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

Reference / Te Tohutoro: 21/404522
Report of / Te Pou

Matua:
General Manager /
Pouwhakarae:

Brett Hales, Transactions Manager, brett.hales@ccc.govt.nz
Diane Brandish, Acting General Manager Resources, 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 <br> disclosure of information for which good reason for withholding exists under <br> section 7. |
| :--- | :--- |
| Sub-clause and Reason: | s7(2)(a) - The withholding of the information is necessary to protect the <br> privacy of natural persons, including that of deceased natural persons. <br> s7(2)(b)(ii) - The withholding of the information is necessary to protect <br> information where the making available of the information would be likely <br> unreasonably to prejudice the commercial position of the person who <br> supplied or who is the subject of the information. <br> s7(2)(i) - The withholding of the information is necessary to enable the local <br> authority to carry on, without prejudice or disadvantage, negotiations <br> (including commercial and industrial negotiations). |
| Plain English Reason: | To protect the privacy and the commercial position of the debtors; <br> 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 <br> received the report but the names of the individuals and organisations will <br> 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.
$4.330 \%$ ( $\$ 0.53$ 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
$\left.\begin{array}{|l|c|c|c|c|}\hline \text { Referred to Debt } \\ \text { Collection Agency } & \begin{array}{c}\text { Number of } \\ \text { files } \\ \text { submitted } \\ \text { in current } \\ \text { quarter }\end{array} & \begin{array}{c}\text { Amount } \\ \text { submitted } \\ \text { in current } \\ \text { quarter }\end{array} & \begin{array}{c}\text { Total debt still } \\ \text { outstanding } \\ \text { for collection } \\ \text { and number } \\ \text { of files }\end{array} & \begin{array}{c}\text { Amount } \\ \text { collected in } \\ \text { current } \\ \text { quarter }\end{array} \\ \hline \text { Trade Debtors } & 85 & \$ 47,986 & \begin{array}{c}\$ 30,156 \\ 19 \text { files }\end{array} & \begin{array}{c}\$ 27,999 \\ 5 \text { files are } \\ \text { under }\end{array} \\ \text { arrangement } \\ \text { plans totalling } \\ \$ 4,356\end{array}\right]$

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 optionsidentified 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 <br> Diane Brandish - Acting General Manager Resources |

## Trade Debtors Report

Overdue Debtors (+90 days and $\mathbf{>} \mathbf{\$ 2 0 , 0 0 0}$ )
As at 31 March 2021

| Name | Amount | Source | Received | mmen |
| :---: | :---: | :---: | :---: | :---: |
|  | \$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


