



STATEMENT OF INTENT 2025/26

THIS STATEMENT OF INTENT COVERS THE YEAR 1 JULY 2025 TO 30 JUNE 2026

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
- **Tyson Schmidt**, reappointed for 3 years from 1 July 2022 – 30 June 2025
- **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

The Trust meets for Board meetings on a bi-monthly basis, the three Subcommittees meet on a bi-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 2023.

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: Maintain and develop existing housing to be user friendly, safe and sustainable.

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.	2026: All housing stock 2027: All housing stock 2028: All housing stock
Maintain Healthy Homes Compliance	2024: <ul style="list-style-type: none"> Heat Pumps 175 of 205 Extraction Units 125 of 205 	2025: 100% Compliance 2026: 100% Compliance 2027: 100% Compliance
Plan major unit renovations that incorporate improved functionality and safety and that support aging in place.	2024: Defined level of service.	2026: 4 2027: 4 2028: 4
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.	2026 - 2028 Urgent maintenance requests are actioned in alignment with MCT Tenant Health and Safety Policy.
Maintain average month end occupancy at above 95%	Average month end occupancy 2022: 96%.	2026: >95% 2027: >95% 2028: >95%

Goal 2: Increase the number of community housing units - 250 by 2030.

Description	Starting Point	Target
MCT will increase affordable home in Manawatū to a total of 250 homes by 2030.	As at 30 June 2022: 205 units.	2026: 209 2027: 221 2028: 223
Collaborate with the MDC in defining, developing, and refining a strategy to address housing needs for elderly and disabled residents in the Manawatū.	2020: 250 by 2030 Strategy agreed. 2024: Scoping the establishment of a Feilding based Community Housing Provider. 2024: CHP application declined.	2025/26: <ul style="list-style-type: none"> Impact Investment achieved. Access Grant Funding toward housing developments. Identification of suitable council owned land or planned decommission of MDC existing property.

Goal 3: Diversify housing typologies and increase the range of affordable housing offerings to meet identified local need.

Description	Starting Point	Target
The promotion of wellbeing services promoting the improvement of lifestyle, health and welfare and	2022: Research based community needs assessment for senior citizens completed.	2025-2028: <ul style="list-style-type: none"> Update Housing Needs Assessment Data.

creating a sense of community for the benefit of the residents of the Manawatū.	2024/25: Housing model forum to guide future housing.	<ul style="list-style-type: none"> • Design future housing and communities based on identified need. • Contribute to the promotion of best practice models of housing.
Continue to offer Manawatū residents the option of rentals at no more than 30% of the superannuation plus accommodation benefits available.	April 2023: Highest rental at 30% of superannuation benefit (as at April 2022) including 100% of available accommodation supplement.	2026: <30% 2027: <30% 2028: <30%

Goal 4: Practice Good Governance and Sound Financial Performance

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.	2026 - 2028: 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%	2026 - 2028: ≥ 50%
Maintain an interest coverage ratio of EBITDA to interest at above 3.	As at 30 June 2022: 8.47	2026 - 2028: >3
Practice good governance principles.	As at 30 June 2024: Annual Board performance reviews. MCT Board has IOD Membership. Discussion of Board selected of governance articles/case studies.	2026 – 2028 <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.



Liam Greer

**Chairperson
Manawatū Community Trust**



FORECAST STATEMENT OF FINANCIAL PERFORMANCE
To Financial Year Ending 30 June 2028

