a fair deal and can be marginalized and overlooked by the political system.

Because for me as a Māori, they’re not doing anything for us. If anything, they are making it worse and the rates for Māori are so much worse... so many are in prisons, the health system is failing them...

Female, 46-59 years, Māori, Individual

For Māori, historical trust issues can go back generations and influence trust in government and government agencies today.

“I think Māori as a people we don’t trust easily ...and it takes a long time to build relationships with Māori. It’s a historical issue, we’ve been lied to and we paid the price...and because we lost land.”

Male, 60+ years, Māori, Individual

“I have seen it in my years how Māori are treated and that is where my trust issues come from. From my tūpuna [ancestors] and my mum and all that generation. How they have struggled over the years, you know? It goes back decades and you just learn the history of what happened to us as people, as Māori people and how it is still happening today.”

Female, 46-59 years, Māori, Individual

## 5.2 Differences in trust among Māori

Negative government agency experiences colour the present; and give rise to an expectation that these experiences will be repeated<sup>8</sup>. These experiences fuel negative perceptions of government agencies and mean Māori are often on their guard, or super sensitised to experiencing more of the same.

“Experiencing racism inside government. ...It lurks there, not fully but in the back of my mind it’s always there.”

Female, 46-59 years, Māori, Individual

“Within my whānau I’m the only one that has gone on to university and I’m quite politically minded. When you look at our history I’m sceptical about how we (Māori) will be treated in the future. History tells us, well our experience tells us that you can’t trust the system. It hasn’t always treated us fairly.”

Male, 26-35 years, Māori, Individual

Even where Māori have not had negative experiences of Inland Revenue, there is a sense of inevitability that it’s only a matter of time before they have a poor or negative customer service experience.

“I haven’t had any bad experiences with them (Inland Revenue.) I trust that they have been able to process my tax return each year and. I’ve never had any issues really. So, I have trusted them up until the time when they don’t do what they need to do.”

Female, 46-59 years, Māori, Individual

## 5.2 Differences in trust among Māori

Māori accept the need to pay tax as they know it pays for a range of social services and infrastructure. However, they question how taxes are spent. They tend to feel that tax spending is not directed to where it's most needed.

“Yeah, I don't mind paying taxes if it helps all of us in New Zealand. But I do mind paying high amounts of taxes, especially if you really can't see too much change. Over the years, I just seem to see things going on things that aren't really helping our people. I mean, all New Zealanders really.”

Female, 46-59 years, Māori, Individual

“Tax spending is not directed to where it's needed. If I think about where our taxes are going and I think that they are spending it all on these new roads and planting trees and we have got people that are homeless and who are starving. Why aren't they putting that money from the roads into getting these people into homes... So, that's my perception of ... you know, you see all these new roads getting built and you think – we don't need these roads, fix up the railway so we can have less traffic on the roads, or invest all that money into health or education for the future of our next generation.”

Female, 46-59 years, Māori, Individual

At the same time there is a sense that the taxation system favours some people more than others and that the benefits are not distributed equitably.

“The tax system favours the rich and big business. For me, it is that the rich are getting richer and the poor are getting nothing.”

Female, 46-59 years, Māori, Individual

## 5.3 Differences in trust among Asian migrants

The quantitative research identifies Asian migrants as one of the most trusting of Inland Revenue and the tax system. The qualitative research provides insights as to why these differences exist and how these views have been formed. Critical to this are the comparisons they make with their country of origin, at a societal level and when it comes to tax.

At a broad level, interviewees spoke about differences between their country of origin and New Zealand in relation to how trusting we are as a nation. Overall, they feel that New Zealanders exhibit higher levels of trust towards others, including those who are unknown to them. This is evident in their interactions with strangers, as well as general observations of how people behave in public places. Examples given include strangers lending them items and a relaxed attitude to leaving personal items unattended in public spaces. A higher sense of safety within New Zealand communities is also seen to contribute to this. Comments included:

“That was the first thing that I noticed here when I came, even when you are passing somebody they just smile, even if they don't know you. We never used to do that in [home country].”

**Female, 26-35 years, Asian migrant, individual**

“You don't really show off your phone but here you can freely use it anywhere. Like earlier we went swimming at the park we just left our belongings on the side ...and you can't do that in the [home country] it would be gone in five seconds.”

**Male, 26-35 years, Asian migrant, individual**

“Back home you always had to keep an eye on your belongings and pick pockets are everywhere. So here, just because the culture is safer and the environment, you don't have to be that cautious.”

**Female, 18-25 years, Asian migrant, individual**

## 5.3 Differences in trust among Asian migrants

This finding that Asian migrants tend to feel New Zealanders are trustworthy has been substantiated by the quantitative research, which found that Asian migrants have a higher than average level of trust in New Zealanders (71% vs. 56%). It is possible that Asian migrants experience society differently to those born here.

In line with this, Asian migrants spoke about having a high level of trust in the New Zealand government, often due to this country's democratic voting system and more transparent systems and policies compared to their home country. Some also highlighted a lack of corruption amongst politicians as contributing to this view:

“For me I'm more trusting with organisations here especially in the government, because I have done my work visa application and it was so smooth... I just felt that the whole process was unbiased, and I was granted a visa based on my qualifications and not because I know someone from the government.”

**Female, 18-25 years, Asian migrant, individual**

“In [home country], because we can't choose our government, so it doesn't matter if we trust it or not.”

**Male, 26-35 years, Asian migrant, individual**

## 5.3 Differences in trust among Asian migrants

Similarly, when considering the New Zealand tax system and Inland Revenue, interviewees often made comparisons with their country of origin. Despite some feeling that taxes are “very high” in New Zealand, both Inland Revenue and the tax system are generally viewed more favourably, and individuals indicated that they have higher levels of trust in both.

Key factors which had contributed to these views include a perception that the use of tax monies is more visible and transparent within New Zealand. This includes spending on public facilities and services:

“Here you can see, you can go to the park and enjoy the services, clean parks and public toilets are very clean.”

Male, 26-35 years, Asian migrant, individual

“It’s like there is no transparency in the [home country], you can’t see where your taxes are going.”

Male, 18-25 years, Asian migrant, individual

“I would say the portion they take from my wages is about the same, but in [home country] I don’t know where the tax went to. And here, I guess the benefit or return to my kids or the other public service, I know where the money goes to.”

Male, 36-45 years, Asian migrant, individual

## 5.3 Differences in trust among Asian migrants

Some spoke about Inland Revenue proactively providing tax refunds, which they had never experienced before. As can be observed in the extracts below, this had played a key role in building trust with the organisation:

“And the Inland Revenue gives us tax refunds. We trust it. They gave us money, that means it’s honest...because back in [home country] we never have such a thing so it’s like a bonus for us.”

Female, 26-35 years, Asian migrant, individual

“My impression with the tax refund is they wouldn’t take more than what you’re required to contribute so they wouldn’t take advantage of you... For them to go out of their way, and [they] will also put money and effort into completing all these tax refunds.”

Female, 18-25 years, Asian migrant, individual

Others highlighted Inland Revenue’s more open and streamlined processes as having contributed to relatively high trust levels:

“Online portal, your personal financials are online and it’s accurate. You don’t need to [at the] end of the year, you don’t need to worry about anything so it’s easy access, interactions, easy platform.”

Female, 26-35 years, Asian migrant, individual

“You can easily check what you have contributed so far, so at any time I can just log into my account and see what I have shared so far. I think that’s also one of the reasons why I trust because of the transparency.”

Female, 18-25 years, Asian migrant, individual

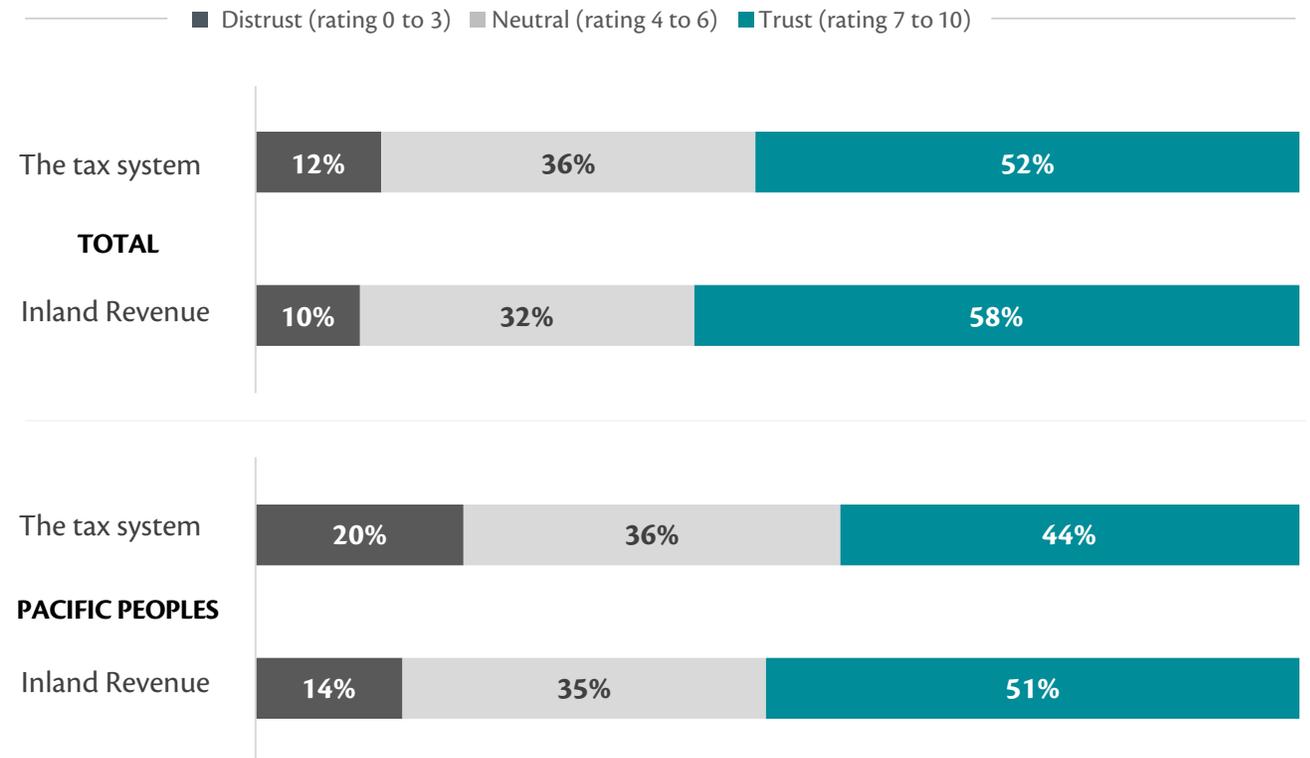
## 5.4 Pacific peoples

At the outset of the research, Pacific peoples were identified as an audience of interest, due to lower levels of trust observed in previous work in this area undertaken by Inland Revenue. The differences between Pacific peoples and the average for all customers are not significant at the 95% confidence level (see Figure 9). There is, however, a significantly higher level of distrust in the tax system among Pacific peoples (20% vs. 12%).

