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# Public Trustee for the Australian Capital Territory

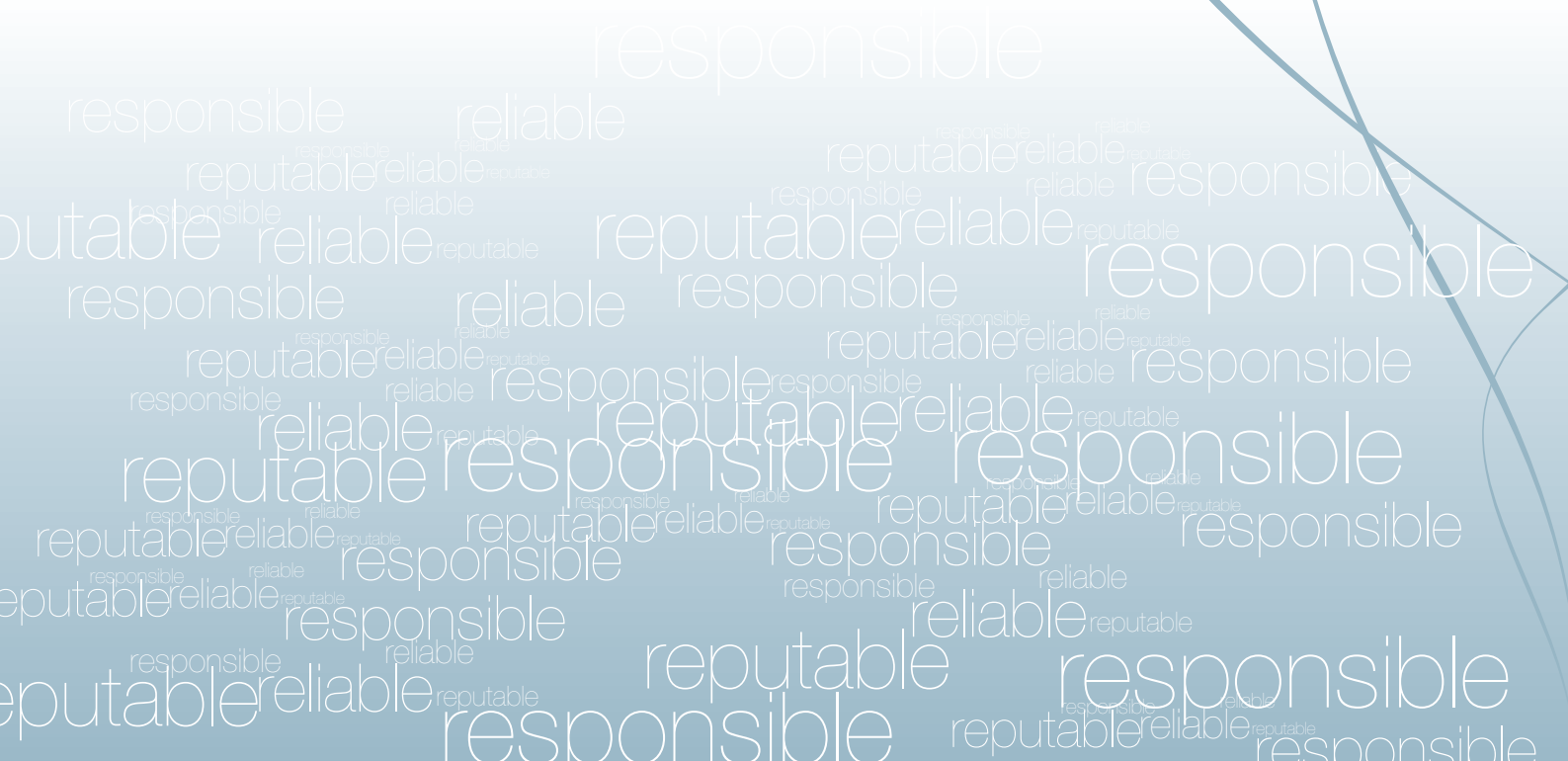
## 2005 06

annual report

# Public Trustee for the Australian Capital Territory

## 2005-06

annual report



# Public Trustee for the ACT


| | |
|---|---|
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Mr Simon Corbell MLA
Attorney General
ACT Legislative Assembly
London Circuit
**CANBERRA ACT 2601**

Dear Attorney General

I am pleased to present the Annual Report for the Public Trustee for the ACT for the year ended 30 June 2006.

This Report has been prepared under Section 6(1) of the *Annual Reports (Government Agencies) Act 2004* and in accordance with the requirements referred to in the Chief Minister's Annual Report Directions. It has been prepared in conformity with other legislation applicable to the preparation of the Annual Report by the Public Trustee for the ACT.

I hereby certify that the attached Annual Report is an honest and accurate account and that all material information on the operations of the Public Trustee for the ACT during the period 1 July 2005 to 30 June 2006 has been included and that it complies with the Chief Minister's Annual Report Directions.

I also hereby certify that fraud prevention has been managed in accordance with the Public Sector Management Standard 1, Part 4.

S.13 of the *Annual Reports (Government Agencies) Act 2004* requires that you cause a copy of the Report to be laid before the Legislative Assembly within 3 months of the end of the financial year.

Yours sincerely

Andrew Taylor
**PUBLIC TRUSTEE FOR THE ACT**

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# Part: A CHIEF EXECUTIVE REVIEW

Public Trustee for the Australian Capital Territory

2005 06 annual report

# PART A: CHIEF EXECUTIVE REVIEW

Andew Taylor – Public Trustee

The Public Trustee for the ACT was established in 1985 and has just completed its 21st year. During those 21 years the Public Trustee has provided a unique and highly valued service to the ACT Community.

The office is unique in that, whilst owned by ACT Government, we engage in non-government commercial business with members of the community.

We are also unique in that we provide a complete range of trustee services, not available in any other public or private business in the ACT. Our services include vital Community Service Obligations (CSOs) to those persons in the community who are either unable to manage their own affairs or, through reasons of hardship, do not have access to affordable trustee services in the private sector.

In our 21 years we have written in excess of 12,500 Wills, placing us at the forefront of professional Will-making and estate administration in the ACT.

Our focus during 2005-06 has been to operate and build the business during what has been a highly successful year. Simultaneously, we have undertaken a number of much-needed structural reviews designed to deal with parity and succession issues.

During the year, Mr Andrew Taylor was formally appointed as Public Trustee for the ACT for a five-year term. Mr Taylor previously held appointment as Registrar-General for the ACT.

My annual report for 2004/05 identified staff succession as a significant issue facing the Public Trustee. A number of reviews were conducted and their results implemented to address this concern.

A review and reclassification of the key management positions of the Trusts, Finance and Personal Management Services Units was completed. We also bolstered our professional service capacity by engaging a Taxation Accountant and an additional Practicing Solicitor.

The classification of officers in the Personal Management Services Unit has now been structurally aligned with those in the Estates and Trusts Unit. These changes ensure the long-term viability of the Public Trustee in developing, attracting and retaining personnel with an appropriate mix of skills.

The ageing Canberra population has brought with it a growth in the Public Trustee's CSOs, resulting in an increased demand for our services. Our annual seminar highlights the value of having an Enduring Power of Attorney (EPA), which we prepare for our Will clients at no cost.

Despite the continuing and increasing demand for our services, it is evident that a significant portion of the community are either unaware of the Public Trustee or have little knowledge of what we do. Our focus will be to continue to promote and market the Public Trustee within the community.

A funding/accommodation agreement with the Commonwealth Government has provided the Public Trustee with higher profile, market-oriented premises at Ground Floor and has secured our presence in a highly visible and accessible location in the City Centre for the next 5-10 years, at the same time meeting the Government's accommodation requirements announced in the 2006 budget.

A replacement website has been developed and published at www.publictrustee.act.gov.au addressing a number of disability access issues. A new logo has been commissioned and will be implemented upon re-location to the new premises.

The Public Trustee received unqualified reports in respect to all audits conducted during 2005-06.

In the financial year in review, the Public Trustee achieved a net operating surplus of $499,779.00. This represented an increase of $352,779.00 over estimate ($147,000.00) and an increase of $233,243.00 over the previous year.

During the year, the Public Trustee completed the complex process of transition to a new Australian Equities Fund Manager.

Our relationship with the Capital Region Community Foundation "GreaterGood" as Trustee, has seen the fund steadily grow to $1.7M principally through the publicity provided to new Wills clients.

In March 2006, the current Investment Board of Len Early, Glenys Roper and Roger Broughton was re-appointed for a further three years. I welcome the addition of Christine Goode as a new member to the board.

I thank our Department head, Renée Leon for her advice and support; members of the Public Trustee Investment Board for their valuable expertise; the Patron, Chair, Board and Management Committee of GreaterGood; our skilled and hard-working staff and the ACT citizens who choose our professional services

Andrew Taylor
Public Trustee for the ACT

# A.1 THE ORGANISATION

## ROLE, FUNCTIONS AND SERVICES

The Public Trustee is a Territory Authority established on 8 March 1985, under S.5 of the Public Trustee Act 1985.

The Public Trustee's role is to provide permanent and secure Trustee and Estate Administration services to the ACT Community.

Services provided by the Public Trustee include -

» professional executor or trustee services;
» a Will-making service;
» managing deceased estates so that assets at death are dealt with according to the client's wishes, or under the laws of intestacy where there is no Will;
» managing personal assets and helping members of the community to plan for their future under an Enduring Power of Attorney;
» acting as trustee for trusts created in Wills, Deeds and Court Orders for families, infants and people with disabilities;
» acting as agent for the Territory to receive, manage and dispose of assets forfeited under the Confiscation of Criminal Assets Act 2003;
» administer moneys declared unclaimed under the Unclaimed Moneys Act 1950, Legal Practitioners Act 1970 and Agents Act 2003, including receiving moneys, processing claims and investing funds;
» investing moneys held in specified government trust funds;
» acting for people with disabilities where ordered by a Court; and
» assisting private financial managers by providing an annual examination of the accounts they keep on behalf of people with impaired decision-making ability.

## MISSION, VISION AND VALUES

The guiding principles of the Public Trustee are encapsulated in our Mission, Vision and Values, and are applied to decision-making, policy development and service delivery.

### Mission (purpose of existence) -

To deliver quality, professional trustee and related services to the ACT Community.

### Vision (goal for the future) -

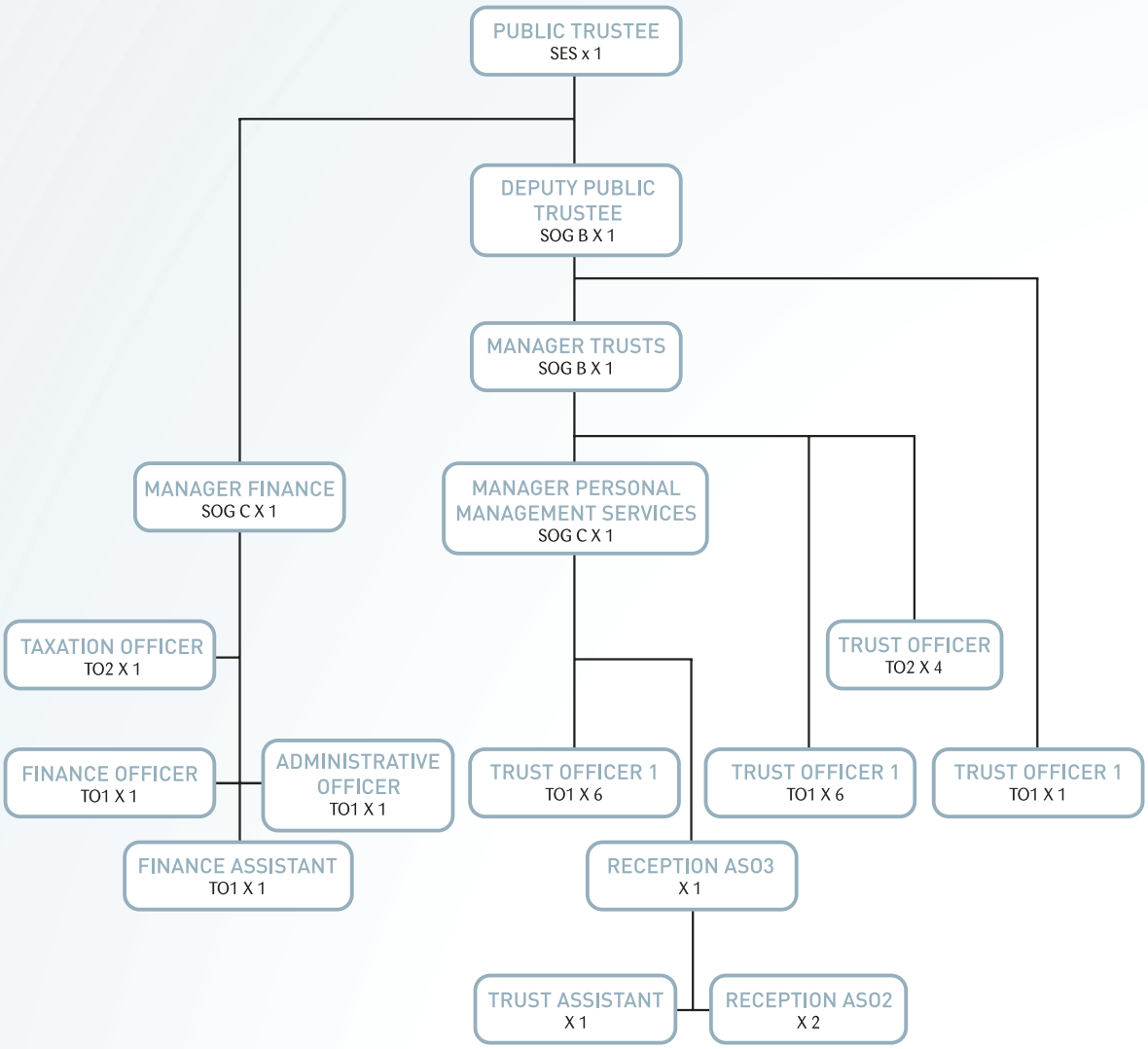
Your first choice for trustee services in the ACT.

### Our Values (ideals) are -

» Act with honesty, discretion and integrity
» Treat all people with empathy, respect and courtesy
» Acknowledge a person's rights to be included in our decision-making
» Act professionally and in a competent manner
» Maintain your right to privacy
» Act in an independent and accountable manner
» Operate in a commercially responsible manner.

## STRUCTURE

The Structure of the Public Trustee is as follows –




## CLIENTS AND STAKEHOLDERS

Our clients include the following community, government and private sector groups –

» Members of the ACT Community requiring Wills, Estate administration, Powers of Attorney and Trust establishment and management.
» Persons subject to orders of the ACT Guardianship and Management of Property Tribunal who require financial management.
» ACT Government Agencies requiring administration and investment services for moneys held in Government Trust Funds;
» ACT Government in respect to the receipt, management and disposal of assets forfeited under the Confiscation of Criminal Assets Act 2003;
» ACT Treasury as owner under our Statement of Intent;
» Persons/organisations depositing and claiming moneys under the Unclaimed Moneys Act 1950, Legal Practitioners Act 1970 and Agents Act 2003;
» External financial managers by providing an annual examination of the accounts they keep on behalf of people with impaired decision-making ability.

## A.2 OVERVIEW

### STRATEGIC SUMMARY ASSESSMENT

The Public Trustee aims to become financially self-sufficient by 2010, to the extent that there is a net balance between the value of funding and resources provided by government to the Public Trustee, and the return (dividend) provided to government each year. In real terms, the Public Trustee will aim to return a dividend of at least $600K-$700Kpa to ACT Treasury by 2010.

For this to be achieved the Public Trustee must continue to increase its commercial business, whilst at the same time maximising efficiency and containing costs.

Our broad strategy over that time will be to –

» Re-locate to premises, which meet the ACT Government's guidelines for minimum space requirements, provide better business opportunities and improve client convenience.
» Finalise the Public Trustee's staffing structure to improve skill levels and to address succession issues.
» Develop the Public Trustee's IT infrastructure to secure data, address contingency issues and maximise e-business opportunities.

The Public Trustees comparative business overview for 2004/2005 and 2005/2006 are as follows:

| KEY STATISTIC | 2005/06 | 2004/05 |
|---|---|---|
| Overall Income | $3,212,571 | $2,759,820 |
| Overall Expenses | $2,712,792 | $2,493,284 |
| Net Operating Surplus | $499,779 | $266,536 |
| Estate Administrations <$100,000 | 62 | 77 |
| Estate Administrations >$100,000 | 51 | 35 |
| Trusts (legal disability) <$100,000 | 491 | 522 |
| Trusts (legal disability) >$100,000 | 33 | 31 |
| Wills – (New and Amended) | 626 | 678 |
| Taxation - Returns and Reviews | 824 | 950 |
| Powers of Attorney | 88 | 95 |
| Capital Region Community Foundation (receipts) | $1,700,000 | Nil |
| Welfare funerals arranged | 7 | 12 |
| % Customers satisfied or above | 90% | 95% |
| Ombudsman – complaints to | 3 | 5 |

### PLANNING FRAMEWORK

The Public Trustee participates in the strategic planning and management of the Department of Justice and Community Safety through membership of JACSCOM and the JACS IM/ICT (Information Management) Committee.

The Public Trustee formulates an annual Strategic Business Plan incorporating the themes and visions of the Canberra Plan. The Plan identifies a range of strategies, incorporating activities necessary and sufficient for the Public Trustee to succeed. The Plan is the framework upon which the business is built and sustained.

The Public Trustee's Activity Agenda is maintained as a rolling agenda for the Management Committee's weekly meeting. Membership of the Committee comprises the Public Trustee, Deputy Public Trustee, Trusts Manager, Finance Manager and the Personal Management Services Manager, together with external advice as required. The Management Committee has responsibility for all internal governance issues management including –

» Public Trustee investment management advisory issues, setting direction, approving investment and reviewing and endorsing asset allocations under the 'Prudent Person Principle'.
» Risk management complementing the audit and management advisory functions.
» Resource management and workforce planning, including providing support and advice on the management and operations of the Public Trustee.

An Annual Statement of Intent is entered into between the Public Trustee and the ACT Treasurer. The Statement of Intent establishes the Government's ownership interest in the Public Trustee. It sets out guidelines and performance requirements to ensure that the Government receives the best possible return from the resources employed by the Public Trustee.

The Public Trustee has appropriate controls and checks in place, as safeguards to ensure a high level of security for client funds and confidentiality. The Public Trustee's trust-accounting system (TACT) has been designed specifically for use by the Trustee Industry and meets standards for client confidentiality and security control. The Management Committee oversights the implementation of this plan.

The Public Trustee has developed a detailed fraud/corruption/risk assessment and mitigation strategy (See C.2.4 Risk Management and Internal Audit Arrangements". The strategy sets out prevention and detection mechanisms.

Financial management in respect to client funds is undertaken in consultation with an external assets/markets consultant and with advice from the Public Trustee's Investment Board. Within this framework, the Public Trustee makes decisions about investment planning, engagement of fund managers and investment strategies and directions.

## ORGANISATIONAL ENVIRONMENT

The Public Trustee is an agency within the Department Justice and Community Safety and is responsible to the Attorney General. The Public Trustee is a statutory office established under the *Public Trustee Act 1985* with overall responsibility for all functions and is administratively responsible to the Chief Executive, ACT Department of Justice and Community Safety. The Department provides the Public Trustee with a range of administrative, financial and legal services.

The unique nature of the Public Trustee's commercial trust activities dictates that the office has an administrative, but commercially autonomous, relationship with its parent Department and responsible Minister.

The Public Trustee was originally established with a governance board, however the board now undertakes an investment advisory role only.

The Public Trustee enters into a Statement of Intent (SOI) with the ACT Treasurer each year. The SOI establishes the Government's ownership interest in the Public Trustee and sets out guidelines and performance requirements to ensure the Government receives the best possible return from the resources employed by the Public Trustee.

This is achieved through the efficient and business-like management of those resources and the prudent management of the Territory's exposure to financial risk.

The Public Trustee's organisational environment strongly reflects the diverse nature of our services. The office is broadly separated into community service activities (Personal Management Services) and those services that the Public Trustee provides on a commercial basis. Given the broad nature of our responsibility as an asset and money manager, the Public Trustee employs two practicing solicitors, a CPA/Income Tax professional, Investment/Funds Management personnel and qualified financial managers.

Our public focus is equally important as a caring and trusted provider of community services to disabled persons and, as a responsible, reliable and reputable provider of trustee services.

In respect to its Community Service Obligations, in particular our role as Financial Manager for Protected Persons, the Public Trustee has a strong organisational relationship with a number of other agencies within the Justice and Community Safety portfolio. These are primarily the ACT Public Advocate (formerly Community Advocate) and the Guardianship and Administration of Property Tribunal and, to a lesser extent, the ACT Human Rights and Discrimination Commissioner.

The Public Trustee is a member of the Ministerial Advisory Council on Ageing and is Trustee for the Capital Region Community Foundation 'GreaterGood'.

## IDENTIFICATION AND RESPONSE TO SIGNIFICANT ORGANISATIONAL CHANGE

The Public Trustee was established as a statutory entity with strong trust responsibilities, which differentiate the office from other government agencies. This is evident particularly, in situations where our responsibilities as trustee may not readily align with those of a government agency.

Given the volatile and changing nature of the financial industry within which the Public Trustee conducts its commercial activities, it is vital that the Pubic Trustee is capable of responding to change.

Our capacity to do this is evident in our recent review of our organisational structure and our resolution of a number of deficiencies particularly in classifications. As a direct result, the Public Trustee recently recruited a Practicing Solicitor and a Certified Practicing Accountant. During the year the Public Trustee recruited staff with conveyancing skills.

Our relocation is a major response to change. This move was precipitated by apparent community ignorance about the Public Trustee's role and is designed to address that by providing us with a much more overt presence in the City centre with 'virtual naming rights' afforded by a prominent Ground Floor location.

Our recent completion of the acquisition of a replacement Australian Equity Funds Manager, underlined a number of impediments to such a change and these have been addressed to permit a more streamlined approach in the future.

## LEGISLATION

A number of laws guide, govern and regulate the activities of the Public Trustee -

» *Public Trustee Act 1985;*
» *Audit Act 1989;*
» *Adoption Act 1993;*
» *Administration and Probate Act 1929;*
» *Crimes Act 1900;*
» *Financial Management Act 1996;*
» *Guardianship and Management of Property Act 1992;*
» *Powers of Attorney Act 1956;*
» *Confiscation of Criminal Assets Act 2003;*
» *Cemeteries and Crematoria Act 2003;*
» *Trustee Act 1925;*
» *Unclaimed Moneys Act 1950; and*
» *Wills Act 1968.*

The Public Trustee has responsibilities, powers and functions under a number of those Acts, in particular those relating to our role as a trustee and Financial Manager. These roles impose a strong discipline upon the Public Trustee to act in the best interests of the client.

The Public Trustee has no regulatory activities.

## A.2 HIGHLIGHTS

Noteworthy operational achievements during 2005/06 were as follows –
» Increased Funds under Management from $134M to $146M;
» Completed transition to new Equities Fund Manager
» Implemented review of Management and Trust Officer structures
» Implemented Fraud, Risk, Corruption Management Strategy
» Resolved remote access agreement issues with IT supplier
» Conducted 3rd Life's Reflection Photographic Exhibition
» Conducted Annual Wills & Powers of Attorney seminar
» Complaints to Ombudsman down from 16 in 2003/04 to 5 in 2004/05 to 3 in 2005/06
» Undertook review of scale of capital commissions
» Increased donations to GreaterGood to $1.7M.
» Secured new accommodation at Ground Floor ActewAGL House at no cost to government.
» Designed, completed and implemented replacement Public Trustee website.
» Execution of Code of Conduct by Service Providers to Public Trustee clients.

Major challenges and progress against key strategic outputs and service delivery priorities of the Public Trustee included –
» Resolution of remote servicing issues between InTACT and Ultradata.
» Upgrade to latest version of Tact Business System.
» Planning to relocate the office to new premises.
» Planning the formal launch of the Capital Region Community Foundation.

Our planned implementation of a comprehensive practice manual for the office has been temporarily delayed by discussion amongst Public Trustee's about a national approach.

## A.4 OUTLOOK

A major focus for 2006/2007 will be to implement a number of co-incident projects aimed at raising the profile of the Public Trustee and increasing community awareness of Public Trustee services.

We will do this through our relocation to a more highly visible and accessible premises in the city. The Public Trustee has surrendered its premises and in return has been provided with premises in a location that offers significant business and client benefits to the Public Trustee. The Commonwealth has largely funded the Public Trustee's relocation, representing a saving to ACT Government in the order of $1M in two years time.

Upon relocation, the Public Trustee will undertake a launch of the new premises and the replacement website. A new logo has been commissioned, which will be used to establish a new market presence through a marketing program aimed at increasing our Wills and Estates business.

