



MILFORD COMMUNITY TRUST

PERFORMANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2020

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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
Jason Steele
Brad Johnstone
Rosco Gaudin

Term of Office:

Councillor and Interim Chairperson
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.

In February the Milford Sound area experienced a major "weather bomb" resulting in significant flooding and devastation in and around Milford. Milford road was closed for several weeks until some major road repairs allowed for organised vehicle convoys to gain access to Milford Sound. This devastation had an immediate negative economic impact on the Tourist operators with a follow on effect to the Milford Community in dealing with the floods itself followed by the flood clean-up work.

I'd like to give special acknowledgement of the Milford Emergency Response Team and community members who provided exceptional services to the Milford Community and to the hundreds of tourists evacuated from the Milford area by Helicopter. All tourists were evacuated with no major injuries or loss of life during this natural disaster and evacuation process, a credit to all those involved.

The impact of the February Floods followed by Covid 19 has been devastating to Milford's economy occurred as it did just as the Milford road was getting back to some normality with an increase of Tourist traffic to and from Milford Sound. The effect of Covid 19 on the Milford Community cannot be underestimated. Tourist operators struggling to survive have had no option but to reduce their level of staff, resulting in redundancies and some staff employment positions changed from full time to part time. This restructuring by Tourist Operators has decreased the number of residents living in the Milford accommodation village.

The Trust has recognised the significant financial impact the February floods and the continuation of Covid 19 has had, and continues to have on the economic viability of the Milford Tourist industry. It is for this reason the Trust decided not to invoice the last financial quarter contribution to the 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 adverse times.

The Trust has also decided to place on hold for a period of up to 12 months 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. In addition, the ongoing financial contribution by the Concession holders towards the Recreational Facility would be inappropriate under the difficult times being experienced with Covid 19.

Over the next twelve months the Trust will continue discussions with DOC as to a possible alternative site for the Recreational Facility with the end goal in mind for the facility to be adjacent to the tennis courts.

The down turn in high tourist numbers provides an opportunity to review the number of trustees required on the trust and to review the Trust's deed itself ensuring the deed is appropriate and reflects the outcomes the Trust needs to focus on.

On behalf of the Trust I wish to thank Tim Holland and Jason Steele for their commitment and support during their time on the Trust. I wish them well in their new adventures.

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 would also wish to recognise and thank DOC representative Antonia Croft for her attendance and advice.

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.

