



Dear Ratepayer

The Kaipara District Council continues to make steady progress. Commissioners are systematically working through the historic issues that led to elected members standing aside and Commissioners being appointed in September 2012. As important as the above, we are building a Council organisation that will serve the District well into the future.

From a financial perspective:

- Revenues are covering operating expenses – in fact for the year ending 30 June 2013 Council generated an operating surplus of \$982,000, compared with deficits in the previous two years totalling \$16.3 million.
- Rates have settled down. Council is living within the levels of income that it currently has, and other than potentially needing adjustments to accommodate abnormal costs such as the legal bills for defending the Council against the judicial review action being taken by the Mangawhai Ratepayers and Residents Association, total rates should move generally in line with local government inflation.
- Bank debt is under control and dropping. It sits at just under \$80 million today, and will fall to \$50 million by 2022.

From a legal perspective:

- Parliament has passed the Kaipara District Council (Validation of Rates and Other Matters) Act 2013.
- The Act leaves no doubt that the rates set between 2006 and 2012 that had “irregularities” are valid, payable, and enforceable.
- For the avoidance of doubt, the Act makes clear also that the rates struck for the 2012/13 year are valid. (The Select Committee noted that they were satisfied that the late adoption of the Council long-term plan or annual report did not invalidate these rates.)

From an organisation perspective, policies and processes that represent best practice have been put in place; a senior management team with good capability is leading the Council; and the gaps of in-house knowledge, skills and expertise that were missing two years ago have been filled.

Since I last wrote to you, the Auditor General has released her report of the inquiry into the Mangawhai Wastewater Scheme. It makes sombre reading. It is accessible on the Council website, [www.kaipara.govt.nz](http://www.kaipara.govt.nz). The report found no criminality, but it leaves open the question of whether the Council can bring to account those responsible – whether they be advisers, decision-makers or project managers. Council is taking legal advice on these matters, including on any recourse that Council may have against its auditors through this period.

It is important that Commissioners advise you of the “twist” that has occurred surrounding certain penalties imposed on those property owners who have been withholding their rates over the past one, two, or in some cases three years.

Parliament confirmed that those penalties are valid and enforceable. However, when members of Parliament’s Select Committee considered the Bill, they expressed the view to Commissioners that while they would confirm the validity of the penalties, they felt that Council should waive some of these penalties. We have taken this advice on board. At our Council meeting on 17 December 2013, Council formally resolved to:

- Remit back to ratepayers who had balances outstanding on 30 June 2012 the “further penalty” charged to their account in March 2013.
- Remit back to ratepayers who had balances outstanding on 30 June 2013 the “further penalty” charged to their account in July 2013.

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Kaipara te Oranganui

**KAIPARA  
DISTRICT**

Two Oceans Two Harbours

If you did not keep your rates up to date and were charged one or both of these penalties, this credit will show on your rates notice included with this letter. Instalment penalties, which are charged if a rates instalment is late, are not being remitted.

In addition to this, the January 2014 "further penalty" will be charged on accounts where ratepayers have not paid their previous years' arrears at 31 December 2013. However, this penalty will be remitted if the account is brought fully up to date by 30 June 2014.

Most property owners have kept their accounts current. We thank you for this.

Some property owners have held back their rates. It is important that such property owners bring their accounts up to date without delay. Council does not wish to take action to recover overdue rates, but must and will do so if rates are not brought up to date quickly. Commissioners have held back some important road works because of the shortfall from rates being withheld. With all rates paid, these works will begin.

This has been a year of challenges for the Council. The lessons from the Auditor General's report have been absorbed. The support of the local Member of Parliament and the considerable support of the New Zealand Parliament has been appreciated. Your support to help Kaipara now move forward has been and remains important.

While the 2014 calendar year will be one of consolidation for the Council organisation, you will see an increased investment in the District's infrastructure by Council, most notably in our roading network. Council will also increase its support for local community initiatives.

We thank you for your assistance over the past year, and wish you a happy and prosperous new year.

Sincerely

John Robertson

Chair of the Commissioners

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