



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

Date: Wednesday, 29 June 2022
Time: 7pm
Meeting room: Virtual meeting via Zoom
Venue:

Milford Community Trust Agenda OPEN

MEMBERSHIP

| | |
|-------------|----------------|
| Chairperson | Ebel Kremer |
| Trustees | Rosco Gaudin |
| | Brad Johnstone |
| | Stephen Norris |
| | Tony Woodham |

IN ATTENDANCE

| | |
|------------------------|-----------------|
| Committee advisor | Alyson Hamilton |
| Strategic project lead | Simon Moran |

Contact telephone: 0800 732 732
Postal address: PO Box 903, Invercargill 9840
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Website: www.southlanddc.govt.nz

Full agendas are **available on Council's website**
www.southlanddc.govt.nz

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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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 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, 21 February 2022



OPEN MINUTES

UNCONFIRMED

Minutes of a meeting of Milford Community Trust held as a Virtual meeting via Microsoft Teams on Monday, 21 February 2022 at 7.03pm (7.03pm – 8pm).

PRESENT

| | |
|-------------|----------------|
| Chairperson | Ebel Kremer |
| Trustees | Rosco Gaudin |
| | Brad Johnstone |
| | Stephen Norris |
| | Tony Woodham |

IN ATTENDANCE

Community partnership leader – Simon Moran
Graduate accountant – Brie Lepper
Accountant – Dee Patel

1 Apologies

There were no apologies.

2 Leave of absence

There were no requests for leave of absence.

3 Conflict of Interest

Rosco Gaudin advised that he had a conflict of interest in relation to item 4.2 – Invoicing operators. He advised that he would not take part in discussion or vote on the item.

4 Public Forum

Department of Conservation – Regional issues manager Southern, Rachel Moore addressed the Trust relating to funding for the Cleddau flood scheme.

5 Extraordinary/Urgent Items

There were no Extraordinary/Urgent items.

6 Confirmation of Minutes

Resolution

Moved Chairperson Kremer, seconded Trustee Gaudin and resolved:

That the Milford Community Trust confirms the minutes of the meeting held on 28 June 2021 as a true and correct record of that meeting.

Reports

4.1 Milford Community Trust's draft Performance Report for the year ended 30 June 2021

Record No: R/22/2/3771

Community partnership leader – Simon Moran, Graduate accountant – Brie Lepper and Accountant – Dee Patel were in attendance for the item.

The officers advised that the purpose of the report was to provide the trust with the draft Milford Community Trust Performance Report for the year ended 30 June 2021 and an update on the audit of the performance report.

Resolution

Moved Chairperson Kremer, seconded Trustee Norris and resolved:

That the Milford Community Trust:

- a) **Receives the report titled “Milford Community Trust's draft Performance Report for the year ended 30 June 2021” dated 16 February 2022.**

(Rosco Gaudin withdrew from the meeting due to a conflict of interest.)

4.2 Invoicing operators

Record No: R/22/2/3143

Community partnership leader – Simon Moran, Graduate accountant – Brie Lepper and Accountant – Dee Patel were in attendance for the item.

Officers advised that the purpose of the report was to seek direction from the Trust on whether it wished to continue to provide financial relief to the tourism operators in Milford Sound Piopiotahi by foregoing the revenue for the last six months of the current 2021/22 financial year as well as for all of the 2022/23 financial year due to the ongoing impacts on **operators’ businesses from Covid-19.**

Resolution

Moved Chairperson Kremer, seconded Trustee Woodham and resolved:

That the Milford Community Trust:

- a) **receives the report titled “Invoicing operators” dated 7 February 2022.**
- b) agrees not to invoice for the revenue budgeted for the last two quarters of the 2021/22 financial year (\$75,292 excl GST).
- c) agrees not to invoice for any revenue for the 2022/23 financial year (\$0.00 excl GST).

(Rosco Gaudin returned to the meeting.)

4.3 Draft Statement of Intent 2022-2025

Record No: R/22/2/3164

Community partnership leader – Simon Moran, Graduate accountant – Brie Lepper and Accountant – Dee Patel were in attendance for the item.

Officers advised that the purpose of the report was to obtain **the Milford Community Trust’s** approval of the Statement of Intent and its subsequent reporting to Council and public availability.

Resolution

Moved Chairperson Kremer, seconded Trustee Gaudin and resolved:

That the Milford Community Trust:

- a) **receives the report titled "Draft Statement of Intent 2022-2025" dated 12 February 2022.**
- b) **approves the Draft Statement of Intent 2022 – 2025, provides a copy to Council, and makes it publicly available via the Southland District Council's website.**

4.4 Half Year Financial Report to 31 December 2021

Record No: R/22/2/3286

Community partnership leader – Simon Moran, Graduate accountant – Brie Lepper and Accountant – Dee Patel were in attendance for the item.

Officers advised that the purpose of the report was to present the half yearly financial report for the period ending 31 December 2021 for the Trustee's information.

The Trust noted that at 31 December 2021 there had been minimal expenditure. The trust continues to be in a strong financial position with a significant amount of cash invested in term deposits, awaiting the progression of the community centre project.

Resolution

Moved Chairperson Kremer, seconded Trustee Woodham and resolved:

That the Milford Community Trust:

- a) **receives the report titled "Half Year Financial Report to 31 December 2021" dated 16 February 2022.**
- b) **approves the half yearly report for the six month period to 31 December 2021, and recommends that the report be submitted to the Southland District Council for information purposes and subsequently distributed to the Trust's stakeholders.**

The meeting concluded at 8pm.

CONFIRMED AS A TRUE AND CORRECT RECORD AT A
MEETING OF THE MILFORD COMMUNITY TRUST
HELD ON MONDAY 21 FEBRUARY 2022

DATE:.....

CHAIRPERSON:.....

Audit New Zealand's Management Report to 30 June 2021

Record No: R/22/6/29637
Author: Brie Lepper, Accountant
Approved by: Anne Robson, Chief financial officer

☐ Decision ☐ Recommendation ☒ Information

Summary

- 1 As part of the audit process, Audit New Zealand (“Audit NZ”) provides Milford Community Trust with a report on its audit findings at the conclusion of the audit which outline the work that was performed and any recommended areas for improvement.
- 2 The management report (the report) received from Audit NZ in relation to the performance report audit for the year ended 30 June 2021, is included as attachment A to this report.
- 3 The report does not identify any new issues with the Trust’s systems or processes, however it requests an update on the prior year’s outstanding recommendations (refer page 10 (attachment A) of Audit NZ’s report). These two recommendations relate to Trustees’ declaration of interests and an amendment to the policy for Trustee fees.

Recommendation

That the Milford Community Trust:

- a) **Receives the report titled “Audit New Zealand's Management Report to 30 June 2021” dated 23 June 2022.**

Attachments

- A Audit New Zealand's management report for the year ended 30 June 2021 [↓](#)

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Report to the Trustees on the audit of

Milford Community Trust

For the year ended 30 June 2021

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Key messages

We have completed the audit for the year ended 30 June 2021. This report sets out our findings from the audit and draws attention to areas where the Trust is doing well and where we have made recommendations for improvement.

Audit opinion

We intend issuing an unmodified audit opinion dated 29 June 2022.

Matters identified during the audit

Our final audit involved ensuring that Milford Community Trust's (the Trust's) results were fairly reflected in its performance report, with specific attention paid to the matters that were outlined in our audit plan at the beginning of the audit.

In this report we discuss our findings in relation to these matters.

Thank you

We would like to thank the Trustees, management and staff for their assistance we received throughout the audit.



Dereck Ollsson
Appointed Auditor
21 June 2022

1 Recommendations



Our recommendations for improvement and their priority are based on our assessment of how far short current practice is from a standard that is appropriate for the size, nature, and complexity of your business. We use the following priority ratings for our recommended improvements.

| Explanation | Priority |
|--|------------|
| Needs to be addressed <i>urgently</i> These recommendations relate to a significant deficiency that exposes the Trust to significant risk or for any other reason need to be addressed without delay. | Urgent |
| Address at the earliest reasonable opportunity, <i>generally within six months</i> These recommendations relate to deficiencies that need to be addressed to meet expected standards of best practice. These include any control weakness that could undermine the system of internal control. | Necessary |
| Address, <i>generally within six to 12 months</i> These recommendations relate to areas where the Trust is falling short of best practice. In our view it is beneficial for management to address these, provided the benefits outweigh the costs. | Beneficial |

1.1 New recommendations

There are no new recommendations made for the current year.

