



STATEMENT OF INTENT 2027/28

THIS STATEMENT OF INTENT COVERS THE YEAR 1 JULY 2025 TO 30 JUNE 2027

PURPOSE

The purpose of this statement of intent is to

- (a) state publicly the activities and intentions of this council-controlled organisation for the year and the objectives to which those activities will contribute; and
- (b) provide an opportunity for shareholders¹ to influence the direction of the organisation; and
- (c) provide a basis for the accountability of the directors² to their shareholders for the performance of the organisation.

OBJECTIVES OF THE COUNCIL CONTROLLED ORGANISATION

1. Section 59 of the Local Government Act 2002 provides:

Principal objective of a council-controlled organisation

- (1) The principal objective of a council-controlled organisation is to
 - (a) achieve the objectives of its shareholders, both commercial and non-commercial, as specified in the statement of intent; and
 - (b) be a good employer; and
 - (c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
 - (d) if the council-controlled organisation is a council-controlled trading organisation, conduct its affairs in accordance with sound business practice.
- (2) In subsection (1)(b), good employer has the same meaning as in clause 36 of Schedule 7 of the Local Government Act 2002.

NATURE AND SCOPE OF ACTIVITIES

Nature

The Nature of the Trust is to promote and provide housing and wellbeing services that are relevant and meet long term community needs.

¹ 'Shareholders' include any partners, joint venture partners, members or other persons holding equity securities in relation to the organisation. In this case the shareholders will be the Mayor and the Councillors of the Manawatu District Council.

² 'Directors' and the 'Board' include trustees, managers or office holders (however described in the organisation).

Scope

The Trust is a robust, professional, and viable organisation that is providing a modern healthy living environment, up to date, good quality, sustainable housing and health facilities that address the needs of the community to enhance the long-term wellbeing of Manawatū residents.

OBJECTIVES OF THE MANAWATŪ COMMUNITY TRUST

The objectives of the Manawatū Community Trust as identified in its Deed of Trust are:

1. Any charitable purpose within the Manawatū District
2. To create a fund to be used for:
 - 2.1 The promotion of any purpose or purposes within the Manawatū District for the relief of poverty and for the benefit of the residents of the Manawatū District.
 - 2.2 The promotion and provision of housing for the elderly and disabled residents of the Manawatū District.
 - 2.3 The promotion of health services for the residents of the Manawatū District.
 - 2.4 The promotion of wellbeing services for residents of the Manawatū District – these services shall include services promoting the improvement of the lifestyle, health and welfare of residents in the Manawatū District and creating a sense of community for the benefit of the residents of the Manawatū District.
 - 2.5 To accept gifts and grants of whatever description, provided that any private benefit conferred on any individual is incidental to the above purposes.

GOVERNANCE

Five Trustees have been appointed by the Manawatū District Council to the Trust with terms as set out below.

- **Allan Davey**, reappointed for 3 years from 6 May 2022 – 5 May 2028
- **Liam Greer**, Chairperson, reappointed for 3 years from 1 April 2024 – 31 March 2027
- **Joanne Shortall**, reappointed for 3 years from 1 April 2024 – 31 March 2027
- **Tracey Hunt**, reappointed for 3 years from 1 July 2024 – 30 June 2027
- **Ian McKelvie**, appointed for 3 years from 1 July 2025 – 30 June 2028

The Trust meets for Board meetings on a monthly basis and regular meetings are held with senior staff to review the operational business of the Trust.

STATEMENT OF ACCOUNTING POLICIES

The Trust has elected to apply PBESFR-A (PS) Public Benefit Simple Format Reporting – Accrual (Public Sector) on the basis that the Trust does not have public accountability (as defined) and has total annual expenses of less than \$5 million in the two years prior to June 2025.

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption that the Trust will continue to operate in the foreseeable future.

PERFORMANCE TARGETS

Goal 1: Contribute to community health and wellbeing in the Manawatū District by maintaining and developing the existing housing stock to be user friendly, adaptable, accessible, compliant, and safe.