	SOI FY2026	SOI FY2027	SOI FY2028
Income			
Residential Housing Income	2,144,635	2,224,095	2,401,182
Commercial Rental Income	1,086,842	1,086,842	1,094,812
Sundry Income	448,746	44,445	30,111
Total Consolidated Income	3,680,223	3,355,382	3,526,105
Expenses			
Administration Expenses	285,231	286,983	291,873
Maintenance Expense	357,489	365,354	373,392
Rates Expense	217,460	238,002	260,571
Insurance Expense	397,092	436,801	480,481
Trustee & Staff Expenses	567,436	577,528	593,278
Interest on Borrowing	331,196	427,568	442,871
Total Consolidated Expenses	2,155,904	2,332,235	2,442,466
Operating Surplus / Deficit	1,524,319	1,023,147	1,083,640
Depreciation	989,639	1,019,329	1,049,908
Net Surplus / (Deficit)	534,679	3,818	33,731
Planned Capital Programme			
Housing Improvements	385,000	300,000	200,000
New Housing	2,477,778	2,372,222	150,000
Other Capital Spend	10,000	10,000	10,000
Total Capital Programme	2,872,778	2,682,222	360,000



FORECAST STATEMENT OF FINANCIAL POSITION
To Financial Year Ending 30 June 2028

	SOI FY2026	SOI FY2027	SOI FY2028
Asset			
Current Asset			
Bank Accounts & Cash	193,501	185,822	381,600
Other Current Asset	65,176	80,921	37,677
Non-current Asset	0	0	0
Property, Plant & Equipment	38,680,282	40,343,176	39,653,268
Total Asset	38,938,959	40,609,919	40,072,544
Liabilities			
Current Liabilities			
Current Portion Of Loans From MDC	356,296	264,191	272,471
Current Portion Of Loans From ANZ	216,000	216,000	146,000
Current Portion Of Loans - Other	41,029	154,650	163,374
Trade Payables	248,756	247,500	279,054
Tax Payables	20,057	20,581	21,499
Lease Payable - Current	15,950	18,821	21,691
Payroll Liability	33,497	34,431	36,246
Other Current Liabilities	89,928	74,915	114,386
Non-current Liabilities			
Loan From MDC	4,153,168	3,888,977	3,616,506
Loan From ANZ	362,000	146,000	0
Loan From CET	1,000,000	1,000,000	1,000,000
Other Loan	836,056	2,986,707	2,823,334
Lease Payable	84,810	71,916	59,022
Total Liabilities	7,457,548	9,124,689	8,553,583
Net Assets	31,481,411	31,485,230	31,518,961
Accumulated Funds			
Capital	10	10	10
Accumulated Surpluses	15,739,456	15,743,275	15,777,006
Asset Revaluation Reserve	15,741,945	15,741,945	15,741,945
Total Accumulated Funds	31,481,411	31,485,230	31,518,961



FORECAST STATEMENT OF CASH FLOW
To Financial Year Ending 30 June 2028

	SOI FY2026	SOI FY2027	SOI FY2028
Cash Flow from Operating Activities			
Operating Income	3,686,780	3,355,170	3,521,167
Operating Expenses	-2,065,815	-2,273,297	-2,477,214
Net Cash from Operating Activities	1,620,965	1,081,873	1,043,952
Cash Flow from Investing Activities			
Sales of Fixed Assets	0	0	0
Payments to Acquire Property, Plant & Equipment	-2,903,472	-2,781,528	-213,333
Net Cash from Investing Activities	-2,903,472	-2,781,528	-213,333
Cash Flow from Financing Activities			
Proceeds from Loans	1,000,000	2,400,000	350,000
Payments of Loans	-702,880	-708,024	-984,841
Term Deposit Movement	900,000	50,000	-250,000
Net Cash from Financing Activities	1,197,120	1,741,976	-884,841
Cash and Cash Equivalents			
Net Decrease/Increase in Cash For The Year	-85,387	42,321	-54,222
Add Opening Bank Accounts and Cash	228,888	143,501	185,822
Closing Bank Accounts and Cash	143,501	185,822	131,600
Borrowing and Debt Repayment Programme			
Existing Borrowing	6,667,429	6,964,550	8,656,526
New Borrowing	1,000,000	2,400,000	350,000
Debt Repayment	-702,880	-708,024	-984,841
Total Borrowing and Repayment	6,964,550	8,656,526	8,021,685

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.