

Rates Rebates Discovery Report

September/October 2017

A joint effort facilitated by LabPlus with participants from Department of Internal Affairs, Ministry for Social Development, Inland Revenue, Auckland City Council, Tauranga City Council, and Wellington City Council.

Executive Summary

Within the Service Innovation work program at the Department of Internal Affairs, we have a range of service delivery initiatives where we work collaboratively with other agencies, organisations and companies in our Lab to design, prototype and build better public services. This helps us to identify user needs without a specific agency or government view, as well as to identify reusable components that could support multiple services (in public and private sectors). In September 2017 our team kicked off a three week discovery sprint exploring how Rates Rebates are provided to New Zealanders and what this could look like in the future.

The discovery sprint included service designers, user researchers and subject matter experts from the Department of Internal Affairs (the Service Innovation team as well as the Rates Rebates team), Auckland Council, Tauranga Council, Wellington Council, the Ministry for Social Development and the Inland Revenue Department with support from Assurity.

In three weeks the team did user research, comprehensively mapped the user journey and explored how the pain could be reduced for end users, for Councils and for Central Government. Three concepts were developed to address the challenges and tested with end users across the three cities, with some interesting results that will inform next steps. We also looked at what had been done before and analysed the user research and work done by agencies and Councils.

The next steps for this initiative would be to take the insights and outcomes from discovery and conduct a 4-6 week alpha stage to develop a minimum viable product prototype to meet

the needs of users. Exactly what would be developed would be designed in the first week or two of that alpha sprint, but would be developed to test with real users. Please contact Pia Waugh or Siobhan McCarthy in the Service Innovation Lab if you would be interested in participating in the next phase.

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Overview

What are Rates Rebates?

Rates Rebates are an entitlement that has been identified as a key pain point for applicants (low income property owners for primary residences), as well as for Local and Central Government.

Why this discovery?

It's a highly complex process for both the owner residents who apply, and for the Central and Local Government organisations involved in the process. It is also something people need to reapply for every year and the entitlement rules are not straightforward. There is a Rates Rebates calculator that takes into account the income, number of dependants and the property rates for every individual. Many people are eligible and don't even know it.

This discovery work was to identify ways to improve the service for both the rate payers and the agencies who are involved in the process.

Our Team

We are very fortunate on our discovery team to have a diverse talented group of people, from seven different organisations across Central and Local Government agencies and the private sector, working together to create a combined picture of the process experience, pain points, common goals and solution alignment. Our team includes members from Auckland City Council, Tauranga Council, Wellington City Council, Ministry of Social Development, Inland Revenue, Assurity Consulting and the Service Innovation and Rates Rebates branches in the Department of Internal Affairs.

Key Findings

Below are some key findings and further detailed findings about Customer Insights, System Insights and Service Level Insights are found later in this report.

- There are inconsistent information being provided about rebates to ratepayers across different councils.
- There is no consistent proof of income provided especially for rates rebates from Work and Income.
- Inland Revenue and other call centre operators do not know much info about rebates, but process requests for income forms for those getting proof for Rebates.
- There is a lack of auditing and lack of verification in the process. The cost of investigating fraud is often higher than giving the payment out.
- People tend to find out about Rebates via word of mouth

- Rates rebates is made easy by having good information, others around you applying and experience in the process.
- Need to have clearly stated rules and reasons for entitlement changes.
- Proactive active with a signature would retain control.
- Government has the information so this could be used for proactive.
- Previous bad experience with automation/computers can ruin trust in the system leaving people wary, skeptical. Low trust of “big data” in government.
- Don't like it when government does something to you. Citizens like to participate in the process, they want to be in control especially over their data.
- Many citizens are wary of the government holding information on them, but at the same time many also assume that the government already holds or can access a fair amount about them.
- Lack of understanding about the application process – This includes both Service level and applicants
- There is a high financial cost for agencies - Admin - many have to hire extra staff at peak times to process forms, as well as the cost of posting them.
- There are people who are eligible but do not know it exists, though estimates vary. Modelling is needed.
- Council's finances have potential to be disrupted when the money from the rebate takes time to come.
- Users of the system usually have unpleasant experiences on their first application. They find that it gets easier the more you do it. There is a perception that the government do not want entitlements to be easy; ‘you have to know the system to get the entitlements’, ‘the government seems to make it hard for you to get the entitlements’.
- Forms are often filled in wrong; there are often pieces left blank, questions misinterpreted, twink often used to correct mistakes, sometimes forms are not signed by the witness when taken at council service centres.
- There can be a significant financial cost to customers as they have low incomes, so getting around to different places to collect proof, and get their forms witnessed, can have a big impact. There can also be a big impact if their rebate is not processed on time, as for many the rebate comes at a critical point in their year financially.

