



Notice is hereby given that a Meeting of the Milford Community Trust will be held on:

**Date:** Friday, 5 April 2019  
**Time:** 9.30am  
**Meeting Room:** Real Journeys Fiordland Community Events Centre  
**Venue:** 22 Luxmore Drive Te Anau

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## **Milford Community Trust Agenda OPEN**

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### **MEMBERSHIP**

**Chairperson** Ebel Kremer  
**Trustees** Rosco Gaudin  
Tim Holland  
Brad Johnstone  
Jason Steele

### **IN ATTENDANCE**

**Committee Advisor** Jenny Labruyère  
**Community Partnership Leader** Simon Moran

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**Full agendas are available on Council's Website**  
**[www.southlanddc.govt.nz](http://www.southlanddc.govt.nz)**

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**Note:** The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. Should Members require further information relating to any reports, please contact the relevant manager, Chairperson or Deputy Chairperson.





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Trustee Johnstone to provide an Association update for Trustees.

**4.6 Department of Conservation Report**

Ms Croft to provide an update report on behalf of the department.

**4.7 Recreation Centre Update**

Simon Moran to provide an update on progress of the Recreation Centre.

**4.8 Chairperson's Report**

The Chairperson, Councillor Kremer to report on matters with which he has been involved since the last meeting.

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**1 Apologies**

At the close of the agenda no apologies had been received.

**2 Leave of absence**

At the close of the agenda no requests for leave of absence had been received.

**3 Conflict of Interest**

Committee Members are reminded of the need to be vigilant to stand aside from decision-making when a conflict arises between their role as a member and any private or other external interest they might have.

**4 Public Forum**

Notification to speak is required by 5pm at least two days before the meeting. Further information is available on [www.southlanddc.govt.nz](http://www.southlanddc.govt.nz) or phoning 0800 732 732.

**5 Extraordinary/Urgent Items**

To consider, and if thought fit, to pass a resolution to permit the committee to consider any further items which do not appear on the Agenda of this meeting and/or the meeting to be held with the public excluded.

Such resolution is required to be made pursuant to Section 46A(7) of the Local Government Official Information and Meetings Act 1987, and the Chairperson must advise:

- (i) the reason why the item was not on the Agenda, and
- (ii) the reason why the discussion of this item cannot be delayed until a subsequent meeting.

Section 46A(7A) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

"Where an item is not on the agenda for a meeting,-

- (a) that item may be discussed at that meeting if-
  - (i) that item is a minor matter relating to the general business of the local authority; and
  - (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but
- (b) no resolution, decision or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion."

**6 Confirmation of Minutes**

3.1 Meeting minutes of Milford Community Trust, 01 March 2019



## Financial Report to 31 December 2018

**Record No:** R/19/2/2700  
**Author:** Brie Lepper, Graduate Accountant  
**Approved by:** Anne Robson, Chief Financial Officer

☐ Decision ☐ Recommendation ☒ Information

### Commentary

#### Financial Performance

- 1 The concessionaire's income represents the first and second quarters. At 20 February 2019, there is \$34 outstanding.
- 2 The majority of expenses to date relate to the preliminary work on the walkway project and insurance for the period 1 July 2018 to 30 June 2019. Costs to date for the walkway project are in relation to design and consultancy. The insurance policies cover Trustees Liability, Statutory Liability and Public Liability insurance. Accommodation and meals is currently in credit by \$96 due to the 2017/2018 Auditor expenses being less than expected.

#### Financial Position

- 3 The Milford Community Trust (MCT) continues to have a strong cash position with \$74,803 held in current/call accounts. These funds represent the second concessionaires instalment received late in December. The call account receives interest at a rate of 0.1% p.a. Surplus funds are transferred to the call account or invested as appropriate on a regular basis.
- 4 Additionally, nearly \$266,000 is invested in term deposits as outlined in the table below. The \$150,000 term deposit was withdrawn upon maturity in January to cover the costs for the walkway project which was completed in December.

Bank	Amount	Interest Rate	Term	Maturity Date	Expected Interest
BNZ	\$150,000	3.04%	120 Days	10/01/2019	\$1,374
BNZ	\$73,816	2.95%	120 Days	07/02/2019	\$489
BNZ	\$42,181	2.95%	120 Days	14/02/2019	\$259
<b>Total:</b>	<b>\$265,996</b>				<b>\$2,123</b>

#### Concessionaries Contributions

- 5 Concessionaire income for the third quarter has been invoiced in January. You will remember that we had hoped to, by this quarter, have updated the percentage share each concessionaire pays of the 2018-19 Milford Community Trust levy. The Department of Conservation (DOC) have advised they are still collating the data needed to update the model. DOC hope to have the remaining few concessionaires provide the information shortly. In the meantime, we have sent out the third instalment with a letter reminding and updating concessionaires on this process and requesting if they have not done so already, to respond to DOC's email. A copy of the letter template is attached for your information. The third quarter invoices sent to concessionaires have been based on the 2017/18 percentages, consistent with the first and second quarter invoices.

