Inland Revenue
Te Tari Taake

26OIA2379

12 June 2026

[redacted]

Dear [redacted]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 3 June 2026. You requested the following:

> *1. A description of the performance rating scale currently used by your organisation when determining an employee's overall performance rating.*
>
> *Please note, I am not requesting information about your performance review process itself, only the rating scale used. For example, does your organisation assign employees a rating based on a 1-5 numerical scale, descriptive categories, matrices, or another model. I would like to know the type of rating scale used and how it defines each stage/step of the scale.*
>
> *2. A high-level description of what employees are currently assessed on as part of their performance review process. For example, is their rating based on the technical requirements/duties of their role, competencies, behaviours, alignment to values, etc. An indication of how these areas are weighted would also be helpful. A high-level description of your organisation's overall approach is fine, I am not seeking information on a role-by-role basis.*
>
> *3. A high-level description of if/how performance ratings are currently taken into account when your organisation carries out regular remuneration reviews. Does an employee's performance rating affect their remuneration review and, if so, how?*

Item 1

Inland Revenue stopped using formal performance reviews and ratings in 2017. In 2018, we introduced a new approach called 'Whanake'. This approach has one simple expectation – employees are expected to do a "great job".

Doing a "great job" means showing Inland Revenue's Te Pou o te Tangata behaviours and performing at a level that matches each person's skills and ability.

To help explain this, I have included a summary document for leaders that outlines how the Whanake framework works. This also includes information about the Te Pou o te Tangata behaviours. This document is attached as **Appendix A**.

Item 2

Inland Revenue does not use performance reviews or ratings. Instead, our Whanake approach focuses on regular, ongoing conversations between leaders and team members. These conversations cover day-to-day expectations and delivery. From time to time, they also include development, behaviour expectations, and career goals or interests.

These conversations are guided by Whanake resources, our people capabilities and organisational behaviours (Te Pou o Te Tangata), along with team or business work plans.

For many of our frontline roles, we have developed 'Good Performance Guides' with extra role-specific information. I have attached an example of one of these guides for a frontline role as **Appendix B.**

Item 3

Most of our people (97%) are covered by a collective agreement and are paid using the Banded Pay Structure.

If someone is not on a Performance Improvement Plan (PIP) on 30 June, they receive the standard pay increase for their band. This increase is based on set steps within the pay range. This year, anyone at or above the top of the steps (Step 10) in their pay range (106%) will receive an $800 increase.

The remaining 3% of people are in roles that are not covered by a collective agreement. This includes managers above Team Lead and below Tier 2. Their pay is set using a different approach called the Graded Remuneration Structure. In this model, pay increases are not guaranteed. Leaders decide whether to give an increase, and how much, based on the available budget. These decisions are usually made through discussions with other leaders in the same area. There are no performance ratings used in this process.

I have attached a copy of the guidance that describes these two pay structures as **Appendix C** and **D.**

Publishing of OIA response

We intend to publish our response to your request on Inland Revenue's website (ird.govt.nz) as this information may be of interest to other members of the public. This letter, with your personal details removed, may be published in its entirety. Publishing responses increases the availability of information to the public and is consistent with the OIA's purpose of enabling more effective participation in the making and administration of laws and policies and promoting the accountability of officials.

Thank you again for your request.

Yours sincerely

Jane Elley
Enterprise Leader – People and Business Services

Appendix A

A leader's introduction to Whanake

Whanake (to grow/develop) is IR's performance approach. It's built around having regular, ongoing, constructive kōrero and great quality coaching time with your people.

That's what makes Whanake unique. Whanake recognises that people need different things at different times. Depending on your people's needs at the time, the kōrero can be simply about getting to know each other, about performance or wellbeing, development or career aspiration, or how to resolve conflict with a colleague.

These different needs mean you will have to approach the kōrero in different ways. Your role as a leader is to coach and support your people to grow and develop within their role and towards future goals.

Whanake also guides leaders to demonstrate Te Pou o te Tangata. For example, through:

- Whanaungatanga – focusing on and connecting with your team member, understanding what they need
- Manaakitanga – providing the right support and coaching to help them achieve their goals
- Mahi Tika – enabling your people to do great work every day, with you being a great team leader for them.

Putting Whanake into practice

Before we go through the ways that Whanake is used in practice, it's helpful to reflect on some of the key features of Whanake.

- It's not prescriptive, because the focus of your kōrero will naturally need to adapt depending on where your person is at any point in time.
- The approach to Whanake isn't step by step, meaning there's no set order to the types of kōrero that you may have.
- Your person is at the centre, so if you haven't already, you'll want to invest time getting to know them.

Getting to know each other

The 'getting to know you' kōrero is a two-way exchange. Being curious about your people and understanding what they value, how they work and what matters to them is important. Sharing what matters to you will be valuable information for them too. It enables you to build a relationship, and over time it establishes trust.

Knowing your people, and them knowing you, will help you to effectively lead in the way that they need and will help them to work at their best.

There are tools available that may help you in how you approach these kōrero on the Whanake SharePoint page.

Managing work priorities and performance

Your role is to help your people to understand what is expected of them and be clear on their priorities. Whanake provides you with the framework for ongoing coaching, feedback and support to ensure your people can perform in their role and continue to deliver for our customers.

Checking in on performance on a regular basis enables your person to get a clear picture, on an individual level, of what they do well, and what they may need to focus on in terms of their development.

Your goal is to help your people be successful in their roles, through managing day-to-day performance in a proactive way.

Resources to help you develop the skills that are needed to facilitate these kōrero are available. Some examples include:

- coaching
- providing feedback
- setting clear expectations
- challenging conversations.

Supporting capability uplift and development

Our capability-based approach means that we focus on the mix of skills, knowledge, experience and behaviours that an individual needs to deliver in their role.

