Our Corporate Strategy – External Collaboration

September 2016
External Collaboration Strand: Executive Summary

**What is our strategic approach to external collaboration?**

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

**What does that mean?**

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

Being collaborative means that we work with others to:

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

**Why does that matter?**

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

**How will we implement this approach?**

**Understand our external environment and position ourselves accordingly**

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

**Extend the boundaries**

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

**Adapt the way we work**

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

**What are our key vehicles for change?**

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

**PRIMARY MEASURES**

- BT Business Case
- PMF
- Trust in Government

**SUPPORTING MEASURES**

- Stakeholder Engagement
- Internal Engagement Levels
- Public Sector Focus
- Service Level Agreements
Purpose and Strategic Alignment

Purpose

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

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

Strategic alignment

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

- Grow voluntary compliance by making it easier for people to get it right
- Reduce compliance costs
- Make Government policy changes faster and more cost effectively

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

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

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

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

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

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

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

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

Target Operating Model

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

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

**Collaboration dimensions**

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

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

**Stakeholder Clusters and Purpose**

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

<table>
<thead>
<tr>
<th>CLUSTER</th>
<th>PURPOSE</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>CONSULTATION</td>
</tr>
<tr>
<td>Advocacy</td>
<td>Consultative</td>
</tr>
<tr>
<td>Development and Service Provision &amp; Infrastructure</td>
<td>( )</td>
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<tr>
<td>NZ Government and Governance</td>
<td>( )</td>
</tr>
<tr>
<td>Other Government &amp; Crown Agencies</td>
<td>( )</td>
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<tr>
<td>International Partners</td>
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</table>

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

Overarching principles

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

PRINCIPLE ONE
The integrity of the tax system and trust in the tax administration is paramount to our collaboration outcomes.

PRINCIPLE TWO
Relationships will be based on the purpose of the situation and involve the right people at the right time.

PRINCIPLE THREE
Our stakeholders’ experience is one of commitment to building genuine engagement resulting in enduring relationships fit for our contemporary society.

PRINCIPLE FOUR
Inland Revenue’s brand will be maintained, protected and reviewed as the environment and our relationships change.

PRINCIPLE FIVE
Risks will be managed collaboratively with risk management allocated appropriately.

Inland Revenue will...

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

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

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

Leverage our information assets and expertise to create mutual benefits.

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

Share information and resources using appropriate safeguards.

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

Build the capabilities we need to support the development and leveraging of relationships and business partners’ strengths and expertise.
The target state for External Collaboration relies on Inland Revenue building its internal capability as part of the capability uplift. Collaboration is a key capability and will become the way of working within Inland Revenue.

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

**Programmes**

- **Business Transformation** will enable a modern, customer-centric tax and social policy system. It is a step change for Inland Revenue. The programme will make us more efficient, effective and agile through the delivery of four core components:
  - New technology – improved ability to deliver connected services
  - Policy change – improved legislative foundations that enable us to work with others, including information sharing and customer consented sharing
  - Organisational change
  - Capability uplift including:
    - Business Acumen and Partnering
    - Change Management
    - Customer Advisory
    - ICT Design and Integration
    - Information and Knowledge Management
    - Leadership
    - Policy Quality and Agility
    - Quality Decision Making
    - Workforce Management

- **International Collaboration**, e.g. OECD

- Inland Revenue’s **Leadership Dimensions** (Deliver, Clear, Collaborate, Connect and Curious)

- **State Services Reform** through the State Sector Directions and Priorities work committed to by Chief Executives

- **ICT Partnership Framework**

- **Better Public Services** including Results 7, 9 and 10 in particular.

- **Business Growth Agenda**

- The **Enterprise Stakeholder Management Framework** including an external relationship management tool

**Directions & Frameworks**

- The **Stakeholder Advisory Group** supporting stakeholder engagement capability

- The **External Provider Relationships and International Revenue Strategy Teams**

- Inland Revenue’s **Scanning and Futures Community of Practice**

- **Government Legal Network** providing training and leadership across government

- Implementation of the **Corporate Strategy**, particularly the **People and Customer Strands**

- Refreshes of the **Cross Agency Strategy**

- **Functional Strategies** including the development of an **Outsourcing Strategy**

**Strategic risks**

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

How will we measure our success?

