Smart Finance Committee

10 September 2026

Report for Agenda Item | Rīpoata moto e Rāraki take [7]

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:	Reviewed by:	Authorised by:
Name: Victoria Harper **Title:** Financial Services Manager 12 August 2026	**Name:** Tanea Hawkins **Title:** Acting Finance Director 12 August 2026	**Name:** Katherine Harbrow **Title:** General Manager, Assurance, Finance & Risk 18 August 2026

Context | Horopaki

1. June 2026 Aged Debtors Analysis, as reported in the Smart Finance Committee Report: Year-to-Date Financial Overview of Opex and Capex, provides the following draft assessment. The analysis is based on year-to-date information available at the time of writing, noting that the financial year-end has not yet been finalised.

2. Total Trade & Other Receivables 90 days overdue debt at $4.9 (of $21.3M total arrears).

3. Of the $4.9M in total Trade and Other Receivables, $2.9M relates to vehicle infringements. The remainder consists of consenting, sundry and property debtors.

4. Previous Financial Years Rates Receivables of $0.6M (of $6.3M total arrears). This is 0.35% of rates revenue from 24/25.

5. There are 106 properties with Rates arrears. This is a reduction of 35 properties from March and 26 fewer than April 2025.

6. Overall, debtor performance is improving, particularly in rates and consent related collections.

7. Current activities are detailed in the table below.

	Prior Period	Current Period	Notes
Active Payment Plan Arrangements	57	294	Increase due to 25/26 rates arrears
Debt Collection Cases with Agency (Baycorp)	39	48	
General & Consent Debtors:			
Legal Cases in Progress - General Debtors	4	2	
Liquidation Proceedings	2	0	
Rates:			
Legal Cases in Progress:	4	4	
Mortgagee Notifications:	0	0	
Mortgagee Demands:	10	0	
Active Judgments:	0	0	
Active Enforcement Proceedings:	0	0	

8. Queenstown Lakes District Council (QLDC) aims to minimise overdue debt while maintaining a fair, transparent, and customer-focused approach.

9. A Debtor Management Guideline is being developed to document operational processes for overdue debt, payment arrangements, write-offs, debt collection and reporting. This will support a consistent approach across all revenue types and departments.

Rates Assistance

10. Council provides a range of support options for ratepayers experiencing financial hardship or difficulty meeting their rates obligations.

11. Flexible payment arrangements are available to ratepayers who engage with Council regarding the payment of rates. These arrangements are tailored to reflect individual financial circumstances and support sustainable repayment of outstanding balances.

12. Demand for payment arrangements has increased, particularly for weekly and fortnightly direct debit options, reflecting a growing preference for smaller, more manageable payment instalments.

13. **Rates rebates** are available to eligible ratepayers through the Department of Internal Affairs (DIA). Council administers the rebate scheme on behalf of DIA; however, Council does not receive payment for administering this service.

14. Eligible households can have an income of up to $33,210 to qualify for the maximum rebate of $830 (2026/2027). However, SuperGold cardholders can have a household income of up to $46,400 to qualify for the maximum rebate of $830 (2026/2027). Partial rebates are possible for households with higher incomes.

15. For approved Rates Rebate applications, the rebate is credited directly to the ratepayer's rates account, and Council subsequently seeks reimbursement from the DIA.

16. The 2025/26 financial year saw a significant increase in Rates Rebate applications following the implementation of the enhanced income eligibility threshold for SuperGold Card holders:

2024/2025	242 applications
2025/2026	347 applications

17. **Rates Postponement Policies** are available to support ratepayers experiencing extreme financial hardship and eligible elderly ratepayers. At present there are no active applications or approved recipients under either policy. These policies will be reviewed as part of the Long Term Plan process to ensure they remain fit for purpose and continue to meet the needs of the community.

18. **The Rates Assistance Scheme (RAS)** is a proposed local government financing mechanism intended to support ratepayers by providing flexible payment options and low-cost finance for rates, development contributions and property improvement loans.

19. Under the proposed model, RAS would make upfront payments to councils on behalf of eligible ratepayers, with ratepayers repaying RAS over time.

20. The RAS legislation is currently under Government consideration, and subject to being passed, is expected to be operational within approximately 12-18 months.

21. Council's review of the Rates Remission and Postponement Policy through the Long Term Plan will consider the ongoing need for the current hardship and elderly postponement polices in light of the proposed implementation of RAS.

Rates Collections

22. With the commencement of the new rating year, Council will progress recovery actions for rates arrears that remain outstanding from the 2025/26 rating year.

23. Previous Financial Years Rates Receivables of $0.6M (of $6.3M total arrears).

24. Total Rates Receivables at June 2025 are $3.45m lower than June 2024.

25. All ratepayers with arrears from 25/26 were sent notification of their arrears in June 2026.

26. On 30 September 2026, a 10% arrears penalty will be applied to outstanding rates balances from the 2025/26 rating year.

27. Affected ratepayers will be advised between September-November 2026 that, where applicable, the overdue arrears will be forwarded to their mortgagee for recovery in accordance with the provisions of the Local Government (Rating) Act 2002.