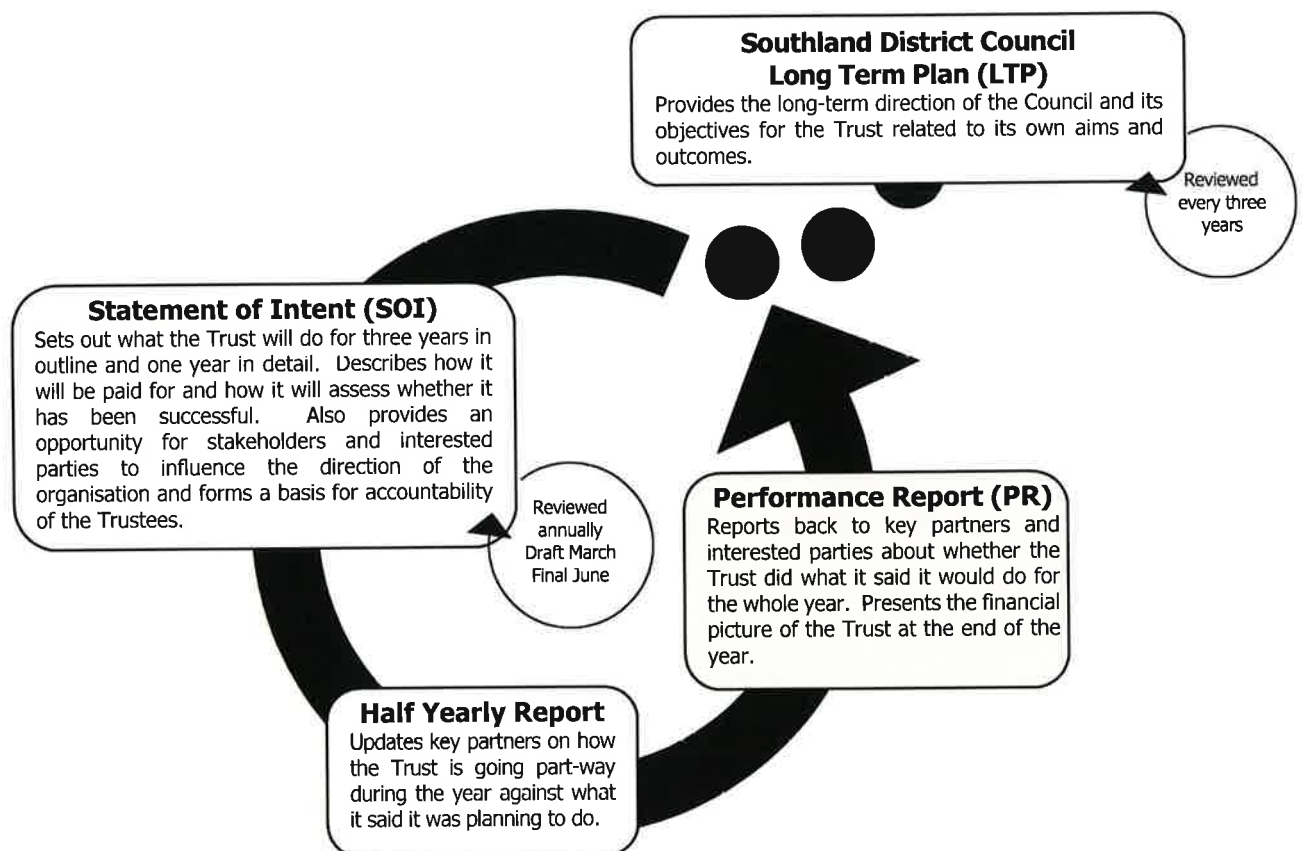


Ebel Kremer
Interim Chairperson
Milford Community Trust

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 2019 to 30 June 2020 which was the period of Year 1 in the Statement of Intent 2019/2022.

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.

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

26 September 2019 at Te Anau
10 December 2019 at Te Anau
26 February 2020 at Te Anau
19 June 2020 via Zoom

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 2019	Dec 2020
Milford Community Association elected representative	Brad Johnstone	June 2017	June 2020
Milford Community appointees	Rosco Gaudin	Dec 2020	June 2023
	Jason Steele	June 2018	June 2021
	Tim Holland	Aug 2016	June 2020

Trustee appointments

No Trustees were appointed in 2019/2020. The Trust expects to fill the two vacant Trustee positions as well as the two positions that expired in June 2020 in the coming year.

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 2019/2020 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		
	Key Performance Indicator	Target	Achievement
Maintain a structure that facilitates local decision-making.	Number of Milford Community Trust meetings held annually	4	Achieved. Four meetings were held in 2019/20 in September, December, February, and June. (2018/19 : Achieved)
Keep the Milford community informed about Trust plans and outcomes.	Hold public forums in Milford each year.	1	Not Achieved. Due to Trustee commitments then the flood event and Covid-19 no forum was held in Milford during 2019/20. (2018/19 : Achieved)