Our association with a number of prominent ACT business and community organisations including Canon, Harvey Norman, The Canberra Centre, ActewAGL , Communities @Work and Goldman Sachs JB Were significantly lifted the profile of the 2006 Life's Reflection Photographic Competition.

We have responded to a number of negative issues about our fees and charges. A review of the capital commission sliding scale of fees applicable to estate administration will result in an downward adjustment to bring those fees into parity with other comparable service providers.

Additionally, the Public Trustee will continue to educate the community and industry about the value that the Public Trustee provides. We will also provide greater explanation of our fees methodology in our new website.

We will continue to develop and implement our Fraud, Risk and Corruption Management/Minimisation Plan.

We will seek to further develop the Public Trustee's Practice and Induction Manuals to assist in staff training and as a means of retaining technical knowledge as a corporate asset.

The office has absorbed major workload increases during the year. We will seek to implement the reviews of a number of key positions and make a number of structural changes aimed at upskilling key areas.

We will continue to support the Capital Region Community Foundation. We acknowledge the patronage of Lady Helen Deane and the hard work of the Board's Chair, Margaret Reid, Board Members Zeke Ezra, John Hanna, Richard Gibson, Brian Acworth AM, Doug Gillespie, Jonathan Forrest and Management Committee Members, Diane Kargas (Executive Officer), Chic Henry, Catherine Andrews, Bea Brickhill, Shane Godbee, Jennie Cameron, Michael Byrne, Diana Forrester, Siobhan Mayo and Libby Litchfield. We also acknowledge and thank Pat Dart for her administrative assistance to GreaterGood.

In reviewing what has been a successful year, we record our thanks to members of the Public Trustee Investment Board Glenys Roper, Christine Goode, Len Early and Roger Broughton for their expert advice to the Public Trustee on an honorary basis.

The Public Trustee seeks to expand its position in the trustee industry by building upon our capacity, skills and expertise. Our continuing selection, development and retention of staff will ensure that the Public Trustee is best equipped to address what promises to be a challenging and successful year in 2006/2007.

# Part: B AGENCY PERFORMANCE

Public Trustee for the Australian Capital Territory

2005 06 annual report

## B.1 ANALYSIS OF AGENCY PERFORMANCE

The Public Trustee achieved a net operating surplus of $499,779.00 for 2005/06. This represented an increase of $352,779.00 over estimate ($147,000.00) and an increase of $233,243.00 over the previous year.

Significant factors contributing to the result included –

- increased operating revenue as a result of an increase in the value of, and income received on, Common Fund investments;
- sustained value of property and assets;
- a change in office policy in regard to various fees charged under the Public Trustee determination of fees. As a result, revenue rose at a higher rate than expenditure; and
- increased and targeted marketing of Public Trustee products and services.
- Allowance of $100,000.00 towards the Public Trustee's relocation.

During the year, as a result of strong marketing through media advertisements, work volumes grew in areas of business critical to the Public Trustee's commercial viability.

Our customers provided 153 responses to Customer Surveys conducted throughout 2005/06. The survey indicated that 90% of clients felt that the Public Trustee met or exceeded their expectations.

The number of Wills held and prepared during a reporting year is an important performance indicator. During the year, the Public Trustee increased the number of Wills in its Wills Bank to 12,500.

Overall income was $452,751 higher than the previous year. For the year ended 30 June 2006, total income was $3,212,571.00 compared to $2,759,820.00 for the year ended 30 June 2005.

Overall expenses were $219,508.00 higher than the previous year. For the year ended 30 June 2006 total expenses were $2,712,792.00 compared to $2,493,284.00 for the year ended 30 June 2005.

The Public Trustee was encouraged with the outcome of the Elder Abuse Prevention Implementation Taskforce given our strong involvement with Power of Attorney clients and elder persons generally. This issue is of particular importance to the Public Trustee and we have worked closely with other members of the Ministerial Advisory Council on the Ageing, to ensure effective outcomes. The Council has now assumed responsibility for the implementation of proposals for reform of the Powers of Attorney Act 1956.

The Public Trustee has successfully completed the transition of equity stocks to a new Australian Equities Fund Manager, Tyndall.

A revised Strategic Business Plan has been completed.

Agreement has been reached between our business sytems service provider (Ultradata) and the ACT Government's IT Infrastructure Manager (InTACT) in respect to remote access for service purposes. The Public Trustee will now move ahead to migrating its business system TACT from the present in-house server to a new server located externally in the InTACT server farm at Woden. Communication with the new server will be via a new optic fibre network installed during 2005.

The new server arrangements will ensure that the Public Trustee's IT infrastructure is Government compliant in respect to security, backup and contingency. The long-awaited upgrade of TACT to version 7.2 will proceed once the migration has taken place. The contract also includes the acquisition of the 'People and Relationships' application to permit the Public Trustee to manage its client business in a more efficient and informative manner.

The Public Trustee is the foremost provider of trustee services to the ACT community. At 30 June 2006, the office had in excess of 12,500 Wills in its Wills Bank, and funds of over $146M under management.

The Capital Region Community Foundation was established in 2003 to build a permanent, growing philanthropic fund enabling individuals, families and companies to donate to support community-based projects, activities and charities in the Canberra Region. During the year, the Foundation received assets to the value of $1.7M, in addition to assets bequeathed for charitable purposes. This is a major step forward for the Foundation and augers well for the proposed promotion of the Foundation through Financial Planners and Legal Practitioners in the latter half of 2006.

As trustee of the Foundation, the Public Trustee formalised appointments to the positions of Chair, Board Member and Management Committee member.

The Foundation held its Cooma Region launch in December 2005 at a function in the Raglan Gallery. The function was sponsored by Westpac and organised with the capable assistance of the volunteers who staff the Gallery.

Greg Caste (Regional Manager, Business Banking, Westpac) with Diane Kargas (GreaterGood Executive Officer) at the launch of GreaterGood in the Cooma Region.

Jonathan Forrest, GreaterGood Board Member & Partner, Boyce Chartered Accountants, with Margaret Reid, Chair, GreaterGood at the launch of GreaterGood in the Cooma Region.

greater good™

**Report of the Capital Region Community Foundation Board**

Over the past year, much has been achieved to raise awareness of GreaterGood and its aim to contribute to the sustainability of the Capital Region through philanthropy.

The Board and Management Committee have been successful in raising awareness of GreaterGood in our region, and I am pleased to announce that we now have a capital base of $1,700,000.00.

It is my pleasure to welcome Siobhan Mayo, Diana Forrester, Linda Tregonning, Libby Litchfield and Jonathan Forrest to our Board/Management Committee, and also Pat Dart OAM who has agreed to provide us with part-time administrative support on a voluntary basis.

We are proud to announce the launch of the GreaterGood website at www.greatergood.org.au. We are grateful for the work undertaken by ZOO Interactive in developing the site and by Encode Polymedia for hosting services. The website provides details about how GreaterGood is constituted, its aims and objectives for our community and how community members can achieve their philanthropic aims.

GreaterGood held its second distribution in June of 2006. Thanks to the support of our foundation donors the Board was able to recommend to the Public Trustee, the distribution of $45,000.00 to local charities and projects.

A brief outline of successful charities and projects is as follows –

North Canberra Bears
Gungahlin Bulls
West Belconnen Warriors
Oxfam Australia
Care Australia
Mission Australia
AUSTCARE
The Salvation Army (NSW) Property Trust
The Fred Hollows Foundation
Christian Children's Fund of Australia
Australian Red Cross
World Vision of Australia
Society of St Vincent de Paul Pty Ltd
Australian Committee for UNICEF
Australian Kidney Foundation
Schizophrenia Australia Foundation
Medecins Sans Frontier Australia
Anglicare Australia
Leprosy Mission Australia
The Spastic Centre NSW
Tear Australia Incorporated
Australian Wildlife Conservancy
Outward Bound Australia
Christian Blind Mission International Aust

Community Foundations are the fastest-growing form of philanthropy worldwide. In Australia, Community Foundations are recognised as vehicles that can bring together a diverse range of people in rural, urban and regional communities to provide them with resources and tools to initiate key social, environmental and cultural development activities.

**The Capital Region Community Foundation**
GPO Box 515
Canberra City ACT 2601
02 6162 9219
contact@greatergood.org.au
www.greatergood.org.au
ABN 66 967 359 885
ABN 33 180 890 151

"the gift that keeps on giving"

GreaterGood held its Cooma Region launch on Tuesday at a function held at the Raglan Gallery in Lambie St on 29 November 2005. The function was sponsored by Westpac and organised with the capable assistance of Cooma residents Susan Mitchell, Leanne Atkinson and Petra Murphy.

GreaterGood acknowledges the generous goodwill and commitment of Mayor Roger Norton and the Cooma Region Community.

During the year, the Bungendore Region invited Lady Helen Deane, our Patron, to launch its community foundation on 24 June 2006, at the 'Wood Works Gallery', at Bungendore. The gallery hosted the launch of the book and photographic exhibition "Out of the Woodwork, The People and Place of Bungendore" by Sonia Turner. The proceeds from the sale of the book will form the starting base funds for the Bungendore foundation, which will use the services of GreaterGood as their umbrella fund.

A partnership has been established with Outward Bound Australia to provide scholarships to young people in our region to participate in a program set up to challenge, discover, develop and achieve their potential. The initial aim of the program is to bring young people from Canberra, Cooma, Cootamundra, Braidwood and Bungendore together to have an experience, which they can take back to their region as young leaders and then work with GreaterGood in the following year, by nominating the next generation of young people who would benefit from the experience. To this end, we have established our inaugural Regional Youth Leadership Program, which will offer annual scholarships, as we continue to focus on building and investing capital to fund future GreaterGood initiatives. Scholarships will be awarded to six young people from Canberra, Bungendore, Braidwood, Cooma and Cootamundra.

Our focus for the coming year will be to continue to raise awareness and commitment throughout the region. A priority will be to encourage philanthropy at a local level to enable individuals and organisations to contribute to the GreaterGood of their community.

The official launch of GreaterGood will be held on 14 November. This will mark an important milestone in the Foundation's establishment.

We remain deeply indebted to our generous sponsors for their goodwill and commitment to the wellbeing of our region. These include ZOO Interactive, WalterTurnbull, Pirion, Public Trustee for the ACT, Goldman Sachs JB Were, Mallesons Stephens Jaques, Westpac, Encode Polymedia and Mount Majura Wines.

Once again, I thank our Executive Officer, Diane Kargas, for her tireless and outstanding efforts in a voluntary capacity during the year.

Finally I wish to thank my committed and hard-working Board and Management Committee for their capable and generous support during the past year.

Margaret Reid

Margaret Reid AO
Date 14th August '06

## FUNDS MANAGEMENT

The Public Trustee remains focussed on the delivery of quality estate, management and trust-related services to the ACT community. An integral part of these trust services is funds management and the securing of sound investment returns for clients.

Mr. Doug Gillespie – Deputy Public Trustee

## THE FUNDS

The Public Trustee operates four asset sector common funds to service the investment needs of clients. The aim of the funds is to provide income, growth and security through diversification across the asset sectors.

The common funds are operated in accordance with the provisions of the Public Trustee Act 1985 and client funds are invested in accordance with the prudent person investment principles of the Trustee Act 1925.

This range of funds enables the office to offer tailored investment portfolios giving clients potential for a mix of capital growth, income returns and tax effectiveness, in keeping with individual risk profiles.

Client funds held in these funds increased from $74.6M in 2004/05 to $83.2M in 2005/06.

The four sector common funds operated by the Public Trustee are -

### Cash Common Fund

This fund has been managed internally for over 20 years. Cash funds are invested in a range of bank and non-bank financial institution deposits, notes and bills of exchange. Funds are available for withdrawal at call and interest is paid quarterly on daily balances. The flexibility of the fund facilitates the daily financial operations of accounts under administration, and ensures all funds received generate an interest return from day of receipt. Interest return varies with the market cash rate and as at 30 June 2006, the interest rate was 4.75% and the fund size was $41.4M, down from $44M at 30 June 2005.

### Australian Equities Common Fund

This fund is invested into a managed portfolio of stocks listed on the Australian share market. Funds under investment total $27.98M, an increase of $4.48M over the previous year.

### Australian Fixed Interest Common Fund

This fund is invested into a managed portfolio of corporate and government bonds and floating rate notes. Funds under investment at 30 June 2006 were $10.65M compared to $10.7M for the previous year.

### Australian Listed Property Trust Common Fund

This fund is invested through a managed Property Security Fund in listed property trusts across retail, industrial and commercial sectors. Funds under investment at 30 June 2006 were $3.17M compared to $2.85M for the previous year.

## INVESTMENT STRATEGIES

The Public Trustee has established a set of investment strategies designed to maximise the overall return for a client's investment portfolio.

The Australian Equities, Australian Fixed Interest and Listed Property Trust Common Funds act as vehicles for investment of client funds in asset allocations that reflect individual risk profiles. In addition, the Public Trustee operates three risk models where clients with compatible risk profiles are grouped for investment into the common funds in asset allocations suited to their circumstances -

### Growth Model Portfolio

The objective of the Growth strategy is to achieve long-term returns in excess of inflation. Allocation to Australian equities provides greater potential for growth plus potential taxation benefits of franked dividends. Performance for the year after fees has been 20.7%.

### Balanced Model Portfolio

The objective of the Balanced strategy is to provide a balance between return and volatility. It is suitable for medium term trusts, or those with a mix of income and capital needs for beneficiaries. Performance after fees for the year has been 16.19%.

### Income Stable Model Portfolio

The objective of the Income Stable strategy is to provide income return with moderate volatility plus potential for some growth to protect the real value of the trust. It is suitable for trusts with income needs, short terms and conservative risk profiles. Performance return after fees for the reported year has been 12.10%.

### Capital Stable Model Portfolio

Accounts requiring stability of capital are invested through the Cash Common Fund providing a market interest return on daily balances with funds available at call. The Cash Common Fund is suitable for cash balances and trusts of uncertain term. The Fund consistently returned 4.75% during the year.

## SERVICES TO GOVERNMENT

The Public Trustee is the nominated trustee for moneys held in Government Trust Funds and acts as agent for the purposes of forfeited assets under the *Confiscation of Criminal Assets Act 2003.*

The Public Trustee's activities include sale of assets, receipt, management and investment of moneys including those flowing from the following activities.

The Public Trustee also acts as agent for the Territory in receiving, investing and paying out claims for moneys under the *Unclaimed Moneys Act 1950.*

## GOVERNMENT TRUST MONEYS

The office holds responsibility for the investment of trust moneys held within government in accordance with the 'Prudent Person Principle' of the *Trustee Act 1925.*

Funds held as at 30 June 2006 amounted to $54.7M in respect to the following accounts –

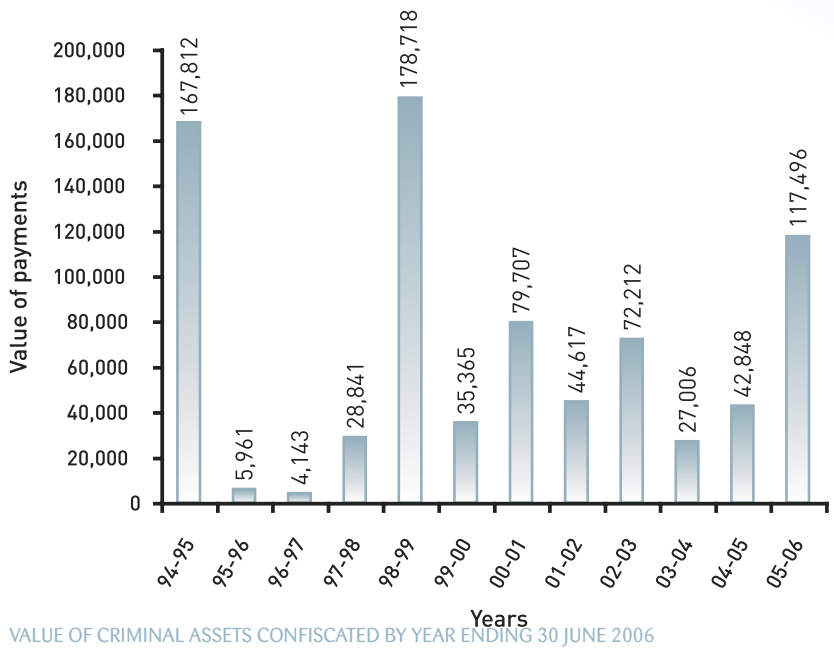
» ACT Health;
» ACT Procurement Solutions;
» *Agents Act 2003* – Consumer Compensation Fund;
» *Agents Act 2003* – Occupational Registration Account;
» Land Development Agency;
» Residential Rental Bonds Trust Account;
» Workers Compensation.

Moneys held in these accounts are invested in a range of securities including bank bills and financial institution deposits managed internally, a cash enhanced trust managed by Alliance Capital Management Australia Limited and a Fixed Interest Trust managed by Suncorp Metway Investment Management Limited. The circumstances of each account are reviewed regularly and investment strategies decided according to individual risk profiles, objects, needs for income and relevant legislation.

## CRIMINAL ASSETS

The *Confiscation of Criminal Assets Act 2003* (COCA) established a scheme to permit the confiscation of the proceeds of crime and other criminal assets, and empowers the Public Trustee to administer assets restrained under the Act.

The Public Trustee acts as agent of the ACT Government in relation to the forfeiture of assets under COCA. Forfeited assets are secured and sold and moneys realised are deposited into the Confiscated Assets Trust Fund held by the Department of Justice and Community Safety for community safety initiatives. The Public Trustee deposited $117,496.15 into the Confiscated Assets Trust Fund during the reported financial year. These forfeited funds were derived from 24 convictions.

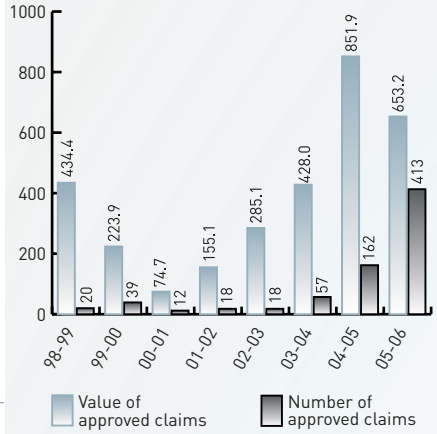



VALUE OF CRIMINAL ASSETS CONFISCATED BY YEAR ENDING 30 JUNE 2006

## UNCLAIMED MONEYS

The Public Trustee provides administrative services for Unclaimed Moneys in the ACT under the *Unclaimed Moneys Act 1950*, the *Legal Practitioners Act 1970* and the *Agents Act 2003*. In general, unclaimed moneys are accounts of various types that have been inactive over time, including deposits, dividends, superannuation benefits and retirement savings accounts of persons over retirement age.

To assist members of the community to identify and claim unclaimed moneys, an electronic register of unclaimed moneys, is available for search on the Public Trustee's website at www.publictrustee.act.gov.au.




VALUE OF CLAIMS FOR UNCLAIMED MONEYS BY YEAR ENDED 30 JUNE 2006

At 30 June 2006, the Public Trustee held $3,514,439.25 in unclaimed moneys. During the year, 22 lodgements were received for a total of $1,242,817.98. 413 claims for a total of $653,281.81 were received and paid. The average for claims paid was –

» Unclaimed Moneys Act $789.78
» Unclaimed Moneys Act (S'annuation) $5,072.00

The breakup of claims paid is as follows –

» Directions by Office of Fair Trading – 4 for a total of $2,429.23
» Legal Practitioners Act – 2 claims for a total of $8,246.95
» Unclaimed Moneys Act – 332 claims for a total of $262,205.54
» Unclaimed Moneys Act (S'annuation) – 75 claims for a total of $380,400.09

## CEMETERIES AND CREMATORIA AMENDMENT BILL 2005

The *Cemeteries and Crematoria Amendment Bill 2005* came into effect on 29 June 2005. The Bill had the effect of amending the *Cemeteries and Crematoria Act 2003* (the Act), appointing the Public Trustee as trustee of the Perpetual Care Trust in place of the cemetery/crematorium operator.

The Perpetual Care Trust is a charitable trust kept in respect to each cemetery and crematorium, for the maintenance of grounds, monuments and infrastructure.

Each cemetery or crematorium operator is required to deposit a specified percentage of their receipts into the fund under Trust. Moneys held in the Trust from time to time are invested through the Public Trustee's common funds.

At 30 June 2006 a total of $506,904.52 in deposits was held by the Public Trustee under the Act as follows:

| CEMETERY/CREMATORIUM | AMOUNT DEPOSITED | INTEREST |
|---|---|---|
| Hall Cemetery | $10,459.85 | $414.10 |
| Woden Cemetary | $460,078.10 | $11,857.14 |
| Norwood Park | $36,366.57 | $914.97 |

# PRODUCTS AND SERVICES

## WILLS

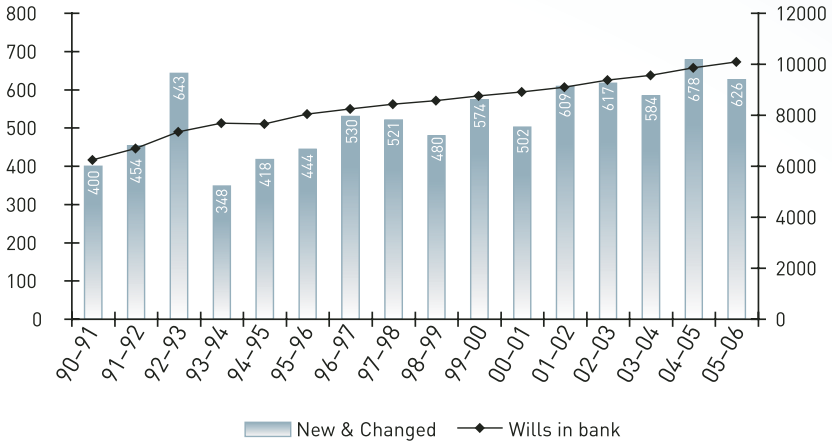
The Public Trustee is a leading Will-maker in the ACT, having made in excess of 12,500 Wills. We offer expert advice and a low cost Will-making service where the Will appoints the Public Trustee as executor or joint executor.

An important function of the Public Trustee is the promotion, through our annual seminar, of the importance of making a durable Will and keeping it up to date.

To broaden accessibility to our services, our skilled officers conduct home, nursing home and supported accommodation visits for customers with special needs.

During 2005-2006, the Public Trustee prepared 626 new Wills (including amendments to Wills held) compared with 678 in the previous year.

At 30 June 2006 there were 10,063 Wills held in the Public Trustee's Wills Bank, compared with 9,836 for the previous year.




NUMBER AND ACTIVITY OF WILLS IN WILL BANK AS AT 30 JUNE 2006

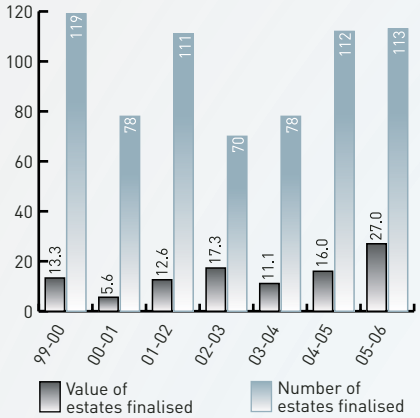
## ESTATES

The Public Trustee administers in the order of 110 estates each year, where appointed as executor in a Will, or where the executor or next of kin requests the Public Trustee to do so.

The Public Trustee administers estates where -
» appointed as executor in a Will;
» the executor named in a Will requests the Public Trustee to administer;
» there is no Will and no appropriate person to administer; or,
» the next of kin requests the Public Trustee to do so.

The Public Trustee accepts referral of estates from executors or administrators who wish to discontinue their involvement in estates entrusted to them. A number of estates are also referred to the Public Trustee by solicitors.

Ms. Sue La Peyre – Manager, Trusts




ESTATES FINALISED FOR THE YEAR ENDED 30 JUNE 2006

The administration of estates requires a professional understanding of complex probate, trustee and wills legislation, and of taxation, accounting and business practices. The Public Trustee has professional and skilled people to provide the highest quality estate management services, including Legal Practitioner, Certified Practicing Accountant, Taxation and Investment/Fund Management personnel.

The number of new estates commenced during the year totalled 115, at an estimated committed value of $25,210,600.00, compared to 102 at $26,659,900.00 for the previous year. There were 113 estates finalised during the year with an estimated committed value of $26,990,075.00, compared to 112 at $16,011,870.00 for the previous year. This is primarily due to the increased value of estates that include properties and share portfolios. 32 real estate property sales/purchases were handled for Public Trustee clients, with a total estimated value of $10,523,450.00.

