



13 September 2024

Dear [REDACTED]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 16 August 2024. You requested the following (numbered for ease of response):

...Regarding the 2024 change processes:

- 1. How many roles have been or will be disestablished overall? How many have been established?*
- 2. Any communication internally regarding concerns on the impact to the frontline from March 1 to August 16 2024*
- 3. Any communication between management and leadership regarding leaks around the change process from March 1 to August 16 2024*
- 4. All communication between the CE and the Minister from March 1 to August 16 2024 regarding the change process.*
- 5. How much has been spent on leadership leaving /arriving events or parties in 2024?*
- 6. How much has been saved on the contractors and consultant spend through the change process?*
- 7. How many times was the counselling service used between March 1 to August 16 2024, compared to the same time in 2023?*
- 8. The change process decision document*
- 9. Any reviews conducted after the change process was implemented, regarding the change process.*

I have interpreted the term "change process" to be referring to the outcome of the Budget 2024 baseline savings initiative. Please note that Inland Revenue will be publishing advice that fed into Budget 2024 initiatives as part of its proactive release of Budget 2024 material. This will include advice relating to the baseline savings initiative.

This release will be published on Inland Revenue's Tax Policy website (taxpolicy.ird.govt.nz).

Question 1: *How many roles have been or will be disestablished overall? How many have been established?*

No roles have or will be disestablished as a result of Budget 2024 baseline savings or new spending initiatives.

Question 2: *Any communication internally regarding concerns on the impact to the frontline from March 1 to August 16 2024.*

Please see attached as **Appendix A** excerpts of relevant internal communication addressing concerns on the impact to the frontline relating to the Budget 2024 baseline savings initiative. Some information has been withheld from these excerpts under section 9(2)(a) of the OIA, to protect the privacy of a natural persons.

As required by section 9(1) of the OIA, I have considered whether the grounds for withholding the information requested is outweighed by the public interest. In this instance, I do not consider that to be the case.

Question 3: *Any communication between management and leadership regarding leaks around the change process from March 1 to August 16 2024*

There was no communication between the Executive Leadership Team at Inland Revenue relating to any leaks as a result of the Budget 2024 baseline savings initiative.

This part of your request is therefore refused under section 18(e) of the OIA, as the documents alleged to contain the information requested do not exist.

Question 4: *Any communication between the CE and the Minister from March 1 to August 16, 2024 regarding the change process.*

There was no communication between the Commissioner of Inland Revenue and the Minister of Revenue on the Budget 2024 baseline savings initiative during the period 1 March 2024 to 16 August 2024.

This part of your request is therefore refused under section 18(e) of the OIA, as the documents alleged to contain the information requested do not exist.

Question 5: *How much has been spent on leadership leaving/arriving events or parties in 2024?*

Inland Revenue have not had any events related to leaders either leaving or arriving in 2024. Therefore, there is no spend on this for 2024.

Question 6: *How much has been saved on the contractors and consultant spend through the change process?*

As part of the Budget 2024 baseline savings initiative, Inland Revenue has committed to reduce expenditure on contractors and consultants by \$3 million in 2024/25.

Question 7: *How many times was the counselling service used between March 1 to August 16 2024, compared to the same time in 2023?*

Inland Revenue's counselling service was used 549 times in the period from 1 March 2024 to 16 August 2024.

Please note that Inland Revenue does not report on counselling sessions for partway through the month, so for the 2023 period, August is reported as the whole month. Inland Revenue's counselling service was used 470 times in the period 1 March 2023 to 31 August 2023.

Question 8 *The change process decision document*

There is no specific decision document regarding the Budget 2024 baseline savings initiative at Inland Revenue. This part of your request is therefore refused under section 18(e) of the OIA, as the document alleged to contain the information requested does not exist.

Question 9 *Any reviews conducted after the change process was implemented, regarding the change process*

Inland Revenue have not conducted any post implementation reviews of the Budget 2024 baseline savings initiative. This part of your request is therefore refused under section 18(e) of the OIA as the document(s) alleged to contain the requested information does not exist.

Right of review

If you disagree with my decision on your OIA request, you can ask an Inland Revenue review officer to review my decision. To ask for an internal review, please email the Commissioner of Inland Revenue at: commissionerscorrespondence@ird.govt.nz.

Alternatively, under section 28(3) of the OIA, you have the right to ask the Ombudsman to investigate and review my decision. You can contact the office of the Ombudsman by email at: info@ombudsman.parliament.nz.

If you choose to have an internal review, you can still ask the Ombudsman for a review.

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



Nick Bradley
Enterprise Leader, Finance Services

Appendix A

The following excerpts are from published articles on Inland Revenue's Internal intranet site.

- **Commissioner's News – 26 March 2024**

At the moment I can't give you any details of the savings proposed or how we might support additional Government initiatives we may be asked to do. What I can say is that from our conversations with Ministers to date, I believe we will be in a position to deliver what's being asked of us without needing to reduce overall staffing levels beyond any business-as-usual changes.