Because of the limited differences in trust, Pacific peoples are not a core focus of this report.

**Figure 9.** Differences in trust in the tax system and Inland Revenue – Pacific peoples

### Q How much do you personally trust the following in New Zealand?



**Base size:** All respondents (n=3768), Pacific peoples (n=119). Excludes unsure and prefer not to say responses.

# 6 What are the drivers of trust?

The qualitative research identified multiple drivers of trust which were then included in the quantitative survey. This section looks at the relationships between all these drivers and their impact on trust in Inland Revenue, and ultimately, the tax system.

	Page number
Useful definitions	35
The relationship between trust in Inland Revenue and trust in the tax system	36
Drivers of trust – individuals	37-42
Drivers of trust – business	43-47



# 6.1 Useful definitions



## What is variance?

Variance is a way to measure how far a set of numbers are spread out from the mean (or average), it can range from 0% to 100%. If a model explains 100% of the variance in a variable (or survey question), then it has captured everything that influences a person's response for that variable.



## What is a path model?

A path model shows the hypothesised directional relationships between a set of variables, and the relative strength of these relationships. It is used to determine what variables are driving a single outcome variable (e.g. trust in the tax system), and the relative importance each of these variables have when it comes to influencing the outcome variable.

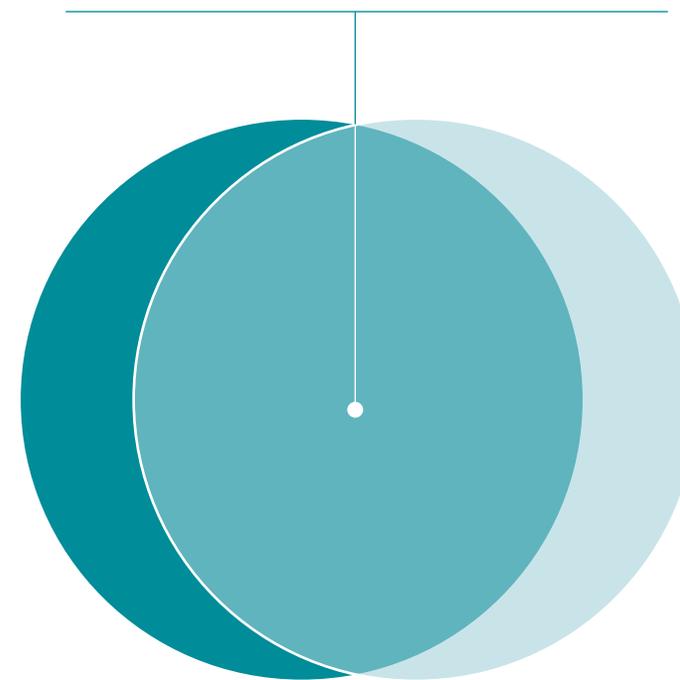
## 6.2 The relationship between trust in Inland Revenue and trust in the tax system

As noted in section 4.1 there is a very strong relationship between trust in the tax system, and trust in Inland Revenue, suggesting that many New Zealanders do not distinguish between the two.

Trust in Inland Revenue explains two thirds of the variance in trust in the tax system ( $r^2=.68$ ) (see Figure 10). This means that if trust in Inland Revenue improves, you can expect to see a similar level of improvement in perceptions of trust in the tax system. Because of this, the rest of the report focuses on the drivers of trust in Inland Revenue.

**Figure 10.** Variance in trust in the tax system explained by trust in Inland Revenue

**Trust in Inland Revenue explains 68% of the variance in trust in the tax system**



Trust in **Inland Revenue**



Trust in the tax system

**Base size:** All respondents (n=3,768). Excludes unsure and prefer not to say responses.

# 6.3 Drivers of trust – individuals

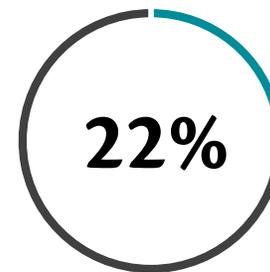
This section looks at the various drivers of trust among individuals. We conducted separate path analyses for individuals and business because we anticipated that there may be a difference between individuals and business due to their different needs. However as detailed in section 6.4 the differences we uncovered were limited.

## 1 Variance in trust explained by the path analysis

We have focused our path analysis on the factors Inland Revenue has some influence over. These factors account for 22% of the variance in trust in Inland Revenue (see Figure 11). Factors which can't be influenced by Inland Revenue (see next section) account for 25% of the variance in trust. This means that the variables in the questionnaire explain up to 47% of the variance in trust among individuals. However, it is unclear to what extent the explained variance overlaps, as some of the factors which can't be influenced by Inland Revenue could impact the other drivers. The remaining variance is due to factors which are not captured within the survey.

### Variance explained by the path analysis individuals

Figure 11. Amount of variance explained by variables Inland Revenue can and cannot influence



of the variance in trust in Inland Revenue can be explained by variables Inland Revenue **has some influence over.**



of the variance in trust in Inland Revenue can be explained by **variables which can't be influenced** by Inland Revenue.

Base size: All individuals (n=2,763)

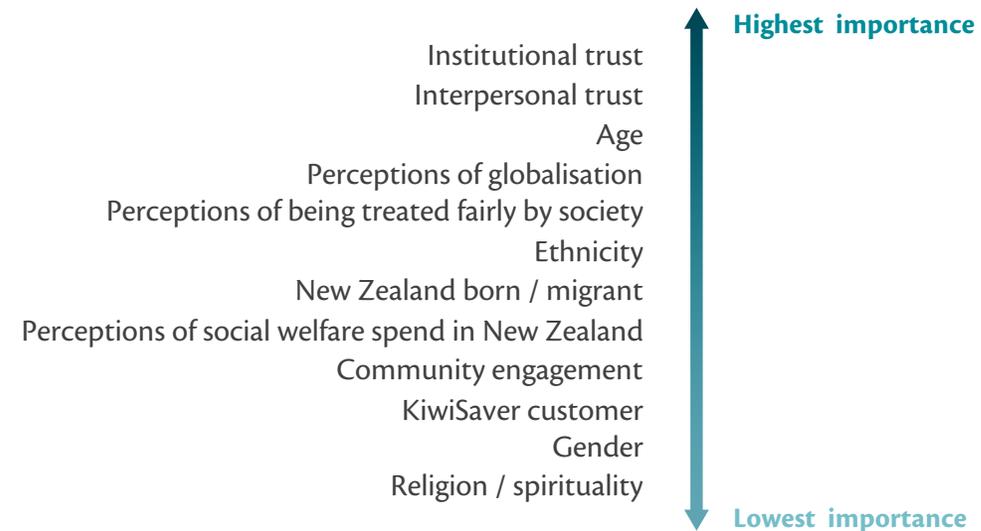
# 6.3 Drivers of trust – individuals

## 2 Importance of factors Inland Revenue cannot influence

Figure 12 shows the factors which Inland Revenue cannot influence, in rank order of their impact on trust in Inland Revenue. An individual's inclination to trust institutions and other people (interpersonal trust) has the biggest impact, followed by age, perceptions of globalisation, and perceptions of being treated fairly by society.

### Ranked importance of the factors Inland Revenue cannot influence individuals

Figure 12. Ranked importance of the factors Inland Revenue cannot control – individuals



Base size: All individuals (n=2,763)

# 6.3 Drivers of trust – individuals

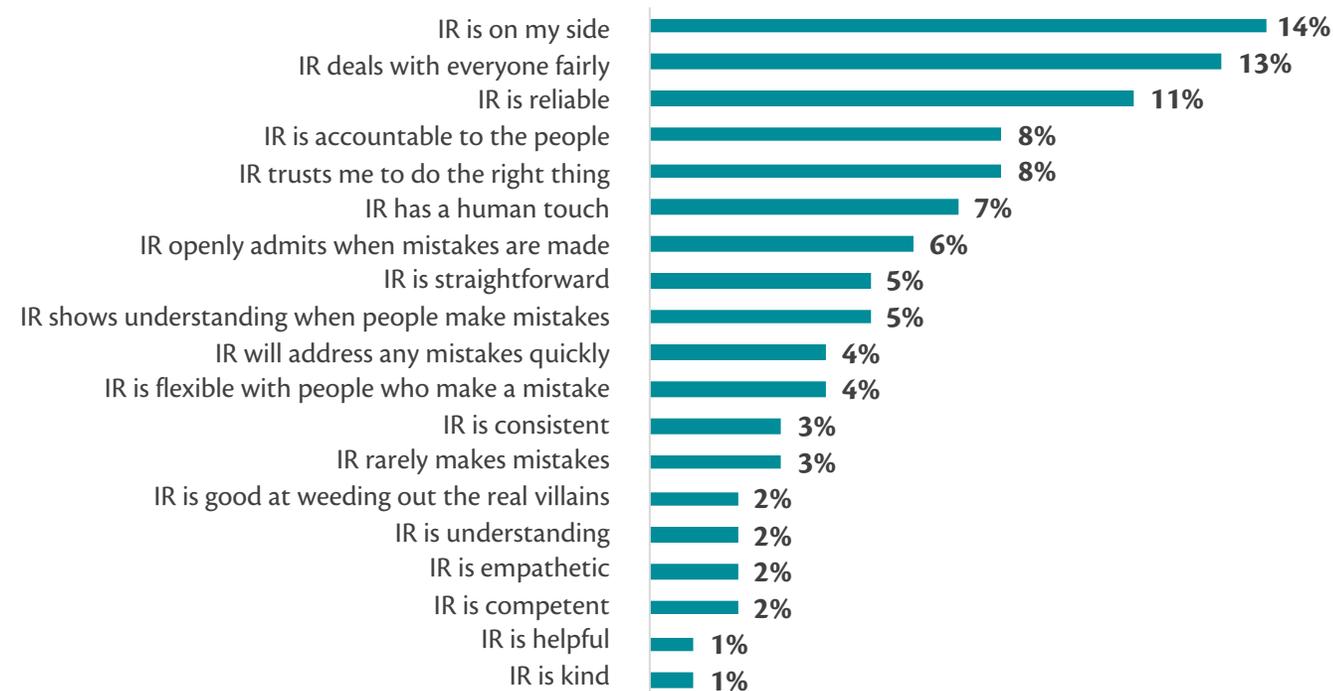
## 3 Relative importance of each driver in determining trust in Inland Revenue