1.2 Status of previous recommendations

Set out below is a summary of the action taken against previous recommendations. Appendix 1 sets out the status of previous recommendations in detail.

| Priority | Priority | | | |
|-----------------------|----------|-----------|------------|-------|
| | Urgent | Necessary | Beneficial | Total |
| Open | - | 1 | 1 | 2 |
| Implemented or closed | - | 1 | - | 1 |
| Total | - | 2 | 1 | 3 |

2 Our audit report

2.1 We intend issuing an unmodified audit report



We intend issuing an unmodified audit report. This means we were satisfied that the financial statements and statement of service performance present fairly the Trust's activity for the year and its financial position at the end of the year.

In forming our audit opinion, we considered the following matters. Refer to sections 3 and 4 for further detail on these matters.

2.2 Uncorrected misstatements

The financial statements are free from material misstatements, including omissions. During the audit, we have discussed with management any misstatements that we found, other than those which were clearly trivial. There were no significant misstatements identified during the audit that required correcting

2.3 Quality and timeliness of information provided for audit



Management needs to provide information for audit relating to the annual report of the Trust. This includes the draft annual report with supporting working papers. The Trust provided us with the relevant information at the beginning of the audit and were quick to respond to any queries throughout.

Management provided all requested information in a timely manner and to a high quality. This allowed the audit to run smoothly and be completed within the agreed timeframes.

3 Matters raised in the audit plan



In our audit plan of 10 June 2021, we identified the following matters as the main audit risks and issues:

| Audit risk/issue | Outcome |
|---|---|
| The risk of management override of internal controls | |
| There is an inherent risk in every organisation of fraud resulting from management override of internal controls. Management are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Auditing standards require us to treat this as a risk on every audit. | <p>In response to this risk, we:</p> <ul style="list-style-type: none"> • tested the appropriateness of selected journal entries; • reviewed accounting estimates for indications of bias; and • evaluated any unusual or one-off transactions, including those with related parties. <p>We found no indications of management override that would result in a material misstatement in the financial statements due to fraud.</p> |
| Covid-19 | |
| On 11 March 2020, the World Health Organisation declared the outbreak of Covid-19 a pandemic. Two weeks later the New Zealand government declared a state of national emergency and the country was at alert level 4 and in lockdown for a period of time. As a result, economic uncertainties have arisen which are likely to negatively affect the Trust's operations and services. | We reviewed management's assessment of the impact of Covid-19 on the Trust and in particular the use of the going concern assumption and updated our understanding of the intention on the future of the Trust, which is considered appropriate. |

4 Public sector audit



The Trust is accountable to local authority and to the public for its use of public resources. Everyone who pays taxes or rates has a right to know that the money is being spent wisely and in the way the Trust said it would be spent.

As such, public sector audits have a broader scope than private sector audits. As part of our audit, we have considered if the Trust has fairly reflected the results of its activities in its financial statements and its performance report.

We also consider if there is any indication of issues relevant to the audit with:

- compliance with its statutory obligations that are relevant to the annual report;
- the Trust carrying out its activities effectively and efficiently;
- the Trust incurring waste as a result of any act or failure to act by a public entity;
- any sign or appearance of a lack of probity as a result of any act or omission, either by the Trust or by one or more of its members, office holders, or employees; and
- any sign or appearance of a lack of financial prudence as a result of any act or omission by a public entity or by one or more of its members, office holders, or employees.

We have no significant matters to report.

5 Useful publications



Based on our knowledge of the Trust, we have included some publications that the Trust and management may find useful.

| Description | Where to find it |
|---|---|
| Performance reporting | |
| Public organisations are responsible for reporting their performance to Parliament and the public in a way that meaningfully reflects their organisation's aspirations and achievements. The Auditor-General published a discussion paper that explores five areas for improvement in performance reporting. | On the Office of the Auditor-General's website under publications. Link: The problems, progress, and potential of performance reporting |
| Local government risk management practices | |
| The Covid-19 pandemic is a stark reminder for all organisations about the need for appropriate risk management practices. In our audit work, we often see instances where councils do not have effective risk management. This report discusses the current state of local government risk management practices and what councils should be doing to improve their risk management. | On the Office of the Auditor-General's website under publications. Link: Observations on local government risk management practices |
| Public accountability | |
| Public accountability is about public organisations demonstrating to Parliament and the public their competence, reliability, and honesty in their use of public money and other public resources. This discussion paper explores how well New Zealand's public accountability system is working in practice. | On the Office of the Auditor-General's website under publications. Link: Building a stronger public accountability system for New Zealanders |
| Covid-19 implications for financial reporting and audit in the public sector | |
| Audit New Zealand Executive Director Steve Walker and Head of Accounting Robert Cox joined an online panel hosted by Victoria University of Wellington and the External Reporting Board. They discuss the effects of Covid-19 and the economic recovery on financial reporting and audit in the public sector. | On our website under good practice. Link: Covid-19 page Link: Webinar |

| Description | Where to find it |
|---|---|
| Conflicts of interest | |
| <p>The Auditor-General has published guidance on conflicts of interest. A conflict of interest is when your duties or responsibilities to a public organisation could be affected by some other interest or duty that you have.</p> <p>The material includes a printable A3 poster, an animated video on predetermination and bias, gifts and hospitality, and personal dealings with a tenderer. There is also an interactive quiz.</p> <p>These can all be used as training resources for your own employees.</p> | <p>On the Office of the Auditor-General's website under 2019 publications.</p> <p>Link: Conflicts of interest</p> |
| Good practice | |
| <p>The Office of the Auditor-General's website contains a range of good practice guidance. This includes resources on:</p> <ul style="list-style-type: none"> • audit committees; • conflicts of interest; • discouraging fraud; • good governance; • service performance reporting; • procurement; • sensitive expenditure; and • severance payments. | <p>On the Office of the Auditor-General's website under good practice.</p> <p>Link: Good practice</p> |

