



TE KĀHU MATAROA | INLAND REVENUE'S FORESIGHTING APPROACH



STRATEGIC FUTURES WORK PROGRAMME

GRANT FLETCHER | DIRECTOR STRATEGY , POLICY & STRATEGY
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Overview



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- 2 | Strategy at Inland Revenue
- 3 | Te Kāhu Mataroa work programme
- 4 | Drivers of change
- 5 | How we influence through foresight
- 6 | Cross-agency *Strategic Futures Group*
- 7 | The opportunities ahead

WHO WE ARE AND WHAT WE DO

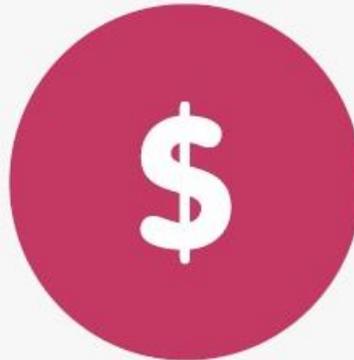


Mission | contribute to the economic and social wellbeing of New Zealand by collecting and distributing money.

IR operates in two broad areas: we collect taxes, and collect and disburse money to those entitled through our social policy programmes. Last year we achieved the following:



COLLECTED
\$64.3
BILLION



PAID
\$3.3
BILLION



**Business
Transformation**



MORE THAN
2 MILLION
myIR
accounts

DECREASED DEBT BY
5.4%



IR for the future

Te Pae Tawhiti



OUR PURPOSE

Our mission and vision guide our direction, choices and decisions.

We're also guided by our:

- > legislation
- > Right from the Start compliance approach
- > charter and code of conduct
- > Treaty of Waitangi responsibilities.

OUR MISSION

What we are here for

We contribute to the economic and social wellbeing of New Zealand by collecting and distributing money.

We achieve our mission when we deliver our outcomes:

- Revenue is available to fund government programmes through people meeting payment obligations of their own accord
- People receive payments they are entitled to, enabling them to participate in society
- New Zealanders benefit economically and socially through Inland Revenue working collaboratively across our external environment.

OUR VISION

What we want to be

A world-class revenue organisation recognised for service and excellence.

As a world-class revenue organisation we will deliver our outcomes and live our culture and values.

OUR STRATEGIC FOCUS

The strategic objectives are the key areas we've chosen to focus on to achieve our mission, vision and outcomes. The corporate strategy provides more information about what we'll do over time and how we'll do it.

Our Business Transformation programme is a critical part of working towards our strategic objectives and corporate strategy.

OUR STRATEGIC OBJECTIVES

What we want to achieve

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

OUR CORPORATE STRATEGY

Inland Revenue creates value and better outcomes for New Zealanders through successfully implementing our strategy.

The strategy has six strands:

- | | |
|---|--|
|  <p>Customer > Putting the customer at the centre of everything we do.</p> |  <p>People > Working as part of IR is unique, exciting, fulfilling and career-enhancing.</p> |
|  <p>External Collaboration > We work with external parties to innovate, gain insight, and achieve wider government economic and social outcomes.</p> |  <p>Information and Intelligence > Our decisions and actions – for delivering today and shaping our future – are intelligence-led.</p> |
|  <p>Policy Agility > Policy change is faster, cheaper, and better - fit for a changing world.</p> |  <p>Digital > We fully embrace our place in the digitally connected world.</p> |

OUR BUSINESS TRANSFORMATION

We're making it simpler, more open and certain for New Zealanders to pay their taxes and receive their entitlements.

OURSELVES

Our culture is what makes us IR. It describes how we work together - our beliefs, values and ways of behaving. This culture is the foundation for everything we do: our relationships, our work with customers, the decisions we make and the actions we take.

OUR CULTURE

What's important to us in how we work

- **Customer-centric**: together we understand the many influences on each customer, and decide how we will work with them to get the best outcomes for New Zealand.
- **Intelligence-led**: we're confident: we make good decisions based on quality information and analysis. We continually test and learn to know what the best approaches will be.
- **Agile**: we work at pace, pulling together the right people to make good decisions quickly, focusing on the things that matter most.