**Milford Community Trust**  
**Statement of Financial Performance**  
**For the period to 31 December 2018**

Actual 30/06/18	Account Description	Actual 31/12/18	Annual Budget
	<b><u>Income</u></b>		
124,449	Concessionaires Income	68,447	136,893
1,000	Grant Income		-
4,399	Interest	4,228	-
<u>129,849</u>		<u>72,675</u>	<u>136,893</u>
	<b><u>Expenses</u></b>		
326	Accommodation and Meals	(96)	800
44	Administration	44	67
(9)	Advertising	-	600
4,140	Audit Fees	-	5,000
41	Bank Fees	39	40
91	Catering Expenses	78	500
4,751	Chairperson's Fees	5,000	10,000
1,597	Depreciation	774	1,613
-	Environment Southland - Consent Fees	-	15,000
-	Grant to Milford Sound Tourism Ltd (Walkway)	9,294	130,000
2,326	General Projects	270	500
-	Medical Clinic	-	26,000
130	Emergency Services Provider	-	42,000
219	Mileage	-	3,000
-	Project Development and Planning	-	5,000
360	RNZ Licence	-	370
178	Room Hire	74	300
-	Trustees Fees	600	6,000
2,455	Insurance	2,675	2,605
<u>16,650</u>		<u>18,753</u>	<u>249,395</u>
<u>113,199</u>	<b>Net Operating Surplus/(Deficit)</b>	<u>53,921</u>	<u>(112,502)</u>
-	<b>Other Comprehensive Income</b>	-	-
<u>113,199</u>	<b>Total Comprehensive Income</b>	<u>53,921</u>	<u>(112,502)</u>



**Statement of Changes in Equity**  
**For the period to 31 December 2018**

<b>Actual</b> <b>30/06/18</b>		<b>Actual</b> <b>31/12/18</b>
213,204	Total Equity at beginning of year	326,403
113,199	Net Surplus / (Deficit)	53,921
<b>326,403</b>	Equity at end of year	<b>380,324</b>

**Statement of Financial Position**  
**As at 31 December 2018**

<b>Actual</b> <b>30/06/18</b>		<b>Actual</b> <b>31/12/18</b>
	<b>Equity</b>	
100	Trust Capital	100
326,303	Accumulated Funds	380,224
<b>326,403</b>		<b>380,324</b>
	<b>Represented by:</b>	
	<b>Current Assets</b>	
763	Accounts Receivable	442
517	Accrued Income	2,640
-	GST Receivable	-
2,976	BNZ Current Account	34,648
695	BNZ Call Account	40,155
289,807	BNZ Term Deposits	265,996
294,759	<b>Total Current Assets</b>	343,880
	<b>Non Current Assets</b>	
100	Trust Capital	100
51,624	Recreational Pad	50,849
346,483	<b>Total Assets</b>	394,830
	<b>Current Liabilities</b>	
5,973	Accrued Expenses	6,800
518	Accounts Payable	-
13,589	GST Payable	7,706
20,080	<b>Total Liabilities</b>	14,506
<b>326,403</b>	<b>Net Assets</b>	<b>380,324</b>

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## Recommendation

That the Milford Community Trust:

- a) **Receives the report titled “Financial Report to 31 December 2018” dated 20 February 2019.**

## Attachments

- A Updated letter to all Concessionaires regarding invoicing 2018-2019 percentage split from DOC - January 2019 for MCT [↓](#)



20 February 2019

Concessionaire

Dear Sir/Madam

In September 2018 we wrote to you outlining a potential change this financial year to your percentage share of the Milford Community Trust (MCT) 2018-19 concessionaire levy. We noted that the calculation of your percentage share was based on a number of factors such as staff numbers, improvement value, square meterage etc and that the Department of Conservation (DOC) were looking to update the information held.

Currently DOC are in the process of updating this information and you will of recently received an email outlining the information required. If you have not yet responded to DOC, we ask that you please do so, so that we can calculate the new percentages as soon as possible.

In the meantime, please find attached your invoice for the third quarter based on the existing percentage share.

If you have any queries, please do not hesitate to contact me on 0800 732 732 or [brie.lepper@southlanddc.govt.nz](mailto:brie.lepper@southlanddc.govt.nz).

Yours faithfully

A handwritten signature in black ink, appearing to read "Brie Lepper", with a stylized flourish at the end.

Brie Lepper  
Graduate Accountant  
Milford Community Trust



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## Milford Half Year Financial Report to 31 December 2018

**Record No:** R/19/2/3155

**Author:** Simon Moran, Community Partnership Leader

**Approved by:** Rex Capil, Group Manager Community and Futures

☐ Decision

☐ Recommendation

☒ Information

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### Purpose

- 1 The purpose of this report is to present the half yearly financial report for the period ending 31 December 2018 for the Trustees information.

Actual 30/06/18	Account Description	Actual 31/12/18	Annual Budget
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**Actual**  
**30/06/18**

**Actual**  
**31/12/18**

**Actual**  
**30/06/18**

**Actual**  
**31/12/18**

**Milford Community Trust**  
**Statement of Cash Flows**  
**For the Period ended 31 December 2018**

<b>Actual</b>		<b>Actual</b>
<b>30/06/18</b>		<b>31/12/18</b>
	<b>Cash Flows From Operating Activities</b>	
149,887	Receipts from Concessionaires Income	79,035
1,000	Reciepts from Grant Funding	0
5,214	Interest Received	2,151
0	Interest Paid	(84)
(24,758)	Payments to Suppliers and Employees	(20,192)
18,468	Goods and Services Tax (net)	(13,589)
<b>149,812</b>	<b>Net Cash Flow from Operating Activities</b>	<b>47,321</b>
	<b>Cash Flow From Investing Activities</b>	
(289,807)	Investment in Term Deposit	(265,996)
0	Investment in Plant, Property and Equipment	-
110,000	Maturity of Term Deposit	289,807
<b>(179,807)</b>	<b>Net Cash Flow From Investing Activities</b>	<b>23,811</b>
	<b>Cash Flows From Financing Activities</b>	
-	Proceeds for Borrowings	-
-	Repayment of Borrowings	-
<b>-</b>	<b>Net Cash Flow From Financing Activities</b>	<b>-</b>
<b>(29,995)</b>	<b>Net Increase / (Decrease) In Cash</b>	<b>71,132</b>
33,667	Cash at 1 July	3,671
<b>3,671</b>	<b>Cash at 31 December</b>	<b>74,803</b>
	<b>Represented By</b>	
3,671	Cash and Bank	74,803
<b>3,671</b>		<b>74,803</b>



