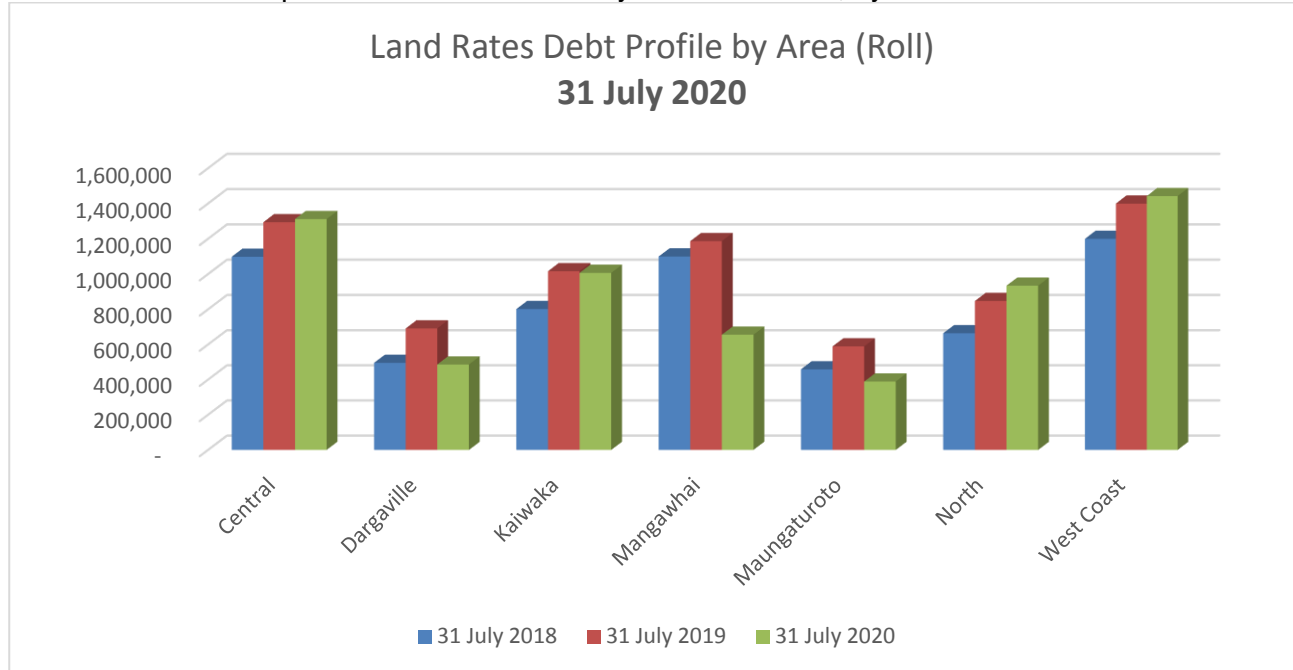


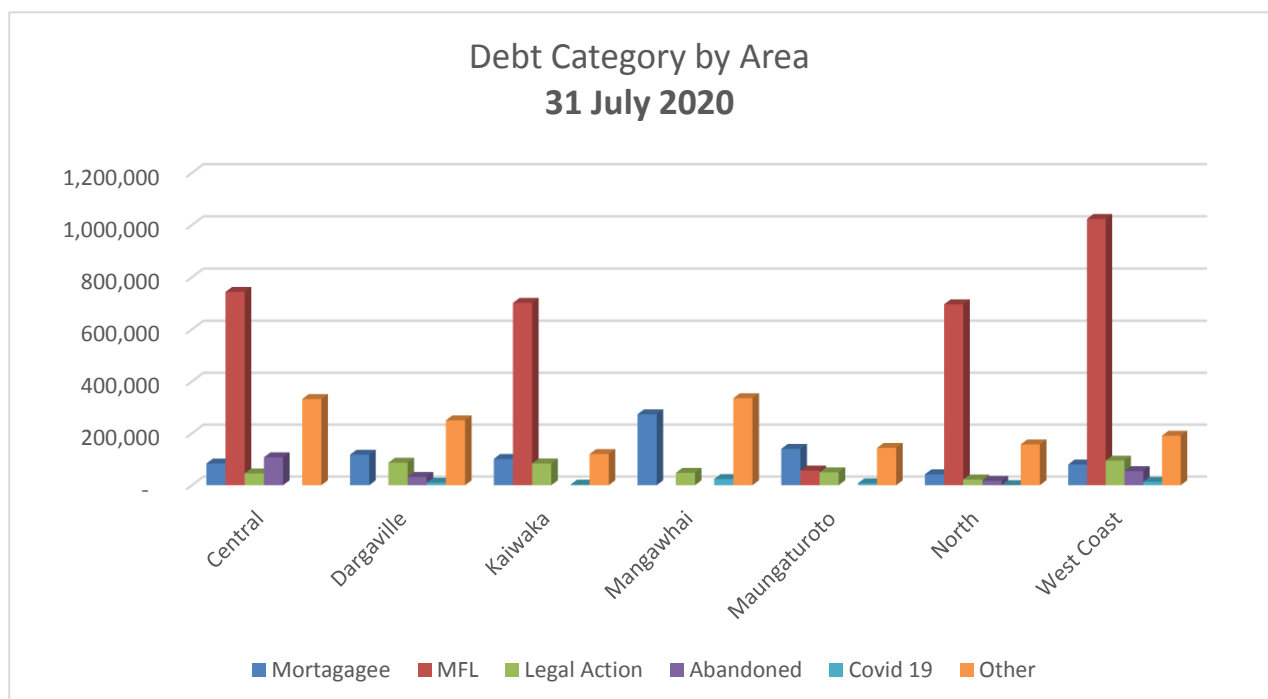
The graph above shows that outstanding rate arrears have decreased. It also reflects what we would expect to see, with the majority of debt sitting in recent years due to Council's policy of allocating payments to the oldest debt first.

At 30 June 2019 rates debt was \$7,389,300, at 30 June 2020 the debt was \$6,927,330 (a reduction of \$461,970). The rate arrears debt shown in the graph above is \$6,410,132, representing a reduction of \$517,198 during the month of July.

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



Key changes between 31 July 2019 and 2020 are: Dargaville, Mangawhai and Maungaturoto rates debt levels have reduced noticeably, with a smaller decrease in the Kaiwaka area. All other areas have seen increases in the level of rates debt which has been further increased with the addition of the arrears penalty in July. As discussed in earlier reports 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.



A new category (COVID-19) has been introduced to the debt category reporting. Staff have entered into multiple payment arrangements during the Alert level 3 and 4 COVID-19 lockdowns. Some of these arrangements have been satisfied whilst a number remain in place.

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

Overall rates debt has decreased during the period of 31 July 2019 and 31 July 2020.

Arrears debt	31 July 2019			31 July 2020	
	No	\$		No	\$
Mortgaged Properties	725	1,926,486		336	837,111
Maori Freehold Land (MFL)	140	2,985,103		107	2,932,615
Legal Action	48	448,529		45	429,286
Abandoned Land	7	172,587		6	183,740
Other	1,275	1,491,976		692	1,970,910
Payment arrangements – COVID-19	-	-		40	56,470
TOTAL	2,195	7,024,681		1,227	6,410,132

As a result of the COVID-19 lockdowns staff have found that a softer approach to collecting outstanding debt is appreciated by customers. Staff have continued to advise customers when they have received a penalty due to a missed rates payment. The letter encourages customers to contact the Revenue Team to discuss payment options. The majority of customers that contact the Team after receiving this communication are positive and keen to enter into payment plans to get their rate arrears paid.

