

**MEETING:** FINANCE COMMITTEE – NORTHLAND REGIONAL COUNCIL

**Name of item:** REVENUE AND COLLECTIONS QUARTERLY REPORT - December 2021.

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### **Executive Summary**

This is the second report for the financial year 2021-22 and provides information on action take to collect the Northland Regional Council's current rates and rates arrears.

### **1) Background:**

This document has been prepared to outline current and arrears balances for rates as at the 9th of December 2021 for Northland Regional Council, and actions taken by Far North District Council's debt management team for the collection of the monies outstanding.

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### **2) Discussion and options**

The data provided is for General Title and Maori Freehold Land rates accounts.

#### **General Title rates and water debt**

Key actions since the last report:

- This year, mortgage demand batches are split by mortgagee rather than the arrears value to streamline communications with the banks and financial institutions.
- Debt management have completed calling all the owners of the 5 major banks, leaving the smaller financial institutions to be contacted.
- Since the start of the year, the number of properties still qualifying for mortgage demand was reduced by 32% as part of the pre-calling and owners either setting up a direct debit or paying the arrears balance.
- Since issuing the first mortgage demand with ASB before the lockdown in August 2021, no further mortgage demand has been issued and final demand is still on hold for ASB customers.

Next actions:

- Continue mortgage demand pre-calling for the smaller financial institutions and water accounts.
- Review all accounts still qualifying for mortgage demand with the 5 major banks.
- At the start of February, decide on the approach Council will take regarding mortgage demand this rating year, considering the economic and Covid-19 situation in NZ.
- Review properties without a mortgage and high arrears and commence demand process in collaboration with Council's Legal Services team.
- Complete in-depth investigations for the first tranche of abandoned land sales and commence with the process.

For the total number of General Title rates accounts marked as 'Debt recovery action to commence':

- These are properties where there is no mortgage, and we do not have a payment arrangement or direct debit set up on the account.
- 36% of properties only have last year's rates in arrears and 12% have 2 years of arrears. Debt management will be contacting these owners by phone, email, or letter. Any water arrears will be picked up at the same time.
- 52% of these accounts have arrears of 3 or more rating years. Debt management will start the final demand process for these which can result in referral to Council's legal services team to commence legal proceedings.

### Maori Freehold Land rates

The debt for Maori Freehold land has reduced since the write-offs were completed in June as per the Local Government (Rating of Whenua Maori) Amendment Act 2021.

### Collection Data

An analysis of the arrears, by collection status, is included in the following table. Arrears are the debt outstanding at the beginning of the 2021/22 financial year.

Arrears Collection Type Analysis Q2 2021-22						
Collection Type	Arrears \$			% of collection type to Total debt to be collected		
	General Title	Maori Freehold Land	Total	General Title	Maori Freehold Land	Total
Direct Debits	42,768	28,421	71,189	4%	3%	3%
Other Payment Arrangements	6,442	2,663	9,105	1%	0%	0%
Abandoned Land	58,001	2,145	60,146	6%	0%	3%
Legal Action Commenced (external)	59,467	0	59,467	6%	0%	3%
Legal Action Commenced (FNDC)	11,691	0	11,691	1%	0%	1%
Deceased	57,721	10,602	68,323	6%	1%	3%
Liquidation	1,491	0	1,491	0%	0%	0%
Mortgage	165,788	0	165,788	17%	0%	8%
Total under above arrangements	403,370	43,830	447,200	40%	4%	22%
Debt recovery action to commence	597,566	1,090,446	1,688,012	60%	96%	78%
<b>Total Debt to be collected</b>	<b>1,000,936</b>	<b>1,134,277</b>	<b>2,135,212</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### 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 as at 9 December 2021		Remissions to 30 June 2021	
	2022		2020	
	Qty	\$value	Qty	\$value
Maori Freehold Land Remissions	389	\$ 118,164.46	707	\$ 220,619.75
Charitable or Community Organisations	63	\$ 24,023.39	62	\$ 20,589.09
Remission of Postponements	0	\$ -	41	\$ 53,653.09
Contiguous Properties	518	\$ 143,835.46	495	\$ 119,579.57
Properties partly in District	1	\$ 196.61	1	\$ 156.03
Conservation Property	248	\$ 43,635.86	231	\$ 71,889.00
School Sewerage Remission	0	\$ -		
Excess Water Remissions	0	\$ -		
<b>Total</b>	<b>1,219</b>	<b>329,856</b>	<b>1,537</b>	<b>\$ 486,486.53</b>