

4. RATES INVOICES AND ASSESSMENT OPTIONS

Officer responsible Financial Services Manager	Author Paul Melton, DDI 941-8413
--	--

The purpose of this report is to detail the design options for the new rates assessment and rates invoice. This was a request arising from the Strategy and Finance Committee December 2002 meeting.

BACKGROUND

One of the purposes of the new Local Government (Rating) Act 2002 (the Act) is to promote the purposes of local government by:

“providing for processes and information to enable ratepayers to identify and understand their liability for rates” (Section 3 (c))

This section of the Act provides the rationale for two subsequent sections relating to the content of the rates assessment and the rates invoice.

The rates assessment is the document that gives notice of the annual ratepayers liability to pay rates on a rating unit. This is a requirement of the new legislation. In the past the instalment 2 invoice also filled the role of the annual rates assessment.

The rates invoice is the document which details the rates owing for each instalment period and which may include any new charges, adjustments or remissions.

There are two parts to the invoice/assessment printing process. The first part is the printing of the base stock. The base stock print job includes the two logos, and the various colour panels. The second stage is the laser printing of the text and figures. The second stage costs are dependent on the nature of the base stock and includes the folding and enveloping of the documents.

THE ISSUES

The design options, which have been separately circulated to all Councillors, are the outcome of an extensive investigation and discussion with senior Financial Services staff and Customer Centre staff. The graphic designer has reflected the suggestions from both groups in the design options.

The issues which arose during the process can be summarised as follows:

1. Design Concepts

In our brief to the graphic designer he was asked to provide design options which were modern and functional. **The priority at this stage is to identify the preferred design options and the words will be worked on after this has happened.**

2. Customer Centre Input

If ratepayers are to understand their liability for rates then the assessment and invoice must be easily read and understood. It was from this perspective that Customer Centre staff were approached for their input. Customer Centre staff are front line who are dealing with ratepayer enquiries on a regular basis. They have a good understanding of what aspects of the current invoice generate the most enquiries.

3. A Combined Invoice

At the Council meeting on 27 March 2003 there was a notice of motion to separately bill for Christchurch City Council and ECan rates.

In a report to the same meeting the Director of Finance drew attention to the:

- very significant set up costs (\$1.5 million approximately) and the ongoing operational costs (\$1.07 million approximately) to bill separately;
- the recent commitment made by the Council to act as agent for ECan; and

- the resulting confusion and frustration for many ratepayers when they receive separate rate invoices.

On the basis of this additional information from the Director of Finance the notice of motion was withdrawn. It was agreed to continue producing a combined CCC and ECan invoice and for the design options to clearly separate out the ECan rates from the CCC rates.

4. **Rates Differentiation**

Given the comments in (3) above, the design brief specified that the invoice options must be for a combined option. The graphic designer was also asked to prepare options which differentiated between ECan and Christchurch City Council rates. This has in my view been achieved by using a columnar format with different colours.

5. **Compliance with the Legislation**

The Act is very prescriptive in terms of the information which must be included on the rates invoice (section 46(2) and similarly on the rates assessment (section 45(1)).

To facilitate a clear graphic design only the property specific information has been included on the annual rates assessment notice. Generic information like the functions of the local authority that will be funded from each rate (section 45 (1)(g) and the methods by which rates may be paid (section 45(1)(n) will be detailed in a separate brochure. The splitting of the assessment is permitted under section 45(3)(4).

6. **User-Friendly Documents**

A criticism of the current invoice is that although it contains all the required information, it is not easy to follow and results in many enquiries from ratepayers. The design brief included a requirement to produce more user friendly documents.

DOCUMENT TIMEFRAME AND REQUIREMENTS

Set out below are the four rating instalments for 2003/04 and the various documents required for each.

- **Instalment 1 (1 July 2003 – 30 September 2003)**
 - Delivered July 2003;
 - Rates invoice – based on 25% of the 2002/03 rates;
 - Brochure for explaining the new rates invoice and the rating changes;
 - No annual rates assessment at this stage as the 2003/04 rates are not adopted by the Council until 15 July 2003.
- **Instalment 2 (1 October 2003 – 31 December 2003)**
 - Delivered in October 2003;
 - Rates invoice – based on the 2003/04 rates which were adopted by the Council on 15 July 2003;
 - Annual rates assessment which details the full rates liability for 2003/04;
 - Brochure which explains the annual rates assessment and the generic elements of the annual rate assessment requirements.
- **Instalment 3 (1 January 2004 – 31 March 2004)**
 - Delivered in January 2004;
 - Rates invoice only.
- **Instalment 4 (1 April 2004 – 30 June 2004)**
 - Delivered in April 2004;
 - Rates invoice only.

DESIGN OPTIONS

The graphic designer was asked to prepare the following design options. Quotes have been sought from the Council's preferred suppliers and the lowest quote is noted alongside each option.