## TRUSTS

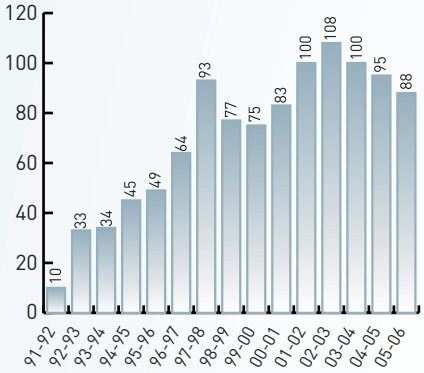
The Public Trustee acts as trustee, manager or receiver of funds for infants, or for those unable to manage their funds. Trust management services include –

» court awarded trusts in the case of minors or people with impaired decision-making ability;
» testamentary trusts created as a consequence of an estate (eg funds managed on behalf of a minor, life estates); or
» charitable or philanthropic trusts.

Our prime concern is the client's best interests. In limited cases we will advise on the acquisition of dwellings, special modifications to accommodate any disability or assistance for the purchase.

The Public Trustee Investment Board, in conjunction with an external asset/market consultant, advises the Public Trustee on core financial areas related to the development and management of all common funds on behalf of all public trustee client investors.

The value of new trusts received during the year was $3,314,615.72, compared with $9,475,134.00 for the previous year. This disparity related to a sizeable trust received during the previous year.




ACTIVE ENDURING POWERS OF ATTORNEY AS AT 30 JUNE 2006

## POWERS OF ATTORNEY

A Power of Attorney is as important for life planning as making a Will. The Public Trustee actively promotes the preparation of an Enduring Power of Attorney (EPA) by all members of the ACT Community.

An appropriately completed EPA allows a person to direct the management of their affairs in the event of their incapacity. Early consideration of an EPA will ensure that a person's affairs are administered by a person or professional organisation of choice, and in accordance with specific instructions. The Public Trustee will act as attorney and assist in identifying the best solution for individual needs.

Failure to prepare an EPA during a person's capacity may result in a Manager/Guardian being appointed by the Guardianship and Management of Property Tribunal, upon loss of capacity.

The number of active EPAs under management by the Public Trustee has decreased this year. It is however, still anticipated that the general upward trend will be sustained, given the ageing of the ACT population. The graph below indicates the number of persons who have chosen to place their financial affairs under the control of the Public Trustee and to activate the instructions contained in the EPA.

Activation generally occurs when a person no longer wishes to, or is no longer capable, to manage their affairs. The information below does not include data on the number of inactive EPAs held in safe custody by the Public Trustee.

Fees are only charged for creation of EPAs and upon activation.

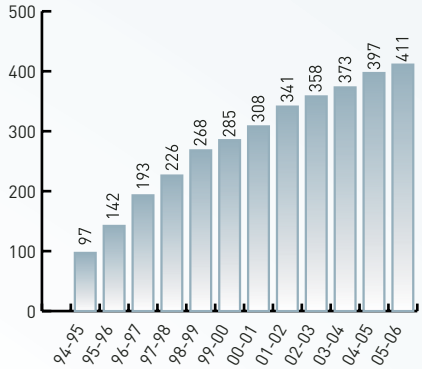
## FINANCIAL MANAGEMENT

The Guardianship and Management of Property Tribunal may appoint a Financial Manager to protect the interests of adult persons in the community who have impaired decision-making ability, or lack the capacity to manage their own financial affairs.

The Guardianship and Management of Property Act 1991 favours the appointment of a family member or other interested person, preferably within the ACT, otherwise the Public Trustee is Manager of last resort. The Public Trustee is appointed as plenary, or absolute manager, in approximately 50% of cases.

When appointed as Manager, the Public Trustee is concerned to ensure that the represented person receives the maximum benefit of their income, whilst being protected and provided with the ability to live in the community with dignity.

A representative of the Public Trustee attends all Tribunal hearings and reviews.




PLENARY OR EMERGENCY MANAGEMENT CASES ON HAND AS AT 30 JUNE 2006

## TAXATION SERVICES

The Public Trustee provides specialist taxation services incidental to its other services and is a registered tax agent. The office completes and lodges tax returns for deceased estates, trusts, Court trusts and Enduring Power of Attorney clients. During the year, 824 tax returns were completed and lodged for both individuals and trusts under administration.

## CONVEYANCING SERVICES

The Public Trustee completed 32 property settlements (28 for Canberra properties and 4 for interstate properties) during 2005-06, at a value of $10,523,450.00. Conveyancing fees received were $19,460.00.

## KEY CHALLENGES AND PLANS

The Public Trustee's Business Plan for 2005/06 identified the following key result areas:

» **Business Development** – to diversify and build estate and trust business opportunities to promote service sustainability and expansion. The Public Trustee's business continues to grow with significant advances made in the areas of Trusts and development of the Capital Region Community Foundation);

» **Service Delivery and Client Satisfaction** – to enhance and streamline core work processes for efficient and effective delivery of high quality services and rates of return. Our customers and stakeholders reported 90% satisfaction or better with services provided by the Public Trustee.

» **Strategic Relationships** – to develop constructive relationships with key stakeholders to enhance leverage and influence in the marketplace and within the ACT community. We have developed a professional relationship with ACT Law Society through its Wills and Estates Committee. We are a member of the Trustee Corporations of Australia; Financial Services Institute of Australia, Philanthropy Australia, Australian Guardianship and Administration Committee, Elder Abuse Prevention Implementation Task Force and Legal Support Group and the ACT Ministerial Advisory Council on Ageing;

» **Systems Development and Implementation** – to provide best practice systems and support infrastructure to ensure transparency and accountability for all transactions and decisions. We have initiated a significant upgrade of our IT infrastructure involving acquisition of a replacement server and software upgrade; and

» **Staffing and Capabilities** – to attract and retain skilled and capable people who are committed to the role of the Public Trustee and superior client service. We have reviewed the level of a number of positions and created a number of others, including bolstering our professional capability with a practicing solicitor and a Taxation Accountant.

The 2006/07 Statement of Intent establishes the Public Trustee's measures of performance.

The degree to which the Public Trustee is able to develop business such as retirement and estate planning is a key result indicator.

Whilst the Public Trustee receives some government funding for its Community Service Obligations (CSOs), our operations are primarily self-sustaining. The capacity of the Public Trustee to continue to supplement government funding for CSOs is closely linked to business growth.

## PERFORMANCE INDICATORS

The Public Trustee fulfills a range of objectives, which form part of the Government's social and fiscal responsibilities. The Public Trustee has both government and non-government stakeholders and maintains systems to monitor and report on performance.

Performance measures are as follows -

| SUCCESS | PERFORMANCE INDICATOR | BASIS FOR COMPARISON |
|---|---|---|
| **Quality** | | |
| Reasonable investment performance by Public Trustee, reflected by market trends and giving no indication of future performance | % return on the internally managed cash common fund, exclusive of Public Trustee fees. | Trends over time (reflected by market trends) |
| Reasonable investment performance by Public Trustee, reflected by market trends and giving no indication of future performance | % return earned on externally managed funds, relative to investment industry benchmarks, exclusive of Public Trustee fees –<br>» Australian Equities Fund<br>» Australian Fixed Interest Fund<br>» Australian Listed Property Fund | Trends over time (reflected by market trends) |
| High client satisfaction | % and number of clients satisfied with:<br>a) professionalism of staff<br>b) efficiency<br>c) client standards implemented<br>d) clarity of advice. | Trends over time |
| | Qualitative evaluation of client satisfaction, using focus groups and stakeholder evaluation. | |
| | % and number of clients who would refer the Public Trustee to others. | Trends over time |
| Dividend provided to the Territory | % change and $ value of dividend provided. | Trends over time |
| High level of compliance | Unqualified audits. | |
| | Qualitative evaluation using comments from judiciary and stakeholders. | |
| Reasonable level of services provided | % change and number of services provided, by type of service. | Trends over time |
| **Cost and Revenue** | | |
| Revenue covers cost | % and $ value of revenue that meets costs | Trends over time |
| Reasonable cost efficiency | Cost to operate the Public Trustee per employee. | Trends over time |
| Reasonable revenue efficiency | Revenue earned by the Public Trustee per employee. | Trends over time |

## FINANCIAL PERFORMANCE

The Public Trustee's financial statements may be found at Part D of this Report.

## B.2 HUMAN RIGHTS ACT 2004

Administration and Guardianship orders represent very significant derogations from fundamental individual rights and freedoms.

It is a central principle of the international human rights framework that all people have the right, and should have the opportunity without discrimination, to participate in decision-making processes that affect them.

The Public Trustee is appointed as Financial Manager for persons with impaired decision-making ability in approximately 50% of cases. This appointment brings with it a discipline to constantly balance the need for intervention in people's lives against their wishes. In the event that we intervene, we seek to impose the minimal impact necessary, mindful of the rights of represented persons and encourage protected persons to live in the general community as independently as possible.

### EDUCATION AND TRAINING OF STAFF ON HUMAN RIGHTS PRINCIPLES

It is vital that our people understand human rights issues and respect the rights of our clients. We recognise the stresses experienced by our people in their challenging work and actively promote human rights issues amongst staff.

During the reported year training was provided as follows –
» Techniques for dealing with aggressive and unpredictable clients.
» Indigenous awareness matters.
» Understanding the *Discrimination Act 1991*.

### DISSEMINATION OF INFORMATION

Information and policy documents relating to such human rights/discrimination issues as workplace discrimination, harassment and bullying prevention have been provided to Public Trustee staff. The Public Trustee is represented on the Justice and Community Safety Workplace Consultative Committee through which human rights information is disseminated to staff.

### LEGISLATIVE SCRUTINY

The Public Trustee has not developed any legislative proposals during the year requiring consultation with the Human Rights Commissioner.

### LEGISLATIVE AUDITS

Whilst the Public Trustee has not undertaken any legislative audits during the reported year, comments were provided in respect to new policy proposals including carers' legislation and civil unions. Additionally, a number of recommendations for amendment to existing legislation were made relating to missing persons, the survivorship rule and powers of attorney.

The Public Trustee has actively participated in the Elder Abuse Prevention Implementation Taskforce and its related Legal Support Group, to identify possible amendments to substituted decision-making issues under the *Powers of Attorney Act 1956*. Through this representation the Taskforce has reviewed provisions of the *Powers of Attorney Act 1956* to minimise the potential for elder abuse through identification of competence at the time of making and upon activating Enduring Powers of Attorney.

The Public Trustee is a member of the Australian Guardianship and Administration Committee and through this committee is apprised of, and influences, human rights issues relating to Guardianship, Administration and Public Trustee matters in other Australian and international jurisdictions.

## B.3 ACCESS TO GOVERNMENT STRATEGY

In July 2003, the ACT Government launched its Access to ACT Government Strategy, with the aim of improving accessibility to government facilities and services for people with disabilities.

A significant component of the Strategy was for departments to undertake an audit of the accessibility of their premises and services.

Consultants undertook an audit of Justice and Community Safety agencies in 2004, following which an Action Plan was prepared identifying a number of critical access issues.

The Action Plan identified a number of risks in respect to physical access, together with proposed departmental actions to address those risks. The Public Trustee has worked to ensure that those actions are implemented, and has reported as part of the Department.

Achievements and outcomes for the Public Trustee against this Action Plan include –

- Completion of the Public Trustee's replacement website incorporating recommended upgrades designed to maximize ease of use and access to information by visually impaired older and disabled persons;
- Review of all information brochures;
- Completion of a Risk Management Plan; and
- Acquisition of replacement business premises providing greater access to the Public Trustee including ground floor office and proximity to bus services and adjacent parking.

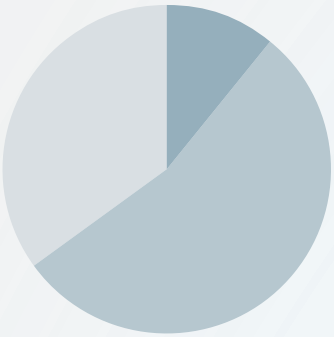
## B.4 COMMUNITY ENGAGEMENT

The Canberra Plan seeks to ensure stronger relationships between government and the community. As an important community service provider, the Public Trustee seeks to develop and maintain strong connections with the ACT community.

### COMMUNITY CONSULTATION DURING YEAR

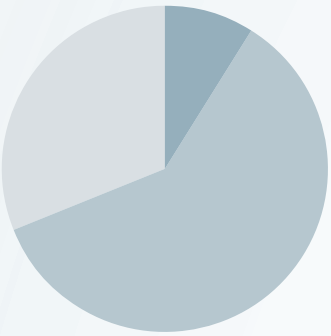
As part of Seniors Week in April 2006, the Public Trustee conducted a public seminar on the importance of having an up-to-date Will and an Enduring Power of Attorney.

As Trustee for the Capital Region Community Foundation 'GreaterGood', our mission is to build a permanent growing public philanthropic fund to be used for community-focused projects and activities within the Capital Region. 'GreaterGood' is a perpetual, public charitable trust, established to encourage everyone to become a philanthropist. The gifts contributed will fund causes and activities in the Capital Region, forever making a difference to the quality of life of our citizens. During 2005-06, the Public Trustee promoted the launch of the Foundation in the Cooma Region, attended by prominent members of the region, including Cooma Mayor, Roger Norton.



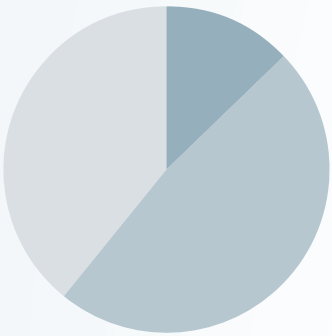
Overall Rating

- 11% Below Expectation
- 54% Exceeded Expectation
- 35% Met Expectations



Efficiency

- 9% Below Expectation
- 60% Exceeded Expectation
- 31% Met Expectations



Client Standards

- 13% Below Expectation
- 48% Exceeded Expectation
- 39% Met Expectations

The Public Trustee engaged with the Community through the conduct of Life's Reflection 2006, a photographic competition and exhibition during Seniors Week. Life's Reflection celebrates life over 50 and demonstrates the bond between seniors and the wider community. The theme this year was "Let the Good Times Roll".

During the reported year, the Public Trustee addressed a number of community groups in respect to services provided by the office.

The Public Trustee regularly consults with community service providers such as the ACT Public Advocate, A.C.T. Disability, Aged and Carer Advocacy Service (ADACAS) in areas of mutual concern including disability, older persons and their carers.

## COMMUNITY ENGAGEMENT TOOLS

The Public Trustee's continuous Customer Survey provides an important consultation medium through which clients can provide feedback against a range of criteria on a reply–paid basis. The Survey has been extended to clients visiting the website.

Our customers provided 153 responses to Customer Surveys conducted throughout 2005/06. The survey indicated that 90% of clients felt that the Public Trustee met or exceeded their expectations.

The Public Trustee subscribes to a number of important forums, through which issues of community importance are discussed, negotiated and lobbied. These include the Taxation and Education Committee of the TCA, Australian Guardianship and Administration Committee (AGAC), Trustee Corporations Association – NSW/ACT Council, Public Trustees Australian and New Zealand Bi-Annual Forum. In addition, the Public Trustee addresses a number of community forums annually.

Our representation on the Ministerial Advisory Council on Ageing and the ACT Elder Abuse Prevention Implementation Task Force, provides the Public Trustee with an important means of consultation with the broader community. We have developed a professional relationship with ACT Law Society through its Wills and Estates Committee.

Our annual seminar on Wills and Powers of Attorney was a highlight of Seniors Week 2006 and proves to be an important information dissemination and community consultation medium.

The Public Trustee is a regular contributor to the "Start Living" feature and other community features published in the Canberra Times. The Canberra Times provides the Public Trustee with an opportunity to simultaneously place community-directed articles on Wills and Estates matters.

Similarly, our conduct of *Life's Reflection* provided a medium through which the Public Trustee engages with business and community groups (eg COTA - Council on the Ageing) in promoting positive ageing.

A further and important means of engaging with the community has been to provide our services through home/hospital/nursing home visits to those community members with mobility problems.

## DIVERSITY OF STAKEHOLDER CONSULTATION

During 2005-06, the Public Trustee consulted with a diverse group of stakeholders including multicultural organisations, mental health representative groups (eg Alzheimers Association), advocacy bodies and through our peer government and industry forums.

### How has consultation enhanced the deliverables of the Public Trustee?

Our position as a smaller Australian Public Trustee benefits immensely from our bi-annual meeting with other Public Trustees, who in turn are represented at international industry forums. Consultation with stakeholders and the community has leveraged improvements to the Public Trustee's deliverables during 2005-06. These improvements include –

- » review of fees for estate administration following consultation with other Public Trustees;
- » accessing practice manuals prepared by other jurisdictions for use in finalising an ACT Public Trustee Practice manual; and
- » achieving best practice and website design.

### Inclusion of Community Engagement principles in PTO Strategic Plan

The Public Trustee's 2006/07 Business Plan incorporates the building of strategic relationships with key stakeholders and the ACT community as a Key Result Area and Strategic Priority.

## PTO COMMUNITY ENGAGEMENT CONTACTS

The Public Trustee and Deputy Public Trustee are the key first points of contact for queries on community engagement activities.

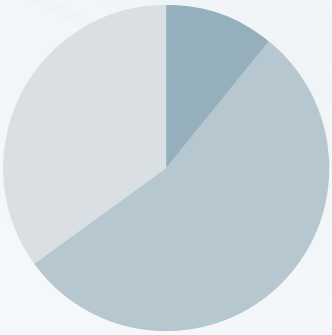
# B.5 MULTICULTURAL FRAMEWORK

The ACT Government's "Framework for a Multicultural ACT 2001/2005" was released in May 2001. In accordance with the monitoring and reporting requirements in the Framework, the Public Trustee reports as part of the Department of Justice and Community Safety.

The Public Trustee's progress against the three goals, which encompass the ACT Government's vision for a multicultural ACT Framework is as follows –

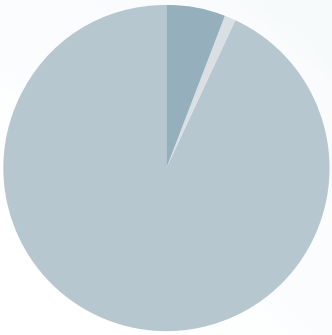
Embracing Cultural and Linguistic Diversity
The Public Trustee seeks to ensure that the community enjoys access to the services, facilities and opportunities provided by the Public Trustee.

We engage with the multicultural community through addresses to community groups on Wills, Powers of Attorney, Estate Administration and Financial Management. All of our brochures contain interpreter blocks. Our new website contains a note on interpreter services.



Professionalism

- 11% Below Expectation
- 54% Exceeded Expectation
- 35% Met Expectations



Understand Advice

- 6% Don't know
- 1% No
- 93%Yes

### VALUING CULTURAL AND LINGUISTIC DIVERSITY

Through our representation on the Ministerial Advisory Council on the Ageing, the Public Trustee seeks to provide advice to the Chief Minister on issues affecting persons of other cultures including positive attitudes towards ageing and older people, housing, accommodation, life-long learning, mature-age employment, prevention of elder abuse and provision of services for older people.

We seek to ensure that our services, products and advice are provided to the community in a culturally sensitive, accessible and understandable manner.

The Public Trustee utilises multicultural networks to ensure that all elements of the community understand the need to have an up-to-date Will and an Enduring Power of Attorney.

## B.6 ABORIGINAL AND TORRES STRAIT ISLANDER REPORTING

As a Community Service Provider, the Public Trustee provides services to members of ACT's ATSI Community, seeking to ensure that community members enjoy the same level of access to its services regardless of wealth or cultural considerations.

The Council of Australian of Governments (COAG) published "Overcoming Indigenous Disadvantage, Key Indicators 2003 Report" listing a number of key indicators and priority outcomes.

The nature of services provided by the Public Trustee assists in the building of functional and resilient families and communities in conformity with a key priority outcome in the report "Improved wealth creation and economic sustainability for individuals, families and communities".

In delivering our services we exercise compassion by partially or fully waiving our fees and charges on the basis of hardship.

We provide our services at the convenience of our clients by undertaking home/hospital/nursing home visits where access is a problem.

Our responsibilities and activities touch and concern all members of the ACT Community. We undertake a number of Community Service Obligations for members of the community including indigenous community members under a disadvantage including those with impaired decision-making ability. These services include drafting Wills and Enduring Powers of Attorney, administration of deceased estates and welfare funerals.

## B.7 ACT WOMEN'S PLAN

The ACT Women's Plan has a focus in "addressing women's isolation and recognising the contributions that women make to our community.

The Plan sets out the Government's vision for working with the community to improve the status of all women and girls, and provides a shared approach for working towards this vision across ACT Government agencies.

The Public Trustee's response to the Plan, against objectives identified in the ACT Women's Plan 2005-06 Action Plan, is as follows –

### Representation and recognition

» During 2005-06, the Public Trustee appointed two women to the Public Trustee Investment Board. In addition the Public Trustee appointed women as Patron and Chair of the Capital Region Community Foundation together with six women to the Foundation's Management Committee. Two women were appointed to senior management/executive positions within the Public Trustee.

### Good health and well-being

» Flu injections are made available to all staff at no cost.
» Negotiation is underway with Public Trustee staff in respect to a prohibition on smoking during work hours.
» PTO regularly addresses female community groups (Soroptimists and Zonta) on the value of having an Enduring Power of Attorney and an up to date Will.

### Responsive housing

» As Manager appointed by the Guardianship and Management of Property Tribunal, PTO works closely with the ACT Public Advocate to ensure that represented women have their finances and property appropriately managed.

### Safe, inclusive communities

» The Public Trustee is a member of the Elder Abuse Prevention Implementation Taskforce and Legal Support Group, which addresses options for dealing with elder abuse (with particular emphasis on women) in the community.
» The Public Trustee's Reception staff was provided with training in dealing with aggressive and volatile customers.

### Economic Security and Opportunities

» Flexible work arrangements for working mothers.
» Sensible and realistic working hours.
» An equity and diversity approach that provides employment opportunities for mature age female staff.
» Consideration for female staff with carer responsibilities.

### Flexible education and training

» Providing professional and paid training and study assistance for all staff.

# Part: C

## MANAGEMENT OF THE ORGANISATION

Public Trustee for the Australian Capital Territory

2005 06 annual report

# C.1 MANAGING OUR PEOPLE

## C.1.1 HUMAN RESOURCE PERFORMANCE

Section 61 of the Financial Management Act 1996 requires the Public Trustee to give the Treasurer a Statement of Intent (essentially an ownership agreement) for each financial year. The Statement must include a human resource plan outlining employment structure as of commencement and end of the financial year.

In its 2005-06 Statement of Intent, the Public Trustee identified that significant increases in business dictated that staffing levels be maintained at a commensurate level to maintain the quality of service.

During the reported year, the Public Trustee increased its total staff from 27 to 30 by creating additional positions of Trust Officer 1 in Personal Management Services and Trusts Sections.