The Approach

Week 1 - Kick off

Our initial step was to explore the purpose of the entitlement and we did this from three perspectives, the legislation, agencies and the applicant. We also tried to understand what the three perspectives needed, based on the process as it stands today.

1 - The Legislation

“To make provision for the granting of rebates of rates payable in respect of certain residential properties”. -- From the [Rates Rebates Act 1973](#).

- Help subsidise low income homeowners

2 - Agencies Perspective (Local Government NZ/Ministry of Social Development/Inland Revenue Department/DIA)

- Help me reduce organisation debt (the Councils pay the Rebates and then DIA sends funds to reimburse the Councils)
- Help us get the money to the right people
- Help us create awareness of rates rebates
- Help us do this efficiently
- Help me concentrate on core business
- Help me (data/info) know the things I need to know to administer the act (roles and accountability).

3 - Applicant Perspective

- Help me without trying to control me (give consent easily without harming me)
- Help me by doing this for me:
 - You know me
 - You know my situation
 - Give me the financial assistance I need
- Help me afford to live in my own home
- Help me get the support I need without stigma or discomfort
- Help me make this worth my time

Building on the past

Some work had been done by Central and Local Governments to explore user needs and the government challenges around Rates Rebates however, this had not yet resulted in meaningful prototyping or a tangible solution, so needed further exploration. Our team works

to understand and utilise the efforts of previous groups, add value and be a catalyst to a high value solution for the whole Rates Rebates process.

Focus points

Our team identified the following focus points for the three week sprint.

- **Understand and Complement** - Previous Rates Rebates insights focused on the process from a applicant perspective, our team will collect and analyse insight from multiple perspectives including Central and Local Government agencies. We are also looking additional applicant types that have not been spoken to before and understand the size and and demographics of the eligibility groups.
- **Local and Global Picture** - We are exploring the local and global community and identifying similar concepts, prototypes and entitlement models that we can factor into our concept development.
- **Data Path** - Exploring the data path of the process, data ownership, authority and declaration and what this could mean for implementation of any automated concepts.
- **Thinking Big/Parallel Value** - How could this be applied across all of government services.

Week 2 - Customer research and journey mapping

Service Map

The Rates Rebates Process touches many agencies. We mapped the journey to see touch points for rebates customers, front stage (agency work visible to the rebate customer), and backstage (agency work *not* visible to the rebate customer). It showed a very complex picture with a lot of pain across users, Councils and Central government agencies. Considering this entitlement is a maximum of \$620 per year, it requires a lot of cost and time from all participants in the process to administer.



<https://docs.google.com/drawings/d/1G3cs66o7u-xwJWr2FT46cd5UivJ-HojpcS3I-Q5bSOY/edit?usp=sharing>

Personas

We created the following personas to compliment the personas made in the previous discovery work.