Description	Starting Point	Target
Maintain all occupied housing stock at a 3 Star* rating or above by 2025. <i>*A rating system from 1 to 5 Star; 5 Star being the highest.</i>	Housing at a 3 Star rating or above as at 30 June 2021: 193 of 205.	2027: All housing stock 2028: All housing stock 2029: All housing stock
Maintain Healthy Homes Compliance	2025/26: 100% Achieved. Units are independently assessed when new tenancies occur. Reactive maintenance occurs during inspections or when tenants report concerns.	2027: 100% Compliance 2028: 100% Compliance 2029: 100% Compliance
Be responsive to urgent maintenance requirements and resident health and safety needs.	Urgent requests are recorded electronically and are responded to in accordance with their priority.	2027-2029: Urgent maintenance requests are actioned in alignment with MCT Tenant Health and Safety Policy.
Maintain average month end occupancy at above 95% of available units (excluding units decommissioned due to infill developments).	Average month end occupancy 2022: 96%.	2027: >95% 2028: >95% 2029: >95%
Diversify housing typologies and increase the range of affordable housing offerings to meet identified local need.	2025/26: Highest rental at 30% of superannuation benefit (as at April 2022) including 100% of available accommodation supplement applied to 1-bedroom units. 2025/26: Addition of 4 x 2-bedroom units.	2027-2029: <ul style="list-style-type: none"> • 1-bedroom unmodified units <30% • As diversified housing is developed, including larger units, 2-bedroom homes, and accessible housing, rent may be set at <80% of market rent, with lawn and garden services at additional cost where this supports tenant wellbeing.

Goal 2: Contribute to community health and wellbeing by increasing the number of affordable housing units in the Manawatū District.

Description	Starting Point	Target
MCT will increase affordable home in Manawatū to a total of 250 homes by 2030.	2020: 250 by 2030 Strategy agreed with MDC. 2024/25: 205 units. 2025/26: 209 units (Manawanui).	2027: 221 (12 units at Corrick Court) 2028: 231 2029: 241

<p>Establish a housing development plan based on needs assessment and sector engagement to deliver new housing and optimise existing assets, supported by ongoing review of housing needs data to guide future investment decisions.</p>	<p>2022: Research based community needs assessment for senior citizens completed.</p> <p>2024/25: Housing model forum to guide future housing.</p> <p>2025-2026: Completed design and build Manawanui Complex based on LifeMark Universal Design Standards and Crime Prevention through Environment Design.</p>	<p>2026 - 2027: Complete design and build Corrick Court Complex based on LifeMark Universal Design Standards.</p> <p>2026 – 2027: Assess feasibility and design of infill of existing MCT property.</p> <p>2026 - 2029: Review Housing Needs Assessment Data.</p>
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Goal 3: Deliver community wellbeing infrastructure that enables people in the Manawatū to live healthier, more connected, and more secure lives.

Description	Starting Point	Target
<p>Provide and maintain health and wellbeing facilities for the benefit of the community the residents of the Manawatū.</p>	<p>2016: Designed and custom-built the Duke Street Health Centre in collaboration with Feilding Health Care.</p> <p>2017: Duke Street boiler house leased to Menzshed Feilding.</p> <p>2018: Bowen Street facility leased to Manchester House Senior Hub.</p> <p>2023: Designed and custom-built the Clevely facility in collaboration with Feilding Health Care.</p> <p>2024: Upgraded site thoroughfares and landscaping to improve safety and accessibility, including upgraded roading, and the removal of hazardous trees and structures to reduce health and safety risks and to discourage vandalism at Feilding Health Care.</p>	<p>2027-2029: Maintain facilities FHC and Clevely facilities to achieve safety and longevity and continue to collaborate with Feilding Health Care in a mutually beneficial partnership that supports the growth and success of both organisations.</p> <p>2027: Renew lease with Menzshed Feilding in 2027 if the facility is still required.</p> <p>2027: Collaborate with Manchester House on long-term planning to ensure their service can continue while enabling the future development of the property in line with community housing needs.</p>

Goal 4: Practice Good Governance Principles and Sound Financial Performance.