Position reviews completed during the year resulted in the following structural changes -

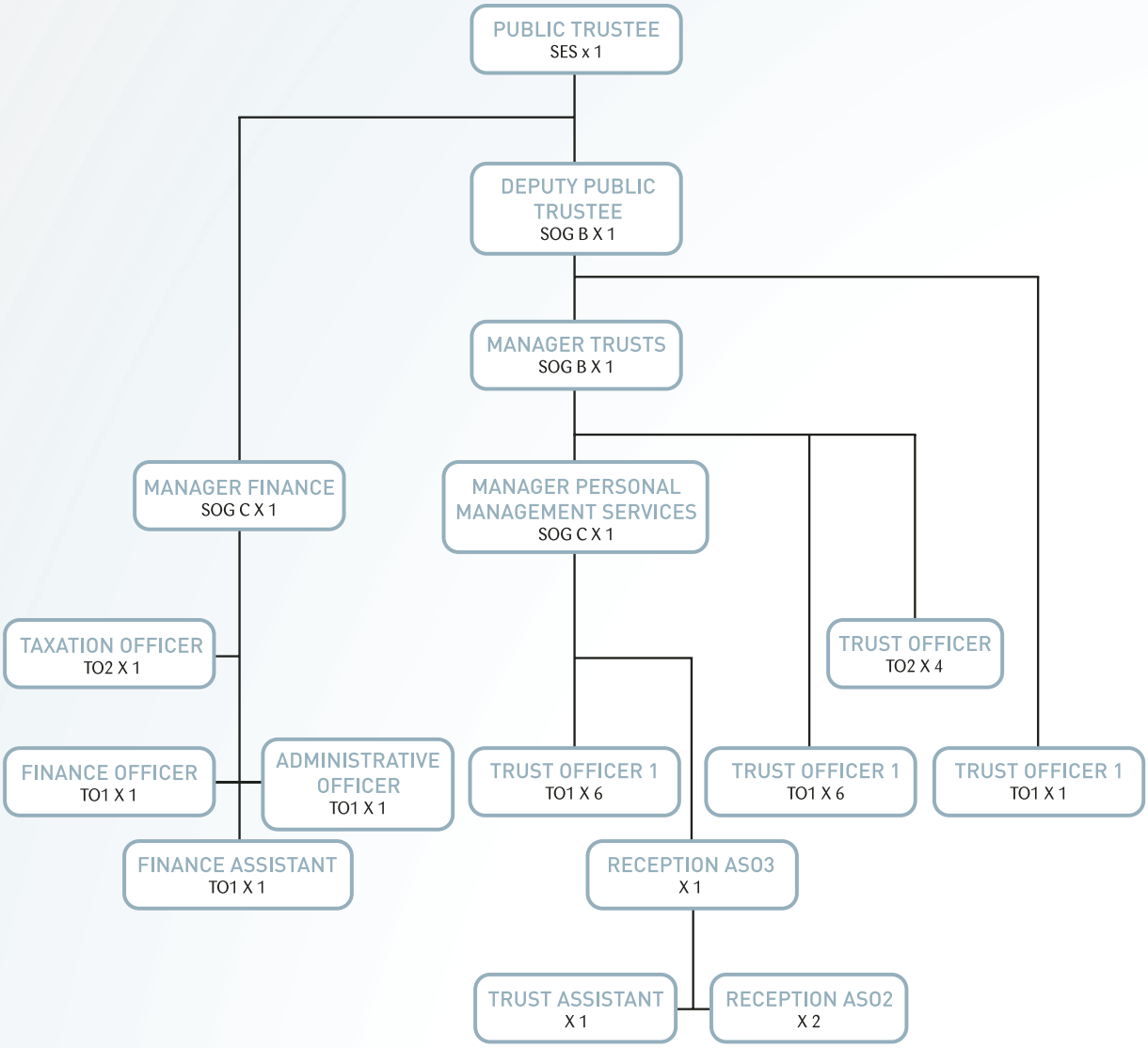
» Reclassification and re-designation of the position of Practice Manager SOGC to Manager – Trusts SOGB (Recommended by Independent Consultant).
» Reclassification of the position of Manager – Finance from Trust Officer 2 to SOGC (Recommended by Independent Consultant).
» Creation of new position of Manager, Personal Management Services, SOGC.
» Reclassification of the position of Taxation Officer from Trust Officer 1 to Trust Officer 2 (Recommended by Independent Consultant).
» Reclassification of positions of Trust Assistant – Protected Persons Section to Trust Officer 1. (Necessary to recognise work complexity and volume and to achieve parity with Trusts Section for staff rotation).
» It is also proposed to raise the entry level to the office to ASO3 level.

These changes provide the Public Trustee with adequate resources to handle perceived increases in business volumes in the next financial year. The structural adjustments have also been important in addressing succession issues.

Negotiations are continuing between the National Council of the Trustee Corporations of Australia and the University of Western Sydney to provide appropriate industry training for the trustee industry.

## C.1.2 STAFFING PROFILE

### ORGANISATION AND STAFFING STRUCTURE



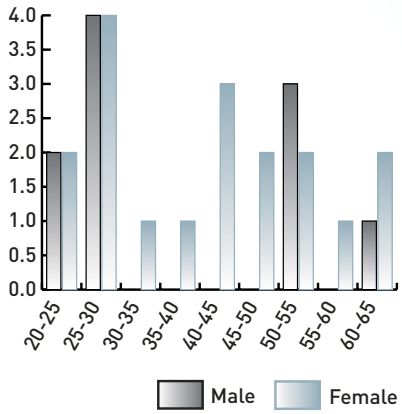
## STAFF OF THE PUBLIC TRUSTEE

The statistics provided in the following table include employees in receipt of salary as at 30 June 2006.

| TITLE | CLASSIFICATION | F | M | CATEGORY | EMPLOYMENT AUTHORITY |
|---|---|---|---|---|---|
| Public Trustee | Full time Statutory Office Holder CEO | | 1 | 5 yr contract | *Public Trustee Act 1985* (PTA) |
| Deputy Public Trustee | Sen. Officer Gr B | | 1 | Perm Appt | *Public Sector M'ment Act 1994* (PSMA), PTA |
| Manager Trusts | Sen Officer Gr B | 1 | | Perm Appt | PSMA |
| Manager Finance | Sen Officer Gr C | 1 | | Perm Appt | PSMA |
| Manager Personal Management Services | Sen Officer Gr C | 1 | | Perm Appt | PSMA |
| Taxation Officer | Trust Officer 2 | | 1 | Perm Appt | PSMA |
| Estates/Trusts | Trust Officer 2 | 2 | 2 | Perm Appt | PSMA |
| Estates/Trusts | Trust Officer 2 | .8 | | Temp Appt P/Time | PSMA |
| Estates/Trusts | Trust Officer 1 | 2 | 3 | Perm Appt | PSMA |
| Estates/Trusts | Trust Officer 1 | .8 | | Perm Appt P/Time | PSMA |
| Pers Man Serv | Trust Officer 1 | 4 | 2 | Perm Appt | PSMA |
| Office Mgr | Trust Officer 1 | 1 | | Perm Appt | PSMA |
| Finance Asst | Trust Officer 1 | 1 | | Perm Appt | PSMA |
| Project Officer | Trust Officer 1 | 1 | | Perm Appt | PSMA |
| Pers Man Serv | Trust Asst | 1 | | Temp Appt | PSMA |
| Receptionist | ASO 3 | 1 | | Perm Appt | PSMA |
| Receptionist | ASO 2 | 1 | | Perm Appt | PSMA |
| Receptionist | ASO 2 | 1 | | Temp Appt | PSMA |

Total staff 29.6 FTE's

The age profile of the Public Trustee's workforce expressed in five year increments is indicated in the graph right –




## EMPLOYMENT ARRANGEMENTS

Our people are engaged under the *Public Sector Management Act 1994*, as varied by the Department of Justice and Community Safety Certified Agreement 2004/2007.

The ACT Remuneration Tribunal determines the remuneration in respect to the position of Public Trustee, as an Executive of the ACT Public Service.

## C.1.3 CULTURE AND VALUES

The nature of the Public Trustee's services requires the development, maintenance and demonstration of a strong culture of integrity and trust. The qualities of Respect, Responsibility, Reliability and Reputation are central to that culture and are reflected in our marketing.

We pledge to provide our services in a professional manner, treating all clients with fairness and equity, compassion and empathy and honesty and integrity.

The ACT Public Service Code of Conduct is reflected in our Fraud, Corruption and Risk Mitigation Plan, which underlines the value that we place in a culture based upon these qualities. The Plan sets out strategies to address all risks, whether personal or environmental and also establishes controls to ensure that service providers engaged by the Public Trustee on behalf of clients also reflect and demonstrate our values.

The Public Trustee maintains a policy and register in respect to gifts/inducements.

Customer feedback is an accurate barometer of our performance and is vital to the maintenance of our culture.

The Public Trustee has also developed and implemented a Staff Induction Manual, which serves as a first and continual point of reference for staff.

The Public Trustee strives to be the community's first choice for trustee services in the ACT. This aim is unaffected by a person's capacity to pay for the Public Trustee's services.

## C.1.4 WORKPLACE DIVERSITY

Achievement of performance measures in EEO/Equity and Diversity planning for the Public Trustee is reflected in the Department of Justice and Community Safety's Annual Report 2005/06.

The broad nature of our client base and range of services dictates that we actively demonstrate the principles of equity and diversity.

### STATUS OF EQUITY AND DIVERSITY PLANNING

The Public Trustee's Business Plan includes a number of strategic priorities consistent with the EEO and Diversity Framework providing opportunities for staff to access training in disciplines appropriate to their work.

The plan incorporates initiatives, which seek to create and maintain a safe and healthy workplace. Our officers are provided with training in discrimination issues, addressing the diverse needs of the community in delivering our services. The Public Trustee's management seeks to promote and facilitate access to work, equitable career opportunities and maximum participation for employees. We aim for maximum staff participation in seminars and training programs, a flexible approach to working hours and we support staff in advancement and development opportunities. We actively seek to provide work arrangements to suit the specific profile of our staff including working mothers, staff with carer responsibilities and older employees.

### PROGRESS AND ACHIEVEMENTS AGAINST EEO INITIATIVES

During the year, the Public Trustee provided staff with training in dealing with difficult clients including behavioural management.

Our training program ensures that our officers have equitable access to training to acquire the skills necessary to the provision of our professional services.

We have responded to work pressures during the year by increasing staff numbers and capability and by reviewing and reclassifying a number of positions.

## STRATEGIES AND INITIATIVES FOR 2006/07

The Public Trustee has made significant progress in removing perceived and actual inequities both geographical and structural. It is proposed to move to new and more suitable premises in 2006-07 providing better amenity to all staff and greater opportunities for staff rotation. The relative structures between Personal Management Services and Trusts Units will be addressed by the rationalisation of positions at the Trust Officer Grade 1 level and Receptionist.

We will continue to maintain a trained Equity and Diversity staff representative and demonstrate strong awareness and support of the ACT Women's Plan.

It is also proposed to introduce a means of performance management consistent with the Department of Justice and Community Safety's requirements.

## STATISTICS ON REPRESENTATION OF EEO GROUPS

Relevant statistical tables on representation of EEO group members as numbers of total staff by employment groups.

## WORKPLACE DIVERSITY STATISTICS 2005-06

| EEO CATEGORY | YES | NO | NOT STATED | TOTAL |
|---|---|---|---|---|
| Aboriginal and Torres Strait Islander | | 30 | | 30 |
| Disabled | | 30 | | 30 |
| Culturally and Linguistically Diverse background | 3 | 27 | | 30 |
| **GENDER** | **FEMALE** | **MALE** | **NOT STATED** | **TOTAL** |
| | 20 | 10 | | 30 |

## C.1.5 WORKPLACE HEALTH AND SAFETY

The Public Trustee is subject to the Department of Justice and Community Safety Occupational Health and Safety policy.

The Public Trustee has appointed two OH&S representatives and deals with health and safety management issues through its Management Committee.

During the year, the Public Trustee undertook the following health and safety measures –

- Survey and adjustment of workplace ergonomics for all staff;
- Influenza shots were offered to all staff at no cost and were accessed by 13 staff.
- Training was provided to two OHS staff representatives.
- 11 staff were trained to deal with difficult and aggressive clients.
- First Aid Training was not required.
- All staff have been provided with digital flat screen monitors.
- Ergonomic furniture was supplied to a number of staff with health issues.

During the year no accidents or dangerous occurrences requiring the giving of notices under S.85 of the Occupational Health and Safety Act 1989 were reported.

No investigations were conducted during the year involving tests on any plant, substance or thing in the course of such investigations.

No directions were given to the Public Trustee under S.S78 of the Act

No notices were given to the Public Trustee under S.76 and 77 of the Act.

The Public Trustee will introduce a policy of no smoking during work hours on 1 July 2006 and will provide Quit Smoking programs to staff affected by this policy.

No workers' compensation claims were reported during the reported year. The annual premium was $9,773.53. This premium reflects influences external to the office and is not indicative of the Public Trustee's claims history.

## C.1.6 LEARNING AND DEVELOPMENT

A major priority of the Public Trustee is to attract, develop and retain appropriately skilled persons. A Staff Induction Manual has recently been completed providing a resource for staff and management alike.

The Public Trustee has participated with other institutions including Trustee Corporations of Australia (TCA), Administration and Guardianship Committee (AGAC) and the Australia and New Zealand Public Trustee's forum in accessing appropriate training and exposure to contemporary industry issues.

We encourage our officers to access study appropriate to their needs through the Study Assistance Scheme.

Formal industry training is presently sourced through the Trustee Corporations of Australia (TCA) and the Financial Services Institute of Australasia (FINSIA).

During the reported year an amount of $40,000.00 was allocated towards staff training.

Two senior managers regularly attend an Estate Planning Group made up of representatives of private and public sector Estate lawyers.

The subjects covered by staff training and staff numbers undertaking that training during the reported year are as follows:

| TITLE OF COURSE | NUMBER OF STAFF |
|---|---|
| Advanced Diploma of Government Financial Management Gap Program | 1 |
| Audit | 1 |
| CPA think Tank & Presentations | 1 |
| Drafting Wills for separated parents | 4 |
| FPA Seminar Comsuper | 1 |
| Estate Planning Group | 2 |
| Fundraising: 'What's the Fundraising Driver – the Public or the Law?" | 1 |
| G.D. of Applied Finance & Investments | 1 |
| Government Tax Officers Group | 1 |
| Handi tax module 1 & 2 | 1 |
| Hot Heads & Cranky People | 11 |
| H & R block – Income Tax Returns - basics | 1 |
| Indigenous Awareness Training | 2 |
| National Tax & Accountants' Assoc. – Capital Gains Tax | 1 |
| National Tax & Accountants' Association – Super | 1 |
| OH&S Workstation set ups | 2 |
| Probate Seminar to support Staff | 4 |
| Property Tax | 1 |
| Securities Institute of Aust – Diploma Financial Services | 1 |
| Separately Managed Accounts | 1 |
| Super and Estate Planning | 7 |
| Translation and Interpreting Services | 16 |
| **Trustee Corporation Association Courses** | |
| Administer a non-complex Trust | 4 |
| Administer a complex Trust | 1 |
| Administer a complex Estate | 1 |
| Establish Powers of Attorney or accept appointment under Financial Administration | 4 |
| Administer an Intestate Estate | 1 |
| Administer Powers of Attorney or Financial Administration Order | 2 |
| Tutoring for PTO staff on ETI studies | 1 |
| Wills and Power of Attorney by Law Society | 2 |
| Writing Skills | 17 |

### C.1.7 WORKPLACE RELATIONS

This has been covered in the Department of Justice and Community and Safety's Annual Report 2005/2006.

The Public Trustee initiated a Special Employment Arrangement (SEA) in respect to one officer. This resulted in remuneration of 20% over and above the officer's current classification of SOGB. No provision was made for the use of a privately plated vehicle.

During the year, one Australian Workplace Agreement (AWA) was terminated as a result of the reclassification of the position of Public Trustee.

The Public Trustee consulted with the Union and members in respect to its accommodation proposal/relocation.

## C.2 GOVERNANCE

### C.2.1 INTERNAL ACCOUNTABILITY

The Public Trustee is a Territory Authority established in 1985 under the Public Trustee Act 1985 (the Act) to provide permanent and secure trustee services to the ACT Community.

The Public Trustee is a statutory office-holder and is directly responsible to the Chief Executive, Department of Justice and Community Safety. The Public Trustee, Mr Andrew Taylor, was formally appointed for a five-year term on 22 September 2005.

The Public Trustee provides the ACT community with comprehensive trustee, estate management and related services and, at 30 June 2006, had funds under trustee management of over $146M.

The Public Trustee's responsibilities relative to the organisational and output structure are -

» Lead and improve service delivery in Trustee administration.
» Effective allocation of budget, planning and resources.
» Deliver best practice Trustee policies, practices and procedures.
» Ensure case management strategies meet the needs of Public Trustee clients and stakeholders.
» Minimise operational costs while maintaining a high level of client service.
» Ensure a high performance culture.

The Public Trustee is assisted by an Executive team. Each member of the Executive has responsibility for particular functional areas. Those Executive responsibilities are as follows –

**Deputy Public Trustee**
Doug Gillespie occupies the position of Deputy Public Trustee and has been delegated all of the powers of the Public Trustee. Doug has 40 years experience in the Trustee industry. The position of Deputy Public Trustee has a strong technical focus with a major emphasis on the overseeing of financial planning activities and professional investment services. Included in this is the responsibility for ensuring the provision of sound financial and investment advice to clients and the preparation of plans for each trust.

### Manager – Trusts

The classification of this position was reviewed during the year and, on direction of the Commissioner for Public Administration, Ms Sue La Peyre was appointed to the position. Sue is a practicing solicitor with experience in the private sector and her responsibilities involve a management, leadership and staff development focus. This position also assumes a quality control function with the editing and reviewing of work to ensure statutory compliance. Sue has responsibility for the administration of the more complex Estates, Trusts and Wills and prepares Wills and Powers of Attorney as necessary. She is also responsible for Trust Advance Requests as well as for reviewing all files for finalisation.

### Manager – Finance.

The classification of this position was reviewed during the year and, on direction of the Commissioner for Public Administration, Ms Joanne Thompson was appointed to the position. Joanne is responsible for the management of all Public Trustee accounting functions including office management and government trust accounts. She is responsible for ensuring maximum return on trusts and that the best interests of the unit holders are served. Joanne also has responsibility for the financial reporting function.

### Manager - Personal Management Services.

As part of a structural review, this position was recently created and is subject to recruiting action. Ms Toni Leiper is currently acting in the position and is responsible for overseeing and running the Personal Management Services Unit. Toni has extensive experience in Public Trustee administration. Toni and her staff have overall responsibility for the financial and property affairs of approximately 500 clients who are subject to orders of the Guardianship and Management of Property Tribunal, and assets to the value of $21.6M.

## PUBLIC TRUSTEE INVESTMENT BOARD

The Public Trustee Investment Board advises the Public Trustee. It is not a governance board and does not provide advice to the Minister.

A full report on the Public Trustee Investment Board is provided in this section of the Annual Report.

The Public Trustee consulted the Board on major issues and legislation as set out at the end of the Board's report on the following pages.

# PUBLIC TRUSTEE
## FOR THE AUSTRALIAN CAPITAL TERRITORY

# PUBLIC TRUSTEE INVESTMENT BOARD

**ANNUAL REPORT 2005/06**

The Public Trustee Investment Board (the Board) was established under S.46 of the *Public Trustee Act 1985*.

Under the Act, the Board must consist of the Public Trustee and at least two other members appointed by the Minister for a period not longer than three years. Members of the Board are not remunerated.

Board members provide expertise to ensure best practice in financial and risk management and advise the Public Trustee on –

- investment strategies concerning moneys held in the common funds or otherwise available for investment;
- core financial areas related to the development and management of the common funds on behalf of Public Trustee client investors; and
- aspects of policy and its implementation to ensure that it meets the needs of the *Public Trustee Act 1985*, the *Trustee Act 1925* and the *Financial Management Act 1996*.

On 3 March 2006, the Chief Minister appointed the following Board members in addition to Andrew Taylor as Senior Member –

- Mr Len Early brings to the Board, high level expertise in fund management, risk management and corporate governance. Mr Early is a principal of Len Early Pty Ltd, providing advice on public sector policy and financial management, with a particular focus on public sector governance, public sector financial reform, budget reform, public sector superannuation and policy evaluation. A former Deputy Secretary of Department of Finance and Administration (Clth), Mr Early holds a number of other current Board appointments.

- Ms Glenys Roper is Director of Roex Management Pty Ltd, providing business and management advice. A former Chief Executive for the Office of Government Online (Clth), Ms Roper was responsible for federal government strategy for electronic service delivery and 'back end' processing. Ms Roper is a member of several other Boards, including the ACT Government Procurement Board.

- Mr Roger Broughton is currently Executive Director, Investment and Economics, ACT Treasury. Mr Broughton has extensive experience in financial and economic policy together with his responsibilities in the financial management and investment of ACT Government funds and superannuation liabilities and assets. Prior to embarking on a public service career, Mr Broughton spent 17 years in the energy and water industries. Until recently, he was also Chair of the ACT Insurance Authority. He currently oversights around 60 percent of the ACT's revenue and 95 percent of its financial assets and liabilities.

4th Floor, Public Trustee House, 4 Mort Street, Canberra ACT 2600
www.publictrustee.act.gov.au
ABN 45 801 644 305

- Ms Christine Goode PSM was appointed to the Board on 13 March 2006. She has 34 years experience in Australian Public Service administration across constitutional development; public service central management; transport; communications and superannuation and has held senior executive positions for 20 years. Ms Goode presently holds Board appointments with AirServices Australia; State Super Financial Services Ltd; Chair of Comcare's Audit Committee and is a consultant on risk management and leadership. We welcome Ms Goode's appointment.

The Board met on four occasions during the year – 10 August 2005, 15 November 2005, 9 February 2006 & 20 June 2006. All Board meetings are attended by the Deputy Public Trustee and Finance Manager.

The Board is assisted by Robert Johnson and Associates, an external financial markets/asset management consultant.

In June 2006, the Board recommended that the Public Trustee's Cash Common Fund interest rate be maintained at 4.75% until 1 July, then raised by ¼% to 5%.

The Board noted the Public Trustee's Fraud, Corruption and Risk Management Plan.

Following the Board's recommendation to market test a Fund Manager for the Public Trustee's Australian Equities Fund, the Public Trustee has made a successful transition to the successful tenderer Tasman Asset Management Limited trading as Tyndall.

At the request of the Board, the *Financial Management Act 1996* was amended to remove any doubt that the Public Trustee can be regarded as "Crown" for the purposes of S.5A of the *Financial Services Reform Act 2001(C'lth)*.

The Board recommended that the Public Trustee consider the issue of international equities and the Public Trustee is considering a number of external recommendations.

The Board noted progress with the upgrade of the Public Trustee's IT infrastructure involving acquisition of a replacement server to be located outside of the office and upgrade to current version of the TACT Trust Accounting System.

I thank members of the Board together with my Deputy Public Trustee, Finance Manager and Robert Johnson for their valuable advice and contribution to the office during 2005/06.

Andrew Taylor
**SENIOR MEMBER/**
**PUBLIC TRUSTEE**

## PUBLIC TRUSTEE MANAGEMENT COMMITTEE

The Management Committee has responsibility for all internal governance issues including :

» Public Trustee Investment Management Advisory issues, setting direction, approving investment and reviewing and endorsing asset allocations under the 'Prudent Person Principle'.
» Risk Management complementing the audit and management advisory functions.
» Resource Management providing support and advice to the Public Trustee on the management and operations of the Public Trustee.

## PRUDENT PERSON INVESTMENT PRINCIPLE

Traditionally, trustees were given limited investment powers that would allow them to invest with reference to a Statutory List of Investments. A 'Prudent Person Rule' for investing trust funds was introduced by the Trustee Act 1925 replacing the old legislation with a more liberal and less restricted power of investment. Trustees have a greater freedom to determine appropriate trust investments but also greater responsibilities in doing so. Essentially trustees are required to invest funds with the care and skill that would be exercised by a prudent person.

In the ACT, the Public Trustee adopted an investment approach utilising sector-specific Common Funds in addition to the existing Common Fund. These funds offer greater choice and diversification to investment responsibilities whilst placing greater discipline on the Public Trustee in meeting both its clients' financial needs.

The Public Trustee has established a sound platform on which to base the care, diligence and skill required in exercising investment powers.

## INDEPENDENT ADVICE

Independent advice is taken with respect to investments and asset allocation of the common funds. Robert Johnson and Associates, a financial markets specialist, provides appropriate independent advice to the Public Trustee and to the Public Trustee Investment Board.

Further investment advice has been provided during the year by fund managers including -

» Merrill Lynch;
» Tasman Asset Management Limited (trading as Tyndal);
» Suncorp Metway; and
» UBS Global Asset Management.

## LEGAL ADVICE

The Government Solicitor for the ACT, Department of Justice and Community Safety, provides legal advice to the Public Trustee. Where appropriate, the Public Trustee seeks advice from non-government practitioners.

## C.2.2 FRAUD PREVENTION

The Public Trustee's business is built upon trust. A Fraud Corruption and Risk Management Plan was implemented earlier in the year reflecting the ACT Government's 2004 Integrity Policy and satisfying Public Sector Management Standard 1, Part 4. The plan has been incorporated into the Public Trustee's Business Plan and Activity Agenda.

The Plan establishes appropriate controls and checks, as safeguards to ensure a high level of security for client funds and confidentiality. The Public Trustee's trust-accounting system (TACT) has been designed specifically for use by the Trustee Industry and meets standards for client confidentiality and security control.

Under the plan a number of important fraud/corruption prevention initiatives have been implemented –

» A gifts and inducements policy incorporating a gifts register.
» A Code of Conduct completed by service providers to the Public Trustee.
» Visitor control register and tags at reception.
» Completion of a Staff Manual.

A number of risk assessments/audits and reviews were undertaken during the year as part of a Departmental strategy. There were no reports or allegations of fraud or corruption received during the reported year.

The Public Trustee attended risk/fraud awareness training provided by ACTIA during the year.

## C.2.3 RISK MANAGEMENT AND INTERNAL AUDIT

### RISK MANAGEMENT

The Public Trustee's approach to risk management provides clients with the assurance that low risk/high value services can be delivered. Risk is managed from both strategic and business process perspectives.

The Public Trustee's Fraud, Corruption and Risk Management Plan covers all investment, financial, operational and administrative responsibilities. This plan documents business processes undertaken by the office, identifies key risks associated with these processes and measures undertaken to control these risks.

The Management Committee oversights the implementation of the Fraud, Corruption and Risk Management Plan. Membership of the Committee comprises the Public Trustee, Investment Officer, Trusts Manager, Finance Manager, Manager–Personal Management Services together with external advice as required. The committee meets weekly.