Mortgaged Properties Category

The mortgagee demand process has not yet been started for the 2020-21 year. During the level 4 COVID-19 lockdown it was agreed that it would be appropriate to delay this process until later in the year. The current plan is as follows:

- October 2020 - Identify properties with previous years arrears that have current mortgages. This is a manual and time-consuming task, as the record of title for each property with arrears must be examined to confirm whether a mortgage exists and who the mortgagee is. This needs to be done annually as customers can often change mortgagees or pay mortgages off for example.
- November 2020 - Send letters to notify both the ratepayer and the mortgagee that rates are in arrears and if previous years arrears are not paid within 3 months, Council will formally demand that the mortgagee pay the rates.
- February 2021 - Formal letter of demand to mortgagee, demanding payment of previous years arrears.

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

Maori Freehold Land

The Local Government (Rating of Whenua Maori) Amendment Bill has been through the Select Committee and they have reported back to Parliament. The Bill will not be passed this side of the election. An incoming Parliament will need to vote to reinstate it. A project team is being formed to consider the implementation of the Bill, and staff have volunteered to be part of the team.

The Revenue Collections Officer has recently begun dedicating time each week to focus on Maori Freehold Land. She is also collaborating 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

Due to COVID-19, no new files have been sent to the legal team for follow up. There has been no proactive movement in this space to report.

Abandoned Land

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

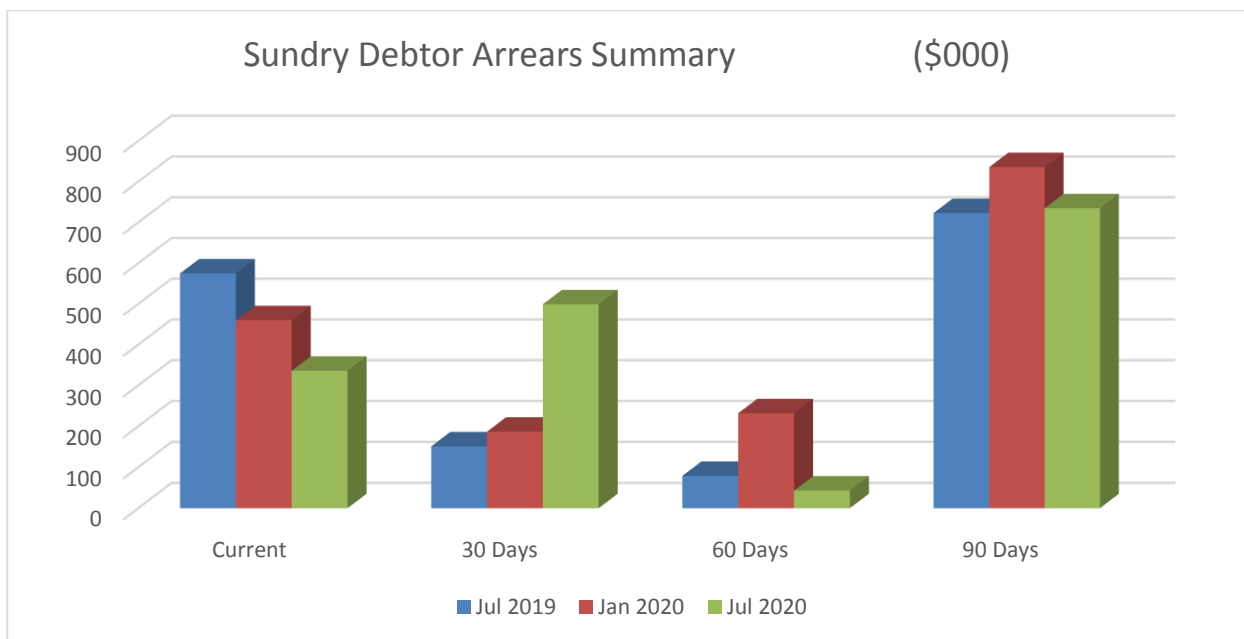
Other

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

No further files have been sent to the third-party debt collection agency (Credit Recoveries).

