

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

Reference / Te Tohutoro: 21/34700

Report of / Te Pou
Matua:

Brett Hales, Transactions Manager, brett.hales@ccc.govt.nz

General Manager /
Pouwhakarae:

Diane Brandish, General Manager Finance and Commercial,
diane.brandish@ccc.govt.nz

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 December 2020.

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 five general debtors totalling \$168.6k with balances greater than \$20,000 and older than 90 days as at 31 December 2020 (See **Attachment A**).

- 3.2 There are three commercial lease debts totalling \$115k. The largest overdue debtor is the [REDACTED], which has been paid in January 2021. The Leasing Team is working through hardship applications relating to the other two lease debts. Other debts are under arrangement plans.

4. Overdue Rates Debtors

- 4.1 There are 38 individual ratepayers with arrears greater than \$20,000, totalling \$1.8 million. See **Attachment B**.
- 4.2 75% (\$1.348 million) of these arrears relate to previous rating years and are subject to legal proceedings, payment arrangements, postponements or active management.
- 4.3 25% (\$0.452 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 December 2020 \$0.273 million was collected from debtors identified in previous monthly reports to management.

5. Referred to Debt Collection Agency or Council Legal Team

Referred to	Number of files	Amount	Amount collected in current quarter
Debt Collection (sent this quarter)			
Trade Debtors	60	\$29,452	\$6,513 + 8 files are under instalment plans totalling \$6,527
Rates Debtors	183	\$428,146	\$155,772 + 36 files are under arrangement totalling \$75,729
Legal Team			
General Debtors	0	\$0	
Rate Debtors	22	\$1,067,856	

Attachments / Ngā Tāpirihanga

No.	Title	Page
A ↓	General Debtors Report	16
B ↓	Rates Debtors Report	17

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 Finance and Commercial (CFO)

Report Attachment

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

As at 31 December 2020

Name	Amount	Source	Received	Comments
	\$50,768	General SAP	\$50,768	This is a Commercial Lease for [REDACTED] In November 2020 a hardship application was approved with the lease to be surrendered from 1 December 2020. Rent up to the end of November 2020 was paid in January 2021.
	\$33,677	General SAP		Debt is for a Commercial Lease. Application for Hardship submitted. Their Accountant has agreed to provide more information on their financial position by the end of January.
	\$31,238	General SAP		Damage to traffic assets. Long term payment plan in place.
	\$30,832	General SAP	\$13,215	Debt is for a Commercial Lease. Application for Hardship submitted. Leasing Team has written up report for approval by the asset owner. \$13,215 paid in January.
	\$22,077	General SAP		Damage to traffic assets. Long term payment plan in place.
TOTAL	\$168,592			

Significant changes since last report, September 2020

Name	Amount	Source	Received	Comment
	\$155,054	General SAP	\$77,527	\$77,527.20 Paid 21 December 2020 and \$77,527.20 written off 21 December 2020 as per Council Resolution.
	\$183,984	Resource Consent	\$174,969	This invoice was for a Resource Consent. The applicant issued a Fee Objection. This was a large and complex application that took some time to review and work through. On the 30th September 2020 a fee reduction was offered and the amount of \$174,969.47 was agreed. This was paid in October 2020.
	\$26,076	General SAP		The debt is for a community loan. Council have agreed to reduce the interest rate to 2% per annum, allow the association to make reduced quarterly payments of \$2,000 for 3 years (July 2020 to June 2023) and, from July 2023, reset over the term to 10 years.

