

10.10. Proposed settlement of Debt

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ENDORSED BY	Aigul Utegenova, A/Director Corporate Services
ATTACHMENTS	<ol style="list-style-type: none"> 1. CONFIDENTIAL - Master Occupant Id: 00233952-1 - Confidential Report [10.10.1 - 6 pages] 2. CONFIDENTIAL - Master Occupant Id: 00233952-1 Profit And Loss Report F Y 24 01 Jul 23 - 30 Jun 24 [10.10.2 - 2 pages] 3. CONFIDENTIAL - Master Occupant Id: 00233952-1 Profit And Loss Report F Y 25 01 Ju 24 - 30 Jun 25 [10.10.3 - 2 pages]
CSP LINK	<p>Outcome 8 – An effective, accountable and sustainable Council that serves the community</p> <p>G4. Manage risks and maintain independent oversight in business operations and decision-making</p> <p>G6. Commit to efficiency and value for money in service delivery</p> <p>G8. Manage Council’s finances through robust long-term planning and ongoing financial management</p>

PURPOSE:

The purpose of this report is to make a recommendation in relation to debt write-off related to commercial property held by Council.

EXECUTIVE SUMMARY:

- Debtor under Master Occupant Id: 00233952-1 is a long-standing tenant of Council who has recently experienced financial challenges due to a combination of reduced trading conditions and nearby construction impacts.
- The tenant has notified Council of their intention to sell the business and assign the existing lease to a prospective buyer. Council officers are working with the tenant to facilitate an appropriate outcome that protects Council’s commercial interests while supporting business continuity.
- Further details regarding the financial arrangements and proposed resolution are contained in the accompanying confidential report, Should Council wish to discuss this report it is noted that the attached confidential document includes information about the personal circumstances of a resident or ratepayer commercial information that would, if disclosed, prejudice the commercial position of the person who supplied it. Further, release of the information would, on balance be contrary to the public interest as publication of all tendered amounts would discourage potential tenderers from submitting commercial information in future and would affect Council’s ability to obtain value for money services. As such should this matter be discussed it should be considered in closed session.

RECOMMENDATION:

1. THAT Council note the update regarding the Debtor 00233952-1 and the tenant's intention to sell the business and assign the lease to a prospective purchaser.

2. THAT Council consider the recommended settlement arrangement contained within the confidential report, including conditions and timeframes for resolution.

3. THAT Council resolves that the identified attachment to this report is to be treated as confidential in accordance with section 11(3) of the Local Government Act for the following reason under section 10A(2) of the Local Government Act:

(b) the personal hardship of any resident or ratepayer

4. THAT Council resolves that the identified attachment to this report is to be treated as confidential in accordance with section 11(3) of the Local Government Act for the following reason under section 10A(2) of the Local Government Act:

(d) commercial information of a confidential nature that would, if disclosed

(i) prejudice the commercial position of the person who supplied it

It is further noted that release of this information would, on balance be contrary to the public interest as publication of all tendered amounts would discourage potential tenderers from submitting commercial information in future and would affect Council's ability to obtain value for money services.

Background

Debtor under Master Occupant Id: 00233952-1 has held a lease in relation to one of Council's commercial properties since 2011. All financial obligations were met up until 2023 when the tenant reported that construction activity began to impact trading.

Despite payment arrangements being made throughout the period of impact, arrears continued to increase. In June 2025, the tenants advised that they were attempting to sell the business. Due to the long-standing nature of the business and the commercial rental environment, the sale of the business was considered an appropriate strategy to assist in recovering outstanding debts.

To date, the sale of business has not eventuated, and the tenant is facing hardship. Council officers have met with the tenant to understand their financial position. Confidential financial information is contained in the attachments to this report.

Report

Due to the commercial information and hardship provisions, details in relation to this matter are contained for Council's consideration in the confidential report attached to this report.

Consultation requirements

There are no consultation requirements in relation this matter.

Financial/Resource Implications

Legislation

The management of leases within Council's Property Portfolio is governed by the provisions of the Retail Leases Act 1994 and the Local Government Act 1993. These legislations set out the legal framework and requirements for handling retail leases and property management in Local Government, NSW.