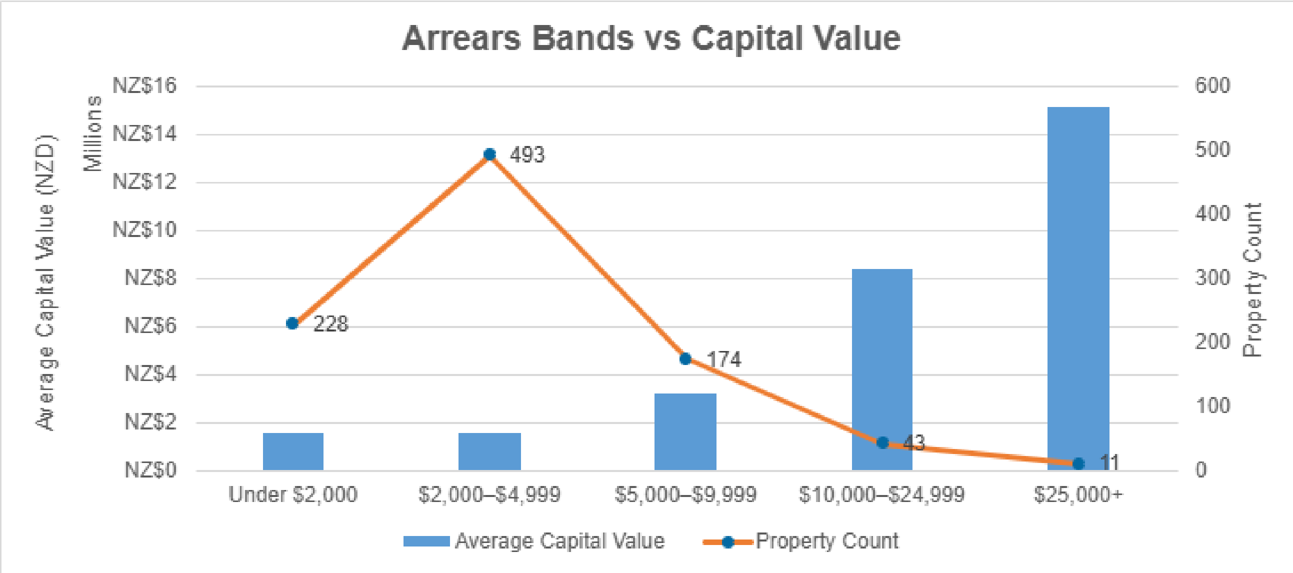
28. Mortgagees will be notified of outstanding arrears between September-December 2026, with final demands for immediate payment being issued to mortgagees between November 2026 - February 2027.

29. Throughout 26/27, Council expects to commence legal recovery proceedings for several long-standing rates arrears accounts. Where arrears remain unresolved, these actions may ultimately result in the rating sale of the affected properties. Council officers will continue to engage with affected ratepayers throughout the recovery process and will consider appropriate payment arrangements where requested, with the aim of resolving the arrears and avoiding the need for legal enforcement action.

30. See Attachment A for generalised Debt Collection flow chart for rates.

31. Refer to the following table below, for average capital value for arrears from 25/26 (at 31 July 2026 arrears over $1000, without a payment plan or arrangement in place).

Arrears Range	Average Capital Value	Property Count
Under $2,000	NZ$1,538,465	228
$2,000–$4,999	NZ$1,562,521	493
$5,000–$9,999	NZ$3,155,121	174
$10,000–$24,999	NZ$8,384,884	43
$25,000+	NZ$15,144,091	11



Consent Debt

32. Work continues in the collections of historic debt in the consents area.

33. The commencement of sending reminder letters recently has provided an immediate result:
    1. March 2026 1379 debtors outstanding $2.853m
    2. May 2026 821 debtors outstanding $1.818m
    3. June 2026 701 debtors outstanding $1.516m
    4. July 2026 608 debtors outstanding $1.540m

34. Extensive resource continues being committed to the aged consent debt, with payments being received, payment plans being offered and debts being referred to Baycorp where required.

35. Further efforts are being directed into progressing legal proceedings on historic debts.

36. Two debts that had progressed to liquidation proceedings during the previous period were resolved, with recovery action discontinued following payment in full or the agreement of acceptable repayment arrangements in July 2026.

37. It is unclear at this time whether the RMA reforms will provide any better collection mechanisms for Resource Consent fees.

Analysis and Advice | Tatāritaka me kā Tohutohu

38. This paper is an overview on QLDC's debtor management processes and is for noting only.

39. Debtor performance is improving overall, driven by sustained operational improvements in rates collection and increased uptake of direct debit and digital billing.

40. 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.

41. Ongoing process improvements are expected to reduce the accumulation of large debts in future, although resolution of historical balances will take more time.

Consultation Process | Hātepe Matapaki

Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka

42. This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy 2024 because the report provides an update and does not seek decisions that materially change levels of service; the items relate to the internal financial management of existing balances, reserves, or debtors processes; and no strategic assets, community facilities, or service levels are affected.

43. 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).

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

Māori Consultation | Iwi Rūnaka

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

Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

46. 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

47. 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

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

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

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

49. The following pieces of legislation 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-Kīaka

50. 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. Effective financial management (including the level of debtors) is a function of a well-managed organisation and is therefore within the ambit of Section 10 of the Local Government Act 2002.

51. The recommended option:

- Is consistent with the Council's plans and policies; and
- Would not significantly alter the intended level of service provision for any significant activity undertaken by or on behalf of the Council or transfer the ownership or control of a strategic asset to or from the Council.

Attachments | Kā Tāpirihaka

A	QLDC Rates Collection
B	QLDC Rates Legal Recovery Overview