Under the plan, a number of important risk management initiatives have been implemented –

- A building/accommodation strategy providing for re-accommodation to suit the next 5 to 10 years.
- A staff succession plan involving a structural review, internal staff rotation, an industry standard training program and external recruitment of specialist staff.
- A review of the capital commission scale of fees for estate administration.
- A review of the fee waivers policy.
- Acquisition of a replacement server and relocation of server to InTACT server farm.

## RISK PROFILE MODELS

The Public Trustee complies with the 'Prudent Person Rule' of the Trustee Act 1925 ensuring that trusts are reviewed on an annual basis and invested in accordance with the assessed risk profile.

The major risk investment categories applied are Growth, Balanced, Income Stable and Capital Secure. These are invested through sector common funds in tactical asset allocations, which have been set in consultation with Robert Johnson and Associates.

(Refer also 'Investment Strategies' under Funds Management)

## AUDIT

The Public Trustee for the ACT was included in the ACT Auditor-General's *"Performance Audit: Management of Trust Moneys and other Non-Public Moneys"* completed in May 2006. The audit primarily focused on the activities associated with the Public Trustee's role and responsibilities for investment of trust moneys held by Territory agencies. The Auditor-General concluded that the Public Trustee had complied with the Prudent Person Principles in managing Government Trust funds.

The Public Trustee's corporate and trust financial reports are audited annually by the ACT Auditor General in accordance with Australian Auditing Standards and includes examination of sample evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates.

Trust funds administered by the Public Trustee are audited by external auditors, in addition to audits made as part of the Department's Internal Audit program, under a departmental arrangement with Walter Turnbull.

## DELEGATIONS

Financial delegations are set in accordance within various pieces of legislation including the *Public Trustee Act 1985* and the *Financial Management Act 1996* and the *Audit Act 1989*. Delegations are reviewed each financial year.

## INTERNAL AUDIT

As part of the Department of Justice and Community Safety's 2005-06 Strategic Internal Audit Program, a report on the review of the trust funds administered by the Public Trustee was released in May 2005.

The report found that the Public Trustee has an effective control framework surrounding the administration of trust funds. There are significant controls over the receipt and payment of moneys on behalf of clients, including authorisation of transactions, to ensure that client funds are used appropriately.

The Public Trustee's investment strategies are consistent with the "Prudent Person Principle" required under the *Trustee Act 1925*.

The Auditor reported that the Public Trustee administers trust funds in an efficient and effective manner, however some minor issues were noted that may impact on the performance of the Public Trustee. These matters have been addressed and resolved to the satisfaction of the auditor and Public Trustee management.

## C.2.4 EXTERNAL SCRUTINY

The ACT Auditor-General annually reviews the corporate and trust financial reports as well as performance measures of the Public Trustee. Audits are conducted in accordance with Australian Auditing Standards and include examination of sample evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates.

The Auditor-General released its Final Audit Management Report for the year ended 30 June 2005.

The Auditor-General examined the major systems that are used to report the financial transactions and balances and performance measure results of the Public Trustee.
Unqualified audit opinions were provided on the financial statements of the:
(i) Canberra Bushfire Recovery Appeal Fund on 3 June 2005;
(ii) Public Trustee Office Account on 1 August 2005; and
(iii) Public Trustee Trust Account on 31 August 2005.

The financial statements and associated supporting workpapers prepared by the Public Trustee were found to be of a satisfactory standard.

The following matters were raised by the Auditor-General for attention -
» Explanations to be provided in the notes to the financial statements as recommended in the Department of Treasury's Model Financial Statements for Territory Authorities.
» Certified financial statements to be provided to the Auditor-General in accordance with the timetable.
» Annual report to be placed on the website in accordance with the timetable.

These matters do not affect the accuracy or standard of the accounts and the Public Trustee undertook to address these issues.

The Auditor-General's Reports may be found at Part D of this Report.

During the year, the Public Trustee provided comment on the Auditor-General's Report performance audit covering the management of trusts moneys and other non-public moneys of ACT Government Agencies. The Public Trustee supported the Auditor General's recommendation that ACT Treasury should consider amendments to the Financial Management Act so that the trust requirements apply to Territory authorities and TOCs.

During the year, the Public Trustee responded to a review undertaken by the Walter Turnbull on the administration of Trust Funds. Walter Turnbull's report concluded -

- no critical issues were identified during the review;
- the Public Trustee currently administers trust funds in an efficient and effective manner,
- the Public Trustee has an effective control framework surrounding the administration of trust funds;
- there are significant controls over the receipt and payment of monies on behalf of clients, including authorisation of transactions, to ensure that client funds are used appropriately;
- the Public Trustee's investment strategies are consistent with the "Prudent Person Principle" required under the Trustee Act 1925;
- the current systems used for the administration of client funds have appropriate controls to ensure the accuracy and integrity of client accounts, which will be further enhanced by the upgrade of "TACT"; and
- the Public Trustee currently administers trust funds in an efficient and effective manner.

A number of non-critical process issues raised by the audit have since been addressed. The Public Trustee also agreed to undertake a performance review of the upgraded system following implementation to ensure it satisfies expectations.

## C.2.5 REPORTS REQUIRED BY LEGISLATION

### FREEDOM OF INFORMATION

#### SECTION 7 STATEMENT

Public Trustee for the ACT
4th Floor, Public Trustee House,
4 Mort St, Canberra 2601

**Establishment**

The office incorporates the functions previously undertaken by the Curator of Estates of Deceased Persons, and carries out other functions similar to those provided by Public Trustees throughout Australia.

**Functions**

The principal functions of the office are to -

- Act as Trustee of deceased estates
- Act as Trustee of moneys paid as a result of litigation on behalf of mentally disabled persons and minors
- Administer deceased estates
- Prepare Wills
- Manage property under orders of the Guardianship and Management of Property Tribunal
- Financial management under Enduring Power of Attorney
- Examination of accounts of managers under the Guardianship and Management of Property Act
- Asset forfeiture services under the Confiscation of Criminal Assets Act

**Arrangements for external participation**

The Public Trustee Investment Board provides direction on investment practice and funds management.

### Categories of documents

The categories of documents held include -

- » Deceased Estate files
- » Enduring Powers of Attorney
- » Files of persons whose property is managed under Powers of Attorney or Guardianship and Management of Property Tribunal orders
- » Investment Board minutes
- » Tax return files
- » Trust files
- » Wills

(This information is strictly confidential and is available only to persons with a legal right to the information.)

### Facilities for access

All FOI requests should be directed to the Public Trustee at the address listed above.

### SECTION 8 STATEMENT

Public Trustee for the ACT
4th Floor, Public Trustee House,
4 Mort St, Canberra 2601

The following documents are used by or provided by the Public Trustee for the purposes of making a decision or recommendation –

- » Current determination of fees and commission
- » Trust files *
- » Deceased Estate files*
- » Management (Order of the Guardianship and Management of Property Tribunal) files*
- » Investment Board Agenda and Minutes
- » Income Tax files*
- » Wills Powers of Attorney*
- » Unclaimed Moneys Records*
- » Confiscation of Criminal Assets files*
- » Procedures Manual and staff directions dealing with practice and procedure

*These files and documents are confidential and are available only to authorised persons.

### SECTION 79 STATEMENT

No requests under the Freedom of Information Act 1996 were received in the year in review.

A Freedom of Information Statement is contained in the Department of Justice & Community Safety's Annual Report for 2005/2006.

## PUBLIC INTEREST DISCLOSURE

The objective of the Public Interest Disclosure Act 1994 (the Act) is to encourage the disclosure of improper conduct or wrongdoing in the ACT Public Service. The Act requires the Public Trustee to establish and maintain procedures to facilitate the making of public interest disclosures.

The Department of Justice and Community Safety's Public Interest Disclosure Guidelines 2003 have been published to assist people who wish to disclose matters under the Act. Persons interested in making a disclosure may do so to the Department of Justice and Community Safety, the ACT Ombudsman or the ACT Auditor-General.

If the Public Trustee receives a disclosure directly, it is forwarded to one of the above.

No public interest disclosures were made during 2005/2006.

### OMBUDSMAN'S REPORT

Three reports were made to the Ombudsman during the reported year relating to the operations of the Public Trustee. Of these, two were informal and the other was satisfactorily resolved between the complainant, the Ombudsman and the Public Trustee.

### TERRITORY RECORDS

The Public Trustee has prepared a Records Disposal Schedule, Records Management Policy and Records Management Procedures in accordance with the *Territory Records Act 2002.* The Records Management Policy was approved by the Chief Executive, Justice and Community Safety on 4 May 2005.

A records management framework has been implemented in accordance with these documents. Appropriate training and resources have been made available to Public Trustee to comply with the requirements of the Act.

## C.3 SUSTAINABILITY AND THE ENVIRONMENT

### C.3.1 COMMISSIONER FOR THE ENVIRONMENT REPORTING

S.23 of the Commissioner for the Environment Act 1993 requires agencies to report on –

» Requests for staff to assist in the preparation of the State of the Environment Report
» Assistance provided in response to such a request
» Investigations carried out by the Commissioner of any activities carried out by the agency
» Recommendations made by the Commissioner following an investigation of the agency's activities, and any actions taken in response to those recommendations

No requests were made and no assistance provided. No investigations concerning the Public Trustee were made by the Commissioner.

## C.3.2 ECOLOGICALLY SUSTAINABLE DEVELOPMENT

S.158A of the Environment Protection Act 1997 requires agencies to report on agency actions and initiatives taken during the reporting year to support ecologically sustainable development.

The Public Trustee provides its services to the ACT Community and Government in a manner, which supports ecologically sustainable development by –

- Acquiring equipment which automatically powers down when not in use
- Turning off power to computers, printers and copiers
- Installing timer devices on office lighting to power down during inactivity and outside of office hours
- Using recyclable consumables for equipment including copier toner and unbleached paper
- Preparing publications, forms etc on recycled paper
- Recycling paper waste both internally and externally
- Promoting the use of email facilities to reduce the impact on paper usage;
- Using smaller-engined office vehicles
- Lodging tax returns electronically
- Tinting office windows to save on electricity usage

Information and data is not currently available to report against performance indicators in managing key performance indicators. Alternatively, a report on the progress of the management of the issues is as follows -

### TRANSPORT FLEET MANAGEMENT

The Public Trustee has two vehicles. Both vehicles have 4-cylinder engines and are serviced regularly to ensure fuel efficiency.

The total value and quantity of fuel used by both vehicles during the year was $1,784.99 – approximately 1,373 litres.

### ENERGY USE MANAGEMENT

The Public Trustee will reduce its total office space by 100 square metres by moving from premises in Mort St to ActewAGL House. This will result in significant energy reduction though decreased lighting and electricity use. Lighting in the new premises is fitted with motion sensors which enable the lighting to shut down automatically when parts of the office are unused eg interview rooms etc.

The Public Trustee recycles all of its paper waste.

## C.3.3 STRATEGIC BUSHFIRE MANAGEMENT PLAN

This section of not relevant to the Public Trustee's operations.

# Part: D

## ANALYSIS OF FINANCIAL PERFORMANCE

Public Trustee for the Australian Capital Territory

2005 06 annual report

## D.1.1 MANAGEMENT DISCUSSION AND ANALYSIS

*Management Discussion and Reporting Analysis for*
*Public Trustee for the Australian Capital Territory*
*for the period ending 30 June 2006*

### GENERAL OVERVIEW

#### OBJECTIVES

The primary objective of the Public Trustee for the Australian Capital Territory is to provide safe, accessible and permanent trustee services to residents of the Australian Capital Territory. The principal activities of the Public Trustee include:

- preparation of Wills where the Public Trustee is named as executor or co-executor;
- administration of deceased estates under Will or intestacy;
- acting as trustee for life interest estates and persons lacking legal capacity;
- financial management under Enduring Power of Attorney, and under Order of the Guardianship and Management of Property Tribunal;
- examination of accounts of external managers under the Guardianship and Management of Property Act 1991;
- asset services in relation to the confiscation of criminal assets;
- taxation and safe custody services for established clients;
- acting as agent for Unclaimed Monies; and
- undertaking investment responsibility for ACT Government Trust Funds.

#### RISK MANAGEMENT

The Public Trustee's approach to risk management provides clients with the assurance that low risk/high value services can be delivered. Risk is managed from both strategic and business process perspectives.

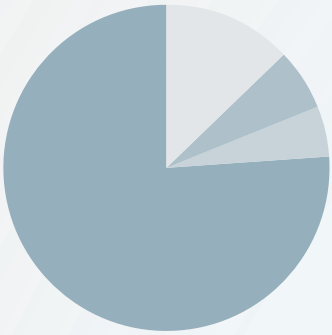
The Public Trustee has a comprehensive risk minimisation strategy covering all investment, financial, operational and administrative responsibilities. This strategy documents business processes undertaken by the Office, identifies key risks associated with these processes and measures undertaken to control these risks.

The Public Trustee has identified the following potential risks that may influence the future financial position of the Office -

- The Public Trustee must maintain its share of the ACT trustee and estate administration market to ensure sufficient funds exist to meet current and future budgets, which in turn subsidise the Community Service Obligations of the Office. The Office is developing long-term marketing strategies to address these issues in the business plan.
- The age profile of employees of the Public Trustee indicates that a number of employees will retire within the next five to ten years. As a result there is a risk of significant skill deterioration in the workforce. The Office is reviewing the workforce training plan as part of the business and strategic plan to ensure skills are retained. A number of manuals are also being developed.
- The Public Trustee has identified a number of major changes to its IT infrastructure aimed at minimising potential contingency risks associated with ageing hardware, improving backup practices and ensuring that InTACT guidelines are met.

The Public Trustee has documented its risk management strategy in a fraud, risk and corruption mitigation plan.

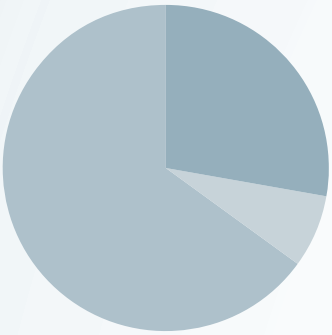
Figure 1.



Components of Revenue 2005–06

- 13% CSO Supplement
- 6% Service Payments
- 5% Interest
- 76% Operating Revenue

Figure 2.



Total Expenses for 2005–06

- 0% Depreciation and Amortisation
- 28% Supplies and Services
- 7% Superannuation
- 65% Employee Expenses

## FINANCIAL PERFORMANCE

The following financial information is based upon actual figures to 30 June 2006, the audited Financial Report for 2004-05, 2005-06 budget estimates contained in the 2005-06 Budget Paper Number 4 and estimated outcomes contained in the 2006-07 Budget Paper Number 4.

## OPERATING RESULT

The operating surplus for the twelve months ending 30 June 2006 was $499,779, an increase of $352,779 on the 2005-06 budget estimate of $147,000, an increase of $316,779 over the 2006-07 estimated outcome of $183,000 and an increase of $233,243 over the previous year for the same period. The surplus was largely due to increased operating revenue as a result of an increase in the value of, and income received on, Common Fund investments and the finalisation of a number of high value estates. As a result, revenue rose at a higher rate than expenses. Due to an increase in workload, the staff structure has been reviewed, and employee expenses have increased accordingly. Supplies and service charges remained relatively static during the period compared to the previous period and budget.

## TOTAL REVENUE

As illustrated in figure 1 the Public Trustee derived 76% of its revenue from fees and charges relating to the provision of trustee services.

Total revenue for the twelve months ending 30 June 2006 was $3,212,571, which is $337,571 higher than the 2005-06 budget estimate of $2,875,000 for the same period and an increase of $157,571 over the 2006-07 estimated outcome of $3,055,000.

Total revenue is 16.41% or $452,751 higher than total revenue for the same period in the previous year.

## TOTAL EXPENSES

The Public Trustee's core business is the provision of estate and trustee services. Accordingly, the main expense items were typically employee expenses and administrative expenses relating to the provision of core services as shown in Figure 2

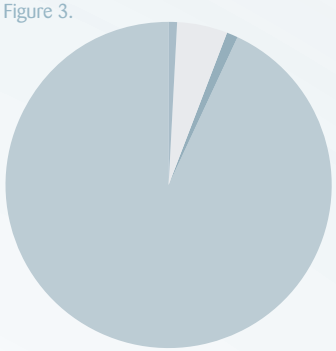
Total expenses for the twelve months ending 30 June 2006 was $2,712,792 of which $1,961,112 or 72.29%, was employee-related expenses. Total expenses is $15,208 lower than the 2005-06 budget estimate of $2,728,000 and a decrease of $159,208 over the 2006-07 estimated outcome of $2,872,000. The decrease is due to the slower than anticipated implementation of workplace reforms. By comparison, actual expenses for the previous year were $2,493,284.

## PUBLIC TRUSTEE FINANCIAL POSITION

Key indicators of the health of the Public Trustee's financial position are the ability to sustain the existing asset base, the ability to pay debts falling due in the short term and maintaining prudent levels of longer term liabilities.

As shown by Figure 3 the Public Trustee has assets totalling $3,116,887 of which a large percentage of funds, $2,900,000, are invested with various financial institutions and $31,256 is held in the regular cheque account for ongoing expenses. The balance of assets, $216,887, are made up of receivables of $158,896, prepayments of $17,846 and Property Plant and equipment of $8,889. The main variance from the actual outcome of 2004-05 is an increase in investments of $525,000. The Asset balance is higher than the 2005-06 budget estimate of $2,543,000 and $388,887 higher than the 2006-07 estimated outcome of $2,728,000.

Figure 3.



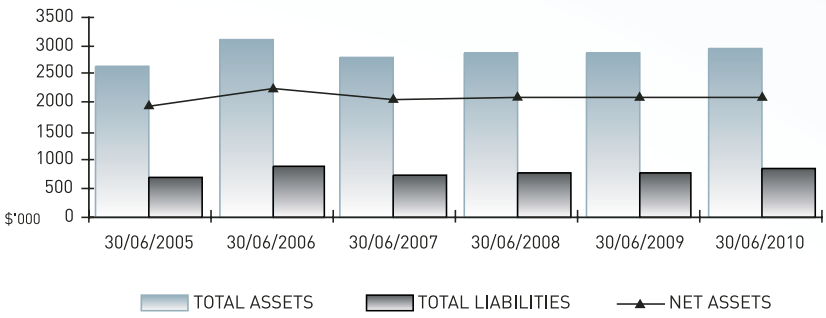
Total Assets as at 30 June 2006

- 0% Property Plant and Equipment
- 1% Cash
- 5% Receivables
- 1% Prepayments
- 93% Investments

## SUSTAINED ASSET BASE

The ability of the Public Trustee to sustain its assets base is indicated by changes in net assets. As Figure 4 below illustrates, the Public Trustee maintains a strong net asset position due to the increased level of funds under management, in comparison with liabilities.

Figure 4




The above chart refects audited figures as at 30 June 2005, actuals to 30 June 2006 and estimated outcomes as shown in Budget Paper 4 of 2006-07

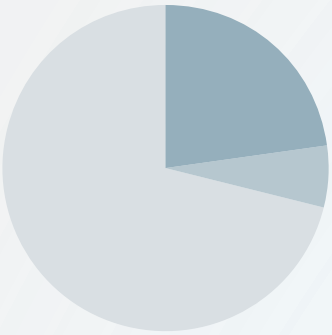
The net asset position continues to indicate an asset base capable of meeting the service requirements of clients of the Public Trustee.

## LIQUIDITY

"Liquidity" is the ability of the Public Trustee to satisfy its short-term debts as they fall due. A common indicator for liquidity is the current ratio, which compares the ability to fund short-term liabilities from short-term assets. A ratio of less than 1 to 1 may indicate a reliance on the next financial year's operating revenue to meet short-term debts. Table 1 illustrates the liquidity position of the Public Trustee.

Table 1: Current Ratio

| | PRIOR YEAR ACTUAL $'000 2005 | CURRENT YEAR ACTUAL $'000 2006 | CURRENT YEAR BUDGET $'000 2006 | FORWARD YEAR BUDGET $'000 2007 | FORWARD YEAR BUDGET $'000 2008 | FORWARD YEAR BUDGET $'000 2009 |
|---|---|---|---|---|---|---|
| Total Current Assets | 2,625 | 3,108 | 2,718 | 2785 | 2,847 | 2,864 |
| Total Current Liabilities | 673 | 853 | 323 | 328 | 345 | 334 |
| Current Ratio | 3.90:1 | 3.64:1 | 8.41:1 | 8.49:1 | 8.25:1 | 8.57:1 |



Liabilities as at 30 June '06

- 23% Other Liabilities
- 6% Payables
- 71% Employee Benefits

The Public Trustee's current ratio as at 30 June 2006 is 3.64 to 1, a decrease on the budgeted current ratio at 30 June 2006 of 8.41 to 1. The decrease has occurred due to the adoption of Australian Equivalents to International Financial Reporting Standards and the way in which employee entitlements are reported. As a result of this change all but $24,719 of employee entitlements have been made current. The forward year figures show only annual leave provisions as current.

Regardless of these changes the Public Trustee anticipates current assets to remain relatively stable and will maintain a strong level of liquidity.

## LIABILITIES

The Public Trustee's total liabilities for the twelve months ending 30 June 2006 were $877,306. This balance is $232,306 higher than the 2005-06 budgeted figure of $645,000 and $155,306 higher than the 2006-07 estimated outcome of $722,000. The main increase is to Employee Benefits which have increased by $112,898 over the 2004-05 actual outcome of $509,268. The increase is mainly attributable to the number of staff now accruing long service leave and the number of years in employment with the Public Service. The only other change is the increase in dividend payable which is $199,889. This is an increase on the dividend payable at 30 June 2005 by $66,621 and an increase on the budget estimate for 2006-07 of $126,889 and an increase over the estimated outcome for 2005-06 by $108,889. The sole non-current liability of the Public Trustee is a provision for employee benefits, representing staff entitlement to long service leave.

Table 2: Financial Assets to total Liabilities Ratio

| | PRIOR YR ACTUAL $'000 2004-05 | CURRENT YR BUDGET $'000 2005-06 | CURRENT YR ACTUAL $'000 2005-06 | FORWARD YR BUDGET $'000 2006-07 | FORWARD YR BUDGET $'000 2007-08 | FORWARD YR BUDGET $'000 2008-09 |
|---|---|---|---|---|---|---|
| Total Financial Assets | 2,598 | 2,528 | 3,090 | 2,757 | 2,818 | 2,834 |
| Total Liabilities | 695 | 645 | 877 | 722 | 760 | 770 |
| Financial Assets to Liabilities Ratio | 3.73:1 | 3.92:1 | 3.52:1 | 3.81:1 | 3.71:1 | 3.68:1 |

With financial assets to total liabilities ratios well in excess of 1:1, the Public Trustee is well positioned to meet long term funding requirements.

## D.1.2 FINANCIAL REPORT

**ACT AUDITOR-GENERAL'S OFFICE**

# INDEPENDENT AUDIT REPORT

# PUBLIC TRUSTEE'S OFFICE

**To the Members of the ACT Legislative Assembly**

### Audit Opinion

In my opinion, the financial report of the Public Trustee's Office (the Public Trustee) for the year ended 30 June 2006:

(i) is presented in accordance with the *Financial Management Act 1996*, Accounting Standards and other mandatory financial reporting requirements in Australia; and

(ii) presents fairly the financial position of the Public Trustee as at 30 June 2006 and the results of its operations and its cash flows for the year then ended.

This audit opinion should be read in conjunction with the following information.

### Responsibility for the Financial Report

The Public Trustee is responsible for the financial report. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and estimates used in the preparation of the financial report.

### Contents of the Financial Report

The financial report is comprised of the Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying notes.

### The Auditor's Responsibility

My responsibility is to express an opinion on the financial report as required by the *Financial Management Act 1996.*

### The Audit Scope

My audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement.

I formed the audit opinion by performing procedures to assess whether, in all material respects, the financial report presents fairly, in accordance with the *Financial Management Act 1996*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view that is consistent with my understanding of the financial position and performance of the Public Trustee.

Level 4, 11 Moore Street, Canberra City, ACT 2601 | PO Box 275, Civic Square, ACT 2608
Telephone: 02 6207 0833 | Facsimile: 02 6207 0826 | Email: actauditorgeneral@act.gov.au

The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control and, in many cases, the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

My procedures included:

(i) examining, on a test basis, evidence supporting the amounts and other disclosures in the financial report; and

(ii) evaluating accounting policies and significant accounting estimates used in the preparation of the financial report.

I considered the effectiveness of internal controls when determining the nature and extent of my procedures, however, the audit was not designed to provide assurance on internal controls.

My audit also did not include an evaluation of the prudence of decisions made by the Public Trustee.

## Independence

In conducting my audit, I followed applicable independence requirements of Australian professional ethical pronouncements.