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## **Recommendation**

**That the Milford Community Trust:**

- a) Receives the report titled “Milford Half Year Financial Report to 31 December 2018” dated 21 February 2019.**
- b) Approves the half yearly report for the six month period to 31 December 2018, and recommends that the report be submitted to the Southland District Council for information purposes and subsequently distributed to the Trust’s stakeholders.**

## **Attachments**

There are no attachments for this report.



## Milford Community Trust - Statement of Intent 2019 - 2022

**Record No:** R/19/2/3241  
**Author:** Simon Moran, Community Partnership Leader  
**Approved by:** Rex Capil, Group Manager Community and Futures

☒ Decision ☐ Recommendation ☐ Information

### Purpose

- 1 To obtain the trust's approval of the statement of intent (SOI) and its subsequent reporting to Council and stakeholders.

### Background

- 2 At its December meeting the trust considered a number of changes to its draft SOI for 2019 – 2022 and the document has been amended accordingly. Those changes are highlighted in grey in the attached report.
- 3 Following final approval from the trust, the SOI will be circulated and presented to Council and provided to the trust's stakeholders.

### Key Outstanding Issue

- 4 Although the potential to facilitate the construction of the recreation centre is stated in the planned activities for the 2019/2020 year, it is not included in the prospective statement of financial position. Provision for the expenditure should be included in the statement, the question for the trust to consider is what dollar value should be included.

### Recommendation

**That the Milford Community Trust:**

- a) **Receives the report titled "Milford Community Trust - Statement of Intent 2019 - 2022" dated 19 February 2019.**
- b) **Approves the Draft Statement of Intent 2019 – 2022 and provides a copy to Council and stakeholders.**

### Attachments

- A Statement of Intent 2019 - 2022 [↓](#)



# **MILFORD COMMUNITY TRUST**

## **STATEMENT OF INTENT 2019 - 2022**

## STATEMENT OF INTENT

### 1. Introduction

The Milford Community Trust was established in 2007 by the Southland District Council and the Department of Conservation with the assistance of Environment Southland for the purposes of providing leadership and governance for the Milford community.

The Trust Deed defines Milford as the developed area of land and adjacent coastal marine area at the end of State Highway 94 at the head of Milford Sound. It defines the Milford community as being the residents of Milford, the holders of concessions from the Crown operating at Milford and Iwi.

The purpose of this Statement of Intent (SOI) is to:

- Set out the proposed activities of the Trust.
- Provide an opportunity for stakeholders to influence the direction of the organisation.
- Provide a basis for accountability of the Trustees to their stakeholders for the performance of the organisation.

This Statement of Intent covers the three years from 1 July 2019 to 30 June 2022. The statement is updated annually.

### 2. Objectives of the Trust

The objectives of the Trust are:

- (a) To manage and carry out services and undertake leadership, planning and advocacy for the general benefit of the Milford community so as to ensure as far as possible that the infrastructure of the community and its sense of identity, viability and wellbeing are maintained and enhanced.
- (b) To liaise with and communicate with all individuals, organisations, groups and other parties with interests in the Milford community for all purposes which are beneficial to the community.
- (c) To represent the interests of the Milford community to ensure that the natural environments and outstanding values of the Milford Sound area are safeguarded and protected for all residents and visitors to the area.
- (d) To monitor and maintain an overview of all activities and services provided within the Milford community.
- (e) To consider and report on all matters either referred to and/or delegated to it from time to time by the Department of Conservation and the Southland District Council and on any matter of interest or concern to the Milford community.

- (f) To access, use or invest funds and enter into arrangements, contracts and other agreements upon such securities or in such manner and upon such terms and conditions that the Trustees deem suitable for the purpose of furthering the objects and purposes of the Trust.
- (g) To carry out such other lawful activities which are incidental or conducive to attaining the objects and purposes of the Trust.

### 3. Statement on the Trust's Approach to Governance

#### Establishment

The Milford Community Trust was established in 2007 following a process of consultation with residents, agencies and businesses with interests in Milford in accordance with the special consultation process set out in the Local Government Act 2002. The inaugural meeting of the Trust was held on 18 April 2007.

The Trust was incorporated under the Charitable Trusts Act 1957 on 18 May 2007. The Charities Commission has approved the Trust as being exempt for tax purposes.

The Trust reports to the Southland District Council.

#### Trust Structure

In accordance with Section 9 of the Trust Deed, the Trust is governed by a board of seven Trustees. Current representatives from stakeholder groups are shown in the table below:

Designation	Name	Term Expires 30 June
Interim Chair and Mararoa-Waimea Ward Councillor, ex-officio appointment	Ebel Kremer	Oct 2019
Milford Community Association elected representative	Brad Johnstone	2020
Milford Community appointee	Tim Holland	2020
Milford Community appointee	Jason Steele	2022
Milford Community appointee	Rosco Gaudin	2019

The Trust has decided that due to the uncertainty about its future direction that Ebel Kremer should assume the interim chairmanship. Similarly, given the lack of nominations in the 2018 election of trustees, it was also considered that the trustee position vacated by Mike McConachie should be left vacant for the time being. The Trust recommended that approach to the Southland District Council and it was agreed by formal resolution at its 18 June 2018 meeting.