Figure 13 shows the relative importance of each of the drivers included in the path analysis on determining trust in Inland Revenue. Perceptions of Inland Revenue being on the side of the taxpayer, dealing with everyone fairly and being reliable are the top three drivers of trust in Inland Revenue.

This means that improving these perceptions will have the biggest impact on trust in Inland Revenue. However, it's worth noting that many of the weaker drivers feed into the stronger ones, so they should not be discounted (the path model on page 40 sets out how these relationships work).

### Relative importance of each factor to building trust in Inland Revenue among individuals

Figure 13. Relative importance of each factor to building trust in Inland Revenue



Base size: All individuals (n=2,763)

# 6.3 Drivers of trust – individuals

## Path model - individuals

The path model (see Figure 14 overleaf) shows how the variables are related to one another. The strength of the relationship between variables is signified by the thickness of the line connecting them (the thicker the line, the stronger the relationship). In addition, the arrows indicate the direction of the relationship (i.e. what impacts what). The direction of the relationship is hypothesised and is informed by both desk research and the qualitative research.

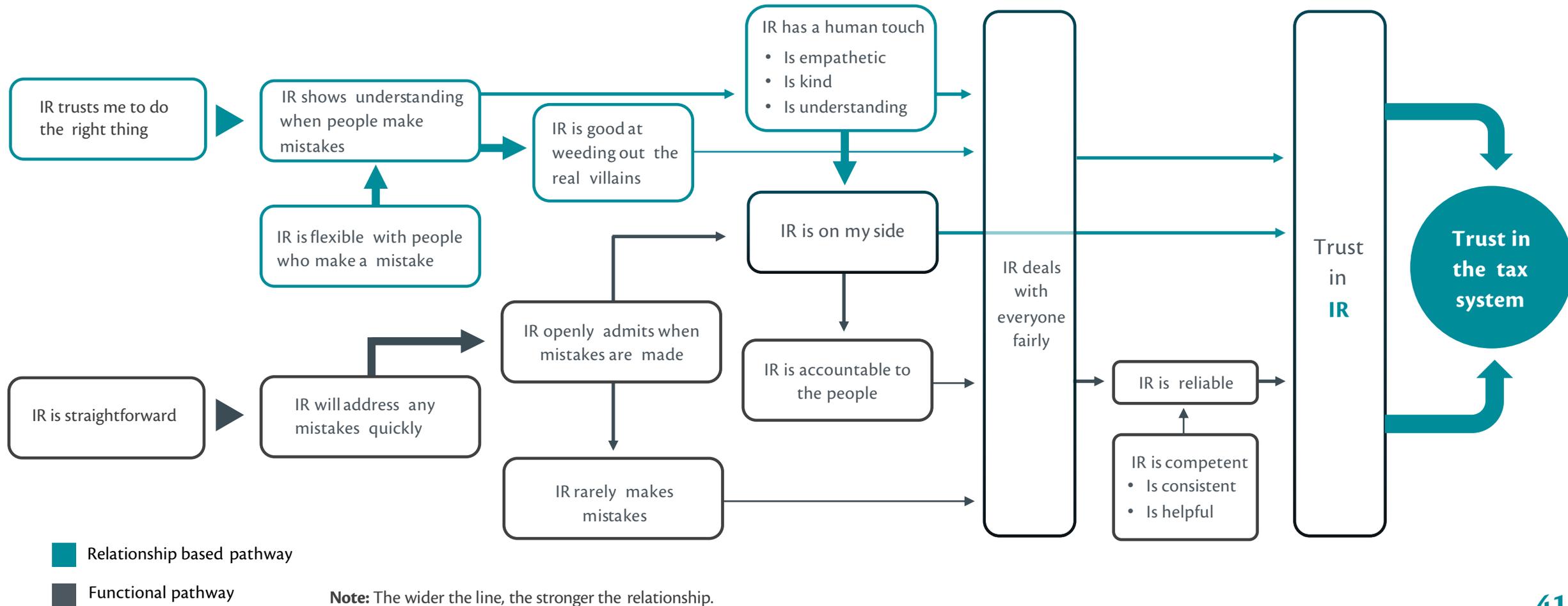
Customer experience (Inland Revenue is straightforward) and reciprocity (Inland Revenue trusts me to do the right thing) are the linchpins of the entire model. The large arrows signify that they are related to many of the variables in the model. Improving perceptions of these two things will have a positive impact on all the other variables in the model.

The model shows two main pathways to building trust in Inland Revenue; a functional pathway, and a relationship-based pathway. What this suggests is that building trust requires a two-pronged approach. At a functional level, Inland Revenue needs to foster perceptions of being straight-forward, reliable and capable. At the same time, it needs to build a relationship with customers by demonstrating that it is a caring organisation which treats the customer as an equal - working with people (rather than against them) to come up with a solution that works for all parties. .

These two approaches reflect different elements of customer experience i.e. making it easy and building a relationship. Later, we look at the different customer touchpoints which have the potential to build and erode trust.

# 6.3 Drivers of trust – individuals

## Path model - individuals



# 6.3 Drivers of trust – individuals

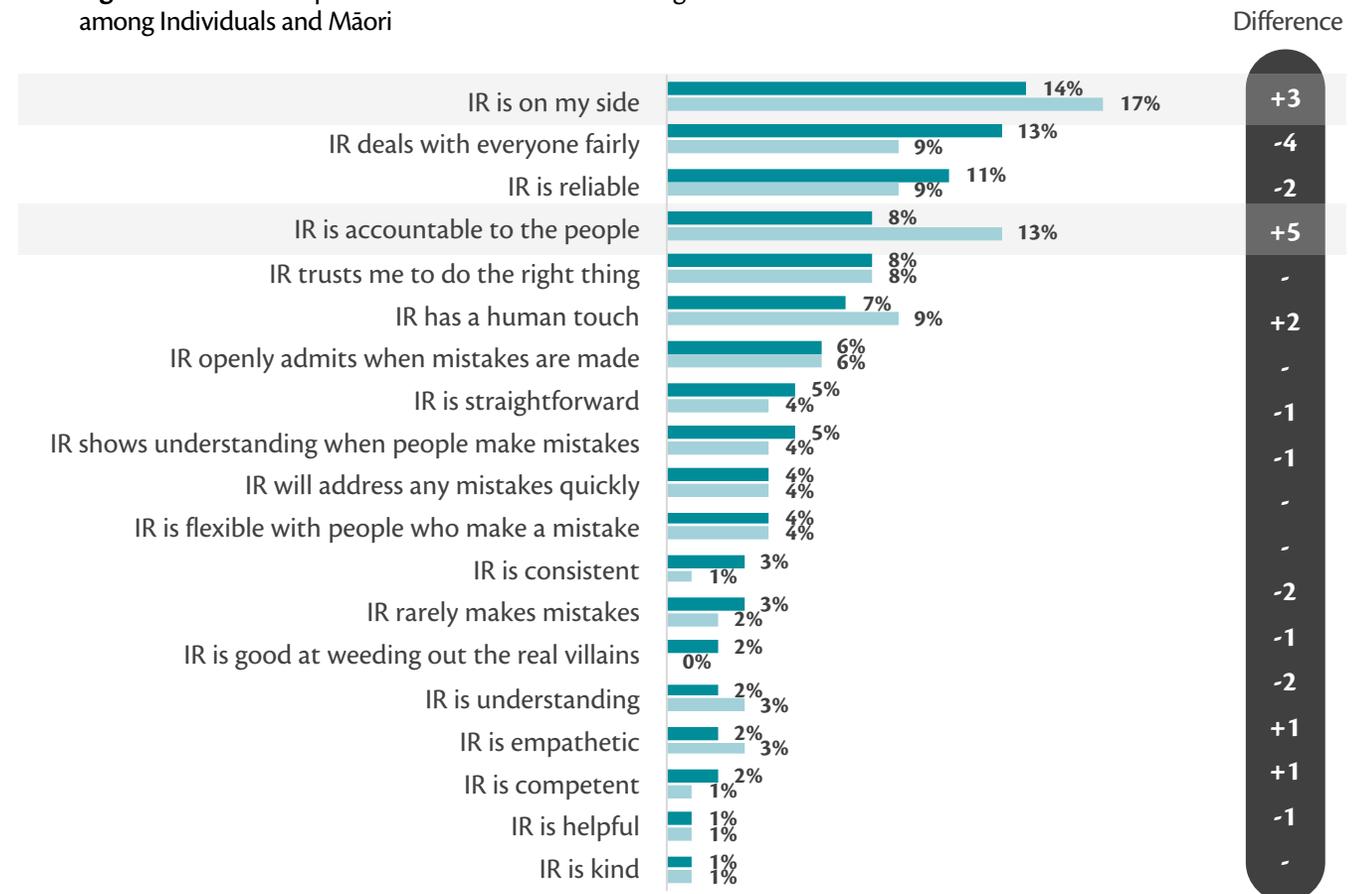
## 3 Differences in the importance of drivers in trust in Inland Revenue for Māori

Figure 15 compares the relative importance of each factor to building trust in Inland Revenue among individuals and Māori. Perceptions of Inland Revenue being on the side of the taxpayer have a bigger influence on trust amongst Māori, as do perceptions of Inland Revenue being accountable to the people. To build trust in Inland Revenue amongst Māori the focus should be on improving these perceptions in particular.

