

Josh *for*
Mayor

Policy Funding & Financing Strategy

*A new generation
of leadership.*

This strategy sets out the possible funding and financing pathways that I will pursue in order to pay for the policies set out in this platform. Over my time on council, I have heard from many residents who rightly express concerns about affordability and I acknowledge the challenging economic circumstances that we are experiencing as both a district and as a country. This strategy discusses a range of funding and financing tools available to council for future projects and services.

Projects and services funded via rates

Rates are the primary funding mechanism available to councils and account for about 75% of council's annual operating income. As a general rule, increasing or decreasing rates has the following impact on households:

- Increasing/decreasing operating income by \$800,000 = +/- 1% impact on household rates
- Increasing/decreasing debt by \$8 million = +/- 1% impact on household rates

Any new project or service needs to be weighed against other priorities as well as increases driven by inflation in the cost of doing business as usual e.g. increases in interest rates, insurance, maintenance contracts, labour costs, power, fuel, salaries/wages etc.

Part of being an effective mayor is being able to lead the discussion amongst elected members to collectively determine key priorities and to engage with the community to test these ideas with ratepayers and residents.

The Invest for Whanganui Fund

A future-focused council needs to plan for the long-term by decreasing reliance on rates revenue for major projects. My proposed Invest for Whanganui Fund is central to this. If we begin now, future generations of ratepayers, residents, and councils will thank us.

The fund could be initially capitalised through the sale of underutilised land holdings/property or a cash injection. In addition, I have heard the feedback of individuals in the community who are open to donating to the future of the district or leaving bequests, the fund could be set up to enable this. An investment/dividend policy would futureproof the fund to guard against political tampering and to ensure long-term capital growth, while enabling council to access income from the fund to support transformative local projects.

Central Government funding streams

Over my time on council, ratepayers and residents have benefitted significantly from alternative revenue streams provided by central government. Some examples of this include:

- Provincial Growth Fund – Te Whare o Rehua Whanganui Sarjeant Gallery redevelopment project, Whanganui Port redevelopment
- Streets for People funding – Drews Avenue urban design project, Guyton Street redevelopment project
- Waka Kotahi funding – Let's Go Programme (bikes in schools, walking, cycling, scooter safety etc.).
- Ministry for the Environment funding – implementation of kerbside recycling service

Reducing the impact of and reliance on rates requires council to focus on identifying and accessing funding streams at a central government level that aid the implementation of local projects. It is important to note that often central government funding streams require that council commits to a particular level of its own funding and so it is strategically useful for elected members to be prepared to budget for or underwrite projects. In a changing political environment, it's also important that mayors are adept at building relationships with their members of Parliament and Crown ministers in order to extract the most benefit for Whanganui.

Given the complex funding landscape, my belief is that council should be resourced to be able to apply for funding. While staffing this is an added cost and ultimately an operational decision for the chief executive, the cost is potentially off-set as council submits more comprehensive and successful funding applications.

Grants and donations through private philanthropy

Whanganui has benefitted from the private philanthropy of individuals, families, charitable trusts and other donors across several decades. Key examples of this are the more than \$10M raised towards the Te Whare o Rehua Whanganui Sarjeant Gallery redevelopment project and the redevelopment of Majestic Square in Victoria Avenue. While I hope that the Invest in Whanganui Fund will attract private contributions, I also accept that private donors want to donate directly towards specific projects – this should be encouraged and promoted.

Partnering with Iwi to deliver social, cultural, environmental and economic outcomes

As a statutory authority with functions and powers devolved to us by the Crown, council has an obligation to honour Te Tiriti and to partner with Iwi/hapū in the delivery of local projects. Council's aspirations for economic growth, better social outcomes, warm, dry housing and a healthy environment align with Iwi/hapū values and there is an opportunity to co-invest to drive opportunities across these key areas.

The Whanganui Land Settlement Negotiations Trust, through its treaty settlement negotiation with the Crown, has already acknowledged the key role that council plays in supporting better outcomes for Māori alongside the wider community. After iwi settle with the Crown, there is an opportunity for council to partner with Takapau Whariki (the post-settlement governance entity) to co-invest on local projects which achieve our shared aspirations.

Some examples of iwi who have settled with the Crown and successfully grown portfolios that supercharge their local economies are as follows:

- Waikato-Tainui – asset base worth \$2.2 billion
- Ngāi Tahu – asset base worth \$2.21 billion

In a post-settlement world council will already be working with iwi on shared management of a number of Crown reserves and joint governance of a new charitable trust focused on social well-being. We should pursue opportunities to grow local housing stock, creating opportunities for cultural tourism e.g. Te Awa Tupua and other mutually appropriate initiatives.

Concluding statement

For council-operated services, it is reasonable to expect that ongoing costs are funded predominantly via rates. Ultimately the decision about how rates are allocated annually is for elected members in consultation with the wider community. Where possible, council should assess where dividends can be extracted from commercial holdings and/or investments to reduce reliance on rates.

For large-scale projects, capital costs should be funded from multiple sources to reduce the need for debt-funding paid for by the ratepayer. Detailed cost projections should always be completed as part of due diligence and 50+% of the anticipated project cost should come from non-ratepayer sources e.g. government grants, private philanthropy, co-investment partnerships and so on.