It's important to remember that nothing is definite until final decisions are made by Cabinet. Any announcements will be released as part of the Budget process but I wanted to be able to let you know where things are at the moment.

- **Budget 2024 update – 30 May 2024**

Also, as you know, the Government earlier this year asked all agencies to find extra savings. Our proposal for these has been accepted by the Government. These savings apply from 1 July and will be met through a range of measures which will not impact our overall staff numbers this year. They include reductions in travel, training, accommodation, overtime, contractors and consultants.

- **Commissioner's News – 6 June 2024**

In the lead up to the Budget I know many of you were interested in the detail about the proposed savings to baseline funding we were asked to make. Our proposal for these was accepted by the Government. These savings apply from 1 July and will be met through a range of measures which will not impact our existing staff numbers this financial year. They include reductions in travel, training, accommodation, overtime, contractors and consultants.

Messaging sent to Tier 2 and Tier 3 leaders 19 March 2024

From an update on finding savings to baseline funding – March 2024

- *As you will know, all government agencies have been asked to make savings to baseline funding. In response to this, IR has proposed a range of options for Ministers to consider.*
- *While we can't share the details of the savings proposed or how we might support additional Government initiatives, from our conversations with Ministers to date we believe we will be in a position to deliver what's being asked of us without needing to reduce overall staffing levels beyond any business-as-usual changes.*
- *It's important to remember that nothing is definite until final decisions are made by Cabinet. Any announcements will be released as part of the Budget process.*

From opening speech notes delivered by Mary Craig at Te Punga o te Waka Tier 2 and Tier 3 Leaders Hui 6 June

- IR was asked to find 6.5% cost savings for this year. We have agreed to a set of cost saving initiatives which the Minister has accepted which amounts to a 5% reduction in baseline savings each year. This is because it was not possible to find the full level of savings without compromising our ability to deliver frontline services or the amount of tax or debt collected.
- We are achieving the savings through a reduction in operating expenditure (including travel, training, accommodation, overtime, and contractors and consultants) (\$14.6 million per year), and a reduction in systems maintenance and change capacity (\$15 million per year)
- There has been a lot of focus in the media about many departments meeting cost savings through cutting staff numbers and we haven't needed to do that for now.
- This is because we've received additional funding to support compliance work and any net loss in FTE people is offset by moving some of our people into focused compliance work, alongside a need to recruit around 200 additional people to support our compliance activity as well as initiatives like FamilyBoost.

From key messages shared with leaders following the Te Punga o te Waka Tier 2 and Tier 3 leaders hui on 6 June 2024

- *This year's baseline cost saving initiatives have been accepted by the Government and amount to a 5% reduction. This will be delivered through a range of measures. We'll be making savings in training and travel costs, reducing overtime and reducing the use of contractors and consultants. We will continue to manage and realise these savings through the 24/25 year through our enterprise planning and effective budgeting.*
- *In terms of our people numbers for the coming year, there is no reduction in people numbers from the Budget 24 savings initiatives. The Budget initiative 'Reduction in systems maintenance and change capacity' will see a reduction in specialist change resources being permanently hired across different business groups.*
- *Over the past few years, CCS has been building its people capacity, to enable us to meet customer demand and deliver our services. The new initiatives will require additional staff, which recognises that we can't simply deliver more initiatives with the same resources to support activities. Recruitment is underway for additional frontline people. With Government investment in new spending initiatives, our overall FTE position for 2024/25 will be a net gain with the additional roles focused on frontline delivery.*
- *While we want to be reassuring, it's also important that our people understand we'll continue to work in an uncertain environment, and we can't promise that there won't need to be staff reductions or changes to the way we work in the future.*

From opening speech notes delivered by Mary Craig at Pou Herenga Waka Leaders Hui 21 June

- *As you'll be aware, IR was asked to find 6.5% cost savings for this year. We have agreed to a set of cost saving initiatives which the Minister has accepted which amounts to around 5% reduction in baseline savings each year. This is because it was not possible to find the full level of savings without compromising our ability to deliver frontline services or the amount of tax or debt collected.*

- *We will be achieving the savings through a reduction in operating expenditure including travel, training, accommodation, overtime, and contractors and consultants and a reduction in systems maintenance and change capacity.*
- *There has been a lot of focus in the media about many departments meeting cost savings through cutting staff numbers and we haven't needed to do that for now.*
- *We haven't needed to reduce staff numbers because we've received additional funding to support compliance work and any net loss in FTE people is offset by moving some of our people into focused compliance work, alongside a need to recruit around 200 additional people to support our compliance activity as well as initiatives like FamilyBoost.*
- *We are continuing to work in an uncertain environment and we can't promise that there won't need to be staff reductions or changes to the way we work in the future.*

From key messages shared with leaders following the Pou Herenga Waka hui on 21 June 2024