- **Option 1 – Combined Rates Invoice/Annual Rates Assessment**

- Combined rates invoice/annual rates assessment
 - Face side – Combined invoice
 - Reverse side – Combined annual rates assessment for instalment No. 2
 - Other general information for instalment No. 1, 3 and 4
- Design options under Option 1:

<ul style="list-style-type: none"> Option 1A - [1A(i); 1A(ii)] Option 1B - [1B(i); 1B(ii)] Option 1C - [1C(i); 1C(ii)] 	}	Format styles to choose from under Option 1 (See black spot at bottom of each page for the design number)
---	---	--

Commentary:

- This option combines the annual rates assessment (CCC and ECan) and prints it on the back of the second instalment invoice.
- There is no chance of the invoice becoming separated from the assessment.
- Minimises the chances of the annual rates assessment being treated as an invoice.
- A combined invoice and a combined annual assessment makes a reconciliation between the two easier.
- This is the most cost-effective option.
- From a staff point of view this is the preferred option.

- Estimated cost - \$17,455 + \$57,500 = \$74,955

- **Option 2 – Combined Rates Invoice and CCC Annual Rates Assessment/Separate ECan Annual Rates Assessment**

- Combined Rates Invoice/CCC Annual Rates Assessment
 - Face side – Combined invoice
 - Reverse side – Annual rate assessment for CCC for instalment No. 2
 - Other general information for instalment No. 1, 3 and 4
- Separate annual rates assessment for ECan
 - Face side – Annual rate assessment for ECan for instalment no. 2
 - Reverse side – other general information relating to ECan rates
- Design options under Option 2:

<ul style="list-style-type: none"> Option 2A - [2A(i); 2A(ii); 2A(iii)] Option 2B - [2B(i); 2B(ii); 2B(iii)] Option 2C - [2C(i); 2C(ii); 2C(iii)] 	}	Format styles to choose from under Option 2 (See black spot at bottom of each page for the design number)
--	---	--

Commentary:

- This option separates the ECan annual rates assessment and prints it on a separate sheet. The CCC rates assessment continues to be printed on the back of the second instalment invoice.
- The risks of the invoice becoming separated from the ECan assessment are significantly increased. This would apply at the enveloping stage and once the rates assessment and invoice has been received by the ratepayer.
- There is a risk of the ECan rates assessment being treated as an invoice.
- Reconciling the combined invoice with two separate rates assessments becomes more difficult.
- This is not considered to be a cost-effective option.

- Estimated Cost - \$21,955 + \$70,200 = \$92,155.

- **Option 3 – Combined Rates Invoice/Separate Assessment**

- Combined rates invoice
 - Face side - combined invoice
 - Reverse side - other general information on reverse side
- Separate annual rates assessment
 - Face side - CCC annual rates assessment
 - Reverse side – ECan annual rates assessment
- Design options – same as in Option 2:

<ul style="list-style-type: none"> Option 3A - [3A(i); 3A(ii); 3A(iii)] Option 3B - [3B(i); 3B(ii); 3B(iii)] Option 3C - [3C(i); 3C(ii); 3C(iii)] 	}	Format styles to choose from under Option 3 (See black spot at bottom of each page for the design number)
--	---	--

Commentary

- This option separates the invoice completely from the annual rates assessment. The annual rates assessment is printed on a separate sheet with the CCC part of the assessment on the face side of the sheet and the ECan assessment on the reverse side.
 - The risks of the invoice becoming separated from the assessment are significantly increased. This would apply at the enveloping stage and once the rate assessment and invoice has been received by the ratepayer.
 - A separate invoice and assessment are likely to be very confusing for many ratepayers particularly elderly ratepayers. This approach is very likely to result in many telephone enquiries. There are also some ratepayers who will treat the assessment as an invoice.
 - Reconciling the combined invoice with two separate rates assessments becomes more difficult.
 - This is not considered to be a cost-effective option.
- Estimated Cost - \$26,455 + \$70,200 = \$96,655

Summary of the Proposed Options

The following table summarises the characteristics of the different options and the Roman numerals in the table are cross referenced to the options. (See black spot at the bottom of each design page for the cross reference number.)

	Invoice CCC/ECan (Combined)	Assessment CCC/ECan (Combined)	Assessment CCC (Invoice Reverse Side)	Assessment ECan (Separate)	Assessment CCC (Separate Face Side)	Assessment ECan (Separate Reverse Side)
Instalment	1, 2, 3, 4	2	2	2	2	2
Option 1A	(i)	(ii)				
Option 1B	(i)	(ii)				
Option 1C	(i)	(ii)				
Option 2A	(i)		(ii)	(iii)		
Option 2B	(i)		(ii)	(iii)		
Option 2C	(i)		(ii)	(iii)		
Option 3A	(i)				(ii)	(iii)
Option 3B	(i)				(ii)	(iii)
Option 3C	(i)				(ii)	(iii)

CONCLUSION

Option 1, the preferred staff option, clearly sets out the required information, minimises the chances of process error and at the same time meets the accountability principles required and the requirement to separate out the CCC and ECan rates. The estimated cost of this option when compared with the other options is also very compelling.

Staff

Recommendation: That Design Concept Options 1A or 1B or 1C be adopted.

Chair's

Recommendation: That Design Concept Option 1B be adopted.