### Relative importance of each factor to building trust in Inland Revenue

Differences between Māori and all individuals

Figure 15. Relative importance of each factor to building trust in Inland Revenue – among Individuals and Māori



Base size: All individuals (n=2,763); Māori (n=255).

# 6.4 Drivers of trust – business

This section looks at the various drivers of trust among business customers.

## 1 Variance in trust explained by the business path model

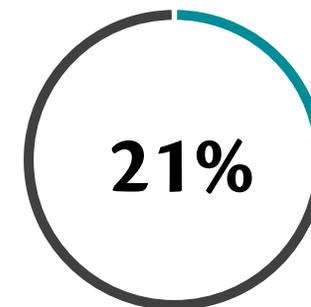
We produced a separate path model for business customers. This path model (which includes only the variables which Inland Revenue has some influence over) explains 21% of the variance in trust in Inland Revenue (see Figure 16). Factors which can't be influenced by Inland Revenue (see next section) account for 20% of the variance in trust among businesses.

This means that the variables in our questionnaire explain up to 41% of the variance in trust among businesses.

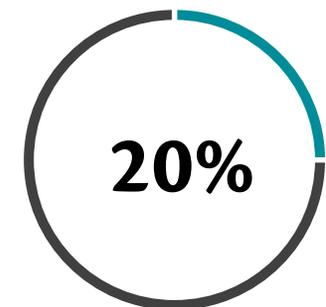
However, as previously noted, it is unclear to what extent the explained variance overlaps, as some of the factors which can't be influenced by Inland Revenue could impact the other drivers. The remaining variance is due to factors which we have not captured within the survey.

### Variance explained by the path analysis business

**Figure 16.** Amount of variance explained by variables Inland Revenue can and cannot influence



of the variance in trust in Inland Revenue can be explained by variables Inland Revenue **has some influence over.**



of the variance in trust in Inland Revenue can be explained by **variables which can't be influenced** by Inland Revenue.

Base size: All business (n=1,005)

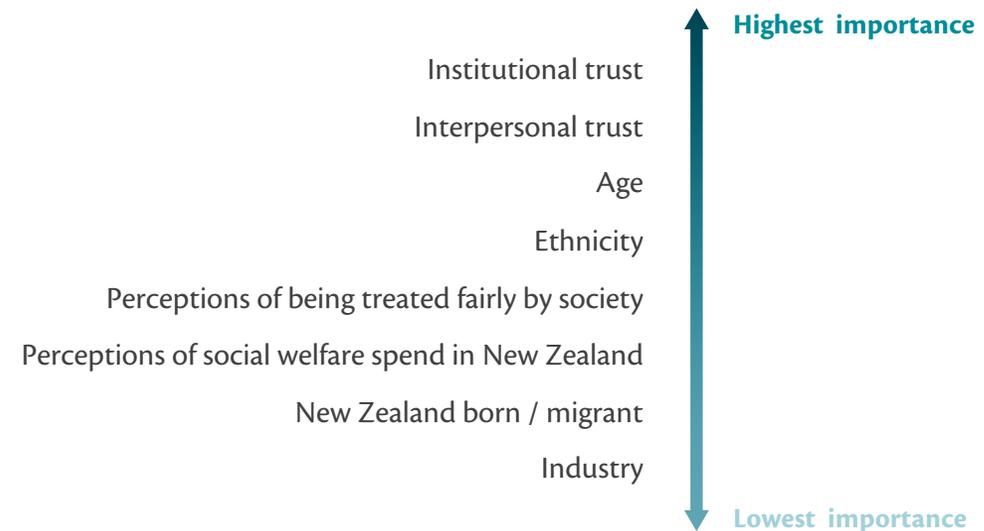
# 6.4 Drivers of trust – business

## 2 Importance of factors Inland Revenue cannot influence

Figure 17 shows the factors which Inland Revenue cannot influence, in rank order of their impact on trust in Inland Revenue. For business customers, as with individuals, institutional and interpersonal trust, age, ethnicity and perceptions of being treated fairly by society are factors which have a greater impact on trust in Inland Revenue.

### Ranked importance of the factors Inland Revenue cannot influence business

Figure 17. Ranked importance of the factors Inland Revenue cannot control – businesses



Base size: All individuals (n=2,763)

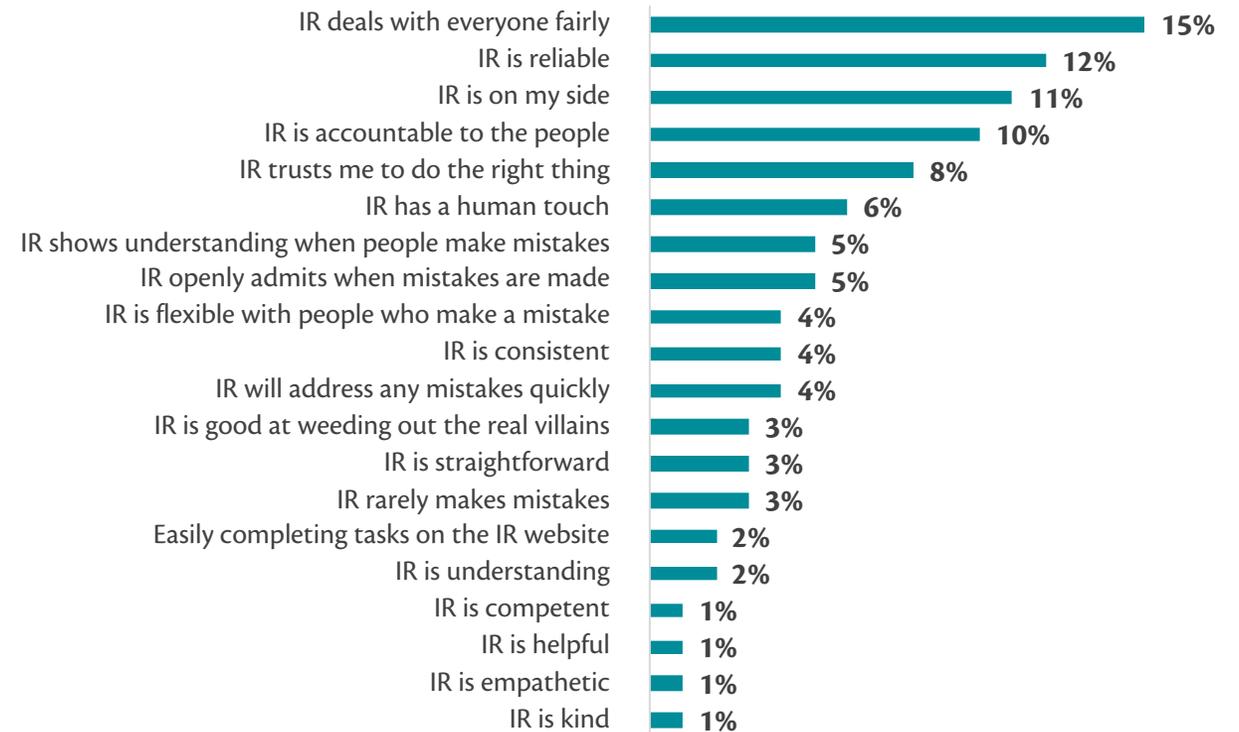
# 6.4 Drivers of trust – business

## 3 Relative importance of each driver in determining trust in Inland Revenue

Figure 18 shows the relative importance of each of the drivers included in the business path analysis. As with individuals, perceptions of Inland Revenue dealing with everyone fairly, being reliable, and being on the side of the taxpayer are the top three drivers of trust in Inland Revenue. Improving these perceptions will have the biggest impact on trust in Inland Revenue among businesses.

### Relative importance of each factor to building trust in Inland Revenue among business

Figure 18. Relative importance of each factor to building trust in Inland Revenue - businesses



Base size: All businesses (n=1,005)

# 6.4 Drivers of trust – business

## Path model - business

We produced a second path model for businesses (see Figure 19 overleaf). The path model shows the directional relationships between variables, as well as the strength of these relationships.

