

## Addendum to Paper 9.4. Rates Strike Corrections 2024/25

Audit and Risk Subcommittee

5 December 2024

Author: Chief Executive

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On 6 November 2024 the Finance Committee passed a recommendation which stated:

*That the Finance Committee:*

**Recommends** to Council that staff are requested to prepare a paper for the Audit and Risk Sub-Committee meeting in December which identifies the cause of the rating issues, the response by the Chief Executive including notification to the public and Councillors and identifies any necessary process improvements to reduce the operational and reputational risks to the organisation.

A report has been prepared for the Audit and Risk Committee which addresses the technical challenges which led to the rating errors and identifies process improvements which will assist in preventing this issue arising in future. The report does not address the response by the Chief Executive including notification to the public and Councillors. The purpose of this addendum is to provide a summary of this response to the Subcommittee in accordance with the above recommendation.

On the 1<sup>st</sup> of November the Chief Executive notified Councillors of an error in the rates strike and explained that a process would be initiated to reissue invoices (email attached). The email explained that the rates needed to be collected as they had been struck and the steps staff are taking will ensure that ORC complied with its legal requirements.

The rate strike error was first identified in late September with early options for correcting the error being shared with the Chief Executive on the 7<sup>th</sup> of October. The Chief Executive provided a short verbal brief to the Chairperson to notify them of the error and advised that the matter was being reviewed but was operational in nature and that a full explanation would be provided to Council once the matter had been worked through.

Between the 7<sup>th</sup> of October and the 31<sup>st</sup> of October staff continued to refine the processes and messaging required to correct the errors. This included legal advice and a review of all options available relating to the reissuing of the correct rates invoices. Of particular importance was the need to ensure that no penalties would apply to customers.

A media release was prepared by staff and issued on the 1<sup>st</sup> of November 2024 (attached). In this release the Chief Executive apologised for the errors in the Oamaru Public Transport and Leith indirect flood scheme rates and explained the steps the Council was taking to correct these issues.

The Chairperson was provided an update late on the 31<sup>st</sup> of October. The Co-chairs of the Finance Committee were phoned on the morning of the 1<sup>st</sup> of November and provided an explanation of the issue ahead of the media release being sent out to the public.

While the matter is of an operational nature it is understood that an earlier heads up for the Co-Chairs of Finance and Council more broadly would have been appreciated. In future issues of this nature will be communicated earlier to relevant Co-chairs and to all Councillors where appropriate.

**From:** [Richard Saunders](#)  
**To:** [Councillors](#)  
**Subject:** Rates invoicing issue - media release heads up  
**Date:** Friday, 1 November 2024 10:47:35 am  
**Attachments:** [orc-logo-png-125px\\_6ba7d464-04aa-4e72-a0b6-65e3bcc6d940.png](#)  
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[youtube-circle-logo-for-signature\\_cd5605db-dfce-4a18-bca9-cb6ee6f79ea3.png](#)  
[RateStrikeAmendNov24.docx](#)

**Importance:** High

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Kia ora Councillors

I wanted to provide you with a heads up on a media release going out this afternoon. During our review of the rates process it was identified that there were two issues with the recent rates invoices. We have prepared a release to acknowledge and apologise for these errors and advise people what we are doing to correct the issue.

The two issues relate to:

1. An overcharge with the Oamaru public transport rate  
Contiguous properties have been charged this rate in error and will receive a refund or a credit of \$5.45. This impacts 972 properties.

2. An undercharge of the Leith indirect rate  
During the LTP decisions the Leith indirect rate was broadened to include the entire Dunedin district. The Rating Information Database did not correctly identify this change and the charge was omitted from 13,789 rates notices with a total of \$220k not invoiced.

We are required to reissue invoices as the rates have been struck and we now need to collect them. The process developed to address the issue ensures that no penalties will apply to these amounts this year and provides flexibility of payment options for people. The attached release provides details on the numbers of people impacted and a breakdown of the financial spread of the additional invoices.

This is a regrettable issue but we will own it and learn from it. There is a rates paper in the Finance agenda next week which includes some detail and will allow you to ask questions in public about the process and how we will ensure there is not a repeat in future years.