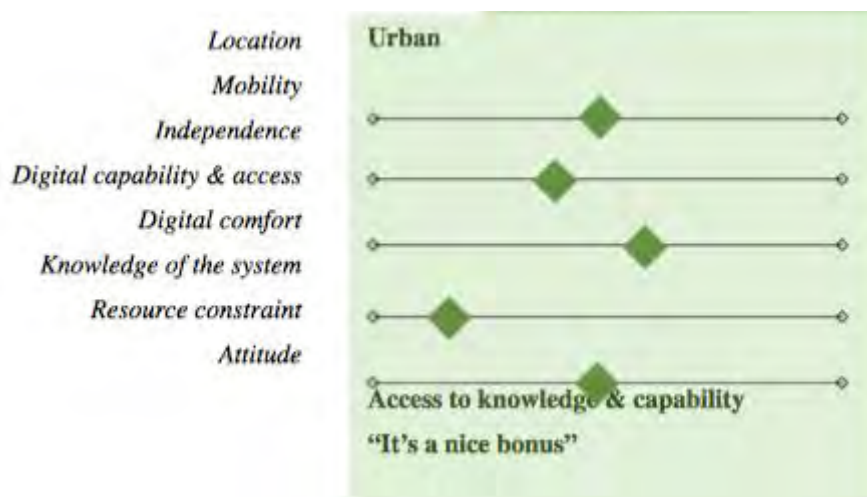
Working mother

Hannah lives in Southland, looking after her three kids and doing some freelance work in her spare time. She is very capable, but going into town can be a bother – she borrows a car from her neighbour and it's not always available. Because she lives rurally, she likes to do more things online. She's short on time and money is always tight. She has found out about the rates rebates and wants to get it – but she's also short on time and not sure if the bother is worth it.



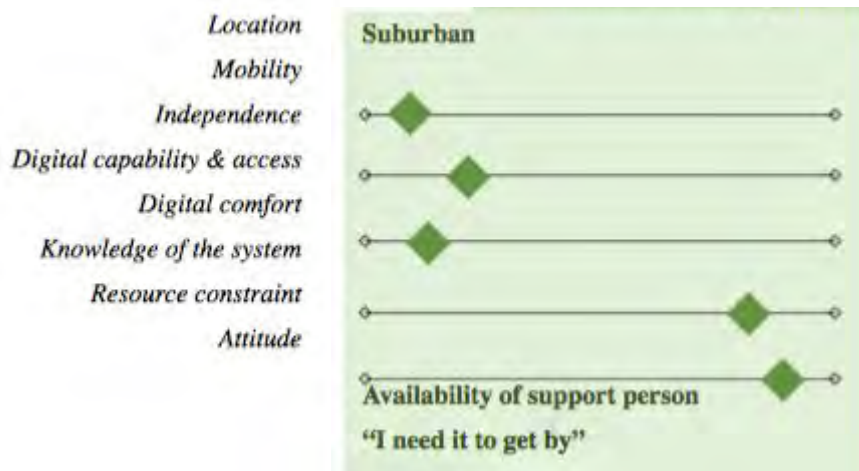
Superannuant

Jennifer is a retiree living in a block of flats in Wellington city. She doesn't drive any more, but manages to get around fine on public transport. She thinks of herself as pretty independent, but sometimes she needs to help with her finances and paperwork – she's not as good at reading the fine print anymore. She uses an iPad to look at FaceBook and the news – but doesn't do much else online and doesn't like the idea of her personal details being somewhere out there. She's a repeat applicant for the rates rebates, and considers it a nice bonus.



Disability dependant

George lives in a suburb in Tauranga. He suffers from a physical disability, and depends heavily on his support person for any physical activity. If he wants to fill out a form Money is tight and he budgets carefully – allocating all of the money that comes in. When there is a delay, it's a real issue. He has lots of interaction with government to claim various benefits and he is comfortable with doing things online - but he doesn't have his own computer.



Customers insights

We initially spoke to 17 ratepayers that covered different demographics to map their experience and pain points. A large portion of them were women and retired.

Key themes from Customers

- You have to know the system to get the entitlement.
- One poor experience with computers or automated systems can colour how much trust they have a lot. Impacts fear of automation.
- Many find out about it via word of mouth. – almost by accident.
- Witnessing is a big pain point - especially for those with low mobility
- Initial application is often quite difficult

Trust

- Lack of trust around automation, lack of trust around these systems
- Previous bad experience impact faith in sharing big data.
- People want control over their data.
- Expectations not set initially leads to further confusion down the line.
- Want to be a participant in the process.
- It is important that residents retain ownership of data and identity.
- Wary of big data.
- One poor experience with computers or automated systems can colour how much trust they have a lot.
- Prove to me you have done it correctly, then it's ok to do it for me.

