



Dear Ratepayer

Please find enclosed the second of the four rates notices that you will receive for the year ending 30 June 2014.

The Council's financial year ends on 30 June. Since I last wrote to you in July, the Annual Report for the year ending 30 June 2013 has been completed and audited. In keeping with the desire of Commissioners to ensure that Council meets good practice standards for the sector, the Annual report was delivered a month earlier than required.

A net surplus of \$982,000 has been generated, on revenues of \$41.951 million. This compares with deficits of \$10.6 million in 2012 and \$5.7 million in 2011.

Getting the Council into a good financial state is a key goal of Commissioners. Council is now a sustainable organisation, where expenditure is covered by revenue. From your perspective as a ratepayer, this means that the relatively high rate increases struck over the past two years will come to an end. In fact, rate increases from 1 July 2014 should closely reflect inflationary movements, not movements to cover deficits.

Putting an end to the growth of debt was also a key goal of Commissioners. Council debt has dropped by \$1.5 million over the year to 30 June 2013, to a level of \$77.5 million. It will move down to \$50 million over the next ten years if future Councils maintain the plans now being implemented by the Commissioners.

The concerted campaign by a number of ratepayers to withhold the payment of rates has placed pressures on Council expenditure, cash flows and debt levels. At year end, rates overdue relating to the 2012/13 year totalled \$3.8 million, or 12.5 percent of rate revenues. The gap in cash flows resulting from rates being withheld was accommodated by deferring capital expenditure.

Deloitte is now Council's Auditor. Their Audit Report, together with the full Annual Report is available on the Council's web site, www.kaipara.govt.nz.

While the accounts of the year now past reflect a turn-around from years of large deficits and debt accumulation, the past continues to haunt us. The need to attend to historical matters, including incorrectly set rates, by way of legislation in Parliament, and the challenge by the Mangawhai Ratepayers and Residents Association in the High Court, is adding to pressure on expenditure this year.

As we look forward over the next year, the legal costs of defending the action being taken against the Council by the Mangawhai Ratepayers and Residents Association continues. Some ratepayers have encouraged Commissioners to find a way through the grievances that the Association has, outside of the Court process.

Let me be clear. Commissioners would like to find a resolution with the Association. We prefer to see rates applied to maintaining roads and storm water infrastructure, rather than legal bills. We have met on a number of occasions with the Association Executive as a group, and on other occasions met and communicated with individuals who are part of the Executive. Ultimately, our attempts have gone nowhere.

Last month, this time through Council's legal team, we made a formal proposal to the Association to settle the action. Their response was unhelpful. There are three claims that the Association has taken against the Council.

- On the first claim, the Association has advised that it seeks to have the issue resolved "authoritatively" – in other words in Court.
- On the two other claims, the Association proposes that settlement takes place with conditions, one being that Mangawhai Ratepayers and Residents Association members exclusively are exempted from certain rates.

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This latter condition is totally unacceptable to the Council. The Commissioners will not entertain a side deal with the Association that favours the members of this group of approximately 600 property owners over the interests of more than 13,000 other property owners in the District. It is not only unfair. It is probably also unlawful.

The Court has set a date to hear the actions taken against the Council of February 3, 2014.

There are two other matters that Commissioners would like to advise you on.

Firstly, we recognise that you need to be kept up to date with the progress being made to get your Council back on track.

Inserting a letter like this alongside your rates notice enables Commissioners to keep you informed, whether you live inside or outside of the District. If you are a reader of the local Kaipara newspapers, you will pick up regular reports on Council from these sources.

Some of you will have seen my regular column in the Mangawhai Focus, Your Questions Answered. I also now write a similar column in the Kaipara Lifestyler, Beneath the Surface. The purpose of these columns is to keep you informed and, where there is incorrect information in the community, (like the often incorrect assertions of the level of Council debt), to counter it with the facts. If you do not have access to these newspapers, you can read these columns on the Council's website www.kaipara.govt.nz

Secondly, we know of your desire to see the Auditor-General's report on the Inquiry into the Mangawhai Community Wastewater Scheme. Council has no control over this inquiry, the compilation of the report, or the timetable of the Report's release. If you need information on this matter, the best place to go is to the Office of the Auditor General (email kaipara@oag.govt.nz).

The Commissioners have been in office for just over one year. It has been a year full of challenges. We have been heartened by the level of support that we have received as we have worked through the many issues surrounding Council. Thank you.

Sincerely

John Robertson

Chair of the Commissioners

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