Your person may have a clear idea of their development needs or goals, or you may need to coach them to help them to discover these. Either way, development can come in many forms, such as new work that stretches your person, reflecting on the outcomes of different approaches, or formal learning to learn new skills. Through Whanake, you will work with your people to uncover strengths and what they may need to focus on and work together to come up with the best approach to develop towards those goals.

Through focusing on development, you are helping your people to grow to keep up with changes in their role, perform at their best and position them for their next role.

Uncovering career aspirations and goals

Understanding your people's longer-term goals and aspirations enables you to tailor development and identify opportunities to take them closer to their goal.

It's important to take the time when coaching your people to uncover career aspirations. Everyone comes from different backgrounds, which may include differences in cultures, languages, education and more. That means they may not be comfortable about putting themselves forward for opportunities or talking about themselves and their development needs.

Your role as a leader means investing the time to support and enable others to realise their own potential, and some of your people may need more coaching to do this. In some instances, your people may not be aware of potential career pathways. Where possible, work with them to create this visibility and direct them to available resources.

Other people will be happy in their current role. Continue supporting their development so they can grow and thrive in their role by providing interesting and varied work within the capabilities and outcomes of their role.

Longer term goals and career aspirations will also vary from person to person. Our capability-based approach lends itself to career moves that are not just linear (into leadership or more senior roles) by focusing on building transferable skills.

Tips for having a great Whanake kōrero

It's important to recognise that as a leader, your role is to facilitate your people's self-discovery and provide direction when needed. Individuals are expected to own their development and you need to help empower them to take control.

Below are some things to think about for your Whanake kōrero.

Think about	More information
Building trust	Invest time getting to know your people. Sharing your own learning experience can help build trust.
Environment	Think about the space for the type of kōrero – a meeting room, or a quiet space might be best in some instances, while going for a walk or out for a coffee might be better for others. All these options are okay.
Preparation	Prepare ahead of time but also be willing to pivot or shift the focus if they have something they want to discuss.

Think about	More information
	For example, you might prepare for a development kōrero as you haven't had one for a while, but your person wants to talk about a piece of work that is having an impact on them.
Scheduling	Schedule in advance and allow your people to input into the frequency of the meetings. Some of your people may need more regular weekly or twice weekly Whanake kōrero, and others may prefer, or only need, monthly.

Documentation

Not all Whanake kōrero need to be documented. It can be helpful to share notes of what you or your person commits to during a Whanake session or to record the goals and steps for achieving these.

Show mahi tika by following through on what you say you will do. Creating a plan is a great way to achieve this, although they may not be needed for everyone. This can be done in a way that suits you both and that you can both access in real-time. These include:

- using the Career and Performance tile in Ātea (quick reference guides (QRGs) are available to help navigate this)
- using the MyPlan template
- having a shared Word document or using OneNote
- adding information into their Outlook calendars to help remind them of any steps they need to take by a specific date
- sending an email that captures the main points of the discussion.

What good performance looks like: Customer Compliance Specialist

It's important you and your leader know how you are performing in your role. This helps you have quality Whanake conversations that form the basis of your development plans and career aspirations. This guide outlines what's expected of you in the Customer Compliance Specialist (CCS) role in your day-to-day work and customer interactions.

Everything we do at IR, including our performance, is underpinned by Te Pou o te Tangata:

- *We unite through Whanaungatanga*. We make connections, listen and value the experiences of others. We are open minded, inclusive and show respect.
- *We lift each other through Manaakitanga*. We seek to lift the mana of others, are generous with our knowledge, and care for those around us. We see the value of diversity.
- *We act with integrity through Mahi Tika*. We do the right things, are open and accountable. We do what we say. We are flexible and learn as we go.

Demonstrating Te Pou o te Tangata helps us all to perform at our best by being respectful in the way we behave - consistently showing up for each other so that we can work together effectively and efficiently. Doing so ensures we're complying with our Code of conduct and IR's policies. Practical examples of what this looks like, and what is expected of us all, include:

- taking a professional, respectful, and empathetic approach to every customer interaction while guiding and supporting people to meet their tax obligations,
- understanding the priorities and needs of CCS, IR and your segment or business unit aligning your actions and decisions accordingly,
- being professional,
- treating information with care and only using it for the purposes of our work,
- taking ownership for the tasks we're responsible for within our role,
- being reliable for our team while balancing the need to take leave within our policies and guidelines.

Your leader is here to support and guide you. Open two-way communication is important. If you're ever unsure what to do, do ask.

For the CCS role, this is supported by the following key performance areas which your leader will focus on with you.

Audit compliance work

Work varies across the business segments depending on the areas of focus, customer population and the certainty required to be provided to customers (and that our people are expected to support all segments when needed). However, there are some expectations that apply to all three segments, and these are what would be required to ensure good performance is achieved.

These expectations and guideline are summarised in the **Appendix**.

Minimum expectations

The minimum expectations of what good performance looks like are within the Audit and Investigations Best Practice Statements (sharepoint.com) - specifically the Seven Audit Principles, summarised below:

1. **Timely** - Investigations are completed in a timely manner.
2. **Accuracy** - Assessment of the appropriate amount of tax under the Revenue Acts.
3. **Consistency** -Legislation, policy and process decisions are consistently applied with agreed national processes followed at all times.
4. **Transparency** - Open and honest communication and reporting of information.
5. **Efficiency** - Customer and CIR costs are minimised in obtaining the best outcome.
6. **Objectivity** - Application of sound judgement in all decision making.
7. **Accountability** - Group Leads, Team Leads and CCS Compliance staff are accountable for applying the Investigation Principles in everything we do.

Accounting for effort in START: Where the function exists, all effort including but not limited to case work must be recorded in START. This includes but is not limited to; planning, meetings, analysis, coaching and follow-up actions. Time recording makes your effort visible, allows for better informed workload conversations including those about planning, prioritisation of work on hand, proposed work and individual performance. Time should be updated as it is completed and where this cannot happen it should be accounted for at the earliest opportunity.