- Liked the idea of consent based, but if I am entitled to something just give it to me.
- Mistrust about what government would do if they had all the information. (Flip side: many also believe that govt already has all the information already)
- The value of the trade: cost of giving your information vs the amount you get.
- Ok with data sharing as long as there is control. (Proactive entitlement).

Complexity

- You have to know the system to get the entitlement.
- Lack understanding about the application process – This includes both Service level and applicants
- Application process was too complex for the right people to get it.
- Rebate is sometimes more effort than it's worth.
- Really difficult process for applicants
- Applicants were unclear on how to calculate their income.
- As a JP, cant understand why it needs to be a stat dec.
- Many find out about it via word of mouth. – almost by accident.
- They felt government doesn't want to give you what you are entitled to. You need to work for it.
- Perception that it was too hard to automate.
- Many people are organised about the records they keep the information required for the rebate.
- Witnessing is a big pain point - especially for those with low mobility
- Application is confusing - often done wrong because of lack of understanding how it's done, meaning the application needs to be resubmitted, delaying when the rebate is granted when it's needed most

Information

- Found about rebates via word of mouth
- Rates rebates is made easy by having good information, others around you applying and experience in the process.
- Clearly state rules and reasons for entitlement changes.
- Proactive active with a signature would retain control.
- Government has the information so this should be used for proactive.

Personal level effect

- Divorce can be a trigger for rebate for older women (change in finances and living situation)
- The applicants coming into CAB for help with rates rebates are all superannuants.
- Use gold card for free trip rather than postage stamp. Have more free time than money.
- Felt like begging for money now that you are on super and getting a rebate.
- Having a good grasp on finances gives peace of mind.
- For elderly the yearly process is an event.
- Rebate has a positive on his financial situation
- Some applicants enjoy the outing to the council, utilising the gold card.
- Stigma around asking for help

- People think there are a lot of people worse off than them that deserve it more.

Channels

- Perception from users that there needs to be other options to Digital - “what if they don’t have a computer”
- Why can't you just do it over the phone?
- High service users are advised by other agencies eg. WINZ
- Correspondence from government can be threatening.
- The council representatives have knowledge and willingness to help made the difference to success. If there was not this level of assistance then it is unlikely to be such a positive experience.

System Level insights

Authoritative

- Too much effort to investigate the fraud.
- There is a lack of auditing and lack of verification in the process.
- The cost of investigating fraud is often higher than giving the payment out.
- Runs on trust system. Ratepayers interviewed believe that you will get caught if you lie, and you will get in trouble. “It’s an honesty system and most New Zealanders are honest, and that is why it works”.
- DIA only performs audits on 10% of forms.

Council

- Play a positive part in the rates process and understanding of council services.
- Council representatives being an important option and provides a visible evidence that something is being done to progress application. For some customers, Council representatives make it worry free and take the stress out of it.
- Councils often receive thank you cards and call from customers who have gotten a rebate.
- When rates are not paid, this is a trigger to proactively reach out to applicants about applying for a rebate.
- Council rep are worried that there are a lot of people out there that need a rebate.
- Perspective and experience ability to progress impacted view of options. Eg CAB vs Council representative
- ‘Ideal online application, that could be approved immediately and the money would come back in a line for line way, so it could be reconciled at the time and efficiently.’
- Peak times are hard to staff and manage. Council often hire temp staff for a number of months to help process rebate forms.
- There are inconsistency between councils on what proof is required and what information they provide to people seeking rebates.

Inland Revenue

- Customers call in to get proof of income. They call at the same time every year and know exactly what they want. They have a preference to call to request their proof of

income rather than do it online, and wait till the summary comes in the post. Happy to wait 15 days.

- Perhaps opportunity to add more information of how to get it online. - IRD

DIA

- “Meet the role they were designed for” “Vehicle to make it happens is inefficient”
- ‘Get rid of the original copies and signature that would be awesome.’
- Need changes to the Act to be more efficient.