Appendix 1: Status of previous recommendations

Open recommendations

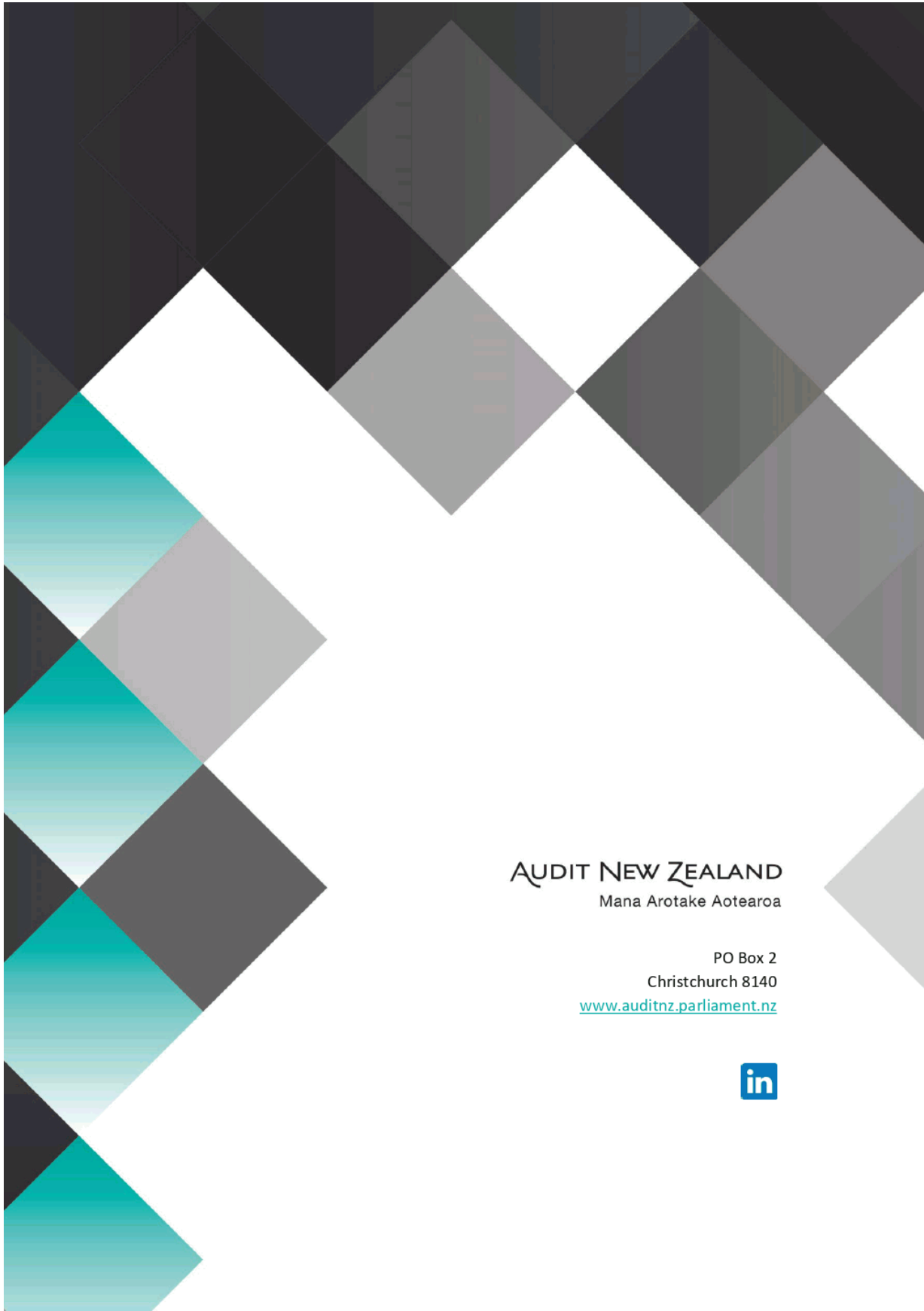
| Recommendation | First raised | Status |
|--|---|--|
| Necessary | | |
| Declare all pecuniary and non-pecuniary interests in the interests register. | First raised in 2017/18 and closed in 2019/20, however noted again in 2020/21 | Re-opened We have performed a Companies and other register search and identified one instance where interest that had not yet been updated in the interest register. We emphasise the importance of ensuring that the interest register remains up to date. |
| Beneficial | | |
| We recommend the Trust look at their policy around Trustees' fees and amend the trust deed if Trustee fees will not be claimed or Trustees should claim for actual expenditure incurred. | First raised - 2018/19 | Open Audit New Zealand has not found any discussion of this, this year, Trustee fees have not been claimed this year. Trustee fees forgiven have been treated as income and Trustee fees have been treated as an expense. Management comment <i>We note the comments made. Any changes would be to the budgets not the trust deed.</i> <i>As trustees are often undertaking the role as employee representatives or are self-employed/ employees, trustees wish to retain the option to seek fees to compensate potential loss of income if needed.</i> |

Implemented or closed recommendations

| Recommendation | First raised | Status |
|---|--------------|---|
| Necessary | | |
| Appoint two new Trustees during the 2020 financial year to ensure compliance with the Trust Deed. | 2017/18 | Closed Two new Trustees were appointed to the Trust by Council on 22 July 2020. |

Appendix 2: Disclosures

| Area | Key messages |
|--|---|
| Our responsibilities in conducting the audit | <p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the Trust of their responsibilities.</p> <p>Our audit engagement letter contains a detailed explanation of the respective responsibilities of the auditor and the Trust.</p> |
| Auditing standards | <p>We carried out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect all instances of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The Trust and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p> |
| Auditor independence | <p>We are independent of the Trust in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: <i>International Code of Ethics for Assurance Practitioners</i>, issued by New Zealand Auditing and Assurance Standards Board.</p> |
| Fees | <p>The audit fee for the year is \$4,316, as detailed in our audit proposal letter.</p> <p>No other fees have been charged in this period.</p> |
| Other relationships | <p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the Trust that is significant to the audit.</p> <p>We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the Trust during or since the end of the financial year.</p> |



AUDIT NEW ZEALAND
Mana Arotake Aotearoa

PO Box 2
Christchurch 8140
www.auditnz.parliament.nz



Adoption of Milford Community Trust's Performance Report for the year ended 30 June 2021

Record No: R/22/6/29640
Author: Brie Lepper, Accountant
Approved by: Anne Robson, Chief financial officer

☒ Decision

☐ Recommendation

☐ Information

Purpose

- 1 To provide the trust with the draft Milford Community Trust (the Trust) Performance Report (attachment A) for the year ended 30 June 2021 so it can be adopted.

Executive Summary

- 2 The Performance Report is a means for the Trust to account and report to the community on its performance for the preceding financial year. It reports on outcomes, performance measures, both financial and non-financial and provides the actual results against budgeted results.
- 3 The Performance Report compares and comments on the performance of the Trust against the budget and operating targets set in their Statement of Intent 2020-2023.
- 4 The Trust, as a Council controlled organisation, is usually required by the Local Government Act 2002 to develop and adopt a Performance Report within three months of the end of a financial year, however due to the Covid-19 pandemic, legislation was passed to extend the deadline to 30 November 2021.
- 5 As you will be aware, the Trust is required to file their audited financial statements with the Charities Service by the 31 December to maintain their charity status. The office of the Auditor-General has engaged with Charities Services and an extension has been granted. Council Staff have submitted the Trust's draft Performance Report to Charity Services and will upload the audited accounts once these have been adopted. Charities Services have agreed to this approach.
- 6 The final draft Performance Report for the year ended 30 June 2021 is attached to this report (attachment A).

Recommendation

That the Milford Community Trust:

- a) **Receives the report titled “Adoption of Milford Community Trust’s Performance Report for the year ended 30 June 2021” dated 23 June 2022.**
- b) Adopts the Milford Community Trust Performance Report (attachment A) for the year ended 30 June 2021.
- c) Delegates authority to the Chairperson and one trustee to sign the letter of representation to Audit New Zealand (attachment C) on behalf of Trust.
- d) Agrees that the audited performance report be delivered to shareholders and be made available to the public by 30 June 2022.

Background

- 7 The Performance Report is a means of accounting for the Trust's activities for the 2020/2021 financial year. It reports on targets and budgets in the Statement of Intent 2020-2023.
- 8 The Performance Report details the operating activities of the Trust and includes financial statements for the Trust. The report and financial statements have yet to be audited by Audit NZ on behalf of the auditor-general.

Status of the Report

- 9 At the time of writing this report, Audit NZ have completed their audit fieldwork and review of the Performance Report. Verbal audit clearance has been received along with their draft audit opinion (attachment B), and the draft representation letter (attachment C) on Tuesday 21 June 2022. Any changes to the document will be tabled at the meeting.
- 10 The letter of representation to Audit NZ is required to be signed by the chairman and a trustee.

Trust Performance

- 11 The Performance Report for the year ended 30 June 2021 details the performance of the Trust against the key performance targets that were specified in the Statement of Intent 2020-2023
- 12 The Trust achieved neither of the two key performance indicators set for the 2020/2021 year. The ongoing impact of the Covid-19 pandemic, meant the trustees did not meet for a fourth time as there was insufficient business to warrant an additional meeting. Additionally, due to the lack of Trust activity planned for the year, particularly the deferral of the proposed recreation centre, the Trustee's considered it wasn't necessary to hold a meeting in Milford Sound Piopiotahi.

Activities

- 13 The Performance Report 2020/2021 includes summarised information about the planned activities of the Trust and their status as programmed in the Statement of Intent 2020-2023.
- 14 A review of the trust deed was undertaken and the Trustees agreed to change the rules of the deed to better reflect the operations and capacity of the Trust. That decision was made at its meeting on the 28th June 2021 and the amendments were electronically lodged on the 28th July 2021.

Financial Results

- 15 These financial statements have been prepared in accordance with Tier 3 PBE accounting standards. Explanations of the variances between actual results and budgeted results for 2020/2021 year can be found in note 9 of the Performance Report.

Statement of Financial Performance

- 16 The Statement of Financial Performance (Page 10 of the Performance Report) outlines the actual income and expenditure compared to budget. The Trust ended with a deficit of \$14,381 compared with a budgeted surplus of \$36,470.
- 17 The deficit is due to no concessionaire's income and administration costs only being incurred in 2020/2021.

Statement of Financial Position

- 18 Term deposits are higher than budgeted primarily due to work on the Cleddau Village recreation building not commencing. All surplus funds have been invested in term deposits.