Cost benefit/decision making: Time and effort applied to cases should be considered and decisions recorded when planned time is exceeded, and on an ongoing basis (for example, we aim to achieve 80% of the discrepancy within 20% of the time). It's important to consider the outcome for the customer and IR to ensure we are making the best decisions and spending our time appropriately. Please ensure key decisions are recorded within the Audit Group notes.

While working on audit compliance tasks you are expected to follow our guidelines when working in the office and/or working from home.

Projects, campaigns and leads: Please note in the Appendix we have aimed to capture best practice and timing expectations for most of the work undertaken in the CCS role, but there may be some tasks undertaken that are unique to your business area, including campaigns, projects and initiatives.

Talk with the project leader or use assistance pathways to determine best practice and ideal timeframes for tasks specific to your segment. Your leader will also check in with you about the work you're undertaking, to understand if they can support you through any challenges, and to help the work progress effectively and efficiently.

Quality:

- Always follow Best Practice and the Investigation Principles.
- All cases meet the expected quality standards.

Technical and decision making:

- Maintain and grow your technical and process knowledge.
- Be responsive to learning new work.
- Follow the guidance from Enabling You and the Assistance Pathways for support in decision making.
- Use risk modules to support the identification and analysis of tax compliance risks, and selection of appropriate responses - Risk module overview
- Uplift the capability (technical and process) of others via peer review, coaching, and on the job assistance – providing support and advice to internal and external customers to ensure compliance with relevant legislation and audit practices.
- Where appropriate, be involved in networks that support your role and business area (e.g. Area of Focus/Risk, Industry Group etc).
- Maintain required training hours for currently held qualification(s).

Additional for CCS Level 2

May include work such as:

- Provide direct audit support to colleagues and Team Leads.
- Lead projects and initiatives.
- Identify, review and advise on complex compliance issues.
- Resolve complex dispute cases and audit settlements, including as a point of escalation/assistance.
- Be a mentor for Level 1 CCSs and/or Chartered Accountants Australia New Zealand (CAANZ)/Certified Public Accountant (CPA) mentor.
- Coach, guide, and train - Level 1 CCSs, BLMs, and CSOs as necessary.
- Develop training content, coordinate training activities and/or facilitate training sessions.

Additional for CCS Level 3

May include work such as:

- Identify emerging issues and their implications for IR.
- Leading national pieces of work.
- Actively contribute to risk identification and treatments.
- Contribute to the professional development of individuals to build their capability and enable them to represent IR as subject matter experts.
- Provide expert technical advice and guidance on complex issues to key domestic and international customers to drive compliance behaviours (in line with assistance pathways).
- Lead and/or be a specialist in a specific tax/social policy product and/or industry.

My Note and Attention fields

My Note enables you and your Team Lead to see the current state of work and planned work. The Attention field enables you to add a future date of all tasks, and you can then sort your My Work based off this date to manage the next action on your cases. These must be used as appropriate.

Additional resources

There are several supporting resources available for CCS' and Leaders, such as:

- Audit Case Management Dashboard (Power BI).
- START Reports.
- Compliance Training Network.
- Critical Task Assurance (CTA) Preparing work for Critical Task Assurance (CTA) Review.

Appendix – Expectations and guidelines

Product	Expected timeframe (guideline)	Link
Audits	Managed within the timeliness guidelines. While it is anticipated that some audits may take longer and others a shorter period of time, the expectation is: ▪ GST disbursement - 2-4 months. ▪ Risk Based Audit – 12 months. ▪ Fraud - 16-24 months. ▪ Evasion – 18 months. ▪ Avoidance – 28 months. NOTE: Timeliness guidance excludes legal actions, where cases are on hold for litigation.	Audit Timeliness Guidelines
Pre-Audit (Risk Review)	Up to 20 hours 4-6 weeks from of receipt of info from customer (e.g. 3 months from assigned) There is an exception to this for work completed on Compliance Managed customers in Significant Enterprises.	Pre-Audit programme
Basic Compliance Packages	The average time to complete the BCP case is 20-30 hours and within a 6-week period from allocation.	Basic Compliance Package (BCP) Group
	See comparison table at end of the process flowchart page: ▪ In depth – 30 hours ▪ Light Touch – 10-12 hours ▪ BCP Questionnaire Phone call – 5-6 hours	Basic Compliance Package - process flowchart
Annual Risk Reviews	Specified reviews – completed within 3 months of the return filing (end June - extended to 1 July 2024). 40-50 hrs Comprehensive reviews – completed within 8 months of the return filing (Nov), no max hours specified.	What is the Compliance Management Group
Voluntary Disclosures	Up to 15 hours Within 20 working days from date assigned	Voluntary disclosures

Customer Requested Adjustment (s113)	Will depend on the complexity of the issue and whether CTA is required CTA required where the credit adjustment proposed ▪ is greater than $50,000 tax for all customers except Significant Enterprises; and ▪ is greater than $500,000 tax for Significant Enterprises.	Customer requested adjustment (CRA)

Table continues on the next page...

Product	Expected timeframe (guideline)	Link
Integrity review **GST credit review tasks**	If customer clarification is required, then work in the Integrity task. If not completed the same day and risk identified, then: ▪ Considered a risk review and should be completed within 20 hours and 4-6 weeks from the customers response (e.g. 3 months all up from info request > customer response > IR analysis and decision). ▪ If converted to audit they follow the 2-4 month timeliness that applies to GST disbursement category (same timeframes would apply for all tax types unless additional risks are found and TL agrees to convert).	Integrity review GST credit review tasks
Indicative View	Up to 20 hours	Indicative views
Binding Rulings **- Private** **- Product** **- Public** **- Status**	No limit but an Hourly Fee is charged. External guidance is approx 100 hours (Link to external guide) Performance standards – refer to SharePoint link. ▪ Draft qualifying ruling completed within 10 weeks (8 technical issues or less) ▪ Draft non-qualifying ruling completed within 6 months (more than 8 technical issues) ▪ Post draft ruling submission responded within 1 month of receipt.	Managing Binding Rulings Page 8 cost and expectations Performance Standards and projects on hold

Table continues on the next page...