Sundry Debtors

Sundry Debtors Summary \$000

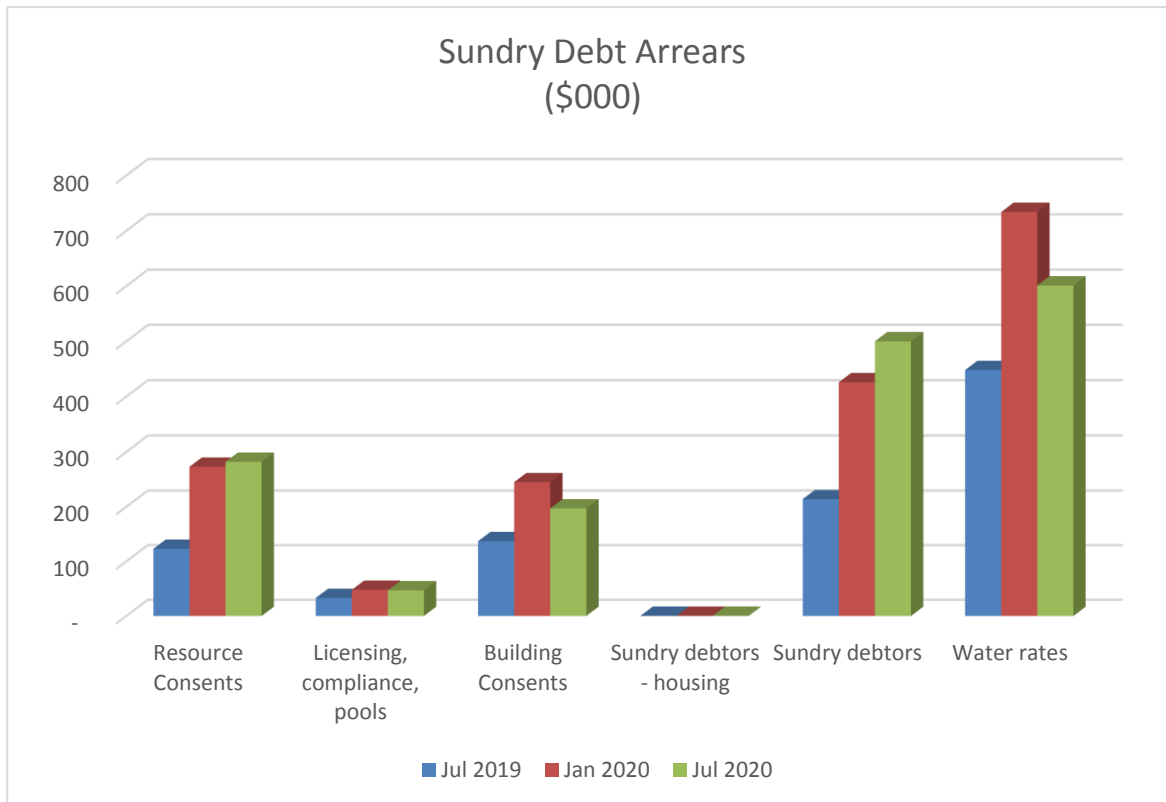


The above graph demonstrates a decrease in current, 60 days and 90 days debt whilst 30 days debt has increased when comparing July 2019 and January 2020 figures to the July 2020 data. The 30 day debt includes an outstanding invoice for \$310k related to a central government agency, which staff are continuing to follow up on.

The Officer that works on collecting this debt is also responsible for a number of functions related to rates revenue. The rates aspect has been extremely time consuming over the past couple of months. This has resulted in less time being allocated to sundry debtors. However, there is additional part-time resource allocated to the team now, which will allow more focus in this area. Staff continue to investigate options for increasing the collection rate of older debt and will be passing some of these debts to our third-party debt collector (Credit Recoveries). We anticipate a reduction in the older debt as a result of this action.