Issues

- 19 At the date of this report there are no unresolved issues in relation to the Performance Report for the year ended 30 June 2021.
- 20 Staff note that in the post balance date events disclosure (note 1 page 15 of attachment A), commentary has been included around the planned consideration of the future of the Trust and whether it is the most appropriate entity to provide leadership and governance of Milford Sound into the future. No change in structure is expected to occur until after 1 July 2023. This was required in confirm that the Trust will continue as a going concern for the next 12 months from the date of the adoption of this report.

Factors to Consider

Legal and Statutory Requirements

- 21 Under the Local Government Act 2002, the Trust must prepare and adopt a Performance Report in respect of each financial year.

Costs and Funding

- 22 The audit fee for the Performance Report for the year ended 30 June 2021 is \$4,316 (excluding GST).

Policy Implications

- 23 Section 67 of the Local Government Act 2002 requires that a Council controlled organisation must deliver to the shareholders, and make available to the public a report on the organisation's operations during the year. The information required to be included are defined in Section 68 and 69 of the Local Government Act 2002 and the Trust's own statement of intent for the financial year.
- 24 Section 68 requires enough information to be included to enable an informed assessment of the operations of the trust including an assessment of performance against the statement of intent and an explanation of any major variances.
- 25 Section 69 requires that the report include an auditor's report and that the audited statements be prepared within generally accepted accounting practice which incorporates the New Zealand International Financial Reporting Standards.

Next Steps

- 26 Once the Trust adopts the Performance Report for the year ended 30 June 2021, the signed version will be forwarded to the auditors and the final audit opinion will be issued. A copy of the final audited Performance Report will be circulated to the stakeholders and uploaded onto Southland District Council's website.

Attachments

- A Milford Community Trust - Performance Report 30 June 2021 [↓](#)
- B Milford Community Trust's draft audit opinion from Audit NZ for the year ended 30 June 2021 [↓](#)
- C Representation letter for the year ended 30 June 2021 - Milford Community Trust [↓](#)



MILFORD COMMUNITY TRUST

PERFORMANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2021

R/21/6/36902



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Entity Information

Legal Name:

Milford Community Trust Board

Type of Entity and Legal Basis:

Charitable Trust

Registration Number:

CC39881

Mission:

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.

Structure of the Trust:**Date of Settlement:**

May 2007

Settlor:

Southland District Council

Current Trustees:

Ebel Kremer

Tim Holland

Steve Norris

Tony Woodham

Brad Johnstone

Rosco Gaudin

Term of Office:

Councillor (Three years) and Interim Chairperson (December 2021)

Four Years

Four Years

Four Years

Three Years

Four Years

Manager:

Southland District Council

Secretary:

Southland District Council

Trust Capital:

100 dollars

Main Sources of Resources:

Milford Community Trust's primary source of income is via a concessionaire's fee charged to local organisations on a quarterly basis.



Chairperson's Report

It's been a most challenging year for the Milford Community and Tourist Operators operating out of Milford Sound.

The COVID-19 pandemic following on the heels of the February 2020 floods continues to have a devastating economic effect on Tourist Operators in Milford. The flow on effect has been a significant decrease in Community residents and a negative impact on previously busy and vibrant Milford Sound Accommodation Village.

The Trust decided to continue its support the Milford operators by again not seeking their financial contributions to the Community Trust. This approach was seen by the Trust as a way of acknowledging the economic down turn plus providing a level of support to the Milford Operators during such challenging times.

The Trust has also decided to place on hold the construction of the Recreational Facility. To construct a facility in these uncertain times and place additional responsibility on the Milford Sound Residents is, in the Trust's view, unwise.

During the previous twelve months the Trust has reviewed and amended the trust deed to more accurately reflect the Trust's purpose and reflect the outcomes it needs to focus on. The additional amendment is the ability to reduce the number of trustees required to be on the Trust and reduce the number of meetings required during any twelve-month period.

Thank you to all the trustees for their support and assistance. Also, my thanks to SDC staff Simon Moran for your support and guidance.

I look forward to working alongside fellow Trustees as we meet new and challenging times. I also look forward to enhancing the Trust's relationship with relevant agencies and organisations as we work together for the benefit and improvement of the Milford Community and its visitors.

A handwritten signature in black ink, appearing to read "Ebel Kremer", is positioned above the printed name.

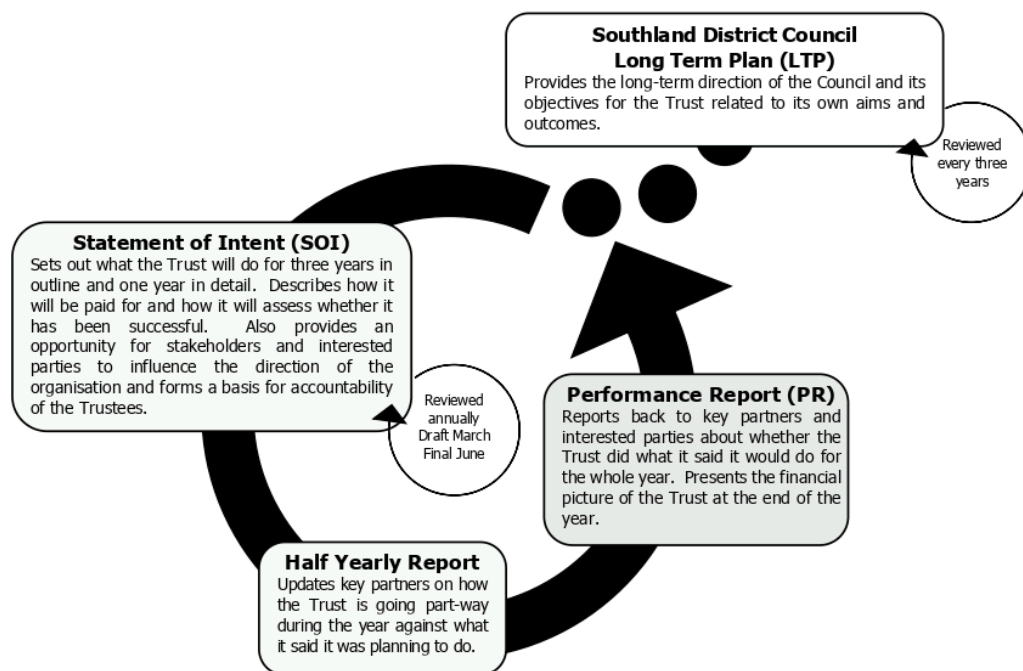
Ebel Kremer
Interim Chairperson
Milford Community Trust



What is the Performance Report?

Each year a Performance Report is produced for the Milford Community Trust which compares activities performed with those intended as set out in the Trust's Statement of Intent for the year. This information allows the operation of the Trust to be assessed by its key partners and other interested parties. This document reports in the Trust's activities during the year 1 July 2020 to 30 June 2021 which was the period of Year 1 in the Statement of Intent 2020-2023.

As a Council Controlled Organisation (CCO), the Milford Community Trust has obligations to report on its activities under the Local Government Act 2002.





Performance Information

This section reports on the Trust's performance compared against what was intended in the Statement of Intent.

Objectives

The Trust has several key objectives which guide its activities, namely:

- (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.

Reporting on the activities of the Trust as well as actual performance against planned targets provides information which can be used to evaluate progress being made towards these objectives. The Trust's Statement of Intent includes a number of performance targets and specific projects which are reported on below.

Governance Report

The Milford Community Trust was established in 2007 following a process of consultation with residents, agencies and businesses with interests in Milford. This followed 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 is governed by a board of seven Trustees with representatives from stakeholder groups as shown in the table below. 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.

Three meetings, which are open to the public, were held during the year. These meetings were held as follows;

5 November 2020
2 March 2021
28 June 2021



Trustees are detailed in the table below;

| The Designation | Trustee Name | Appointed | Term Expires* |
|--|----------------|-----------|---------------|
| Te Anau Ward Councillor, ex-officio appointment Interim Chair | Ebel Kremer | Oct 2019 | Oct 2022 |
| | | Dec 2020 | Dec 2021 |
| Milford Community Association elected representative | Brad Johnstone | 2021 | June 2024 |
| Milford Community appointees | Rosco Gaudin | 2020 | June 2023 |
| | Steve Norris | 2021 | June 2025 |
| | Tony Woodham | 2021 | June 2025 |
| | Tim Holland | 2021 | June 2025 |

* These terms were correct as at the end of the 2020/21 financial year but have subsequently been amended by the changes to the Trust Deed as at 28 July 2021.