Product	Expected timeframe (guideline)	Link
Short process ruling	Initial Due Date - 30 working days (6 weeks) to issue the Draft Ruling/Initial View Letter (from later of application/payment) Clock is paused when additional information is requested. Final Due Date – another 20 working days to issue the Final Ruling (not an external performance – guide only).	Short-process rulings
General Processing Standards	Processing timeframes for various pieces of work can be found here.	Processing standards
HWI	Best practice statements	High Wealth Individuals Unit
RDTI	Referrals/web messages – 45min General approval – 60min, can be multiple hours if complex (across entire review). Also includes processing of information from START into our partner agency's customer relationship manager database Supplementary return – 8 hours CAM application – 150 hours Enrolments – 40min Transitional Support Payment – 30 min	Research & Development Tax Incentive (RDTI)
Disputes	As per legislative requirements	Disputes process overview
Litigation and Prosecution	Follow the navigational tool to locate instructions dealing with aspects of litigation and prosecution case processes.	Litigation and prosecution instructions
Special Audit	Best practice statements	Special Audit workstream
Work assignment / project / campaigns	Follow guidance of project lead for best practice expectations and timeframes. Some work (e.g. leads) will appear in the Operational Information Dashboard or EIP respectively.	
Overall	BPS Is the one source of truth	Best Practice Statements

End of table

Inland Revenue
Te Tari Taake

Appendix C

Guide to the Banded Pay Structure

Updated April 2024 to include the *Te Pou o Te Tangata* behaviours

What is the Banded Pay Structure ('BPS')?

The Banded Pay Structure or 'BPS' is the pay approach used for all positions at IR that fall under collective employment agreement coverage.

This document details the BPS including how the annual pay review mechanism works.

The BPS has been designed to:

- Be simple and provide certainty
- Align with *Whanake*, our performance approach, supporting our focus on capability growth and development
- Be clear about the 'monetary value' or 'rate of pay' placed on a role and how we use the pay range in relation to that
- Reward performance by providing for pay increases as people grow their capabilities and contributions
- Have pay ranges set at levels that help us attract and retain people
- Fit within overall budget considerations.

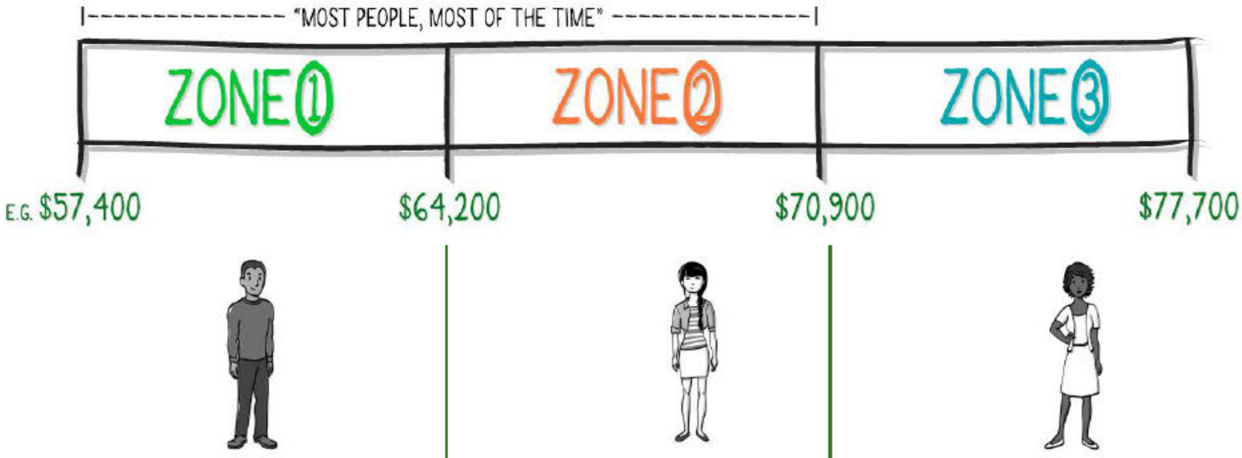
In this guide you'll find out about:

Key BPS concepts:

1. We use 'pay zones' to be clear about how we use the pay range at IR.	Our BPS pay approach is designed to be clear about how we use the pay range at IR. We divide the available pay range into three 'zones'. We first establish the rate of pay or 'monetary value' for someone achieving all of the outcomes required of their role. This is 'Zone 2' which sits in the middle of the pay range:  Either side of 'Zone 2' are 'Zone 1' and 'Zone 3', where pay is either *below* or *above* the value placed on a role, respectively. Dividing the pay range into these three zones helps us be clear about how the different parts of the pay range are used for different circumstances, linked to people's capability and contributions. Depending on your employment agreement, there may be ten fixed dollar 'steps' within the pay zones, from the bottom of Zone 1 to the bottom of Zone 3.
2. We expect most people will do a great job.	The BPS is linked to *Whanake*, our performance approach. We believe that most people come to work and do a great job. At IR: *Doing a 'great job' at IR is defined as demonstration of our Te Pou o Te Tangata behaviours and delivering at the level we would expect based on your capabilities".* This includes an expectation of continuing to learn and grow. Through conversations with your leader, you'll have an ongoing view of your performance against this requirement.
3. People receive pay increases in return for growing their capability and contributions.	At IR we are focused on growing capability, so that you can deliver the outcomes our customers expect. Pay increases are awarded in return for you growing your capabilities and contributions in your role. As you grow in your role, your pay will progress through Zone 1 and Zone 2, until over time you reach Zone 3. Once at the minimum of Zone 3, further pay movements are small, linked to the increase in calculation points. Pay increases are largest for people lower in the pay range e.g. in Zone 1, so that their pay increases at a rate which reflects their growth in capabilities and contributions.
4. Pay increases occur simply.	Where you've performed as expected and done a 'great job', then you'll receive the relevant pay increase specified in a 'pay increases table'. The relevant 'pay increases table' for your employment agreement will outline each year the applicable pay increases for each pay zone. Depending on your employment agreement, the table will specify the increases as either a percentage of your current base salary, or as a 'step' movement.

