



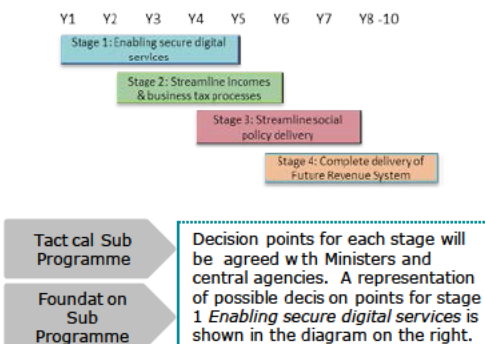
The Business Transformation Programme

Cabinet has agreed in principle to a business-led, technology-enabled transformation of the revenue system. The business transformation programme will implement the infrastructure and capability required to modernise the revenue system.

The programme's investment objectives

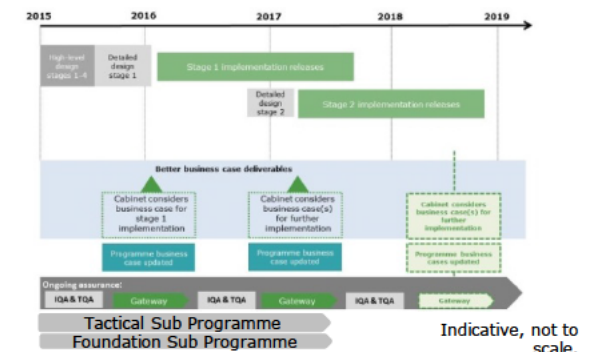
1. Improve agility so that policy changes can be made in a timely and cost effective manner.
2. Minimise the risk of protracted system outages and immediate systems failure.
3. Improve the customer experience by making it easier and simpler for taxation and social policy customers (i.e. where possible reduce compliance costs).
4. Deliver more effective services to improve customer compliance and help support the outcomes of social policies.
5. Increase the secure sharing of intelligence and information across government to improve delivery of services to New Zealanders and improve public sector performance.
6. Improve productivity and reduce the cost of providing Inland Revenue's services.

Programme roadmap



The Current Phase of Work

1. Select a suitable COTS Application Suite of Software for the Core Tax, Social Policy and Savings and Loans elements of BT, by 30 June 2015.
2. Based on the selected COTS Application Suite of Software for the Core elements, complete the Detailed Design for Stage 1 of BT, incorporating both the Core and Non-Core Elements, by 30 March 2016.
3. Based on the selected COTS Application Suite of Software for the Core elements complete the High Level Design for Stages 1 to 4 of BT, ie, incorporating both the Core and Non-Core Elements.
4. Obtain all agreements, including business cases, funding and contract approvals for IR to engage with the service provider(s) and commence the Implementation on Phase for Stage 1 of the Programme.
5. Obtain all agreements, including business cases, funding and contract approvals required to progress the Tactical and Foundation Sub Programmes.
6. Engage and contract with a service provider(s) to support the Implementation on Phase for the Core Solution for Stage 1 of the Programme in accordance with the agreed scope of services. This is to be completed before 30 March 2016.
7. Progress organisational impact assessments and the finalisation of the supporting organisational change management strategies.



8. Finalise the required implementation, deployment and coexistence strategies for the Implementation on Phase of the Programme, specifically for Stage 1, ie, by 30 March 2016.
9. Progress all co-design work with key affected parties, ie, to ensure full alignment with the High Level and Detailed Designs.
10. Ensure IR is ready to manage and govern the ongoing delivery of the Programme.

Outcomes for New Zealand in 2015

Initiative	When
Design of the future revenue system: <ul style="list-style-type: none"> • Completing High Level Design • Detailed Design of Stage 1 • Updated Programme Business Case and Stage 1 Implementation Business Case recommending the shape of the future revenue system 	By July 2015 Aug 2015 – Mar 2016 By March 2016
Engaging with New Zealanders: <ul style="list-style-type: none"> • More than 20 NZ software development companies to co-design better collection of GST and PAYE information 	Feb – Dec 2015
Future policy and legislative opportunities: <ul style="list-style-type: none"> • Making Tax Simpler - A Government Green Paper on Tax Administration, and Making Tax Simpler - A Government discussion document on Better Digital Services, released for public consultation • Further discussion documents submitted 	Completed (Mar 2015) By Oct 2015
Sourcing: Select Commercial off-the-shelf (COTS) solution for the core revenue system	Completed (June 2015)
Improving Digital Services: <ul style="list-style-type: none"> • Improvements in digital usage via the Tactical Reducing Paper Outputs, Turn Off Cheques, and Dr/Cr Card improvement initiative. • Working with third parties to allow simple GST returns to be provided directly from accounting packages • Improving the usability of MyIR: Inland Revenue's secure online service • Improving the usability of www.ird.govt.nz and delivering high-use content for mobile/tablet 	By Sep 2015 By Dec 2015 By Dec 2015