Trustee appointments

Three Trustees were appointed in 2020/21.

Performance Targets

The information below sets out how the Trust performed against the key performance indicators from the Statement of Intent chosen to reflect the level of service to be provided.

The table shows what Level of Service the Trust said it would provide, how this will be measured, the target for the 2020/2021 year and whether the targets were achieved, partially achieved or not achieved and the reason for any significant variance.

| What the Trust said will provide | How the Trust said it will measure the service provided | | |
|---|--|--------|---|
| Level of Service | Key Performance Indicator | Target | Achievement |
| Maintain a structure that facilitates local decision-making. | Number of Milford Community Trust meetings held annually | 4 | Not Achieved. The trustees did not want to meet a fourth time during the reporting period as given the ongoing impact of Covid-19 on tourism, and particularly Milford Sound Piopiotahi, there was insufficient business to warrant holding all meetings. Three meetings were held in 2020/21 in November, March, and June. (2019/20: Achieved) |
| Keep the Milford community informed about Trust plans and outcomes. | Hold public forums in Milford each year. | 1 | Not Achieved. Due to the lack of Trust activity planned for the year, particularly the deferment of the proposed recreation centre, the Trustee's considered it wasn't necessary to hold a meeting in at Milford Sound Piopiotahi. (2019/20: Not Achieved) |



Activity Report

The information below reports on the planned activities included in the Statement of Intent 2020-2023 as well as any unplanned for activities actually carried out during the year.

| Activity Description | Date | Status |
|---|---------------|---|
| Planned Activities | | |
| Advocate and assist with other organisations for strategic improvements in community planning in Milford Sound. | June 2021 | There have been ongoing discussions with the Department of Conservation primarily through their representatives who attend the Trust meetings. The Chair has also participated in discussions with the Milford Opportunities Project consultants who were working on a long-term master plan for Milford that has now been publicly released. |
| Provide funding for medical support, services and facilities for the Milford Emergency Response Team station. | June 2021 | Last year it was stated that <i>The Trust decided to allocate \$80,000 p.a. in conjunction with Milford Sound Tourism Limited to ensure there was full time medical coverage for Milford. No appointments were made prior to the flooding and Covid-19 events of 2020 and it is unlikely that they will occur in the next 12 months.</i> This has proven to be correct given the significantly reduced level of visitors. |
| Review of the Trust and charging mechanism with stakeholders including concessionaires | June 2021 | A review of the Trust Deed was undertaken and the Trustees agreed to change the rules of the Deed to better reflect the operations and capacity of the Trust. That decision was made at its meeting on the 28 th June 2021 and the amendments were electronically lodged on the 28 th July 2021. |
| Facilitate the construction of the Milford recreation centre if it gets approval. | June 2021 | Construction was intended to occur however, the financial impact from Covid-19 on Milford Operators who would fund the ongoing operational costs plus any additional capital costs means that the Trust continue to put this project on hold. |
| Advocate for the continuation of maintaining beautification and roading within the village and Deepwater basin. | June 2021 | Lobbying of the Department of Conservation and Council has continued primarily through the Trust meetings where representatives are present. |
| Assist Milford Community Association with the ongoing development of Cleddau Village recreation area to accommodate the community centre. | June 2021 | Construction was intended to occur however, the financial impact from Covid-19 on Milford Operators who would fund the ongoing operational costs plus any additional capital costs means that the Trust continue to put this project on hold. |
| Unplanned Activities | | |
| None | | |
| Information Requirements | | |
| Draft Statement of Intent approved by the Trust. | 30 March 2021 | Achieved. The Trust received the report on 2 nd March. |



| Activity Description | Date | Status |
|--|---------------|--|
| Final Statement of Intent prepared and circulated to key partners. | 30 June 2021 | Achieved. The Council approved the Statement of Intent on 23 rd June. |
| Half yearly report prepared and circulated to key partners. | 30 March 2021 | Achieved. The Trust received the report on 2 nd March. |

Compensation

In the Statement of Intent, the Trust indicated that it would require funding (investment) from parties for undertaking particular activities. The Trust is required to report on compensation provided by key partners in particular. The table below details the actual compensation versus what was budgeted in the Statement of Intent.

| Contribution | Activity | 2020/2021 Budgeted | 2020/2021 Actual | Comment |
|---|------------------|--------------------|------------------|--|
| Key Partners | | | | |
| Other Sources | | | | |
| Concessionaires (via Concession Activity Fee) | Governance Costs | \$150,583 | \$0 | The Trustees at their June 2020 meeting decided that due to the effects of Covid-19 on the revenues of tourism companies (all MCT revenue is derived from tourism operators), it would not invoice for the first half of the financial year. It subsequently made a further decision in March 2021 to not invoice for the remainder of the financial year and the first half of 21/22. It is consciously foregoing income in order to support the operators. |

Value of Stakeholders Investment

The net value of the stakeholders' investment in the Trust is estimated to be \$449,207 as at 30 June 2021. The assessment uses the value of stakeholders' funds as a guide.



Milford Community Trust
Statement of Financial Performance
For the year ended 30 June 2021

| | Actual 2021 | Budget 2021 | Actual 2020 |
|---------------------------------------|------------------------|------------------------|------------------------|
| Revenue | | | |
| Concessionaires Income | - | 150,583 | 112,938 |
| Interest Income | 5,799 | - | 9,994 |
| Trustee Fees Forgiven | 2,700 | - | 3,000 |
| Total Revenue | 8,499 | 150,583 | 125,931 |
| Expenses | | | |
| Accommodation and Meals | - | 500 | - |
| Administration Fees | 44 | 50 | 44 |
| Advertising - Newspaper | - | 600 | 38 |
| Audit Fees | 4,316 | 4,500 | 4,208 |
| Bank Fees | 40 | 40 | 40 |
| Catering Expenses | - | 500 | (3) |
| Chairpersons Fees | 10,000 | 10,000 | 10,000 |
| Depreciation | 1,457 | 1,472 | 1,502 |
| General Expenses | - | 500 | 346 |
| Legal Costs | 822 | - | 832 |
| Medical Support | - | 80,000 | - |
| Mileage | - | 1,500 | - |
| Project Development & Planning | - | 5,000 | 3,030 |
| Radio Tower | - | 370 | - |
| Room Hire | - | 200 | (7) |
| Trustees Fees | 3,300 | 6,000 | 3,000 |
| Insurance | 2,900 | 2,882 | 2,825 |
| Total Expenses | 22,879 | 114,114 | 25,856 |
| Surplus/(Deficit) for the Year | (14,381) | 36,470 | 100,075 |

The above statement should be read in conjunction with the following Statement of Accounting Policies and Notes to the Financial Statements.



Milford Community Trust
Statement of Changes in Equity
For the year ended 30 June 2021

| | Actual 2021 | Budget 2021 | Actual 2020 |
|-----------------------------------|------------------------|------------------------|------------------------|
| Total Equity at beginning of year | 463,587 | 439,638 | 363,512 |
| Net Surplus/(Deficit) | (14,381) | 36,471 | 100,075 |
| Equity at end of year | 449,207 | 476,109 | 463,587 |

Milford Community Trust
Statement of Financial Position
As at 30 June 2021

| | Note | Actual 2021 | Budget 2021 | Actual 2020 |
|--------------------------------------|-------------|------------------------|------------------------|------------------------|
| Assets | | | | |
| Current Assets | | | | |
| Bank Accounts and Cash | 2 | 19,818 | 15,000 | 17,843 |
| Short Term Deposit | 3 | 390,000 | 35,565 | 410,000 |
| Debtors | | 100 | 100 | 119 |
| Accrued Income | | 556 | - | 2,545 |
| GST Recievable | | 123 | - | - |
| Total Current Assets | | 410,597 | 50,665 | 430,506 |
| Non-Current Assets | | | | |
| Property, Plant and Equipment | 4 | 47,116 | 597,101 | 48,573 |
| Total Non-Current Assets | | 47,116 | 597,101 | 48,573 |
| Total Assets | | 457,713 | 647,766 | 479,079 |
| Liabilities | | | | |
| Current Liabilities | | | | |
| Accrued Expenses | | 8,506 | 5,000 | 7,798 |
| Creditors | | - | - | 2,507 |
| Term Loan - Current Portion | | - | 36,376 | - |
| GST Payable | | - | (33,342) | 5,187 |
| Total Current Liabilities | | 8,506 | 8,034 | 15,492 |
| Non-Current Liabilities | | | | |
| Term Loan - Non Current | | - | 163,624 | - |
| Total Non-Current liabilities | | - | 163,624 | - |
| Total Liabilities | | 8,506 | 171,658 | 15,492 |
| Net Assets | | 449,207 | 476,108 | 463,587 |
| Accumulated Funds | | | | |
| Trust Capital | 7 | 100 | 100 | 100 |
| Accumulated Surplus/(Deficit) | | 449,107 | 476,008 | 463,487 |
| Total Accumulated Funds | | 449,207 | 476,108 | 463,587 |



The above statement should be read in conjunction with the following Statement of Accounting Policies and Notes to the Financial Statements.

