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Dear Ratepayer

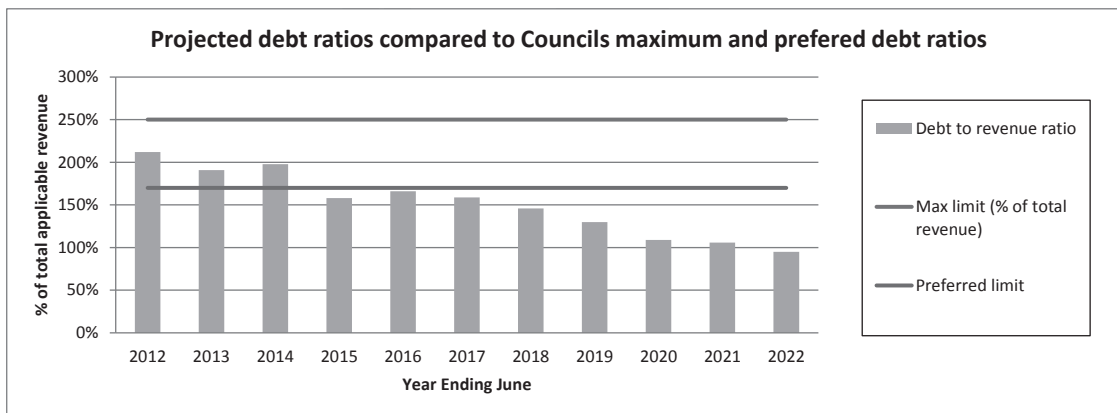
Enclosed with this letter is the first of four rating invoices that you will receive for Council's financial year that began this month and will end on 30 June 2015.

For the second year in a row, Council will generate a small operating surplus. Council is now managing its finances prudently, and keeping expenditure under careful control. While organisational development remains a work in progress, Commissioners are being supported well by the Chief Executive, his management team, and staff. The new office location in Mangawhai is functioning well, and improvements are being made in the front office space in Dargaville.

For the second year in a row, Council's debt will decrease, estimated to drop to \$76 million by 30 June 2015. This compares to some \$80 million when Commissioners took office.

While debt remains high, it is readily manageable. Just what the appropriate debt level is for a Council is much debated. Some lending agencies use a ratio of debt to revenue as part of their assessment of risk, and suggest that the preferred ratio should be below 175%. In this current financial year, we will drop to within this preferred level. The graph below shows where Council sat at 30 June 2012, and where we expect Council to sit in 2022.

**Kaipara District Council - Actual and Projected Debt to Revenue Ratio
Years ending 30 June 2012 to 2022**



Nearly eighty percent of Council's capital expenditure is spent on roads. Ratepayers are important funders of capital works. Certain capital roading projects have been deferred to offset rates that are being intentionally withheld as part of a "protest" led by the Mangawhai Ratepayers and Residents Association. There are 14,000 properties in Kaipara. It is unfortunate that a small number of ratepayers are creating additional costs which ultimately have to be carried by all ratepayers right across the District. We urge those withholding rates to respect the law and the judgement delivered on 28 May by the High Court. The rates assessed on your property are valid. Please bring your rates up to date so that we can deliver the capital works and other services that are needed by the different communities right across the District.

Regretfully, the Mangawhai Ratepayers and Residents Association has decided to appeal the High Court decision given in the case that they took against the Kaipara District Council. We have urged them to drop this appeal. At the time of writing this letter, they were proceeding with their appeal.

Ongoing litigation is costly for Council, and ultimately for ratepayers who fund these costs. It is surely time to focus on mending relationships and investing in community development, rather than expending energy fighting a Council which acknowledges its past faults, is doing its best to remedy these, has new management, and is now making good progress to serve its stakeholders with excellence.



Kaipara te Oranganui

**KAIPARA
DISTRICT**

Two Oceans Two Harbours

Council is continuing with its work aimed at holding people and organisations that caused the Council to incur losses to account. I am hopeful that we can provide a full report on progress in the next rates newsletter.

If you have any questions of Commissioners, please feel free to contact us through my email address, jrobertson@kaipara.govt.nz.

Sincerely

John Robertson

On behalf of the Commissioners

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