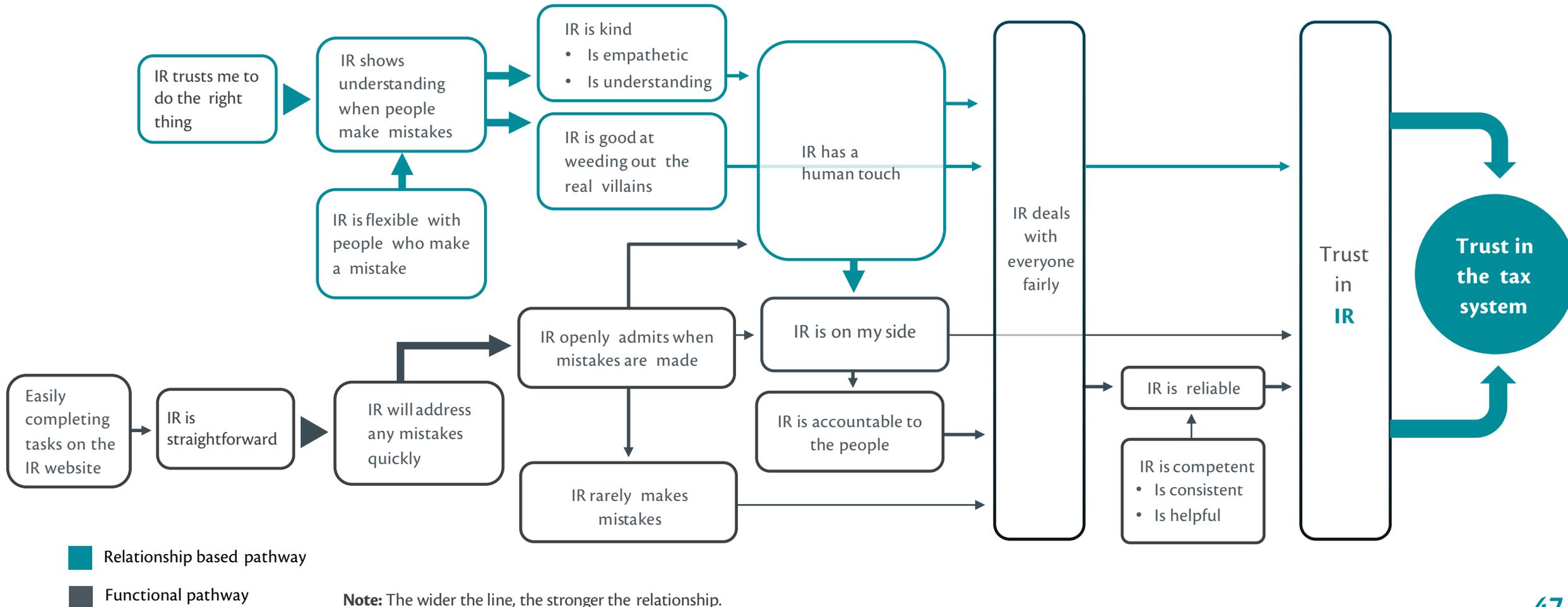
The path model for businesses is largely consistent with the path model for individuals. Once again, reciprocity (Inland Revenue trusts me to do the right thing), and customer experience (Inland Revenue is straightforward) are the linchpins for both. In addition, both models reveal that there is a functional pathway and a relationship-based pathway to building trust in Inland Revenue.

The main difference between the two models is that, for business customers, easily completing tasks on the Inland Revenue website feeds into perceptions of being straight-forward. This likely reflects greater levels of interaction with Inland Revenue and the website for business customers.

What this means for Inland Revenue, is that a similar strategy will likely work for both individuals and businesses, however, ensuring the website is easy to use, and striving to improve this, is somewhat more important to trust perceptions among business customers.

# 6.4 Drivers of trust – business

## Path model - business



# 7 What can Inland Revenue do to improve trust?

	Page number
Individuals	49-54
Māori	55-60
Business	61-66



# 7.1 Individuals

This section looks at the ways in which Inland Revenue could improve trust among individuals. It identifies which perceptions Inland Revenue should focus on improving, and which are important to maintain. In addition, it identifies which positive touchpoints have the most potential for building trust, and which negative touchpoints are most damaging to trust perceptions.

## 1 Perceptions of Inland Revenue

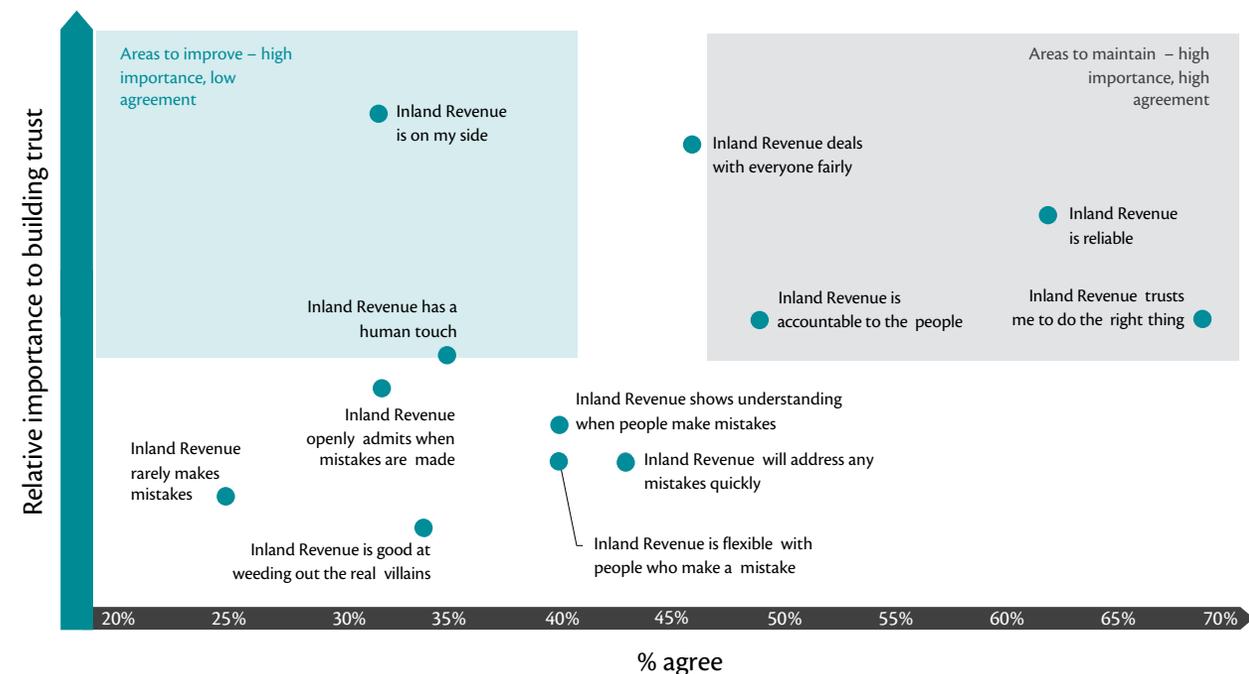
The qualitative research uncovered a number of different perceptions of Inland Revenue which could impact trust in the organisation. To measure how widely held these perceptions are, we asked respondents to indicate the extent to which they agreed with a series of statements. Figure 20 shows the level of agreement with each of these statements (identified as drivers of trust), by their relative importance to building trust.

Perceptions of Inland Revenue being on the side of the taxpayer and having a human touch have been identified as priority areas for improvement. Agreement with these statements is low, however their relative importance to building trust is high.

On the other hand, perceptions of Inland Revenue as being reliable, trusting customers to do the right thing, and being accountable to the people are areas which are important for Inland Revenue to maintain. Agreement with these statements is high, as is their importance to perceptions of trust in Inland Revenue.

### Perceptions of Inland Revenue by their relative importance to building trust Individuals

Figure 20. Perceptions of Inland Revenue by their relative importance to building trust



Base size: All individuals (n=2,763)



# 7.1 Individuals

## Basic principles of building and maintaining trust

Findings from qualitative research reveal that trust with customers is built over time but can easily be eroded when customers experience negative interactions with the organisation. It is therefore important that Inland Revenue has a thorough understanding of the key principles that both build and maintain trust with customers. The key elements to this, are outlined below.



### Clear and proactive communication:

This includes Inland Revenue being proactive with regard to communicating customer responsibilities and obligations, any changes to systems or processes, and situations where tax monies are either owed or owing.

“And communication is an absolute priority... sometimes people have actually been owed tax and they don't even know. Or just even what you should be paying. [What difference does it make?] Because it's not like this shadowy figure that comes in the night that you know nothing about and steals your blanket and leaves you lying there in the freezing cold.”

Female, 46-59 years, NZ European, business

“Previously you wouldn't be told of changes and so you would end up thinking everything was all good and then six months later you have got a bill to pay, it's like well why couldn't you have told me that beforehand? ... It's like they're trying to rip you off.”

Male, 36-45 years, NZ European, individual

For some, this also included targeted marketing communications which seek to 'educate' customers regarding relevant tax issues:

“I think education is good, a lot of people don't understand... And if it's a user-friendly way, 'tax for dummies' or something ... Yeah, I would trust them a little bit more. I would feel like they're doing more than just taking money, I would feel that reciprocation, like they're giving something back.”

Male, 26-35 years, Pacific, individual

# 7.1 Individuals

## Basic principles of building and maintaining trust



**Transparency and easy access to information:** For Inland Revenue to build and maintain trust with customers, it is important that the organisation is open and transparent. For some people, this includes being able to easily access information online; others want to feel confident that the organisation is not keeping important information from its customers:

“It's slowly getting better ... there is more information you can get off the website and the less you have to deal with people, the ambiguity that that brings into things.”

Male, 26-35 years, NZ European, individual

“If all the information is there and you can see it there, nothing being hidden. It's when stuff is hidden from you or the perception that it's hidden from you, you're not given all the relevant information ... Then your brain starts thinking what is your end game? What are you trying to do? Are you just trying to make me stuff up so I'm going to owe you more money?”

Male, 36-45 years, NZ European, individual

# 7.1 Individuals

## Basic principles of building and maintaining trust



### Streamlined processes and systems:

Trust with customers may be eroded if Inland Revenue's systems are overly complicated and/or create barriers in people being able to access, or interact with, the organisation or its services.

“I don't think it's just the action of giving money away [via tax refunds] that makes someone trustworthy, it's the whole process of how they're qualifying and how they're doing it. And how hard or easy they make it.”

Male, 26-35 years, NZ European, individual



**A flexible and empathetic approach:** Individuals feel that demonstrating flexibility and openness to working alongside customers is key to building trust. This is an important signifier of reciprocity within the relationship, and particularly relevant in instances where customers have fallen behind with their tax obligations:

“They're helpful, like they work with you, for example if you have like arrears to pay they will give you a realistic payment arrangement that suits your income that you have.”

Female, 26-35 years, Pacific, individual

“When I was share milking I got into a little bit of trouble with Inland Revenue and I had penalties and all that sort of thing, and if you didn't pay what you had to pay on the day you incurred 10% penalties. But when they owed you money you could be waiting months for that money and yet there is no penalties involved. So to me it's a two-way street – if you're going to penalise me then you need to be paying me on time as well.”

