



Kaipara te Oranganui

**KAIPARA
DISTRICT**

Two Oceans Two Harbours

July 2016

Dear Ratepayer

Enclosed with this letter is the first of four rates invoices from the Kaipara District Council for its financial year ending 30 June 2017.

The Annual Plan for the new financial year was approved by Council on 28 June 2016. In a financial sense, the highlights are that:

1. Revenues sourced from rates will increase by just under three percent from those collected in the 2015 to 2016 year. While this is the average district-wide rate increase, you will find that changes to your rates may differ by a figure above or below this, due mainly to the movement of the general or targeted rate type struck on your property.

2. The Council's average cost of debt has reduced following the acceptance of Kaipara District Council into the Local Government Funding Agency. The Local Government Funding Agency is the AA+ credit rated agency that issues debt to Councils that qualify under its prudential care terms. For the 2016 to 2017 year we anticipate savings of between 0.25 to 0.5 percent on our debt portfolio as a result of joining this Agency.

3. Council debt levels today sit just below \$65 million. The financial settlement in April this year with the Auditor General has contributed to this drop. You might recall that debt was sitting around \$80 million when Commissioners were appointed in September 2012.

Kaipara District Council's debt is readily manageable. The graph displays the Council's borrowing costs as a proportion of revenue (excluding Development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment).

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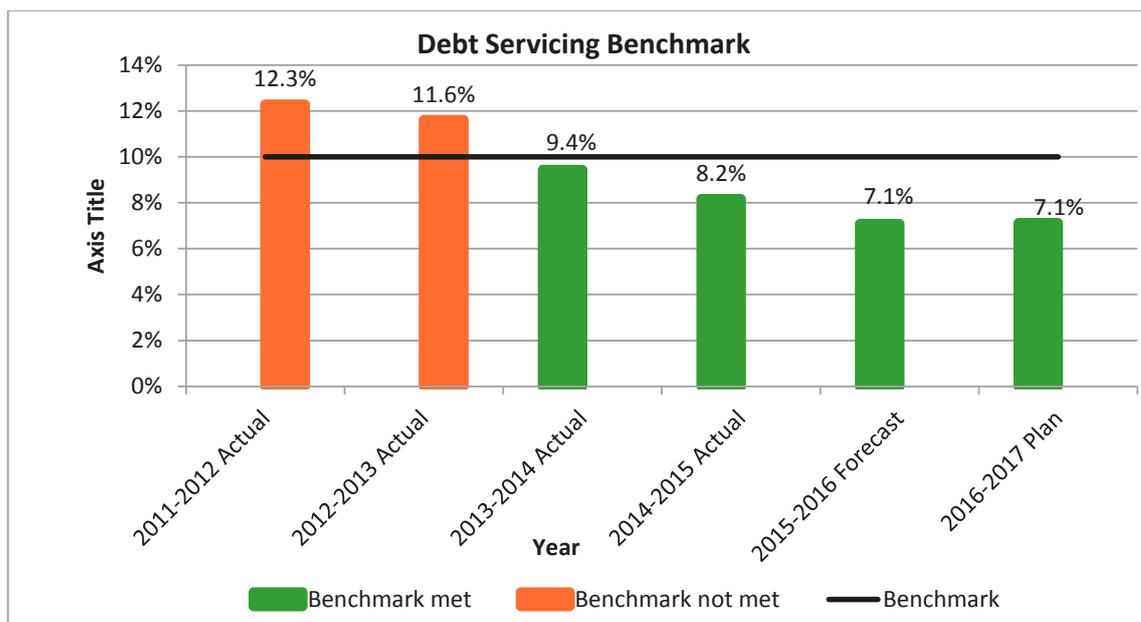
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Council exceeded the Government-determined debt servicing benchmark of ten percent in the 2011/2012 and 2012/2013 years. You will see from the graph that we are now tracking under the benchmark. All Kaipara ratepayers quite properly had concerns over Kaipara's level of debt a few years ago. The picture has changed. Your Council has moved from having an imprudent level of debt to one that is well within benchmarks set independently.

From an organisational perspective, there are two matters that will be of interest to you.

A new Chief Executive, Graham Sibery, has been appointed to the Council to take over from Jill McPherson, who had led the Council as Acting Chief Executive for almost two years. We thank Jill for her contribution. Graham has considerable senior management experience in the corporate world, including in the UK, Australia and New Zealand. This experience includes the provision of services to the public sector and the management of complex infrastructure projects.

Secondly, Northland Councils and the New Zealand Transport Agency (NZTA) have combined their procurement, design, management and monitoring resources for Northland's transportation network. This will create efficiencies. In Kaipara's case, this will enable us to work alongside the "bigger" players, to secure savings from scale and to attract a higher level of engineering advice. Most of the team will be based in Whangarei, but we will continue to have a small team based inside the Council to ensure a local presence on the ground and ensure that requests for service by Kaipara residents are attended to promptly. We will still maintain total control of our budgets and service levels.

The governance of the Council by Commissioners comes to an end in October. Elected members will replace us. Included with this letter is an insert that advises you of what steps to take to exercise your vote if you own a property in Kaipara but reside outside of the district. Further information is also available on a Freephone helpline 0508 08 10 16.

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

John Robertson

On behalf of the Commissioners

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