Regards  
Richard



**Richard Saunders**  
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Otago  
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Council

## MEDIA RELEASE

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1 November 2024

# ORC apologises for corrections to recent rates

Otago Regional Council is apologising to more than 14,700 ratepayers – in the Oamaru and wider Dunedin district areas – with two errors identified in ORC’s recent rates invoices.

ORC Chief Executive Richard Saunders says “Two issues were identified with the recent rates strike that will unfortunately require us to send out amended rates invoices to affected ratepayers,” he says.

“We’re sincerely sorry for the inconvenience caused to ratepayers and will be amending processes in the future to ensure there’s no repeat. The largest number of affected people [in the wider Dunedin district] will be contacted by letter shortly,” Mr Saunders says.

### **Oamaru public transport rate overcharge error**

In the Oamaru area a new transport rate was incorrectly applied and overcharged to a small number of contiguous\* properties which should not have received the \$5.45 (including GST) fixed charge.

The 972 people in Oamaru incorrectly charged the Oamaru Transport Rate, were advised by letter in October that their rates were being credited and they can either; reduce the payment amount to ORC if they had not yet paid their rates; claim a refund or use as a credit toward next year’s rates.

“Those ratepayers were offered the option to retain the credit to use next year or contact ORC if they would prefer a refund,” Mr Saunders says.

*\*Two or more properties owned by the same person which share a common border, jointly used as one unit.*

### Leith Indirect rate undercharge error

Separately, in the wider Dunedin district there was an error in the Rating Information Database which resulted in the expanded Leith indirect flood rate being omitted from some property rate charges, Mr Saunders says.

“We’re very conscious of the financial demands being placed on ratepayers around the country at present, and I can only highlight that the majority of the undercharging for Indirect Leith flood protection rate averages between \$15 to less than \$20 per property.”

Mr Saunders emphasized there will be no penalty rates applied to the undercharging for the Leith indirect flood rate, and while ratepayers will be notified this month, they have until 30 June 2025 to pay.

The Leith Indirect rate had always been charged to some properties in Dunedin (with a targeted mapped area which detailed properties to be charged).

This was extended in the current rating year to apply to all properties in the Dunedin district (IE within DCC boundary), but *excludes* the ratepayers already being charged within the existing Leith Direct targeted rate area.

The undercharging amounted to \$219,972 rates having to be reinviced.

About 86% of those 13,789 ratepayers affected will be invoiced for less than \$20 and 99% in total will be invoiced for less than \$100. There are 21 properties worth more than \$15 million, of which five will need to pay more than \$1000.

Mr Saunders says the estimated cost of reinvicing for the rates was less than \$20,000.

Ratepayers for the Leith Indirect Rate will shortly be sent a letter with their amended invoice.

The correction to the Leith Indirect rate includes contributions from properties from the districts around places including Waikouaiti, Dunedin city, Middlemarch and Hyde, Mosgiel, Taieri, Outram, Allanton and Henley.

	Rate Units	Rate Amount	Average	% of Total Cumulative
<b>Less than \$5</b>	1,191	3,017.20	\$ 2.53	8.6%
<b>\$5-\$10</b>	4,179	33,757.84	\$ 8.08	38.9%
<b>\$10-\$20</b>	6,547	88,885.92	\$ 13.58	86.4%
<b>\$20-\$50</b>	1,606	42,859.99	\$ 26.69	98.1%
<b>\$50-\$100</b>	155	10,894.11	\$ 70.28	99.2%
<b>\$100-\$250</b>	90	13,188.24	\$ 146.54	99.8%
<b>Greater than \$250</b>	21	27,369.00	\$ 1,303.29	100.0%
<b>TOTAL</b>	<b>13,789</b>	<b>219,972.30</b>	<b>\$ 15.95</b>	

### The spread of the additional amounts to be reinviced for Leith Indirect Rate

A Governance report is set down to come before ORC’s Finance Committee for noting on 6 November. The Agenda and report is scheduled to be publicly available online, from Monday 4 November

**Background**

For the 2024/25 rating period ORC struck rates of \$74,709,450, (compared with \$64,326,741 in 2023/24) GST inclusive which were due on 31 October 2024. A total of 126,003 rates notices were sent on 6 September 2024 (2023/24; 124,479)

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