#### Trust Operations

The Trust Deed sets out the way in which business of the Trust is to be conducted. A strong driver is that the local Milford community should determine its own priorities and agree on the funding for these. The Trust strives to regularly review its performance and to be open and accountable to the community through public meetings. The Trustees also undertake to meet

the regulatory and stakeholder requirements for governance, reporting and planning, particularly the local government reporting requirements and recognition of the National Park and World Heritage Area status of the Milford Sound *Piopiotahi* area.

#### Resources Available to the Trust

Standing Orders, a Code of Conduct for Trustees and administrative support are available from Southland District Council.

#### Significant Policies

The Trust has a comprehensive Communications Policy in relation to its activities. Where appropriate, other policy guidance is obtained from relevant council and other statutory authority policy and this will be reviewed as necessary.

### **4. The Nature and Scope of the Activities to be Undertaken**

#### Vision

The Trust's vision is:

**The long-term sustainability of Milford Sound *Piopiotahi*, with a community focus.**

#### Strategic Goals

The primary goals of the Trust are to:

- Provide leadership and governance for the Milford community in Milford Sound *Piopiotahi*.
- Advocate for the general benefit of the Milford community.
- Coordinate and communicate with all parties having interests in Milford Sound *Piopiotahi*.

Within the over-arching vision and strategic goals, the more specific focus areas for 2019 – 2022 are:

#### **Planning:**

- Determine the future direction of the Trust.
- Advocating for better planning to address specific issues: highway safety, control of illegal camping, toilet facilities, community facilities, coordinated emergency response, and recognition of the area's World Heritage status.

#### **Communication:**

- Communicate the roles of the Trust and other authorities more clearly to the Milford community.
- Affirm the Trust role as a voice for the Milford community.
- Maintain closer relationships with Milford infrastructure providers.
- Provide clear information to concessionaires regarding intentions and implementation of Trust policies.

- Consult with the community and concessionaires to develop a strategic project plan for the Trust to deliver for the benefit of the community.

**Advocacy:**

- Advocate on behalf of the Milford community to central government, Environment Southland, Department of Conservation, Southland District Council, Iwi and other authorities.

**Planned Activities/Services****2019/20:**

- Advocate and assist with other organisations for strategic improvements in community planning in Milford Sound.
- Provide funding for medical support services and facilities.
- Review of the Trust and charging mechanism with stakeholders including concessionaires.
- Facilitate the construction of the Milford recreation centre if the project gets approval.
- Advocate the continuation of maintaining beautification and roading issues within the Village and Deepwater Basin.
- Assist the Milford Community Association with the on-going development of the Cleddau Village Recreation Area to accommodate the community centre.
- Advocate with other organisations for public toilets and shelter at the airport and a walking track to the Lodge.

**2020/21:**

- Advocate and assist with other organisations for strategic improvements in community planning in Milford Sound.
- Provide funding for medical support services and facilities.
- Advocate the continuation of maintaining beautification and roading within the village.

**2021/22:**

- Advocate and assist with other organisations for strategic improvements in community planning in Milford Sound.
- Provide funding for medical support services and facilities.
- Advocate the continuation of maintaining beautification and roading within the village.

**5. Ratio of Total Assets: Equity**

Total assets are defined to include cash, investment and bank balances, accounts receivable, investments, prepayments, fixed assets (net of accumulated depreciation), intangible assets (net of accumulated amortisation), loans (none), etc.

Total equity is defined to include accumulated funds and retained earnings.

The ratio of total assets to total equity is planned at 1:1.



## 6. Significant Accounting Policies

The following accounting policies have been adopted by the Trust.

### **Revenue Recognition**

#### *Concessionaires Fees*

Revenue is recorded when the fee is due to be received.

#### *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.

### **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 and the loss is recorded as a bad debt expense. Debtors are shown as GST inclusive.

### **Bank Accounts and Cash**

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

### **Term Deposits**

Term Deposits with Banks are initially recorded at the amount paid. If it appears that the carrying amount of the investment will not be recovered, it is written down to the expected recoverable amount.

### **Creditors and Accrued Expenses**

Creditors and accrued expenses are measured at the amount owed.

### **Property, Plant and Equipment**

Property, plant and equipment is recorded at cost, less accumulated depreciation and impairment losses.

Donated assets are 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. Significant donated assets for which current values are not readily obtainable are not recognised.

For an asset to be sold, the asset is impaired if the market price for an equivalent asset falls below its carrying amount.

For an asset to be used by the Trust, the asset is impaired if the value to the Trust in using the asset falls below the carrying amount of the asset.

Depreciation is provided on a straight line basis that will write off the cost of the assets over their useful lives. This is calculated using the following rates:

Buildings	2-3%	Straight Line
Recreational Pad	3%	Straight Line

### Income Tax

The Trust is exempt from income tax as it is a Charitable Trust registered with the Charities Commission.

### Budget Figures

The budget figures are derived from the Statement of Intent as approved by the Trustees at the beginning of the financial year. The budget figures have been prepared in accordance with tier 3 standards, using accounting policies that are consistent with those adopted by the Trustees in preparing these financial statements.

## 7. Key Performance Targets

These are agreed through the Long Term Plan (LTP) public consultation process undertaken by the Southland District Council. These targets can be changed only through a formal review of the LTP.

