



Statement of Intent 2023/24

This Statement of Intent covers the year 1 July 2023 to 30 June 2024

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.

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).

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.

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 Manawatu 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:

- **Tyson Schmidt**, Chairperson, reappointed for 3 years from 1 July 2022 – 30 June 2025
- **Liam Greer**, appointed for 3 years from 1 April 2021 – 31 March 2024
- **Joanne Shortall**, appointed for 3 years from 1 April 2021 – 31 March 2024
- **Tracey Hunt**, appointed for 3 years from 1 July 2021 – 30 June 2024
- **Allan Davey**, appointed for 3 years from 6 May 2022 – 5 May 2025

The Trust meets on a monthly basis, and on a regular basis meets 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 \$2 million in the two years prior to June 2022.

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.

Full statement of accounting policies attached.

PERFORMANCE TARGETS

Goal 1: Develop and maintain existing housing stock

Description	Starting Point	Target
<p>Have all occupied housing stock at a 3 Star* rating or above by 2025.</p> <p><i>*A rating system from 1 to 5 Star, 5 Star being the highest</i></p>	Housing at a 3 Star rating or above as at 30 June 2021: 193 of 205	2024: 200 of 205 2025: All housing stock 2026: All housing stock
Maintain average month end occupancy at above 95%	Average month end occupancy 2022: 96%	2024: >95% 2025: >95% 2026: >95%
Be responsive to urgent maintenance requirements or resident health and safety needs	<p>Maintenance requests from tenants are recorded electronically and are subsequently responded to in accordance with their priority.</p> <p>Service Contractors are engaged with regard to their ability to provide prompt and reliable services to our tenants.</p>	<p>Electronic recording indicates maintenance requests are assessed and addressed promptly.</p> <p>Service contractors are engaged in accordance with the priority of the maintenance request.</p>

Goal 2: Increase the number of housing units.

Description	Starting Point	Target
MCT will facilitate development to a total of 250 housing units by 2030	As at 30 June 2022: 205 units	2024: 205 2025: 208 2026: 220
Collaborate with the MDC in defining, developing, and refining a strategy to address housing needs for elderly and disabled residents in the Manawatū	Availability of suitable land and residential planning regulations have been assessed	2024: Agreement reached on co-operative goals 2025-2026: Advance goals as determined above

Goal 3: Develop services promoting health and wellbeing

Description	Starting Point	Target
The promotion of wellbeing services towards the improvement of lifestyle, health, wellbeing, and a sense of community for the benefit of the residents of the Manawatū	Needs assessment developed in association with Manchester House	2024: Outcome decisions made, and planning commenced for community services and facilities 2025-2026: Implementation of community services and facilities
Continue to offer Manawatū residents the option of rentals at no more than 30% of the superannuation and accommodation benefits available	April 2023: The highest rental is at 30% of the single superannuation benefit and available accommodation supplement. <i>Note that 92% of tenants are not at the highest rental.</i>	2024: <= 30% 2025: <= 30% 2026: <= 30%

Compliance and Financial Performance Targets

Description	Starting Point	Target
Provide financial reporting to the MDC as required applying PBE SFR (PS) Public Benefit Entity Simple Format Reporting - Accrual (Public Sector)	Meet half yearly and annual reporting deadlines set by MDC and Audit NZ	2024-2026: Reports submitted on time and to the satisfaction of MDC
Meet ANZ financial undertakings as per our loan agreements to maintain an effective equity / total tangible asset % greater or equal to 50%	As at 30 June 2022: 83.6%	2024-2026: ≥ 50%
Maintain an interest coverage ratio of EBITDA to interest at above 3	As at 30 June 2022: 8.4	2024-2026: >3



Tyson Schmidt
Chairperson
Manawatu Community Trust



Forecast Statement of Financial Performance To Financial Year Ending 30 June 2026