Activity Report

The information below reports on the planned activities included in the Statement of Intent 2019-2022 as well 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 2020	There have been ongoing discussions with the Department of Conservation primarily through their representatives who attend the Trust meetings. The Cahir has also participated in discussions with the Milford Opportunities Project consultants who are working on a long-term master plan for Milford.
Advocate with other organisations for public toilets and shelter at the airport and a walking track to the Lodge	June 2020	No progress has been made in relation to the public toilets/shelter at the airport. The Trust considers that it is up to the Lodge to drive the walking track project and to come back to it with further information.
Assist Milford Community Association with the ongoing development of Cleddau Village recreation area to accommodate the community centre.	June 2020	Construction was intended to occur however, flooding and Covid-19's impacts on tourism have affected this project. The Trust decided to put it on hold for 12 months but has applied for the required concession from the Department of Conservation.
Provide funding for medical support, services and facilities for the Milford Emergency Response Team station.	June 2020	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.
Purchase of emergency response equipment as required.	June 2020	None required this year.
Facilitate the construction of the Milford recreation centre if it gets approval.	June 2020	Construction was intended to occur however, flooding and Covid-19's impacts on tourism have affected this project. The Trust decided to put it on hold for 12 months but has applied for the required concession from the Department of Conservation.
Advocate for the continuation of maintaining beautification and roading within the village and Deepwater basin.	June 2020	Lobbying of the Department of Conservation and Council has continued primarily through the Trust meetings where representatives are present.
Unplanned Activities		
None		
Information Requirements		
Draft Statement of Intent approved by the Trust.	30 March 2020	Achieved. Although the Trust did not have a quorum at its February meeting the Trustees subsequently confirmed their approval of the SOI.

Activity Description	Date	Status
Final Statement of Intent prepared and circulated to key partners.	30 June 2020	Achieved. The final statement of intent was provided to Southland District Council at its 7 th May 2020 meeting.
Half yearly report prepared and circulated to key partners.	30 March 2020	Not Achieved. Due to the Covid-19 lockdown the half yearly report was not provided to Southland District Council until its 7 th May 2020 meeting.

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	2019/2020 Budgeted	2019/2020 Actual	Comment
Key Partners				
Other Sources				
Concessionaires (via Concession Activity Fee)	Governance Costs	\$150,583	\$112,938	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 last quarter of the financial year and consciously forego the 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 \$463,587 as at 30 June 2020. The assessment uses the value of stakeholders' funds as a guide.

Milford Community Trust
Statement of Financial Performance
For the year ended 30 June 2020

	Actual 2020	Budget 2020	Actual 2019
Revenue			
Concessionaires Income	112,938	150,583	136,893
Grant	-	-	-
Interest Income	9,994	-	6,943
Trustee Fees Forgiven	3,000	-	3,600
Total Revenue	125,931	150,583	147,436
Expenses			
Accommodation and Meals	-	800	(95)
Administration Fees	44	67	44
Advertising - Newspaper	38	600	-
Audit Fees	4,208	4,300	4,199
Bank Fees	40	40	79
Catering Expenses	(3)	500	98
Chairpersons Fees	10,000	10,000	10,000
Depreciation	1,502	1,613	1,549
General Expenses	346	500	420
Legal Costs	832	-	-
Deepwater Basin Walkway	-	-	86,934
Medical Clinic	-	15,000	-
Mileage	-	1,500	338
Project Development & Planning	3,030	5,000	-
Radio Tower	-	370	-
Room Hire	(7)	600	185
Trustees Fees	3,000	6,000	3,900
Insurance	2,825	2,605	2,675
Total Expenses	25,856	49,495	110,327
Surplus/(Deficit) for the Year	100,075	101,088	37,110

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 2020

	Actual 2020	Budget 2020	Actual 2019
Total Equity at beginning of year	363,512	302,754	326,402
Net Surplus/(Deficit)	100,075	101,088	37,110
Equity at end of year	463,586	403,842	363,512

Milford Community Trust
Statement of Cash Flows
For the year ended 30 June 2020

	Actual 2020	Actual 2019
Cash Flows from Operating Activities		
Cash was received from:		
Receipts from Concessionaires Income	113,507	136,972
Grants	-	-
Interest Received	8,981	5,929
Cash was applied to:		
Goods and Services Tax (Net)	6,961	(15,007)
Payment to Suppliers and Employees	(19,407)	(103,570)
Net Cash Flows from Operating Activities	110,042	24,324
Cash Flows from Investing Activities		
Cash was received from:		
Term Deposit Maturity	275,000	289,807
Cash was applied to:		
Investment In Property, Plant and Equipment	-	-
Investment In Term Deposit	(410,000)	(275,000)
Net Cash Flows from Investing Activities	(135,000)	14,807
Net Cash Flows from Financing Activities	-	-
Net Increase/(Decrease) in Cash	(24,958)	39,131
Opening Cash	42,801	3,671
Closing Cash	17,843	42,801