Level of service	Key performance indicator	Actual	Target			Confirmation source
		17/18	18/19	19/20	20/21	
Maintain a structure that facilitates local decision making.	Number of Milford Community Trust meetings held annually.	4	4	4	4	Agenda/minute records on file.
Keep the Milford community informed about Trust plans and outcomes.	Hold public forums in Milford each year.	1	1	1	1	Agenda/minute records on file which note meeting location

## 8. Information to be reported to Council

In each year the Trust will comply with all reporting requirements under the Local Government Act 2002 (particularly Sections 66 to 69 of that Act). In particular, it will provide:

- A draft Statement of Intent detailing all matters required under the Local Government Act 2002 by 1 March each year for consideration prior to commencement of the new financial year.
- A half yearly report by the end of February each year (specific dates as set by Council).

- An annual report by the end of September each year (specific dates as set by Council).

Copies of the Trust's reports are forwarded to the other major stakeholder authorities, being the Department of Conservation and Environment Southland.

## **9. Key Issues**

- The future direction of the Trust
- Decide whether or not it is feasible to proceed with the development of a recreation centre building.

## **10. Activities for which Other Investment is sought**

The value of the annual concession to be charged will continue to be reviewed each year. For 2018/19, the total amount being sought from concessionaires is \$136,894 excluding GST. Any surplus funds will be held by the Trust in its bank account for future project funding.

Included within the Forecast Expenditure of the Trust is Management and Administration costs of \$30,543.

The operational and project costs are those which the Milford Community Trust considers will provide benefit for all concessionaires at Milford and should be recovered from the Milford concessionaires through the Implied Concession Activity Fee, apportioned as per the Department of Conservation apportionment of cost schedule. The costs indicated above in the supporting forecasted accounts are funded from the annual implied concession activity fee and monies held.

Future budgeted costs are indicative only and will be reviewed annually by the Trustees.

### Other Project Funding:

In addition to the above operational and project costs, there are also costs associated with other significant projects that fall either directly or indirectly under the influence of the Milford Community Trust but have all or a majority of proposed funding through means other than apportioned implied concessionaires fees. There may also be a portion of public good associated with these projects.

In this Statement of Intent the Trustees are not seeking any funding from Southland District Council or Environment Southland for the activities noted.

## **11. Estimate of Value of Stakeholders Investment**

The net value of the stakeholders' investment in the Trust is estimated to be valued at \$100. This value shall be reassessed by the Trustees on completion of the annual accounts or at any other time determined by the Trustees. The method of assessment will use the value of stakeholders' funds as determined in the annual accounts as a guide.

## **12. Other Matters**

No distribution is intended within the period of the Statement or succeeding years, noting the Trust's status as a charitable organisation.

Any subscription for, purchase or otherwise acquiring shares in any company or other organisation requires the prior approval of the Trustees.

**MILFORD COMMUNITY TRUST**  
**PROSPECTIVE FINANCIAL STATEMENTS 2019-2020**  
**Prospective Statement of Financial Performance**

\* Shaded indicates areas for further consideration

Account Description	Actuals 2017/2018	Forecast 2018/2019	Budget 2019/2020	Budget 2020/2021	Budget 2021/2022
<b><u>Income</u></b>					
Concessionaires Income	124,449	136,894	150,583	150,583	150,583
Grant	1,000	-	-	-	-
Contribution to Capital Works	-	-	-	-	-
Interest	4,399	-	-	-	-
	129,848	136,894	150,583	150,583	150,583
<b><u>Expenses</u></b>					
<b><u>Management/Administration</u></b>					
Accommodation and Meals	326	800	800	800	800
Administration	44	67	67	67	67
Advertising	(9)	600	600	600	600
Audit Fees	4,140	4,199	4,300	4,300	4,300
Bad Debts	-	-	-	-	-
Bank Fees	41	40	40	40	40
Catering Expenses	91	500	500	500	500
Chairperson's Fees	4,751	5,000	10,000	10,000	10,000
Depreciation - Recreational Pad	1,597	1,613	1,613	1,613	1,613
Emergency Services Provider	130	-	-	-	-
Equipment Write off	-	-	-	-	-
General Expenses	2,326	500	500	500	500
Interest on Loan - Recreation Centre	-	-	-	-	-
Mileage	219	3,000	1,500	1,500	1,500
Project Development and Planning	-	5,000	5,000	5,000	5,000
RNZ Licence	360	370	370	370	370
Room Hire	178	300	600	600	600
Trustees Fees	-	6,000	6,000	6,000	6,000
Insurance	2,455	2,554	2,605	2,657	2,710
	16,649	30,543	34,495	34,547	34,600
<b><u>Grants</u></b>					
Medical Clinical Desk support	-	-	15,000	15,000	15,000
Airport to Deepwater Basin Walkway	-	130,000	-	-	-
	-	130,000	15,000	15,000	15,000
<b>Total Expenses</b>	16,649	160,543	49,495	49,547	49,600
<b>Net Operating Surplus/(Deficit)</b>	<b>113,199</b>	<b>(23,649)</b>	<b>101,088</b>	<b>101,036</b>	<b>100,983</b>