T. Pham

Tu Pham
Auditor-General
21 August 2006

ACT AUDITOR-GENERAL'S OFFICE

# INDEPENDENT AUDIT REPORT

# PUBLIC TRUSTEE'S OFFICE

**To the Members of the ACT Legislative Assembly**

## Matters Relating to the Electronic Presentation of the Audited Financial Report

This audit report is for the financial report of the Public Trustee's Office (the Public Trustee) for the year ended 30 June 2006 to be included on this website and other electronic media including CD ROM.

The Public Trustee is responsible for the integrity of the information placed on this website. I have not examined the integrity of this website. The audit report refers only to the financial report identified below. It does not provide an opinion on any other information, which may have been hyperlinked to or from this report. If users of the report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the printed copy of the audited financial report, available from the Public Trustee to confirm the information included in the audited financial report presented on this website.

## Audit Opinion

In my opinion, the financial report of the Public Trustee for the year ended 30 June 2006:

(i) is presented in accordance with the *Financial Management Act 1996*, Accounting Standards and other mandatory financial reporting requirements in Australia; and

(ii) presents fairly the financial position of the Public Trustee as at 30 June 2006 and the results of its operations and its cash flows for the year then ended.

This audit opinion should be read in conjunction with the following information.

## Responsibility for the Financial Report

The Public Trustee is responsible for the financial report. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and estimates used in the preparation of the financial report.

Level 4, 11 Moore Street, Canberra City, ACT 2601 | PO Box 275, Civic Square, ACT 2608
Telephone: 02 6207 0833 | Facsimile: 02 6207 0826 | Email: actauditorgeneral@act.gov.au

## Contents of the Financial Report

The financial report is comprised of the Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying notes.

## The Auditor's Responsibility

My responsibility is to express an opinion on the financial report as required by the *Financial Management Act 1996.*

## The Audit Scope

My audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement.

I formed the audit opinion by performing procedures to assess whether, in all material respects, the financial report presents fairly, in accordance with the *Financial Management Act 1996*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view that is consistent with my understanding of the financial position and performance of the Public Trustee.

The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control and, in many cases, the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

My procedures included:

(i) examining, on a test basis, evidence supporting the amounts and other disclosures in the financial report; and

(ii) evaluating accounting policies and significant accounting estimates used in the preparation of the financial report.

I considered the effectiveness of internal controls when determining the nature and extent of my procedures, however, the audit was not designed to provide assurance on internal controls.

My audit also did not include an evaluation of the prudence of decisions made by the Public Trustee.

## Independence

In conducting my audit, I followed applicable independence requirements of Australian professional ethical pronouncements.

T. Pham

Tu Pham
Auditor-General
21 August 2006

**Public Trustee for the A.C.T.**
**Financial Report**
**For the Year Ended 30 June 2006**

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## Statement of Responsibility

In my opinion, the financial report is in agreement with the Public Trustee's accounts and records and fairly reflects the financial operations of the Public Trustee for the year ended 30 June 2006 and the financial position of the Public Trustee on that date.

Andrew Taylor
Chief Executive
Public Trustee ACT

14 July 2006

**Public Trustee for the A.C.T.**
**Financial Report**
**For the Year Ended 30 June 2006**

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## Statement by the Chief Finance Officer

In my opinion, the financial report has been prepared in accordance with generally accepted accounting principles, and is in agreement with the Public Trustee's and records and fairly reflects the financial operations of the Public Trustee for the year ended 30 June 2006 and the financial position of the Public Trustee on that date.

Joanne Thompson
Chief Finance Officer
Public Trustee ACT

14 July 2006

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY**
**OPERATING STATEMENT**
**FOR THE YEAR ENDED 30TH JUNE 2006**

| | Notes | 2006 Actual | 2006 Budget | 2005 Actual |
|---|---|---|---|---|
| | | $ | $ | $ |
| **INCOME** | | | | |
| Service Payments from General Government Sector | 4 | 198 000 | 198 000 | 195 000 |
| Community Service Obligation Payment | | 407 000 | 407 000 | 403 000 |
| User charges – Non-ACT Government | 5 | 2 449 331 | 2 135 000 | 2 029 861 |
| Interest | | 158 240 | 135 000 | 131 959 |
| **Total Income** | | **3 212 571** | **2 875 000** | **2 759 820** |
| **EXPENSES** | | | | |
| Employee Expenses | 6 | 1 776 609 | 1 645 000 | 1 582 864 |
| Superannuation Expenses | 6 | 184 503 | 226 000 | 169 193 |
| Supplies and Services | 7 | 750 373 | 857 000 | 740 968 |
| Depreciation | 8 | 1 307 | 0 | 259 |
| **Total Expenses** | | **2 712 792** | **2 728 000** | **2 493 284** |
| **Operating Surplus** | **16** | **499 779** | **147 000** | **266 536** |

**The above statement should be read in conjunction with the accompanying notes**

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY**
**BALANCE SHEET**
**AS AT 30 JUNE 2006**

| | Notes | 2006 Actual | 2006 Budget | 2005 Actual |
|---|---|---|---|---|
| | | $ | $ | $ |
| **CURRENT ASSETS** | | | | |
| Cash and Cash Equivalents | 10 | 2 931 256 | 2 325 000 | 2 439 322 |
| Receivables | 11 | 158 896 | 203 000 | 158 897 |
| Prepayments | | 17 846 | 15 000 | 26 417 |
| **Total Current Assets** | | 3 107 998 | 2 543 000 | 2 624 636 |
| **NON-CURRENT ASSETS** | | | | |
| Property Plant and Equipment | 12 | 8 889 | 0 | 10 196 |
| **Total Non-Current Assets** | | 8 889 | 0 | 10 196 |
| **Total Assets** | | **3 116 887** | **2 543 000** | **2 634 832** |
| **CURRENT LIABILITIES** | | | | |
| Payables | 13 | 55 251 | 38 000 | 52 605 |
| Employee Benefits | 14 | 597 447 | 218 000 | 487 304 |
| Other Liabilities | 15 | 199 889 | 73 000 | 133 268 |
| **Total Current Liabilities** | | 852 587 | 329 000 | 673 177 |
| **NON CURRENT LIABILITIES** | | | | |
| Employee Benefits | 14 | 24 719 | 316 000 | 21 964 |
| **Total Non-Current Liabilities** | | 24 719 | 316 000 | 21 964 |
| **Total Liabilities** | | **877 306** | **645 000** | **695 141** |
| **Net Assets** | | **2 239 581** | **1 898 000** | **1939 691** |
| **EQUITY** | | | | |
| Accumulated Funds | 16 | 2 239 581 | 1 898 000 | 1 939 691 |
| **Total Equity** | | **2 239 581** | **1 898 000** | **1 939 691** |

**The above statement should be read in conjunction with the accompanying notes**

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY**
**STATEMENT OF CHANGES IN EQUITY**
**FOR THE YEAR ENDED 30 JUNE 2006**

| | Notes | 2006 Actual | 2006 Budget | 2005 Actual |
|---|---|---|---|---|
| **Opening Balance** | | **1 939 691** | **1 824 000** | **1 806 783** |
| Operating Surplus | | 499 779 | 147 000 | 266 536 |
| **Total Income and Expense Recognised Directly in Equity for the Period** | | | | |
| *Transactions involving Equity Holders Affecting Accumulated Funds* | | | | |
| Dividend Approved | 16 | (199 889) | (73 000) | (133 628) |
| **Closing Balance** | | **2 239 581** | **1 898 000** | **1 939 691** |

**The above statement should be read in conjunction with the accompanying notes**

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY**
**CASH FLOW STATEMENT**
**FOR THE YEAR ENDED 30 JUNE 2006**

| | Notes | 2006 Actual | 2006 Budget | 2005 Actual |
|---|---|---|---|---|
| | | $ | $ | $ |
| **Cash Flows from Operating Activities** | | | | |
| **Receipts** | | | | |
| Operating Revenue | | 346 881 | 350 000 | 325 129 |
| Management fees | | 834 945 | 750 000 | 712 352 |
| Commission received | | 1 262 606 | 1 000 000 | 960 204 |
| Interest received | | 156 009 | 126 000 | 129 114 |
| Appropriations | | 605 000 | 605 000 | 598 000 |
| GST charged on Fees & Commissions | | 247 837 | 165 000 | 195 747 |
| Other | | 18 382 | 5 000 | 10 319 |
| **Total Receipts from Operating Activities** | | **3 471 660** | **3 001 000** | **2 930 865** |
| **Payments** | | | | |
| Related to Employee Payments | | 1 850 058 | 1 840 000 | 1 709 436 |
| Related to Supplies and Services | | 746 192 | 850 000 | 748 959 |
| GST paid on Supplies | | 72 748 | 85 000 | 78 007 |
| GST paid to ATO | | 158 827 | 75 000 | 122 870 |
| Other | | 18 633 | 5 000 | 12 301 |
| **Total Payments from Operating Activities** | | **2 846 458** | **2 855 000** | **2 671 573** |
| **Net cash inflows from Operating Activities** | **21** | **625 202** | **146 000** | **259 292** |
| **Cash Flows from Investing Activities** | | | | |
| **Payments** | | | | |
| Property Plant and Equipment | | 0 | 0 | 10 455 |
| **Total Payments from Investing Activities** | | **0** | **0** | **10 455** |
| **Net cash (outflows) from Investing Activities** | | **0** | **0** | **(10 455)** |

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
CASH FLOW STATEMENT (Continued)
FOR THE YEAR ENDED 30 JUNE 2006

| | Notes | 2006 Actual | 2006 Budget | 2005 Actual |
|---|---|---|---|---|
| | | $ | $ | $ |
| **Cash Flows from Financing Activities** | | | | |
| **Payments** | | | | |
| Dividend Paid | | 133 268 | 18 000 | 0 |
| **Total Payments from Financing Activities** | | **133 268** | **18 000** | **0** |
| **Net Cash (Outflows) from Financing Activities** | | **(133 268)** | **(18 000)** | **0** |
| Net Increase in cash held | | 491 934 | 128 000 | 248 837 |
| Cash and Cash Equivalents at the beginning of the Reporting Period | | 2 439 322 | 2 197 000 | 2 190 485 |
| **Cash and Cash Equivalents at the end of the Reporting Period** | **21** | **2 931 256** | **2 325 000** | **2 439 322** |

**The above statement should be read in conjunction with the accompanying notes**

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY**
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**
**FOR THE YEAR ENDED 30 JUNE 2006**

## 1. OBJECTIVES OF THE PUBLIC TRUSTEE

The functions of the Public Trustee are defined in the *Public Trustee Act 1985* and include the administration of deceased estates and trusts, preparation of wills and management of financial affairs under Enduring Power of Attorney and Management Order from the Guardianship and Management of Property Tribunal.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) Basis of Accounting

The *Financial Management Act 1996* (FMA) requires the preparation of financial reports for Territory authorities.

The FMA and the *Financial Management Guidelines*, requires that the Public Trustee's financial report include:

(i) an Operating Statement for the year;
(ii) a Balance Sheet at the end of the year
(iii) a Statement of Changes in Equity for the year;
(iv) a Cash Flow Statement for the year;
(v) a summary of the significant accounting policies adopted for the year;
(vi) such other statements necessary to fairly reflect the financial operations of the Public Trustee during the year and its financial position at the end of the year.

These general purpose financial statements have been prepared in accordance with 'generally accepted accounting practice' as required by the FMA. The financial statements have been prepared in accordance with:

(i) Australian Equivalents to International Financial Reporting Standards (AIFRS), comprising accounting standards and UIG interpretations issued by the Australian Accounting Standards Board; and
(ii) ACT accounting policies.

This is the first financial report by Public Trustee, to be prepared in accordance with AIFRS and as such AASB 1 *'First-Time Adoption of Australian Equivalent to International Financial Reporting Standards'* has been applied to this financial report. Previous Australian GAAP was used as the basis for preparing the Public Trustee's financial report for the 30 June 2006 financial year. The 2005 comparative figures in this financial report have been amended from those in the 30 June 2005 financial report so that they are compliant with AIFRS. These changes are further outlined in Note 24 – Reconciliation of Previous GAAP to Australian Equivalents to IFRS.

The financial report has been prepared using the accrual basis of accounting, which recognises the effects of transactions and events when they occur. The financial report has also been prepared according to the historical cost convention, except for certain assets which were valued in accordance with the (re)/valuation policies applicable to the Public Trustee during the reporting period.

Public Trustee for the Australian Capital Territory is an individual reporting entity.

### b) The Reporting Period

The financial report states the financial performance and cash flows of the Public Trustee for the year ending 30 June 2006 and the financial position of the Public Trustee as at 30 June 2006.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

### c) Comparative Figures

**Budget Figures**

Budget information for 2005-06 has been presented in the financial report in accordance with the *Financial Management Act 1996* to facilitate a comparison with the Statement of Intent. Budget numbers in the financial report are the original budget numbers that appear in the Statement of Intent.

**Prior Year Comparatives**

Comparative information has been disclosed in respect of the previous period for all amounts reported in the financial report.

Where the presentation or classification of items in the financial report are amended, the comparative amounts have been reclassified where practical. Where a reclassification occurs the nature, amount and reason for the reclassification is provided.

### d) Rounding

All amounts in the financial report have been rounded to the nearest thousand dollars ($'000). Use of "-" represents zero amounts or amounts rounded down to zero.

### e) Revenue Recognition

Revenue is recognised at the fair value of the consideration received or receivable in the Operating Statement. All revenue is recognised to the extent that it is probable that the economic benefits will flow to the Public Trustee and the revenue can be reliably measured. In addition the following specific recognition criteria must also be met before revenue is recognised:

*Interest*

Interest revenue is recognised using the effective interest rate method.

### f) Employee Benefits

Employee benefits include wages and salaries, annual leave and long service leave. These benefits accrue as a result of services provided by employees up to the reporting date that remain unpaid.

Wages and salaries, annual leave and long service leave to be taken in the next twelve months are measured based on the nominal amounts of remuneration anticipated to be paid when the leave is taken.

A long service leave liability is recognised for employees with ten years or more service and employees with less than seven years of required qualifying service. For these employees with less than ten years of required qualifying service, the liability is calculated through a shorthand approach by recording 100% of the liability for employees with five or more

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY**
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**
**FOR THE YEAR ENDED 30 JUNE 2006**

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED.

years of service. Use of this shorthand approach is an approximation process to recognise the probable liability to eventuate for officers with less than ten years of service, when ten years of service is achieved. The determination of current and non-current portions is based on a past history of payments and any specific unknown factors. The long service leave liability is measured at the present value of the estimated future cash outflows. Consideration is given, when making this estimate, to expected future wage and salary levels, experience of employee departures and periods of service.

Non vesting sick leave entitlements are not recognised as a liability on the basis that past trends of sick leave usage indicate amounts of sick leave taken does not exceed amounts accrued.

Due to the adoption of Australian Equivalents to International Financial Reporting Standards (AIFRS), the requirements in AASB 101 *Presentation of Financial Statements* and AASB 119 *Employee Benefits* must be applied. AASB 101 defines current liabilities differently to the way they were previously defined under A-GAAP, however, the measurement of these liabilities under AASB 119 has not changed.

### g) Waivers of Debt

Debts that are waived during the year under section 105 of the *Financial Management Act 1996* are expensed during the year in which the right to payment was waived. Further details of waivers are disclosed at Note 9 – Waivers and Write-offs.

### h) Current and Non-Current Items

Assets and liabilities are classified as either current or non-current on the face of the balance sheet and in the relevant notes. Except for Employee Benefits (see Note f) the Public Trustee classifies assets and liabilities as current where they are expected to be realised within 12 months after the reporting date. Assets or liabilities not classified as current are classified as non-current.

### i) Cash and Cash Equivalents

For the purposes of the Cash Flow Statement and the Balance Sheet, cash includes cash at bank and cash on hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents include short-term investments held in the Cash Enhanced Portfolio managed by an external fund manager on behalf of the Central Financing Unit. Bank overdrafts are included in cash and cash equivalents in the cash flow statement but not in the Balance Sheet.

Cash is measured at nominal value.

### j) Receivables

Total receivables arise in the normal course of selling goods and services to other agencies and to the public. Trade receivables are payable in within 28 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

The allowance for doubtful debts represents the amount of trade receivables and other receivables the Public Trustee estimates will not be repaid. The Public Trustee determines the allowance for doubtful

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

debts based on objective evidence and a review of balances with are 180 days overdue and unlikely to be collected.

### k) Acquisition and Recognition of Property, Plant and Equipment

Property, plant and equipment is initially recorded at cost. Cost includes the purchase price, directly attributable costs and the estimated cost of dismantling and removing the item (where, upon acquisition, there is an obligation to remove the item).

Where property, plant and equipment is acquired at no or minimal cost, the Public Trustee records it at fair value. If, however, property, plant and equipment is acquired at no or nominal cost by the Public Trustee as part of a Restructuring of Administrative Arrangements it is taken up at the value recorded by the transferor prior to transfer.

### l) Depreciation of Non-Current Assets

All non-current assets, having a limited useful life, are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential. The useful life commences when an asset is ready for use. When an asset is revalued it is depreciated/amortised over the remaining useful life of that asset. Depreciation is applied to physical assets such as buildings, infrastructure assets, and plant and equipment.

| Class of Asset | Depreciation/Amortisation Method | Useful Life (Years) |
|---|---|---|
| Property Plant and Equipment | Straight line | 8 |

The useful life of all major assets held by the Public Trustee are reassessed on an annual basis.

### m) Payables

Payables include trade payables, accrued expenses and other payables. Trade Payables represent the amounts owing for goods and services received prior to the end of the reporting period and unpaid at the end of the reporting period and relating to the normal operations of the Public Trustee.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received by period end.

### n) Leases

*Operating Leases*

Operating leases do not effectively transfer to the Public Trustee substantially all the risks and rewards

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

incidental to ownership of the leased asset. Operating lease payments are recognised as an expense in the Operating Statement on a straight-line basis over the term of the lease.

**o) Trust Funds**

Separate financial reports are prepared for the agencies, trusts and estates which are administered by the Public Trustee, and do not form part of this report.

## 3. CHANGE IN ACCOUNTING POLICIES

There have been no changes in accounting policies as a result of management decisions applicable for 2005-06. Changes in accounting policy resulting from the adoption of AIFRS are explained in Note 24 Reconciliation of Previous GAAP to Australian Equivalents to IFRS.

## 4. SERVICE PAYMENTS FROM GENERAL GOVERNMENT SECTOR

| | 2006<br>$ | 2005<br>$ |
|---|---|---|
| Information Technology assistance costs | 170 000 | 169 000 |
| Insurance Risk Management levy assistance costs | 28 000 | 26 000 |
| | **198 000** | **195 000** |

## 5. OPERATING REVENUE

| | | |
|---|---|---|
| Commission received | 1 243 135 | 960 204 |
| Management Fees | 850 084 | 720 722 |
| Other | 356 112 | 348 935 |
| | **2 449 331** | **2 029 861** |

There is a significant increase in Commission received and Management Fees for 2005-06. This mainly relates to an increase in the number of clients being managed and administered by the Public Trustee and the value of the assets involved.

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

## 6. EMPLOYEE EXPENSES

| | | 2006 $ | 2005 $ |
|---|---|---|---|
| Salaries | - General | 1 566 968 | 1 373 892 |
| | - Business development and investment policy | 126 714 | 108 130 |
| | - SES allowance | 15,000 | 0 |
| Voluntary Redundancy | | 0 | 31 573 |
| Superannuation | | 184 503 | 169 193 |
| Productivity Component | | 46 795 | 41 900 |
| Fringe Benefits Tax | | 8 547 | 4 732 |
| Comcare Premiums | | 8 885 | 15 072 |
| Other Employee Expenses | | 3 700 | 7 565 |
| | | **1 961 112** | **1 752 057** |

Due to an increase in the Public Trustee workload, the number of staff employed by the Office increased by 12.9%. leading to a corresponding increase in Employee Expenses.

## 7. SUPPLIES AND SERVICES

| | | |
|---|---|---|
| Business Development Costs | 87 452 | 41 462 |
| Computer Expenses | 107 977 | 104 457 |
| Motor Vehicle Expenses | 20 036 | 22 487 |
| Rental Lease Payments/Cleaning | 206 274 | 187 654 |
| Repairs/Maintenance | 52 098 | 51 945 |
| Printing/Stationery | 41 938 | 34 389 |
| Telephones | 25 199 | 21 042 |
| Staff Training | 17 897 | 13 069 |
| Postage | 15 315 | 14 618 |
| Audit Fee | 28 700 | 25 660 |
| Subscriptions/Memberships | 13 214 | 11 670 |
| Office Equipment | 10 988 | 17 945 |
| Leasing – Computers | 32 431 | 35 373 |
| Travel Expenses | 5 311 | 6 288 |
| Conference Costs / Meeting Expenses | 845 | 2 162 |
| Insurance Risk Management Levy | 32 256 | 31 470 |
| Advertising | 365 | 4 896 |
| Bad Debts | 1 881 | 1 825 |
| Bank Charges | 5 988 | 7 526 |
| Other Expenses | 24 477 | 12 747 |
| Electricity | 7 692 | 7 311 |
| Business Application Upgrade | 12 039 | 84 972 |
| | **750 373** | **740 968** |

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

## 8. DEPRECIATION AND AMORTISATION

| | 2006 $ | 2005 $ |
|---|---|---|
| Plant and Equipment | 1 307 | 259 |
| | **1 307** | **259** |

## 9. WAIVERS AND WRITE-OFFS

Under section 65 of the *Financial Management Act 1996* the Treasurer may, by instrument, waive the right to payment of an amount owed to the Territory. During the year the Public Trustee approved the write-off of debts owed from third parties. The write-off of a debt is the accounting action taken to remove a debt from the books but does not relinquish the legal right of the Public Trustee to recover the amount. The write-off debts may occur for reasons other than waivers.

The write-offs listed below have occurred during the reporting period for Public Trustee.

| | 2006 | | 2005 | |
|---|---|---|---|---|
| **Ordinary Activities** | **No.** | **$** | **No.** | **$** |
| **Write-offs** | | | | |
| Irrecoverable Debts | 33 | 1 880 | 21 | 1 825 |
| **Total Write-offs** | | 1 880 | | 1 825 |

## 10. CASH AND CASH EQUIVALENTS

| | | |
|---|---|---|
| Cash at Bank | 30 806 | 64 050 |
| Cash on Hand | 450 | 272 |
| Investments at Call | 2 900 000 | 2 375 000 |
| | **2 931 256** | **2 439 322** |

The Public Trustee Office held deposits at call throughout the year at floating interest rate between 5.73 and 6.06%.

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

## 11. RECEIVABLES

| | 2006 $ | 2005 $ |
|---|---|---|
| **Current Receivables** | | |
| Trade Debtors | 132 098 | 128 663 |
| Less: Allowance for Doubtful Debts | 0 | 0 |
| | 132 098 | 128 663 |
| Other Debtors | 1 860 | 7 383 |
| Accrued Revenue | 24 938 | 22 851 |
| **Total Receivables** | **158 896** | **158 897** |
| **Ageing of Receivables** | | |
| Receivables are aged as follows: | | |
| Overdue for less than 30 days | 111 792 | 118 968 |
| Overdue for 30 to 60 days | 378 | 552 |
| Overdue for more than 60 days | 46 726 | 39 377 |
| Less Total Allowance for Doubtful Debts | 0 | 0 |
| Total Receivables | **158 896** | **158 897** |
| **Split of Government/Non-Government Receivables** | | |
| **Receivables with Other ACT Government Entities** | | |
| Net Trade Debtors | 15 750 | 27 298 |
| Other Debtors | 1 847 | 3 851 |
| **Total Receivables with Other ACT Government Entities** | **17 597** | **31 149** |
| **Receivables with Entities Outside Government** | | |
| Net Trade Debtors | 116 348 | 101 365 |
| Other Debtors | 13 | 3 532 |
| Accrued Revenue | 24 938 | 22 851 |
| **Total Receivables with Entities Outside Government** | **141 299** | **127 748** |
| **Total Receivables** | **158 896** | **158 897** |

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

## 12. PLANT AND EQUIPMENT

| | 2006 $ | 2005 $ |
|---|---|---|
| **Plant and Equipment** | | |
| Plant and Equipment at cost | 10 455 | 10 455 |
| Accumulated Depreciation | (1 566) | (259) |
| **Total Written Down Value of Plant and Equipment** | **8 889** | **10 196** |

The following table shows the movement of Property Plant and Equipment during 2005-06

| | | |
|---|---|---|
| **Carrying amount at the Beginning of the Financial Year** | 10 196 | 0 |
| Additions | 0 | 10 455 |
| Depreciation and Amortisation | (1 307) | (259) |
| **Carrying Amount at the End of the Financial Year** | **8 889** | **10 196** |

## 13. PAYABLES

| | | |
|---|---|---|
| **Current Payables** | | |
| Trade Creditors | 55 251 | 52 605 |
| **Total Payables** | **55 251** | **52 605** |
| **Payables are aged as follows:** | | |
| Overdue for less than 30 Days | 55 250 | 51 190 |
| Overdue for 30 to 60 Days | 0 | 0 |
| Overdue for more than 60 Days | 1 | 1 415 |
| **Total Payables** | **55 251** | **52 605** |
| **Split of Government/Non-Government Payables** | | |
| **Payables with Other ACT Government Entities** | | |
| Trade Creditors | 9 639 | 18 970 |
| **Total Payables with Other ACT Government Entities** | **9 639** | **18 970** |
| **Payables with Entities Outside ACT Government** | | |
| Trade Creditors | 45 612 | 33 635 |
| **Total Payables with Entities Outside ACT Government** | **45 612** | **33 635** |
| **Total Payables** | **55 251** | **52 605** |

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY**
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**
**FOR THE YEAR ENDED 30 JUNE 2006**

## 14. EMPLOYEE BENEFITS

| | 2006 $ | 2005 $ |
|---|---|---|
| Recreation Leave | 234 273 | 171 072 |
| Long Service Leave – Current | 345 343 | 309 770 |
| Accrued Employee Expenses | 17 831 | 6 462 |
| Total Current Employee Benefits | 597 447 | 487 304 |
| Long Service Leave – Non Current | 24 719 | 21 964 |
| **Total Employee Benefits** | **622 166** | **509 268** |

Employee Benefits are classified as current when they are due, irrespective of when the liability is expected to be settled. Information on Employee Benefits estimated to be payable within 12 months and after 12 months is disclosed below.

