



Statement of Intent 2024/25

This Statement of Intent covers the year 1 July 2024 to 30 June 2025

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 Manawatu residents.

OBJECTIVES OF THE MANAWATU COMMUNITY TRUST

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

1. Any charitable purpose within the Manawatu District
2. To create a fund to be used for:
 - 2.1 The promotion of any purpose or purposes within the Manawatu District for the relief of poverty and for the benefit of the residents of the Manawatu 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 Manawatu District.
 - 2.4 The promotion of wellbeing services for residents of the Manawatu District – these services shall include services promoting the improvement of the lifestyle, health and welfare of residents in the Manawatu District and creating a sense of community for the benefit of the residents of the Manawatu 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 Manawatu 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**, 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**, 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 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 that is user friendly, adaptable, accessible and safe

Description	Starting Point	Target
Have all occupied housing stock at a 3 Star* rating or above by 2025.	Housing at a 3 Star rating or above as at 30 June 2021: 193 of 205.	2025: All housing stock 2026: All housing stock

*A rating system from 1 to 5 Star; 5 Star being the highest.		2027: All housing stock
Healthy Homes Compliance	2024: • Heat Pumps 175 of 205 • Extraction Units 125 of 205	2025: 100% Compliance 2026: 100% Compliance 2027: 100% Compliance
Plan major renovations that incorporate improved functionality and safety and that support aging in place.	2024: Defined level of service.	2025: 4 2026: 4 2027: 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.	2025 - 2027 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%	2025: >95% 2026: >95% 2027: >95%

Goal 2: Increase the Number of Housing Units

Description	Starting Point	Target
MCT will increase affordable housing stock to a total of 250 housing homes by 2030.	As at 30 June 2022: 205 units	2025: 209 2026: 212 2027: 224
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: Establishment of a Feilding based Community Housing Provider	2025: • MHUD Funding Application • Identification of suitable council owned land or planned decommission of MDC existing property.

Goal 3: Develop Services Promoting Health and Wellbeing

Description	Starting Point	Target
The promotion of wellbeing services promoting the improvement of lifestyle, health and welfare and creating a sense of community for the benefit of the residents of the Manawatū.	2022: Research based community needs assessment for senior citizens completed. 2023: Community needs identified for progression: • Investigate a broader range of housing models. • Consider how we could strengthen digital connectivity and capability for older adults to increase community engagement and facilitate access to online housing, health, and wellbeing services.	2024/25: Housing model forum to guide future housing. 2025-2027: • Digital access and capability assessment. • Digital support service stocktake. • Identify key digital wellbeing applications.
Continue to offer Manawatū residents the option of rentals at no more than	April 2023: Highest rental at 30% of single superannuation benefit (as at April 2022)	2025: <30% 2026: <30%

30% of the superannuation plus accommodation benefits available.	including 100% of available accommodation supplement.	2027: <30%
--	---	------------

Goal 4: Compliance and 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.	2025 - 2027: 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%	2025 - 2027: ≥ 50%
Maintain an interest coverage ratio of EBITDA to interest at above 3.	As at 30 June 2022: 8.4	2025 - 2027: >3

Tyson Schmidt
Chairperson
Manawatū Community Trust



**Forecast Statement of Financial Performance
To Financial Year Ending 30 June 2027**

	SOI FY2025	SOI FY2026	SOI FY2027
Income			
Residential Housing Income	1,997,425	2,100,019	2,149,750
Commercial Rental Income	1,025,522	1,045,829	1,045,829
Sundry Income	30,459	20,538	20,928
Total Consolidated Income	3,053,406	3,166,386	3,216,507
Expenses			
Administration Expenses	247,472	244,614	255,479
Maintenance Expense	244,411	216,733	223,235
Rates Expense	214,252	228,632	244,007
Insurance Expense	365,618	402,180	442,398
Trustee & Staff Expenses	609,483	628,542	648,209
Interest on Borrowing	373,164	355,200	392,559
Total Consolidated Expenses	2,054,400	2,075,901	2,205,888
Operating Surplus / Deficit	999,006	1,090,485	1,010,619
Depreciation			
Depreciation	919,158	919,158	919,158
Net Surplus / (Deficit)	79,848	171,327	91,461



**Forecast Statement of Financial Position
To Financial Year Ending 30 June 2027**

	SOI FY2025	SOI FY2026	SOI FY2027
Asset			
Current Asset			
Bank Accounts & Cash	404,138	108,668	61,798
Other Current Asset	337,663	380,377	430,779
Non-current Asset			
Property, Plant & Equipment	37,372,375	38,144,867	38,835,944
Other Non-current Assets	0	0	0
Total Asset	38,114,176	38,633,911	39,328,522
Liabilities			
Current Liabilities			
Current Portion Of Loans From MDC	282,873	282,873	282,873
Current Portion Of Loans From ANZ	216,000	716,000	730,000
Deferred Payment To MHSS	0	0	0
Lease Payable - Current	13,080	15,951	18,822
Other Current Liabilities	538,225	582,924	666,982
Non-current Liabilities			
Loan From MDC	4,951,763	4,672,657	4,393,552
Loan From ANZ	1,174,000	1,614,800	2,446,653
Lease Payable	103,428	96,259	89,089
Total Liabilities	7,279,369	7,981,464	8,627,971
Net Assets	30,834,807	30,652,447	30,700,550
Accumulated Funds			
Capital	10	10	10
Accumulated Surpluses	14,858,535	15,029,862	15,121,323
Asset Revaluation Reserve	15,976,262	15,622,575	15,579,218
Total Accumulated Funds	30,834,807	30,652,447	30,700,550



**Forecast Statement of Cash Flow
To Financial Year Ending 30 June 2027**

	SOI FY2025	SOI FY2026	SOI FY2027
Cash Flow from Operating Activities			
Operating Income	3,053,406	3,166,386	3,216,507
Operating Expenses	-2,054,400	-2,075,901	-2,205,888
Net Cash from Operating Activities	999,006	1,090,485	1,010,619
Cash Flow from Investing Activities			
Sales of Fixed Assets	0	0	0
Payments to Acquire Property, Plant & Equipment	-1,489,000	-1,691,650	-1,610,236
Net Cash from Investing Activities	-1,489,000	-1,691,650	-1,610,236
Cash Flow from Financing Activities			
Proceeds from Loans	1,180,000	868,800	1,224,000
Payments of Loans	-495,105	-563,105	-671,253
Net Cash from Financing Activities	684,895	305,695	552,747
Cash and Cash Equivalents			
Net Decrease/Increase in Cash For The Year	194,901	-295,471	-46,870
Add Opening Bank Accounts and Cash	209,238	404,138	108,668
Closing Bank Accounts and Cash	404,138	108,668	61,798

Statement of Accounting Policies

Manawatū 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 \$5 million in the two years prior to 30 June 2023.

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 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.

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).

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.