

MAKING A DIFFERENCE **DOING THE RIGHT THINGS RIGHT**

REDUCING TAX DEBT **INLAND REVENUE**

IPANZ AWARDS 2016



PROBLEM

- New Zealand tax debt growing fast – following the GFC and 2010/11 Canterbury earthquakes
- Unfiled returns - true amount owed unknown
- Inland Revenue had limited understanding of customer behaviours
- No targeted approaches despite different risk profiles
- High financial and emotional cost to customers, loss of revenue to Government

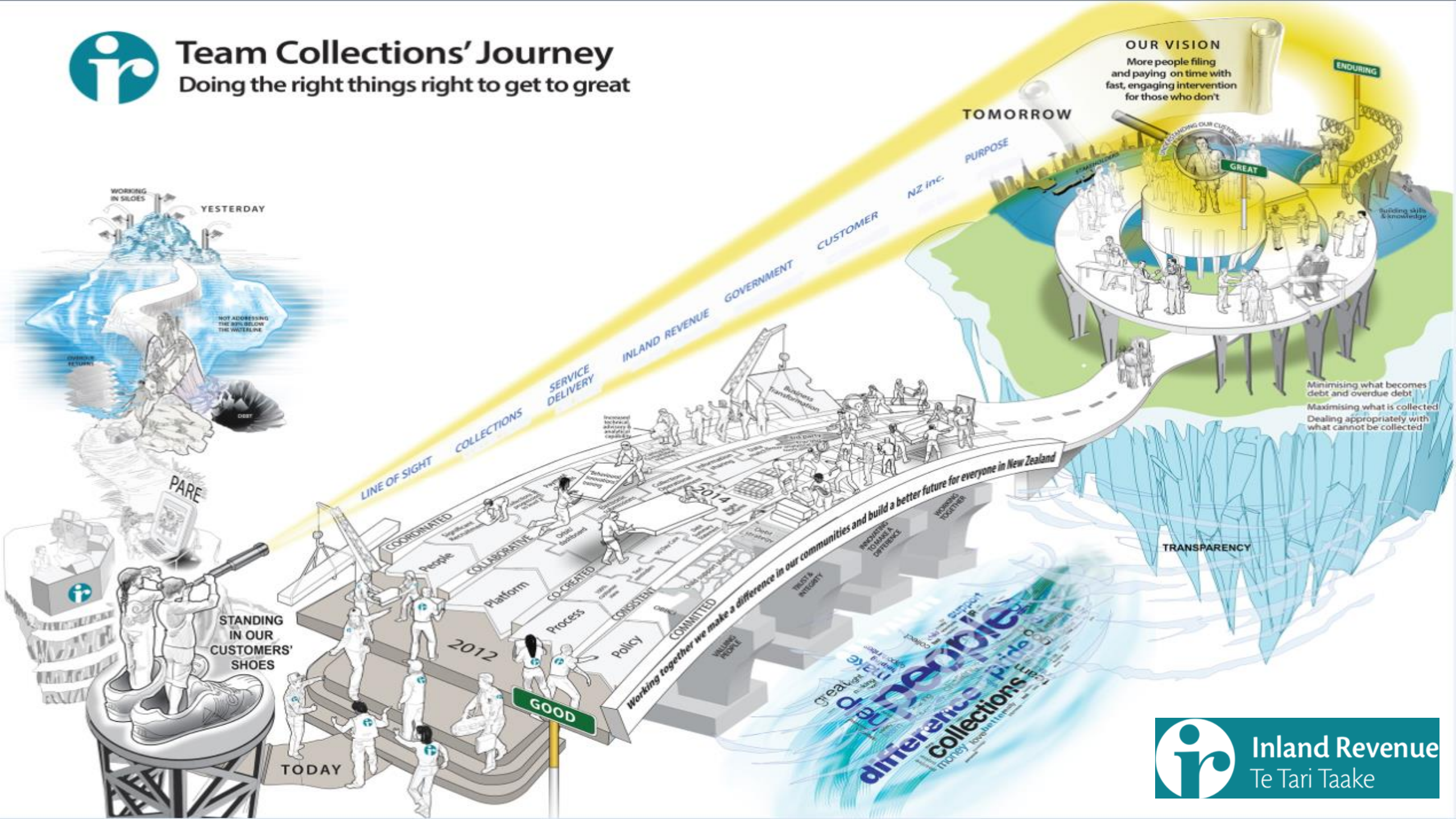


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DESIRED OUTCOME



CUSTOMER-CENTRIC, TARGETED APPROACH BY
INLAND REVENUE SO MORE PEOPLE FILE AND
PAY ON TIME, WITH **FASTER INTERVENTIONS,**
REDUCED DEBT, AND GREATER RETURN
TO GOVERNMENT





RIGHT SERVICES AT THE RIGHT TIME FOR THE RIGHT OUTCOMES

- Customer-centred approach across all levels of the team
- Understanding customer needs and behaviours
- Influencing customer decisions to file and pay
- Internal culture change - shared vision and values