The overall increase in Employee Benefits is largely due to the accumulation of long service leave by staff. During the year, only one staff member took long service leave.

**For disclosure purposes only**

| | | |
|---|---|---|
| Estimated Amount Payable within 12 Months | | |
| Accrued Employee Expenses | 17 831 | 6 462 |
| Annual Leave | 234 273 | 171 072 |
| Long Service Leave | 3 022 | 0 |
| | **255 126** | **177 534** |
| Estimated Amount Payable after 12 Months | | |
| Long Service Leave | 367 040 | 331 734 |
| | 367 040 | 331 734 |
| **Total Employee Benefits** | **622 166** | **509 268** |

At the end of the 2006 financial year the Public Trustee for the Australian Capital Territory had 31 staff employed. (2005 – 27 staff)

## 15. OTHER LIABILITIES

CURRENT OTHER LIABILITIES

| | | |
|---|---|---|
| **Dividend Payable** | **199 889** | **133 268** |

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

| | 2006 $ | 2005 $ |
|---|---|---|
| **16. EQUITY** | | |
| Total Equity at the End of the Reporting Period | | |
| Accumulated Funds | 2 239 581 | 1 939 691 |
| **Total Equity** | **2 239 581** | **1 939 691** |
| **Movements in Equity during the Reporting Period** | | |
| **Accumulated Funds** | | |
| Balance at the Beginning of the Reporting Period | 1 939 691 | 1 806 423 |
| Operating Surplus | 499 779 | 266 536 |
| Dividends Approved | (199 889) | (133 268) |
| **Balance at the End of the Reporting Period** | **2 239 581** | **1 939 691** |

**17. COMMITMENTS**

**Operating Leases**

Non-Cancellable Operating Lease Commitments are Payable as follows:

| | | |
|---|---|---|
| Not later than one year | 192 939 | 218 833 |
| Later than one year but not later than five years | 813 027 | 225 397 |
| Later than five years but not later than ten years | 1,213,153 | 0 |
| **Total Operating Lease Commitments** | **2 219 119** | **444 230** |

The Public Trustee has negotiated a contract with ACTEWAGL Distribution Partnership for part of the ground floor of ACTEWAGL House commencing 17 July 2006 for a term of ten years with a five year option. The remaining lease period at Public Trustee House at 4 Mort Street Canberra has been taken over by a Commonwealth Government Department.

**18. CONTINGENT LIABILITIES**

As at 30 June 2006 the Office of the Public Trustee had no contingent liabilities.

**19. SEGMENT REPORTING**

The Public Trustee for the Australian Capital Territory has one geographical location and one business segment.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY**
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**
**FOR THE YEAR ENDED 30 JUNE 2006**

| | 2006 $ | 2005 $ |
|---|---|---|
| **20. AUDITOR'S REMUNERATION** | | |
| Remuneration to the ACTAuditor-General's Office for auditing the Financial Report for the Reporting Period. | 32 670 | 28 700 |

No other services were provided by the ACT Auditor-General's Office during the reporting period. The audit fees charged represents an audit of both the Trust and Office Financial Reports.

**21. RECONCILIATION OF CASH**

For the purposes of the Cash Flow Statement, cash includes cash on hand and in banks, short term cash investment net of outstanding bank overdrafts.

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

| | | |
|---|---|---|
| Cash | 31 256 | 64 322 |
| Investments | 2 900 000 | 2 375 000 |
| | **2 931 256** | **2 439 322** |

**22. RECONCILIATION OF NET CASH INFLOWS FROM OPERATING ACTIVITIES TO THE OPERATING SURPLUS**

Reconciliation of cash at the end of the Reporting Period in the Cash Flow Statement to the Related Items in the Statement of Financial Position.

| | | |
|---|---|---|
| Operating Surplus | 499 779 | 266 536 |
| Add/(less) Items Classified as Investing or Financing | | |
| Depreciation of Property Plant and Equipment | 1 307 | 259 |
| **Cash Before Changes in Operating Assets and Liabilities** | **501 086** | **266 795** |
| **Change in Operating Assets and Liabilities:** | | |
| (Increase) Decrease in Receivables | 1 | (44 981) |
| (Increase) Decrease in Prepayments | 8 571 | (13 180) |
| Increase in Payables | 2 646 | 12 897 |
| Increase in Employee Benefits | 112 898 | 37 761 |
| Net Cash Inflows from Operating Activities | **625 202** | **259 292** |

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

## 23. FINANCIAL INSTRUMENTS

### (a) Terms, Conditions and Accounting Policies

Public Trustee's accounting policies and the terms and conditions for each class of financial asset and liability are as follows:

| Financial Assets | Note | Accounting Policies | Terms & Conditions |
|---|---|---|---|
| Cash and Cash Equivalents | 10 | Cash is stated at its nominal amount. Interest is recognised in the Operating Statement when earned. | Cash is kept in a Commonwealth bank account of which the weighted average interest rate is 5.39% |
| Investments | | Investments are stated at their nominal value. Interest is recognised in the Operating Statement when earned. | Investments at balance date are held in the Australian short term money market. The weighted average interest rate on investments for the year is 6.39% |
| Receivables | 11 | Debtors are recognised at the amounts that were charged at the date when the services or goods were supplied. | Debtor amounts are normally recovered within 1 month. |
| **Financial Liabilities** | | | |
| Payables | 13 | Liabilities are recognised for amounts to be paid in the future for services received, whether or not billed to the entity. | Creditors are normally settled within 28 days as per ACT Government policy. |

### (b) Net Fair Values of Financial Instruments

Financial assets and liabilities are carried at their net fair value at balance date. The net fair value of financial assets and liabilities approximates their carrying value reported in the Balance Sheet because of;

(i) the short term to maturity or realisation for *cash* and *investments,*
(ii) the expected short term recover of *debtors* amounts,
(iii) the expected short term payment of *creditors.*

### (c) Unrecognised Financial Instruments

There were no unrecognised financial assets or liabilities.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY**
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**
**FOR THE YEAR ENDED 30 JUNE 2006**

**(d) Credit Risk Exposure**

The Public Trustee's credit risk is limited to the fair value of the financial assets held by the trustee less any provision for doubtful debts.

The exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below:

| Financial Assets | Floating Interest Rate $ | | Weighted Average Interest Rate % | | Non Interest Bearing $ | | Total $ | |
|---|---|---|---|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Cash | 2 931 256 | 2 439 322 | 5.39 | 5.18 | | | 2 931 256 | 2 439 322 |
| Receivables | | | | | 158 896 | 158 897 | 158 896 | 158 897 |
| **Total** | **2 931 256** | **2 439 322** | | | **158 896** | **158 897** | **3 090 152** | **2 598 219** |

| Financial Liabilities | Floating Interest Rate $ | | Weighted Average Interest Rate % | | Non Interest Bearing $ | | Total $ | |
|---|---|---|---|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Payables | | | | | 55 251 | 52 605 | 55 251 | 52 605 |
| Other Liabilities | | | | | 199 889 | 133 268 | 199 889 | 133 268 |
| **Total** | | | | | **255 140** | **185 873** | **255 140** | **185 873** |
| **Net Financial Assets/ (Liabilities)** | **2 439 322** | **2 439 322** | | | **(26 976)** | **(26 976)** | **2 412 346** | **2 412 346** |

| **Reconciliation of Financial Assets to Net Assets** | 2006 $ | 2005 $ |
|---|---|---|
| Net Financial Assets | 2 835 012 | 2 412 346 |
| Prepayments | 17 846 | 26 417 |
| Employee Benefits – Current | (597 447) | (487 304) |
| Property Plant and Equipment | 8 889 | 10 196 |
| Employee Benefits – Non Current | (24 719) | (21 964) |
| | **2 239 581** | **1 939 691** |

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

## 24. RECONCILIATION OF PREVIOUS GAAP TO AUSTRALIAN EQUIVALENTS TO IFRS

| Reconciliation of the Operating Statement for the Year Ended 30 June 2005 | Note | Previous GAAP 30 June 2005 $'000 | Effect of transition to Australian Equivalents to IFRS $'000 | Australian Equivalents to IFRS 30 June 2005 $'000 |
|---|---|---|---|---|
| **Income** | | | | |
| *Revenue* | | | | |
| Service Payments from General Government Sector | | 195 000 | - | 195 000 |
| Community Service Obligation Payment | | 403 000 | - | 403 000 |
| Operating Revenue | | 2 029 861 | - | 2 029 861 |
| Interest | | 131 959 | - | 131 959 |
| Total Income | | **2 759 820** | **-** | **2 759 820** |
| *Expenses* | | | | |
| Employee Expenses | | 1 752 057 | - | 1 752 057 |
| Supplies and Services | | 740 968 | - | 740 968 |
| Depreciation and Amortisation | | 259 | - | 259 |
| Total Expenses | | **2 493 284** | **-** | **2 493 284** |
| Operating Surplus | | **266 536** | **-** | **266 536** |

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

## 24. RECONCILIATION OF PREVIOUS GAAP TO AUSTRALIAN EQUIVALENTS TO IFRS (continued)

| Reconciliation of Balance Sheet as at 30 June 2005 | Note | Previous GAAP 30 June 2005 $'000 | Effect of transition to Australian Equivalents to IFRS $'000 | Australian Equivalents to IFRS 30 June 2005 $'000 |
|---|---|---|---|---|
| **Current Assets** | | | | |
| Cash and Cash Equivalents | (a) | 64 322 | 2 375 000 | 2 439 322 |
| Investments | | 2 375 000 | (2 375 000) | 0 |
| Receivables | | 158 897 | - | 158 897 |
| Prepayments | | 26 417 | - | 26 417 |
| **Total Current Assets** | | 2 624 636 | - | 2 624 636 |
| NON CURRENT ASSETS | | | | |
| Property Plant and Equipment | | 10 196 | - | 10 196 |
| Total Non Current Assets | | 10 196 | - | 10 196 |
| **Total Assets** | | **2 634 832** | **-** | **2 634 832** |
| CURRENT LIABILITIES | | | | |
| Payables | | 52 605 | - | 52 605 |
| Employee Benefits | (b) | 177 534 | 309 770 | 487 304 |
| Other Liabilities | | 133 268 | - | 133 268 |
| Total Current Liabilities | | 363 407 | 309 770 | 673 177 |
| NON CURRENT LIABILITIES | | | | |
| Employee Benefits | (b) | 331 734 | (309 770) | 21 964 |
| **Total Non-Current Liabilities** | | 331 734 | (309 770) | 21 964 |
| **Total Liabilities** | | **695 141** | **-** | **695 141** |
| **Net Assets** | | **1 939 691** | **-** | **1 939 691** |

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

## 24. RECONCILIATION OF PREVIOUS GAAP TO AUSTRALIAN EQUIVALENTS TO IFRS

| Reconciliation of Balance Sheet as at 1 July 2004 | Note | Previous GAAP 1 July 2004 $'000 | Effect of transition to Australian Equivalents to IFRS $'000 | Australian Equivalents to IFRS 1 July 04 $'000 |
|---|---|---|---|---|
| **Current Assets** | | | | |
| Cash and Cash Equivalents | (a) | 165 485 | 2 025 000 | 2 190 485 |
| Investments | | 2 025 000 | (2 025 000) | 0 |
| Receivables | | 113 916 | - | 113 916 |
| Prepayments | | 13 237 | - | 13 237 |
| **Total Current Assets** | | 2 317 638 | - | 2 317 638 |
| **Total Assets** | | **2 317 638** | **-** | **2 317 638** |
| CURRENT LIABILITIES | | | | |
| Payables | | 39 708 | - | 39 708 |
| Employee Benefits | (b) | 198 284 | 255 133 | 453 417 |
| Other Liabilities | | 0 | - | 0 |
| Total Current Liabilities | | 237 992 | 255 133 | 493 125 |
| NON CURRENT LIABILITIES | | | | |
| Employee Benefits | (b) | 273 223 | (255 133) | 18 090 |
| **Total Non-Current Liabilities** | | 273 223 | (255 133) | 18 090 |
| **Total Liabilities** | | **511 215** | **0** | **511 215** |
| **Net Assets** | | **1 806 423** | **-** | **1 806 423** |

## 24. RECONCILIATION OF PREVIOUS GAAP TO AUSTRALIAN EQUIVALENTS TO IFRS (continued)

| | Note | Previous GAAP 1 July 2004 $'000 | Effect of transition to Australian Equivalents to IFRS $'000 | Australian Equivalents to IFRS 1 July 2004 $'000 |
|---|---|---|---|---|
| **Equity** | | | | |
| Accumulated Funds | | 1 806 423 | - | 1 806 423 |
| **Total Equity** | | **1 806 423** | **-** | **1 806 423** |

**Reconciliation of Cash Flows**

There is no material difference between the Cash Flow Statement presented under Australian Equivalents to IFRS's and the Cash Flow Statement presented under previous GAAP.

**Notes to the Reconciliation of Equity**

**(a) Cash and cash equivalents**

Under previous Australian GAAP, cash and cash equivalents and investments were reported on in the Balance Sheet separately. Under AASB 101 *Presentation of Financial Statements*, cash and cash equivalents represent both cash and investments.

**(b) Employee Benefits**

Under previous Australian GAAP, the current and non-current classification of employee benefits in the Balance Sheet was based on an assessment of when the payment of the liability was expected to be made. Employee Benefits were classified as "current" if the payment of the liability was expected within the next 12 months. All other Employee Benefits were classified as 'non-current'.

Under AASB 101 *Presentation of Financial Statements*, employee benefits should be classified as a current liability in the Balance Sheet where an agency does not have an unconditional right to defer payment for at least 12 months after the reporting date. The application for this requirement results in Employee Benefits (annual leave and long service leave) being reclassified from a non-current liability to a current liability

*Adjustment as at 1 July 2004*

The Public Trustee increased current employee benefits by $255,133 and decreased non-current employee benefits by the same amount.

## D.1.3 STATEMENT OF PERFORMANCE

PUBLIC TRUSTEE FOR THE ACT
STATEMENT OF PERFORMANCE
FOR THE YEAR ENDING 30 JUNE 2006

Performance of the Public Trustee for the Australian Capital Territory is measured by the increase in volume of new business, the return on investments of client funds, and by client satisfaction, which includes the Office's ability to meet agreed standards and to provide professional, and efficient services to the ACT Community

| INDICATOR | TARGET 2005-06 | Actual Outcome 2005-06 | % Variance | Notes |
|---|---|---|---|---|
| No. of Current Financial Management under Orders of the Guardianship and Management of Property Tribunal (GMPT) | 345 | 411 | 19% | 1 |
| No. of active financial management accounts under Power of Attorney and Enduring Power of Attorney | 97 | 88 | (9%) | 2 |
| No. of responses to community call outs following death | 12 | 7 | (42%) | 3 |
| No. of Welfare funerals arranged | 4 | 7 | 75% | 3 |
| No. of Examinations of accounts provided from external managers under GMPT | 250 | 276 | 10% | 4 |
| No. of Deceased Estate Administrations completed < $100,000 | 76 | 62 | (18%) | 5 |
| No. of Deceased Estate Administrations completed > $100,000 | 44 | 51 | 16% | 5 |
| No. of trusts held under legal liability less than <$100,000 | 565 | 491 | (13%) | 6 |
| No. of trusts held under legal liability > $100,000 | 32 | 33 | 3% | 6 |
| Wills | 545 | 626 | 15% | 7 |
| *Percentage of expenditure over total income* | *95%* | *84%* | *12%* | |

Notes

1. The number of clients under Guardianship and Management of Property Orders has increased due to the need to appoint the Public Trustee as manager of last resort.

2. The number of Enduring Power of Attorneys have remained relatively constant during 2005-06 due to the continued need for clients to require financial assistance.

3. The number of Welfare Funerals and AFT Call-outs are dependent upon the level of funds of deceased persons and the ability to contact known family members. Public Trustee involvement is usually last resort.

4. The number of accounts that are examined are reliant on external managers providing account to the office on an annual basis.

5. The number of deceased estates being administered by the Public Trustee that have a value of less than or more than $100,000.00 is solely dependent upon the levels of assets at date of death.

6. The number of trusts with a value of less than or more than $100,000.00 depends solely on court awarded settlements. Changes to legislation and Court nominations affect the number of clients being administered by the Public Trustee.

7. The number of requests for new and changed wills remains relatively high due to marketing strategies, community education and excellent customer feedback.

# ACT AUDITOR-GENERAL'S OFFICE

A06/55

Mr Andrew Taylor
Public Trustee for the ACT
Ground Floor, ActewAGL House
221 London Circuit
CANBERRA CITY ACT 2601

Dear Mr Taylor

**AUDIT REPORT**
**PUBLIC TRUSTEE FOR THE ACT TRUST ACCOUNT**
**FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2006**

The ACT Auditor-General's Office has completed the audit of the financial report of the Public Trustee for the ACT Trust Account for the year ended 30 June 2006.

I am pleased to attach the financial report together with the **unqualified** audit reports.

I have provided a copy of these reports to the Attorney-General, Mr Simon Corbell MLA.

Thank you for the cooperation of your staff during the audit.

Yours sincerely

T. Pham

Tu Pham
Auditor-General
14 September 2006

Level 4, 11 Moore Street, Canberra City, ACT 2601 | PO Box 275, Civic Square, ACT 2608
Telephone: 02 6207 0833 | Facsimile: 02 6207 0826 | Email: actauditorgeneral@act.gov.au

ACT AUDITOR-GENERAL'S OFFICE

# INDEPENDENT AUDIT REPORT

# PUBLIC TRUSTEE FOR THE ACT TRUST ACCOUNT

## To the Members of the ACT Legislative Assembly

### Audit Opinion

In my opinion, the financial report of the Public Trustee for the ACT Trust Account (the Trust) for the year ended 30 June 2006:

(i) is presented in accordance with applicable Accounting Standards and other mandatory financial reporting requirements in Australia; and

(ii) presents fairly the financial position of the Trust as at 30 June 2006 and the results of its operations and its cash flows for the year then ended.

This audit opinion should be read in conjunction with the following information.

### Responsibility for the Financial Report

The Public Trustee for the ACT is responsible for the financial report. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and estimates used in the preparation of the financial report.

### Contents of the Financial Report

The financial report is comprised of the Operating Statement for the Common Fund Interest Account, Operating Statement for the Guarantee and Reserve Account, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying notes.

### The Auditor's Responsibility

My responsibility is to express an opinion on the financial report.

### The Audit Scope

My audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement.

I formed the audit opinion by performing procedures to assess whether, in all material respects, the financial report presents fairly, in accordance with applicable Accounting Standards and other mandatory financial reporting requirements in Australia, a view that is consistent with my understanding of the financial position and performance of the Trust.

Level 4, 11 Moore Street, Canberra City, ACT 2601 | PO Box 275, Civic Square, ACT 2608
Telephone: 02 6207 0833 | Facsimile: 02 6207 0826 | Email: actauditorgeneral@act.gov.au

The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control and, in many cases, the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

My procedures included:

(i) examining, on a test basis, evidence supporting the amounts and other disclosures in the financial report; and

(ii) evaluating accounting policies and significant accounting estimates used in the preparation of the financial report.

I considered the effectiveness of internal controls when determining the nature and extent of my procedures, however, the audit was not designed to provide assurance on internal controls.

My audit also did not include an evaluation of the prudence of decisions made by the Public Trustee for the ACT.

## Independence

In conducting my audit, I followed applicable independence requirements of Australian professional ethical pronouncements.

T. Pham

Tu Pham
Auditor-General
14 September 2006

ACT AUDITOR-GENERAL'S OFFICE

# INDEPENDENT AUDIT REPORT

# PUBLIC TRUSTEE FOR THE ACT TRUST ACCOUNT

**To the Members of the ACT Legislative Assembly**

## Matters Relating to the Electronic Presentation of the Audited Financial Report

This audit report is for the financial report of the Public Trustee for the ACT Trust Account (the Trust) for the year ended 30 June 2006 to be included on this website and other electronic media including CD ROM.

The Public Trustee for the ACT is responsible for the integrity of the information placed on this website. I have not examined the integrity of this website. The audit report refers only to the financial report identified below. It does not provide an opinion on any other information, which may have been hyperlinked to or from this report. If users of the report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the printed copy of the audited financial report, available from the Public Trustee for the ACT to confirm the information included in the audited financial report presented on this website.

## Audit Opinion

In my opinion, the financial report of the Trust for the year ended 30 June 2006:

(i) is presented in accordance with applicable Accounting Standards and other mandatory financial reporting requirements in Australia; and

(ii) presents fairly the financial position of the Trust as at 30 June 2006 and the results of its operations and its cash flows for the year then ended.

This audit opinion should be read in conjunction with the following information.

## Responsibility for the Financial Report

The Public Trustee for the ACT is responsible for the financial report. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and estimates used in the preparation of the financial report.

Level 4, 11 Moore Street, Canberra City, ACT 2601 | PO Box 275, Civic Square, ACT 2608
Telephone: 02 6207 0833 | Facsimile: 02 6207 0826 | Email: actauditorgeneral@act.gov.au

## Contents of the Financial Report

The financial report is comprised of the Operating Statement for the Common Fund Interest Account, Operating Statement for the Guarantee and Reserve Account, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying notes.

## The Auditor's Responsibility

My responsibility is to express an opinion on the financial report.

## The Audit Scope

My audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement.

I formed the audit opinion by performing procedures to assess whether, in all material respects, the financial report presents fairly, in accordance with applicable Accounting Standards and other mandatory financial reporting requirements in Australia, a view that is consistent with my understanding of the financial position and performance of the Trust.

The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control and, in many cases, the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

My procedures included:

(i) examining, on a test basis, evidence supporting the amounts and other disclosures in the financial report; and

(ii) evaluating accounting policies and significant accounting estimates used in the preparation of the financial report.

I considered the effectiveness of internal controls when determining the nature and extent of my procedures, however, the audit was not designed to provide assurance on internal controls.

My audit also did not include an evaluation of the prudence of decisions made by the Public Trustee for the ACT.

## Independence

In conducting my audit, I followed applicable independence requirements of Australian professional ethical pronouncements.

T. Pham

Tu Pham
Auditor-General
14 September 2006

**Public Trustee for the A.C.T.**
**Trust Account**
**Financial Report**
**For the Year Ended 30 June 2006**

---

## Statement of Responsibility

In my opinion, the financial report is in agreement with the Public Trustee's Trust Accounts and records and fairly reflects the financial operations of the Public Trustee Trust Account for the year ended 30 June 2006 and the financial position of the Public Trustee Trust Accounts on that date.