OUR VALUES

These values underpin the culture that will enable IR to be customer-centric, intelligence-led, and agile.

- | | |
|---|--|
| <ul style="list-style-type: none"> ➤ Trust and integrity: we act with integrity, honesty and professionalism. ➤ Innovating to make a difference: we keep finding new ways to lift our performance and make compliance easier. | <ul style="list-style-type: none"> ➤ Valuing people: we treat each other and our customers with respect. ➤ Working together: we work together and with other organisations to deliver better services and value. |
|---|--|





STRATEGY'S ROLE:

Our stewardship role requires us to understand the distant horizon and bring the outside in, make sense of it, and then to act on it.

The Strategy team plays a critical role in monitoring and translating medium to long term emerging trends and themes from the outside world into meaningful insights.

*We follow a “**What, So What, So What Now?**” mantra, to understand the world around us, identify those trends that may affect Inland Revenue, and to decide what to do about it.*

This is done within our Te Kāhu Mataroa programme.

What can we do to help us respond appropriately?

- **Challenge assumptions** about the future
- Really **understand our environment** and how it is evolving

- **Better connect** futures thinking to our planning & risk assessment processes
- **Value & build agility** - including speed & ability to shift resources

- **Build partnerships and share knowledge & understanding** - with other agencies, partners, customers
- **Build an organisation** with governance, skills, capabilities, culture, & support systems that are **response-ready**

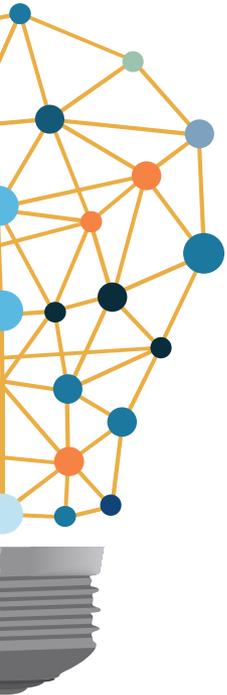


CHALLENGES TO THE PUBLIC SECTOR'S CURRENT APPROACH

"We are not good at thinking long-term. We struggle to foster system-wide effort to achieve better results for citizens."

S. Waldegave (2018)

- ❶ A focus on today's problems and linear solutions in the here-and-now
- ❷ Short-termism within departmental siloes
- ❸ Outdated assumptions that underpin current business and social models
- ❹ Preferring certainty and focusing on current operational demands, while not embracing uncertainty to drive strategic conversations
- ❺ Failure to build collective insight to tackle pressing or emerging problems facing our citizens, businesses and industries
- ❻ Forgetting the critical question - Who are we serving and how are their needs changing?





Te Kāhu Mataroa

Kāhu is a harrier hawk that spends time aloft with its keen eyes looking to pick up what's important, heading to earth when it sees something it wants.

The *Mataroa* part is about focusing on and giving great consideration to something. In this case it's giving that focus to what we see on the horizon. This relates to the environment we are scanning.



- ④ We take the long-term view by looking to the horizon of the operating environment using a repeatable, fit-for-purpose, futures scanning process
- ④ This enables us to understand what changes might be signalled, what that means for the revenue system and IR, and what IR needs to do now to respond
- ④ The outcome of our work also informs our executive's strategic conversations to help determine what IR should do in the future. This could include altering IR's strategic direction or making operational changes
- ④ This process generates two types of strategic products:
 - an annual strategic update; and
 - regular 'deep dives' on specific topics that develop NZ Inc | Public sector | IR insights.
- ④ In developing these outputs the Strategy team works across IR, the system of government, industry, the community, academia; and with our international colleagues

Scanning For The Future



What's changing globally and in NZ?



What's going to happen to our world in the future?



We can't predict the future, but we can understand what's possible.

In the last two decades
powerful drivers
have been shifting the global environment

POPULATION GROWTH

The global population will grow to 8 billion by 2026 & 9 billion by 2042 ...increasing competition for food, water, energy, land in many areas. Is there an opportunity for NZ to supply some of those needs?