Service level insights

- Inconsistencies across councils in implementation and information to customers
- Council rebates workers are worried that there are a lot of people out there that need a rebate.
- Peak times are hard to staff and manage
- “honesty system and most New Zealanders are honest and that is why it works”

Week 3 - Concept development and testing

We tested 3 concepts hypothetical ways the process of rebates might work, based on data sharing between agencies to help make the process easier and efficient. We tested these with those we interviewed to find out their thoughts and opinions on them.

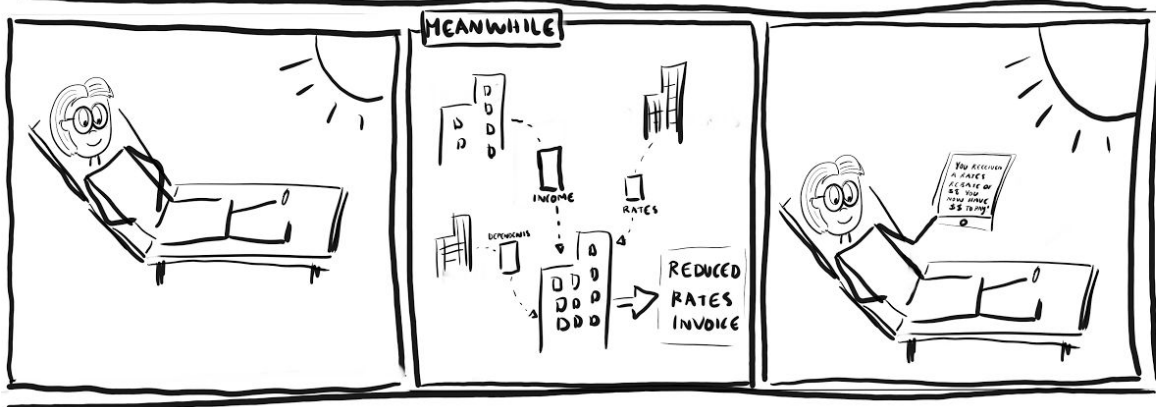
OPTION 1: ASSISTED APPLICATION OPT-IN



Option 1 - Assisted automation opt-in

There were varied reactions to this option. Some said they saw issues with it being online, mentioning they know a lot of people in their circles who get rebates and do not have computers or feel comfortable using them. Others liked this but often said they preferred option 3 after they had seen all options. Some suggested that they liked the idea of the service being provided by phone, and suggested that there may be a way for them to make a verbal declaration in place of stat dec.

OPTION 2: AUTOMATICALLY APPLY REBATE



Option 2 - Automatically apply rebate

This option was usually popular, until 3 was shown and then they decided that this actually was something that they did not want as they were unsure what this would mean if the information was wrong or felt uncomfortable for the gov't to be talking about them and deciding things without them knowing. Many felt that this option was a bit “big brother”

OPTION 3: AUTO POPULATE DATA



Option 3 - Auto populate data

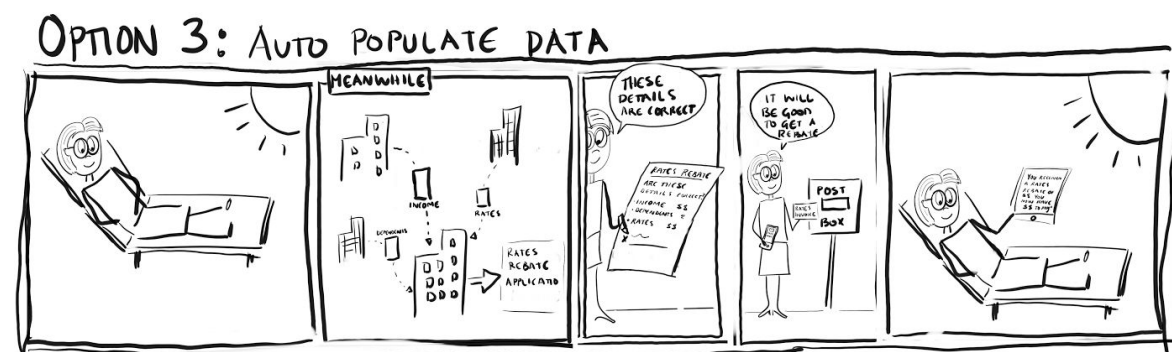
Option 3 was the most popular. People were usually most comfortable with this option as they felt that it still let them be in control, but also made the complex process less work for them. Some felt uncomfortable about their data being shared without their permission and knowledge, and did like the idea of the government ‘talking about me’ as they did not trust the government completely. Many users had the attitude of ‘they already do this/know this information anyway’.

