

Amended Report to Council



DATE: 25 July 2024

TO: Mayor and Councillors

FROM: Finance Manager

Rates write offs and remissions 2023-24

1. Summary

- 1.1. The purpose of this report is to request Council approval to write off rates debts deemed uncollectable, and to apply remissions, for the financial year ended 30 June 2024.
- 1.2. This issue arises due to the provisions in Council's delegations manual that require staff to report to Council all the debt written off during the year.
- 1.3. Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in June 2024, which are set out in the Enhanced Annual Plan 2024/2025. Refer page 2 of the agenda.
- 1.4. This report concludes by recommending that Council approve the write off, adjustment and remission of rates receivables and penalties totalling \$225,799 including GST (\$198,668 ex GST) for the financial year ending 30 June 2024.

2. Background

- 2.1. Remissions are applied in accordance with Council's Rates Remissions Policy.
- 2.2. Write offs are a last resort after Council exhausts all reasonable avenues to collect outstanding rates receivables. There are two circumstances which compromise Council's ability to recover overdue amounts:
 - 2.2.1 Section 65 of the Local Government (Rating) Act 2002 (LGRA) precludes the commencement of any court action to recover unpaid rates that are more than six years past due.
 - 2.2.2 Part 4 of the LGRA provides that rates are not collectable on unoccupied Maori land, unless it can be proven that income is derived from that land. To that extent, Maori land that is vested in trustees is liable for rates only to the extent of any money derived from the land, and that rates on multi ownership unoccupied Maori land are the liability of each owner only to the extent of their own interest in the land. These provisions render the rates on unoccupied Maori land uncollectable.

3. Current Situation

3.1. Analysis of the reason for the rates write offs and remissions are in the below table with comparative data from the previous financial year 2022-23.

Reason	2023/24	2022/23
Agreement	10,501	10,985
Correction	8,531	1,962
Half Rateable	40,164	32,408
Contiguous Uniform charges	5,181	10,069
Non Rateable (DOC/Low CV)	0	42,422
Non-Contiguous Remission on UAGC and Targeted Rates	99,215	94,988
Paid Full Year/Corrections		
Payment Plan		
Pre 7 Years	11,133	11,765
Subdivision		
Unoccupied Maori Land	39,641	25,660
RID Review Adjustments	878	8,393
	215,245	238,652
Special arrangement/Annual Review		
Wastewater Annual Review	10,535	43,385
Grand Total	225,779	282,037

3.2. Analysis of the type of write off and remission are in the below table.

Action	Type	Reason	Inc GST
Remission	Penalties	Correction	8,531
		Rates	
	Rates	Half Rateable (Community Remission 50%)	40,164
		Uniform charges Contiguous	5,181
		Non Rateable	-
		Subdivision	-
Remission Total			53,876
Write Off	Arrears	System Error	-
		7th Year	11,133
		Unoccupied Maori Land	39,641
	Penalties	Correction Unoccupied Maori	
		Correction	
		Paid Full Year	
	Rates	Payment Plan	
		Correction	10,501
AIRBNB ADJ			878
Write Off Total			62,154
			116,030
WO Previous Years Arrears - Unoccupied maori land			
Non-Contiguous Remission on UAGC and Targeted Rates	UAGC Field 86	Council Policy	99,215
Wastewater School Review 2022-23	LTP	Annual Review	10,534.56
			109,749
Grand Total - Current year Write Offs			225,779

3.3. The total has reduced compared to 2022-23, due to the continuing review of the rating information database in the previous year.

3.4. The budget for rates write offs and remissions for financial year 2023-24 is \$200,000 excluding GST. The total write offs and remissions are \$198,668 excluding GST resulting in a variance of -\$1,332. This is due to adjustments which were unknown when preparing the Annual Plan budgets.

3.5. Rating units that qualify for remissions at the start of the financial year are identified during the preceding year and the amount to be remitted is allowed for when the rates are struck via a redistribution in the rating information database.

4. Options

4.1. Option 1: Approve the write offs and remissions amounting to \$225,779 including GST.

4.2. Option 2: Do not approve the write offs and remissions.

5. Risk Analysis

5.1. Risk has been considered and no risks have been identified.

6. Health and Safety

6.1. Health and Safety has been considered and no items have been identified.

7. Significance and Engagement

7.1. The level of significance has been assessed as being low as the decision is administrative. However, is of interest to the ratepayers of Westland District Council.

7.2. No public consultation is considered necessary.

8. Assessment of Options (including Financial Considerations)

8.1. Option 1 – Provides for a variance of -\$1,332 against budget. This option is consistent with Councils rates remission policy and is prudent in respect of the write off.

8.1.1. The financial implications have been identified.

8.2. Option 2 would breach Council's rates remissions policy. Were the write offs not applied it is certain that they would require provision, which would have the same financial impact as Option 1.

9. Preferred Option(s) and Reasons

9.1. The preferred option is Option 1.

9.2. The reason that Option 1 has been identified as the preferred option is that it is consistent with Council policy and PBE accounting standards.

10. Recommendation(s)

10.1. That the report be received.

10.2. That Council approves the total proposed rates write offs and remissions of \$225,779 including GST.

Lynley Truman
Finance Manager