**Capital Projects**

<b><u>Project</u></b>		
Recreation Centre	-	-
	-	-

## Prospective Statement of Financial Position

	Actuals 2017/2018	Forecast 2018/2019	Budget 2019/2020	Budget 2020/2021	Budget 2021/2022
<b>Equity</b>					
Accumulated Funds	326,303	302,654	403,742	504,778	605,761
Trust Capital	100	100	100	100	100
	<b>326,403</b>	<b>302,754</b>	<b>403,842</b>	<b>504,878</b>	<b>605,861</b>
<b>Represented by:</b>					
<b>Current Assets</b>					
Accounts Receivable	863	100	100	100	100
Accrued income	517	-	-	-	-
Bank Account - 00	2,976	5,000	5,000	5,000	5,000
Bank Account - 25	695	10,000	10,000	10,000	10,000
Term Deposit - Recreation Centre	110,000	110,000	110,000	110,000	110,000
Term Deposit - Surplus Funds	179,807	132,040	244,359	347,004	449,596
GST Recievable	-	-	-	-	-
	294,860	257,140	369,459	472,104	574,696
<b>Non Current Assets</b>					
Recreational Pad	51,624	50,011	48,398	46,785	45,172
Recreational Centre	-	-	-	-	-
	51,624	50,011	48,398	46,785	45,172
<b>Total Assets</b>	<b>346,484</b>	<b>307,151</b>	<b>417,857</b>	<b>518,889</b>	<b>619,868</b>
<b>Current Liabilities</b>					
Accrued Expenses	5,973	5,000	5,000	5,000	5,000
Accounts Payable	518	-	-	-	-
GST Payable	13,589	603	9,015	9,011	9,007
	20,080	4,397	14,015	14,011	14,007
<b>Non-Current Liabilities</b>					
Term Loan - Recreation Centre	-	-	-	-	-
	-	-	-	-	-
<b>Total Liabilities</b>	<b>20,080</b>	<b>4,397</b>	<b>14,015</b>	<b>14,011</b>	<b>14,007</b>
<b>Net Assets</b>	<b>326,404</b>	<b>302,754</b>	<b>403,842</b>	<b>504,878</b>	<b>605,861</b>

## Review of the Milford Community Trust - Suspected Fraud Policy

**Record No:** R/19/2/3202  
**Author:** Simon Moran, Community Partnership Leader  
**Approved by:** Rex Capil, Group Manager Community and Futures

☒ Decision ☐ Recommendation ☐ Information

### Purpose

- 1 To consider the draft Milford Community Trust Suspected Fraud Policy and adopt the draft 2019 version.

### Executive Summary

- 2 The policy is overdue for review and this has been noted in the last management report from the auditors.
- 3 The draft has been reviewed and updated based on Southland District Council's latest fraud policy.
- 4 The proposed changes between the previous policy and the draft are shown in the attached document.
- 5 It is recommended that the trustees approve the revised policy.

### Recommendation

**That the Milford Community Trust:**

- a) **Receives the report titled "Review of the Milford Community Trust - Suspected Fraud Policy" dated 21 February 2019.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Approves the replacement of the Milford Community Trust – Suspected Fraud Policy – July 2012 with the Milford Community Trust Suspected Fraud Policy – March 2019.**

## Background

- 6 The trust currently has in place a suspected fraud policy that was last adopted in 2012. It is time that the policy was reviewed and updated, a point noted by the auditor general in the last audit report.

## Issues

- 7 There are no particular issues as Southland District Council (“SDC”) and the trust have been managing fraud risk as part of business as usual. The key change in the report is the removal of references to the “trust manager” which has been replaced with a reference to the ‘trust’s SDC support staff’.
- 8 The change is due to the fact that the trust manger role has been replaced by the use of Council’s community partnership leader to fulfil that role.

## Factors to Consider

### Legal and Statutory Requirements

- 9 As stated above the auditors have identified that the policy needs to be reviewed and updated.

### Community Views

- 10 Not required as this is a matter for the trust to consider.

### Costs and Funding

- 11 There is no additional cost as a result of this proposal. SDC financial team and the office of the auditor general already respectively manage the assessment, reporting, and auditing.

### Policy Implications

- 12 This is a review and update of an existing policy largely based on the Southland District Council’s 2017 Fraud Policy.

## Analysis

### Options Considered

- 13 There are only two options, to have a policy or to not have a policy.

## Analysis of Options

### Option 1 – To have a policy

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"><li>it clearly sets out expectations for avoiding, and if necessary dealing with, fraud</li><li>the trust will address a point raised by the auditors in their previous report</li></ul>	<ul style="list-style-type: none"><li>none</li></ul>



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**Option 2 – To not have a policy**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"><li>• none</li></ul>	<ul style="list-style-type: none"><li>• there is dissatisfaction from the levy payers as to the level of transparency and fraud risk mitigation by the trust</li><li>• there is the potential for the auditors to make having an updated policy a requirement in the future</li></ul>

**Assessment of Significance**

- 14 This decision does not trigger any significance criteria.

**Recommended Option**

- 15 Option 1 is recommended and will result in the trust adopting the draft Suspected Fraud Policy.

**Next Steps**

- 16 The 2019 policy replaces the Milford Community Trust - Suspected Fraud Policy – July 2012.

**Attachments**

- A Milford Community Trust - Suspected Fraud Policy - March 2019 [↓](#)



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## **Milford Community Trust**

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### **Draft - Suspected Fraud Policy**

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March 2019

## 1. POLICY OUTLINE

The Milford Community Trust is committed to protecting its revenue, property, information, and other assets from any attempt (by members of the public, contractors, sub-contractors, agents, intermediaries, or its own employees) to gain financial or other benefits from it by deceit.

This policy sets out specific guidelines and responsibilities regarding appropriate actions that must be followed for the investigation of suspected fraud and other similar irregularities.

The Trust has an agreement with Southland District Council (SDC) for provision of staff support, administration, HR, IT and financial support. Key SDC staff positions are identified to assist with any suspected fraud investigation.

This policy outlines what irregularities constitute fraud, as well as the responsibilities of the Trust and SDC employees.