Andrew Taylor
Chief Executive
Public Trustee ACT

7 September 2006

## PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT

### Operating Statement - Common Fund Interest Account
Year ended 30 June 2006

| | Note | 2006 $ | 2005 $ |
|---|---|---|---|
| **INCOME** | | | |
| Investment Income | | 8 454 626 | 3 379 432 |
| Resources Received Free of Charge | 3 | 6 840 | 2 000 |
| | | **8 461 466** | **3 381 432** |
| **EXPENDITURE** | | | |
| Interest paid to Estates and Trusts | | 1 938 942 | 1 528 914 |
| Distributions to Estates and Trusts | | 5 760 673 | 1 127 870 |
| Management Fees | | 880 309 | 704 364 |
| Legal Fees | | 4 376 | 0 |
| Other Expenditure | 3 | 6 840 | 2 000 |
| | | **8 591 140** | **3 363 148** |
| **NET (DEFICIT)/SURPLUS** | | **(129 674)** | **18 284** |

### Operating Statement – Guarantee and Reserve Account
Year ended 30 June 2006

| | Note | 2006 $ | 2005 $ |
|---|---|---|---|
| **INCOME** | | | |
| Investment Income | | 100 323 | 94 331 |
| | | **100 323** | **94 331** |
| **EXPENDITURE** | | | |
| Management Fees | | 18 168 | 16 217 |
| Income Commission | | 5 456 | 5 352 |
| Depreciation | | 5 000 | 5 000 |
| | | **28 624** | **26 569** |
| **NET SURPLUS** | | **71 699** | **67 762** |

**The above statements should be read in conjunction with the accompanying notes**

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT**
**Balance Sheet as at 30 June 2006**

| | Notes | 2006 $ | 2005 $ |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and Cash Equivalents | 4 | 42 978 688 | 38 127 482 |
| Investments | 4 | 40 397 842 | 36 544 620 |
| Accrued Investment Income | | 277 464 | 278 005 |
| Unrealised Assets | 5 | 41 676 337 | 46 399 233 |
| **TOTAL CURRENT ASSETS** | | **125 330 331** | **121 349 340** |
| **NON-CURRENT ASSETS** | | | |
| Property, Plant and Equipment | 6 | 80 000 | 85 000 |
| **TOTAL NON-CURRENT ASSETS** | | **80 000** | **85 000** |
| **TOTAL ASSETS** | | **125 410 331** | **121 434 340** |
| **CURRENT LIABILITIES** | | | |
| Trust Liabilities | 7 | 678 907 | 734 265 |
| **TOTAL CURRENT LIABILITIES** | | **678 907** | **734 265** |
| **NON-CURRENT LIABILITIES** | | | |
| Estates, Trusts etc under administration | 8 | 122 651 006 | 118 561 682 |
| **TOTAL NON-CURRENT LIABILITIES** | | **122 651 006** | **118 561 682** |
| **TOTAL LIABILITIES** | | **123 329 913** | **119 295 947** |
| **NET ASSETS** | | **2 080 418** | **2 138 393** |
| **EQUITY** | | | |
| Common Fund | 11 | 185 574 | 315 248 |
| Guarantee & Reserve Account | 12 | 1 870 009 | 1 798 310 |
| Asset Revaluation Reserve | 13 | 24 835 | 24 835 |
| **TOTAL EQUITY** | | **2 080 418** | **2 138 393** |

**The above statement should be read in conjunction with the accompanying notes**

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT**
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006**

| | Notes | 2006 $ | 2005 $ |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| INFLOWS | | | |
| Income Received | | 4 087 698 | 3 427 627 |
| OUTFLOWS | | | |
| Interest Paid to Estates and Trusts | | (3 231 822) | (2 656 784) |
| Other Payments | | (908 310) | (725 993) |
| Net Cash (Used in)/Provided by Operating Activities | 10 | (52 434) | 44 910 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| INFLOWS | | | |
| Proceeds from Sale of Investments | | 1 200 130 | 750 000 |
| OUTFLOWS | | | |
| Payment for Purchase of Investments | | 0 | (1 530 000) |
| Net Cash Provided by/(Used in) Investing Activities | | 1 200 130 | (780 000) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| INFLOWS | | | |
| Receipts to Trusts and Estates | | 41 401 890 | 38 133 008 |
| OUTFLOWS | | | |
| Payments from Trusts and Estates | | (37 698 380) | (30 906 564) |
| Net Cash Provided in Financing Activities | | 3 703 510 | 7 226 444 |
| Net Increase in Cash Held | | 4 851 206 | 6 491 354 |
| **Cash and cash equivalents at beginning of financial year** | | 38 127 482 | 31 636 128 |
| **Cash and cash equivalents at end of financial year** | 9 | 42 978 688 | 38 127 482 |

**The above statement should be read in conjunction with the accompanying notes**

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT**
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2006**
**FOR THE YEAR ENDED 30 JUNE 2006**

| | 2006<br>$ | 2005<br>$ |
|---|---|---|
| **Opening Balance** | **2 138 393** | **2 052 347** |
| Operating (Deficit)/Surplus - Common Fund Account | (129 674) | 18 284 |
| Operating Surplus - Guarantee and Reserve Account | 71 699 | 67 762 |
| Total Income and Expenses recognised Directly in Equity | (57 975) | 86 046 |
| **Closing Balance** | **2 080 418** | **2 138 393** |

**The above statement should be read in conjunction with the accompanying notes**

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT**
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT YEAR ENDED 30 JUNE 2006**

1. ACTIVITIES OF THE PUBLIC TRUSTEE

The functions of the Public Trustee are defined in the *Public Trustee Act 1985* and include the administration of deceased estates and trusts and the preparation of wills. The Public Trustee also acts as attorney and as Manager under order from Guardianship and Management of Property Tribunal. This financial report shows the value of trust, attorney and management funds under administration at the year-end.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Public Trustee are stated to assist in the general understanding of these accounts. These policies have been consistently applied except as otherwise stated.

a) Basis of accounting

The financial report has been prepared on an accrual basis and in accordance with Trust Industry Practice. The report has been prepared under the historical cost convention method and do not reflect changing money values of non-current assets except where stated.

This is the first financial report by the Fund to be prepared in accordance with AIFRS and as such AASB 1 'First-Time Adoption of Australian Equivalents to International Financial Reporting Standards' has been applied to this financial report. Previous GAAP was used as the basis for preparing the Fund's financial report for the 30 June 2005 financial year. The impact of AIFRS is explained in Note 15.

b) Estate assets

Estates and Trusts under administration represent both realised and unrealised assets. Unrealised assets and investments of Estates and Trusts under administration are included by the Public Trustee at fair value at the time the trust was received, in accordance with Public Trustee guidelines.

c) Property, Plant and Equipment

Buildings are valued at fair value in accordance with AASB 116. The last revaluation of buildings was at 30 June 2002. The valuation was performed by an independent valuer, McCann and Associates.

d) Depreciation

Depreciation is provided on assets acquired by the Public Trustee at rates which will be sufficient to write the assets off over their estimated useful lives.

e) Investments

Common Funds managed by the Public Trustee have been established pursuant to Division 2 of the *Public Trustee Act 1985*. Investments in common funds (with the exception of direct investments in the Cash Common Fund) are by way of notional unit holding in the common funds. Contributors may invest in the cash common fund or alternatively investment in a selection of common funds in proportions determined by one or more of the standard investment strategies provided by the Public Trustee.

- Capital Secure
- Income Stable
- Growth
- Balanced

Australian Equities, Fixed Interest and Listed Property investments are valued at market value by the Public Trustee's external custodians using independently sourced prices and foreign exchange rates.

Investments in pooled investment funds are valued in accordance with unit prices at the balance date as advised by the managers of the funds.

The distribution received on the Australian Equities Wholesale Fund and the Listed Property Fund are net of management fees and charges. These fees are taken from the gross income earned prior to distribution.

3. RESOURCES RECEIVED FREE OF CHARGE

Resources received free of charge relate to services being provided free of charge from other entities within the ACT Government.

| | 2006<br>$ | 2005<br>$ |
|---|---|---|
| ***Revenue from the ACT Government*** | | |
| **Revenue from Operating Activities** | | |
| Land Titles Searches* | 6 840 | 2 000 |

* The Registrar General's Office provided Land Titles Searches to the Public Trustee during the financial year free of charge.

The amount of $6 840 has been brought to account as Other Expenditure in the Operating Statement – Common Fund interest Account.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT**
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT YEAR ENDED 30 JUNE 2006**

## 4. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Section 55 of the *Public Trustee Act 1985* provides for the pooling of the credit balances of current accounts in a range of Common Funds for investment purposes.

**CASH COMMON FUND**

| | 2006 $ | 2005 $ |
|---|---|---|
| CURRENT | | |
| Cash at Bank | 42 116 | 54 279 |
| Short Term Money Market and Interest Bearing Deposits and Securities | 42 936 572 | 38 073 203 |
| TOTAL CASH AND CASH EQUIVALENTS | 42 978 688 | 38 127 482 |

**INVESTMENTS**

| | | |
|---|---|---|
| CURRENT | | |
| Australian Equities Common Fund | 27 041 715 | 22 791 891 |
| Australian Fixed Interest Common Fund | 10 389 501 | 10 791 185 |
| Australian Listed Property Common Fund | 2 966 626 | 2 961 544 |
| TOTAL INVESTMENTS | 40 397 842 | 36 544 620 |

## 5. UNREALISED ASSETS

Unrealised assets have been brought to account as follows.

| | | |
|---|---|---|
| Real Estate | 20 981 344 | 23 676 314 |
| Nursing Home/Retirement Village Bonds | 4 386 138 | 3 280 340 |
| Cash or Equivalent | 16 180 075 | 19 241 054 |
| Personal Effects | 128 780 | 201 525 |
| | 41 676 337 | 46 399 233 |

## 6. PROPERTY, PLANT AND EQUIPMENT

| | | |
|---|---|---|
| Leasehold building | 85 000 | 90 000 |
| Less: Accumulated Depreciation | (5 000) | (5 000) |
| | 80 000 | 85 000 |

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT**
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT YEAR ENDED 30 JUNE 2006**

## 7. TRUST LIABILITIES

Trust liabilities have been brought to account as follows.

| | 2006<br>$ | 2005<br>$ |
|---|---|---|
| Mortgages | 335 625 | 395 237 |
| Funeral expenses | 53 783 | 21 383 |
| Bank Loans and Credit cards | 12 173 | 20 626 |
| Medical/Dental costs | 13 040 | 16 153 |
| Property/Utility costs | 25 475 | 11 689 |
| Sundry Debts | 54 502 | 75 365 |
| Other | 184 309 | 193 812 |
| | 678 907 | 734 265 |

## 8. ESTATES, TRUSTS ETC UNDER ADMINISTRATION

Estates and Trust under administration have been brought to account as follows.

| | | |
|---|---|---|
| Deceased Estates | 22 090 427 | 31 870 525 |
| Power of Attorney | 14 986 540 | 12 273 992 |
| Court Trusts | 44 985 569 | 41 535 411 |
| Protected Estates | 680 429 | 670 093 |
| Estate Trusts | 14 028 862 | 10 859 701 |
| Proceeds of Crime | 27 608 | 70 488 |
| Cemetery Trusts | 521 131 | 0 |
| Management Orders | 21 554 621 | 18 203 705 |
| Unclaimed Monies | 3 775 486 | 3 076 948 |
| Unallocated Assets * | 333 | 819 |
| | 122 651 006 | 118 561 682 |

The movement in the total value of accounts under administration represents the value of new trusts and estates received less finalisations and distributions during the year 1 July 2005 to 30 June 2006.

* Value due to unit value rounding of Common Funds to four decimal places

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT**
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT YEAR ENDED 30 JUNE 2006**

9. RECONCILIATION OF CASH

For the purpose of the Cash Flow Statement cash includes cash on hand and in banks. Cash and Cash Equivalents at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the balance sheet as follows.

| | 2006<br>$ | 2005<br>$ |
|---|---|---|
| Cash at Bank | 42 116 | 54 279 |
| Cash Equivalents | 42 936 572 | 38 073 203 |
| Total Cash and Cash Equivalents | 42 978 688 | 38 127 482 |

10. RECONCILIATION OF NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES TO OPERATING (DEFICIT)/SURPLUS

| | | |
|---|---|---|
| Operating Surplus/(Deficit) Interest account | (129 674) | 18 284 |
| Operating surplus – Guarantee and Reserve account | 71 699 | 67 762 |
| Decrease/(Increase) in accrued income | 541 | (46 136) |
| Depreciation | 5 000 | 5 000 |
| Net Cash (Used in)/Provided by Operating Activities | (52 434) | 44 910 |

11. EQUITY – COMMON FUND

CASH COMMON FUND

Common Fund earnings are credited to the Common Fund Interest Account in accordance with the requirements of section 60 of the *Public Trustee Act 1985*. The money in the account is invested in authorised trustee investments through the Common Fund. Interest is credited quarterly to estates, trusts and persons on whose behalf money is held in the cash common fund, under section 59 of the *Public Trustee Act 1985*.

Movements in the interest account reserve were as follows.

| | | |
|---|---|---|
| Balance at beginning of year | 315 248 | 296 964 |
| Operating (Deficit)/Surplus | (129 674) | 18 284 |
| Balance at end of year | 185 574 | 315 248 |

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT**
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT YEAR ENDED 30 JUNE 2006**

12. EQUITY - COMMON FUND GUARANTEE AND RESERVE ACCOUNT

This account is established under section 61 of the Public Trustee Act 1985. The purpose of the fund is to meet the costs of protecting investments that are not properly chargeable against a particular estate or trust and making good any loss sustained by the Common Funds on the realisation of an investment.

Movements in the reserve were as follows.

| | 2006<br>$ | 2005<br>$ |
|---|---|---|
| Balance at beginning of year | 1 798 310 | 1 730 548 |
| Operating Surplus | 71 699 | 67 762 |
| Balance at end of year | 1 870 009 | 1 798 310 |

13. ASSET REVALUATION RESERVE

| | | |
|---|---|---|
| Opening balance | 24 835 | 24 835 |
| Closing Balance | 24 835 | 24 835 |

14. FINANCIAL INSTRUMENTS

**(a) Terms, Conditions and Accounting Policies**

Public Trustee's accounting policies and the terms and conditions for each class of financial asset and liability are as follows.

| | Note | Accounting Policies | Terms & Conditions |
|---|---|---|---|
| **Financial Assets** | | | |
| Cash and Cash Equivalents | 4 | Cash and cash equivalents are stated at nominal amount.<br>Interest is recognised in the Operating Statement when earned. | Cash and Cash Equivalents are invested as part of the Public Trustee Common Fund and interest rates fluctuate in keeping with market trends. |
| Investments | 4 | Investments are stated at their market value. Movement in the market value are recognised in the Operating Statement year-end. | Australian Equities, Fixed Interest and Listed Property investments are valued at market value by the Public Trustee's external custodians using independently sourced prices and foreign exchange rates. |

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT**
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT YEAR ENDED 30 JUNE 2006**

| | Note | Accounting Policies | Terms & Conditions |
|---|---|---|---|
| **Financial Liabilities** | | | |
| Trust Liabilities | 7 | Trust liabilities are recognised for amounts to be paid in the future for services received, whether or not billed to the entity. | Trust liabilities are paid at their nominal amount. |

**(b) Net Fair Values of Financial Instruments**

Financial assets and liabilities are carried at their net fair value at balance date. The net fair value of financial assets and liabilities approximates their carrying value reported in the Balance Sheet because of the short term to maturity or realisation for *cash and cash equivalents* and *investments* and trust liabilities.

**(c) Unrecognised Financial Instruments**

There were no unrecognised financial assets or liabilities.

**(d) Credit Risk Exposure**

The Public Trustee Trust Account credit risk is limited to the fair value of the financial assets and liabilities held by the trustee.

The exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below.

| Financial Assets | Floating Interest Rate $ | | Weighted Average Interest Rate % | | Non Interest Bearing $ | | Total $ | |
|---|---|---|---|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Cash and Cash Equivalents | 42 978 688 | 38 127 482 | 4.75 | 4.56 | 0 | 0 | 42 978 688 | 38 127 482 |
| Investments | 40 397 842 | 36 544 620 | 10.5 | 18.2 | 0 | 0 | 40 397 842 | 36 544 620 |
| **Total** | **83 376 530** | **74 672 102** | | | **0** | **0** | **83 376 530** | **74 672 102** |

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT**
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT YEAR ENDED 30 JUNE 2006**

| Financial Liabilities | Floating Interest Rate $ | | Weighted Average Interest Rate % | | Non Interest Bearing $ | | Total $ | |
|---|---|---|---|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| **Trust Liabilities** | 0 | 0 | | | 678 907 | 734 265 | 678 907 | 734 265 |
| **Total** | **0** | **0** | | | **678 607** | **734 265** | **678 907** | **734 265** |
| **Net Financial Assets/ (Liabilities)** | **83 376 520** | **74 672 102** | | | **(678 607)** | **(734 265)** | **82 697 923** | **73 937 837** |

15. RECONCILIATION OF PREVIOUS GAAP TO AUSTRALIAN EQUIVALENTS TO IFRS

There is no material difference between the Financial Reports presented under Australian Equivalents to IFRS's and the Financial Statements presented under previous GAAP.

16. ADDITIONAL INFORMATION

a) There were no loans or advances from trust funds to officers or employees of the Public Trustee.

b) There were no amounts due by way of loan or otherwise from Trust Funds to a corporation, a director of which is an officer or employee of the Public Trustee.

## D.2 STRATEGIC ASSET MANAGEMENT

### 1. ASSETS MANAGED

The Public Trustee managed assets as follows during 2005-06. The value of these assets changes during the year and accordingly an estimated value may not be provided–

» Leasehold property - the Public Trustee holds leasehold property in an interim capacity as executor/administrator/trustee. We are in the process of seeking legal advice as to our responsibilities in respect to hazardous materials etc. (NB these are private, non-government assets).
» Toyota Lite Ace van ($9,000.00).

During 2005-06 no significant assets were added to, or removed from, the Public Trustee's corporate assets register.

### 2. ASSET MAINTENANCE AND UPGRADE

Not applicable - refer 1 above

### 3. OFFICE ACCOMMODATION

The Public Trustee employs 30 employees occupying 622 sq metres. The area occupied by each member of staff is 20.7 sq metres. The Public Trustee is relocating to new premises having an area of 515 sq metres. Allowing for growth to 34 employees by 2011, this equates to 15.15 sq metres per employee.

No employees are employed in non-office environments.

### 4. ENERGY REDUCTION STRATEGIES

In 2005-06 the Public Trustee's electricity consumption was 59,730kwhs and no gas was consumed.

Strategies to achieve energy reductions are listed at Part C.3.2.

The Public Trustee uses the ATLAS system to track and manage computing and office equipment.

## D.3 CAPITAL WORKS MANAGEMENT

The Public Trustee did not undertake any Capital Works projects during the reported year.

# D.4 GOVERNMENT CONTRACTING

## 1. PROCUREMENT PRINCIPLES AND PROCESSES

During the reported year, the Public Trustee finalised the procurement of a new Fund Manager for the Public Trustee's Australian Equities Common Fund for a period of up to five years.

The procurement process resulted in the selection of Tasman Asset Management Limited trading as Tyndall as sole funds manager for the fund.

The ongoing review and selection of Funds Managers is a critical component of the management of the investment of the Public Trustee's funds. The Public Trustee utilises the technical knowledge, expertise or resources of external Funds Managers to invest funds within domestic financial markets.

## 2. EXTERNAL SOURCES OF LABOUR AND SERVICES

The Public Trustee complies with the ACT Government Procurement Guidelines and Circulars and the Consultancy Guidelines in the selection management of consultants and contractors.

Contracts entered into and continuing include –

- Robert Johnson and Associates for expert advice on the "Prudent Person Principle" - Daily cost $1,500 as required - Contract dated May 2000.
- Tasman Asset Management Limited trading as Tyndal – Rate .7%
- Merrill Lynch Investment Managers Limited for Merrill Lynch Wholesale Australian Equities Fund – Rate .72% Contract dated August 2001.
- Alliance Capital Australia Limited for Alliance cash Enhanced Fund Trust – Rate .22% - Contract dated June 2001.
- UBS Global Asset Management for Fund Management for Property Trust Common Fund – Rate .85% - Contract dated June 2001.
- Suncorp Metway for Suncorp Metway Investment Management Limited – rate .20% - Contract dated August 2001.
- Ultradata for use under licence and technical support of TACT Business System – Rate $49,507.56 pa – Contract dated April 1986.

## 3. INTEREST PAID ON COMMERCIAL ACCOUNTS

No interest was paid under Part 4 of the Government Procurement Act 2001.

# appendix

Public Trustee for the Australian Capital Territory

2005 06 annual report

## 1. LEGISLATIVE REPORT

The following laws guide, govern and regulate the activities of the Public Trustee. No new legislation affecting the operations of the Public Trustee was enacted during the reporting year.

» *Public Trustee Act 1985;*
» *Audit Act 1989;*
» *Adoption Act 1993;*
» *Administration and Probate Act 1929;*
» *Crimes Act 1900;*
» *Financial Management Act 1996;*
» *Guardianship and Management of Property Act 1992;*
» *Powers of Attorney Act 1956;*
» *Confiscation of Criminal Assets Act 2003;*
» *Trustee Act 1925;*
» *Unclaimed Moneys Act 1950*; and
» *Wills Act 1968.*
» *Procurement Act 2001.*

## 2. LEGISLATIVE AND COMMITTEE INQUIRIES AND REPORTS

No inquiries were conducted by the Legislative Assembly, relating to the operations of the Public Trustee.

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# glossary

Public Trustee for the Australian Capital Territory

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## GLOSSARY OF ABBREVIATIONS AND ACRONYMS

**CSO**
Community Service Obligations. Those obligations to the community that the ACT Government purchases from the Public Trustee

**EPA**
Enduring Power of Attorney - A formal instrument by which one person empowers another to represent him/her, or act in his/her place for certain purposes. An Enduring Power of Attorney continues to have effect after a person loses mental capacity.

**GST**
An indirect broad based consumption tax built into the price of specified goods and services and collected at point of sale.

**PTO**
Office of the Public Trustee for the Australian Capital Territory.

## GLOSSARY OF TECHNICAL TERMS

**Attorney**
A person appointed by another to act in his or her place or represent them.

**Common Fund**
A fund held by more than one person to enable a greater return on the shared investment.

**Criminal Assets**
Items of value obtained by illegal or criminal acts, forfeited under the Confiscation of Criminal Assets Act 2003.

**CSO**
Community Service Obligations. Those obligations to the community that the ACT Government purchases from the Public Trustee and broadly include financial management services under order of the Guardianship and Management of Property Tribunal, Enduring Powers of Attorney, Welfare Funerals, AFP call-outs, examination of external financial manager's accounts, deceased estates<$100,000 and Trusts <$100,000.

**Current Ratio**
The ratio of current assets to current liabilities.

**Enduring Power of Attorney (EPA)**
A formal instrument by which one person empowers another to represent him/her, or act in his/her place for certain purposes. An Enduring Power of Attorney continues to have effect after a person loses mental capacity.

**Estate**
The sum of the assets less the liabilities of a person, especially of a deceased, a bankrupt or beneficiary.

**Executor**
The person or company appointed by a Will to administer an estate in accordance with the terms.

### Financial Manager
A person appointed under order of the Guardianship and Management of Property Tribunal to make financial decisions in relation to a person's financial matters, or a matter affecting that person's property for persons were the person has impaired decision making ability and is incapable of managing those matters (eg bank accounts or property or shares). A Financial Manager may make financial decisions for the represented person. Most financial management orders are permanent.

### Funds Manager
A person or organisation responsible for investing moneys on behalf of another.

### Goods and Services Tax (GST)
An indirect broad based consumption tax built into the price of specified goods and services and collected at point of sale.

### Guardian
A substitute decision-maker appointed under order of the Guardianship and Management of Property Tribunal, to make decisions relating to the health and welfare of a person with impaired decision-making ability. A guardian is appointed for a specific time and with specific functions (eg where to live, what services they will receive and what medical treatment they should receive).

### Investment Strategy
A plan distributing assets amongst various investments for future financial return or benefit.

### Liquidity
Available cash or the capacity to obtain it on demand.

### Long Term Liability
Payment not required within 12 months or liabilities not classified as current.

### Manager
A person appointed pursuant to the Guardianship and Management of Property Act to manage the financial and property affairs of a represented person (ie having impaired decision-making ability).

### Minor
A person under the age of legal majority being 18 yrs.

### Procurement
Acquisition of good, services and works by Territory entities.

### Prudent Person Principle
The care, diligence and skill that a prudent person would exercise in managing the affairs of another person.

### Public Interest Disclosure
A report made under "whistleblower" legislation under which a person may confidentially report any corrupt, illegal or fraudulent acts in the public sector.

### Public Trustee Investment Board
A board established under S.47 of the Public Trustee Act 1985 to advise the Public Trustee on investment and related matters.

### Risk Profile
An individual's sensitivity to volatility of investments.

### Statement of Intent
A statement under S.58 of the Financial Management Act 1996 setting out the activities, objectives and performance criteria of the authority for the year and relating to the ownership by the government in a territory authority or entity.

### Sustained Asset Base
Ability to sustain asset base indicated by changes in net assets.

### Trustee
A person who holds property in trust for another.

### Unclaimed Moneys
Moneys surrendered to the Public Trustee on behalf of the Territory under the Unclaimed Moneys Act 1950.

### Will
A written statement made by an individual, which provides for the disposition of property upon death.

### Workplace Diversity
The bringing together of different races, genders, cultures, abilities, ages, sexual orientations, family structures, lifestyles & experienced backgrounds in the workplace.