

17. Overdue General and Rates Debtors (Greater than \$20,000 and 90 days)

Reference / Te Tohutoro: 21/404522

Report of / Te Pou
Matua:

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General Manager /
Pouwhakarae:

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Confidentiality

Section under the Act:	The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
Sub-clause and Reason:	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons. s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information. s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).
Plain English Reason:	To protect the privacy and the commercial position of the debtors; Enable the Council to carry out negotiations when needed.
Report can be released:	A redacted copy of the report can be released after the Committee has received the report but the names of the individuals and organisations will remain confidential.

1. Brief Summary

- 1.1 The purpose of this report is to update the Finance and Performance Committee on overdue general and rates debtors with balances in excess of \$20,000, as at 31 March 2021.

2. Officer Recommendations / Ngā Tūtohu

That the Finance and Performance Committee:

1. Receives the Overdue General and Rates Debtors (Greater than \$20,000 and 90 days) report.
2. Notes the action being taken to recover the overdue amounts.
3. Resolves that a redacted copy of the report can be released after the Committee has received the report but the names of the individuals and organisations will remain confidential.

3. Overdue General (non-rates) Debtors

- 3.1 There were four general debtors with balances greater than \$20,000 and older than 90 days as at 31 March 2021, totalling \$167,366 (See **Attachment A**).

- 3.2 This includes two commercial lease debts totalling \$115,115. The Leasing Team is working through the hardship applications relating to these. Other debts are under arrangement plans.

4. Overdue Rates Debtors

- 4.1 There are 39 individual ratepayers with arrears greater than \$20,000, totalling \$1.77 million. See **Attachment B**.
- 4.2 70% (\$1.24 million) of these arrears relate to previous rating years and are subject to legal proceedings, payment arrangements, postponements or active management.
- 4.3 30% (\$0.53 million) relate to the current year and are reviewed constantly to ensure that action is taken to clear debts as soon as possible.
- 4.4 In the quarter ended 31 March, \$0.45 million was collected from debtors identified in the previous monthly report to management.

5. Referred to Debt Collection Agency or Council Legal Team

Referred to Debt Collection Agency	Number of files submitted in current quarter	Amount submitted in current quarter	Total debt still outstanding for collection and number of files	Amount collected in current quarter
Trade Debtors	85	\$47,986	\$30,156 19 files	\$27,999 5 files are under arrangement plans totalling \$4,356
Rates Debtors	57	\$128,485	\$289,131 109 files	\$311,678 69 files are under arrangement plans totalling \$15,113
Water Rates	3	\$2,624	\$1,217 1 file	\$159
Referred to Legal Team				
General Debtors	0	\$0		
Rate Debtors	21	\$1,032,010		

Attachments / Ngā Tāpirihanga

No.	Title	Page
A	General Debtors Report	
B	Rates Debtors Report	

In addition to the attached documents, the following background information is available:

Document Name	Location / File Link
Not applicable	Not applicable

Confirmation of Statutory Compliance / Te Whakatūturutanga ā-Ture

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).

(a) This report contains:

- (i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and
- (ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.

(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council's significance and engagement policy.

Signatories / Ngā Kaiwaitohu

Author	Brett Hales - Manager Transactions
Approved By	Bruce Moher - Head of Financial Management Diane Brandish - Acting General Manager Resources

Trade Debtors Report

Overdue Debtors (+90 days and >\$20,000)

As at 31 March 2021

Name	Amount	Source	Received	Comments
██████	\$55,858	General SAP		Debt is for a Commercial lease. Hardship application financials received. Hardship reports are almost finished, once finalised the report will be sent off for authorisation by the delegated authorities.
██████████	\$59,257	General SAP		Debt is for a Commercial lease. Hardship application financials received. Hardship reports are almost finished, once finalised the report will be sent off for authorisation by the delegated authorities.
██████████████	\$30,314	General SAP		Damage to traffic assets. Long term payment plan in place.
██████	\$21,937	General SAP		Damage to traffic assets. Long term payment plan in place.
TOTAL	\$167,366			

Significant changes since last report, December 2020

Name	Amount	Source	Received	Comment
██████████████	\$50,768	General SAP	\$50,768	This is a Commercial Lease for ██████████. Back in July 2020 the customer submitted a hardship application. In November 2020 the hardship application was approved and the lease was surrendered from 1 December 2020. Rent up to the end of November 2020 was paid in January 2021.
██████████████	\$30,832	General SAP	\$13,215	This is for a Commercial lease. The Hardship application was approved. \$19,474.63 is due in April. Customer to pay \$27k in payment arrangements (12 monthly payments) starting 20 April 2021. They will be paying arrears + current debt.