Description	Starting Point	Target
<p>Provide financial reporting to the MDC as required applying PBE SFR (PS) Public Benefit Entity Simple Format Reporting - Accrual (Public Sector).</p>	<p>2025/26: MDC and Audit NZ six monthly and annual reporting standards and deadlines met.</p>	<p>2026-2029: Submit six-monthly financial reports and audited annual reports that meet the timelines of MDC and Audit NZ.</p>
<p>Seek out partnerships including third party funding opportunities, grants</p>	<p>2024: Establishment of a Feilding based Community Housing Provider</p>	<p>2026/27: Continue to scope and develop partnership opportunities</p>

<p>and financing to ensure MCT remains financially sustainable.</p>	<p>scoped; application declined.</p> <p>2025/26: CET Grant Application for Manawanui project accepted (\$96,500).</p> <p>2025/26: CET Impact Investment financing received; \$1m at 2.25% interest received.</p> <p>2025/26: LGFA financing for Corrick Court of \$5.3m approved by Council.</p>	<p>with landowners under existing Memoranda of Understanding.</p> <p>2026/27: Secure grant funding to contribute to the cost of the Corrick Court development.</p> <p>2027-2029: Collaborate with MDC on the availability of suitable Council owned land, or planned decommission of MDC existing property.</p>
<p>Meet ANZ financial undertakings as per our loan agreements to maintain an effective equity / total tangible asset % greater or equal to 50%.</p>	<p>As at 30 June 2022: 83.6%</p>	<p>2027 - 2029: ≥ 50%</p>
<p>Maintain an interest coverage ratio of EBITDA to interest at above 3.</p>	<p>As at 30 June 2022: 8.47</p>	<p>2027 - 2029: >3</p>
<p>Practice good governance principles and sound financial performance.</p>	<p>2025/26:</p> <ul style="list-style-type: none"> • Annual Board performance, and skills assessment review. • IOD Membership maintained. • Bi-monthly review of Board selected of governance articles/case studies. 	<p>2027 – 2029</p> <ul style="list-style-type: none"> • Continuation of annual Board Performance Reviews. • Board training based on board performance review. • Maintenance of IOD membership. • Continued review of topical governance matters. • Succession plan for the continuation and development of MCT.

Liam Greer

Chairperson
Manawatū Community Trust



STATEMENT OF FINANCIAL PERFORMANCE FORECASTING
To Financial Year Ending 30 June 2029

	FY2027	FY2028	FY2029
Income			
Residential Housing Income	2,284,786	2,474,472	2,617,864
Commercial Rental Income	1,073,155	1,086,503	1,105,191
Sundry Income	112,648	390,334	111,182
Total Consolidated Income	3,470,589	3,951,309	3,834,236
Expenses			
Administration Expenses	253,195	260,791	297,518
Maintenance Expense	354,235	364,862	375,808
Rates Expense	224,338	239,518	255,745
Insurance Expense	345,564	369,569	395,247
Trustee & Staff Expenses	591,904	603,487	617,168
Interest on Borrowing	562,937	802,071	1,083,790
Total Consolidated Expenses	2,332,172	2,640,298	3,025,275
Operating Surplus / Deficit	1,138,416	1,311,011	808,961
Depreciation	1,031,439	1,062,382	1,104,877
Net Surplus / (Deficit)	106,978	248,629	-295,916
Planned Capital Programme	Year End 30 June 27	Year End 30 June 28	Year End 30 June 29
Housing Improvements	214,400	220,832	227,457
New Housing	5,511,620	5,000,000	5,000,000
Other Capital Spend	3,720	3,832	63,947
Total Capital Programme	5,729,740	5,224,664	5,291,404



STATEMENT OF FINANCIAL POSITION FORECASTING
To Financial Year Ending 30 June 2029

