

Quarterly finance report to Northland Regional Council – as at 31 October 2020

Report to: Bruce Howse, Group Manager – Corporate Excellence/Deputy Chief Executive Officer
Reporting officer: Christine Toms, Revenue Manager

Purpose/Ngā whāinga

To provide information to Northland Regional Council (NRC) in relation to outstanding land rates and the action taken to collect them.

Executive summary/Whakarāpopototanga

Commentary is provided on land debt outstanding.

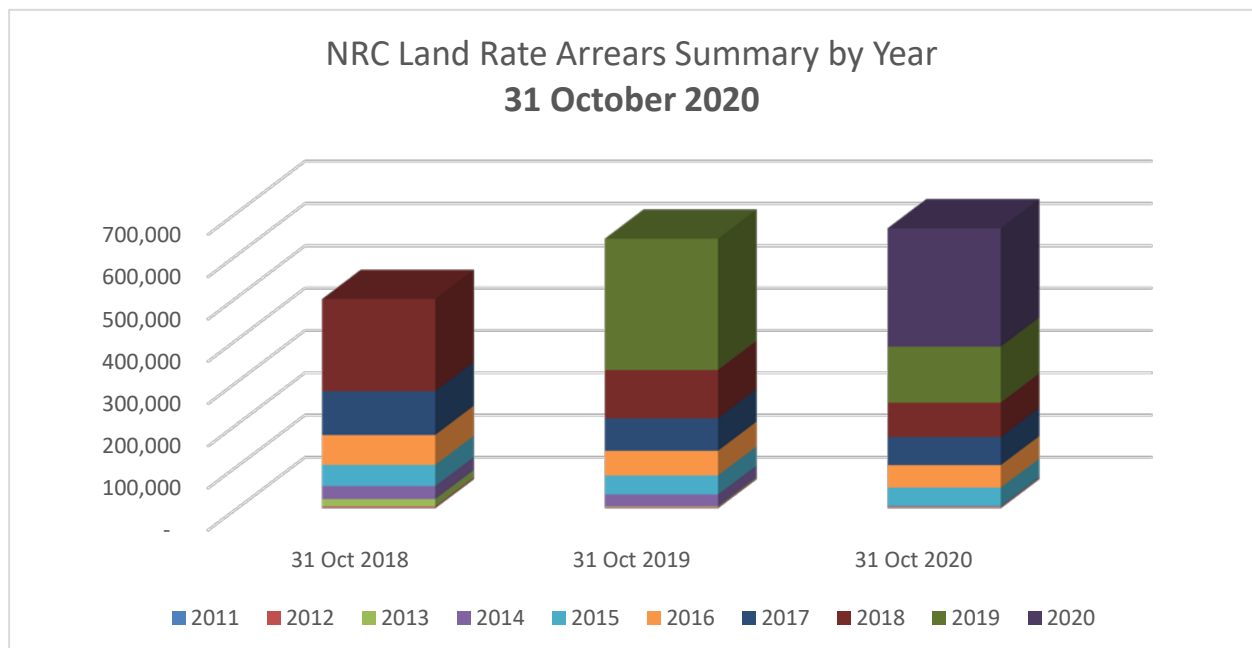
Context/Horopaki

Council Staff provide NRC with an update on year to date finances and debtors. Graphs have been provided to clarify debtors further.