	Current	30 Days	60 Days	90 days	Total
Month of July 2019	575	151	79	723	1,528
Aging Percentage	38%	10%	5%	47%	100%
Month of January 2020	460	187	232	836	1,715
Aging Percentage	27%	11%	14%	49%	100%
Month of July 2019	336	499	43	735	1,613
Aging Percentage	21%	31%	3%	46%	100%

Summarising the aging of arrears for other debtors (\$000)



The total sundry debt reported here is \$1,627,000, of which \$601,000 relates to water rates. Staff continue to chase water debt at the same time as land rate debt.

The table below shows the number of debtors that contribute to the outstanding debt.

	Current	30 Days	60 Days	90 Days	Total
Resource Consents	50	21	8	57	136
Licensing, compliance, pools	49	11	1	41	102
Building Consents	42	21	3	31	97
Sundry debtors – housing	23			1	24
Sundry debtors	20	9	3	23	55
Water rates	1,049	204	1	512	1,766
Total	1,233	266	16	665	2,180

July 2020 Financial Report

Statement of Operating and Capital Performance

	This Month 31 July 2020				Indicator	Year to 31 July 2020				Indicator	Whole Year
	Actual \$'000	Annual Plan \$'000	Variance \$'000			Actual \$'000	Annual Plan \$'000	Variance \$'000			Annual Plan \$'000
Whole of Council											
Rates	3,676	3,551	126	●		3,676	3,551	126	●		38,780
Activity Revenue and Other Income	1,084	920	164	●		1,084	920	164	●		6,454
Subsidies and Grants - Operational	450	423	27	●		450	423	27	●		4,809
Total Operating Income	5,210	4,893	317	●		5,210	4,893	317	●		50,042
Employee Benefits	970	1,159	190	●		970	1,159	190	●		13,142
Contractors	108	206	98	●		108	206	98	●		1,888
Professional Services	201	546	344	●		201	546	344	●		4,724
Repairs and Maintenance	964	762	(201)	●		964	762	(201)	●		10,240
Finance costs	157	238	81	●		157	238	81	●		2,860
Other Operating Costs	180	1,087	907	●		180	1,087	907	●		7,040
Total Operating Costs	2,579	3,998	1,419	●		2,579	3,998	1,419	●		39,894
Operating Surplus/(Deficit) (before Depreciation)	2,631	896	1,102	●		2,631	896	1,102	●		10,148
Capital Subsidies	400	312	88	●		400	312	88	●		15,081
Contributions	488	254	634	●		488	254	634	●		3,046
Other Capital Revenue	0	0	0	●		0	0	0	●		0
Total Capital Revenue	888	566	722	●		888	566	722	●		18,127
Capital Expenditure	914	2,319	1,404	●		914	2,319	1,404	●		27,822
Total Capital Payments	914	2,319	1,404	●		914	2,319	1,404	●		27,822
Subtotal Capital	(27)	(1,752)	(683)	●		(27)	(1,752)	(683)	●		(9,695)
Surplus/(Deficit) - before Loan Payments and Depreciation	2,605	(857)	419	●		2,605	(857)	419	●		453

Key: ● Within 5% of budget

● Over or under budget by 5 - 10%

● Over or under budget by more than 10%

Statement of Operating and Capital Performance

Comments on major variances

Operating Income:

Account	Rationale	\$000
Rates Revenue	Penalties are ahead of budget for the year to date due to arrears penalties applied (July 2020) and instalment penalties.	126
Activity Revenue and Other Income	Regulatory activity revenue: <ul style="list-style-type: none"> • Increase in Building Control revenue. • Increase in Resource consenting income. • Decrease in Monitoring and enforcement fees. • Decrease in Roding external recoveries income – timing difference. 	212 49 (9) (160)
Operating Subsidies and Grants	Operational subsidies from NZTA are on than budget. PGF funding for Kaipara Kickstart Programme not received yet – can only claim at milestones.	(17)