Highlights and challenges

Highlights

- The programme is **on target to complete** the high-level design phase for Stages 1-4 on 31 July 2015.
- A significant milestone this month was the **introduction of the first Taxation (Transformation: First Phase Simplification and Other Measures) Bill**, on 30 June 2015. It is anticipated that this bill will remove some of the legislative obstacles to improving the system in preparation for the Business Transformation programme.
- In support of the focus to complete the high-level design, senior IR managers reviewed the design at workshops in mid-June. These featured the design blueprints and a demonstration from FAST. A similar session is being planned with Corporate Centre agencies for July / August.
- **An advance team from FAST is in place** and the remaining team is expected by the start of detailed design early in August. We are finalising commercial negotiations with FAST, together with Accenture to finalise their on-going involvement.
- A way forward has been agreed with the Government Chief Information Officer on the **approach to Common Services**. The agreement has mitigated a number of key risks and enables greater confidence moving to the next phase.
- KPMG completed a further set of independent and technical quality reviews in June. The final quality assurance report is due in July.
- A revised plan has been developed to allow the **updated Programme Business Case** and the **Stage 1 Implementation Business Case** to be submitted for Cabinet consideration by November/December 2015.
- As a result of the **Reducing Paper Outputs** project, as at 15 July 2015, 800,000 notices and statements were available for customers to view online rather than being printed and posted.
- **The financial results for June 2015 are tracking under budget. Actual spend to date is \$23.64m. An underspend of \$5.36m against a pro-forma budget of \$29.0m. \$5m will be transferred to 2015/16 financial year via an In-principle transfer in the October Baseline Update. The estimate at completion is tracking under the \$84m budget.**
- We continue **co-design work with software developers** (including Xero and MYOB), on how to improve the digital submission of GST ahead of Stage 1 implementation. The discussions follow recent approval of the concept document for Tranche 1 of the early release initiative.

