



Kaipara te Orangahui

**KAIPARA
DISTRICT**

Two Oceans Two Harbours

Dear Ratepayer

Most Kaipara residents and ratepayers know that in early September, the Minister of Local Government appointed four Commissioners to govern the Kaipara District Council. I am Chair of the Commissioners and work alongside Richard Booth, Colin Dale and Peter Winder. Since our appointment, we have met with many people and hope to meet with many more. We would like to thank those who are already helping us to resolve the very complex issues facing the district.

Commissioners are aware however, that we haven't connected with all ratepayers, including many who do not live full-time in Kaipara. We are also aware that there has been much public comment – some of it misinformed - about issues the district is facing. This letter aims to provide some accurate information and to let you know about some of the things we have done to get the Council back on track.

The issues we are facing:

Debt

In the past, Kaipara District Council has been poor at both planning and budgeting. It has not managed ratepayers' money at all well.

Historically, it has also set its rates very low. The rates have not even covered the Council's day-to-day operating expenses, forcing Council to borrow. As a result, and also because of some very poor management around the Mangawhai community waste water scheme, Kaipara District Council is now \$79.1 million in debt.

Commissioners have instructed that Council must no longer borrow money to pay for day-to-day expenses. That practice has now stopped. We are also tackling the existing debt. We are working with banks to develop a plan to reduce the debt from \$79.1 million down to \$60 million over the next 10 years. We are confident this can be done.

Some people believe the government should (and will) bail out Kaipara District Council by paying off its debt. On your behalf, we have spoken directly to the government about this specific issue. We have been advised, categorically, that this will not happen. The Government will not pay off Kaipara's debt.

A few people in the community have also said that they wish to 'bankrupt' the Council, believing (mistakenly) that this will mean the debt will be written off. They are wrong. Under such a scenario, a receiver would be appointed and would set new rates to recover the funds owed by Council. The receiver would pursue ratepayers who failed to pay.

Rates

This letter accompanies your next rates invoice for the 2012/2013 year. The rates were set before Commissioners took over. We have had no influence over the 2012/2013 rates but we are absolutely clear that the rates must be paid.

Already, 73 per cent of Kaipara ratepayers have paid their first rates bill in full and on time. A further 19 per cent have made part-payments. There is a small group of people, 8.5 per cent, who have not paid anything. Some may have a genuine reason for not paying but some are withholding rates deliberately.

We do not believe it is fair that some Kaipara ratepayers pay their way and others don't. Nor do we believe it is fair that the property values of some people in the district are being negatively impacted because of the actions of a few.

Commissioners absolutely accept that in the past (prior to the 2012/13 rating year) there were significant issues with rates. We are working to resolve those issues as quickly as we can. In the meantime, we urge people who are refusing to pay their rates to reconsider. In recent weeks, some have done that and have since paid. Thank you.

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Contracting services out

Historically, Kaipara District Council contracted out many of its services – too many. It lost control over key areas of its business and was unable to monitor the use of ratepayers' money. We are doing a number of things to stop this practice and to ensure there is much tighter management of projects going forward.

We have set up an Audit and Risk Committee, chaired by Commissioner Richard Booth. This Committee will look very closely at all projects to ensure they are being well managed and that risk is minimised. We have also established a Chief Executive's Performance Review Committee to ensure the chief executive's performance is formally and regularly reviewed. Neither committee existed before.

As contracts come up for renewal, they will be rewritten to ensure Council has a much greater degree of control.

Auditor-General's report

The Auditor-General's office is conducting an investigation into the Mangawhai community waste-water scheme. We are as anxious as anyone to identify and begin to resolve the issues around the scheme. Its mismanagement has been responsible for much of Council's debt.

We understand the investigation is looking into almost every aspect of the scheme and that the report from the Auditor-General's Office will not be available for several months. As soon the report is available, we will be considering it with urgency and taking whatever steps we can, as quickly as we can, to address the issues raised. Until then, it would be irresponsible of us to comment any further about the issues at Mangawhai.

Long-Term Plan

Before our appointment, Council adopted a 2012-2022 Long Term Plan. The Plan sets out what the Council will do for the next 10 years. Like you, we want to be absolutely confident that the Plan can deliver what it promises.

Over the next couple of months, Commissioners will be focusing on drilling down into details of the Long Term Plan. We want to test its underlying assumptions, and be sure that it is financially sustainable. Once we have completed this work, we will know whether or not we need to amend the Long Term Plan. If so, we will need to consult with all ratepayers and will ensure that we do so.

Role of Commissioners

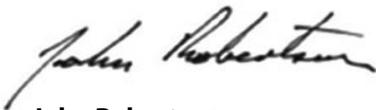
Finally, I wanted to make the role of the Commissioners clear. I am the Chair of the Commissioners and am responsible for directing and prioritising work. Peter Winder is looking very closely at legal issues, including historical rating issues. Richard Booth has taken specific responsibility for Council's assets and contracts. Colin Dale is working very closely with the community, connecting with as many groups as he can to ensure all views are heard.

Commissioners will be in place until October 2015 at which time we will make way for elected Councillors. Our focus until then is on working with the community to get Kaipara back on a sustainable footing. Kaipara is a tremendous district, full of wonderful people, facilities and assets. We have every confidence that, if we work together, the district will both survive and prosper.

Again, I would like to thank those people who have already put their hand up to help us as we tackle the complex challenges ahead. Commissioners are getting enormous help from all Council staff, many of whom have worked extremely hard for many, many months.

I hope this letter provides some reassurance that we are working with urgency and are doing all we can to address the issues facing Kaipara carefully and responsibly. Should you have any questions about this letter, you can email council@kaipara.govt.nz or you can communicate with me directly on jrobertson@kaipara.govt.nz

Sincerely



John Robertson

Chair of Commissioners