## 2. WHO THE POLICY APPLIES TO

This policy applies to Trustees, all employees of the Trust, support agency staff and contractors who are part of the Trust resources, SDC staff working under the agreement for administration services and Trust staff.

## 3. DEFINITION OF FRAUD

~~Fraud (and other irregularities) includes, but is not limited to:~~

For the purposes of this policy, "fraud" shall include all acts of deception, misrepresentation or omission committed with the intention of gaining an unjust or illegal financial advantage or to cause an unjust or illegal loss or disadvantage.

Such behaviour includes, but is not limited to:

- Forgery or alteration of cheques, drafts, promissory notes, securities, and documents or accounts belonging to the Trust.
- Disclosing confidential or proprietary information to third parties.
- Any misappropriation of funds, securities, supplies or any other assets.
- Any irregularities of funds, securities, supplies or any other asset.
- Any irregularity in handling or reporting of money transactions.
- Misappropriation of furniture, fixtures and equipment.
- Seeking or accepting anything of material value from any person, vendor, consultant, or contractor, including before, during and after, any procurement process ~~without prior consent of the Trust Manager.~~
- Bribery, corruption or abuse of office
- Unauthorised use or misuse of Trust property, equipment, materials or records.
- Any computer-related activity involving the alteration, destruction, forgery, or manipulation of data for fraudulent purposes - or the misappropriation of the Trust or SDC-owned software.
- Any claim for reimbursement of expenses that are not made for the exclusive benefit of the Trust.
- Manipulating reporting to obscure impropriety.

- Obtaining funds or any other benefit through misleading claims, representations or by false pretences.
- Causing a loss, or avoiding or creating a liability by deception.
- Any claim for reimbursement of expenses that are not made for the exclusive benefit of the Trust.
- Profiteering for personal or another person or entities gain as a result of insider knowledge of the Trust's activities.
- Unapproved destruction or removal of records.
- Inappropriate payments to third parties.
- Supporting others in, or in any way being party to, fraud or not reporting fraud.
- Any of the above for personal gratification and/or edification, whether or not there is pecuniary gain.

#### 4. POLICY STATEMENTS

The Trust expects its Trustees, SDC staff, all employees of the Trust, support agency staff and contractors who are part of the Trust resources to be fair and honest in their dealings and demonstrate the highest standards of ethical behaviour.

It is the Trust's intent to fully investigate any suspected acts of fraud, misappropriation or similar irregularity.

##### Prevention

The Trust will proactively take all reasonable steps to prevent fraud by developing and maintaining a policy framework that clearly sets out procedures, processes and expectations of behaviour and promotes robust internal controls for all aspects of the protection of assets, procurement, purchasing, payroll, treasury and

- Segregation of duties in accordance with best practice.
- Appropriately robust financial reporting that provides information about results against budget, benchmarks and expected key performance indicators.
- An Internal Audit Policy, Plan and Programme of work carried out by external parties.
- Regular suspicious transaction analysis; and
- A safe, documented and widely available process for employees to report suspected fraud.

##### Reporting

Suspected Fraud can be reported by phone or email to the Trust's SDC community partnership leader or to SDC's chief financial officer.

#### 5. PROCEDURES FOR DEALING WITH SUSPECTED FRAUD

This procedure is to be followed to deal with suspected fraud that has been observed at the Trust.

- The Trust's SDC community partnership leader ~~Trust Manager~~ is responsible for instituting and maintaining a system of internal control to provide assurance for the prevention and detection of fraud, misappropriations and other irregularities.
- The Trust's SDC community partnership leader ~~Trust Manager~~ has the primary responsibility for the investigation of all suspected fraud.

- The Trust's SDC community partnership leader ~~Trust Manager~~ will notify the Trust Chairperson and the SDC Human Resources Manager of a reported allegation of suspected fraudulent or irregular conduct upon the commencement of the investigation. Throughout the investigation, these officials will be informed of pertinent investigative findings.
- The Trust's SDC community partnership leader ~~Trust Manager~~ will notify Audit New Zealand.
- In circumstances where there are reasonable grounds to suspect that fraud may have occurred, the Trust's SDC community partnership leader ~~Trust Manager~~ should contact the Police.
- Upon conclusion of the investigation, the results will be reported to the SDC Human Resources Manager and the Trust Chairperson.
- The Authority will pursue every reasonable effort (including court-ordered restitution) to obtain recovery of the Trust losses from the offender, or other appropriate source(s).

### Confidentiality

All participants in a fraud investigation shall keep the details and results of the investigation confidential.

### Media Issues

Any staff or Trustee contacted by the media (with respect to an investigation) shall refer the media to the Trust chairperson or SDC's nominated spokesperson ~~Trust Manager~~ in liaison with Southland District Council Communications Manager.

The suspected fraud or audit investigation shall not be discussed with the media by any person other than through the Trust chairperson or SDC's nominated spokesperson ~~Trust Manager~~.