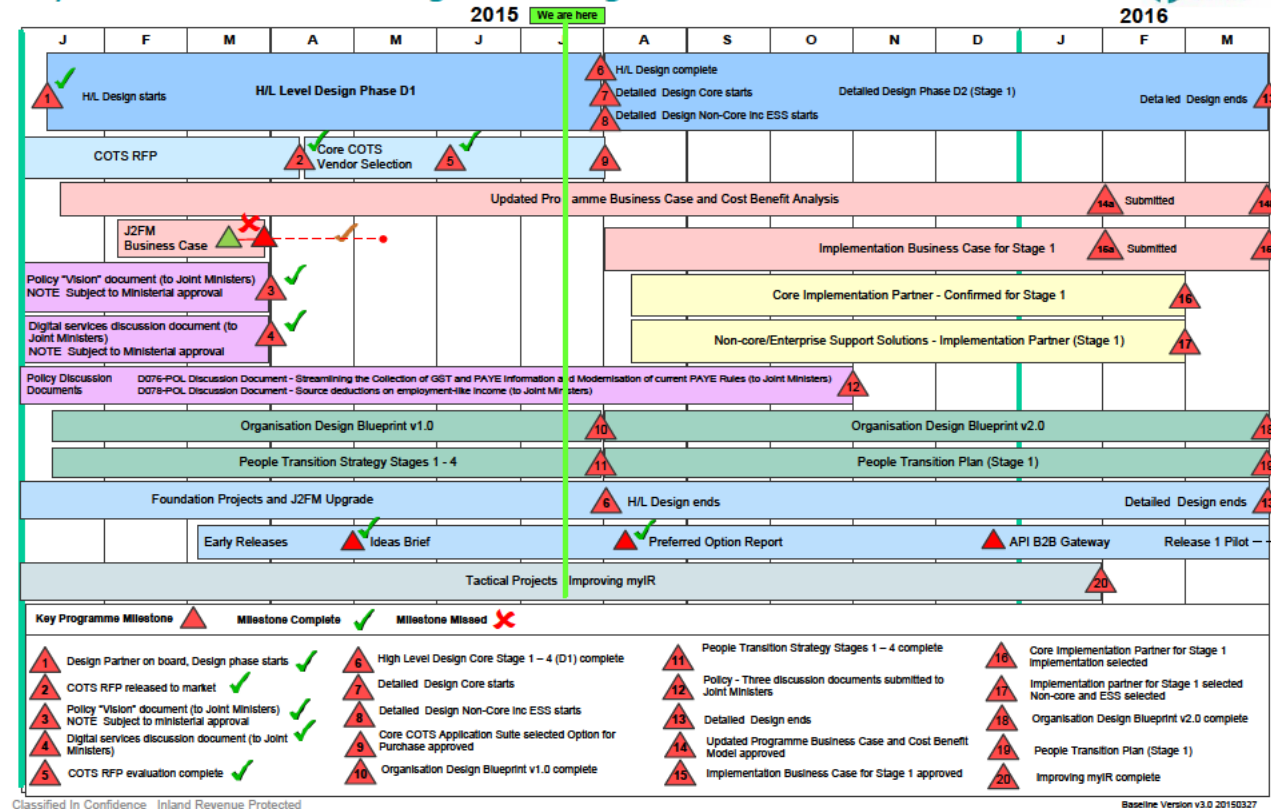
Challenges

- Completing all aspects of the High Level Design by the end of July will be challenging. We are tracking to complete all deliverables and have mitigations in place.
- The design process is intensive and requires strong governance and management.
- The appointment of FAST Enterprises has generated considerable interest from internal and external stakeholders. Our ability to meet this interest is somewhat constrained until we have progressed the detailed design.



Progress Against Plan

Key BT milestones during the Design Phase



No.	Milestone	Date Complete
1	Design Partner team on board, Design Phase starts	12/01/15
2	COTS RFP released to market	19/03/15
3 & 4	Launch of public consultation on: <i>Making Tax Simpler - A Government Green Paper on Tax Administration and Better Digital Services</i>	31/03/15
5	COTS RFP Evaluation complete	30/05/15

No.	Milestone	Completed by
6	High Level Design Stages 1 to 4 (D1) complete	31/07/15
7	Detailed Design Core Stage 1 (D2) starts	01/08/15
8	Detailed Design Non-Core including Enterprise Support Systems (D2) starts	01/08/15
9	Core COTS Application Suite selected, Option for Purchase approved	31/07/15
10	Organisation Design Blueprint v1.0	31/07/15
11	People Transition Strategy Stages 1 – 4 complete	31/07/15
12	Policy Discussion Documents (Streamlining the collection of PAYE and GST information and modernising PAYE rules, and Tax Administration Act) submitted to Ministers	30/10/15
13	Detailed Design ends	31/03/16
14a/b	Updated Programme Business Case submitted (14a) and considered by Cabinet (14b)	31/03/16
15a/b	Implementation Business Case for Stage 1 submitted (15a) and considered by Cabinet (15b)	31/03/16
16	Core Implementation Partner for Stage 1 Implementation selected	28/02/16
17	Implementation partner for Stage 1 Non-core and ESS selected	28/02/16
18	Organisation Design Blueprint v2.0 complete	31/03/16
19	People Transition Plan (Stage 1)	31/03/16
20	Improving myIR complete	31/01/16

At the end of the design phase, Inland Revenue will have:

- delivered an overall design of the future revenue system that will enable:
 - far greater certainty of programme costs, benefits and sequencing;
 - implementation to commence, subject to Government's approval to proceed.
- selected the COTS core solution, and identified common, all-of-government capabilities that will be adopted;
- determined how best to interface with RealMe, the government's secure online identity verification service, and the New Zealand Business Number (NZBN);
- recommended future policy and legislative opportunities to frame and support the modernisation of the revenue system;
- engaged with and understood the change impacts on customers, third parties, other agencies, and the department itself including:
 - impacts for all customer groups – that is, individuals, businesses, tax agents, and other intermediaries, and government agencies; and
 - impacts on Inland Revenue itself – that is, its role, future organisational boundaries, the services that will be provided (directly and by other parties) and the capabilities required to support this future state.

Proactive release