The three BPS pay zones – Zone 1, Zone 2, and Zone 3:

Pay ranges in the BPS are divided into three 'zones' called Zone 1, Zone 2 and Zone 3. The logic behind the pay zones is that they generally reflect the three broad groupings of people we have at work, i.e.:



1. Those learning and growing in their roles; *and*
2. Those that are delivering and contributing everything that is expected of someone in their role; *and*
3. The small proportion of people for whom paying above the monetary value of the role is appropriate e.g. to manage business risks such as attraction and retention.

These groupings allow us to think about the general relationship between the monetary value placed on a role, people's contributions and their pay.

More about the pay zones:

Zone 2 represents the 'monetary value' for someone achieving all of the outcomes required of their role. It is the middle part of the pay range. Being paid *anywhere* in Zone 2 is viewed as an appropriate salary for the role.

If you're paid in Zone 2 then you would normally possess all the required capabilities, be delivering everything that's expected of someone in your role and be an exemplar of our *Te Pou o Te Tangata* behaviours.

As you move through Zone 2, the pay increases awarded become smaller than those awarded to people in Zone 1, because people paid anywhere in Zone 2 are already being paid appropriately for their contributions.

Below Zone 2 is **Zone 1**. Most people will start in Zone 1 when they begin their role.

The largest pay increases are awarded to people who are within Zone 1 and then begin to move through Zone 2, so that their pay increases at a rate which reflects their growth in capabilities and contributions towards that expected of the role.

The focus here is on rewarding you with pay increases as you demonstrate our *Te Pou o Te Tangata* behaviours, grow your capabilities and are able to contribute more to IR in your role. As this happens, your pay will progress through Zone 1 and into Zone 2.

Most people will be paid within Zone 1 or Zone 2.

Over time, in return for growing their capability and contributions, people's pay will normally be increased through Zone 1 and Zone 2 up to the minimum of Zone 3.

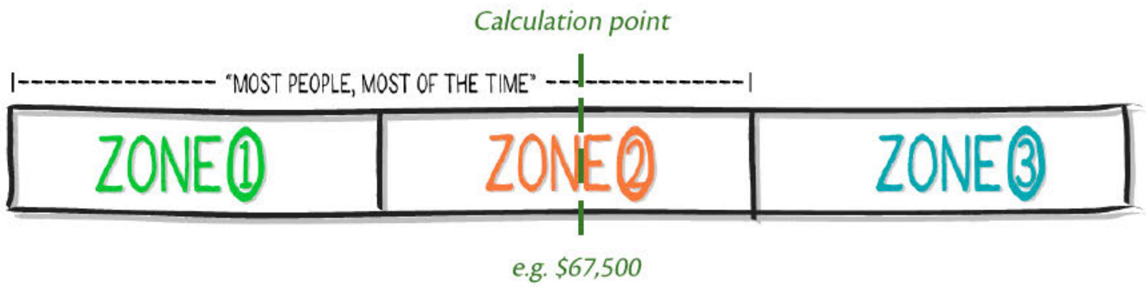
The uppermost part of the pay range is **Zone 3**. Zone 3 exists to help leaders manage business risks such as retention or attraction.

If you're paid in Zone 3, then you're being paid *above* the monetary value placed on your role. Once at the minimum of Zone 3, pay increases awarded here will be of a small, 'maintenance'-type level.

Calculation points:

There's a point in each BPS band's pay range that is used to calculate the dollar values for the full pay range from, including zone breaks, and if applicable, 'step' values. We call this the 'calculation point'.

In the BPS, the calculation point falls approximately in the middle of Zone 2:



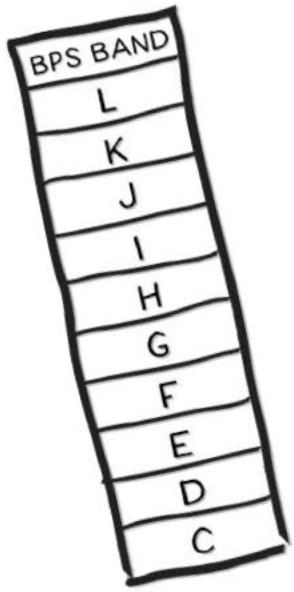
The *minimum* of the pay range is approximately 85% of the calculation point; the *maximum* is approximately 115% of the calculation point.

Development ranges:

For a small number of roles a 'development range' may apply, commencing at approximately 65% of the calculation point for the relevant pay band. The purpose of development ranges is to allow for someone to enter a job with a lower skill set than normally required and develop while in their role.

The BPS pay bands and ranges:

There are 10 pay bands in the BPS ranging from band BPSC (the lowest) to band BPSL (the highest).



Your role's 'size' determines what pay band it is in:

Roles are placed into the appropriate band according to their job 'size'. Jobs are sized using the Hay job sizing methodology or slotted against established benchmark jobs.

All roles of a similar job size are placed into the same BPS band.

Pay range updates:

Like most government departments, IR references public sector information to inform thinking about changes to the calculation points. Other factors include job size, other external relativities and available funding.

When calculation points are updated, the pay range minimum and maximum and pay zone dollar values are also recalculated.

The annual pay review mechanism:

Annual pay reviews usually occur with effect from 1 July each year.