Trustee

Trustee

Date Signed:

The above statement should be read in conjunction with the following Statement of Accounting Policies and Notes to the Financial Statements.

Milford Community Trust Statement of Cash Flows For the year ended 30 June 2021

| | Actual 2021 | Actual 2020 |
|---|-----------------|------------------|
| Cash Flows from Operating Activities | | |
| Cash was received from: | | |
| Receipts from Concessionaires Income | 17 | 113,507 |
| Grants | - | - |
| Interest Received | 7,788 | 8,981 |
| Cash was applied to: | | |
| Goods and Services Tax (Net) | (5,635) | 6,961 |
| Payment to Suppliers and Employees | (20,194) | (19,407) |
| Net Cash Flows from Operating Activities | (18,024) | 110,042 |
| Cash Flows from Investing Activities | | |
| Cash was received from: | | |
| Term Deposit Maturity | 410,000 | 275,000 |
| Cash was applied to: | | |
| Investment In Property, Plant and Equipment | - | - |
| Investment In Term Deposit | (390,000) | (410,000) |
| Net Cash Flows from Investing Activities | 20,000 | (135,000) |
| Net Cash Flows from Financing Activities | - | - |
| Net Increase/(Decrease) in Cash | 1,976 | (24,958) |
| Opening Cash | 17,843 | 42,801 |
| Closing Cash | 19,818 | 17,843 |



Statement of Accounting Policies

For the year ended 30 June 2021

BASIS OF PREPARATION

Milford Community Trust has applied PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting - Accrual (Public Sector) on the basis that it does not have public accountability and has total annual expenses of equal to or less than \$2 million.

All transactions in the Performance Report are reported using the accrual basis of accounting.

The financial statements are prepared under the assumption that the entity will continue to operate in the foreseeable future.

SIGNIFICANT ACCOUNTING POLICIES

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 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.

At balance date, trustee's fees that have not been claimed are recognised as revenue.

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 diminishing value basis that will write off the cost of the assets over their useful lives. This is calculated using the following rates:

| | | |
|------------------|----|------------------|
| Recreational Pad | 3% | Diminishing Line |
|------------------|----|------------------|

Income Tax

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

Budget Figures

The budget figures are derived from the 2020-2023 Statement of Intent as approved by the Trustees on 7 May 2020. 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.

Changes in Accounting Policies

There have been no changes to the accounting policies applied in the financial statements from the prior year.

Goods and Services Tax

The Trust is registered for GST. All amounts in the financial statements are recorded exclusive of GST, except for debtors and creditors which are stated inclusive of GST.



Notes to the Financial Statements

For the year ended 30 June 2021

1. Post balance date events

Milford Community Trust approved at their 29 June 2021 meeting to approve the proposed amendments the Milford Community Trust Board deed. The amended trust deed has been provided to the Trustees for signing in July 2021.

In the coming months, the Trust have indicated that they are planning to consider if a Council controlled organisation will continue to be the appropriate entity to provide leadership and governance of Milford Sound into the future. Any change in structure is anticipated to occur after 1 July 2023.

2. Bank accounts and cash

| Account | 2021 | 2020 |
|---------------------|---------------|---------------|
| BNZ Cheque Account | 157 | 819 |
| BNZ Savings Account | 19,661 | 17,024 |
| Total | 19,818 | 17,843 |

Interest rates on the BNZ Cheque and Savings accounts at 30 June 2021 are 0.05% and 0.05% per annum respectively (2020: 0.05% and 0.05%).

3. Investments

| Account | 2021 | 2020 |
|-----------------|----------------|----------------|
| Term Deposit(s) | 390,000 | 410,000 |
| Total | 390,000 | 410,000 |

Five term deposits are held with BNZ at 30 June 2021.

- A \$50,000 deposit, maturing 30/08/2021, at 0.60% interest.
- A \$60,000 deposit, maturing 08/11/2021, at 0.99% interest.
- A \$30,000 deposit, maturing 14/12/2021, at 1.06% interest.
- A \$100,000 deposit, maturing 27/1/2022, at 1.00% interest.
- A \$150,000 deposit, maturing 24/3/2022, at 1.10% interest.

Five term deposits are held with BNZ at 30 June 2020.

- A \$150,000 deposit, maturing 24/08/2020, at 2.75% interest.
- A \$100,000 deposit, maturing 09/09/2020, at 2.41% interest.
- A \$50,000 deposit, maturing 28/10/2020, at 2.12% interest.
- A \$50,000 deposit, maturing 11/11/2020, at 2.06% interest.
- A \$60,000 deposit, maturing 26/3/2021, at 1.83% interest.

4. Property, plant and equipment

| | Land Improvements | Total |
|---|-------------------|---------------|
| Carrying Amount at 1 July 2019 | 50,075 | 50,075 |
| Additions | - | - |
| Disposals (net of Accumulated Depreciation) | - | - |
| Depreciation Expense | (1,502) | (1,502) |
| Carrying Amount at 30 June 2020 | 48,573 | 48,573 |



| | | |
|---|---------------|---------------|
| Carrying Amount at 1 July 2020 | 48,573 | 48,573 |
| Additions | - | - |
| Disposals (net of Accumulated Depreciation) | - | - |
| Depreciation Expense | (1,457) | (1,457) |
| Carrying Amount at 30 June 2021 | 47,116 | 47,116 |

* Land Improvements relates to the construction of the Cleddau Village Recreational Reserve asphalt pad. Construction was completed in March 2017.

5. Contingent assets and liabilities

There are no contingent assets or liabilities as at 30 June 2021 (Nil June 2020).

6. Commitments

The Trust has no commitments as at 30 June 2021 (Nil June 2020).

7. Accumulated Funds

| | 2021 | 2020 |
|--------------------------------|----------------|----------------|
| Contributed Capital | | |
| Balance at 1 July | 100 | 100 |
| Balance at 30 June | 100 | 100 |
| Accumulated Surplus | | |
| Balance at 1 July | 463,587 | 363,512 |
| Surplus/(Deficit) for the year | (14,381) | 100,075 |
| Balance at 30 June | 449,207 | 463,587 |
| Accumulated funds | 449,207 | 463,587 |

8. Related Parties

Department of Conservation and Southland District Council with the assistance of Environment Southland worked together setting up a Council Controlled Organisation in the form of this Trust, and therefore are the stakeholders of the Trust.

The Trust had transactions with DOC during the year of \$19 (2019 \$759) for 2019/2020 concessionaires income paid in 2020/2021.

The Trust had no transactions with Southland District Council during the year (2020 Nil).

The Trust had no transactions with Environment Southland during the year (2020 Nil).

Additionally, Trustees have interests in organisations within Milford Sound which contribute to the Trust through payment of a concessionaire's fee. Related party disclosures have not been made for transactions with these organisations as the setting of these fees is conducted under terms and conditions no more or less favourable than those that it is reasonable to expect the Trust would have adopted in dealing with the party at arm's length in the same circumstances.