There are some issues with the legislation around witnessing of forms, this may be a barrier to this being implemented easier.

Recommendations

The Future of the Rates Rebates Service.

We tested 3 concepts hypothetical ways the process of rebates might work, based on data sharing between agencies to help make the process easier and efficient.



Option 3 was the most popular. (The other 2 options are included in this report)

People were most comfortable with this option as they felt that it still let them be in control, but also made the complex process less work for them.

There are some issues with the legislation around witnessing of forms, this may be a barrier to this being implemented easier.

Potential small changes / “Quick wins”

Consistent messaging across agencies

After discovering the inconsistent messages about rebates across councils and agencies, there is potential for work to improve consistency across councils on messaging regarding rates rebates. We mapped the information across councils with large variations found:

https://docs.google.com/spreadsheets/d/1uHktpWj03FKFX0F0Hn7GK9pg1sMxBKaaPfiA8Gd_ra8/edit#gid=0

Cost of physical forms

There is a lot of paper shuffling - High cost to councils sending the forms into DIA via courier, as well as admin to process and input forms. There may be a way to reduce costs with digitisation of forms, be it through other work to change the rebates system, or allowing council to send forms digitally (e.g. scanned) rather than by post. (This is not suggesting a simple digitisation of the form for customers).

Potential for more link to Superannuation

A large portion of rebate receivers are retired and on superannuation. There could be potential to use this as a vehicle to help either gain awareness of the entitlement and/or to use this to make application easier as many councils do not verify income if the applicant is on super, as many on super do not know their gross income and are on the same amount.

User groups to consider

On testing, we suggest more engagement with a range of user groups that require more relationship building than the short time that sprint allowed.

- Those with low mobility / disabilities that make it challenging to get forms witnessed and paperwork together,
- Working parents,
- Māori,
- Other ethnic groups including but not limited to Pacific Islanders, Middle Eastern peoples, Asian peoples. There will be important cultural attitudes around receiving money/help that need to be identified.

The “Value Onion”

The Rates Rebate Discovery Sprint brought together people from all different organisations; DIA, MSD, IR, and multiple councils.

Bringing together a diverse range of people means everyone brings a unique value to the project, and this also adds value for those involved at a number of levels. In order to be conscious of this value and to contextualise it, we did an exercise we called the “Value Onion”.

We looked at the different layers of value that would be added through our work on three levels: the value add to the individual, the value for the organisation, and the value for the Rates Rebates process as a whole. We had each member of the team add their value adds to the onion.

Some of the benefits of doing this exercise were:

- Helping to encourage reflection from the team throughout the process, instead of only at the end
- Helping to contextualise the value of time invested in project, spent away from the usual work programme, that the team members from across agencies were gaining
- Making sure that stakeholder needs are met
- Keeping a feedback loop going
- Recording successes
- Helping to encourage others to join in on the work as the value had already been articulated
- Holding ourselves accountable for what we said we would achieve

Value adds are different for each person involved depending on their perspective and how familiar they are with the process being used in the project. We were working in an agile way, with processes and a few tools that I was used to as a Service Designer. So the value adds that I saw were more focused on improving the process because I was already familiar with the tools, whereas others who were from other backgrounds were gaining value from learning about those tools.

There were common themes, some key value adds for the individuals were:

- Learning to use new tools and technology and skill sets,
- Working with people across agencies,
- Gaining a better understanding of what it is like for customers.

Value-adds for their organisations:

- learning how other organisations do things,
- learning new ways of working, and
- what the future could look like.

For the process:

- sharing across agencies to add value to the whole process,
- making the process easier,
- showing what the future could be.