	FY2027	FY2028	FY2029
Asset			
Current Asset			
Bank Accounts & Cash	4,997,088	269,751	4,663,152
Other Current Asset	52,089	61,027	100,666
Non-current Asset			
Property, Plant & Equipment	43,208,734	47,371,016	51,557,542
Total Asset	48,257,911	47,701,794	56,321,360
Liabilities			
Current Liabilities			
Current Portion Of Loans From MDC	262,148	269,867	258,535
Current Portion Of Loans From ANZ	216,939	146,939	939
Current Portion Of New Loans	285,135	302,722	589,224
Trade Payables	859,389	822,729	906,865
Tax Payables	18,721	19,255	19,833
Lease Payable - Current	24,947	27,818	30,688
Payroll Liability	35,646	36,436	37,258
Other Current Liabilities	92,080	95,977	99,235
Non-current Liabilities			
Loan From MDC	3,890,909	3,621,042	3,361,469
Loan From ANZ	146,000	0	0
Loan From CET	1,000,000	1,000,000	1,000,000
New Loan	9,850,366	9,547,644	18,514,757
Lease Payable	80,512	67,618	54,723
Total Liabilities	16,762,792	15,958,045	24,873,527
Net Assets	31,495,120	31,743,749	31,447,833
Accumulated Funds			
Capital	10	10	10
Accumulated Surpluses	15,753,165	16,001,794	15,705,878
Asset Revaluation Reserve	15,741,945	15,741,945	15,741,945
Total Accumulated Funds	31,495,120	31,743,749	31,447,833
Borrowing and Debt Repayment Programme			
Existing Borrowing	11,474,567	15,650,558	14,887,274
New Borrowing	5,000,000	0	9,700,000
Debt Repayment	-824,009	-763,283	-863,289
Total Borrowing and Repayment	15,650,558	14,887,274	23,723,986



STATEMENT OF CASH FLOW FORECASTING
To Financial Year Ending 30 June 2029

	FY2027	FY2028	FY2029
Cash Flow from Operating Activities			
Operating Income	3,461,585	3,947,114	3,797,708
Operating Expenses	-2,305,843	-2,639,133	-2,974,980
Net Cash from Operating Activities	1,155,742	1,307,981	822,728
Cash Flow from Investing Activities			
Sales of Fixed Assets	0	0	0
Payments to Acquire Property, Plant & Equipment	-5,519,785	-5,266,753	-5,290,842
Net Cash from Investing Activities	-5,519,785	-5,266,753	-5,290,842
Cash Flow from Financing Activities			
Proceeds from Loans	5,000,000	0	9,700,000
Payments of Loans	-715,847	-768,565	-838,485
Term Deposit Movement	0	4,790,000	-4,190,000
Net Cash from Financing Activities	4,284,153	4,021,435	4,671,515
Cash and Cash Equivalents			
Net Decrease/Increase in Cash For The Year	-79,890	62,663	203,401
Add Opening Bank Accounts and Cash	176,978	97,088	159,751
Closing Bank Accounts and Cash	97,088	159,751	363,152

**FINANCIAL RATIOS FORECASTING
To Financial Year Ending 30 June 2029**

Ratio	Description	Bench Mark	FY2027	FY2028	FY2029
Equity to tangible asset	Meet ANZ financial undertakings as per our loan agreements to maintain an effective equity / total tangible asset % greater or equal to 50%.	≥ 50%	65.26%	66.55%	55.84%
Interest coverage	Maintain an interest coverage ratio of EBITDA to interest at above 3.	>3	3.02	2.63	1.75

MANAWATŪ COMMUNITY TRUST

Statement of Accounting Policies

Basis of Preparation

The Trust has elected to apply PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) on the basis that the Trust does not have public accountability (as defined) and has total annual expenses of less than \$5 million in the two years prior to 30 June 2024.

The Trust will not be required to transition to Tier 2 not-for-profit Public Benefit Entities Standards Reduced Disclosure Regime as the XRB has increased the tier 3 threshold from \$2 million to \$5 million. The tier 2 threshold is \$5 million or above. Application of the amendments is required for accounting periods that end on or after 28 March 2024. However, the Trust has already adopted Tier 2 PBE IPSAS 17 Property, Plant and Equipment and PBE IPSAS 31 Intangible Assets.

All transactions in the management reports are reported using the accrual basis of accounting. The management reports are prepared on the assumption that the Trust will continue to operate in the foreseeable future.

Goods and Services Tax (GST)

The Trust is registered for GST. All amounts in the management reports are recorded exclusive of GST, except for debtors and creditors, which are stated inclusive of GST. The Trust also carries out transactions which fall under exempt supplies legislation for GST purposes and therefore are not applicable for GST and are recorded gross in the management reports.

Summary of Significant Accounting Policies

Revenue

Rental/Lease Income

Rental revenue is recognised as revenue on a straight-line basis over the term of the agreement.