9. Explanation of major variances against budget

Explanations for major variations from the Trust's budget for the year ending 30 June 2021 Statement of Intent are as follows:

- Statement of Financial Performance**



- No concessionaires invoicing was completed in 2020/2021 as the Trust resolved on the 19 June 2020 and 2 March 2021 to forego this revenue, to provide relief for the Concessionaries due to the impact on tourism from the February floods and Covid-19.
- No accommodation and meal costs, were incurred as the audit is completed offsite.
- No Trustee fees or mileage was claimed by Trustees for the year.
- Legal costs relate to advice received regarding, amending the current Trust Deed.
- **Statement of Financial Position**
 - Term Deposits are higher than budgeted primarily due to minimal progress on the recreation centre project. All surplus funds have been invested in term deposits.
 - GST Receivable, Property, Plant and Equipment and Term Loan balances are lower than budget due to the work on the Cleddau Village recreation centre being slower to progress than anticipated as a result of the February flooding event and Covid-19.

10. **The impact of Covid-19 on the Trust**

The effect on the Trust's operations is reflected in these financial statements, based on the information available to the date these statements are signed. The impact is considered to be minimal in terms of expenditure as the Trust does not operate public facilities however, its income is from fees paid by the Milford concessionaire fees which are heavily reliant on the tourism industry. The Trust therefore decided not to invoice concessionaire fees through to end of December 2021. This approach was seen by the Trust as a way of acknowledging the economic down turn and providing a level of support to the Milford operators during adverse times.

The Trust has also decided to place on hold for a period of up to 12 months on the construction of the recreational facility and the ongoing financial contribution by the concessionaires towards the recreational facility would be inappropriate under the difficult times being experienced with Covid-19. Due to the infancy of this project no contract variations were incurred as a result of Covid-19.

As at the date of this report, the Trust has not received any enquiries from concessionaires raising concerns about their ability to pay. Additionally, the Trust's only property asset (the recreational pad), is recognised at cost at there is no impact on its value as a result of Covid-19.

On this basis it is anticipated that the ongoing effect of Covid-19 on the Trust will be minimal, however some uncertainties remain. There could also be other matters that affect the Trust in the future, of which we are not yet aware.

11. **Legislation Compliance**

The Trust was required under its Trust Deed which states that the trust will prepare and deliver to the Council the annual report in terms of section 66 and 67 of the Local Government Act 2002.

This states that it is required under the Act to complete its audited financial statements and service performance information by 30 November 2021.

This timeframe was not met because Audit New Zealand was unable to complete the audit within this timeframe due to an auditor shortage and the consequential effects of Covid-19, including lockdowns.



Other information

For the year ended 30 June 2021

The Trust budgeted for the commencement of the building of the recreation centre, however due to the ongoing effects of Covid-19 this project was delayed.

Capital Projects

| | Actual 2021 | Budget 2021 | Actual 2020 |
|-------------------|----------------|----------------|----------------|
| Project | | | |
| Recreation Centre | - | 500,000 | - |
| | - | 500,000 | - |

Independent Auditor's Report

To the readers of Milford Community Trust's performance report for the year ended 30 June 2021

The Auditor-General is the auditor of Milford Community Trust (the Trust). The Auditor-General has appointed me, Dereck Ollsson, using the staff and resources of Audit New Zealand, to carry out the audit of the performance report of the Trust on his behalf.

Opinion

We have audited the financial statements of the Trust on pages 10 to 17, that comprise the statement of financial position as at 30 June 2021, the statement of financial performance, statement of changes in equity and statement of cash flows for the year ended on that date, the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion:

- the financial statements of the Trust on pages 10 to 17:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2021; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Simple Format Reporting Standard – Accrual (Public Sector); and
- the performance targets on page 7:
 - present fairly, in all material respects, the performance for the year ended 30 June 2021, including:
 - the performance achievements as compared with forecasts included in the statement of intent for the financial year; and
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed late

Our audit was completed on **21 June 2022**. This is the date at which our opinion is expressed. We acknowledge that our audit was completed late due to an auditor shortage in New Zealand and the consequential effects of Covid-19, including lockdowns.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities relating to the performance report and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Trustees for the performance report

The Trustees are responsible on behalf of the Trust for preparing the performance report that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Trustees are responsible for such internal control as they determine is necessary to enable them to prepare the performance report that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern. The Trustees are also responsible for disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting, unless the Trustees intend to wind up the Trust or to cease operations, or have no realistic alternative but to do so.

The Trustees' responsibilities arise from the Local Government Act 2002 and the Trust Deed.

Responsibilities of the auditor for the audit of the performance report

Our objectives are to obtain reasonable assurance about whether the financial statements and performance targets, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material

misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

For the budget information reported in the financial statements, our procedures were limited to checking that the information agreed to the Trust's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risk of material misstatement of the financial statements and performance targets, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and performance targets, including the disclosures, and whether the financial statements and performance targets represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Trustees are responsible for the other information. The other information comprises the information included on pages 3 to 6, 8 to 9 and 18, but does not include the financial statements and performance targets, and our auditor's report thereon.

Our opinion on the financial statements and performance targets does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the performance report, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and performance targets, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Trust in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in, the Trust.

Dereck Ollsson
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

29 June 2022

Dereck Ollsson
Appointed Auditor
Audit New Zealand
PO Box 2
Christchurch 8140

Dear Dereck

Representation letter for the year ended 30 June 2021

This representation letter is provided in connection with your audit, carried out on behalf of the Auditor General, of the financial statements and statement of performance of Milford Community Trust for the year ended 30 June 2021 for the purpose of expressing an independent opinion about whether:

The financial statements:

- present fairly, in all material respects:
 - the financial position as at 30 June 2021; and
 - the financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) Standard.

The statement of performance:

- presents fairly, in all material respects, the performance for the year ended 30 June 2021, including:
 - the performance achievements as compared with forecasts included in the performance target for the financial year; and
 - the actual revenue and expenses as compared with the forecasts included in the performance target for the financial year; and
- complies with generally accepted accounting practice in New Zealand.

We understand that your audit was carried out in accordance with the Auditing Standards issued by the Auditor-General, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

General representations

To the best of our knowledge and belief:

- the resources and activities under our control have been operating effectively and efficiently;
- we have complied with our statutory obligations including laws, regulations, and contractual requirements;

- we have carried out our decisions and actions with due regard to minimising waste;
- we have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector (that is, we have carried out our decisions and actions with due regard to probity); and
- any decisions or actions have been taken with due regard to financial prudence.

We also acknowledge that we have responsibility for designing, implementing, and maintaining internal control (to the extent that is reasonably practical given the size of Milford Community Trust) to prevent and detect fraud or error, and which enables the preparation of the financial statements and the statement of performance that are free from material misstatement whether due to fraud or error.

Representations on the financial statements and the statement of performance

We confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements and statement of performance, and that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have fulfilled our responsibilities for preparing and presenting the financial statements and the statement of performance as required by Local Government Act 2002 and, in particular, that:
- The financial statements:
 - present fairly, in all material respects:
 - the financial position as at 30 June 2021; and
 - the financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) Standard.
- The statement of performance:
 - presents fairly, in all material respects, the performance for the year ended 30 June 2021, including:
 - the performance achievements as compared with forecasts included in the performance targets for the financial year; and
 - the actual revenue and expenses as compared with the forecasts included in the performance targets for the financial year; and
 - complies with generally accepted accounting practice in New Zealand.
- We believe the significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- We have appropriately accounted for and disclosed the related party relationships and transactions in the financial statements.
- We have adjusted or disclosed all events subsequent to the date of the financial statements and the statement of performance that require adjustment or disclosure.

- We believe the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements and statement of performance as a whole. A list of the uncorrected misstatements is attached to this representation letter.
- We have disclosed all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. Where applicable, such litigation and claims have been accounted for and disclosed in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) Standard.

Representations about the provision of information

We confirm that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- We have provided you with:
 - all information, such as records and documentation, and other matters that are relevant to preparing and presenting the financial statements and the statement of performance; and
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- We have disclosed to you the results of our assessment of the risk that the financial statements and statement of performance may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements and the statement of performance.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements and statement of performance communicated by employees, former employees, analysts, regulators, or others.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements and the statement of performance.
- We have provided you with all the other documents ("other information") which will accompany the financial statements and the performance information which are consistent with one another, and the other information does not contain any material misstatements.
- We have disclosed the identity of the related parties, all of their relationships, and all of their transactions of which we are aware.