- *We're working in a very different environment post-transformation, with the Government asking the public service to increasingly demonstrate the value in what we deliver for New Zealand, while also making savings to our baseline costs.*
- *This year's baseline cost saving initiatives have been accepted by the Government and amount to a 5% reduction. It was not possible to find the full level of savings without compromising our ability to deliver frontline services or the amount of tax or debt collected.*
- *We'll be making savings in training and travel costs, reducing overtime, and reducing the use of contractors and consultants and continue to manage and realise these savings through the 24/25 year through our enterprise planning and effective budgeting.*
- *For the coming year there is no reduction in people numbers from the Budget 24 savings initiatives.*
- *We have received additional baseline funding of \$29m for compliance activity across all products, to maximise revenue in line with the Government's priorities for IR. We've also been given some additional time-limited funding to deliver the Personal Income Tax package, administer FamilyBoost and implement other Budget 24 initiatives.*
- *Recruitment is underway for additional frontline people. With Government investment in new spending initiatives, our overall FTE position for 2024/25 will be a net gain with the additional roles focused on frontline delivery.*
- *While we want to be reassuring, it's also important that our people understand we'll continue to work in an uncertain environment, and we can't promise that there won't need to be staff reductions or changes to the way we work in the future.*

From opening speech notes delivered by Peter Mersi at Pou Herenga Waka Leaders Hui held in August 2024.

- *We shared with you in the online Pou Herenga Waka session in June that we've agreed to a set of cost saving initiatives for this year which amounts to a permanent reduction of 5% in our baseline.*
- *We haven't needed to reduce staff numbers this year to achieve savings, partly as we received additional funding to implement FamilyBoost and the Personal Income Tax threshold changes, and because we received \$29 million to support additional compliance work.*

Conversation with the Commissioner from 1 March 2024

Extract from the video transcript of the Conversation with the Commissioner, between Peter Mersi and Michelle Redington, Chief Tax Counsel held on Tuesday 18 April 2024

14:38

We had a number of questions that have come in which have followed on from some of the previous conversations we've had around cost savings, public service efficiency and so on.

14:49

For example, s 9(2)(a) from Takapuna, said is there any clear directional plan on where Inland Revenue we'll be giving our 6 1/2 percent savings?

15:01

So look, the first thing I'll say is that, you know, we've been through a very, very deep and detailed process over the last 3 or 4 months with our Minister and the Minister of Finance, and we will be offering up some savings.

15:17

We're in a very privileged position just given the nature of our business.

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And that means that the savings we will be offering up

15:24

we can't talk about the details of that yet, unfortunately, because it is subject to Budget confidentiality.

15:31

So we'll have to wait till the end of May when the Budget is released before we can talk about the details.

15:36

But the senior team has been through this in a lot of detail and is confident that we can find the savings we've been asked for without having to look at our personnel.

15:45

So we won't be running any processes, redundancy processes or anything like that as a result of the savings exercise.

15:53

We will obviously continue as an organisation to make tweaks as we go, and we've been doing that over the last couple of years.

16:00

But there'll be nothing that's driven by this exercise.

Extract from the video transcript of the Conversation with the Commissioner, between Peter Mersi and Mike Cunnington, Deputy Commissioner Enterprise Services held on Tuesday 14 May 2024– the video and transcript is available to everyone at Inland Revenue through Haukāinga (intranet)

5:29

And I've mentioned this before, obviously agencies got asked to find 6 1/2 percent savings and we've been through a process with Ministers to confirm what the final set of decisions for Inland Revenue will be.

5:44

The Budget comes out on the 30th of May and that's where the details of the outcome of those conversations will come out.

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We we're unable to talk about that at the moment because of Budget secrecy.

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And I'll, get Mike just to explain a little bit about that shortly.

5:59

But, what we are confident of as a senior team is that the decisions that have been taken, the savings we've been asked to find, we can do without the need to go through any reorganisation process.

6:17

But the I think the critical thing for us all to remember is that the fiscal constraint that has driven this particular round and indeed had driven the previous Government to start to look for savings, those factors are still there and will continue to be there over the next few years.

Extract from the video transcript of the Conversation with the Commissioner, between Peter Mersi and David Carrigan, Deputy Commissioner Policy held on Tuesday 10 July 2024 – the video and transcript is available to everyone at Inland Revenue through Haukāinga (intranet)

6.24

So Peter, there's been some really good questions. So I've got one here from s 9(2)(a)

6:41

from Nelson. He's asking, obviously the recent Budget we saw, and lots of government departments have to come up with savings and we're not alone. Have you got a sort of any kind of idea of a breakdown on where those savings are gonna come from? Yes. So as you'll be aware, most departments got asked for between 6 1/2 and 7 1/2 percent. We had a really constructive engagement with our Minister and Minister of Finance. We ended up as an organisation as we've

7:11

agreed to reduction in the permanent reduction on their baseline of about 5%.

7:16

And we believe we can take that out of areas such as travel, training, consultants and contractors...