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

**Primary Measures**

<table>
<thead>
<tr>
<th>Source</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>Business Transformation Business Case</td>
<td>Measures and targets have been developed for each of the programme’s six investment objectives</td>
</tr>
<tr>
<td>Performance Management Framework</td>
<td>Measures have been developed to measure the impacts we want to make over the next four years and the outcomes we want to achieve</td>
</tr>
<tr>
<td>Customer Satisfaction &amp; Perceptions Survey</td>
<td>Measuring customer satisfaction and trust in government</td>
</tr>
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</table>

**Supporting Measures**

<table>
<thead>
<tr>
<th>Category</th>
<th>Source</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stakeholder Engagement Levels</td>
<td>Litmus Survey</td>
<td>Perception of engagement</td>
</tr>
<tr>
<td>Internal Engagement Levels</td>
<td>Kōrero Mai</td>
<td>Collaboration Driver – The extent to which employees see effective teamwork within and between different areas in the organisation</td>
</tr>
<tr>
<td>Contribution to Public Sector Focus Areas</td>
<td>External measures</td>
<td>State Sector Directions &amp; Priorities 2016: The 12 Month Outlook</td>
</tr>
<tr>
<td></td>
<td>from State Sector Reform</td>
<td>Collaboration and Partnerships and Sector Contribution Elements of Organisational Management</td>
</tr>
<tr>
<td></td>
<td>Performance Improvement</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Framework</td>
<td></td>
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<tr>
<td></td>
<td>R9 Effort to do Business Survey</td>
<td>Measuring effort required to deal with government agencies</td>
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<td></td>
<td>Better Public Services</td>
<td>Result 9 and Result 10</td>
</tr>
<tr>
<td></td>
<td>targets</td>
<td></td>
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<tr>
<td>Service Level Agreements</td>
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# Appendix 1: Stakeholder Clusters

<table>
<thead>
<tr>
<th>Cluster</th>
<th>Stakeholders</th>
<th>Purpose</th>
</tr>
</thead>
</table>
| Advocacy / Consultative / Industry | • NZ Institute of Chartered Accountants, CPA, Accountants and Tax Agents Institute NZ, Online Tax Association NZ, NZ Bookkeepers Association  
• NZ Law Society, NZ Banking Association, Corporate Tax Group, NZ Federation of Family Budgeting Services, Citizens’ Advice Bureau, etc.  
• Financial Services Council, Workplace Savings, Tax Pooling Intermediaries Forum  
• Other Business & Social groups  
• Industry Regulators  
• National Bodies  
• Academia | Information Sharing  
Consultation  
Compliance  
Co-design |
| Enterprise                     | • Procurement  
• HR panels | |
| Development and Service Provision & Infrastructure | • Accenture  
• FAST  
• Software Developers  
• KiwiSaver Scheme Providers  
• Complying Superannuation Fund Provider  
• Accounting providers  
• Banks  
• Tax pooling intermediaries, Payroll intermediaries, Nominated persons, Bookkeepers, PTS intermediaries, Tax Agents | Information Sharing  
Consultation  
Compliance  
Co-design  
Service Delivery & Infrastructure |
| Executive Government & Functional Leads | • Ministers  
• Cabinet  
• Parliament  
• Select Committees  
• Central Agencies  
• Office of the Auditor-General, Privacy, Ombudsman  
• Government Chief Information Officer  
• Other statutory officers | Consultation  
Compliance  
Operating Model |
| Government and Crown Agencies | • Ministry of Social Development, Customs, Ministry of Business, Innovation and Employment, Internal Affairs, Ministry of Justice  
• Education, ACC, Financial Markets Authority, Statistics NZ  
• Serious Fraud Office, Police, Organised and Financial Crime Agency NZ, Crown Law  
• Cross Agency Groups, Specialist Committees and Working Parties (e.g. State Sector Leadership Group, ICT Partnership Framework, Data Futures Partnership)  
• Local Government  
• Treasury | Information Sharing  
Consultation  
Compliance  
Co-design  
Service Delivery & Infrastructure  
Operating Model |
| International Partners         | • OECD  
• Australian Tax Office, HM Revenue and Customs etc.  
• Double Tax Agreement partners  
• International Bodies & Forums  
• Interpol and other trans-national enforcement agencies | Information Sharing  
Consultation  
Compliance  
Operating Model |