

MEETING: FINANCE COMMITTEE – NORTHLAND REGIONAL COUNCIL

**Name of item: REVENUE AND COLLECTIONS QUARTERLY REPORT
31 December 2018**

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Executive Summary

The purpose of the report is to provide quarterly reporting to Northland Regional Council on action taken to collect current rates and rate arrears, and to provide information on how collection is tracking against targets.

1) Background:

This document has been prepared to highlight the actions taken by Far North District Council for the collection of the Northland Regional Council's rates and to reduce the monies outstanding. This report is prepared as at the end of the second quarter of the financial year 2018/19.

2) Discussion and options

- An Urgent Demand process in cooperation with the in-house Legal team commenced in September 2018.
 - Focus on 180 highest arrears General Title properties without a mortgage. Three letters were created to support the process: Urgent Demand, Final Urgent Demand and Legal proceedings to commence.
 - Audit of all accounts has been completed
 - 75% of customers have received both urgent demand letters, of which 85% are due to move to legal proceedings.
 - 3% of customers paid their arrears in full
 - 11% are now on a payment plan.
 - 12% are either deceased rate payers or abandoned land
 - 10% of customers require further investigation
 - Next steps: Meeting with external Legal provider is to take place early February to identify a select number of properties to commence court proceedings.
- A review commenced in November of all accounts referred to the external collection agency with the view of taking back all accounts to Councils Debt Management Team.
 - So far 47% of accounts have been taken back to Council
 - Of those taken back, 47% have received first and/or second letters as part of the Urgent Demand process.
 - 37% have either returned mail and/or need further investigation.
 - 6% accounts are now paid and/or have a payment plan in place.
 - 10% are abandoned land or deceased rate payer

- Audit is taking place of all fixed direct debits currently in place with Council. So far, 80% of customers have now been switched to variable direct debit or have a new fixed direct debit within minimum Rates Easy Pay requirement.
- Continuous audit of existing Arrangements to Pay to ensure the agreements are being met. Contacting the customer where this is not the case and either reschedule the agreement or cancel and move to next recovery step.
- A review of all procedures is being undertaken to ensure adequate monitoring and actions are proceeding in a timely manner
- The ongoing promotion of the Internal Affairs Rates Rebates Scheme in day to day communications with Ratepayers and regular meetings with relevant community organisations is another key focus.

Collection Data

An analysis of arrear, by collection status, is included in the following table. Arrears are the debt outstanding at the beginning of the 2018/19 financial year, together with arrears on rates for the 2nd quarter to 31 December 2018. *Note: the data used for the below analysis was extracted on 23/01/19 which resulted in a difference of \$12,721 for the total debt to be collected.*

Arrears Collection Type Analysis Q2						
Collection Type	Arrears \$			% of collection type to Total debt to		
	General Title	Maori Freehold Land	Total	General Title	Maori Freehold Land	Total
Direct Debits (repay arrears within 2 years - REP)	8,120	562	8,682	1%	0%	0%
Direct Debits other (not under REP)	4,767	14,796	19,563	1%	1%	1%
DMT Agreements to pay	21,340	257	21,597	3%	0%	1%
External Collection Agency	93,127	13,306	106,433	15%	1%	4%
Abandoned Land	34,162	0	34,162	5%	0%	1%
Legal	14,092	0	14,092	2%	0%	0%
Deceased	36,327	8,996	45,323	6%	0%	2%
Liquidation	1,699	0	1,699	0%	0%	0%
Total under above arrangements	213,634	37,917	251,551	34%	2%	9%
Balance to be collected by Other means	409,817	2,046,511	2,456,328	66%	98%	91%
Total Debt to be collected	623,451	2,084,427	2,707,878	100%	100%	100%

Council's remission policies

Council's remission policies are designed to recognise the unique nature of the Far North with its significant areas of unoccupied Maori freehold land. Overall the policies address issues of financial hardship and the protection of areas of land with particular conservation or community values. The following table shows the instance of remissions for each policy and the financial impact of these remissions.

Policy Name	Number Remissions Granted Year to date			
	2019		2018	
	Qty	\$value	Qty	\$value
Maori Freehold Land Remissions	689	-\$ 164,238.88	670	\$ 126,241.38
Charitable or Community Organisations	51	-\$ 13,448.69	47	\$ 8,325.80
Remission of Postponements	19	-\$ 10,913.85	0	\$ -
Contiguous Properties	385	-\$ 81,749.87	379	\$ 49,260.20
Properties partly in District	1	-\$ 139.76	1	\$ 76.86
Conservation Property	225	-\$ 59,204.74	220	\$ 38,996.03
Total	1,370	-\$ 329,695.79	1,317	\$ 222,900.27