

Smart Finance Committee

18 June 2026

Report for Agenda Item | Rīpoata moto e Rāraki take [5]

Department: Assurance, Finance & Risk

Title | Taitara: Debtors' Update

Purpose of the Report | Te Take mō te Pūroko

The purpose of this report is to provide an overview of Council's debtor performance and an update on key debt management activities and trends.

Recommendation | Kā Tūtohuka

That the Smart Finance Committee:

1. **Note** the contents of this report.

Prepared by:



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25 May 2026

Reviewed and Authorised by:



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Title: General Manager, Assurance, Finance & Risk
25 May 2026

Context | Horopaki

1. April 2026 Aged Debtors analysis (within the Smart Finance Committee Report April 2026 YTD Financial Performance update) has the following analysis:
 - Total Trade and Other Receivables 90 days overdue debt at \$6.3M (of \$23.5M total arrears);
 - Total Development Contributions 90 days overdue debt at \$2.8M (of \$4.6M total arrears); and
 - Previous Financial Years' Rates Receivables of \$0.9M (of \$8.9M total arrears).
2. Overall, debtor performance is improving, particularly in rates collection, although consent-related debt remains a key area of risk.
3. Of the \$6.3M Total Trade and Other Receivables – \$3.2M relates to vehicle infringements (including rental vehicles) and there are 166 Development Contributions invoices overdue by 90 days.
4. There are 180 properties with rates arrears. This is a reduction of 28 properties from March and 85 fewer than April 2025.
5. Council's objective is to minimise overdue debt while maintaining a fair, transparent and customer-focused approach.

Rates Debt

6. Rates arrears have continued to improve, driven by sustained operational process improvements. Focus on increasing payments through direct debit and rates invoices delivered by email are key drivers, along with a range of ratepayer reminders and public communications.
7. Direct debit is Council's preferred payment method for rates. Through external promotion, flyers with instalment invoices and promotion on ratepayer communications, numbers have surged:
 - 2023/24 Total Direct Debit Authorities 11,946 (instalment 1)
 - 2025/26 Total Direct Debit Authorities 13,669 (instalment 4)
8. Sending rates invoices by email rather than post not only ensures ratepayers receive their invoices promptly, but it is also more cost effective for Council and provides a better customer experience for ratepayers:
 - 2023/24 53% of rates invoices distributed by email (instalment 1)
 - 2025/26 75% of rates invoices distributed by email (instalment 4)

9. Excluding staff time, the average cost for 2025/26 instalment 4 to email an invoice is \$0.18, vs. \$2.29 for a posted invoice.
10. Obtaining payment of rates arrears through a ratepayer's mortgage holder is used when ratepayers are not engaging or requesting a payment plan. It is a common practice in local government and a strong collection tool allowable under the Local Government (Rating) Act 2002. The need to use this arrears collection method has reduced over the past three years due to more extensive ratepayer communication, offering the option of weekly/fortnightly direct debit and earlier ratepayer engagement.
 - 2023/24 608 Mortgagee Notices, 281 Mortgagee Demands
 - 2024/25 314 Mortgagee Notices, 77 Mortgagee Demands
 - 2025/26 373 Mortgagee Notices, 192 Mortgagee Demands
11. These initiatives are expected to support continued improvement in arrears performance over time.

Consent Debt

12. Resource has been dedicated in 2026 to collections in the consent space in particular Resource Consents.
13. Following recent system developments, monthly reminder letters have commenced for consent customers who have not paid by the due date. It is anticipated this will be a significant tool in collecting unpaid invoices.
14. Extensive resource has been committed to the aged consent debt, with payments being received, payment plans being offered and debts being referred to Baycorp where required.
15. Council currently has 39 active cases with Baycorp and 57 active payment plans.
16. When collection attempts fail or if disputes relating to debt cannot be resolved, legal remedies are instigated. Council currently has four debt cases where legal remedies are being sought.

Analysis and Advice | Tatāritaka me kā Tohutohu

17. This paper is an overview on the Council's debtor management processes and is for noting only.
18. Debtor performance is improving overall, driven by sustained operational improvements in rates collection and increased uptake of direct debit and digital billing. However, consent related debt remains a key risk area, particularly where invoices are disputed and cannot be progressed through external collection agencies.
19. The concentration of debt within a relatively small number of parties, alongside the presence of legacy aged balances, indicates a continued need for active management and, where appropriate, escalation to legal remedies.

20. Ongoing process improvements within Planning & Development and Finance are expected to reduce the accumulation of large debts in future, although resolution of historical balances will take time.

Consultation Process | Hātepe Matapaki

Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka

21. This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy 2024 because:

- a. the report provides an update and does not seek decisions that materially change levels of service;
- b. the items relate to the internal financial management of existing balances, reserves, or debtors processes; and
- c. no strategic assets, community facilities, or service levels are affected.

22. The persons who are affected by or interested in this matter are:

- a. Residents and ratepayers of the Queenstown Lakes District, as financial management and reserve allocations contribute to long term financial sustainability;
- b. Elected Members, given their governance role in overseeing Council's balance sheet and debtor management practices; and
- c. Internal business units whose activities relate to revenue, debtors, or reserve movements (e.g., Finance, Assurance, Treasury, and relevant operational teams).

23. No stakeholders are directly impacted in a way they would require targeted engagement.

Māori Consultation | Iwi Rūnaka

24. The Council has not specifically consulted iwi on the matters contained in this report.

Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

25. This matter relates to the Financial risk category. It is associated with RISK10014 Ineffective Financial Strategy within the QLDC Risk Register. This risk has been assessed as having a moderate residual risk rating.

Financial Implications | Kā Riteka ā-Pūtea

26. There are no operational and capital expenditure requirements or other budget or cost implications resulting from receiving this report.

Council Effects and Views | Kā Whakaaweawe me kā Tirohaka a te Kaunihera

27. The following Council policies, strategies and bylaws were considered:

- Long Term Plan 2024 -34 - Financial Strategy
- Rates Remission and Penalties Policy
- Revenue and Finance Policy

Legal Considerations and Statutory Responsibilities | Ka Ture Whaiwhakaaro me kā Takohaka Waeture

28. The following legal considerations have been considered:

- Local Government (Rating) Act 2002
- Local Government Act 2002

Local Government Act 2002 Purpose Provisions | Te Whakatureture 2002 o te Kāwanataka ā-Kiaka

29. Section 10 of the Local Government Act 2002 states the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. This report explains how QLDC is delivering financially against the expectations set out in the Annual Plan. As such, the recommendation in this report is appropriate and within the ambit of Section 10 of the Act.

30. The recommended option is consistent with the Council's plans and policies.