Discussion/Ngā kōrerorero

Rates Debtors as at 31 October 2020

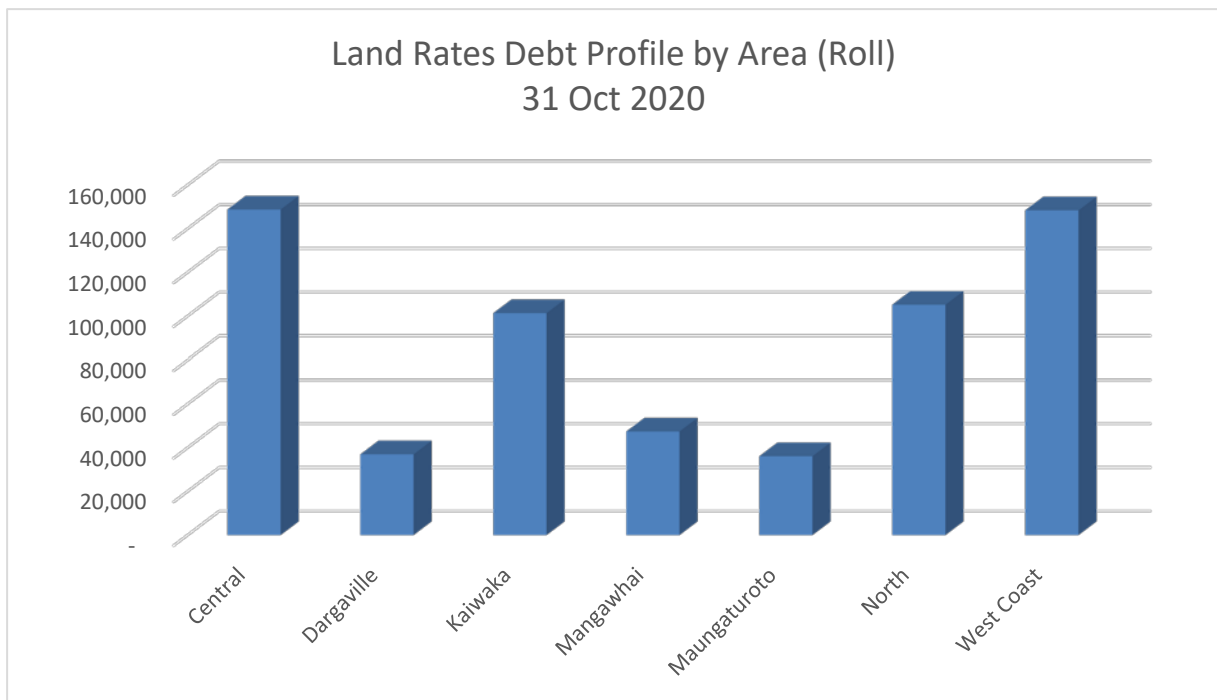
Reporting focuses on land rates debt for the years up to 31 July 2020. System generated arrears reports exclude current debt, which means that the beginning of each year sees the opening debt balance increasing substantially due to the previous year debt being re-categorised as previous year arrears. The graph below shows the allocation of total land rates debt over the previous three years as at 31 October of each year.



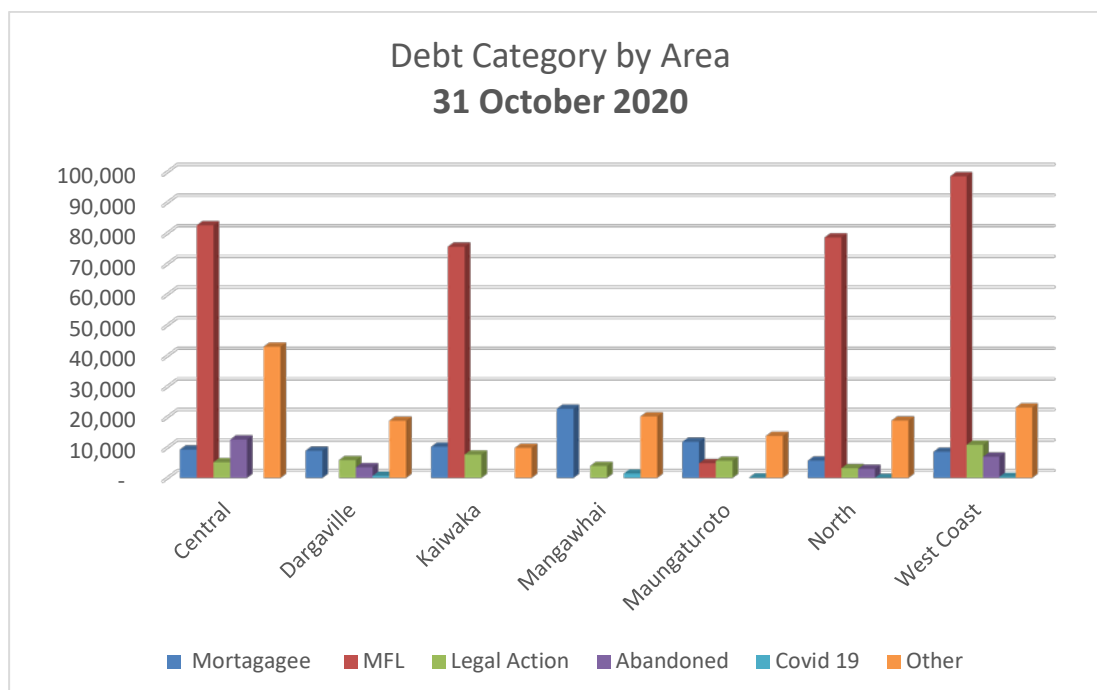
The graph above shows a slight increase in debt when compared to the same period last year. It also reflects what we would expect to see, with the majority of debt sitting in recent years due to Council's policy of allocating payments to the oldest debt first.