Grants

Council, government, and non-government grants are recognised as revenue when the funding is received unless there is an obligation to return the funds if conditions of the grant are not met (“use or return condition”). If there is such an obligation, the grant is initially recorded as a liability and recognised as revenue when conditions of the grant are satisfied.

Sale of goods

Revenue from the sale of goods is recognised when the goods are sold to the customer. Sale of services Revenue from the sale of services is recognised by reference to the stage of completion of the services delivered at balance date as a percentage of the total services to be provided.

Donated assets

Revenue from donated assets is recognised upon receipt of the asset if the asset has a useful life of 12 months or more, and the value of the asset is readily obtainable and significant.

Interest

Interest revenue is recorded as it is earned during the year.

Employee Related Costs

Wages, salaries, and annual leave are recorded as an expense as staff provide services and become entitled to wages, salaries, and leave entitlements.

Superannuation contributions are recorded as an expense as staff provide services.

Advertising, Marketing, Administration, Overhead, and Fundraising Costs

These are expensed when the related service has been received.

Lease Expense

Lease payments are recognised as an expense on a straight-line basis over the lease term.

Bank Accounts and Cash

Bank accounts and cash comprise cash on hand, cheque or savings accounts, and deposits held at call with banks.

Debtors

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

Property, Plant and Equipment

Property, plant and equipment consist of rental accommodation available for the elderly and disabled and property leased out and operated as an integrated health centre, the Manchester House Senior Hub Facility and The Feilding Menzshed. This has been classified as property plant and equipment rather than investment property as it is held to meet service delivery objectives rather than to earn rentals or for capital appreciation.

Land is measured at fair value, and buildings are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

Revaluation

Operation Land and buildings are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from the assets' fair value and at least every three years.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then an off-cycle asset valuation is undertaken.

Revaluations of property, plant, and equipment are accounted for on a class-of-asset basis.

The net revaluation results of revaluing are credited or debited to the asset revaluation reserve in equity. Where this would result in a debit balance in the asset revaluation reserve, this balance is recognised in the Statement of Comprehensive Revenue and Expenses. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the Statement of Comprehensive Revenue and Expenses will be first recognised in the Statement of Comprehensive Revenue and Expenses up to the amount previously expensed, and then recognised in equity.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that the asset will provide future economic benefits or service potential to the Trust and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Financial Performance. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Trust and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the Statement of Financial Performance.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land (which is not depreciated), at rates that will write off the cost (or valuation) of the assets over their useful lives. The residual value and useful life of an asset is reviewed and adjusted, if applicable, at each financial year end.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Land	Indefinite	None
Buildings and Improvements	2- 58 years	1.72% - 50%
Motor Vehicles	5 years	20%
Plant and Equipment	3 - 10 years	10% - 33%

Impairment of Assets

Property, plant, and equipment assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicated that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the Statement of Financial Performance. The reversal of an impairment loss is recognised in the Statement of Financial Performance.

Intangible Assets

Recognition and measurement

Intangible assets are initially measured at cost. All of the Trust's intangible assets are subsequently measured in accordance with the cost model, being cost (or fair value for items acquired through non-exchange transactions) less accumulated amortisation and impairment. The Trust has no intangible assets with indefinite useful lives. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in surplus or deficit as incurred.

Amortisation

Amortisation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of each amortisable intangible asset. The estimated useful lives amortisation rates are:

Software	3 years (2022: 3 years).
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Creditors and Accrued Expenses

Creditors and accrued expenses are measured at the amount owed.

Loans

Loans are recorded at the amount borrowed from the lender. Loan balances include any interest accrued at balance that has not yet been paid.

Employee Costs Payable

A liability for employee costs payable is recognised when an employee has earned the entitlement.

These include salaries and wages accrued up to balance date and annual leave earned but not yet taken at balance date.

Income Tax

The Manawatū Community Trust has been granted charitable status by the Inland Revenue Department, and therefore is exempt from income tax.

Tier 2 PBE Accounting Standards Applied

The Trust has elected to apply Tier 2 Accounting Standard PBE IPSAS 17 Property, Plant and Equipment and PBE IPSAS 31 Intangible Assets when preparing its financial statements.

Changes in Accounting Policies

There have been no changes in accounting policies. The accounting policies detailed have been applied consistently with those of the previous reporting period.