Male, 36-45 years, NZ European, individual

# 7.1 Individuals

## Basic principles of building and maintaining trust



**Acknowledgement of mistakes:** In the event of mistakes being made by Inland Revenue, it is important that these are acknowledged and rectified. This not only shows that the organisation is honest and trustworthy, but also demonstrates that it is working to ensure that errors are not repeated. As evident below, for some customers, an apology plays an important role within this:

“If you are dealing with a company that never acknowledges that they make a mistake that means they will cover up ... at your expense. [And if the mistake is acknowledged?] It makes you feel that you can trust them more and I think it also may mean a difference in procedures... We should look at how we are doing things and maybe change.”

Male, 46-59 years, NZ European, individual



**Secure and trustworthy systems:** Customers expect that any information provided to Inland Revenue will be kept secure. This includes protection against external IT threats, as well as data not being shared with other organisations:

“With the Inland Revenue there is information that you must give... Because to a lot of people it's really personal, they do need to be reliable, and that they should not be passing that on, and we need to be able to rely on that fact.”

Female, 46-59 years, NZ European, business

# 7.2 Māori

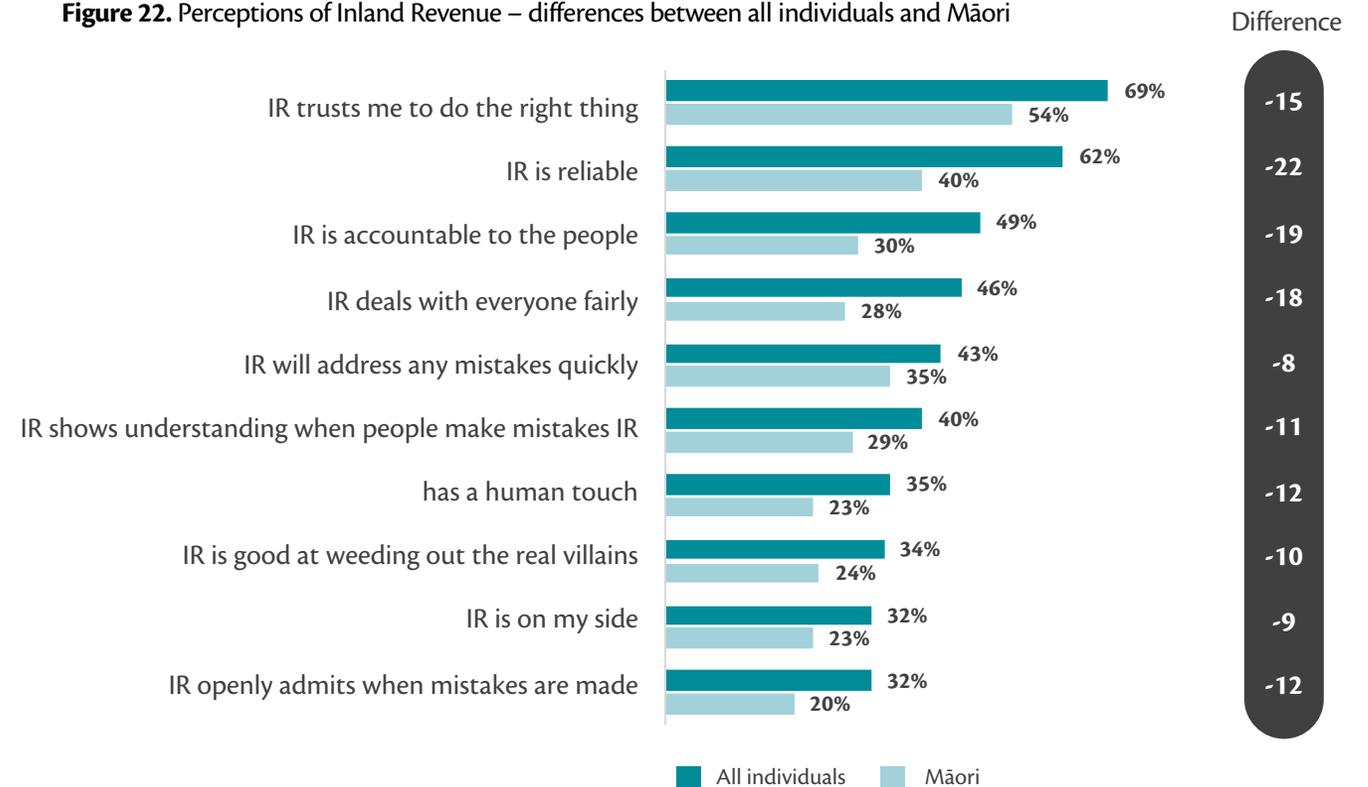
This section looks at the ways in which Inland Revenue could improve trust among Māori<sup>9</sup>. It shows the differences in how Māori perceive Inland Revenue and highlights those areas which are most important to improve from a Māori perspective. It also details the touchpoints which have the most potential for building trust among Māori, as well as priorities for improvement.

## 1 Perceptions of Inland Revenue differences to total individuals

Figure 22 shows the difference in perceptions of Inland Revenue between Māori and all individuals. Perceptions of Inland Revenue as reliable, accountable to the people, and fair are most different from the average, however all differences noted in the chart to the right are statistically significant.

### Perceptions of Inland Revenue differences between all individuals and Māori

Figure 22. Perceptions of Inland Revenue – differences between all individuals and Māori



Base size: All individuals (n=2,763); Māori (n=255)

# 7.2 Māori

This section looks at the ways in which Inland Revenue could improve trust among Māori<sup>9</sup>. It shows the differences in how Māori perceive Inland Revenue and highlights those areas which are most important to improve from a Māori perspective. It also details the touchpoints which have the most potential for building trust among Māori, as well as priorities for improvement.

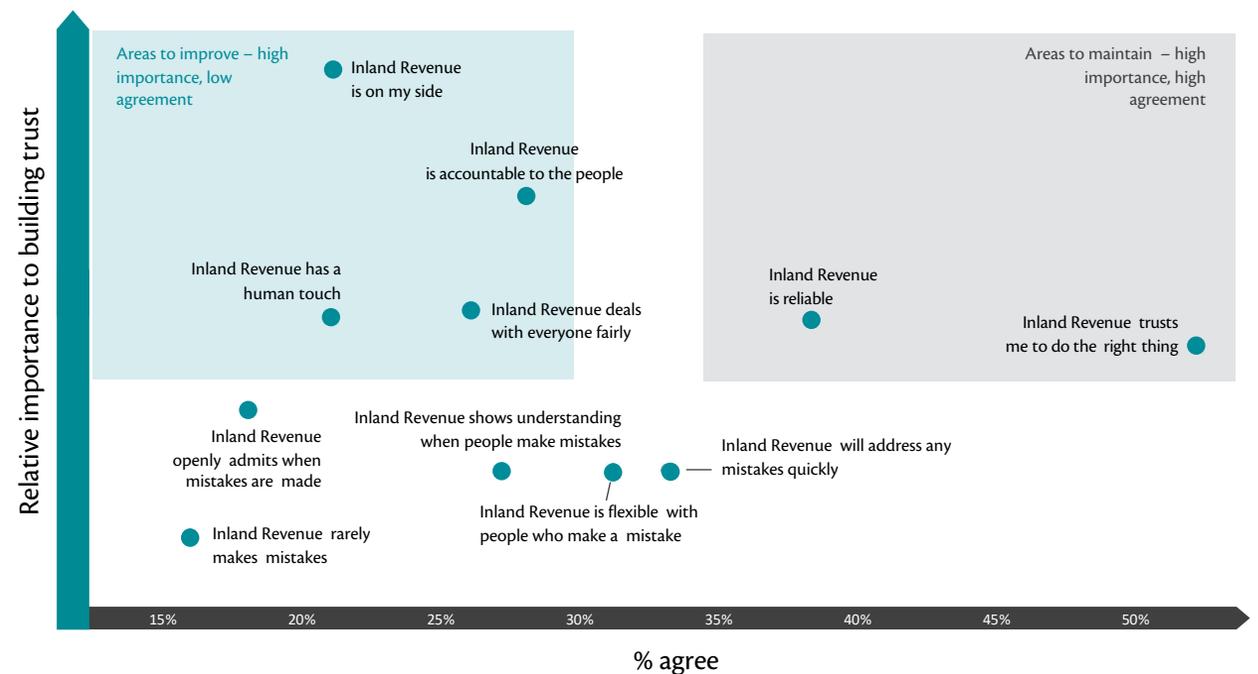
## Perceptions of Inland Revenue priority areas for improvement

Figure 23 shows the level of agreement with key perceptions of Inland Revenue, by their relative importance to building trust in Inland Revenue among Māori.

Perceptions of Inland Revenue as being on the side of the taxpayer and being accountable to the people are the two most important factors for building trust among Māori (as seen in section 6.3.5), however agreement with these statements is relatively low. Improving these perceptions will have the biggest impact on trust levels among Māori. Perceptions of fairness and of having a human touch (being kind, understanding, and empathetic) are also priority areas.

## Perceptions of Inland Revenue by their relative importance to building trust Māori

Figure 23. Perceptions of Inland Revenue by their relative importance to building trust among Māori



Base size: All Māori individuals (n=255)

# 7.2 Māori

## Touchpoints where trust can be built / eroded among Māori

Consistent with Individuals, call waiting times and ease of dealing with Inland revenue are the key areas to focus on when looking at building trust among Māori (see Figure 24).