Contract Account	Rating Area	Previous Years	Current Year	Total Arrears	Rate Payer	Comments
	1	8,532.79	16,166.90	24,699.69		14 Day letter sent 6th July 2020. \$8,532.79 paid 27.07.20.
	2	21,954.84	2,565.68	24,520.52		Meeting being arranged by Rates Officer to advise that if payment is not made, legal action will take place.
	2	9,529.93	14,877.46	24,407.39		Letter of Demand issued by Legal on 19.11.2020. Request for Assignment of debt to go to ECAN next week. Payment of \$25K received on 05.02.2021
	2	20,276.23	3,713.89	23,990.12		CSL report that and refuses to pay until that is resolved. CSL opinion is that CCC legal action is unlikely to help resolve this at this time but account is now with Legal. A Letter of Demand has been sent.
	2	18,650.89	5,214.32	23,865.21		Letter of Demand issued by Legal on 19.11.2020. Request for Assignment of debt gone to ECAN 26.03.21
	1	-	22,740.91	22,740.91		2nd Formal Demand issued 18.01.2021. Paying \$500.00 weekly but no formal arrangement in place. A further \$10,000 paid on 28.01.21 has cleared the arrears to 30.06.2020 and reduced the current year balance.
	2	20,408.43	2,098.31	22,506.74		Long running problem case. Debt Collection has been unsuccessful. Letter of Demand issued by Legal on 21.12.2020. Request for Assignment of debt gone to ECAN.
	1	19,780.11	2,647.89	22,428.00		Passed to Debt collection 07.01.2021
	1	2,445.46	19,446.09	21,891.55		Arrangement still in place for \$4,735.00 x 12. Was removed from report but overdue instalment 3 amount has taken the balance over \$20K again.
	1	18,177.44	3,537.75	21,715.19		Letter of demand issue by Legal Team. Request for Assignment of debt gone to ECAN 26.03.21.
	1	19,710.20	791.58	20,501.78		Report being passed to. Judge will provide directions and hold a meeting with the owners to deal with the arrears position.
	2	4,982.22	15,495.28	20,477.50		14 Day letter sent 21 August 2020. \$9,135.53 paid 15.09.20.
	2	14,625.60	5,596.55	20,222.15		Payment Arrangement \$570.00 weekly now in place and adhered to.
TOTAL		1,244,316	528,814	1,773,129		

Significant changes in the Quarter

Contract Account	Rating Area	Previous Years	Current Year	Total Arrears	Rate Payer	Comments
	1	-	-	-		Payment of \$38,273.74 received upon settlement, new owners 23.01.2021. Account now fully up to date.
	3	-	18,557.89	18,557.89		Payment arrangement of \$5,920.00 monthly now in place. Balance now under 20K and arrears to 30.06.2020 have now been cleared.
	3	-	9,906.13	9,906.13		Payment of \$18,939.85 received on 21.01.2021 to clear arrears at 30.06.2020. Current year debt is less than 20K.
	3	1,538.56	14,969.79	16,508.35		Payment arrangement of \$5,300.00 monthly now in place.
	1	19,239.39	-	19,239.39		Payment of \$7,395.69 made in line with CE agreement. Penalties and surcharges still o/s but all action held
	1	-	19,938.40	19,938.40		Payment of \$12,426.11 made on 14.12.20 to clear previous year arrears. Payment arrangement of \$6335.00 monthly now in place - balance now below \$20K.
	2	-	-	-		Payment of \$23,107.55 made through settlement. New owners - 1.01.2021 - account fully up to date.
	1	-	-	10,980.43		Payment of \$59,420.16 made on Formal Demand. Arrears to 30.06.2020 now cleared. Further payment of \$121,778.73 has now left the account overpaid by \$10K for the full year.
	3	-	-	-		Payment of \$29,000.63 made to bring account up to date.
	1	-	-	11,196.94		Following remission approval the account is overpaid for the full rating year, with the held as a credit for future rates.