	SOI FY2024	SOI FY2025	SOI FY2026
Income			
Residential Rental Income	1,875,100	2,078,900	2,237,500
Commercial Rental Income	1,030,000	1,049,500	1,088,600
Sundry Income	11,200	10,800	10,800
Total Income	2,916,300	3,139,200	3,336,900
Expenses			
Administration Expenses	224,500	200,100	205,400
Maintenance Expenses	295,300	291,700	308,800
Rates Expense	202,100	220,100	230,500
Insurance Expense	335,700	352,700	389,200
Trustee & Staff Expenses	543,100	581,100	604,800
Interest on Borrowing	370,500	403,500	571,000
Total Expenses	1,971,200	2,049,200	2,309,700
Operating Surplus / Deficit	945,100	1,090,000	1,027,200
Depreciation			
Depreciation	821,500	846,900	865,700
Net Surplus / (Deficit)	123,600	243,100	161,500



Forecast Statement of Financial Position To Financial Year Ending 30 June 2026

	SOI FY2024	SOI FY2025	SOI FY2026
Assets			
Current Assets			
Bank accounts & Cash	265,200	56,100	143,400
Other Current assets	231,000	231,000	231,000
Non-current assets			
Property, Plant & Equipment	40,749,500	42,046,800	43,306,500
Other non-current assets	0	0	0
Total Assets	41,245,700	42,333,900	43,680,900
Liabilities			
Current Liabilities			
Current portion of loans from MDC	346,200	353,200	339,400
Current portion of loans from ANZ	216,000	1,416,000	1,716,000
Deferred payment to MHSS			
Lease Payable - current	4,300	4,300	4,300
Other Current liabilities	720,890	874,790	576,090
Non-current Liabilities			
Loan from MDC	4,886,500	4,593,800	4,315,000
Loan from ANZ	1,010,000	794,000	2,278,000
Lease Payable	107,700	100,600	93,400
Total Liabilities	7,291,590	8,136,690	9,322,190
Net Assets	33,954,110	34,197,210	34,358,710
Accumulated Funds			
Capital	10	10	10
Accumulated Surpluses	14,900,200	15,143,300	15,304,800
Asset Revaluation Reserve	19,053,900	19,053,900	19,053,900
Total Accumulated Funds	33,954,110	34,197,210	34,358,710



Forecast Statement of Cash Flows To Financial Year Ending 30 June 2026

	SOI FY2024	SOI FY2025	SOI FY2026
Cash Flows from Operating Activities			
Operating Income	3,017,000	3,101,800	3,262,900
Operating Expenses	(1,902,800)	(1,997,600)	(2,261,400)
Net Cash from Operating Activities	1,114,200	1,104,200	1,001,500
Cash Flows from Investing Activities			
Sale of Fixed Assets	0	0	0
Payments to Acquire Property, Plant & Equipment	(1,538,500)	(2,018,400)	(2,357,500)
Net Cash from Investing Activities	(1,538,500)	(2,018,400)	(2,357,500)
Cash Flows from Financing Activities			
Proceeds from Loans	1,241,100	1,200,000	2,000,000
Repayments of Loans	(582,500)	(494,900)	(556,700)
Net Cash from Financing Activities	658,600	705,100	1,443,300
Cash and Cash Equivalens			
Net (Decrease)/Increase in Cash for the Year	234,300	(209,100)	87,300
Add Opening Bank Accounts and Cash	30,900	265,200	56,100
Closing Bank Accounts and Cash	265,200	56,100	143,400

Statement of Accounting Policies

Manawatu Community Trust

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 \$2million in the two years prior to 30 June 2020.

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.

Goods and Services Tax (GST)

"The Trust is registered for GST. All amounts in the financial statements 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 financial statements.

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 in Feilding. 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. Land and buildings is one class of assets.

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:

Buildings	25-80 years	(1.25-4.00%)
Motor vehicles	5 years	(20.00%)
Plant and equipment	3 to 10 years	(10.00-33.00%)

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 (2020: Nil)

Creditors and Accrued Expenses

Creditors and accrued expenses are measured at the amount owed.

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 Manawatu 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. Policies have been applied on a consistent basis with those of the previous reporting period.