At 30 June 2020 rates debt was \$815,783.10, at 31 October 2020 the debt was \$662,360 (a reduction of \$153,422.74).

The chart below compares the debt over three years and shows, by roll where the debt sits.



The Central (which covers the area including Turiwiri, Arapohue, Okaho, Ruawai and Matakohē), Northland West Coast (covering Waipoua through to Te Kopuru and Poutu) areas have a high proportion of Maori Land, which carry a high level of rates debt. This is shown graphically below.



The table below summarises all categories whilst the chart above shows the distribution of the debt by category and area.

Arrears debt	31 October 2020	
	No	\$
Mortgaged Properties	194	77,281
Maori Freehold Land (MFL)	107	340,197
Legal Action	47	42,299
Abandoned Land	7	26,004
Other	334	173,929
Payment arrangements – COVID-19	8	2,650
TOTAL	719	662,360

Whilst this is the first time we've provided NRC with a detailed report, we have noted a marked decrease in both the number of properties and the level of arrears falling into the Covid-19 category. This indicates that the customers who identified as being affected by the Covid-19 lockdowns have been able to successfully adhere to payment plans to get rates up-to-date, with a few plans still continuing.

Mortgaged Properties Category

The mortgagee demand process had been delayed due to Covid-19 lockdowns and future economic uncertainty within the community. A plan was in place to progress with mortgagee demands, however it has been decided that the process should be delayed until the 2021-22 rating year to allow customers time to recover from any Covid-19 related financial impacts.

Staff continue to communicate with these customers and advise them when a penalty has been applied to their rates account, whilst also discussing the rates rebate scheme, payment plans and direct debit payment options.

The properties reported in this category currently are those that were identified last year as having a mortgage. When this information is updated future reporting will reflect the updated number of properties and associated debt.

Maori Freehold Land

Staff attended a regional hui during November, which focused on the upcoming changes to the Rating of Whenua Maori Amendment Bill, in preparation for this progressing through Parliament. The hui was attended by Far North District Council, Whangarei District Council and a representative from the Maori Land Court. All three councils are aiming to consistently implement any changes associated with the way Maori Freehold Land is rated when the Bill is introduced. Discussions will continue next calendar year.

The Revenue Collections Officer continues to collaborate with the Iwi Relations Manager so as to identify and engage with the relevant parties to discuss rate arrears. She is also proactively identifying land that would meet our existing Maori Freehold Land remission policy and apply this where relevant.

Legal Action

A couple of files have progressed to legal action over the past few months. This is a last resort, and relates to ratepayers who have not adhered to payment plans, don't have a mortgage and who have lost contact. This action will secure the debt and ensure that it is not written off at the statute time limited period of 6 years.

Of the 47 properties in this legal action category, 11 have charging orders registered against their title. This prevents the property changing ownership without the rates debt first being paid, Councils interest is protected. These charging orders are different from other charging orders in that they do not expire after 2 years and remain in force until a memorandum of satisfaction is registered.

Next steps for these properties would be to proceed to have judgment enforced by sale or lease of the rating unit, in accordance with the Local Government (Rating) Act 2002. A report to both Council's will be prepared in the new calendar year to provide options and seek direction.

Abandoned Land

There has been no further progress in this area to report.

The next step is to proceed with abandoned land sales. A number of interested parties have contacted staff to register their interest in purchasing some of these blocks of land. A report to both Council's will be prepared in the new calendar year to provide options and seek direction.

Other

Staff continue to make progress with customers in this category and have agreed to numerous payment plans that will see the debt repaid over the next one to two years. There have also been a number of lump sum payments made that have cleared the debt.

Customers continue to be advised when they receive a penalty for late payment of their rates. This process is generally well accepted by the community, with people setting up direct debit payments to prevent future missed payments, other customers contact the team to make payment or set up payment plans to ensure rates are paid in future.

To date we have 1,820 (12%) customers receiving rates by email and 3,480 (24%) customers paying via Direct Debit.