The survey analysis identified a number of opportunities for greater exposure, three of which are around taking a more understanding approach:

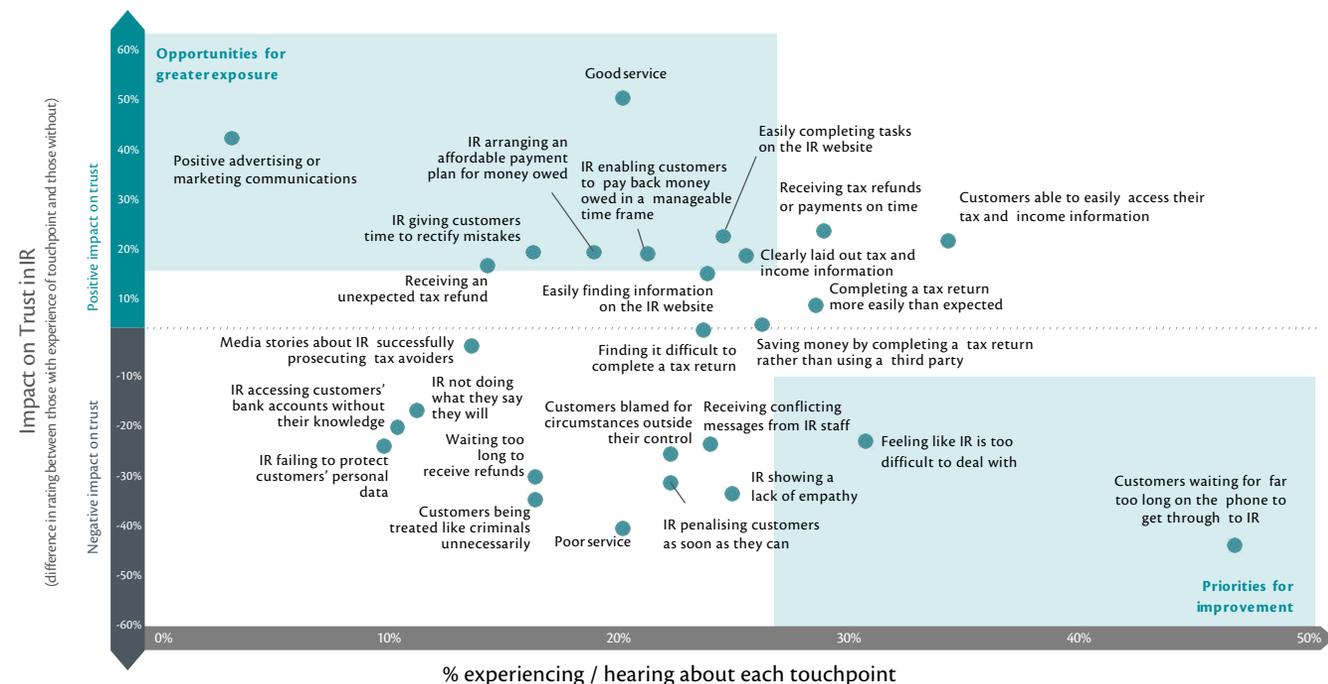
- Giving customers time to rectify mistakes,
- Arranging an affordable payment plan for money owed, and
- Enabling customers to pay back money owed in a manageable timeframe.

Other opportunities include:

- Greater exposure to positive advertising or marketing communications,
- Ensuring people know when they receive a tax refund,
- Clearly laid out tax and income information, and
- Ensuring it is easy to complete tasks on the Inland Revenue website.

## Impact of touchpoints on trust Māori

Figure 24. Impact of touchpoints on trust - Māori



Base size: All Māori individuals (n=255)

# 7.2 Māori

## Maintaining / building trust among Māori

Whanaungatanga (relationships) and whakawhanaungatanga (the building of relationships) are fundamental to building trust.

Whanaungatanga means taking a relational and not transactional approach. Whakawhanaungatanga and building trusted relationships means the values of honesty and integrity are to the fore and often framed within Māori cultural values such as aroha, manaakitanga, mana and wairua. In practice, this means to build trust among Māori Inland Revenue should look to do the following:



### Demonstrate active listening and avoid assumptions:

The complexity of the system should be acknowledged and there should be no automatic assumption or negative interpretation of Māori actions or intent. They should be given adequate opportunity to explain their position so they feel they are being listened to.

“So, when I went down there, I was expecting and prepared to be defensive. I got such a shock that they were so friendly. I could explain my situation, they listened and I didn’t feel like I was being interrogated.”

Female, 46-59 years, Māori, Individual

“What I mean, so when you ring up there’s an offer of help first rather than an accusation of something.”

Male, 60+ years, Māori, Individual

“And not treated with suspicion, treated at least in the first instance with genuineness around helping.”

Female, 46-59 years, Māori, Individual

## 7.2 Māori

### Maintaining / building trust among Māori



#### Ensure Māori feel respected by frontline staff:

From a Māori perspective, this means being greeted warmly and professionally and feeling that there is a genuine ethic of care with respect to their mental, emotional and spiritual wellbeing.

“My value set are Māori values. In my role as a manager or a leader I try to model or teach them about manaaki (ethic of care) and kaitiakitanga (to look after/protect). Just all the really strong values that we need in terms of respecting people. Making sure that visitors are welcomed, no one is ignored, and there is respect for one another, and honesty... and wairua. They can walk into the business and just feel a real warmth and respect you know.”

Male, 26-35 years, NZ European, individual

“Well actually Māori values because you know those terms that come to mind like maanaki and aroha. How we care for people, how we mind their hinengaro (mental and emotional wellbeing) and wairua (spiritual wellbeing).”

Male, 36-45 years, NZ European, individual

## 7.2 Māori

### Maintaining / building trust among Māori



#### Honesty and integrity in the relationship.

Ensuring staff do what they say they will do and own or take responsibility for past mistakes, even when not personally their doing. A genuine apology is a crucial part of taking ownership of past mistakes.

“Trust is when you have reassurance that, or knowledge that another person will do what they say they’re going to do, and that they will be true to their word, because I always say that your word is your mana, so if you don’t follow through with what you say you’re going to do, then your word is not worth anything, so how can you be believed to follow through at another time. To be trusted means that you have integrity and that keeps people connected and they feel safe, and that’s really important in community.”

Male, 60+ years, Māori, Individual

“I think honesty, even if you know, if you don’t like it, you need to be able to say what you think you know, being honest. And If you can’t do what you committed to, what you said you would do then, you come back to the table. Trust is hard earned but easily lost. You come back and say, I’m sorry but this is how it is, and that you know, maybe not what I thought in the first instance, and this is why I’ve changed my mind.”

Female, 46-59, Māori, Individual

The trust building actions noted above are not too dissimilar to those described for non-Māori customers. However, given that historical distrust Māori have of ‘the system’ and the pervasiveness of negative experiences of government agencies, Māori will need to feel that they are respected at all points of engagement. This is particularly important to mitigate past negative experiences and perceptions and to create the space for whakawhanaungatanga – the building of open and trusted relationships.

# 7.3 Business

This section looks at the ways in which Inland Revenue could improve trust among businesses. As with the previous two sections it identifies which perceptions Inland Revenue should focus on improving, and which are important to maintain. In addition, it identifies which positive touchpoints have the most potential for building trust among businesses, and which negative touchpoints are most damaging to trust perceptions.

## Perceptions of Inland Revenue

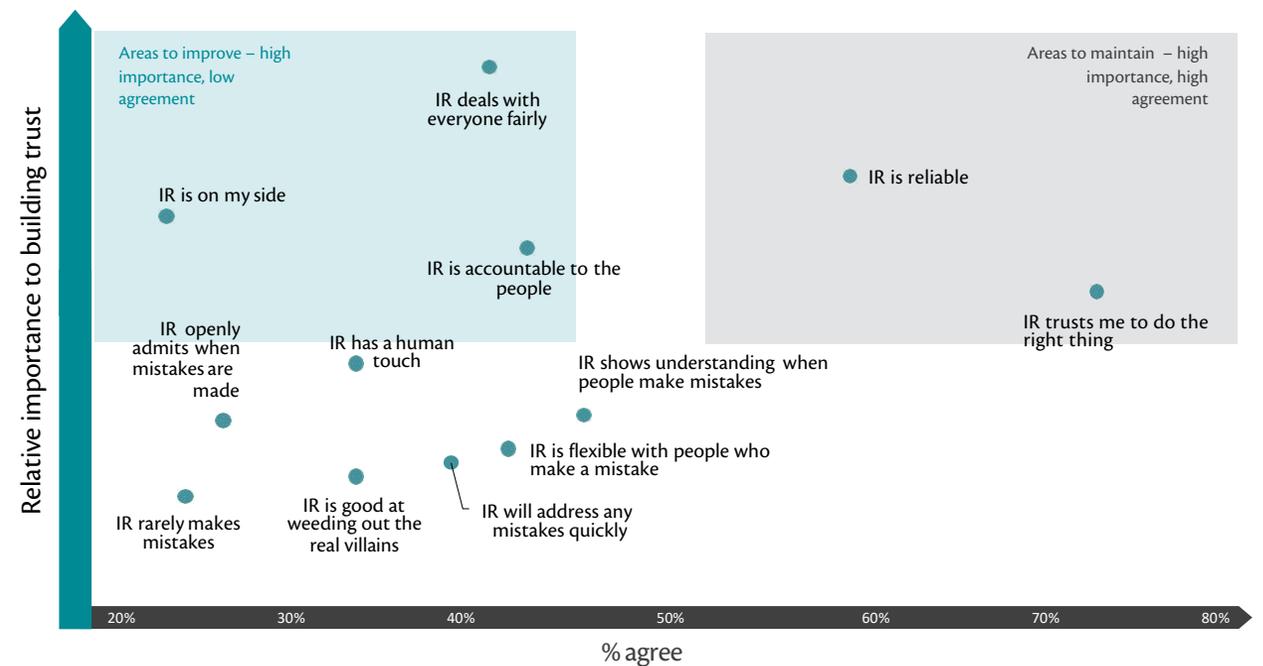
As described in section 7.1.1 to determine the extent to which various perceptions of Inland Revenue are held, we asked respondents to indicate whether they agreed with a series of statements. Figure 25 shows the level of agreement with each of these statements among businesses (identified as drivers of trust), by their relative importance to building trust

Priority areas for improvement for businesses include pushing the idea of Inland Revenue being on the side of the taxpayer, being accountable to the people, and ensuring it deals with everyone fairly. Agreement with these statements is low, however their relative importance to building trust is high.

On the other hand, perceptions of Inland Revenue as being reliable and trusting customers to do the right thing are important for Inland Revenue to maintain. Agreement with these statements is high, as is their importance to building trust.