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Resilience

Insights inform innovations

Great fact based decisions

Have a compliance focus

Teamwork



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UNDERSTANDING CUSTOMERS BETTER

INTELLIGENCE
& INSIGHTS

INTERVENE
EARLY

SMART
ANALYTICS

TAILOR &
TARGET
RESPONSES

RECOGNISE
DIFFERENT
NEEDS

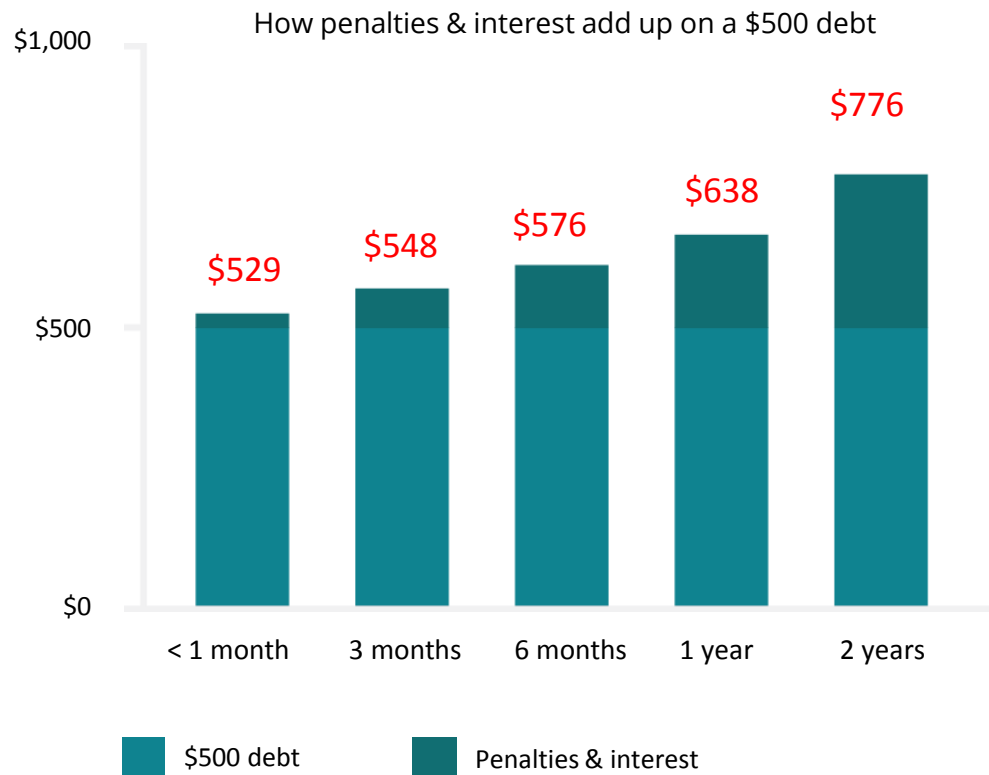
INFLUENCE
BEHAVIOURS



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Dear John,

It's not too late to pay now and stop more penalties and interest piling up.
Here's how quickly a \$500 debt will grow if left unpaid ...



SUCCESS

'NUDGE' LETTERS TO PEOPLE WITH SMALL TAX DEBTS

- Targeted customer letters for debts between \$100 - \$1000
- More than 90% of customers make a payment within 8 weeks
- Just under 70% pay in full
- Millions of dollars revenue over past 3 years

CHANGING OUR CULTURE

SHARED VISION
& PURPOSE

CLEAR
FRAMEWORKS
FOR DECISION-MAKING

EMPOWER
OUR PEOPLE

ENHANCE SKILLS

TEST &
LEARN CYCLES

GOOD TO GREAT
TO ENDURING



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What Success Looks Like for Us

- ☐ We actively contribute to IR's strategic priorities and demonstrate the commitment and flexibility required to achieve Collections' outcomes.
- ☐ Our leaders provide us with the guidance, support, recognition and opportunities that we need to succeed.
- ☐ We provide a professional, consistent customer experience by taking the approach that best matches each customer's compliance behaviour.
- ☐ We have access to the right information at the right time, so that we're able to make consistent, fact-based decisions.
- ☐ We consistently apply legislation, policy and processes to provide our customers with accurate information and certainty about what they need to do and when they need to do it.
- ☐ We share innovative ideas with our leaders and actively contribute to work being done across IR to identify and manage risks, lift our performance and make compliance easier for our customers.
- ☐ We have the tools, resources and support required to develop the skills we need to succeed.
- ☐ We're allocated work that matches our current skills and development goals.
- ☐ We have strong, collaborative relationships with partners across IR and other agencies at home and abroad and supplier relationships
- ☐ We're recognised for our collection expertise by people in IR and other tax administrations.
- ☐ And importantly: We all feel that Collections is a great place to work!