As at March 2021

| Contract Account | Rating Area | Previous Years | Current Year | Total Arrears | Rate Payer | Comments |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1 | 466,519.93 | 36,445.61 | 502,965.54 |  | Statement of claim delivered. Court advises that this matter will be placed in the but because of Covid there are long Court delays. |
|  | 2 | 68,493.72 | 6,742.39 | 75,236.11 |  | Legal drafting report to Council to seek authority to carry out Rating Sale. |
|  | 1 | 64,346.99 | 6,179.25 | 70,526.24 |  | Letter of Demand not responded to. Assignation of debt authorised by ECAN. Statement of claim close to finalising. |
|  | 3 |  | 60,271.35 | 60,271.35 |  | Haven't paid instalments this rating year. No formal dunning action as there is no arrears from last year. |
|  | 1 | 44,973.72 | 6,957.15 | 51,930.87 |  | Ratepayers have not been located. Legal preparing statement of claim. ECAN have assigned their share of the ownership of the debt to CCC for legal recovery. |
|  | 3 | 47,108.97 | 2,365.38 | 49,474.35 |  | Postponed Rates account. All ok. |
|  | 1 | 40,367.06 | 6,398.98 | 46,766.04 |  |  |
|  | 3 |  | 46,063.53 | 46,063.53 |  | New property this rating year but they haven't paid any rates. No formal dunning action as there is no debt from last year. |
|  | 1 | - | 42,427.02 | 42,427.02 |  | 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. Chance the property will be sold. |
|  | 1 | 11,875.03 | 28,752.83 | 40,627.86 |  | Payment arrangement default. Formal demand Notification issued 12.02.2021. |
|  | 1 | 36,317.56 | 4,169.80 | 40,487.36 |  | Letter of Demand issued by Legal on 21.12.2020. Request for Assignation of debt gone to ECAN 26.03.21. Statement of claim to be prepared. |
|  | 1 | - | 38,538.18 | 38,538.18 |  | Haven't paid any rates this rating year. No arrears from last year. The owner $\qquad$ $\square$ has been contacted to advise that if tenant doesn't pay the owner is liable. |
|  | 1 | 27,943.11 | 9,649.57 | 37,592.68 |  | In liquidation $\square$ The Directors of $\square$ (In Liquidation) filed Appeals to the Court of Appeal decisions on the last day. The matter is now going to be referred to the Supreme Court for a decision on whether they will allow the most recent Appeals that the Directors have file. This could take at least two months to get a decision from the Supreme Court. |
|  | 1 | 22,305.16 | 12,863.58 | 35,168.74 |  | Arrangement in place for $\$ 7,630.00 \times 9$ and $\$ 544.26 \times 1$ beginning 05.01 .2021 . $\$ 22,890$ paid. |
|  | 3 | - | 34,046.76 | 34,046.76 |  | New property this rating year but they haven't paid any rates. Formal dunning action won't start until July 2021 as there is no arrears from last year. |
|  | 1 | 29,240.34 | 4,017.42 | 33,257.76 |  | Letter of Demand not responded to so statement of claim process will be commenced to start legal proceedings - Assignation of debt authorised by ECAN. |
|  | 3 |  | 32,546.64 | 32,546.64 |  | Payments of $\$ 13,093$ received throughout year. Now under payment arrangement beginning 5.04.2021. $\$ 4,650$ received 06.04.21 |
|  | 3 | 14,149.07 | 16,511.46 | 30,660.53 |  | Paid \$27,229 of rates over the year. |
|  | 2 | 20,870.53 | 8,111.77 | 28,982.30 |  | Formal Demand Notification issued 07.12.2020. 2nd Formal demand issued to Bank 08.04.21. |
|  | 3 | 10,964.75 | 16,736.23 | 27,700.98 |  | 14 Day letter sent 17th July 2020. \$10,964.75 received 07.08.20 |
|  | 1 | 23,924.42 | 2,846.13 | 26,770.55 |  | Letter of Demand issued by Legal on 21.12.2020. Request for Assignation of debt gone to ECAN 26.03.21. Statement of claim to be prepared. |
|  | 1 | 16,118.84 | 9,635.13 | 25,753.97 |  | Payment arrangement of \$5,615.00 monthly now in place. \$16,845 paid. |
|  | 3 | 8,083.04 | 17,625.98 | $25,709.02$ |  | 14 Day letter sent 17th July 2020. \$7,348.21 cleared 10.07.20. Note property will end at 30 June 2021. |
|  | 1 | 5,933.19 | 19,523.63 | 25,456.82 |  | Payment arrangement of $\$ 4,895.00$ monthly now in place. |
|  | 1 | 50,851.11 | $25,447.40$ | 25,403.71 |  | On Arrangement and payng \$22,505 each month and are sticking to it |
|  | 1 | 54,854.99 | 30,057.16 | 24,797.83 |  | On Arrangement and payng \$21,100. each month and are sticking to it |


| 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 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 Assignation of debt to go to ECAN next week. Payment of $\$ 25 \mathrm{~K}$ received on 05.02.2021 |
|  | 2 | 20,276.23 | 3,713.89 | 23,990.12 |  | CSL report that $\square$ 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 Assignation 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. <br>  Debt Collection has been unsuccessful. Letter of Demand issued by Legal on <br> 21.12.2020. Request for Assignation 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 $\$ 4,735.00 \times 12$. Was removed from report but overdue instalment 3 amount has taken the balance over $\$ 20 \mathrm{~K}$ again. |
|  | 1 | 18,177.44 | 3,537.75 | 21,715.19 |  | Letter of demand issue by Legal Team. Request for Assignation of debt gone to ECAN 26.03.21. |
|  | 1 | 19,710.20 | 791.58 | 20,501.78 |  | Report being passed to $\square$ 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 <br> 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 20 K 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 $\$ 20 \mathrm{~K}$. |
|  | 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 $\$ 10 \mathrm{~K}$ for the full year. |
|  | 3 |  |  |  |  | Payment of $\$ 29,000.63$ made to bring account up to date. |
|  | 1 | - |  | 11,196.94 |  | year, w c wo e- Following remission approval the account is overpaid for the full rating |