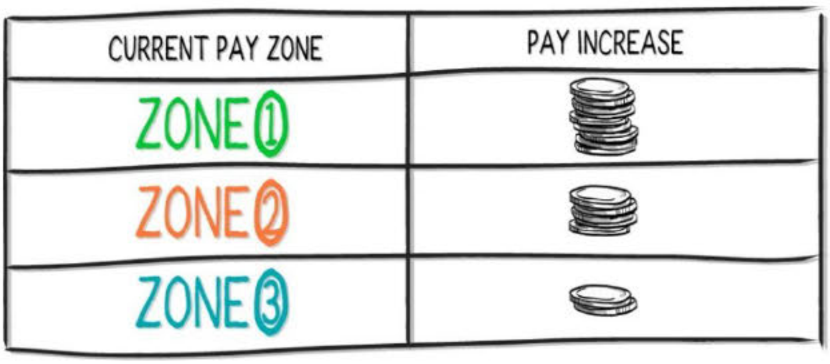
If you have been doing a great job, you'll receive the pay increase for your pay zone:

We believe most people come to work and do a great job, behaving and contributing at the level we'd expect based on their capabilities. On the assumption that you've been doing a great job, then you'll receive the appropriate pay increase for your pay zone.

Performance ratings or formal performance reviews are not used at IR. Instead, your pay zone determines the level of the pay increase you will receive.

Pay increases table:

Each year a 'pay increases table' specifies the size of the pay increases awarded.



In some employment agreements, the movements in the pay increases table are described in terms of 'steps'; in others as percentages of your current salary.

Finding out about the latest pay ranges and pay increases table:

If you are a union member, you can find the current pay ranges and 'pay increases table' in your collective employment agreement, along with other information about how the review will operate each year.

If you are not a union member, you can find this information on the intranet.

Development ranges:

A development range with a minimum no lower than 65% of the calculation point will apply to certain positions.

The purpose of development ranges is to allow for employees to enter a job with a lower skill set than the minimum normally required and develop while in their role. People within the development range will have a development plan in place to enable them to grow their capability to the minimum normally required for Zone 1.

If a person is in the development range, then the amount of pay increase will be determined by their leader during the annual pay review exercise, based on the degree to which they have grown their capability. It is generally expected that a person will progress to the minimum of Zone 1 within 18 – 24 months.

Pay increases and poor performance:

An important part of *Whanake,* our performance approach, is discussing any performance concerns or issues early when things are not going as expected.

If you've become 'off track', we expect timely conversations with your leader to occur in order to understand the reason(s) for this, clarify expectations and to determine what support, coaching or next steps are necessary to you get back on track.

Annual pay review increases will be deferred when someone is on a PIP.

If you are then placed onto a Performance Improvement Plan (PIP), then your annual pay review increase will be deferred until the date you come off the PIP. Your new rate of pay will then take effect from that date.

The wider remuneration framework at IR:

The BPS is intended to reward you for your capability development and growing contributions.

Outside of this core BPS approach, there will always be a small number of circumstances that arise that do not fit within this core approach, yet need to be managed.

The BPS is supplemented by the *Exceptions Framework.* This is a set of mechanisms that help leaders to respond to business risks and if a pay-related response is the most appropriate, then manage those situations when they arise.

Inland Revenue
Te Tari Taake

Appendix D

Guide to the Graded Remuneration Structure

July 2025

What is the Graded Remuneration Structure ('GRS')?

The Graded Remuneration Structure or 'GRS' is the pay approach used for all manager positions at IR, and all other roles that do not fall under collective employment agreement coverage.

This document details the GRS including how the annual pay review process works.

The GRS has been designed to:

- Align with *Whanake*, our performance approach, supporting our focus on capability growth and development
- Be clear about the 'monetary value' or 'rate of pay' placed on a role and how we use the pay range in relation to that
- Reward performance by providing for pay increases as people grow their capabilities and contributions
- Provide leaders with flexibility when awarding pay increases, so they can make decisions in relation to individual circumstances
- Have pay ranges set at levels that help us attract and retain people
- Fit within overall budget and prioritisation considerations each year.

In this guide you'll find out about:

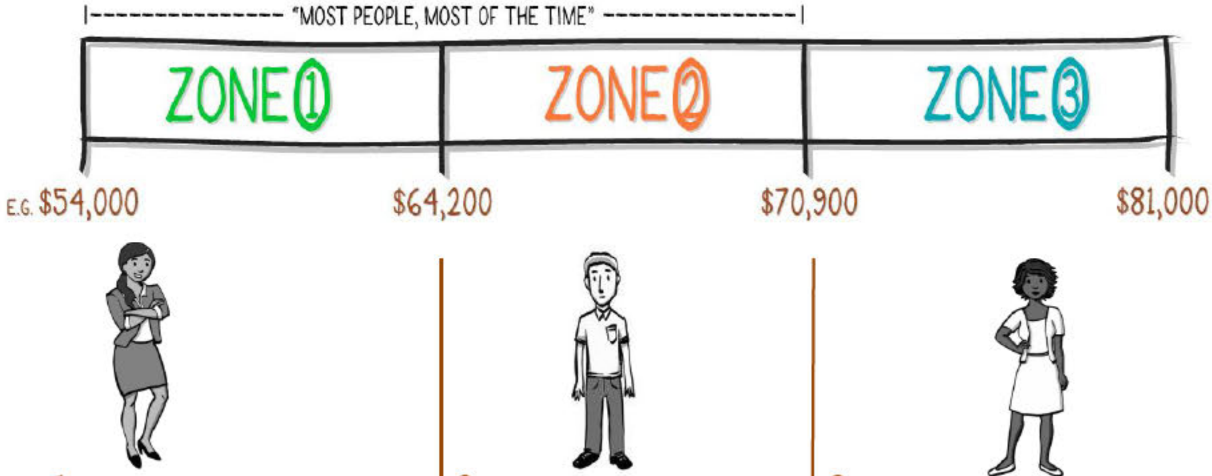
Key GRS concepts:

1. We use 'pay zones' to be clear about how we use the pay range at IR.	Our GRS pay approach is designed to be clear about how we use the pay range at IR. We divide the available pay range into three 'zones'. We first establish the rate of pay or 'monetary value' for someone achieving all of the outcomes required of their role. This is the 'Zone 2' which sits in the middle of the pay range:  Either side of 'Zone 2' are 'Zone 1' and 'Zone 3', where pay is either *below* or *above* the value placed on a role, respectively. Dividing the pay range into these three zones helps us be clear about how the different parts of the pay range are used for different circumstances, linked to people's capability and contributions.
2. We expect most people will do a great job.	The GRS is linked to *Whanake*, our performance approach. We believe that most people come to work and do a great job. At IR: *Doing a 'great job' at IR is defined as demonstration of our Te Pou o Te Tangata behaviours and delivering at the level we would expect based on your capabilities.* This includes an expectation of continuing to learn and grow. Through conversations with your leader, you'll have an ongoing view of your performance against this requirement.
3. People receive pay increases in return for growing their capability and contributions.	At IR we are focused on growing capability, so that you can deliver the outcomes our customers expect. Pay increases are awarded in return for you growing your capabilities and contributions in your role. These increases normally occur up to Zone 2, which represents the monetary value placed on someone achieving all of the outcomes required of their role. Pay increases are normally largest for people in Zone 1 so that their pay increases at a rate which reflects their growth in capabilities and contributions.
4. Pay increases are at leaders' discretion.	Where you've performed as expected and done a 'great job', then in the GRS you'll be eligible to be considered for a pay increase each year. Pay increases are discretionary and determined by leaders. Your pay zone will be a key factor in determining what pay increase to award, if any. Leaders assess a range of factors to determine what pay increases would be appropriate. This helps them to make decisions in response to individual circumstances. A key question leaders will ask during this process is: *Is this person being paid appropriately given their capability and contributions, and in relation to the monetary value placed on their role?* A 'Guide Table' is provided each year to assist leaders in making pay review decisions. This is also provided to all people in the GRS so they can see what guidance has been provided to leaders.

The three GRS pay zones – Zone 1, Zone 2, and Zone 3:

Pay ranges in the GRS are divided into three 'zones' called Zone 1, Zone 2 and Zone 3.

The logic behind the pay zones is that they generally reflect the three broad groupings of people we have at work, i.e.:



1. Those learning and growing in their roles; *and*
2. Those that are delivering and contributing everything that is expected of someone in their role; *and*
3. The *small proportion* of people for whom paying above the monetary value of the role is appropriate e.g. to manage business risks such as attraction and retention.

These groupings allow us to think about the general relationship between the monetary value placed on a role, people's contributions and their pay.

More about the pay zones:

Zone 2 represents the 'monetary value' for someone achieving all of the outcomes required of their role. It is the middle part of the pay range. Being paid *anywhere* in Zone 2 would be viewed as an appropriate salary for the role.

If you're paid in Zone 2 then, you would normally possess all the required capabilities, be delivering everything that's expected of someone in your role and an exemplar of our *Te Pou o Te Tangata Behaviours*.

Any pay increases awarded within Zone 2 are normally smaller than those awarded to people in Zone 1, because people paid anywhere in Zone 2 are *already* being paid appropriately for their contributions.

Below Zone 2 is **Zone 1**. Most people will start in Zone 1 when they begin their role.

The largest pay increases will normally be awarded to people within Zone 1, so that their pay increases at a rate which reflects their growth in capabilities and contributions towards that expected of the role.

The focus here is on rewarding you with pay increases as you demonstrate our *Te Pou o Te Tangata Behaviours*, grow your capabilities and are able to contribute more to IR in your role. As this happens, your pay will progress through Zone 1.

Most people will be paid within the Zone 1 or Zone 2 parts of the pay range. Over time, in return for growing their capability and contributions, people's pay will normally be increased through the pay ranges for Zone 1 and into Zone 2.

The uppermost part of the pay range is **Zone 3**. Only a small proportion of people will be paid in this part of the pay range, as it is for exceptional circumstances.

Zone 3 exists to help leaders manage business risks such as retention or attraction.

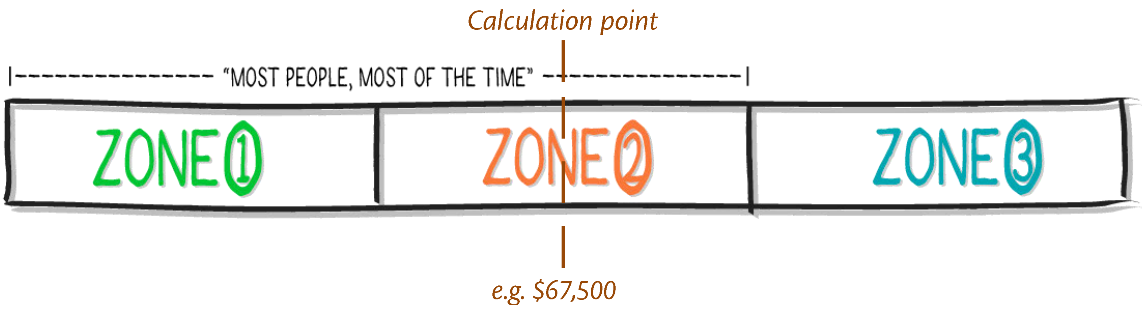
If you're paid in Zone 3, then you're being paid above the monetary value placed on your role.

Calculation points:

The calculation point is the rate in each pay grade that is used as the reference level when setting the minimum, maximum and pay zone breaks.

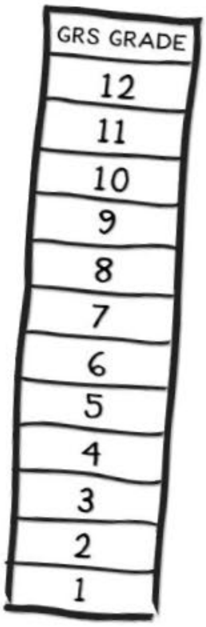
The *minimum* of the pay range is approximately 80% of the calculation point; and the *maximum* is approximately 120% of the calculation point.