## Perceptions of Inland Revenue by their relative importance to building trust Business

Figure 25. Perceptions of Inland Revenue by their relative importance to building trust - business



Base size: All business (n=1,005)

# 7.3 Business

## Touchpoints where trust can be built / eroded

Consistent with individuals, key touchpoints to improve upon among businesses are:

- Call waiting times
- Ease of dealing with Inland Revenue
- Ease of completing a tax return, and
- Consistent messaging.

These touchpoints occur the most frequently and have a negative impact on trust in Inland Revenue (as shown in Figure 26).

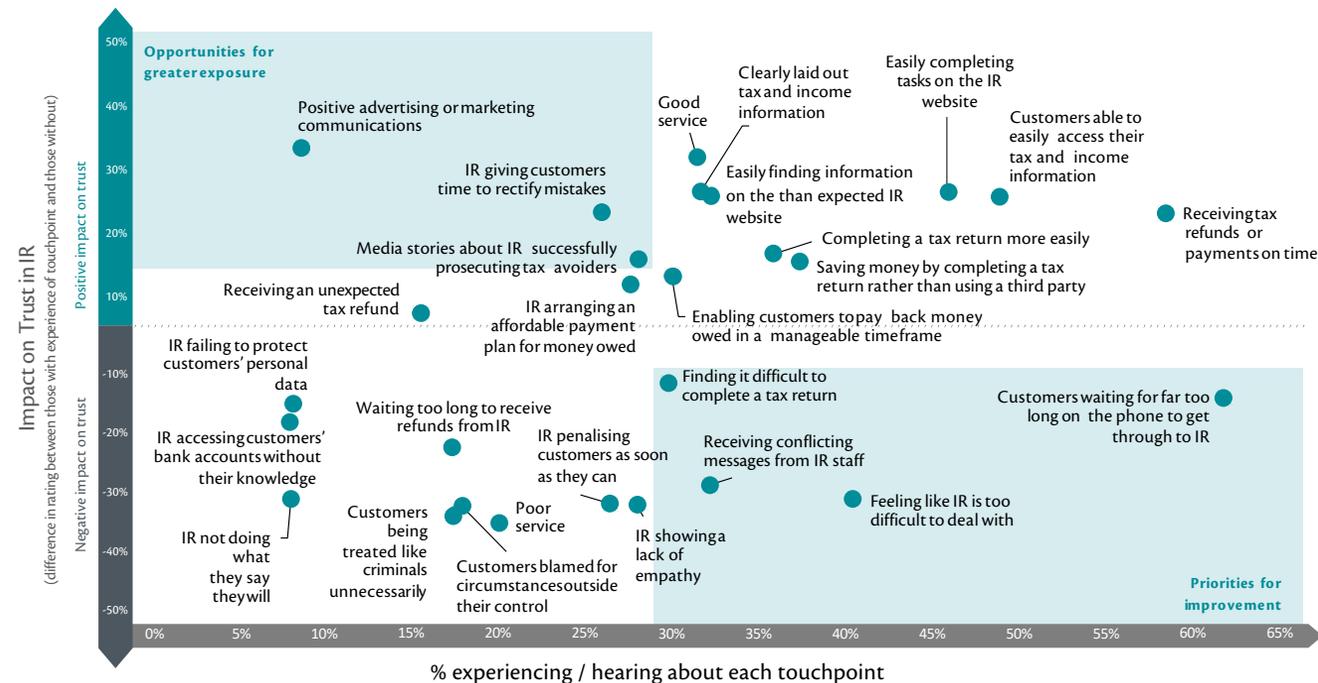
As with individuals, there is an opportunity to improve trust by increasing exposure to advertising and communications. Those who have seen positive advertising or marketing communications are 30 percentage points more likely to trust Inland Revenue, than those who haven't seen anything. However, relatively few businesses recall seeing or hearing anything (9%).

In addition, media stories about Inland Revenue successfully prosecuting tax avoiders are well received by businesses, but relatively few have seen this type of media coverage (27%).

Finally, those who have experienced or heard about Inland Revenue giving customers time to rectify mistakes are more likely to trust Inland Revenue. There is an opportunity for Inland Revenue to promote itself as an organisation which will show understanding to businesses that have made genuine mistakes or gotten into difficulty.

## Impact of touchpoints on trust Business

Figure 26. Impact of touchpoints on trust - individuals



Base size: All business (n=1,005)

# 7.3 Business

## Maintaining / building trust among businesses

Beyond the basic principles of building trust, as outlined in Section 7.1.3, qualitative interviews with business customers identified some additional considerations when building or maintaining trust with this customer group. These are outlined below.



### An equitable approach:

There is a perception amongst business customers that some businesses get an 'easier deal' than others within the tax system (e.g. via 'tax breaks'). Consequently, trust may be built by demonstrating that Inland Revenue takes an even-handed and fair approach to all business customers:

"We have got no options, we cannot reverse those charges and then you hear from someone that has got \$200,000 of debt to the Inland Revenue that has 80% of it written off. Like I say, you can reverse charges in certain circumstances, but you just don't want to do it here".

Male, 36-45 years, NZ European, business

"I wouldn't want to be paying my taxes and then have that business down the road not paying their taxes and nobody is following up to get it, so I need to be able to trust them that they're actually doing their job and making sure that everybody is paying their taxes fully and properly".

Female, 36-45 years, NZ European, business

"It feels like from what you see and read is that there are inconsistencies how things are handled with different situations, so it seems like one person can absolutely pay no tax and then suddenly it gets wiped, they go bankrupt and they start again. And then someone else on the other side is trying to pay off their tax debts for years to come, it just seems that it's potentially unfair".

Female, 36-45 years, NZ European, business

# 7.3 Business

## Maintaining / building trust among businesses



### **An approachable and non-threatening organisation:**

Some business customers spoke about feeling intimidated by Inland Revenue, either due to previous negative dealings with the organisation, or the perceived power imbalance in the relationship. An organisation which is approachable and accessible, and shows willing to engage with business customers, may therefore improve trust levels with this customer group.

“I find them quite nerve racking to deal with, I don't like ringing them, I would more often get [husband] to ring them because instantly you're in the wrong... I'm feeling like I'm going to get into trouble... I think it's just because they think... I get the impression that you're already in the wrong even before you state your cause, why you're there or what you're ringing about.”

Female, 60+ years, NZ European, business

“I don't feel that I can approach the IR and have the conversation like we have had tonight. I'm scared of the IR, I'm not scared of you. And in order for me to trust them I need to know that they're not out to get me, they're out to work with me... I find them unapproachable and like I said they enforce like a bully would enforce a school whereas I would trust them more if I felt that I could approach them and talk to them, work with them and that sort of stuff”.

Male, 36-45 years, NZ European, business

# 7.3 Business

## Maintaining / building trust among businesses



### Consistency of information and services provided:

For some business customers, inconsistent services or responses from Inland Revenue had contributed to a low level of trust in the organisation. In particular, this customer group are seeking a reliable and uniform level of service, including the dissemination of information from different staff members:

“I think they can be [fair] but also the flip side of that it depends who you get, and I heard this from the inside source, if you get the wrong person they’re going to make a totally different call which completely undermines the whole company”.

Male, 46-59 years, NZ European, business

“Being able to trust the government or Inland Revenue and those kinds of places that they’re not going to make life too hard for you especially being a small business owner... stuff around tax that you have to pay or making it easy to actually set up and get going in a small business because it’s actually quite hard. I guess what they have got in place stays in place and it doesn’t flip around too much, that it’s steady”.

Female, 36-45 years, NZ European, business

# 7.3 Business

## Maintaining / building trust among businesses



### Flexibility in addressing mistakes:

An important time where trust can be built or maintained with business customers is during instances where they are unable to meet tax obligations (e.g. filing income tax returns) and/or have fallen behind with tax payments. In such circumstances, they are seeking a flexible and fair response from Inland Revenue; this includes working together to develop a reasonable arrangement for redressing the situation:

“My dealings with Inland Revenue in the past have been soured by just their attitude... like the rules were broken but the way they enforced them, I felt it was archaic and just bully boyish.”

Male, 36-45 years, NZ European, business

“I did get behind in my taxes for a couple of years and they [IR] were really good and helped me get it all sorted and back up and getting on top of it all ... They actually gave me time to actually sit down to work through and get what I needed to get done. They didn't give me a too short deadline that was impossible to achieve so that was good. So, I guess that's trusting both ways - that they trusted that I would get it done ... [and] I trusted that they would give me that time and they wouldn't hound me and harass me or anything like that”.

Female, 36-45 years, NZ European, business

“Most people do want to pay their debt, no one wants to get penalised because if a debt keeps growing it makes more people hide and stay away even more. But I think having people approach you and make you feel it's ok, like especially if someone says hey look, I know you're in debt, but we are here to help you sort it out. That's a great way to start”.

Female, 46-59 years, NZ European, business

# Appendix

- 1) Kristina Murphy, 'Trust me, I'm the taxman': The role of trust in nurturing compliance, retrieved from: <https://openresearch-repository.anu.edu.au/bitstream/1885/40637/3/UP.Murphy.trustme.pdf>
- 2) The 'low trust' group had n=3 participants, and the 'high trust' group had n=5 participants.
- 3) Those who had been invited to complete an Inland Revenue study through Colmar Brunton in the last three months were removed from the sample to reduce respondent burden.
- 4) Results for individual and business customers have been reported together throughout the report unless otherwise specified.
- 5) A correlation coefficient of 1.0 is a perfect relationship. A perfect relationship occurs when respondents answer two questions in exactly the same way.
- 6) As this information is commercially sensitive, all organisations except for Inland Revenue have been anonymised.
- 7) Metge, J. (1990), cited in, Berryman, M. (2014). Evaluation indicators for school reviews: A commentary on engaging parents, whanau and communities. Background paper prepared for the review of the Education Review Office's Evaluation Indicators for School Reviews.
- 8) This has been echoed in other studies the research team has undertaken, e.g. Wehipeihana, N. (2019). What's working for Māori? A Kaupapa Māori perspective on the responsiveness of the Integrated Safety Response pilot to Māori: Synthesis Evaluation Report. Wellington: Ministry of Justice.
- 9) Includes all Māori individuals, but excludes those in the Māori business sample