DEMOGRAPHIC TRANSITION

Most developed countries have ageing populations. In New Zealand this means there will be an affordability challenge. Currently there are 5 people in the NZ workforce for every person over 65. In 2050 there will be 2.5 to every 1.



POWER SHIFT

There is a global economic and power shift from west to east...this creates new markets closer to New Zealand (opportunity) But also the risk of increased conflict



CLIMATE CHANGE

Disruption to people and food supply through drought, flood, increase in pests and disease. Infrastructure costs from extreme weather events. Opportunities for new energy sources.



URBANISATION

By 2030 there will be 41+ Megacities of 10 MILLION+. Megacities increasingly drive global economies. NZ's total population is less than half the population of 1 megacity. The Auckland-Hamilton-Tauranga area has more than half of NZ's total population, but this is equivalent to one quarter of one megacity.



MATURING DIGITAL ECOSYSTEM

Cloud, social networks, mobile, big data have created a maturing digital ecosystem. This is transforming every other sector. Work can be done anywhere. More professions will be automated.



EMPOWERED INDIVIDUALS

The digital world has produced empowered citizens connecting directly with each other instead of through institutions. They are using new forms of exchange such as bitcoin.



DISRUPTIVE TECHNOLOGY

Technology will keep changing the game in ALL INDUSTRIES. 3D printing is disrupting manufacturing. Drones may deliver goods instead of drivers. We've made lab-grown meat.



Together, these forces
HAVE SHIFTED US
from a world of relative...



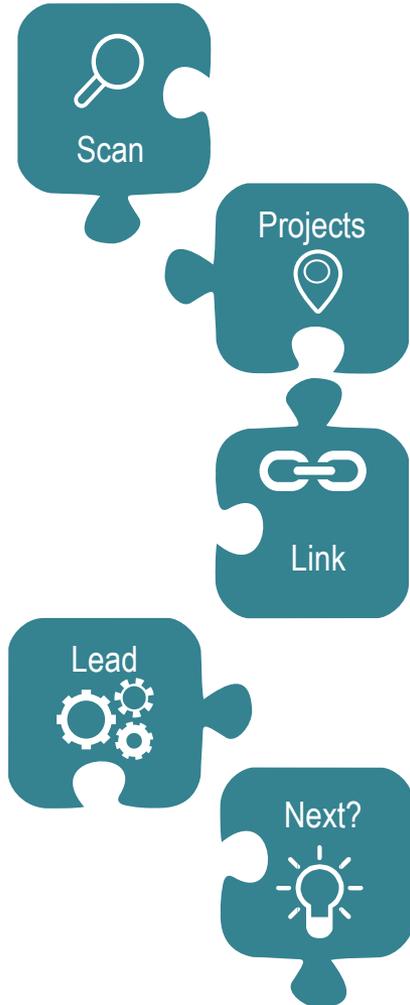
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WHAT INLAND REVENUE HAS DONE TO CHALLENGE ITSELF

We want to work collaboratively to identify what we need to achieve over the long term in the face of large-scale social and business transformation caused by the accelerating pace of disruption and environmental changes



- ❖ Conducted our baseline scan and generated products to raise awareness: Poster and Video
- ❖ Selected key projects, for example:
 - Trust and the Public Sector
 - The Future of Auckland
 - Demographics
 - Future of Work and
 - Disruptive technologies | Cryptocurrencies & Blockchain
- ❖ Created linkages to other agency's work programmes and projects: e.g.: Treasury Foresight Programme, Digital Govt Policy & Futures Group, Reserve Bank's Future of Cash Project
- ❖ Co-created the cross-agency *Strategic Futures Group*; and helped shape the agenda for futures thinking becoming embedded across the system
- ❖ We want to harness system-wide participation to enrich the inputs into consideration of what alternative futures might be, what responses are appropriate and that they are acted on

OUR CALL TO ACTION!

- 1. Join the Strategic Futures Group*
- 2. Continue to jointly engage on how to integrate as a matter of process - consideration of the long term into our strategic thinking and planning; and importantly - to act on it!*



Thank you!

C O N T A C T

Grant Fletcher

Director | Phone 021 246 1271

grant.fletcher@ird.govt.nz