Publication of the financial statements and statement of performance and related audit report on a website

- The Trust accepts that it is responsible for the electronic presentation of the audited financial statements and statement of performance.
- The electronic version of the audited financial statements and statement of performance and the related audit report presented on the website are the same as the final signed version of the audited financial statements and statement of performance and audit report.
- We have clearly differentiated between audited and unaudited information on the website and understand the risk of potential misrepresentation without appropriate controls.
- We have assessed the security controls over audited financial and performance information and the related audit report, and are satisfied that procedures are adequate to ensure the integrity of the information provided.
- Where the audit report on the full financial statements and statement of performance is provided on a website, the financial statements and statement of performance are also provided in full.

Going concern basis of accounting

We confirm that, to the best of our knowledge and belief, the Milford Community Trust has adequate resources to continue operations at its current level for the foreseeable future. For this reason, the Trust continues to adopt the going concern basis of accounting in preparing the financial statements and the statement of performance for the year ended 30 June 2021. We have reached this conclusion after making enquiries and having regard to circumstances that we consider likely to affect the Milford Community Trust during the period of one year from the date of signing the financial statements and the statement of performance, and to circumstances that we know will occur after that date which could affect the validity of the going concern basis of accounting.

We consider that the financial statements and the statement of performance adequately disclose the circumstances, and any uncertainties, that we can reasonably be expected to be aware of concerning the adoption of the going concern basis of accounting by the Milford Community Trust.

The representations in this letter are made at your request, and to supplement information obtained by you from the records of the Milford Community Trust and to confirm information given to you orally.

Yours sincerely

Ebel Kremer - Chairperson

Trustee

Appendix 1: Uncorrected misstatements

| Note | Statement of comprehensive income | | Statement of financial position | |
|------|-----------------------------------|-------------|---------------------------------|-------------|
| | Dr \$000 | Cr \$000 | Dr \$000 | Cr \$000 |
| 1 | | | | |
| 2 | | | | |
| 3 | | | | |

Explanation for uncorrected differences

1 [Description]

2 [Description]

3 [Description]

| Detail of performance information misstatement | Explanation of why not corrected |
|--|----------------------------------|
| | |
| | |
| | |
| | |
| | |
| | |

Appendix 2:

Uncorrected disclosure deficiencies

| Detail of disclosure deficiency | Explanation of why not corrected |
|---------------------------------|----------------------------------|
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Financial Report to 31 May 2022

Record No: R/22/6/29628
Author: Dee Patel, Accountant
Approved by: Anne Robson, Chief financial officer

☐ Decision ☐ Recommendation ☒ Information

Purpose

- 1 This financial report is for the period 1 July 2021 to 31 May 2022 and provides the Trustees with an updated statement of financial performance and financial position of the Trust for that period.

Commentary

- 2 The 30 June 2021 comparative financial results included in this report have recently been audited by Audit New Zealand and are consistent with the 2020/2021 Performance Report.

Financial Performance

- 3 The net deficit for the Trust for the period to 31 May 2022 is \$2,592.
- 4 As resolved by the Trust at their June 2020 and March 2021 meetings, the full year of concessionaire's income for 2020/2021 will not be invoiced and therefore no concessionaire's income has been received to date.
- 5 The majority of expenses to date relate to donations, insurance and depreciation. Insurance costs are for the placement of trustees' liability, statutory liability and public liability insurance for the period 1 July 2021 to 30 June 2022. The donations amount relates to frisbee golf equipment donated to the community.

Financial Position

- 6 The net assets of the Trust at 31 May 2022 total \$446,615.
- 7 The Trust continues to have a strong cash position with \$9,253 held in the cheque/savings accounts. The savings account receives interest at a rate of 0.15% p.a. Surplus funds are transferred to the savings account, or invested as appropriate, on a regular basis.
- 8 Additionally, \$390,000 is invested in term deposits as outlined in the table below:

| Bank | Amount | Interest Rate | Term | Maturity Date | Total Expected Interest |
|---------------|------------------|---------------|----------|---------------|-------------------------|
| BNZ | \$60,000 | 1.50% | 212 days | 9/6/2022 | \$522.74 |
| BNZ | \$30,000 | 1.52% | 244 days | 15/8/2022 | \$304.83 |
| BNZ | \$100,000 | 1.86% | 273 days | 27/10/2022 | \$1,391.18 |
| BNZ | \$150,000 | 1.33% | 245 days | 25/11/2022 | \$1,339.11 |
| BNZ | \$50,000 | 1.50% | 276 days | 2/02/2023 | \$567.12 |
| Total: | \$390,000 | | | | \$3,629.96 |

| Milford Community Trust | | | |
|------------------------------------|--|--------------------|------------------|
| Statement of Financial Performance | | | |
| For the period to 31 May 2022 | | | |
| Actual 30/06/21 | Account Description | Actual 31/05/22 | Annual Budget |
| Income | | | |
| - | Concessionaires Income | - | 150,583 |
| 5,799 | Interest | 4,403 | - |
| 2,700 | Trustees Fees Forgiven | 1,500 | - |
| <u>8,499</u> | | <u>5,903</u> | <u>150,583</u> |
| Expenses | | | |
| - | Accommodation and Meals | - | 500 |
| 44 | Administration | - | 50 |
| - | Advertising | - | 600 |
| 4,316 | Audit Fees | - | 4,500 |
| 40 | Bank Fees | - | 40 |
| - | Catering Expenses | - | 500 |
| 10,000 | Chairperson's Fees | - | 10,000 |
| 1,457 | Depreciation | 1,295 | 1,472 |
| - | Donations * | 2,791 | - |
| - | Grant to Milford Sound Tourism Ltd (Walkway) | - | - |
| - | General Expenses | (150) | 500 |
| 822 | Legal Fees | 364 | - |
| - | Medical Clinical Desk Support Grant | - | 80,000 |
| - | Mileage | - | 1,500 |
| - | Project Development and Planning | - | 5,000 |
| - | RNZ Licence | - | 370 |
| - | Room Hire | - | 200 |
| 3,300 | Trustees Fees | 1,200 | 6,000 |
| 2,900 | Insurance | 2,996 | 2,882 |
| <u>22,879</u> | | <u>8,495</u> | <u>114,114</u> |
| (14,381) | Net Operating Surplus/(Deficit) | (2,592) | 36,469 |
| - | Other Comprehensive Income | - | - |
| (14,381) | Total Comprehensive Income | (2,592) | 36,469 |

* Donations - Frisbee gold equipment donated to community

Statement of Changes in Equity
As at 31 May 2022

| Actual 30/06/21 | | Actual 31/05/22 |
|----------------------------------|-----------------------------------|----------------------------------|
| 463,587 | Total Equity at beginning of year | 449,207 |
| - 14,381 | Net Surplus/(Deficit) | (2,592) |
| 449,207 | Equity at end of year | 446,616 |

Statement of Financial Position
As at 31 May 2022

| Actual 30/06/21 | | Actual 31/05/22 |
|----------------------------------|-----------------------------|----------------------------------|
| | Equity | |
| 100 | Trust Capital | 100 |
| 449,107 | Accumulated Funds | 446,515 |
| 449,207 | | 446,615 |
| | Represented by: | |
| | Current Assets | |
| 19 | Accounts Receivable | - |
| 2,545 | Accrued Income | 1,768 |
| - | GST Receivable | - |
| 819 | BNZ Cheque Account | 1,221 |
| 17,024 | BNZ Savings Account | 13,221 |
| 410,000 | BNZ Term Deposits | 390,000 |
| 430,406 | Total Current Assets | 406,210 |
| | Non Current Assets | |
| 100 | Trust Capital | 100 |
| 48,573 | Recreational Pad | 45,821 |
| 479,079 | Total Assets | 452,131 |
| | Current Liabilities | |
| 7,798 | Accrued Expenses | 5,516 |
| 2,507 | Accounts Payable | |
| 5,187 | GST Payable | - |
| 15,492 | Total Liabilities | 5,516 |
| 463,586 | Net Assets | 446,615 |

Recommendation

That the Milford Community Trust:

- a) **Receives the report titled “Financial Report to 31 May 2022” dated** 23 June 2022.

Attachments

There are no attachments for this report.

Exclusion of the public: Local Government Official Information and Meetings Act 1987

Recommendation

That the public be excluded from the following part(s) of the proceedings of this meeting.

C5.1 Annual Insurance Renewal

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

| General subject of each matter to be considered | Reason for passing this resolution in relation to each matter | Ground(s) under section 48(1) for the passing of this resolution |
|---|--|--|
| Annual Insurance Renewal | s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information. | That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. |