Rates Debtors Report
Overdue Debtors (>\$20,000)

As at December 2020

Contract Account	Rating Area	Previous Years	Current Year	Total Arrears	Rate Payer	Comments
73030319	1	467,651.03	35,235.32	502,886.35		Account with Legal for debt recovery. Statement of claim delivered. Court advises that this matter will be placed in the April 2021 list, likely to be 13 April but still to be confirmed. Parties to file and serve affidavits by 28 February.
73131359	1	59,420.16	59,281.86	118,702.02		1st Formal Demand issued 07.12.2020. \$59,420.16 received 7.01.2021
73075916	2	68,493.72	6,093.04	74,586.76		Account with Legal for debt recovery. Report to go to ELT to seek authority before proceeding with a rating sale.
73123981	1	64,406.99	5,623.72	70,030.71		Account with Legal for debt recovery. Legal preparing statement of claim and contacting ECAN to assign their share of the ownership of the debt to CCC for legal recovery.
73098392	1	44,973.72	5,687.49	50,661.21		Account with Legal for debt recovery. Ratepayers have not been located. Legal preparing statement of claim and contacting ECAN to assign their share of the ownership of the debt to CCC for legal recovery.
73146358	3	47,108.97	1,576.92	48,685.89		Senior Postponed Rates account. All ok.
73117947	1	21,524.27	25,379.14	46,903.41		Arrangement in place for \$7,630.00 x 9 and \$544.26 x 1 beginning 05.01.2021
73109569	1	40,367.06	5,207.87	45,574.93		Official Assignee has had a restraining order placed on this property as they seek to sell the property through the Proceeds of Crimes Act 1991.
73185008	2	34,529.93	10,685.43	45,215.36		Letter of Demand issued by Legal on 19.11.2020
73031484	1	26,733.63	14,943.78	41,677.41		1st Formal Demand issued 24.11.2020
73092593	1	36,317.56	3,627.30	39,944.86		14 Day Letter issued 07.07.2020. Account with Legal for recovery. Letter of demand sent 21.12.2020
73091750	1	9,455.56	28,170.86	37,626.42		1st Formal Demand issued 07.12.2020. Paying \$500.00 weekly but no formal arrangement in place. Paid \$10k on the 28 January
73030323	1	27,397.10	8,023.50	35,420.60		1st Formal Demand issued 07.12.2020. \$38,273.74 received 20.01.2021
73032615	1	27,943.11	7,084.99	35,028.10		In liquidation. Liquidators have advised that they have received the decisions from the Court of Appeal regarding the 11 or so appeals that the Directors of this company had lodged. All the appeals have been dismissed, however they have to wait until mid-February to do anything with the property as the Directors have a window of time until then to lodge appeals to these decisions. If the Directors don't file further objections/appeals, the Liquidators will look at getting the property on the market
73043376	1	15,540.27	18,775.44	34,315.71		Payment arrangement of \$5,615.00 monthly now in place.
73091722	1	29,240.34	3,360.63	32,600.97		Legal preparing statement of claim and contacting ECAN to assign their share of the ownership of the debt to CCC for legal recovery.
73139096	3	11,485.92	18,911.97	30,397.89		Payment arrangement of \$5,920.00 monthly now in place.
73172419	1	-	29,549.82	29,549.82		Payment of \$28,466.37 received through the Formal demand process. Current year remains outstanding but recovery action will not take place until July 2021.
73104548	1	15,723.19	13,656.44	29,379.63		Formal Demand Notification issued 22.12.2020
73146886	3	18,969.85	9,906.13	28,875.98		1st Formal Demand issued 07.12.2020. Received \$18,969.85 21.01.2021
73042813	3	7,138.56	14,669.79	21,808.35		Payment arrangement of \$5,300.00 monthly now in place.
73037795	1	11,875.03	16,002.46	27,877.49		Payment arrangement default. 14 Day letter issued 04.12.2020.
73096207	1	24,274.42	2,524.34	26,798.76		Passed to Legal for recovery. Letter of demand sent 21.12.2020
73185537	2	20,870.53	5,894.82	26,765.35		Formal Demand Notification issued 07.12.2020