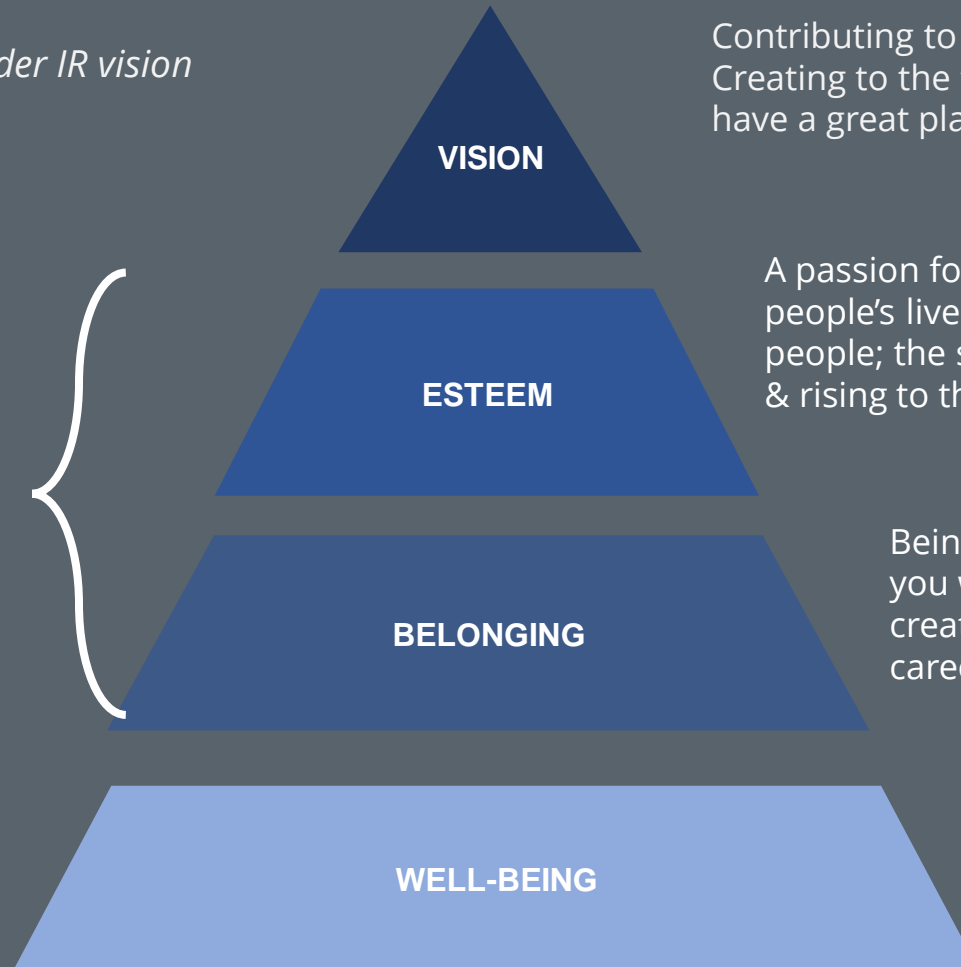
CO-DESIGNING A CUSTOMER CENTRIC CULTURE

We found different levels of why people come to work

These statements link Collections to the wider IR vision and greater purpose

These statements are unique to Team Collections and define who we are

These are our foundations; without them we cannot succeed, but they are not unique to us



Contributing to the economic and social well being of NZ. Creating to the future of all New Zealanders to ensure we have a great place to live.

A passion for collecting debt and making a difference to people's lives; belief in fairness, educating and helping people; the satisfaction & personal pride in doing a good job & rising to the challenge.

Being part of a great team & liking the people you work with; leadership and inspiring others; creating an innovative work environment; career/personal development and learning.

Location or distance between work and home; getting out of home for company and stimulation; flexi -time and work-life balance; job security.



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**Mā te mahi ngātahi,
te pae tawhiti mō te katoa,
e whakatata kia maua**

**Working together we make a difference in our communities
and build a better future for everyone in New Zealand**



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"I hear their story and I try to make the best plan to help the customer."

Collections team member

SUCCESS

CULTURE CHANGE - EMPOWERING OUR PEOPLE TO LEARN, ADAPT AND MAKE DECISIONS

- Collections people upskilled in analysing customer verbal 'cues'
- Determine whether customers likely to follow through on payment plans
- Decide on best approach to help customer repay debt
- Increasing numbers of customers agreeing to debt repayment plans
- Learning shared with other tax jurisdictions and government agencies



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RESULTS

- **1.47 billion extra revenue to fund government services**
- Overdue tax returns worth half a billion dollars filed
- Lower debt and fewer debtors - total tax debt down 5.8%
- ROI \$48.77 per dollar spent
- Customer engagement and behaviour change – less economic and emotional cost
- Our people's engagement increased year on year
- Successfully achieved all performance targets

**CONTRIBUTING TO THE ECONOMIC AND
SOCIAL WELLBEING OF NEW ZEALAND**



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