

MDC in good space with debt levels

Feilding First - 10 July, 2026

Sir.- I am responding to an opinion piece from Cole Isles in the July 3 edition of Feilding First, titled "Rate rises were less than expected. How did we get here?"

Manawatu District Council (MDC) adopted a 4.9% rates increase excluding growth, which is less than the 7.3% increase forecast in the Long Term Plan.

Cole Isles suggests that this was achieved by borrowing more. I need to emphasise that MDC is not using debt funding for operational expenditure.

It is only being used for capital expenditure.

This is paid back over time as servicing debt on an intergenerational basis is fair.

Those who benefit from an asset should contribute to the debt servicing of it.

We often borrow for 20 - 30 years which acknowledges the long term life of the assets.

Many assets in fact have lives much longer than 30 years.

It would be grossly unfair to expect today's ratepayers only to foot the full cost of long term capital assets.

I consider that the MDC policy is prudent.

With a new excellent MDC credit rating of AA our debt cap has risen from 175% of revenue to 280% of revenue.

We are not rushing out to spend this buffer.

I note that many councils formed water services council controlled organisations (CCO's) in order to get access to lending up to 500% of revenue.

MDC did not need to, and saved its ratepayers \$5m - \$6m in set up costs and stranded overheads even before servicing new large debt.

MDC's lending is currently the second lowest in the region on a per household basis, and will probably become the lowest (including three waters) when the water services CCOs start borrowing.

With the new buffer we don't need to take rates from ratepayers for a resilience fund.

It was prudent to try and maintain a modest resilience reserve when our buffer was very small, but with a large buffer we can borrow if we need to in an emergency.

Councils all plan for growth, decline or stagnancy. MDC uses Infometrics predictions and can make alterations if the economy turns up or down.

Residential, Commercial and Industrial growth is largely funded by development contributions rather than rates.

We have a well managed debt portfolio with comparatively low risk, and low debt per household.

MICHAEL FORD MAYOR