Contract Account	Rating Area	Previous Years	Current Year	Total Arrears	Rate Payer	Comments
73092795	1	26,247.56	387.52	26,635.08		Letter issued from CE confirming payment of rates instalments should be paid but penalties are currently held until new legislation is confirmed. Miriama Kamo has been provided with figures to pay. \$7 395 paid 11.01.2021
73047258	1	-	26,273.40	26,273.40		Payment of \$12,426.11 made on 14.12.20 to clear previous year arrears , leaving the current year balance of \$26,273.40 o/s. Recovery action on that balance to begin in July 2021
73073301	2	21,954.84	2,076.13	24,030.97		At Debt Collection - further visit by CSL scheduled.
73145609	3	1,886.44	21,908.66	23,795.10		Formal Demand Notification issued 07.12.2020
73107197	2	20,276.23	2,934.06	23,210.29		is embroiled in High Court proceedings against the Crown and refuses to pay until that is resolved. Now with Legal Team for debt recovery. Letter of demand being prepared.
73033778	2	18,615.60	4,237.69	22,853.29		Payment Arrangement \$570.00 weekly now in place
73100991	2	18,650.89	3,911.40	22,562.29		Letter of Demand issued by Legal on 19.11.2020
73181982	3	8,081.35	14,437.25	22,518.60		1st Formal Demand issued 07.12.2020
73036713	2	20,408.43	1,875.03	22,283.46		Red Zoned property. Long running problem case. Mail returned as cannot be delivered to Red Zone and Debt Collection has been unsuccessful. Letter of Demand served 12/1/2021
73096298	1	19,780.11	2,228.86	22,008.97		Debt Collection Warning Letter issued 08.12.2020
73014281	1	18,177.44	2,782.63	20,960.07		Account at Debt collection. Possible sale of property. Will Legal for recovery action.
73092756	1	20,278.06	473.72	20,751.78		Separate meetings held with one of the ratepayers and Maori Land Court Officer representing descendants of deceased owners. Further meeting with all concerned parties to be arranged.
73020603	2	14,652.76	6,034.87	20,687.63		New - Property sold with date of settlement scheduled for 05.02.2021
73031472	1	7,180.46	12,964.06	20,144.52		Arrangement in place for \$4,735.00 x 12
TOTAL		1,347,631	452,398	1,800,029		

Significant changes in the Quarter

Contract Account	Rating Area	Previous Years	Current Year	Total Arrears	Rate Payer	Comments
73140757	3	534.12	14,567.99	15,102.11		Payment of \$13,614.95 received on 24.09.2020 to reduce the balance to under \$20K
73010557	2	-	-	-		Payment of \$36,854.02 received on 17.09.2020 to bring the account fully up to date
73153246	3	12,765.92	4,794.68	17,560.60		Payment arrangement of \$830.00 weekly has reduced the balance to under \$20K
73050117	1	-	-	-		Payment of \$26,828.18 made on 02.11.2020 to bring account up to date
73172520	3	13,716.43	4,343.82	18,060.25		Arrangement in place \$1,270.00 per week. Balance now under \$20K
73094682	1	-	-	-		Payment of \$26,936.14 made on 27.10.2020 to bring account up to date
73084998	2	-	-	-		Payment on settlement on 30.10.2020 of \$24,383.69 to bring account up to date
73182329	1	-	4,108.68	4,108.68		Payment arrangement of \$7,970.00 monthly. Arrears at 30.06.2020 now clear and current year balance reduced. O/S balance now under \$20K
73071037	2	-	-	-		Payments totalling \$20,276.45 made on 06.11.2020 - a/c now up to date.
73160138	1	-	-	-		Payment of \$32,558.61 made on 07.12.2020 - a/c now up to date.
73106858	1	-	7,025.30	7,025.30		Payment of \$13,591.59 received on 16.12.2020 reducing o/s balance to under \$20K
73025093	1	-	209.67	209.67		Payment of \$20,283.09 received on 11.12.2020 reducing o/s balance to under \$20K
73076216	3	-	4,592.38	4,592.38		Payment totalling \$22,000.00 received clearing previous year's arrears and reducing the current year balance to under \$20K
73143530	3	8,890.28	10,582.93	19,473.21		Payment of \$4,507.07 made on 18.12.2020 reducing the total o/s to under \$20K