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

Statement of Accounting Policies For the year ended 30 June 2020

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 2019-2022 Statement of Intent as approved by the Trustees on 5 April 2019. 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 2020

1. Post balance date events

Southland District Council appointed two new Trustees to Milford Community Trust at their 22 July 2020 Council meeting. The new Trustees are Stephen Norris and Tony Woodham.

2. Bank accounts and cash

Account	2020	2019
BNZ Cheque Account	819	3,756
BNZ Savings Account	17,024	39,046
Total	17,843	42,802

Interest rates on the BNZ Cheque and Savings accounts at 30 June 2020 are 0.05% and 0.05% per annum respectively (2019: 0.1% and 0.1%).

3. Investments

Account	2020	2019
Term Deposit(s)	410,000	275,000
Total	410,000	275,000

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.

Four term deposits were held with BNZ at 30 June 2019.

- A \$30,000 deposit, maturing 18/07/19, at 1.64% interest.
- A \$120,000 deposit, maturing 22/07/19, at 3.08% interest.
- A \$45,000 deposit, maturing 11/12/19, at 3.30% interest.
- A \$80,000 deposit, maturing 09/03/20, at 3.12% interest.

4. Property, plant and equipment

	Land Improvements	Total
Carrying Amount at 1 July 2018	51,624	51,624
Additions	-	-
Disposals (net of Accumulated Depreciation)	-	-
Depreciation Expense	(1,549)	(1,549)
Carrying Amount at 30 June 2019	50,075	50,075
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

* 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 2020 (Nil June 2019).

6. Commitments

The Trust has no commitments as at 30 June 2020 (Nil June 2019).

7. Accumulated Funds

	2020	2019
Contributed Capital		
Balance at 1 July	100	100
Balance at 30 June	100	100
Accumulated Surplus		
Balance at 1 July	363,512	326,402
Surplus/(Deficit) for the year	100,075	37,110
Balance at 30 June	463,587	363,512
Accumulated funds	463,587	363,512

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 \$759 (2019 \$920) for current year concessionaires income.

The Trust had no transactions with Southland District Council during the year (2019 Nil).

The Trust had no transactions with Environment Southland during the year (2019 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 2020 Statement of Intent are as follows:

• **Statement of Financial Performance**

- The fourth quarter concessionaires invoicing was not completed as the Trust resolved on the 19 June 2020 to forego this revenue, to provide relief for the Concessionaires 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.

- Project development costs relate to consultants work on the submission of the concessionaire application to the Department of Conservation (DOC) for the proposed recreation centre.
- Medical Clinic support discussions/contracts were not finalised by 30 June 2020, hence no costs incurred.
- **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**

On 11 March 2020, the World Health Organisation declared the outbreak of Covid-19 a pandemic and two weeks later the New Zealand government declared a State of National Emergency. The country was in lockdown at alert level four from 26 March 2020 to 27 April 2020, and then remained in lockdown at alert level three until 13 May 2020. Additionally the country's borders have been closed throughout lockdown and continue to date.

During this period and post 13 May 2020, the Trust operations were not significantly affected other than support staff moved to "working from home" and Trustee meetings being held via video conference rather than in person.

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 as the Trust does not operate public facilities and its income is not directly driven by tourism. However it is important to recognise that the organisations that pay the concessionaire fees to the Trust are heavily reliant on the tourism industry. The Trust therefore decided not to invoice concessionaire fees for the period 1 April 2020 to 31 December 2020. 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 as 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.