Operating Costs:

Account	Rationale	\$000
Contractors	Overall reduction of contractor's costs.	98
Professional Services	Costs overall are lower than budget. Resource consenting activity costs are ahead of budget. Roding professional services costs are ahead of budget (NTA). Community Activities, Stormwater, Wastewater and Water supply work schedule planning not started yet – timing difference	 29 35
Repairs and Maintenance	Roding works maintenance programme is ahead of budget – due earlier completion of scheduled maintenance work	229
Finance Costs	Below budget due to lower inter-period loan balances.	81
Other Operating Costs	Costs overall are lower than budget.	907

Capital Revenue:

Account	Rationale	\$000
Capital Subsidies	Capital subsidies from NZTA are on budget.	
Contributions	The financial and development contributions are ahead of budget for the month.	234

Public Debt:

The public debt position at 31 July 2020 is \$44 million and the net debt position (debt less cash) is \$39.4million.

Public Debt and Requirements			
	June 2020 \$000's	31 July 2020 \$000's	June 2021 \$000's
Debt			
Public Debt	44,000	44,000	51,320
Cash in bank (overnight deposits)	(4,398)	(4,628)	(1,926)
Net Debt	39,602	39,372	49,393
Reserves (future obligations)			
Development Contribution Reserve	(24,702)	(24,702)	(25,415)
Other Reserves	24,538	24,538	13,021
Total reserves (future obligations)	(164)	(164)	(12,395)
Debt Requirements			
Public Debt	44,000	44,000	51,320
Future obligations	24,538	24,538	13,021
Gross Debt Requirement	68,538	68,538	64,340
Less cash in bank	(4,398)	(4,628)	(1,926)
Net Debt Requirements	64,140	63,910	62,414

*Note: Reserves balances are only recalculated at end of year.

Activities Net Cost for the period to 31 July 2020:

Activity	Actual as at 31 July 2020		Whole Year Annual Plan
	Operating Income \$'000's	Operating Costs \$'000's	Net Operating Surplus/(Deficit) \$'000
Community Activities	448	293	199
District Leadership	1,056	892	(739)
Regulatory Management	1,091	334	49
Roads and Footpaths	1,354	819	4,427
Wastewater	637	72	3,083
Water Supply	304	96	1,614
Stormwater	165	26	917
Flood Control	67	0	293
Solid Waste	88	47	305
	5,210	2,579	10,148

Capital Expenditure for the period ended 31 July 2020:

Activity - Capital Expenditure	Actual as at 31 July 2020				Whole Year
	Actual \$'000's	Annual Plan \$'000's	Variance \$'000's	Indicator	Annual Plan \$'000's
Community Activities	60	164	104	●	1,972
District Leadership	53	330	277	●	3,960
Roads and Footpaths	282	1,396	1,114	●	16,748
Wastewater	65	258	193	●	3,096
Water Supply	447	116	(331)	●	1,396
Stormwater	0	41	41	●	496
Flood Control	7	13	6	●	155
Solid Waste	0	0	0	●	0
	914	2,319	1,405		27,823

Provincial Growth Fund

Programme performance:

	Actual from February 2019 to July 2020	Budget from February 2019 to July 2020	Forecast (All programme)
Operating Income	2,374,562	5,058,488	5,160,000
PGF100 Kaipara Kickstart Programme	650,000	1,198,488	1,300,000
PGF101 Kaipara Kickstart Kai	964,156	980,000	980,000
PGF102 Kaipara Kickstart Moana Investigation	420,001	950,000	950,000
PGF103 Kaipara Kickstart Waipoua River Road Investigatio	26,550	120,000	120,000
PGF104 Kaipara Kickstart Waipoua Road Implementation	0	1,480,000	1,480,000
PGF105 Pouto Road Phase 2 (Investigation)	0	330,000	330,000
PGF106 50MAX HPMV Extension - Bridges	0	-	-
PGF108 Pouto Road Phase 1 (Physical Works)	263,855	-	-
PGF111 Kai Water	50,000	-	-
Operating costs	1,652,260	4,969,034	5,170,000
11152 Tomorata Bridge Repairs	5,352		
PGF100 Kaipara Kickstart Programme	421,189	1,099,034	1,300,000
PGF101 Kaipara Kickstart Kai	652,284	980,000	980,000
PGF102 Kaipara Kickstart Moana Investigation	413,602	950,000	950,000
PGF103 Kaipara Kickstart Waipoua River Road Investigatio	27,756	130,000	130,000
PGF104 Kaipara Kickstart Waipoua Road Implementation	11,528	1,480,000	1,480,000
PGF105 Pouto Road Phase 2 (Investigation)	63,994	330,000	330,000
PGF106 50MAX HPMV Extension - Bridges	0	-	-
PGF108 Pouto Road Phase 1 (Physical Works)	25,456	-	-
PGF109 Pouto Road Phase 2 (Physical Works)	1,575	-	-
PGF111 Kai Water	29,524	-	-
Internal charges and recoveries	508,494		
PGF100 Kaipara Kickstart Programme	354,516	-	-
PGF101 Kaipara Kickstart Kai	58,273	-	-
PGF102 Kaipara Kickstart Moana Investigation	47,272	-	-
PGF105 Pouto Road Phase 2 (Investigation)	5,085	-	-
PGF111 Kai Water	43,348	-	-
Capital expenditure	2,593,556	1,630,000	14,000,000
11152 Tomorata Bridge Repairs	2,101,421	1,500,000	2,150,000
PGF100 Kaipara Kickstart Programme	181,899	-	-
PGF103 Kaipara Kickstart Waipoua River Road Investigatio	8,277	-	-
PGF104 Kaipara Kickstart Waipoua Road Implementation	301,959	-	-
PGF105 Pouto Road Phase 2 (Investigation)	0	130,000	7,850,000
PGF107 Kaipara Moana Physical works	-	-	4,000,000
PGF108 Pouto Road Phase 1 (Physical Works)	-	-	-
PGF109 Pouto Road Phase 2 (Physical Works)	-	-	-
Grand Total	2,379,748	1,540,546	14,010,000

Please note the all programme budget to be updated with Shovel Ready projects in the month of August.

Please note these financials have been put together with a view of the Programme to Date. This programme of works officially commenced on 03 February 2019.

Kaipara KickStart Programme (PGF):

The Kaipara Kickstart programme continues to meet all contractual obligations and enjoys a positive and respected relationship with PGF/MBIE representatives.

Kaipara Kai contract concluded 30 June 2020. The Kai Hub is now operational, being funded through to 30 June 2021 with the underspend of Kai project funding. The Kai Water project, to establish two demonstration horticultural sites, is progressing as planned.

Kaipara Wharves – physical works contract for Dargaville Pontoon has been executed. Other physical work sites (Pahi, Beach Landing and Pouto) are progressing as planned.

Kaipara Roading Package – Unsealed Network funding of \$8.06m, team has focussed on regular discussions with PDU representatives (local and Central Government) to confirm funding sources. A resolution is expected mid-August, which still enables prioritised work to commence this coming spring.

An update across the Kaipara KickStart programme will be provided at the September Council briefing session.

Policy and planning implications

These reports are in line with the Terms of Reference for monitoring the finances of the Council.

Financial implications

These are the latest Council reports. Capital expenditure is low as this is the first month of the financial year.

Risks and mitigations

Best value for the community would be delivering on the projects we stated in the Long Term Plan. The community will be more satisfied if we plan appropriately this year.

If the Council does not deliver on its projects and debt is not required as has been previously calculated, then there is a risk that this can impact on the advice our treasury advisers have provided and Council does not meet its treasury requirements.

Significance and engagement/Hirahira me ngā whakapāpā

The decisions or matters of this report do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda on the website.