Procedure

Responsible	Actions
Any Trust member, employee of the Trust, support agency staff and contractors who are part of the Trust resources, Southland District Council (SDC) staff working under the agreement for administration services and Trust staff volunteers (who observes or suspects fraud)	<p>If you have any knowledge of an occurrence or have reason to suspect that a fraud has occurred, <b><u>notify the SDC community partnership leader or to SDC's chief financial officer Trust Manager.</u></b></p> <p><b>Note:</b> The Protected Disclosures Act 2000 states that <b>no employer (or person acting on behalf of an employee who discloses information) shall:</b></p> <ul style="list-style-type: none"> <li>Dismiss (or threaten to dismiss) an employee who discloses information.</li> <li>Discipline or suspend (or threaten to discipline or suspend) an employee who discloses information.</li> <li>Impose any penalty upon an employee who discloses information.</li> <li>Intimidate or coerce an employee who discloses information.</li> <li>Where an employee confesses to their own fraud they will be subject to normal proceedings as if another individual had disclosed the fraud.</li> </ul> <p>Violation of this section of the Act will result in discipline, up to and including dismissal.</p>
<del>Trustees or the Trust Manager (of the employee or person who notified the suspected fraud)</del>	<p><del>Upon notification of and allegation of suspected fraud, or if you suspect that a fraud occurred, <b><u>notify the Trust's Trust Manager immediately.</u></b></del></p> <p><del><b>Note:</b> Do not attempt to investigate the suspected fraud, and do not discuss the matter with anyone other than those named above the Trust Manager, and the police if they are involved.</del></p>
SDC chief financial officer and the Trust's SDC community partnership leader (in consultation with the SDC Human Resources Manager)	<ol style="list-style-type: none"> <li>1 Upon notification (or discovery) of a suspected fraud, a preliminary investigation of the suspected fraud will be undertaken promptly.</li> <li>2 If there appears to be reasonable grounds for suspecting that a fraud has taken place, contact the Police, and co-ordinate the investigation with them.</li> </ol> <p><b>Note:</b> To secure any evidence, take immediate action to prevent theft, alteration, or destruction of relevant records such actions include but are not limited to:</p>

	<ul style="list-style-type: none"> <li>• Removing the records and placing them in a secure location.</li> <li>• Limiting access to the location where the records are currently held, and</li> <li>• Preventing the individual suspected of committing the fraud from having access to the records. <del>(The records must be adequately secured until the SDC chief financial officer obtains the records to begin the audit investigation).</del></li> </ul> <p>6 If allegations of fraud are substantiated by investigation, undertake disciplinary action (up to and including dismissal) in conformance with legislation <del>and the Trust's Disciplinary Procedures found in the Code of Conduct Policy.</del></p> <p><del>Where fraud is substantiated notify the Police.</del></p> <p>3 After the investigation, and before taking final disciplinary action, give the person (under investigation for suspected fraud) written notice of the essential particulars of the allegations - unless exceptional circumstances exist.</p> <p>4 At the conclusion of the investigation, document the results in a confidential report to the Trust <del>Manager.</del></p> <p><del><b>Note:</b> If the report concludes that the allegations are founded and of a serious nature, then forward the report to the Police.</del></p> <p>5 Make recommendations to the Trust Manager - this will assist in the prevention of similar occurrences in the future</p> <p>6 Upon completion of the investigation (including all legal and human resource actions), return any records, documents, and other evidentiary material to the Trust. <del>Manager</del></p> <p>6 <del>After the preliminary review and a determination that the suspected fraud warrants investigation, notify the allegations to the Trust Manager.</del></p>
SDC Group Manager Customer and Financial Services <del>(in consultation with the SDC Human</del>	<p>7 <del>If there appears to be reasonable grounds for suspecting that a fraud has taken place, contact the Police, and</del></p>

Resources Manager)	<p><del>co-ordinate the investigation with them.</del></p> <p><del><b>Note:</b> To secure any evidence, take immediate action to prevent theft, alteration, or destruction of relevant records. Such actions include (but are not necessarily limited to):</del></p> <ul style="list-style-type: none"> <li><del>• Removing the records and placing them in a secure location.</del></li> <li><del>• Limiting access to the location where the records are currently held, and</del></li> <li><del>• Preventing the individual suspected of committing the fraud from having access to the records. (The records must be adequately secured until the SDC Group Manager Customer and Financial Services obtains the records to begin the audit investigation).</del></li> </ul>
Trust Manager (in consultation with the SDC Human Resources Manager)	<p><del>6 If allegations of fraud are substantiated by investigation, undertake disciplinary action (up to and including dismissal) in conformance with legislation and the Trust's Disciplinary Procedures found in the Code of Conduct Policy.</del></p> <p><del>Where fraud is substantiated notify the Police.</del></p> <p><del>7 After the investigation, and before taking final disciplinary action, give the person (under investigation for suspected fraud) written notice of the essential particulars of the allegations unless exceptional circumstances exist.</del></p>
SDC Group Manager Customer and Financial Services	<p><del>8 At the conclusion of the investigation, document the results in a confidential report to the Trust Manager.</del></p> <p><del><b>Note:</b> If the report concludes that the allegations are founded and of a serious nature, then forward the report to the Police.</del></p> <p><del>9 Make recommendations to the Trust Manager – this will assist in the prevention of similar occurrences in the future.</del></p> <p><del>10 Upon completion of the investigation (including all legal and human resource actions), return any records, documents, and other evidentiary material to the Trust Manager.</del></p>

### Monitoring, Evaluation and Policy Review



Informal feedback can be provided at any time to the Fraud Control Officer on the effectiveness and appropriateness of this policy.

A formal review of this policy will be undertaken within three years of it being implemented / reviewed.

#### **ASSOCIATED DOCUMENTS**

- The Secret Commissions Act 1910.
- Sections 99, 105, 105A of the Crimes Act 1961.
- Protected Disclosures Act 2000.
- Authority Procurement and Financial Delegations Policy.
- Authority Code of Conduct Policy
- SDC Policy on electronic communications (including the internet).
- Privacy Act 1993
- Employment Relations Act 2000
- Local Authorities (Members' Interests) Act 1968.