In the GRS, the calculation point falls approximately in the middle of Zone 2:



The GRS pay grades and ranges:

There are 12 pay grades in the GRS ranging from grade GRS12 (the lowest) to grade GRS1 (the highest).



Your role's 'size' determines what pay grade it is in:

Roles are placed into the appropriate grade according to their job 'size'. Jobs are sized using the Hay job sizing methodology or slotted against established benchmark jobs.

All roles of a similar job size are placed into the same GRS grade.

We review the pay ranges each year:

Like most government departments, IR references public sector information to inform decisions when reviewing pay ranges. Other factors include job size, other external relativities, and available funding.

The annual pay review process:

Annual pay reviews occur with effect from 1 July each year.

If you have been doing a great job, you'll be considered for a pay increase:

We believe most people come to work and do a great job, behaving and contributing at the level we'd expect based on their capabilities. On the assumption that you've been doing a great job, then you'll be eligible to be considered for a pay increase.

Leaders determine what pay increases to award, assessing a range of factors:

To determine what pay increase you may be awarded, leaders consider a range of factors, including:

Relative contributions

Current salary

Pay zone

Growth and development

Budgets

Internal pay relativities

Your current salary and pay zone, relative contribution, growth and development and internal pay relativities are factored into decisions, within the available budget each year.

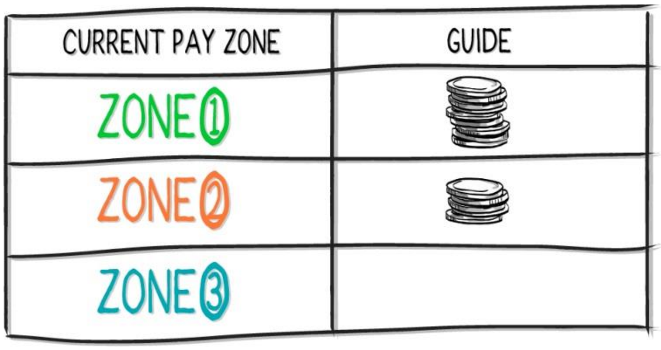
A key question that leaders will ask is "Is this person being paid appropriately given their capability and contributions, and in relation to the monetary value placed on their role?"

It is expected that pay increases will vary across individuals, with a higher proportion being allocated to individuals in Zone 1 who have demonstrated a significant increase in their capability and contributions through the year. This is because they are being paid *below* the monetary value placed on their role.

Guide Table:

During the annual pay review a leader's focus is on the salary a person is currently being paid and consideration then of what level of increase to award, if any.

To help them think about the level of increase to award, a 'Guide Table' tool is provided to leaders each year. For example:



The Guide Table describes the types of increases might be appropriate for each pay zone; but by itself it does not determine what the appropriate increase for any specific person might be. The guide does not take account of full set of factors leaders will consider when determining what level of pay increase to award e.g. a person's contributions, growth, pay relativities, available funding etc.

The values in the Guide Table are not 'default' or 'actual' increases to award; that is not the intention of the Guide Table. The Table is just another input into a leaders' decision-making process and the values it contains are not limits or targets.

There are no guaranteed pay increases in the GRS.   The Guide Table is provided to everyone covered by the GRS so they can see what information has been provided to leaders.

Finding out about the latest pay ranges and pay review information:

You can find the current GRS pay range information on the intranet.   Each year the Guide Table will also be published on the intranet along with any other annual pay review information.

Checks and balances:

Leadership teams have regular people-related conversations during the year, where they discuss the development and capability of all of their people. These conversations provide a good foundation of information that they can then bring to annual pay review discussions.

Other checks and balances support the GRS annual pay review to ensure that pay increase outcomes are appropriate and well-considered. A key part of this is leaders discussing, challenging and calibrating their colleagues' thinking during the decision-making process.

This helps ensure consistency across teams and business groups and includes looking out for and managing any unconscious bias in the decision-making process.

Development ranges:

A development range with a minimum no lower than 65% of the calculation point may apply to a small number of certain jobs.

The purpose of development ranges is to allow for employees to enter a job with a lower skill set and develop while in their role. People within the development range will have a development plan in place aimed at enabling them to progress towards the minimum of Zone 1 in the range, or higher, depending on the degree to which they have grown the knowledge, skills and capabilities required to operate at this level.

If a person is in the development range, then the amount of pay increase will be determined by their leader during the annual pay review exercise. It is generally expected that a person will progress to the minimum of Zone 1 within 18 – 24 months.

Pay and poor performance:

An important part of *Whanake,* our performance approach, is discussing any performance concerns or issues early when things are not going as expected.

If you've become 'off track', we expect timely conversations with your leader to occur in order to understand the reason(s) for this, clarify expectations and to determine what support, coaching or next steps are necessary to you get back on track.

Poor performance will not be rewarded with pay increases.

If you are not meeting the requirements of our 'great job' performance description, it is unlikely your leader would award a pay increase.

If you are placed onto a Performance Improvement Plan (PIP), then no pay increase will be awarded if you are on this Plan at the time of the annual pay review.

The wider remuneration framework at IR:

The GRS is intended to reward your growth in capability and contributions.

While the GRS approach is flexible, there will always be a small number of circumstances that arise that do not fit within this core approach, yet need to be managed.

The GRS is supplemented by the *Exceptions Framework.* This is a set of mechanisms that help leaders to respond to business risks and if a pay-related response is the most appropriate, then manage those situations when they arise.

Version control:

Version 1.0	July 2018
Version 1.1	Updated April 2024 with references to our *Te Pou o Te Tangata* behaviours.
Version 1.2	Updated July 2025 to change 'percentages' to 'values' in the Guide Table and clarify pay ranges and calculation point references.